

hospitality
INSIDE



SPECIAL

OCTOBER 2017 // EXPO REAL EDITION FOR HOSPITALITY & REAL ESTATE EXPERTS

BEDS BOOM & BUBBLES



20th International Trade Fair for Property and Investment

October 4–6, 2017 | Messe München



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ATM/Cash Machine |
| U U-Bahn
Subway | Konferenzprogramm
Conference program |
| Linienbus
Public Bus | 1 INVESTMENT LOCATIONS FORUM |
| Taxistand ohne Vorbestellung
Taxi rank for general cabs without pre-ordering | 2 DISCUSSION & NETWORKING FORUM |
| per App bestellte Taxen
Taxis ordered using an app | 3 PLANNING & PARTNERSHIPS FORUM |
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Hotel Shuttle | 5 SPECIAL REAL ESTATE FORUM |
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(1. OG/1st floor) |
| „World of Hospitality“ joint stand | |
| „World of Hospitality“ meeting center | |
| BRICKS & BRAINS | |

HospitalityInside network at EXPO REAL: Visit us!

Exhibitors at the „World of Hospitality“ – Joint Stand Hall C2.130

a-ja Resort & Hotel
 Best Western Hotels Central Europe
 Carlson Rezidor Hotel Group
 Choice Hotels Franchise
 Christie & Co
 Deutsche Hotel & Resort Development
 Deutsche Hotel & Resort Holding
 Dorint Hotels & Resorts
 Drees & Sommer
 DSR Immobilien

easyHotel (by i.gen hotels)
 Falkensteiner Hotels & Residences
 Harry's Home Hotels
 Honestis AG
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 LetoMotel

LFPI Hotels
 Pandox AB
 Plaza Hotelgroup
 Primecity Investment
 Prizeotel Hotels
 Rilano Hotels & Resorts
 Staycity Aparthotels
 TKS Group
 Treugast
 TUI Hotels & Resorts

Partners with own booths

Deutsche Hypothekenbank	B1.344
Motel One	C2.010
Union Investment Real Estate	B2.044 / B2.142
Vienna House	C2.031



Dear hospitalityInsiders and guests at EXPO REAL 2017!

The run for hotel properties in Central Europe, especially in Germany, continues. The last twelve months have thinned out the offer even more and boosted the prices. Concerning hotel operators, the number of mergers and acquisitions has increased: This has led to strange jigsaw puzzles on a global and national level with companies sold for mega amounts and at a big risk. All this has nothing to do with logics anymore. It is also becoming apparent in the hotel real estate world now what has been reality for the classical property scene for a long time: it's all about psychology!

It sounds like non-stop conversations at this year's trade fair where the hotel presence has increased again in hall C2. There, more than 60 businesses related to the hotel industry are represented, 30 of them alone at the joint stand „World of Hospitality“; 18 of them are hotel groups. Despite all this, our co-exhibitors will be able to meet their dialog partners in a quiet environment: In addition to the stand, HospitalityInside has rented its own 200 sqm-meeting centre with a 60-sqm lounge and large meeting rooms.

Get to know our co-exhibitors better, arrange meetings with international and national chains, small and big operators, investors, project developers, and consultants! The businesses at „World of Hospitality“ cover a great bandwidth of the market. All 30 names and profiles starting at page 10 in this SPECIAL.

This year, the hotel conference „Hospitality Industry Dialogue“ (HID) offers a new stage format: Large screens show the event in XXL format and the visitors sit on three sides of the stage. At this edition of the HID, which I am honoured to organise now for the 10th time, unusual background topics determine the day: topics with significant impact on real estate value and profitable hotel management – e.g. disruption, distribution, sustainability, and cyber crime. And the question concerning „plan B“ for the next real estate bubble arises, as well as China's influence on the Western hotel world, and the more refined trends concerning the boom of Serviced Apartments. You will find more information on this in the conference programme on pages 8+9.

This high-quality special edition accompanying EXPO REAL, in print and online, provides information about the trade show and HospitalityInside's activities, encourages participation in the next „Investment Barometer“, and provides excerpts from articles you can normally only read when logged in to our online magazine with a password. Everything is provided in German and English, as usual.

As this SPECIAL EXPO REAL by hospitalityInside has become a pleasant practice too – and we know that people love to read it – we would like to thank our advertising partners very cordially (you will find all names on pages 4+5)! The sponsors of our annual networking event BRICKS & BRAINS are also honoured on pages 22+23: Kempinski Hotels, Brera Apartments, and Global Hotel Alliance make it possible for up to 200 top-class decision makers from all segments to compare notes and talk shop in an informal ambience.

