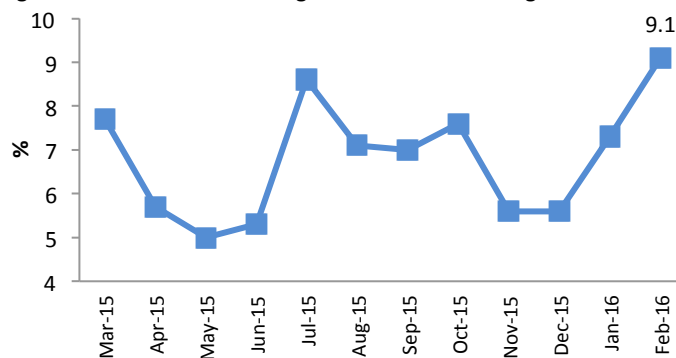




APRIL 8, 2016

FEBRUARY 2016 TRAVEL BRIEFING:**Air Passenger Traffic | Hotel Occupancy****Passenger Traffic: International Air Travel Records Its Fastest Growth in Almost Four Years**

A combination of increased capacity, a downward trend in global airfares and low oil prices sustained international air travel in February, which saw the highest year-over-year growth since March 2012.

Figure 1. International Passenger Traffic: YoY % Change

The International Air Transport Association (IATA) reports that international passenger traffic grew by 9.1% year over year in February, its fastest pace since March 2012.

Source: IATA

Africa Continues to Lead Growth

Of international passenger traffic in February, the IATA says:

- **Africa led with 12.7% growth.** Improvements in operations undertaken by some regional airlines and a jump in exports from the region encouraged international air travel.
- **The Middle East was up 11.3%.** Growth in the region was sustained by ongoing network and fleet expansion. Middle Eastern carriers overtook North American carriers in terms of international traffic during 2015.
- **Growth in Europe was 7.7%.** The region has recovered from the shutdown of Transaero in Russia and the airline strikes in the final quarter of 2015.
- **Growth in North America was 3.6%.** The region showed the slowest growth in international air traffic, as the focus on the large domestic US market increased.
- **Asia-Pacific traffic increased by 11.2%.** An increase in direct airport connections encouraged international air traffic despite the economic slowdown in many of the region's economies.
- **Latin America traffic increased by 10.4%.** While domestic air traffic remained under pressure from the slowdown of the biggest economies in the region, international air traffic continued to grow in Latin America.

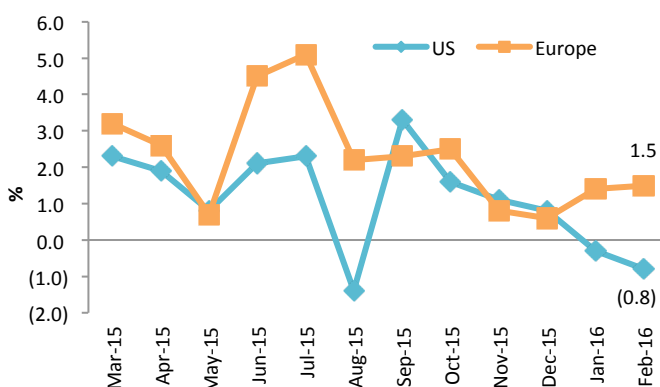
Figure 2. International Passenger Traffic, by Region of Airline Carrier: YoY % Change

International by Region:	Dec	Jan	Feb
Africa	11.3	14.7	12.7
Asia-Pacific	7.1	10.3	11.2
Europe	2.9	4.2	7.7
Latin America	9.3	8.9	10.4
Middle East	9.6	10.9	11.3
North America	1.6	2.4	3.6
International Total	5.6	7.3	9.1

Data are for growth in revenue passenger kilometers, a measure that multiplies number of passengers by distance traveled. Figures are revised data, where applicable.

Source: IATA

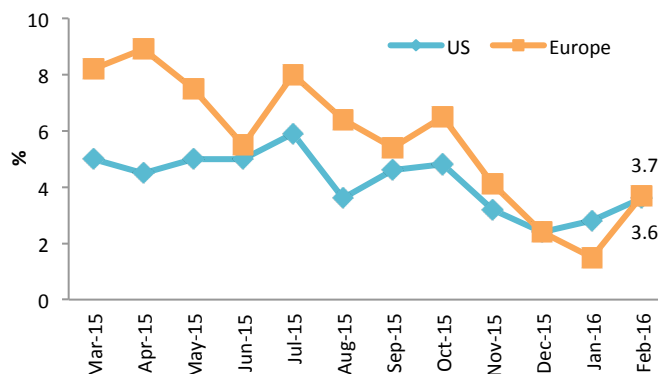
Hotel Occupancy: Africa Saw the Fastest Growth in Hotel Occupancy in February

Figure 3. Hotel Occupancy Rate: YoY % Change


Hotel occupancy in February grew by 1.5% in Europe, and declined by 0.8% in the US.

