

## Lodging

China & Italy hotels: RevPAR +92% (2yr: -15%) & +352% (2yr: -71%) for wk ending 5/22

2yr: China slipped while Italy and US improved week-over-week

**Quick take: Per STR for the week ending May 22nd, China hotel RevPAR in local currency was +92.2% y/y vs. +109.5% in the prior week. Last week's RevPAR was up against a -55.1% comparable result in 2020 vs. -58.1% in the prior week. On a 2-year run-rate, which we believe is an equally if not more important KPI, RevPAR was down 15.2% vs. down 13.7% in the prior week's 2-year run-rate.**

**Italy** in local currency was up 351.5% y/y vs. +329.9% in the prior week. Last week's RevPAR was up against a -94.8% comparable result in 2020 and -95.3% in the prior week. *On a 2-year run-rate, RevPAR was down 71.4% vs. down 75.1% in the prior week's 2-year run-rate and better than the -75% to -90% range we observed over the prior eleven weeks in Italy.*

**These weekly results compare to the US for the same week up 140.0% y/y.** This latest US result is below the +164.5% in the prior week's result. *Last week's RevPAR was up against a -69.9% comparable result in 2020 vs. -73.6% in the prior week's 2-year run-rate. On a 2-year run-rate, RevPAR was -26.6%, an improvement from the prior week's -29.2% 2-year run-rate and at the better-end of the -27% to -32% range we have seen for the past ten weeks.*

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 May 22nd vs. trailing 28 days (see charts at end of note for graphical representations):**

China (local currency):

- RevPAR was +92.2% y/y for the week ending May 22nd, **a step down** from +131.7% for the trailing 28 days.
- ADR was +29.9% y/y for the week ending May 22nd, **a step down** from the +40.0% for the trailing 28 days.
- Occupancy was +47.9% y/y for the week ending May 22nd, **a step back** from the +65.5% for the trailing 28 days.

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### What's Inside

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

Italy (local currency):

- RevPAR was +351.5% y/y for the week ending May 22nd, **better than** the +316.6% for the trailing 28 days.
- ADR was +89.3% y/y for the week ending May 22nd, **better than** the +66.8% for the trailing 28 days.
- Occupancy was +138.5% y/y for the week ending May 22nd, **lower than** the +149.8% 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 65.9%.** *By comparison, occupancy was 44.5% during the comparable week last year.*
- **Italy: Absolute occupancy levels for hotels that were still open in Italy for the week ending May 22nd was 31.0%.** So far it has been approx. 64 weeks after occupancy first started to see rapid deceleration in Italy. *By comparison, occupancy was 13.0% during the comparable week last year.*
- **US: Absolute occupancy levels for hotels that were still open in the US for the week ending May 22nd was 60.3%.** So far it has been approx. 63 weeks after occupancy first started to see rapid deceleration in mid-March 2020 in the US. *By comparison, occupancy was 35.9% during the comparable week last year*

