HEU Report

Europe

Hotrec
Hospitality Europe

SEPTEMBER 2022

ANALYSIS OF HOTEL RESULTS – SEPTEMBER 2022

The European hotel industry between Leisure & Corporate

September allows the hotel industry to enjoy the last summer's leisure tourists and the first corporate clientele. As a result, some countries are doing better than others. Here is an overview of performance in the European hotel industry in September.
At the same time last year, the hotel industry was still searching for its business and international clientele. This year, that seems to be away: in September, the European hotel industry posted a RevPAR higher than before the crisis, with an +12.2% growth. The average price, which had already moved into the green recently, now stands at €101, which is +17.5% higher than September 2019, and the European-wide occupancy rate is now only 3.7 points below its pre-Covid standards.

Italy is the best student in September with RevPAR up 28.1% relative to September 2019 followed by Greece (+16%), Portugal (13.6%) and France (11.7%). Italy, as usual, is benefiting from a summer season that extends longer into the off-season, as is Greece, while France is experiencing in September both a strong presence of leisure tourists in certain regions and the return of business customers in major cities. Spain is nonetheless behind its Southern European neighbors, with RevPAR up "only" 3.8% due to a 4.4 point difference in occupancy rates compared to the pre-crisis period and a more moderate price increase than its counterparts (+9.5%). Spain was hit hard by air strikes and fires at the end of the summer and was not able to enjoy such a good season. The United Kingdom also performed well with a RevPAR that increased by +11.3% supported by a 17% increase in prices relative to September 2019. Inflation hit the country particularly hard in September with a peak of 10%.
Germany posted a 10.8% increase in business, driven by an 18.9% rise in prices, while occupancy is only 5.5 points below its pre-COVID level. Benefiting from a large domestic clientele and the return of foreign and business customers, the German hotel industry is recovering. The Benelux countries, on the other hand, are struggling to return to their standards. Only the Netherlands has achieved a higher level of RevPAR than in 2019 (+2.6%), while Belgium and Luxembourg still have negative results (-6.9% and -0.7%) due to a further slowdown in corporate activity. And these destinations, which are highly dependent on international clients, are all the more affected by the accumulation of crises in Europe (Ukraine, energy, inflation, staff shortages, etc.). Austria nevertheless managed to exceed its RevPAR level by 3.1% in September thanks to a 9.8% increase in its average price.

On a continental scale, however, results are good and the only countries left behind with negative results are the Czech Republic and Latvia, still impacted by the geopolitical situation, and Belgium (-6.9%) and Switzerland (-4.4%), which are dependent on international business clients. Hungary and Luxembourg are also in negative territory, but very close to their pre-crisis levels with differences of only -1.4% and -0.7%. With the return of international customers and the leisure-business mix specific to September, all ranges performed better than in 2019: budget hotels posted an 11.6% increase in RevPAR, upscale hotels 10.5%, and economy and midscale hotels 9.3% and 8.1%. In terms of prices, the upscale market has managed to increase its prices by nearly 20%, while the other segments are around 13%. On the other hand, in terms of occupancy, the budget segment is doing best with a gap of -0.9 points while the upscale segment is still at -6.1 points. But uncertainty reigns over the coming weeks: rising inflation, the energy crisis, strikes... What will be the fate of the European hotel industry in the months to come?

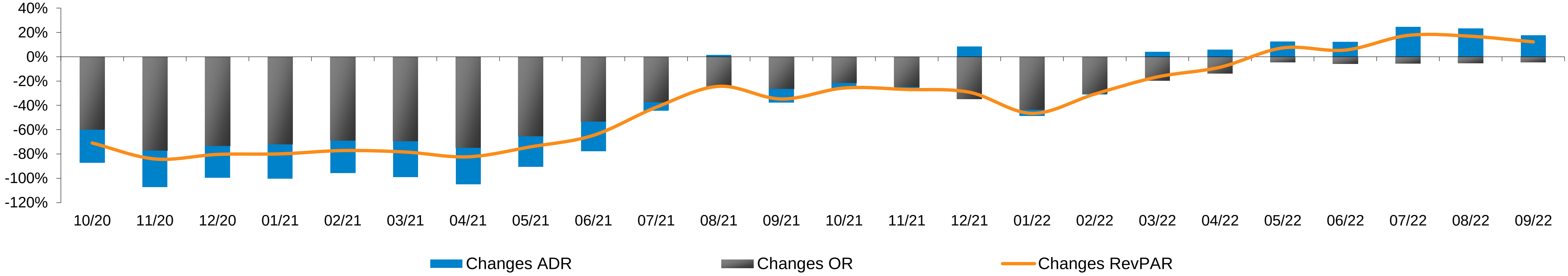
HOTEL RESULTS BY SEGMENT IN EUROPE – SEPTEMBER 2022 vs SEPTEMBER 2019

