



OUTLOOK 2022

mrp hotels industry insights



KEY TAKE AWAYS OUTLOOK 2022

We asked the industry what they consider the biggest challenges in 2021, what has stayed with the industry during the crisis and what we have to prepare for in 2022.

Our key takeaways are summarized for you; the following slides show the opinions of our experts.

The biggest challenges of the past two years

The industry is always caught between the mood of departure and doomsday

Flexibility, speed and agility are demanded as never before

Maintaining perspective and vision as well as developing a new strategic approach is critical when having uncertainty into the future

Re-evaluation of hotel developments was necessary

Challenge in placing new project ideas as both appraisal / blanket statements became difficult, and banks and investors became more critical

Unplannability made pricing extremely difficult

Hotel operators had to prove their resilience / were put to the test

Anti-cyclical reaction as a new opportunity on the investment market

Service quality to be maintained despite restrictions

Consistent during the Corona Crisis

Operator growth was not curbed in the long term, even by the crisis

Confidence in the hotel asset class was maintained

Hotel properties have hardly lost value

Operator strength has gained in relevance

Hotel market and product must continue to be in harmony

Serviced apartment concepts have gained focus and have been able to prove their USP's from the classic hotel industry

Hospitality and personality of hoteliers with continued high relevance of our industry

Quality and authentic products have been reaffirmed

Holiday hotel industry proved to be a driver of the crisis

Guest needs and creativity remain in focus

Future changes and influences

Sustainability as the biggest influencing factor of the entire value chain in the hotel industry

Structural change is imminent: The crisis has triggered the individual segments of our industry to differentiate themselves and work out their USP's

Digital processes need to be further optimised; the hotel industry still has some catching up to do

Short-term planning / bookings will remain for the time being. More conscious and mindful traveller behaviour has prevailed

Missed modernisations have been exposed by the crisis, and it will soon become clear who can prevail with concept individuality

More flexible design of the hotel, starting with the real estate and ending with the operation, has prevailed

The shortage of staff is not going away, but will increase in the future and require optimisation of concepts



ANDREAS REITER

Futurologist and owner ZTB Zukunftsbüro

zukunftsbüro

What was the biggest challenge for you / your company in the past two years?

The unpredictability and the disastrous - because only reactive - pandemic management of politics. These conditions required not only from me, but from all of us, a high degree of agility, self-motivation and resilience strategies.

What has remained the same in the hotel industry during the Corona crisis?

The creative spirit of many entrepreneurs who linker with the future, make investments and care for their employees even in times of crisis.

What changes / influences do we have to prepare for in the hotel industry / hotel real estate world?

Segmentation is becoming stronger: The budget segment is becoming increasingly automated and de-personalised (also due to a lack of staff), the premium segment sells personal attention as a luxury and is becoming dematerialised (resource- and emission-saving construction). In the mid-range segment - where the strongest branding pressure is created - I see many interesting profiling opportunities, from lifestyle community hubs to hybrid concepts (remote work) to different varieties of serviced flats.



MARTIN LENIKUS

Owner Lenikus GmbH



What was the biggest challenge for you / your company in the past two years?

The uncertainty that plans are only valid at best until the next lockdown.

What has remained the same in the hotel industry during the Corona crisis?

That quality, hospitality and reliability are the essential building blocks of success.

What changes / influences do we have to prepare for in the hotel industry / hotel real estate world?

The short-term nature of bookings will remain with us, and we will have to look after our staff more than ever.



LISA LOFERER

Managing Director Kur- und Tourismusverband Bad Gastein

**BAD
GASTEIN**



What has been the biggest challenge for you / your company in the past two years?

Tourism, the main pillar of global economic growth for decades, is one of the industries that was hit hardest globally and locally by the Covid 19 pandemic. Within a few weeks, the pandemic brought it to a standstill. The Gastein Valley was equally affected here. Despite the situation, which was new for all of us, we always looked ahead, never gave up and finally experienced how reliable partnerships, careful analyses, anti-cyclical marketing and innovative products can help to face a crisis.

What has remained the same in the hotel industry during the Corona crisis?

