RECHARGE

Lisbon, Portugal #IHMRecharge

Iberian Peninsula Overview

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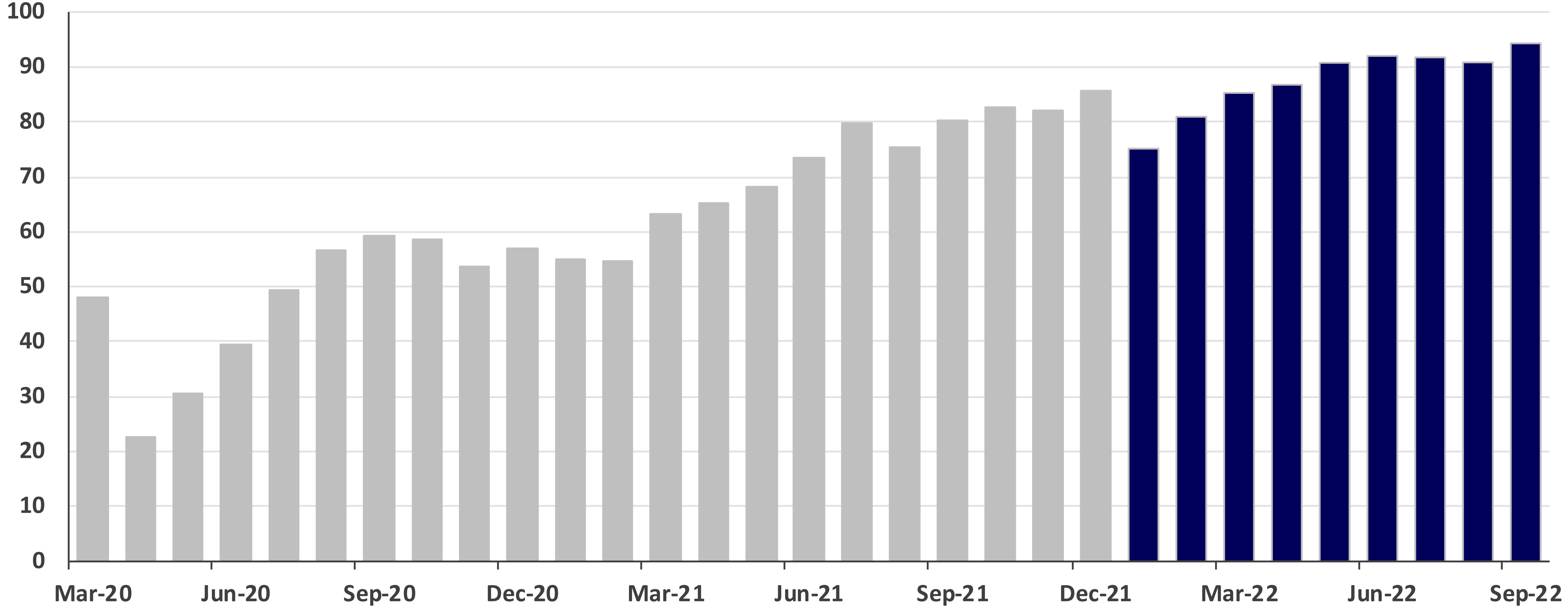
Agenda

1. Hotel Demand
2. Hotel rates
3. Travel Patterns
4. A Strong Summer
5. Luxury vs Budget
6. Outlook

1. Hotel demand

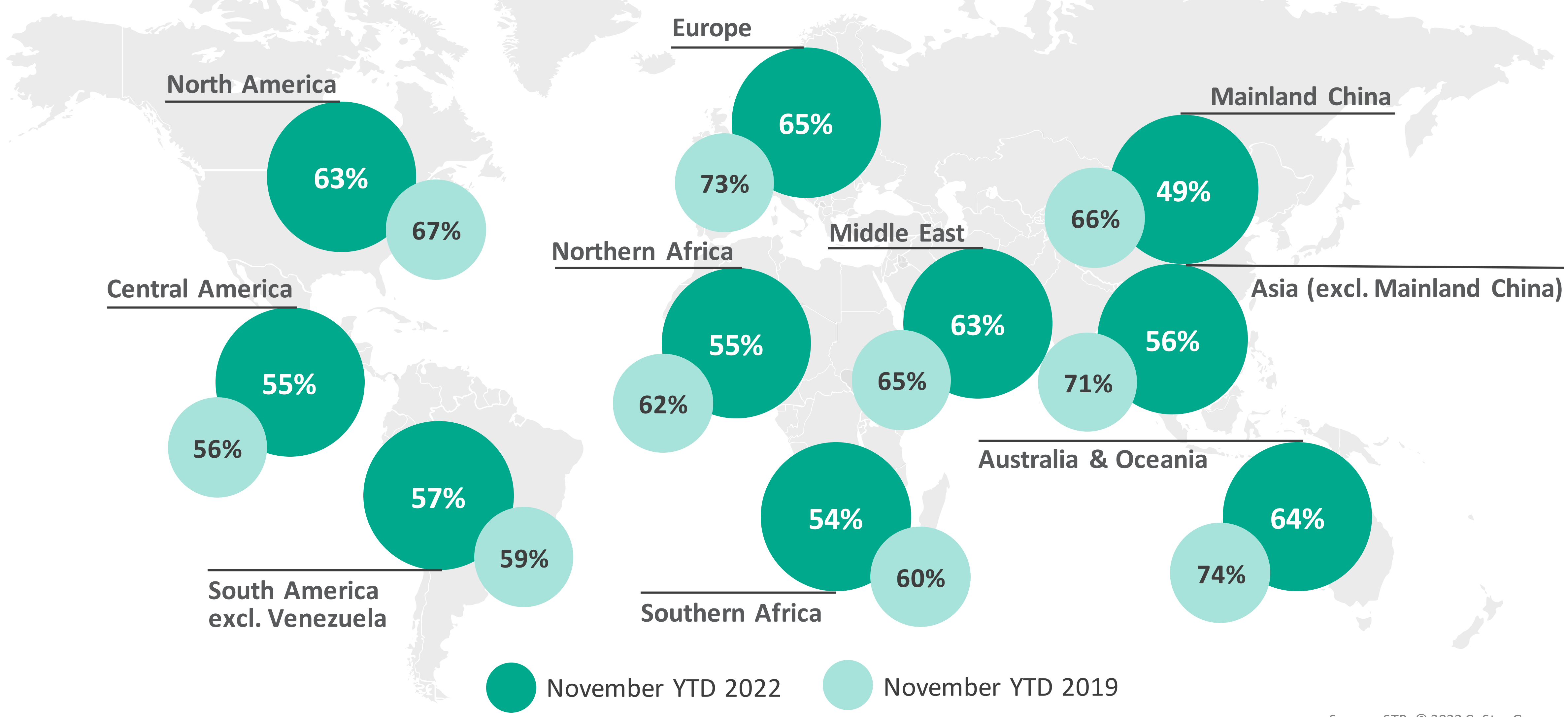
Global hotel demand is 94% recovered and still strengthening

Global room demand indexed to 2019, comparable reporting hotels only



A familiar winter across the globe

Occupancy (Standard) YTD November 2022 and YTD November 2019



Source: STR. © 2022 CoStar Group

When considering the whole year, a slightly altered story

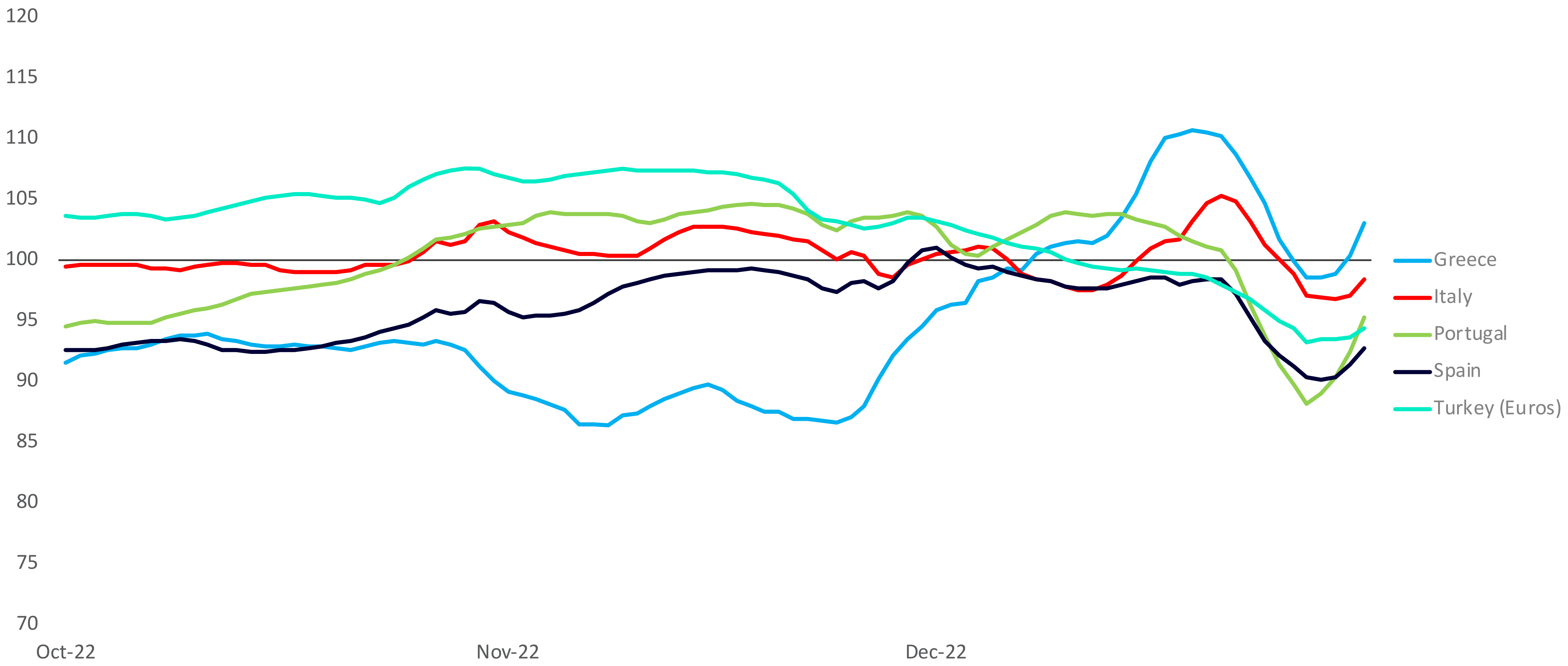
European markets, Occupancy (STD), November YTD 2022 indexed to 2019

The Golden 90's

European markets, Occupancy (STD), November 2022 indexed to 2019

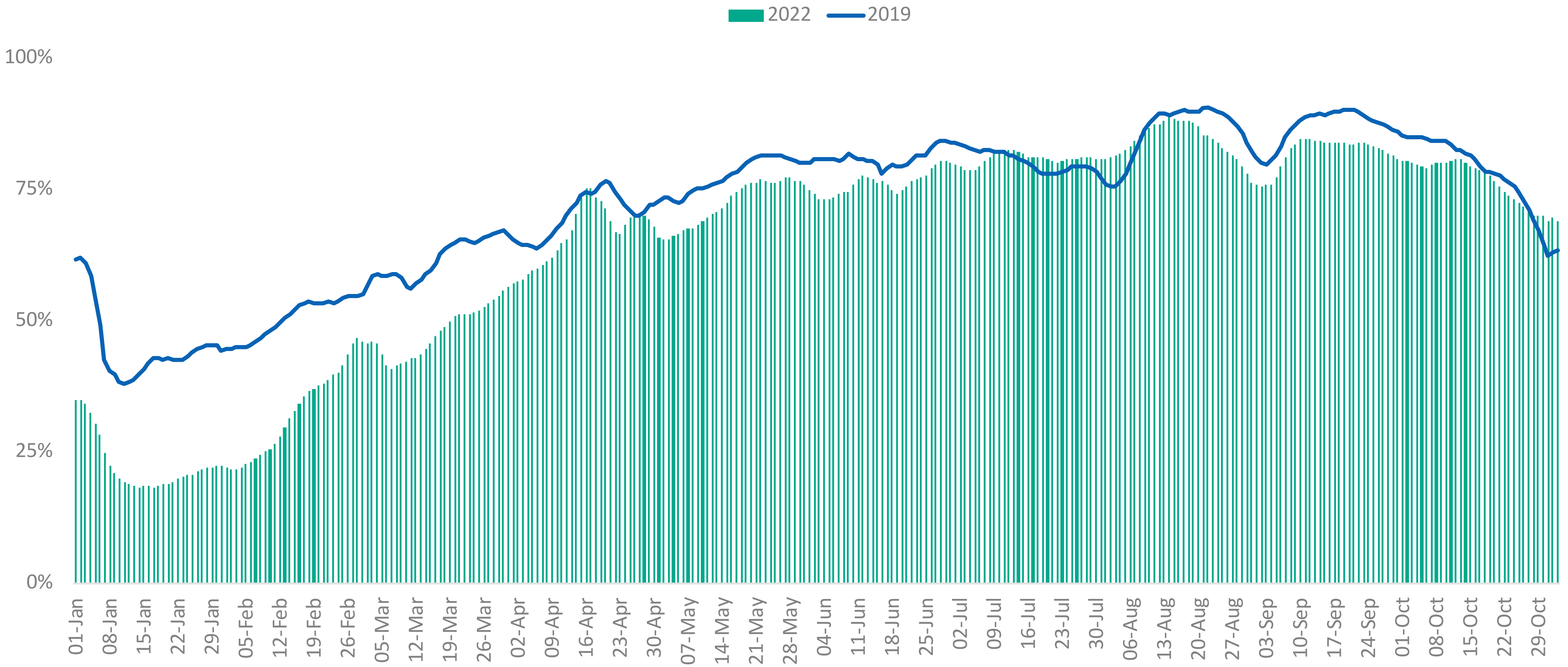
A return to normality for the Med

Occupancy R28 (Std) indexed to 2019, October 2022 to December 2022



Nationwide occupancy almost at 2019 levels…..

