

2021 Hotel Profitability Study

(Formerly HOST Almanac)

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Introduction

In our commitment to further advancing the hotel industry's growth through comprehensive and accurate data and analytics, we are pleased to bring you the 2021 Hotel Profitability Study. In this report, we analyzed 2020 profitability performance around the globe, combining for the first time the U.S.-focused HOST Almanac into this new global version of the Hotel Profitability Study. The combined report analyzes profitability data from nearly 8,500 hotels around the globe.

In 2020, hotels were caught in the crossfire of the pandemic response, which ranged from complete national shutdowns to conditional border reopenings to mandatory quarantines all while dealing with the health and safety of staff and guests. As such, figures from the year represent a historical snapshot as the industry begins to rebuild from its most difficult year on record.

After a decade of almost continuous revenue growth, revenues fell sharply as international travel came to a halt, meetings and group events were cancelled, and non-essential corporate travel was incredibly limited for portions of the year. These revenue declines led to amplified profit declines due to the fixed component of hotels' expenses as well as difficult staffing decisions. The pandemic resulted in 42% of our sample reporting negative gross operating profit (GOP), up from 19% in 2019. Nevertheless, hotels did a good job of adapting their operating models to create more efficient hotels operating on improbably low levels of demand.

Fast forward to the midway point of 2021, and recovery is underway in some regions of the world. With that in mind, we have included 2021 Monthly P&L data where possible, pulling from the more than 5,000 hotels participating in STR's new Monthly P&L program. This recent data serves as a reminder that the hotel industry is highly resilient and moving along the long journey to recovery with each passing month.

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STR's P&L Program

STR collects annual and monthly profitability data for properties across the globe.

Built to help you make better business decisions, we offer a comprehensive set of annual and monthly reports with detailed breakdowns of departmental revenue and expenses, in-depth performance analyzes, year-over-year comparisons and enhanced benchmarking offerings.

STR's profitability database of more than 30 years gives you the industry's most comprehensive, accurate and actionable data insights on hotel revenue and expenses. It will enable you to measure market profitability and benchmark your property or portfolio's P&L figures against the competition.

To learn more about our P&L offerings, click here or email monthlypnl@str.com.

Profitability Solutions

Custom P&L Reports

Compare two years of aggregated revenue and expense data with properties in a competitive set of your choosing.

Comparative P&L Reports

Directly benchmark two years of your property's profitability results with an aggregated competitive set in one sight.

Monthly P&L

Measure monthly profitability and benchmark your property of portfolio's P&L figures against the competition.

2020 Global Performance Overview

2020 GOPPAR Indexed to 2019

2020 P&L Overview

by region



GOPPAR, TRevPAR and LPAR % Changes

2020 Overview United States

GOPPAR % Change by Total U.S.

Source: STR. 2021 © CoStar Realty Information, Inc.



U.S. Lodging Industry Profitability

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U.S. Lodging Industry Revenues and Profits



2020 U.S.P&L Departmental Decreases

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Monthly P&L: Tracking U.S. Profitability Recovery

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U.S. Hotel Profitability Returning Quicker than Expected

Estimated U.S. Revenues & Profitability Indexed to 2019

Demand Total Revenue GOP EBITDA Total Labor

Jan Feb March April May June July Aug Sep Oct Nov Dec Jan Feb March April

2020

2021

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F&B Revenues

Indexed to 2019



Percent of hotels to break even

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Monthly P&L



Expand your monthly resources with P&L benchmarking of more than 100 data points - a STAR report for your entire P&L. Measure total revenues and all department revenues and expenses. Examine the impact of ADR or occupancy fluctuations on the bottom line. Analyze labor costs by department and FTEs.

Monthly P&L STAR

- Full P&L benchmarking of 100+ data points for all hotel departments
- Benchmark P&L comp sets or against local market and service level

Corporate Data File

All of your monthly P&L STAR data available in a downloadable Excel file
Full P&L data for subject properties and comp sets

- Full portfolio data available

Monthly P&L Review

Market-based profitability performance data available for U.S. industry segments, U.S. Top 25 Markets and key international markets

Easy Access

Manage your STAR, F&B STAR and P&L STAR reports online in one central location. Actionable dashboards, report downloads and corporate data file options provide the insights you need in the format that works for you.



