

EMEA HOTELS MONITOR

AUGUST 2013

ISSUE 12





Whitebridge Hospitality is a specialist advisor to investors, developers and operators in the hospitality industry around the globe. We provide investment, operational and planning advice, and guidance in respect of the entire hospitality spectrum, including: hotels, mixed-use resorts, leisure facilities, casinos, visitor attractions and sporting venues. Our uniquely qualified team can provide services throughout an asset's life cycle.

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STR Global provides clients with access to hotel research with regular and custom reports covering over 46,000 hotels 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, Forecast and Census data covering all aspects of the industry.

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Introduction

Firstly, we would like to congratulate Andy Murray for winning Wimbledon and for joining our hotel family following his acquisition of Cromlix House Hotel near Dunblane.

On a more business-like level, the financial pressures that have been brewing for some years now are finally boiling over into a rush of deals. Already in the first six months of 2013, we have seen some big portfolio sales, corporate transactions and structural refinancing. Two of the biggest portfolio deals were related to the ongoing clearance of entities in receivership in the UK (namely a portfolio of 42 Marriott Hotels and the Malmaison/Hotel du Vin collection).

Of particular note is the clear emergence of investment out of China. Notable deals in the region included: New Century Hospitality's acquisition of the Golden Tulip in Offenbach, Germany (€10.5m); HNA Group acquiring a 20% stake in NH Hoteles (€234m); China Glory National Investment acquiring the Venus Rock Golf Resort in Cyprus (€290m); and China State Construction Engineering Corporation (CSCEC) to invest in the Viceroy Dubai Palm Jumeirah project in Dubai (US\$1bn).

Already in the first six months of 2013, we have seen some big portfolio sales, corporate transactions and structural refinancing.

