



Impact of COVID-19 on hotel performance

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27 March 2020

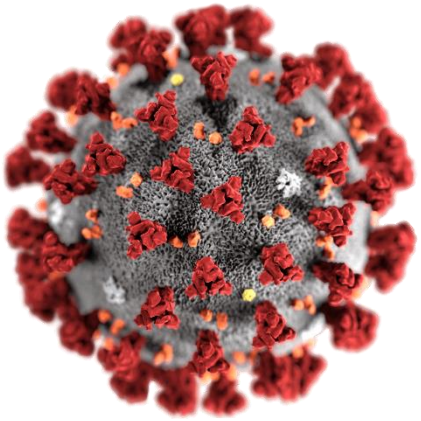
Pacific Edition



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**Some very important
points to start with**



#1 Coronavirus represents an unprecedented challenge for us all

We are in uncharted territory

#2 This is also about our fellow industry colleagues

This is hard on everyone

#3 Much is still uncertain... but it is certainly worse than we hoped

The virus is now a pandemic... much will depend on how long it remains one

#4 We at STR can never give guidance on price

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

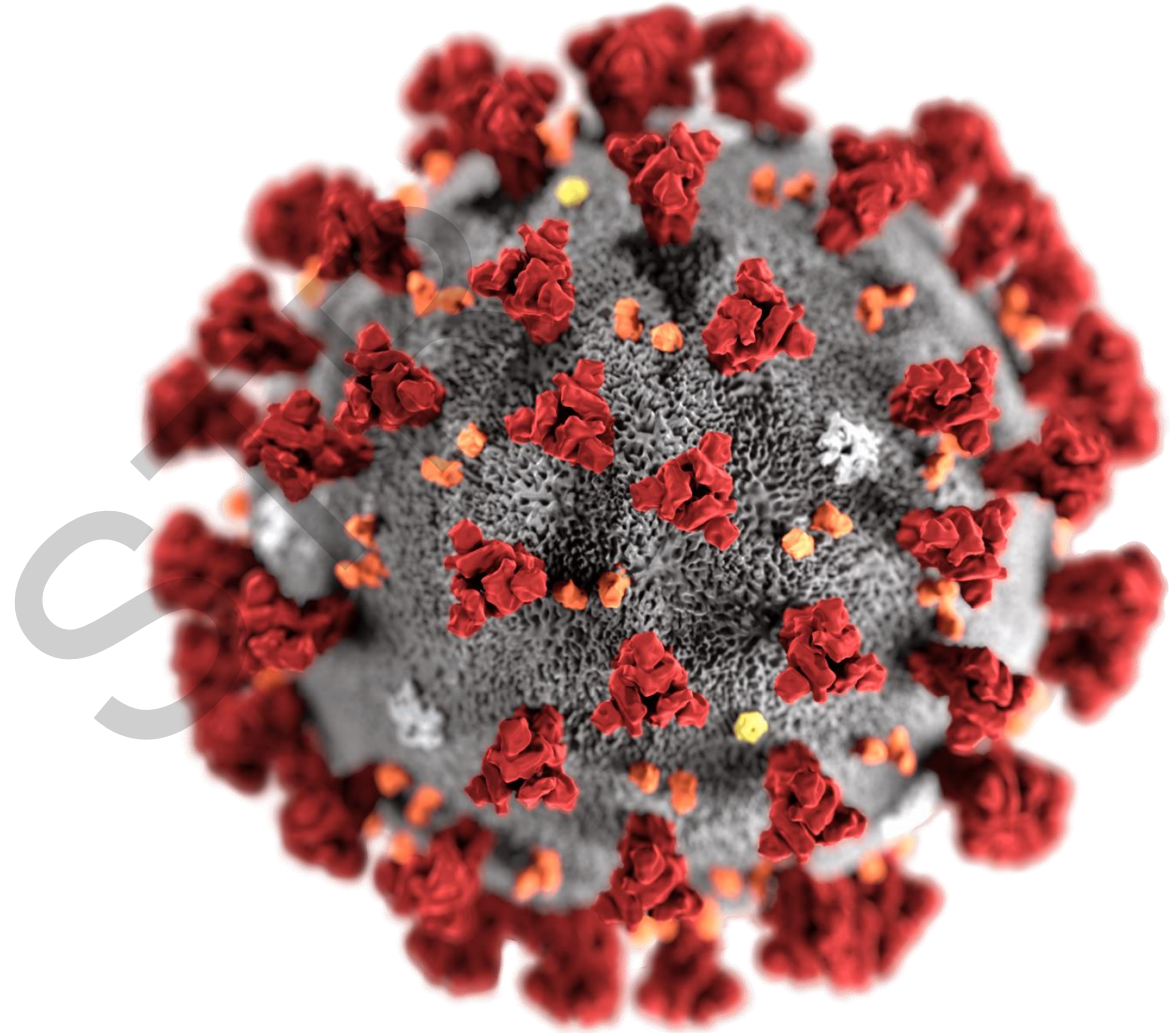


Anti-Trust Statement & Reminder:

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.



Global impact of COVID-19



Recent Occupancy declines

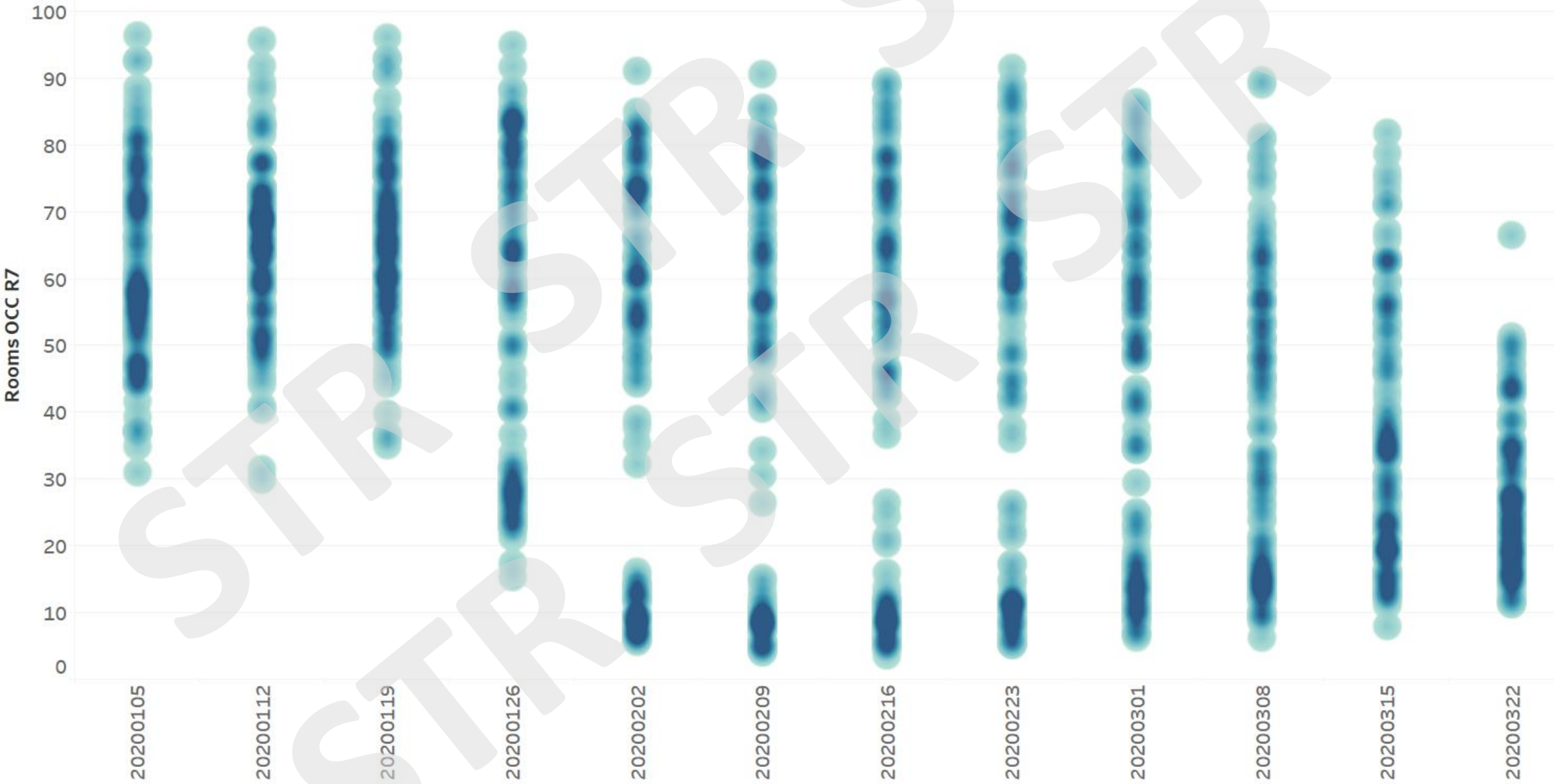
Occupancy % change vs 2019, Week ending 22nd March 2020



Below -90%		Negative 80-90%		Negative 70-80%		Negative 60-70%		Negative 50-60%		Negative 30-50%	
Czech Republic	-97%	Ukraine	-89%	Malaysia	-80%	Brazil	-70%	United States	-59%	Nigeria	-50%
Italy	-96%	Spain	-88%	Colombia	-80%	Costa Rica	-69%	Philippines	-58%	New Zealand	-49%
Austria	-94%	Netherlands	-86%	Egypt	-79%	Canada	-68%	UAE	-58%	Singapore	-48%
Hungary	-93%	France	-86%	Vietnam	-79%	Thailand	-68%	Dom. Republic	-57%	Qatar	-30%
Lebanon	-93%	Switzerland	-86%	Oman	-79%	China	-68%	Russia	-56%		
Poland	-92%	Kuwait	-85%	Puerto Rico	-78%	U K	-67%	South Africa	-55%		
Romania	-92%	Germany	-85%	Turkey	-78%	Indonesia	-66%	Fiji	-51%		
Belgium	-91%	Morocco	-84%	South Korea	-77%	Cambodia	-64%	Australia	-50%		
Latvia	-90%	Portugal	-83%	Peru	-76%	Maldives	-63%				
		Argentina	-83%	Kenya	-76%	Myanmar	-62%				
		Taiwan (China)	-83%	Saudi Arabia	-75%	Japan	-62%				
		Sweden	-82%	Bahrain	-75%	Mauritius	-62%				
		Finland	-81%	Chile	-75%	Mexico	-61%				
		Ireland	-80%	Sri Lanka	-72%						
				India	-71%						

