

H EU Report

Europe



JULY 2019



ANALYSIS OF HOTEL RESULTS – JULY 2019

No excess for European hoteliers

European hoteliers maintained their occupancy and revenues during this first month of the high season. No double-digit growth except for seaside destinations. While some European destinations are crying out about overtourism, the data reflect a contrasting reality.

With occupancy up +0.8 percentage points in 2019 in Europe overall, the trend remains positive. Hoteliers maintained their average daily rates at +1.6%, resulting in a +2.6% increase in RevPAR. This is the 3* segment presents the best growth with +0.9 point in OR, +1.8% for the average daily rate for a RevPAR up +3.0%. The 2* hotels experienced + 1.2 points increase, with prices up +1.2%, driving up RevPAR by +2.6%. The RevPAR for the 4* segment grew +2.9% with a +0.7 percentage point increase in OR and relatively stable prices up +2.0%. Year-to date, RevPAR improved by +3.6%, and once again the 3* segment grew the most with +4.1% of RevPAR since January 2019.

Business and leisure tourism combined to enable Luxembourg hoteliers to significantly increase their average daily rates by +16.6% (to 134.20 € ex-VAT) , which is the only double-digit increase in the panel even despite a 1.8 point decrease in OR compared to July 2018 (79.2%). Poland is back on track with the strongest increase in OR in the panel thanks to +2.4 additional points (76.1%) combined with ADR up +6% to produce a RevPAR up by +9.6% (€50.60 ex-VAT). Austria brings up the rear of the top three with the second highest increase in OR in the panel by +2.2 points, combined with an ADR that pursued growth by +5.5% resulting in a RevPAR up +8.4% to €76.40 ex-VAT.

The month of Belgium's National Day, held on July 21, was beneficial to hoteliers: +6.7% RevPAR (€74.50 ex-VAT) thanks to average daily rates up +5.6% and a slight increase in OR by +0.8 points. The destination's occupancy rates have been in the green since the beginning of the year. Brussels and Ghent are driving July 2019's performance upwards, while Liege and Antwerp show a decline in OR and ADR. Italy, the leading summer tourist destination in the panel, closed July with a +5.8% increase in RevPAR (€95.90 ex-VAT). The OR resists with +0.9 points; it is the economy segment that performs best with +3.6 percentage points. All destinations are in the green across all indicators. Only Rome saw its OR decrease by -1 percentage point.

Portugal also benefited from this high season month with the third strongest growth in the panel by +2 points (OR up to 84.7%), accompanied by a price increase of +1.1% for a RevPAR up +3.5% (€82.00 ex-VAT). The upscale segment posted a +5 percentage point increase in OR with average daily rates stable at -0.1% (€139.10 ex-VAT). Spain, the third seaside destination in the panel, displayed a +2.0% increase in RevPAR with an OR of +1.3 points and average daily rates stable with +0.3%. Economy and upscale segments posted the best performances with +3.7% and +3.3% for their respective RevPARs. In Spain only Seville and Malaga saw their OR drop by -2.1 and -3.0 points. France remains in the green at +2% of RevPAR (€76.90 ex-VAT) sustained by a stable OR at +0.3 points and average daily rates up +1.6% (€110.60 excluding VAT). Germany and Hungary presented a +1.8% increase in RevPAR. For Germany this may be explained by the increase in occupancy by +1.2 points (74.7%) (although Berlin, Frankfurt, Hamburg and Munich saw their occupancy rates drop), boosted by stable average daily rates at +0.1%, pushing the RevPAR up to €63.70 ex-VAT. Hungarian hoteliers, on the other hand, had to act on average daily rates by increasing them by +2.8% (€84.80 ex-VAT) to offset the OR down by -0.8 points. Finally, with the smallest growth in results in the panel, the United Kingdom produced growth in RevPAR by +0.4% (€97 ex-VAT), average daily rates +0.1% (€11 ex-VAT) and a stable OR +0.3 points (87.3%). The economy segment saw its OR increase by +2.4 points, while hoteliers slightly decreased their average daily rates by -1.3%. Mid- and upscale segments lose ground in terms of OR, but maintain average daily rates allowing them to achieve a slightly positive RevPAR.