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

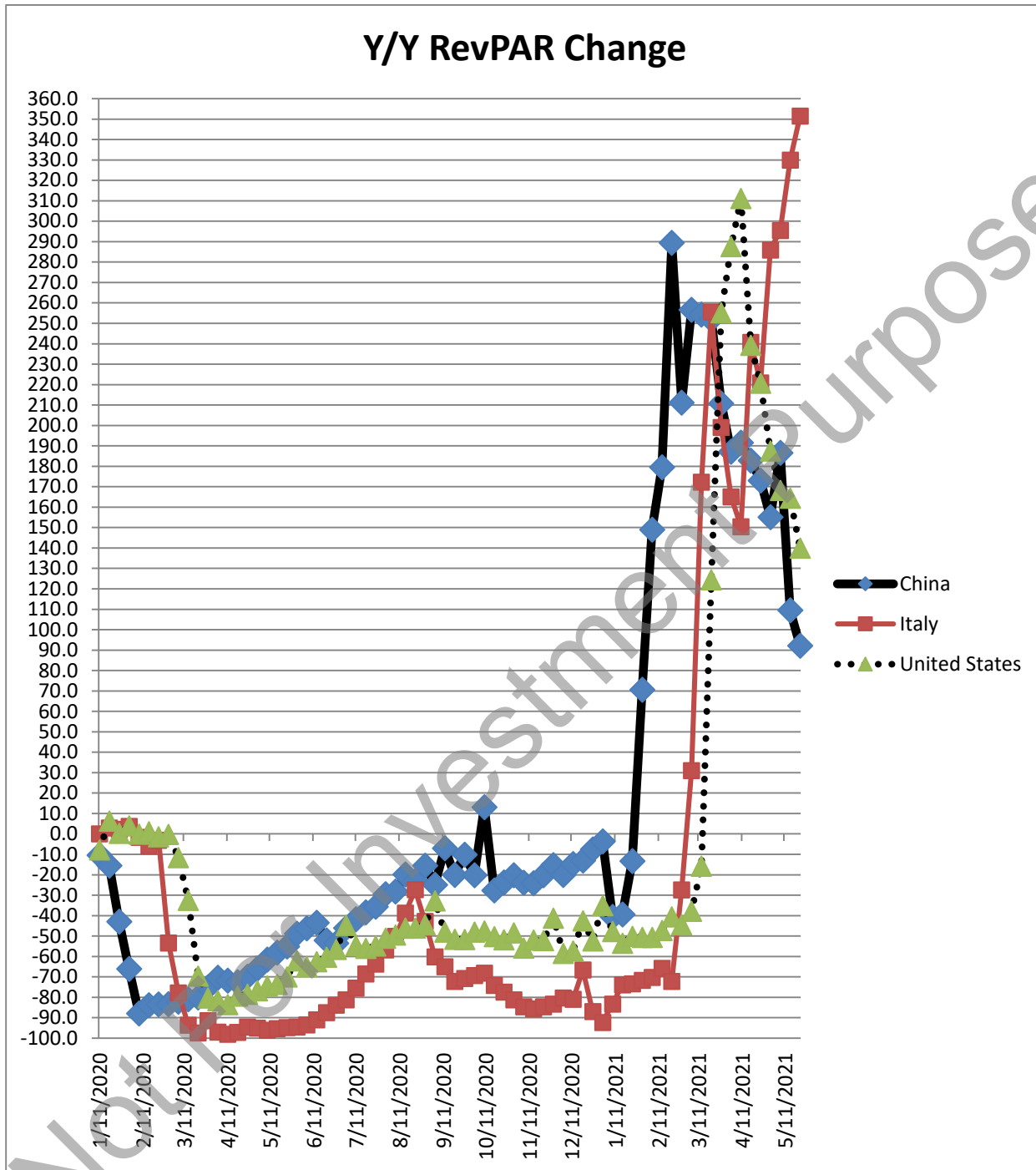
For this we look at the week-to-week changes in the sample size of hotel rooms in STR's data set. While we cannot say with certainty that material decreases in sample size are from hotels closing, we note that hotels that are closed no longer are included in the STR data set; ergo this is our best approximation 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. 7% from mid-February 2020.
- **Italy:** Based on the STR sample as of May 22nd, room count declines are running down approx. 34% from early January 2020 levels.
- **US:** Based on the STR sample as of May 22nd, room count declines are running at down less than 1% from early January 2020 levels

