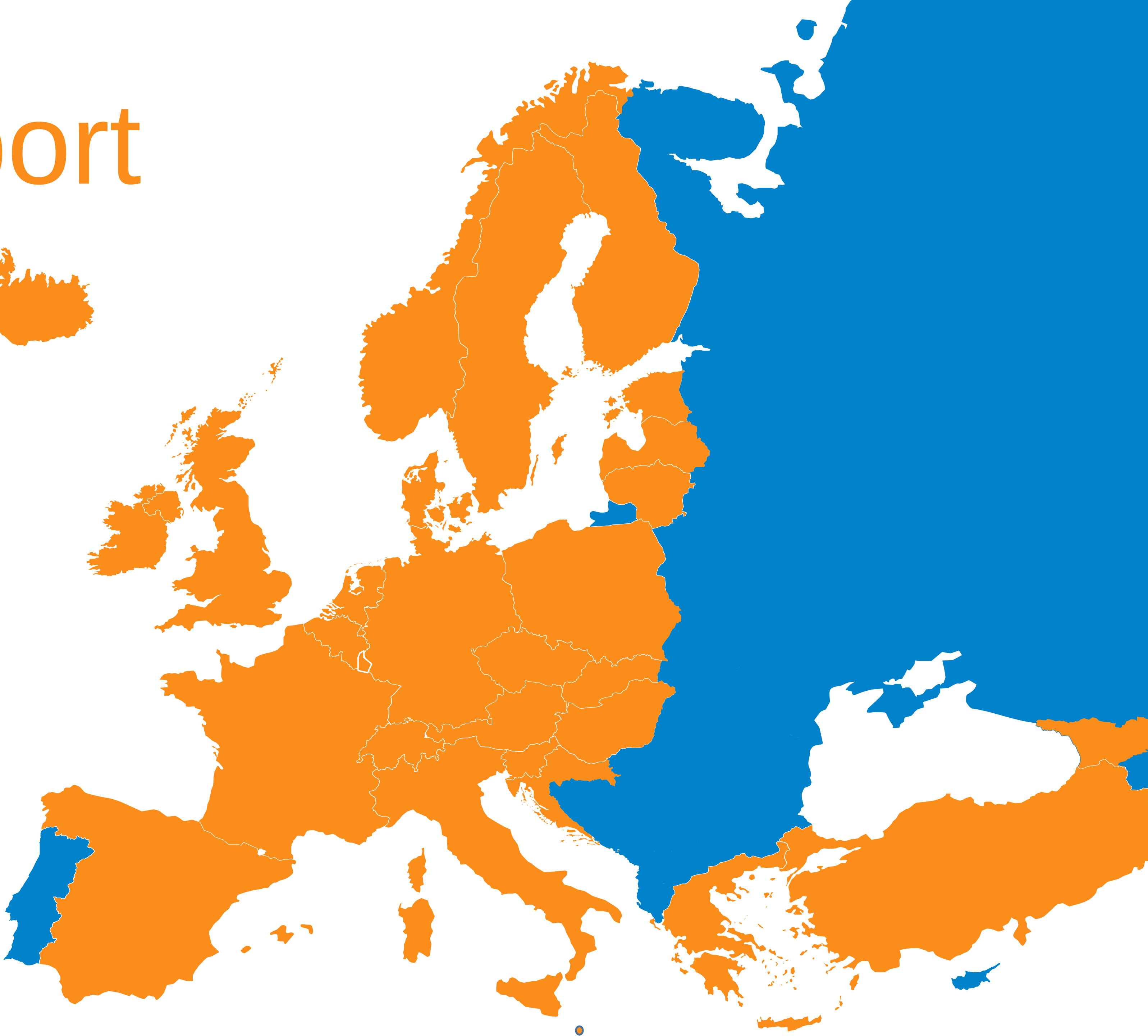
HEU Report

Europe

Hotrec
Hospitality Europe



JANUARY 2019

ANALYSIS OF HOTEL RESULTS – JANUARY 2019

A cloud on the horizon for European hoteliers

The year is off to a slow start for European hoteliers who post less encouraging results than at the beginning of 2018.

