HEU Report

Europe

Hotrec
Hospitality Europe

MARCH 2022

ANALYSIS OF HOTEL RESULTS – MARCH 2022

The European hotel industry in the starting blocks

The health situation, which is experiencing happier days, is favouring European hotel performance. This improvement is reflected in a gap in RevPAR between 2022 and 2019 that is narrowing over the months, symbolising a situation increasingly close to its pre-crisis level. But in the middle-distance race that is the European hotel recovery, some destinations are leading the way, and others are lagging behind.
At the end of winter 2022, the health context is increasingly favourable to the recovery of tourism in Europe: the end of the obligation to wear masks indoors, the suspension of the health pass, and the more flexible border controls for visitors from most countries in the world are encouraging the recovery of tourism in Europe. This is reflected in figures that are improving month after month.

This more favourable context makes it possible to post an overall RevPAR of "only" -16.6% lower than March 2019 : the average price stands at +4% of its 2019 level and the rate of frequentation, although 14 points lower than its 2019 level, is also on a catch-up trend.
Compared to the previous month (February 2022 vs. February 2019), all countries have seen a closing of the activity gap in March 2022 compared to March 2019. However, while the recovery in tourism is undeniable, not all countries have yet recovered their full tourism strength.
France and the United Kingdom show a very encouraging recovery of their activity with only -4.9% and -4.5% difference with the 2019 level. The return of international customers combined with the gradual lifting of restrictions (end of wearing masks, health pass, etc.) and an increase of prices, has enabled the two countries to post positive results.

Spain is also getting closer with a level of activity of "only" -10.4% whereas the gap was still -25% in February compared to the same period before the crisis. Greece, Italy and Portugal are lagging further behind with a gap in activity oscillating between -23.6% and -27.4% compared to 2019, but the arrival of the summer season should boost the number of visitors and prices of these destinations. With an activity gap of -33.5% to -38.0% relative to 2019, the Benelux countries are still suffering from the later recovery of business tourism, but a catching-up effect can nevertheless be observed in March with performances gradually approaching the season normals. Indeed, the Netherlands lifted the sanitary restrictions later than its European neighbours, which also explains a delay due to a recovery that has only just begun. But this is Germany that is struggling the most to return to a normal situation with a -50.4% gap in its RevPAR compared to 2019. Its occupancy rate is the fourth lowest in Europe, and has the most delayed average price compared to 2019 (-16.2%). Conversely, the return to the green of two European countries, Poland and Hungary, with higher levels of RevPAR in March compared to the same period in 2019 (with +4.8% and +10% respectively) can be explained in part by the crisis in Ukraine and the associated travel. Conversely, Latvia (-38%) suffers from the absence of Russian customers, which are traditionally important there. However, this trend does not apply in the same way depending on the range: while top-of-the-range hotels are still suffering a loss of more than a quarter of their RevPAR compared with March 2019, this loss is relatively less marked for mid-range and economy hotels, with falls of 22.3% and 18.6% respectively, and is even lower for the budget category (more present in France and the United Kingdom in particular), which is only -8.2% of its initial level. In terms of occupancy, top-of-the-range hotels are rapidly catching up, since they have experienced the strongest growth in one year and are now "only" 18% lower than in March 2019.

Regarding prices, all the ranges have almost returned to their pre-crisis level with only a 3% difference compared to March 2019. Specifically, with no change compared to 2019, top-of-the-range hotels have returned to their average price, and European budget hotels have even seen an increase of +1.9% compared to March 2019. Hotels in the mid-range and super-economy ranges follow suit with only -1.1% and -1.0% difference from their average prices posted in 2019. This shows that after the Covid-19 tsunami, the hotel economy is gradually returning to its pre-crisis colours. The extended weekends in the spring and the arrival of fine weather should confirm this trend.

