

H EU Report

Europe



MAY 2019



ANALYSIS OF HOTEL RESULTS – MAY 2019

A fine month for European hoteliers

+4.7% of the monthly RevPAR across all categories. In the first month of the year the RevPAR increased by more than 4%. The strongest growth in OR goes to the 4* segment with +1.6 point hoteliers in this segment also signed the best growth in RevPAR +6.7%. 2* hotels followed with an OR up +0.6 and a RevPAR up +3.9%. The 3* segment saw its OR grow by 0.8 point to reach a RevPAR at 61.6€ ex VAT (+3.0%). Slight regression in terms of occupancy for 5* that lose 0.4 point. They are the ones that most significantly increase average daily rates (+3.9%) to sustain a RevPAR at +3.4%. Year to date the trend is also positive with a RevPAR up +2.9% and an OR up slightly by +0.4 point (to 68.5%).

After a dull April, Belgium led the way in terms of growth in performance for May 2019, with RevPAR up +17.8% (€89.3 ex-VAT) driven by a price increase by +15.5% (€114.5 ex-VAT) and a positive OR by up +1.5 point. The period of the European elections attracted many MICE travelers to Brussels, boosting RevPAR by +24.2%, with prices up by 20.6%. It is therefore not surprising that it is the upscale segment that performs best with a RevPAR up +21.7%. Coming in a strong second, Germany posted the best increase in OR at +6.0 points, with hotels increasing average daily rates by +5.9% for a RevPAR of +15.0%. The biannual Ligna trade fair in Hanover was held from May 27 to 31. As a result, average prices were +35.7%, OR +11.6 points and RevPAR +61.1% for the city. Stuttgart and Frankfurt also had busy events schedules. The first saw its RevPAR up +40.5% with an OR up +11.7 points, the second improved its RevPAR by +36.0% driven by a price increase of +24.5%. All segments benefited from this eventful month, in terms of growth in prices and occupancy. Accustomed to being in the lead in the ranking, Austria comes in 3rd with a RevPAR up +14.7% driven by an OR up +4.6 points and an 8.5% increase in average daily rates. After a slow start, Hungary's RevPAR leapt by +12.4%, with average daily rates up by +12.1% and the OR stagnating at +0.2 point.

+9.5% RevPAR (75.5€ ex-VAT), an OR up +2 points (76.6%) for Spain and an ADR up by +6.7% (98.6€). The Feria de Seville, held from May 5 to 12, boosted average daily rates up +31.1%, resulting in a +29.2% increase in RevPAR despite a -1.2 point drop in OR. Bob Dylan's concert in Valencia on May 7 could explain the strong performance in the destination that allowed May to close with +21.4% growth in RevPAR and an OR at +3.3 points. Madrid is no exception with a +19% increase in RevPAR driven by average daily rates up +16.7% and an OR up +1.5 point. Poland's RevPAR rose +7.2% (€54.1 ex-VAT) with the second strongest increase in OR in May by +4.7 points. Prices remain unchanged at +0.7%. Luxembourg also posted a +7.2% increase in RevPAR (€115.7 ex-VAT) with an OR up +2.6 points and average daily rates up by 3.8%. Prices rose by +7.1% in the Czech Republic allowing the country to grow by +5.3% in RevPAR, while OR was down -1.3 point. The same scenario occurred in Greece where average daily rates rose by +7.2% sustaining growth in the RevPAR at +2.9% (81.7€ ex-VAT), despite an OR down by -3.2 points. In Portugal, where the OR increased by 1.3 point with prices steady at +0.7%, the RevPAR was up +2.3% (€85.1 ex-VAT).

RevPAR (83.7€ ex-VAT) down -0.1% with an OR down -0.5 point in the United Kingdom despite stable average daily rates at +0.5%. Only the upscale maintains a positive RevPAR with prices up +1.1%. In France too, the RevPAR is steady at -0.1% (67.3€ ex-VAT) with an OR at -1.2 point and ADRs holding fast at +1.6%. The Netherlands are in the red with an OR down by -1.9 point and stable average daily rates at +0.3% for a RevPAR down -2.0% (106.7€ ex-VAT).

In Latvia the OR is down 3.3 points, leading to a drop in the RevPAR by -3.0% (56€ ex-VAT) despite steady average daily rates at +1.1%. Italy brings up the rear losing -10.3% in its RevPAR (85.2€ ex-VAT). Hoteliers have adjusted their prices downward by -8.8% while the OR lost -1.3 point. Only the upscale segment remains in the green with prices up by +5.9%.

