

**AUGUST 2016 TRAVEL BRIEFING:
AIR PASSENGER TRAFFIC | HOTEL OCCUPANCY**



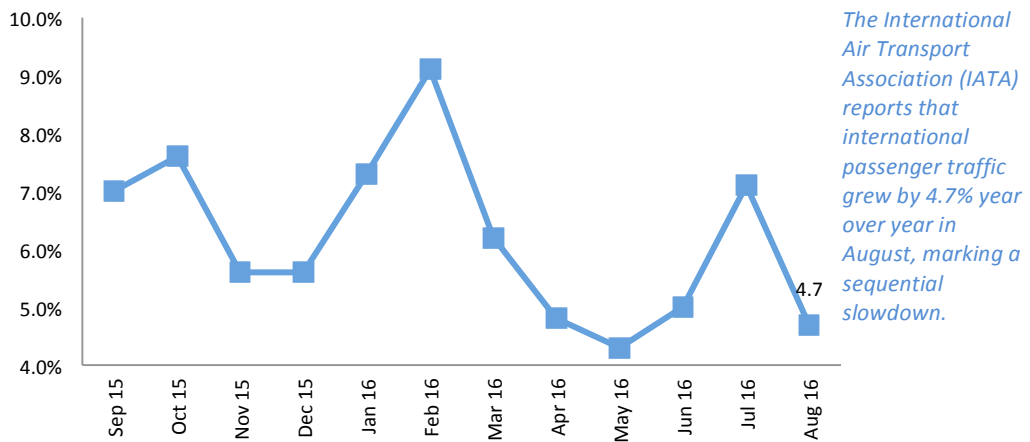
Key Trends in Air Passenger Traffic and Hotel Occupancy in August 2016:

- The growth in international air passenger traffic slowed as a result of the uncertain economic environment and the persistence of the terrorism threat in Europe.
- The Middle East showed the best performance in cross-border air passenger traffic.
- The US outperformed Europe in both hotel occupancy and average daily rate (ADR).
- The Middle East showed the best performance in both hotel occupancy and ADR.

INTERNATIONAL AIR TRAVEL GROWTH CONTINUES DESPITE TERRORISM THREAT IN EUROPE

International air passenger traffic growth slowed to 4.7% in August. A fragile global economy and the persistence of terrorism threats weighed on international air travel, while lower airfares resulting from the lagged effect of lower oil prices and increasing competition encouraged passengers traffic.

Figure 1. International Air Passenger Traffic: YoY % Change



Source: IATA

THE MIDDLE EAST LEADS INTERNATIONAL AIR PASSENGER TRAFFIC GROWTH

The IATA offered the following commentary on international passenger traffic in August:

- **Traffic growth in Africa slowed to 1.8%:** Challenging economic conditions in much of the continent, particularly in Nigeria and South Africa, weighed on the performance.
- **In the Asia-Pacific region, growth was 5.6%:** Asian tourists are travelling less to Europe and more to regional destinations in a bid to avoid terrorism-related risks.
- **Growth in Europe was 3.3 %:** International traffic in the region continued to be affected by a prolonged perception of terrorism-related threats.
- **Latin America traffic grew by 6.7%:** There was a strong demand for international routes within the region, according to IATA. The Rio 2016 Olympics was also a factor behind the regional performance.
- **The Middle East grew by 10.3%:** The expansion of regional carriers continued to contribute to the growth of international traffic in the region.
- **North America traffic grew by 1.8%:** The increase in passenger traffic on tourist routes to Central America and to the Caribbean contributed to the regional growth. However, the region showed a slowdown compared to the preceding months.

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

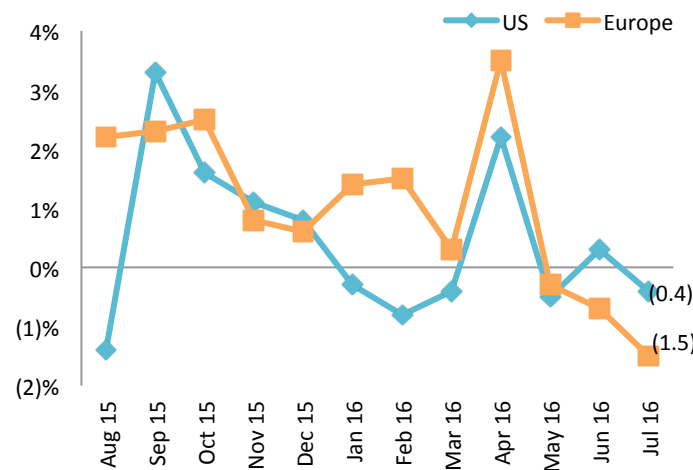
	June	July	August
Africa	4.7	7.4	1.8
Asia-Pacific	8.2	9.8	5.6
Europe	2.1	4.1	3.3
Latin America	8.8	7.5	6.7
Middle East	7.5	13.1	10.3
North America	4.0	4.8	1.8
International Total	5.0	7.1	4.7

Data are for growth in revenue passenger kilometers, a measure that multiplies the number of passengers by the distance traveled. Previous months' figures are revised, where applicable.

