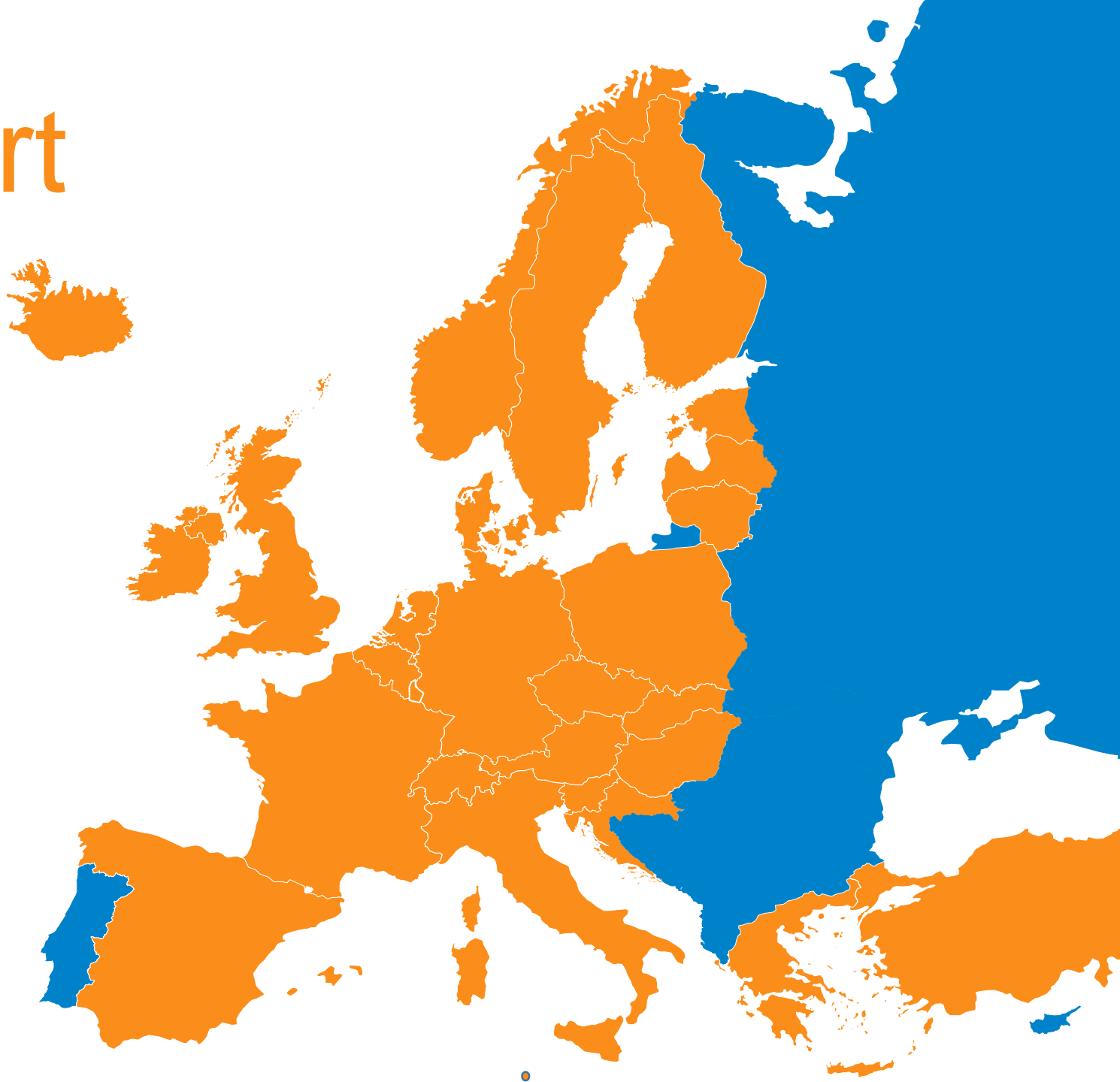


# H EU Report

Europe



MARCH 2018



# ANALYSIS OF HOTEL RESULTS – MARCH 2018

## Wide trend gaps in hotel business between European countries

This month, all indexes were green for the hotel industry in western and southern Europe. Instead, Germany, Luxemburg, Austria and Poland show slight slumps in the RevPAR, primarily due to the different Easter vacation calendar in Germany.

