



THE HAGUE, THE NETHERLANDS
Hotel Market Snapshot

Not just the "City of Justice"

November 2015





Hilton The Hague, Restaurant Pearl (Source: Hotel)

HIGHLIGHTS

The Hague is the **third largest city in The Netherlands**, after Amsterdam and Rotterdam, and the administrative capital of the province of South Holland. The city is the seat of the Dutch government and home to more than 160 international organisations, such as the International Court of Justice, the International Criminal Court and over 100 foreign embassies and consulates.

The royal city of The Hague has long lived in the shadow of its more cosmopolitan sibling Amsterdam, but it is fast catching up as a **popular destination for business travel, meetings and leisure trips**. Having seen strong hotel investment and development activity over the past 24 months, we felt it was time to present the highlights of The Hague's hotel market.

THE HAGUE - Key Facts and Figures (2013 / 2014)

Population	505 055
GDP*	€ 33 994 000
GDP per capita*	€ 41 074
GDP growth	+1.5%
Unemployment	10.9%
Tourism Arrivals	841 000
Overnight Stays	1 377 000
% Domestic Tourism	50.1%
% International Tourism	49.9%
Number of hotels	54
Number of hotel rooms	3 777

**For The Hague metropolitan area*

Source: Centraal Bureau voor de Statistiek, Bedrijfschap Horeca en Catering, BNP Paribas Research

WHAT'S NEW? WHAT'S COMING UP IN THE HAGUE?

- The construction of the new permanent premises of the International Criminal Court (ICC) is in its final stages and should be completed by the end of 2015. The 52 000 m² site will boast over 1 200 workplaces and 3 court rooms.
- The Hotel Bel Air, The Hague's largest hotel, was sold in June 2015 and is currently subject to a major refurbishment. Upon completion of the renovation works in January 2016, the 300-room property will be rebranded to become Marriott property.
- The Hague's convention centre World Forum is currently undergoing a € 25 million renovation to remodel its main entrance and upgrade its facilities. Works should be completed by 2017.
- Over the coming decade, the harbour of Scheveningen, The Hague's main seaside resort, will benefit from a major transformation, aimed at the reinforcement of the harbour's economic function and at the creation of a unique multi-functional destination. One of the main projects, the "FISH" business park project, will comprise the development of a 200-room 3-star hotel, 35 serviced apartments, offices and a parking as well as seafood related attractions and retail units.



The Hague Peace Palace (Source: © Jan Kranendonk - Fotolia.com)



The Hague Skyline (Source: © Compuinfoto - Fotolia.com)

ACCESSIBILITY

Located near the North Sea coastline, at the heart of the conurbation called "Randstad", The Hague is located within easy reach of two international airports: Rotterdam-The Hague International Airport and Amsterdam Schiphol International Airport. In close vicinity of the port of Rotterdam, Europe's largest harbour, and less than one hour from the economic and cultural capital Amsterdam, The Hague benefits from a strategic business location with good connectivity to European and global markets.

The **Rotterdam-The Hague Airport**, located 20 km from The Hague, is the third largest airport in The Netherlands behind Amsterdam Schiphol and Eindhoven.

Having steadily expanded over the past few years, the Rotterdam-The Hague International Airport is currently connected to over 40 destinations through 9 national and international airlines.

After having observed a downward trend in 2008 and 2009, the airport has recorded exceptionally strong growth of +76.3% in passenger numbers over the past five years, reaching a record-high of 1.6 million passengers in 2014.

This positive trend is expected to continue as the airport has the objective to welcome at least 2 million passengers by 2023. In order to accommodate this growing demand, expansion plans are currently awaiting approval.

Amsterdam Schiphol Airport, located 45 km from The Hague, is the largest and busiest airport in the country and the 5th in Europe in terms of passenger traffic behind London Heathrow, Paris Charles de Gaulle, Frankfurt and Istanbul.

