

# H EU Report

Europe



SEPTEMBER 2018



# ANALYSIS OF HOTEL RESULTS – SEPTEMBER 2018

## An Indian summer for European hotels

Hospitality activity is good this Fall 2018, confirming the stability of all European destinations since the beginning of the year.

European hotel performances are improving for Fall 2018, with some countries even recording very strong growth. Overall, compared to September 2017, RevPAR increased by +3.2% and grew in all segments. It should be noted that results are not homogeneous: the 3\* and 5\* hotels recorded higher results this month, mainly due to an increase in their average daily rates (up by 2.9% and 5.9%, respectively). On the other hand, 2\* and 4\* properties saw their RevPAR grow without any significant increase in their occupancy rate.

It is quite notable that positive growth indicators are not observed throughout the area. Three countries recorded double-digit growth in RevPAR compared to September 2017: Hungary (17.1%), Austria (13.3%) and France (10.9%). Results were mainly due to an increase in their average daily rate, respectively 16.6% for Hungary, 13.3% for Austria, and 8.9% for France. In addition, Greece experienced significant growth (RevPAR: +8.5%) and continuity with respect to the summer season, with a sharp increase in average daily rates (+11%).

Germany, the Netherlands and Belgium seem to be continuing at a steady pace, with RevPARs of +2.6%, 0.7% and 0% respectively, reinforcing the attractiveness and stability of these countries in terms of hotel investment.

On the other hand, several countries recorded a further significant drop in their indicators: Portugal, Spain and Italy recorded the largest decreases in terms of RevPAR with -6.1%, -4.5% and -3% respectively. Their metropolitan areas (Barcelona, Madrid, Lisbon, Milan) show a drop in RevPAR by about -10% with all their indicators in the red.

Other countries such as the Czech Republic (-1.6% RevPAR), the United Kingdom (-1.3% RevPAR) and Latvia (-0.4%) saw their results deteriorate compared to the same period last year. It should be noted that Latvia posted an improvement in results over the first nine months of the year (RevPAR: +13%).

Switzerland, Malta and Luxembourg recorded a downturn in their indicators with a RevPAR down -1.8% for Switzerland, -2.0% for Malta and -2.5% for Luxembourg, despite good performances in Zurich with RevPAR +3.9%, ADR +1.3% and occupancy rate +89.7%.

These developments in European hotel performances reinforce the upward trend observed since the beginning of the year in Europe. The overall occupancy rate reached nearly 81.4% at the end of September reflecting the good health of the hotel industry throughout the European Union for 2018.

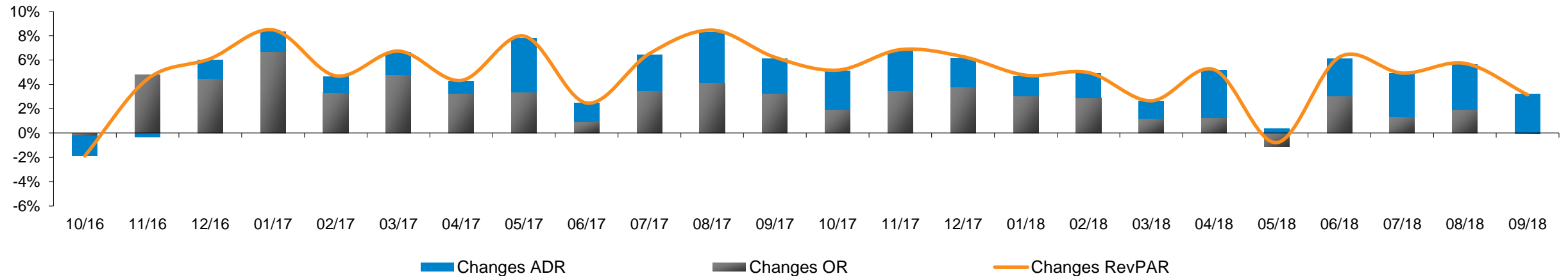
# HOTEL RESULTS BY SEGMENT IN EUROPE – SEPTEMBER 2018

