

H EU Report

Europe



NOVEMBER 2019



ANALYSIS OF HOTEL RESULTS – NOVEMBER 2019

Mediocre results for European hoteliers

Mostly stable hotel performances take shape across Europe, with a few exceptions. Average daily rates continue to progress more rapidly than occupancy. Europe experienced a mediocre November. Across all segments occupancy was mostly stable, achieving average growth of +0.7 percentage points. Average daily rates increased by +3.0% on average, resulting in an overall RevPAR up +3.9%.

Evolution in the 2*, 3* and 5* remained neutral, with respective change of +0.5 pt (72.3%), +0.5 pt (71.9%) and +0.1 pt (69.9%). The 4* segment surpassed the benchmark +1.1 point growth in OR to achieve an even better result (73.7%).

The 4* and 5* ranges increased their prices the most, by +3.5% and +3.3% respectively. The average daily rate (ADR) for the 2* and 3* increased +2.0%.

The best evolution in RevPAR goes to the 4* hotels: +5.0%. At the other end, the 2* segment achieved the slowest progression, although it is nonetheless positive at +2.7%. The 3* and 5* are positioned in between the two, with the first posting a RevPAR swelling by +2.8% and the latter by +3.4%.

Thus, most countries gain market shares. Only a few exceptions persist, such as the United Kingdom (-0.2 pts) particularly because of Brexit, Belgium (-0.6 pt), Austria (-2.0 pts) and Latvia (-4.2 pts).

Three of these markets successfully boost their ADR: Belgium (+1.1%), Austria (+2.0%) and the United Kingdom (+0.9%), but only two of them achieve a positive RevPAR: Belgium (+0.3%) and UK (+0,6%).

Latvia, meanwhile saw its ADR drop (-6.8%) such that its revenue per available room fell drastically by -12.8% (biggest drop in the in the panel) to settle at 34.40€ ex-tax. Austria also experienced a drop in its RevPAR by -0.5% to 76.50€ ex-tax.

On the contrary, Hungary sur-performed this month, battant beating all performance records. The OR increased by +4.5 points, and the ADR and the RevPAR both experienced double-digit growth: ADR +10.1% and RevPAR +16.7%. This success is particularly due to several events held in November, such as the Feast of St. Martin of Tours (one of the patron saints of Hungary) on November 11, when a wine and goose festival is held in his honor each year.

Several other countries experienced success. Italy gained +2.1 percentage points for its OR (74.4%), and took the opportunity to increase its ADR +6.4% (107.00€ ex-tax) leading to a RevPAR flirting with double-digit growth (+9.6%) to reach 79.60€ ex-tax. Despite the Biennale organized from May to November, Venice saw its OR drop (-2.8 pts), which also happened in Rome (-0.3 pt) and Bologna (-3.9 pts). Florence, instead, met with triumphant success with an OR up +6.7 percentage points).

The Netherlands (+2.1 pts), the Czech Republic (+2.5%) and Greece (+2.6 pts) also saw their occupancy rates increase with respect to November 2018. Thanks to increases in their ADR, their RevPAR experienced fine growth by +4.9%, +9.6% and +6.2%, respectively.

Finally, several markets experienced relatively neutral growth: Germany (+1.7 pts), Spain (+0.5 pts), Portugal (+0.4 pts), France (+0.1 pts), Poland (+0.3 pts) and Luxembourg (1.5 pt). Most have mostly stable RevPARs. Only three countries succeed at increasing their revenue per available room: Germany (+8.0%), Portugal (+6.6%) and Luxembourg (+4.4%).

