



TRENDS[®]
 IN THE HOTEL
Spa
 INDUSTRY
 2015 Edition

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SAMPLE

NOTE TO READERS

Excluded from our analysis were revenues and expenses associated with hotel health clubs and fitness facilities that do not offer spa services.

Unless otherwise noted, the data presented in this report were calculated based on the category total survey sample, regardless of whether or not the revenue and expense line item was reported by all properties in the sample.

The data presented in this report reflects the performance of hotel spas for which we have two years of comprehensive data. Because of the voluntary nature of the survey, the 2013 data presented in this report may differ from the 2013 data presented in the 2014 edition of *Trends® in the Hotel Spa Industry*.

The *Uniform System of Accounts for the Lodging Industry* was used to identify revenues and expenses that should be categorized within an operated department, as opposed to a distributed department or fixed charge. Departmental profit is calculated before deducting the distributed and fixed charges of a hotel.

The specific spa department revenue and expense lines presented in this report were developed based on the nature of the data provided to us by our survey participants as well as guidance from our spa industry advisors.

Readers should be advised that the International Spa Association Foundation, in collaboration with Hospitality Financial and Technology Professionals (HFTAP), developed the *Uniform System of Financial Reporting for Spas*, a financial reporting system for all types of spas. Additional resources from the ISPA Foundation include the *ISPA Compensation Methodology*, *Financial Management for Spas*, *Retail Management for Spas*, and *Spa: A Comprehensive Introduction*. For more information, please visit the ISPA website at www.experienceispa.com.

DETAIL DATA TABLES

On the following pages we present the results of our survey of hotel spa department operating statements for the year 2014. The tables reflect the operating performance of 174 spas that provided detailed spa revenue and expense data.

Detail Financial Data Tables

The following data tables display the 2014 financial performance of hotel spas sorted by:

- Location
- Spa Department Revenue
- Spa Square Footage
- Number of Treatment Rooms
- Number of Hotel Guest Rooms

SAMPLE

HOTEL PROFILE - SPA SURVEY SAMPLE

By Spa Location

Location	All Hotel Spas	Urban Hotel Spas	Resort Hotel Spas
Number of Properties	174	65	109
Average Guest Rooms	406	413	408
2014 Occupancy	71.2%	73.7%	69.7%
Percent Change from Prior Year	2.5%	2.1%	2.7%
2014 ADR	\$248.80	\$235.80	\$257.20
Percent Change from Prior Year	4.8%	4.1%	3.8%
2014 RevPAR	\$177.20	\$173.77	\$179.30
Percent Change from Prior Year	7.4%	4.4%	8.1%
2014 Total Hotel Revenue Per Property	\$3,906,571	\$47,637,144	\$52,856,229
Percent Change from Prior Year	7.2%	7.3%	7.1%
2014 Total Spa Revenue Per Treatment*	\$137.67	\$123.21	\$142.51
Percent Change from Prior Year	1.5%	-10.0%	5.2%
2014 Total Spa Revenue Per Customer*	\$127.67	\$127.09	\$140.99
Percent Change from Prior Year	0.3%	-4.8%	1.9%
Square Feet Per Spa Facility	11,916	7,884	14,320
Spa Treatment Rooms Per Property	12	9	15
Salon Stations Per Property*	6	5	7
2014 FTE Number Per Property	21	17	23
Percent Change from Prior Year	0.2%	-2.3%	1.3%
2014 Percent of Spa Revenue by Source*			
Hotel Guests	55%	40%	62%
Travelers	6%	9%	5%
Locals/Others	39%	50%	33%

* For those properties that provided data only.
Source: PKF Consulting | CBRE Hotels, 2014.