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

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

Note : The indicators are compared to the same period of previous year, i.e. SEPTEMBER 2018 vs SEPTEMBER 2017

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

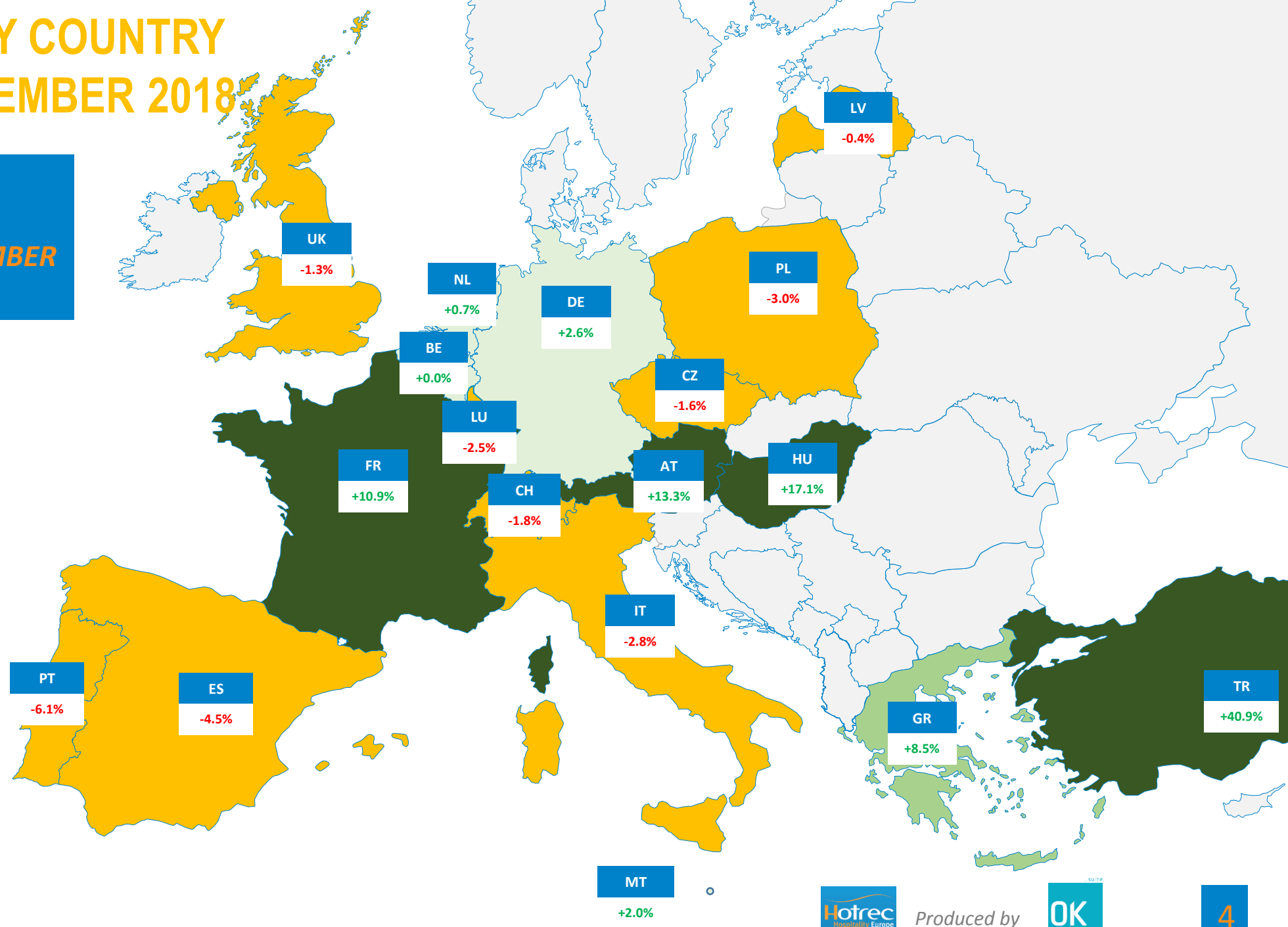


# HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2018

Monthly Results - RevPAR  
change by country  
SEPTEMBER 2018 vs SEPTEMBER  
2017

