

EMEA HOTELS MONITOR

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Introduction

In January, we hosted our 20th New Year Hotel Investment Summit in London and many thanks to those who attended and helped us celebrate 20 years of data and fun. The full time score for our London Luxury Hotel piece in the last EMEA Monitor was further RevPAR growth across 2024, despite all the new supply. Well done everyone and long may it continue and London continue to evolve and consolidate its position as one of the world's most popular destinations for international travelers. Viva the third runway?

All London saw growth in RevPAR too (despite a slight drop in ADR) and in GOPPAR (+5.2%), but was certainly outshone by Cairo in ADR (+46%), Doha in occupancy (+18%) and Istanbul in RevPAR (+38%). The prize for highest growth in GOPPAR fell to Cairo (+46%), despite a lower level of occupancy. A weak EGP may have helped.

Although there may be some light at the end of what may seem like a long construction cost inflationary tunnel, today's geopolitical environment is deemed more risky and thus weighing on contemporary construction prices.

The total value of deals across EMEA was the highest since C19, with a big proportion being driven by large portfolio deals and those busy bods in Private Equity. Sovereign Wealth was notably quiet and a huge number of deals (but low value) were transacted for small regional operations (especially in Regional UK).

The full time score for our London Luxury Hotel piece in the last EMEA Monitor was further RevPAR growth across 2024.

In this Trumpian Year, we are very grateful to our friendly valuers for their considered contributions in respect of what is likely to be a surprise filled 12 months and we are pleased to present our 11th consecutive annual Consensus Yield Matrix as our back page feature.

Philip Camble

Director, Whitebridge Hospitality
Editor, EMEA Hotels Monitor

Performance Trends

Jan-Dec City	2024				2023				Growth			
	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR
	€	%	€	€	€	%	€	€	%	%	%	%
Amsterdam	229.59	76.2	174.88	88.22	236.09	75.6	178.56	92.40	-2.8	0.7	-2.1	-4.5
Bahrain	205.15	55.5	113.84	63.81	199.83	52.3	104.64	52.15	2.7	6.0	8.8	22.4
Berlin	169.91	72.0	123.11	53.24	161.86	69.0	111.77	48.58	5.0	4.4	10.1	9.6
Budapest	155.96	70.1	109.36	59.75	146.40	66.4	97.22	49.14	6.5	5.6	12.5	21.6
Cairo	186.94	67.0	125.18	112.30	127.77	68.5	87.56	76.75	46.3	-2.3	43.0	46.3
Cape Town	166.75	72.3	120.53	70.30	136.63	74.8	102.22	59.30	22.0	-3.4	17.9	18.6
Doha	153.96	69.6	107.11	66.36	149.21	59.0	88.00	47.75	3.2	18.0	21.7	39.0
Dubai	215.77	79.6	172.00	125.77	219.32	78.3	171.79	126.04	-1.6	1.7	0.1	-0.2
Dublin	244.50	80.7	197.26	114.65	242.86	82.9	201.28	122.71	0.7	-2.7	-2.0	-6.6
Edinburgh	211.95	82.7	175.32	101.54	195.27	79.5	155.28	85.11	8.5	4.0	12.9	19.3
Istanbul	256.80	68.2	175.06	104.50	207.04	61.2	126.80	84.20	24.0	11.3	38.1	24.1
Jeddah	179.09	69.3	124.06	64.35	202.33	68.9	139.31	78.18	-11.5	0.6	-10.9	-17.7
London	255.56	81.3	207.73	114.14	257.68	78.1	201.33	108.50	-0.8	4.1	3.2	5.2
Madrid	225.06	74.5	167.61	94.95	195.61	70.2	137.33	70.41	15.1	6.1	22.0	34.9
Milan	370.30	68.2	252.69	135.34	351.74	69.0	242.78	131.41	5.3	-1.1	4.1	3.0
Muscat	155.28	51.2	79.53	25.94	155.64	48.6	80.49	20.92	-0.2	5.4	-1.2	24.0
Paris	391.38	68.6	276.68	122.49	373.10	68.6	271.97	113.61	4.9	0.1	1.7	7.8
Prague	156.32	75.0	117.25	64.97	143.16	69.8	99.95	53.80	9.2	7.4	17.3	20.8
Riyadh	233.15	64.3	149.88	105.02	208.22	66.1	138.25	91.83	12.0	-2.8	8.4	14.4
Rome	574.06	66.4	380.98	201.96	583.62	67.5	393.90	220.07	-1.6	-1.7	-3.3	-8.2
Vienna	194.44	75.2	146.26	65.70	184.83	72.7	134.30	56.53	5.2	3.5	8.9	16.2
Warsaw	100.70	76.4	76.89	40.21	99.51	73.9	73.51	39.66	1.2	3.4	4.6	1.4

Source: HotStats

- Key Middle East countries saw slower growth in 2024.
- Global revenue growth slowing, in particular in the USA.
- Labour still a key challenged in Europe, in particular in the UK (expected 7-10% increase in 2025).
- C&B growth across the region supporting key corporate cities.
- Hotel F&B profitability has improved year-on-year, as costs have slowed across Europe.
- Energy costs have fallen and supporting profit margin growth year-on-year.

