

EMEA HOTELS MONITOR

FEBRUARY 2021

ISSUE 27





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 is an independent construction, property and management consultant, providing advice focused on the cost, quality and sustainability of the built environment. Worldwide the firm has over 3,600 staff operating from more than 120 offices. Its international reach ensures that it provides services in line with the latest innovations and examples of best practice, supporting expertise across all sectors of the built environment. 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

Here it is folks. The true picture of the impact of C19 on our beloved industry in 2020. From a performance perspective, we have never seen such significant declines across the board, especially at GOP level, whereby half of the destinations listed generated negative GOPPARs. In transactions, the number and value of deals collapsed in H2 2020, and in construction, work has slowed considerably.

However, although HotStats were able to reveal the shocking levels of decimation to GOPPAR, with vaccines on the way there is surely hope and such devastating results can only presage a phenomenal recovery in the offing in 2021.

The pandemic induced slowdown in the construction industry across the region in 2020 is expected to impact tender prices in 2021, with hospitality still the worst affected sector. C19 restrictions on construction sites are thought to result in an average productivity loss of less than 20%.

The impact on the transactions market in H2 2020 is clear to see with volumes shrinking to levels last seen during the Global Financial Crisis. The number of deals that qualified for inclusion in this quarter's Monitor was so small these last six months, that for the first time in EMEA history we were unable to feature our customary short list of 32 deals. As always, many more deals were done than those we list, but could not be listed for lack of publicly available information. If only more deal makers were more willing to reveal transaction pricing. Still, the curtailed table is a sign of the times.

With vaccines on the way there is surely hope and such devastating results can only presage a phenomenal recovery in 2021.

With grateful thanks to our contributing valuers, we are pleased to present our seventh consecutive annual Consensus Yield Matrix as our back page feature.

Philip Camble

Director, Whitebridge Hospitality
Editor, EMEA Hotels Monitor

Performance Trends

Jan-Dec City	2020				2019				Growth			
	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR
	€	%	€	€	€	%	€	€	%	%	%	%
Amsterdam	199.49	18.9	37.70	0.07	259.22	82.0	212.56	114.82	-23.0	-77.0	-82.3	-99.9
Berlin	147.53	24.0	35.41	-1.04	158.69	80.7	128.06	60.20	-7.0	-70.3	-72.4	-101.7
Budapest	151.75	19.0	28.83	-2.84	158.45	78.9	125.02	73.64	-4.2	-75.9	-76.9	-103.9
Cairo	93.92	29.2	27.42	7.10	114.74	74.5	85.48	73.96	-18.1	-60.8	-67.9	-90.4
Cape Town	95.06	28.7	27.28	5.59	97.52	70.0	68.26	36.80	-2.5	-59.0	-60.0	-84.8
Doha	119.27	59.2	70.61	51.30	137.02	69.6	95.37	78.53	-13.0	-14.9	-26.0	-34.7
Dubai	167.82	41.1	68.97	25.62	184.18	78.5	144.58	87.14	-8.9	-47.6	-52.3	-70.6
Dublin	142.99	23.5	33.60	4.04	194.99	82.7	161.26	95.53	-26.7	-71.6	-79.2	-95.8
Edinburgh	112.43	25.4	28.56	-2.35	167.51	84.2	141.04	80.95	-32.9	-69.8	-79.8	-102.9
Bahrain	188.26	27.3	51.39	1.68	210.71	57.4	120.95	59.06	-10.7	-52.4	-57.5	-97.2
Istanbul	138.99	32.7	45.45	15.54	125.42	74.9	93.94	58.88	10.8	-56.3	-51.6	-73.6
London	188.73	22.3	42.09	1.93	238.47	81.7	194.83	117.72	-20.9	-72.7	-78.4	-98.4
Madrid	158.02	14.1	22.28	-7.60	185.67	73.0	135.54	72.48	-14.9	-80.7	-83.6	-110.5
Milan	332.97	14.8	49.28	-15.37	324.72	75.0	243.54	123.99	2.5	-80.3	-79.8	-112.4
Moscow	97.77	34.1	33.34	4.72	122.24	79.4	97.06	67.35	-20.0	-57.1	-65.7	-93.0
Muscat	162.69	20.4	33.19	-19.67	203.79	56.9	115.96	62.88	-20.2	-64.1	-71.4	-131.3
Paris	243.12	17.8	43.28	-32.44	294.88	75.3	222.04	69.79	-17.6	-76.4	-80.5	-146.5
Prague	113.26	17.8	20.16	-8.92	138.86	77.8	108.03	65.13	-18.4	-77.1	-81.3	-113.7
Riyadh	157.59	49.8	78.48	26.63	182.84	66.8	122.14	76.95	-13.8	-25.4	-35.7	-65.4
Rome	212.52	12.2	25.93	-31.93	235.12	68.5	161.06	56.30	-9.6	-82.2	-83.9	-156.7
Vienna	175.97	18.1	31.85	-10.10	201.09	76.2	153.23	65.68	-12.5	-76.2	-79.2	-115.4
Warsaw	96.37	21.6	20.82	-3.65	114.33	72.4	82.77	48.17	-15.7	-70.2	-74.9	-107.6