We are looking forward to EXPO REAL 2017! We hope you are too?

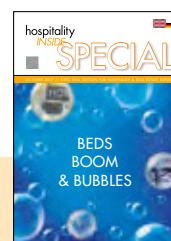
Yours, Maria Puetz-Willems
Editor in Chief
hospitalityInside.com

*What do you think of the current situation in the industry?
Please tell me at: maria@hospitalityInside.com*

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IMPRINT

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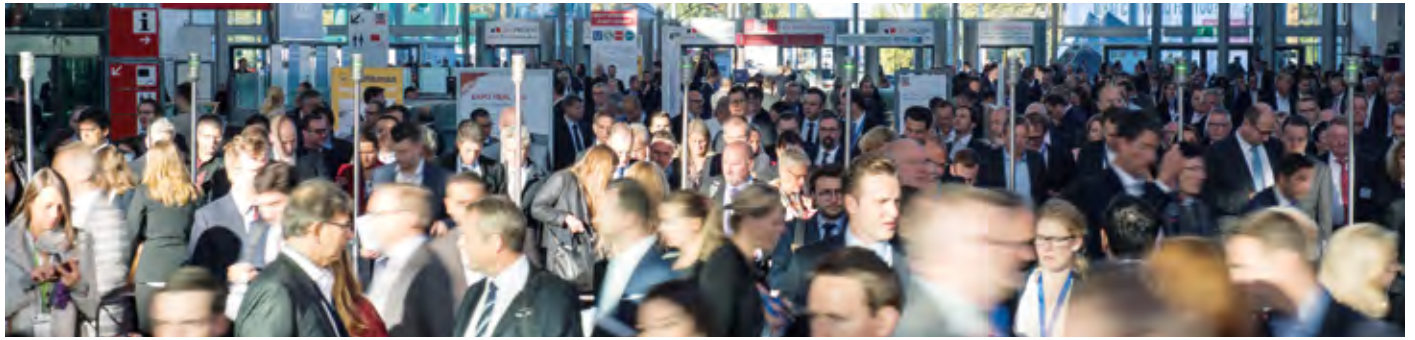
More and more hotel groups successfully
create their own co-working spaces



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Partners of the networking event "BRICKS & BRAINS": Kempinski Hotels, Brera Serviced Apartments, Global Hotel Alliance



EXPO REAL 2017: A TRADE FAIR PROVIDING ORIENTATION IN EVENTFUL TIMES

Meeting, talking and networking

Munich. The real estate economy continues its boom in 2017, EXPO REAL continues to grow. Insecurity in the politics of the global economic powers, EU politics, low interest rates, Brexit, the run for a stable Germany – all these issues will be driving the conversations. Europe's leading real estate and investment trade fair wants to provide orientation in turbulent times. This year, the Real Estate Innovation Network (REIN) celebrates its premiere. It is aimed at linking international start-ups, technology companies and the real estate sector.

Within the booming industry, Germany is still regarded as a safe haven. However, there are further markets with reliable framework conditions available, especially Spain, the Netherlands, Sweden, Finland, France, and, still Great Britain. More than 1,800 real estate companies as well as cities and regions from all over Europe, the US, and the Russian Federation will present themselves and their projects at the trade fair. In addition, there are additional national pavilions from France, Switzerland, the Netherlands, Austria, Italy, Luxemburg and the US, amongst others.

Hotel as integral component

The asset classes of hotel, logistics and trade have now become an integral component of the trade fair. In Hall C2 alone, 60 businesses which are important for the hotel industry are represented; 30 of them at the joint stand of the „World of Hospitality“ (of which 18 are hotel groups). The opportunities and risks offered by international markets are also comprehensively scrutinised in the vast conference programme by

a total of around 400 experts. At the „Investment Location Forum“, the focus will be mainly on Great Britain, the „Hospitality Industry Dialogue“ offers profound insights into the sector of hotel real estate (see the detailed programme in this SPECIAL on pages 8+9).

Platform for start-ups

This year, the real estate fair is focusing more closely on innovation and digitization. At the center of this is the Real Estate Innovation Network (REIN), which wants to bring together international start-ups, technology companies and the property industry. The high-quality forum on 400 square meters is designed like a co-working space connecting exhibiting companies, conferences and events in one space. It does not solely focus on single segments, e.g. financing or marketing but also on planning, operation, investment and transaction. International partners from Austria, Switzerland, the Netherlands and the UK support the initiative. Among the participants, you will find start-ups from Switzerland and Austria, Swiss-PropTech und Digital Building Solutions, companies like HAWORTH, Nemetschek

Group, Archibus Solution Center Germany, Fraunhofer IAO, Vodafone or Daimler Real Estate. The best concepts and start-ups are honored.

