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14-15 March 2023 | RAI Amsterdam

Inside Independents

STR's latest report on independent hotel performance in the region

Table of Contents

Introduction	2
Top-Line Performance	
Benelux	3
Netherlands	5
Amsterdam.....	7
West Germany.....	9
Profitability	12
Occupancy on the Books	13
Forecast	14

A note on the data in this report:

The data in this report: The data used in this report is aggregated from direct data submissions of participating hotels.

Inside Independents from STR

The European hotel industry is in an interesting position now a few months into 2023. Different from this time last year, performance has been trending in pre-pandemic territory for some time with many markets even exceeding the top-line metrics from 2019 thanks to significant levels of leisure demand coupled with the return of corporate travel and events.

However, that recovery is coming face-to-face with inflation, rising interest rates and energy shortages. And while an expected recession is likely to be mild, the unfavorable economic conditions are expected to pressure the discretionary spending that has underpinned leisure travel since the first half of 2022. Fortunately, the more corporate-dependent markets are less at risk over the coming months, which should help offset a slowing in the leisure segment.

When balancing all these variables, there is a clear need for data and analysis to identify and capitalise on shifting opportunities in the market. Our yearly partnership with the Independent Hotel Show is a great place to talk about that data and how the insights available to attendees are key in elevating the industry's strategic decisions.

We are pleased to share this report, which provides a sampling of STR's unrivalled benchmarking solution. If we do not currently work with your property, we hope you find value in our insights and join the tens of thousands of hotels around the world that benefit from the market intelligence STR provides.

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Top-Line Performance

Benelux

The beginning and end to 2022 were polar opposites when it came to hotel performance in the Benelux region. Showing the effects of the Omicron variant, January was almost a continuation of late 2021 trends with recovery at low points for both independent and branded properties. Revenue per available room (RevPAR), the key top-line metric and a leading indicator of profitability, indexed at just 60 for independents and 33 for brands when comparing against pre-pandemic levels (2019).

Once the end of the first quarter arrived, however, both segments began an upward trajectory that peaked in the late-summer/early-fall period and maintained healthy levels at the end of the year. Those healthy levels late in the year were the combination of continued strength in leisure demand as well as the improvement in corporate travel.

Overall, despite the similar timelines, independent properties had a better year with the highest peaks in both absolute performance and recovery indices.

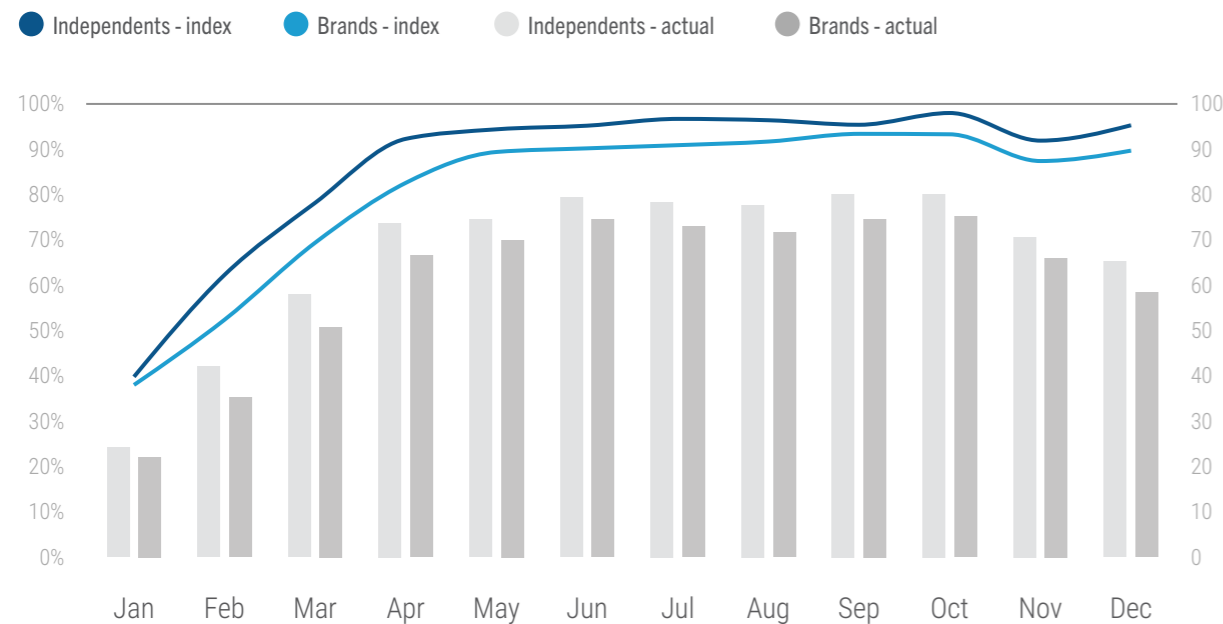
Benelux total-year

	Independents		Brands	
	Actuals	Recovery Index	Actuals	Recovery Index
Occupancy	67.1%	88	61.8%	82
ADR	€175.87	131	€128.25	111
RevPAR	€118.09	115	€79.20	91

In absolute terms, independent performance peaked in October with occupancy of 80.1%, average daily rate (ADR) of EUR194.24 and RevPAR at EUR155.24, as well as a RevPAR index high of 137. The branded segment of the market also reported its highs in October with occupancy at 75.1%, ADR at EUR143.81, RevPAR at EUR107.96 and a RevPAR peak of 110. While each segment saw greater recovery contribution from ADR, independents were further ahead in recapturing occupancy.

