



MOMENTUM UNLEASHED

INTERNATIONAL HOTEL
MARKET ASSESSMENT
BASED ON FRESH-RELEASED DATA

Hotels Quarterly

Fourth Edition

Q3 2023

ABOUT THE HOTELS QUARTERLY

These short reports are based on quarterly earnings reports of select leading, internationally branded hotel companies. We compiled and analysed data to draw conclusions that can be projected to the global hotel industry at large. This series is published quarterly with the intention to serve as a new source of credible and interesting information for industry stakeholders of all kinds.

For data compatibility we have picked and analysed companies traded on U.S. stock exchanges, namely Marriott International (NASDAQ: MAR), Hilton Worldwide Holdings (NYSE: HLT), InterContinental Hotels Group (NYSE:IHG and LON:IHG), and Hyatt Hotels Corporation (NYSE: H).

The conclusions drawn in this report are the result of data analysis from a diverse group of randomly selected companies. These selected companies, as of today, together represent a total geographic coverage of 108 countries across the globe and collectively comprise 23,645 internationally branded properties at the time of the preparation of this study (December, 2023). This robust dataset serves as a representative sample, providing valuable insights into the performance of the global hotel market.

We hope our quarterly reports are valuable resources, providing you with a new angle on the evolution of the industry, its news and trends.

You can subscribe to our e-mail list at hotels@mooreglobal.hu to receive the Hotels Quarterly at the time of its publishing.

Moore Hotels and Leisure specialises in industry-specific strategic, hotel development and M&A transaction advisory, working closely with owners, developers, financiers, hotel brands & operators and other industry stakeholders.

Thank you for choosing to be part of our journey.

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**2023
Third Quarter**

**US\$118.2
Average Net. Room Revenue
Per Available Room**

**US\$162.1
Average Net. Daily
Rates**

**73.0%
Hotel Occupancy**



Evolution of Global Branded Hotels Performance (YOY, Q3, 2019, 2022, 2023)

Key Performance Indicators / Years	2019 Q3	2022 Q3	2023 Q3
Average RevPAR, Global, in USD	110.4	110.3	118.2
Average ADR-System-wide, in USD	143.9	157.5	162.1
Average Occupancy Rate (%)	76.6%	70.0%	73.0%

In the third quarter of 2023, the hotel industry **continued to deliver** robust **performance** and strategic adaptation, clearly depicted by its key performance indicators.

Revenue per available room (RevPAR) took center stage, showcasing a commendable climb to **USD 118.2**, outpacing its 2019 counterpart. Once again, this outstanding achievement heralds a historic milestone, as the industry not only recovers to pre-pandemic levels but vaults to new summits in revenue per available room, which is the most telling of industry standard topline KPIs.

This, perhaps surprisingly robust, growth rate is fuelled by **sustained demand in leisure travel**—both domestically and internationally—coupled with the persistent **expansion of group and business transient travel** as well as meetings, incentives, conferences, and exhibitions (MICE). **China** is also reasserting its influence as a formidable international demand source, signaling a resurgence in its impact on the global market.




Marriott International

Hilton Worldwide

InterContinental Hotels Group

Hyatt Hotels Corporation



108

COUNTRIES

COVERED IN THIS STUDY



23 645

PROPERTIES

Q3 2023

A total of more than **200 new branded properties entered** the systems of the subject hotel companies. This grew our scope of studied properties from 23,409 to 23,645 worldwide. While Q2 witnessed a rapid influx of new brand hotels (over 400 properties), Q1 saw the slowest pace, and **Q3 brought a significant increase but more measured pace of expansion**, reflecting the varied dynamics shaping market expansion throughout the year. We anticipate **developer teams to conclude several agreements, both with new and existing hotel owners, signing (in majority) franchise, and management partnerships globally**, thus propelling the supply growth of the featured companies in Q4 this year. This growth is especially remarkable in light of the **still relatively constricted debt markets for new development**.

The perpetual **allure of global hotel brands persists as an influential force, captivating investors**. The strategic consolidation of brands across the industry signals a general trust in the leading companies, positioning hotel companies for enduring growth and influence. This not only fosters a competitive milieu but also **cements brand recognition** and grows preference by commercial real estate market stakeholders.

HOTEL SUPPLY SEGMENT ANALYSIS

Although the number of properties in the respective hotel tiers vary significantly, with the upper midscale and upscale categories taking up approximately 80 per cent of the total number of properties, investor interest in all categories continues to remain evident, as sectoral supply expansion was evenly distributed across the scales.