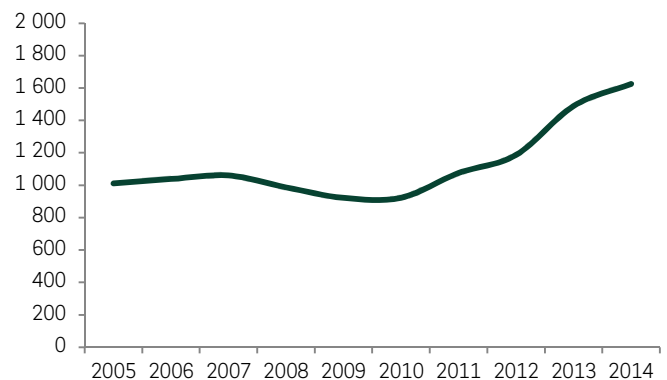
A major European hub for air traffic, the airport serves no less than 319 passenger and cargo destinations in 98 countries through 101 airlines. The airport serves as KLM's home base and is also one of the hubs for the Air France-KLM SkyTeam alliance.

The number of passengers travelling to/from Schiphol reached a milestone in 2012, exceeding for the first time the 50 million mark, totalling almost 51 million, an increase of +2.6% compared to 2011. After declines in 2008 and 2009, the airport has recorded particularly strong growth for the past 5 consecutive years, at a compound annual growth rate of +4.8%. As a result, total passenger numbers reached close to 55 million in 2014.

The **port of Rotterdam**, accessible in less than 45 minutes from The Hague, is Europe's largest cargo and container port, before Antwerp and Hamburg. The port owes its leading position to its strategic location and excellent accessibility and facilities for sea-going vessels. Covering an area of 40 km², the port of Rotterdam consists of five distinct port areas and three distribution parks. In addition to the strong economic activity related to Rotterdam's cargo and container port and surrounding industrial area, the city's cruise port is increasingly gaining in importance as an attractive destination for cruise calls.

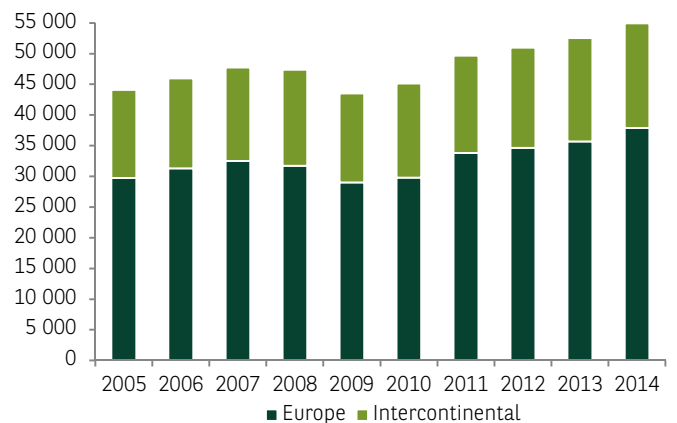


Rotterdam-The Hague Airport - Number of passengers
2000-2014 (in thousands)



Source: Rotterdam-The Hague Airport

Amsterdam Schiphol Airport - Number of passengers
2000-2014 (in thousands)



Source: Amsterdam Schiphol Airport

DEMAND

In 2014, The Hague welcomed a total of 841 000 tourists, generating **1 377 000 overnights**. Both indicators showed positive growth, with +4.5% and +5.0% respectively. This increase was entirely related to the exceptionally strong take-up in international demand, with +14.2% in arrivals and +11.7% in overnights. While 2013 was a particularly strong year in terms of domestic demand, Dutch arrivals and overnights contracted in 2014, recording decreases of -3.9% and -1.0% respectively.

While The Hague is the **third most visited city in The Netherlands** after Amsterdam and Rotterdam, it accounts for only 3.5% of total overnights recorded nation-wide. This reflects the particularly strong position of Amsterdam which attracts almost one third of overnights in The Netherlands as well as the strong spread of demand amongst the other Dutch tourist destinations.

In 2014, 50.1% of the overnights were generated by the domestic market. International demand for The Hague mainly came from European markets, accounting for 36.7% of total overnights. The top 3 source markets, namely Germany, the UK and Belgium, together accounted for almost 25.0% of total overnights, while the American and Asian continents each generated around 5.0% of demand.