APAC Market Occupancy Performance

Weekly Occupancy 05 January – 22 March 2020



USA | Last Week Was The Worst Week On STR's Record

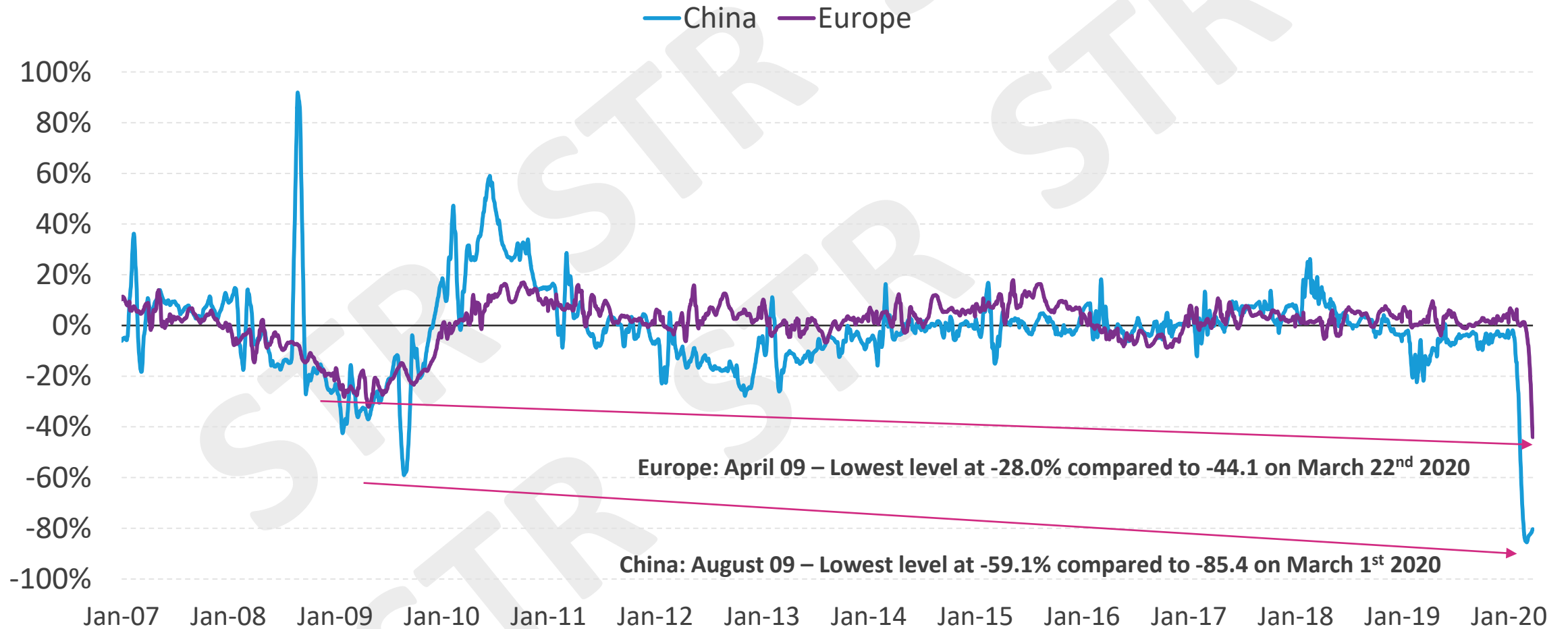


Week ending	RevPAR % Decline	Following Week
Sept 22, 2001	-38.0	-24.8
Sept 12, 2009	-25.3	-18.3
Mar 21, 2020	-69.5	Likely Worse

China and Europe already with steeper declines than 2008/9



China & Europe, RevPAR % change vs prior year, Rolling 28 days, Jan 1st 2007 – March 22nd 2020





A quick reminder...for local context

Hotel performance cycle

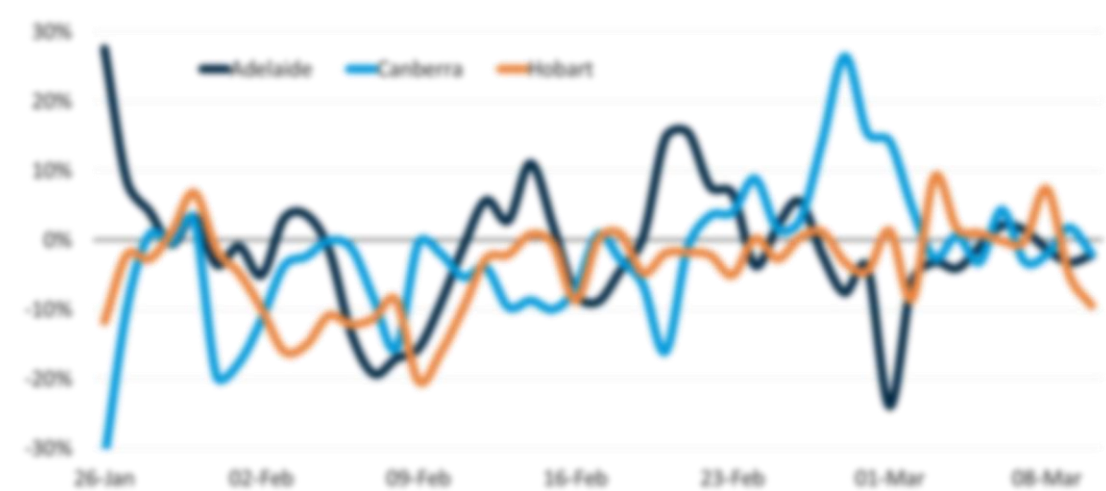
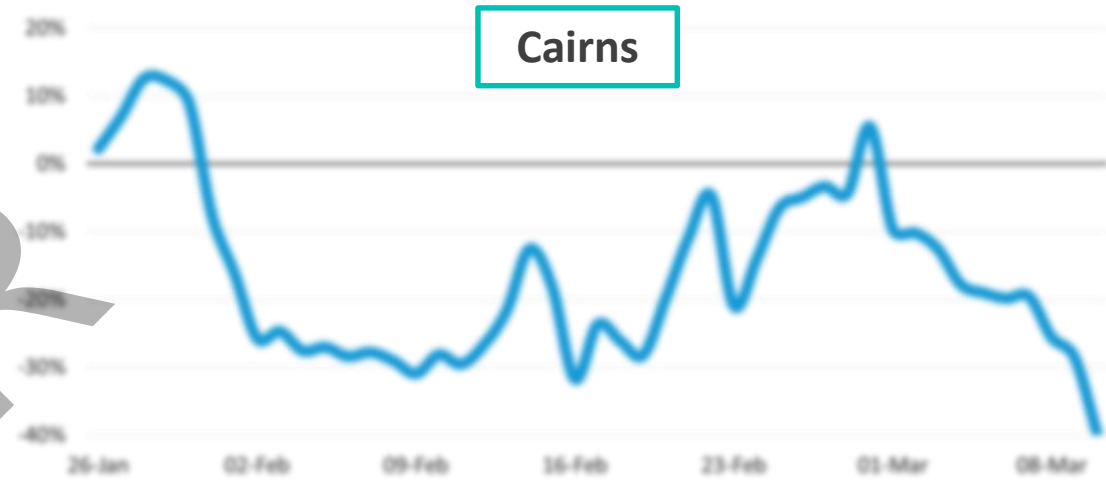
Across the Pacific

**Demand
growing**

**New supply in 2019
slightly exceeding
demand**

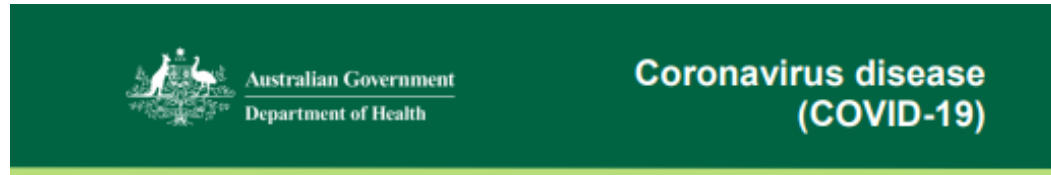
Performance was showing a few signs but pretty reasonable

Sydney, Melbourne & Cairns were seeing the earliest impact



Occupancy growth (%) compared to same dates in 2019, 26Jan-10Mar, Sydney & Melbourne

Global shutdown of travel and movement of people



What you need to know

We need to work together to help stop the spread of coronavirus disease (COVID-19).

Staying home

All Australians are required to stay home unless it's absolutely necessary to go outside.

If you are sick, you must not attend your workplace. You must stay at home and away from others.

Australians are permitted to go outside for the essentials, such as:

- shopping for food
- exercising – outdoors avoiding contact with other people
- going out for medical needs
- providing care or support to another individual in a place other than your home
- going to work if you cannot work from home

Australians are strongly encouraged to work from home where they can.

All international travel is banned. Domestic travel is to be avoided.

Non-essential gatherings

The one person per four square metre rule applies to all gatherings.

Visits to your home should be kept to a minimum, with a very small number of guests. Extended family gatherings, barbecues, birthday parties and house parties are not permitted.

The following gatherings are restricted:

- Weddings – no more than 5 people in attendance including the bride and groom
- Funerals – no more than 10 people are to attend.

New Zealand COVID-19 Alert Levels

Unite
against
COVID-19

Level 3 - Restrict

Heightened risk that disease is not contained

RISK ASSESSMENT

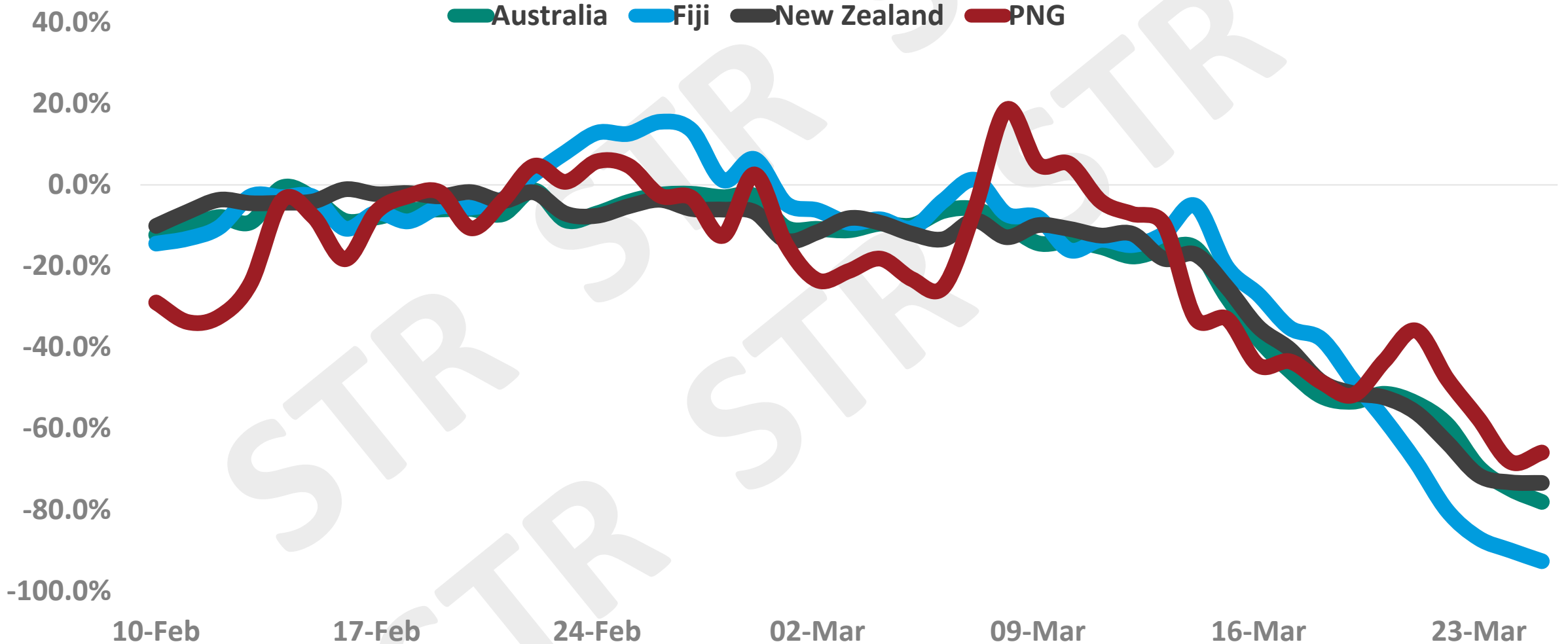
- Community transmission occurring OR
- Multiple clusters break out

RANGE OF MEASURES (Can be applied locally or nationally)

- Travel in areas with clusters or community transmission limited
- Affected educational facilities closed
- Mass gatherings cancelled
- Public venues closed (e.g. libraries, museums, cinemas, food courts, gyms, pools, amusement parks)
- Alternative ways of working required and some non-essential businesses should close
- Non face-to-face primary care consultations
- Non acute (elective) services and procedures in hospitals deferred and healthcare staff reprioritised