Occupancy R7 (Standard) , Portugal Jan 2022 – Oct 2022



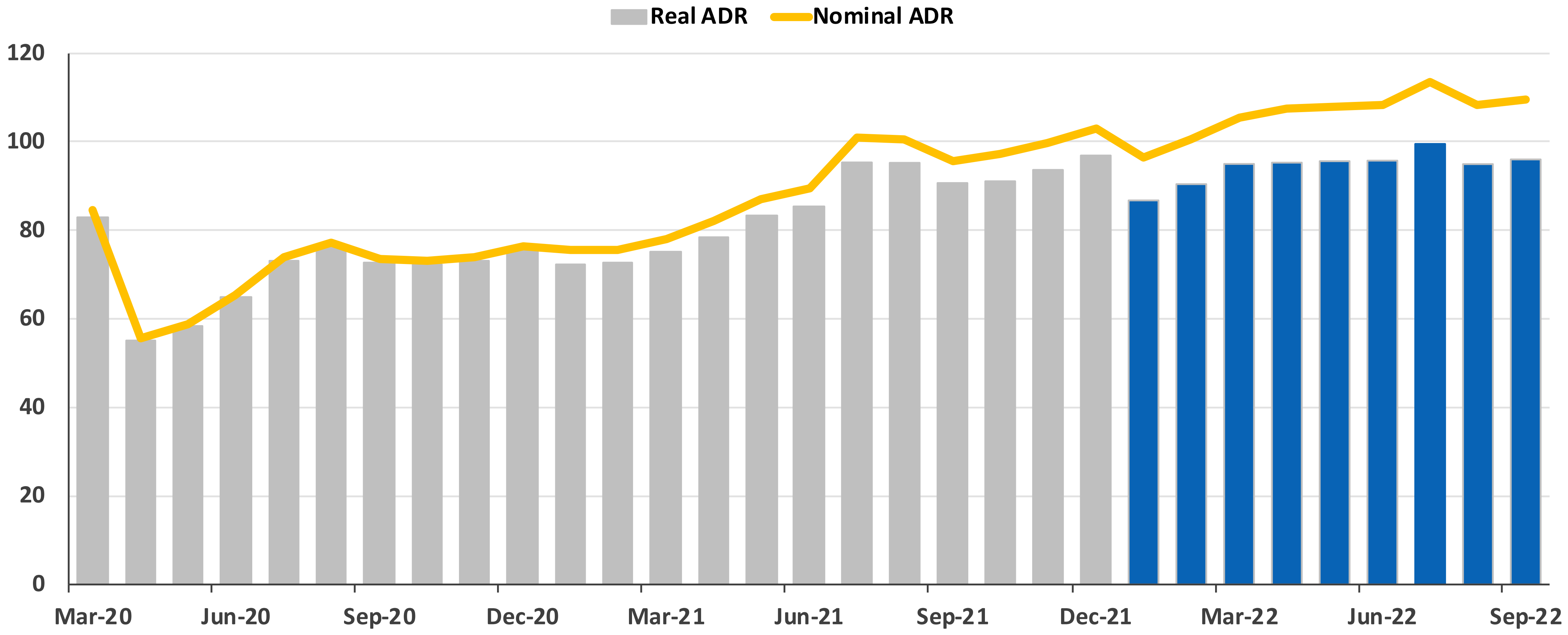
Source: STR. © 2022 CoStar Group


UKRAINE
Kiew
POLEN
UNGARN
ITALIEN
Sofia
Bukarest
Odessa
Tirana

2. Room rates

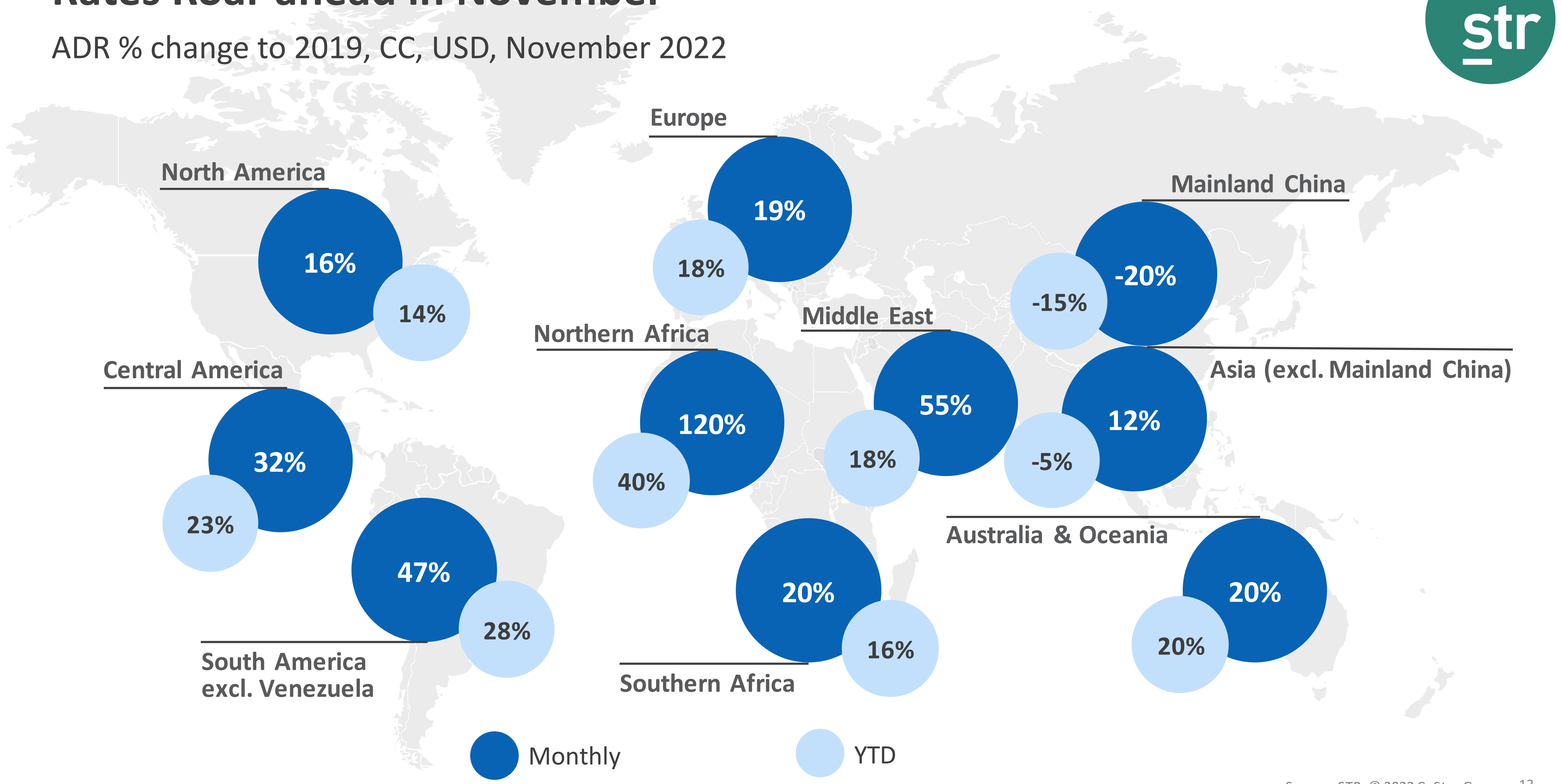
Nominal ADR strengthening, real rate recovery plateaued

Global real & nominal ADR indexed to 2019, comparable reporting hotels only



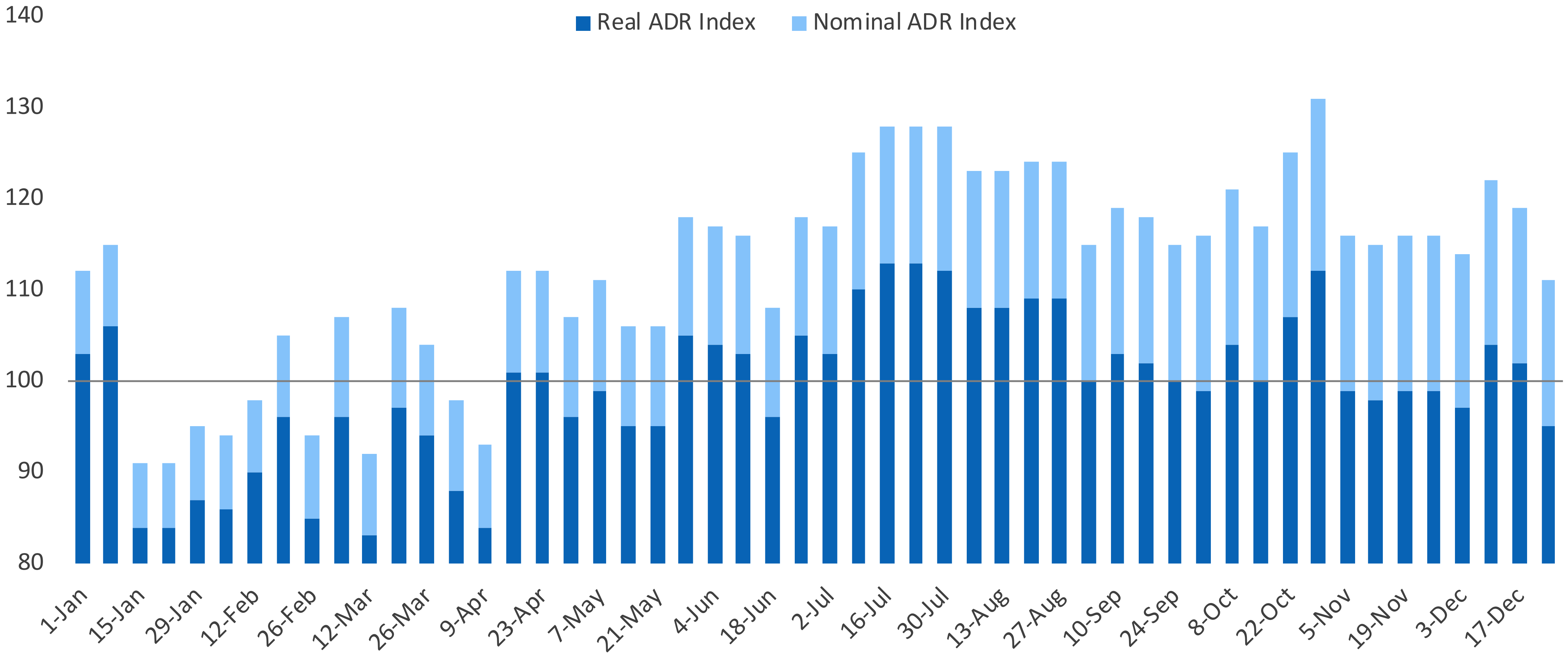
Rates Roar ahead in November

ADR % change to 2019, CC, USD, November 2022



And Europe Real ADR maintains growth across 2022

EU 27 Countries, Weekly ADR (Euros) indexed to 2019, Jan 2022 – Dec 2022



Gateway city ADRs have been strong during the summer…

European Cities, ADR (Local Currency), Jun, Jul, Aug 2022 indexed to Jun, Jul, Aug 2019

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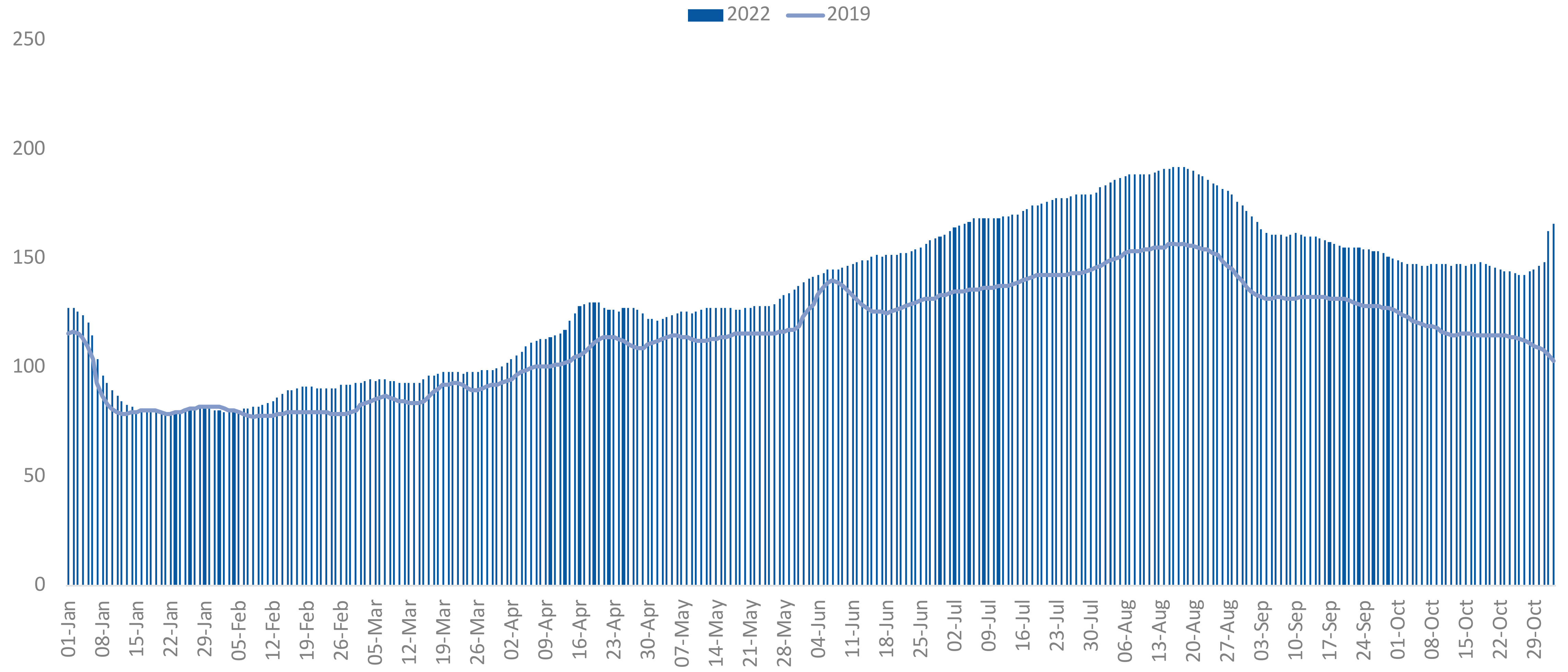
And YTD too shows strong performance across major cities

European markets, ADR (Local Currency), November YTD 2022 indexed to 2019

National room rates (ADR) surpasses 2019 across the year

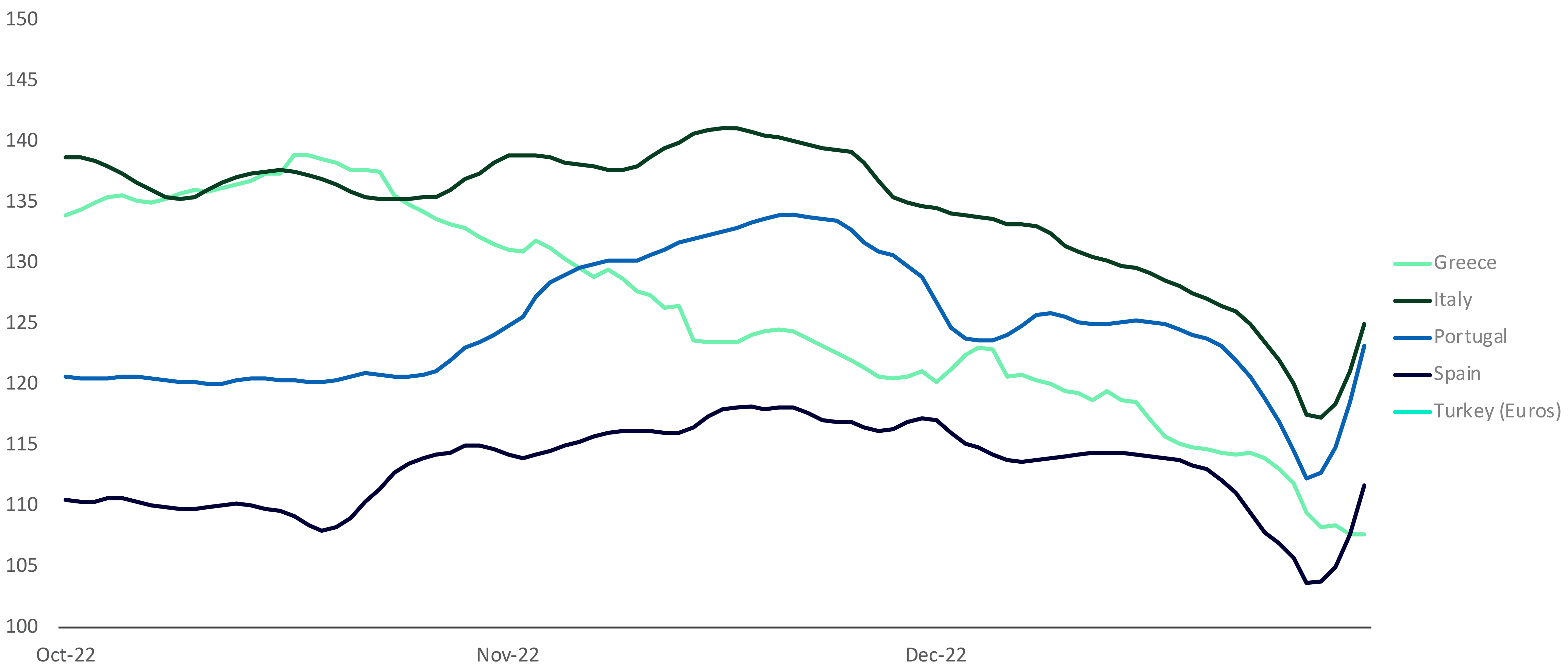
ADR R7 (Euros) Portugal, Jan 2022 – Oct 2022



Source: STR. © 2022 CoStar Group

No Christmas Turkey

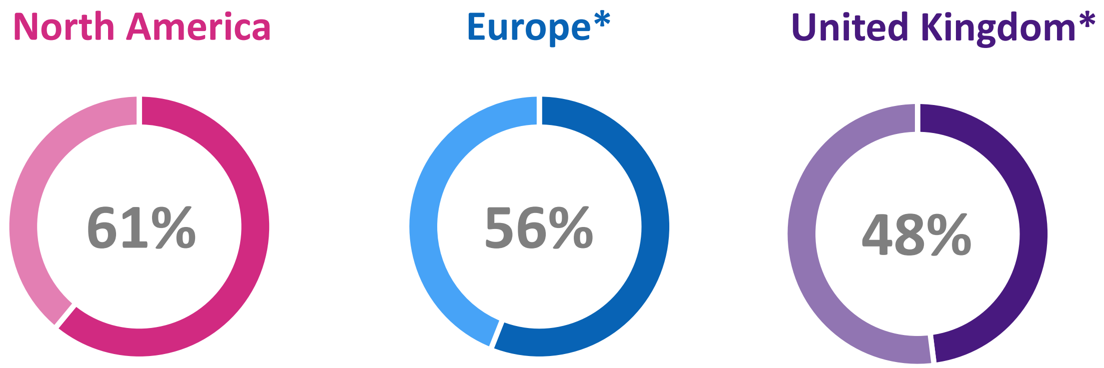
ADR R28 (Local Currency) indexed to 2019, October 2022 to December 2022