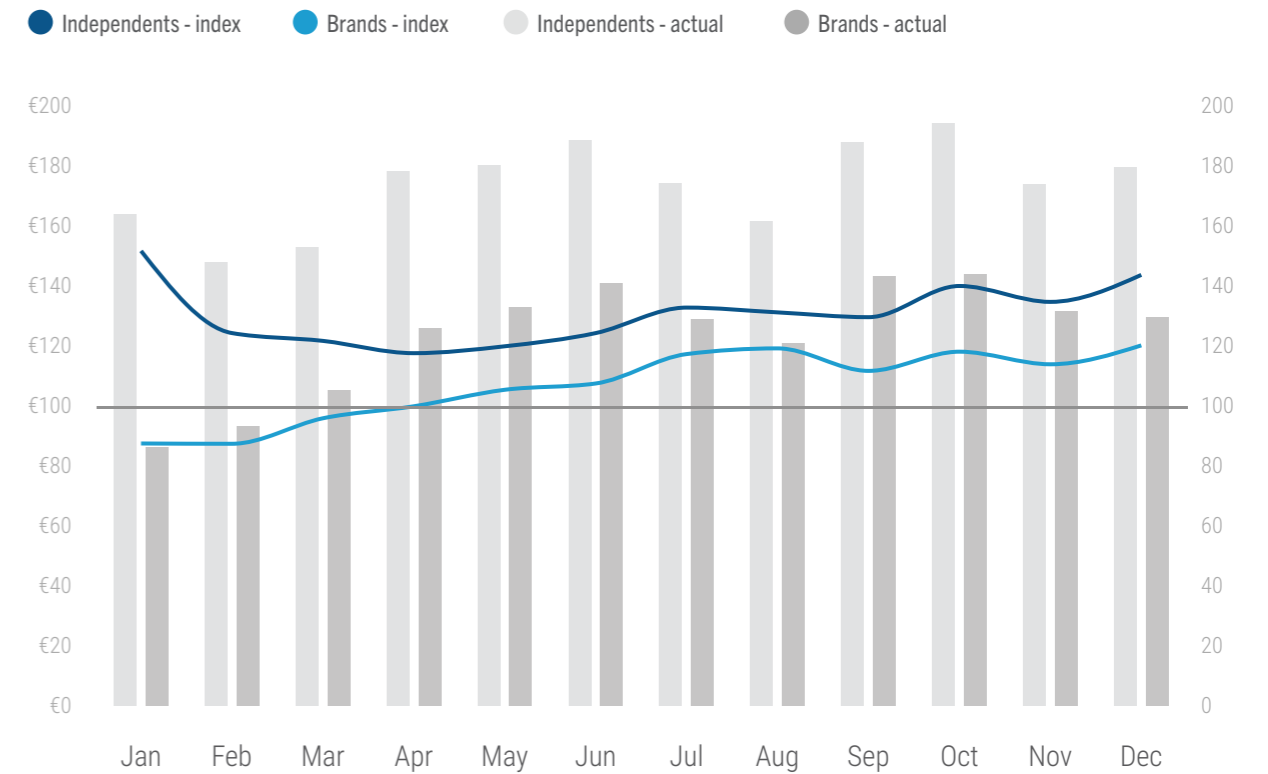
Benelux occupancy

2022 actual and index to 2019



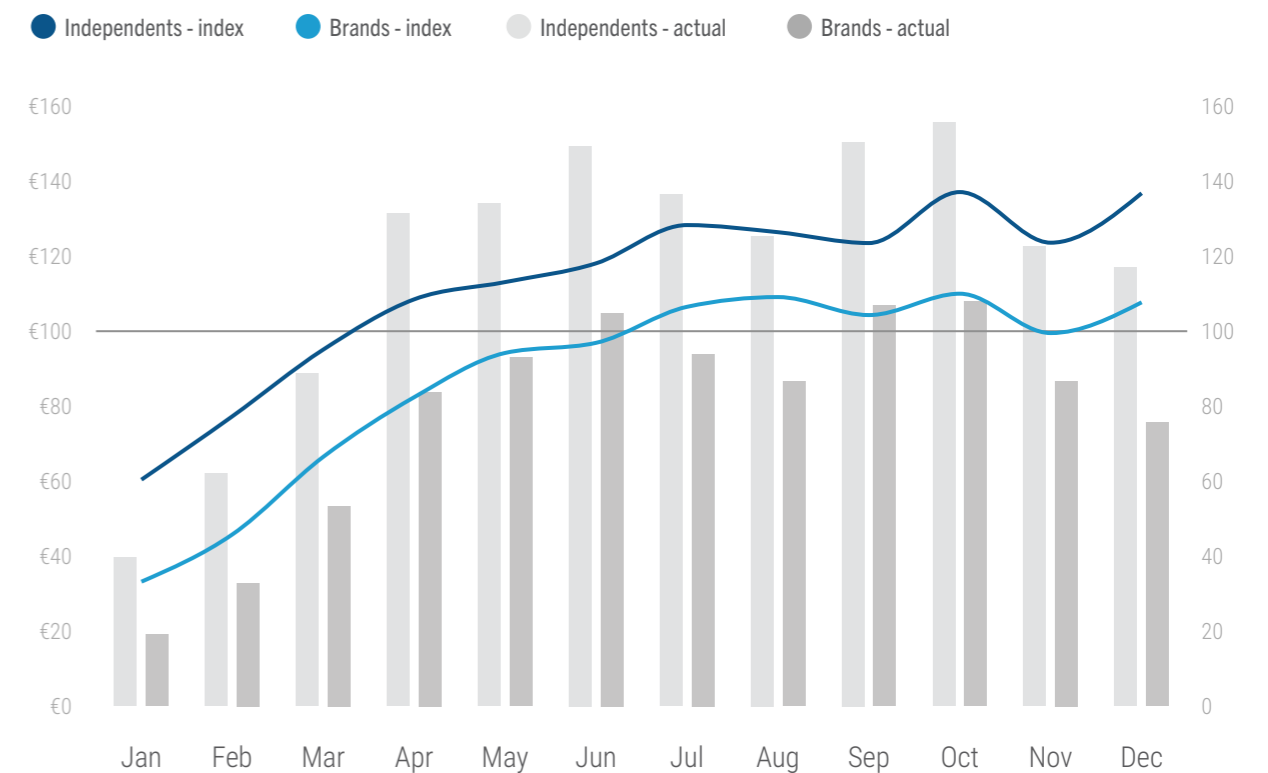
Benelux ADR

2022 actual and index to 2019



Benelux RevPAR

2022 actual and index to 2019



Top-Line Performance

Netherlands

When focusing the lens on the Netherlands, occupancy recovery mirrored that of the Benelux region as a whole. However, there were less pricing gains for independents when compared with the region and slightly more on the brand side. Occupancy peaks also came earlier.

Netherlands total-year

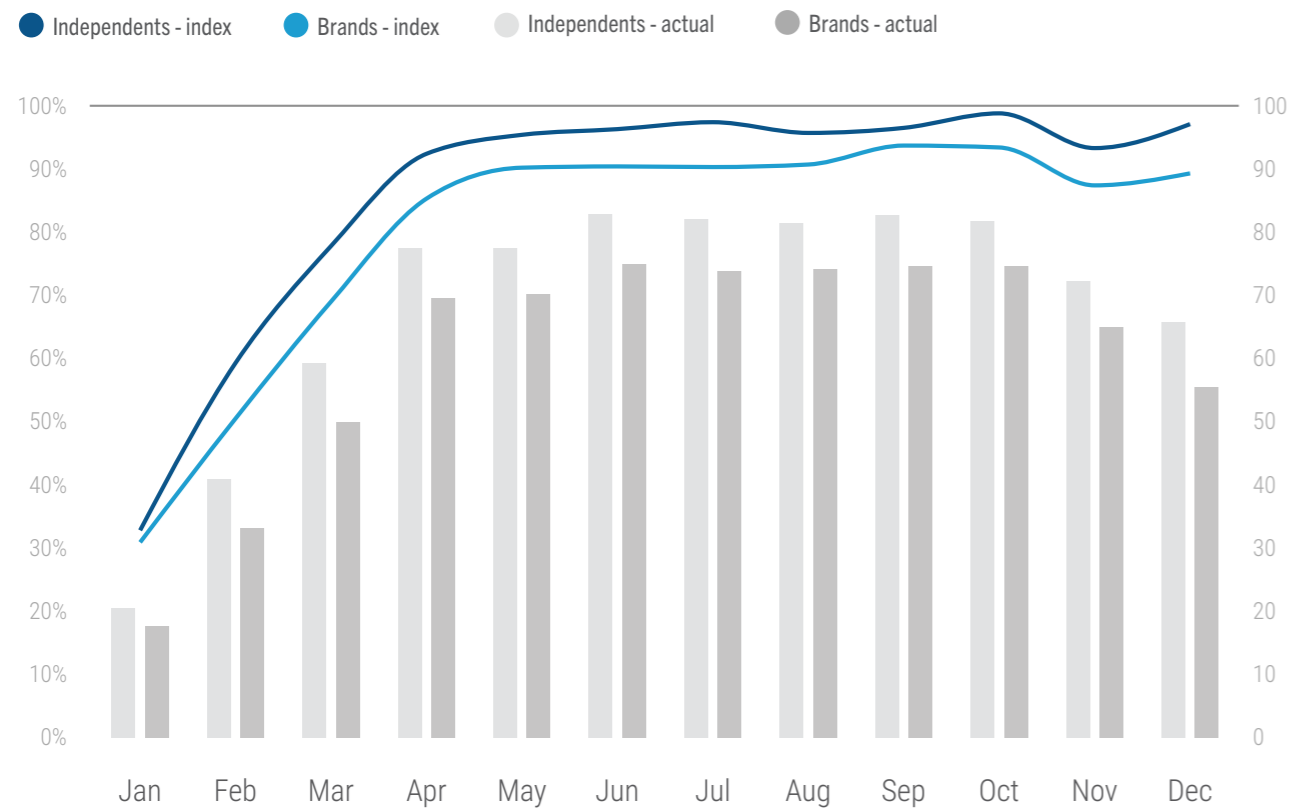
	Independents		Brands	
	Actuals	Recovery Index	Actuals	Recovery Index
Occupancy	68.8%	88	61.4%	82
ADR	€150.55	109	€133.12	112
RevPAR	€103.59	96	€81.77	92

In absolute terms, independent occupancy peaked in June at 82.9%. ADR (EUR170.33 in October) and RevPAR (EUR139.36 in September) were highest in the fall. The independent RevPAR index peak was in October at 119.

