

EMEA HOTELS MONITOR

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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.



Rider Levett Bucknall (RLB) is a global independent construction, property and management consultancy, with a team of more than 4000 people, working across 40 countries to shape the future of the built environment. By providing independent advice through the skills and passion of our people, we deliver value and sustainable solutions for our clients. We are committed to developing new services and techniques that respond to how we build for the future, integrating wellbeing, economic and environmental impacts. Achievements are renowned: from the early days of pioneering quantity surveying, to landmark projects such as the Sydney Opera House, HSBC Headquarters Building in Hong Kong, the 2012 London Olympic Games and CityCenter in Las Vegas.



HotStats provides a unique monthly profit and loss data benchmarking service to hoteliers from across the globe that enables monthly comparison of hotels' performance against competitors. It is distinguished by the fact that it maintains in excess of 500 key performance metrics covering revenue, cost, profit and other statistics, providing far deeper insight into the hotel operation than any other tool. The HotStats database totals millions of hotel rooms worldwide.

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Introduction

Raging inflation may have been on the radar in January this year, but very few foresaw war in Europe and the post-C19 chaos surrounding international travel these last few months. It has been a roller-coaster six months and we hope things will settle down as we head down the back six of 2022.

Aside from Doha (decline in ADR) and Moscow (decline in occupancy and GOPPAR), all other markets recorded positive growth in all metrics. The post-C19 recovery was truly gathering momentum in H1 2022. Standout performers included: Amsterdam (+6,491% GOPPAR growth), Istanbul (+123.8% ADR growth), Prague (+449.5% occupancy growth) and Dubai with an Expo-inspired 76.8% average occupancy for the period.

Development costs have been hit by conflict and supply chain issues from Asia, and yet hotel construction and new projects continue apace, especially in the Middle East.

The transaction space has been busy, with lots of new deals in Spain, Italy and the UK. Interestingly, Switzerland has been particularly appealing to investors of late. Good to see some deal activity across Middle East and Africa. Among a good number of corporate transactions, some have been real headline grabbers (including Ennismore and The Pig Hotels).

█ The post-C19 recovery was truly gathering momentum in H1 2022.

Our back page feature is an ode to dual-branding, with huge thanks to Abridn, Interstate Hotels & Resorts International, Hyatt Hotels Corporation and Addleshaw Goddard for your thoughts and contributions.

Philip Camble

*Director, Whitebridge Hospitality
Editor, EMEA Hotels Monitor*

Performance Trends

Jan-Jun City	2022				2021				Growth			
	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR
	€	%	€	€	€	%	€	€	%	%	%	%
Amsterdam	208.63	48.3	100.74	46.59	129.10	9.9	12.74	-0.73	61.6	389.1	690.5	6,491.2
Bahrain	206.05	46.6	96.03	49.02	142.40	36.5	51.96	9.53	44.7	27.7	84.8	414.6
Berlin	162.77	40.8	66.43	11.75	139.12	8.7	12.07	-8.15	17.0	370.3	450.2	244.1
Budapest	167.98	54.8	92.05	47.34	162.40	13.3	21.56	1.92	3.4	312.8	327.0	2,362.5
Cairo	164.69	64.7	106.54	90.89	93.17	37.0	34.47	16.44	76.8	74.8	209.1	453.0
Cape Town	78.19	55.3	43.21	20.13	55.69	24.8	13.81	-3.04	40.4	122.8	212.8	761.8
Doha	138.87	56.5	78.51	44.07	112.87	62.8	70.92	36.58	23.0	-10.0	10.7	20.5
Dubai	224.91	76.8	172.80	131.56	147.57	58.9	86.98	51.83	52.4	30.3	98.7	153.8
Dublin	196.65	62.6	123.14	82.24	106.99	12.0	12.82	-2.34	83.8	422.8	860.9	3,609.5
Edinburgh	153.05	52.1	79.76	29.83	100.30	19.1	19.19	-2.07	52.6	172.4	315.7	1,539.1
Istanbul	177.15	64.3	113.90	75.24	79.16	35.2	27.90	12.32	123.8	82.4	308.2	510.8
London	234.35	50.3	117.92	52.76	138.73	13.4	18.62	-8.57	68.9	275.0	533.4	715.3
Madrid	178.26	50.0	89.22	36.46	130.97	14.8	19.35	-15.12	36.1	238.8	361.2	341.2
Milan	293.13	49.8	145.88	57.64	236.25	13.1	31.00	-16.03	24.1	279.2	370.5	459.6
Moscow	78.86	49.5	39.06	16.73	70.61	54.2	38.25	17.36	11.7	-8.6	2.1	-3.6
Muscat	136.84	42.5	58.21	11.86	76.11	26.9	20.47	-22.76	79.8	58.2	184.4	152.1
Paris	439.09	44.5	195.53	49.79	335.26	8.3	27.81	-49.12	31.0	436.8	603.0	201.4
Prague	356.89	39.1	139.53	-2.97	247.99	7.1	17.64	-73.04	43.9	449.5	690.8	95.9
Riyadh	167.23	63.8	106.75	62.23	134.67	51.7	69.56	19.62	24.2	23.6	53.5	217.1
Rome	392.87	45.8	179.91	48.88	298.79	10.6	31.70	-40.18	31.5	331.6	467.6	221.6
Vienna	173.51	39.9	69.16	10.66	154.67	9.8	15.12	-18.43	12.2	307.7	357.3	157.9
Warsaw	96.04	63.8	61.24	26.20	74.20	13.8	10.24	-6.87	29.4	362.1	498.1	481.6

