

UK Chain Hotels Market Review – February 2009

London profit down by 17 per cent

The profitability of London chain hotels fell by 16.9 per cent in February, according to the latest **HotStats** survey by TRI Hospitality Consulting. London hotels generated daily profit – expressed as income before fixed charges (IBFC) – of £47.75 per available room compared to £57.46 the same month a year earlier.

Total revenue and room revenue were down by 11.3 and 10.4 per cent respectively in London. Average room rate dropped by 6.6 per cent to £108.15 and occupancy was down 3.2 percentage points to 74.7 per cent.

“Targeted discounts stimulated leisure demand, which, all things considered, kept occupancy levels reasonably high. But this was not enough to compensate for the continuing loss of high-paying corporate guests, which combined with discounted rates, meant no interruption to the negative trend,” said Jonathan Langston, managing director, TRI Hospitality Consulting.

The severe winter weather at the start of the month caused a mixed outcome for the London hotel market. Some hotels were filled with stranded travellers for one or two nights, while other hotels suffered from cancellations or the postponement of functions.

Provincial revenue slide stabilises

In the provinces, profitability fell by a quarter to £22.23 and total revenue fell by 11.1 per cent to £87.06 on a per available room basis. The fall in sales contributed to a year-on-year increase in payroll costs from 33.2 to 34.4 per cent of total revenue.

Average occupancy was down by 4.6 percentage points to 64.5 per cent and average room rate dropped by 6.2 per cent to £69.39 resulting in a room RevPAR fall of 12.5 per cent to £44.75.

“Perhaps the only comfort to take away from these latest numbers is that the accelerating downward trend in provincial RevPAR performance did not continue this February,” said Langston.

The year-on-year falls in provincial RevPAR widened from -3.9 per cent in September last year to -12.9 per cent this January before narrowing slightly at -12.5 per cent in February.



Air passenger traffic down by 12.5 per cent

BAA, the operator of seven UK airports including Heathrow and Gatwick, handled a total of 9 million passengers in February, a reduction of 12.5 per cent on the same month in 2008. BAA said that roughly half of the reduction could be attributed to the the severe weather in the first week of the month which accounted for a loss of an estimated 250,000 passenger movements. A further 37,000 passengers were lost because February this year contained one less day compared to 2008, which was a leap-year, the company said. Non-adjusted figures showed that the greatest fall in passenger numbers was recorded in Southampton (-20 per cent) and the least at Heathrow (-9.5 per cent).

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HotStats Briefing Data

UK Chain Hotels - Performance report

The month of February 2009

Occ %	ARR	RevPAR	TrevPAR	Payroll %	IBFC PAR
68.1	84.66	57.69	98.09	31.4	31.41
74.7	108.15	80.75	117.74	27.4	47.75
64.5	69.39	44.75	87.06	34.4	22.23

UK Total
London
Provincial

The two months to February 2009

Occ %	ARR	RevPAR	TrevPAR	Payroll %	IBFC PAR
63.4	83.55	52.99	90.59	33.3	26.30
70.9	105.41	74.78	109.44	29.2	41.63
59.2	68.88	40.78	80.03	36.4	17.71

The month of February 2008

Occ %	ARR	RevPAR	TrevPAR	Payroll %	IBFC PAR
72.2	90.13	65.12	110.42	30.4	39.60
77.9	115.76	90.16	132.72	26.9	57.46
69.1	73.99	51.12	97.95	33.2	29.62

UK Total
London
Provincial

The two months to February 2008

Occ %	ARR	RevPAR	TrevPAR	Payroll %	IBFC PAR
67.7	89.49	60.60	102.84	32.0	34.37
74.8	113.65	84.96	125.07	27.8	52.12
63.8	73.61	46.94	90.37	35.3	24.41

Movement for the month of February

Occ	ARR	RevPAR	TrevPAR	Payroll	IBFC PAR
-4.1	-6.1%	-11.4%	-11.2%	-0.9	-20.7%
-3.2	-6.6%	-10.4%	-11.3%	-0.6	-16.9%
-4.6	-6.2%	-12.5%	-11.1%	-1.2	-25.0%

UK Total
London
Provincial

Movement for the two months to February

Occ	ARR	RevPAR	TrevPAR	Payroll	IBFC PAR
-4.3	-6.6%	-12.6%	-11.9%	-1.3	-23.5%
-3.8	-7.3%	-12.0%	-12.5%	-1.4	-20.1%
-4.6	-6.4%	-13.1%	-11.4%	-1.1	-27.4%

EDITORS NOTES:

The UK Chain Hotels currency within this report is shown in pounds Sterling.

The UK Chain Hotels sample is composed of 493 hotels with an average hotel size of 182 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 hotel sector. It has offices in London, Dubai, and Abu Dhabi.

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.

Total Revpar (TrevPAR) is the combined total of all hotel revenues 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.



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