

CONSUMER: Lodging

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Reasons for this report

- ✓ Our analysis of the most recent weekly China and Europe lodging results

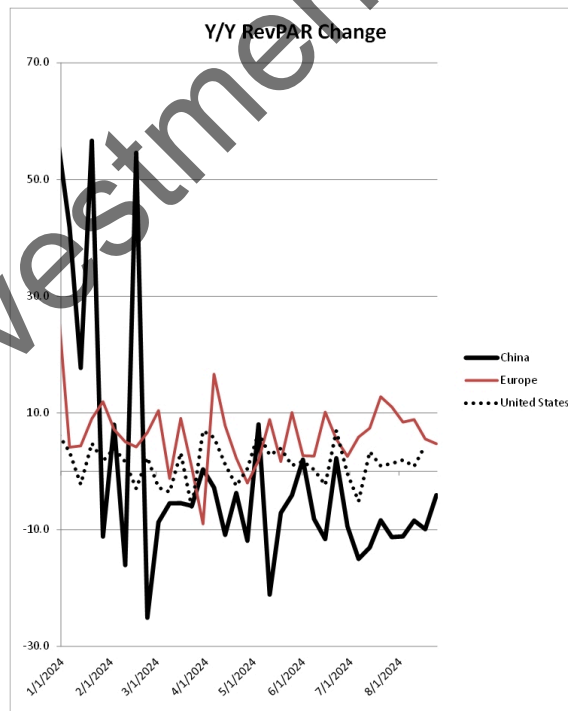
International hotels' RevPAR last week: China -4.1% y/y, Europe +5.5% y/y.

China: Per STR/CoStar for the week ending August 24th, hotel RevPAR in China in local currency was -4.1% y/y vs. -9.9% y/y in the prior week. Last week's RevPAR was up against a +50.4% y/y comparable result in 2023 vs. +44.3% y/y in the prior week. RevPAR results in China since February have been very weak as *China is experiencing "revenge travel" fatigue following the re-opening a year ago*. China's economic growth fell below expectations (Source: BBC) in the 2nd quarter, as issues such as a prolonged property crisis, government debt, weak consumption, and high unemployment have tempered economic growth.

Europe: RevPAR in Europe in Euros was +5.5% y/y vs. +8.9% in the prior week. Last week's RevPAR was up against a +5.5% comparable result in 2023 and +3.0% in the prior week. We note that the Olympics ended on August 11th, leading to weaker RevPAR growth in Europe compared to prior weeks.

Overall U.S. RevPAR was +4.5% y/y, above the prior week's result of +0.9% y/y and above the trailing 10-week average of +1.2%.

Exhibit 1: Y/Y RevPAR Change for China, Europe, US



Source: STR, Truist Securities Research

RevPAR detail for week ending August 24th vs. trailing 28 days (see charts at end of note for graphical representations):

China (local currency):

- RevPAR was -4.1% y/y for the week ending August 24th, **higher than** the -8.5% for the trailing 28 days.
- ADR was -6.4% y/y for the week ending August 24th, **higher than** the -8.1% for the trailing 28 days.
- Occupancy was +2.5% y/y for the week ending August 24th, **higher than** the -0.4% for the trailing 28 days.

Europe (in Euros):

- RevPAR was +5.5% y/y for the week ending August 24th, **lower than** with the +8.5% for the trailing 28 days.
- ADR was +3.9% y/y for the week ending August 24th, **lower than** with the +6.9% for the trailing 28 days.
- Occupancy was +1.6% y/y for the week ending August 24th, **higher than** the +1.5% for the trailing 28 days.

EBITDA and rooms exposure by region:

