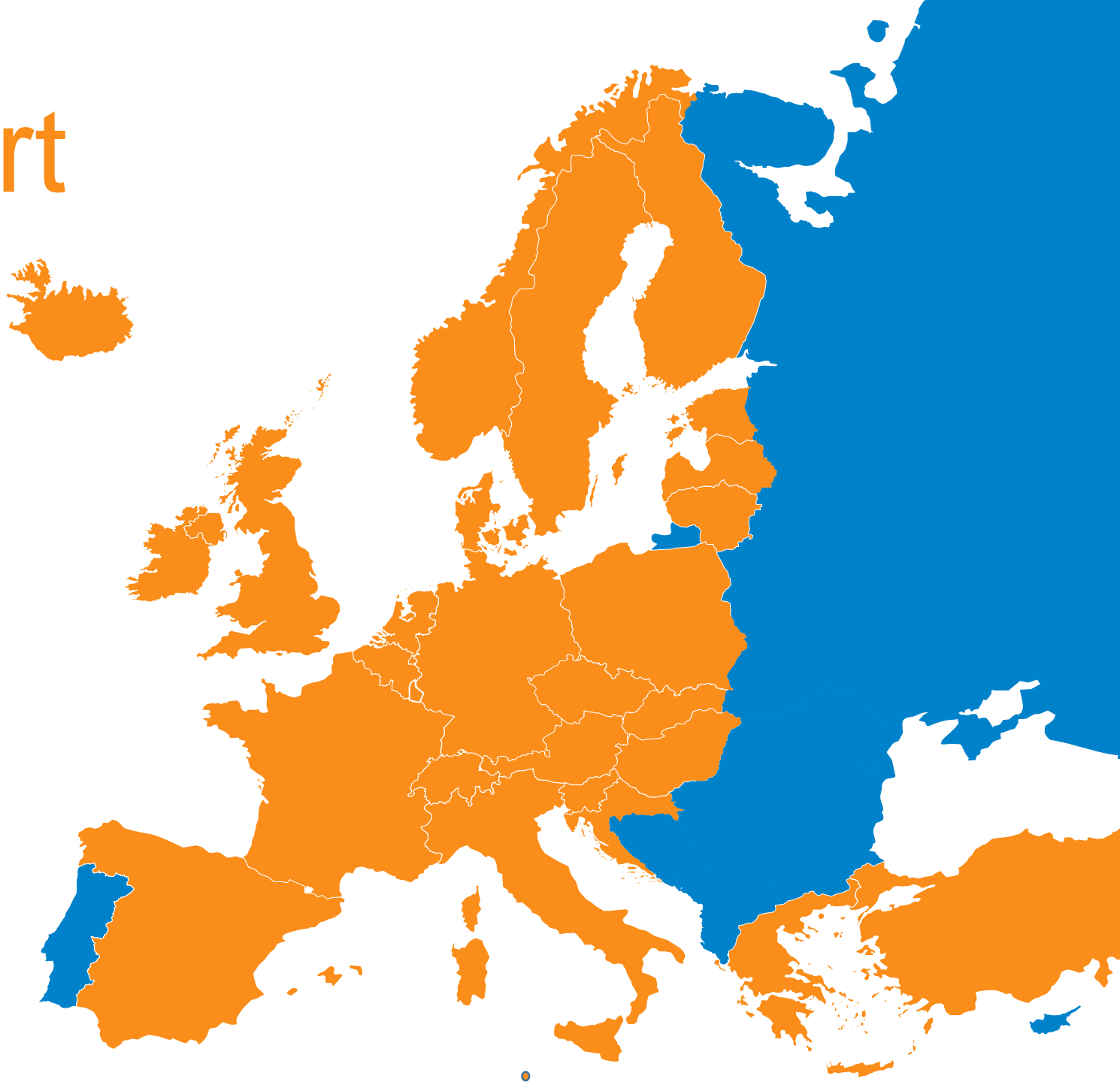


# H EU Report

Europe



SEPTEMBER 2017



# ANALYSIS OF HOTEL RESULTS – SEPTEMBER 2017

## Business picks up for Europe's hotel industry

In this month of September, business clientele returned to boost European performances. In keeping with a shift to economic growth, hotel performances progressed overall, particularly in southern Europe.

