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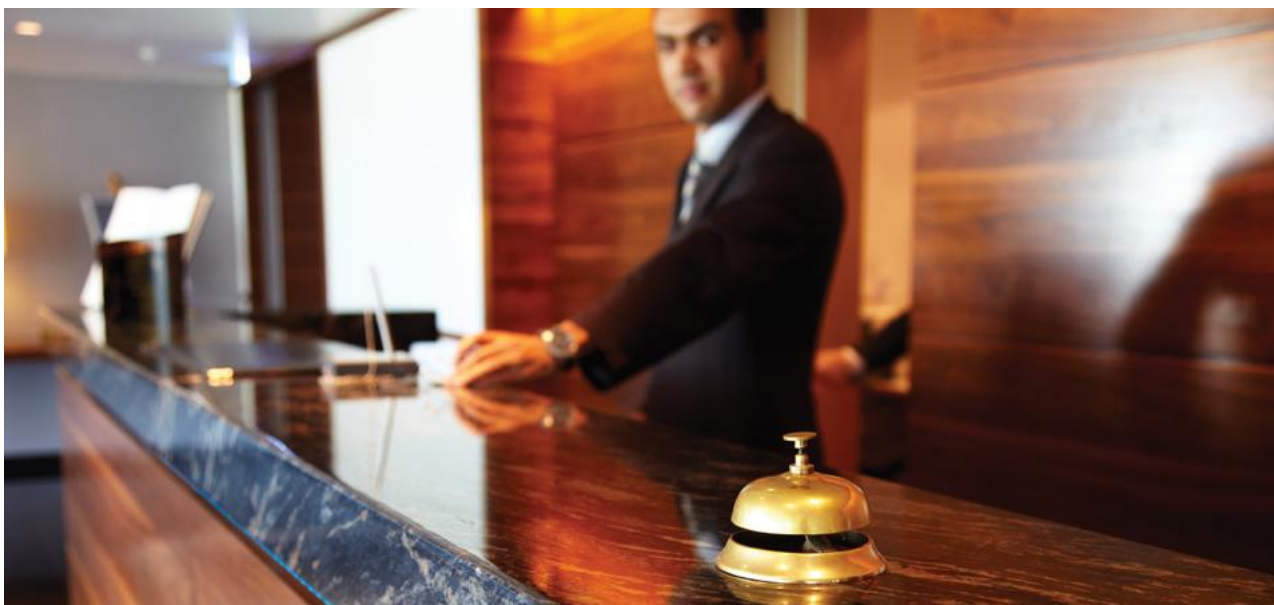
Hotel, Tourism and Leisure
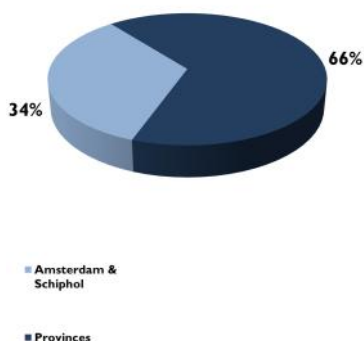
The global leader in
hospitality consulting

The Netherlands Hotel Market Sentiment Survey June 2017
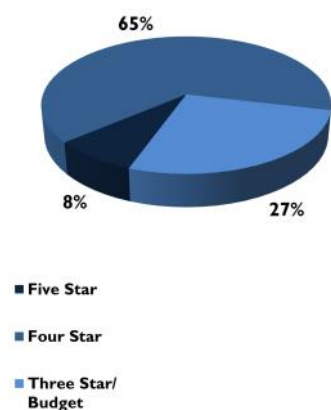
SHARE OF RESPONDENTS

BY LOCATION

- Amsterdam & Schiphol
- Provinces

BY STAR CLASSIFICATION

- Five Star
- Four Star
- Three Star/ Budget

INTRODUCTION

The Horwath HTL Global Hotel Market Sentiment Survey gives a quick assessment of the market outlook for the global hotel industry, by the people on the ground, running the hotels. The survey focuses on the current outlook for occupancy, average room rates and total revenue and what the operators feel is going to happen based on their experience.