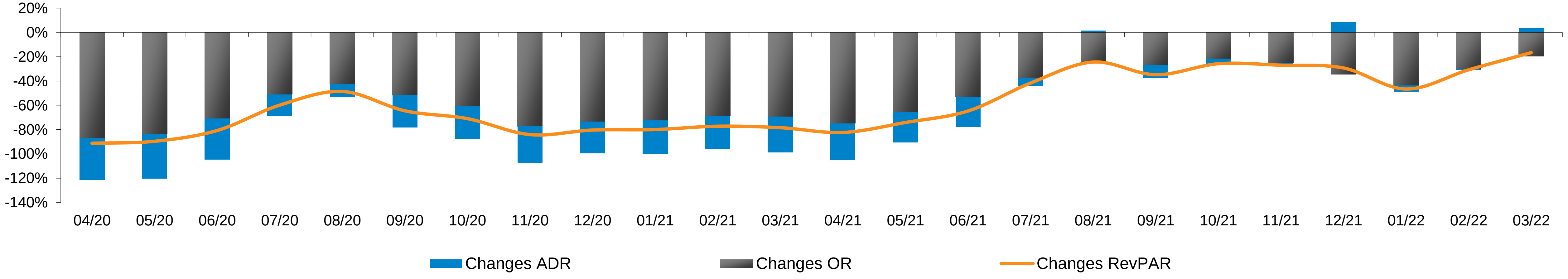
HOTEL RESULTS BY SEGMENT IN EUROPE – MARCH 2022 vs MARCH 2019

MONTHLY RESULTS			
	Occupancy Rate (pts)	Average Daily Rate (€ VAT excL) (%)	RevPAR (€ VAT excl) (%)
2*	-8,8	-1,3%	-13,9%
3*	-11,2	3,4%	-13,3%
4*	-17,1	3,8%	-21,7%
5*	-16,3	25,0%	-5,9%
Global	**-13,6**	**3,9%**	**-16,6%**

YTD RESULTS			
	Occupancy Rate (pts)	Average Daily Rate (€ VAT excL) (%)	RevPAR (€ VAT excl) (%)
2*	-13,0	-2,7%	-22,6%
3*	-16,7	-0,7%	-26,7%
4*	-23,7	-0,5%	-36,8%
5*	-23,3	24,9%	-22,0%
Global	**-19,4**	**-0,5%**	**-30,6%**

Note : The indicators are compared to the same period of 2019, i.e. MARCH 2022 vs MARCH 2019

