

Lodging

China & Italy hotels: RevPAR +191.6% (2yr: -19%) & +150% (2yr: -91%) for wk ending 4/10.

2yr for China/Italy/US all slipped from prior week. Italy especially Ugly.

Quick take: Per STR for the week ending April 10th, China hotel RevPAR in local currency was +191.6% y/y vs. +187.2% in the prior week. Last week's RevPAR was up against a -71.8% comparable result in 2020 vs. -70.3% in the prior week. On a 2-year run-rate, which we believe is an equally if not more important KPI, RevPAR was down 19.1% vs. down 15.8% in the prior week's 2-year run-rate. We see the week-to-week deceleration in last week's results on a 2-year basis due to the prior week being aided by the "Tomb sweeping" holiday.

Italy was up 150.5% y/y vs. +165.1% in the prior week. Last week's RevPAR was up against a -98.1% comparable result in 2020 and -97.0% in the prior week. *On a 2-year run-rate, RevPAR was down 91.1% vs. down 86.2% in the prior week's 2-year run-rate. We believe the deceleration in the 2-year run-rate is due to new lock-down measures from Covid case increases.*

These weekly results compare to the US for the same week up 311.1% y/y. This latest US result is better than the +287.6% in the prior week's result as y/y comps have only gotten easier. *Last week's RevPAR was up against a -83.6% comparable result in 2020 vs. down 81.6% in the prior week's 2-year run-rate. On a 2-year run-rate, RevPAR was down 29.6%, a deceleration from the prior week's 27.1% 2-year run-rate. We note the huge contrast in growth rates (2-yr comparison) for Miami/Tampa/Orlando (and likely non Top 25 markets in Florida) versus NYC (especially) and other urban business/group markets such as SF, Boston, Chicago, DC with the warm weather markets far outperforming the colder weather ones. The y/y and 2-year comparisons are quite noisy given lower Spring Break demand and the Passover/Good Friday/Easter holiday comp (Easter was 4/4/21 vs. 4/12/20 and 4/21/19).*

Please note there are many hotels that suspended operations/closed and they are not included in the comparisons. Implications are that the headline statistics overstate the actual performance of the overall industry.

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What's Inside

China and Italy data and analysis following last week's results

RevPAR detail for week ending April 10th vs. trailing 28 days (see charts at end of note for graphical representations):China (local currency):

- RevPAR was +191.6% y/y for the week ending April 10th, **a deceleration** from +206.6% for the trailing 28 days.
- ADR was +45.6% y/y for the week ending April 10th, **better than** the +37.0% for the trailing 28 days.
- Occupancy was +100.3% y/y for the week ending April 10th, **worse than** the +123.9% for the trailing 28 days.

Italy (local currency):

- RevPAR was +150.5% y/y for the week ending April 10th, **worse than** the +190.9% for the trailing 28 days.
- ADR was +22.2% y/y for the week ending April 10th, **better than** the +11.7% for the trailing 28 days.
- Occupancy was +104.9% y/y for the week ending April 10th, **worse than** the +160.5% for the trailing 28 days.

Additional thoughts and observations:**Hotel occupancy observations from the latest weekly STR results from China, Italy, and US:**

- **China: Absolute occupancy in China was 64.2%.** *By comparison, occupancy was 31.2% during the comparable week last year.*
- **Italy: Absolute occupancy levels for hotels that were still open in Italy for the week ending April 10th was 16.9%.** So far it has been approx. 58 weeks after occupancy first started to see rapid deceleration in Italy. *By comparison, occupancy was 8.3% during the comparable week last year.*
- **US: Absolute occupancy levels for hotels that were still open in the US for the week ending April 10th was 59.7%.** So far it has been approx. 57 weeks after occupancy first started to see rapid deceleration in mid-March 2020 in the US. *By comparison, occupancy was 22.3% during the comparable week last year.*

Hotel closure observations from the latest weekly STR results from China, Italy, and US:

For this we look at the week-to-week changes in the sample size of hotel rooms in STR's data set. While we cannot say with certainty that material decreases in sample size are from hotels closing, we note that hotels that are closed no longer are included in the STR data sent; ergo this is our best approximation of hotel closures.