Source: HotStats

- Extended-stay properties outperformed all other asset classes in 2020. Luxury hotels absorbed the largest hit to profits.
- Government subsidies heavily influenced the overall cost performance in most European countries and at various levels.
- Coastal and resort locations outperformed the key cities and also felt the surge in leisure demand when lockdowns were eased in Q3.

Hotel Construction Costs

Country	Budget hotels		Mid market – low		Mid market – high		Luxury	
	€ per sqm	€ per sqm	€ per sqm	€ per sqm	€ per sqm	€ per sqm	€ per sqm	€ per sqm
UK	1,520	- 2,410	2,070	- 2,880	2,700	- 4,070	3,360	- 5,090
Austria	1,440	- 1,630	1,780	- 2,340	2,450	- 3,110	3,190	- 3,770
Belgium	1,220	- 1,800	1,620	- 2,070	1,800	- 2,220	2,420	- 3,050
Bulgaria	730	- 860	860	- 1,060	1,050	- 1,260	1,620	- 2,030
Finland	2,250	- 2,930	2,510	- 3,270	2,930	- 3,800	3,320	- 4,320
France	1,700	- 2,200	2,200	- 2,800	2,500	- 3,400	3,000	- 3,800
Germany	1,790	- 1,970	1,880	- 2,190	2,010	- 3,120	2,590	- 3,660
Greece	1,160	- 1,360	1,610	- 1,780	2,040	- 2,520	2,810	- 3,440
Hungary	1,000	- 1,310	1,430	- 1,990	1,730	- 2,660	2,120	- 3,320
Ireland	1,850	- 2,240	2,240	- 2,500	2,500	- 3,400	3,400	- 3,910
Italy	1,550	- 1,810	1,700	- 1,960	1,910	- 2,260	2,260	- 2,900
Norway	2,440	- 2,900	2,690	- 3,090	2,960	- 3,600	3,480	- 4,100
Netherlands	1,340	- 1,770	1,470	- 2,070	1,710	- 2,510	1,980	- 2,860
Portugal	1,020	- 1,270	1,170	- 1,380	1,430	- 1,820	1,560	- 2,090
Romania	1,850	- 2,300	2,300	- 2,750	2,650	- 3,380	3,370	- 4,100
Russia	1,400	- 1,760	1,500	- 2,040	2,120	- 2,540	2,360	- 2,820
Slovakia	810	- 1,260	910	- 1,370	1,160	- 1,660	1,420	- 1,920
Spain	1,020	- 1,770	1,520	- 2,020	2,020	- 2,770	2,520	- 3,540
Sweden	2,440	- 2,990	2,990	- 3,490	3,490	- 3,890	3,890	- 5,000
Turkey	1,400	- 1,580	1,490	- 1,890	1,700	- 2,830	1,890	- 3,750
Ukraine	950	- 1,380	1,050	- 1,560	1,200	- 1,680	1,230	- 2,250
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	1,540	- 2,220	2,220	- 2,900	2,900	- 3,300	3,100	- 3,800
Mozambique	2,960	- 3,420	3,720	- 4,160	4,310	- 4,890	5,190	- 5,940
South Africa	1,560	- 1,810	1,940	- 2,210	2,310	- 2,590	2,840	- 3,100
Botswana	1,930	- 2,240	2,400	- 2,730	2,870	- 3,200	3,520	- 3,840
Namibia	1,680	- 1,940	2,080	- 2,360	2,480	- 2,780	3,050	- 3,330
Mauritius	2,170	- 2,580	2,790	- 3,100	3,310	- 3,720	4,130	- 4,750
Seychelles	2,580	- 3,030	3,340	- 3,640	3,840	- 4,520	4,720	- 5,520

