

Lodging

China & Europe hotels: RevPAR -2% y/y (2yr: +11%) & +137% y/y (2yr: -44%) for wk ending 10/9

2yr: China's Golden Week surprisingly strong, Europe sequentially "less bad"

What's Incremental To Our View

Quick take: Per STR for the week ending October 9th, hotel RevPAR in China in local currency was -1.9% y/y vs. -3.1% y/y in the prior week. Last week's RevPAR was up against a +13.2% comparable result in 2020 vs. -20.2% in the prior week. *On a 2-year run-rate, which we believe is an equally if not more important KPI, RevPAR was up 10.6% vs. down 23.4% in the prior week's 2-year run-rate.*

- With travel still crawling back from recently renewed lockdowns, we found last week's holiday-driven results surprisingly strong.

Europe: RevPAR in Europe in Euros was +136.6% y/y vs. +133.4% in the prior week. Last week's RevPAR was up against a -69.3% comparable result in 2020 and -69.3% in the prior week. *On a 2-year run-rate, RevPAR was -44.2%, vs. the -48.4% in the prior week's 2-year run-rate.*

US: Overall RevPAR was +74.9%, slightly softer than the prior week's result of +75.4%. Last week's RevPAR was up against a -47.5% comparable result in 2020 vs. -48.1% in the prior week's 2-year run-rate. *On a 2-year run-rate, RevPAR was -7.4% vs. -8.2% in the prior week's 2-year run-rate.*

- Generally, we noted fairly flattish to slightly improved RevPAR but nothing impressive on the recovery of business travel, especially large groups.
- We are in the heart of peak fall business travel in normal years and continue to analyze sluggish midweek results in Luxury and Upper Upscale (mid 40s to mid-50s occupancy) with results about 10 occupancy points better in Upscale and Upper Midscale. We contend that some of the select-service customer base and location (less coastal, more suburban) influences this variance.

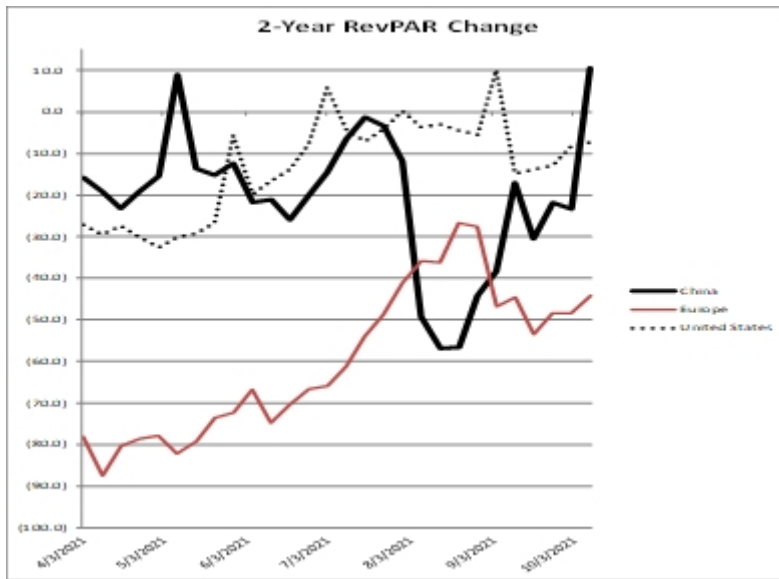
C. Patrick Scholes
212-319-3915
Patrick.Scholes@truist.com

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 October 9th vs. trailing 28 days (see charts at end of note for graphical representations):

China (local currency):

- RevPAR was -1.9% y/y for the week ending October 9th, **an improvement from** the -7.6% for the trailing 28 days.
- ADR was +8.6% y/y for the week ending October 9th, **better than** the +6.7% for the trailing 28 days.
- Occupancy was -9.7% y/y for the week ending October 9th, **an improvement from** the -13.3% for the trailing 28 days.

