

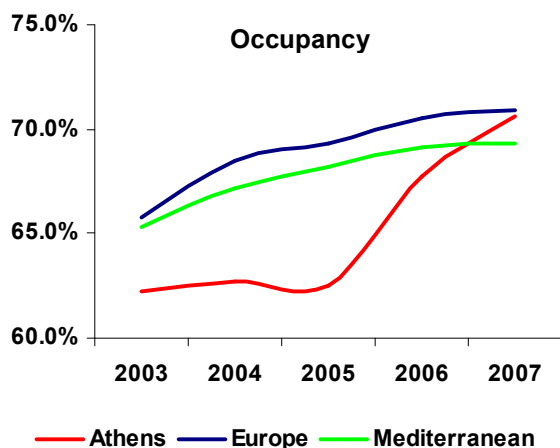
The Athens Hotel Industry after the Athens Olympics

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So, what was the impact of the Athens Olympics on the Athens Hotel Industry?

Comparing the performance of the Athens Hotel Industry with 2 competitive sets of 27 European cities and 8 Mediterranean cities¹ for the period of 2003 – 2007, one can conclude that Athens' occupancy picked up substantially after the 2004 Olympics reaching the average European level and exceeding the average Mediterranean level in 2007. Furthermore, although Athens' Average Room Rate (ARR) followed the European and Mediterranean trend, it still is at a much lower level. As a result Athens' Revenue Per Available Room (RevPAR) remains below that of European and the Mediterranean but the gap is slowly closing.

Looking first at the Occupancy figures, we can see that the Athens Hotel industry (3* to 5* hotels) has a significantly better occupancy performance than both competitive sets, as shown in the graph on the left. Occupancy levels increased from a level of about 62% in the period 2003 – 2005 to 68% in 2006 and almost 71% in 2007, slightly below the European average, but above the Mediterranean level in that year. The increase in occupancy is even more significant, considering also that the Athens hotel supply (3* to 5* star) increased by 15 hotels, adding 1,535 extra rooms in the period 2003 - 2006. This represents a 15.3% increase in room supply.

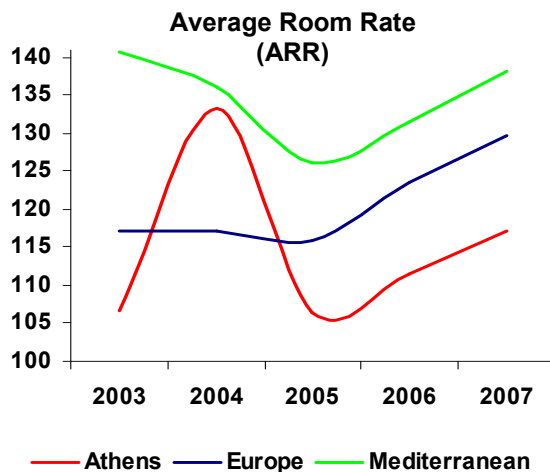
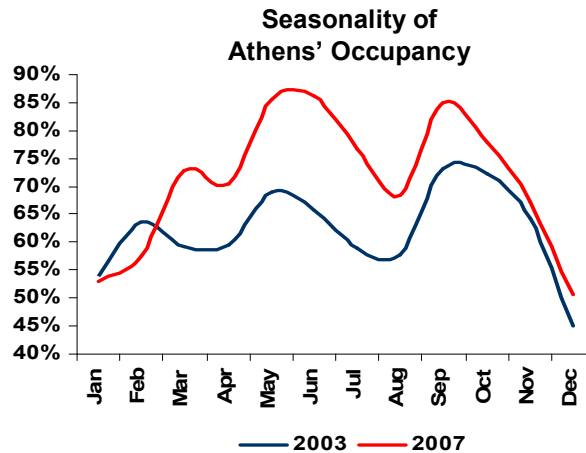


¹ The competitive set "Europe" comprises of the following 27 major European cities: Amsterdam, Paris, Dublin, London, Brussels, Geneva, Milan, Budapest, Bratislava, Vienna, Munich, Berlin, Prague, Copenhagen, Oslo, Stockholm, Helsinki, Tallinn, Edinburgh, Lisbon, Madrid, Barcelona, Valencia, Rome, Venice, Florence and Istanbul

The competitive set "Mediterranean" comprises of the following 8 major cities in Portugal, Spain, Italy and Turkey: Lisbon, Madrid, Barcelona, Valencia, Rome, Venice, Florence and Istanbul

