

HotStats™

Europe Chain Hotels Market Review - April 2007

Munich takes surprise lead but Moscow remains the city to beat in Europe

Hotels in Munich had the strongest sales performance out of 10 leading European cities, according to the monthly HotStats survey by TRI Hospitality Consulting.

The result was thanks to a huge 77.6 per cent leap in revenue per available room during the month of April which meant that for the first four months revpar in the Bavarian city was up 27.2 per cent, just ahead of the usual star performer Moscow which had a 26.6 per cent rise for the first four months.

“Some German cities are hugely affected by the occurrence of trade fairs and this means their performances can fluctuate wildly month-to-month. We expect the full-year numbers to be less dramatic,” said Jonathan Langston, TRI Hospitality Consulting’s managing director.

During April Munich hosted Bauma, a triennial trade show that in 2007 attracted more than 500,000 visitors. This will still boost Munich’s full-year figures but much less so than the impact over just the first four months.

By contrast, Moscow has been consistently putting in strong performances in revpar terms. In April, revpar was up 41.0 per cent thanks to a 28.1 per cent hike in rate and a 6.7 percentage point increase in occupancy.

And over the first four months, Moscow improved revpar by 26.6 per cent thanks to rate up 24.6 per cent and occupancy ahead by 1.0 percentage points.

“The rate rise in Moscow remains ahead of Munich for the first four months and we expect it to clearly pull away from all of the other cities in the survey during the rest of the year,” said Langston.

Prague and Hamburg start poorly

Prague and Hamburg have had the worst start to the year so far, and are the only cities in the survey showing negative revpar growth in the first four months. Prague was the worst with revpar dropping 7.6 per cent while Hamburg was down 4.7 per cent.

Two other Central and East European cities performed poorly, Budapest and Vienna, showing revpar growth of just 0.6 per cent and 1.8 per cent respectively. The remaining other six cities in the survey put in a revpar increase that was at least double digit.

“Eastern Europe has historically struggled more during the winter months, particularly in major tourist destinations such as Prague. The key period will be over the coming summer months,” said Langston.

Wage costs rise in Budapest

A major advantage hoteliers in Eastern Europe have over those in the West has been lower wage costs but there are signs that this may be changing.

In Budapest, payroll as a percentage of turnover showed the highest rise with a 4.6 percentage point increase to hit 37.2 per cent. Only Paris and Vienna had a higher payroll percentage.

The best performance in terms of payroll was again Moscow, where payroll was just 21.8 per cent of turnover. Next best was London with a payroll percentage of 27.0.

“The trend in payroll percentage typically follows the opposite direction set by revpar. But Eastern European hoteliers need quickly to get to grips with the increase or profitability will suffer,” said Langston.

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HOTSTATS BRIEFING DATA

European Chain Hotels - Performance report

The month of April 2007

Occ %	ARR	RevPAR
86.0	177.68	152.75
72.0	127.83	92.02
76.9	106.72	82.02
69.9	110.23	77.07
82.1	190.63	156.55
73.6	218.45	160.71
74.2	158.29	117.46
81.4	194.9	158.59
73.6	127.48	93.81
77.5	133.29	103.33

Amsterdam
Berlin
Budapest
Hamburg
London
Moscow
Munich
Paris
Prague
Vienna

The 04 months to April 2007

Occ %	ARR	RevPAR
79.8	157.99	126.02
64.2	138.32	88.75
59.3	96.78	57.43
65.6	104.36	68.41
80.3	192.18	154.3
63.1	212.17	133.85
71.4	123.55	88.16
76.6	186.72	143.04
63.1	108.17	68.29
63.8	139.29	88.91

The month of April 2006

Occ%	ARR	RevPAR
88.0	166.84	146.80
71.0	120.89	85.80
75.8	101.04	76.59
75.6	104.08	78.67
81.8	164.14	134.18
66.9	170.5	113.98
67.3	98.31	66.15
78.0	190.94	148.95
77.1	134.45	103.61
75.4	137.05	103.34

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Prague
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The 04 month to April 2006

Occ%	ARR	RevPAR
77.5	147.43	114.28
63.6	126.14	80.22
60.9	93.77	57.1
69.1	103.88	71.8
79.6	170.16	135.5
62.1	170.22	105.72
68.8	100.73	69.3
72.4	179.41	129.93
66.7	110.72	73.87
64.0	136.46	87.36

Movement for the month of April

Occ Change	ARR Change	RevPAR Change
-2.0	6.5%	4.1%
1.0	5.7%	7.2%
1.1	5.6%	7.1%
-5.7	5.9%	-2.0%
0.4	16.1%	16.7%
6.7	28.1%	41.0%
6.9	61.0%	77.6%
3.4	2.1%	6.5%
-3.5	-5.2%	-9.5%
2.1	-2.7%	0.0%

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Budapest
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Movement for the 04 month to April

Occ Change	ARR Change	RevPAR Change
2.3	7.2%	10.3%
0.6	9.7%	10.6%
-1.6	3.2%	0.6%
-3.6	0.5%	-4.7%
0.7	12.9%	13.9%
1.0	24.6%	26.6%
2.6	22.7%	27.2%
4.2	4.1%	10.1%
-3.6	-2.3%	-7.6%
-0.2	2.1%	1.8%

EDITORS NOTES:

The European Chain Hotels currency within this report is shown in Euros

Hotels contained with these samples operate primarily in the three, four and five 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

Payroll % is the payroll for all hotels in the sample as a percentage of total revenue.

IBFC PAR is the Income Before Fixed Charges shown per available room.