

News Release

City Review: Glasgow Compiled by Christie + Co

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Glasgow is Scotland's largest city with a population exceeding 600,000. It is the leading economy in Scotland with an annual output of £12.8 billion and it has the third highest growth rate in Europe. The city was previously famed for its shipbuilding industry, but the service sector is now recognised as the principal economic driver.

Glasgow has become a major international hub with two international airports and in excess of 3 million visitors each year. Its successful application to host the Commonwealth games in 2014, coupled with the building of Scotland's National Arena alongside the existing SECC Exhibition and Conference Centre, will help Glasgow to consolidate its status as a major international city.

Hotel supply in the Glasgow hotel market has remained stable since the opening of the Jury's Inn and Campanile hotels in 2003 and performance has improved considerably with RevPAR rising from approximately £38 to a current level exceeding £50.

According to data sourced from The Bench, from a sample including 21 separate hotels comprising 3,517 bedrooms, the Glasgow hotel market showed a 10% increase in RevPAR in 2007, when compared with 2006. This was the result of rises in both occupancy and ARR, with occupancy increasing by 3 pts and ARR growing by around 6%.



The Bench Performance Monitor - Glasgow 2007 vs 2006									
	2007			2006			Variance		
	Occ %	ARR £	RevPAR £	Occ %	ARR £	RevPAR £	Occ pts	ARR %	RevPAR %
January	59.59	60.82	36.24	57.75	57.42	33.16	1.84	5.92	9.31
February	73.51	64.20	47.19	69.58	60.28	41.94	3.93	6.50	12.52
March	78.57	67.58	53.10	70.51	61.02	43.03	8.06	10.75	23.41
April	75.63	65.01	49.16	74.43	64.58	48.06	1.20	0.66	2.29
May	85.19	72.85	62.06	75.72	61.50	46.57	9.47	18.44	33.25
June	85.70	67.96	58.24	78.20	60.53	47.34	7.50	12.28	23.04
July	83.09	65.81	54.68	78.88	65.13	51.37	4.21	1.05	6.45
August	85.91	62.99	54.11	87.48	59.01	51.62	-1.57	6.74	4.83
September	87.04	71.37	62.12	86.88	68.51	59.52	0.16	4.18	4.38
October	82.97	71.92	59.67	80.81	64.97	52.50	2.16	10.69	13.66
November	80.48	71.50	57.54	83.16	75.07	62.42	-2.68	-4.75	-7.82
December	61.29	64.87	39.76	59.93	63.40	37.99	1.36	2.31	4.64
Full Year	78.24	67.52	52.83	75.26	63.70	47.94	2.98	6.00	10.19

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

This improved performance has been the result of several boosts to hotel demand, with the months of February, March, May, June and October all showing double digit percentage growth in RevPAR over the previous year. The month of May was the biggest mover with a 33% increase in RevPAR, as a result of Hampden Park hosting the UEFA Cup Final. A number of high-profile conferences have helped to boost performance in other months throughout the year.

Hotel supply in Glasgow has grown slowly over the last couple of years. The 165-bedroom Etap hotel at Springfield Quay, which completed in September 2007, was one of the only significant new hotels to open. Looking ahead, we can see a reversal of this trend with a large number of new hotels under construction, planned or proposed for the city. Site clearance is underway at Bothwell Plaza where the Holiday Inn Glasgow City-West (closed April 2007) is being demolished to be replaced by a 300-bedroom Holiday Inn and a 275-bedroom Holiday Inn Express. The project is expected to complete in the summer of 2009.



In January 2006 The Townhouse Company purchased the former Royal Scottish Automobile Club in Blythswood Square and the property is due to open in July 2008 as an 88-bedroom 5-star hotel. In November 2007 planning permission was granted for the 158-bedroom "6-star" Argyle International Hotel, which will sit in a new-build tower opposite the existing Radisson hotel. The development of a 4-star 182-bedroom hotel at Custom House Quay has also been approved. Park Inn will soon have two hotels in the city; following the conversion of Langs hotel to a Park Inn, and the development of another 128-bedroom Park Inn at Springfield Quay, expected to open in early 2009.

Christie + Co is currently marketing a site at the former headquarters of the BBC in Scotland, where planning has been granted for an 85-bedroom boutique hotel development.

Further hotels currently proposed for Glasgow include; a possible hotel as part of the Glasgow Harbour Scheme; a potential hotel and office development at the SECC by MacDonald Estates; a 4-star, 200-bedroom hotel within a mixed-use scheme at Merchant City. The plans for a Staybridge Suites Hotel on Jamaica Street are currently being revised following the rejection of the original plans by the planning authorities.

The last two years have seen a number of hotels in Glasgow change hands in a flurry of transactional activity. In 2006, single or portfolio transactions in the city included the Holiday Inn, Jury's Inn, Marriott, One Devonshire Gardens, Bewleys and Menzies hotels. We witnessed less transactional activity in 2007, although some major hotels changed hands. In January, Strategic Investment Management purchased the Radisson SAS from WG Mitchell for a reported £68 million. This was followed in March by the acquisition of Langs Hotel by WG Mitchell, which was rebranded as a Park Inn. The last significant transaction of 2007 saw the Glasgow Marriott change hands again, with RBS selling its interest in a portfolio of 47 Marriott hotels to Quinlan Private and the Igal Ahouvi Group.



We predict that the next few years will see acceleration in the growth of hotel supply in Glasgow following the slower rate of development experienced in recent years. Business visitation to Glasgow is likely to increase as a result of further expansion of the city's financial services sector and the continuing growth of its conference market. Further regeneration of the city centre and increasing international interest in Glasgow as a visitor destination should drive further increases in leisure visitation.

We are likely to see the hotel market in Glasgow stabilise in the medium-term, as the room supply shortage is corrected. In the short term, we expect 2008 to be another very good year for Glasgow's hotels, with only one major hotel forecast to open.

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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 17 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, Marseilles, Munich, Paris and Rennes.

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.

