

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 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

The second half of 2021 brought us boosters, a delayed Olympic Games, Omicron, clear signs of improving trading conditions within our wonderful hotel sector and fast rising levels of inflation across various aspects of our industry (including salaries, utilities, food stuffs and ADRs). What an exciting six months it was. The next six months will see even more excitement: high inflation (5.1% already in January in Eurozone), more open skies, fewer C19 regulations and more people spending pent up savings on having a good time and holidaying.

HotStats data clearly shows the recovery that is underway, with only two Growth matrices showing negative results (ADR and RevPAR in Muscat). All other markets and growth matrices are in encouragingly positive territory. Star performers included: Istanbul +60% growth in ADR and +189% in RevPAR; Rome +109% in occupancy; and London with a stellar 2,713% increase in GOPPAR. May the good times roll!

All through the pandemic, hotel developments have continued to be realised and with signs of recovery at an operating level, the pressure on construction inflation is likely to remain material, especially as post-C19 supply chain issues continue to unwind and resolve themselves.

Lots of deals were concluded in H2 2021, with Spain and Portugal being particularly busy from a value perspective. Regional UK had the highest number of deals, but their overall value was somewhat restrained as most deals were small individual asset transactions.

█ London with a stellar 2,713% increase in GOPPAR. May the good times roll!

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

Philip Camble

*Director, Whitebridge Hospitality
Editor, EMEA Hotels Monitor*

Performance Trends

Jan-Dec City	2021				2020				Growth			
	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR
	€	%	€	€	€	%	€	€	%	%	%	%
Amsterdam	149.11	23.6	35.16	6.79	150.04	21.9	32.82	2.42	-0.6	7.8	7.1	181.1
Berlin	152.95	43.0	65.70	27.03	143.00	28.7	41.03	2.24	7.0	49.7	60.1	1,106.0
Budapest	154.38	26.9	41.57	5.91	148.95	23.4	34.88	-1.45	3.6	15.0	19.2	508.8
Cairo	171.64	30.6	52.48	24.23	143.70	17.6	25.26	-2.15	19.4	74.0	107.8	1,227.7
Casablanca	104.76	53.6	56.20	41.05	94.23	29.4	27.72	7.26	11.2	82.3	102.7	465.1
Doha	101.14	30.9	31.29	4.82	94.12	22.8	21.43	-3.25	7.5	35.8	46.0	248.1
Dubai	112.00	66.0	73.93	47.29	105.75	56.5	59.76	32.77	5.9	16.8	23.7	44.3
Dublin	159.03	66.0	104.96	68.57	127.28	40.9	52.05	18.06	24.9	61.4	101.7	279.7
Edinburgh	147.82	31.2	46.07	28.86	134.44	24.0	32.30	5.43	10.0	29.7	42.6	431.3
Bahrain	155.93	37.4	58.34	23.75	100.35	24.2	24.31	-4.25	55.4	54.5	140.0	658.9
Istanbul	189.17	54.8	103.71	69.57	118.35	30.3	35.84	11.76	59.8	81.0	189.3	491.6
London	190.13	29.3	55.62	19.68	160.42	22.3	35.83	0.70	18.5	31.0	55.3	2,712.5
Madrid	138.75	27.6	38.27	5.06	114.03	16.1	18.31	-7.28	21.7	71.8	109.1	169.6
Milan ¹	289.71	30.3	87.79	24.14	271.18	15.0	40.73	-13.74	6.8	101.8	115.6	275.7
Moscow	83.82	58.3	48.83	28.06	68.25	34.4	23.48	3.80	22.8	69.3	108.0	637.9
Muscat	94.52	30.7	29.05	-12.54	126.99	23.2	29.47	-14.66	-25.6	32.4	-1.4	14.5
Paris	252.09	33.10	83.38	10.54	219.64	18.20	39.97	-27.83	32.45	0.15	43.41	38.37
Prague	128.90	25.2	32.43	4.73	124.59	16.4	20.46	-10.57	3.5	53.2	58.5	144.7
Riyadh	125.82	60.8	76.51	33.91	125.74	51.4	64.62	24.81	0.1	18.3	18.4	36.7
Rome ¹	331.09	28.5	94.52	3.50	281.08	13.7	38.44	-44.63	17.8	108.8	145.9	107.8
Vienna	175.84	23.5	41.38	3.50	164.26	18.0	29.64	-8.98	7.1	30.4	39.6	138.9
Warsaw	84.92	32.3	27.40	5.43	85.26	21.6	18.45	-3.23	-0.4	49.1	48.5	267.9

