

## An Exceptional Year-End For The French Hotel Industry

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France's hotels reach the upper range of MKG's forecast in 2006

œ As the excellent results in recent months led us to believe, the year 2006 closed with a RevPAR up by 6.9% for the year to end December, in line with the upper range of MKG Consulting's forecasted results.

œ The year comes to a close at full speed with an increase in the RevPAR by more than 10% in December. In Paris, the year-end holidays were generally better than in 2005: Paris hotels posted nearly no vacancies on December 30 and 31.

### **RevPAR up by nearly 7% for year to end December**

MKG Consulting foresaw it, French hotels posted a RevPAR up by 6.9% for the year to end December. These excellent results constitute the logical result with regard to the continuous progress results have made throughout the year.

### **Results at corporate operated hotel chains by category in France Cumulated results from January to December 2006 - preliminary results**

	Occupancy rate	Difference O.R (pts)	Average rates	Change AR %	RevPAR	Change RevPAR %
0*/1*	71.1 %	-0.6	36.4	5.0%	25.8	4.1%
2*	68.2 %	0.5	62.9	3.2%	42.9	3.9%
3*	64.7 %	0.6	83.6	3.2%	54.1	4.2%
4*	69.5 %	4.2	190.2	4.4%	132.3	11.1%
GLOBAL	68.4%	0.7	78.2	5.8%	53.5	6.9%

*Source: MKG Consulting database - official supplier to hotel chains - January 2007*

*Average daily rates and RevPAR expressed in euros VAT incl.*

From 0\* to 3\* results are relatively homogenous with a RevPAR up by around 4%. Average daily rates are the main lever for growth (up by 3% to 5% depending on the category). Occupancy rates are stable or up slightly and thus offer growth potential. In 3\*, Increases in average daily rates may be attributed to better management of customer mixes thereby allowing for an overall increase in revenue per available room.

In 4\*, results are exceptional: the occupancy rate for 2006 leapt by more than 4 points over 2005, average daily rates by more than 4%. The RevPAR rose by 11.1% for the best annual performance since 1999!

### **An exceptional year-end**

The month of December met all hopes: the occupancy rate was up by 2 points, average daily rates rose by more than 6% for a final double-digit increase in the RevPAR (+ 10.4%).

In Paris, the year-end holiday period gave an extra boost to business in December. Traditionally family-oriented, Christmas Eve's occupancy rate was low (around 45%), although this level of occupancy is up by nearly 6 points overall (for the period from December 22 to 24) over the same period last year.

Inversely, the tourist appeal of Paris at the end of the year for foreign clientele generally contributed to the excellent results in December. The capital flirted with over-flowing for New Years with relatively stable rates. The results are spectacular with an increase in the RevPAR by more than 22% for the cumulated 3 days (from December 29 to 31). Such figures offer hope for a promising beginning to the year 2007...

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