

Lodging

China & Italy hotels: RevPAR +73% (2yr: -20%) & +145% (2yr: -59%) for wk ending 6/26

2yr: China, Italy, & US all improved by ~6 points week-over-week

Quick take: Per STR for the week ending June 26th, hotel RevPAR in China in local currency was +72.6% y/y vs. +56.4% in the prior week. Last week's RevPAR was up against a -53.5% comparable result in 2020 vs. -52.0% in the prior week. On a 2-year run-rate, which we believe is an equally if not more important KPI, RevPAR was down 20.1% vs. down 25.9% in the prior week's 2-year run-rate. We believe the 2-year result being stuck around -20% to -25% for the past several weeks is due to new a Covid outbreak.

Italy in local currency was up 145.0% y/y vs. +161.1% in the prior week. Last week's RevPAR was up against a -83.8% comparable result in 2020 and -87.4% in the prior week. On a 2-year run-rate, RevPAR was down -59.2% vs. down 65.0% in the prior week's 2-year run-rate and better than the -70% to -90% range vs. 2019 we have observed for most of this year.

These weekly results compare to the US for the same week up 109.4% y/y. This latest US result is below the +113.8% in the prior week's result. Last week's RevPAR was up against a -56.5% comparable result in 2020 vs. -60.3% in the prior week's 2-year run-rate. On a 2-year run-rate, RevPAR was -7.8%, an improvement from the prior week's -13.8% 2-year run-rate.

RevPAR detail for week ending June 26th vs. trailing 28 days (see charts at end of note for graphical representations):

China (local currency):

- RevPAR was +72.6% y/y for the week ending June 26th, **a step up** from +52.1% for the trailing 28 days.
- ADR was +13.5% y/y for the week ending June 26th, **a step back** from the +20.0% for the trailing 28 days.
- Occupancy was +52.1% y/y for the week ending June 26th, **a step up** from the +26.7% for the trailing 28 days.

Italy (local currency):

- ADR was +45.8% y/y for the week ending June 26th, **worse than** the +57.7% for the trailing 28 days.
- Occupancy was +68.0% y/y for the week ending June 26th, **lower than** the +81.2% for the trailing 28 days.
- RevPAR was +145.0% y/y for the week ending June 26th, **a step down** the +185.8% for the trailing 28 days.

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What's Inside

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

Additional thoughts and observations:

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

- **China:** Absolute occupancy in China was 61.6%. By comparison, occupancy was 40.5% during the comparable week last year.
- **Italy:** Absolute occupancy levels for hotels that were still open in Italy for the week ending June 26th was 39.1%. So far it has been approx. 69 weeks after occupancy first started to see rapid deceleration in Italy. By comparison, occupancy was 23.3% during the comparable week last year.
- **US:** Absolute occupancy levels for hotels that were still open in the US for the week ending June 26th was 69.9%. So far it has been approx. 68 weeks after occupancy first started to see rapid deceleration in mid-March 2020 in the US. By comparison, occupancy was 46.4% 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.

