

Israel's hotel economy shows good growth despite the country's instability, says HVS

Hotels in Israel have shown encouraging growth in performance over the past year, albeit that the recent tension and conflict the region has been experiencing will have a profound effect on this year's performance.

A new report from global hotel consultancy HVS highlights the fact that Israel's hotels held up relatively well last year with average occupancy rising from 69% in 2012 to 70%.

HVS's research shows that average daily room rates in hotels across five key locations in Israel reached US\$190 in 2013, up from US\$178 in 2012, with the highest being in Tel Aviv at US\$234 and in Eilat at US\$188.

Rooms revenue per available room (RevPAR) also saw an increase in 2013, up from an average of US\$122 in 2012 to US\$133, demonstrating the potential for tourism in the country. Arrivals showed decent growth in the same period.

However, while domestic bed nights in hotels have been gradually increasing, international visitors have declined in 2011-2012, remaining static in 2013. The Israel Hotel Association estimates the damage to the country's tourism to stand at US\$500m during the third quarter of 2014 alone.

It's clear that many tourists will only start returning to the country once the most pressing issues in the region have been resolved and stability and security can once again be guaranteed. However, once this happens the country will see international tourism improve fairly quickly with average rates, occupancies and RevPAR improving significantly on the back of this, said report co-author Russell Kett, chairman, HVS London.

Israel has much to offer in terms of culture, nature and leisure as well as business and conference potential.

Christof Bertschi, co-author of the report added: The future will also hold opportunities for hotel development. Many international brands already have a presence in the country but developers are currently experiencing difficulty raising capital for projects.

With regard to hotel transactions buyers and sellers are currently primarily domestic, which illustrates a potential for opportunistic international investors.

Past experience shows that the country is likely to swiftly recover its tourism business once military operations are back to more normal levels and we believe, once this happens and international visitors return, investors will start viewing Israel more favourably, concluded Kett.

Trends and Opportunities: Israel Hotel Market Overview by Christof Bertschi and Russell Kett can be viewed at <http://www.hvs.com/article/7058/trends-and-opportunities-israel-hotel-market-overview/>

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For further information please contact:

Linda Pettit, Tilburstow Media Partners
Linda@tilburstowmedia.co.uk
Tel: +44 13 4283 2866.
Mob: +44 79 7378 9853

Christof Bertschi, Associate
cbertschi@hvs.com

Tel: +44 20 7878 7724

Russell Kett, Chairman

rkett@hvs.com

Tel: +44 20 7878 7701

Mobile: +44 78 0241 1142

About HVS

HVS is the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming, and leisure industries. Established in 1980, the company performs 4500+ assignments each year for hotel and real estate owners, operators, and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 30 offices and 450 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. [HVS.COM](https://www.hvs.com)

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