Source: HotStats

- UAE performance rocketed in Q4 2021 and Q1 2022 with the Dubai Expo, large sporting events, combined with the closure of most major markets in Asia & Europe.
- European performance going from strength to strength with ADR at record levels in most key markets.
- Russian hotels impacted negatively by the ongoing crisis.
- UK hotels feeling the impact of energy price increases of over 100% in unit price. Anticipating further increase as hotels leave fixed contracts and head into the high consumption periods of autumn/winter.
- Labour cost & cost inflation in supplies challenging hoteliers to offset with further efficiencies and pricing.

[Click here for further market insight from HotStats.](#)

Hotel Construction Costs

Country	Budget hotels	Mid market – low	Mid market – high	Luxury
	€ per sqm	€ per sqm	€ per sqm	€ per sqm
UK	1,590 - 2,520	2,160 - 3,010	2,820 - 4,250	3,510 - 5,320
Austria	1,530 - 1,730	1,890 - 2,490	2,600 - 3,300	3,390 - 4,010
Belgium	1,300 - 1,910	1,720 - 2,200	1,910 - 2,360	2,570 - 3,240
Finland	2,590 - 3,380	2,890 - 3,760	3,380 - 4,380	3,820 - 4,970
France	1,910 - 2,440	2,440 - 2,760	2,870 - 3,610	3,400 - 4,250
Germany	2,270 - 2,490	2,390 - 2,790	2,550 - 3,960	3,290 - 4,640
Greece	1,330 - 1,560	1,850 - 2,050	2,350 - 2,900	3,230 - 3,960
Hungary	1,070 - 1,400	1,530 - 2,130	1,850 - 2,850	2,270 - 2,550
Ireland	1,910 - 2,310	2,310 - 2,580	2,580 - 3,500	3,500 - 4,030
Italy	1,950 - 2,400	2,250 - 2,850	2,600 - 3,100	2,900 - 3,900
Norway	2,510 - 2,990	2,940 - 3,190	3,050 - 3,710	3,580 - 4,220
Netherlands	1,525 - 2,100	1,650 - 2,350	1,950 - 3,100	2,250 - 3,450
Poland	1,500 - 1,650	1,650 - 1,850	1,900 - 2,300	2,400 - 3,300
Portugal	1,080 - 1,350	1,240 - 1,470	1,520 - 1,930	1,660 - 2,220
Romania	1,970 - 2,440	2,440 - 2,920	2,820 - 3,590	3,580 - 4,360
Spain	1,200 - 1,950	1,800 - 2,300	2,100 - 3,000	3,000 - 4,000
Sweden	2,510 - 3,080	3,080 - 3,600	3,600 - 4,010	4,010 - 5,150
Abu Dhabi	1,360 - 1,660	1,590 - 1,930	2,050 - 2,390	2,500 - 3,750
Qatar	1,800 - 1,920	1,920 - 2,180	2,310 - 2,930	2,880 - 4,740
Dubai	1,480 - 1,910	1,820 - 2,160	2,270 - 2,610	2,730 - 3,980
Saudi Arabia	1,620 - 2,330	2,330 - 3,050	3,050 - 3,470	3,260 - 4,400
Mozambique	2,050 - 2,650	2,550 - 3,105	3,050 - 3,250	3,200 - 4,300
South Africa	1,350 - 1,750	1,650 - 2,050	1,950 - 2,150	2,350 - 3,150
Botswana	1,880 - 2,390	2,190 - 2,750	2,650 - 2,850	3,050 - 4,100
Namibia	1,550 - 1,970	1,880 - 2,320	2,245 - 2,440	2,585 - 3,465
Mauritius	2,210 - 2,795	2,660 - 3,290	3,195 - 3,400	3,385 - 4,580
Seychelles	2,690 - 3,410	3,250 - 4,050	3,900 - 4,590	4,790 - 5,600

