2022: ANOTHER CHALLENGING YEAR FOR THE TRAVEL AND HOSPITALITY SECTOR IN EUROPE

After the difficult years of 2020 and 2021, the travel and hospitality industry stakeholders expect numerous challenges again in 2022. Mrp hotels investigates the trends in a recent study and examines any long-term effects on the market.

As we head into 2022, there is uncertainty in almost all countries in Europe about the current and upcoming measures due to the different country-specific and, in some cases, local approaches - partly due to the aftermath of the 4th wave and the new omicron variant.

Vaccination appears to be the only real solution, but vaccination rates are not high enough across Europe to achieve stabilization. A small ray of hope could now lie in the generally manifesting milder disease courses. This might mean that the omicron wave has lost a little of its big scare. Governments across Europe are feeling compelled to initiate cautious opening steps, for example, at major events or in the retail sector.

Nevertheless, the problem is that not only in Europe but all over the world, there is a lack of uniform regulations among countries to simplify international travel. Vaccines, such as Sputnik from Russia, but also the vaccines from China and many other countries in the world, are still not recognized in continental Europe and inhibit travel.

Close-in markets and earthbound destinations will continue to boom in 2022 – regarding the occupancy as well as prices. "Season extension continues to prevail - and that's not a bad thing per se," mrp hotels describes the trend.

The vacation hotel sector expects the occupancy rates in 2022 to remain similar to those in 2021. As long as international travel remains difficult, the domestic vacation hotel sector will benefit.

The situation is different in the cities: A return to the overnight figures of 2019 is not expected in the city hotel sector until 2024 at the earliest. Especially the 1st quarter of 2022 will (again) be a big challenge, intercontinental travel, MICE and business events will be missing. This also means that the original forecasts from October 2021 (80% of overnight stays from 2019) for Q1 2022 cannot be met.

The general investment interest that already exists in the vacation hotel sector will continue as a result of the forecasted occupancy rate figures. At the same time, investors are also returning to the cities - properties, where conversions (e.g. to apartments) can be completed, are particularly interesting. The biggest obstacles to transactions are currently seen as the price expectations of sellers, the uncertainty of pandemic effects, and even more stringent requirements for bank financing.

For operators in the travel and hospitality sector, the situation remains tense: **Subsidies are being cut back and built-up liabilities from recent years will have to be repaid in an overall weak**

market environment.

Nevertheless, hotel properties are not losing value, and the investment volume in existing properties is rising again - due to lower new developments and completions.

A decisive factor for many investors is also the more flexible design of the hotels: Both in the area of ongoing operations and in the design of the property itself, new concepts will become established that can be adapted to the respective circumstances with comparatively less effort.

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