- **China:** Based on the STR sample, peak room count declines troughed at down 35% in mid-February 2020 from early January 2020 levels. Today, room count is down approx. 6% from mid-February 2020.
- **Italy:** Based on the STR sample as of April 10th, room count declines are running down approx. 50% from early January 2020 levels.
- **US:** Based on the STR sample as of April 10th, room count declines are running at down 2% from early January 2020 levels

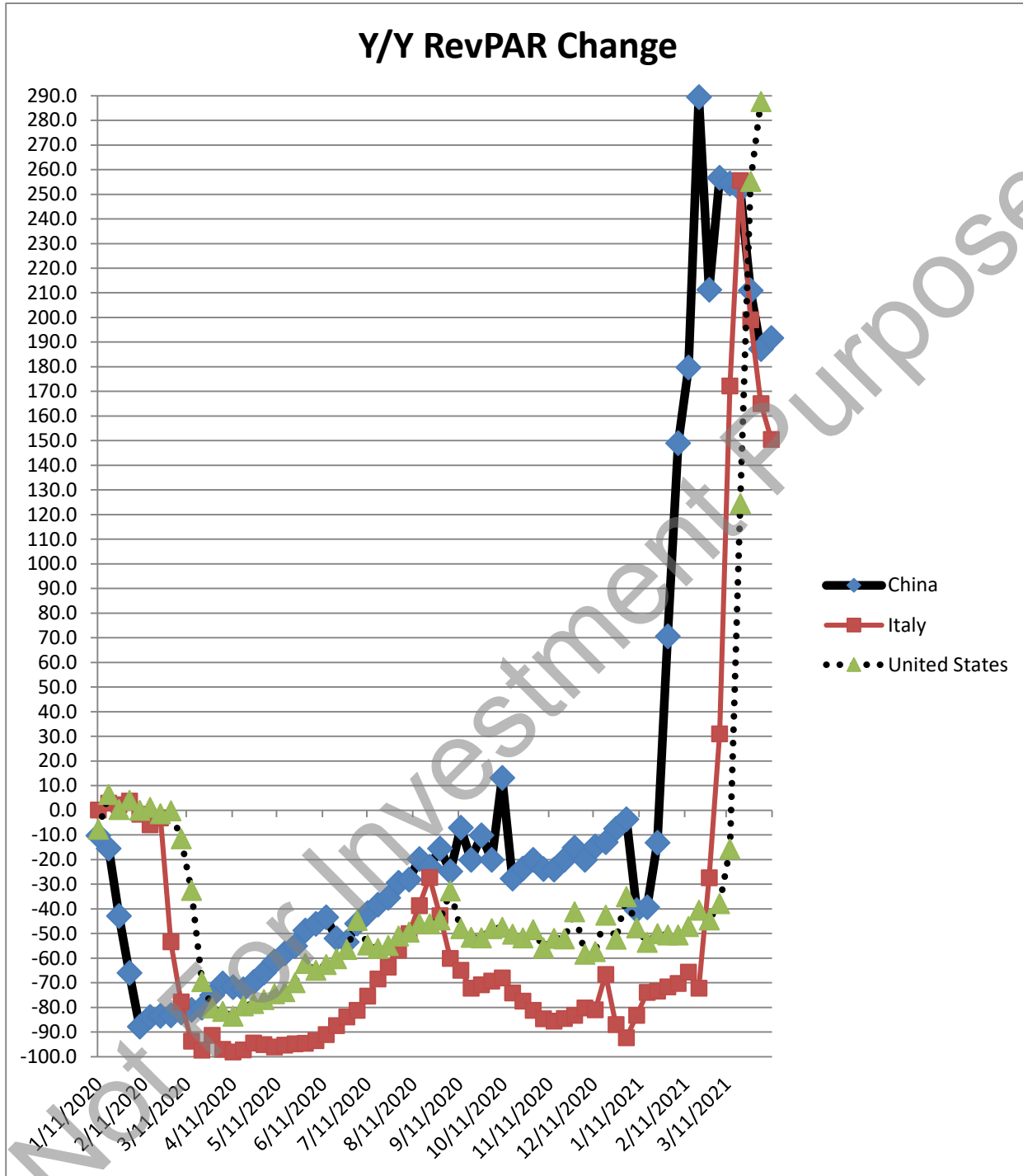
About our data set:

- **China:** Currently 835k hotel rooms reporting data in the survey, or 28% of the total number of rooms in China. Due to hotel closings, these figures are a decrease from the last week of December 2019 where 889k rooms were in the survey, or 32% of the total number of hotel rooms in China. **835k rooms is up from the prior week where 796k were reporting data.** We note that the STR data set is primarily branded hotels, which see a larger number of international (meaning fly-to) guests than does the average hotel in China. Implications are that with international inbound flights to China severely curtailed, RevPAR results and hotel reopenings in the STR data set could be weaker than the average hotel in China.

