

LONDON'S HOTEL INDUSTRY SECOND IN PROFITABILITY



The year 2007 was very good for the UK hotel industry. The sector witnessed a double-digit growth in revenue per available room in London. According to TRI Hospitality Consulting, London was second among the ten most profitable European cities in November 2007 with a profit of €154.68 per available room during the month.

In 2007 the revenue per available room in London increased by 10.8%. It is important to mention that the previous year (2006) the industry grew by 16.8%. Other parts of the United Kingdom did not witness such a fast growth in the hotel industry. The regional UK market reported a 4% growth. The fastest growing revenue per available room was witnessed in Aberdeen. The growth reached 17.2%, mainly thanks to strong demand from the North Sea oil industry. Also Glasgow revenue per available room has risen but even with its 10.8% growth the revenue per available room is lower here than in hotels in Edinburgh, where they have the highest rates outside London.

The Europe's most profitable hotel industry dwells in Moscow. Local hotels have gained a profit per available room of €167.89 in November 2007. Nevertheless, the occupancy rate was only 68%. Moscow has such revenue, among other reasons, because of its relatively low payroll. The occupancy of London hotels on the other hand is higher than in Moscow, 86.7%.

Nevertheless, the year 2008 may not be that nice to hoteliers. It is supposed that the growth will slow down, which will impact not only the hotel owners but also the businesses that offer their products and services to the hotel industry. Consumers are likely to change their behavior in upcoming years; predictions are that the consumer spending growth will drop from 3% to only 2% in 2008.

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