

Lodging

Hotel RevPAR for wk ending 3/13: China +254%, 2yr -32%. Italy+172%, 2yr -78%. US -16%, 2yr -43%

China & Italy y/y helped by easy comps, US easy comps now starting.

Quick take: Per STR for the week ending March 13th, China hotel RevPAR in local currency was +254.3% y/y, essentially unchanged from +256.7% in the prior week. Last week's RevPAR was up against a -80.9% comparable result in 2020. On a 2-year run-rate, which we believe is an equally if not more important KPI, RevPAR was down 32.5% vs. down 37.0% in the prior week's 2-year run-rate.

Italy was up 172.2% y/y, an improvement from +31.0% in the prior week as comps have only gotten easier. Last week's RevPAR was up against a -93.7% comparable result in 2020. On a 2-year run-rate, RevPAR was down 78.5% vs. down 70.2% in the prior week's 2-year run-rate. *We believe the deceleration in the 2-year run-rate is due to new lock-down measures from Covid case increases.*

These weekly results compare to the US for the same week down 15.8% y/y. This latest US result is better than the -37.9% in the prior week's result as y/y comps have only gotten easier. *Last week's RevPAR was up against a -32.5% comparable result in 2020. On a 2-year run-rate, RevPAR was down 43.4% vs. down 45.3% in the prior week's 2-year run-rate.* The improvement in the week-over-week 2-year result was solely due to transient customers (we suspect transient leisure) as the group trend got worse. We observed sizable week-over-week improvements in Miami and Hawaii in the 2-year trend, but deceleration in Los Angeles, New York City, and Washington DC.

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 March 13th vs. trailing 28 days (see charts at end of note for graphical representations):

China (local currency):

- RevPAR was +254.3% y/y for the week ending March 13th, **an improvement** from +249.9% for the trailing 28 days.

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What's Inside

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

- ADR was +15.5% y/y for the week ending March 13th, **better than the** +12.9% for the trailing 28 days.
- Occupancy was +206.8% y/y for the week ending March 13th, **worse than the** +210.0% for the trailing 28 days.

Italy (local currency):

- RevPAR was +172.2% y/y for the week ending March 13th, **an improvement** from the -38.5% for the trailing 28 days.
- ADR was -4.2% y/y for the week ending March 13th, **better than the** -26.1% for the trailing 28 days.
- Occupancy was +184.0% y/y for the week ending March 13th, **an improvement** vs. -16.7% 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 57.0%.** *By comparison, occupancy was 18.6% during the comparable week last year.*
- **Italy: Absolute occupancy levels for hotels that were still open in Italy for the week ending March 13th was 21.9%.** So far it has been approx. 54 weeks after occupancy first started to see rapid deceleration in Italy. *By comparison, occupancy was 7.7% during the comparable week last year.*
- **US: Absolute occupancy levels for hotels that were still open in the US for the week ending March 13th was 52.1%.** So far it has been approx. 53 weeks after occupancy first started to see rapid deceleration in mid-March 2020 in the US. *By comparison, occupancy was 52.8% during the comparable week last year.*

