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Lodging

China & Europe hotels: RevPAR -19% y/y (2yr: -32%) & +283% y/y (2yr: -14%) for wk ending 11/27

2yr comp: Europe small slippage w/w, China again "less bad" (but still bad)

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What's Inside

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

What's Incremental To Our View

Quick take: Per STR for the week ending November 27th, hotel RevPAR in China in local currency was -19.3% y/y vs. -25.7% y/y in the prior week. Last week's RevPAR was up against a -15.2% 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 -31.6% vs. -40.7% in the prior week's 2-year run-rate.*

- **Versus 2019, China continues to be meaningfully down which we see due to its "zero Covid" strategy (Seattle Times).**

- Regarding Omicron, China is not making major changes likely due to the fact that its travel restrictions are already extremely tight with few if any foreigners able to enter the country (CNN).

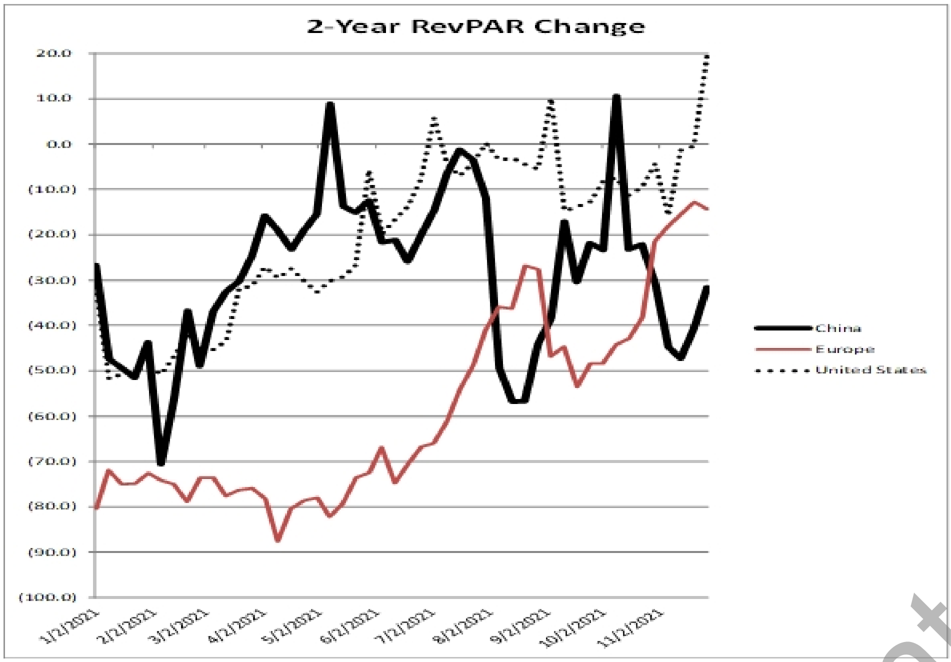
Europe: RevPAR in Europe in Euros was +282.9% y/y vs. +305.0% in the prior week. Last week's RevPAR was up against a -79.7% comparable result in 2020 and -80.7% in the prior week. ***On a 2-year run-rate, RevPAR was -14.3%, vs. the -12.8% in the prior week's 2-year run-rate. Following seven consecutive weeks of week-over-week improvement vs. 2019's levels, this was the first week where results did not improve.***

U.S.: Overall RevPAR was +102.0% y/y, weaker than the prior week's result of +107.6%. Last week's RevPAR was up against a -41.2% comparable result in 2020 vs. -52.2% in the prior week's 2-year run-rate. *On a 2-year run-rate, RevPAR was +19.6% vs. -0.4% in the prior week's 2-year run-rate.*

- While low occupancy holiday weeks can make for unusual y/y and 2-yr comparisons, we note that given a relative clean comp there was a healthy pickup in occupancy (2-yr: +5%) and more to ADR (+14%). Beneficiaries were more midpriced-to-budget hotels and less so on urban markets.

SEE PAGE 7 FOR REQUIRED DISCLOSURE INFORMATION

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



Source: STR, Truist Securities research

RevPAR detail for week ending November 27th vs. trailing 28 days (see charts at end of note for graphical representations):

<u>China (local currency):</u>

- RevPAR was -19.3% y/y for the week ending November 27th, **an improvement from** the -26.2% for the trailing 28 days.
- ADR was +2.8% y/y for the week ending November 27th, **approx. equal to** the +3.1% for the trailing 28 days.
- Occupancy was -21.6% y/y for the week ending November 27th, **an improvement from** the -28.4% for the trailing 28 days.

