



# EMEA HOTELS MONITOR

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ISSUE 2

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### Introduction

Following on from the success of the first issue of the EMEA Hotels Monitor, we would like to welcome you to Issue 2. The aim of the Hotels Monitor is to provide our clients and contacts with a quick reference booklet listing those vital statistics which reflect the relative health of our exciting industry across the EMEA region. The monitor incorporates hotel performance statistics from STR Global, an up to date guide on development costs from EC Harris and a selection of interesting deals transacted in the previous six months, courtesy of Cushman & Wakefield Hospitality. We hope you find this useful and please do not hesitate to get in contact if you require further information. Look out for the next edition in January 2009.



Cushman & Wakefield Hospitality employ more than 100 hospitality professionals globally, covering all disciplines. From the world's largest wholly-owned offices platform, the team can serve you and your business wherever you are based and wherever you want to go.

### EC HARRIS

EC Harris, the leading international built asset consultancy, understand the key business drivers for the hotel sector. Being first to market, protecting revenue, innovation and branding. Our dedicated team of hotel experts ensure that we are able to consistently deliver to the highest level.



STR Global provides clients with access to hotel research with regular and custom reports covering over 35,000 hotels in 1,300 markets globally. They provide a single source of global hotel performance data, offering concise, accurate and thorough industry research worldwide and they track a variety of Profitability, Pipeline and Census data covering all aspects of the industry.

## Performance Trends

| City              | 2008  |      |        | 2007  |      |        | Growth  |        |       |       |         |        |
|-------------------|-------|------|--------|-------|------|--------|---------|--------|-------|-------|---------|--------|
|                   | ARR   | Occ  | RevPAR | ARR   | Occ  | RevPAR | ARR     |        | Occ   |       | RevPAR  |        |
|                   | €     | %    | €      | €     | %    | €      | Abs (€) | %      | Abs % | %     | Abs (€) | %      |
| Dubai             | 225.8 | 85.2 | 192.3  | 234.4 | 85.8 | 201.1  | -8.6    | -3.7%  | -0.6  | -0.7% | -8.8    | -4.4%  |
| Moscow            | 268.1 | 65.0 | 174.3  | 248.6 | 64.6 | 160.6  | 19.5    | 7.9%   | 0.4   | 0.6%  | 13.6    | 8.5%   |