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

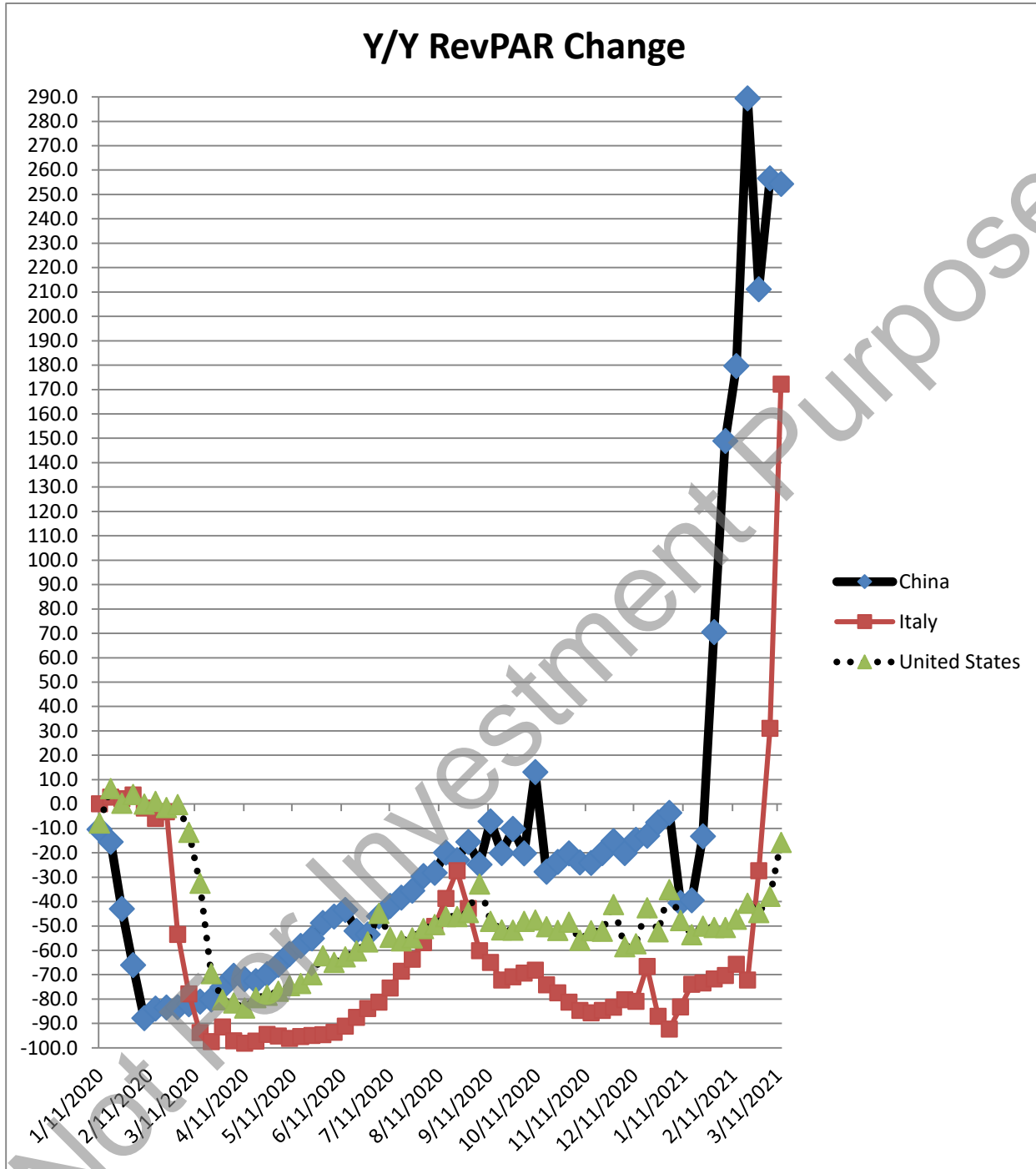
For this we look at the week-to-week changes in the sample size of hotel rooms in STR's data set. While we cannot say with certainty that material decreases in sample size are from hotels closing, we note that hotels that are closed no longer are included in the STR data set; ergo this is our best approximation 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. 5% from mid-February 2020.
- **Italy:** Based on the STR sample as of March 13th, room count declines are running down approx. 48% from early January 2020 levels.
- **US:** Based on the STR sample as of March 13th, room count declines are running at down 3% from early January 2020 levels.

