

## Double celebrations for global hoteliers

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The global hotel market had an excellent year in 2007 according to first data from the HotelBenchmark(TM) Survey by Deloitte. All regions - Asia Pacific, Central and South America, Europe and the Middle East - are not only celebrating double-digit growth in revenue per available room (revPAR) but also in average room rates.

Hoteliers in Central and South America saw the strongest growth with revPAR up 24% to US\$75. This has largely been driven by average room rate increases of 19.7%. Sao Paulo has thrived on demand from the meetings, incentives, conventions and exhibitions (MICE) sector. Both occupancy and average room rates rose, swelling revPAR 34.4% to US\$57. Meanwhile across on the Pacific coast, Lima's results have not been too badly affected by the August earthquake. RevPAR in the city has risen 20.3%.

The Middle East took the silver medal on the world stage with revPAR increasing 16.8% to US\$112. Although development centre Dubai continues to command the highest revPAR in the region at US\$284, it is Muscat that saw the strongest growth during 2007. The city endured a difficult second quarter after Cyclone Gonu hit in June. As a result, several hotels were forced to close, however unaffected hotels have been able to increase rates and overall revPAR for the year now stands at US\$152 - a 52.8% hike compared to 2006. Although most markets across the Middle East are doing well, troubles in Lebanon have produced the opposite effect with revPAR in the capital Beirut falling to US\$44.

In Europe, revPAR was up 15.8% to US\$114 to end the year - although growth levels in local currency are more conservative at 6.3%. Overall, the market has been buoyed by strong economic conditions helping drive both corporate and leisure business. This has helped counterbalance any fall offs in demand stemming from the strength of the Euro and overall European occupancy levels have remained stable at 69.9%. Although the region's sports and cultural event calendar was not as full during 2007, Europe still remains on top of the world when it comes to revPAR performance. A number of key cities, including London and Paris have been able to capitalize on stronger economic conditions and high profile events such as the Tour de France Grand Depart in London, the biennial Paris Air Show and the Rugby World Cup in France.

At the back of the pack, hotels in Asia Pacific have seen the slowest growth of any region, but a 12.7% revPAR rise does not tell the full story. In India, room rates are rocketing with Mumbai recording 46.2% revPAR growth, driven by average room rates which now stand at US\$270. Room supply in the country is being stretched by the business boom and international chains continue to see out investment opportunities at break-neck speed. The global budget airline phenomenon has taken Asia by storm with many resorts such as Phuket now feeling the benefits due to increased connectivity. In China, the development boom continues and although some cities are seeing performance figures falling off slightly due to the vast number of extra rooms being added to their inventory, this year welcomes the Olympic Games to Beijing where it is expected hotel performance will bring in some gold medals of its own.

Lorna Clarke, Executive Director of HotelBenchmark(TM) at Deloitte commented: 'Over recent years the global hotel industry has been on a roll - with many regions seeing double-digit revPAR growth. However, this is the first year we have witnessed all regions posting double-digit growth in both average room rates and revPAR. Hotel performance in 2007 has been underpinned by strong economic fundamentals, stimulating both business and leisure travel. Looking forwards, this is likely to be held back slightly during 2008, as the pace of world-wide economic growth slows.'

### **Global hotel performance 2007**

|                           | Occupancy |          | Average room rate |          | RevPAR |          |
|---------------------------|-----------|----------|-------------------|----------|--------|----------|
|                           | (%)       | % change | (US\$)            | % change | (US\$) | % change |
| Asia Pacific              | 71.5      | 0.1      | 135               | 12.7     | 96     | 12.7     |
| Central and South America | 66.4      | 3.6      | 113               | 19.7     | 75     | 24.0     |
| Europe                    | 69.9      | 1.1      | 163               | 14.6     | 114    | 15.8     |
| Middle East               | 71.6      | 4.6      | 157               | 11.6     | 112    | 16.8     |

Source: HotelBenchmark(TM) Survey by Deloitte

Note: All analysis in US\$

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