

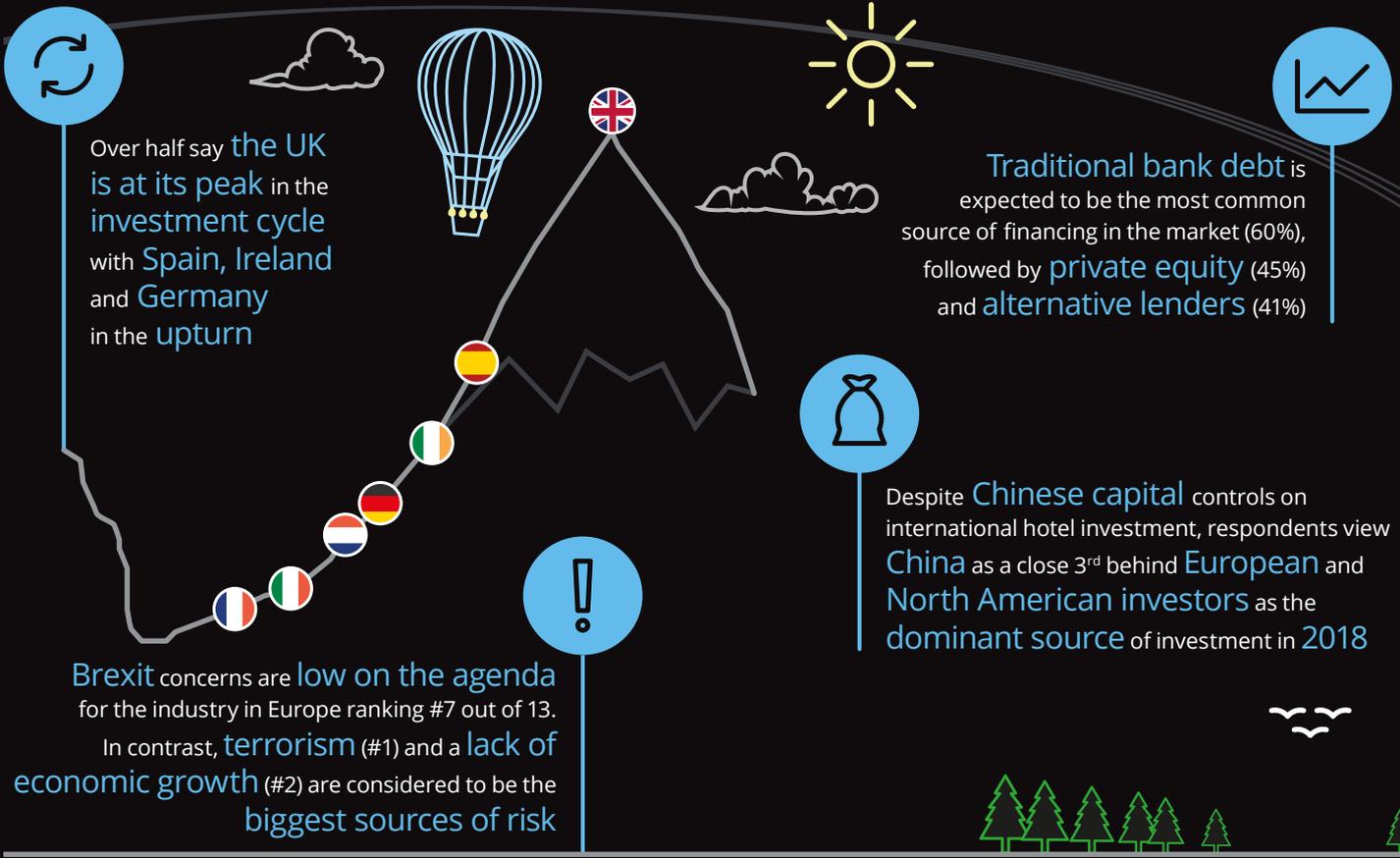
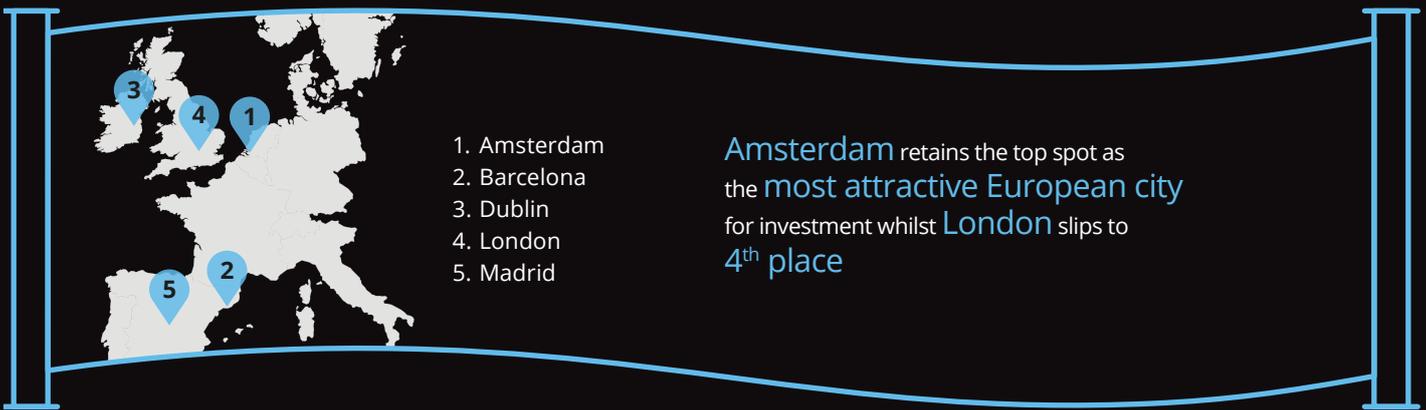
**Deloitte.**