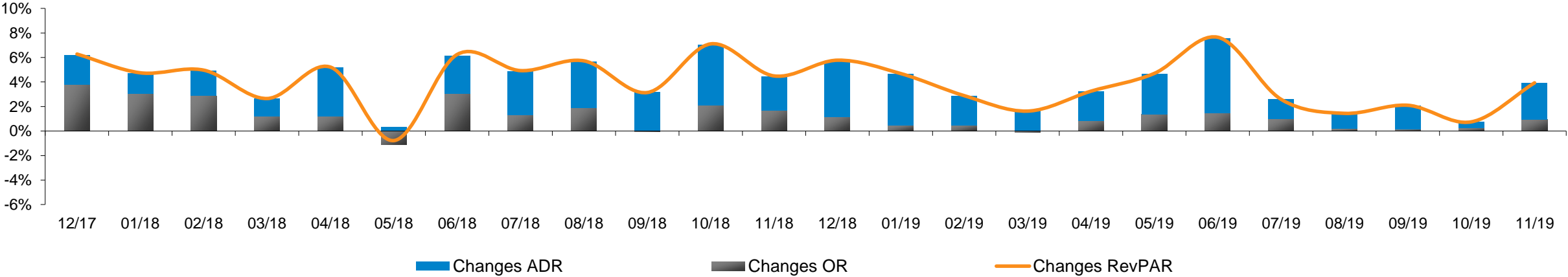
HOTEL RESULTS BY SEGMENT IN EUROPE – NOVEMBER 2019

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

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

