

## MKG Consulting - The Official 2007 Ranking Of Groups And Hotel Brands Worldwide

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In a sneak preview of the Worldwide Hotel Activity Report, MKG Consulting presents the official 2007 ranking of groups and hotel brands worldwide. The 10 leading groups cumulated growth in supply by around 100,000 rooms. Among them, the first 6 posted growth by more than 10,000 rooms each.

œ InterContinental Hotels Group (IHG) remains the hotel industry leader worldwide, with more than 3,700 hotels and 550,000 rooms worldwide. The group is increasing its lead on its immediate competitor, the Wyndham group (ex-Cendant).

œ Although it displays a certain amount of vitality, the ranking of brands shows no major changes. Express by Holiday Inn, the 7th ranking brand worldwide, climbed 2 positions thanks to 7.5% growth in its supply. Quality posted 6% growth in its supply and is thus positioned 11th in the ranking. Two brands in the Accor group, Motel 6 and Mercure, are making slow progress in the ranking. The brand Crowne Plaza posts growth in its supply by 15.6% and thus climbs a rung to 19th position.

œ The outlook for growth is still considerable. The race to Asia is on. China and India are the priority targets, and the actors are trying to take their positions as quickly as possible.

œ Movements of capital intensified greatly in the sector in 2006, and in 2007 this will not let up. Hotel groups are pursuing their sales programs, investment funds are increasingly at hand, and the rumors of new large-scale acquisitions are persistent.

**The top 10 hotel groups worldwide on 01/01/2007**  
(in rooms)

Ranking 07	Ranking 06	Group	Country	Hotels		Rooms		Change	
				2007	2006	2007	2006	Ch.	%
1	1	INTERCONTINENTAL HG	GB	3 741	3 606	556 246	537 533	18 713	3,6%
2	2	WYNDHAM WORLDWIDE	USA	6 473	6 348	543 234	532 669	10 565	2,0%
3	3	MARRIOTT INT.	USA	2 775	2 672	502 089	485 979	16 110	3,3%
4	5	HILTON CORP.	USA	2 901	2 744	497 738	472 510	25 228	5,3%
5	4	ACCOR	FRA	4 121	4 065	486 512	475 433	11 079	2,3%
6	6	CHOICE	USA	5 316	5 145	429 401	418 488	10 913	2,6%
7	7	BEST WESTERN	USA	4164	4 195	315 401	315 875	-474	-0,2%
8	8	STARWOOD HOT. & RES.	USA	871	845	265 598	257 889	7 709	3,0%
9	9	CARLSON HOSPITALITY	USA	945	932	145 933	146 785	-852	-0,6%
10	10	GLOBAL HYATT	USA	733	738	141 011	144 671	-3 660	-2,5%
<b>TOTAL</b>				<b>32 040</b>	<b>31 290</b>	<b>3 883 163</b>	<b>3 787 832</b>	<b>95 331</b>	<b>2,5%</b>

Source : MKG Consulting Database - Copyright 04/07

**The top 20 hotel brands worldwide on 01/01/2007**  
(in rooms)

Ranking 07	Ranking 06	Chain	Group	Hotels 2007	Rooms 2007	Change	
						Ch.	%
1	1	BEST WESTERN	BEST WESTERN	4164	315 401	-474	-0,2%
2	2	HOLIDAY INN	INTERCONTI. HG	1395	260 470	-7 346	-2,7%
3	3	MARRIOTT	MARRIOTT INT.	537	190 431	6 976	3,8%
4	4	COMFORT	CHOICE	2439	184 716	2 243	1,2%
5	5	HILTON	HILTON CORP.	498	172 605	7 439	4,5%
6	6	DAYS INN OF AMERICA	WYNDHAM WORLD.	1 859	151 438	1 136	0,8%
7	9	EXPRESS BY HI	INTERCONTI. HG	1686	143 582	10 028	7,5%
8	7	HAMPTON INN	HILTON CORP.	1392	138 487	4 366	3,3%
9	8	SHERATON	STARWOOD	396	135 859	1 852	1,4%
10	10	SUPER 8 MOTELS	WYNDHAM WORLD.	2 054	126 175	2 144	1,7%
11	12	QUALITY	CHOICE	1128	112 173	6 383	6,0%
12	11	RAMADA WORLDWIDE	WYNDHAM WORLD.	871	105 986	-2 951	-2,7%
13	13	COURTYARD	MARRIOTT INT.	733	105 526	5 857	5,9%
14	16	MOTEL 6	ACCOR	928	95 628	1 682	1,8%
15	15	HYATT HOTELS	GLOBAL HYATT	214	94 224	-921	-1,0%
16	17	MERCURE	ACCOR	732	89 624	2 391	2,7%
17	14	RADISSON HOTELS	CARLSON HOSP.	400	89 365	-5 335	-5,6%
18	18	IBIS	ACCOR	745	82 546	3 766	4,8%
19	20	CROWNE PLAZA	INTERCONTI. HG	275	75 632	10 228	15,6%
20	19	NOVOTEL	ACCOR	397	70 373	1 118	1,6%
<b>TOTAL</b>				<b>22 843</b>	<b>2 740 241</b>	<b>50 582</b>	<b>1,9%</b>