The average length of stay in The Hague remained stable in 2014, with 1.64 nights. Domestic travellers stayed 1.63 nights on average in 2014, up from 1.58 in 2013, while foreign travellers stayed 1.65 nights on average, down from 1.68 in 2013.

Regarding the purpose of visit, around 54.0% of demand is generated by the business segment while 46.0% of demand is leisure-related.

Business and MICE Tourism

The Hague benefits from the fact that part of its corporate travel demand is strongly linked to location-specific demand sources, such as the seat of the Dutch government and the numerous administrative and political institutions and organisations.

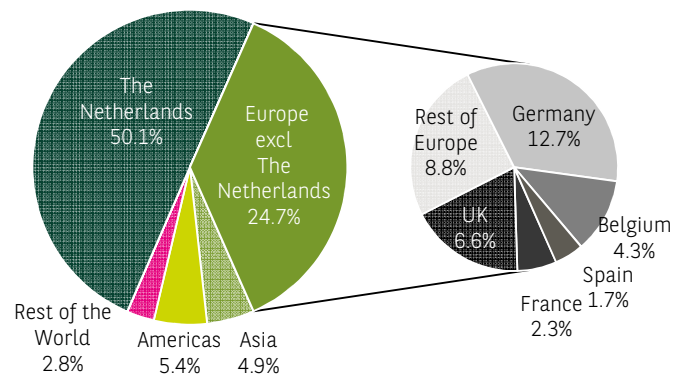
The city of The Hague is renowned on an international scale as the **city of Peace and Justice**, being home to the Peace Palace, the International Court of Justice as well as the Permanent Court of Arbitration and the International Criminal Court. There are currently more than 160 intergovernmental and non-governmental international organisations located in The Hague. In addition, the city welcomes more than 300 international companies, including Shell, Siemens, ING and KPN.

Evolution of arrivals and overnight stays
2008-2014 (in thousands)



Source: Centraal Bureau voor de Statistiek, Den Haag Marketing

Main international feeder markets (Overnights)
2014



Source: Centraal Bureau voor de Statistiek

The Hague World Forum, the city's main convention centre located between the city centre and Scheveningen, features a multifunctional auditorium, 30 break-out rooms and 10 000 m² of exhibition space. The World Forum is currently undergoing € 25 million renovation and upgrade works which should be completed by 2017.

In March 2014, the World Forum hosted the Nuclear Security Summit, the largest international summit in the history of The Netherlands, attended by world leaders and heads of state of more than 50 countries. In April 2015, The Hague hosted the Global Conference on CyberSpace, attracting over 1 500 participants from 100 different countries.

According to the ICCA ranking, The Hague was the fourth city in The Netherlands in terms of number of events hosted in 2014, with **22 International meetings**. Despite the continuous efforts of the local Convention Bureau to promote The Hague as an international MICE destination, the city's position in the ICCA ranking has weakened against other markets over recent years, falling from the 86th rank in 2010 to the 108th in 2014.

**It should be noted that the ICCA ranking should only be considered as a benchmark tool, as it only includes international meetings which rotate in a minimum of three different countries.*



The Hague World Forum (Source: © Den Haag Convention Bureau)

Leisure Tourism

Its historic city centre, its large offer of cultural attractions and recreational activities combined with its two seaside resorts, Scheveningen and Kijkduin, make The Hague an **attractive destination for leisure travel**.