Communicative Grand Plaza

The network for trade and its partners at EXPO REAL, Grand Plaza is going into its second edition in 2017. A success story: „Grand Plaza is growing, it is still one of the most popular asset categories“, explains Claudia Boymanns, Exhibition Director of EXPO REAL. 17 brands showcase at Grand Plaza this year, six more than in the previous year. At the marketplace on 500 square meters, exhibitors and catering companies group around the place. At the Speaker's Corner, there will be a lot of discussion, e.g. about eCommerce, digitalization and the on-going trend to more outlets and how they all will change the city centers. Last year there were 768 exhibitors from 29 countries and 39,000 participants from 77 countries. Find more information and visitors' tickets for the trade fair at www.exporeal.net, the EXPO REAL Blog at www.blog.exporeal.net is also worth reading. / kn

Claudia
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EXPO REAL



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Andreas Löcher
Head of Investment Management Hospitality
Union Investment

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Meet us at EXPO REAL in hall B2,
stand 142.

THE CONFERENCE PROGRAMME

HOTEL CONFERENCE „HID”: NEW STAGE FOR UNUSUAL BACKGROUND TOPICS

Hospitality trends in XXL format

Munich. This time, unusual background topics define the „Hospitality Industry Dialogue“ (HID), the hotel conference at EXPO REAL 2017: topics with significant impact on real estate value and profitable hotel management – e.g. distribution, sustainability, and cyber crime. A cyber expert explains how a hotel can be „hijacked“ online in 20 minutes, a lateral thinker talks about disruption. The question concerning „plan B“ for the next real estate bubble will kick off the HID, followed by other fascinating topics such as China’s influence on the Western hotel world and the more refined trends concerning the boom of Serviced Apartments. Entirely new: the stage format. Large screens show the event in XXL format and the visitors sit on three sides. The programme in detail.



10:30-11:20 h

Between boom and bubble. Which risk management still resists the investment pressure? Which crisis areas and risks will hit the hotel industry the hardest, will there be any leeway? After the Lehman crash in 2008 hotels were also badly struck and lost a lot of money. How volatile are today’s markets?

MODERATION:

Andreas Ewald, Managing Director, Engel & Völkers Commercial Hotel Real Estate

PARTICIPANTS:

Douglas Waibel, Hotel Expert & Associate Director, Patrizia Immobilien AG

Philipp von Bodman, Chief Executive Officer, Primecity Investment

Prof Dr Werner Pauen, Professor of Real Estate Management / Certified and sworn expert for Property Valuation

11:30-12:20 h

East-west wind. China’s influence in the western hotel world is increasing. How is the industry changing?

Acquisitions and investments of Chinese investors in global hotel chains are currently shaking up the industry. But the new owners seldom disclose their strategies. How can you adopt yourself? Experienced China experts discuss philosophy and daily life.

MODERATION:

Prof Dr Wolfgang Arlt, Managing Director, China Outbound Tourism Research Institute

PARTICIPANTS:

Bernold Schroeder, Member of the Board & Chief Operating Officer Europe, Kempinski Hotels

Markus-C. Müller, Global Head Chief Investment Office, Deutsche Bank Wealth Management

Jileen Loo, Director International Capital Markets, CBRE Hotels Limited

12:30-13:20 h

Serviced Apartments & Micro Apartments. Temporary living is booming.

Which factors drive the demand, what is sustainable? Is the new special real estate increasingly becoming rivals of the classical hotel industry? Investors scent an (even) higher profitability in Serviced Apartments/Aparthotels.

MODERATION:

Susanne Stauss, Senior Editor, hospitalityinside.com

PARTICIPANTS:

Anett Gregorius, Managing Director, Apartmentservice

Hans-Peter Hermann, Director Asset Management Hotels, Invesco Real Estate

Markus Beike, Development Director Germany & CEE, Staycity Aparthotels

Reiner Niitka, Board Spokesman, GBI AG

13:20-14:00 BREAK

14:00-14:20 h

Disruption. What lies ahead of the hotel industry?

Maria Pütz-Willems in a discussion with Stefan Leser, Investor & lateral thinker. What does a non-hotelier think about the innovative spirit of the hotel industry?

14:30-14:50 h

Cyber Crime I. The silent danger for investors and operators. „A hotel can be cracked in 20 minutes“. The cyber expert impressively demonstrates how fast a hotel can be „taken over“ online.