Europe (in Euros):

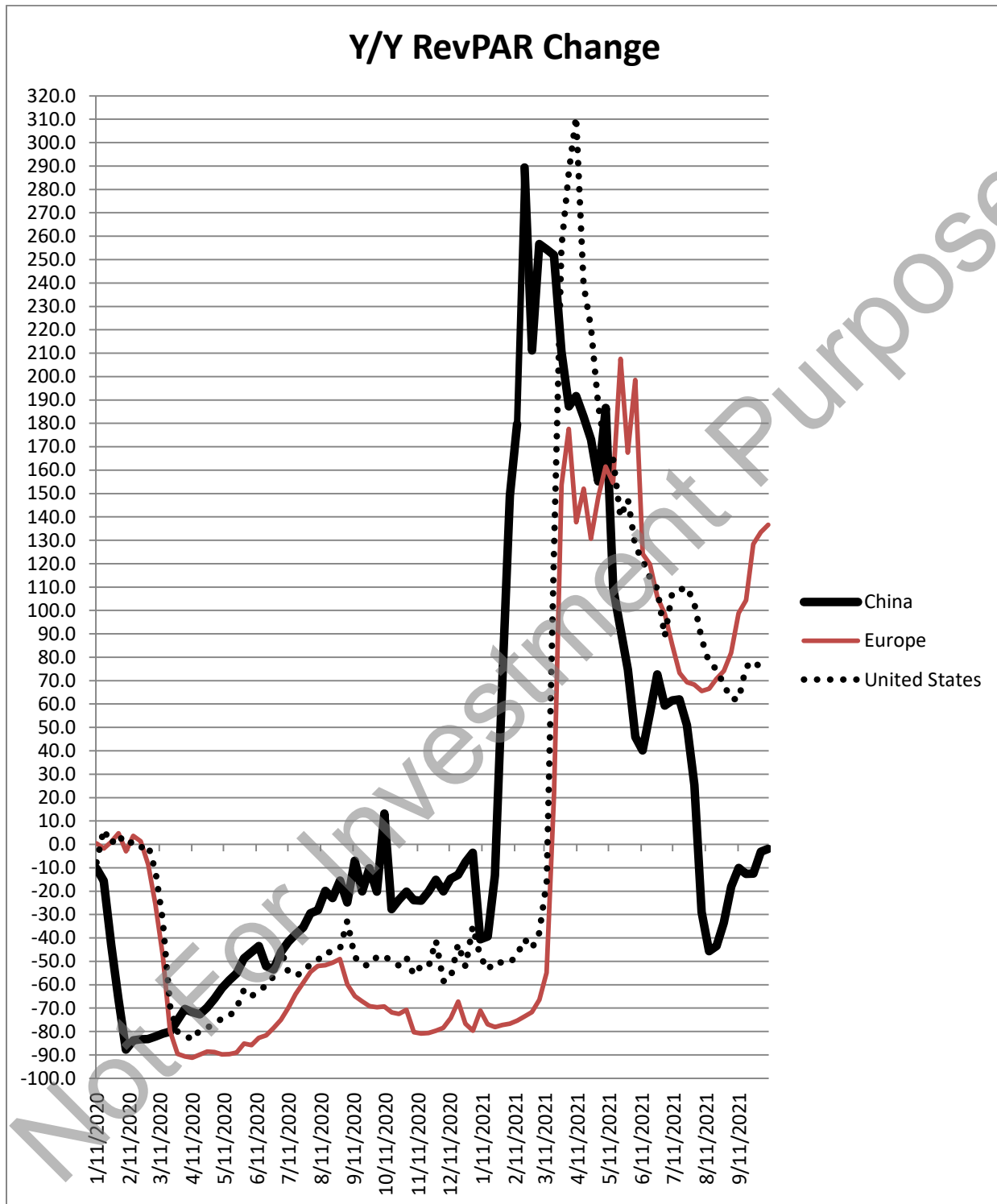
- RevPAR was +136.6% y/y for the week ending October 9th, **an improvement from** the +124.2% for the trailing 28 days.
- ADR was +35.8% y/y for the week ending October 9th, **roughly even** with the +36.0% for the trailing 28 days
- Occupancy was +74.2% y/y for the week ending October 9th, **higher than** the +64.9% for the trailing 28 days.

