H EU Report

Europe

Hotrec Hospitality Europe

NOVEMBER 2018

ANALYSIS OF HOTEL RESULTS – NOVEMBER 2018

Europe's hospitality industry holds its course

Apart from a few incidents for some, indicators have been on a positive trend since June 2018 for hoteliers overall. The Occupancy Rate (OR) increased by +1.2 points compared to November 2017 and by +1.0 points Year To Date (YTD). Revenue per available room (RevPAR) increased by +4.5% compared to November 2017 and +4.1% at the YTD. The same is true for Average Daily Rates (ADRs), which rose by +2.7% compared to November 2017 and +2.7% YTD.

The 5* hotels posted the best growth compared to November 2017 with +1.4 point for the OR and +5.2% for the ADR leading to a +7.4% increase in the RevPAR. The 3* follows with +1.5 point for the OR, +3.3% for the ADR, and +5.5% for the RevPAR. The 2* and 4* supply also participate in this growth with +4.5% and +3.5% in the RevPAR respectively.

Austria continues to lead the way in performance gains with an OR that increased by +8.3 pts with a ADR at +11.5%, allowing the RevPAR to rise by +24.2% to €78.6 excluding VAT. The Christmas Market, the opening of the carnival which offers the opportunity to waltz and the Vienna Festival of Modern Art only partly explain the good health that has persisted since the start of the school year in September. The city of Salzburg reported a +20% increase in RevPAR at the YTD and Vienna also reported an increase by +6.4%. Latvia recorded a RevPAR up +15.8% to reach €38.9 excluding VAT, driven by an ADR up +9.9% and a OR up +3.3 points. The Baltic State already recorded an increase in RevPAR by +8.1% in October and has posted strong growth since the beginning of 2018.

Belgium maintained good growth with a RevPAR up 11% to reach €87.2 excluding VAT, driven by average daily rates up 5.4% and an OR up 4 points. The high-end, economy and mid-range segments increased by +12.7%, +10% and +9.6% respectively. While Antwerp and Liège lost -5.6% and -1.7% in RevPAR, Brussels (€99.9 excluding VAT) and Ghent (€98.4 excluding VAT) were up by +13.5% and +6.2%. At the bottom of the podium, Luxembourg reached €123.2 excluding VAT for its RevPAR (+10.6%) thanks to an increase in average daily rate by +8% and a higher increase in OR than the European average of +1.9 points.

Hungary is the last destination to post double-digit RevPAR growth with +10.4% (53.8€ excluding VAT); Year to Date, it is the third European country in terms of growth in average daily rates (behind Austria +9.9% and Latvia with +9.9%). Average daily rates rose +6.4% compared to November 2017 and OR was up by +2.7 points. Portugal, which saw a significant drop in its indicators in October, is recovering with +7.7% for its RevPAR (€49.6 excluding VAT), driven by a strong increase in OR by +3.6 points and a slight increase in average daily rates by +1.9%. While Lisbon grew by +1.9% in terms of RevPAR, Porto posted double-digit growth with +13.4%. Italy and Spain followed with RevPAR growth by +7.4% and +7.2% respectively. Bologna explodes the meters with a +48.8% increase in RevPAR to reach €82.5 excluding VAT. Rome recorded a performance up +9.5% and reached €76.5 excluding taxes. Bilbao is close to +30% growth in its RevPAR, Zaragoza is at +23.1%, Barcelona +19.3% and Seville +19.2%. Palma de Mallorca and Valencia are losing ground with -13.1% and -4.2% in their RevPARs. French growth is slowing down, impacted by the international image of the destination, but remains in the green.

Germany posted +4.1% growth in RevPAR (€71.7 excluding VAT). The economy segment recorded the best growth at +5.8% (€60.5 excluding VAT) followed by the mid-scale segment at +4.8% (€66.1 excluding VAT) and the high-end segment at +2.6% (€96.6 excluding VAT). Nuremberg (+23.9%) and Dresden (+10.9%) are the two destinations that perform best. Greece and the United Kingdom posted performances that remain positive, but below other European destinations. Greece grew by +2% compared to November 2017 with a RevPAR of €63.2 excluding VAT, driven solely by an 8% price increase, with OR down -3.5 points. The United Kingdom posted a modest +1.7% increase in RevPAR (€84.7 excluding tax), maintained by the stability of OR (+0.6 points) and Average daily rates +1%. The high-end category grew +2.3% in RevPAR followed by the economy +1.4% and the mid-range +1.1%. The Czech Republic and Poland are on the verge of stagnation. With a RevPAR +0.8% for the Czech Republic maintained only by a price increase of +3.1% while occupancy rates fell by 1.6 points. Poland is just progressing by +0.3%, with average prices remaining stable and the occupancy rate remaining at +0.2 points.

