

CONSUMER: Lodging

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Reasons for this report

✓ Our analysis of the most recent weekly China and Europe lodging results

China & Europe hotels: RevPAR +29% y/y (vs. '19: -35%) & +220% y/y (vs. '19: -16%) for wk ending 2/26

Quick take: Per STR for the week ending February 26th, hotel RevPAR in China in local currency was +29.5% y/y vs. +14.0% y/y in the prior week. Last week's RevPAR was up against a +211.2% comparable result in 2021 vs. +289.4% in the prior week. *Versus 2019, which we believe is an equally if not more important KPI, RevPAR was -35.1% vs. -32.7% in the prior week's result.*

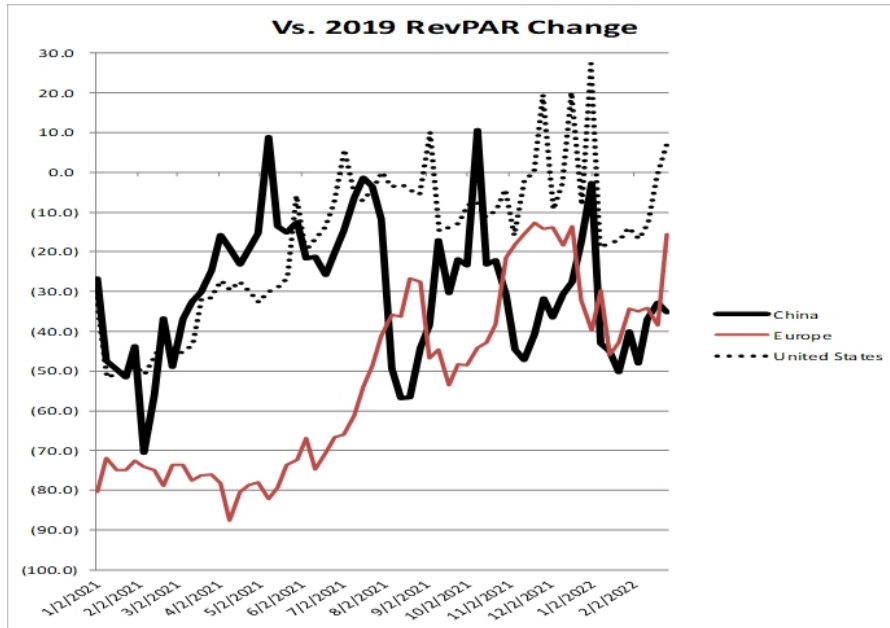
- Ongoing lockdowns continue to suppress travel. See exhibit 1.

Europe: RevPAR in Europe in Euros was +219.5% y/y vs. +191.5% in the prior week. Last week's RevPAR was up against a -71.7% comparable result in 2021 and -73.5% in the prior week. *Versus 2019, RevPAR was -15.6% vs. the -38.4% in the prior week's result.* Given Russia/Ukraine concerns, we are not sure as to the reason for the strong week-over-week improvement, though it could be due to omicron in remission.

U.S.: Overall RevPAR was +93.8% y/y, stronger than the prior week's result of +69.1%. Last week's RevPAR was up against a -44.5% comparable result in 2021 vs. -40.6% in the prior week. *On a 3-year run-rate (vs. 2019), RevPAR was +7.7% vs. -0.8% in the prior week's 3-year run-rate. The headline results look appealing. As discussed in last week's note, President's Day weekend demand was very strong to many hotels that benefit from leisure demand. However, comps are noisy given holiday calendar shifts. March comps should offer cleaner comparisons.*

- While Valentine's Day and President's Day calendar shifts from 2019/2021 complicate our analysis of last week's results, we believe reduced omicron impact is also apparent in midweek results as a tailwind. We await clean comps over the next few weeks to better assess the recovery of corporate and large group demand (Easter/Passover/Good Friday calendar shifts are not until later in March).

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



Source: STR, Truist Securities research

RevPAR detail for week ending February 26th vs. trailing 28 days (see charts at end of note for graphical representations):

China (local currency):

- RevPAR was +29.5% y/y for the week ending February 26th, a **deceleration from** the +40.2% for the trailing 28 days.
- ADR was +13.6% y/y for the week ending February 26th, **above** the +12.2% for the trailing 28 days.
- Occupancy was +14.0% y/y for the week ending February 26th, **below** the +24.9% for the trailing 28 days.

Europe (in Euros):

- RevPAR was +219.5% y/y for the week ending February 26th, an **improvement from** the +183.8% for the trailing 28 days.
- ADR was +49.8% y/y for the week ending February 26th, **higher than** the +43.9% for the trailing 28 days.
- Occupancy was +113.3% y/y for the week ending February 26th, an **improvement from** the +97.2% 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 51.3%. By comparison, occupancy was 45.0% during the comparable week last year.
- **Europe:** Absolute occupancy was 54.1%. By comparison, occupancy was 25.4% during the comparable week last year.
- **US:** Absolute occupancy was 62.2%. By comparison, occupancy was 47.4% during the comparable week last year.

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