In Extenso
tourisme, culture & hôtellerie

French Hotel Industry Performance

July 2016

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Benin

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Elaboration of a tourist lodging development strategy in North East France

Developer

Operator-investor search for an off-plan hotel project
3 hotel-restaurant,*
> 140 rooms

Seine-Saint-Denis

Owner

Sales instruction, freehold, 4 hotel (without restaurant), international brand,*
> 40 rooms

Paris

Owner

Sales instruction, freehold, 3 hotel-restaurant, national brand*
> 45 rooms

Vosges

Muséum National d'Histoire Naturelle

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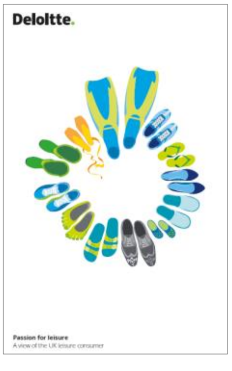

Passion for leisure – A view of the UK leisure consumer
Simon Oaten | Partner | Travel, Hospitality & Leisure, Deloitte LLP

In this report we look at the key drivers of the UK leisure market, how consumer behaviour is changing and the impact the growth of the leisure sector is having on the broader economy.
This report is based on two consumer surveys carried out by an independent market research agency, YouGov, on our behalf. The surveys were conducted online with a nationally representative sample of over 3,000 UK adults aged 18+ using a set of questions designed by Deloitte LLP. The research for Q4 2015 was carried out between 4 and 6 January, 2016 and research for Q1 2016 took place between 18 and 20 March 2016.

Download the study : **Download**

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Regional France withstood

The Euro championships organised in France and the daily hotel performances communicated by our partner, STR, signalled some hope for July. Paris and the Côte d'Azur finished July on a very negative note, with RevPAR significantly dropping in all categories, given the sharp decline in occupancy. However, Regional France withstood better, recording encouraging increases in RevPAR (+4% to +9%, depending on the category), boosted by growth in average rates.

The Euro 2016 championships had little or no impact in Paris. Although the performances recorded over the first half of July appeared encouraging, the month ended along the same lines as those observed since the start of the year. All categories recorded a steep drop in Rooms revenue (down -13,4% for Upscale hotels and -18,3% for Luxury hotels). Can we conclude, then, that Euro 2016 had the opposite effect? A proportion of the traditional clientele in Paris's hotels chose not to stay in the city during the tournament, preferring calmer periods. Furthermore, football supporters would have likely preferred cheaper or shared accommodation, and it is not innocuous to suggest that AirBnB may have achieved record results in July.

As feared, the image of Ile de France and the Côte d'Azur took a hit in July. Occupancy dropped steeply in all categories, particularly in more upscale segments. Luxury hotels recorded a 15% drop in RevPAR in July, but year-to-date results are still slightly better than last year (+2,1%), thanks to a solid performance over the first semester. All other categories recorded a decline in performance, both in July and year-to-date. The attacks in Nice obviously had a serious impact and August is unfortunately likely to be heavily affected, too. However, let's not forget that 2016's results are being compared to n-1, and 2015 was an excellent year: for example, the Luxury segment on the Côte d'Azur recorded a 69% increase in RevPAR in July 2015!

There were a couple of positive points, however. Regional France confirmed the solid results recorded over the first semester 2016 – and the same period last year had also been encouraging. For Euro host cities, July was a good, or a very good, month. Bordeaux, Lille, Lyon, Marseille, Saint Etienne, etc., and more contrastingly, the coast (Brittany, the Loire) finished the month on a high note, with an overall increase in average rates. However, and somewhat exceptionally, looking at the whole of France, the Super-budget category was the only one to have recorded RevPAR growth (+4,3%), given the combined rise in occupancy and average rates. In a context where performances are generally dropping, this rebound is definitely good news.

Monthly performance

July	Luxury	Upscale	Midscale	Budget	Super Budget
OR 2016	69,6%	78,2%	70,6%	70,5%	71,5%
Var. /n-1	***-12,0%***	***-5,1%***	***-7,6%***	***-4,1%***	***2,7%***
ADR 2016	612 €	219 €	107 €	63 €	43 €
Var. /n-1	***4,1%***	***-1,8%***	***2,4%***	***2,3%***	***1,6%***
RevPAR 2016	426 €	171 €	76 €	44 €	31 €
Var. /n-1	***-8,5%***	***-6,9%***	***-5,4%***	***-1,9%***	***4,3%***

Year To Date performance

Jan. to July	Luxury	Upscale	Midscale	Budget	Super Budget
OR 2016	59,6%	66,0%	62,5%	64,3%	62,6%
Var. /n-1	***2,3%***	***-2,7%***	***-5,3%***	***-3,6%***	***-0,9%***
ADR 2016	456 €	197 €	107 €	65 €	41 €
Var. /n-1	***-2,9%***	***-3,8%***	***-0,5%***	***-0,4%***	***1,0%***
RevPAR 2016	272 €	130 €	67 €	42 €	26 €
Var. /n-1	***-0,6%***	***-6,4%***	***-5,7%***	***-4,1%***	***0,2%***

Definitions

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

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