Pacific by country – no one has been immune

Occupancy is below 25% now

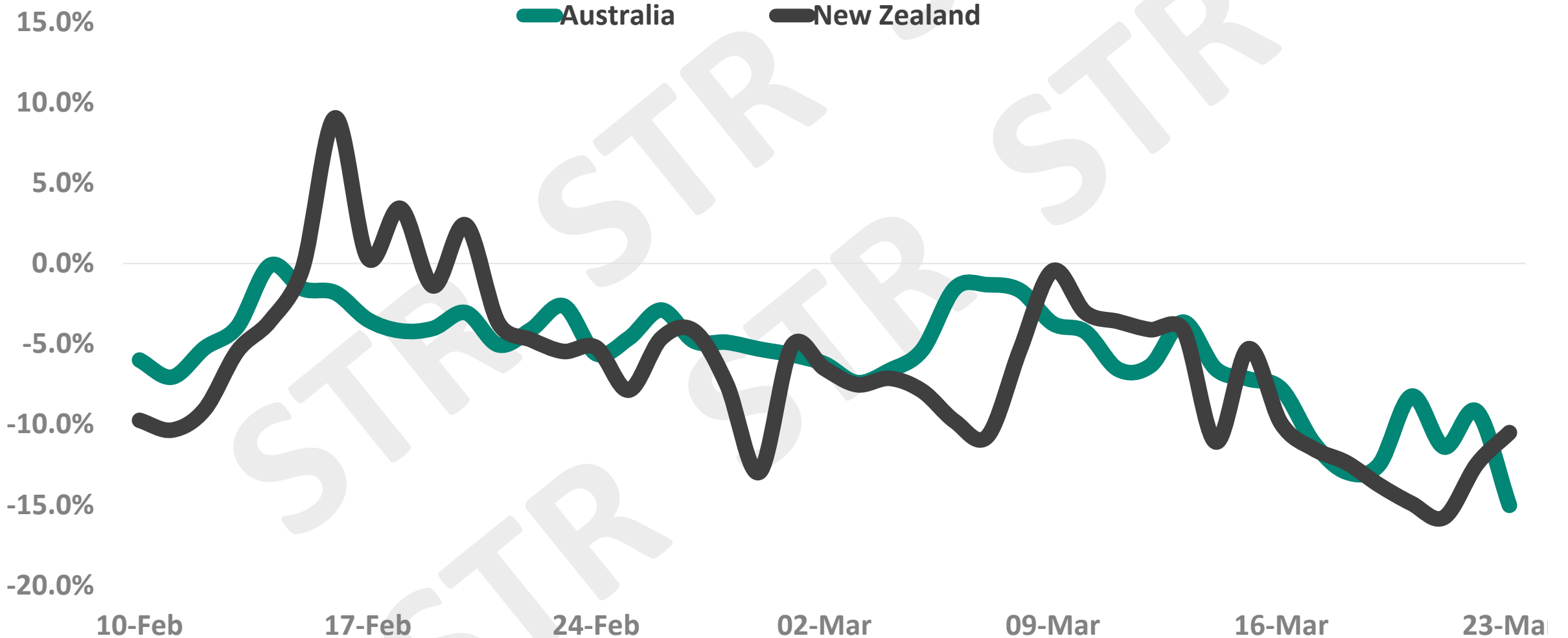


Occupancy growth (%) compared to same dates in 2019, 10 Feb-25 Mar, Country level

Australia & New Zealand by country – rates did ok considering...



Until hit <40% occupancy



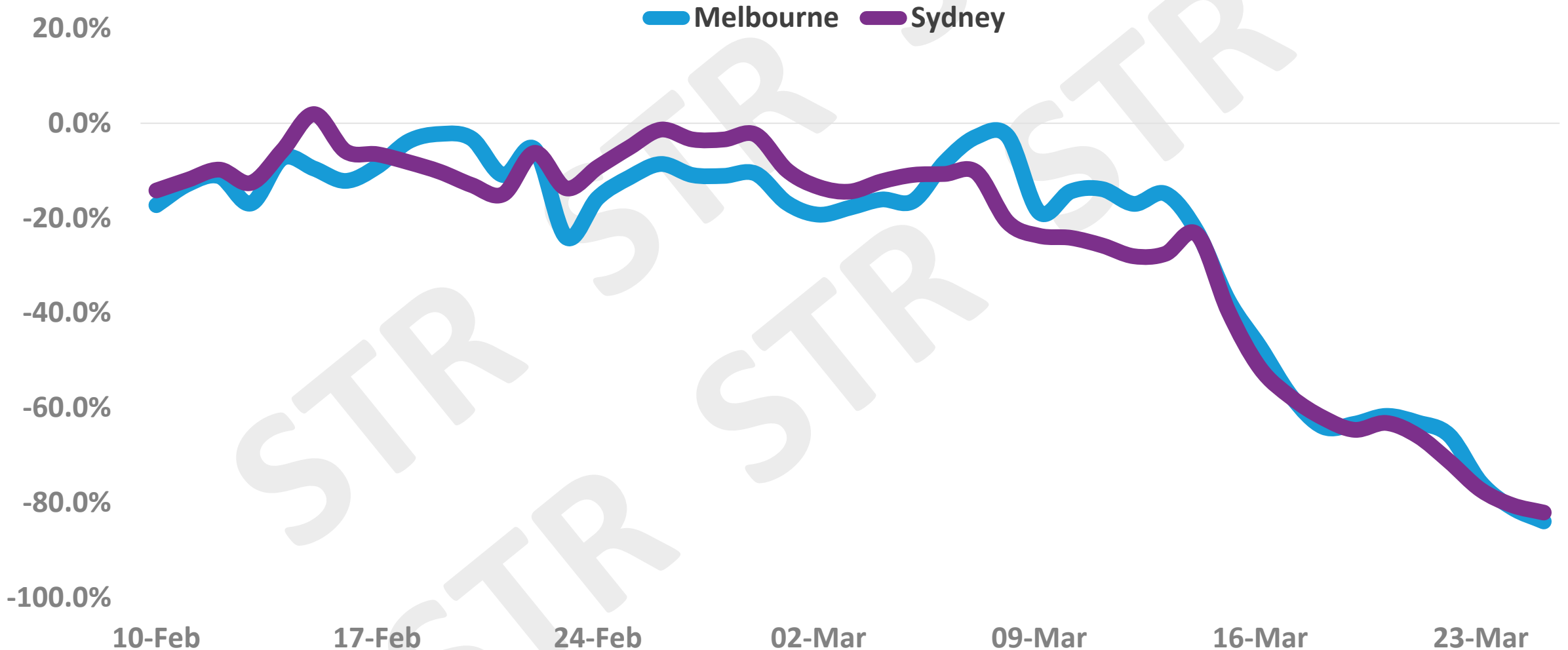
ADR growth (%) Local Currency compared to same dates in 2019, 10 Feb-23 Mar, Country level

Source: STR / 2020 © CoStar Realty Information, Inc..

Sydney & Melbourne – sharp escalation of impact



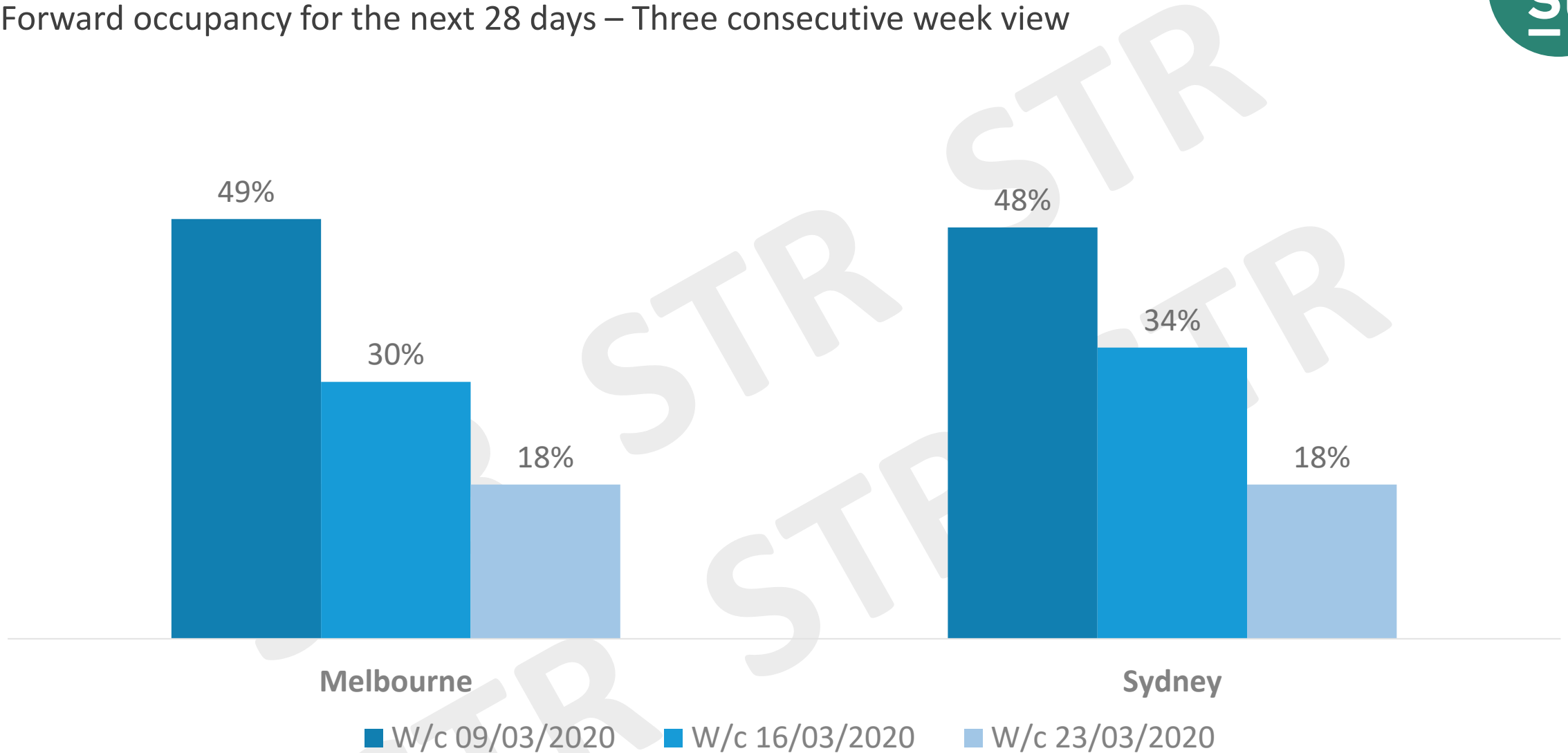
Each step of the national containment measures have shown their impact



Occupancy growth (%) compared to same dates in 2019, 10Feb-25Mar, Sydney & Melbourne