The branded segment of the market also reported its occupancy high in June (74.9%). Peak ADR (EUR150.80), RevPAR (EUR112.59) and RevPAR index (113) also came in October.

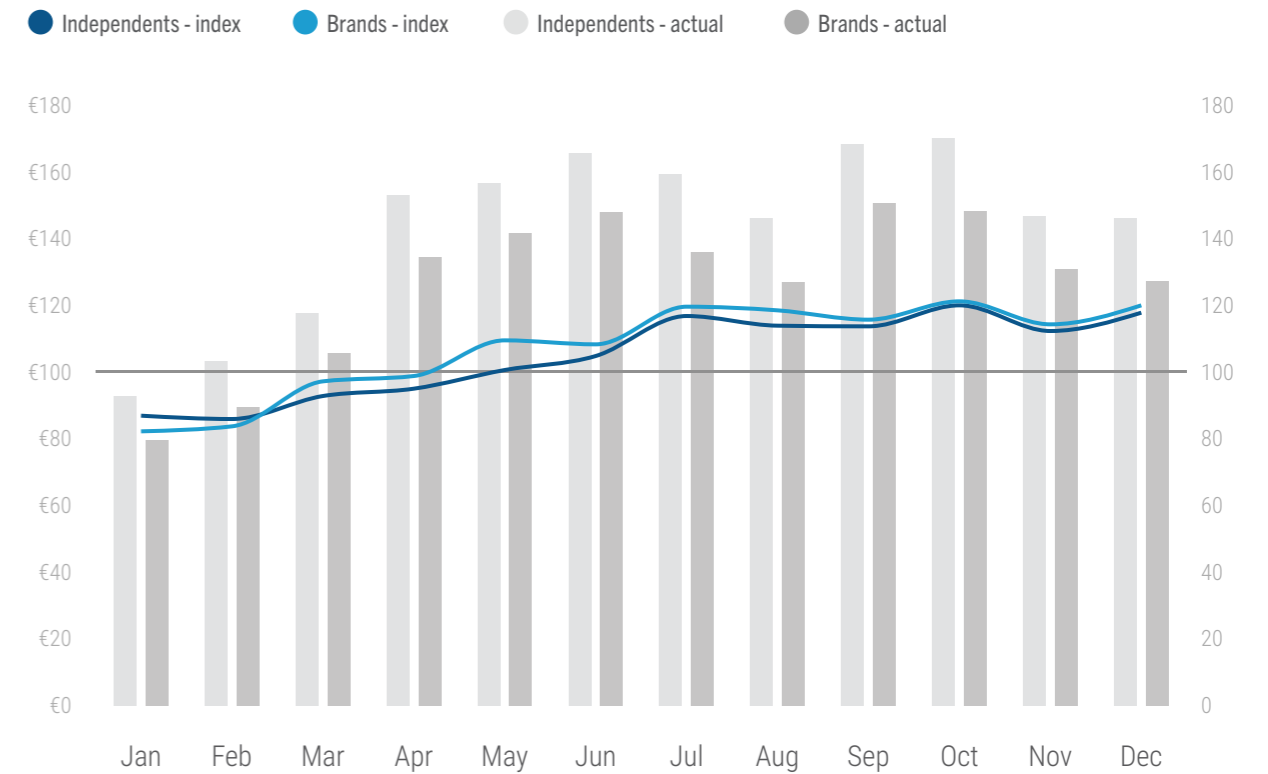
Netherlands occupancy

2022 actual and index to 2019



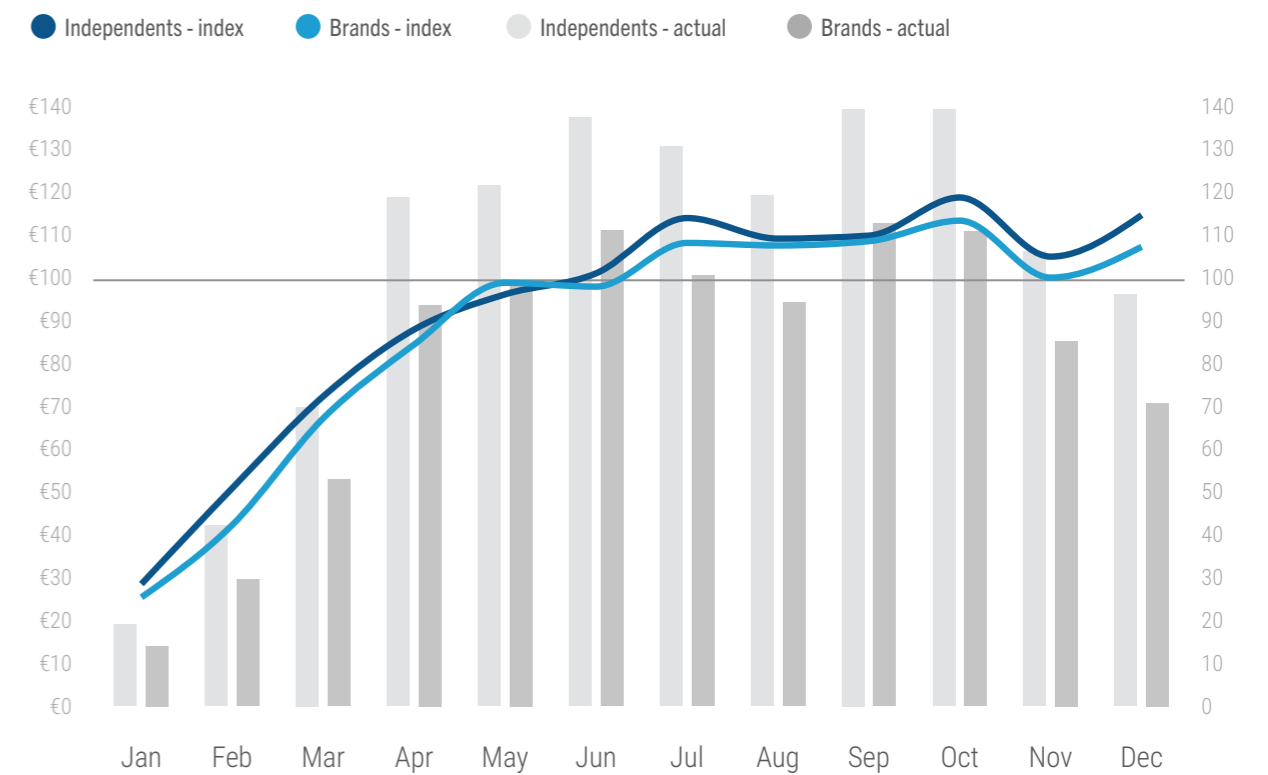
Netherlands ADR

2022 actual and index to 2019



Netherlands RevPAR

2022 actual and index to 2019



Top-Line Performance

Amsterdam

In Amsterdam, overall performance and recovery once again advanced far further for independents, especially in terms of occupancy. The market's independent recovery indices also remained above 90 from the summer all the way through the end of the year.

