PROFIT MATTERS

Global Hotel Performance Review

2024

HOTSTATS

Empowering You With Profit Intelligence

HOTSTATS

FOREWORD

THE TRUE MEASURE OF GROWTH

As we reflect on the hospitality industry's performance in 2024, one key theme stands out—top-line growth is no guarantee of equivalent bottom-line improvement. In a year shaped by global challenges and opportunities, it was easy to be misled by rising revenues; however, true success lies in the ability to capture the top-line growth and convert it to commensurate bottom-line profit boosts.

The HotStats Global Performance Review 2024 delves beyond surface-level metrics to reveal the real story of financial performance across key markets. Inflationary pressures and operational cost increases strained the industry's tenacity.

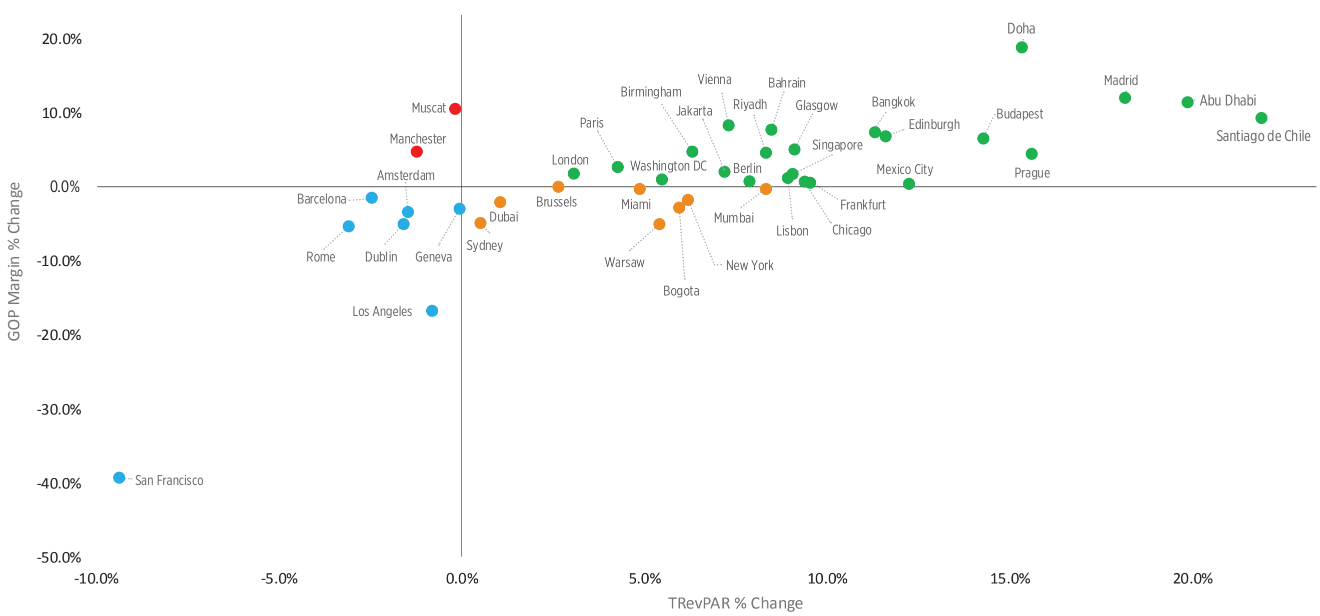
While some regions experienced strong flow-through, others saw profit margins eroded despite revenue gains. This signals the need for hospitality leaders to sharpen their focus on operational effectiveness, strategic cost control, and long-term financial health to make sure revenue growth leads to real success.

Our report reveals that In the U.S., topline performance looked strong, but persistent cost pressures in labor and utilities squeezed GOP margins, making profitability gains harder to achieve. Meanwhile, in Europe, a strong summer season helped drive revenue growth, and strategic cost controls allowed for better GOP conversion.

In Asia-Pacific, performance varied widely by market—while some regions benefited from rebounding travel demand, others faced operational challenges that dampened profit growth. In the Middle East, robust demand and high average rates sustained strong profitability, though rising operational costs and economic uncertainties presented challenges for continued margin expansion. These regional differences reinforce the need for hospitality leaders to not only focus on revenue expansion but also use data-driven insights to maximize bottom-line performance and ensure sustainable returns on investment.

Tanya Venegas

Tanya Venegas, Chief Experience Officer, HotStats



TREVPAR % CHANGE VS GOP MARGIN % CHANGE – MAJOR CITIES
FULL YEAR 2024 VS 2023

INTRODUCTION

FROM CRISIS TO OPPORTUNITY

The year 2024 was transformative for the hospitality industry, shaped by a series of global events, challenges, and breakthroughs. From significant geopolitical developments and environmental crises to record-setting cultural highlights and strategic business decisions, every moment influenced the industry's path forward. Profit Matters 2024 provides a comprehensive analysis of industry data, empowering hospitality industry leaders with actionable insights to understand trends, adapt strategies, and identify growth opportunities in an evolving market.

Natural disasters and geopolitical events left a profound mark on the sector this year. The year commenced with a powerful earthquake in Japan and severe flooding in Dubai, disrupting travel and creating hurdles for local hospitality markets. Other major events, such as Typhoon Carina and Hurricane Milton, tested the rebounding ability of properties in regions like Asia and the Caribbean.

Geopolitically, the Israel-Iran tensions in April and U.S.-Philippines disputes over the Spratly Islands underscored the industry's global interconnectedness. Meanwhile, the U.S. government's initiative to reduce visa wait times highlighted its commitment to reviving international travel ahead of the 2026 FIFA World Cup.

Cultural milestones brought optimism to the industry. Taylor Swift's Eras Tour boosted hotel revenues at every stop, while global sporting events, such as Formula 1 races across 24 destinations—including three in the U.S. (Miami, Austin, and Las Vegas)—drove significant economic impact. The expansion of F1 in the U.S. has heightened international interest in the sport, spurring demand for luxury accommodations, hospitality experiences, and destination marketing.

Meanwhile, iconic events like Sydney Harbour's New Year's Eve fireworks, the Solar Eclipse's unique tourism appeal, and the Paris Olympics attracted a surge of international visitors, contributed millions in revenue, and offered creative marketing opportunities for hotels and short-term rental companies. These historic achievements were celebrated by nations, reinforcing the power of entertainment and sports to shape travel trends.

In 2024, strategic business moves defined a new phase of growth and consolidation for hospitality. Hilton reached a milestone of managing 8,000 properties worldwide and acquired Graduate Hotels. Similarly, Hyatt expanded its footprint with the acquisition of Standard International, and Oyo expanded its US operations by purchasing Motel 6. Marriott, focusing on midscale properties, reported growing interest from owners and is set to open new locations within the year.

The tech-driven transformation of hospitality continued to gain momentum, with Aimbridge Hospitality and First Hospitality launching advanced analytics platforms. Meanwhile, challenges like a prominent price-fixing lawsuit against major industry players illustrate the complexity of navigating an intensely competitive landscape. The disruptive nature of AI is also reshaping the industry, streamlining operations, enhancing guest personalization, and opening doors for new efficiencies in revenue management and decision-making. Global economic factors, including fluctuating interest rates and political shifts, were pivotal in shaping industry performance across key regions.

