



Global Hotel Industry Update for ICHRIE

Steve Hood, shood@str.com

Senior VP of Research, STR

Founding Director, CoStar/STR SHARE Center



STR by the numbers

- Recognized as the global leader in hotel data

20+ offices
400+ employees



77,000+
hotel customers
globally (properties)



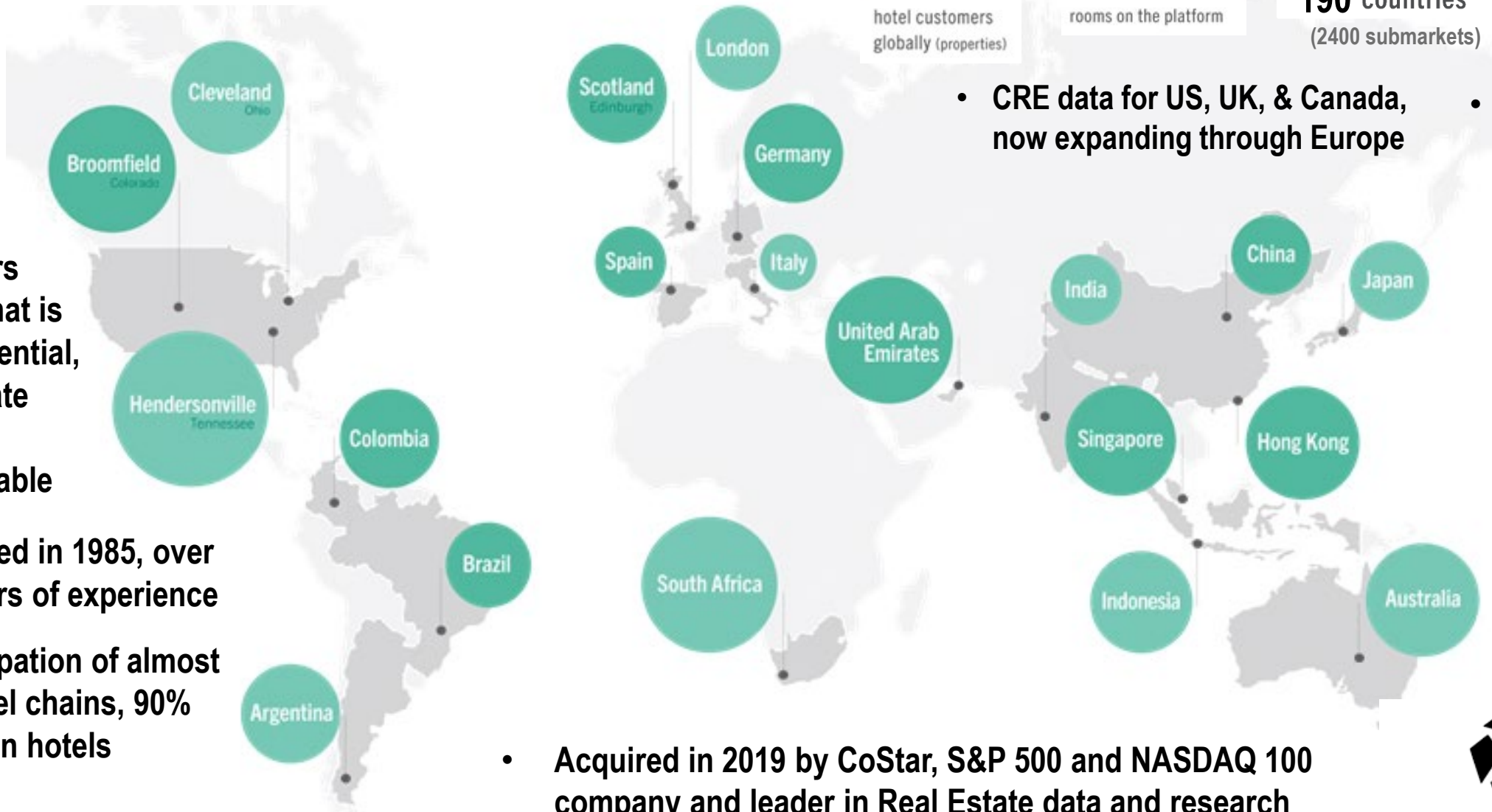
10 million
rooms on the platform



Data from
190 countries
(2400 submarkets)

- Nearly 300K hotels in our census database

- STR delivers data that is confidential, accurate and actionable
- Founded in 1985, over 35 years of experience
- Participation of almost all hotel chains, 90% of chain hotels



- CRE data for US, UK, & Canada, now expanding through Europe

- STR provides data benchmarking, analytics, and marketplace insights to hotel companies, tourism organizations, consulting firms and many other businesses

- Acquired in 2019 by CoStar, S&P 500 and NASDAQ 100 company and leader in Real Estate data and research



SHARE

C E N T E R

Supporting Hotel And Real Estate Education



In 2021, we celebrated our 10-year anniversary:

- 1,000 universities from 85 countries involved
- Working with 5,500 professors
- Conducted 200 training workshops
- Certified 40,000 students, professors, and industry professionals
- Data used in over 400 peer-reviewed academic research articles
- Partnered with nearly 100 industry organizations and academic associations

The mission remains the same:

- Supporting Real Estate, Hotel, and Tourism schools around the world
- Providing data for academic research and for use in the classroom
- Offering free access to the CoStar Suite product, the world's leading online source of hotel and real estate industry data, for professors and students
- Student certifications focused on industry analytics
- Training programs, student competitions, free train-the-trainer sessions, industry updates, and research roundtables

Uniqueness of the COVID Economic Cycle

- **Many differences – different areas around the world, differences from prior history, differences among types of destinations and hotels, and different recovery scenarios**
- **More data, different data, unique correlations, online/dynamic analysis**
- **No better example of the critical need of data to understand the impact of COVID and to make strategic business decisions**
- **Multitude of lessons learned, critical methodological changes, significant misconceptions, and bright spots in the midst of the storms**
- **Myriad of research opportunities and educational applications**



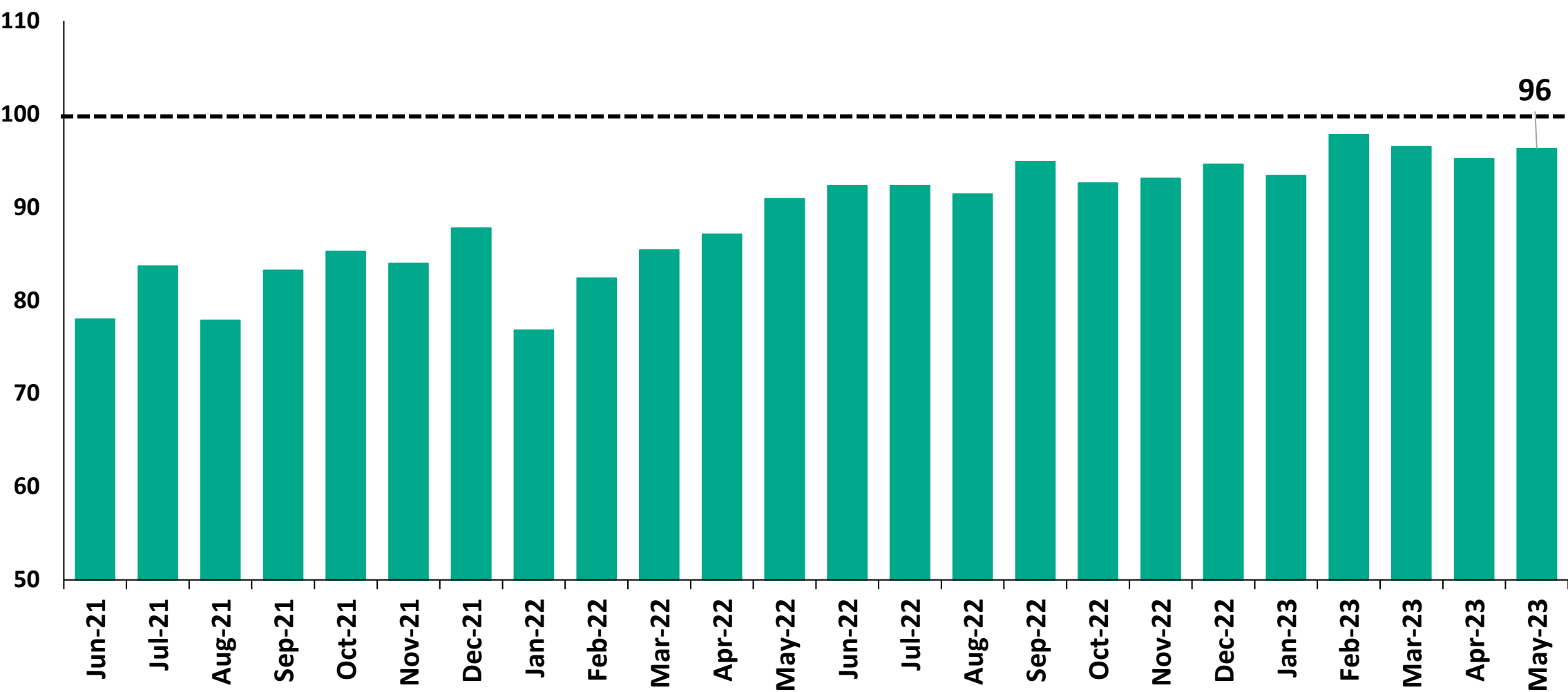
Global Performance

June 2023



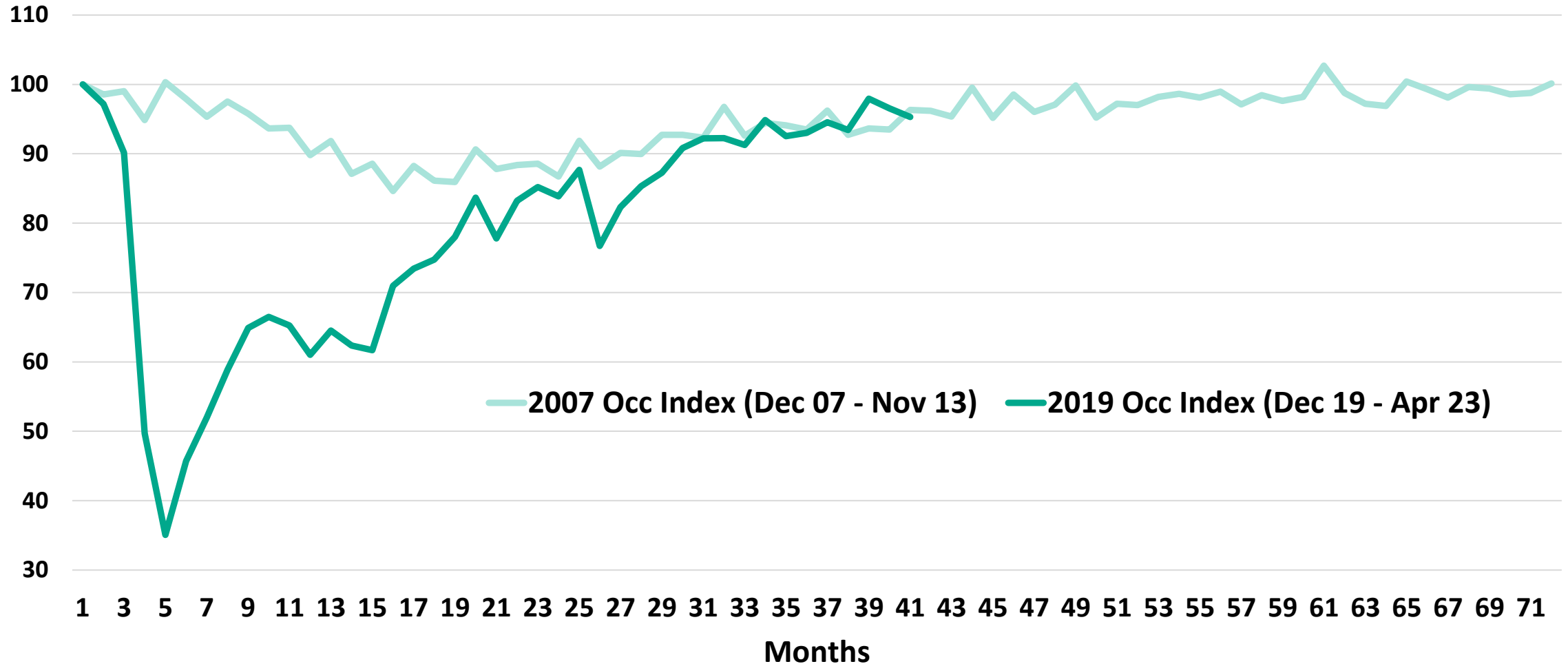
Hotel occupancies have all but returned to pre-covid levels

Global Occupancy indexed to 2019, June 2021 – May 2023



Post-COVID occ recovery in line with GFC despite bigger downturn

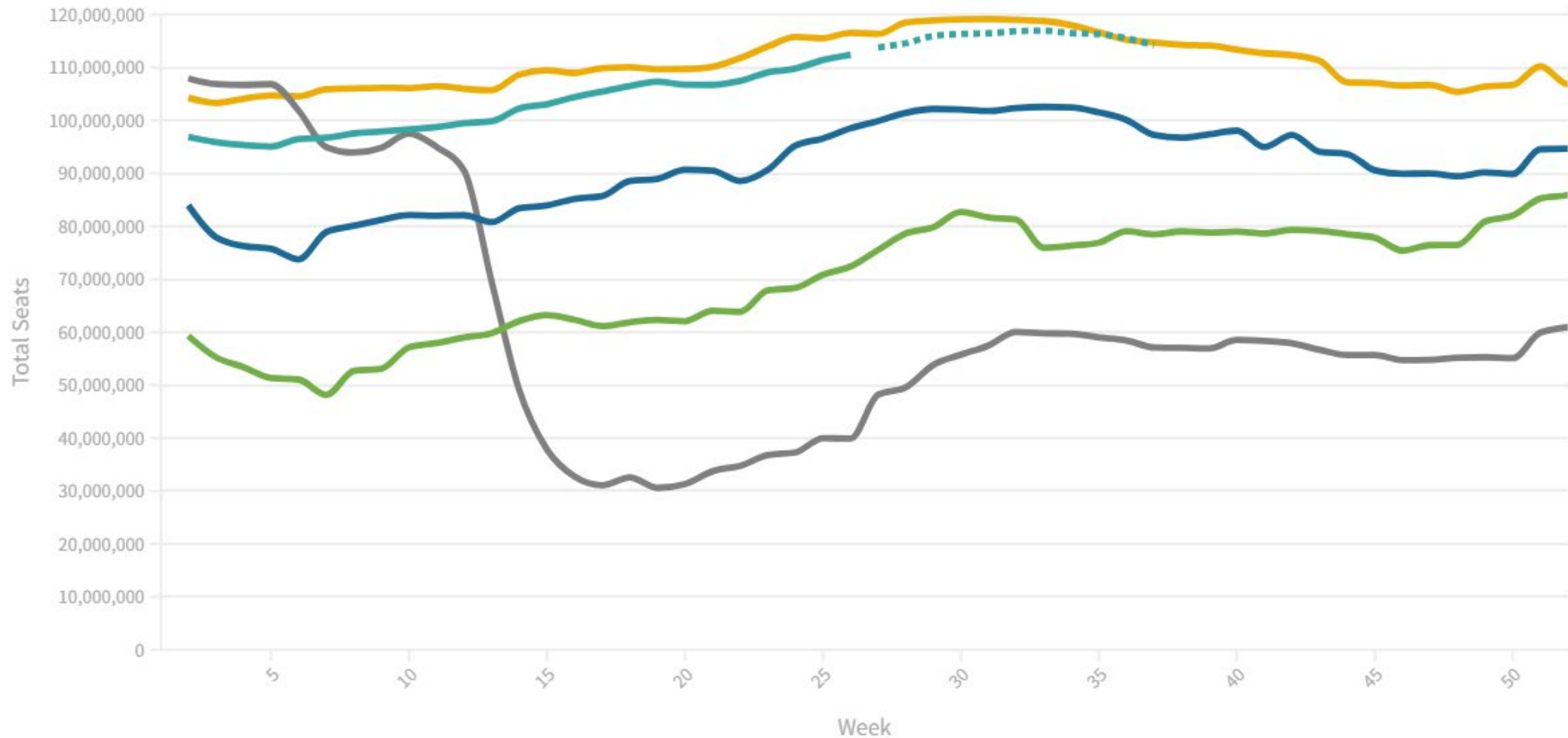
Global* occupancy recovery index, GFC and COVID



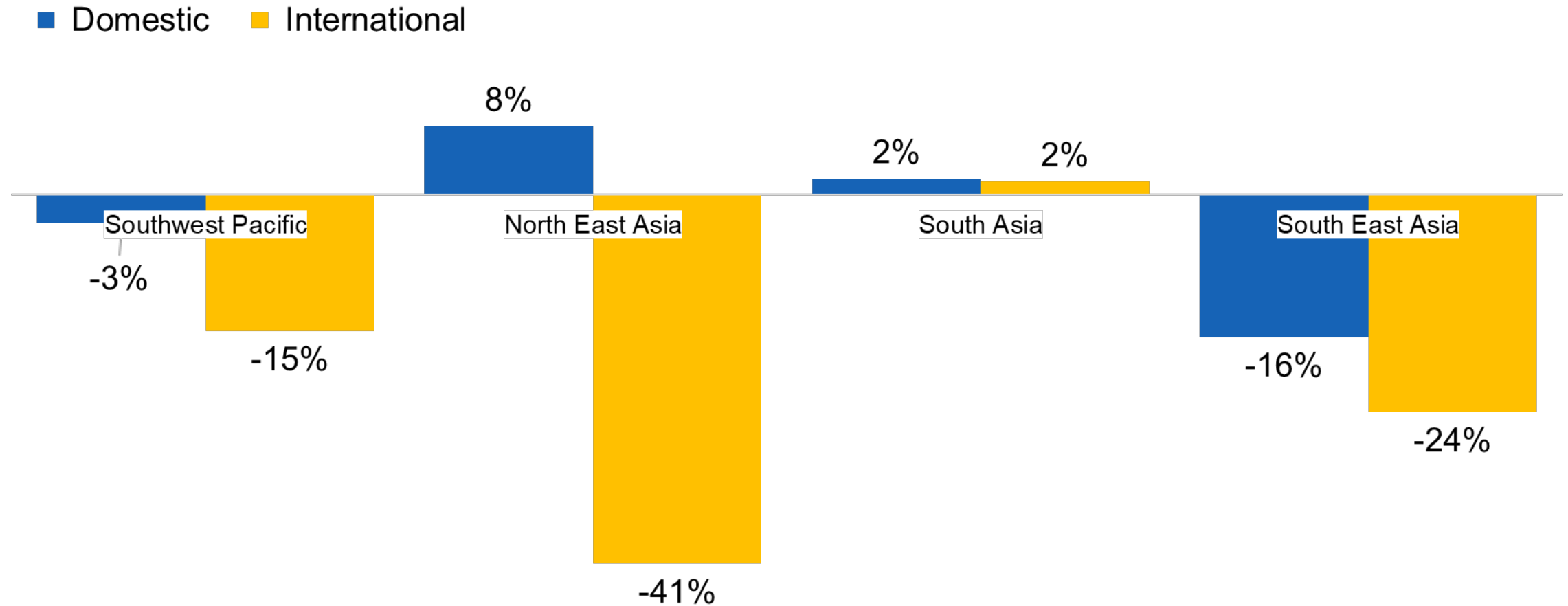
Recovering airline capacity should stimulate further demand

Global airline capacity (seats)

2019 2020 2021 2022 2023 2023 Schedule

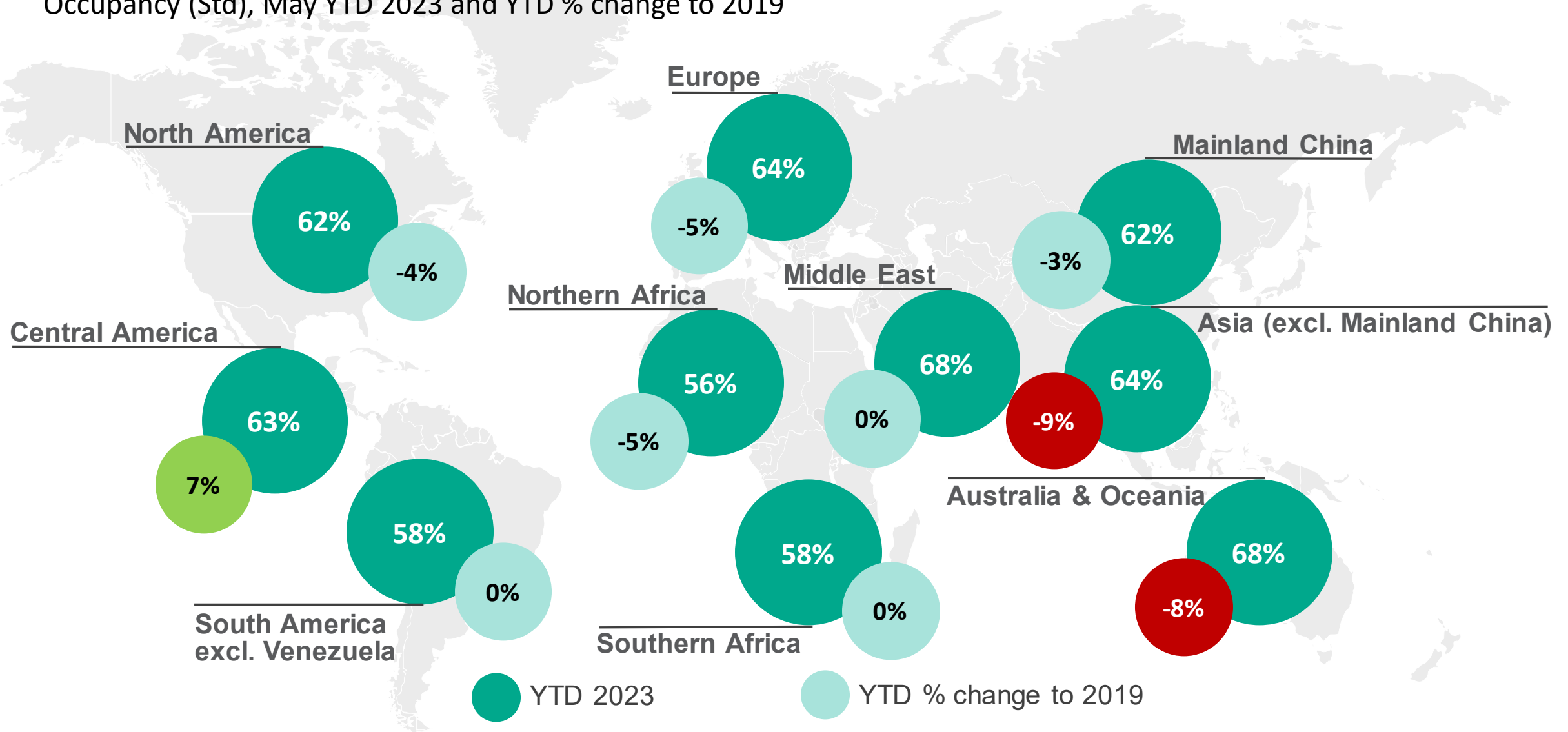


But there is a big variation in flight recovery



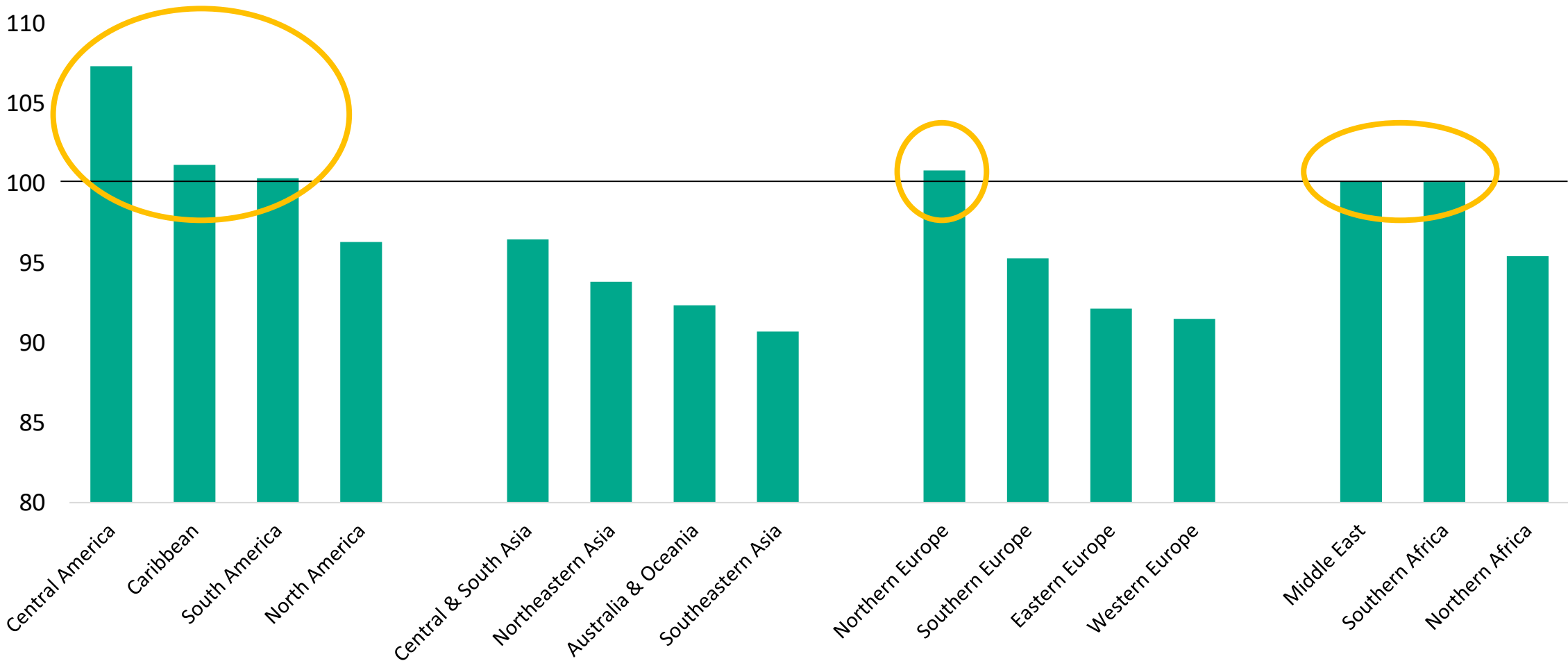
Which clearly translates into occupancy recovery by region

Occupancy (Std), May YTD 2023 and YTD % change to 2019



Americas (excl NA) Occ close to 2019 levels, also NEur, SAfr, & ME

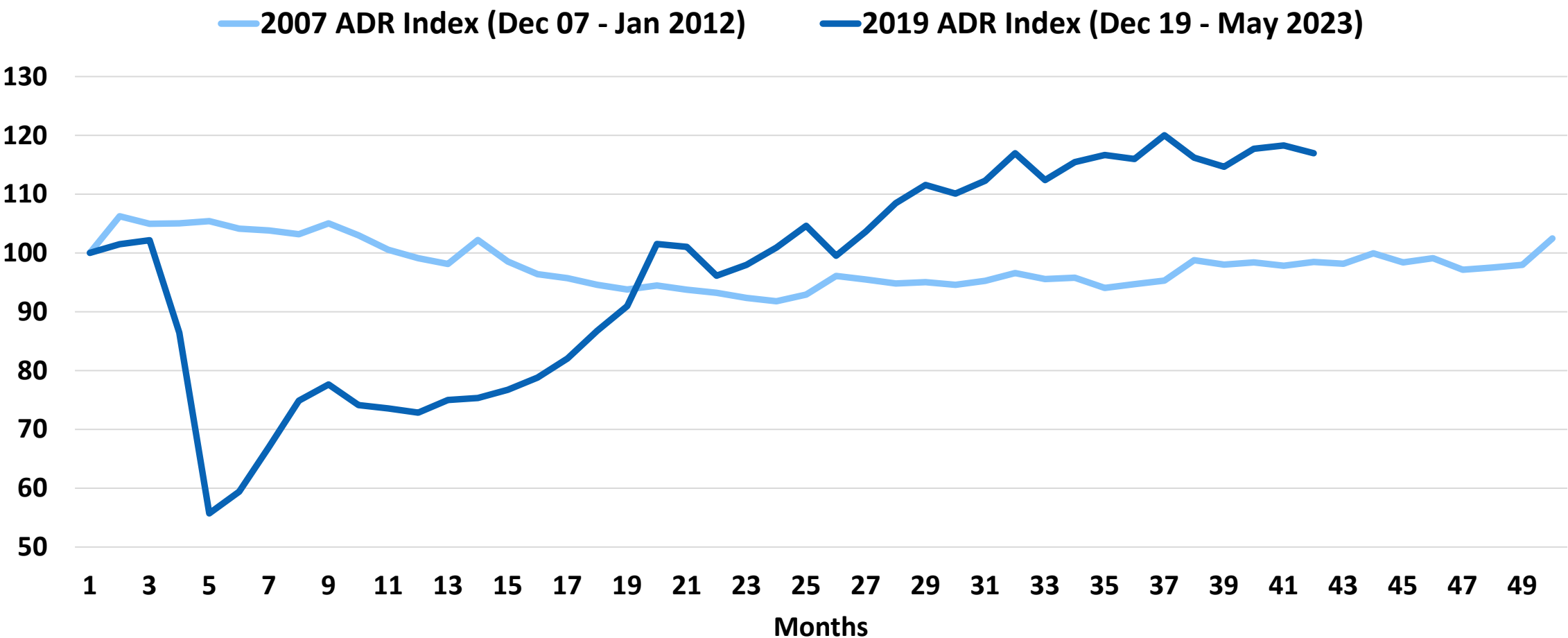
Occupancy* indexed to 2019, YTD May 2023



*Excl. Venezuela & Lebanon

COVID ADR cycle two years shorter than GFC

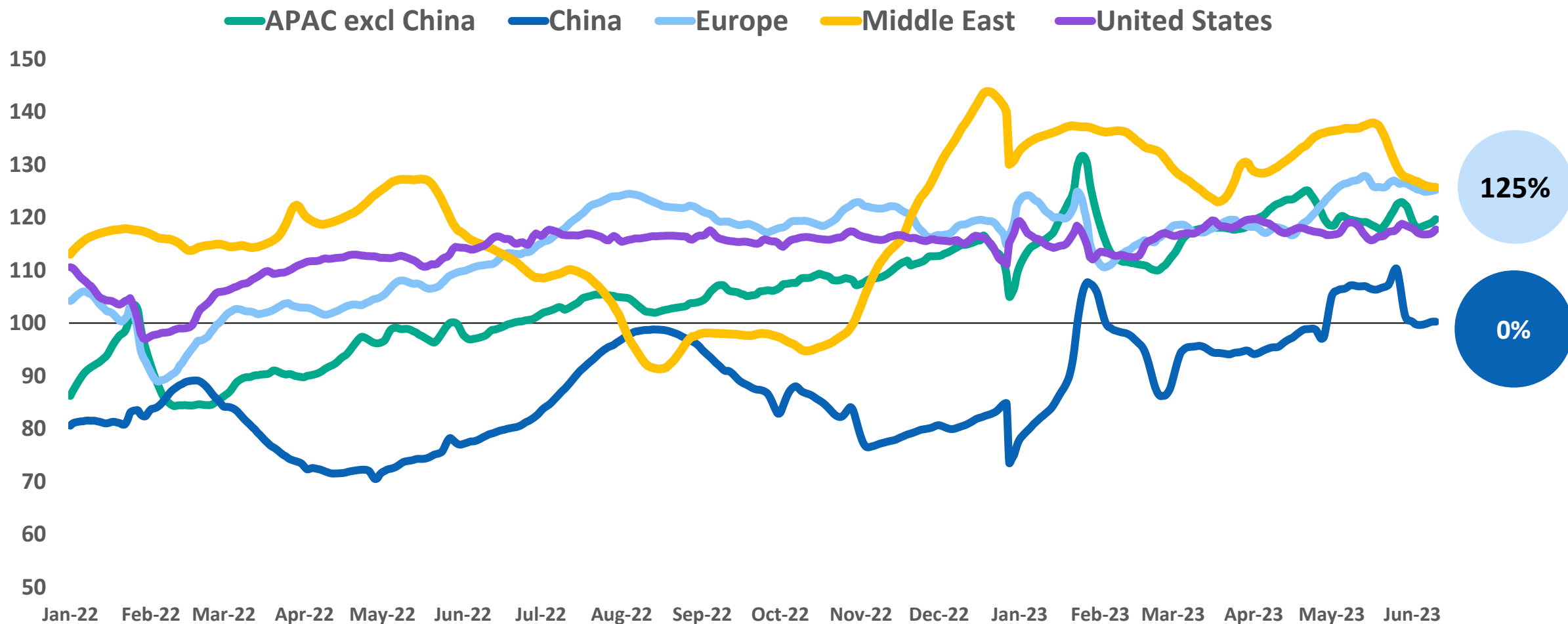
Global* ADR, USD, constant currency, recovery index, GFC and COVID



**Excl. Turkey, Lebanon, Venezuela, and Argentina*

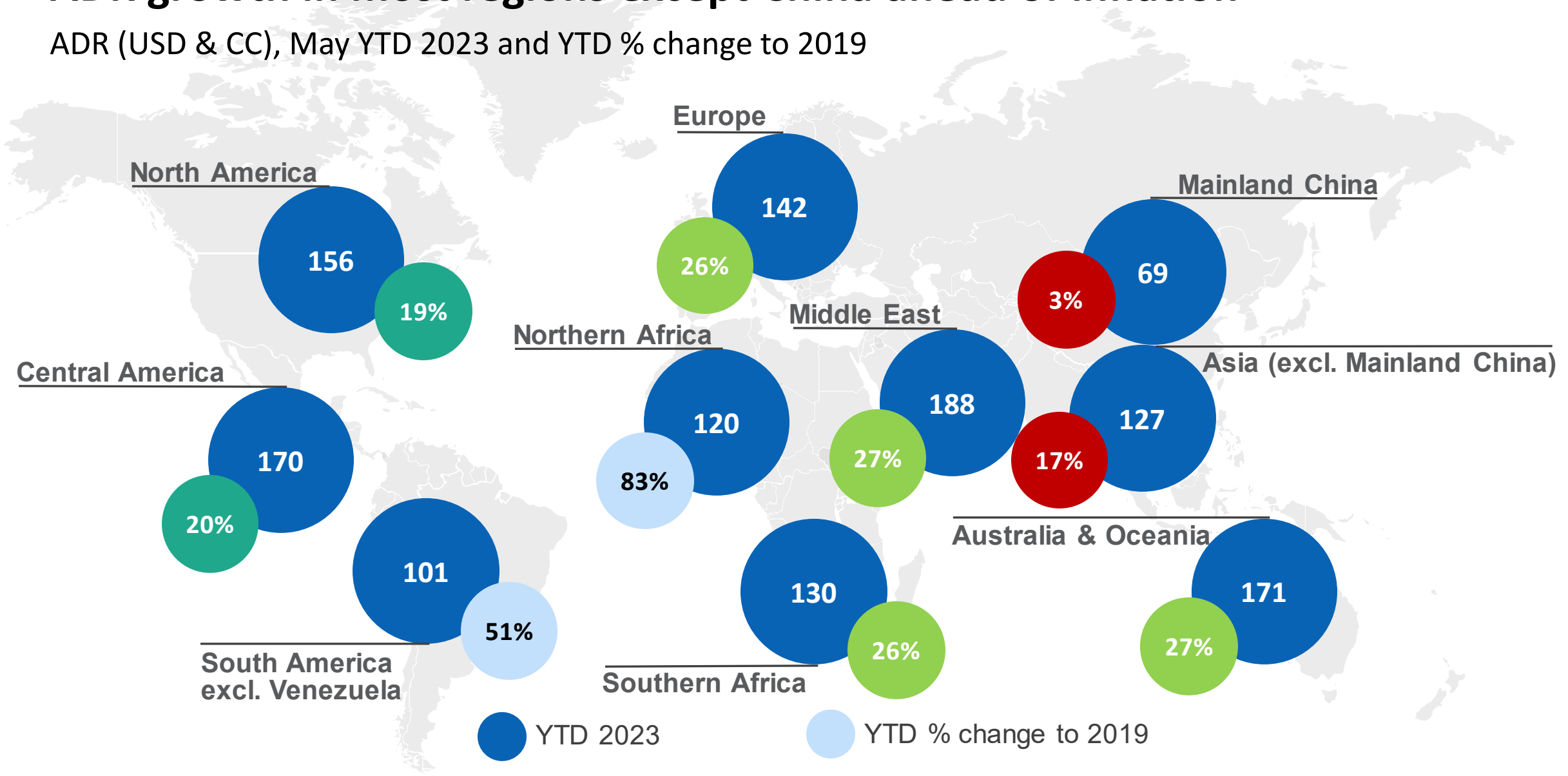
Middle East ADR's growth is well ahead of the rest of the world

