

MILAN HOTEL MARKET SPOTLIGHT

YE SEP 2024 vs YE SEP 2023

Better never settles



OVERVIEW

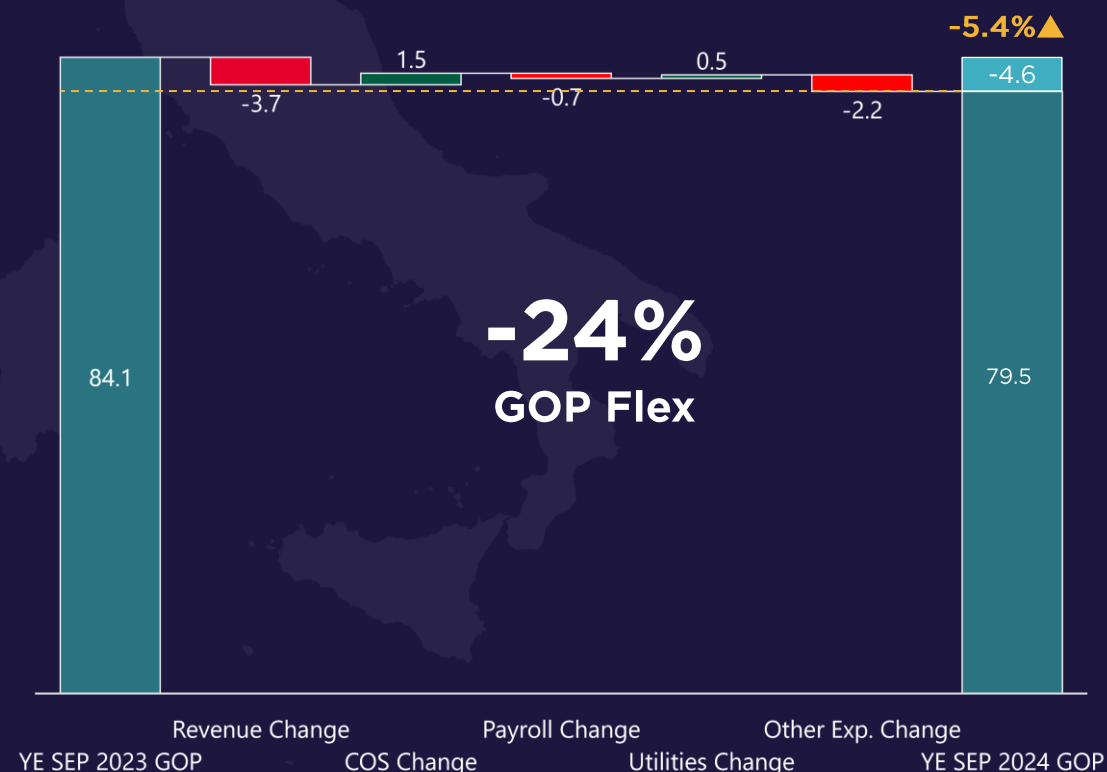
- The sample of branded full-service hotels in Milan recorded a decrease in profit during the 12 months running to September 2024. The GOP per available room (PAR) decreased by -5.4% due to a 1.7% revenue decrease and a marginal rise in expenses (+0.7%).
- Rooms Revenue recorded a modest increase of 0.9%, due to a 7.6% growth in ADR and despite a 6.2% decline in occupancy. F&B revenue decreased by 0.6%, reaching €64 per occupied room (POR). Additionally, Other & Minor Operated revenues dropped significantly by -62.2%.
- Occupancy rates in 2024 were significantly impacted by the slow months of June, August, and September, each facing a decline compared to last year (-11.2%, -10% and -11.1%, respectively). This was partially due to the opening of 481 new rooms during YE September 2024, which resulted in a 1.8% increase in total supply.
- The primary driver of expense growth was the Other Expenses department (+€2.2 PAR), followed by Payroll (+€0.7 PAR). However, this growth was partially offset by a decline in Cost of Sales (COS) by €1.5 PAR and a reduction in Utilities expenses of €0.48 PAR.
- The declining revenue, combined with rising expenses, decreased the GOP margin from 38.9% in YE Sep 2023 to 37.4% in YE Sep 2024.

KPI SUMMARY

	YE SEP 2024	% Change
ADR (€)	244.9	7.6%
Occupancy %	67.5%	-6.2%
Rooms Revenue (PAR)	165.3	0.9%
F&B Revenue (PAR)	43.3	-0.6%
Total Op. Revenue (PAR)	212.5	-1.7%
Total Op. Expenses (PAR)	132.9	0.7%
GOP (PAR)	79.5	-5.4%
GOP %	37.44%	-3.8pp

GOP DECLINE DUE TO DECREASED REVENUE & RISING EXPENSES

(per available room per day – EUR)



COST OF SALES

- Total cost of sales recorded a drop by -8%, from €19 to €17 PAR, driven by Rooms and F&B departments (-8.1% and -8.2%, respectively).

