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‘Le Tour d’Europe’
The Race for Recovery

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As with all good races, the hotel world’s race for recovery has no shortage of thrills and spills, climbers and strugglers, surprise contenders and predictable favourites. We are now ten months into 2010; a year where expectations and results have been reconciled to wildly varying degrees. From our extensive interaction with all parties involved in the hotel industry, we are conscious that the economic crisis created an unpredictable ‘fog’ over hotel markets that made forecasting and budgeting virtually impossible. This lack of visibility over the past 18 months appears to have only marginally improved in 2010.

This article highlights some of the recent changes (for better or worse) in the markets analysed in the HVS annual Hotel Valuation Index (published in March) and gives an indication of the anticipated fluctuations in hotel values by the year’s end.

**The Race for Recovery**

Graph 1 presents year-on-year variations in RevPAR by market for the period January to July 2009 and 2010. The position of each market on this graph reflects the percentage growth or decline of average rate (Y axis) and of occupancy levels (X axis), while the size of the bubble illustrates the magnitude of the RevPAR change year-on-year. These bubbles have been coloured to illustrate RevPAR decline (red) or growth (green).
This graph highlights the growth or decline of each market’s average RevPAR, and also shows whether it was occupancy or average rate (or both) driving that change, as this has a significant impact on the profitability of a hotel. As we have seen in previous recessions and downturns, occupancy appears to be the variable that picks up first followed by average rate. Therefore, by analysing the behaviour of a market’s RevPAR, we can start to see how the 36 European markets are placed in the race for recovery. The encouraging fact is the number of
‘green’ cities showing growth, although there are a few surprises in those languishing in red, showing decline.

This information is only mathematical and still requires an understanding of each market’s history and stage of development. We go on to analyse these markets by groups experiencing comparable behaviours and highlight the drivers behind the evolution of the best and worst performers.

Graph 1 enables us to group markets that have experienced similar patterns of growth or decline for the first half of 2010. We have identified four groups.

**The Analogy**

1. **The Escapees** – Way out in front, this group is made up of the performance-leading cities.
2. **The Drafters** – Peddling hard and making a huge push to break away from the pack, this group comprises those cities that have shown above-average RevPAR growth (usually due to either occupancy growth or average rate growth, but not both).
3. **The Peloton** – In cycling terms, this is the main pack. Those cities with marginal year-to-date RevPAR growth (and more often than not a drop in average rate) fall into this category.
4. **Off the Back** – A hard year all round, these strugglers are finding the going tough and are dropping off from the main pack. This group is showing decreasing year-to-date RevPAR.

‘The Escapees’ – This group is composed of markets where RevPAR growth has resulted from growth of both occupancy and average rate. Some of the strongest contenders within this leading group of hotel
markets are London, Munich, Berlin, Frankfurt, Stockholm, Zürich and Istanbul. These markets, clearly identifiable on Graph 1, have escaped from negative territories with solid occupancy growth and proven more resilient to the continuous effect of the recession by achieving a higher average rate than they did in 2009. The reasons for this strength are individual to each market.

With a marketwide RevPAR growth of more than 15% triggered by continuous growth since the end of 2009, and an average rate increasing year-on-year at around the 12% mark (9% in local currency), it was another record-breaking summer for London hotels across the board, from luxury hotels beating their 2007 RevPAR, to occupancy showing continuous gains quarter over quarter throughout the city. Despite the grey cloud of an increase in VAT next January and the effects of the severe cuts in government spending, the recent announcement of a royal marriage in 2011 and the run up to the 2012 Olympics are expected to contribute to a more positive outlook and maintain the somewhat incredible rebound achieved by London hotels in 2010.

Since the beginning of the year, Munich hotels have been experiencing solid recovery of both occupancy and average rate, which led to the strongest year-on-year RevPAR growth of all the markets surveyed (+32%), with a peak in April boosted by the Bauma trade fair (occurring every three years). The Munich Tourism Board estimates further growth in visitation – more than 10 million overnights in 2010 fuelled in part by the 200th anniversary of Oktoberfest and the Oberammergau Passions play. The city’s steady hotel pipeline for the next few months includes two Motel Ones, the 424-room Leonardo Royal Munich and a 119-room Adagio in early 2011.

