

## 8. Executive summary and highlights Norsk Hotellnæring 2009 (Norway Hotel Industry Study)

### 1 Introduction

“Norsk Hotellnæring 2009” is the 13<sup>th</sup> annual report on the Norwegian hotel industry. 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.

2008 resulted in a decrease in guest nights (18,2 mill., down 1,6%) after 2007 which was an all time high year in this respect. Room income, however, reached new highs in 2008 (NOK 10,9 billions, an increase of 7,6%) and RevPAR (NOK 480) increased with 4,6% from 2007. This picture should be modified:

- demand has decreased due to the global financial situation. This situation will be especially challenging to destinations with large increase in room capacity.
- the supply of new hotels and rooms has been larger than demand, and this is expected to continue also for 2009 and 2010.

Page references in the following chapters are to relevant pages/tables in this report.

### 2 General (p. 4)

- In 2008 Norway had a total of ca. 1.100 hotels with 150.000 beds. Average room occupancy decreased to 55,3% in 2008 (-1,5%-points). Oslo is a “busy market” with an occupancy of 73,1% (down from 76% in 2007), but new projects are coming 2009-2011.
- The seven largest hotel municipalities (largest cities plus Oslo Airport municipality) have 41% of the guest nights in Norway. (more than 50% as to business guest nights) (p.6-10)
- The share of foreign hotel guest nights in Norway has been falling for 10 years and is expected to be as low as 25% in 2009. The number of foreign guest nights is about the same as 10 years ago (p.4)
- A “Travel Industry Map” is useful choosing the most effective marketing strategies (p.10)
- The market situation in Norway is still unsecure due to the unstable financial markets. Business and conference markets are hit harder than leisure and foreign markets harder than domestic.

### 3 Survey data (p.18)

#### 3.1 Economic key figures (p.18 to 26).

- This chapter is based on questionnaires sent out to a choice of Norwegian hotels and response from 203. Responding hotels have an average size of 134 rooms vs 63 rooms for the Norwegian average hotel.
- The survey hotels produced on average a Gross Operating Profit (GOP (driftsresultat 2)) of 35,5% (35,4% last year). (p.25)
- The summary of figures is showed on (p.22 and p.26)

### 4 Hotel chains (p.28)

- The four largest chains in Norway are Choice Hotels, Rica Hotels, Thon Hotels and Rezidor with a market share of 50% based on guest nights. The 10 largest chains have 31% of the number of hotels, 58% of the rooms and 77% of the turnover. (p.31)
- Rezidor has a better “performance” than it’s competitors with RevPAR of NOK 714. This is 31% higher than the average for the 10 largest chains.
- Scandic is the largest chain in the Nordic countries with 24.221 rooms, while Choice is largest by number of hotels (166) (p.35)

#### Largest Scandinavian chains<sup>1</sup>

Per 15.09.09	Total		Average rooms per hotel
	hotels	rooms	
Scandic	131	24 221	185
Choice	166	23 738	143
Rezidor	49	11 641	238
Best Western	139	10 702	77
Rica	76	9 948	131
Thon	53	7 686	145
First	46	6 280	137
Hilton	6	1 555	259
Total	666	95 771	144

Source: Horwath Consulting (per Sept. 2009)

1) Chains represented in more than one Nordic country.

### 5 New hotel projects (p.36)

- New projects Norway

#### New capacity 2009 og 2010

	New hotels		Larger extensions	
	Hotels	Approx. rooms	Hotels	Approx. rooms
2009	17	1 934	6	413
2010	10	1 732	6	392
	27	3 666	12	805

- For the years 2009 to 2012 supply of new hotel rooms is expected to be higher than the growth in demand. Thus the average occupancy rate is expected to fall. (p.36)

### 6 Real estate and hotel operators in the Norwegian hotel industry (p.38)

- The largest owner is Olav Thon Gruppen, owner and operating 47 hotels with 7.984 rooms (brand Thon Hotels). Norgani hotels is the largest hotel owner in the Nordic countries with 60 hotels (p.38)

### 7 Statistical information about the travel industry (p.40)

- In connection with the Government’s new strategies for the Travel Industries presented late 2007, more efforts have been done to present statistical information and useful analysis.
- In 2007 Governmental, Counties and Municipal contributions to the travel industries added up to ca a billion NOK.