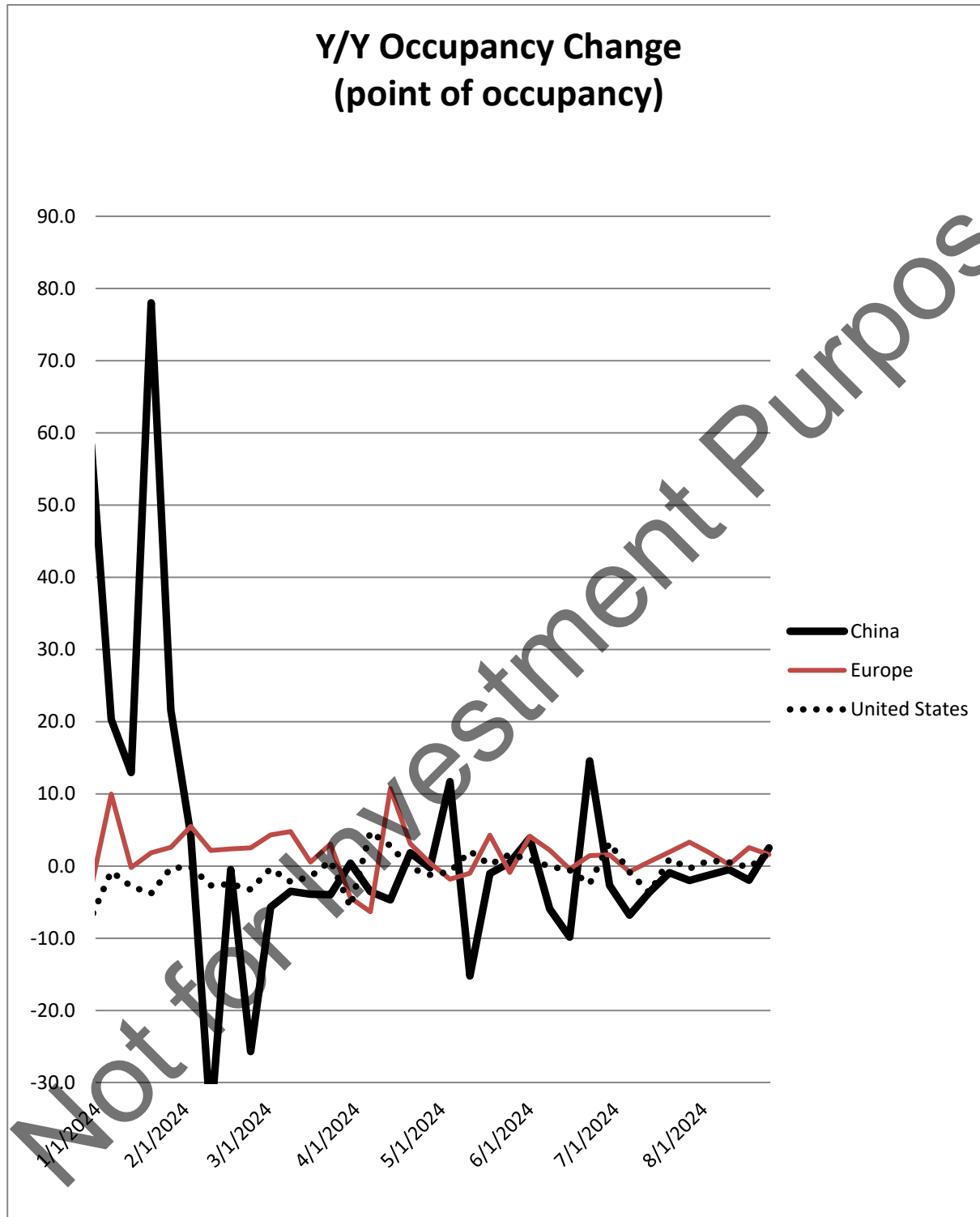
EBITDA: Hyatt (H, Buy), InterContinental (IHG, NR), and Marriott (MAR, Hold) are among the Lodging C-corps that have the greatest exposure to Europe and Asia. From Europe, MAR generates approximately 15% of EBITDA, IHG 15%, Wyndham (WH, Buy) less than 5%, H roughly 5%, and Hilton (HLT, Hold) 10% each. Of these companies, H and MAR have the greatest exposure to Asia (~10-20% of EBITDA). HLT is approximately 10%. Each of the other companies generates 5% to 10% of EBITDA from the Asia-Pacific region. Following the Apple Leisure Group acquisition, H has a relatively high ~25% exposure to the Americas ex-US/Canada.

- In a normalized environment, Greater China inclusive of Macau and Hong Kong generally represents half of the Asia-Pacific EBITDA from the C-corps.

