

Lodging

China & Europe hotels: RevPAR -34% y/y (2yr: -44%) & +74% y/y (2yr: -28%) for wk ending 8/28

2yr: China bounces off the bottom; Europe stable week-over-week

What's Incremental To Our View

Quick take: Per STR for the week ending August 28th, hotel RevPAR in China in local currency was -33.5% y/y vs. -43.4% y/y in the prior week. Last week's RevPAR was up against a -15.5% comparable result in 2020 vs. -23.0% in the prior week. On a 2-year run-rate, which we believe is an equally if not more important KPI, RevPAR was down 44.1% vs. down 56.6% 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 74.2% y/y vs. +70.7% in the prior week. Last week's RevPAR was up against a -49.0% comparable result in 2020 and -50.6% in the prior week. On a 2-year run-rate, RevPAR was down 27.6% vs. down 26.7% in the prior week's 2-year run-rate.

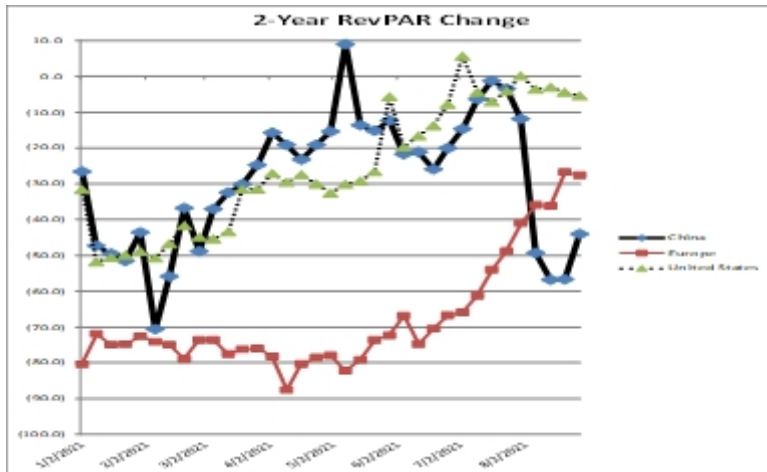
These weekly results compare to the US for the same week up +68.3% y/y. This latest US result is below the +74.9% in the prior week's result. Last week's RevPAR was up against a -44.5% comparable result in 2020 vs. -46.1% in the prior week. On a 2-year run-rate, RevPAR was -5.5%, slightly softer vs. the prior week's -4.5% 2-year run-rate. Last week's results at a national level showed continued modestly sequentially softer demand given the rise of the Delta variant impact and seasonality/back-to-school. Additionally, there was weather impact for 2020 and 2021 comparisons. In 2021, we saw some late week impact from Hurricane Ida (Dallas and Houston occupancy rising materially on Saturday into the 70s/80s and New Orleans occupancy rising far more modestly into the weekend).

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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 28th vs. trailing 28 days (see charts at end of note for graphical representations):

China (local currency):

- RevPAR was -33.5% y/y for the week ending August 28th, **an improvement from** the -38.6% for the trailing 28 days.
- ADR was +4.1% y/y for the week ending August 28th, **lower than** the +5.8% for the trailing 28 days.
- Occupancy was -36.1% y/y for the week ending August 28th, **an improvement from** the -42.0% for the trailing 28 days.

Europe (Euros):