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

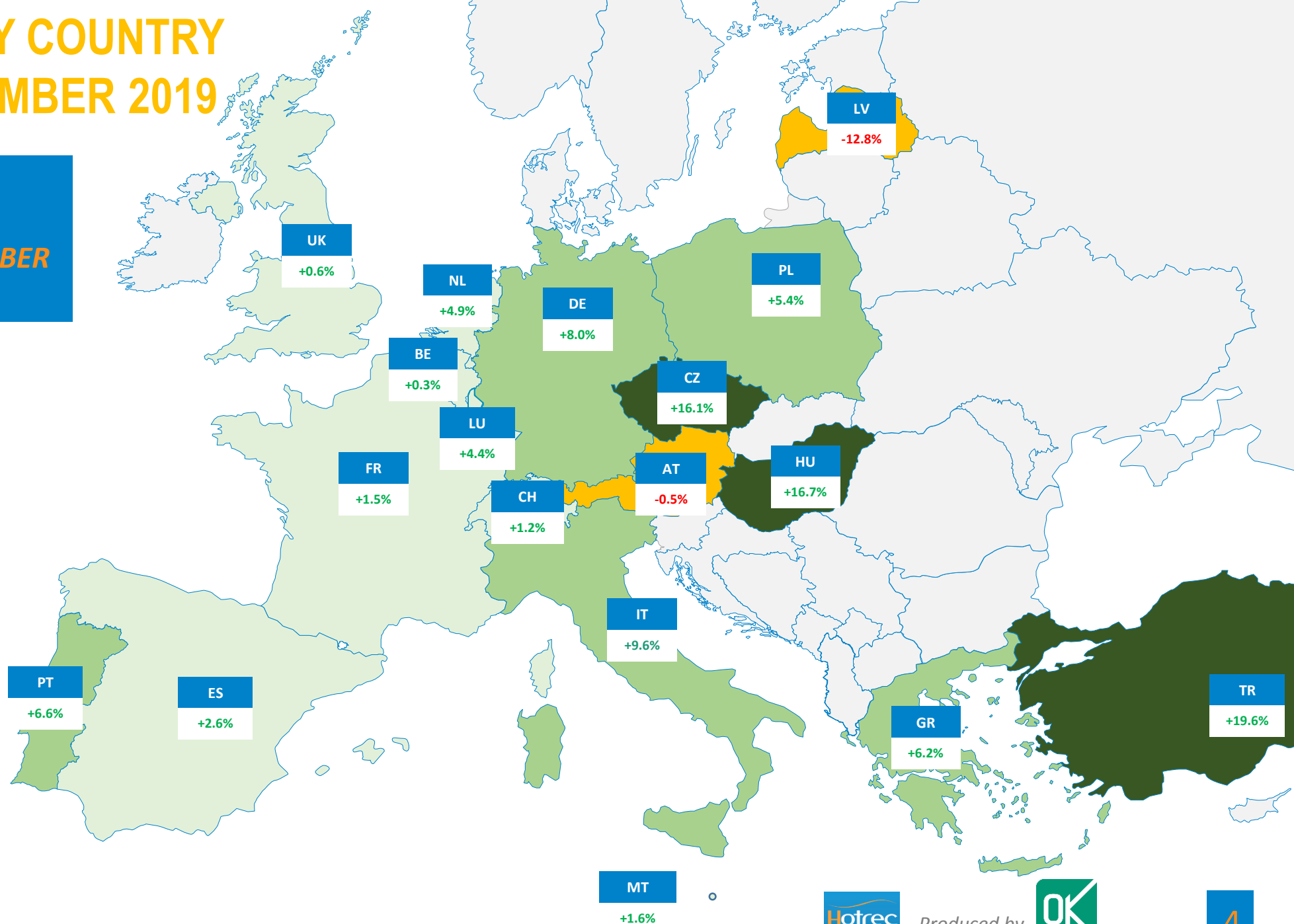
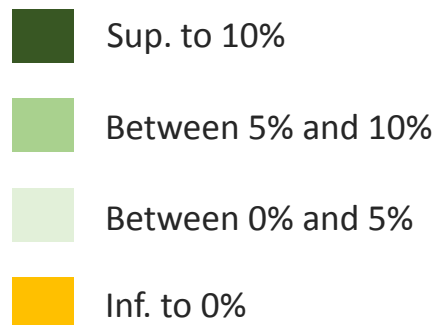
OR, ADR and RevPAR change - Last 24 months



