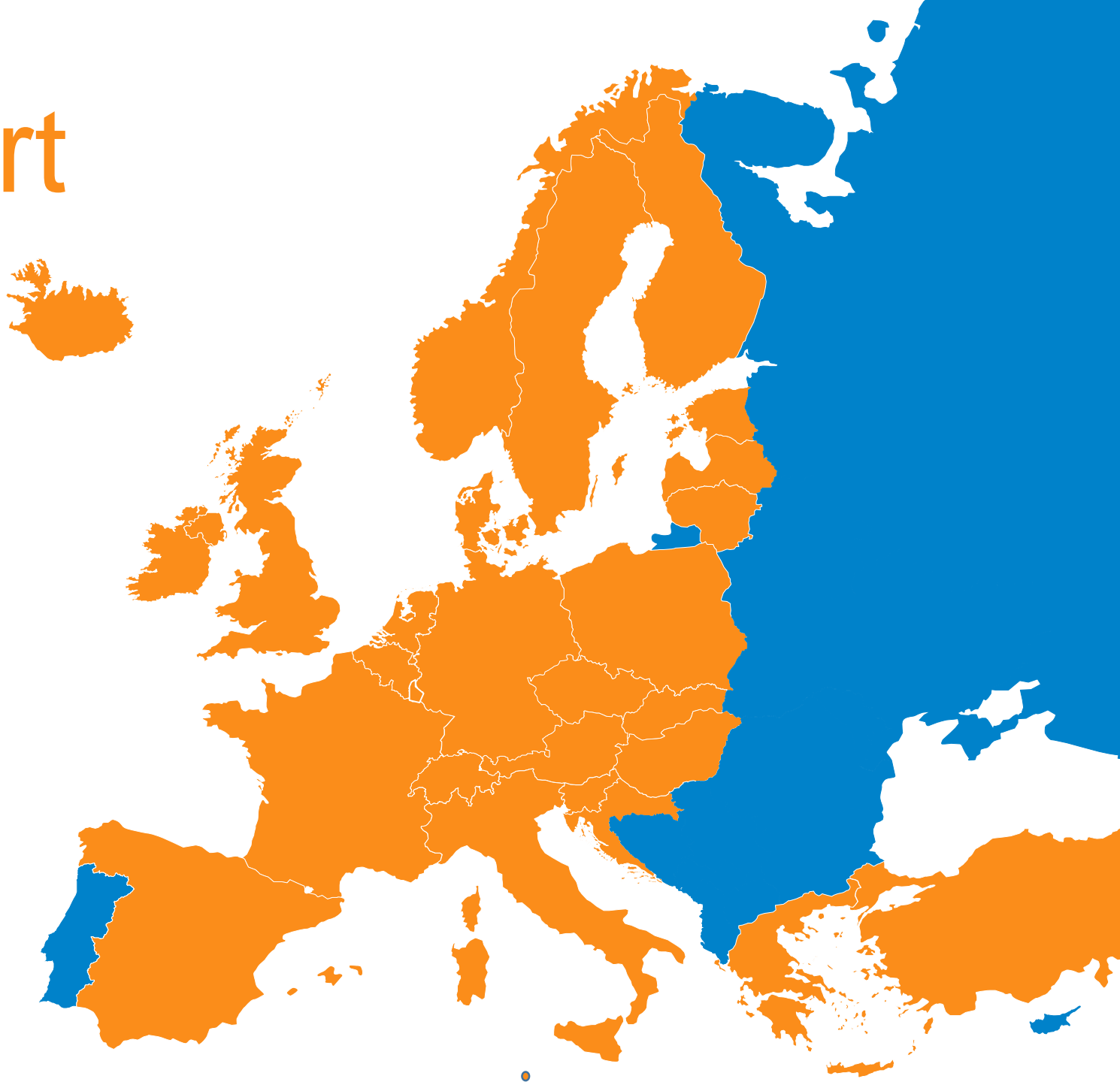


# H EU Report

Europe



MAY 2017



# ANALYSIS OF HOTEL RESULTS – MAY 2017

## Europe's hotel industry re-accelerates

After a month of April with more measured growth, European hoteliers are regaining their dynamism, after Belgium, the Iberian peninsula and Eastern Europe. France is nonetheless one of the rare exceptions, with the only - albeit slight - drop in revenue per available room in Europe.