<u>Europe (in Euros):</u>

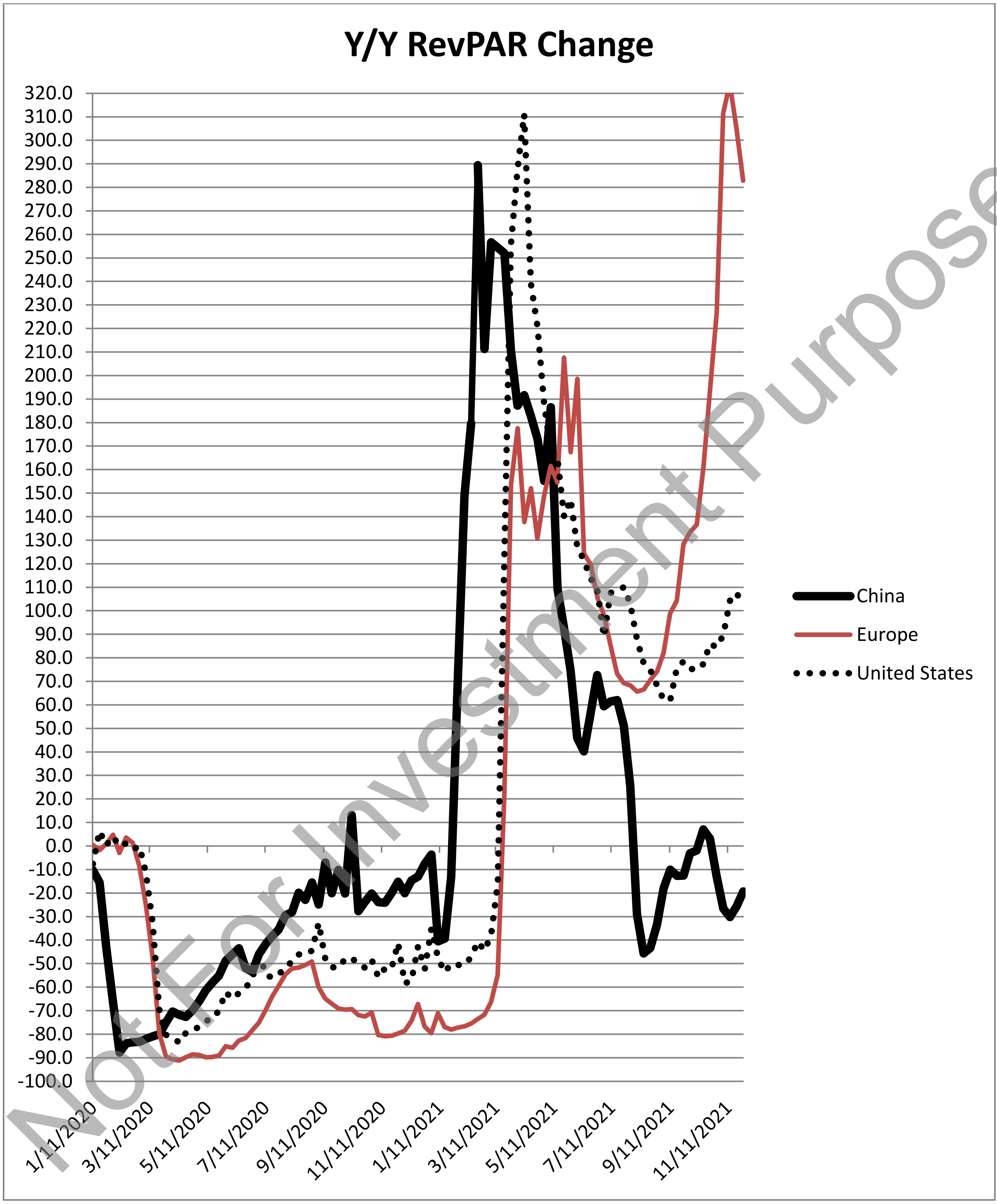
- RevPAR was +282.9% y/y for the week ending November 27th, **a deceleration from** the +306.1% for the trailing 28 days.
- ADR was +60.6% y/y for the week ending November 27th, **approx. equal to** the +60.4% for the trailing 28 days.
- Occupancy was +138.4% y/y for the week ending November 27th, **lower than** the +153.1% for the trailing 28 days.

