

Lodging

China & Europe hotels: RevPAR -10% y/y (2yr: -17%) & +99% y/y (2yr: -45%) for wk ending 9/11

2yr: China continues to bounce back, Europe deeply in red post-summer holidays

What's Incremental To Our View

Quick take: Per STR for the week ending September 11th, hotel RevPAR in China in local currency was -10.1% y/y vs. -18.0% y/y in the prior week. Last week's RevPAR was up against a -7.0% comparable result in 2020 vs. -24.8% in the prior week. On a 2-year run-rate, which we believe is an equally if not more important KPI, RevPAR was down 17.0% vs. down 38.4% in the prior week's 2-year run-rate.

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

Europe: RevPAR in Europe in Euros was up 98.9% y/y vs. +81.8% in the prior week. Last week's RevPAR was up against a -64.8% comparable result in 2020 and -60.0% in the prior week. **On a 2-year run-rate, RevPAR was down 44.7% vs. down 46.8% in the prior week's 2-year run-rate.**

US: Overall U.S. RevPAR was +62.0% y/y, in-line with the prior week's result of +62.2%. Last week's RevPAR was up against a -48.1% comparable result in 2020 vs. -32.8% in the prior week's 2-year run-rate. **On a 2-year run-rate, RevPAR was -14.8% vs. +10.1% in the prior week's 2-year run-rate.** While day-by-day analysis is very complicated due to Labor Day, Rosh Hashanah (Sept 6-8 this year, Sept 19-21 last year), and Hurricane Ida recovery, we note the following:

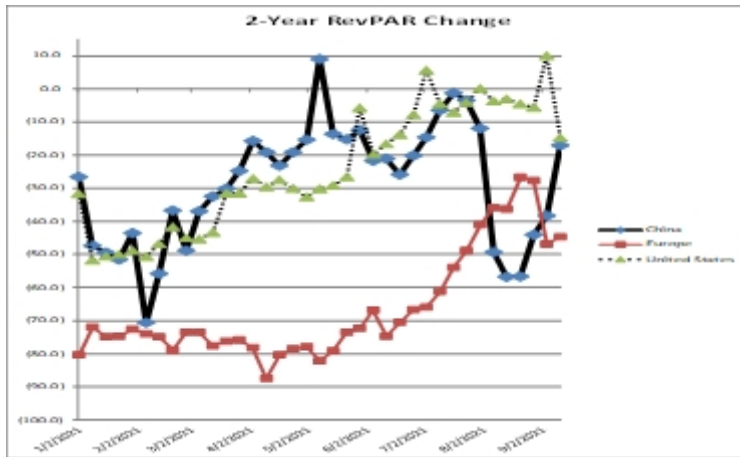
- The overall 2-year result of -14.8% was similar to results seen in June before the RevPAR acceleration seen around July 4th.
- Sunday night, the night before Labor Day, was extremely strong with the 2-year RevPAR of +50.8%. On the other hand, Monday and Tuesday nights were down approx. 42% vs. 2019; *clearly a volatile week with various holidays, weather, etc.,*
- ADR continues to hold in there, especially for the Transient segment (leisure travel + individual business travel) as it was +4.1% vs. 2019.

C. Patrick Scholes
212-319-3915
Patrick.Scholes@truist.com

Gregory J. Miller
212-303-4198
Gregory.J.Miller@truist.com

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 September 11th vs. trailing 28 days (see charts at end of note for graphical representations):

China (local currency):

- RevPAR was -10.1% y/y for the week ending September 11th, **an improvement from** the -27.5% for the trailing 28 days.
- ADR was +6.4% y/y for the week ending September 11th, **higher than** the +4.1% for the trailing 28 days.
- Occupancy was -15.5% y/y for the week ending September 11th, **an improvement from** the -30.4% for the trailing 28 days.