ADR R28 (USD) Constant Currency, indexed to 2019, Jan 2022 – June 2023



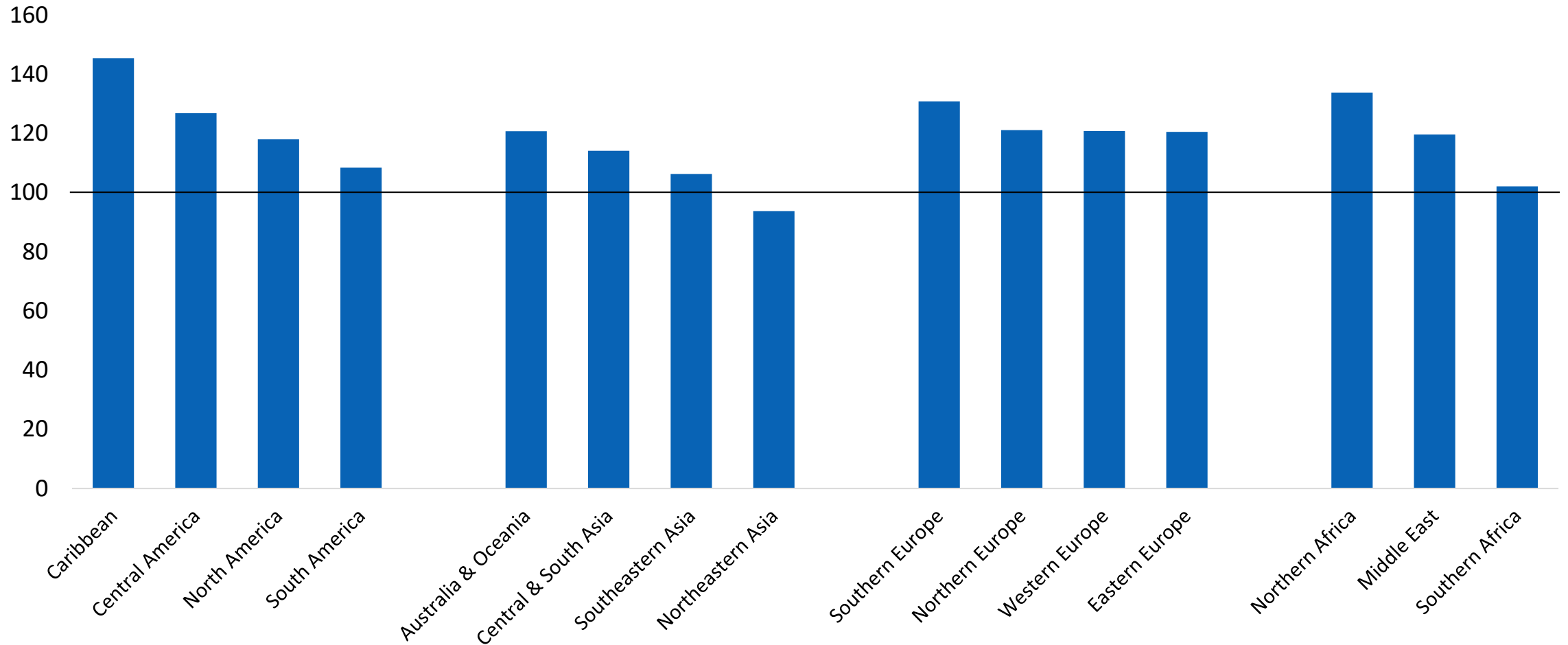
ADR growth in most regions except China ahead of inflation

ADR (USD & CC), May YTD 2023 and YTD % change to 2019



NE Asia only subcontinent below 2019 levels, SE Asia just passed

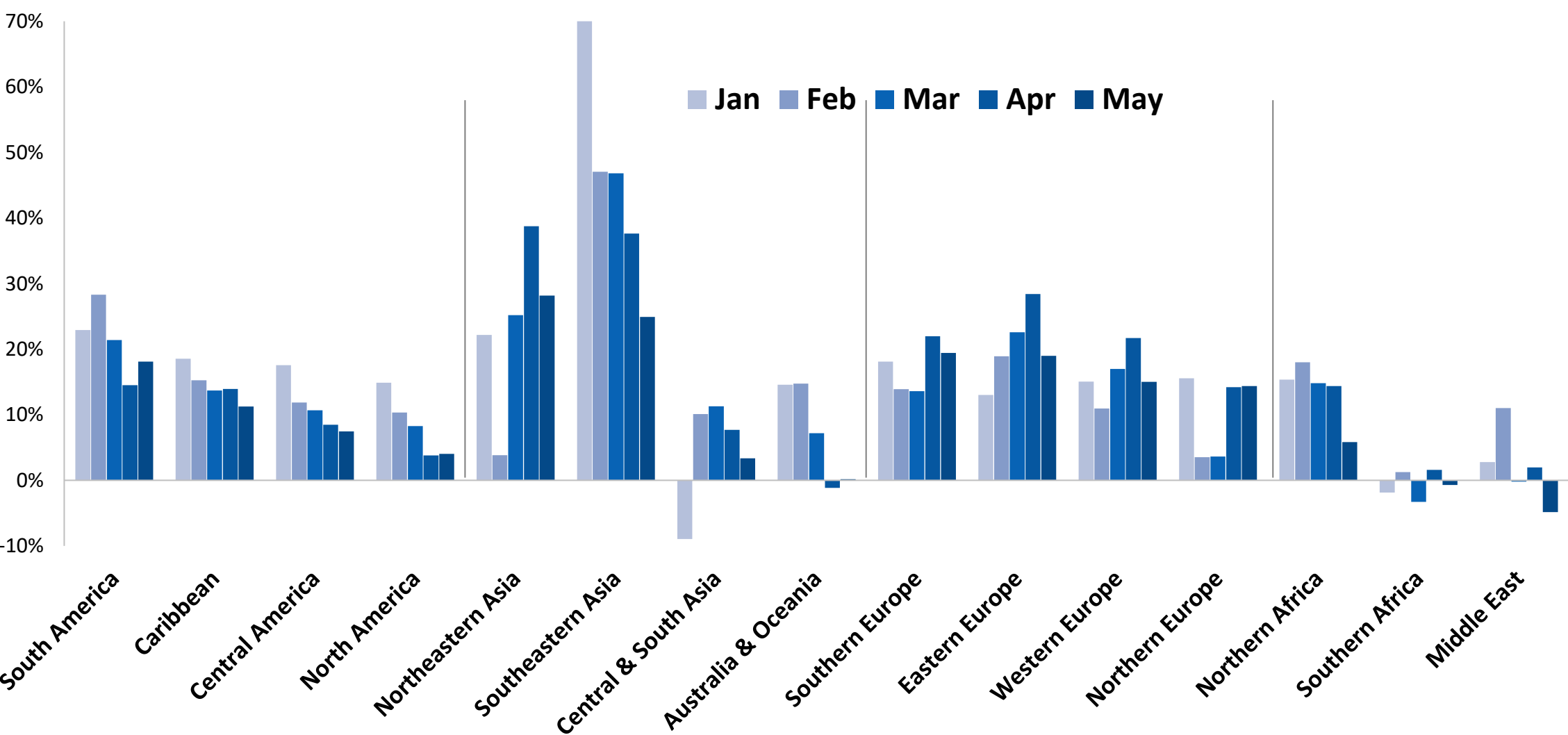
ADR*, USD (Europe in Euros) indexed to 2019, YTD May 2023



*Excl. Venezuela & Lebanon

Already-high rates continue to grow YOY in almost all regions, some slowing

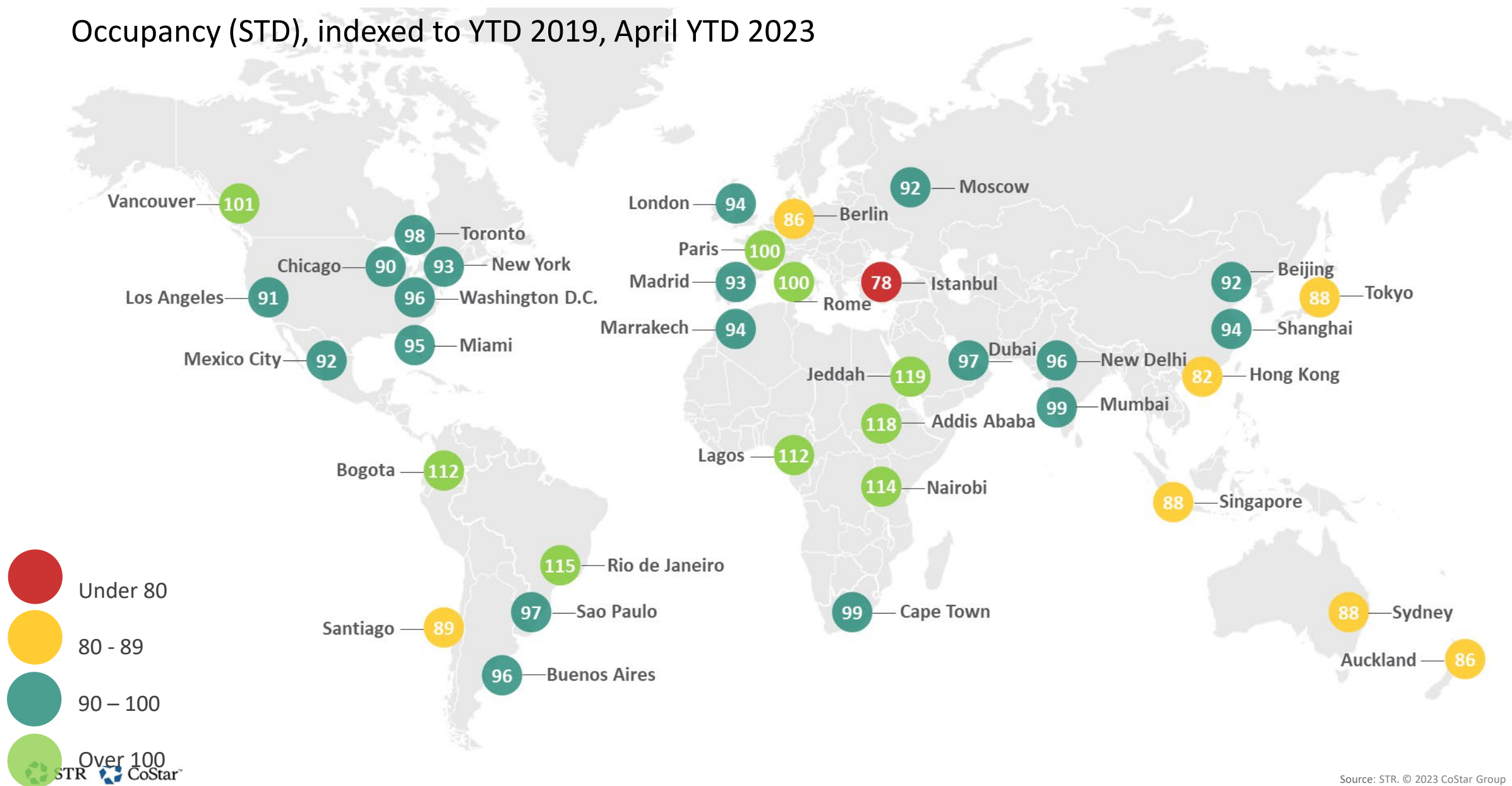
ADR*, USD, YOY % change, Jan – May 2023



*Excl. Venezuela & Lebanon

Aided by gateway cities strong recovery

Occupancy (STD), indexed to YTD 2019, April YTD 2023



Again, gateway cities are driving ADR growth

ADR (LC), indexed to YTD 2019, April YTD 2023



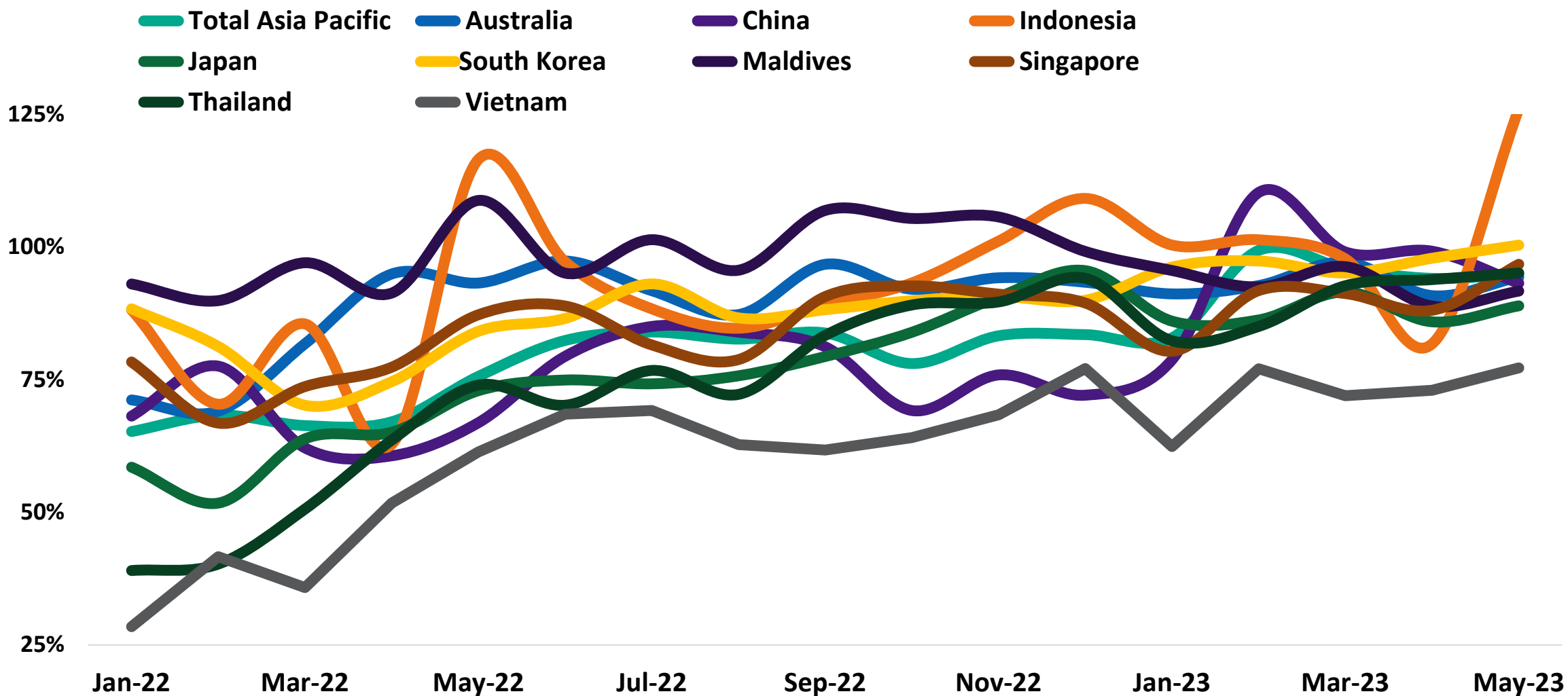


Asia Pacific



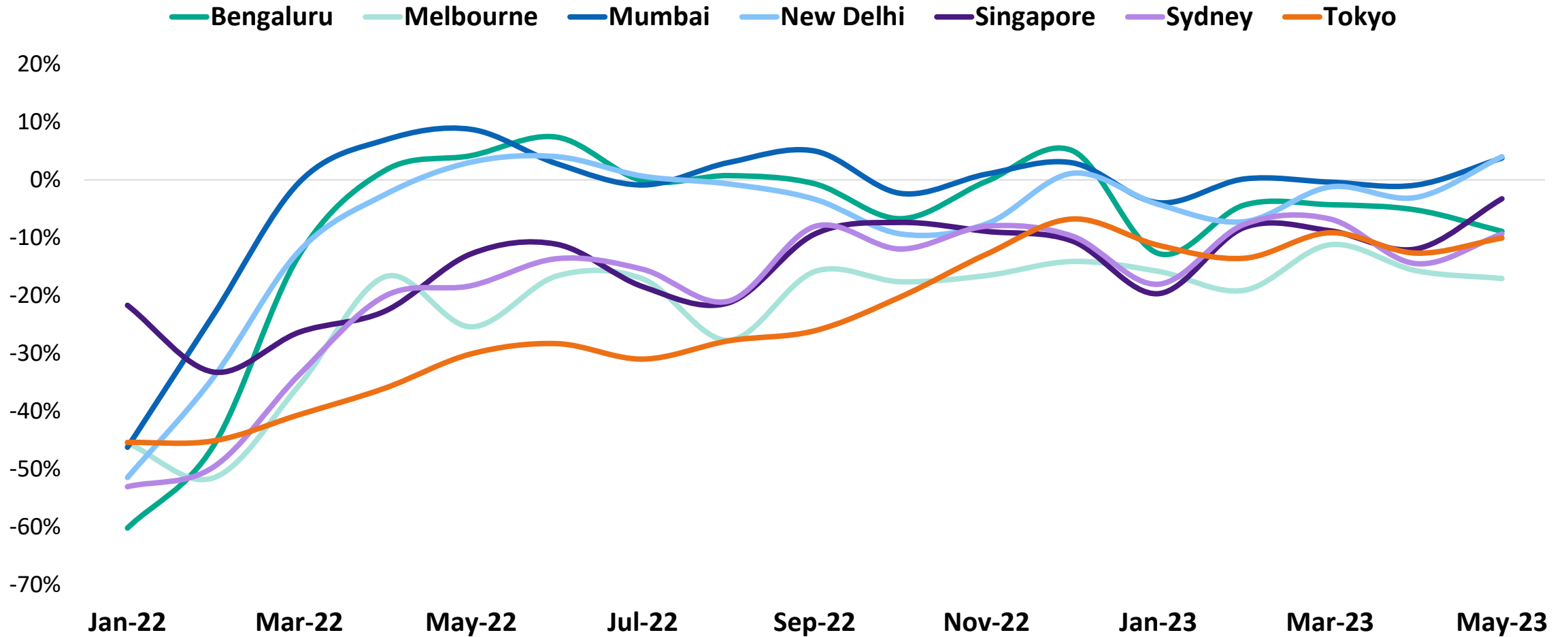
Occupancy rebounding rapidly YTD – 80% back or more

APAC, major countries, occupancy indexed to 2019, Jan 2022 to May 2023



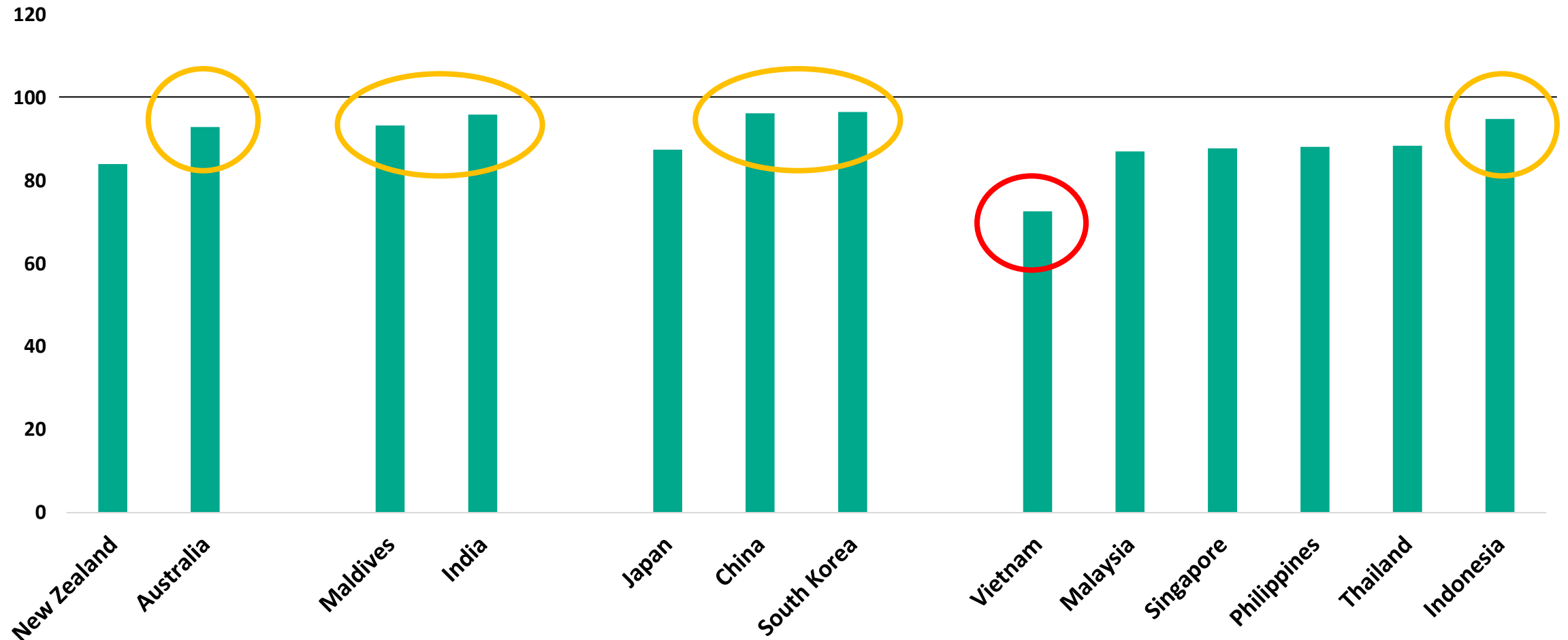
Major markets across APAC slowly returning to normal

Occ % change to 2019, Jan 2022 – May 2023



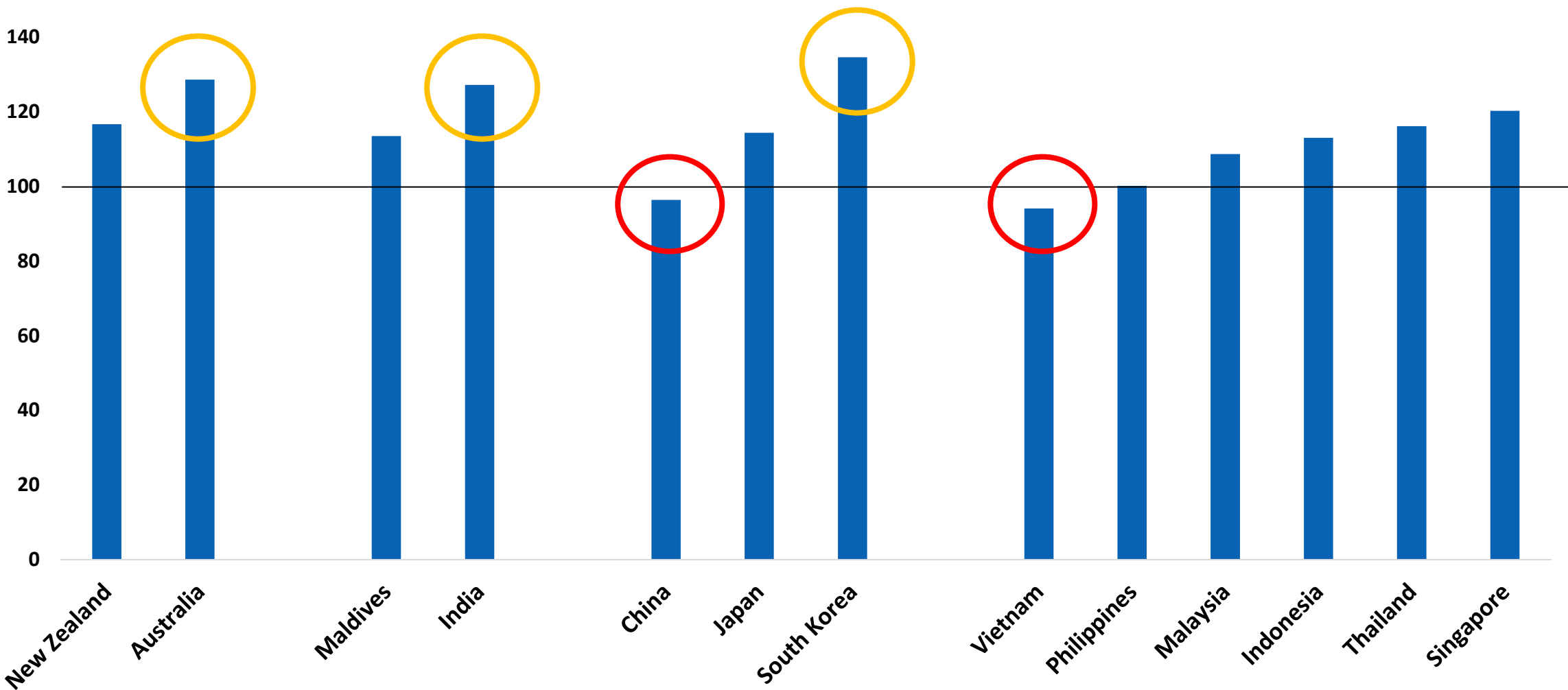
Increases in 2023; China, S. Korea, India, & Indonesia close to 2019

Occupancy (Std) indexed to 2019, April YTD 2023



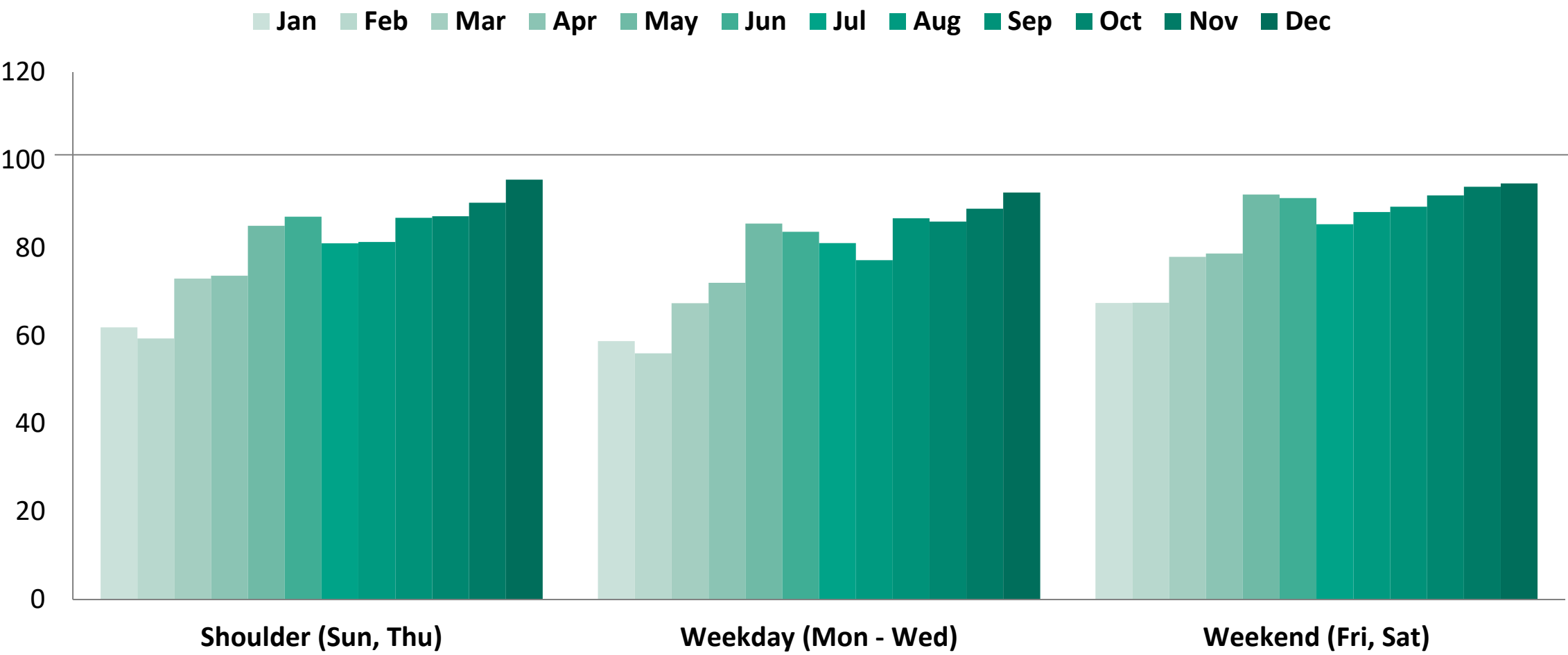
Almost all AP countries at or above 2019 ADR levels

ADR (LC) indexed to 2019, April YTD 2023



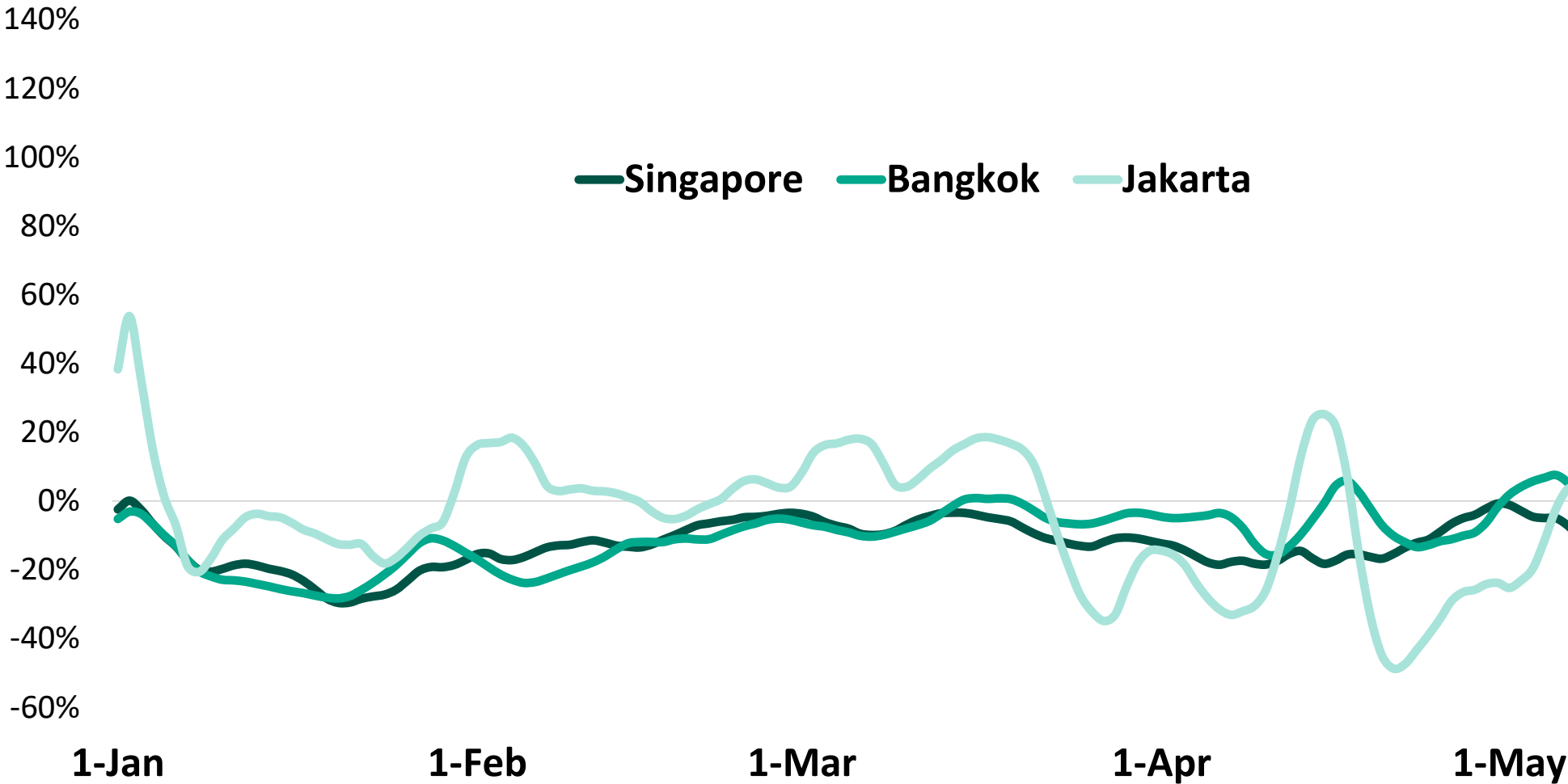
Demand segments rebuilding at roughly the same pace

