

HVS Performance Report: Spa Department 2019

DECEMBER 18, 2019

This report is the second annual performance report published by HVS that tracks and monitors spa department performance and profitability.

On average, spa and wellness departments run profitably and can contribute significantly to a hotel's bottom line. This report is our second annual performance report published by HVS that tracks and monitors spa department performance and profitability. The data presented reflect spa operating-statement averages and data points from 2018 through the third quarter of 2019.

Across HVS's 40 U.S. locations, our expert associates are continually consulting on hotels and resorts with significant spa and wellness operations, which are captured within their own departmental statement on an operating profit and loss statement. For the last three years, HVS has partnered with Mia Mackman, our Managing Director of Spa & Wellness Consulting, to better understand the accelerating spa and wellness assets and evolving lifestyle market.

This report reflects a sample of 59 hotels and resorts, with 22 in the upper-upscale category and 37 in the luxury category. Hotel, guestroom, and treatment-room counts are summarized in the following table, along with total spa revenue for the survey group.

Survey Participants

Upper-Upscale Hotels

Number of Hotels in Survey:	22
Total Guestrooms:	6,304
Total Treatment Rooms:	256
Total Spa Revenue:	\$28,294,259

Luxury Hotels

Number of Hotels in Survey:	37
Total Guestrooms:	11,581
Total Treatment Rooms:	475
Total Spa Revenue:	\$122,228,644

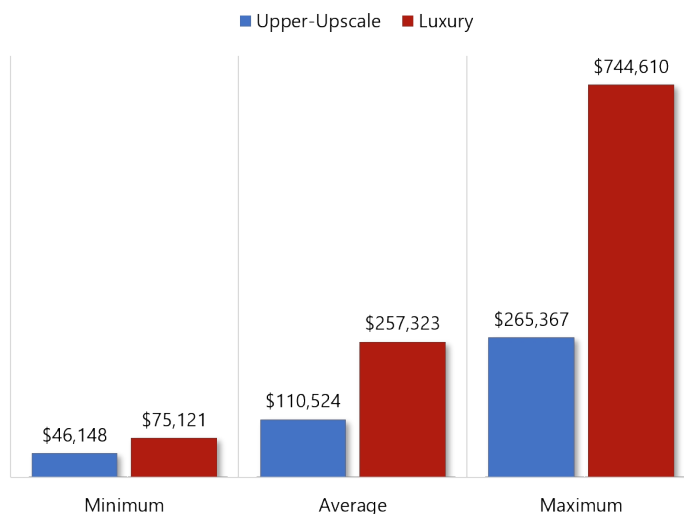
Overall comparisons between the two hotel segments show that luxury hotels have larger spas on average, which would be expected (12 treatment rooms on average, or a median of 8 treatment rooms, for upper-upscale hotels vs. 13 rooms on average, or a median of 11 treatment rooms, for luxury hotels). Spa revenue generated per occupied hotel room can also be significantly different between the two product types, averaging \$18 for upper-upscale vs. \$40 for luxury hotels. Treatment-room averages reflect roughly \$111,000 per room for upper-upscale hotels and \$257,000 (rounded) for luxury hotels.

Survey Results

	Minimum	Maximum	Average
Upper-Upscale Hotels			
Number of Treatment Rooms	1	37	12
Occupancy	47%	82%	67%
Average Rate (Rounded)	\$130	\$300	\$229
Spa Revenue per Treatment Room	\$46,148	\$265,367	\$110,524
Spa Revenue per Occupied Room	2	635	18
Spa Revenue, as % of Total Revenue	0.5%	52.4%	7.4%
Spa Departmental Expense Ratio	51.4%	100.0%	73.2%
Luxury Hotels			
Number of Treatment Rooms	3	32	13
Occupancy	36%	88%	72%
Average Rate (Rounded)	\$280	\$2,200	\$493
Spa Revenue per Treatment Room	\$94,212	\$744,610	\$257,323
Spa Revenue per Occupied Room	16	226	40
Spa Revenue, as % of Total Revenue	2.1%	24.1%	5.2%
Spa Departmental Expense Ratio	49.3%	95.8%	76.1%

Source: HVS

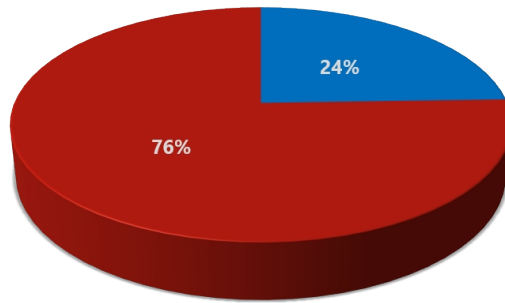
Spa Revenue per Treatment Room



Source: HVS

Spa Departmental Ratios

■ Spa Departmental Profit ■ Spa Departmental Expense



Source: HVS

Spas are becoming influential assets for hotels and resorts given the increasing demand related to wellness and lifestyle programs. With growing hotel and resort pillars being developed and dedicated to well-being, examining the depth of spa and wellness performance has become a fundamental factor of strategic growth and valuation. Moreover, understanding how these assets are performing plays a critical role in core strategic planning, including ADR and RevPAR performance.

If your spa is operating at a loss or notably above the typical expense ratio for a spa, as shown here, HVS can help. Also, if you are not driving significant revenue levels from your spa operation (a full-service spa should generate 5.0% or more of total revenue, on average; in our survey, upper-upscale spas generate 5.2% of total revenue on average, and luxury spas generate 7.4% of total revenue on average), our expertise can help you derive strategies for improvement, as enhancing or modifying these evolving services can reduce expense percentages and increase opportunities for new revenue growth throughout multiple departments.