

# In Extenso

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## French Hotel Industry Performance

August 2016



### Recent references

**Developer**

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La Réunion

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**Investor**

*Feasibility study for an Upscale hotel project in Abidjan*

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*Updated valuation of a portfolio of eight hotels grouping around 500 rooms – France*

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*Strategic study to develop and promote local historical and natural heritage*

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### Publications



#### HR Trends 2016 – New organisations, new flight plans

Philippe Burger | Associate Consulting, Human Capital|

*Agility*: the new watchword for companies and their organisational structures. To refocus on their clients and products, organisations are having to demonstrate more flexibility. They are increasingly moving away from a purely functional model towards a structure that depends on autonomous, flexible and interconnected teams. Moreover, 11% of French companies have opted for an organisation constructed around transversal projects or programmes, resulting in the emergence of a new model: team networks.

Download study here:



### Articles

#### [Companies in trouble: is the number of defaults a relevant criteria for analysis?](#)

Jean-Pascal Beauchamp | Associate Director, Financial Restructuring | September 2016

#### [Digital transformation and robotisation: allies of employment?](#)

Norbert Faure | Associate, Business Model & Transformation Services | September 2016

#### [Are family businesses more innovative than others?](#)

Christophe Saubiez | Audit Associate, responsible for family businesses | September 2016

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# A more challenging than expected summer season

Hotel performances for August in Paris and, as feared, on the Côte d'Azur dragged down the results for the industry as a whole, in spite of the encouraging performances recorded in Regional France and in Coastal areas. Altogether, RevPAR fell in all categories, except in the Super-budget segment. The Upscale and Luxury categories were the most affected over the two summer months.

August proved complicated, even catastrophic for a good proportion of hoteliers in Ile-de-France. The anticipative aggressive pricing strategies implemented by certain operators had no impact. The combined fall in demand and average rates dragged down RevPAR at a rate seldom seen before. In Paris, RevPAR declines ranged from -28% for the Midscale segment to -42% for the Luxury and Palace segments. Foreign agencies consider France to be in a 'state of war', with certain international Media continuing the bad press by playing up 'no go zones'. International visitors dropped significantly – not just from the Middle East, but also from Japan, America, Italy, China and Russia – and on both the individual and group markets. Ultimately, the summer season in Paris and Ile-de-France finished on a definite low, with the Euro championships failing to redress the situation.

Following the July 14<sup>th</sup> attack in Nice, we anticipated the same phenomenon on the Côte d'Azur, and this fear was unfortunately confirmed. In the immediate aftermath of the attack, hoteliers began receiving numerous cancellations over the second half of July, and naturally, for August – an occurrence not restricted to Nice, since all poles on the Côte d'Azur suffered from the fallout. Operators attempted to adjust their pricing policy on a day-to-day basis – only a short period around the 15<sup>th</sup> August saw an expected level of demand. Performance indicators were generally down, with RevPAR falling from -9% (Super-budget) to -19% (Midscale).

In this pernicious climate, Regional France and Coastal areas, in particular, experienced a good summer season and, at the end of August, were recording higher year-to-date trading in 2016. All categories are posting growth this year, with RevPAR in the Luxury segment up by +12%.

The 'back-to-school' period is an important time for everyone. Although it will be difficult to make up the lost business, the return of corporate visitors and the busy events and trade show calendar for certain destinations do provide some hope (e.g. *Maison et Objet*, *Biennale*, *Fashion Week*, etc. in Paris; *Salon de l'Union sociale pour l'habitat* in Nantes, etc.).

## Monthly performance

August	Luxury	Upscale	Midscale	Budget	Super Budget
OR 2016	69,7%	70,7%	63,6%	64,4%	71,1%
Var. /n-1	-11,0%	-11,7%	-11,1%	-8,5%	1,2%
ADR 2016	593 €	195 €	96 €	58 €	42 €
Var. /n-1	-3,6%	-11,4%	-1,9%	0,7%	-0,5%
RevPAR 2016	413 €	138 €	61 €	37 €	30 €
Var. /n-1	-14,2%	-21,8%	-12,8%	-7,8%	0,7%

## Year To Date performance

Jan. to August	Luxury	Upscale	Midscale	Budget	Super Budget
OR 2016	61,0%	66,6%	62,7%	64,4%	63,8%
Var. /n-1	0,1%	-4,0%	-6,0%	-4,4%	-0,6%
ADR 2016	478 €	197 €	106 €	64 €	41 €
Var. /n-1	-3,4%	-5,0%	-0,3%	-0,3%	0,8%
RevPAR 2016	291 €	131 €	67 €	41 €	26 €
Var. /n-1	-3,3%	-8,8%	-6,2%	-4,6%	0,2%

### Definitions

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

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