Overall, Europe's hotel industry reported a very satisfying month of May 2017: with a RevPAR (revenue per available room) up by 8.0% compared to last year, hoteliers on the Old Continent are pursuing a dynamic that started at the beginning of this year. This favorable trend is evident at all levels, but especially on the 2\* and 4\* (with a RevPAR up by 7.4% and 10.0% respectively). It is the result of an occupancy rate that is doing well (+2.4 points with respect to May 2016, +2.7 points year-to-date) as well as an average daily rate that is up (+4.5%, +2.3% year-to-date). In detail this relative improvement hides major disparities from one country to the next. Thus, in keeping with its usual lag time Germany regains double digit growth (RevPAR: +17.5%) after a poor month of April (-17.1%). Like its Belgian neighbor that posts a flourishing RevPAR (+20.9%) and an occupancy rate up 10 points, just when the NATO summit was held in Brussels and the comparison with the post-terrorist attacks period of 2016 was at its peak. Luxembourg also reported impressive results (RevPAR: +17.4%) although results have been erratic since the beginning of the year 2017.

The United Kingdom does not appear to have suffered from the terrorist attacks it was subject to in recent weeks, as it posted a RevPAR up by 11.1% that is largely imputable growth in the average daily rate on the period (+7.9%). It is also necessary to remember that the UK's Office for National Statistics emphasizes that there has been unprecedented inflation in the UK for four years, to which the announcement of Brexit certainly contributed. Moreover, the attack in Manchester took place May 23, after which Theresa May raised the level of risk of terrorist attacks to the highest level: the consequences would only be evident a month later.

Like in April, the Iberian peninsula could boast double-digit growth, with a RevPAR up (+11.6% in Spain, +18.2% in Portugal) due to a strong increase in average daily rate (+10.3% and +18% respectively). An analysis of European hotel results since the beginning of the year shows Portugal with a RevPAR up by nearly 20% with an evolution in average daily rate estimated at +12.9% (the only double-digit growth in ADR in Europe). At the beginning of May, Pope Francis traveled to Fátima, a small village that is an important pilgrimage destination in Portugal, and was welcomed there by a half million faithful.

Marked by the end of the presidential elections and the long weekends of May, France, posted the only slump in RevPAR between 2016 and 2017 in Europe (-0.6%) although its results continue on an uptrend by +4.6% since the beginning of the year (full analysis of trends in France in May 2017 here in French). Other countries show moderate growth, particularly Austria (+3.2% with respect to the previous year) and Italy (+3.4%). The latter benefited from the organization of the G7 in Sicily at the end of the month, the 100th edition of the Giro, and the opening of the Venice Biennial of Art, which should help maintain results throughout the year to come.

Finally, Eastern Europe is rubbing its hands greedily, with the Czech Republic and Hungary in the lead with double-digit growth rates (RevPAR: +14% and +13.8%, respectively) driven by both occupancy rate and average daily rates that are up. Greece is also following a very favorable momentum (RevPAR: +13.5%, +15.8% year-to-date). Overall, double-digit figures grace RevPAR performances for more than half of the European countries studied; and, to a lesser extent, the positive return of the pendulum in Germany, the electoral exception in France and the very limited impact of terrorist attacks in the United Kingdom. Southern Europe and Central Eastern Europe continue along the strong growth trajectory begun at the beginning of the year, while the summer season is just starting to take shape, and will undoubtedly be more decisive when balance sheets are drawn up.

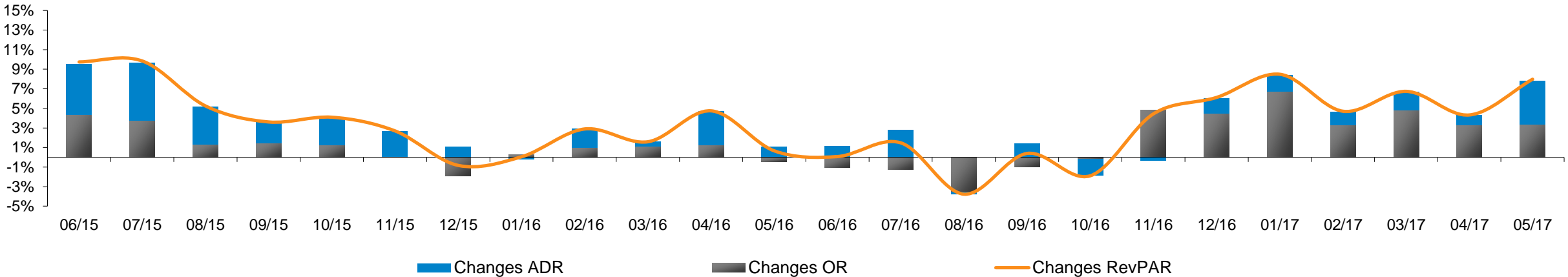
# HOTEL RESULTS BY SEGMENT IN EUROPE – MAY 2017

