

IHIF



INTERNATIONAL HOTEL INVESTMENT FORUM



LOOKING BACK

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Future54 have been visiting the International Hotel Investment Forum (IHIF) since the company was established back in 2013.

According to the organisers, more than 2,000 visitors from 80 countries visited the 20th IHIF in Berlin this year.

This was my first time at IHIF and I loved it! Having previously attended the Annual Hotel Conference (AHC) in Manchester, this event had been in my diary since and I was really looking forward to it.

This year, five members of the F54 team attended IHIF. We hosted a lunch on the Tuesday with a strong bunch of existing and prospective Clients at one of the most prestigious restaurants in Berlin (well actually in the private dining room where the famous Strudel scene from the film *Inglorious Bastards* was filmed!) Between us we managed to squeeze in nearly 20 breakfasts, lunches, dinners, drink receptions and cocktail parties over the course of the event.

Reflecting on the 20th International Hotel Investment Forum (IHIF), I was pleased to observe an optimistic mood among investors across Europe, mirroring a buoyant UK hotel sector.

The UK hotel sector will be keeping a close eye on any signs of diminishing consumer spending as the key driver of hotel operating performance, particularly outside London. The capital remains a very different beast to the rest of the UK.

Overall, whilst the hotel asset sector is strong and operators are earning good money, it was clear that the industry has not found its way into the “future” yet, convenience is the new loyalty.

The counter trend is quality and niche. Curious customers are booking online and not necessarily chain hotels, but rather an unknown with a simple and obvious formula = nice accommodation in a convenient location and for a fair price.

Millennials are making everything worse with their smartphone addictions with Airbnb as a partner in crime – I would be lying if I said I hadn’t done the same on occasion! A world where ease of booking an entire trip can be measured in a few clicks presents a major challenge to the conventional notion of hotel brand loyalty. Again, convenience is the new loyalty.

‘Brexit’ was another big talking point. Although it took five months for the market to digest the impact of the Brexit vote, the UK market has recovered with confidence and liquidity has returned. Despite the availability of capital, the number of transactions in the UK has remained relatively limited post-Brexit.

With some exceptions, the mainland European hotel sector also seems to be recovering well. Germany has been the consistent star performer, but liquidity has now well and truly returned to the other main Western European markets. Capital also appears to be gravitating East, with cities such as Budapest and Bucharest starting to deliver stronger performance.

Robin Rossmann, Managing Director at STR, listed the winners and losers among the city locations in Europe for 2017: Dublin, Barcelona, Madrid, and Amsterdam are hot. Brussels, Moscow, Paris, and Milan are in a recovery phase. London, Edinburgh, Manchester, and Frankfurt must expect worse business, but Prague, Athens, Rome, Warsaw, and Budapest, amongst others, provided solid results.

In London, there are currently 478 projects in the pipeline. International chains are flooding this market with new brands on a regular basis. While there have been several innovations in hotel design, the sector may need to be more agile in meeting the needs of different types of customers in the future.

At Future54 we welcome innovative thinking and transformation and look forward to what the following year holds for this exciting yet ever changing industry.