

## EUROPEAN CHAIN HOTELS MARKET REVIEW DECEMBER 2010

### London hoteliers finish top of Europe in 2010

The cold weather in the UK towards the end of the year was not enough to diminish headline performance levels as its capital achieved a Gross Operating Profit per Available Room (GOPPAR) of €105.07, according to the latest HotStats survey from TRI Hospitality Consulting.

Although at €211.56 hotels in London did not achieve the highest Total Revenue per Available Room (TrevPAR) in the sample, that accolade went to Zurich at €215.12, thanks to a 12.1% increase profitability, London finished the year approximately 47% ahead of the second best performing city in the sample (Zurich), which achieved a year-end GOPPAR of €71.51.

As has been a recurrent theme throughout the year, London's staggering profitability conversion rate at 49.7% of total revenue, may be attributed to a strong revenue performance, but more crucially the astute management of costs and in particular payroll levels. Whilst profitability levels in cities such as Paris and Vienna during 2010 have been damaged by payroll levels close to 40% of total revenue, London hoteliers benefit from a payroll cost of just 23.1% of total revenue.

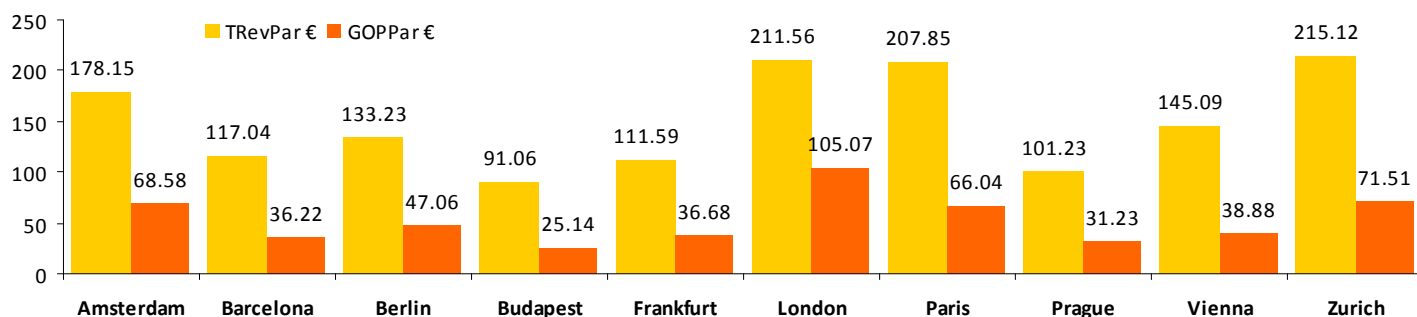
Despite achieving one of the lowest recorded occupancy levels of the year in December (76.5%) due to heavy snow, sub-zero temperatures and travel disruption, according to the latest HotStats survey, four and five-star London hotels finished the year at a remarkable average room occupancy of 84.6%, following an increase of 0.9 percentage points from 2009.

"Whilst several cities in Europe are still suffering the after-effects of the global economic downturn, most have only begun to return to profitability growth within recent months. In contrast, discounting the losses in April due to the Icelandic ash cloud, December 2010 was the 14<sup>th</sup> consecutive month in which London hoteliers have recorded a growth in profitability. In addition to London consolidating its status as a top international tourist destination in 2010, the city once again emerged as a global hub for business and secured its position as the top performing hotel market in Europe" said Jonathan Langston, managing director, TRI Hospitality Consulting.

#### The month of December 2010

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Amsterdam	58.4	151.75	88.63	136.57	35.7	41.54
Barcelona	45.1	109.01	49.20	75.81	50.1	4.30
Berlin	59.4	113.11	67.21	113.33	31.3	34.27
Budapest	47.4	82.61	39.15	70.47	39.6	5.62
Frankfurt	59.0	99.50	58.68	100.45	33.3	27.26
London	76.5	177.16	135.60	205.14	24.3	108.83
Paris	69.0	173.72	119.82	192.88	44.0	47.51
Prague	58.0	80.74	46.79	92.82	25.0	23.13
Vienna	74.7	136.56	102.04	178.70	33.9	59.74
Zurich	73.7	151.14	111.39	206.67	35.1	63.52

### European City Markets achieved TREVPAR and GOPPAR Full Year 2010



## Problems remain in Prague as Czech capital suffers further losses

Following the 35.8% decline in profitability levels in 2009, trading remains tough in the Czech capital in 2010, as GOPPAR declined by a further 9.1%, according to the latest HotStats survey.