European  
average  
**+3.2%**

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

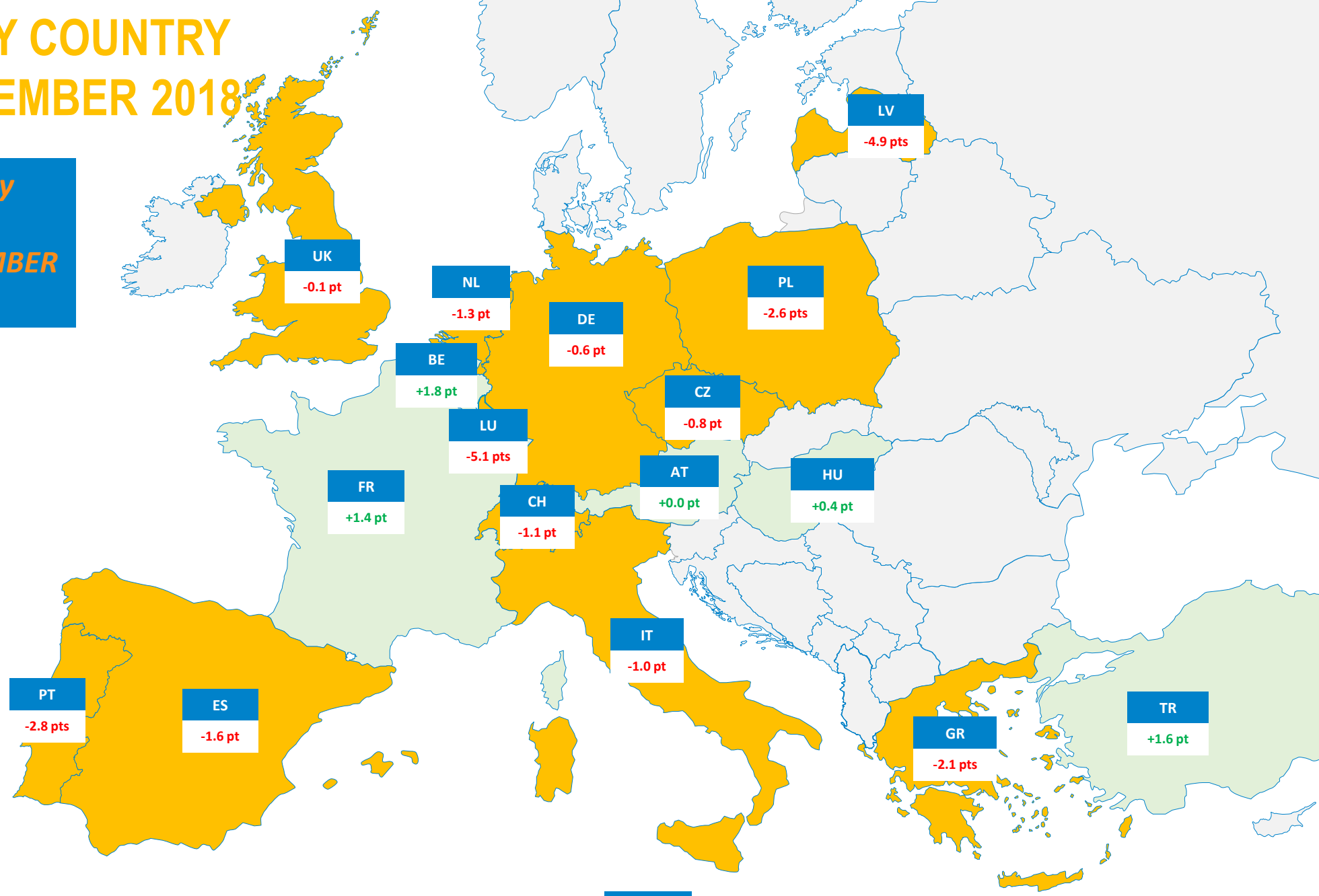


# HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2018

Monthly Results – Occupancy  
Rate change by country  
SEPTEMBER 2018 vs SEPTEMBER  
2017

