



# HOSPITALITY NEWSLETTER

*A Monthly Publication of AHV Associates*

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**AHV**  
ASSOCIATES

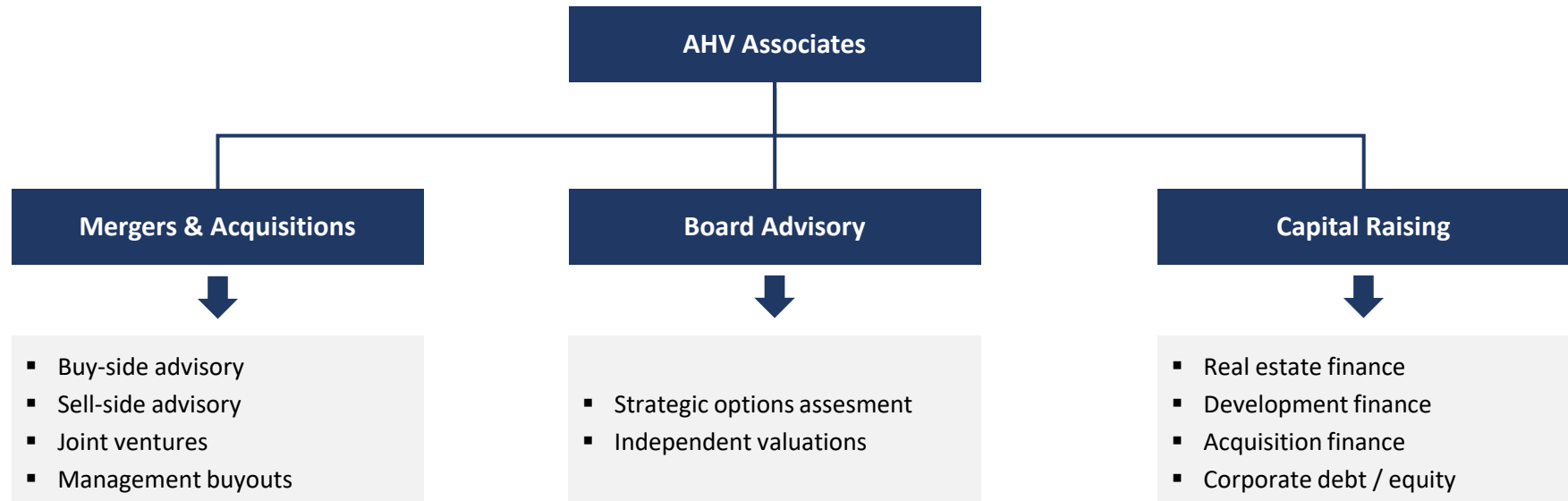
## ABOUT US

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- ❑ Co-founded in 2001 by Andrew Harrington, AHV Associates LLP (AHV) is a London-based boutique investment bank focused on advising private companies across a range of M&A and capital raising assignments
- ❑ AHV specializes in hospitality and has worked with companies that own and/or operate hotels, apart-hotels, serviced apartments, hostels and mixed-use resorts

## WHAT WE DO

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## Economic Trends

UK business activity rose more than expected in January, suggesting that the economy could avoid a recession, despite challenges posed by high interest rates throughout 2023. However, shipping disruptions in the Red Sea caused input prices in the manufacturing sector to rise for the first time since last April, which may contribute to a pickup in inflation. Nonetheless, the BoE is widely expected to begin cutting interest rates in June 2024; rate cuts along with a rebound in the property markets have led forecasters to predict a GDP growth of 0.9% in 2024.

Eurozone business activity shrank for an eighth consecutive month in January but at a slower rate - a sign that the current economic downturn may be stabilising. Nonetheless, the ECB kept its key interest rates unchanged at record highs and reiterated that monetary policy would stay at “sufficiently restrictive levels for as long as necessary”. However, with zero growth recorded in Q4 2023 and inflation falling to 2.8% in January 2024, it's projected that interest rate cuts could commence some time during Q2 2024 to provide a much-needed boost to revive the economy.

In the capital markets, despite a small increase of 4.63% in December, the AHV Hospitality Index still underperformed the FTSE 350 Travel and Leisure Index which rose by 5.25% (see page 8).

## Hotels & Hospitality Performance

The UK's hotel sector experienced strong trading performance in 2023, with ADR and RevPAR 22% and 15% above 2019 levels respectively, as per Savills. Tourist arrivals increased 24% YoY, providing a boost for the sector considering the challenging economic environment. CBRE reported that the UK is at the forefront of European hotel development, accounting for over 15% of the total hotel pipeline in Europe from 2024 to 2028, which will enable them to experience above-average rates of supply growth.

Europe's hotel sector is poised to benefit from a rise in leisure travel from Asian markets, and a gradual recovery of corporate and group travel. Several major sporting and entertainment events are also expected to further increase ADR and Occupancy rates in host cities, including the 2024 Paris Olympics and UEFA Euro 2024 in Germany, as well as tours by world-renowned artists Coldplay and Taylor Swift.

Investors forecast an increase in RevPAR in 2024 despite its outsized growth of 20% in 2023, due to a favourable supply and demand balance, as supply is suppressed by the recent increases in construction and borrowing costs.

The robust top line performance will be assisted by moderating inflation which should be able to drive up margins and hence hotel profits in 2024.

## Transaction Activity

In Q4 2023, 10-Year bond yields fell substantially (see page 17) with very positive implications on valuations. Falling interest rates and stabilised yields will reduce the ongoing buyer-seller pricing disparity and should result in greater investment volumes.

Furthermore, global private equity dry powder soared to an unprecedented \$2.59tn in 2023, an 8% increase YoY. Along with improving capital markets conditions, we expect market dynamics to drive private equity firms to actively seek deal opportunities, leading to a resurgence in real estate investment in 2024.

These factors were reflected in January investment activity, with some significant transactions being completed including:

- Starwood's £800m acquisition of 10 Radisson Blu Hotels from Edwardian Group
- Archer Hotel Capital's £215m acquisition of Hoxton Shoreditch and Hoxton Holborn from Norlake Hospitality
- Travelodge's £215m acquisition of 66 hotels from LXi REIT
- Gruppo Statuto's €205m acquisition of the Mandarin Oriental Paris from MOHG
- NH Hotel Group's €133.2m acquisition of a 5-hotel portfolio in Portugal

## TRANSACTIONAL ACTIVITY JAN '24

Buyer(s)	Country	Target	Country	Deal Size (mm)	No. of units
Starwood Capital	US	10 Radisson Blu Hotels	UK	£ 800	2,053
European Camping Group	FR	Vacansoleil	NE	Undisclosed	1100
NH Hotel Group	ES	5-hotel portfolio in Portugal	PT	€ 133.2	974
Corum Asset Management	FR	Holiday Inn Express Warsaw Hub & Crowne Plaza	PL	Undisclosed	430
Archer Hotel Capital	UK	Hoxton Shoreditch & Hoxton Holborn	UK	£ 215	430
Undisclosed French Investor	FR	Sofitel Lisboa Liberdade & Sofitel Roma Villa Borghese	PT & IT	€ 150	241
Zeus International Hotels & Resorts	GR	Dolce Milan Malpensa	IT	Undisclosed	207
Grupo Hotusa	ES	Hotel San Anton, Granada	ES	Undisclosed	189
Undisclosed	N/A	Fergus Conil Park Hotel, Cadiz	ES	€ 41.9	183
Hunton Hotels	UK	Holiday Inn Express Southampton	UK	Undisclosed	182
Olav Thon Group	NO	Hotel Terminus Stockholm	SE	Undisclosed	155
Atom Hoteles SOCIMI	ES	Hotel Miramar & Gran Hotel La Florida, Barcelona	ES	€ 50	145
Gruppo Statuto	IT	Mandarin Oriental Paris	FR	€ 205	136
Sterling Property Ventures	UK	Ibis Styles Birmingham	UK	£46.0	120

## TRANSACTIONAL ACTIVITY JAN '24

Buyer(s)	Country	Target	Country	Deal Size (mm)	No. of units
Caledonian Leisure	UK	Torquay Torbay Hotel	UK	Undisclosed	111
Mercadona	SP	AC Aravaca Hotel, Madrid	SP	€16.0	110
IMAXXAM	DE	B&B Hotel Frankfurt	DE	Undisclosed	109
Undisclosed	N/A	AC Hotel by Marriott Ciudad de Sevilla	ES	€ 7.5	107
Extendam & SOHOMA	FR	Citadines City Centre, Lille	FR	Undisclosed	101
Slatto	SE	Helsinki Office Building to be converted to Apart Hotel	FI	Undisclosed	99
Undisclosed	RO	Coroana de Aur Hotel	RO	€4.1	98
Zeus International Hotels & Resorts	GR	Lazart Hotel Trademark Collection by Wyndham, Thessaloniki	GR	Undisclosed	74
EPH European Property Holdings	CY	Hotel des Trois Couronnes, Vevey	CH	Undisclosed	71
Extendam & Engage Hospitality	ES	Ibis Styles Zaragoza Ramiro I	ES	Undisclosed	70
Undisclosed	UK	Liberty's on the Square, Blackpool	UK	Undisclosed	67
Dutco Group	UAE	Mar Hall Hotel, Golf & Spa Resort, Scotland	UK	Undisclosed	65
Fattal Hotel Group	IL	Hotel Prelude Opera Paris	FR	Undisclosed	59
Oaknorth Bank	UK	Beaverbrook Hotel, Surrey	UK	£ 52	57

