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The European hotel industry on first quarter of 2018 is still growing healthily



The latest ECM-MKG European Destinations Observatory report* points out that, in European cities, the Revenue Per Available Room (RevPAR)** experienced a 4.2% growth since the beginning of the year. The Occupancy Rate*** increased by 1.2 points and the Average Daily Rate (ADR)**** by 2.3%. Midscale and Upscale/Upper Upscale are on a dynamic trend with a RevPAR that rose respectively by 4.7% and 3.8% compared to last year. Overall, a growth can be observed throughout Europe, especially in the Iberian Peninsula, Italy, Benelux and Eastern Europe.

The RevPAR is stable in British and German cities

London (1st), Hamburg (3rd) and Liverpool (5th) are in the top 5 with the best occupancy rate in Europe. In Germany, some cities are, in spite of a strong business activity, on a downward trend (Düsseldorf, Munich and Hannover), while Stuttgart, Nuremberg and Dresden recorded a RevPAR increase of 10.9%, 13.3% and 17.5% respectively.

Eastern Europe and the Iberian Peninsula followed their good performances of 2017

Budapest, thanks to its solid business activity, is off to a good start this year, counting a RevPAR increase of 13.8%. Vienna recorded a RevPAR stable but Prague, which hosted many congresses and conferences, also noted a RevPAR improvement: this indicator evolved positively by 11%, the occupancy rate rose by +4.5 points and the average daily rate increased by 3.6% compared to 2016.

On the Iberian Peninsula, tourist arrivals continue to grow under the effect of their internal dynamics (improved economic context) and carryovers of visitors from Mediterranean destinations affected by terrorist attacks in recent months (Turkey, French Riviera, Egypt, Maghreb...). All cities in Spain (+7%) and Portugal (+9.4%) gained a strong RevPAR increase for a beginning of year. For example, Madrid, following the hosting of many international business meetings this year, noted

an increase of 9.8%; Zaragoza, Valencia and Seville knew a RevPAR increase between 16.3% and 22%. Lisbon, which organised a few international conventions in this first part of the year, also posted a RevPAR increase of 2.9%.

Cities in Italy, Benelux and France globally gained in RevPAR for first quarter of 2018

Italy posted an increase in its RevPAR (+7.2%), this positive change can be explained by good results recorded in Bologna (+16.3%), Venice (+10.7%) or Milan (+7.3%). Rome continues is on a positive trend (RevPAR: +1.7%) but the average daily rate decrease compared to last year.

Belgium observed an increase in its hotel performances, (+7.5%) for its RevPAR. Brussels' RevPAR rose by 8.9%, mostly due to a 4.9% increase in its average daily rate. Ghent (+8.8%) is on a positive trend too. In this Benelux area, Luxembourg, knew a RevPAR increase (+1.9%), while Amsterdam after the organisation of international business events, recorded a RevPAR increase of 8.8% and the second highest occupancy rate among this sample of cities.

France showed a growth (+6.2%) thanks to its strong touristic pole: Paris, knew a 2.4-point increase in occupation rate, and a RevPAR rise of 7.3%. The other cities like Nice (+27.3%) Montpellier (+12%) and Bordeaux (6.1%) also recorded a RevPAR increase. Marseille is on a negative trend (RevPAR: -11.3%), Lyon also has a negative RevPAR change (-4.8%).

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

*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.

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

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

****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 110 major cities in 38 countries.

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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.

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