MONTHLY RESULTS			
	Occupancy Rate	Average Daily Rate (€ VAT excl)	RevPAR (€ VAT excl)
	(pts)	(%)	(%)
2*	2,0	4,5%	7,4%
3*	1,9	3,8%	6,5%
4*	3,3	5,2%	10,0%
5*	2,6	0,9%	4,6%
Global	2,4	4,5%	8,0%

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

Note : The indicators are compared to the same period of previous year, i.e. MAY 2017 vs MAY 2016

## OR, ADR and RevPAR change - Last 24 months

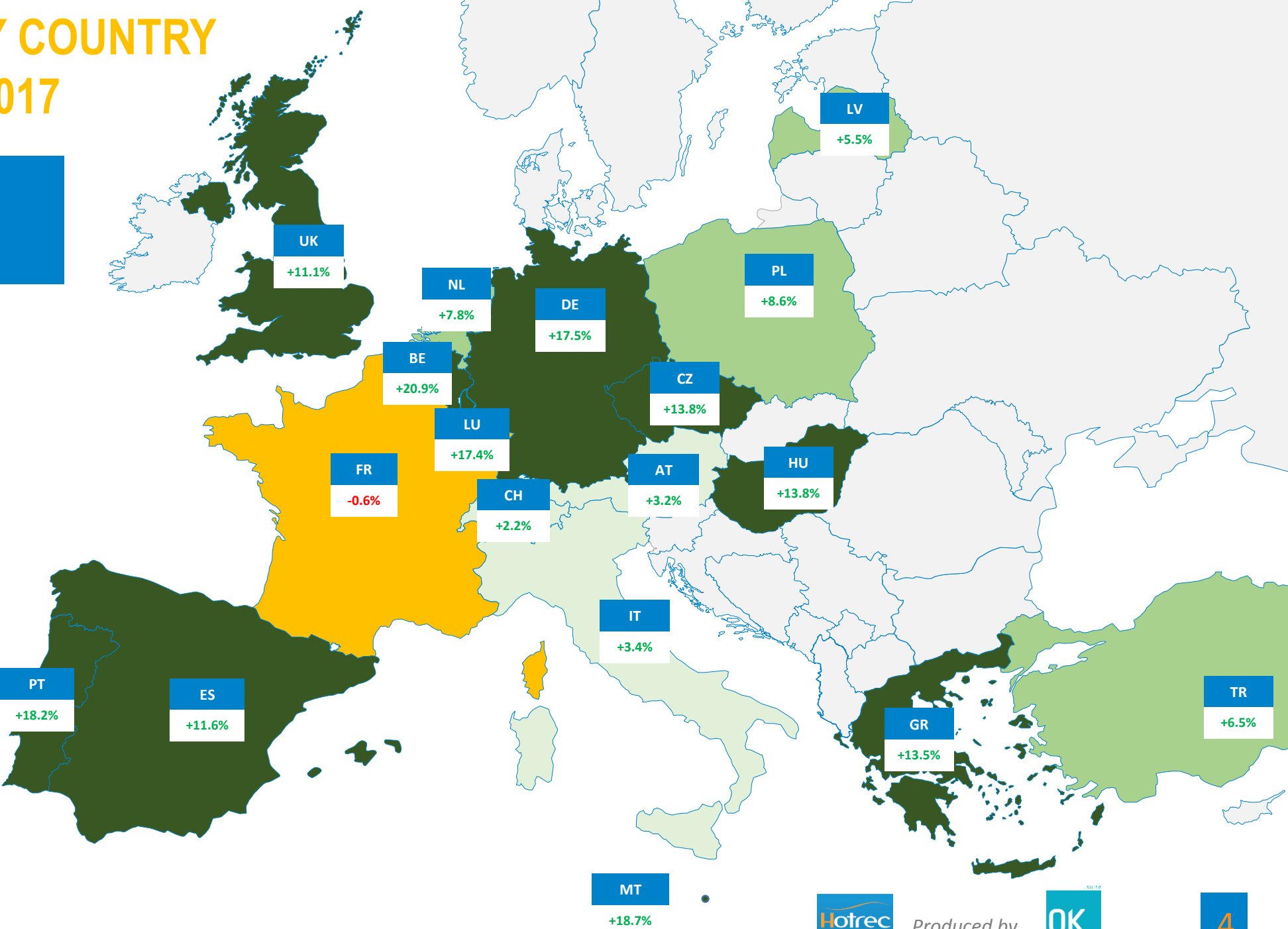


# HOTEL RESULTS BY COUNTRY IN EUROPE – MAY 2017

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

European  
average  
**+8.0%**

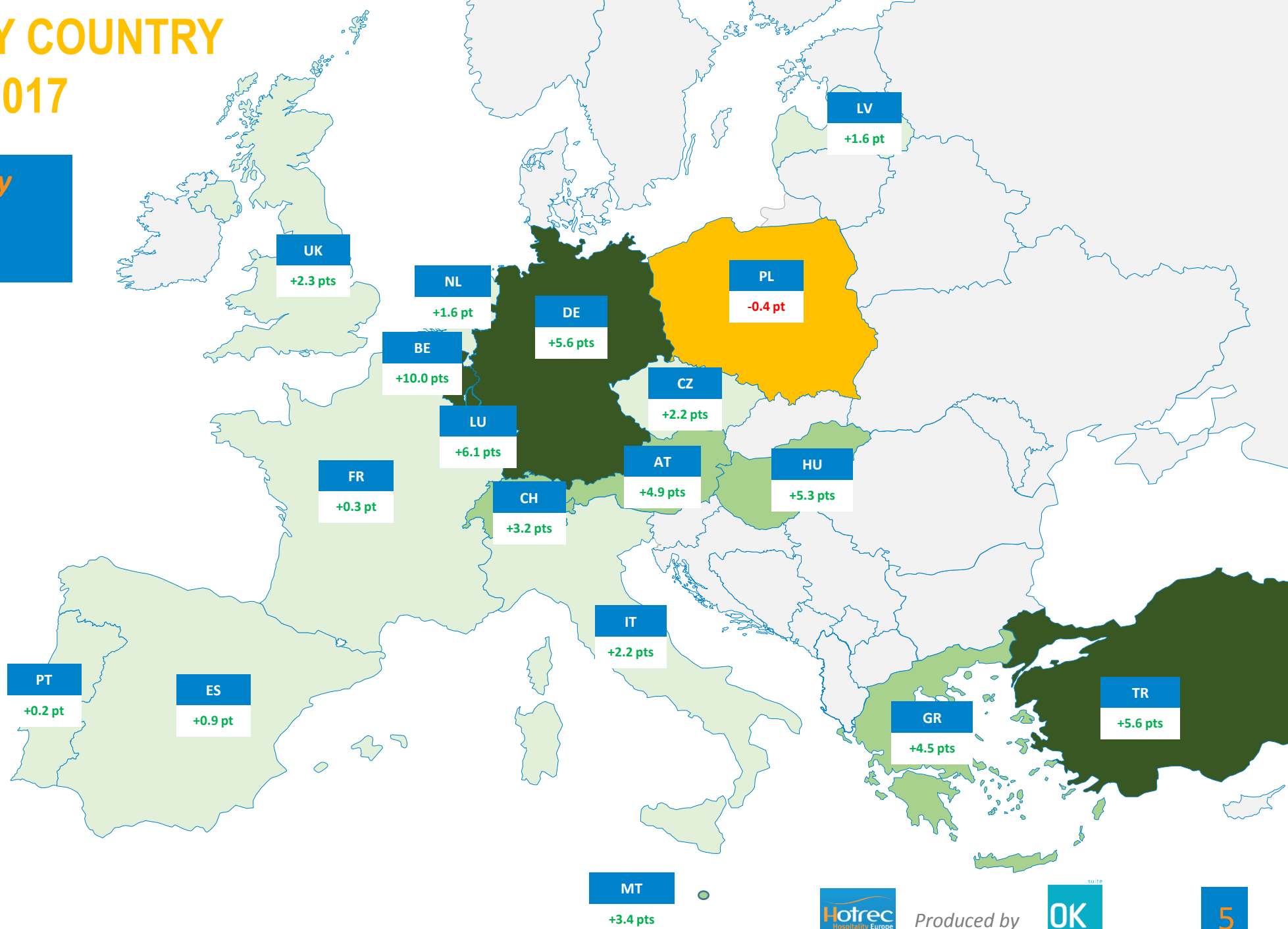
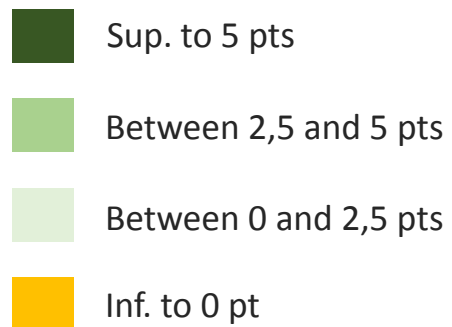
- Sup. to 10%
- Between 5% and 10%
- Between 0% and 5%
- Inf. to 0%