People want to travel, even during Corona. Now hotels and guests have to adapt to new processes and standards with the knowledge that these can change again. The high percentage of regular guests was a safeguard at the start after the lockdown. Guests have never stopped preferring quality and authentic offers.

What changes / influences do we have to prepare for in the hotel industry / hotel real estate world?

Many influences in the future for tourism that cannot be planned. Preparation for certain situations is essential. The topic of hotel real estate will remain a challenge in order to prevent a sell-out. Guests are becoming much more aware and attentive to the issue of social and ecological responsibility in their travel behaviour. Our many years of experience in health tourism make it easy for us to continue to cover this area. Extreme growth is noticeable in this area.



DIETMAR PLOBERGER

Senior Project Manager Signa Real Estate Management GmbH



What has been the biggest challenge for you / your company in the past two years?

On the one hand, learning to deal with all the promotions and challenges with the staff in running hotels and on the other hand, re-evaluating ongoing hotel developments and switching to a digital or hybrid development process.

What has remained the same in the hotel industry during the Corona crisis?

The will and the ability to quickly adapt to new framework conditions and new guest behaviour.

What changes / influences do we have to adapt to in the hotel industry / hotel real estate world?

Intensive digitalisation, lack of employees and short-term bookings.



BJÖRN KOMBÄCHER

Head of Investor Relations Engel& Völkers Asset Management



ENGEL & VÖLKERS®

What was the biggest challenge for you / your company in the past two years?

It is important to react flexibly and quickly to the challenges of today; to act with trust and reliability with our partners.

What has remained the same in the hotel industry during the Corona crisis?

The hotel market is complex. During the pandemic, business hotels have suffered due to restricted business travel behaviour. In contrast, the holiday hotel industry is prospering and is alive! That's where we see the biggest drivers of the future.

What changes / influences do we have to adapt to in the hotel industry / hotel real estate world?

Flexibility is the trump card, being able to quickly adapt concepts and react; this is what will be important in the future.



TOBIAS BERGHÄUSER

Managing Director KPM Hotel & Residences



What was the biggest challenge for you / your company in the past two years?

The pandemic is a hardcore training in **flexibility**. It was and still is necessary to look ahead and at the same time implement measures that have a short-term effect. It is also challenging to keep the **quality of service** at the highest level despite the restrictions and, at best, to increase it. All in all, a challenge, of course, but the successes achieved now make us doubly proud and strengthen our confidence.

What has remained the same in the hotel industry during the Corona crisis?

No crisis, no matter how drastic, changes the principle of successful hotel management: hotel operations are geared towards meeting - if possible, **exceeding** - guests' expectations.

What changes / influences do we have to adjust to in the hotel industry / hotel real estate world?

The keyword **flexibility** dominates all areas of the hospitality industry. Those who do not realise this will be brought to their knees by the pandemic. Crises are always a touchstone about the **quality of the hotel concept**. Adherence to the mainstream is now taking its revenge, as is neglected modernisation. Business models that leave **room for adjustments** are promising. The latter must already be considered when selecting or building a hotel property.



DR. JOSEF VOLLMAYR

Founder and Managing Director Limehome

limehome

What has been the biggest challenge for you / your company over the past two years?

The biggest challenge over the last two years has been to maintain our corporate culture and the high motivation level in the team. In a market environment with many radical changes, it is a challenge to provide a long-term perspective and vision. But it was not only the developments in the hospitality industry itself and the difficulty in planning that were challenging; the working environment has also changed for employees. Significantly more remote work inevitably led to less face-to-face interaction and shared activities - things that make us strong as a start-up.

What has remained the same in the hotel industry during the Corona crisis?

The desire to travel is definitely there. Both business and tourist travel have increased again with decreasing restrictions. The already known trends such as alternative accommodation, "Affordable Design" and "Lean Luxury" concepts have accelerated and continued. Simply put, the reason is that they simply meet the needs of modern travellers, while flats have also established themselves in the mass market and grown out of the niche. Overall, however, the hotel industry is rather sluggish, as the development cycles of classic hotels are long and changes thus occur only slowly. The processes in hotels have been optimised over the years, which in turn affects flexibility.

What changes / influences do we have to adapt to in the hotel industry / hotel real estate world?