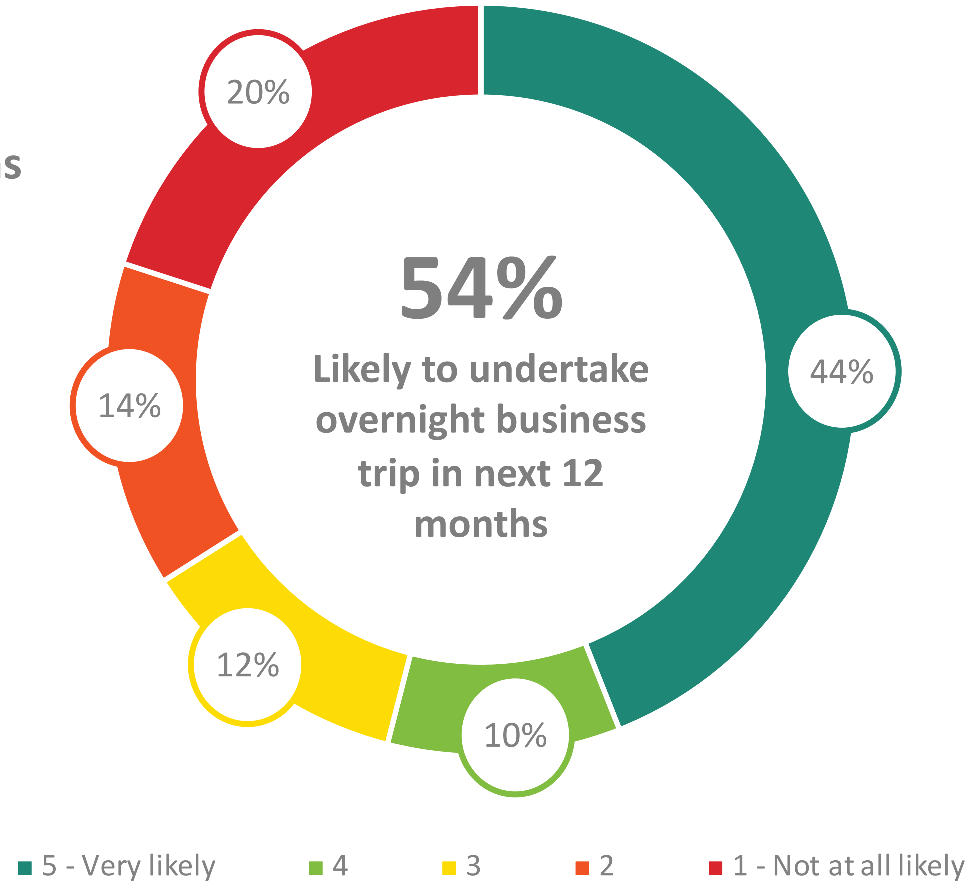


3. Travel Patterns

Over half (54%) of those who took at least one overnight business trip in 2019 anticipate undertaking an overnight business trip in the next 12 months.

% likely to undertake overnight business trip in next 12 months



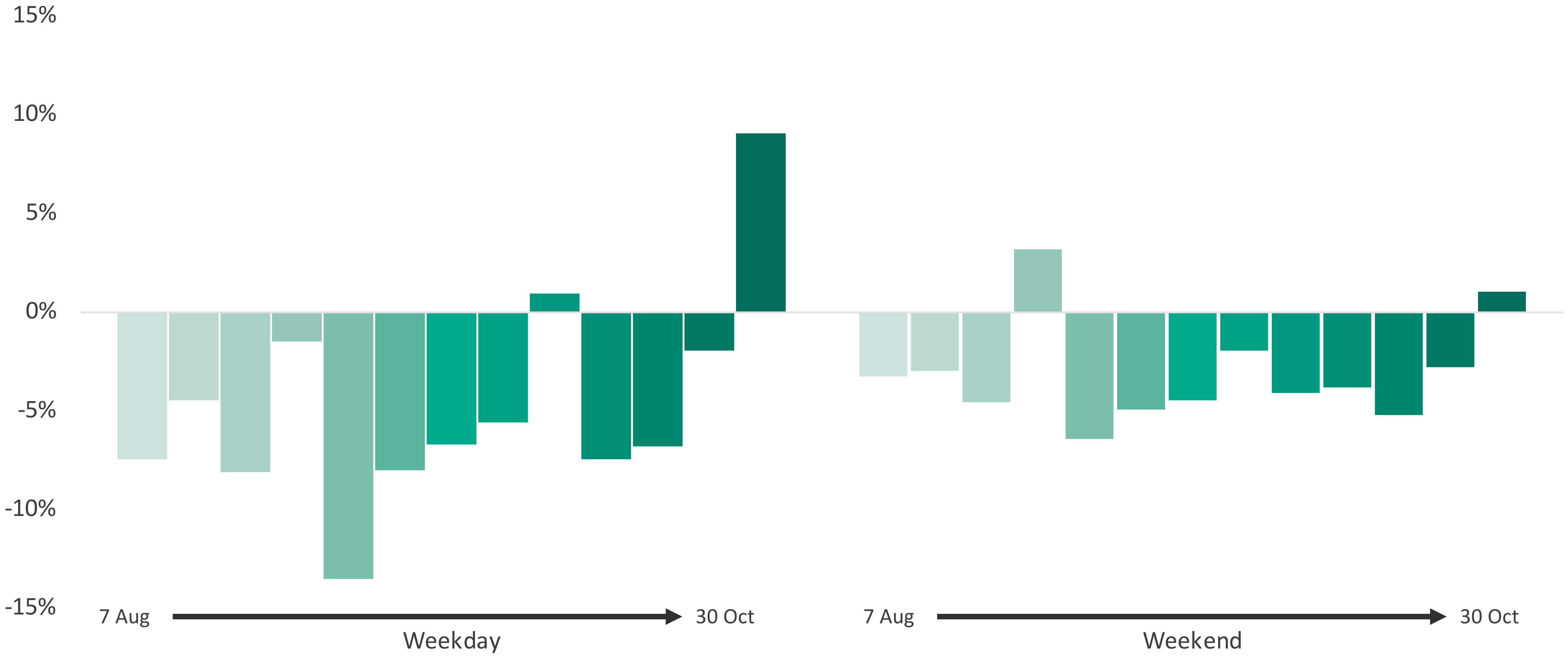


Source: STR. © 2022 CoStar Group

Q: How likely are you to undertake an overnight business trip in the next 12 months? | Base (Business Travelers): Nov 22 (n=343) | * Caution small sample size (n<100)

But WD recovery was maintained despite the end of summer… business is back

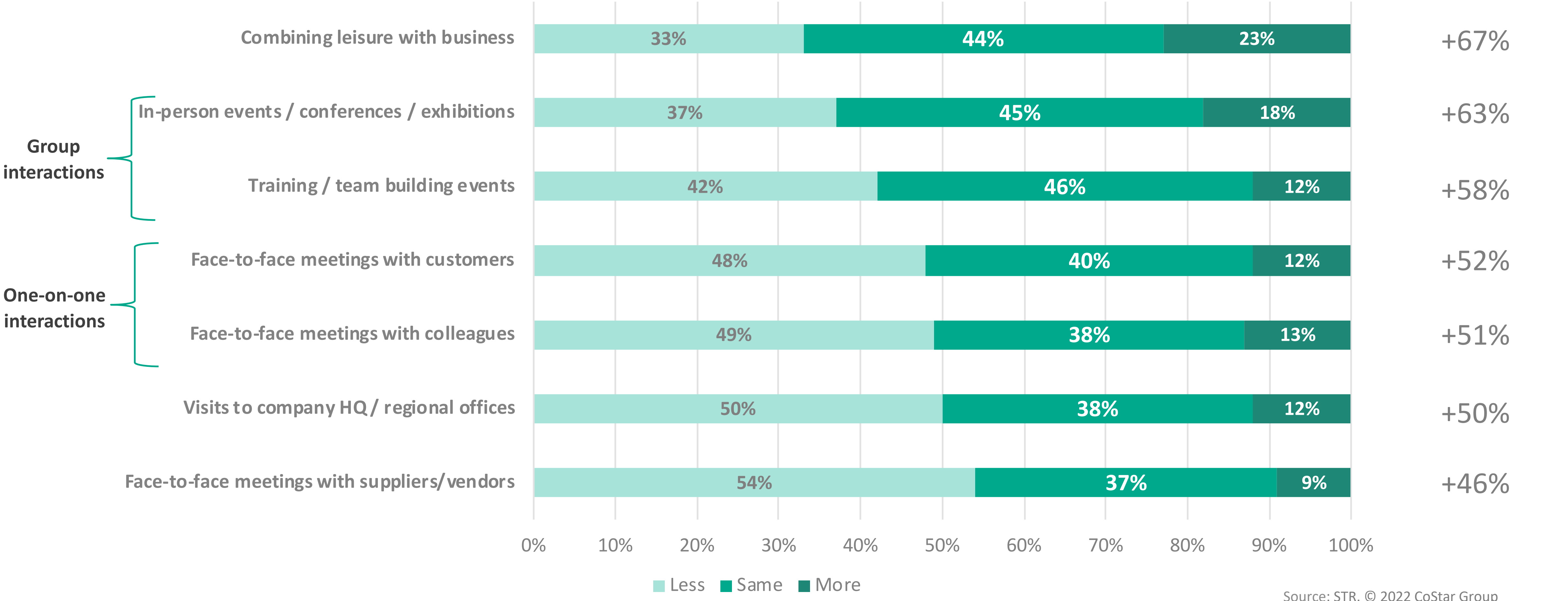
Europe, occupancy % change to 2019, weeks ending 7 Aug – 30 Oct 2022



What type of future business travel?

Types of business travel in future compared with 2019

Positive Result

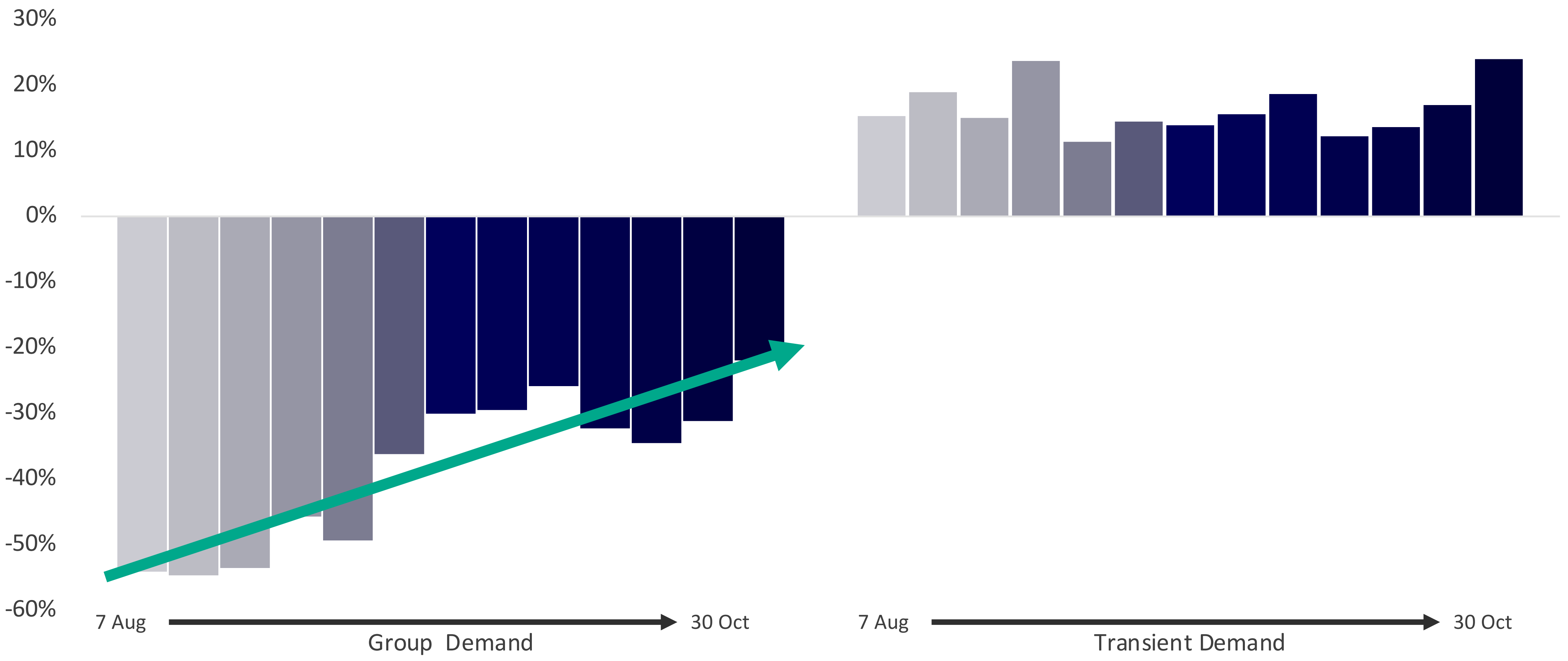


Q: Are you likely to undertake more, the same or less of the following types of business travel in the future compared with 2019?

Base (Business Travelers excludes N/A and Not Sure responses): Nov 22 (n=max 301) | Positive Result is sum of 'Same' and 'More' responses

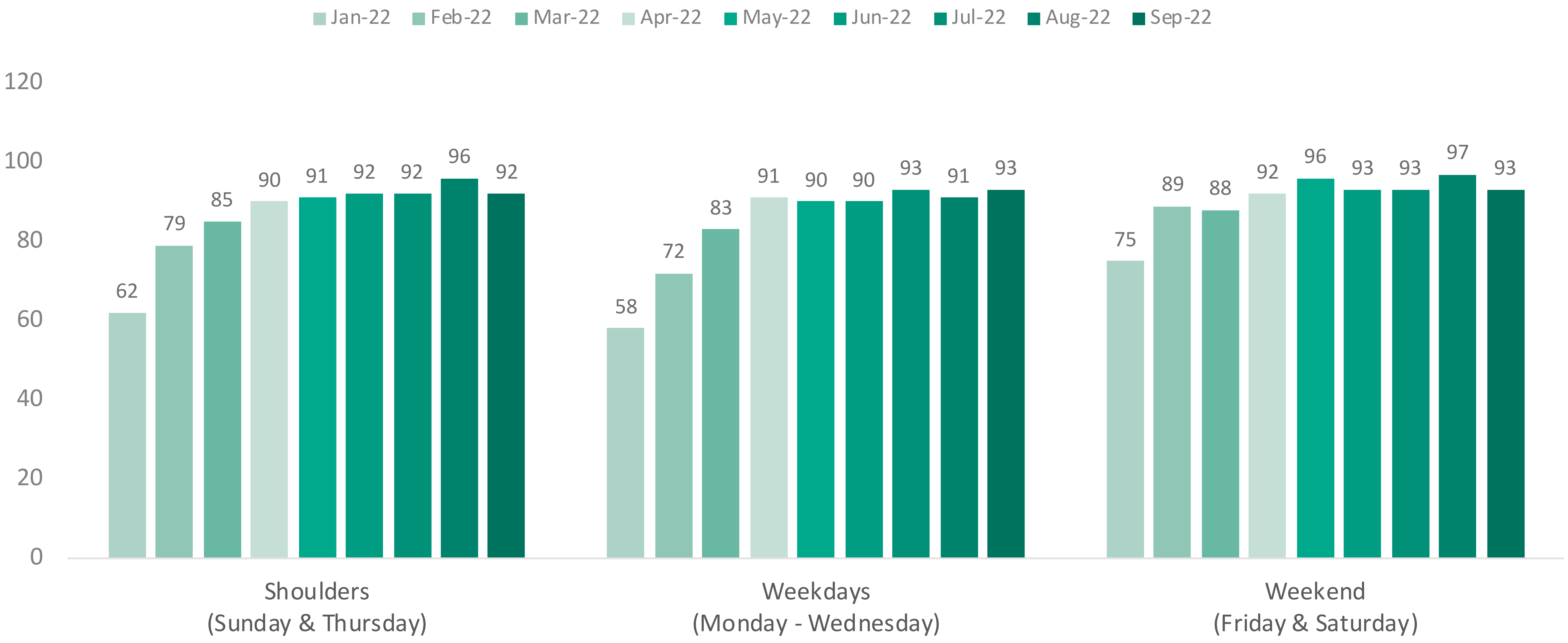
Group demand is holding back recovery in occupancy