European hotel performances are good overall in September, with some countries even reporting double-figure growth. Overall, the RevPAR is up by +6.2%, and grows on all segments. Year-to-Date results are also very good, with +5.8% since the beginning of the year: September slips into the continuity of an excellent year 2017 for all European markets.

The analysis by segment reveals the same continuity. While the 5\* hotels experienced the strongest increase (+7.5%), the other segments grew as well. The segment with the weakest performance this month was the 2\*, which remains up 5.7%. Strong growth in the 5\* is due to occupancy rates that rose sharply (+2.9 pts), demonstrating once again that there is a renewal in demand tied to Europe's favourable economic momentum. YTD, the segments recording the most growth is the 5\* with +6.2%; this result is driven by prices more than occupancy rates, which remain on a solid growth track (+3.2 pts).

It is quite noteworthy that nearly the entire area is in the green. Austria is the only exception, and its drop is by only -1.3% in the RevPAR: it is thus more of a stabilization, within a context where a pre-election "wait and see" approach may have come into play.

The countries with the best hikes in September are Portugal, Belgium and Latvia, each of which reported more than 20% increase in their RevPAR (respectively +24.3%, +22.2% and +23.6%). In Portugal, the very strong increase in prices (by more than 20%) drove growth, while in Belgium, occupancy rates -after a difficult 2016- provide the impetus for the increases reported. Brussels, for example saw an 8.5 point rebound in its occupancy rate.

On a whole, Southern Europe is regaining strength. After the economic crisis, with a relaunch appearing to be underway, the hotel sector saw business travelers arrive, testifying to a welcome recovery. Italy, Spain, France and Greece posted major increases in occupancy rates. These, added to an even greater increase in prices (except in France -where the effect of previously excessively high prices may still be felt- that saw its ADR increase by only +1%), guarantee Indian summer throughout the South. Greece and Portugal experienced the strongest increases in their year-to-date RevPARs, with remarkable increases of 16.2% and 18.3%, respectively.

Further confirmation of this renewal, Latvia saw a very strong increase in its occupancy rate (+11.8 pts) drive a significant increase in the RevPAR. Recent growth of supply in the country may already have been matched by demand, but that trend also likely attests to a return of Russian clientele which had plunged a few years ago, like everywhere else in Europe.

In the center of Europe, with exception to Belgium which is gradually getting back to normal following a difficult 2016, the picture is positive, albeit growth is more modest. Germany, where the increase in the supply is weighing on average daily rates, settled at +0.2% for its RevPAR. YTD results are more moderate (+2.3%) than elsewhere in Europe, as if the overall comeback cast a shadow over the country that kept the European boat afloat during the crisis years. The United Kingdom is no longer benefitting from the loss in value of the pound Sterling in 2016, and stabilized its occupancy rate (-0.1 pt). Only Austria lost in terms of RevPAR this month, with a -1.3% slip due to a drop in average day rate (-3.5%).

The European hotel sector is entering fall 2017 with positive momentum and growth prospects that may gain strength as the crisis goes away and confidence returns. There's still work to be done, but hoteliers have made a successful return from the summer holidays.

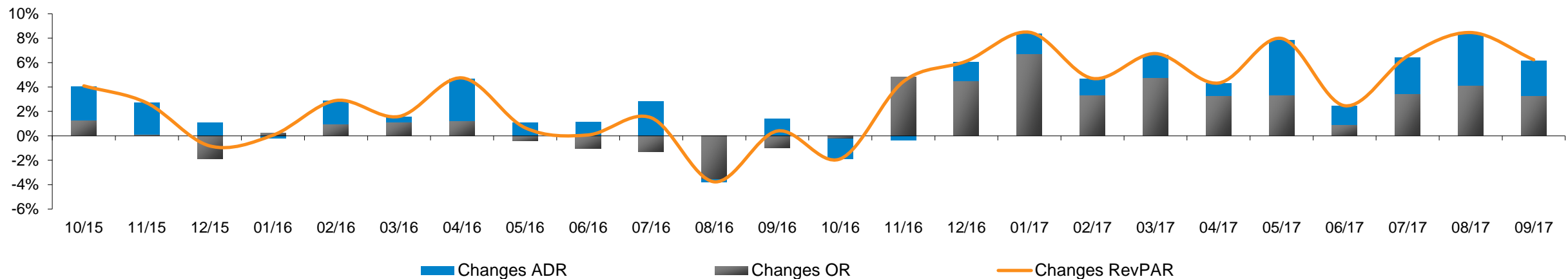
# HOTEL RESULTS BY SEGMENT IN EUROPE – SEPTEMBER 2017

