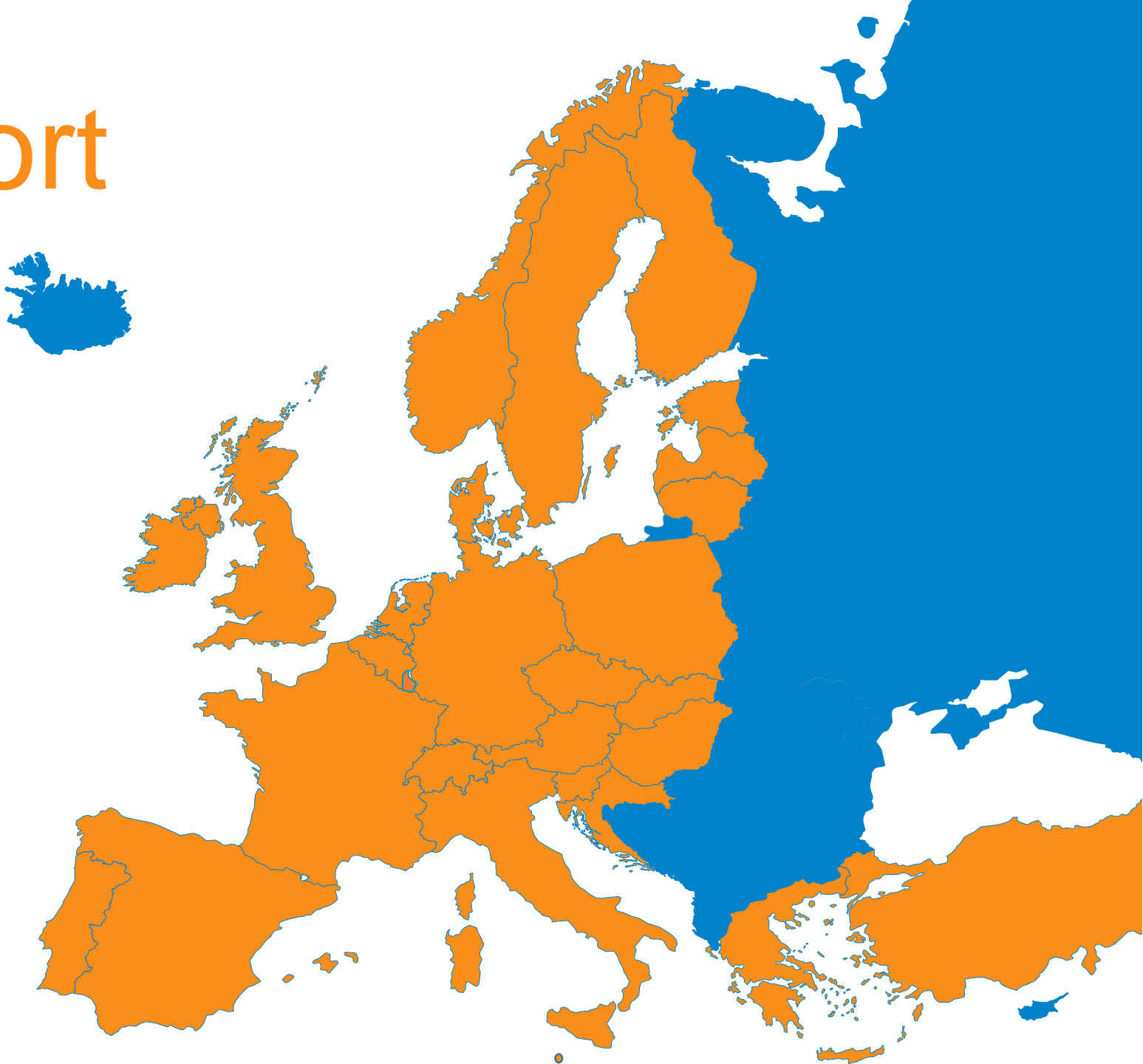


H EU Report

Europe



JANUARY 2018



ANALYSIS OF HOTEL RESULTS – JANUARY 2018

Europe's hotel industry is off to a good start

After a fully satisfactory year for the European hotel industry, the challenge is to maintain this momentum. As Bulgaria takes over the rotating Presidency of the Council of the EU, the industry seems to be right on track considering results thus far into the year.

2017 closed with a 6.9% increase in RevPAR in November, followed by a 6.3% increase in December. Good performance continued into 2018 with a RevPAR up +4.7%. Overall, this increase in RevPAR was due to both an occupancy rate up +1.7 points from 54.2% in January 2017 to 56.8% in January 2018 and average daily rates up +1.6% from 95.3 to 96.9 euros.