European  
average  
**+0.0 pt**

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

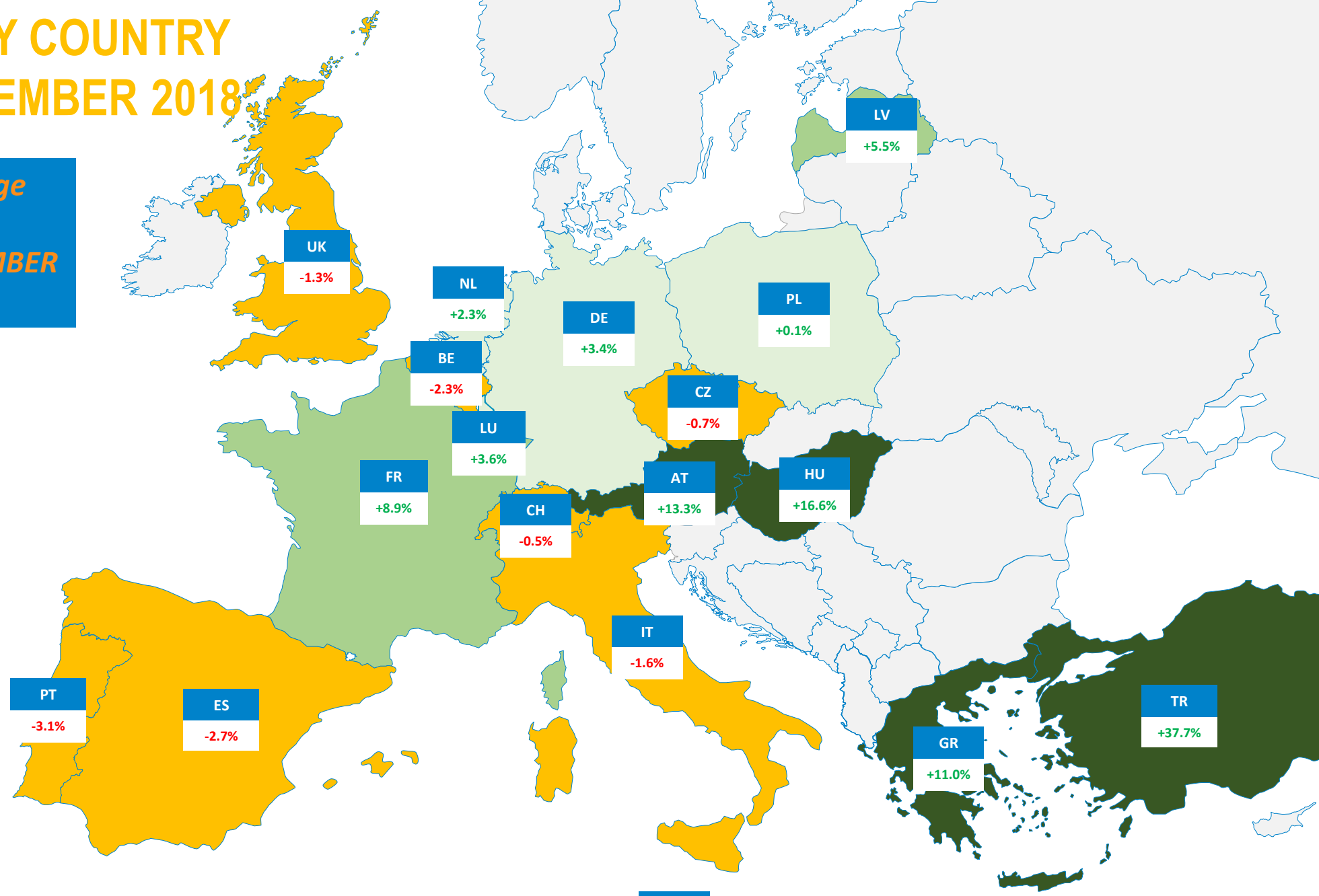


# HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2018

Monthly Results - ADR change  
by country  
SEPTEMBER 2018 vs SEPTEMBER  
2017

