



Hospitality in numbers

30 September 2020

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Agenda



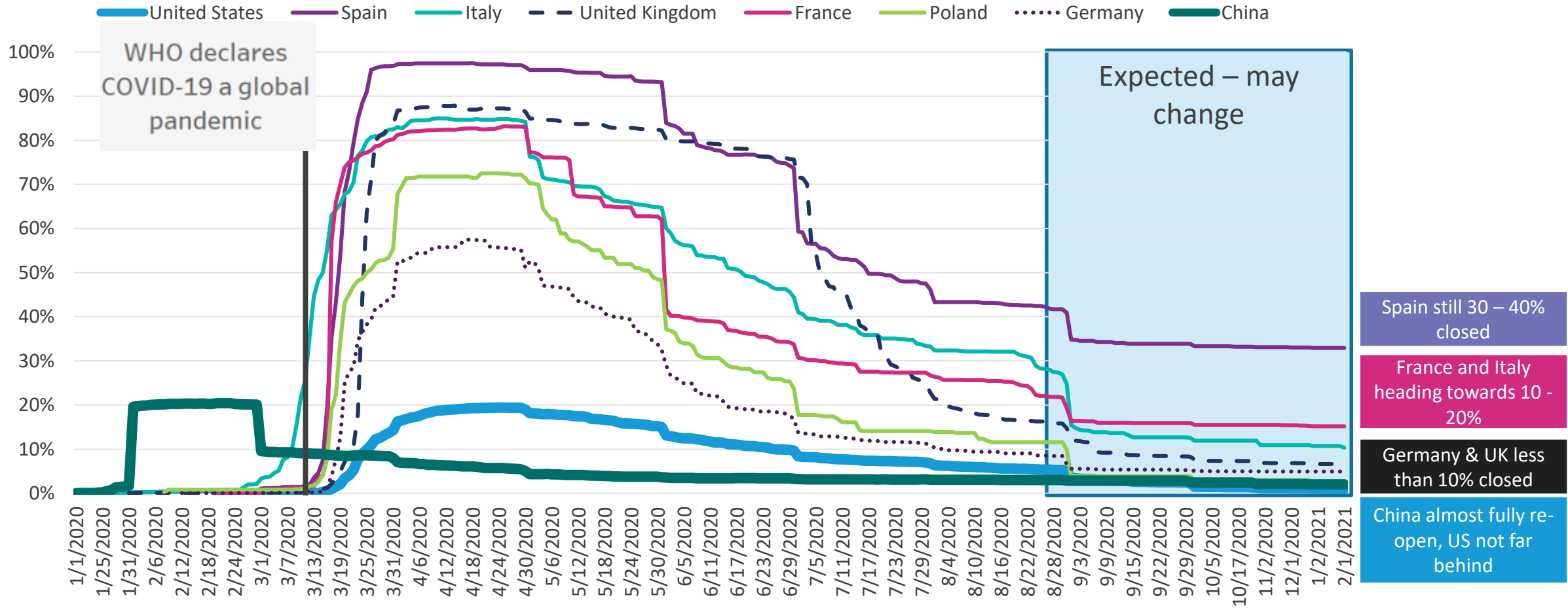
- 1 Short-term – Summer’s over – what now?
- 2 Medium-term – What will demand segments change?
- 3 Long-term – Will we recover to 2019 levels of performance?



Short term:
Summer's
over, what
now?

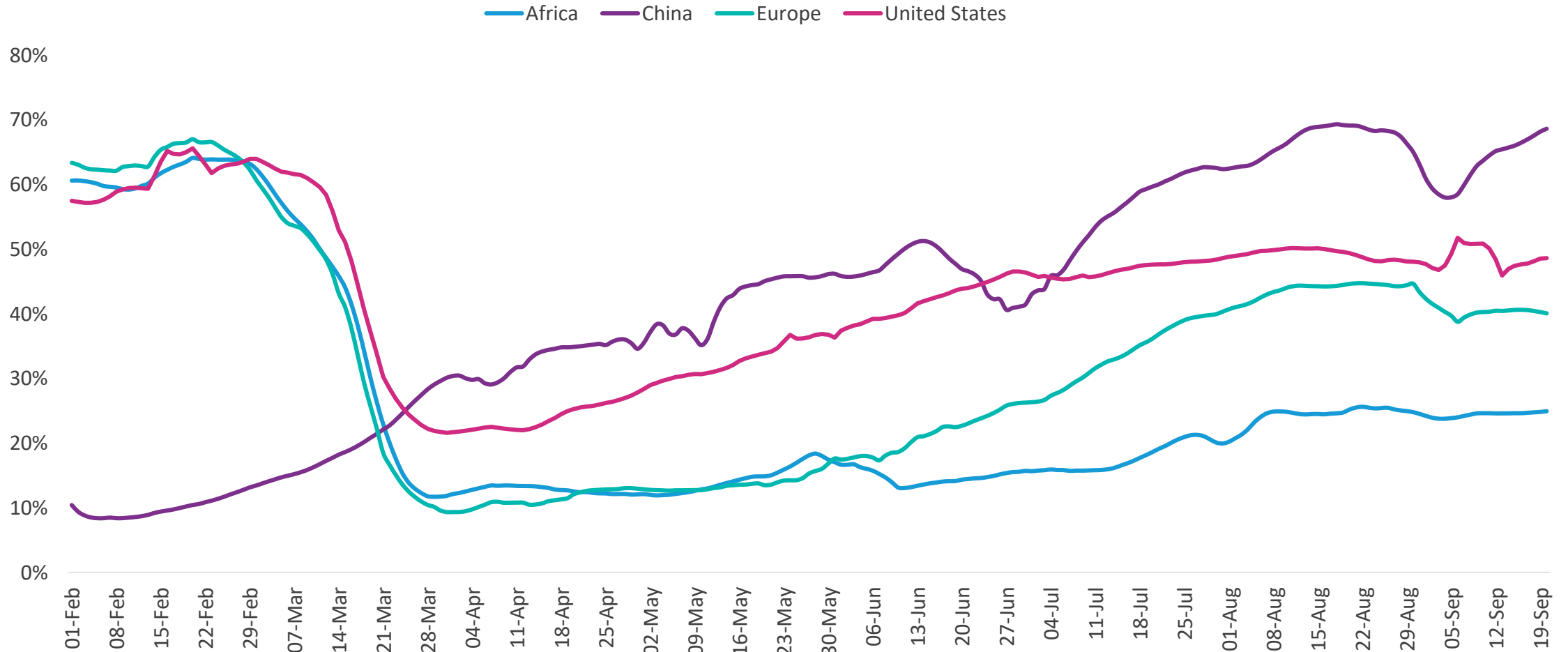
Most markets getting close to 'fully' re-opened

