

# H EU Report

Europe



OCTOBER 2021

# ANALYSIS OF HOTEL RESULTS – OCTOBER 2021

## The European hotel industry is gradually rebuilding itself

After a decrease in performance in September, the hotel industry is recovering. With the generalisation of the vaccination and health pass, the gradual resumption of events and the arrival of the holidays at the end of the month... the hotel industry is showing correct results in October. September was marked by the absence of business customers and the end of the summer season, but October has given European hoteliers a boost. The occupancy rate exceeded the 60% threshold in October and is now only -16.7pt less than in 2019, and 1.2 points more than in September. The end of the summer holidays is thus beginning to be compensated by the resumption of business events and professional travel.

Regarding prices, while prices are tending to show a slight decrease compared to the previous month (with the exception of the UK), they are slowly approaching pre-crisis levels. In October, while Luxembourg maintained a price gap of -23.2% compared to the pre-crisis period, Austria returned to 2019 standards (-0.1%). Overall, the European hotel industry shows an average price of 96.4 euros, i.e. -10.8% compared to 2019, but 31% better than last year at the same period. The month of October was therefore much better than last year, in particular thanks to the generalisation of vaccination throughout the continent, which enabled a gradual recovery in business travellers. The RevPAR was therefore established at 59.2 euros (compared to 22.1 euros last year). In terms of range, it is still the 2\* and 3\* segments that are doing well, with occupation rates "only" -11.1 and -14.4 points lower than before the crisis. But the gap with pre-Covid performance is widening for the 4\* and 5\* segments. The 4\* segment is now only -20.7 points behind its pre-crisis level in terms of occupancy! In terms of prices, hotels shows a 5.2% decrease compared to 2019, with of course a more pronounced lag in the higher ranges (-6.7% in the 4\* segment compared to -2.5% in the 2\* segment). But in some markets at the forefront of the recovery, such as France and the UK, upmarket & luxury hotels have regained price momentum.

In October, hotels across Europe recorded a RevPAR of 59.2 euros (compared to 56.3 in September), 162.3% higher than last year, attesting to the sector's recovery. But while European activity as a whole is doing well in October, each country is moving at its own pace. While France is not so far from its pre-Covid standards (-16.6% in terms of RevPAR), the Czech Republic remains at -60.3%. In the south of Europe, performances are between -25 and -30% RevPAR compared to 2019. Apart from Greece, which is suffering from the end of the summer season, Spain, Portugal and Italy are doing better than in September. France confirmed its status as the leader of the recovery in October. Its 61.8% occupancy level is slightly lower than in September but is gradually returning to pre-crisis standards (only -10.6% compared to October 2019). The average price in the country is 93.5 euros, only -2.3% lower than in 2019. The business clientele is gradually returning to its past habits and hoteliers were also able to take advantage of the start of the school holidays at the end of the month. On the other side of the Rhine, performance improved in October compared to August and September: occupancy rates are up 4.5 points, prices are also increasing: in September, the country showed a RevPAR gap of -43.6% compared to pre-crisis performance. In October, this deficit fell to -36.4%. Before being reconfined in November, Austria, which was doing better than its neighbour, posted a -35% drop in RevPAR between October 2021 and October 2019 for an occupancy rate of 54.8%. In October, the UK had the best occupancy rate in Europe (63%) and high average prices (€108) which enabled the country to record a record RevPAR of €68.4 among its peers. The country benefited in particular from the preparation of the COP26, which then took its Scottish hotels to new heights in the first half of November. The Benelux countries seem to be regaining their foreign clientele. Between September and October, the occupancy rate increased in the Netherlands, Luxembourg and Belgium and the same was true for prices. Although RevPAR levels are still far from 2019 levels (between -43 and -45%), they are still better than the previous month. Finally, Poland did also rather well in October thanks to its economic activity and in particular with the port activity of the city of Gdansk. Conversely, destinations that usually rely on international tourism, such as Krakow, suffered more from the later return of this clientele. It is still the Czech Republic and Latvia that are struggling to regain their pre-covid performance levels with -60.3% and -57.7% of activity respectively. Will hoteliers be able to maintain this level of activity in November? The school holidays and certain events such as the COP26 still seem to be able to help, but in the meantime the fifth wave is coming leading some European countries to tighten restrictions...

