

Lodging

China & Europe hotels: RevPAR -43% y/y (2yr: -57%) & +71% y/y (2yr: -27%) for wk ending 8/21

2yr: China at least has stopped decelerating; Europe continues to improve

What's Incremental To Our View

Quick take: Per STR for the week ending August 21st, hotel RevPAR in China in local currency was -43.4% y/y vs. -45.7% y/y in the prior week. Last week's RevPAR was up against a -23.0% comparable result in 2020 vs. -19.8% in the prior week. On a 2-year run-rate, which we believe is an equally if not more important KPI, RevPAR was down 56.6% vs. down 56.8% in the prior week's 2-year run-rate.

- **As we recently discussed in a special report, precautions around the Delta variant causing big cuts to travel in China.**

Europe: Please note that in order to provide a more comprehensive continental view, we have switched our reporting to Europe as a whole from just Italy, previously. RevPAR in Europe in Euros was up 70.7% y/y vs. +66.5% in the prior week. Last week's RevPAR was up against a 50.6% comparable result in 2020 and -51.7% in the prior week. On a 2-year run-rate, RevPAR was down 26.7% vs. down 36.3% in the prior week's 2-year run-rate. -26.7% is the "least bad" performance vs. 2019 for any week this year and as seen in Exhibit 1 (below). Europe is showing a very strong pace of recovery since June.

These weekly results compare to the US for the same week up +74.9% y/y. This latest US result is below the +77.8% in the prior week's result. Last week's RevPAR was up against a -46.1% comparable result in 2020 vs. -46.1% in the prior week. On a 2-year run-rate, RevPAR was -4.5%, slightly softer vs. the prior week's -3.0% 2-year run-rate to which we attribute three factors: the rise of the Delta variant impacting demand, seasonality/back-to-school, and Tropical Storm Henri's impact to the Mid-Atlantic/Northeast. The storm impact may show up more in next week's data results; we did not discern a material impact to NYC or Boston in the STR results for last week.

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What's Inside

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

Exhibit 1: 2-Year RevPAR for China, Europe, US

Source: STR, Truist Securities research

RevPAR detail for week ending August 21st vs. trailing 28 days (see charts at end of note for graphical representations):

China (local currency):

- RevPAR was -43.4% y/y for the week ending August 21st, **lower than** the -25.7% for the trailing 28 days.
- ADR was +3.6% y/y for the week ending August 21st, **lower than** the +11.8% for the trailing 28 days.
- Occupancy was -45.4% y/y for the week ending August 21st, **lower than** the -33.5% for the trailing 28 days.

Europe (Euros):