European hotels had signed +4.7% growth in the RevPAR in January, then +5.0% the following month. In March, the dynamic remains positive at +2.6%. This growth may be better explained by the +1.5% price inflation bringing it from 99.5 to 101.0 euros excl. VAT, than by the 0.8 point increase in occupancy rate from 68.8% to 69.6%.

The month of March was much more favorable to 5\* hotels that reports growth in the RevPAR by +8.0% thanks to an occupancy rate up by +2.8 points and average daily rates up by +3.6%. The other categories follow a common trend with a slight increase in occupancy rate and moderate growth in average daily rates (stable for 4\* hotels).

Europe's hotel industry produced heterogeneous results, although overall results for March were positive on the whole. Germany, Luxemburg and Austria showed signs of weakness this month with -4.2%, -3.9% and -1.8% respectively in their RevPAR. Poland also posts negative results with -0.8%. In all these countries, the occupancy rate is down, by -5.4 points in Luxemburg and at least one point in Germany, Austria and Poland. In terms of prices, Germany is the only country in the European Union where prices were down, by -1.7%, on the month. This trend was largely due to the Easter calendar that shifted in Germany with its traditional impact on German clientele and the hotel markets that depend on it, it should then be offset by a rebound in April.

In the lead in March may be found Belgium, with +5.3% RevPAR, Spain with +5.2% and Italy with +8.5%. Their dynamism is primarily due to change in average daily rates. The Czech Republic, with +4.9% in its RevPAR gets its growth primarily from a leap in occupancy rates (+2.5 points) while the change in France's RevPAR (+6.8%) may be explained by a combined increase of the two indexes.

Impressive growth in the RevPAR may be observed in 5 countries that stand out this month: the Netherlands (+14.8%), Portugal (+18.3%), Latvia (+19.4%), Hungary (+19.4%) and Greece (+20.1%). The Netherlands, Portugal and Hungary post strong increases in prices by +10.4%, +15.6% and +15.8% respectively. In Latvia, the occupancy rate leaped +9 points while average daily rates hardly moved. In Greece, growth is a combined effort: +5.8 points in occupancy rate and +9.8% for average daily rates. Overall, the markets of so-called "peripheral" countries continued along their trajectory, while Germany and its associated markets halted.

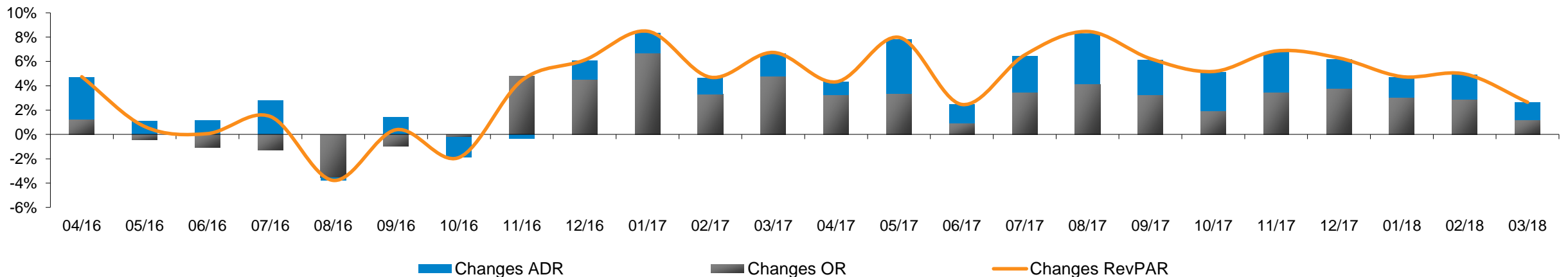
# HOTEL RESULTS BY SEGMENT IN EUROPE – MARCH 2018