APAC excl. China, occ indexed to 2019, Jan – Dec 2022



ASEAN occupancy pretty much back

R7 occupancy, % change to 2019, 2023 YTD



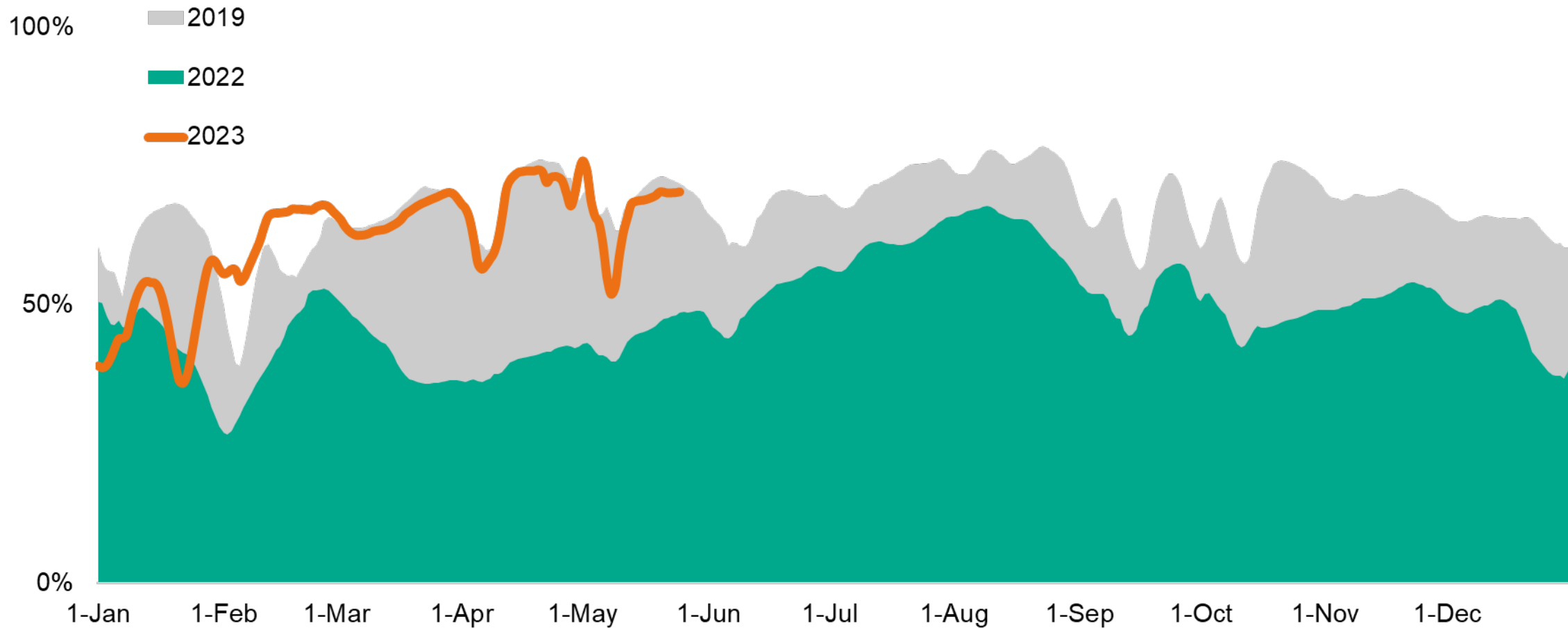


China



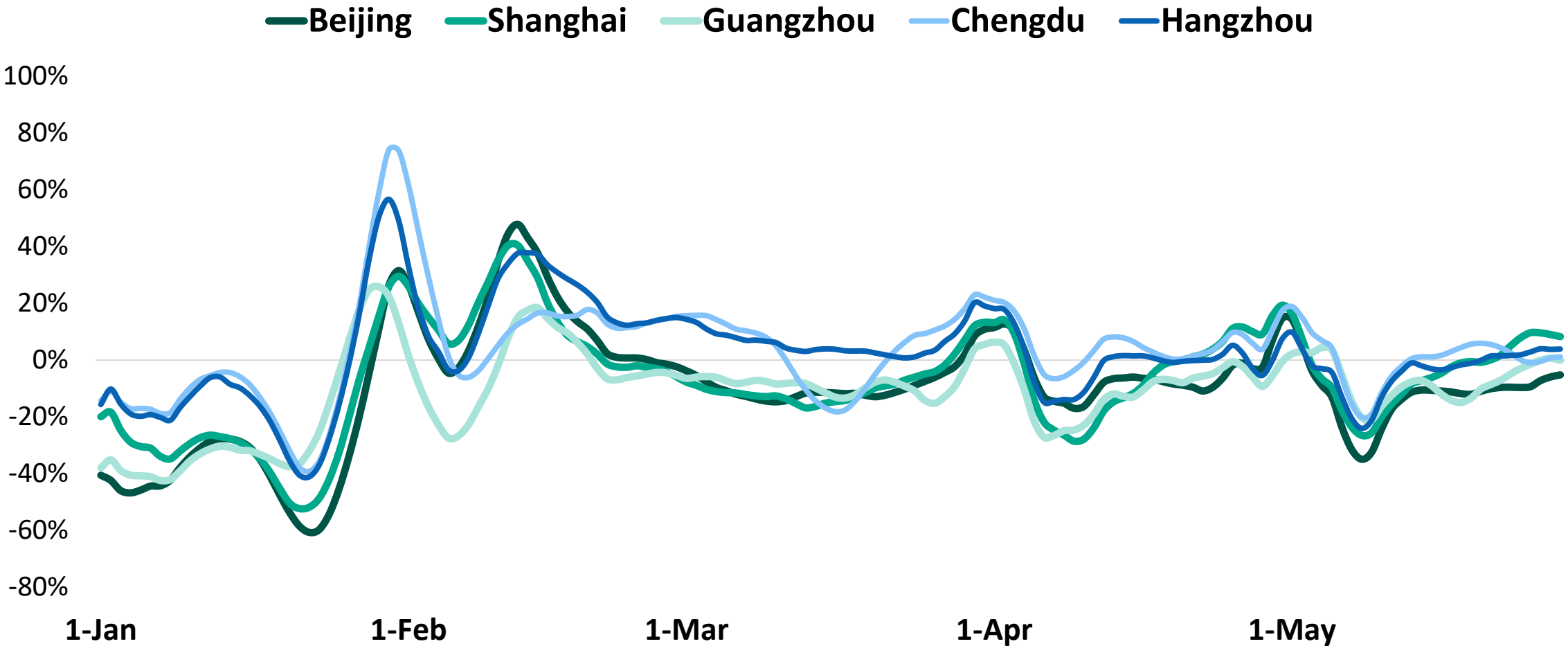
Quick demand stabilisation

Mainland China, R7 Occupancy, 1 Jan 2019 – 25 May 2023



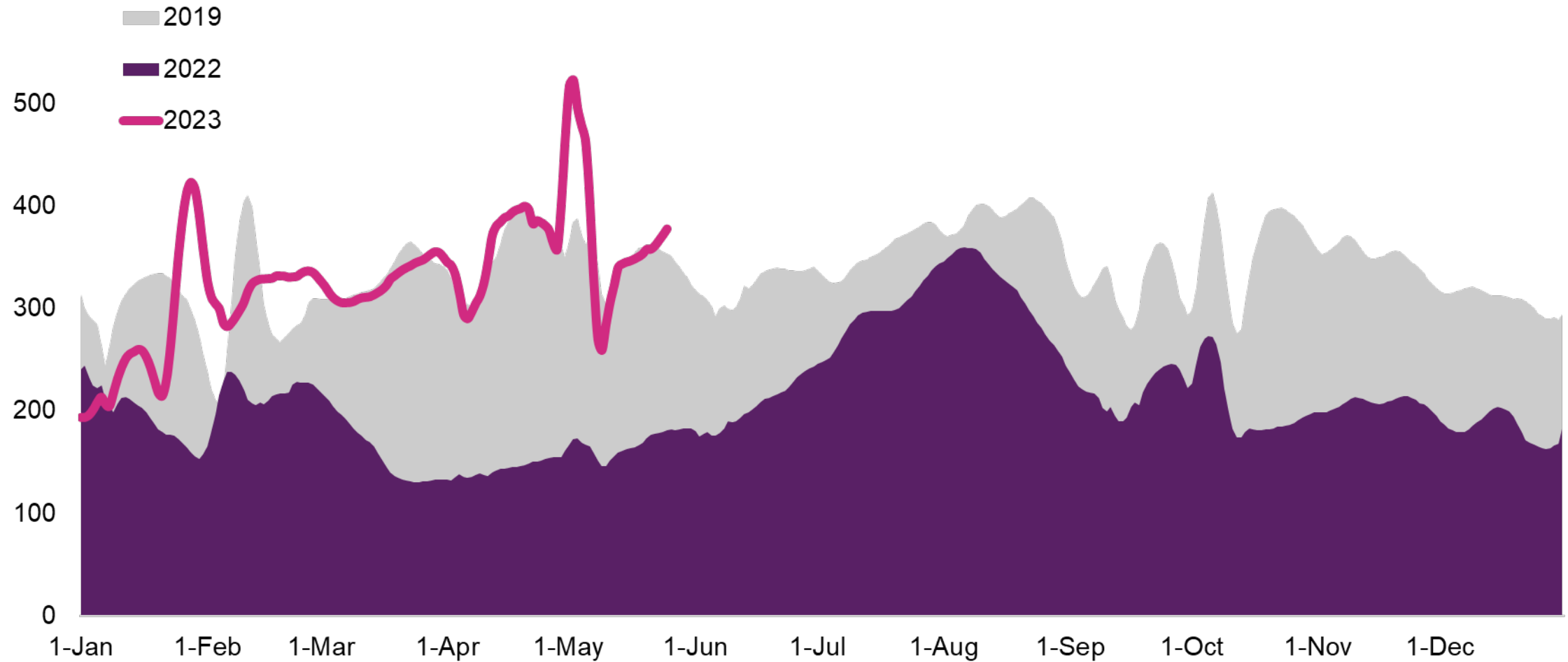
China comeback continues in key markets

R7 occupancy, % change to 2019, 2023 YTD



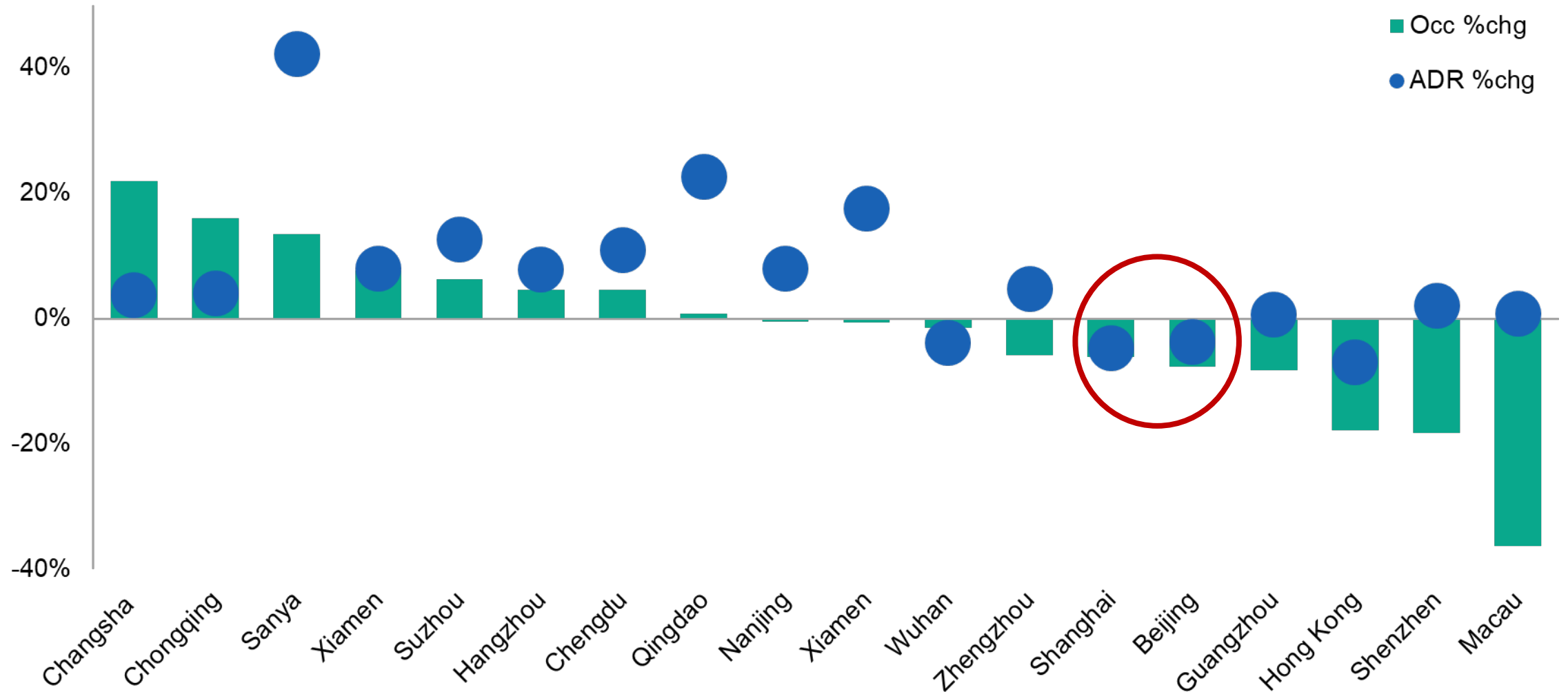
Not the same rate growth in China

Mainland China, R7 RevPAR, 1 Jan 2019 – 25 May 2023



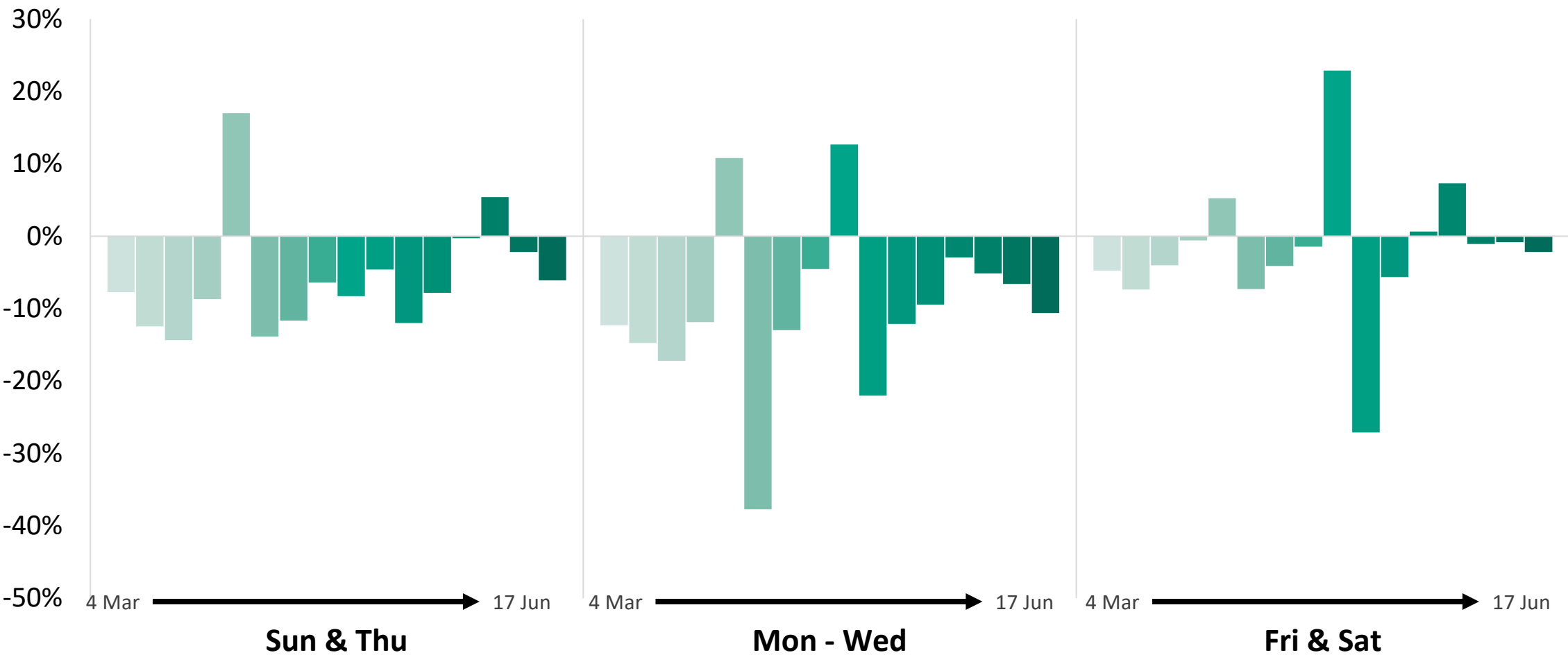
Market variations, e.g. Tier 1 rates?

China Top 18 Markets, occupancy & ADR % chg. to 2019, YTD Apr 2023



China's biggest, most biz-reliant markets booming

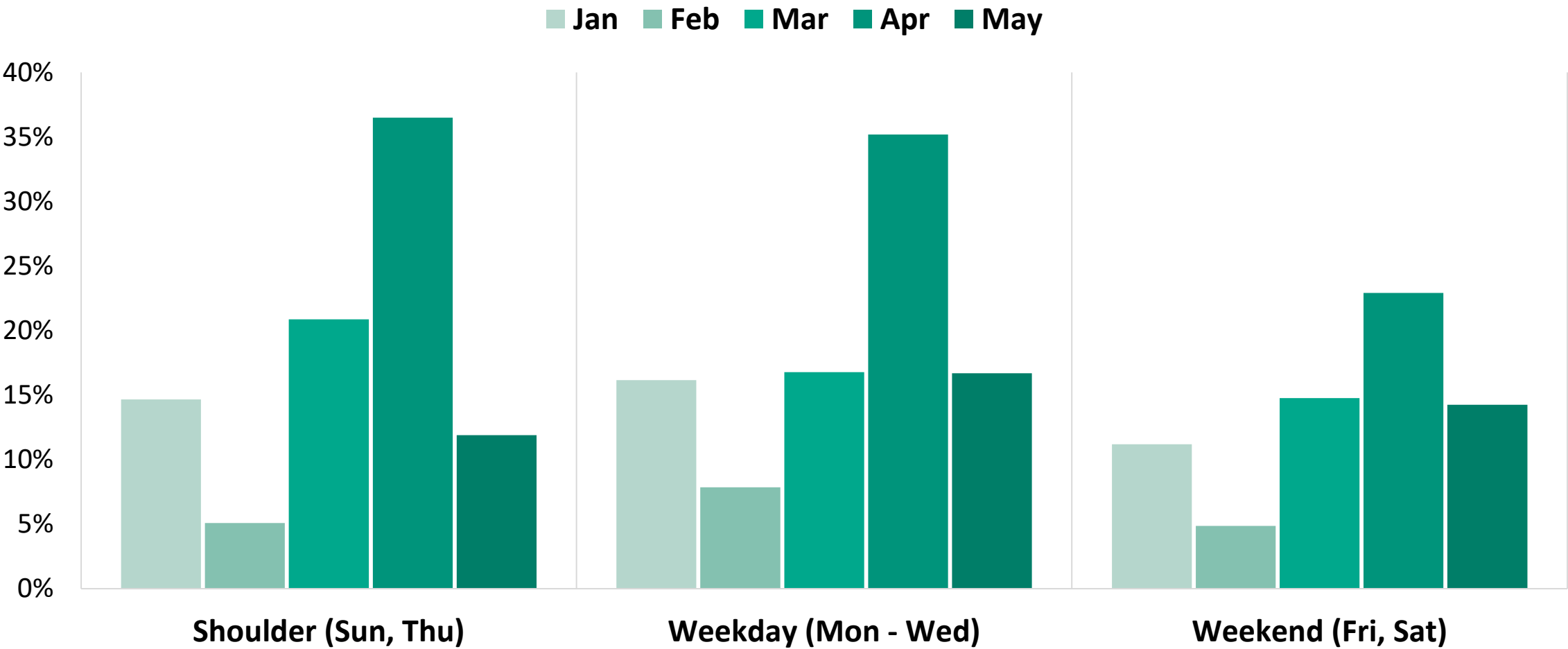
China Tier 1 markets*, occ % change to 2019, weeks ending 4 Mar – 17 Jun 2023



*Beijing, Guangzhou, Shanghai, Shenzhen

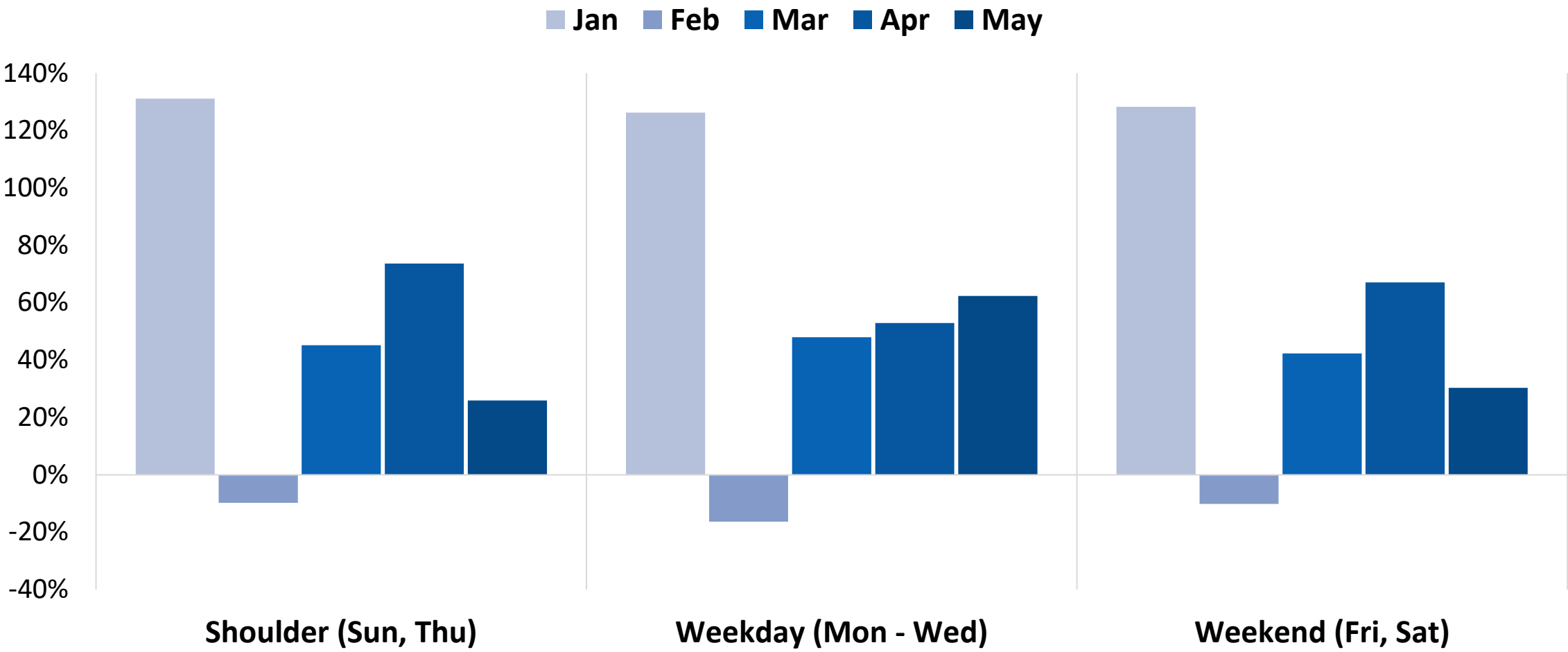
2023 Sanya Occupancy strong

Sanya, Occupancy % chg. to 2019, Jan – May 2023



As is ADR increase

Sanya, ADR (CNY) % chg. to 2019, Jan – May 2023



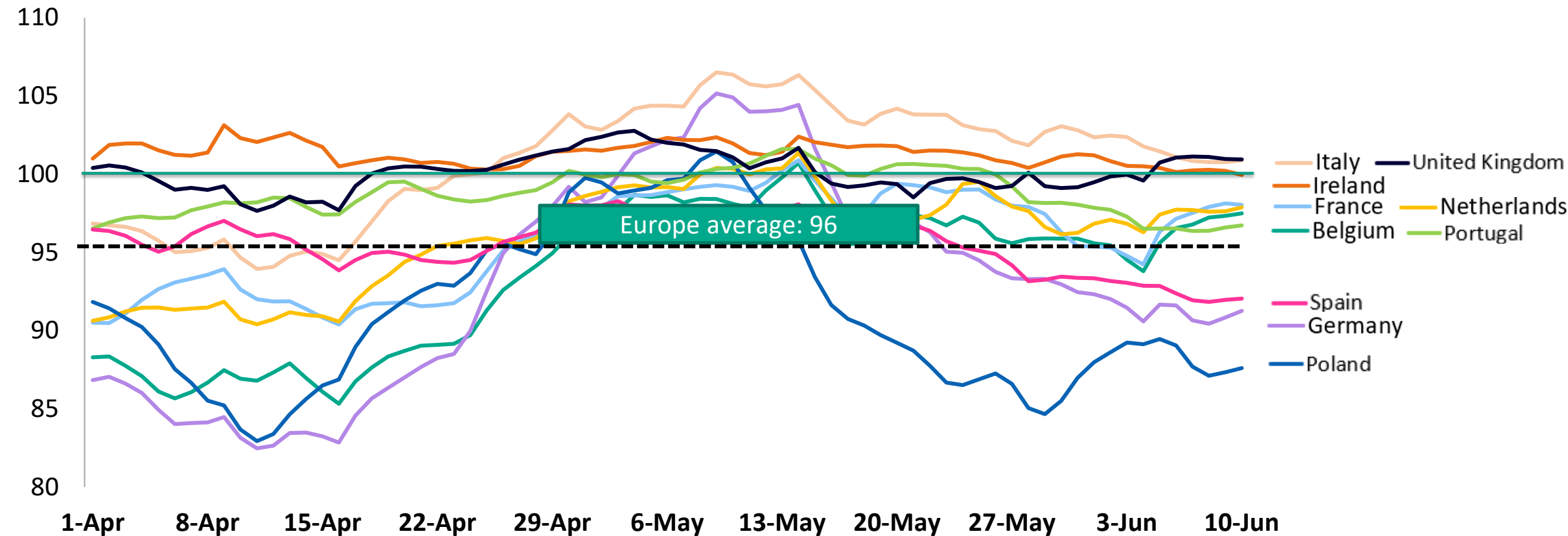


Europe



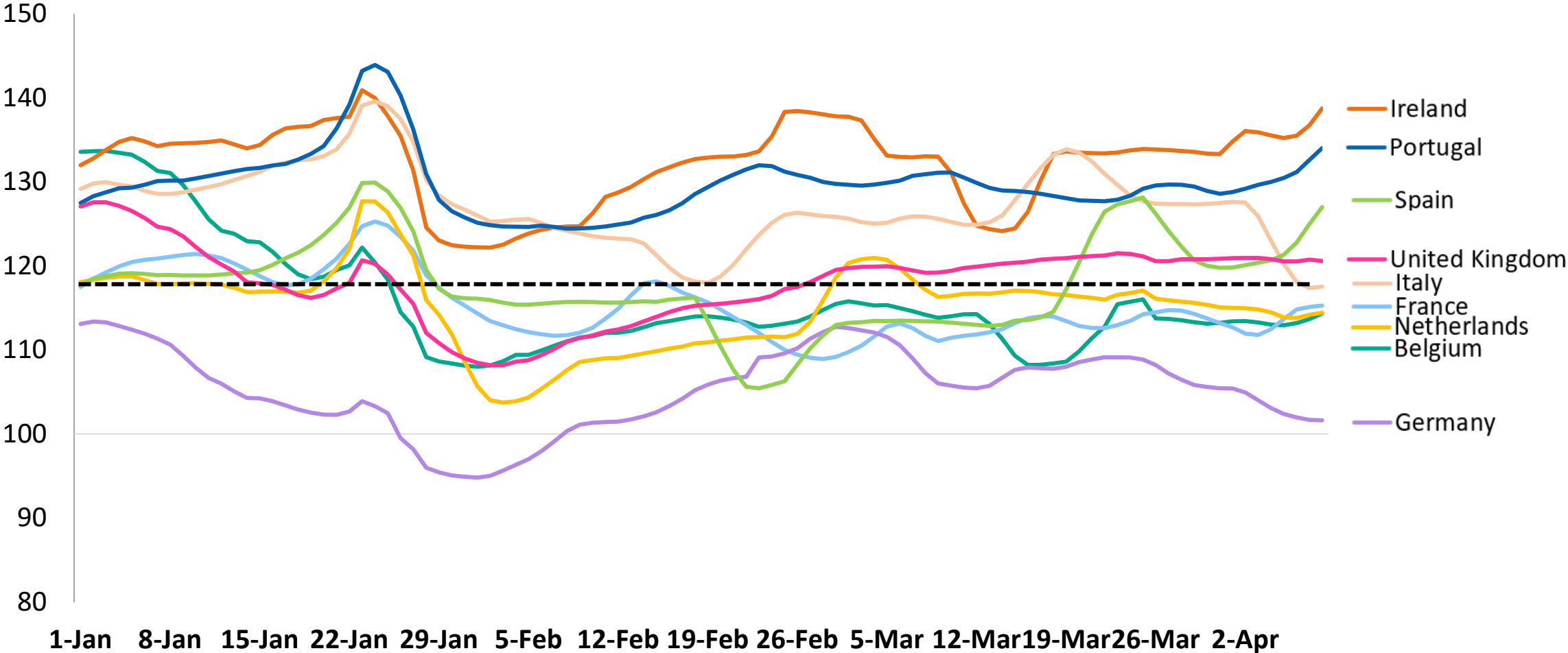
Solid occupancy recovery in many countries

Occ R28 (Std) indexed to 2019, April 2023 – June 2023



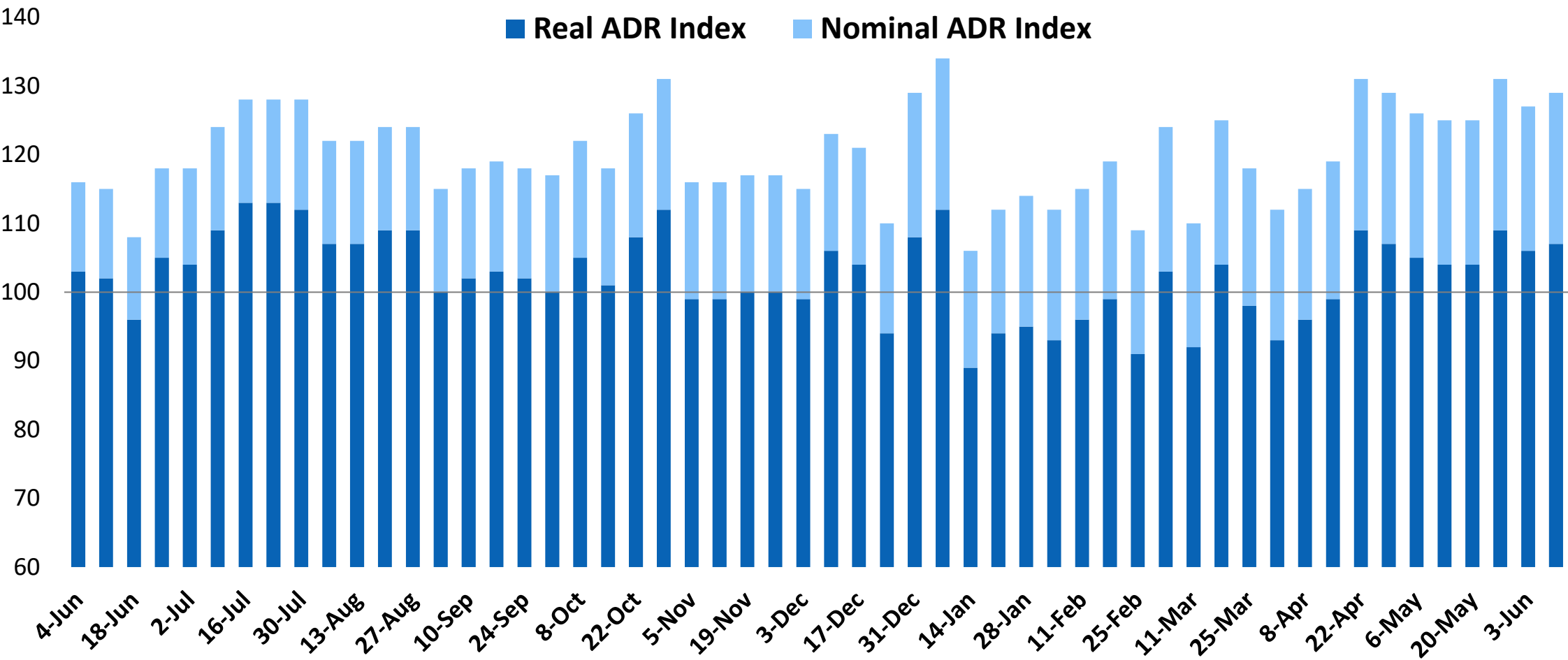
ADR growth closely correlated to occupancy recovery

ADR R28 (LC) indexed to 2019, January 2023 – April 2023



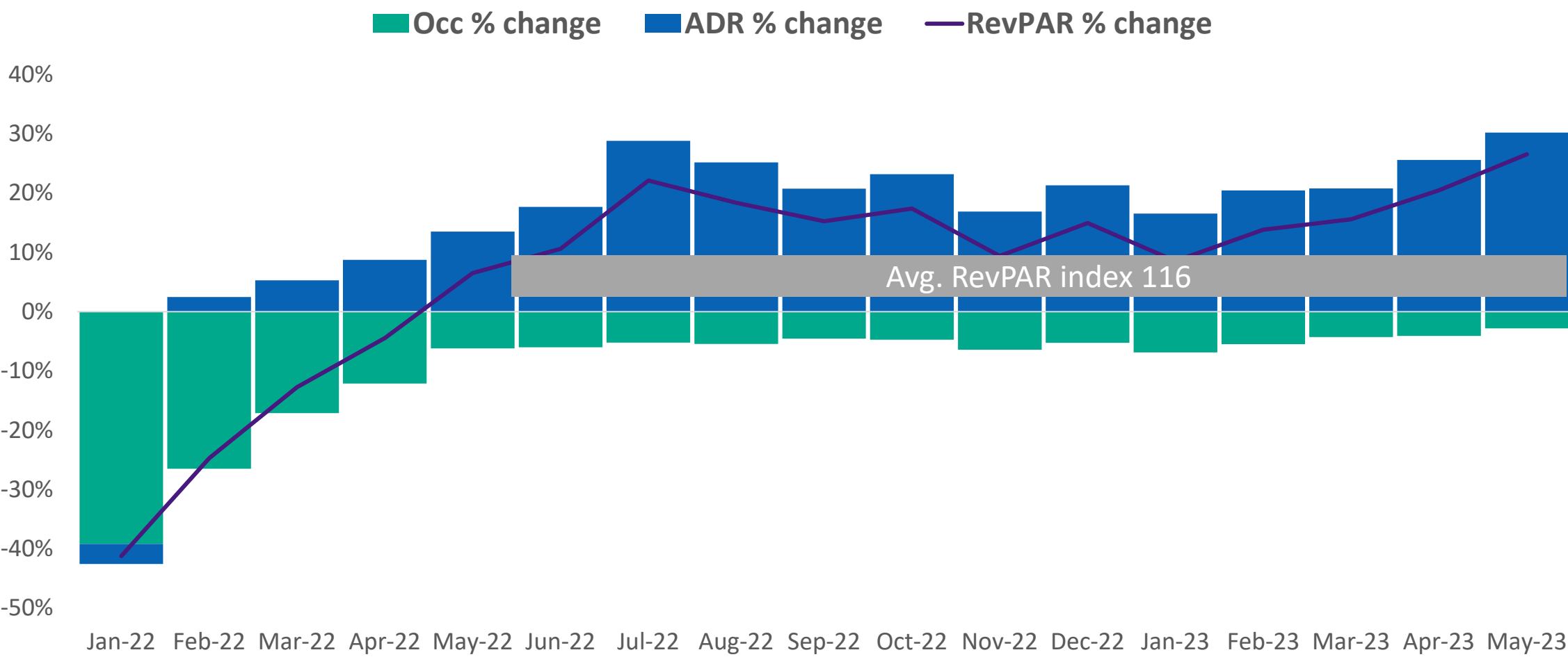
With that, recession-busting rates prevail