Financial Detail

2014 AVERAGE DOLLARS PER SPA

Hotel Spas By Location

Revenue / Expense Category	All Hotel Spas	Change From Prior Year	Urban Hotel Spas	Change From Prior Year	Resort Hotel Spas	Change From Prior Year
Massage	\$ 1,084,364	4.9%	\$ 764,372	6.6%	\$ 1,275,186	4.3%
Skin Care and Body Work	\$ 339,628	4.6%	\$ 275,025	7.2%	\$ 377,153	3.6%
Total Spa Services	\$ 1,423,993	4.8%	\$ 1,039,397	6.8%	\$ 1,652,338	4.1%
Salon Services (Includes Hair and Nail)	\$ 206,677	5.1%	\$ 194,833	8.6%	\$ 213,740	3.3%
Total Treatment Revenue	\$ 1,630,670	4.8%	\$ 1,234,230	7.0%	\$ 1,866,078	4.0%
Daily Facility Use	\$ 24,049	-1.9%	\$ 9,482	-14.7%	\$ 38,716	0.7%
Fitness and Personal Training	\$ 19,032	1.8%	\$ 18,394	10.9%	\$ 17,413	-2.7%
Health and Wellness	\$ 847	-17.9%	\$ 69	N/C	\$ 311	5.9%
Membership Fees	\$ 44,572	6.4%	\$ 62,540	4.3%	\$ 30,289	3.9%
Sub-Total	\$ 1,719,171	4.7%	\$ 1,324,715	6.8%	\$ 1,954,377	3.9%
Retail (Merchandise and Clothing)	\$ 196,831	4.1%	\$ 182,433	3.0%	\$ 209,995	2.8%
Other Revenue	\$ 90,507	4.9%	\$ 46,977	7.3%	\$ 116,470	4.3%
Allowances	\$ (17,732)	-29.3%	\$ (9,355)	-4.4%	\$ (22,729)	-33.5%
Total Spa Department Revenue	\$ 1,988,777	5.1%	\$ 1,541,266	7.0%	\$ 2,273,233	4.4%
Cost of Goods Sold						
Retail Cost of Goods Sold	\$ 104,817	5.2%	\$ 87,291	5.6%	\$ 115,328	5.2%
Total Cost of Goods Sold	\$ 104,817	5.2%	\$ 87,291	5.6%	\$ 115,328	5.2%
Gross Profit	\$ 1,883,960	5.1%	\$ 1,453,975	7.0%	\$ 2,157,904	4.4%
Labor Costs						
Salaries, Wages, and Bonuses	\$ 848,777	3.2%	\$ 708,441	4.8%	\$ 932,488	2.5%
Payroll Related Expenses	\$ 290,444	6.0%	\$ 241,202	11.1%	\$ 319,809	3.8%
Total Labor Costs	\$ 1,139,221	4.6%	\$ 949,643	6.3%	\$ 1,252,296	2.8%
Operating Expenses						
Ambiance and Decorations	\$ 5,910	-1.0%	\$ 6,229	0.3%	\$ 5,720	-1.8%
Professional Products (Health and Beauty)	\$ 34,828	3.9%	\$ 36,533	3.8%	\$ 33,811	4.0%
Laundry and Dry Cleaning	\$ 40,142	3.0%	\$ 29,404	0.0%	\$ 46,546	4.2%
Utilities	\$ 11,261	-7.6%	\$ 9,092	15.9%	\$ 12,555	-15.1%
Contracting Services	\$ 42,994	4.7%	\$ 36,143	6.9%	\$ 47,079	3.7%
Union Dues	\$ 5,010	-11.6%	\$ 5,535	-1.4%	\$ 4,698	-17.6%
All Other Expenses	\$ 99,931	-1.4%	\$ 73,810	0.5%	\$ 115,507	-2.1%
Total Operating Expenses	\$ 240,075	0.6%	\$ 196,745	2.7%	\$ 265,915	-0.3%
Total Labor and Operating Expenses	\$ 1,379,312	3.3%	\$ 1,146,389	5.7%	\$ 1,518,211	2.3%
Department Income (Loss)	\$ 504,648	10.5%	\$ 278,187	13.1%	\$ 639,693	9.8%

