

# News Release

## City Review: Brighton Compiled by Christie + Co

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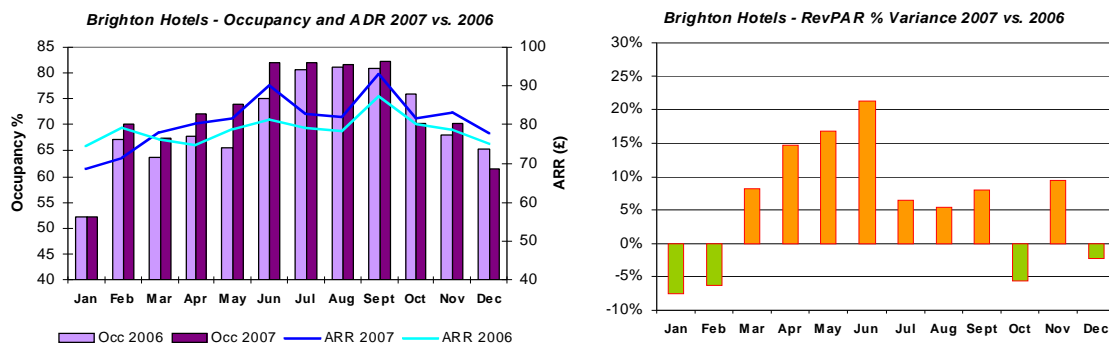
According to the latest city review by Christie + Co, using data provided by STR Global, the sun doesn't always shine in Brighton. After a 6.3% decline in RevPAR for the period January to August 2008 compared to the previous year, preliminary figures for September 2008 suggest that the downturn is continuing, with RevPAR down by 16.2%.

Located on the south coast of England, only an hour from London, Brighton is one of Britain's largest and most famous seaside resorts. Hotel demand in the city is largely driven by two key segments: leisure, and conferences & events. The tourist appeal of Brighton is certainly very strong, attracting millions of visitors every year. It is also an important conference destination, through the Brighton Centre and the Dome, and has become a regular host of party political and union events. Comparatively, the individual corporate market is relatively weak.

### Trends in Hotel Market Performance

According to data sourced from STR Global, Brighton hoteliers achieved respectable increases in both occupancy and average rate during 2007, resulting in an overall 6.2% RevPAR uplift compared to the previous year. The strength of Brighton's summer season is apparent from the graphics below.

STR Global Trend Report - Brighton Full Year 2007 vs. Full Year 2006 (£)



STR Global Trend Report – Brighton 2007 vs. 2006									
	2007			2006			Variance		
	Occ %	ARR	RevPAR	Occ %	ARR	RevPAR	Occ pts	ARR %	RevPAR %
Full Year	72.2	81.5	58.8	70.3	78.8	55.4	1.9	3.5%	6.2%

Note: the above graphs and table are based on monthly and daily data received by STR Global for a consistent sample of 14 hotels, totalling 1,804 rooms.

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As a predominantly leisure market, hotel performance is seasonal, with peak demand levels during summer months. During the rest of the year, occupancy and average rate levels are highly dependent on key events taking place in the city. The long-awaited redevelopment of the Brighton Centre is greatly needed for the city to maintain its business conference industry in the future, but a specific timeframe is yet to be confirmed.

Year-to-date results for the first nine months of 2008 show a relatively severe decline in marketwide performance, particularly in terms of occupancy levels. In addition to the rainy summer weather and the economic situation, the announced closure of the Brighton Centre for refurbishment, which did not materialise, resulted in some major conferences being displaced to other UK cities during 2008.

