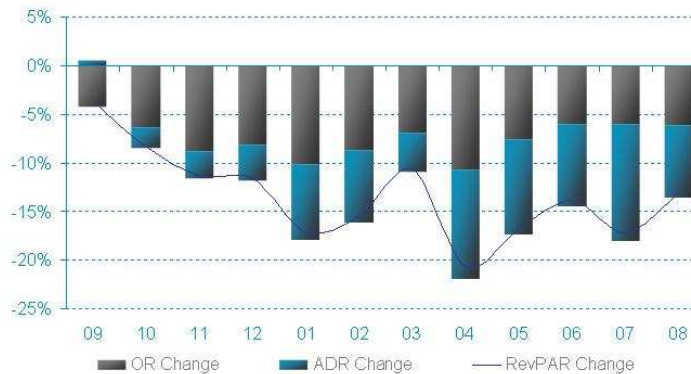


For Immediate Release

UK Hotels See Minor Improvement

Finally, a welcomed sigh of relief for the UK hotel industry. No where near robust growth, but performance indicators have just seen a glimpse of positive change

Year-to-Date August 2009 Monthly Variations



Source: MKG Hospitality, HotelCompSet

UK: Year-to-date August 2009 hotel performance indicators in the UK confirm a minor, yet positive swing, signifying a slowdown in market decline.

“These performance indicators have a long way to go before suggesting a recovery, but they are indeed a positive sign. The next few months however will be crucial in determining if the hotel cycle is spinning in the right direction; that OR change continues to climb and ADR remains stable,” stated **Director of Development, MKG Hospitality, Vangelis Panayotis**. “In order for this to occur, improvement should really come from the corporate clientele segment.”

According to MKG Hospitality’s market monitoring database HotelCompSet, average Occupancy Rate (OR) in August reached nearly 72%. Although this still represents a decrease of 4.7 percentage points compared to August 2008, the decline is less significant compared to the beginning of the year. Meanwhile, the rate of decline in Average Daily Rate (ADR) and Revenue per Available Room (RevPAR) also stabilised, reaching £74.7 and £53.7, respectively.

“While we have experienced declines over the past year, much like the rest of the industry, we’re finally beginning to see positive signs of recovery. One particularly positive indicator is the increase in interest from guests in our Wyndham Rewards loyalty programme, which to date, is up nearly 150% in the UK,” says **Senior Vice President and Managing Director, EMEA, Wyndham Hotel Group, Michael Poynter**. “Looking to the years ahead, hotel occupancy will continue to recover, however it will be some time before we reach previous levels,” said Poynter.

Overall, UK city destinations recorded the most promising OR performances, such as London (82.4%), Cardiff (68.8%) and Manchester (70.8%), all posting lower decreases in August than in previous months. Spurred by leisure demand, Edinburgh managed to record OR growth again (+3.3 points), and together with only a small ADR drop, sustains a stable RevPAR. London recorded the best RevPAR improvement.

“In the second half of 2008, the market changed quite abruptly and it will take time for it to rebound to 2007 levels. The drop has been larger in provincial markets and London has proven somewhat more resilient. Like virtually all hotel operators in the UK, we are witnessing a decline in occupancy and rates. However, despite the continued turmoil, we are expecting a slight improvement in the remainder of 2009, particularly occupancy levels,” explains **Director Business Development, The Rezidor Hotel Group, Pedro Raposo**.

“During this slow down, it is crucial that hoteliers focus on maintaining market share. This will be the key in achieving results,” continued Panayotis.

UK tourism is expected to grow in the last quarter of 2009, as consumers begin to regain confidence and more importantly businesses start to spend again. If a favourable exchange rate continues, international visitors, namely short haul Europe and emerging markets will also drive results upwards.

What seems to be more important for UK occupancy however is domestic tourism. Since April 2008, OR started to fall drastically when domestic overnights continued their sharp decline, then ran almost parallel every month until today. When domestic overnights improved, so did OR. Along with business segments, domestic tourism should sway the balance and ultimately make the difference on how promising the year ends.

Although not booming, the last 12 months have not been the disaster first anticipated, with many hotel projects still going ahead and still many planned for 2010 – almost 14,000 rooms were created in 2008, a 6% growth over 2007. Meanwhile, according to the British Hospitality Association, almost 40,000 rooms are still planned for up to 2015.

London will see much of this development, as investors of course target openings before the 2012 Olympic Games; 13,000 new hotel rooms estimated to be built.

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*With a team of over 60 experienced consultants, as well as advanced research and analytical tools and applications, **MKG Hospitality** provides a unique savoir-faire in Market Research, Consulting, Financial Feasibility Studies and Valuations.*

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