



Europe hotel performance update

Robin Rossmann – Managing Director



Source: 2020 STR, LLC / STR Global, Ltd. trading as "STR". © CoStar Realty Information, Inc. Any reprint, use or republication of all or a part of this presentation without the prior written approval of STR is strictly prohibited. Any such reproduction shall specifically credit STR as the source. This presentation is based on data collected by STR. The information in the presentation should not be construed as investment, tax, accounting or legal advice.

Questions we will look to answer today

Based on insights from high-quality actual achieved and business on the books data from 70,000 hotels around the world



1 What stage of recovery is the world in?

#1 We don't advise on pricing

We must not facilitate anti-competitive behaviour, we can comment on the facts



Anti-Trust Statement & Reminder:

Please do not discuss prices, rates, surcharges, marketing strategies, or your operational intentions and plans. Such discussions among competitors could be viewed as collusive activity in violation of anti-trust laws.

#2 Things are, and will continue to get better

Majority feel 2023 will be back to 2019 RevPAR levels



#3 ... but the recovery will take time

And during that time demand will be well below 2019 levels



STAGES OF RECOVERY



#4 It's important to remember the 2nd law of thermodynamics...

Obviously



**Nothing in life is
certain except death,
taxes and the second
law of
thermodynamics.**

#4 Why the 2nd law of thermodynamics?

The second law can be expressed in several ways, the simplest being that heat will naturally flow from a hotter to a colder body



The second law of thermodynamics states that the total entropy of an isolated system can never decrease over time, and is constant if and only if all processes are reversible. Isolated systems spontaneously evolve towards thermodynamic equilibrium, the state with maximum entropy.

#5 Demand is likely to remain depressed for longer than GFC

Social distancing and border restrictions likely to impact travel until disease fully controlled



Restrictions on some borders likely to stay in place for some time...

New Zealand PM: No open borders for 'a long time'

South Africa won't welcome tourists again until 2021



UK travel firms call for 14-day quarantine plan to be scrapped

The airline industry faces the deepest structural change in its history...

British Airways PLC

British Airways to cut 12,000 jobs as aviation outlook darkens

CEO Alex Cruz warns staff it will take years to return to passenger levels of 2019

NEW

Airline industry

Norwegian Air says most of fleet will stay grounded until 2021

Ryanair to axe up to 3,000 jobs as it warns over slow recovery

Europe's largest low-cost airline expects return to 2019 passenger levels to take 2 years

Boeing Co

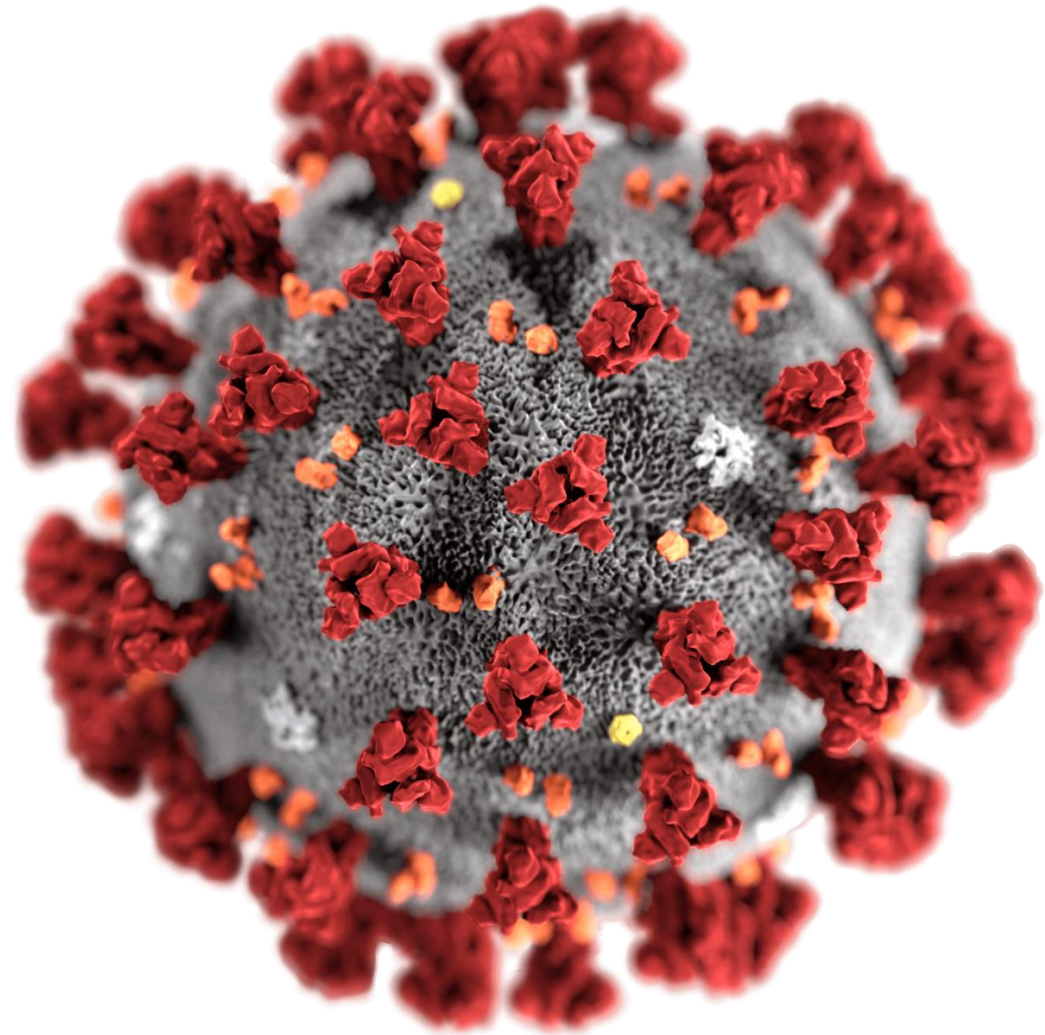
+ Add to myFT

Boeing cuts jobs and production as coronavirus slashes demand

'We will be a smaller company for a while,' says chief David Calhoun

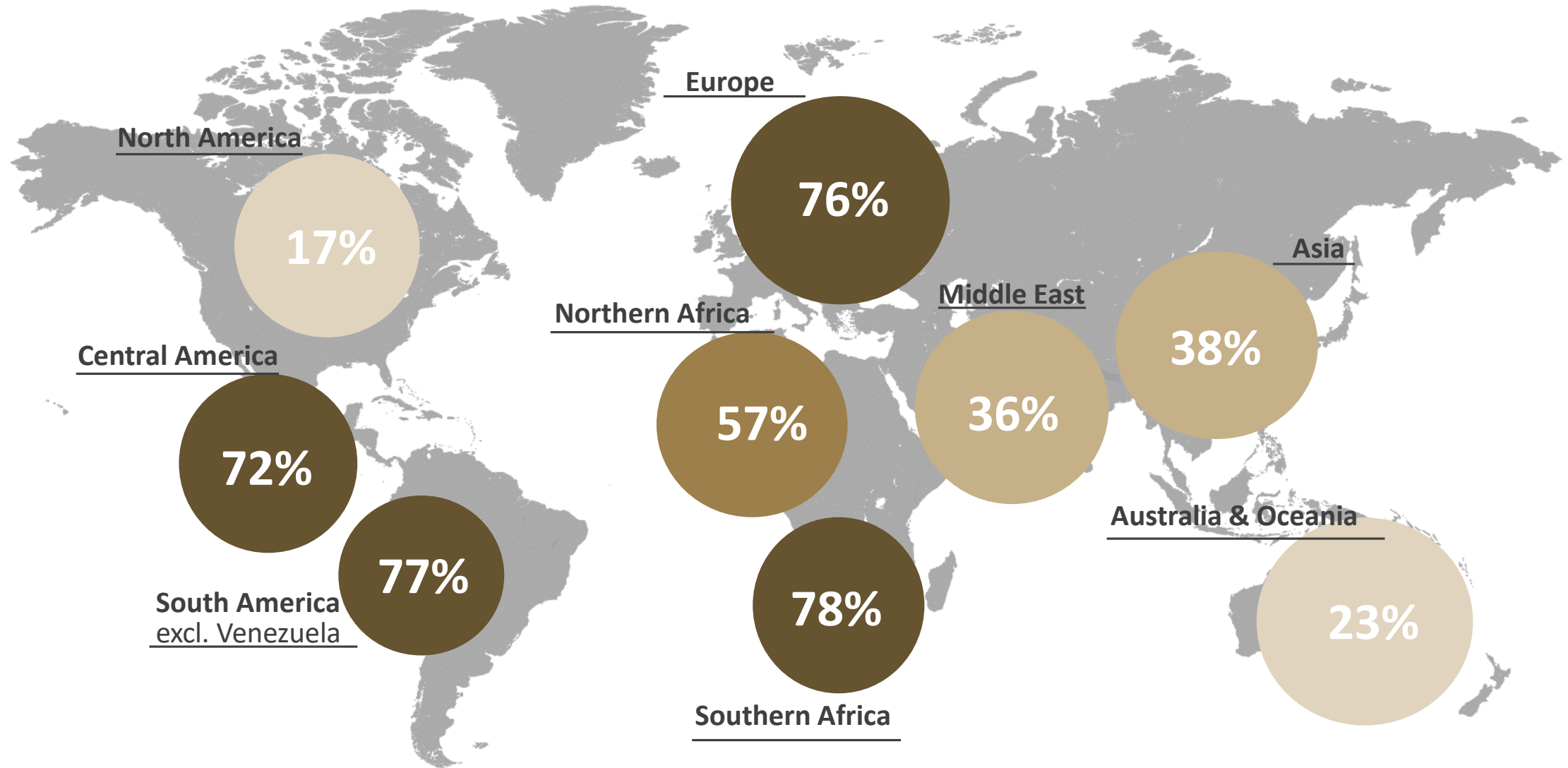
How long with the economic downturn last?

What
stage of
recovery
is the world
in?



