



MARCH 9, 2016

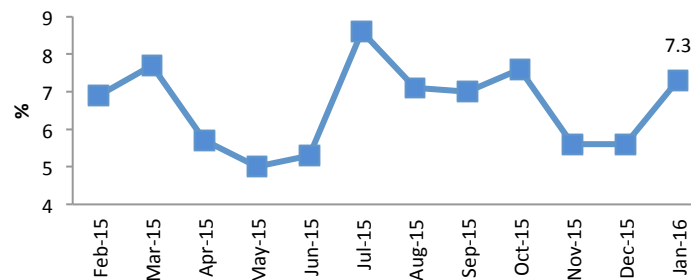
## JANUARY 2016 TRAVEL BRIEFING: Air Passenger Traffic | Hotel Occupancy



### Passenger Traffic: Cheaper Air Fares Sustain International Air Travel

A downward trend in global airfares prompted by low oil prices sustained air travel in January despite the uncertain global economic situation and turmoil in equity markets.

Figure 1. International Passenger Traffic: YoY % Change



The International Air Transport Association (IATA) reports that international passenger traffic grew by 7.3% year over year in January, an acceleration from the 5.6% growth recorded in December.

Source: IATA

### Africa Continues to Lead Growth

Of international passenger traffic in January, the IATA says:

- **Africa led, with 14.7% growth.** A jump in trade activity to and from the region has helped to boost international air travel.
- **The Middle East was up 10.9%.** 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 up 4.2%.** The region continued to grow despite the shutdown of Transaero in Russia.
- **Growth in North America was up 2.4%.** The region showed the slowest growth in international air traffic as the focus of regional carriers on the large domestic market increased.
- **Asia-Pacific traffic increased by 10.3%.** An increase in direct airport connections encouraged international air traffic despite an economic slowdown in many of the region's economies.
- **Latin America traffic increased by 8.9%.** Despite the difficult economic situation in Brazil and the Zika virus scare, international air traffic continued to grow in the region.

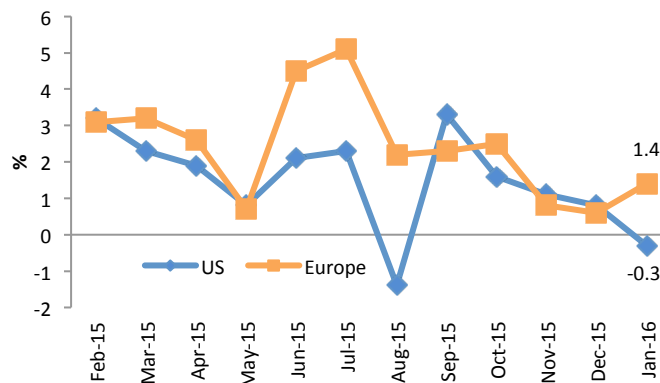
**Figure 2. International Passenger Traffic, by Region of Airline Carrier: YoY % Change**

International by Region:	Nov	Dec	Jan
Africa	12.2	11.3	14.7
Asia-Pacific	7.9	7.1	10.3
Europe	2.2	2.9	4.2
Latin America	10.7	9.3	8.9
Middle East	9.8	9.6	10.9
North America	2.1	1.6	2.4
<b>International Total</b>	<b>5.6</b>	<b>5.6</b>	<b>7.3</b>

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: Asia-Pacific Region Saw the Fastest Growth in Hotel Occupancy in January

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

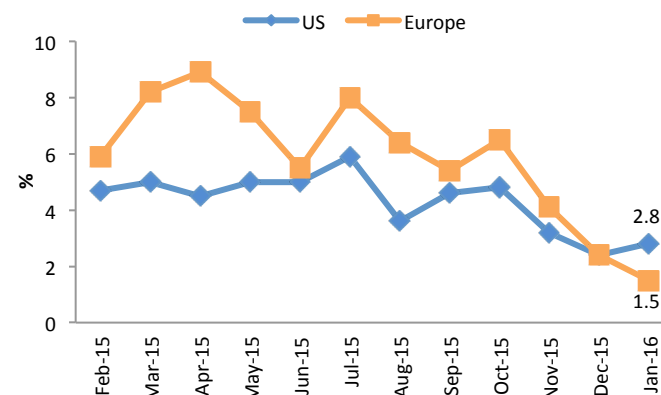
Hotel occupancy in Europe grew faster in January, at 1.4%, than it had in several months, but it remained nearly flat in the US.