OR, ADR and RevPAR change - Last 24 months

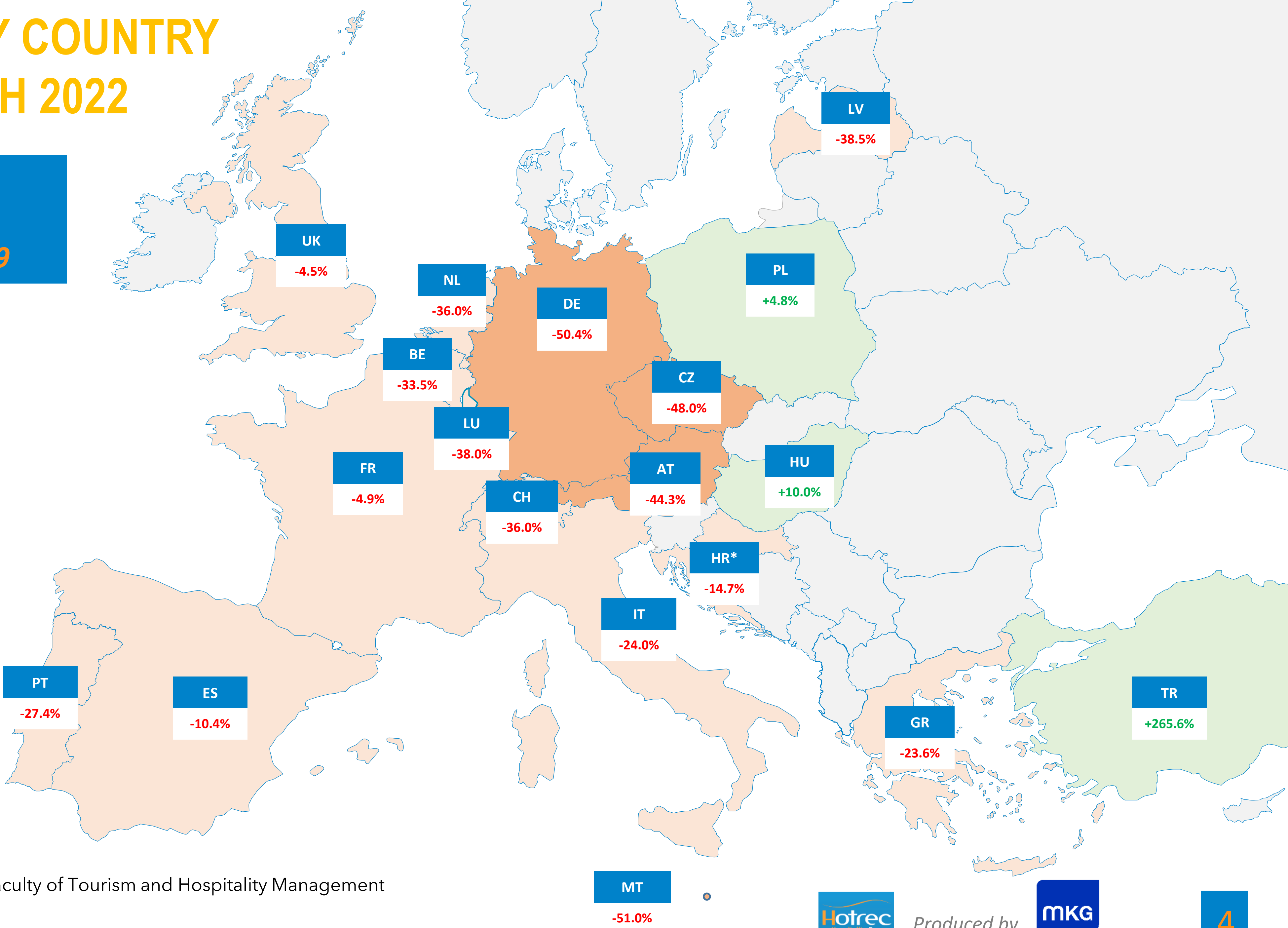


Note: starting from March 2021, the variation is compared to Y-2

HOTEL RESULTS BY COUNTRY IN EUROPE – MARCH 2022

Monthly Results - RevPAR change by country MARCH 2022 vs MARCH 2019

