THE LEVEL OF PROFITABILITY OF BRUSSELS HOTELS REMAINS QUESTIONABLE

The hotel sector in Brussels is showing signs of recovery. The year 2023 ended positively with an occupancy rate of 68.3%, compared to 59.4% in 2022, which was still partially affected by the health crisis.

This is good news, especially considering the opening of new establishments in the capital, according to Rodolphe Van Weyenbergh, Secretary General of the Brussels Hotels Association (BHA).

However, there is still a gap to be bridged with the 75% occupancy rate recorded in 2019, which is considered the benchmark year since COVID-19 severely impacted the sector in the three following years. The BHA believes that the explanation for this gap is that business tourism is recovering more slowly than leisure tourism.

This is evident in the increase in Brussels hotels' occupancy rates during the weekdays and weekends. The good figures recorded during December, which marked the traditional Winter Wonders, also confirm the need for all tourism activities organized by the city and the region, according to Rodolphe Van Weyenbergh.

Business tourism has not yet fully recovered, as hotels located in the European quarter or near the airport, which rely more on this segment, are recovering slower than hotels that benefit more from leisure tourism. However, the Brussels hotel industry is not too worried about the loss of this promising sector.

A report by MKG suggests that despite the resumption of tourism in Brussels, the hotels in the city have not been able to recover their profitability to pre-COVID levels. We need to look at the hotel performance indicator, or "RevPar," which is the revenue per available room (the average price times the occupancy rate).

On the surface, Brussels hotels are doing well since their RevPAR has increased by 14.5% compared to 2019, which is better than the country's average of only 10.6%. However, the problem is that these figures are not adjusted for inflation. In reality, the increase in hotel turnover is not enough to cover the 17% increase in the cost of labor in the hospitality industry and the 88% increase in energy costs during the same period.

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