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 4,500 people working across 34 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. Our 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 are specialists in hotel profitability data. Drawing on a database of monthly P&L data from hotels across the globe the HotStats platform provides unparalleled insight for the purpose of evaluating hotel performance to a wide range of industry stakeholders. Hotel operators, owners, investors, advisers, analysts and observers benefit from market insight and ongoing benchmarking of operational performance at individual hotel and portfolio level as well as from bespoke market sets.

EMEA HOTELS MONITOR AUGUST 2024

Introduction

Despite multiple conflicts, uncertainties generated by several surprise early elections and pressure from local residents complaining about high levels of tourism, the hotel industry in EMEA continued to perform well, and some might say our industry is close to stabilised levels again post the pandemic (with a broad mix of growth and declines in performance levels).

The top performing destination in occupancy was Dubai (80.3%) and in GOPPAR was Milan (€157.28). In terms of growth in GOPPAR over H1 2023, Amsterdam fared worst (-13.3%) and Doha the best (+50.1%, recovering from its post World Cup hangover). Paris suffered some pre-Olympic Games jitters, with occupancy down (-3.4%), RevPAR down (-2.0%) and GOPPAR down (-9.6%).

Interest rates having peaked and/or falling, confidence is beginning to return to the construction sector, with many European countries witnessing increased pipeline and on-site activity, and greater tender pricing stability.

There were lots of deals in H1 2024, of all varieties. Busy markets included Greece, East Europe and of course the usual suspects France, Spain and UK. London was particularly popular and could make a record year.

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Our final page feature is a special piece on the London Luxury Hotel sector, assessing the impact of all the new 'branded' luxury hotels that have opened recently on the segment overall.

Philip Camble
Director, Whitebridge Hospitality
Editor, EMEA Hotels Monitor

Performance Trends

Jan-Jun	2024				2023				Growth			
City	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR
	€	%	€	€	€	%	€	€	%	%	%	%
Amsterdam	239.14	70.8	169.44	76.30	247.41	72.8	180.23	87.98	-3.3	-2.8	-6.0	-13.3
Bahrain	224.37	55.7	124.91	75.59	215.80	52.5	113.20	58.93	4.0	6.1	10.3	28.3
Berlin	194.04	65.6	127.33	45.76	196.31	59.8	117.37	41.63	-1.2	9.8	8.5	9.9
Budapest	183.14	62.5	114.44	50.75	174.76	61.1	106.80	43.34	4.8	2.3	7.2	17.1
Cairo	171.84	63.0	108.18	96.54	124.88	67.2	83.98	74.14	37.6	-6.4	28.8	30.2
Cape Town	162.14	71.6	116.15	66.81	131.00	75.2	98.50	59.34	23.8	-4.7	17.9	12.6
Doha	156.52	69.9	109.42	70.00	152.02	56.4	85.73	46.63	3.0	24.0	27.6	50.1
Dubai	201.80	80.3	161.99	120.93	198.42	79.5	157.79	117.20	1.7	0.9	2.7	3.2
Dublin	237.97	76.9	182.90	100.24	239.10	81.1	193.87	114.93	-0.5	-5.2	-5.7	-12.8
Edinburgh	177.41	79.1	140.30	74.10	157.21	76.8	120.67	55.92	12.8	3.0	16.3	32.5
Istanbul	212.23	65.0	137.97	74.74	167.18	56.5	94.51	55.33	26.9	15.0	46.0	35.1
Jeddah	194.20	70.5	136.99	77.33	213.17	67.4	143.71	81.59	-8.9	4.6	-4.7	-5.2
London	251.52	77.9	195.84	100.31	256.26	74.4	190.58	95.28	-1.9	4.7	2.8	5.3
Madrid	262.34	73.5	192.87	109.36	227.85	67.1	152.93	74.18	15.1	9.6	26.1	47.4
Milan	455.45	64.9	295.73	157.28	428.72	68.0	291.37	163.03	6.2	-4.5	1.5	-3.5
Muscat	159.92	50.6	80.96	26.48	153.76	48.8	81.73	24.94	4.0	3.6	-0.9	6.1
Paris	494.24	67.7	334.68	123.07	511.70	66.7	341.47	136.09	-3.4	1.5	-2.0	-9.6
Prague	174.36	69.0	120.35	64.16	164.45	60.9	100.11	51.73	6.0	13.4	20.2	24.0
Riyadh	237.07	60.8	144.14	97.18	191.66	63.2	121.47	76.84	23.7	-3.8	18.7	26.5
Rome	511.27	63.4	323.97	149.30	501.53	66.5	333.76	166.45	1.9	-4.8	-2.9	-10.3
Vienna	221.54	69.3	153.49	58.62	213.18	68.0	144.87	52.06	3.9	2.0	6.0	12.6
Warsaw	115.08	73.0	84.06	42.01	120.04	71.1	85.38	43.48	-4.1	2.7	-1.6	-3.4