The HotStats Global Performance Review 2024 provides a closer look at how the Americas, the Middle East, Europe, and Asia-Pacific navigated these challenges and leveraged opportunities, from shifting market demands to evolving operational benchmarks, region-specific trends, and actionable strategies are highlighted to help leaders excel in their respective markets.

> **"Global hotel trading volumes in 2024 have increased by 7.3% vs 2023 yet remain -27.2% behind 2019 levels. As a high volume of private equity funds are reaching their exit-stage, coupled with impeding loan maturities and anticipated interest rate cuts, we do expect transaction and investment volumes to accelerate in 2025. Hotel companies are taking steps to reorganize themselves internally and strengthen their support to franchised operations, thus further growth in this area is anticipated in 2025. At HAMA we are excited how these different elements are reshaping our industry and making it more attractive both for our guests and investors."**
>
> **-Rastko Djordjevic MRICS, Global Lead Asset Management, JLL I Hotels & Hospitality Group and HAMA Europe Vice President**

A MOTLEY CREW IN THE AMERICAS

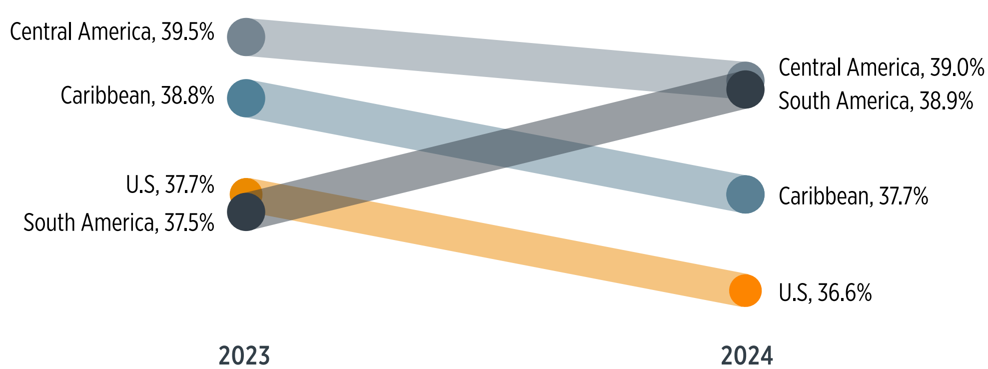
WHERE DIVERSITY DEFINES PERFORMANCE

Defining the Americas as diverse is a gross understatement. Spanning approximately 16.43 million square miles (or 42.55 million square kilometers) across two hemispheres, the division between imperial system traditionalists and indefatigable metric militants is just a taste of the range of geographic, cultural, political, and economic realities that make up the region.

A short list of the languages spoken in the Americas must include English, Spanish, Dutch, Portuguese, French, Creole, and Guarani, and this does not consider any local dialects. The region also boasts thirty-nine official currencies, all governed by different monetary policies and objectives, which can result in tectonic shifts of exchange rates. Hotels reflect this heterogeneity, making 2024's performance a mosaic of trends and results.

Gross operating profit (GOP) margin erosion was a thread common to most of the Americas sub-regions in 2024. While Central America saw a drop of 0.5 percentage points, this trend was most acute in the Caribbean and the United States, both down 1.1 points. In defiance of this contraction story, South America's profit margins shot up by 1.4 points, making it the year's best-performing sub-region in this key metric.

In the end, the net effect of these margin shifts remained negative, resulting in a 1.0 percentage-point loss for the Americas as a whole. But profit margins are not generated in a vacuum: they are the result of the interplay between the revenue generated and the expenses incurred, so it is important to break down the different parts of the income statement to understand what spurred these changes.



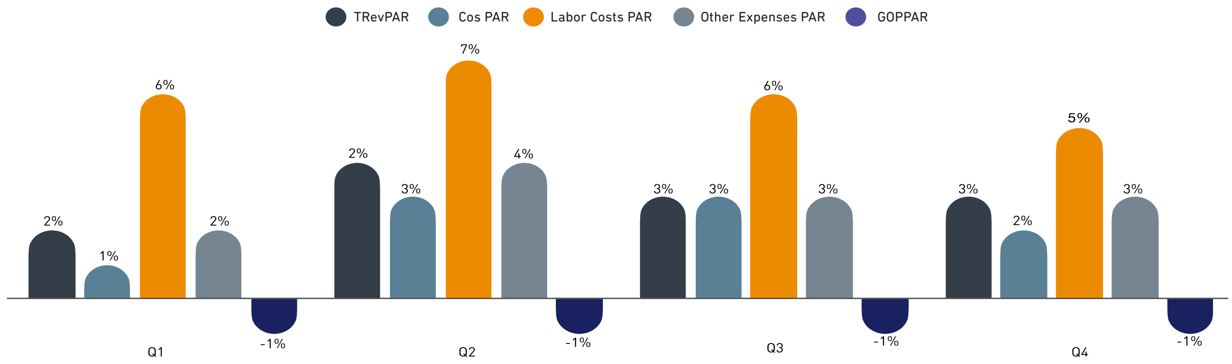
GOP MARGINS IN FLUX (GOP%)
PROFIT MARGINS - FULL YEAR 2023 AND 2024

"The Americas is a dynamic region where market-specific knowledge is essential for strategic decisions. In the United States, rising labor costs have been the primary challenge eroding profitability in 2024 —a concern likely to persist in 2025. Meanwhile, Central America and the Caribbean continue to attract investors despite some profit margin softening, thanks to strong post-pandemic performance. In South America, political and economic stabilization is fueling a boom in both revenue and profit as international tourism rebounds. The year 2025 will bring even further opportunities, it's just a matter of knowing where to look."

– Laura Resco, Director of Hotel Intelligence - Americas

A MOTLEY CREW IN THE AMERICAS

WHERE DIVERSITY DEFINES PERFORMANCE



TOTAL REVENUE AND EXPENSES PER AVAILABLE ROOM – YOY % CHANGE BY QUARTER – AMERICAS

The top line presented a much more cohesive story. All sub-regions in the Americas managed to increase total revenue per available room (TRevPAR) year-over-year, albeit at different rates. The leader of the pack was once again South America, with an improvement in double digits, at 15.6%. Two key markets were behind this surge: Peru and Chile.

After a few years of political and economic challenges, these countries promptly moved up in their post-pandemic recovery thanks to a more stabilized environment in 2024. Brazil was another strong player fueling TRevPAR through major events like Rock in Rio and the 2024 G20 Summit.

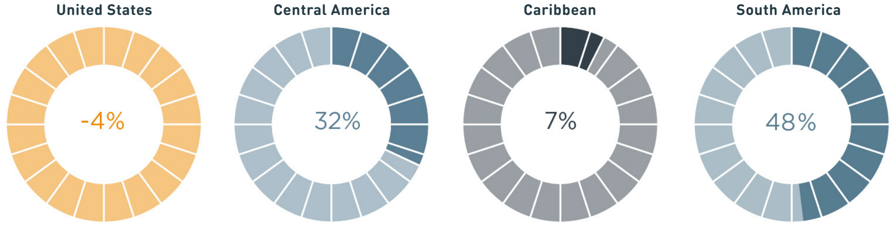
On the other end of the spectrum and at 2.7%, the United States recorded the lowest TRevPAR gain. This growth was not distributed evenly among the different brand scales, as most of it was driven by ultra-luxury and upper-upscale properties that benefited from a continued appetite for high-end experiences, and a strong recovery of group travel and events.

