

Lodging

China & Italy hotels: RevPAR +183% (2yr: -23%) & +241% (2yr: -82%) for wk ending 4/17.

Mixed 2yr week-over-week results for China, Italy, US.

Quick take: Per STR for the week ending April 17th, China hotel RevPAR in local currency was +182.8% y/y vs. +191.6% in the prior week. Last week's RevPAR was up against a -72.6% comparable result in 2020 vs. -71.8% in the prior week. On a 2-year run-rate, which we believe is an equally if not more important KPI, RevPAR was down 23.2% vs. down 19.1% in the prior week's 2-year run-rate.

Italy was up 240.7% y/y vs. +150.5% in the prior week. Last week's RevPAR was up against a -97.2% comparable result in 2020 and -98.1% in the prior week. *On a 2-year run-rate, RevPAR was down 82.0% vs. down 91.1% in the prior week's 2-year run-rate. Despite the week-over-week improvement, we believe continued weakness in the 2-year run-rate is due to recent lock-down measures from Covid case increases combined with the lack of international tourism.*

These weekly results compare to the US for the same week up 239.3% y/y. This latest US result is better than the +311.1% in the prior week's result. *Last week's RevPAR was up against a -79.4% comparable result in 2020 vs. down 83.6% in the prior week's 2-year run-rate. On a 2-year run-rate, RevPAR was down 27.5%, an improvement from the prior week's -29.6% 2-year run-rate and consistent with the -27% to -32% range we have seen for the past five weeks.* Last week's trends suggest to us continued strength in leisure markets and weekend travel (related) with far weaker 2-year trends for major urban markets in non-leisure destinations.

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.

RevPAR detail for week ending April 17th vs. trailing 28 days (see charts at end of note for graphical representations):

China (local currency):

- RevPAR was +182.8% y/y for the week ending April 17th, a **deceleration** from +192.2% for the trailing 28 days.

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What's Inside

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

- ADR was +40.2% y/y for the week ending April 17th, **essentially unchanged** from the +40.4% for the trailing 28 days.
- Occupancy was +101.7% y/y for the week ending April 17th, **worse than** the +108.0% for the trailing 28 days.

Italy (local currency):

- RevPAR was +240.7% y/y for the week ending April 17th, **better than** the +193.5% for the trailing 28 days.
- ADR was +27.9% y/y for the week ending April 17th, **better than** the +19.7% for the trailing 28 days.
- Occupancy was +166.4% y/y for the week ending April 17th, **better than** the +145.2% 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 68.5%.** *By comparison, occupancy was 34.0% during the comparable week last year.*
- **Italy: Absolute occupancy levels for hotels that were still open in Italy for the week ending April 17th was 23.2%.** So far it has been approx. 59 weeks after occupancy first started to see rapid deceleration in Italy. *By comparison, occupancy was 8.7% during the comparable week last year.*
- **US: Absolute occupancy levels for hotels that were still open in the US for the week ending April 17th was 57.3%.** So far it has been approx. 58 weeks after occupancy first started to see rapid deceleration in mid-March 2020 in the US. *By comparison, occupancy was 24.7% during the comparable week last year.*

