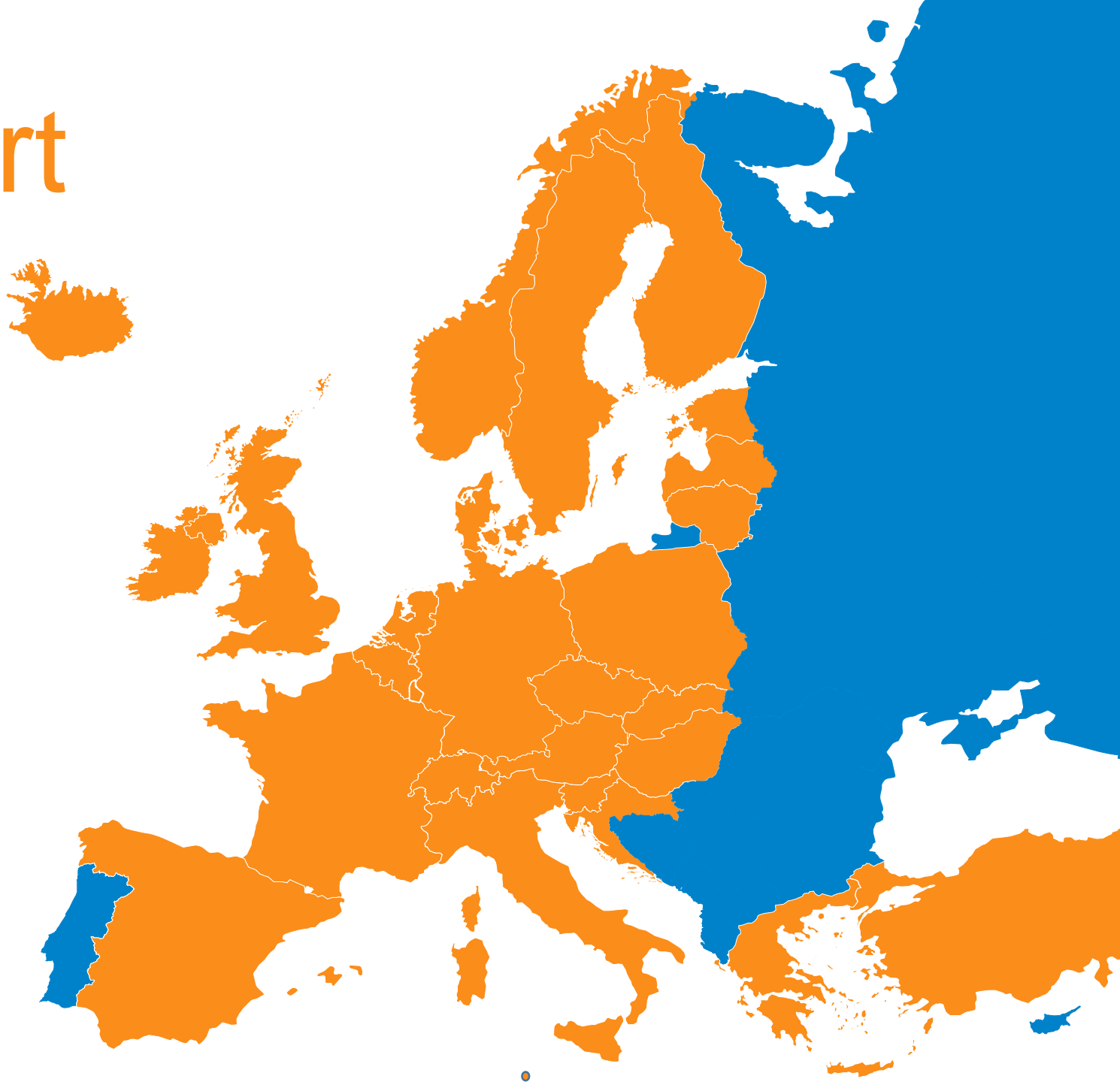


H EU Report

Europe



JULY 2017



ANALYSIS OF HOTEL RESULTS – JULY 2017

A bright day for Europe's hotels

After a month of June marked by steady growth in European hotel performances, the beginning of the peak season is synonymous with overall dynamism for the industry. While Europe's leading summer tourist destinations post very positive results, the highest growth may be found in other countries: Hungary, Luxembourg and Belgium are this month's top performers. In July, chain hotels performed well in Europe: the average RevPAR (Revenue per available room) in the EU grew by 5.7% from 2016. Arrivals are up –the occupancy rate grew by 2.1 points– and average daily rates are also on an uptrend (+2.8%).

