

HotStats™

UK Chain Hotels Market Review – November 2007

Profit and rate growth continues ever upwards

Profit and average room rate at the UK's chain hotels continued to increase in November, according to the latest HotStats survey from TRI Hospitality Consulting.

Across the total UK sample of 462 hotels, income before fixed charges (IBFC) – also known as gross operating profit – rose by 5.6 per cent to £52.81 per available room.

Average room rate increased by 7.4 per cent to £95.03 in November, a similar rate of growth to the 7.2 per cent achieved during the year so far.

In London, profit grew by 7.9 per cent to £82.19 per available room. London's hoteliers continued to achieve rate growth at near annual levels with an 8.9 per cent increase taking average room rate to a new high of £125.85.

“London's hotel market continued its outstanding run of rate, revpar, and profit growth in November. Average occupancy remained the highest in Europe. There are no signs that falling overseas spend or economic uncertainty are having any impact on the London hotel market,” said Jonathan Langston, managing director, TRI Hospitality Consulting.

Profit in Aberdeen, Brighton and Edinburgh far ahead of Provincial average

In the provinces, there was minimal improvement in profitability, with daily IBCF PAR increasing by 1.2 per cent to £36.42. With occupancy falling slightly and payroll costs edging up by half a percentage point, a 4.5 per cent improvement in rate to £74.82 was responsible for the marginal profit growth.

TRI's unique HotStats full profit and loss performance survey shows that there were some city locations, such as Aberdeen, Brighton and Edinburgh, that vastly outperformed the provincial average in both actual profit per bedroom and its growth.

In Aberdeen, IBFC PAR jumped by 28 per cent to £50.72. However, on the surface it does not appear that Aberdeen had an exceptional month. Occupancy fell by 3.4 points to 79.9 per cent and rooms revpar grew at below its annual average.

“It is only by looking at the full revenue, profit, and costs from each operated department that we can get a real picture of any given hotel market. For example, we know that a 24 per cent improvement in profit from food and beverage contributed to Aberdeen's overall success in November,” said Langston.

Overseas visitors and spend to partially recover in 2008

According to the latest available International Passenger Survey (IPS) the total number of inbound visitors to the UK fell by six per cent in the three months to October. Visitors from North America were down by six per cent as were visitors from Europe. The number of visitors from the rest of the world decreased by four per cent compared to the same three-month period in 2006. The amount spent by inbound tourists fell by two per cent to £4.7 billion.

Based on the IPS figures, VisitBritain forecasts that for the calendar year total visits will drop by 3.1 per cent and total spend by 1.3 per cent compared to 2006. A partial rebound is expected in 2008 with an increase of two per cent in visitor numbers and 2.4 per cent in spend. VisitBritain said that its forecasts did not factor in unexpected shocks such as terrorism, health scares and other crises, but did reflect the risk of a global economic downturn in 2008.

UKinbound, the trade organisation representing the inbound tourism industry in the UK, reported a 3.4 per cent fall in visitor numbers and no change in forward bookings during October. It said that London continues to outperform the rest of the UK but concerns about the US and UK economies are resulting in cautious projections for the first quarter of 2008 and beyond.

Air traffic volumes increased by 1.5 per cent in November, according to BAA the operator of seven UK airports including Heathrow and Gatwick.

Among the key markets long haul routes performed the strongest. North Atlantic traffic was up by 5.9 per cent, helped by more Brits and Europeans travelling to the US on the back of the weak dollar. Other long haul routes recorded a collective increase of seven per cent.

In contrast UK domestic traffic was down 4.3 per cent and European scheduled activity up by just 0.9 per cent. European charter traffic was unchanged on a year ago.

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

HotStats Briefing Data

UK Chain Hotels - performance report

The Month of November 2007

UK TOTAL HOTELS		2007	2006	Movement
Occupancy	%	77.5	78.2	-0.8 points
Room rate	£	95.03	88.51	7.4%
Room Revpar	£	73.61	69.23	6.3%
Total Revpar	£	3,754	3,606	4.1%
IBFC PAR	£	52.81	50.01	5.6%
Payroll	%	26.7	26.7	0 points

LONDON HOTELS		2007	2006	Movement
Occupancy	%	85.7	86.2	-0.5 points
Room rate	£	125.85	115.60	8.9%
Room Revpar	£	107.80	99.63	8.2%
Total Revpar	£	4,725	4,389	7.7%
IBFC PAR	£	82.19	76.15	7.9%
Payroll	%	21.9	22.2	-0.3 points

UK PROVINCIAL HOTELS		2007	2006	Movement
Occupancy	%	72.9	73.9	-1.1 points
Room rate	£	74.82	71.60	4.5%
Room Revpar	£	54.53	52.95	3.0%
Total Revpar	£	3,209	3,175	1.1%
IBFC PAR	£	36.42	36.00	1.2%
Payroll	%	30.7	30.2	0.5 points

EDITORS NOTES:

The UK Chain Hotels sample is composed of 462 hotels

with an average hotel size of 175 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.

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.

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 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 Eleven Months to November 2007

UK TOTAL HOTELS		2007	2006	Movement
Occupancy	%	76.2	76.4	-0.1 points
Room rate	£	88.21	82.29	7.2%
Room Revpar	£	67.24	62.84	7.0%
Total Revpar	£	38,534	35,565	8.4%
IBFC PAR	£	44.30	41.07	7.9%
Payroll	%	28.4	28.6	-0.1 points

LONDON HOTELS		2007	2006	Movement
Occupancy	%	83.4	83.5	-0.1 points
Room rate	£	112.73	102.25	10.2%
Room Revpar	£	94.02	85.38	10.1%
Total Revpar	£	45,622	41,136	10.9%
IBFC PAR	£	64.33	56.85	13.2%
Payroll	%	24.3	25.0	-0.7 points

UK PROVINCIAL HOTELS		2007	2006	Movement
Occupancy	%	72.2	72.4	-0.2 points
Room rate	£	72.47	69.56	4.2%
Room Revpar	£	52.34	50.37	3.9%
Total Revpar	£	34,550	32,494	6.3%
IBFC PAR	£	33.16	32.34	2.6%
Payroll	%	31.5	31.1	0.5 points

EDITORS NOTES:

The UK Chain Hotels sample is composed of 462 hotels with an average hotel size of 175 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

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.

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 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