European average
-16.6%



Sup. to 0%

Between -40% and 0%

Between -80% and -40%

Inf. to -80%

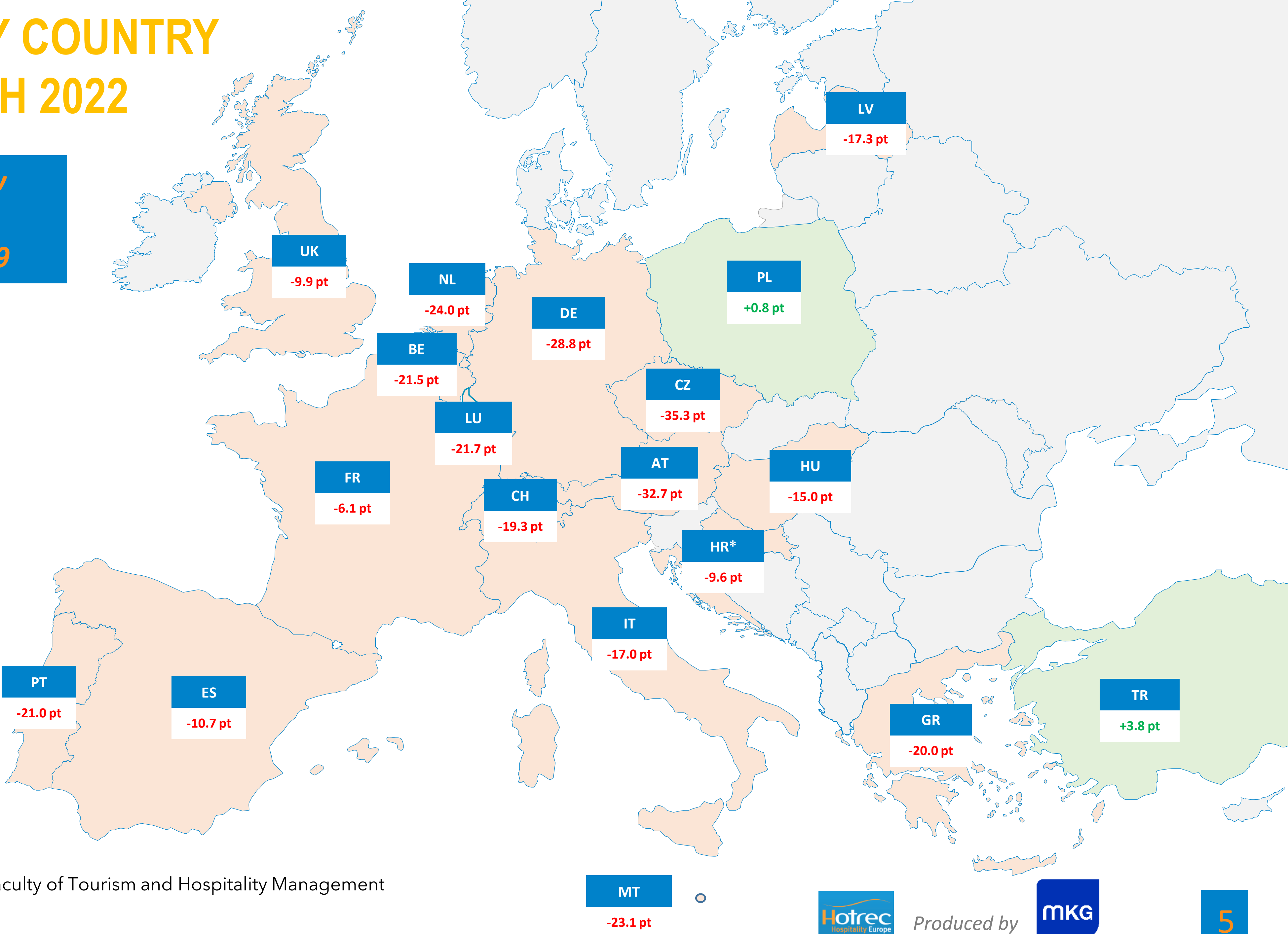
*provided by the University of Rijeka, Faculty of Tourism and Hospitality Management

