



# Impact of COVID-19 on hotel performance

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# Agenda



**1.**

**Housekeeping**

**2.**

**Global  
Overview**

2019 Results

**3.**

**Epicenter:  
China**

- Performance
- Comparing SARS to COVID-19

**4.**

**Latam**

**5.**

**Conclusions**



# Some very important reminders



# #1 This is about lives, not numbers

Corona virus cases around the world



## #2 Unprecedented challenge

What happens is fundamentally dependant on the course of the virus





### #3 We at STR can never give guidance on price

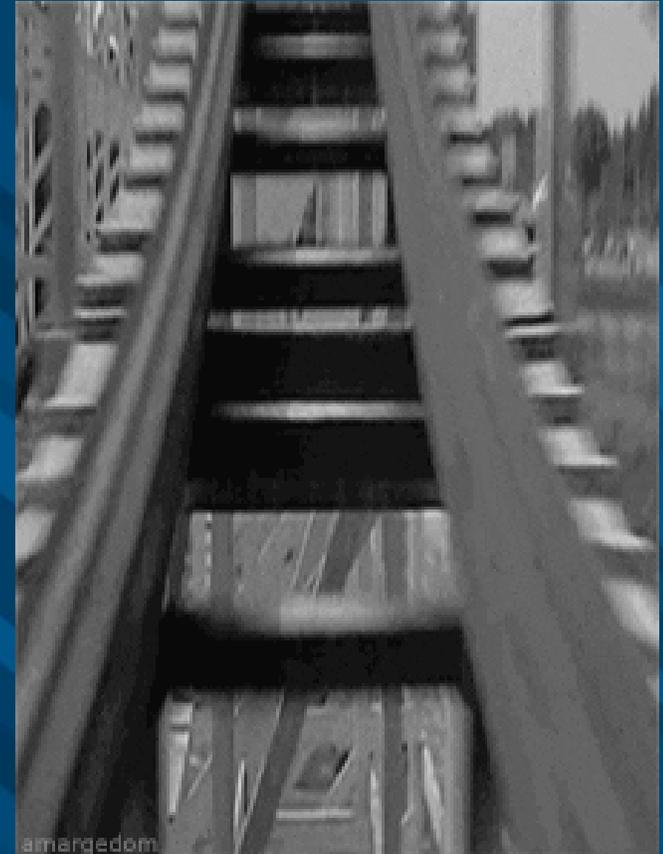
We must not facilitate anti-competitive behaviour, we can comment on the facts

## Anti-Trust Statement & Reminder:

*Please do not discuss prices, rates, surcharges, marketing strategies, or your operational intentions and plans. Such discussions among competitors could be viewed as collusive activity in violation of anti-trust laws.*

# Some context...

## Hotel performance cycle



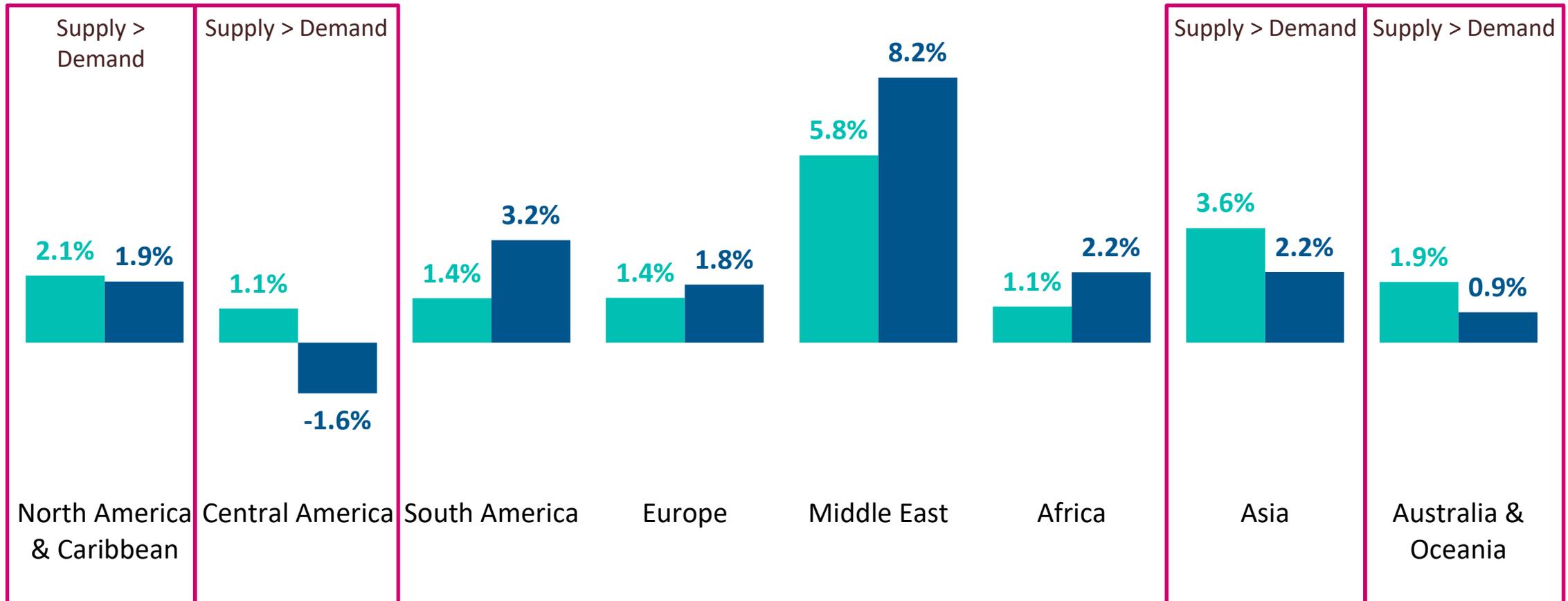
Source: Giphy.com

# Supply now outpacing demand growth in regions around the world

Global Supply & Demand % Change, Full Year 2019

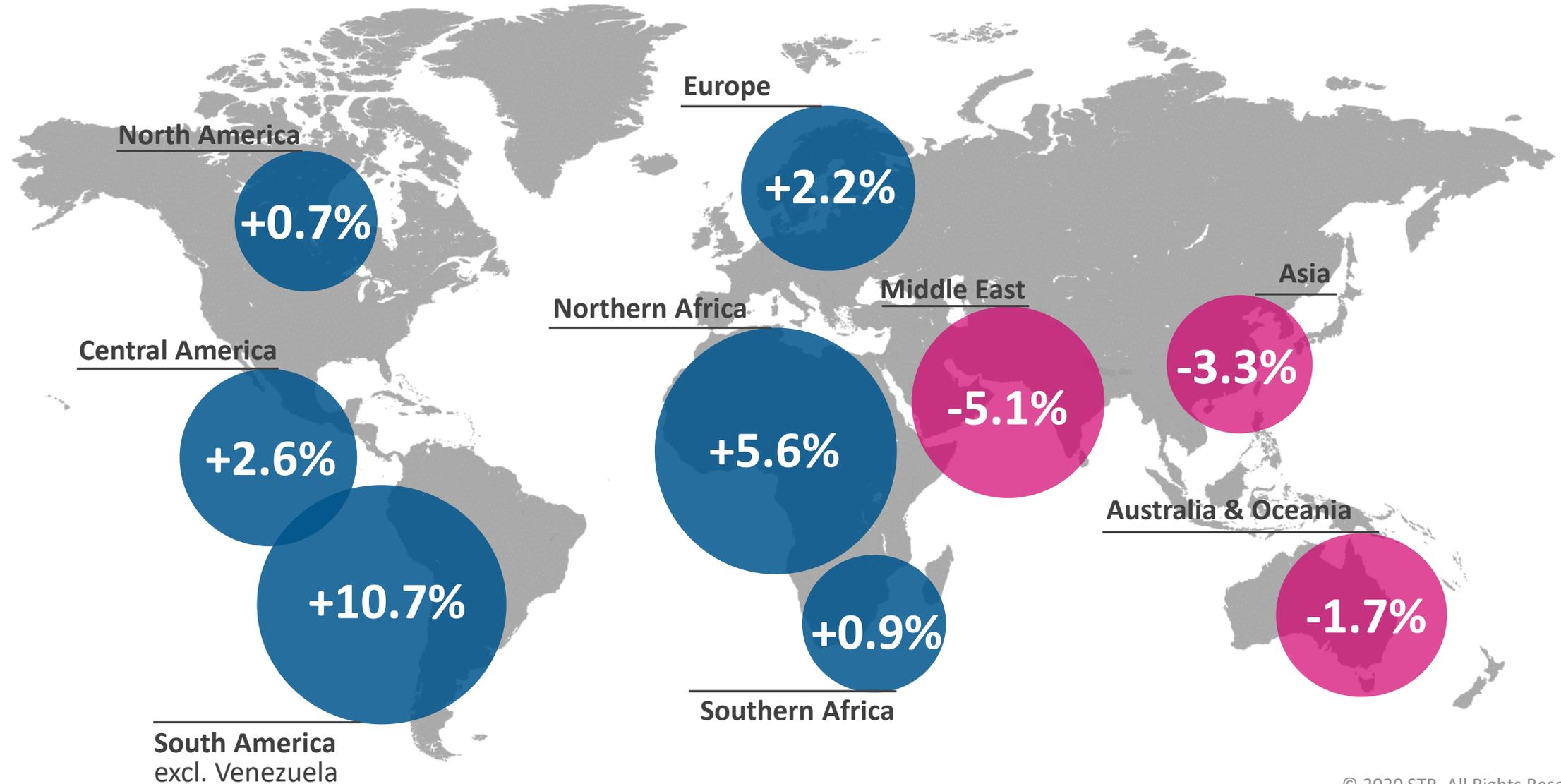


■ Supply ■ Demand



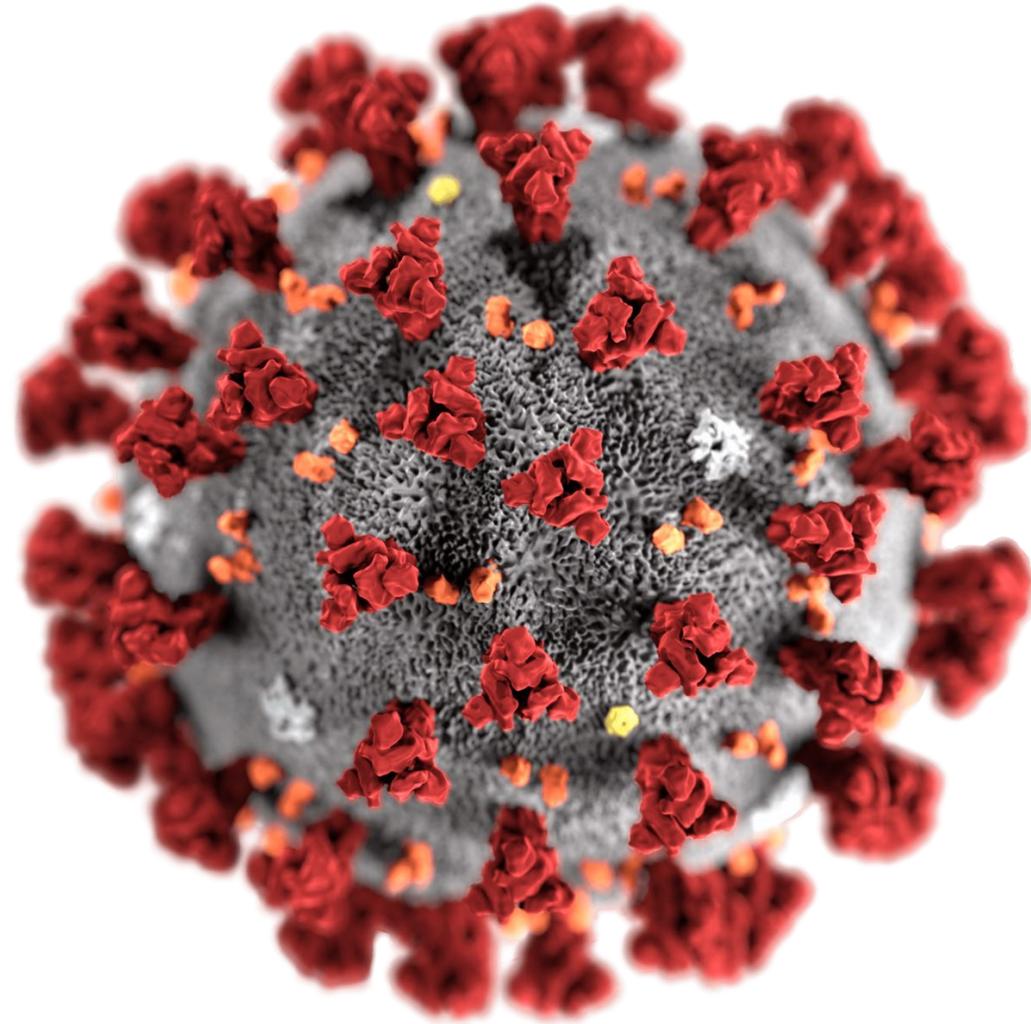
# Impacting performance with RevPAR down or slowing