Melbourne & Sydney | Steep drops in business on the books

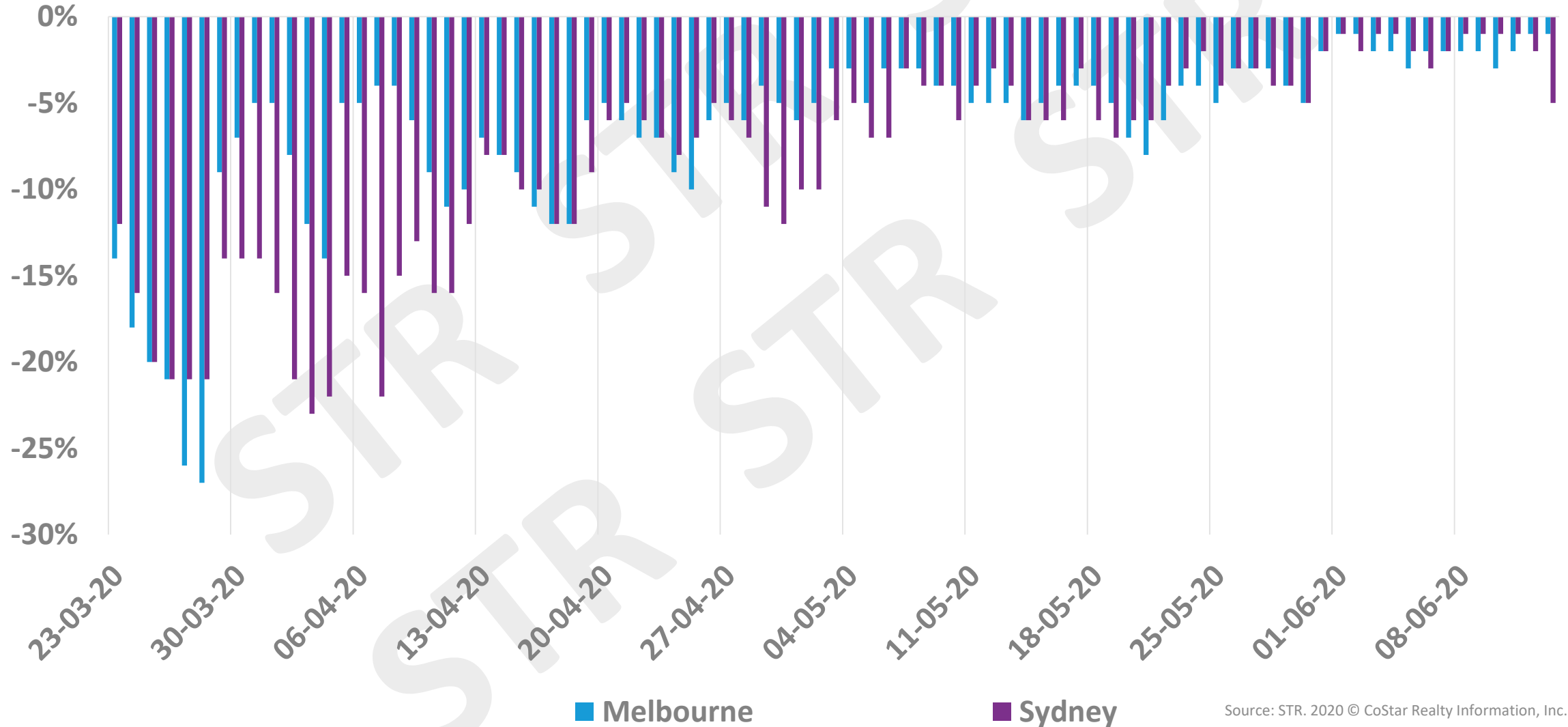
Forward occupancy for the next 28 days – Three consecutive week view



Consumers aren't looking in the next few months

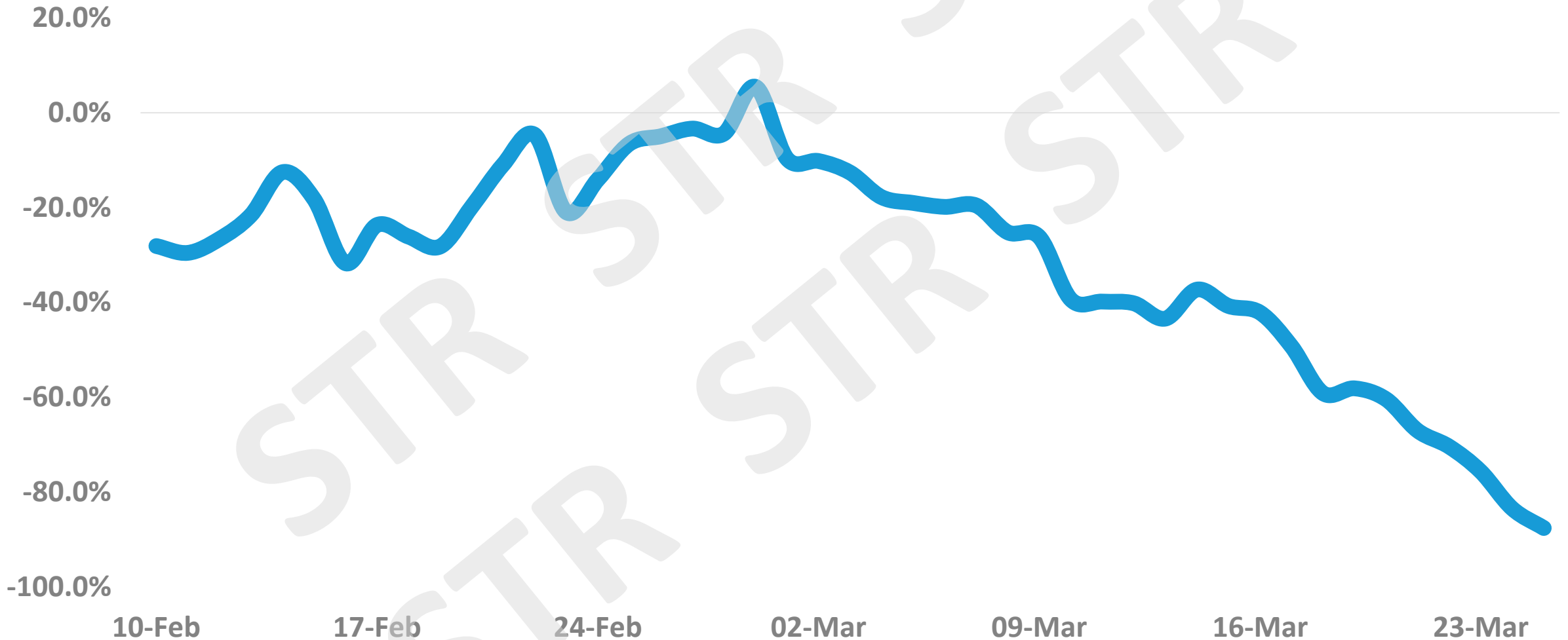
Cancellations exceed new reservations

Pickup for next 3 months as at 23/03/2020



Cairns is brought to its knees – Occupancy is almost single digits

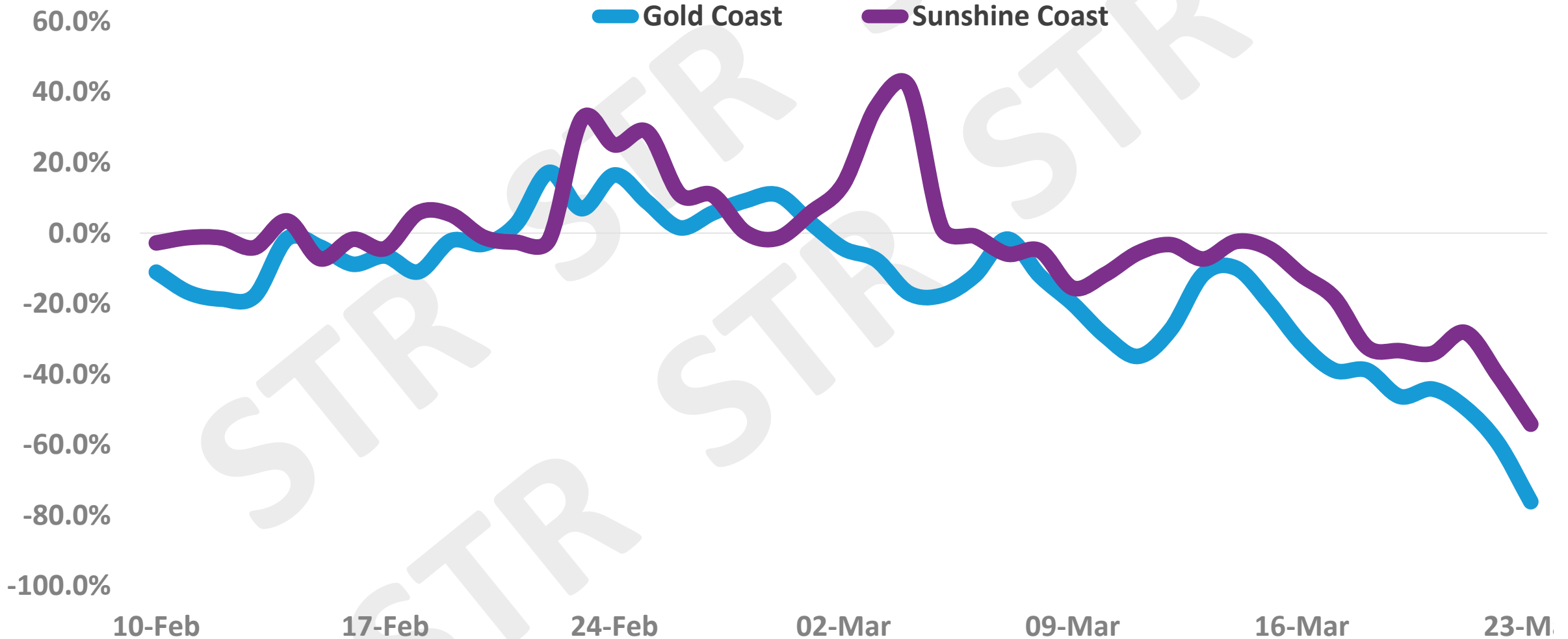
New supply being held off from opening



Occupancy growth (%) compared to same dates in 2019, 10 Feb-25 Mar, Cairns

Queensland Leisure: Gold Coast | Sunshine Coast

They held up for a long time

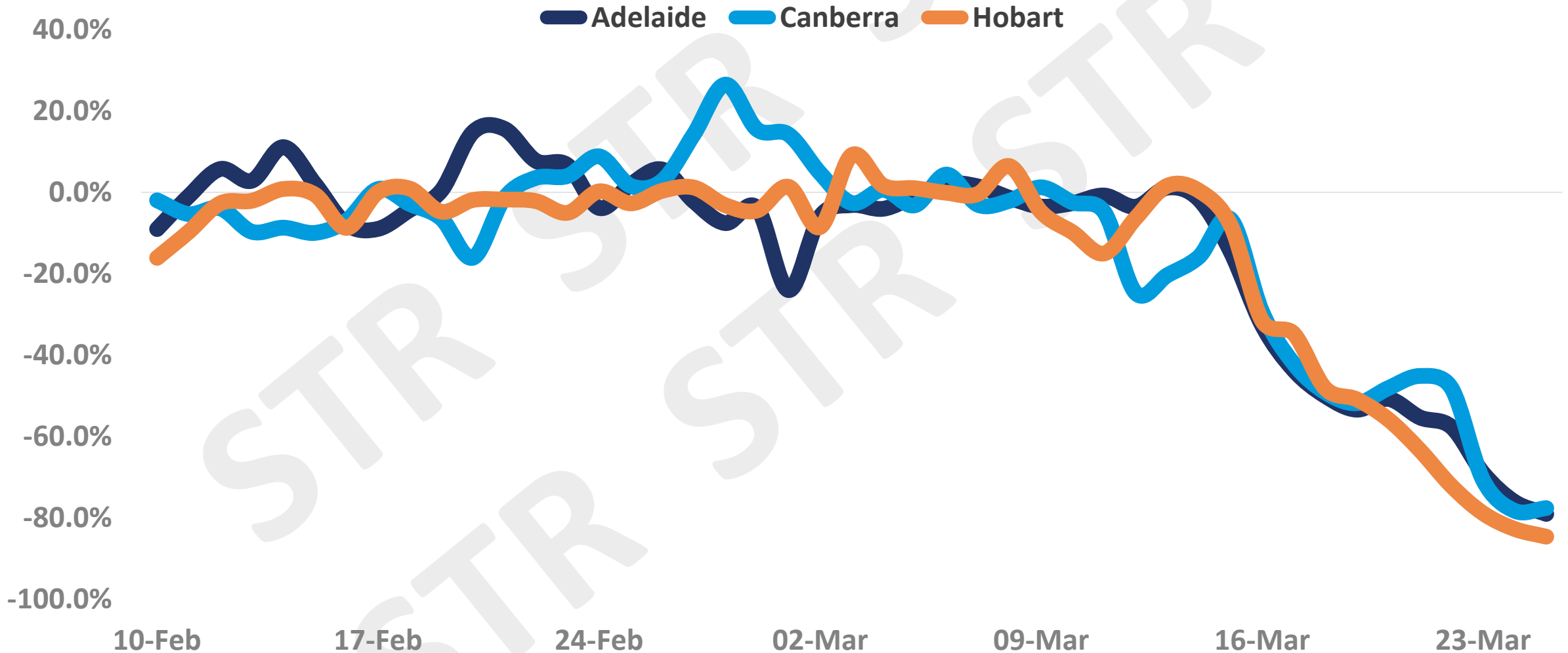


Occupancy growth (%) compared to same dates in 2019, 10 Feb-23 Mar, Gold Coast and Sunshine Coast

