

## Press Release

Paris, 21 July 2008

# Hotel industry performances for first semester 2008: Solid foundation for the French hotel industry

- With a 1.2% RevPAR increase, June shows positive growth compared to the previous year's exceptional results. All hotel categories display excellent occupancy rate levels.
- Despite a slight RevPAR drop (-1.1%) for Parisian hotels, the rest of France maintained a positive momentum, increasing their revenue per available room.
- During the first semester 2008, Midscale categories recorded the largest growth. Although the trend observed for the first half of 2008 shows a slower growth compared to 2007's outstanding results, it is still rather optimistic.

### For more information,

please contact Georges Panayotis at + 33 (0)1 56 56 87 90

[g.panayotis@mkg-group.com](mailto:g.panayotis@mkg-group.com)

or the MKG Hospitality's database department at + 33 (0)1 56 56 87 87

[bdd@mkg-hospitality.com](mailto:bdd@mkg-hospitality.com)

### Methodology

*Created in 1985 by Georges Panayotis, MKG Hospitality is currently the leading European consulting service provider for the hotel, tourism and catering industries. It has established the **most important World Hotels database** outside the United States, successfully representing all of the various hotel segments. The **monthly** program of MKG Hospitality's database covers a sample of approximately **10,000 corporate operated chain hotels offering 1,000,000 rooms**.*

*Ever since September 2004, MKG Hospitality's database has been offering a **daily** program: **Hotelcompset.com** that enables users to perform a daily follow-up of each hotel's activity indicators. This program covers **1,500 hotels and 125,000 rooms in France, thus making it the leading program used for daily performance follow-up in Europe**.*

**French corporate hotel chains by category  
Monthly results – June 2008 – First estimates**

	Occupancy Rate	Change OR (pts)	Avg. Daily Rates	Change ADR %	RevPAR	Change RevPAR %
0*/1*	78.2%	-1.5	39.1	4.6%	30.5	2.6%
2*	79.9%	-1.1	68.1	6.7%	54.4	5.2%
3*	77.4%	-1.3	102.2	4.9%	79.2	3.3%
4*	81.3%	-2.6	229.3	0.0%	186.4	-3.1%
<b>GLOBAL</b>	<b>78.9%</b>	<b>-1.5</b>	<b>92.0</b>	<b>3.0%</b>	<b>72.6</b>	<b>1.2%</b>

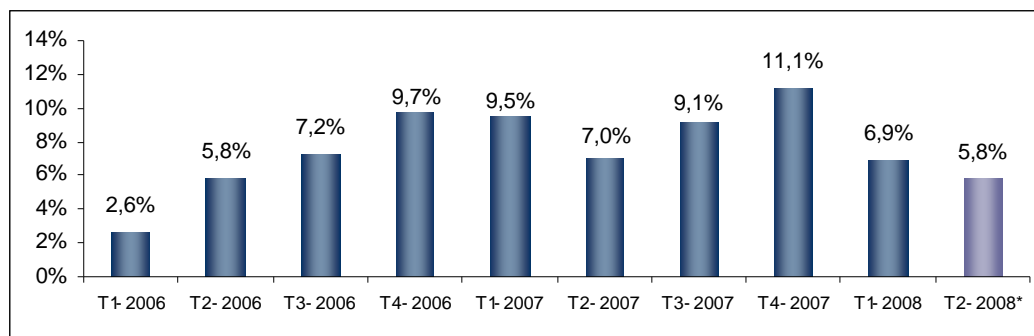
Source: MKG Hospitality Database – official supplier to hotel chains – July 2008  
Average daily rates and RevPAR expressed in euros VAT incl.