USD, Europe in EUR, Constant Currency, Full Year 2019





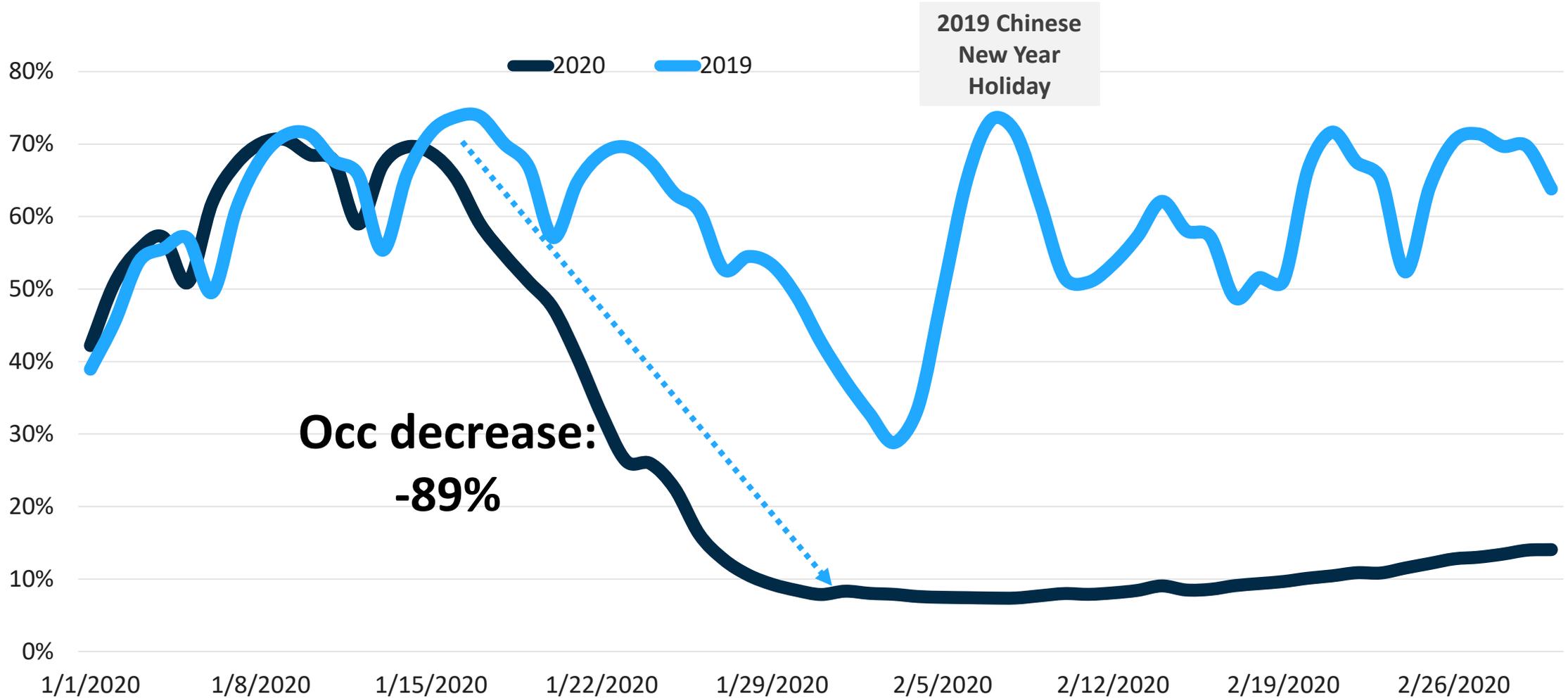
# The impact of **COVID-19**



# China

# China drops Occ by 89% within 2 weeks

Mainland China, Occupancy, Daily Data, January 1<sup>st</sup> – March 1<sup>st</sup> 2019 & 2020