Europe (Euros):

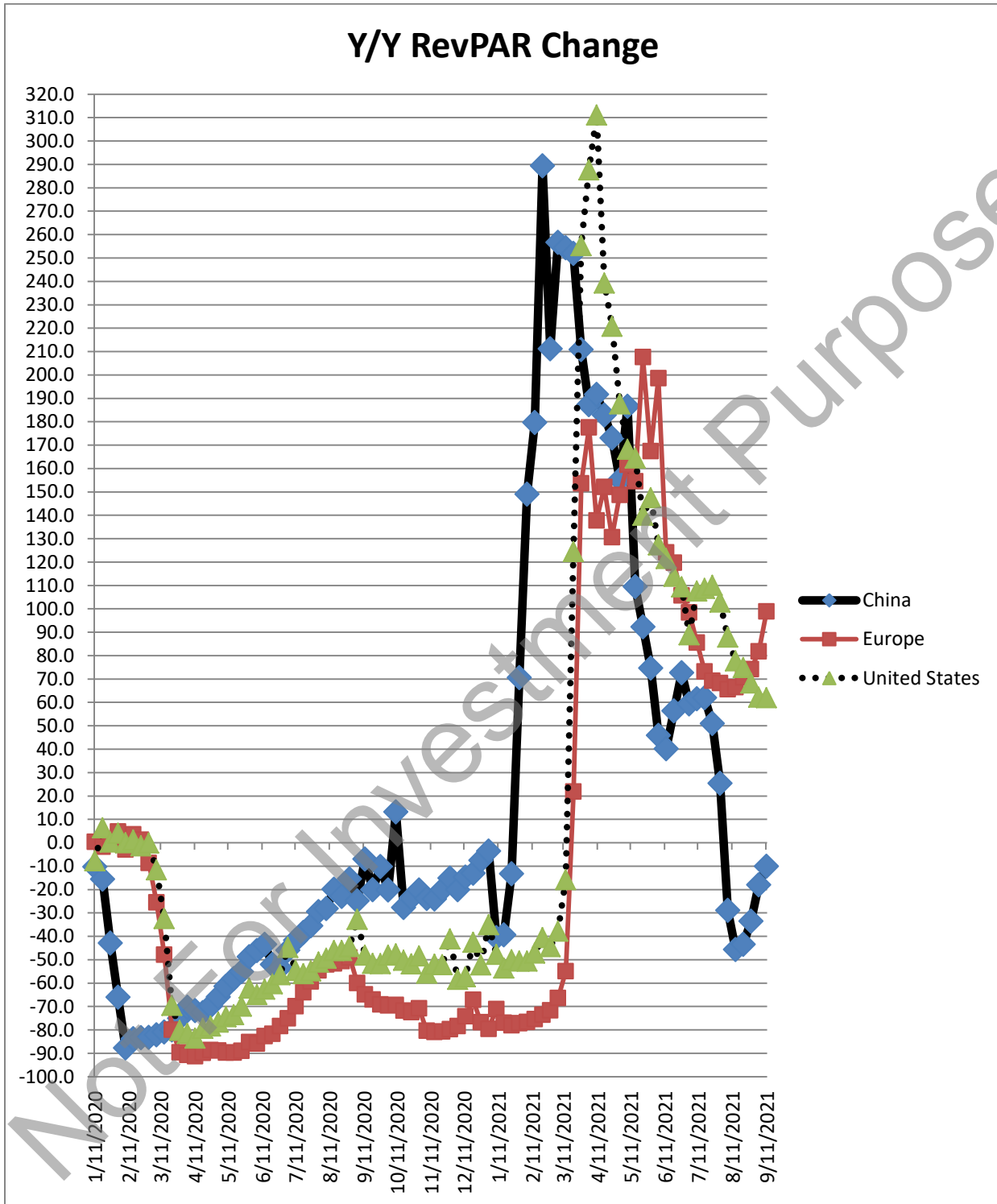
- RevPAR was +98.9% y/y for the week ending September 11th, **an improvement from** the +81.3% for the trailing 28 days.
- ADR was +31.6% y/y for the week ending September 11th, **higher than** the +25.1% for the trailing 28 days.
- Occupancy was +51.2% y/y for the week ending September 11th, **higher than** the +45.0% for the trailing 28 days.