- **Italy:** Currently 41 hotel rooms reporting data in the survey, or 11% of the total number of rooms in Italy. Due to hotel closings, these figures are a decrease from the last week of December where 80k rooms were in the survey, or 22% of the total number of hotel rooms in Italy. **41k is up from the prior week where 36k rooms were reporting data.**

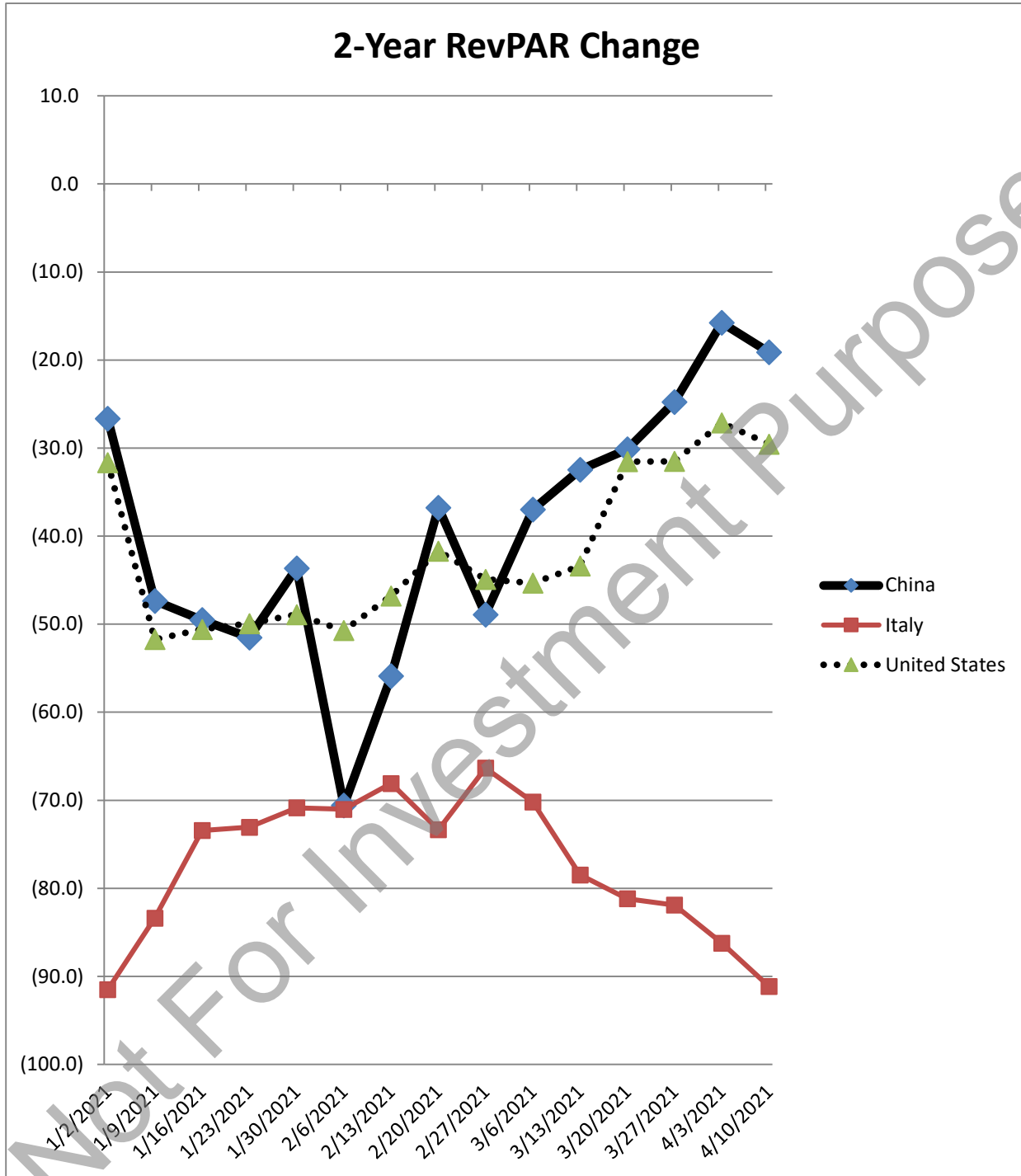
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Exhibit 1: RevPAR for China, Italy, US