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



RevPAR growth has rebounded in Spring

Europe, % change to 2019, January 2022 – May 2023

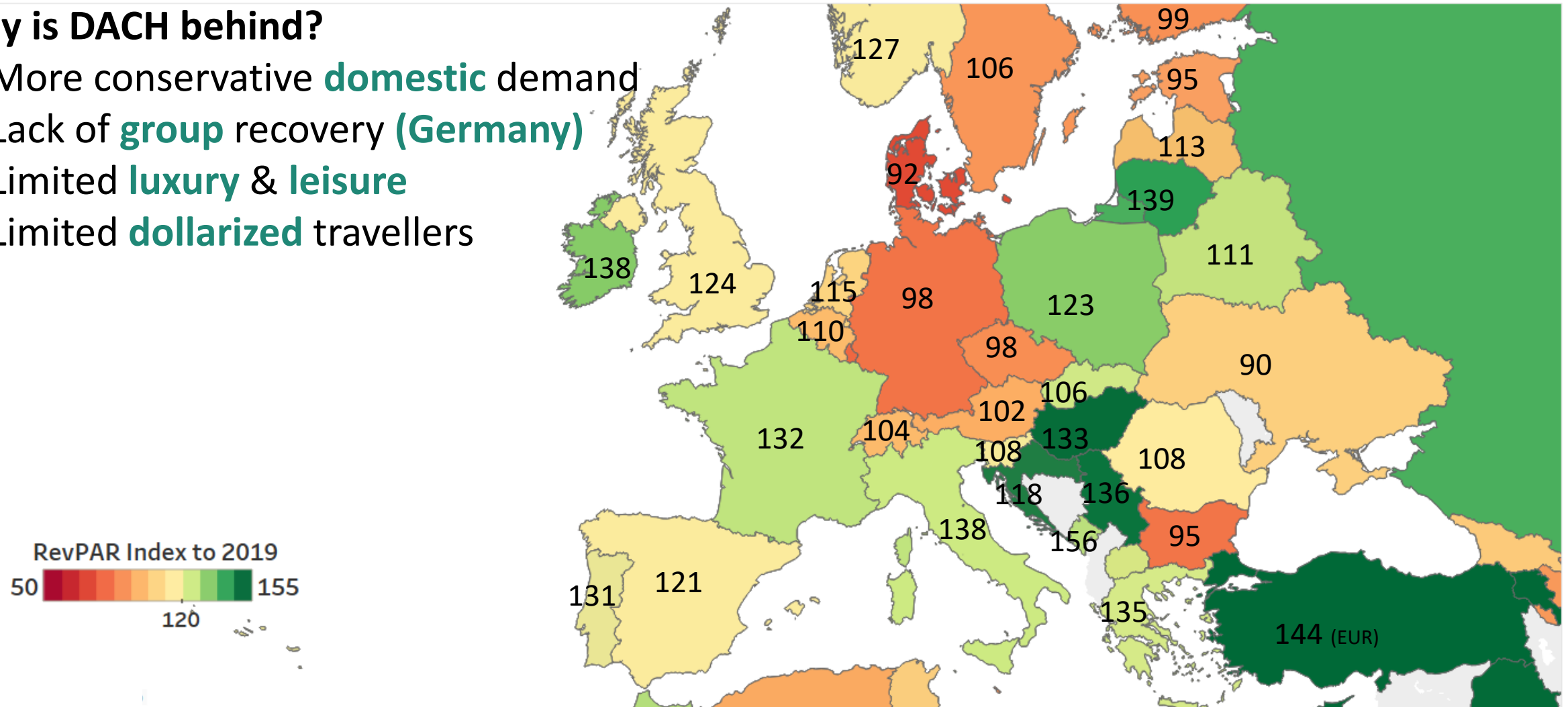


Lead by Italy, Ireland, France & UK

European Countries, RevPAR (STD & LC), indexed to 2019, May YTD 2023

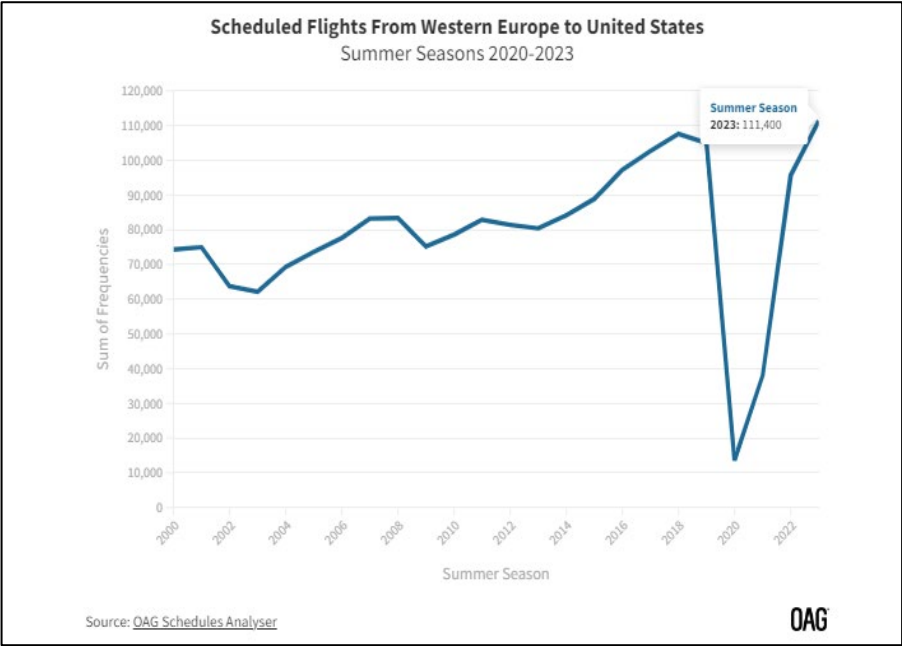
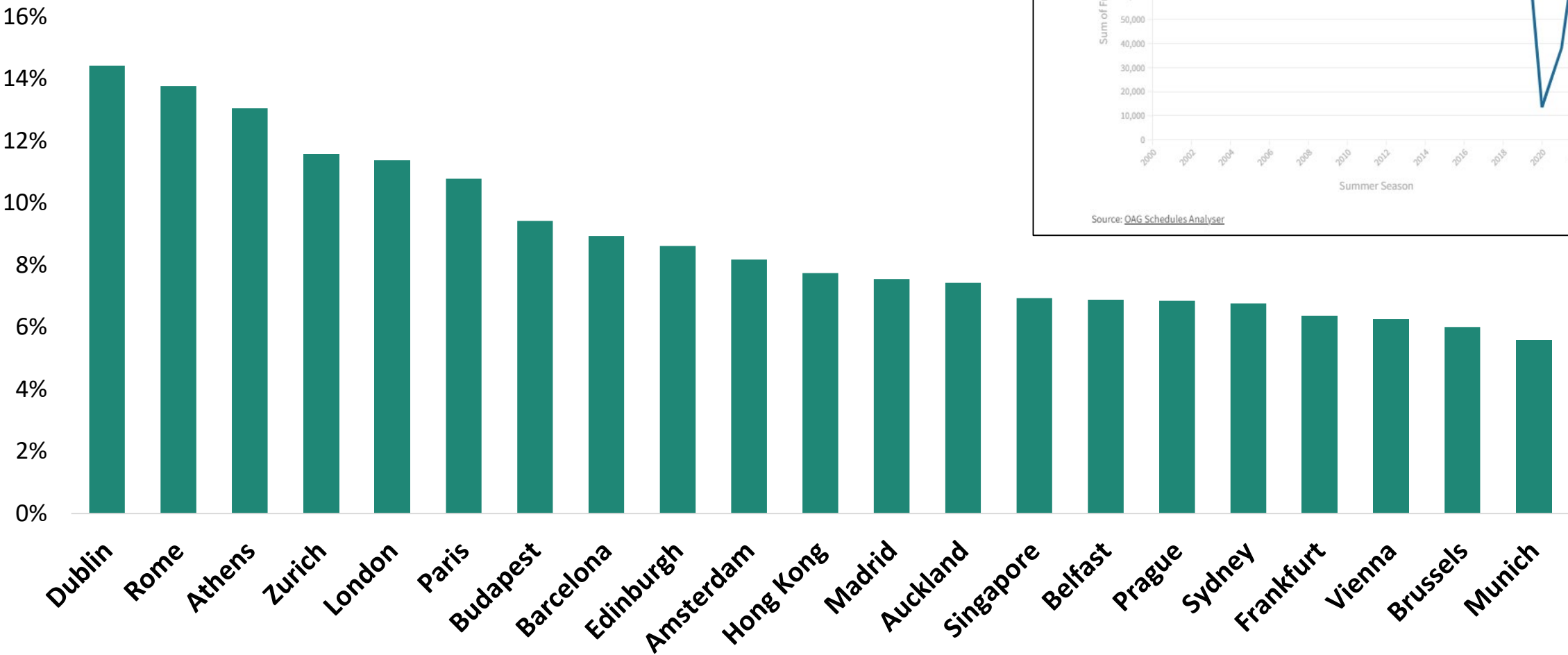
Why is DACH behind?

- More conservative **domestic** demand
- Lack of **group** recovery (**Germany**)
- Limited **luxury & leisure**
- Limited **dollarized** travellers



Americans are key to outperforming markets

% total nights in paid accommodations from the United States, 2019

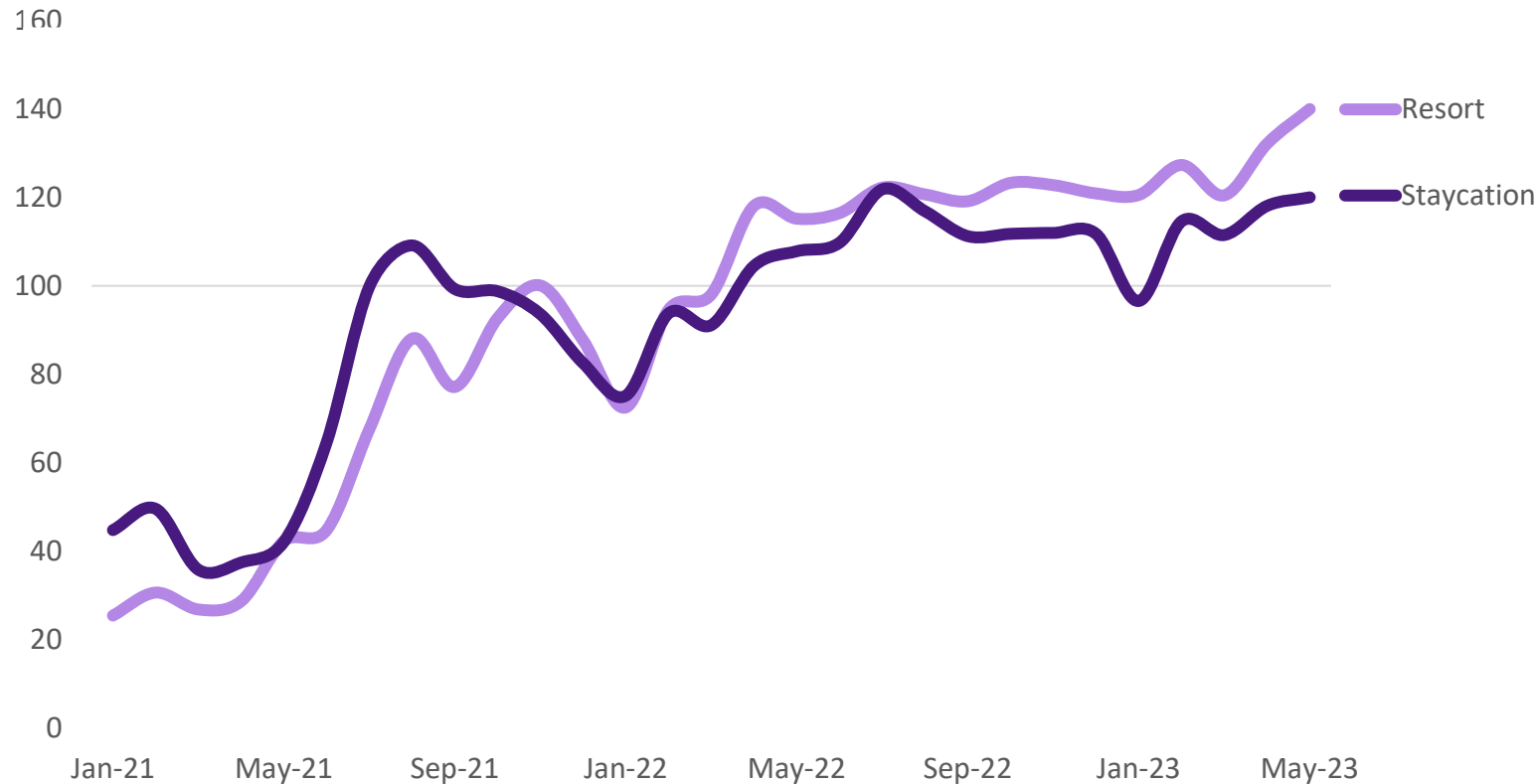


... and staycations are making a comeback

... both are even more in demand in '23 with staycation markets growing more strongly

The past

RevPAR indexed to 2019, Jan 2021 – May 2023



The future

BoB for summer* 2023 vs. STLY

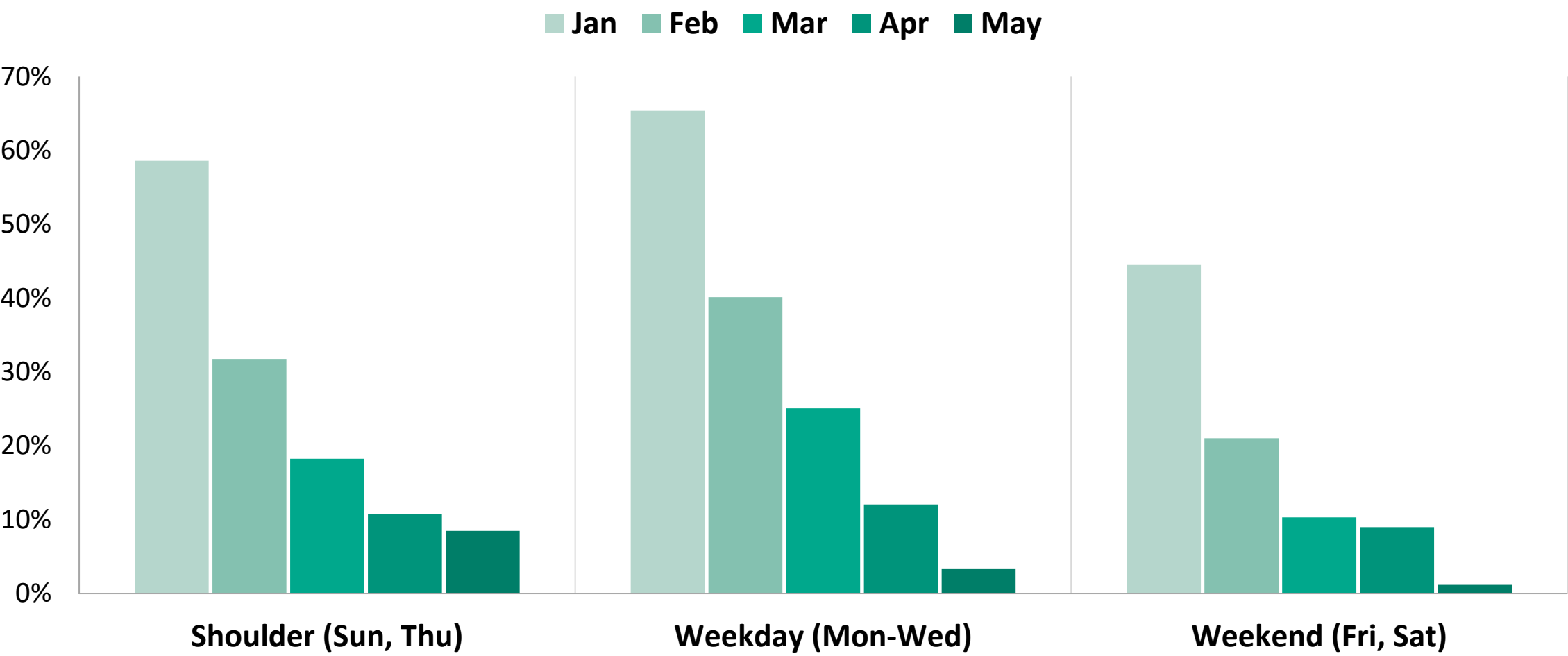
*(05 June – 31 August)

Resorts	BoB	vs STLY
Lake Como	68%	+3%
Canary Islands	54%	+1%
Italian Islands	59%	+1%
Andalusia	51%	+1%
Malaga	53%	+2%

Staycation	BoB	vs STLY
Cornwall & Devon	55%	+3%
Yorkshire	55%	+7%
Cumbria	44%	+8%
Edinburgh	67%	+6%

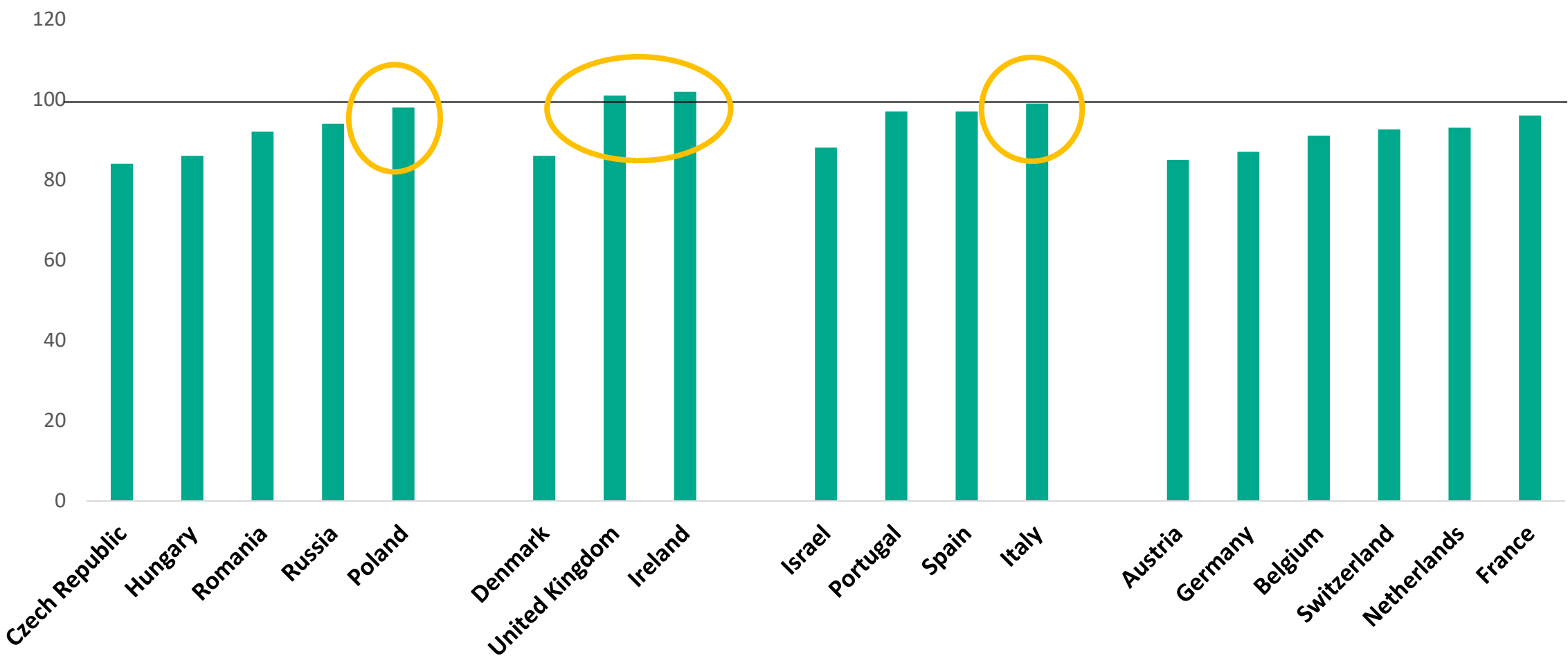
Unlike the US, Europe is still seeing growth across the week

Europe*, Occ % change YOY, Jan 2023 – May 2023



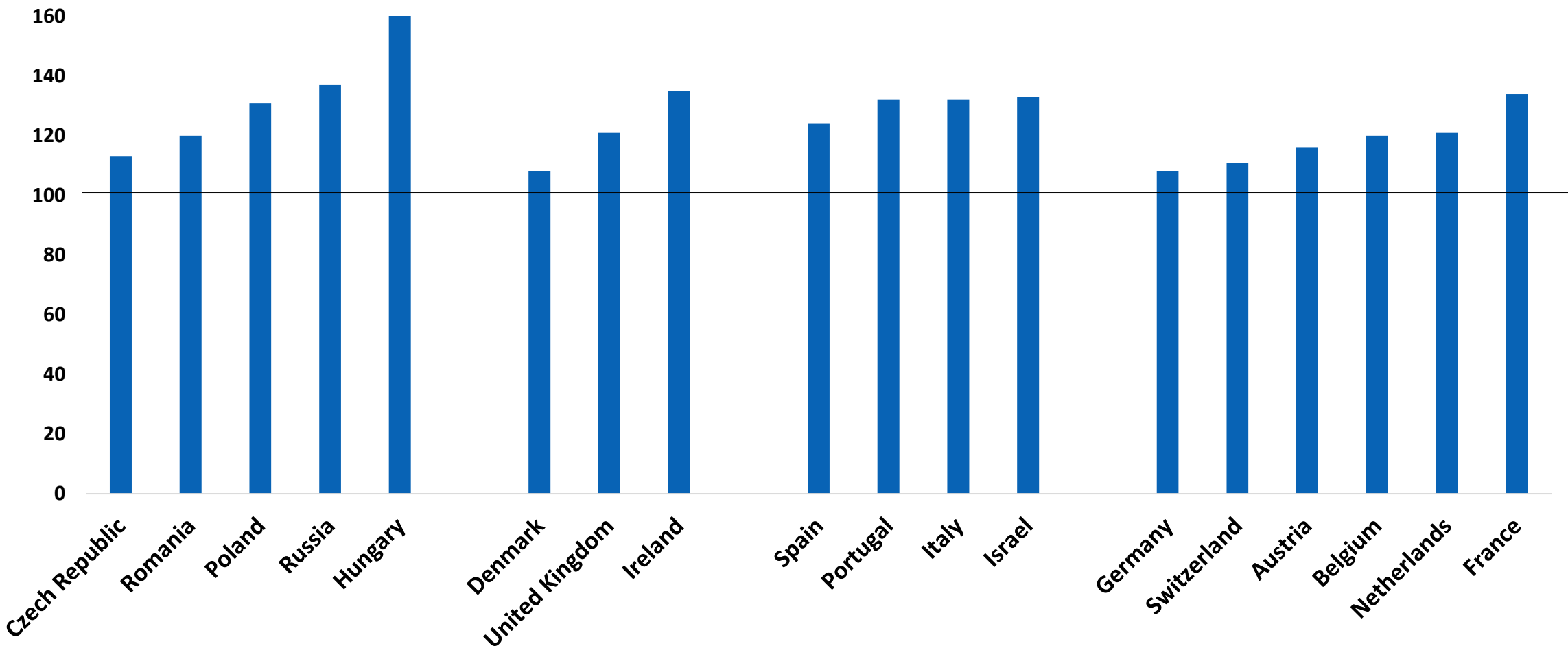
Some European countries at or above 2019 levels, range is 82-102

Occupancy (Std) indexed to 2019, April YTD 2023



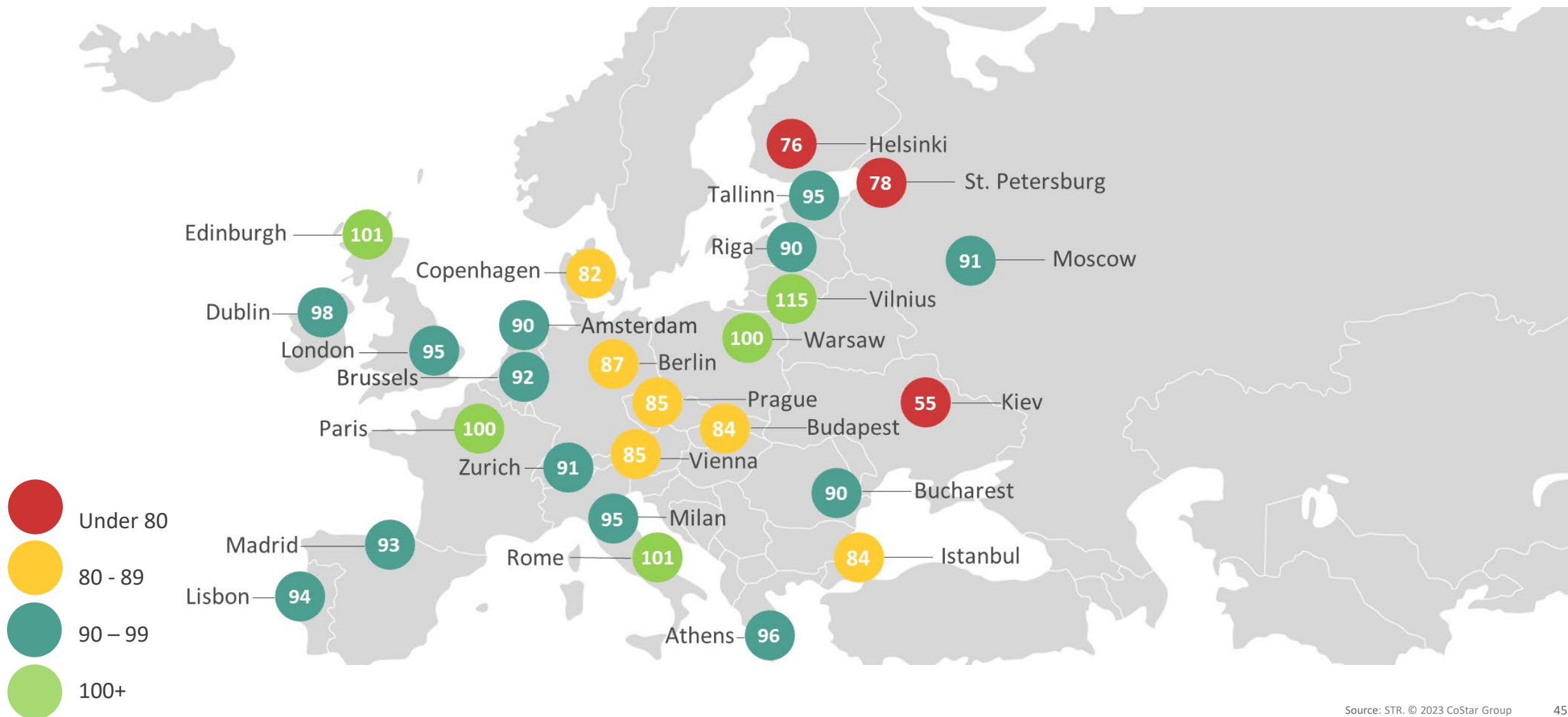
All European countries well above 2019 ADR levels, 110-160

ADR (LC) indexed to 2019, April YTD 2023



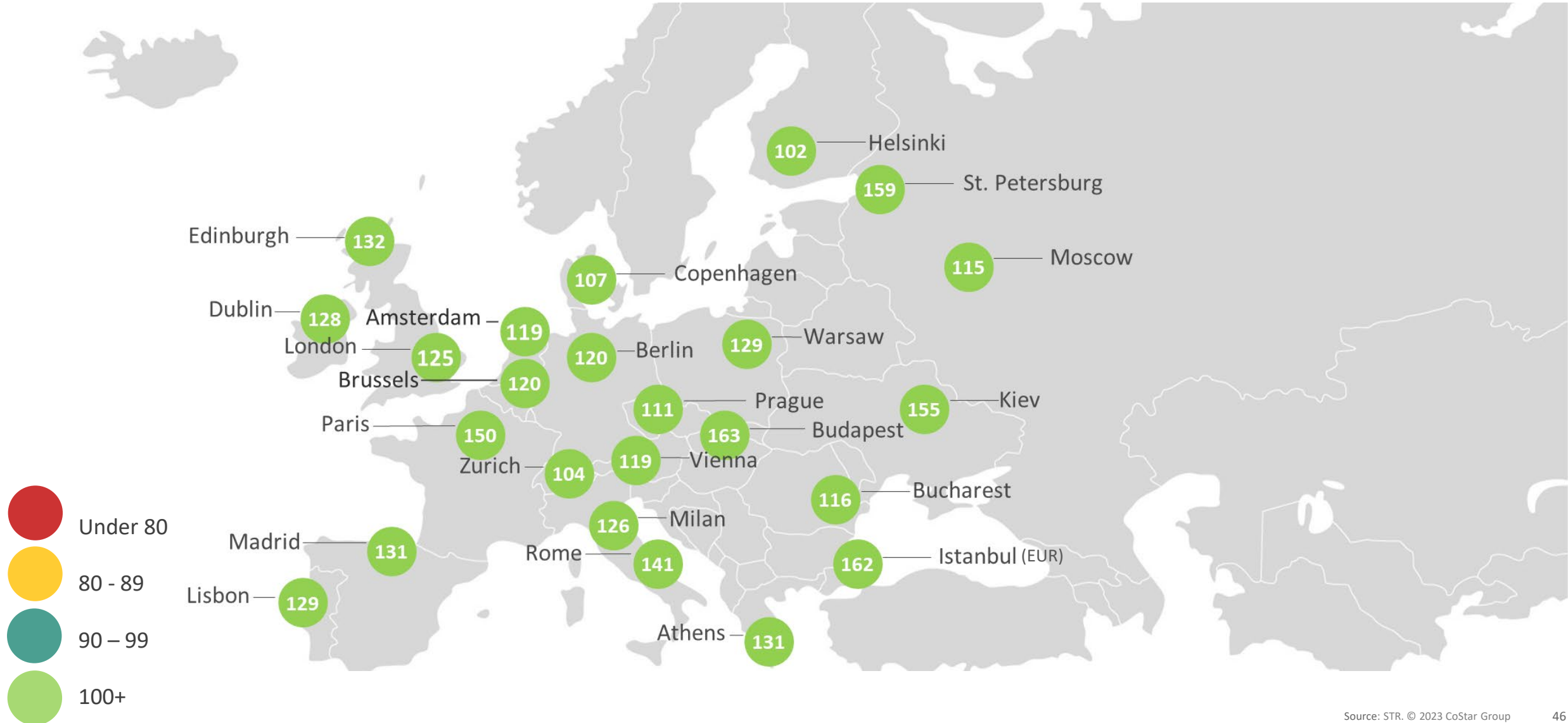
Gateway city performance mirroring national trends

European markets, Occ (Std), indexed to 2019, May YTD 2023



Key gateway cities continue to see growth on 2019

European markets, ADR (LC), indexed to 2019, April YTD 2023



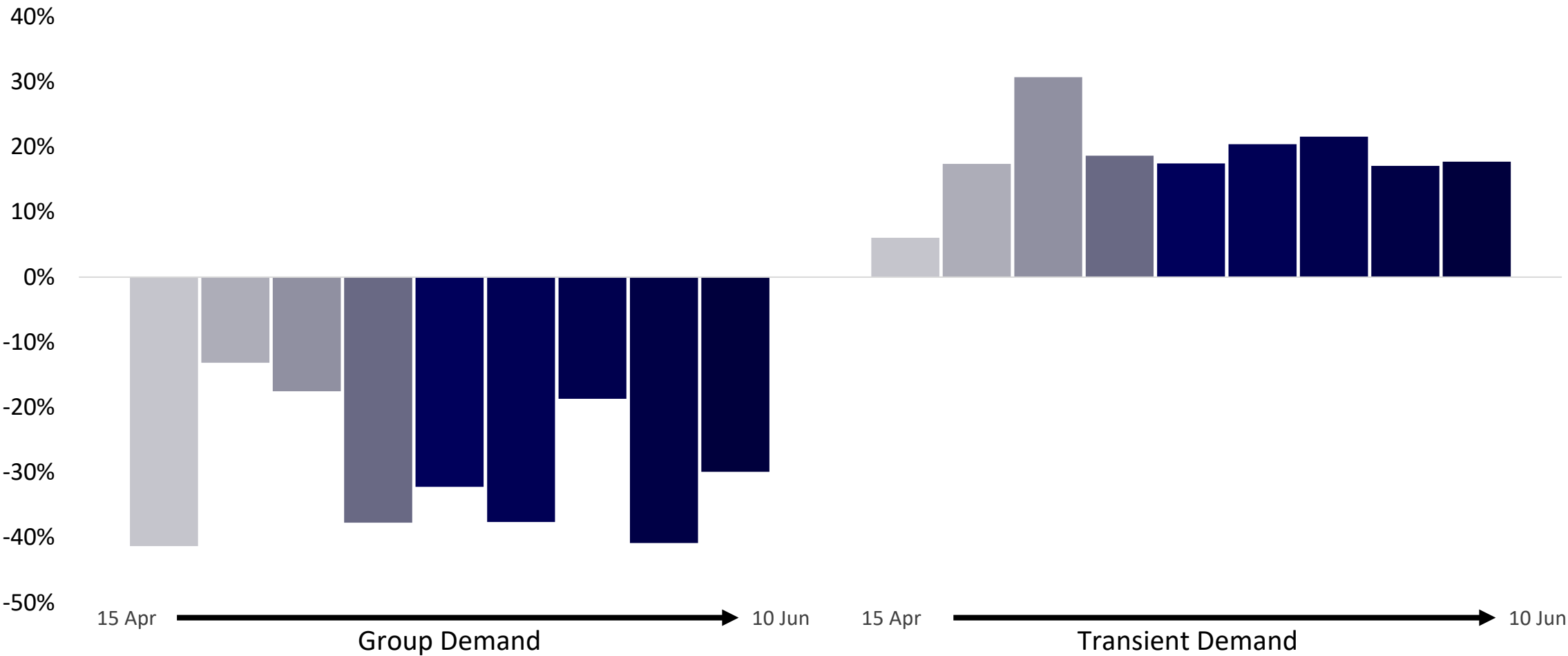
Europe Luxury ADR outperformed other segments by 25+ pp in 2022

