



*"Studi e Analisi" presents surveys and analyses carried out by the Research Department in its areas of interest*

## **Assolombarda quarterly Survey on the Hotel Industry**

**(reference period: third quarter 2010)**

*by Maria Grazia De Maglie*

### **Research Department**

**Andrea Fioni**

*Head of Department*

**Maria Grazia De Maglie**

*Macroeconomy and service sector*

**Valeria Negri**

*Macroeconomy and industrial sector*

**Angela Signorelli**

*Social issues and labour market*

<http://www.assolombarda.it/>

<mailto:stud@assolombarda.it>

main tel: 02.58370.328

*The aim of the Hotel Industry Quarterly Observatory is to offer a periodic analysis of the trends in this sector.*

*Since 1992 the Assolombarda Sector Group has processed the data provided by associated hotels on a monthly basis (category 3, 4, 5 and 5L). The Assolombarda Research Department prepares the seasonally-adjusted data<sup>1</sup> and the quarterly report on the economic trends of the sector.*

<sup>1</sup> In the second quarter of 2010 the Assolombarda Research Department updated and extended the sample of hotels. All the data series were calculated again, so the data are different respect the same published in the first quarter.



## 1 Survey results

In the third quarter of 2010 the high level hotel activity of the Milan Area consolidated the signs of recovery. But the improvement didn't allow to recuperate the levels before the beginning of the economic crisis. As a matter of fact, the occupancy rate, the number of nights effectively paid and the revenues increased. The price of rented rooms stayed on the low level of the middle of the 2009.

Even the UNWTO report showed signs of recovery in the world tourism: in the first semester of 2010 the international arrivals was 421 millions with a rise of 7% compared to the same period of 2009. The forecast for the 2010 indicated an improvement of 4%.

The Milan hotel activity and the industrial production confirmed the similar trend: both the sector increased, but they were far from the levels before the economic crisis. Confindustria Research Department indicated an increase equal to 1.6% in the third quarter of 2010 (graphic 3).

At the single indicator level, the survey showed these results:

- The **room occupancy rate** (seasonally-adjusted data) returned to grow after two consecutive quarters of decrease; it was equal to 66.8 reaching the level of the beginning of the 2008 - graphic 1, table 1.
- The **number of nights effectively paid** (seasonally-adjusted data) improved of 4.3% and returned on the level of the end of 2006. The value was equal to 151.6 from 145.4 of the previous quarter - graphic 2, table 2.
- The sample hotels **average stay** (ratio of number of nights' stay to number of visitors arriving) rose slightly on the value of 1.9 days - table 7.
- The **room revenue** increased with a short-term change of 7.4%, after two quarter of decrease, leading the adjusted index to 150.8 from 140.4. The index returned over the value of the end of the 2008 - graphic 4, table 3.
- Even the **total revenue** showed a great increase: the seasonally-adjusted index was 142.7 compared to 136.2 of the previous period, with a short-term change equal to +4.8% - graphic 5, table 4.
- The **average room rate (ARR)**<sup>2</sup> decreased after three consecutive quarters of rise, leading the price on the level of the middle of the 2009. As a matter of fact, the index moved to 108.4 euros from 123.1 of the previous quarter. The short-term change was -12% and the long-term change was -0.1% - graphic 6, table 5.
- Even the **revenue per available room (REVPAR)**<sup>3</sup> dropped to 73.9 euros from 85.4 (the short-term change was -13.5% while the long-term change was +10.2%) - graphic 6, table 6.

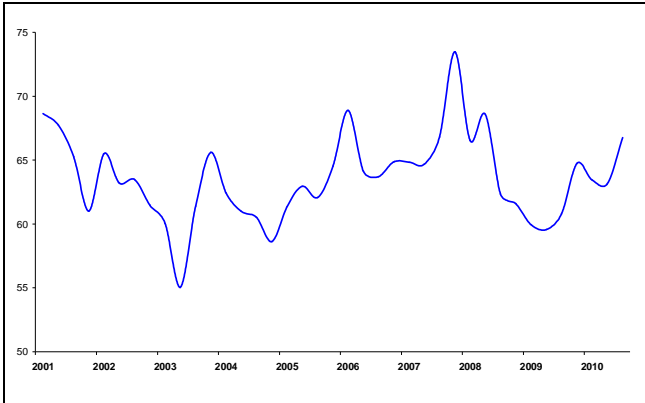
<sup>2</sup> The average room rate is calculated by the ratio between the rooms' revenue and the number of occupied rooms.