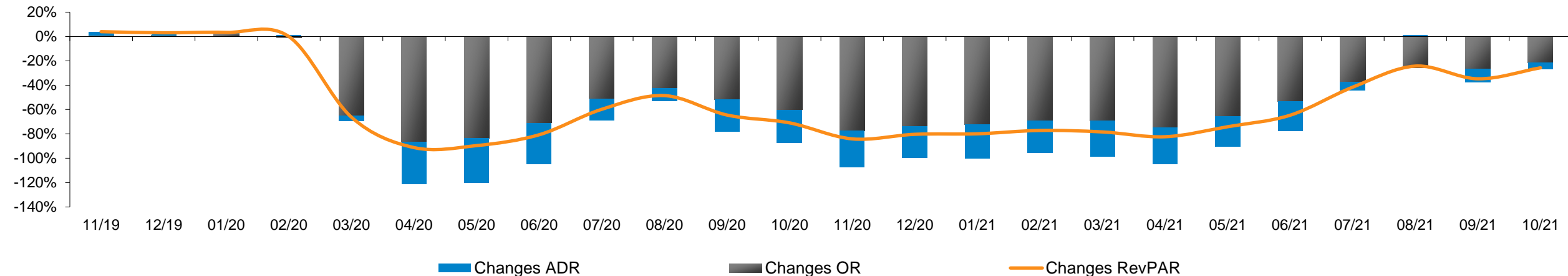
# HOTEL RESULTS BY SEGMENT IN EUROPE – OCTOBER 2021 vs OCTOBER 2019

MONTHLY RESULTS			
	Occupancy Rate	Average Daily Rate (€ VAT excl)	RevPAR (€ VAT excl)
	(pts)	(%)	(%)
2*	-11,1	-2,5%	-16,7%
3*	-14,4	-4,4%	-22,5%
4*	-20,7	-6,7%	-31,3%
5*	-20,6	9,5%	-20,0%
Global	<b>-16,7</b>	<b>-5,2%</b>	<b>-25,8%</b>

YTD RESULTS			
	Occupancy Rate	Average Daily Rate (€ VAT excl)	RevPAR (€ VAT excl)
	(pts)	(%)	(%)
2*	-30,7	-6,9%	-46,0%
3*	-33,8	-9,4%	-51,1%
4*	-41,9	-11,9%	-61,4%
5*	-45,5	2,0%	-60,9%
Global	<b>-36,9</b>	<b>-13,3%</b>	<b>-56,7%</b>

Note : The indicators are compared to the same period of 2019, i.e. OCTOBER 2021 vs OCTOBER 2019