PAYROLL COSTS

- Total payroll costs registered a slight growth compared to last year (+1.1%), increasing from €60 to €61 PAR. This was driven by the S&M department, where labor cost increased by €0.85 PAR, followed by a €0.55 PAR increase in the POM department.

UTILITIES COSTS

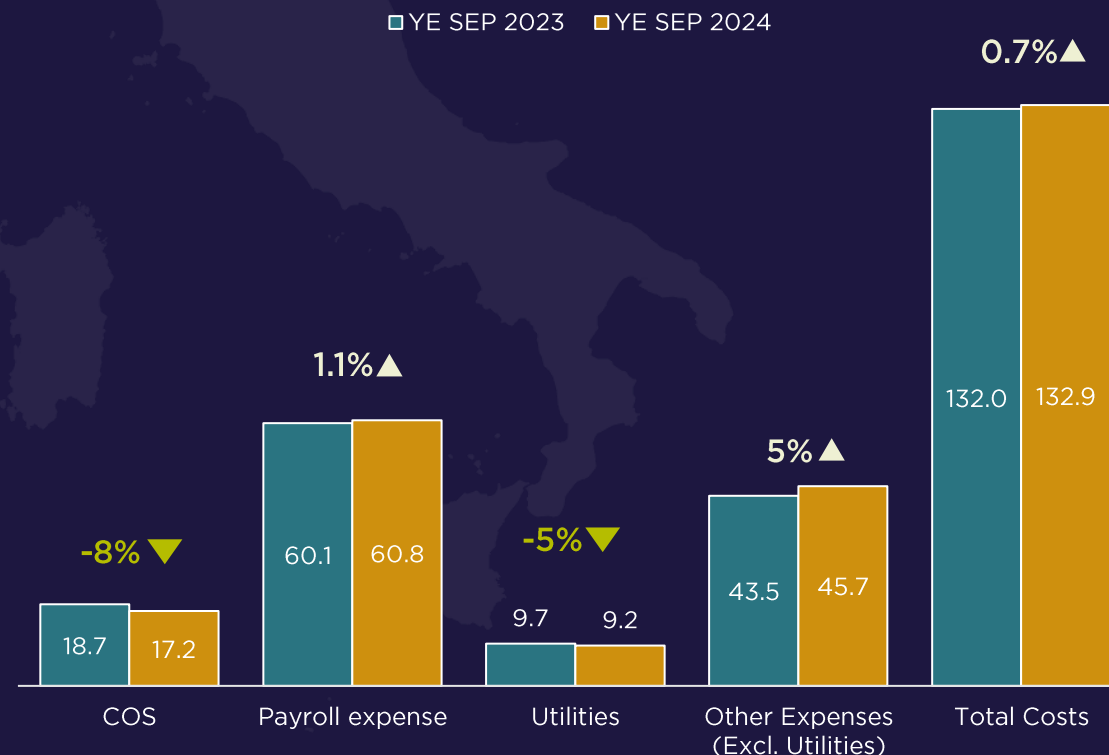
- The data indicates a small decline in utility costs by €0.48 PAR. This was mainly driven by the lower cost of electricity (-10.3%) and gas (-19.5%). However, there is a reported increase in other fuels (+27.3%).

OTHER EXPENSES

- Other Expenses saw the highest growth compared to last year, rising by 5% from €44 to €46 PAR. This increase was driven by a €0.87 PAR rise in Other Expenses within the S&M department and €0.73 PAR rise in Contract Services within the Rooms department.

TOTAL EXPENSE GROWTH SOFTENED BY REDUCTION OF COS & UTILITIES

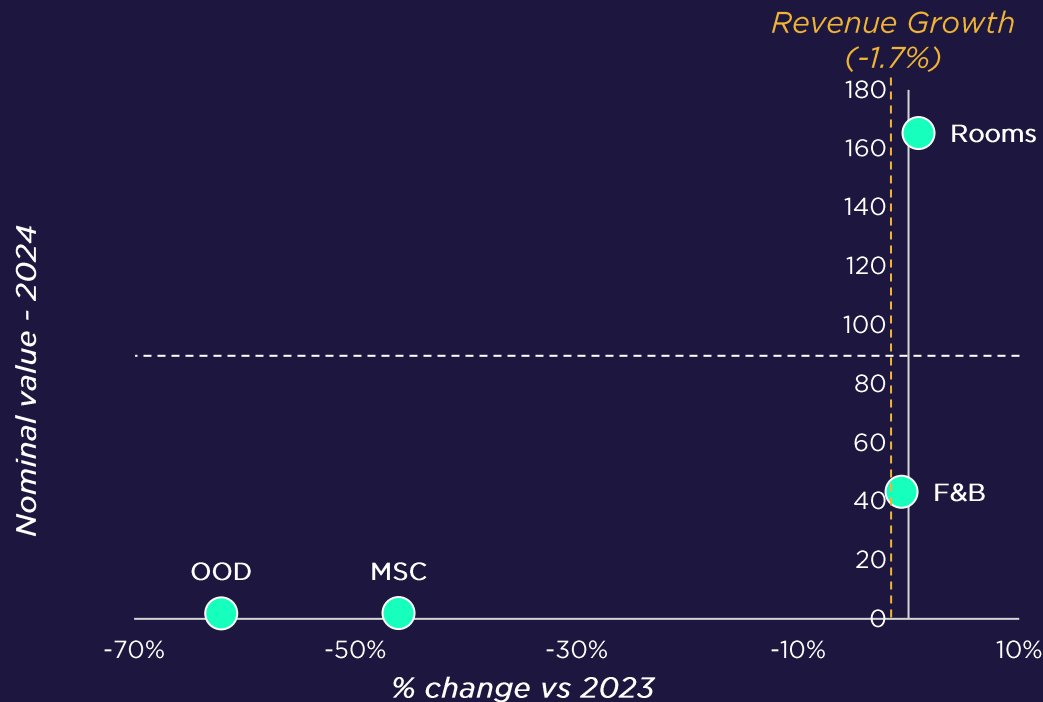
(per available room per day - EUR)