Contact your Account Manger to participate or email info@str.com



fonthly P&L STAR - At A Glance

\$199.59

2020 Overview
Americas

(excluding U.S.)

GOPPAR % Change

2020 Performance Highlights

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2020 GOPPAR % Change – Americas Select Markets

GOPPAR % Change TRevPAR % Change

2020 Total Labor % Change – Americas Select Markets

Total Labor % Change
 TRevPAR % Change



Americas Select Markets

LPAR & TRevPAR % Change



2020 Overview **Europe**

GOPPAR % Change

2020 Performance Highlights

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Europe Country Performance

🔵 Top 5 🛛 🔵 Bottom 5





2020 GOPPAR % Change – Europe Select Markets

GOPPAR % Change TRevPAR % Change

2020 Total Labor % Change – Europe Select Markets

Total Labor % Change
 TRevPAR % Change



Europe Select Markets LPAR & TRevPAR % Change



2020 Overview Middle East & Africa

GOPPAR % Change

2020 Performance Highlights

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MEA Country Performance

Top 5 markets





2020 GOPPAR % Change – MEA Select Markets

GOPPAR % Change TRevPAR % Change

2020 Total Labor % Change – MEA Select Markets

Total Labor % Change
TRevPAR % Change





LPAR & TRevPAR % Change



2020 Overview Asia Pacific

GOPPAR % Change

1

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2020 Performance Highlights

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APAC Country Performance

Top markets



2020 GOPPAR % Change – APAC Select Markets

GOPPAR % Change TRevPAR % Change

2020 Total Labor % Change – APAC Select Markets

Total Labor % Change
 TRevPAR % Change



APAC Select Markets

LPAR & TRevPAR % Change



Methodology

Our P&L program covers 53 countries and 269 markets. We conducted a two-year, same-store analysis based on a participating hotel profitability sample of 7,787 properties.

Unless stated otherwise, all financial figures are presented in U.S. dollar constant currency (USD CC) for actuals and local currency (LC) for percentage changes. In the production of the Hotel Profitability Study, as for any report that aggregates diverse financial statements, many decisions are made regarding data treatment and analysis. For this report to be of optimal benefit to the reader, it is necessary to describe some of our major decisions and general methodology.

First, data presentation in the Hotel Profitability study is based on the Uniform System of Accounts for the Lodging Industry (11th Edition). In our data collection, both at the property and chain levels, we stress the importance of structuring the data to be consistent with the Uniform System. To the best of our ability, we make every property in our sample conform with that format. Those questionnaires that are not in a consistent format or those that do not provide us with sufficient detail are not used in the analysis. Second, when all the data is in the proper format, we apply error and reasonableness checks to ensure accuracy and identify outliers in the data. Third, because of the uniqueness of the 2020 data, hotels open for less than five months were excluded from the analysis. Furthermore, full-year inventory was the methodology used to account for 2020 total supply.

All financial data is presented according to the three common measures of industry performance: ratio-to-rales (RTS), dollars per available room (PAR) and dollars per occupied room night (POR). When analyzing segment results, each of these three measures are computed independently of each other. Some data is provided for fewer than 12 months or for unusual reporting calendars (e.g., 13 period years), although we did not use data from hotels that reported fewer than five months. Therefore, balancing the reported ratios across the three different performance measures for each line-item is difficult. Depending on the needs of the user, one of these measures may be more appropriate than the others for a particular revenue or expense category or type of hotel operation. As stated above, all values presented are averages of individual property data. We feel this calculation to be most reflective of industry segments. Since not every property provides data for every line, weighting of the data, for any alternative calculation, is not possible.

In our effort to make reporting as accurate as possible, we constantly revise historical numbers to reflect changes to our database. For that reason, data presented in the current issue may not be the same as in previous editions. Revisions to historical data stem from three separate issues. First, participants in our surveys revise their back data or fill in the gaps of missing data. Second, we constantly add new chains, management companies and individual properties to the program. When they start participating, we ask them to provide us with two years of historical data on each property. Finally, our national and regional results are driven by our weighting to reflect the current rate of distribution of each market. These three factors, when taken together, usually result in minimal changes to historical data.