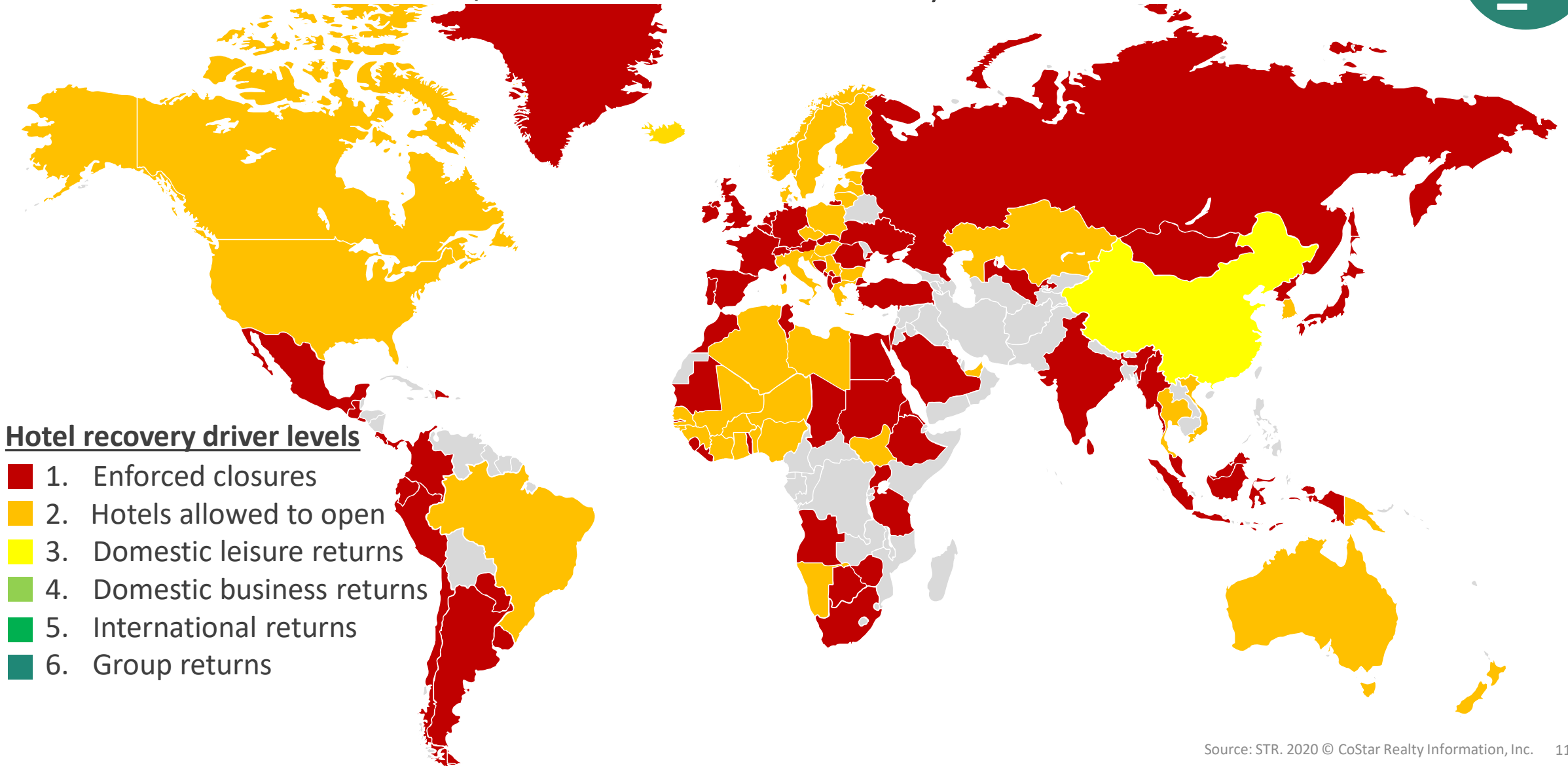
How long will it take for hotels to re-open again?

Percentage of STR participating hotels closed as at 30th April 2020



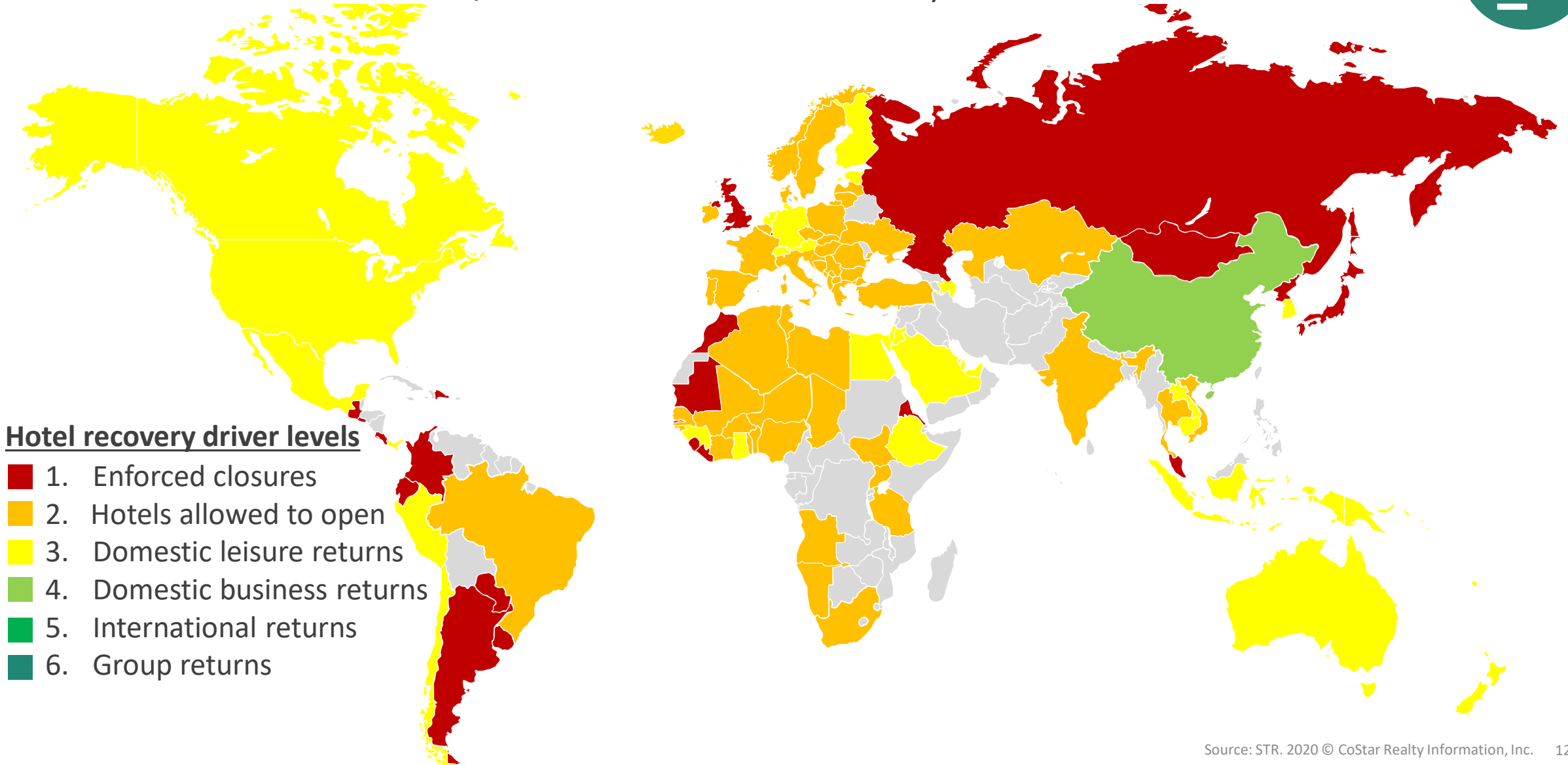
Half way through May most of the world still had restrictions

