

Lodging

China & Europe hotels: RevPAR -13% y/y (2yr: -22%) & +128% y/y (2yr: -48%) for wk ending 9/25

2yr: China improves w/w, Europe better w/w but still deeply depressed

What's Incremental To Our View

Quick take: Per STR for the week ending September 25th, hotel RevPAR in China in local currency was -12.5% y/y vs. -12.6% y/y in the prior week. Last week's RevPAR was up against a -10.2% comparable result in 2020 vs. -20.1% in the prior week. *On a 2-year run-rate, which we believe is an equally if not more important KPI, RevPAR was down 21.9% vs. down 30.5% 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.** While China had started to recovery following these lockdowns, new lockdowns were recently imposed which we believe has resulted in continued weakness (AP News).

Europe: RevPAR in Europe in Euros was +128.4% y/y vs. +104.3% in the prior week. Last week's RevPAR was up against a -69.2% comparable result in 2020 and -67.1% in the prior week. ***On a 2-year run-rate, RevPAR was down 48.4% vs. down 53.6% in the prior week's 2-year run-rate.***

US: Overall U.S. RevPAR was +78.4% y/y, above the prior week's result of +75.8%. Last week's RevPAR was up against a -51.7% comparable result in 2020 vs. -51.6% in the prior week's 2-year run-rate. ***On a 2-year run-rate, RevPAR was -12.8% vs. -13.9% in the prior week's 2-year run-rate.***

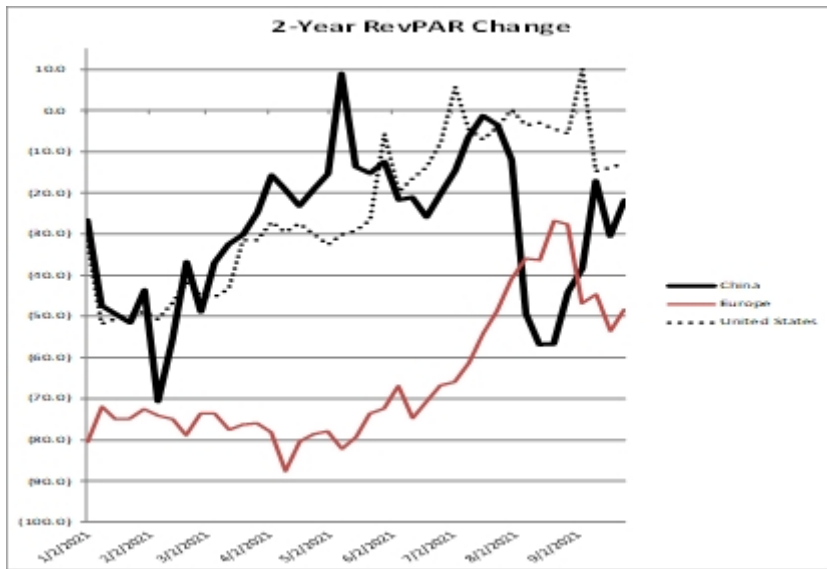
- Y/y and 2-yr comps are going to be noisy for several more weeks with Rosh Hashanah starting Sunday 9/29/19 and Friday 9/18/20 -- resulting in some leisure and business/group travel adjusted for the holidays.
- **On an absolute 2021 basis we note continued soft demand in midweek for many Top 25 markets and strong results for the weekend -- booming especially for limited-service properties.** But results vary widely especially for midweek.

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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 September 25th vs. trailing 28 days (see charts at end of note for graphical representations):

China (local currency):

- RevPAR was -12.5% y/y for the week ending September 25th, **an improvement** from the -13.5% for the trailing 28 days.
- ADR was +12.3% y/y for the week ending September 25th, **higher than** the +7.2% for the trailing 28 days.
- Occupancy was -22.1% y/y for the week ending September 25th, **worse than** the -19.3% for the trailing 28 days.