By contrast, the midscale and economy scales, with a guest base that felt the brunt of accumulated inflation and found it harder to allocate any discretionary spending to travel, saw revenues decline consistently throughout the year.

Central America and the Caribbean sat somewhere in between, with TRevPAR boosts of 6.5% and 3.6%, respectively.

But how much of this revenue expansion made it to the bottom line? Flow-through results, the share of incremental revenue converted into profit, varied significantly across the Americas in 2024. The United States struggled the most in this respect, as the flow-through result turned negative, at -4%. This means that the market saw a GOP reduction of USD 0.04 for every USD 1.00 of revenue increase (or, conversely, that every dollar gain in the top line was met with a USD 1.04 expansion of costs). The Caribbean also had difficulties producing incremental profits from the augmented revenue, with a 7% flow-through result. The biggest hole in the bucket in these two markets was the continued escalation of labor costs, which accounted for USD 0.75 and USD 0.50 of each extra top-line dollar respectively.

The story becomes more successful when we look at Central (32%) and South America (48%). Labor was also part of the story here though to a slightly lesser extent, accounting for USD 0.39 of each incremental dollar of revenue in Central America and USD 0.23 in South America. Nonetheless, a sizable hole in the bucket for South American hoteliers was utilities, with energy costs at the helm.



FLOW-THROUGH PERCENTAGE – FULL YEAR 2024

A MOTLEY CREW IN THE AMERICAS

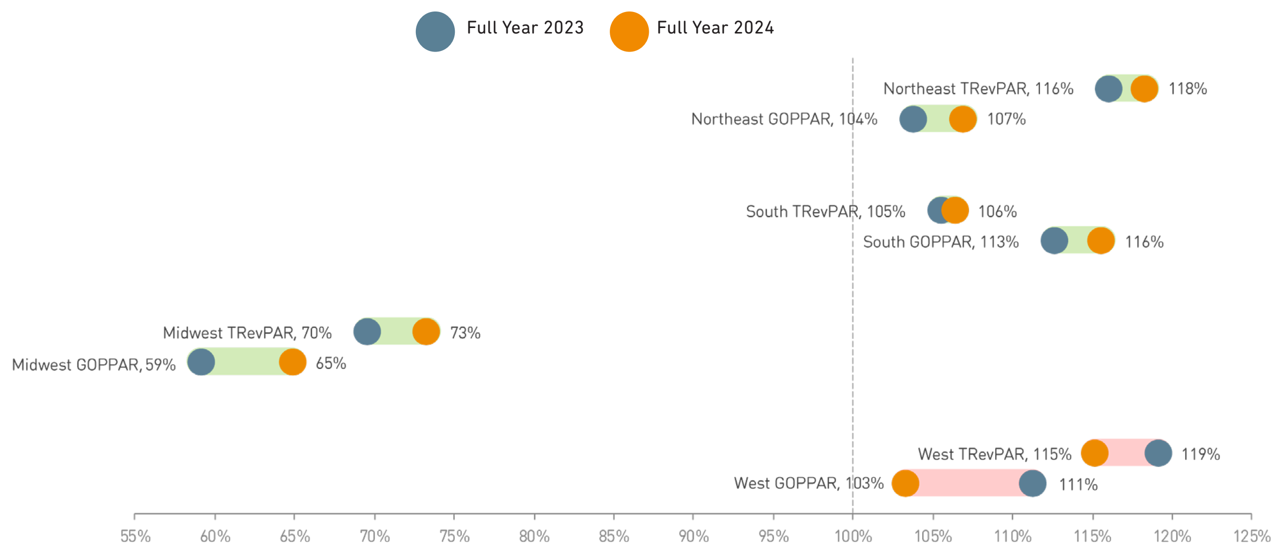
WHERE DIVERSITY DEFINES PERFORMANCE

The Americas' sub-regions also reflected internal disparities, particularly evident in the United States. The year 2024 was characterized by a schism of its geographic divisions, with the West as the only one that experienced a decline in TRevPAR, GOPPAR, and GOP margins.

This negative trifecta was explained for the most part by the challenges experienced in Northern and Southern California. The Midwest, on the other hand, led by strong performances in Minnesota and Illinois, was the only division to achieve year-on-year improvements in all three key performance indicators.

The Americas is a motley crew of sorts, a heterogeneous and ever-evolving region that offers opportunities to all types of hotel investments, from small boutique luxury operations in snowy Patagonia to big box all-inclusive resorts in the Caribbean. Yet, this diversity comes with a caveat: understanding the specifics of each market is crucial, as the Americas defies a cookie-cutter approach.

For investors, this means success lies in tailoring strategies to the distinct intricacies of each market, reaffirming the region's dynamic potential and its resistance to one-size-fits-all solutions.



TREVPAR AND GOPPAR BY DIVISION INDEXED TO THE UNITED STATES - FULL YEAR 2024

> "In the U.S., hotel operations have generally re-stabilized post-pandemic, but it is a new 'normal' that the industry continues to grapple with. The damage has been done with escalated labor costs and elevated inflation rates, and hoteliers are left trying to claw back eroded GOPs. Professional Asset Management and industry-specific Business Intelligence technology are needed more than ever. Solutions to optimize performance must come in different forms, and the need for strategies to generate new sources of revenue has never been more important."
>
> - Chad F. Sorensen, Managing Director & CEO, CHMWarnick and HAMA US President

MIDDLE EAST

STABILITY WINS THE GAME

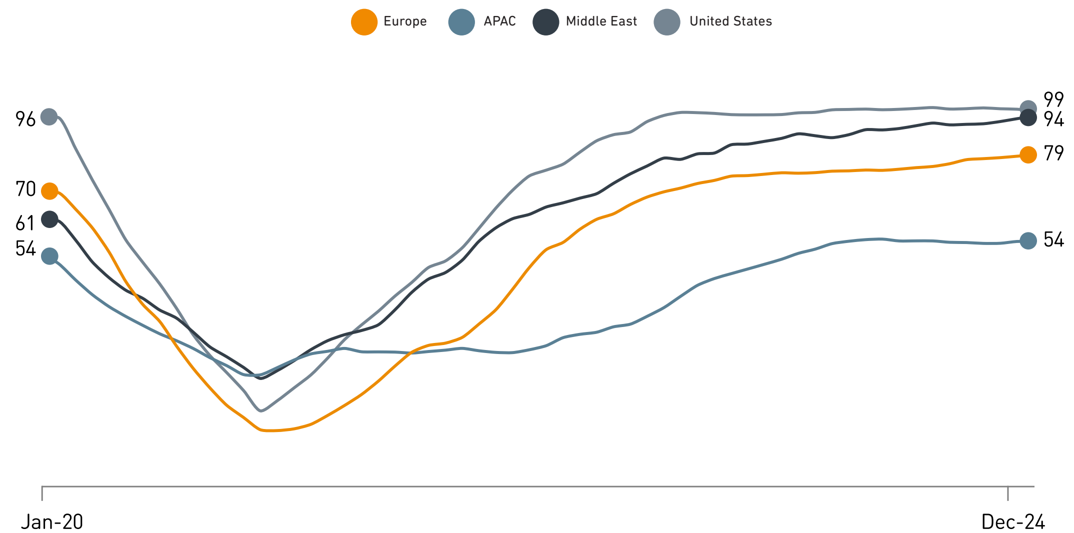
As the Americas showcase the complexities of a diverse and heterogeneous region, the Middle East offers a contrasting story of steadiness and strategic growth.

