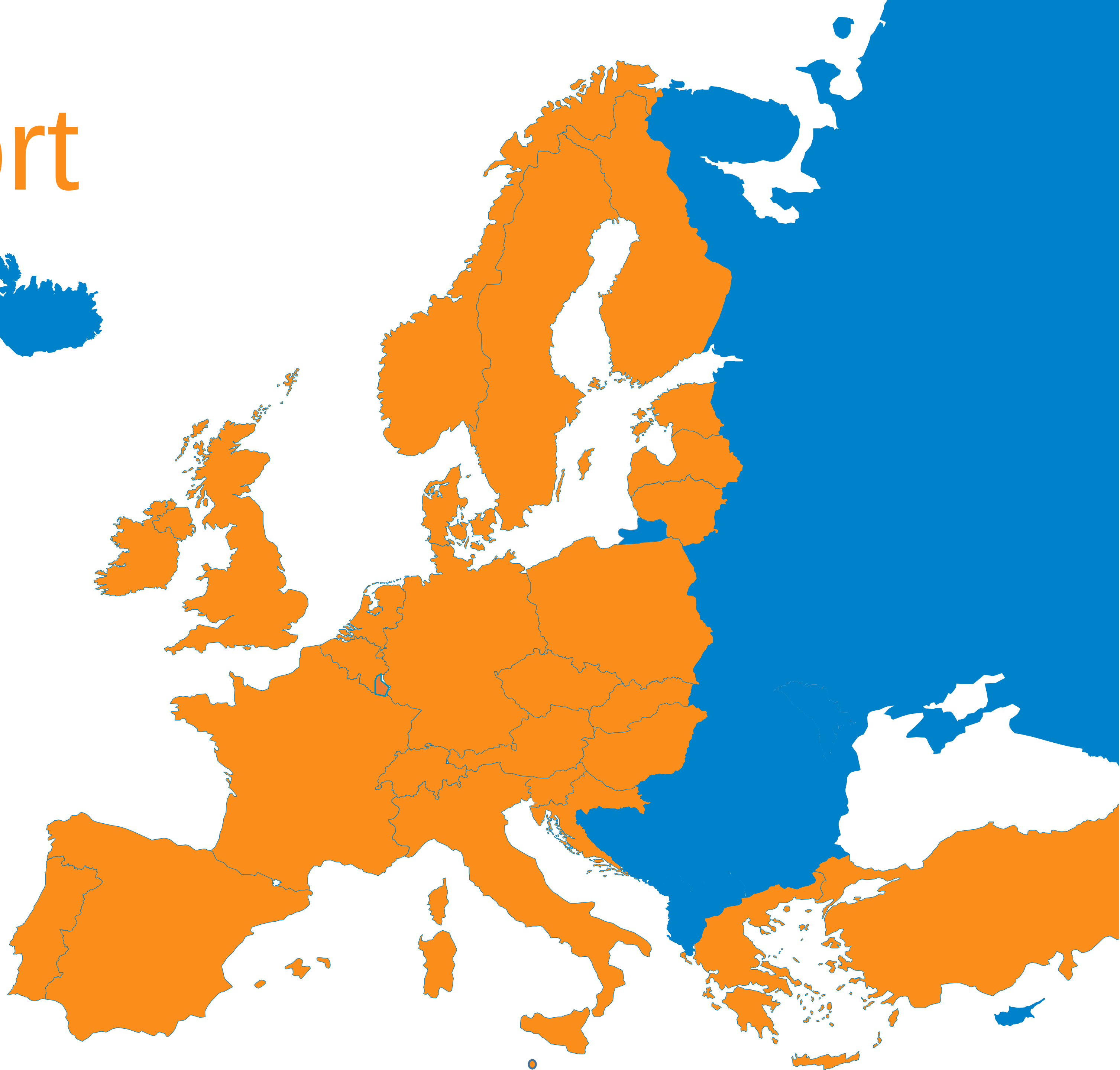
HEU Report

Europe

Hotrec
Hospitality Europe



JANUARY 2017

ANALYSIS OF HOTEL RESULTS – JANUARY 2017

Overall improvement in the European hospitality industry

The European industry starts the year on a positive note, with indicators showing strong growth in most destinations. Hotel performances are driven by a significant rebound in occupancy rates, in all countries, while growth in activity benefits all hospitality segments.
In this first month of the year, hoteliers post indicators that are up. Their RevPAR (revenue per available room) is up 8.5% compared to January 2016. This is due to an increase in the occupancy rate by 3.6 points combined with minor growth in the average price, which gained 1.7%. All categories show higher performances, with RevPARs up by 7.2% for 5* hotels to 9.5% for 3* hotels. The rebound in the occupancy rate reflects the return of international customers to some markets, which had suffered greatly in recent months from the decline in the number of customers, particularly in France and Belgium, although the latter also recorded a slight decline in RevPAR due to lower prices.
While France suffered a sharp deterioration in its performance in 2016, this start of the year 2017 marks new impetus for its tourism and hospitality economy. With a RevPAR up by 11.3 %, hoteliers appear to be gradually making up for the accumulated delay in recent months. Belgium is experiencing more difficulty getting out of its stalemate. Its RevPAR fell again by 3.2%, despite a slight rebound in its occupancy rate by 1.3 %. Nonetheless, this slight improvement suggests, like last month that customers are beginning to regain confidence in the destination. In January 2017, Hungary also saw a decline in its indicators, with a RevPAR down by 1.7%, due to a sharp drop in its average price of 8.7% despite an occupancy rate up to 3.5 points.