European  
average  
**+3.2%**

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

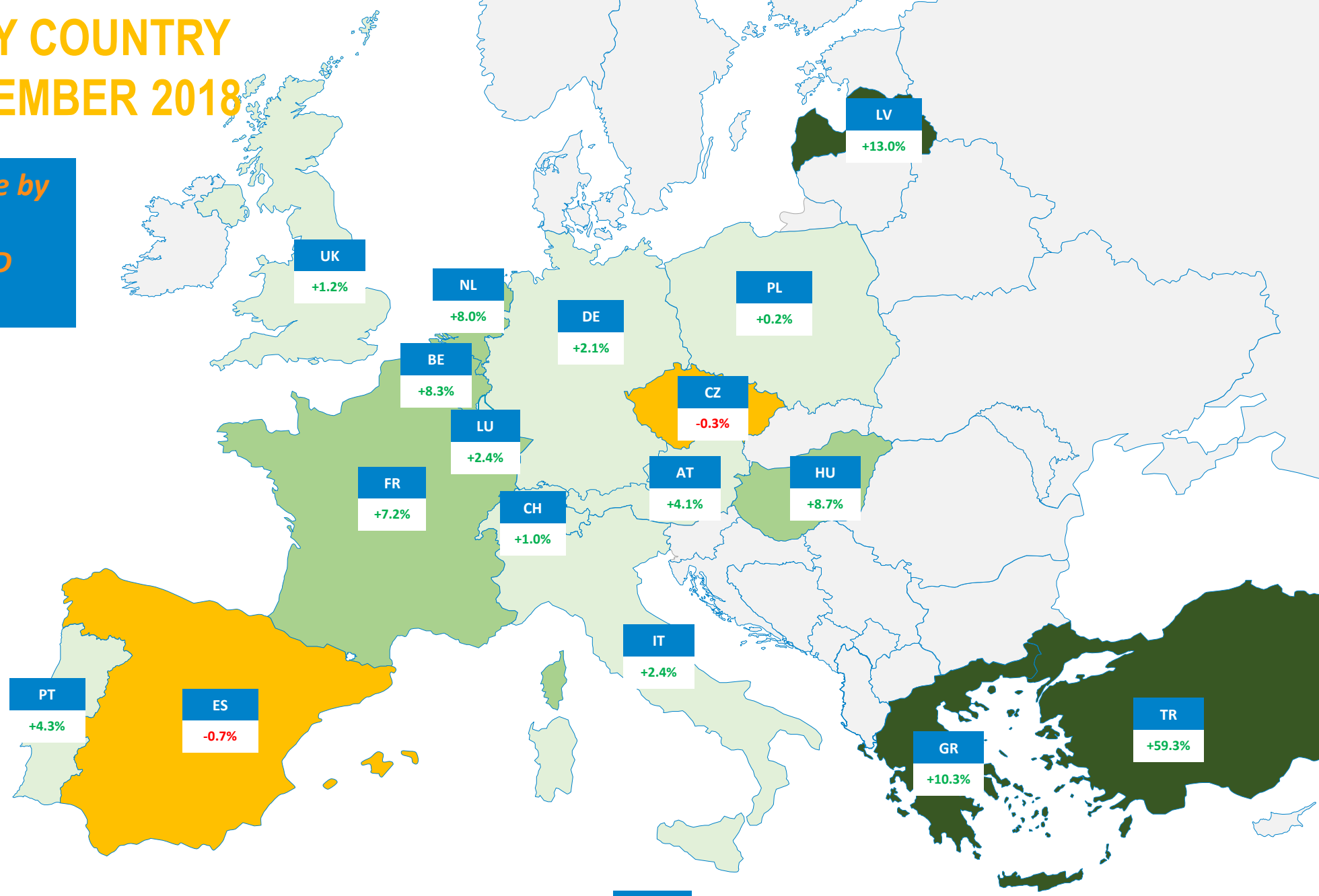


# HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2018

*YTD Results - RevPAR change by country*  
*YTD SEPTEMBER 2018 vs YTD SEPTEMBER 2017*