## TRANSACTIONAL ACTIVITY JAN '24

Buyer(s)	Country	Target	Country	Deal Size (mm)	No. of units
Deventure Hotels & Resorts	IN	The New Bath Hotel & Spa, Matlock	UK	Undisclosed	54
Signet Collection	UK	Deans Place Hotel, Sussex	UK	Undisclosed	35
Alberto Ribeiro Carlos	PT	Convento do Seixo Boutique Hotel & Spa, Castelo Branco	PT	Undisclosed	24
The Pig Group	UK	Barnsley House & Village Pub, Cotswolds	UK	Undisclosed	n/a
Travelodge	UK	66 Travelodge-branded hotels	UK	£ 210	n/a

## AHV INDEX PERFORMANCE

The AHV Hospitality Index is a market-cap weighted index of the 20 hotel companies with a significant European presence; the AHV Hospitality Index performance is compared to the broader hospitality industry index performance (FTSE 350 Travel & Leisure Index) and overall market (Stoxx Europe 600 Index) in Europe

Company Name	Price Change (MoM)	Price Change (YoY)	Market Cap (€ mm)	EV (€ mm)	EV/Revenue (FY+1)	EV/EBITDA (FY+1)	Net Debt/EV
Accor	6.1%	22.7%	9,325	10,980	2.0x	9.7x	15%
Airbnb	5.2%	26.4%	79,082	77,463	7.3x	20.1x	N/A
Choice Hotels	7.2%	(2.2%)	5,581	6,939	4.6x	12.7x	20%
Covivio Hotels	(0.3%)	3.2%	2,429	5,180	10.0x	20.0x	53%
Dalata Hotel Group	4.0%	23.0%	1,076	1,880	2.9x	8.1x	43%
Fattal Holdings	3.9%	22.7%	1,738	6,915	4.2x	21.2x	75%
Hilton Worldwide	5.1%	29.6%	45,305	53,465	5.2x	17.5x	15%
Hyatt Hotels	(1.7%)	17.1%	12,249	14,691	2.2x	13.7x	17%
IHG	4.6%	34.1%	14,731	16,616	7.9x	15.5x	11%
Mandarin Oriental	(8.3%)	(16.8%)	1,800	2,082	1.2x	9.3x	14%
Marriott International	7.0%	36.7%	65,137	76,251	3.3x	17.1x	15%
Melia Hotels	4.2%	2.3%	1,363	4,120	2.0x	7.6x	67%
NH Hotel Group	1.4%	15.5%	1,812	4,050	1.8x	6.0x	55%
Pandox AB	(4.7%)	(0.8%)	2,319	5,529	8.8x	17.1x	58%
Pierre et Vacances	(14.0%)	(15.9%)	622	3,400	0.3x	3.4x	82%
PPHE Hotel Group	7.8%	0.7%	607	1,450	2.6x	8.2x	57%
Scandic Hotels Group	3.6%	25.6%	811	4,809	2.4x	7.9x	83%
Sonder Holdings	(23.8%)	(90.8%)	27	1,517	0.1x	N/A	40%
Whitbread Plc	(1.6%)	19.2%	7,964	12,354	3.6x	10.4x	36%
Wyndham	(3.6%)	(0.1%)	5,981	7,910	5.8x	12.4x	24%
<b>Average</b>					<b>3.9x</b>	<b>12.5x</b>	
<b>Median</b>					<b>3.1x</b>	<b>12.4x</b>	

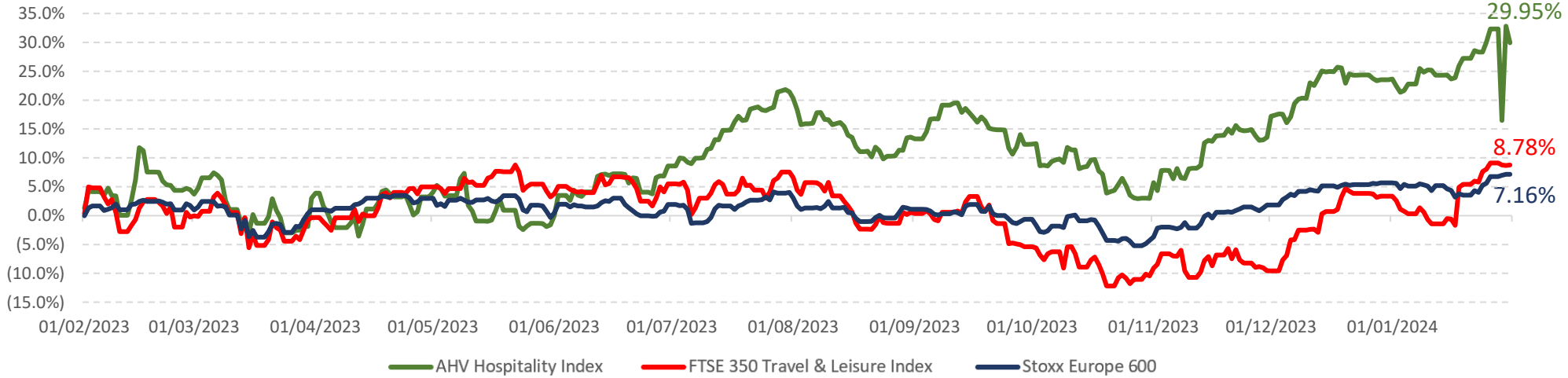
Metrics reported in the table include impacts of IFRS 16

Trading performance of hotel companies included in the AHV Index as of 31/01/2024

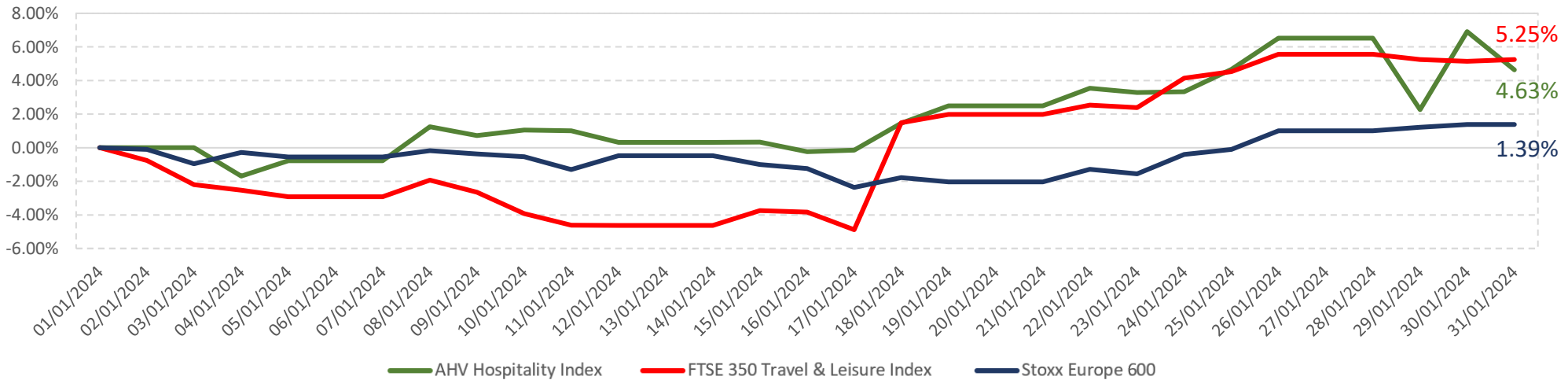
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## AHV HOSPITALITY INDEX OUTPERFORMS ON AN ANNUAL BASIS



## AHV HOSPITALITY INDEX UNDERPERFORMS ON A MONTHLY BASIS



Source: Yahoo Finance, Investing.com



### ***UK: Leisureplex Hotel Group acquires the Royal Hotel Weymouth***

The Leisureplex Hotel Group has acquired the Royal Hotel in Weymouth from Coast and Country Collection for an undisclosed sum. With a central location on Weymouth's Georgian curved bay, the 19th Century Victorian hotel boasts 71 bedrooms. This purchase marks the 24th property in the Leisureplex Collection and aligns with the group's strategy of expanding its destinations across the UK.

