

Hotel performance: holding onto gains, facing off economic pains?



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**Some very important
points to start with**

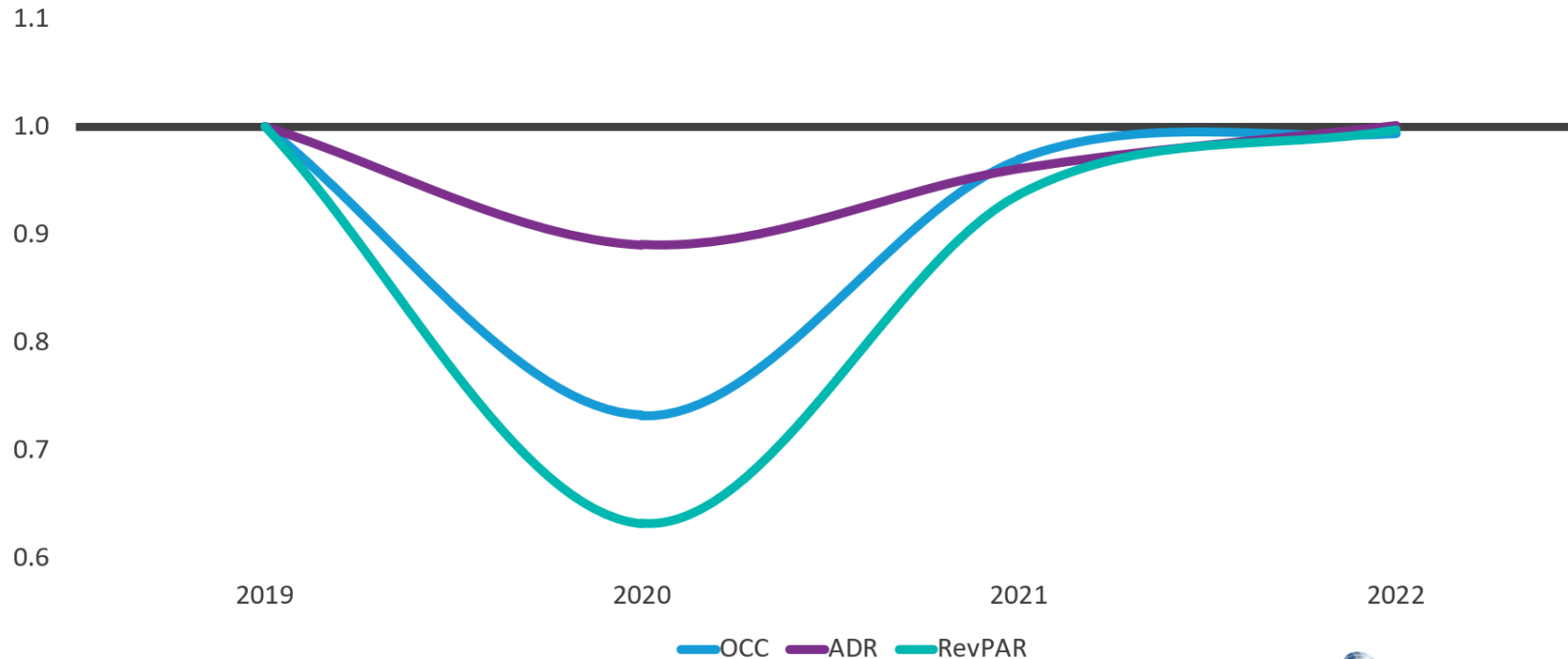
In 2020, we forecast European RevPAR would recover by 2022...



March 2020 Forecast

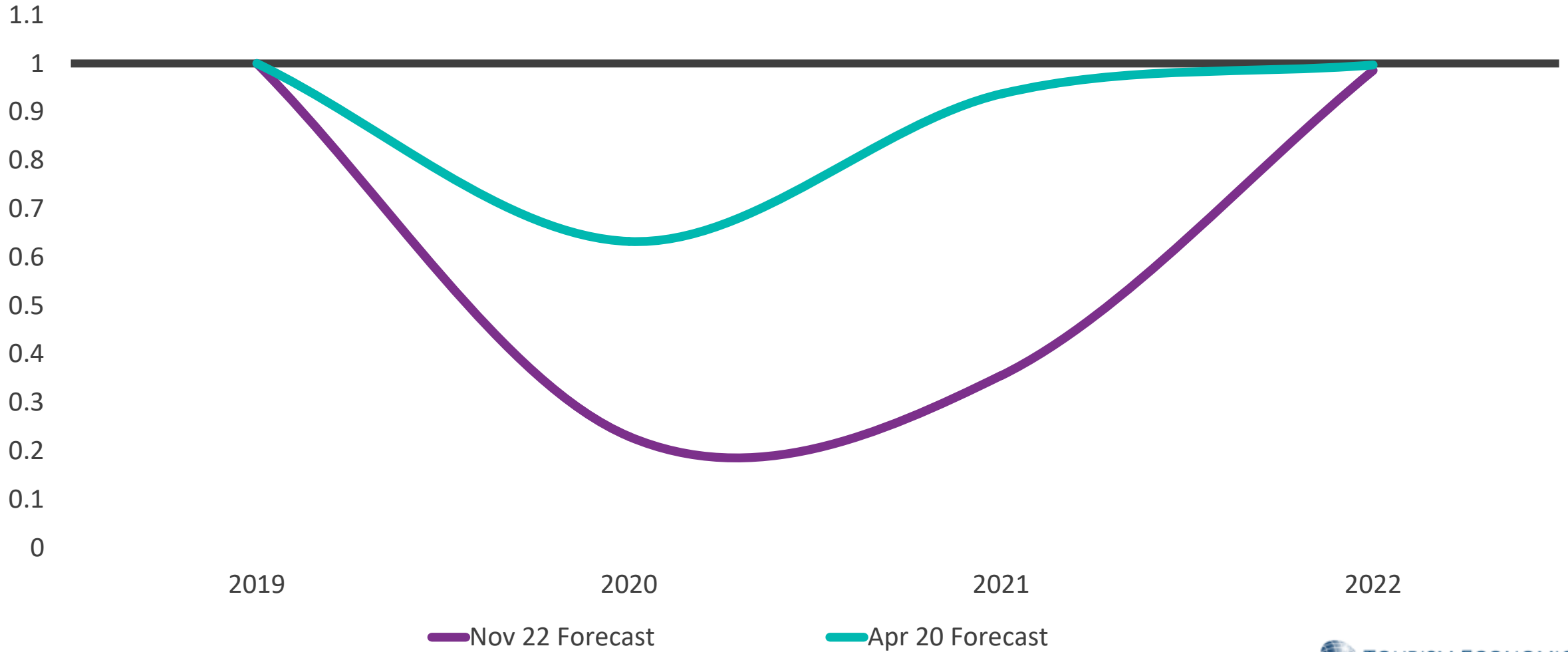
Return to 2019 levels expected in 2022

Average Hotel RevPAR, Indexed to 2019 for European Forecast Markets*, March 2020 Forecast



Notes: * Average forecast for: Amsterdam, Athens, Barcelona, Belfast, Berlin, Birmingham, Brussels, Budapest, Cologne, Dublin, Dusseldorf, Edinburgh, Frankfurt, Gatwick, Glasgow, Hamburg, Heathrow, Leeds, London, Madrid, Manchester, Milan, Moscow, Munich, Paris, Prague, Rome, Stuttgart, Vienna, Warsaw, Zurich

... and it did! (although the dip was way more than expected)



So what next....



