

# H EU Report

Europe



JUNE 2019



# ANALYSIS OF HOTEL RESULTS – JUNE 2019

## The RevPAR progresses... particularly in southern Europe

June 2018 had been a month of positive performance for the European hotel industry with positive growth in RevPAR by +7.7%, the 2019 vintage is also very promising. However, it is important to remain vigilant about the evolution of these performances as prices rose by +6.1% overall, while ORs rose more timidly by +1.2 points. Year to date, prices progress by +3.2% and the OR by +0.5 points and the RevPAR by +3.9%. By category, it is the 5\* that does the best with an OR up +1.0 point, ADR up +7.6% for a RevPAR up by +8.9%. In terms of RevPAR performances, the 4\* category comes in second with an OR +1.0 point, ADR progresses +7.2% and a RevPAR up +8.5%. The 3\* is up +6.7% on the RevPAR with average daily rates up by +4.8% and an OR up +1.5 point. Finally the 2\* brings up the rear with growth in OR by +1.0 point for an ADR up by +3.3% leading to growth in RevPAR by +4.6%.

Greece and Luxembourg are vying for the highest RevPAR in terms of absolute value for this month of June or 137.4€ ex-VAT and 136.6€ ex-VAT, respectively. As for occupancy rate, Greece and the Netherlands post the best score at 87%.

After a poor month of May (RevPAR -10.3%) Italy improves. The RevPAR took off by +15.0% (109 € ex-VAT) fed by growth in OR by +3.2 points (81.5%). Average daily rates up by +10.5% (133.8€ ex-VAT). All segments are up. RevPAR +17.3% on the economy segment with OR up +6.6 points. +11.5% for the midscale (73.7€ ex-VAT) for an OR up +4.5 points. RevPAR +15.5% (136.3€ ex-VAT) for the upscale with an OR up +1.7 point. Hungary saw its RevPAR increase by +13.4% (83.8€ ex-VAT) thanks to an increase in ADR by +14.5% (98.4€ ex-VAT) while the OR stagnates with -0.8 point after a month of May at +0.2 point. Portugal pursues its growth trend and hoteliers enjoyed an OR up +1.1 point to increase average daily rates by +11.3% (107.5€ ex-VAT) bringing the RevPAR to +12.8% (92.8€ ex-VAT). All indicators are positive on the territory with the strongest growth in OR for Algarve at +3.2 points. The RevPAR of Spanish hoteliers is up +12.3% (90.5€ ex-VAT) thanks to combined growth in OR by +1.9 point (82.6%) and average daily rates +9.7% (109.5€ ex-VAT). All segments (in particular economy +4.4 points) saw their OR progress. Madrid outperformed with +37.8% (118.2€ ex-VAT) in the RevPAR benefiting from an OR up 3.5 points for an increase in average daily rates by +32.1% (139.6€ ex-VAT). France closes up the rear for destinations with +10% growth in RevPAR. France closed 2019 with +10.2% growth in its RevPAR (91.2€ ex-VAT) driven by both an increase in prices by +6.6% (111.9€ ex-VAT) and occupancy rate +2.6 points (81.5%) second best growth in the panel after Italy.

Luxembourg saw its OR progress by +0.5 point (83.9%) combined with an increase in ADR by +7.8% (163.9€ ex-VAT) the RevPAR posted +8.5% to reach the highest point in the panel 137.6€ ex-VAT. The OR posted its weakest growth January 2019 when it was down. The Czech Republic maintained an OR at 0.1 point (80.8%) for ADR up +8.4% (82.5€ ex-VAT) and growth in the RevPAR by +8.5% (66.6€ ex-VAT). For the first time since May 2018, the OR is down -1.4 point (84.4%) in Austria. Hoteliers have nonetheless maintained growth in ADR by +10.1% to reach a RevPAR at 90.9€ ex-VAT up by +8.4%. The United Kingdom posted growth in RevPAR by +7.4% (99.1€ ex-VAT) backed by an OR up by +1.2 point (86.5%) and ADR up +5.9% (114.6€ ex-VAT). While London, Birmingham, Manchester, Leeds-Bradford and Edinburgh are in the green, Glasgow and Cardiff saw their RevPAR. The OR is steady in Cardiff (+0.4 point) but falls -3.1 points in Glasgow. Belgium ranks fourth in growth in OR in the panel +1.4 point (81.9%) with ADRs up +3.1% (110.5€ ex-VAT) which allowed the RevPAR to increase by +5% (90.5€ ex-VAT). Brussels is up across all indicators while Ghent stayed afloat thanks to the increase in average daily rates while Liège and Antwerp are in the red across the board.