### ***UK: Archer completes £215m acquisition deal with Norlake Hospitality***

Archer Hotel Capital has successfully completed the acquisition of Hoxton Shoreditch (210 keys) and Hoxton Holborn (220 keys) in London for £215m from Norlake Hospitality. The hotels, strategically located in central London, will continue to be managed by Ennismore. London remains a key city in Archer's long-term strategic vision, and the company looks forward to a new operating relationship with Ennismore, a leader in the lifestyle space.

### ***UK: Beaverbrook hotel and estate secures £52m loan to fund growth***

Country house hotel Beaverbrook in the Surrey Hills has secured a £52m loan from OakNorth bank to refinance existing facilities and accelerate its expansion plans. The 57-room estate is spread over 475 acres and features four restaurants, two bars, tennis courts, a private cinema and the Coach House Spa. Beaverbrook is a Victorian mansion that dates back to 1866 and opened to the public in 2007 after a restoration.

### ***UK: Fragrance expands portfolio with new Ibis Styles Hotel***

Fragrance UK Luxury Hotel Group is set to open a new Ibis Styles property in Paignton, South Devon, representing a £70m investment in the local area. The 121-room hotel, franchised by Accor and operated by RBH Hospitality. Fragrance Group aims to enhance Paignton's reputation as a premier UK holiday destination, providing a unique and affordable experience with a coastal-themed design targeting Gen Z and Millennials.

### ***UK: Birmingham Ibis sold***

Sterling Property Ventures has bought the 120 room Ibis Styles in Birmingham as part of a £46m package. Also included are offices leased to Mitchells & Butlers, reports Insider. The block, which was built in 2003, was sold by Legal and General Investment Management. Sterling is looking to build a portfolio of assets and have raised Capital to support this strategy.

### ***UK: Starwood acquires 10 London properties from Edwardian Hotels***

Global private investment firm Starwood Capital Group has acquired a portfolio of 10 properties from Edwardian Hotels for an undisclosed sum. The portfolio represents 2,053 rooms, which Edwardian will continue to operate on a transitional basis. Edwardian will also retain and continue to operate The Londoner and its two Radisson Collection hotels: The May Fair and The Edwardian Manchester. BHN understands that Axiom Hospitality have been appointed to manage the portfolio under Starwood. Bloomberg reported that the deal was worth around £800 million. The acquisition adds to Starwood's existing portfolio of European hotel investments, which following the transaction will comprise 47 hotels of circa 10,000 rooms.

### ***UK: The Signet Collection acquires The Deans Place Hotel***

Signet Collection acquires Deans Place hotel as fourth property. The growing Signet Collection hospitality group has acquired the Deans Place hotel in East Sussex for an undisclosed sum. The Grade II-listed property, which dates back to the 14th century, is due to open in December 2024. It will join Signet Collection's existing portfolio of hotels, which include the Barnsdale in Rutland (launched in May 2023), the Retreat at Elcot Park near Newbury (launched in June 2022), and the Mitre in Hampton Court, London (launched in September 2020). Deans Place Hotel will reopen with 35 bedrooms.

### ***UK: The Pig group acquires Barnsley House hotel***

The Pig group has acquired the Barnsley House hotel and the Boot pub in the same Cotswolds village. The acquisition of the 17th-century hotel in the village of Barnsley near Cirencester follows the group's plans to open the Pig on the farm in Stratford-upon-Avon at the end of 2024 and the Pig at Groombridge, Tunbridge Wells, in summer 2025. Barnsley House hotel, which has 18 bedrooms and suites, has been sold along with sister business the Boot pub.

### ***UK/FR: European Camping Group buys assets of Dutch firm Vacansoleil***

European Camping Group [ECG], a tour operator specialised in the mobile home holiday market, has announced the strategic acquisition of Dutch camping holiday firm Vacansoleil and its assets, significantly expanding its portfolio in the European outdoor accommodation sector.

### **UK: Office to hotel conversions made up fifth of UK hospitality investment**

Office to hotel redevelopments accounted for a fifth of the £2.4 billion invested in the hospitality sector in 2023. More than £2.4 billion of UK real estate was transacted by hotel investors in 2023 over 149 properties across the UK, representing 14,255 rooms. Total investment - despite being aided by volumes in the final quarter which were up 97 per cent year on year at £745 million - was down compared with 2022's £3.4 billion. Notably, £500 million of transactions comprised office sites which are slated to be converted into new hotel accommodation, with these plans backed by several local authorities including in the City of London. In terms of capital deployed, private buyers were the dominant force in deals completed at 67 per cent, while institutional-backed capital, at 14 per cent. Domestic buyers represented more than half of deals, followed by those from Europe at 26%.

### **UK: Bespoke Hotels unveils 2024 expansion plan**

Bespoke Hotels, a collection of nearly 90 independent hotels in the UK, announced plans for 2024 to strengthen its portfolio. It includes the opening of Bailiffgate Hotel in Alnwick, Lumley Castle Hotel's full takeover with a soft refurbishment, collaboration with Biarritz Hôtel in Jersey for a full refurbishment programme, and the openings of Hotel Gotham Newcastle and Hotel Gotham Bristol in winter 2024/25. Construction will also commence at Noss on Dart Marina, Dartmouth, with the hotel opening in 2025. The expansion aims to solidify Bespoke Hotels' position as the UK's largest independent hotel group.

### **UK: Three Daish's Group hotels up for sale**

Daish's Group has put a quarter of its portfolio on the market for a combined guide price of £6.65m. The assets include the freehold of Barrowfield hotel in Newquay, the freehold of County hotel in Kendal, and the freehold of Daish's Blackpool, which are available individually or as a trio. The Barrowfield hotel is a coastal property with 80 rooms. The guide price for the site, which extends to 0.6 acres, is £2.85m. The County hotel (pictured) near the Lake District National Park is an 18th-century building that has recently undergone refurbishment. With 41 rooms, the hotel has been valued at £1.85m. Finally, Daish's Blackpool is an end terrace coastal property with 72 rooms and it is valued at £1.95m.

### **FR: Paris sale**

Italian investor Gruppo Statuto has completed the acquisition of the Mandarin Oriental hotel in Paris. The 135 room luxury property has sold for a reported €205m. Mandarin Oriental opened the property in 2011. Statuto already owns the Mandarin Oriental in Milan.

### **FR: Fattal Group buys four-star Hotel Prelude Opera Paris from Tikehau**

Fattal Group has purchased the Hotel Prelude Opera in Paris from Tikehau Capital, marking its entry into the French market. Located at 8 Cite Bergere, the hotel comprises 59 rooms and in 2020, underwent an extensive renovation programme after which it gained 4-star status. The hotel will now be rebranded under the Leonardo Boutique brand. JLL and IMHOTEL were both mandated for the sale. Fattal Group was brought by JLL. This move by Fattal is a continuation of its expansion strategy following a 2023 which saw it purchase the former Le Méridien hotel on Piccadilly - now called The Dilly - for over £80million and the 5-star Grand Hotel in Brighton. It seems this purchase is just the beginning in terms of Leonardo's plans for France.

### **NIR: JMK secures £28 million loan for dual-branded project in Belfast**

The Northern Ireland Investment Fund (NIIF) has provided a £28 million loan to JMK Group to fund the development of a dual-branded Aloft and Residence Inn by Marriott in the Titanic Quarter of Belfast. The project will feature a 228-bed Aloft Hotel and Residence Inn Aparthotel under a Marriott franchise agreement. Construction has already begun and will provide 60 jobs during the development and 70 full-time jobs when complete. The fund has recently increased in size to £150 million (up £50 million) and is managed by CBRE's lending team.

### **FR: Accor Sells Timeshare Business to Travel and Leisure**

The deal will let the Paris-based hotel giant continue to get a slice of vacation ownership revenue as a licensing fee. Travel and Leisure Co. said Tuesday it had agreed to buy Accor Vacation Club, the timeshare business of Accor, for \$48.4 million. Accor is selling two dozen timeshare resorts it had collected over a couple of decades in Asia Pacific, the Middle East, Africa, and Turkey. The deal will let the Paris-based hotel giant continue to get a slice of vacation ownership revenue as a licensing fee.