Improvements in hotel performance have been most prevalent in the Middle East and Northern Africa, including Cairo which registered an increase in RevPAR. Europe, meanwhile, has exhibited more stable conditions with only slight gains in performance.

For a bit of fun in the heat of such a hot transactions market, our back-page feature is a quick review of some of the quirkier hotel projects under consideration in the world.

Philip Camble

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Editor, EMEA Hotels Monitor*

Performance Trends

Jan-Jun City	2013			2012			Growth					
	ADR	Occ	RevPAR	ADR	Occ	RevPAR	ADR		Occ		RevPAR	
	€	%	€	€	%	€	Abs (€)	%	Abs %	%	Abs (€)	%
Amsterdam	129.44	72.6	93.97	132.95	72.0	95.68	-3.50	-2.6	0.6	0.9	-1.71	-1.8
Berlin	88.34	69.4	61.34	87.18	68.3	59.58	1.16	1.3	1.1	1.6	1.75	2.9
Budapest	65.75	61.4	40.36	65.51	56.9	37.27	0.24	0.4	4.5	7.9	3.09	8.3
Cairo	78.95	45.2	35.68	77.61	44.9	34.81	1.34	1.7	0.3	0.7	0.87	2.5
Cape Town	94.79	64.8	61.47	100.45	61.1	61.39	-5.66	-5.6	3.7	6.1	0.08	0.1
Copenhagen	109.20	65.6	71.68	103.28	63.7	65.74	5.92	5.7	2.0	3.1	5.93	9.0
Dubai	193.12	84.4	162.91	181.09	80.9	146.45	12.03	6.6	3.5	4.3	16.47	11.2
Dublin	88.69	74.6	66.15	84.01	70.4	59.15	4.68	5.6	4.2	5.9	7.00	11.8
Edinburgh	86.92	74.6	64.88	88.90	73.9	65.67	-1.98	-2.2	0.8	1.0	-0.79	-1.2
Helsinki	102.85	63.0	64.79	104.66	66.0	69.09	-1.81	-1.7	-3.0	-4.6	-4.30	-6.2
Istanbul	155.89	70.7	110.21	147.81	72.8	107.67	8.08	5.5	-2.1	-2.9	2.53	2.4
London	155.78	79.7	124.21	163.79	78.7	128.95	-8.01	-4.9	1.0	1.3	-4.74	-3.7
Madrid	86.83	62.7	54.44	88.60	65.3	57.84	-1.78	-2.0	-2.6	-3.9	-3.40	-5.9
Milan	134.81	64.2	86.53	133.06	62.5	83.11	1.76	1.3	1.7	2.8	3.42	4.1
Moscow	147.57	64.8	95.56	149.95	64.3	96.49	-2.38	-1.6	0.4	0.6	-0.93	-1.0
Muscat	173.27	72.3	125.28	169.55	62.7	106.31	3.72	2.2	9.6	15.3	18.98	17.8
Paris	263.66	78.0	205.65	249.24	77.6	193.46	14.42	5.8	0.4	0.5	12.19	6.3
Prague	72.68	63.9	46.41	73.10	63.6	46.47	-0.42	-0.6	0.3	0.5	-0.06	-0.1
Riyadh	203.40	61.3	124.67	201.62	62.2	125.43	1.78	0.9	-0.9	-1.5	-0.76	-0.6
Rome	148.68	64.3	95.62	144.60	64.5	93.25	4.08	2.8	-0.2	-0.3	2.37	2.5
Vienna	95.15	66.5	63.28	95.11	67.7	64.39	0.03	0.0	-1.2	-1.8	-1.11	-1.7
Warsaw	70.32	69.6	48.94	95.82	67.5	64.72	-25.49	-26.6	2.0	3.0	-15.78	-24.4
Zurich	185.00	69.4	128.47	190.13	68.7	130.69	-5.13	-2.7	0.7	1.0	-2.22	-1.7