# HOTEL RESULTS BY COUNTRY IN EUROPE – MAY 2017

*Monthly Results – Occupancy  
Rate change by country  
MAY 2017 vs MAY 2016*

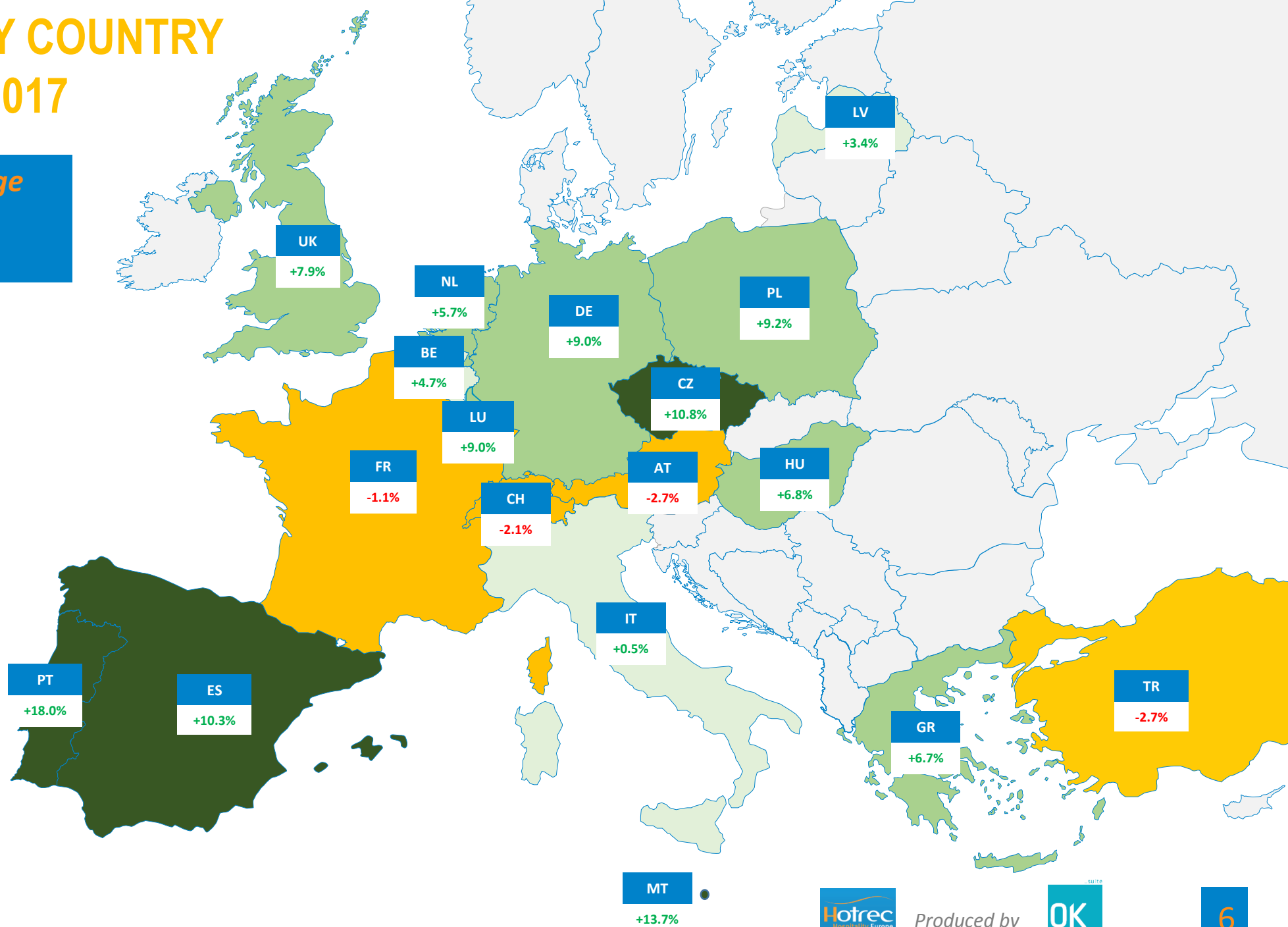
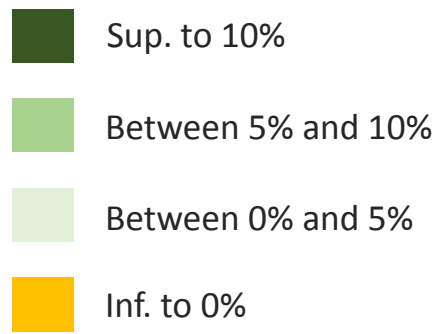
European  
average  
**+2.4 pts**