HOTEL RESULTS BY COUNTRY IN EUROPE – NOVEMBER 2019

*Monthly Results - RevPAR
change by country
NOVEMBER 2019 vs NOVEMBER
2018*

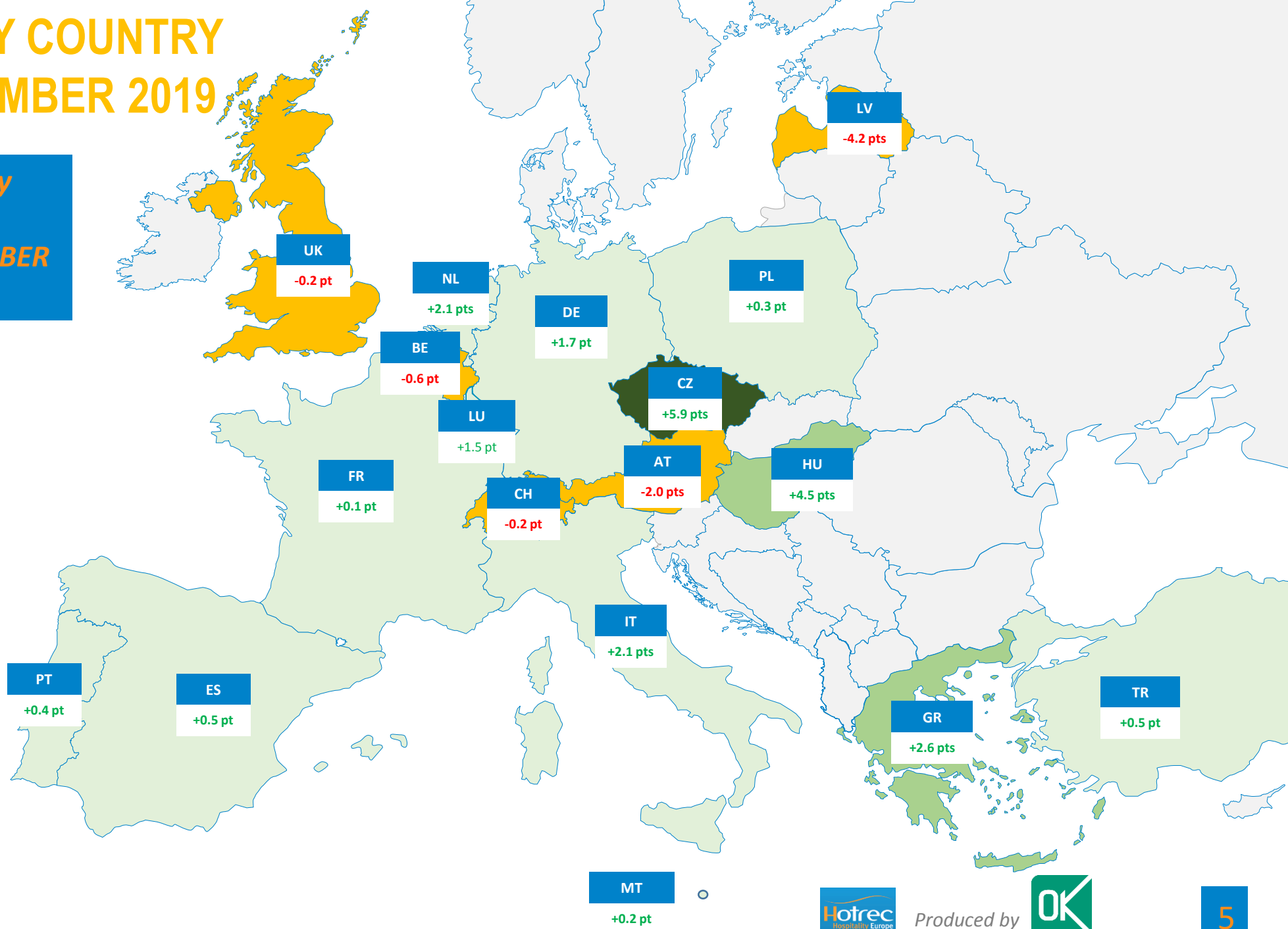
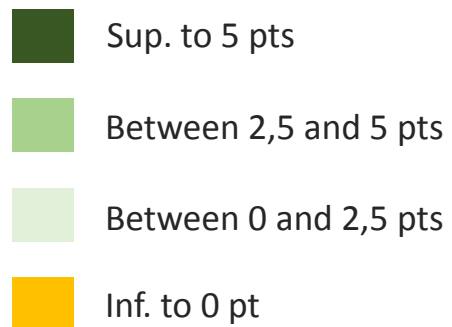
European
average
+3.9%