This report summarizes the outcome of the survey in the Netherlands. Of the respondents, 34 percent came from Amsterdam & Schiphol, and 66 percent from The Provinces.

The Netherlands Hotel Market Sentiment has decreased slightly but remains positive, reflecting a more guarded optimism.

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	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sentiment	-36	39	51	19	6	26	45	49	13
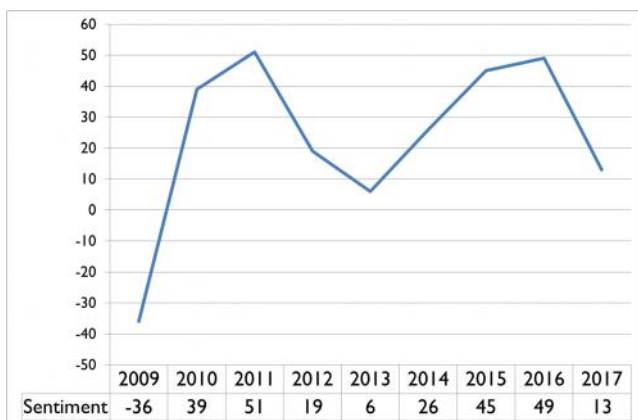
"The outlook for 2017 reflects a more guarded optisism".

RANKING SCORE KEY

Much Worse	-150.0
Worse	-75.0
Same	0
Better	75.0
Much Better	150.0

SENTIMENT SCORE

As a way to measure and compare the results across the years, we have created an index to formulate an overall average sentiment score from the first two questions. Points are assigned to each corresponding response and compounded accordingly. The index utilizes a scale of negative 150 to positive 150 in which a score of negative 150 denotes a sentiment of absolute pessimism; a zero score indicates unchanged expectations from the previous year whereas a positive 150 signifies a very optimistic outlook. The sentiment index or scores allow trends to be observed over time.

The outlook for 2017 in The Netherlands has a sentiment score of 13, showing a decrease for the first time since 2013. The overall sentiment remains positive, reflecting a more guarded optimism.

2016 HOTEL MARKET OUTLOOK

Question 1: What is your assessment of the hotel market outlook for 2017 versus 2016?

Occupancy

In response to expectations on market-wide occupancy performance, 26 percent of the hoteliers replied that occupancy in 2017 should be better than that recorded in 2016, 41 percent feel that performance will be in line with 2016 results; while 33 percent feel that it will be worse.

Average Room Rate

The outlook for ARR is slightly better still than the occupancy outlook, with 28 percent of hoteliers replying that ARR would be better, 49 percent expecting ARR to remain stable and only 23 percent expecting it to be worse in 2017.

Total Revenue

The outlook for total revenue in 2017 is still very positive, with most respondents expecting an increase. Almost 62 percent of respondents expect total revenue to be better in 2017, while only 19 percent expect total revenue to decline and the remaining 19 percent expect it to remain stable.

Index Score

On average, the respondents are certainly less optimistic than they were a year ago, especially with regard to occupancy. The sentiment regarding the market decreased from +55 to +7.

"On average, the respondents are certainly less optimistic than they were a year ago".