Greece's OR is down -2.2 points, but it nonetheless remains at 86.3%, just behind the United Kingdom. Average daily rates are up +2% (€136.20 ex-VAT) and dominate the panel. In the end, RevPAR fell -0.6% to 117.50 € ex-VAT and remains the highest among the European destinations studied. With a 5-point drop, Latvia has the worst occupancy, but hoteliers nonetheless have an average OR of 82.9% and average daily rates were up +4.3%, resulting in a -1.6% decrease (€65.90 ex-VAT) in RevPAR. The Czech Republic saw its OR drop by -0.4 points (77.4%), despite ADR down by -1.2%, resulting in a RevPAR down -1.7% to reach €54.10 ex-VAT. The Netherlands came last in this panel with results full of contradictions. With a slight increase in OR of +0.6 point (84.9%) and average daily rates down -4.6% to €114.60 ex-VAT, the RevPAR fell -4.0% (€97.20 ex-VAT).

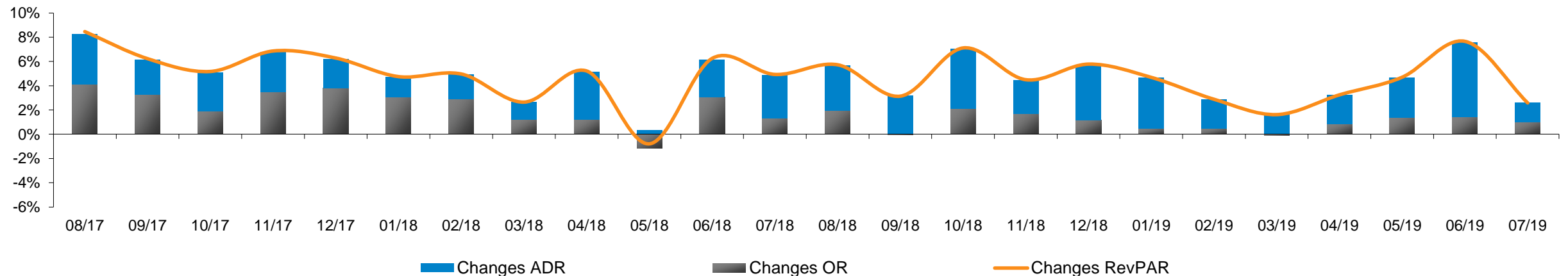
HOTEL RESULTS BY SEGMENT IN EUROPE – JULY 2019