While the Americas grapple with internal disparities and varied performance trends shaped by unique cultural and economic dynamics, the Middle East demonstrates how stability and strategic foresight can drive consistent progress.

This contrast not only underscores the diverse challenges and opportunities within the global hospitality industry but also sets the stage for understanding how this pivotal region continues to excel in a competitive market.

After an exceptional 2022 and 2023, all eyes turned to the Middle East, wondering what might follow. The region's overall numbers still paint an excellent picture when you view it, yet a closer look at individual markets reveals varied stories. It has been a story of minimal overall growth in general and across all asset classes with the Middle East continuing to display remarkable progress.

From a wide-angle lens, the Middle East seems to be outperforming APAC and Europe in terms of GOPPAR and trails just behind the US. When benchmarked against January 2020, the region leads with a 54% increase, significantly surpassing Europe's 12%, APAC's 8%, and the U.S.'s 3%. This consistent, mature growth reflects the region's adaptability and strategic positioning, as seen in the comparative performance charts.



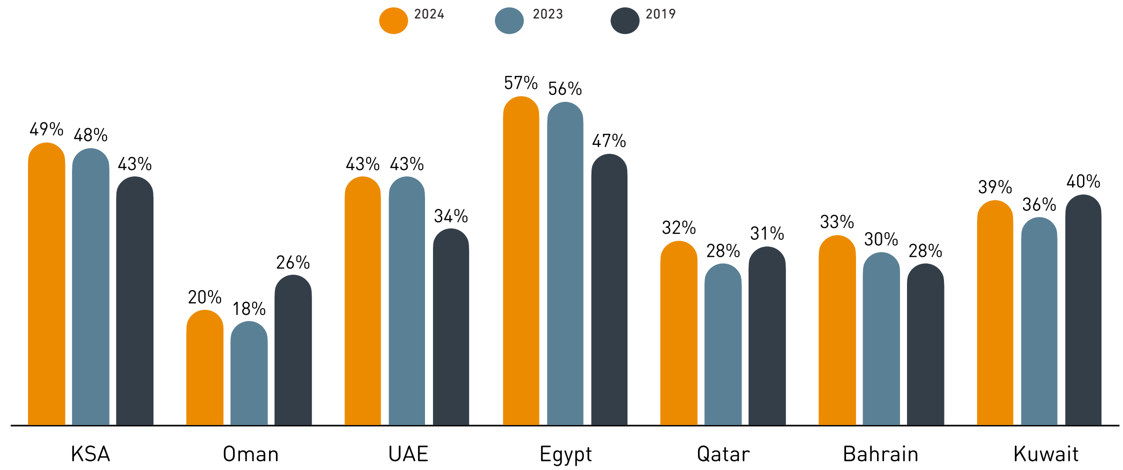
GROSS OPERATING PROFIT PER AVAILABLE ROOM – USD - 12 MONTH MOVING AVERAGE - REGIONAL

MIDDLE EAST

STABILITY WINS THE GAME

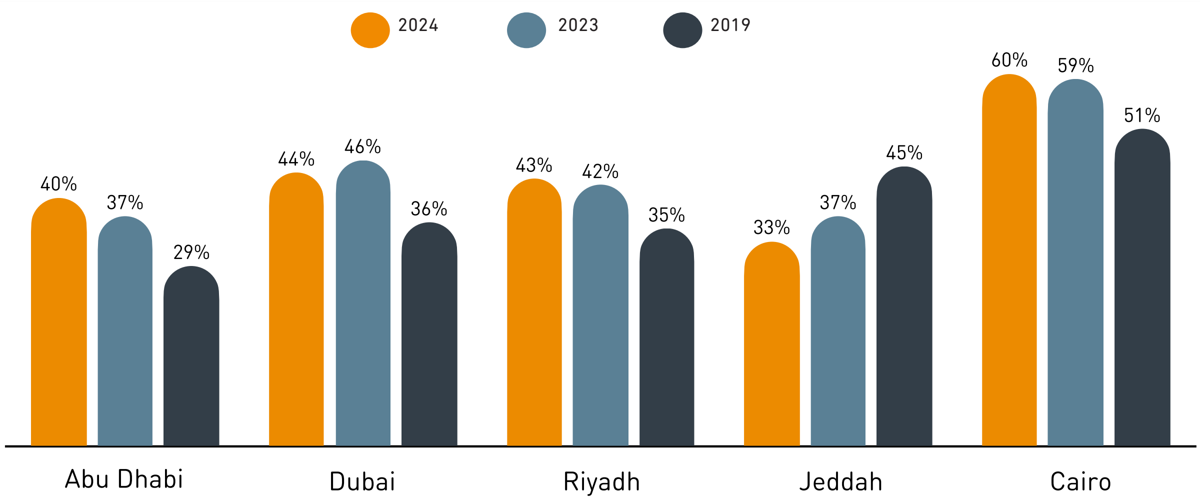
Among the largest hotel markets in the region, Egypt stands out for its strong profit margins, largely driven by favorable operational costs, particularly in labor. Other key markets, including Saudi Arabia, the UAE and Bahrain, show year-over-year growth and remain ahead of 2020 benchmarks. Kuwait is growing, but still not where it needs to be.

While Oman is last in our ranking, barely growing YOY while being far behind the benchmark. The nation continues to face challenges in attracting new airlines, lacks significance as a major business hub, and does not heavily rely on concerts, sports, or citywide events. It urgently needs to define its niche, and we anticipate it will face a challenging 2025 as well.



PROFIT MARGIN - FULL YEAR - KEY MARKETS

Examining key cities reveals trends aligning with national performance, with one notable exception—Jeddah, a key outlier. Hotels in this city have traditionally enjoyed a significant boost for 4-5 months each summer, driven by the Kingdom's government relocating its operations from Riyadh to Jeddah, which filled up hotels as a result. However, in 2024, a sudden ruling put an end to this practice, and the impact has been evident, with no alternative plan in place to offset the loss.



