

## SEPTEMBER 2016 TRAVEL BRIEFING: Air Passenger Traffic | Hotel Occupancy



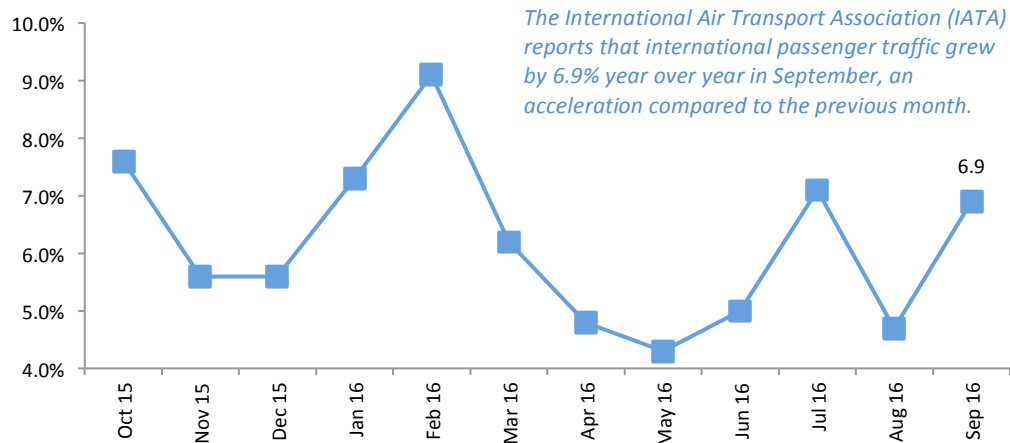
### Key Trends in Air Passenger Traffic and Hotel Occupancy in September 2016

- Growth in international air passenger traffic accelerated in September, thanks to lower airfares reflecting lower oil prices as well as increased capacity and competition. The apparent reduction of the terrorist threat also encouraged a recovery in Europe.
- The Middle East and Asia Pacific showed the best performance in cross-border air passenger traffic.
- In hotels, the US outperformed Europe both in occupancy and in average daily rate (ADR).
- Asia Pacific and Africa showed the best performance in occupancy and ADR, respectively.

### Low Fares Continue to Drive International Air Passenger Traffic Growth

International air passenger traffic growth accelerated to 6.9% in September, with the Middle East and Asia Pacific leading the growth. Lower airfares reflecting lower oil prices and the increased competitive pressure and capacity among airlines encouraged the demand. The better performance in Europe compared to previous months suggests that the region is recovering from the negative impact of international terrorism.

**Figure 1. International Air Passenger Traffic: YoY % Change**



Source: IATA

**The Middle East and Asia Pacific Lead International Air Passenger Traffic Growth**

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

- **Traffic growth in Africa accelerated to 8.0%:** Africa performed much better compared to the previous month, despite the persistence of challenging economic conditions in the region.
- **In the Asia-Pacific region, growth was 8.6%:** Traffic among Association of Southeast Asian Nations (ASEAN) countries grew significantly during the month.
- **Growth in Europe was 5.2%:** International traffic in the region was encouraged by the reduction of terrorism-related threats.
- **Latin America traffic grew by 7.1%:** Strong demand on international routes within the region contributed to the performance, according to the IATA.
- **The Middle East grew by 11.5%:** The increased capacity contributed to the growth of international traffic in the region.
- **North America traffic grew by 3.3%:** Strong demand on transpacific routes contributed to the performance.

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

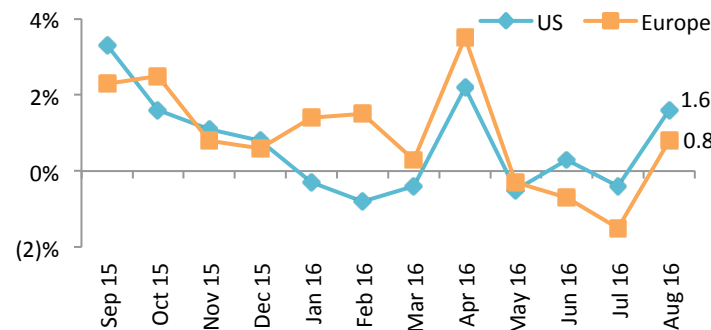
	July	August	Sept
Africa	7.4	1.8	8.0
Asia Pacific	9.8	5.6	8.6
Europe	4.1	3.3	5.2
Latin America	7.5	6.7	7.1
Middle East	13.1	10.3	11.5
North America	4.8	1.8	3.3
<b>International Total</b>	<b>7.1</b>	<b>4.7</b>	<b>6.9</b>

*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: the US Outperforms Europe in September**