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



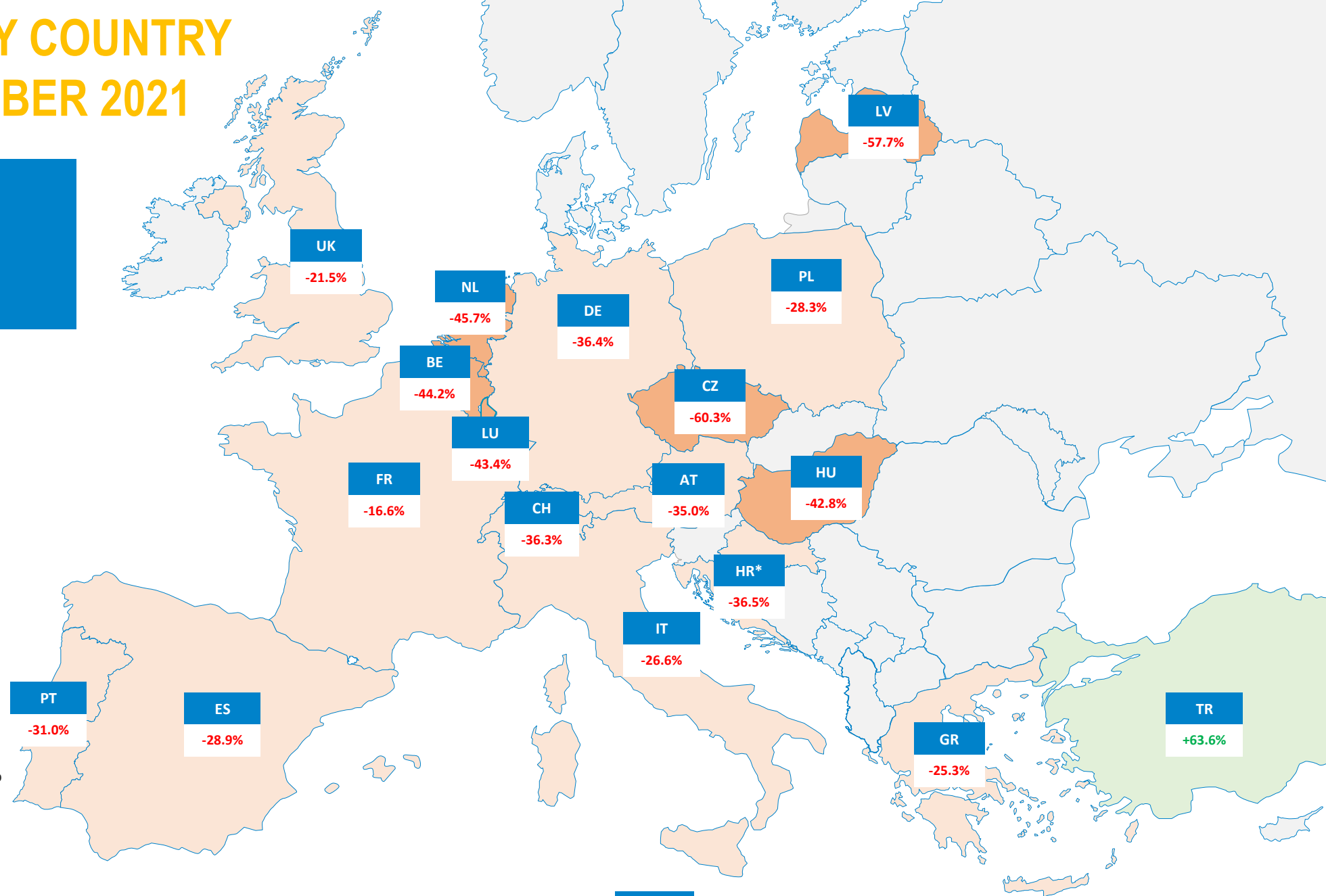
Note: starting from March 2021, the variation is compared to Y-2