COVID is behind us



Recession risks



Leisure pent-up is spent-up



Business has bounced back



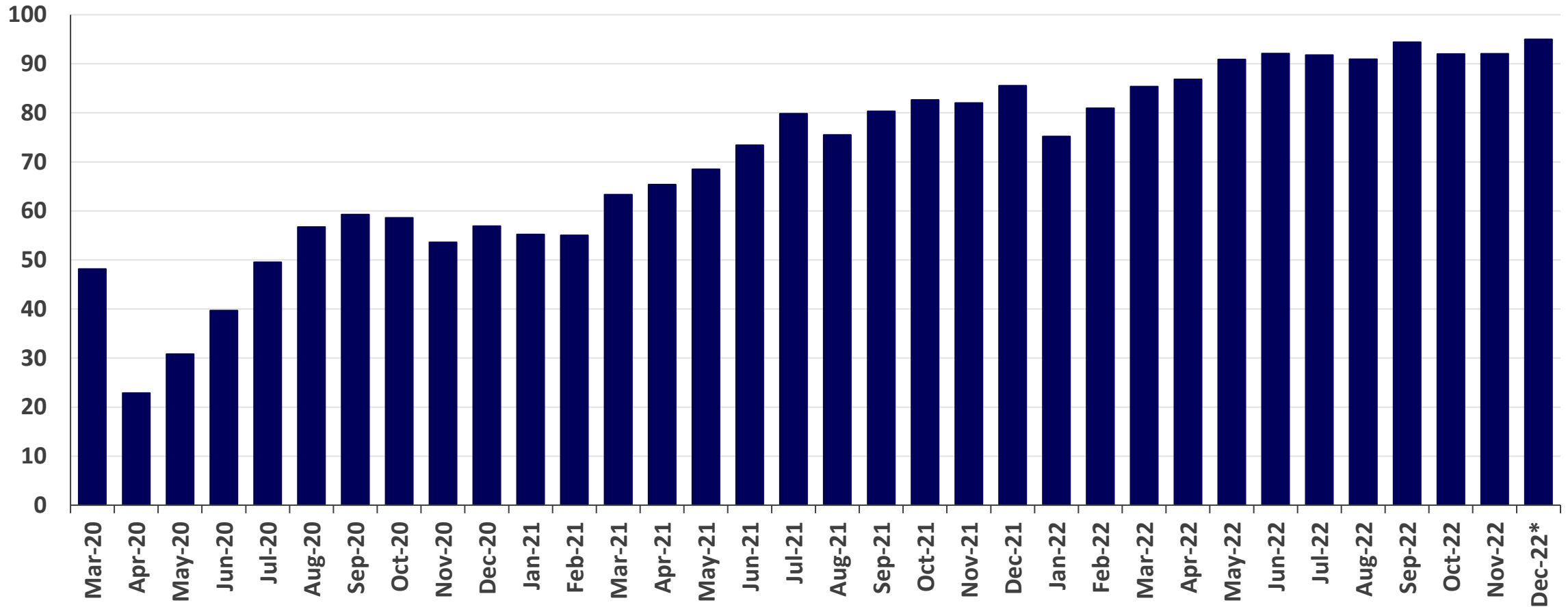


1. Occupancy & Rates



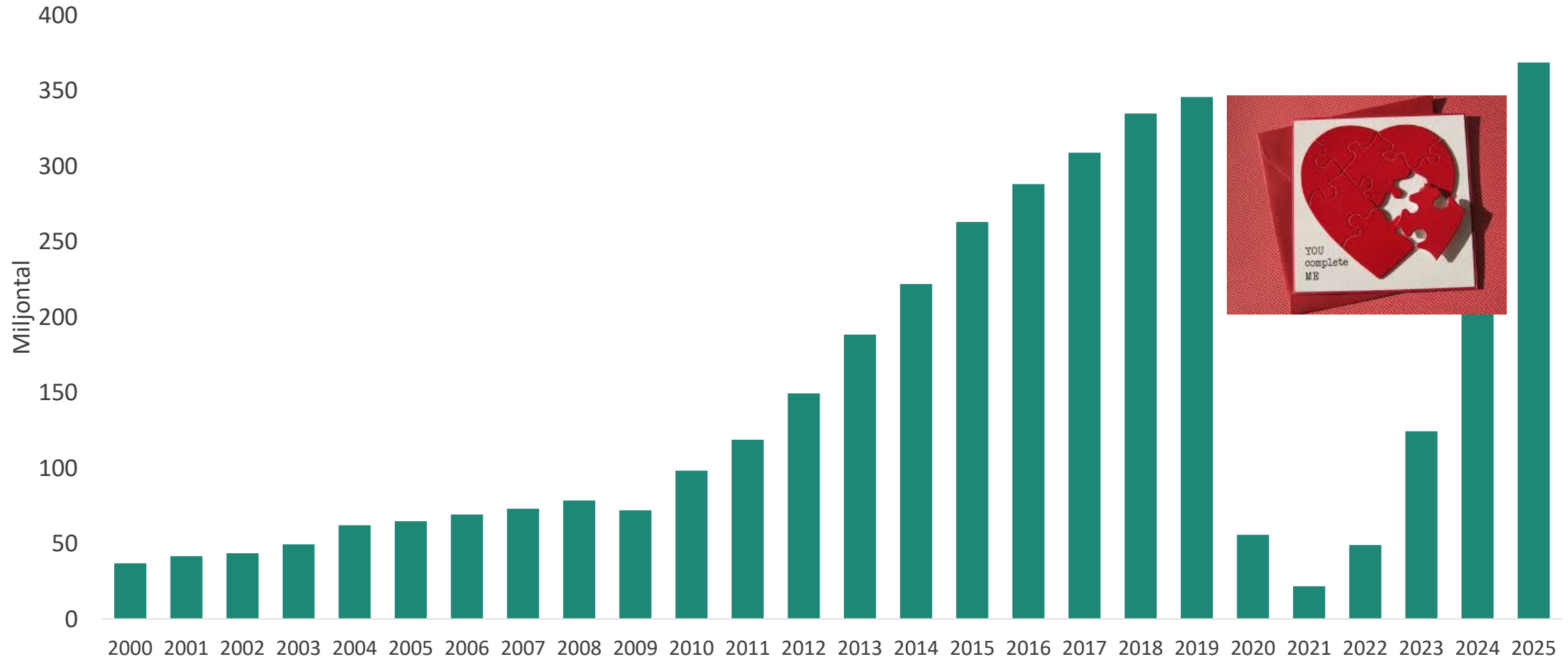
Global demand ended the year 8% below 2019