Compared to January 2018, the destination recorded a positive performance with an overall increase in RevPAR by +4.7%, but this trend is due solely to the continuing +4.2% increase in prices compared to January 2018 and not to the number of customers, which has stagnated at +0.3 point as compared to +1.5 point in early 2018. The 4* hotels posted the best health with RevPAR up 5.8%, driven by stable occupancy rate and average daily rates up 5.6%. Occupancy rates in 2* and 3* increased slightly, with average daily rates rising by +2.4% and +3.6% respectively, making it difficult to maintain a +3.2% increase in RevPAR on the 2* category and +5.0% on the 3* category. The 5* hotels registered a drop of occupancy (-1.2 point).

Austria is the big winner among the European countries in the panel. It is the only destination to post double-digit growth in RevPAR by +14.2% or €51.20 excluding VAT. It is the destination that performs best in terms of occupancy rates with an increase of +6.2 points, while hoteliers have increased their prices moderately. The Austrian capital posted +20.2% growth in RevPAR thanks to a +7.7 points increase in OR and average daily rates up +4.3%. Portugal follows with a RevPAR of +6.7%, driven by an increase in average daily rates by +4.7% and a slight increase by +1.0 percentage point in occupancy. Lisbon maintained a +5.2% increase in RevPAR due to an 8.9% increase in ADR, with occupancy down slightly by -2.0 points. It is the Algarve region that drives performance upwards with occupancy rates up +7.6%, which hoteliers took advantage of to increase prices by +16.9%. Hungary closed the podium with a +6.1% increase in RevPAR, driven solely by the increase in prices by +5.9% while the occupancy rate stagnated with progress by just +0.1 point. Budapest lost -0.5 points to the occupancy rate and maintained +5.9% growth in its RevPAR through an increase in ADR by +7.0%. Like its European neighbours, Germany maintained its RevPAR growth at +5.9% with an average price increase of +4.3%, while OR barely increased by +0.9 points. Munich (+29.1%), Berlin (+14.1%) and Nuremberg (+11.6%) posted the best increases. This is mainly due to occupancy rate for Berlin (+5.9 points) and Munich (+5.0 points). Cologne and Dusseldorf posted a timid start to the year but maintained a positive change, while all other German conurbations posted negative performances. In Belgium, only Brussels is doing well and is allowing the destination to maintain its RevPAR on a +4.6% growth trend by increasing average daily rates by +3.2% while occupancy is stable at +0.8 points growth. The capital of The Netherlands saw its RevPAR increase by +7.4%, driven by an occupancy rate up +2.1 points and prices up by +3.8%.

