

# EMEA HOTELS MONITOR

AUGUST 2013

ISSUE 12





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.

## RLB | Rider Levett Bucknall

Rider Levett Bucknall is an independent, global property consultant. It utilises a Responsible Management philosophy, helping clients spend less money by delivering more efficient, cost conscious and sustainable results on both a corporate and asset basis. The firm has over 3,000 staff across more than 100 international offices and offers three core services - Quantity Surveying, Building Surveying and Project Management, alongside advisory services.

Download the free RLB Intelligence app at [rlb.com/app](http://rlb.com/app)



STR Global provides clients with access to hotel research with regular and custom reports covering over 46,000 hotels globally. They provide a single source of global hotel performance data, offering concise, accurate and thorough industry research worldwide and they track a variety of Profitability, Pipeline, Forecast and Census data covering all aspects of the industry.

---

## EMEA HOTELS MONITOR AUGUST 2013

---

### Introduction

Firstly, we would like to congratulate Andy Murray for winning Wimbledon and for joining our hotel family following his acquisition of Cromlix House Hotel near Dunblane.

On a more business-like level, the financial pressures that have been brewing for some years now are finally boiling over into a rush of deals. Already in the first six months of 2013, we have seen some big portfolio sales, corporate transactions and structural refinancing. Two of the biggest portfolio deals were related to the ongoing clearance of entities in receivership in the UK (namely a portfolio of 42 Marriott Hotels and the Malmaison/Hotel du Vin collection).

Of particular note is the clear emergence of investment out of China. Notable deals in the region included: New Century Hospitality's acquisition of the Golden Tulip in Offenbach, Germany (€10.5m); HNA Group acquiring a 20% stake in NH Hoteles (€234m); China Glory National Investment acquiring the Venus Rock Golf Resort in Cyprus (€290m); and China State Construction Engineering Corporation (CSCEC) to invest in the Viceroy Dubai Palm Jumeirah project in Dubai (US\$1bn).

Already in the first six months of 2013, we have seen some big portfolio sales, corporate transactions and structural refinancing.

Improvements in hotel performance have been most prevalent in the Middle East and Northern Africa, including Cairo which registered an increase in RevPAR. Europe, meanwhile, has exhibited more stable conditions with only slight gains in performance.

For a bit of fun in the heat of such a hot transactions market, our back-page feature is a quick review of some of the quirkier hotel projects under consideration in the world.