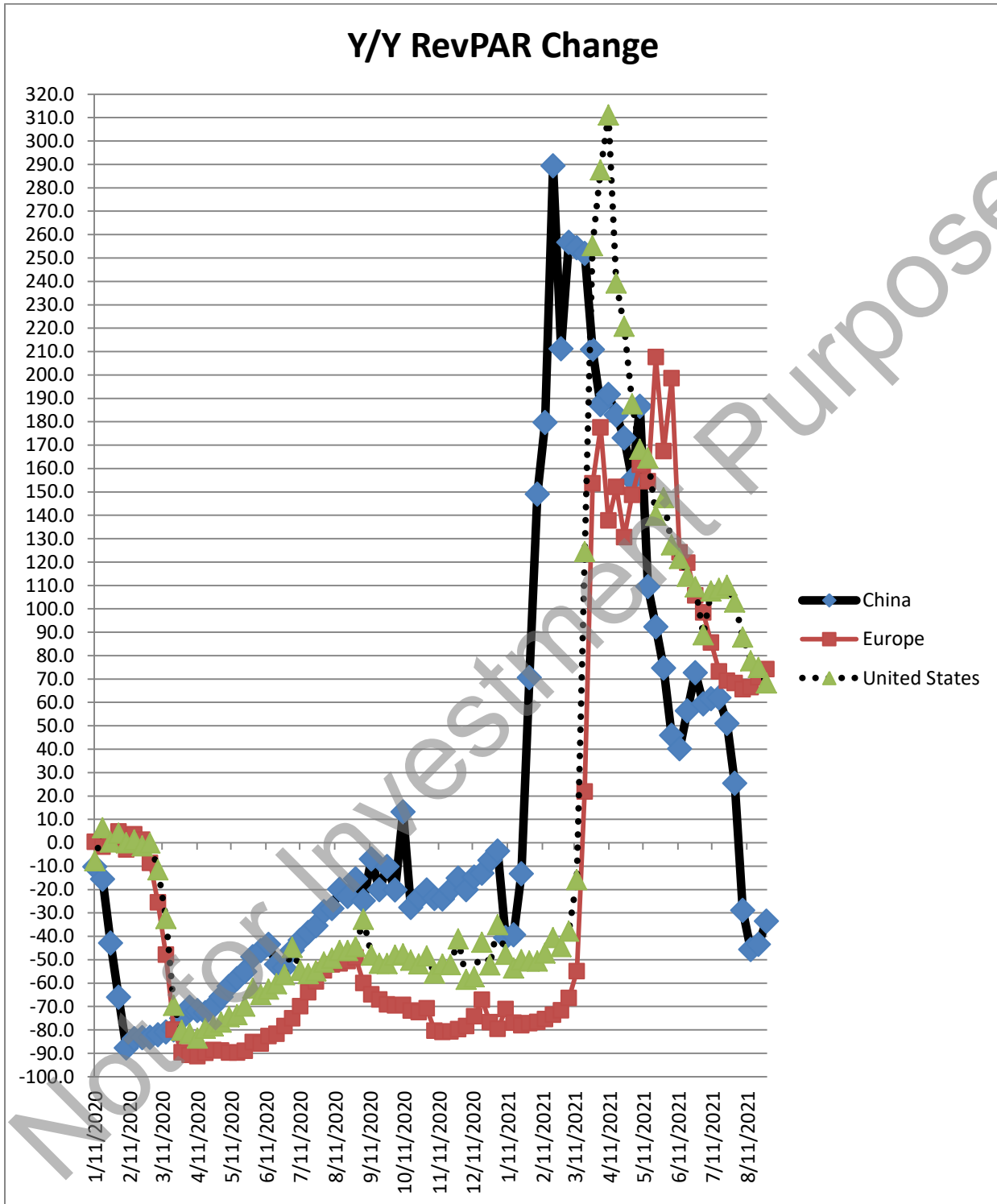
- RevPAR was +74.2% y/y for the week ending August 28th, **an improvement from** the +70.5% for the trailing 28 days.
- ADR was +23.5% y/y for the week ending August 28th, **higher than** the +20.0% for the trailing 28 days.
- Occupancy was +41.1% y/y for the week ending August 28th, **lower than** the +42.1% for the trailing 28 days.