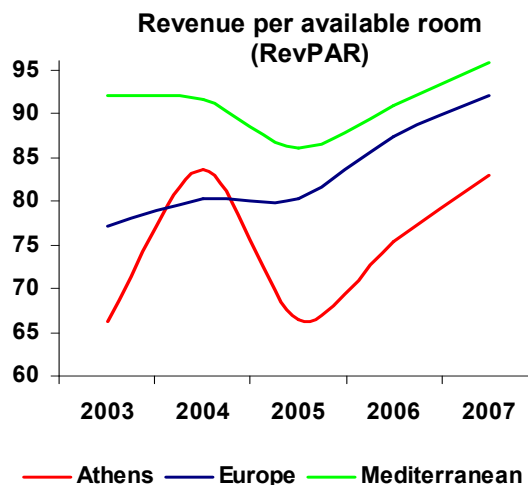
Data for Athens are derived from our database, while data for the other cities are derived from the Bench.

Further analysis of occupancy data shows that the increase is mainly in the months of March to September. The creation of a Metropolitan Conference Centre and an active CVB would greatly contribute to reducing seasonality by increasing occupancy in the other months.



While the occupancy is outperforming in comparison with both competitive sets, the gap in terms of ARR remains stable after 2004 as shown in the graph on the left. After the exceptionally high ARR in 2004 due to the Olympic Games, the ARR fell back in 2005 to around Euro 106, slightly under the average rate of 2003. The years 2006 and 2007 showed improvement to about Euro 111 and Euro 117 respectively, but stayed behind that of the European and Mediterranean cities.

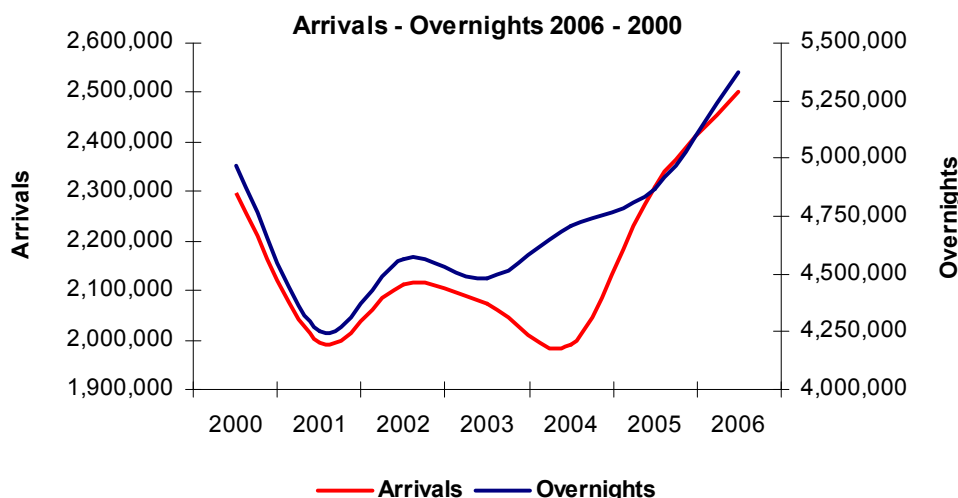
Overall, with the closing gap in occupancy and the difficulty of Athens to keep up with the trend in ARR, the RevPAR of Athens remains below the European and Mediterranean RevPARs with the gap closing very slowly.



So what is the verdict?

Clearly, the hope after the Olympics was that the performance of the Athens hotels would have been much better than the average of Europe or the Mediterranean.

On the other hand, the period prior to the Olympics had been disastrous for Athens hotels and the Olympics clearly marked a reversal of this (see graph below). Long term trends have been even more pronounced as Athens had 8.9 mn overnight stays in 1980 compared to 4.5 mn in 2003²! As a result of this, 85 hotels³ of various categories closed down in the 80's and 90's.



In conclusion one could say that the Athens Olympics marked a reversal of fortune for the Athens Hotel Industry but more could have been achieved if Conference Tourism had been developed and if the Tourism Product of Athens was marketed effectively. Particularly as the Olympics helped transform Athens into an attractive city with its must-see unique archeological sites and Europe's largest archaeological park around the Acropolis, beautiful islands within one hour's reach, efficient public transport, clean beaches (EU 'Blue Flag' carriers), extensive shopping, vibrant night life and much more. Furthermore a UBS study⁴ has shown that a city break in Athens was among the five cheapest of the 27 cities in the competitive set 'Europe' and the cheapest in the competitive set 'Mediterranean'.

² Source: National Statistical Service of Greece

³ Source: Athens Hotel Association

⁴ UBS, *Price and Earnings*, 2006. 4 cities were not listed in the UBS study, namely Edinburgh, Valencia, Venice and Florence. A partial update of the study in 2008, relating to cost-of-living data, shows that Athens is still cheaper than 18 cities and more expensive than 5 of the cities in the 2 competitive sets.