

## Press release

Paris, September 10, 2008

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# Summer 2008 results: Turnover of French hotel chain industry goes beyond the billion euro mark

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- Despite the world's current gloomy economic situation and downturn in household purchasing power, initial results for summer 2008 are mostly positive for the French hotel industry.
- In July and August 2008, hotel chains' lodging turnover rose by 4% compared to the corresponding period last year to reach nearly 1.1 billion euros.
- On a national level, global Occupancy Rate decreased by 1.9 points. However, this could be attributed to 2007's remarkable summer, when Occupancy Rate increased by 3.8 points in July and 2.9 points in August compared to 2006. In 2008, Occupancy Rate remained rather high – an average of almost 73% over the two summer months. As a result, improvement in Average Daily Rates was experienced (+5.0%), leading to an overall increase in RevPAR (2.4%).
- Strong chain hotel presence in main cities allows them to benefit from urban tourism developments. As such, the drop in summer Occupancy Rate is less severe in Paris and Ile-de-France (1 point and 1.9 points, respectively), compared to the rest of France (2.1 points). Withstanding August's difficulties, Occupancy Rate in Paris remained over 80% during this period.
- Enduring global economic decline, the 4-star hotel segment is benefiting from development in emerging market clientele, maintaining an Occupancy Rate similar to 2007's level (over 75% nationwide). Although other categories reveal a more significant drop of the occupancy, a better management of the clientele mix continues to guarantee RevPAR growth.

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**Performance of corporate operated hotel chains in France by category  
Monthly results - August 2008 - First estimations**

	Occupancy rate	Change OR (pts)	ADR	Change ADR %	RevPAR	Change RevPAR %
0*/1*	74,9%	-2,3	41,0	5,6%	30,7	2,4%
2*	69,8%	-1,9	63,2	3,6%	44,1	0,8%
3*	65,2%	-4,2	88,4	4,8%	57,6	-1,5%
4*	73,4%	-0,3	209,4	2,4%	153,7	2,0%
<b>GLOBAL</b>	<b>70,5%</b>	<b>-2,4</b>	<b>83,8</b>	<b>4,2%</b>	<b>59,1</b>	<b>0,8%</b>

Source: MKG Hospitality Database – official supplier to hotel chains - September 2008  
Average Daily Rates and RevPAR in euros, including VAT.

**Performance of corporate operated hotel chains in France by region  
Monthly results - August 2008 - First estimations**

	Occupancy rate	Change OR (pts)	ADR	Change ADR %	RevPAR	Change RevPAR %
Paris	77,8%	-1,4	130,9	4,6%	101,9	2,7%
Ile-de-France*	62,9%	-2,3	63,7	5,1%	40,1	1,4%
Province	71,7%	-2,7	78,5	3,2%	56,3	-0,5%
<b>GLOBAL</b>	<b>70,5%</b>	<b>-2,4</b>	<b>83,8</b>	<b>4,2%</b>	<b>59,1</b>	<b>0,8%</b>

Source: MKG Hospitality Database – official supplier to hotel chains - September 2008  
Average Daily Rates and RevPAR in euros, including VAT.

\* outside Paris

**Performance of corporate operated hotel chains in France by category  
Cumulated results of the summer season (July and August 2008) - First estimations**

	Occupancy rate	Change OR (pts)	ADR	Change ADR %	RevPAR	Change RevPAR %
0*/1*	76,8%	-2,0	40,8	5,3%	31,3	2,6%
2*	72,0%	-1,6	64,2	4,6%	46,3	2,4%
3*	67,7%	-2,8	90,1	6,0%	61,0	1,7%
4*	75,1%	-0,5	207,3	3,7%	155,6	3,0%
<b>GLOBAL</b>	<b>72,6%</b>	<b>-1,9</b>	<b>84,2</b>	<b>5,0%</b>	<b>61,1</b>	<b>2,4%</b>

Source: MKG Hospitality Database – official supplier to hotel chains - September 2008  
Average Daily Rates and RevPAR in euros, including VAT.