The only problem is that the Netherlands dropped significantly by -0.4% in RevPAR, which nevertheless remains the third highest in Europe at €88.4 excluding VAT. It is the mid-range offer that drives performance down with a -3% drop in RevPAR, led by both OR, which fell by 1 point, and average daily rates, which fell by -1.8%. The economy and high-end sectors remain stable, but do not save the destination from a decline. Amsterdam loses -3.8% for its RevPAR while Eindhoven, Utrecht, Rotterdam and La Hague remain in the green.
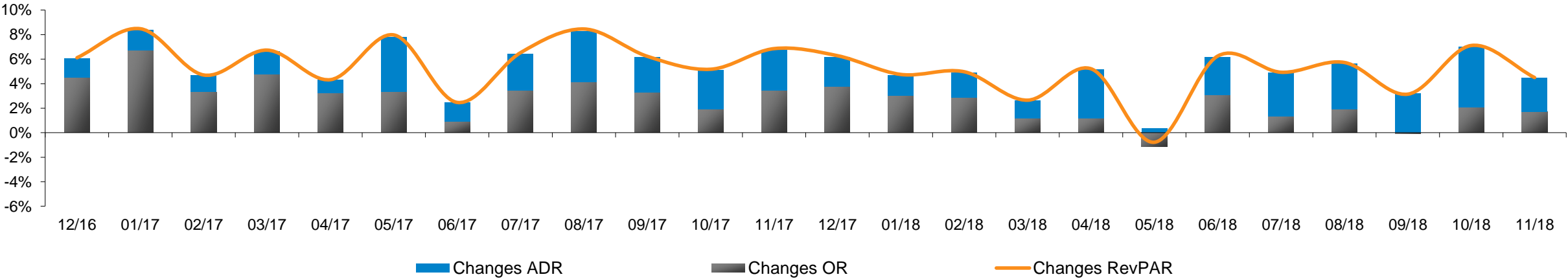
HOTEL RESULTS BY SEGMENT IN EUROPE – NOVEMBER 2018

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

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

Note : The indicators are compared to the same period of previous year, i.e. NOVEMBER 2018 vs NOVEMBER 2017
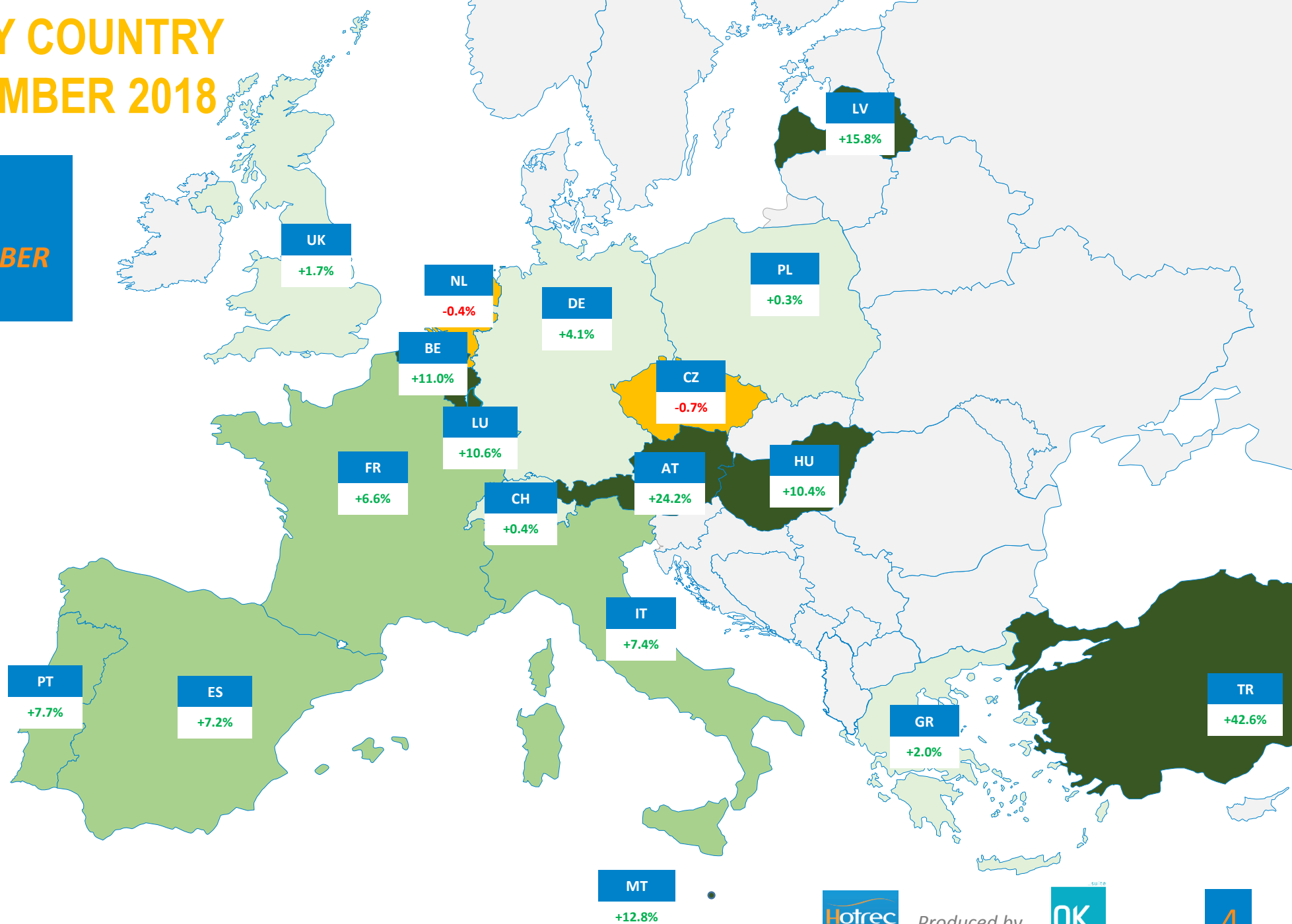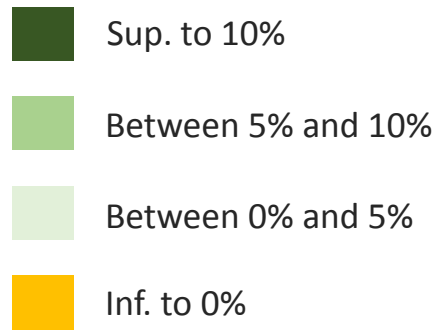
OR, ADR and RevPAR change - Last 24 months