PROFIT MARGIN - FULL YEAR - KEY MARKETS

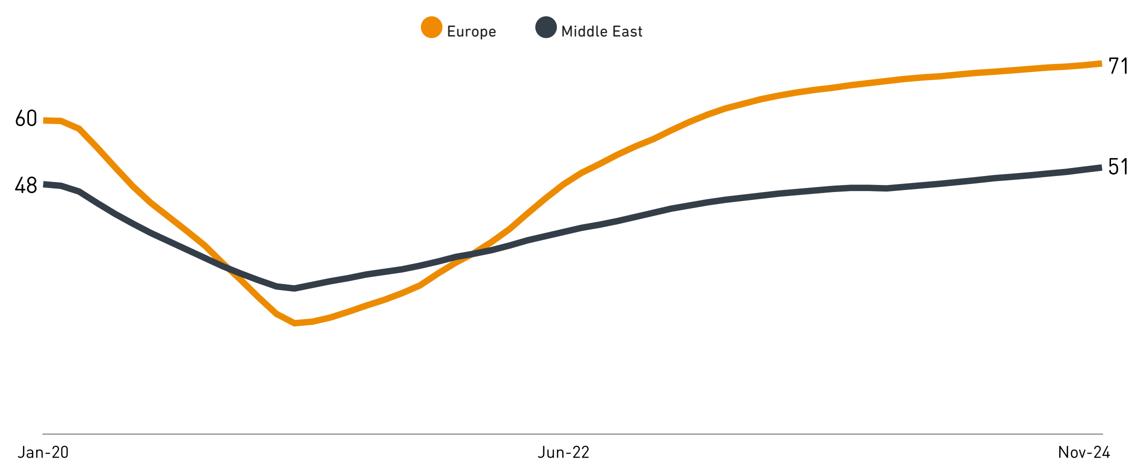
MIDDLE EAST

STABILITY WINS THE GAME

Where is the revenue coming from—rate or occupancy? Typically, higher occupancy levels drive higher Total Revenue Per Occupied Room (TRevPOR). As demand increases, so do rates, and the reverse is true as well.

However, Bahrain stands out as an exception. Despite a dip in occupancy, the country has managed to grow its rates. The explanation is straightforward: minimal inventory growth, delays in major project openings, and significant closures for renovations, including the Sheraton and The Four Seasons.
These factors have given hoteliers the confidence to push rates successfully. However, this trend is unlikely to last. With no major renovations planned for 2025 and several delayed projects set to launch within the year, the increased inventory will put downward pressure on rates.

Oil remains a pivotal factor. The average closing price for crude went down from USD 77.64 in 2023 to USD 75.83 in 2024. Gas prices have decreased and given that the region relies heavily on fossil fuels to generate electricity, this has led to lower utility costs in both the UAE and Saudi Arabia, defying the global trend of rising energy expenses. Falling crude and gas prices have eased utility costs in these countries, countering broader global energy trends. Moreover, the UAE's well-established and diversified economy enjoys lower overall operating expenses compared to Saudi Arabia. A competitive supplier network reduced marketing expenditure, and minimal reliance on local labor has significantly contributed to this advantage. As a mature and diversified market, the UAE offers a more cost-effective operating environment, with these factors collectively enhancing its competitive edge over KSA.



LABOR PAR - 12 MONTH MOVING AVERAGE MIDDLE EAST VS EUROPE - USD

The percentage change in the chart above reflects the year-over-year variation in key performance metrics, providing a clearer picture of market trends. Beyond revenue and GOP performance, operational expenses, particularly labor costs, remain a defining factor for profitability.

In a region where employer leverage is notably high, labor cost trends play a pivotal role in maintaining financial efficiency. Shifting our focus to labor, the region has maintained better control over inflation compared to Europe.

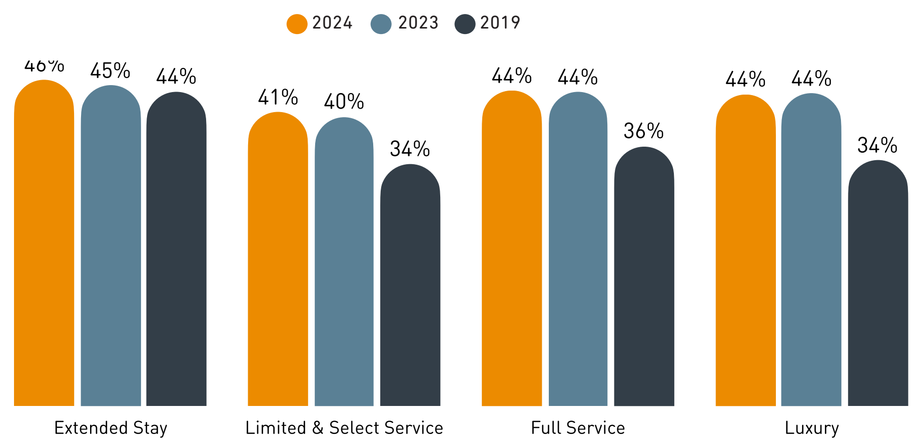
MIDDLE EAST

STABILITY WINS THE GAME

The final macro analysis focuses on asset classes. As expected, all asset classes have shown year-on-year growth and have surpassed the full-year 2019 performance. But certain nuances can be observed when drilling down further. The luxury segment, which aggressively pushed rates in 2023, struggled to sustain that momentum in 2024, resulting in stalled GOP growth. Full-service hotels followed a similar trajectory but managed to match margins comparable to the luxury segment. From an ROI perspective, full-service properties present a more attractive investment opportunity due to their lower entry costs and comparable performance.

Where things look interesting is within the limited and select service segment, a stellar performer with strong and continued growth and ending just 1.7 percentage points behind luxury in terms of GOP. This makes it an especially intriguing option for future investors.
Conversely, the most lackluster asset class is extended stay. While it remains stable and continues to grow, its progress compared to its 2019 benchmark is minimal, indicating it may have reached the practical ceiling of its potential.

Overall, the region is performing strongly and is on track for a solid 2025. The performance could become truly exceptional if Oman and Kuwait manage to improve their trajectories. Additionally, a stable ceasefire and a recovery in Lebanon, Jordan, and Israel would significantly enhance the region's outlook, setting the stage for an even more impressive performance. By the end of 2025, this part of the world could further strengthen its position among the top-performing regions globally in terms of GOP margins, outpacing many established markets.



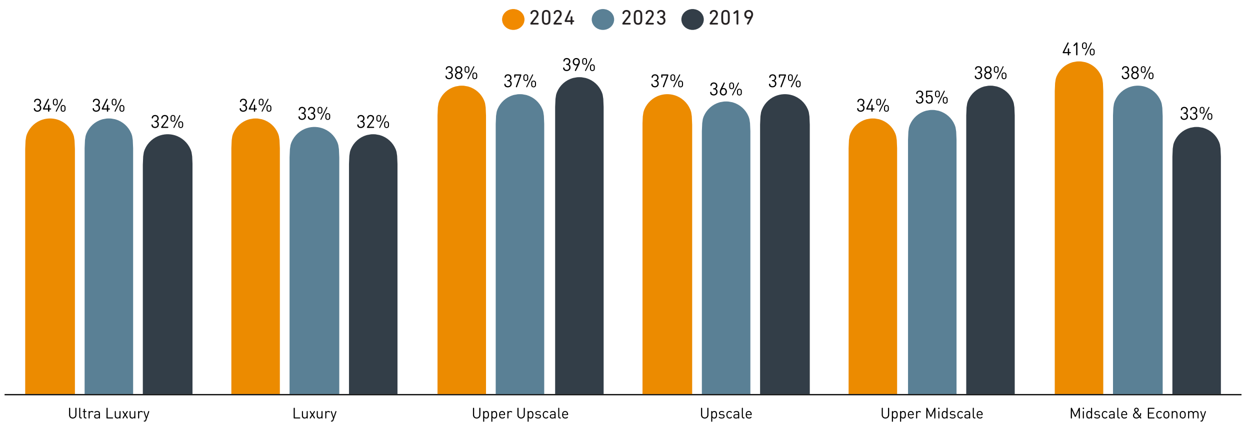
GROSS OPERATING PROFIT MARGIN BY ASSET CLASS – FULL YEAR – MIDDLE EAST

" The hospitality sector across the Middle East and Africa (MEA) continues to demonstrate remarkable resilience and sustained growth in 2024. In the UAE, the recovery has surpassed expectations, with Dubai reinforcing its position as a global tourism hub.
Across the broader Middle East, the region's commitment to growth is reflected in its robust hotel construction pipeline, featuring 610 projects and 149,686 rooms as of Q3 2024—year-over-year increases of 4% and 7%, respectively with KSA leading the drive. This expansion underscores the region's focus on meeting rising demand and enhancing its tourism infrastructure.
Despite these successes, the region faces ongoing challenges, including supply chain disruptions, talent shortages, and rising operational costs. Overcoming these hurdles will require strategic, data-driven solutions and the adoption of advanced technologies.
Looking forward, sustainability, smart innovations, and personalized guest experiences will be the key drivers of success, ensuring the UAE and the broader MEA region remain leaders in global hospitality."