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

- On site productivity remains affected by Covid restrictions across most of the EMEA region. Average productivity loss is less than 20%.
- Industry-wide slowdown is expected to impact tender prices; although in most cases input costs are expected to increase.
- As a result, in many regions falling tender prices are expected into 2021, but with uncertainty in pipeline making forecasts unpredictable.
- Dublin and Madrid have been badly impacted by the pandemic; Budapest and Cape Town least affected.
- Common currency reporting affects some regions.

Transaction Tracker

Region	Hotel	Location	No. of Keys	Total Price	Price per Key
Portfolio Transactions			€	€	
	2x B&B hotels	Paris, France	269	22,000,000	82,000
	5x Tamares hotels	Israel	712	37,800,000	53,000
Single Asset Transactions					
France	Golf Park Hotel	Cannes	56	12,000,000	214,000
	Citadines Didot Montparnasse	Paris	80	12,000,000	150,000
	Ibis Marne-la-Vallee	Paris	110	15,100,000	137,000
Italy	Amiternum	L'Aquila	60	2,300,000	38,000
	Pantheon Iconic	Rome	79	62,000,000	785,000
Spain	B&B Mataro	Barcelona	108	6,000,000	56,000
	Beverly Park Hotel*	Gran Canaria	469	56,000,000	119,000
	Hotel Formentor	Mallorca	127	165,000,000	1,299,000
Sweden	Quality Hotel Bodensia	Boden	99	2,900,000	30,000
	Elite Plaza Hotel	Gothenburg	127	38,800,000	306,000
	Clarion Hotel Amaranthen	Stockholm	461	146,200,000	317,000
Switzerland	Vision Apartments	Lucerne	56	16,700,000	299,000
	Hotel Schweizerhof	Zermatt	95	58,500,000	615,000
UK	Copthorne Birmingham	Birmingham	211	18,900,000	90,000
	The Bull Hotel	Burford	18	1,400,000	76,000
	Angel & Royal Hotel	Grantham	31	1,900,000	62,000
	Marine Hotel	Troon	89	7,700,000	87,000
Other	Parklane Resort	Limassol, Cyprus	274	90,000,000	328,000
	Leonardo Royal Alexanderplatz	Berlin, Germany	346	56,800,000	164,000
	Adler Hotel	Sochi, Russia	200	18,800,000	94,000

Source: Whitebridge Hospitality

* Sold out of receivership

- Corporate deals: Marriott acquired remainder of Design Hotels (Ger); Whitbread acquired 15x Centro hotels (Ger); Ireland Strategic Investment Fund acquired 13% stake in Staycity (Ire); Dalata secured new investment from Zahid Group Holdings (4% stake) and CI Investments (3% stake) (Ire); Landon Corporate Group acquired Sercotel (Spa).
- Active Accor: formed JV with Ennismore (UK); acquired remaining stakes in SBE (USA), Mama Shelter (Fra) and 25Hours (Ger).
- Exciting East Europe: Potamiro acquired Sofia Hotel Balkan (Bul); Imperial Riviera acquired 63% stake in Hotel Orsan & Hotel Bellevue (Cro); TUI acquired further stakes in 3x Karisma Adriatic resorts (Cro).