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

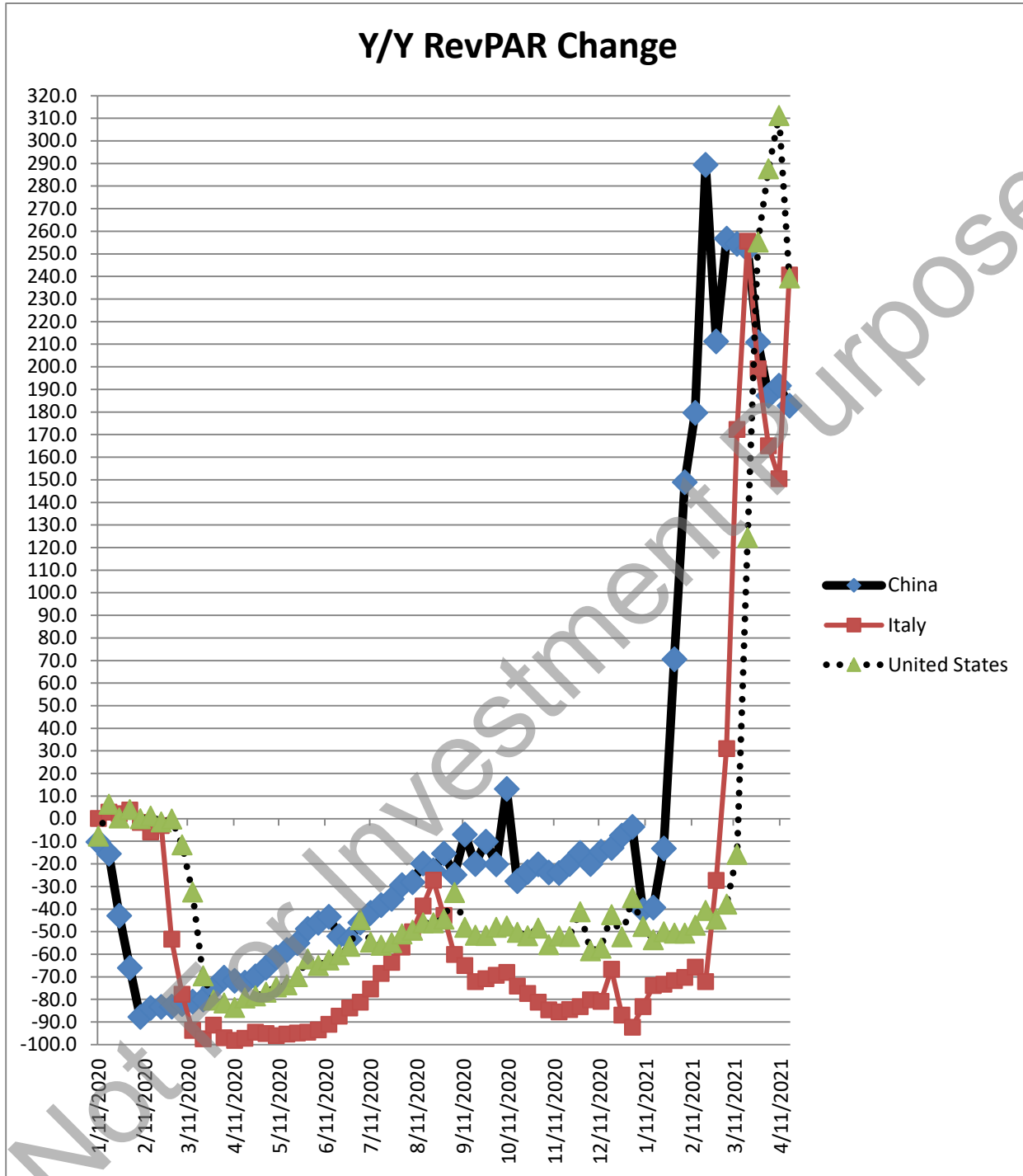
For this we look at the week-to-week changes in the sample size of hotel rooms in STR's data set. While we cannot say with certainty that material decreases in sample size are from hotels closing, we note that hotels that are closed no longer are included in the STR data set; ergo this is our best approximation 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 17th, room count declines are running down approx. 48% from early January 2020 levels.
- **US:** Based on the STR sample as of April 17th, room count declines are running at down 2% from early January 2020 levels.