Level of restrictions on hotels / hotel demand drivers as at May 17



By the end of May things have changed quite significantly

Level of restrictions on hotels / hotel demand drivers as at May 31

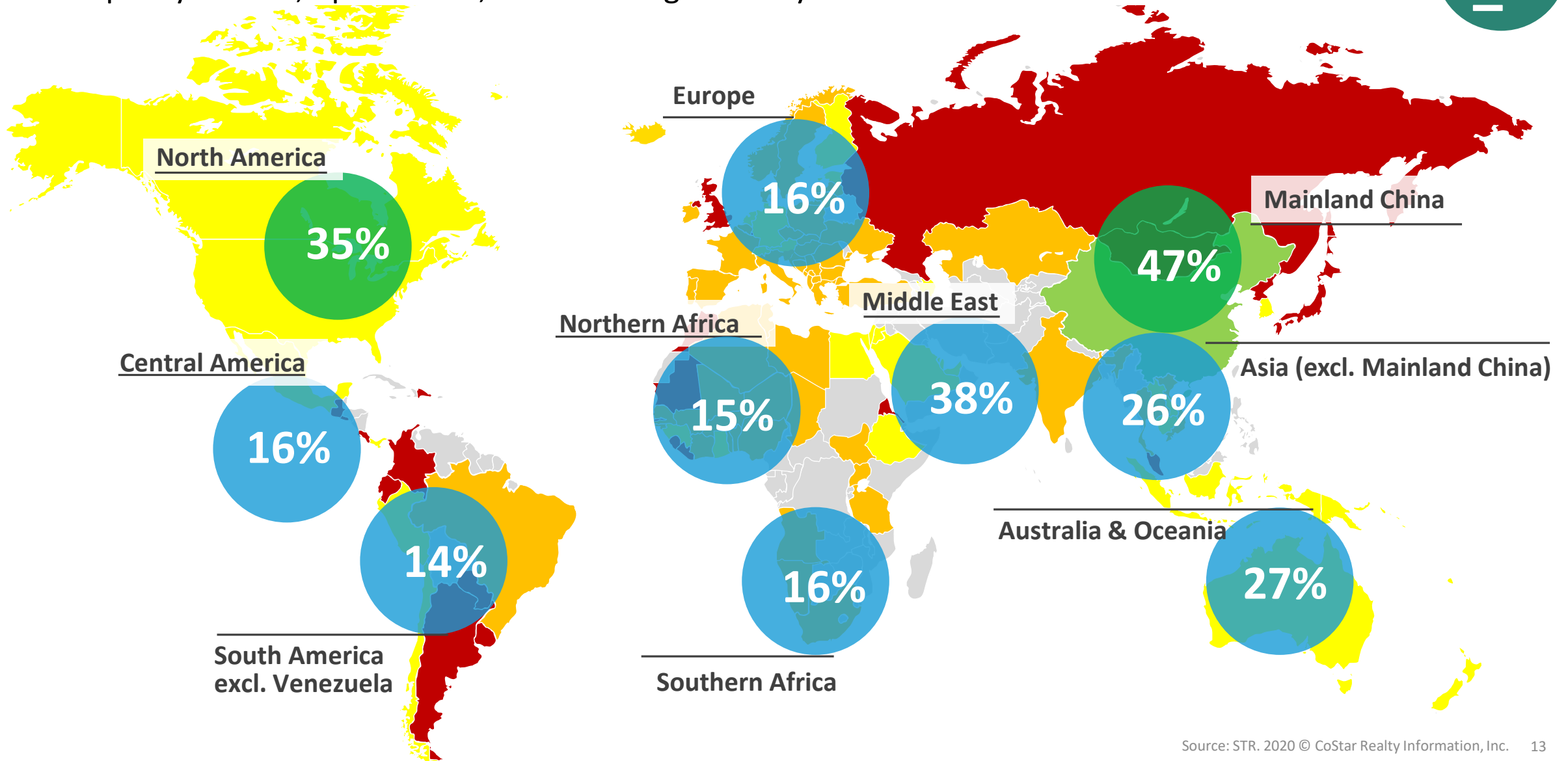


Hotel recovery driver levels

- 1. Enforced closures
- 2. Hotels allowed to open
- 3. Domestic leisure returns
- 4. Domestic business returns
- 5. International returns
- 6. Group returns

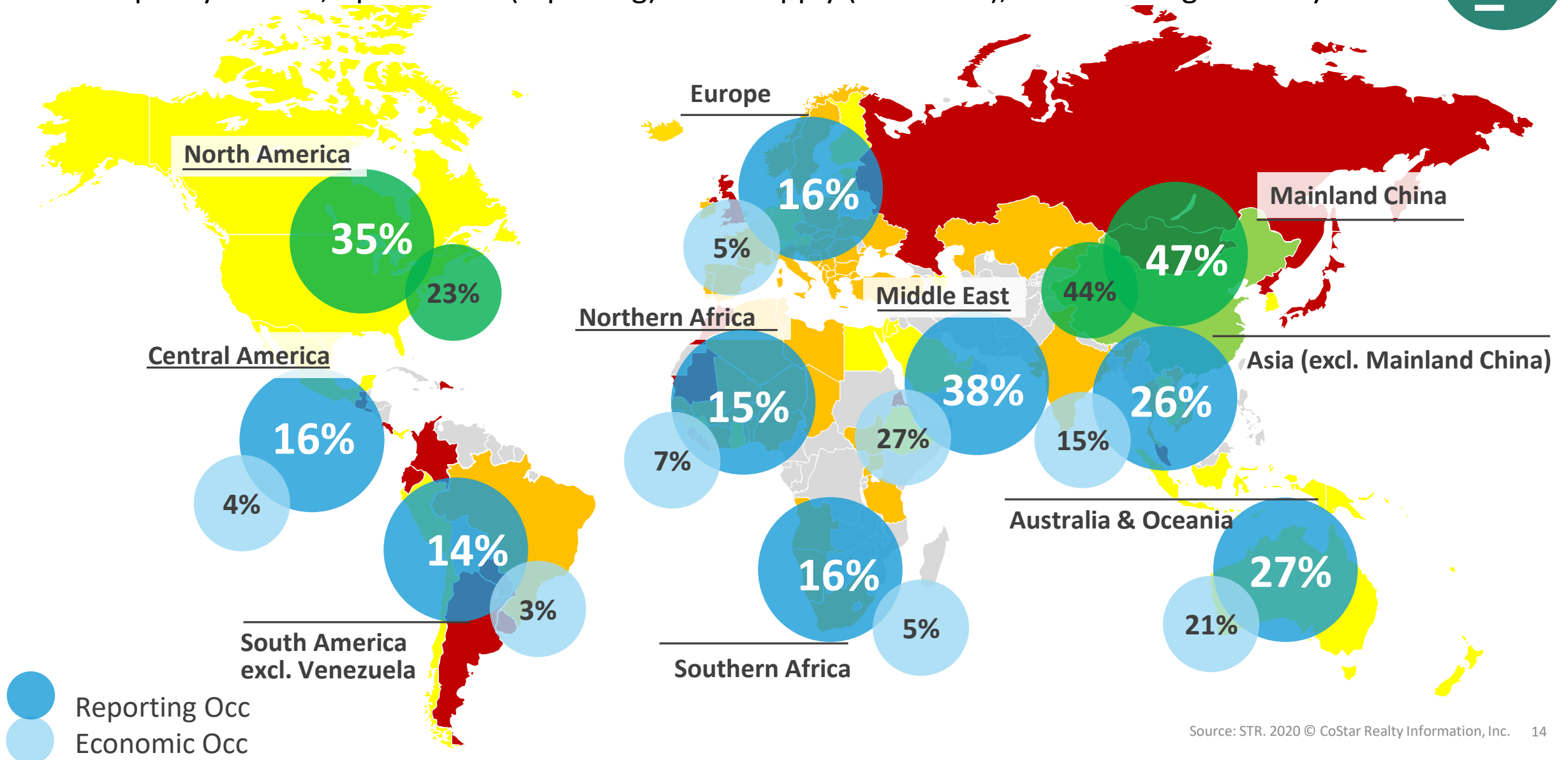
These restrictions have started to ease in May

Occupancy actuals, open hotels, Week ending 31st May



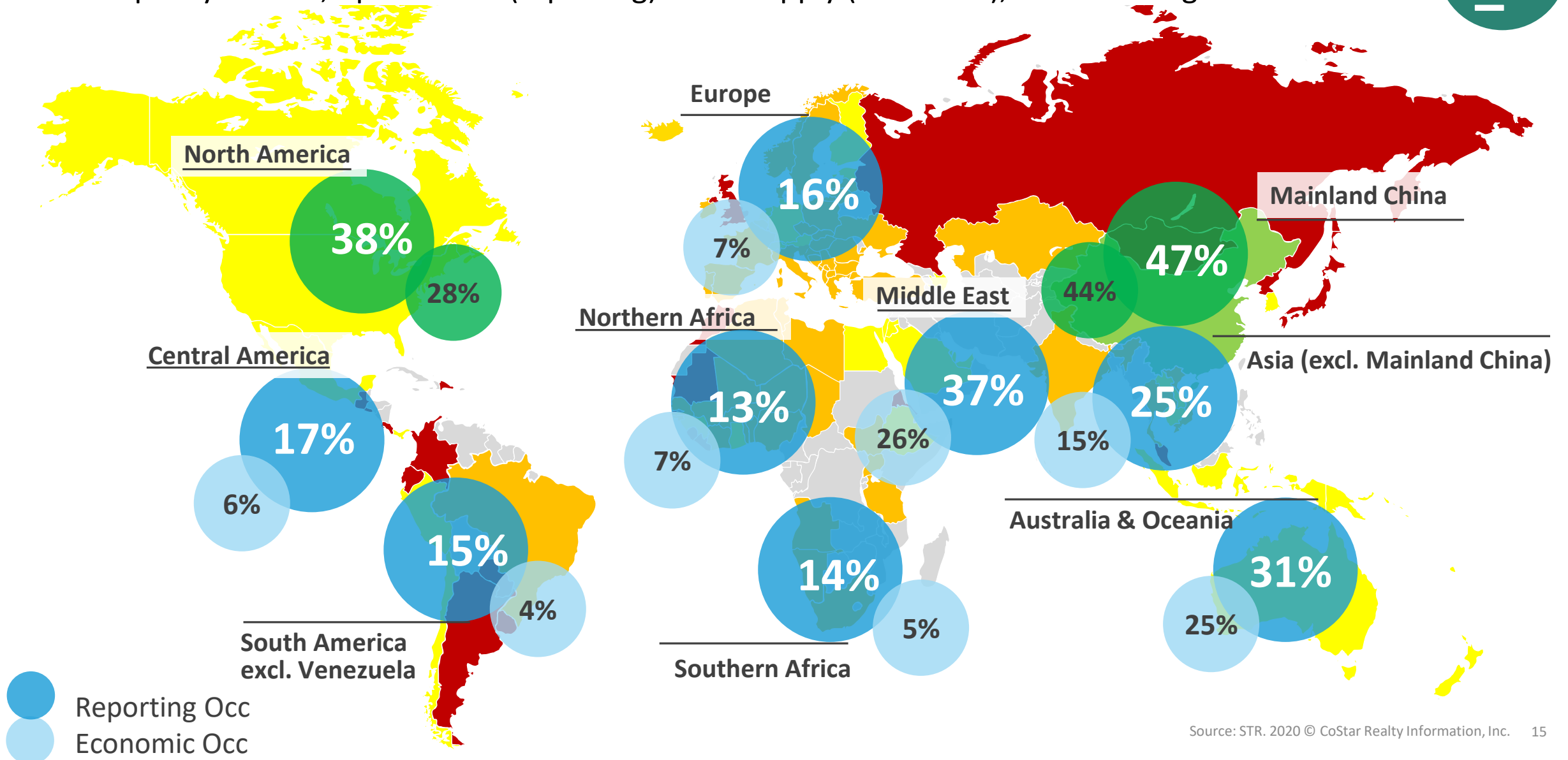
These restrictions have started to ease in May

Occupancy actuals, open hotels (reporting) & full supply (economic), Week ending 31st May