Although average room occupancy has increased by 3.8 percentage points during the year, suggesting that volume remains in the market, achieved average room rate remains a challenge as hotels compete aggressively for market share.

In the 12 months to December 2010, average room rate declined by 6.8%, which when added to a drop of 16.6% in 2009 leaves hotels in the Czech Republic capital approximately 23% behind pre-recession levels, at €87.31. This is particularly sobering considering that the sample includes a variety of upscale brands.

According to the HotStats archive, hotels in Prague have been suffering declines in headline performance levels as far back as 2006, when GOPPAR levels dropped by 5.3% for the year. This was followed by further declines in 2007 (- 6.8%) and 2008 (- 29.7%) which is clearly not the result of the financial climate, but new supply, which has continued to flood the market. The current economic downturn served only to further exacerbate the challenging trading conditions in the Czech capital during 2009 and 2010.

In the last 24 months new hotel developments of note in the upscale sector include the 101-bedroom The Augustine by The Rocco Forte Collection, 75-bedroom Kempinski Hybernska, 40-bedroom Buddha Bar Hotel, 150-bedroom Sheraton Charles Square,

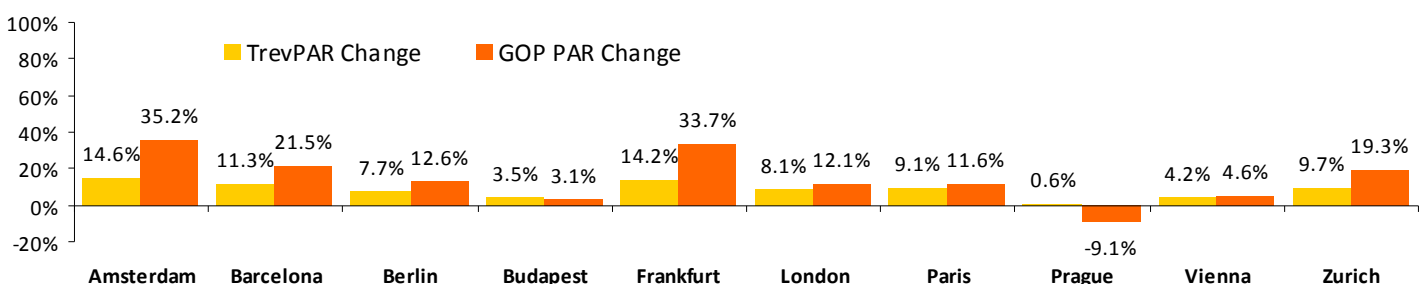
134-bedroom NH Praha Radlicka, 90-bedroom Mosaic House, as well as the refurbished 110-bedroom Four Seasons.

The Czech Republic came out of recession in the third quarter of 2009, six months ahead of the Euro zone, but there has been a laboured return to growth, with quarterly GDP growth levels failing to exceed one per cent ever since. Furthermore, inbound tourism has been impacted by the strong Czech koruna, which, in line the euro, has continued to appreciate against the dollar and sterling.

“Prague was the only city in the European sample to suffer a decline in profitability in 2010. Although costs levels have remained low, the opportunity to increase revenue levels in the city does not currently exist,” added Langston.

	Movement for the month of December					
	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Amsterdam	1.1	9.1%	11.1%	5.6%	-0.8	19.7%
Barcelona	7.7	2.7%	23.8%	22.2%	4.8	95.5%
Berlin	-4.3	17.3%	9.4%	6.0%	-0.4	5.7%
Budapest	-0.2	5.4%	5.0%	4.3%	-3.1	-45.9%
Frankfurt	6.7	8.6%	22.5%	7.8%	3.8	24.4%
London	-1.7	7.1%	4.7%	2.8%	-0.9	4.6%
Paris	-1.7	3.0%	0.5%	0.1%	-4.3	-17.5%
Prague	3.4	-3.3%	2.8%	11.1%	-7.9	-18.8%
Vienna	-2.8	12.9%	8.8%	6.4%	-1.4	8.7%
Zurich	5.7	4.8%	13.7%	13.6%	-0.7	26.1%