Capital City Roundup: Adelaide | Canberra | Hobart



Activity by prescription came to a halt – after trading reasonably well



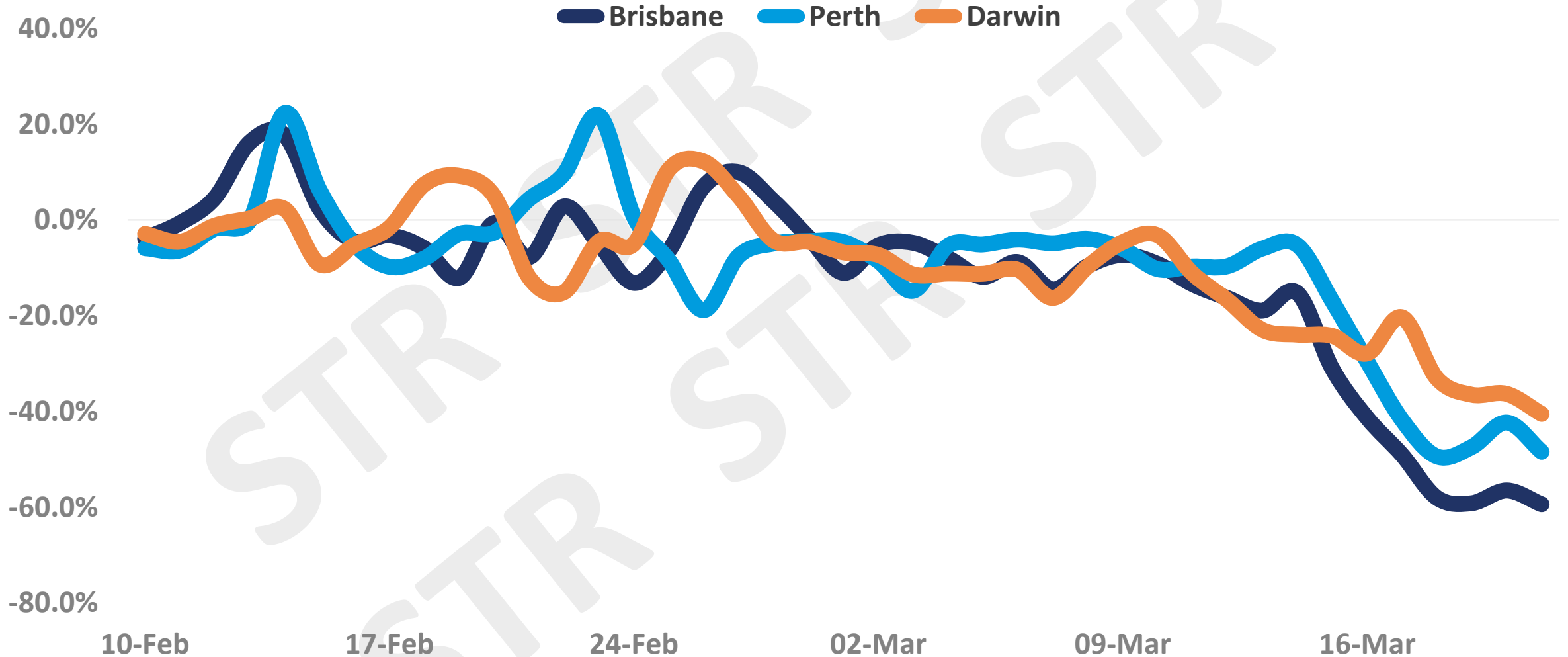
Occupancy growth (%) compared to same dates in 2019, 10 Feb-23 Mar, Adelaide, Canberra, Hobart

Source: STR / 2020 © CoStar Realty Information, Inc..

Capital City Roundup: Brisbane | Perth | Darwin



Steep decline for Brisbane and Perth in past 10 days as demand closed

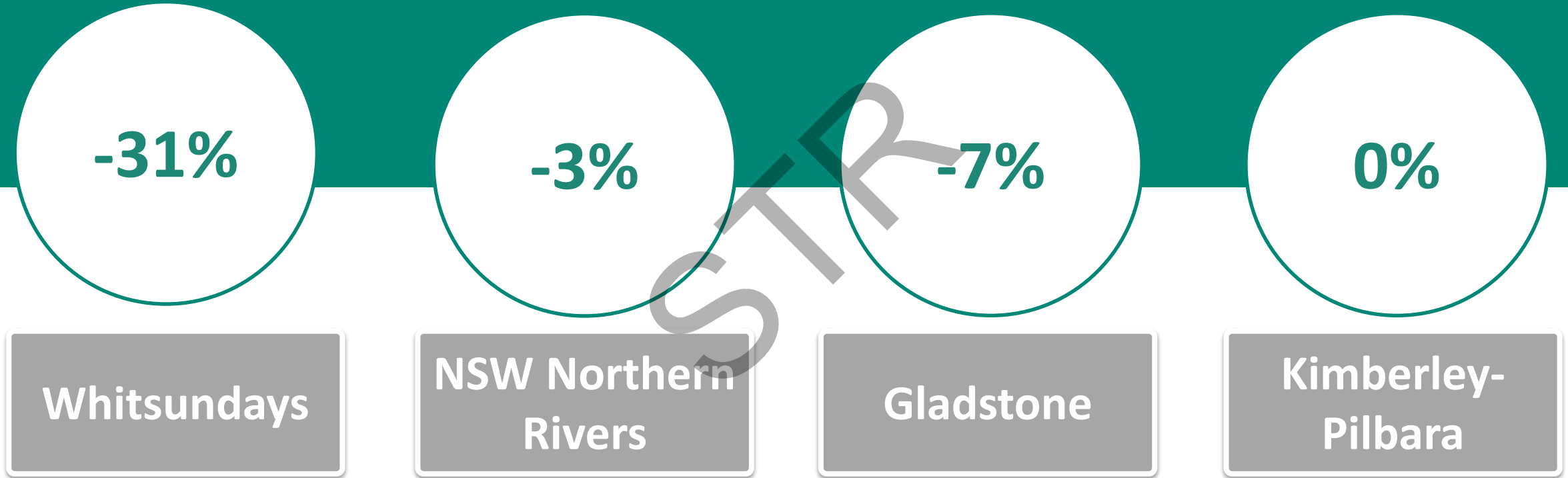


Occupancy growth (%) compared to same dates in 2019, 10 Feb-21 Mar, Brisbane, Perth, Darwin

Source: STR / 2020 © CoStar Realty Information, Inc..



What about in the regions? Is the trend different?

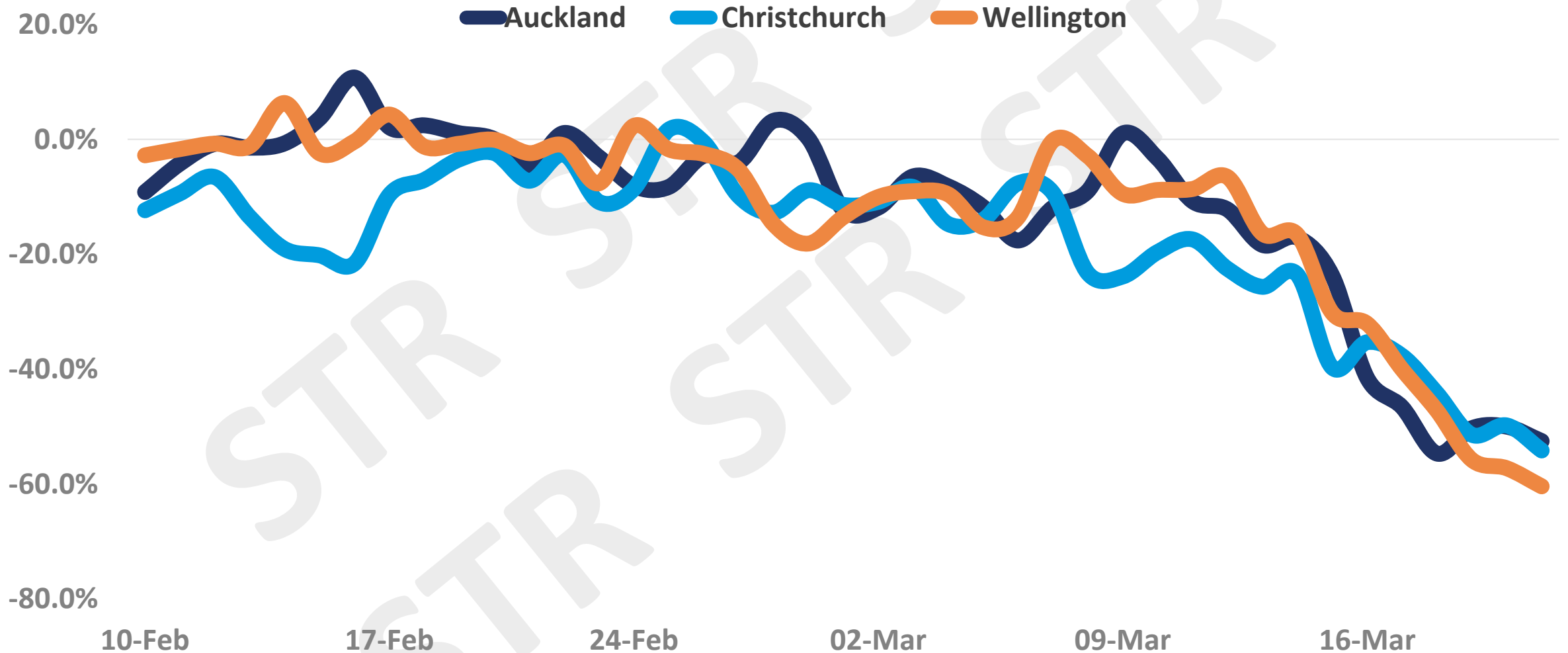


6 week Average occupancy % change (10Feb-21March 2020)

NZ Markets: Auckland | Christchurch | Wellington



The next two weeks becomes a mute point of sorts as complete shut down takes hold



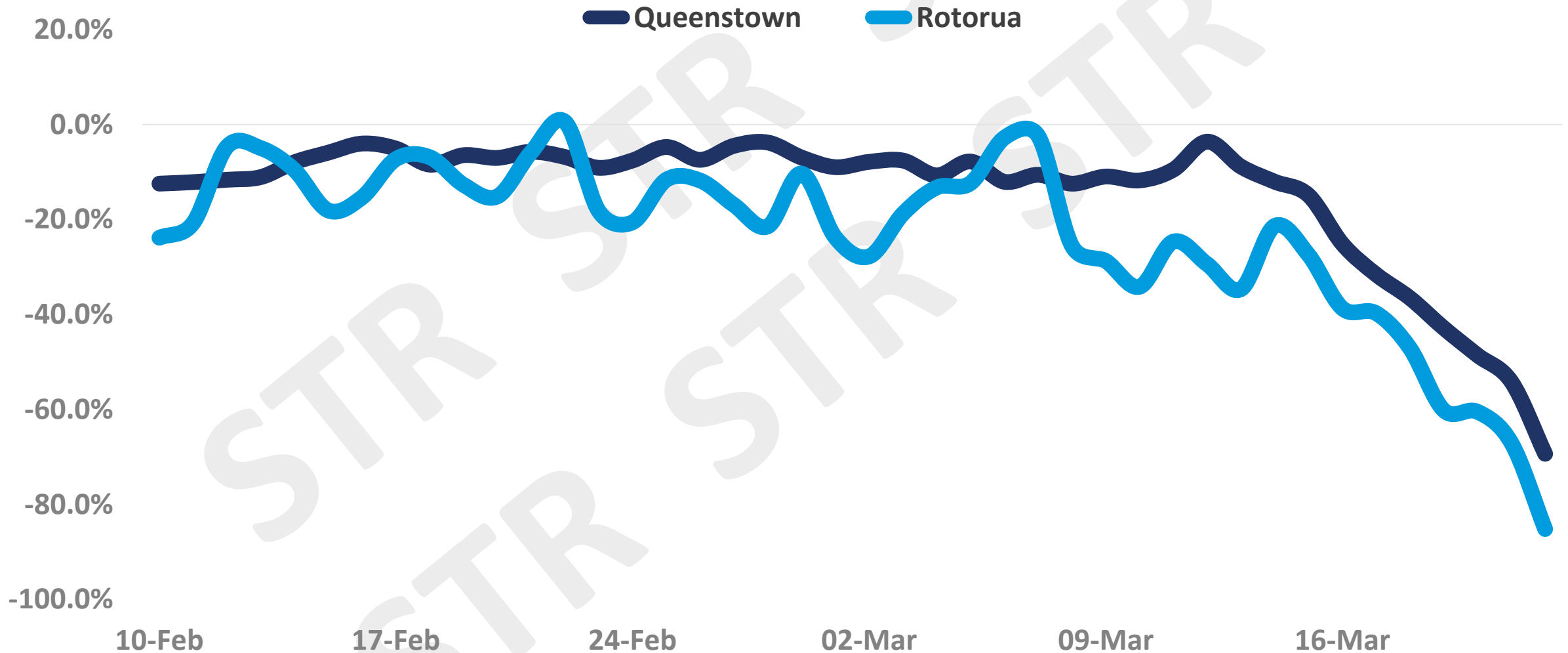
Occupancy growth (%) compared to same dates in 2019, 10 Feb-21 Mar, Auckland, Christchurch, Wellington

Source: STR / 2020 © CoStar Realty Information, Inc..