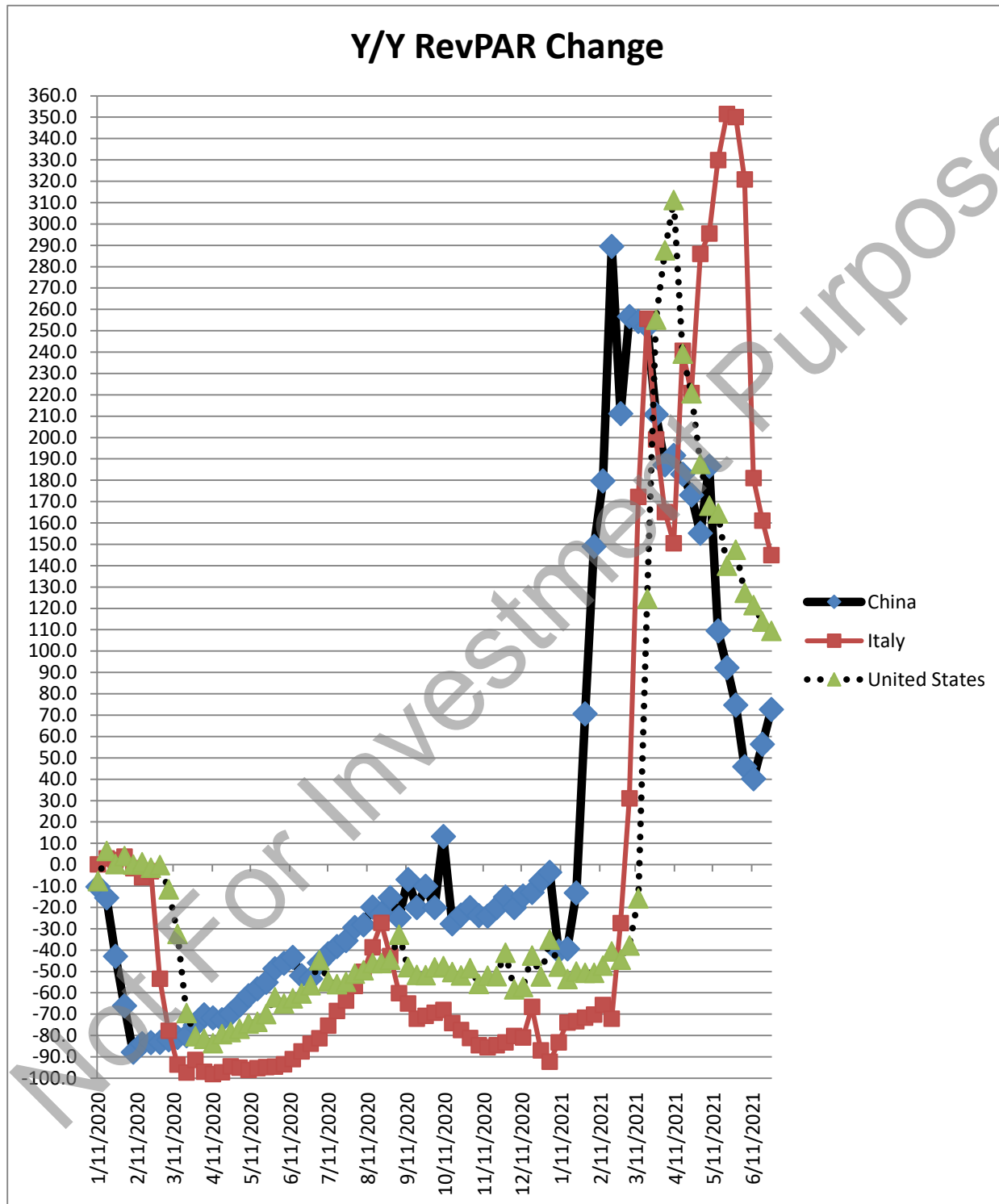
- **China:** Based on the STR sample, peak room count declines troughed at down 35% in mid-February 2020 from early January 2020 levels. Today, room count is down approx. 4% from mid-February 2020.
- **Italy:** Based on the STR sample as of June 26th, room count declines are running down approx. 22% from early January 2020 levels.
- **US:** Based on the STR sample as of June 26th, room count declines are approx. flat from early January 2020 levels.

