



## **UK Chain Hotels Market Review – October 2006**

### **Rate drives double digit rise for London**

Room rates in London increased by 10.5 per cent during the month of October, according to the latest figures from TRI Hospitality Consulting's HotStats survey. This led to a 14.6 per cent rise in room revenue per available room as the capital's hoteliers continue to enjoy the strong trade experienced during the year so far.

The rate hike in London took it well beyond the £100 barrier, reaching £109.93 compared to £99.48 in the same month a year ago. "It's been a bumper year for London hotels with even the security scare during August failing to halt the rise," said Jonathan Langston, managing director of TRI Hospitality Consulting.

October was also a good month outside of the capital with an above inflation room revpar increase of 5.2 per cent. This was almost entirely due to the increase in average room rate, which was up 4.1 per cent to £71.99. Occupancy, by contrast, was up just 0.8 percentage point to reach 76.4 per cent. In London the occupancy increase was more pronounced, up 3.0 points to hit 83.7 per cent, but the bulk of the room revpar rise was still caused by rising room rates.

Looking at the year so far, the first 10 months of 2006 showed a 13.5 per cent increase in room revpar in London to £83.52. But occupancy was the more important contributor, with a 4.8 point increase to 83.2 per cent. Room rate was up 6.9 per cent to just break through the £100 mark to hit £100.37.

The provinces showed almost static occupancy growth, up just 0.2 points to 72.2 per cent and rate up 3.4 per cent to £69.99, leading to a revpar rise of 3.7 per cent to £50.50. "There has been an element of catch-up in London over the summer months with regard to occupancy as the decline due to the bombings in July 2005 worked through. Now, however, rate is the principal driver of revpar rises both in the capital and in the provinces," said Langston.

### **Overseas visits also show double digit rise**

Official Government figures from National Statistics show that the volume of visitors to the UK was up 10 per cent for the three months to the end of September with a total of 9.74 million people coming to the country in this period.

All source markets grew, although North America, possibly reflecting the weaker dollar, was the least impressive with a six per cent rise. The biggest source market, Western Europe, was up 10 per cent.

Spending grew only slightly less than the volume of overall visitors, with a nine per cent improvement to hit £4.895bn for the three months.

UKinbound, the official trade body representing the inbound tourism industry in the UK, showed a strong increase in September for its business barometer. Visitor arrivals according to this monthly survey were up 8.3 per cent in September compared to the same month a year earlier. Forward bookings were up 2.9 per cent.

UKinbound took another swipe at official figures, pointing out the revenue rise reported did not match the experience of its members. It said that most of the growth was coming from short-breaks from European countries.

BAA, the operator of seven UK airports including Heathrow, Gatwick and Stansted, reported a 1.6 per cent increase in passengers during October. North Atlantic traffic was down 3.3 per cent while European scheduled traffic was up 6.2 per cent, supporting the thesis of UKinbound.

“Official Government figures for inbound arrivals, if accurate, show that this has been a key help to the UK hotel industry. But the slower growth or even decline in the historically high-spending arrivals from North America may prove a challenge in the months ahead,” said Langston.

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# HotStats Briefing Data

UK Chain Hotels - performance report

## The Month of October 2006

<b>UK TOTAL HOTELS</b>		<b>2006</b>	2005	Movement
Occupancy	%	78.8	77.3	1.5 points
Room rate	£	85.49	79.89	7.0%
Room Revpar	£	67.39	61.76	9.1%
Total Revpar	£	3,523	3,251	8.4%

<b>LONDON HOTELS</b>		<b>2006</b>	2005	Movement
Occupancy	%	83.7	80.7	3 points
Room rate	£	109.93	99.48	10.5%
Room Revpar	£	92.05	80.30	14.6%
Total Revpar	£	4,185	3,692	13.4%

<b>UK PROVINCIAL HOTELS</b>		<b>2006</b>	2005	Movement
Occupancy	%	76.4	75.6	0.8 points
Room rate	£	71.99	69.17	4.1%
Room Revpar	£	54.97	52.26	5.2%
Total Revpar	£	3,191	3,030	5.3%

### EDITORS NOTES:

The UK Chain Hotels sample is composed of 476 hotels with an average hotel size of 167 bedrooms.

These hotels operate primarily in the three and four 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

**Total Revpar** is the combined total of all hotel revenues divided by the total fixed bedroom stock.

**Data Sample** TRI amend the above data samples each year to reflect the changes in the HotStats survey. Therefore this report will not match that of the published release data of last years monthly report because the data is based on differing hotel sample

# HotStats Briefing Data

UK Chain Hotels - performance report

## The Ten Months to October 2006

<b>UK TOTAL HOTELS</b>		<b>2006</b>	2005	Movement
Occupancy	%	75.8	74.1	1.7 points
Room rate	£	81.11	77.05	5.3%
Room Revpar	£	61.52	57.12	7.7%
Total Revpar	£	32,370	30,603	5.8%

<b>LONDON HOTELS</b>		<b>2006</b>	2005	Movement
Occupancy	%	83.2	78.4	4.8 points
Room rate	£	100.37	93.90	6.9%
Room Revpar	£	83.52	73.60	13.5%
Total Revpar	£	37,404	33,760	10.8%

<b>UK PROVINCIAL HOTELS</b>		<b>2006</b>	2005	Movement
Occupancy	%	72.2	72.0	0.2 points
Room rate	£	69.99	67.69	3.4%
Room Revpar	£	50.50	48.72	3.7%
Total Revpar	£	29,845	29,020	2.8%

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