MONTHLY RESULTS			
	Occupancy Rate	Average Daily Rate (€ VAT excL)	RevPAR (€ VAT excl)
	(pts)	(%)	(%)
2*	-1,5	14,2%	12,0%
3*	-2,6	14,8%	11,0%
4*	-5,3	16,2%	8,7%
5*	-4,8	33,3%	25,3%
Global	**-3,7**	**17,5%**	**12,2%**

YTD RESULTS			
	Occupancy Rate	Average Daily Rate (€ VAT excL)	RevPAR (€ VAT excl)
	(pts)	(%)	(%)
2*	-5,6	8,5%	0,2%
3*	-8,0	10,9%	-1,2%
4*	-12,6	11,9%	-7,1%
5*	-13,2	31,3%	7,3%
Global	**-9,8**	**12,3%**	**-2,7%**

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

OR, ADR and RevPAR change - Last 24 months

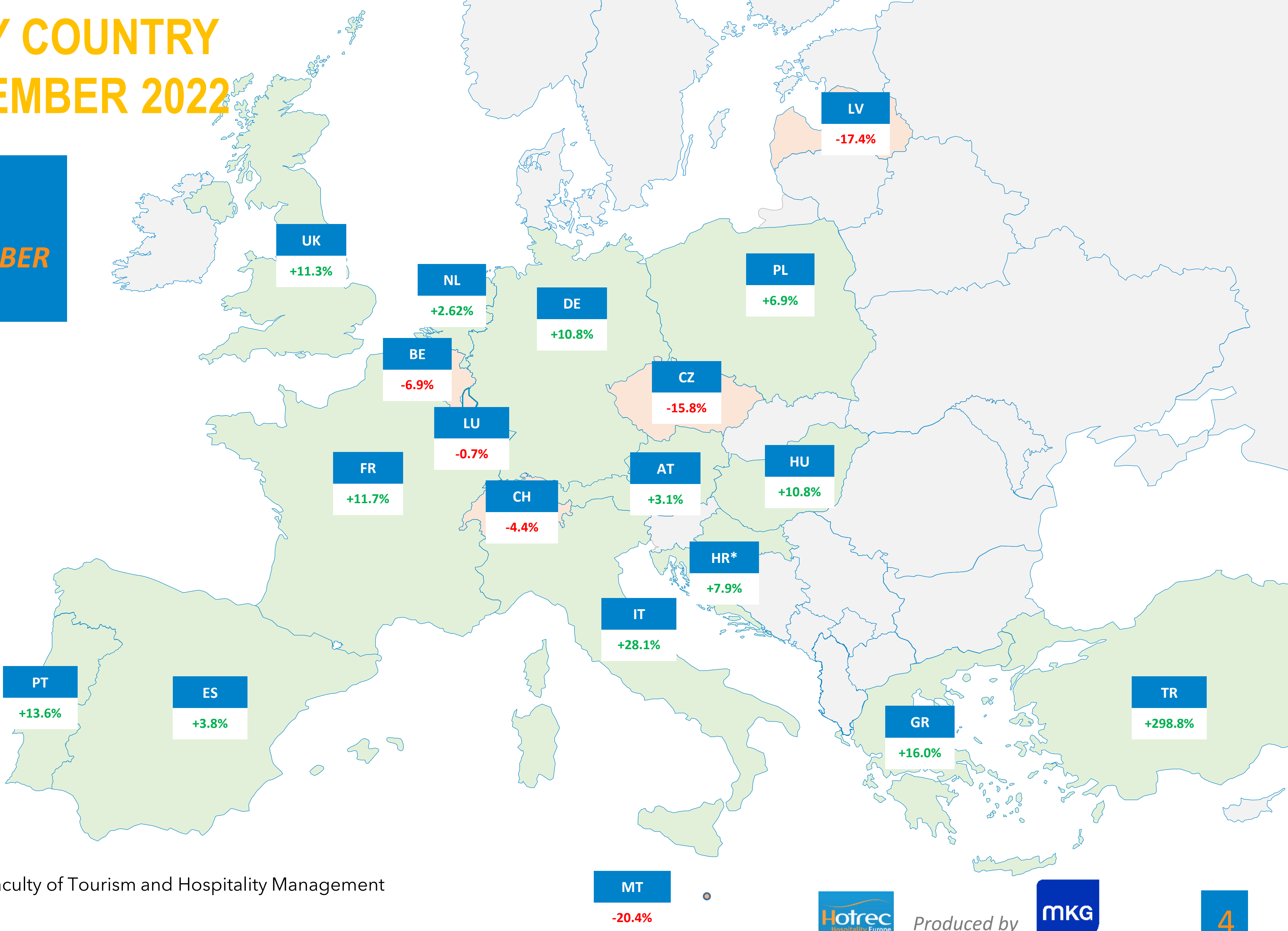


Note: starting from March 2021, the variation is compared to Y-2

HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2022

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

European average
+12.2%



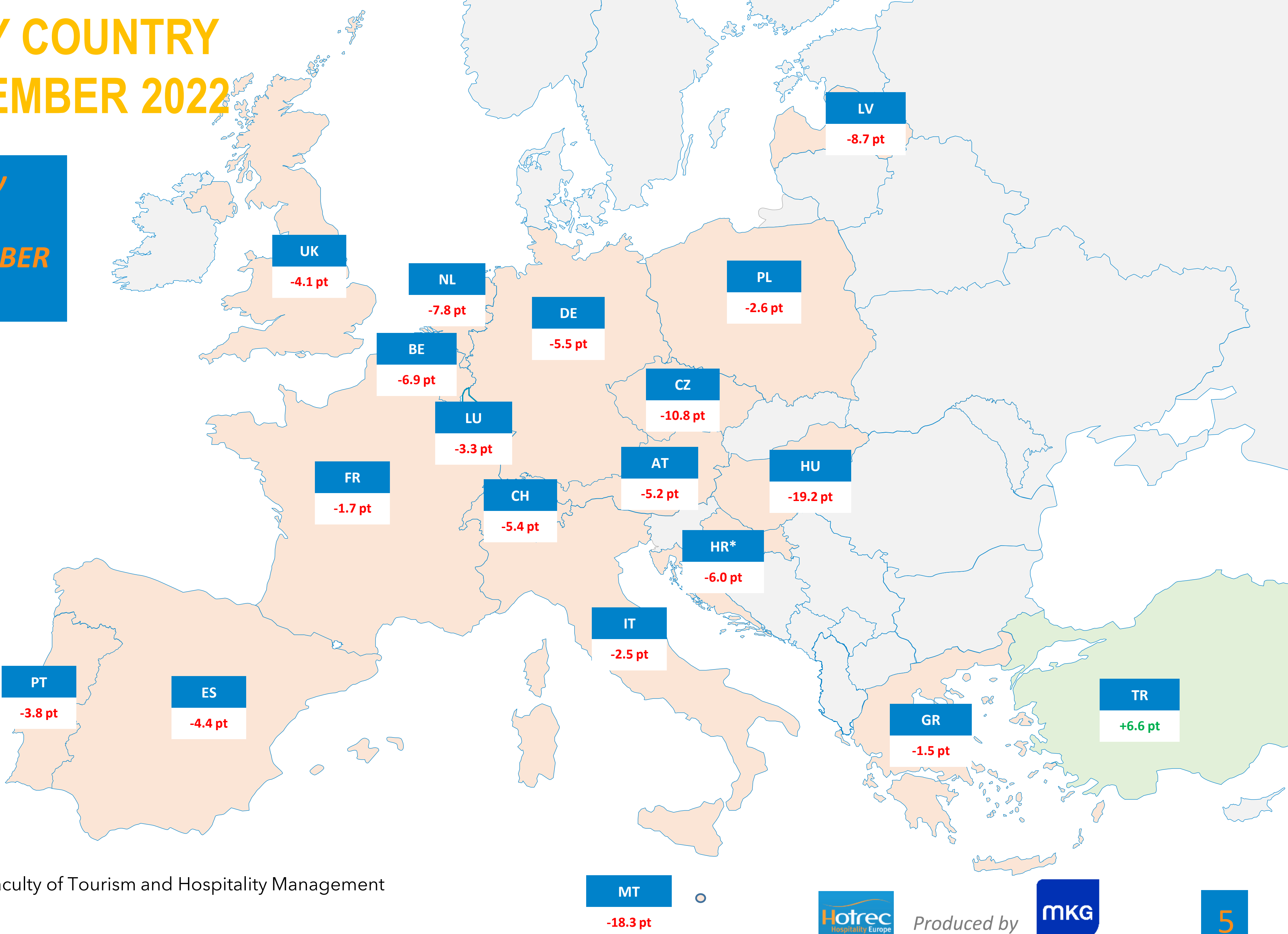
- Sup. to 0%
- Between -40% and 0%
- Between -80% and -40%
- Inf. to -80%

