

## Q1 2008 : The French hotel industry keeps warm!

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After a record October (+14.3%), the first estimates for November show an increase in RevPAR of 9.6%, due to an increase both in occupancy rates (+2.3 points) and average rates (+5.9%).

**The first quarter 2008 displays the good health of the French hotel industry with growth in the RevPAR by 7.1%. The fear of a slackening off has not affected activity at hotel properties.**

**While results in January and February are in keeping with an excellent 2007, March falls short of this. This year's absence of major events in the great provincial cities and the municipal and cantonal elections pull down the overall result.**

**The Paris region remains the powerhouse of the French hotel industry with double-digit growth in room rates.**

**Results of corporate operated hotel chains by category in France  
1<sup>st</sup> quarter 2008 – Preliminary estimates**

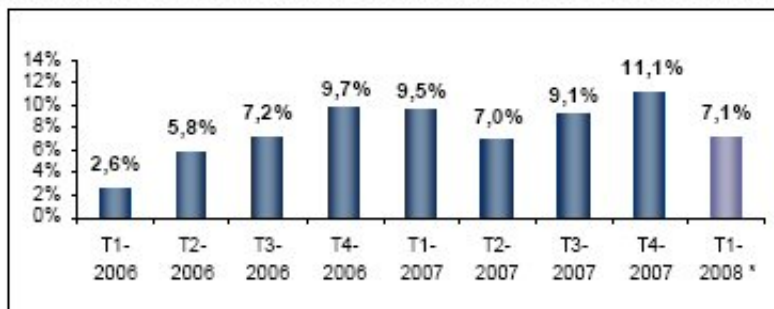
	Occupancy rate	Change OR (pts)	Avg. Daily Rates	Change ADR %	RevPAR	Change RevPAR %
0*/1*	64,4%	-0,5	37,9	4,9%	24,4	4,0%
2*	63,1%	1,0	64,3	3,8%	40,6	5,6%
3*	58,3%	1,5	95,3	5,9%	55,6	8,6%
4*	63,9%	0,9	189,6	7,1%	121,1	8,6%
GLOBAL	62,3%	0,7	82,2	5,9%	51,2	7,1%

Source: MKG Consulting Database – official supplier to hotel chains – April 2008  
Average daily rates and RevPAR expressed in euros IVA incl.

First quarter results show the French hotel industry continuing a very positive trend in early 2008. The revenue per available room continues to progress at a good rate and shows growth by 7.1% on the first three months of the year. Despite an uncertain economy and concerns arising from the other side of the Atlantic, the occupancy rate at French hotels hasn't lost its ground (+0.7 point) and average daily rates continue their ascent (+5.9%).

With identical growth by 8.6%, the up- and midscale ranges play an active role in the good overall results. In excellent health for the past several months, the 3\* category improves its results both in terms of occupancy rate (+1.5 point) and average daily rates (+5.9%). At the same time, the 4\* category continues to sustain a growth margin for its rates that results in an increase in average daily rates by 7.1%, to 189.6 euros. While their economic model for competitively priced hotel rooms does not allow them to produce such results, economy segments continue along the path laid out at the end of last year: the 0/1\* grows by 4.0% and the 2\* by 5.6%.

### Quarterly rate of change in the RevPAR in France in 2007 and 2008



Source: MKG Consulting Database – official supplier to hotel chains – April 2008  
\* Based on March preliminary results

Nonetheless, despite a fully satisfactory overall result, the first quarter shows some slacking off in the growth rate of the French hotel industry. January and February have nonetheless posted results higher than 9% that made it possible to keep in step with an excellent 2007 (+9.1%).

In the last two months, many trade fairs have sustained business at properties, offering proof that the hotel industry is experiencing slumps that are less and less defined. Moreover, the occupancy rate of hotels in mountainous departments has been excellent thanks to ideal meteorological conditions for winter sports. March nonetheless marked a slump in this steady growth. According to early estimates obtained from MKG Hospitality's HotelCompset program, which offers a daily observatory of hotel performance, the revenue per available room only shows growth between 3 and 4%.

**Results of corporate operated hotel chains by category in Paris, Ile-de-France  
and the Provinces  
Cumulated results from January to March 2008 – Preliminary estimates**

	Occupancy rate	Change OR (pts)	Avg. Daily Rates	Change ADR %	RevPAR	Change RevPAR %
Paris	75,9%	2,3	148,8	8,1%	111,4	11,5%
Ile-de-France	89,3%	2,5	76,0	7,9%	52,8	11,9%
Province	57,0%	-0,5	88,0	5,1%	37,8	4,2%
GLOBAL	62,3%	0,7	82,2	5,9%	51,2	7,1%

Source: MKG Consulting Database – official supplier to hotel chains – April 2008  
Average daily rates and RevPAR expressed in euros IVA incl.

After the very good months of January and February, this slump in March may be generally attributed to hotel activity in the provinces. An eventual economic slump is not the source of this: the year 2008 suffers above all from the comparison with an exceptional March 2007 on certain markets where major events were held that brought high volumes of clientele. Most major French cities had posted remarkable results. Lyon in particular, which, thanks to the medical events for EBMT and Biovision, saw its RevPAR rise by 32.4% in 2007. The entire department of the Rhône saw its 4\* hotel revenue grow by 58.3%! Lyon, where the result dropped sharply this year, is waiting impatiently for March 2009 when the second edition of Biovision will be held. Another cyclical phenomenon in March 2007: Paris also showed a slight slump in growth due to the fact that the Agricultural fair was held in February this year.

The dynamics nonetheless remain very positive for the French hotel industry. Paris and the Ile de France are showing double-digit growth in room revenue throughout the first quarter. Barometer of the international appeal of the destination France, Paris's upscale hotels continue to produce excellent results, even in March.

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