<sup>3</sup> The number of available rooms is calculated by the number of hotel rooms multiplied by the number of days in that month. The revenue per available room is obtained by the ratio between the rooms' revenue and the number of available rooms.

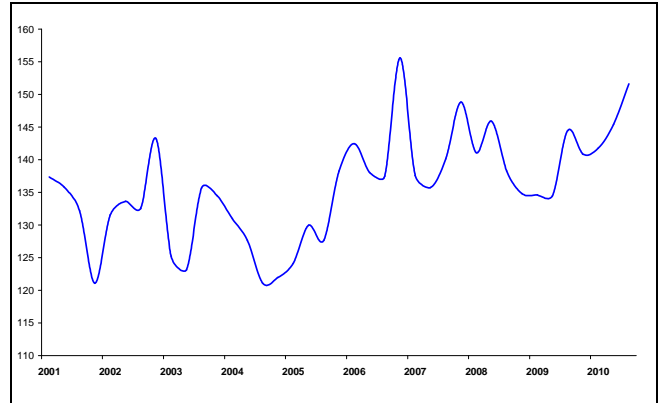


# 1 Graphs

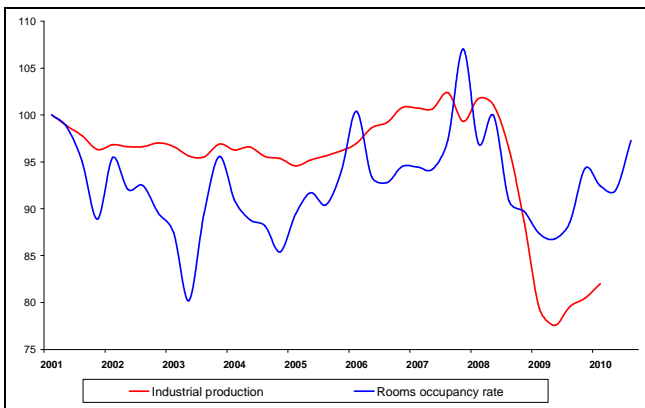
**Graph 1 – Room occupancy rate**  
(seasonally-adjusted data)



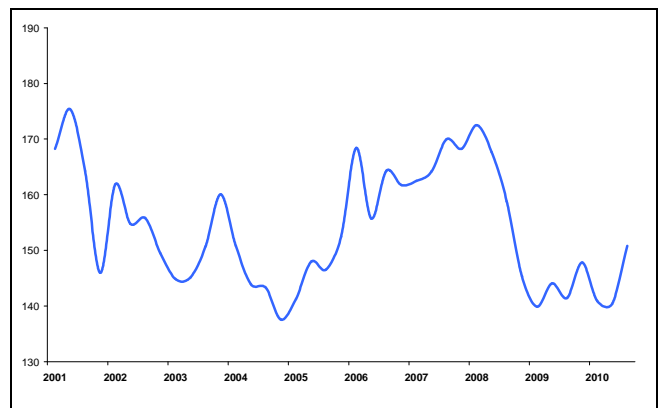
**Graph 2 – Number of nights' stay in hotel**  
(seasonally-adjusted data – first quarter 1992=100)



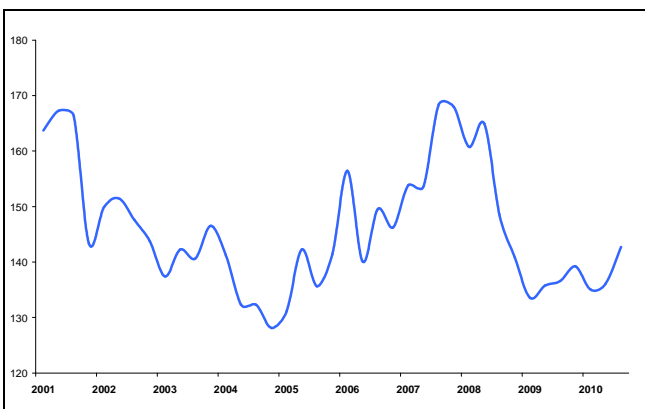
**Graph 3 – Room occupancy rate and industrial production**  
(seasonally-adjusted data – first quarter 1992=100)



