2019 Deloitte European Hotel Investment Survey
Spotlight on Ireland
Amsterdam continues to be the most attractive city for hotel investment in 2020 for the fourth year in a row. Paris takes second place as London falls to third position. Lisbon climbs up to fourth place with a quarter of respondents ranking it amongst the top three cities.
50% of respondents believe the UK and Ireland have hit the peak in the hotel investment cycle while Greece, Portugal and Spain are perceived to be markets on the upturn.
The European investment horizon

Traditional bank debt is expected to be the most common source of financing. For alternative financing, the major sources are perceived to be institutional funds (59%) as well as real estate debt funds (52%).

Private equity (28%) is expected to continue dominating investment activity followed by institutional investors (22%) and real estate funds (22%).

European (54%) and North American (38%) investors are anticipated to drive investment in 2020. Investment from the Middle East and Northern Africa (27%) is expected to increase in 2020 compared to 2019.
Risks to the European hotel industry in the next 5 years

- Political tension: 22% (2019), 25% (2018)
- Break-up of the EU: 21% (2019), 21% (2018)
- Local resentment towards tourists: 19% (2019), 21% (2018)
- Competition from new entrants: 17% (2019), 14% (2018)
Major industry trends

1. Investment

Hotels prevail

31% believe hotels will be the most attractive asset class for investment in 2020 due to their positive demand fundamentals (71%) and yield profile (46%). Serviced apartments and hostels are also seen to be interesting asset classes for investors in 2020.

2. Cyber security

Improving the safety net

The implementation of security technology and IT updates is seen to be critical for preventing data or cyber security breaches; however consciously creating a culture of awareness and training is seen to be just as important.
3. Sustainability

**Plastic not fantastic**

33% view eliminating single-use plastic as the top sustainability priority for the next 5 years, while only 18% see reducing the carbon footprint as the main area to focus on.

4. Social media platforms

**Driving engagement**

66% view Instagram as the most effective social media platform to promote business and increase engagement, followed by Facebook and Youtube.
Spotlight on Ireland

Tourism is the island of Ireland’s largest indigenous industry; responsible for in excess of 4% of GNP in the Republic of Ireland and employing around 325,000 people across the island.

Dublin continues to achieve the highest occupancy rate of any European capital.

In Ireland: 322 projects (21,400 rooms) in the planning system, of which 66 projects (6,194 rooms) under construction.

Hotel transaction activity amounted to €702m in 2019, driven by a number of ‘big ticket’ hotel sales (including the Conrad and the Marker).
Outlook for 2020

- c.1,800 new rooms to open in Dublin in 2020

Many of the recent negative trade factors were specific to 2019:
- Limited growth in airline capacity (737 Max etc.)
- Vat +4.5%
- Stronger calendar of events for 2020

However, room stock will continue to grow in 2020 through to 2022.
These are key findings from the 2019 Deloitte European Hotel Investment Survey, conducted as part of the annual European Hotel Investment Conference.
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