

## Lodging

China & Italy hotels: RevPAR -13% & -73% y/y for week ending 1/23/21. US -50%.

China still negative despite easy -43% comp. Italy & US mostly unchanged w/w.

**Quick take: Per STR for the week ending January 23rd, China hotel RevPAR in local currency was -13.2% y/y, a large improvement from -39.4% in the prior week. Despite the easy -42.9% comparable result in 2019 that last week was up against, we believe results were [negatively impacted by new Covid lockdowns](#) (NY Times). This -13.2% result compares to December 2020 (easy y/y comps had not yet started) which averaged down approx. 15% y/y. Going forward the y/y comps will get even easier. *On a 2-year run-rate, which we believe is an equally important KPI, RevPAR was down 51.5%.***

- **By comparison for Italy the easy y/y comps will not begin until mid-February and for the US not until early March.**

**Italy** was down 73.4% y/y, essentially unchanged from -73.9% in the prior week.

These weekly results compare to the US for the same week down 50.1% y/y. This latest US result compares to -53.6% in the prior week's result, with the improvement likely due to the Presidential inauguration in DC last week. [While DC had a much better week than would have been the case otherwise, the 2021 inauguration was obviously impacted by the virus, virtual evening events, and the city restrictions post-Capitol incident.](#) RevPAR was -4.5% in the nation's capital last week vs. +156.4% for the Trump Inauguration week and +109.1% for the Obama Inauguration week.

Please note there are many hotels that suspended operations/closed and they are not included in the comparisons. Implications are that the headline statistics overstate the actual performance of the overall industry.

**RevPAR detail for week ending January 23rd vs. trailing 28 days (see charts at end of note for graphical representations):**

China (local currency):

- RevPAR was -13.2% y/y for the week ending January 23rd, **an improvement** from -26.7% for the trailing 28 days.
- ADR was -23.3% y/y for the week ending January 23rd, **worse than** the -11.4% for the trailing 28 days.

**SEE PAGE 7 FOR REQUIRED DISCLOSURE INFORMATION**

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### What's Inside

China and Italy data and analysis following last week's results

- Occupancy was +13.1% y/y for the week ending January 23rd, **an improvement** from -17.2% for the trailing 28 days.

#### Italy (local currency):

- RevPAR was -73.4% y/y for the week ending January 23rd, **an improvement** from the -82.4% for the trailing 28 days.
- ADR was -27.8% y/y for the week ending January 23rd, **an improvement** from the -36.6% for the trailing 28 days.
- Occupancy was -63.1% y/y for the week ending January 23rd, **an improvement** vs. -72.2% for the trailing 28 days.

#### Additional thoughts and observations:

##### **Hotel occupancy observations from the latest weekly STR results from China, Italy, and US:**

- **China: Absolute occupancy in China was 40.5%.** Absolute occupancy levels for hotels **that were still open** in China bottomed out at approx. 10% the week of February 23rd 2020. This was approx. 21 days after occupancy first started to see rapid deceleration in China, approx. 13 weeks ahead of when this happened in the US. *By comparison, occupancy was 35.8% during the comparable week last year.*
- **Italy: Absolute occupancy levels for hotels that were still open in Italy for the week ending January 23rd was 21.1%.** So far it has been approx. 48 weeks after occupancy first started to see rapid deceleration in Italy. *By comparison, occupancy was 57.1% during the comparable week last year.*
- **US: Absolute occupancy levels for hotels that were still open in the US for the week ending January 23rd was 40.0%.** So far it has been approx. 46 weeks after occupancy first started to see rapid deceleration in early-mid March in the US. *By comparison, occupancy was 57.7% during the comparable week last year.*