The three countries that show the best performances in January 2017, compared to January 2015 are Greece, which led with a RevPAR, thanks to an occupancy rate which gained 10.4 points, that is to say the highest increase among European countries. Luxembourg also benefits from the overall upward trend in Europe, its RevPAR rose by 17.2 %. This country has the highest average price (117 € HT) for January, up 5.0 % compared to 2016. Spain climbs higher on the podium of the strongest growth once again, after a glorious 2016, with a RevPAR up 12.4 % across the year: in January 2017, its RevPAR was up by 14.1 %.

Double digit growth is also taking place in the United Kingdom, where the RevPAR is up by +12.5%, thanks to a combined increase in its two indicators. Its occupancy rate increased by 3.9 points to settle at 67.0%, which was the best occupancy rate in Europe, in January when the standard is 57.3%. Within a context where the pound was devaluated with respect to the primary international currencies, in particular the dollar and euro (which reinforces the increase in number of international arrivals), the British average daily rate also show an increase by +5.9% across the month. It should be noted that Great Britain also posted record tourist arrivals in 2016: despite concerns connected to the forthcoming Brexit, the country appears to be on the right track.

Portugal, meanwhile, posts a RevPAR up by +13.2%, in keeping with its strong growth in recent months. Finally, the Netherlands also experienced double digit improvement in their results compared to 2016, with a RevPAR up +10%.

Germany, Italy and the Czech Republic are no exception; the three countries posted improved results with RevPARs up by +6.4%, +8.1% and +8.0% respectively. . This is primarily due to growth in their occupancy rate compensating for a drop in the average daily rate -except in Germany where indicators are up (occupancy rate: +2.0 points and average daily rate: +2.8%)- combined with the very regular and moderate rate that it has had for several years. Austria and Poland are part of a comparable dynamic in this month of January, with growth in the RevPAR by +3.5% and +4.7% respectively.

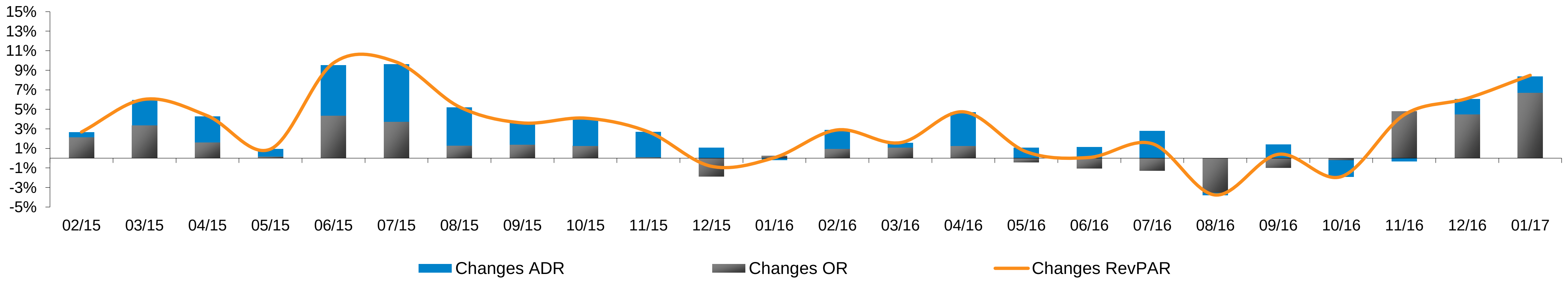
HOTEL RESULTS BY SEGMENT IN EUROPE – JANUARY 2017