Global demand indexed to 2019, comparable reporting hotels



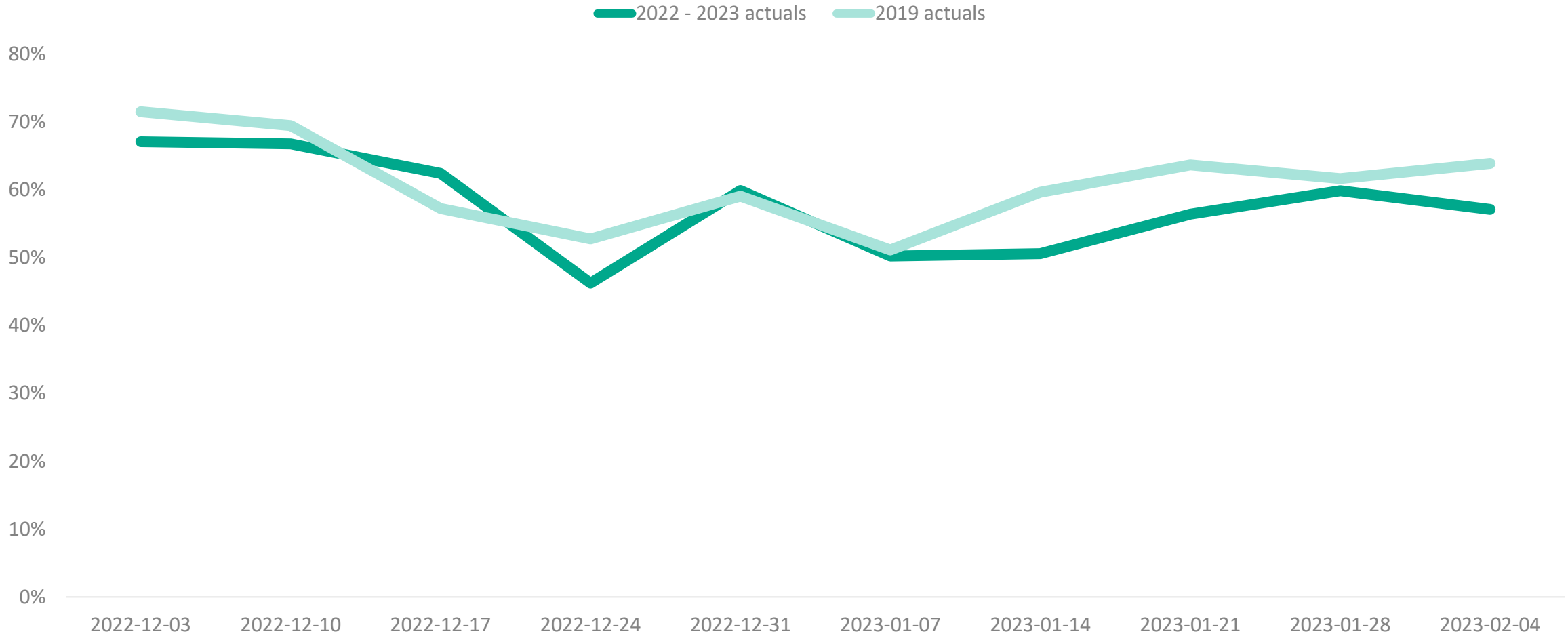
One of the biggest missing pieces of the puzzle is coming back

China outbound overnights, 2000 – 2025F



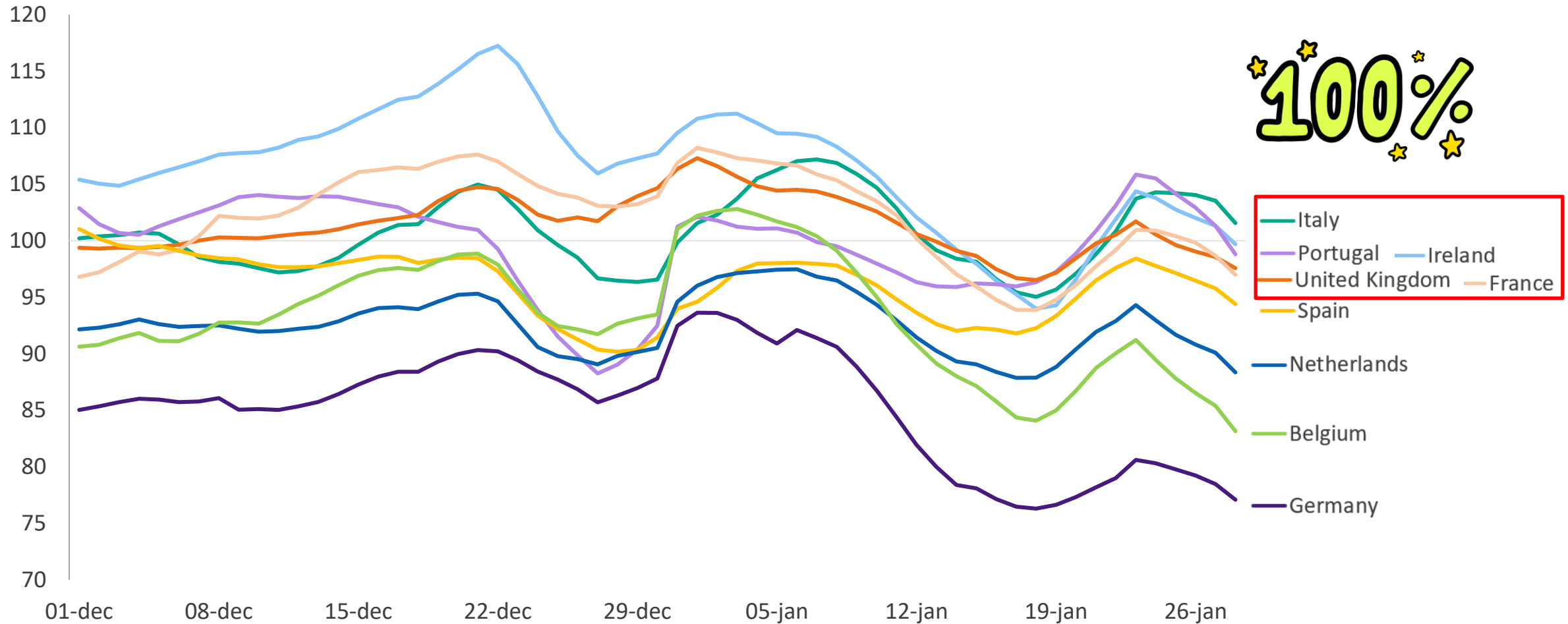
2023 European occupancy is approx. 5% behind 2019