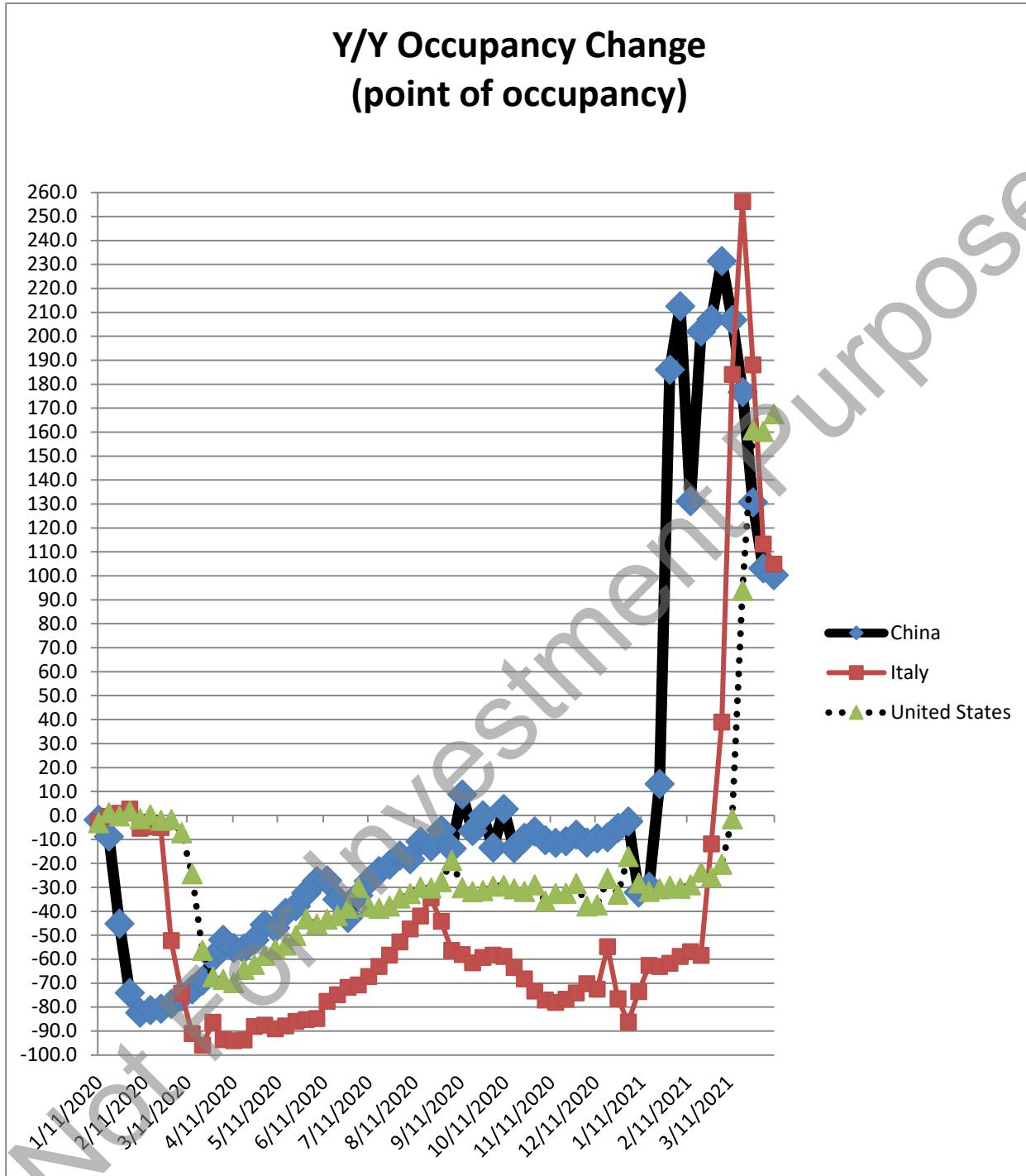
Source: STR, Truist Securities research

Exhibit 2: 2-Year RevPAR for China, Italy, US



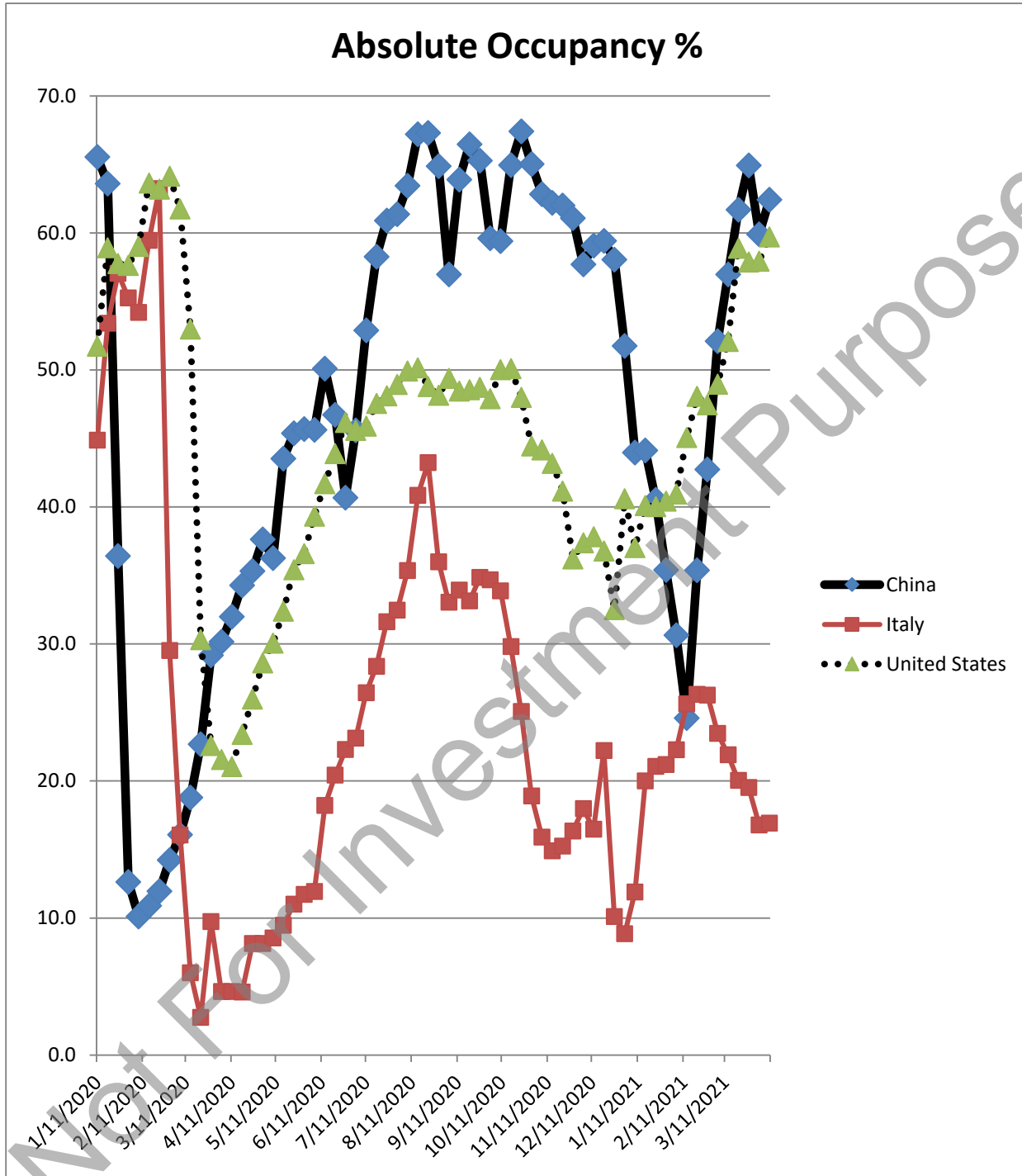