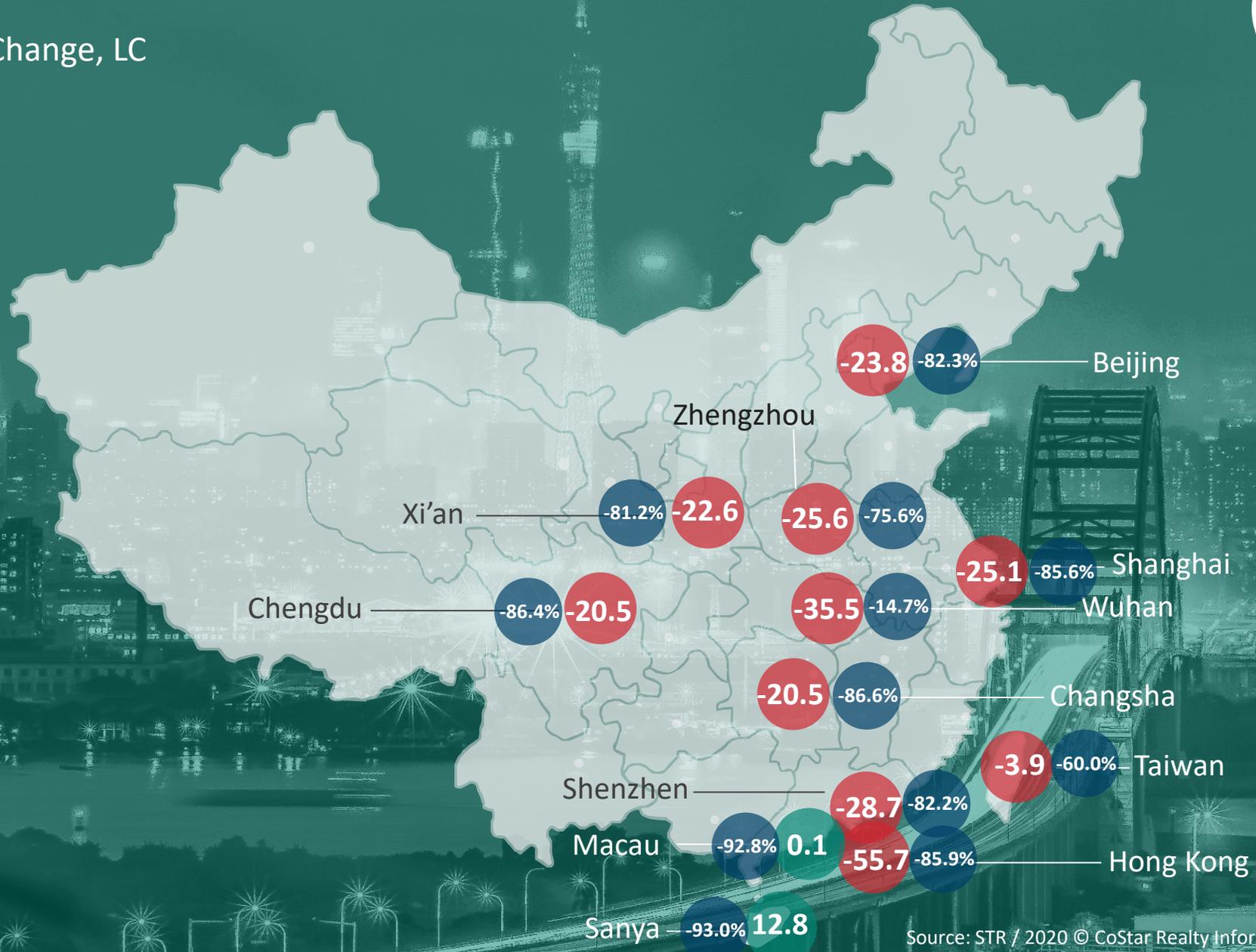


**Occ decrease:  
-89%**

2019 Chinese  
New Year  
Holiday

# China Key Markets Hotels Performance

Jan, Feb 2020, RevPAR, % Change, LC



# Predicaments and Solutions around China Hospitality Industry





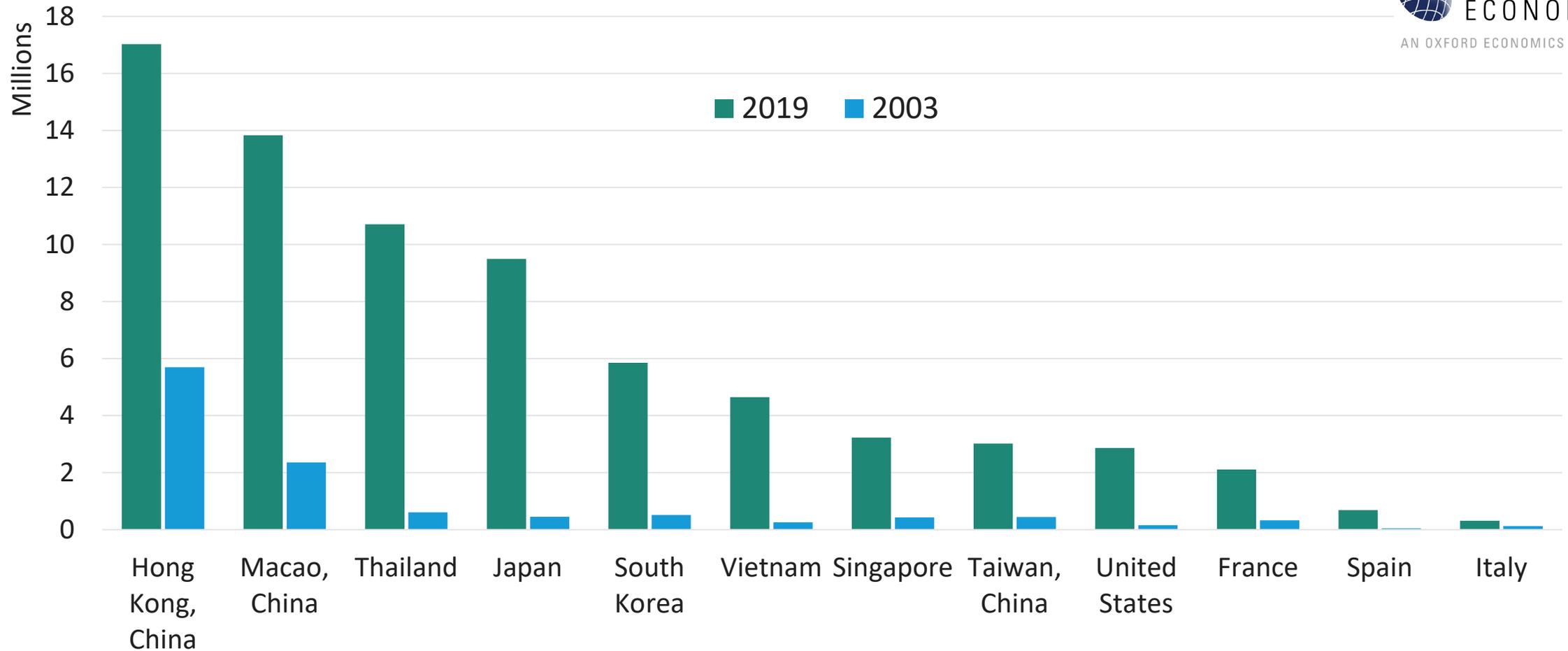
China outbound travel impacted next

# Reliance on outbound China tourism has increased significantly

2003 vs 2019 Outbound tourism from Mainland China

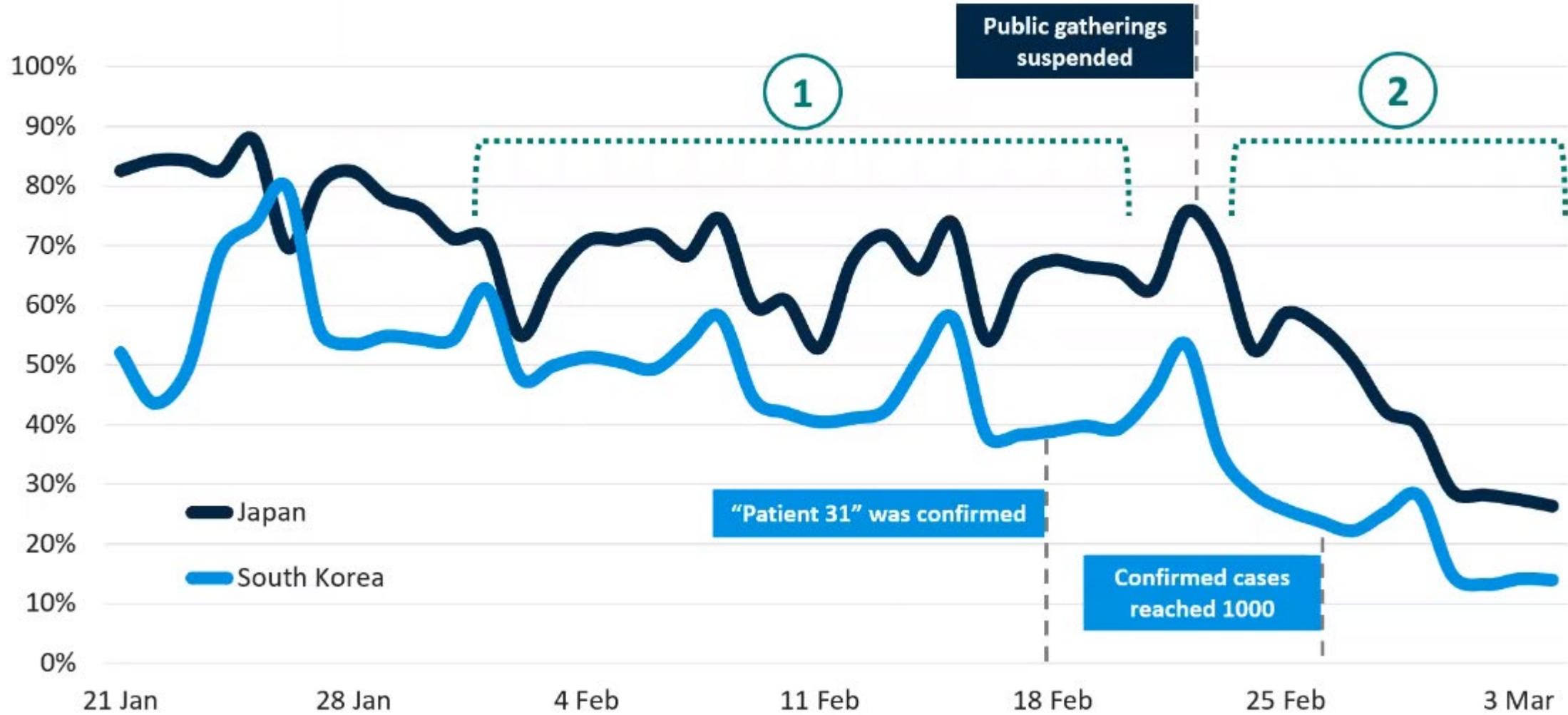


TOURISM  
ECONOMICS  
AN OXFORD ECONOMICS COMPANY



# Japan and South Korea: Two phases

Occupancy (%), 21 Jan – 5 Mar



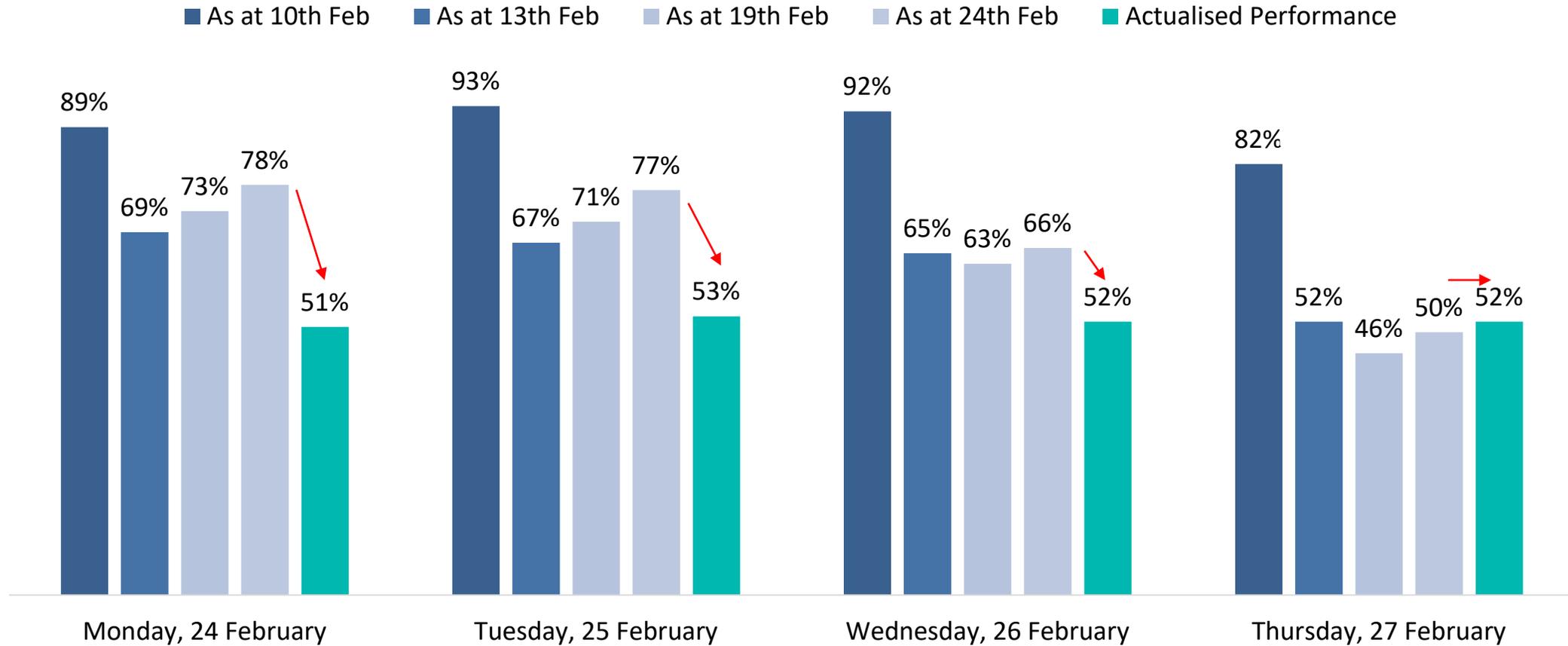
# Global events either cancelled or postponed from mid-Feb

Cancelled/postponed events related to COVID-19 as at 10.03.20



# Barcelona saw the first major event cancellation due to Coronavirus

Forward STAR: Barcelona Business on the Books



# Corporate have reacted well in advance of government advice

Restrictions on travel began from 7 Feb and accelerated from 27 Feb



## COVID-19 concerns lead Ericsson, LG, Google, Apple, and others to suspend employee travel as WHO declares global health emergency

Tyler Sonnemaker Feb 7, 2020, 10:54 PM Business Insider



## Big European companies ban business travel as coronavirus outbreak escalates

By [Hanna Ziady](#), [CNN Business](#)

Updated 1038 GMT (1838 HKT) February 28, 2020



Business

## UBS Restricts Non-Essential Travel by Employees Due to Virus

By [Marion Halftermeyer](#) and [Cathy Chan](#)

4 March 2020, 11:47 GMT Updated on 4 March 2020, 12:41 GMT



## Ford, Fiat Chrysler ban non-essential domestic and international travel as coronavirus spreads

PUBLISHED TUE, MAR 3 2020 2:43 PM EST | UPDATED TUE, MAR 3 2020 3:04 PM EST



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# Airlines started now significantly cutting capacity

Cuts are more than just to impacted countries



South China Morning Post



**SOUTH CHINA MORNING POST · 4 MIN READ**  
**Cathay parks half its fleet and slashes three-quarters of March flights**



Coronavirus: easyJet and BA owner cut European flights



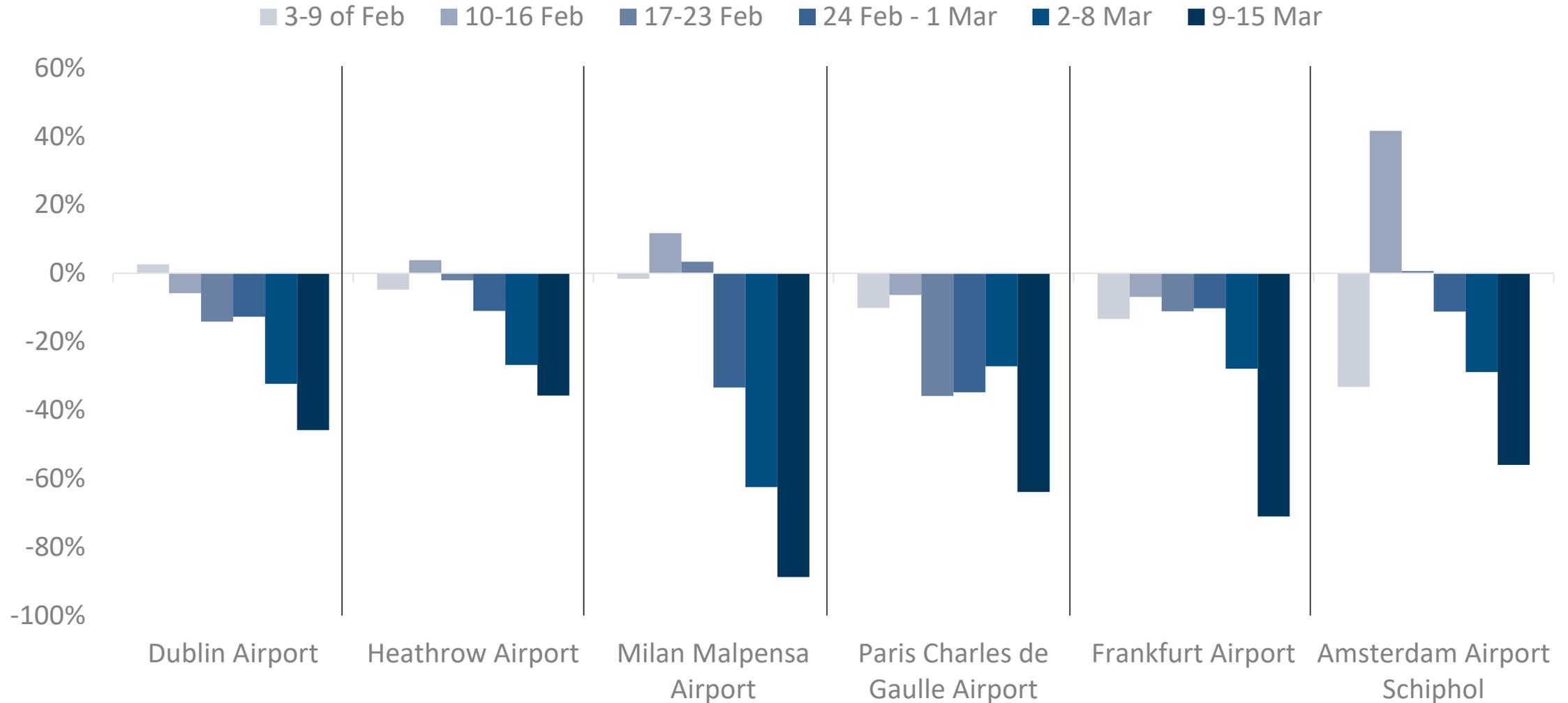
REUTERS.COM  
**Exclusive: Lufthansa cuts capacity equivalent to 150 planes due to coronavirus**



CNBC.COM  
**United Airlines offers pilots a month off as coronavirus prompts flight cuts**

# Main European airports impacted

RevPAR % var, datos semanales desde 10 Feb al 15 Mar, Moneda Local



# Occupancy losses increase rapidly

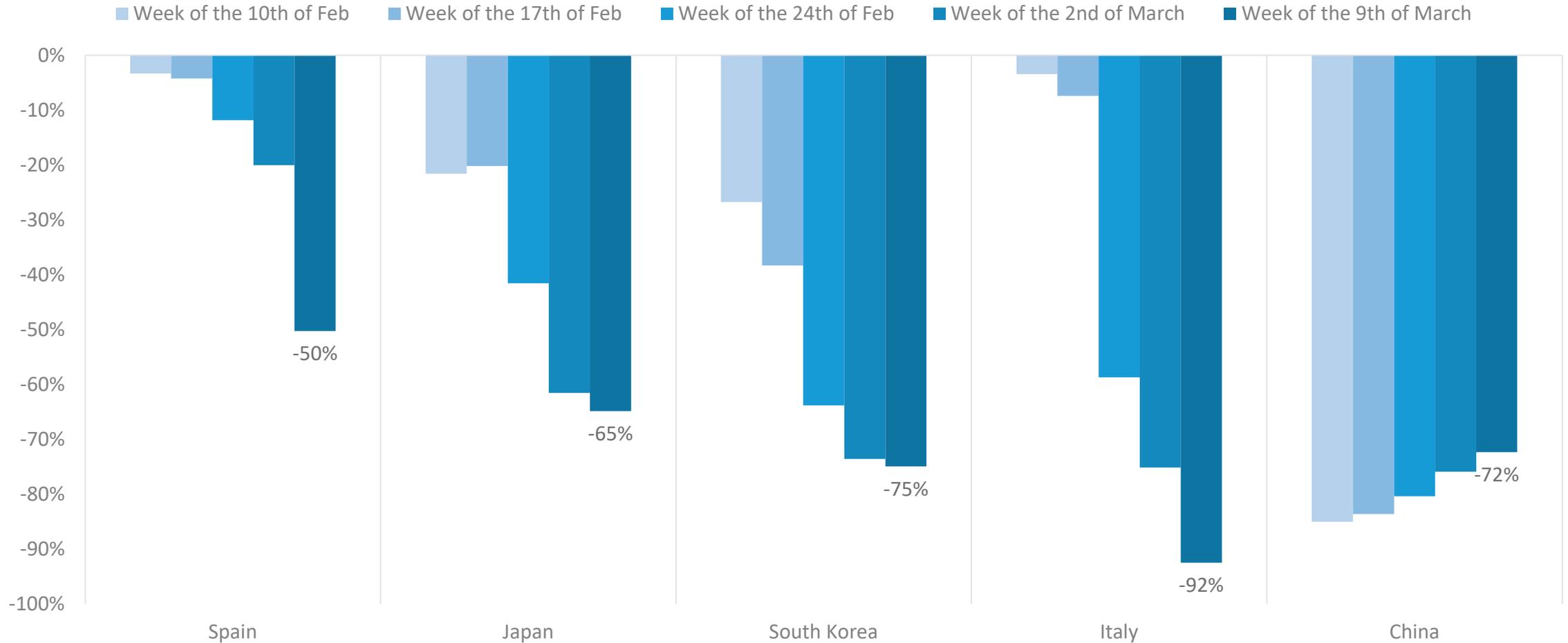
Occupancy % chg, Week of the 9th of March 2020