##### **Hotel closure observations from the latest weekly STR results from China, Italy, and US:**

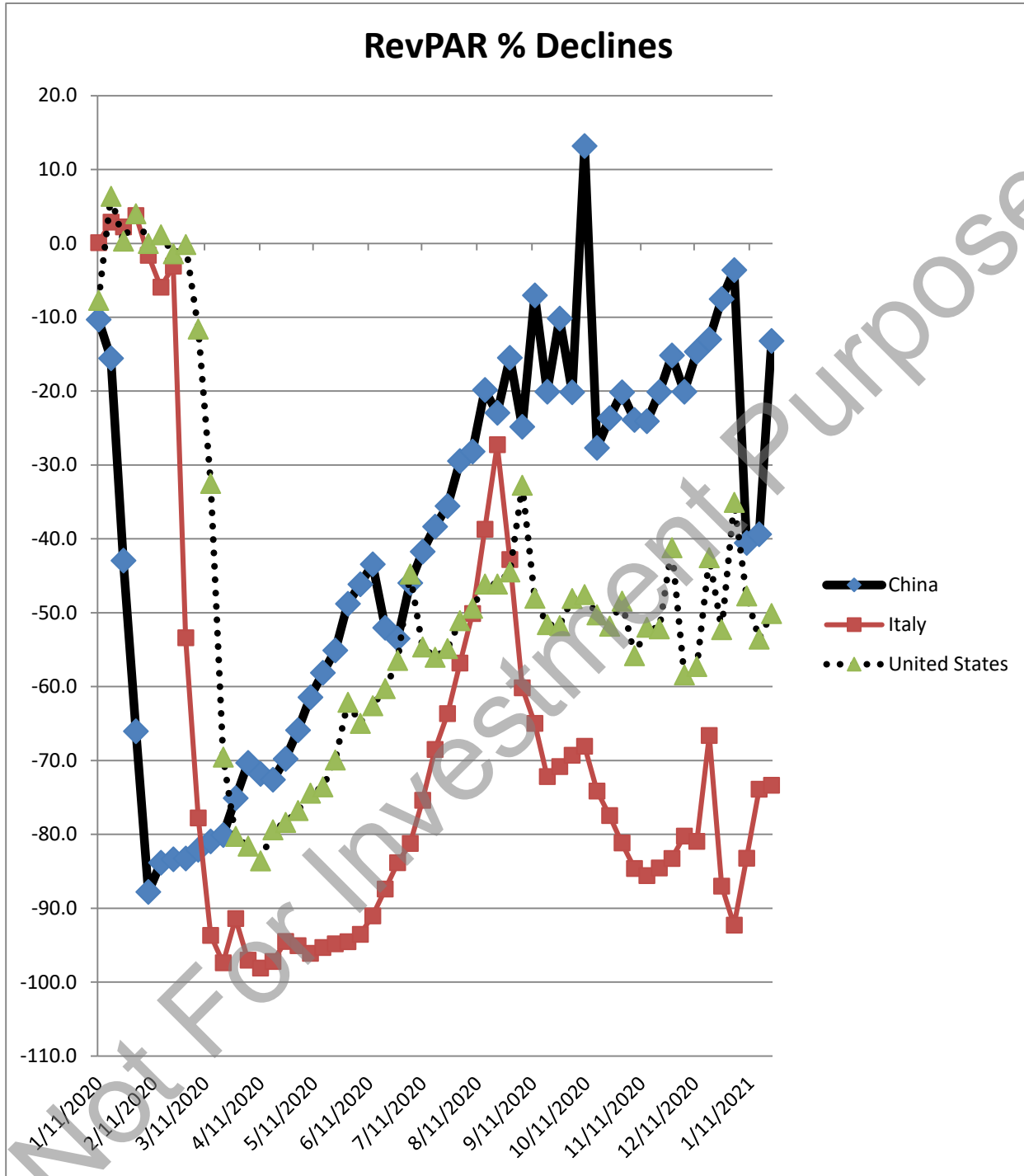
For this we look at the week-to-week changes in the sample size of hotel rooms in STR's data set. While we cannot say with certainty that material decreases in sample size are from hotels closing, we note that hotels that are closed no longer are included in the STR data set; ergo this is our best approximation of hotel closures.

- **China:** Based on the STR sample, peak room count declines troughed at down 35% in mid-February 2020 from early January 2020 levels. Today, room count is down approx. 8% from mid-February 2020.
- **Italy:** Based on the STR sample as of January 23rd, room count declines are running at down 54% from early January 2020 levels.
- **US:** Based on the STR sample as of January 23rd, room count declines are running at down 3% from early January 2020 levels.