Rooms (as of 4Q23; figures may not round to 100%):

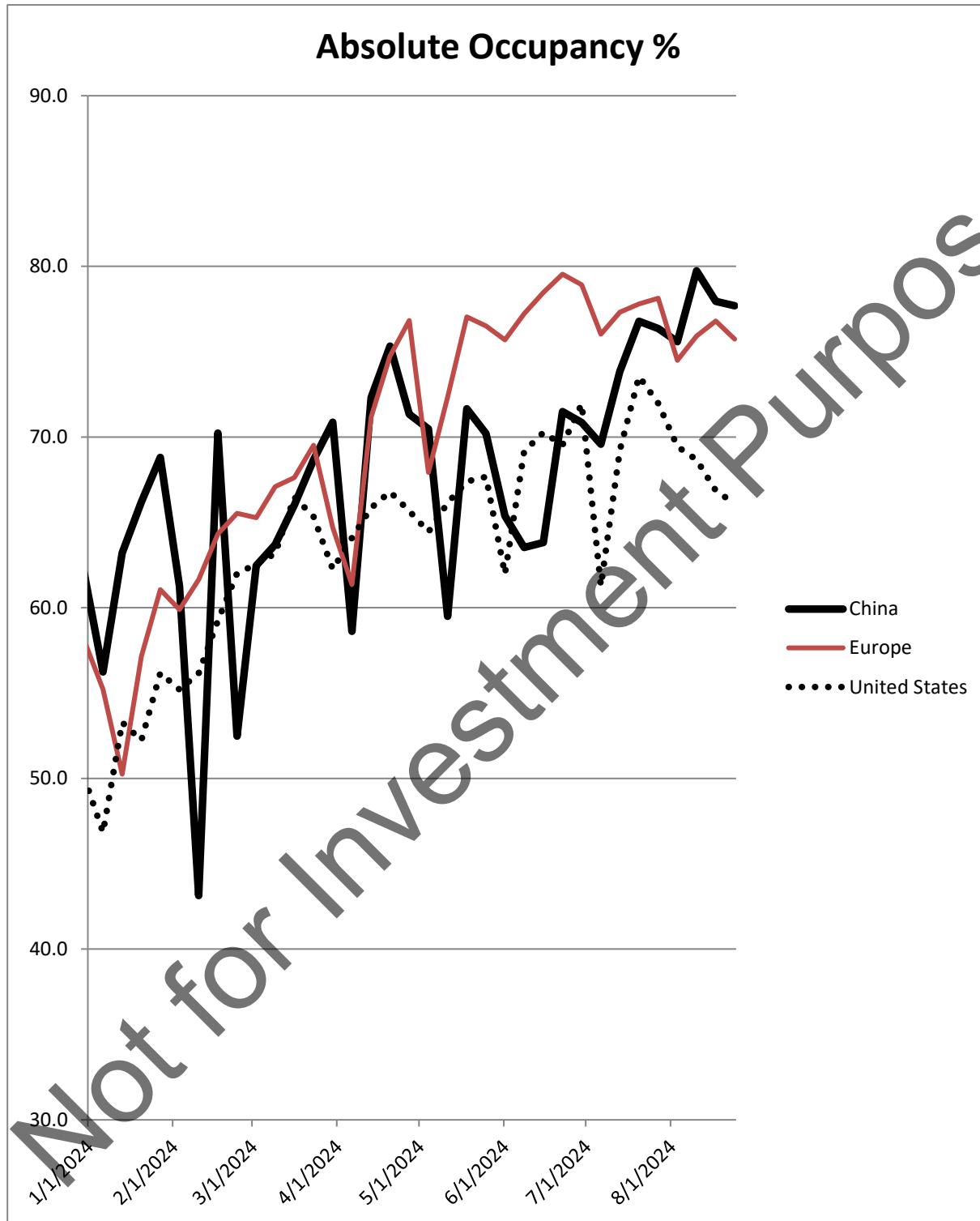
- CHH:
 - Domestic: 79%
 - Asia-Pacific: 4%
 - Europe/Middle East: 9%
 - Latin America & Canada: 9%
- H (includes owned/leased hotels):
 - United States: 49%
 - Americas (ex U.S.): 14%
 - Greater China: 13%
 - Asia Pacific (ex Greater China): 10%
 - Europe: 11%
 - Middle East/Africa: 3%
- HLT:
 - US: 67%
 - Americas: 6%
 - Europe: 9%
 - Middle East/Africa: 3%
 - Asia Pacific: 14%
 - Other hotels, likely to be converted to a brand, with no geography noted: 0.4%
- IHG:
 - Americas: 55%
 - EMEAA: 26%
 - Greater China: 19%
- MAR (ex-timeshare):
 - North America: 62%
 - Europe: 9%
 - Middle East/Africa: 5%
 - Asia Pacific: 18%
 - Caribbean/Latin America ("CALA"): 6%
- WH:
 - US: 57%
 - Canada: 5%
 - Greater China: 20%
 - Rest of Asia: 4%
 - Europe/Middle East/Africa: 10%
 - Latin America: 5%

