

## European Chain Hotels Market Review – October 2008

### Berlin rate gets an uppercut

The Berlin hotel market put in a punchy performance in October, according to the latest European HotStats survey of 10 European cities by TRI Hospitality Consulting.

Daily profit per available room – as expressed by income before fixed charges (IBFC) – increased by 8 per cent to €95.08, making Berlin the third most profitable city in the survey. Berlin's profitability was driven by rate growth, in large part thanks to the WBC World Heavyweight Championship at the O2 Arena. The unique boxing fixture attracted thousands of fans and VIPs, contributing to a 7.6 per cent rise in average room rate to €167.63.

“As ‘Dr. Iron Fist’ slugged it out with ‘the Nigerian Nightmare’, the organisation surrounding the match meant Berlin's four and five-star hotels also reported a knock-out month for rate and profit growth,” said Jonathan Langston, managing director, TRI Hospitality Consulting.

### NATO lifts profit in Budapest

In terms of year-on-year profit growth, Budapest was the star of the month with a 22.1 per cent rise in daily IBFC to €78.55 per available room. A meeting of NATO defence ministers took place at the city's Marriott Hotel.

The two-day event contributed to a 7.7 per cent rise in average room rate to €129.08 and rooms RevPAR was up by 3.2 per cent to €98.31. Increased revenue had a beneficial impact on payroll, which fell by 3.1 percentage points to 21.5 per cent of total revenue, the lowest in the survey.

### Occupancy falls across Europe

Generally slower economic conditions caused drops in average occupancy in all cities except for a flat performance in Hamburg. Amsterdam was hardest hit, reporting average occupancy down by 9.9 percentage points to 78.7 per cent.

“Amsterdam is particularly reliant on US and UK inbound markets which have seriously dwindled in the last three months. And unlike Paris or London, it does not get as much compensation from domestic leisure demand,” said Langston.

In Prague, fewer medical congresses compared to last October, contributed to average occupancy down by 7.1 percentage points to 74.1 per cent. Average room rate fell by 23 per cent to €132.25, contributing to daily IBFC down by a third to €76.35 per available room. The banking crisis also

had some effect on demand and Prague was a more expensive destination due to a 12 per cent year-on-year appreciation of the Czech Koruna.

Average room rate also fell in Paris, largely explained by unfavourable comparison with last October when rates soared thanks to the Rugby World Cup. In absolute terms, Paris was both the fullest and most profitable hotel market in the survey, reporting average occupancy of 85.4 per cent and daily IBFC of €128.23 per available room.

Looking at the year to date figures, in the first 10 months of 2008 occupancy fell in nine of the ten cities surveyed, but rate growth remained positive in eight out of ten.

The only city to report a significant fall in average room rate was Prague.

“Despite falling occupancy, most markets are still reporting rising average rate for the year so far. Three cities – Berlin, Budapest and Hamburg - are also reporting above-inflation profit growth,” said Langston.

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For an inside view of a local or regional market place in the hotel sector, bespoke **HotStats** reports are available. Terms and conditions apply.

To view a sample report visit: <http://www.trihc.com/Home.aspx?pID=149-0>

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# HotStats Briefing Data

## European Chain Hotels - Performance report

### The month of October 2008

Occ %	ARR	RevPAR	Payroll %	IBFC PAR
78.7	177.63	139.85	27.6	85.96
78.5	167.63	131.55	26.0	95.08
76.2	129.08	98.31	21.5	78.55
73.6	116.49	85.67	30.6	43.59
84.5	185.77	156.96	22.1	119.75
80.7	151.58	122.39	24.3	81.90
85.4	234.60	200.26	32.7	128.23
74.1	132.25	97.95	21.7	76.35
78.5	171.22	134.34	36.6	70.93
75.7	113.11	85.66	21.8	71.45

### The ten months to October 2008

Occ %	ARR	RevPAR	Payroll %	IBFC PAR
77.1	174.04	134.11	30.3	76.76
67.8	151.12	102.46	31.7	57.95
69.3	110.16	76.33	29.0	41.60
72.3	112.23	81.17	30.5	44.24
83.0	181.89	150.88	25.0	103.31
73.4	131.60	96.52	29.7	53.42
79.2	220.18	174.39	37.5	92.60
72.3	116.09	83.91	26.2	53.85
70.6	166.04	117.30	39.8	54.10
69.6	106.44	74.08	25.6	50.59

### The month of October 2007

Occ%	ARR	RevPAR	Payroll %	IBFC PAR
88.7	181.29	160.71	25.8	109.14
82.0	155.86	127.78	25.5	88.06
79.5	119.85	95.25	24.6	64.35
73.2	112.49	82.39	29.2	46.73
88.6	189.21	167.54	21.7	130.43
85.3	145.23	123.84	24.3	85.68
90.8	266.99	242.53	28.6	166.20
81.2	171.81	139.42	17.6	113.12
81.4	168.56	137.19	36.1	76.18
79.2	116.28	92.07	20.7	79.85

### The ten months to October 2007

Occ%	ARR	RevPAR	Payroll %	IBFC PAR
84.0	169.20	142.10	29.0	84.47
72.3	141.27	102.14	30.6	55.44
71.4	108.08	77.17	31.0	38.18
71.8	108.84	78.19	30.7	42.37
84.7	173.10	146.64	24.8	101.87
77.6	124.32	96.50	29.7	54.51
81.5	217.83	177.59	35.6	98.41
75.2	135.06	101.50	21.8	74.91
75.4	153.79	115.93	40.1	53.79
73.0	106.56	77.82	24.9	54.64

### Movement for the month of October

Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change
-9.9	-2.0%	-13.0%	1.7	-21.2%
-3.5	7.6%	3.0%	0.5	8.0%
-3.3	7.7%	3.2%	-3.1	22.1%
0.3	3.6%	4.0%	1.4	-6.7%
-4.1	-1.8%	-6.3%	0.4	-8.2%
-4.5	4.4%	-1.2%	0.0	-4.4%
-5.5	-12.1%	-17.4%	4.2	-22.8%
-7.1	-23.0%	-29.7%	4.1	-32.5%
-2.9	1.6%	-2.1%	0.5	-6.9%
-3.4	-2.7%	-7.0%	1.1	-10.5%

### Movement for the 10 months to October

Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change
-6.9	2.9%	-5.6%	1.3	-9.1%
-4.5	7.0%	0.3%	1.1	4.5%
-2.1	1.9%	-1.1%	-2.1	9.0%
0.5	3.1%	3.8%	-0.1	4.4%
-1.8	5.1%	2.9%	0.2	1.4%
-4.3	5.9%	0.0%	0.0	-2.0%
-2.3	1.1%	-1.8%	1.8	-5.9%
-2.9	-14.0%	-17.3%	4.4	-28.1%
-4.7	8.0%	1.2%	-0.3	0.6%
-3.4	-0.1%	-4.8%	0.7	-7.4%

#### 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 hotel sector. It has offices in London, Dubai and Madrid.

#### Definitions:

**Occupancy (Occ %)** is that proportion of the bedrooms available during the period which are occupied during the period.

**Room rate (ARR)** is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.

**Room Revpar (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.