Source: STR Global

- The Middle East has seen a good hotel performance in the first six months of 2013 with RevPAR growth of 9.2% driven by both ADR (4.9%) and Occupancy (4.1%). Equally Northern Africa shows a 6.8% increase in RevPAR sourced from elevated occupancy rates (9%). Recent governmental changes in Egypt have not calmed the situation in the country and the future for the tourism and hotel market remains unpredictable.
- Oman showed a demand increase of 24.6% YTD June establishing itself as an attractive tourist and business destination. Currently there are more than 4,000 hotel rooms in the active pipeline, which is likely to have a bearing on future market performance.
- In Europe, hotel performance remained stable with only slight increases in occupancy and RevPAR reaching 64.9% and EUR 101.64 respectively. While Eastern Europe reports strongest occupancy growth (3.2%), only Southern Europe showed growth in ADR (2.4%) with key markets being Istanbul, Tel Aviv and Rome.

Hotel Construction Costs

Country	Budget hotels	Mid market – low	Mid market – high	Luxury
	€ per sqm	€ per sqm	€ per sqm	€ per sqm
UK	1,510 - 2,000	1,730 - 2,350	2,280 - 3,090	2,810 - 4,260
Austria	1,350 - 1,480	1,650 - 2,110	2,380 - 2,810	2,980 - 3,430
Belgium	1,120 - 1,630	1,470 - 1,880	1,630 - 2,030	2,230 - 2,740
Bulgaria	880 - 1,390	1,130 - 1,600	1,230 - 2,060	1,340 - 2,990
Czech Republic	910 - 1,230	1,130 - 1,380	1,230 - 1,730	1,530 - 2,090
France	1,580 - 2,040	2,040 - 2,650	2,550 - 3,570	2,860 - 4,590
Germany	1,650 - 1,810	1,730 - 2,030	2,060 - 2,890	2,680 - 3,400
Greece	900 - 1,090	1,090 - 1,400	1,300 - 1,700	1,700 - 2,200
Hungary	760 - 1,060	1,110 - 1,520	1,310 - 2,020	1,620 - 2,530
Ireland	1,500 - 1,800	1,750 - 2,000	1,950 - 2,200	2,300 - 3,000
Italy	1,490 - 1,710	1,670 - 1,860	1,810 - 2,130	2,110 - 2,780
Norway	2,000 - 2,860	2,430 - 3,290	2,570 - 3,430	3,140 - 4,000
Netherlands	1,110 - 1,290	1,200 - 1,430	1,390 - 1,770	1,570 - 1,860
Portugal	910 - 1,110	1,010 - 1,210	1,310 - 1,670	1,420 - 1,920
Romania	1,260 - 1,950	1,490 - 2,290	1,720 - 2,290	1,720 - 4,010
Russia	1,090 - 1,650	1,490 - 2,060	1,490 - 2,630	2,290 - 3,660
Slovakia	720 - 1,120	820 - 1,220	1,020 - 1,540	1,350 - 1,790
Spain	1,010 - 1,720	1,520 - 2,020	1,820 - 2,530	2,530 - 3,540
Sweden	2,170 - 2,650	2,650 - 3,120	3,120 - 3,460	3,460 - 4,500
Turkey	730 - 820	760 - 980	870 - 1,420	1,040 - 1,970
Ukraine	1,320 - 1,980	1,480 - 2,200	1,700 - 2,380	1,750 - 3,290
Abu Dhabi	1,080 - 1,310	1,480 - 1,820	1,830 - 2,090	2,230 - 3,070
Bahrain	900 - 990	1,180 - 1,290	1,320 - 1,400	1,450 - 1,860
Dubai	1,050 - 1,280	1,450 - 1,780	1,800 - 2,050	2,190 - 3,010
Saudi Arabia	980 - 1,060	1,280 - 1,390	1,420 - 1,510	1,560 - 2,000
Botswana	1,150 - 1,340	1,450 - 1,680	1,700 - 2,020	2,180 - 2,390
Mauritius	1,200 - 1,400	1,500 - 1,700	1,800 - 2,000	2,200 - 2,400
Mozambique	1,240 - 1,500	1,550 - 1,850	2,060 - 2,450	2,540 - 2,900
Namibia	1,130 - 1,320	1,420 - 1,630	1,740 - 2,000	2,150 - 2,350
Seychelles	1,850 - 2,250	2,350 - 2,600	2,650 - 3,080	3,200 - 4,200
South Africa	1,100 - 1,300	1,400 - 1,600	1,700 - 1,900	2,100 - 2,300

These costs have been prepared from a survey of Rider Levett Bucknall worldwide offices and members of the RLB | EuroAlliance. Costs are expressed per square metre of gross internal floor area. The costs include FF&E, but exclude operator's stock and equipment. Fees, land costs and local taxes (VAT or similar) are also excluded. Costs are generally based on constructing international hotels to Western European specifications. Data is prepared to highlight key cost trends and differences between markets. Users should verify the suitability of general cost data to their specific circumstances. Exchange rates and inflation can distort generic data, for specific project guidance please contact Rider Levett Bucknall.

Source: Rider Levett Bucknall

- Many European countries are experiencing an ebb and flow of GDP growth. Austerity in some regions is tempered by targeted stimulus packages.
- Currency fluctuations remain a significant influence when comparing international costs.
- In some countries the Construction Sector has remained a drag on the rest of the economy, a trend that may see some limited and delicate reversal (e.g. the UK). Competition for most projects remains strong preventing any significant margin growth or tender price rebound.