Growth is evident on all segments: the 2* hotels posted a 4.1% increase in RevPAR, thanks to a 1.5 point increase in occupancy rate and average daily rates up 1.6%. The 3* and 4* hotels also improved, with gains of +5.4% and +4.2% in RevPAR, respectively. Both benefit from higher occupancy rates and higher average daily rates than in January 2017. The 5* hotels are advancing slightly with a RevPAR up +7.0% due to a 2.2 point increase in occupancy rate and +3.0% increase in average daily rates.

Most European countries continue to build on the momentum begun in 2017 and show promising performances.

Latvia is stealing the show with a RevPAR up +28.2% due to an occupancy rate up +9.4 percentage points from 46.0% in January 2017 to 55.4% in January 2018, and average daily rates up +6.4% from 58.4 euros to 62.2 euros.

With a double-digit increase in RevPAR (+10.9%), Belgium experienced a more favorable January in 2018 than 2017 when the country reported a negative RevPAR of -3.2%. The territory thus seems to have turned the page on the attacks that hit its capital. Belgium's Dutch neighbor, meanwhile, experienced increases in both its occupancy rate (+3.2 points) and average daily rates (+3.5%), resulting in a 9.0% growth in RevPAR.

Southern European countries are also in good shape, such as Spain (+8.4%), Italy (+7.1%), Portugal (+5.5%) and Greece (+5.6%), with good performances in RevPAR. Figures for Spain and Italy are due to an increase in both average prices and occupancy rates. Results for Greece and Portugal are largely due to an increase in average daily rates. Eastern Europe was boosted by the increase in Poland's RevPAR (+8.7%) due in particular to an increase in occupancy rate by 3.4 percentage points, followed by Hungary (+7.7%) which achieved growth more through the increase in average daily rates (+4.7%). In Western Europe, growth in Germany's RevPAR (+3.7%) resulted from an increase in occupancy rate by +2.2 percentage points while the RevPAR in the United Kingdom increased (+0.9%) thanks to just a slight increase in average daily rates (+1.0%). With a 3.9% increase in its RevPAR, France keeps step with the good momentum of the European continent and should continue to follow this trend.

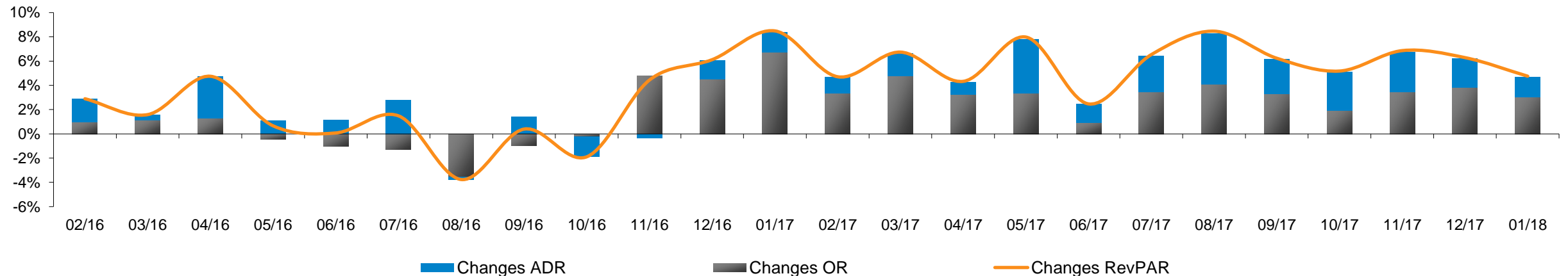
HOTEL RESULTS BY SEGMENT IN EUROPE – JANUARY 2018

MONTHLY RESULTS			
	Occupancy Rate	Average Daily Rate (€ VAT excl)	RevPAR (€ VAT excl)
	(pts)	(%)	(%)
2*	1,4	1,6%	4,1%
3*	1,9	2,0%	5,4%
4*	1,8	0,9%	4,2%
5*	2,2	3,0%	7,0%
Global	1,7	1,6%	4,7%

YTD RESULTS			
	Occupancy Rate	Average Daily Rate (€ VAT excl)	RevPAR (€ VAT excl)
	(pts)	(%)	(%)
2*	1,4	1,6%	4,1%
3*	1,9	2,0%	5,4%
4*	1,8	0,9%	4,2%
5*	2,2	3,0%	7,0%
Global	1,7	1,6%	4,7%

Note : The indicators are compared to the same period of previous year, i.e. JANUARY 2018 vs JANUARY 2017