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

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

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

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

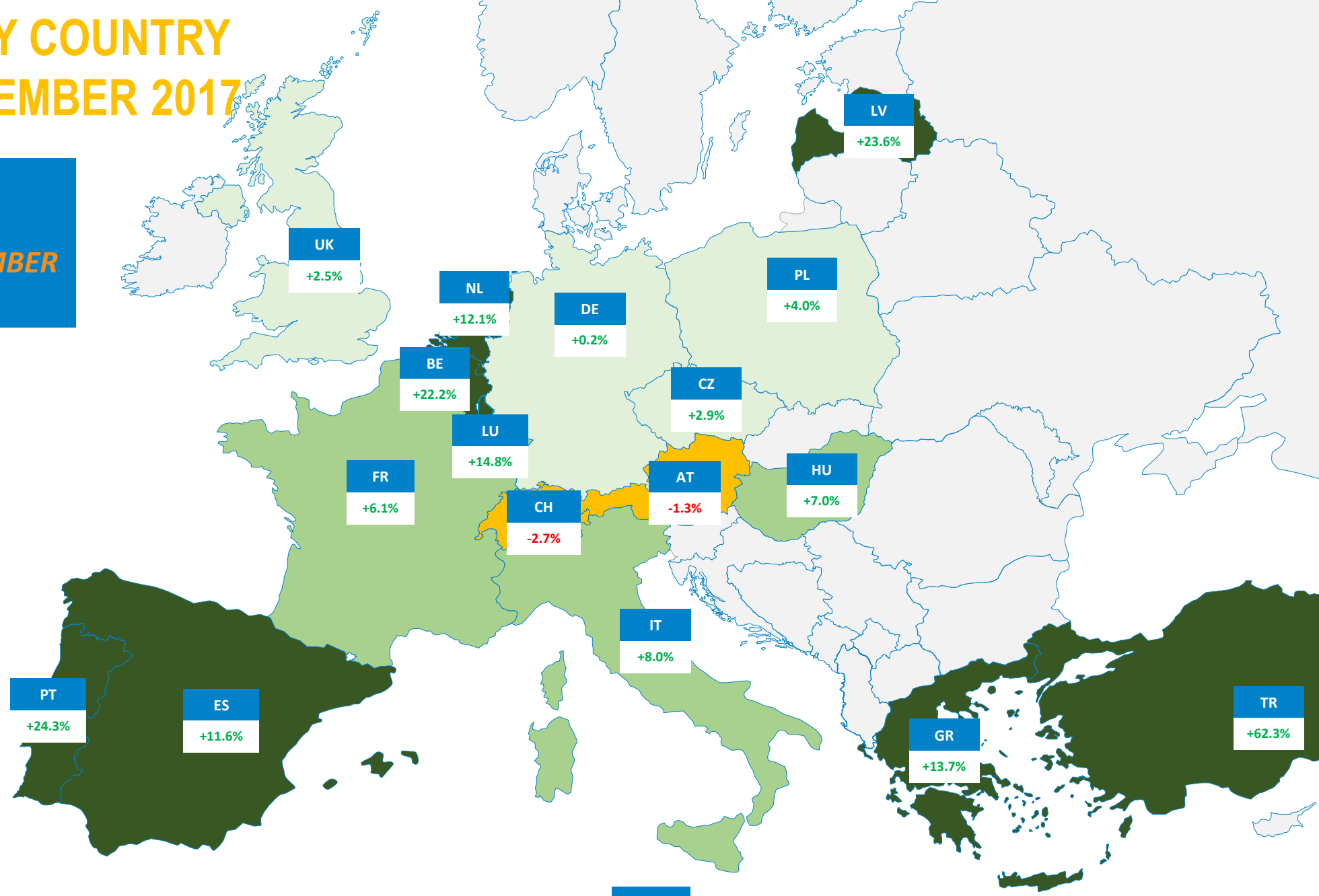


# HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2017

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

European  
average  
**+6.2%**

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

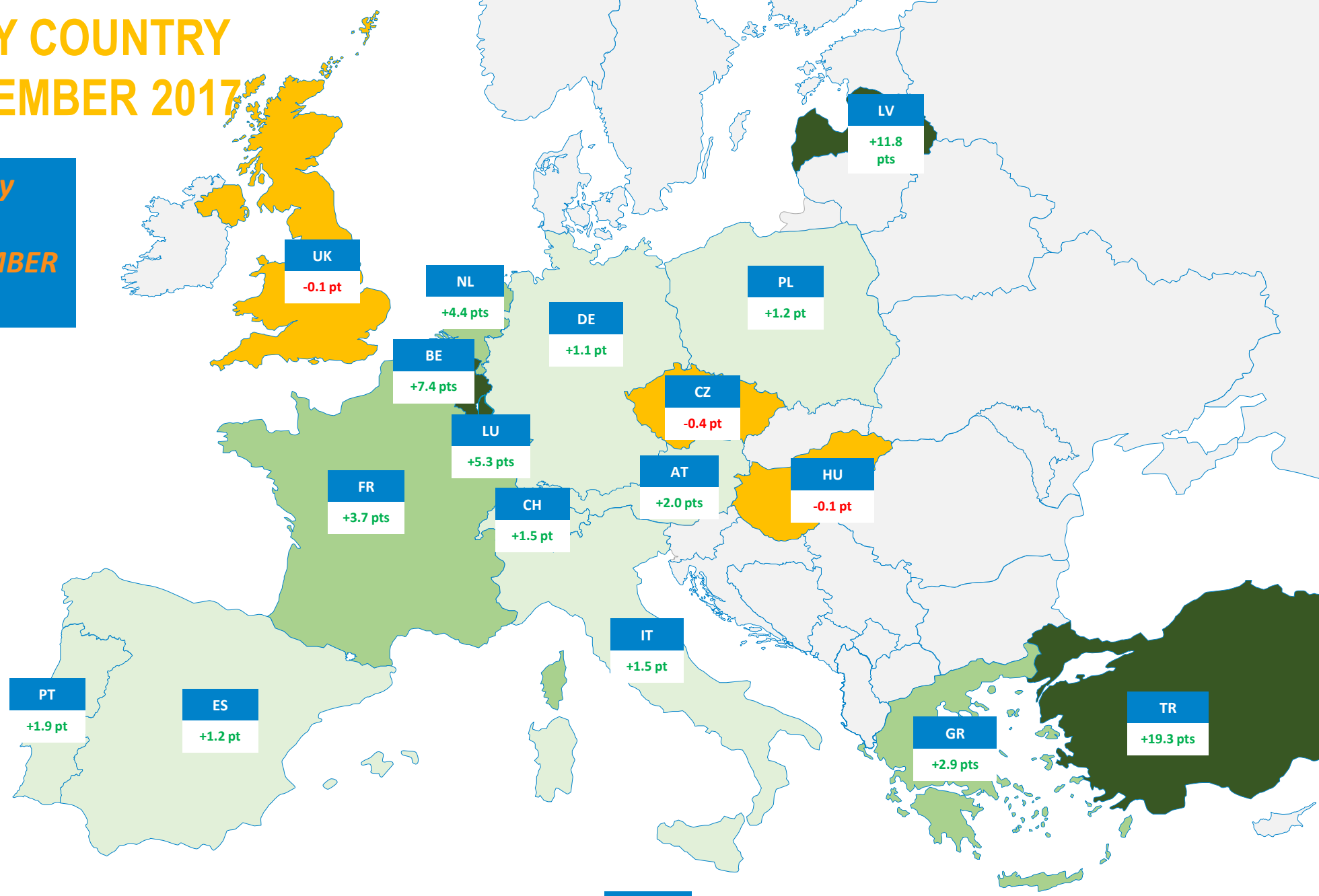


# HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2017