<u>Additional thoughts and observations:</u>

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

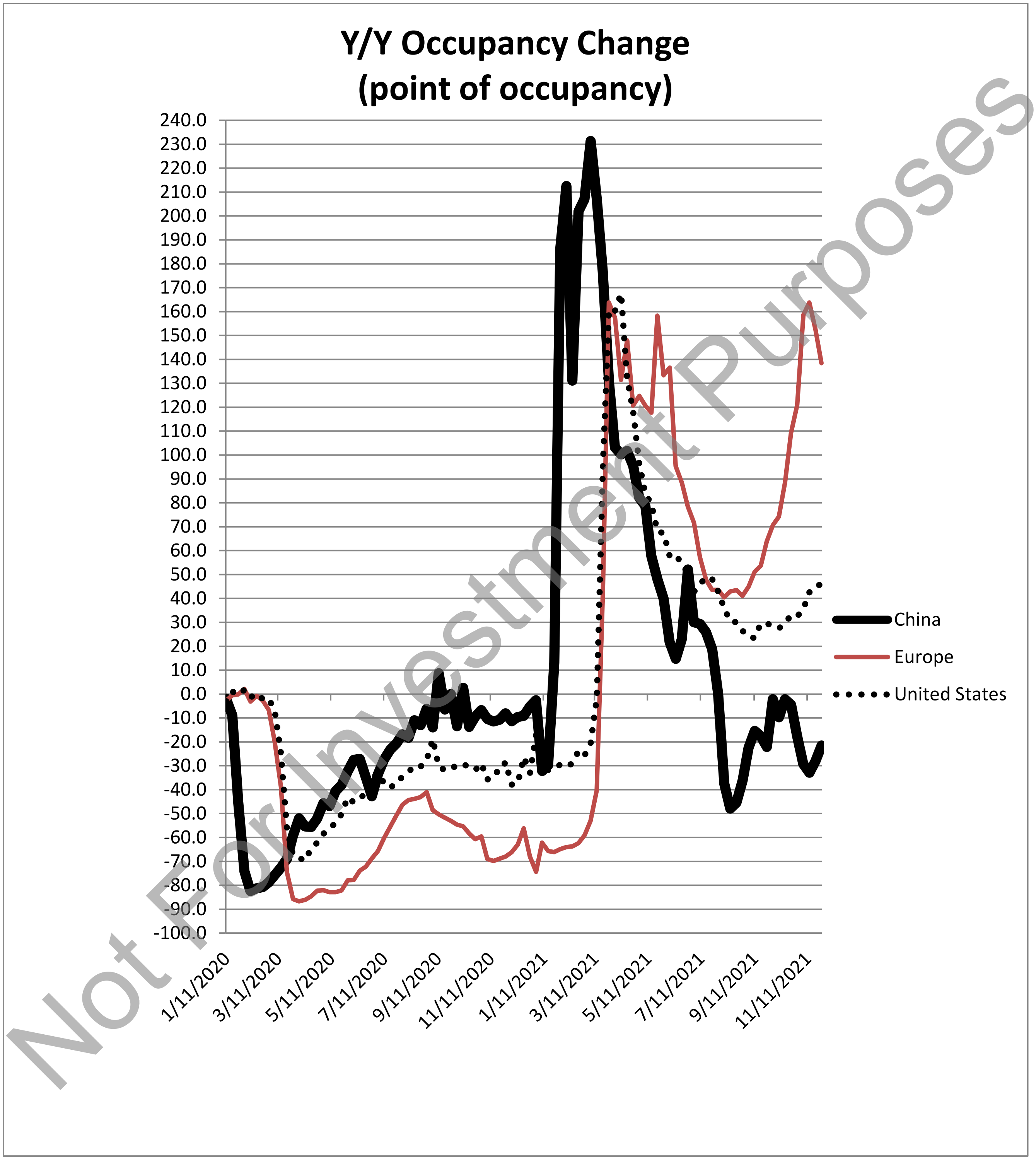
- **China: Absolute occupancy was 48.0%.** *By comparison, occupancy was 61.2% during the comparable week last year.*
- **Europe: Absolute occupancy was 54.1%.** So far it has been approx. 91 weeks after occupancy first started to see rapid deceleration in Europe. *By comparison, occupancy was 22.7% during the comparable week last year.*
- **US: Absolute occupancy was 53.0%.** So far it has been approx. 90 weeks after occupancy first started to see rapid deceleration in mid-March 2020 in the US. *By comparison, occupancy was 36.3% during the comparable week last year.*