MARKET PERFORMANCE SCORE

	Avg	Occ	ARR	Rev
2017	7	-11	3	29
2016	55	38	52	76
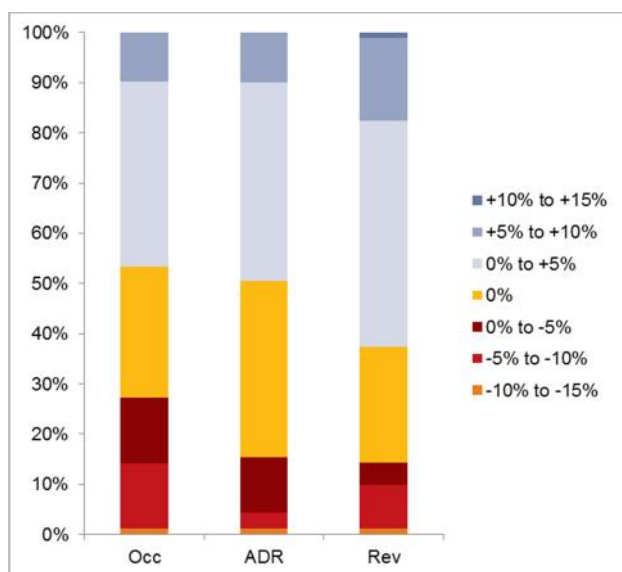
"The outlook for total revenue growth in 2017 is still very positive".

HOTEL PERFORMANCE SCORE

	Avg	Occ	ARR	Rev
2017	18	7	19	28
2016	42	31	44	51

2017 HOTEL PERFORMANCE EXPECTATION

Question 2: For your hotel, what is your expectation for growth/decline in 2017 versus 2016?

Occupancy
About 47 percent of hoteliers expect a growth in occupancy in 2016, with around 10 percent expecting growth to exceed 5 percent. About 27 percent expect occupancy to decline of which 14 percent expect it will decline by more than 5 percent.

Average Room Rate
As with the views on the market performance, hoteliers' assessment of their respective property ARR performance levels is slightly more positive than the growth estimates for occupancy. About 50 percent expect a growth in ARR, of which about 10 percent expect that growth to be in excess of 5 percent. Meanwhile, 15 percent expect ARR to decline in 2017, but of which about 4 percent expect the decline to be in excess of 5 percent.

Total Revenue
Because most respondents expect an increase in either occupancy or average room rates, the outlook for total revenue growth in 2017 is still very positive with 63 percent of hoteliers expecting growth, of which 18 percent expect the growth to be in excess of 5 percent. Only about 10 percent of respondents expect a decrease in total revenues.
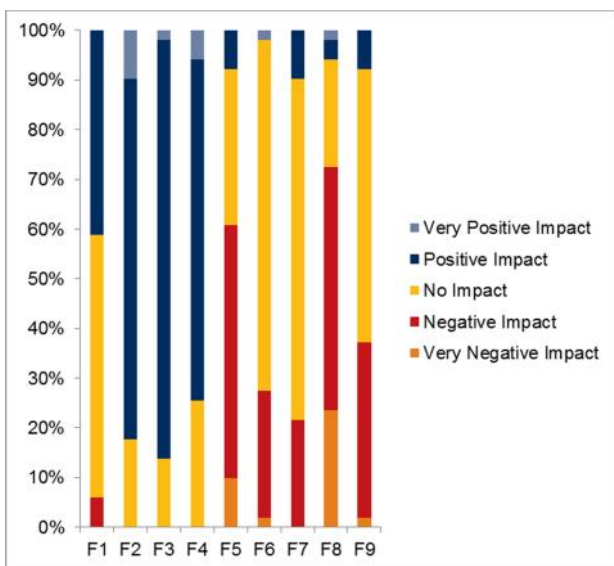
Index Score
Compared to the market view, the hoteliers are slightly more optimistic about the prospects of their own property. Still, the sentiment score for the hotel performance is down compared to last year.

FACTORS AFFECTING PERFORMANCE

Question 3: How are each of the factors below expected to influence hotel market performance in 2017?

Each hotelier was asked to gauge their attitude towards nine factors and their impact.

F1.   Local/global stock market
F2.   Local economic growth trends
F3.   Global economic growth trends
F4.   Local tourism trends
F5.   New competitive supply additions
F6.   Global oil prices
F7.   Currency exchange rates
F8.   Terrorist attacks
F9.   Brexit

Over-all, only 4 of the 9 listed factors recorded a positive score. Of these, both local and global economic growth trends are the main cause for much optimism in the Netherlands, with 82 percent of respondents expecting local economic growth trends to have a positive or very positive impact and 86 percent expecting the same from the global economic growth trends. The local tourism trends also remain a very positive influence, with 75 percent expecting a positive impact.