Additional thoughts and observations:

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

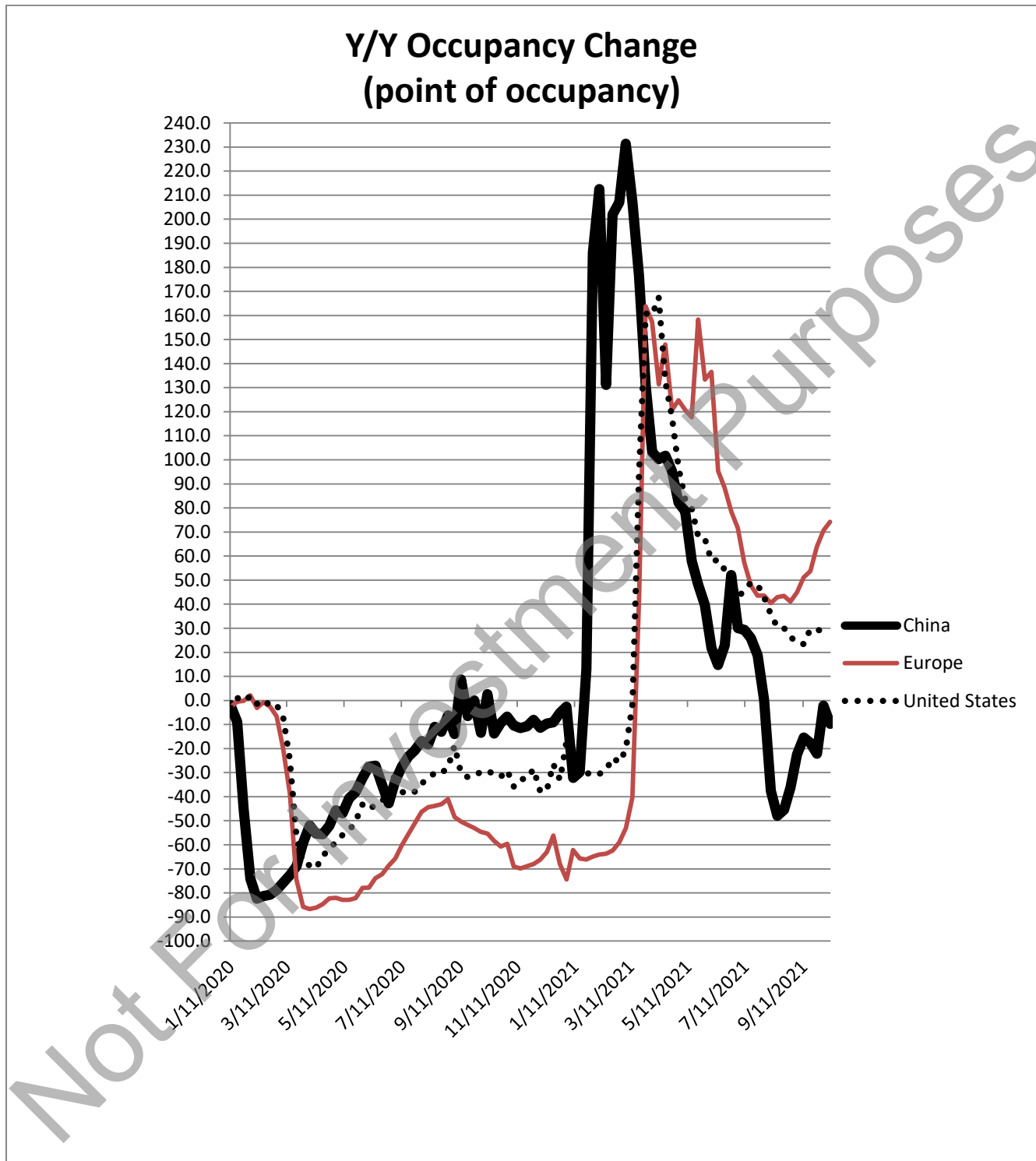
- **China: Absolute occupancy was 53.6%.** *By comparison, occupancy was 59.4% during the comparable week last year.*
- **Europe: Absolute occupancy was 61.8%.** *So far it has been approx. 84 weeks after occupancy first started to see rapid deceleration in Europe. By comparison, occupancy was 35.5% during the comparable week last year.*
- **US: Absolute occupancy was 63.9%.** *So far it has been approx. 83 weeks after occupancy first started to see rapid deceleration in mid-March 2020 in the US. By comparison, occupancy was 50.1% during the comparable week last year.*