About our data set:

- **China:** Currently 855k 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. 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. **855k is up from the prior week where 842k rooms were reporting data.**
- **Italy:** Currently 63k hotel rooms reporting data in the survey, or 16% 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. **63k is unchanged from the prior week where 63k rooms were reporting data.**

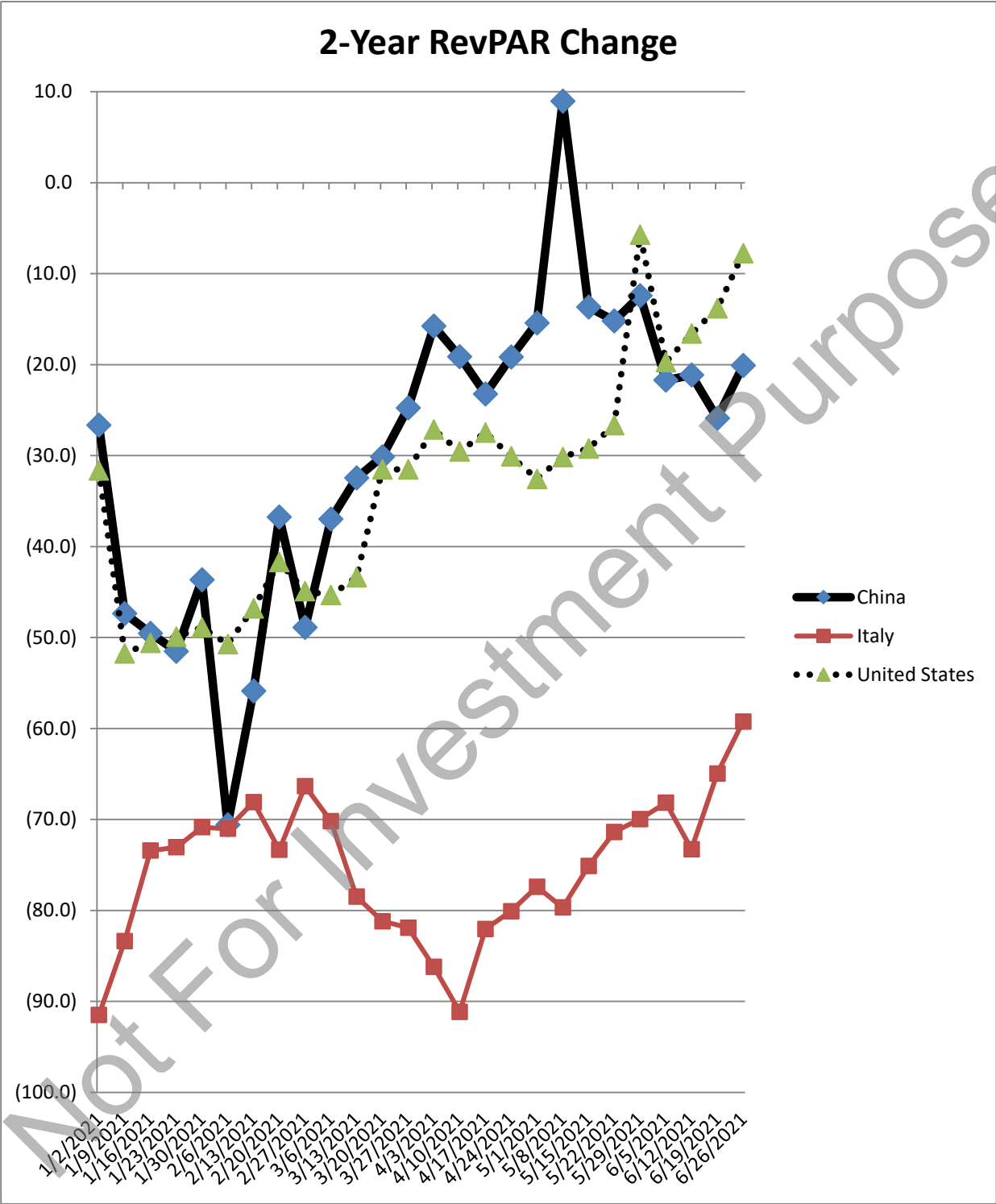
Exhibit 1:

RevPAR for China, Italy, US



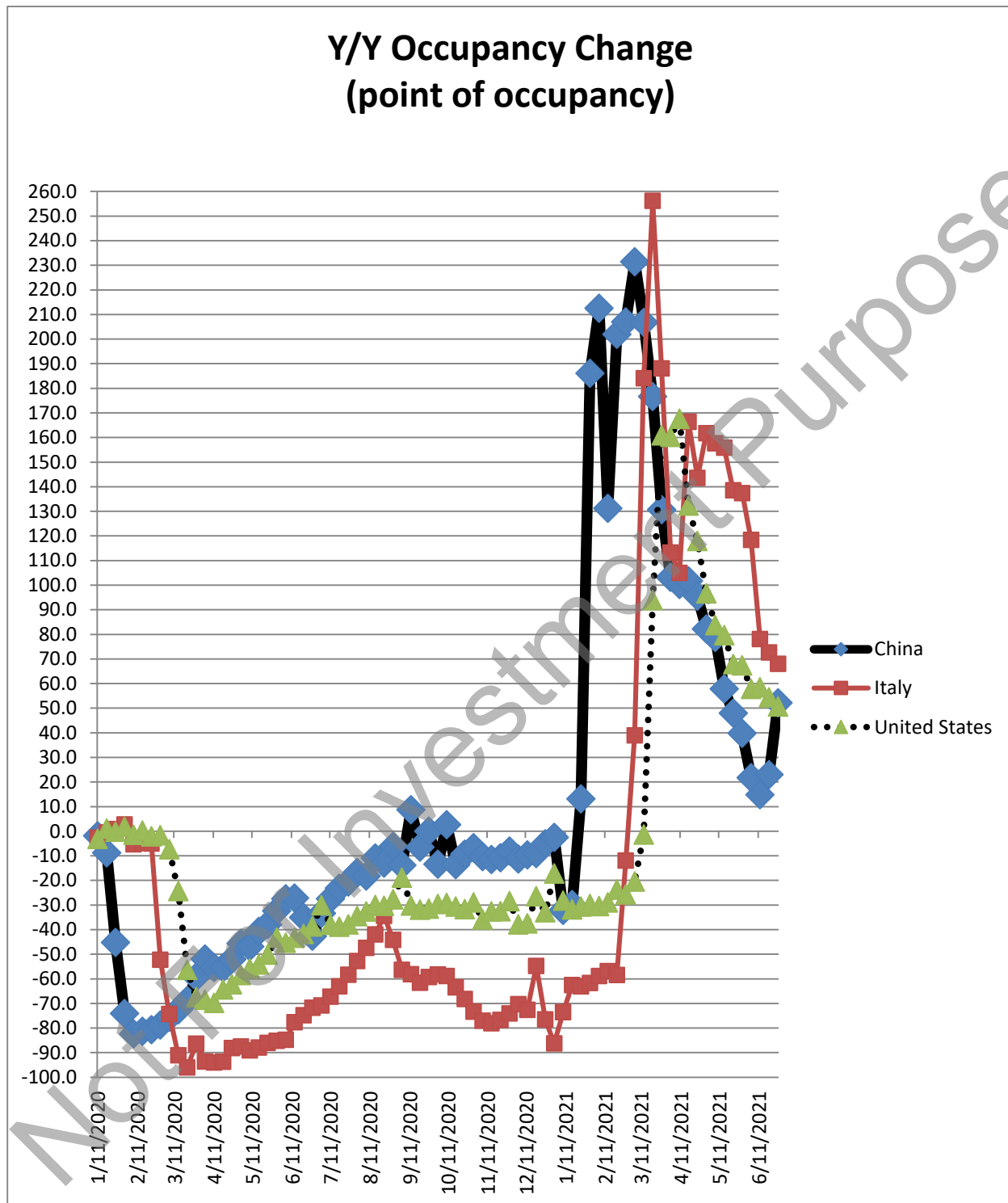
Source: STR, Truist Securities research

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