Hotel Construction Costs

Country	Budget hotels	Mid market – low	Mid market – high	Luxury
	€ per sqm	€ per sqm	€ per sqm	€ per sqm
UK	2,690 - 3,060	2,690 - 3,420	2,990 - 4,820	3,970 - 5,380
Austria	1,860 - 2,210	1,860 - 2,540	2,370 - 3,460	3,210 - 3,840
Belgium	1,450 - 2,130	1,910 - 2,450	2,130 - 2,630	2,870 - 3,610
Czech Republic	1,650 - 1,840	1,650 - 2,030	1,940 - 2,200	1,790 - 2,820
Denmark	1,930 - 2,210	1,930 - 2,490	2,360 - 4,150	3,740 - 4,780
Finland	2,730 - 3,550	3,040 - 3,940	3,550 - 4,600	4,010 - 5,220
France	2,500 - 2,880	2,500 - 3,250	3,060 - 3,320	3,000 - 3,800
Germany	1,490 - 1,890	1,490 - 2,280	2,090 - 2,890	2,490 - 3,480
Greece	1,460 - 1,710	2,030 - 2,240	2,570 - 3,180	3,530 - 4,340
Hungary	1,430 - 1,600	1,430 - 1,760	1,680 - 1,890	1,540 - 2,420
Ireland	2,250 - 2,560	2,250 - 2,870	2,710 - 3,150	2,870 - 3,580
Italy	2,020 - 2,480	2,330 - 2,960	2,700 - 3,210	3,010 - 4,040
Montenegro	1,600 - 1,600	1,600 - 1,600	1,600 - 2,610	2,610 - 2,610
Norway	2,640 - 3,430	2,640 - 4,220	3,830 - 4,060	3,530 - 4,850
Netherlands	1,760 - 2,120	1,760 - 2,480	2,310 - 2,750	2,170 - 3,620
Poland	1,730 - 2,170	1,730 - 2,600	2,390 - 2,760	2,050 - 3,800
Portugal	1,270 - 1,360	1,270 - 1,440	1,400 - 1,790	1,580 - 2,120
Spain	1,610 - 1,870	1,610 - 2,120	2,000 - 2,640	2,320 - 3,130
Sweden	2,720 - 3,340	3,340 - 3,900	3,900 - 4,350	4,350 - 5,580
Abu Dhabi	1,670 - 2,000	1,670 - 2,330	2,280 - 2,650	2,470 - 3,320
Qatar	1,450 - 1,800	1,450 - 2,160	2,400 - 3,070	2,590 - 3,480
Dubai	1,720 - 2,140	1,720 - 2,550	2,160 - 3,190	2,580 - 4,080
Saudi Arabia	2,240 - 2,420	2,240 - 2,600	2,930 - 3,580	3,770 - 4,290
Mozambique	3,250 - 3,780	3,250 - 4,300	4,850 - 6,400	6,650 - 8,300
Botswana	1,960 - 2,240	1,960 - 2,520	2,450 - 2,660	2,840 - 3,850
Mauritius	1,630 - 1,900	1,630 - 2,170	2,170 - 3,220	3,330 - 4,210
South Africa	1,480 - 1,930	1,810 - 2,250	2,140 - 2,350	2,580 - 3,460

These costs have been prepared from a survey of Rider Levett Bucknall worldwide offices and members of the RLBI 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