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

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

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

OR, ADR and RevPAR change - Last 24 months

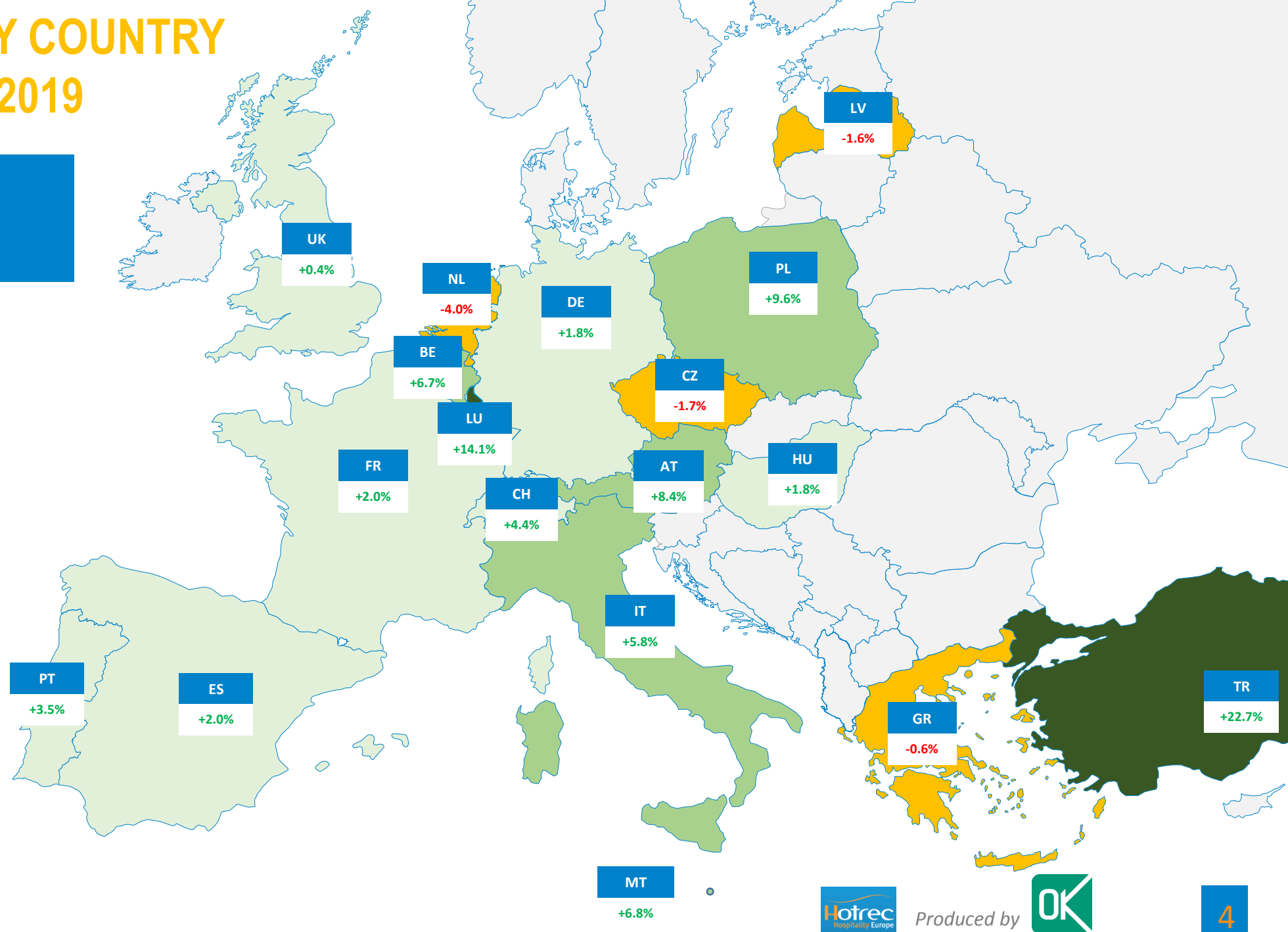


HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2019

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

