

EUROPEAN HOTEL TRANSACTIONS SURGE



The current year will be a record year for the hotel industry in EMEA (Europe, Middle-East and Africa). In the first two quarters of 2015, this region already experienced an increase of 85 percent, as the numbers from Jones Lang LaSalle Incorporated (JLL) prove.

Overall, the period of six months has seen sales of about 13.2 billion Euros – which is 85 percent more than the transactions of 2014’s first two quarters. **The catalyst of this development is the British market, which increased by 172 percent and made the biggest contribution to the total transaction volume with 5.7 billion Euro**, writes real estate service, counseling and investment management company Jones Lang LaSalle Incorporated (JLL) in a report.

The German market experienced this dynamic as well, since its transaction volume is the second biggest in the EMEA region (1.4 billion Euros). These results are based on a remarkable number of retail sales and multiple portfolio transactions. A large factor here was the sale of 18 Accor hotels to the Event Hotel Group for 150 million Euros.

Private Equity and Investment Funds Expand Their Position in Europe

Private Equity and Investment funds, especially from North America, seize the opportunity to buy additional hotels in Europe. In the first two quarters of 2015, British portfolios were especially popular with North American investors, with total investments of 1.1 billion Euros.

Lonestar Funds was one of the more active players. In six months, the company invested 1.7 billion Euros into hotels with more than 13,000 rooms in London and adjacent regions.

“It’s no surprise that investors continue to choose European hotels. This market is still one of the strongest when it comes to load factor and profit. We now see buyers concentrating on regions secluded from the big centers, such as middle-sized cities and rural regions,” analyzed Christoph Härle, CEO EMEA of JLL’s Hotels & Hospitality Group.

No Fear of Greece Crisis

To the topic of Europe’s initiatives to save Greece from a complete financial shutdown, Härle said: „It is of utmost importance to both negotiating parties to save Greece’s tourism industry“.

Tourism is one of Greece’s main sources of income. Last year, this industry accounted for about ten percent of the gross domestic product. The current situation opens up several opportunities to enter the Greek market.

“Because as soon as there’s an agreement between Greece and its investors, tourists will come back, invest once again and breathe new life into the industry,” Härle said.

An example for the strength of an overcome financial crisis is Iberia: Portugal has increased its investment volume more than tenfold from 9 to 110 million Euros. Even Spain experienced a surge of 40 percent to 900 million Euro.

Chinese Capital Flows onto European Market

In the first half of 2015, **experts also noted a massive influx of Chinese money in the European market.** “Until now, Chinese buyers were discouraged by the bureaucracy to invest more than 100 million US-Dollars into foreign markets. But since the introduction of new reforms by Beijing’s financial ministry, things radically changed,” Härle explained.

At the start of the year, experts predicted that China would invest about five billion US-Dollars into the global hotel market. As of now, the EMEA-region alone has seen investments of 1.9 billion US-Dollars - carried out by Jin Jian, among others, who bought the Louvre portfolio. Härle expects other transactions to follow this trend.

Date: 2015-08-03

Article link: <https://www.tourism-review.com/europe-hotel-transactions-growing-fast-news4664>