With a 4.5% increase in RevPAR, Poland is one of the few countries to be able to count on a significant increase in occupancy rates by +1.6 points accompanied by a moderate increase in average daily rates by +1.5%. Wroclaw posted an insolent 20% increase in RevPAR supported by a 7.1 percentage point increase in OR, which allowed prices to rise by +5.0%. The capital Warsaw loses -0.3% of RevPAR due to a -0.7 point drop in occupancy and prices stagnating with +0.8% growth. France ranks 7th in terms of RevPAR performance with modest +3.2% change driven solely by the increase in average daily rates which are up +3.3%, and occupancy rate stagnating perfectly. Despite fashion week, hoteliers are suffering from a brand image that is beginning to deteriorate. More details in the analysis dedicated specifically to the French market. At the bottom of the pack, the Czech Republic posted a modest +2.3% increase in RevPAR, impacted by a -1.2 point drop in OR. Nevertheless, hoteliers increased their prices by +4.7%. The United Kingdom made very modest progress on RevPAR by +0.2 point and maintained its RevPAR in the green at +2.2% through a +1.8% increase in average daily rate. Overall, it is the economy segment that improved its occupancy rates by +1.3 points, while the other segments stagnated at change by -0.1 point for the midscale segment and -0.2 point for the upscale segment. On an urban level, only London, Birmingham and Manchester are in the green. Luxembourg follows with a +1.6% increase in RevPAR supported by a +5.2% increase in average daily rates, with occupancy rates falling by -2.3 points. Spain remains in the black with a RevPAR of +1.2% driven by prices up +1.1% with occupancy of properties stable at +0.1 point change. Despite a 14.3% increase in RevPAR in the Economy segment (+4.9 occupancy points and +4.7% for average daily rates), the RevPAR performance in the Midscale (+1.2%) and Upscale (-0.4%) segments affected the overall growth of the destination. The Netherlands is leading the way for destinations whose RevPAR is down with a slight decline to -0.2% due to a TO of -0.2 points and price stagnation at +0.1%. The economy (-3.0%) and mid-range (-1.5%) drove performance down despite the fact that the top-of-the-range remained at +2.9%. Amsterdam (-2.4%) and Eindhoven (-7.7%) dropped out of RevPAR while Rotterdam (+7.8%), Utrecht (+2.6%) and The Hague (+1.5%) remained in the positive. Italy lost -2.5% on RevPAR despite a price drop of -0.6%, while TO lost -1.1 point. Despite a continuation of RevPAR for the Economy segment +10.5% driven by an average price increase of +7.5% and a slight increase in patronage of +1.7 points, national performances fell, driven down by the mid- and upscale segments, each losing -1.9 point and -1.1 point in occupancy rate respectively. Only Turin manages to maintain its RevPAR at +0.6%, while the other conurbations are in decline with as much as -22.1% in RevPAR for Naples. Greece, second last in the panel, starts the year with a -4.6% decline in RevPAR. Despite a price drop of -0.3%, occupancy rate fell by -2.1 points. Athens lost -8.7% to RevPAR due to a -5.2 percentage points drop in the occupancy rate, with prices maintained at +2.6%. Last but not least, Latvia, which has so far performed well, lost -10.8% on RevPAR with a -4.5 points drop in OR (the biggest in the panel) and a -2.4% drop in prices (also the biggest in the panel).

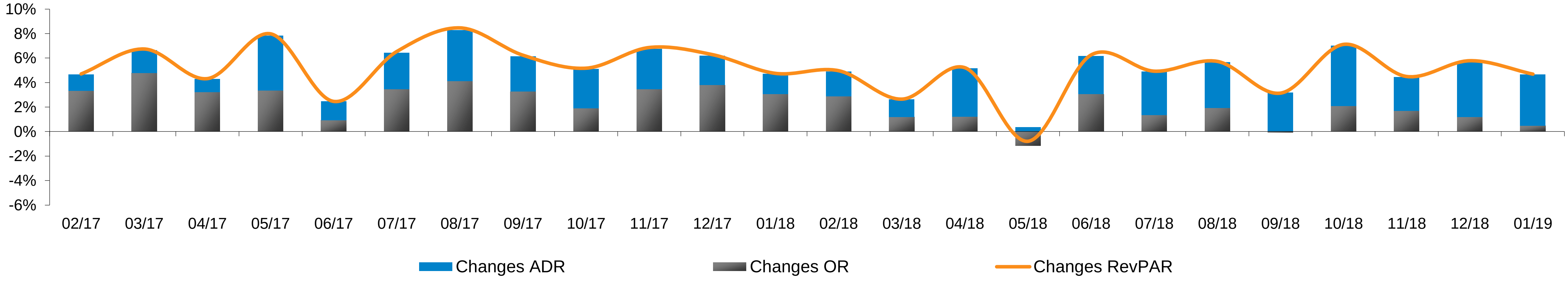
HOTEL RESULTS BY SEGMENT IN EUROPE – JANUARY 2019

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

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

Note : The indicators are compared to the same period of previous year, i.e. JANUARY 2019 vs JANUARY 2018

