

Positive trading for hotels in 2014 but service update needed, says HVS London



]HVS London chairman Russell Kett: service must improve

The hotel industry in the UK and across Europe is facing a positive 2014 with demand on the up from both leisure and corporate guests, transaction activity set to improve and lending becoming more easily available.

Across Europe hotel development remains active with 360 hotel projects ongoing, an additional 60,000 rooms. Many are expected to open in 2014, with the balance in 2015 and 2016. A further 450 hotels (70,000 rooms) are currently at the planning stages, with the majority of projects to be found in the UK followed by Russia, Turkey, Germany and France*.

Global hotel consultancy **HVS London** said that some 45% of the new rooms under construction in Europe are in the upscale sector, rather than only the budget sectors.

?There has been much talk about the growth of the budget end of the market, but operators are still keen to build prestigious hotels in key locations as consumer demand from Russia, China and the Middle East remains strong,? commented HVS chairman Russell Kett.

London boasts around 100 hotel projects currently at the planning stage, while there is still demand for individual properties in the capital, as well as in the provinces.

?Debt financing is becoming easier, but typically this is still only for acquisitions and refinancing where the borrower is already known to the bank, rather than new development. Lending is more easily obtained for hotels in major cities as opposed to provincial or resort locations,? he said.

However, while hotel development and transactions look relatively positive, Russell Kett urged operators across Europe, particularly those in upscale hotels, to adapt to the changing demands of the modern traveller who is now seeking a different sort of hotel experience, with genuinely courteous service, rather than bland, corporate responses.

?How much more refreshing it is when such attitudes come naturally to people, when staff delight in giving great service in a natural, unforced way, and when guests feel so happy about their experience that they do your marketing for you by telling their friends ? little wonder that many boutique hoteliers recruit staff on the basis of their character and personality, rather than qualifications,? he said.

London has taken the lead in the development of alternative hotels, such as boutique properties and serviced apartments. These developments are meeting the needs of this more sophisticated demand base and ultimately this might stretch more into the UK regions.

?Boutique hotels have a great future ahead of them, not least in helping to re-educate the mainstream hotel sector in what the hotel business is all about,? concluded Russell Kett.

* figures supplied by STR Global

(ends)

? HVS will publish its **2014 European Hotel Valuation Index** in March. This annual study compares annual trends in the room value of upscale hotels across 32 markets.

? HVS will also publish its **2013 European Hotel Transaction** report in March, to coincide with the International Hotel Investment Forum (IHIF) taking place in Berlin [3-5 March].

? Russell Kett will be chairing a session at this year's **Boutique & Lifestyle Hotel Summit 2014**, at London's Montcalm Hotel [13 May].

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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 and its clients include virtually every major industry participant. Through a worldwide network of 35 offices staffed by 400 industry professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. For further information please visit www.hvs.com.

Some press cuttings for this release

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Alan R. Woinski, Editor

HVS London is predicting the hotel industry across Europe will have a healthy year. They cited an uptick in demand from both leisure and corporate guests, transaction activity set to improve and lending becoming more easily available. Deloitte also provided a bullish view on the UK hotel market saying the spotlight has returned to hotels as an investment class, underpinned by a clear market recovery and improved macro-economics. They cited the many portfolio deals that closed in the first half as laying a fantastic base and then the Hilton Worldwide IPO at the end of the year underpinning the increasingly positive market sentiment.