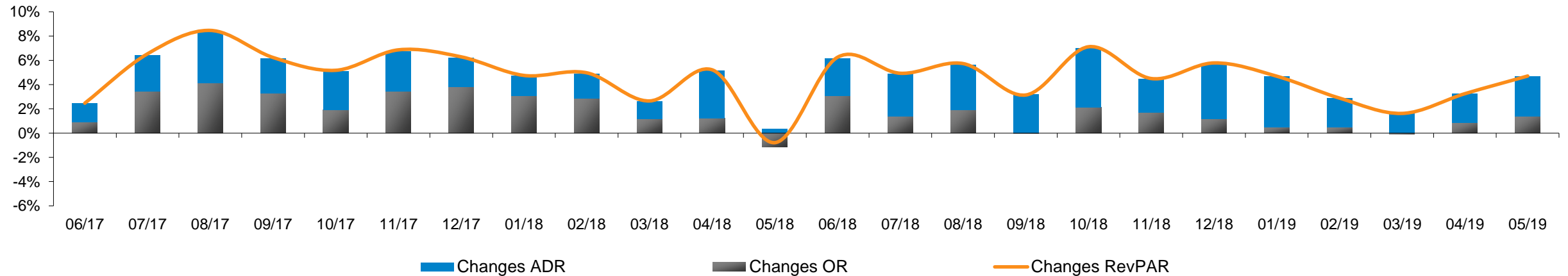
HOTEL RESULTS BY SEGMENT IN EUROPE – MAY 2019