## European City Markets TREVPAR and GOPPAR Movement Full Year 2010



# HotStats Briefing Data

European Chain Hotels - Performance report  
Currency: € Euros

The month of December 2010							Calendar year to December 2010						Twelve months to December 2010						
	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Amsterdam	58.4	151.75	88.63	136.57	35.7	41.54	75.8	165.91	125.81	178.15	31.5	68.58	75.8	165.91	125.81	178.15	31.5	68.58	Amsterdam
Barcelona	45.1	109.01	49.20	75.81	50.1	4.30	65.1	129.07	84.01	117.04	34.0	36.22	65.1	129.07	84.01	117.04	34.0	36.22	Barcelona
Berlin	59.4	113.11	67.21	113.33	31.3	34.27	71.3	116.45	83.02	133.23	29.1	47.06	71.3	116.45	83.02	133.23	29.1	47.06	Berlin
Budapest	47.4	82.61	39.15	70.47	39.6	5.62	64.1	89.01	57.03	91.06	31.1	25.14	64.1	89.01	57.03	91.06	31.1	25.14	Budapest
Frankfurt	59.0	99.50	58.68	100.45	33.3	27.26	62.9	117.01	73.57	111.59	31.7	36.68	62.9	117.01	73.57	111.59	31.7	36.68	Frankfurt
London	76.5	177.16	135.60	205.14	24.3	108.83	84.6	175.75	148.59	211.56	23.2	105.07	84.6	175.75	148.59	211.56	23.2	105.07	London
Paris	69.0	173.72	119.82	192.88	44.0	47.51	76.7	184.48	141.44	207.85	39.3	66.04	76.7	184.48	141.44	207.85	39.3	66.04	Paris
Prague	58.0	80.74	46.79	92.82	25.0	23.13	65.7	87.31	57.39	101.23	26.3	31.23	65.7	87.31	57.39	101.23	26.3	31.23	Prague
Vienna	74.7	136.56	102.04	178.70	33.9	59.74	71.8	126.97	91.12	145.09	39.4	38.88	71.8	126.97	91.12	145.09	39.4	38.88	Vienna
Zurich	73.7	151.14	111.39	206.67	35.1	63.52	77.2	162.34	125.38	215.12	33.4	71.51	77.2	162.34	125.38	215.12	33.4	71.51	Zurich

The month of December 2009							Calendar year to December 2009						Twelve months to December 2009						
	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Amsterdam	57.4	139.11	79.78	129.33	34.8	34.71	69.2	153.67	106.30	155.42	33.8	50.73	69.2	153.67	106.30	155.42	33.8	50.73	Amsterdam
Barcelona	37.4	106.19	39.75	62.03	54.9	2.20	57.9	131.85	76.30	105.15	35.4	29.81	57.9	131.85	76.30	105.15	35.4	29.81	Barcelona
Berlin	63.7	96.44	61.45	106.90	31.0	32.42	70.2	106.26	74.57	123.71	29.9	41.81	70.2	106.26	74.57	123.71	29.9	41.81	Berlin
Budapest	47.6	78.35	37.27	67.57	36.5	10.39	58.8	94.61	55.65	88.00	30.6	24.38	58.8	94.61	55.65	88.00	30.6	24.38	Budapest
Frankfurt	52.3	91.60	47.92	93.15	37.1	21.92	54.9	110.98	60.90	97.70	34.6	27.43	54.9	110.98	60.90	97.70	34.6	27.43	Frankfurt
London	78.3	165.43	129.47	199.46	23.4	104.09	83.7	159.88	133.81	195.73	23.9	93.69	83.7	159.88	133.81	195.73	23.9	93.69	London
Paris	70.7	168.68	119.18	192.77	39.8	57.61	73.6	175.91	129.55	190.45	38.8	59.17	73.6	175.91	129.55	190.45	38.8	59.17	Paris
Prague	54.5	83.52	45.53	83.51	17.1	28.48	61.9	93.68	57.98	100.60	25.0	34.35	61.9	93.68	57.98	100.60	25.0	34.35	Prague
Vienna	77.5	121.01	93.82	167.93	32.6	54.95	67.9	130.23	88.42	139.23	38.3	37.17	67.9	130.23	88.42	139.23	38.3	37.17	Vienna
Zurich	68.0	144.15	98.01	181.98	34.3	50.39	71.4	160.84	114.87	196.12	34.5	59.93	71.4	160.84	114.87	196.12	34.5	59.93	Zurich