Amsterdam total-year

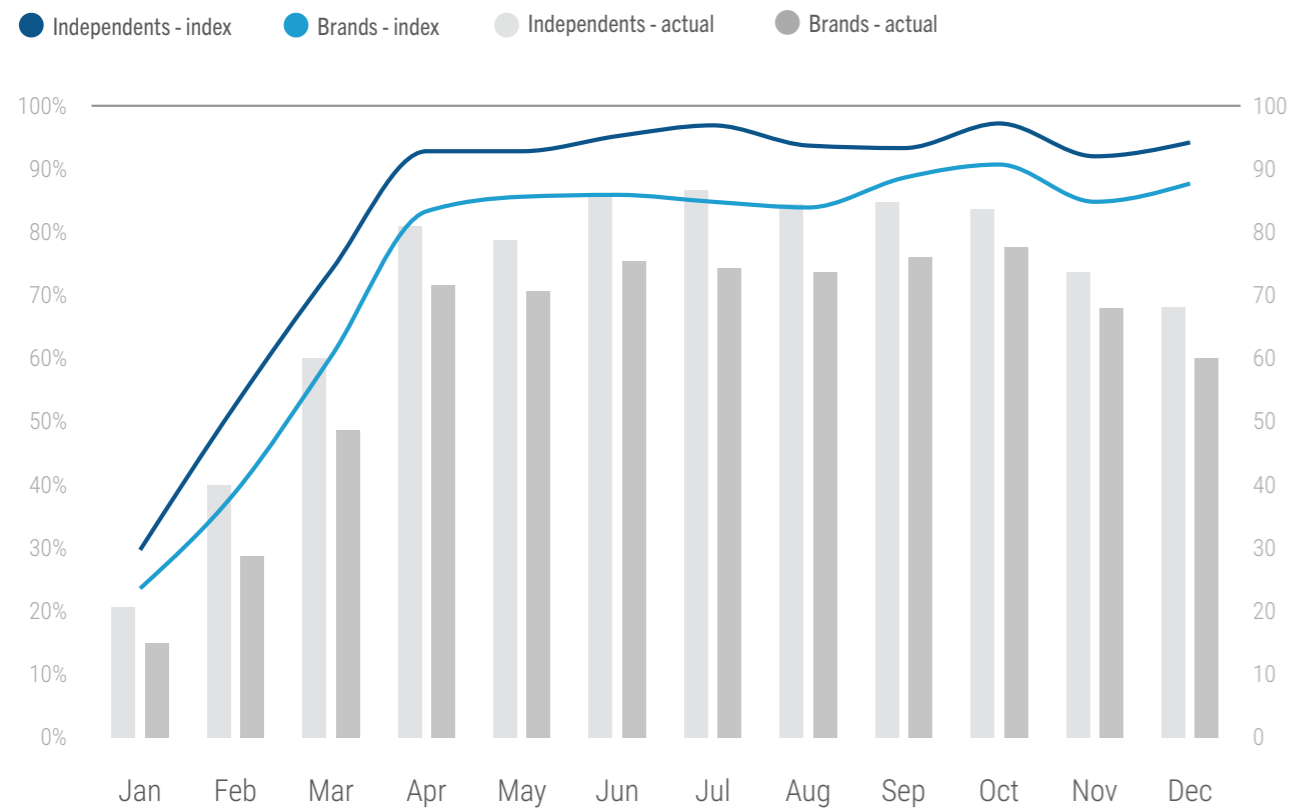
	Independents		Brands	
	Actuals	Recovery Index	Actuals	Recovery Index
Occupancy	70.9%	85	62.1%	77
ADR	€171.85	108	€158.15	111
RevPAR	€121.79	111	€98.20	85

In absolute terms, independent occupancy peaked in July at 86.6%. ADR (EUR202.02), RevPAR (EUR169.19) and the segment's RevPAR index were highest in October.

The branded segment of the market reported its high points in occupancy (77.6%), RevPAR (EUR140.19) and RevPAR index (111) in October. Peak ADR (EUR182.59) came in September.