**Performance of corporate operated hotel chains in France by region  
Cumulated results of the summer season (July and August 2008) - First estimations**

	Occupancy rate	Change OR (pts)	ADR	Change ADR %	RevPAR	Change RevPAR %
Paris	80,4%	-1,0	135,3	5,1%	108,8	3,8%
Ile-de-France*	68,1%	-1,9	66,3	5,9%	45,2	3,0%
Province	72,8%	-2,1	77,3	4,5%	56,3	1,6%
<b>GLOBAL</b>	<b>72,6%</b>	<b>-1,9</b>	<b>84,2</b>	<b>5,0%</b>	<b>61,1</b>	<b>2,4%</b>

Source: MKG Hospitality Database – official supplier to hotel chains - September 2008  
Average Daily Rates and RevPAR in euros, including VAT.

\* Outside Paris

**In July and August 2008, lodging turnover in the hotel industry increased by 4%, positive results considering 2007's summer season performance.**

Ironically, 2007's dismal summer weather conditions boosted French chain hotel results, as tourists opted for large cities to take advantage of the various cultural offerings. Chain hotel RevPAR increased significantly in July and August 2007, by 10.8% and 9.4%, respectively, thanks in large to an obvious improvement in Occupancy Rate (+3.8 points and + 2.9 points). First results for summer 2008, provided by MKG Hospitality's daily observations, suggest satisfactory results. Although Occupancy Rate slightly decreased (-1.9 point), it remains high, reaching an average of 72.6% for the two summer months.

Meanwhile, Average Daily Rates increased by +5.0%, consequently driving a +2.4% growth in RevPAR. In a market where hotel supply has been reinforced, turnover produced by hotel chain lodging activity in July and August 2008 has risen by 4% to more than one billion euros, a very good result compared the previous year, which was already very strong.

Growth in Average Daily Rates demonstrates the favourable evolution in clientele mix, as well as better commercialisation and an increase of recognised rates. Development of emerging markets increases the volume of rooms sold to the most profitable clientele segments. Moreover, progress in online sales and its tools in recent years have contributed to the spread of yield management and reinforce its efficiency. This price increase came along with the recent improvement of hotel products (new room design, concepts or new brands). Nevertheless, the French hotel industry is one of the most affordable in Europe, due to its hotel supply structure and the significant development of its budget supply.

This summer, July 2008 proved to be the most dynamic. According to first estimations of the month of August, there was a more moderate change in performance indicators: Occupancy Rate down by 2.4 points (versus -1.3 points in July), Average Daily Rates up by 4.2% (versus +5.8%), a stable RevPAR (+0.8% versus +4.0% in July). We can particularly observe a greater decrease in Occupancy Rate for 3-star hotels (-4.2 points in August, -1.5 points in July). Hoteliers opted for more profitable clientele, who accepted higher average daily rates, especially in Paris (more than 8% in July and August for 3-star category) to the detriment of Occupancy Rate.

**Development of urban tourism and growth in clientele volume from emerging markets offer a bonus to Paris' hotel industry.**

Today's major consumer trends related to tourism products (development of urban tourism and clientele from emerging markets) stimulate Paris' hotel industry. In the summer of 2008, the drop in the Occupancy Rate was less significant than elsewhere in France (-1.0 points versus - 1.9 points in Ile-de-France and -2.1 points in the provinces). Occupancy Rate levels in Paris remain over 80%, thanks to the presence of both strong leisure and business clientele.

Whilst nothing in the results during the previous months makes it possible to foresee any eventual turnaround in the trend due to high Occupancy Rate levels, doubts remain concerning the maintenance of the drop in occupancy during the last months of the year and the capacity to sustain Average Daily Rates growth within worldwide economic difficulties.

Methodology

Created in 1985 by Georges Panayotis, MKG Hospitality is the European leader in consulting for the hotel, tourism and restaurant sector and has the **largest database of hotels worldwide** outside the United States, with good representation of all hotel segments. The **monthly** observatory of MKG Hospitality's Database is based on a sample of **10,000 corporate chain hotels, accounting for 1,000,000 rooms**.

Since September 2004, MKG Hospitality's Database offers **Hotelcompset.com**, a program that allows the monitoring of activity indicators hotel by hotel on a daily basis. This program includes **1,500 hotels and 125,000 rooms in France making it the largest daily statistics observatory in Europe**.