The lack of qualified staff is a reality we have to face. Of course, many processes can be automated in order to rely on fewer staff. However, there is a shortage in the industry especially in places where no technology can replace personal contact. While other services around the hotel stay continue to live on personal service, the overnight stay itself can be completely mapped digitally. There is no doubt that a lot will happen here. We are already seeing that digital concepts are becoming increasingly popular with investors. At the same time, more flexible products such as serviced flats with professional operators are gaining in popularity, as they involve less risk than large hotel projects, which are now difficult to finance.



TORSTEN KUTTIG

Director Hotel Development ECE Work & Live GmbH



What was the biggest challenge for you / your company in the past two years?

It was extremely difficult to place new project ideas because both banks and institutional investors reacted very cautiously. The business hotel industry has been particularly hard hit. Leisure hotels offer opportunities, but require a high level of involvement with the location, the significantly broader spectrum of players and the necessary project partners - in addition to efficient operators, above all banks and investors! Overall, the challenge has been brought to a positive result - that there is belief and trust in the asset class hotel.

What has remained the same in the hotel industry during the Corona crisis?

A tough question at a time when almost nothing has stayed the same: Corona has changed a lot. In addition to hotel closures in the lockdown, the major shortage of labour is keeping us busy. In hotel development, it is still true, and more so than before, that the local hotel market and location must be right. The performance of the operator is an important prerequisite for development, as is a hotel concept with a balance in size and utilisation structure that can be operated in an economically sustainable manner even in "times of crisis".

What changes / influences do we have to adjust to in the hotel industry / hotel real estate world?

We come from a time before Corona, in which attractive rental contracts with fixed leases were signed even for second-class locations from the developer's point of view! Many projects in critical locations have been quickly terminated and will not be viable in the near future. The willingness of operators to sign fixed-lease rental contracts will also decrease significantly at good hotel locations! In the segments of the business and leisure hotel industry, it will remain exciting to see how professional and private travel behaviour will have both negative and positive effects on the hotel industry.



ROLF WESTERMANN

Editor in Chief Allgemeine Hotel- und Gastronomie-Zeitung

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What was the biggest challenge for you / your company in the past two years?

1) The abrupt changeover to mobile working virtually overnight and over a longer period of time. It was a bit of a crunch at first, but overall it brought a high degree of flexibility and modernisation of the processes. All in all, we are in a much better technical position today and can cope with difficult situations better than two years ago. 2) Forecasts are becoming increasingly difficult. The pandemic is unpredictable, and accordingly the industry fluctuates between upheaval and doomsday mood. Predictions can become wastepaper within a few weeks. This makes planning difficult.

What has remained the same in the hotel industry during the Corona crisis?

Initially, there was the assessment of a turning point (Matthias Horx: "Nothing will be the same as before"). However, some things have hardly changed. Many city hotels are still opening, the pipelines are well filled and the philosophy of growth has by no means weakened, as some have suspected. When it comes to check-in, there is still paperwork. Overall, I would have expected more contactless solutions for lights, doors, taps, etc. Fortunately, hardly anyone shakes the importance of hosts and cordiality. This is practised in an exemplary manner in many hotels and resorts and often makes "the difference".

What changes / influences do we have to adapt to in the hotel industry / hotel real estate world?

1) No one can avoid the topic of sustainability - a long-term rethinking is necessary in all areas, from construction and operation to services and employees. 2) Diversity is also gaining in importance. 3) Digital processes in the background facilitate personal hospitality. 4) Structural change is accelerating: Resorts are in demand. Large clientele where money is not the main factor. 5) Lack of employees leads to price increases. Remuneration increases, flexible working models are introduced. Essential to find good employees. Business and leisure are intertwined and serviced flats are more resilient than many business hotels.



MONIKA ROSEN

Stock expert, Vice President Österreichisch-Amerikanische Gesellschaft



What was the biggest challenge for the stock market in the past two years?

The financial markets faced an unprecedented scenario with Corona, **ultra-loose** monetary policy and massive government aid. After a sharp price slide in the spring of 2020, the stock markets began a **sensational recovery**, driven by the expansionary monetary policy of central banks worldwide. (Bond purchases and record-low interest rates) 2021: Switch between lockdown and economic optimism. Partly strong price gains in tech stocks, but also tourism stocks were able to show price gains.