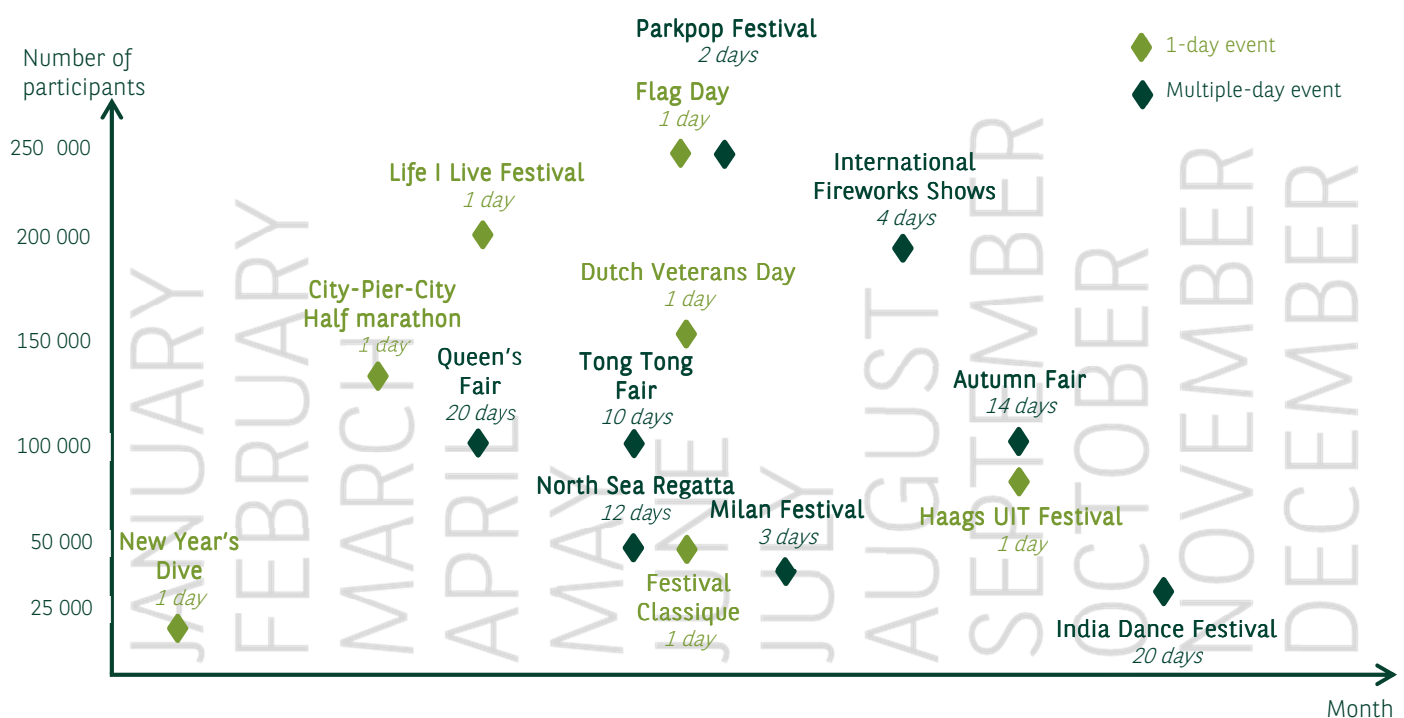
The city offers a variety of museums and cultural attractions, including the Peace Palace, the Gemeentemuseum, renowned for the largest Mondrian collection in the world, the Museon, museum for science and culture, and Panorama Mesdag, exposing a cylindrical panorama and Holland's largest painting. The Mauritshuis, located next to the Dutch parliament buildings, is celebrated for its collection of Dutch masterpieces from the 17th century. The museum re-opened mid-2014 after an extensive renovation and extension programme and has since attracted strong interest from international press and visitors.

Scheveningen, one of The Hague's 8 districts, is one of Holland's most popular seaside resorts. Offering several kilometres of sandy beaches as well as numerous restaurants, beach clubs, shops and other activities, Scheveningen attracts millions of visitors every year.

Besides the beach, visitors can enjoy attractions such as the SeaLife marine aquariums, the Madurodam miniature city and the Scheveningen Pier.

The Hague and Scheveningen also host **numerous cultural, musical and recreational events**, most of which are organised every year. Major events include Vlaggetjesdag (Flag Day), a festive tradition around the start of the herring season, and Parkpop, one of the largest free pop-music festivals in Europe, both attracting over 250 000 visitors each.