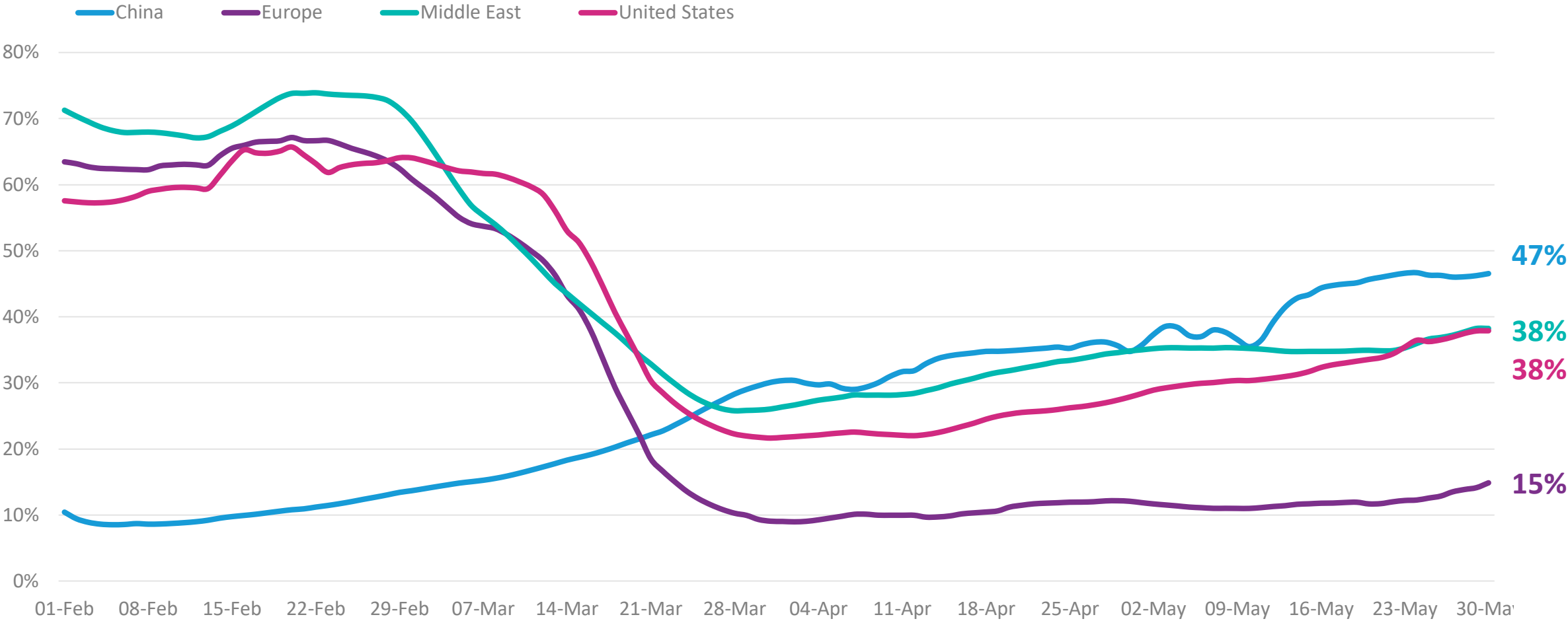
These restrictions have started to ease in May

Occupancy actuals, open hotels (reporting) & full supply (economic), Week ending June 7th



China & US continue to lead the recovery, Middle East stable

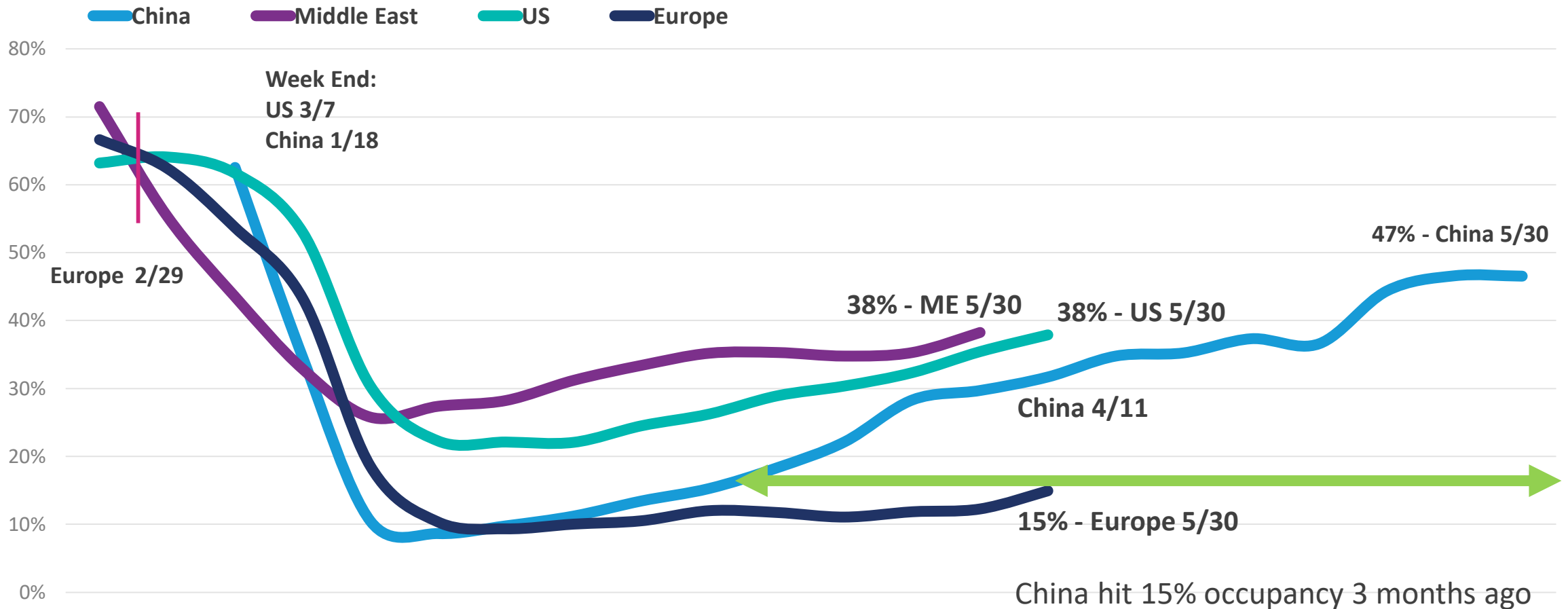
Absolute Rolling 7 days Occ % of open hotels, Select Areas



How long will it take Europe to recovery to Occ levels of 40-50%?



Absolute Rolling 7 days Occ % of open hotels, Select Countries, Aligned by level of OCC

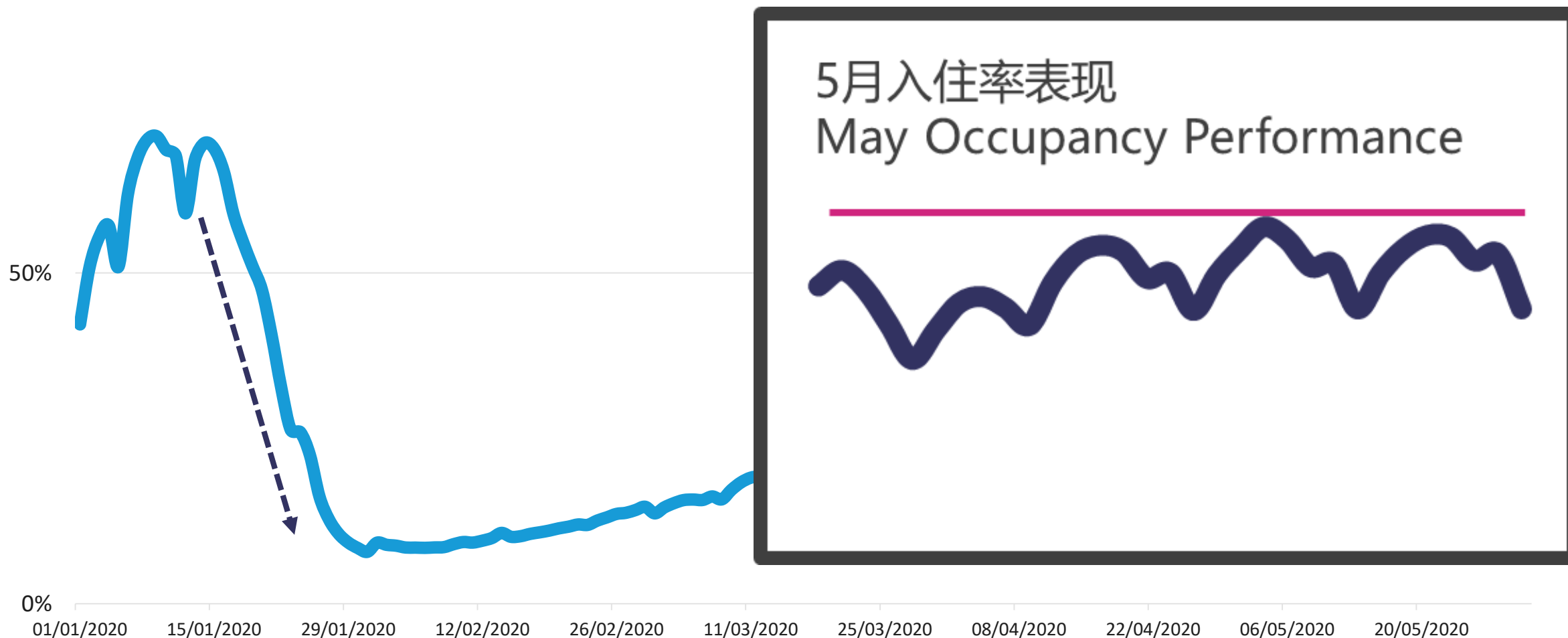


中国大陆地区：入住率触顶了吗？

Mainland China: Occupancy level plateaued?



benchmarking



2020年1月1日到2020年5月31日，中国大陆地区，日度入住率表现 Jan1-May31 2020, Daily Occupancy (%), Mainland China Overall

Source: STR. 2020 © CoStar Realty Information, Inc.

