**HOTELS**

# For Hyatt Hotels Corp., 2021 was a 'transformative' year

By Tovin Lapan | Feb 18, 2022

The Dreams Las Mareas in Costa Rica, part of the Apple Leisure Group portfolio. Photo Credit: Apple Leisure Group

Hyatt Hotel Corp. CEO Mark Hoplamazian called 2021 a "transformative" year for the company, which was marked by the acquisition of Apple Leisure Group and the company's continued push into luxury, lifestyle, and resort offerings.

The Chicago-headquartered hotel company reported a fourth-quarter net loss of $29 million and a net loss for the year of $222 million, compared to net losses of $203 million and $703 million for the fourth-quarter and full-year 2020, respectively.

In the final three months of 2021 Hyatt's system-wide revenue per available room (RevPAR) rose to $96.75, 26% below the fourth quarter 2019 level but a marked improvement from fourth-quarter 2020 when RevPAR sat at $40.77.

With the numbers headed in a positive direction and the company's aggressive repositioning in the last few years, Hoplamazian said he is optimistic for 2022 and beyond.

"The last two years have been the most challenging this industry has ever faced," he said during a Q4 earnings call with analysts. "We have emerged in a position of tremendous strength. As I reflect on this past year, 2021 was the most transformative since Hyatt went public."

## Apple Leisure Group and rising leisure and luxury

The $2.7 billion purchase of ALG represented 99 properties totaling 31,887 rooms and was the largest acquisition in Hyatt history. Overall, Hyatt has grown by 100,000 rooms, or 53%, in four years. From 2017 to 2021 its number of luxury rooms doubled, while its portfolio of both lifestyle and resort rooms tripled. Moving forward, the company expects the percentage of its revenue derived from the leisure transient market to rise from 45% to 52%.

"We opened 99 Hyatt hotels in 2021, a new record, excluding ALG's contribution," Hoplamazian said. "Our strong organic growth paired with the acquisitions of ALG this past year and Two Roads in 2018 have transformed our portfolio."

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Including the ALG acquisition completed on Nov. 1, Hyatt achieved net unit growth of nearly 20% in 2021. Excluding ALG, net unit growth was 6%, which is also the company's target for room growth in 2022.

As Hyatt moves to an asset-light model, the company completed a multi-year plan to sell $1.5 billion in real estate in 2021 and announced another goal of selling an additional $2 billion in assets by the end of 2024.

## The omicron impact on early 2022

After building momentum in the final months of the year, with RevPAR in December reaching 84% of 2019 levels, the Covid-19 case surge sparked by the omicron variant led to a rise in cancellations and decline in booking for January 2022, with RevPAR falling to 63% of 2019 levels.

But Hoplamazian said the company had seen a notable uptick in bookings in recent weeks, with gross transient revenue booked by mid-February for future dates reaching 95% of 2019 levels. He was also encouraged by the trends in global markets as more countries lift pandemic restrictions.

"We had record performance in the Middle East in 2021 primarily driven by Expo 2020 in Dubai," he said. "In India, we reached 90% of 2019 RevPAR in December. In Southeast Asia, we saw our first period of notable RevPAR acceleration since the pandemic began. It's all due to the easing of travel restrictions."

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