Changes ADR   Changes OR   Changes RevPAR

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HOTEL RESULTS BY COUNTRY IN EUROPE – NOVEMBER 2018

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

European average
+4.5%

LV +15.8%

UK +1.7%

NL -0.4%

DE +4.1%

PL +0.3%

BE +11.0%

CZ -0.7%

LU +10.6%

FR +6.6%

AT +24.2%

HU +10.4%

CH +0.4%

IT +7.4%

PT +7.7%

ES +7.2%

GR +2.0%

TR +42.6%

MT +12.8%

Legend:
- Sup. to 10%
- Between 5% and 10%
- Between 0% and 5%
- Inf. to 0%
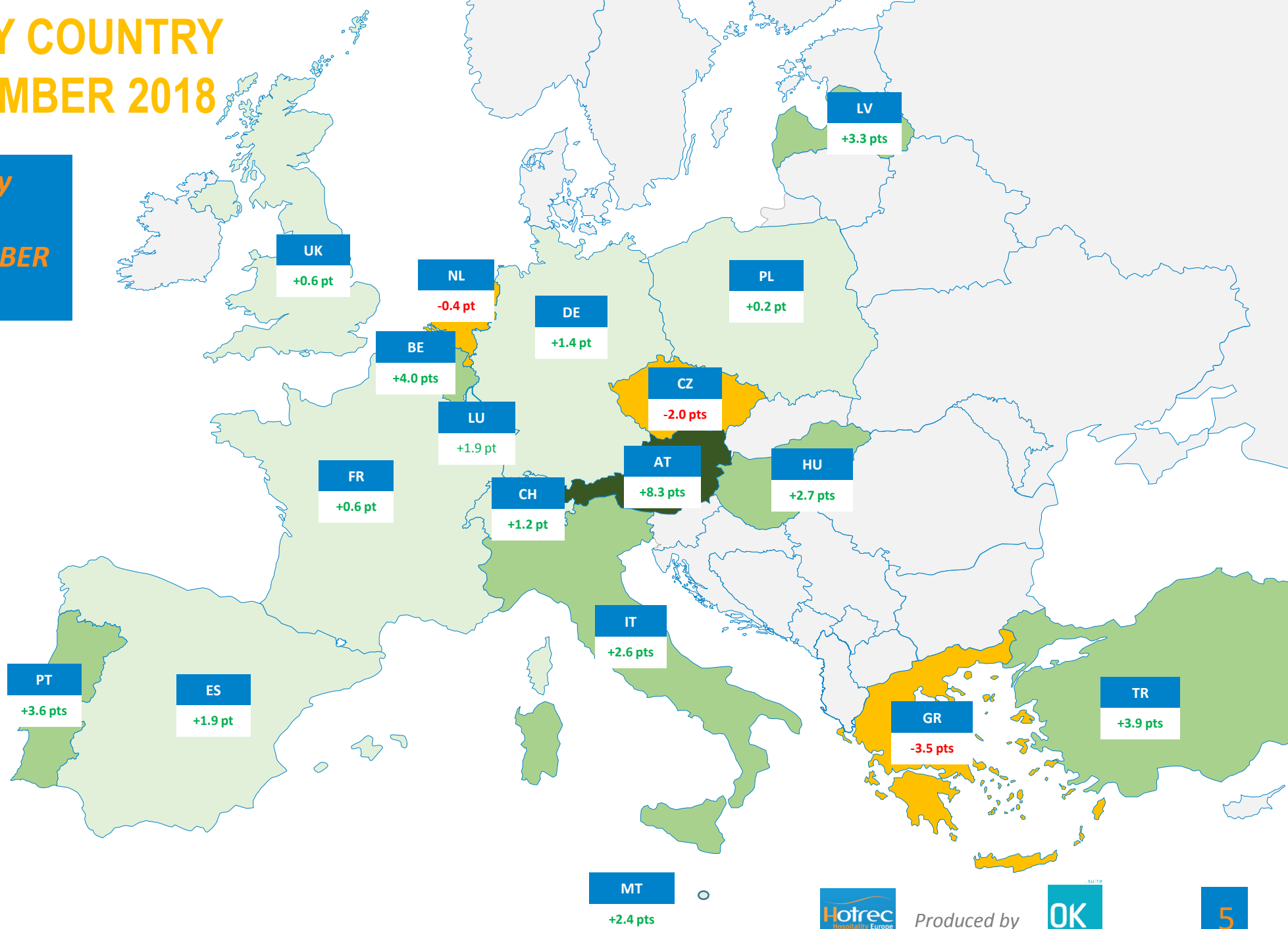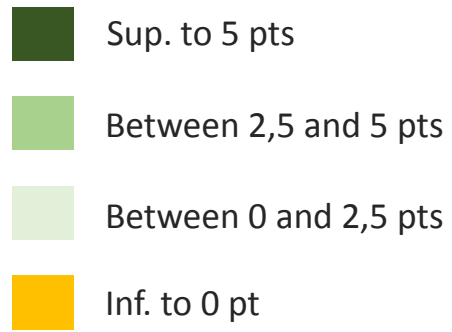
HOTEL RESULTS BY COUNTRY IN EUROPE – NOVEMBER 2018

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

European average
+1.2 pt

Country	Value
LV	+3.3 pts
UK	+0.6 pt
NL	-0.4 pt
DE	+1.4 pt
PL	+0.2 pt
BE	+4.0 pts
CZ	-2.0 pts
LU	+1.9 pt
AT	+8.3 pts
HU	+2.7 pts
FR	+0.6 pt
CH	+1.2 pt
IT	+2.6 pts
PT	+3.6 pts
ES	+1.9 pt
GR	-3.5 pts
TR	+3.9 pts
MT	+2.4 pts

