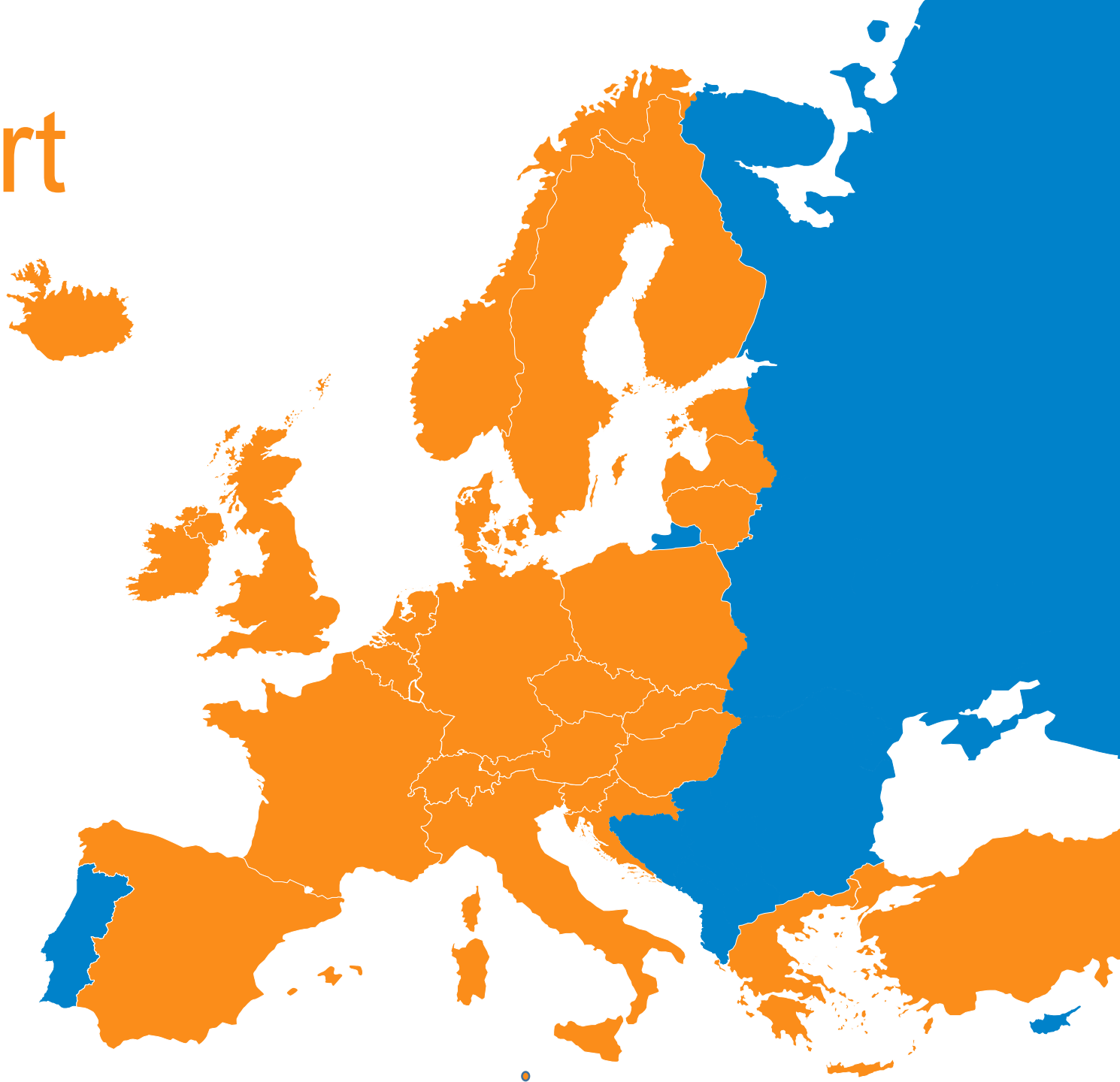


H EU Report

Europe



JULY 2018



ANALYSIS OF HOTEL RESULTS – JULY 2018

Europe's hotels show timid growth

After a month of June marked by improved hotel results, Europe's summer shows less significant growth. Driven by essentially positive results in Belgium, the Netherlands, Turkey and Latvia, there are nonetheless disparities with drops in results in Switzerland and Poland.