Europe (in Euros):

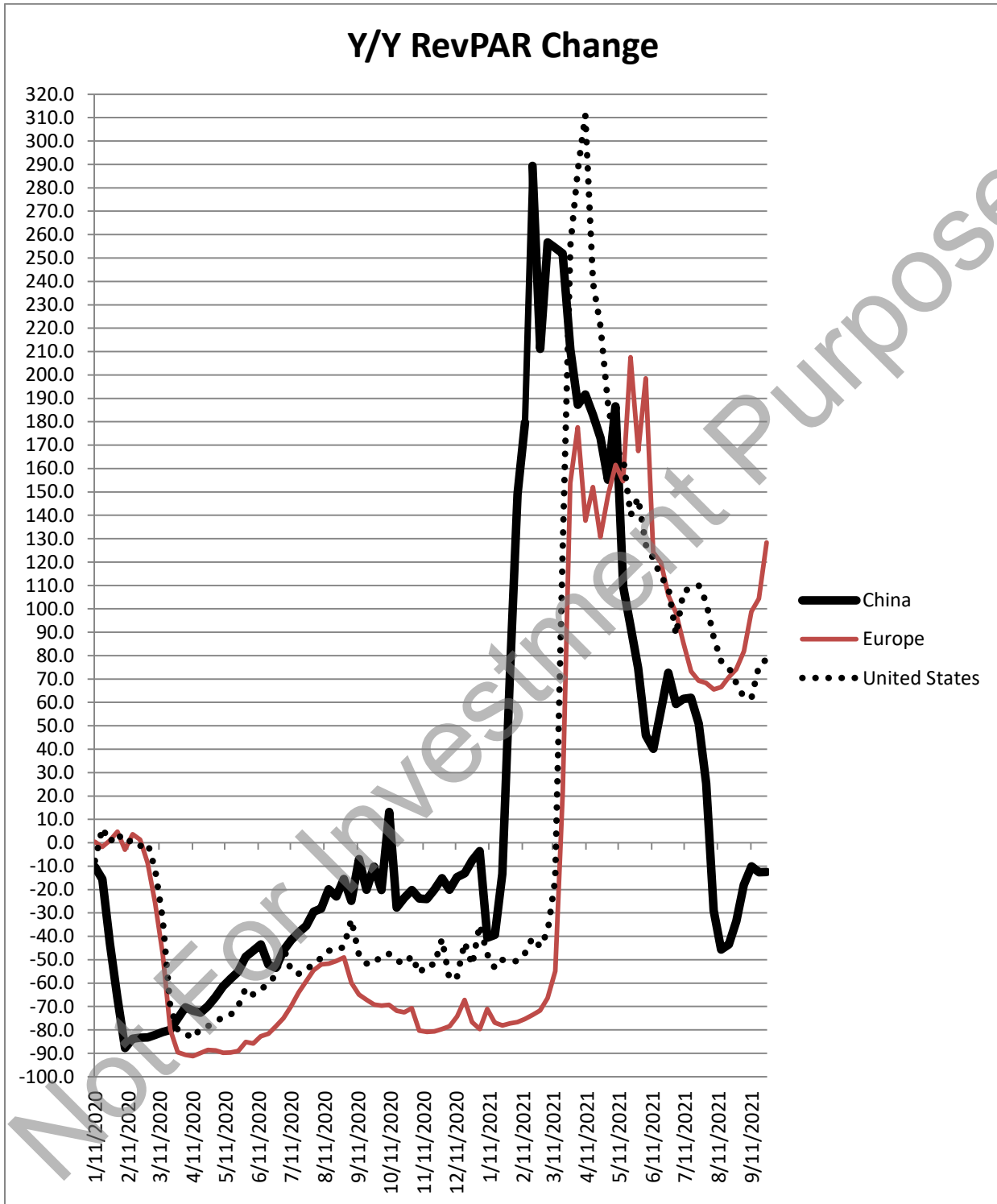
- RevPAR was +128.4% y/y for the week ending September 25th, **an improvement** from the +102.9% for the trailing 28 days.
- ADR was +39.4% y/y for the week ending September 25th, **higher than** the +32.4% for the trailing 28 days.
- Occupancy was +63.8% y/y for the week ending September 25th, **higher than** the +53.2% for the trailing 28 days.