Negative 70%+		Negative 55%-70%		Negative 40-55%		Negative 40-25%		Negative 0-25%	
Italy	-92%	Vietnam	-67%	Thailand	-53%	Portugal	-39%	UK	-23%
South Korea	-75%	Singapore	-66%	Spain	-50%	UAE	-37%	Indonesia	-23%
Greece	-75%	Saudi Arabia	-65%	Netherlands	-50%	Ecuador	-36%	Colombia	-21%
China	-72%	Japan	-65%	Germany	-50%	Peru	-34%	Australia	-17%
Croatia	-71%	Czech Republic	-64%	Myanmar	-49%	Argentina	-30%	New Zealand	-15%
		Austria	-60%	Philippines	-49%	Chile	-28%	Mexico	-14%
		Belgium	-60%	Malaysia	-45%	Costa Rica	-28%	Brazil	-11%
		Israel	-59%	India	-44%	Maldives	-26%		
		Cambodia	-57%	Laos	-43%				
		Poland	-56%	Sri Lanka	-43%				
		France	-55%	Egypt	-43%				
		Switzerland	-55%	Ireland	-41%				
				Panama	-40%				

# Those countries with quarantines see steepest declines

Occupancy % chg, Weeks commencing the 10th, 17th, 24th of Feb and 2nd, 9th of March 2020



# On 11 March COVID-19 now a pandemic

World now taking extreme actions to contain or delay

## Coronavirus: India cancels almost all visas and closes Myanmar border, as cases rise

- Millions of foreign nationals of Indian origin, who are traditionally granted visa-free access, will now also need to apply
- While there have been no reported deaths in South Asia, experts worry about burden outbreak will place on region's overstretched medical systems

Reuters  
Published: 7:00am, 12 Mar, 2020

## From confidence to quarantine: how coronavirus swept Italy



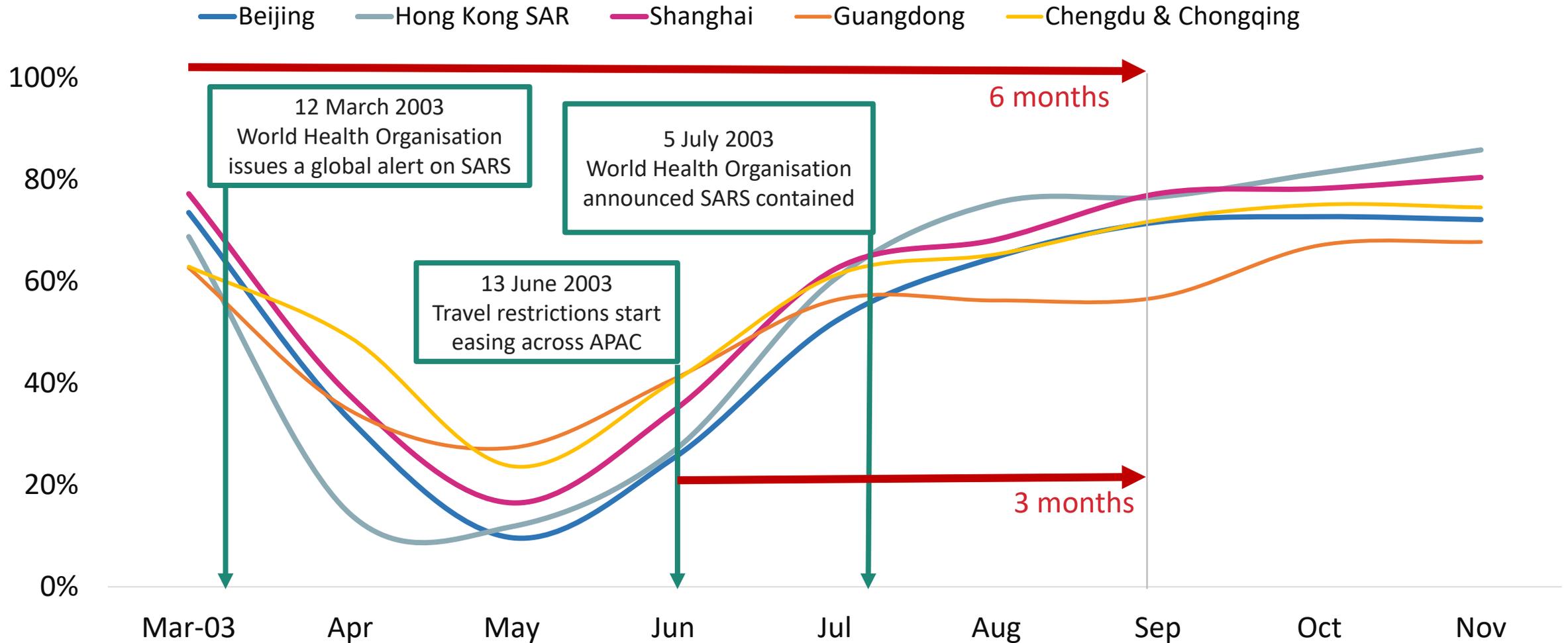
## Trump says he's suspending travel from Europe citizens and others are exempt

By Kevin Liptak and Maegan Vazquez, CNN  
Updated 0707 GMT (1507 HKT) March 12, 2020



# Recovery could be sharp – if similar to SARS....

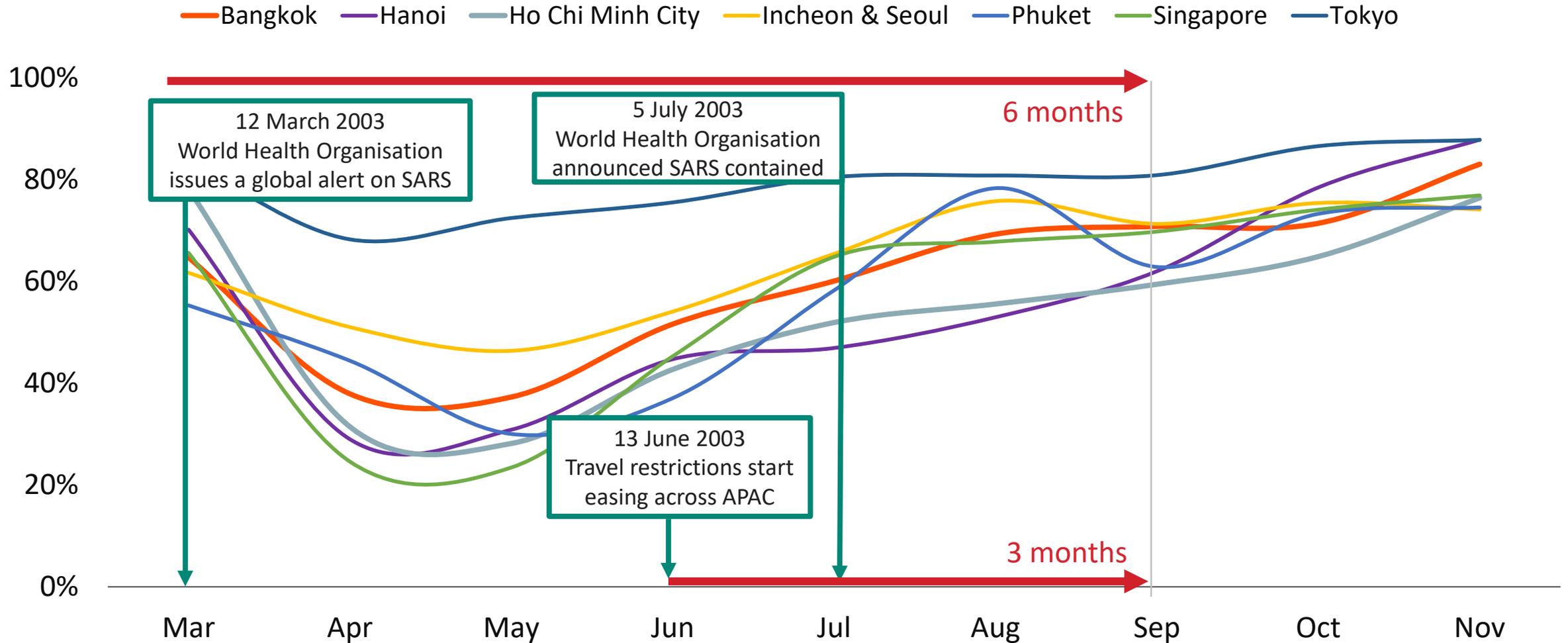
China Hotel Occupancy March-November 2003