Europe Occ (STD) and ADR (Euros) indexed to 2019, Full Year 2022



The main thing holding back Europe recovery is still group demand

Europe, segmentation Demand % change to 2019, weeks ending 15 Apr – 10 Jun 2023



Luxury rates are crazy, even by current ADR growth standards

ADR % change to 2019, R3 Feb 2023

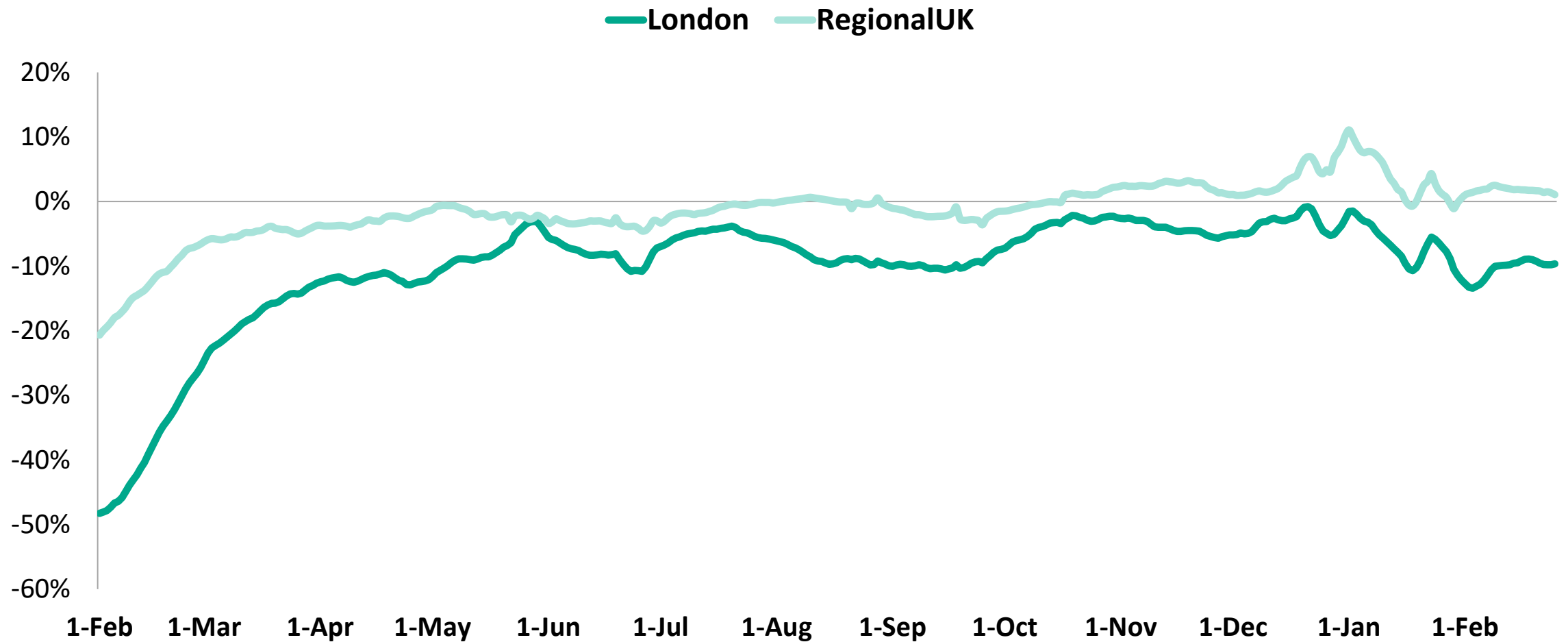




United Kingdom

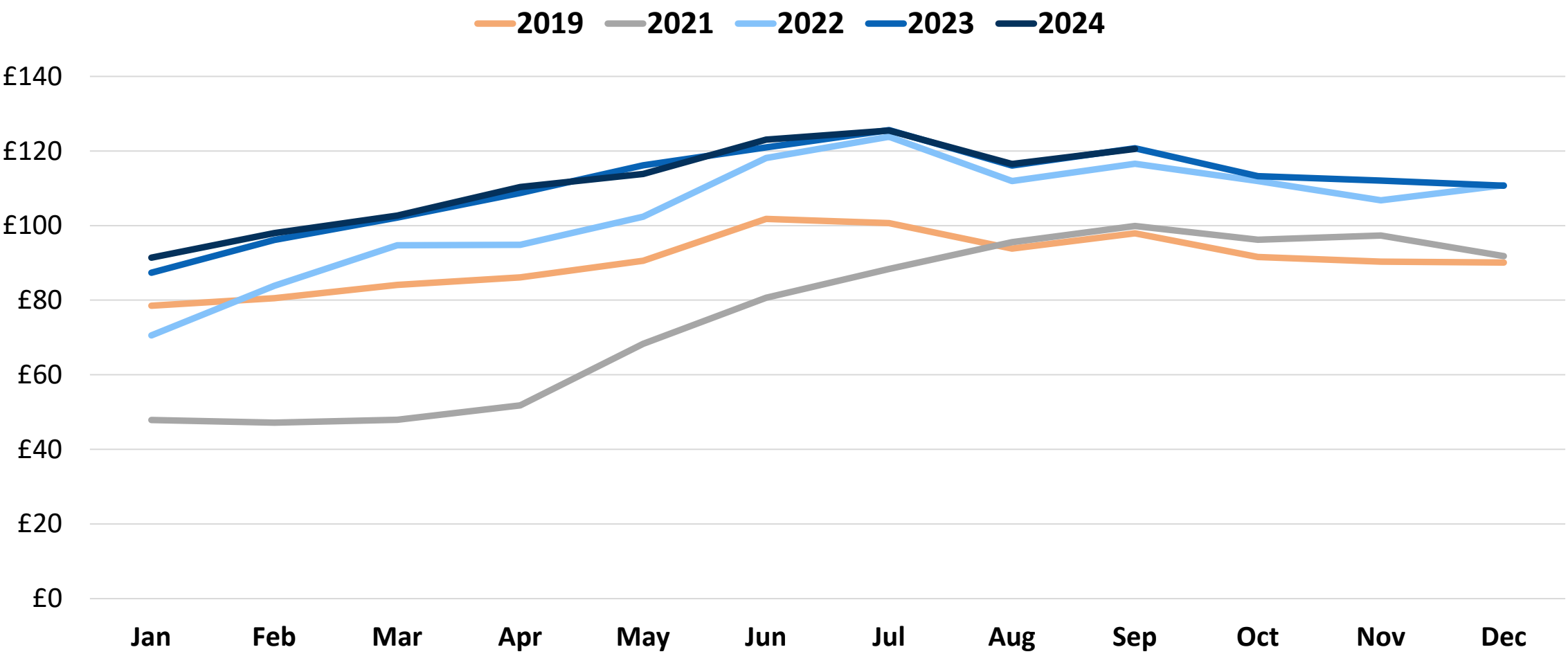
No recession, no problem

R28 occ, % change to 2019, Feb 2022 - Feb2023



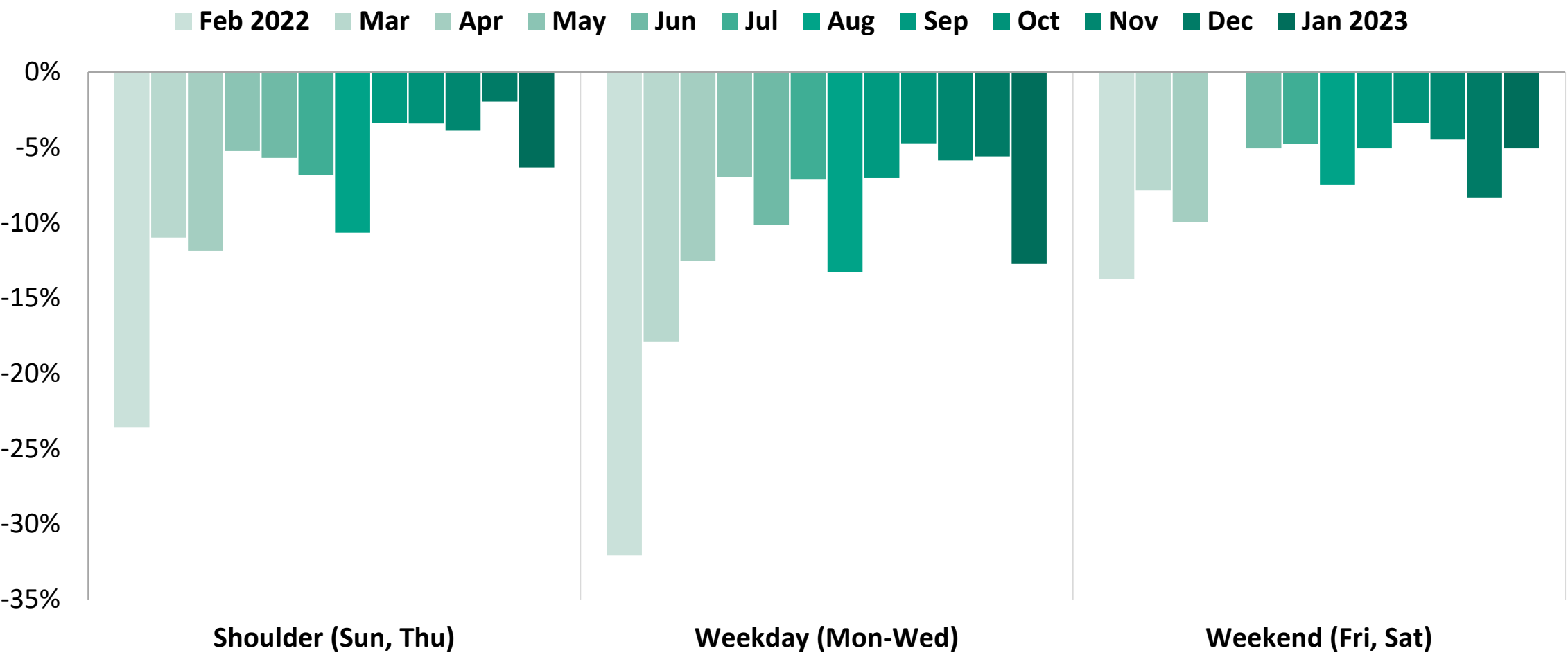
ADR permanently ahead of pre-COVID level

U.K., ADR (GBP), 2019, 2021, 2022 historical; 2023-2024 forecast



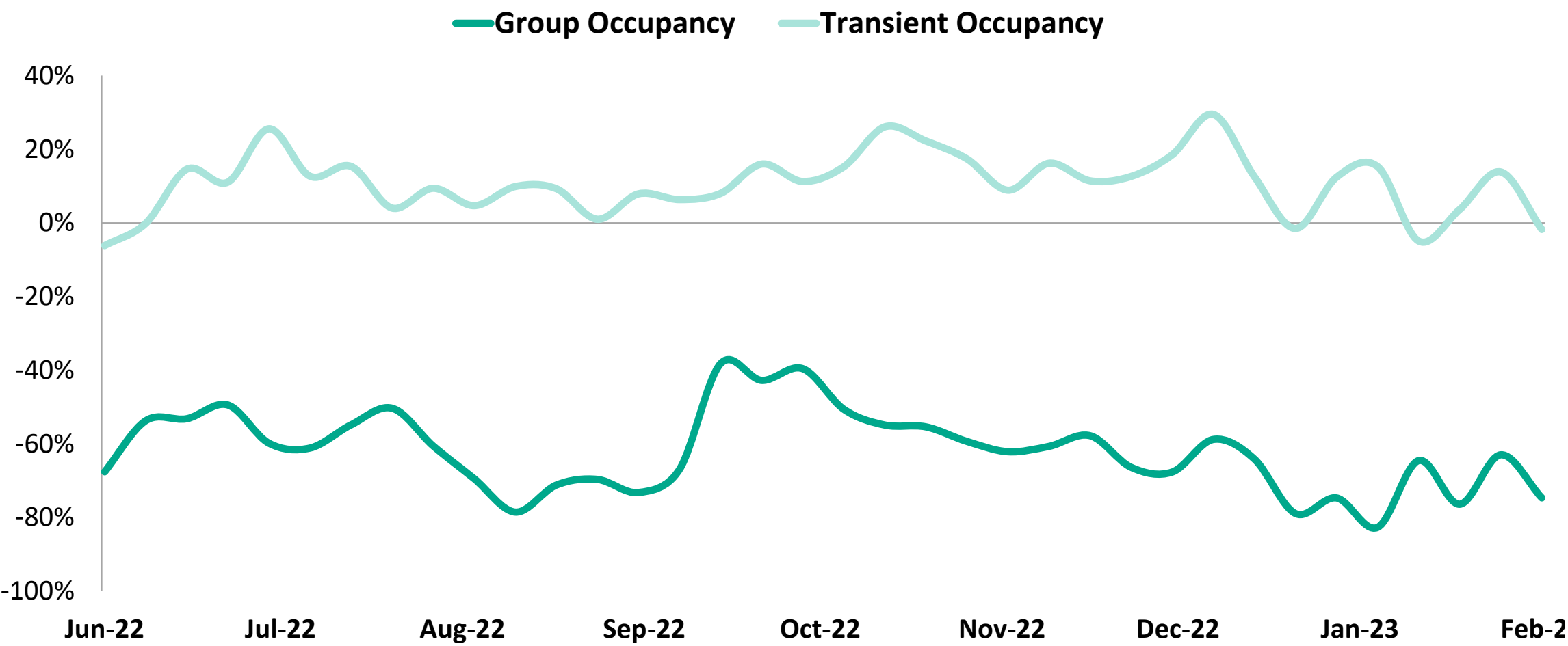
Weekday occ (business) recovery in line with weekends until Jan

London, occ % change to 2019, Feb 2022 – Jan 2023



In large part because groups are still MIA

London, Lux & Upper Ups classes, weekly occupancy, % change to 2019, Jun 2022 – Feb 2023



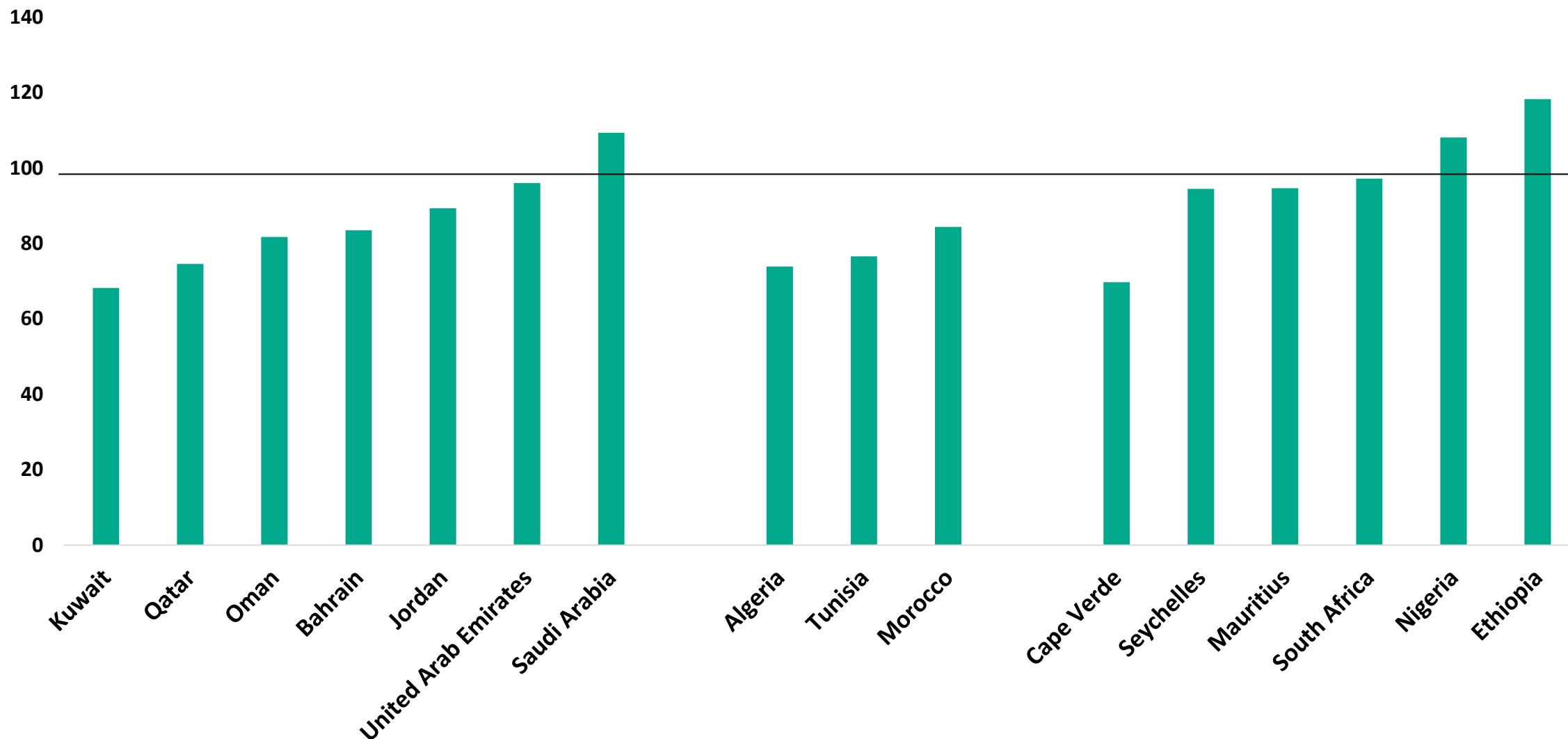


Middle East



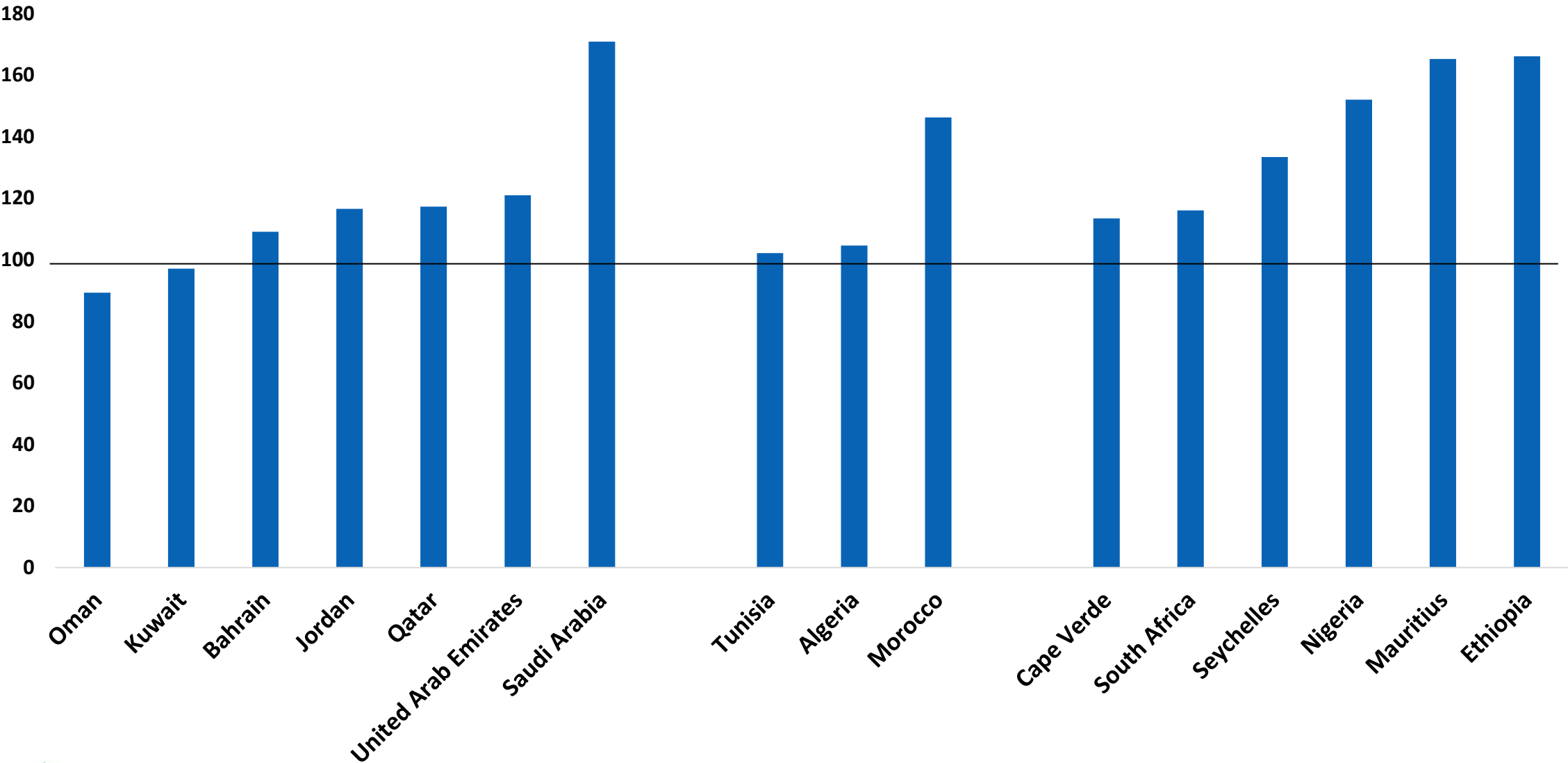
UAE, KSA, S. Africa, Nigeria & Ethiopia all at or above, some slow

Occupancy (Std) indexed to 2019, April YTD 2023



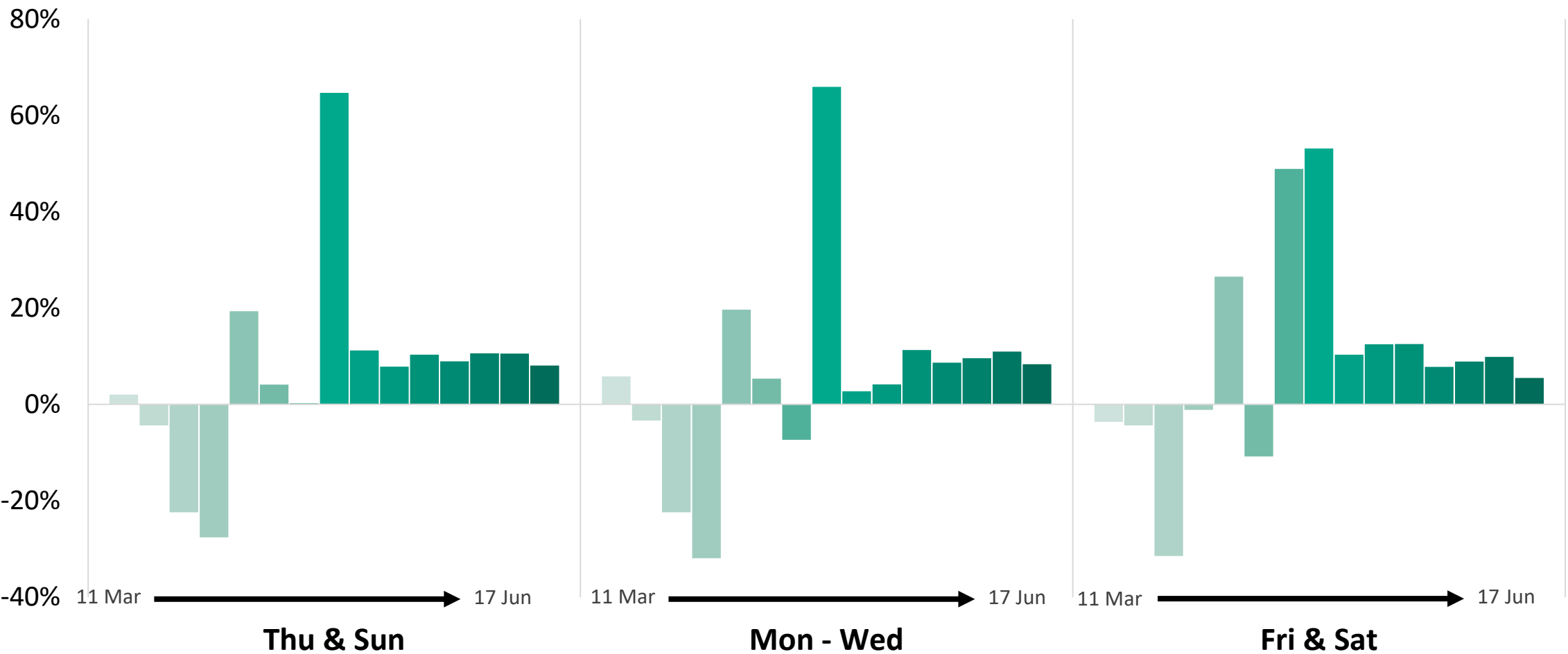
Almost all above 2019 ADR levels, some extreme (KSA)

ADR (LC) indexed to 2019, April YTD 2023



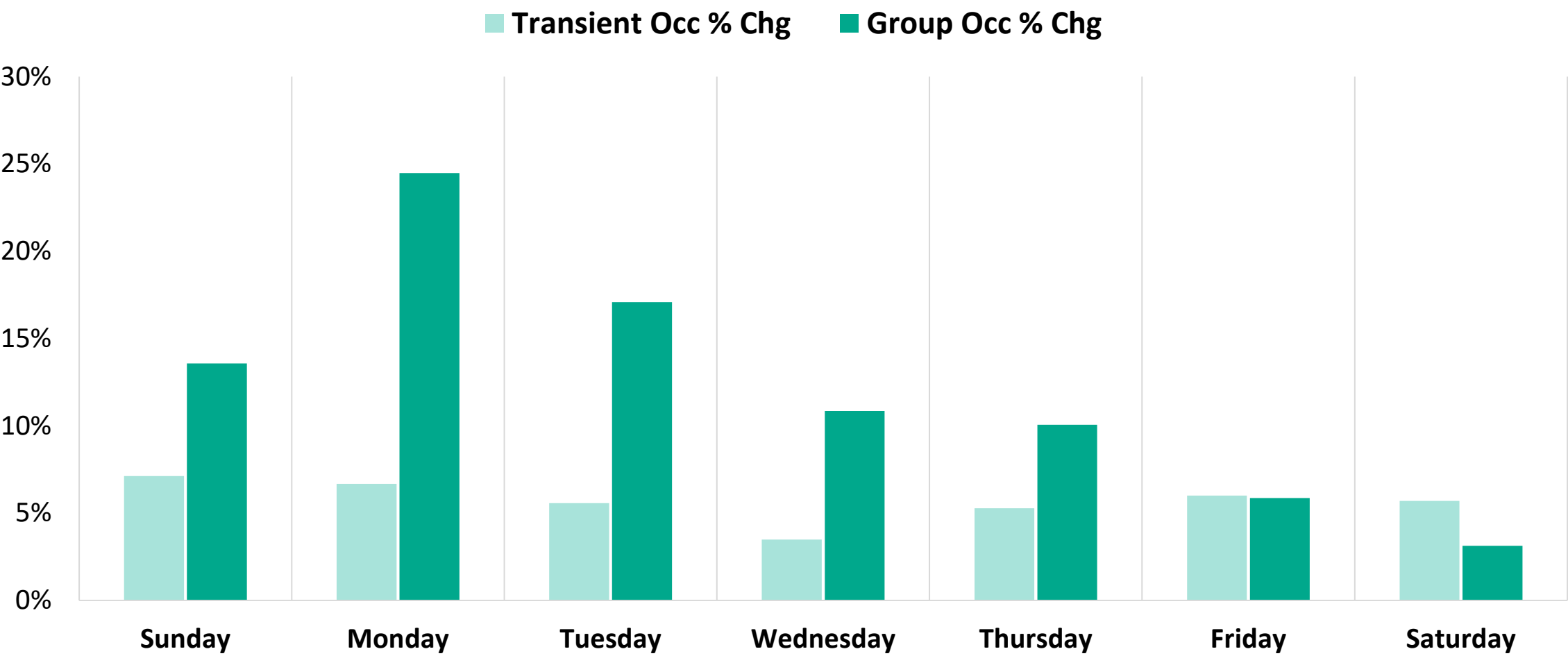
While Dubai maintains consistent growth across all DOW

Dubai, occ % change YOY, weeks ending 11 Mar – 17 Jun 2023



MICE a likely contender for Dubai group occ growth

Dubai, Lux & Upper Ups classes, occ % change YOY, R28 17 Jun 2023



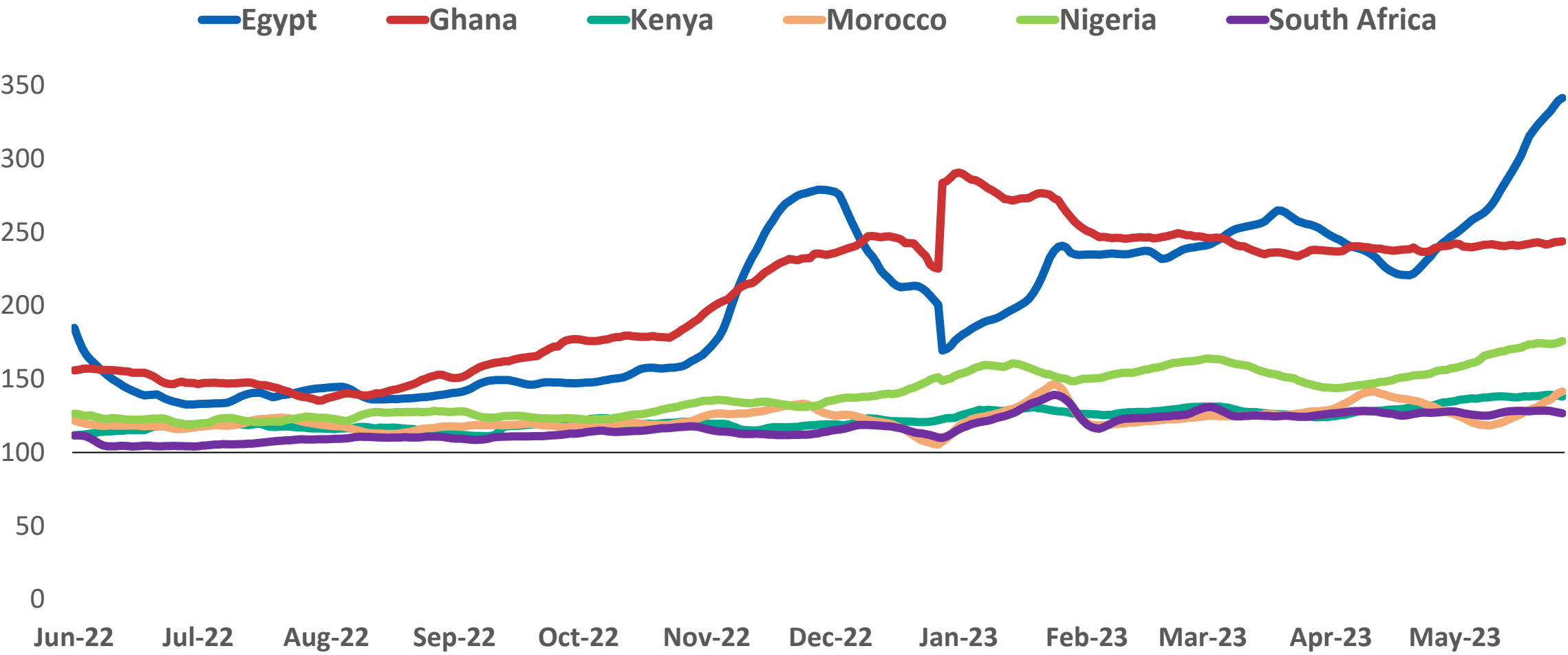


Africa



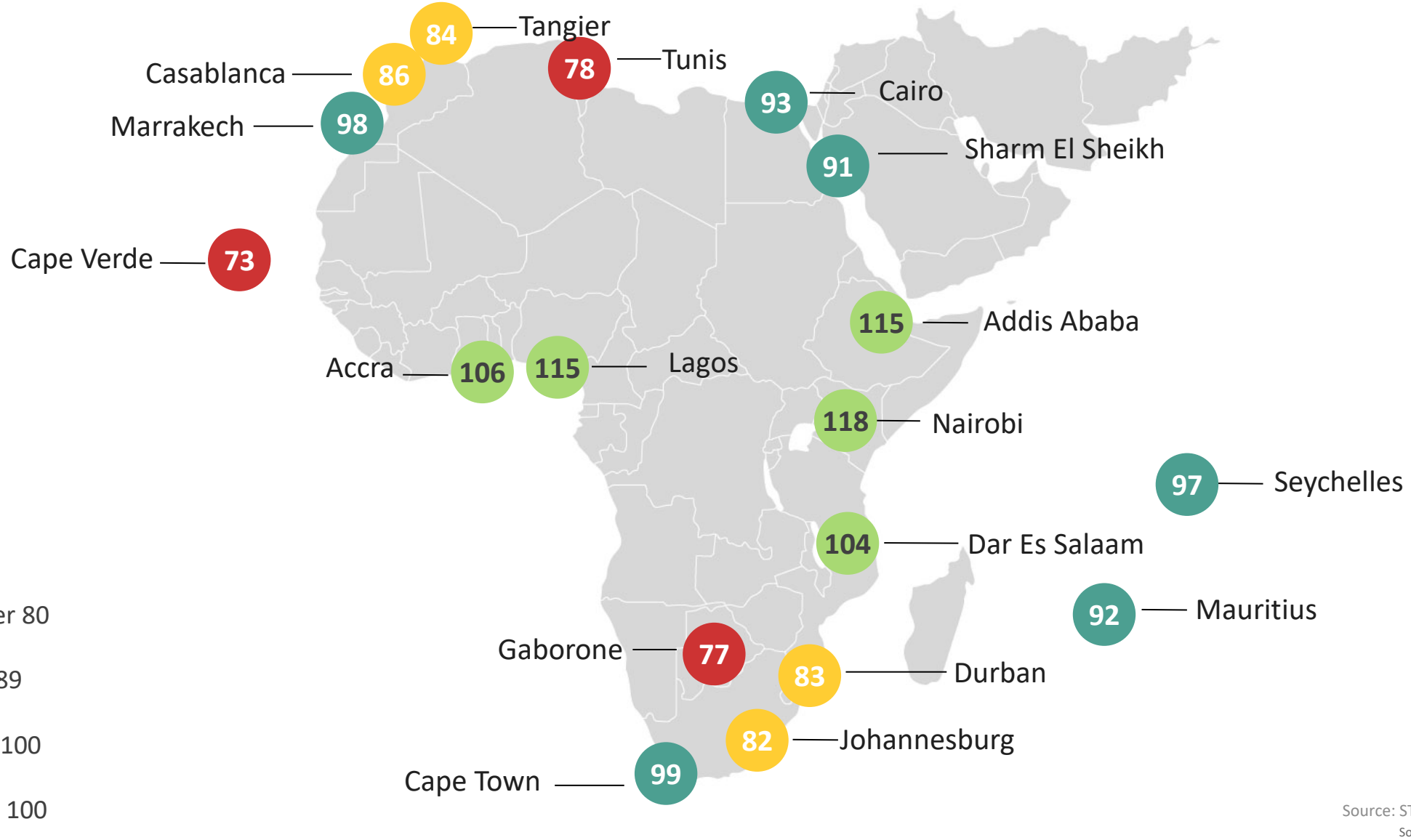
Inflation: Egypt and Ghana see ADR balloon

ADR (LC) Rolling 28 days indexed to 2019, Jan 2022 to May 2023



Some supercharged rate growth seen over the continent...

Occ (YTD) Indexed to 2019, March YTD 2023



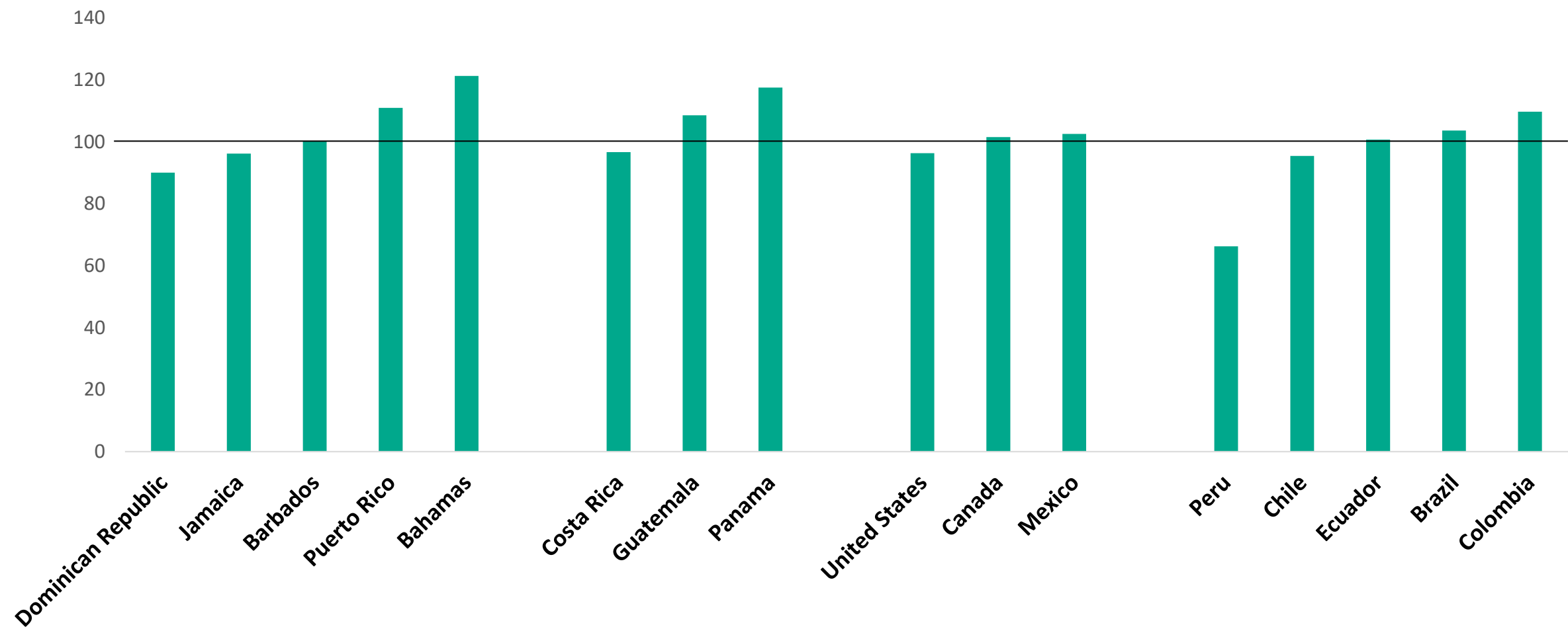


Americas



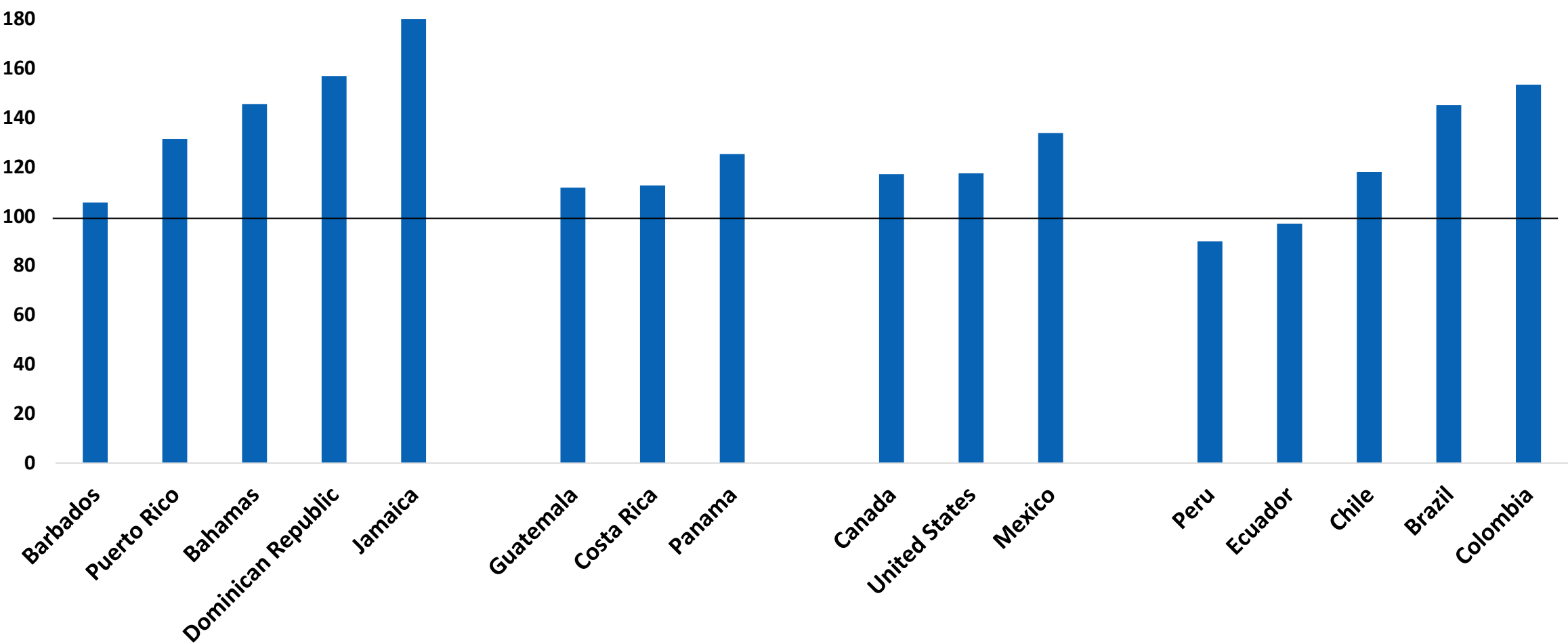
Americas countries diverse, half at or above 2019 Occupancy levels

