HOTEL MANAGEMENT CASE STUDY: HOTEL MIRAMAR, BARCELONA, SPAIN

THE CHALLENGE

Hotel Miramar, a 5-star property with 75 rooms, F&B, spa, gym and conference and banqueting facilities was one of two Barcelona hotels managed by Hamilton on behalf of Apollo Real Estate Advisors (now Ares Management). Hamilton was initially contracted as asset manager for the hotel in October 2006 and subsequently appointed as manager in November 2008. The existing operator was underperforming and the hotel was suffering from extremely low occupancy, primarily due to poor exposure within the market.

SOLUTION

During Hamilton's two-year management of the property, the following changes, among many others, were implemented to address the operational concerns and boost profitability:

- Raised visibility within the market by repositioning the hotel on third-party distribution channels;
- Launched own website to limit commission payments to OTAs and increase exposure;
- Introduced APR to boost the low occupancy within a price-sensitive market;
- Introduced stringent and effective revenue management with flexible group rates and demand-sensitive discounts;
- Implemented a new focus on the transient leisure segment, rather than the groups segment;
- Reduced overhead expenses;
- Reduced headcount and therefore payroll costs;
- Actively promoted the hotel's spa and F&B outlets to optimise departmental revenues and introduced spa packages to increase Rooms revenue.

RESULTS

- Despite a sharp reduction in travel to Barcelona, the hotel achieved a significant increase in occupancy and RevPAR. The hotel gained traction against the competitive set, growing RevPAR year-on-year against a slight competitor set decline. We improved GOP and EBITDA by aggressive cost cutting across all departments and by re-evaluating the required staffing levels.

  In terms of numbers the impact was as follows:

- Average FY occupancy increased by 20.7 percentage points from 2008 to FY2010 to 71.7%, exceeding both the market and the competitive set rates by 1.1% and 1.6% respectively;
- YTD RevPAR was increased by 8.9% from November 2009 to November 2010, against a 2.7% competitor decline;
- Between November 2008 and November 2010, savings of £407,676 (50.9%) were achieved in Rooms payroll;
- Despite the economic downturn in Spain from November 2007 to November 2010, GOP increased by 50.0%;
- Total Revenue was adversely affected by the slump in tourism, however, Hamilton cut expenses to protect GOP, improving the YTD GOP margin from 8.0% in November 2007 to 15.5% in November 2010, equating to a drop-through in incremental revenue to profit of 106.7% across the period.

If you would like our help managing your property to achieve a superior return on investment, please get in touch:

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