

Q3 Hotel Performance Survey by Deloitte Key Highlights

Quarter 3 continues to be the strongest period of the year for inbound tourism to Malta. According to the NSO, more than 770k tourists came to Malta during the months between July and September. This amounts to around 44% of all tourist arrivals so far this year.

The total amount of nights spent in Malta by these tourists was more than 6.5 million, 40% of which were booked in private accommodation.

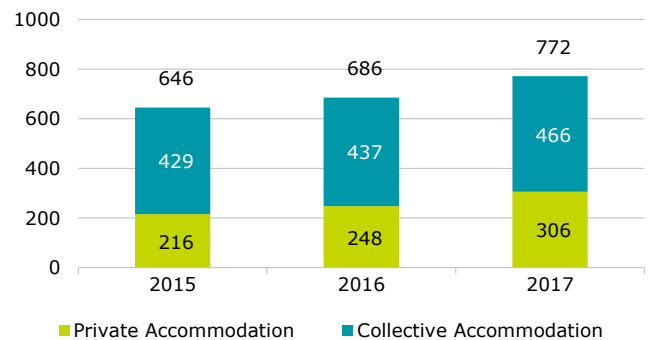
In line with the strong tourism results already registered in the previous two consecutive quarters of 2017, the number of tourist arrivals and tourist guest nights in quarter 3 increased by 12.6% and 9.9% respectively when compared to the same period last year.

While tourist numbers continue to increase, stays are becoming shorter, especially those opting for hotels. The overall average length of stay in quarter 3 was 8.5 days compared to 9 days in Q3 2015.

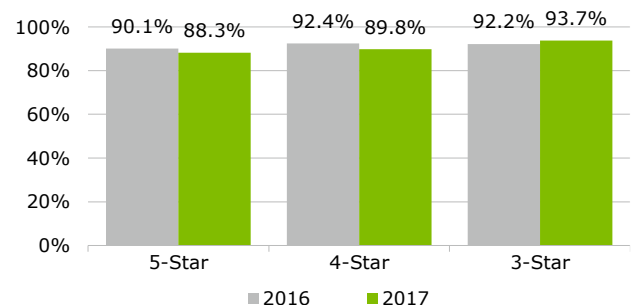
On the basis of current trends, 2017 is set to achieve new record numbers of tourist arrivals. By the end of September, almost 1.8 million tourists came to Malta, staying a total of more than 13 million nights. Additionally, it is estimated that during the first nine months of this year tourist expenditure had already reached €1.5 billion.

These positive trends are translating into significantly improved operational performance for hoteliers and all other sectors which are dependent on the performance of the tourism sector.

Q3 Tourist arrivals (000's)



Q3 Occupancy



The results of the Deloitte Hotel Survey show that during the period between July and September, 5-star hotels reported a strong increase in room rates and non-accommodation revenue while occupancy fell marginally when compared to quarter 3 in 2016. This resulted in an overall 7.7% increase in total revenue per available room (REVPAR). On the other hand, costs in the 5-star sector increased by 10.5% driven mainly by direct expenses, administration and general expenses and marketing costs.

The net impact on the segment's profitability was an additional €916 in gross operating profit per available room, which puts average GOPPAR of the 5-star segment reported to date at €20,207.

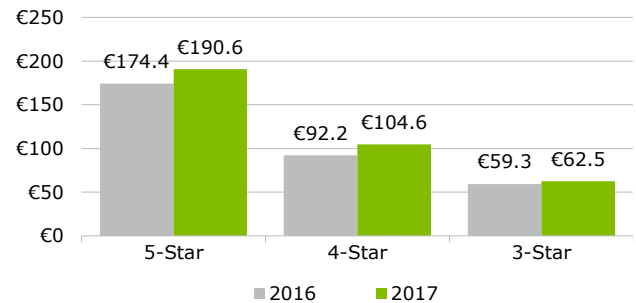
The 4-star segment also reported strong overall performance for the third quarter of 2017. Despite a 2.9% drop in occupancy levels, 4-star hotels managed to secure an average daily room rate of €104.6, which is 13.5% higher than the ADR for Q3 2016. This increase was further complemented by a 2.1% increase in non-accommodation income. Overall, the reported total revenue per available room increased by 6.8% over the same quarter last year.

In terms of expenditure, 4-star hotels have been able to contain their cost base and only reported a 1.1% increase during Q3 2017. With these results, gross operating profit during this quarter increased by 6%. On a year to date basis the average GOPPAR of the 4-star segment reached €12,510.

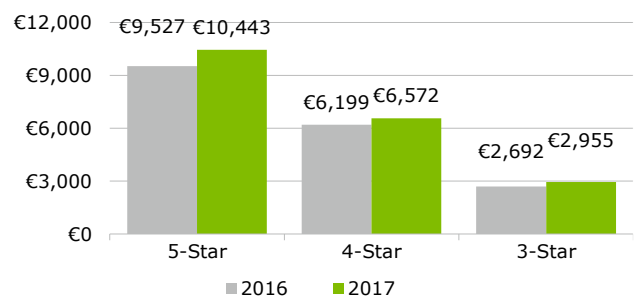
Participating 3-star hotels reported a 5.3% increase in in ADR and a significant increase of 19% in non-accommodation income. Overall, this resulted in a total revenue increase of around 10% per available room.

Costs were also reported to have increased significantly but participating 3-star hotels still managed to register an increase in profit over the same period last year, putting the average GOPPAR of the 3-star segment for the first nine months of 2017 at €5,084.

Q3 Room Rates (ADR)



Q3 Gross Operating Profit (GOPPAR)



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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