European
average
+2.6%

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

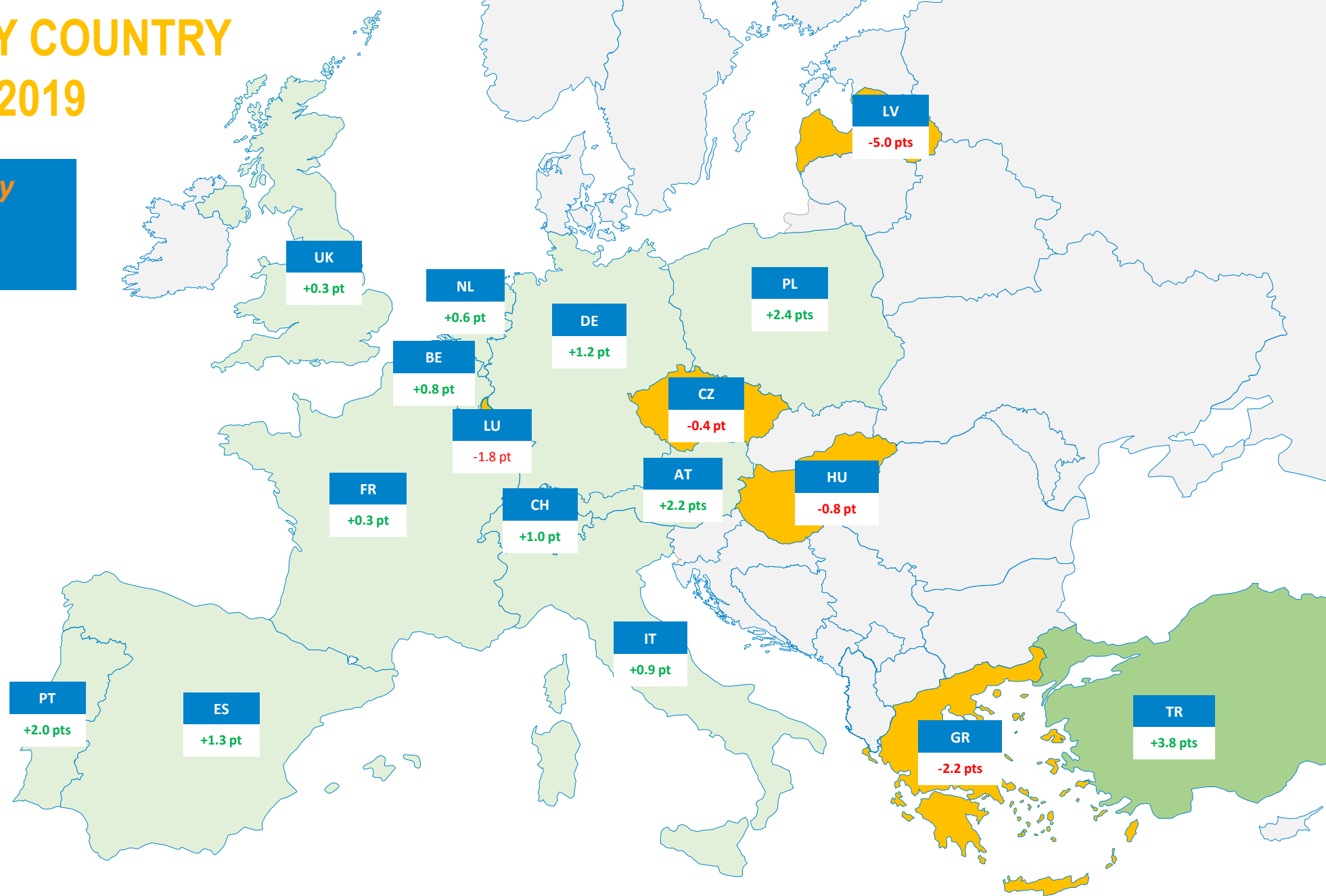


HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2019

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

European
average
+0.8 pt

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