Europe, segmentation Demand % change to 2019, weeks ending 7 Aug – 30 Oct 2022



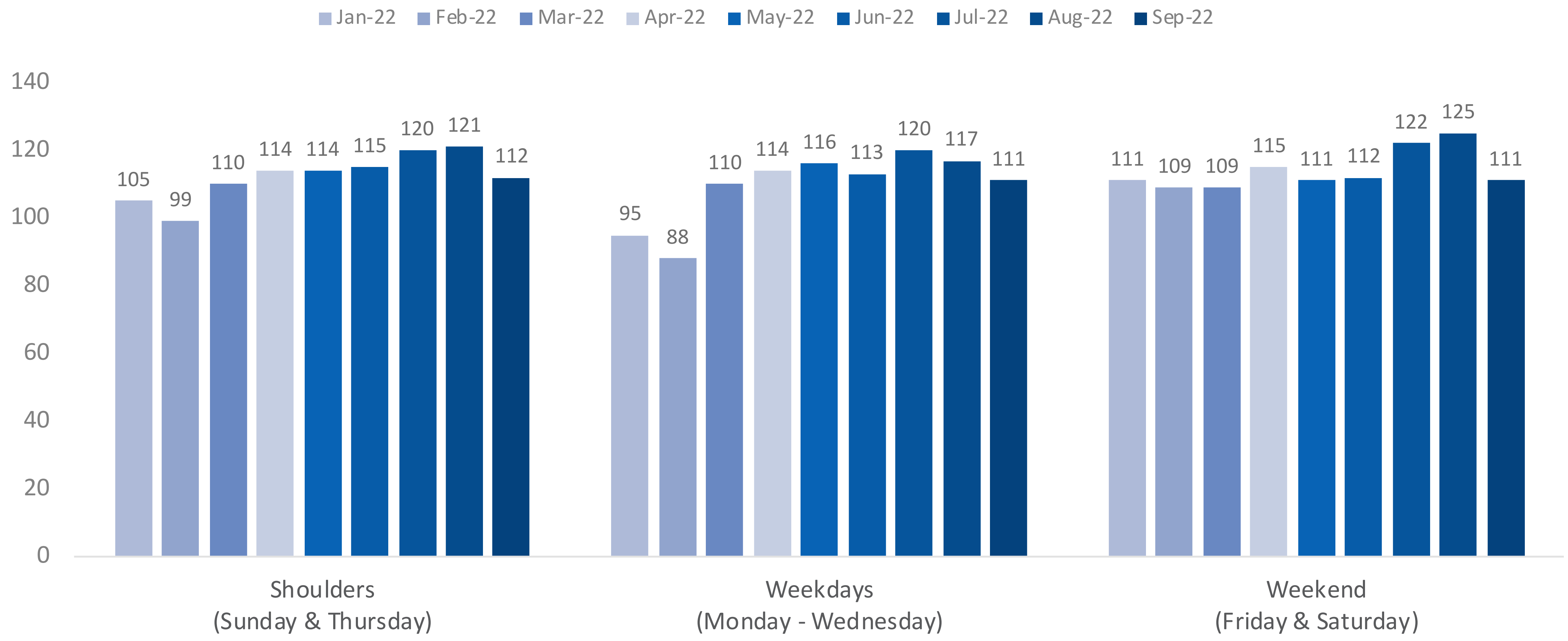
If you say 'Bleisure' one more time...

Spain, Occupancy (Std) by day of week, indexed to 2019, Jan 2022 – Sep 2022



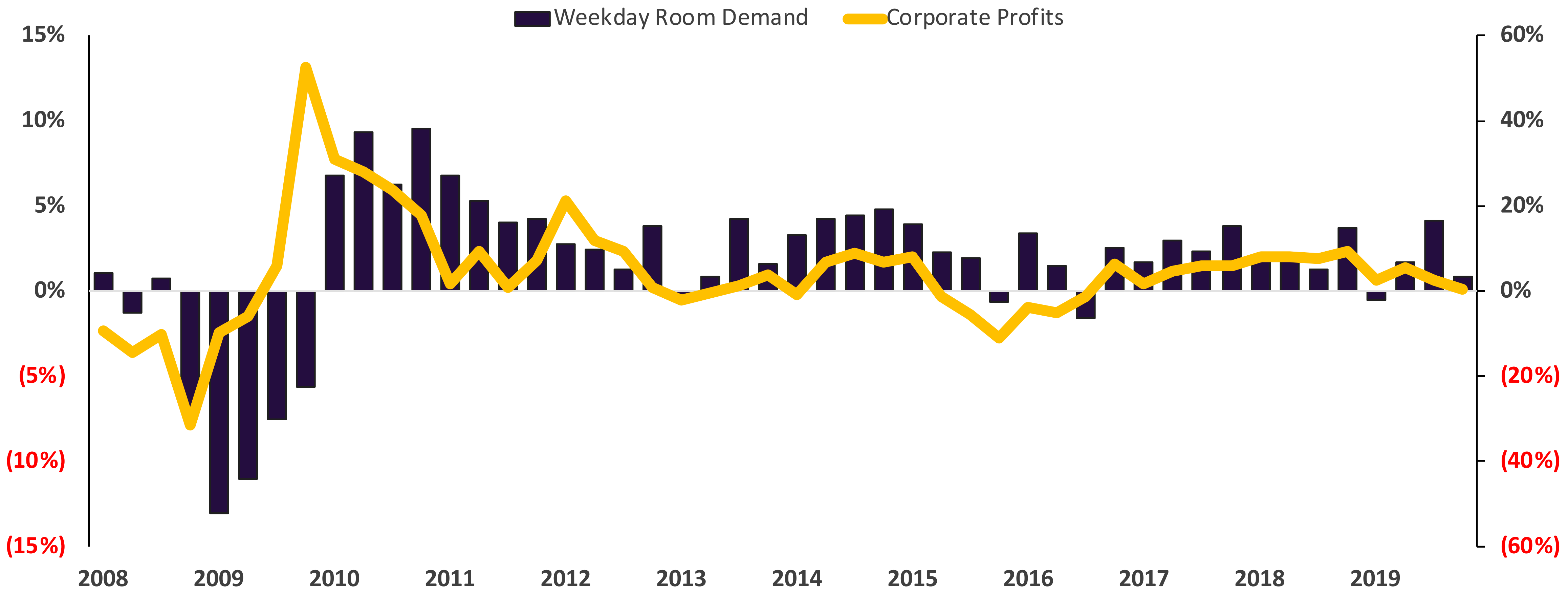
If you say 'Bleisure' one more time…

Spain, ADR (Local Currency) by day of week, indexed to 2019, Jan 2022 – Sep 2022



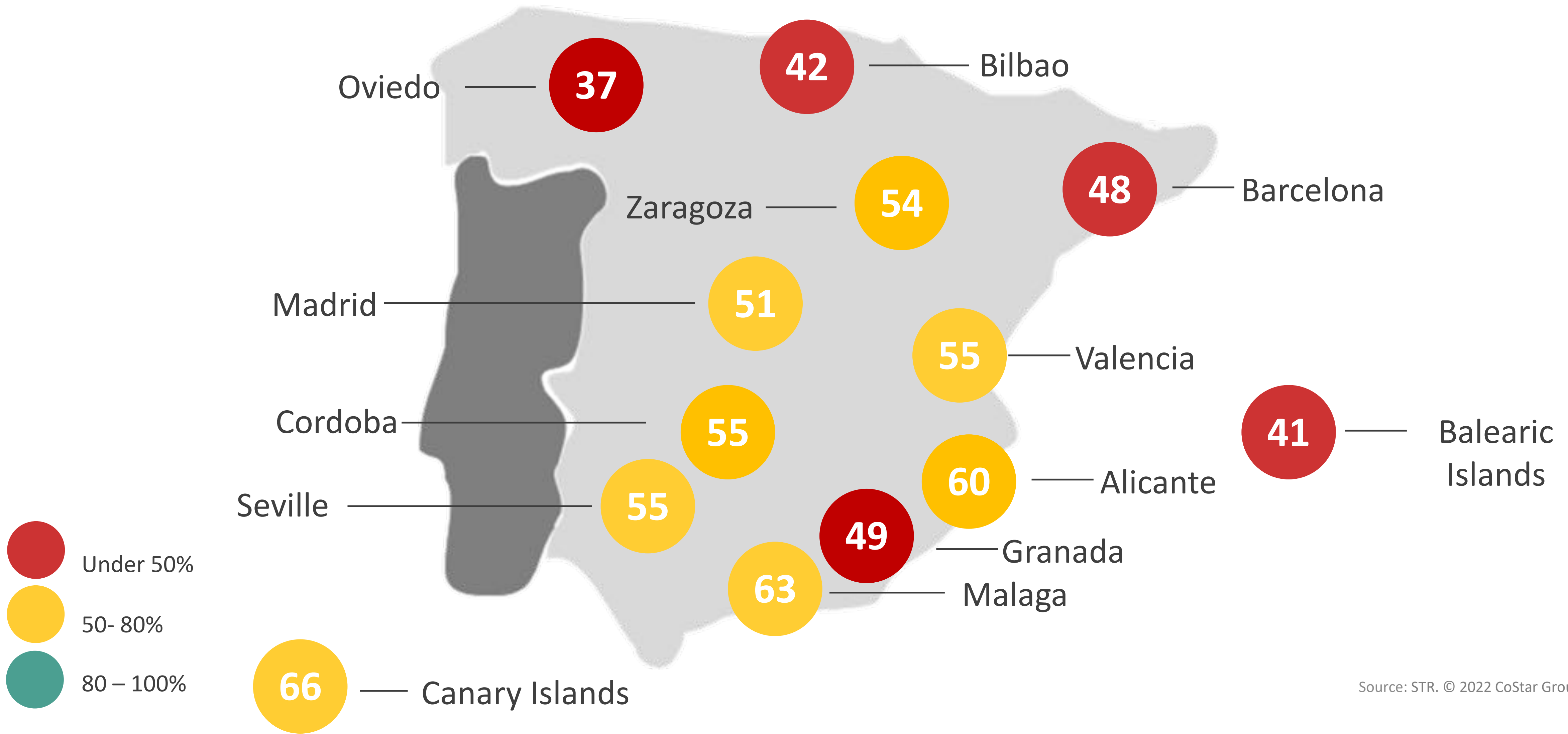
Corporate profit also correlate with weekday demand

U.S. quarterly change in weekday room demand (Monday-Wednesday) and corporate profits