Poland posts the weakest RevPAR in the panel (57.2€ ex-VAT) despite growth by +1.6%. The OR stagnates at -0.4 points (79.8%) and average daily rates pursue their trajectory with +2.1% (71.7€ ex-VAT). Despite an OR down by -2.1 points, making it nonetheless the highest on the panel at 87%, Greek hoteliers maintain growth in RevPAR by +1.6% (137.4€) - the second highest on the panel – with an increase in prices by +4% (157.8€ ex-VAT).

With RevPAR -1.1%(119.5€ ex-VAT) following a drop in prices by -0.2% (137.3€ ex-VAT), the Netherlands holds the third highest average daily rate on the panel. OR stagnates at -0.8 point but reaches 87.0% which is the best occupancy rate along with Greece. In Germany, June is negative. With the second strongest drop in OR by -2.2 points (76%), average daily rates simmer at -0.1% (94.5€ ex-VAT). The RevPAR thus drops by -2.9% (71.8€ ex-VAT). All segments are affected by this drop. Only the upscale maintains an OR at +0.3 point. Frankfurt posts the strongest drop in RevPAR -31.5% followed by Hanover and Nuremberg. Final destination: Latvia loses -6.8% of RevPAR (64€ ex-VAT) with an OR down by -4.0 points (strongest drop for this indicator) despite average daily rates down by -2.4%.

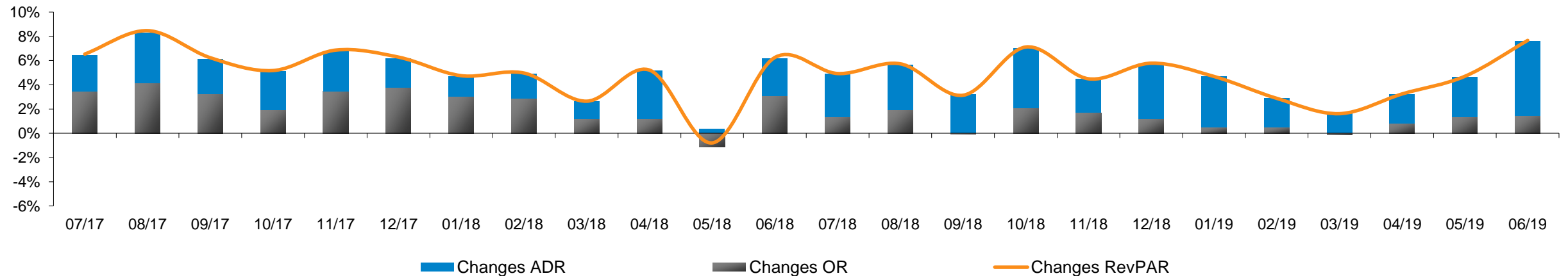
# HOTEL RESULTS BY SEGMENT IN EUROPE – JUNE 2019

