

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



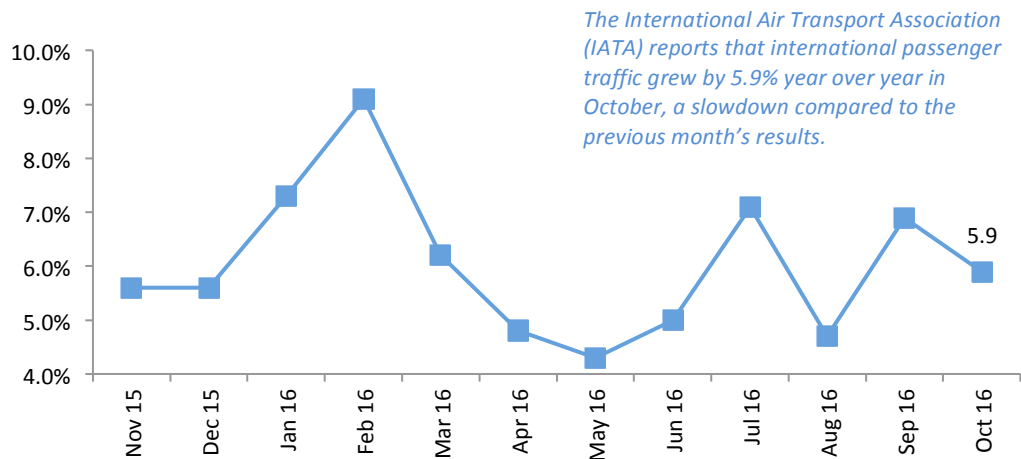
Key Trends in Air Passenger Traffic and Hotel Occupancy in October 2016

- Growth in international air passenger traffic slowed in October, as the stimulus provided by lower oil prices lost momentum. However, Europe’s performance was helped by a perceived reduction of the terrorist threat.
- Latin America showed the best performance in cross-border air passenger traffic, followed closely by Asia-Pacific and the Middle East.
- The US outperformed Europe both in hotel occupancy and in average daily rate (ADR) of hotel rooms.
- Asia-Pacific was the only region to show a growth in occupancy. Africa showed the fastest growth in ADR.

Slower International Air Passenger Traffic Growth as Oil Prices Recover

International air passenger traffic growth slowed to 5.9% in October. The stimulus provided by lower oil prices earlier in 2016—which was reflected in cheaper airfares—lost momentum in October. However, the negative impact of terrorism eased, which resulted in a better performance in Europe, the largest region in terms of international air passenger traffic.

Figure 1. International Air Passenger Traffic (YoY % Change)



Source: IATA



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Latin America Leads International Air Passenger Traffic Growth

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

- **Traffic Growth in Africa slowed to 5.8%.** International air travel to and from the region was affected by the challenging economic conditions in Nigeria and South Africa.
- **In the Asia-Pacific region, growth was 7.0%.** Although a slowdown compared to the previous month, the region continued to see a strong performance.
- **Growth in Europe was 5.7%.** International air traffic to and from the region recovered from the disruption caused by terrorism earlier in 2016.
- **Latin America traffic grew by 7.1%.** International air traffic in the region continued to grow strongly, in line with the performance recorded in the previous month.
- **The Middle East grew by 7.0%.** The region showed the slowest growth in international passenger traffic in 18 months. The timing of regional celebrations might have affected the result.
- **North America traffic grew by 2.4%.** International air traffic growth slowed compared to the previous month. However, IATA expects an acceleration of the performance of the region during the first quarter of 2017.

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

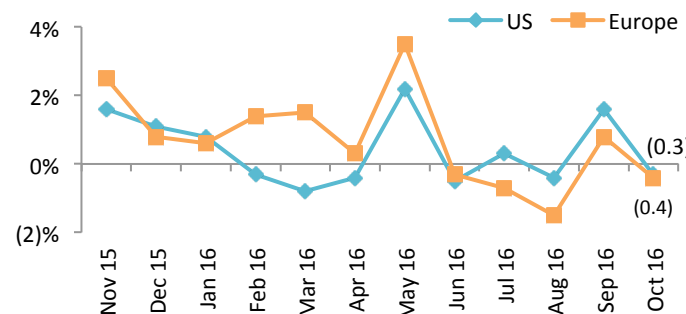
	August	Sept	October
Africa	1.8	8.0	5.8
Asia-Pacific	5.6	8.6	7.0
Europe	3.3	5.2	5.7
Latin America	6.7	7.1	7.1
Middle East	10.3	11.5	7.0
North America	1.8	3.3	2.4
International Total	4.7	6.9	5.9

