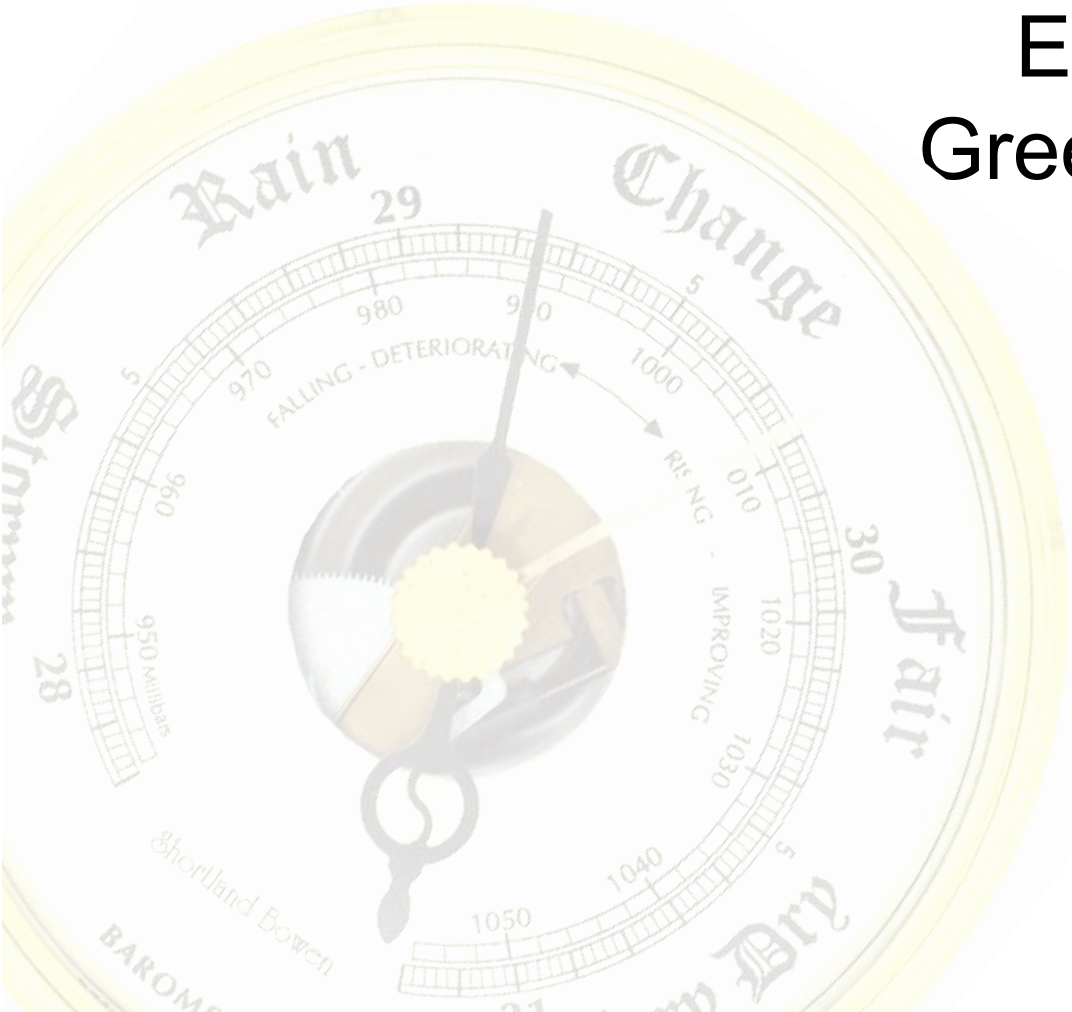
Tourism Barometer

2011

Expectations of the Greek Hospitality Sector



January 2011

Survey characteristics

- Survey was run from 13 – 19 January 2011, among hotels of all hotel categories (1 – 5*) all over Greece;

- The survey was anonymous and 269 hotels completed the online questionnaire, of which 203 fully. The distribution of those was as follows:
  - 38% are city hotels and 62% resort hotels;
  - 27% are 5*, 31% 4*, 22% 3*, 17% 2* and 3% 1* hotels.

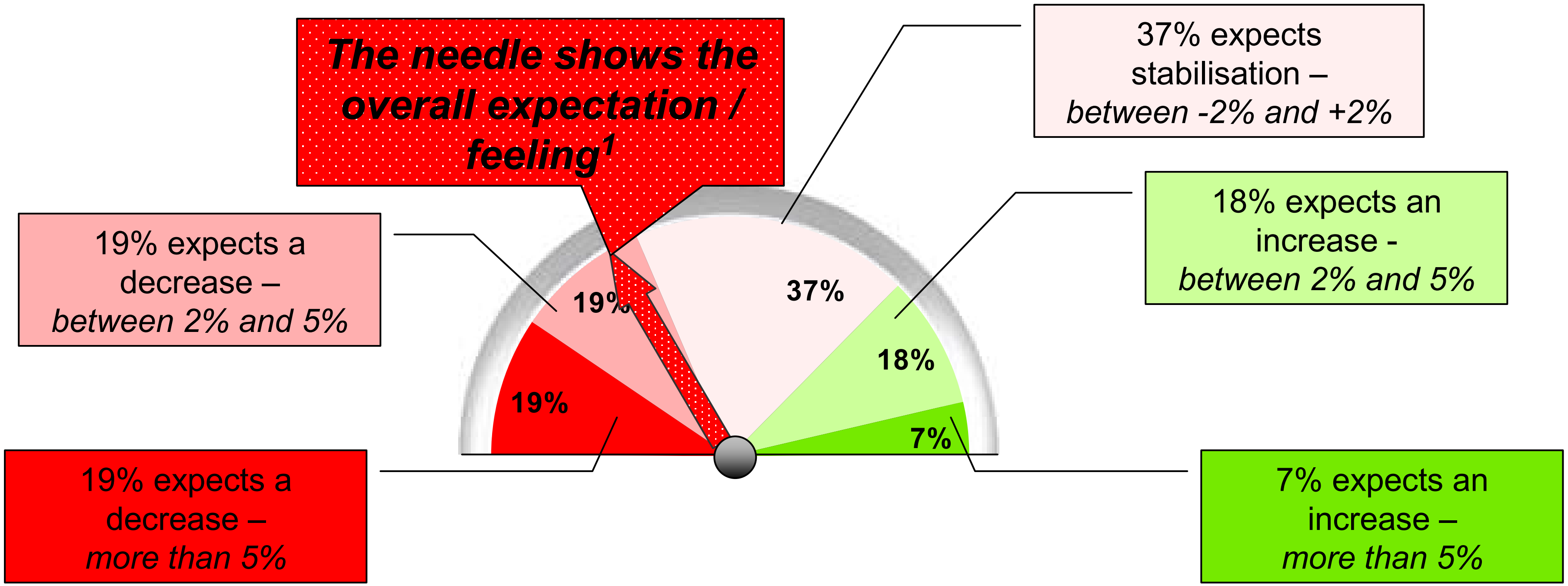
- Survey results are published in the press and on www.gbrconsulting.gr/barometer