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

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

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

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

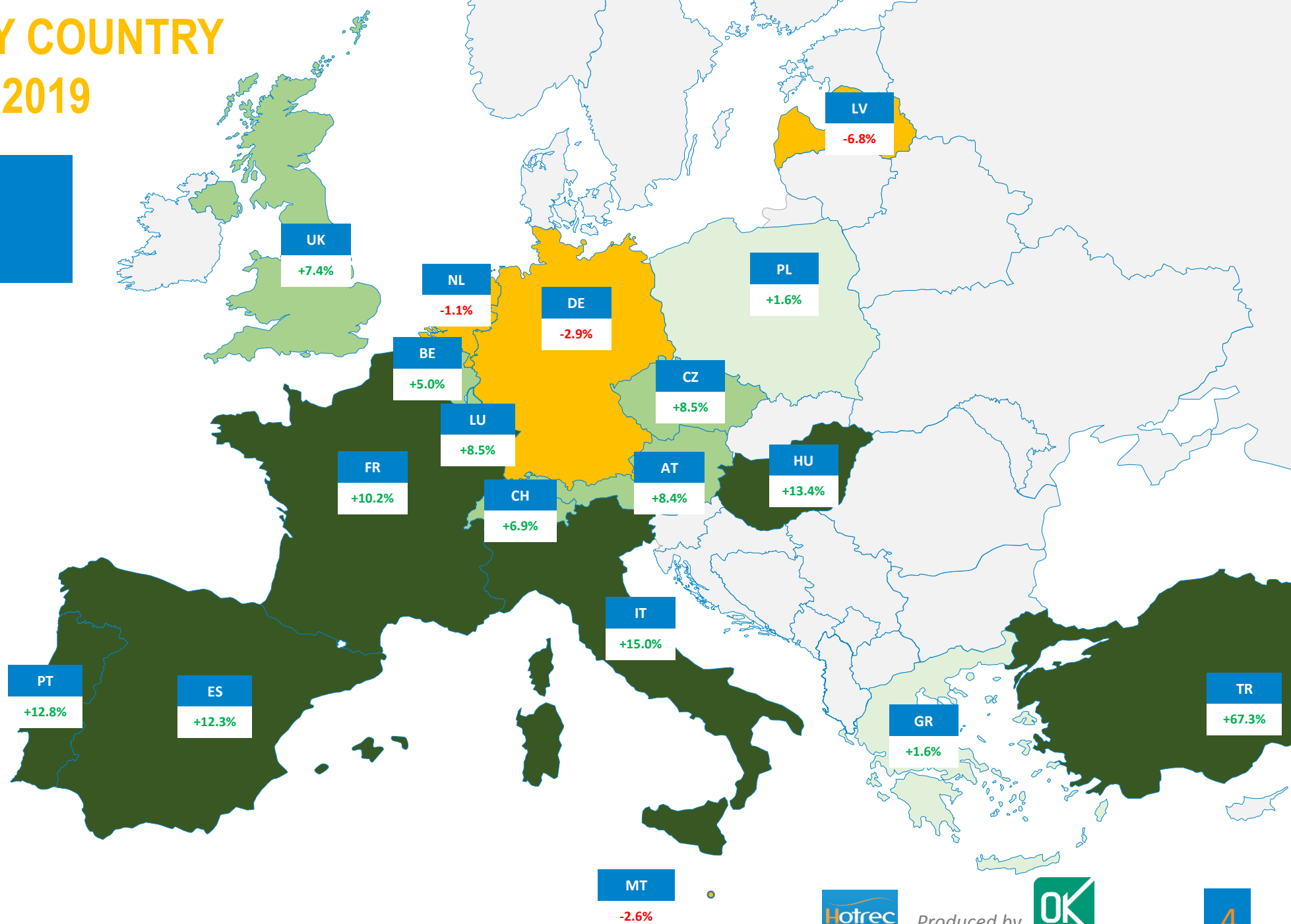