Additional thoughts and observations:

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

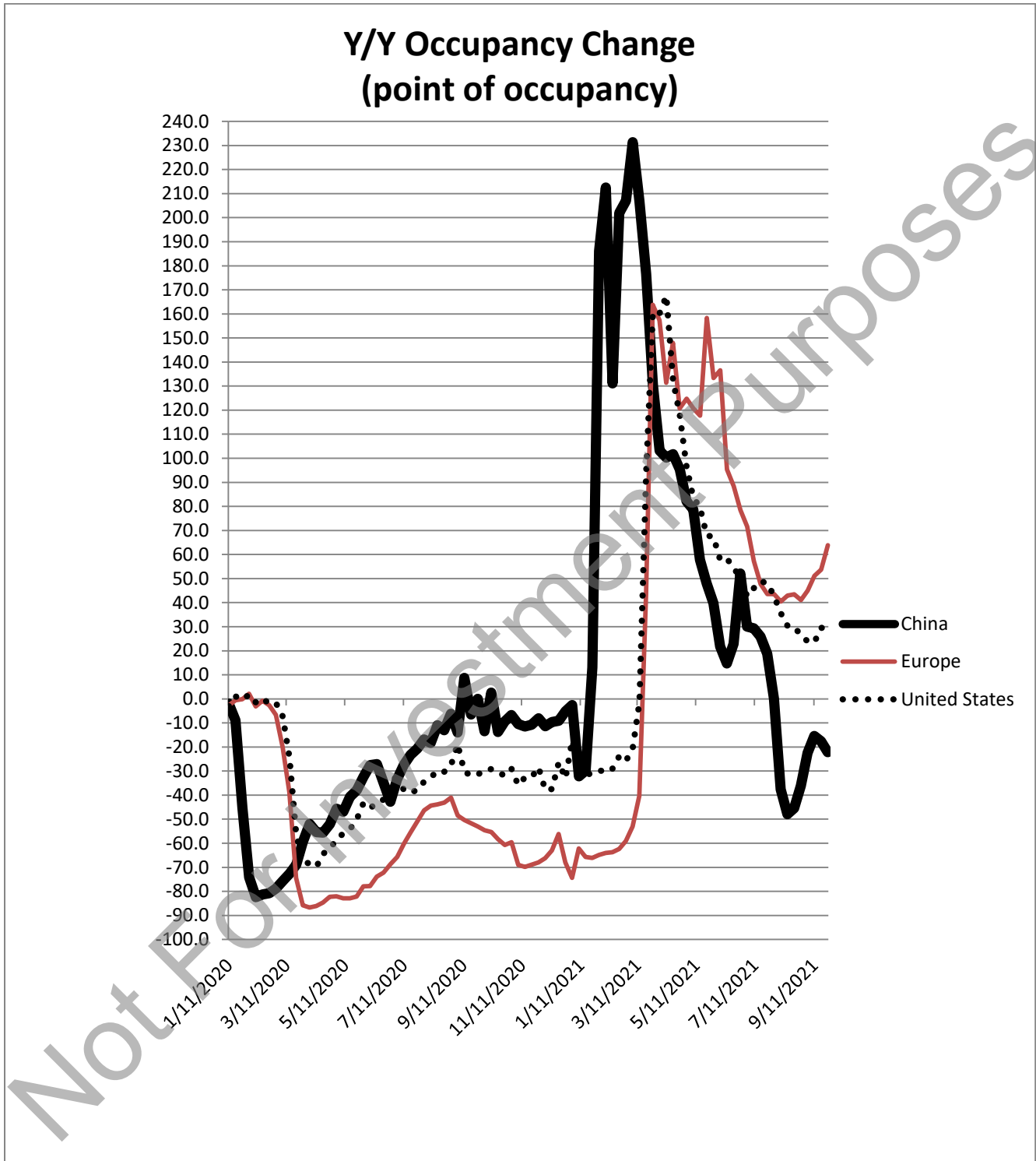
- **China: Absolute occupancy was 50.8%.** *By comparison, occupancy was 65.2% during the comparable week last year.*
- **Europe: Absolute occupancy was 63.9%.** *So far it has been approx. 82 weeks after occupancy first started to see rapid deceleration in Europe. By comparison, occupancy was 39.0% during the comparable week last year.*
- **US: Absolute occupancy was 63.2%.** *So far it has been approx. 81 weeks after occupancy first started to see rapid deceleration in mid-March 2020 in the US. By comparison, occupancy was 48.9% during the comparable week last year.*