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

European  
average  
**+2.6 pts**

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

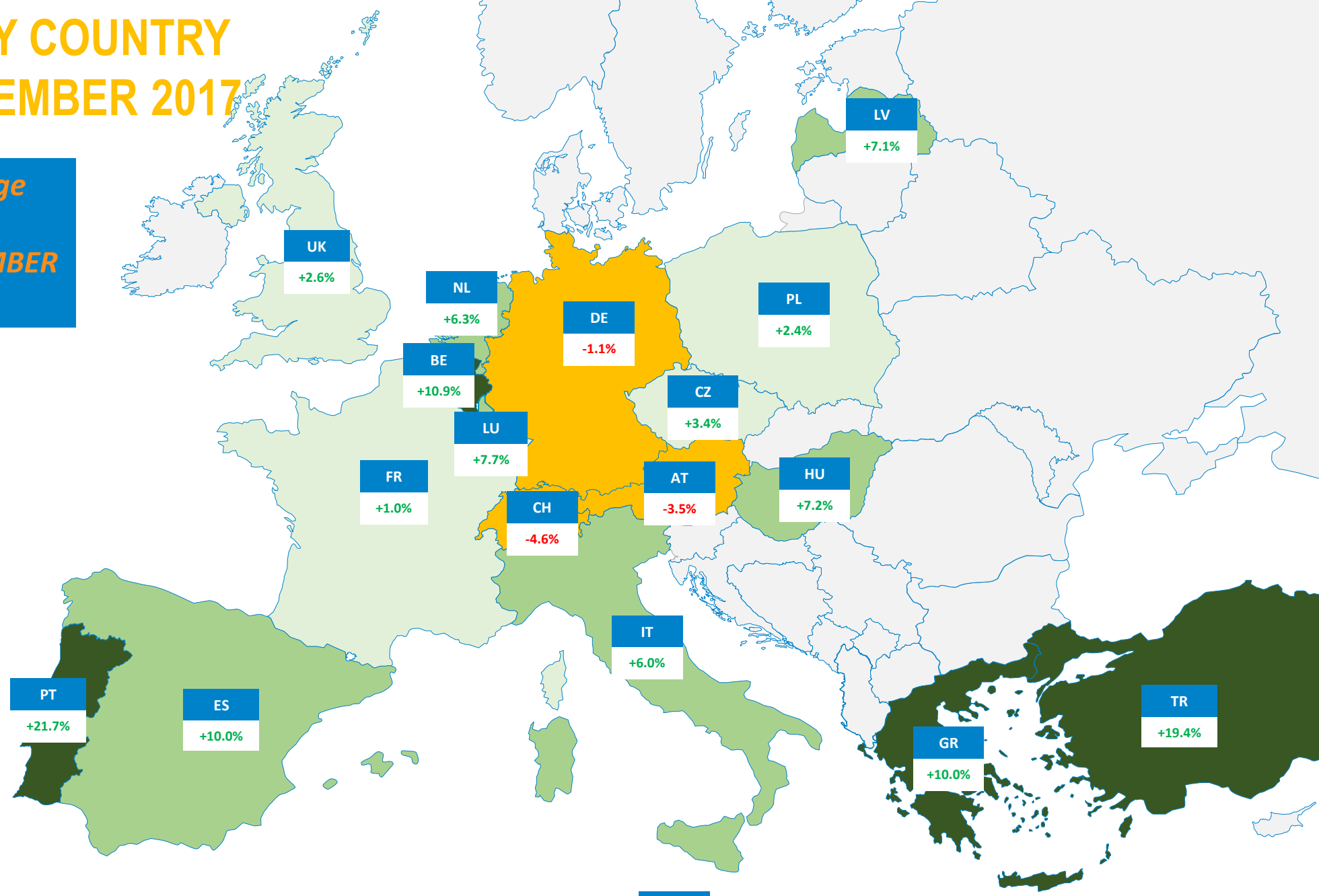


# HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2017

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