Europe Weekly Occ R7, December 2022 – January 2023, vs 2019



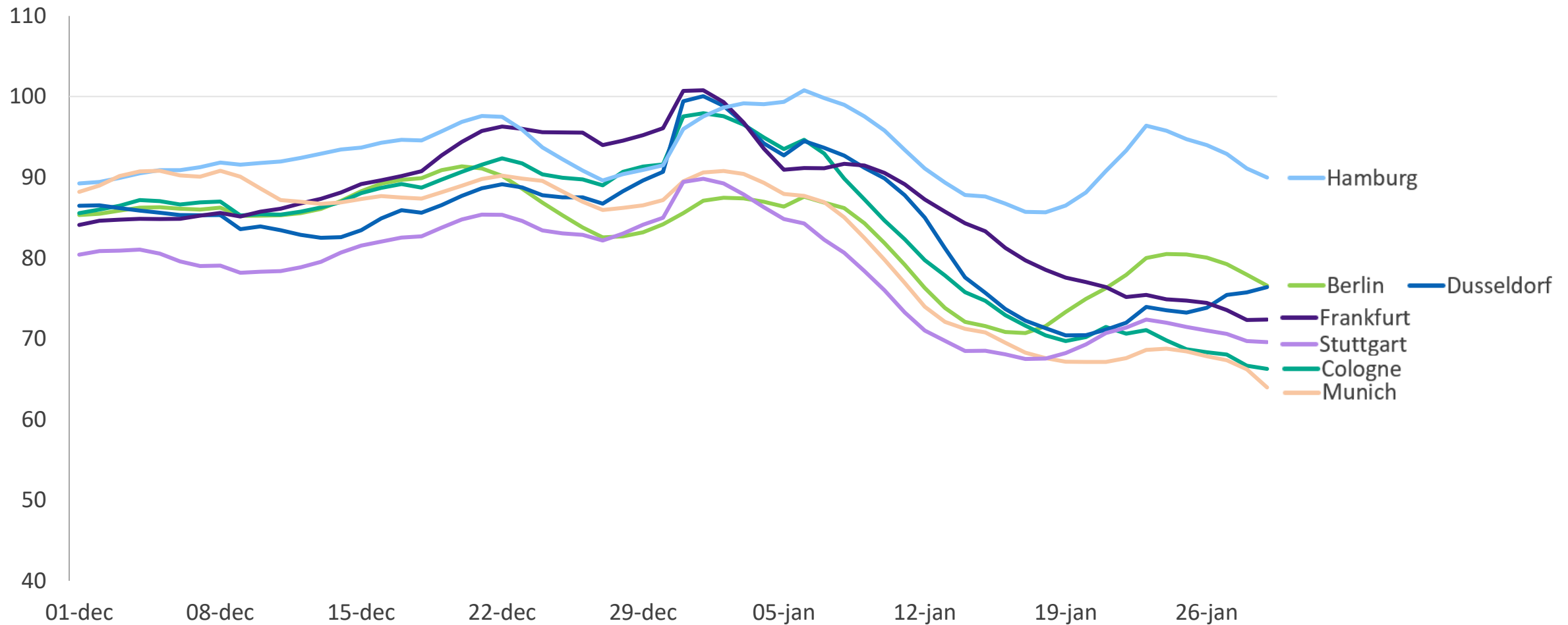
Italy, Ireland, France, Italy, UK & Portugal 100% recovered

Occupancy R28 (Std) indexed to 2019, December 2022 to January 2023



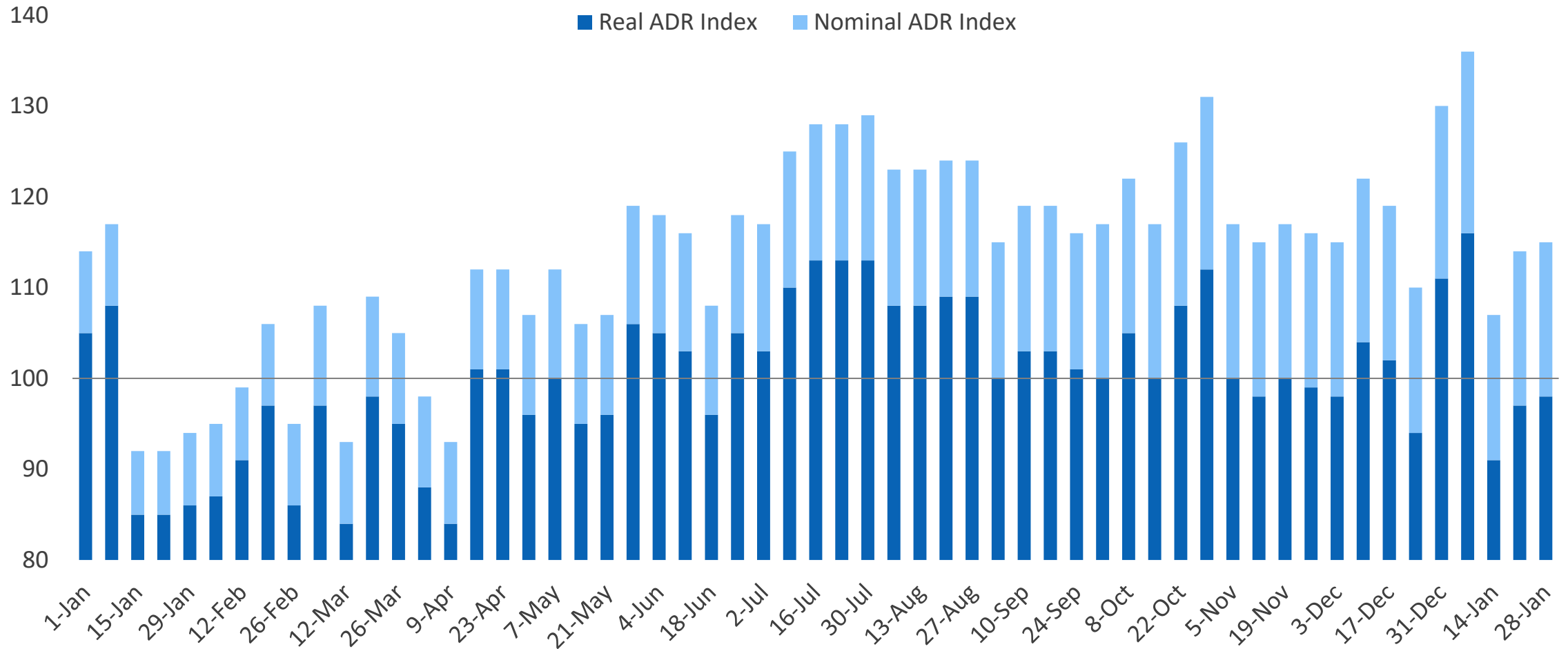
In Germany Munich, Cologne and Stuttgart struggling the most