### Philip Camble

*Director, Whitebridge Hospitality  
Editor, EMEA Hotels Monitor*

## Performance Trends

| Jan-Jun<br>City | 2013   |      |        | 2012   |      |        | Growth  |       |       |      |         |       |
|-----------------|--------|------|--------|--------|------|--------|---------|-------|-------|------|---------|-------|
|                 | ADR    | Occ  | RevPAR | ADR    | Occ  | RevPAR | ADR     |       | Occ   |      | RevPAR  |       |
|                 | €      | %    | €      | €      | %    | €      | Abs (€) | %     | Abs % | %    | Abs (€) | %     |
| Amsterdam       | 129.44 | 72.6 | 93.97  | 132.95 | 72.0 | 95.68  | -3.50   | -2.6  | 0.6   | 0.9  | -1.71   | -1.8  |
| Berlin          | 88.34  | 69.4 | 61.34  | 87.18  | 68.3 | 59.58  | 1.16    | 1.3   | 1.1   | 1.6  | 1.75    | 2.9   |
| Budapest        | 65.75  | 61.4 | 40.36  | 65.51  | 56.9 | 37.27  | 0.24    | 0.4   | 4.5   | 7.9  | 3.09    | 8.3   |
| Cairo           | 78.95  | 45.2 | 35.68  | 77.61  | 44.9 | 34.81  | 1.34    | 1.7   | 0.3   | 0.7  | 0.87    | 2.5   |
| Cape Town       | 94.79  | 64.8 | 61.47  | 100.45 | 61.1 | 61.39  | -5.66   | -5.6  | 3.7   | 6.1  | 0.08    | 0.1   |
| Copenhagen      | 109.20 | 65.6 | 71.68  | 103.28 | 63.7 | 65.74  | 5.92    | 5.7   | 2.0   | 3.1  | 5.93    | 9.0   |
| Dubai           | 193.12 | 84.4 | 162.91 | 181.09 | 80.9 | 146.45 | 12.03   | 6.6   | 3.5   | 4.3  | 16.47   | 11.2  |
| Dublin          | 88.69  | 74.6 | 66.15  | 84.01  | 70.4 | 59.15  | 4.68    | 5.6   | 4.2   | 5.9  | 7.00    | 11.8  |
| Edinburgh       | 86.92  | 74.6 | 64.88  | 88.90  | 73.9 | 65.67  | -1.98   | -2.2  | 0.8   | 1.0  | -0.79   | -1.2  |
| Helsinki        | 102.85 | 63.0 | 64.79  | 104.66 | 66.0 | 69.09  | -1.81   | -1.7  | -3.0  | -4.6 | -4.30   | -6.2  |
| Istanbul        | 155.89 | 70.7 | 110.21 | 147.81 | 72.8 | 107.67 | 8.08    | 5.5   | -2.1  | -2.9 | 2.53    | 2.4   |
| London          | 155.78 | 79.7 | 124.21 | 163.79 | 78.7 | 128.95 | -8.01   | -4.9  | 1.0   | 1.3  | -4.74   | -3.7  |
| Madrid          | 86.83  | 62.7 | 54.44  | 88.60  | 65.3 | 57.84  | -1.78   | -2.0  | -2.6  | -3.9 | -3.40   | -5.9  |
| Milan           | 134.81 | 64.2 | 86.53  | 133.06 | 62.5 | 83.11  | 1.76    | 1.3   | 1.7   | 2.8  | 3.42    | 4.1   |
| Moscow          | 147.57 | 64.8 | 95.56  | 149.95 | 64.3 | 96.49  | -2.38   | -1.6  | 0.4   | 0.6  | -0.93   | -1.0  |
| Muscat          | 173.27 | 72.3 | 125.28 | 169.55 | 62.7 | 106.31 | 3.72    | 2.2   | 9.6   | 15.3 | 18.98   | 17.8  |
| Paris           | 263.66 | 78.0 | 205.65 | 249.24 | 77.6 | 193.46 | 14.42   | 5.8   | 0.4   | 0.5  | 12.19   | 6.3   |
| Prague          | 72.68  | 63.9 | 46.41  | 73.10  | 63.6 | 46.47  | -0.42   | -0.6  | 0.3   | 0.5  | -0.06   | -0.1  |
| Riyadh          | 203.40 | 61.3 | 124.67 | 201.62 | 62.2 | 125.43 | 1.78    | 0.9   | -0.9  | -1.5 | -0.76   | -0.6  |
| Rome            | 148.68 | 64.3 | 95.62  | 144.60 | 64.5 | 93.25  | 4.08    | 2.8   | -0.2  | -0.3 | 2.37    | 2.5   |
| Vienna          | 95.15  | 66.5 | 63.28  | 95.11  | 67.7 | 64.39  | 0.03    | 0.0   | -1.2  | -1.8 | -1.11   | -1.7  |
| Warsaw          | 70.32  | 69.6 | 48.94  | 95.82  | 67.5 | 64.72  | -25.49  | -26.6 | 2.0   | 3.0  | -15.78  | -24.4 |
| Zurich          | 185.00 | 69.4 | 128.47 | 190.13 | 68.7 | 130.69 | -5.13   | -2.7  | 0.7   | 1.0  | -2.22   | -1.7  |

Source: STR Global

- The Middle East has seen a good hotel performance in the first six months of 2013 with RevPAR growth of 9.2% driven by both ADR (4.9%) and Occupancy (4.1%). Equally Northern Africa shows a 6.8% increase in RevPAR sourced from elevated occupancy rates (9%). Recent governmental changes in Egypt have not calmed the situation in the country and the future for the tourism and hotel market remains unpredictable.
- Oman showed a demand increase of 24.6% YTD June establishing itself as an attractive tourist and business destination. Currently there are more than 4,000 hotel rooms in the active pipeline, which is likely to have a bearing on future market performance.
- In Europe, hotel performance remained stable with only slight increases in occupancy and RevPAR reaching 64.9% and EUR 101.64 respectively. While Eastern Europe reports strongest occupancy growth (3.2%), only Southern Europe showed growth in ADR (2.4%) with key markets being Istanbul, Tel Aviv and Rome.

