

# HotStats™

## Europe Chain Hotels Market Review - October 2007

### Rugby converts to profit in Paris

The Rugby World Cup helped Paris's chain hotels achieve a massive rise in profitability during October, according to the latest figures from TRI Hospitality Consulting's European HotStats survey.

Paris saw a sample of its chain hotels enjoy a 53.5 per cent rise in profits, as measured by income before fixed charges (IBFC) per available room.

With five major games culminating in the final all taking place in Paris, hoteliers achieved the highest occupancy, rate and rooms revpar in our survey of 10 European cities, as well as pushing payroll costs down by the largest margin – a drop of 6.8 points to 28.6 per cent of total revenue.

“The Rugby World Cup allowed Parisian hoteliers to charge premium rates and pack their properties with visiting fans during three very busy weekends,” said David Bailey, director, TRI Hospitality Consulting.

The profit per available room achieved in Paris was greater than the revenue per available room in all of the cities in the survey, except for London and Moscow. Nevertheless, the French capital still came second in the profit ranking with IBFC PAR of Eu166.20. Moscow was in first place with an IBFC PAR of Eu190.68.

### Munich shows continuous profit growth

After Paris and Moscow, the biggest increase in profitability was seen in Munich with IBFC PAR rising by 28.9 per cent to Eu85.68.

“Hoteliers benefited from Expo Real, a commercial property trade fair which attracted 23,800 visitors to the Bavarian capital in October. This represented a 13 per cent increase in visitors on 2006, and a 24 per cent the rise in overseas visitors. Germany's Euro 2008 qualifying game against the Czech Republic also kept volume high,” said Bailey.

Munich's hoteliers have put in a consistently strong performance this year. Whilst other German cities have understandably experienced a dip in revenue and profit after the boost provided by 2006's FIFA World Cup, the Munich hotel market stands out in achieving incremental profit growth in both 2006 and 2007. In the ten months to October, IBFC PAR rose by 11.8 per cent to Eu54.51 in Munich compared to a slight dip of 0.5 per cent to Eu55.44 in Berlin, and a fall of 9.2 per cent to Eu40.57 in Hamburg.

## **More MICE business in Amsterdam**

In absolute terms, Amsterdam was the fourth most profitable city in the survey, with IBFC PAR increasing by 18.1 per cent to Eu109.14. In addition the Dutch capital achieved the second highest average occupancy, up 2.2 points to 88.7 per cent.

“October is always a key month for MICE tourism, but our unique HotStats profit and loss performance survey shows that Amsterdam’s hotels had particularly strong demand for corporate and conference bookings. As a consequence, food and beverage department profit was up by 22 per cent to Eu18.92 per available room,” said Bailey.

In the ten months to October, Amsterdam, London and Paris were the only cities in the survey to achieve positive movement across all five performance measurements: occupancy, room rate, room revpar, payroll, and IBFC PAR.

## **Prague’s profit reaches its annual high**

Elsewhere, Prague’s chain hotels had a good month in the context of an erratic performance so far this year. Positive occupancy and rate movement led to an 8.1 per cent increase in revpar to Eu131.90. With payroll costs accounting for just 17.6 per cent of total revenue (the second lowest in the survey after Moscow) profit conversion was robust with IBFC PAR up by 6.1 per cent to Eu106.70.

“Profit levels at Prague’s chain hotels have been going up and down like a yo-yo, with IBFC PAR as low as Eu22.93 at the start of the year before reaching a peak of Eu104.10 in May. With a marginal improvement in volume, Prague’s hoteliers did well to push up rate and achieve a healthy level of profit in October. If they can do the same again in November they will achieve two consecutive months of profit growth for the first time this year,” said Bailey.