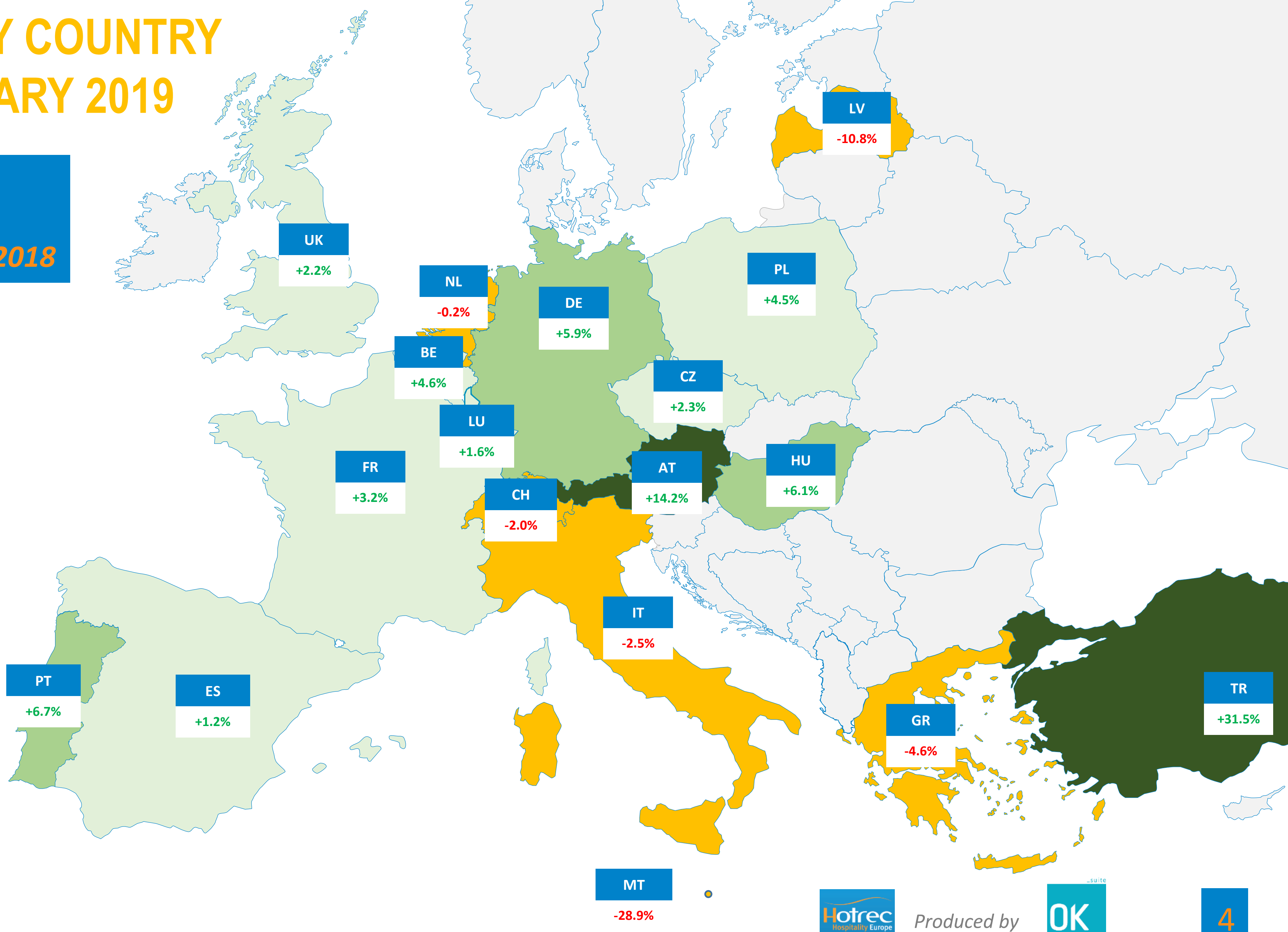
OR, ADR and RevPAR change - Last 24 months