Compared with July 2017, hotels on the continent recorded a slight 1.1 point increase in occupancy to 78.5%. The same movement was observed for average daily rates, which rose by 3.5% to 113.4 euros. The progression of these two indicators resulted in overall growth by 4.9% in RevPAR, which reached 89.0 euros.

While the positive trend may be observed in all categories, the 5* hotels leads the way with a RevPAR up 9.3%. The other segments maintained good growth in RevPAR by 5.7% in the 3* category and by 4.2% in the 4* hotels. The increase in the average daily rate alone by +2.1% compensates for the slight decline in the occupancy rate of the 2* hotels (-0.2 point), which posted a RevPAR of 1.8%.

At year-to-date, the balance sheet is also favourable with all indicators green. This general dynamic is maintained by the upturn in activity in practically all countries.

Major Western European countries maintained a steady pace with France (+8.7%), the United Kingdom (+5.0%) and Germany (+0.1%), while growth peaks by more than 10% in RevPAR were recorded in Belgium (15.9%) and the Netherlands (11.3%).

In Southern Europe, Italy (+4.7%) continued to shine, Spain (+0.2%) benefited from the success of Madrid (RevPAR +10.8%) and Valencia (RevPAR +10.7%), while Barcelona's RevPAR fell by -5.6% and Portugal (+6.9%) built on the good results of previous years. The improvement in Greek activity (+8.3%) is reflected in an increase in average daily rates by more than 10%, to reach a RevPAR of 11.6% year-to-date.

Two countries are the exception owing to less intense activity in July: Switzerland (-1.9%) and Poland (-4.1%). In 2017, Hungary posted its strongest RevPAR growth since 2016 (+28.8%), thanks in particular to the World Swimming Championships held in Budapest. At the start of the summer, average daily rates fell by 8.2% but the occupancy rate was more moderate than the previous year (-0.8 point) nonetheless reached 84.1%. This table is completed by Latvia (+11.0%), Austria (+6.6%) and the Czech Republic (+3.8%) which also sign occupancy rates higher than 80%.

Despite lower occupancy rates than in July 2017, Europe's good results illustrate a good start to the summer season. Over the last twelve months, European RevPAR was up 4.8% thanks to a 2.9% increase in average prices.

Overall, the European hotel business performed well in July: most countries saw their RevPAR grow compared to last year and some can even boast double-digit growth. The Benelux region and France are pursuing their growth paths, while the usual growth leaders (Spain, Portugal, Greece) continue to progress.

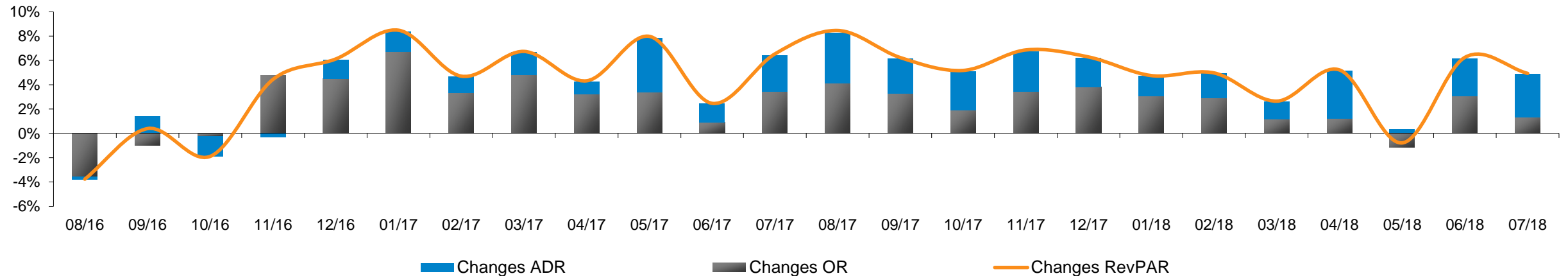
HOTEL RESULTS BY SEGMENT IN EUROPE – JULY 2018