Main Conclusions

- The hotel sector is overall pessimistic for 2011: a small decrease in Occupancy and a clear decrease in ARR are projected.
- The projections for the market as a whole are overall worse than the projections the hoteliers made for themselves.
- The resort hotels are less pessimistic than the city hotels as the latter expect a drop in Occupancy, while the resort hotels expect it to stabilise. However, both categories expect a decrease in the ARR.
- The hoteliers in Crete are the only segment in the survey predicting an increase in Occupancy as well as ARR for both themselves and for the market in general.
- Finally, about 3 out of 4 hoteliers intend to use the VAT reduction partly or fully to increase their competitiveness, while 1 out of 10 hoteliers has not decided yet.

How to read the meters

- All the meters reflect the hoteliers' projections for 2011 with respect to Occupancy (OCC) and the Average Room Rate (ARR) for:
  - their Own Hotels, in the top half of each page
  - the Market Overall, in the bottom of each page



[1] The position of the arrow is based on the weighted average of the projections for increases and decreases, where the increases / decreases of more than 5% have a weight twice as high as the increases / decreases of between 2% and 5%

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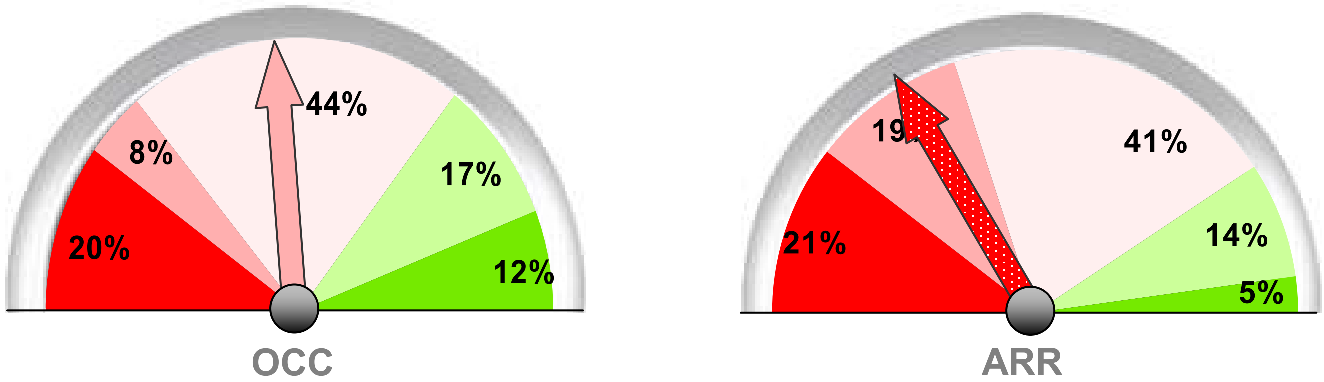
All hotels

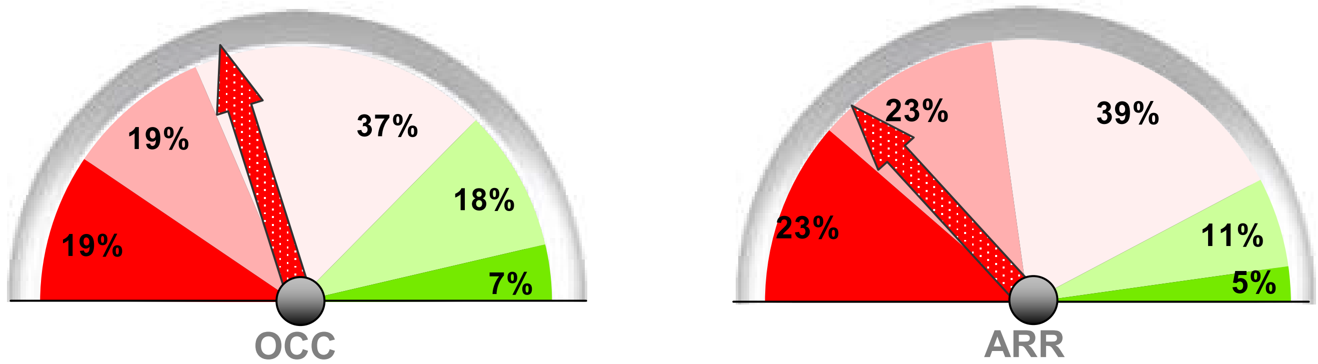
The industry as a whole is pessimistic about 2011, particularly with respect to prices.

Also, hoteliers are more pessimistic for the market in general than for their own hotels.

«MY HOTEL»



«MARKET IN GENERAL»



