

# News Release

## City Review: Cardiff Compiled by Christie + Co

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Cardiff has a population of circa 320,000 people and serves as both the capital and gateway to the rest of Wales. Since the turn of the century, the city has been the beneficiary of major investment, which has increased its appeal to both the leisure and business sectors and reignited its economy. Private investment and a £46 million Millennium Grant enabled the construction of The Millennium Stadium, a modern international standard stadium capable of hosting major sporting and musical events. The redevelopment of the previously derelict Cardiff Bay area, at a cost of over £2 billion, has provided the city with an array of new developments including the new Welsh National Assembly building and the Wales Millennium Centre.

According to the Cardiff Serviced Accommodation Study 2004, the city's hotel offering in 2004 was 2,248 rooms. Based on Christie + Co's estimates, this figure has grown to 2,745 rooms at the end of 2007. During this time occupancy remained relatively stable at just over 70% and average room rate (ARR) has shown strong improvement, increasing from circa £60 to more than £70 per night. The city's hotel market is driven heavily by demand created by sporting and music events held at the Millennium Stadium, and in and around the new Cardiff Bay redevelopment. Major events, such as the Six Nations rugby games held at the Millennium Stadium, result in sell out weekends for the city's hotels on a regular basis.

Data sourced from STR Global, from a sample including 14 separate hotels comprising 1,910 bedrooms, shows that the Cardiff hotel market has enjoyed an overall 4.3% increase in RevPAR in 2007, when compared with 2006. This was driven by slight increases in both occupancy levels and ARR achieved.

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STR Global Trend Report – Cardiff 2007 vs. 2006									
	2007			2006			Variance		
	Occ %	ARR £	RevPAR £	Occ %	ARR £	RevPAR £	Occ pts	ARR %	RevPAR %
January	58.39%	65.92	38.49	53.27%	62.62	33.36	5.12	5.27	15.39%
February	72.36%	78.45	56.77	69.05%	73.93	51.05	3.31	6.12	11.21%
March	75.70%	77.74	58.85	71.81%	78.74	56.55	3.89	-1.28	4.07%
April	64.97%	70.13	45.56	69.97%	67.56	47.27	-5.00	3.82	-3.60%
May	73.77%	69.28	51.10	74.02%	84.32	62.42	-0.26	-17.84	-18.13%
June	79.23%	71.28	56.48	76.06%	69.77	53.07	3.17	2.16	6.42%
July	78.28%	69.22	54.19	74.95%	69.11	51.80	3.33	0.16	4.61%
August	70.82%	62.41	44.20	73.26%	64.91	47.55	-2.44	-3.85	-7.05%
September	80.03%	80.25	64.22	76.11%	66.81	50.85	3.92	20.11	26.30%
October	81.54%	82.13	66.97	77.14%	69.85	53.89	4.39	17.58	24.27%
November	77.88%	76.68	59.71	77.05%	77.62	59.81	0.82	-1.22	-0.16%
December	60.95%	70.29	42.84	63.86%	70.36	44.94	-2.91	-0.10	-4.66%
<b>Full Year</b>	<b>72.80%</b>	<b>73.10</b>	<b>53.22</b>	<b>71.36%</b>	<b>71.50</b>	<b>51.03</b>	<b>1.44</b>	<b>2.24</b>	<b>4.30%</b>

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The reopening of Wembley Stadium in March 2007 resulted in the inevitable loss of events, such as the FA Cup Final, that the Millennium Stadium had staged since 2001. This resulted in a slightly lower occupancy and a big reduction in ARR achieved by Cardiff's hotels in May 2007. This loss of demand was slightly offset by Millennium Magic Weekend (Rugby Leagues' annual weekend gala of 6 matches), which was held for the first time on the 5<sup>th</sup> and 6<sup>th</sup> May 2007.

The overall figures for 2007 show that Cardiff's hoteliers have been able to maintain their performance despite this setback. In September and October, the hotels showed exceptionally strong year-on-year performance growth. This growth was a result of the Millennium Stadium hosting four Rugby World Cup games, including the Quarter Final between France and New Zealand, the Euro 2008 qualifier between Wales & Germany, and a concert by the pop group The Police.

The same sample for the first four months of 2008 shows a drop in RevPAR at the city's hotels of around 3.8% versus the same period in 2007. This has been the result of stagnation in occupancy and a 3.2% fall in ARR achieved over the period.

