

# EMEA HOTELS MONITOR

AUGUST 2021

ISSUE 28





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.

---

## EMEA HOTELS MONITOR AUGUST 2021

---

### Introduction

The first half of 2021 will no doubt be remembered for the commencement of vaccine roll outs (led by Israel and the UK), traffic light systems for international travel, economic bounces and non-existent VIP lanes. Looking forward there is definite hope for the second half of the year and for 2022. Indeed recent IATA Economics projections indicate that passenger numbers could reach 88% of 2019 levels by 2022 and exceed 2019 by 2023. Thus, projections that some hotel markets could start to hit 2019 numbers again by 2024 could well become reality. Fingers crossed that vaccine roll outs pick up around the world and that IATA is proved right.

Performance trends have varied beyond imagining across the region. Changes in RevPAR ranged from a high of +92.6% in Istanbul to a low of -75% in Amsterdam, whilst in GOPPAR, from a whopping 'Virgin Galactic' high of +3,803% in Warsaw to a painfully 'Mariana Trench' low of -23,345% in Madrid. Dubai showed clear signs of recovery after managing its pandemic with aplomb (+53.7%), whilst London was still struggling under its traffic lights (-158.2%).

Europe as the only region in the world to record an increase in rooms under construction and ongoing supply chain disruption are resulting in persistent development cost inflation.

Transactions have picked up tremendously and, hurray, we have a full table again. With UK and Spain leading the way, a broad range of markets have been active, including in Africa and the Middle East (where deals are rare).

█ Vaccine roll outs, traffic light systems, economic bounces and non-existent VIP lanes.

Our final page feature is a synopsis of how to manage hotel successfully during a pandemic and we are very grateful to Steve Terry and the team at Interstate for sharing their secrets with us.

### Philip Camble

*Director, Whitebridge Hospitality  
Editor, EMEA Hotels Monitor*

## Performance Trends

Jan-Jun City	2021				2020				Growth			
	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR
	€	%	€	€	€	%	€	€	%	%	%	%
Amsterdam	140.97	8.90	12.54	-1.98	176.46	28.4	50.14	4.62	-20.1	-68.7	-75.0	-142.9
Berlin	132.11	37.24	49.20	10.14	143.14	31.3	44.78	4.43	-7.7	19.0	9.9	129.2
Budapest	137.72	8.33	11.47	-6.18	150.10	27.3	41.03	3.04	-8.2	-69.5	-72.0	-303.6
Cairo	165.30	13.26	21.92	1.95	134.10	25.2	33.79	2.62	23.3	-47.4	-35.1	-25.5
Cape Town	78.43	38.42	30.13	13.51	108.20	35.4	38.27	18.67	-27.5	8.6	-21.3	-27.6
Doha	58.68	23.69	13.90	-3.18	103.09	37.0	38.14	14.68	-43.1	-36.0	-63.6	-121.6
Dubai	99.62	65.20	64.96	35.31	99.01	55.7	55.15	22.98	0.6	17.1	17.8	53.7
Dublin	141.35	60.82	85.97	53.13	139.23	41.0	57.02	20.08	1.5	48.5	50.8	164.6
Edinburgh	104.99	14.83	15.57	1.43	139.22	31.6	43.96	9.58	-24.6	-53.0	-64.6	-85.1
Bahrain	91.20	20.00	18.24	-1.34	99.90	27.7	27.68	-2.87	-8.7	-27.8	-34.1	-53.5
Istanbul	125.32	35.32	44.27	18.59	85.19	27.0	22.98	-0.25	47.1	30.9	92.6	-7,624.4
London	120.93	13.86	16.76	-7.45	167.81	31.2	52.27	12.82	-27.9	-55.5	-67.9	-158.2
Madrid	102.22	14.76	15.09	-15.94	127.30	25.8	32.90	0.07	-19.7	-42.9	-54.1	-23,345.3
Milan	250.13	15.31	38.29	-16.84	303.70	20.6	62.59	-9.57	-17.6	-25.7	-38.8	76.0
Moscow	75.03	54.82	41.14	20.93	72.11	33.4	24.07	2.87	4.1	64.2	70.9	630.4
Muscat	72.45	24.63	17.85	-23.28	147.49	28.5	42.09	-3.28	-50.9	-13.7	-57.6	608.7
Paris	348.87	8.59	29.97	-48.63	330.13	23.3	76.79	-35.01	5.7	-63.1	-61.0	38.9
Prague	108.91	7.49	8.15	-15.67	129.50	22.0	28.48	-7.79	-15.9	-66.0	-71.4	101.2
Riyadh	121.09	53.02	64.20	19.17	127.30	56.9	72.41	36.28	-4.9	-6.8	-11.3	-47.2
Rome	299.95	10.41	31.21	-42.11	287.94	14.9	43.00	-44.32	4.2	-30.3	-27.4	-5.0
Vienna	153.84	9.44	14.53	-18.20	163.66	24.0	39.33	-12.35	-6.0	-60.7	-63.1	47.3
Warsaw	75.71	13.80	10.45	-7.01	88.63	25.5	22.61	-0.18	-14.6	-45.9	-53.8	3,803.3