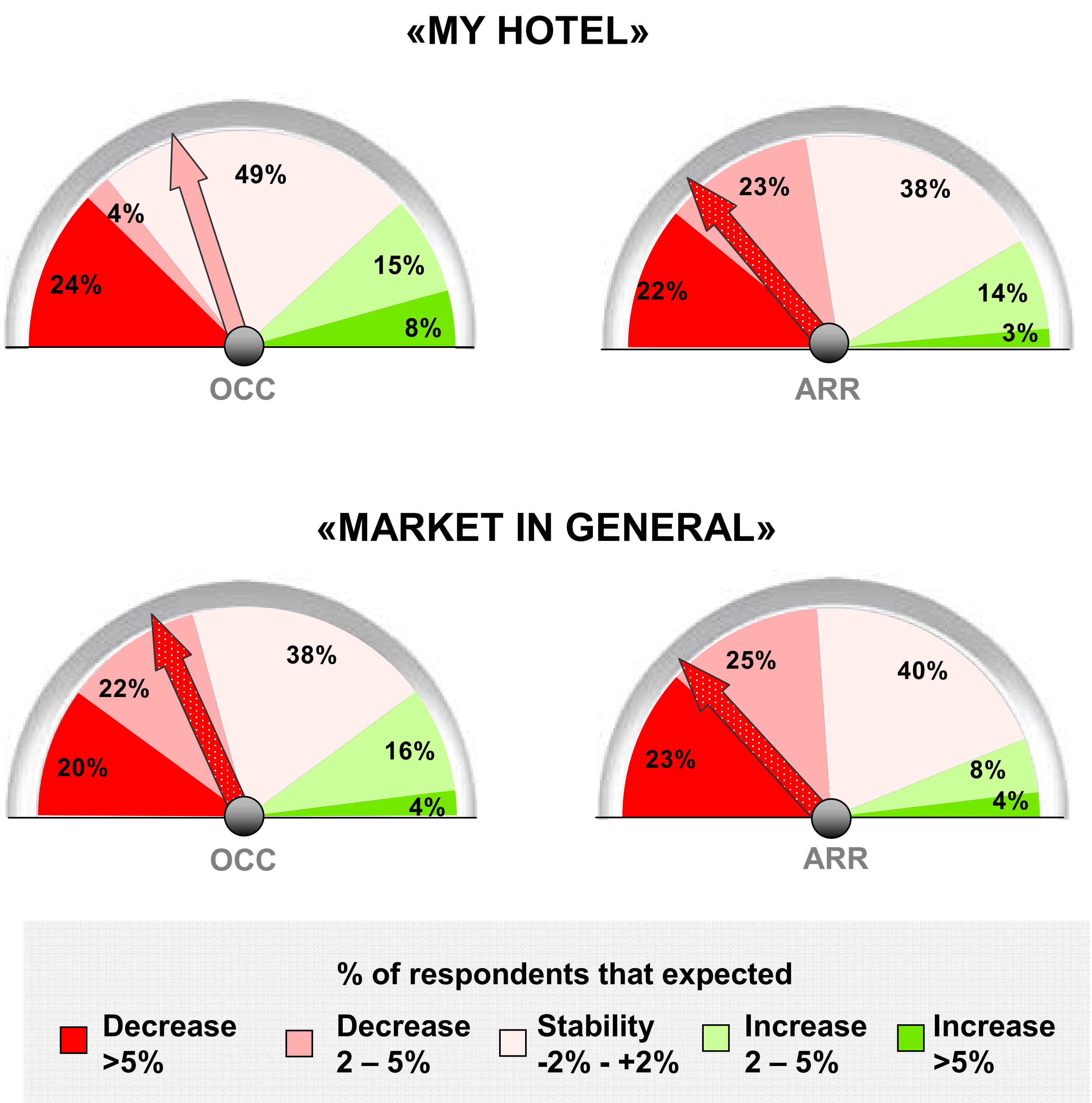
% of respondents that expected

Decrease >5%	Decrease 2 – 5%	Stability -2% - +2%	Increase 2 – 5%	Increase >5%

City hotels

A very small percentage of the city hotels expect an increase in Occupancy or ARR, especially above 5%. The overall assessment is that there will be stabilisation or decline.

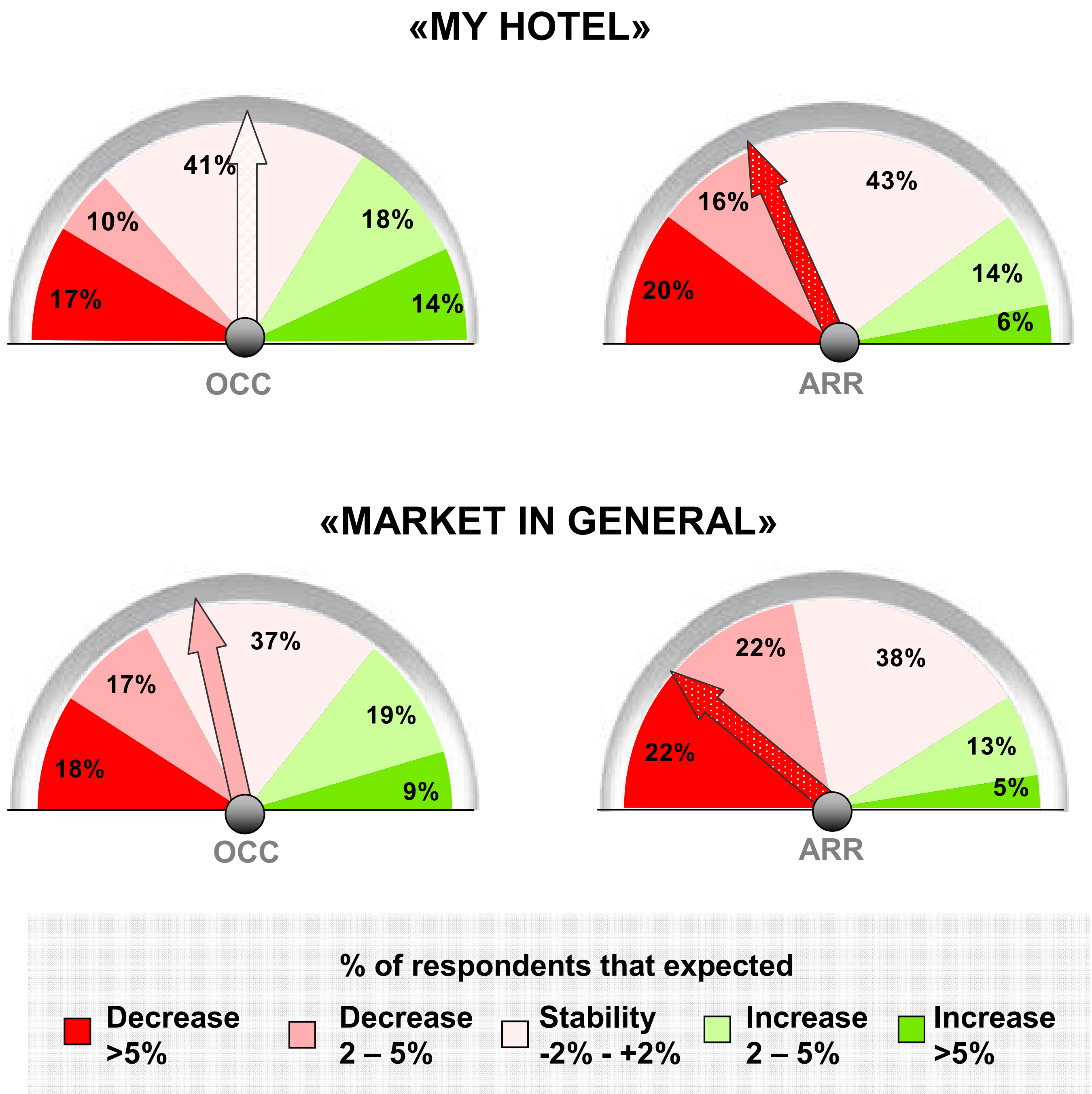
The discrepancy between the estimates for their own hotels and the market in general is relatively low, except for occupancy.