Source: STR, Truist Securities research

Exhibit 3: Occupancy for China, Italy, US



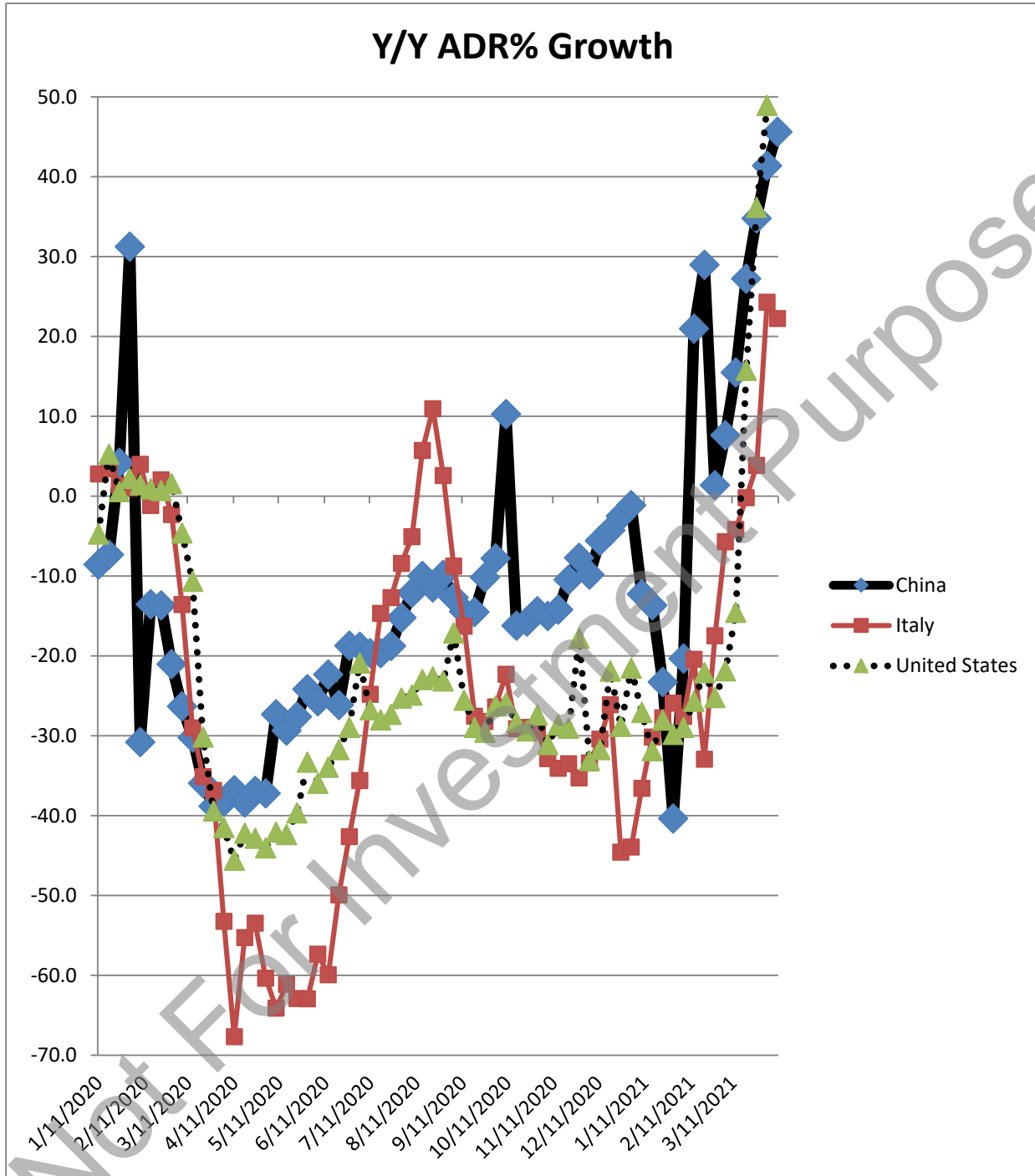
Source: STR, Truist Securities research