European average  
**+3.7%**

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

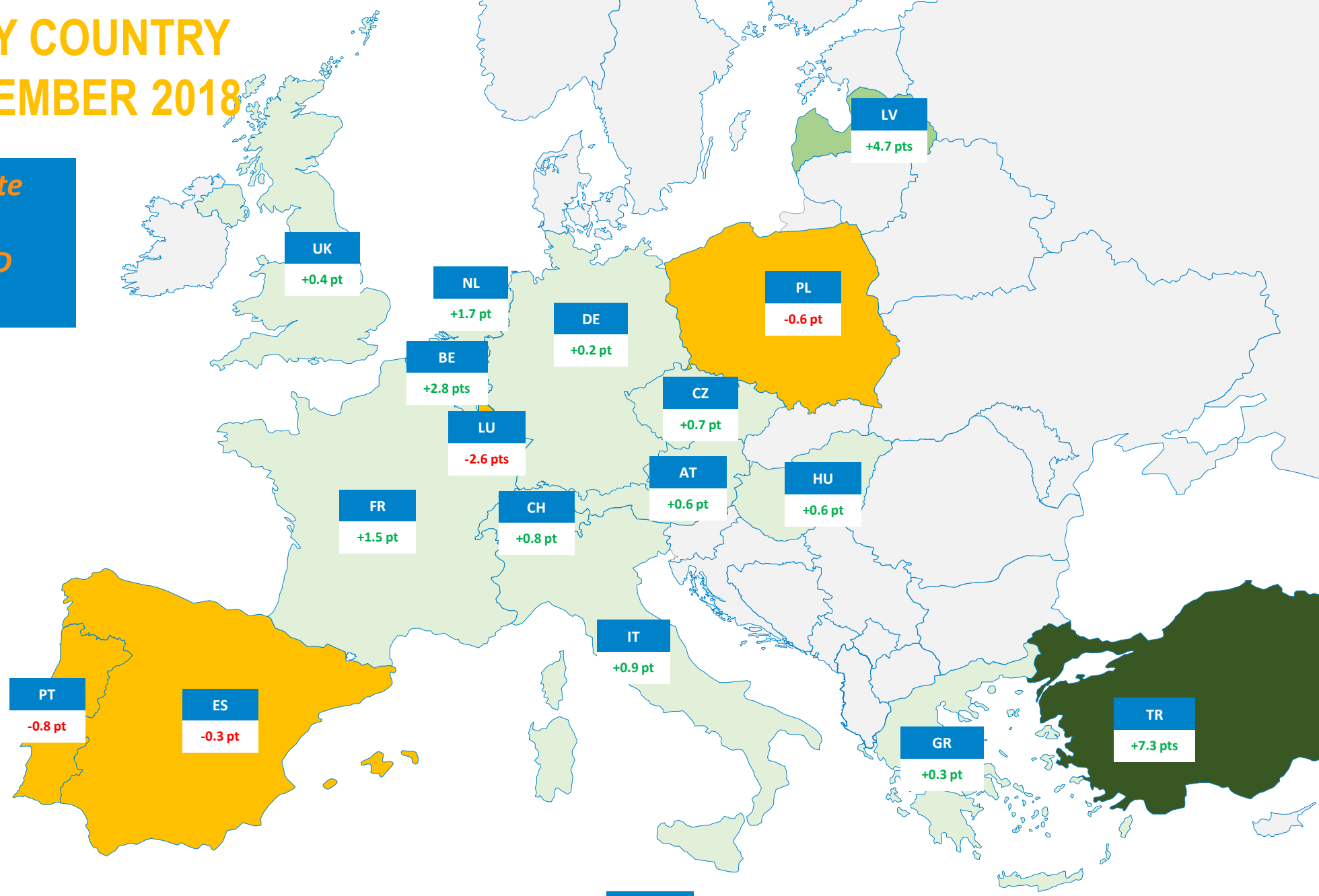


# HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2018

*YTD Results – Occupancy Rate  
change by country  
YTD SEPTEMBER 2018 vs YTD  
SEPTEMBER 2017*