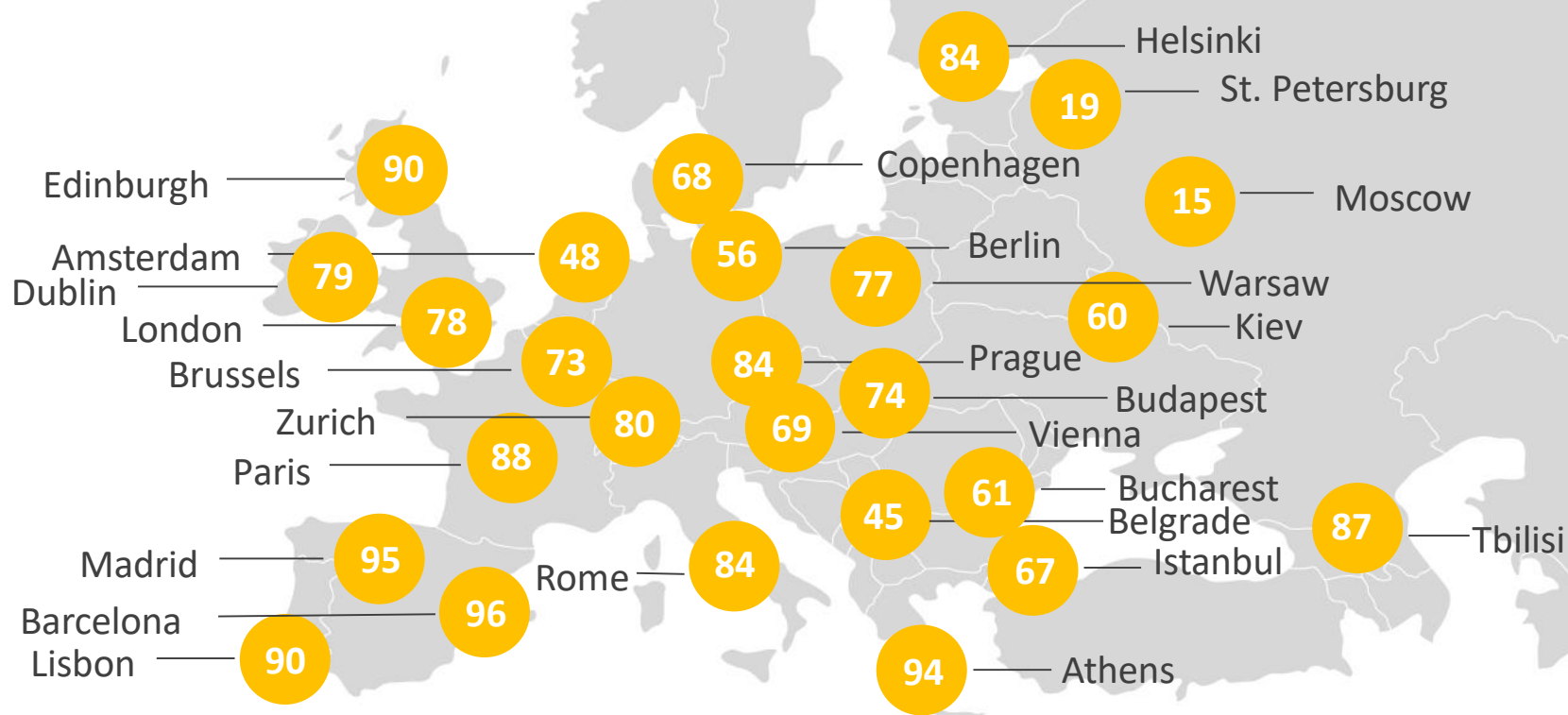


Has the recovery in Europe started?

Source: STR. 2020 © CoStar Realty Information, Inc.

In Europe - the majority of hotels closed across the continent

Percentage of STR participating hotels closed as at 30th April 2020



April occupancy generally incredibly bad

Occupancy of open hotels for April 2020



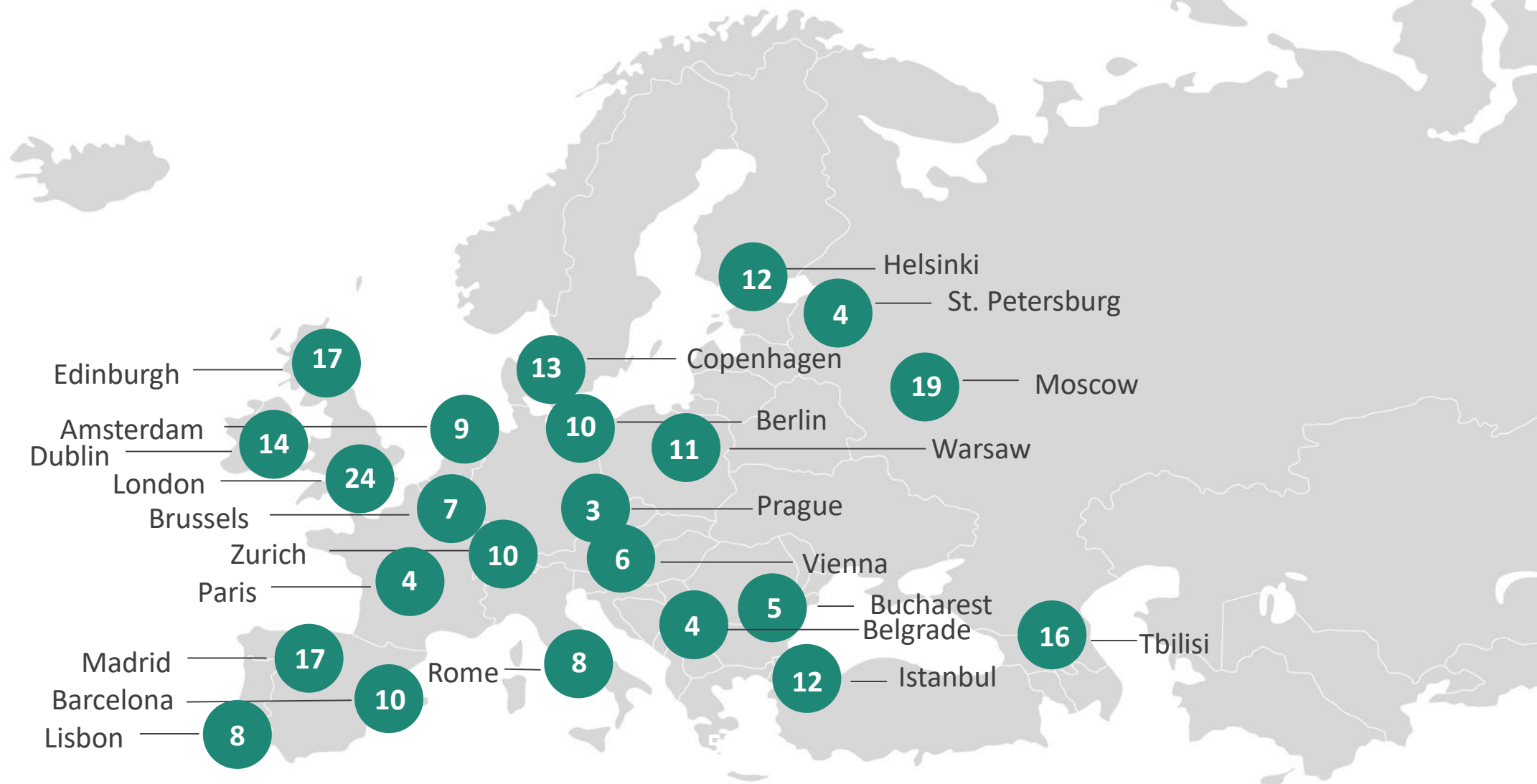
... and is much worse when including temporary closures