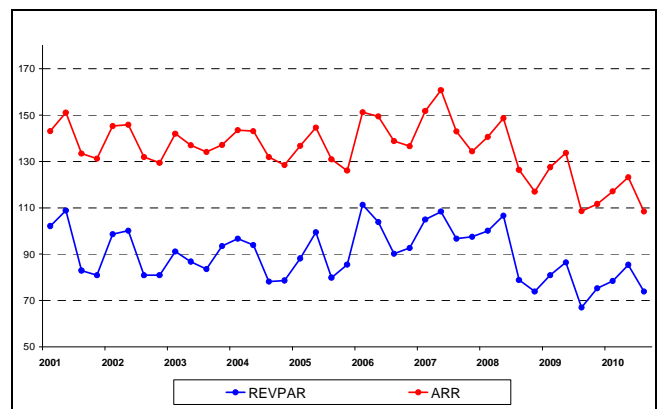
**Graph 4 – Room revenue**  
(seasonally-adjusted data – first quarter 1992=100)



**Graph 5 – Total revenue**  
(seasonally-adjusted data – first quarter 1992=100)



**Graph 6 – Average room rate (ARR) and revenue per available room (REVPAR)**  
(raw data in euro)



**3 TABLES**
*(a = annual change; b = short term change)*
**Table 1 - Room occupancy rate**

Reference period	Raw data		Seasonally-adjusted data	
	rate	change % (a)	rate	change % (b)
third quarter 2009	56.0	-2.4	60.8	2.1
fourth quarter 2009	64.8	5.2	64.7	6.5
first quarter 2010	64.2	4.4	63.4	-2.0
second quarter 2010	67.0	6.7	63.1	-0.5
third quarter 2010	62.0	10.8	66.8	5.8

**Table 2 - Number of nights stay in hotel (first quarter 1992=100)**

Reference period	Raw data		Seasonally-adjusted data	
	rate	change % (a)	rate	change % (b)
third quarter 2009	142.5	5.5	144.5	7.4
fourth quarter 2009	140.8	4.3	140.9	-2.5
first quarter 2010	133.3	4.6	141.8	0.6
second quarter 2010	147.6	7.7	145.4	2.6
third quarter 2010	150.9	5.9	151.6	4.3

**Table 3 - Room revenue (first quarter 1992=100)**

Reference period	Raw data		Seasonally-adjusted data	
	rate	change % (a)	Rate	change % (b)
third quarter 2009	123.1	-12.4	141.5	-1.8
fourth quarter 2009	137.7	3.4	147.8	4.5
first quarter 2010	139.8	-0.7	140.9	-4.7
second quarter 2010	151.3	-1.3	140.4	-0.4
third quarter 2010	132.4	7.5	150.8	7.4

**Table 4 - Total revenue (first quarter 1992=100)**

Reference period	Raw data		Seasonally-adjusted data	
	rate	change % (a)	rate	change % (b)
third quarter 2009	115.2	-9.5	136.6	0.6
fourth quarter 2009	134.3	0.1	139.2	1.9
First quarter 2010	131.9	1.0	135.0	-3.0
second quarter 2010	142.7	-0.1	136.2	0.9
third quarter 2010	121.5	5.5	142.7	4.8

**Table 5 - Revenue per available room (REVPAR)**

Reference period	Raw data		
	euro	change % (a)	change % (b)
third quarter 2009	67.0	-15.0	-22.4
fourth quarter 2009	75.3	1.9	12.3
first quarter 2010	78.4	-3.1	4.1
second quarter 2010	85.4	-1.2	8.9
third quarter 2010	73.9	-13.5	10.2

**Table 6 - Average room rate (ARR)**

Reference period	Raw data		
	euro	change % (a)	change % (b)
third quarter 2009	108.5	-14.1	-18.8
fourth quarter 2009	111.6	-4.5	2.9
first quarter 2010	117.1	-8.2	4.9
second quarter 2010	123.1	-7.8	5.2
third quarter 2010	108.4	-12.0	-0.1

**Table 7 Average stay (ratio of number of nights' stay to number of visitors arriving)**

Reference period	Raw data
third quarter 2009	2.1
fourth quarter 2009	2.0
first quarter 2010	1.8
second quarter 2010	1.8
third quarter 2010	1.9

**Methodological note**

The Assolombarda Sector Group receives monthly data from a sample group of hotels (category 3, 4, 5 and 5 Luxury).

The panel is composed of more than 30 hotels. They directly upload their data to the Assolombarda web site.

The Research Department presents the seasonally-adjusted data every quarter on its web page. In order to correctly evaluate short term economic movements, every quarter we extract all relevant seasonal elements from the raw data provided monthly.

The seasonal adjustment of data is elaborated using Demetra, Tramo-Seats graphic interface.