KPIs of the third quarter of 2023 per supply segment were as follows (ADRs and RevPars in net USD):

Global Average Key Performance Indicators per Supply Segment										
All Brands - Systemwide - All Locations										
Tier	Share of Tiers **	Average Occupancy Rates			Average ADR, in USD			Average RevPAR, in USD		
		2019 Q3	2022 Q3	2023 Q3	2019 Q3	2022 Q3	2023 Q3	2019 Q3	2022 Q3	2023 Q3
LUXURY	4,27%	73%	63%	70%	226	253	277	169	162	192
UPPER UPSCALE	11,56%	78%	69%	73%	174	192	196	137	133	143
UPSCALE	25,84%	78%	73%	75%	130	144	149	103	106	112
UPPER MIDSCALE	54,23%	76%	73%	75%	117	129	131	89	95	98
MIDSCALE	4,10%	78%	77%	76%	93	112	117	72	86	89

*(excluding Marriott) ** Internal share of properties by tier.

The global hotel industry has not only sustained but enhanced its extraordinary performance in the third quarter of 2023.

The luxury segment is seizing the spotlight with a resounding 7-percentage-point surge in luxury hotel occupancies worldwide within a single year, inching close, a mere 3 percentage points away, to its pre-pandemic pinnacle in 2019. Sectoral Average Daily Rates (ADRs) have not merely risen but have ascended to the level of an extraordinary pricing power wielded by these premier establishments. **It's crucial to note the transformation since 2019 when the premium for a luxury stay compared to an upper-upscale hotel hovered around 30 percent. Presently, luxury commands an average premium of approximately 40 percent over an internationally branded upper upscale hotel.** This nuanced evolution not only signifies recovery but paints a portrait of a redefined landscape where travelers willingly invest in elevated experiences.

RevPAR figures across distinct hotel segments have surged beyond pre-pandemic benchmarks, marking a significant milestone for the industry. Notably, the **midscale** segment **takes the lead** with an extraordinary, **123% surge compared to Q3 2019**, showcasing substantial growth and a remarkable recovery. Following closely, the luxury, upper upscale, upscale, and upper midscale tiers exhibit strong rebounds at 114%, 104%, 109%, and 110%, respectively. It is visible that the performance of **both the high-, and lower end of the market performed well** over former anticipations. The widespread positive developments across all segments signify overall market robustness. This noteworthy increase provides operators with the leeway to accommodate rising operating costs, further supporting the sector's capacity for sustained growth.



Q3 2023: SUMMARY OF FINANCIAL DATA OF PUBLICLY TRADED HOTEL COMPANIES

Published Financial Data of All Hotel Groups Under Study						
2023 Q3	Hilton		MARRIOTT		Hyatt	
Total Revenue	2 673	mUSD	5 928	mUSD	1 622	mUSD
Net income	379	mUSD	752	mUSD	68	mUSD
Adjusted EBITDA	834	mUSD	1 142	mUSD	247	mUSD
Operating Profit	653	mUSD	1 099	mUSD	-	mUSD
Earnings per share (diluted)	1,45	USD	2,51	USD	0,63	USD
Number of repurchased shares (pc.)	4,5	million	4,8	million	1,3	million

*(excluding IHC as relevant quarterly data was not published)

Selected key financial data for the hotel groups under study are presented in the table above. It is crucial to note that the disclosed figures are limited to the financial information of the subject publicly traded hotel companies and do not include the comprehensive systemwide operating performance of the branded hotel portfolios. Furthermore, it is essential to acknowledge that the earnings reports published by these companies may still be unaudited, and hence may differ from the official audited figures that are released annually.

In Q2 2023, we have seen remarkable growth across the hotel groups in our latest study. Further growth is observed in the third quarter of 2023, compared to the third quarter of 2022. With outstanding gains in total revenue, Adjusted EBITDA, averaging at highly significant growth rates of 10%, 12% compared to the previous year Q3. Operating Profit increased by 9% over Q3 2022. Diluted earnings per share and net profit increased compared to Q3 2022. Moreover, all hotel groups successfully executed share buybacks in Q3 2023, as reflected in the table. Overall, these hotel groups exhibited substantial growth and a positive trajectory shift in key financial metrics, as analysed from Q3 2022 to Q3 2023.



DID YOU KNOW?

When it comes to hotel and leisure properties, Moore Hotels, Legal, Financial and M&A transaction advisory practices help owners, investors and financiers as one professional team to get around all obstacles and explore new business opportunities - from delivering a global hotel brand, to project financing and helping you in a successful exit.

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