Full market occupancy (including temp closures) for April 2020



May occupancy broadly unchanged from April

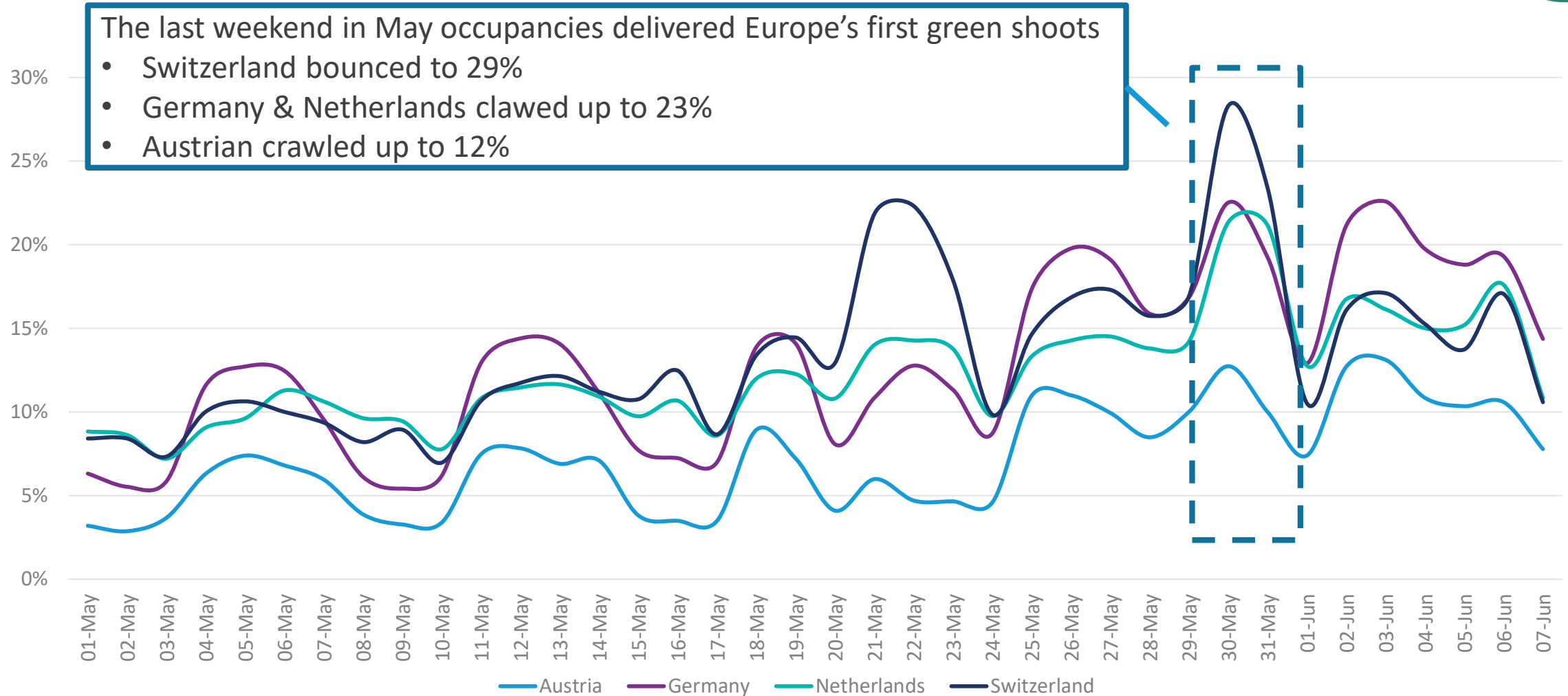
Occupancy of open hotels for May 2020



DACH & Netherlands the first to start the path to recovery in Europe

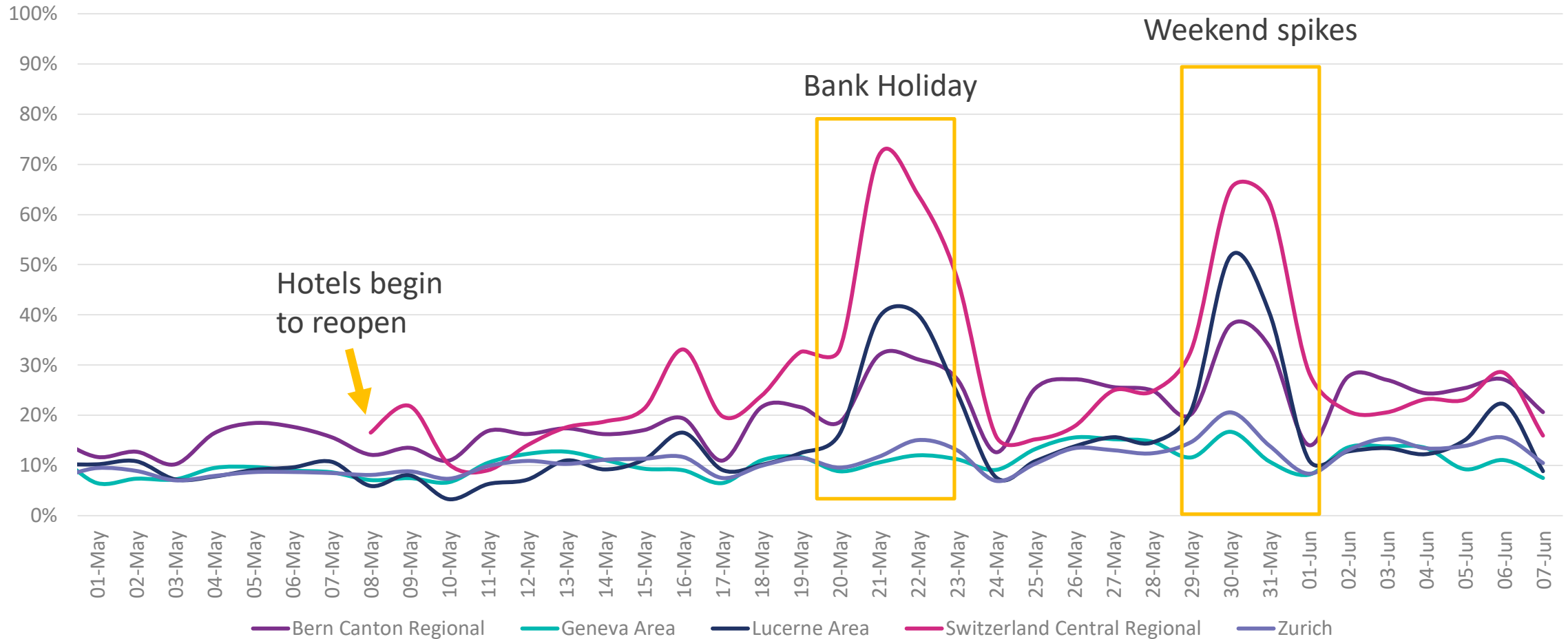


Hotel occupancy, May 1 – June 7, open hotels only (excludes temp closures)



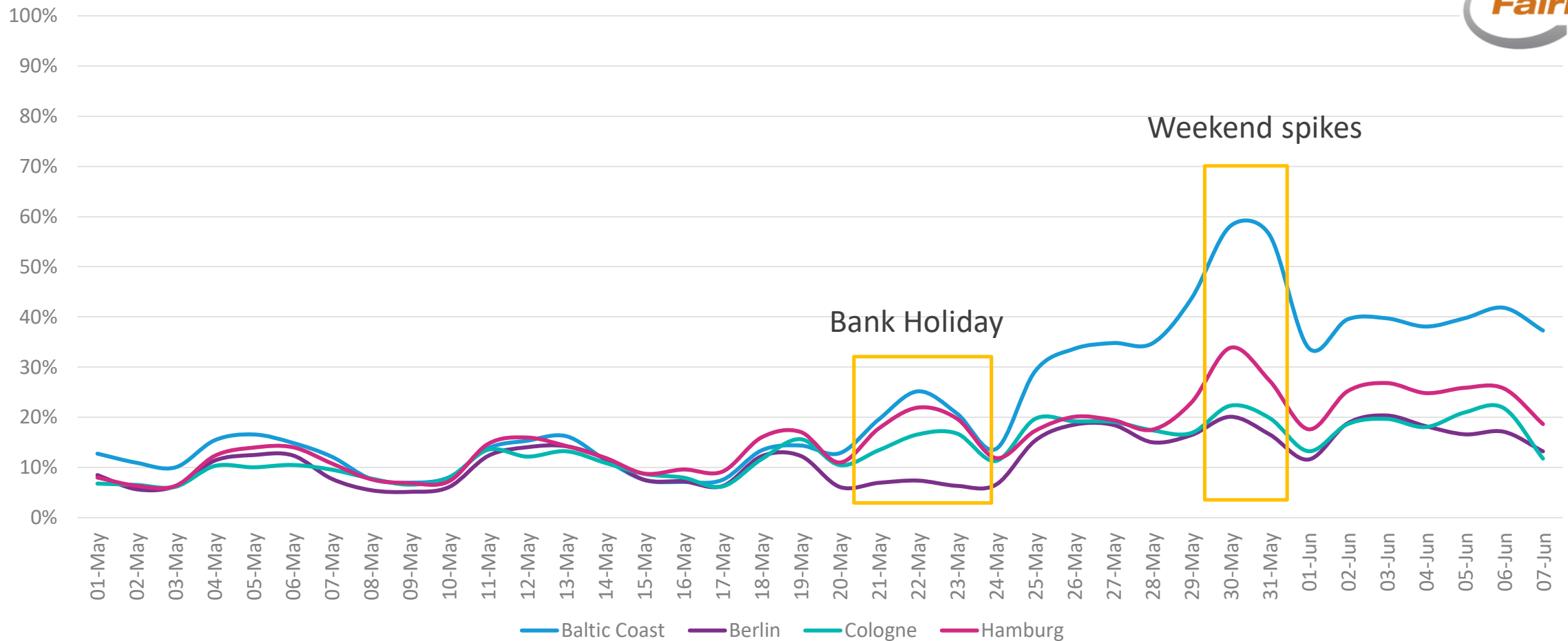
Any takers for the Swiss Alps..... Yes!

Occupancy actuals, May 1 – June 6



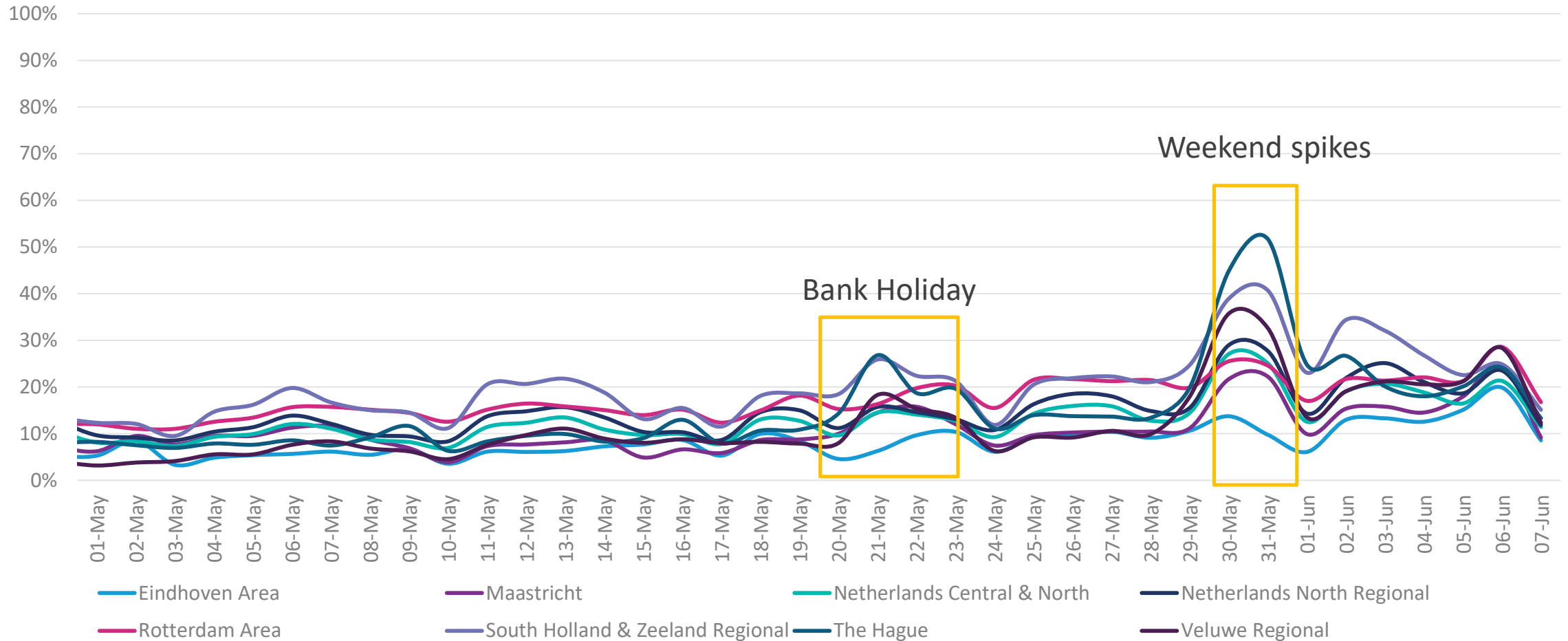
Germany leading COVID-19 recovery what about hotels too – Yes!