Resort hotels

The resort hotels seem in balance in terms of Occupancy, but are pessimistic on their ARR development.

Again hoteliers believe that the market will perform worse than themselves.



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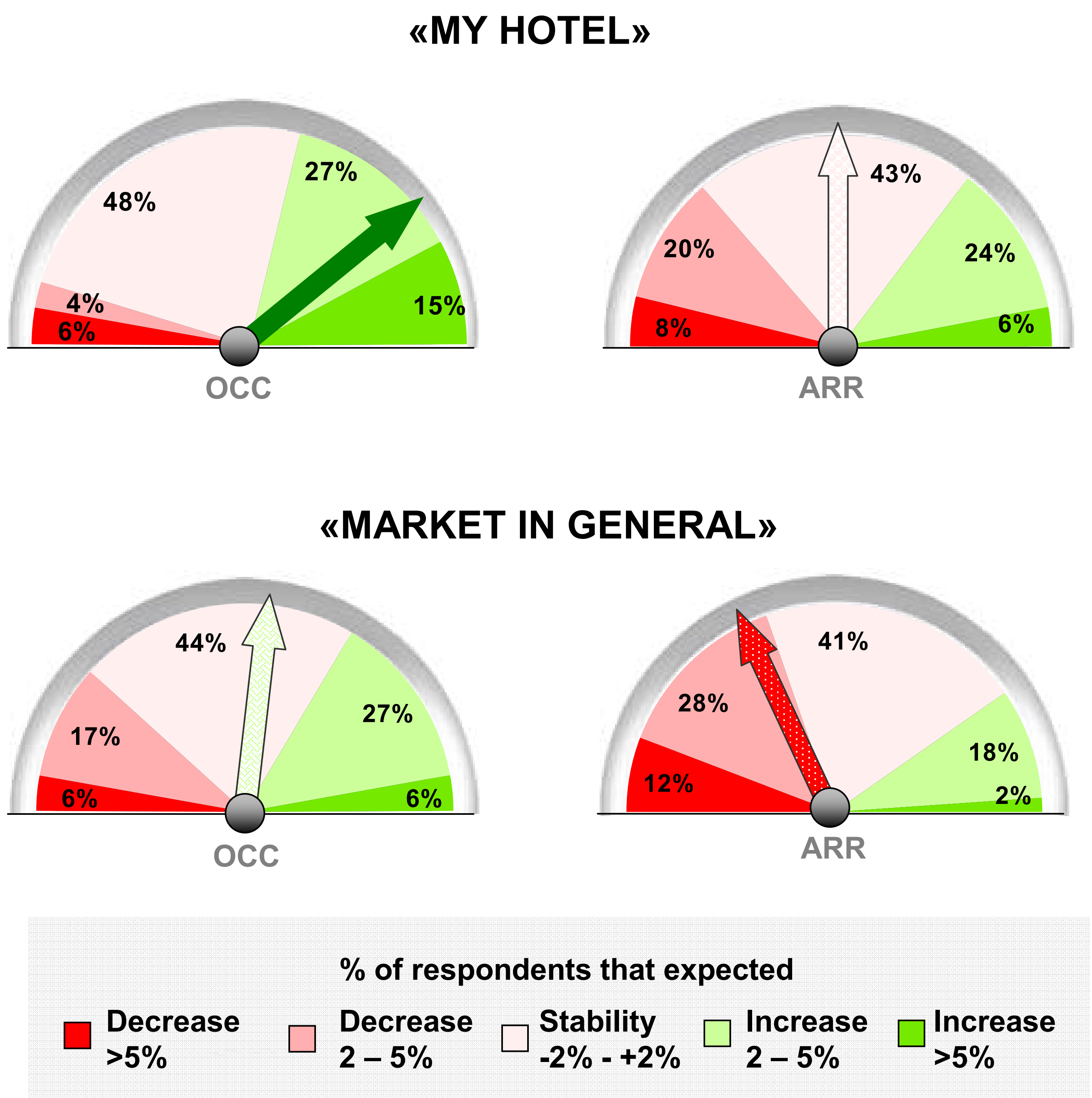
5 star hotels

Hoteliers in the 5* category are generally positive for their own hotel, particularly with respect to occupancy.

The projections are more bearish though, as the anticipated rise in occupancy in the market as a whole is expected to be lower, while prices for the market are anticipated to drop, in contrast to the projections for their own hotels.

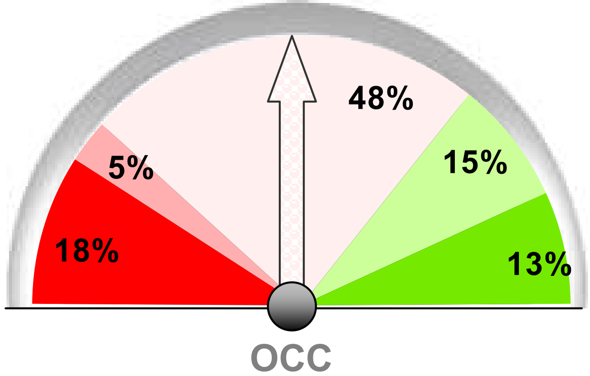


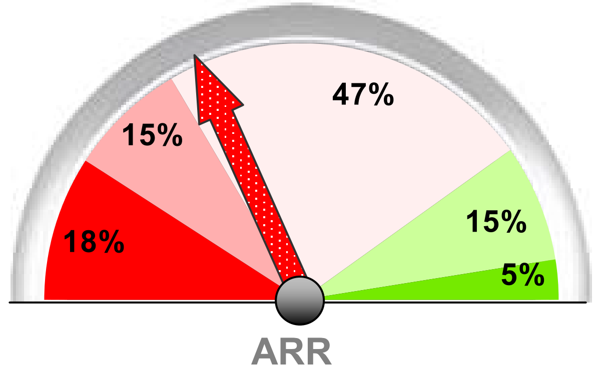
4 star hotels

The 4 star hoteliers are less optimistic than their 5 star colleagues. They anticipate occupancy to stabilise in 2011, but in terms of ARR the balance is on the negative side.

Projections for the market in general are lower, both in terms of Occupancy and ARR.