SPEAKER:

Peter Kestner, Cybersecurity Team/Partner, KPMG Munich

14:50-15:50 h

Cyber Crime II. The new dependence on systems and people. Do hotel investors and operators reflect on crime and security? Once the cyber attack has happened, the damage is done: The guests will simply stay away.

Who wants to stay in a hotel which is „not safe“? Therefore, prevention and a rational analysis of this topic are an absolute necessity.

MODERATION:

Maria Pütz-Willems, Editor in Chief, hospitalityinside.com

PARTICIPANTS:

Paul Moxness, Vice President, Corporate Safety and Security, Carlson Rezidor Hotel Group

Peter Kestner, Partner, KPMG Munich Cybersecurity Team

Theodor Kubak, Co-founder HAMA Europe & Senior Investment Manager, Union Investment Real Estate

16:00-16:50 h

Success in real estate & distribution.

How much added value does smart technology and differentiated online distribution

give the investor and operator? Both affect costs and profit. Why should you invest in these hidden driving forces?

MODERATION:

Rob Hornman, Managing Director, Hornman Hospitality Advisory

PARTICIPANTS:

Chris Hartley, Chief Executive Officer, Global Hotel Alliance

Dr Peter Ebertz, Partner/Head of Hotels, Art-Invest

Uwe Christian Köhnen, Chief Executive Officer, TKS Group

Max Luscher, Managing Director, B&B Hotels Germany

17:00-17:50 h

Buzzword Sustainability. How can the interests of investors and operators be realised reasonably; how can you implement certification standards and overcome the pressure of guests? 2017, the „International Year of Sustainable Tourism for Development“: How do chains and private hotels live sustainability?

MODERATION:

Prof Dr Christian Buer, Professor for Tourism and Hotel Management, University of Applied Sciences Heilbronn

PARTICIPANTS:

Wolfgang Neumann, Chairman, International Tourism Partnership

Gesa Rohwedder, Head of Hospitality, Drees & Sommer

Xenia zu Hohenlohe, Partner/Director of Marketing, Considerate Hoteliers

Dr. Barbara Hausmann, Founder, HSDC Hausmann Sustainable Development Consulting

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Hall
C2
Stand
130

THE 30 PARTNERS OF THE "WORLD OF HOSPITALITY" 2017

GREAT TO MEET YOU!

The 30 exhibitors at a glance:

- a-ja Resort & Hotel
- Best Western Hotels Central Europe
- Carlson Rezidor Hotel Group
- Choice Hotels Franchise
- Christie & Co
- Deutsche Hotel & Resort Development
- Deutsche Hotel & Resort Holding
- Dorint Hotels & Resorts
- Drees & Sommer
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- easyHotel (by i.gen hotels)
- Falkensteiner Hotels & Residences
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- Hotour Hotel Consulting
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- TUI Hotels & Resorts

THE PARTNERS OF THE JOINT STAND OF THE "WORLD OF HOSPITALITY" 2017 INTRODUCE THEMSELVES:



A-JA RESORT UND HOTEL GmbH is a subsidiary of Deutsche Seereederei GmbH. With holiday resorts at attractive locations along the sea, in the mountains and in the countryside, a-ja is responding to the growing demand for affordable wellness and adventure holidays in German-speaking countries. In the future, there will also be locations in metropolises for those who enjoy urban tourism. All a-ja resorts offer spacious, family-friendly rooms, a restaurant featuring theme buffets that change on a daily basis, various bar concepts and extensive SPA landscapes with an indoor and outdoor pool, sauna and fitness area, as well as applications in the NIVEA House.

The a-ja concept was developed by the innovators behind the successful brands AIDA and A-ROSA and is grounded in their many years of expertise in resort tourism. The first a-ja resort was opened in Warnemünde in 2013, followed by Grömitz and Bad Saarow in 2015. Additional locations in Ruhpolding and Travemünde are planned. The first a-ja city resort will open in Zurich in 2018. In the future, a-ja hopes to add another two to three new locations annually.

www.ajaresorts.de



BEST WESTERN HOTELS & RESORTS headquartered in Phoenix, Ariz., is a privately held hotel brand with a global network of more than 4,200 hotels in more than 90 countries worldwide. Best Western Hotels Central Europe (BWHCE) headquartered in Eschborn / Germany is in charge of approximately 230 hotels in ten countries: Austria, Croatia, Czech Republic, Germany, Hungary, Liechtenstein, Luxemburg, Slovakia, Slovenia and Switzerland. In addition to its German headquarter in Eschborn there is a regional office in Vienna, Austria.