Source: HotStats

- Europe recent trends showing demand outperforming the US and continuing to be relatively strong. Profitability in Europe supported by lower energy costs and a slow down in cost inflation year-on-year.
- Midscale hotels saw the largest increase in profitability, now the most profitable segment.
- Low season performance in Southern Europe saw a further 9% increase in profitability, following 13% increase on the year before. Summer period expected to be very strong.
- Year-to-date, UK Provincial outperformed London from a revenue perspective with nearly double the growth seen in the capital.
- Middle East continues to see revenue and profit growth in excess of 8% vs the prior year, in particular UAE and KSA, where profit margin has increased by more than 8 percentage points since 2019 and almost flat year-on-year.

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	2,650 - 3,020	2,650 - 3,380	2,950 - 4,760	3,910 - 5,310
Austria	1,850 - 2,190	1,850 - 2,530	2,350 - 3,440	3,200 - 3,810
Belgium	1,450 - 2,130	1,910 - 2,440	2,130 - 2,630	2,860 - 3,610
Czech Republic	1,640 - 1,840	1,640 - 2,030	1,940 - 2,200	1,790 - 2,820
Denmark	1,900 - 2,170	1,900 - 2,450	2,310 - 4,080	3,670 - 4,690
Finland	2,780 - 3,620	3,100 - 4,010	3,620 - 4,690	4,090 - 5,320
France	2,550 - 2,940	2,550 - 3,320	3,120 - 3,390	3,060 - 3,880
Germany	1,490 - 1,880	1,490 - 2,280	2,080 - 2,870	2,490 - 3,470
Greece	1,450 - 1,690	2,020 - 2,220	2,560 - 3,150	3,510 - 4,300
Hungary	1,390 - 1,550	1,390 - 1,700	1,630 - 1,830	1,490 - 2,340
Ireland	2,260 - 2,570	2,260 - 2,880	2,730 - 3,160	2,880 - 3,600
Italy	2,070 - 2,550	2,390 - 3,040	2,770 - 3,290	3,090 - 4,150
Montenegro	1,530 - 1,530	1,530 - 1,530	1,530 - 2,500	2,500 - 2,500
Norway	2,590 - 3,360	2,590 - 4,140	3,750 - 3,980	3,460 - 4,760
Netherlands	1,760 - 2,120	1,760 - 2,490	2,310 - 2,750	2,170 - 3,630
Poland	1,710 - 2,140	1,710 - 2,570	2,360 - 2,720	2,030 - 3,750
Portugal	1,240 - 1,320	1,240 - 1,400	1,360 - 1,750	1,540 - 2,060
Spain	1,620 - 1,880	1,620 - 2,130	2,010 - 2,660	2,330 - 3,140
Sweden	2,720 - 3,340	3,330 - 3,900	3,900 - 4,350	4,350 - 5,570
Abu Dhabi	1,610 - 1,930	1,610 - 2,250	2,200 - 2,560	2,370 - 3,180
Qatar	1,370 - 1,710	1,370 - 2,040	2,280 - 2,920	2,460 - 3,300
Dubai	1,680 - 2,090	1,680 - 2,510	2,380 - 3,130	2,510 - 3,970
Saudi Arabia	1,750 - 1,990	1,750 - 2,240	3,340 - 3,860	4,700 - 5,590
Mozambique	2,470 - 2,870	2,470 - 3,260	3,680 - 4,860	5,050 - 6,300
South Africa	1,470 - 1,900	1,790 - 2,220	2,120 - 2,320	2,550 - 3,410
Botswana	2,160 - 2,420	2,160 - 2,670	2,600 - 2,820	3,020 - 4,090
Mauritius	2,060 - 2,400	2,060 - 2,730	3,060 - 4,070	4,210 - 5,320

