



## **UK Chain Hotels Market Review – February 2007**

### **Rate drives double digit growth in London**

Soaring room rates in London have enabled hoteliers in the capital to record a double digit increase in revenue per available room, the latest numbers from TRI Hospitality Consulting's HotStats survey show.

During the first two months of this year room rates have increased by 11.6 per cent to reach £104.60. Occupancy has been steadier with a rise of just 0.9 percentage points to hit 75.8 per cent. Even with the modest rise in occupancy, the sharp hike in room rates has enabled room revpar to increase by 13.0 per cent.

“While not high compared to peak times of the year, the occupancy rate at the start of this year is strong and not surprisingly it is rate where hoteliers have made the most progress,” said Jonathan Langston, managing director of TRI Hospitality Consulting.

Occupancy has also only seen limited growth in the provinces, up 0.5 points to reach 63.4 per cent, but the increase in rate is also significantly less than in London.

Room rates in provincial hotels were up 3.2 per cent to £70.15 delivering a room revpar rise of 4.0 per cent. “The increase in revpar in the provinces is by no means poor but it is much more subdued when compared to the ebullience shown by London,” said Langston.

### **February emphasises rate even more**

Looking at just the month of February shows that the rise in revpar in London hotels for that month compared to the same month a year earlier was almost entirely down to a rise in rate. Occupancy was up just 0.1 points.

Room rates at hotels in the capital were up 11.3 per cent to £105.81 and this meant room revpar was up a healthy 11.5 per cent.

Provincial hotels shared the almost static occupancy with a rise of just 0.2 points but rate was up much less, by 2.9 per cent to £70.72.

“Hoteliers in the UK outside of London have been unable to match the room rate increases put through in the capital,” said Langston.

## **Arrivals data is promising**

The official trade body representing the inbound tourism industry in the UK, UKInbound, found in its monthly survey that visitor arrivals were 17.1 per cent higher in January than in the same month a year earlier.

The organisation commented that the reasons for this hike were unclear but it warned that the fragility of the US economy was a major concern. Forward bookings were up by a more subdued 6.7 per cent, perhaps reflecting this.

Airports operator BAA said that total traffic at its seven UK airports, which included Heathrow, Gatwick and Stansted, was up 0.6 per cent in February compared to February last year.

North Atlantic traffic fell by 0.9 per cent although European scheduled traffic was up 1.9 per cent. “Visitor arrivals data has been more volatile than the performance of UK hotels in the last few years and the sharp rise in January may prove a blip. If it proves durable, however, a strong influx of tourists can only help boost hotel trading,” said Langston.

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# HotStats Briefing Data

## UK Chain Hotels - performance report

### The Month of February 2007

UK TOTAL HOTELS		2007	2006	Movement
Occupancy	%	71.9	71.7	0.2 points
Room rate	£	84.06	78.74	6.7%
Room Revpar	£	60.43	56.49	7.0%
Total Revpar	£	2,921	2,821	3.5%

LONDON HOTELS		2007	2006	Movement
Occupancy	%	78.5	78.4	0.1 points
Room rate	£	105.81	95.06	11.3%
Room Revpar	£	83.07	74.50	11.5%
Total Revpar	£	3,432	3,123	9.9%

UK PROVINCIAL HOTELS		2007	2006	Movement
Occupancy	%	68.4	68.2	0.2 points
Room rate	£	70.72	68.73	2.9%
Room Revpar	£	48.35	46.87	3.2%
Total Revpar	£	2,645	2,656	-0.4%

#### EDITORS NOTES:

The UK Chain Hotels sample is composed of 493 hotels with an average hotel size of 169 bedrooms. These hotels operate primarily in the three and four 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.

**Total Revpar** is the combined total of all hotel revenues divided by the total fixed bedroom stock.

**Data Sample** TRI amend the above data samples each year to reflect the changes in the HotStats survey. Therefore this report will not match that of the published release data of last years monthly report because the data is based on differing hotel sample

# HotStats Briefing Data

UK Chain Hotels - performance report

## The Two Months to February 2007

UK TOTAL HOTELS		2007	2006	Movement
Occupancy	%	67.8	67.1	0.6 points
Room rate	£	83.68	78.02	7.3%
Room Revpar	£	56.72	52.38	8.3%
Total Revpar	£	5,692	5,358	6.2%

LONDON HOTELS		2007	2006	Movement
Occupancy	%	75.8	74.9	0.9 points
Room rate	£	104.60	93.70	11.6%
Room Revpar	£	79.32	70.21	13.0%
Total Revpar	£	6,863	6,062	13.2%

UK PROVINCIAL HOTELS		2007	2006	Movement
Occupancy	%	63.4	62.9	0.5 points
Room rate	£	70.15	67.97	3.2%
Room Revpar	£	44.50	42.78	4.0%
Total Revpar	£	5,059	4,972	1.8%

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