# HOTEL RESULTS BY COUNTRY IN EUROPE – JUNE 2019

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

European  
average  
**+7.7%**

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

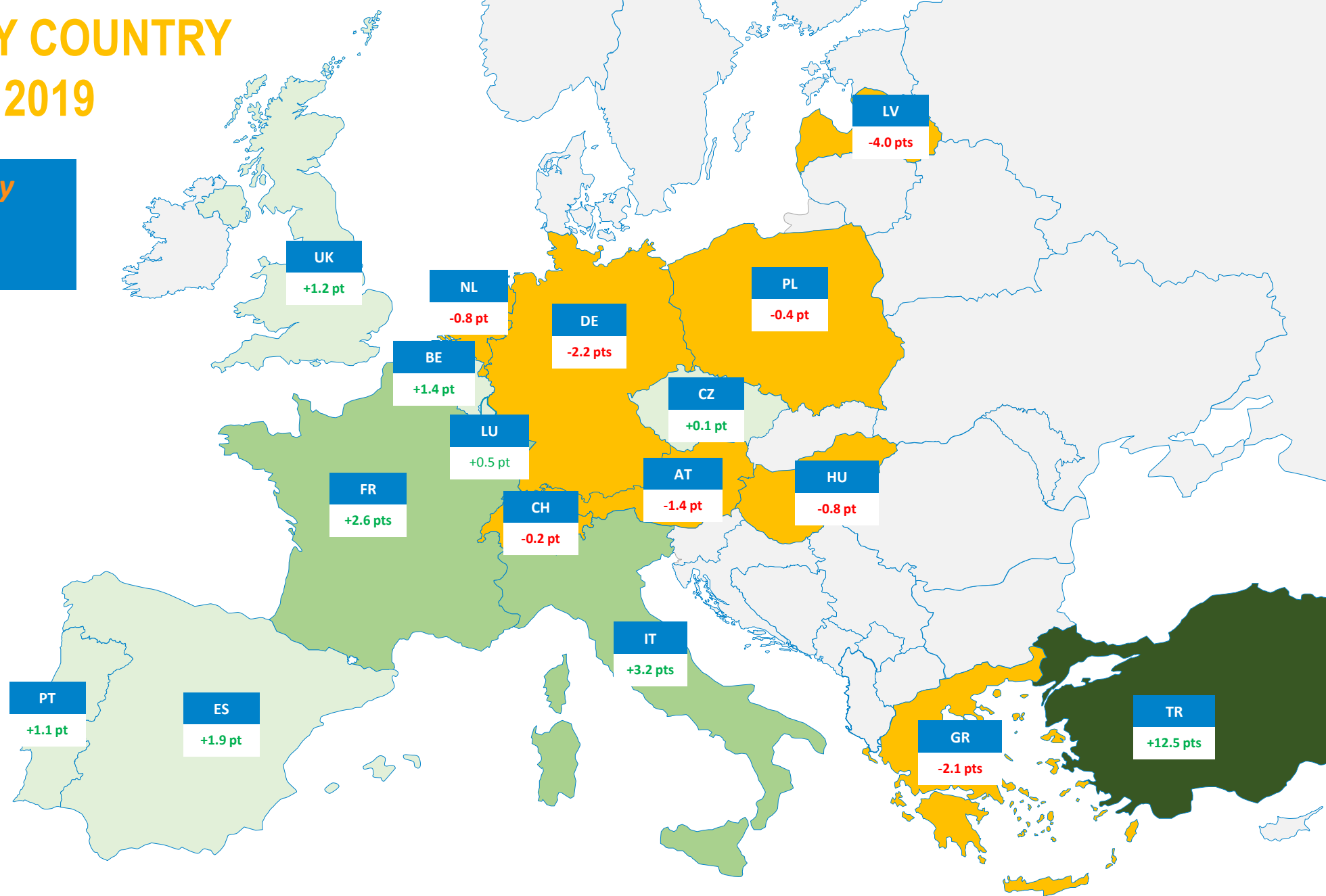


# HOTEL RESULTS BY COUNTRY IN EUROPE – JUNE 2019

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