**About our data set:**

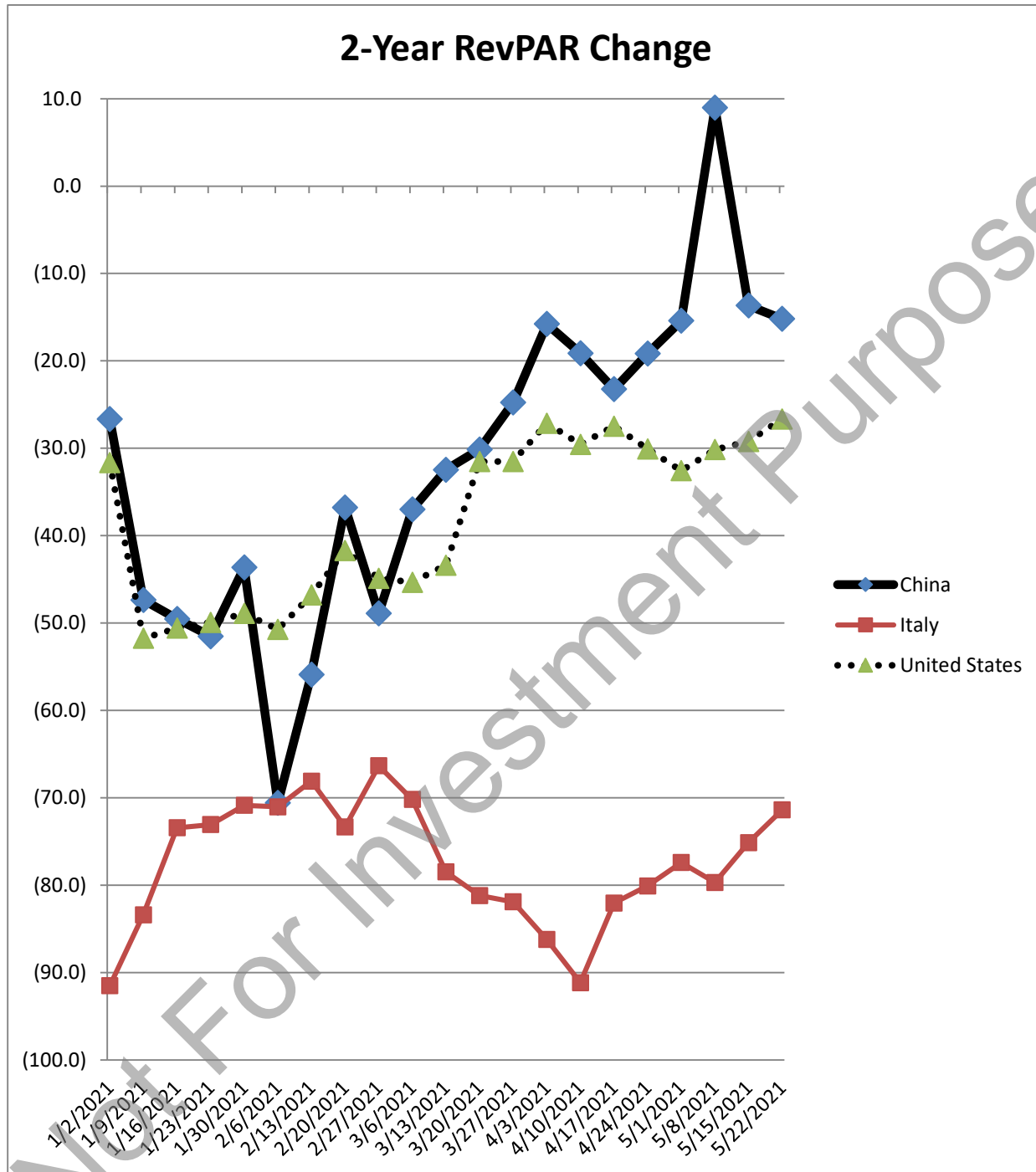
- **China:** Currently 830k hotel rooms reporting data in the survey, or 27% of the total number of rooms in China. Due to hotel closings, these figures are a decrease from the last week of December 2019 where 889k rooms were in the survey, or 32% of the total number of hotel rooms in China. We note 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. **830k is up from the prior week where 819k rooms were reporting data.**
- **Italy:** Currently 53k hotel rooms reporting data in the survey, or 15% 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. **53k is up from the prior week where 51k rooms were reporting data.**