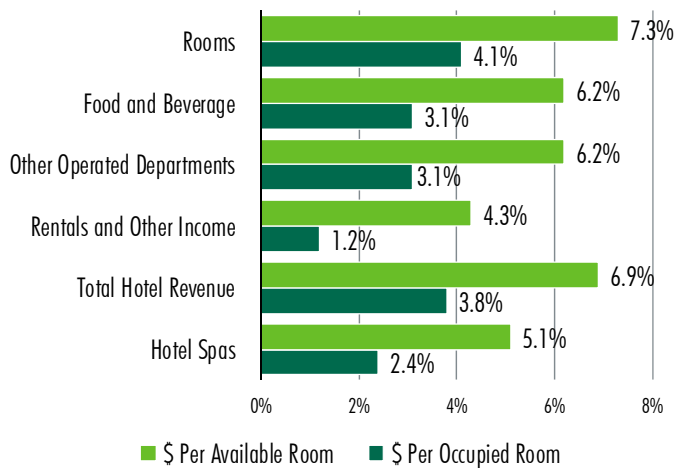
* N/C – Data Not Comparable

** This table reflects revenue and expense line items that are calculated based on the total sample, whether or not the revenue and expense line items were reported by all spas.

Source: PKF Consulting | CBRE Hotels, 2014.

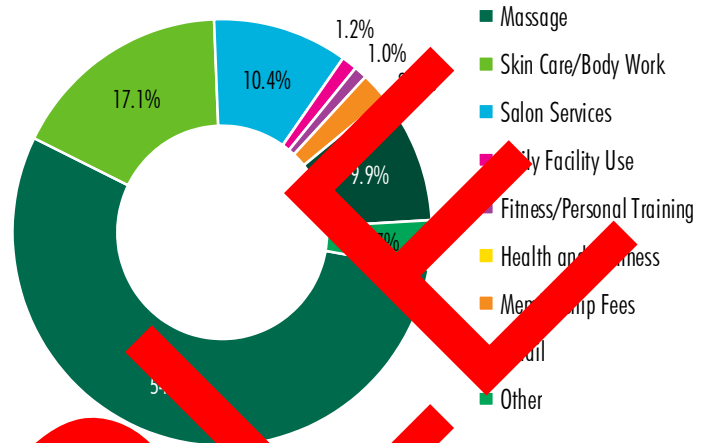
FINANCIAL SUMMARY

2014 U.S. Hotel Revenues: Change from 2013



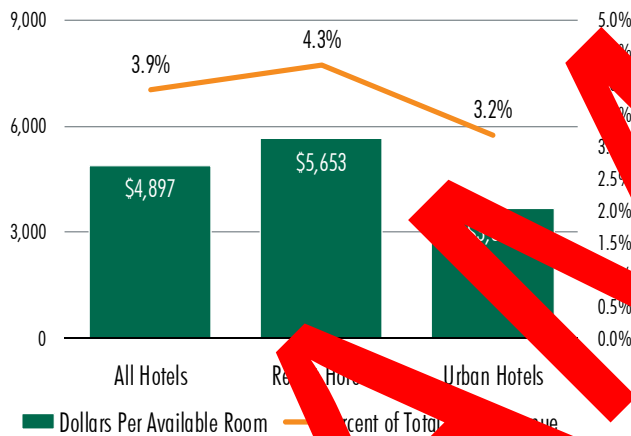
Source: PKF Consulting | CBRE Hotels, 2014.

Mix of Revenues – All Hotels 2014 Percent of Department Revenue



Source: PKF Consulting | CBRE Hotels, 2014.

2014 Hotel Spa Revenue by Property Type



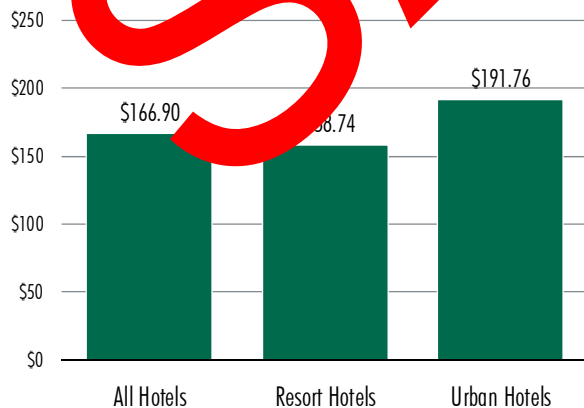
Source: PKF Consulting | CBRE Hotels, 2014.