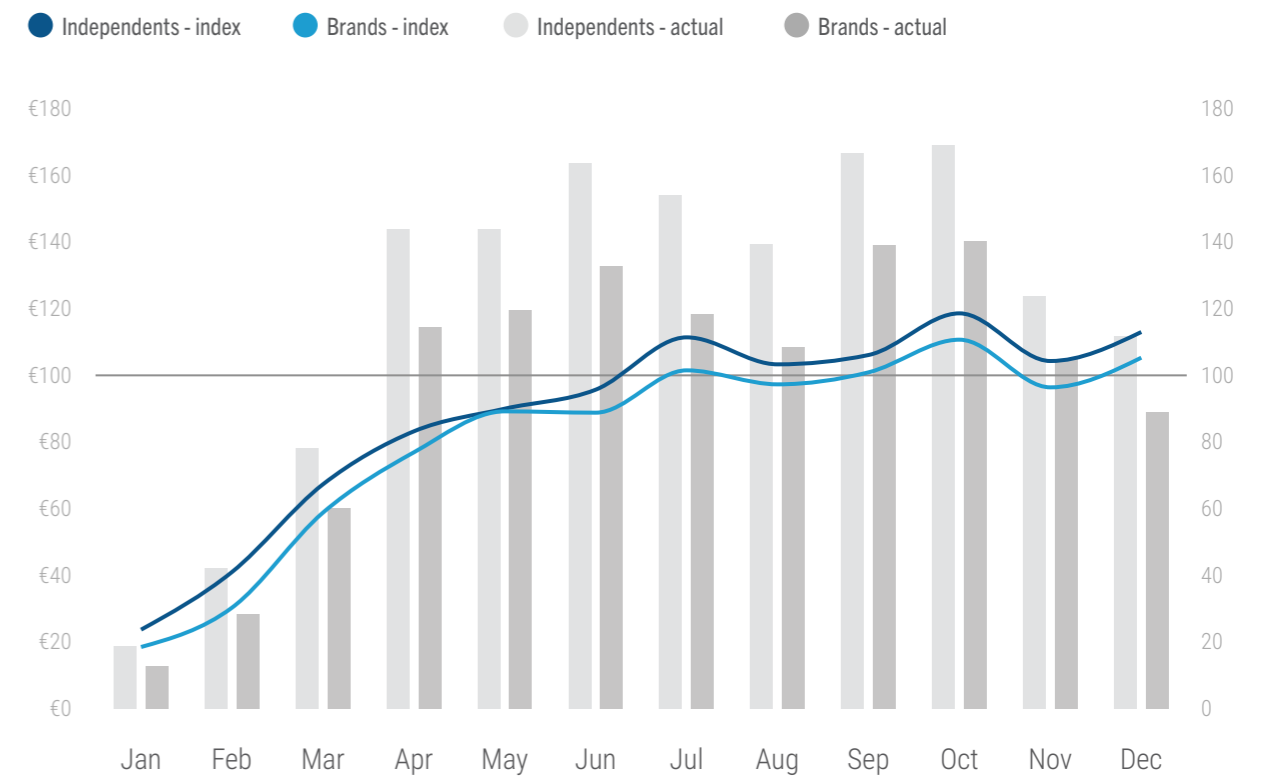
Amsterdam occupancy

2022 actual and index to 2019



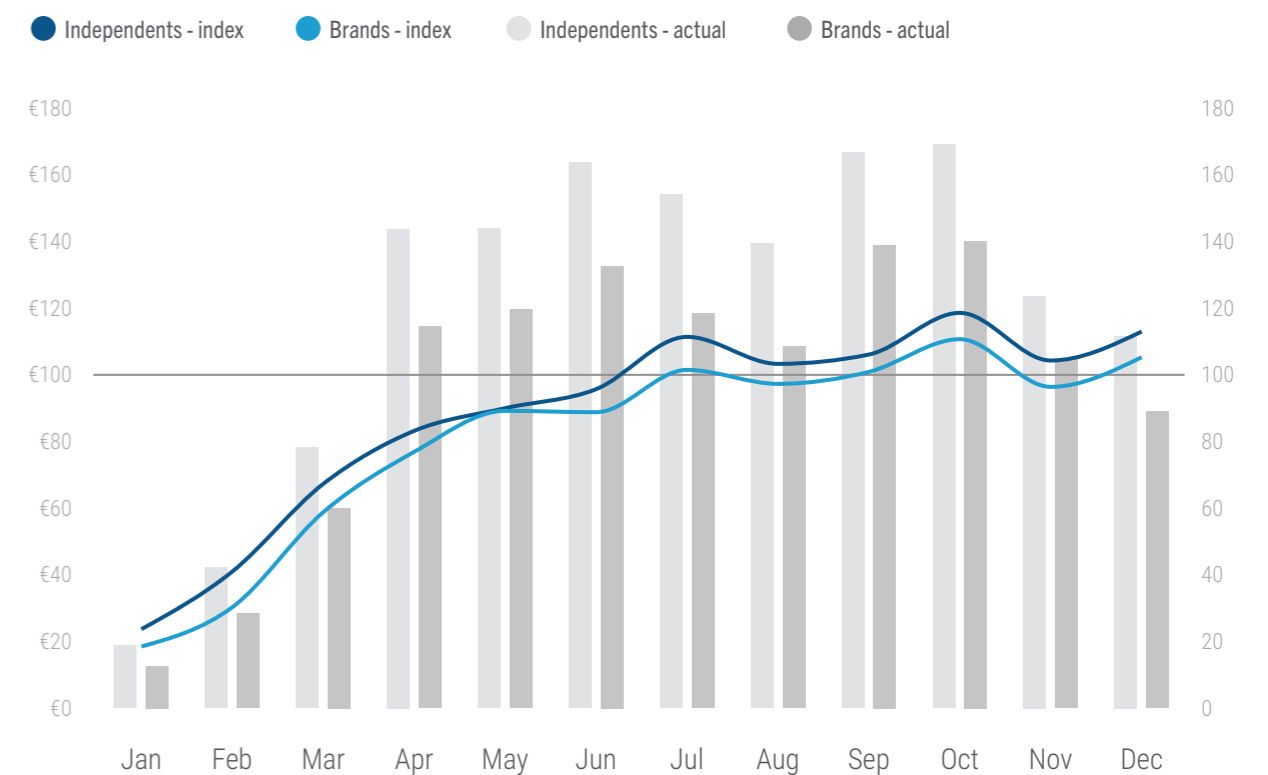
Amsterdam ADR

2022 actual and index to 2019



Amsterdam RevPAR

2022 actual and index to 2019



Top-Line Performance

Germany West

The Germany West market, as defined by STR, remains further behind in recovery, especially in occupancy. Overall, both independents and brands are at roughly the same pace, with independents achieving a bit more recovery through pricing strategies.

Germany West total-year

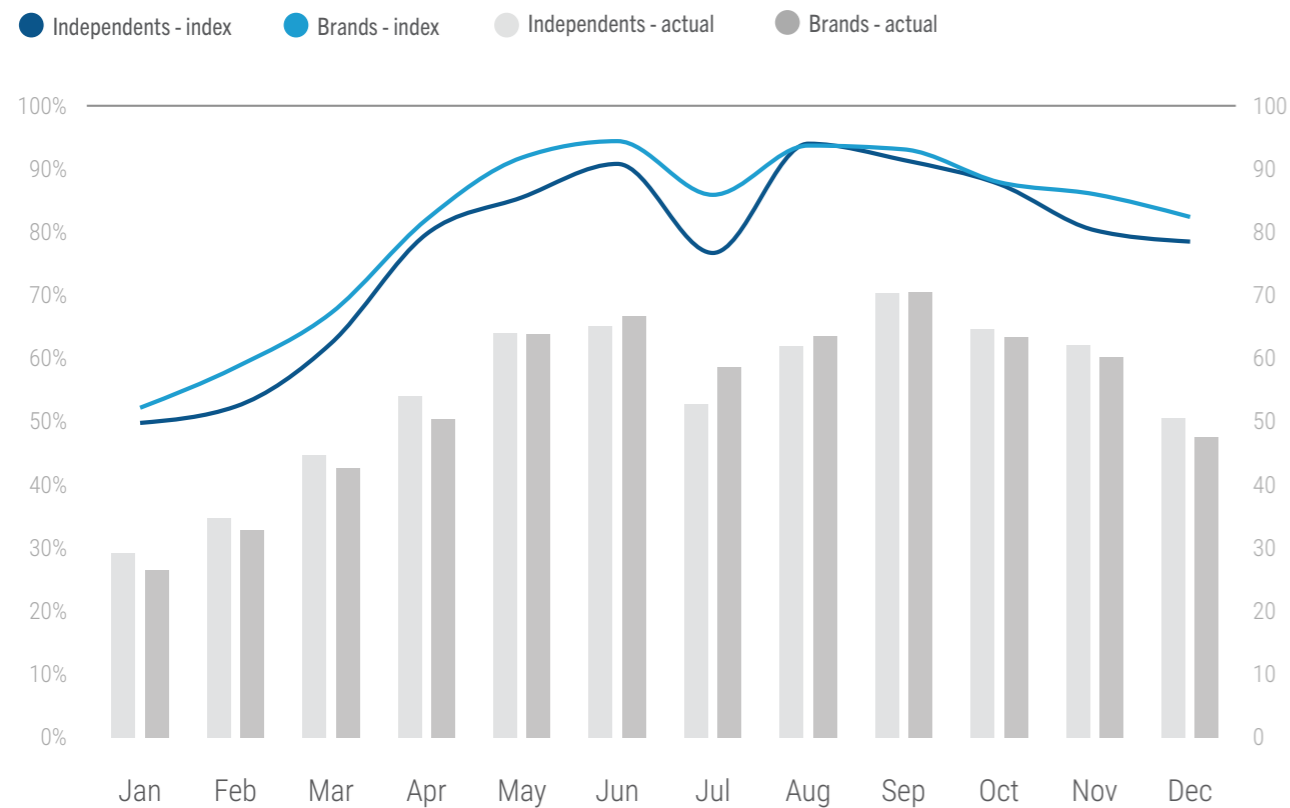
	Independents		Brands	
	Actuals	Recovery Index	Actuals	Recovery Index
Occupancy	54.6%	78	54.2%	83
ADR	€114.50	108	€87.10	104
RevPAR	€62.53	85	€47.24	86

In absolute terms, independents peaked in September with occupancy at 70.6%, ADR of EUR125.27 and RevPAR at EUR88.02. The segment's RevPAR index was highest (115) a month earlier in August.

September was also the month when the branded segment reported its high points in occupancy (70.5%), ADR (EUR101.75) and RevPAR (EUR67.18). Branded properties' peak RevPAR index (104) occurred in August.