Occupancy actuals, May 1 – June 7



Are the Dutch showing their courage... Yes!

Occupancy actuals, May 1 – June 7



But are
there
business on
the books
green
shoots?

The graphic for ForwardSTAR features a background of a calendar with a silver pen resting on it. Overlaid on the left is a blue and green abstract shape. A purple sphere is positioned in the center-right. The STR logo is in a white circle in the top right corner of the graphic.

ForwardSTAR

As business returns STR will enable your most powerful tool to combine with your STAR report

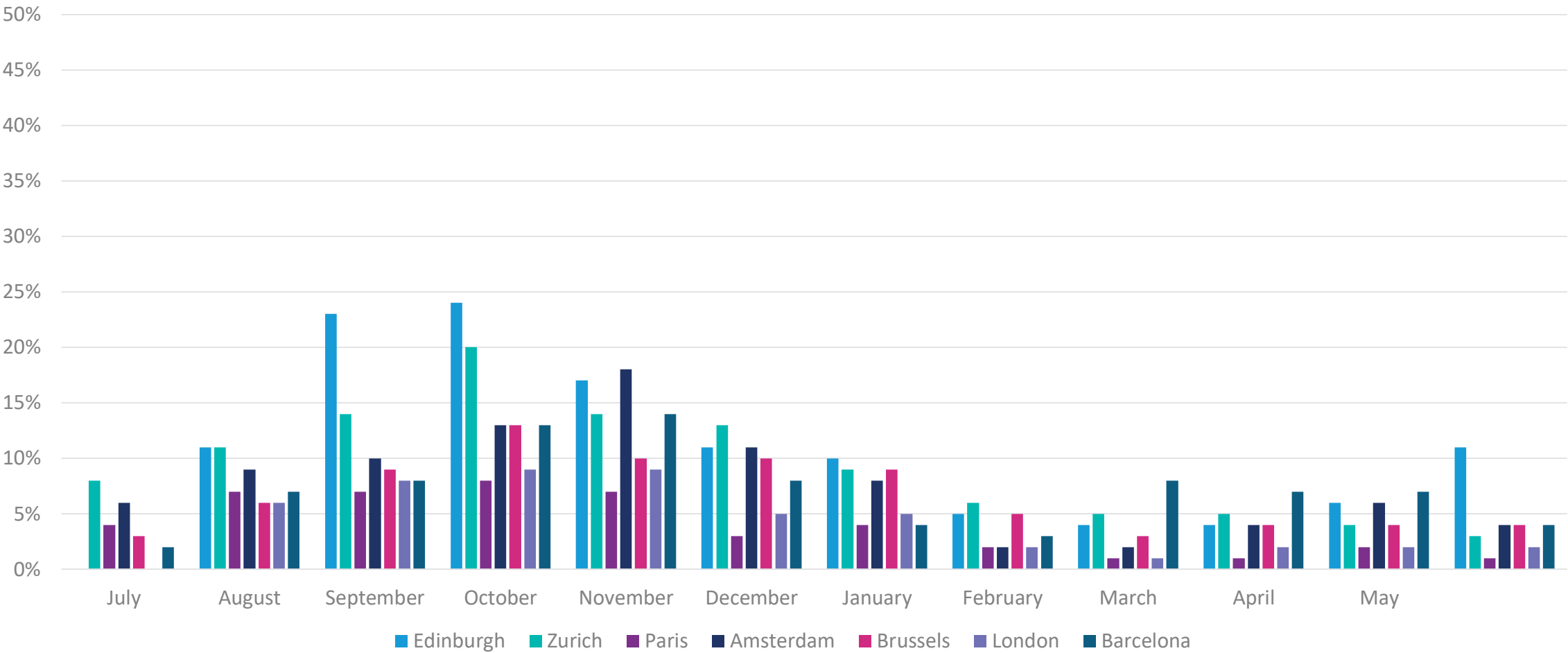
The ability to analyse pickup pace and business on the books

Empower your market share with the most trusted and accurate data – serving the industry since 1985

After 3 months of negative pick-up there isn't much left on the books



Forward occupancy for next twelve months as at 1st June



... cancellations still outweighing new bookings in May

Pickup from prior month for next 11 months as at 1st June





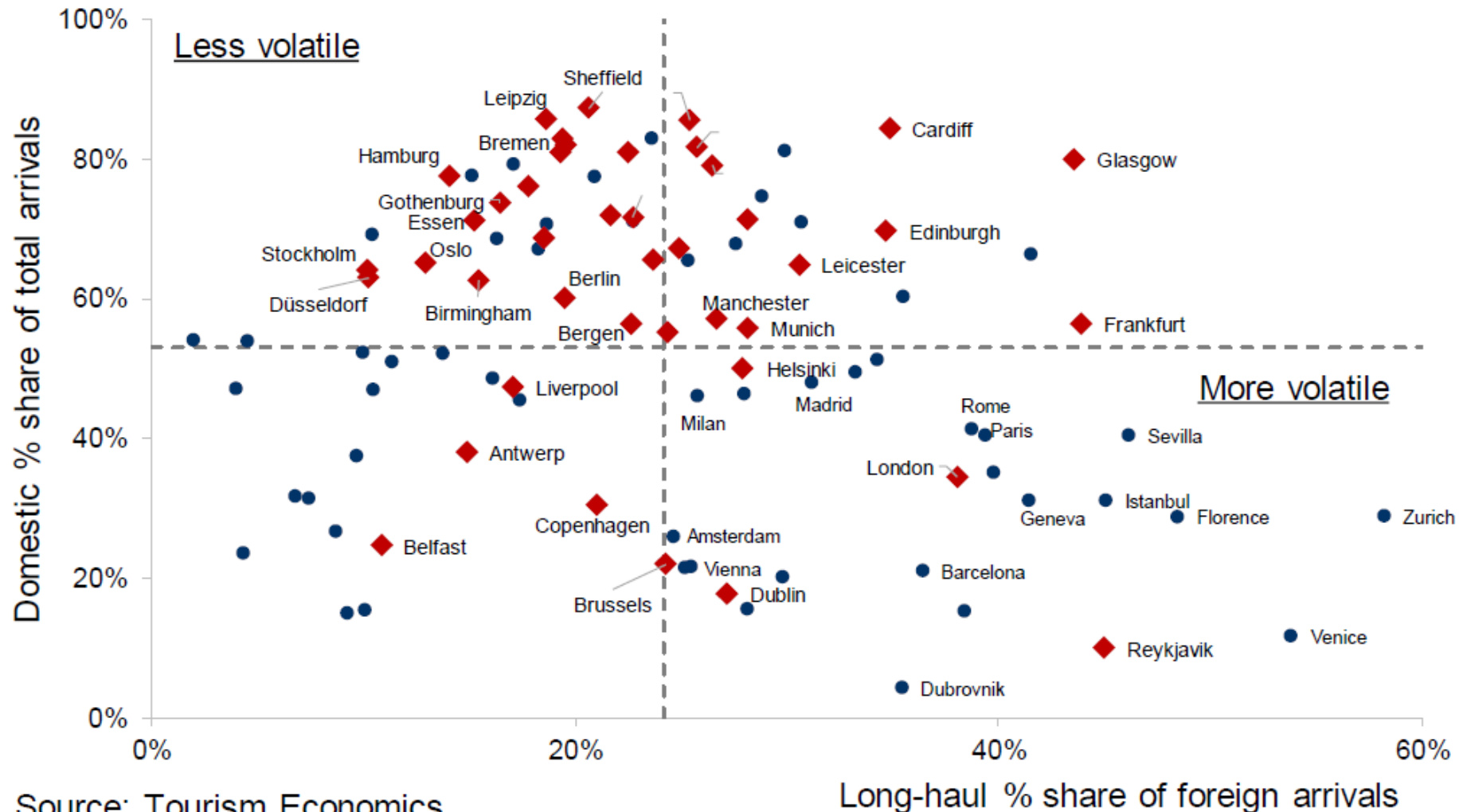
What's next?