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

HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2022

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

European average
-3.7 pt



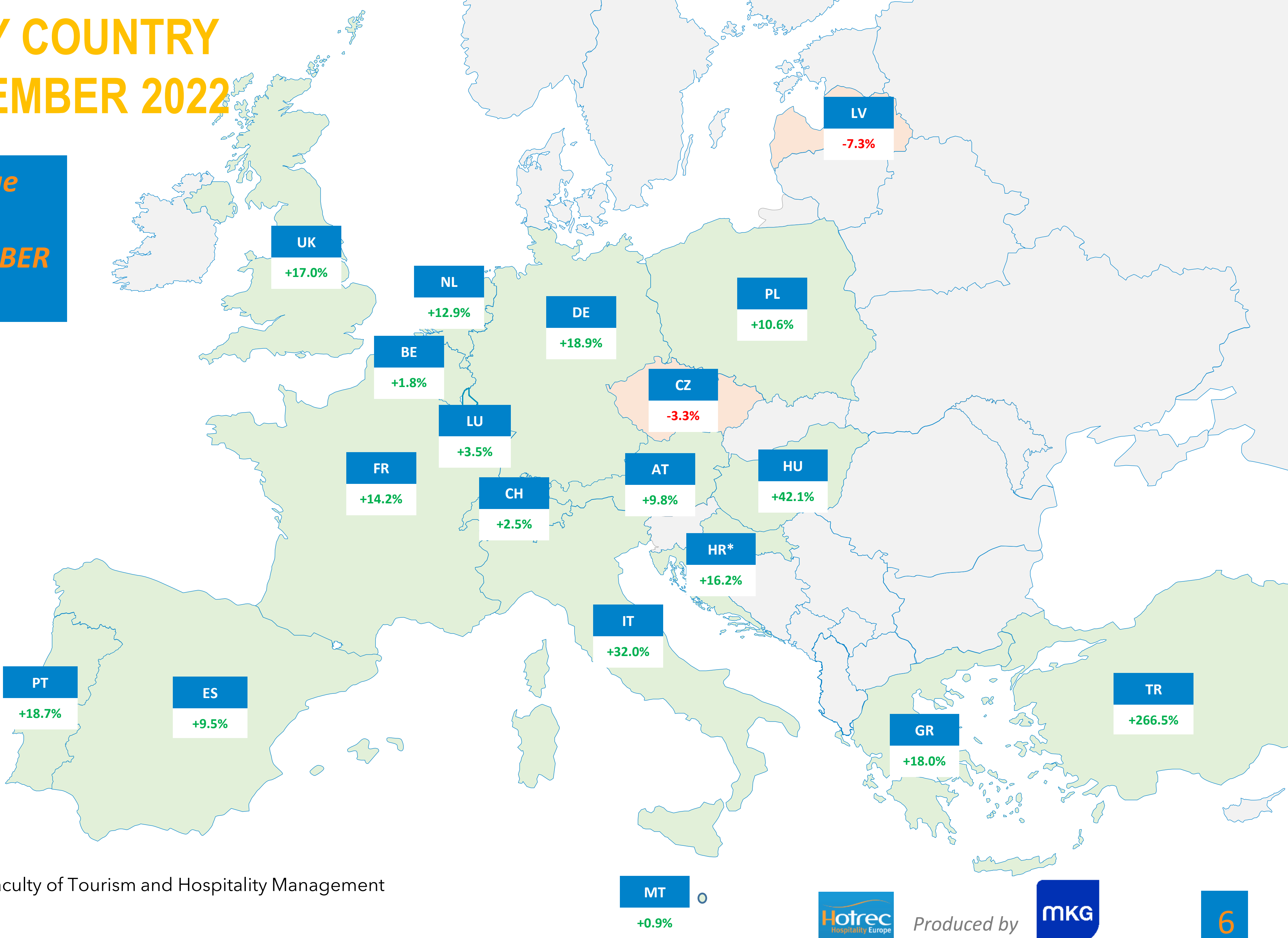
- Sup. to 0 pt
- Between -40 and 0 pt
- Between -70 and -40 pts
- Inf. to -70 pts