# but declines during SARS were not as severe...



APAC, March-December 2003 Occupancy

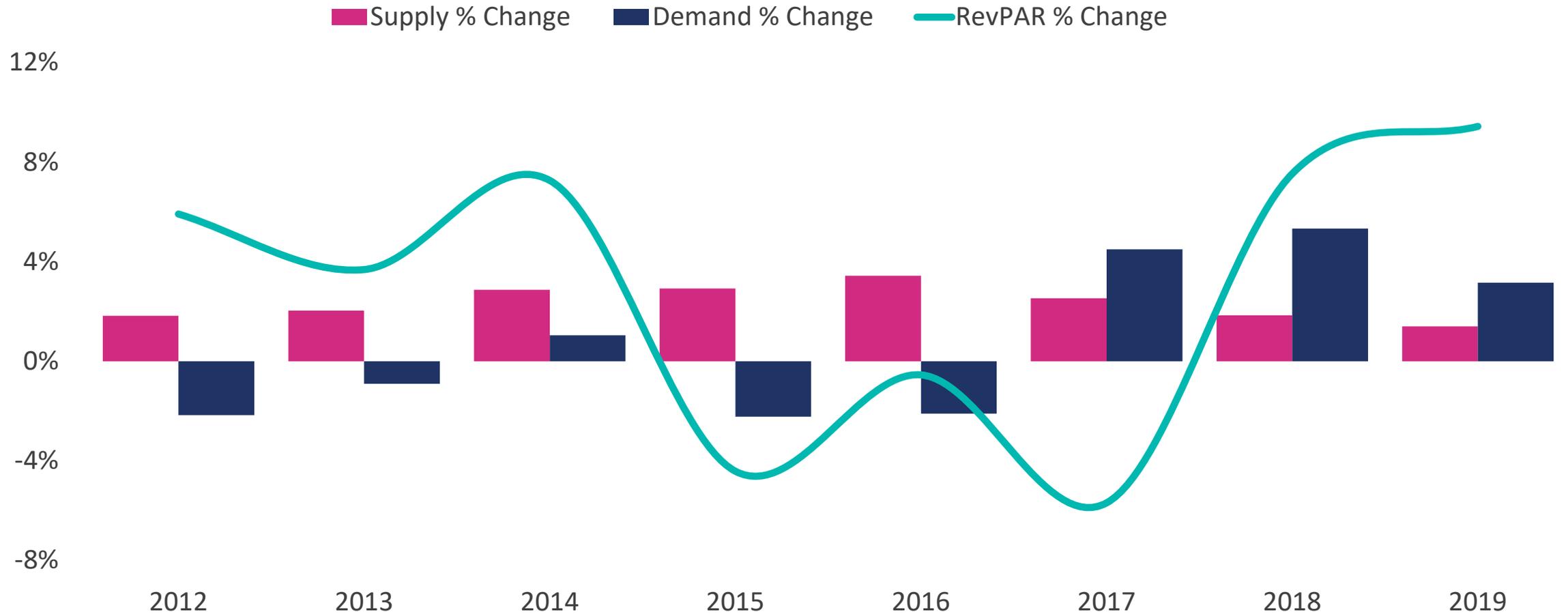




# Latin America

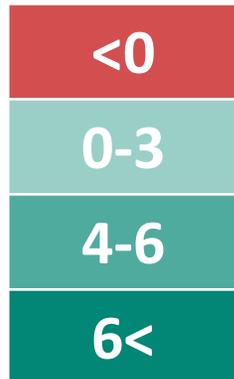
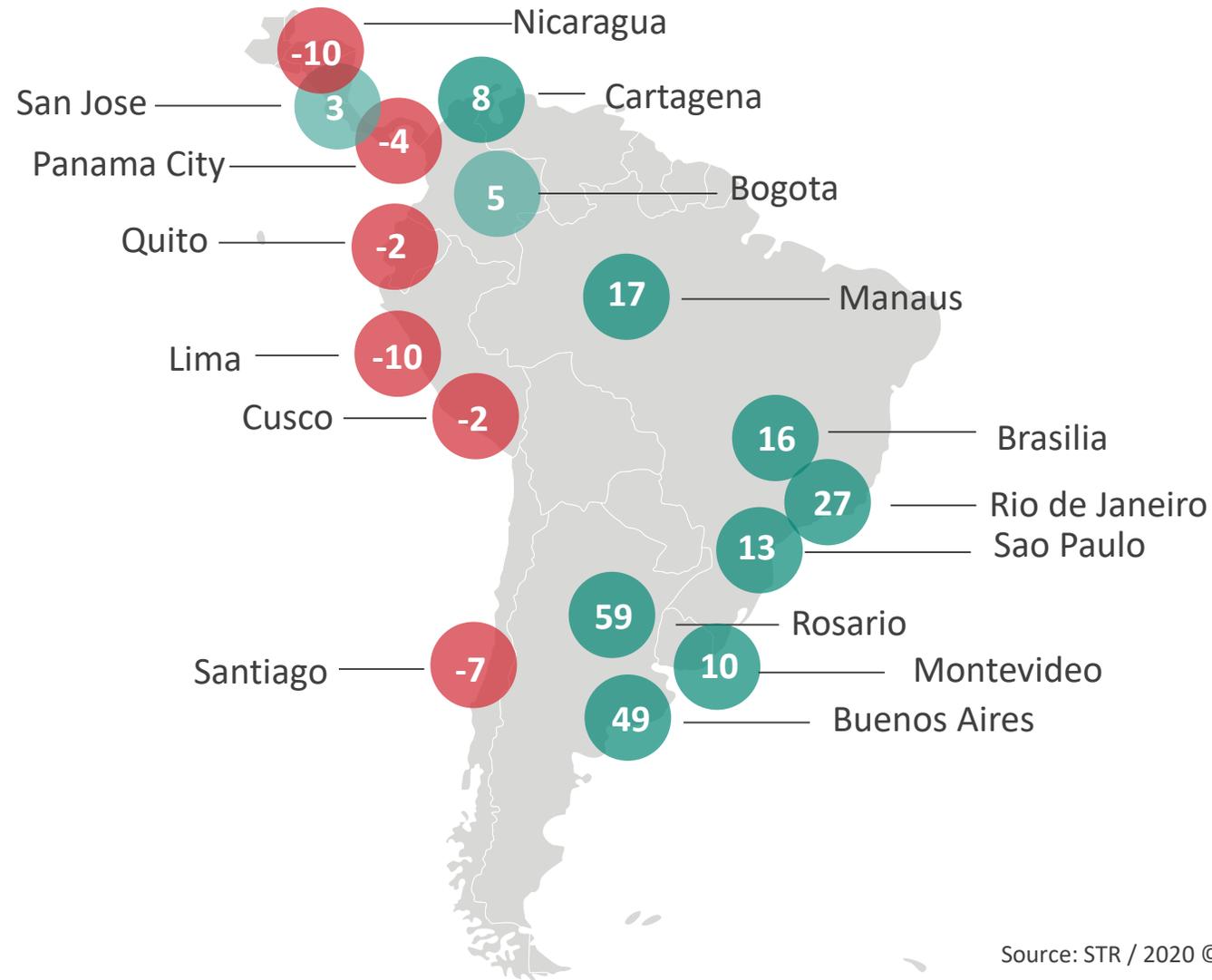
# RevPAR reaches it highest point in 10 years

South America (excl. Venezuela) CC, USD



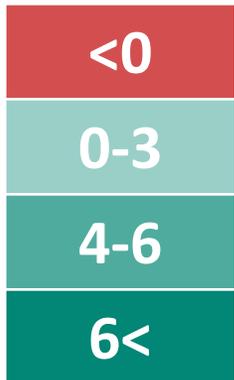
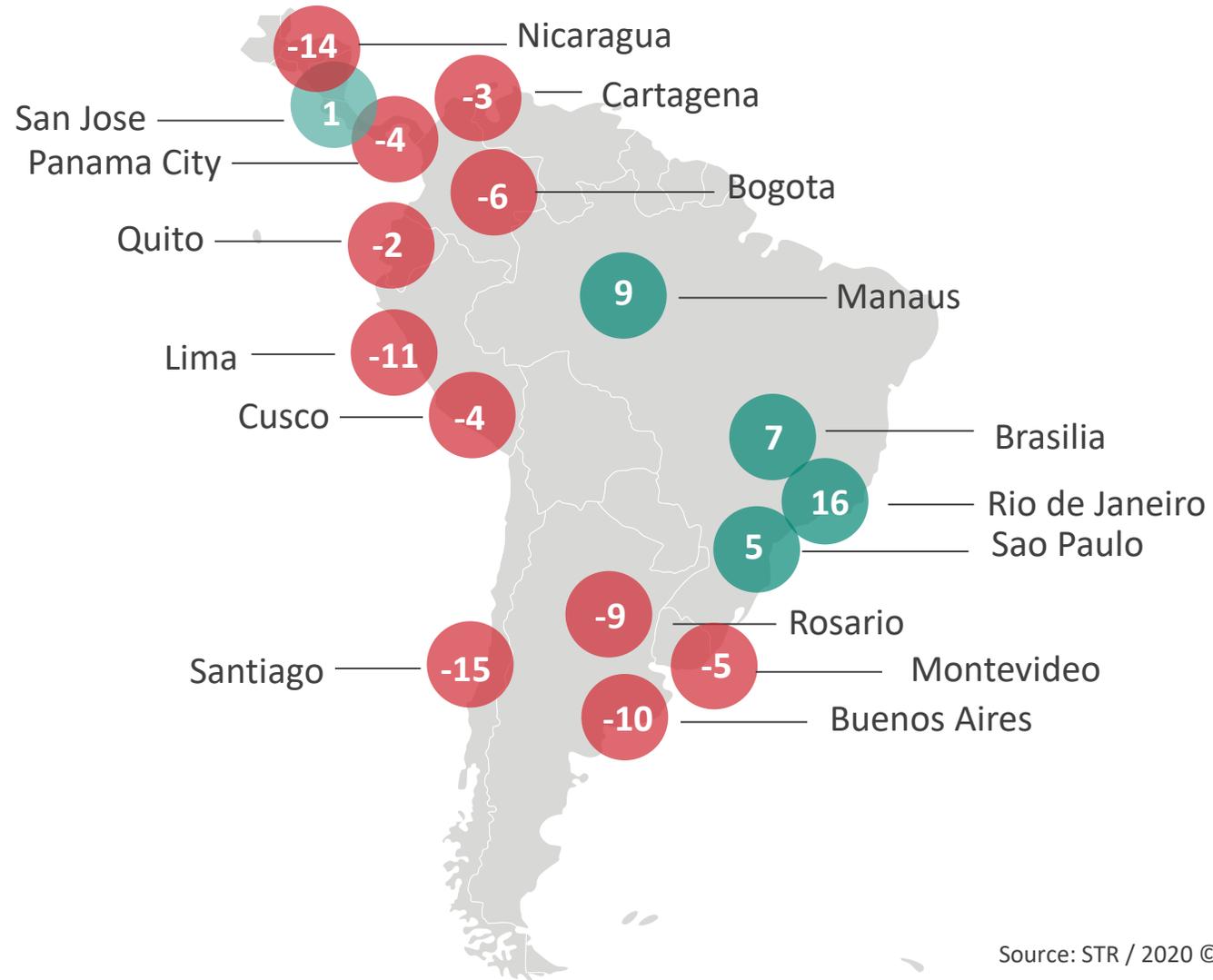
# Pacific region on declined during 2019

RevPAR % Change, Local Currency, Full Year 2019



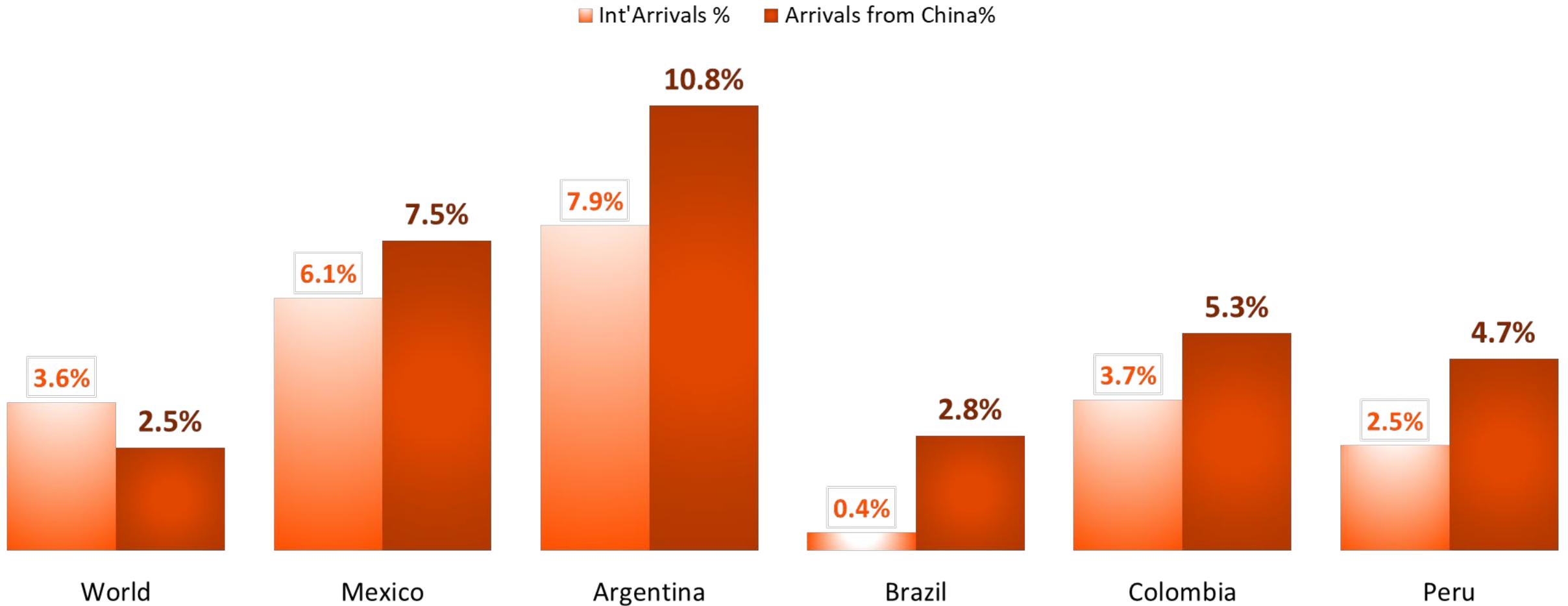
# A sea of Red due to FX, only Brazil afloat