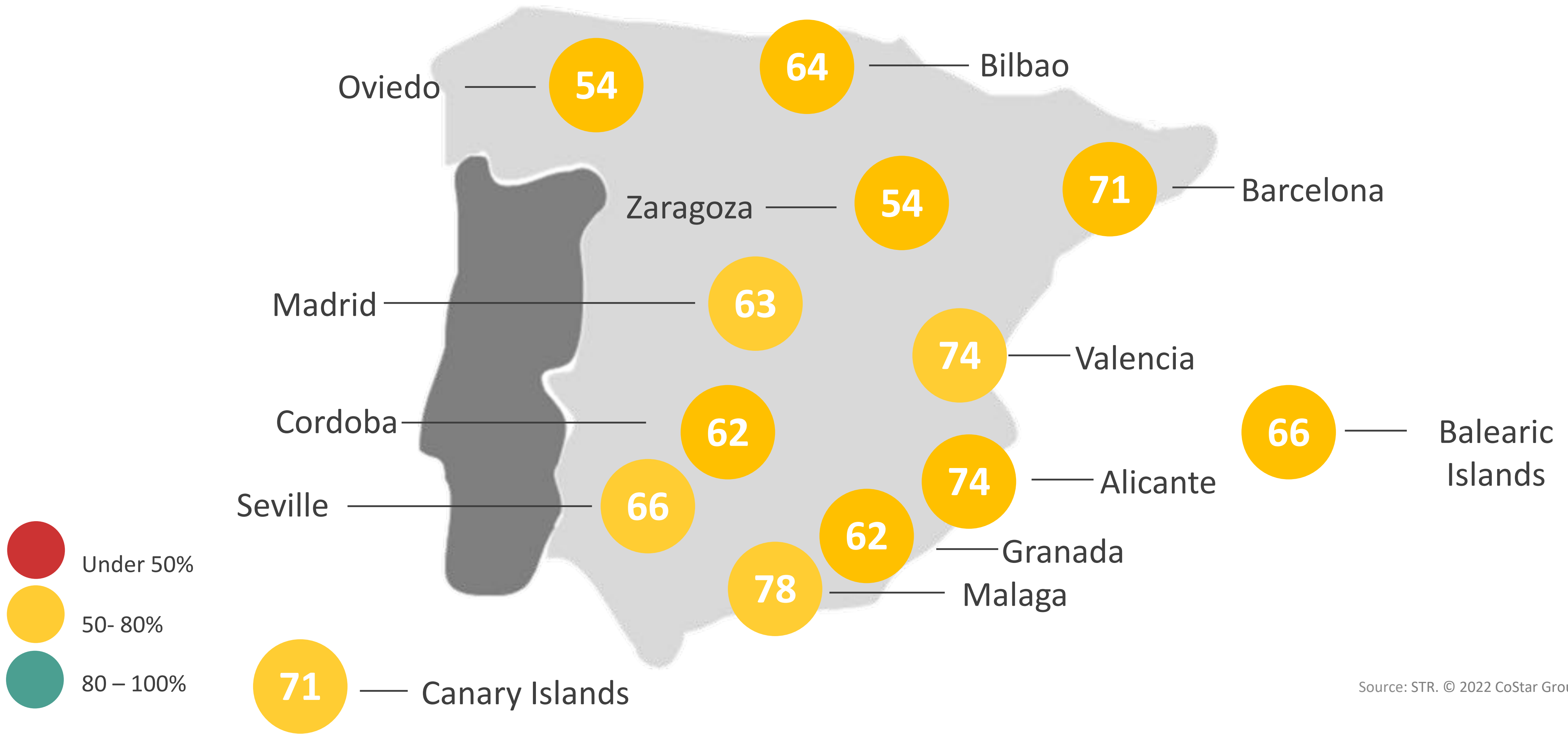
Traffic light shows red

Spain markets, Occupancy Mar YTD 2022



On your marks…

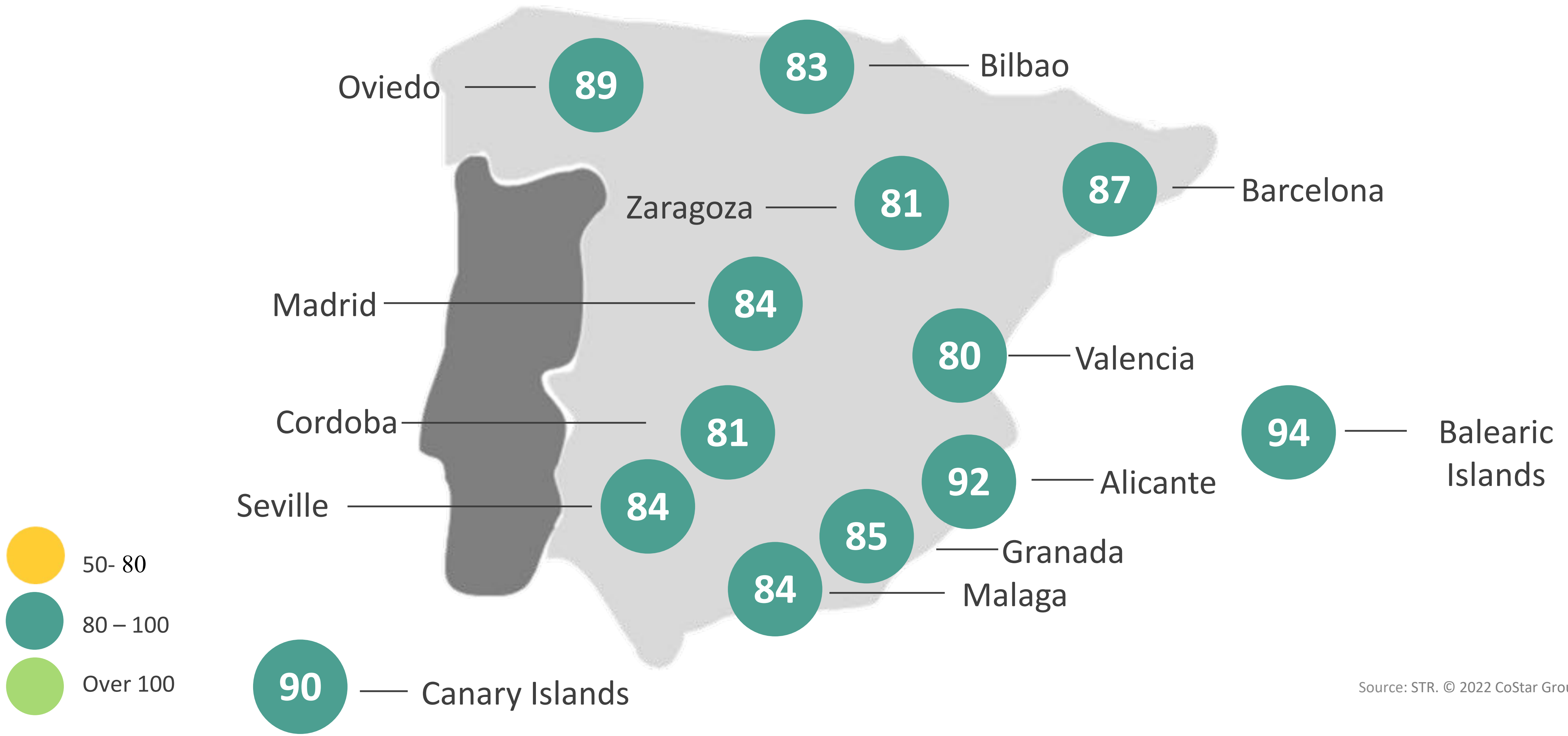
Spain markets, Occupancy Aug YTD 2022



Source: STR. © 2022 CoStar Group

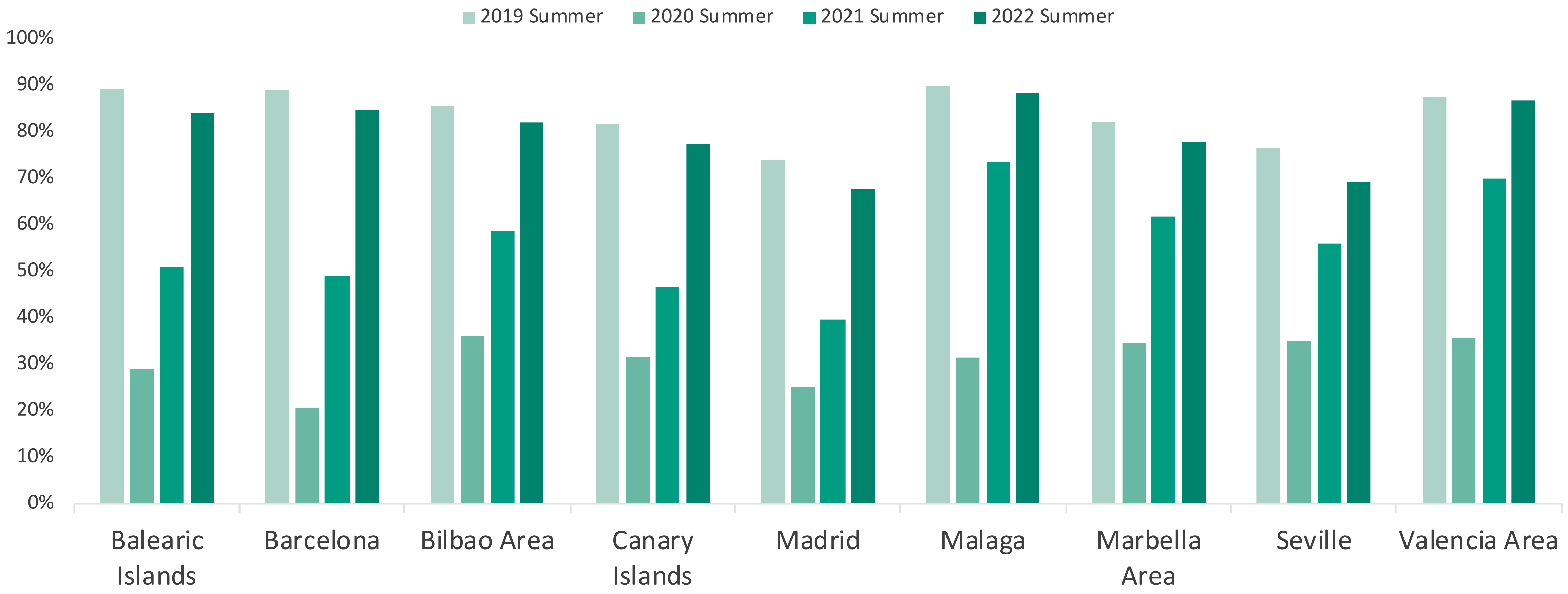
GO!

Spain markets, Occupancy R3 2022, indexed to 2019



Recovery is almost complete based on summer months

Spain Markets, Summer Occupancy (Jun, Jul, Aug) 2019 - 2022



The recovery looks to continue nicely in Spain…..

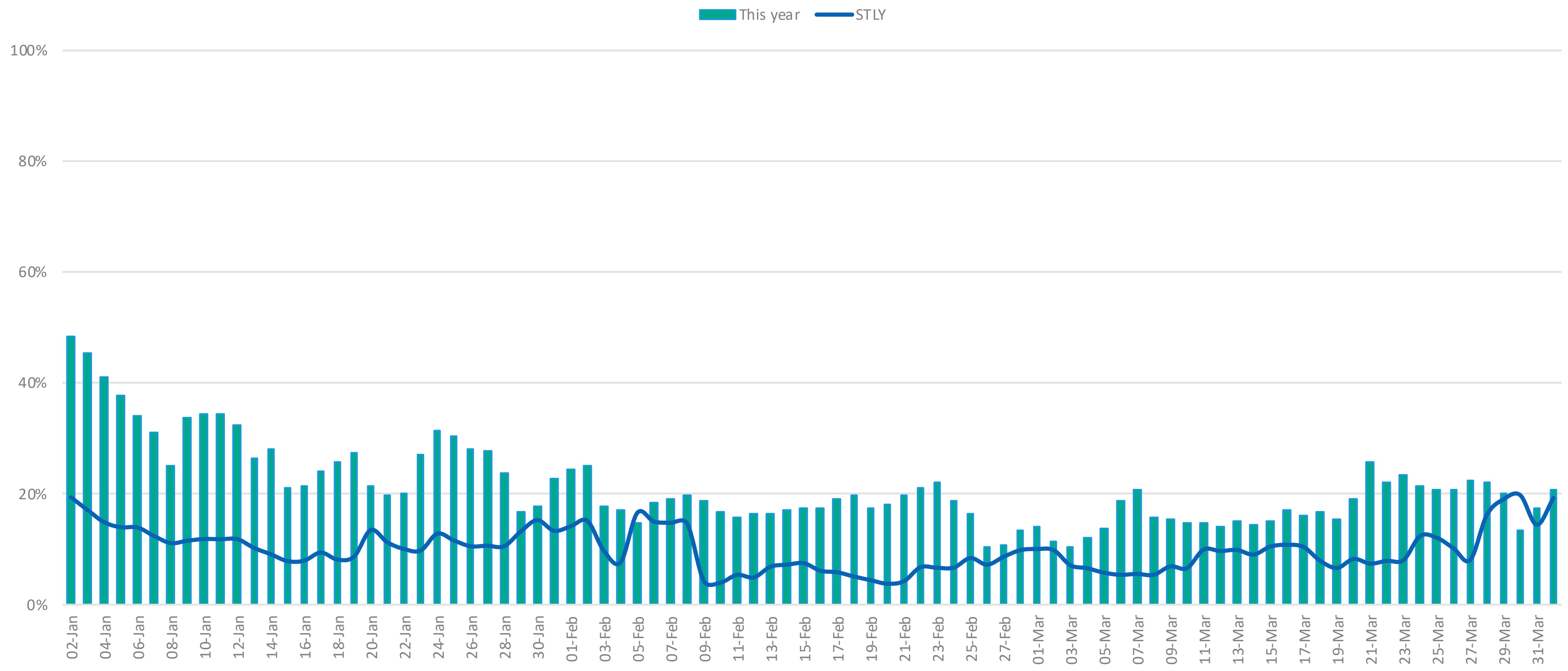
Spain International Visitor Arrivals (000s)

…..and also in our wonderful host country, Portugal

Portugal International Visitor Arrivals (000s)

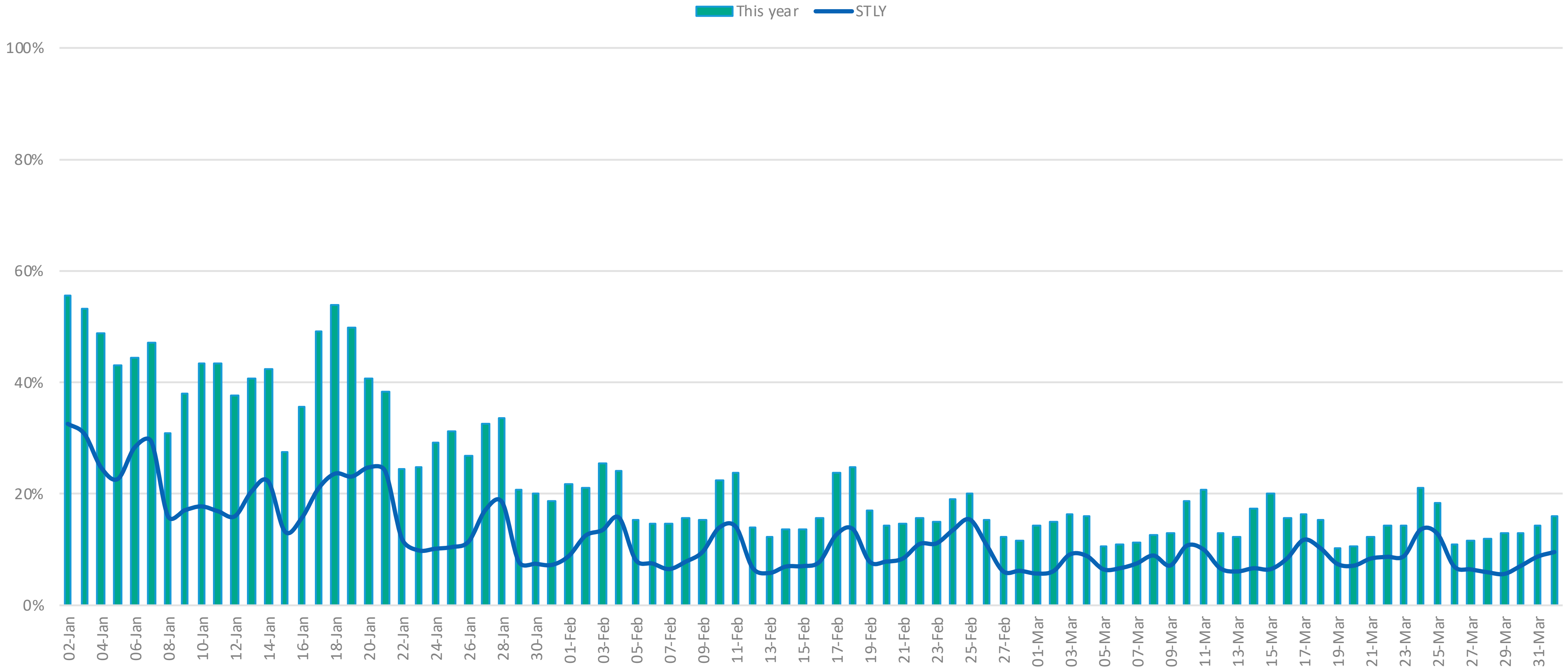
With stronger business on the books than last year

Lisbon Occupancy on the books TY & STLY for the next 90 days as at 7 November 2022



And the same again…

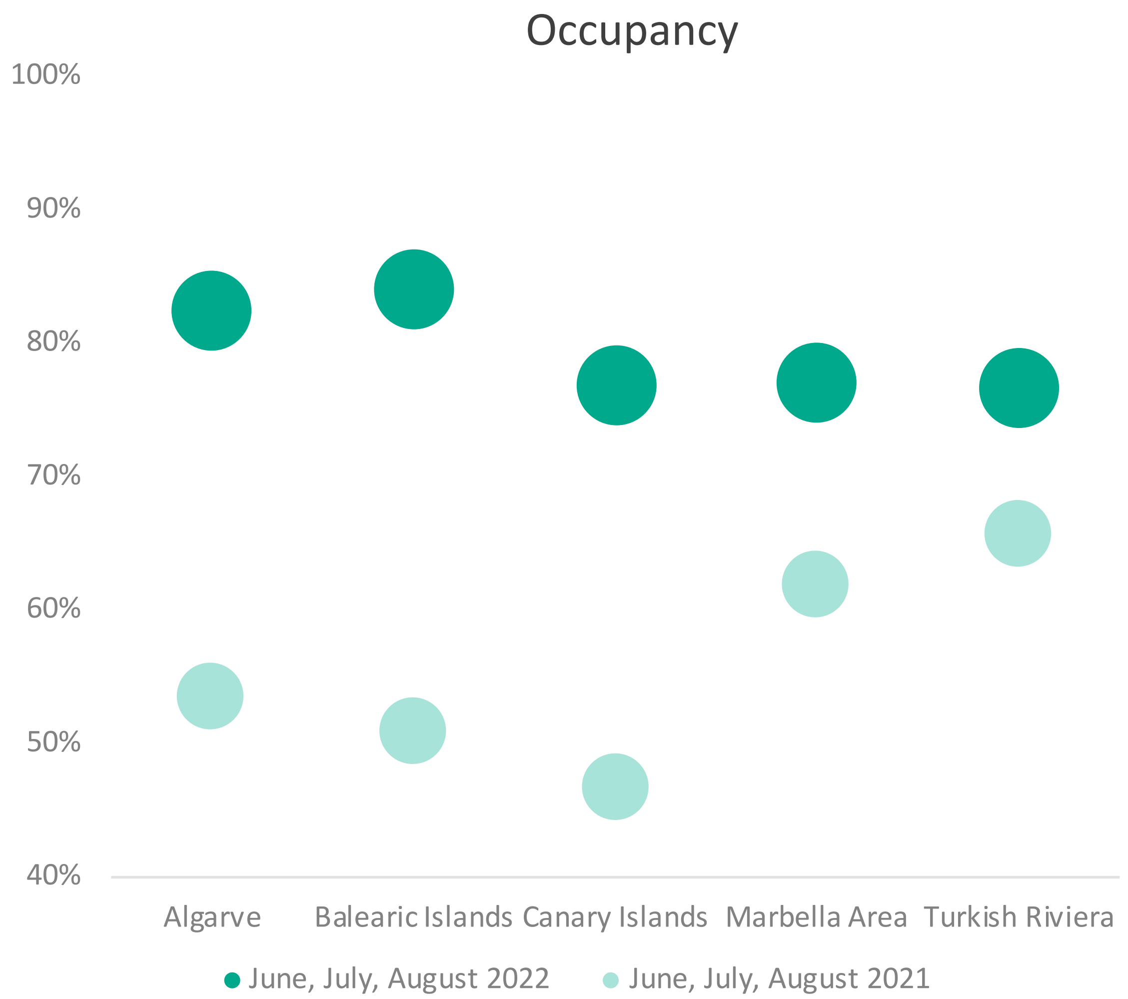
Madrid Occupancy on the books TY & STLY for the next 90 days as at 7 November 2022