- Amit Nayak, Vice President, HOSPITALITY ASSET MANAGERS ASSOCIATION MEA

EUROPE

MOMENTUM MEETS CHALLENGES



GROSS OPERATING PROFIT MARGIN BY BRAND SCALE – FULL YEARS – EUROPE

While the Middle East showcases stability, Europe navigates a complex landscape shaped by both challenges and opportunities. With shifting market conditions and evolving operational costs, the region entered a phase of measured progress, requiring adaptability to sustain profitability, and embarked on a recalibration in 2024.

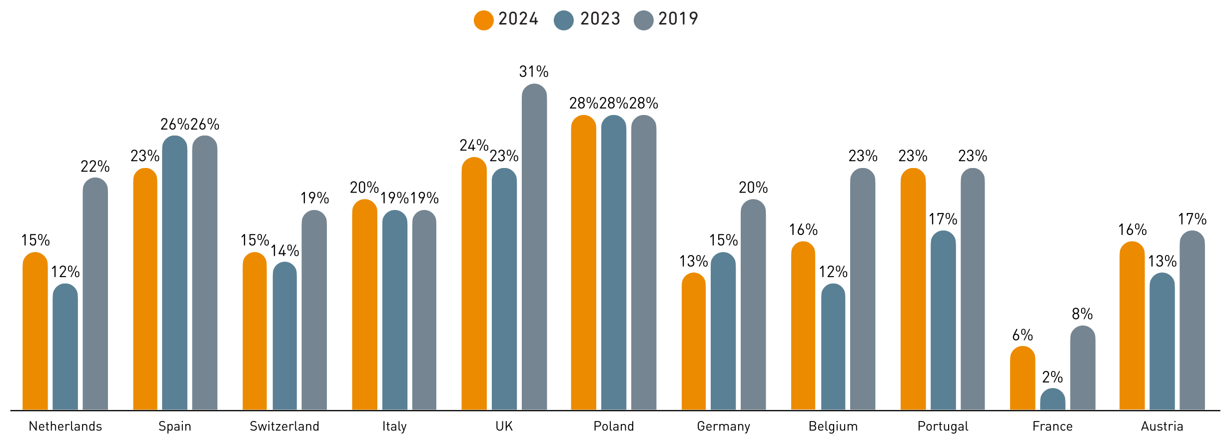
The patchwork of Europe's recovery revealed striking contrasts across regions. Southern Europe, buoyed by its perennial appeal to leisure travelers, achieved a flow-through percentage of 40%. Yet, high energy and labor costs signaled that its sharp recovery phase may be nearing its end.

Northern Europe stood out with a remarkable 61% flow-through, propelled by significant reductions in electricity costs (16.5% year-over-year). Western and Eastern Europe displayed balanced flow-through percentages of 49% and 52%, respectively, reflecting moderate but steady gains in profitability. Electricity costs played a pivotal role in shaping these outcomes. While a 15% year-over-year reduction eased some pressure, December's cost per occupied room (POR) of EUR 7.80 remained above pre-pandemic levels of EUR 5.60 in January 2020. Southern Europe saw only a 6% decrease.

> "Here in Europe, we've been accustomed to high energy, labor, and supply costs for the past few years. As a result, European hotels are much better prepared for a slowdown in revenue."
>
> \- Juan Gallardo, Director of Hotel Intelligence – EMEA

EUROPE

MOMENTUM MEETS CHALLENGES



F&B PROFIT MARGIN – FULL YEAR – KEY MARKETS

Midscale and Economy Hotels emerged as the champions of profitability in 2024, achieving a 41% profit margin. Their streamlined operations proved adept at weathering rising costs. Golf and Wellness Resorts also excelled, reflecting travelers' growing appetite for experiences over amenities. Meanwhile, Beach Resorts stabilized after an exceptional 2023. Luxury properties, however, faced mounting pressures, grappling with thinner margins due to heightened cost sensitivity and slower rate growth.

The Food & Beverage (F&B) landscape presented a stark reset for European hotels. Profit margins in this segment fell four percentage points below 2019 levels, driven by rising labor and supply chain costs, as well as competition from food delivery platforms and external dining options. These forces have spurred a reevaluation of staffing models and menu strategies. The good news? Overall profit margins in Europe climbed to 20% in 2024, up 1.1 percentage points from the prior year, signaling a gradual recovery.

Labor emerged as the Achilles' heel for hoteliers in 2024. Staff shortages and escalating wages weighed heavily on budgets, compounding the lingering strain of elevated energy costs. Though energy inflation eased, its levels remain a stark reminder of the financial pressures hotels continue to navigate.

Europe's hotel market reflects a multifaceted blend of adaptability and innovation. The midscale segment's ascent as a profit leader highlights shifting guest priorities, favoring value-driven experiences. Opportunities in wellness and ancillary revenues present promising paths forward, while technological and operational innovations will define the next chapter. As the industry moves ahead, the ability to embrace these changes will determine its capacity to thrive in an ever-evolving landscape.

"To make the hotel asset class more attractive again, we must further enhance the profitability of our hotels together with our international brands. Through a thorough analysis of our data and the implementation of new technologies, including AI tools, we will be able to accelerate our decision-making processes and drive improvements in topline performance. By consequently implementing ESG measures and gaining better control over resource consumption, we can reduce costs as well as the CO_2 footprint of our industry. With HAMA Europe we have the perfect platform to bring the best experts together to tackle challenges within our industry and be an active part in shaping our future."

– Martina Maly-Gartner, COO, UBM Development and ESG Chair Board Member, HAMA Europe

ASIA-PACIFIC

A COMPLICATED DOMINANCE AS HOTELS ROAR BACK TO LIFE

Asia's performance in 2024 highlights its complexity and potential, presenting a stark contrast to the Americas—a motley crew of markets—and the Middle East and Europe, regions marked by their relative cohesion and shared cultural and economic frameworks. Asia's vast diversity—spanning geography, culture, and economic conditions—offers a rich and compelling narrative for analysis.

For clarity, we have broken down Asia-Pacific into four distinct regions:

- South Asia: Anchored by India and the Maldives.
- East Asia: Led by Japan, Korea, and China.
- Southeast Asia: Featuring Thailand, Vietnam, Singapore, and Malaysia.
- Oceania: Represented by Australia and New Zealand.