## Hotel Construction Costs

| Country        | Budget hotels | Mid market – low | Mid market – high | Luxury        |
|----------------|---------------|------------------|-------------------|---------------|
|                | € per sqm     | € per sqm        | € per sqm         | € per sqm     |
| UK             | 1,510 - 2,000 | 1,730 - 2,350    | 2,280 - 3,090     | 2,810 - 4,260 |
| Austria        | 1,350 - 1,480 | 1,650 - 2,110    | 2,380 - 2,810     | 2,980 - 3,430 |
| Belgium        | 1,120 - 1,630 | 1,470 - 1,880    | 1,630 - 2,030     | 2,230 - 2,740 |
| Bulgaria       | 880 - 1,390   | 1,130 - 1,600    | 1,230 - 2,060     | 1,340 - 2,990 |
| Czech Republic | 910 - 1,230   | 1,130 - 1,380    | 1,230 - 1,730     | 1,530 - 2,090 |
| France         | 1,580 - 2,040 | 2,040 - 2,650    | 2,550 - 3,570     | 2,860 - 4,590 |
| Germany        | 1,650 - 1,810 | 1,730 - 2,030    | 2,060 - 2,890     | 2,680 - 3,400 |
| Greece         | 900 - 1,090   | 1,090 - 1,400    | 1,300 - 1,700     | 1,700 - 2,200 |
| Hungary        | 760 - 1,060   | 1,110 - 1,520    | 1,310 - 2,020     | 1,620 - 2,530 |
| Ireland        | 1,500 - 1,800 | 1,750 - 2,000    | 1,950 - 2,200     | 2,300 - 3,000 |
| Italy          | 1,490 - 1,710 | 1,670 - 1,860    | 1,810 - 2,130     | 2,110 - 2,780 |
| Norway         | 2,000 - 2,860 | 2,430 - 3,290    | 2,570 - 3,430     | 3,140 - 4,000 |
| Netherlands    | 1,110 - 1,290 | 1,200 - 1,430    | 1,390 - 1,770     | 1,570 - 1,860 |
| Portugal       | 910 - 1,110   | 1,010 - 1,210    | 1,310 - 1,670     | 1,420 - 1,920 |
| Romania        | 1,260 - 1,950 | 1,490 - 2,290    | 1,720 - 2,290     | 1,720 - 4,010 |
| Russia         | 1,090 - 1,650 | 1,490 - 2,060    | 1,490 - 2,630     | 2,290 - 3,660 |
| Slovakia       | 720 - 1,120   | 820 - 1,220      | 1,020 - 1,540     | 1,350 - 1,790 |
| Spain          | 1,010 - 1,720 | 1,520 - 2,020    | 1,820 - 2,530     | 2,530 - 3,540 |
| Sweden         | 2,170 - 2,650 | 2,650 - 3,120    | 3,120 - 3,460     | 3,460 - 4,500 |
| Turkey         | 730 - 820     | 760 - 980        | 870 - 1,420       | 1,040 - 1,970 |
| Ukraine        | 1,320 - 1,980 | 1,480 - 2,200    | 1,700 - 2,380     | 1,750 - 3,290 |
| Abu Dhabi      | 1,080 - 1,310 | 1,480 - 1,820    | 1,830 - 2,090     | 2,230 - 3,070 |
| Bahrain        | 900 - 990     | 1,180 - 1,290    | 1,320 - 1,400     | 1,450 - 1,860 |
| Dubai          | 1,050 - 1,280 | 1,450 - 1,780    | 1,800 - 2,050     | 2,190 - 3,010 |
| Saudi Arabia   | 980 - 1,060   | 1,280 - 1,390    | 1,420 - 1,510     | 1,560 - 2,000 |
| Botswana       | 1,150 - 1,340 | 1,450 - 1,680    | 1,700 - 2,020     | 2,180 - 2,390 |
| Mauritius      | 1,200 - 1,400 | 1,500 - 1,700    | 1,800 - 2,000     | 2,200 - 2,400 |
| Mozambique     | 1,240 - 1,500 | 1,550 - 1,850    | 2,060 - 2,450     | 2,540 - 2,900 |
| Namibia        | 1,130 - 1,320 | 1,420 - 1,630    | 1,740 - 2,000     | 2,150 - 2,350 |
| Seychelles     | 1,850 - 2,250 | 2,350 - 2,600    | 2,650 - 3,080     | 3,200 - 4,200 |
| South Africa   | 1,100 - 1,300 | 1,400 - 1,600    | 1,700 - 1,900     | 2,100 - 2,300 |

