

## Paris hotels to reach record value by 2015

Shortage of available hotel stock in Paris is turning quality hotels in the French capital into trophy assets for international investment by private individuals and funds. This is likely to push the average value of rooms in the city's hotels, already the most expensive in the world, to a record ?650,000 by 2015.

According to a new report from consultancy **HVS London**, the high price of hotels in Paris has not deterred investors, prompting hotel rooms to gain in value more quickly than those in other European cities. France remains one of the most active hotel investment markets in the world with a hotel sales volume in 2010 of around ?772 million, ahead of Spain at ?680 million and Germany at nearly ?200m. Only the UK (?1.9 billion) and Scandinavia (?1.2 billion) achieved a higher volume of sales transactions.

Key trophy acquisitions in Paris last year included the purchase from Starwood Capital of the 147-room Hotel de Crillon by Saudi investors for ?250 million (?1.7 million per room) and the purchase of Hotel Lutetia by Alrov Group for ?145 million (?628,000 per room).

Hotel values in Paris have held up well despite the global economic downturn, with the French capital still ranked first in the HVS European Hotel Valuation Index, a position it has held since 2008. Average values per room currently stand at ?568,800, a 4% increase on 2009.

?We expect further gain in values per room in Paris hotels over the next five years, pushing values to around ?650,000 a room by 2015,? said report author Sophie Perret, associate director, HVS London. ?High barriers to entry, broad seasonality and a strategic location will continue to benefit the market.?

Performance for midscale, upscale and palace hotels in Paris experienced a strong recovery following the recession years of 2008-9. Whilst RevPAR performance for midscale hotels increased by 20% in 2010 compared to 2009, RevPAR for upscale and palace hotels recovered by 10% and 11% respectively, over the same period. Further improvements are forecast for 2011 and going forward, despite increases in supply mainly in the palace category.

In terms of hotel development, the number of five star hotel rooms has increased from 616 in 2002 to 2,395 in 2010 with two palaces opening - the 149-room Royal Monceau (October 2010) and the 81-room Shangri-La (December 2010). Another two hotels in this category are expected to open in the next couple of years ? the Mandarin Oriental in mid-2011 and the Peninsula Hotel in early 2013. The proposed 80-room Cheval Blanc Hotel, to be located in the former La Samaritaine department store (to open in 2014) has also recently been announced.

For a complimentary copy of 'The Parisian Hotel Market: Illuminations from the City of Light' by Sophie Perret at <http://www.hvs.com/Library/Articles/>

### For further information please contact:

Linda Pettit, Tilburstow Media Partners    Tel: 01737 823721  
Linda@tilburstowmedia.co.uk                Mob: 07973 789853

Sophie Perret, Associate Director    Tel: +44 20 7878 7722  
sperret@hvs.com                        Mob: +44 77 2578 1037

Russell Kett, Managing Director        Tel: +44 20 7878 7701  
rkett@hvs.com                            Mob: +44 78 0241 1142

### About HVS

HVS is the world's leading consulting and services organisation focused on the hotel, restaurant, shared ownership, gaming and

leisure industries. Established in 1980, the company performs more than 2,000 assignments a year for virtually every major industry participant. Through a worldwide network of 30 offices staffed by 300 industry professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. The London office focuses on providing specialist services throughout the EMEA region ? Europe, Middle East and Africa. For further information regarding about our services, please visit [www.hvs.com](http://www.hvs.com).

(ends)