European  
average  
**+1.2 pt**

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

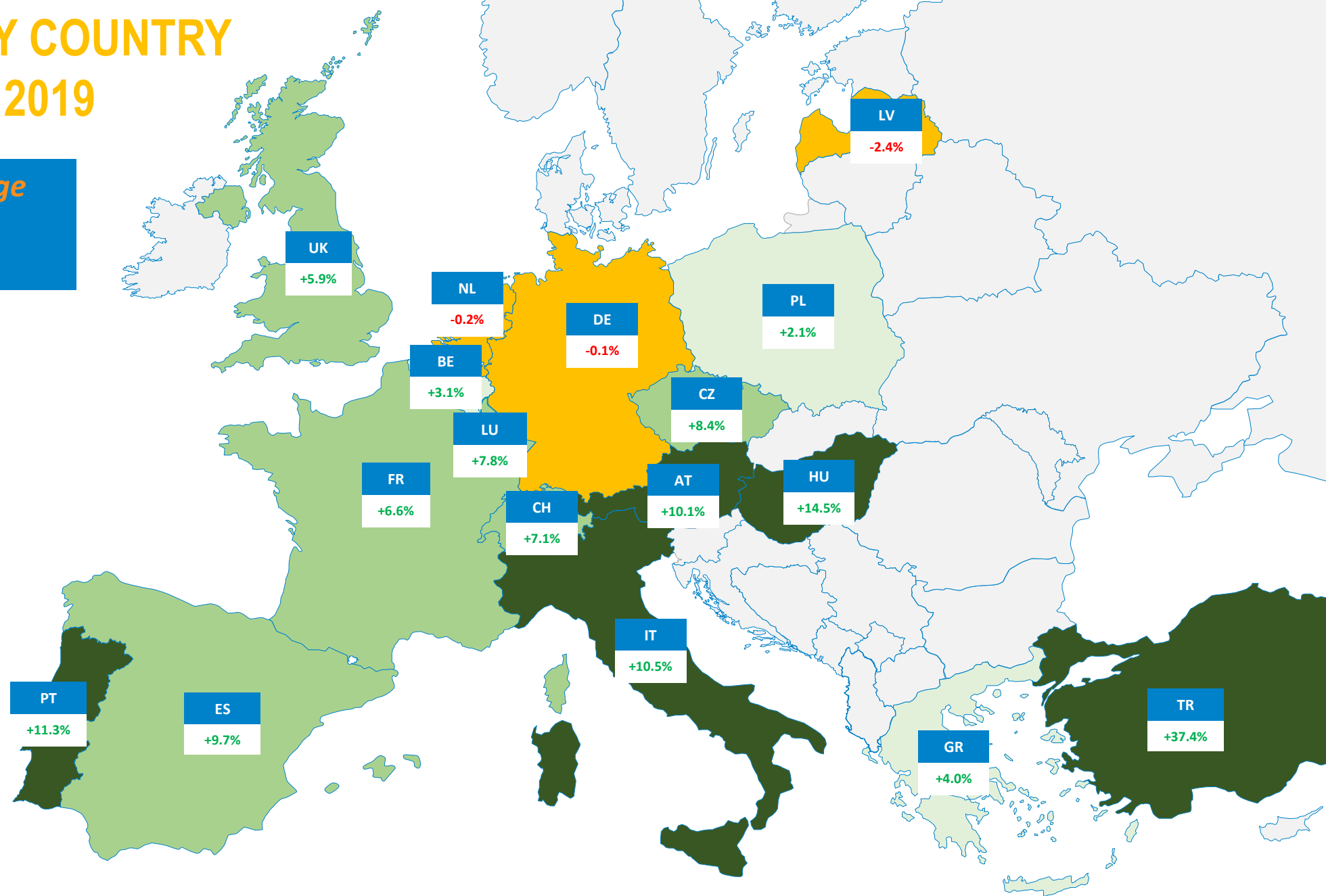


# HOTEL RESULTS BY COUNTRY IN EUROPE – JUNE 2019

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

European  