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

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

Note : The indicators are compared to the same period of previous year, i.e. JANUARY 2016 vs DECEMBER 2014

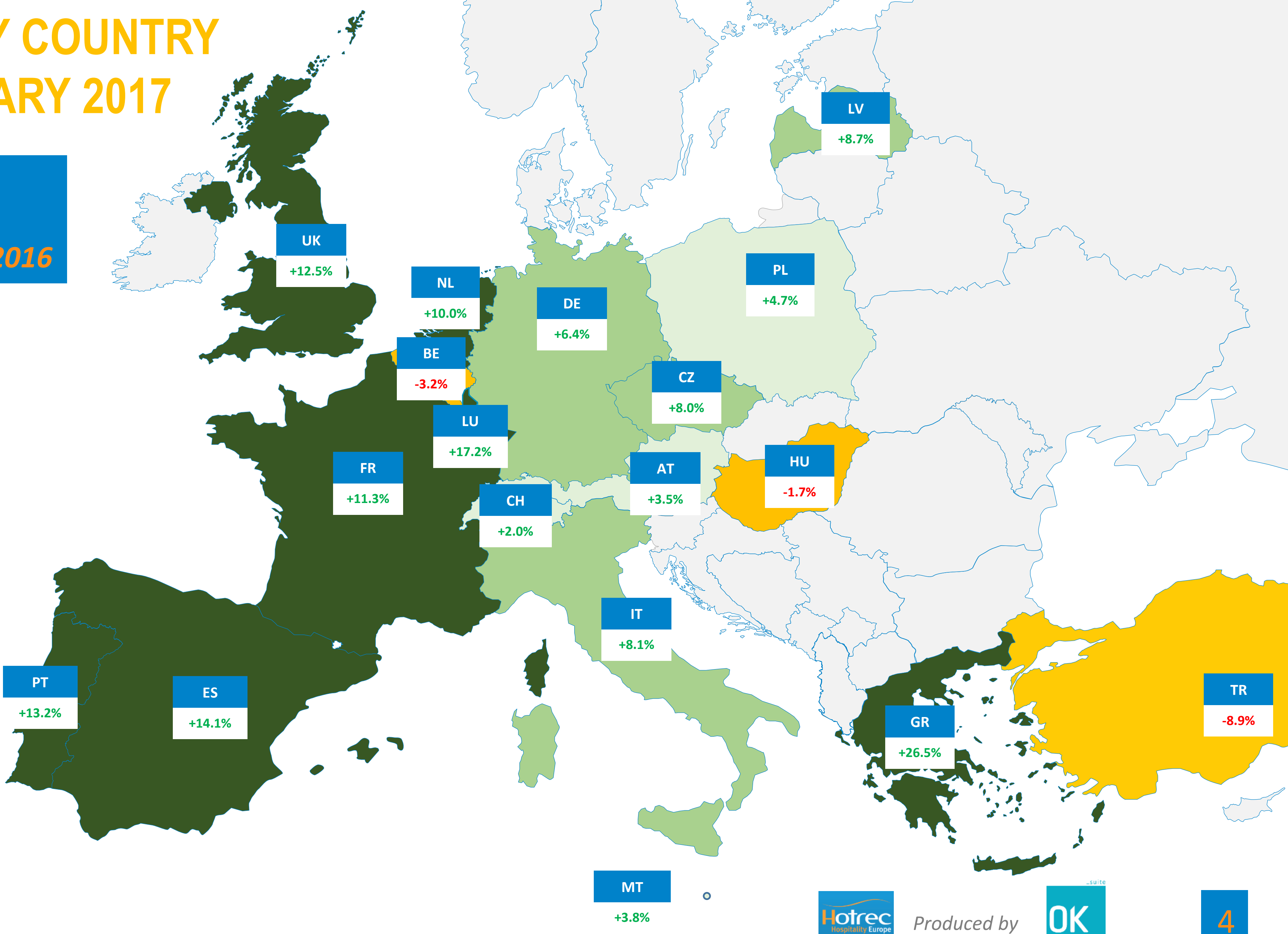
OR, ADR and RevPAR change - Last 24 months