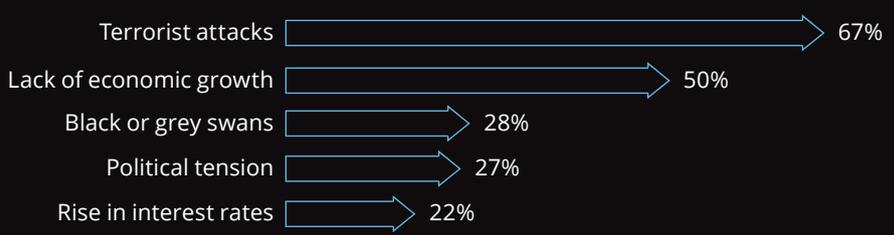
**Heading into thin air?**

European Hotel Investment Survey

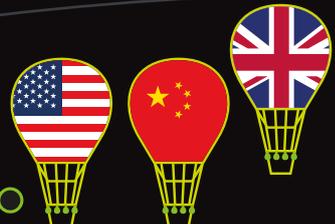
# Focus on Europe



## Risks to the European hotel industry in the next 5 years



# Spotlight on the UK



The majority expect pricing multiples at **12x** in the **Regions** with **London** at **≥16x** in 2018



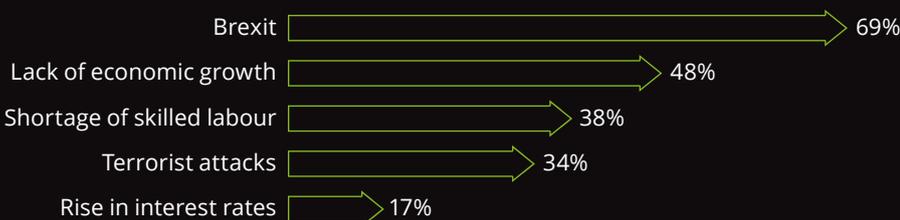
**40%** view **Private Equity** and **Institutional investors** to be the **main sources of capital** in the **UK**. **Domestic investors** are expected to dominate, followed by **China** and **North America** in joint 2<sup>nd</sup> place



**70%** expect Regional UK **RevPAR** growth at **1-3%** in 2018, with **Edinburgh** and **Manchester** likely to see the highest growth. Despite RevPAR contracting in 2016, **80%** expect **London** to achieve up to **3% growth** in the next 12 months

With rising cost pressures, c.40% expect negative or **no GOPPAR** growth in both the **Regions** and **London** in 2018

## Risks to the UK hotel industry in the next 5 years



Following the **Brexit** vote, an increase in respondents view both **London** and the **Regions** as **less attractive** compared to last year

# Major industry trends

## Future growth demographics

Driving business with the younger generation

Despite baby boomers having the highest disposable income, >60% think that **Millennials** and **Generation X** have the biggest potential to drive business over the next 5 years

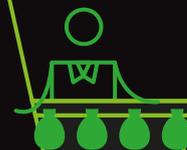


## Technology and big data

Capturing the consumer

Almost two thirds say the biggest potential for technology and data lies in an improved **booking experience for the user** (#1) and **improved personalised customer communication** (#2)

**Operational optimisation** is #3 and represents another key focus area, especially in light of concerns around **rising operating costs** across the UK and Europe



## Investment choices

Opportunities for the innovators

Over a third say they would **invest** their own money in **small innovative hotel** companies over traditional/ established hotel companies or the OTAs and shared economy



These are the key findings from the 2017 Deloitte European Hotel Investment Survey, conducted as part of the annual European Hotel Investment Conference.

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

# 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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