Occupancy (Std) indexed to 2019, April YTD 2023



Almost all Americas countries above 2019 ADR levels, some high

ADR (LC) indexed to 2019, April YTD 2023

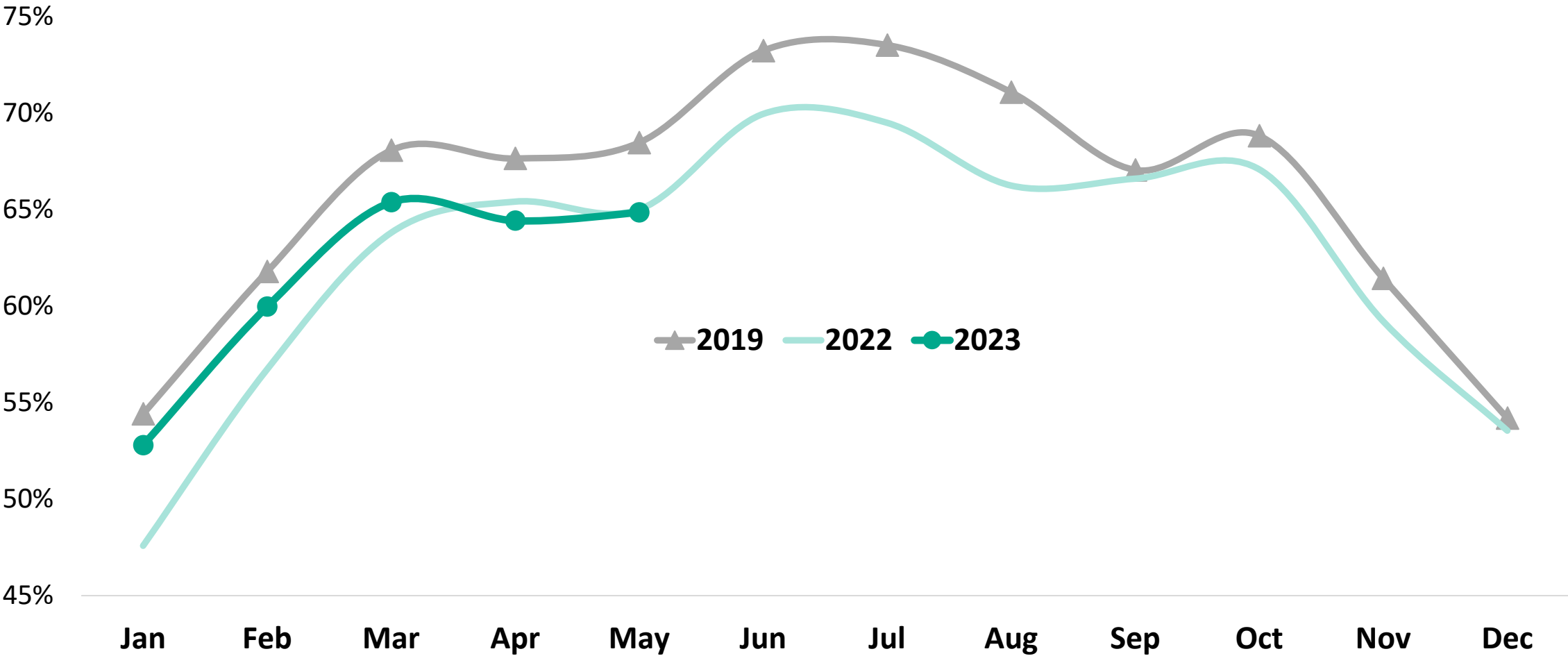




United States

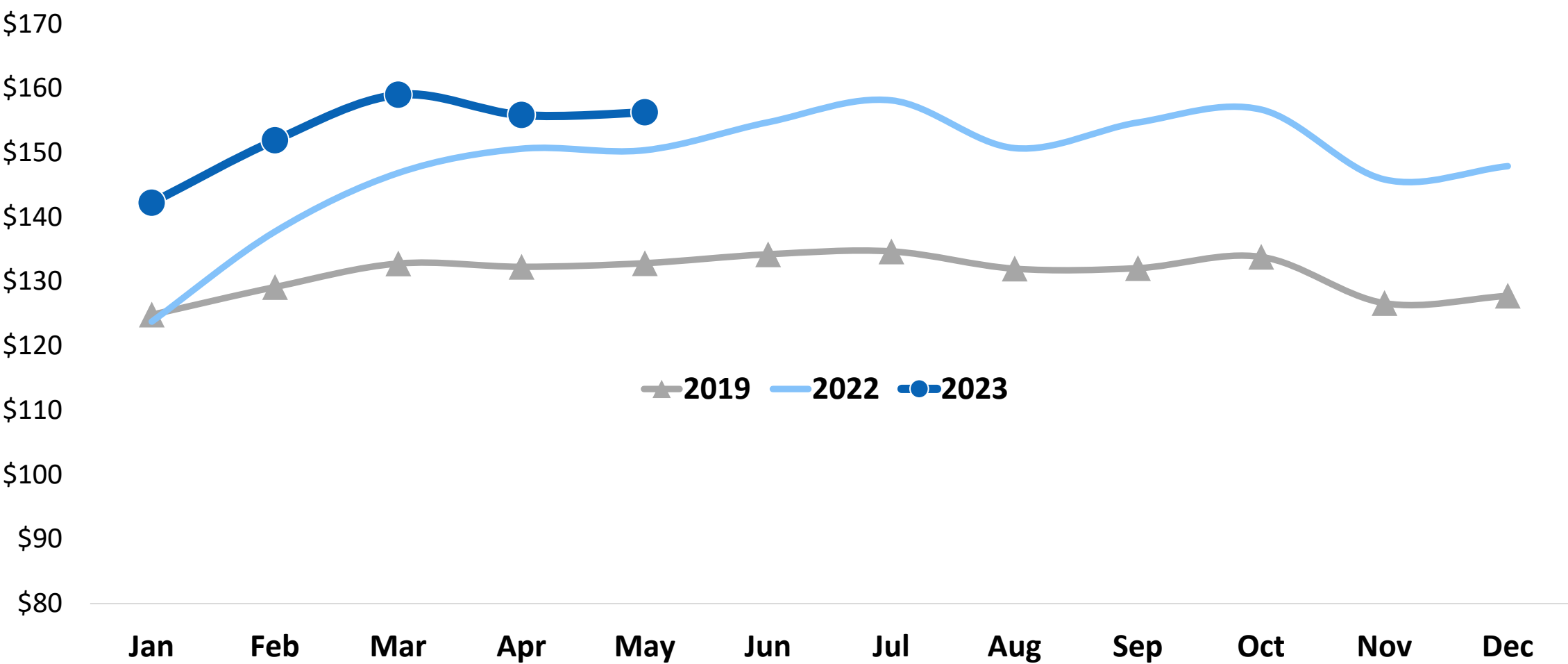
Occupancies still below 2019 levels, April & May dipped below 22

Total US, monthly occupancy, 2019, 2022, 2023



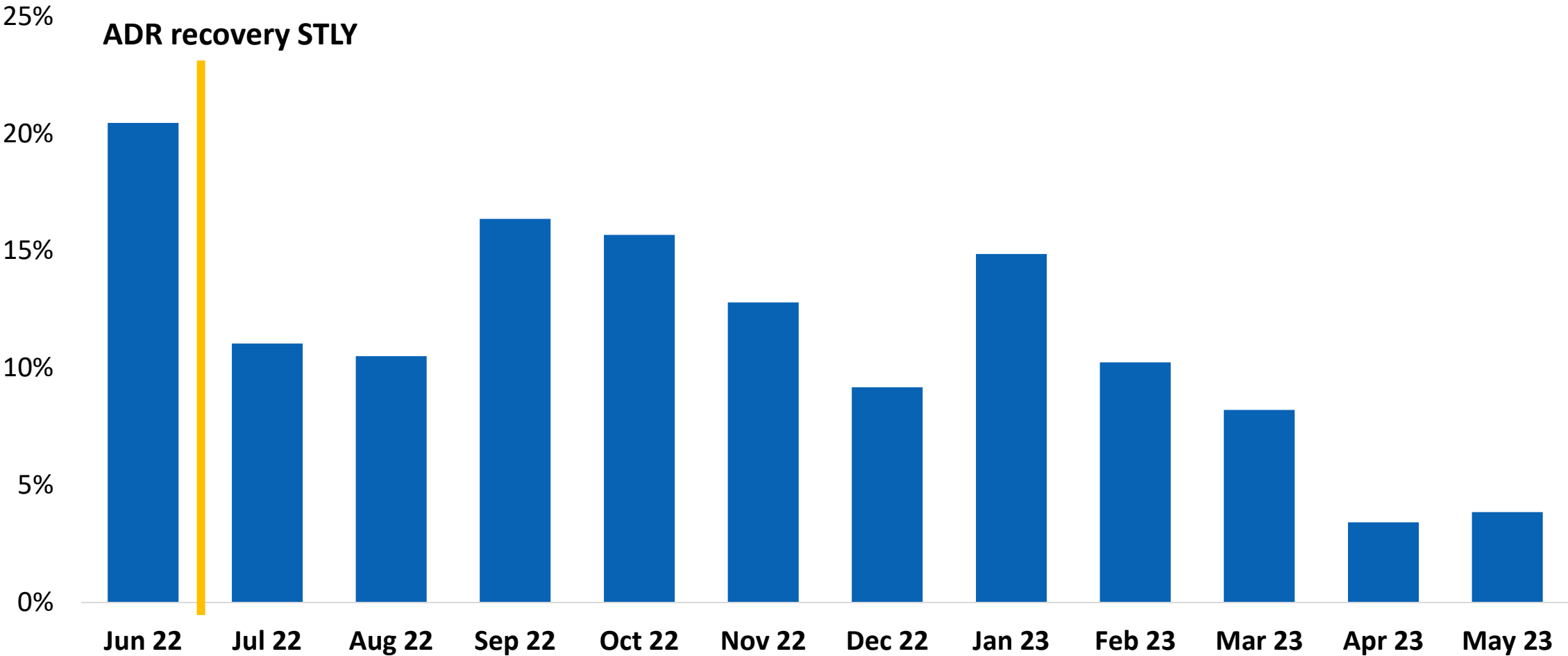
April & May ADR soften slightly more than normal from March

Total US, monthly ADR, 2019, 2022, 2023



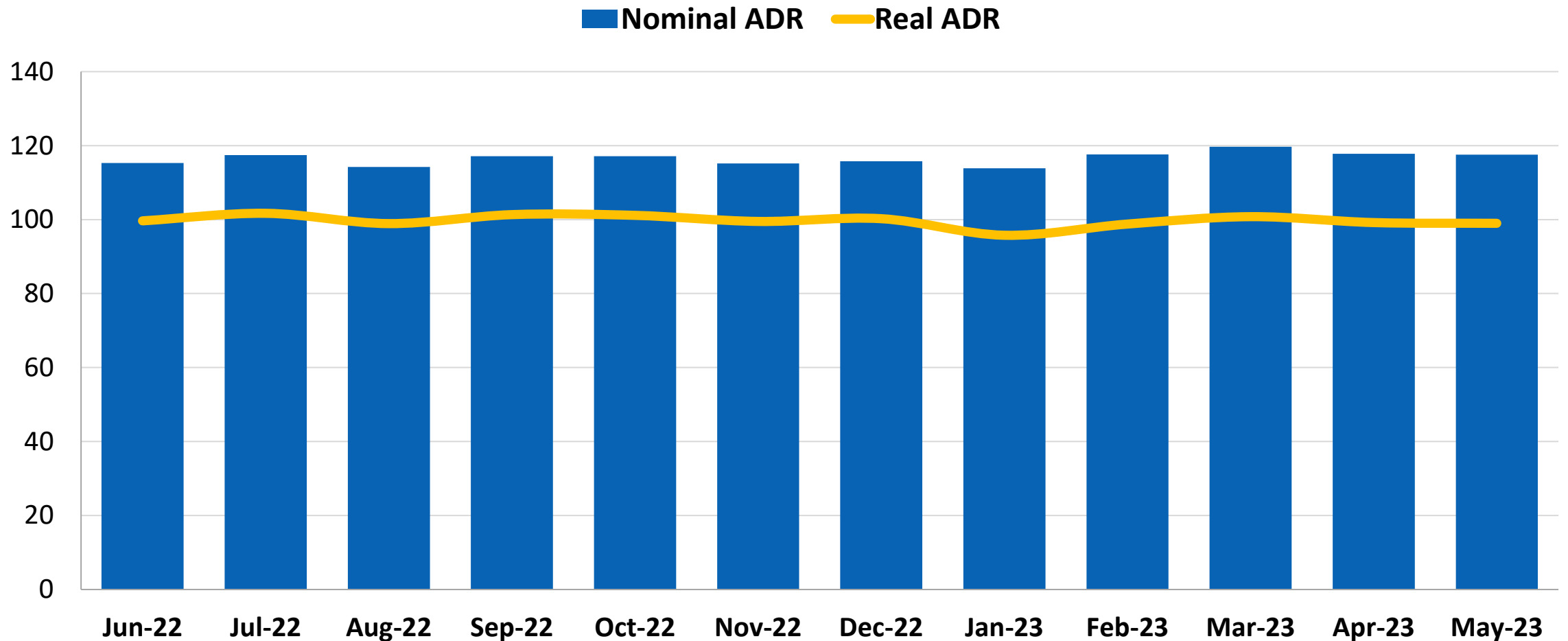
Year-over-year ADR growth finally normalizing

US, YOY ADR % change, Jun 2022 – Jul 2023



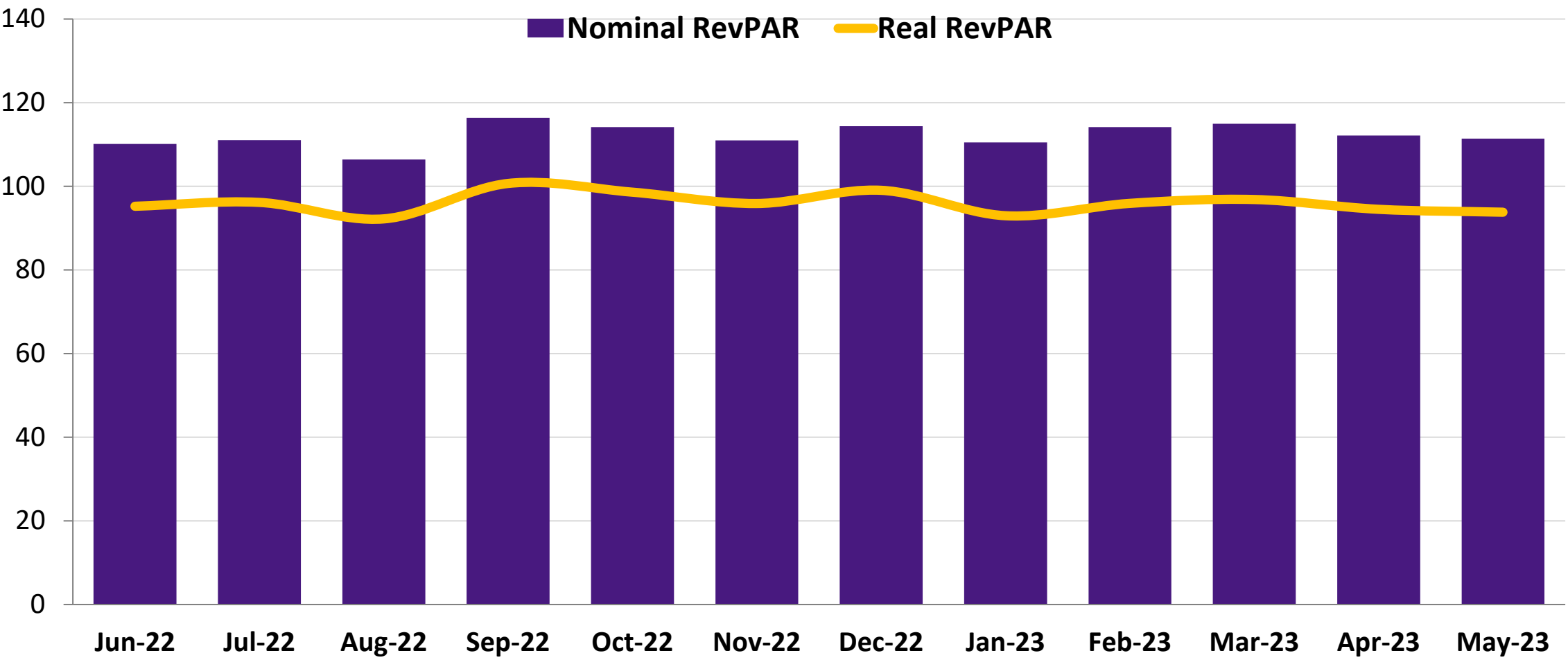
Real ADR jumping around recovered, but probably only in short-term

U.S., ADR indexed to 2019, Jun 2022 – May 2023



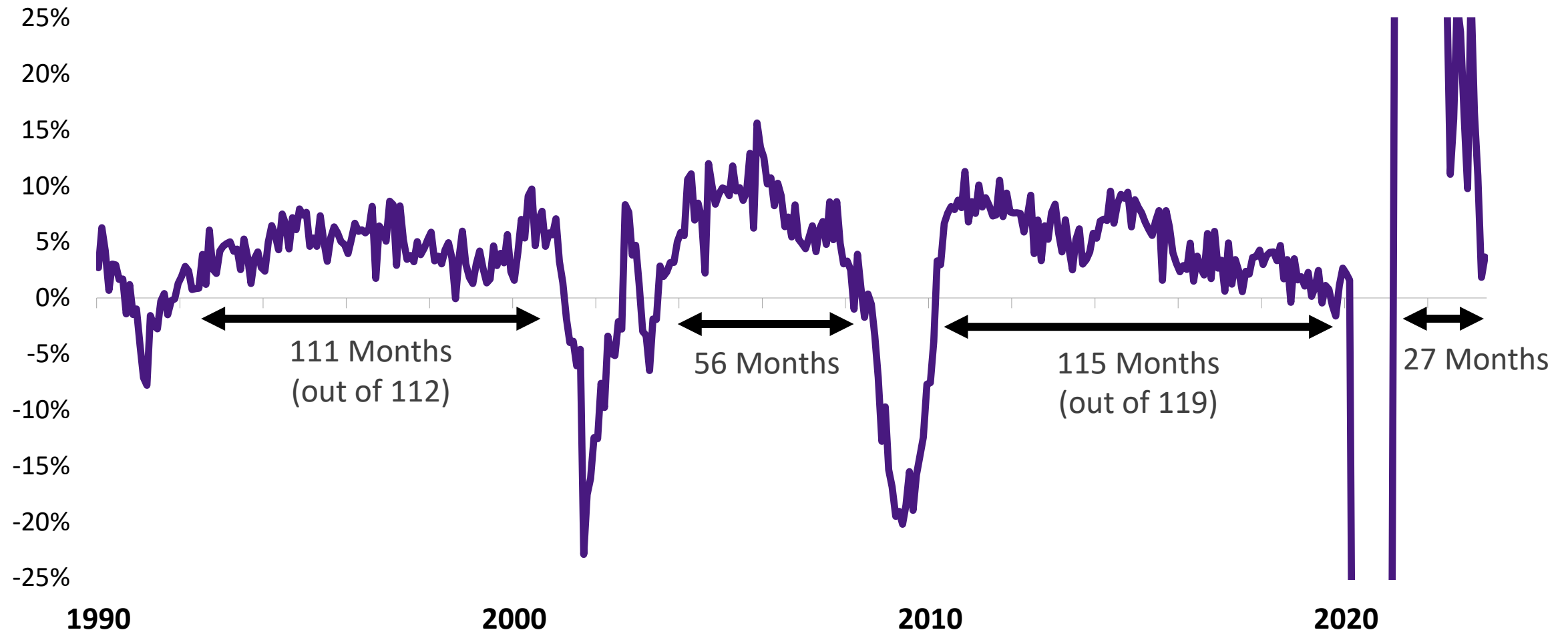
Nominal RevPAR just below 2019 levels

U.S., RevPAR indexed to 2019, Jun 2022 – May 2023



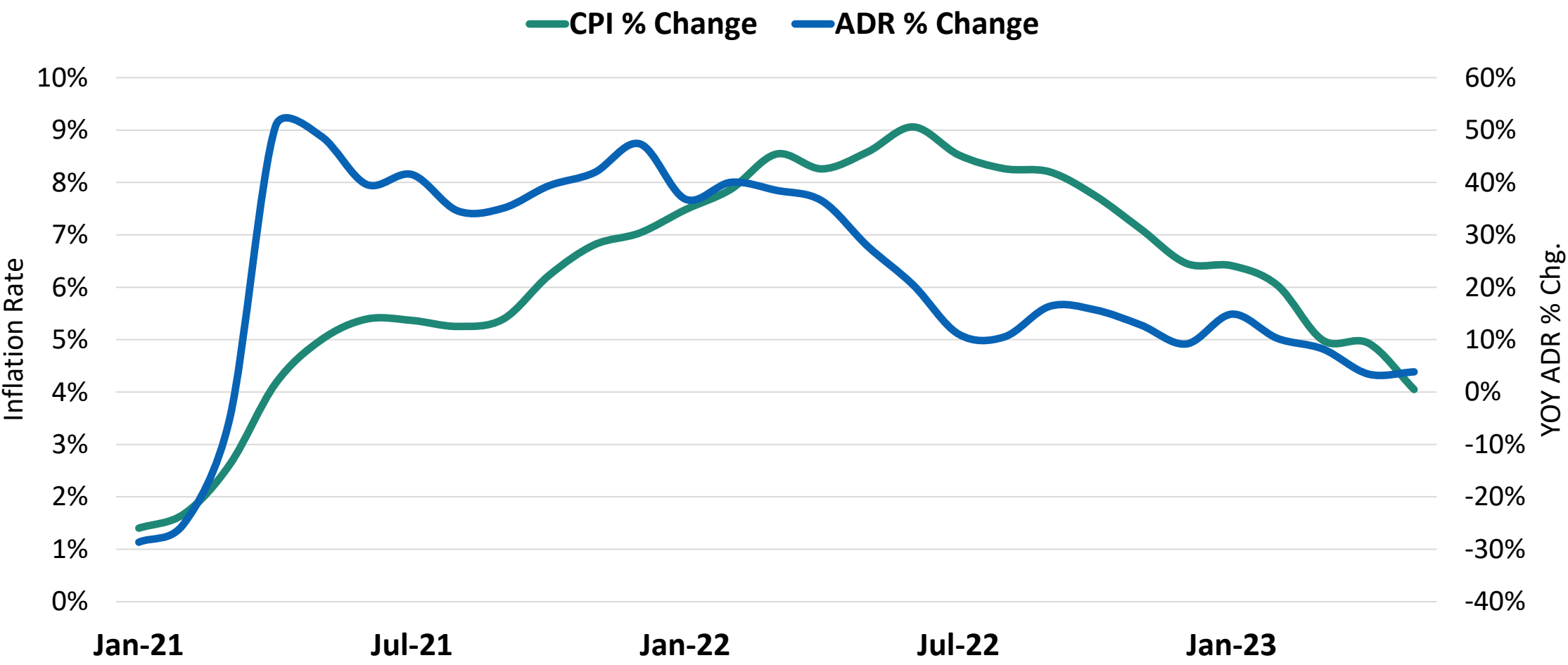
We're back, official end of 4th U.S. RevPAR cycle since 1990

Total U.S., RevPAR % change from prior year, Jan 1990 – May 2023



ADR, inflation finally cooling

US, YOY CPI and ADR % change, Jan 2021 – May 2023

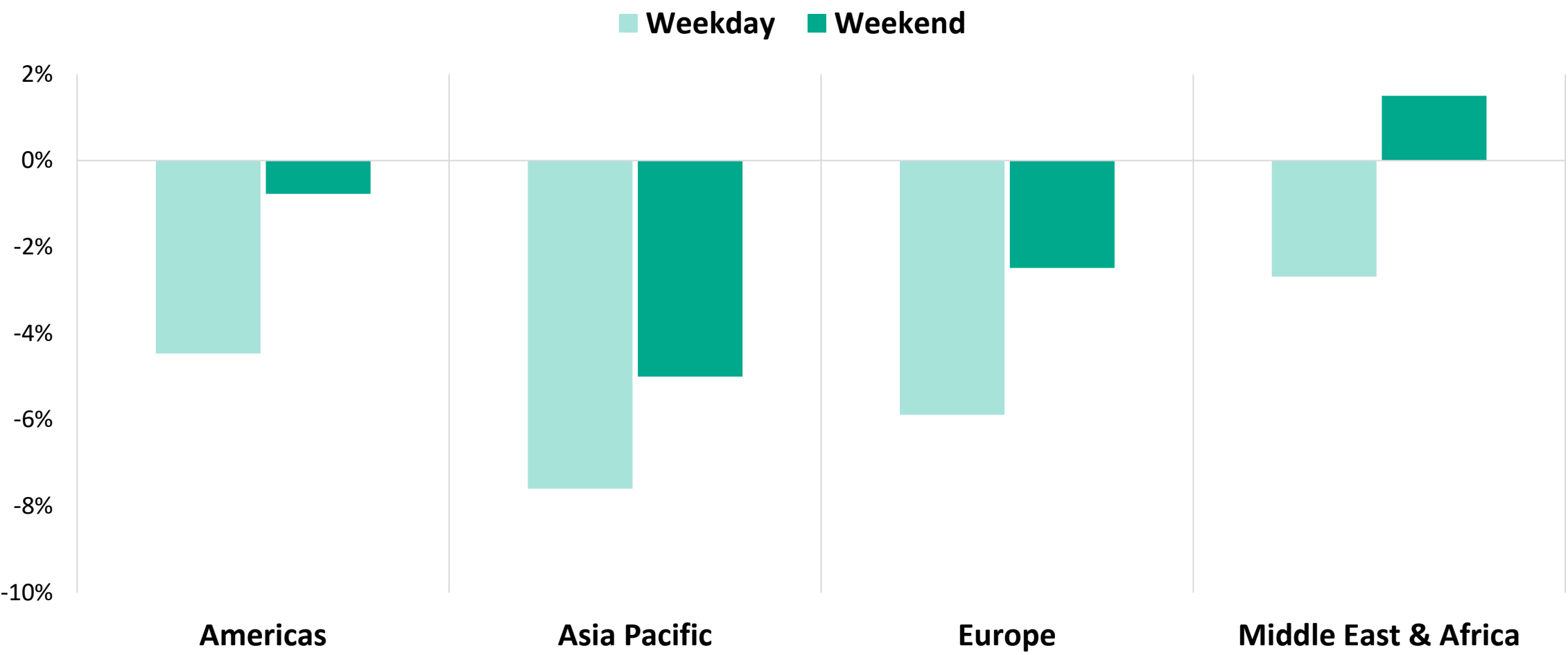




Business vs. Leisure

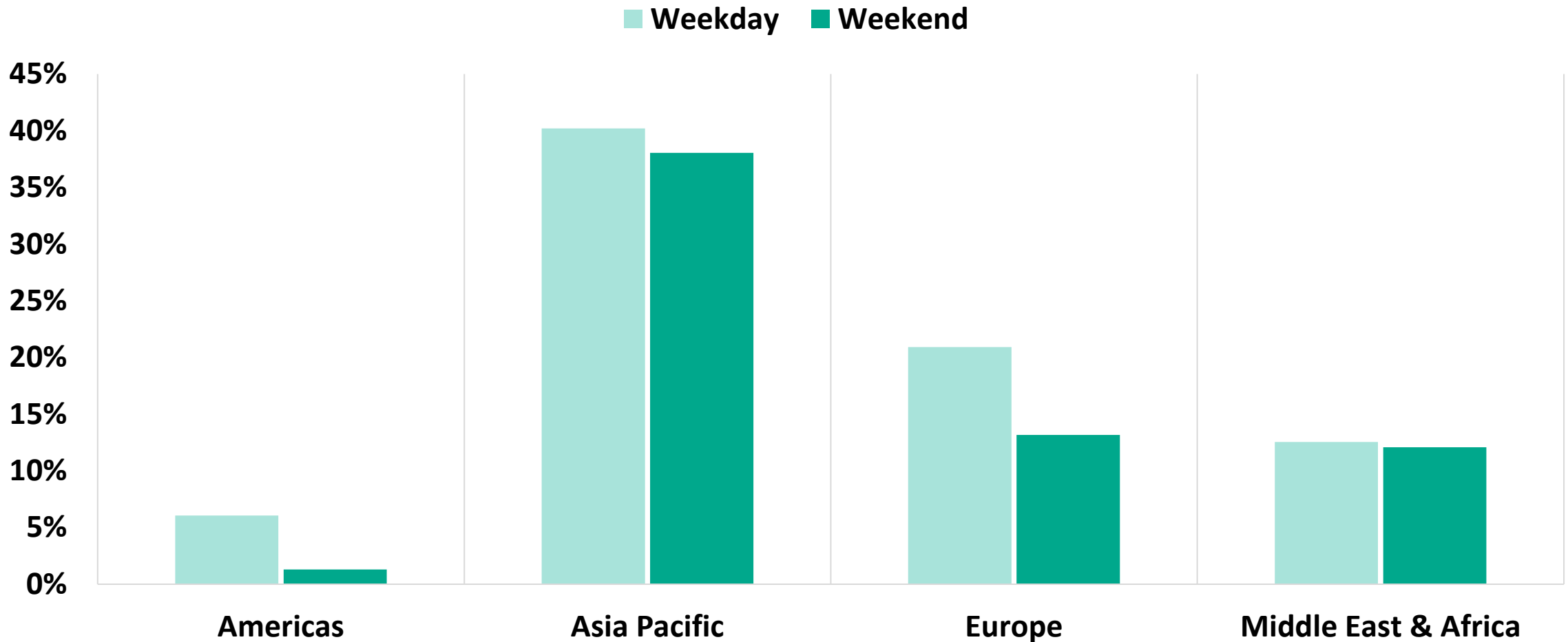
Business travel the slowest to recover globally

Occupancy by subcontinent, % change to 2019, YTD May 2023



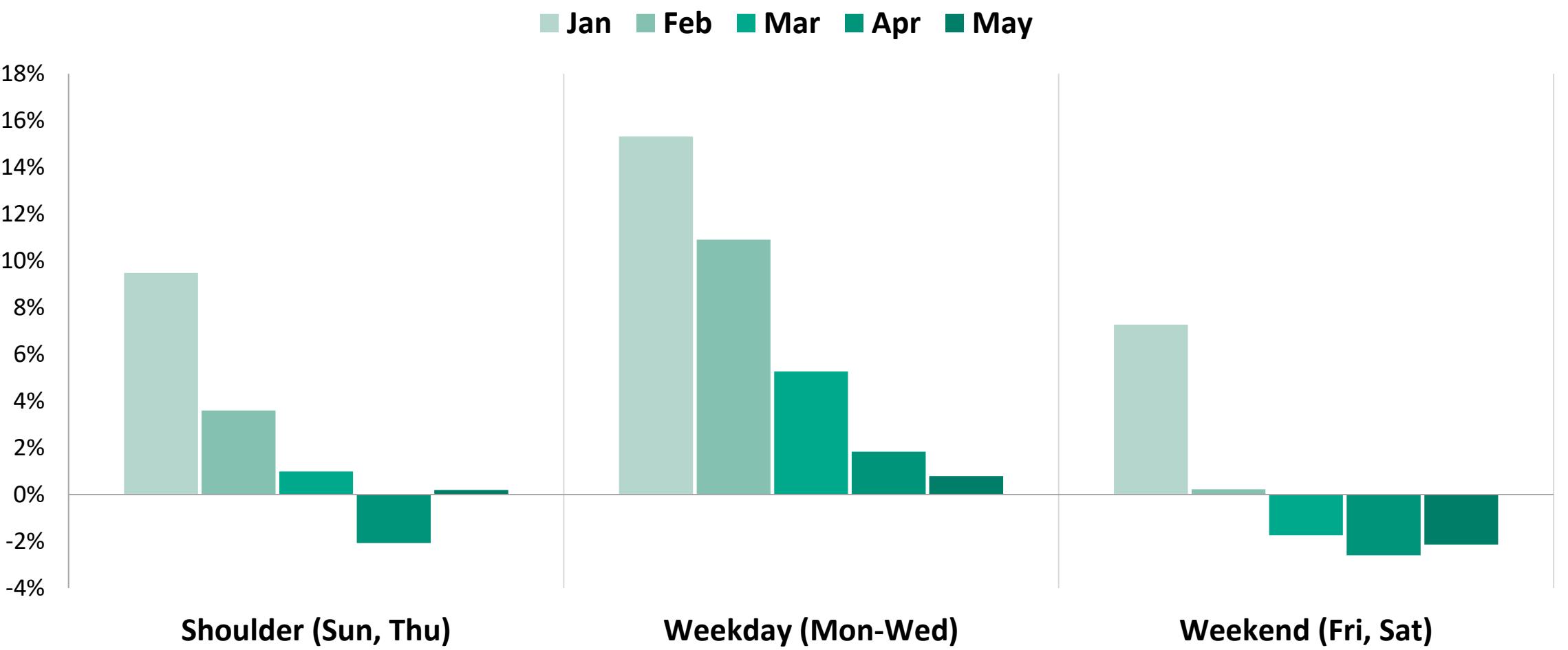
But biz travel isn't dead: Weekday occ growth leads in 2023

Occupancy by subcontinent, % change YOY, YTD May 2023



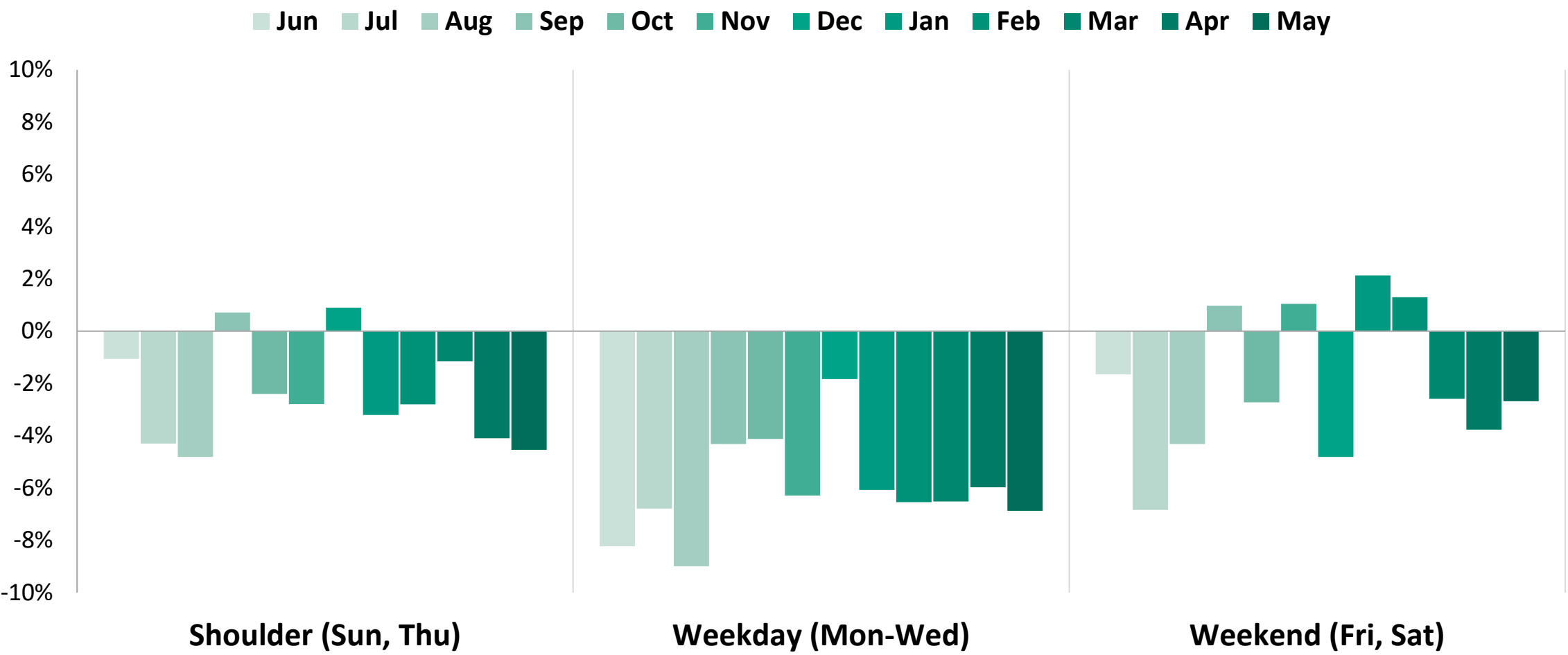
In the US, pent-up leisure demand is spent-up, but weekday occ still growing