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

- Many European countries are experiencing an ebb and flow of GDP growth. Austerity in some regions is tempered by targeted stimulus packages.
- Currency fluctuations remain a significant influence when comparing international costs.
- In some countries the Construction Sector has remained a drag on the rest of the economy, a trend that may see some limited and delicate reversal (e.g. the UK). Competition for most projects remains strong preventing any significant margin growth or tender price rebound.

## Transaction Tracker

| Region                    | Hotel                                 | Location               | No. of Keys | Total Price | Price per Key |
|---------------------------|---------------------------------------|------------------------|-------------|-------------|---------------|
| Portfolio Transactions    |                                       |                        |             | €           | €             |
|                           | 4 x Starwood Cap. hotels <sup>1</sup> | France                 | 1,727       | 750,000,000 | 434,279       |
|                           | 20 x Holiday Inn hotels               | Germany                | 3,649       | 300,000,000 | 82,214        |
|                           | 2 x Ibis hotels <sup>2</sup>          | Germany/Netherlands    | 405         | 37,000,000  | 91,358        |
|                           | 2 x IHG hotels <sup>3</sup>           | London, UK             | 350         | 67,280,000  | 192,229       |
|                           | 42 x Marriott hotels*                 | UK                     | 8,000       | 742,400,000 | 92,800        |
|                           | 26 x Malmaison/HdV hotels*            | UK                     | 1,909       | 218,080,000 | 114,238       |
| Single Asset Transactions |                                       |                        |             |             |               |
| France                    | Sofitel Paris Le Faubourg             | Paris                  | 147         | 99,099,338  | 674,145       |
|                           | Trinite Plaza Hotel                   | Paris                  | 42          | 5,000,000   | 119,048       |
| Germany                   | Motel One Bellevue                    | Berlin                 | 248         | 15,500,000  | 62,500        |
|                           | Vier Jahreszeiten Hamburg             | Hamburg                | 156         | 35,000,000  | 224,359       |
|                           | Grand Hotel Heiligendamm*             | Heiligendamm           | 204         | 30,000,000  | 147,059       |
|                           | Golden Tulip Offenbach                | Offenbach              | 248         | 10,500,000  | 42,339        |
| Ireland                   | Ashford Castle*                       | Co. Mayo               | 83          | 20,000,000  | 240,964       |
|                           | Sheen Falls Lodge                     | Kenmare                | 66          | 5,000,000   | 75,758        |
| Spain                     | Barceló Raval                         | Barcelona              | 186         | 37,000,000  | 198,925       |
|                           | W Hotel Barcelona                     | Barcelona              | 473         | 200,000,000 | 422,833       |
| UK                        | Travelodge Bath Waterside             | Bath                   | 125         | 12,992,000  | 103,936       |
|                           | Hunstret House Hotel                  | Nr. Bath               | 25          | 5,800,000   | 232,000       |
|                           | Paragon Hotel*                        | Birmingham             | 250         | 6,960,000   | 27,840        |
|                           | Cromlix House Hotel                   | Dunblane               | 14          | 2,088,000   | 149,143       |
|                           | Apex Waterloo Place                   | Edinburgh              | 187         | 11,600,000  | 62,032        |
|                           | Apex City of London Hotel             | London                 | 179         | 21,692,000  | 121,184       |
|                           | Hilton Heathrow T5                    | London                 | 350         | 24,360,000  | 69,600        |
|                           | InterContinental Park Lane            | London                 | 447         | 349,740,000 | 782,416       |
|                           | St John Chinatown Hotel*              | London                 | 15          | 1,392,000   | 92,800        |
|                           | Travelodge Farringdon                 | London                 | 219         | 27,840,000  | 127,123       |
|                           | Travelodge Woolwich                   | London                 | 120         | 9,280,000   | 77,333        |
|                           | Travelodge Manchester Street          | Oldham                 | 187         | 11,600,000  | 62,032        |
| Other EMEA                | NH Grand Hotel Krasnapolsky           | Amsterdam, Netherlands | 468         | 157,000,000 | 335,470       |
|                           | Southern Sun Ikoyi Hotel              | Lagos, Nigeria         | 195         | 52,051,282  | 266,930       |
|                           | Radisson Blu Riverside                | Gothenburg, Sweden     | 265         | 48,900,000  | 184,528       |