European  
average  
**+2.9%**

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

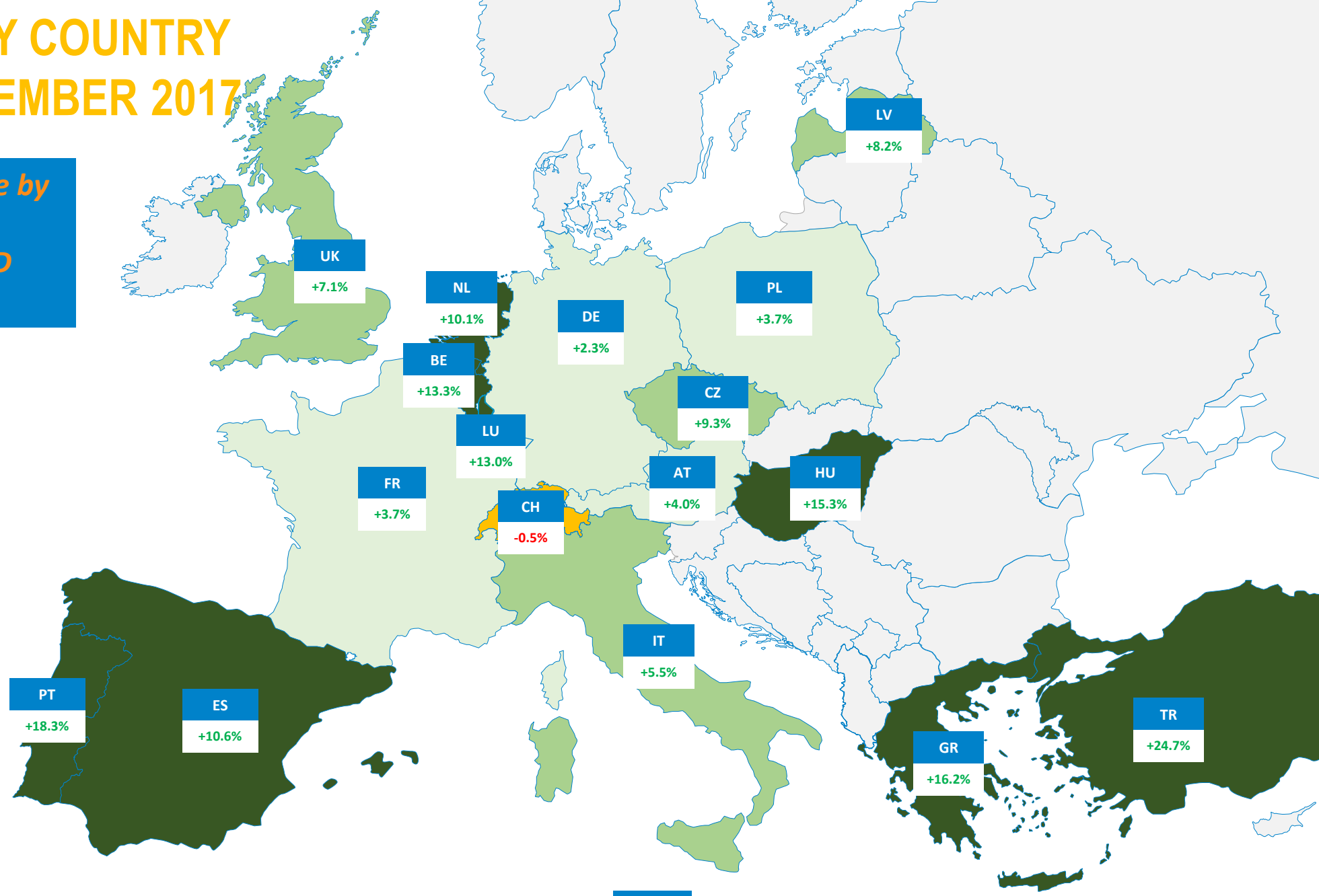


# HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2017

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

European average  