# HOTEL RESULTS BY COUNTRY IN EUROPE – OCTOBER 2021

Monthly Results - RevPAR  
change by country  
OCTOBER 2021 vs OCTOBER  
2019

European  
average  
**-25.8%**

- Sup. to 0%
- Between -40% and 0%
- Between -80% and -40%
- Inf. to -80%



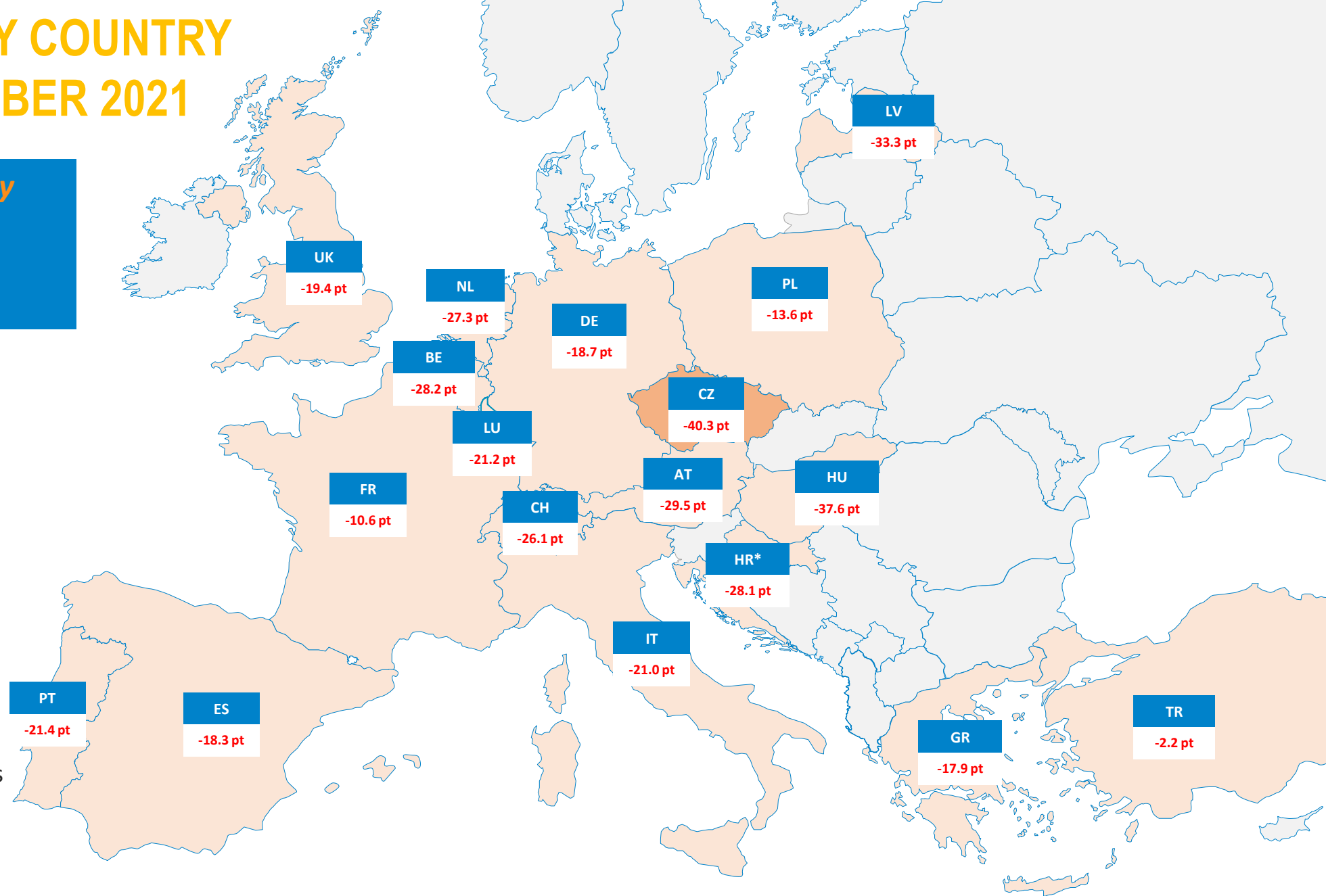
\*provided by the University of Rijeka, Faculty of Tourism and Hospitality Management

# HOTEL RESULTS BY COUNTRY IN EUROPE – OCTOBER 2021

Monthly Results – Occupancy  
Rate change by country  
OCTOBER 2021 vs OCTOBER  
2019

European  
average  
**-16.7 pt**

- Sup. to 0 pt
- Between -40 and 0 pt
- Between -70 and -40 pts
- Inf. to -70 pts