Not all chains and properties report all fixed charges data to STR. Above the Gross Operating Profit (GOP) line, 100 percent of the properties were included. However, below the GOP line, the values presented were based on responses from the sample received for each segment. Fixed charges data for those hotels that did report them are presented in the Select Fixed Charge Analysis section. Most hotels, however, do report the selected fixed charges of property taxes and insurance. Therefore, with the large sample of hotel financial statements collected, we believe the selected fixed charges data presented are representative of the total P&L sample.

Because we do not receive complete fixed charges from all hotels, the detailed Statements of Operating Income & Expenses presented in the Hotel Profitability Study now stop at Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA). This line is generally synonymous with Net Operating Income (NOI).

Glossary

Based on the Uniform System of Accounts for the Lodging Industry (11th Edition)

Type of Hotel

Full-Service Hotel

Hotels reporting food and beverage revenues and expenses, where food and beverage revenues are greater than 5% of room revenues.

Limited-Service Hotel

Hotels with rooms-only operations (i.e. without food and beverage service). These hotels are often in the budget or economy group and do not report food and beverage revenue. Hotels may be included that offer food and beverage, but do not collect the revenues from operation.

Revenues

Rooms

Revenues derived from the rental of sleeping rooms at the hotel, net of any rebates and discounts.

Rooms - Transient Revenue

Revenues derived from rental of rooms and suites by individuals or groups occupying less than 10 rooms per night.

Rooms - Group Revenue Revenues derived from renting blocks of 10 or more rooms or suites per night to a group.

Rooms - Service Charges Automatic charges added to the rental of rooms in respect of a service or use of an amenity.

Rooms - Other Miscellaneous revenue associated with an occupied room; no shows and late checkout fees.

Food

Revenues derived from the sale of food, including coffee, milk, tea and soft drinks. Includes food revenues from venues, banquet/catering, in-room dining, mini bar and other food.

Venue Food Revenue

Sales of food in specific dining areas in the property.

Banquet/Catering Food Revenue

Sales of food in a property's banquet rooms and for group functions outside the property.

In-Room Dining Food Revenue Sales of food that require delivery to customers in the guestroom.

Mini Bar Food Revenue Sales of packaged food placed in a guestroom; candy, snacks, soft drinks.

Other Food Revenue

Sales of consumable food items not designated as venues, in-room dining, banquet/catering, or mini bar revenues.

Beverage

Revenues derived from the sale of beverages, including beer, wine and liquors. Includes beverage revenues from venues, banquet/catering, inroom dining, mini bar and other beverage.

Venue Beverage Revenue Beverage sales in specific dining areas in the property.

Banquet/Catering Beverage Revenue

Beverage sales in the property's banquet rooms and for group functions outside the hotel.

In-Room Dining Beverage Revenue

Beverage sales that require delivery to customers in their guestroom.

Mini Bar Beverage Revenue Sales of packaged beverages (bottles and cans) placed in a guestroom.

Other Beverage Revenue

Sales of consumable beverage items not designated as venues, inroom dining, banquet/catering or mini bar revenues.

Other Food and Beverage

Revenues derived from other sources such as meeting room rentals, cover or service charges or revenues derived from the sale of goods or services made in connection with banquets, such as equipment rental, music, decorations and souvenirs. Also includes banquet service charges.

Audio Visual

Revenues and commissions derived from supplying audiovisual equipment and services to customers, whether the equipment is owned by the property or rented from a third party.

Room Rental

Revenue derived from the rental of public meeting rooms to customers.

Service Charges

Automatic charges added to any food sale to help cover the cost of staff service to the customer.

Telecommunications

Revenues derived from guest-use of telephones in the hotel, including local and long distance calls, service charges, high speed or wireless internet and commissions received from pay phones.

Other Operated Departments

Revenues generated from garage and parking, guest laundry, golf and tennis, health club, spa, swimming pool, barber/beauty shop, gift shop, newsstand, etc., when operated by the hotel. Excludes casinos.

Golf Cart Rentals

Revenue generated from the rental of golf carts on the golf course.

Golf-Green Fees

Revenue derived from charges to customers for playing golf on the golf course.

Golf-Membership

Revenue derived from charging customers for a "membership" at the golf course, which allows the "member" to exercise privileges not given to the general public.

Golf-Retail

Revenue derived from all sales of merchandise and clothing in the golf shop or anywhere on the golf course.

Golf-Other

Revenue from providing any other services not previously specified.

Salon Revenue

Revenue generated from salon services such as hair appointments and manicures and pedicures.