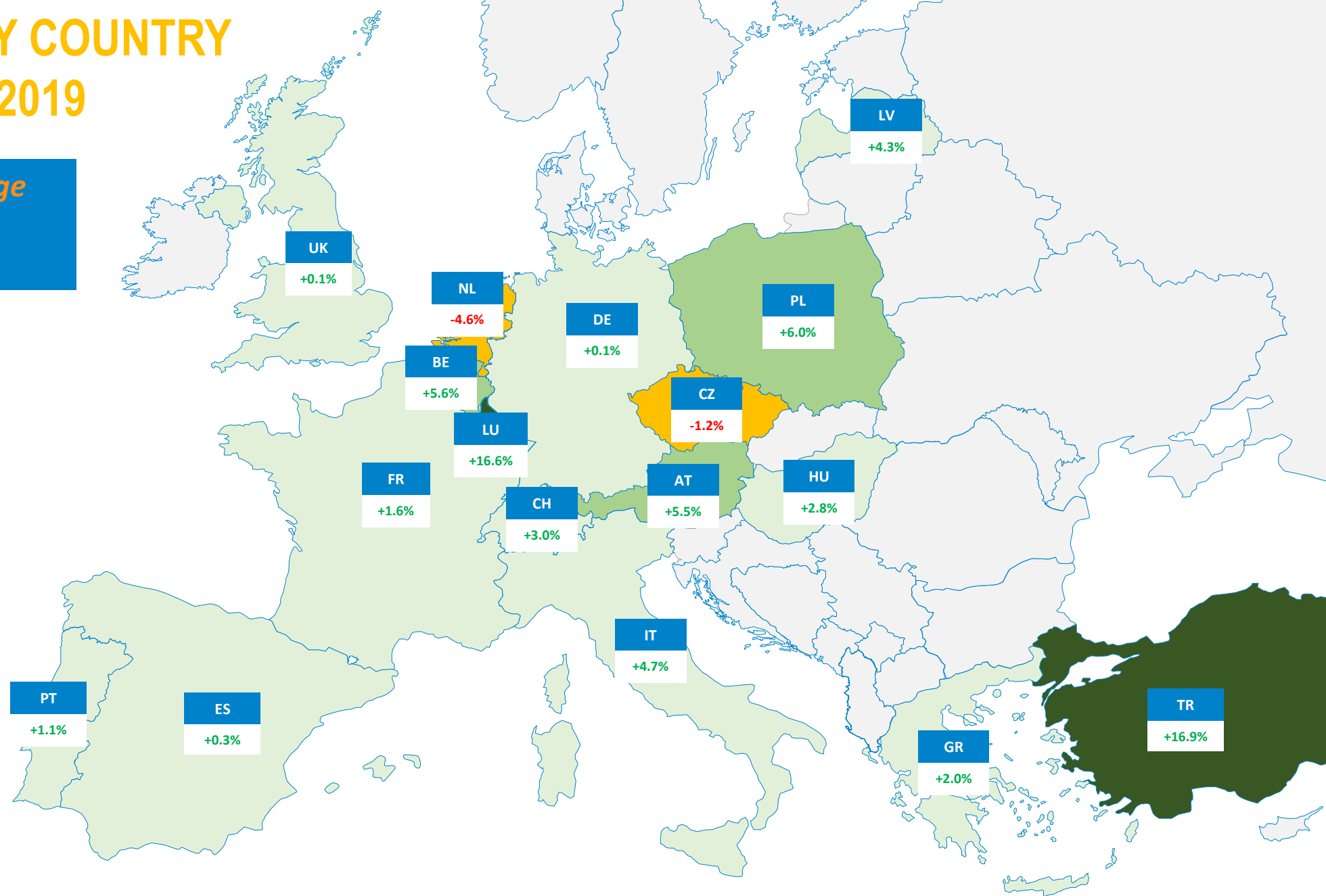


HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2019

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

European
average
+1.6%

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

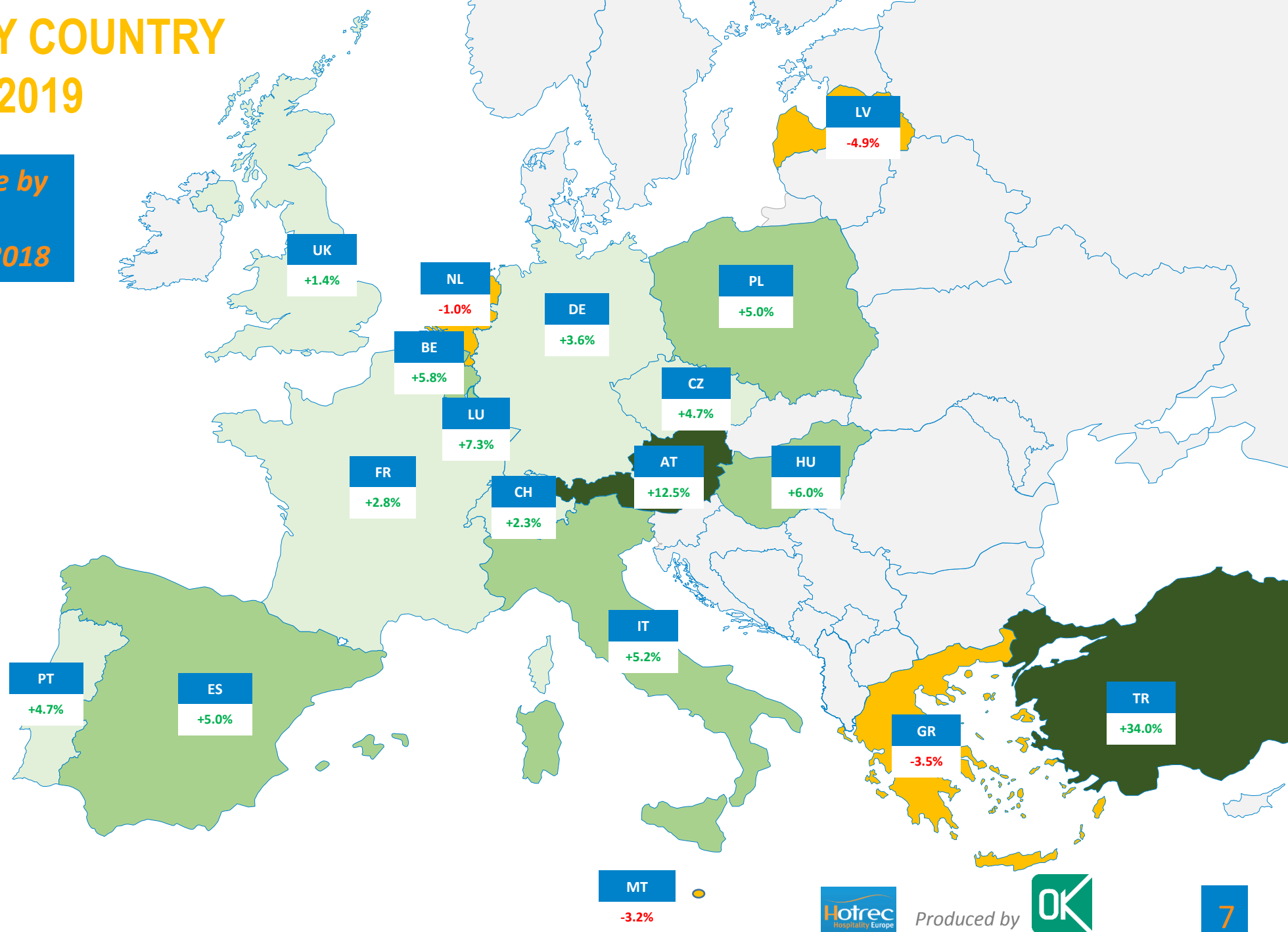


HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2019