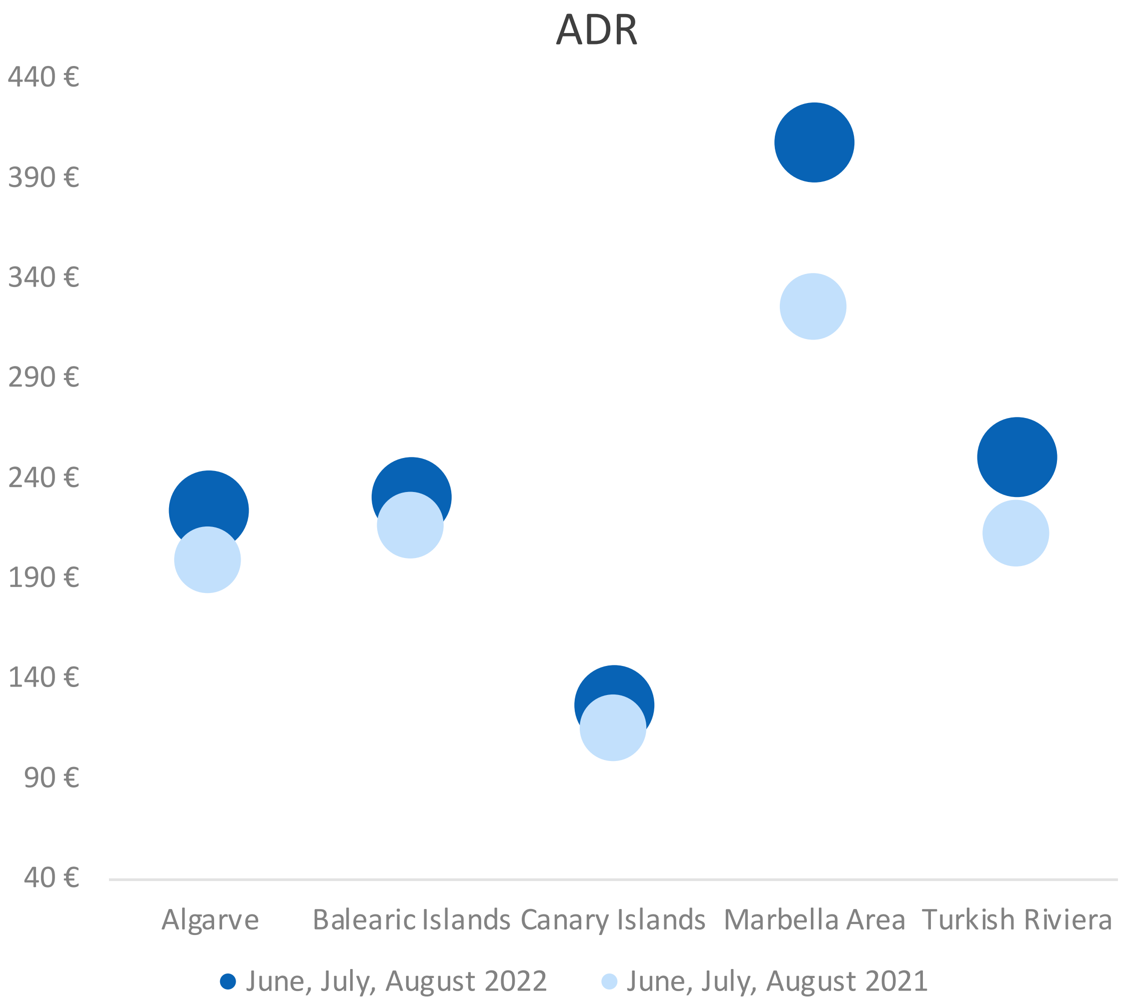


4. A strong summer

Med Markets Occ & ADR

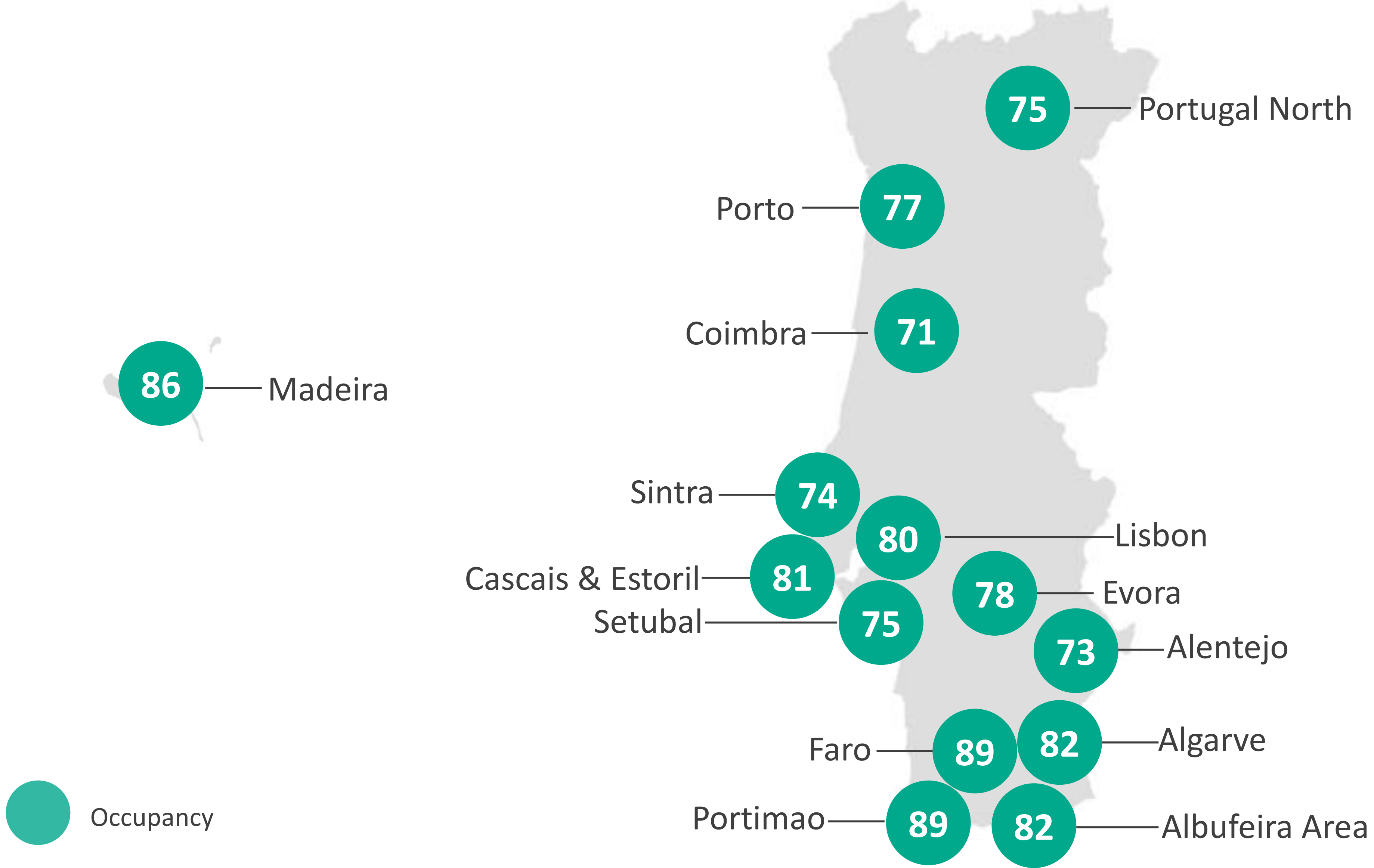
Med. markets, Occupancy (Std) and ADR (LC) Jun, Jul, Aug 2021 vs Jun, Jul, Aug 2022





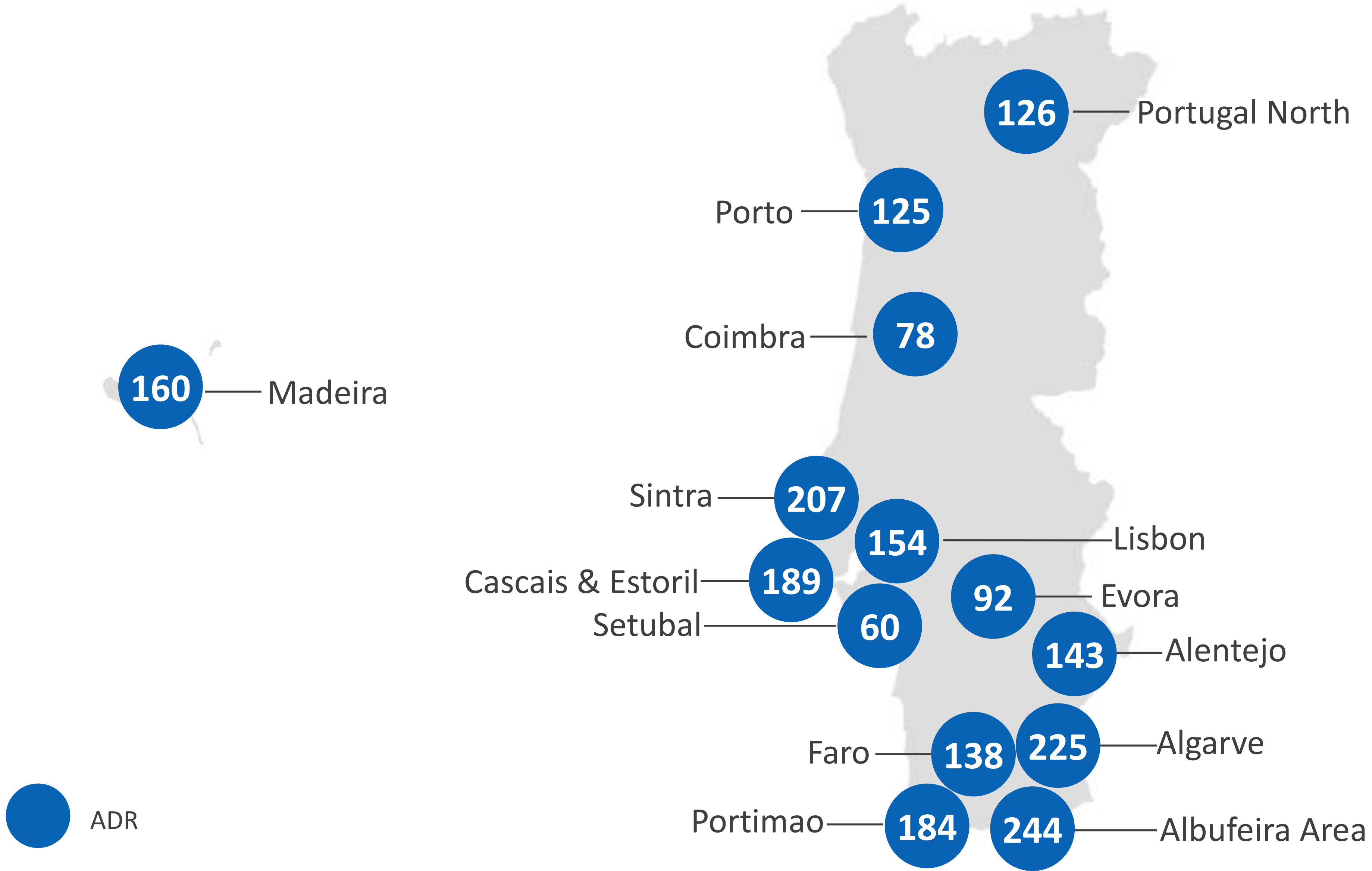
Summer destinations are back…

Portugal Markets – Summer (June, July, August) Occupancy 2022



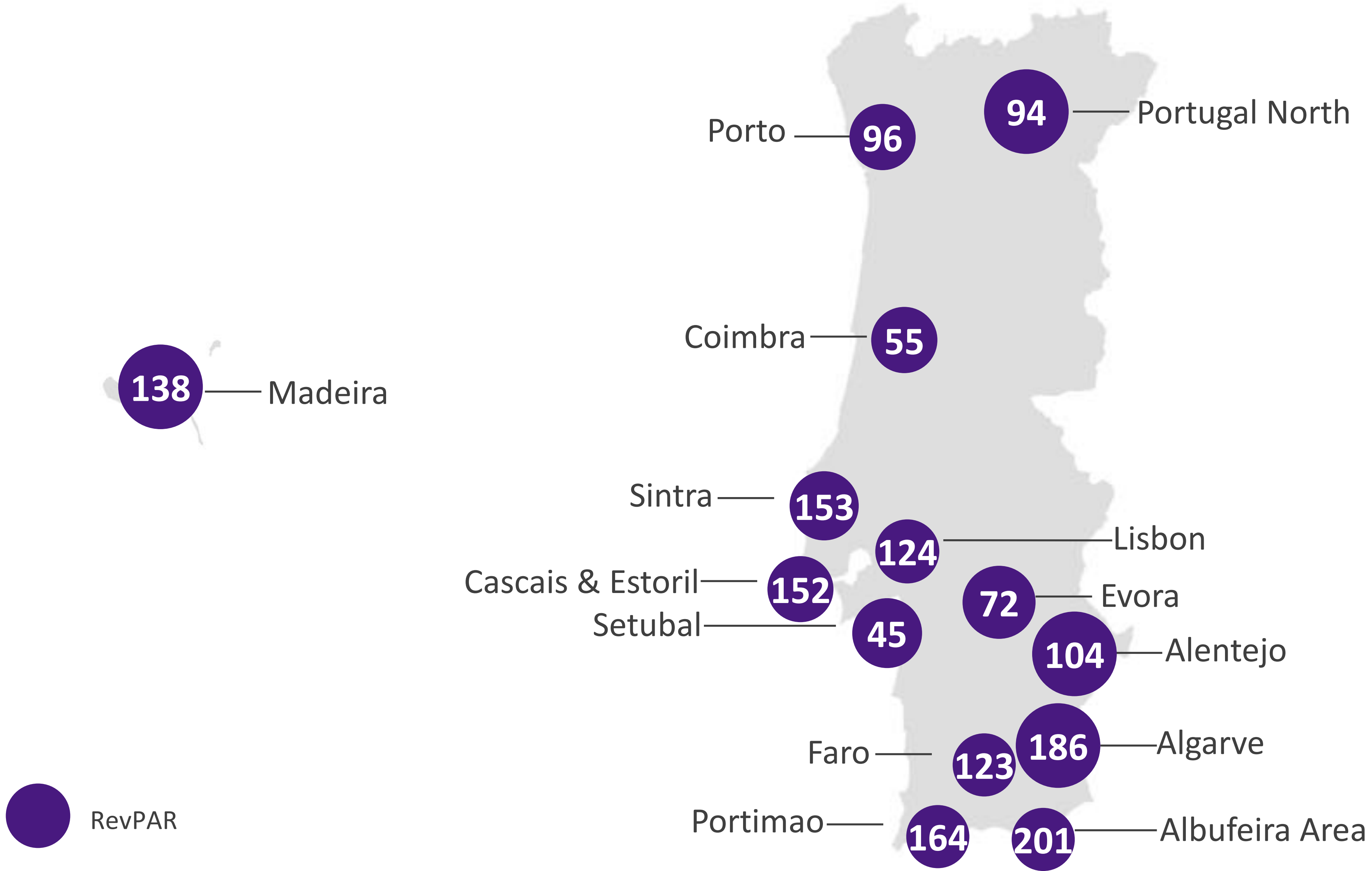
…And rates reflect the desire to go

Portugal Markets – Summer (June, July, August) ADR Euros 2022



Summer RevPARs topping out at over €200 in the south

Portugal Markets – Summer (June, July, August) RevPAR Euros 2022



Source: STR. 2022 © CoStar Group.