| London            | 167.2 | 80.8 | 135.0  | 180.8 | 80.5 | 145.6  | -13.6   | -7.5%  | 0.3   | 0.3%  | -10.6   | -7.3%  |
| Paris             | 254.7 | 78.0 | 198.6  | 249.6 | 74.8 | 186.8  | 5.1     | 2.0%   | 3.2   | 4.2%  | 11.8    | 6.3%   |
| Rome              | 170.6 | 64.8 | 110.6  | 171.8 | 69.8 | 119.9  | -1.2    | -0.7%  | -5    | -7.1% | -9.2    | -7.7%  |
| Barcelona         | 154.1 | 68.7 | 106.0  | 152.4 | 72.4 | 110.3  | 1.7     | 1.1%   | -3.7  | -5.0% | -4.3    | -3.9%  |
| Milan             | 188.0 | 67.6 | 127.1  | 182.7 | 64.8 | 118.4  | 5.3     | 2.9%   | 2.8   | 4.3%  | 8.6     | 7.3%   |
| Amsterdam         | 147.6 | 75.2 | 111.0  | 140.9 | 78.6 | 110.8  | 6.7     | 4.7%   | -3.4  | -4.3% | 0.2     | 0.2%   |
| Vienna            | 134.6 | 68.2 | 91.8   | 116.5 | 69.5 | 81.0   | 18.1    | 15.6%  | -1.3  | -1.9% | 10.8    | 13.3%  |
| Edinburgh         | 105.2 | 73.2 | 77.0   | 119.8 | 75.3 | 90.3   | -14.6   | -12.2% | -2.1  | -2.9% | -13.3   | -14.7% |
| Prague            | 118.4 | 61.3 | 72.6   | 117.4 | 64.8 | 76.1   | 1.0     | 0.8%   | -3.5  | -5.5% | -3.6    | -4.7%  |
| Dublin            | 129.1 | 69.9 | 90.2   | 126.0 | 74.8 | 94.3   | 3.0     | 2.4%   | -4.9  | -6.6% | -4.1    | -4.3%  |
| Madrid            | 125.2 | 69.1 | 86.5   | 121.2 | 70.8 | 85.8   | 4.0     | 3.3%   | -1.7  | -2.4% | 0.7     | 0.8%   |
| Budapest          | 84.4  | 61.3 | 51.8   | 84.5  | 61.2 | 51.7   | 0.0     | 0.0%   | 0.1   | 0.2%  | 0.1     | 0.2%   |
| Stockholm         | 133.1 | 68.8 | 91.5   | 124.9 | 66.9 | 83.6   | 8.3     | 6.6%   | 1.9   | 2.7%  | 7.9     | 9.5%   |
| Oslo              | 129.2 | 69.8 | 90.2   | 115.5 | 71.2 | 82.3   | 13.8    | 11.9%  | -1.4  | -2.1% | 7.9     | 9.6%   |
| Cardiff           | 80.5  | 70.1 | 56.4   | 91.9  | 70.3 | 64.6   | -11.5   | -12.5% | -0.2  | -0.3% | -8.2    | -12.7% |
| Copenhagen        | 127.8 | 65.9 | 84.2   | 116.2 | 67.1 | 77.9   | 11.5    | 9.9%   | -1.2  | -1.7% | 6.3     | 8.0%   |
| Brussels          | 129.8 | 71.8 | 93.2   | 120.7 | 69.0 | 83.3   | 9.1     | 7.5%   | 2.8   | 4.1%  | 10.0    | 12.0%  |
| Helsinki          | 115.9 | 67.1 | 77.7   | 115.7 | 68.1 | 78.7   | 0.2     | 0.2%   | -1    | -1.4% | -1.0    | -1.2%  |
| Frankfurt am Main | 115.2 | 61.3 | 70.7   | 117.3 | 60.4 | 70.8   | -2.1    | -1.8%  | 0.9   | 1.6%  | -0.1    | -0.2%  |
| Berlin            | 105.6 | 65.2 | 68.8   | 98.5  | 66.9 | 65.9   | 7.1     | 7.2%   | -1.7  | -2.6% | 2.9     | 4.5%   |
| Lisbon            | 107.8 | 65.2 | 70.4   | 104.4 | 62.8 | 65.6   | 3.4     | 3.3%   | 2.4   | 3.9%  | 4.8     | 7.3%   |

