

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 4000 people, working across 40 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. 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.

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Introduction

2022 will be remembered for many reasons: war in Europe, political shake-ups in the UK and Italy, excessive load-shedding in South Africa, the first winter World Cup, record inflation levels and a multiplicity of strikes across Europe. However, in amongst all this drama there have been some wonderful bright spots too: Morocco performed brilliantly in Qatar, the Middle East is diversifying and booming, and the UK came second in Eurovision.

All markets reviewed showed strong growth in KPIs and profit conversion, with the only negative metric being a slight decline in occupancy in Doha (-14.2%). Standout stars included: Istanbul ADR increasing +138.9%; Amsterdam occupancy increasing +163.3%; Rome GOPPAR increasing by more than +6,000%. Perhaps the brightest star was Paris Luxury segment, which returned to pre-C19 occupancy levels (whilst London Luxury remained significantly behind its normal levels).

Some slowdown in hotel development around Europe is not resulting in better contractor pricing, as cost pressures continue to bite, particularly with regard to energy prices and labour costs.

The transaction arena was quite busy in 2022, with many small deals in the UK, lots of deals in the Middle East, a plethora of corporate deals, a few resorts and strong activity in Spain and Portugal.

The brightest star was Paris Luxury segment, which returned to pre-C19 occupancy levels.

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

Philip Camble

*Director, Whitebridge Hospitality
Editor, EMEA Hotels Monitor*

Performance Trends

Jan-Dec City	2022				2021				Growth			
	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR
	€	%	€	€	€	%	€	€	%	%	%	%
Amsterdam	232.46	63.6	147.76	74.59	152.92	24.1	36.92	7.27	52.0	163.3	300.3	925.3
Bahrain	201.36	51.3	103.40	53.11	169.74	42.2	71.59	29.15	18.6	21.7	44.4	82.2
Berlin	192.60	54.2	104.33	37.49	155.16	26.7	41.36	5.58	24.1	103.2	152.2	571.6
Budapest	203.91	70.0	142.69	83.04	168.61	33.4	56.23	26.78	20.9	109.8	153.7	210.1
Cairo	201.26	69.5	139.81	122.61	122.72	52.6	64.60	48.53	64.0	32.0	116.4	152.7
Cape Town	84.53	60.1	50.78	25.52	62.36	31.6	19.69	1.19	35.5	90.3	157.9	2,047.5
Doha	211.11	57.3	120.89	99.69	119.82	66.7	79.96	49.10	76.2	-14.2	51.2	103.0
Dubai	192.43	73.6	141.66	95.50	163.69	64.3	105.32	67.08	17.6	14.4	34.5	42.4
Dublin	199.33	78.6	156.66	103.20	130.82	38.9	50.95	32.53	52.4	101.8	207.5	217.2
Edinburgh	189.22	66.7	126.20	65.20	161.91	36.5	59.04	26.05	16.9	82.9	113.7	150.3
Istanbul	252.64	73.1	184.70	132.63	105.75	54.7	57.89	38.66	138.9	33.5	219.0	243.1
Jeddah	215.49	61.7	132.99	70.20	192.32	53.2	102.38	39.23	12.0	15.9	29.9	78.9
London	275.63	64.3	177.13	99.59	203.11	29.4	59.80	21.28	35.7	118.3	196.2	367.9
Madrid	193.15	58.8	113.62	53.16	152.94	28.0	42.77	6.07	26.3	110.4	165.7	775.1
Milan	355.30	62.2	221.06	112.85	278.15	30.8	85.75	24.16	27.7	101.8	157.8	367.2
Muscat	133.11	43.2	57.51	10.55	96.08	30.5	29.29	-13.46	38.5	41.7	96.3	178.4
Paris	534.17	58.4	311.74	136.24	436.05	26.1	113.97	12.04	22.5	123.3	173.5	1,031.4
Prague	162.96	54.0	87.96	42.11	117.25	23.8	27.91	2.27	39.0	126.8	215.2	1,758.5
Riyadh	168.51	63.8	107.55	63.01	138.04	60.0	82.81	35.51	22.1	6.4	29.9	77.4
Rome	456.67	62.2	284.08	130.77	331.09	28.5	94.52	3.50	37.9	117.9	200.6	3,638.1
Vienna	207.77	55.1	114.52	42.74	174.18	23.3	40.59	2.62	19.3	136.6	182.2	1,530.7
Warsaw	109.45	71.8	78.64	39.63	83.22	32.3	26.86	5.32	31.5	122.7	192.8	645.3

Source: HotStats

- Luxury segment performing exceptionally well in all regions, especially at the Ultra Luxury level.
- Middle East hotels well ahead of 2019 levels due to high demand, strong ADR and low impact on cost lines.
- Doha saw 650% growth in profit per room month-on-month due to the World Cup.
- UK hotels witnessed a -3% loss in profit margin, 2% of which directly attributable to utility costs.
- Paris Luxury segment GOP margin now over 30%.