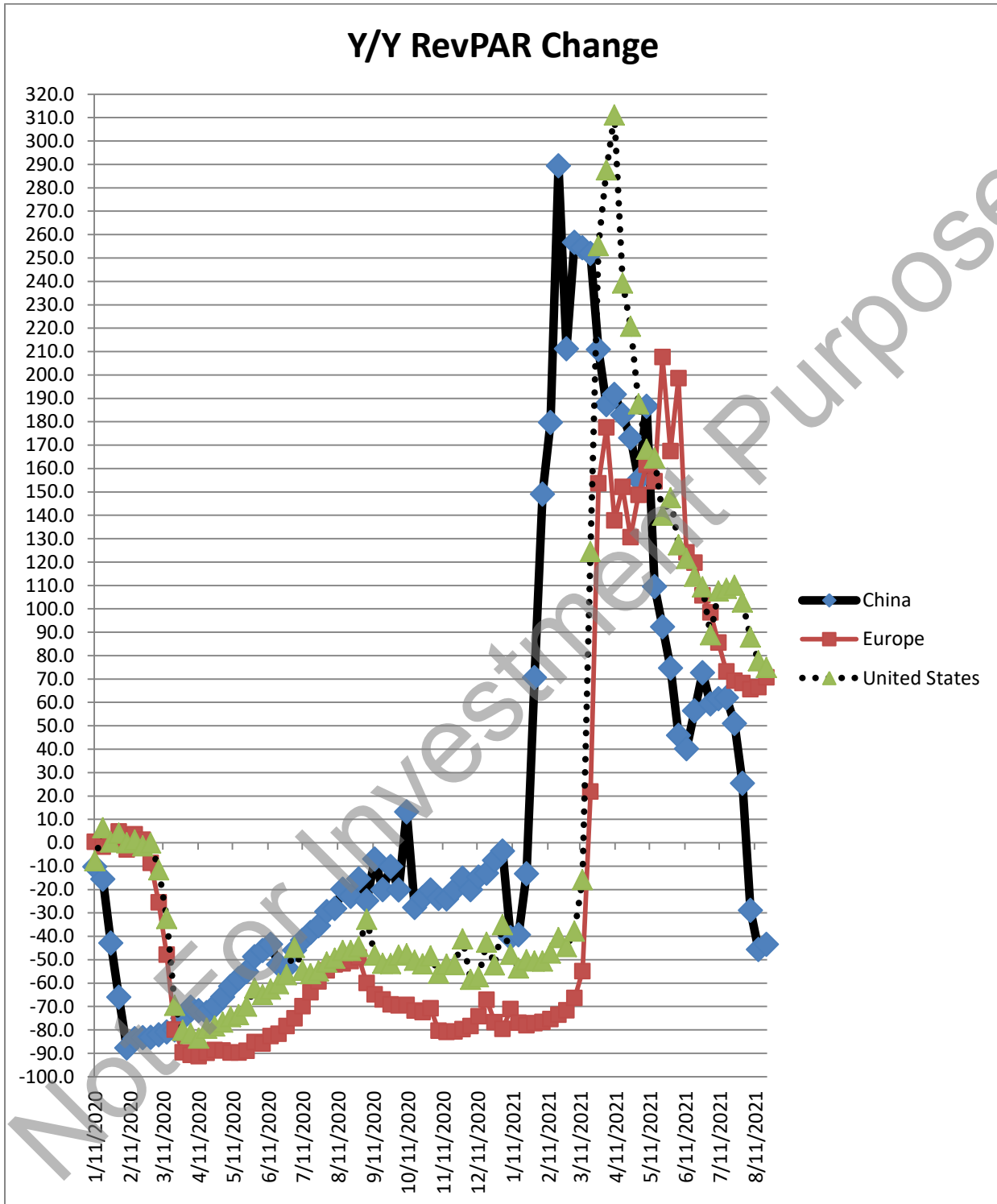
- RevPAR was +70.7% y/y for the week ending August 21st, **an improvement** from the +68.6% for the trailing 28 days.
- ADR was +19.0% y/y for the week ending August 21st, **higher than** the +18.2% for the trailing 28 days.
- Occupancy was +43.4% y/y for the week ending August 21st, **above** the +42.6% for the trailing 28 days.

Additional thoughts and observations:

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

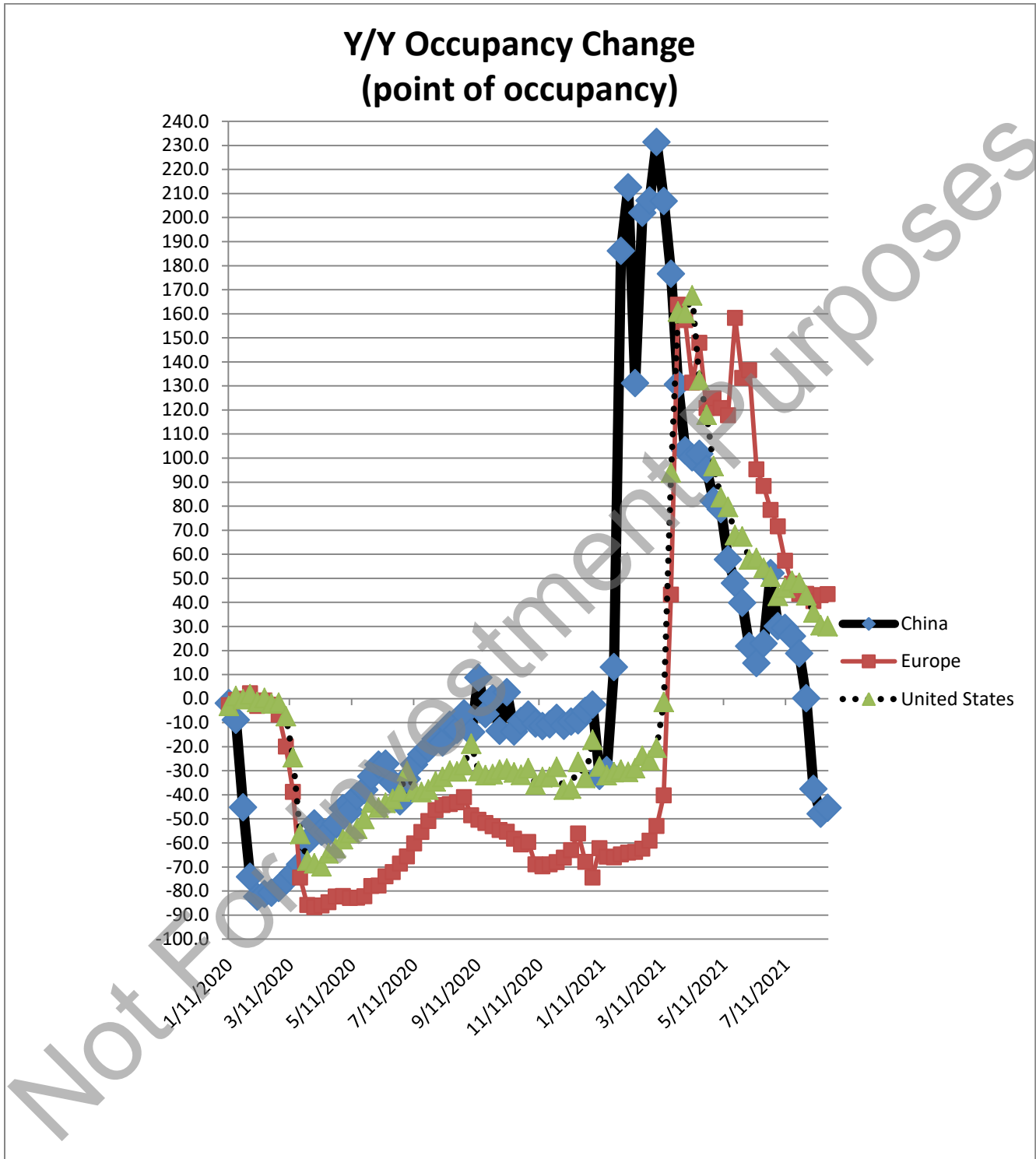
- **China: Absolute occupancy in China was 36.7%. By comparison, occupancy was 67.2% during the comparable week last year.**
- **Europe: Absolute occupancy levels for hotels that were still open in Europe for the week ending August 21st was 64.9%. So far it has been approx. 77 weeks after occupancy first started to see rapid deceleration in Europe. By comparison, occupancy was 45.2% during the comparable week last year.**
- **US: Absolute occupancy levels for hotels in the US for the week ending August 21st was 63.7%. So far it has been approx. 76 weeks after occupancy first started to see rapid deceleration in mid-March 2020 in the US. By comparison, occupancy was 49.0% during the comparable week last year.**