Exhibit 1: RevPAR for China, Italy, US



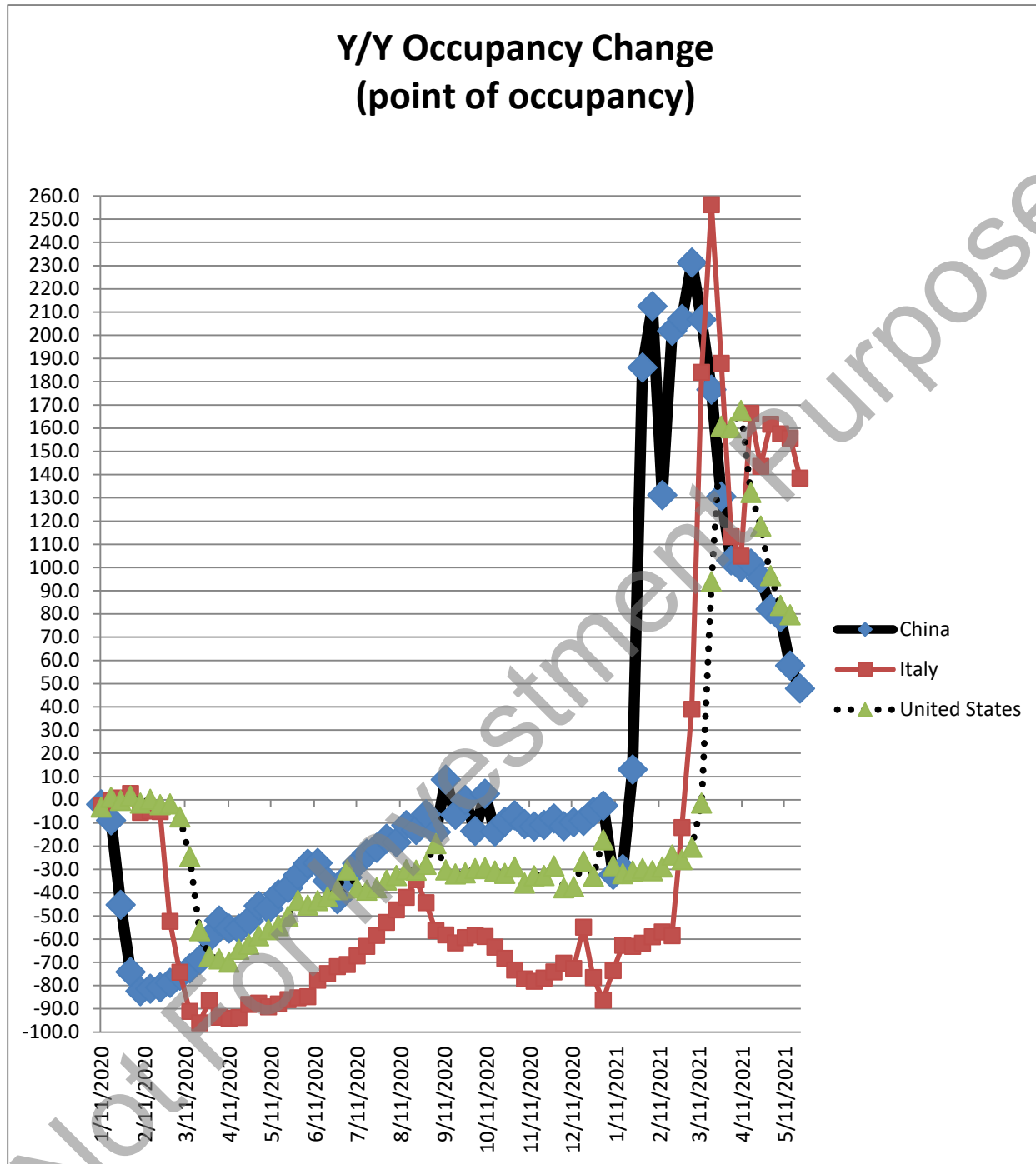
Source: STR, Truist Securities research

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