Occ R28 (Std) indexed to 2019, December 2022 to January 2023



Europe ADR holding at recovery in real terms

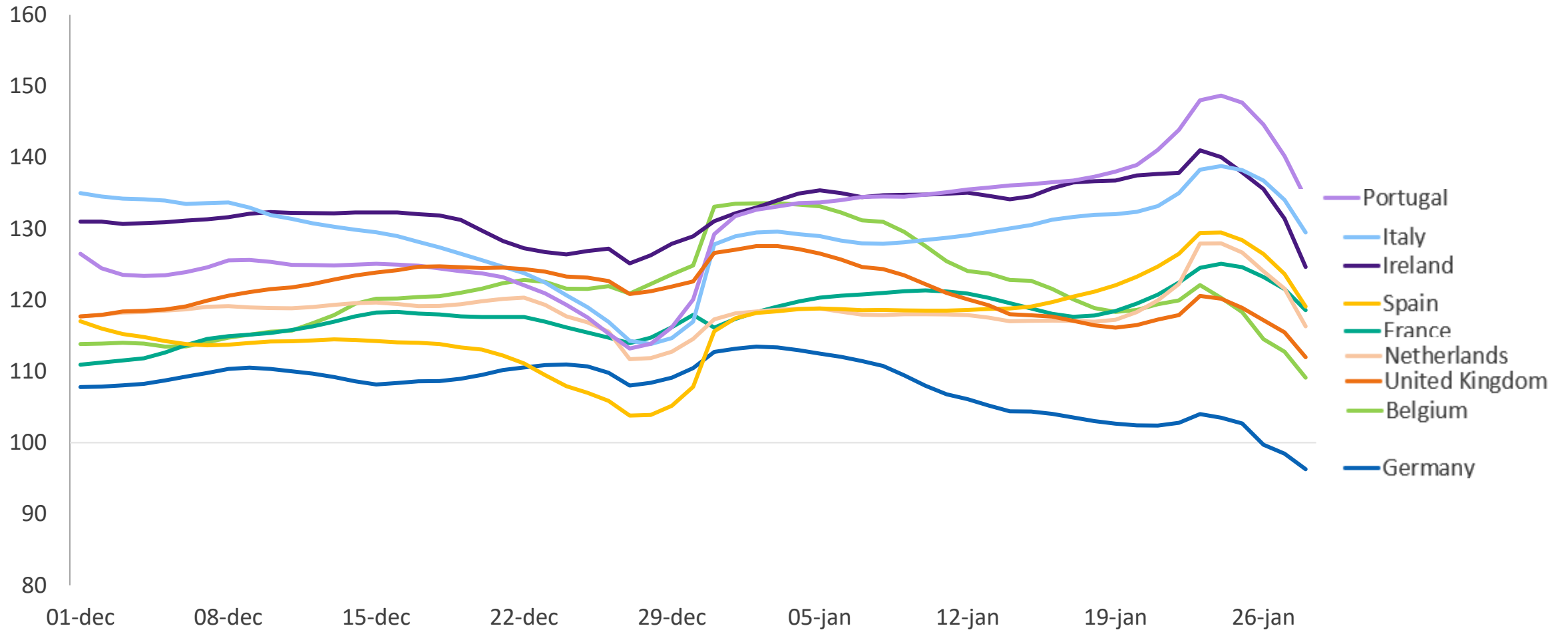
EU 27 Countries, Weekly ADR (Euros) indexed to 2019, Jan 2022 – Jan 2023