About our data set:

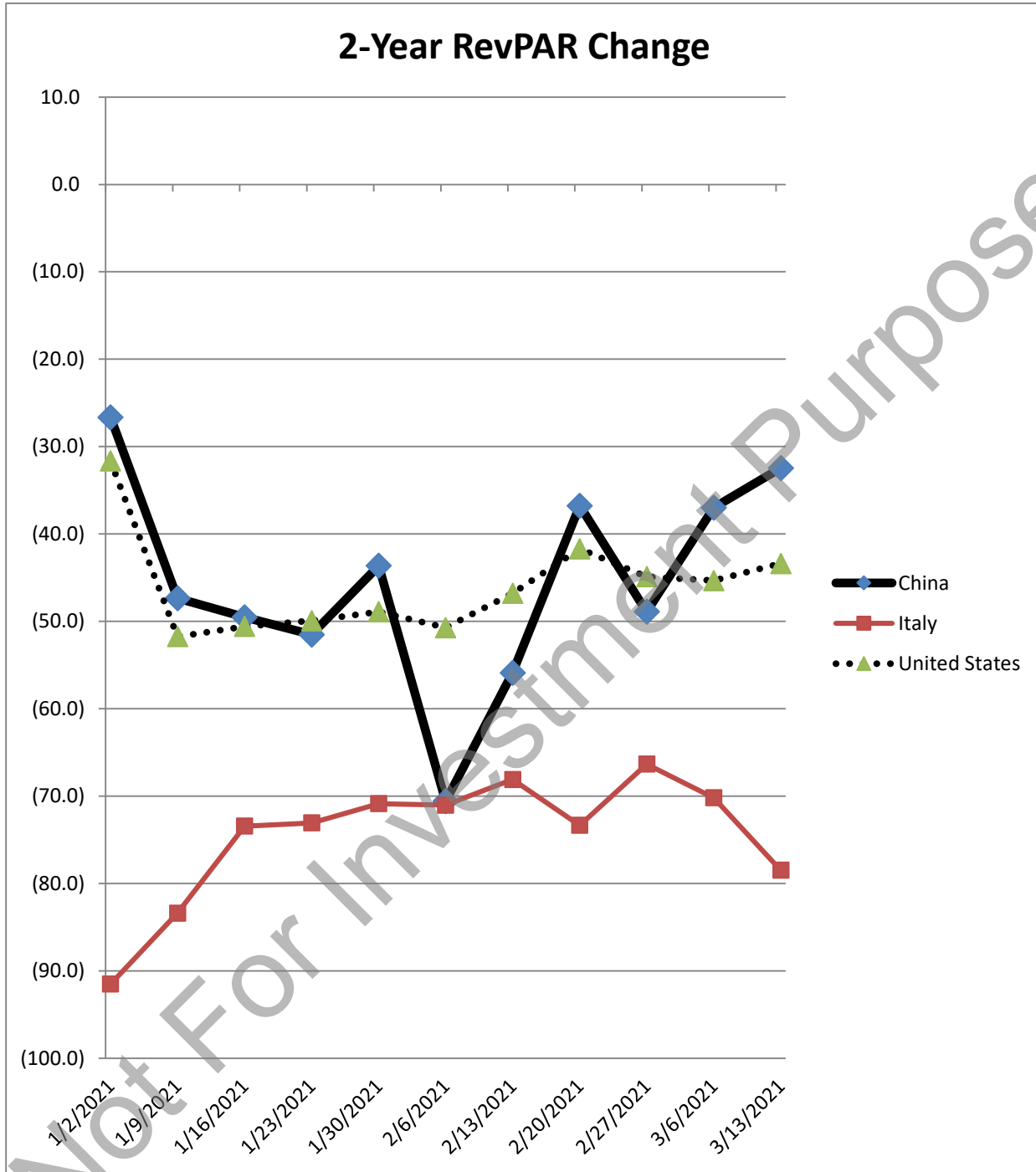
- **China:** Currently 841k hotel rooms reporting data in the survey, or 28% of the total number of rooms in China. Due to hotel closings, these figures are a decrease from the last week of December 2019 where 889k rooms were in the survey, or 32% of the total number of hotel rooms in China. **841k rooms is down from the prior week where 847k 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 42k hotel rooms reporting data in the survey, or 12% 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. **42k is essentially unchanged with the prior week where 43k rooms were reporting data.**