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

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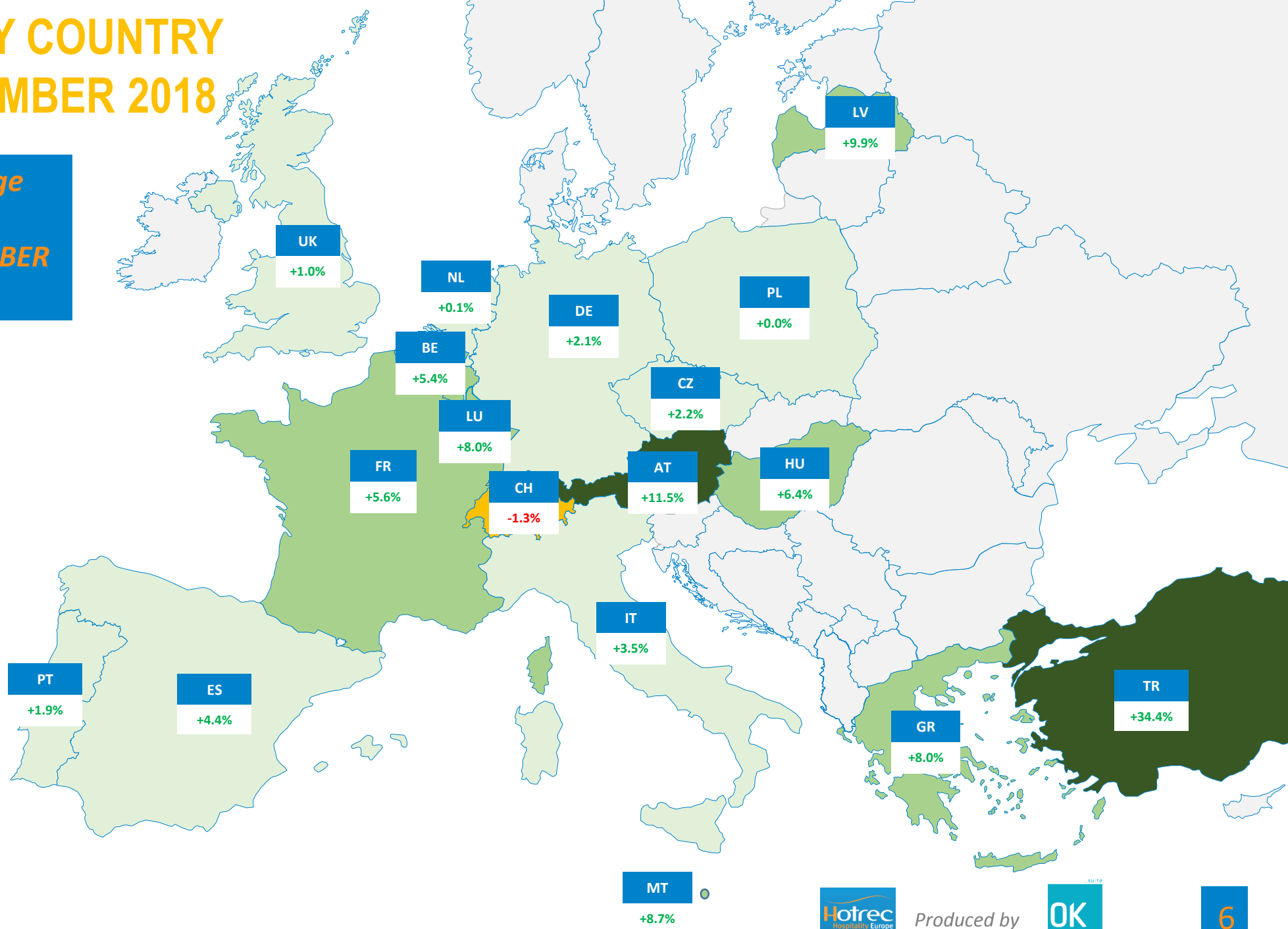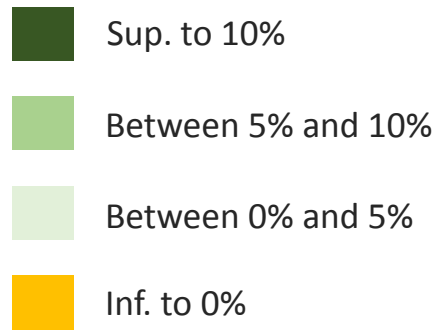
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HOTEL RESULTS BY COUNTRY IN EUROPE – NOVEMBER 2018

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

European average
+2.7%

Country	Value
LV	+9.9%
UK	+1.0%
NL	+0.1%
DE	+2.1%
PL	+0.0%
BE	+5.4%
CZ	+2.2%
LU	+8.0%
FR	+5.6%
AT	+11.5%
HU	+6.4%
CH	-1.3%
IT	+3.5%
PT	+1.9%
ES	+4.4%
TR	+34.4%
GR	+8.0%
MT	+8.7%