Exhibit 4: Absolute Occupancy for China, Italy, US



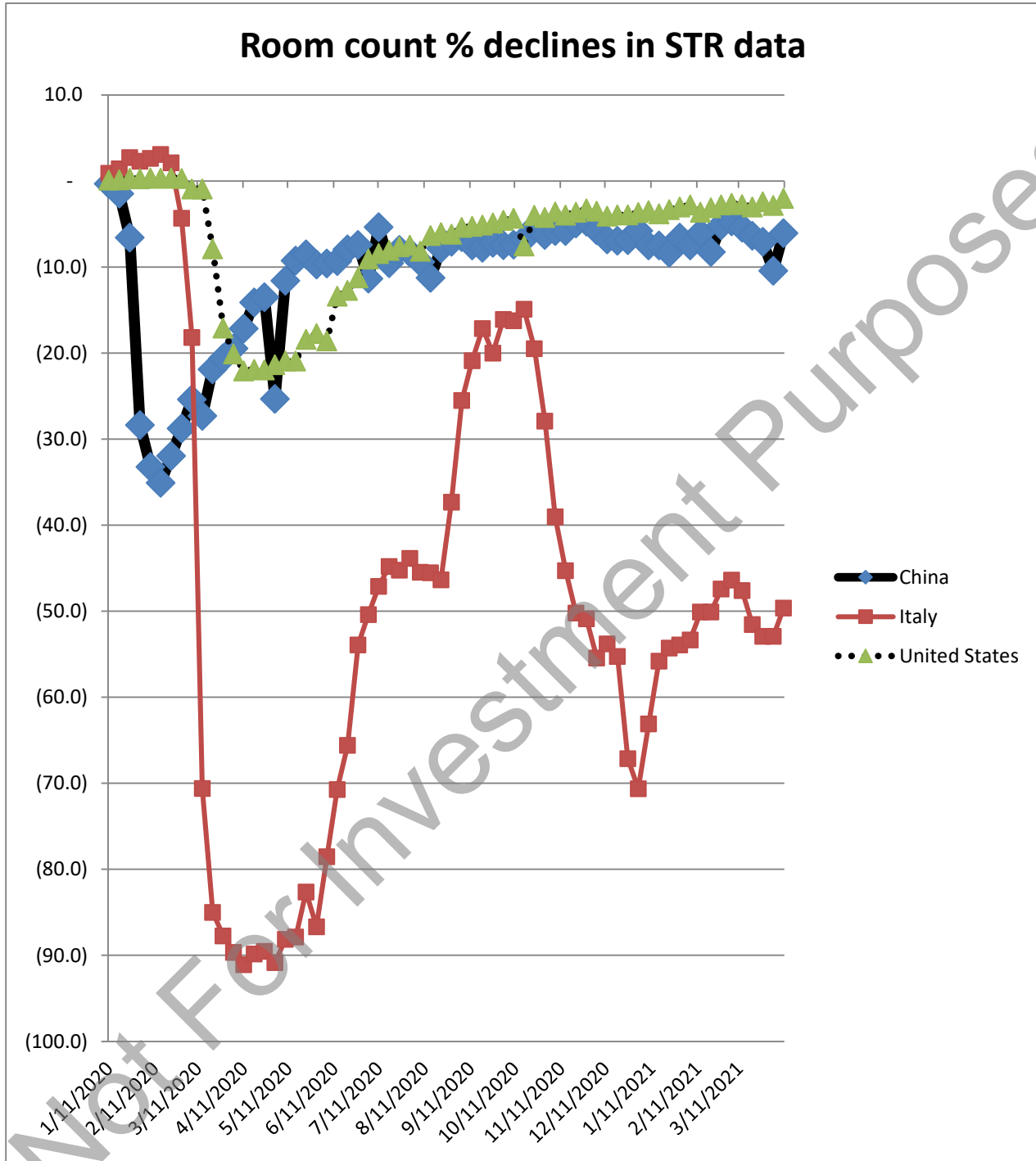
Source: STR, Truist Securities research

Exhibit 5: ADR for China, Italy, US



Source: STR, Truist Securities research

Exhibit 6: Room count in survey for China, Italy, US



Source: STR, Truist Securities research

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