5. Luxury vs. budget

Luxury hotels well ahead in ADR, Economy almost recovered in occ

Europe Occ (STD) and ADR (Euros) indexed to 2019, September YTD 2022

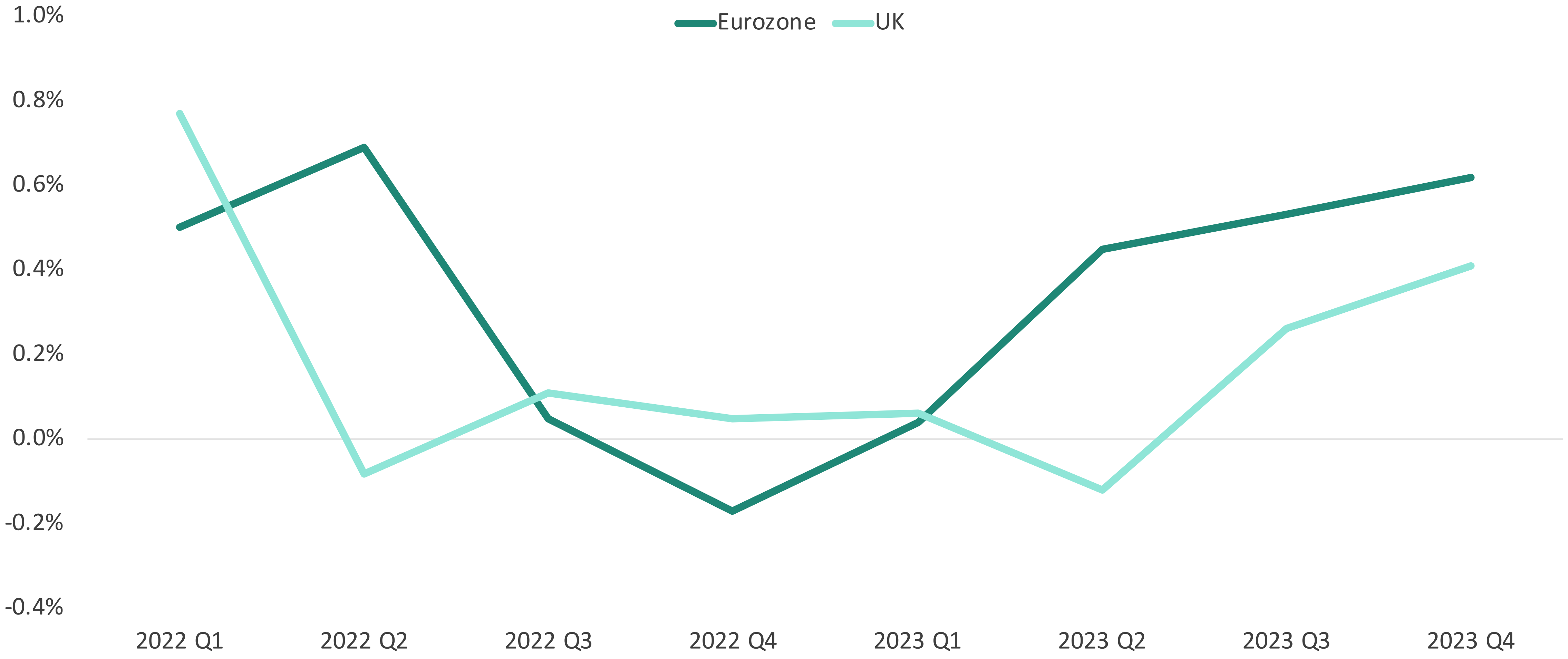
Luxury Class sees some rates climbing more than 50% over 2019

European Cities Luxury Class, ADR (Local Currency), September YTD 2022 indexed to 2019

6. Outlook

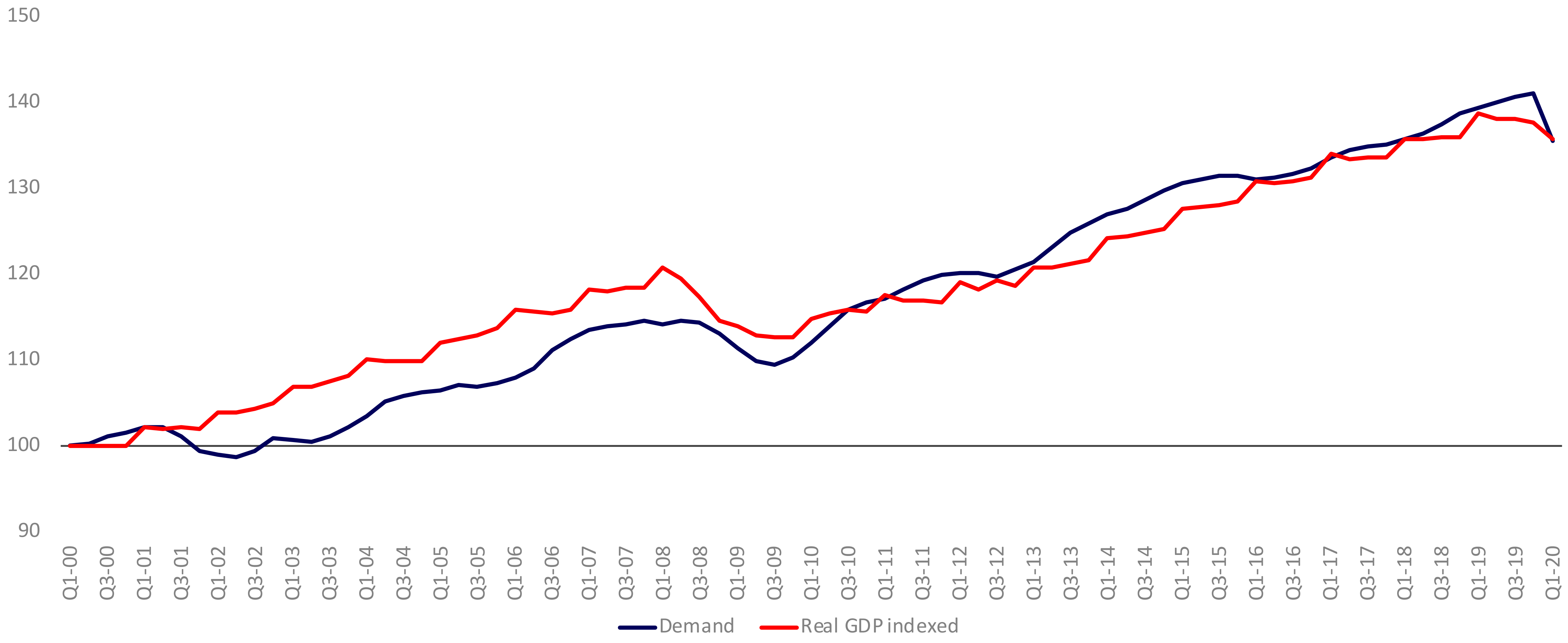
Recession or economic headwinds?

Real GDP, quarter-over-quarter % change, 2022 Q1 – 2023 Q4F



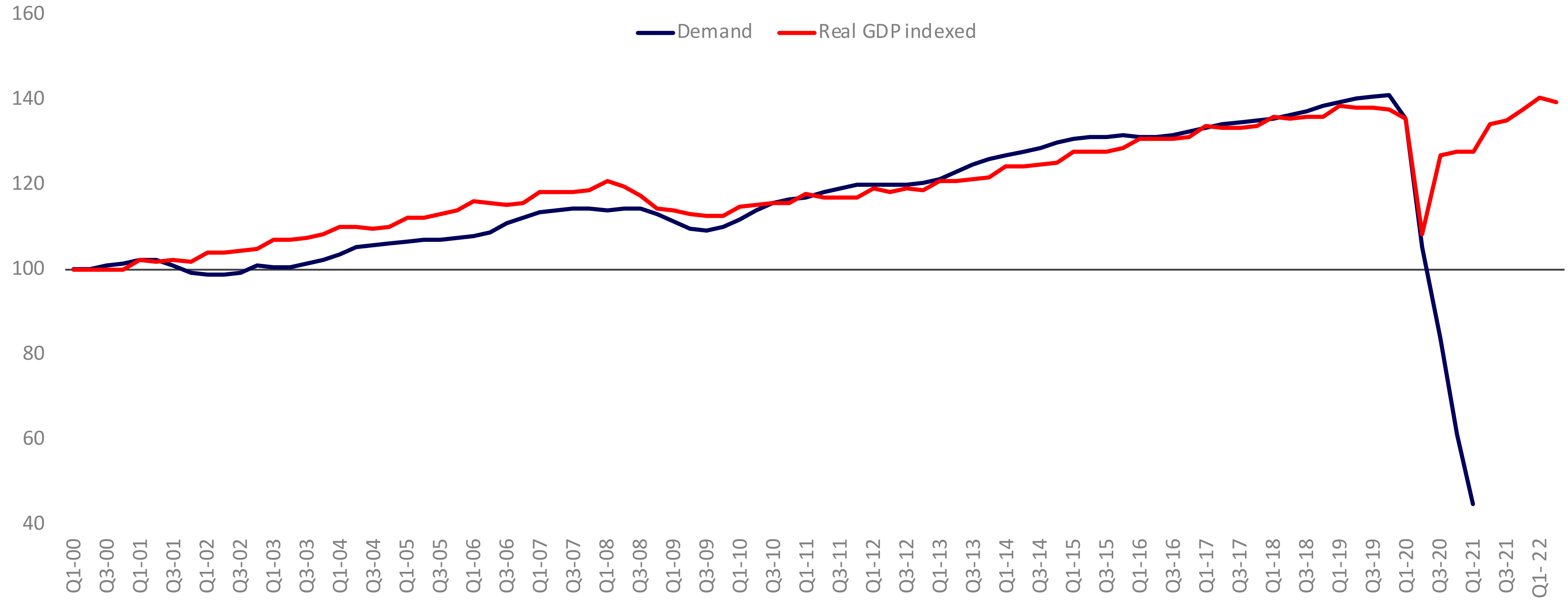
The long-term hotel demand / GDP correlation is clear

UK Real GDP and UK total hotel demand (room nights), 2000 – 2021, indexed to 2000



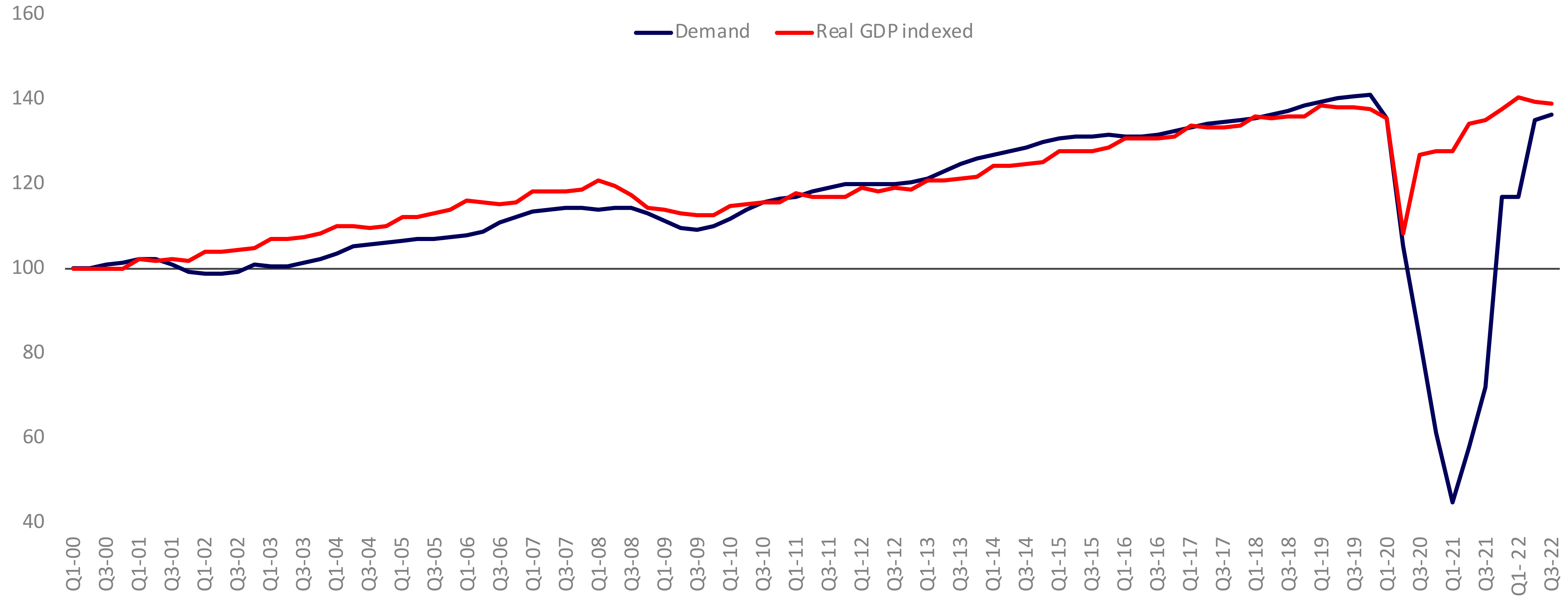
…deep spike down during pandemic

UK Real GDP and UK total hotel demand (room nights), 2000 – 2022, indexed to 2000



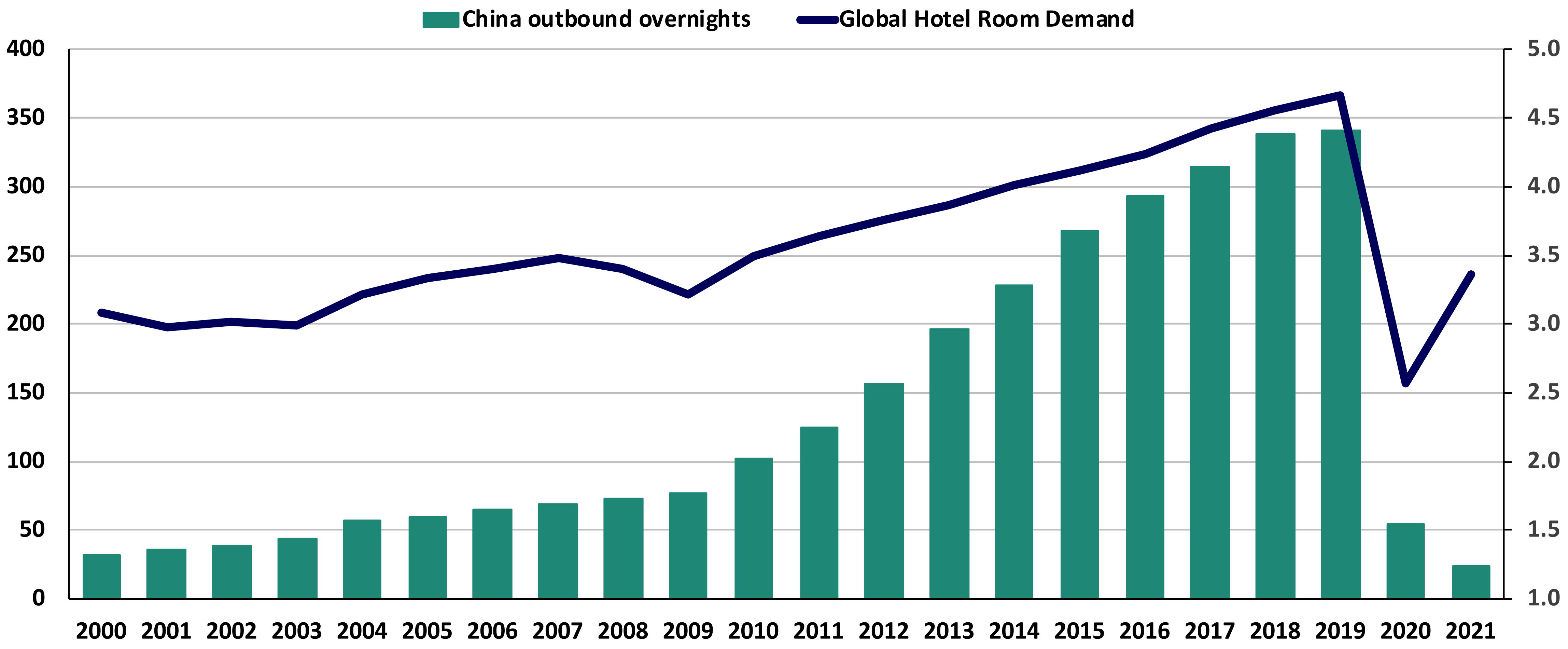
…and we are almost back to close correlation again

UK Real GDP and UK total hotel demand (room nights), 2000 – 2022, indexed to 2000

