

IHG: Q3 U.S. Business Transient, Group Demand Improve

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Though third-quarter U.S. leisure demand remained strong for IHG Hotels & Resorts and essential business travel has been resilient, “what we are now seeing is increasing amounts of discretionary business travel demand,” IHG CFO and group head of strategy Paul Edgecliffe-Johnson said Friday during an earnings call.

“This resulted in overall business room nights consumed down only 12 percent in the third quarter [compared with 2019], with the rate down less than 5 percent, a marked improvement on the prior two quarters,” he said. “Group demand has similarly seen improvements each quarter, and pricing is holding firm. While room nights consumed were still down nearly 30 percent [compared with 2019], rate was down only 8 percent.”

Further, the Americas region, which accounts for about 73 percent of IHG’s portfolio, reported the strongest results for the quarter compared with other regions. Occupancy was 65.7 percent, off about 8.2 percentage points from the same period in 2019. Average daily rate was \$124.84, up 1.3 percent. Revenue per available room was \$81.79, down about 9.9 percent.

Holiday Inn Express and the company’s extended-stay brands reached occupancy levels of 70 percent and 80 percent, respectively, exceeding 2019 levels for the quarter.

For the company globally, IHG third-quarter average occupancy was 58.8 percent, down 14.7 percentage points compared with the third quarter of 2019. Average daily rate was \$114.71, down only 1.1 percent for the period, while revenue per available room was \$67.45, off by 20.8 percent. The RevPAR performance showed “significant sequential improvement” from the comparative declines of 51 percent in the first quarter and 36 percent in the second quarter, Edgecliffe-Johnson said.

IHG opened about 12,300 rooms during the quarter for 5.2 percent year-over-year growth. Year to date, the company has opened 29,600 rooms, or 30 percent more than in 2020, and has more than 889,000 room open in its portfolio. IHG signed 12,600 rooms during the quarter. “Signings accelerated over the course of the quarter, and this trajectory is expected to carry on through the fourth quarter,” Edgecliffe-Johnson said.

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