NZ Markets: Queenstown | Rotorua



The decline has been dramatic in the past 10 days



Occupancy growth (%) compared to same dates in 2019, 10Feb-22 Mar, Queenstown & Rotorua

Source: STR / 2020 © CoStar Realty Information, Inc..



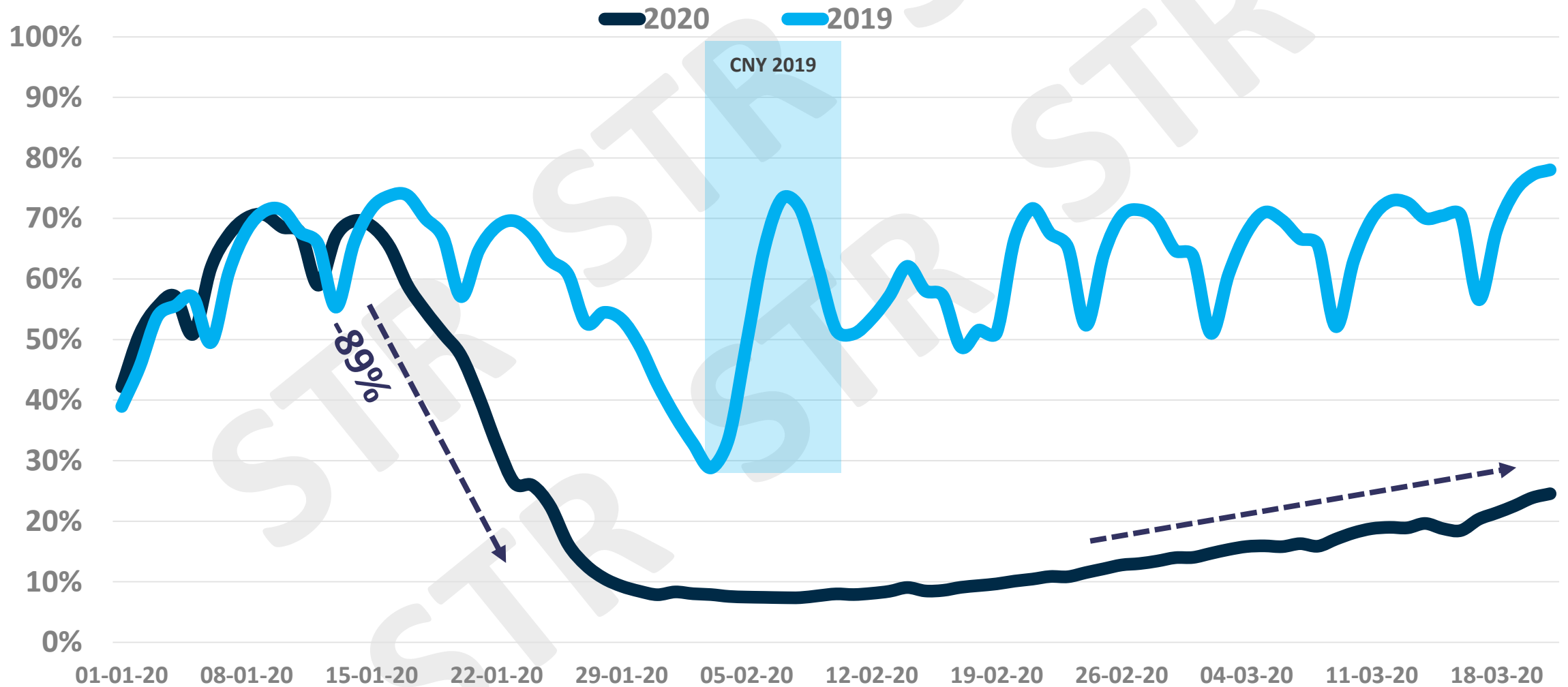
Hope on the other side

China's recovery



China drops Occ by 89% in 2 weeks and grows 55% in two weeks

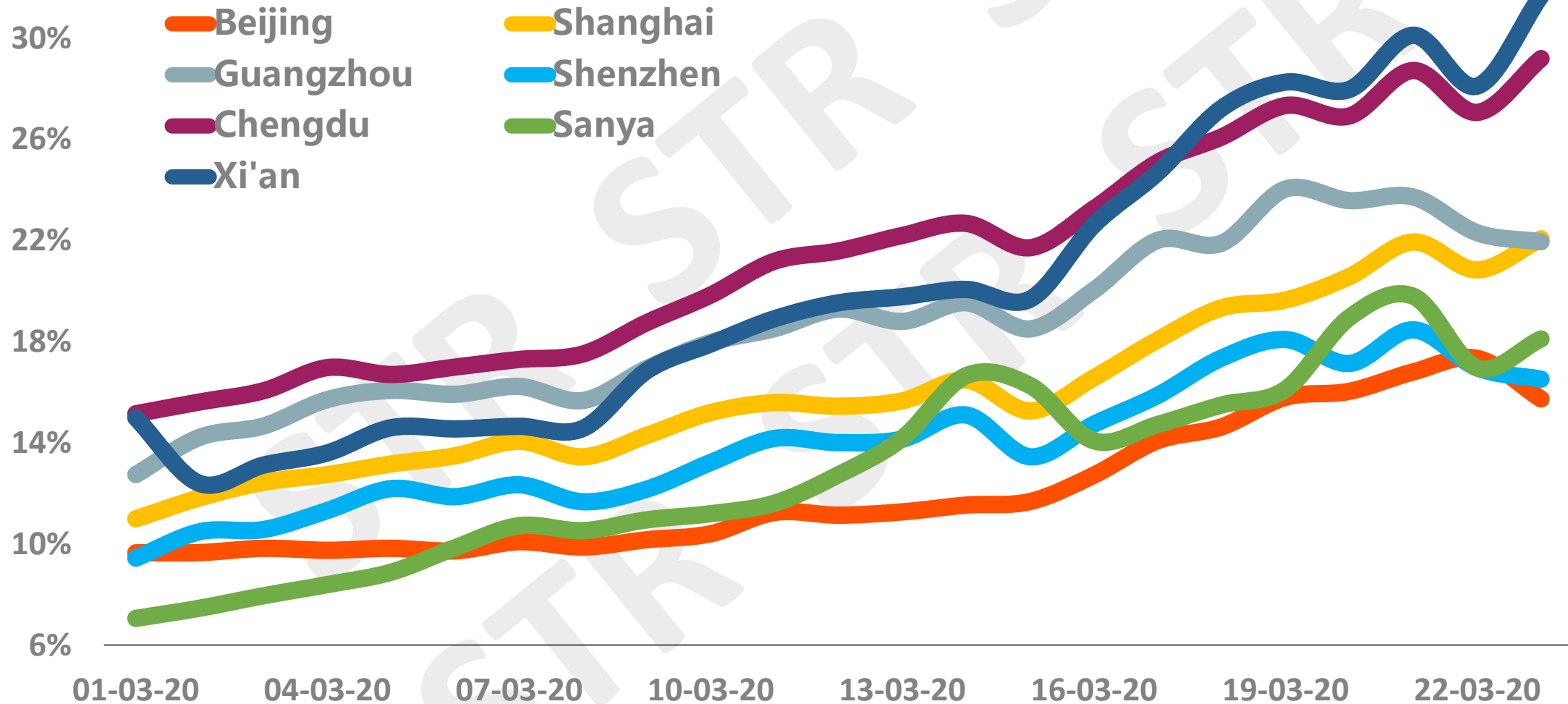
Mainland China, Occupancy, Daily Data, January 1st – March 21st 2019 & 2020



China Selected markets performance

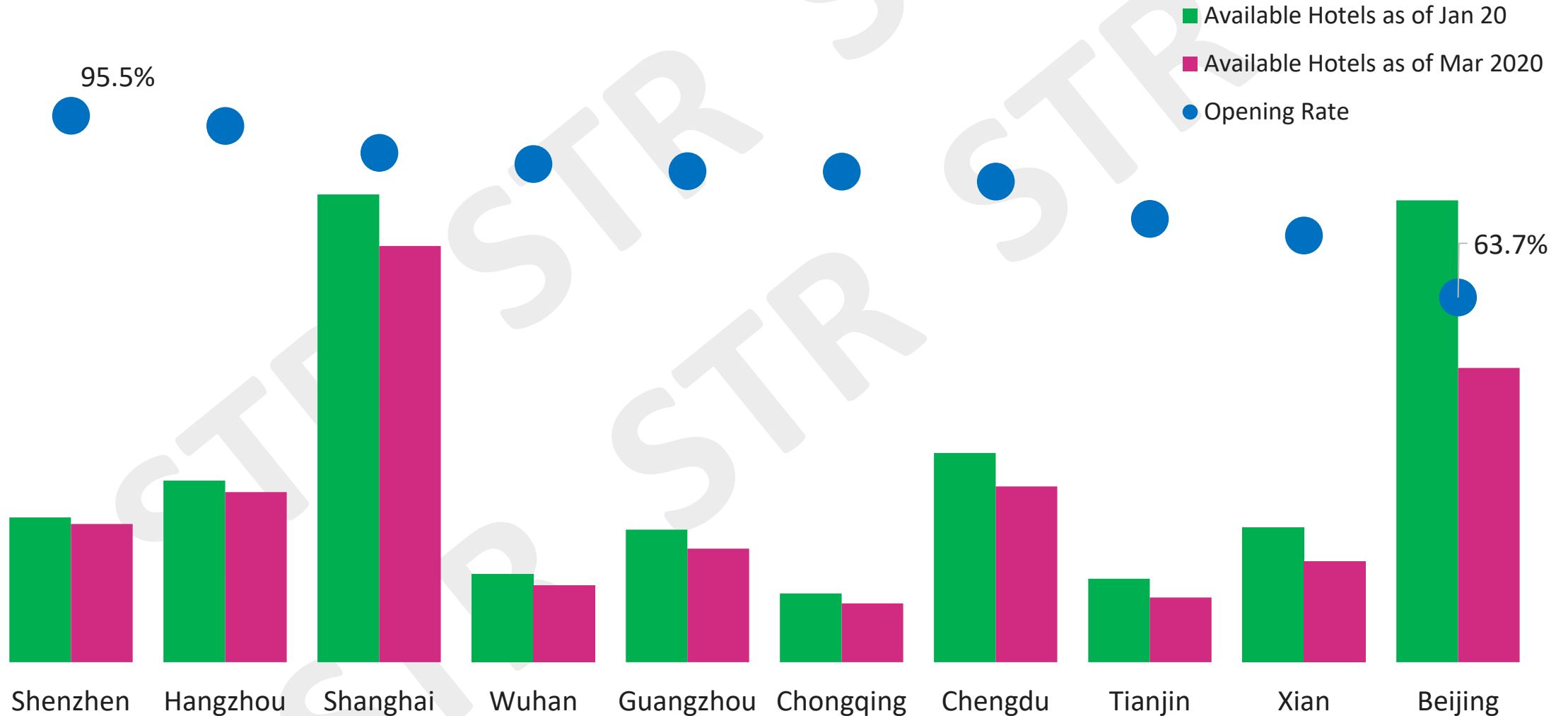


March 1st – 23rd 2020 Occupancy



Mainland China back to 87% of hotels open

Percentage of hotels open on Mar 25th 2020 vs Jan 2020 (based on STR participation)