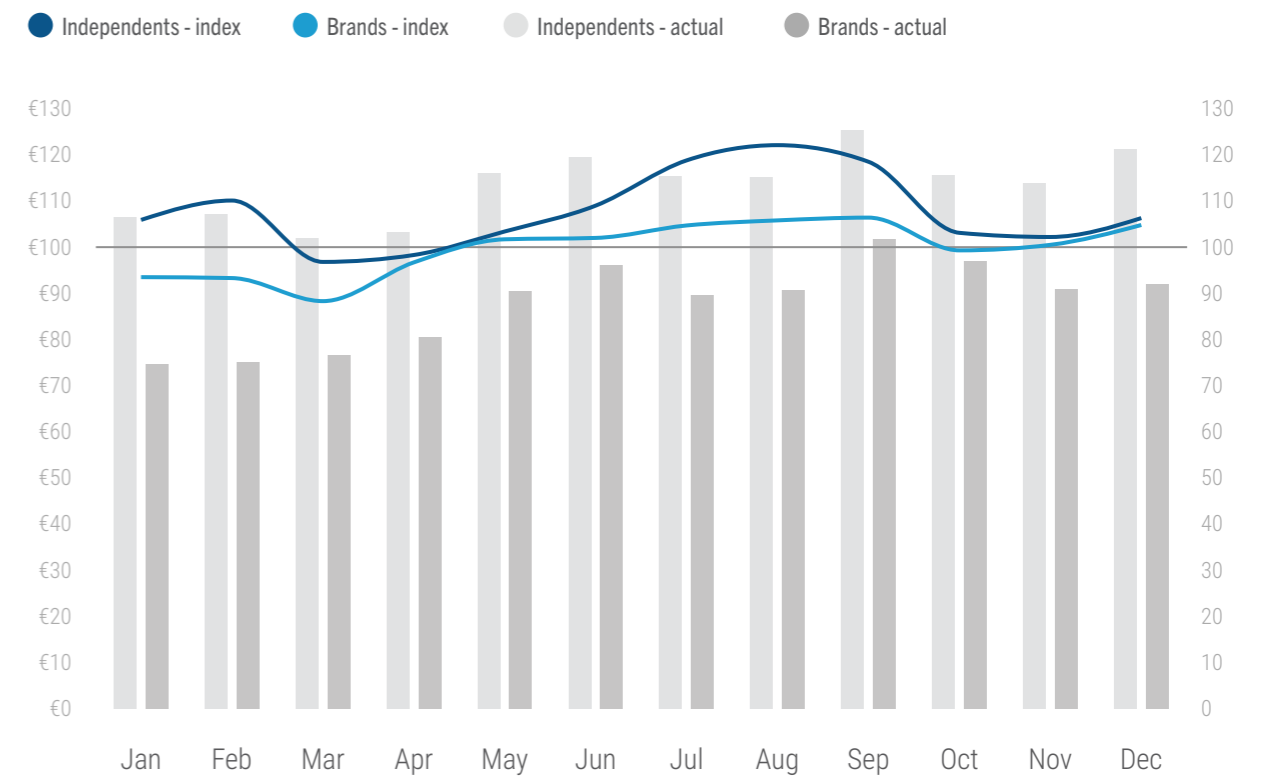
Germany West occupancy

2022 actual and index to 2019



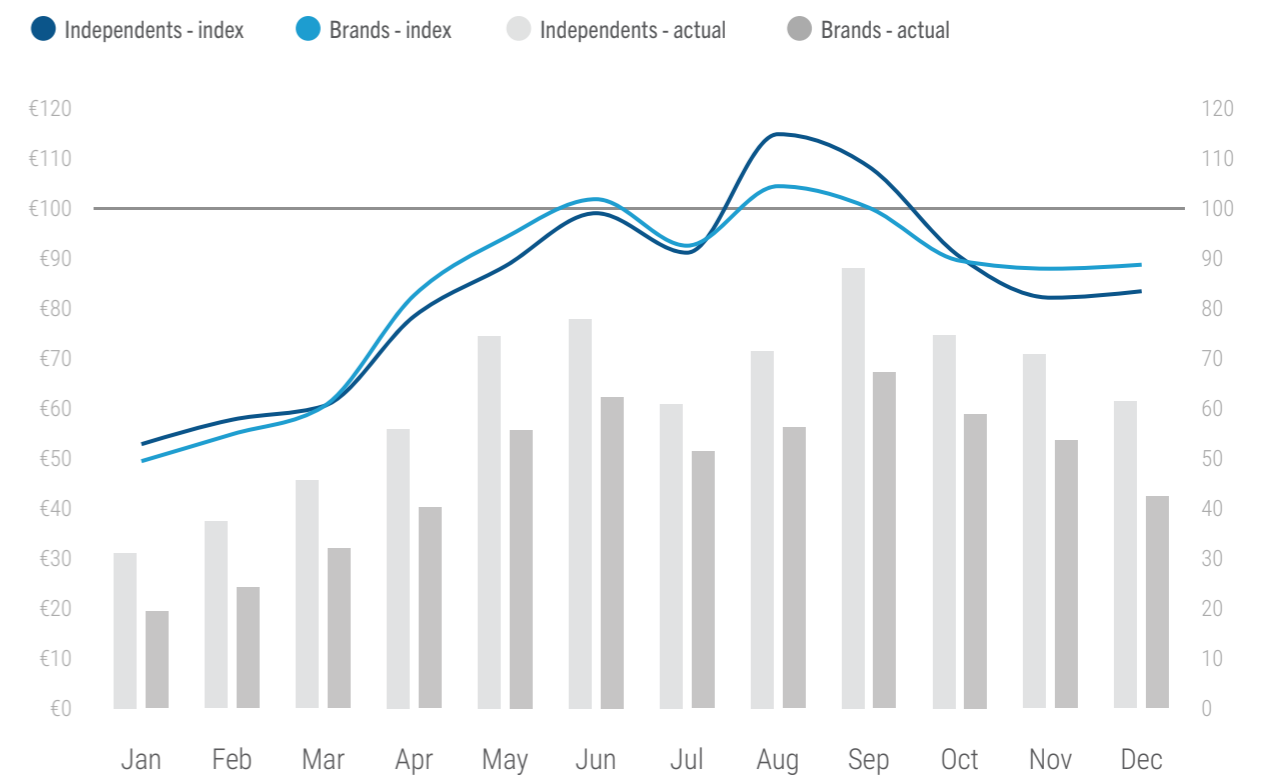
Germany West ADR

2022 actual and index to 2019



Germany West RevPAR

2022 actual and index to 2019

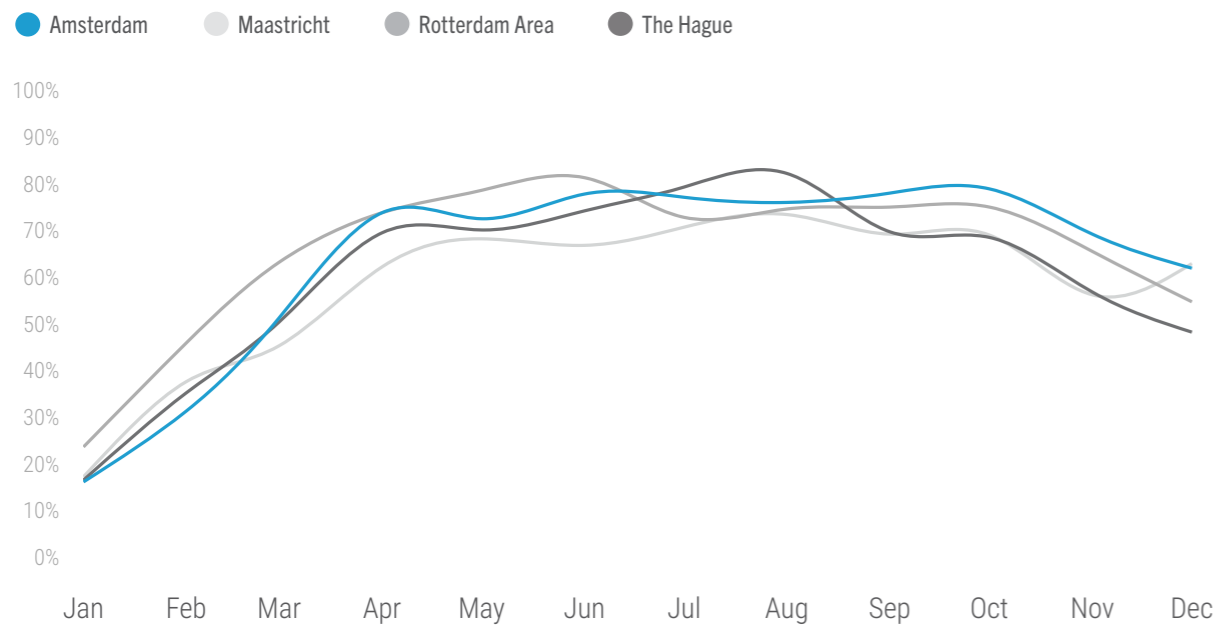


Top-Line Performance

In comparison with other European capitals, and regional Dutch markets such as Rotterdam, Maastricht and The Hague, Amsterdam has seen much slower recovery. In comparison with three key regional Dutch markets, Amsterdam maintained higher occupancy levels throughout the later portion of the year, which is standard. Branded properties in the Netherlands Regional market demonstrated greater occupancy recovery than Amsterdam's independents and brands.