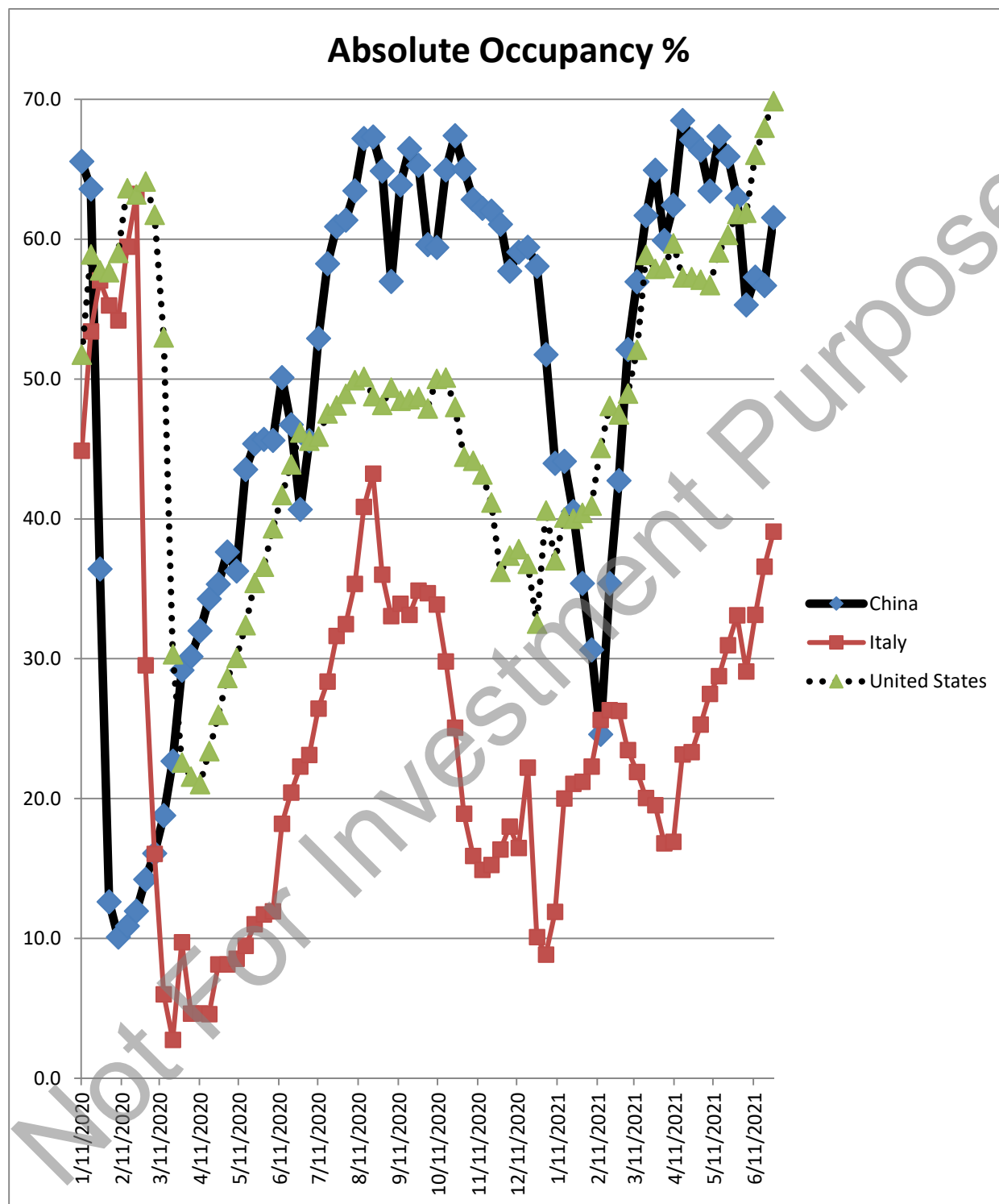
Source: STR, Truist Securities research

Exhibit 3: Occupancy for China, Italy, US