- Construction inflation is seeing an easing of input cost pressures.
- Geopolitical risks are now weighing more heavily on construction pricing and inflation.
- Whilst interest rates are on a downward trajectory, the pace is not directly translating to replenishment of construction pipelines.
- Nordics construction output is forecast to be particularly strong for the next two years, with Germany and The Netherlands weaker.
- Hotel construction activity is more buoyant in Southern Europe.
- 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			€	€	
	30x Ibis hotels	Germany	2,308	130,000,000	56,000
	2x Sunwing hotels	Greece	796	112,500,000	141,000
	3x Residence Inns	UK	503	276,000,000	549,000
	33x Marriott hotels	UK	6,000	1,080,000,000	180,000
	2x Premier Inn hotels	UK	227	67,200,000	296,000
	Galgorm Estate + Roe Park Estate	UK	130	33,600,000	258,000
Single Asset Transactions					
CEE	Hilton Prague	Czechia	791	270,000,000	341,000
	Sofitel Grand Sopot	Poland	126	29,100,000	231,000
	Orizont Hotel	Romania	139	10,500,000	76,000
	Hotel Ukraine	Ukraine	363	54,500,000	150,000
France	Hotel Moulin Plaza	Paris	50	17,500,000	350,000
	Hotel Saint James & Albany	Paris	175	190,000,000	1,086,000
	Maison Breguet	Paris	50	46,000,000	920,000
Germany	Femina Palace* ¹	Berlin	285	65,000,000	228,000
	Amedia Hotel Elbpromenade	Dresden	103	8,400,000	82,000
	Pullman Dresden	Dresden	319	30,500,000	96,000
Ireland	Hard Rock Dublin	Dublin	120	80,000,000	667,000
	Radisson Dublin Airport	Dublin	229	83,000,000	362,000
	Mount Juliet	Kilkenny	125	46,500,000	372,000
Italy	Grand Hotel Imperiale	Forte dei Marmi	46	40,000,000	870,000
	Hotel Villa Diodoro ²	Taormina	102	85,000,000	833,000
	Hotel Bauer*	Venice	210	309,000,000	1,471,000
Spain	aparthotel in 22@	Barcelona	97	35,000,000	361,000
	Hotel Exe Coruña	A Coruña	181	17,200,000	95,000
	Miguel Angel	Madrid	267	210,000,000	787,000
	Hotel Capri ²	Sitges	34	20,000,000	588,000
	Iberostar Las Dalias	Tenerife	429	81,000,000	189,000
UK	Indigo Exeter	Exeter	104	18,600,000	179,000
	The Standard London	London	266	222,000,000	835,000
	Doubletree City Centre	Edinburgh	138	58,800,000	426,000
Other	Grand Hyatt Athens	Greece	548	230,000,000	420,000
	Hotel Savoy	Oslo, Norway	93	19,900,000	213,000

Source: Whitebridge Hospitality

* out of administration

¹ for a 89.9% stake

² including refurb costs

- Fashion forays: Christian Louboutin acquired stake in Experimental Group (Fra); LVMH acquired minority stake in Les Domaines de Fontenille (Fra).
- Corporate compacts: Israel Canada acquired Brown Hotels (Isr/Gre); Partners Group acquired majority stake in Bluesea Hotels (Spa).
- Hostel hustles: Collective Hospitality acquired stake in Selina (UK); Room00 acquired Toc Hotels (Spa).

- Portfolio plays: Swiss Life acquired 22x budget hotel (Fra); Hera Invest acquired 3x Accor hotels (Fra); various acquired various Naos hotels (out of admin, Fra).
- Luxury love-ins: Paval Holding acquired Waldhaus Flims (Swi); Dogus acquired Peninsula Istanbul (Tur).

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

After three consecutive years of yields moving out in London, this year, yields have stabilised and some have sharpened slightly (0.1-0.2%). Around the regions, yields were largely unchanged. 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.

UK	Budget	Mid-Mkt	Upscale	Luxury
Vacant Possession				
Central London	5.8%	5.9%	5.5%	4.2%
Greater London	6.8%	6.9%	6.8%	6.1%
Primary Cities ¹	8.0%	8.0%	7.5%	6.8%
Other Cities	9.5%	9.4%	8.7%	7.9%
Country house		9.7%	9.2%	8.3%
Adjustment Margin				
Lease	-1.2%	-0.8%	-0.7%	-0.1%
Management Contract		0.2%	0.1%	0.4%

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

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

Although hotel performance levels have largely recovered from the crippling C19 years, including London which was back above the 80% mark in occupancy last year for the first time since 2019, large scale uncertainties remain regarding future earnings, as owners and operators battle to control rising costs in an uncertain world and under HMG's new fiscal measures.

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 in Europe, 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 shows the popularity of France and Spain Gateway Cities, with Spain having been particularly active as a deal market in recent years. Mid-market and Upscale hotels attract higher yields and the trend in Adjustment Margins is diverging with the UK, whereby the effect of Leases is less pronounced and Management Contracts are more favourable.

Europe	Budget	Mid-Mkt	Upscale	Luxury
Vacant Possession				
France - Gateway Cities	6.5%	6.6%	6.4%	4.9%
France - Rest	7.9%	8.0%	7.8%	6.5%
Germany - Gateway Cities	6.8%	6.9%	6.6%	5.6%
Germany - Rest	8.0%	8.3%	8.1%	7.5%
Spain - Gateway Cities	6.3%	6.6%	6.0%	4.6%
Spain - Rest	7.6%	7.9%	7.5%	6.8%
E. Europe - Gateway Cities	8.1%	8.1%	7.8%	6.3%
E. Europe - Rest	9.5%	9.5%	9.3%	8.4%
Adjustment Margin				
Lease	-0.7%	-0.5%	-0.5%	0.1%
Management Contract		-0.2%	-0.2%	0.2%

Source: Avison Young, Christie & Co, Newmark, 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, high financing costs and high seller expectations remain constraints going forward.

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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