About our data set:

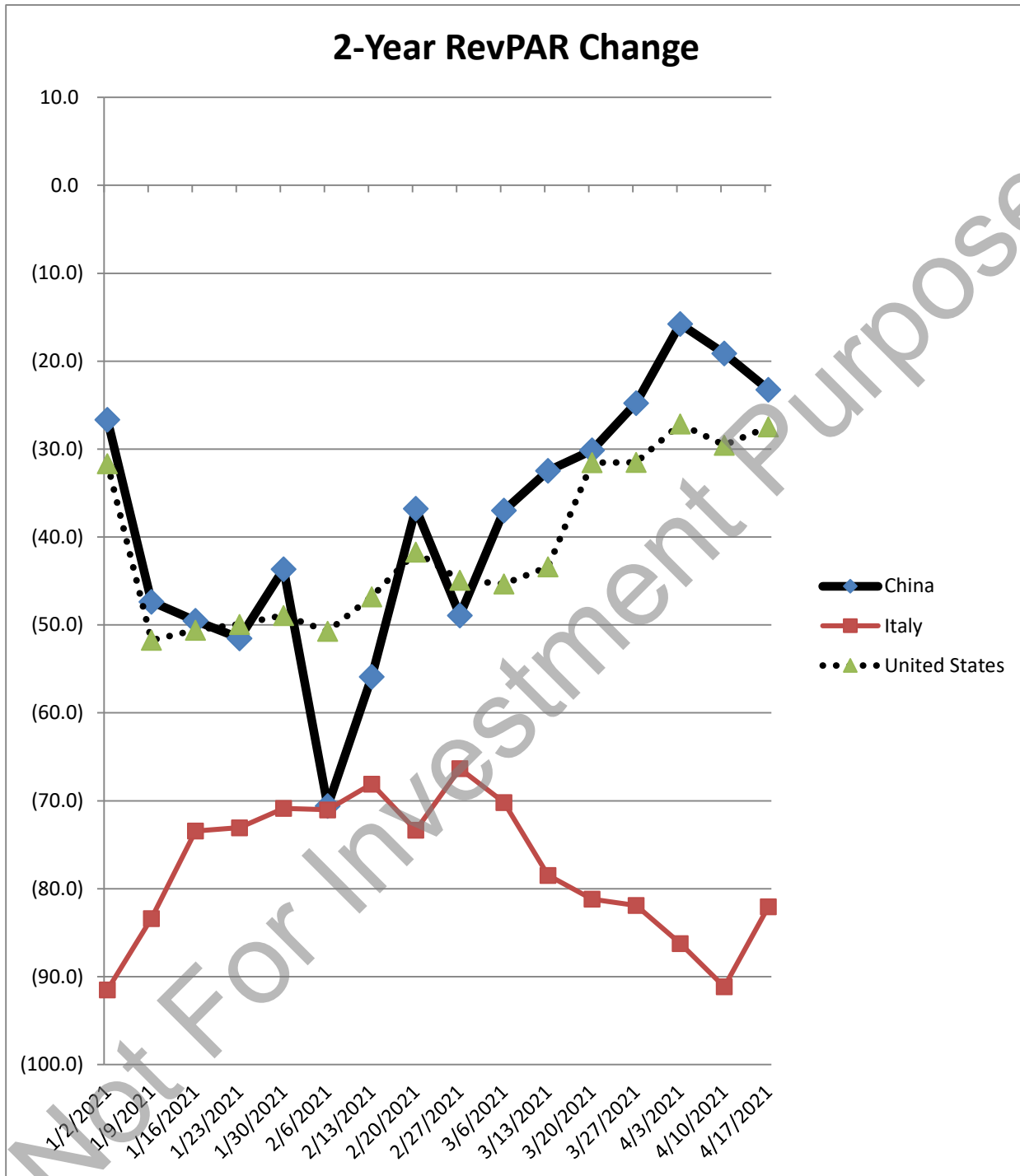
- **China:** Currently 836k hotel rooms reporting data in the survey, or 28% of the total number of rooms in China. Due to hotel closings, these figures are a decrease from the last week of December 2019 where 889k rooms were in the survey, or 32% of the total number of hotel rooms in China. **836k rooms is up slightly from the prior week where 835k 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 42k hotel rooms reporting data in the survey, or 12% 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. **42k is up slightly from the prior week where 41k rooms were reporting data.**