### **POR: Mercan invests €450M in 8 new hotels in Portugal**

Maintaining its commitment to Portugal, the Mercan group has announced that it will invest a further 450 million euros in the opening of 8 new hotels located in the Lisbon and Algarve regions. If everything goes according to plan, construction will begin this year. In addition to these 8 new hotels, the plans for 2024 include the opening of 3 other hotels before the summer. One of them is the Holiday Inn Express Porto-Boavista, with 91 rooms (21 million euros). In Évora, the Holiday Inn Express Évora is due to open, with 76 rooms (16.8 million euros). Both will be managed by InterContinental Hotels Group. Another Holiday Inn is due to open in Beja, with 95 rooms, a similar investment of 16.8 million euros, which will be managed by AHM – Ace Hospitality Management, a company of the Mercan group. With these new projects, Mercan Properties has a portfolio of 30 hotels in Portugal.

### **POR: Garvetur completes sale of 5-star hotel in Castelo Branco**

The Alambique Group is continuing its expansion strategy with the acquisition of the Convento do Seixo Boutique Hotel & Spa. Garvetur has completed the sale of the only 5-star hotel in the Castelo Branco district, the Convento do Seixo Boutique Hotel & Spa. The mediation process was conducted by its Beira Baixa office and the acquisition was carried out by businessman Alberto Ribeiro Carlos.

### **POR & IT: Sofitel Lisboa and Sofitel Roma close to be sold for €150M**

A French group is about to complete the acquisition of two luxury five-star hotels in Portugal and Italy, for around 75 million euros each. The Sofitel Lisboa Liberdade building, located on Avenida da Liberdade, will be sold by the end of this month by AccorInvest, a French company belonging to the Accor group. According to information provided by Eco, the deal will be closed for approximately 75 million euros, which is less than the 100 million euros initially requested for the building of the luxurious five-star hotel.

### **IRE: Irish strength**

Hotel transaction volumes fell 30% to EUR350m in Ireland in 2023. Savills says occupancy in Dublin was above 80% with ADR at EUR180, 27% up on 2019 rates. Supply remains constrained with a 3% per year growth in rooms expected over the next five years. Savills reckons 12% of Irish hotel stock is contracted to the government to house refugees and asylum seekers, and this is unlikely to reduce in the short term.

### **GR: Zeus International Hotels and Resorts expands its European presence with significant acquisitions in Italy and Greece**

Zeus International Hotels & Resorts has acquired two hotel units in Milan and Thessaloniki, as well as an office block in Athens. This strategic shift is part of the group's ongoing expansion into privately owned hotels in Greece and Europe. This purchase is made from PRODEA Investments, the previous owner of the properties. Zeus International has agreed to acquire the Dolce Milan Malpensa hotels in Milan and the Lazart Hotel Trademark Collection by Wyndham in Thessaloniki, as well as a five-story property in Athens from PRODEA Investments. The Dolce Milan Malpensa hotel complex is located just 7 kilometres from Malpensa Airport. The hotel has 207 rooms and can accommodate up to 700 people. The 5-star Lazart Hotel in Thessaloniki located, just 10 minutes from the city centre.

### **SP: Mercadona buys AC Aravaca hotel for €16M to convert it into a supermarket**

Mercadona, a supermarket chain, has strengthened its presence in Madrid with the acquisition of the AC-Aravaca hotel, until now owned by Belagua, a firm owned by businessman Antonio Catalán. The plan is to transform the hotel into a supermarket. These works will postpone the opening of the new Mercadona centre until 2025. The transaction of the asset has been closed for c.€16 million. The AC-Aravaca hotel has 110 rooms and was operated under the AC-Hotels by Marriott-brand.

### **SP: The hotel sector leads Spanish real estate investment in 2023 with 4.1 billion euros**

The hotel sector leads the real estate investment in 2023 with a volume of €4,100m and concentrating more than 35% of the total, which is the second year with the highest investment in the historical series. Spain has been one of the most dynamic markets in Europe, with more than 105 million visitors up to November and leading hotel investment in Q1-Q3 of the year with 26% of the total, ahead of France (24%) and the UK (15%). In 2023, 180+ hotel assets with 20,000+ rooms were transacted in Spain. 4-star assets accounting for 59% of the total invested, and 5 and 5-star GL assets for 25%. Institutional investors lead the race with more than 70% of the total volume invested, among which sovereign wealth funds, with more than half of the total invested in 2023, while private investors accounted for 13% and hotel chains undertook 11% of the total investment. International buyers dominated the market, accounting for 75% of the total, with Saudi Arabia, the United Arab Emirates and Singapore accounting for almost 60% of the total volume.

### ***SP: Hotusa Group secures €30m for Malaga redevelopment***

Spain's Hotusa Group has secured €30 million in financing to help convert the Palacio de la Tinta in Malaga into a five-star hotel. The Impacto Andalucía Urban Development Fund, managed by Arcano Capital, will contribute €15.5 million. Morabanc and EBN Banco were also part of the financing syndicate, according to Hosteltur.

### ***SP: Atom purchased two hotels for €50m***

Atom Hoteles SOCIMI, S.A. acquired Hotel Miramar Barcelona S.A. and Gran Hotel La Florida S.L. for €50m on January 16, 2024. Sunset Hospitality Group will manage the Gran Hotel La Florida and the Hotel Miramar will be operated by Hyatt Hotels & Resorts.

### ***FI: Catella sells office property in Helsinki for hotel conversion (FI)***

Catella Real Estate AG (CREAG) has sold the Lonnotkatu 20 office property in Helsinki, Finland, which was acquired in 2011 for the special AIF Catella Scandia Chances, in Helsinki, Finland, as a project development to the Slatto Value Add II fund of the company Slatto Forvaltning, now due to the need for renovation, after a successful letting phase sold in the form of a share deal. Due to changing challenges in the office rental market, the property is now being sold as a development project to be converted into a hotel property.

### ***SWE: Revelop and IHG partner to launch voco hotels in Kista, Stockholm (SE)***

Revelop and IHG Hotels & Resorts partner to launch voco hotels brand in Kista, Stockholm. The hotel, created by converting 9,000m<sup>2</sup> of the Revelop-owned Nordic Forum, will offer conference facilities, a restaurant, a spa, and an indoor swimming pool. It will be operated by Mogotel Hotel Development and open after the summer. Revelop acquired Nordic Forum in 2016 and has transformed it from brown to green. They have implemented various ESG initiatives like energy optimization, solar panels, and investment in outdoor environments. Today, Nordic Forum is a sustainable, modern full-service asset with a gym and Revelop's co-working concept C/O Workspace.

### ***INT: Goldman Raises \$2.6B To Lend To Real Estate As Banks Pull Back***

Investment banking giant Goldman Sachs has raised \$2.6B for a new fund to lend to real estate, taking advantage of wariness about the sector from traditional lenders. A filing with the Securities and Exchange Commission earlier this month showed that Goldman had raised money for West Street Real Estate Credit Partners IV, a real estate debt vehicle it launched in December 2022.

### ***INT: LXI REIT plc to sell 66 Travelodge hotels for €245.7m***

LXI REIT plc has exchanged contracts unconditionally on the sale of 66 Travelodge branded hotels to the Travelodge group for €245.7m, which is in line with the latest (30 September 2023) book value. As announced on 22 November 2023, the majority of the sale proceeds will be used to pay down debt, reducing Group LTV to 34% from 38% and reducing Travelodge's proportion of Group rent to 11% from 18%. The sale and debt repayment are not anticipated to have a material impact on the Company's earnings given the debt cost savings. Completion of the sale is scheduled to occur on 28 February 2024.

### ***EU: Aethos announces expansion into five additional European destinations***

Aethos has started 2024 with €100m in funding, a roster of new senior executives, and plans for growth across Europe. The fast growing lifestyle hospitality brand is on track to launching hotels in Rome, Madrid, Lisbon, Mallorca and Sardinia's Costa Esmeralda over the next two years. The brand aims to fuse luxury with references to the local culture, and contemporary design. This rapid growth is backed by €100 million in funding, which came from a consortium of investors led by Limestone Capital. Aethos will launch a five-star, 60-key resort this May on Sardinia's Costa Smeralda. The properties this brand has planned for Madrid, Lisbon, Rome and Mallorca are scheduled to open in 2024 and 2025.

### **UK: Investment in UK hotels hits lowest level since 2012 and it expected to resurge in 2024**

Knight Frank reports that around £2bn of UK hotel transactions occurred in 2023, marking the lowest investment levels since 2012. While Q4 witnessed a strong quarter with £615m in deals, challenges like rising debt costs and a mismatch in buyer and seller expectations contributed to an overall decline. Annual investment volume fell by 37%, and overseas investors, particularly from continental Europe, played a significant role, contributing over £760m. Despite a challenging macroeconomic environment, demand for high-quality London hotel assets remained strong, with a 22% year-on-year increase in values per room. The report anticipates increased investor activity in 2024, driven by demand for operational real estate and the living sector, along with potential interest rate stabilisation.