«MY HOTEL»





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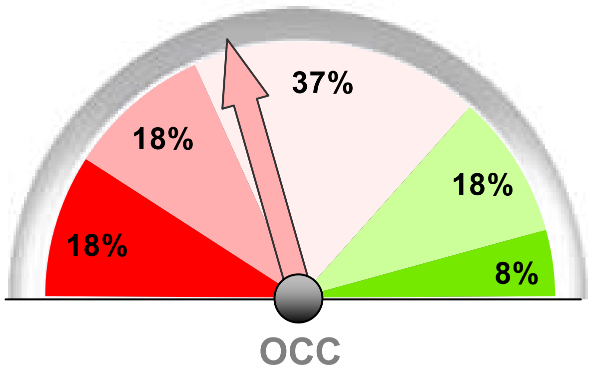
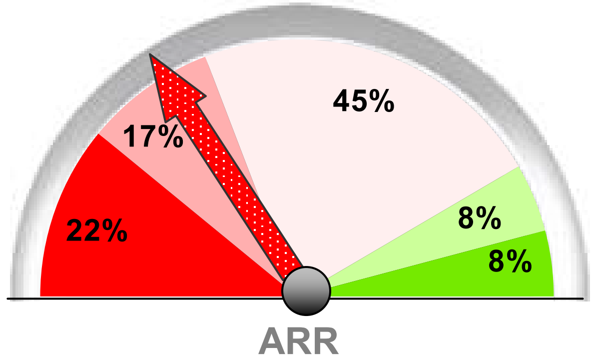




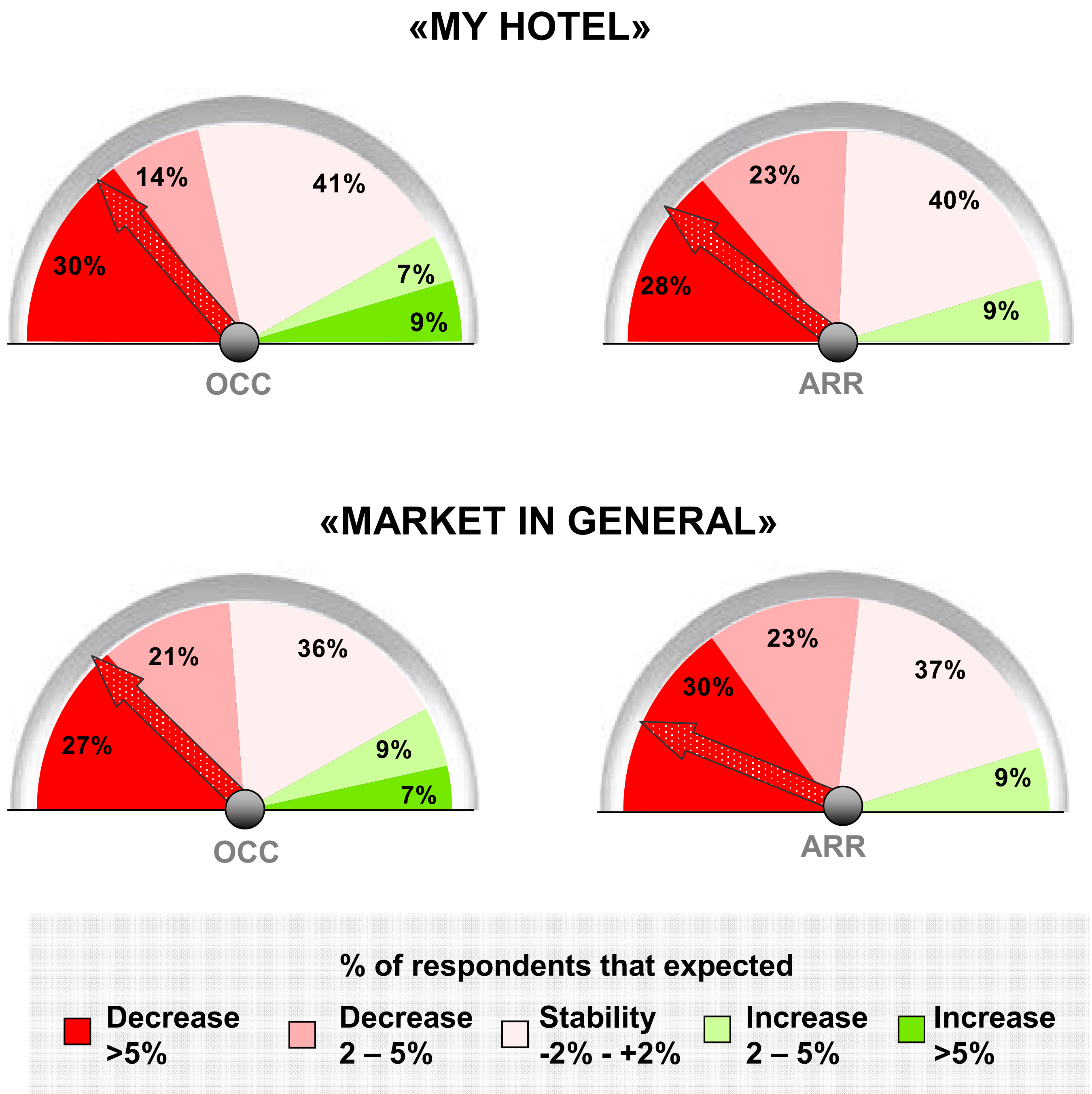
% of respondents that expected

- **Decrease >5%**
- **Decrease 2 – 5%**
- **Stability -2% - +2%**
- **Increase 2 – 5%**
- **Increase >5%**

3 star hotels

The 3 * hotels are very pessimistic, both for themselves as well as for the market in general.

It is remarkable that no one expects an increase of over 5% in prices, while 25-30% expect a fall of more than 5% in occupancy and prices for their hotel and the market in general.