##### **About our data set:**

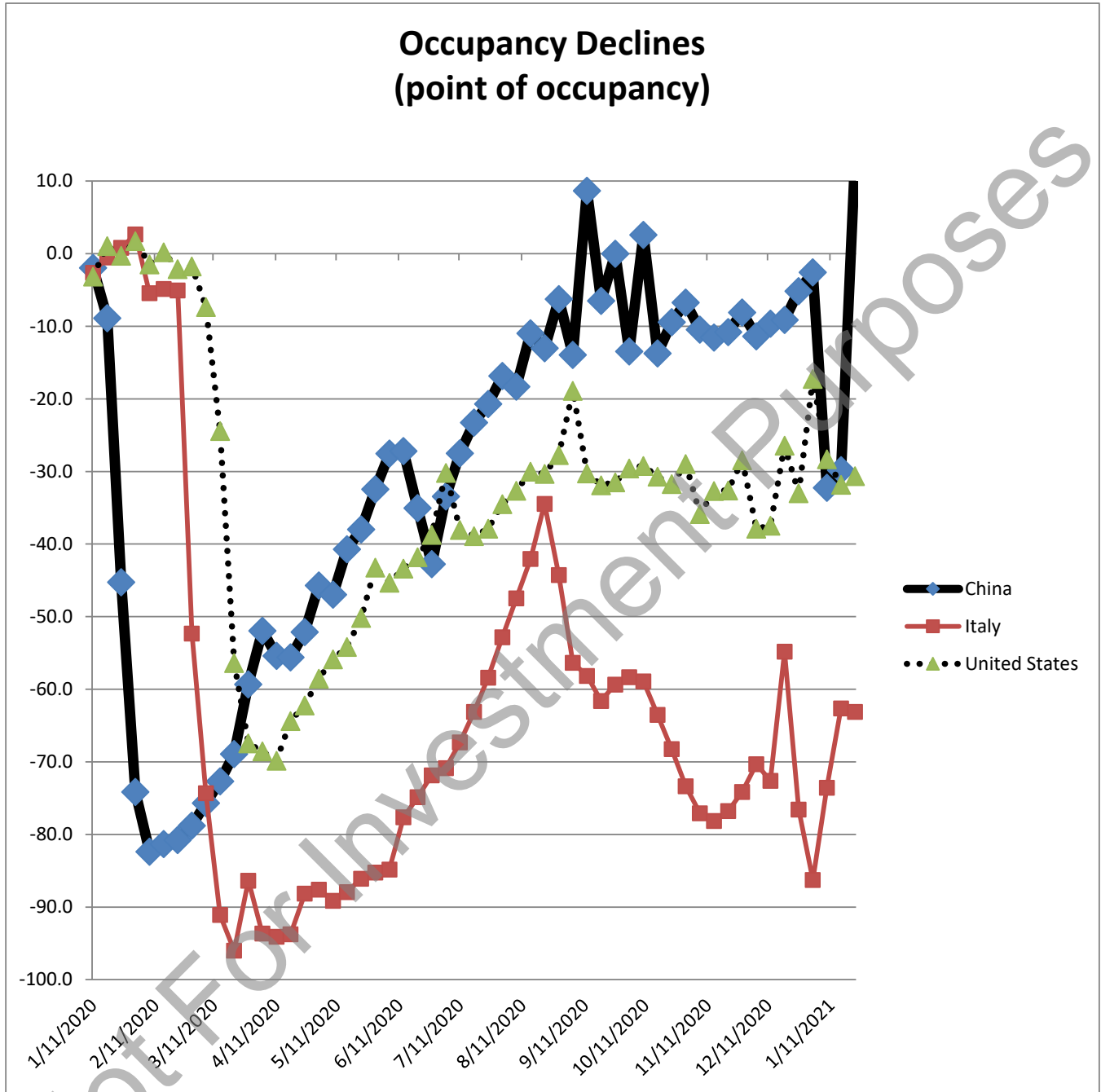
- **China:** Currently 815k hotel rooms reporting data in the survey, or 28% of the total number of rooms in China. Due to hotel closings, these figures are a decrease from the last week of December 2019 where 889k rooms were in the survey, or 32% of the total number of hotel rooms in China. **815k rooms is down from the prior week where 822k rooms were reporting data.** We note that the STR data set is primarily branded hotels, which see a larger number of international (meaning fly-to) guests than does the average hotel in China. Implications are that with international inbound flights to China severely curtailed, RevPAR results and hotel reopenings in the STR data set could be weaker than the average hotel in China.
- **Italy:** Currently 37k hotel rooms reporting data in the survey, or 11% of the total number of rooms in Italy. Due to hotel closings, these figures are a decrease from the last week of December where 80k rooms were in the survey, or 22% of the total number of hotel rooms in Italy. **37k is up slightly from the prior week where 36k rooms were reporting data.**