### **Resurging hotel investment market expected in 2024, reports Christie & Co**

Looking to the year ahead, the report also outlines Christie & Co's market predictions which are:

- Continued uptick in stock levels and transactional volumes driven by a wave of refinancings and government contract withdrawals
- Notable increase in distress both through consensual and forced sales which in turn, will lead to further brand consolidation through conversion brands
- Plateauing of performance particularly in leisure-led destinations as household disposal income is under pressure and will drive guests towards the value-for-money accommodation offering
- Further polarisation of the market towards economy and luxury segments with a squeezed midscale segment
- Yields softening to reflect stabilising yet high interest rate environment and pricing finally adjusting
- Development pipeline still at risk in key markets due to increased debt and construction costs

### **UK: Whitbread opens Premier Inn at Cork City Centre**

The new opening has grown Whitbread's network of Irish hotels to six locations and more than 1,000 trading bedrooms. Whitbread has opened a new 187-bedroom Premier Inn at Cork City Centre, Ireland.

### **UK: Airbnb HMRC information sharing rules come into effect**

As of 1 January 2024, companies including the home-sharing platform, second-hand marketplace Vinted and e-commerce platform eBay are now required to collect and share details of transactions involving online "side hustle" activities with the tax authority. The UK Government says that it is keen to "bear down on tax evasion" by sellers on digital platforms who are not declaring the extra income they receive from transactions. HMRC has now signed up to new rules outlined by the Organisation for Economic Cooperation and Development. Companies affected by the implementation of the OECD rules will only be asked to share data about sellers who make at least 30 transactions a year, earning more than £1,735 in that period.

### **UK: Hospitality accounted for 12% of UK administrations in 2023**

Hospitality administrations increased 22% last year compared to 2022, according to new data. Analysis by full-service law firm Shakespeare Martineau put hospitality as the third-highest sector in the UK for administrations, with retail, construction, manufacturing and real estate all contributing to 59% of administrations, according to the data. Hospitality accounted for 190 out of 1,641 businesses that filed for administration last year, marking a 22% increase compared to 2022 and 91% rise in comparison to 2021.

### **UK: Ennismore to open two UK hotels in 2024**

Leisure hospitality company Ennismore has revealed it is set to open 15 hotels this year, including two in the UK. The group revealed that mid 2024 will see the opening of the Hyde London City. Located in a Grade II listed landmark building on Old Bailey, the hotel will have 111 rooms set across seven storeys. Also coming in mid 2024 will be The Hoxton, Edinburgh. Located in the city's Haymarket neighbourhood the property will offer 214 rooms.

### **UK/IRE: 'Urban Rest opens two properties in Europe**

Flexible accommodation operator Urban Rest has opened two properties in Dublin and London, taking its portfolio in Europe to seven. Founded six years ago in Sydney, Australia, Urban Rest caters specifically to the business travel segment. Its current portfolio spans Australia, Ireland and the UK with further expansion into New Zealand scheduled for early this year. Urban Rest Merrion Square in Dublin marks the second site in the city for the group. It joins Urban Rest Dublin Port which opened in August 2022.

### **UK: Malmaison Manchester Deansgate to open in February**

Lifestyle hotel brand Malmaison has announced the launch of Malmaison Manchester Deansgate, opening its doors 1 February 2024. Sat a stone's throw from Deansgate thoroughfare which connects the city's neighbourhoods, this 4-star property will offer 70 rooms and suites.

### **UK: Premier Inn sales rise 11% in Q3**

Whitbread, the hospitality group, reported an 11% increase in UK Premier Inn accommodation sales during the third quarter of FY23, compared to the same period in the previous year. This growth was attributed to robust demand in both London and other regions, with total Revenue Per Available Room (RevPAR) rising by 9% compared to November and 39% compared to FY20. The food and beverage segment of Premier Inn also performed well, with a 6% sales increase in the third quarter.

### **UK: US visitors forecast to lead UK tourism recovery in 2024**

The tourist board's forecast for 2024 predicted the US market will be worth £6.7b and contribute almost £1 in every £5 spent by visitors. It follows a year of record-breaking spend by US tourists in the UK in 2023, which was up 28% on 2019 figures. VisitBritain's overall forecast for spending by international visitors to the UK was £34.1b, up 7% on spending predicted in 2023 and 96% of 2019 levels when adjusted for inflation. The predicted number of visits to the UK in 2024 have also risen to 39.5m, up 5% from the 37.8m expected in 2023. However, these figures are still 3% below 2019, when 40.9m tourists arrived in the UK. China, which was the UK's second most valuable inbound market in 2019, was moved down to fourth place in this year's forecast due to slower recovery in East Asia, with a predicted market value of £1.7b in 2024.

### **UK: PPHE optimistic 2024 will be another 'strong year'**

PPHE Hotel Group expects full-year 2023 revenue of at least £413m and earnings before interest, taxes, depreciation and amortisation (EBITDA) of at least £127m. The hotel group's trading update for the year ended 31 December 2023 reported room revenue at £300m, up 26% from the previous year, while revenue per available room was up 26% to £120. The group reported a occupancy rate throughout the year of 72%, up from 60% in 2022, while average room rate increased 4% to £166.

### **EU: Eurostat: Online booking platforms grew in Q3 2023**

During the third quarter of 2023, guests spent 309.4 million nights in short-term rental accommodation in the European Union, booked via Airbnb, Booking, Expedia Group or TripAdvisor, according to the EU's statistical agency Eurostat. The figures corresponded to an increase of 13.4 per cent compared with the same period in 2022. As such, platform tourism continued to exceed pre-pandemic levels and set new monthly record values: in July, 115.7 million nights were spent in accommodation booked via online platforms, showing an increase of 10.7 per cent compared with July 2022. Meanwhile, in August, the number increased to 124.7 million nights [+11.7 per cent compared to August 2022] and in September, that number was 69.1 million [+21.6 per cent compared with September 2022]. In the first nine months of 2023, guests spent more than 546.2 million nights in EU short-term rental accommodation booked via online platforms. That was a significant growth compared with the same period in 2022 [488.6 million nights; +11.8 per cent]; with nights spent far exceeding pre-pandemic levels [423.7 million nights in the first nine months of 2019; +28.9 per cent]. The top destinations visited in the second quarter of 2023 in the EU were in Spain, Croatia and France. The most popular regions for short-term rental accommodation booked via online platforms in the second quarter of 2023 were Andalusia in Spain [7.1 million nights], Jadranska Hrvatska in Croatia [6.5 million] and the French region Île de France [5.8 million]. In the top 20 regions, seven are in Spain, five each are in France and Italy, two regions are in Portugal, and one is in Croatia.

### **EU Breaks New Record with 2.9bn Overnight Stays in 2023**

European Union destinations managed to surpass pre-pandemic 2019 overnight stay levels by 1.6 percent in 2023 reaching 2.92 billion compared to 2.87 billion, Eurostat said this week. Compared to a year earlier, 171 million more nights were spent at EU accommodation facilities in 2023 marking a 6.3 percent rise. A total of 146 million international and 25 million domestic guests spent nights in the EU boosting tourism levels by 25 percent, the highest since 2013 and 2.33 billion nights spent.

### **SP: Palladium pushes ahead**

Spanish hotel group Palladium hit revenues of more than EUR1bn in 2023, up 16% year on year. Palladium is now planning an international programme of upgrades and openings to expand its portfolio. In spring 2024, the group will open Only You in Seville, adding a further hotel for the brand in Venice in 2025.

### ***SP: The Social Hub to open third hotel in Spain***

Hybrid hospitality group The Social Hub will open its seventeenth property in San Sebastián, Spain, on 1 February 2024. With an investment of over €50 million and generating over 50 jobs in the city, The Social Hub San Sebastián is located in the Riberas de Loyola neighbourhood. It joins two other sites in Madrid and Barcelona. The property offers 328 hotel.

### ***SP: Spanish branding JV***

DPanoram Hotel Management & Borealis Hotel Group have created a JV to allow Borealis expand in Spain and to explore new hotel development opportunities. The new JV will enable the creation of new opportunities in the sector and strengthen the presence of internationally branded hotel groups in the country. Borealis' portfolio comprises 27 leased hotels across Europe, including the Netherlands, Belgium, Germany, Denmark, Austria, France, and Spain. The Dutch hotel operator, investor and developer also has a pipeline of developments in Italy, Portugal and the Nordics.

### ***INT: Radisson adds over 30,000 keys to its international portfolio in 2023***

Radisson Hotel Group celebrated a record-breaking year in 2023, adding over 30,000 keys to its portfolio through openings and signings, marking nearly a 50% growth since the launch of its transformation plan in 2018. Radisson Blu remained the largest upper upscale brand in Europe for the 12th consecutive year. The Radisson brand, the fastest-growing in the industry, added nearly 40 properties in 2023, expanding to new destinations like Réunion, Budapest, and Baku.