Movement for the month of December							Movement for the calendar year to December						Movement for the twelve months to December						
	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	
Amsterdam	1.1	9.1%	11.1%	5.6%	-0.8	19.7%	6.7	8.0%	18.4%	14.6%	2.3	35.2%	6.7	8.0%	18.4%	14.6%	2.3	35.2%	Amsterdam
Barcelona	7.7	2.7%	23.8%	22.2%	4.8	95.5%	7.2	-2.1%	10.1%	11.3%	1.4	21.5%	7.2	-2.1%	10.1%	11.3%	1.4	21.5%	Barcelona
Berlin	-4.3	17.3%	9.4%	6.0%	-0.4	5.7%	1.1	9.6%	11.3%	7.7%	0.8	12.6%	1.1	9.6%	11.3%	7.7%	0.8	12.6%	Berlin
Budapest	-0.2	5.4%	5.0%	4.3%	-3.1	-45.9%	5.3	-5.9%	2.5%	3.5%	-0.5	3.1%	5.3	-5.9%	2.5%	3.5%	-0.5	3.1%	Budapest
Frankfurt	6.7	8.6%	22.5%	7.8%	3.8	24.4%	8.0	5.4%	20.8%	14.2%	3.0	33.7%	8.0	5.4%	20.8%	14.2%	3.0	33.7%	Frankfurt
London	-1.7	7.1%	4.7%	2.8%	-0.9	4.6%	0.9	9.9%	11.0%	8.1%	0.7	12.1%	0.9	9.9%	11.0%	8.1%	0.7	12.1%	London
Paris	-1.7	3.0%	0.5%	0.1%	-4.3	-17.5%	3.0	4.9%	9.2%	9.1%	-0.6	11.6%	3.0	4.9%	9.2%	9.1%	-0.6	11.6%	Paris
Prague	3.4	-3.3%	2.8%	11.1%	-7.9	-18.8%	3.8	-6.8%	-1.0%	0.6%	-1.3	-9.1%	3.8	-6.8%	-1.0%	0.6%	-1.3	-9.1%	Prague
Vienna	-2.8	12.9%	8.8%	6.4%	-1.4	8.7%	3.9	-2.5%	3.1%	4.2%	-1.2	4.6%	3.9	-2.5%	3.1%	4.2%	-1.2	4.6%	Vienna
Zurich	5.7	4.8%	13.7%	13.6%	-0.7	26.1%	5.8	0.9%	9.1%	9.7%	1.1	19.3%	5.8	0.9%	9.1%	9.7%	1.1	19.3%	Zurich

**Editors Notes:**

The hotels profiled in this report are drawn from the HotStats database and reflect the portfolios and distribution of the hotel chains that we survey and which operate primarily in the four and five-star sectors.

**Please note:** The data samples are reviewed and rebased each year to reflect the changes in the HotStats survey base. As a result, performance ratios published last year may differ from those contained within this report. TRI Hospitality Consulting provides a wide range of services to clients in the hotel sector.

<b>Occupancy (%)</b>	is that proportion of the bedrooms available during the period which are occupied during the period.
<b>Average Room rate (ARR)</b>	is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.
<b>Room Revpar (RevPAR)</b>	is the total bedroom revenue for the period divided by the total available rooms during the period.
<b>Total Revpar (TrevPAR)</b>	is the combined total of all revenues divided by the total available rooms during the period.
<b>Payroll %</b>	is the payroll for all hotels in the sample as a percentage of total revenue.
<b>GOP PAR</b>	is the Total Gross Operating Profit for the period divided by the total available rooms during the period.

TRI has offices in London, Dubai and Madrid.

For more information contact:

TRI Hospitality Consulting	HotStats
Jonathan Langston, Managing Director 0207 892 2201 <a href="mailto:jonathan.langston@trihc.com">jonathan.langston@trihc.com</a>	Mark Dickens, Managing Director HotStats 0207 892 2207 <a href="mailto:mark.dickens@hotstats.com">mark.dickens@hotstats.com</a>
Ben Livingstone, Senior Consultant 0207 862 2205 <a href="mailto:ben.livingstone@trihc.com">ben.livingstone@trihc.com</a>	Tony Oliveira, Commercial Analyst 0207 892 2234 <a href="mailto:Tony.oliveira@hotstats.com">Tony.oliveira@hotstats.com</a>

**Services:**

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.hotstats.com/Home.aspx?plD=57-0>

Or from the TRI home page select Market knowledge and follow the path to Market reports.

©TRI Hospitality Consulting 2010

Unless otherwise attributed, all material in this press release is the copyright of TRI Hospitality Consulting