HOTEL RESULTS BY COUNTRY IN EUROPE – MARCH 2022

Monthly Results – Occupancy Rate change by country MARCH 2022 vs MARCH 2019

European average

-13.6 pt



Sup. to 0 pt

Between -40 and 0 pt

Between -70 and -40 pts

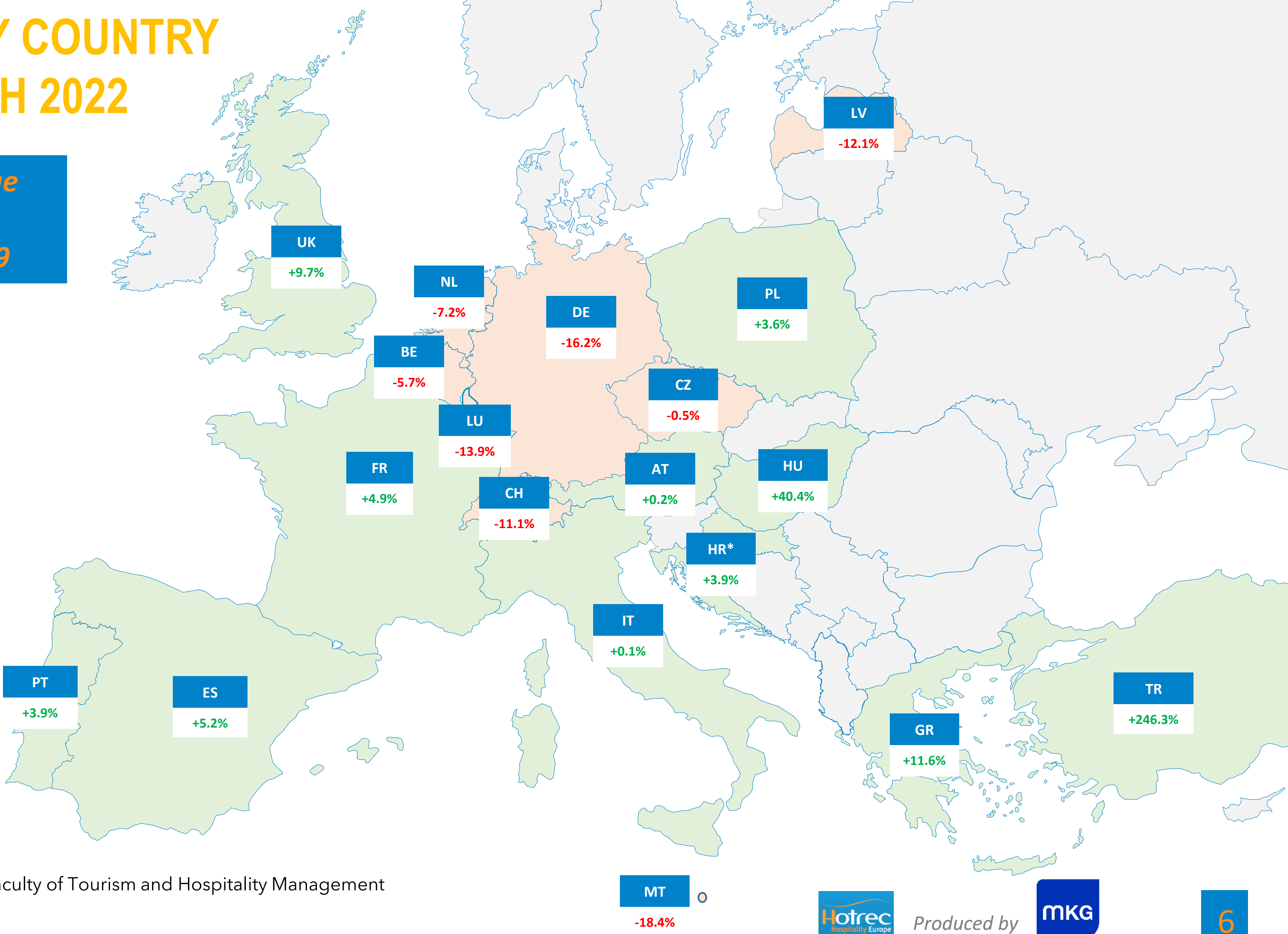
Inf. to -70 pts

*provided by the University of Rijeka, Faculty of Tourism and Hospitality Management

HOTEL RESULTS BY COUNTRY IN EUROPE – MARCH 2022

Monthly Results - ADR change by country
MARCH 2022 vs MARCH 2019

European average
+3.9%



Sup. to 0%
Between -40% and 0%
Between -80% and -40%
Inf. to -80%

*provided by the University of Rijeka, Faculty of Tourism and Hospitality Management