Source: Whitebridge Hospitality

\*Sold out of receivership

<sup>1</sup> Martinez Cannes, Palais de la Mediterranee Nice, Concorde-Lafayette & du Louvre Paris

<sup>2</sup> Munich City West & The Hague

<sup>3</sup> Holiday Inn & Staybridge Suites Stratford

- Other interesting deals included resorts in the Seychelles and Mauritius, and a group of five hotels in Belgium.
- Deal activity in France and Germany has been strong, with Marantha buying several hotels in France, and the Grand Hyatt and NHOW hotels changing hands in Berlin.
- Corporate deals included: Club Med, Maybourne, Amanresorts, NH Hoteles, Sanguine Hospitality and BDL Management.
- Refinances included: Occidental Hotels, QHotels, Principal-Hayley, Jury's Inn, Real Star portfolio and Kerzner International.

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.

---

## SURREAL REALITIES

---

### Introduction

Over the years we have worked on some of the world's most pioneering and cutting edge hospitality projects. From multiple hotels and a convention centre on The World in Dubai, to the world's largest hotel, to resorts in the most remote settings on earth.

We have seen hotels in the shape of boats, boots, elephants, dogs, trees and wigwams. We have worked on hotels that would be themed by iconic popstars and one of the most valuable space- adventure brands in Hollywood. We have stayed in floating rooms on lakes and in hotels made of ice. We have worked on a hotel that will provide accommodation and hospitality to astronauts travelling on the first commercial space flights. Consequently, we thought it would be fun to take a quick look at some of the more adventurous schemes at different levels of design and implementation.



Image © Deep Ocean Technology

### The Water Discus Hotel

Created by Deep Ocean Technology, this futuristic underwater hotel is earmarked for development off the island of Kuredhivaru in the Maldives. Featuring 21 underwater rooms and public areas in the discs some seven metres above water level.

### The Hotel in the Heavens

Russian engineers and Orbital Technologies have designed a four-room hotel that would orbit 200 miles above Earth by 2016. Guests would reach the hotel via a Soyuz rocket at a cost of £500,000, arguably the most expensive transfer in the universe.



Image © Orbital Technologies

### Closing

We would love to see these hotels built and to visit them too. In a world where design and technology are progressing so quickly, who knows, some of these amazing schemes may come to be. One which is unlikely to ever reach reality, however, is the infamous Dubai Bubble City - a floating city project, launched at the height of the property boom in Dubai, to have been powered by huge helium balloons and anti-gravity machines.



Artist's impression



**WHITE  
BRIDGE**

Telephone: +44 (0)20 7195 1482  
[philip.camble@whitebridgeh.com](mailto:philip.camble@whitebridgeh.com)  
[www.whitebridgehospitality.com](http://www.whitebridgehospitality.com)

## RLB | Rider Levett Bucknall

Telephone: +44 (0)20 7398 8300  
EMEA: [paul.beeston@uk.rlb.com](mailto:paul.beeston@uk.rlb.com)  
London: [jeremy.spill@uk.rlb.com](mailto:jeremy.spill@uk.rlb.com)  
[www.rlb.com](http://www.rlb.com)



Telephone: +44 (0)20 7922 1930  
[info@strglobal.com](mailto:info@strglobal.com)  
[www.strglobal.com](http://www.strglobal.com)