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



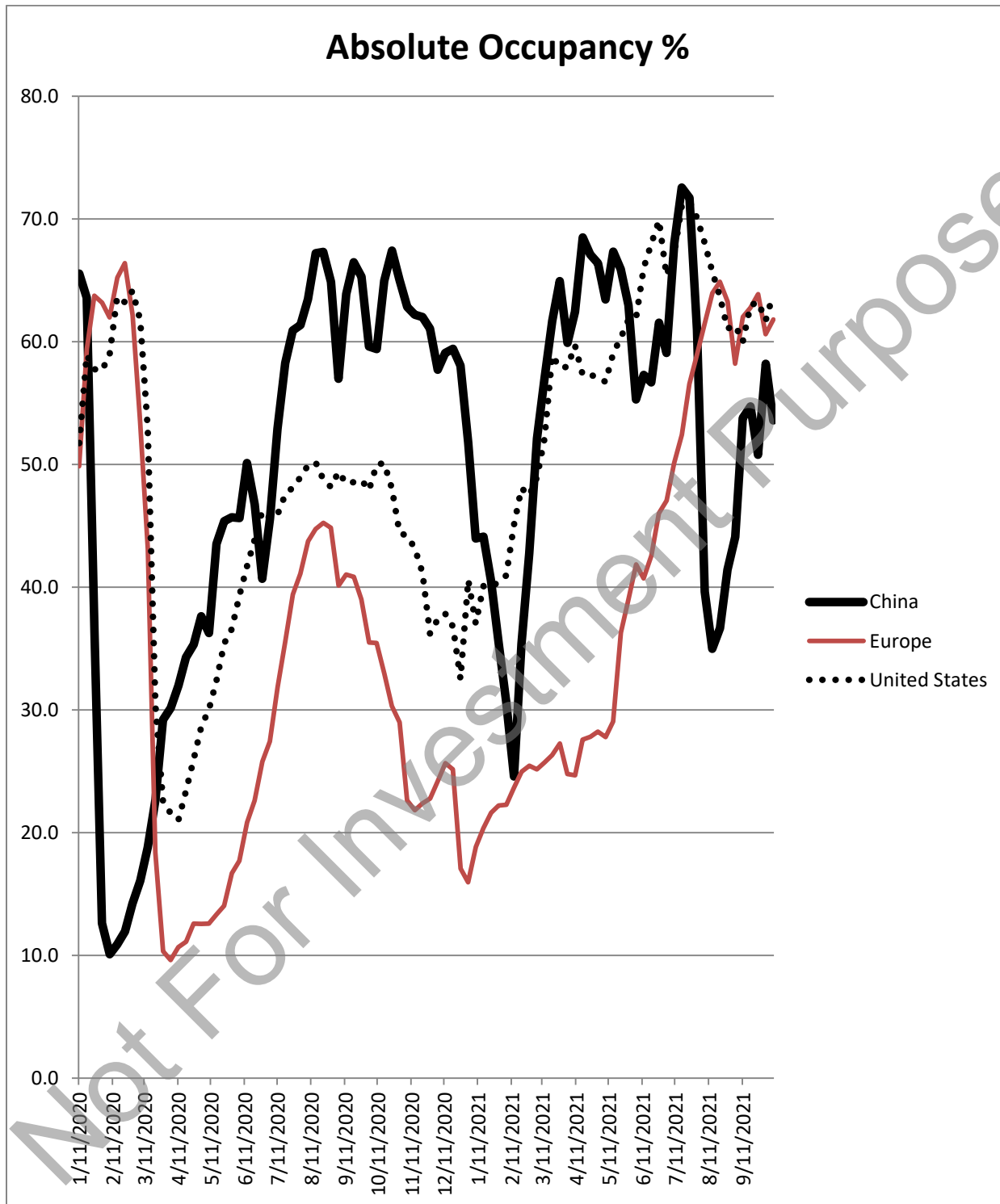
Source: STR, Truist Securities research

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