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

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

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

OR, ADR and RevPAR change - Last 24 months

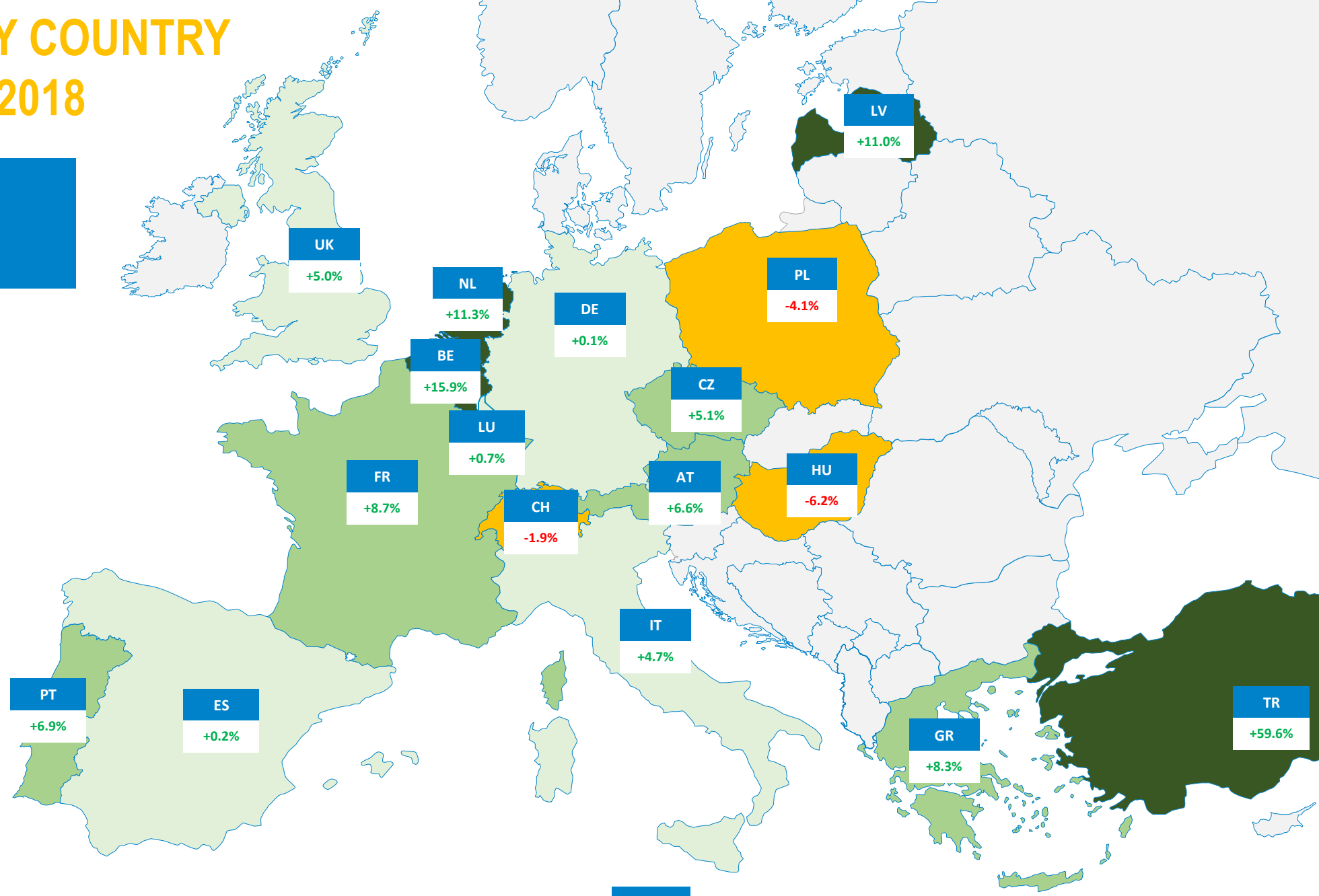


HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2018

