International Film Industry Boosts Berlin Room Rate

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European Chain Hotels Market Review - February 2008

Berlin enjoyed the strongest growth in average room rate in February according to the latest HotStats survey of ten European Cities by TRI Hospitality Consulting.

Hotels in the Berlin sample showed a 14 per cent increase in achieved average room rate to \164.44 driven by the Berlinale, an 11-day film festival and key networking event in the international film industry calendar.

The Berlinale was attended by more than 20,000 film professionals from 120 countries, a 6.25 per cent year-on-year increase. Hoteliers reported strong suite bookings which contributed to the overall growth in average rate.

’Major international events are an important driver of hotel demand, and the growth trend of Berlin’s convention and event business looks set to continue this year,’ said Jonathan Langston, managing director, TRI Hospitality Consulting.

Meeting and convention business generated 4.48 million bed nights in Berlin in 2007, a year-on¬year increase of 11 per cent, according to the city’s convention office.

Although Berlin’s hotels were by no means full this February, the substantial hike in rate meant that payroll as percentage of total revenue fell and income before fixed charges (IBFC) per available room increased by an impressive 31.7 per cent to \47.50, making Berlin the fourth most profitable city in the survey.

Paris top for room sales, London top for profit

Chain hotels in Paris showed both the highest room sales growth and the best absolute room sales performance, with RevPAR increasing by 15.3 per cent to \152.78.

Yet, as was the case in January, Paris’s profitability continued to be hampered by high payroll costs. Although the French capital resoundingly beat its UK counterpart on rate and RevPAR, the same hotel bedroom in London generated one third more profit than its equivalent in Paris. IBFC stood at \62.05 per available room in Paris compared to \95.13 in London.

’While President Sarkozy and Prime Minister Brown actively forge a warmer relationship, in the hotel world at least, the UK and France seem destined to remain fierce rivals for top position, with both sides able to claim some measure of superiority,’ said Langston.

Occupancy high in the west and low in the east

Despite a fall of seven points, Amsterdam had the third highest occupancy in the survey at 72.4 per cent and also the third highest absolute IBFC PAR at \54.98.

’Amsterdam’s status as a major international transport hub combined with its healthy balance of leisure and business drivers means that, as in Paris and London, occupancy stays relatively high even in the dark winter months of January and February,’ said Langston.

Looking at the year-to-date figures for Budapest and Vienna, notwithstanding significant increases, occupancy remained relatively low. In the two months to February, Budapest had the lowest occupancy in the survey at 54.1 per cent. Still, the 5.9 point occupancy improvement in the Hungarian capital was a key driver of the extraordinary 130.6 percent rise in IBFC PAR, albeit from a very low base in the same period a year earlier. Similarly, a 4.5 point occupancy increase in Vienna helped IBFC PAR rise by 40.8 per cent.

HotStats BRIEFING DATA

European Chain Hotels - Performance report

City	The month of February 2008: Occ %	ARR	RevPAR	Payroll %	IBFC PAR	The two months to February 2008: Occ %	ARR	RevPAR	Payroll %	IBFC PAR
Amsterdam	72.4	158.25	114.51	35.4	54.98	70.3	156.36	109.90	36.0	51.74
Berlin	60.7	164.44	99.75	34.6	47.50	55.8	147.48	82.28	38.1	31.72
Budapest	55.6	93.05	51.77	41.4	6.84	54.1	92.01	49.80	40.3	10.26
Hamburg	65.4	105.55	69.06	34.9	31.16	59.7	104.63	62.43	36.7	25.79
London	79.4	182.41	144.80	27.2	95.13	76.2	178.40	135.98	28.0	86.03
Munich	67.2	117.38	78.87	34.2	36.79	64.5	116.21	74.92	35.3	33.10
Paris	74.7	204.48	152.78	43.3	62.05	73.7	203.56	149.97	42.0	65.88
Prague	59.1	101.74	60.10	33.2	29.47	58.5	100.80	59.01	33.4	28.40
Vienna	56.2	133.80	75.21	52.9	15.71	57.2	137.79	78.77	51.6	18.80
Warsaw	62.8	102.73	64.49	29.0	37.45	60.0	101.91	61.15	28.8	37.86

City	The month of February 2007: Occ%	ARR	RevPAR	Payroll %	IBFC PAR	The two months to February 2007: Occ%	ARR	RevPAR	Payroll %	IBFC PAR
Amsterdam	79.4	149.54	118.68	35.6	56.71	74.7	146.82	109.72	36.4	49.83
Berlin	61.2	144.27	88.23	35.9	36.08	57.5	133.48	76.69	37.8	28.23
Budapest	55.5	87.00	48.32	47.3	2.52	48.3	89.87	43.37	46.2	4.45
Hamburg	65.3	100.33	65.54	35.2	29.99	59.1	98.69	58.30	37.6	22.21
London	79.6	171.44	136.45	26.6	89.70	77.4	167.94	130.05	27.6	84.17
Munich	71.3	108.76	77.51	36.0	34.85	67.9	112.41	76.37	35.5	34.51
Paris	72.8	182.08	132.48	45.5	48.70	73.4	182.01	133.67	41.9	57.09
Prague	56.8	108.32	61.56	31.8	31.09	55.7	106.25	59.13	31.2	29.10
Vienna	52.0	137.84	71.65	55.0	11.51	52.6	136.19	71.68	54.1	13.85
Warsaw	67.4	100.10	67.42	29.6	39.49	67.0	99.54	66.70	28.2	44.00

City	Movement for the month of February: Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change	Movement for the two months to February: Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change
Amsterdam	-7.0	5.8%	-3.5%	-0.2	-3.1%	-4.4	6.5%	0.2%	-0.5	3.8%
Berlin	-0.5	14.0%	13.1%	-1.3	31.7%	-1.7	10.5%	7.3%	0.3	12.4%
Budapest	0.1	7.0%	7.1%	-5.9	171.4%	5.9	2.4%	14.8%	-5.9	130.6%
Hamburg	0.1	5.2%	5.4%	-0.3	3.9%	0.6	6.0%	7.1%	-0.9	16.1%
London	-0.2	6.4%	6.1%	0.6	6.1%	-1.2	6.2%	4.6%	0.4	2.2%
Munich	-4.1	7.9%	1.8%	-1.8	5.6%	-3.5	3.4%	-1.9%	-0.1	-4.1%
Paris	1.9	12.3%	15.3%	-2.2	27.4%	0.2	11.8%	12.2%	-0.9	15.4%
Prague	2.2	-6.1%	-2.4%	1.4	-5.2%	2.9	-5.1%	-0.2%	1.3	-2.4%
Vienna	4.2	-2.9%	5.0%	-2.1	36.5%	4.5	1.2%	9.5%	-2.5	40.8%
Warsaw	-4.6	2.6%	-4.3%	-0.6	-5.2%	-7.0	2.4%	-8.3%	0.6	-14.0%

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