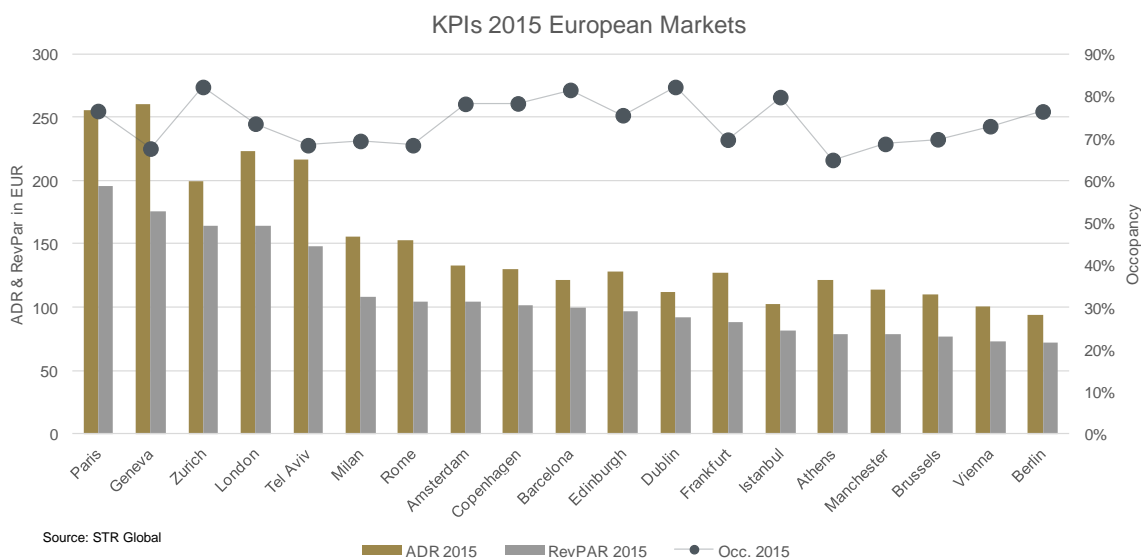


Hotel Investments in Europe – Trends on the seller market

Records on the hotel investment markets across Europe were documented in 2015. Not only well-established, classical markets saw new heights, such as Germany in general or major European capitals, but also strengthened destinations such as Spain recorded utmost positive developments yet again. However, seeing that established attractive destinations are dried out and standard products are hardly available, the need for alternative assets is growing. Therefore, on the seller market, more and more neighbouring asset classes have become of interest and become acceptable (budget hotels, student housing etc.).

Major European capitals still have a leading ranking (London, Paris, Rome, Barcelona Amsterdam etc.) but especially Germany and Scandinavian countries had very strong years. With the economy in Spain recovering, not only island, but also mainland destinations are becoming more attractive. Political stability in and across Europe is continuing to attract investors as some nearby destinations suffer from unrest, both in general and at a political level.



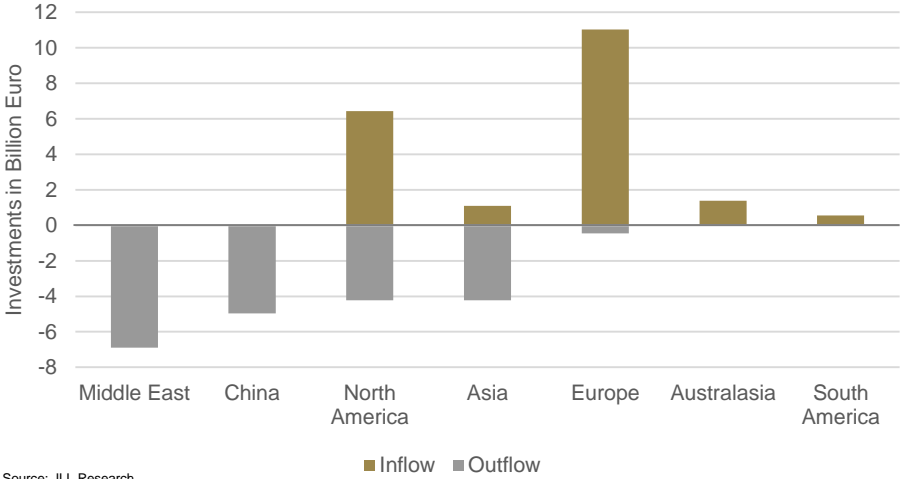
Whitelabeling and rebranding as opportunities continue to be viewed as up-side potentials – however, independent management is capable of facilitating in the best possible way between local market specifications and international systems.

Upscale und budget are continuing to be the most attractive segments, however luxury and boutique segments are highly dependent on the location within the destination.

Banks have money, funds are collected and there remains to be sufficient capital and investors. In light of this, family offices as well as HNWI are seeking for opportunities. But in fact, the seller market is putting pressure on the yield. Holding strategies add to attractiveness of B and C locations and other segments, such as student housing, hostels etc. Distressed assets which banks are under pressure to eliminate often miss the expected yield since often, investment backlogs have to be considered.

Distressed, branded stand-alone or the opposite, to depict and particularly to realize the upsides of any transaction is complicated requiring a team of experts to take care of all the aspects, from transaction support to operational setup.

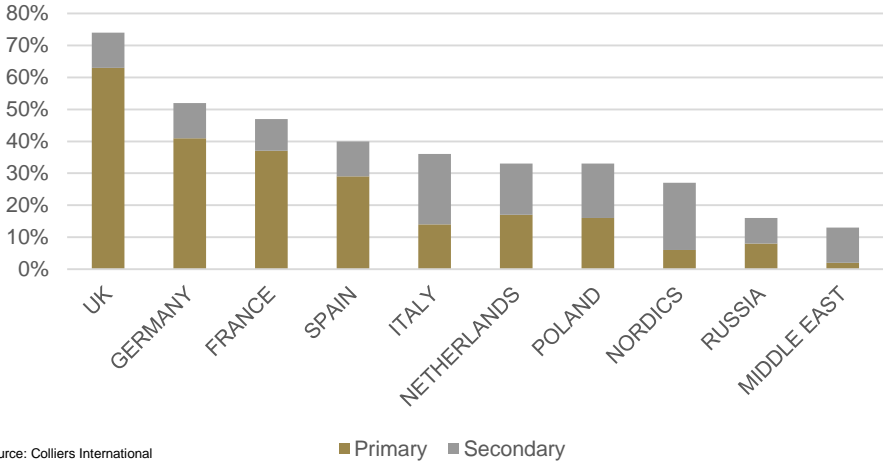
Hotel Transaction Capital 2015



Source: JLL Research

Outlook is mixed as markets big transaction volume in 2015 are running out of opportunities especially in well established markets. Single assets as well as portfolio deals such as Accor, Interhotel, B&B, Fattal-Pandox or even smaller ones such as Winters or K+K held the balance in regards to investment volume. However, the inquiries for portfolios are continuing. In Spain and France, sales processes for portfolios are still pending.

Survey: Investor Target Outlook 2016



Source: Colliers International

Our experience shows that especially international investors underestimate the complexity of European portfolios, be it regarding legislation, market specifics, or be it demand and supply or even crucial staff / working issues. This is especially true if investors come from a more Anglo-Saxon background and opt for managed hotels or portfolios.



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