# HOTEL RESULTS BY COUNTRY IN EUROPE – MAY 2017

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

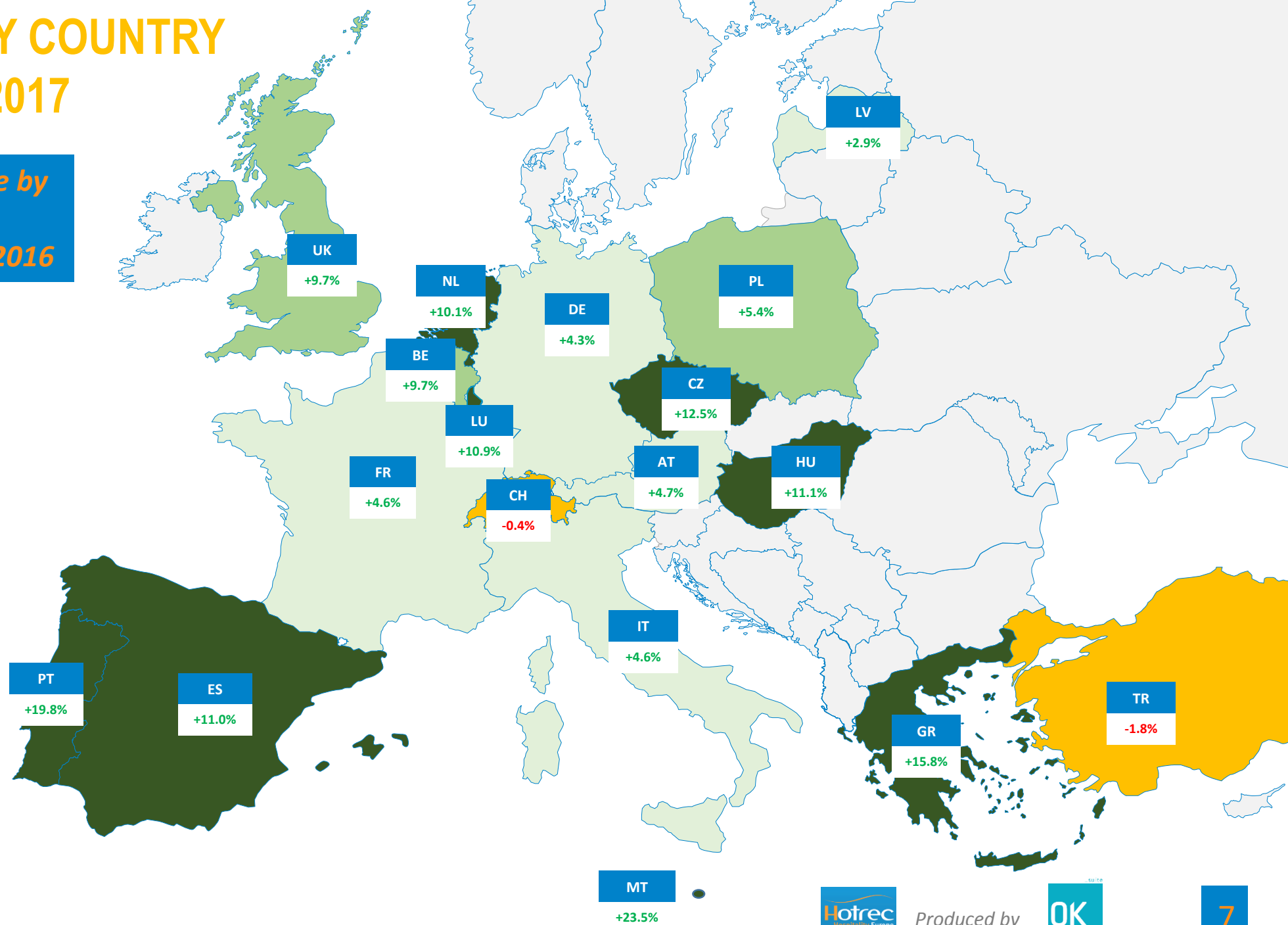
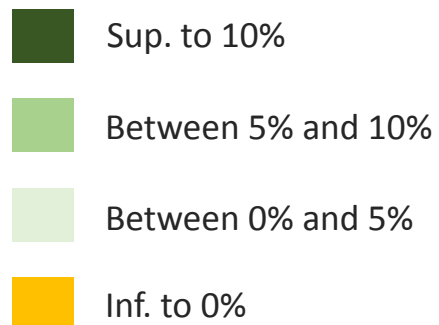
European  
average  
**+4.5%**