average  
**+6.1%**

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

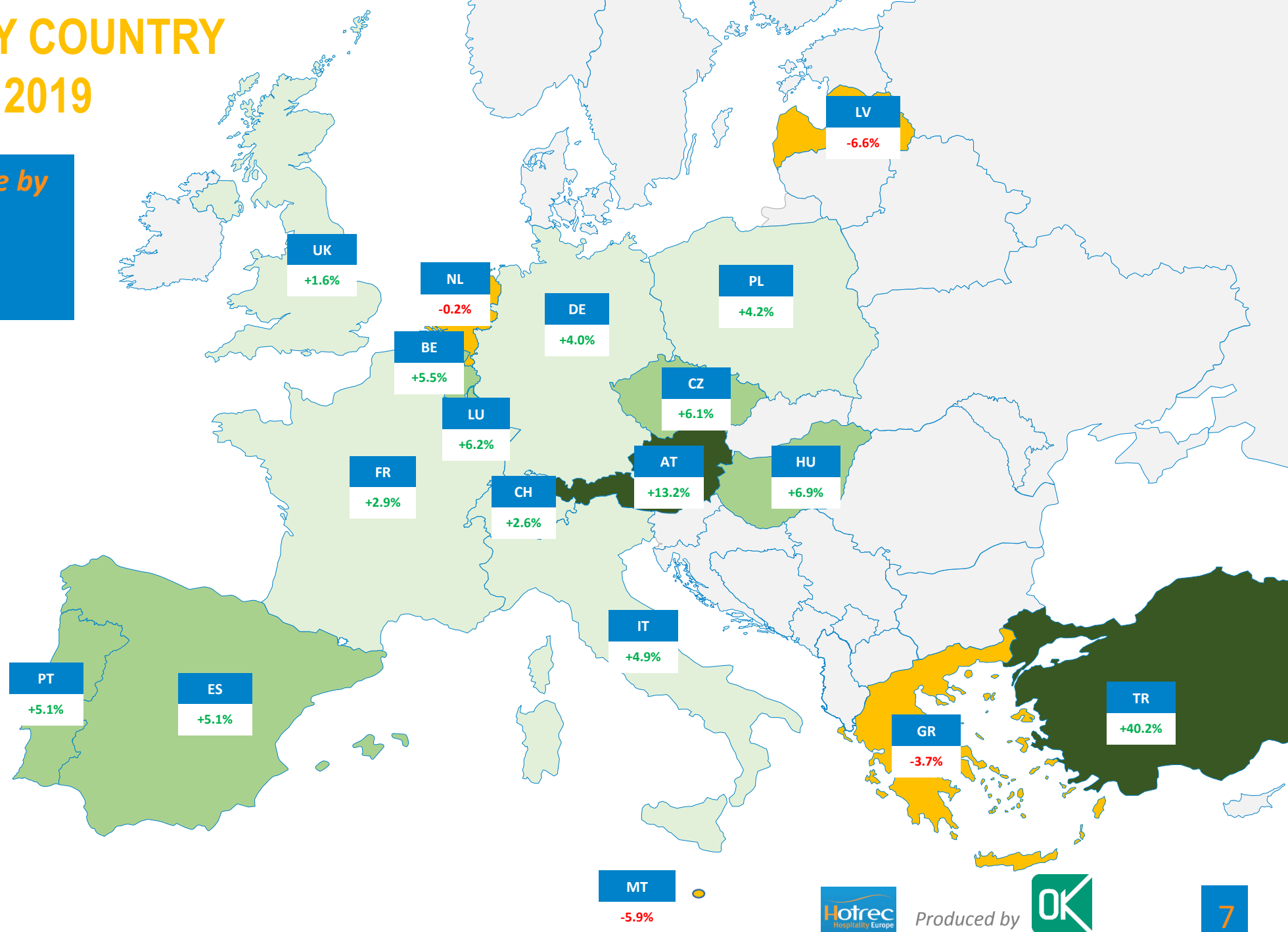


# HOTEL RESULTS BY COUNTRY IN EUROPE – JUNE 2019

*YTD Results - RevPAR change by country*  
*YTD JUNE 2019 vs YTD JUNE 2018*

European average  