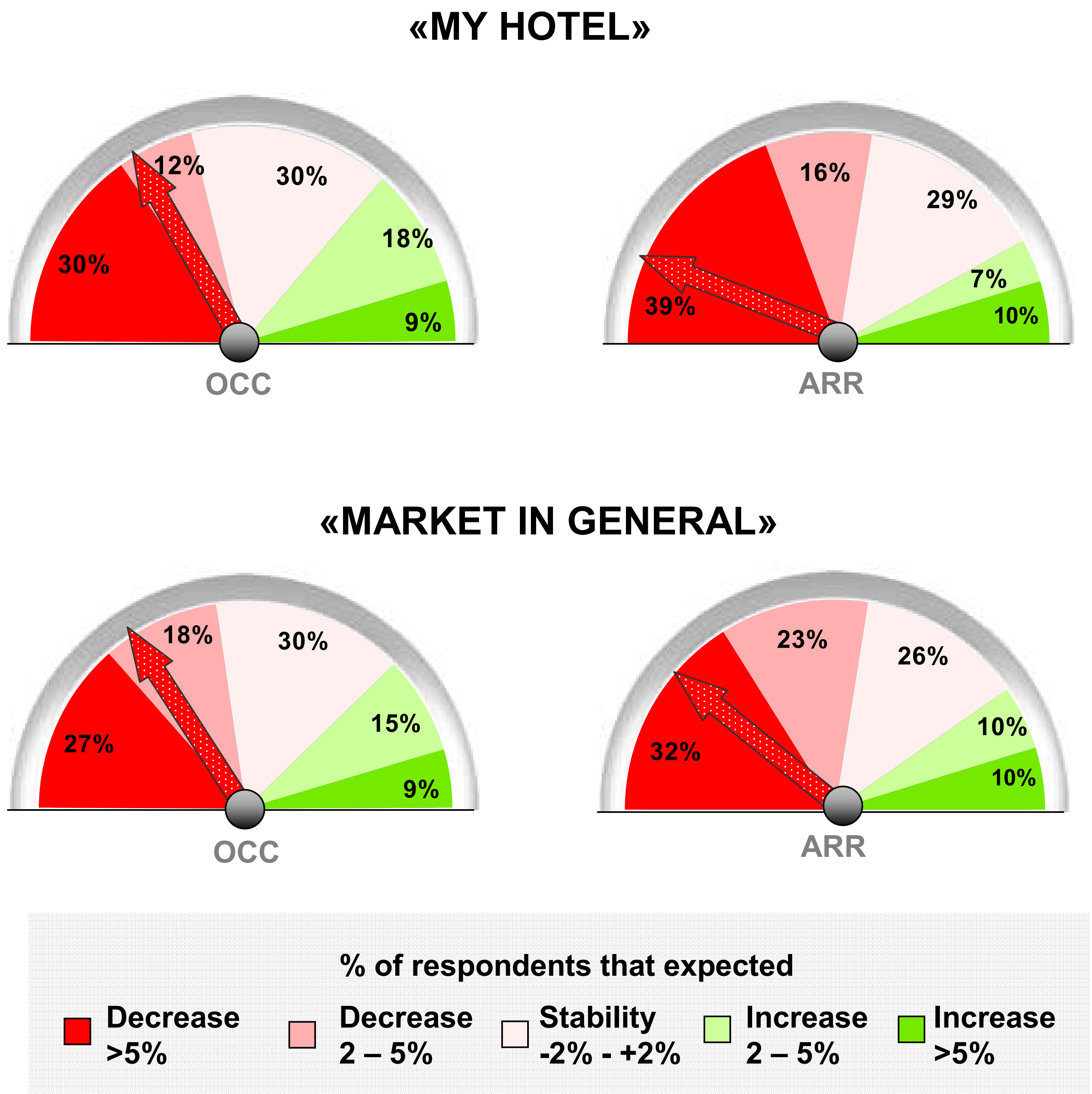


2 star hotels

The 2 star hoteliers are slightly more optimistic than their 3 star colleagues at least in terms of occupancy.

On the other hand, the hoteliers are very pessimistic about the prices, as an impressive 39% expect a fall of over 5%, compared with 32% of the market in general.

On the other hand, 10% expect a price increase of more than 5%.

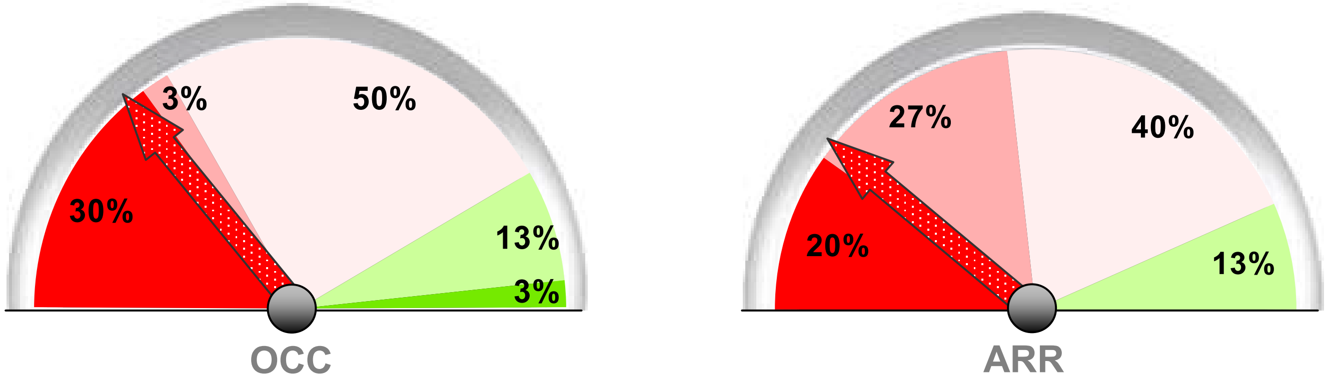


Athens hotels

The hoteliers in Athens do not forecast recovery in 2011. In fact they expect another year of decline in terms of Occupancy as well as ARR.

It is significant that - in a market that has shrunk by at least 20% in the last 2 years - none of the hoteliers expect an increase of over 5% in occupancy or prices, except for a very small percentage with respect to occupancy for their own hotels.

«MY HOTEL»



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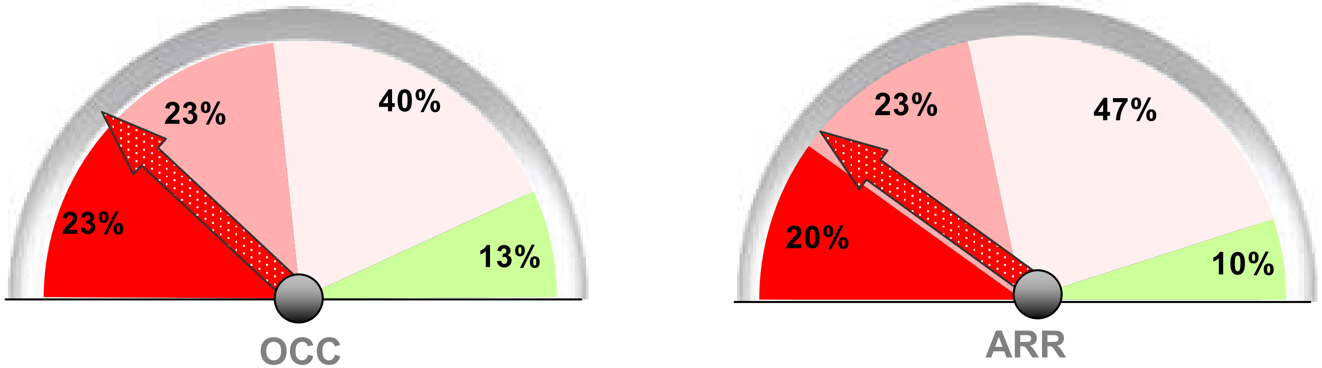