Additional thoughts and observations:

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

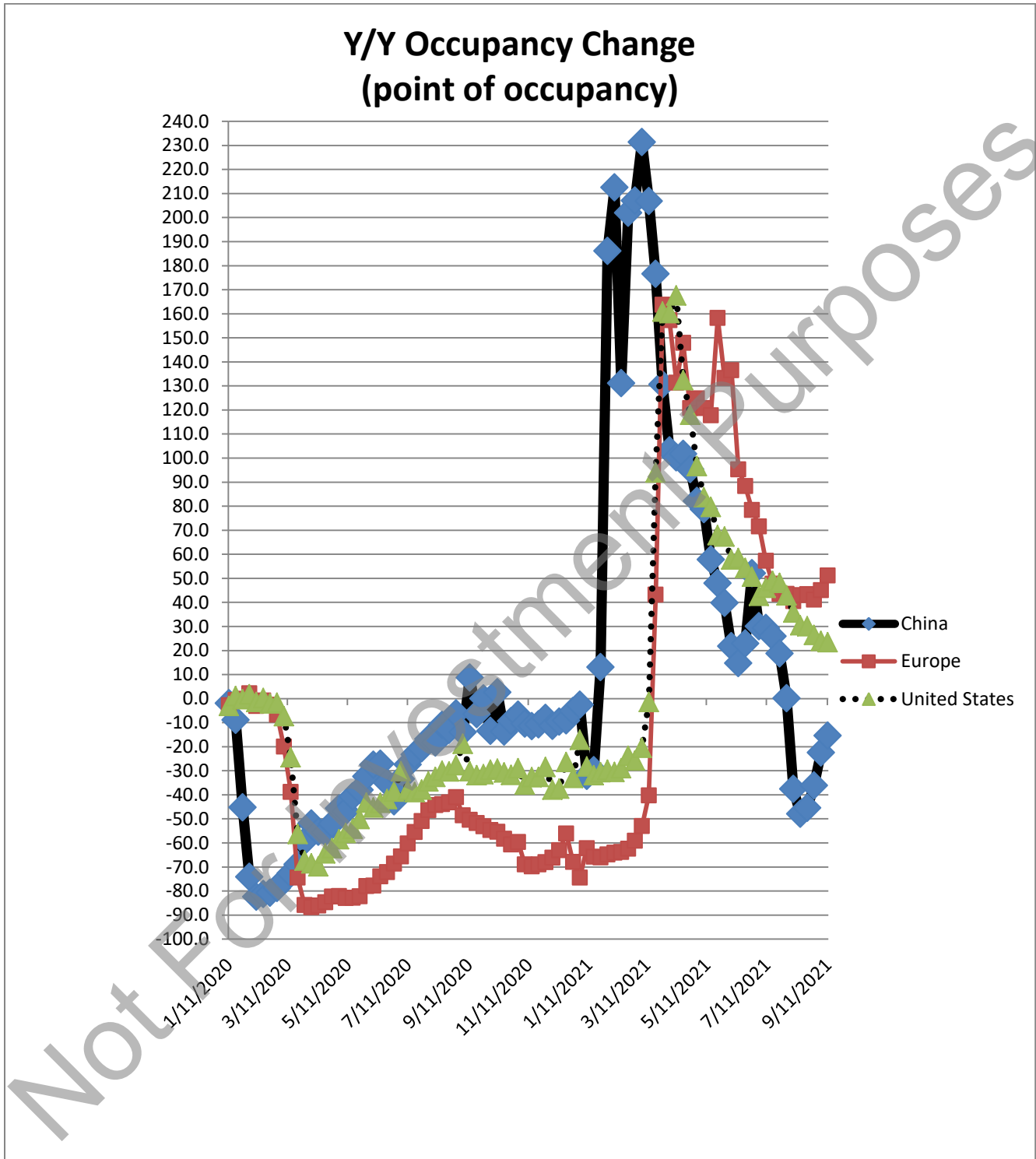
- **China Absolute occupancy was 53.8%.** *By comparison, occupancy was 63.6% during the comparable week last year.*
- **Europe: Absolute occupancy was 62.0%.** *So far it has been approx. 80 weeks after occupancy first started to see rapid deceleration in Europe. By comparison, occupancy was 41.0% during the comparable week last year.*
- **US: Absolute occupancy was 60.0%.** *So far it has been approx. 79 weeks after occupancy first started to see rapid deceleration in mid-March 2020 in the US. By comparison, occupancy was 48.6% during the comparable week last year.*