Which topics could become important on the stock market in 2022?

Transition to a **restrictive monetary policy** could become a challenge. High volatility on the market due to the announcement of the upcoming rapid exit from the US Federal Reserve's bond-buying program. The stock market now has to cope with a tightening of the monetary spigot and uncertainties due to the pandemic that has not yet been overcome. The oil price and inflation will continue to be monitored. **Oil price increases** could be limited by the influence of OPEC, while inflation has not yet reached a plateau; probably not until the first half of 2022.

What do you expect for tourism shares in particular?

Tourism is certainly one of the sectors **hit hardest** by Corona. Accordingly, share prices have recently reacted violently to the new Omicron variant. On the other hand, it has been shown that when the news improve, not only travel activity but also the corresponding share prices pick up. Obviously, there is a lot of pent-up demand for experiences overall, and specifically for travel. **Business travellers** will probably take a little longer to come back, as evidenced by the reluctance to return from the home office. For many listed tourism companies, the high level of debt could limit further share price increases. **The real estate sector** has been very robust so far, and real estate is also one of the sectors that **outperforms** in times of rising inflation rates (currently the case).



HANNIBAL DUMONT SCHÜTTE

Founder and Managing Director Stayery

STAYERY.

What was the biggest challenge for you / your company in the past two years?

All in all, the biggest challenge for STAYERY was to continue to push ahead with the planned growth. Good locations are increasingly rare, construction costs continue to rise exponentially and Corona has made project financing increasingly difficult. Of course, due to Corona, the lack of planning certainty on the demand side and the lack of stringency on the part of politics were also major challenges that had to be mastered, especially in operations.

What has remained the same in the hotel industry during the Corona crisis?

It is clearly recognisable that the desire to travel still exists among people. This could be observed again and again after the respective restrictions were lifted. Both in the business and in the budget segment. The hotel & serviced flat product will therefore continue to have its *raison d'être* in the future, albeit in a different way than before.

What changes / influences do we have to prepare for in the hotel industry / hotel real estate world?

Demand behaviour will change after the pandemic; day trips will decline, especially in the business segment. Presumably, the demand for longer stays will increase. Thanks to Corona, the topic of digitalisation has finally arrived in the minds of guests and digital solutions are increasingly in demand. On the supply side, the old credo "location, location, location" will once again become significantly more relevant.



CHRISTOPH EICHBAUM

Senior Investment Manager Hospitality Union Investment



What was the biggest challenge for you / your company in the past two years?

After the strong uncertainties during the outbreak of the pandemic had subsided somewhat, it became clear relatively quickly that there would also be great opportunities to **act anti-cyclically** on the investment market. A major challenge, however, was to **rebuild the necessary confidence** in the asset class of hotels among the relevant stakeholders. This was helped by focusing on **sustainable products** and markets for which a faster market recovery could be expected. Another challenge was pricing in times when transaction markets were almost at a standstill. The pressure to achieve purchase price discounts was great and at the same time the expected "fire sales" failed to materialise. Talks between market participants were only facilitated after it was foreseeable that the market recovery would extend into 2024 and 2025.

What changes / influences do we have to prepare for in the hotel industry / hotel real estate world?

Due to the regulation on EU climate taxonomy, which aims to promote investments in sustainable economic activities, the topic of **sustainability** will also increasingly come into focus for hotel real estate. The entire **value chain of a hotel** from the project developer to the end investor will have to adapt to the resulting requirements as quickly as possible. Projects and existing hotels that already meet these requirements will be able to benefit from higher demand on the investment market, at least in the short and medium term.

Even if continental and intercontinental travel finds its way back to the old growth path, hotel properties and (sub-)markets that show a strong dependence on corporate and MICE business will continue to be subject to **certain uncertainties**. However, new and adapted hotel products that can better ensure compliance with hygiene regulations and the staging of hybrid events than others can profit. In addition, there will be stronger demand for hotel properties that have been able to demonstrate **greater resilience** than others in recent months (e.g.: premium budget, extended stay, resort hotels). Markets with naturally high leisure tourism demand will become increasingly attractive.