

European Chain Hotels Market Review – November 2008

Corporate travel restrictions hit European hotels

The chain hotels of Europe's major cities reported increasingly tough trading conditions this November, according to the latest HotStats survey by TRI Hospitality Consulting. Occupancy, revenue and profit per available room fell in all of the ten cities surveyed compared to the same month a year earlier.

The global economic slowdown and consequent decrease in international travel caused substantial year-on-year drops in operating profit, also known as income before fixed charges (IBFC).

“November was the first month that many companies implemented new restrictions on travel for their employees. For hoteliers, in addition to the trips not made, this also meant short-notice cancellations,” said Jonathan Langston.

The HotStats sample of branded hotels in Amsterdam reported the greatest decrease in profit – a 37.6 per cent fall in IBFC to €58.72 per available room. Average occupancy in the Dutch capital fell by 15.8 percentage points to 69.1 per cent and average room rate was down by 6.3 per cent to €165.71.

METS, the annual marine equipment trade show in Amsterdam, attracted 6.5 per cent fewer visitors and exhibitors than in 2007, and Schiphol airport reported falls in passenger numbers after a long period of sustained growth.

Leisure demand remains weak

From a leisure point of view, destinations such as Amsterdam, Prague and Vienna experienced fewer hen and stag or cultural overnights. Looking ahead, hoteliers reported that tour groups from the US were getting cancelled due to lack of participants.

“In many key markets, falls in occupancy have widened from August onwards and, unfortunately, any rapid reversal of this trend looks increasingly unlikely,” said Langston

In Vienna, occupancy was down by 12.8 percentage points to 63.9 per cent, the second lowest in the survey. The opening of 9 new hotels over the last year is a further factor in the dilution of Vienna's occupancy. Only three cities in the survey – Hamburg, London and Paris – reported average occupancy above 70 per cent. London was the clear front runner with 81.5 per cent occupancy.



Rate still grows in 5 out of 10 cities surveyed

Despite falling volume, of the 10 cities surveyed, five reported increases in rate. Paris put in the best performance with a 3.2 per cent rise in achieved average room rate to €212.32, the highest in the survey. Warsaw, Budapest and Hamburg reported year-on-year rate increases of 2.4, 1.9 and 0.9 per cent respectively, which were made on the back of relatively modest performances last year.

In absolute terms, Paris reported the highest daily room sales of €157.86 per available room and London was in second place with a daily figure of €150.13. Regarding profit, the reverse was true; London was the most profitable hotel market with daily IBFC of €120.06 per available room compared to Paris in second place with a daily figure of €81.10 per available room.

For more information contact:

Jonathan Langston, managing director
020 7486 5191

jonathan.langston@trihc.com

Ben Walker, research manager

020 7892 2240

ben.walker@trihc.com

Claire King, marketing manager

020 7892 2237

claire.king@trihc.com

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Advisor of the Year

HotStats Briefing Data

European Chain Hotels - Performance report

The month of November 2008

Occ %	ARR	RevPAR	Payroll %	IBFC PAR
69.1	165.71	114.43	33.6	58.72
66.6	138.31	92.14	31.2	64.11
62.9	98.03	61.68	32.1	28.75
74.5	118.75	88.48	30.9	51.00
81.5	184.20	150.13	24.9	120.06
67.7	122.16	82.71	32.9	40.75
74.4	212.32	157.86	40.4	81.10
66.1	102.00	67.46	27.7	41.14
63.9	138.72	88.64	45.4	33.70
66.7	107.04	71.34	24.9	54.02

Amsterdam
Berlin
Budapest
Hamburg
London
Munich
Paris
Prague
Vienna
Warsaw

The eleven months to November 2008

Occ %	ARR	RevPAR	Payroll %	IBFC PAR
76.3	173.37	132.35	30.6	75.15
67.7	149.99	101.54	31.7	58.50
68.7	109.16	75.01	29.2	40.44
72.5	112.76	81.74	30.6	44.77
82.8	182.09	150.81	25.0	104.81
72.8	130.81	95.28	30.0	52.27
78.8	219.52	172.91	37.7	91.57
71.7	114.93	82.44	26.3	52.71
70.0	163.80	114.72	40.3	52.27
69.3	106.49	73.84	25.5	50.90

The month of November 2007

Occ%	ARR	RevPAR	Payroll %	IBFC PAR
84.8	176.83	150.02	27.5	94.13
74.1	145.05	107.48	29.0	72.63
70.0	96.22	67.32	30.1	38.90
75.8	117.65	89.14	26.7	58.88
86.7	193.79	167.93	21.7	136.91
79.2	120.84	95.67	28.4	62.82
83.8	205.79	172.42	38.2	93.48
77.8	108.37	84.35	24.2	62.00
76.7	143.73	110.29	41.8	49.84
75.2	104.52	78.60	24.1	58.60

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The eleven months to November 2007

Occ%	ARR	RevPAR	Payroll %	IBFC PAR
84.1	169.90	142.81	28.9	85.34
72.5	141.62	102.62	30.4	56.99
71.3	107.00	76.26	30.9	38.24
72.2	109.67	79.17	30.3	43.85
84.9	174.98	148.53	24.5	104.98
77.8	124.00	96.43	29.6	55.25
81.7	216.74	177.13	35.9	97.98
75.4	132.59	99.96	22.0	73.75
75.5	152.87	115.42	40.2	53.43
73.2	106.37	77.89	24.8	54.99

Movement for the month of November

Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change
-15.8	-6.3%	-23.7%	6.1	-37.6%
-7.5	-4.6%	-14.3%	2.1	-11.7%
-7.0	1.9%	-8.4%	2.0	-26.1%
-1.3	0.9%	-0.7%	4.2	-13.4%
-5.1	-4.9%	-10.6%	3.2	-12.3%
-11.5	1.1%	-13.5%	4.5	-35.1%
-9.4	3.2%	-8.4%	2.3	-13.2%
-11.7	-5.9%	-20.0%	3.6	-33.6%
-12.8	-3.5%	-19.6%	3.6	-32.4%
-8.6	2.4%	-9.2%	0.8	-7.8%

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Movement for the 11 months to November

Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change
-7.7	2.0%	-7.3%	1.7	-11.9%
-4.8	5.9%	-1.1%	1.2	2.6%
-2.6	2.0%	-1.6%	-1.7	5.8%
0.3	2.8%	3.2%	0.3	2.1%
-2.1	4.1%	1.5%	0.5	-0.2%
-4.9	5.5%	-1.2%	0.4	-5.4%
-3.0	1.3%	-2.4%	1.9	-6.5%
-3.7	-13.3%	-17.5%	4.3	-28.5%
-5.5	7.1%	-0.6%	0.0	-2.2%
-3.9	0.1%	-5.2%	0.7	-7.4%

EDITORS NOTES:

Occupancy (Occ %) is that proportion of the bedrooms available during the period which are occupied during the period.

Room rate (ARR) is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.

Room Revpar (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 for the period divided by the total available rooms during the period.

Data Sample TRI amends 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 in last year's monthly report because the data is based on a differing hotel sample.