HOTEL RESULTS BY COUNTRY IN EUROPE – NOVEMBER 2019

*Monthly Results – Occupancy
Rate change by country
NOVEMBER 2019 vs NOVEMBER
2018*

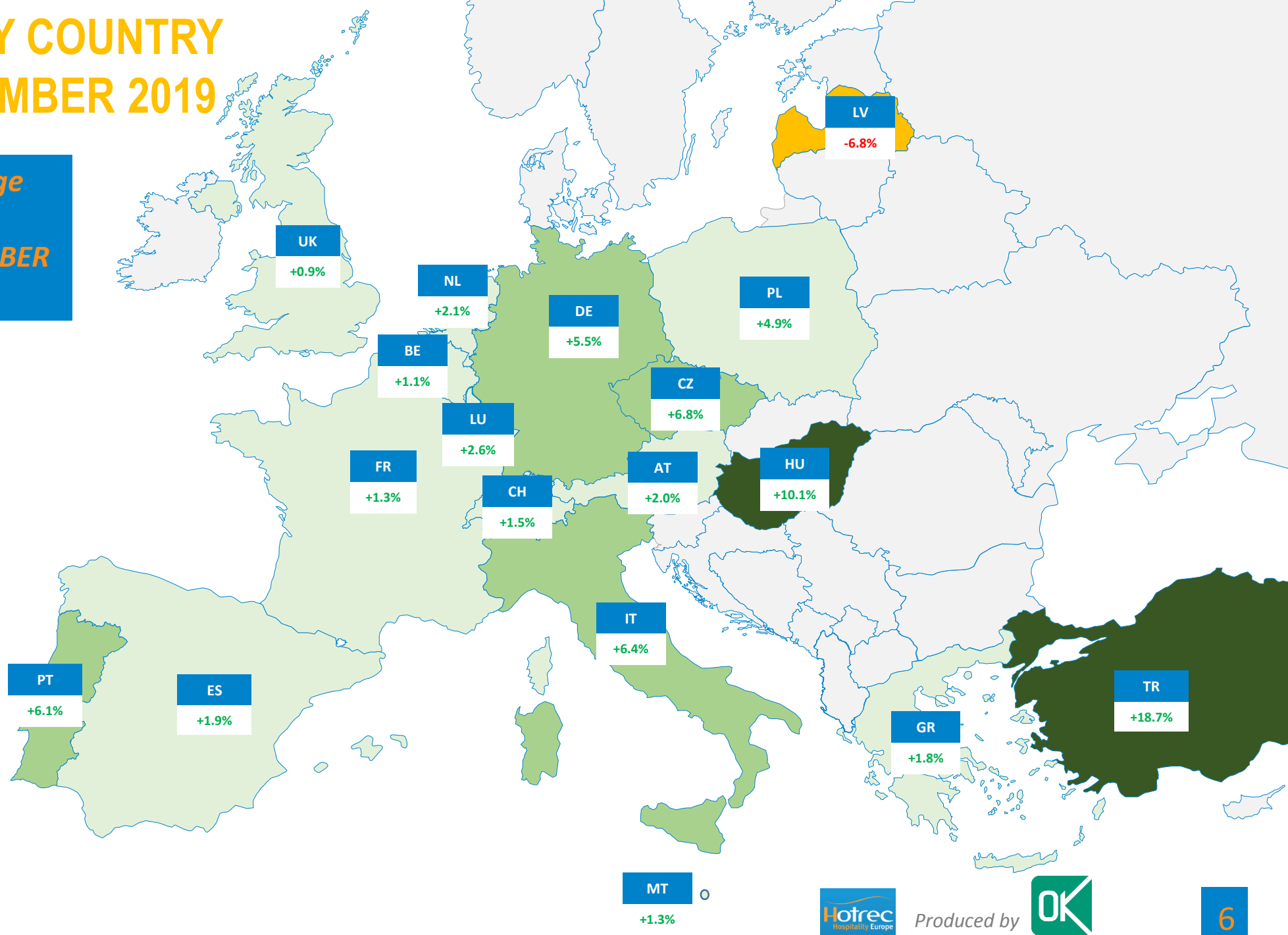
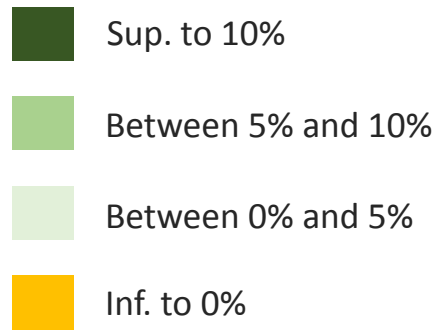
European
average
+0.7 pt