HOTEL RESULTS BY COUNTRY IN EUROPE – JANUARY 2017

Monthly Results - RevPAR change by country
JANUARY 2017 vs JANUARY 2016

European average
+8.5%

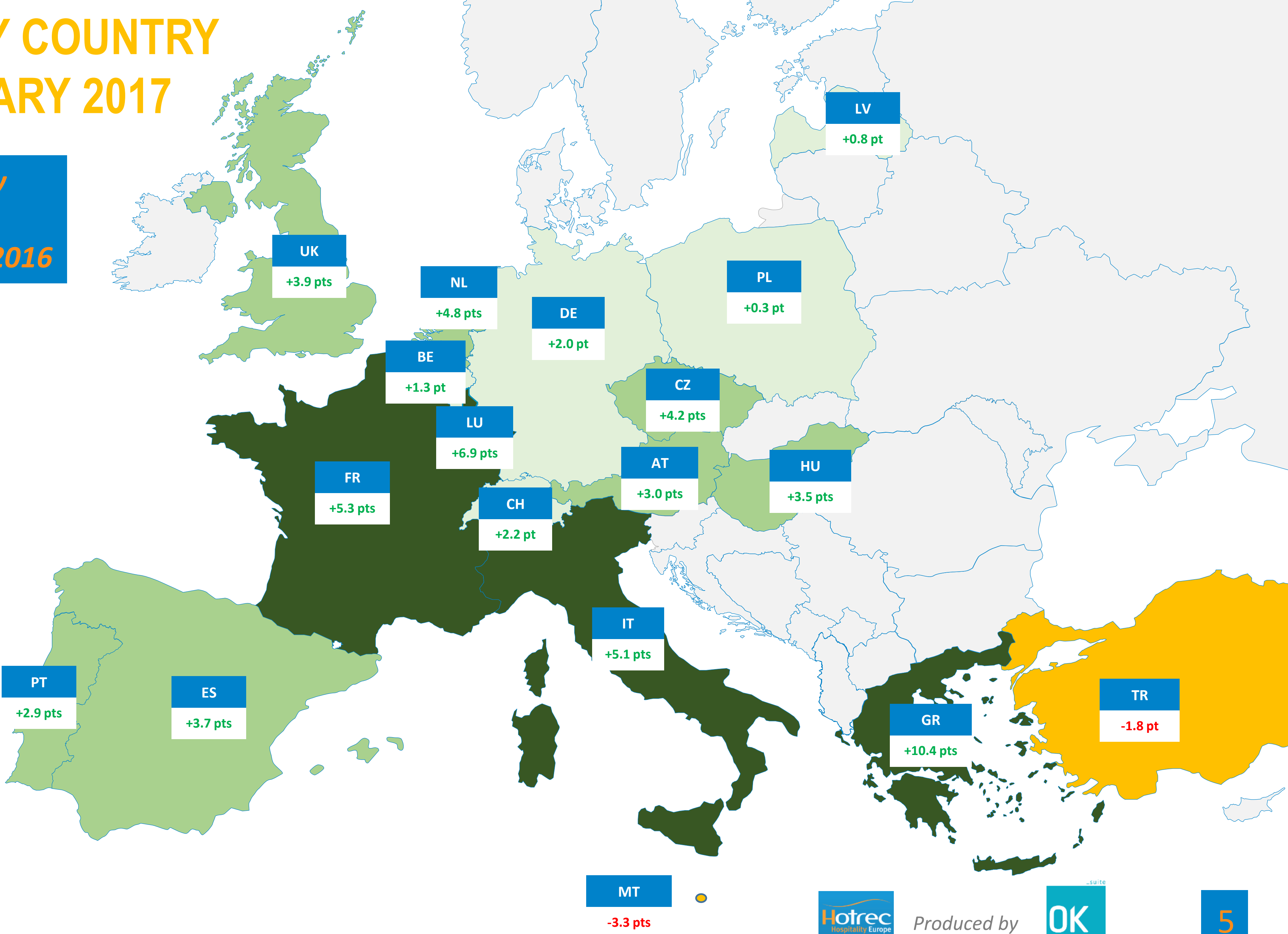


- Sup. to 10%
- Between 5% and 10%
- Between 0% and 5%
- Inf. to 0%

HOTEL RESULTS BY COUNTRY IN EUROPE – JANUARY 2017

Monthly Results – Occupancy Rate change by country