Exhibit 1: RevPAR for China, Italy, US



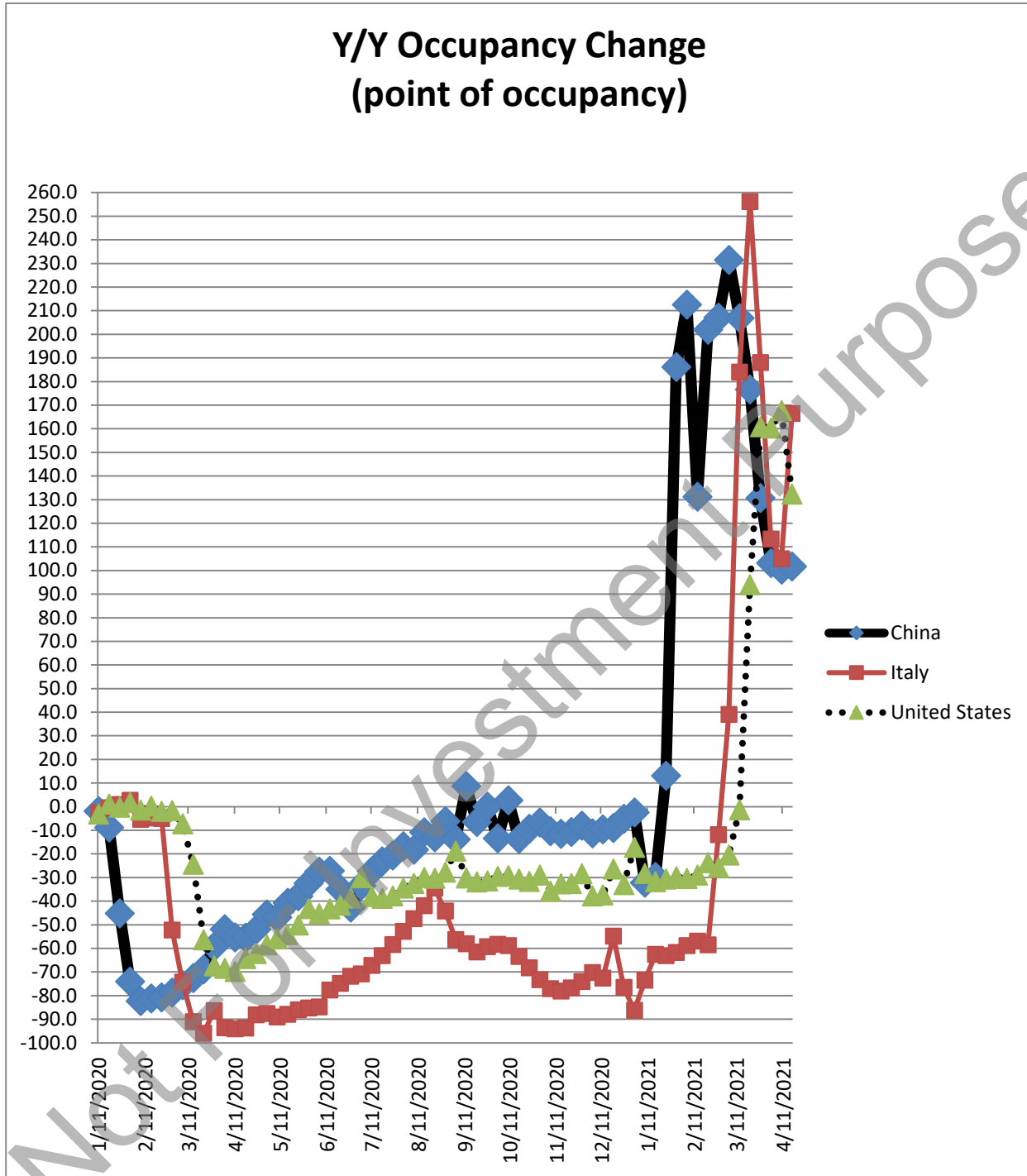
Source: STR, Truist Securities research

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