% of hotels closed based on STR sample – Data as at 22.08.2020



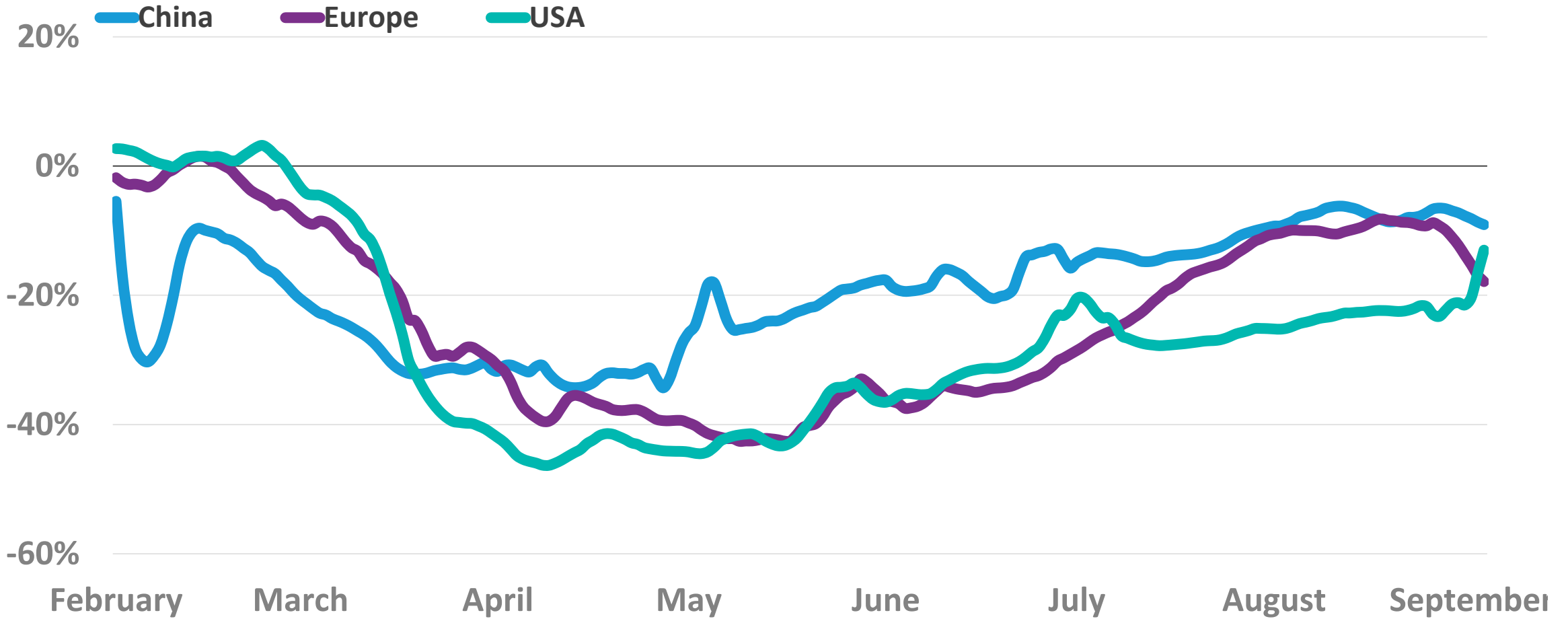
China bounces back, the rest of the world stalls

Absolute Rolling 7 days Occ % of (reporting methodology) to the September 20th 2020