# HOTEL RESULTS BY COUNTRY IN EUROPE – MAY 2017

*YTD Results - RevPAR change by  
country  
YTD MAY 2017 vs YTD MAY 2016*

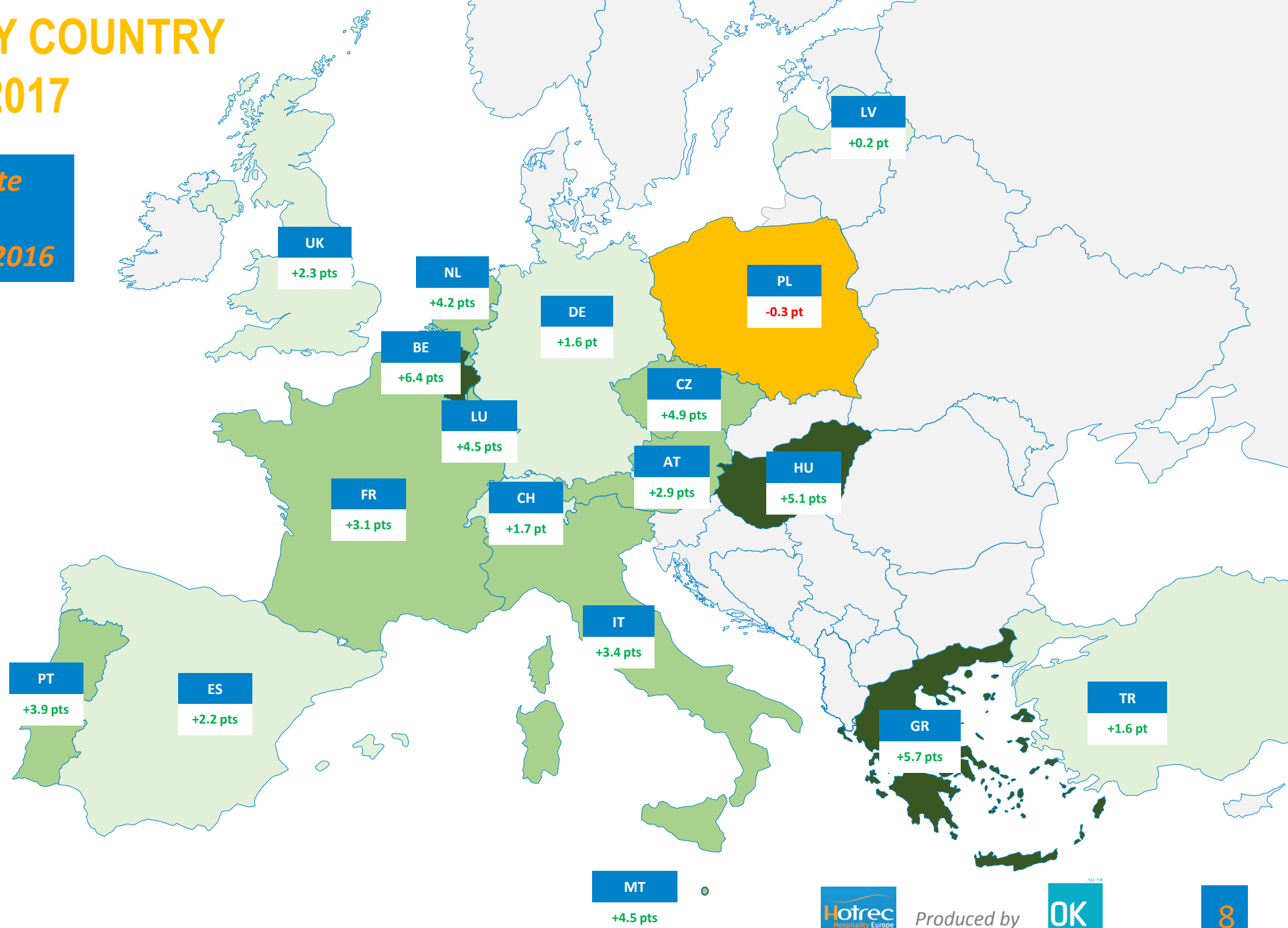
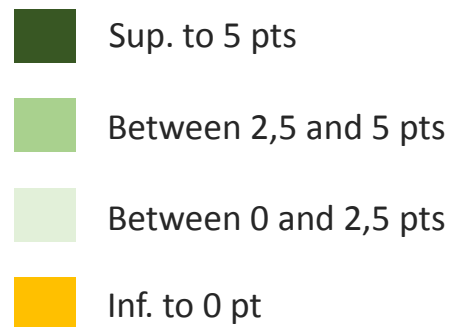
European  
average  
**+6.5%**



# HOTEL RESULTS BY COUNTRY IN EUROPE – MAY 2017

*YTD Results – Occupancy Rate  
change by country  
YTD MAY 2017 vs YTD MAY 2016*