Exhibit 1: RevPAR for China, Italy, US



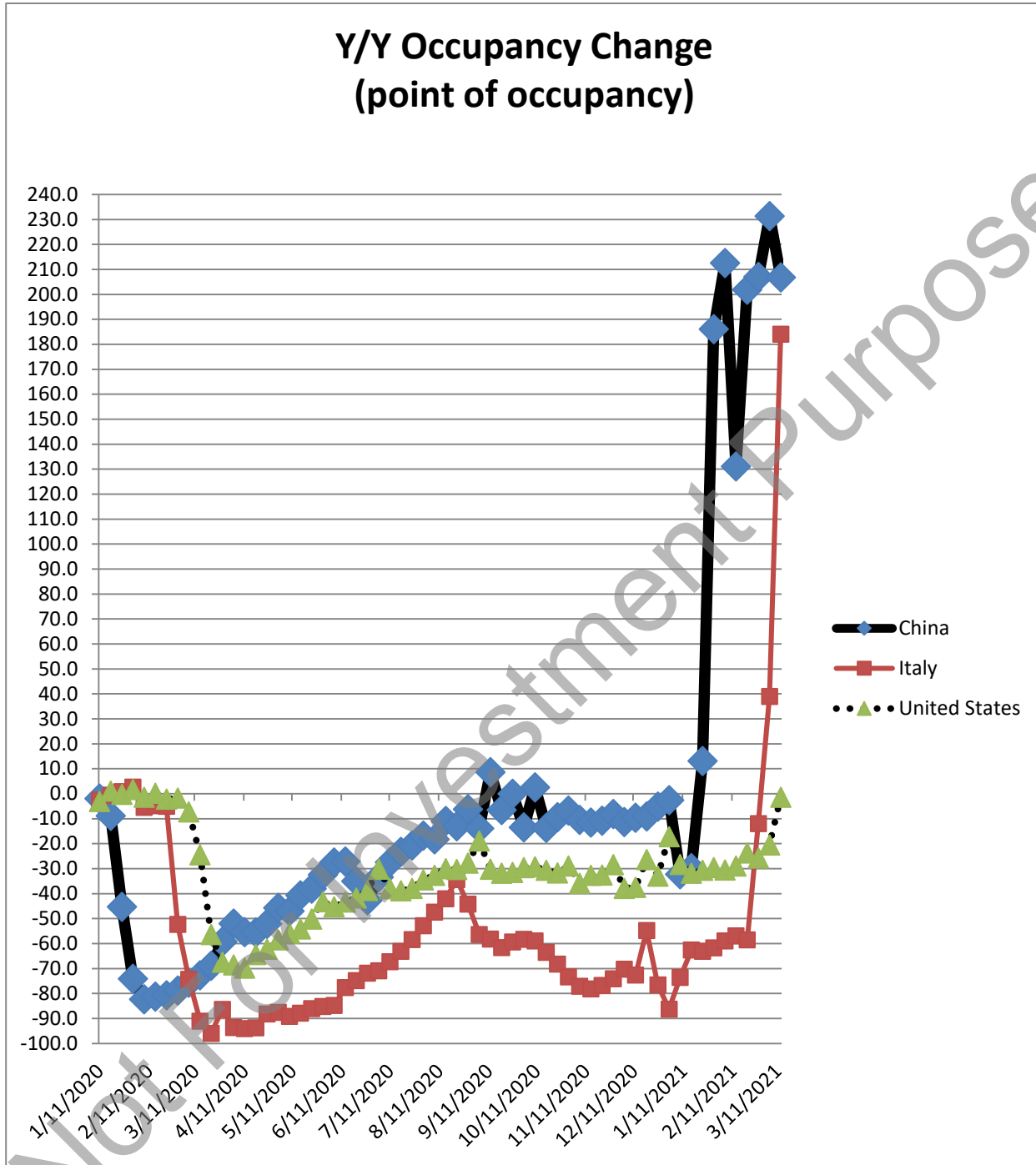
Source: STR, Truist Securities research

Exhibit 2: 2-Year RevPAR for China, Italy, US