ADR has been recovering in recent months

ADR % Change (Local Currency), By Region



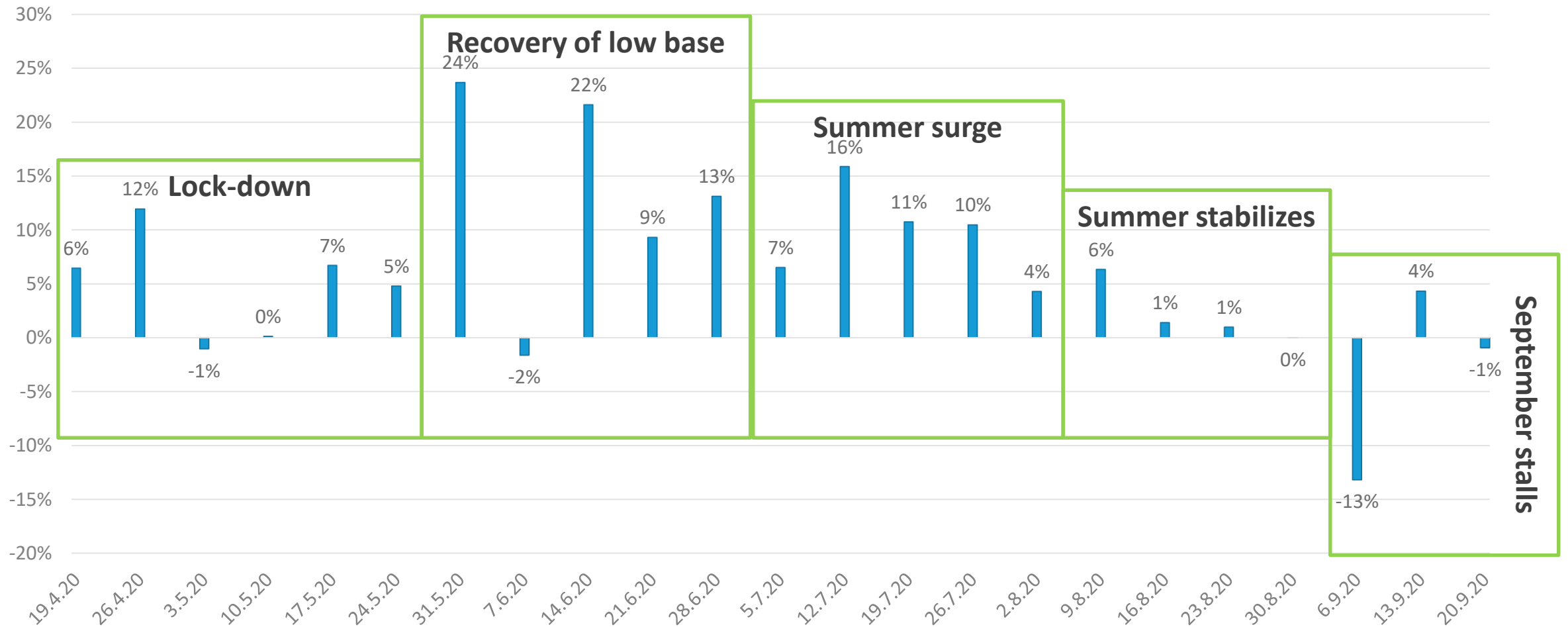


Sunsetting summer and second wave in Europe causing a stall

After 3 months of recovery – September has taken a step back

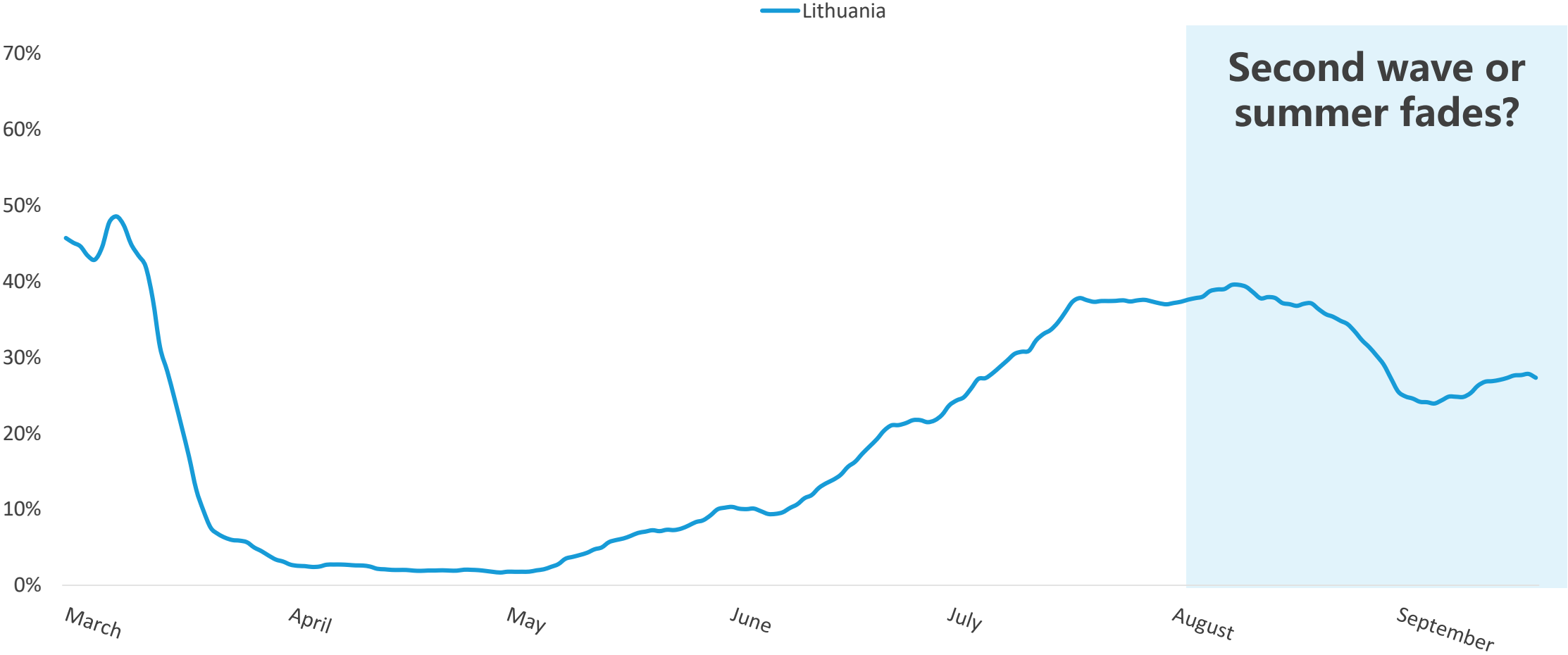


Europe, Occupancy % change vs prior week



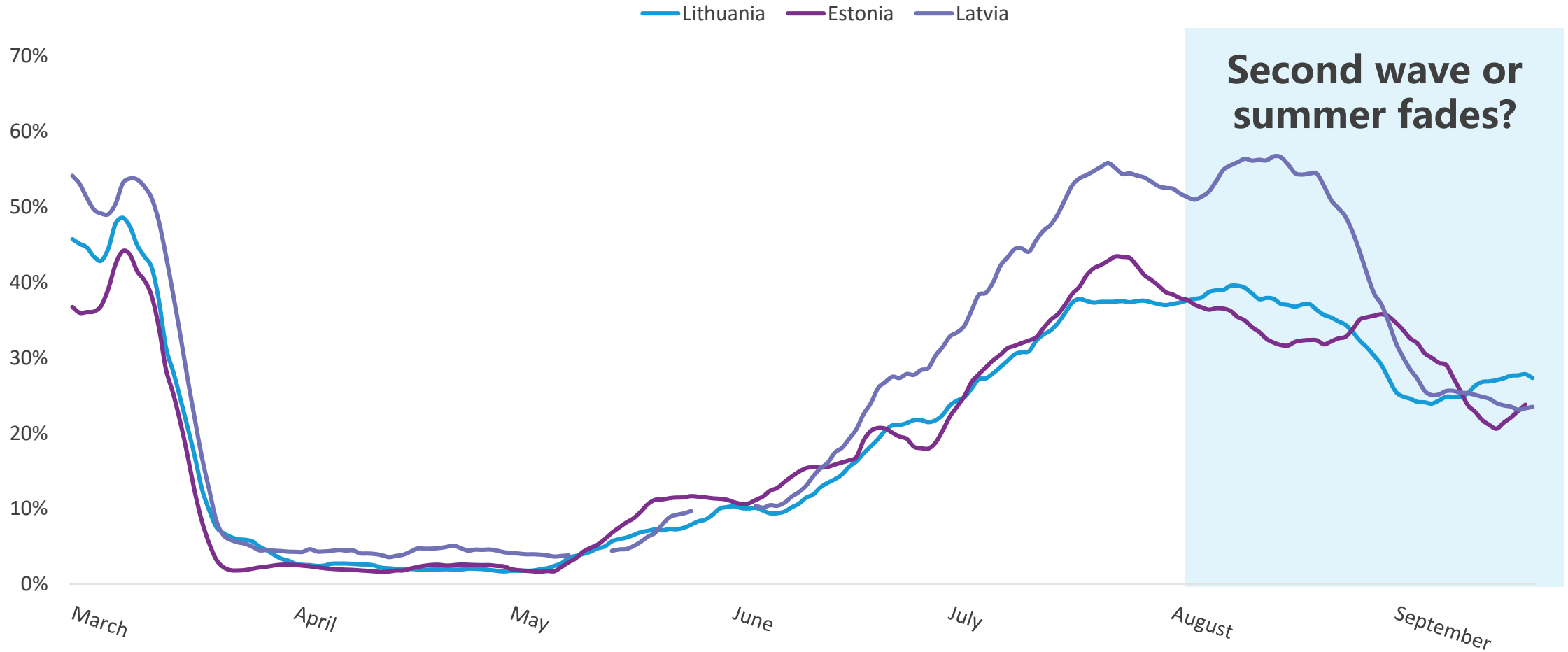
The trend has been consistent across most European countries

Occupancy R7, March – September 20th 2020



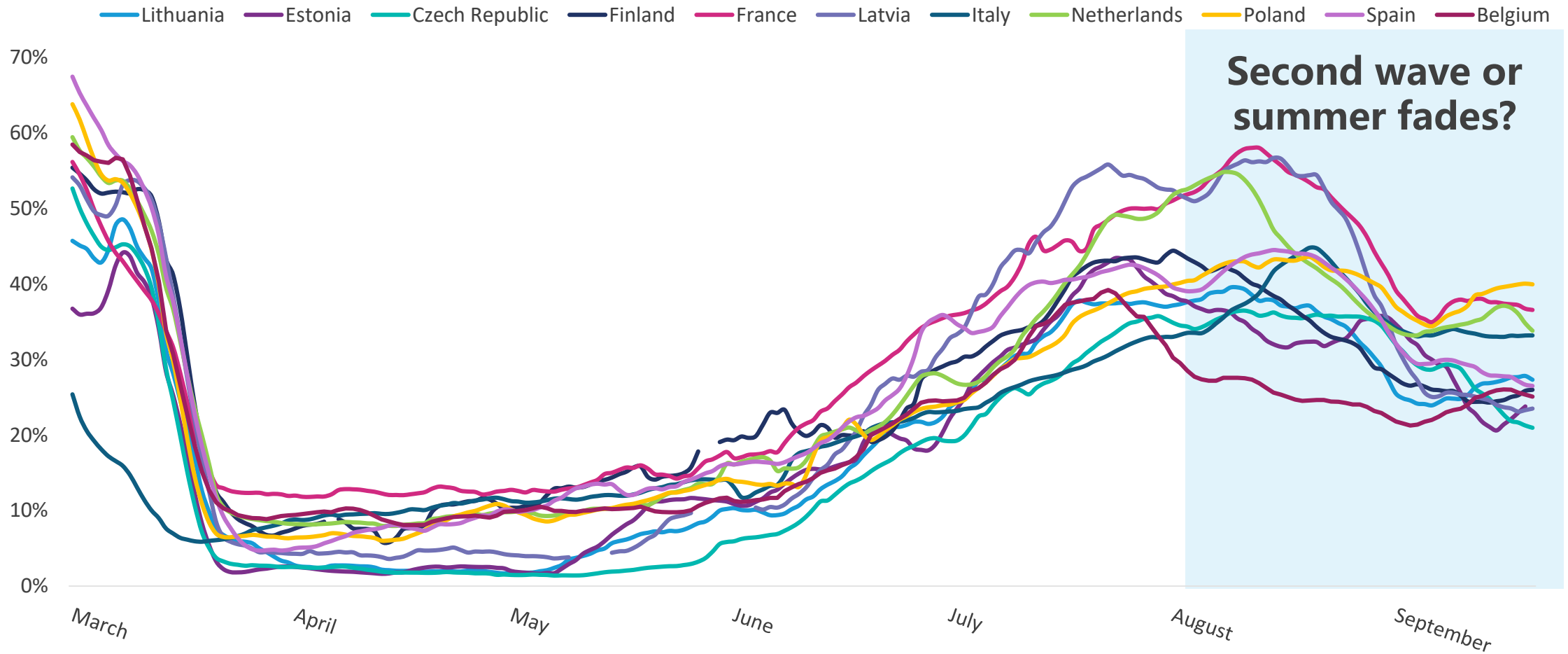
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Occupancy R7, March – September 20th 2020