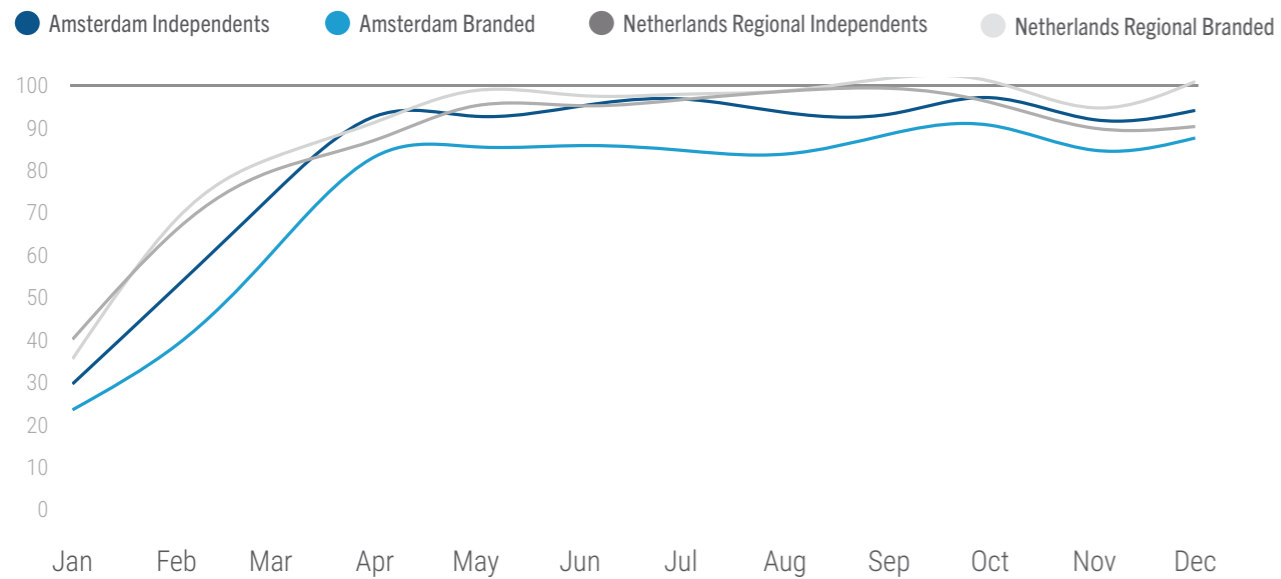
Amsterdam vs. regional submarkets

2022 actual occupancy



Amsterdam vs. Netherlands regional markets

Occupancy indexed to 2019

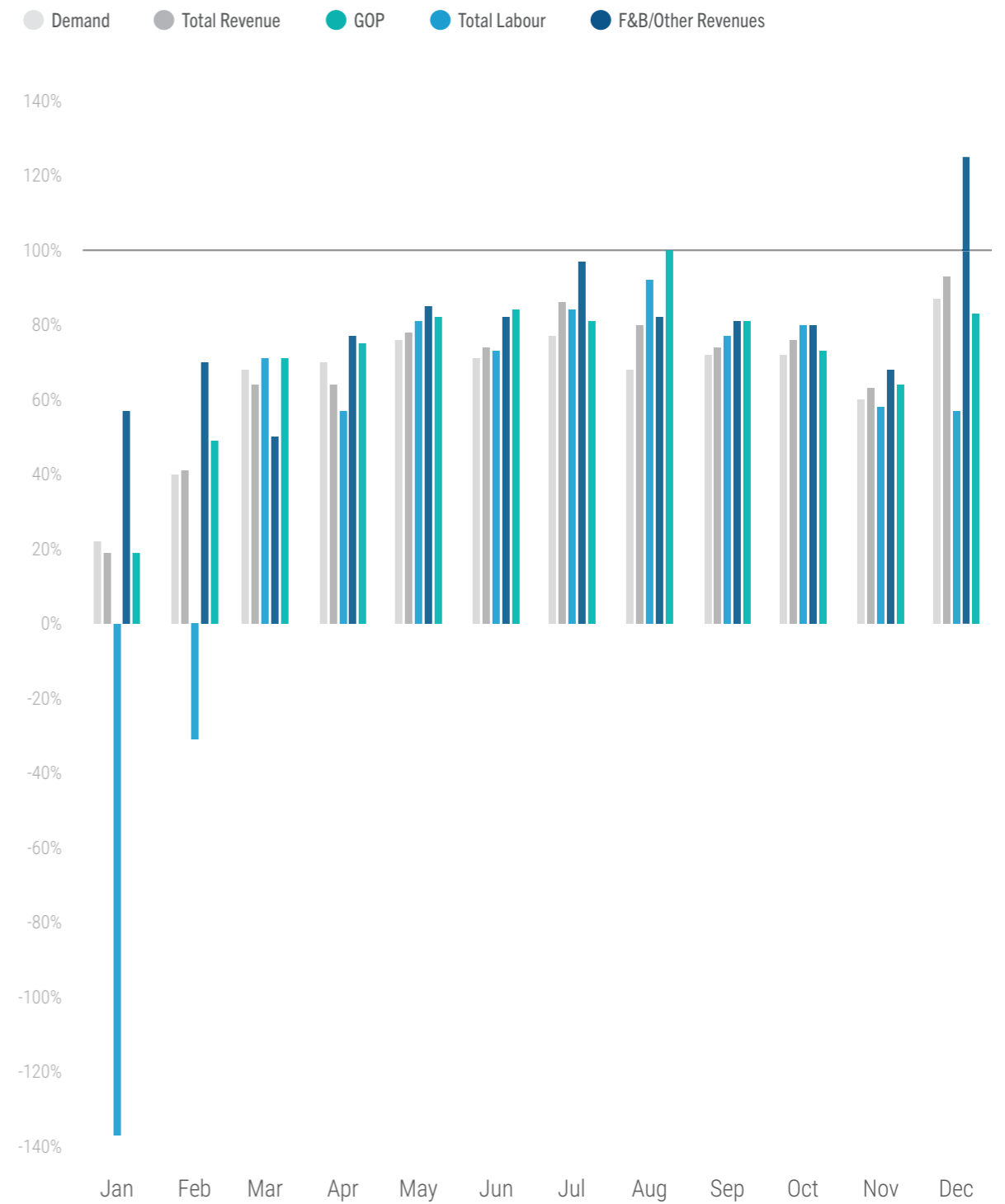


Profitability

Amsterdam's revenue and expense levels remained well below pre-pandemic comparables for most of 2022, but there were a few outliers. Specifically, F&B/other revenues jumped in both July and December—the latter even exceeded 2019. Those spikes aligned with rises in demand, which provided hoteliers in the market with the opportunity to drive revenue outside of the rooms department.

Amsterdam

Profitability indexed to 2019

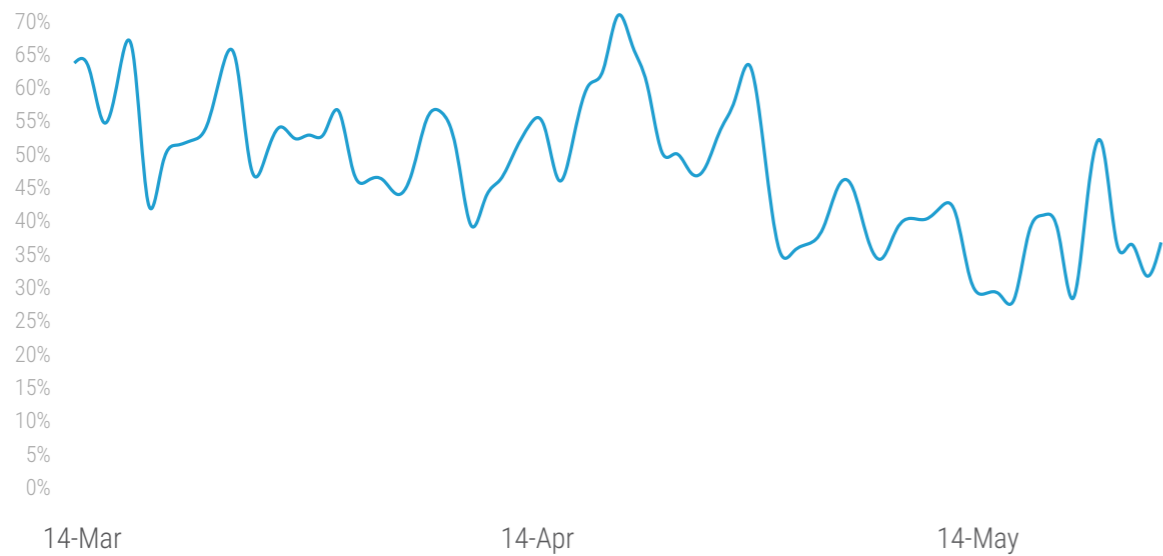


Forward-Looking Data

Given current booking tendencies, Amsterdam's occupancy on the books looks healthy and stable for the coming months with weekends (especially Saturday nights) expectedly higher. The 20th of April stands out as the current booking peak for the upcoming months. Pickup, the difference in bookings from one reporting period to the next, looks mostly positive with higher levels for earlier dates.

