

European Hoteliers Head towards Full Recovery



The hotel industry across Europe is on track to full recovery, with mature markets, key capital cities and upscale hotels enjoying the strongest turnaround. Forecasts for 2011 are for continued growth, fuelled by increasing occupancy rates and much better average prices.

Europe, 26 January 2011: Final results for 2010 verify the European hotel industry's revival, with high hopes that growth trends continue into 2011.

"Most countries now find themselves at the beginning of a new hotel cycle, with positive demand growth and average prices starting to increase," states Director of Development, MKG Hospitality, Vanguelis Panayotis. "Economic recovery in Europe is in line with forecasts, thanks in large to the second half of the year. This was led by increasing domestic demand, as well as an export-driven industrial rebound in line with global growth and trade, particularly from emerging markets. More importantly, growth became sustainable," adds Panayotis.

Steady improvements in occupancy since the beginning of 2010, coupled with gradual recovery in average prices early on in 2010 pushed RevPAR upwards and almost at pre-crisis levels. According to MKG Hospitality's market monitor database HotelCompSet, Markets which are performing best are those that were most affected by the crisis. The UK records one of the best upturns, with a 10.4% increase in RevPAR over 2009. Benelux is not far behind with around 9% growth, followed by Germany with 8%. RevPAR in Spain and France increases by over 6%, whilst growth in Scandinavia, Central Europe and most of Southern European is less significant. Meanwhile, capital cities are the star performers in 2010, capturing the return of international business and leisure travel, MICE activity, as well as increasing domestic demand. Paris, London and Amsterdam perform particularly well, with RevPAR growth of 11.5%, 15.6% and 18.1%, respectively.

Upscale hotels also benefit most from the economic swing, as well as the return of international business. In most markets, this segment records better occupancy growth. Indeed, hoteliers implemented the right revenue management and marketing strategies in order to get the most from the signs of fast recovery.

"Despite economic hiccups in the second part of 2010, hoteliers end the year with fairly good growth, albeit gradual. However, since memories of the crisis are still strong, both consumer and business confidence, in turn consumption and demand will not be completely reassured. Predictions for 2011 are still positive, picking up pace towards the end of the year. Mature markets in Western Europe should be in the best position," concludes Panayotis.

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