The medium-term trend in both regions is for decelerating growth.

The US recorded its third period of negative growth for occupancy in the last 72 months. In Europe, Belgrade recorded the highest increase in occupancy—55.2%.

Source: STR Global

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

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

The US showed stronger ADR growth than Europe in January. The metric grew by 2.8% in the US and by 1.5% in Europe.

However, both regions have trended downward in the medium term.

In the US, Los Angeles/Long beach, California, recorded the biggest increase in ADR, with the rate rising 8.8%. In Europe, Dublin, Ireland, saw a strong increase in ADR, at 19.4%.

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

Source: STR Global

- **The occupancy rate in the US decreased by 0.3%, to 53.0%, and ADR grew by 2.8%, to \$116.61.** Phoenix, Arizona, reported a decline of 0.4% in occupancy compared to January 2015 when the city hosted the Super Bowl.
- **The occupancy rate in Central and South America declined by 2.8%, to 54.5%, and ADR grew by 10.7%, to \$95.34.** In Colombia, the weak peso encouraged occupancy, and inflation boosted ADR in local currency.
- **Occupancy increased in the Asia-Pacific region by 3.5%, to 66.1%, while ADR rose by 0.4%, to \$104.60.** At 66.1%, India recorded its highest occupancy rate for the month of January since 2008.
- **Occupancy in Europe grew by 1.4%, to 54.7%, and ADR increased by 1.5% in euro terms, to €100.52 (US\$109.15).** Belgium started to recover from the impact of the Paris terrorist attacks and saw a rise in ADR. Russia posted increases in occupancy and ADR as a weak ruble encouraged domestic tourism.
- **Occupancy in the Middle East decreased by 3.8%, to 70.3%, while ADR decreased by 6.9%, to \$197.20.** Sharm el-Sheikh, Egypt, reported a 54.7% decline in occupancy. ADR fell by 18.9% in response to a decline in the number of tourists visiting the resort.
- **Occupancy in Africa decreased by 5.4%, to 47.9%, and ADR increased by 9.4%, to \$111.48.** South Africa saw a 6.3% increase in occupancy and a 12.2% increase in ADR, resulting from solid demand growth. Nigeria saw a decline in both metrics, as low oil prices discouraged business travel to the oil-producing country.

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

	Nov	Dec	Jan
<b>Occupancy:</b>			
US	1.1	0.8	(0.3)
Central/South America*	0.6	(4.4)	(2.8)
Asia-Pacific	(1.8)	1.5	3.5
Europe	0.8	0.6	1.4
Middle East**	(3.3)	(3.4)	(3.8)
Africa	N/A	(1.2)	(5.4)
<b>ADR:</b>			
US	3.2	2.4	2.8
Central/South America*	3.9	10.8	10.7
Asia-Pacific	0.1	0.9	0.4
Europe	4.1	2.4	1.5
Middle East**	(3.3)	(4.1)	(6.9)
Africa	N/A	11.3	9.4

\*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 to Sustain International Air Travel**

International air travel should continue to grow during the first months of 2016, as the underlying conditions that sustained passenger traffic in January are expected to continue. In particular, low oil prices should keep boosting air travel and, consequently, hotel occupancy, despite the lackluster global economic environment. However, the low prices could also negatively impact occupancy in oil-producing countries, as fewer business travellers from oil-dependent economies may be inclined to visit. The slowdown of the Chinese economy might also affect international travel and hotel occupancy rates.

**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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