

Contacts

If you would like to discuss any of the topics in this report, or our services, please contact one of our hospitality specialists below:



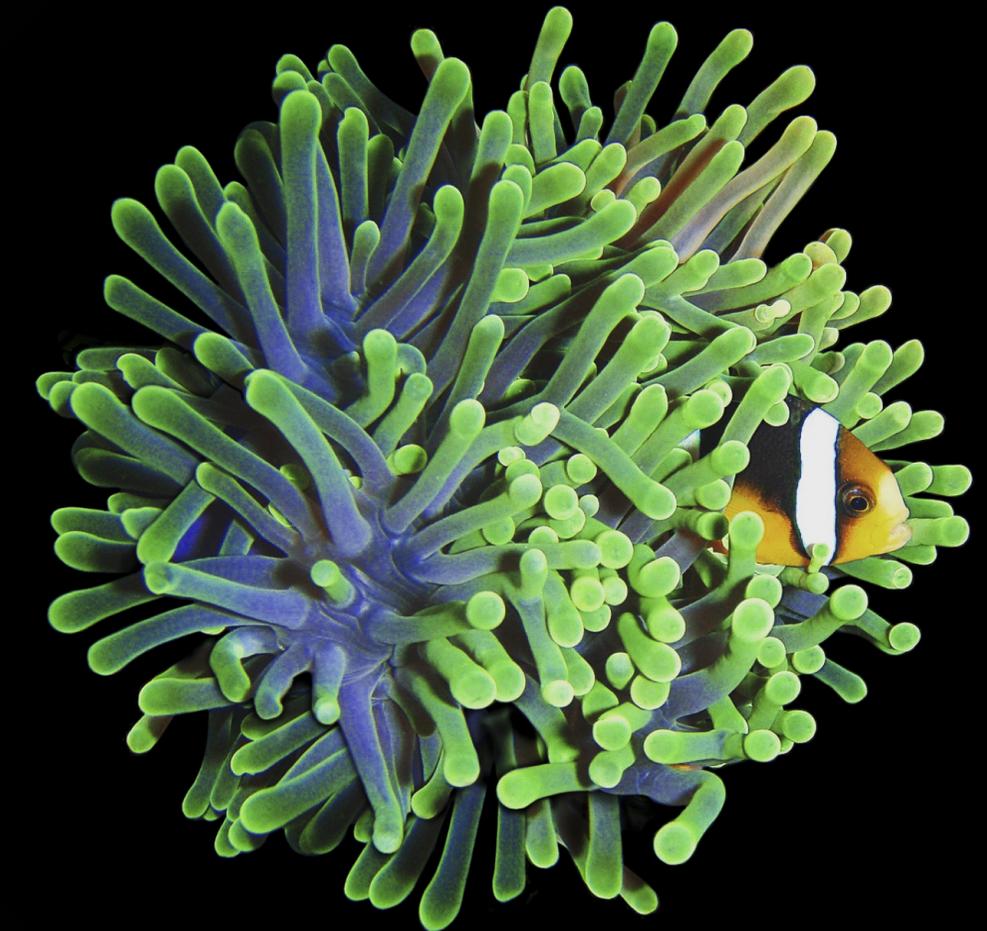
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Key findings from the 2016 Deloitte European Hotel Investment Survey, conducted as part of the European Hotel Investment Conference.

The survey represents the views of a sample of senior hospitality figures including owners, operators, lenders, developers and investors.



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Opportunity out of uncertainty?
European Hotel Investment Survey

Outlook for the European hotel market

Sailing into 2017

Key: ■ Europe ■ Ireland

Despite being under pressure from the sharing economy, **investment in hotels (60%)** is expected to **dominate** hospitality asset class activity in the next **10 years** with **serviced apartments** following (17%)

64% think the **peak** of the current **investment cycle** will occur within the next **18 months**

Irish tourism industry is now worth over **€8 billion annually**

China and North America are expected to be the **most active investors** across both the **UK and Europe**

International investors and funds will be the **most active buyers** of hotel assets in Dublin in 2017

Geopolitical instability and a **lack of economic growth** remain **key risks** in 2017

European hotel investment

An ocean of opportunity

The **Top-5** most attractive European gateway cities in 2017 are **Amsterdam, London, Barcelona, Dublin and Madrid**

Amsterdam has surpassed London as the **most attractive city**

The **Top-3** most attractive segments in 2017 are **budget (31%), upscale (24%) and midscale (20%)**

One in four believe the **impact of Brexit** is a risk with various **European elections** in 2017 causing greater concern (37%)

A **lack of sellers/product (46%)** and **yield compression (45%)** are considered to be the **main challenges** to investment in 2017

Investment in **gateway cities** is expected to be a dominant theme in 2017 (63%) while 59% think **disposals by private equity firms** and **consolidation** will be prominent

Transaction activity is expected to be dominated by **China (62%) and North America (46%)**

Traditional **bank debt (53%)** and **private equity (45%)** are expected to be the **most common source of financing**

Spotlight on Ireland

Development opportunities

8.9 million overseas visitors have visited **Ireland** in 2016

Dublin was one of the **best performing European markets** in 2016, with its **17% increase in RevPAR**

According to the **Irish Tourist Industry Confederation (ITIC)** **Dublin** needs close to **5,000 new hotel bedrooms** to satisfy demand

Strong accommodation performance (REVPAR) growth:

Dublin	↑ 17.4%
Cork City	↑ 15.6%
Galway	↑ 9.8%

91% hotel and guesthouse owners state they recorded **increased business** in 2016

Almost **three in ten Irish hoteliers** are seeing a **drop in bookings** from the **UK**

92% of hoteliers are concerned about the impact **Brexit** will have on their business in 2017