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

Source: IATA

Hotel Occupancy and ADR: the US Outperforms Europe in October

Figure 3. Hotel Occupancy Rate (YoY % Change)



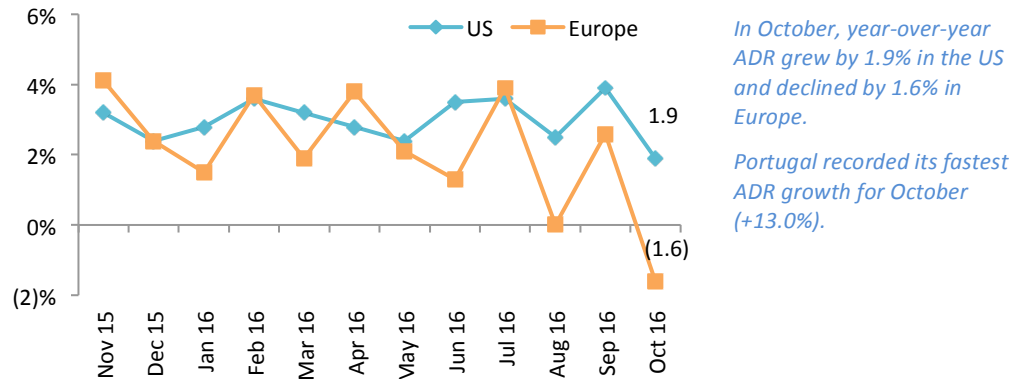
Hotel occupancy in October decreased by 0.4% year over year in Europe and by 0.3% in the US.

Norfolk/Virginia Beach, Virginia, showed the only double-digit growth in occupancy (+11.7%) in the US.

Source: STR Global



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 October 2016:

- **The occupancy rate in the US declined by 0.3%, to 68.6%, and ADR rose 1.9%, to US\$126.73.** Minneapolis-St. Paul, Minnesota-Wisconsin, recorded the largest growth in ADR (+8.3%) in the region.
- **The occupancy rate in Central/South America declined by 6.6%, to 56.5%, and ADR grew by 0.9%, to US\$89.76.** Chile reported a decline both in occupancy and ADR. The challenging economic conditions of the country affected the performance.
- **Occupancy increased in the Asia-Pacific region by 0.5%, to 71.3%, while ADR decreased by 0.4%, to US\$103.77.** India reported the first decline in occupancy since November 2015. STR attributes the negative performance to an increase in hotel supply.
- **Occupancy in Europe decreased by 0.4%, to 75.3%, ADR declined by 1.6% in euro terms, to €113.51 (US\$125.24).** Sofia, Bulgaria, showed a 10.1% increase in hotel occupancy, thanks to an increase in the number of flights to the city.
- **Occupancy in the Middle East decreased by 4.4%, to 64.0%, while ADR fell by 9.0%, to US\$174.19.** The United Arab Emirates reported a decline in both metrics. The performance was affected by a continued increase in hotel supply.
- **Occupancy in Africa decreased by 5.1%, to 58.5%, while ADR was up 8.2%, to US\$105.71.** Nigeria recorded an increase in both occupancy and ADR. Occupancy was helped by a slowdown of hotel supply growth, and ADR by the spike of the inflation rate, according to STR.



Figure 5. Occupancy Rate and ADR (YoY % Change)

	August	September	October
Occupancy:			
US	(0.4)	1.6	(0.3)
Central/South America	(0.4)	(4.3)	(6.6)
Asia-Pacific	1.2	2.6	0.5
Europe	(1.5)	0.8	(0.4)
Middle East	2.2	(1.7)	(4.4)
Africa	0.8	(2.0)	(5.1)
ADR:			
US	2.5	3.9	1.9
Central/South America	3.3	7.3	0.9
Asia-Pacific	2.0	(1.8)	(0.4)
Europe	0.0	2.6	(1.6)
Middle East	5.4	(5.9)	(9.0)
Africa	0.0	7.6	8.2

Source: STR Global

Outlook: International Air Travel is Expected to Grow in the Last Months of 2016

International air travel is expected to continue to grow in the final two months of 2016. The recovery in traffic in Europe may strengthen, as travelers become less concerned about terrorism. The weakening of the pound as a result of Brexit might encourage international passenger traffic to the UK, especially during the busy Christmas shopping season. However, following the recent agreement by OPEC to restrict oil supply, it is likely that airfares will increase to reflect the growth in oil prices, a factor that might discourage air travel.

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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