

FRENCH HOTEL INDUSTRY: IMPROVEMENT IN THE FIRST HALF OF 2011



After an uninspiring year 2010, the French hotel industry has taken the colors in the first half of 2011.

The consulting company KPMG in the 34th edition of its study of the French hotel industry presented only recently the encouraging results. After several years of crisis, the industry finally generated a positive development with a **combined average occupancy rate 66.4%, up by 3.6 points compared to June 2010**, reported Tourmag.com.

The 4-star hotels have benefited greatly, with an increase of 4.3 points in the occupancy rate. But the other categories are not left far behind with an increase of 2.2 points for 0 and 1 star, 5 points for the two stars and 2.6 points for the 3-star hotels. The riots in several African and Middle Eastern countries have pushed foreign travelers to retreat to safer destinations, and therefore to stay in French hotels. "The level of attendance is close to the year 2008, before the subprime crisis," explains Stéphane Botz, director of the tourism division of the consulting firm.

Interestingly enough, with such a strong demand, hoteliers have made almost no promotion. The cumulative average prices at the end of August 2011 are up by 11.7% for 4-star hotels, 6.1% for 3 stars, 5.2% for 2 stars, and 2.9% for others. As a result, the RevPAR (Revenue per Available Room) increases by 18.7% for 4 stars and by 6.2% for 0 and 1 stars. The gross operating income level is recovering, especially in high-end segments.

As always, Paris and the Riviera have attracted the greatest number of tourists. In the capital, several important real estate transactions also affected the market - e.g. the Sofitel Arc de Triomphe was sold for 69 million euros or the Pullman Paris Bercy was sold and cost 96 million euros.

The future 2% tax on stays at over 200 euros adopted by the Assembly National is not going to stop this momentum. "It is equivalent to an annual inflation," says Stéphane Botz. For him, the tax rise of a few euros will have no impact on customers in high purchasing power.

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