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French Hotel Industry Performance

June 2016



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Contacts

CONSULTING AND VALUATION

[PHILIPPE GAUGUIER](#), ASSOCIATE
MRICS

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TRANSAXIO HÔTEL

[GUY BOULO](#), DIRECTOR

CULTURE AND TOURISM

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Publications



What Brexit might mean for UK travel

ABTA and Deloitte report | Graham Pickett & Alistair Pritchard

On 23 June 2016, the UK public decided to leave the European Union (EU). What is the likely impact to the UK travel consumers and industry?

Harnessing the experience of the ABTA Membership, ABTA and Deloitte have considered what a vote to leave the EU might mean for UK travel businesses, and the UK travel consumer. No one knows for certain what a post-EU UK would look like. However, it is possible to look at how the UK's existing relationship with the EU has affected UK travel and what the likely impact of the leave vote might be on consumers and the industry. This report writing in March 2016 provides the travel businesses and travel consumer with facts and assessments to help inform the discussion of what a vote to leave the EU might mean for UK travel.

Download the study :



Articles

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FOR FURTHER INFORMATION, PLEASE CONTACT SACHA FOURNIER (sacha.fournier@inextenso.fr)

In Extenso Tourism, Culture & Hospitality - 63 Avenue Edouard Vaillant - 92100 Boulogne-Billancourt - France

Euro 2016 boosts revenues...in regional France

Regional France was able to capitalise on the Euro 2016 championship to build on the encouraging results posted at the start of the year, with all categories recording higher RevPAR at the end of the first semester. Conversely, and for too long now, there was yet more bad news for Paris in June, with hotels finishing the month and the first semester in the red – fairly significantly so, and a definite cause for concern!

After a difficult start to the Euro with disturbances between supporters in Marseille, the championship finally went well, boosting hotel trading in the vast majority of host cities: Lille, Lyon, Marseille, but also Lens, Saint-Etienne, etc. Saint-Etienne notably welcomed supporters and delegations from Portugal, Iceland, Slovakia, etc., and on match days, the significant rise in average rates enabled the city's hotels to record RevPAR increases of around 50% in June, as confirmed by the president of the Saint-Etienne Metropole's Hotel Club.

Bordeaux was an exception, with hotels recording stable or decreasing RevPAR depending on the category – however, this is compared to June 2015, an exceptional month for the city's hotel performance. The semester finished on a positive note for regional France, with all hotels recording higher RevPAR – from +0,7% in the Super-budget category to +11,3% in the Luxury category.

Despite a dozen or so matches played in Paris or Saint-Denis, hotels in Ile-de-France did not appear to fully benefit from the Euro. The performances recorded accentuated the downward trend observed over the past few months, with notably a drop in RevPAR in the Luxury segment of almost 35%. Did the Euro have any impact, then? The daily statistics published by our partner, STR, provide some insight: in June, the event only managed to reduce the stall in occupancy. While certain days in early June saw occupancy declines of over 30%, the drop was less significant on nights either side of matches. In addition to security risks that continue to weigh heavily on the capital, Parisian hotels were hit by floods, strikes and Ramadan. Moreover, the “collaborative accommodation” sector attracted a proportion of supporters. The collapse in overseas demand is a definite cause for concern, and it is evident that it will take months for American, Japanese or Chinese visitors to consider returning to Paris. However, early indications of July's results collected by STR show that the last matches played in Paris boosted RevPAR growth... just before the Nice attacks.

Ultimately, the French hospitality industry, and the majority of categories, finished the first semester with RevPAR in decline. This trend is largely influenced by Ile-de-France, since regional France generally posted higher results. But at a time when regional France is also being attacked, the second semester's performances should be closely monitored. Unsurprisingly, these are likely to drop on the Côte d'Azur.

Monthly performance

June	Luxury	Upscale	Midscale	Budget	Super Budget
OR 2016	71,2%	77,8%	71,3%	72,4%	67,9%
Var. /n-1	-6,0%	-5,1%	-11,9%	-9,5%	-4,5%
ADR 2016	501 €	239 €	125 €	73 €	43 €
Var. /n-1	-1,3%	-2,2%	2,3%	0,3%	2,6%
RevPAR 2016	356 €	186 €	89 €	53 €	29 €
Var. /n-1	-7,2%	-7,3%	-9,9%	-9,2%	-2,0%

Year To Date performance

Jan. to June	Luxury	Upscale	Midscale	Budget	Super Budget
OR 2016	57,6%	63,9%	61,1%	63,2%	61,0%
Var. /n-1	6,0%	-2,1%	-4,8%	-3,7%	-1,6%
ADR 2016	420 €	193 €	107 €	65 €	41 €
Var. /n-1	-4,0%	-4,2%	-1,0%	-1,0%	0,9%
RevPAR 2016	242 €	123 €	65 €	41 €	25 €
Var. /n-1	1,7%	-6,2%	-5,7%	-4,6%	-0,7%

Definitions

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

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