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



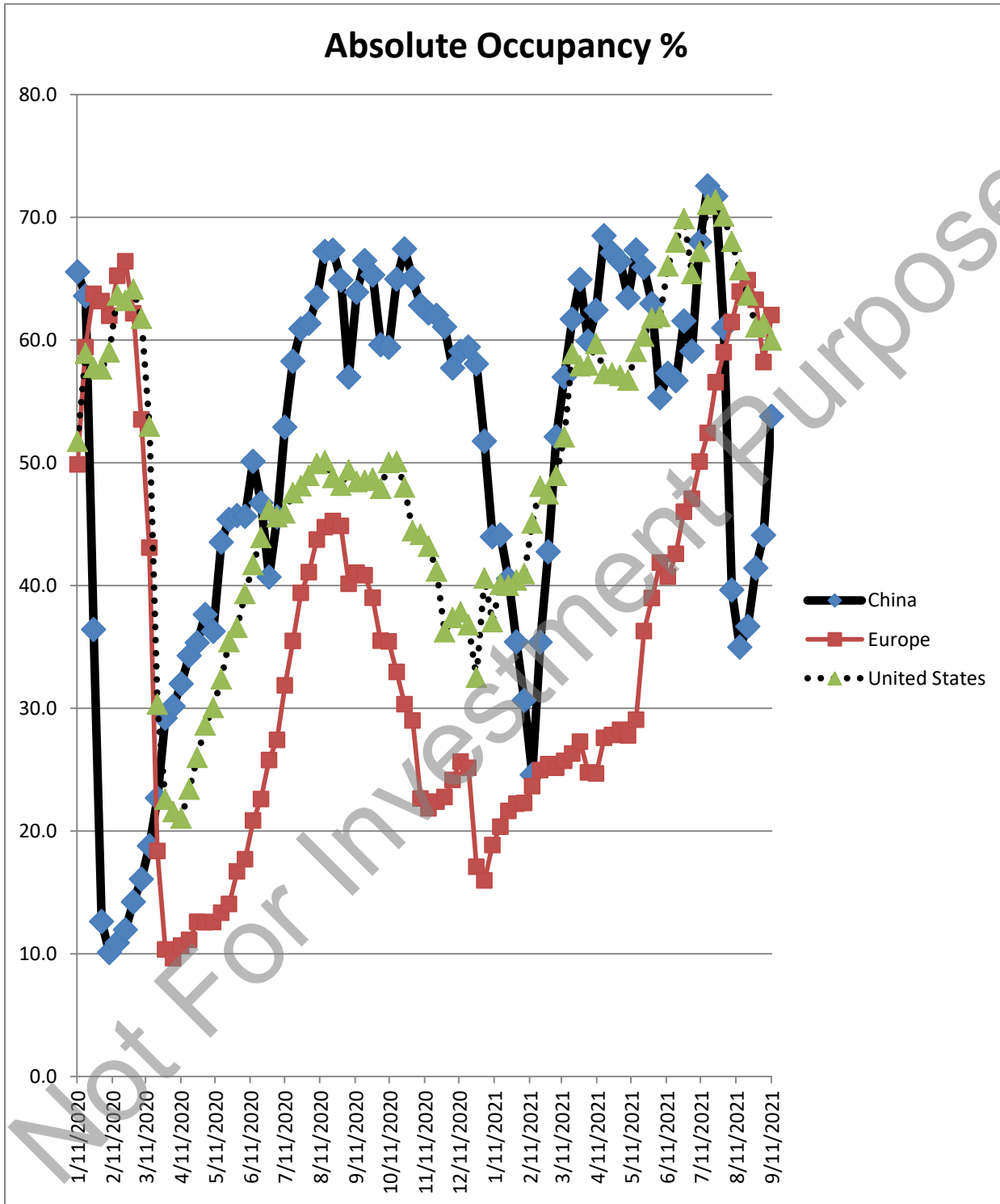
Source: STR, Truist Securities research

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