OR, ADR and RevPAR change - Last 24 months

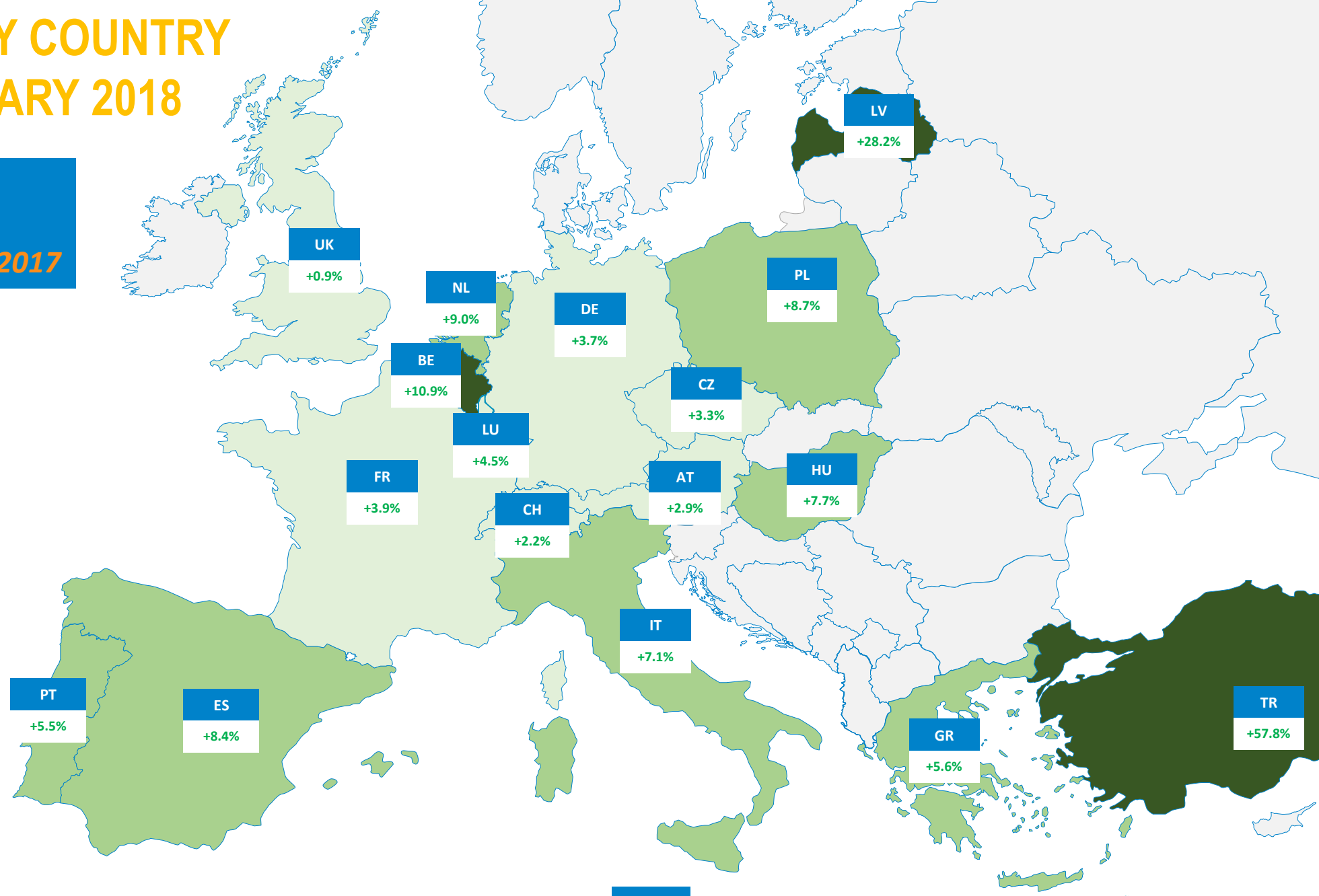


HOTEL RESULTS BY COUNTRY IN EUROPE – JANUARY 2018

Monthly Results - RevPAR
change by country
JANUARY 2018 vs JANUARY 2017

European
average
+4.7%

- Sup. to 10%
- Between 5% and 10%
- Between 0% and 5%
- Inf. to 0%

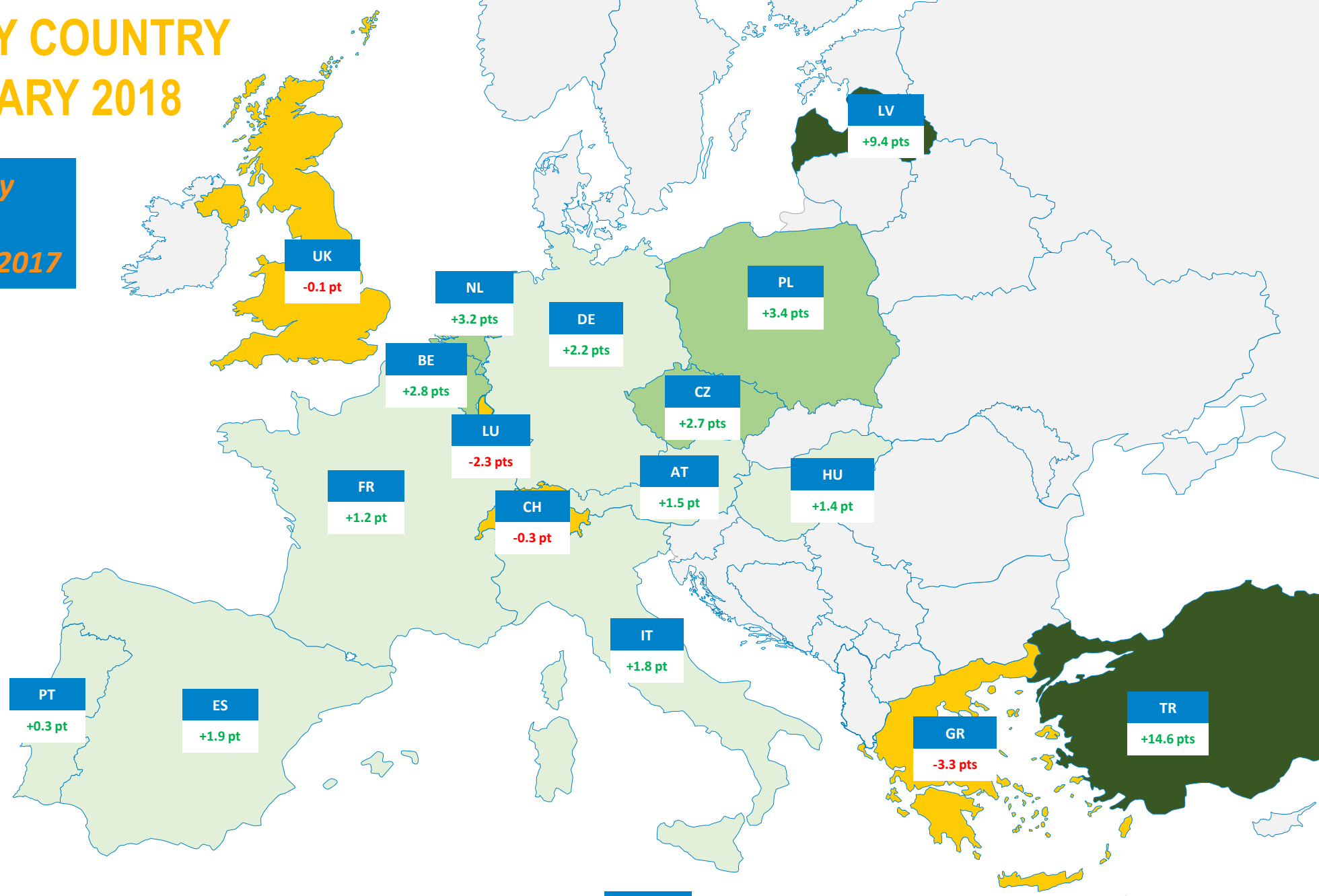


HOTEL RESULTS BY COUNTRY IN EUROPE – JANUARY 2018

Monthly Results – Occupancy
Rate change by country
JANUARY 2018 vs JANUARY 2017

European
average
+1.7 pt

- Sup. to 5 pts
- Between 2,5 and 5 pts
- Between 0 and 2,5 pts
- Inf. to 0 pt

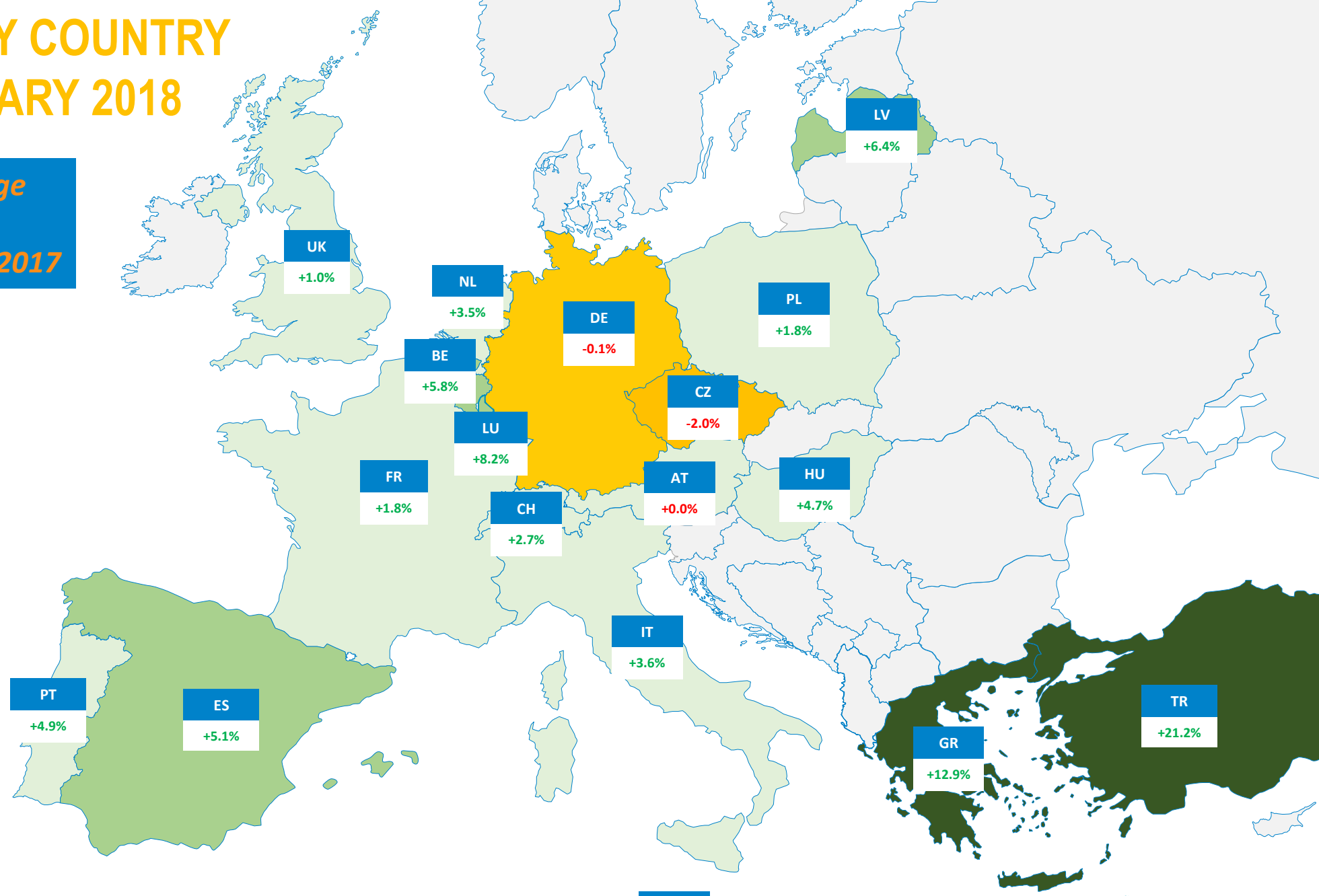


HOTEL RESULTS BY COUNTRY IN EUROPE – JANUARY 2018

Monthly Results - ADR change
by country