Source: HotStats

¹ Luxury weighted

- European hotels supported by furlough in most countries for the majority of 2021, although at lower levels than 2020.
- Rising energy costs across Europe, combined with increased labour and supply costs replacing much of the efficiencies found throughout the pandemic.
- Dubai hosted Expo 2020 in Q4, which, combined with other key events and opening to international travel, saw a record quarter for the emirate.
- Saudi Arabia missing large volumes of international religious travel.
- Shortage of labour very much a key operational issue region-wide.

[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	1,520 - 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	2,480 - 3,230	2,770 - 3,600	3,230 - 4,190	3,660 - 4,760
France	1,800 - 2,300	2,300 - 2,600	2,700 - 3,400	3,200 - 4,000
Germany	2,110 - 2,320	2,220 - 2,590	2,370 - 3,680	3,060 - 4,320
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	1,850 - 2,250	2,100 - 2,650	2,400 - 2,900	2,750 - 3,600
Norway	2,440 - 2,900	2,850 - 3,100	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
Poland	1,400 - 1,500	1,530 - 1,660	1,700 - 2,000	2,100 - 3,000
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	1,610 - 2,110	1,880 - 2,650	2,760 - 3,300	3,070 - 3,980
Slovakia	810 - 1,260	910 - 1,370	1,160 - 1,660	1,420 - 1,920
Spain	1,120 - 1,860	1,670 - 2,120	2,220 - 2,910	2,770 - 3,720
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

- In most countries construction sector has seen a rebound in demand, which, combined with supply challenges, is contributing to overall tender price inflation.
- Hospitality sector remains hardest hit by C19 of those serviced by construction industry. Supply side pressures and input cost increases remain despite hesitancy in hospitality demand.
- Africa seeing significant tender price inflation in Durban and Cape Town. Middle East has forecast more modest tender price inflation, with Saudi Arabia's focus on tourism sector of note. Mainland Europe seeing significant variance in tender price inflation by country.
- 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			€	€	
	Grand Hotel & Residences Savoia	Cortina, Italy	177	70,000,000	395,000
	6x JJW hotels*	France	324	175,000,000	540,000
	2x Accor hotels	Poland	527	80,000,000	152,000
	2x Minor hotels	Portugal	631	148,000,000	235,000
	4x Selenta hotels	Spain	2,236	440,000,000	197,000
	12x Hilton hotels	UK	2,384	683,800,000	287,000
Single Asset Transactions					
Greece	Blue Capsis Elite Resort	Crete	465	125,000,000	269,000
	Naxos Resort Beach Hotel	Naxos	88	6,500,000	74,000
Ireland	Killashee Hotel	Co Kildare	140	25,000,000	179,000
	Castlemartyr Resort	Cork	147	20,000,000	136,000
Scandinavia	Comfort Vesterbro	Copenhagen, Denmark	399	82,300,000	206,000
	Stella Maris Hotel de Luxe	Svendborg, Denmark	36	7,600,000	210,000
	Zander K Hotel	Bergen, Norway	249	39,900,000	160,000
	Hotel Savoy	Oslo, Norway	93	17,600,000	190,000
Spain	Apolo Hotel	Barcelona	314	96,000,000	306,000
	Hesperia Presidente	Barcelona	151	125,000,000	828,000
	Hotel Axel Barcelona	Barcelona	101	30,000,000	297,000
	Bless Hotel	Madrid	111	115,000,000	1,036,000
	Blau Porto Petro ¹	Mallorca	319	110,000,000	345,000
	Las Dalias	Tenerife	420	100,000,000	238,000
UK	Slieve Donard Resort & Spa	Co Down	181	47,200,000	261,000
	The Belfry	Midlands	324	165,100,000	509,000
	Wardrobe Court	London	92	82,500,000	897,000
	Hotel Bristol	Newquay	74	6,000,000	81,000
	Langdon Court Hotel*	Plymouth	19	2,200,000	115,000
Other	Franz Ferdinand Mountain Resort	Nassfield, Austria	144	15,000,000	104,000
	D-Resort Sibenik	Sibnek, Croatia	72	26,000,000	361,000
	Le Saint Paul ²	St Paul de Vence, France	16	5,600,000	347,000
	Mount Zion Hotel	Jerusalem, Israel	137	71,100,000	519,000
	Londra & Cargill Hotel	Rome, Italy	101	33,200,000	329,000
	Radisson Blu Azuri Resort & Spa	Roches Noires, Mauritius	100	10,400,000	104,000
	Diplomatico Hotel	Lisbon, Portugal	95	14,800,000	155,000