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

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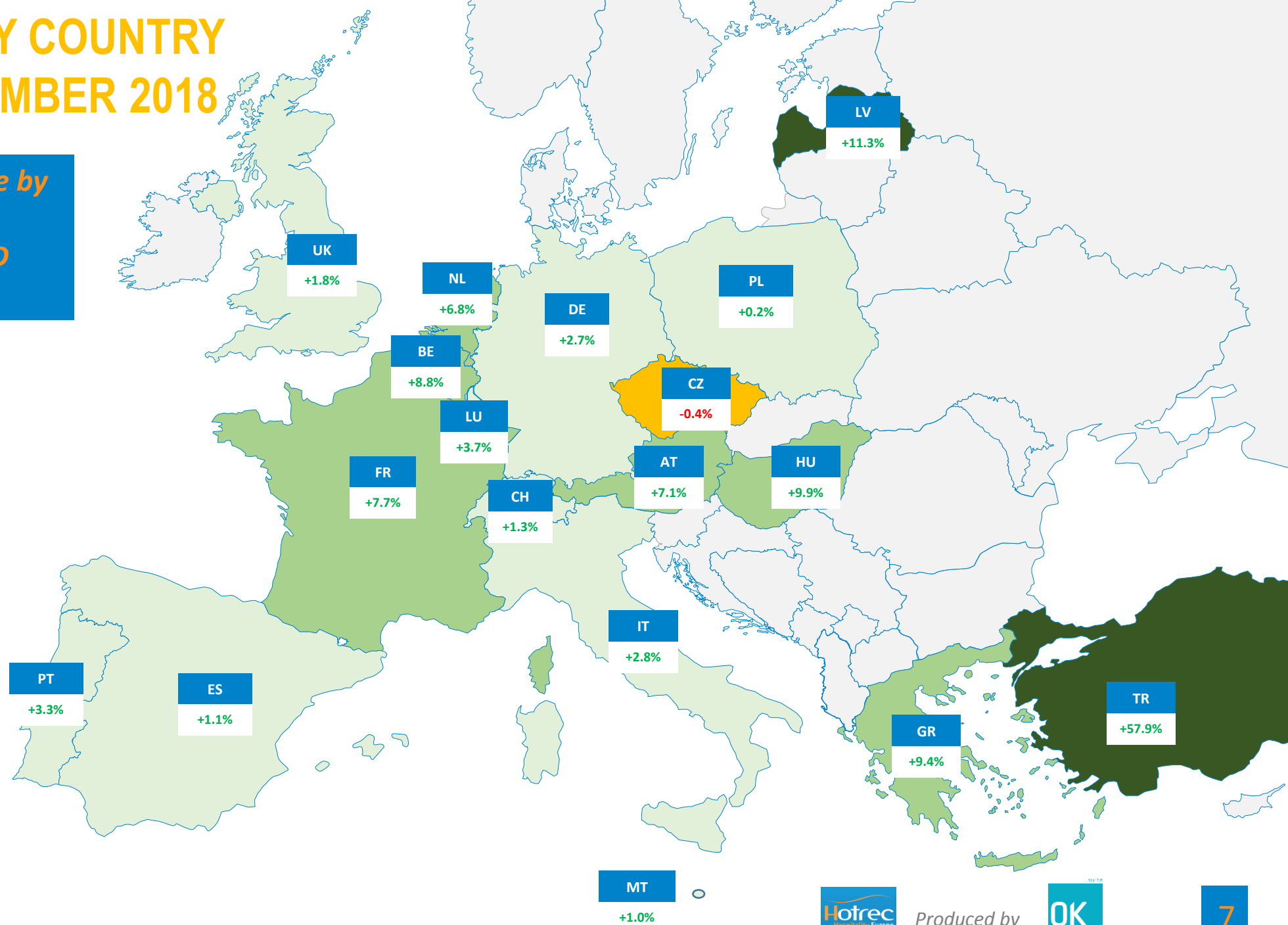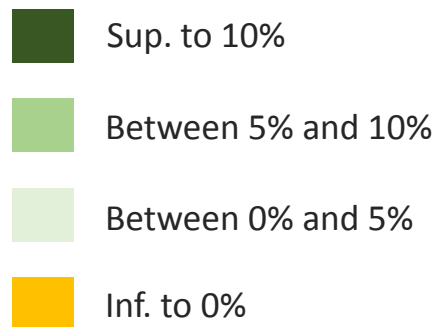
HOTEL RESULTS BY COUNTRY IN EUROPE – NOVEMBER 2018