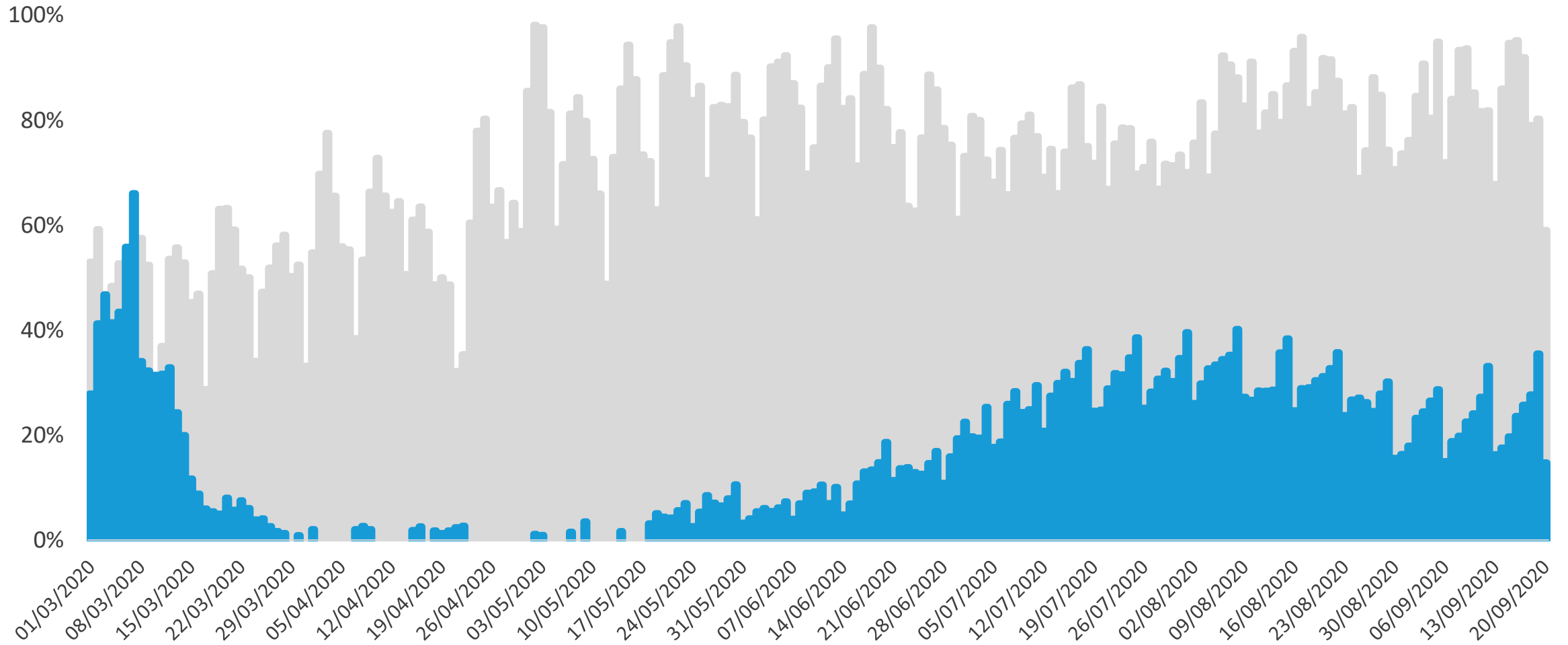


Second wave or summer fades?