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

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

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

OR, ADR and RevPAR change - Last 24 months

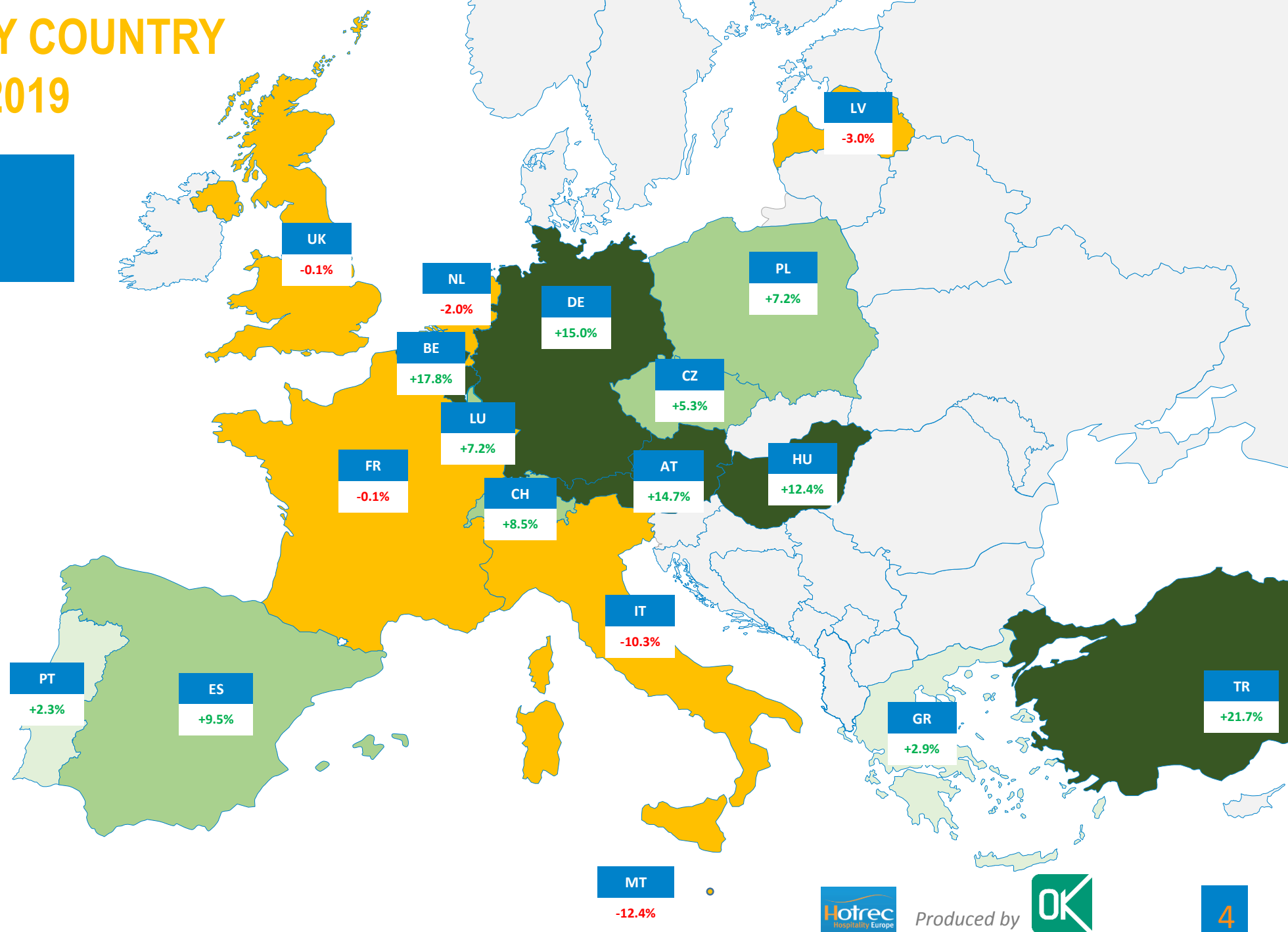


HOTEL RESULTS BY COUNTRY IN EUROPE – MAY 2019