JANUARY 2018 vs JANUARY 2017

European
average
+1.6%

- Sup. to 10%
- Between 5% and 10%
- Between 0% and 5%
- Inf. to 0%



METHODOLOGY

1 Conventions

The report presents the results of corporate brand hotels in Europe. The sample consists of a total of more than 6,500 hotels, representing more than 800,000 rooms. The breakdown by segment is as follows: 30% for Budget and Economic hotels, 30% for midscale hotels and 40% for upscale hotels.

Hotels are classified according to the hotel star system: from 1* to 5*. The category of corporate chain hotels are allocated individually according to MKG Hospitality's market expertise and reflect the "marketing classification" in complement to the official rating system(s) of the country (if any). The category breakdowns for global supply are taken from MKG Hospitality's database and from information provided by statistical and/or hotel industry institutions (e.g. associations, unions).

2 Glossary

- **Occupancy rate:** Number of sold rooms divided by number of available rooms
- **Average daily rate:** Room revenue divided by number of sold rooms
- **RevPAR:** Occupancy rate x average daily price or room revenue divided by available rooms
- **Available rooms:** Capacity x number of operating days (within a month)
- **Sold rooms:** Capacity x number of operating days x occupancy rate
- **Room revenue:** Room revenue expressed net of VAT (excluding other types of revenue such as food and beverage, etc.)