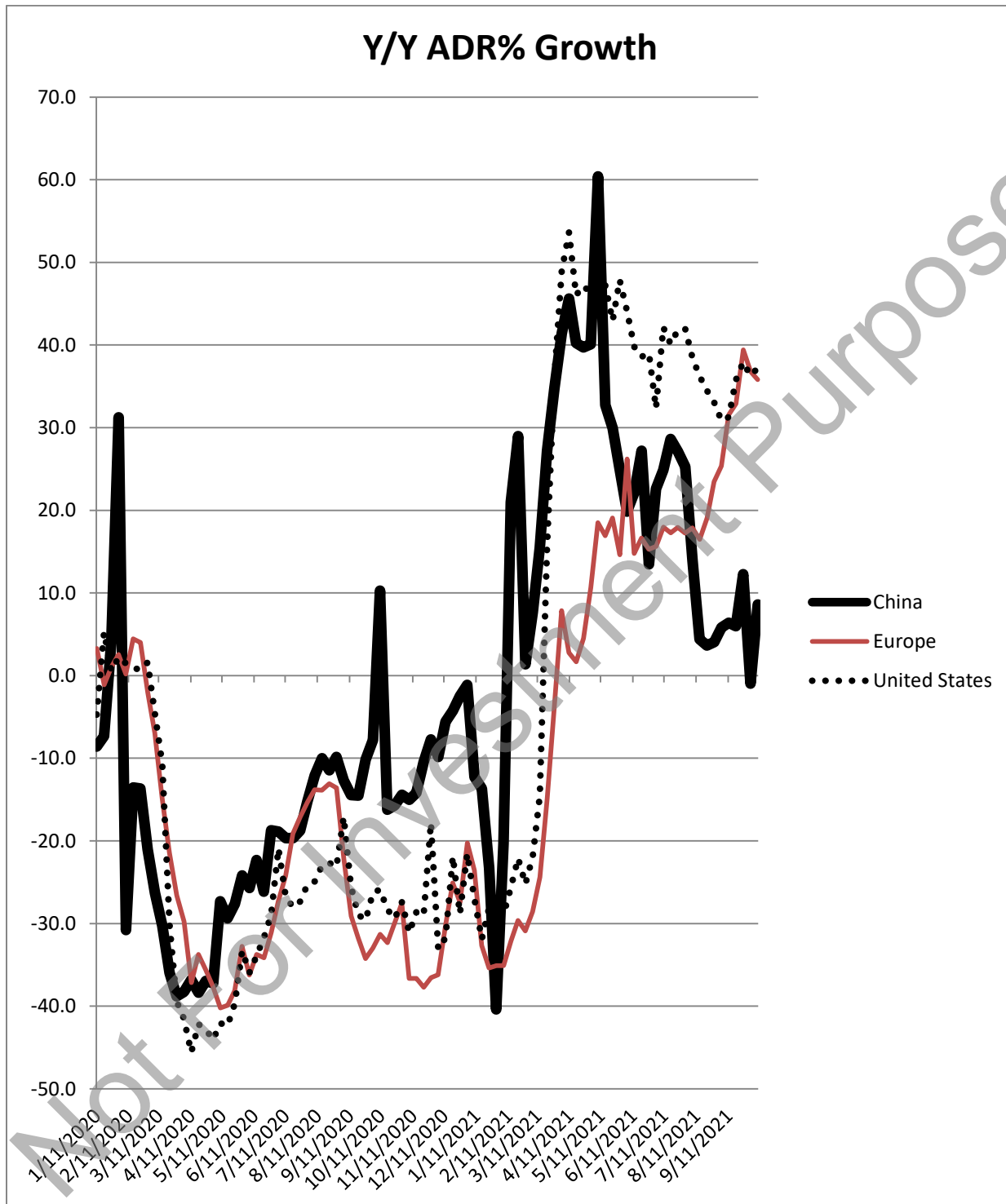
Source: STR, Truist Securities research

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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