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

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

Note : The indicators are compared to the same period of previous year, i.e. MARCH 2018 vs NOVEMBER 2016

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

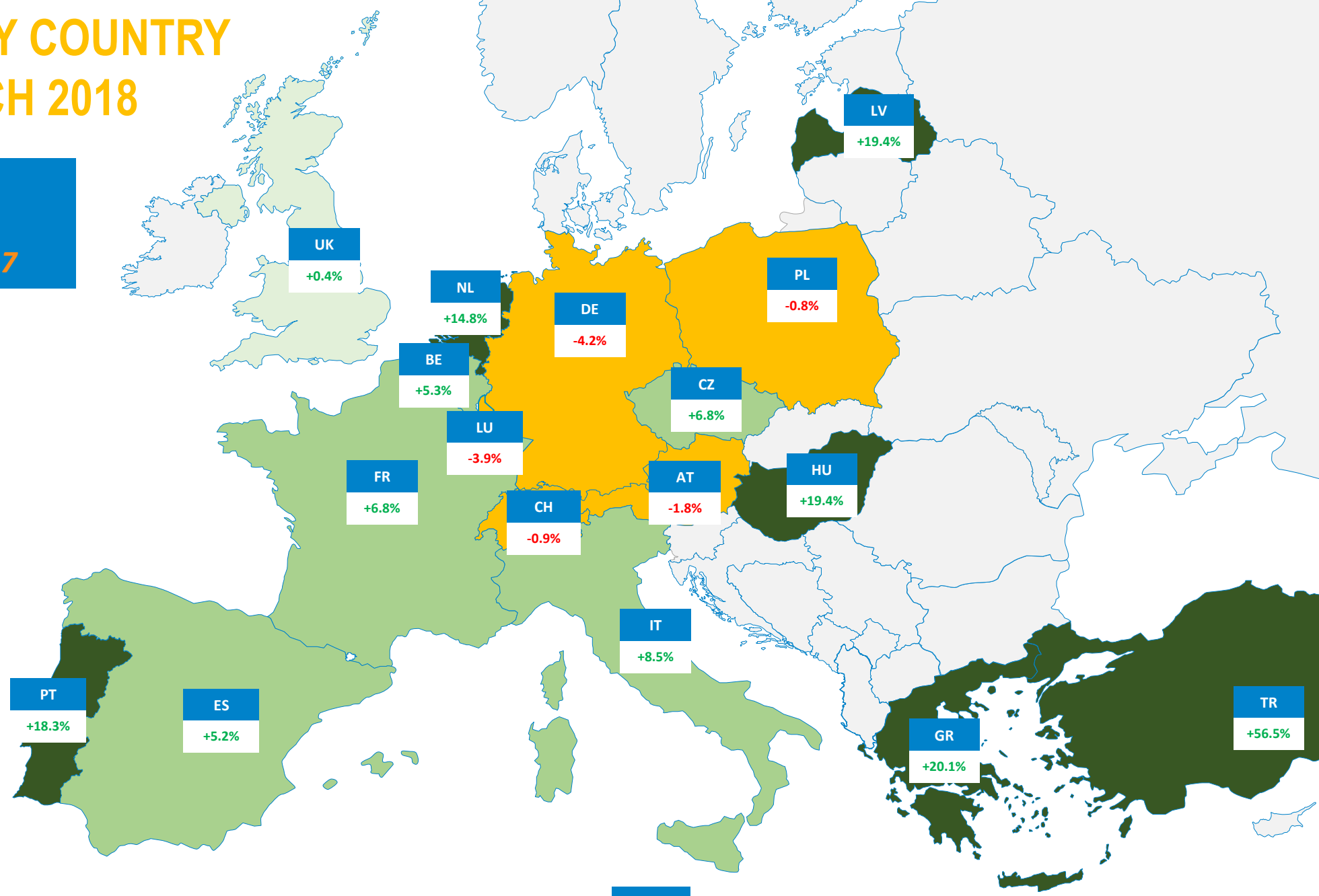


# HOTEL RESULTS BY COUNTRY IN EUROPE – MARCH 2018

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

European  
average  
**+2.6%**

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

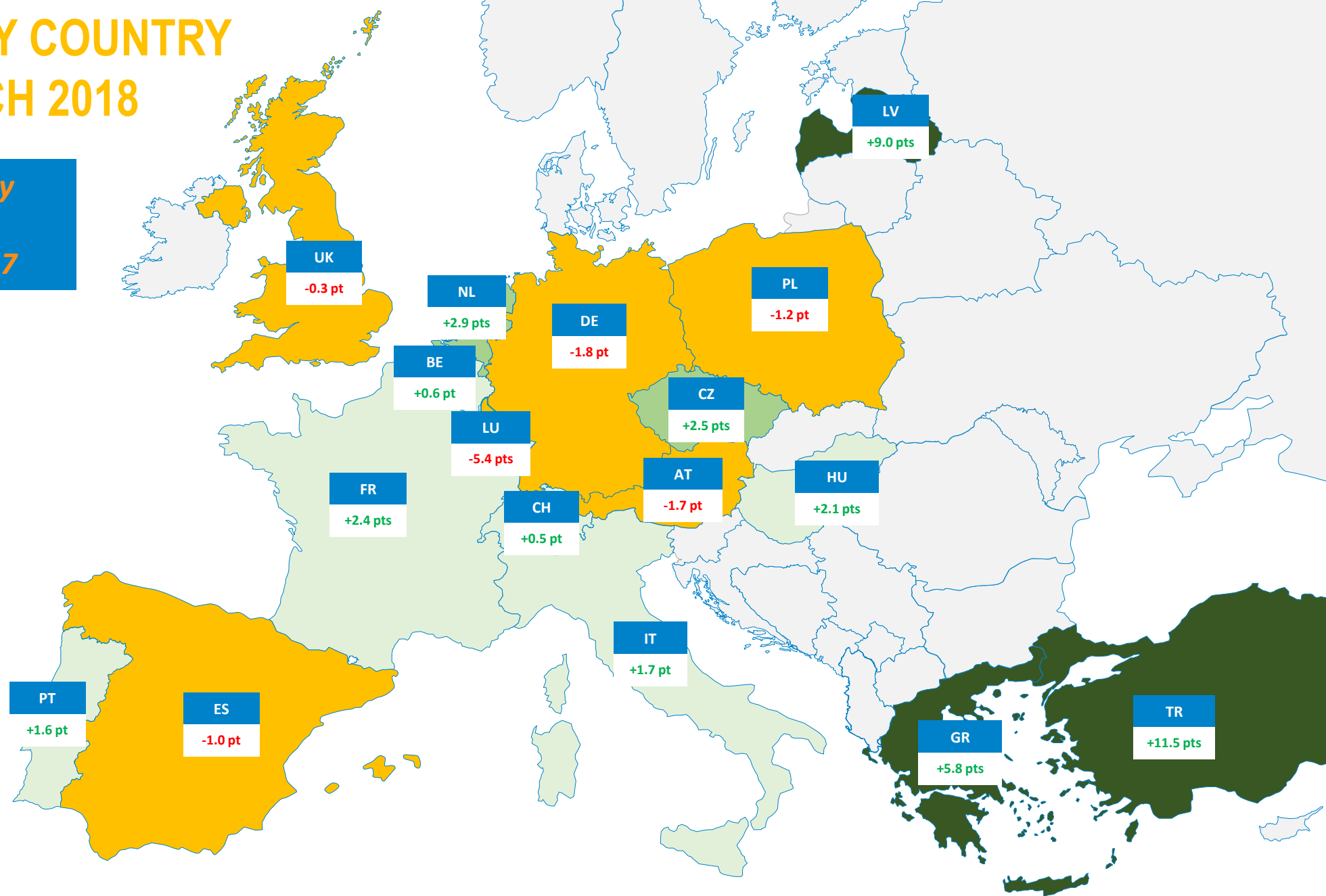