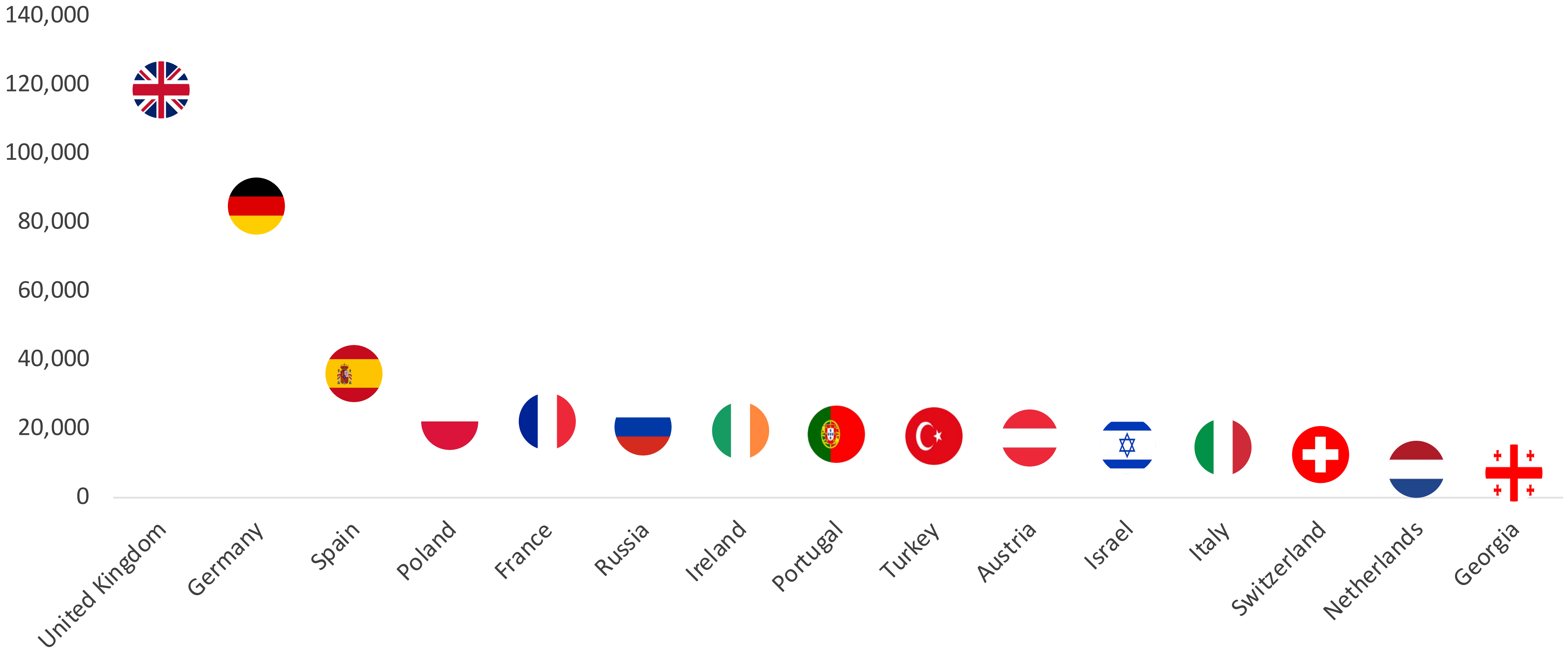


China matters

China outbound overnights, 2000 – 2021 (in millions)

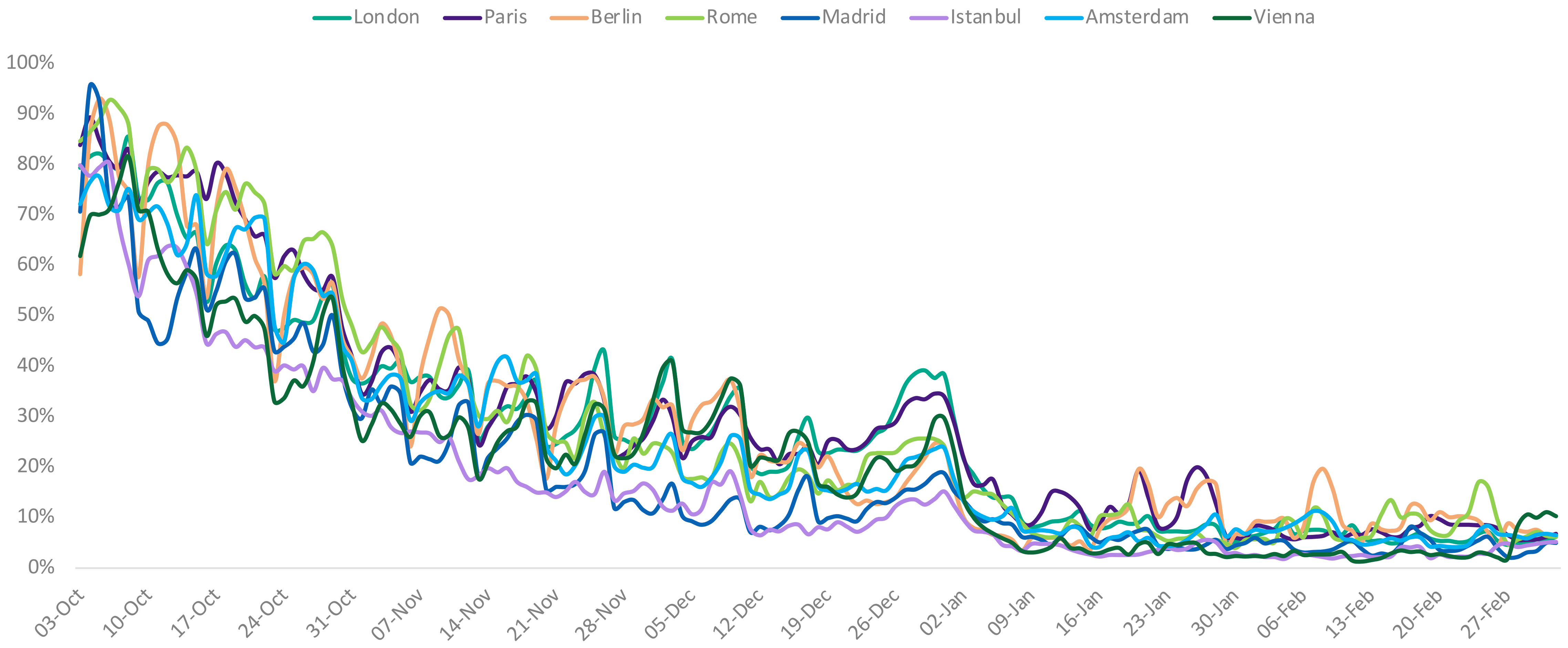


European countries, Rooms in the pipeline, October 2022 update



We have returned to a normal pattern of forward occupancy

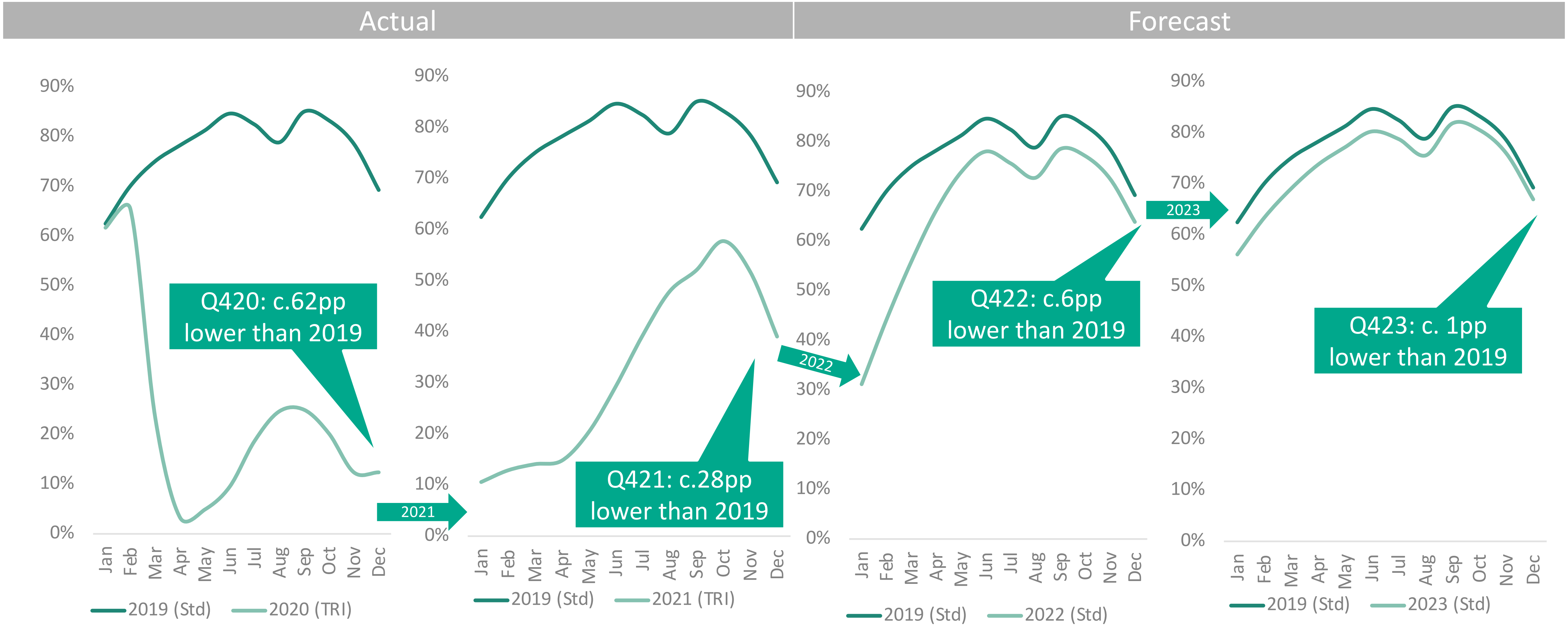
Occupancy on the books for the next 150 days as at 03 October 2022



Source: STR. 2022 © 2022 CoStar Group

Occ. remaining 6pp below 2019 levels in ‘22, recovering fully in ‘23

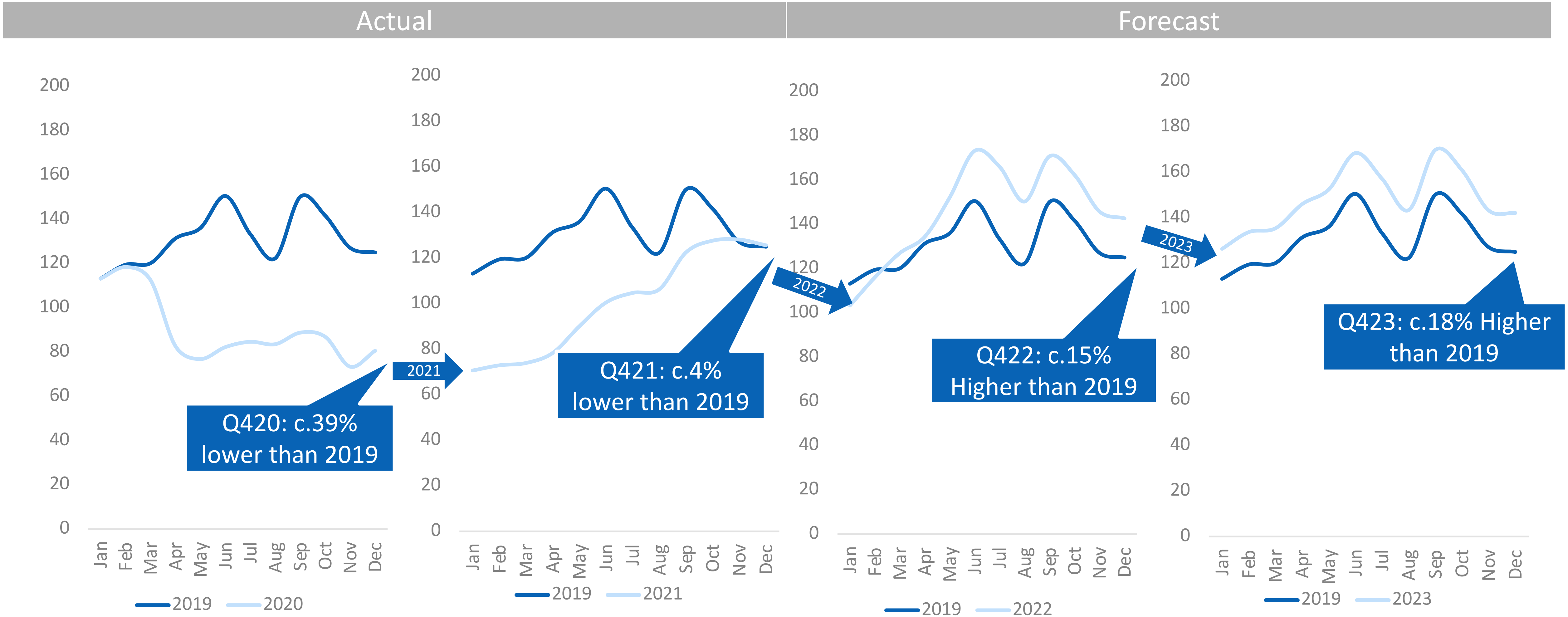
European Cities*, Occupancy, August 2022 Forecast



*Aggregated performance of Amsterdam,Athens,Barcelona,Belfast,Berlin,Birmingham,Brussels,Budapest,Cologne,Dublin, Dusseldorf, Edinburgh,Frankfurt,Glasgow,Hamburg,Leeds,London,Madrid,Manchester,Milan,Moscow,Munich,Paris, Prague, Rome, Stuttgart, Vienna, Warsaw, Zurich

ADR holding at 15% above ‘19 in ’22, then small increase in ‘23

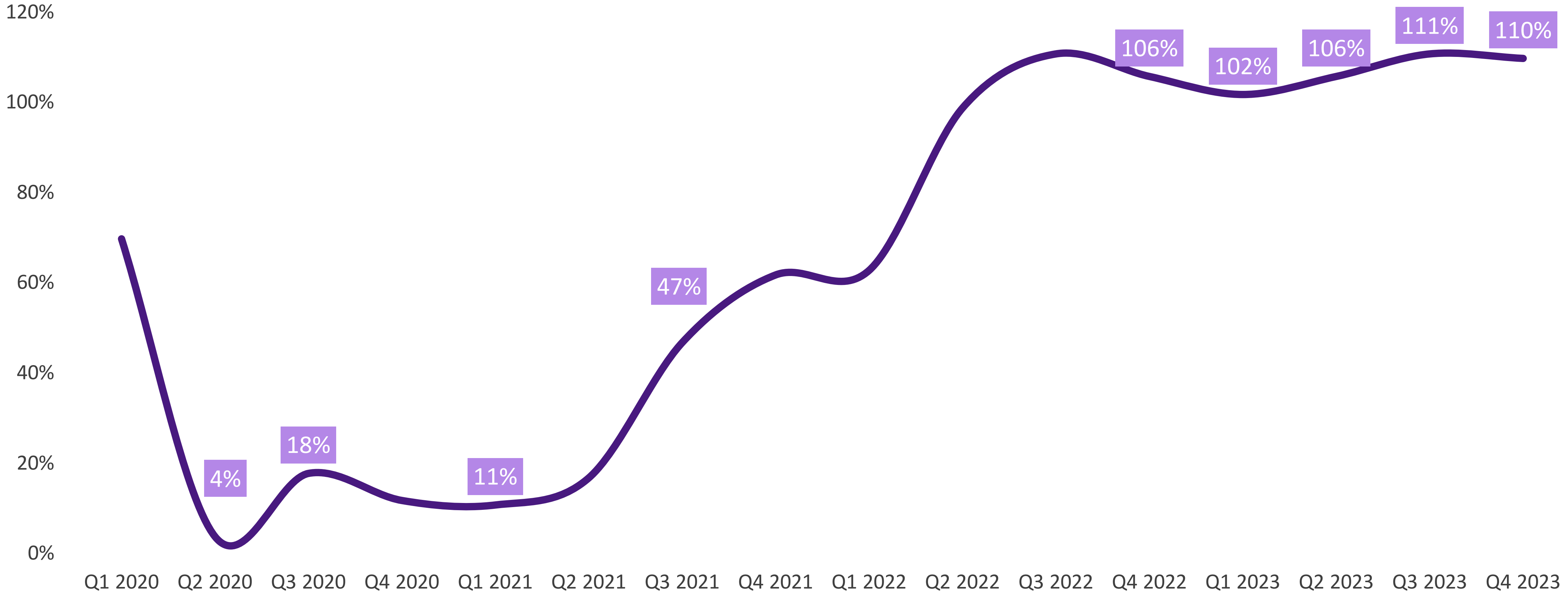
European Cities*, ADR, EUR, August 2022 Forecast



*Aggregated performance of Amsterdam,Athens,Barcelona,Belfast,Berlin,Birmingham,Brussels,Budapest,Cologne,Dublin, Dusseldorf, Edinburgh,Frankfurt,Glasgow,Hamburg,Leeds,London,Madrid,Manchester,Milan,Moscow,Munich,Paris, Prague, Rome, Stuttgart, Vienna, Warsaw, Zurich

We expect 2023 RevPAR to end 10% ahead of 2019 levels

European Cities*, Forecast RevPAR performance indexed to 2019, August 2022 Forecast



*Aggregated performance of Amsterdam, Athens, Amsterdam,Athens,Barcelona,Belfast,Berlin,Birmingham,Brussels,Budapest,Cologne,Dublin, Dusseldorf, Edinburgh,Frankfurt,Glasgow,Hamburg,Leeds,London,Madrid,Manchester,Milan,Moscow,Munich,Paris, Prague, Rome, Stuttgart, Vienna, Warsaw, Zurich

Source: STR.

Hotel Demand is strengthening globally

Hotel Rates recovered in real terms, but plateauing

Business Travel is coming back, despite COVID fears

Luxury vs. budget, slower recovery for the middle

Outlook, recession looms but data is still positive

Thank You!

Ryandeep Bains

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