Source : MKG Consulting Database - Copyright 04/07

### The leading groups break away

œ The year 2006 was marked by strong growth of inventory for most hotel operators, according to the Worldwide Hotel Activity Report by MKG Consulting. The 10 leading groups show growth in their cumulated supply by 100,000 rooms, up by 2.5%. This growth is continuous with respect to the previous years: 6.8% in 2005 (which may be explained by the buyout of Hilton International by Hilton Corp.) and 1.2% in 2004. Among them, the first 6 in the ranking show growth in their supply

by more than 10,000 rooms each, widening the gap with the competing groups whose growth in supply is decidedly lower, and even slacking off. At the core of a ranking dominated by American groups, the British InterContinental Hotels Group (IHG) and the French Accor remain the only representatives of European hotels, with supplies growing sharply.

œ For the fourth consecutive year, InterContinental Hotels Group holds its position as the hotel industry leader Worldwide. With growth in its supply by over 18,000 rooms, the group has lengthened its distance from its close competitors. It has a supply that is 13,000 rooms larger than its direct competitor, the group Wyndham Worldwide (the hotel pole that resulted from the Cendant Corporation's division into four companies).

œ This year the group Hilton Corp. slips into 4th position ahead of Accor thanks to growth by 25,000 rooms, 30% of which may be attributed to the dynamic Hilton brand. The ranking presented above does not take into account neither the sale of Scandic Hotels by Hilton Corp. in March 2007 (22,808 rooms on January 1, 2007), nor the sale of Red Roof Inns by Accor in April 2007 (35,238 rooms).

### **Brands that remain as dynamic as ever**

œ Best Western remains the number one brand worldwide despite the near stability of its inventory.

œ The brands of the group IHG show variable changes: growth by 10,000 rooms for Express by Holiday Inn and Crowne Plaza, versus a decrease by 7,500 rooms for Holiday Inn. The latter nonetheless continues to hold 2nd position, well ahead of Marriott.

œ The Hilton brand, still in 5th position in the worldwide ranking of brands, also distinguished itself in 2006 with growth of its inventory by 4.5%, for nearly 7,500 additional rooms.

œ Among the other major evolutions, Quality posts 6% growth of its supply, positioning it 11th in the ranking. Two brands of the Accor group, Motel 6 and Mercure, are gradually moving up in the ranking, gaining 2 and 1 positions respectively.

### **Considerable growth perspectives**

œ The growth of the major hotel groups worldwide will continue in the years to come since most of them have 80,000 to 150,000 rooms in the pipelines\*, with implantations spread out over the next 3 to 4 years. Major changes are thus still to be expected, and the acquired positions may be challenged.

œ The race to Asia is on, with China and India as the key targets. These countries have many so-called 'secondary' metropolises, although this term is not very appropriate for such vast markets. Flagship brands lead the way towards development for groups, which multiply their financial and real estate partnerships (such as Deutsche Asset Management and HQ Asia Pacific for Hilton Corp. in China, or EMAAR Properties and InterGlobe for Accor in India), and they plan to take full advantage of the additional renown acquired to take advantage of the growth of these supply markets. Currently the international hotel groups that are the best positioned in Asia are Accor, IHG and Starwood Hotels & Resorts.

### **Intensification of movements in the hotel sector**

œ The year 2006 was already filled with events, marked by acquisitions in series and an intensification of programs to sell real estate properties. The year 2007 is off to a fine start, beginning with the acquisitions of Scandic Hotels by EQT for 833 million euros, of Extended Stay Hotels by Lightstone for 8 billion dollars and ANA Hotels by Morgan Stanley Real Estate for 2.4 billion dollars. Morgan Stanley also finalized the acquisition of CNL Hotels & Resorts for 6.6 billion dollars.

œ The persistent rumor of a new widescale operation has the entire sector holding its breath. The group IHG could be the object of a takeover worth over 11 billion dollars in the months to come. The potential buyers mentioned include Starwood Capital and Blackstone, two investment firms that are quite familiar to the sector.

œ Furthermore, the announcement of the resignation of the CEO of Starwood Hotels & Resorts, Steve Heyer, at the beginning of April, leaves the hotel group's future in suspense. A merger with a partnership with Starwood Capital is not out of the question. Despite a very intense property sales policy, the hotel group still has real estate properties that are of interest to Barry Sternlicht.

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