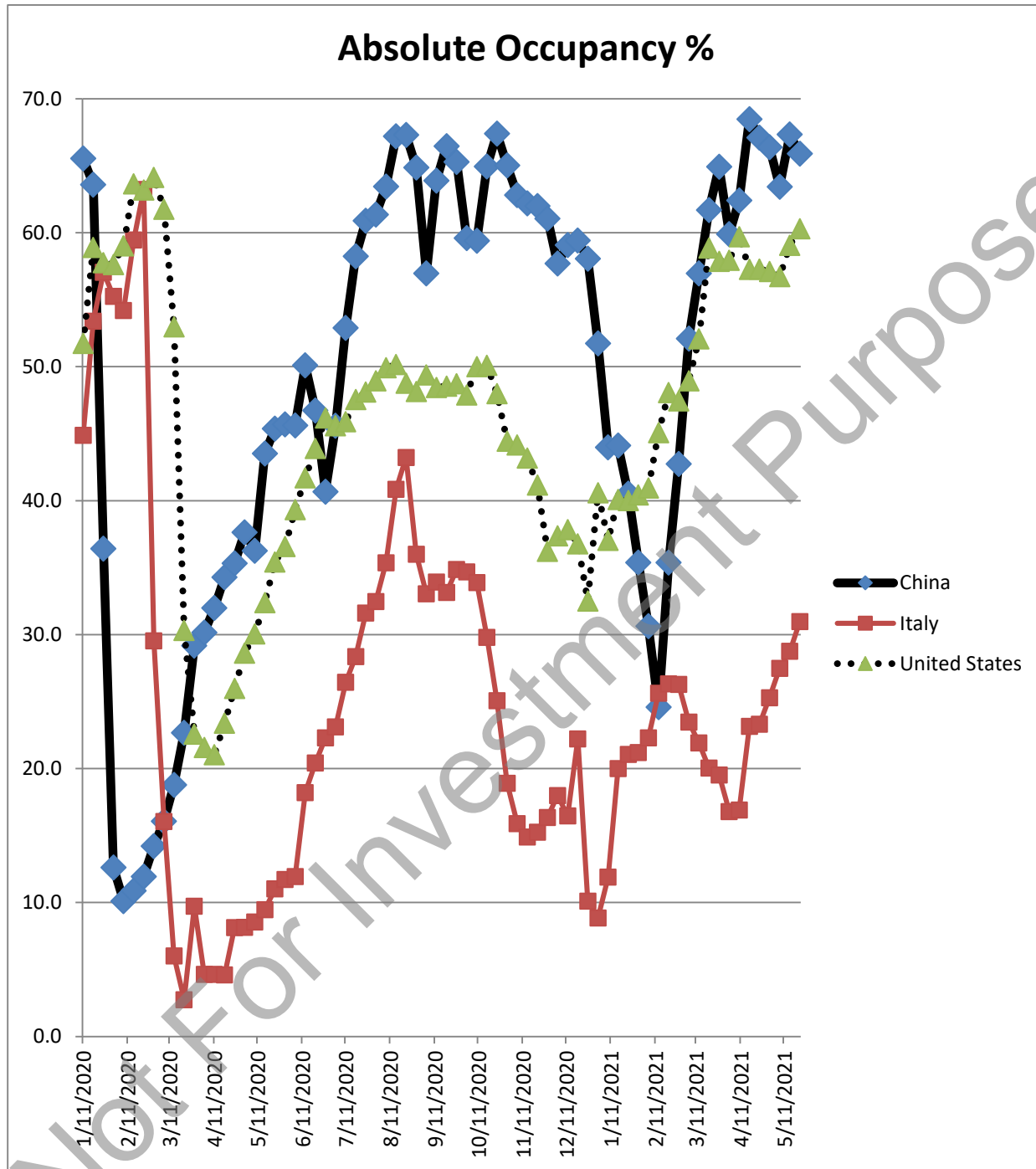
Source: STR, Truist Securities research

Exhibit 3: Occupancy for China, Italy, US