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

- With interest rates having peaked and falling in many countries, there is the prospect of some returning confidence and movement in pipelines.
- Given that much of the world votes in general elections through 2024, some countries have seen predictable outcomes, others are dealing with political instability.
- Pipelines are expected to see a gradual return through the later half of the year.
- Tender prices in many regions have settled in response to pipelines and being driven by input cost increases.
- In many European countries there is increasing hotel construction pipeline projects and on-site activity.
- Currency fluctuations remain a significant impact on costs reported to a common currency.

Transaction Tracker

Region	Hotel	Location	No. of Keys	Total Price	Price per Key
Portfolio Transactions				€	€
	Le Berger & Jardin Secret hotels	Belgium	100	18,000,000	180,000
	Roda Beach & Serita Beach hotels	Greece	796	97,000,000	122,000
	2x Jacob's Inn	Ireland/Spain	91	55,000,000	604,000
	2x Sofitel hotels	Italy/Portugal	241	150,000,000	622,000
	12x Zien hotels	Netherlands	1,522	400,000,000	263,000
	5x Minor hotels	Portugal	974	133,200,000	137,000
	GH La Florida & Miramar hotels	Spain	145	50,000,000	345,000
	10x Edwardian hotels	UK	2,053	936,000,000	456,000
Single Asset Transactions					
France	Hotel La Pomme De Pin	Courchevel 1850	48	62,000,000	1,292,000
	Mercure Chateau Perrache	Lyon	120	24,000,000	200,000
	Hilton Opera	Paris	268	244,000,000	910,000
	Mandarin Oriental Paris	Paris	135	205,000,000	1,519,000
Ireland	The Shelbourne	Dublin	265	260,000,000	981,000
	G Hotel	Galway	101	26,000,000	257,000
Italy	Hotel Cicerone	Rome	296	70,000,000	236,000
	Grand Hotel Poltu Quatu	Sardinia	139	70,000,000	504,000
	Golden Palace Hotel*	Turin	195	36,000,000	185,000
Spain	AC Forum	Barcelona	368	80,000,000	217,000
	Hotel Labranda Costa Mogan	Gran Canaria	125	31,700,000	254,000
	Six Senses Ibiza	Ibiza	116	200,000,000	1,724,000
	Hilton Garden Inn Seville	Seville	140	15,000,000	107,000
UK	Hyatt Place Aldgate	London	280	118,000,000	421,000
	Ruby Zoe	London	173	62,500,000	362,000
	Malmaison City	Edinburgh	72	29,500,000	410,000
	Malmaison York	York	150	35,400,000	236,000
Other	Forest Park Hotel	Platres, Cyprus	137	10,000,000	73,000
	Hotel de Rome	Berlin, Germany	145	145,000,000	1,000,000
	Koufonisia Hotel[1]	Koufounisia, Greece	50	4,300,000	86,000
	Hotel California Urban Beach	Albufeira, Portugal	80	13,000,000	163,000
	Ambassador Hotel[2]	Bucharest, Romania	99	35,000,000	354,000
	Hotel Jugoslavija*	Belgrade, Serbia	132	27,000,000	205,000

Source: Whitebridge Hospitality

[1] for a 71.31% stake
[2] including refurb costs
* Sold out of administration

- Portfolios galore: Civivio acquired 8.3% stake in 313x hotels (€500m, Fra); Best Hotel Properties acquired 8x CPI hotels (Cze); CHC acquired 3x hotels (Ita); Travelodge acquired 6x Campanile (Spa); Ares acquired 18x Accor hotels (c£400m, UK); Blackstone acquired Village Hotels (c£800m, UK).
- Corporate compacts: Courtin family acquired strategic stake in Evok Collection (Fra); HR Group acquired Centro Hotels (Ger); Lindner Group acquired 12.18 Hotels (Ger); Hyatt acquired 'me and all' (Ger).
- Internal affairs: Covivio and AccorHotels swapped toys (c€500m, Fra); related parties traded 17x hotels (UK), Chelsea FC parties traded hotels at Stamford Bridge (UK).
- Watch these spaces: LVMH acquired stake in Orient-Express (Fra); Aprirose bought out 3x Ground Leases (UK; end of the species?).

