# News Release

## City Review: Birmingham
### Compiled by **Christie + Co**

Christie + Co
39 Victoria Street
London
SW1H 0EH

**T** 020 7227 0700
**F** 020 7227 0701
**E** lorna.byrne@christie.com
**DD** 020 7227 0797

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Birmingham is the UK's second largest city and the main economic driver in the Midlands. The city offers world class venues for sporting, conference and exhibition events. These facilities include the International Convention Centre, National Indoor Arena and the National Exhibition Centre (NEC). In recent years Birmingham has benefited from substantial regeneration projects including the Bull Ring shopping and leisure complex and Brindley Place – a canal-side leisure and business destination. Current high profile schemes include completion works to The Mailbox shopping centre and the proposed development of a site adjacent to Snow Hill railway station.

Traditionally, Birmingham attracts high levels of hotel demand from the corporate sector, whilst high profile events at the NEC result in a significant number of sell out nights. Weekend visitation to the city has improved steadily thanks to the major regeneration that has taken place in the last couple of years.

According to data sourced from The Bench, from a sample including 18 separate hotels comprising 3,128 rooms, the Birmingham hotel market showed an increase of 6.6% in RevPAR in 2006 over 2005. This was driven both by a rise in average room rate (ARR) for the period of 4% and a rise in room occupancy of 1.6 pts. The IPEX 2006 exhibition brought in excess of 50,000 visitors to the NEC over an eight day period in April, contributing to a rise in ARR for the month of April to over £90.

More . . .

| The Bench Performance Monitor - Birmingham 2006 v 2005 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2006 | | | 2005 | | | Variance | | |
| | Occ (%) | ARR (£) | RevPAR (£) | Occ (%) | ARR (£) | RevPAR (£) | Occ (pts) | ARR (%) | RevPAR (%) |
| January | 63.69% | 74.71 | 47.59 | 60.58% | 76.16 | 46.14 | 3.11 | -1.91% | 3.13% |
| February | 76.51% | 80.34 | 61.47 | 72.49% | 79.59 | 57.70 | 4.02 | 0.94% | 6.53% |
| March | 76.82% | 78.64 | 60.41 | 67.41% | 73.77 | 49.73 | 9.41 | 6.59% | 21.47% |
| April | 73.13% | 90.76 | 66.38 | 73.58% | 74.63 | 54.91 | -0.45 | 21.62% | 20.88% |
| May | 71.00% | 74.35 | 52.79 | 65.96% | 72.56 | 47.86 | 5.05 | 2.47% | 10.30% |
| June | 64.42% | 69.20 | 44.58 | 65.04% | 67.19 | 43.70 | -0.62 | 2.99% | 2.00% |
| July | 63.02% | 59.20 | 37.31 | 67.37% | 60.13 | 40.52 | -4.36 | -1.55% | -7.92% |
| August | 57.25% | 56.95 | 32.60 | 58.66% | 56.96 | 33.41 | -1.41 | -0.02% | -2.42% |
| September | 77.48% | 76.11 | 58.97 | 78.76% | 77.17 | 60.78 | -1.28 | -1.37% | -2.98% |
| October | 76.86% | 74.88 | 57.55 | 74.60% | 72.92 | 54.40 | 2.26 | 2.68% | 5.80% |
| November | 79.50% | 78.73 | 62.59 | 77.24% | 74.21 | 57.32 | 2.26 | 6.09% | 9.19% |
| December | 61.57% | 71.01 | 43.72 | 59.89% | 68.27 | 40.88 | 1.68 | 4.02% | 6.94% |
| **Full Year** | **70.01%** | **74.30** | **52.02** | **68.38%** | **71.39** | **48.81** | **1.64** | **4.07%** | **6.56%** |

Numbers are rounded and may not cast correctly
The Bench uses consistent samples to ensure comparability of data
Source: The Bench, © 2007 The Bench Limited

According to a sample of 19 separate hotels comprising 3,298 rooms, RevPAR for the Birmingham market has fallen by 0.2%, during the first eight months of 2007. Steady ARR and occupancy for the period hints at a stabilisation of the market, following the rise in RevPAR in 2006.

| The Bench Performance Monitor - Birmingham YTD 2007 v 2006 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2007 | | | 2006 | | | Variance | | |
| | Occ (%) | ARR (£) | RevPAR (£) | Occ (%) | ARR (£) | RevPAR (£) | Occ (pts) | ARR (%) | RevPAR (%) |
| January | 65.69% | 80.12 | 52.57 | 62.43% | 79.00 | 49.32 | 3.26 | 1.30% | 6.59% |
| February | 75.39% | 88.12 | 66.43 | 74.45% | 84.06 | 62.58 | 0.94 | 4.83% | 6.16% |
| March | 76.62% | 83.57 | 64.03 | 76.62% | 81.85 | 62.71 | 0.01 | 2.11% | 2.12% |
| April | 62.69% | 78.36 | 49.12 | 72.12% | 94.18 | 67.93 | -9.43 | -16.80% | -27.69% |
| May | 67.79% | 80.35 | 54.47 | 70.40% | 78.11 | 54.99 | -2.61 | 2.86% | -0.96% |
| June | 65.25% | 76.30 | 49.78 | 64.23% | 72.60 | 46.63 | 1.02 | 5.09% | 6.76% |
| July | 65.95% | 67.33 | 44.40 | 62.75% | 61.92 | 38.86 | 3.20 | 8.74 | 14.28% |
| August | 57.23% | 62.35 | 35.68 | 58.09% | 59.51 | 34.57 | -0.86 | 4.76 | 3.22% |
| **YTD** | **67.00%** | **77.47** | **51.91** | **67.54%** | **77.02** | **52.02** | **-0.55** | **0.59%** | **-0.22%** |

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Source: The Bench, © 2007 The Bench Limited

The overall performance for the period is particularly impressive when we take into account the fact that April 2007 room rate and occupancy have fallen significantly when compared to the previous year. The IPEX exhibition increased occupancy in April 2006 and helped to push average room rates to around £90.