**+5.8%**

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

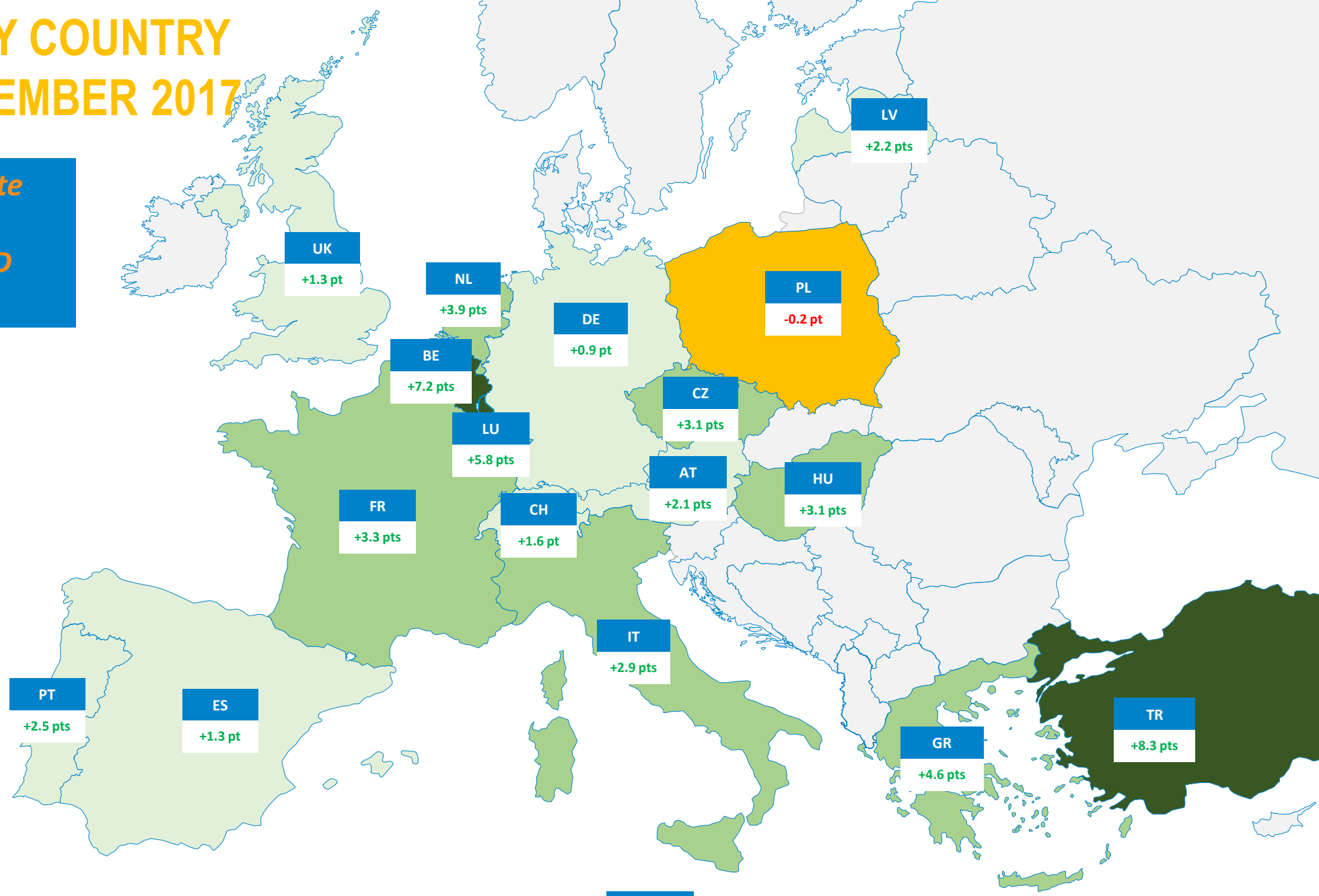


# HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2017

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

European  
average  