Source: HotStats

- The Year to date comparison picture is clouded by the positive start to 2020. European Corporate demand is returning slowly as restrictions lighten, however, lack of convention related business and international travel is hitting the large city markets.
- Middle East hotels seeing a -34% drop in labour costs vs pre-pandemic levels, much of which was previously fixed.
- June 21 was the highest profit level the EMEA region has seen since Feb 2020.
- Country level government subsidies are still supporting the profit position of many European countries.

[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	1,540 - 2,450	2,100 - 2,920	2,740 - 4,130	3,410 - 5,170
Austria	1,470 - 1,660	1,820 - 2,390	2,500 - 3,170	3,250 - 3,850
Belgium	1,240 - 1,840	1,650 - 2,110	1,840 - 2,260	2,470 - 3,110
Bulgaria	730 - 860	860 - 1,060	1,050 - 1,260	1,620 - 2,030
Finland	2,280 - 2,970	2,550 - 3,320	2,970 - 3,860	3,370 - 4,380
France	1,730 - 2,240	2,240 - 2,850	2,540 - 3,460	3,050 - 3,870
Germany	1,820 - 2,000	1,910 - 2,220	2,040 - 3,170	2,630 - 3,710
Greece	1,180 - 1,380	1,630 - 1,810	2,070 - 2,560	2,850 - 3,490
Hungary	1,020 - 1,340	1,460 - 2,030	1,760 - 2,710	2,160 - 3,390
Ireland	1,890 - 2,280	2,280 - 2,550	2,550 - 3,470	3,470 - 3,990
Italy	1,570 - 1,840	1,730 - 1,990	1,940 - 2,290	2,290 - 2,940
Norway	2,480 - 2,940	2,730 - 3,140	3,000 - 3,650	3,530 - 4,160
Netherlands	1,360 - 1,800	1,490 - 2,100	1,740 - 2,550	2,010 - 2,900
Portugal	1,040 - 1,300	1,190 - 1,410	1,460 - 1,860	1,590 - 2,130
Romania	1,880 - 2,330	2,330 - 2,790	2,690 - 3,430	3,420 - 4,160
Russia	1,430 - 1,800	1,530 - 2,080	2,160 - 2,590	2,410 - 2,880
Slovakia	820 - 1,280	920 - 1,390	1,180 - 1,680	1,440 - 1,950
Spain	1,040 - 1,810	1,550 - 2,060	2,060 - 2,830	2,570 - 3,610
Sweden	2,480 - 3,030	3,030 - 3,540	3,540 - 3,950	3,950 - 5,080
Turkey	1,400 - 1,580	1,490 - 1,890	1,700 - 2,830	1,890 - 3,750
Ukraine	970 - 1,410	1,070 - 1,590	1,220 - 1,710	1,250 - 2,300
Abu Dhabi	1,390 - 1,690	1,620 - 1,970	2,090 - 2,440	2,550 - 3,830
Qatar	1,800 - 1,920	1,920 - 2,180	2,310 - 2,930	2,880 - 4,740
Dubai	1,500 - 1,940	1,850 - 2,190	2,300 - 2,650	2,770 - 4,040
Saudi Arabia	1,560 - 2,250	2,250 - 2,940	2,940 - 3,350	3,150 - 3,860
Mozambique	3,000 - 3,470	3,780 - 4,220	4,370 - 4,960	5,270 - 6,030
South Africa	1,580 - 1,840	1,970 - 2,240	2,340 - 2,630	2,880 - 3,150
Botswana	1,960 - 2,270	2,440 - 2,770	2,910 - 3,250	3,570 - 3,900
Namibia	1,710 - 1,970	2,110 - 2,400	2,520 - 2,820	3,100 - 3,380
Mauritius	2,200 - 2,620	2,830 - 3,150	3,360 - 3,780	4,190 - 4,820
Seychelles	2,620 - 3,080	3,390 - 3,690	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