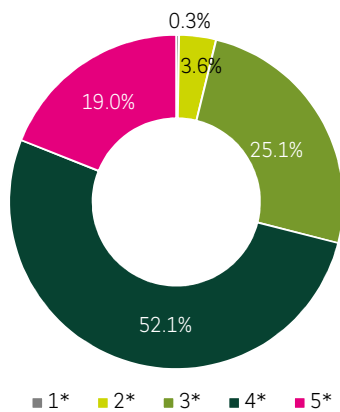
Main recurrent annual culture & leisure events
Length and number of participants in 2014



Source : City of The Hague, BNP Paribas Real Estate Hotels

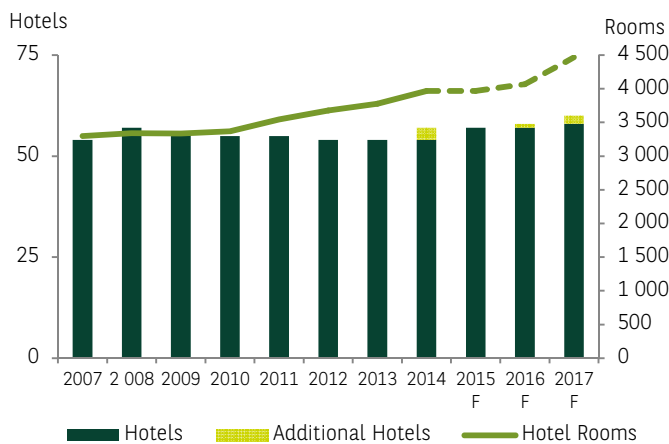
SUPPLY

Hotel supply by category
2013



Source: Kenniscentrum Horeca

Hotel supply evolution
2007-2017 forecast



Source: Kenniscentrum Horeca, BNP Paribas Real Estate Hotels

Future supply development is expected to be limited over the next couple of years, reflecting the emphasis of the **city's strategic hotel note "Check in The Hague : Roomservice 2.0"** on supporting and facilitating expansion and improvement of existing hotels rather than the development of new properties.

Several new projects are however still in the pipeline, including the development of a 200-room, 3-star hotel by Dutch hotel operator Inntel Hotels and real estate constructor VolkerWessels Vastgoed in the harbour of Scheveningen as part of the "FISH" business park project.

Danzeper Hotels BV, a Dutch hotel developer and operator together with real estate company Kondor Wessels Groep are rumoured to be studying possibilities to create an EasyHotel within the Scheveningen Pier.

Furthermore, in August 2015, real estate developer Provast and the municipality of The Hague signed an agreement for the construction of a tower composed of 175 residential units and a 6 000 m² hotel on the Grotiusplaats, close to the Central Station.

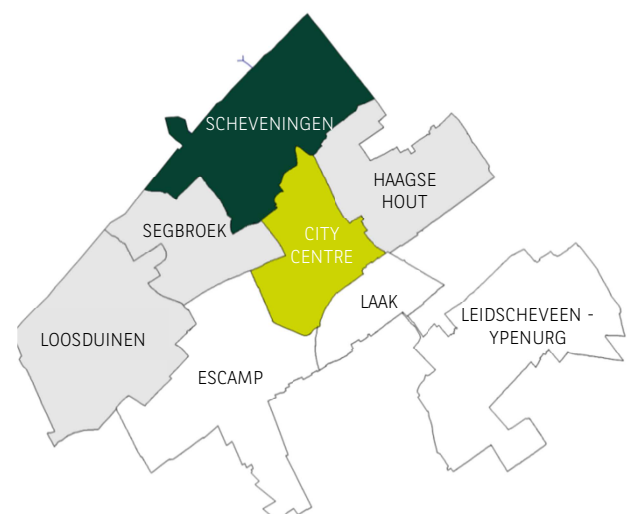
The Hague counted a total of 54 classified hotels in 2013, with a total capacity of 3 777 rooms. More than 70% of the hotels rooms are positioned in the upscale 4- and 5-star categories.

Over the 5-year period between 2009 and 2013, the number of hotels slightly decreased, from 56 to 54, while the **number of available rooms recorded a +14.6% growth**, indicating that the city saw the closing of several small hotels which were replaced by fewer new hotels with larger capacities. Indeed, the average capacity grew from 60 rooms per hotel in 2009 to 70 in 2013.

The city counts a large number of 3-star hotels (44.4% of total hotel properties) boasting however limited capacity. Conversely, the hotels from the 4-star category only account for 27.8% of the hotels but given their large capacity, they account for more than half of the city's total room capacity.

The large majority of hotel supply is concentrated within the city centre and the Scheveningen area.