% of respondents that expected

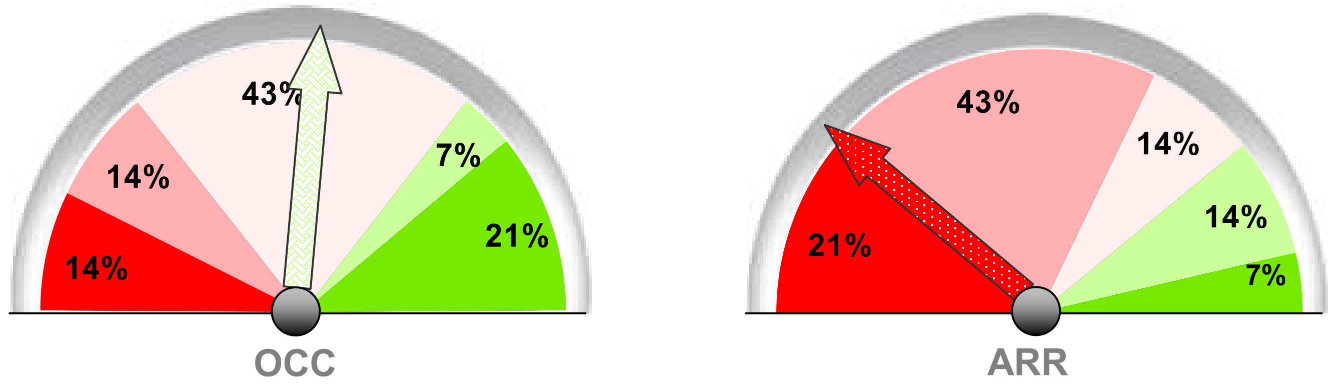
- Decrease >5%
- Decrease 2 – 5%
- Stability -2% - +2%
- Increase 2 – 5%
- Increase >5%

Thessaloniki hotels

After a very difficult 2010, the hoteliers in Thessaloniki believe that the fall in occupancy has bottomed out and that for this year overall a small increase could be expected in terms of occupancy. On the other hand rates are expected to subside further.

For the market in general hoteliers are, however, less optimistic, projecting clear decreases in Occupancy as well as ARR.

«MY HOTEL»



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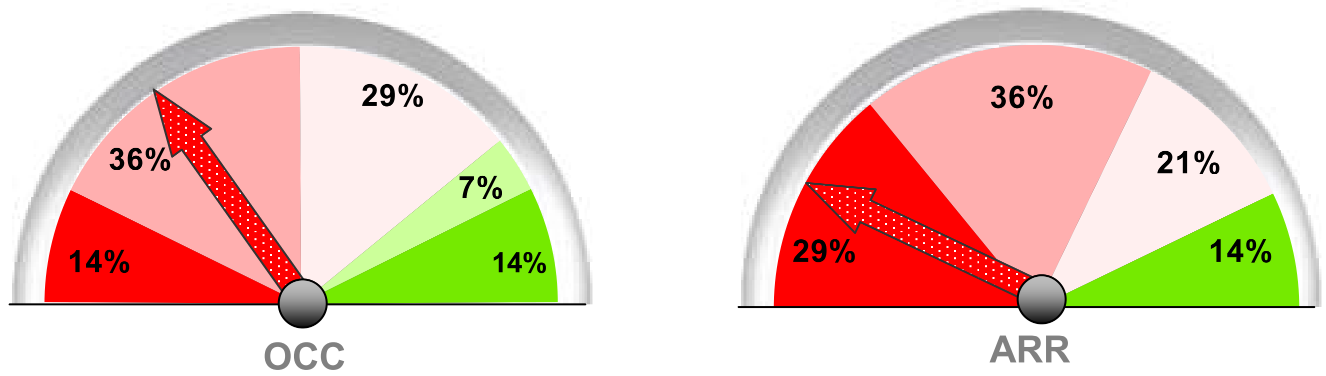


% of respondents that expected

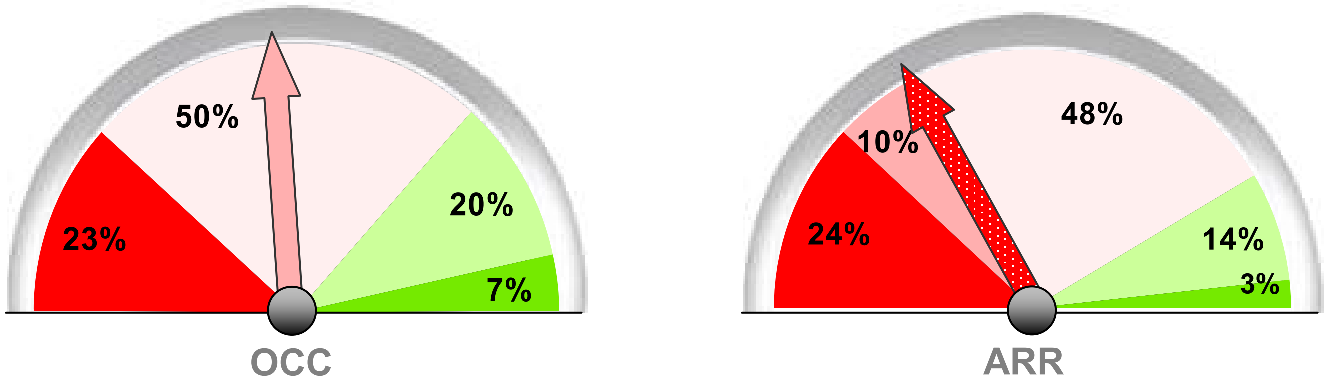
- Decrease >5%
- Decrease 2 – 5%
- Stability -2% - +2%
- Increase 2 – 5%
- Increase >5%

Other city hotels

The majority of the other city hotels are expecting a stabilising occupancy, but also a significant drop in prices.

It is also interesting that 20-25% of hoteliers expect a decrease in occupancy and prices of more than 5%.