# HOTEL RESULTS BY COUNTRY IN EUROPE – MARCH 2018

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

European  
average  
**+0.8 pt**

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

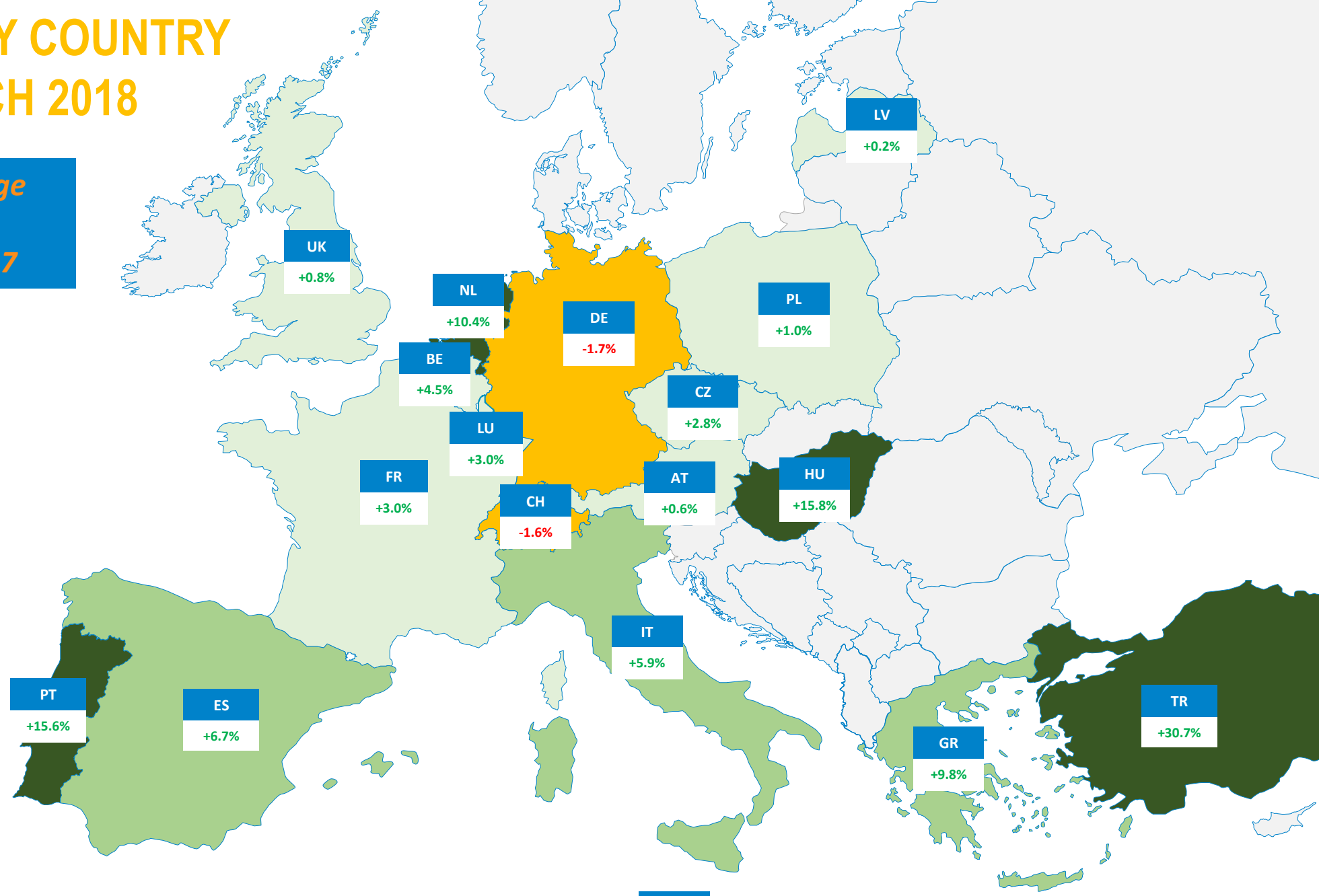


# HOTEL RESULTS BY COUNTRY IN EUROPE – MARCH 2018