**+3.9%**

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

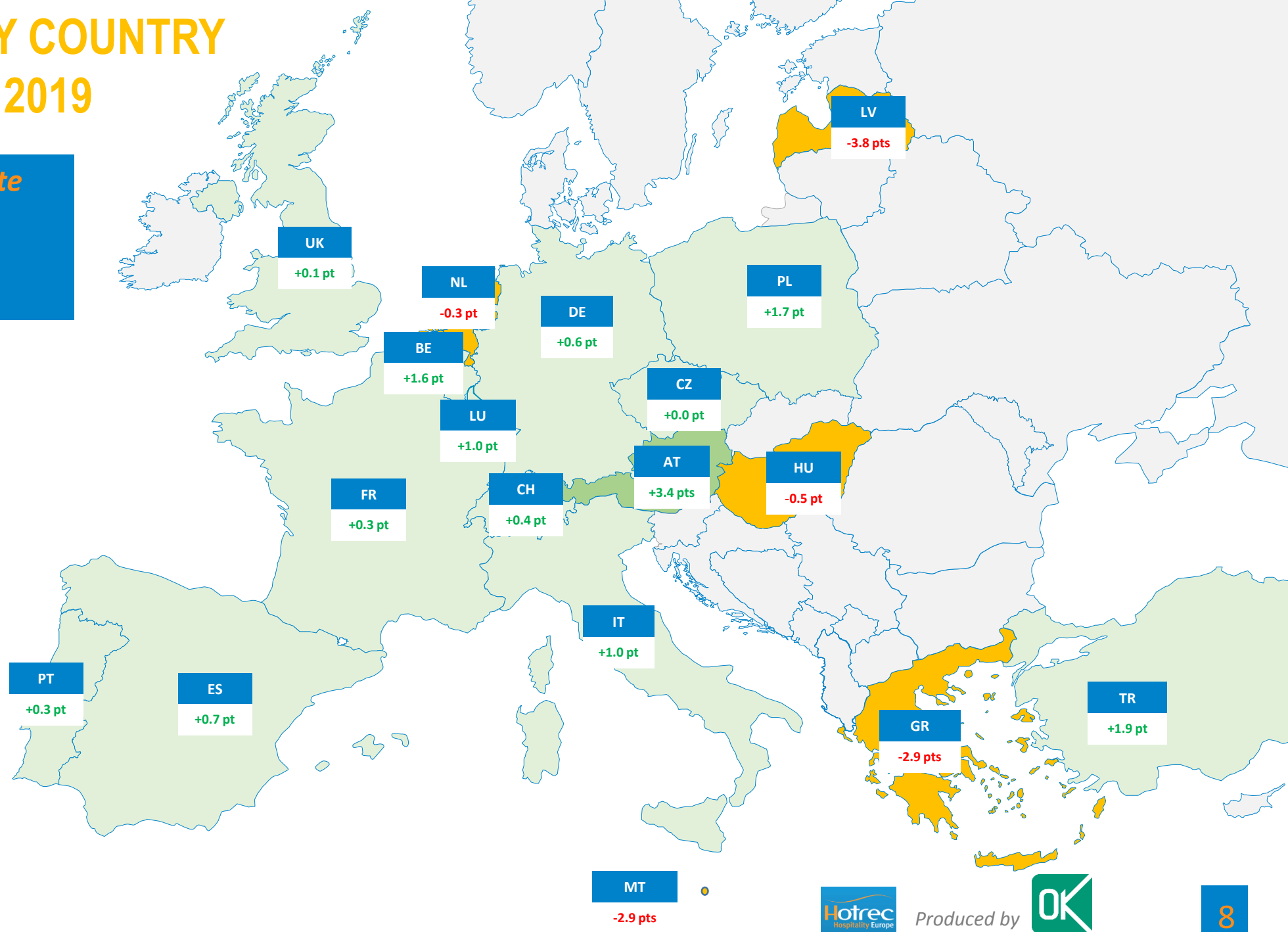


# HOTEL RESULTS BY COUNTRY IN EUROPE – JUNE 2019

*YTD Results – Occupancy Rate  
change by country  
YTD JUNE 2019 vs YTD JUNE  
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