The Hague's hotel market is further characterised by a **particularly strong presence of national and international hotel groups**, with more than two thirds of the room stock being managed under a brand. Recent supply development was indeed strongly dominated by international hotel groups, with Hilton, IHG, Accor and EasyHotel together adding almost 550 units. The brand penetration rate is expected to exceed 75.0% as from January 2016, with the rebranding of the 300-room Bel Air Hotel to a Marriott property.



The Hague – Latest hotel openings
2010-2015

Year	Category	Hotel	Rooms	District
2010	5*	Hilton The Hague	195	City centre
2012	3*	Court Garden Hotel	70	City centre
2012	3*	Holiday Inn Express The Hague - Parliament	127	City centre
2013	2*	EasyHotel Den Haag City Centre	109	City centre
2014	4*	Novotel Suites Den Haag City Centre	118	City centre
2014	3*	Ramada The Hague - Scheveningen	63	Scheveningen
2014	4*	T Goude Hoofd	8	City centre
Total Rooms Recently Opened			690	

Source: BNP Paribas Real Estate Hotels

In addition to the relatively strong supply growth recorded over the past years, several properties have been (or will be) subject to major full or partial renovations, some examples of which are listed below.

The Hague – Recent hotel renovations
2011-2015

Year	Category	Hotel	Rooms	District
2011-2012	5*	Crowne Plaza	174	Scheveningen
2011	4*	Hotel Corona	36	City centre
2011-2012	4*	Novotel World Forum	216	Scheveningen
2014	3*	Patten Hotel	20	City centre
2014	3*	Ibis Den Haag City Centre	197	City centre
2013-2015	4*	Carlton Ambassador	88	City centre
2015	4*	Hotel Bel Air	300	Statenkwartier / Convention Centre
2015	4*	Parkhotel Den Haag	120	City centre



Novotel Suites Den Haag City Centre (Source: Hotel)



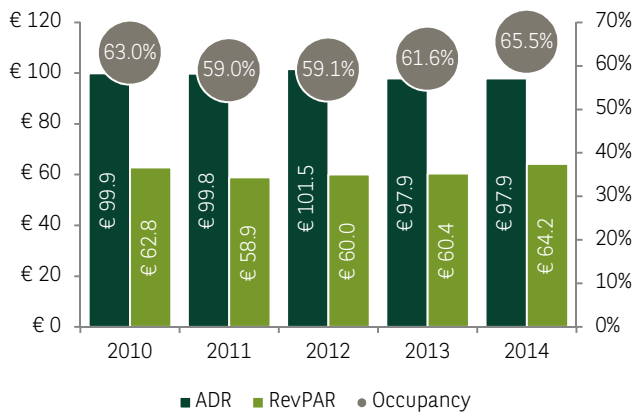
The Hague – Future hotel openings
2016-2019 forecast

Year	Category	Hotel	Rooms	District
Not confirmed	Not confirmed	EasyHotel De Pier	100 ⁽¹⁾	Scheveningen
Not confirmed	Not confirmed	Hotel Grotiusplaats	150 - 200 ⁽¹⁾	Central Station
Not confirmed	3*	Inntel Hotel Scheveningen	200	Scheveningen
Total Rooms in the Pipeline			450 - 500⁽¹⁾	

⁽¹⁾ Estimation / Source: BNP Paribas Real Estate Hotels

HOTEL PERFORMANCES

Hotel trading performances 2010-2014



Source: MKG Hospitality Database

After a minor uplift in 2010 with +0.7 point, occupancy fell by -4.0 points in 2011 to reach 59.0%, a level that remained stable in 2012. As the Dutch economy showed the first signs of recovery in 2013, The Hague's hotels saw an improvement in occupancy of +2.5 points, reaching 61.6%. In 2014, the local hotel market benefited greatly from the hosting of the Nuclear Security Summit, the re-opening of the Mauritshuis museum and the Hockey World Cup, the latter attracting more than 230 000 visitors, pushing occupancy to 65.5%.

As a result, after a cumulative decrease of -9.4% between 2009 and 2011, **RevPAR has been on a positive trend over the past three years**, mainly pushed upwards by a recovery in demand. In 2014, RevPAR reached € 64.2, close to the level recorded in 2009.