Berlin hotels experienced healthy RevPAR growth of nearly 13% year-on-year, supported by a steady strengthening of occupancy levels (+3%) resulting from an estimated 12% increase in visitors to the city. This growth was supported by two main trade fairs in June: ILA (or the Berlin Air Show, which attracted an estimated 235,000 visitors) and LinuxTag (international conference of open-source software). Furthermore, average rate, although starting from a lower base than other main cities in Europe, recorded a significant jump of 9% year-on-year. The continuation of this fast-paced recovery is, however, at stake with more than 8,000 beds in the pipeline, of which nearly 60% are positioned at three-star level or below.

With this year’s visitor and exhibitor numbers up on 2009 at a number of exhibitions at Frankfurt Messe (Automechanika, for instance, which is an increasingly large car manufacturers conference), Frankfurt’s hotels have enjoyed a return of the meeting, incentive, conference and exhibition segment. Other indicators show increased levels of activity in Frankfurt, including year-on-year growth in airport passenger numbers from May to August. The volcanic ash cloud had a positive impact on occupancy as Frankfurt is not only one of Germany’s main airports but also a gateway city for high-speed trains crossing the country north, south and west to Belgium and France. As a result, Frankfurt hotels recorded an increase of more than seven percentage points in occupancy by July and a 19%
increase in RevPAR. Frankfurt airport saw two hotel openings this year: Park Inn and Hilton Garden Inn.

Caution should be taken, however, when looking at the performance of Stockholm, Zurich and Istanbul as the speed of average rate growth is somewhat distorted by changes in the exchange rate between local currency and the euro.

After a sharp GDP decline of 5% in 2009, and forecast growth of 4% in 2010 and 2% in 2011, the future has brightened up for the Swedish economy. Following a softer decline in value than the European average in 2009, Stockholm hotels have confirmed that they will be active in leading the way to recovery with a 17% increase in RevPAR driven by a steady growth in occupancy of nearly two percentage points and a staggering 13% jump of average rate (albeit only 1.2% in local currency). 2010 saw the opening in March of the 278-room Courtyard Stockholm Kungsholmen on the outskirts of the city, while a 200-room Nobis Hotel is expected to open in December. Three further hotels should come into the market in 2011: the Radisson Blu Waterfront Hotel in April, followed by two Scandic properties (Grand Central Stockholm and Victoria Tower), bringing an additional 1,215 rooms to the city.

Zürich continues to show resilience to the crisis when compared to other cities in Europe. Both occupancy and average rate growth is strong for this financial centre, resulting in RevPAR growth of around 9%, supported by a gradual recovery of corporate demand. Note that while occupancy grew by more than five percentage points year-on-year, average rate when expressed in local currency is approaching a 1% increase. The high barriers to entering this hotel market, due to limited available space and tight control by the planning authorities, partially explains the stability of this strong corporate hotel market.

At the end of July, Istanbul hotels recorded a year-on-year increase in RevPAR of around 18%, largely driven by solid growth in occupancy, with monthly levels above those of 2008 since May. Istanbul continues to attract significant interest from hotel operators and investors, with the development of additional sub-markets on both the European and Asian sides. While the luxury segment appears to be well supplied in the historic centre of the city, other areas are welcoming the strengthening of some major international operators which are planning to add more of their brands to cover all hotel segments. The city enjoyed a better August than in the previous year thanks to a notable increase in visitation from the Middle East and neighbouring countries, and that should support the continuation of this positive half year trend for the city.

Overall, we highlight the presence of three German cities within the top performers ('Escapees'): Munich, Berlin and Frankfurt, which are typical examples of the stability provided by a solid conference and events market spread throughout the year, a balanced reliance upon domestic and international travel, and a steady pipeline. These drivers constitute the
stamina that enables these markets to break away and make a sustained effort to stay out in the lead.

‘The Drafters’ are those markets in a somewhat in-between stage having escaped from the main pack of ‘average’ performers (‘the Peloton’), but with varying degrees of strength (usually marginal or flat average rate growth). It is still too early to determine whether these markets have the ability to catch up with the performance-leading countries (‘the Escapees’) and reach a comparable stage of recovery. The group is composed of markets where RevPAR growth has been driven by occupancy growth outweighing marginal or flat average rate growth. These markets are considered to be able to continue their recovery with some delay, because of factors such as a particularly price-sensitive market or a diluted rate due to high levels of supply having entered (or soon to be entering) the market. As Drafters constitute the chasing pack, some of these markets may, however, catch up with the leading markets should their trading performance further improve by the end of the year. Amongst the contenders present in this group we note: Amsterdam, Barcelona, Madrid, Edinburgh, Paris, Birmingham, Warsaw and Vienna.

