

8. Executive summary and highlights Norsk Hotellnæring 2010

0 About the report

"Norsk Hotellnæring 2010" is published by Horwath Consulting in Oslo and is the most comprehensive study of the Norwegian Hotel Industry. This year's publication is the 14th annual issue. The report is prepared by Horwath Consulting in Oslo and contains general information, marketing data, operational data, presentations of the most important hotel chains and other relevant hotel information.

1 Introduction

Although Norway has not been hit as hard by the financial crisis as many other countries in Europe, 2009 was a year with lower occupancy and prices, resulting in a RevPAR drop of 8,9% from 2008. Many new hotel rooms were introduced in the market 2009. This will continue in 2010 and 2011.

Occupancy for the country as a whole was down from 55,3% in 2008 to 50,7% in 2009, the lowest reported level since 2004.

2 General description of the hotel industry in Norway (p. 4)

In 2009 Norway had a total of just over 1.100 hotels with 159.000 beds. This represents a 5,7% increase in capacity (beds) over 2008. The number of guest nights in Norwegian hotels was 17,7 million in 2009, a decline of 3,1% from 2008. Guest nights from foreign travellers declined by 10% to 4,4 million. This is the lowest number of foreign guest nights since 2003, and represents 25% of total guest nights. In the first half of 2010, guest nights is up by 3,6% from a year earlier. RevPAR is still 2,6% below first half 2009.

Largest hotel chains in the Nordic countries ¹⁾

Per September '10	Total		Ave. hotel size
	Hotels	Rooms	(rooms)
Scandic Hotels	136	25 036	184
Choice Scand.	171	24 700	144
Rezidor Hotel Group	54	12 925	239
Best Western	143	10 956	77
Rica Hotels	78	10 318	132
Thon Hotels	59	8 661	147
First Hotels	47	6 381	136
IHG	10	2 525	253
Hilton Hotels	7	1 614	231
Total	698	101 502	145

1) Chains operating in more than one country.

3 Survey data (p. 20)

The average size of hotels responding to our survey was 132 rooms, compared to the national average of 65 rooms. Average occupancy for our survey hotels was 51,7% in 2009, down from 60,4% in 2008.

A like-for-like comparison between 2008 and 2009 for 81 hotels submitting financial data both years shows a GOP margin of 29,6% in 2009, down from 31,8% in 2008.

4 Hotel chains (p. 27)

Scandic Hotels retains its position as the largest hotel operator in the Nordics ranked by number of hotel rooms. Choice Hotels Scandinavia operates more hotels, and will surpass Scandic in number of rooms by 2013. In Norway, Choice operates the greatest number of hotels rooms (16,3%), followed by Rica Hotels (12,3%), Thon Hotels (11,8%) and Rezidor Hotel Group (7,8%).

The 10 largest hotel chains control, 62% of the rooms, and an estimated 72% of room revenues in Norway.

5 Largest hotel destinations and Norwegian development pipeline (p. 34)

The seven largest hotel destinations (6 cities and the municipality in which Oslo Airport is located) received 42 % of total guest nights in Norway in 2009. See chapter 5.4 for more information.

Hotel capacity (rooms) is set to grow by 5.700 units in Norway in 2010 and 2011, an increase of nearly 8% on 2009. Further growth is expected in 2012-2015, but not at the same, high rates.

In Stavanger and at Oslo Airport Gardermoen the expected increase in room capacity is greater than 20%.

In the absence of increased demand, all major destinations in Norway should expect a decline in occupancy and ARR due to capacity increases, though some areas will be hit harder than others.

6 Real Estate overview (p. 38)

Following its acquisition of Norgani in August 2010, Pandox is the largest hotel owner in the Nordics and, indeed, in Europe, with over 120 properties and 24.000 rooms in total.

In Norway, the Olav Thon Group is the largest owner of hotel properties with more than 50 hotels and approx. 8.000 rooms.

This chapter includes an analysis of the various stakeholders in the Norwegian hotel industry and comments on the changing structure of the industry over the last decade (chapter 6.5)

7 Special topic: difficult market for rural hotels (p. 42)

Rural (and some small town) hotels in Norway face increasingly difficult market conditions. Large capacity increases in the major cities and new, modern resorts with spa-facilities in less urban areas lead to tougher competition than before.

This chapter compares some key operational figures for rural hotels and urban hotels. These statistics show that rural hotels have lower operating margins than urban hotels, largely due to lower occupancy. The gap between urban and rural hotels has widened over the past decade.

Development pipeline Norway

	New hotels		Extensions	
	Hotels	Rooms	Hotels	Rooms
2010	18	2 847	13	608
2011	9	1 681	10	588
Total	27	4 528	23	1 196