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



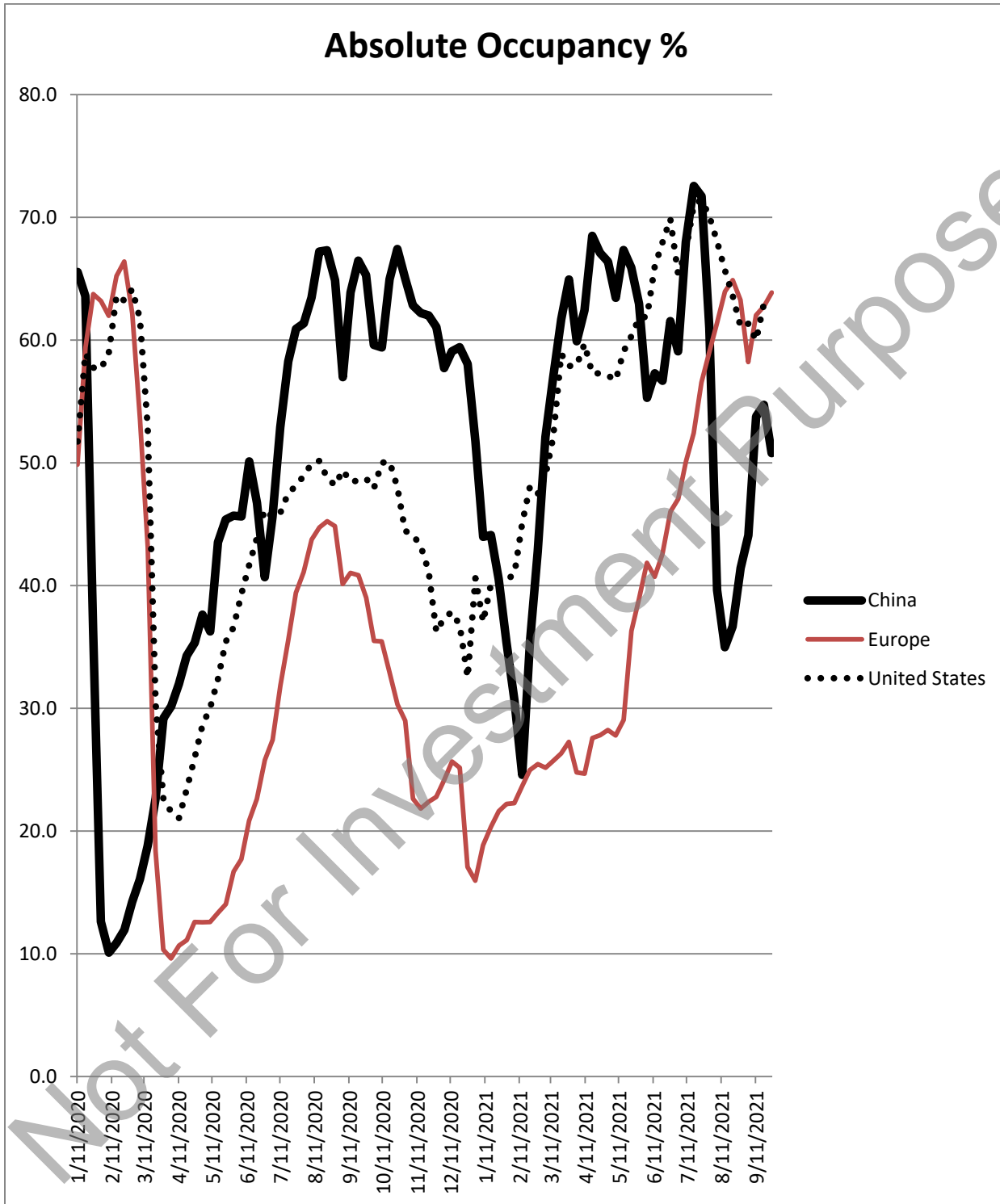
Source: STR, Truist Securities research

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