RevPAR % Change, USD, Full Year 2019



# China outbound travel to LATAM

International arrivals from China % ch in 2019



# Central and South America – Pre and Post Virus Comparison

2020, Constant Currency USD



1<sup>st</sup> to 19<sup>th</sup> of Jan

Occupancy

54%

+1.5%

ADR

\$96

+7.7%

RevPAR

\$51

+9.3%

20<sup>th</sup> of Jan to 15<sup>th</sup> of Mar

Occupancy

58%

-4.2%

ADR

\$93

+4.2%

RevPAR

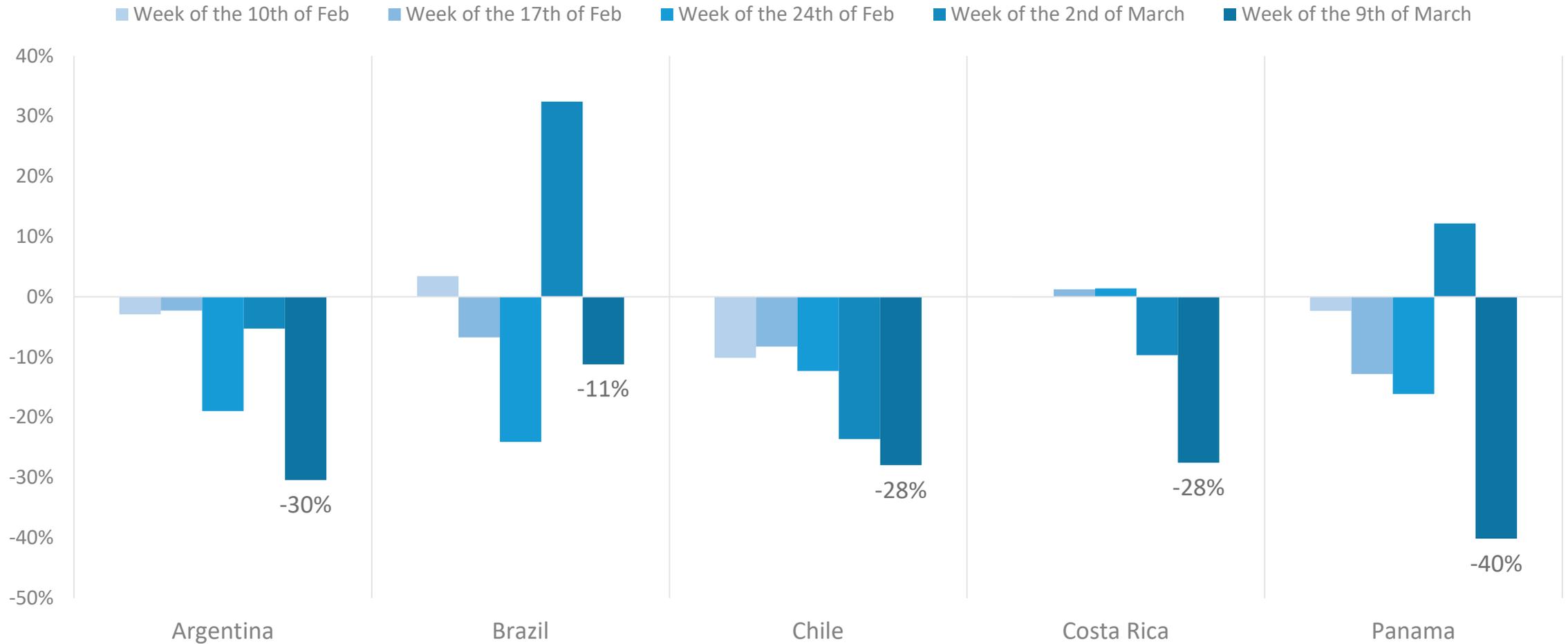
\$54

-0.2%

# Most impacted Countries in LATAM by COVID-19



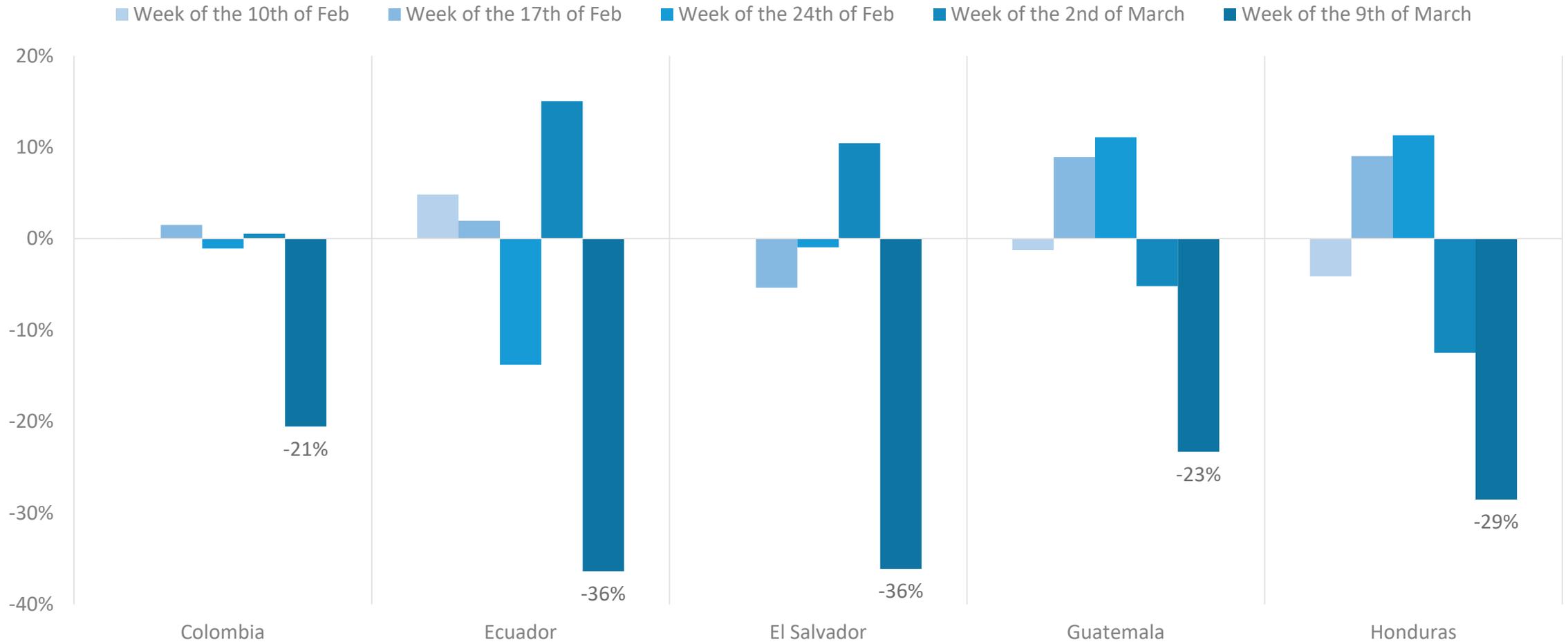
Occupancy % chg., Weeks commencing the 10<sup>th</sup>, 17<sup>th</sup>, 24<sup>th</sup> of Feb and 2<sup>nd</sup>, 9<sup>th</sup> of March 2020



# Countries severely impacted by COVID-19



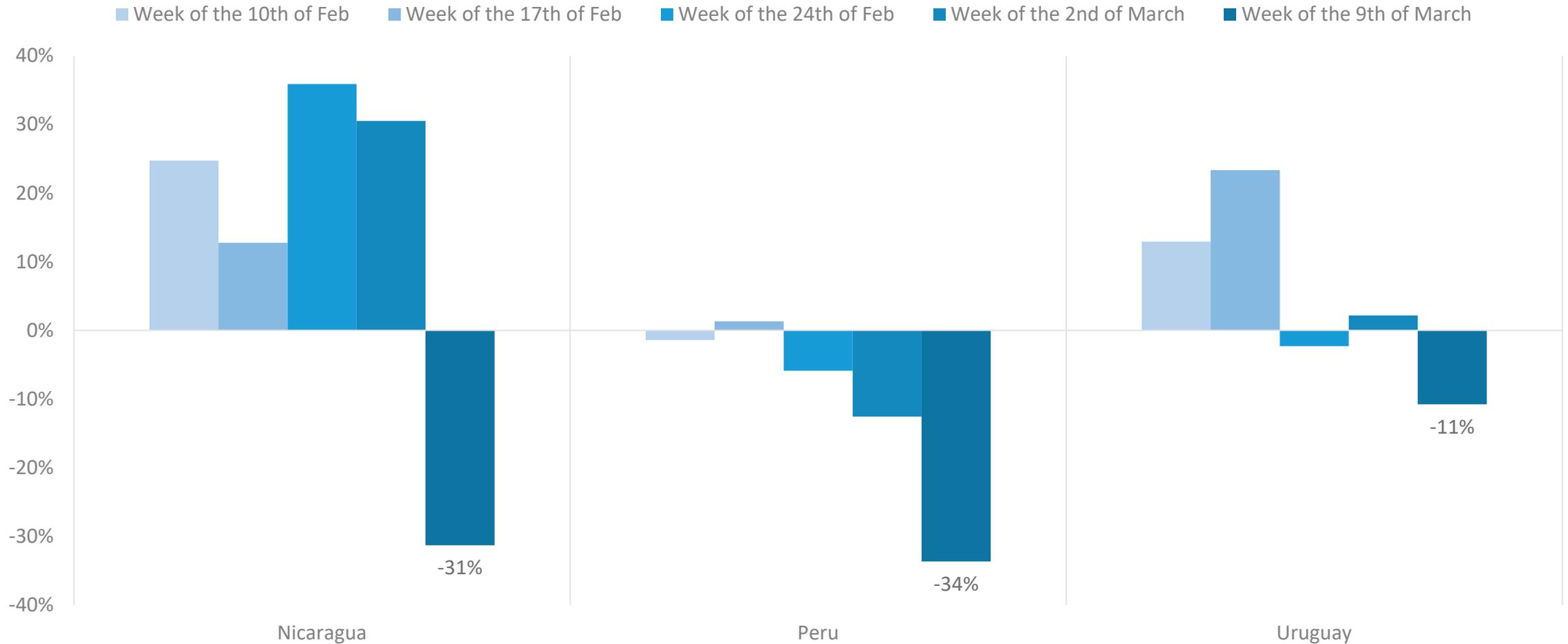
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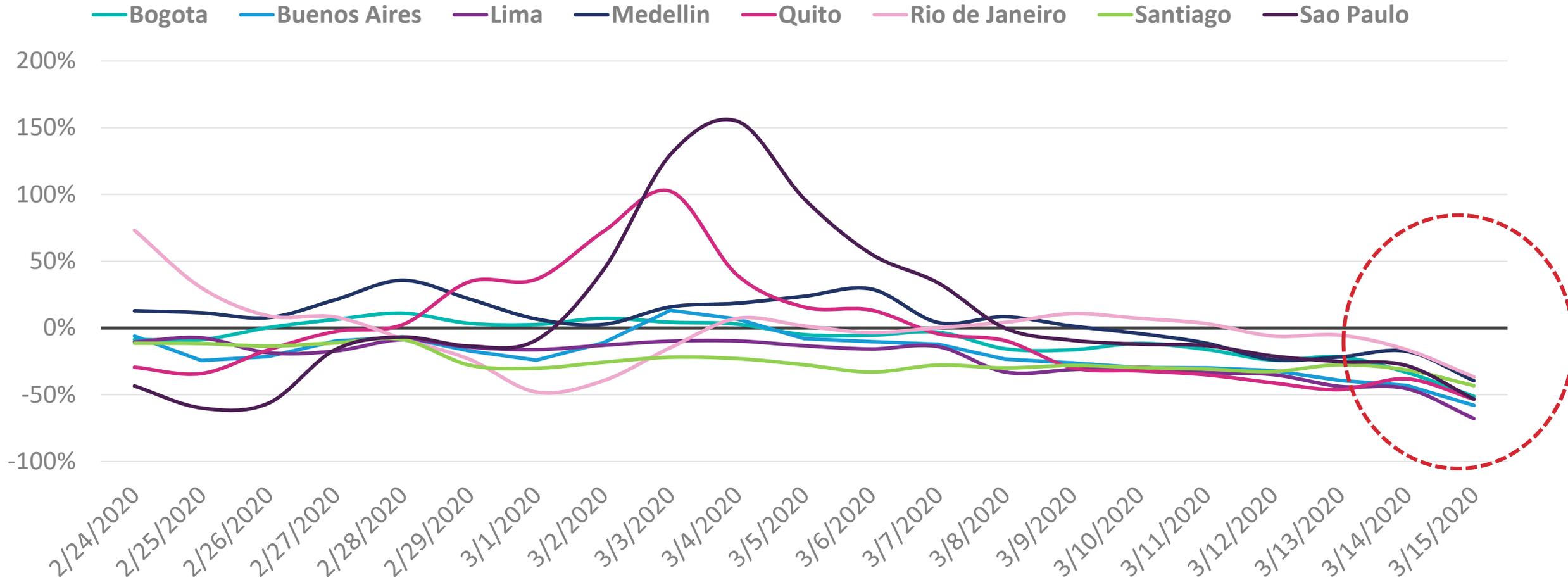


Occupancy % chg., Weeks commencing the 10<sup>th</sup>, 17<sup>th</sup>, 24<sup>th</sup> of Feb and 2<sup>nd</sup>, 9<sup>th</sup> of March 2020



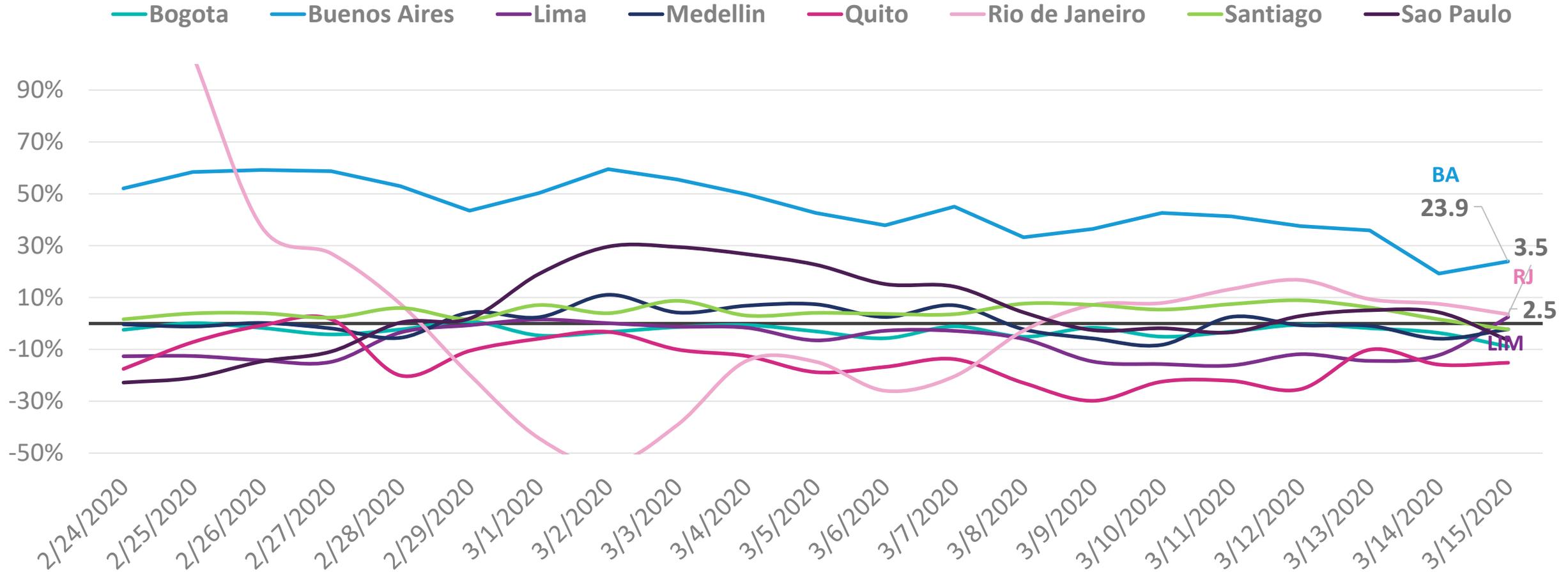
# LATAM gateway cities - All Occupancies affected

