

## Hotel Performance Survey Q2 by Deloitte

### Key Highlights

For the second consecutive quarter this year, Malta's tourism sector continued to register significant growth. According to the NSO, the number of tourist arrivals during the months of April to June 2017 increased by 16.9% when compared to the same period last year. In line with the increased number of tourists, total guest nights also increased by 11.9%. The rate at which total guest nights have been increasing is however slower than the growth in arrivals, thus resulting in a decrease in the average length of stay.

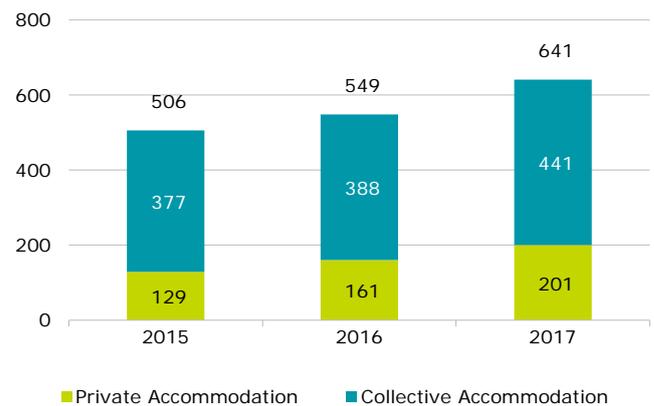
In view of these results, the hotel sector 2017 continued to report strong overall performance during Q2. At the same time, the shift towards private accommodation continued to increase at a much faster pace than that for collective accommodation. Guest nights in private accommodation increased by 20.9% and accounted for close to 40% of total guest nights in Q2 2017. Guest nights spend in hotels increased by a more conservative 6.7% during the second quarter of the year.

During the first six months of 2017 almost one million tourist had come to Malta and spent more than 6.5 million guest nights, 62% of which in collective accommodation with the rest spent in private accommodation.

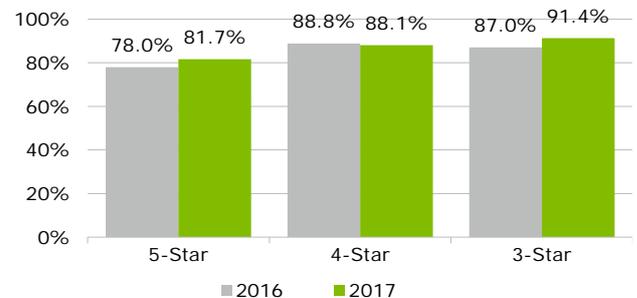
By June 2017 total tourist expenditure reached slightly more than €750 million resulting in an average spend per guest night of €114.

The results of the Deloitte Hotel Performance Survey continue to affirm the trend towards the strengthening of the hotel sector on the back of consistent growth in Malta's tourism numbers. Occupancy levels for the 5-star and 3-star sectors increased by 4.7% and 5% respectively. On the other hand, occupancy levels in the 4-star sector remained stable at 88%.

#### Tourist arrivals



#### Occupancy



#### Room Rates (ADR)



Faced with a consistent increase in bookings, the five star sector continued to steadily increase its rates, resulting in an overall 17.9% increase in total revenue per available room (TREVPAR).

4 star hotels managed to secure an average daily room rate of €76, which is 17.5% higher than the ADR for Q2 2016. The increase in room revenue was partly offset by a 10.7% decrease in non-accommodation income. Overall, the reported total revenue per available room increased by 5.5% over the same quarter last year.

Participating 3-star hotels reported a 4.7% increase in in ADR and a slight 0.6% increase in non-accommodation income. Overall, this resulted in a total revenue increase of 9% per available room.

In line with these results, all hotel categories registered significant improvements in gross operating profit per room, which increased by more than 19% in the 5-star category and by around 7% in the 4-star sector.

### Gross Operating Profit (GOP PAR)



### Malta's EU Presidency: Implications on the hospitality sector

In the first six months of 2017 the Maltese hospitality sector benefitted significantly from the EU Presidency.

An interview survey amongst hotels revealed the following:

-  Close to 300 events were hosted in local hotels (mainly 5-star hotels)
-  Around 22,000 participants attended these events
-  Total revenue generated from these events was slightly more than €800k
-  An additional €850k were generated from food and beverages provided during these events
-  21,495 room nights sold for an approximate 8,200 guests
-  Total room revenue from EU Presidency amounted to more than €3.1m

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