



HotelBeat

Destination: LONDON & REGIONAL UK

November 2011

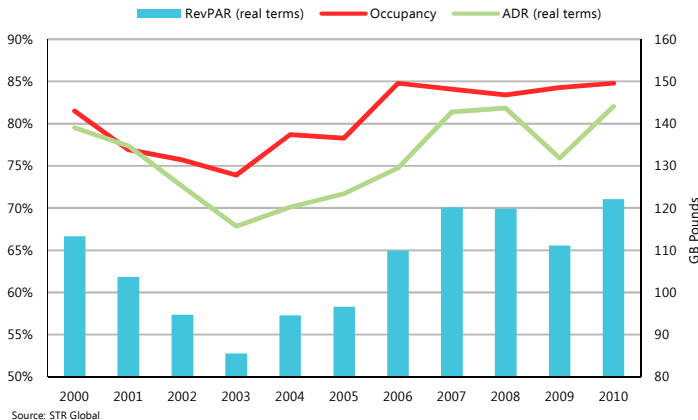


OVERVIEW

STR Global and Whitebridge Hospitality are pleased to present this brief summary of a detailed analysis undertaken in order to demonstrate the true state of the hotel sector in London and in Regional UK. The data is based on two constant samples of hotels (totalling more than 31,000 rooms), over an 11-year period (2000-2010), whose performance statistics have been re-based in constant 2010 values. **Elizabeth Randall**, Managing Director of STR Global, comments: "Looking at inflation adjusted performance for London and the regions, London's hotel profits have just stayed on par with a -0.2% CAGR between real GOP of 2000 and 2010. Regional UK real GOP declined by -6.7% CAGR highlighting tougher market conditions." **Philip Camble**, Director of Whitebridge, comments: "This analysis clearly shows that London is a destination apart. Although performance levels are more volatile year-on-year due to the multiple domestic and international factors that affect demand to the capital, the overall trend has been very strongly upward. By contrast, Regional UK has largely failed to keep up with inflation, even in the good times, and this is resulting in significant loss of performance."

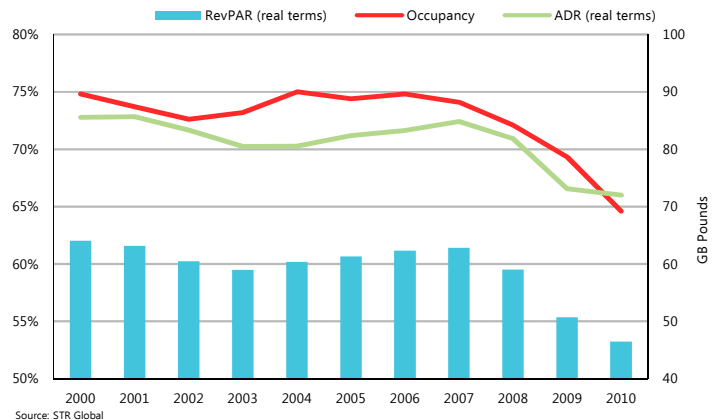
LONDON – KPIs

The graph below shows that London's occupancy fell in the early 2000's and bottomed out in 2003. Since 2003 occupancy levels have risen sharply and stabilised at around the 85% since 2006. In real terms, average room rate (ADR) recovered strongly in the period 2004 to 2008, with ADR levels returning to 2000 levels by 2007. ADR fell by 8.3% in 2009 and recovered quickly in 2010 to the highest level in the period under review, £144. RevPAR has shadowed ADR, with 2010 recording the best annual performance to date.