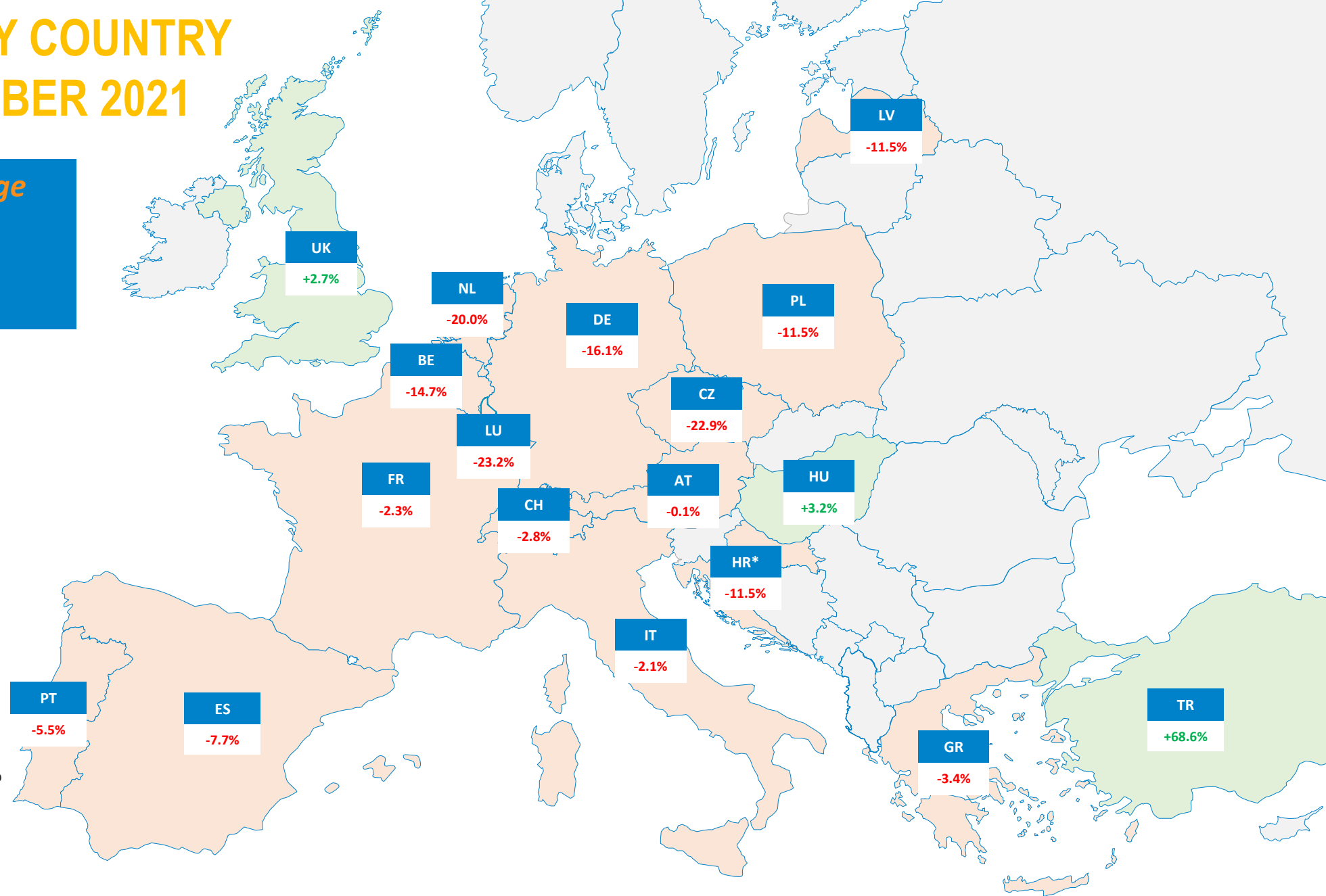
\*provided by the University of Rijeka, Faculty of Tourism and Hospitality Management