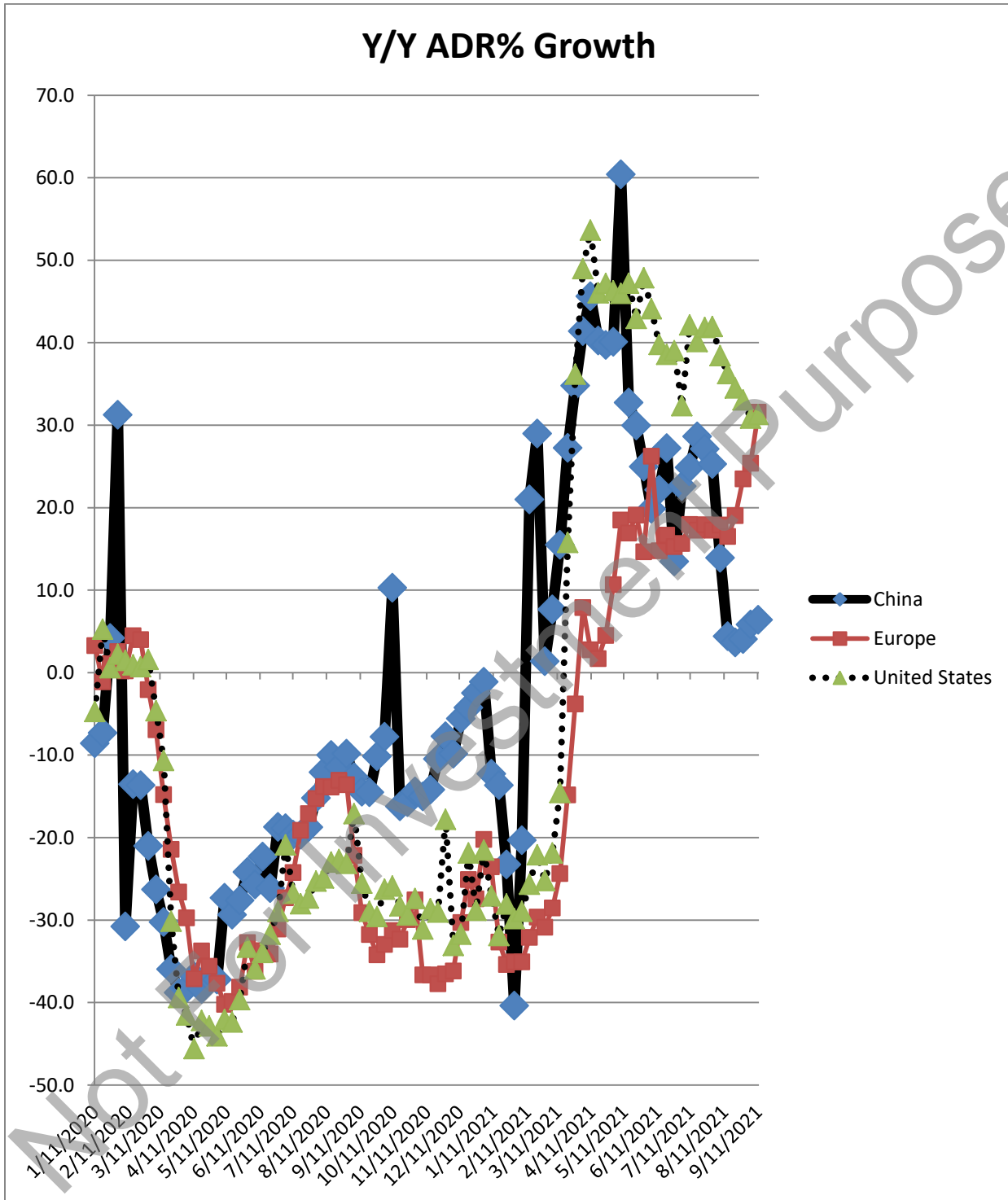
Source: STR, Truist Securities research

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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