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

HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2022

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

European average
+17.5%



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

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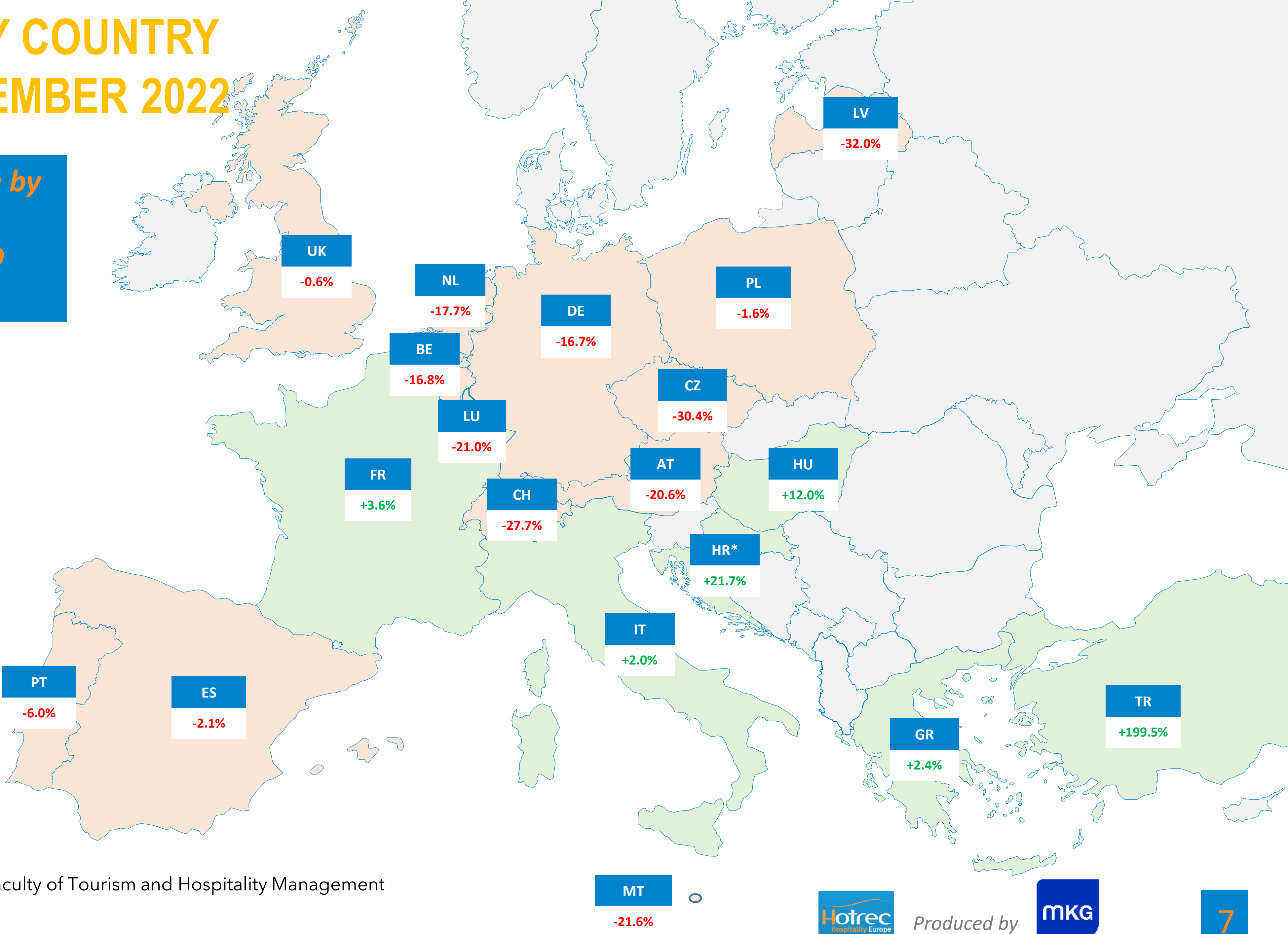
HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2022