Vilnius shows weekend recovery over the summer months



Daily Data, open hotels (reporting), March – September 2020 vs 2019

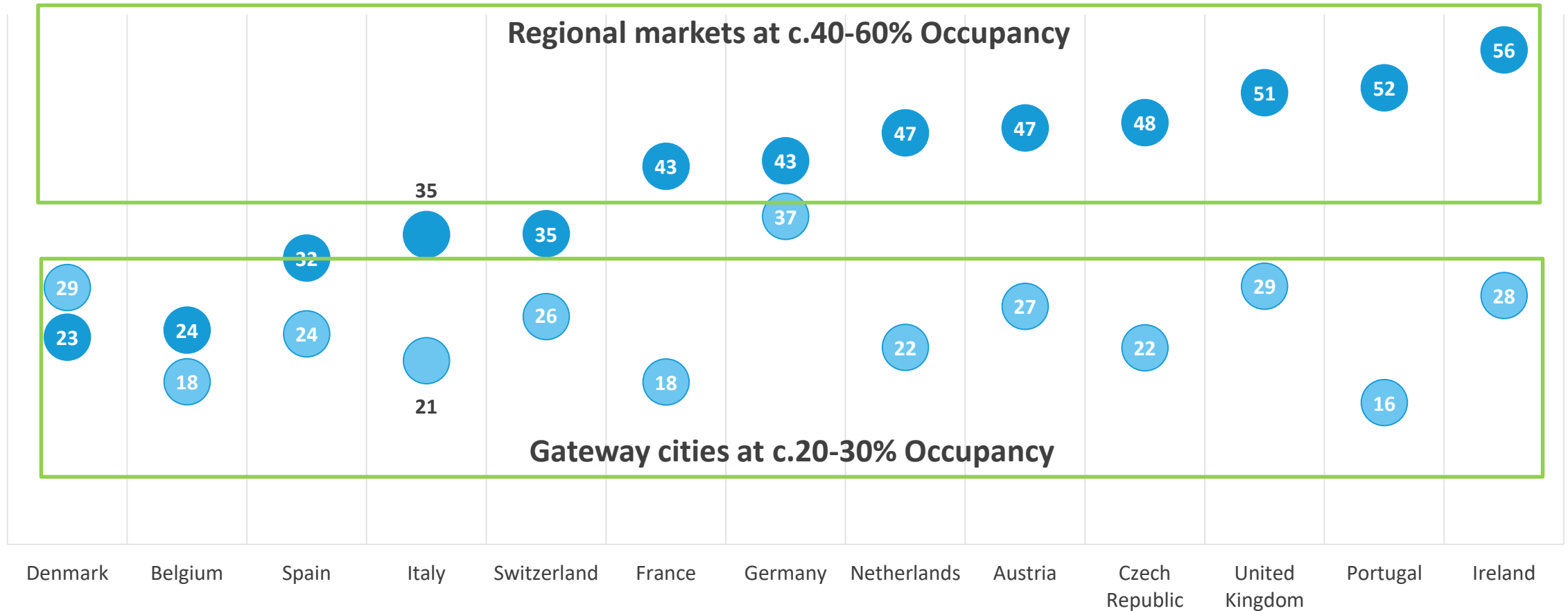


Regional markets are still way ahead of gateway city occupancy



Occupancy, open hotels, week ending September 6th

● Regional ● Main City

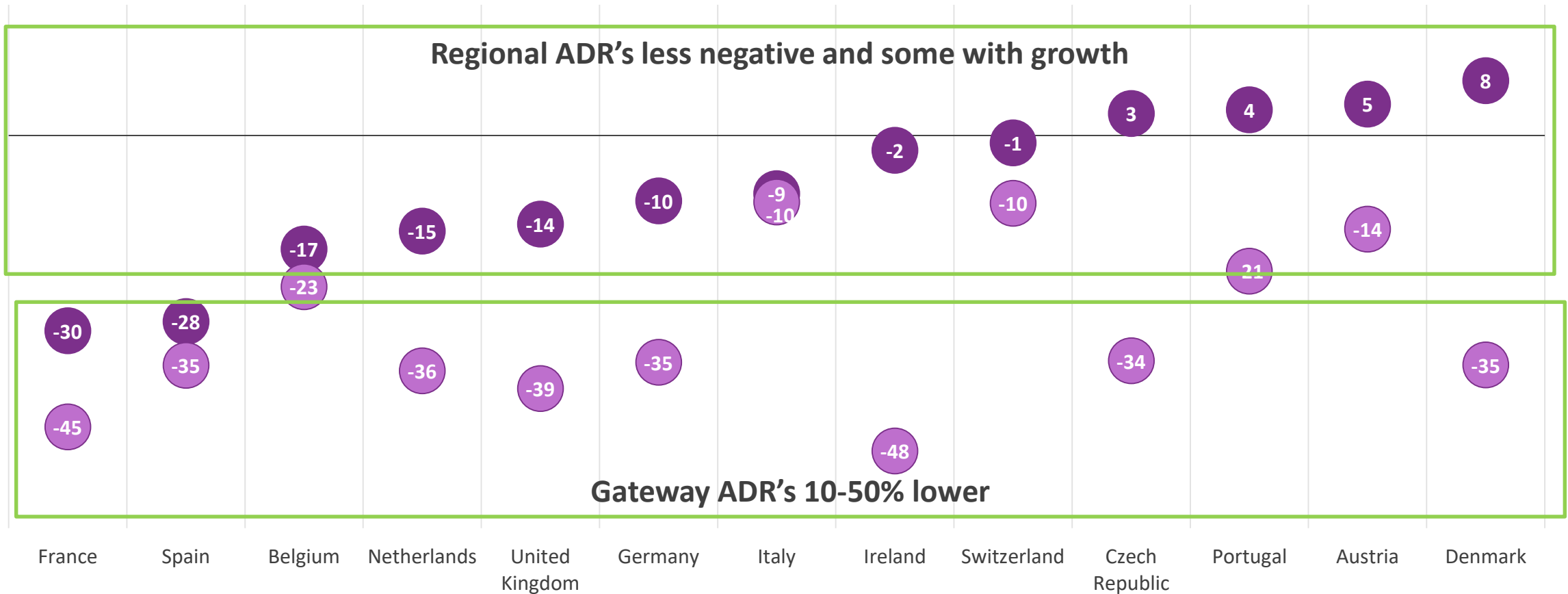


Regional markets showing more resilience in rate



ADR change on same week in prior year, local currency, week ending September 6th

● Regional ● Main City



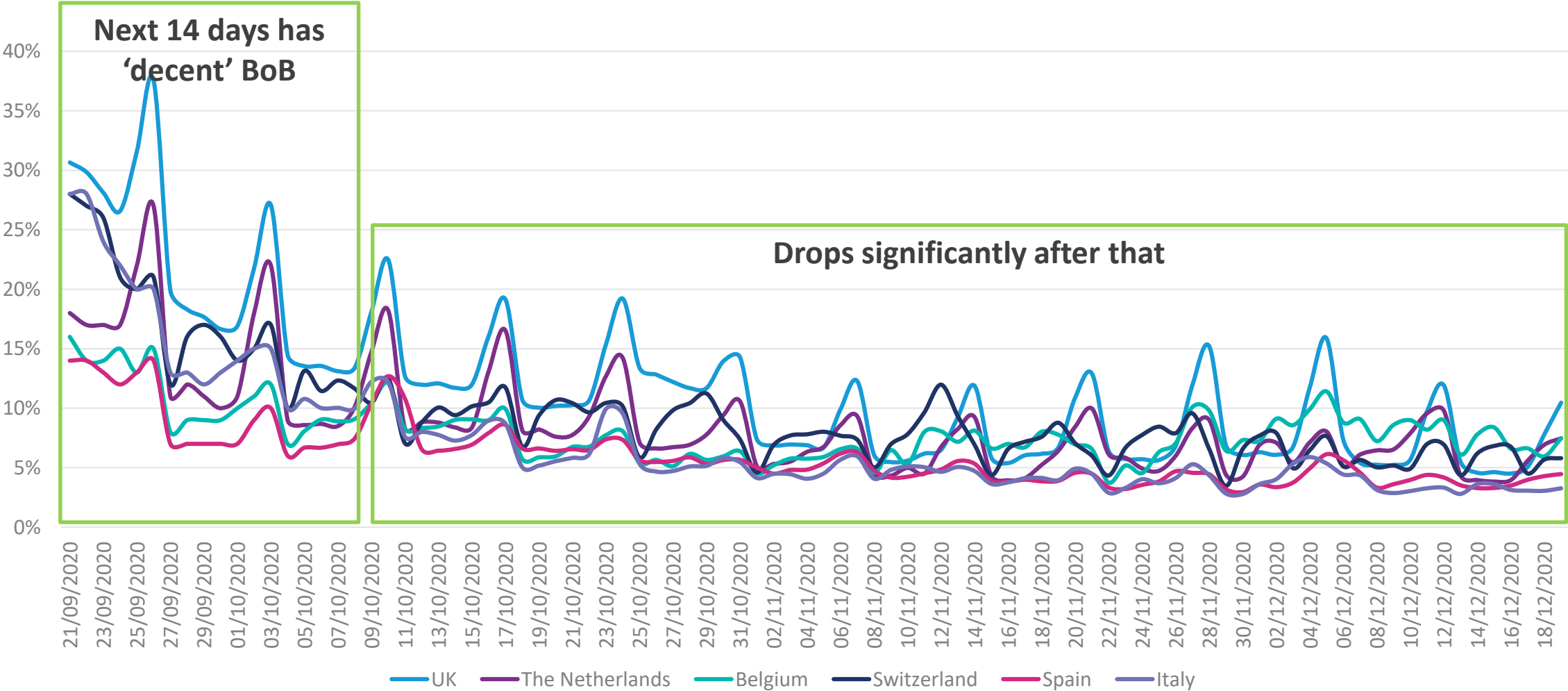


What can we expect after the summer?