Spa-Other

Revenue from providing any other services not previously specified.

Spa-Retail

Revenue derived from sales of merchandise and clothing in the health club/spa.

Spa-Treatments

Revenue derived from health treatments such as facials, body wraps and mud packs.

Miscellaneous Income

Income from rentals of space for business purposes, including concessions in any of the departments mentioned under other operated departments. Also includes income generated from sources not included elsewhere such as cancellation and resort fees, but excludes investment income.

Departmental Expenses

Rooms

Rooms departmental expenses include labor costs such as salaries and wages for front desk, housekeeping, reservations, bell staff and laundry, plus employee benefits. Other operating expenses in the rooms department include linen, cleaning supplies, guest supplies, uniforms, central or franchise reservation fees and travel agent commissions.

Food and Beverage (F&B)

Food and Beverage departmental expenses include the cost of goods sold (food and beverages), labor and related benefits and other operating expenses. Labor costs include departmental management, cooks and kitchen personnel, service staff, banquet staff and bartenders. Other operating expenses include china, silverware, linens, restaurant and kitchen supplies, menus and printing and special promotions.

Salaries & Wages

Earnings paid to an employee, such as regular pay, overtime pay and shift differential pay.

Benefits

Includes all other payroll-related expenses, such as employer-paid health insurance expenses, cost of meals furnished to employees, pension contributions and union fees.

Labor Expenses

Includes salaries and wages of departmental personnel and management including overtime, severance, incentive, holiday, sick, vacation and bonus pay.

Payroll Taxes

Includes FICA, FUTA and SUTA, SDI and other mandated payroll-related taxes or social insurance items.

Other Operated Departments

Other departmental expenses would comprise those expenses (labor and other) which offset the revenue generated by other operated departments such as garage, guest laundry, athletic facilities and gift shop.

Undistributed Operating Expenses

Administrative and General (A&G)

Included in this category are the payroll and related expenses for the general manager, human resources and training, security, clerical staff, controller and accounting staff. Other A&G expenses include office supplies, computer services, accounting and legal fees, cash overages and shortages, bad debt expenses, travel insurance, credit card commissions, transportation (non-guest) and travel and entertainment.

Information & Telecommunication Systems

Includes expenses for phone, internet, and other telecommunication and technology systems.

Marketing

Marketing expenses include payroll and related expenses for the sales and marketing staff, direct sales expenses, advertising and promotion, travel expenses for the sales staff and civic and community projects.

Utility Costs

Utility expenses typically include electricity, fuel (oil, gas and coal), purchased steam and water. Includes central plant and energy management systems.

Property Operations and Maintenance

This category includes payroll and related expenses for maintenance personnel, cost of maintenance supplies, cost of repairs and maintenance of the building, furniture and equipment, the grounds and the removal of waste matter.

Management Fees

Fees charged by management organizations for management services or supervision. Includes both base and incentive fees.

Franchise Fee

Includes the royalty fees and advertising assessments charged by franchise companies.

Fixed Charges

Property Taxes

Typically include taxes on real estate, business and occupation, personal property, utilities and other municipal taxes.

Land and Building Rent

Includes charges for lease of land and/or building.

Equipment Rental

Includes capital leases for rental of data processing equipment, telephone equipment and other major items.

Insurance

Cost of insuring the hotel building and contents against fire, weather, sprinkler leakage, boiler explosion, plate glass breakage or other perils such as terrorism. Includes all insurance except workers' compensation.

Reserve for Capital Replacement

Amount set aside for replacement of furniture, fixtures and equipment (as may be required by loan, franchise or management agreement).

Other Fixed Charges

Includes any other expenses that relate to the ownership of the hotel and gains or losses from any sale of assets.

Other Terms

Market Class

Class is an industry categorization which includes chain-affiliated and independent hotels. The class for a chain-affiliated hotel is the same as its chain scale. An independent hotel is assigned a class based on its ADR, relative to that of the chain-affiliated hotels in its geographic proximity.

Per-Available-Room (PAR)

Calculated by dividing by the number of keys in the hotel.

Per-Occupied-Room night (POR)

Calculated by dividing by the room nights occupied during the financial year.

Ratio-to-Sales (RTS)

Calculated by dividing by total revenue, with the exception of departmental expenses, which are based on the departmental revenue of the respective department.