YTD Results - RevPAR change by
country
YTD JULY 2019 vs YTD JULY 2018

European
average
+3.6%

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

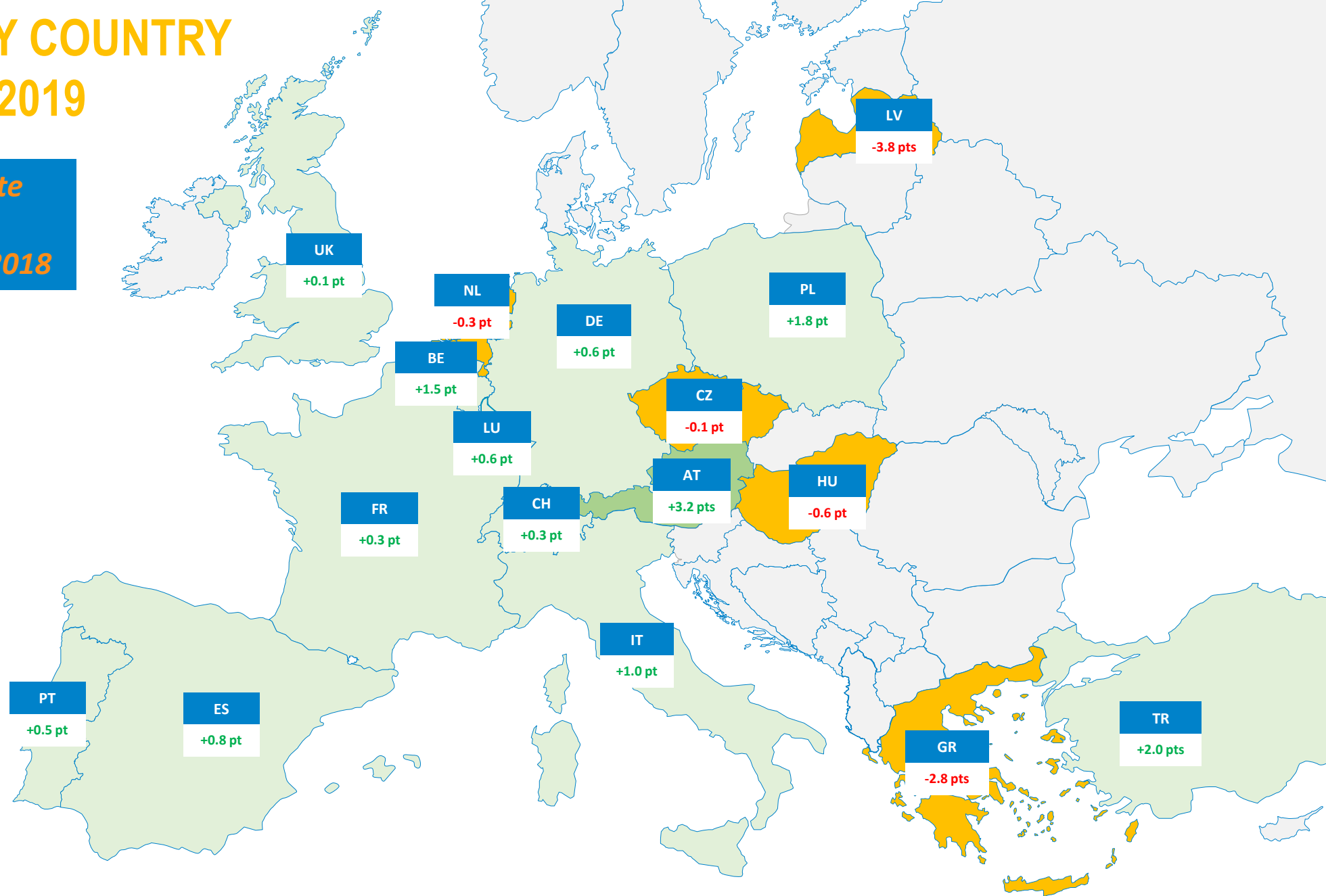


HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2019

*YTD Results – Occupancy Rate
change by country
YTD JULY 2019 vs YTD JULY 2018*