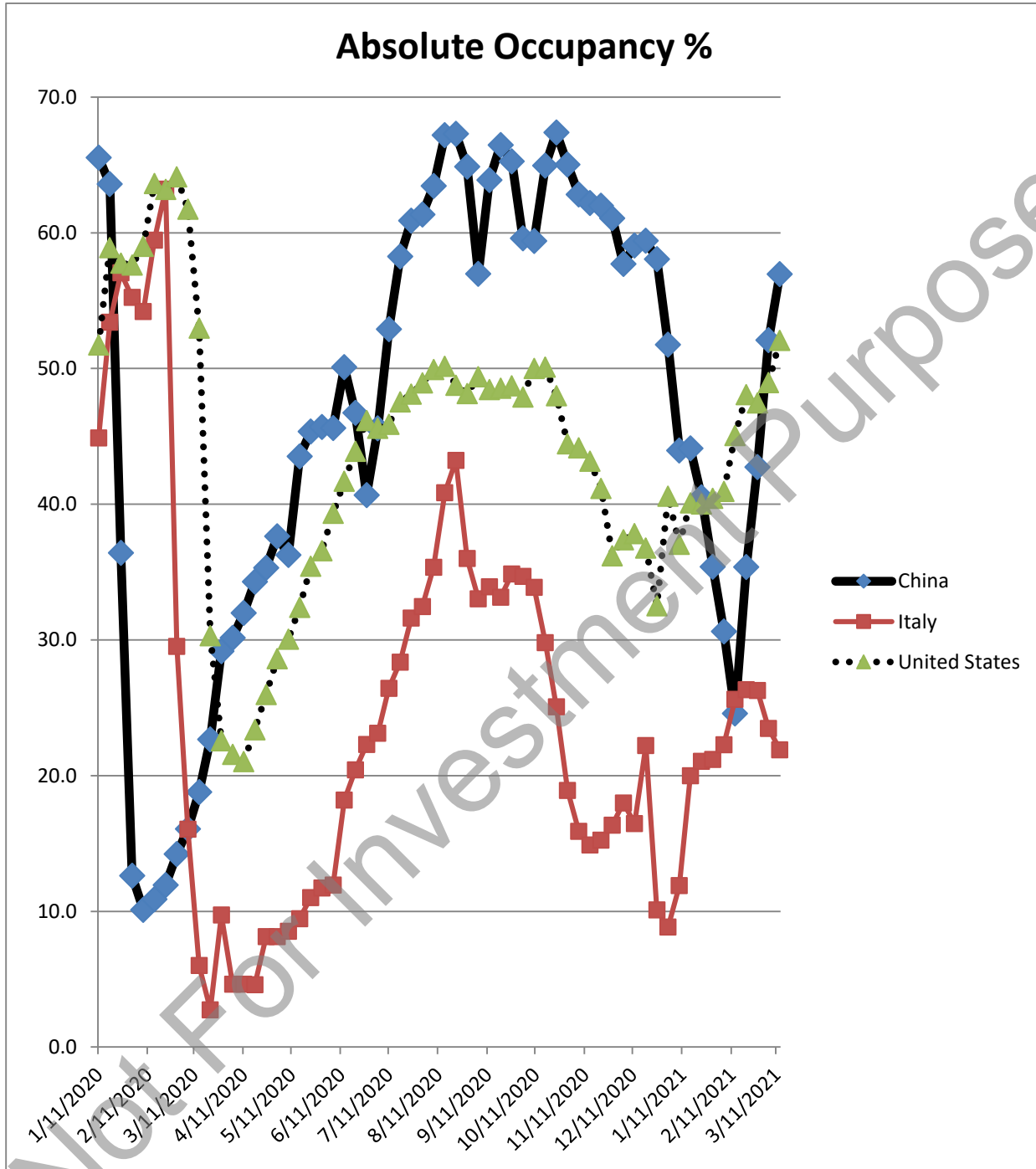
Source: STR, Truist Securities research

Exhibit 3: Occupancy for China, Italy, US



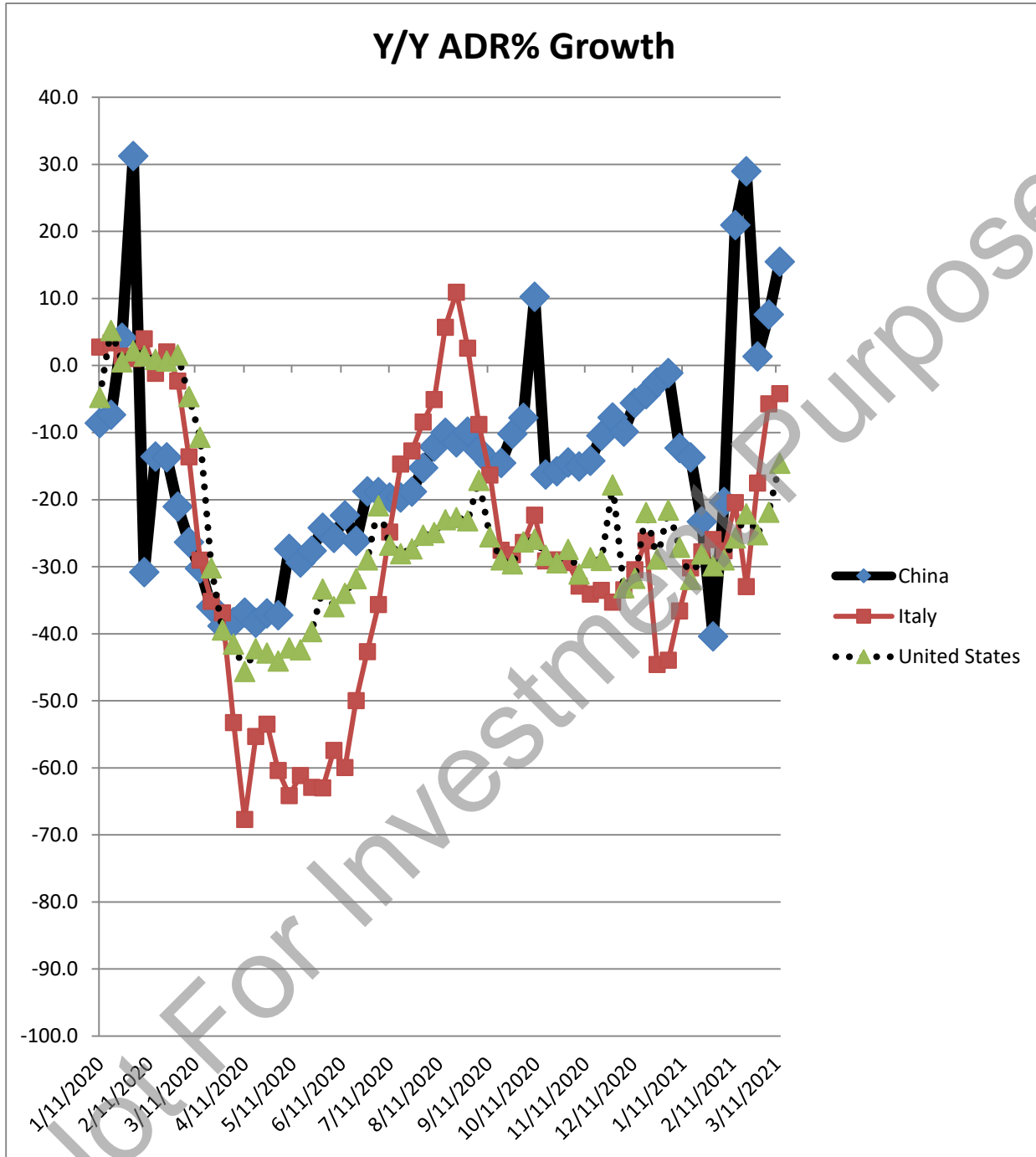
Source: STR, Truist Securities research