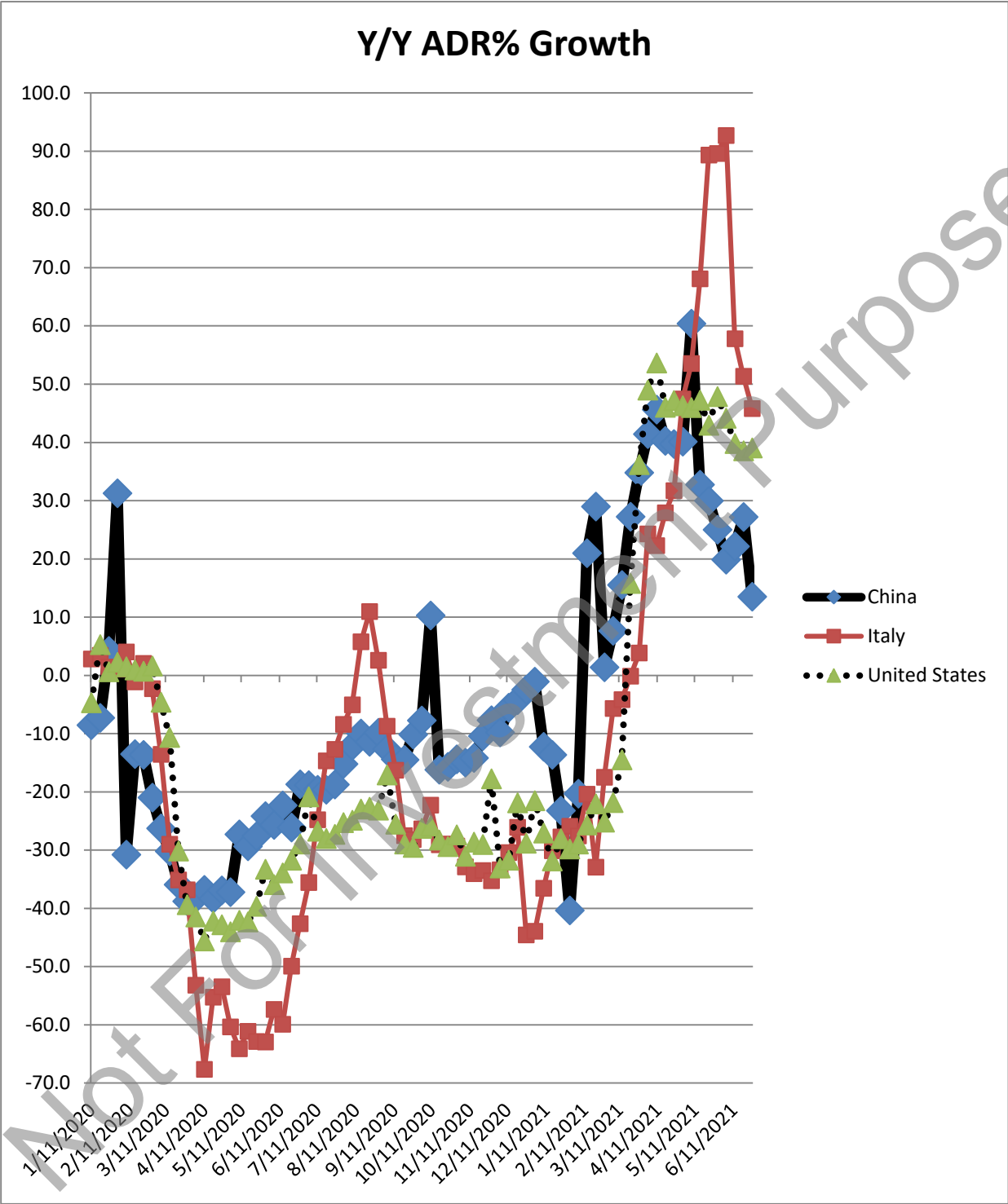
Source: STR, Truist Securities research

Exhibit 4: Absolute Occupancy for China, Italy, US



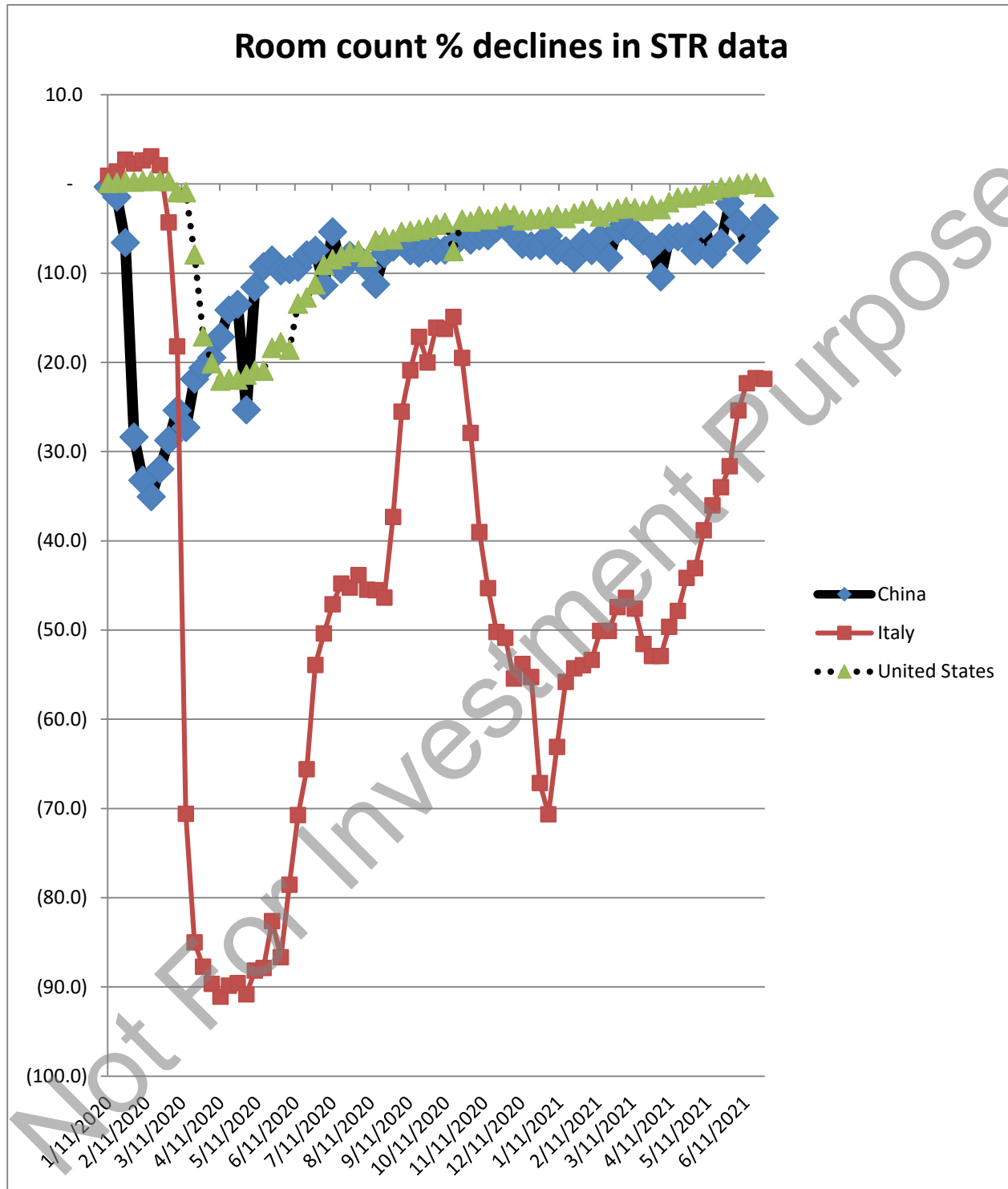
Source: STR, Truist Securities research

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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