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Positive growth continues to support hotel industry in Europe during third quarter of 2017

The latest January-September edition of the quarterly ECM-MKG
[Destinations Observatory report](#)

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reveals that in European cities, in Q3 2017, the Revenue Per Available Room (RevPAR)

² grew by 6.1% since January 2017. The Occupancy Rate³ increased by 2.4 pts and the Average Daily Rate (ADR)

⁴ by 2.7%. For the first time in a long period, growth can be observed for all the European countries of the report.

Overall economic growth

Overall, a growth can be observed throughout Europe, especially in the Iberian Peninsula, UK and Eastern Europe. In Europe, the Revenue Per Available Room (RevPAR) experienced a 6.1% growth since January 2017. The Occupancy Rate (OR) increased by 2.4 pts and the Average Daily Rate (ADR or room rate) by 2.7%. Midscale and Upscale/Upper Upscale are on a dynamic trend with a RevPAR that has respectively risen by 6.1% and 6.2% after three trimesters.

Still no catastrophe following "Brexit" in the United Kingdom: the RevPAR grew by 7.1%. Edinburgh and London are in the top 3 with the best occupancy rates in Europe. Meanwhile, Germany is on a low positive growth trend: +2.3% of its RevPAR. Some cities are, in spite of a strong business activity, on a downturn trend (Frankfurt, Leipzig, Munich and Nuremberg), while Cologne, Hamburg and Hannover recorded a RevPAR increase of 13.5%, 8.2% and 6.2% respectively. Italy (+5.5%), after a difficult year in 2016, posted an increase in its RevPAR, this positive change can be explained by good results recorded in Florence (+14%), Venice (+17.5%) and Bologna (+12.1%). Rome continues to record negative results (RevPAR: -7.1%) but the occupancy rate remains almost at the same level compared to last year.

From East to West: migration of an improved economic context

Over on the Iberian Peninsula, tourist arrivals have continued to grow as a result of their internal dynamics but more importantly following a large wave of tourism transference from Mediterranean destinations

affected by terrorist attacks in recent months (Turkey, French Riviera, Egypt, Maghreb...). As a result, all cities in Spain (+10.6%) and Portugal (+18.3%) have gained a strong RevPAR increase. France showed a growth (+3.7%) thanks to its strong touristic pole: Paris saw a 5.9 point increase in its occupation rate, and a RevPAR rise of 5.4%. Other cities like Bordeaux (8.4%), Toulouse (+3.6%) and Bayonne/Biarritz (8.7%) also recorded a RevPAR increase. After a difficult second semester in 2016, Nice still has not recovered since the beginning of the year and is on a RevPAR decrease (-0.9%), but the perspectives look good for the end of the year. Lille and Montpellier also recorded a RevPAR decrease by 4.3% and 11% respectively.

International conventions and conferences to the rescue

Many destinations have started hosting significant international conventions or conferences as a way to not only improve their economic context but create a knowledge economy. Warsaw posted a RevPAR up by 9.2% thanks to several international conventions or conferences. For example Madrid, following the hosting of many international business meetings this year, or Barcelona, both noted an increase of 18.6% and 12.9% respectively. These big cities are not alone in experiencing a RevPAR improvement: Valencia, Bilbao and Malaga felt a 12% RevPAR increase. Lisbon, which organized but a few international conventions in this first part of the year, also posted a RevPAR increase of 23.1%.

Wien also recorded a RevPAR increase (+3.1%) along with Prague, which hosted many congresses and conferences: this indicator grew by 10.1%, the occupancy rate rose by 2.6 points and the average daily rate increased by 6.5% compared to 2016. Amsterdam, after the organization of international business events, also recorded a RevPAR increase of 10%.

All ECM members have exclusive access to the complete ECM-MKG European Destinations Observatory report with all the graphs and analysis.

1) *ECM-MKG European Destinations Observatory report: A report produced by MKG Hospitality and released several times a year by ECM that presents the development of key performance indicators for ECM member cities.*

2) *RevPAR: Revenue Per Available Room - Occupancy Rate x average price or room revenue divided by available rooms.*

3) *Occupancy Rate: Number of rooms sold divided by number of available rooms.*

4) *ADR: Average Daily Rate - room revenue divided by number of sold rooms.*

***European Cities Marketing** is a non-profit organisation improving the competitiveness and performance of leading cities of Europe by providing a platform for convention, leisure and city marketing professionals to exchange knowledge, best practice and widen their network to build new business. European Cities Marketing is promoting and linking the interests of members from more than 100 major cities in 36 countries.

For more information and pictures, please contact:
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*Established nearly 30 years ago, **MKG Group®** has built a solid reputation for business expertise and substantial European-based know-how in the tourism, hotel and hospitality sector. MKG provides a unique savoir-faire in market research, consulting, financial feasibility studies, individual property and portfolio asset valuations, as well as quality control campaigns.

The foundation of knowledge and resource is [OlaKala_suite](#), the largest industry database in Europe, representing all hotel segments. OlaKala_suite, brings together all operational marketing tools in 3 major products:

- * OlaKala_destination: Observatories (formerly HotelCompSet)
- * OlaKala_marketshare: Competitive Set, market reports, price tracking (formerly HotelCompSet)
- * OlaKala_host: Satisfaction surveys, eReputation, quality audit.

Editors' notes

About the Research & Statistics ECM Knowledge Group

Presided over by Olivier Ponti, Manager for Research at Amsterdam Marketing, the Research and Statistics group coordinates all research activities within the network and collaborates with ECM research partners. They mainly gather and analyse insights within the ECM members network and produce report from them.

The R&S ECM Knowledge Group publishes an average of 20 reports a year.

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