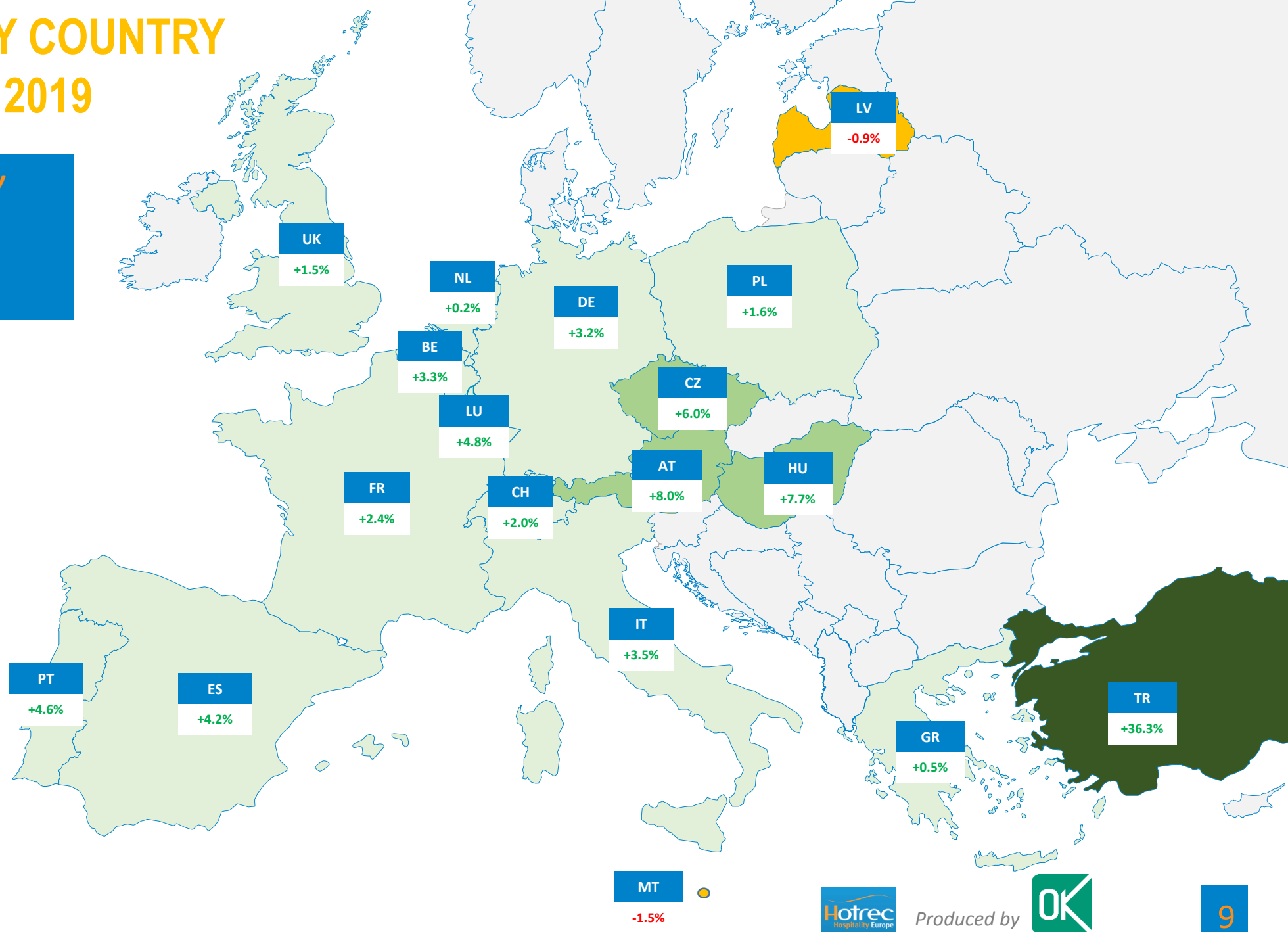


# HOTEL RESULTS BY COUNTRY IN EUROPE – JUNE 2019

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

European average  
**+3.2%**

- 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.)