Additional thoughts and observations:

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

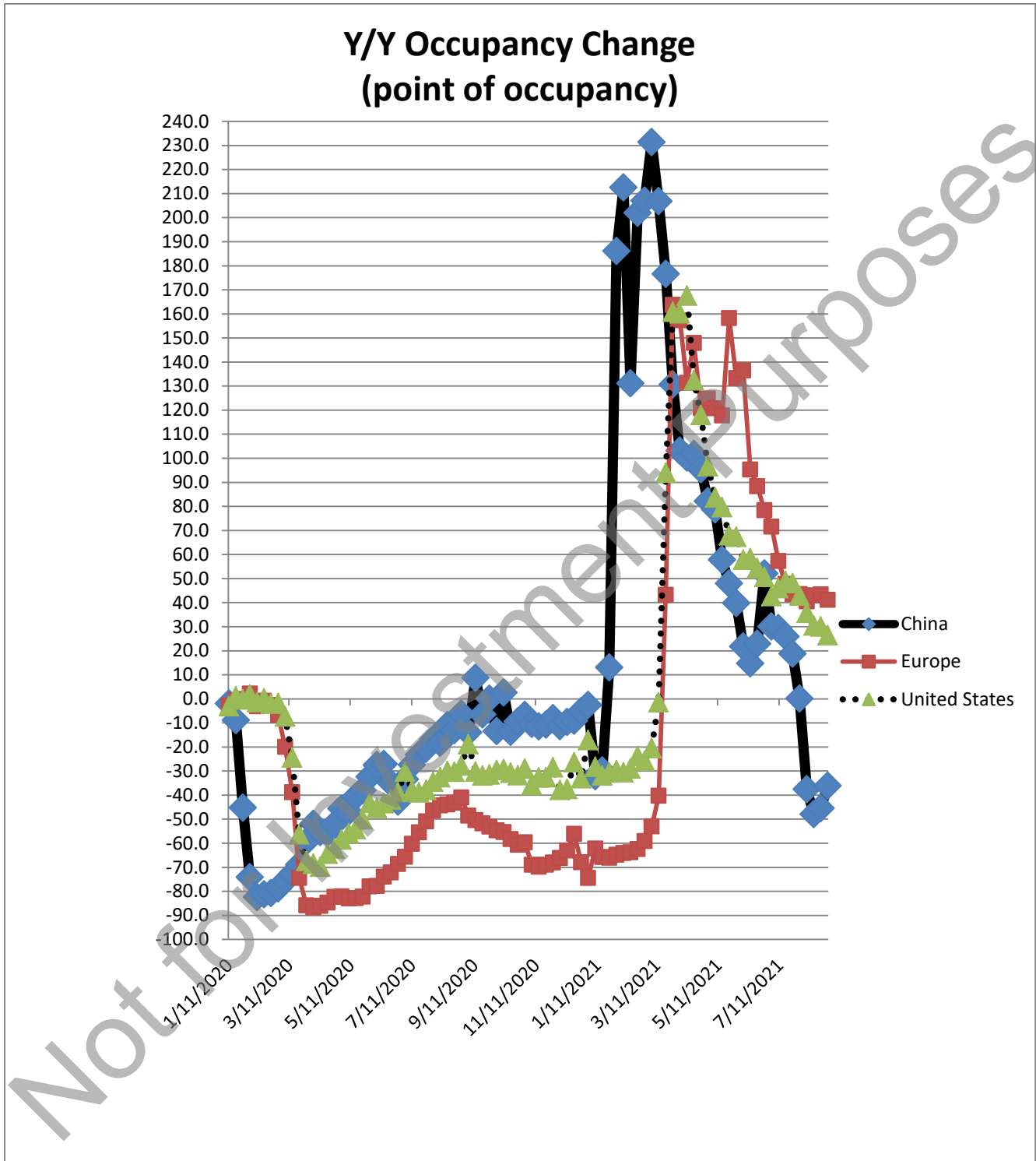
- **China: Absolute occupancy in China was 41.4%. By comparison, occupancy was 64.8% during the comparable week last year.**
- **Europe: Absolute occupancy levels for hotels that were still open in Europe for the week ending August 28th was 63.3%. So far it has been approx. 78 weeks after occupancy first started to see rapid deceleration in Europe. By comparison, occupancy was 44.8% during the comparable week last year.**
- **US: Absolute occupancy levels for hotels in the US for the week ending August 28th was 61.0%. So far it has been approx. 77 weeks after occupancy first started to see rapid deceleration in mid-March 2020 in the US. By comparison, occupancy was 48.3% during the comparable week last year.**