### ***CEE: Nordis Group opens the largest hotel in Central and Eastern Europe (RO)***

Nordis Group inaugurates Hotel Nordis Mamaia 5 the largest leisure hotel in Central and Eastern Europe. It will have a capacity of 712 accommodation units, rooms, and apartments with 2 and 3 bedrooms. Upon completion of the entire complex. The resort also includes a medical rehabilitation clinic, which will complete the wellness package and contribute to the classification of the complex as a wellness destination.

### ***GER: Avani Frankfurt City Hotel***

Avani Hotels & Resorts, the upscale lifestyle brand of Minor Hotels, expands further in Europe with the opening of Avani Frankfurt City Hotel, marking the brand's debut in Germany. The hotel has 256 guest rooms and it is located in Frankfurt.

### ***GER: The Cloud One Hotel Hamburg – Kontorhaus***

The Cloud one Hotel Hamburg just launched in Hamburg, Located in the heart of the Kontorhaus district, the new hotel features 457 rooms starting at EUR 122 (£105) per night.

### ***HUN: 2027 Opening Planned for Mandarin Oriental Gellert, Budapest***

Mandarin Oriental Hotel Group is set to revitalize and rebrand the historic Gellert Hotel in Budapest, renaming it as the Mandarin Oriental Gellert, Budapest. Slated to open in 2027, the hotel will showcase an Art Nouveau design and emphasize wellness. The Hotel is under the ownership of BDPST Group and will feature 143 guestrooms and suites.

### ***FIN: Bob W expands in the Nordics with two properties in Finland***

Tech-led short-stay / serviced apartment brand Bob W has announced two more properties in Finland, as it continues to strengthen its foothold in Europe. In addition to Helsinki property Bob W Kaarti [due to open this summer], new property Bob W Kamppi is also situated in the Finnish capital, while Bob W Turku City Centre is the company's first property in the historic area of Finland. Combined, the two locations will add more than 100 sustainable apartments to the company's growing portfolio.

### ***SC: Cheval Collection receives green light for Glasgow-based serviced apartment***

Cheval Collection has secured planning permission for a 70-unit serviced apartment in Glasgow, which is due to open in 2026. Plans for Cheval Maison – West Regent were first announced in May 2022, with an initial opening date slated for 2024. The property, which sits in Blythswood Hill, will offer 27 standard studios, 15 large studios, 23 one-bedroom apartments and five two-bedroom apartments. It will be operated under a management agreement with owner 141WRS.

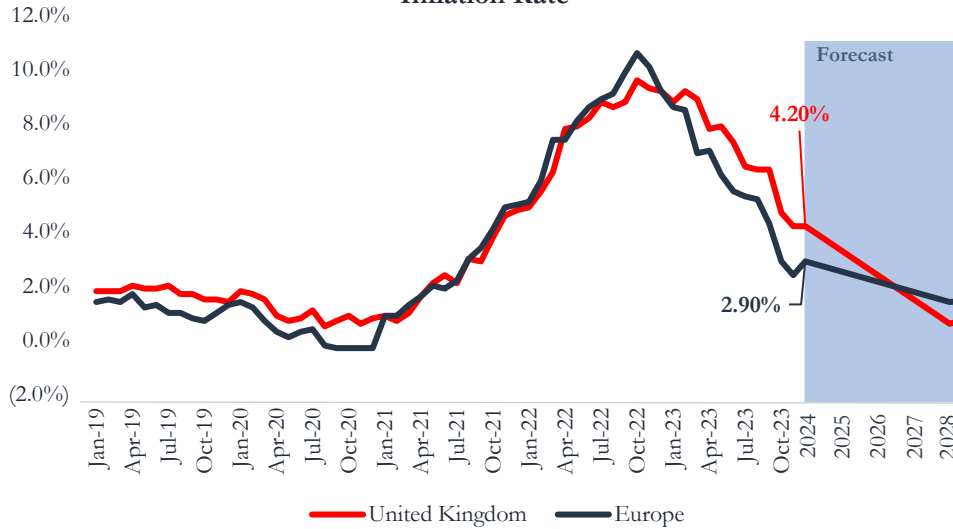
### ***AUS: Limehome adds 10 locations in Austria over 12 months***

Since January 2023, technology-based apartment provider and operator limehome has added 10 locations in Austria, almost doubling its portfolio in the country. The expansion across Austria brings limehome's portfolio to 600 apartments in 23 locations. Contracts have been signed in Salzburg and Vienna, as well as St. Pölten, Klagenfurt, Eisenstadt, Krems an der Donau, Leibnit and Bad Hall. A third site is currently being built in Vallach, and an opening in Graz is due to follow.

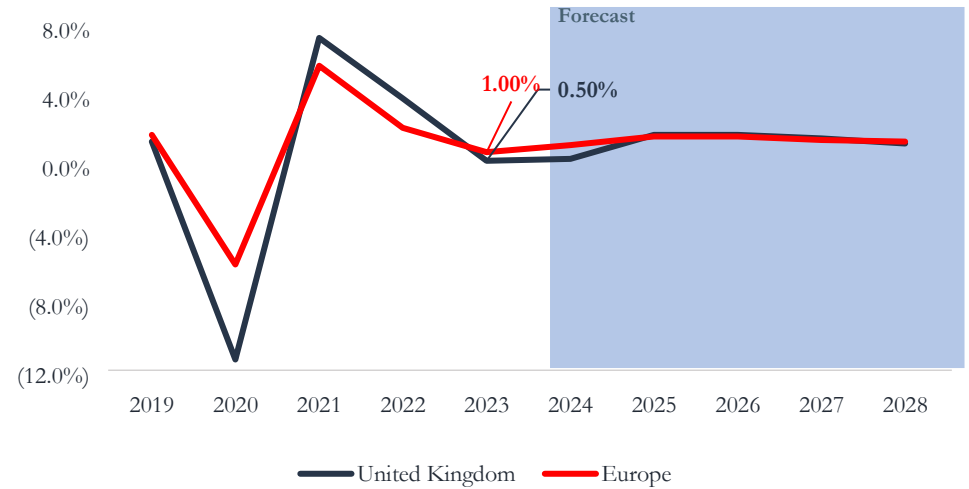
# MARKET SNAPSHOT (EUROPE) (1/2)

## Macroeconomic Metrics

### Inflation Rate<sup>1</sup>

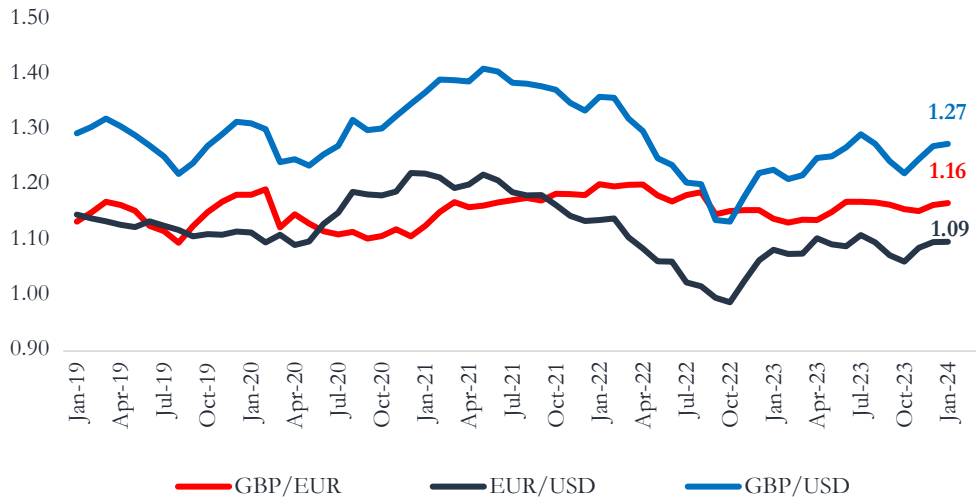


### Real GDP Growth Rate



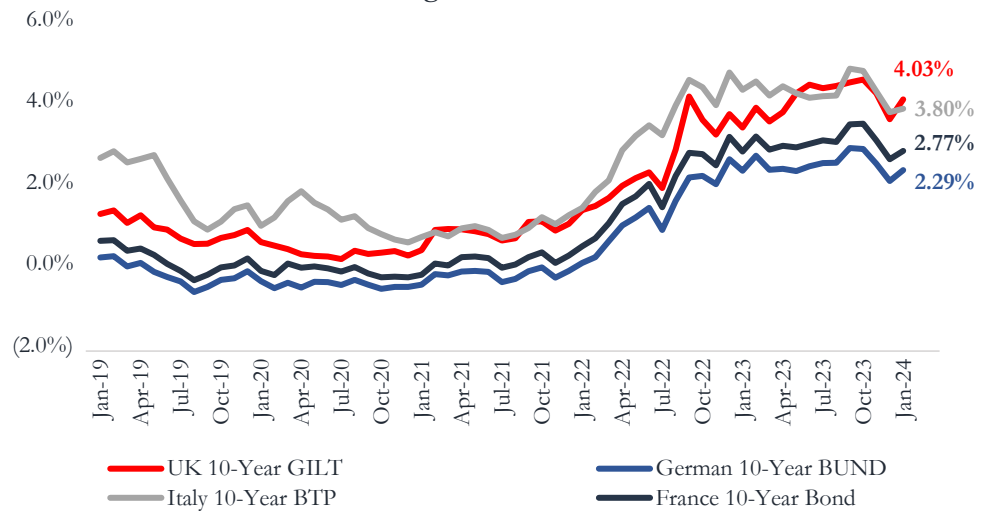
## FX Markets

### FX Pairs



## Fixed Income Markets

### Sovereign Bond Yields



Note(s)