Booking lead times are short, but there is business on the books



Occupancy on the books for next 3 months as 21st September 2020

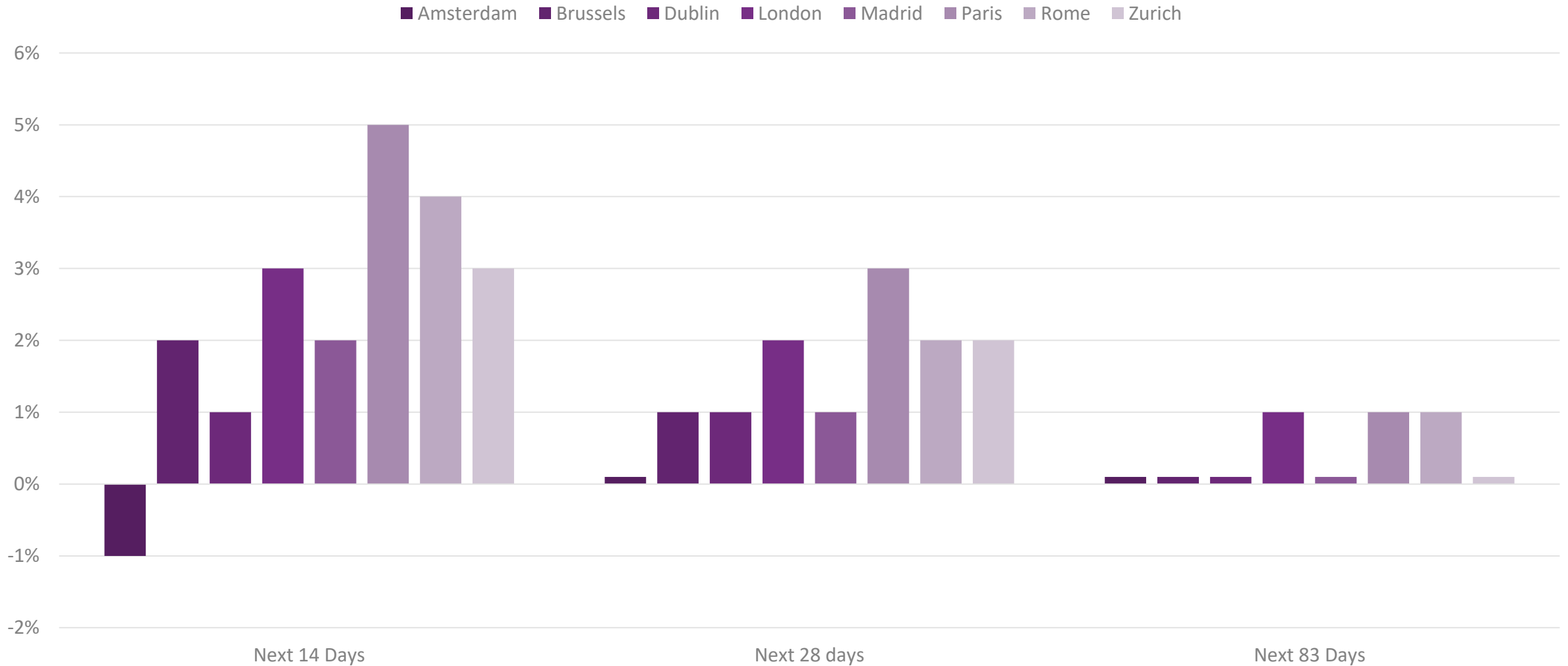


Source: STR. 2020 © CoStar Realty Information, Inc.

Cancellations no longer outweighing new bookings in the short term!