Where: Markets relying less on international & long-haul will do better

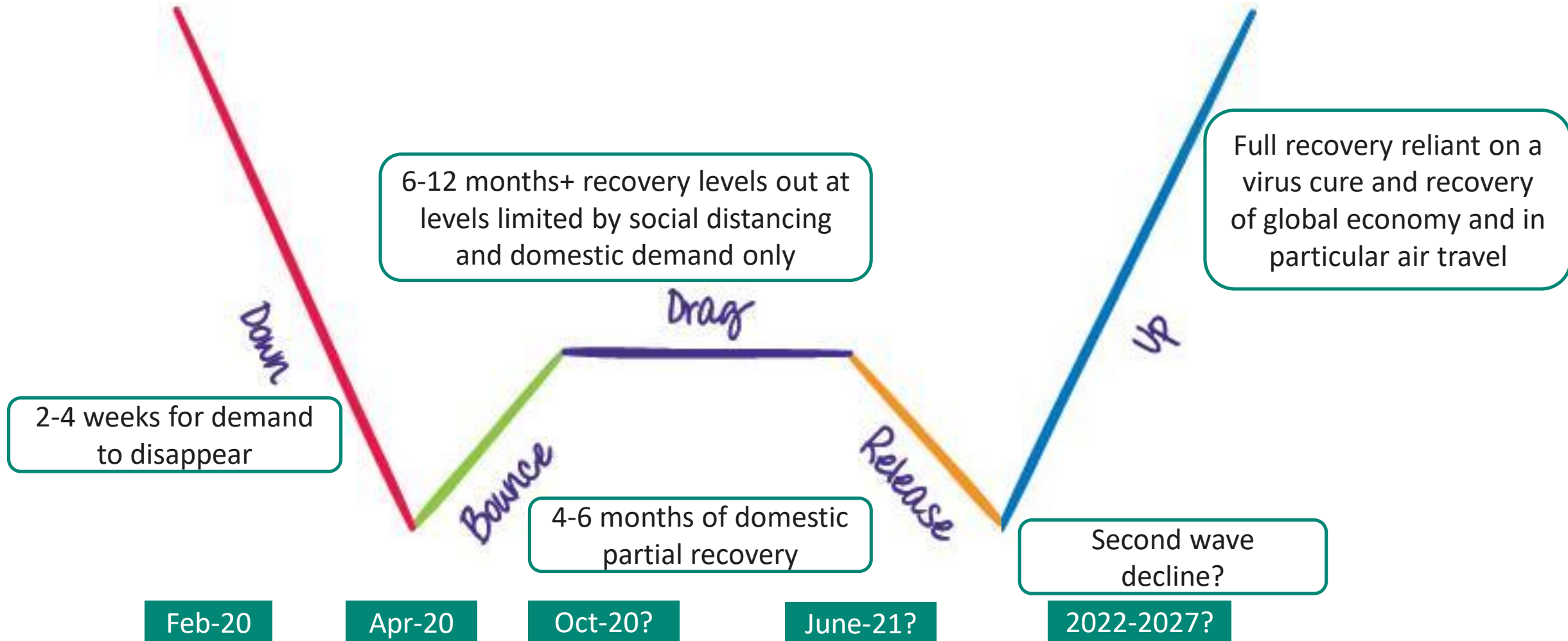
European city reliance on domestic and long-haul arrivals, 2019

str



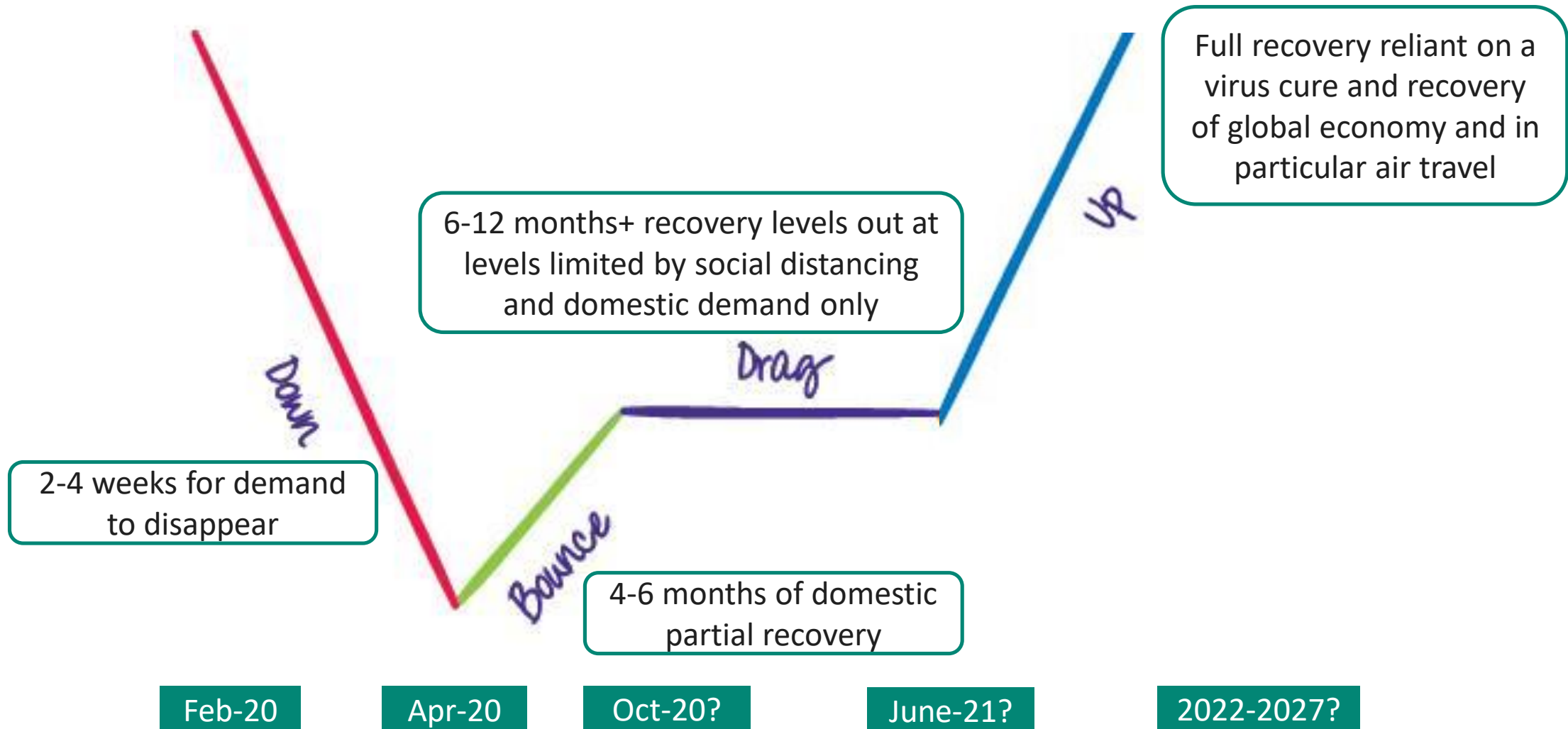
How: What recovery profile might look like

An initial recovery, levelling out at a lower new-based until virus and world economy is cured



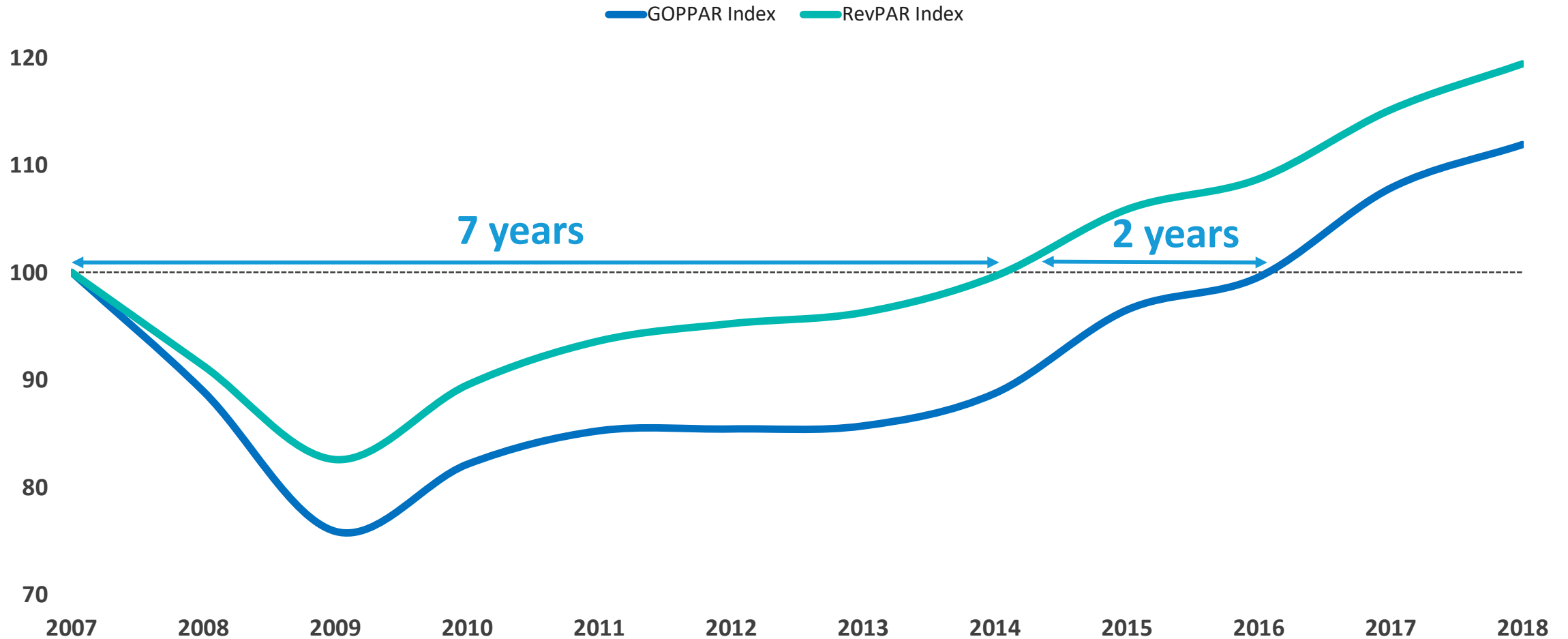
How: What recovery profile might look like

An initial recovery, levelling out at a lower new-based until virus and world economy is cured



How long: less/same/more severe than the Global Financial Crisis?

Europe, Consistent Sample, RevPAR and GOPPAR Indexed to 2007, EUR, Constant Currency



Conclusions



1. Recovery continues across the world

- China leads the way with business demand starting to recover
- The US continues to defy gravity
- Middle East & Australasia stable and poised to recover

2. Europe recovery has at last started

- Governments are (for the most part) trying to help a return to travel and tourism
- Hotels likely to re-open en masse in June and July
- Performance will improve in the coming months

3. Much about the shape of the recovery remains subject to change

- Virus seems under control... but will there be a second wave
- The verdict on the economic recovery is still out
- Recovery likely to be slow for hotels
- We expect recovery to take similar/longer time than GFC



Questions



HOTEL DATA
CONFERENCE
Hosted by STR and Hotel News Now

Source: 2020 STR, LLC / STR Global, Ltd. trading as "STR". © CoStar Realty Information, Inc.
Any reprint, use or republication of all or a part of this presentation without the prior written approval of STR is strictly prohibited.
Any such reproduction shall specifically credit STR as the source. This presentation is based on data collected by STR.
The information in the presentation should not be construed as investment, tax, accounting or legal advice.