



UK Chain Hotels Market Review – May 2007

London continues to push rate upward

Chain hotels succeeded in pushing up room rate during May, according to the latest HotStats survey from TRI Hospitality Consulting.

In London room rate grew by 10.7 per cent compared to May 2006 to reach £112.89. This was counteracted by a dip in occupancy to result in a 7.3 per cent increase in revpar to £92.81.

The increase in rooms revenue was more subdued than the capital has been used to in recent months. From May 2006 to April 2007 London enjoyed uninterrupted double digit growth in revpar.

“The rate of London’s revpar growth has moderated, which may give rise to a more flexible approach to future pricing. But in May, London’s hoteliers held firm on their rate policies and continued to push for growth,” said David Bailey, director of TRI Hospitality Consulting.

Occupancy in the provinces stabilises

The provinces succeeded in upholding occupancy with a 0.4 percentage point improvement taking it to 73.7 per cent. A modest 2.7 per cent uplift took average room rate through the £70 barrier to £71.80 and the combination of improved rate and the slight occupancy rise resulted in revenue per available room of £52.88, a 3.2 per cent improvement.

The first five months of 2007 show that London hotels enjoyed an 11.7 per cent increase in revpar to £85.15 thanks entirely to rising room rates which were up 12.8 per cent. Occupancy dipped, down 0.8 points.

During the same period, revpar improvement in the provinces was more modest. With no movement in occupancy, revpar up by 3.2 per cent to £47.58 was again driven by improved rates.

“For provincial hoteliers it is good news that declining occupancy levels have been stemmed. For hoteliers in London a 0.8 per cent occupancy drop during the five months to May is no cause for concern; it simply indicates some resistance at the more price-sensitive end of the demand market,” said Bailey.

Year to date, total revpar in London increased 10.3 per cent to £18,652 and in the provinces total revpar grew by 4.2 per cent to £14,119.

“Room sales alone do not tell the whole performance story, and it is interesting to note that in the provinces total sales have grown at a faster rate than rooms sales this year. Provincial hoteliers are clearly succeeding in generating increased levels of income from their food and beverage, leisure and other departments,” said Bailey.

Eurozone confidence boosts UK visitor numbers

Official Government statistics showed that visitor arrivals into the UK for the three months to the end of April were up by four per cent. The 12 new entrants to the EU showed the highest increase in visitor numbers, a 20 per cent rise to reach 690,000. The entire EU was the strongest overall source market 5.6m visitors, a three per cent improvement.

Despite a fall in high-spending North American visitors of seven per cent to 820,000, overall spending by overseas visitors was up four per cent to a total of £3.86bn.

The trade organisation for the inbound tourism industry, UKinbound, found that visitor arrivals were up 4.5 per cent and forward bookings were up 1.2 per cent in April compared to the same period in 2006.

UKinbound noted a welcome increase in enquiry levels but conversion rates, for long-haul customers in particular, were patchy. European business remained solid on the back of a strong Euro, but with a fragile economy and weak US dollar, most North American consumers remained wary of committing to overseas travel.

Air traffic volumes increased by 0.3 per cent in May according to BAA, the operator of seven UK airports including Heathrow and Gatwick. North Atlantic traffic was down 0.4 per cent while European scheduled traffic was up 1.8 per cent.

“Eurozone consumer confidence is at its strongest for well over a year, and extra visitors from the 12 new EU countries are making a welcome addition to overseas earnings. But it remains to be seen whether the changing profile of inbound visitors can continue to compensate for a prolonged reduction in North American spend,” said Bailey.

For more information contact David Bailey on 020 7486 5191 or email david.bailey@trihc.com

HotStats Briefing Data

UK Chain Hotels - performance report

The Month of May 2007

UK TOTAL HOTELS		2007	2006	Movement
Occupancy	%	76.6	77.2	-0.5 points
Room rate	£	87.16	81.85	6.5%
Room Revpar	£	66.79	63.18	5.7%
Total Revpar	£	3,434	3,364	2.1%

LONDON HOTELS		2007	2006	Movement
Occupancy	%	82.2	84.8	-2.6 points
Room rate	£	112.89	101.94	10.7%
Room Revpar	£	92.81	86.46	7.3%
Total Revpar	£	4,038	3,818	5.8%

UK PROVINCIAL HOTELS		2007	2006	Movement
Occupancy	%	73.7	73.3	0.4 points
Room rate	£	71.80	69.94	2.7%
Room Revpar	£	52.88	51.25	3.2%
Total Revpar	£	3,106	3,126	-0.6%

EDITORS NOTES:

The UK Chain Hotels sample is composed of 501 hotels with an average hotel size of 169 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 Five Months to May 2007

UK TOTAL HOTELS		2007	2006	Movement
Occupancy	%	71.6	71.8	-0.2 points
Room rate	£	84.69	78.60	7.7%
Room Revpar	£	60.62	56.46	7.4%
Total Revpar	£	15,715	14,707	6.9%

LONDON HOTELS		2007	2006	Movement
Occupancy	%	79.1	79.9	-0.8 points
Room rate	£	107.59	95.36	12.8%
Room Revpar	£	85.15	76.23	11.7%
Total Revpar	£	18,652	16,912	10.3%

UK PROVINCIAL HOTELS		2007	2006	Movement
Occupancy	%	67.6	67.6	0 points
Room rate	£	70.43	68.22	3.2%
Room Revpar	£	47.58	46.10	3.2%
Total Revpar	£	14,119	13,548	4.2%

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