Ireland, Portugal, and Italy with ADR 25% > 2019, Germany slipping

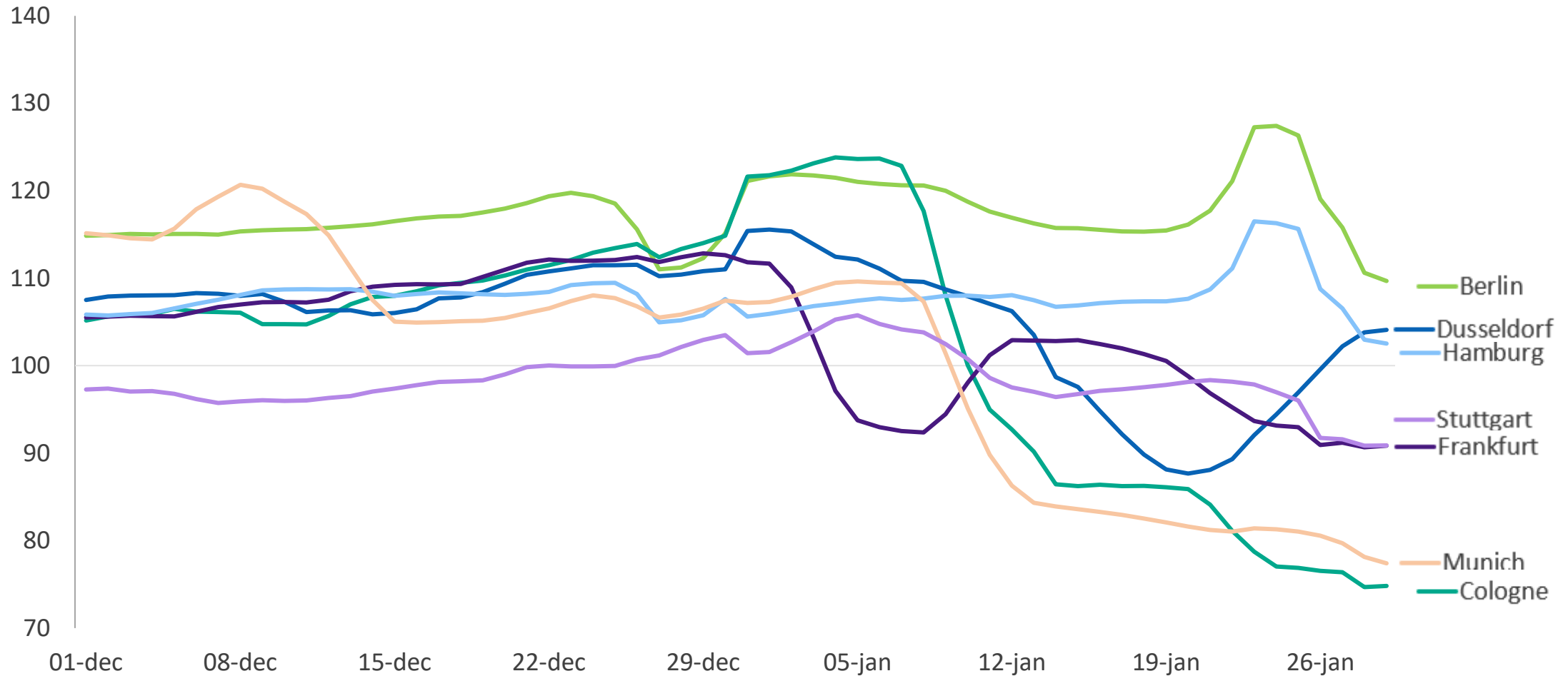


ADR R28 (Local Currency) indexed to 2019, December 2022 to January 2023



ADR change differs significantly across Germany

ADR R28 (Local Currency) indexed to 2019, December 2022 to January 2023





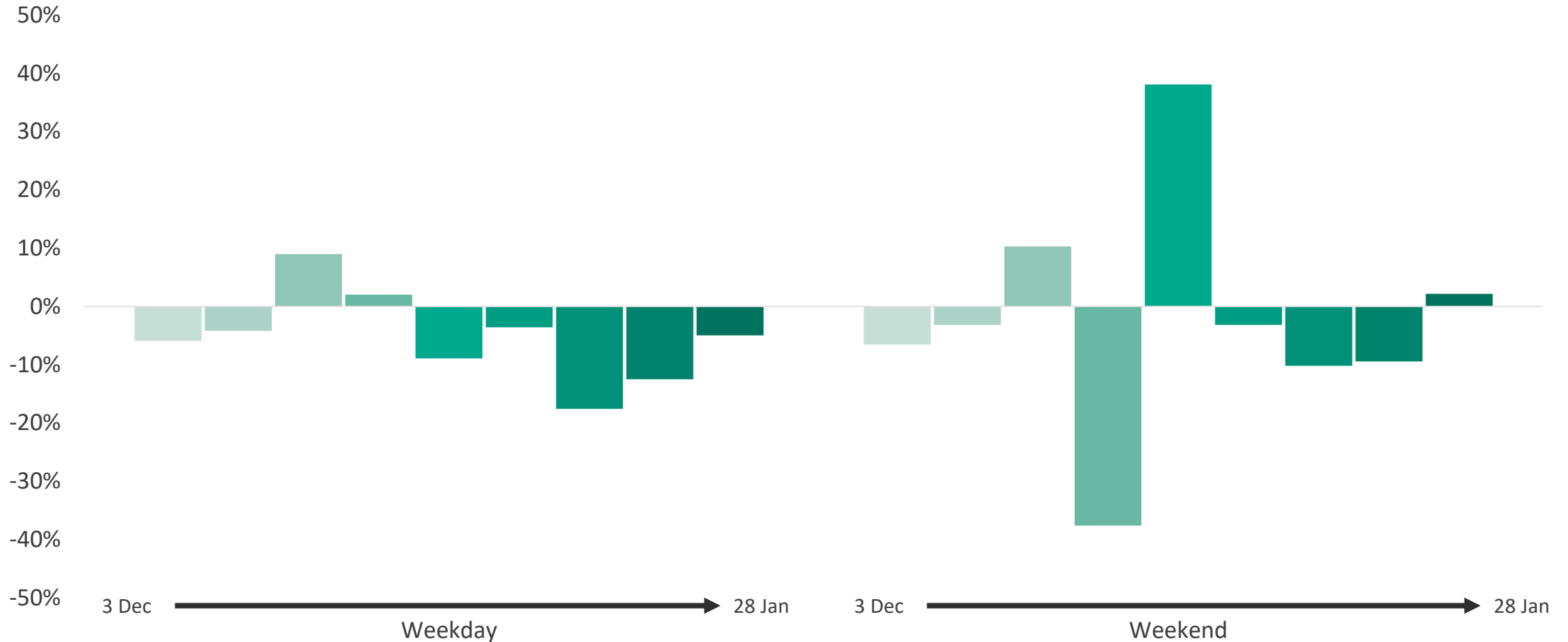
2. Business & Group travel



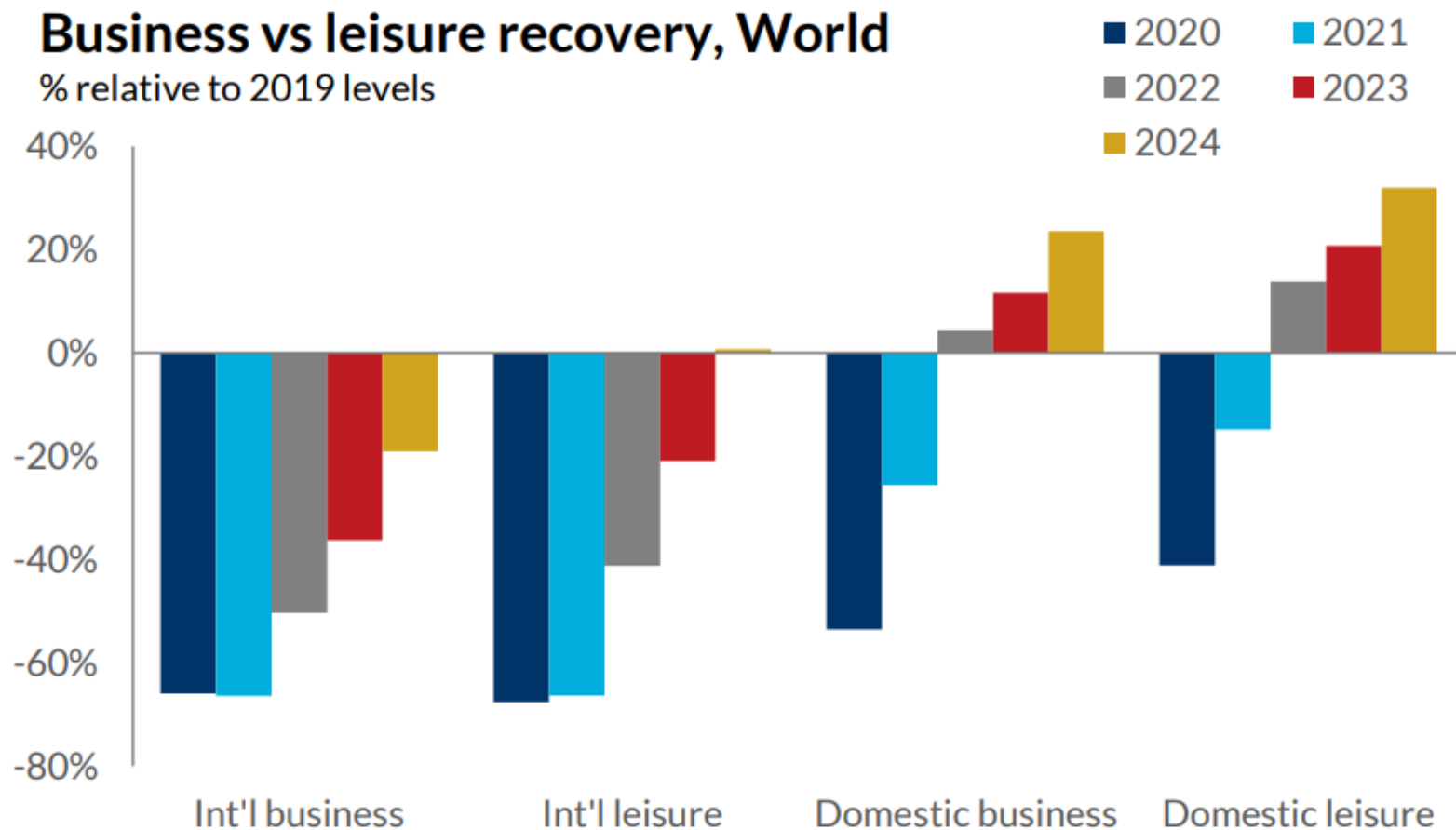
Business travel is back and will be a more important driver in 2023