Occupancy % change, February 24th to March 15th 2020



# Buenos Aires, Rio de Janeiro, and Lima still growing rate

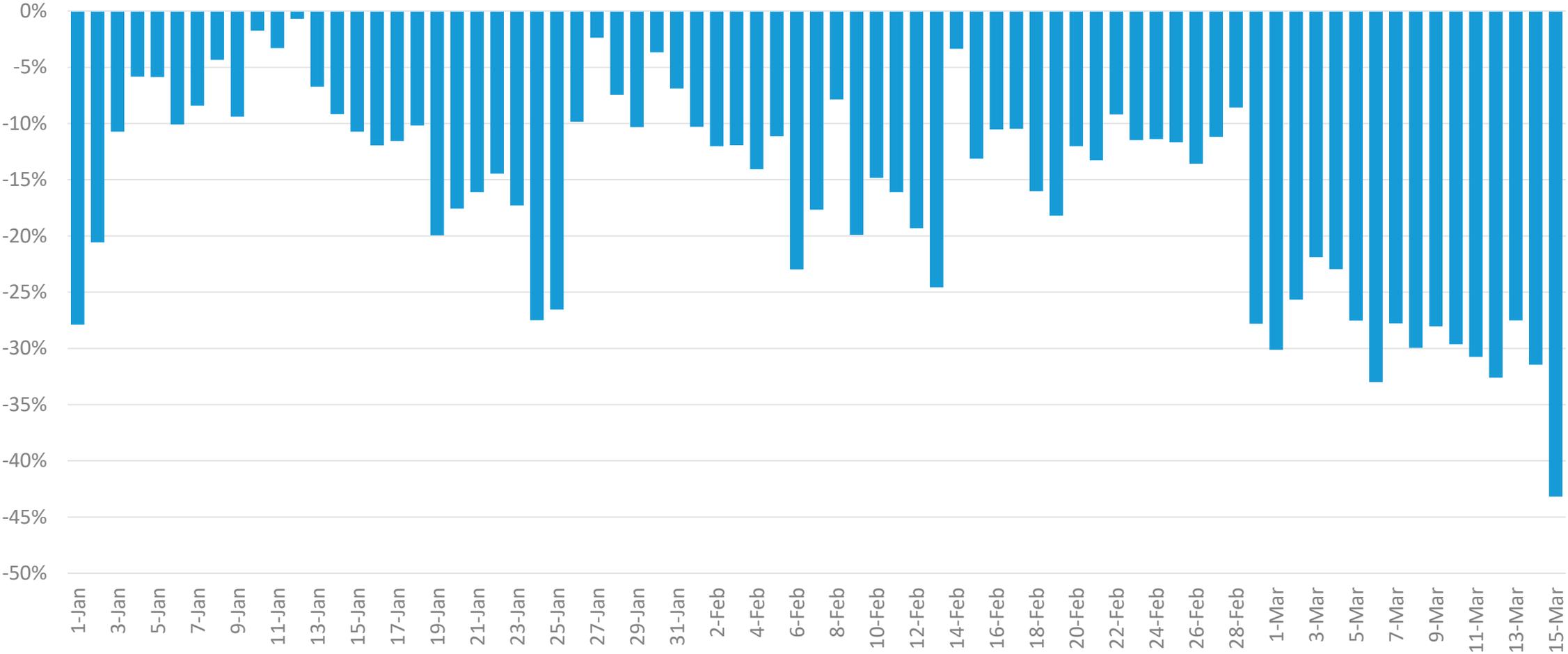
ADR % change, Local Currency, February 24th to March 15th 2020



# Santiago: Difficult 2020 for the Chilean capital since protests

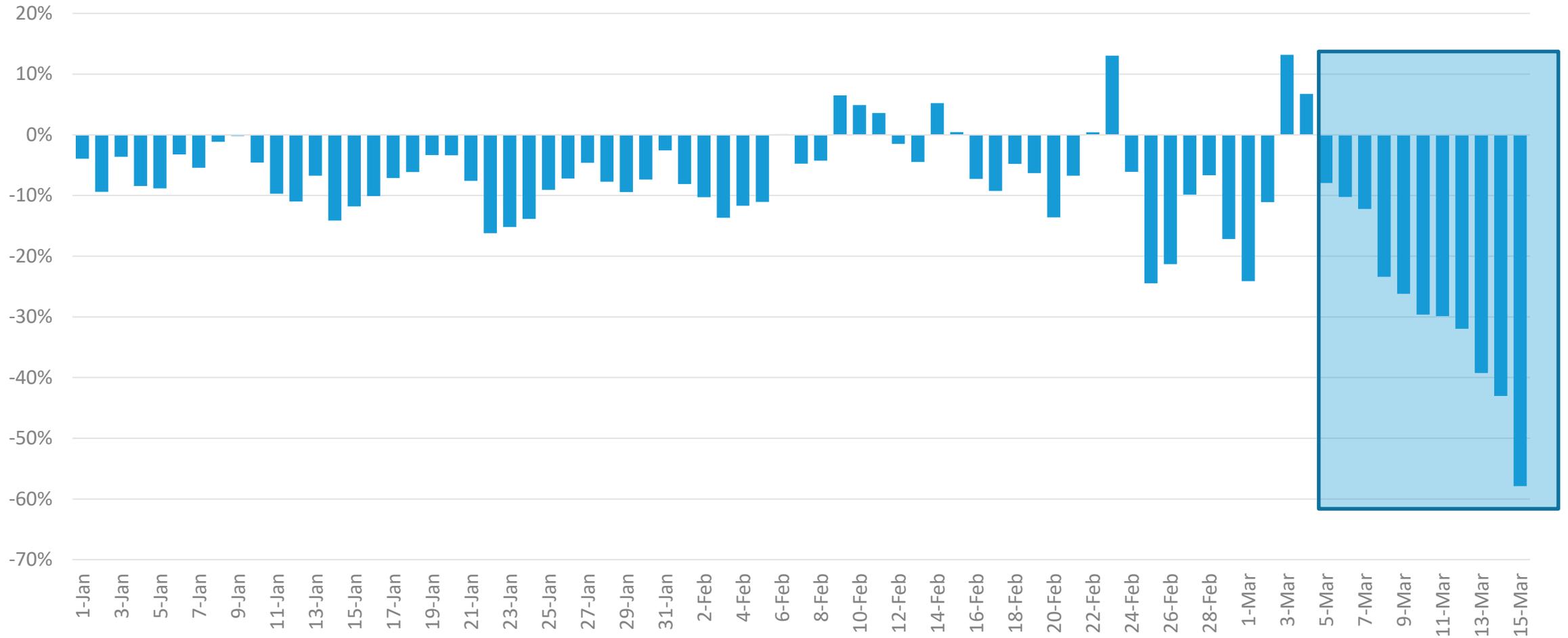


Occupancy growth by day in 2020 till March 15th



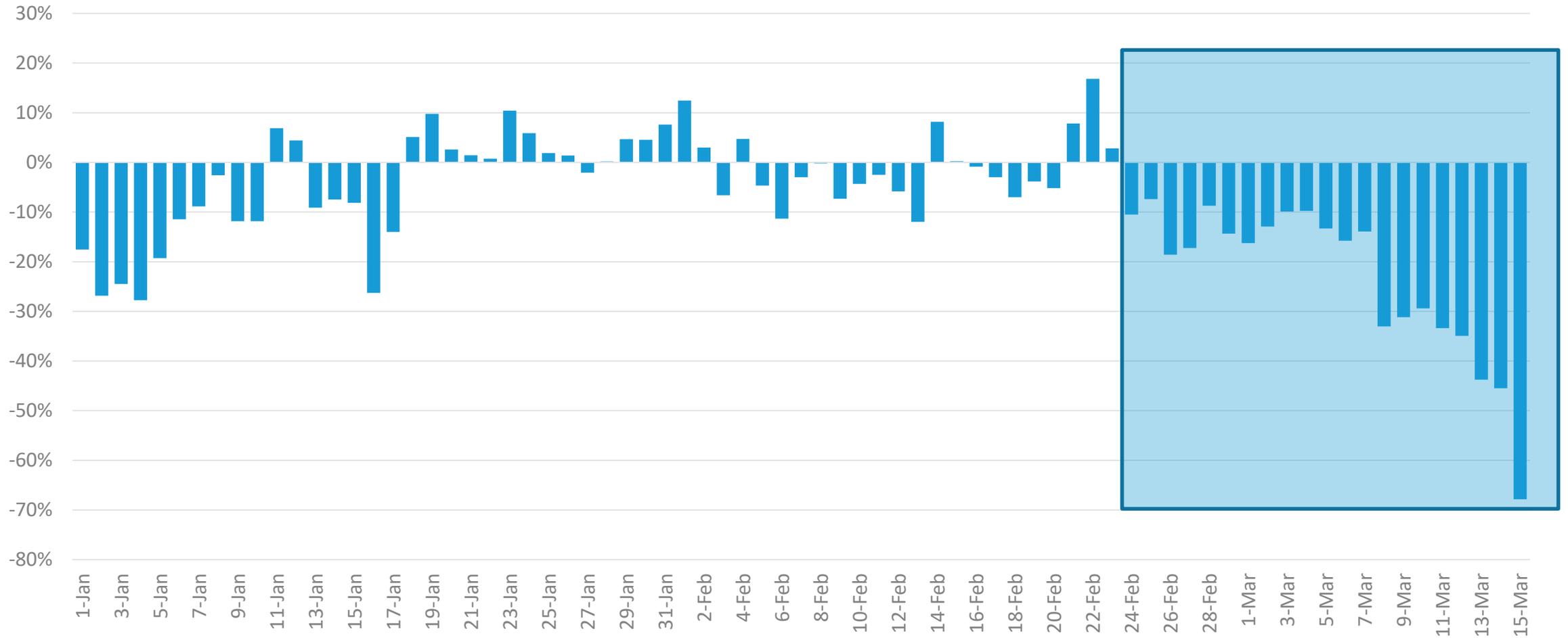
# Buenos Aires occupancy tipped on Feb 16