HOTEL RESULTS BY COUNTRY IN EUROPE – JANUARY 2019

Monthly Results - RevPAR change by country
JANUARY 2019 vs JANUARY 2018

European average
+4.7%



Sup. to 10%

Between 5% and 10%

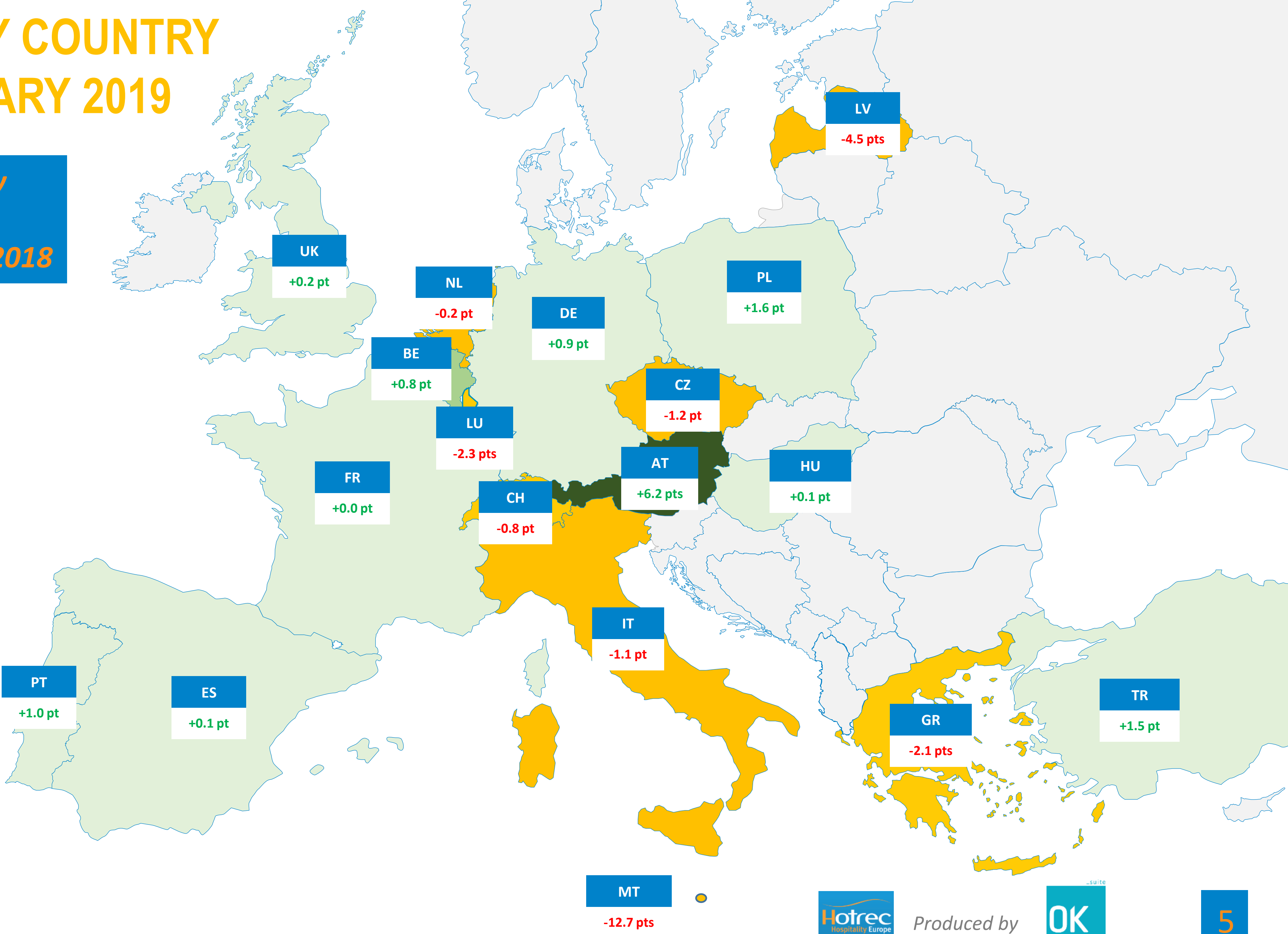
Between 0% and 5%

Inf. to 0%

HOTEL RESULTS BY COUNTRY IN EUROPE – JANUARY 2019

Monthly Results – Occupancy Rate change by country JANUARY 2019 vs JANUARY 2018