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

European
average
+4.7%

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

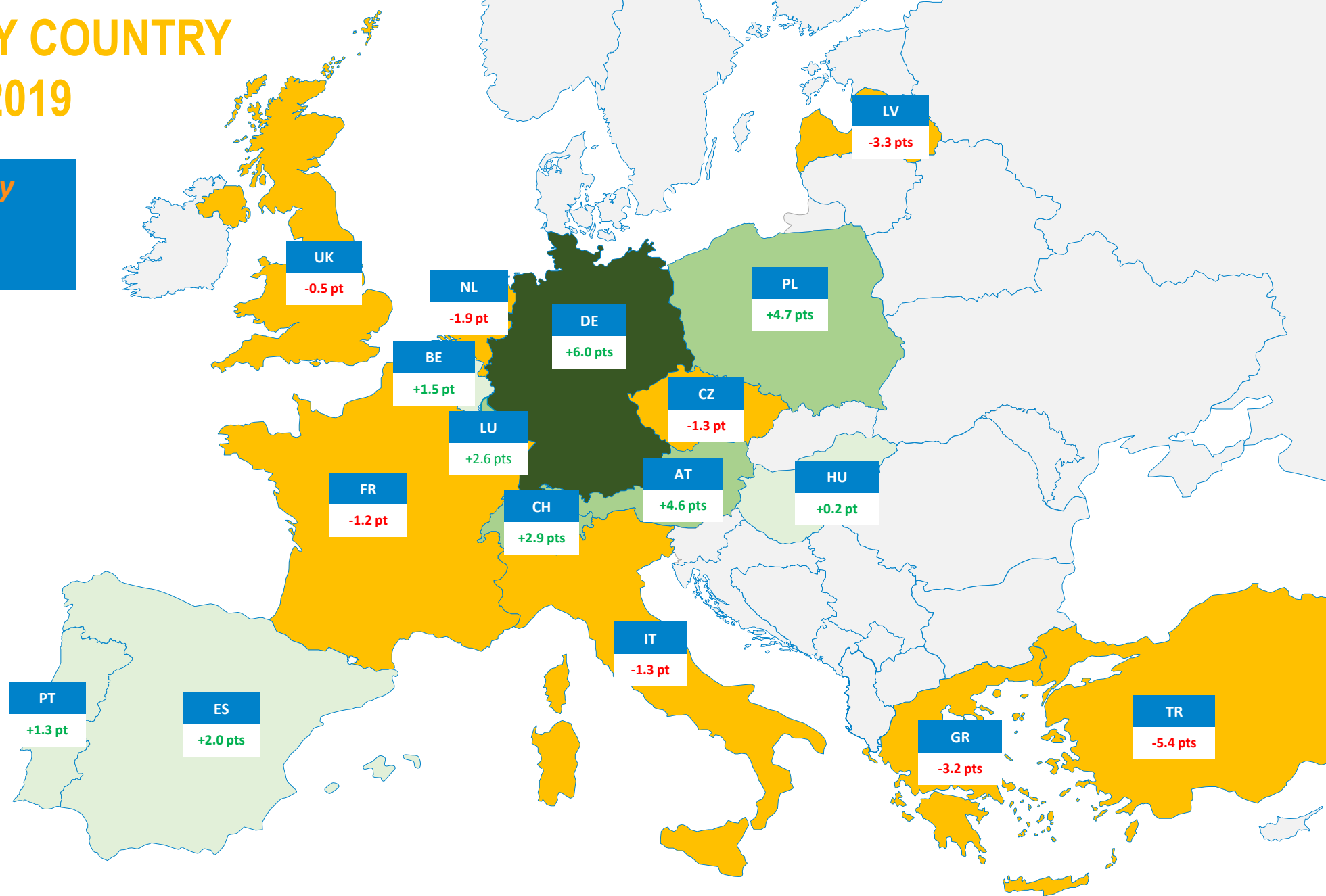


HOTEL RESULTS BY COUNTRY IN EUROPE – MAY 2019

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

European
average
+1.0 pt