[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	1,640 - 2,600	2,220 - 3,100	2,900 - 4,380	3,620 - 5,480
Austria	1,580 - 1,780	1,950 - 2,560	2,680 - 3,400	3,490 - 4,130
Belgium	1,340 - 1,970	1,770 - 2,270	1,970 - 2,430	2,650 - 3,340
Finland	2,670 - 3,480	2,980 - 3,870	3,480 - 4,510	3,930 - 5,120
France	1,970 - 2,510	2,510 - 2,840	2,960 - 3,720	3,500 - 4,380
Germany	2,340 - 2,560	2,460 - 2,870	2,630 - 4,080	3,390 - 4,780
Greece	1,370 - 1,610	1,910 - 2,110	2,420 - 2,990	3,330 - 4,080
Hungary	1,100 - 1,440	1,580 - 2,190	1,910 - 2,940	2,340 - 2,630
Ireland	1,970 - 2,380	2,380 - 2,660	2,660 - 3,610	3,610 - 4,150
Italy	2,010 - 2,470	2,320 - 2,940	2,680 - 3,190	2,990 - 4,020
Norway	2,590 - 3,080	3,030 - 3,290	3,140 - 3,820	3,690 - 4,350
Netherlands	1,570 - 2,160	1,700 - 2,420	2,010 - 3,190	2,320 - 3,550
Poland	1,550 - 1,700	1,700 - 1,910	1,960 - 2,370	2,470 - 3,400
Portugal	1,110 - 1,390	1,280 - 1,510	1,570 - 1,990	1,710 - 2,290
Romania	2,030 - 2,510	2,510 - 3,010	2,900 - 3,700	3,690 - 4,490
Spain	1,240 - 2,010	1,850 - 2,370	2,160 - 3,090	3,090 - 4,120
Sweden	2,590 - 3,170	3,170 - 3,710	3,710 - 4,130	4,130 - 5,300
Abu Dhabi	1,400 - 1,710	1,640 - 1,990	2,110 - 2,460	2,580 - 3,860
Qatar	1,850 - 1,980	1,980 - 2,250	2,380 - 3,020	2,970 - 4,880
Dubai	1,520 - 1,970	1,870 - 2,220	2,340 - 2,690	2,810 - 4,100
Saudi Arabia	1,670 - 2,400	2,400 - 3,140	3,140 - 3,570	3,360 - 4,530
Mozambique	2,110 - 2,730	2,630 - 3,200	3,140 - 3,350	3,300 - 4,430
South Africa	1,390 - 1,800	1,700 - 2,110	2,010 - 2,210	2,420 - 3,240
Botswana	1,940 - 2,460	2,260 - 2,830	2,730 - 2,940	3,140 - 4,220
Namibia	1,600 - 2,030	1,940 - 2,390	2,310 - 2,510	2,660 - 3,570
Mauritius	2,280 - 2,880	2,740 - 3,390	3,290 - 3,500	3,490 - 4,720
Seychelles	2,770 - 3,510	3,350 - 4,170	4,020 - 4,730	4,930 - 5,770

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

- Much of Europe has seen slowing GDP growth, with a resulting impact on construction pipelines impacting contractor outlook.
- However, the headwinds faced as a result of energy price pressures and low unemployment feeding through to labour costs has seen inflation driven by cost pressures and generally outweighing any pipeline concerns.
- The Middle East is similarly driven by energy prices as well as Africa, which has added pressures as a result of more extreme currency fluctuations.
- Hotel construction in Germany is strong despite some slowing in other construction sub-sectors. The UK is seeing increased hotel construction activity, the Middle East seeing increased hotel construction in Riyadh and Dubai, whereas Maputo (Mozambique), Durban and Johannesburg the relative hotspots in Africa.
- 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				€	€
	8x easyHotel hotels	Benelux	793	145,000,000	183,000
	NH Groningen & NH Sprang-Capelle	Netherlands	186	16,500,000	89,000
	2x Hoxton hotels	Netherlands, France	283	260,000,000	919,000
	2x Student hotels	Spain	635	110,000,000	173,000
	Villamagna & Bless Hotel ¹	Spain	265	130,000,000	491,000
	6x KKR hotels	Spain	1,119	165,000,000	147,000
Single Asset Transactions					
Belgium	Hotel Metropole	Brussels	252	100,000,000	397,000
	NH Brussels Louise	Brussels	246	35,000,000	142,000
France	B&B Evian	Evian	86	7,000,000	81,000
	Royal St Honore Hotel	Paris	68	87,000,000	1,279,000
Germany	Campanile Offenbach	Offenbach	186	18,000,000	97,000
	Holiday Inn Express Kaiserslautern	Kaiserslautern	146	18,600,000	127,000
Greece	Club Med Gregolimano	Edipsos	460	70,000,000	152,000
	Sheraton Rhodes Resort	Rhodes	401	43,800,000	109,000
	Tinos Beach	Kionia Tinos	159	6,500,000	41,000
Ireland	Dunboyne Castle Hotel & Spa	Co Meath	145	25,000,000	172,000
	Staycity Dublin 8	Dublin	51	11,500,000	225,000
Italy	Hotel Bellevue	Cortina d'Ampezzo	112	49,000,000	438,000
	W Hotel Rome	Rome	162	172,000,000	1,062,000
Portugal	Hotel California	Albufeira	80	12,000,000	150,000
	Yotel Porto	Porto	150	28,000,000	187,000
Spain	El Hotel Curious	Barcelona	24	6,000,000	250,000
	Barcelo Carmen ²	Granada	222	40,000,000	180,000
UK	Premier Inn Basingstoke	Basingstoke	81	10,100,000	125,000
	Doubletree Bath	Bath	176	46,400,000	264,000
	The Dilly	London	283	104,400,000	369,000
	The Trafalgar	London	131	150,800,000	1,151,000
Other	Sofitel Legend The Grand ³	Amsterdam, Netherlands	177	150,000,000	847,000
	Sheraton Abuja ¹	Abuja, Nigeria	575	1,900,000	3,000
	Doubletree Resort Marjan Island ⁴	Ras Al Khaimah, UAE	724	210,900,000	291,000
	Hotel Eurohotel	Baia Mare, Romania	64	2,100,000	33,000
	Grand Hotel Regina	Grindelwald, Switzerland	77	19,400,000	252,000