YTD Results - RevPAR change by country
YTD NOVEMBER 2018 vs YTD NOVEMBER 2017

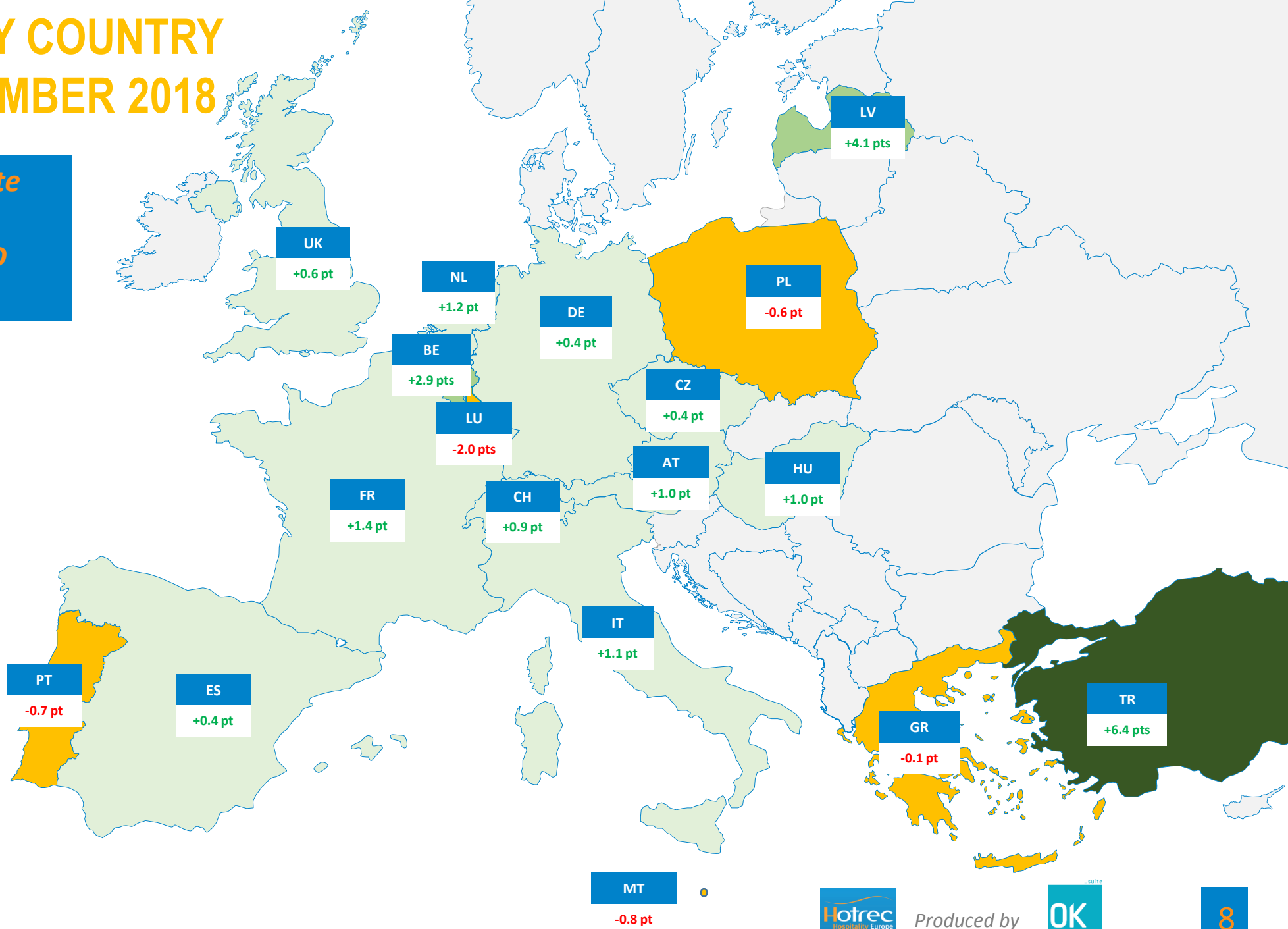**European average**
+4.1%

LV
+11.3%

UK
+1.8%

NL
+6.8%

DE
+2.7%

PL
+0.2%

BE
+8.8%

CZ
-0.4%

LU
+3.7%

FR
+7.7%

CH
+1.3%

AT
+7.1%

HU
+9.9%

IT
+2.8%

PT
+3.3%

ES
+1.1%

GR
+9.4%

TR
+57.9%

MT
+1.0%

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

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Produced by OK OLA KALA
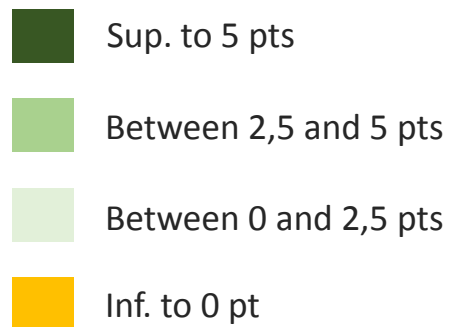
HOTEL RESULTS BY COUNTRY IN EUROPE – NOVEMBER 2018