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STR Global Trend Report - Cardiff 2008 YTD vs. 2007 YTD									
	2008			2007			Variance		
	Occ %	ARR £	RevPAR £	Occ %	ARR £	RevPAR £	Occ pts	ARR %	RevPAR %
January	54.44%	65.30	35.55	58.39%	65.92	38.49	-3.95	-0.93%	-7.64%
February	71.40%	73.30	52.34	72.36%	78.45	56.77	-0.97	-6.56%	-7.81%
March	68.67%	77.32	53.10	75.70%	77.74	58.85	-7.03	-0.54%	-9.77%
April	75.40%	67.68	51.04	64.97%	70.13	45.56	10.44	-3.50%	12.01%
<b>YTD</b>	<b>67.35%</b>	<b>71.13</b>	<b>47.91</b>	<b>67.77%</b>	<b>73.46</b>	<b>49.78</b>	<b>-0.42</b>	<b>-3.17%</b>	<b>-3.76%</b>

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The loss of the Carling Cup final to Wembley dampened demand in February 2008 compared to 2007, whilst the early fall of Easter (Sunday 23<sup>rd</sup> March in 2008) had the effect of limiting occupancy in the city's hotels in March. Inevitably, demand was pushed over to April (in 2007 Easter fell on 8<sup>th</sup> April).

After a spate of new hotels (292 rooms) opened in the city in 2005 there has been only one new hotel opening in Cardiff since January 2006; the 150-bedroom Etap in the city centre. The Thistle hotel, which was damaged by fire in December 2006, reopened this month as The Parc Hotel by Thistle.

Hotel development activity is set to pick up, however, with a number of branded hotels due to open in the city in the next two years. This year will see the opening of a 68-bedroom Sleeperz hotel next to Cardiff Station in July and a new 112-bedroom Travelodge hotel at Cardiff Bay in December. In 2009 the city will witness the opening of a 215-bedroom Radisson SAS as part of the St David's 2 Project and a 250-bedroom Jurys Inn in October. Further down the line, there is planning consent for a 148-unit Staybridge Suites aparthotel in the city centre and a 250-bedroom hotel as part of the redevelopment of Thomson House.

The lack of development activity in the last couple of years is in stark contrast to the transactional activity that has been taking place, with a number of significant hotels changing hands.

- + The Macdonald Hotels-owned Lodge hotel and Holland House, both changed hands in January 2007 as part of Moorfield Real Estate Fund's wider acquisition of 24 Macdonald Hotels across the UK. Christie + Co advised Moorfield on the acquisition of the hotels – which are now being operated by Accor under management contract and have been reflagged under the Mercure brand.

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- + The Marriott Cardiff has changed hands twice – first as part of the acquisition of 46 Marriott hotels across the UK by RBS in April 2006 and then a year later when RBS sold the properties on to a consortium led by Quinlan Private & Igal Ahouvi.
- + In March 2007 Christie + Co acted for Rocco Forte Hotels on the sale of the iconic 132-bedroom St David’s Hotel & Spa to Principal Hotels for £32.5 million.
- + In April 2007 Mountain Capital acquired the Jurys Inn Cardiff for a reported £16 million from Jurys Doyle Hotels. The vendor was advised by Christie + Co.
- + In July 2007 Tonstate Group acquired the 200-bedroom Hilton Cardiff for £40 million from the Marcol Group, with Hilton continuing to run the hotel under a management contract.

The loss of events to the new Wembley stadium (particularly in May) has been a blow to the city and there is a relatively strong pipeline of hotel development coming online in the next two years. However, the market has shown its resilience by improving overall performance during 2007 and the Millennium stadium and Cardiff Bay developments continue to attract major sporting and music events to the city.

It is vital in the next couple of years that the city diversifies its demand generators, particularly in terms of business visitation, and becomes less dependent on the Millennium Stadium and Cardiff Bay. Plans to develop an international standard, specialist conference centre are proposed and this could be vital in enabling the city to attract major conferences and exhibitions. Future developments, such as the St David’s 2 development, ongoing city centre regeneration, the International Sports Village at Cardiff Bay including the White Water Centre, the new 25,000 Cardiff City Football Club stadium and the redevelopment of the cricket ground Sophia Gardens, can only enhance leisure visitation to the city.

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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.

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