Source: IATA

HOTEL OCCUPANCY AND ADR: EUROPE OUTPERFORMS THE US IN AUGUST

Figure 3. Hotel Occupancy Rate: YoY % Change



Hotel occupancy in August declined by 1.5% year over year in Europe and by 0.4% in the US.

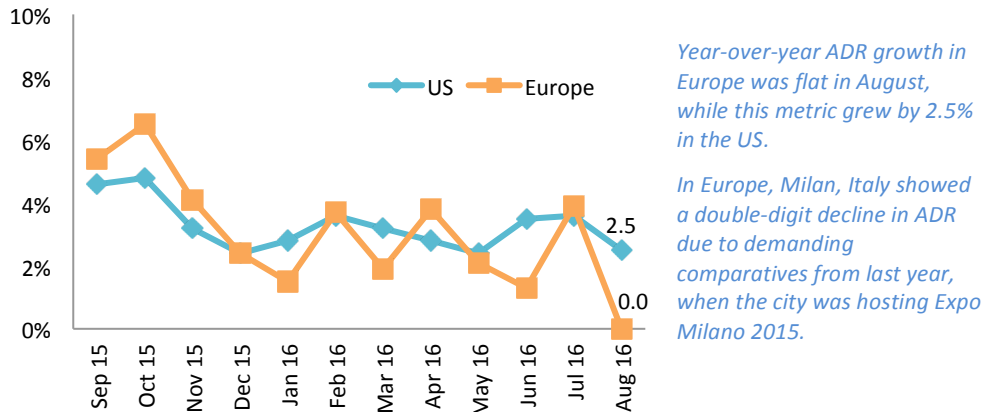
In US, Houston, Texas, reported the biggest decline in occupancy at 8.8%.

Source: STR Global



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Figure 4. ADR: YoY % Change



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

Source: STR Global

STR Global offered the following commentary on regional occupancy and ADR figures for August 2016:

- **The occupancy rate in the US declined by 0.4%, to 70.2%, and ADR grew by 2.5%, to US\$125.42:** Philadelphia, Pennsylvania, recorded the largest increase in occupancy, at 5.2%, and double-digit growth in ADR at 11.3%.
- **The occupancy rate in Central/South America declined by 0.4%, to 70.1%, and ADR grew by 3.3%, to US\$125.13:** Chile showed a 3.9% increase in occupancy, but an 8.4% decline in ADR.
- **Occupancy increased in the Asia-Pacific region by 1.2%, to 73.3%, while ADR decreased by 2.0%, to US\$98.38:** Japan reported a 1.8% decline in occupancy and a nearly flat ADR, at 0.1%.
- **Occupancy in Europe declined by 1.5%, to 75.8%, and ADR remained flat in euro terms, to €115.94 (US\$129.89):** Russia reported an increase in both occupancy and ADR, thanks to a weak ruble, which discouraged domestic tourists from traveling abroad.
- **Occupancy in the Middle East increased by 2.3%, to 65.2%, while ADR fell by 5.4%, to US\$141.89:** The United Arab Emirates showed a 2.1% increase in occupancy and an 8.8% decline in ADR.
- **Occupancy in Africa increased by 0.8%, to 62.9%, while ADR was flat at US\$ 126.60L** Cape Town, South Africa, showed an increase in occupancy and ADR, as a result of the devaluation of the rand which encouraged international tourist arrivals.



Figure 5. Occupancy Rate and ADR: YoY % Change

	June	July	August
Occupancy			
US	0.3	(1.0)	(0.4)
Central/South America	(4.6)	(4.9)	(0.4)
Asia Pacific	2.1	2.8	1.2
Europe	(0.7)	(0.4)	(1.5)
Middle East	(16.3)	4.8	2.2
Africa	(16.6)	4.6	0.8
ADR			
US	3.5	3.6	2.5
Central/South America	1.7	10.1	3.3
Asia Pacific	(0.8)	(0.3)	2.0
Europe	1.3	3.9	0.0
Middle East	12.5	(15.9)	5.4
Africa	4.4	10.8	0.0

Source: STR Global

OUTLOOK: GROWTH IN INTERNATIONAL AIR TRAVEL MIGHT WEAKEN DURING THE LAST MONTHS OF 2016

The stimulus of lower fares should bolster growth, while the perceived risk of terrorist attacks is likely to hit traveler numbers to Europe. The weakening of the pound might further encourage international passenger traffic to the UK, especially during the Christmas shopping season.

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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