STR Global Trend Report - Brighton 2008 YTD vs. 2007 YTD (£)									
	2008			2007			Variance		
	Occ %	ARR	RevPAR	Occ %	ARR	RevPAR	Occ pts	ARR %	RevPAR %
Jan	51.2	72.2	37.0	52.3	68.7	36.0	-1.1	5.1%	2.8%
Feb	65.6	74.9	49.1	70.0	71.3	49.9	-4.4	5.1%	-1.5%
Mar	60.7	78.8	47.9	67.3	78.0	52.5	-6.6	1.0%	-8.8%
Apr	65.1	77.8	50.6	72.2	80.5	58.1	-7.1	-3.4%	-12.9%
May	76.4	83.0	63.4	73.9	81.7	60.4	2.5	1.6%	5.1%
Jun	71.0	87.9	62.4	82.1	90.1	73.9	-11.1	-2.4%	-15.6%
Jul	76.6	81.5	62.4	82.0	82.8	67.9	-5.4	-1.5%	-8.0%
Aug	77.9	82.5	64.3	81.6	82.0	66.9	-3.7	0.6%	-3.9%
YTD Aug	68.0	80.3	54.6	72.7	80.1	58.3	-4.7	0.1%	-6.3%
Sep	74.6	97.0	72.4	82.6	104.5	86.4	-8.0	-7.2%	-16.2%

Note: the above table is based on monthly and daily data received by STR Global for a sample of 14 hotels, totalling 1,804 rooms, except for September figures which are based on 'unaudited' daily data as available on the 6th of September for a smaller sample of 8 hotels.  
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### Trends in Hotel Supply

The most significant change in the city's hotel supply in recent years has been the rapid expansion of the boutique hotel segment, particularly between 2002 and 2005. In the last two years, four hotels have opened their doors. In late 2007, the 234-room Jurys Inn Brighton, part of the New England Square development, and a second 150-room Travelodge on the seafront were unveiled.

More recently, following a multi-million pound facelift, the Royal York Hotel, offering 51 boutique-style bedrooms and suites, was launched at the end of February 2008. This is the second property in Brighton for Max Hotels, which also run the Lansdowne Place Hotel. The cutting-edge design myhotel Brighton (80 rooms) opened on Jubilee Street in March 2008, becoming the third member of the award-winning hotel group. Finally, the luxury boutique Kemp Townhouse reopened in mid-summer, with just nine individually-designed guestrooms.



Whilst there are a number of hotel openings rumoured as part of large mixed-use developments in the city, all but one are yet to be fully confirmed at this stage. The derelict Sergeant Yorke’s casino building in Queens Road, near the railway station, is to be redeveloped into a 140-room Ibis Hotel, which is due to open in 2009.

Trends in Hotel Transactions

Whilst transactional activity in the guesthouse market has remained strong, there have been no reported individual hotel deals since 2006. However, some hotels changed hands as part of portfolios, including the Thistle Brighton Hotel in March 2007, and the Hotel Seattle in Brighton Marina, which Christie + Co handled as part of the group disposal of Alias Hotels in late 2006. Furthermore, the management of the former Paramount Old Ship Hotel was taken over by Barceló Hotels & Resorts in mid 2007, on a 45-year lease deal with owner Dawnay Shore Hotels (now Puma Hotels plc).

Outlook

The future outlook for the Brighton hotel market is dependent on the city’s ability to reinvent itself, and on major regeneration projects moving forward. The credit crunch has delayed most of the city’s key projects; however, local authorities remain confident that some will soon come to fruition. The redevelopment of the Brighton Centre will happen, even though we understand that there is no precise timeframe at this stage. The realisation of other large infrastructure schemes, such as Black Rock’s multi-purpose events arena or the i360 observation tower at the West Pier, would enable Brighton to remain Britain’s quintessential seaside resort.

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Notes to Editors

Christie + Co uses desk-based research and experienced local industry specialists to produce bi-monthly city reviews. Hotel trading data is provided by STR Global.





Founded in 1935, Christie + Co is the leading firm of surveyors, valuers, consultants and agents specialising in the hospitality, leisure, retail and care sectors. Currently employing close to 350 professional and specialist staff, it has 17 offices throughout the UK – with valuation, agency, investment and consultancy teams focused on its key sectors. Christie + Co's international operations are based in Barcelona, Berlin, Frankfurt, Hamburg, Helsinki, Dusseldorf, London, Madrid, Marseilles, Munich, Paris and Rennes.

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