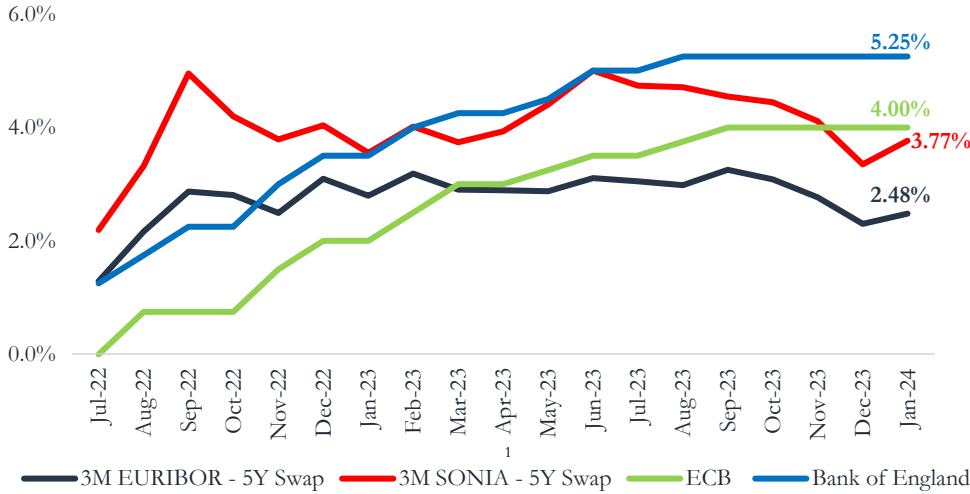
1. Inflation rate measured by CPIH (UK) and HICP (EU) indices



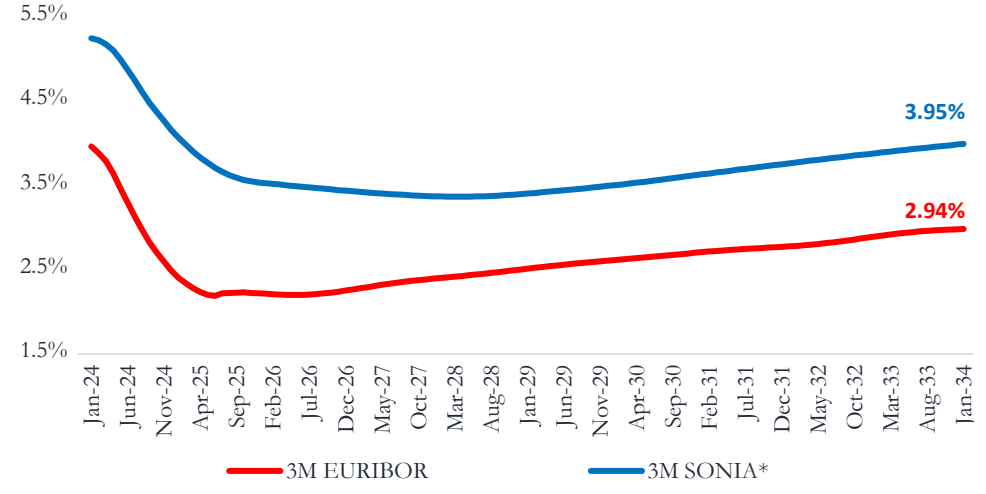
# MARKET SNAPSHOT (EUROPE) (2/2)

## Fixed Income Markets

### Benchmark Rates

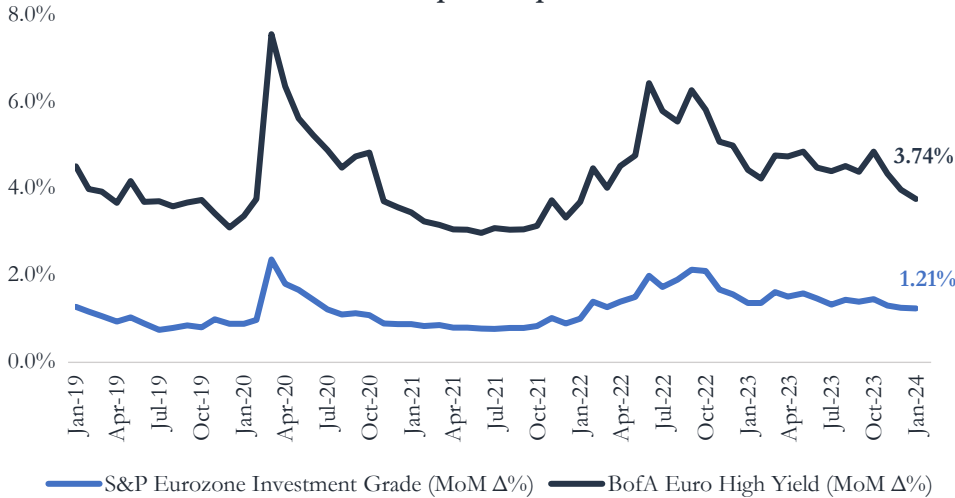


### Forward Curves



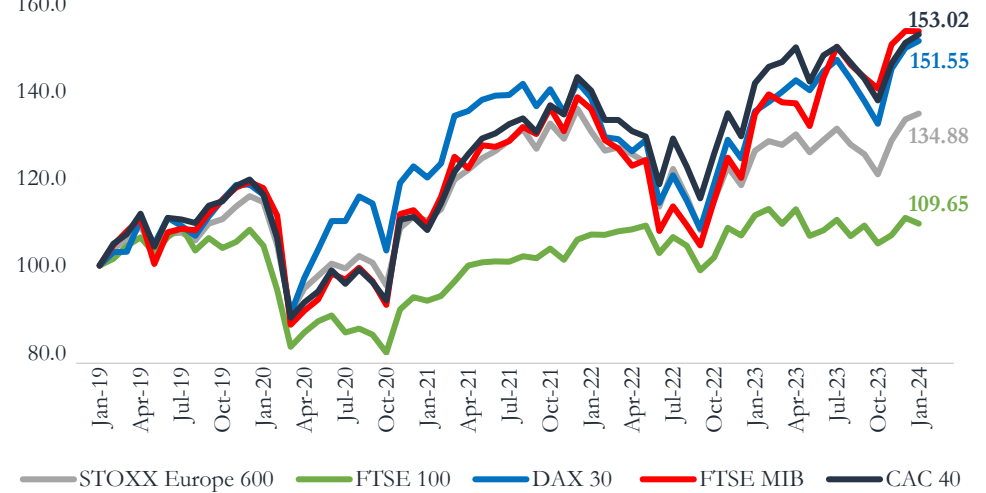
## Fixed Income Markets

### OAS Corporate Spread<sup>2</sup>



## Equity Markets

### European Stock Indices<sup>3</sup>



Note(s)

- SONIA is the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions
- Option Adjusted Spread Corporate Spread aims to capture the different risk premia within the cost of capital incurred by Investment Grade and non-investment grade vs risk-free government bonds
- All Indices were indexed to a 100 with a base year in 1/1/2019