HOTEL RESULTS BY COUNTRY IN EUROPE – NOVEMBER 2019

*Monthly Results - ADR change
by country
NOVEMBER 2019 vs NOVEMBER
2018*

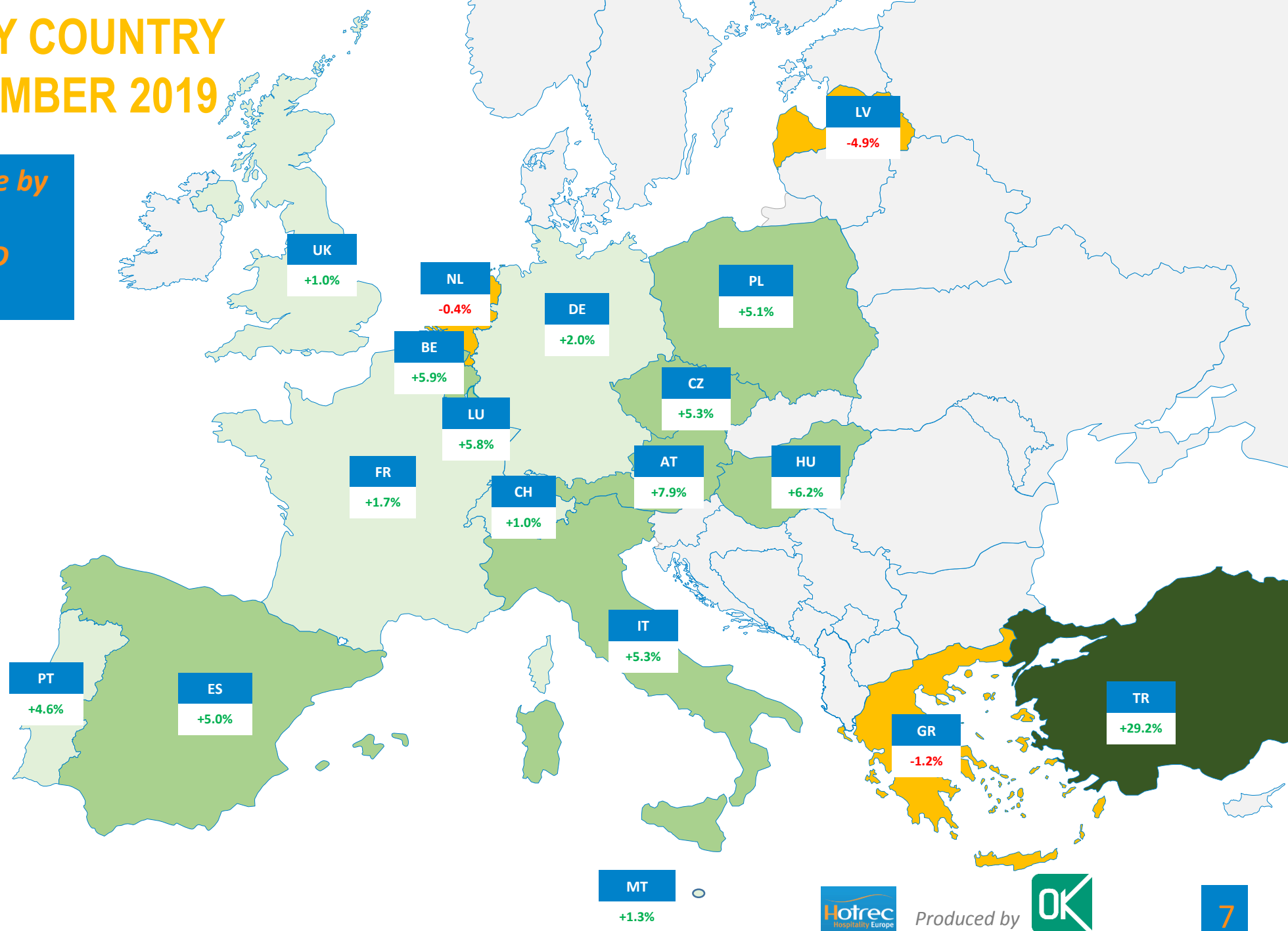
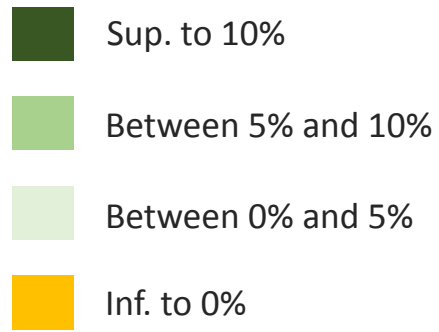
European
average
+3.0%