**French corporate hotel chains by category  
Cumulated results – January to June 2008 – First estimates**

	Occupancy Rate	Change OR (pts)	Avg. Daily Rates	Change ADR %	RevPAR	Change RevPAR %
0*/1*	70.0%	-0.3	38.5	4.8%	26.9	4.4%
2*	69.1%	1.1	65.0	4.9%	44.9	6.5%
3*	64.9%	1.2	95.6	5.9%	62.1	7.8%
4*	69.9%	-0.1	205.2	5.7%	143.5	5.6%
<b>GLOBAL</b>	<b>68.3%</b>	<b>0.6</b>	<b>85.1</b>	<b>5.3%</b>	<b>58.1</b>	<b>6.2%</b>

Source: MKG Hospitality Database – official supplier to hotel chains – July 2008  
Average daily rates and RevPAR expressed in euros VAT incl.

**France's quarterly rate of change in RevPAR**



Source: MKG Hospitality Database – official supplier to hotel chains – July 2008

\* First estimates

**Although monthly results were rather averaged compared to 2007's exceptional performance, they remained positive.**

First estimates for June 2008, as issued by MKG Hospitality, reveals a growth in revenue per available room (RevPAR) of 1.2% in France, reaching €72.6, performance which might initially seem average.

On a national level, 2007 proved to be remarkable, with a 13.4% RevPAR growth. Paris' hotel industry in particular posted exceptional results, with a +28% increase in RevPAR for the month of June, driven by Airshow in Le Bourget – an increase of 60% alone was recorded during the week of the event (June 18th to 24th 2007). Unsurprisingly, Paris records a decrease of 1.1% in RevPAR during June 2008 compared to the previous year. The rest of France however continues to sustain RevPAR growth: +5% for Ile-de-France region, excluding Paris and +3% in the provinces.

Global occupancy rates remain high, with an average of almost 79% recorded throughout France. Even though Paris on its own remains the nation's powerhouse, with 87.5% occupancy, the Ile-de-France region, excluding Paris, maintains a high occupancy (82%) and the provinces also show good performance, achieving 76%. The month of June shows a slight downturn, with demand remaining sufficiently high to ensure a significant growth in average daily rates: +3.0% on a national level.

4-star units, which recorded the highest growth in June 2007, were consequently most affected in 2008, with RevPAR decreasing by 3.1%. However, since last year's rates had recorded a 16.1% growth compared to 2006, average daily rates stagnating to June 2007's level is considered to be very positive.

### **Midscale categories recorded the strongest trend during first quarter 2008.**

Overall, first quarter results reach a 6.2% RevPAR growth, confirming MKG Hospitality's estimates at the beginning of the year of +6% to +8%.

0-/1-star segments' occupancy rates show a slowdown mainly due to an increase in supply over the last months: +2,300 rooms in 2007 in the 0-/1-star categories, equivalent to 3% of these two categories' corporate chain hotels supply.

Furthermore, 4-star hotels show a deceleration in occupancy rate growth. With more dependency on the global economic situation, as well as business clientele, this category started its growth phase earlier in 2006. For 2007's entire year, occupancy rates increased by 2.8 points, a stronger performance compared to other hotel categories.

Midscale 2- and 3-star categories record best growth performances in occupancy rates during first quarter of 2008. Globally, the high levels of occupancy have enabled an increase in average daily rates.

2008 first semester seems to follow a slower pace compared to 2007, particularly when considering performances per quarter. However, second quarter (+5.8% growth in RevPAR) is highly impacted by June's results, when May was extremely positive (+11.2%).

Concerns are however increasing, with regards to the following: the world's economic uncertainty; euro/dollar parity unfavorable to American tourists and more generally to clientele reliant on the US currency; and increasing oil prices, which are escalating international transport costs.

Nevertheless, the business segment constitutes a strong component of the hotel industry, particularly in Paris. Occupancy performances achieved during 2008's first quarter characterise markets where tensions on demand still enable continuous improvements in average daily rates. Moreover, the scenario observed over the first few months of the year demonstrate a slowdown of growth compared to 2007's exceptional performances and do not pave the way, at least in the short term, for a complete downturn of the economy.