

European Chain Hotels Market Review – September 2008

Profit falls furthest in Paris

Profit and occupancy fell in most key European hotel city markets during September, according to the latest HotStats from TRI Hospitality Consulting. Average occupancy was down in all of the ten cities surveyed, and only Hamburg reported a year-on-year increase in profit.

Income before fixed charges (IBFC) - also known as gross operating profit - fell the furthest in the French capital, down by 31.7 per cent to a daily figure of €98.83 per available room. In absolute terms, the profit plunge knocked Paris into fourth place in the table behind London, Amsterdam and Berlin, the three most profitable markets in the survey.

Amsterdam and Vienna also experienced significant drops in demand and profit. Average occupancy in the Dutch capital fell by 9 percentage points to 80.7 per cent contributing to revpar down by 14.3 per cent and daily IBFC down by 22.6 per cent to €100.11 per available room.

Vienna's occupancy declined by 9.2 percentage points to 79.8 per cent and although average rate only dipped, the upward shift in payroll was another factor in causing daily IBFC to drop 27.2 per cent to €81.24 per available room.

Year-to-date profit down in 5 out of 10

“September represents the second consecutive month of falling demand in most European markets, and suggests a rapidly deteriorating trading environment. Hoteliers now have a real fight on their hands to uphold their rate growth policies and sustain profitability,” said Jonathan Langston, managing director, TRI Hospitality Consulting.

Looking at the year-to-date figures, that fight appears to have been largely lost in Prague, where achieved average room rate dropped by 12.5 per cent to €114.22, contributing to a 27.3 per cent decline in daily IBFC to €51.31 per available room. Elsewhere, the 9 months to September figures show that in all cities, despite falls in average occupancy, average room rates are still higher than last year.

Weaker demand, however, is impacting revpar and consequently profit, which is down year-on-year in Amsterdam, Munich, Paris, Prague and Warsaw.



Shipbuilding fair boosts Hamburg rate

Hamburg enjoyed the survey's highest rate growth for September alone. Visitors to SMM, the biennial shipbuilding, machinery and marine technology trade fair, enabled Hamburg's hoteliers to achieve an impressive average rate increase of 18.3 per cent to €140.12. With little change in occupancy, rate growth translated into a 17.7 per cent increase in daily revpar to €115.33 and Hamburg was the only city in the survey to report an increase in IBFC, up by 2.1 per cent to a daily figure of €82.69 per available room.

"SMM was the first major trade fair to benefit from Hamburg's newly renovated and enlarged fairground. €308 million of investment has ensured Hamburg's long-term international competitiveness, helping to drive a larger number of events and visitors into the city," said Langston.

SMM attracted 50,000 trade visitors compared to 47,000 who attended the same event in 2006. The total included nearly 2,000 exhibitors, 64 per cent of whom came from abroad.

After Hamburg, Munich was the only other city to report significant rate growth, up by 9.0 per cent to €177.30 in large part thanks to the European Society of Cardiology Congress at the start of the month.

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HOTSTATS BRIEFING DATA

European Chain Hotels - Performance report

The month of September 2008

Occ %	ARR	RevPAR	Payroll %	IBFC PAR
80.7	200.84	162.01	27.4	100.11
81.5	168.66	137.40	25.5	99.29
75.9	118.90	90.26	23.7	61.33
82.3	140.12	115.33	23.5	82.69
83.3	182.05	151.67	24.5	105.82
78.1	177.30	138.42	22.7	91.86
79.1	230.38	182.32	36.0	98.83
81.9	145.60	119.28	19.7	91.04
79.8	188.99	150.71	34.3	81.24
82.4	115.06	94.85	21.2	76.03

Amsterdam
Berlin
Budapest
Hamburg
London
Munich
Paris
Prague
Vienna
Warsaw

The nine months to September 2008

Occ %	ARR	RevPAR	Payroll %	IBFC PAR
76.9	173.63	133.46	30.7	75.72
66.6	148.92	99.17	32.6	53.74
68.5	107.76	73.82	30.1	37.38
72.2	111.78	80.70	30.5	44.31
82.8	181.45	150.20	25.4	101.46
72.5	129.08	93.59	30.5	50.19
78.5	218.41	171.46	38.1	88.57
72.1	114.22	82.33	26.8	51.31
69.8	165.38	115.36	40.2	52.19
68.9	105.61	72.77	26.1	48.23

The month of September 2007

Occ%	ARR	RevPAR	Payroll %	IBFC PAR
89.6	211.03	189.14	23.5	129.35
83.3	167.60	139.55	23.6	101.49
85.0	123.88	105.29	23.7	67.62
82.8	118.42	98.01	23.5	80.95
88.6	185.69	164.59	22.9	120.70
86.8	162.62	141.15	23.8	101.45
88.6	255.31	226.14	29.9	144.67
83.6	159.36	133.19	18.9	106.30
88.9	190.47	169.36	30.0	111.54
83.7	117.30	98.15	19.9	76.69

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The nine months to September 2007

Occ%	ARR	RevPAR	Payroll %	IBFC PAR
83.5	167.74	139.97	29.4	81.65
71.2	139.36	99.23	31.4	51.74
70.4	106.48	75.00	32.0	35.03
71.7	108.41	77.71	30.8	41.87
84.3	171.21	144.30	25.2	98.68
76.8	121.68	93.39	30.6	50.96
80.5	211.65	170.35	36.7	90.85
74.5	130.51	97.19	22.4	70.57
74.7	151.96	113.51	40.6	51.24
72.3	105.35	76.20	25.5	51.77

Movement for the month of September

Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change
-9.0	-4.8%	-14.3%	3.9	-22.6%
-1.8	0.6%	-1.5%	1.9	-2.2%
-9.1	-4.0%	-14.3%	0.0	-9.3%
-0.5	18.3%	17.7%	0.1	2.1%
-5.3	-2.0%	-7.8%	1.6	-12.3%
-8.7	9.0%	-1.9%	-1.1	-9.5%
-9.4	-9.8%	-19.4%	6.1	-31.7%
-1.7	-8.6%	-10.4%	0.8	-14.4%
-9.2	-0.8%	-11.0%	4.3	-27.2%
-1.2	-1.9%	-3.4%	1.3	-0.9%

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Movement for the 09 months to September

Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change
-6.6	3.5%	-4.7%	1.2	-7.3%
-4.6	6.9%	-0.1%	1.2	3.9%
-1.9	1.2%	-1.6%	-1.9	6.7%
0.5	3.1%	3.8%	-0.3	5.8%
-1.5	6.0%	4.1%	0.2	2.8%
-4.2	6.1%	0.2%	-0.1	-1.5%
-2.0	3.2%	0.7%	1.4	-2.5%
-2.4	-12.5%	-15.3%	4.4	-27.3%
-4.9	8.8%	1.6%	-0.4	1.9%
-3.4	0.2%	-4.5%	0.6	-6.8%

EDITORS NOTES:

The European Chain Hotels currency within this report is shown in Euros

Hotels contained in these samples operate predominantly in the four and five star sectors.

TRI Hospitality Consulting provides a wide range of services to clients in the hotels, tourism and leisure sectors. It has offices in London and Dubai.

Definitions:

Occupancy is that proportion of the bedrooms available during the period which are occupied during the period.

Room rate is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.

Room Revpar is the total bedroom revenue for the period divided by the total available rooms during the period

Payroll % is the payroll for all hotels in the sample as a percentage of total revenue.

IBFC PAR is the Income Before Fixed Charges shown per available room.