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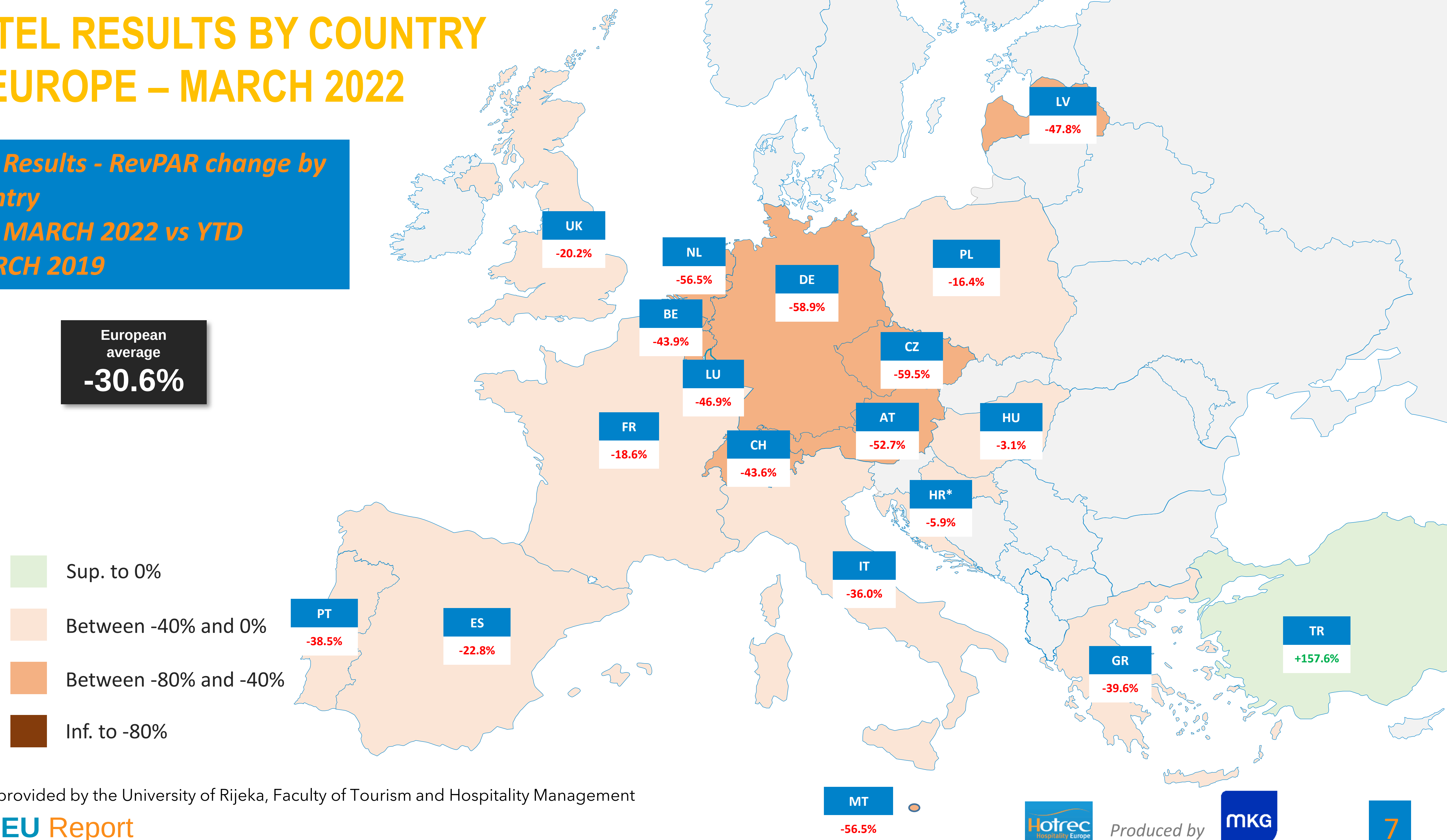
HOTEL RESULTS BY COUNTRY IN EUROPE – MARCH 2022