Together with the gradual return of business demand, which started earlier in the year, an increase in foreign arrivals from the Middle East, Africa and North America at its airports over the summer has meant that Paris hotels were able to gear up and achieve a 9% RevPAR increase driven almost equally by occupancy and average rate growth. The effervescent Paris luxury hotel market will become even more exciting in the coming months and years with the addition of new entrants such as the 109-room Shangri-La, the 138-room Mandarin Oriental, and the 90-room W Opéra; these will be quickly followed by the Peninsula and the greatly anticipated reopening of the fully redesigned Royal Monceau in October under the management of the Fairmont Raffles Group. In the summer, the luxury boutique market witnessed the reopening of the 59-room (89 rooms before renovation) Le Burgundy Hotel at Rue Duphot in Paris’s 1st arrondissement.

The already packed events calendar for 2010 and 2011, including three market-leading international exhibitions at the RAI and a number of larger events organised by third parties, is expected to confirm a considerably better trading outcome than 2009 for Amsterdam’s hotels. Together with an almost unchanged average rate, the Dutch capital recorded a 9% RevPAR jump reflecting a robust increase in occupancy. The announcement of the RAI’s hosting of the European Society of Cardiology Congress in 2013 is a positive sign of the city’s established prominence as a business and meeting destination. In addition to Amsterdam’s healthy market fundamentals (a balance of business- and leisure-driven visitors, and controlled new supply), initiatives to maintain the city’s status as a highly attractive cultural/leisure destination – including the renovation of the Tedelijik and Rijks museums – will continue to strengthen the stability of the city’s hotel market.
Warsaw is one of the pleasant surprises we mentioned previously. Despite its strategic gateway location between east and west, the heavy cuts experienced in business travel in 2009 (especially within Eastern Europe) placed the Polish capital at risk. We note, however, that the increase in average rate of 3% in euro terms is distorted by the exchange rate as, in Polish zloty, average rate recorded a decline of nearly 8%. Therefore, while growth in average rate still bears uncertainty, the marked return of occupancy (+10%) to largely positive territory is reassuring. Noteworthy additions to supply include the planned Doubletree by Hilton, which will have extensive conference space.

Together with an increase in airport arrivals in the first half of 2010 compared with the same period last year, guest nights reported in Madrid from January to July 2010 show an increase compared to 2008 and 2009 levels for each month except February and July. The increase in guest nights has not been converted entirely into increased room occupancy, which to date is still below 2007 and 2008 levels, but certainly above those of 2009 (+13%). Average rate remains in the red from last year with a decrease of 3%. All these factors, combined with the consolidation of Madrid as the financial and business heart of Spain and as a leading leisure tourism destination, are clear indicators of recovery, but it will take further signs of sustainable growth and changes to the infrastructure of the hotel market to achieve performance levels experienced at the market’s peak.

As in previous years, summer hotel demand in Edinburgh is a valuable benchmark of how well the city is performing. While it is likely that the Scottish capital benefited from the momentum of London’s tourism influx, it has remained a popular destination capable of achieving a RevPAR increase of 8% triggered by a 5% increase in average rate (albeit only 1.7% in pounds sterling).

‘The Peloton’ – The main pack, this group includes most of the contestants in the race; those still quite a few kilometres from bridging the gap to the leaders but enjoying the safety of being way ahead of the struggling stragglers subject to the constant threat of a drop out. For most of these markets, the aim for the end of the year is to remain within positive RevPAR growth territory (by ensuring stabilisation of occupancy levels) and to prepare for sustainable average rate growth. Marketwide factors such as the seasonality of demand or major events generating extraordinary levels of demand may allow some contestants to escape from the main pack. Further additions to supply or a worsening of the local economy, however may cause some markets to drop out of the running (and become part of the ‘Off the Back’ group, see below).

Some of the strongest contenders within this group of hotel markets include: Brussels, Hamburg, Lisbon, Rome, Milan, Manchester, Moscow, Sofia and Tallinn.