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

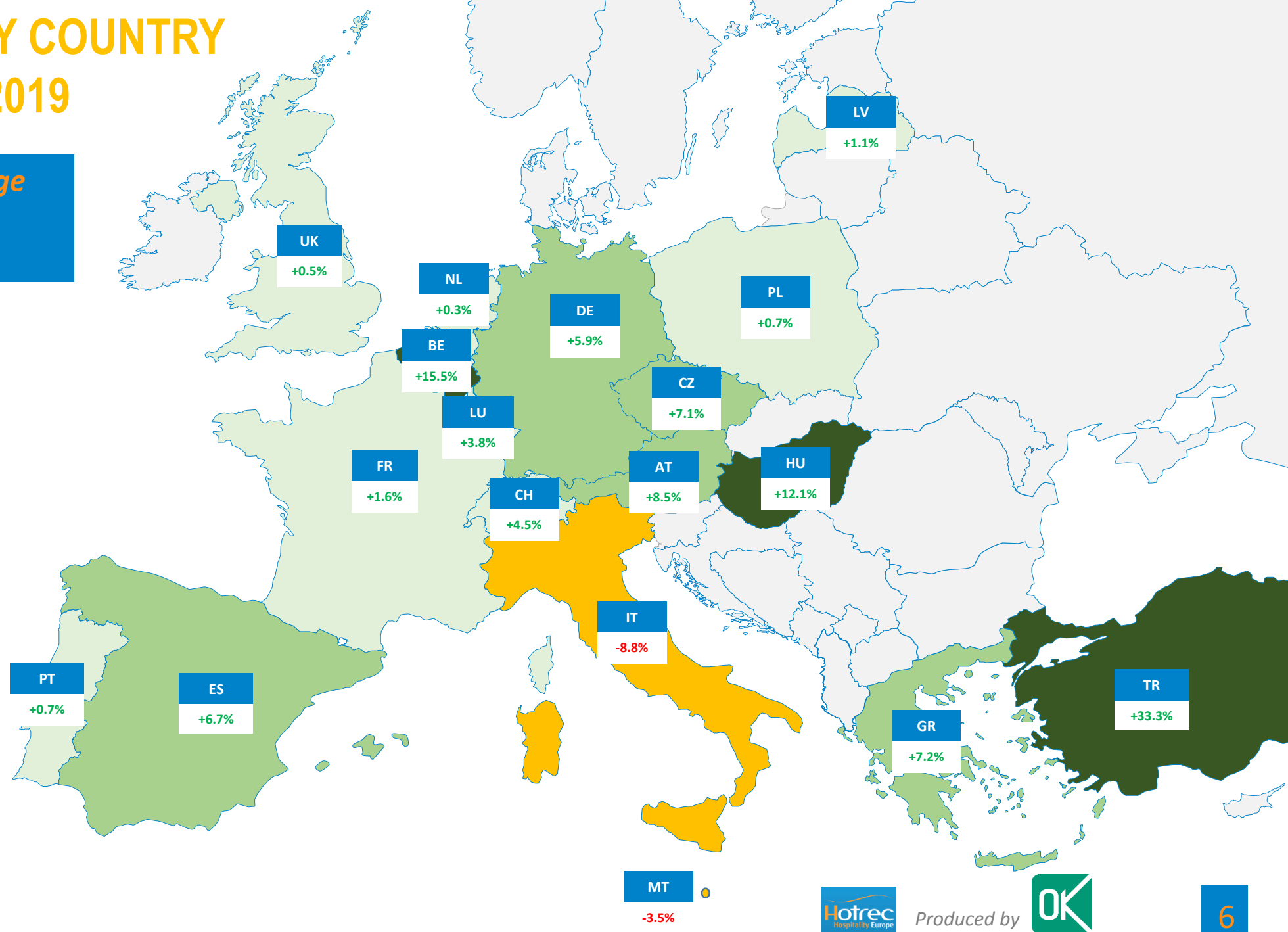


HOTEL RESULTS BY COUNTRY IN EUROPE – MAY 2019

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

European
average
+3.3%

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

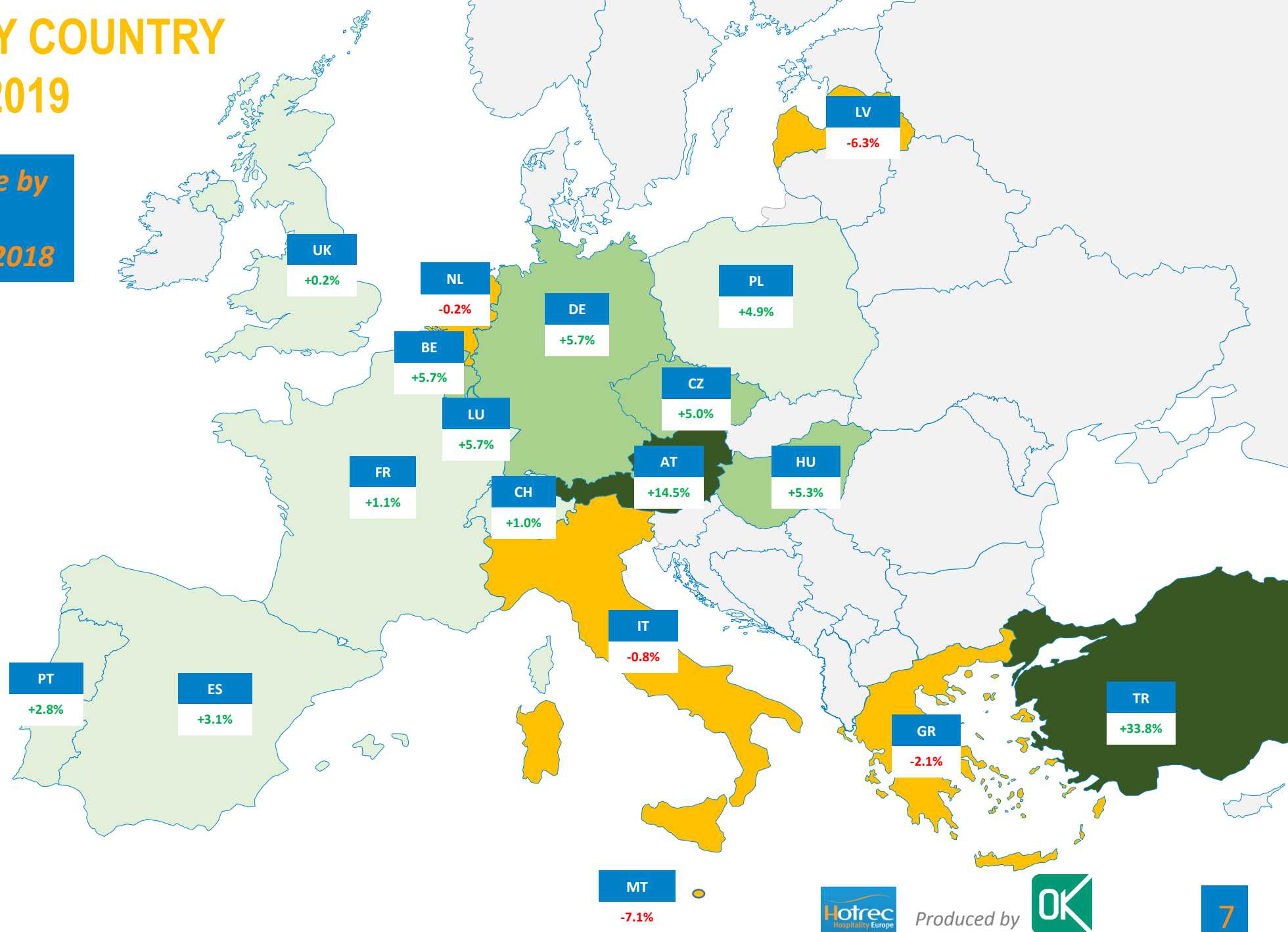