HOTSTATS REGIONS IN ASIA-PACIFIC

ASIA-PACIFIC

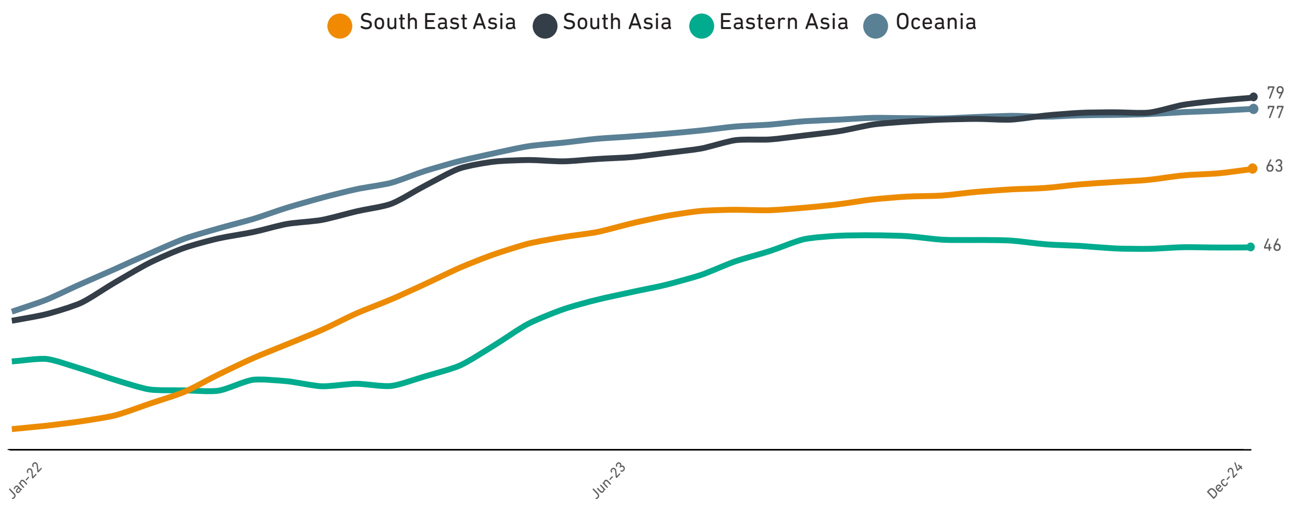
A COMPLICATED DOMINANCE AS HOTELS ROAR BACK TO LIFE

Each of these regions varies significantly in seasonality, economic outlook, cultural nuances, and performance metrics. Examining total revenue per available room (TRevPAR) across these areas reveals positive trends, but disparities remain stark.

Oceania leads in absolute TRevPAR, achieving nearly USD 45 growth per available room since December 2019—a 25% increase. However, profit margins remain at a weak point. South Asia, on the other hand, has demonstrated remarkable growth, with TRevPAR surging 57% over four years, from USD 125 to USD 196. This impressive performance has positioned South Asia, particularly India, as a prime target for global hotel brands.

Southeast Asia has shown steady but modest growth since April 2023, outperforming benchmarks by narrow margins. This signals a potential plateau, making it challenging for hoteliers to exceed 5% growth in 2025. Conversely, Eastern Asia has struggled. Back in the summer of 2022, it was ahead of Southeast Asia, but then was left behind quickly and only narrowly coming close around year end 2023. This steady downward turn that has yet to stop, in fact come year end 2024, the gap is widening.

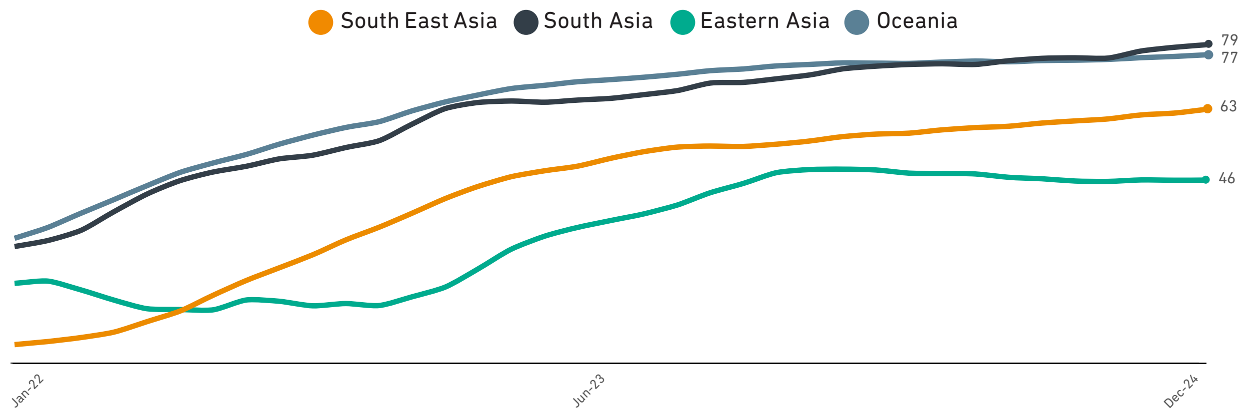
The region is now falling at a rate similar to Southeast Asia's growth, a perplexing trend given Japan's solid performance. It most likely relates to Korea's political turmoil which has limited its growth to modest levels, while China's economic challenges have been the main drag. As the largest market in the region and the second largest economy in the world, China's contraction in 2024—marked by declining domestic demand, a looming real estate crisis, and international travelers opting for destinations abroad—has offset gains elsewhere, leading to a notable dip in overall performance.



TOTAL REVENUE PER AVAILABLE ROOM 12 MONTH MOVING AVERAGE - USD

ASIA-PACIFIC

A COMPLICATED DOMINANCE AS HOTELS ROAR BACK TO LIFE

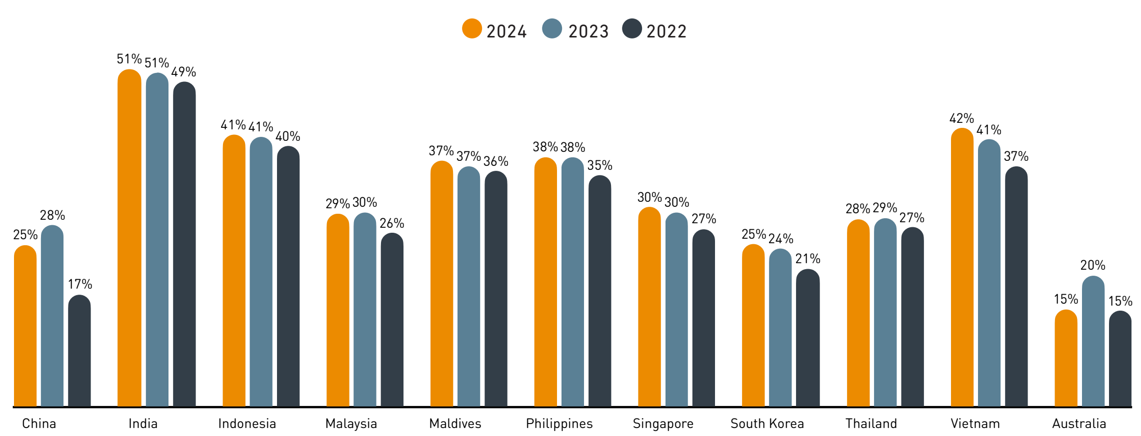


GOP MARGIN (%TREV) FULL YEAR 2024

South Asia's dominance extends to gross operating profit per available room (GOPPAR), thanks to its healthy revenues and exceptional margins. Oceania and Southeast Asia are closely matched, despite Oceania's higher absolute revenue. Eastern Asia lags behind, weighed down by escalating costs and diminished revenues. When taking a closer look at the key markets within Asia's four main regions, a familiar story emerges: a low baseline in 2022, double-digit growth in 2023, and incremental elevation in 2024.