HOTEL RESULTS BY COUNTRY IN EUROPE – NOVEMBER 2019

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

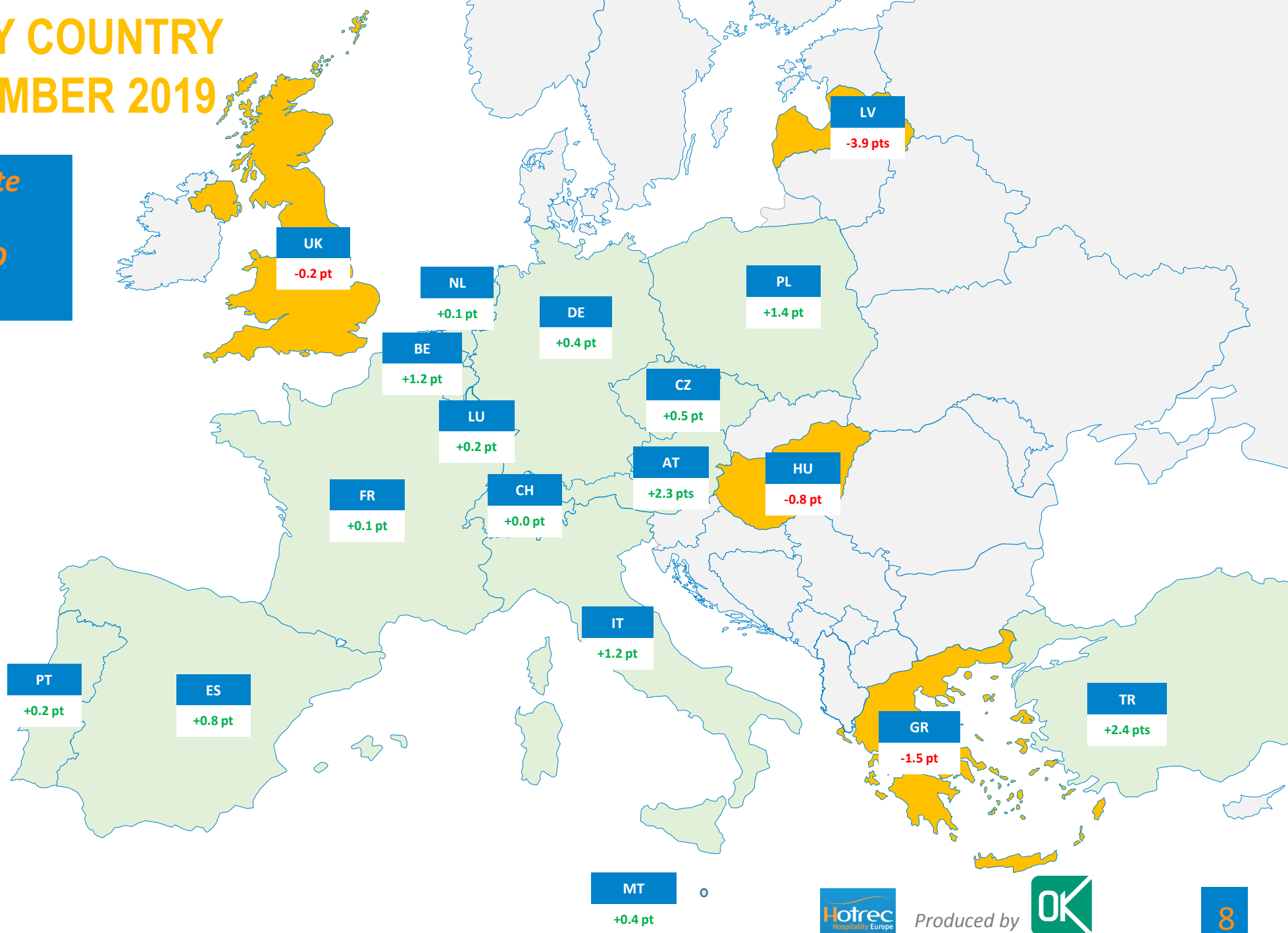
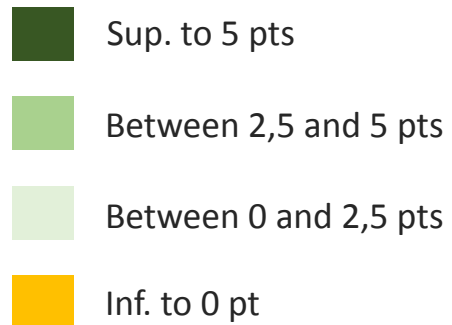
European
average
+2.9%