All city and resort hotels of Best Western guarantee uniform and consistent quality standards worldwide and still keep their individual styles and their entrepreneurial independence. As a membership association all Best Western hotels are independently owned and operated. Best Western offers seven hotel brands to suit the needs of developers and guests in every market: Best Western®, Best Western Plus®, Best Western Premier®, Executive Residency®, Vib®, BW Premier Collection® and GLo.

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This network of 30 offices allows us to leverage intimate local knowledge with pan-European insight. In the hotel sector we complete around 500 transactions and over 500 hotel valuations per year. Currently, we have more than 400 hotel instructions throughout Europe.

Christie & Co is regulated by RICS and employs registered valuers, specialist chartered surveyors and a sector leading consulting

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- Exit strategies for NPLs
- Problem solving for shared ownership (WEG) structures
- Location and market analyses
- Feasibility studies
- Cashflow and rent benchmark analyses
- Independent business review and strategic consulting (individual hotels or portfolios)
- Review and validation of business plans
- Commercial due diligence
- Asset management support and owners' controlling (performance monitoring)
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- Second opinions
- Accredited Mystery Guest Checks
- Advice on operating contracts and conceptual support in drafting head of terms
- Identification of alternative operators

Christie & Co Germany is headed up by Lukas Hochedlinger, Managing Director Central & Northern Europe with offices in Frankfurt, Berlin and Munich. The German team works closely with our team in Vienna.

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DEUTSCHE HOTEL UND RESORT DEVELOPMENT GmbH & Co. KG (DHR Development): Founded in 2016 and based in Hamburg, DHR Development develops, plans and builds holiday hotels and resorts at attractive tourist destinations, primarily in Germany, Austria and Switzerland.

A joint venture between the Rostock-based Deutsche Seereederei GmbH and Hamburg's HHH Real Estate GmbH, DHR Development has amassed an in-depth pool of real estate competence and extensive experience. The company's business activities focus on supporting the expansion of DSR Hotel Holding GmbH's hotel brands (A-ROSA, HENRI) and the a-ja Resort and Hotel GmbH. As general contractor, DHR Development assumes complete responsibility for the development and construction of the hotels and resorts. The company's services encompass acquiring land, procuring lease agreements, obtaining the necessary planning and construction permits as well as clarifying issues related to local stakeholders and municipal authorities. In close cooperation with a



Dorint
Hotels & Resorts

DORINT HOTELS & RESORTS: Five decades of eventful hotel history. In 1959, a „Model House for Hotel Interior Design“, complete with cutting-edge technology and pioneering design, was opened in Mönchengladbach. The name of the establishment was an amalgam of the first few letters from founder Werner Dornieden's surname and the word „international“ – and with that the Dorint brand was born. After opening new branches in the South Eifel and in Trier, the Mönchengladbach company developed and implemented the basic methods of a corporate identity in the early 1970s, with a uniform company logo and targeted marketing campaigns. Dorint's red-and-blue claw was soon adorning the entrances of seventeen hotels across Germany.

At around the same time the chain took a leading role in destination marketing, tapping into the touristic potential of certain locations. Dorint set new standards in sport and holiday hospitality in particular. The chain went international in 1981, opening a hotel in the Belgian town of Spa. Other establishments across Europe would follow; the brand was represented in eleven countries at the peak of its expansion programme.

After briefly entering into collaboration with the French company Accor at the start of the new Millennium, 2007 marked a new beginning for the company as Neue Dorint GmbH, with 40 locations. The hotel group is now headquartered in Cologne and operates 38 hotels in Germany, the Netherlands and Switzerland, employing around 3,300 members of staff.

With a focus on meetings, incentives, congresses and events, the Dorint Hotels & Resorts brand has more recently established itself as an expert and multi-award-winning conference services provider. The absolute comfort and well-being of guests – be they conference organisers or participants – is always the first priority for the Dorint Meeting Service experts.

The high regard in which the Dorint Group is held due to the excellent services it provides to both business and leisure guests is also reflected in the satisfaction of its staff. Thanks to its fair and family-friendly corporate culture, the Dorint Group is regarded as an attractive employer that has been benefitting for many years from a staff turnover level that is exceptional low for the sector. Neue Dorint GmbH has its headquarters in Cologne and operates 38 hotels across Europe under the Dorint Hotels & Resorts brand. Around 3,300 employees in Germany, the Netherlands and Switzerland live and breathe heartfelt and natural hospitality. Dorint Hotels & Resorts is one of Germany's leading hotel chains.

www.dorint.com

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DREES & SOMMER: Your innovative partner for consulting, planning, construction and operation. For more than 45 years, Drees & Sommer has supported public- and private-sector owners and investors in all aspects of real estate. Managed by partners and

hotel's operator, the company commissions and produces all of the required plans, organises expert surveys and realises the construction works, including all fixture, furniture and equipment (FF&E), so that the operator can take over the hotel ready to welcome its first guests. Throughout all of these processes, a keen eye is kept on all deadlines, costs and quality standards.