Source: STR Global

- Results across the sample cities are mixed due to the uncertain wider economic conditions, rates have been resilient, whilst occupancies declined in 14 of the selected cities. How much of this is due to the effects of the credit crunch, and how much is due to the downturn in the European cycle is unclear but it is likely to continue for the foreseeable future.
- Unsurprisingly, Vienna reported a revPAR increase of 13% due to the UEFA Euro Football Championship in June.
- In Dublin the double affects of the economic downturn and an increase in supply saw a drop in occupancy levels that negatively impacted RevPAR.
- Edinburgh and Cardiff reported the largest RevPAR declines in the sample mainly to the strengthening Euro.

## Development Costs

| Country        | Budget hotels   | 3-star city centre | 4-star city centre | 5-star city centre |
|----------------|-----------------|--------------------|--------------------|--------------------|
|                | € per key       | € per key          | € per key          | € per key          |
| UK             | 54,500 - 67,200 | 129,300 - 152,100  | 166,000 - 202,800  | 242,100 - 308,000  |
| Austria        | 35,000 - 45,000 | 50,000 - 70,000    | 70,000 - 110,000   | 130,000 - 220,000  |
| Belgium        | 31,900 - 44,400 | 65,500 - 70,000    | 128,800 - 177,800  | 160,700 - 223,300  |
| Bulgaria       | 15,500 - 29,400 | 39,800 - 55,000    | 55,000 - 75,000    | 95,000 - 150,000   |
| Croatia        | 27,700 - 46,200 | 47,300 - 82,200    | 74,000 - 127,400   | 107,900 - 186,000  |
| Czech Republic | 27,000 - 52,000 | 60,000 - 97,000    | 100,000 - 132,000  | 138,000 - 230,000  |
| Denmark        | 48,200 - 64,200 | 74,900 - 107,000   | 160,500 - 214,000  | 192,600 - 321,000  |
| France         | 50,000 - 75,000 | 96,000 - 110,000   | 120,000 - 160,000  | 200,000 - 300,000  |
| Germany        | 52,000 - 80,000 | 95,000 - 145,000   | 135,000 - 185,000  | 173,000 - 265,000  |
| Greece         | 32,000 - 42,000 | 65,000 - 85,000    | 90,000 - 130,000   | 150,000 - 200,000  |
| Hungary        | 42,800 - 78,100 | 74,900 - 137,000   | 117,700 - 212,900  | 170,100 - 310,000  |
| Ireland        | 64,500 - 75,000 | 127,000 - 145,000  | 183,000 - 210,000  | 248,500 - 285,000  |
| Italy          | 36,100 - 54,100 | 50,900 - 77,400    | 113,500 - 170,500  | 138,000 - 208,000  |
| Latvia         |                 | 80,200 - 92,800    | 92,800 - 105,500   | 123,000 - 153,700  |
| Netherlands    | 53,900 - 68,000 | 102,500 - 132,400  | 149,500 - 192,600  | 200,500 - 259,100  |
| Poland         | 33,500 - 57,800 | 65,900 - 110,900   | 104,800 - 180,500  | 139,300 - 266,700  |
| Portugal       | 30,000 - 40,000 | 55,000 - 65,000    | 85,500 - 98,400    | 117,100 - 152,900  |
| Russia         | 51,200 - 75,600 | 72,600 - 100,200   | 100,200 - 145,800  | 161,300 - 218,700  |
| Serbia         | 25,000 - 35,000 | 48,000 - 69,000    | 70,000 - 110,000   | 105,000 - 150,000  |
| Slovakia       | 17,800 - 27,300 | 34,600 - 53,500    | 50,300 - 77,600    | 68,100 - 103,800   |
| Slovenia       | 24,700 - 49,300 | 55,600 - 93,500    | 92,700 - 126,000   | 130,000 - 220,000  |
| Spain          | 41,200 - 53,600 | 97,900 - 115,400   | 119,600 - 138,600  | 157,600 - 221,500  |
| Sweden         | 57,800 - 71,200 | 134,400 - 188,000  | 161,300 - 215,000  | 215,000 - 268,800  |
| Switzerland    | 60,000 - 80,000 | 105,000 - 135,000  | 140,000 - 190,000  | 220,000 - 310,000  |
| Turkey         | 32,100 - 44,900 | 44,900 - 64,200    | 52,300 - 80,700    | 85,300 - 170,500   |
| Ukraine        | 25,400 - 43,500 | 54,400 - 65,300    | 68,900 - 90,600    | 101,500 - 108,800  |
| Abu Dhabi      | 54,300 - 63,900 | 79,800 - 92,600    | 114,900 - 150,000  | 223,500 - 319,300  |
| Dubai          | 54,300 - 63,900 | 79,800 - 92,600    | 114,900 - 150,000  | 223,500 - 319,300  |
| Egypt          | 52,800 - 66,000 | 63,900 - 127,700   | 95,800 - 159,600   | 127,700 - 191,600  |
| Ghana          | 25,000 - 41,000 | 44,600 - 71,600    | 80,000 - 115,400   | 97,700 - 151,600   |
| South Africa   | 26,800 - 46,500 | 50,000 - 80,500    | 88,000 - 132,700   | 112,400 - 189,600  |

Source: EC Harris

- Comparisons of international costs are made difficult by fluctuations in currency. Over the past year the pound has lost approx 18% in value against the Euro. This difficulty can be compounded where other currencies have shown a particularly strong appreciation, not just against the pound but also against the Euro.
  - Hotel costs per room in the UK are still the highest of those countries covered.
  - Ukraine development costs all dropped from the previous years figures.
  - Slovak Republic shows the cheapest development costs.
- Costs of 4 and 5 star hotels depend upon the efficiency ratios of the net bedroom to gross floor area which is driven by the density of the bedrooms in relation to meeting and ancillary accommodation. Costs above may include for dry leisure facilities but not swimming pools. Note that figures exclude the costs of furniture, fittings and equipment. Costs include contractors' preliminaries and overheads and profits, but no allowance for land costs, land procurement fees, or consultants' fees.