- Buoyant bijoux market: Eodin acquired Acapura Hotel, Val Thorens (Fra); Limestone Capital acquired U Palazzu Serena, Corsica (Fra); KSL acquired 3x Loubet hotels (Fra); Casacuberta family acquired Hotel Beau-Rivage, Geneva (Swi); Swiss Life acquired Widder Hotel, Zurich (Swi).

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.

CONSENSUS HOTEL YIELDS

Introduction

We approached a selection of hotel valuers and asked them to complete a matrix of hotel yields, bearing in mind market positioning and location in the UK and across Europe. The results of this research are presented here as consensus yield matrices (based on the mathematical average of the inputs provided).

UK

Whilst London continues to offer a tight range of yields, it is noticeable that other destinations have also tightened their range of yields across hotel categories - apart from the Country House category, most yields are now within (or close to) a 1% range. It is therefore essential that anyone viewing these matrices consider the yields shown as an illustrative guide only, and should seek appropriate professional advice when seeking to value a specific hotel asset.

UK	Budget	Mid-Mkt	Upscale	Luxury
Vacant Possession				
Central London	4.3%	4.5%	3.9%	3.4%
Greater London	5.2%	5.6%	5.5%	4.8%
Primary Cities ¹	6.1%	6.3%	6.1%	5.8%
Other Cities	7.6%	7.8%	7.1%	6.6%
Country house		8.8%	7.2%	6.8%
Adjustment Margin				
Lease	-1.2%	-1.2%	-1.0%	-0.5%
Management Contract		0.1%	0.1%	0.5%

¹ For example: Birmingham, Manchester, Edinburgh, Glasgow
Source: Avison Young, Gerald Eve & SSA Hotels, Knight Frank, Savills.

Compared to 12 months ago, albeit with a variation to the participants, the consensus view is that yields have sharpened considerably.

Adjustment Margin

In order to adjust the yields assumed for Vacant Possession, to allow for either a Lease or Management Contract, appropriate allowances have been estimated. These latest Adjustment Margins suggest that Leases are now considered advantageous across all hotel categories (and Management Contracts higher risk). Perhaps a clear

reflection of our time and the pain that hotel owners/ lenders have suffered under C19.

Europe

For Europe we have concentrated on the key countries, where transactions are most frequent. We have also included East Europe as a broad category for comparison to the specific West European countries.

The matrix clearly shows the popularity of Paris as the only true France Gateway City and equally tight yield ranges have evolved in several European markets. Mid-market and Upscale hotels attract higher yields and the trend in Adjustment Margins is very similar to the UK.

Europe	Budget	Mid-Mkt	Upscale	Luxury
Vacant Possession				
France - Gateway Cities	5.1%	5.4%	4.7%	4.0%
France - Rest	6.5%	6.8%	6.6%	5.2%
Germany - Gateway Cities	5.0%	5.3%	5.1%	4.2%
Germany - Rest	5.8%	6.3%	6.3%	5.7%
Spain - Gateway Cities	4.3%	4.4%	4.0%	3.6%
Spain - Rest	5.9%	6.3%	5.9%	5.2%
E. Europe - Gateway Cities	5.6%	5.8%	5.6%	4.4%
E. Europe - Rest	6.9%	7.5%	7.3%	5.8%
Adjustment Margin				
Lease	-0.9%	-0.8%	-0.9%	-0.1%
Management Contract		0.1%	0.0%	0.5%

Source: Avison Young, Gerald Eve & SSA Hotels, Knight Frank, Savills.

Year-on-year, there is a trend towards sharper yields across all markets and hotel categories.

Limitations

The foregoing yields:

- are applicable to stabilised earnings and are not for DCF use
- assume freehold title of the asset and no change of use permissible.

Acknowledgements

We would like to express our sincere thanks to Avison Young, Gerald Eve & SSA Hotels, Knight Frank, and Savills for their contributions and support in respect of this research.



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