Exhibit 4: Absolute Occupancy for China, Italy, US



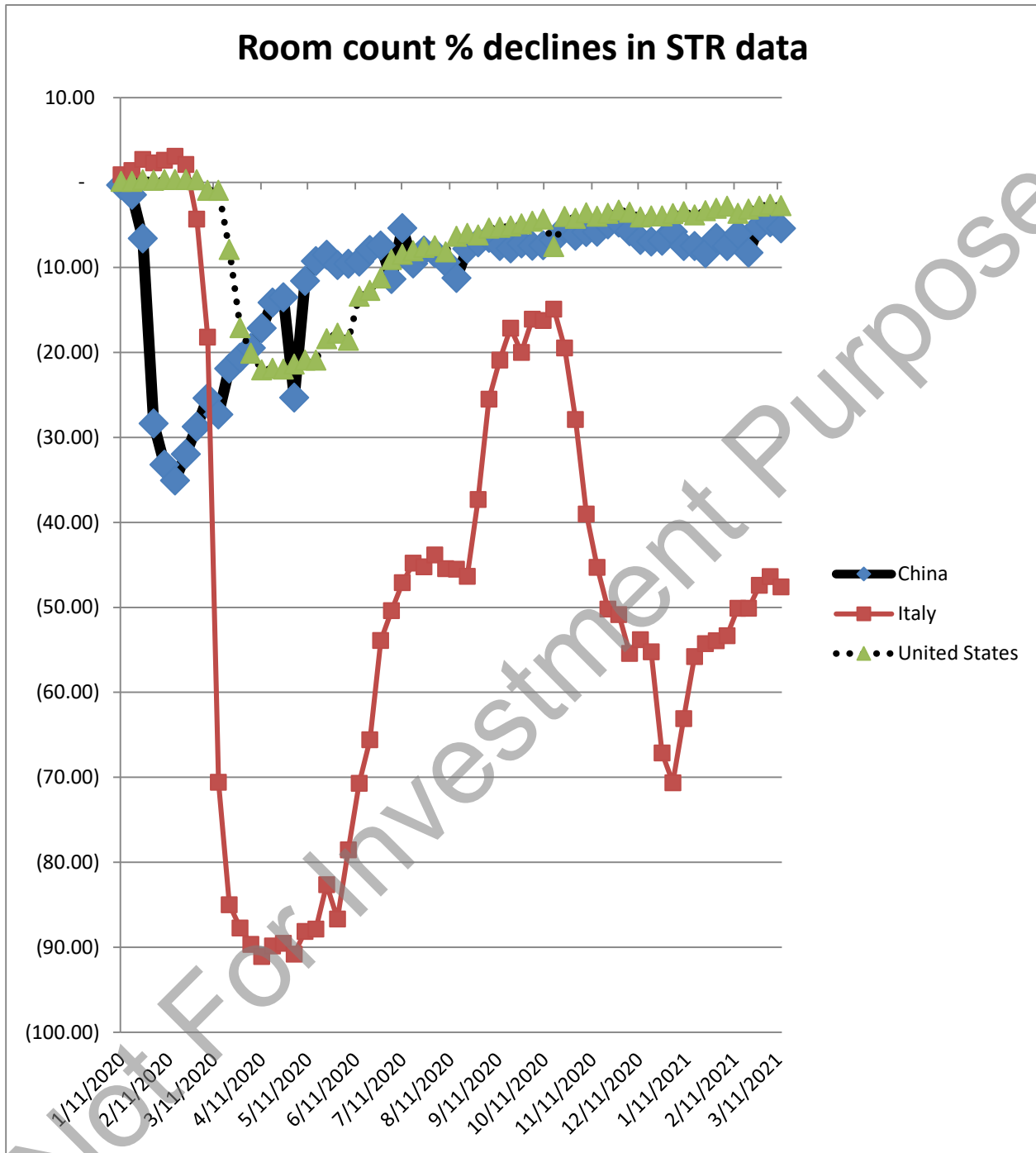
Source: STR, Truist Securities research

Exhibit 5: ADR for China, Italy, US



Source: STR, Truist Securities research

Exhibit 6: Room count in survey for China, Italy, US



Source: STR, Truist Securities research

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