

## Global hotel industry grows ADR, RevPAR

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First half of 2008 produces occupancy drop in three of four regions

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The global hotel industry achieved positive year-over-year growth in average daily rate and revenue per available room for the first half of 2008, but most regions experienced drops in occupancy, according to data from STR and STR Global. The data was gathered from more than 36,150 hotels comprising 4.93 million guestrooms worldwide.

The Middle East/Africa region paced the advances in ADR and RevPAR among sample hotels by posting year-over-year increases of 20.8 percent and 25.7 percent, respectively. Through June, the region achieved ADR of \$160.67 and RevPAR of \$114.62. It was the lone region to experience a gain in occupancy, as it was up 4.0 percent to 71.3 percent.

European hotels in the sample attained an ADR increase of 16.8 percent to \$169.56 and a RevPAR jump of 15.3 percent to \$110.35, while seeing occupancy drop 1.3 percent to 65.1 percent.

The Asia Pacific region's sample of properties experienced an ADR increase of 17.1 percent to \$141.53 and a 12.5-percent RevPAR increase to \$94.39. Occupancy for the region dropped 3.9 percent to 66.7 percent.

Hotels sampled in the Americas region posted a 5.1-percent increase in ADR to \$110.14 and a 2.7-percent bump in RevPAR to \$67.94. The region's occupancy fell 3.9 percent to 66.7 percent.

'Demand growth and occupancies are weak in most places around the world,' said Mark Lomanno, president of STR ([www.smithtravelresearch.com](http://www.smithtravelresearch.com)) and chairman of the board of STR Global. 'Europe is exhibiting some of the same issues as the U.S. The malaise in the U.S. economy seems to be affecting a large number of countries, and all of the talk about the decoupling of the American economy from the global economy is turning out to simply be chatter. They are still quite intertwined.'

He said rising fuel costs and food costs are affecting travel and will further inhibit travel if they continue to rise.

'Whilst the global hotel industry is experiencing some hiccups largely due to circumstances beyond its control, it has demonstrated an admirable discipline by maintaining rate through some turbulent times,' said James Chappell, managing director of STR Global. 'Slumping occupancies largely are a result of the cyclical nature of the business, and hoteliers can minimize the effect of such a drop by staying true to their revenue management philosophy.'

### **Reporting the industry's first-half results highlights productive year for STR.**

In June, STR signed a deal with The Bench, bringing to conclusion a process that has resulted in the formation of STR Global. This was the final piece of a puzzle that saw STR taking an initial stake in The Bench two years ago, the merger of STR's international service with Deloitte's HotelBenchmark team earlier this year and now The Bench becoming part of the new organization. The move creates global market coverage on a daily, weekly and monthly basis.

STR Global is building a digital platform to enhance the way data is collected and distributed around the world. It is expected to launch in October.

'It has always been our dream to create the first global platform for the industry, and bringing The Bench into STR Global allows us to realize that goal,' said Randell Smith, CEO of STR and a director of STR Global. 'We are confident that the new company will go on to become the absolute standard for the industry and replicate STR's success in North America.'

Jonathan Worsley, chairman of The Bench said: 'We are absolutely delighted to be part of this exciting new venture. For many years this is something that the industry has been asking for, and we are pleased to be able to bring three great companies together.'

In addition to the head office in London, STR Global has satellite offices in Brussels, Milan, Singapore, Beijing and Sydney. As well as providing the industry standard STAR reports for hotels, STR Global also will be selling Global Hotel Reviews, which provide monthly global performance data, Pipeline reports for new hotel development, P&L reports, Trend reports for development or analysis and online subscriptions on a market-by-market basis.

STR Global ([www.strglobal.com](http://www.strglobal.com)) provides clients-including hotel operators, developers, financiers and analysts-access to hotel research with regular and custom reports in more than 500 markets worldwide. Earlier this year, STR Global's Web site introduced an online payment method for products and services.

STR and STR Global also launched Hotel News Now, a digital news and information platform that covers the global hotel industry. A Web site ([www.HotelNewsNow.com](http://www.HotelNewsNow.com)) to complement an existing daily newsletter is expected to launch this fall. The platform is spearheaded by Jeff Higley, former editorial director of several hotel industry trade magazines, including Hotel & Motel Management.

In February, STR acquired Boulder, Colorado-based RRC Associates, Inc. ([www.rrcinfo.com](http://www.rrcinfo.com)), a multi-disciplinary consulting firm providing market research, strategic analysis, and community/land planning services. RRC specializes in collecting and analyzing customer feedback for a variety of public and private clients nationwide and internationally.

Each of the STR-related companies launched branding images to reflect that they are part of the STR family. The new logos include arcs designed to represent the global nature of the business and colors that are part of an overall palette designed to tie the companies together but give them their own identities.

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