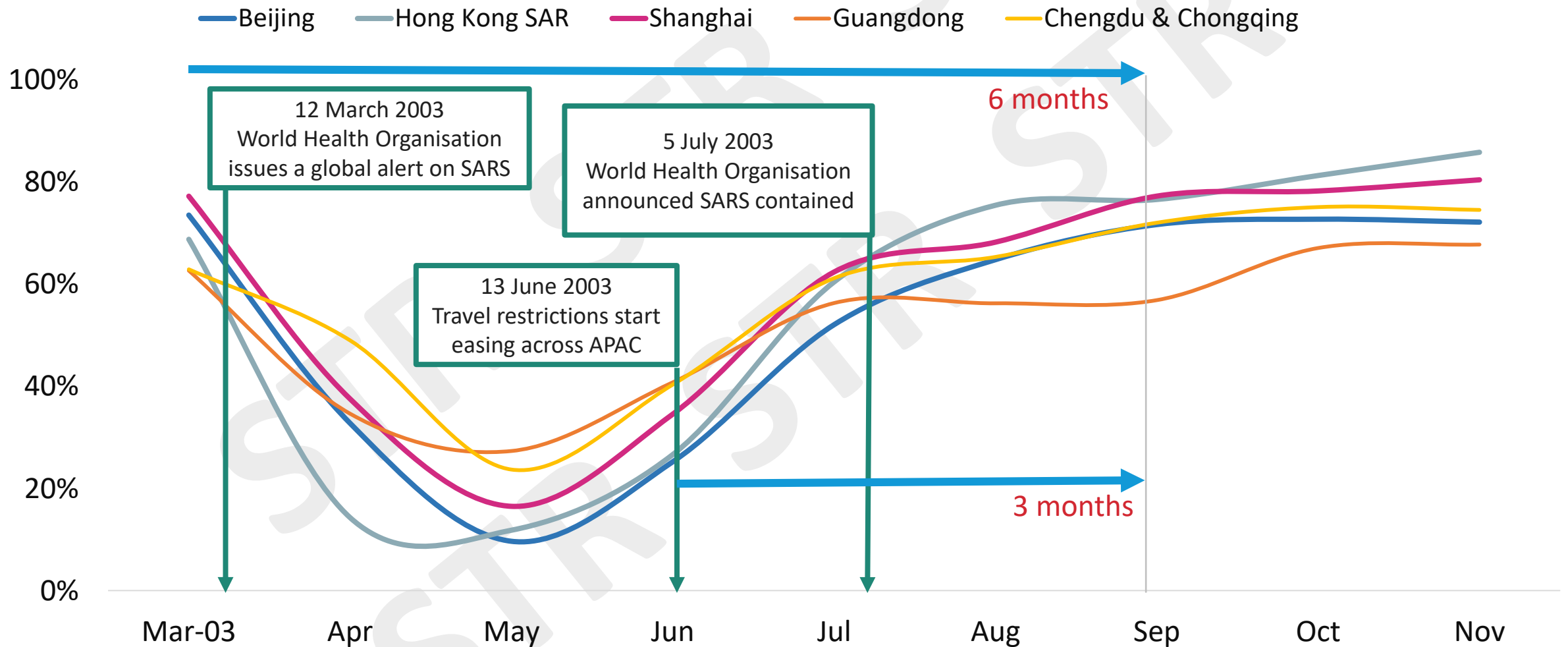


Recovery scenarios & conclusions

Performance bounced back quickly after SARS – that seems less likely now

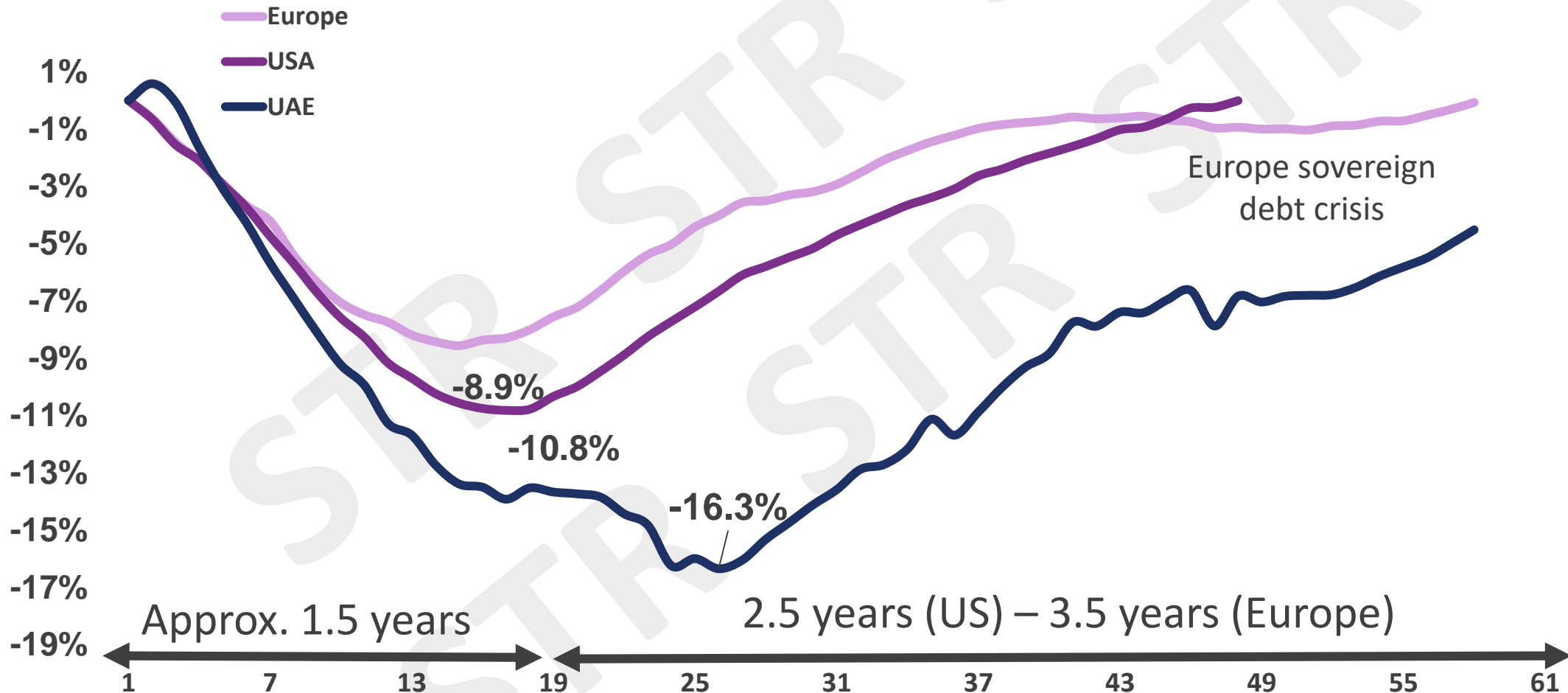


China, March-November 2003 Occupancy



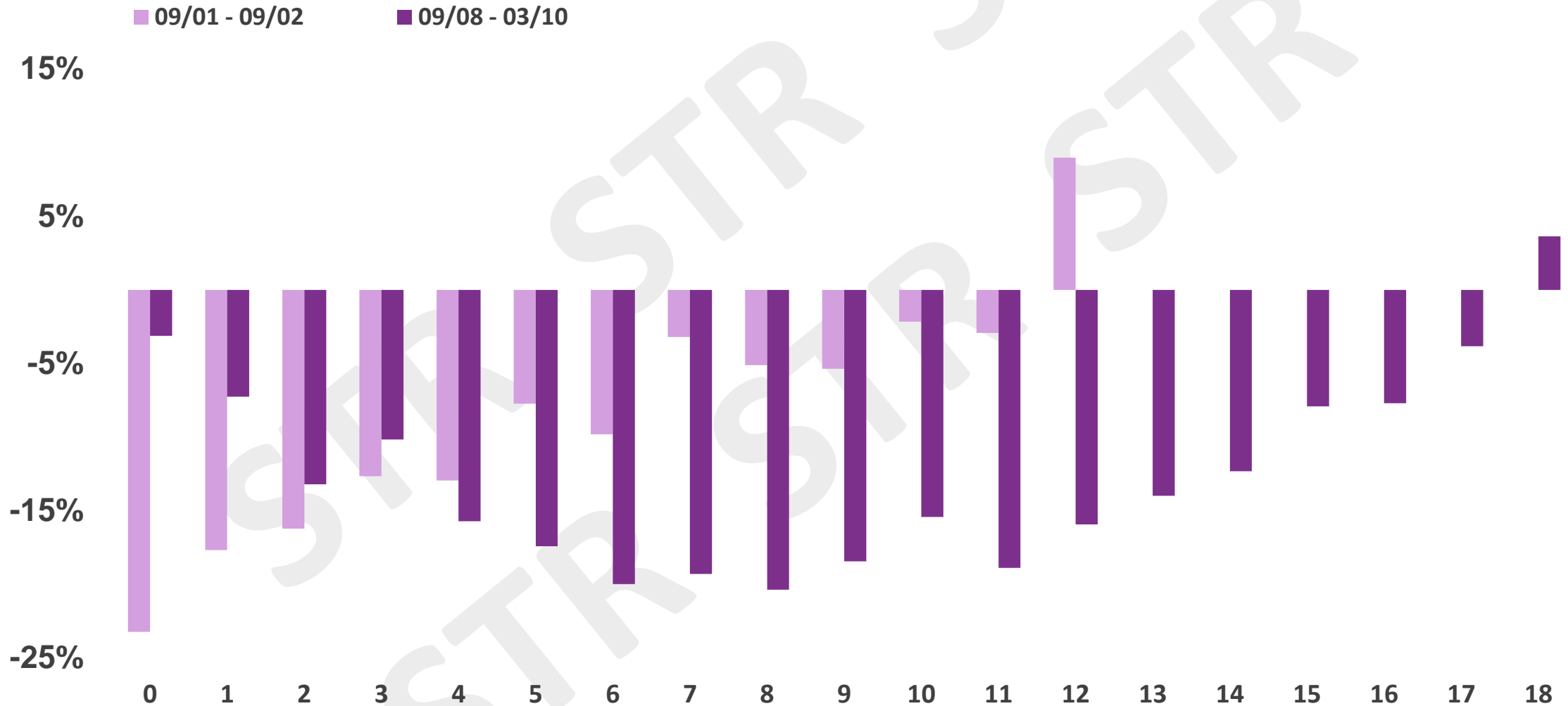
Occupancy recovery took longer in the 2008 global financial crisis