All the segments are growing at about the same rate. All the ranges experienced solid RevPAR growth, ranging from +6.1% (3*) to +7.0% (4*). In detail, the growth motors behind summer tourism that drove European hotel performances last year continue to lift hotel performances. The award for highest RevPAR growth goes to Turkey (+97.8%), Portugal (+15.5%) and Greece (+14.4%) which benefited from the influx of July holiday goers and increased their average daily rates. Spain, meanwhile, after recording double-digit monthly growth since April, "slowed" to +7.5% while anti mass-tourism protests took place from Mallorca to Barcelona.

France experienced the backlash of last year's hotel rates during the Euro 2016, as well as mediocre weather in coastal areas. Although Paris and the Île-de-France regained the growth track after two difficult summers, average daily rates fell 3.1% throughout the country, leading to more moderate growth than elsewhere (RevPAR +1.9%). Nonetheless, perspectives for August should make it possible to improve these results.

In Italy, July was synonymous with heat waves and forest fires (that ravaged the vegetation on Vesuvius, which didn't prevent Naples and the Amalfi coast to assert themselves as popular destinations). The Peninsula does not rank among the areas with the strongest tourism growth in July but delivered a solid +6.2% growth in the RevPAR. The same observation may be made in Germany (+6.7%) where the G20 summit was organized in Hamburg at the beginning of the month and where Bavarian cities also posted high performances.

The winners on the period have stood out since the beginning of the year. Hungary posts its strongest monthly RevPAR growth (+28.8%) since the beginning of 2016. Its average daily rates skyrocketed, particularly thanks to the World Swimming Championships 2017 held in Budapest. Luxembourg (+21.5%) and Belgium (+17.7%) complete the podium, with the best growth in occupancy (+8.9 points) on the continent, mostly due to the improved security context with respect to last year. After major drops at the beginning of the year, ADRs regained a positive trend in Belgium: +3.4% in July.

The Netherlands also posted double-digit RevPAR growth in July (+13%), in keeping with an excellent beginning of the year. In the United Kingdom, the RevPAR grew by 5.3% thanks to higher rates (+4.9%), while occupancy rates stabilize at a high level (86% in July 2017, +0.3 point). In Europe, Poland is the only country that recorded a slight drop in RevPAR in July 2017 (-1.3%). This is tied to rate cuts, whereas occupancy is up.

Overall, European hoteliers recorded good performances in July: most countries saw their RevPAR grow in comparison to 2016, and some even boast double digit growth. The Benelux region, France and Italy, which struggled last year, are back on a growth track, while countries that have been top performers in recent months –incl. Spain, Portugal, Greece– continue to progress.

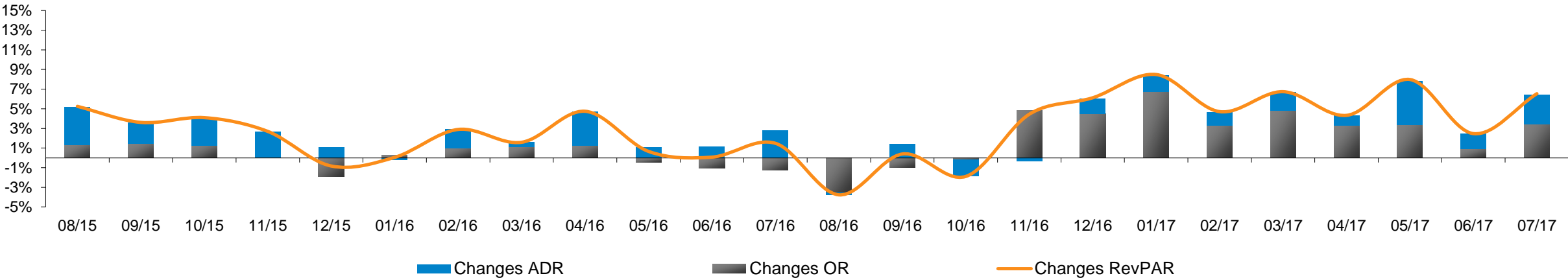
HOTEL RESULTS BY SEGMENT IN EUROPE – JULY 2017