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

European
average
+4.9%

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

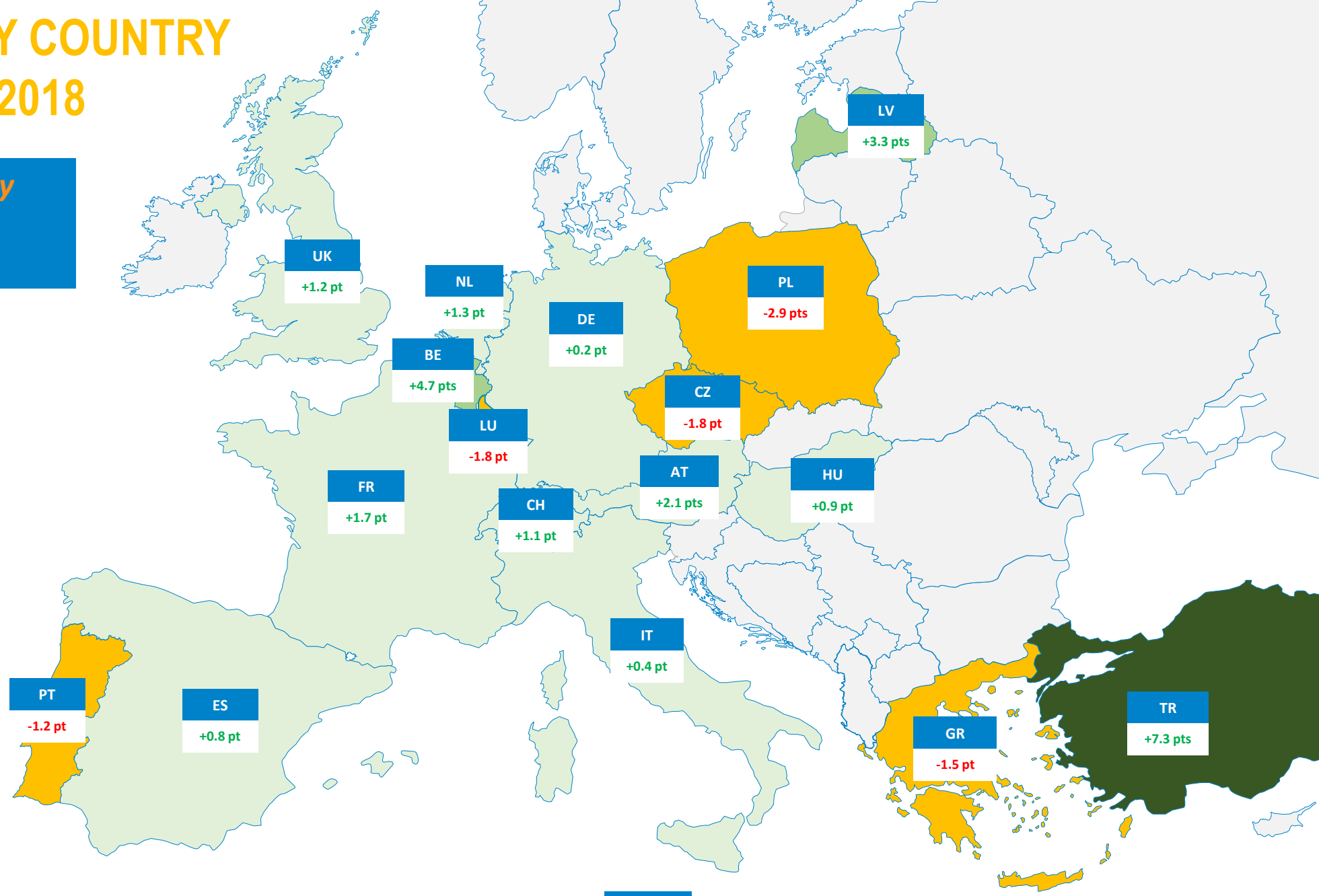


HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2018