## APPENDIX I – CORPORATE TRANSACTIONS (RECENT NOTABLE ACTIVITY)

Date	Buyer(s)	Country	Target	Country	Deal Size (mm)	Deal Type
Dec '23	Prodea	GR	MHV PLC	CY	Undisclosed	Majority Stake (55%)
Nov '23	NUMA	DE	YAYS Group	NL	Undisclosed	Acquisition
Oct '23	Public Investment Fund	Saudi Arabia	Rocco Forte Hotels	UK	€ 1,500	Minority Stake
Aug '23	KSL Capital	US	Hotel Reit Hersha Hospitality Trust	US	\$ 1,400	Majority Stake
Jul '23	KSL Capital	US	Sereno Hotels	IT	Undisclosed	Majority Stake
Jun '23	Goldman Sachs Asset Management	US	FTC Hotels	GR	Undisclosed	Acquisition
May '23	Marriott International	US	City Express	UK	\$ 100	Acquisition
May '23	Hyatt Hotels Corporation	US	Mr & Mrs Smith	UK	£ 53	Acquisition
Apr '23	Bob W	FI	Charly Hospitality	DE	Undisclosed	Acquisition
Mar '23	Blantyre & Fairtree	UK	Crerar Hotel Group	UK	Undisclosed	Acquisition
Feb '23	Fondo Italiano & Eulero Capital	IT	HNH Hospitality	IT	Undisclosed	Acquisition
Jan '23	Sortis Holdings	US	Ace Group International	US	\$ 85	Acquisition
Dec '22	Highgate Hotels	US	Viceory Hotels & Resorts	US	Undisclosed	Acquisition
Nov '22	Palace Resorts	MX	Baglioni Hotels & Resorts	IT	Undisclosed	Majority Stake

## APPENDIX II – REAL ESTATE TRANSACTIONS (RECENT NOTABLE ACTIVITY)

Date	Buyer(s)	Country	Target	Country	Deal Size (mm)	No. of rooms
Jan '24	Undisclosed	FR	Sofitel Roma Villa Borghese	IT	€ 75	78
Jan '24	Undisclosed	FR	Sofitel Lisboa Liberdade	PT	€ 75	163
Jan '24	Starwood Capital	US	10 Radisson Blu Hotels	UK	£ 800	2,053
Jan '24	Travelodge	UK	66 Travelodge-branded hotels	UK	£ 210	n/a
Jan '24	Archer Hotel Capital	UK	Hoxton Shoreditch & Hoxton Holborn	UK	£ 215	430
Jan '24	Gruppo Statuto	IT	Mandarin Oriental Paris	FR	€ 205	136
Jan '24	NH Hotel Group	ES	5-hotel portfolio in Portugal	PT	€ 133.2	974
Nov '23	Corum Asset Management	FR	Ibis Styles Rotterdam	NL	€ 46.3	150
Nov '23	Arrow Global Group	UK	Palmares Ocean Living & Golf	PT	€ 115	612
Nov '23	Lifestyle Hospitality Capital Group	UK	Dean Hotel Group	IR	€ 350	950
Nov '23	Eagle Hills	UAE	Suncani Hvar Hotel Portfolio	CR	£ 200	n/a
Nov '23	Dubai based family office	UAE	Hilton Hyde Park	UK	£ 50	136
Oct '23	Gruppo Statuto	IT	Six Senses Hotel, Rome	IT	€ 245	95
Oct '23	Arrow Global	UK	Estalagem da Cegonha, Algarve	PT	€ 90	137

## APPENDIX II – REAL ESTATE TRANSACTIONS (RECENT NOTABLE ACTIVITY)

Date	Buyer(s)	Country	Target	Country	Deal Size (mm)	No. of rooms
Sep '23	ADIA	AE	Portfolio 24 Hotels	ES	£ 800	7,505
Sep '23	Blackstone	US	Cascade Wellness Resort	PT	€ 50	164
Jul '23	Pandox AB	SE	Hilton Belfast	IR	€ 45.5	202
Jul '23	Olayan Group	ES	Mandarin Oriental Barcelona	ES	€ 220	120
May '23	Fattal Hotel Group	IL	Grand Brighton Hotel	UK	£ 60	201
Apr '23	Ares Management	US	Landsec - 21 properties	UK	£ 400	3,766
Apr '23	Stoneweg Hospitality	CH	La Niña & Palace de Muro	ES	€ 83	410
Mar '23	Pandox	SE	Best Western Stockholm	SE	SEK 400	221
Mar '23	Perial	FR	Dolce Sitge Hotel Barcelona	ES	€ 63	263
Mar '23	Firmdale Hotels	UK	Covent Garden Hotel	UK	£ 55	58
Feb '23	Sistema	RU	10 hotels in Russia from Wenaas Hotel	RU	€ 203	n/a
Jan '23	Davidson Kempner	US	Portfolio of Portuguese Hotels	PT	€ 850	n/a
Dec '22	Schroders	UK	Ennismore Amsterdam & Paris	NL & FR	€ 260	283
Nov '22	CPPIB and Hamilton-Pyramid	UK	W Hotel Rome	IT	€ 172	162

## AHV CONTACT DETAILS



**Andrew Harrington**

Managing Partner

T: +44 (0) 20 7958 9677

M: +44 (0) 77 6864 3527

E: [aharrington@ahvassociates.com](mailto:aharrington@ahvassociates.com)



**Vasilis Makamitzoglou, CFA**

Vice President

T: +44 (0) 20 7958 9679

M: +44 (0) 75 1792 5466

E: [vmakamitzoglou@ahvassociates.com](mailto:vmakamitzoglou@ahvassociates.com)



**Yunkai Lee**

Analyst

T: +44 (0) 20 7958 9675

M: +44 (0) 74 9100 4182

E: [ylee@ahvassociates.com](mailto:ylee@ahvassociates.com)



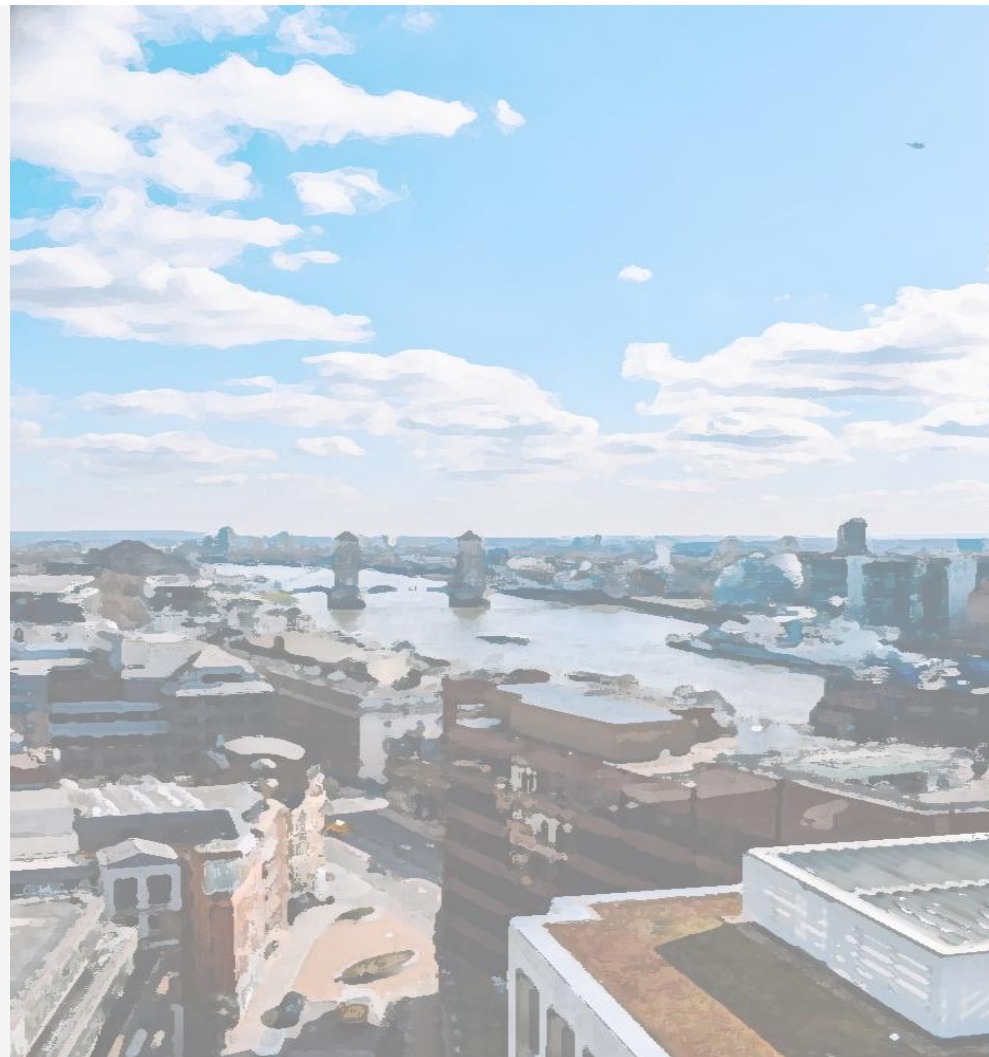
**Nikos Kousiaris**

Analyst

T: +44 (0) 20 7958 9676

M: +44 (0) 74 9145 7744

E: [nkousiaris@ahvassociates.com](mailto:nkousiaris@ahvassociates.com)



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