For the management of development projects, the company is able to draw on the group's own pool of expertise (Deutsche Seereederei / HIH Real Estate). With the optimal blend of expertise and professionalism, DHR Development supports investors and hotel operators as a trusted and valued partner.

www.dhr-development.de

DEUTSCHE HOTEL & RESORT HOLDING

arcona HOTELS & RESORTS HENRI HOTELS Hotels & Resorts A-ROSA Resorts & Hotels

DEUTSCHE HOTEL & RESORT HOLDING: The German Hotel & Resort Holding is one of the 20 largest German hotel companies and was founded at the beginning of 2016 as a joint venture of the DSR Hotel Holding and arcona HOTELS & RESORTS. Overall, the German hotel & resort holding includes 23 hotels in Germany, Austria and Switzerland.

These include the brand A-ROSA resort with four locations on the island of Sylt in Travemünde, Scharmützelsee and in Kitzbühel, the HENRI Hotels in Hamburg and Berlin, the Luxury Hotel Louis C. Jacob in Hamburg and the Neptun hotel in Warnemünde, arcona LIVING and the arcona HOTELS & RESORTS.

arcona HOTELS & RESORTS currently operates 16 hotels, including five companies of the franchisor Steigenberger Hotel Group. The objective of the joint venture is the further strategic growth – especially the brands A-ROSA Resort, HENRI Hotels and arcona LIVING. The company is led by CEO Alexander Winter together with its partners, Professor Stephan Gerhard and Horst Rahe.

www.deutsche-hotel-resort.de



12 headquartered in Stuttgart, the company has 41 offices worldwide. The focus is always on profitability, whereby Drees & Sommer promotes sustainable building to the greatest possible degree. This approach is called by Drees & Sommer 'the blue way'. The construction and real estate experts always have the goal of producing measurable added value for the client. This could mean, for example, streamlining the implementation of a construction project, making the operation of a property more economical, or cutting energy costs through innovative concepts. Currently, the company with its approximately 2,150 employees is acting for more than 3,200 construction projects. Drees & Sommer has contributed in more than 200 hotel projects globally and has become an expert in hotel developments, conversions, new builds and refurbishments with its specific hospitality expertise. www.dreso.com



DSR IMMOBILIEN GMBH is a leading developer of holiday hotels and resorts in Germany and is part of the Deutsche Seereederei Group. The core competencies of DSR Immobilien GmbH, with offices in Rostock and Hamburg, are the development and construction of hotels, resorts and furnished apartment residences. The service spectrum comprises the entire life cycle of hotel buildings and ranges from land and project development to facility and asset management for the hotels and resorts in the group. With the successful and well-known brands, such as A-ROSA, a-ja and HENRI, the group has become one of the few large and successful players in the German tourism market within the past 25 years. The group has placed its strategic focus on the hospitality industry since the end of 2016. On behalf of the parent company, DSR

Immobilien GmbH actively constructs hotels and new resort buildings as e.g. for the most recent innovative concept of the „a-ja, The Resort“ group, a part of the Deutsche Seereederei Group. With holiday resorts at attractive locations on the coasts of the North and Baltic seas, in the mountains, in the countryside as well as in the future in major touristic cities, the a-ja Resort und Hotel GmbH responds to the rising demand for affordable wellness and active holidays in German-speaking countries. Three a-ja resorts are already in operation and three more are under construction. A-ja plans future growth in the form of two to three new locations annually. DSR Immobilien GmbH supports this expansion strategy by searching for suitable land and the construction of the resort. DSR Immobilien also actively supports the future development and expansion of the A-ROSA and HENRI brand. www.dsr-immobilien.com