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# HOTSTATS BRIEFING DATA

European Chain Hotels - Performance report

## The month of October 2007

Occ %	ARR	RevPAR	Payroll %	IBFC PAR
88.7	181.29	160.71	25.8	109.14
82.0	155.86	127.78	25.5	88.06
79.5	120.37	95.66	24.6	64.62
72.6	109.26	79.28	29.6	45.09
88.6	213.96	189.51	21.7	147.44
76.7	229.78	176.31	16.6	190.68
85.3	145.23	123.84	24.3	85.68
90.8	266.99	242.53	28.6	166.2
81.2	162.54	131.9	17.6	106.7
81.4	168.56	137.19	36.1	76.18

Amsterdam  
Berlin  
Budapest  
Hamburg  
London  
Moscow  
Munich  
Paris  
Prague  
Vienna

## The 10 months to October 2007

Occ %	ARR	RevPAR	Payroll %	IBFC PAR
84.0	169.2	142.1	29.0	84.47
72.3	141.27	102.14	30.6	55.44
71.4	108.55	77.51	31.0	38.35
71.1	106.04	75.43	31.0	40.57
84.7	195.72	165.86	24.8	115.09
68.4	201.1	137.51	19.9	138.73
77.6	124.32	96.5	29.7	54.51
81.5	217.83	177.59	35.6	98.41
73.6	127.96	94.17	22.4	68.01
75.4	153.79	115.93	40.1	53.79

## The month of October 2006

Occ%	ARR	RevPAR	Payroll %	IBFC PAR
86.4	168.97	146.01	28.2	92.42
77.9	145.26	113.13	28.0	73.10
74.4	119.17	88.61	24.9	59.94
74.7	103.33	77.14	32.6	39.86
84.4	191.41	161.48	23.6	123.95
74.9	175.92	131.69	14.4	146.97
81.7	126.75	103.51	25.3	66.48
84.7	220.45	186.79	35.4	108.25
80.1	152.22	121.98	17.5	100.52
81.2	146.89	119.29	37.6	61.86

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## The 10 months to October 2006

Occ%	ARR	RevPAR	Payroll %	IBFC PAR
83.6	159.30	133.16	30.4	76.30
70.5	144.31	101.73	30.5	55.71
71.7	108.97	78.17	26.6	48.21
73.4	109.62	80.48	30.4	44.69
84.5	177.05	149.53	26.2	99.00
67.6	159.23	107.68	18.6	117.51
74.2	119.17	88.37	28.7	48.77
77.2	201.23	155.26	37.9	79.49
77.0	130.50	100.49	21.2	73.88
75.8	138.81	105.16	41.4	45.98

## Movement for the month of October

Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change
2.2	7.3%	10.1%	-2.3	18.1%
4.1	7.3%	12.9%	-2.5	20.5%
5.1	1.0%	8.0%	-0.3	7.8%
-2.1	5.7%	2.8%	-3.0	13.1%
4.2	11.8%	17.4%	-1.9	19.0%
1.9	30.6%	33.9%	2.2	29.7%
3.6	14.6%	19.6%	-1.0	28.9%
6.1	21.1%	29.8%	-6.8	53.5%
1.0	6.8%	8.1%	0.2	6.1%
0.2	14.8%	15.0%	-1.5	23.1%

Amsterdam  
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## Movement for the 10 months to October

Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change
0.4	6.2%	6.7%	-1.4	10.7%
1.8	-2.1%	0.4%	0.1	-0.5%
-0.3	-0.4%	-0.8%	4.4	-20.5%
-2.3	-3.3%	-6.3%	0.6	-9.2%
0.3	10.5%	10.9%	-1.4	16.3%
0.8	26.3%	27.7%	1.3	18.1%
3.5	4.3%	9.2%	1.0	11.8%
4.4	8.2%	14.4%	-2.3	23.8%
-3.4	-1.9%	-6.3%	1.3	-7.9%
-0.4	10.8%	10.2%	-1.3	17.0%

### EDITORS NOTES:

The European Chain Hotels currency within this report is shown in Euros

Hotels contained within these samples operate primarily in the three, four and five star sectors.

TRI Hospitality Consulting provides a wide range of services to clients in the hotels, tourism and leisure sectors. It has offices in London and Dubai.

### Definitions:

**Occupancy** is that proportion of the bedrooms available during the period which are occupied during the period.

**Room rate** is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.

**Room Revpar** is the total bedroom revenue for the period divided by the total available rooms during the period

**Payroll %** is the payroll for all hotels in the sample as a percentage of total revenue.

**IBFC PAR** is the Income Before Fixed Charges shown per available room.