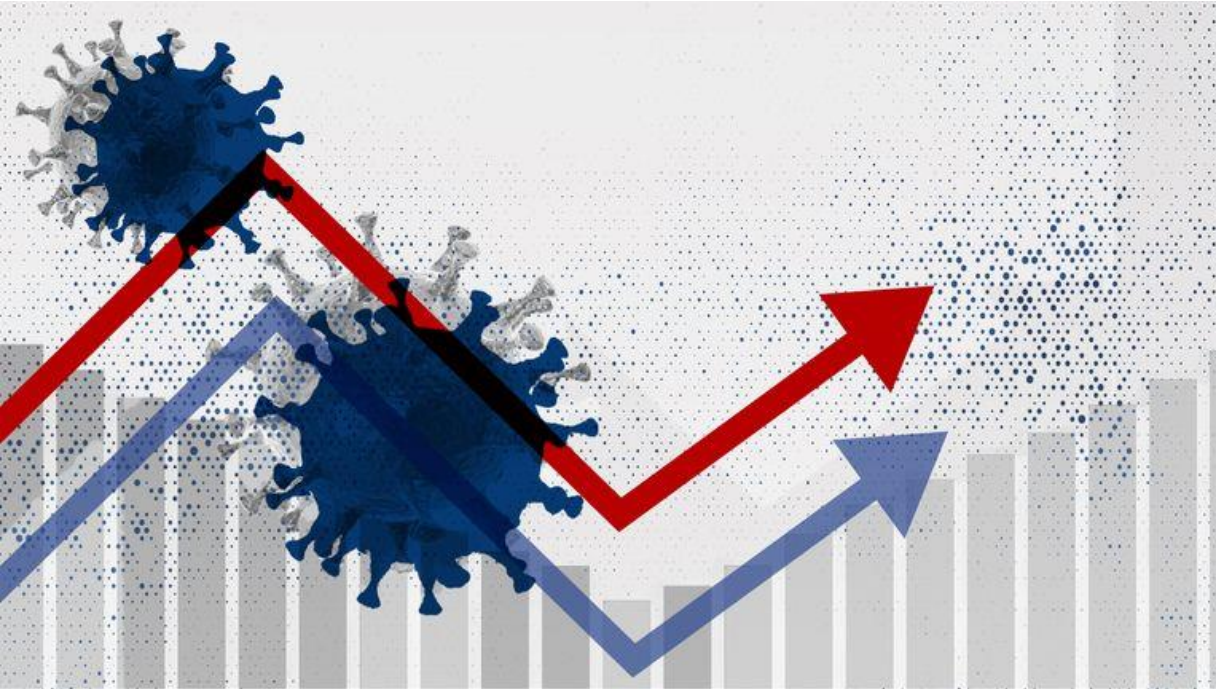


Pickup from prior week for next 83 days as at 21st September 2020





Medium
term:
Budget
2021,
easier said
than done

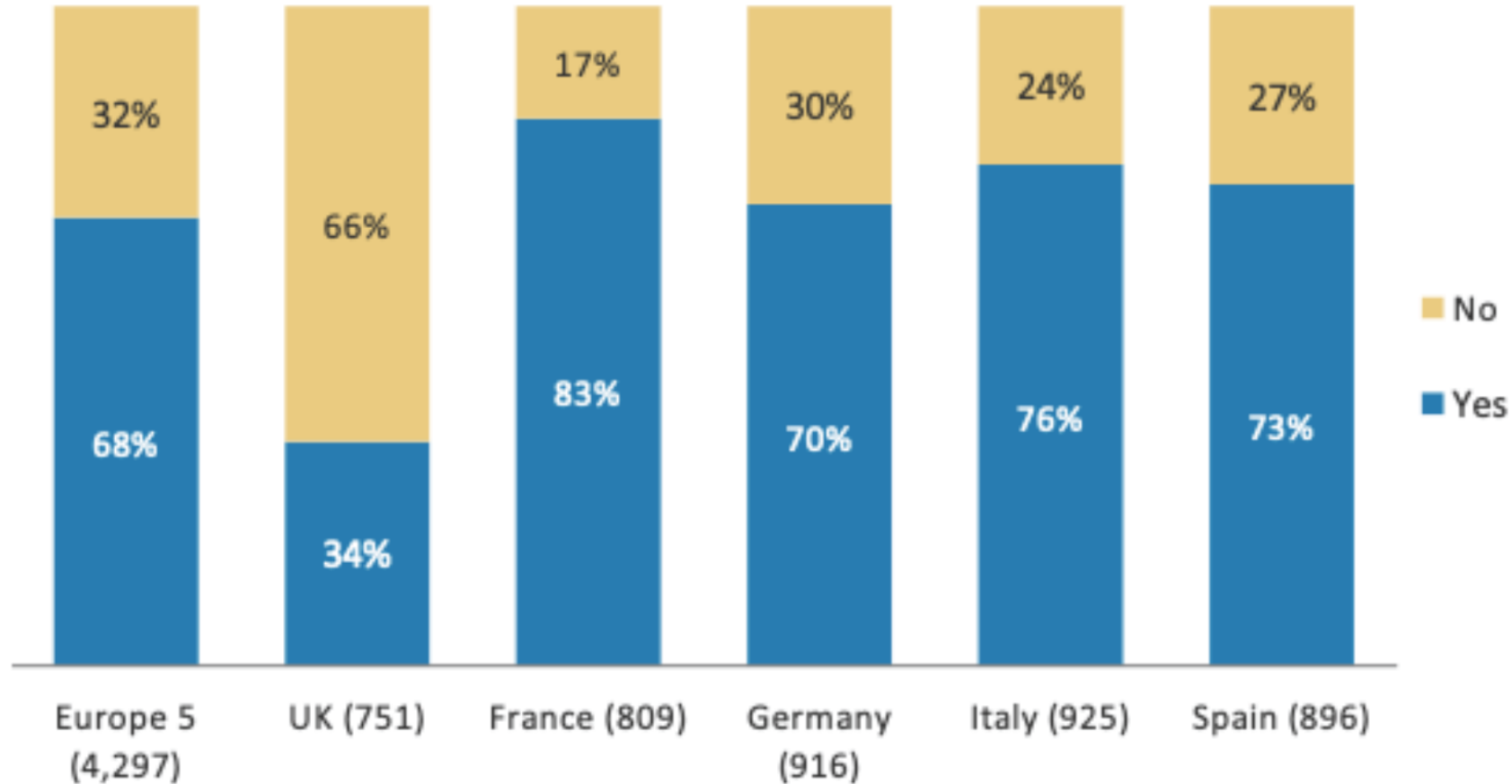


When will business travel return... first need to return to office

Two thirds in Europe have returned to office... except in the UK where only a third have



Have you now returned to working at your normal work location? (office workers only)








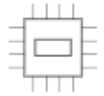



Source: AlphaWise, Morgan Stanley Research. Figures in brackets denote number of respondents

... and business travel will return in phases

Spurred by proximity, reason for travel and sector



Resumption of activities by phase

	Proximity	Travel reason	Sector
Earlier recovery	 <p>Regional travel that can be completed in a personal or rented vehicle</p>	 <p>In-person sales or client meetings, and essential business operations</p>	 <p>Manufacturing, pharmaceuticals, and construction</p>
	 <p>Domestic travel by air or train</p>	 <p>Internal meetings, training programs, and other small-group gatherings</p>	 <p>Tech, real estate, finance, and energy</p>
Later recovery	 <p>International air travel abiding by government regulations and restrictions</p>	 <p>Industry conferences, trade shows, exhibitions, and events</p>	 <p>Healthcare, education, and professional services</p>

Wyndham Introduces Discount Program for EMEA SMEs

Google to Keep Employees Home Until Summer 2021 Amid Coronavirus Pandemic

Search-engine giant pushes back return to normalcy

Source: Interviews with travel managers conducted between June 22 and July 9, 2020; McKinsey analysis



Airline capacity needs to recover...

Global Scheduled Flights Change year-over-year



Week compared with equivalent week in previous year i.e.
Monday 6 January 2020 vs. Monday 7 January 2019.

Region	January	February	March	April	May	June	July	3 August	10 August	17 August	24 August	31 August
ALL	0.8%	-8.6%	-14.8%	-64.5%	-68.6%	-63.8%	-52.2%	-47.9%	-47.9%	-47.5%	-47.4%	-47.0%
Spain	-3.7%	-1.8%	-23.2%	-94.0%	-93.3%	-90.2%	-60.0%	-45.5%	-44.6%	-45.3%	-46.3%	-52.5%
Hong Kong	-9.7%	-46.5%	-77.6%	-93.5%	-90.4%	-90.1%	-91.2%	-91.5%	-91.6%	-91.1%	-90.8%	-89.4%
Germany	-8.5%	-6.9%	-30.7%	-92.9%	-91.3%	-87.2%	-70.3%	-62.7%	-62.9%	-63.9%	-65.6%	-63.1%
Singapore	-0.1%	-16.1%	-43.1%	-93.8%	-96.6%	-95.4%	-94.1%	-92.7%	-91.8%	-92.2%	-94.3%	-93.8%
Italy	-3.3%	-4.2%	-48.0%	-85.6%	-83.3%	-88.0%	-63.0%	-50.3%	-50.1%	-50.2%	-50.4%	-56.3%
France	-0.8%	0.4%	-15.3%	-90.6%	-91.7%	-87.4%	-61.1%	-49.5%	-48.4%	-49.3%	-49.2%	-50.6%
UK	-3.8%	-3.3%	-22.8%	-92.3%	-93.4%	-90.0%	-76.8%	-66.1%	-64.9%	-64.1%	-63.2%	-64.8%
Australia	-3.5%	-3.2%	-5.7%	-82.6%	-83.2%	-80.4%	-76.5%	-75.7%	-76.1%	-75.1%	-74.7%	-74.1%
Sweden	-9.2%	-5.6%	-22.7%	-87.0%	-88.6%	-83.9%	-74.8%	-70.9%	-72.8%	-71.3%	-71.1%	-72.6%
UAE	-1.9%	-3.0%	-23.1%	-81.1%	-79.1%	-80.4%	-68.3%	-64.6%	-66.0%	-63.3%	-62.8%	-60.1%
South Korea	2.2%	-11.6%	-49.5%	-56.7%	-49.5%	-49.5%	-46.6%	-41.5%	-41.1%	-40.2%	-40.2%	-43.8%
USA	1.7%	1.2%	-2.2%	-56.9%	-74.2%	-67.8%	-49.7%	-47.5%	-47.2%	-46.5%	-44.3%	-45.7%
India	2.1%	6.3%	7.6%	-83.3%	-56.6%	-69.0%	-60.5%	-58.7%	-60.8%	-58.8%	-60.5%	-56.1%
China	4.3%	-55.1%	-40.2%	-42.6%	-28.8%	-20.7%	-14.7%	-10.8%	-10.5%	-8.0%	-6.6%	-6.2%
Japan	2.4%	-3.5%	-16.5%	-40.3%	-47.1%	-45.0%	-35.2%	-26.8%	-27.5%	-32.0%	-35.8%	-37.7%

Source: Schedules Analyser

... Airlines have recently pulled back on plans to increase capacity

Capacity of airline seats for the next six weeks

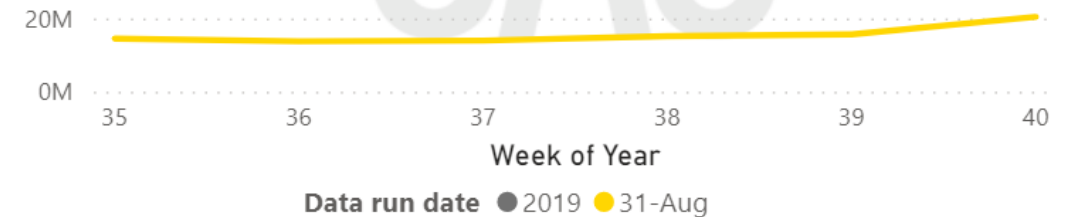
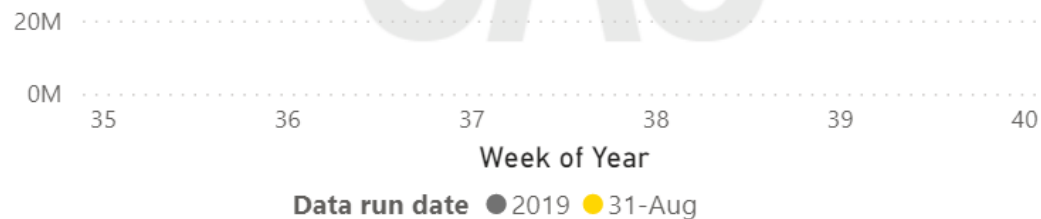