# HOTEL RESULTS BY COUNTRY IN EUROPE – OCTOBER 2021

Monthly Results - ADR change by country  
OCTOBER 2021 vs OCTOBER 2019

European average  
**-5.2%**

- Sup. to 0%
- Between -40% and 0%
- Between -80% and -40%
- Inf. to -80%



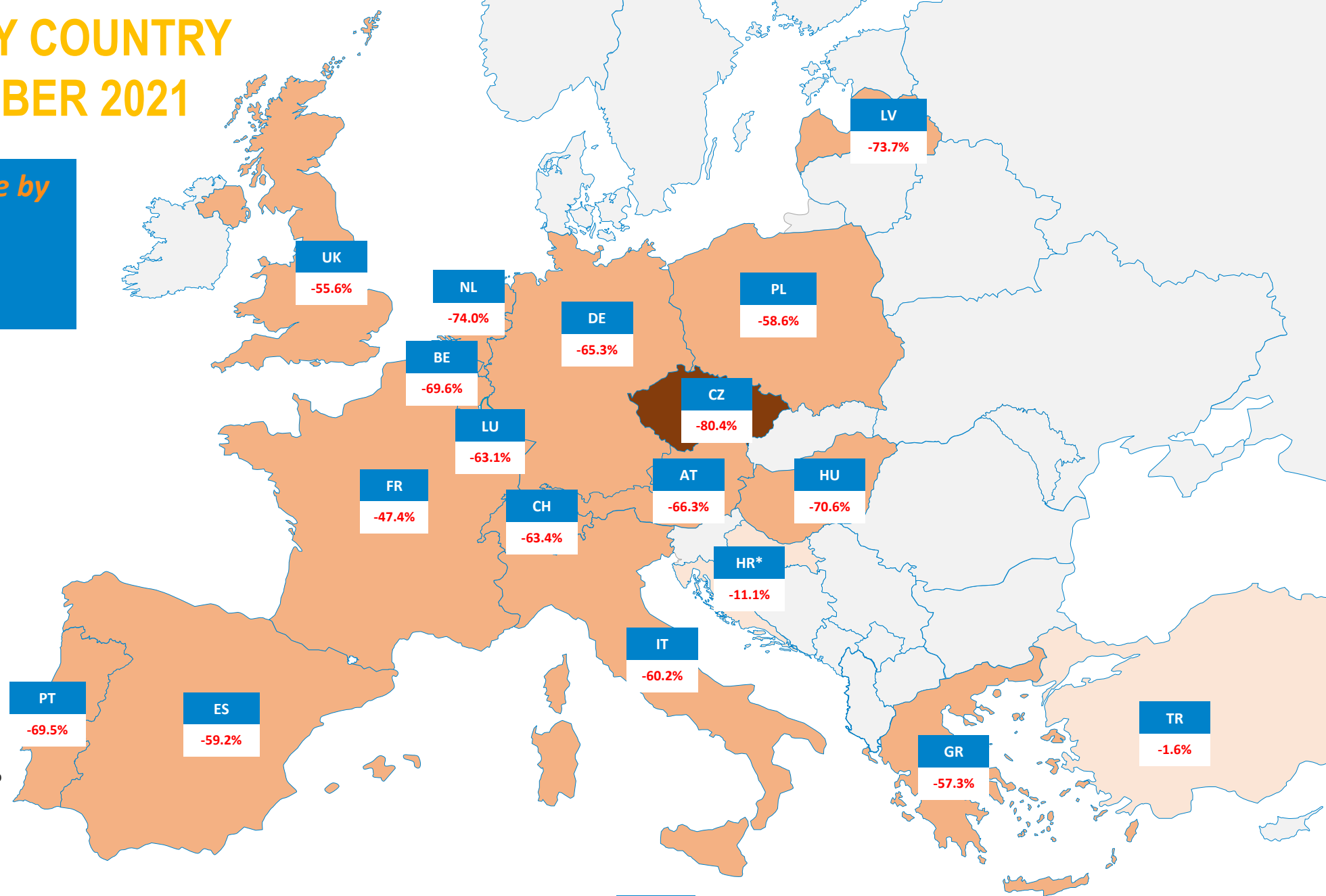
\*provided by the University of Rijeka, Faculty of Tourism and Hospitality Management

# HOTEL RESULTS BY COUNTRY IN EUROPE – OCTOBER 2021

*YTD Results - RevPAR change by  
country  
YTD OCTOBER 2021 vs YTD  
OCTOBER 2019*

