Focus on European & Dutch Hotel Industry Developments


32% say the Netherlands is at the peak of the investment cycle. Another 27% think the Netherlands is still experiencing an upturn.

Traditional bank debt is expected to be the most common source of financing the market (53%), followed by private equity (44%).

Respondents view Europe to be the dominant source of hotel investment in 2019 with activity anticipated to decline from North America as a result of fewer opportunities for private equity funds. With continued Chinese capital restrictions, respondents anticipate that Asian-based investment will be dominated by Singapore, Malaysia and Thailand.

45% view lack of investment opportunities as the key challenge for their organisation over the next 5 years, followed by staffing (38%) and lack of growth opportunities (28%).

In the absence of recent major terrorist attacks, the perceived threat of terrorism for hotels has dropped significantly from last year. ‘Overtourism’ appeared for the first time in the top-5 risks.

Risks to the European hotel industry in the next 5 years

<table>
<thead>
<tr>
<th>Risk</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of economic growth</td>
<td>50%</td>
<td>38%</td>
</tr>
<tr>
<td>Terrorist attacks</td>
<td>67%</td>
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</tr>
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Capturing the consumer

Opportunities for new brands

74% believe there should be more brands. The greatest branding opportunities exist for targeting millennials in the economy (55%) and midscale ‘extended stay’ (49%) segments.

Customer Experience

Opportunities for the changing segments

Other research shows that 86% of millennials want to experience a new culture. They travel 4.2 times per year, compared to 2.9 times by older generations. 41% of businesses invested in AI in 2018. Would AI be the key to catering to experience-driven millennials?

Investment choices

Opportunities for the conventional

The alternative accommodation sector (25%) has replaced hotel start-ups (20%) as the most popular investment choice. For example, Serviced Apartments, such as The Yays, are showing growth. 9% would invest their own money in traditional hotels.

These are the key findings from the 2018 Deloitte European Hotel Investment Survey, conducted as part of the annual European Hotel Investment Conference.

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

The report additionally includes insights from the Dutch Hospitality practice at Deloitte.
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