## Transaction Tracker

| Region                           | Hotel   | Location             | No. of Keys | Total Price (€) | Price per Key (€) |
|----------------------------------|---|----------------------|-------------|-----------------|-------------------|
| <b>Portfolio Transactions</b>    |   |                      |             |                 |                   |
|                                  | 21 x Austrian Hotel Company                   | CEE                  | 1,875       | 80,000,000      | 43,000            |
|                                  | 3 x Bridgehouse Hotels                        | UK                   | 189         | 34,375,000      | 182,000           |
|                                  | 6 x Menzies Hotels                            | UK                   | 719         | 106,250,000     | 148,000           |
|                                  | 4 x Paten Hotels                              | UK                   | 444         | 55,000,000      | 124,000           |
|                                  | 3 x Choice Hotels                             | London, UK           | 395         | 23,225,000      | 59,000            |
|                                  | 3 x Venice Hotels                             | Venice, Italy        | 419         | 156,000,000     | 372,000           |
| <b>Single Asset Transactions</b> |   |                      |             |                 |                   |
| France                           | Le Marquis Hotel                              | Paris                | 36          | 11,841,000      | 329,000           |
|                                  | Walt Hotel                                    | Paris                | 25          | 8,224,000       | 329,000           |
| Netherlands                      | The Grand                                     | Amsterdam            | 182         | 60,000,000      | 330,000           |
|                                  | Crowne Plaza Amsterdam                        | Amsterdam            | 270         | 72,000,000      | 267,000           |
| Spain                            | Hotel Sky                                     | Barcelona            | 259         | 130,000,000     | 502,000           |
|                                  | Confortel Barcelona                           | Barcelona            | 224         | 47,000,000      | 210,000           |
|                                  | Monasterio de San Miguel                      | Cadiz                | 175         | 24,000,000      | 137,000           |
|                                  | Hotel Canarias                                | Madrid               | 116         | 36,000,000      | 310,000           |
|                                  | Hotel Bauzá                                   | Madrid               | 177         | 65,000,000      | 367,000           |
|                                  | Hotel Palacio de Miramar                      | Malaga               | 188         | 21,500,000      | 114,000           |
|                                  | Park Hyatt Casares Golf & Spa Resort          | Malaga               | 169         | 70,000,000      | 412,000           |
| Portugal                         | Lanidor                                       | Lisbon               | 30          | 5,000,000       | 167,000           |
|                                  | Cristal                                       | Algarve              | 118         | 7,500,000       | 64,000            |
|                                  | Penina Hotel, Donna Filipa Hotel              | Algarve              | 350         | 170,000,000     | 186,000           |
| UK                               | Park Inn Heathrow, Marriott Victoria & Albert | Heathrow, Manchester | 1,029       | 218,750,000     | 213,000           |
|                                  | The Point Hotel                               | Edinburgh            | 139         | 27,500,000      | 198,000           |
|                                  | easyHotel                                     | London               | 34          | 4,000,000       | 118,000           |
|                                  | Montcalm Hotel                                | London               | 120         | 43,750,000      | 365,000           |
|                                  | Hotel Silken                                  | London               | 173         | 155,000,000     | 896,000           |
|                                  | Carlton Court                                 | London               | 22          | 10,000,000      | 455,000           |
|                                  | Turnberry Golf Resort                         | Ayrshire, Scotland   | 219         | 68,750,000      | 314,000           |
| CEE                              | Continental Hotel                             | Belgrade, Serbia     | 415         | 149,000,000     | 359,000           |
| Other Europe                     | Holiday Inn Zurich-Messe                      | Zurich, Switzerland  | 160         | 35,000,000      | 219,000           |
|                                  | Newpark Hotel                                 | Kilkenny, Ireland    | 129         | 25,000,000      | 194,000           |
|                                  | Marriott Munich                               | Munich, Germany      | 348         | 65,000,000      | 187,000           |
|                                  | Quality Hotel Mastemyr                        | Oslo, Norway         | 152         | 17,500,000      | 115,000           |
| ME & Africa                      | Golden Tulip Club, Golden Tulip Privilege     | Eilat, Israel        | 529         | 37,500,000      | 71,000            |
|                                  | Mercure B&P                                   | Tel Aviv, Israel     | 103         | 10,375,000      | 101,000           |

Source: Cushman & Wakefield Hospitality

- In addition to the two hotels sold in Paris, it is worth noting that the Costes family acquired the freehold interest only of La Tremoille in Paris for €36million.
- In the UK there have been some notable hotel development transactions, including: IHI's €158million acquisition of the former Metropole Hotel and the Alrov Group's €67million acquisition of the Café Royal, both in central London.
- Spain is a very dynamic market as owners and developers seek to restructure their investments. Numerous deals concluded, both resort and city centre.
- CEE and the Middle East have had a very quiet start to the year, whilst the Netherlands and Portugal have generated significant interest and activity.

We do not warrant the accuracy of this data which was obtained from publicly available sources and reported in industry journals. Conversions to euros were made according to the exchange rate at the time of announcement.

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## EXAMPLE PROJECTS

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### Libya Coastal Tourism Master Planning

Cushman & Wakefield Hospitality has been retained to provide expert advice on shaping the future of Libya's tourism industry through the master planning of 300km of virgin Mediterranean coastline. The project represents a fundamental step change in Libya's recognition of the importance that tourism can play in its national economy.

The opportunity now exists to sensitively and imaginatively create sustainable tourism facilities along the country's beautiful coast, including public facilities for the residents in the region. Working with the appointed Master Planners and EC Harris, Cushman & Wakefield Hospitality will advise on the most appropriate mix of tourism products and infrastructure requirements and test the feasibility of any recommendations. This work is expected to be completed by the end of 2008.

*"Further reinforcing the relationship between Cushman & Wakefield, EC Harris are delighted to be associated with this prestigious project to assist in shaping the future development and tourism profile for Libya. By applying our local and regional knowledge and global sector expertise we are able to provide contemporary and robust financial information to aid all facets of the development process."* EC Harris



Libya



Telephone: +44 (0)20 7935 5000  
hospitality@eur.cushwake.com  
www.cushmanwakefieldhospitality.com

**EC HARRIS** 

Contact: Allan Sugg  
Telephone: +44 (0)20 7812 2398  
property@echarris.com  
www.echarris.com/hotels



Telephone: +44 (0)20 7922 1930  
info@strglobal.com  
www.strglobal.com