Revenue decline driven by falling MOD revenue and Miscellaneous Income (-62%, and -46%. respectively)

DEPARTMENTAL REVENUES

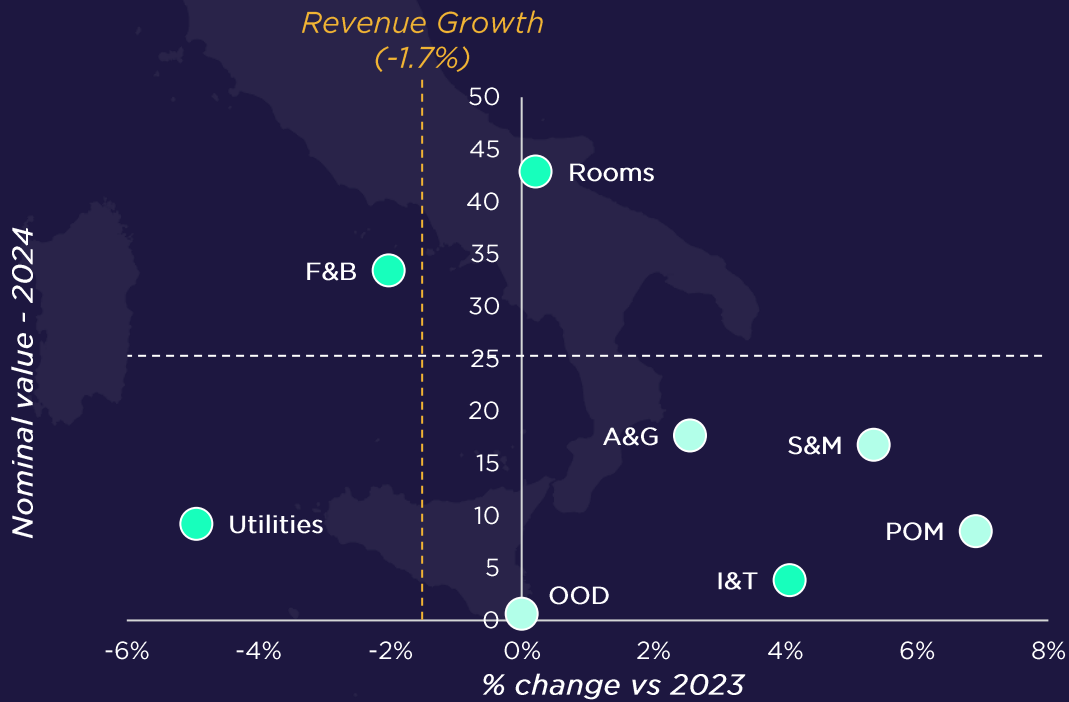
(per available room per day - EUR, YE September)



Expenses growth driven by POM and S&M, with Utilities (-5%) and F&B (-2%) being the only declining cost items.

DEPARTMENTAL & UNDISTRIBUTED EXPENSES

(per available room per day - EUR, YE September)





FRANCESCO CALIA

Head of Hospitality, Italy
Francesco.Calia@cushwake.com

ALESSANDRA GIORGI

Senior Consultant, Italy
Alessandra.Giorgi@cushwake.com

RAFFAELLA PINTO

Head of Business Development,
Italy
Raffaella.Pinto@cushwake.com

ALESSANDRO BELLI

Head of Hotel Investments, Italy
Alessandro.Belli@cushwake.com

DAVIDE BARBARO

Senior Consultant, Italy
Davide.Barbaro@cushwake.com

BORIVOJ VOKRINEK

Strategic Advisory & Head of
Hospitality Research, EMEA
Borivoj.Vokrinek@cushwake.com

ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) IS A LEADING global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

Better never settles