EASYHOTEL by i.GEN HOTELS GmbH from Potsdam is the master franchisee of the international super-budget hotel chain easyHotel for Germany. The company was founded in 2007 in Berlin to acquire the franchise rights of easyHotel from the easyGroup and Sir Stelios, the founder of the low cost airline EasyJet. A hotel market analysis confirmed our own expectations and showed that the market chance for a low-budget hotel chain in Germany were very high. The i.gen hotels GmbH partners are connected by their love of hotels and the hotel industry, and it is based on years of experience and collaboration in areas such as hotel development, project marketing and hotel management. After intensive development of the room and the hotel product, the first easyHotel in Berlin – new build – at Hackescher Markt in the hotspot district Mitte was opened. The easyHotel Frankfurt City Center – conversion – between the Frankfurt main train station and the trade fair followed. Both properties were sold to one of the co-partners after opening. easyHotel presents itself as future orientated and profitable. This has strengthened the financial potential of i.gen hotels and formed a secure platform to operate as a solid financial operator. The strengths of the hotel product: internet-based „easy“ brand – top location in the city centre – super-budget price – high-quality design – profitable. The development of easyHotel shall be pushed forward. For this purpose, we are looking for hotel locations or projects for acquisition, leasing or development. Due to the fact that easyHotels do not have any restaurants or bars, the locations have to be in and around the city centre of major cities in Germany and Europe; but also hotspot districts with their urban infrastructure are ideal. The hotel product easyHotel is ideal for conversions of outdated office buildings or as a way to fill a gap in properties with retail space on the ground floor. Development-friendly use of space – safe return on investment. www.igenhotels.com | www.easyHotel.com



FALKENSTEINER MICHAELER TOURISM GROUP (FMTG):

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Falkensteiner Michaeler Tourism Group (FMTG) is one of the leading regional providers and developers of tourism products and services in Central Europe. FMTG is active in all areas of tourism development – from the planning and projection of hotels, residences, serviced apartments and mixed-use properties to the operational management and marketing of these. By integrating the entire value-creation chain, FMTG uses its experience in the operation, development and realization of tourism facilities to achieve an optimal internal transfer of knowledge.

This results in numerous synergies and allows for the development of products tailored to future market demand.

Currently the Group counts over 2,000 employees from over 29 different countries. Falkensteiner Group is currently managing 32 hotels and residences under the Falkensteiner Hotels & Residences brand in six European countries (Austria, Italy, Slovakia, the Czech Republic, Croatia and Serbia).



Since the founding of Falkensteiner Hotels as a family business with a small pension in Ehrenburg/South Tyrol in 1957, the group has transformed itself into a multinational player but at the same time we are still family-owned.

As of 2016, Falkensteiner Hotels & Residences generated a managed turnover of EUR 170 million and with more than 4,000



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www.fmtg.com

HARRY'S HOME HOTELS

HARRY'S HOME HOTELS: The extraordinary hotel was established in 2006 by hotelier and entrepreneur Harald „Harry“ Ultsch and is the missing link between hotel and apartment. Guests are looked after neither too much, nor too little. They can decide on the extent individually: Support instead of overpriced service. The innovative modular concept of Harry's Home Hotels unites the values of traditional hospitality with modern needs. Thus, cordial service is just as important at the owner-operated design hotels as a wide range of individually bookable services, such as breakfast, laundry service, the frequency of room cleaning, or the espresso machine in each room.

Harry's Home ranks in the 3- to 4-star category and additionally broadens its range with the „long stay“ opportunity. „Temporary residence“ is a growing need, both private and work-related. For 10 years now, the Tyrolean hotel group with 5 locations, 438 studios, and 1,200 beds has been attending to several thousand guests every year. With Harry's Home Hotel Munich, the first house outside Austrian borders opened in August 2015 – following Graz (2006), Linz (2009), Dornbirn (2010), and Vienna (2012). In 2018, the hotel group will open to the Swiss market with Harry's Home Zurich. Further projects in the German-speaking area are currently being planned. The headquarters of the hotel group is located in Innsbruck, Austria.

www.harrys-home.com

HONESTIS

Real Estate & Hospitality

HONESTIS AG of Cologne was founded in December 2016. It emerged when Ebertz & Partner, an issuing house with over forty years of experience on the market, transformed into a financial holding company with stakes in hotel and real estate firms. The initiator of HONESTIS AG is Dirk Iserlohe (53), whose business concept is geared to the optimal interaction between the hotel and real estate divisions and the provision of select property services to third parties.

„This change in direction is to help our business partners – as previously in the Family & Friends segment – and the board to focus fully on the advancement of the Dorint Hotels & Resorts Group,“ explained Iserlohe. „On the one hand, we have reached the turnaround after about ten years of hard work in the financial year 2016. On the other, the present economic framework is offering an encouraging time frame for controlled expansion.“

Moreover, HONESTIS AG will be managing indirect real estate in the form of stakes in special purpose entities, investing in companies, and providing services in connection with commercial property. HONESTIS AG has an asset manager in the form of a subsidiary, HONASSET GmbH. The experience and know-how this embodies rounds off the portfolio.