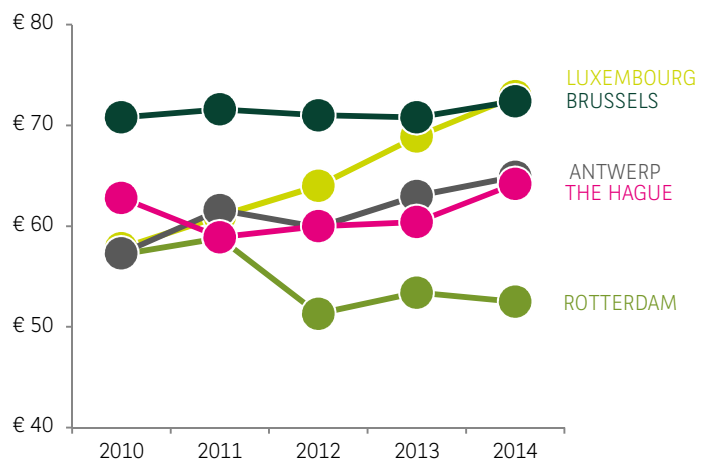
The Hague - "Plein" and skyline (Source: © SergiyN - Fotolia.com)

Hotel trading performances for the hotel market of The Hague over the past 5 years reflect the city's resilience and **relatively strong ADR levels**. They however also show the direct impacts of the relatively strong growth in local supply over recent years and the indirect effects of the particularly dynamic supply development in the country's major tourism market Amsterdam, situated at less than one hour.

As a result, average rates have been on a downward trend since 2009, losing -6.1% over the past 5 years, the only positive growth having been recorded in 2012 with +1.7%.

Key cities - RevPAR evolution

2010-2014



Source: MKG Hospitality Database

When comparing The Hague with 4 comparable hotel markets in the Benelux, namely Rotterdam, Brussels, Antwerp and Luxembourg, one can observe that the performances of the hotels in the subject market do not exactly follow the same evolutions. Brussels clearly outperformed the other markets historically, with relatively stable RevPAR levels. Luxembourg however, unlike The Hague, has benefited in recent years from a strong reduction in its hotel supply, allowing the city even to outperform Brussels in 2014, with a RevPAR of € 72.9. The Hague recorded RevPAR levels similar to those observed in Antwerp's market, both cities showing a RevPAR of around € 65.0 in 2014. Rotterdam, still on par with Luxembourg, Antwerp and The Hague in 2011, has not yet been able to recover from the drop recorded in 2012, with RevPAR levels not exceeding the € 55.0 threshold over the past three years.

INVESTMENT MARKET

After the sale of the Novotel World Forum in 2009 and the Ibis Den Haag City Centre in 2013, the local hotel investment market was **particularly dynamic in 2014 and 2015**, with several of The Hague's most iconic hotel properties changing hands.

In October 2014, the landmark **Kurhaus Hotel** in Scheveningen was sold to Amrath Hotels Group for a reported € 32.6 million. The 5-star hotel, previously operated by Steigenberger under a management agreement, was rebranded as the Grand Hotel Amrath Kurhaus and is currently undergoing a substantial renovation, including the creation of a spa and upgrade of part of the room inventory.

As presented previously, the 300-room **Bel Air Hotel The Hague**, the city's largest hotel, was sold to Westmont Hospitality in June 2015, for an estimated € 26 million. The 4-star hotel will be rebranded to become a Marriott in January 2016, upon completion of an estimated € 12 million renovation of the rooms and public areas.

In August 2015, Westmont Hospitality also scooped up one of the most renowned hotel properties in The Netherlands, with the acquisition of the 5-star **Hotel Des Indes** for a reported € 30 million. Operated by Starwood under the Luxury Collection flag since 2003, the historic monument was fully renovated and extended in 2005/2006 by previous owners Brinkel en De Kroes.