2014 Hotel Spa Revenue by Property Type Dollars Per Occupied Guest Room



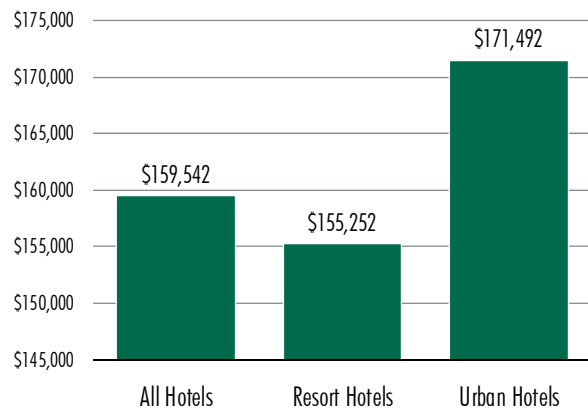
Source: PKF Consulting | CBRE Hotels, 2014.

2014 Hotel Spa Revenue By Property Type Total Departmental Revenue Per Square Foot



Source: PKF Consulting | CBRE Hotels, 2014.

2014 Hotel Spa Revenue by Property Type Total Departmental Revenue Per Treatment Room

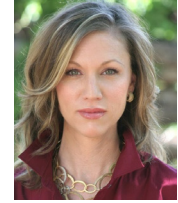


Source: PKF Consulting | CBRE Hotels, 2014.



Hotel Spa Departments Following Industry Trends

By Robert Mandelbaum and Andrea Foster



Coming out of the great recession, U.S. hotel operators struggled to earn revenue from sources other than the rental of guest rooms. However, in 2014, we began to see guests spend their money in other areas of the hotel. According to the 2015 edition of *Trends® in the Hotel Industry*, rooms revenue increased by 7.3 percent in 2014. Concurrently, revenue within the food and beverage and other-operated departments grew by 6.2 percent.

One example of an other-operated department enjoying growth is the hotel spa. In 2014 hotel spa revenues increased by 5.1 percent, while department profits increased by 10.5 percent. To evaluate how hotel spas achieved their gains in revenue and profits we analyzed the results of our firm's *Trends® in the Hotel Spa Industry* report.

REVENUE

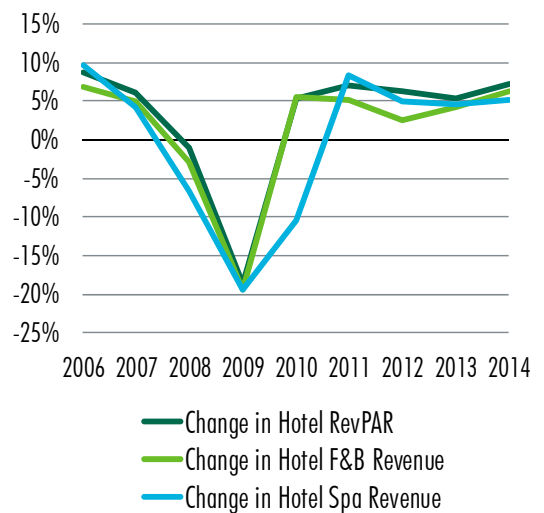
Spa revenues increased by 5.1 percent for the overall survey sample, but we did observe differences based on property type. Spas operated within urban hotel properties enjoyed a stronger 7.0 percent gain in revenue. This is consistent with the strong performance of the primary urban markets, and the return of group demand. Lagging somewhat were resort hotel spas. These properties saw their spa revenues increase by 4.4 percent.

Massage services continue to generate the most revenue for hotel spas. In 2014, massage revenue comprised 54.5 percent of total spa department revenue, followed by sales from skin care products (17.1%), salon services (10.4%), and retail operations (9.9%). Revenues from these major sources all increased in the 4.0 to 5.0 percent range from 2013 to 2014.

Local revenue growth on a percentage basis were the fees generated from selling memberships to local patrons. Revenue from local residents and members contribute 59 percent of the revenue earned by urban hotel spas. Resort hotels, on the other hand, earn the majority (62%) of their revenue from hotel guests.

Only two sources of spa revenue suffered declines in 2014. They were daily use fees and health and wellness

Change in Hotel Spa Revenue



Source: PKF Consulting | CBRE Hotels, 2014.