The most negative factor is the impact from terrorist attacks. The new competitive supply additions remain a negative factor, with 60 percent of respondents expecting this to negatively impact the market.

While more respondents expect a negative influence from Brexit than a positive one, most (almost 55 percent) indicate they expect no influence from Brexit one way or the other.

The global oil prices and the currency exchange rates are considered the least relevant among hoteliers in the Netherlands, with respectively 71 percent and 69 percent expecting these factors to have no impact at all.

"Most respondents expect no influence from Brexit one way or the other".

DEMAND DRIVER RANKING

	Score
Local economic growth trends	69
Global economic growth trends	66
Local tourism trends	60
Local/global stock market	26
Currency exchange rates	-9
Global oil prices	-19
Brexit	-24
New competitive supply additions	-47
Terrorist attacks	-66

MARKET SEGMENT PERFORMANCE

Question 4: How are each of the major demand segments expected to perform in 2017 versus 2016?
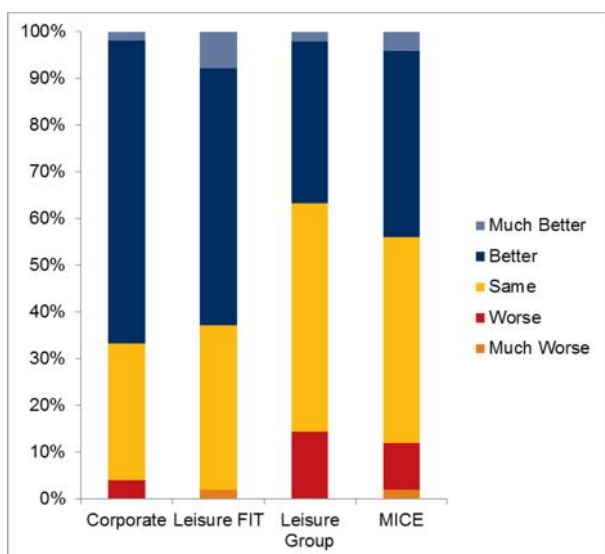
The last question dealt with each participant's opinion with regard to primary market demand segments, which were Corporate, Leisure FIT, Leisure Group and MICE (Meetings, Incentive, Conference, and Exhibition) and how they are expected to perform in 2017.

The outlook for the corporate segment has improved, with 67 percent expect an increase in performance against 48 percent last year.

The majority of the respondents remains very positive about the future performance of the leisure FIT segment, with 63 percent expecting a better performance.

The outlook for the MICE segment has decreased slightly. In 2017, 12 percent felt the performance would become worse, against 54 percent expecting an improvement and 44 percent expecting a stable performance.

For the leisure group segment, the largest group of respondents (49 percent) felt performance would remain stable in 2017, with the remainder leaning more towards growth (37 percent) than towards decline (14 percent).

"The outlook for the corporate segment has improved".

DEMAND SEGMENT RANKING

	COR	LEISURE FIT	LEISURE GROUP	MICE
2017	49	50	18	26
2016	30	53	9	35

CONCLUSION

In conclusion, results from the latest edition of the Survey show that the sentiment among hoteliers in the Netherlands reflects a guarded optimism.

Most hoteliers in the Netherlands have a positive outlook on many of the most important factors for the hotel industry, such as the global and local economies, as well as the local tourism trends. At the same time, hoteliers have concerns regarding the impact of terrorist attacks. Furthermore, new additions to the supply are still expected to affect the market in a negative way. Meanwhile, most respondents indicate they expect neither a positive nor a negative impact from Brexit.

As a result, the hoteliers are less optimistic about the development of occupancies and average room rates in 2017. Still, over sixty percent of the hoteliers expect to be able to increase the total revenues in 2017.

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