Source: Whitebridge Hospitality

* Sold out of receivership

¹ for a majority stake

² including refurb cost

- Corporate compacts: Brookfield acquired stake in Experimental (Fra); Azora acquired Bluserena (Ita); Castlelake acquired 49.9% stake in Millenium Hotels RE (€249.5m, Spa); Henderson Park acquired Amaris Hospitality (UK).
- Relishing resorts: Everyty acquired Iconic Santorini (Gre); Azora acquired Vilalara Resort (Por); Minor acquired 2x Marinateis hotels (Por); One United acquired Carpathian Lodge (€2.35m, Rom); Blasson acquired Punta Negra (Spa); Arora Group acquired Luton Hoo (UK).

- Portfolio plays: Actis acquired 4x City Lodges (Ken, Tan); Davidson Kempner acquired Nau (€900, Por); Sixth Street acquired 5x Oh'Tels (Spa); Visionapartments acquired 2x Ibis Geneva (Swi).
- Notable others: Kasada acquired Safari Court Hotel (Nam); Fragrance acquired Kensington Forum (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.

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 averages of the inputs provided).

UK

Within the London markets, the range of yields remains relatively tight, however, as the market becomes less defined (such as Other Cities), the range of yields widens materially. 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 (especially as valuers noted the range within any given category is probably wider than normal at the moment).

UK	Budget	Mid-Mkt	Upscale	Luxury
Vacant Possession				
Central London	5.0%	5.3%	4.5%	3.8%
Greater London	6.0%	6.4%	6.3%	5.6%
Primary Cities ¹	7.1%	7.3%	7.1%	6.4%
Other Cities	8.6%	8.9%	7.8%	7.5%
Country house		7.1%	8.3%	7.6%
Adjustment Margin				
Lease	-1.4%	-1.0%	-1.0%	0.1%
Management Contract		0.0%	0.1%	0.4%

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

Valuers reported limited changes compared to last few years, but highlighted that the key issue still is to what income stream should such yields be used to capitalise, as market performance trends are still somewhat erratic, even if signs of recovery were certainly apparent in H2 2021.

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 Adjustment Margins suggest that within the Budget sector a Lease is advantageous, whilst in the Luxury sector Vacant Possession is perhaps more valuable.

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 an equally tight yield range has evolved in Germany Gateway Cities. 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	6.1%	6.1%	5.2%	4.2%
France - Rest	8.0%	7.9%	7.4%	6.0%
Germany - Gateway Cities	6.1%	6.4%	6.1%	5.0%
Germany - Rest	7.5%	7.7%	7.4%	6.7%
Spain - Gateway Cities	6.1%	6.3%	6.0%	5.1%
Spain - Rest	7.9%	8.2%	7.9%	7.3%
E. Europe - Gateway Cities	8.2%	8.1%	7.6%	6.4%
E. Europe - Rest	9.8%	9.8%	9.2%	8.0%
Adjustment Margin				
Lease	-1.1%	-1.0%	-1.1%	-0.3%
Management Contract		0.2%	0.1%	0.4%

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

Valuers noted that there is a lot of money out there at the moment that is keen to find a home and hospitality appears to be a key target sector. More transactions activity and continued performance recovery in 2022 should provide more visibility around pricing as the year progresses.

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.

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