

PROMISING FIRST QUARTER FIGURES FOR THE GREEK HOSPITALITY INDUSTRY



The economic crisis in Greece had an enormous negative impact on the Greek hospitality industry between 2010 and 2013, with an estimated loss of €2.5 billion across the whole sector, €820 million of that seen in Athens' hotels alone. However, the country is seeing both a primary fiscal surplus and a current account surplus, which was not expected during the worst of the crisis, and improvements seen in 2013 have just been surpassed in the figures for the first

quarter of 2014.

Hotels are experiencing better occupancy rates and RevPAR, with business tourism showing impressive gains.

Athens has been showing signs of recovery since May of 2013 and the first quarter of this year shows this trend is continuing. Occupancy levels are improving, which is reflected in the 32% rise in international tourists, and RevPAR for this period is up 20.6%. Over in Thessaloniki, international arrivals are also on the rise, although at a lower rate of 11.5%, occupancy levels are also higher at 35.4% and RevPAR is up 5.4% but room rates have dropped.

While the hoteliers of Athens and some of Greece's top resorts celebrate this general rise in visitors and revenue, it is important to look at some of the more specific implications, such as the growth of business tourism. Agencies and businesses that focus on this sector will be optimistic about its future after these recent reports because the Bank of Greece has estimated that business travellers spent €634.4 million in 2013 and, even though expenditure is still down on the years preceding the crisis where €900 million could be seen per year, this figure is up 8.9% on the takings for 2012. In addition to this, there is said to have been a 30% increase in conferences taking place in the country.

These improvements in key areas offer hope for the Greek hospitality industry across the rest of 2014.

Many are optimistic that these positive results are indicative of a good year ahead and predictions from those in the industry show high expectations for room rates and occupancy, although this is apparently not as strong with those in one or two star establishments. In city hotels, like those currently seeing success in Athens, 45% predict an increase in occupancy beyond 5% and 29% say it will be lower at around 2-5%; however, what is most interesting is that only 4% that feel that average room rates will also rise by more than 5% and 13% say they will decrease more than 5%. Over in resort hotels, fewer participants expect such a high increase in occupancy, with 37% saying there will be more than a 5% raise and 43% saying it will be between 2 and 5%, but here 21% feel the ARR will actually rise by 5% or more.

These predictions are understandable given the positive results of 2014 so far but there are other influences that could make the year even more successful, such as the continual influx of Russian visitors - the figure rising 154% to 1.35 million in 2013 and forecasts predicting this will increase again to 1.5 million in 2014 - and the development of the 6,200 acre site at the former Hellenikon Athens airport, where retail, leisure and cultural facilities are being planned alongside hotels, a theme park and new marina. When all these factors combine, the prospects for Greek tourism

revenue for 2014 becomes a lot more promising.

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