In Europe, Barcelona, which hosted the World Mobile Congress, showed a 14.5% increase in occupancy. In the US, the St. Louis, Missouri-Illinois area, saw the largest occupancy increase, at 4.9%.

Source: STR Global

Figure 4. Average Daily Hotel Rate (ADR): YoY % Change


Europe and the US showed similar ADR growth in February, at 3.7% and 3.6%, respectively.

In Europe, Barcelona saw a strong increase of 53.9% in ADR. In the US, Super Bowl 50 host San Francisco, California, posted the largest ADR increase, at 28.1%.

ADR expressed in US dollars for the US and in euros for Europe.

Source: STR Global

About regional figures for occupancy and ADR for February 2016, STR Global says:

- **The occupancy rate in the US decreased by 0.8%, to 61.7%, and ADR grew by 3.6%, to \$120.80.** San Francisco, California, which hosted the Super Bowl, showed only a modest increase in occupancy, 2.7%, despite its substantial ADR growth.
- **The occupancy rate in Central and South America declined by 2.8%, to 56.6%, and ADR grew by 10.7%, to \$97.73.** In Brazil, supply continued to grow while demand remained flat. The country saw occupancy fall by 3.4%, but ADR rise by 5.3%.
- **Occupancy increased in the Asia-Pacific region by 0.3%, to 64.2%, while ADR rose by 0.6%, to \$109.42.** Australia reported growth in both metrics, as a softer Australian dollar encouraged international tourism to the country.
- **Occupancy in Europe grew by 1.5%, to 63.1%, and ADR increased by 3.7% in euro terms, to €102.98 (US\$113.95).** Bulgaria saw a double-digit increase in occupancy, as it became an alternative destination to Greece and Turkey.
- **Occupancy in the Middle East decreased by 5.3%, to 70.2%, while ADR decreased by 10.5%, to \$182.45.** Qatar saw a double-digit decline in occupancy, as a drop in oil prices and increasing security concerns affected travel to the country.
- **Occupancy in Africa decreased by 2.5%, to 56.1%, while ADR increased by 8.1%, to \$105.16.** Johannesburg, South Africa, saw an increase in occupancy and ADR as a result of increased tourist arrivals.

Figure 5. Occupancy Rate and ADR: YoY % Change

	Dec	Jan	Feb
Occupancy:			
US	0.8	(0.3)	(0.8)
Central/South America*	(4.4)	(2.8)	(2.8)
Asia-Pacific	1.5	3.5	0.3
Europe	0.6	1.4	1.5
Middle East**	(3.4)	(3.8)	(5.3)
Africa	(1.2)	(5.4)	(2.5)
ADR:			
US	2.4	2.8	3.6
Central/South America*	10.8	10.7	10.7
Asia-Pacific	0.9	0.4	0.6
Europe	2.4	1.5	3.7
Middle East**	(4.1)	(6.9)	(10.5)
Africa	11.3	9.4	8.1

*The region is defined by STR Global as Americas for months before December 2015.

**The region is defined by STR Global as Middle East and Africa for months before December 2015

Source: STR Global



Outlook: Low Oil Prices and Capacity Growth Likely to Sustain International Air Travel

International air travel rates should continue to grow through the first half of 2016, given the combination of low oil prices and increased capacity. Average flight frequencies in Europe, the largest region in terms of international air traffic, are set to increase by about 5% in 2016, according to the IATA.

However, the terror attacks in Belgium in late March are likely to hit travel to Europe in the near term. Additionally, the uncertain outlook of the world economy and the slowdown of economic growth in China might also affect international travel and hotel occupancy.

About the Data

The IATA is the trade association for the world's airlines, representing some 260 airlines, or 83% of total air traffic. IATA statistics cover international and domestic scheduled air traffic for IATA member and nonmember airlines. All figures are provisional and represent total reporting at time of publication plus estimates for missing data. Historical figures may be revised.

Smith Travel Research (STR) is a US-based company that tracks supply and demand data for the hospitality industry. Initially focused on data for North America and the Caribbean, STR launched STR Global in 2008 in collaboration with Deloitte UK and The Bench to provide worldwide supply and demand data for the hotel industry globally. STR collects performance data from over 46,000 hotels representing more than 5.3 million rooms globally.

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