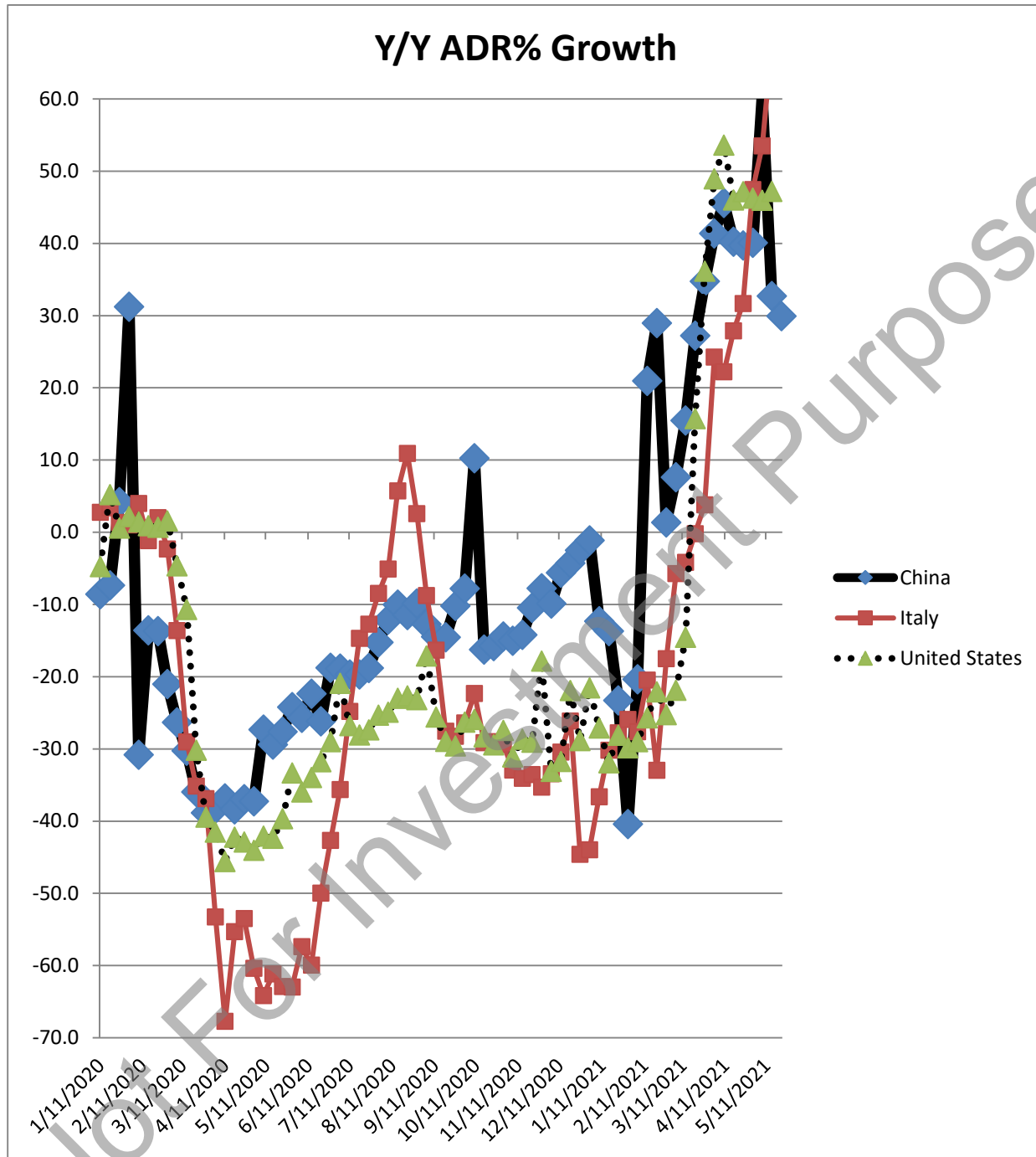
Source: STR, Truist Securities research

Exhibit 4: Absolute Occupancy for China, Italy, US



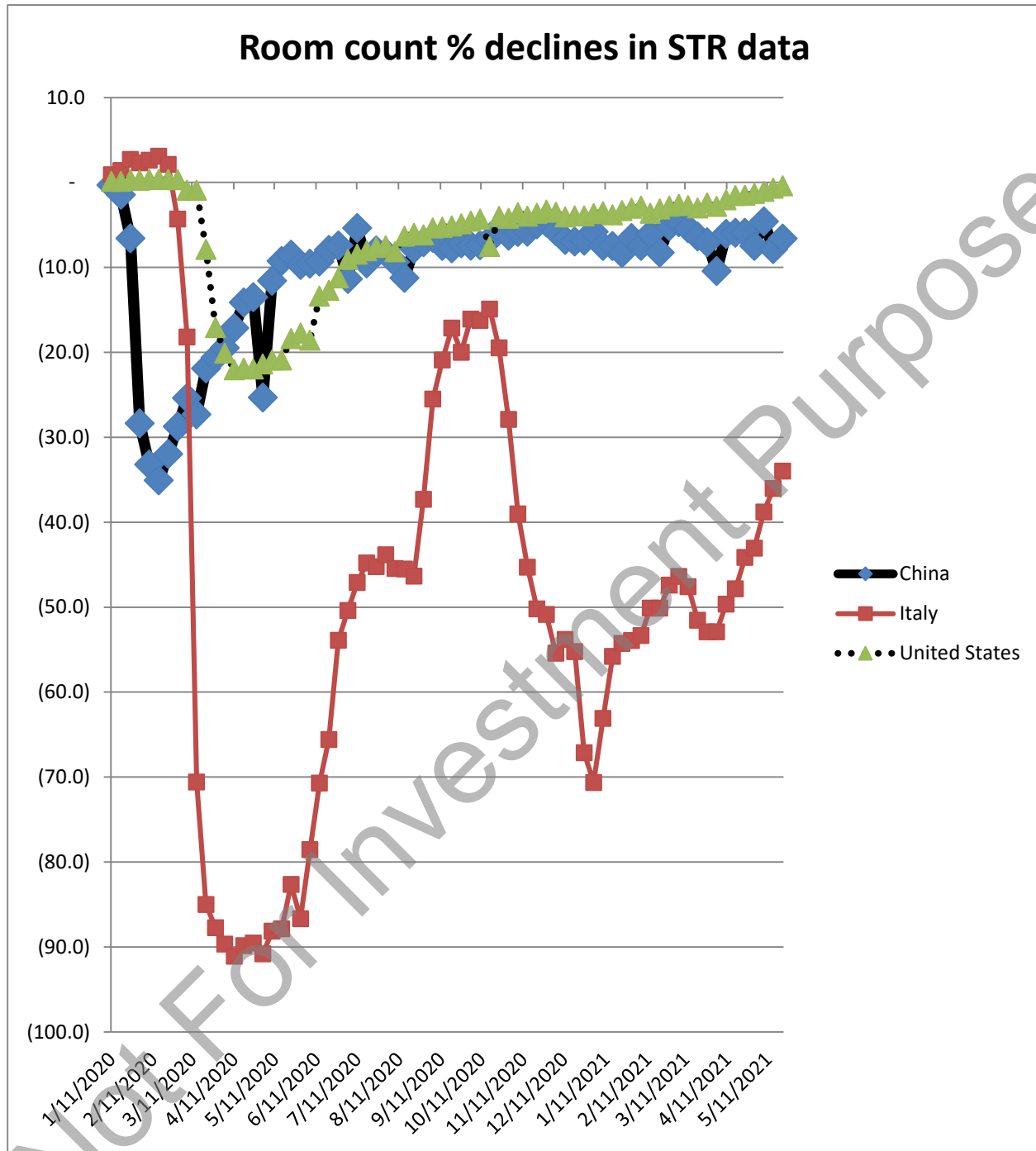
Source: STR, Truist Securities research

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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