



Horwath HTL™

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Taking stock of Norway's hotel industry

More rooms in the market mean competitive room rates for accommodation in Norway.

The Norwegian hotel industry experienced a significant capacity growth over the last five years. Demand continued its climb in 2014.

However, revenue-per-available-room growth was not very impressive due to the increase in capacity. Looking on a historical context, the highest levels were last seen in 2008, just before the impact of the financial crisis affected international demand.

More rooms into the market means still competitive room rates for accommodation in Norway, and Norwegian hotels remain competitive in most of the major foreign markets. This mainly contributed to improved efficiencies within management and outsourcing.

Norwegian hotel industry

In 2013, Norway had a total of 19.8 million overnight stays, according to Visit Norway. 2012 was new peak in number of overnight stays for Norwegian hotels. Foreign travelers accounted for 5 million guest nights.

In 2014, Norway hotels average occupancy was 60%, according to data from HNN sister company STR Global. Average daily rate was 987.80 Norwegian kroner (\$133.87), while revenue per available room finished the year at 592.64 Norwegian kroner (\$80.32).

According to STR Global, Norway had 600 properties comprising 65,975 rooms in 2014.

Survey

In total, 207 hotels responded to a Horwath HTL survey, categorized by city and district hotels. The mix of hotels responded represent the Norwegian hotel market well.

The gross-operating-profit margin of the total group of hotels shows 35.6% in 2013, down from 35.9% in 2012; this is not like-for-like hotels. City and airport hotels with high-level room revenue, 63% and 61% of total revenue, are showing the highest GOP on 38% and 44%.

The hotels reported that for 2013 foreign travelers accounted for approximately 26% of all guest nights. Business travelers accounted for a total of 47% of the market share, according to the data.

International tourist arrivals in the country are increasing sustainably after 2009 (Influenza and international financial crisis) reaching superior levels to the ones shown before 2009. The last few years were good for the tourism sector as it consolidated its recovery, and trends suggest that 2015 will be better. The role of vacation ownership is crucial in the development of Mexican tourism; by the end of 2014 it increased more than 8%.

Hotel chains

Nordic Choice Hotels is the largest hotel operator in the Nordics ranked by number of hotels and hotel rooms.

In 2013, Nordic Choice operated the greatest number of hotels rooms (13,852), followed by Rica Hotels (9,447), Thon Hotels (9,207), Rezidor Hotel Group (7,007) and Scandic Hotels (4,405).

The nine largest hotel chains control 70% of the guest nights in Norway and an estimated 73% of room revenues in Norway, on par with previous years.

(The authors would like to make clear that this report was written before Scandic Hotels completed their purchase of Rica hotels)

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Horwath HTL is the world's number one global hospitality consulting network offering complete solutions across all markets in Hotels, Tourism and Leisure. They offer a broad range of advisory solutions that cover the whole cycle of the hotel product, starting with planning and development, on to asset management and operational advice, to transaction and financial restructuring. Over the last 20 years, Horwath HTL has gained extensive market knowledge through involvement in thousands of projects. Horwath HTL will add value to your project and ensure that you receive the very best support every step of the way.

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