European average
+0.3 pt



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

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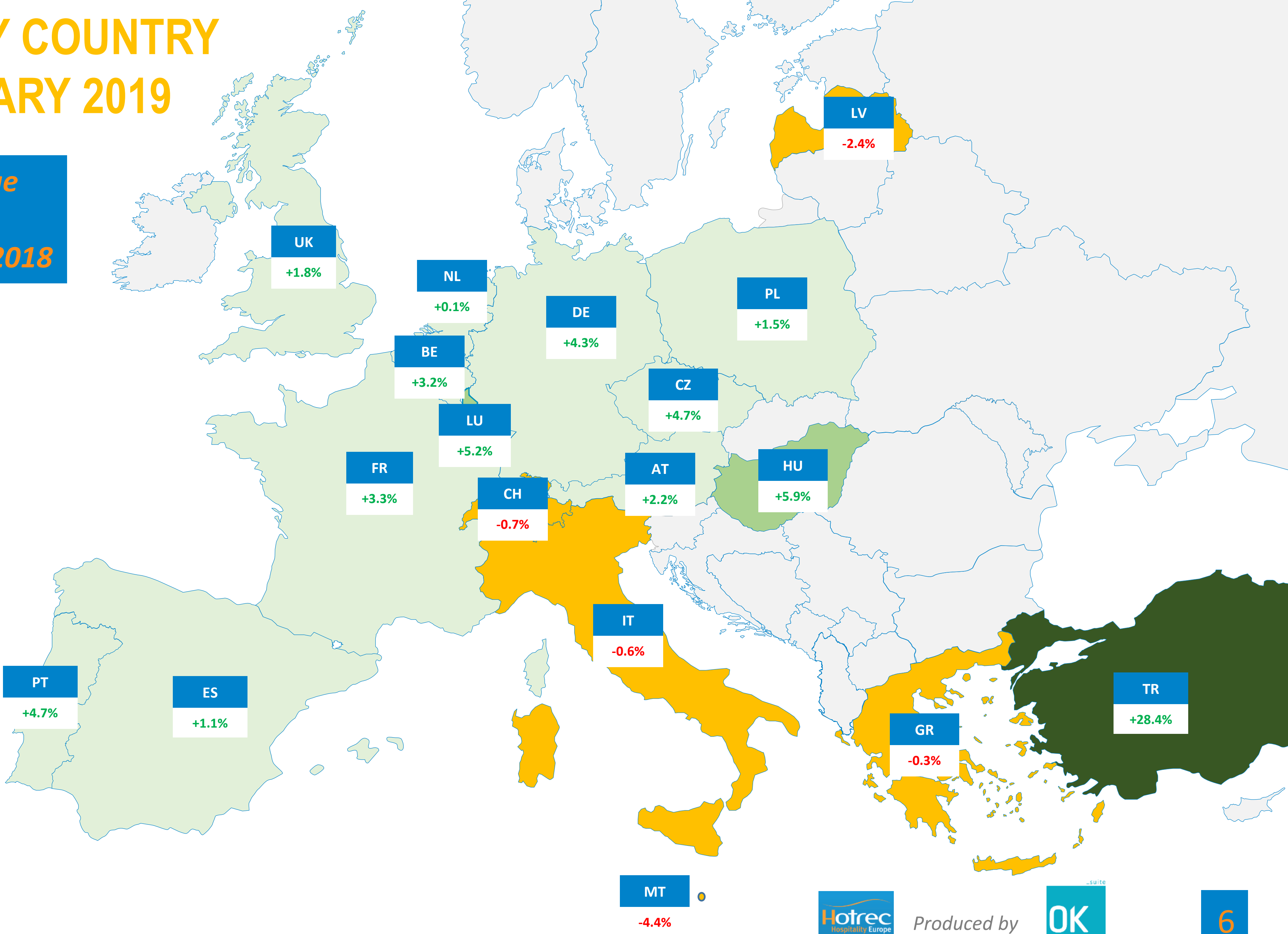
HOTEL RESULTS BY COUNTRY IN EUROPE – JANUARY 2019

Monthly Results - ADR change by country
JANUARY 2019 vs JANUARY 2018

European average
+4.2%



- 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.)