Exhibit 2: Y/Y Occupancy change for China, Europe, US



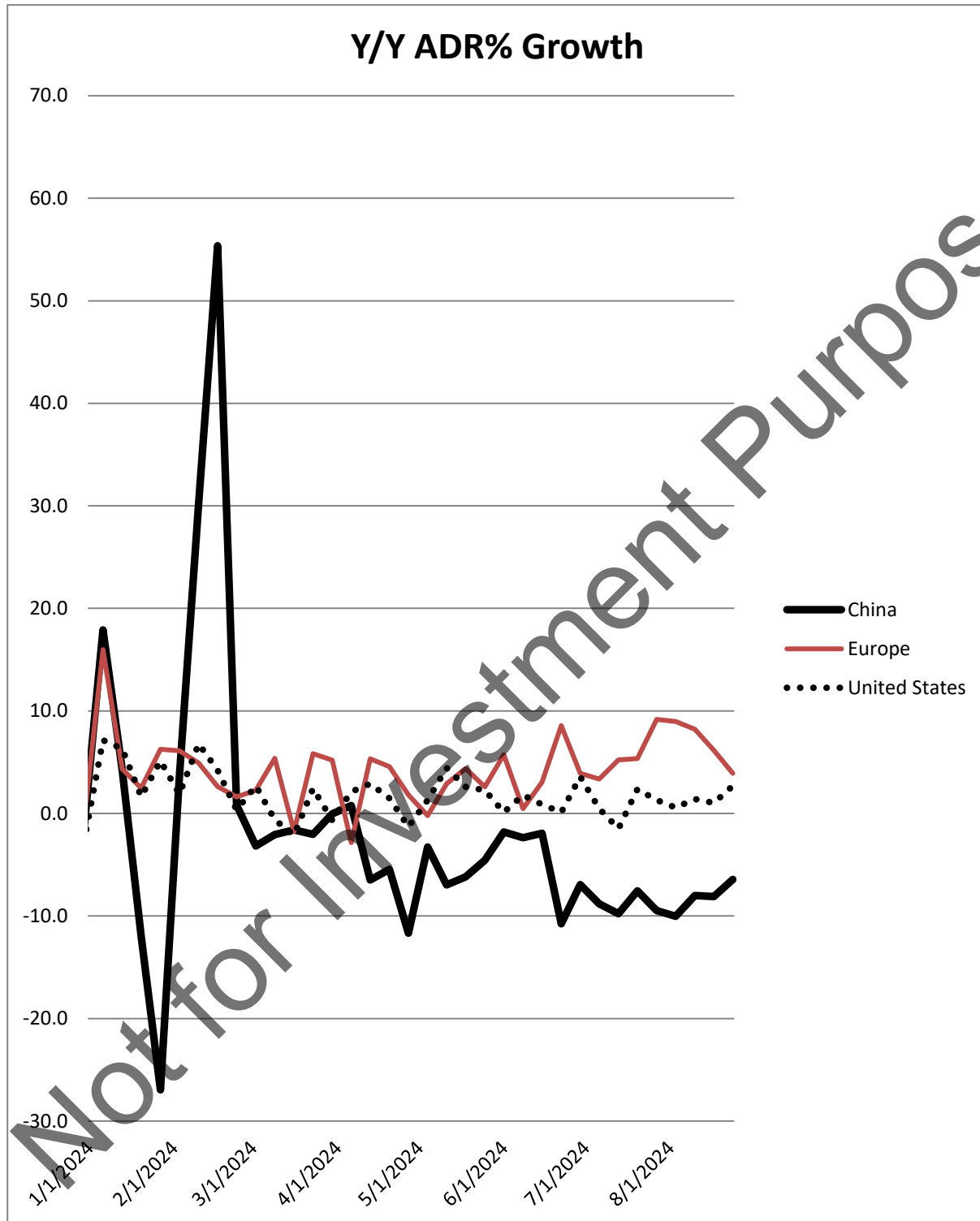
Source: STR, Truist Securities research

Exhibit 3: Absolute Occupancy % for China, Europe, US



Source: STR, Truist Securities research

Exhibit 4: Y/Y ADR % change for China, Europe, US



Source: STR, Truist Securities research

Companies Mentioned in This Note

Choice Hotels International, Inc. (CHH, \$126.85, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$148.51, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$218.34, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$227.62, Hold, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$77.04, Buy, C. Patrick Scholes)
 InterContinental (IHG, Not Rated)

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