Europe, occupancy % change to 2019, weeks ending 3 Dec 2022 – 28 Jan 2023



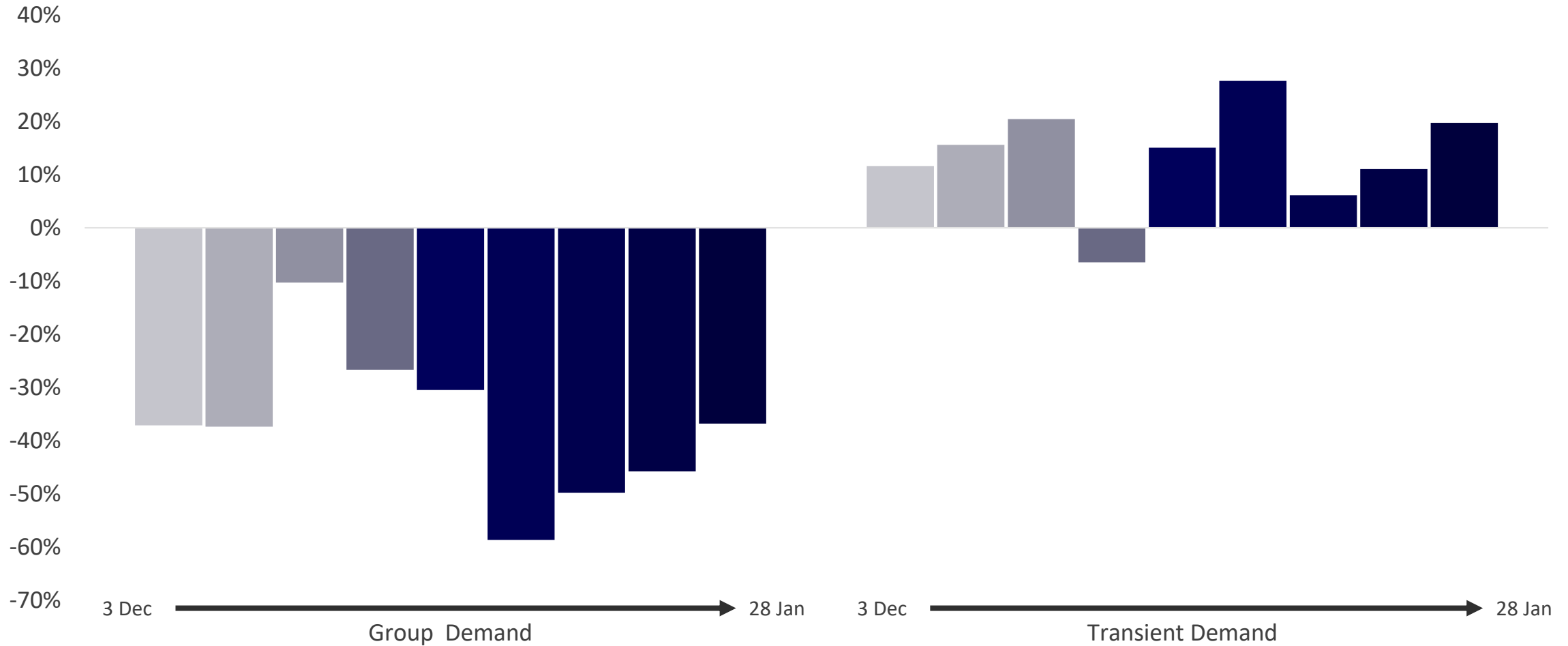
Business travel recovery is expected to continue in 2023 and beyond