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

- The first half of 2022 has seen increasing volatility in construction prices and tender price inflation.
- Volatility has varied by region, but across much of Europe driven by events in Ukraine and the resulting impact on energy prices.
- The Middle East construction industry has seen positive sentiment across all hospitality related sub-sectors.
- Shipping disruption from Chinese port closures has affected some parts of the industry.
- Construction demand has generally held up strongly despite increased costs. In many countries interest rate

rises may not immediately dampen demand as many countries have significant post-covid investment in infrastructure which is feeding through to the wider construction sector.

- Hotel construction projects are increasing in output across most of Europe and Africa.
- As a result of the significant disruption in the construction industries in most countries, macro-market conditions can have a significant impact on costs and ranges of rates should be viewed with caution. Our local RLB offices will be able to give more guidance on current project costs.

Transaction Tracker

Region	Hotel	Location	No. of Keys	Total Price	Price per Key
Portfolio Transactions			€	€	
	3x European hotels	Netherlands, Spain	381	101,900,000	267,000
	9x B&B Hotels	Spain	990	58,500,000	59,000
	3x Mutualidad hotels	Spain	768	62,500,000	81,000
	10x Point A Hotels	UK	1,520	491,000,000	323,000
	3x UK hotels ¹	UK	648	177,900,000	275,000
	6x Chardon hotels	UK	569	238,000,000	418,000
Single Asset Transactions					
France	AC by Marriott Nice	Nice	143	37,000,000	259,000
	Hotel Pont Royal	Paris	75	70,800,000	944,000
	Club Med Grand Massif	Samoens	420	125,000,000	298,000
Germany	Sheraton Grand Esplanade	Berlin	394	116,000,000	294,000
	Amber Econtel	Munich	69	16,000,000	232,000
	B&B Munich	Munich	135	27,000,000	200,000
Ireland	Clonmel Park Hotel	Clonmel	99	7,500,000	76,000
	Ballymascannon House Hotel	Co Louth	97	15,000,000	155,000
Scandinavia	P-Hotels Oslo	Oslo, Norway	93	35,500,000	382,000
	Mora Hotel & Spa	Mora, Sweden	140	10,900,000	78,000
	Hoom Home & Hotel	Svealand, Sweden	153	20,200,000	132,000
Spain	Hotel Senator	Barcelona	213	25,500,000	120,000
	7 Pines Hotel	Ibiza	185	130,000,000	703,000
	Sheraton La Caleta Resort & Spa	Tenerife	284	80,000,000	282,000
UK	Travelodge Seafront	Bournemouth	110	11,100,000	101,000
	Clayton Crown Hotel	London	152	24,600,000	162,000
	L'Oscar	London	39	71,400,000	1,831,000
	Pinewood on Wilmslow Hotel	Wilmslow	89	5,500,000	62,000
	Wyck Hill House Hotel	Stow-on-the-Wold	60	8,900,000	148,000
Other	Suite Hotel Sofia	Sofia, Bulgaria	122	10,000,000	82,000
	Lindian Village Hotel	Rhodes, Greece	188	27,000,000	144,000
	Rosewood Castiglione del Bosco ³	Montalcino, Italy	53	300,000,000	5,660,000
	QO Hotel	Amsterdam, Netherlands	288	78,800,000	274,000
	Southern Sun Ikoyi Hotel	Lagos, Nigeria	195	29,100,000	149,000
	Rixos Bab Al Bahr	Ras Al Khaimah, UAE	715	189,800,000	266,000
	Golden Tulip Victoria Hotel	Bucharest, Romania	81	7,300,000	90,000