European  
average  
**+0.9 pt**

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



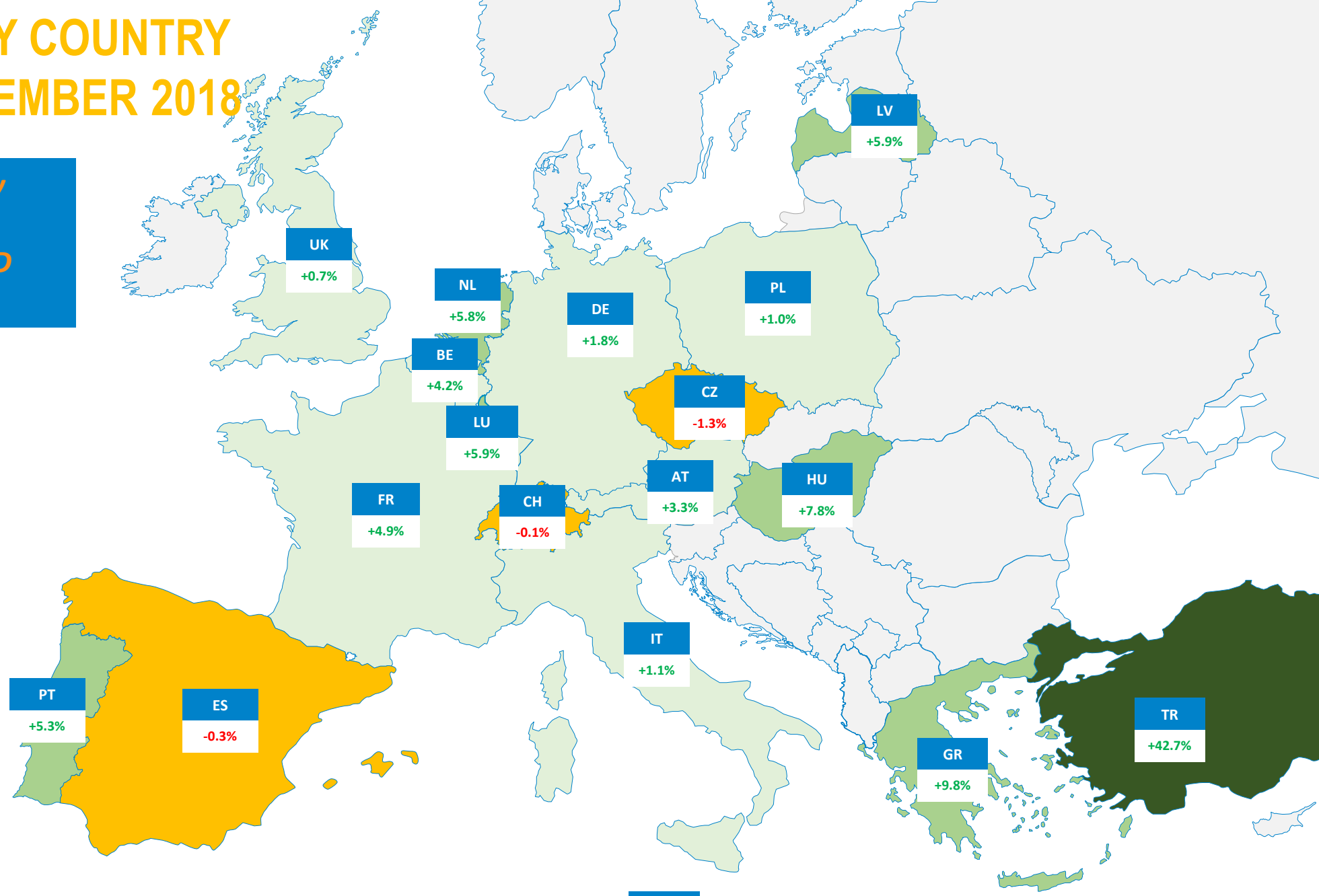


# HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2018

**YTD Results - ADR change by country**  
**YTD SEPTEMBER 2018 vs YTD SEPTEMBER 2017**

European average  
**+2.5%**

- 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.)