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

European  
average  
**+1.5%**

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

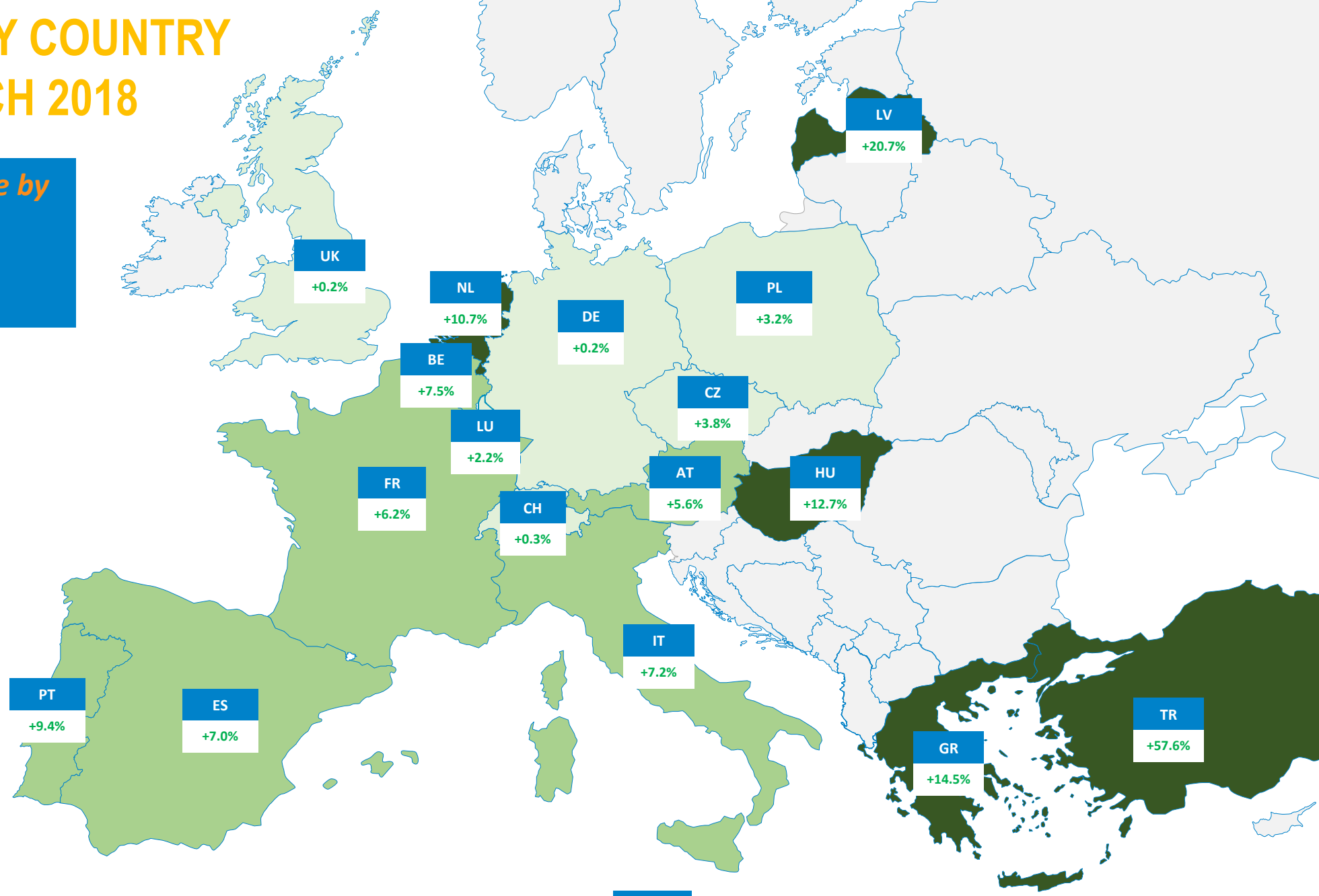


# HOTEL RESULTS BY COUNTRY IN EUROPE – MARCH 2018

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

