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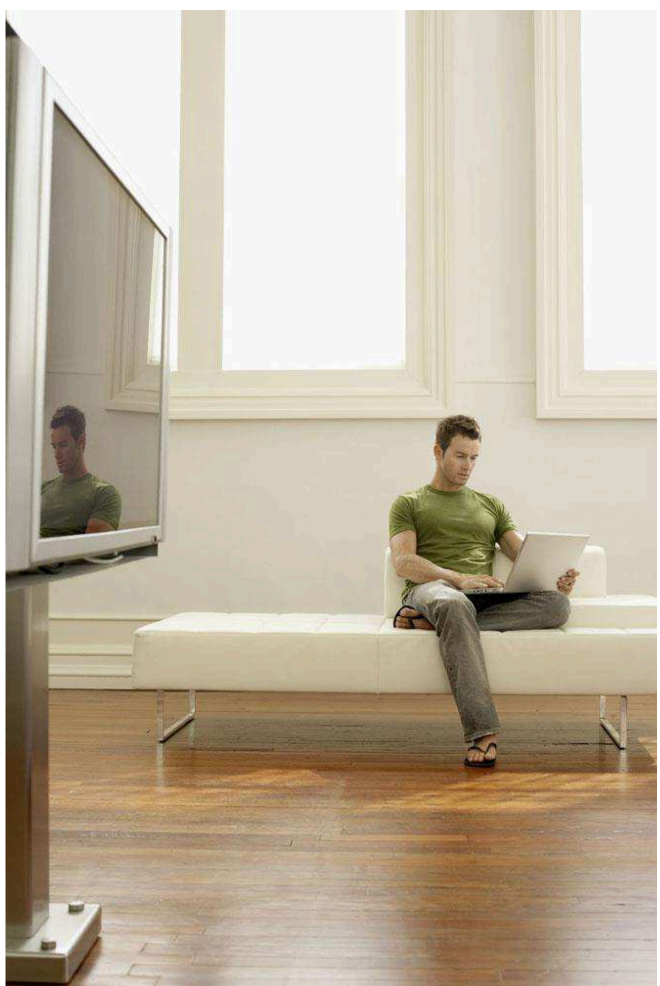
French Hotel Industry Performance

July 2015



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STUDY AVAILABLE FROM 15 JUNE 2015, PRICED 800 € EXC. VAT
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In the July sunshine, the recovery takes hold

Looking at June's results, we had dare hope that the French hotel industry was on the road to recovery – July's performance helped confirm our hopes, particularly at the upper end of the scale. The clement weather in July was obviously one reason for this. However, depending on the region and the hotel category, the shift in Ramadan also had a positive effect. The only fly in the ointment was the Budget and Super-budget categories who failed to benefit from this bright spell.

The Luxury and Upscale sectors have been marking time since the beginning of the year. Further to a hopeful-looking June, July was a very good vintage for these categories. Growth was strong, both in terms of average rates and occupancy. RevPAR ultimately rose by 23,9% for Luxury hotels and 14,3% for Upscale hotels. These respectable monthly results enabled Luxury hotels to finally wipe out the decline in year-to-date RevPAR that persisted up until June (+1,2% at the end of July, compared to -4,5% at the end of June).

The favourable context brought about by the good weather in July was further strengthened by Ramadan having taken place in June this year. Given this, the comparison with July 2014 was particularly flattering for those areas popular with this clientele (+69% growth in RevPAR in July on the Côte d'Azur!). Yet, upper-end hotels in other coastal areas and main cities also recorded RevPAR progressions.

The picture was more disparate for the Midscale and Budget categories. Midscale hotels finished July on a slight positive note, thanks to higher demand (RevPAR growth of +2,2%). However, it should be noted that although the clement weather helped regional hotels in all categories to record good results in July, Midscale hotels in Ile de France ran into trouble (RevPAR declined by -1,7% in Paris and by -2% elsewhere in Ile de France).

Super-budget hotels also confirmed the drop in occupancy (-3,6% in July; -2,1% since the start of the year) in the face of increasing prices. At the end of July, rate adjustments (ARR growth of +1,6%) failed to offset the decline in occupancy.

Monthly performance

July	Luxury	Upscale	Midscale	Budget	Super Budget
OR 2015	83,0%	82,1%	75,4%	72,9%	69,5%
Var. /n-1	*8,1%*	*7,1%*	*2,7%*	*1,7%*	*-3,6%*
ADR 2015	514 €	202 €	98 €	61 €	43 €
Var. /n-1	*14,6%*	*6,7%*	*-0,5%*	*-2,1%*	*2,0%*
RevPAR 2015	427 €	165 €	74 €	44 €	30 €
Var. /n-1	*23,9%*	*14,3%*	*2,2%*	*-0,4%*	*-1,7%*

Year To Date performance

Jan. to July	Luxury	Upscale	Midscale	Budget	Super Budget
OR 2015	63,5%	67,8%	64,9%	66,5%	63,2%
Var. /n-1	*0,0%*	*3,0%*	*1,4%*	*1,7%*	*-2,1%*
ADR 2015	423 €	184 €	101 €	64 €	41 €
Var. /n-1	*1,2%*	*1,9%*	*0,4%*	*-0,5%*	*1,6%*
RevPAR 2015	269 €	125 €	65 €	43 €	26 €
Var. /n-1	*1,2%*	*4,9%*	*1,8%*	*1,1%*	*-0,6%*

Definitions

OR = Occupancy Rate
ADR = Average Daily Rate
RevPAR = Revenue per available room

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