The main thing holding back recovery is still group demand

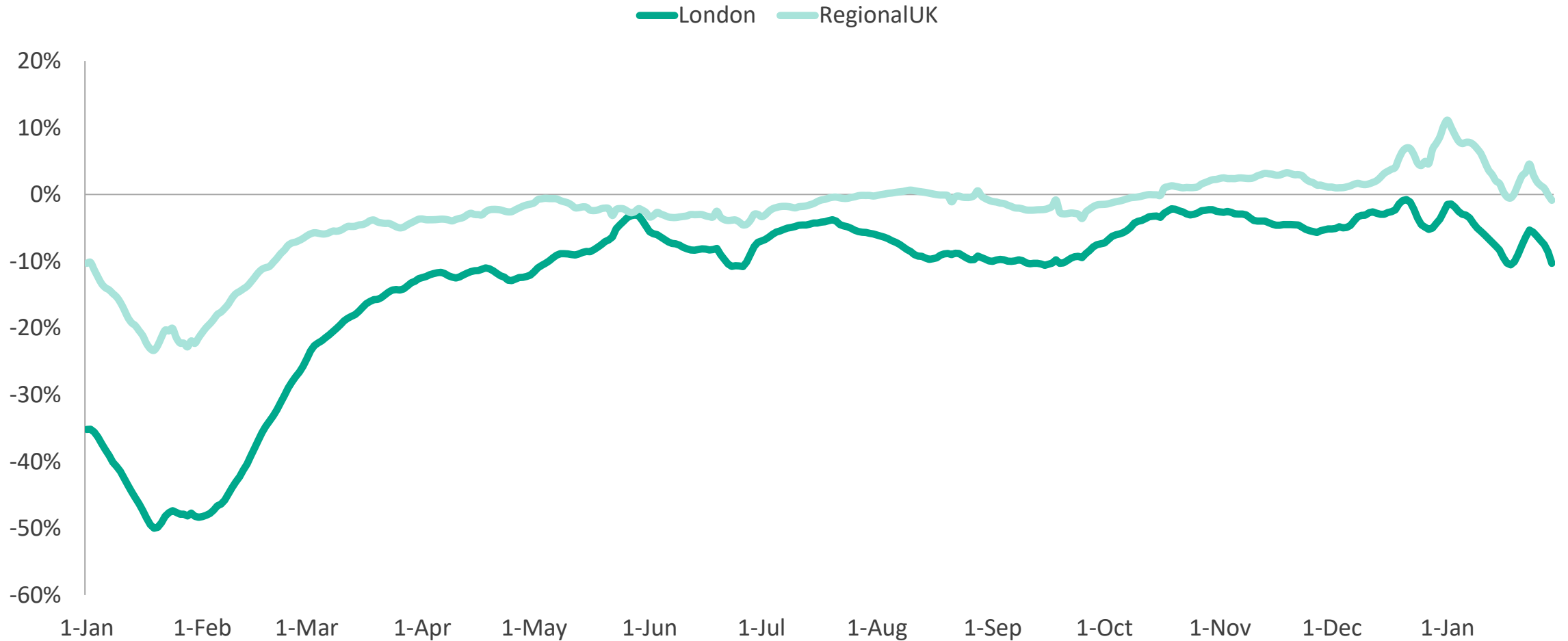


Europe, segmentation Demand % change to 2019, weeks ending 3 Dec – 28 Jan 2023



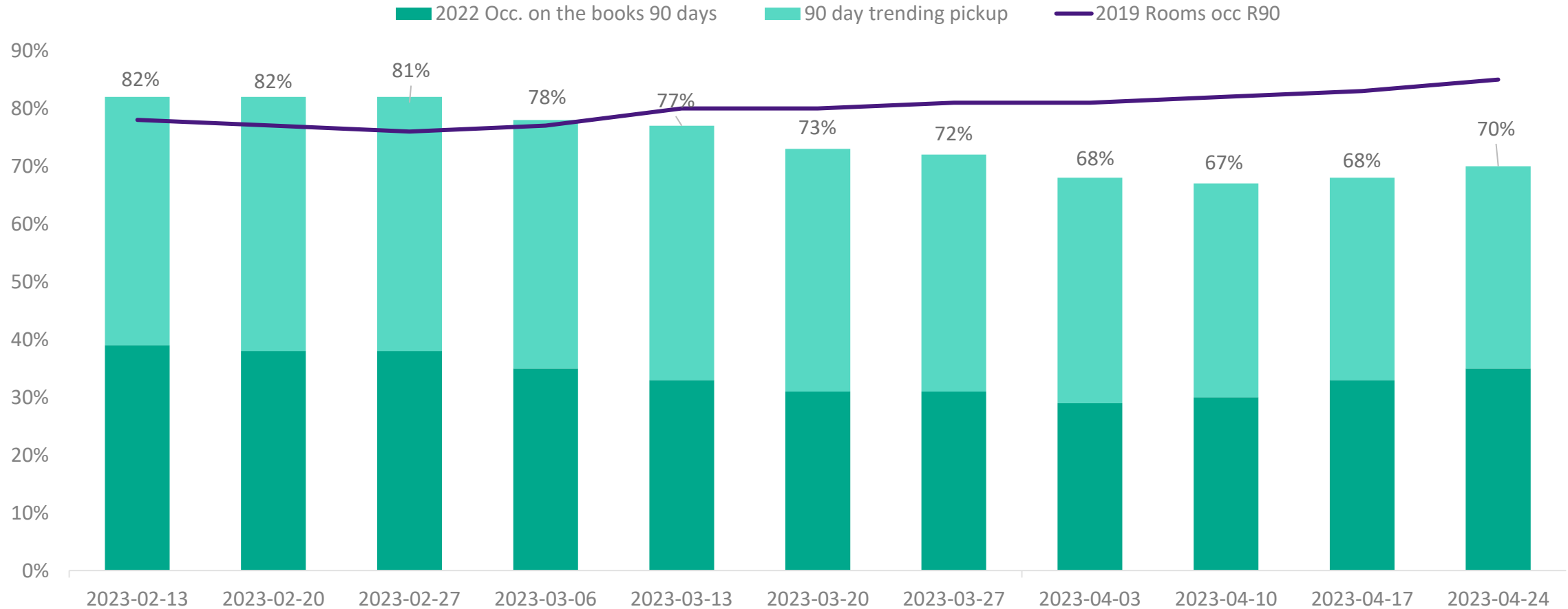
UK regional fully recovered, expect London to catch-up

R28 occ, % change to 2019, 2022-2023



... as evidenced by business on the books

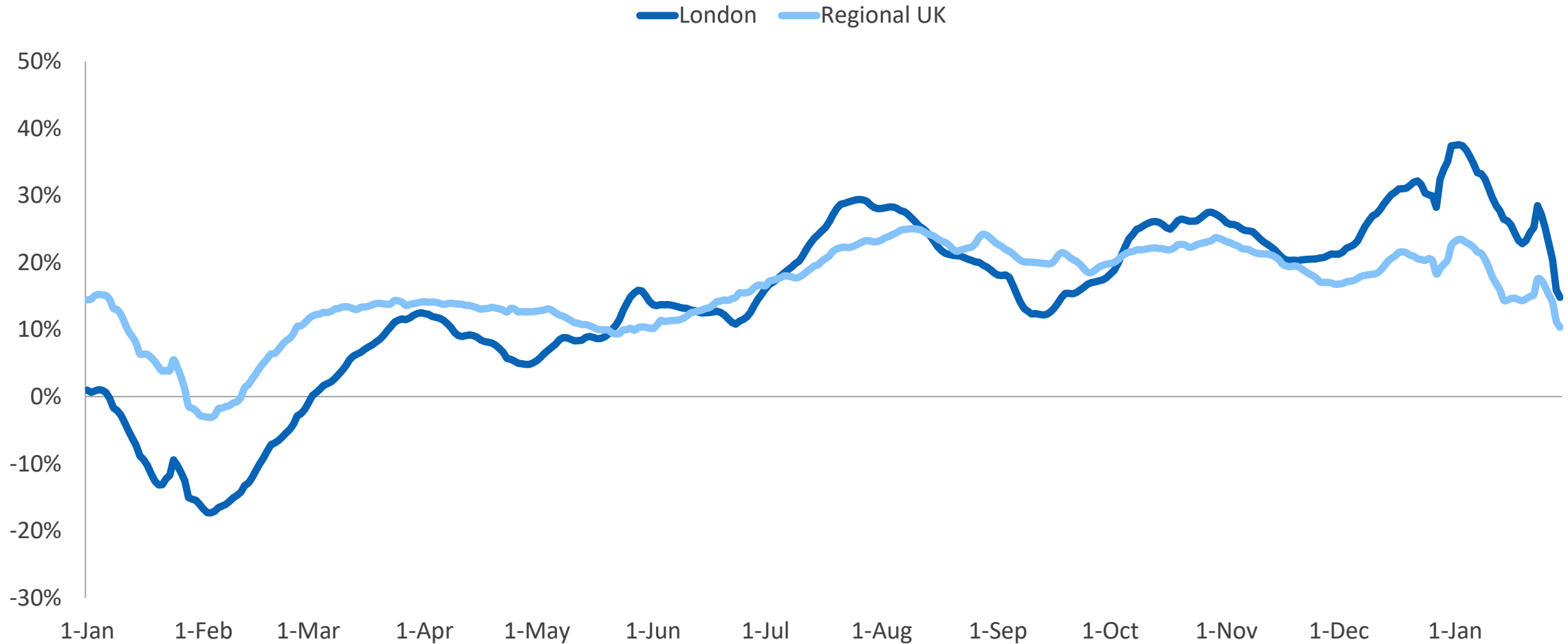
London Occ on books + typical 90 days pick-up, 13th Feb 2023 – 24th April 2023



... and gateway cities now with ADR premium over regional markets



R28 ADR (GBP), % change to 2019, 2022 – 2023





3. Summary



Conclusions



Area	Takeaway
1. Hotel demand	Globally, very close to fully recovered
2. Room rates	Recovered in real terms, growth in 23 harder
3. Business travel	Back and with potential for further recovery
4. Leisure	Losing last years lustre
5. Outlook	Industry is resilient to recession risks to date