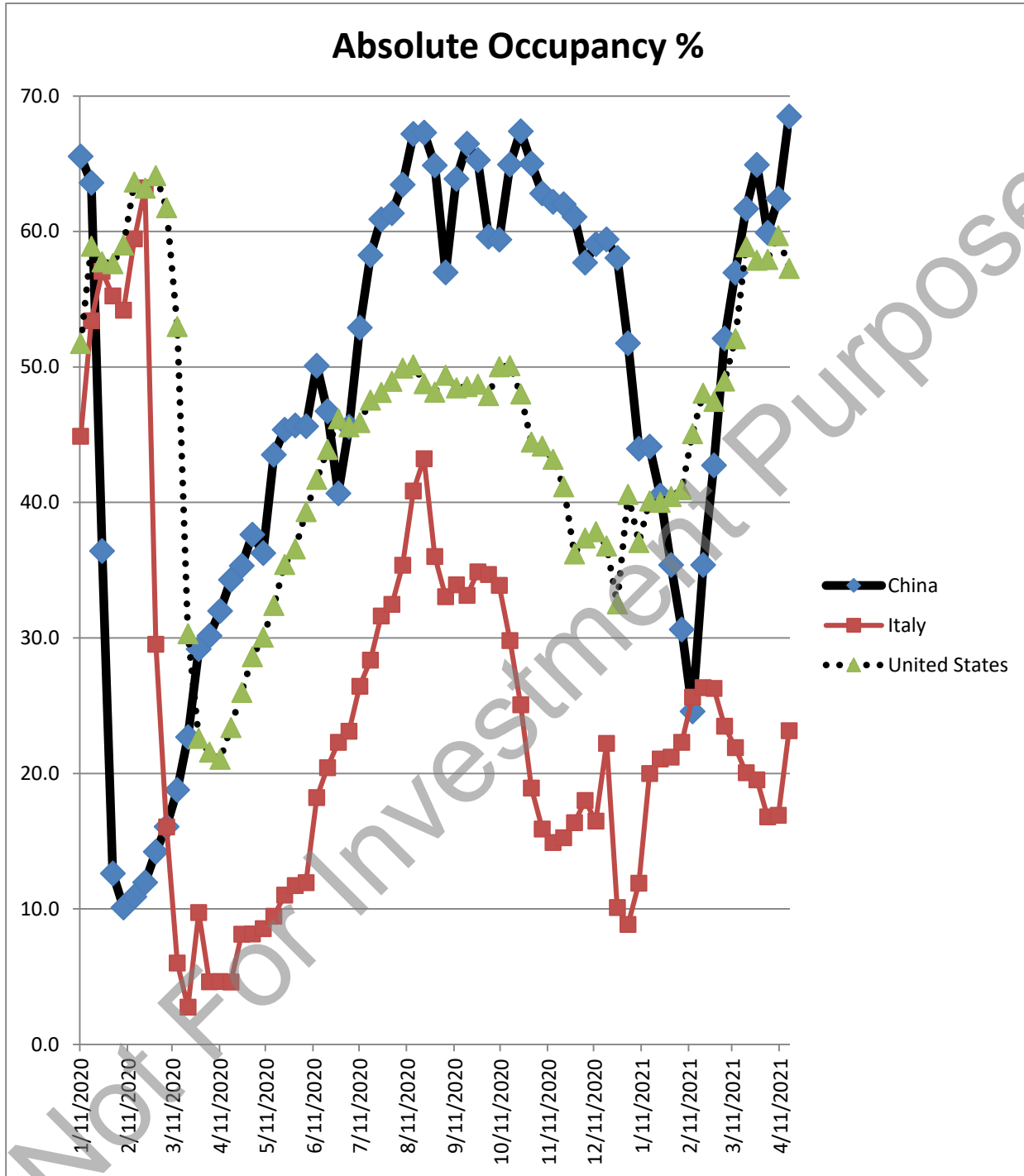
Source: STR, Truist Securities research

Exhibit 3: Occupancy for China, Italy, US