The impact of the reopening of the Radisson Blu Hotel and Conference Centre at the end of 2009 (the largest hotel in the city, with 556 rooms) was only fully felt in 2010 and somewhat limited Hamburg hotels’
occupancy, with a marginal year-on-year decline of 1%. However, the encouraging 8% increase in average rate means that the city is well positioned to catch up with the chasing pack ('the Drafters') and accelerate its recovery in 2011. While the Congress Centre Hamburg (CCH) renovations have not taken place and are needed for the city to maintain its competitive positioning, the extension of the market with the development of Hamburg Hafen and the hotel projects attached to it have set expectations high and will certainly make this market one to follow carefully in the future.

**Brussels** saw the opening of the first Aloft property in Europe (Starwood's new mid-scale lifestyle brand) and the sale of the Hilton Brussels as a sign of continuing interest by operators and investors in this established, government-demand-driven market. Indeed, despite this steady source of business for hotels, the challenging conditions in the corporate segment have constricted average rate (a drop of 2%), thereby restricting the city's RevPAR growth to 6%.

Despite an increase in occupancy levels, **Lisbon** hotels' average rate remained weak with a further year-on-year decline of 2% as at July, with most of the pain felt at the higher end of the market (five-star hotels constitute around 23% of the city's hotel supply). According to the Lisbon tourism authorities (Observatorio Turismo de Lisboa) the Portuguese capital will receive an additional 137 rooms by the end of 2010, followed in 2011 by five new openings adding a further 700 rooms. With airport arrivals still below 2008 and 2009 levels, the future of Lisbon's hotel market remains uncertain.

Similar to Europe's other popular tourism destinations, **Rome**'s hotels have achieved a year-on-year growth of more than 10% in occupancy, while average rate recorded a 3.5% decline. The Italian economy is still in a fragile state and is forecast to improve only at a slow pace, with GDP projected to grow by only 0.5% in 2010 and 1.0% in 2011. Rome has somehow maintained confidence within the investment community with a pipeline of around 350 additional rooms expected to open in 2010 followed by a similar injection in 2011.

**Milan** is in a comparable position as the very gradual recovery of business travel has maintained pressure on the city's average rates, which are still declining year-on-year. While the battle to attract leisure travellers has helped limit the loss in corporate business, the city's prime role as Italy's financial centre remains the foundation of this market and has therefore only supported occupancy growth to the detriment of average rate, which dropped by 6%. In 2010, the 65-room boutique hotel Maison Moschino, the 440-room Sheraton Malpensa Airport and the 62-room Milano Scala Hotel entered the Milanese market and will soon be followed by additions to the city centre luxury market with the 104-room Mandarin Oriental, the 95-room Armani hotel, the 78-room W hotel and the 137-room InterContinental Duomo.
Over the past ten years, **Manchester** has surprised observers with its capacity to regenerate itself from an industrial city to what is now considered by some to be the UK's true second city, with a dynamic retail sector, regular cultural and business events, and an international airport. The city is, however, a typical example of secondary cities, where business demand remains more price sensitive, which explains the only marginal average rate increase of 0.5% (-3% in pounds sterling); however, this still shows a bottoming out in the declining trend to make room for potential growth in the months ahead. Increasing occupancy, however, shows the appeal of this market to travellers. With a steady pipeline of new hotels, the city is also on the radar of investors.

**‘Off the Back’** - This group includes the markets that have shown RevPAR decline (red bubbles), mostly owing to a decline of both occupancy and average rate, or a continuous decline of average rate far outweighing the stabilisation of even growth of occupancy. We find in this group a range of markets for which the national economic climate has not favoured the increasing demand for hotel accommodation (**Dublin** and **Athens**, for instance) or where high levels of new supply prior or during the financial crisis considerably weakened the market's ability to rapidly bounce back (**Prague**, for instance). These markets have performed markedly below the levels achieved by the other markets, and are likely to take longer to recover the levels of performance achieved in the past. We note that a number of Central and Eastern European cities are included in this group (**Budapest** and **Bucharest**), which can be explained by several factors. Historically, in times of restricted travel (both business and leisure), demand for these rather ‘recent’ markets has dropped as a result of a refocus on established destinations. This drop in demand is also caused by the lack of sustainable and diversified demand generators (major events, conferences and attractions) and poor domestic demand.

Despite the fact that the year-to-July figures only reflect a portion of the overall picture, it is likely that the remaining months of the year will accentuate these trends rather than cause any major reversals in fortune.

From our analysis of the evolution of each market's of trading performance, we have estimated the year-end values. As some markets were more affected than others by environmental disruptions, such as a severe winter and the Eyjafjallajokull volcanic ash cloud, the second half may allow some markets to catch up towards the end of the year.