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

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

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

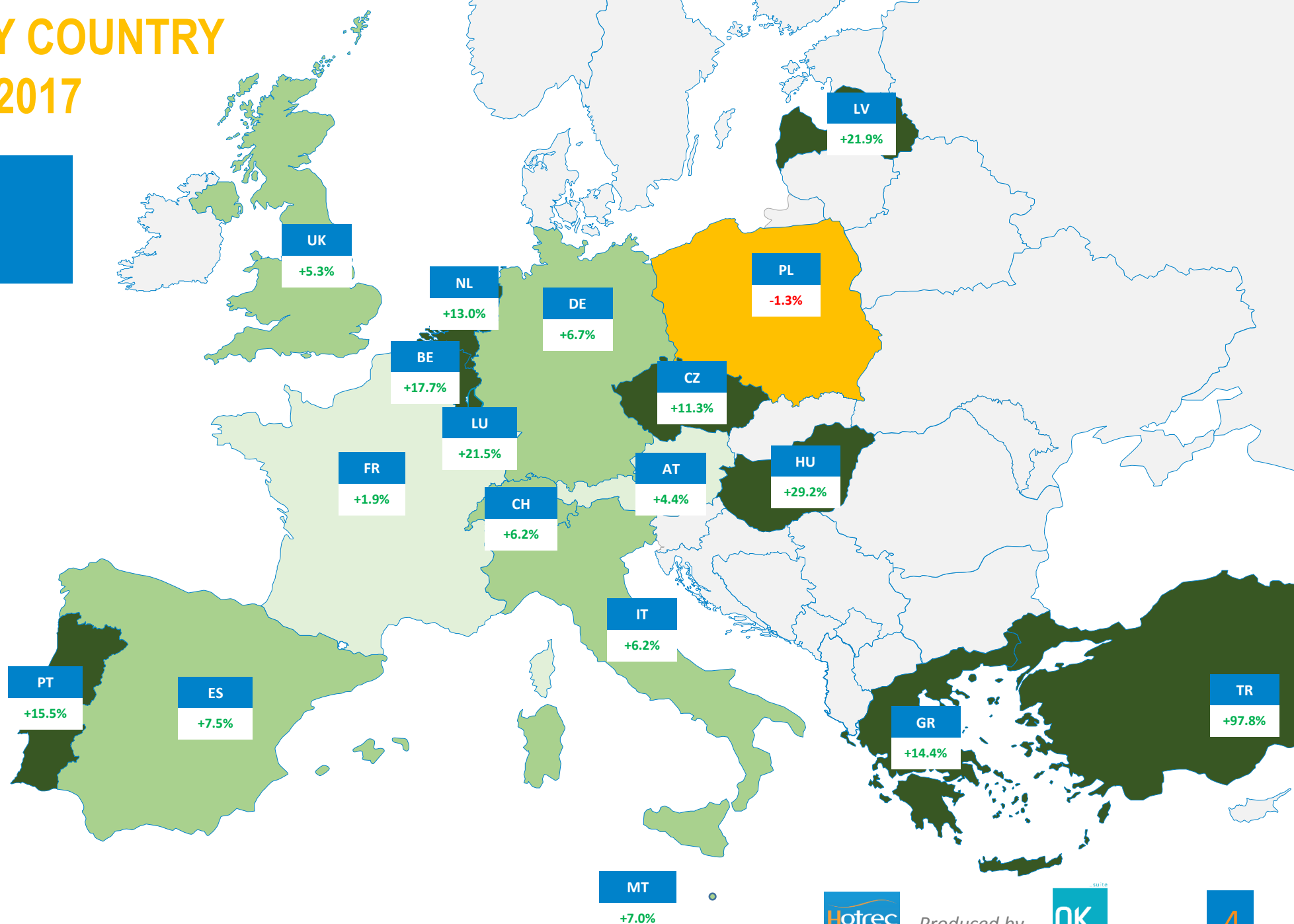
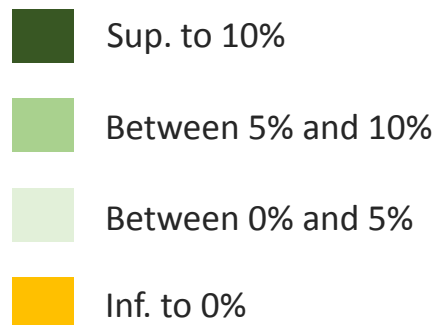
OR, ADR and RevPAR change - Last 24 months



HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2017

*Monthly Results - RevPAR
change by country
JULY 2017 vs JULY 2016*

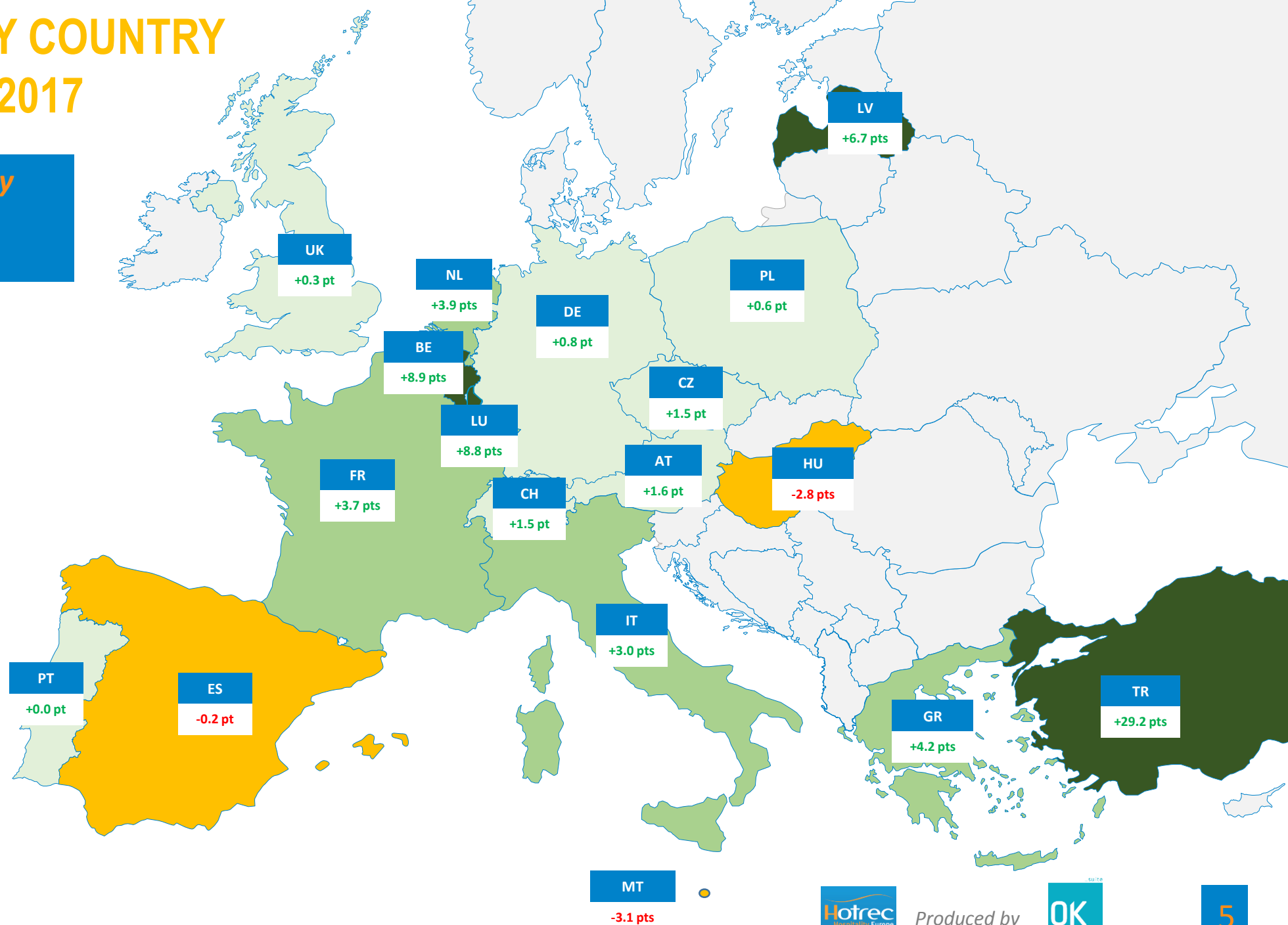
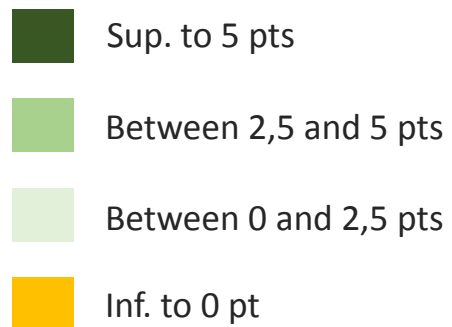
European
average
+6.5%



HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2017

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

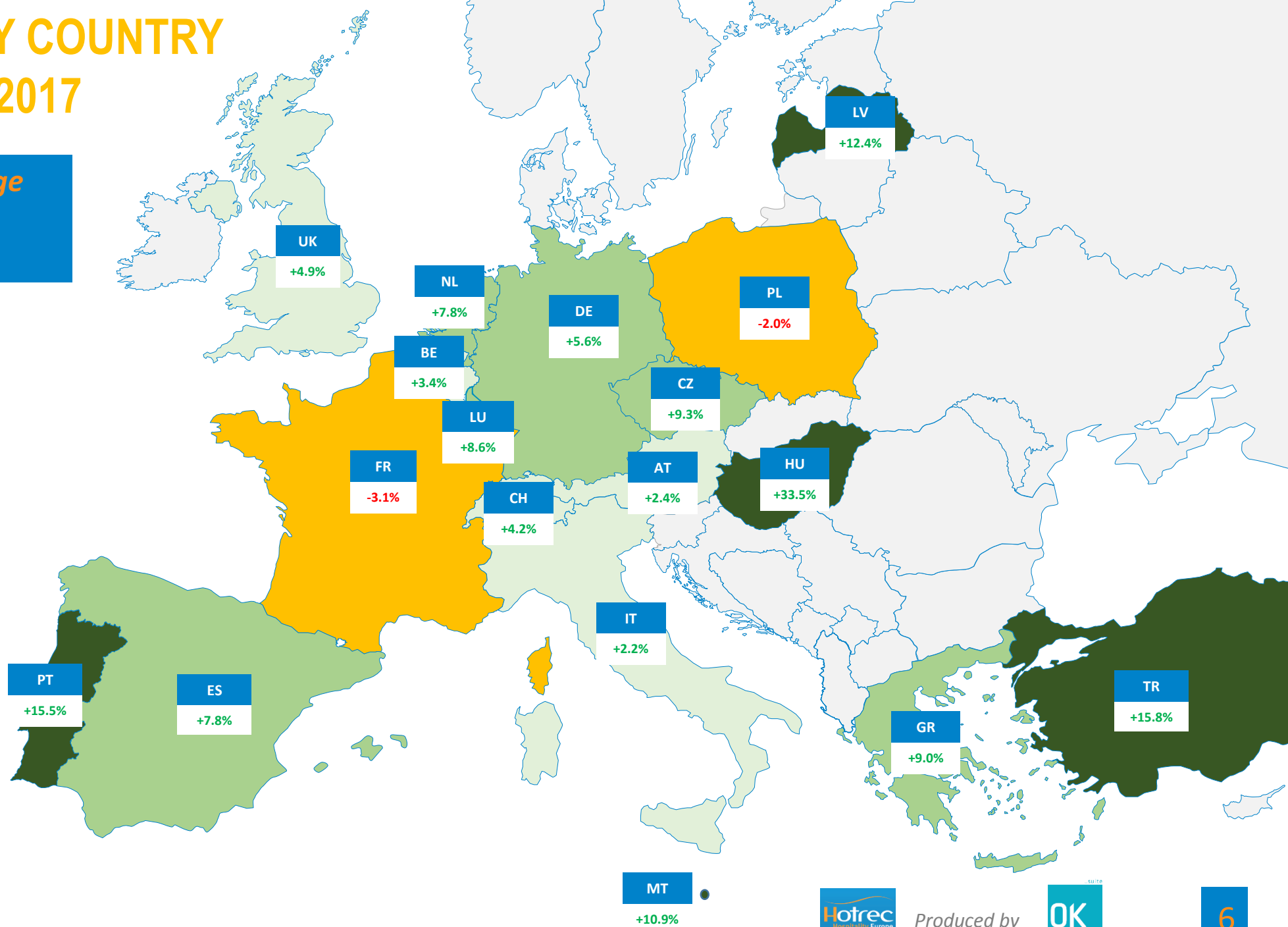
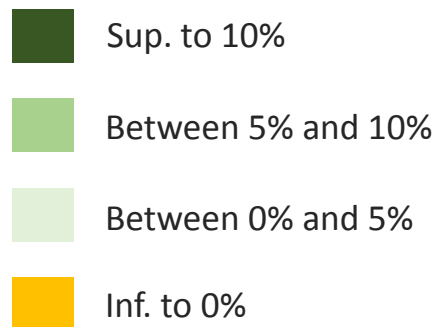
European
average
+2.6 pts



HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2017

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

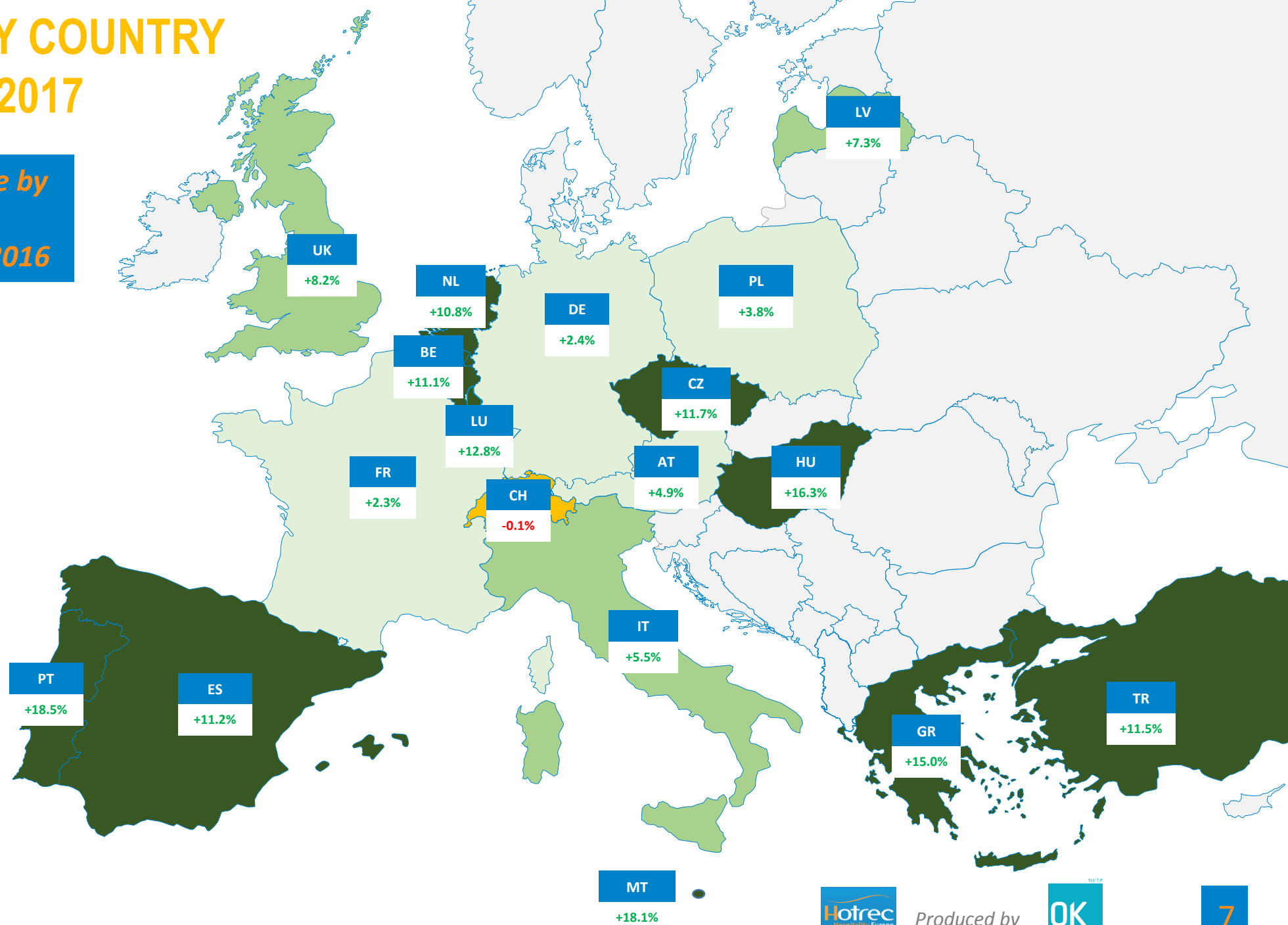
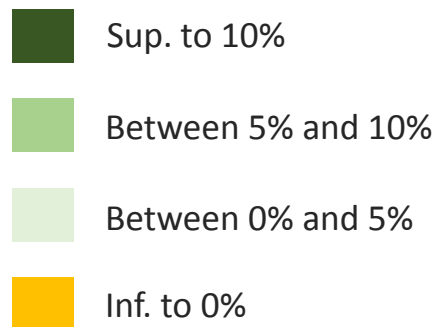
European
average
+3.0%



HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2017

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

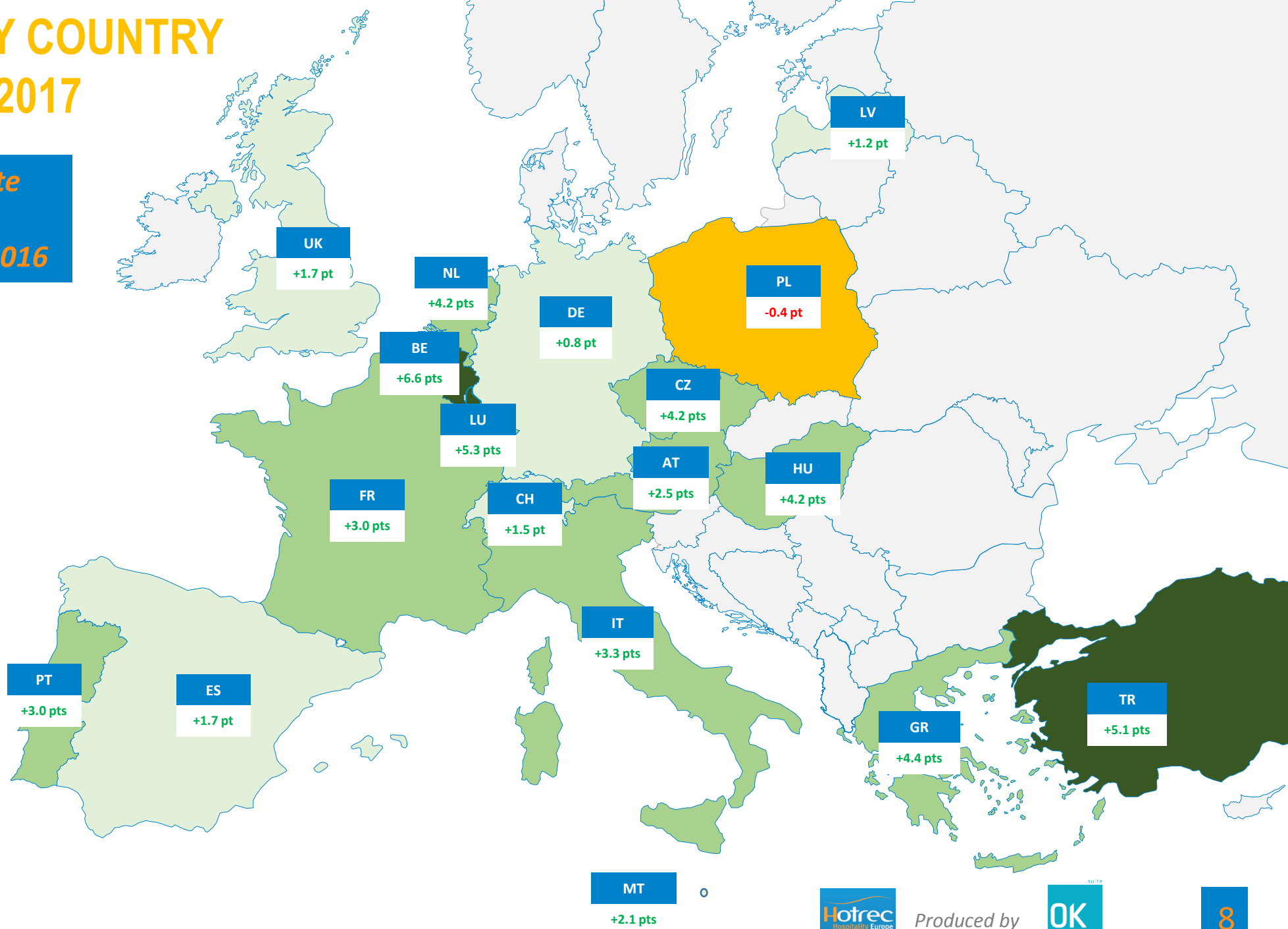
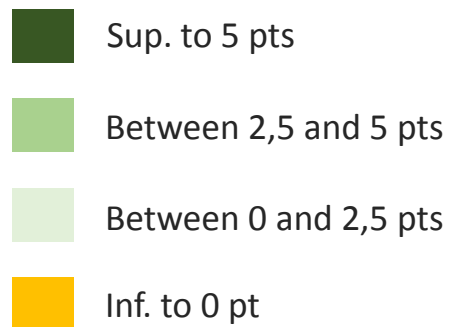
European
average
+5.4%



HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2017

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

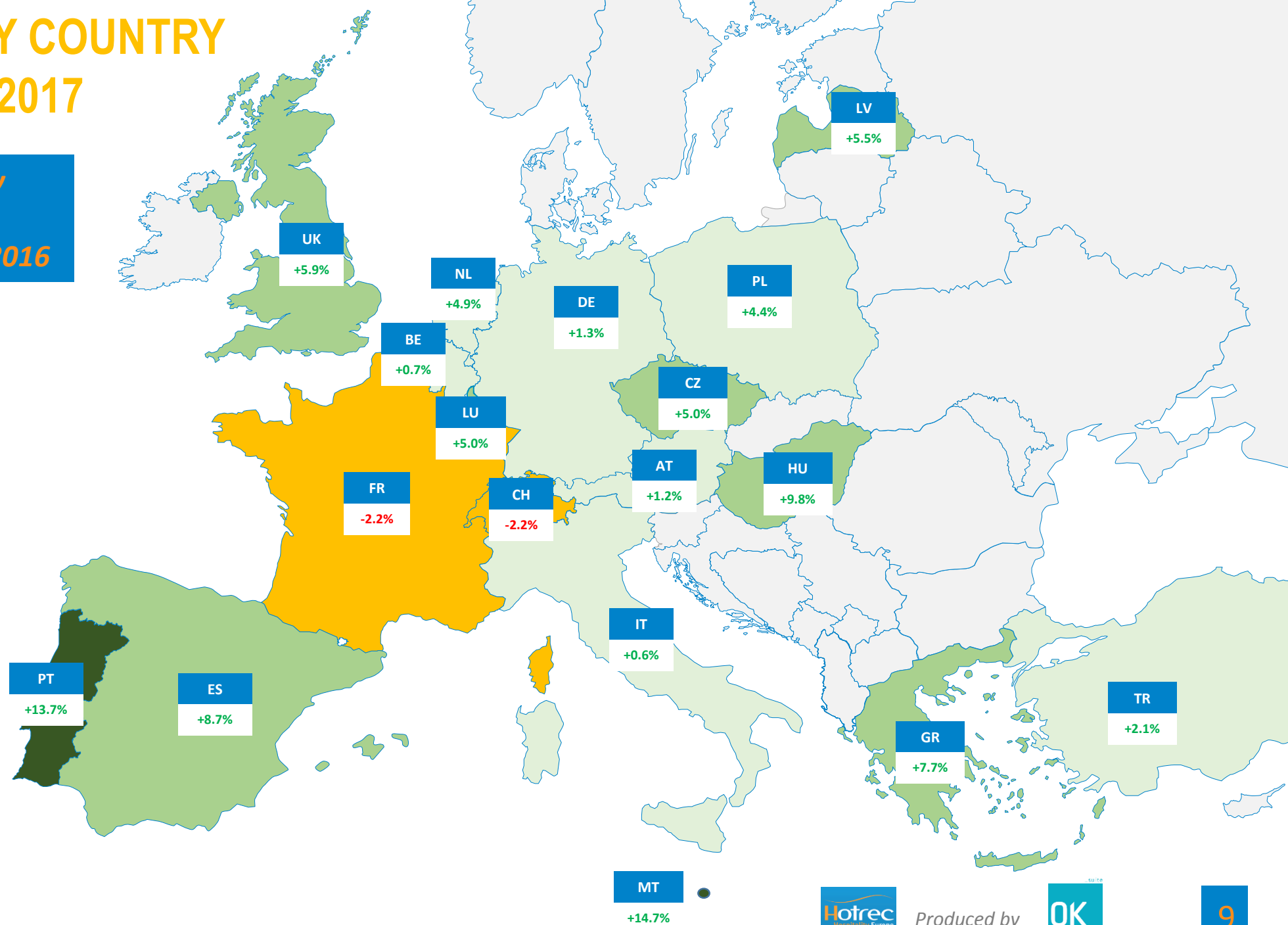
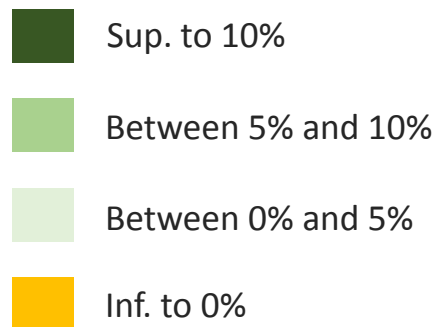
European
average
+2.3 pts



HOTEL RESULTS BY COUNTRY IN EUROPE – JULY 2017

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

European
average
+2.0%



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.)