The last couple of years have seen the opening of two major hotels in Birmingham, the 211-room Radisson SAS, which opened in January 2006, and the 104-room NiteNite hotel, which opened in March of 2006. In April this year, the 90-room Sleep Inn opened at Star City, which is 2 miles to the east of the city centre. Although these openings have added over 400 rooms to the overall hotel supply, they have not significantly impacted the sector's trading performance.

There are currently a significant number of hotels under construction and being planned for the city. Two budget hotels (a 120-room Etap and a 162-room Ibis) are being built near the airport, with construction expected to start on two further projects (a 120-suite Staybridge Suites Hotel and a 100-room Travelodge on Newhall Square) towards the end of this year. A 151-bedroom Ramada Encore is expected to open as part of the St Georges scheme in the Jewellery Quarter in 2009. Additionally there are a number of hotels that form part of various mixed use schemes that are underway in the city, with The Cube, Snow Hill, Broad Street Tower, Edgbaston Mill, Edgbaston Galleries and Connaught Square developments all including hotel provision. The regeneration of the Eastside area of the city includes a number of schemes with a hotel provision and two of these Eastside developments, Curzon Park & Masshouse, have a proposed hotel provision of over 530 rooms between them.

Although there are a large number of hotel rooms in the pipeline for Birmingham, there has been relatively little transactional activity in the city in the last eighteen months. In terms of single asset deals, only three major hotels have changed hands in the city since January 2006. In April of last year Christie + Co advised LRG Acquisition on the sale of the lease of the Holiday Inn Birmingham City Centre to Cairns Hotels Ltd, this deal was followed in July by Kenmore Property Group's purchase of the Thistle Birmingham City as part of the wider deal to purchase the Snow Hill Plaza site. In September 2006 Dhillon Hotels purchased the Paragon hotel for £12M and is now planning an extensive refurbishment.

Three major hotels in the city have changed hands since last January as part of portfolio transactions. In April last year the Birmingham Marriott changed hands when RBS purchased a portfolio of 46 Marriott Hotels, and in October Christie + Co advised Hilton on the sale of the Birmingham and London Metropoles to Tonstate Group. In 2007, the Thistle Birmingham Edgbaston changed hands on two occasions, in March the hotel was one of the 28 Thistle hotels purchased by CIT Group. Christie + Co then advised CIT on the sale of eight of the hotels, including the Thistle Birmingham Edgbaston, to Menzies Hotel Group for £54M.

Overall the market performance has been relatively stable, especially when we consider the fluctuating demand from one-off events.

There is clearly a very large pipeline of hotel bedrooms being developed for the city and, given the slow expansion of hotel supply in the city in recent years, there may be some impact on overall market performance in years to come. Birmingham however is continuing to attract an increasing amount of weekend visitation to complement the existing midweek corporate demand, and the demand from major events that occur throughout the calendar year.

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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 The Bench.

Founded in 1935, **Christie + Co** is the leading firm of surveyors, valuers and agents specialising in the hospitality, leisure, retail and care sectors. Currently employing close to 400 professional and specialist staff, it has 16 offices throughout the UK — with valuation, agency, development and investment teams focused on its key sectors. Christie + Co's international operations are based in Barcelona, Berlin, Frankfurt, Hamburg, Dusseldorf, London, Madrid, Munich, Paris and Marseilles.

**The Bench**, global partner with Smith Travel Research (STR), is a market leader in providing online daily benchmarking data to more than 2,500 hotels in 100 markets worldwide. As the sole provider of an online benchmarking solution offering real time data, The Bench brings accurate hotel performance statistics to the market at an unparalleled speed. With the flexibility and ease of creating an unlimited number of competitive sets, configure reports at will in a multiple of formats and access all information on a 24 hour basis, The Bench users are able to increase their RevPAR penetration and maximize returns by measuring their daily performance against their competitors.

For further information and please contact:


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| **Tom Grounds**,<br>Research Analyst<br>Christie + Co<br>Direct line: 020 7227 0718<br>Email: tom.grounds@christie.com | **Lorna Byrne**, Associate Director,<br>Corporate Communications<br>Christie + Co<br>Direct line: 020 7227 0797<br>Email: lorna.byrne@christie.com |
| **Simon Hudspeth**, Director &<br>Head of Consultancy<br>Christie + Co<br>Direct line: 020 7227 0710<br>Email: simon.hudspeth@christie.com | **James Chappell**,<br>Managing Director<br>The Bench<br>Direct line: 020 7851 8142<br>Email: james.chappell@thebench.com |