HOTEL RESULTS BY COUNTRY IN EUROPE – MAY 2019

YTD Results - RevPAR change by
country
YTD MAY 2019 vs YTD MAY 2018

European
average
+2.9%

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

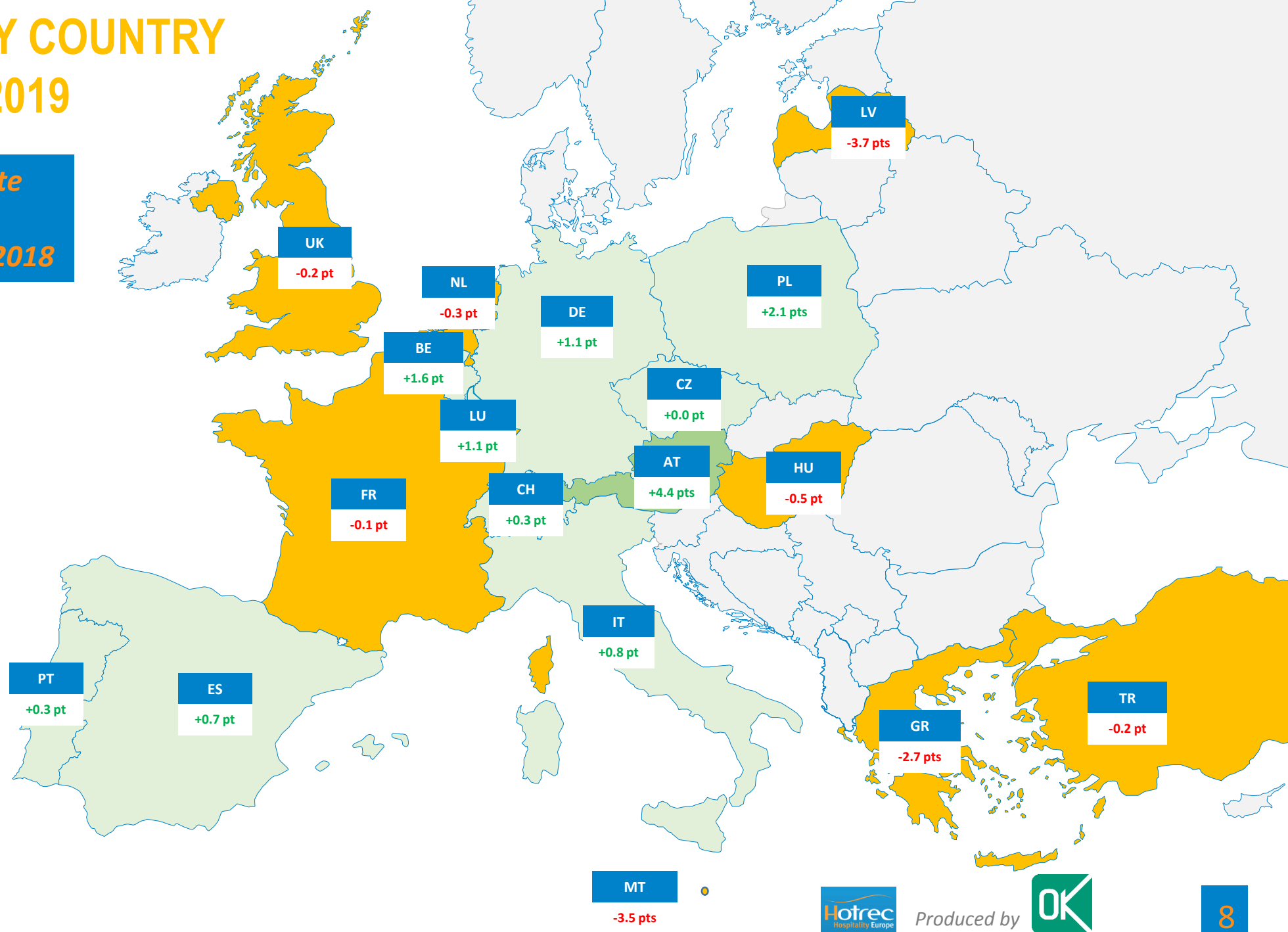


HOTEL RESULTS BY COUNTRY IN EUROPE – MAY 2019

*YTD Results – Occupancy Rate
change by country