**The Currency Trigger**

Following this analysis, we need to highlight that the weakening of the euro against other European currencies (pound sterling, Swedish krona, Swiss franc, Czech koruna, and so forth) has distorted the average rate and ultimately RevPAR performance presented above. The translation of average rate from local currency has various impacts on the markets reviewed here. For some, presenting the data in local currency would reduce the magnitude of the positive year-on-
year growth of average rate (Stockholm, Birmingham, Edinburgh and London) and in some instances move from positive to negative territories (Manchester and Warsaw, for instance) resulting in lower RevPAR growth and, unfortunately for the rest, the calculation would cause them to deepen the drop in average rate and RevPAR (Bucharest, Budapest, Copenhagen, Prague, Moscow and St Petersburg). The importance of the currency issue is widely understood; however, depending upon the weight of domestic trade versus international trade, this issue has a varying degree of relevance when analysing each market’s outlook for recovery.

‘The Podium’

Following our review of the performance of each market and outlook for the remainder of the year, here is an indication of which markets are likely to finish the race strongly and occupy the top five spots of hotel values per room by the end of 2010.

However, London has been progressively catching up with the French capital (from a difference of approximately €62,000 to just €49,000 per room) and is chasing hard at €517,000, or an expected year-on-year increase of 7%. In the same way that inches and metres can still cause cross-Channel confusion, a change in the euro/sterling exchange rate in favour of London may actually reduce the gap further.

The Swiss team has been consistent through peaks and troughs, reflecting its stability. While retaining 3rd and 4th place, the two hotel markets have switched positions, with Zürich now expected to occupy 3rd position at a value of €430,000 per room, followed by Geneva at €428,000. While both demonstrated occupancy and average rate growth, Zürich was able to increase the pace through more aggressive rate growth. As often mentioned in the past 18 months, the maturity of these markets and the solidity of market fundamentals have allowed them to race well and keep up with the top two.

Istanbul continues its ascension to the top, based on positive market fundamentals and great interest from hotel investors. Despite a significant pipeline for the next couple of years, Istanbul is not yet out of breath and is likely to continue to gain on the top four. According to our estimates, Istanbul could end the year at €339,000.
This year, the 'Maillot à Pois' (for the uninitiated, that's a fetching 'polka-dot jersey' given to the best climber, or 'king of the mountains'), is likely to go to Germany, as indeed three of the five strongest improvers leading the competition for best year-on-year value growth (in percentage terms) are German cities: **Frankfurt** (with an estimated increase in value of 9% to €169,000), **Munich** (8% to €210,000) and **Berlin** (8% to €187,000). **Istanbul** and **Stockholm** are only a few pedal revolutions behind with estimated increases of 6% each. We note, however, that both the Turkish and Swedish teams have an unfair currency advantage as it appears that their average rate performance would significantly reduce when expressed in local currency.

**The Transactions Barometer**

Apart from a turnaround in hotels’ RevPAR performance, another sign of sustainable hotel market recovery is an upturn in transaction activity. As at October, a pickup in the number of hotel transactions (+18%) has become clearer when compared with the same period in 2009. This positive trend was also supported by a series of high-value single-asset transactions over the last four months.

After a slow start with only 12 single-asset transactions in the first quarter, transactions accelerated in the second quarter, totalling 30 transactions by the end of June. By then the highest prices per key had been achieved by the Queen’s Gate Hotel Kensington (€444,000) in London, the Hilton Sa Torre Mallorca (€385,000) and the Hotel Lutétia in Paris (€628,000).

London, Paris and other western European gateway cities remain the main acquisition targets in a recovering market. The third quarter recorded the sale of the Renaissance Arc de Triomphe Paris for €966,000 per room (the highest value per room for 2010 at the time although this includes a retail component so is not a ‘pure’ hotel), while a number of expected transactions materialised, including the Blakes Hotel in London (€23 million or €451,000 per room) and the InterContinental Prague (€111 million or €297,000 per room).

The million euro per room mark was passed in November, twice, with the sales of the St James Hotel & Club in London (for an estimated price of £60 million or approximately €1,151,000 per room) and Hotel De Crillon in Paris (€1,701,000 per room), almost overshadowing the purchase of the Berners Hotel by Marriott International (estimated to have transacted at around €60 million) which, after a planned renovation lasting 18 to 24 months, should reopen under the Edition brand. The latest reported transaction involved the purchase of the JW Marriott Grosvenor House by Sahara India Pariwar for an estimated £470 million equivalent to approximately €1,121,000 a room, but this has not yet been confirmed.