Transaction Tracker

Region	Hotel	Location	No. of Keys	Total Price	Price per Key
Portfolio Transactions				€	€
	4 x Starwood Cap. hotels ¹	France	1,727	750,000,000	434,279
	20 x Holiday Inn hotels	Germany	3,649	300,000,000	82,214
	2 x Ibis hotels ²	Germany/Netherlands	405	37,000,000	91,358
	2 x IHG hotels ³	London, UK	350	67,280,000	192,229
	42 x Marriott hotels*	UK	8,000	742,400,000	92,800
	26 x Malmaison/HdV hotels*	UK	1,909	218,080,000	114,238
Single Asset Transactions					
France	Sofitel Paris Le Faubourg	Paris	147	99,099,338	674,145
	Trinite Plaza Hotel	Paris	42	5,000,000	119,048
Germany	Motel One Bellevue	Berlin	248	15,500,000	62,500
	Vier Jahreszeiten Hamburg	Hamburg	156	35,000,000	224,359
	Grand Hotel Heiligendamm*	Heiligendamm	204	30,000,000	147,059
	Golden Tulip Offenbach	Offenbach	248	10,500,000	42,339
Ireland	Ashford Castle*	Co. Mayo	83	20,000,000	240,964
	Sheen Falls Lodge	Kenmare	66	5,000,000	75,758
Spain	Barceló Raval	Barcelona	186	37,000,000	198,925
	W Hotel Barcelona	Barcelona	473	200,000,000	422,833
UK	Travelodge Bath Waterside	Bath	125	12,992,000	103,936
	Hunstret House Hotel	Nr. Bath	25	5,800,000	232,000
	Paragon Hotel*	Birmingham	250	6,960,000	27,840
	Cromlix House Hotel	Dunblane	14	2,088,000	149,143
	Apex Waterloo Place	Edinburgh	187	11,600,000	62,032
	Apex City of London Hotel	London	179	21,692,000	121,184
	Hilton Heathrow T5	London	350	24,360,000	69,600
	InterContinental Park Lane	London	447	349,740,000	782,416
	St John Chinatown Hotel*	London	15	1,392,000	92,800
	Travelodge Farringdon	London	219	27,840,000	127,123
	Travelodge Woolwich	London	120	9,280,000	77,333
	Travelodge Manchester Street	Oldham	187	11,600,000	62,032
Other EMEA	NH Grand Hotel Krasnapolsky	Amsterdam, Netherlands	468	157,000,000	335,470
	Southern Sun Ikoyi Hotel	Lagos, Nigeria	195	52,051,282	266,930
	Radisson Blu Riverside	Gothenburg, Sweden	265	48,900,000	184,528

Source: Whitebridge Hospitality

*Sold out of receivership

¹ Martinez Cannes, Palais de la Mediterranee Nice, Concorde-Lafayette & du Louvre Paris

² Munich City West & The Hague

³ Holiday Inn & Staybridge Suites Stratford

- Other interesting deals included resorts in the Seychelles and Mauritius, and a group of five hotels in Belgium.
- Deal activity in France and Germany has been strong, with Marantha buying several hotels in France, and the Grand Hyatt and NHOW hotels changing hands in Berlin.
- Corporate deals included: Club Med, Maybourne, Amanresorts, NH Hoteles, Sanguine Hospitality and BDL Management.
- Refinances included: Occidental Hotels, QHotels, Principal-Hayley, Jury's Inn, Real Star portfolio and Kerzner International.

Prices have been rounded where appropriate. 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 the announcement.

SURREAL REALITIES

Introduction

Over the years we have worked on some of the world's most pioneering and cutting edge hospitality projects. From multiple hotels and a convention centre on The World in Dubai, to the world's largest hotel, to resorts in the most remote settings on earth.

We have seen hotels in the shape of boats, boots, elephants, dogs, trees and wigwams. We have worked on hotels that would be themed by iconic popstars and one of the most valuable space- adventure brands in Hollywood. We have stayed in floating rooms on lakes and in hotels made of ice. We have worked on a hotel that will provide accommodation and hospitality to astronauts travelling on the first commercial space flights. Consequently, we thought it would be fun to take a quick look at some of the more adventurous schemes at different levels of design and implementation.



Image © Deep Ocean Technology

The Water Discus Hotel

Created by Deep Ocean Technology, this futuristic underwater hotel is earmarked for development off the island of Kuredhivaru in the Maldives. Featuring 21 underwater rooms and public areas in the discs some seven metres above water level.

The Hotel in the Heavens

Russian engineers and Orbital Technologies have designed a four-room hotel that would orbit 200 miles above Earth by 2016. Guests would reach the hotel via a Soyuz rocket at a cost of £500,000, arguably the most expensive transfer in the universe.



Image © Orbital Technologies

Closing

We would love to see these hotels built and to visit them too. In a world where design and technology are progressing so quickly, who knows, some of these amazing schemes may come to be. One which is unlikely to ever reach reality, however, is the infamous Dubai Bubble City - a floating city project, launched at the height of the property boom in Dubai, to have been powered by huge helium balloons and anti-gravity machines.



Artist's impression



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