HOTEL RESULTS BY COUNTRY IN EUROPE – NOVEMBER 2019

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

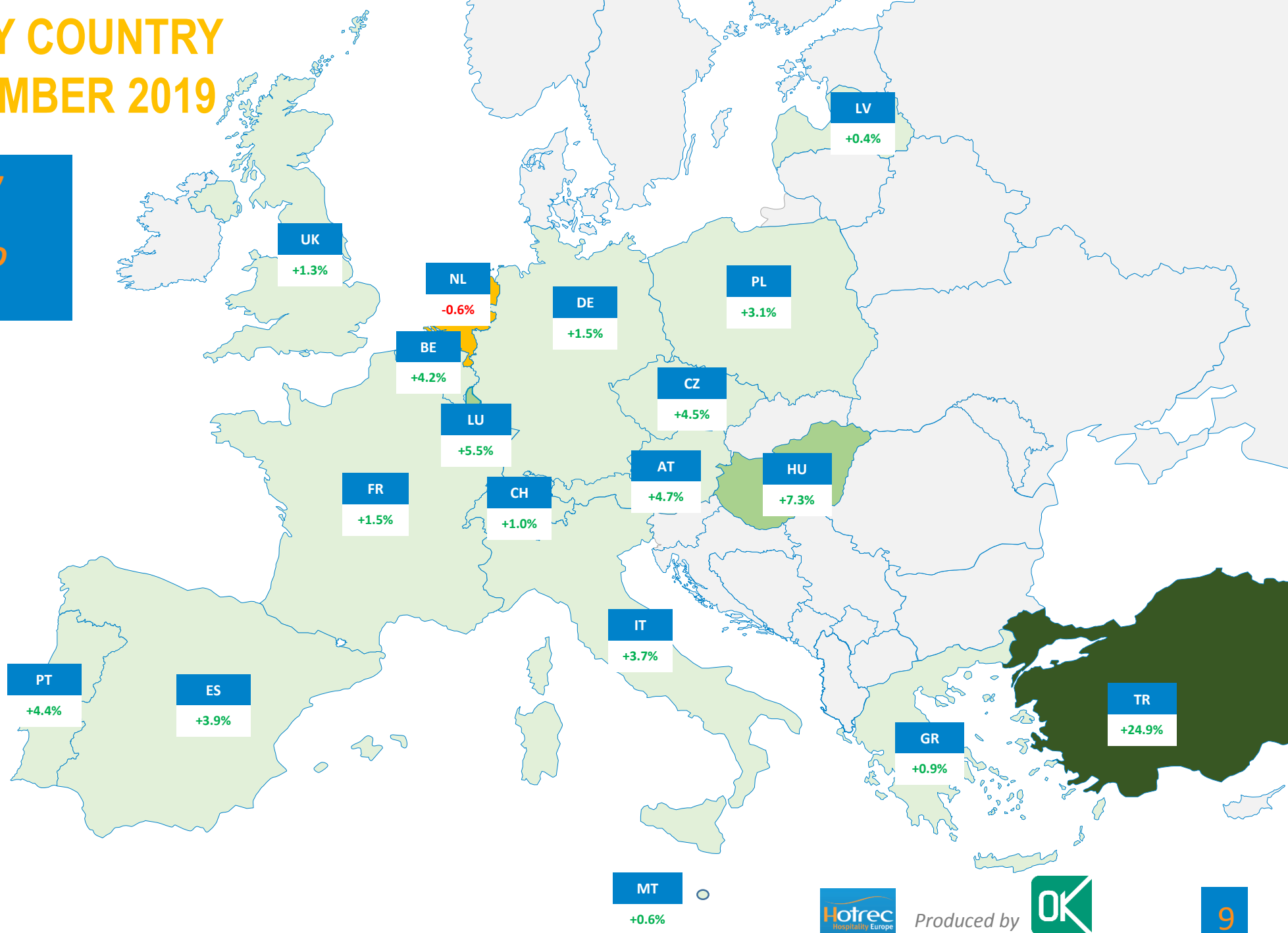
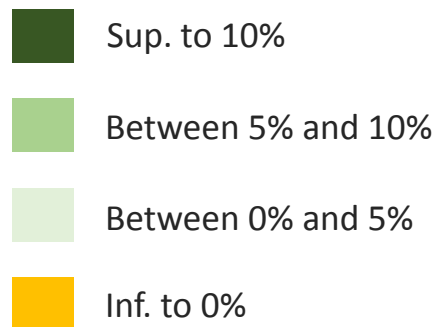
European
average
+0.3 pt



HOTEL RESULTS BY COUNTRY IN EUROPE – NOVEMBER 2019

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

European
average
+2.4%



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.)