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

European average
-2.7%



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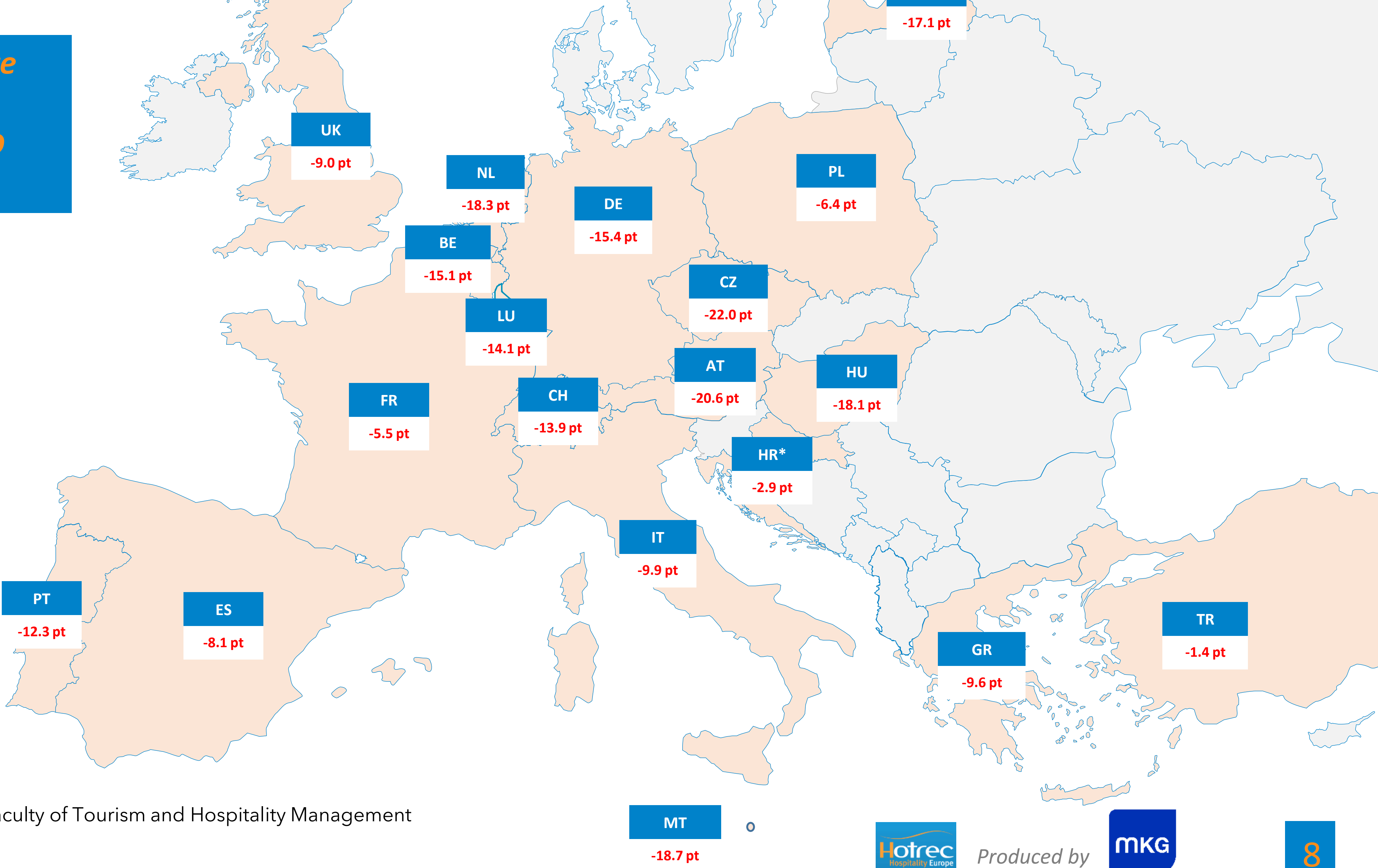
HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2022