The following table illustrates major hotel transactions recorded since 2009 in The Hague:

Year	Cat.	Hotel	Rooms	Price (€)	Price per room (€)	Seller	Purchaser
2009	4*	Novotel Den Haag World Forum	216	25 000 000	115 740	TCN Property Services	Invesco Real Estate
2013	3*	Ibis Den Haag City Centre	197	15 500 000	78 680	Aprirose Real Estate	Internos Real Estate
2014	5*	Kurhaus Scheveningen	253	32 600 000	128 850	Jerusalem Economy Ltd	Amrath Hotels Group
2015	4*	Bel Air Hotel	300	36 000 000 ⁽¹⁾	120 000 ⁽¹⁾	Undisclosed	Westmont Hospitality Group
2015	5*	Hotel Des Indes	92	30 000 000 ⁽²⁾	326 100 ⁽²⁾	Brinkel en De Kroes	Westmont Hospitality Group

⁽¹⁾ estimation, includes a renovation programme for an estimated € 12 million

⁽²⁾ estimation

Source: BNP Paribas Real Estate Hotels

OUTLOOK

Over the short to medium term, leisure tourism demand from major source countries such as Belgium and Germany is likely to grow as their economic situation continues to improve. The strong recovery of the economic situation in Spain and the increased number of Spanish destinations connected to Rotterdam-The Hague Airport is likely to boost demand from this particular market as well. Emerging outbound tourism in the BRIC countries, favourable exchange rates and the growth in demand for urban and city-trips should offer **further opportunities for The Hague as a leisure destination**.

In terms of business travel, the increasing number of national and international companies based in The Hague, the strong recovery of the national economy as well as the completion of the new headquarters of the International Criminal Court by the end of 2015 can be considered as positive factors for the local hotel market.

As a MICE destination, The Hague's international visibility has greatly benefited from the recent hosting of major events. The upgrade of the World Forum convention centre and the refurbishment of the adjacent Bel Air hotel are expected to further improve the city's attractiveness for meetings and events. For the coming years, The Hague's convention bureau has **contracted several large meetings and events**, such as the annual international conference of the THIMUN Foundation from 2016 to 2020 and the One Young World Summit in 2018.

Hotel **supply growth is expected to be moderate** over the next three to five years, following the recommendations of the municipality's strategic report on hotel development.

Given the ongoing upgrade of the city's hotel and meeting facilities, the numerous marketing efforts implemented by the local marketing and tourist bureaus and the increased visibility of The Hague on an international scale, the local hotel market offers a **positive and stable outlook** for investors.

Hotel Des Indes, Lounge (Source: Hotel)



INTERNATIONAL COVERAGE FOR LOCAL SOLUTIONS

Hong Kong



U.A.E



USA



- Our locations
- Our alliances



BNP PARIBAS REAL ESTATE HOTELS

BNP Paribas Real Estate Hotels is part of BNP Paribas Real Estate, one of the leading international real estate companies.

BNP Paribas Real Estate is present in 37 countries* with more than 150 offices worldwide, offering local solutions to global requirements.

Our international team of hospitality real estate professionals offers a wide range of services, including **strategic consulting, development and feasibility studies and valuations** as well as **assistance in asset acquisitions and disposals**.

We cover every stage of the hospitality property cycle and have a thorough understanding of the different challenges faced by private owners, institutional investors, financing institutions or developers. We provide targeted expertise in response and our service offer is fully adaptable to meet your specific needs and requirements.

For more information, please do not hesitate to contact us.

* 16 under direct ownership and 21 alliances

First Page: Skyline of The Hague (Source: © Bas Meelker - Fotolia.com)

Authors



Maaïke Smorenburg

Director

maaïke.smorenburg@bnpparibas.com

Direct line: +33 (0)1 47 59 20 08



Sophie Richard, MRICS

Senior Consultant

sophie.r.richard@bnpparibas.com

Direct line: +33 (0)1 55 65 27 43



Laura Fleurquin

Junior Consultant

laura.fleurquin@bnpparibas.com

Direct line: +33 (0)1 55 65 22 21

Direction

Bruno Juin

Managing Director – Hotels

bruno.juin@bnpparibas.com

Maaïke Smorenburg

Director – Hotels – Consulting & Valuation

maaïke.smorenburg@bnpparibas.com



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world

www.realestate.bnpparibas.com