Yet, there are notable outliers. Singapore and Australia have remained virtually stagnant from 2023 to 2024, with Singapore seeing negligible growth and Australia experiencing a more noticeable dip. On the other hand, India and the Maldives stand out as exceptional performers. India's growth trajectory remains unparalleled, boasting GOP margins exceeding 46% — the highest across the continent and far ahead of other markets, none of which even surpass 40%. Meanwhile, the Maldives has rebounded in 2024, showing positive growth and promising signs, though it has yet to reach the record-breaking heights of 2022.

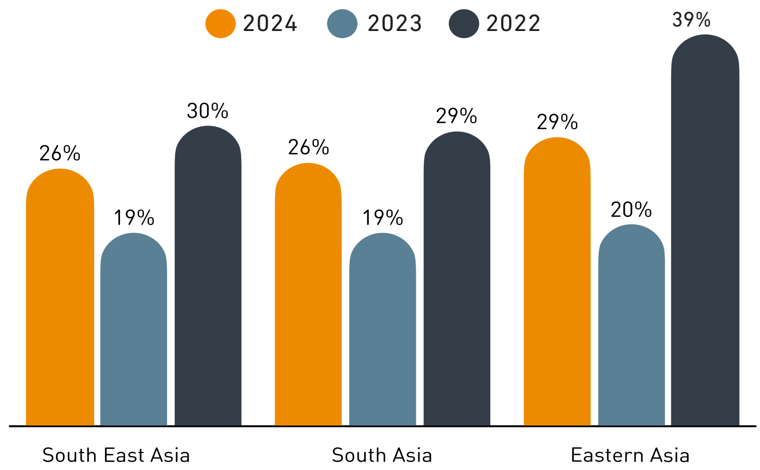
F&B profit margins reveal a similar pattern to GOPPAR, with every market showing incremental growth—except China, where sharp declines have overshadowed gains elsewhere. Drilling deeper, two notable details emerge. First, while most markets show small percentage increases, China's dip is significantly larger than any other market's growth. Second, Australia's margins remain persistently low at just 14.9%, a full 5 percentage points below 2023, what was bad is getting much worse. These figures highlight severe challenges in labor and food costs, raising serious questions about the viability of hotel-operated F&B services. For many operators, the associated risks outweigh the potential benefits in this sector.



F&B PROFIT MARGIN - FULL YEAR - APAC

ASIA-PACIFIC

A COMPLICATED DOMINANCE AS HOTELS ROAR BACK TO LIFE

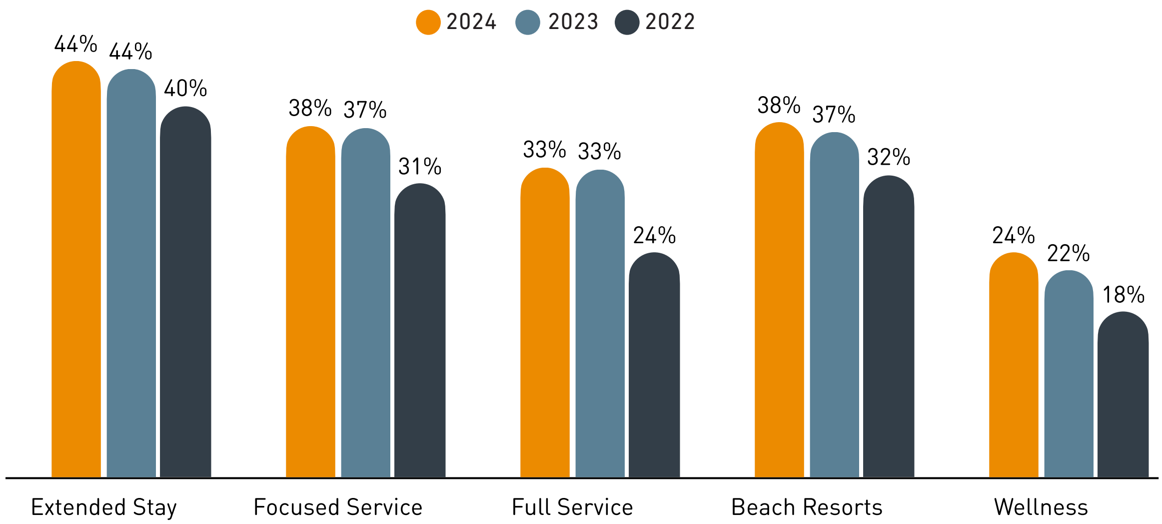


LABOR MARGIN - FULL YEAR - APAC

Labor costs across the region have generally remained under control, contributing positively to GOP. India stands out with labor expenses at just 16.3% of revenues, reinforcing its profitability. From an asset class perspective, wellness properties have shown the highest percentage growth, signaling strong demand among affluent travelers. Beach resorts also continue to thrive, proving that the allure of Asia's coastlines remains as strong as ever.

Full-service, select-service, and extended-stay properties have maintained steady, albeit modest, growth.

Asia Pacific's diverse markets offer a complex yet compelling story. With standout performance in South Asia and sustained interest in wellness and beach resorts, the region remains a key focus for growth and investment. However, challenges in East Asia and specific markets like Australia underscore the importance of strategic focus.



GROSS OPERATING PROFIT MARGIN - FULL YEAR - APAC

CONCLUSION

FROM TREND TO STRATEGY

The past year presented no shortage of challenges, but one thing remains clear: data-driven decision-making is the cornerstone of sustained profitability. Across regions, we've seen diverse approaches to navigating economic shifts, labor pressures, and evolving traveler demands. The Americas highlighted the impact of rising costs and market fragmentation. The Middle East demonstrated the power of stability and strategic foresight. Europe's resilience relied on efficiency and adaptability, while Asia Pacific's dynamic markets underscored the opportunities and risks of rapid growth. As the industry moves forward, the question isn't just about performance, it's about who will take these insights and turn them into a competitive advantage.

Where does your strategy fit into this shifting landscape?

To find out more about any of the insights in this report or to find out how benchmarking using HotStats data could benefit your own hotel, feel free to contact the relevant contributor listed below or contact us on **askus@hotstats.com**

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ASIA PACIFIC: A COMPLICATED DOMINANCE AS HOTELS ROAR BACK TO LIFE

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DISCLAIMER

Data used and cited in the "Profit Matters Global Hotel Performance Review 2024" is comprised of all global hotels within the HotStats database that report data every month. The hotels within the report are predominantly branded and cover all segments, including economy, select service, extended-stay, full-service, and luxury.

Throughout this report, every financial figure across different periods has been converted using a consistent exchange rate, ensuring a clear and comparable financial analysis.

This rate is based on updated annual exchange rates as of 1st January 2024.

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