YTD Results - RevPAR change by country
YTD MARCH 2022 vs YTD MARCH 2019

European average
-30.6%



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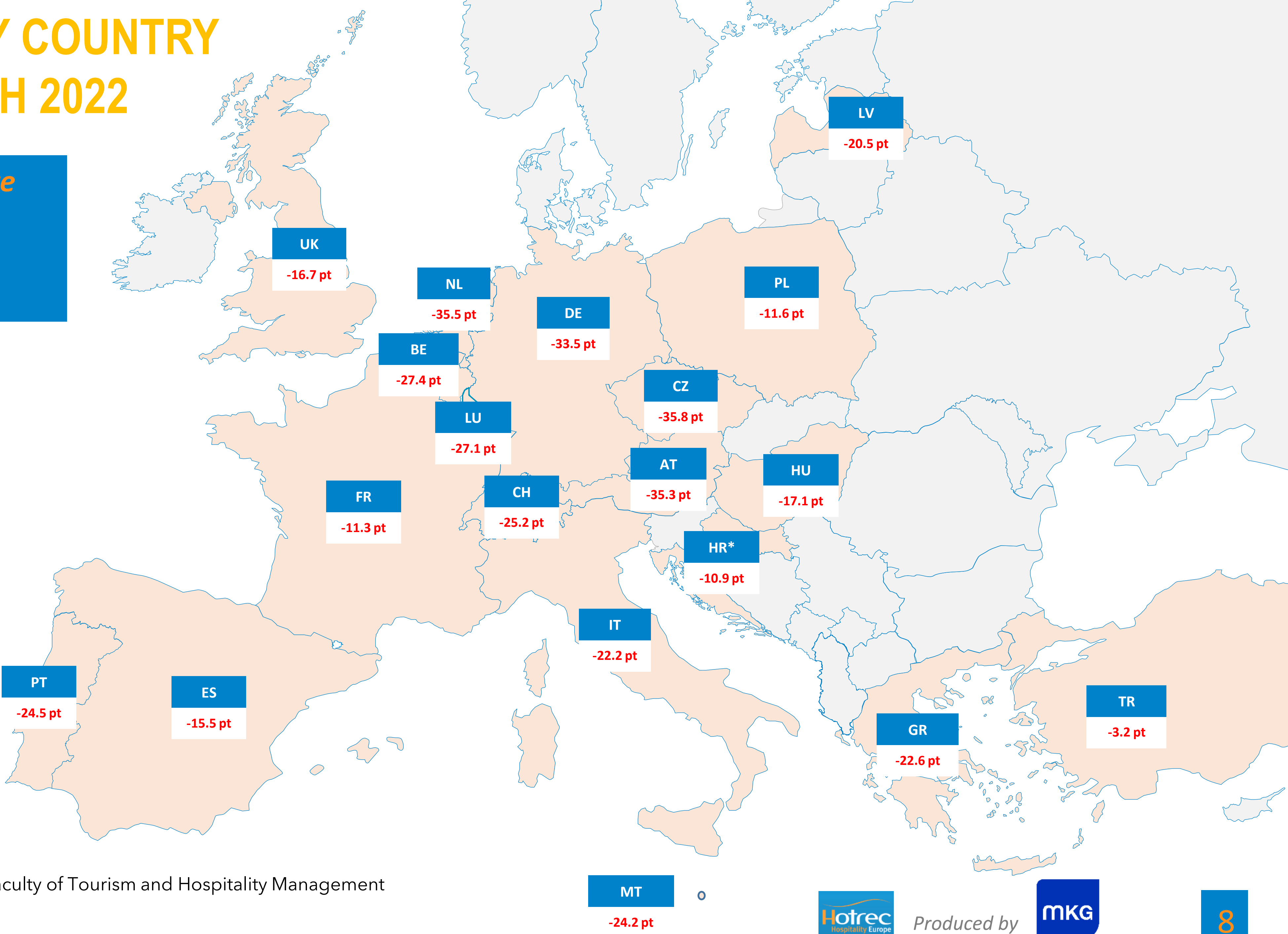
HOTEL RESULTS BY COUNTRY IN EUROPE – MARCH 2022

