

HOTEL INDUSTRY RECOVERY: VALUE RETENTION AND SUSTAINABILITY



After the drop in demand and the massive loss of control in the past months, the hotel industry is longing for the end of the Coronavirus pandemic. At the operational level, intensive hygiene concepts and process redesigns for a successful reopening are being implemented and questions are being asked about when everything will return to 'normal'.

Bright Spots but Far from Stable

However, people in the hospitality industry are slowly becoming aware that the scale of this crisis is so drastic that the future has already changed direction. **Thus, for the hotel industry it is now a matter of making a fresh start and integrating socio-economic challenges into their own business model.**

The first bright spots are slowly emerging in the travel market. However, it will still take some time to stabilize. Thanks to improving numbers of infections and the enormous importance of tourism for the national economies, hotels in most European countries are already open again.

With the reopening of the hotel and travel markets, it is now up to hoteliers to cope with the effects of the crisis.

Many Questions Arise

Hotel operators are facing a challenge of whether the reopening will pay off at all. If so, exactly when and under what legal conditions, without losing any more money? Can the lease be paid again?

Investors and asset managers, in turn, worry about the tenants securing cash flows and the commitments and promises made to investors. Active buyers are wondering which markets, segments and concepts are the fastest to emerge from the crisis mode and offer opportunities for increasing value.

Localization of a Globalized World

A trend that is already emerging is the localization of a globalized world. The hotel industry recovery can benefit from local productions booming and networks being localized. **In the future, the viability of the business relationship between landlord, tenant, lender and borrower, client and customer will be put to the test.** Hotel owners, operators and banks have to secure values and be wary of the sustainability of business models.

The world as we know it is currently dissolving, at least in some areas. At the same time, however, there are new long-term perspectives. In addition to financial aid and fair burden-sharing, it is now a matter of developing business models with the involvement of all stakeholders. Unilateral solutions at the expense of a partner will quickly lead to major problems in the next few years.

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