**Figure 3. Hotel Occupancy Rate: YoY % Change**



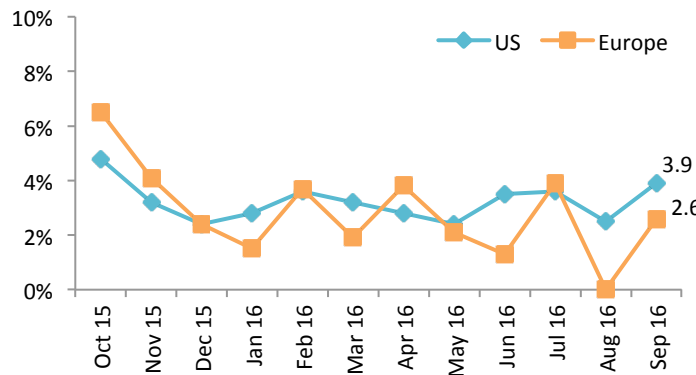
*Hotel occupancy in September grew by 0.8% year over year in Europe and by 1.6% in the US.*

*Greece reported a strong 84.3% occupancy rate in September.*

Source: STR Global



Figure 4. ADR: YoY % Change



In September, year-over-year ADR grew by 2.6% in Europe and 3.9% in the US.

Minneapolis, Minnesota, posted a year-over-year increase of 15.7% in ADR, the largest in the US in September.

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 September 2016:

- **The occupancy rate in the US grew by 1.6%, to 68.8%, and ADR rose 3.9%, to US\$127.07:** New Orleans, Louisiana, reported a strong 13.1% year-over-year increase in occupancy.
- **The occupancy rate in Central/South America declined by 4.3%, to 56.3%, and ADR grew by 7.3%, to US\$90.35.** In Cartagena, Colombia, the peace treaty signing event in late September played a significant role in the city’s hotels performance.
- **Occupancy increased in the Asia-Pacific region by 2.6%, to 69.1%, while ADR decreased by 1.8%, to US\$97.71.** Melbourne, Australia, showed an increase in international tourist arrivals, which reflected positively on both indicators.
- **Occupancy in Europe grew by 0.8%, to 81.0%, and ADR rose 2.6% in euro terms, to €123.23 (US\$138.05).** Warsaw, Poland, reached an occupancy rate of 88.1%, the highest absolute level for any month on record in any market, according to STR Global.
- **Occupancy in the Middle East decreased by 1.7%, to 66.8%, while ADR fell by 5.9%, to US\$177.83.** Abu Dhabi, United Arab Emirates, reported a decrease across both metrics in the three months through September 2016.
- **Occupancy in Africa decreased by 2.0%, to 59.2%, while ADR was up 7.6% to US\$99.83.** Lagos, Nigeria, showed an increase in both metrics in the three months through September 2016, thanks to a lift in leisure business.



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**Figure 5. Occupancy Rate and ADR: YoY % Change**

	July	August	September
<b>Occupancy:</b>			
US	(1.0)	(0.4)	1.6
Central/South America	(4.9)	(0.4)	(4.3)
Asia Pacific	2.8	1.2	2.6
Europe	(0.4)	(1.5)	0.8
Middle East	4.8	2.2	(1.7)
Africa	4.6	0.8	(2.0)
<b>ADR:</b>			
US	3.6	2.5	3.9
Central/South America	10.1	3.3	7.3
Asia Pacific	(0.3)	2.0	(1.8)
Europe	3.9	0.0	2.6
Middle East	(15.9)	5.4	(5.9)
Africa	10.8	0.0	7.6

Source: STR Global

**Outlook: Competing Factors will Impact International Air Travel in the Final Months of 2016**

International air travel is expected to continue to grow in the last three months of 2016. However, competing factors might affect the performance. The impact of cheap oil prices on airfares might have reached its peak already, but the competitive pressure among airlines might continue to encourage international travelling. The perceived risk of terrorist attacks is likely to decrease, and Europe might see a recovery in international passenger arrivals, from Asia in particular. The weakening of the pound as a result of Brexit might further encourage international passenger traffic to the UK, especially during the busy 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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**Deborah Weinswig, CPA**

Managing Director  
Fung Global Retail & Technology  
New York: 917.655.6790  
Hong Kong: 852.6119.1779  
China: 86.186.1420.3016  
deborahweinswig@fung1937.com

**Filippo Battaini**  
Research Associate

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**HONG KONG:**

8<sup>th</sup> Floor, LiFung Tower  
888 Cheung Sha Wan Road, Kowloon  
Hong Kong  
Tel: 852 2300 4406

**LONDON:**

242-246 Marylebone Road  
London, NW1 6JQ  
United Kingdom  
Tel: 44 (0)20 7616 8988

**NEW YORK:**

1359 Broadway, 9<sup>th</sup> Floor  
New York, NY 10018  
Tel: 646 839 7017

[FungGlobalRetailTech.com](http://FungGlobalRetailTech.com)