YTD Results – Occupancy Rate change by country YTD MARCH 2022 vs YTD MARCH 2019

European average
-19.4 pt



Sup. to 0 pt

Between -40 and 0 pt

Between -70 and -40 pts

Inf. to -70 pts

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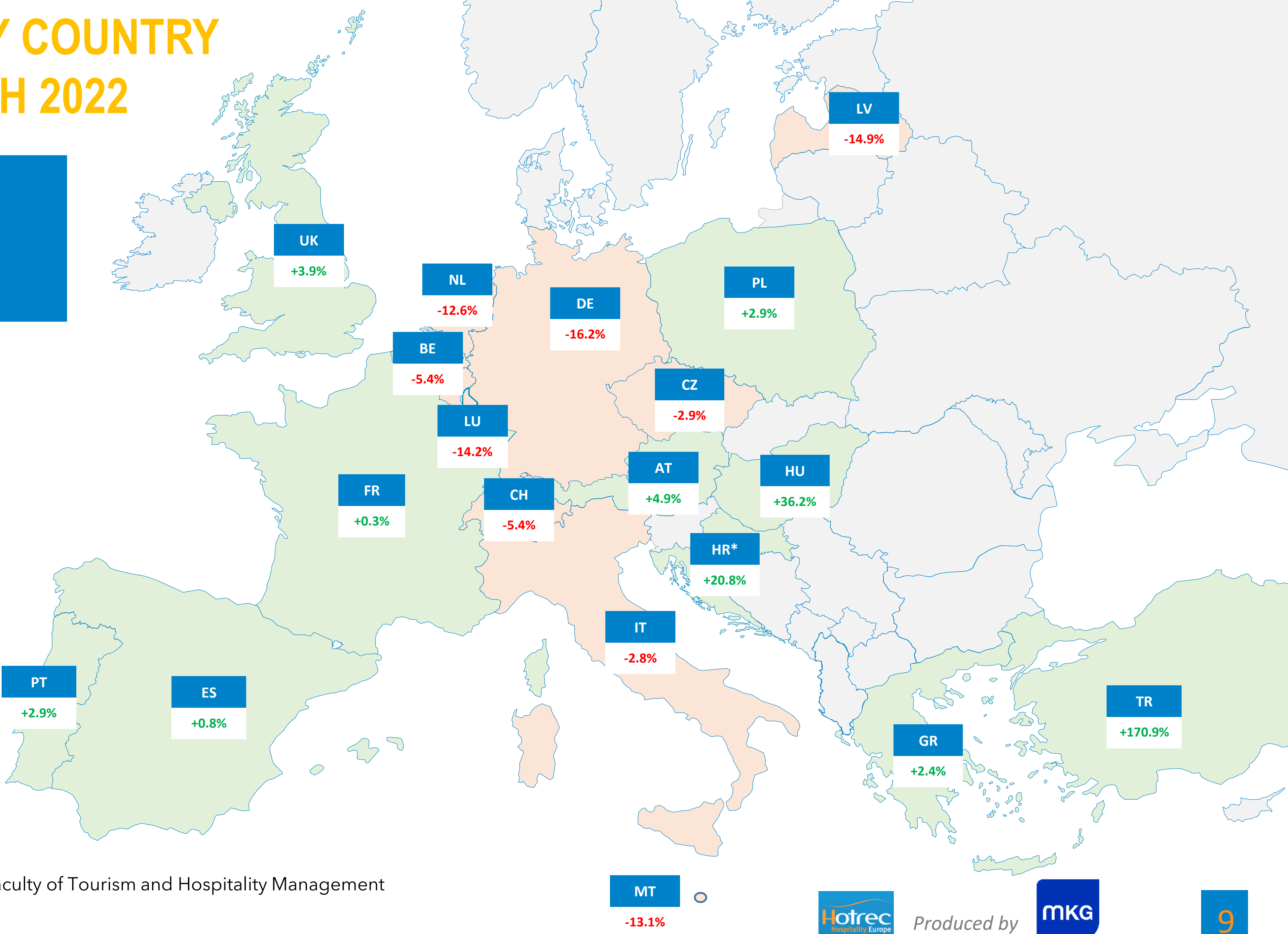
HOTEL RESULTS BY COUNTRY IN EUROPE – MARCH 2022

YTD Results - ADR change by country
YTD MARCH 2022 vs YTD MARCH 2019

European average
-0.5%



- Sup. to 0%
- Between -40% and 0%
- Between -80% and -40%
- Inf. to -80%

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METHODOLOGY

1 Conventions

The report presents the results of corporate brand hotels in Europe. The sample consists of a total of more than 6,500 hotels, representing more than 800,000 rooms. The breakdown by segment is as follows: 30% for Budget and Economic hotels, 30% for midscale hotels and 40% for upscale hotels.

Hotels are classified according to the hotel star system: from 1* to 5*. The category of corporate chain hotels are allocated individually according to MKG Hospitality's market expertise and reflect the "marketing classification" in complement to the official rating system(s) of the country (if any). The category breakdowns for global supply are taken from MKG Hospitality's database and from information provided by statistical and/or hotel industry institutions (e.g. associations, unions).

2 Glossary

- **Occupancy rate:** Number of sold rooms divided by number of available rooms
- **Average daily rate:** Room revenue divided by number of sold rooms
- **RevPAR:** Occupancy rate x average daily price or room revenue divided by available rooms
- **Available rooms:** Capacity x number of operating days (within a month)
- **Sold rooms:** Capacity x number of operating days x occupancy rate
- **Room revenue:** Room revenue expressed net of VAT (excluding other types of revenue such as food and beverage, etc.)