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



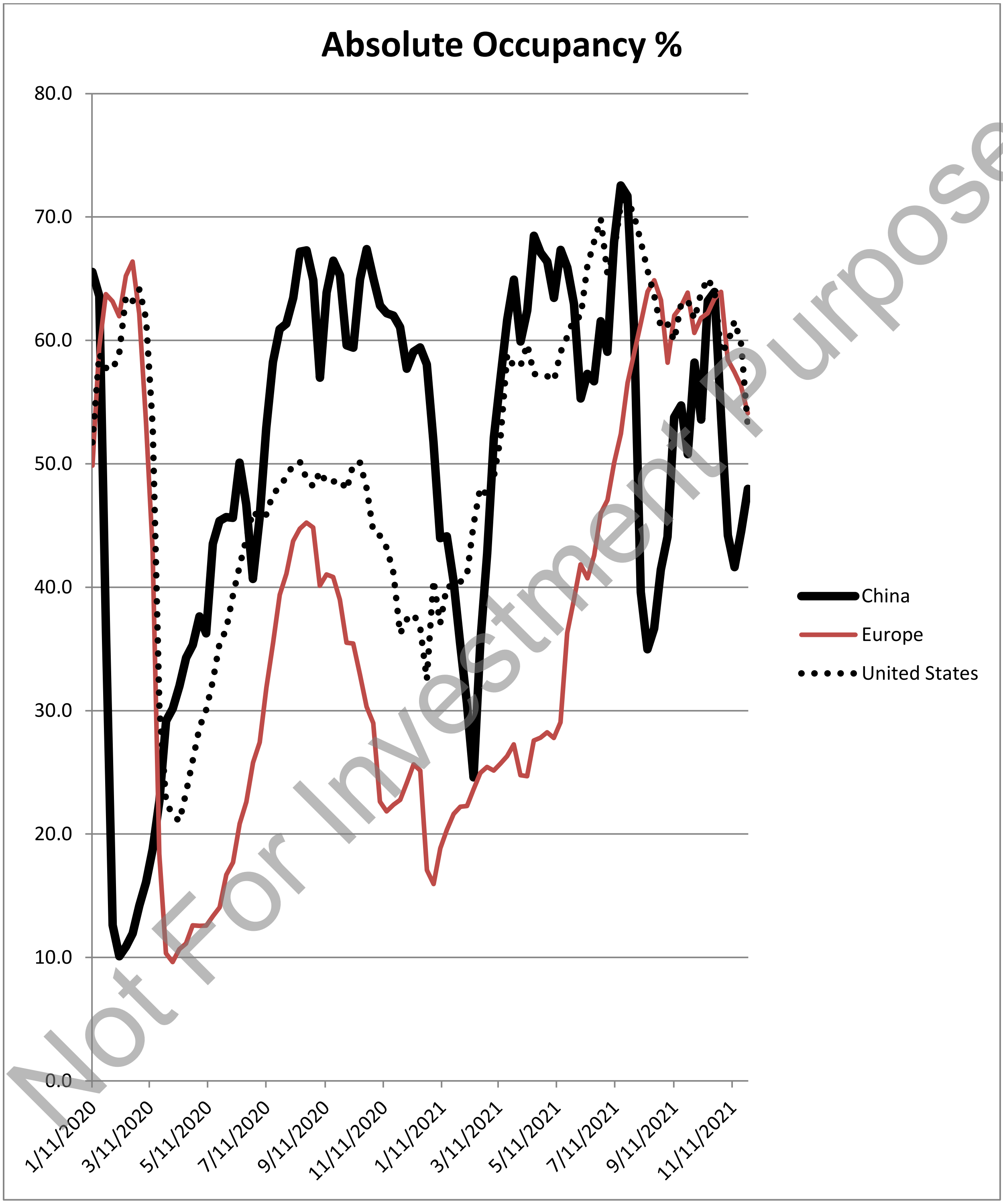
Source: STR, Truist Securities research

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