Exhibit 2: RevPAR for China, Europe, US



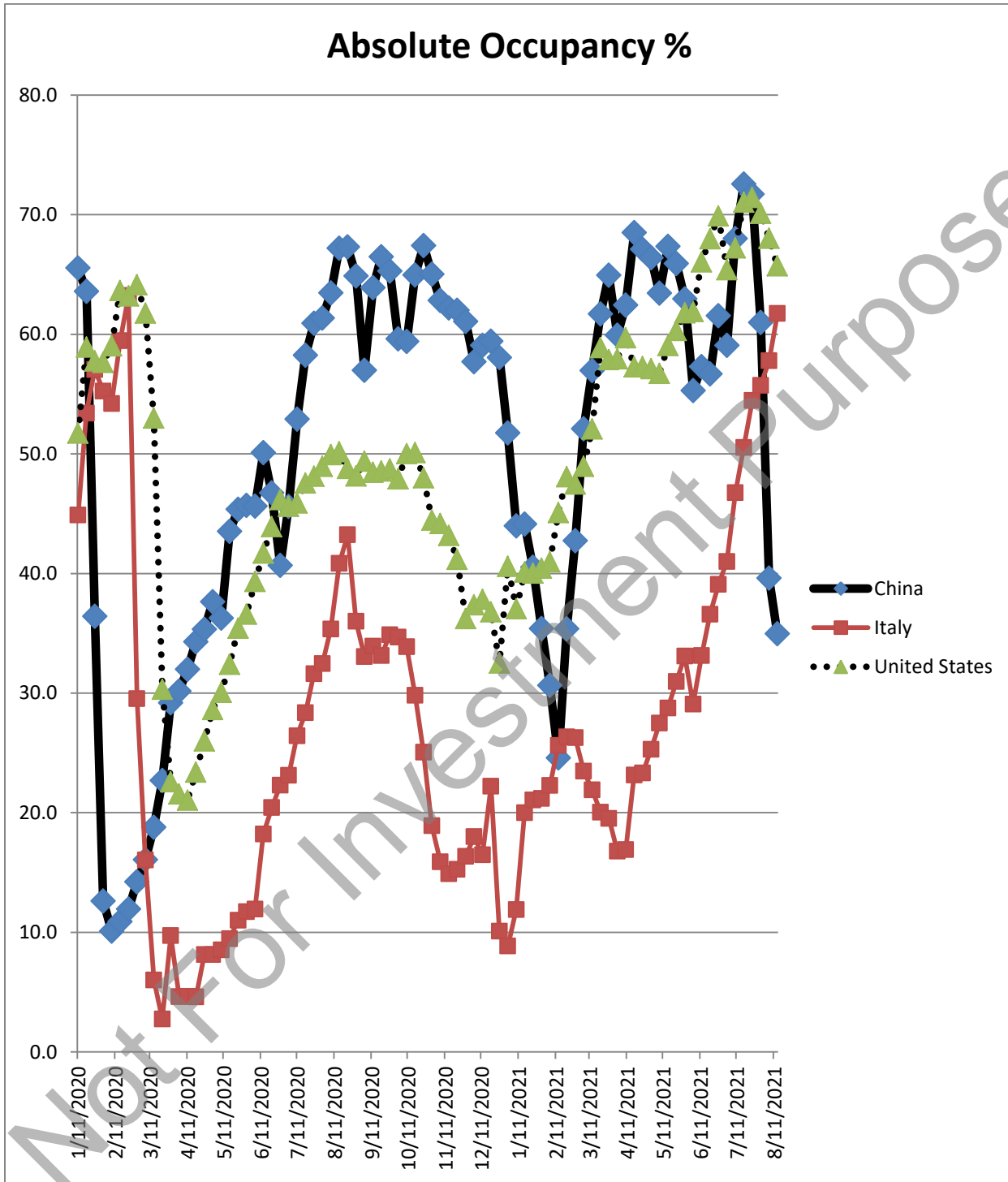
Source: STR, Truist Securities research

Exhibit 3: Occupancy for China, Europe, US



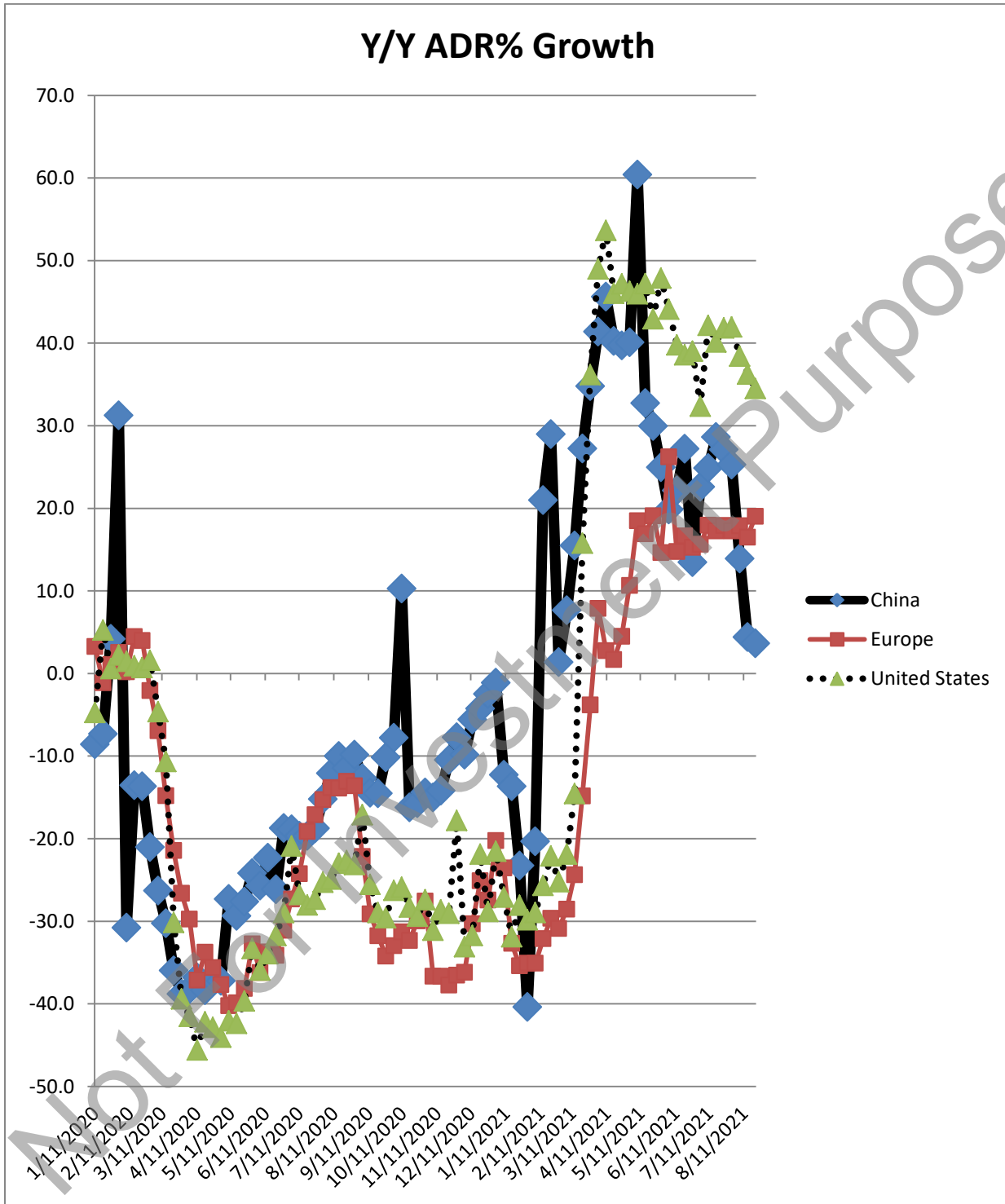
Source: STR, Truist Securities research

Exhibit 4: Absolute Occupancy for China, Europe, US



Source: STR, Truist Securities research

Exhibit 5: ADR for China, Europe, US



Source: STR, Truist Securities research

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