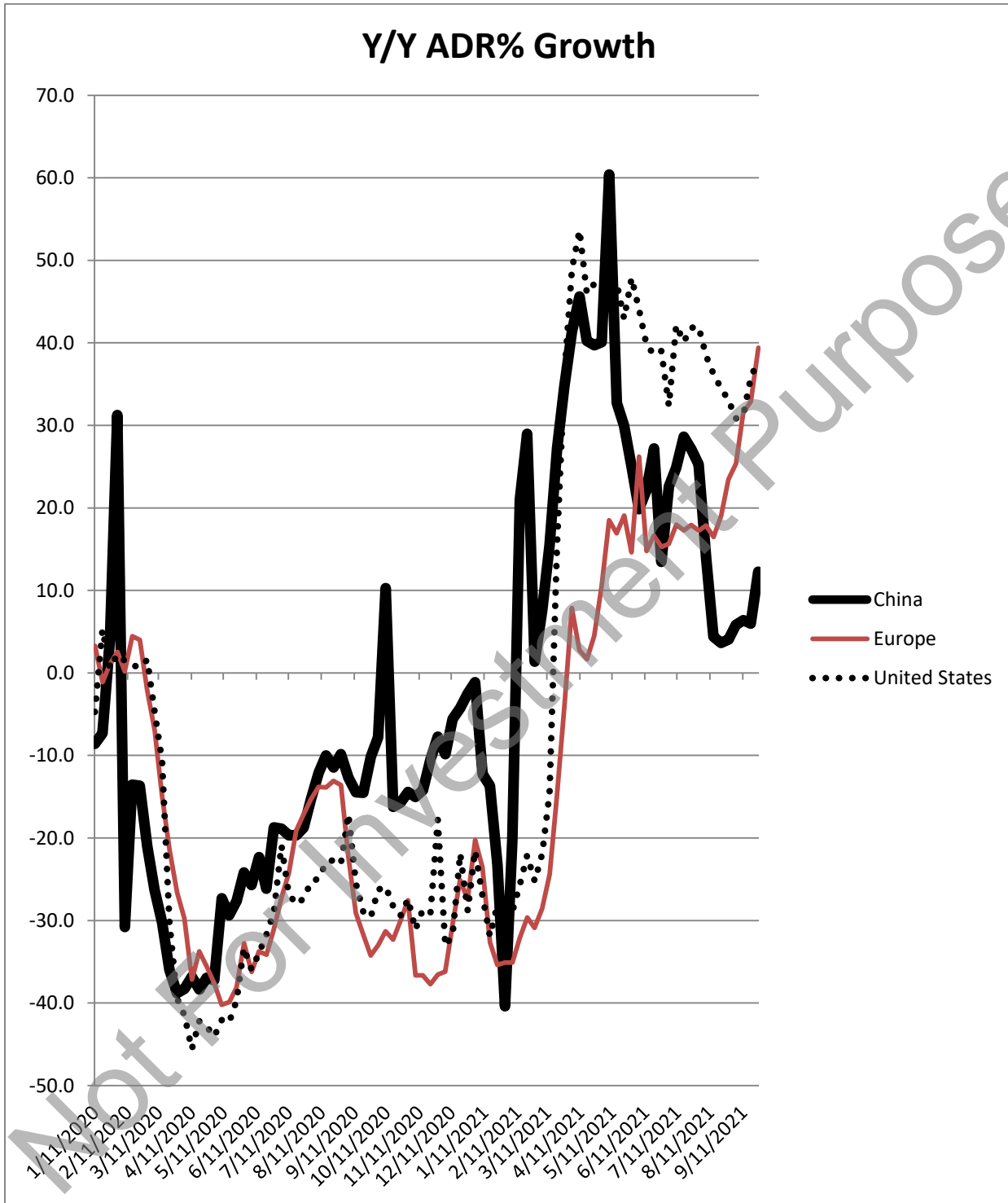
Source: STR, Truist Securities research

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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