12 Moving Monthly Average occupancy indexed to Sep 2008



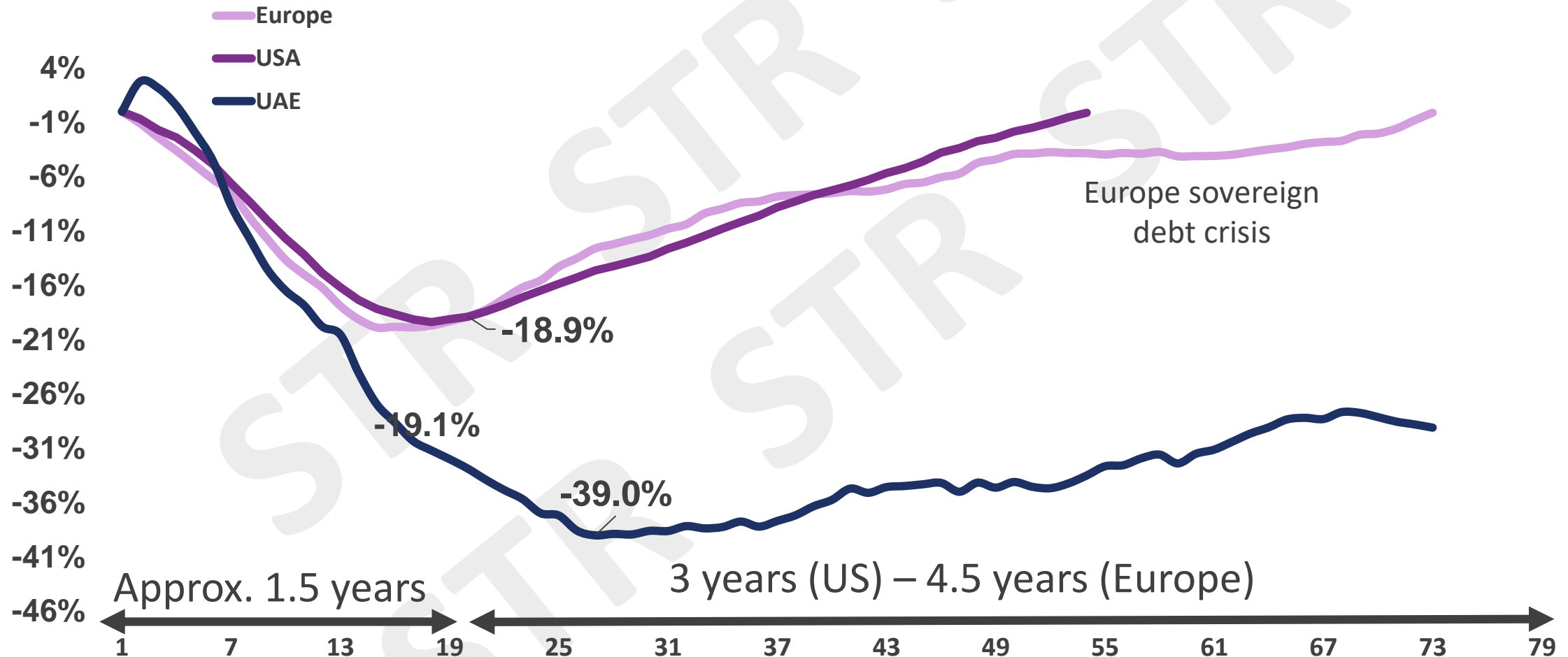
Rate recovery profile of 9/11 was much faster than the 2008 GFC

Total U.S., Monthly ADR % Change, Starting 9/11 and 2008 Global Financial Crisis



RevPAR recovery took longer – and did not recover in UAE

12 month moving average RevPAR indexed to September 2008



Conclusions



Coronavirus is having a devastating impact on our industry

- Hotels are having no choice but to close
- Some are re-purposed for the humanitarian effort
- How long they stay closed for depends on how long the virus persists



Forecast scenarios have worsened significantly

- Most economists now expecting a global recession
- Length and depth again dependant on virus... and government intervention
- The big question is will this have a long term impact on travel behaviour



What can you do now

- Don't panic – we will bounce back
- Plan for the second half of the year (and 2021)
- Look after each other
- Remember this is about lives, not numbers



ForwardSTAR

As business returns STR will enable your most powerful tool to combine with your STAR report

The ability to analyse pickup pace and business on the books

Empower your market share with the most trusted and accurate data – serving the industry since 1985

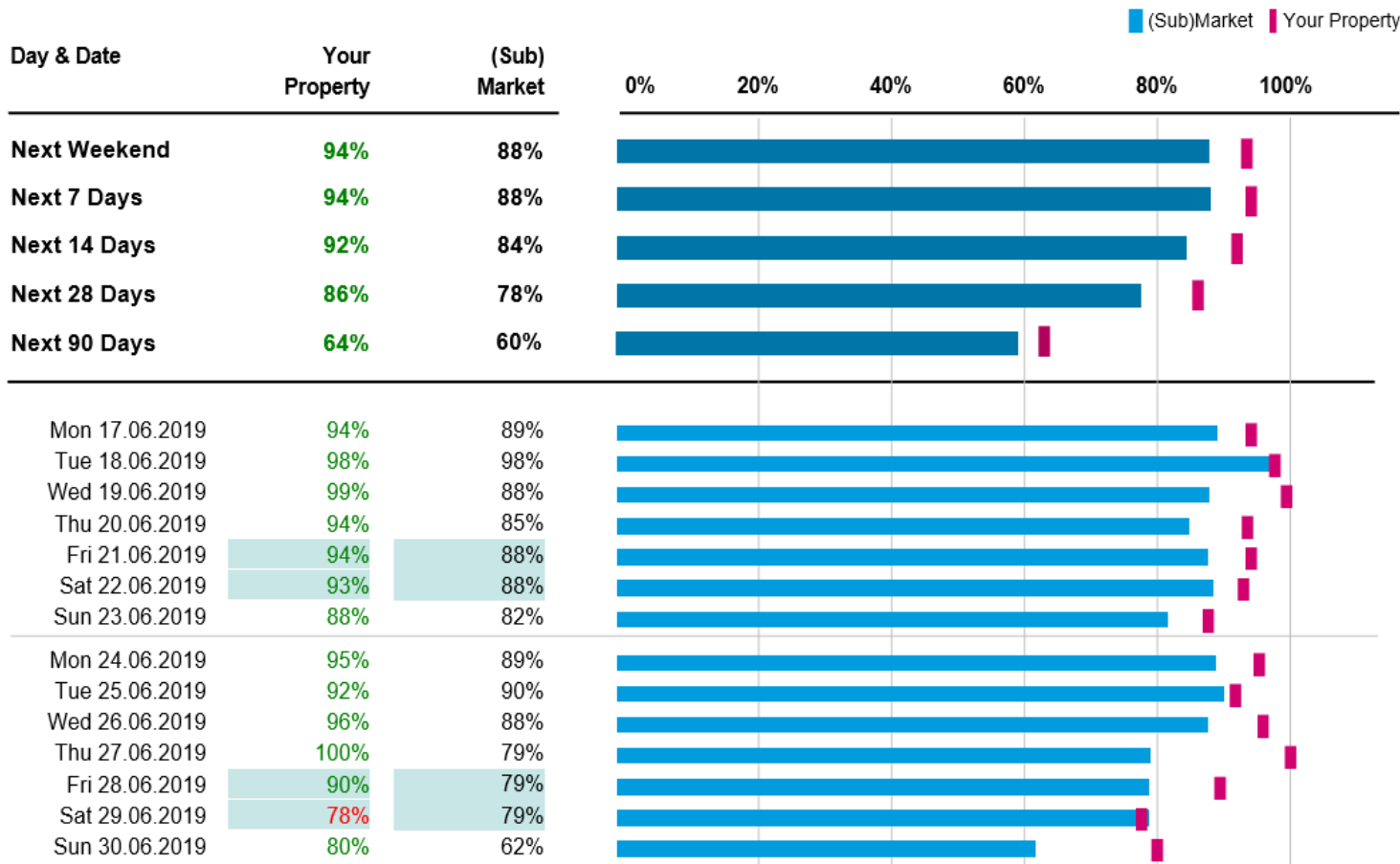
ForwardSTAR



Forward Occupancy for Test Hotel and Test City



Forward occupancy for the next 90 days as at 17.06.2019.



Recovery will eventually come

ForwardSTAR will help you monitor your booking pickup, and benchmark with your market & Compset.

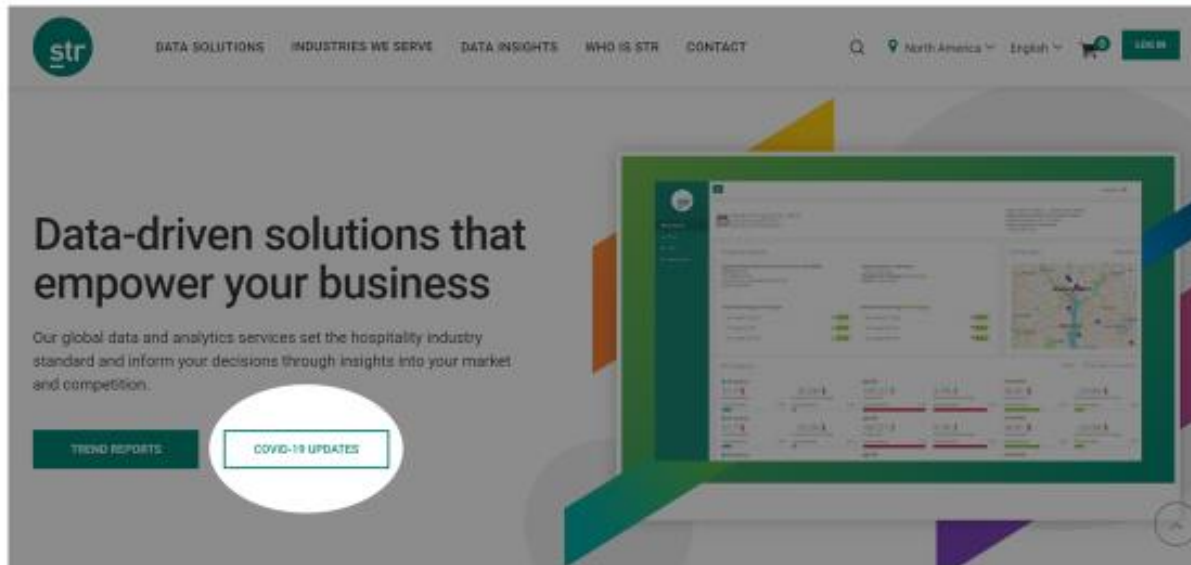
Resources



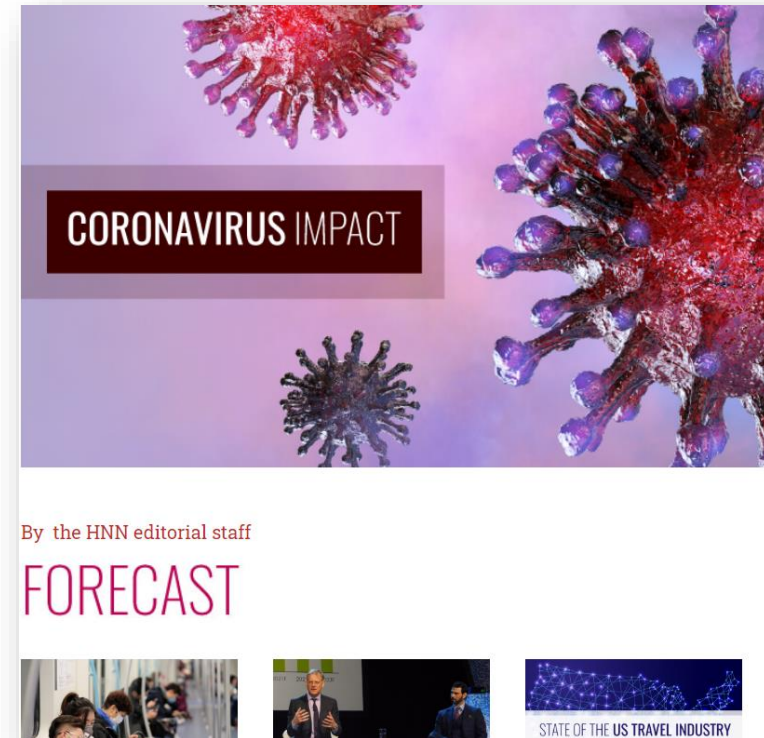
[str.com](https://www.str.com)

STR.com (COVID-19 landing page)

Analysis blogs, webinar recordings, press releases, etc.



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