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.

HALF TIME SHOW - LONDON LUXURY HOTELS

Introduction

One of my ponderings at our New Year Hotel Investment Summit in January 2024 was related to what will happen to the London Luxury hotel sector in the face of a wave of Luxury hotel openings, with most flying the international flags of well known brands. Here we provide a half time show. At our New Year Summit in January 2025 we will give the full time score.

New Supply

Table below lists the branded hotels only that have opened recently and due to open in the coming year or so.

Hotel Name	Operator	Keys	Opened
1 Hotel Mayfair	SH Hotels	181	2023
Raffles at The OWO	Accor	120	2023
The Chelsea Townhouse	Iconic LH	36	2023
The Peninsula	HK&SH	190	2023
At Sloane	Costes	30	2023
Mandarin Oriential Mayfair	MOHG	50	2024
The Emory	Maybourne	60	2024
			Opening
Park Hyatt River Thames	Hyatt	203	2024
Six Senses at The Whiteley	Accor	109	2025
Cambridge House	Auberge	102	2025
The Chancery Rosewood	NWHM	262	2025
The St Regis	Marriott	196	2025
Waldorf-Astoria	Hilton	96	2025
Mandarin Oriential Bankside	MOHG	171	2028

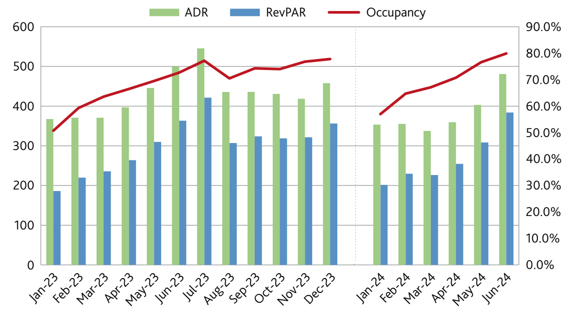
Seven hotels had opened by end July 2024, with some 667 keys. Many of the names are familiar (Raffles, Peninsula and Mandarin Oriental). Some are new to the EMEA region (1 Hotel) and others may be small scale but very high quality nevertheless (Iconic, Costes and Maybourne).

Seven more luxury hotels are due to open over the coming year or so, with some true giants of the sector entering the lucrative London market for the first time (Park Hyatt, Six Senses, Waldorf-Astoria and St Regis). Rosewood is aiming for a second and Mandarin Oriental for a third in a few more years. Auberge is to make its first foray into Europe with the long anticipated former In & Out Club re-development.

KPIs

Thanks to our friends at HotStats for providing us with the insight data on how the London Luxury segment has been performing of late. Here below a review of their data.

As the graph below shows, the occupancy profile of London Luxury in the first six months of 2024 is very similar to that of H1 2023 (rising month by month), albeit from a higher base and maintaining that margin throughout the six months.



In terms of ADR, however, the London Luxury segment has suffered some decline, with lower rates being achieved consistently compared to the same months in 2023. There would, therefore, appear to be some pressure on the segment in these early days of the new supply wave.

When combined, the KPIs (higher occupancy and lower ADR) produce RevPAR levels in H1 2024 that are very similar to H1 2023, although June 2024 was noticeably above June 2023.

Thus, the half time score would suggest that the London Luxury segment is in rude health and absorbing its new siblings with enthusiasm. Let us see how the full year 2024 transpires and if any indigestion can be identified come our New Year Summit in January 2025. For now though, well done to all you managers of Luxury hotels in London and keep up the great work.

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