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

European
average
+1.1 pt

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

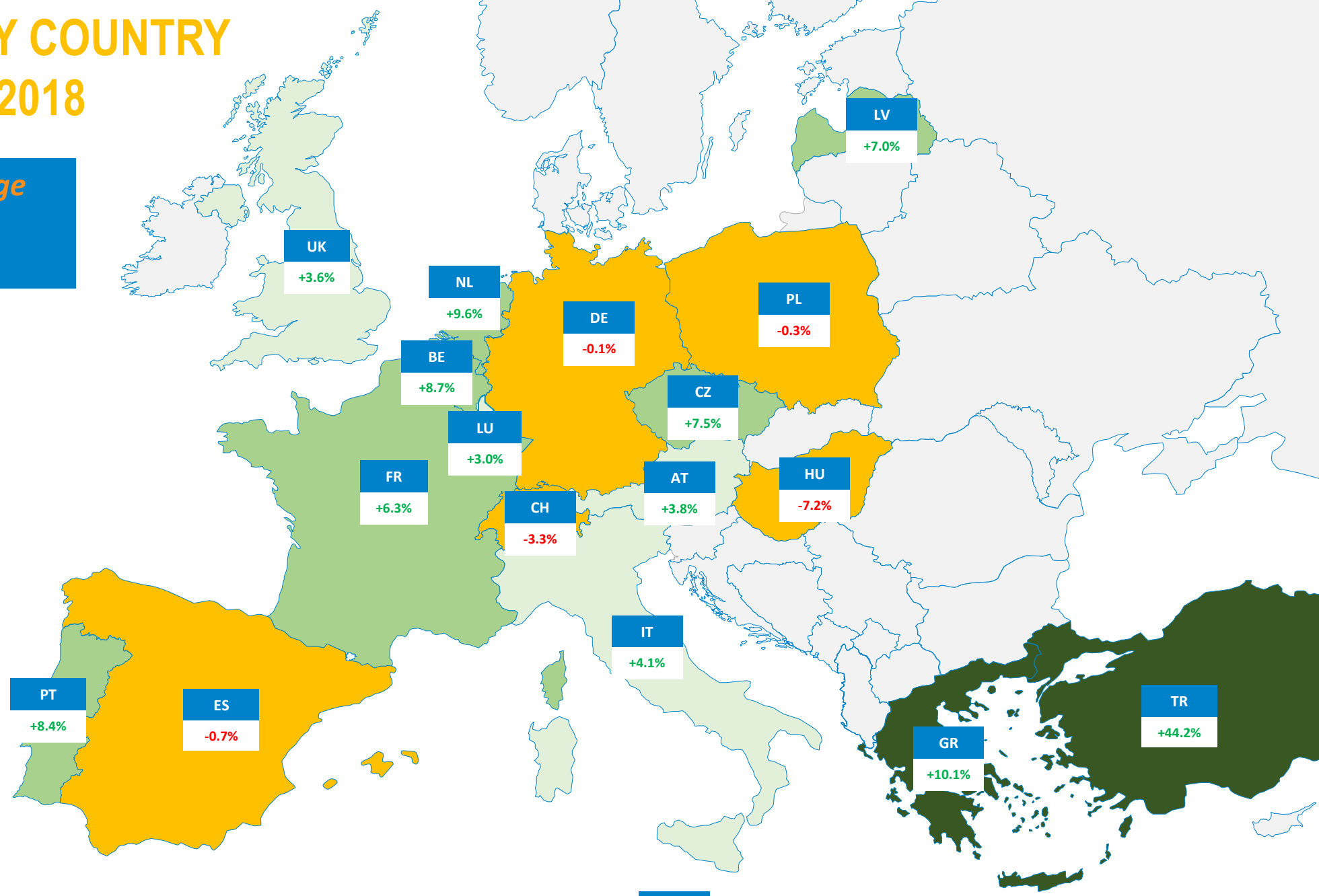


HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2018

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