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

European average
-9.8 pt



Sup. to 0 pt

Between -40 and 0 pt

Between -70 and -40 pts

Inf. to -70 pts

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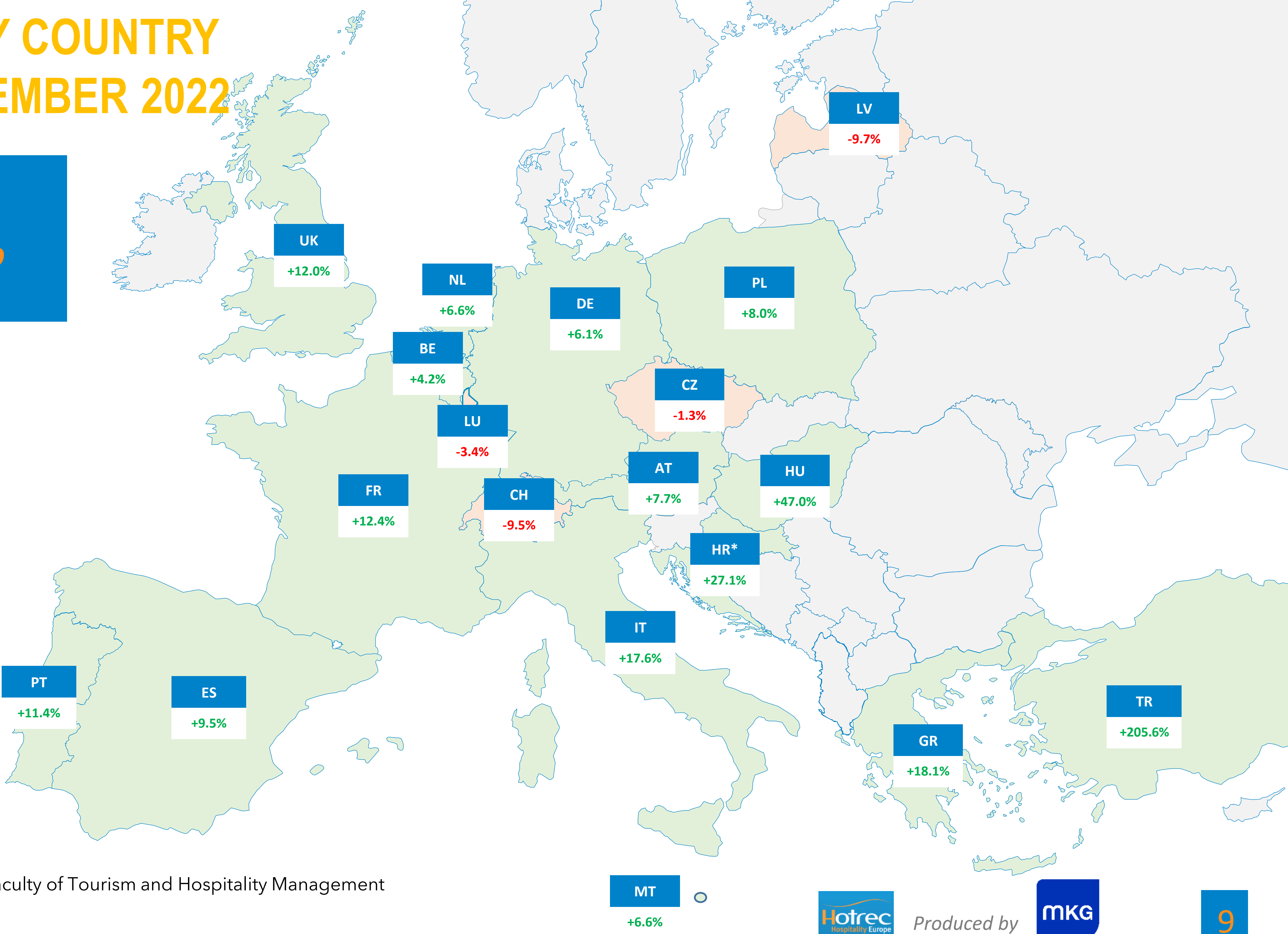
HOTEL RESULTS BY COUNTRY IN EUROPE – SEPTEMBER 2022

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

European average
+12.3%



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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.)