

# HotStats™

## Europe Chain Hotels Market Review - May 2007

### Moscow profits up by 30 per cent

Chain hotels in Moscow reported the most dramatic leaps in rate and revpar during May, according to a survey of leading European cities by TRI Hospitality Consulting.

Compared to May 2006, revpar in the Russian capital increased by a huge 45.1 per cent to reach Eu170.73.

Moscow's massive rise in revpar was made in spite of its hotels reporting the lowest occupancy in the survey at 68.1 per cent and was therefore entirely down to hoteliers continuing to push up rate.

Room rate increased by 37.4 per cent to Eu250.62, which was far ahead of the second highest rate in the survey of Eu207.68 reported by Paris.

"Our unique HotStats profit and loss performance survey tells us that in May Moscow's hoteliers also increased profit per available room by an impressive 30 per cent. This was the consequence of growing non-rooms revenue by 14 per cent and reducing payroll costs too," said David Bailey, director of TRI Hospitality Consulting.

### New Supply in Moscow

In the five months to May 2007 Moscow has consistently put in a strong performance in terms of rate and revpar but occupancy has increased by just 1.5 percentage points to an average of 64.1 per cent.

With 18 new hotels with an estimated 6,000 bedrooms scheduled to open in the city in the next three years, hoteliers in the city are concerned that occupancy and rate could be affected. The current projects, including a 334-bedroom Ritz Carlton, are predominantly in the up-market segment because of high building and real estate costs.

"Too many new hotels opening within a relatively short period of time could lead to over-supply. With occupancy already low, continuing to push rate will become more of a challenge in Moscow," said Bailey.

## **London takes sales lead**

London put in the strongest sales performance during May. A modest increase of 6.4 per cent in revpar to Eu170.97 edged London past Moscow and into first place.

The third best sales performance was seen in Paris where revpar nudged up 5.8 per cent to Eu169.17 High occupancy levels helped chain hotels in Amsterdam and Vienna also achieve robust sales.

Vienna was the surprise success story of the month with the second biggest rise in revpar of 16.5 per cent to Eu144.54.

“The Austrian and Viennese tourist boards have been saying for years that the city’s hotels are under-selling themselves. In May hoteliers demonstrated the benefit of heeding this advice,” said Bailey.

## **Budapest’s revpar heads south**

In contrast Budapest’s chain hotels had a poor performance in May with across-the-board negative movement. Occupancy fell by 6.2 percentage points and a 4.3 per cent drop in rate resulted in revpar down by 11.4 per cent to Eu90.05.

To a lesser extent Budapest’s East European rival, Prague, also had a bad month with revpar down by 4.1 per cent to Eu121.66.

Prague’s year-to-date performance has been weak with falls in both occupancy and rate resulting in revpar down by 6.5 per cent to Eu79.24. This put the city third from bottom after Budapest and Hamburg.

“For East Europe the trend so far is not encouraging. Revpar has suffered because of a lack of volume. The challenge ahead will be to boost occupancy over the summer months,” said Bailey.

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# HOTSTATS BRIEFING DATA

European Chain Hotels - Performance report

## The month of May 2007

Occ %	ARR	RevPAR
84.7	179.1	151.77
76.5	149.44	114.29
77.4	116.33	90.05
74.9	115.18	86.28
83.6	204.43	170.97
68.1	250.62	170.73
77.1	110.4	85.13
81.5	207.68	169.17
81.1	150.09	121.66
84.0	172.17	144.54

Amsterdam  
Berlin  
Budapest  
Hamburg  
London  
Moscow  
Munich  
Paris  
Prague  
Vienna

## The 5 months to May 2007

Occ %	ARR	RevPAR
80.8	162.54	131.31
66.7	140.94	93.99
63.3	101.35	64.17
67.5	106.83	72.08
81.0	194.74	157.67
64.1	220.56	141.42
72.5	120.68	87.53
77.6	191.09	148.24
66.8	118.61	79.24
68.0	147.63	100.33

## The month of May 2006

Occ%	ARR	RevPAR
86.9	173.69	150.98
79.3	142.35	112.89
83.6	121.62	101.66
82.5	108.22	89.22
86.4	186.12	160.73
64.5	182.39	117.63
81.5	104.22	84.98
77.4	206.54	159.83
81.8	154.97	126.81
83.8	148.04	124.05

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## The 5 months to May 2006

Occ%	ARR	RevPAR
79.5	153.33	121.82
66.8	130.1	86.96
65.6	101.07	66.26
71.9	104.9	75.38
81.0	173.64	140.66
62.6	172.79	108.17
71.4	101.55	72.52
73.4	185.28	136.07
69.8	121.36	84.74
68.1	139.38	94.9

## Movement for the month of May

Occ Change	ARR Change	RevPAR Change
-2.2	3.1%	0.5%
-2.8	5.0%	1.2%
-6.2	-4.3%	-11.4%
-7.6	6.4%	-3.3%
-2.7	9.8%	6.4%
3.6	37.4%	45.1%
-4.4	5.9%	0.2%
4.1	0.6%	5.8%
-0.8	-3.1%	-4.1%
0.2	16.3%	16.5%

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## Movement for the 5 months to May

Occ Change	ARR Change	RevPAR Change
1.3	6.0%	7.8%
-0.2	8.3%	8.1%
-2.3	0.3%	-3.2%
-4.4	1.8%	-4.4%
0.0	12.2%	12.1%
1.5	27.6%	30.7%
1.1	18.8%	20.7%
4.1	3.1%	8.9%
-3.0	-2.3%	-6.5%
-0.1	5.9%	5.7%

### EDITORS NOTES:

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

Hotels contained with these samples operate primarily in the three, 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.