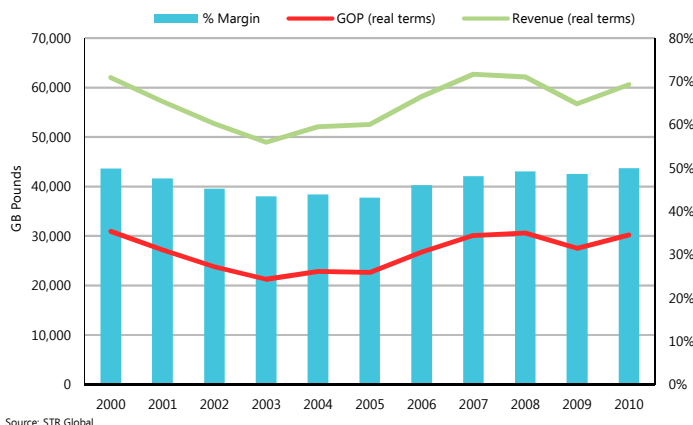
REGIONAL UK – KPIs

The graph below shows that hotels in Regional UK have fared less well than those in London. In the period 2000 to 2007, occupancy levels have been surprisingly stable, at around 75%, and much less volatile than the London market. In recent years, however, occupancy levels have fallen and in 2010 occupancy recorded its lowest level in the period under review. ADR and RevPAR levels (in real terms) have shown limited growth through the early to mid 2000's, and have fallen significantly in recent years as declining occupancy levels drive increasing levels of discounting.



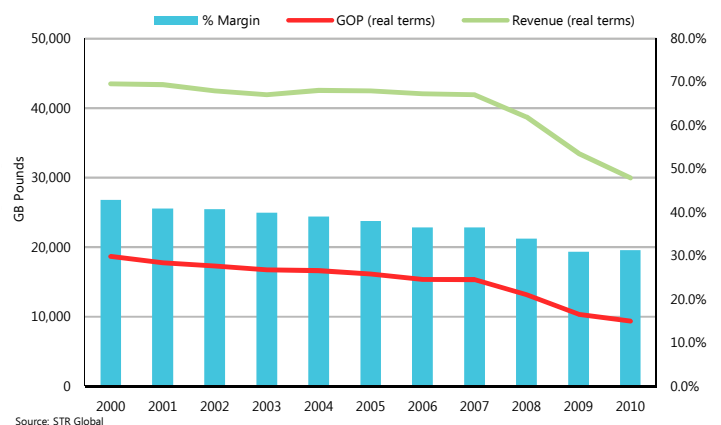
LONDON – GOP

The graph below tracks the performance of Total Revenue and GOP in real terms. The profile of Total Revenue per annum is very similar to that of ADR above, with deep troughs in 2003-2005 and in 2009. GOP has closely mirrored Total Revenue and this is reflected in the relatively stable % Margin across the period, ranging from over 43% to close to 50%. It is interesting to note that although Total Revenue in 2010 was still below 2000 levels, GOP levels last year (£30,260 per available room, PAR) were very close to 2000 levels (£30,935 PAR) – the second highest performance in the period 2001-2010, after 2008.



REGIONAL UK – GOP

The graph below shows that Total Revenue in Regional UK was relatively stable from 2000 to 2007 at around £42,000 PAR. However, as occupancy, and more importantly ADR, began to decline in 2008, Total Revenue has suffered significant contraction, culminating in a Total Revenue in 2010 of just under £30,000 PAR. In GOP % Margin terms, the Regional UK market has been in gentle decline throughout the period, even when Total Revenues were relatively stable. This has resulted in year-on-year declines in GOP, except for 2007 when GOP and the % Margin increased slightly. A very different picture to the London hotel market!



For further information, please contact:
Whitebridge Hospitality Limited
9 Clifford Street, London, W1S 2FT, UK
T: +44 20 7195 1480
E: philip.camble@whitebridgegh.com
www.whitebridgehospitality.com

For further information, please contact:
STR Global Ltd
Blue Fin Building, 110 Southwark Street,
London, SE1 0TA, UK
T: +44 20 7922 1961
E: kauernheimer@strglobal.com
www.strglobal.com

This report has been produced by Whitebridge Hospitality Limited and STR Global Ltd for use by those with an interest in the hospitality sector only and for information purposes solely. It is not intended to be a complete description of the sector to which it refers. The report uses information obtained from public sources which we believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Whitebridge Hospitality Limited and STR Global shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. Our prior written consent is required before this report can be reproduced in whole or in part.
©2011 Whitebridge Hospitality Limited and STR Global Ltd. All rights reserved.