Occupancy growth by day in 2020 till March 15th



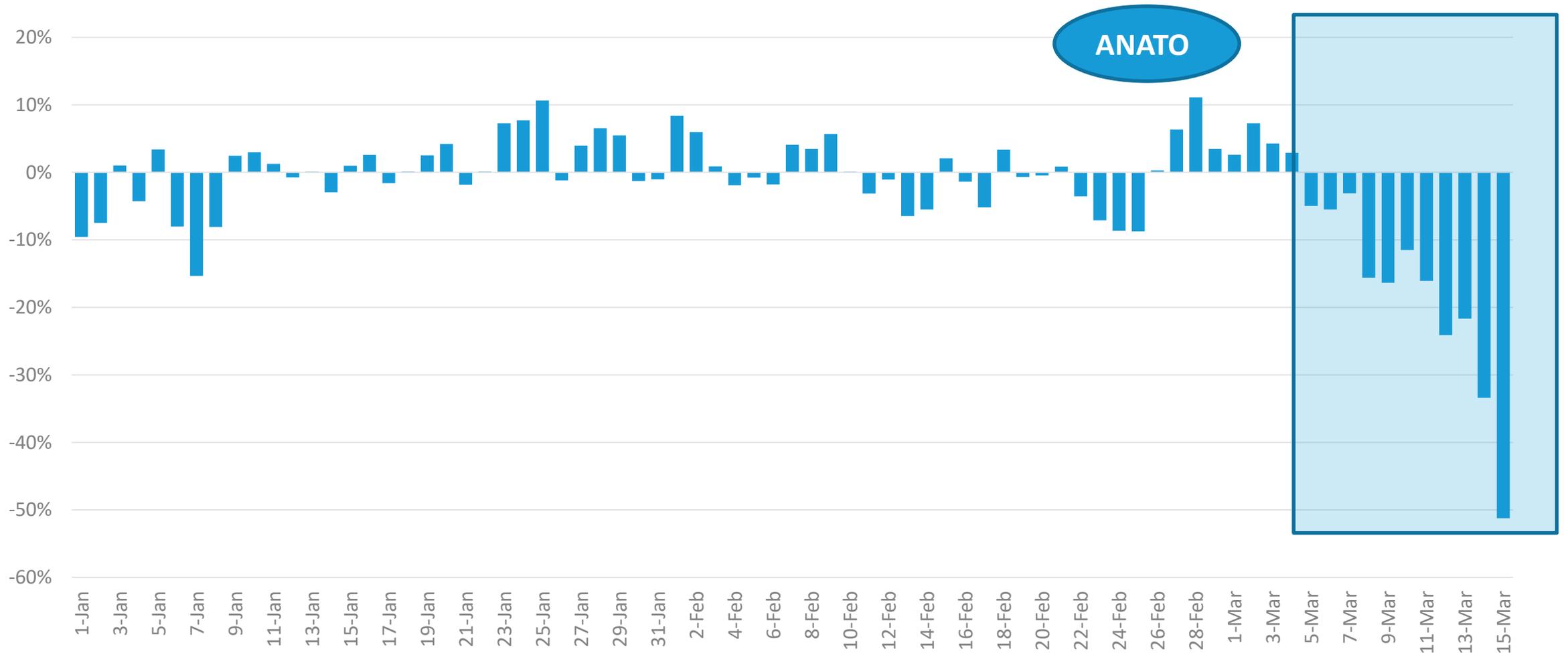
# Lima occupancy tipped on Feb 24

Occupancy growth by day in 2020 till March 15th



# Bogota occupancy tipped on March 5

Occupancy growth by day in 2020 till March 15th

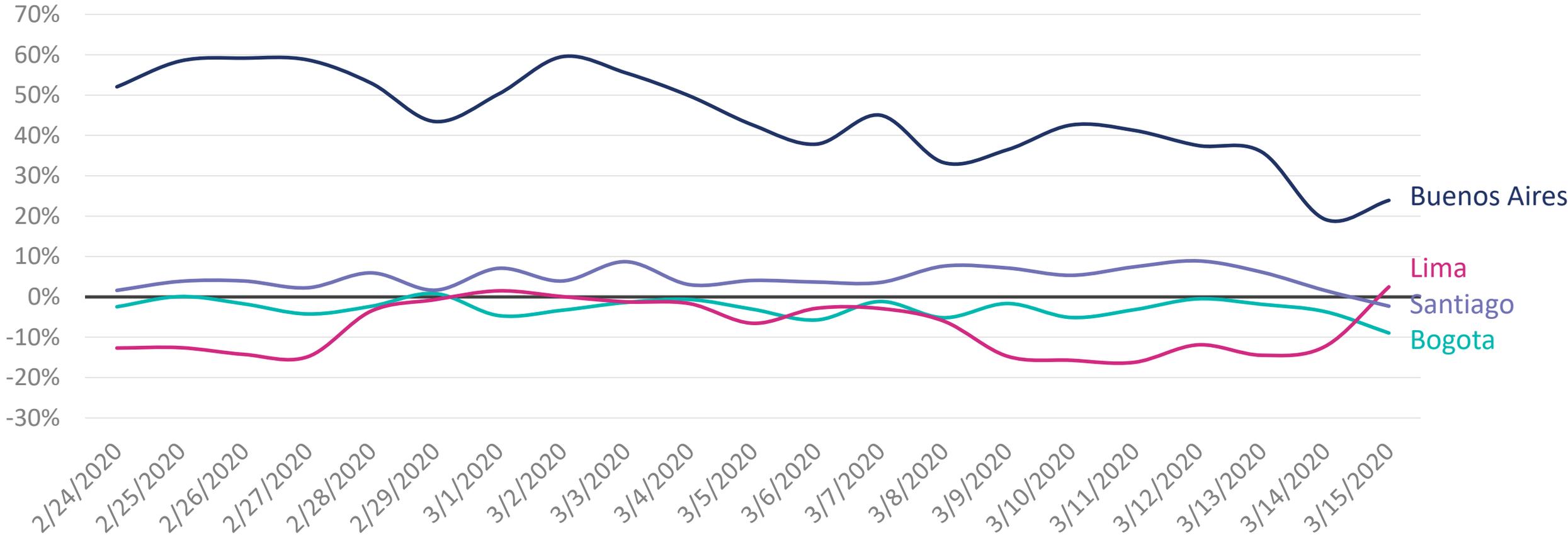


# ADR analysis: Santiago, Bogota rate in decline

ADR % change, Local Currency, February 24th to March 15th 2020

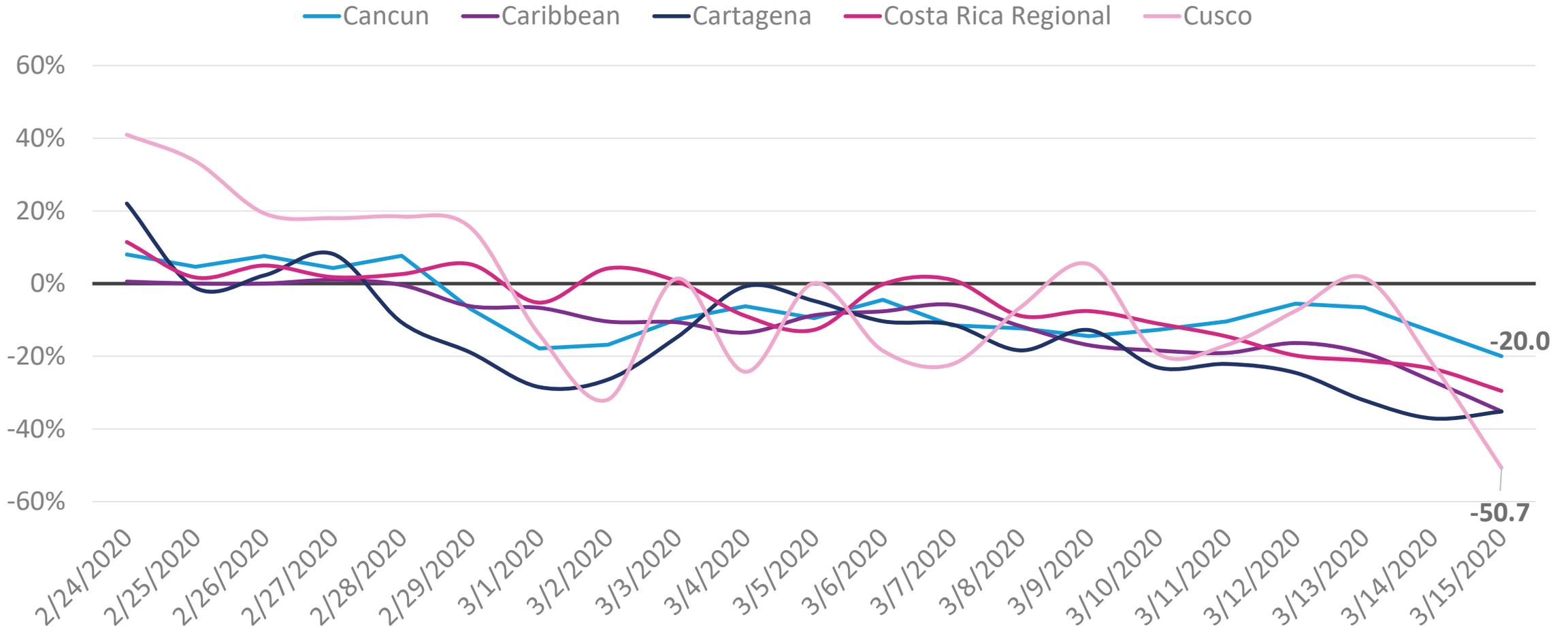


— Bogota — Buenos Aires — Lima — Santiago



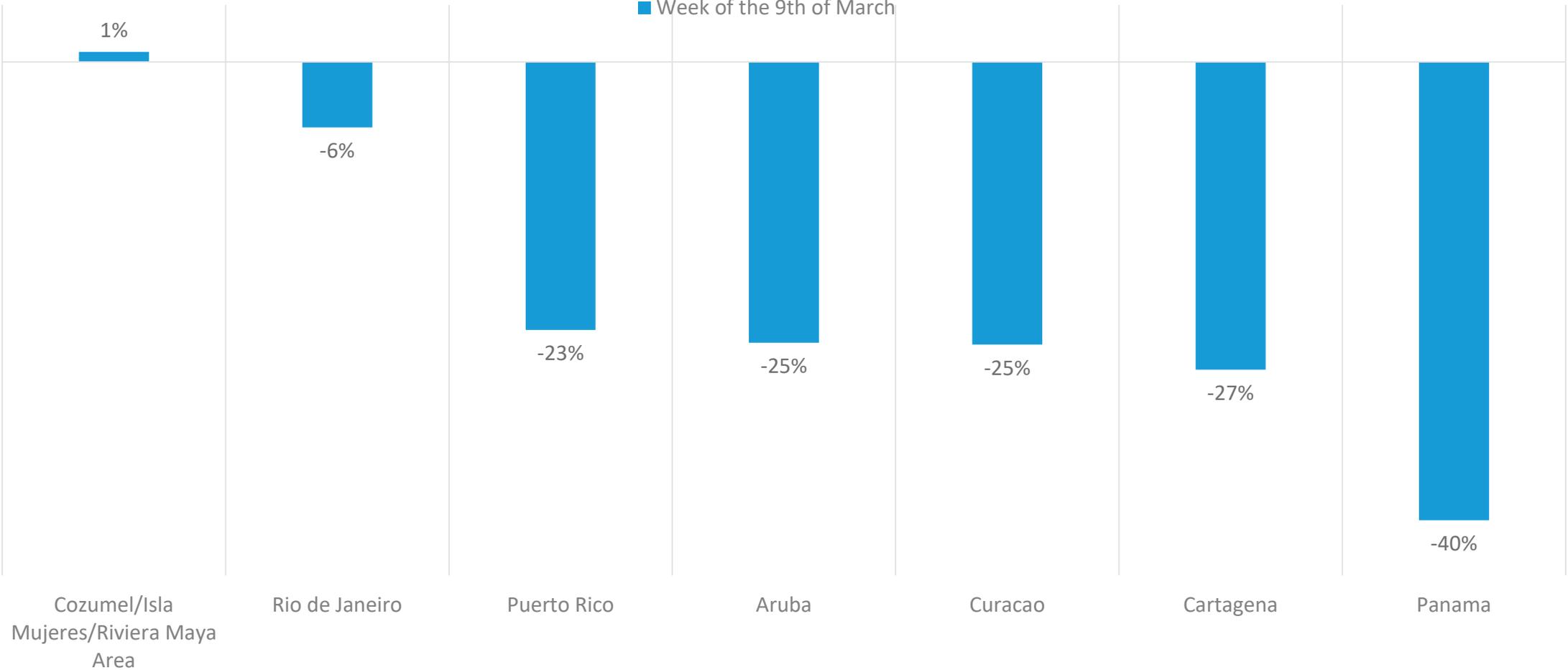
# LATAM tourism destinations- All affected

Occupancy % change, February 24th to March 15th 2020



# Cruise Port Hotel Performance Suffers

Occupancy % Chg., Week starting the 9<sup>th</sup> of March -15<sup>th</sup> March





# Conclusiones



# Conclusiones



## 1. Coronavirus ha impactado nuestra industria significativamente

- China y sus mercados receptores ya están gravemente afectados
- Pero ya no es solo un problema de China...la realidad y el riesgo han cambiado el comportamiento
- Europa y Oriente Medio ven el impacto de la reducción de viajes
- Latinoamérica no se queda atrás y siente sus efectos

## 2. La Historia nos dice que el rebote podría ser fuerte... pero

- **SARS** no es directamente comparable, sino un **indicativo**
- La importancia creciente de China, la cautela de los consumidores y la propagación del virus podrían significar una **recuperación** más **lenta** ...
- ... y el virus se ha convertido en una **pandemia**

## 3. Qué puede hacer?

- Garantizar acciones operativas apropiadas para **reducir el riesgo**
- No entre en pánico - **use datos** - compare los resultados día a día , no con el año pasado
- Recuerde que se trata de **vidas**, no de números

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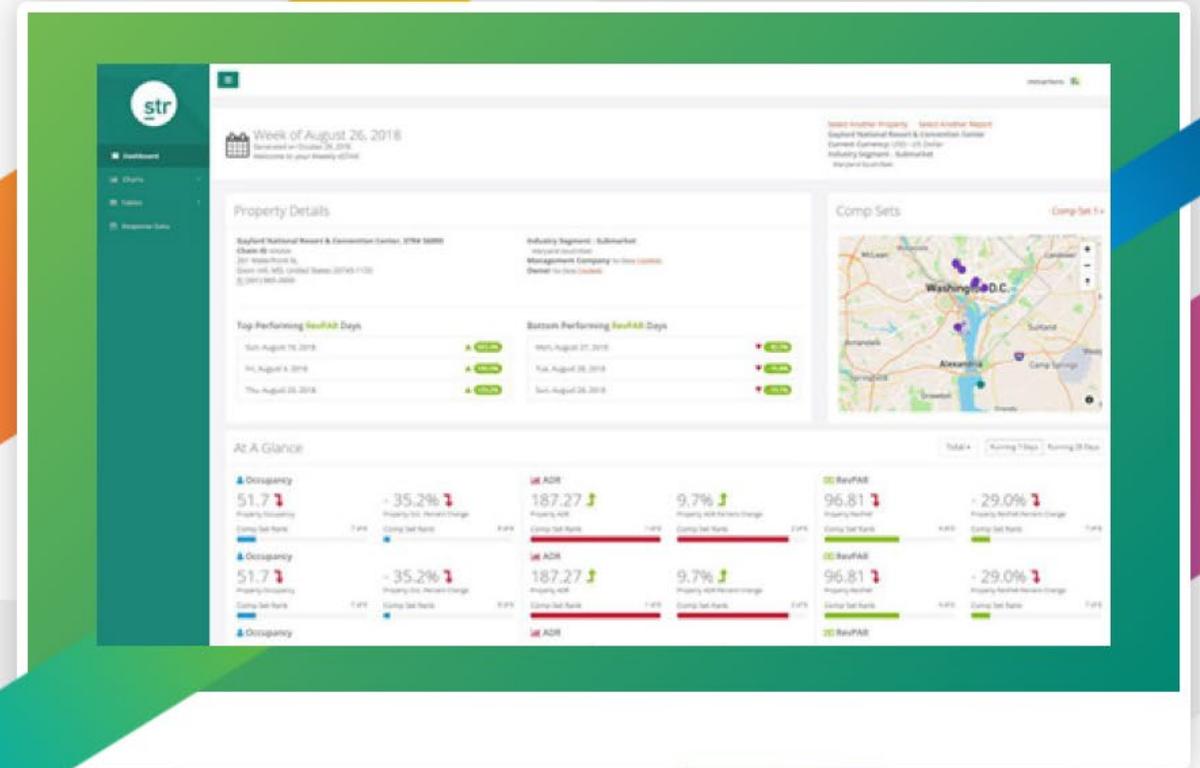
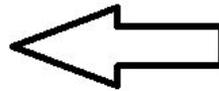
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[latam@str.com](mailto:latam@str.com)



HOTEL DATA  
CONFERENCE  
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