Exhibit 1: RevPAR for China, Italy, US



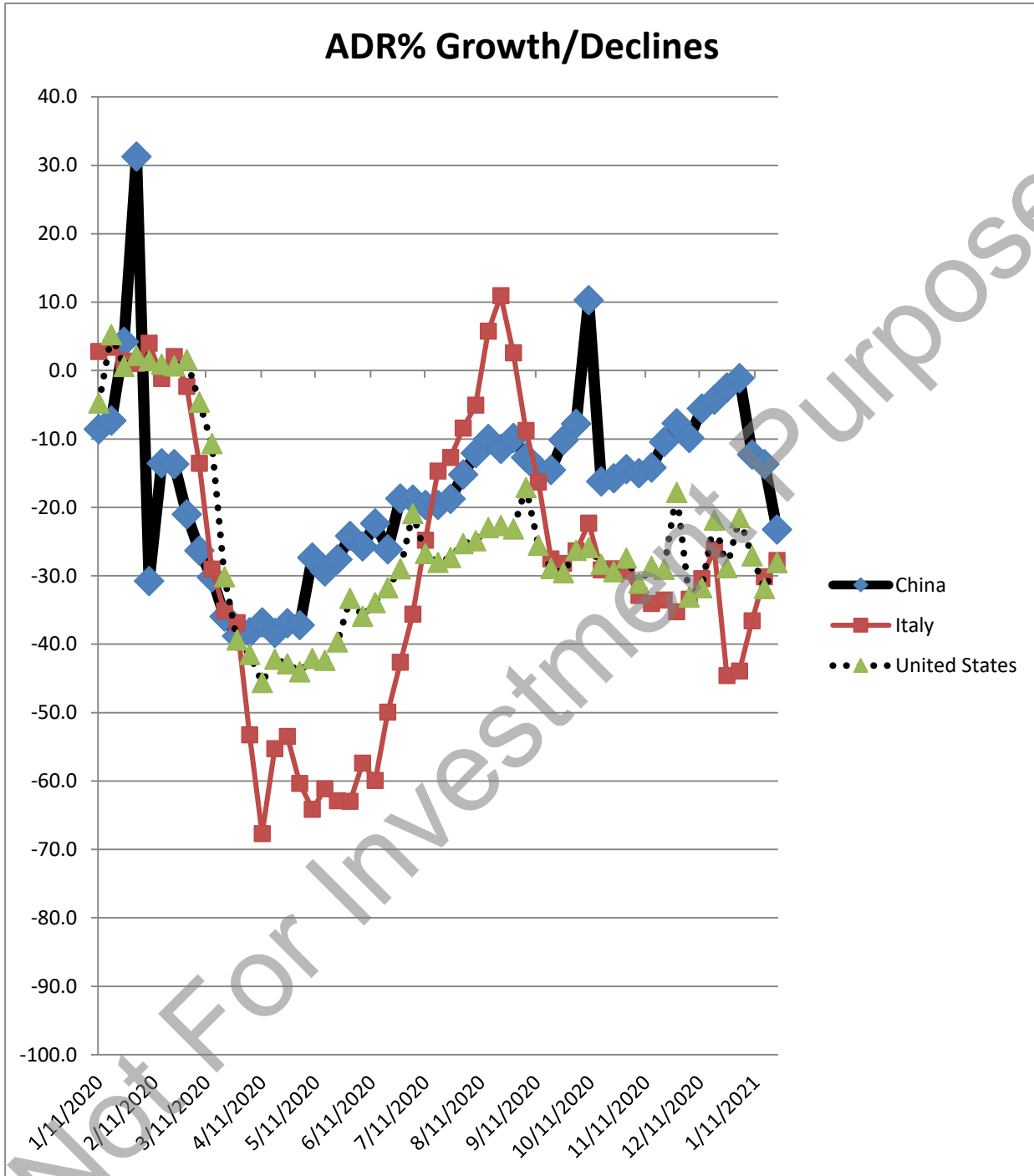
Source: STR, Truist Securities research

Exhibit 2: Occupancy for China, Italy, US



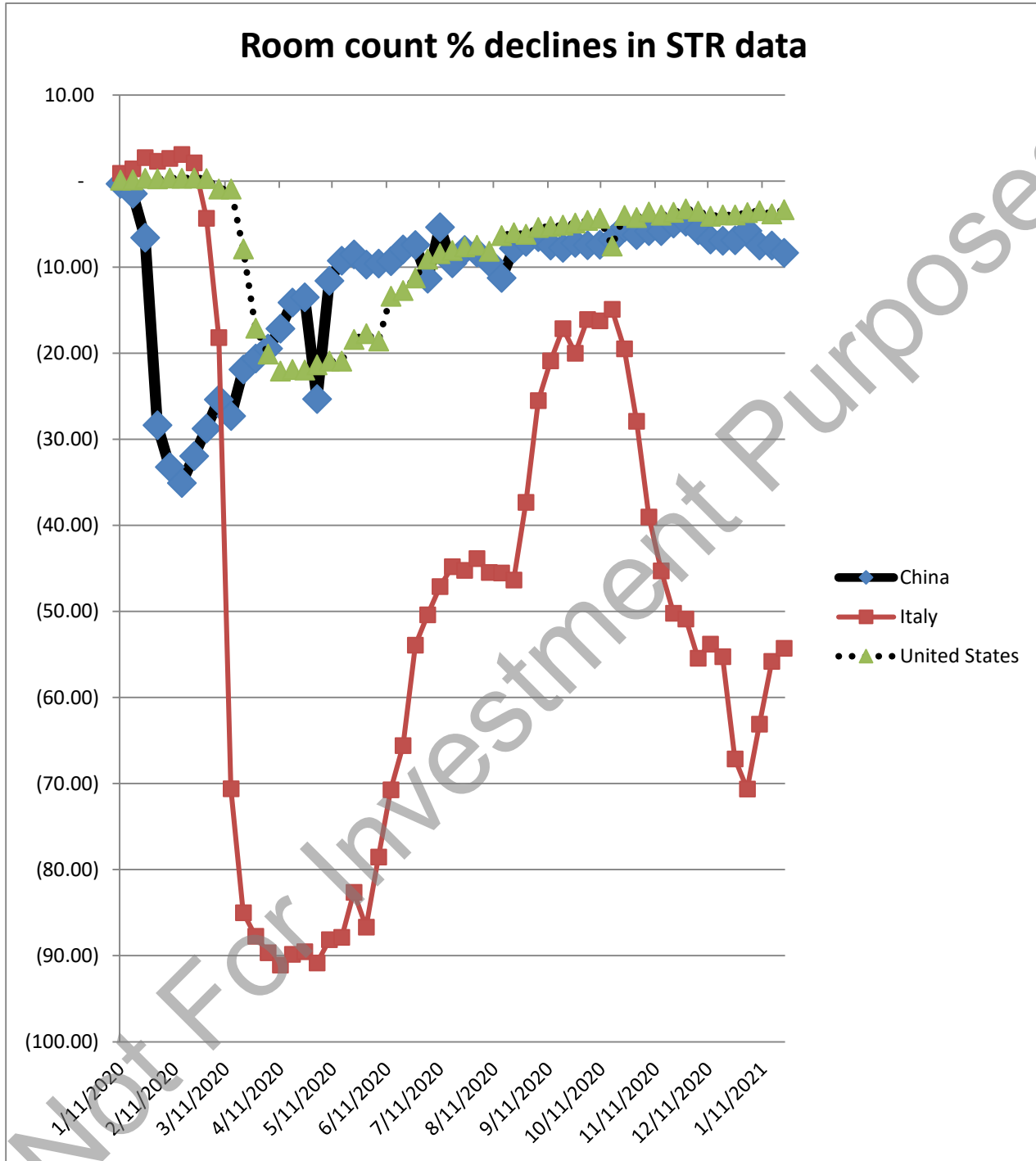
Source: STR, Truist Securities research

Exhibit 3: ADR for China, Italy, US



Source: STR, Truist Securities research

Exhibit 4: Room count in survey for China, Italy, US



Source: STR, Truist Securities research

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