European
average
+0.5 pt

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

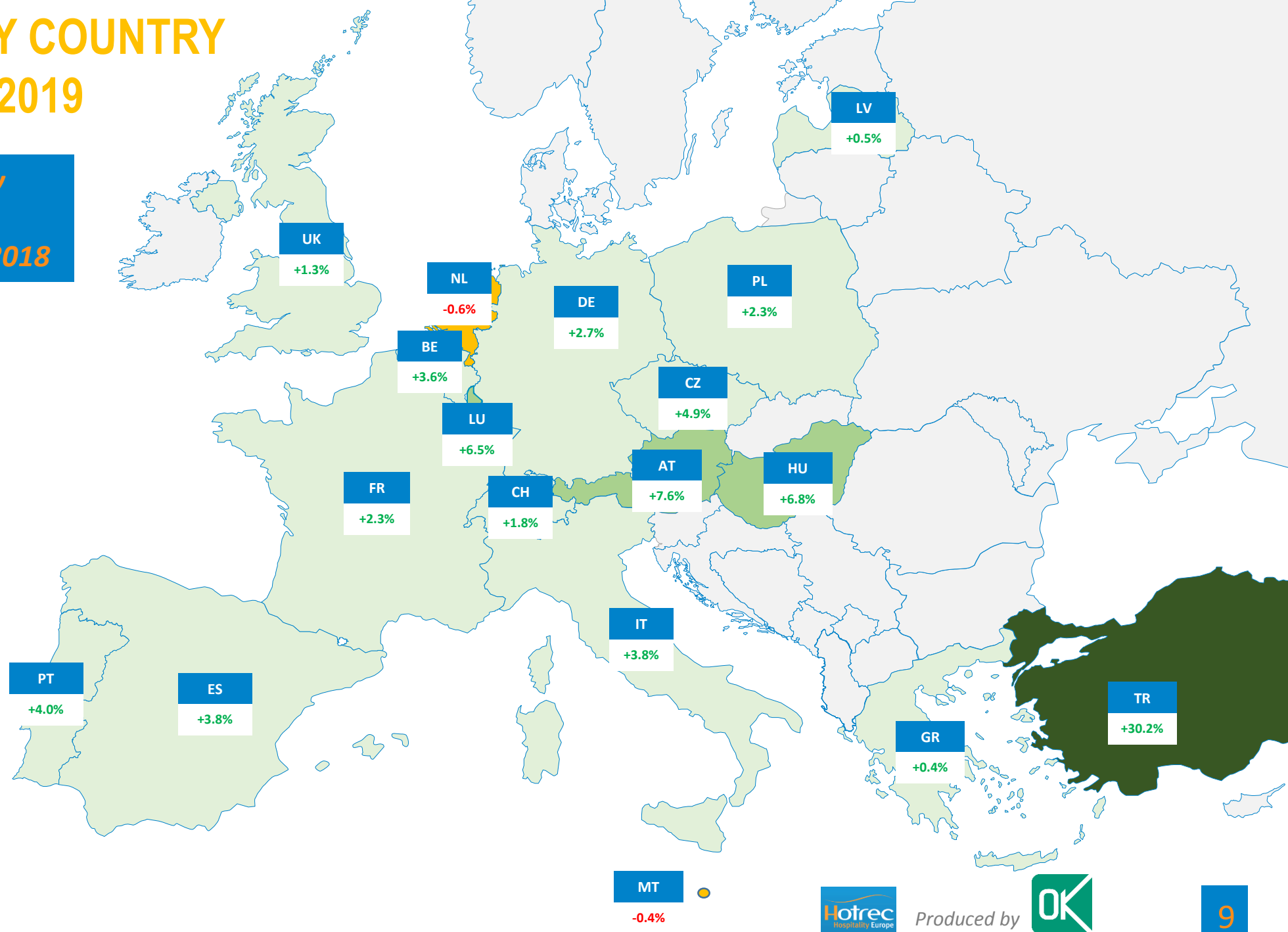


HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2019

**YTD Results - ADR change by
country
YTD JULY 2019 vs YTD JULY 2018**

European
average
+2.9%

- 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.)