- Across the region vaccine programs and waves of the pandemic are occurring at different paces, however, the general trend for construction pipeline is far more promising than even six months ago.
- Resurgent demand and disrupted supply chains are resulting in a new dynamic of material supply shortages and resulting price inflation in many countries. Steel, timber, cladding and plasterboard are amongst those affected. Lead times are being extended, some programs disrupted and tender price inflation occurring.
- For the construction sector, hospitality projects remain the most negatively impacted by the pandemic, but generally supply side price increases do not discriminate between sub-sectors of the industry.
- Common currency reporting results in some impacts from exchange rate fluctuations.

## Transaction Tracker

Region	Hotel	Location	No. of Keys	Total Price	Price per Key
Portfolio Transactions			€	€	
	3x 123 IM hotels	France	207	15,000,000	72,000
	2x Fattal hotels	Munich, Germany	368	73,000,000	198,000
	2x Bonvecchiati hotels <sup>1</sup>	Venice, Italy	194	100,000,000	515,000
	2x Centro hotels	Saudi Arabia	542	71,700,000	132,000
	2x BCN Urbaness hotels	Barcelona, Spain	129	30,000,000	233,000
	8x Melia hotels <sup>2</sup>	Spain	1,789	203,900,000	114,000
	Al Wathba Resort, St Regis Saadiyat	Abu Dhabi, UAE	479	378,800,000	791,000
	2x Travelodge hotels	UK	153	23,200,000	152,000
	17x IHG hotels	UK	2,374	208,800,000	88,000
Single Asset Transactions					
France	Le Domaine de Mousquetay	L'Isle-sur-la-Sorgue	140	15,600,000	111,000
	Le Tsuba Hotel	Paris	82	43,000,000	524,000
Ireland	Ballsbridge Hotel	Dublin	232	150,000,000	647,000
	Morrison Hotel	Dublin	145	65,000,000	448,000
	Moxy Dublin City	Dublin	157	35,000,000	223,000
Italy	Hotel M89	Milan	55	7,700,000	140,000
	Baglioni Luna	Venice	91	100,000,000	1,099,000
Portugal	B&B Lisbon Airport	Lisbon	188	14,000,000	74,000
	Hotel Madeira Palacio	Madeira	250	45,000,000	180,000
Scandinavia	Skt. Petri Hotel	Copenhagen	288	144,000,000	500,000
	Akka 10	Stockholm	182	29,300,000	161,000
Spain	Barcelona Sea	Barcelona	24	900,000	38,000
	Gran Hotel Calderon	Barcelona	255	125,500,000	429,000
	Nobu Barcelona	Barcelona	259	80,000,000	309,000
	Iberostar Selection Santa Eulalia	Ibiza	230	40,000,000	174,000
UK	Copthorne Birmingham	Birmingham	211	20,000,000	95,000
	Stoke Park	Buckinghamshire	49	66,100,000	1,349,000
	Safestay Edinburgh	Edinburgh	132	18,600,000	141,000
	Nobu Shoreditch	London	168	87,000,000	518,000
	Yotel London*	London	212	81,200,000	383,000
Other	Villa Kennedy	Frankfurt, Germany	163	95,000,000	583,000
	Regent Hotel <sup>†</sup>	Warsaw, Poland	246	28,900,000	117,000
	Fairmont Zimbali <sup>†</sup>	KwaZulu-Natal, RSA	154	201,200,000	1,307,000