European  
average  
**-56.7%**

- Sup. to 0%
- Between -40% and 0%
- Between -80% and -40%
- Inf. to -80%



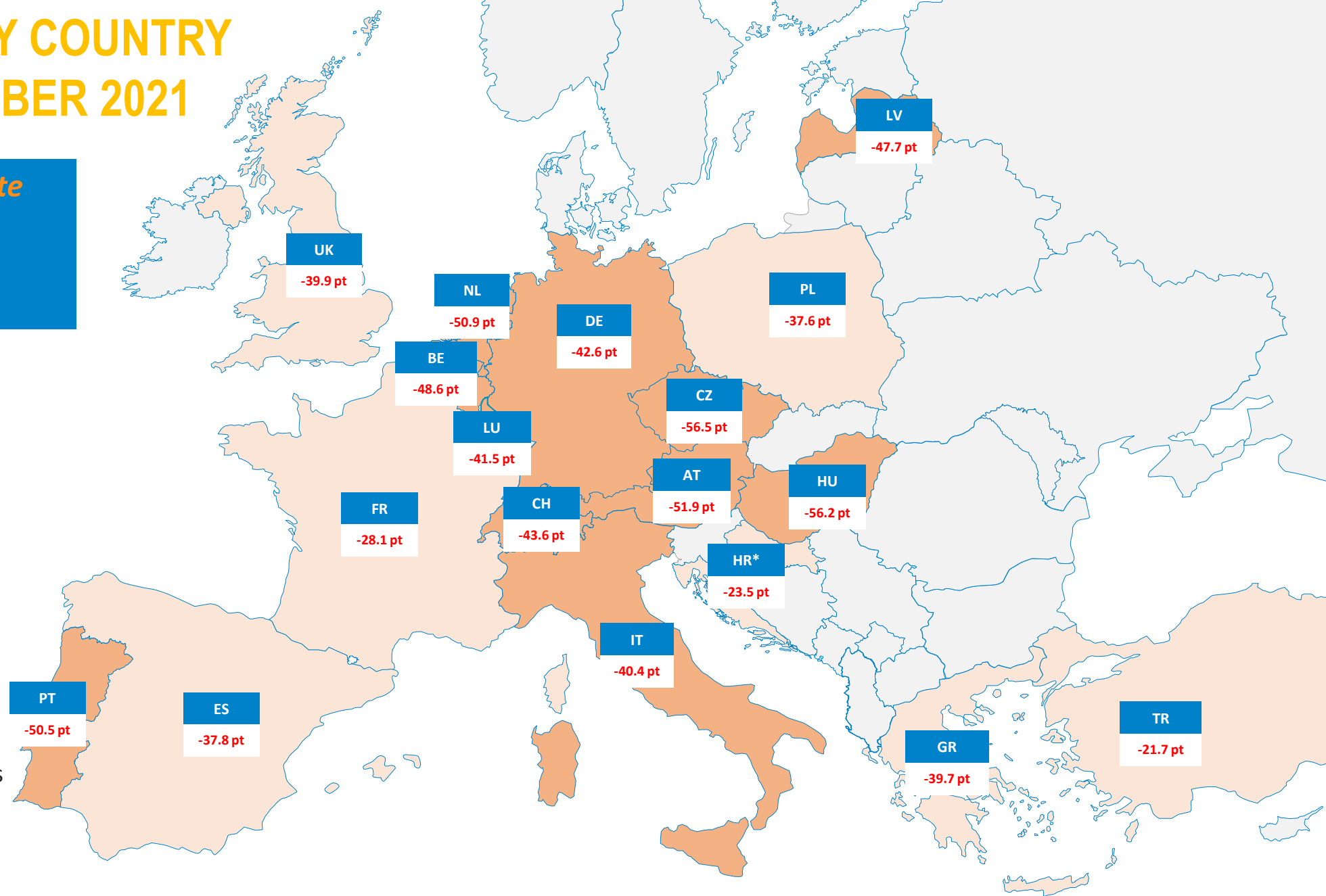
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# HOTEL RESULTS BY COUNTRY IN EUROPE – OCTOBER 2021

*YTD Results – Occupancy Rate  
change by country  
YTD OCTOBER 2021 vs YTD  
OCTOBER 2019*

European  
average  
**-36.9 pt**

- Sup. to 0 pt
- Between -40 and 0 pt
- Between -70 and -40 pts
- Inf. to -70 pts