JANUARY 2017 vs JANUARY 2016

European average
+3.6 pts

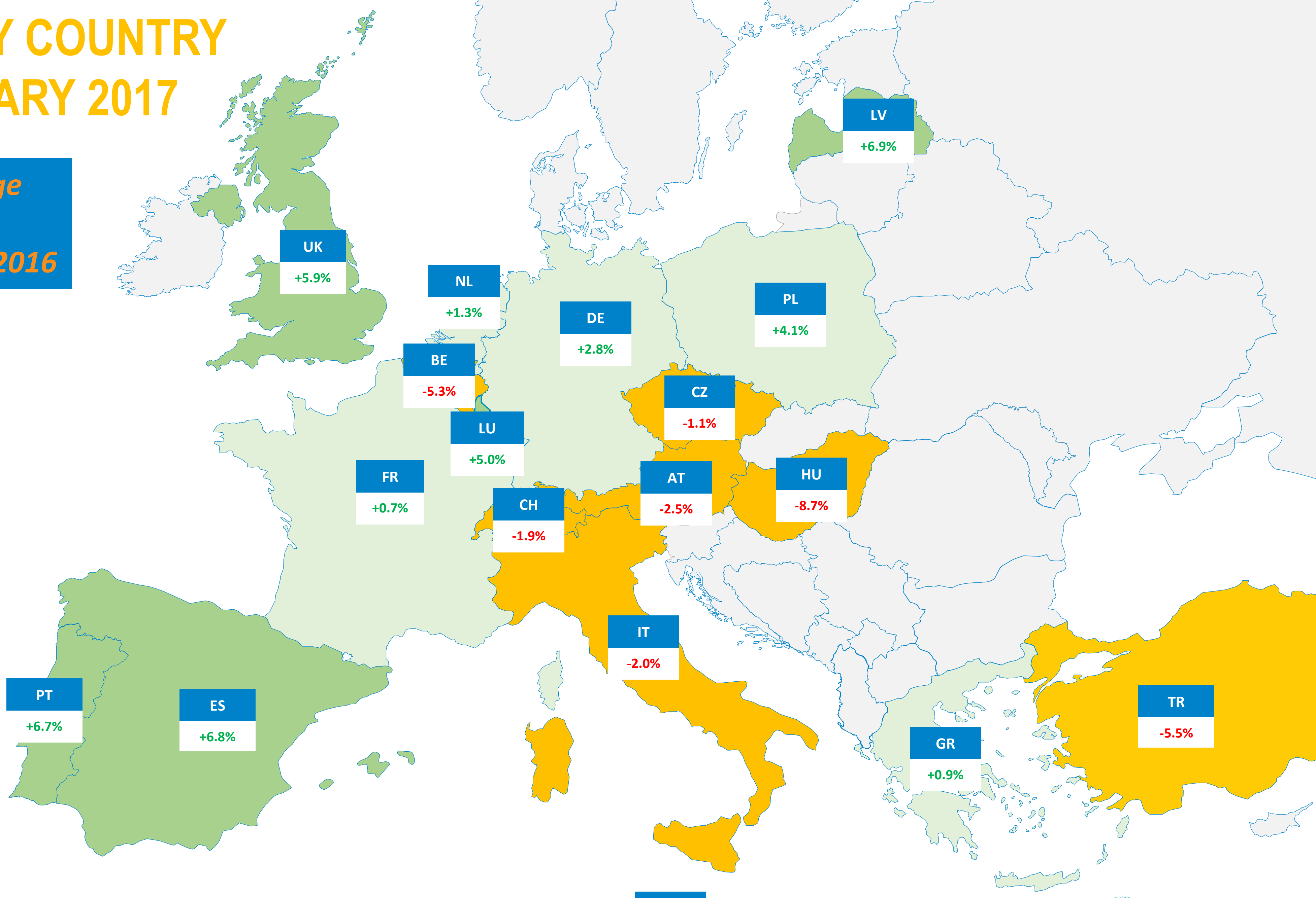


- Sup. to 5 pts
- Between 2,5 and 5 pts
- Between 0 and 2,5 pts
- Inf. to 0 pt

HOTEL RESULTS BY COUNTRY IN EUROPE – JANUARY 2017

Monthly Results - ADR change by country
JANUARY 2017 vs JANUARY 2016

European average
+1.7%



- 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.)