European
average
+3.5%

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

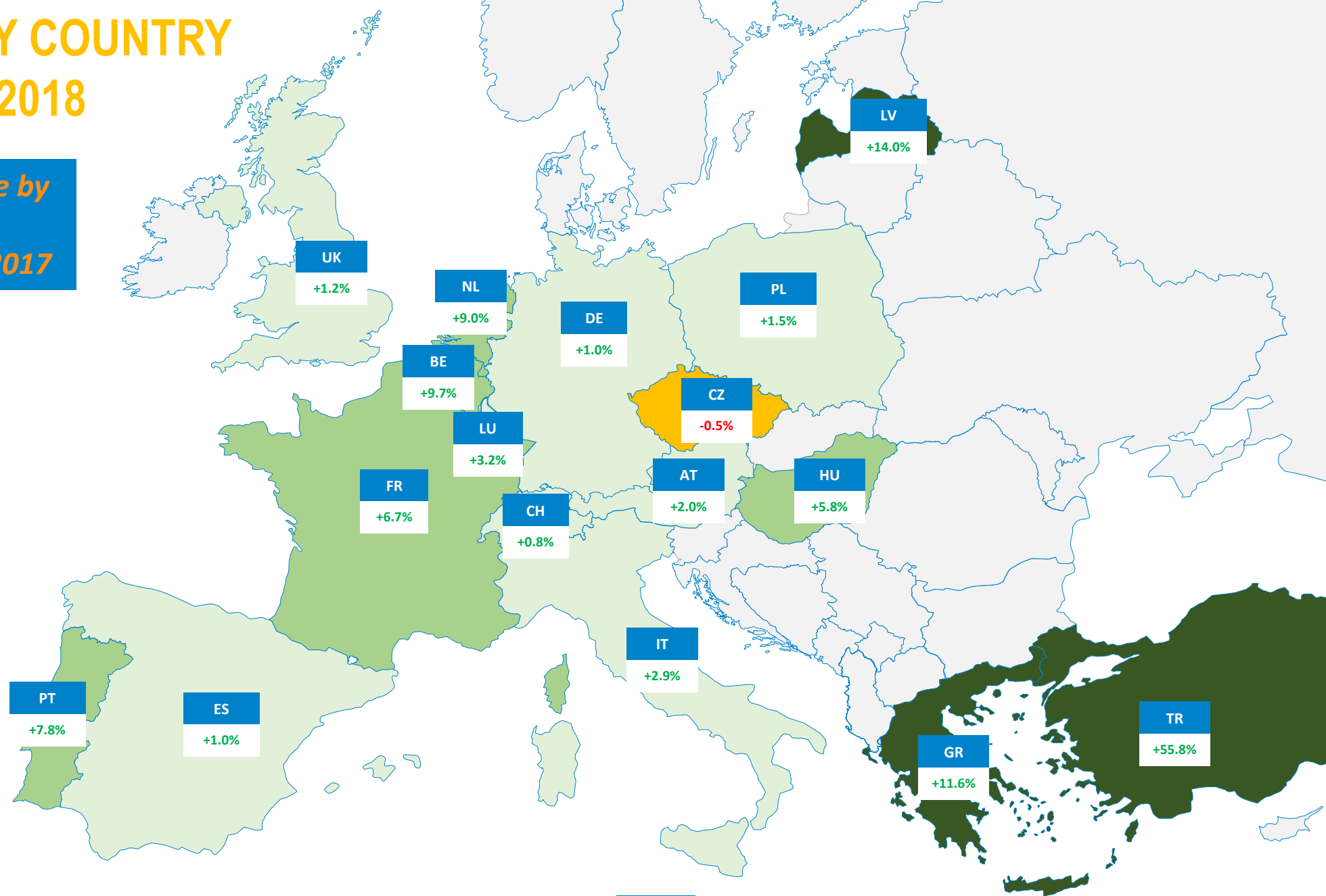


HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2018

YTD Results - RevPAR change by country
YTD JULY 2018 vs YTD JULY 2017

European average
+3.5%