Domestic capacity

International capacity

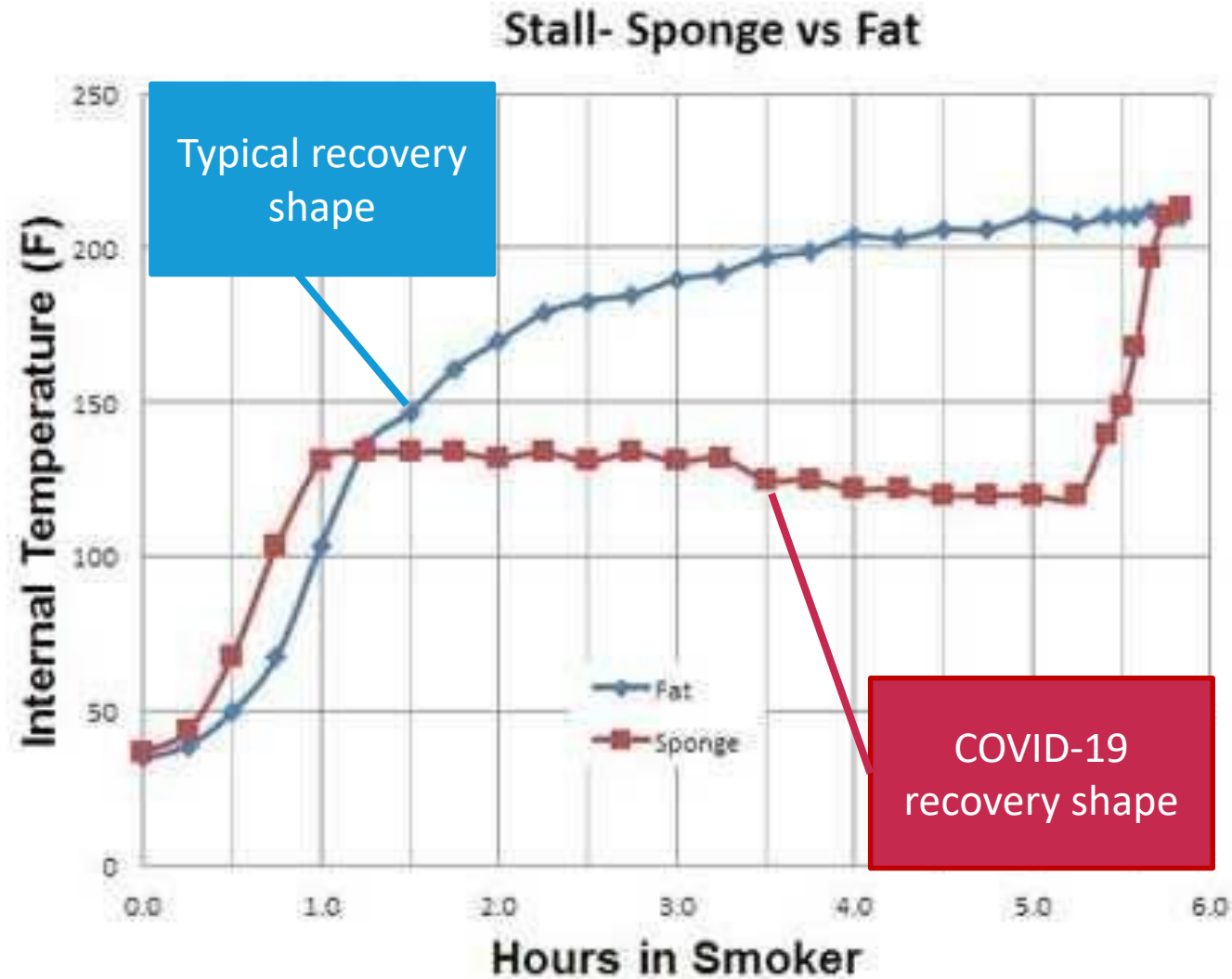
LIVE

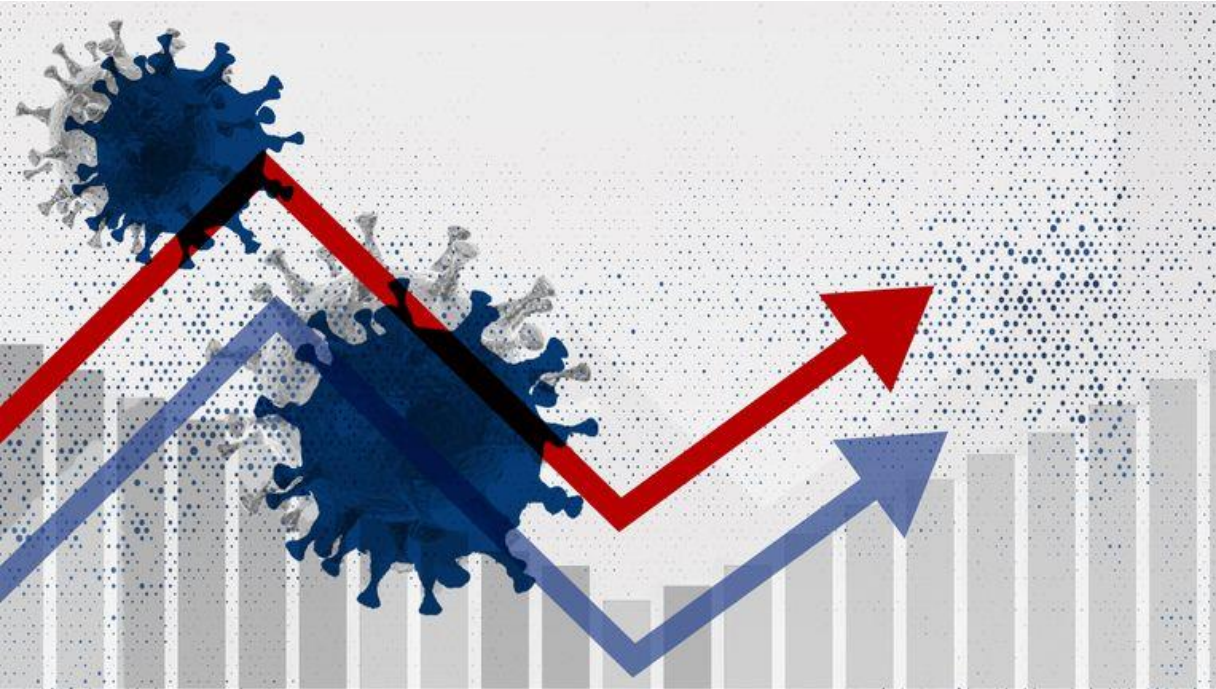
Coronavirus latest: Airlines cut autumn schedules as demand fails to pick up



Performance likely to plateau until cure and then will spike

After an initial recovery, demand seems likely to plateau until a 'cure' is found for COVID-19





Long term:
Will travel
and
tourism
recover?





So... in conclusion

We must keep the faith... but also face the facts of our current reality

What we 'know'

- The virus will still be here... and controls over movement of people still a factor
- ... but there is business on the books and it's improving
- Business demand will return but it will be phased - international and group unlikely
- Most hotels will have re-opened

What we don't 'know'

- How bad a winter second wave could/will be
- When/if a cure can be found and rolled-out
- Just how bad the economic damage has/will be

What we expect

- Has demand for travel been irreparably damaged – we don't think so
- RevPAR recovery in most markets likely to be only in 2023/4

STR.com COVID-19 Updates



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