US, occupancy % change YOY, Jan 2023 – May 2023



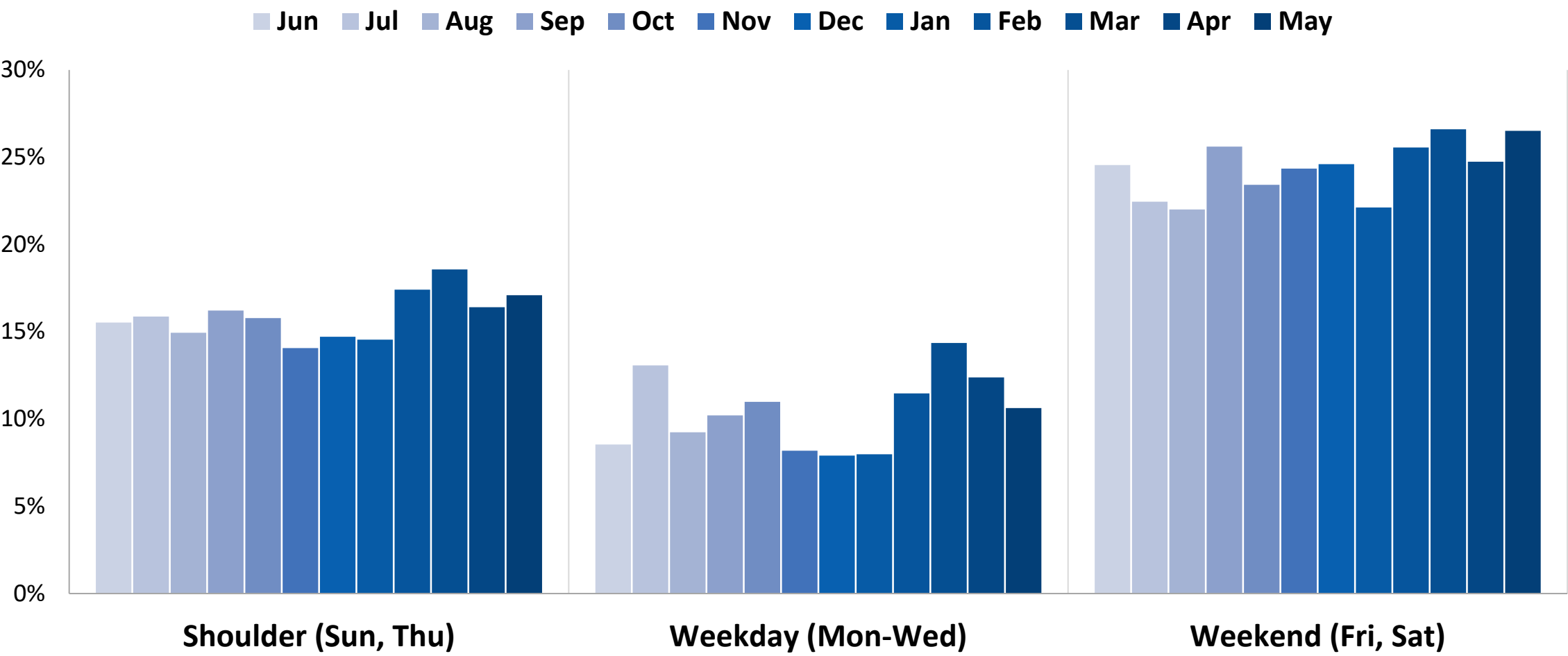
Business travel still -5 below 2019 levels

US, occupancy % change to 2019, Jun 2022 – May 2023



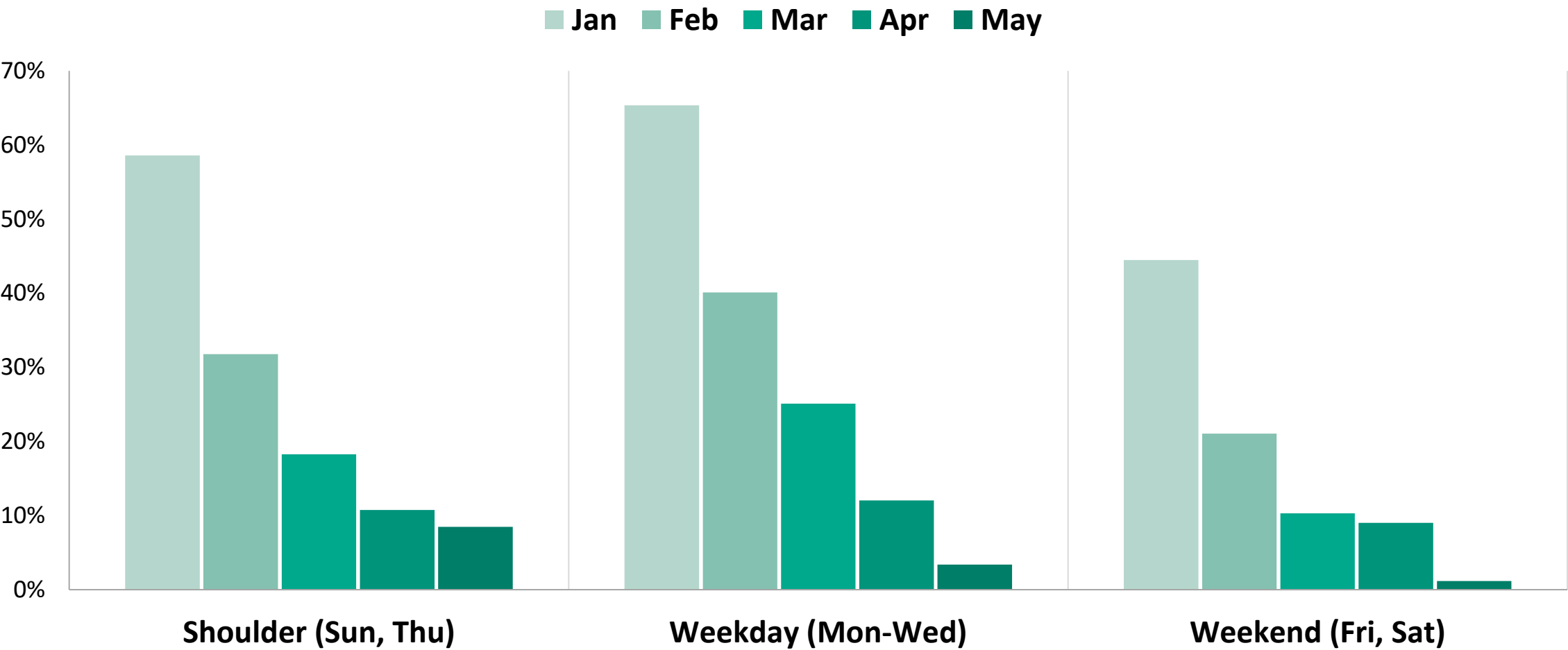
Big difference between business versus leisure recovery

US, ADR % change to 2019, Jun 2022 – Jul 2023



Unlike the US, Europe is still seeing growth across the week

Europe*, Occ % change YOY, Jan 2023 – May 2023

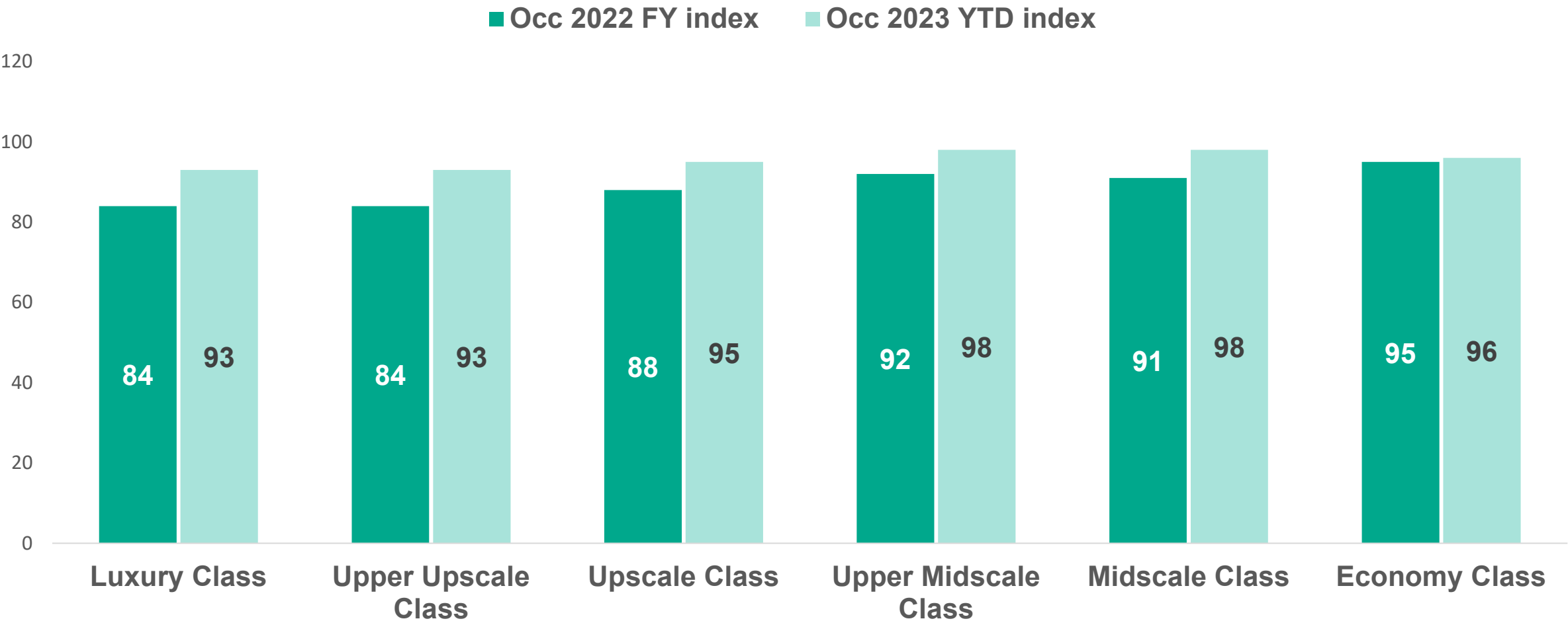




Class

Luxury occupancies are the least recovered, but are growing

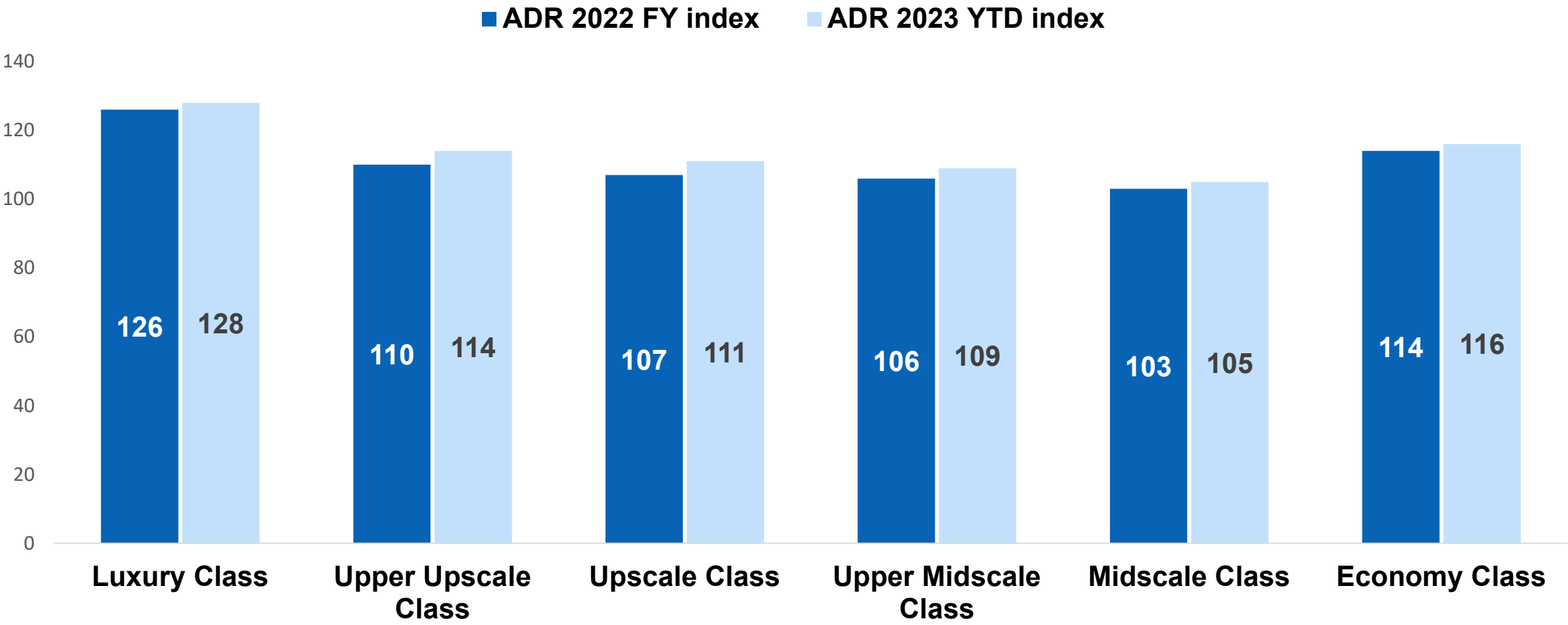
Global* Occ (Std), indexed to 2019, Full Year 2022 & May YTD 2023



**Excl. Turkey, Lebanon, Venezuela, and Argentina*
STR CoStar

This has been more than offset by superior luxury ADR growth

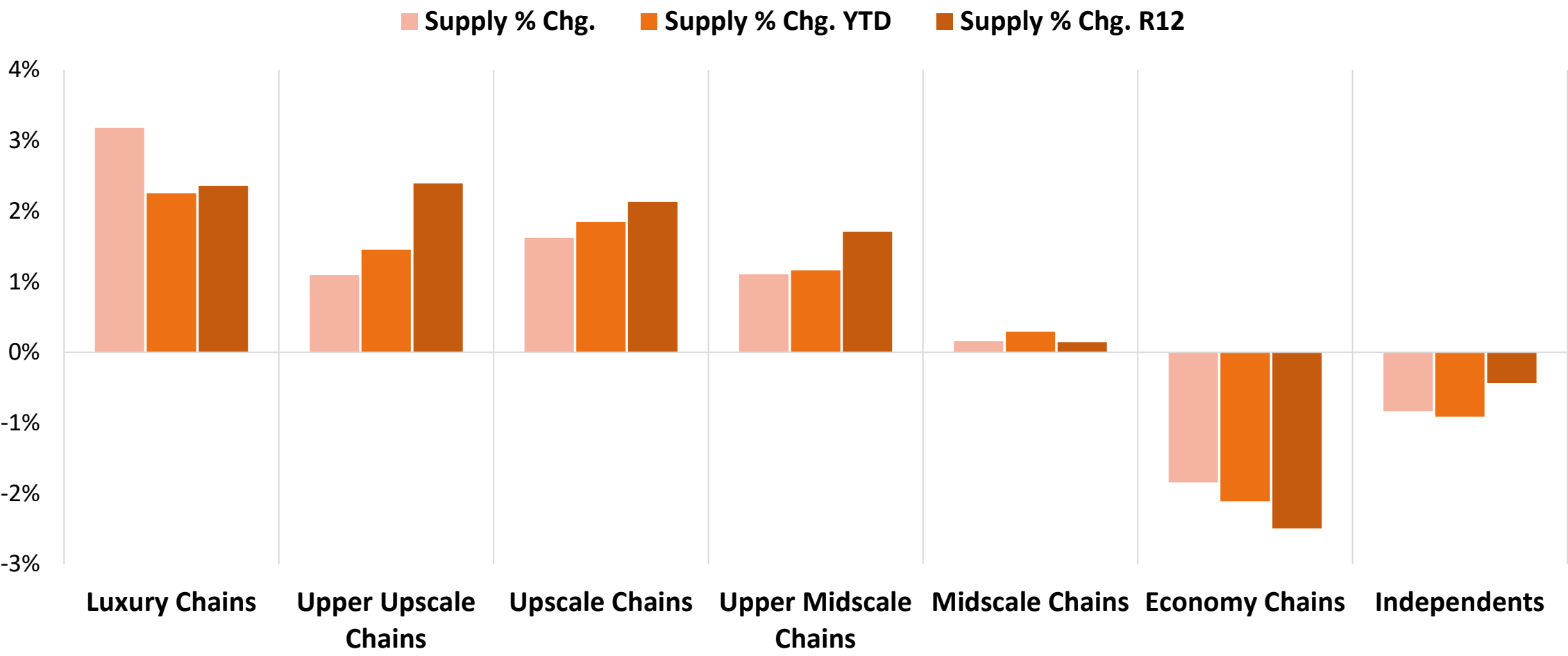
Global* ADR USD (CC), indexed to 2019, Full Year 2022 & May YTD 2023



**Excl. Turkey, Lebanon, Venezuela, and Argentina*

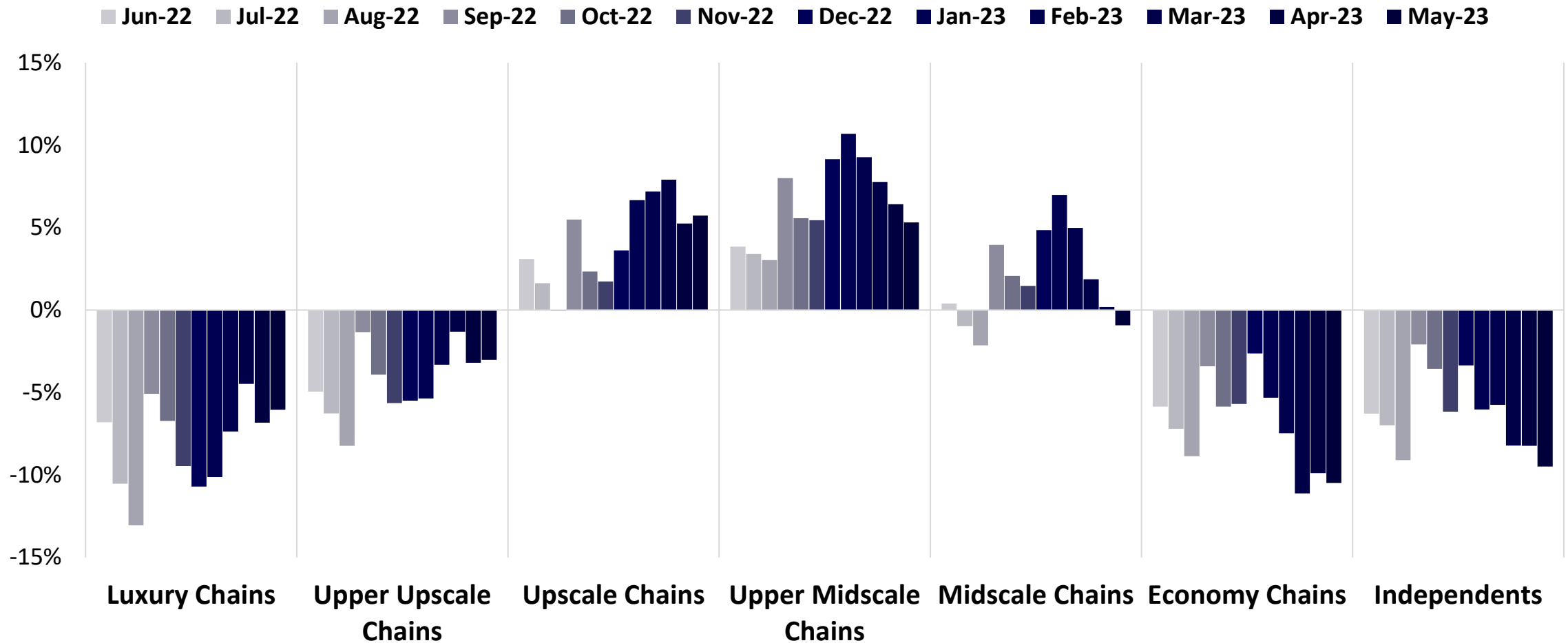
High-end chains continue to increase supply

US, supply, YOY % change, May 2023



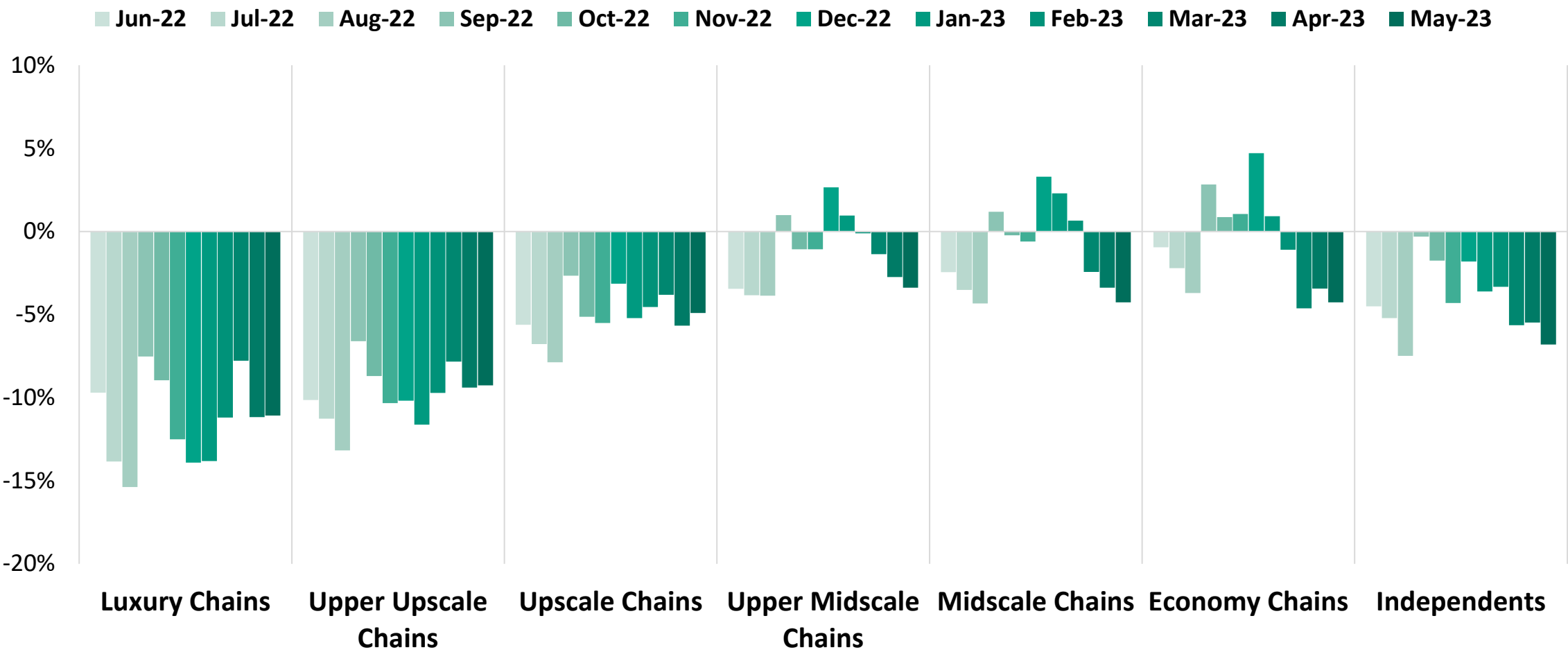
Upscale and Midscale seeing greatest recovery

Total U.S., Demand, % change to 2019, Jun 2022 – May 2023



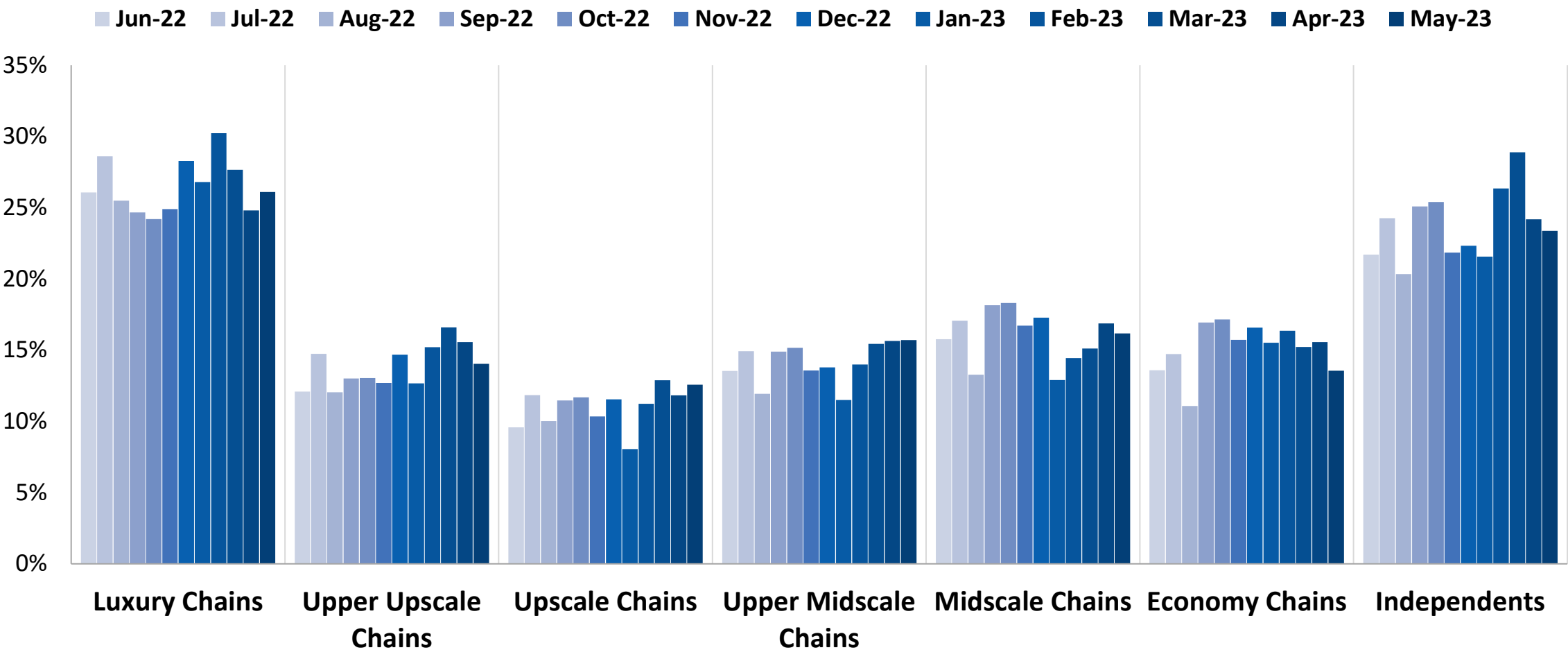
Occupancy recovery slower at upper end

Total U.S., occ, % change to 2019, Jun 2022 – May 2023



ADR recovery significantly higher for Luxury

US, ADR % change to 2019, Jun 2022 – May 2023

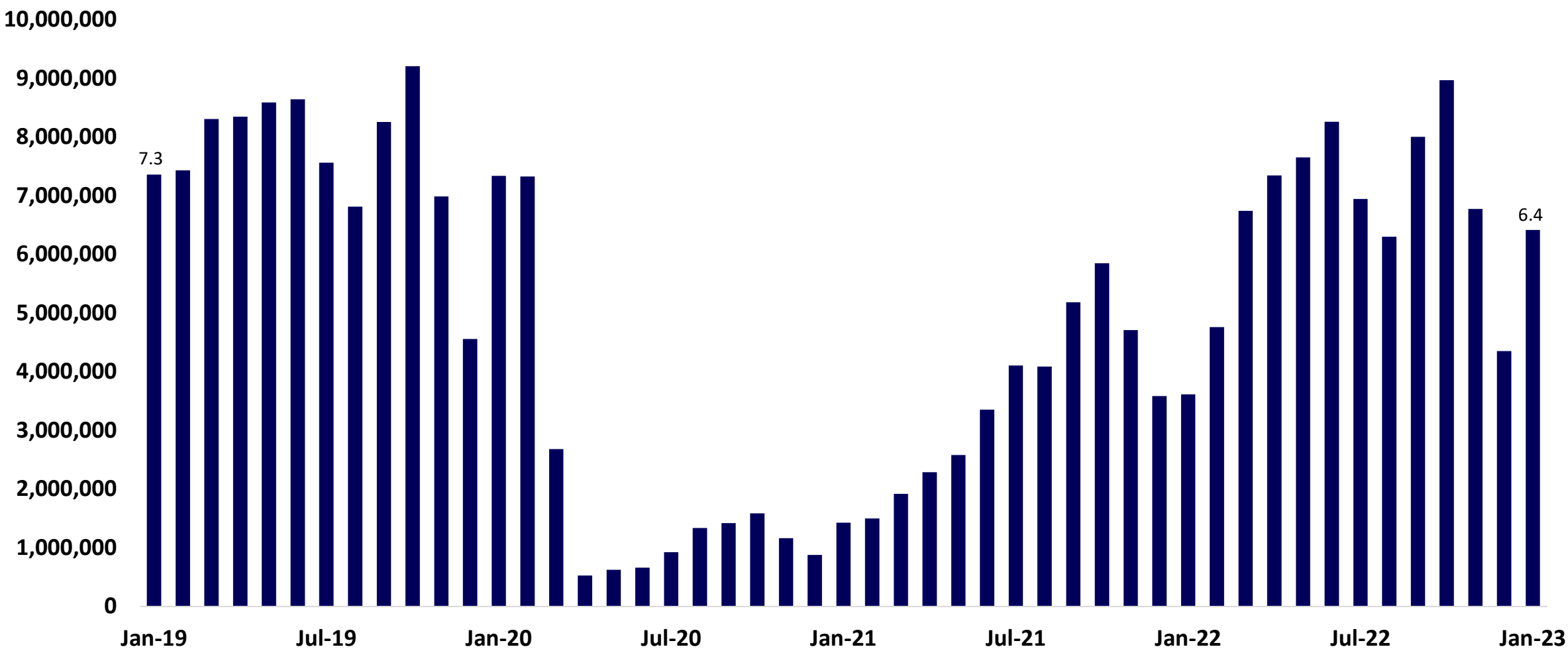




Group vs. Transient

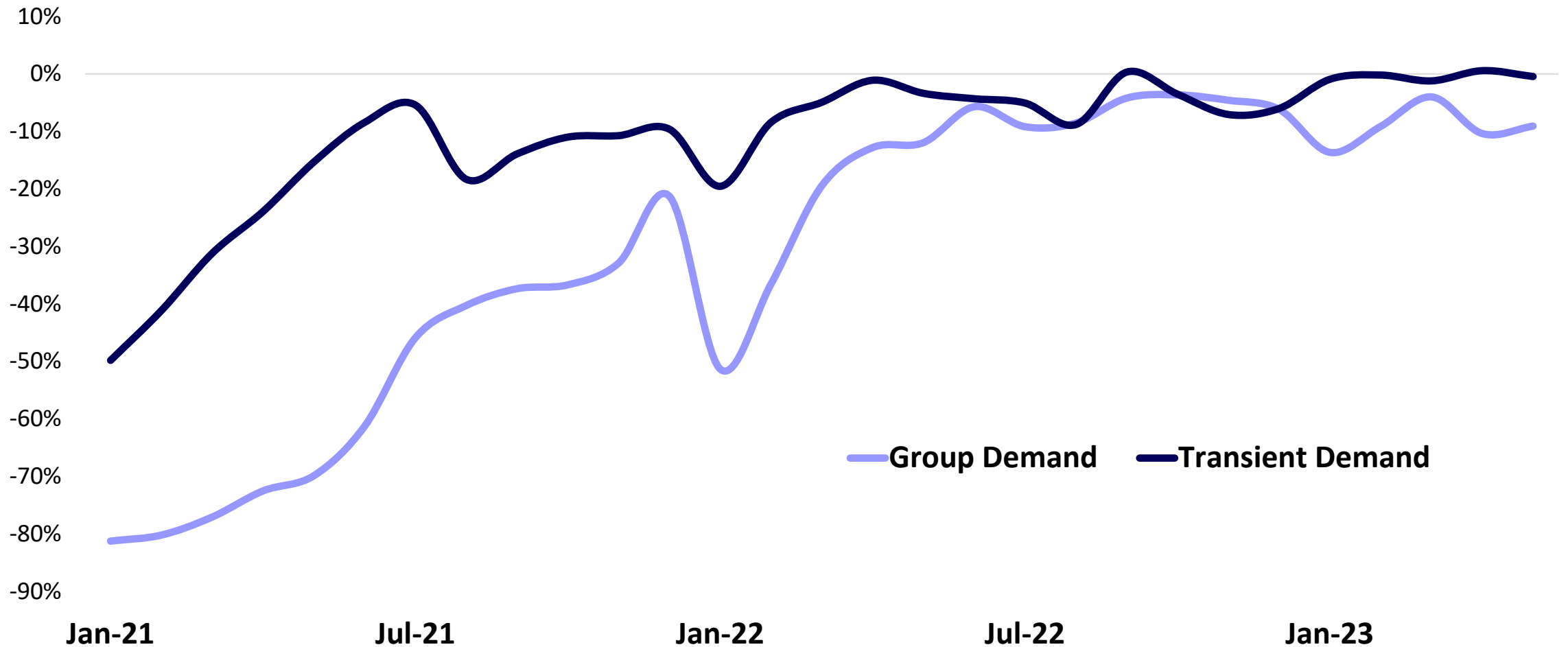
Group Demand Has Been A U.S. Success Story

Total U.S., Group demand, Luxury & Upper Upscale, Jan 2019 – Jan 2023



Groups made up a lot, but continue to trail transient index

US, Lux & Upper Upscale classes segmentation demand % chg. to 2019, Jan 2021 – May 2023