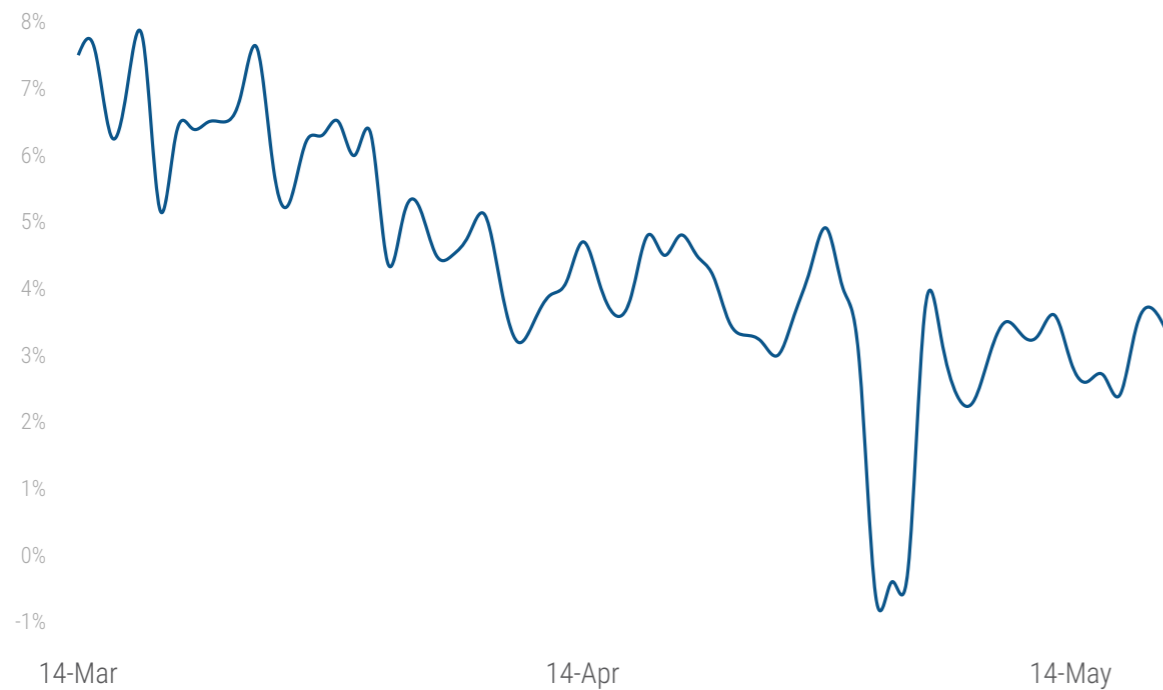
Amsterdam occupancy on the books

Upcoming months (as of 27 February 2023)



Amsterdam pickup

Upcoming months (as of 27 February 2023)

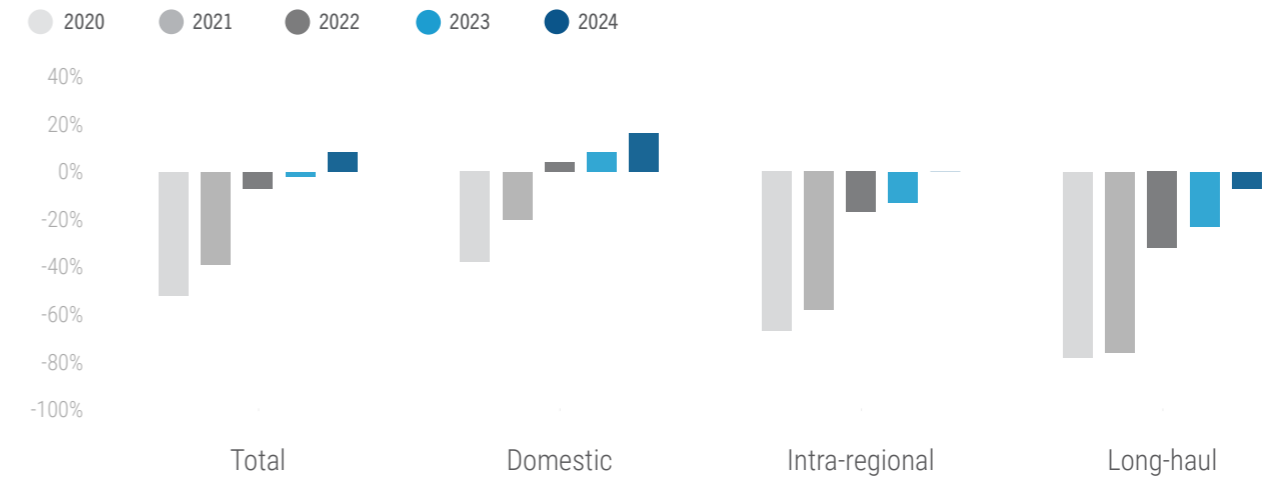


Forecast

STR produces forecasts for 56 markets between the EMEA and APAC regions with updates made on a quarterly basis. As of the February 2023 revision, STR and forecast partner, Tourism Economics, expected a mild global recession in 2023. Severity will vary significantly by global region, with Europe the most affected. Germany has seen the first and deepest impact to date with demand projections downgraded from the November 2022 forecast in several of the country's markets. At the same time, however, surprising economic upside allowed improved projections for a substantial number of markets around other parts of Europe. Overall, hotel demand in Europe is expected to grow year over year in 2023, with outliers in some months due to event offsets, such as industrial fairs in Germany. ADR has been revised up from the previous quarter for nearly all European markets, as persistent inflation and high energy prices continue to induce rate growth. By segment, Europe's domestic travel spend was fully recovered in 2022. Full recovery of international travel spend is not projected until 2024.

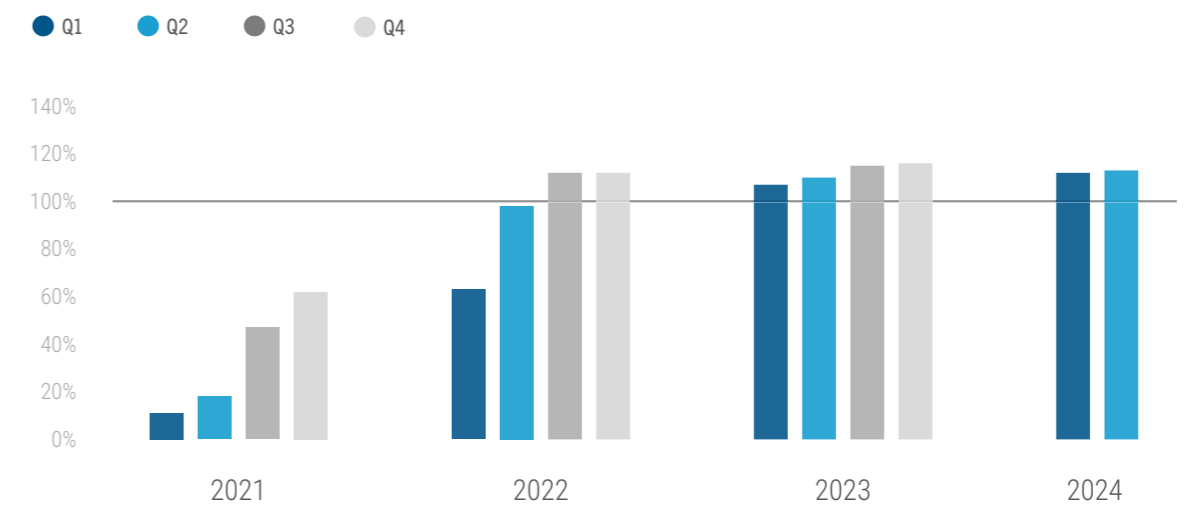
European demand segment forecast

European travel spend by segment, % relative to 2019 levels



RevPAR recovery forecast

European markets, RevPAR (EUR) indexed to 2019, February 2023 forecast



*Aggregated performance of Amsterdam, Athens, Barcelona, Belfast, Berlin, Birmingham, Brussels, Budapest, Cologne, Dublin, Dusseldorf, Edinburgh, Frankfurt, Glasgow, Hamburg, Leeds, London, Madrid, Manchester, Milan, Moscow, Munich, Paris, Prague, Rome, Stuttgart, Vienna, Warsaw, Zurich