

## Sector View

## Hotels &amp; Tourism

## US hotel demand: does the Presidential election affect hotel activity?

	1 M	3 M	6 M	31/12/15
Travel&Leisure	2.3%	-3.5%	-6.1%	-17.1%
DJ Stoxx 600	0.0%	-1.4%	2.0%	-7.1%

\*Stoxx Sector Indices

## Companies covered

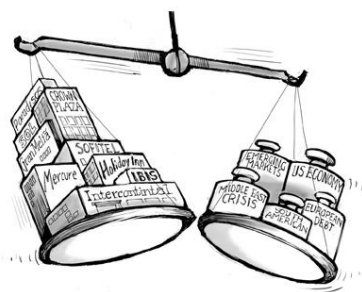
<b>ACCORHOTELS</b>	<b>BUY</b>	<b>EUR42</b>
Last Price	EUR33.85	Market Cap. EUR9,637m
<b>InterContinental Hotels</b>	<b>SELL</b>	<b>2950p</b>
Last Price	3100p	Market Cap. GBP6,123m
<b>MELIA HOTELS</b>	<b>BUY</b>	<b>EUR15</b>
Last Price	EUR10.89	Market Cap. EUR2,501m

According to HNN (Hotel News Now), a subsidiary of STR, historical data suggests that a United States president-elect inherits the economy of his or her predecessor, and the election itself has no long-term effects that hoteliers and others need worry about.

## ANALYSIS

- Looking back at the past seven elections and studying room-demand trends for the 12-month periods before and after the elections, with a particular focus on those that represented a change in administration, **no clear patterns emerge.**
- This is particularly the case after the election of George W. Bush in 2000 and Barack Obama in 2008. The hotel economy was already in a steep, downward slide when both of them were elected.
- Of course, through the specific implementation of policies, the story could be different.

## US Hotel demand (monthly % change)



## Can an election truly and measurably affect hotel demand?



Source: STR; Monthly demand % change, Jan '88 – July '16

## European hoteliers exposure to US (in number of rooms)

**IHG:** The Americas represent 64% of total room numbers o/w 80% in the USA

**AccorHotels:** After FRHI, the Americas represent c.13% with USA around 3%

**Melia Hotels:** 29% in the Americas o/w around 1.5% in the USA. But, NA is the main feeder market for Latam for the leisure segment (40% of total customer).

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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