Source: Whitebridge Hospitality

* Sold out of receivership

¹ Hilton Olympia, Park Inn Northampton, Stifford Hall

² HIEX The Hague, Hotel Occidental 1929, Vinnici Seleccion Malaga

³ including winery

- Corporate compacts: Qatari investors acquired 10.8% stake in Ennismore (€185m, Fra); Delfi Partners acquired Arsenal (€300m, Ita); Delfi Partners acquired Omiro Hotels (Gre); GIC acquired stake in The Student Hotel (Neth); PIF acquired 16.87% stake in Kingdom Holding (€1.4bn, KSA); KSL acquired The Pig Hotels (UK); Bespoke acquired McMillan Hotels (UK); Harris family acquired Inn Collection Group (€357m, UK); Mactaggart family acquired Sleeperz (UK).

- Sexy Swiss: Vail Resorts acquired 55% stake in Andermatt-Sedrun Sport; Beaumier acquired 3x Wengen hotels; Edyn acquired Hotel Ascot Zurich.
- Notable others: Kasada acquired Cape Grace Hotel (RSA) & Umubuma Hotel (Rwa); Edmond de Rothschild acquired Majestic Hotel Rome (Ita).

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.

CASE STUDY - DUAL-BRANDING IN LEEDS, UK

Introduction

Over the last 12 months we have been working with the investor behind a new dual-branded hotel development in Leeds (Hyatt House and Hyatt Place), providing commercial due diligence and operator/branding agreements advice. We therefore thought it would be opportune to opine on dual-branding..

Strengths

Dual-branding allowed the developer and owner to de-risk what would otherwise have been a very large hotel for Leeds. Planning was obtained for circa 300 keys and sharing those keys between two brands was seen as a diversification of demand.

Plenty of brand combinations are available, but for Leeds, a blend of Full Service and Extended-stay was evaluated to be the optimal pairing (the latter being a particularly strong growth sector in the UK). Full Service with Economy was deemed not to extend the potential demand reach as far.



Such duality allows the operator increased flexibility in yield management (thus driving top line revenues) and opportunity to create and implement efficiency protocols (such as shared Back-of-House areas reducing development costs per key and shared staff roles, particularly in A&G, S&M and POM, thus minimising operating expenses).

For Leeds, all stakeholders were keen to drive the dual-brand route and the legal burden was no more onerous than for a single-brand project.

There should be no constraints to the key-split between the brands. Any operator/brand should be responsive to local market dynamics and the most appropriate mix assessed and agreed.

Constraints

The Full Service with Extended-stay concept could be more expensive than Full Service with Economy, owing to larger room bays. However, the latter may complicate design issues with different bays having to be accommodated within the same vertical stack.

Cannibalisation is a key risk, whereby the lower-level brand suppresses pricing within the higher-quality brand. Clear differences in product and service levels are essential to prevent such pricing pressures.

In the vast majority of cases the two brands come from the same stable (hotel operator) and there is a risk that the same reservation 'pipe' could reduce the potential benefits of demand diversification.



Two different brands from two different operators is possible (e.g. the new Premier Inn and Staycity at Paddington, London). However, sharing opportunities are potentially compromised. The major operators are highly likely to insist on separate Back-of-House areas and may also limit cross-collaboration of staff. Such two-brand structure is likely to make legals much for complicated..

Triple-Branding

Yes, this is possible! The old Metropolitan Hotel on Sheikh Zayed Road, Dubai, was redeveloped in recent years and the new complex initially opened with Westin, W Hotel and St Regis brands. Today the brand mix is Hilton, Curio Collection and LXR respectively. Quadruple? Let us know.



**WHITE
BRIDGE**

Telephone: +44 (0)20 7195 1482
philip.camble@whitebridgeh.com
whitebridgehospitality.com



**Rider
Levett
Bucknall**

Telephone: +44 (0)20 7398 8300
EMEA: paul.beeston@uk.rlb.com
London: stephen.spiller@uk.rlb.com
rlb.com



HOTSTATS

Hospitality Intelligence

Telephone: +44 20 7892 2222
enquiries@hotstats.com
hotstats.com