«MY HOTEL»



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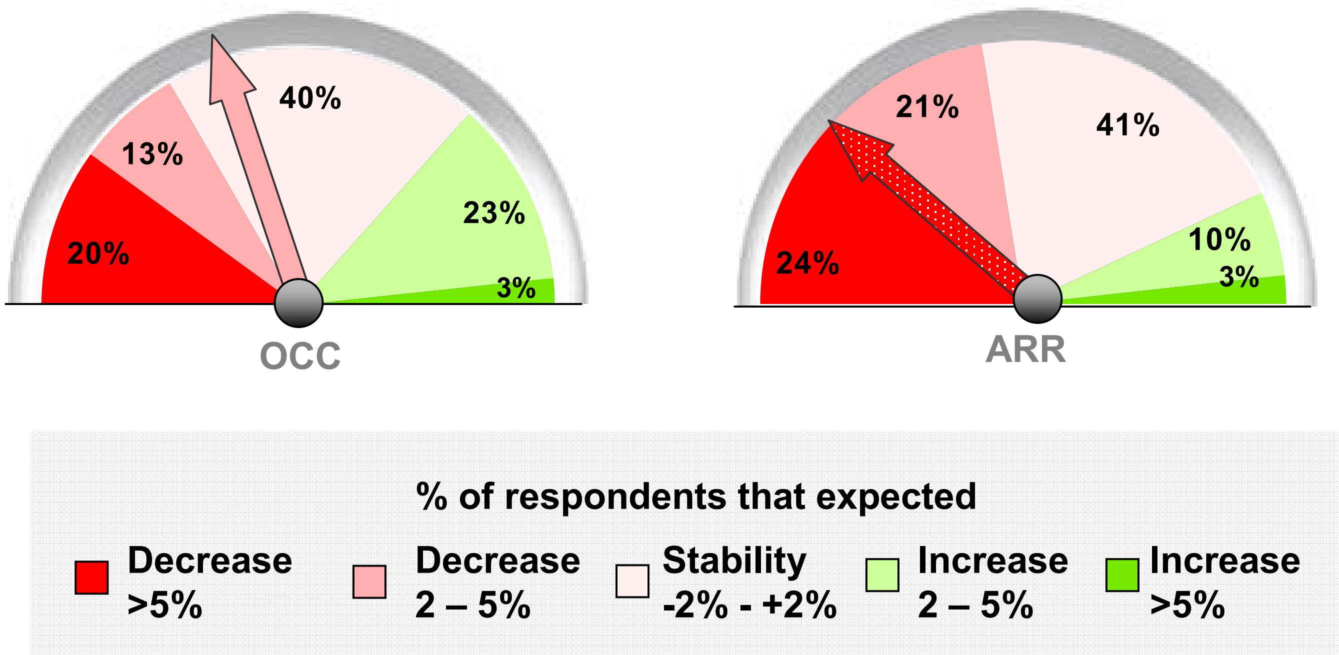
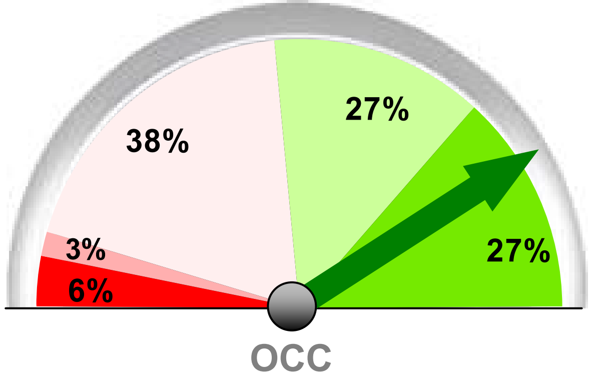


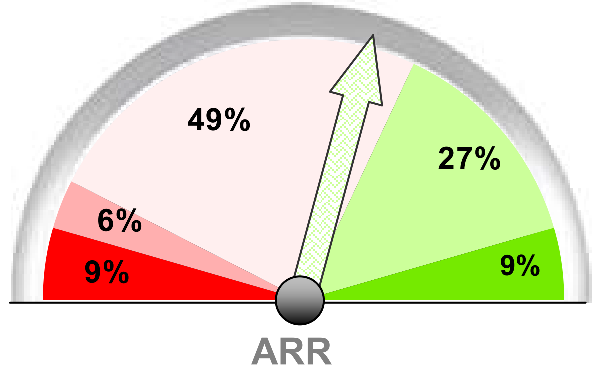
Hotels in Crete

The only exception to the general mood of pessimism is the hoteliers of Crete who, after 2 bad years, expect a significant improvement on all fronts, particularly with respect to occupancy.

Also remarkable is the compatibility / matching of estimates for the individual hotel and the market in general.

«MY HOTEL»





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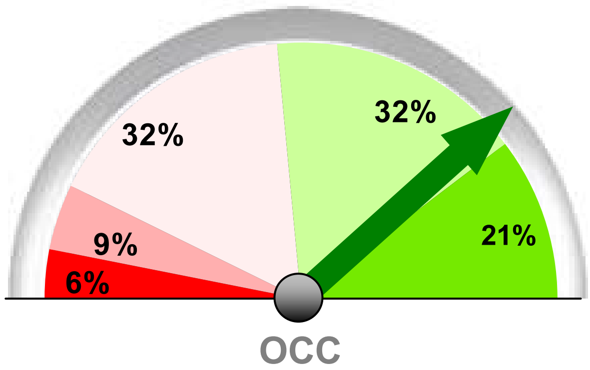

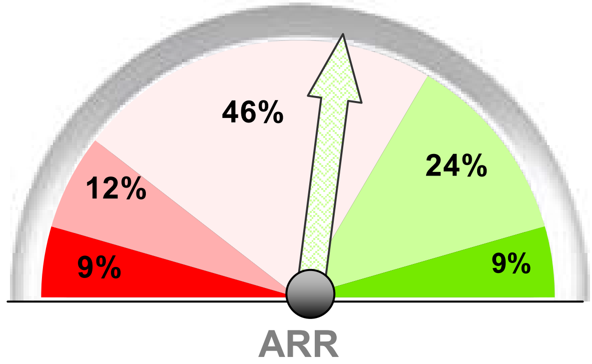

% of respondents that expected

- Decrease >5%
- Decrease 2 – 5%
- Stability -2% - +2%
- Increase 2 – 5%
- Increase >5%

Reduction of VAT

The VAT for hotels was reduced to 6.5%. You intend ...

28%	… to pass the whole benefit to your customers so as to improve your competitiveness
13%	… to retain all the benefit for your business, so as to improve your profitability
49%	Combination of the above
10%	Haven't decided yet

Therefore, the reduction of VAT will be used largely (77%), in its entirety (28%) or partially (49%), to enhance competitiveness. Interestingly, however, 1 in 10 hoteliers have not yet decided how to utilize the reduction of VAT.

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Expectations
Greek Hospitality Sector

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