Exhibit 2: Y/Y RevPAR change for China, Europe, US



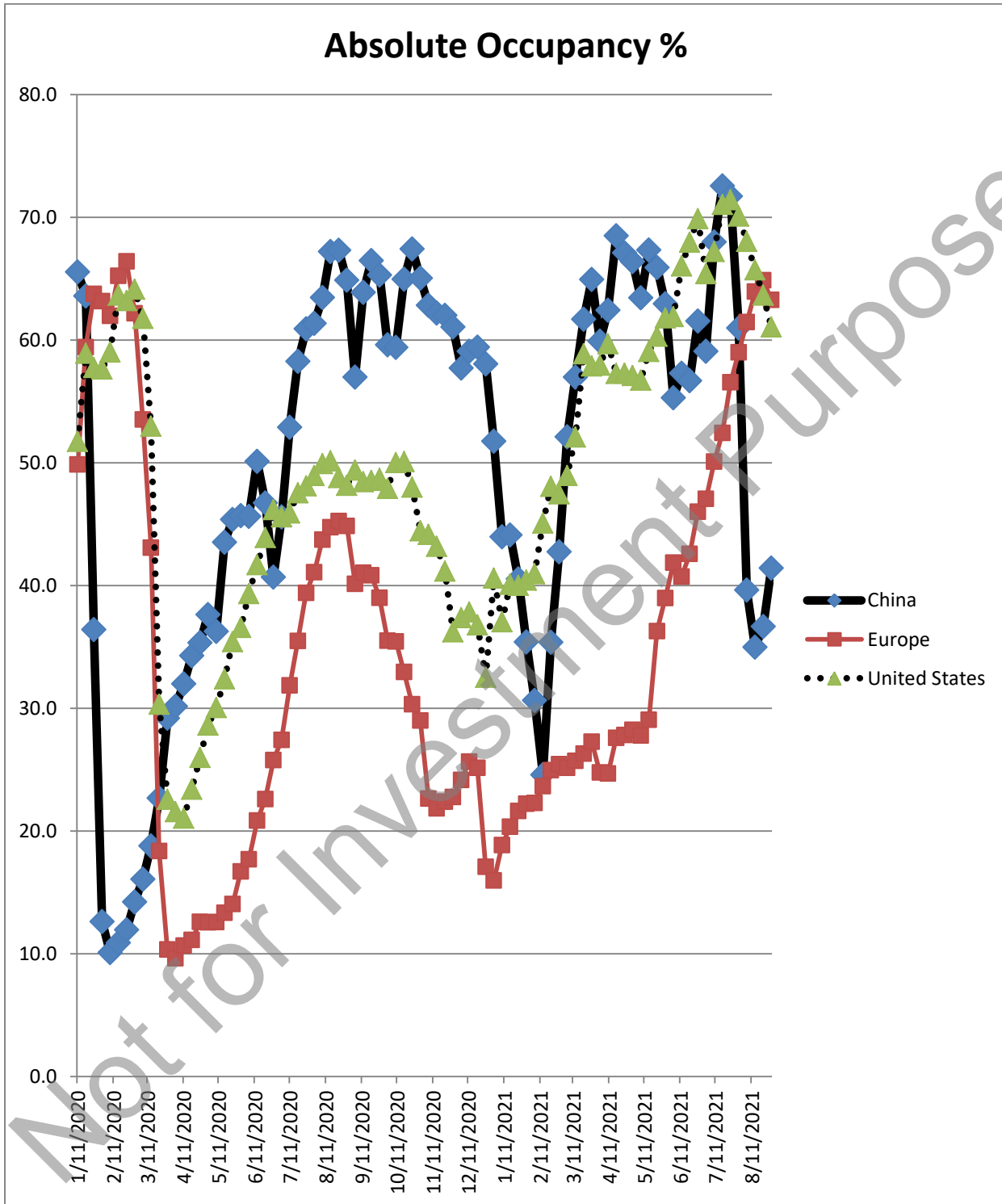
Source: STR, Truist Securities research

Exhibit 3: Y/Y Occupancy change for China, Europe, US



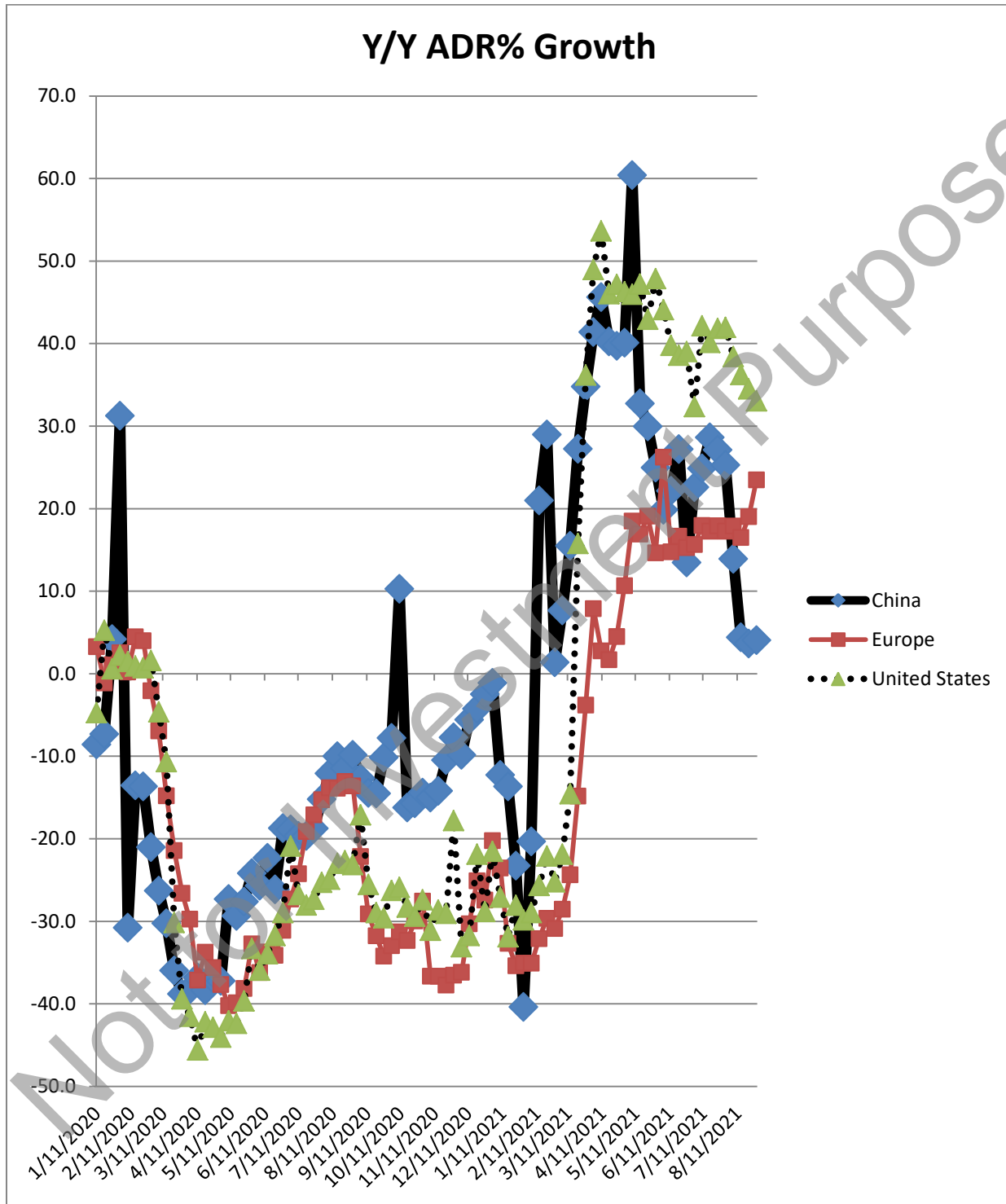
Source: STR, Truist Securities research

Exhibit 4: Absolute Occupancy % for China, Europe, US



Source: STR, Truist Securities research

Exhibit 5: Y/Y ADR % change for China, Europe, US



Source: STR, Truist Securities research

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