Source: Whitebridge Hospitality

¹ for a 51% stake

² including cost to refurb

³ acquired 50% stake, full asset value listed

⁴ includes development land

- Cornucopia of corporate compacts: Wyndham acquired Vienna House (Aus, €44m); Three Hills Capital acquired Castellet Hospitality (Fra, €62m); GIC acquired Sani/Ikos Group (Gre); Palace Resorts acquired 75% stake in Baglioni Hotels (Ita); Angelo Gordon acquired Room Mate Hotels (Spa, €57m); PIF acquired 30% stake in Aman Group (Swi, €900m); HR group acquired Amedia Hotels (Eur); L&R acquired 3.5% stake in Whitbread plc (UK, €191m).

- Portfolio plays: Room007 acquired 3x hotels (Por/Spa).
- Resort results: Vail Resorts acquired 55% stake in Andermatt-Sedrun Sport (Swi, €153m); Universtities SS acquired Butlins (real estate only, UK, €348m); Paul Harris family acquired Butlins (business only, UK, €348m).

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

The range of yields within the London markets and elsewhere in the UK have narrowed in recent years and this year yields have moved out across the board (by around 0.5%). However, it is 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 there is often a lack of sufficient deal evidence at the moment and 'there is still an over-reliance on sentiment').

UK	Budget	Mid-Mkt	Upscale	Luxury
Vacant Possession				
Central London	5.4%	5.7%	5.1%	4.0%
Greater London	6.4%	6.6%	6.8%	6.1%
Primary Cities ¹	7.6%	7.7%	7.6%	6.7%
Other Cities	9.4%	9.2%	8.6%	8.0%
Country house		8.8%	8.1%	7.6%
Adjustment Margin				
Lease	-0.8%	-1.1%	-1.1%	-0.3%
Management Contract		0.2%	0.1%	0.3%

¹ For example: Birmingham, Manchester, Edinburgh, Glasgow.

Source: Avison Young, Christie & Co, Knight Frank, Savills.

A key factor remains - what income stream should such yields be used to capitalise? Market performances have remained somewhat erratic and London in particular is still well below pre-C19 levels, even if further signs of recovery were evident in 2022.

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 unless it is a Luxury property, for any other type of hotel Leases are more advantageous.

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 show the popularity of Paris as the only true France Gateway City and a tighter 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	6.5%	6.6%	5.9%	5.0%
France - Rest	7.9%	7.9%	7.8%	6.3%
Germany - Gateway Cities	6.4%	6.8%	6.6%	5.4%
Germany - Rest	7.9%	8.0%	7.7%	6.8%
Spain - Gateway Cities	6.7%	6.8%	6.4%	5.1%
Spain - Rest	8.4%	8.3%	8.2%	8.0%
E. Europe - Gateway Cities	8.8%	8.5%	8.0%	6.8%
E. Europe - Rest	10.3%	9.8%	8.8%	8.5%
Adjustment Margin				
Lease	-0.9%	-1.0%	-1.0%	-0.5%
Management Contract		0.1%	0.1%	0.5%

Source: Avison Young, Christie & Co, 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. However, many material headwinds are suppressing transactions activity and the lack of pricing visibility may constrain the market in the early parts of 2023.

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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