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

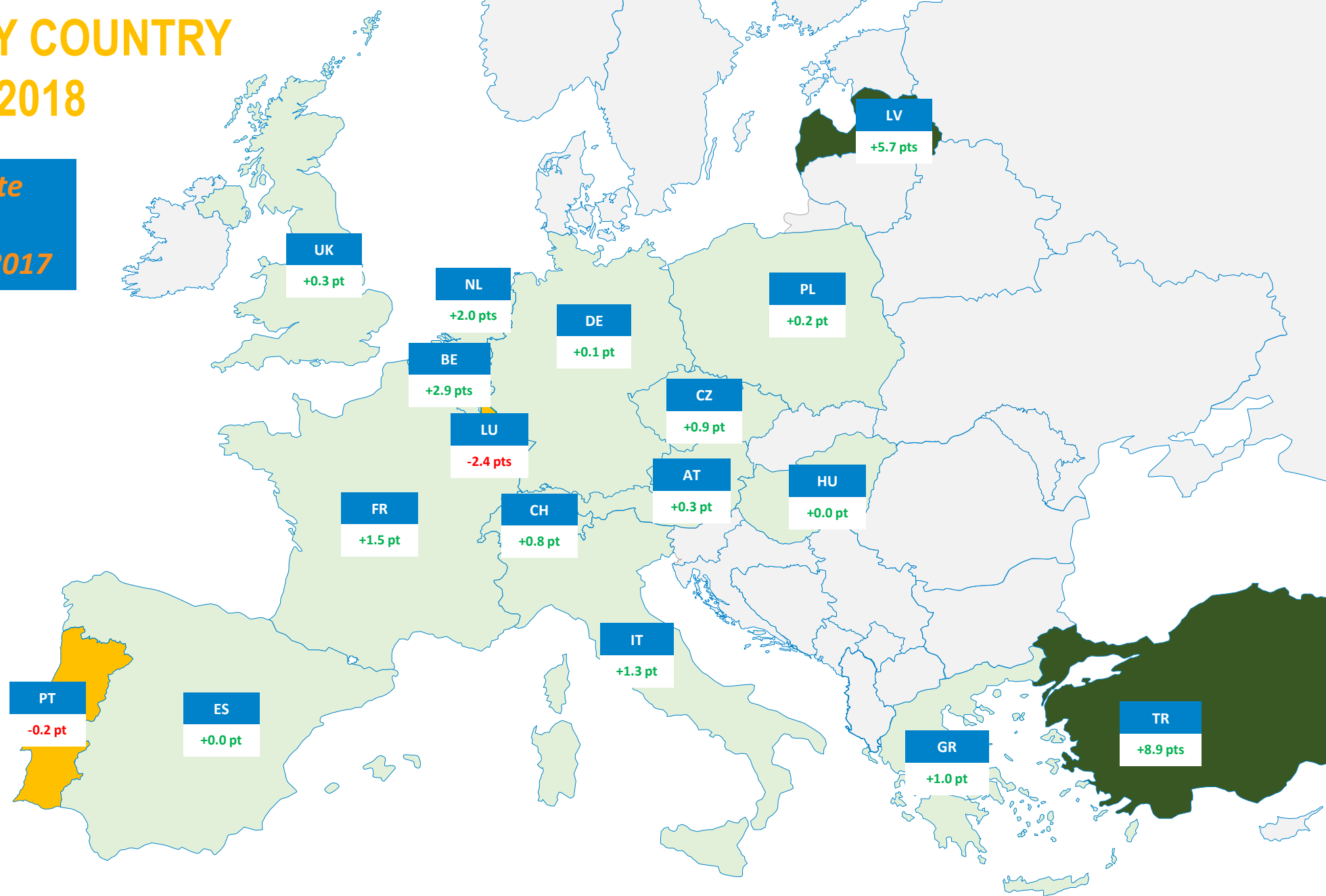


HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2018

*YTD Results – Occupancy Rate
change by country
YTD JULY 2018 vs YTD JULY 2017*

European
average
+1.0 pt