Source: Whitebridge Hospitality

\* Sold out of receivership

<sup>1</sup> including refurb cost

<sup>2</sup> for a 92.5% stake

- Corporate deals: BC Partners acquired Edgar Suites (€104m, Fra); Egeria Group acquired Fletcher Hotels (Ned); ActivumSG acquired Odyssey Hotel Group (Ned); TUI sold its stakes in Riu Hotels (€670m, Spa); Blackstone acquired Bourne Leisure (€1bn, UK); Orca Holding acquired Zetter Group (UK).
- High-end happenings: Messi acquired Casa Canut (And); Imlauer acquired Schloss Pichlarn (Aus); PAR Collection acquired La Bastide de St Tropez (Fra); CDP acquired

Lefay Resort & Spa (Ita); internal transfer of Grand Hotel Stockholm (Swe).

- Portfolio proceedings: Kasada Capital acquired 8x Accor hotels (Africa); Sunce Hotels transacted (Cro); Grecootel acquired 5x resorts (€61m, Gre); S Hotels acquired 50% stake in 26x hotels (UK).

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.

---

## RIDING THE STORM: HOW INTERSTATE NAVIGATED ITS HOTELS THROUGH THE PANDEMIC

---

### Introduction

With more than 120 hotels across the UK, Europe and Russia/CIS, the impact of the C19 on Interstate Hotels & Resorts' portfolio of properties had the potential to be devastating. However, quick thinking and action across the group meant more than 65% of our hotels were able to stay open, at a time when much of the industry had no choice but to shut down. So, how did we keep operating?

Key was starting with detailed profit and loss forecasts for each property. This established that in many cases keeping hotels open and catering for essential workers, albeit with much-reduced staffing levels, would be more cost effective than closing hotels completely. From there, it was a case of returning to the drawing board.

### Rewriting procedures

With C19 came a raft of new guidance and requirements for hotels and their working practices, so ensuring these new regulations were understood by hotel teams was key. Within weeks, more than 100 standard operating procedures were re-written, tailored to each property, brand, and the specific guidance in place in each hotel's country. This included overhauling every process, from cleaning regimes to maintenance procedures, fire policies, food and beverage services, ensuring each hotel was fully compliant with the latest guidance.



*The team at Interstate's Holiday Inn & Staybridge Suites London Heathrow – Bath Road.*

### Upskilling the team

Of course, with a much lower level of demand, hotels were having to adapt to the new ways of working with fewer staff in place. Those who were working found themselves

challenged with taking on more responsibilities than their role usually called for. But Interstate and its hotel teams worked seamlessly together and an online training program was put in place within weeks of the pandemic hitting, to upskill staff on everything from Covid-safe check-in procedures right through to food safety, asbestos and Legionella.

These training sessions continued to be updated throughout the pandemic in line with changing guidance, supporting frontline staff who continued and ensuring that as restrictions ease and travel resumes, hotel teams are ready and prepared.



*The Holiday Inn Express London – ExCel was just one of Interstate's properties to remain open throughout the pandemic, providing accommodation for keyworkers at the nearby NHS Nightingale hospital*

### Attracting new business

To remain open and operating, our hotels needed to win regular business from the few sectors still able to travel during the pandemic. Hotel sales representatives joined forces with Interstate's corporate sales team to identify niche areas and formed taskforces to target different industries, including: NHS key workers, oil industry employees, construction workers, elite sports teams, and film and television crews. In the

south of England, two hotels were even turned into care homes, to provide much-needed bed supply when the health and care system was under immense pressure.

### Reaping the rewards

Throughout the pandemic (Apr 2020 – Mar 2021), Interstate's hotels managed to achieve:

- average occupancy levels of 24.5%, almost 5% higher than the competition
- GOPPAR was -£0.55, compared to -£3.59 amongst competitors (in 2021, this has risen to +£2.29, compared to competitors' loss of -£2.36) (Source – Hotstats).

The work Interstate's hotels have put into upskilling and adapting throughout the height of the pandemic has placed the portfolio in a strong position to capitalise on the resurgence of the hospitality and travel industries, already well underway.



**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