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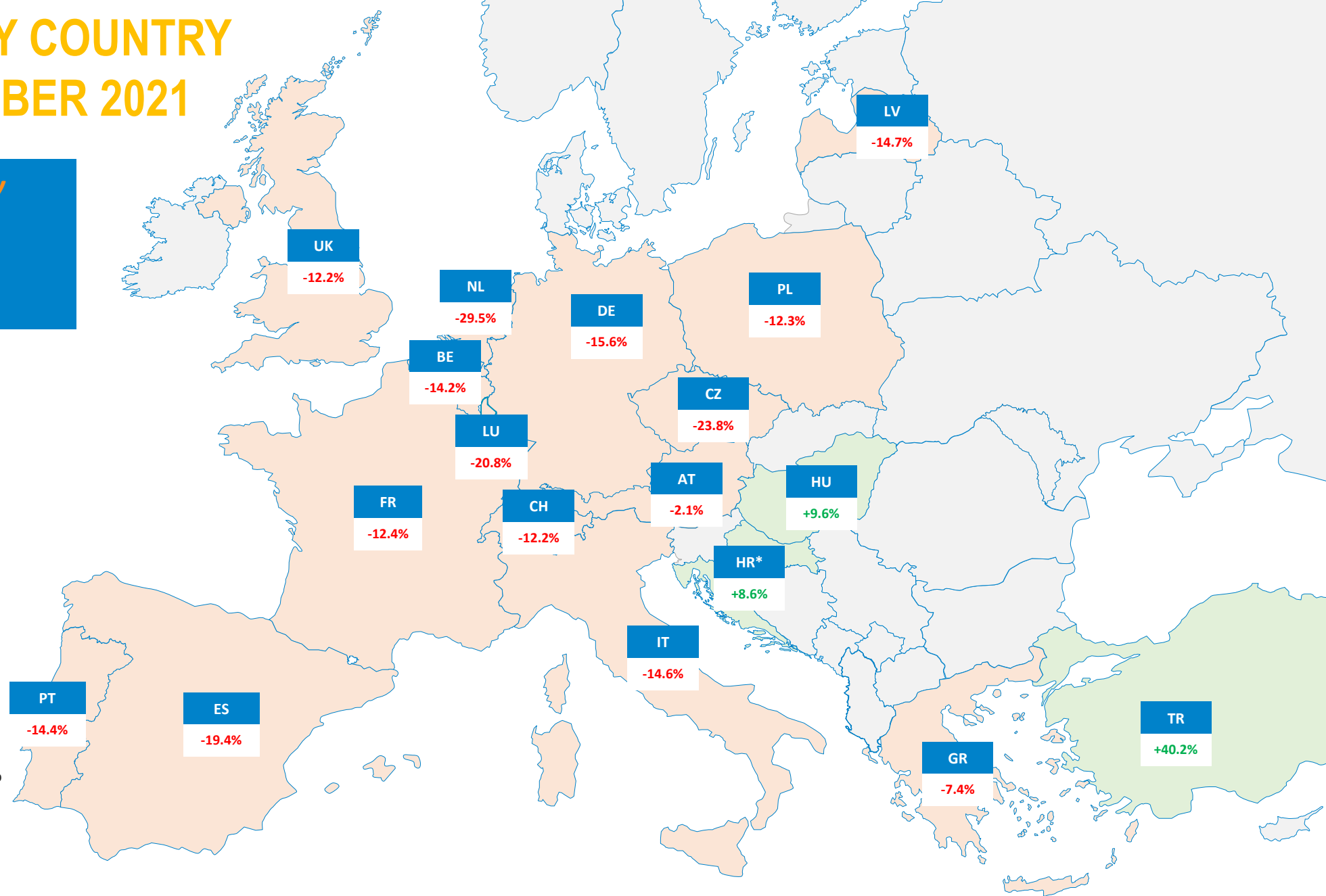


# HOTEL RESULTS BY COUNTRY IN EUROPE – OCTOBER 2021

YTD Results - ADR change by country  
YTD OCTOBER 2021 vs YTD OCTOBER 2019

European average  
**-13.3%**

- Sup. to 0%
- Between -40% and 0%
- Between -80% and -40%
- Inf. to -80%



\*provided by the University of Rijeka, Faculty of Tourism and Hospitality Management

# 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.)

