

HCITY (BUY, T.P. MXN\$11.00)

Double digit ADR, RevPar and revenue growth in November

NORTE 19 reported that the ADR of its hotel portfolio (151 properties with 17,394 rooms) increased 11.1% YoY to MXN\$1,404 (vs. our MXN\$1,387 projection), accelerating from the previous month, outpacing inflation by 6.5 percentage points and thus establishing a new all-time high. The company took advantage of a higher number of visitors in the Metropolitan region. Despite this significant adjustment in the ADR, occupancy fell only 0.4 percentage points to 62.6% (vs. 59.3% estimated). The combination of higher ADR's and slightly lower occupancy levels boosted RevPar by 10.4% YoY to MXN\$879 and total revenues by 15.0% YoY to MXN\$393 million (vs. MXN\$368 million E).

By brands, the best new performers were City Centro, with a 26.4% YoY RevPar increase, and City Express Plus (+14.9%), followed by City Express (+8.8%), City Express Junior (+8.1%), and City Express Suites by Marriott (+5.6%). By region, Metropolitana (+22.7%), Centro Occidente (+10.3%) and Noreste (+9.3%) performed well.

NORTE 19's November results exceeded our expectations. We thus expect a favorable short-term reaction in its share price. We reiterate our BUY recommendation with a MXN\$11.0/share target price.

November 2024 Hotel Indicators

	Nov-24	Nov-23	YoY Change	Oct-24	MoM Change
Occupancy	62.6%	63.0%	-0.4 PP	58.8%	3.8 PP
ADR (MXN\$)	\$ 1,404.0	\$ 1,264.0	11.1%	\$ 1,366.0	2.8%
RevPar (MXN\$)	\$ 879.0	\$ 796.0	10.4%	\$ 804.0	9.3%
Total Revenues (MXN\$ Mn)	\$ 393.0	\$ 341.7	15.0%	\$ 349.8	12.3%

Source: Norte 19

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