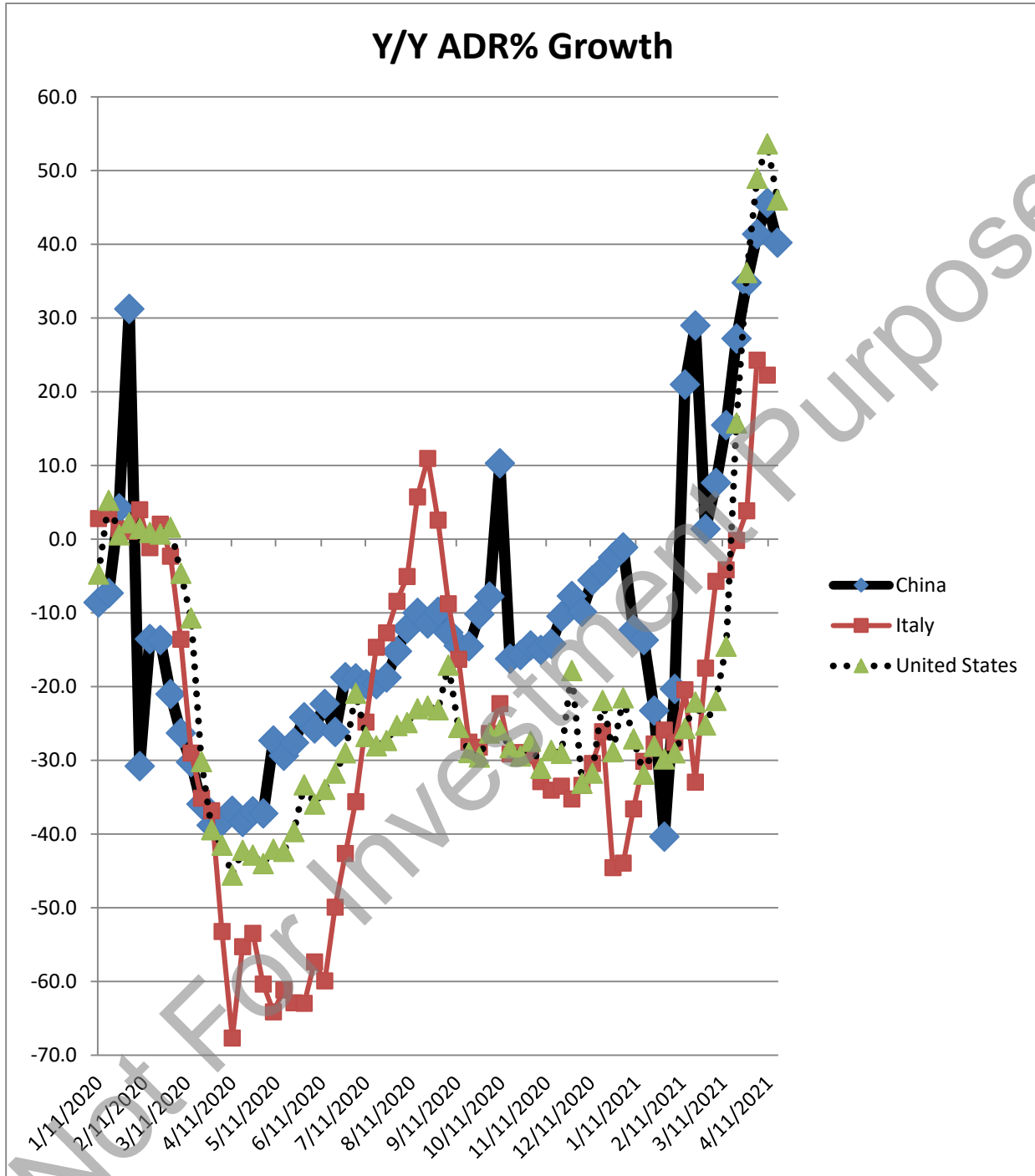
Source: STR, Truist Securities research

Exhibit 4: Absolute Occupancy for China, Italy, US



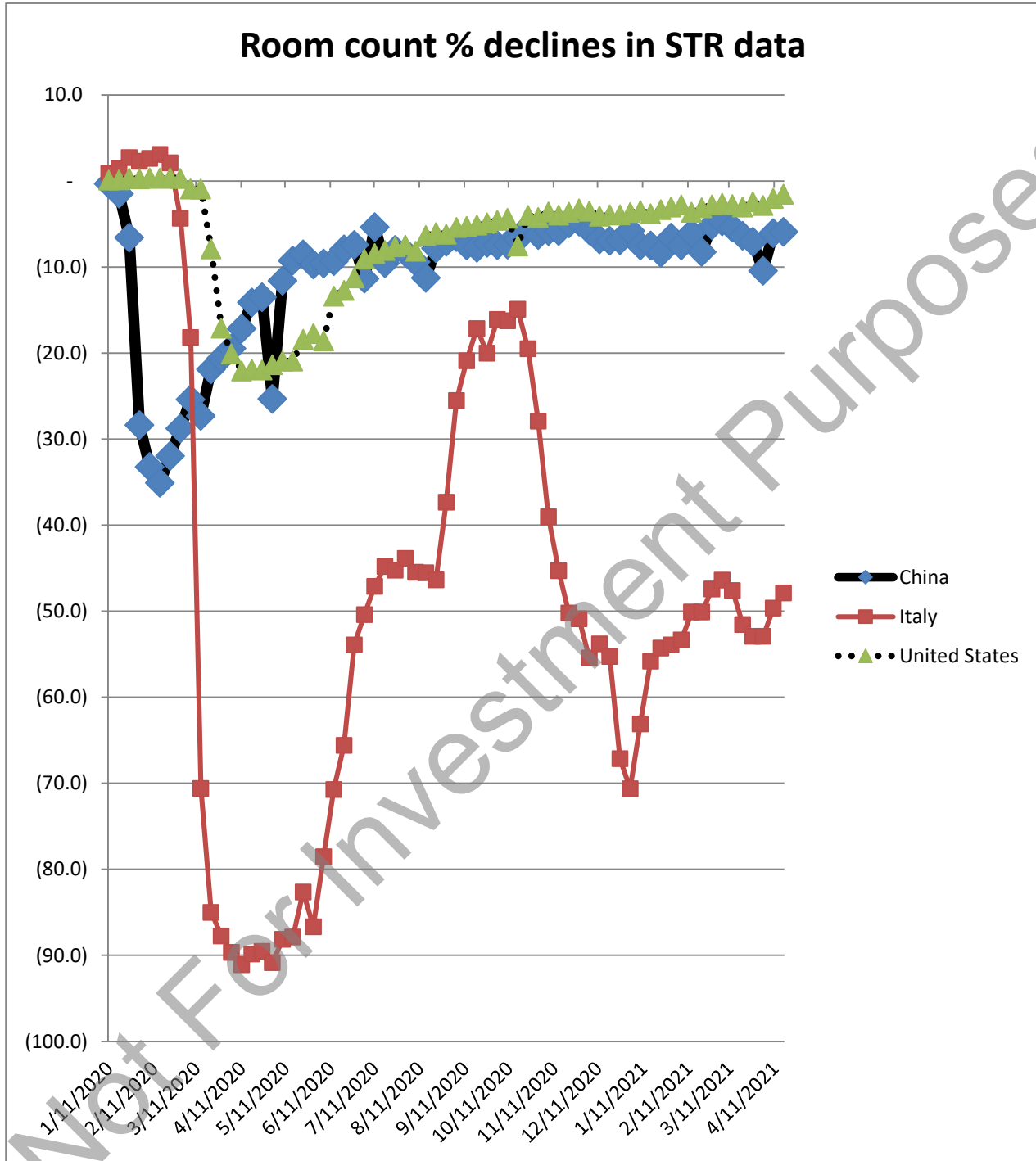
Source: STR, Truist Securities research

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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