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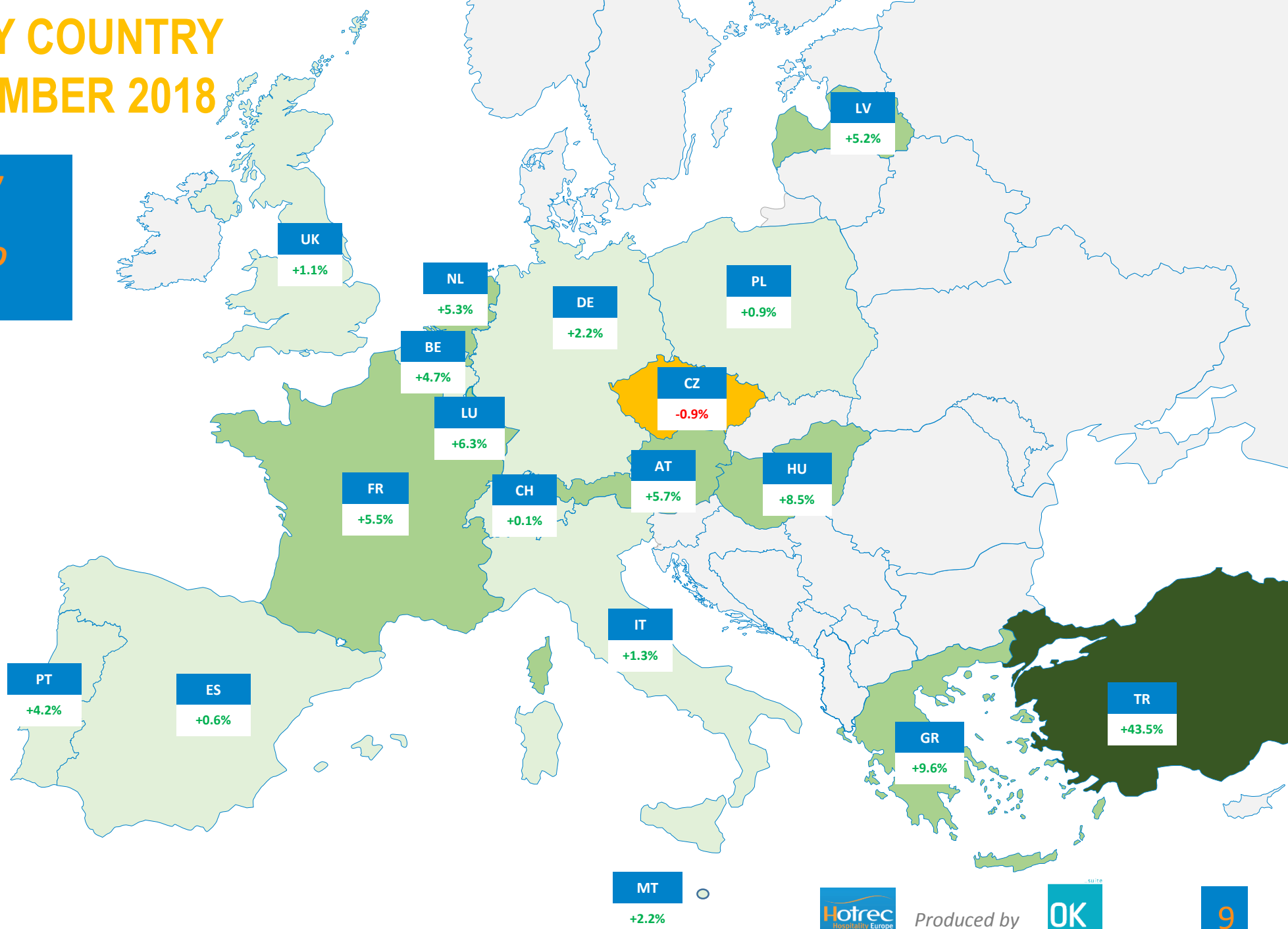*YTD NOVEMBER 2018 vs YTD NOVEMBER 2017*

European average
+1.0 pt

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

Map values:
- LV: +4.1 pts
- UK: +0.6 pt
- NL: +1.2 pt
- DE: +0.4 pt
- PL: -0.6 pt
- BE: +2.9 pts
- CZ: +0.4 pt
- LU: -2.0 pts
- AT: +1.0 pt
- HU: +1.0 pt
- FR: +1.4 pt
- CH: +0.9 pt
- IT: +1.1 pt
- PT: -0.7 pt
- ES: +0.4 pt
- GR: -0.1 pt
- TR: +6.4 pts
- MT: -0.8 pt

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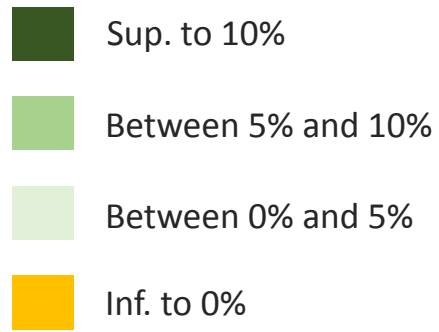
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HOTEL RESULTS BY COUNTRY IN EUROPE – NOVEMBER 2018

YTD Results - ADR change by country
YTD NOVEMBER 2018 vs YTD NOVEMBER 2017

European average
+2.7%

LV +5.2%

UK +1.1%

NL +5.3%

DE +2.2%

PL +0.9%

BE +4.7%

CZ -0.9%

LU +6.3%

FR +5.5%

CH +0.1%

AT +5.7%

HU +8.5%

IT +1.3%

TR +43.5%

PT +4.2%

ES +0.6%

GR +9.6%

MT +2.2%

Sup. to 10%

Between 5% and 10%

Between 0% and 5%

Inf. to 0%

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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.)