YTD MAY 2019 vs YTD MAY 2018*

European
average
+0.4 pt

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

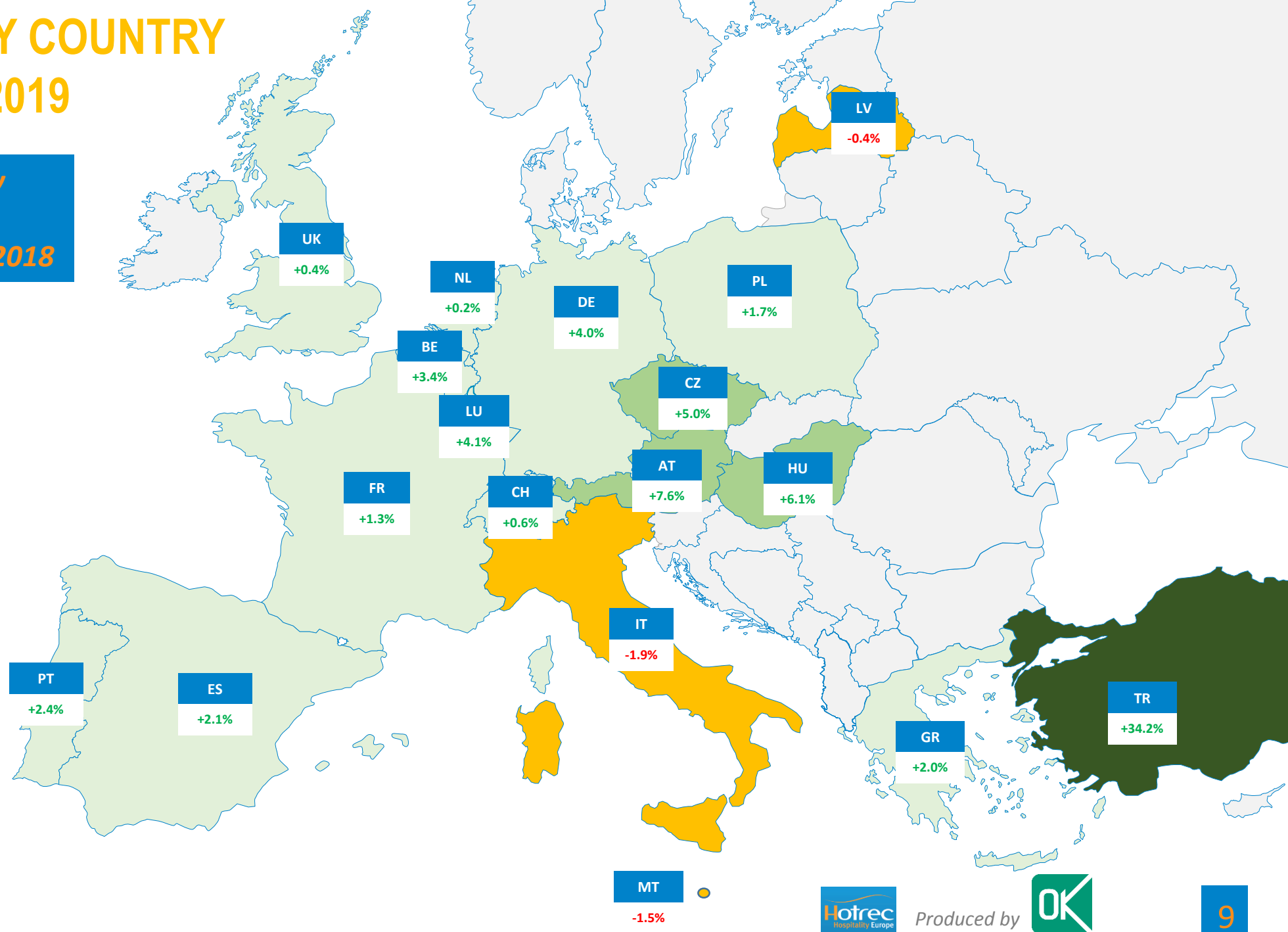


HOTEL RESULTS BY COUNTRY IN EUROPE – MAY 2019

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

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.)