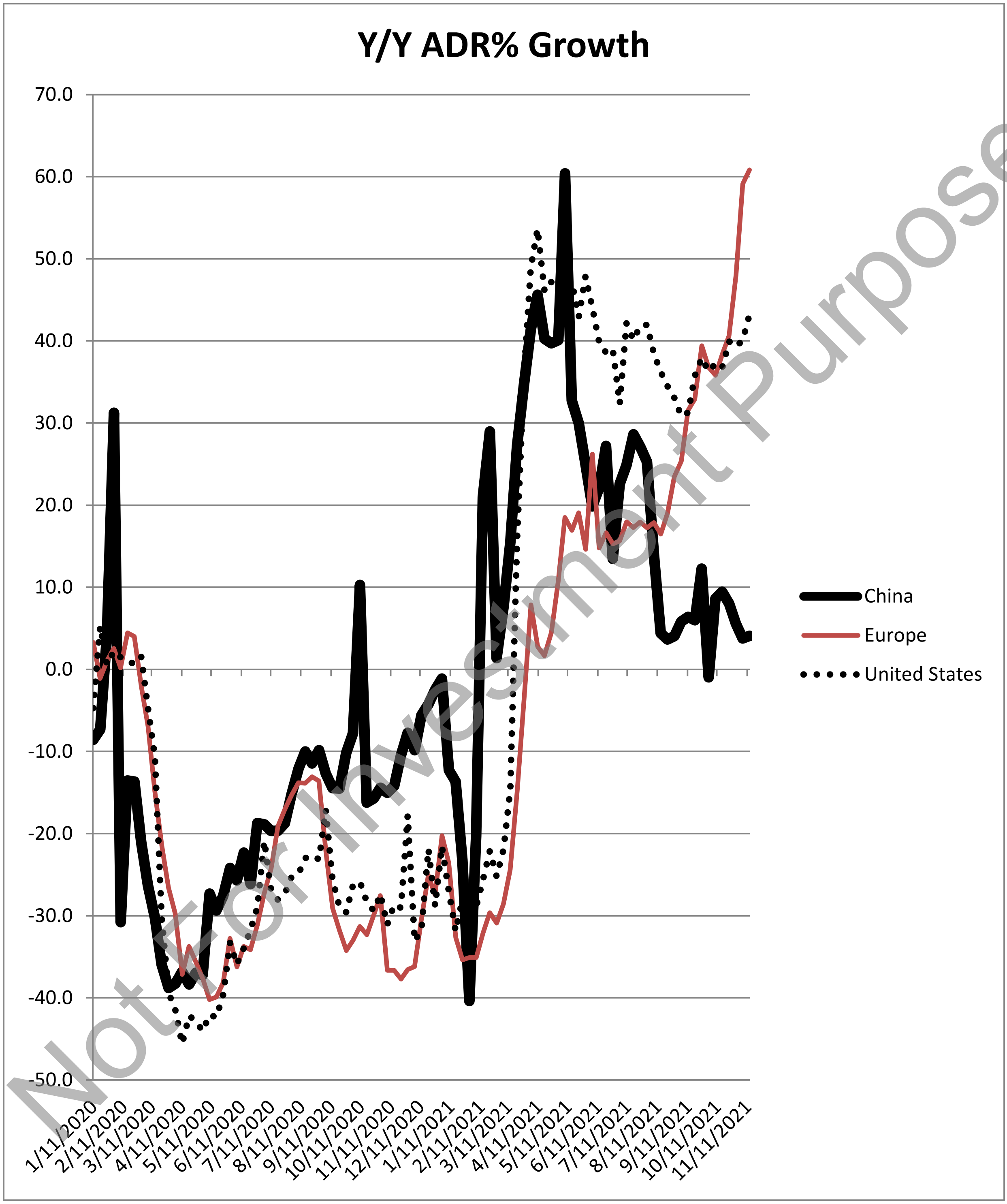
Source: STR, Truist Securities research

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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