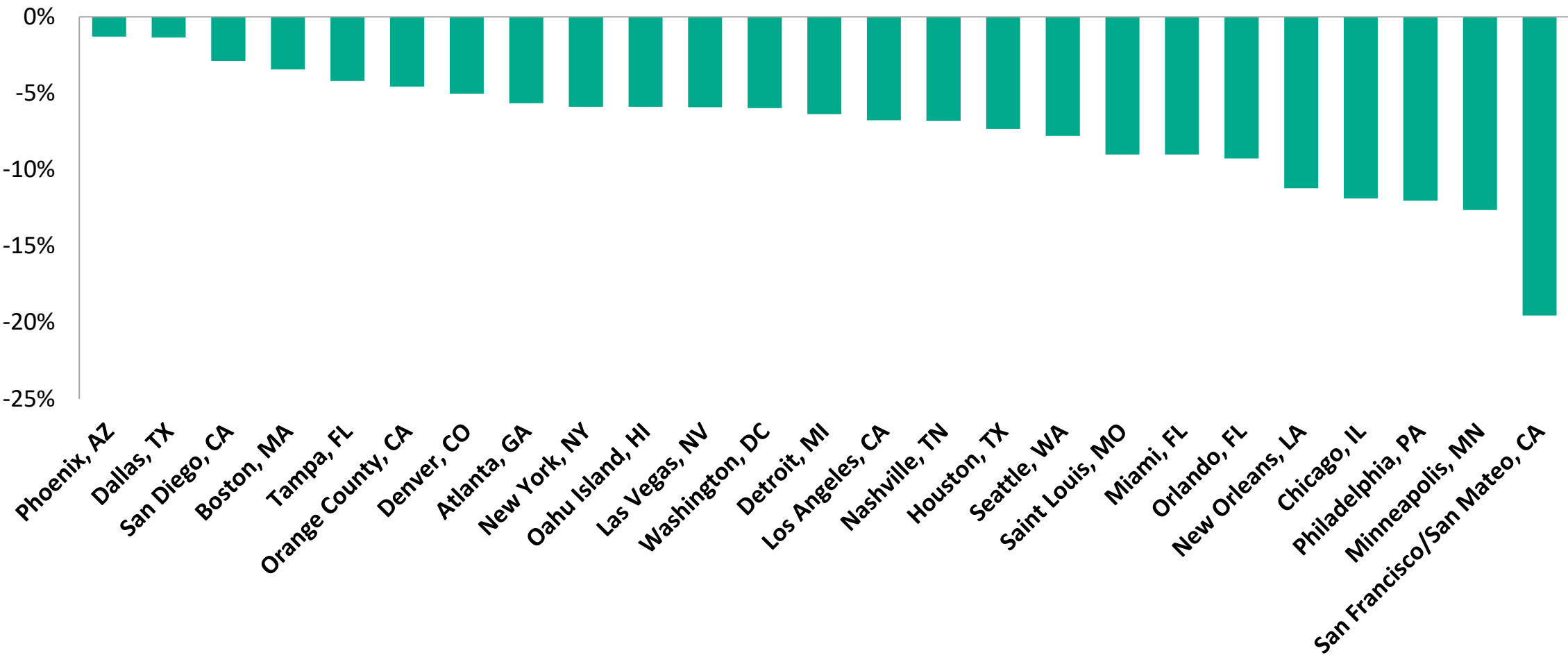




Markets

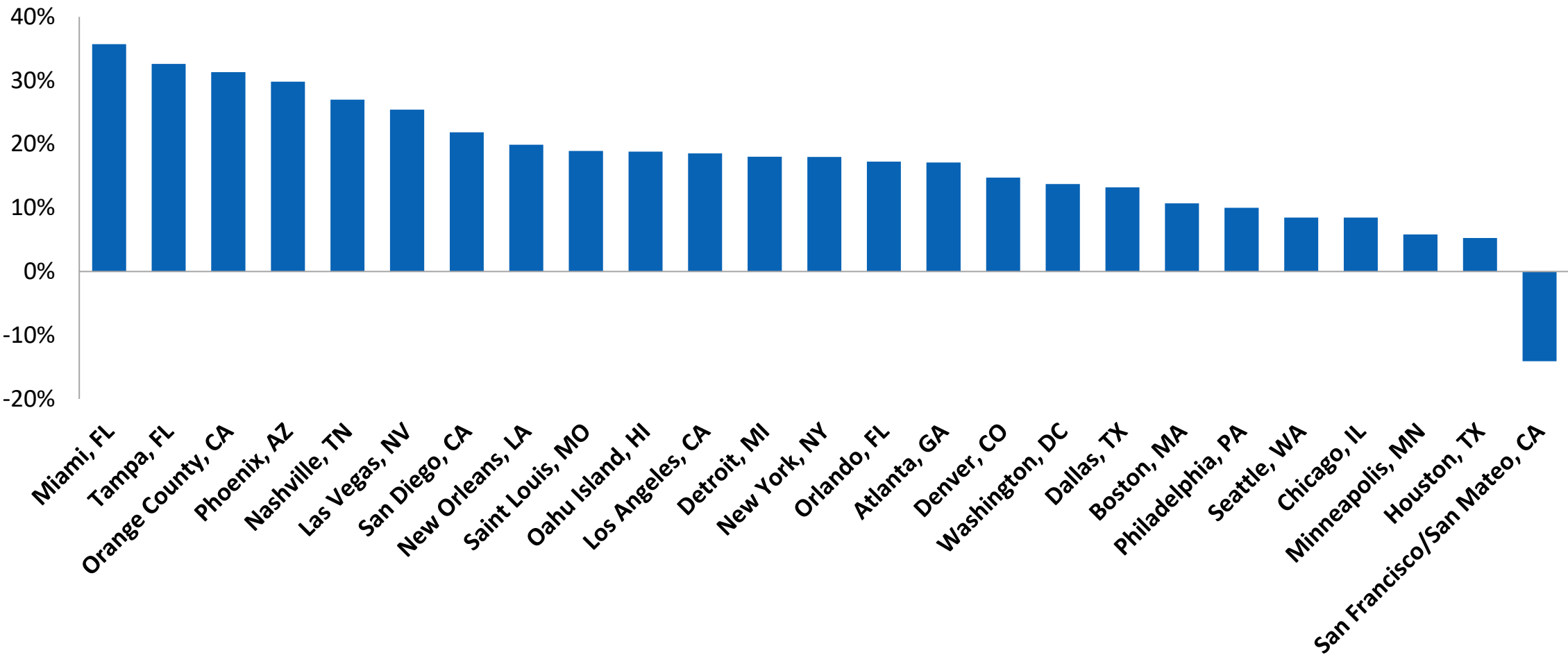
Occupancy still a long way to go in many major markets

Top 25 Markets, occupancy % chg. to 2019, May 2023



ADR increases rang from 5 to 35, excluding SanFran

Top 25 Markets, ADR % chg. to 2019, May 2023



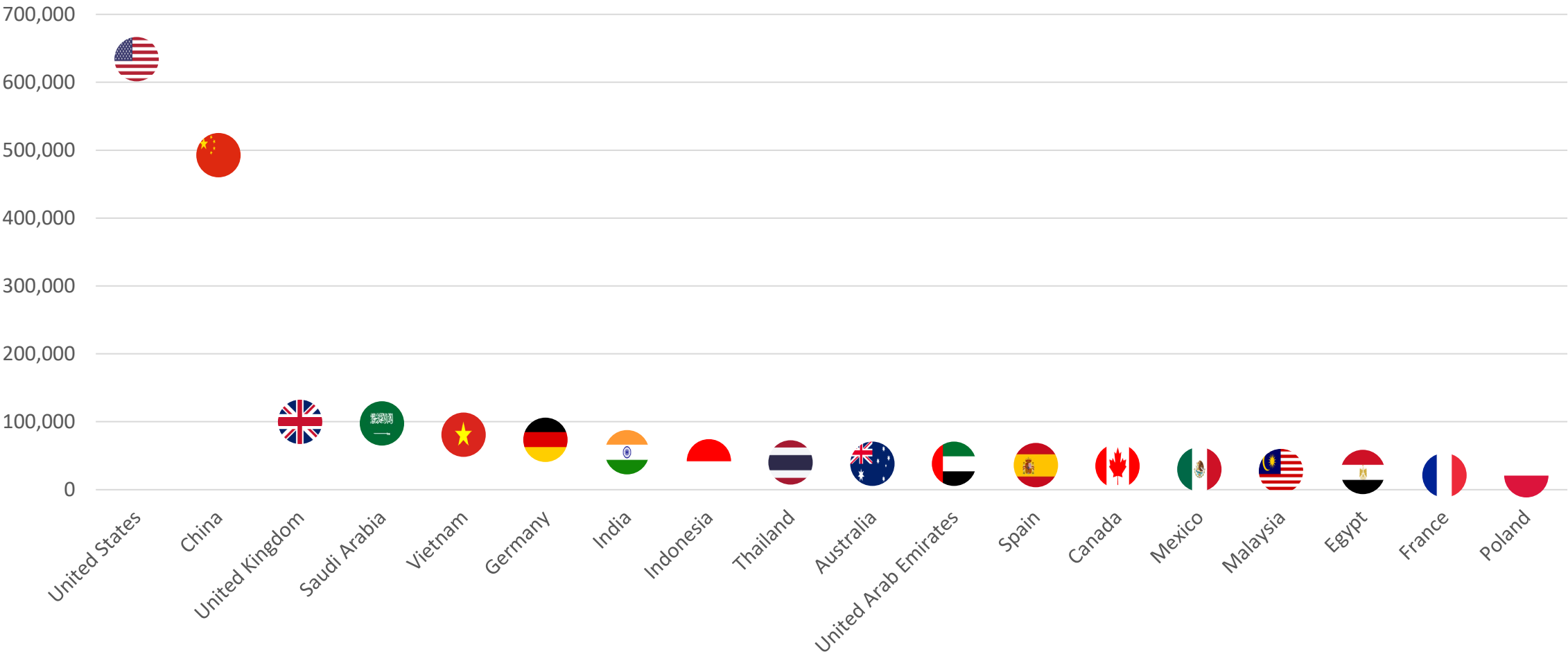


Pipeline



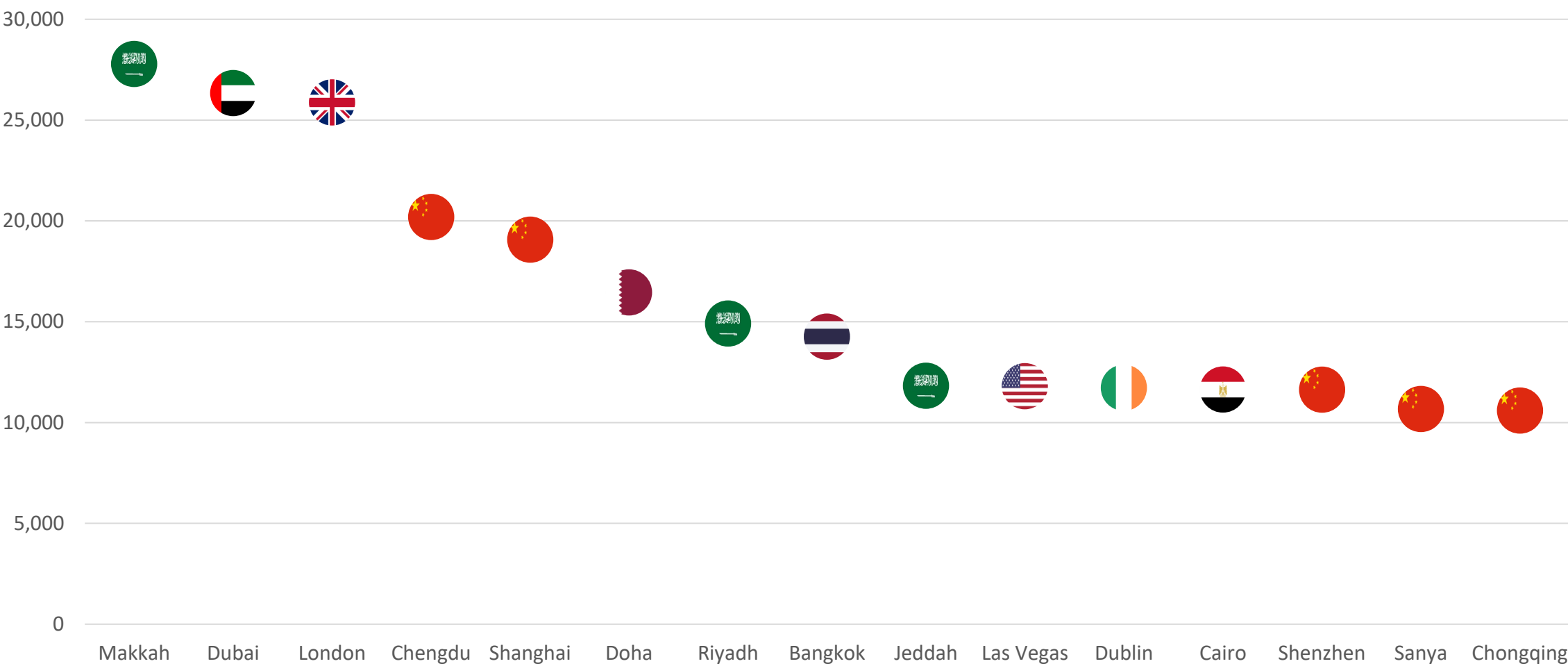
Top countries include KSA, Vietnam, India, Indo, UAE, ...

Global Countries rooms in pipeline, April 2023



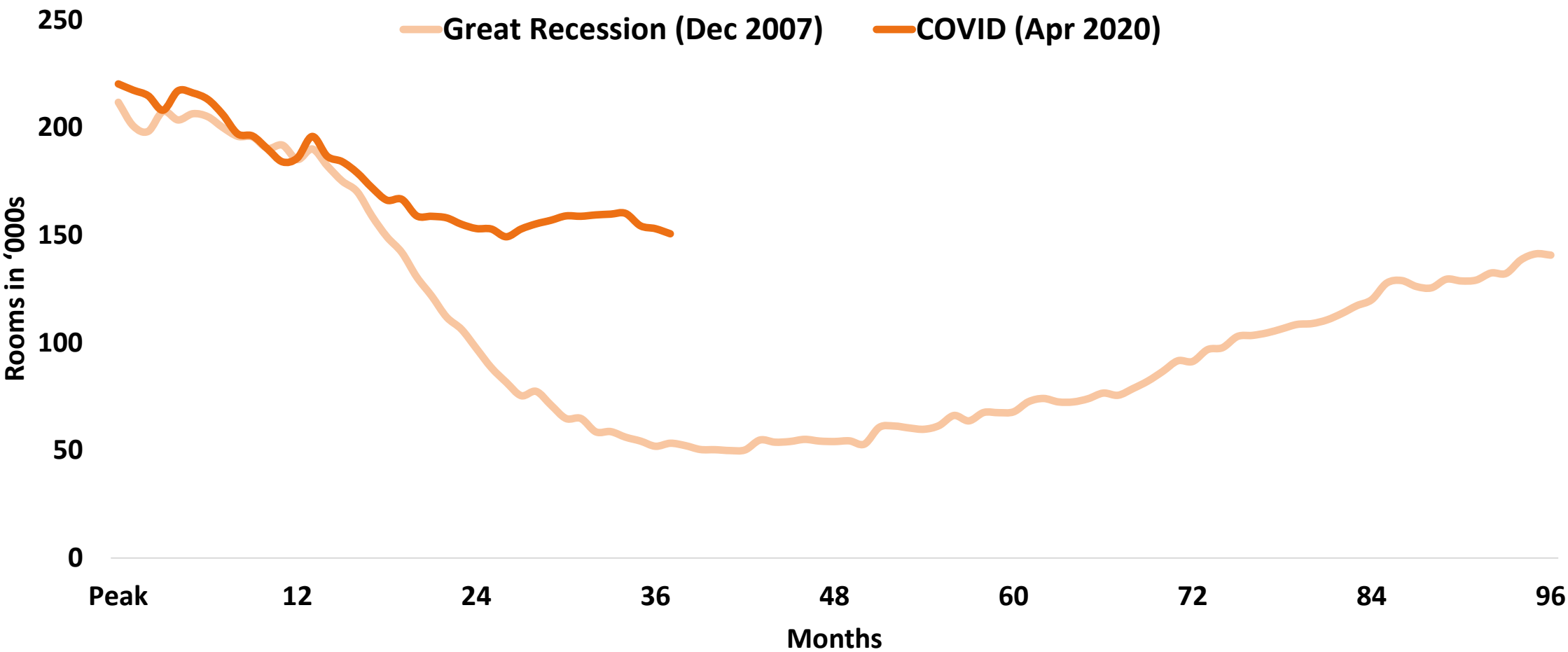
Top markets by rooms in pipeline

Global Cities rooms in Pipeline by City, April 2023



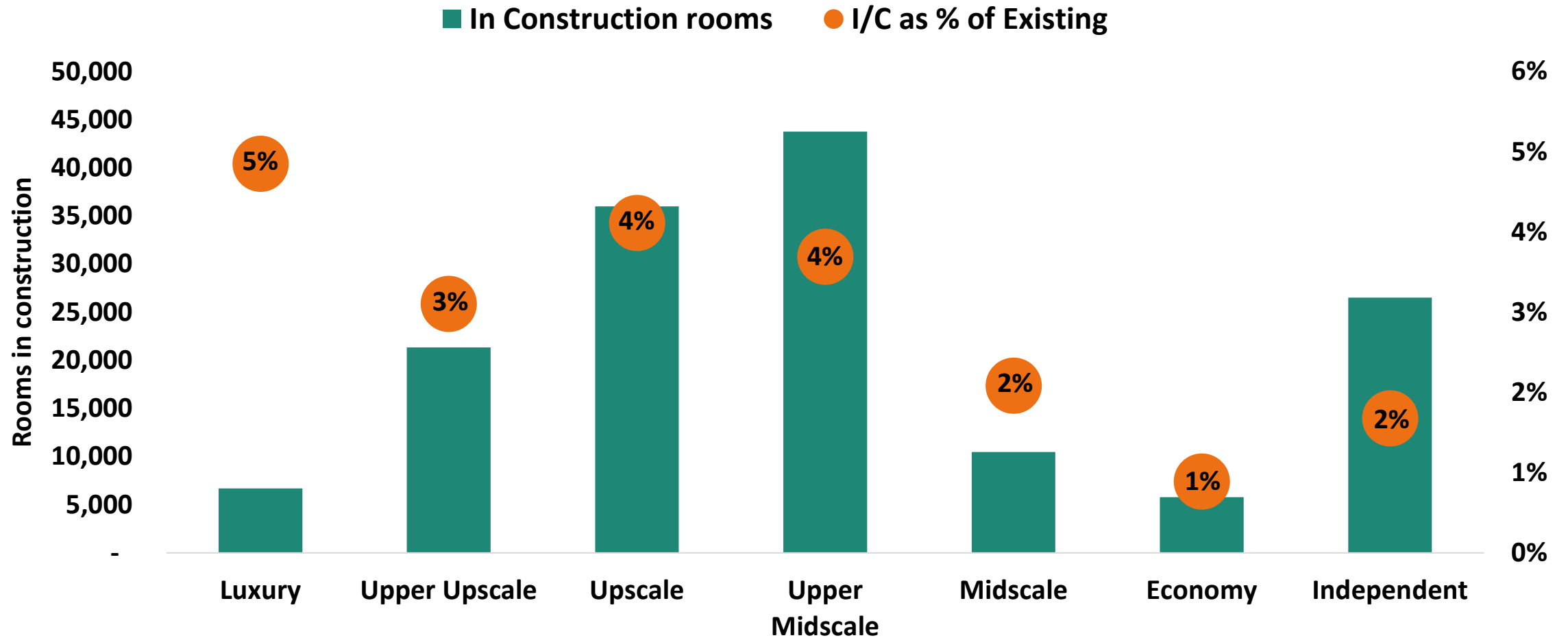
The curve is flattening

Total U.S., rooms in construction from prior peak, 2007 and 2020



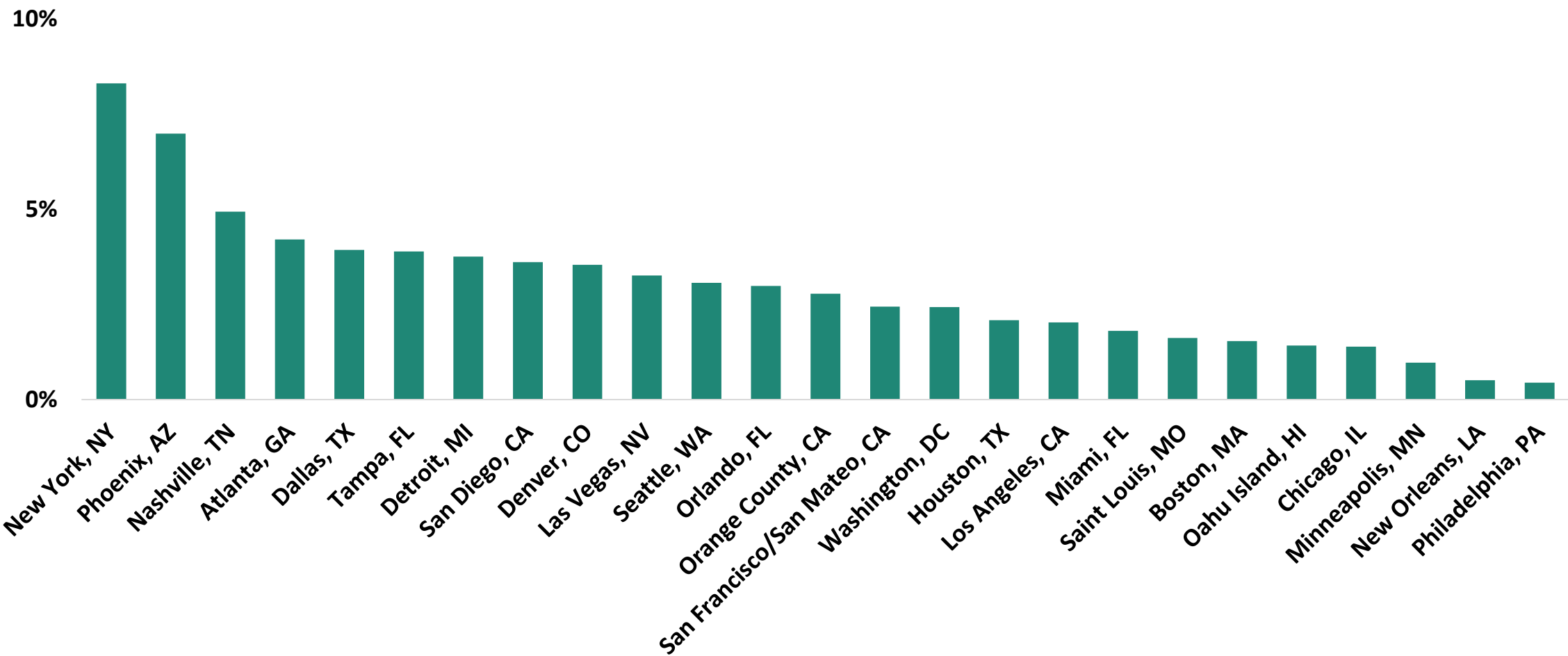
BT isn't dead: Upper Ups well-represented in pipeline

US, rooms in construction by chain scale, May 2023



New supply coming for top 25 markets

Top 25 markets, I/C rooms as percent of existing supply, May 2023



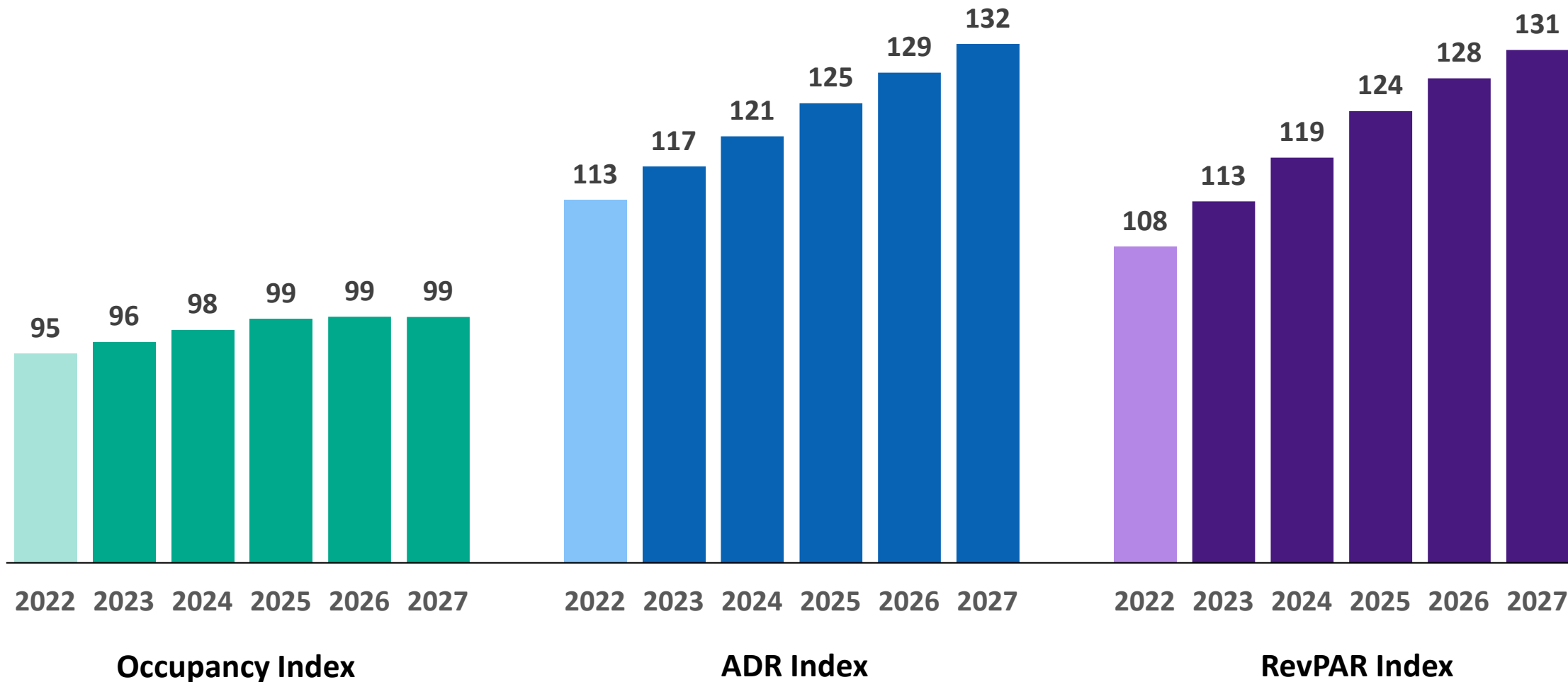


Forecast



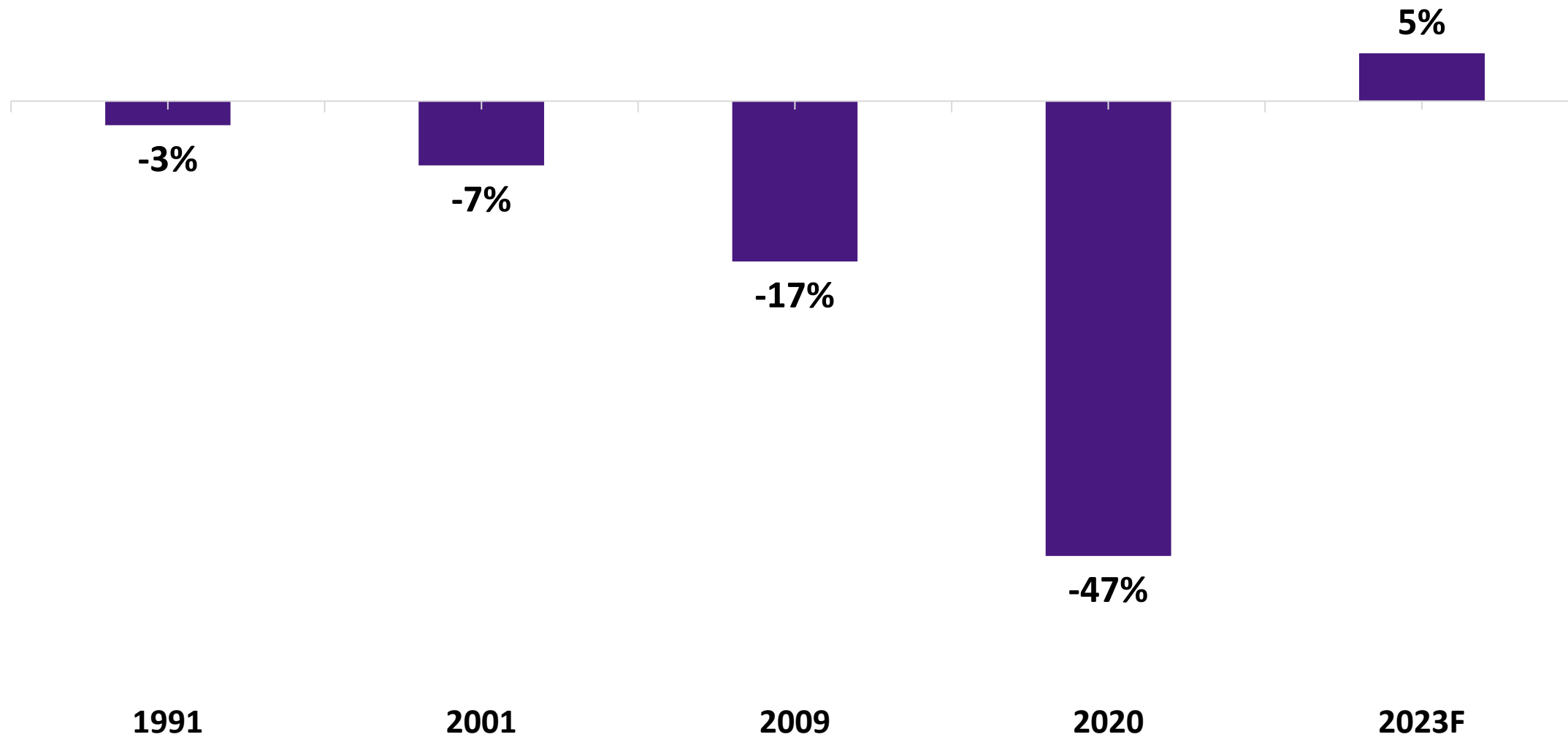
Occ won't quite hit pre-pandemic level, but RevPAR's just fine

U.S. KPIs Indexed to 2019



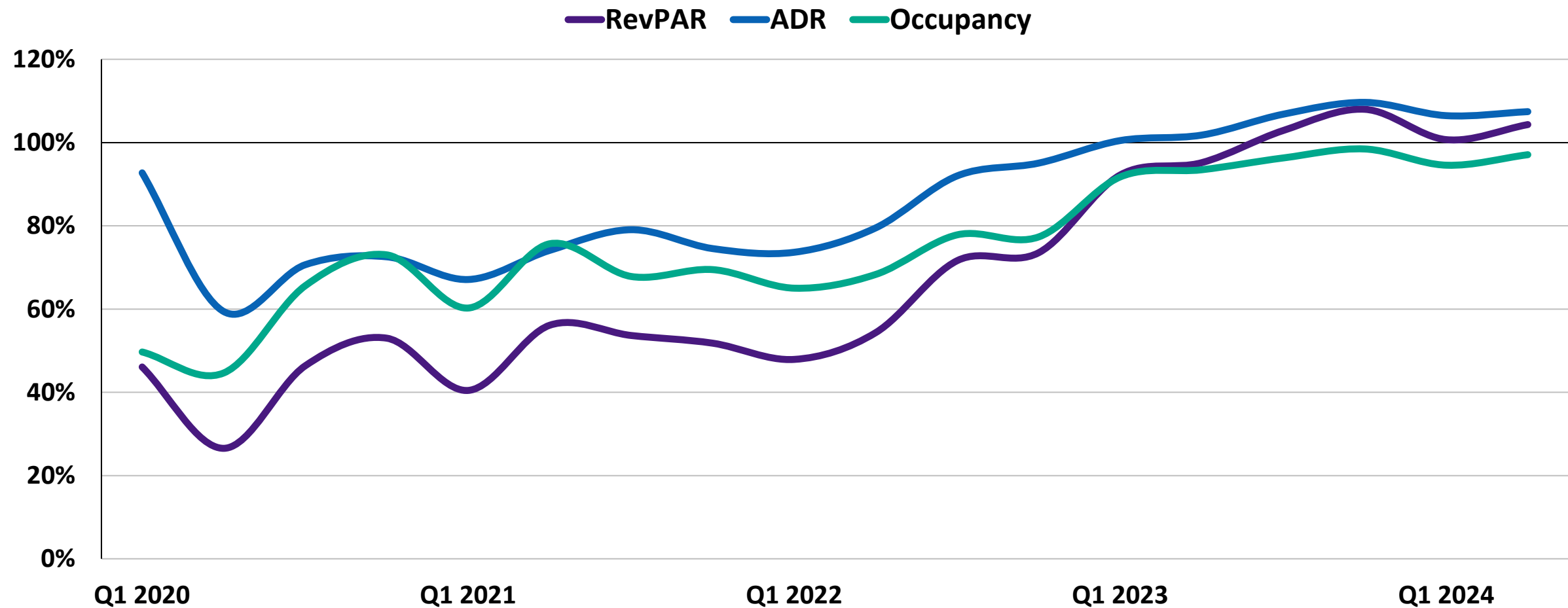
RevPAR has never grown in a recession, until 2023

Total US, historic and forecast RevPAR, Q1 2023



A more moderate growth expected once 2019 levels reached

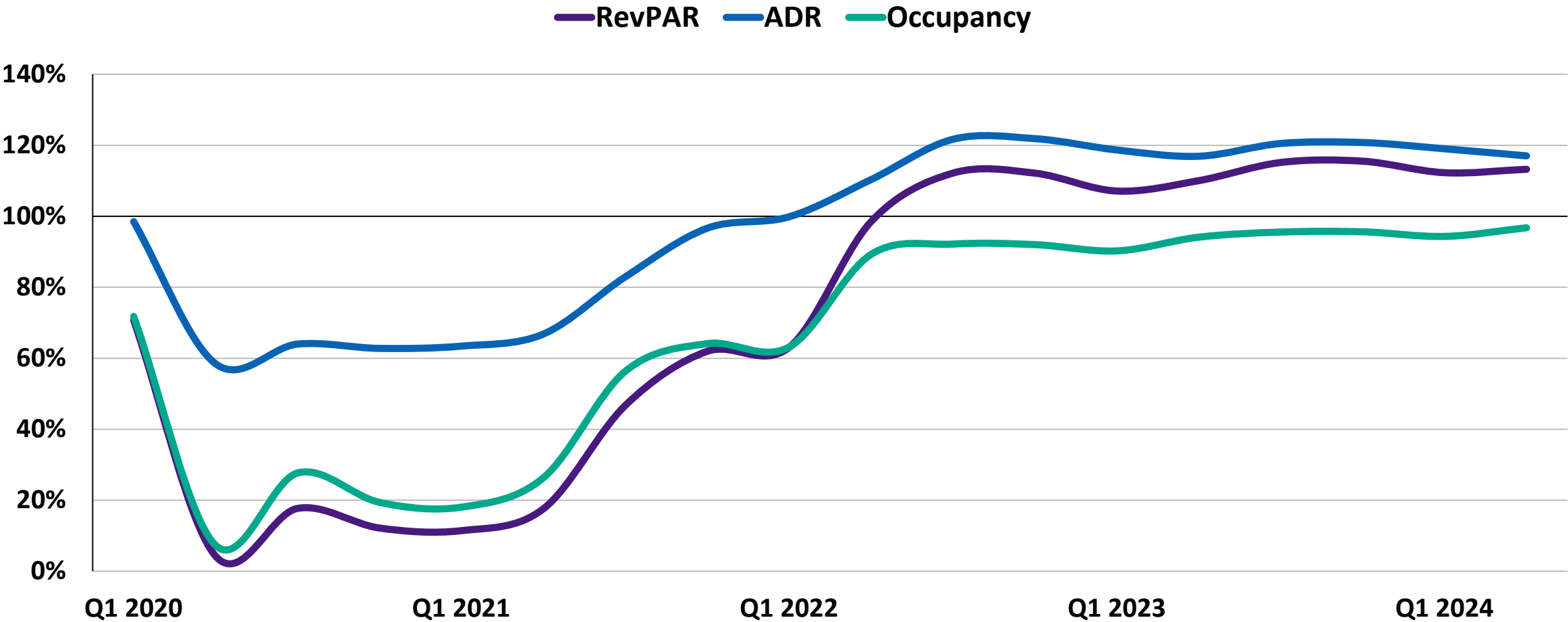
APAC Cities*, KPIs indexed to 2019, Feb 2023 Forecast



*Aggregated performance of Melbourne Centre, Sydney Centre, Auckland Area, Mumbai, Hangzhou, Shanghai, Hong Kong SAR, Beijing, Guangzhou, Chengdu, Tokyo, Jakarta, Singapore, Bangkok

ADR performance drives positive RevPAR growth on 2019

European Cities*, KPIs indexed to 2019, Feb 2023 Forecast



*Aggregated performance of Amsterdam, Athens, Barcelona, Belfast, Berlin, Birmingham, Brussels, Budapest, Cologne, Dublin, Dusseldorf, Edinburgh, Frankfurt, Glasgow, Hamburg, Leeds, London, Madrid, Manchester, Milan, Moscow, Munich, Paris, Prague, Rome, Stuttgart, Vienna, Warsaw, Zurich



Questions

Steve Hood, shood@str.com