European average  
**+3.8%**

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

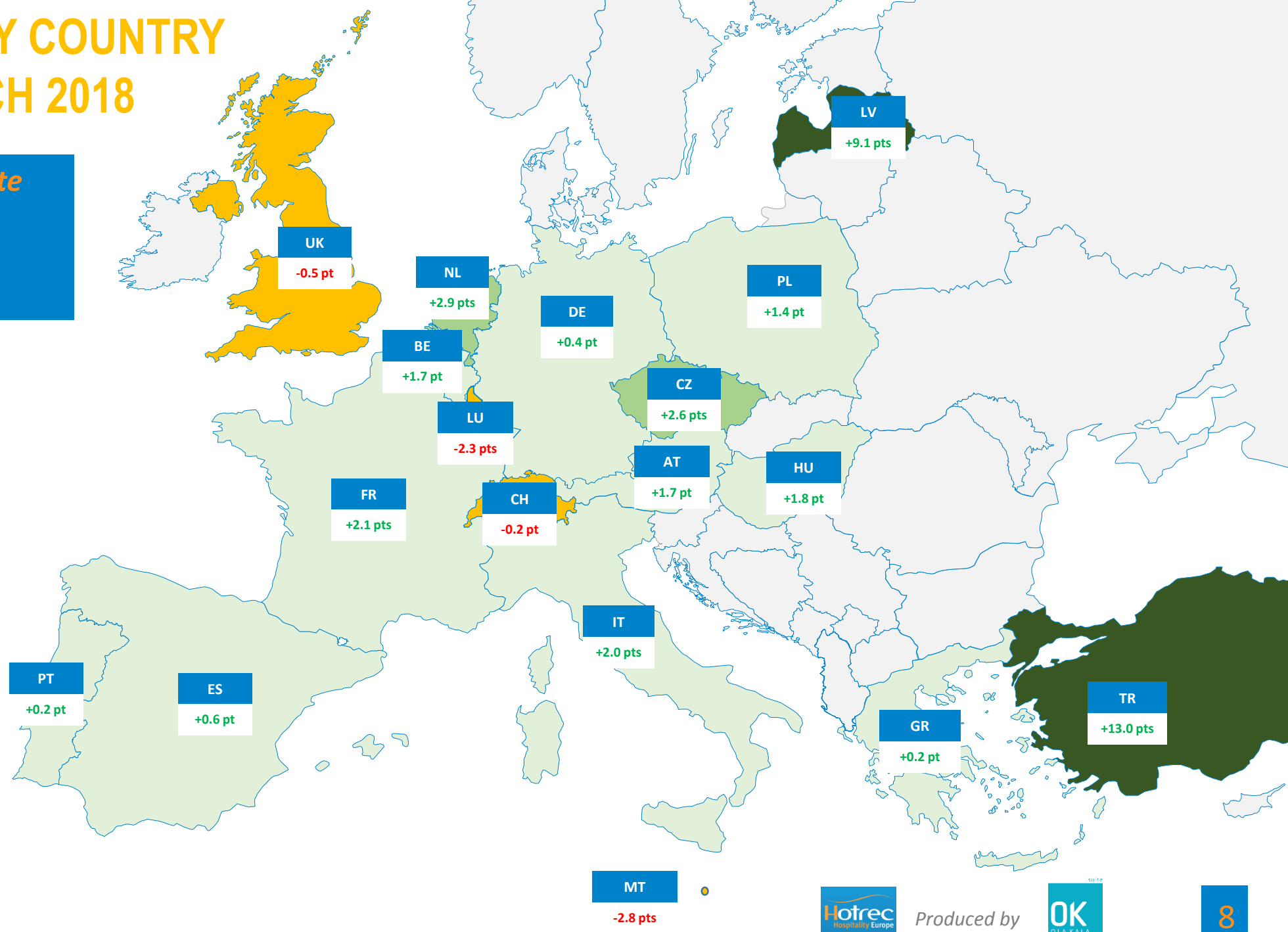


# HOTEL RESULTS BY COUNTRY IN EUROPE – MARCH 2018

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

European  
average  