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

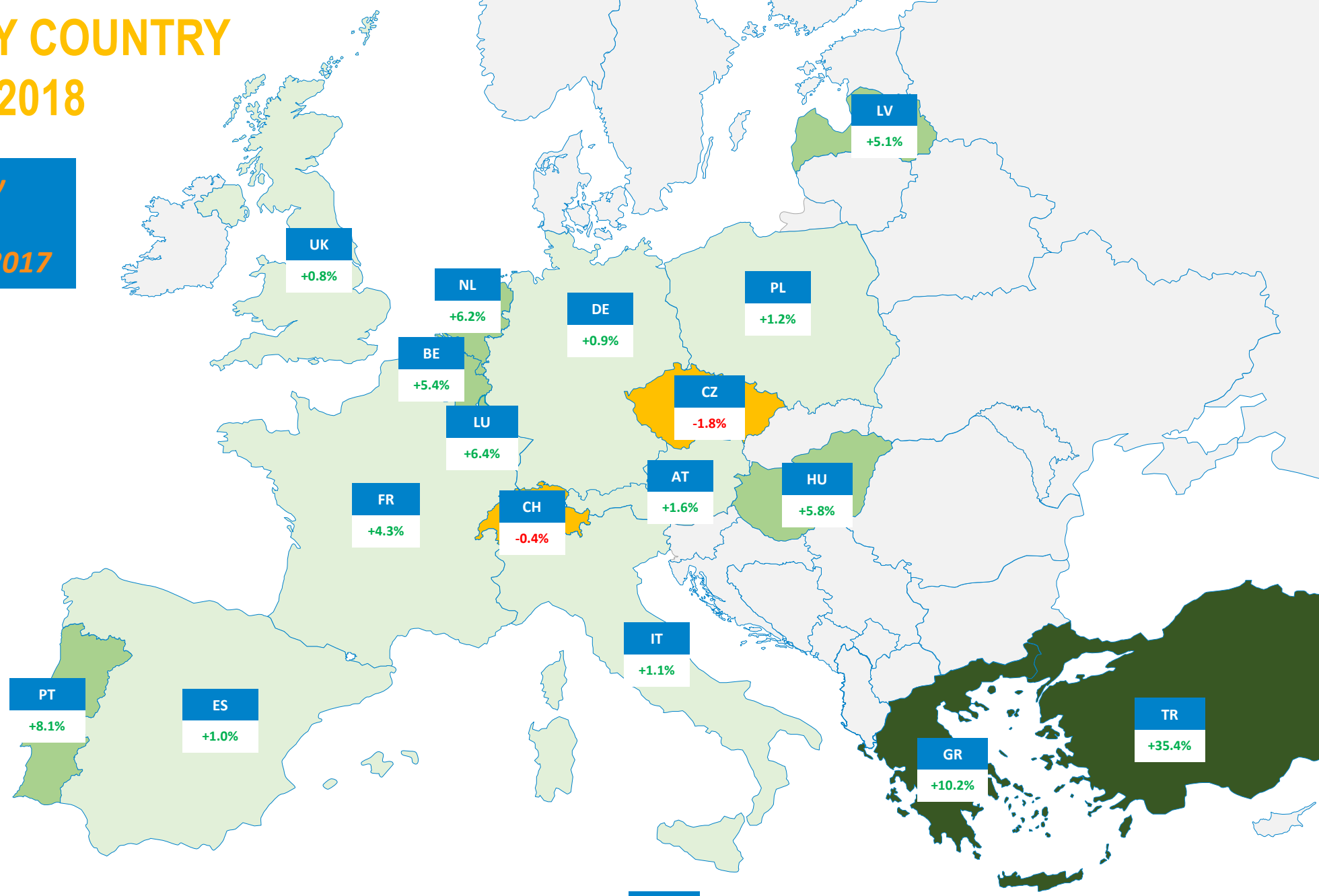


HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2018

YTD Results - ADR change by country
YTD JULY 2018 vs YTD JULY 2017

European average
+2.1%

- 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.)