European  
average  
**+2.7 pts**

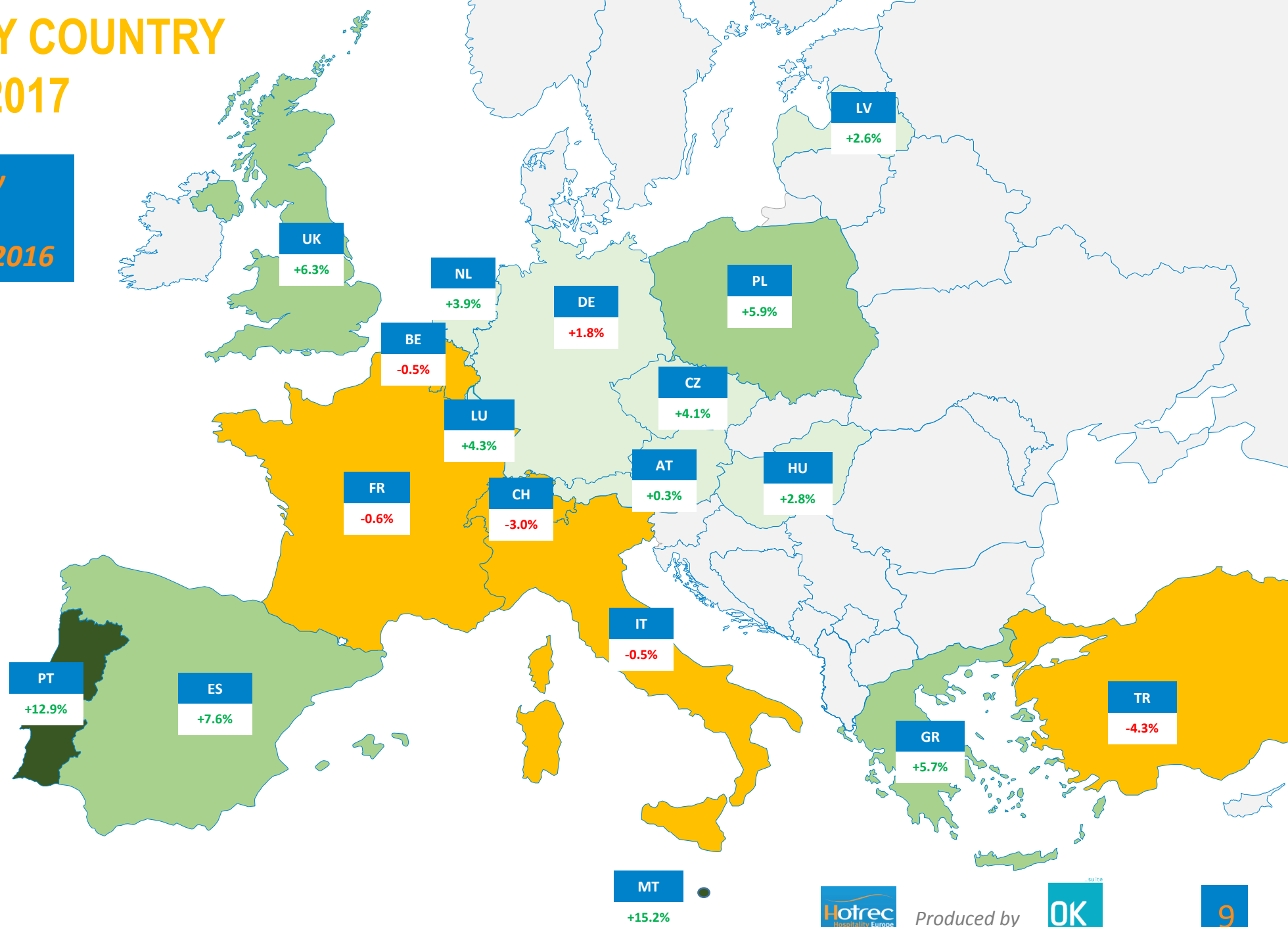
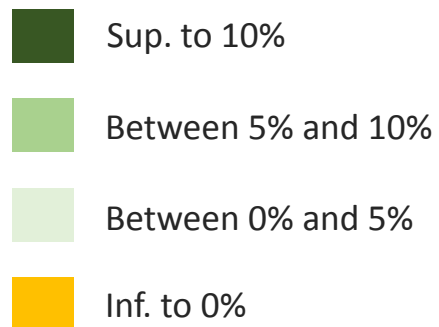




# HOTEL RESULTS BY COUNTRY IN EUROPE – MAY 2017

*YTD Results - ADR change by  
country  
YTD MAY 2017 vs YTD MAY 2016*

European  
average  
**+2.3%**



# 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.)