**+1.4 pt**

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



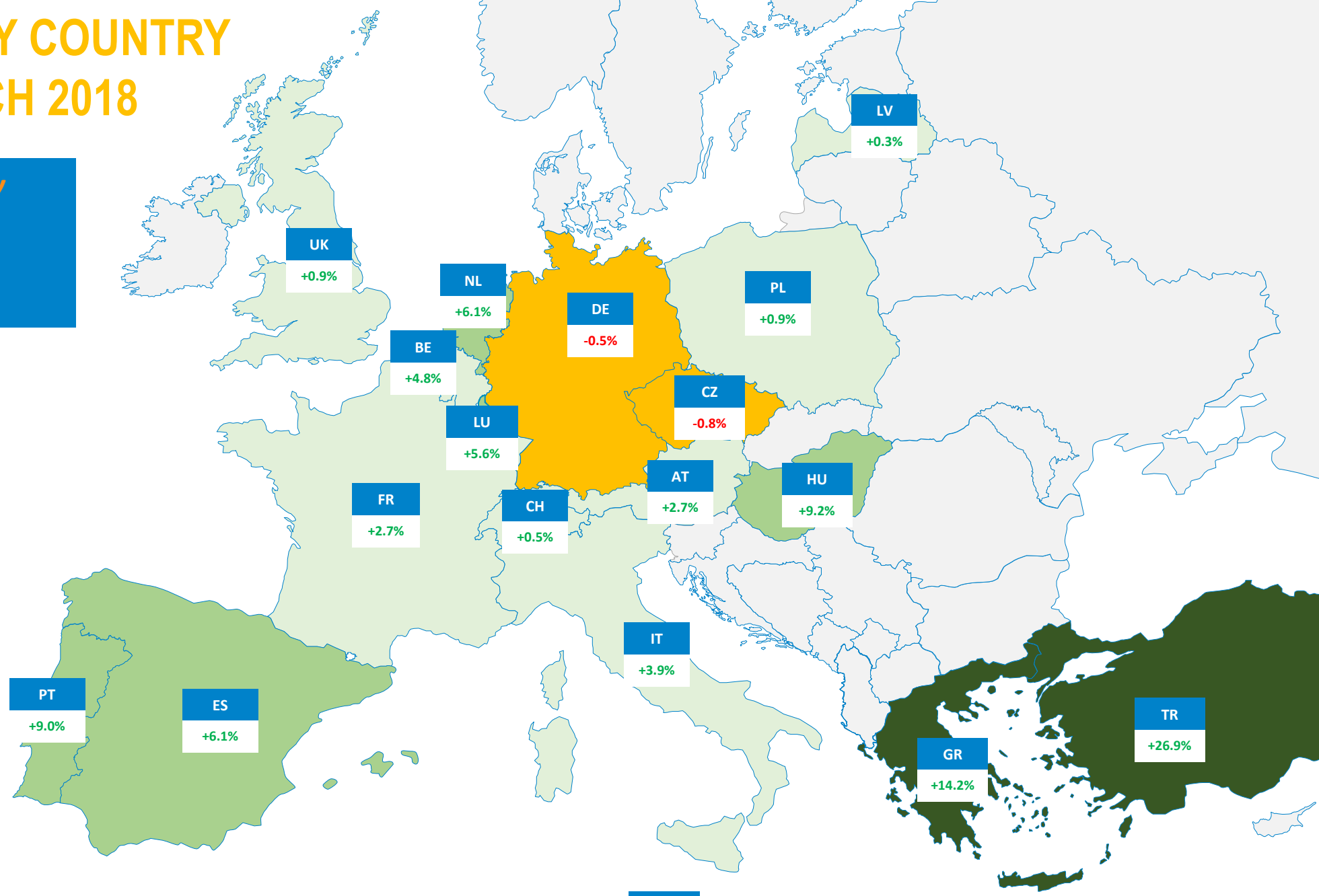


# HOTEL RESULTS BY COUNTRY IN EUROPE – MARCH 2018

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

European average  
**+1.6%**

- 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.)