Portfolio transactions, requiring higher levels of finance and thus increased lender confidence in the market, has also increased but at a slower pace so far in 2010. Spread over Europe’s main transaction markets (Germany, the
UK, Italy and France) a higher portion of limited service hotel transactions (Accor, B&B, Citadines) was noticeable. The main portfolio transaction comprising full-service hotels was Westmont’s acquisition of ten Hilton Hotels in Western Europe.

The Road Ahead

In addition to the individual market perspective provided here, we consider that our regular interaction with the industry's major players and our work throughout Europe enables us to witness some of the key trends that have emerged in the past few months, as well as gain insight into the expected changes in the hotel investment environment and thus the state of the European hotel investment market.

By July 2010 only six of the European markets included in our analysis still showed a year-on-year RevPAR decline, a clear sign that the process of recovery is underway. The leaders of this recovery appear to be the 'usual suspects' that have benefited from a diverse pool of source markets and customer segments, and a solid basis of demand generated by regular events and a dynamic domestic market. For those having started their recovery process in late 2009 (London, for instance) the full year variation might soften slightly towards the end of the year.

With all four German markets included in our analysis showing RevPAR and estimated value growth, we suspect that the country's decentralised organisation has allowed for a share of the national economy's improvement, whereas larger gaps have occurred between the capital and provincial markets for other western neighbours (France, the UK).

From our preliminary estimates, 17 of the 36 markets reviewed should be showing year-on-year growth in value by the end of 2010. While this would confirm the positive trading signals recorded this year, we note that the differences between the hotel markets remain significant.

The crisis has had some positive effects on the market, the fall of some historical sources of business has pushed hoteliers to take risks and target emerging segments or source markets. On this note, most cities are currently realising the growing importance of China both as travellers and investors, and the same is true for the other BRIC countries.

For the group we have labelled the ‘Peloton’ (or main pack), what lies on the horizon remains unclear in regards to average rate growth. The question now seems to be not whether these markets will see rate growth, but rather when. The end of the year? Early 2011? For some, the answer is moving ever closer, owing to a pick-up in demand from the meeting and conference segment, one of the worst-affected segments during the downturn.

The economic crisis has highlighted that, while hotels develop their own marketing initiatives, the coordination and support of tourism authorities
remain important pillars of strength for destinations competing in an increasingly globalised world.

In those markets that have already benefited from several waves of new supply, we witnessed a rapid vertical expansion of the main international brands (expected to accelerate in the coming year), stretching their presence with complementary brands to rapidly capture the increasingly segmented demand. In the past year or so the traditional ‘economy, upscale and luxury’ model has become more complex, offering products that cross two or more segments (for instance, boutique hotels). Following on from this trend, it is likely that the ‘value for money’ philosophy so prominent in the middle of the recession will remain and continue to push the sophistication of the product and service offering by the economy and midscale segments.

Investor confidence should improve with ‘confirmed signs’ that we have passed the bottom of the cycle; that is, when rates start to increase steadily. This confidence level will be confirmed by how well operators can continue to translate any increase in revenue into additional profits through continuing rigorous management and innovative service delivery. Also, in the same manner that we are becoming more environmentally aware, investors will increasingly assess both the hotel’s operational and environmental performance as these two issues converge towards pure economic sense. Governmental incentives and European regulations will surely play a significant role in this matter, although as usual the winners will be the ones to beat the rest to the punch and lead by innovation.

Cash-rich investors and opportunistic buyers will continue to have an edge in this market. However, the gradual improvement of lending conditions will allow for a reduced price gap between sellers and potential buyers and therefore speed up the pace of transactions. Eyes will also be kept firmly peeled for any potential disposal of ‘toxic-assets’ by major banks or government agencies. From the 2009 credit-dry environment, we have been moving more towards selective lending and possible refinancing.

If anything, 2010 has been a continuous learning curve for all parties involved in the hotel world. Similarly to other industries, the sophistication of the product and service offering, the increasing globalisation of competition, and the variety of parties involved in the creation, management and financing of hotels have greatly enriched our ‘sport’. While 2011 will bear some similarities to 2010, it will certainly be another pulsating year, with the development of new hotels, concepts and the emergence of new opportunities. And, as they say, while counters won't be reset to zero, 2011 will be a whole new race.
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