**+2.4 pts**

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



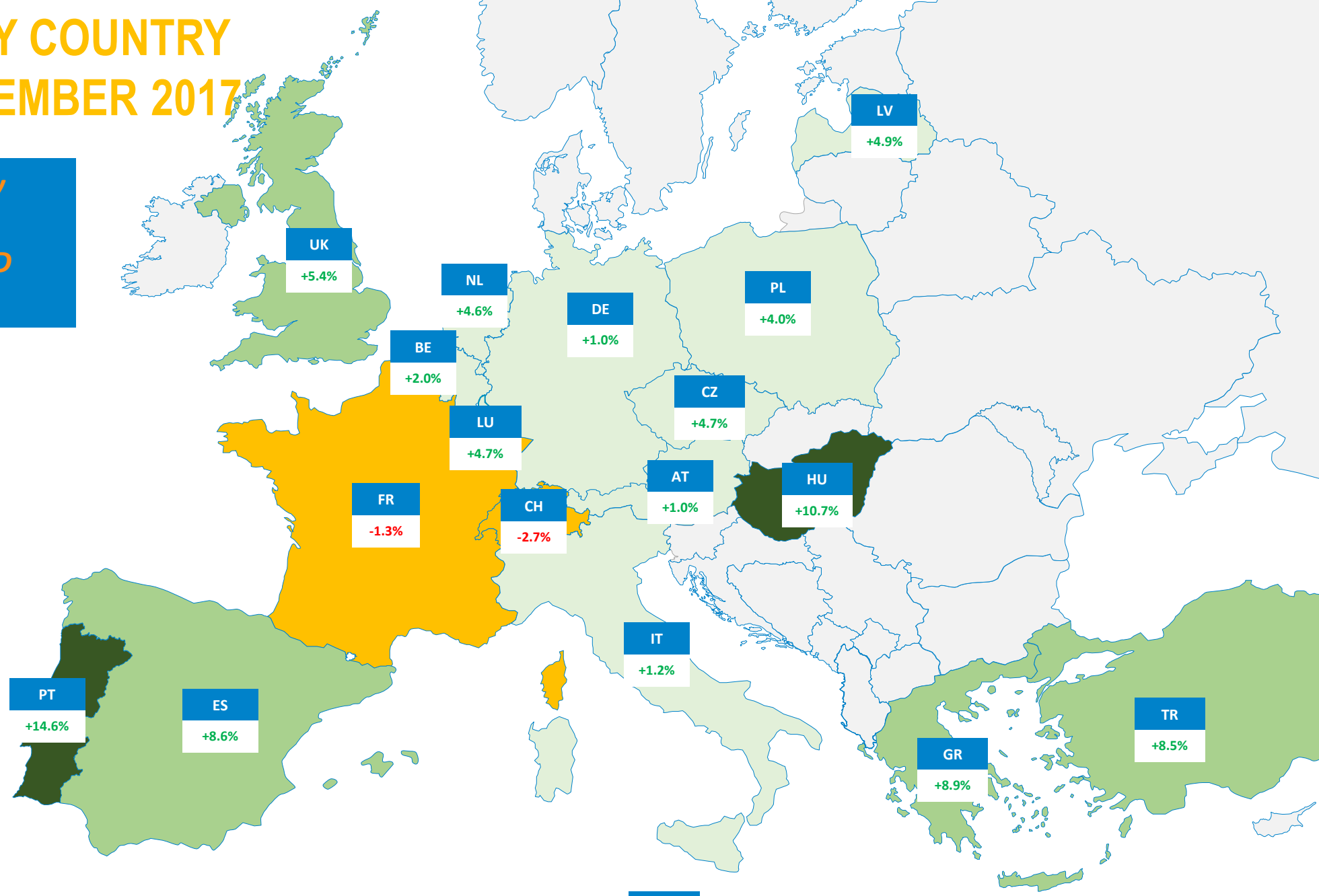


# HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2017

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

European average  
**+2.3%**

- 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.)