The subsidiary IPM Immobilien und Projektmanagement GmbH is responsible for the technical side of real estate management for all buildings. Yet another subsidiary, CMde CENTERMANAGER und IMMOBILIEN GmbH, is a specialised provider of real estate management services whose portfolio includes particularly the optimisation and management of shopping centres, retail warehouse centres, and office buildings throughout Germany. At present, CMde is managing 22 properties with about 391,000 square metres of rental space, 536 tenants, and EUR 50.4 million of rental volume a year.

www.honestis.ag

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HOSPITALITYINSIDE GmbH is an information provider specialized in international hospitality and publishing the weekly *hospitalityinside.com* online magazine. In both German and English, the magazine addresses top-level management of hotels but also representatives of related sectors (investment, real estate, finance). The geographic focus is Continental Europe and the Middle East, however, the reports and articles also cover the global players and worldwide trends and developments. Based on a paid content model, the online magazine is free of advertisements and has been providing market and background information based on journalistic research to a top-notch readership in more than 20 countries each Friday for over 12 years. In addition, professional networking and presentation platforms such as international hotel conferences, trade fairs and events create manifold synergies between subscribers, trade fair partners and market participants. In particular, the joint booth of the „World of Hospitality“ at EXPO REAL



Munich in October contributes to this. Since HospitalityInside launched this stand in 2011, Europe's leading trade fair for property and investment saw a new market place for the hotel industry growing. Since then, the "World of Hospitality" has been a popular address for the decision makers across the industry.

www.hospitalityinside.com



HOTEL AFFAIRS CONSULTING GmbH: The team of Hotel Affairs Consulting offers decades of experience in the hospitality industry, ranging from consulting, development, design as well as management of international hotels. Our solid relationships and full-service concept make us the ideal partner from concept inception to market launch as well as for hotel transactions.

Our clients are developers, banks, investors, public entities or touristic regions, hoteliers and operators. The in-depth market insight and expertise cover city hotels as well as convention centers, resorts of any type incl. the management of international luxury hotels. Due to our work as lecturers, i.e. to executive personnel of the financial industry, we gain valuable knowledge of the most recent market developments. Managing Partner, Axel Deitermann, is deputy chairman of the German Study Group of Hotel Real Estate („Arbeitskreis Hotelimmobilien“).

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HOTOUR HOTEL CONSULTING: Our goal is to support our clients with lasting effect in the most varied of problems and strategically important decisions in all phases, from the project development up to the hotel opening. The foundation for the success of a long-term added value is a creative solution approach and individually tailored consultation services.

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www.hotour.de



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mbB provides comprehensive legal advice to national and international clients particularly in real estate law – always focused on performance and solutions. We offer individual and personal service at the highest professional standards, and our services are tailored to the individual requirements of our clients.

Among our clients are world-wide market leaders, stock listed companies, fast-growing investment groups and family offices which enjoy our commercial-minded approach as well as our long-term market experience. As a real estate boutique law firm the long-term and personal relationship with our clients is an important value for us.

J&S is specialized on complex and inter-disciplinary issues of real estate, hotel, banking, finance, corporate and commercial law and is well experienced in all kinds of national and cross-border

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transactions. In the last few years alone, we successfully accompanied complex real estate transactions of more than € 10 billion. Furthermore, J&S provides legal services in all aspects of asset management related to commercial and residential real estate. In addition to such major project work, J&S advises its clients in all questions of their day-to-day business operations such as developing and drafting contractual concepts (management, lease, franchise, building, service, licensing, cooperation, purchase, loan or outsourcing agreements), enforcing damage claims, achieving settlements, handling public law and license requirements with the competent authorities, negotiating loans and mortgages, etc. Depending on the client's wishes all correspondence and documents are provided in bilingual versions or English only. Each year J&S represent clients in more than 250 regional and appeal court proceedings nationwide. Clients describe our success quote as outstanding. J&S is also experienced in international arbitration proceedings.

www.js-law.de



KEMPINSKI HOTELS is Europe's oldest luxury hotel group. The group now has its head office in Geneva but was founded in Berlin in 1897 as the 'Hotelbetriebs-Aktiengesellschaft'. Since February 2017, the majority of the group is held by the Bahraini shareholder, while the shareholder from Thailand now owns a minority. Kempinski Hotels currently operates 77 five-star hotels and residences in 32 countries.

Since its foundation, Kempinski Hotels has developed as a renowned and innovative provider of luxury hotels dedicated to satisfying the wishes and requirements of demanding guests. In spite of the typical differences between the individual hotels, in all of them the group offers an equally high degree of quality and unique service at an individual level.

The Kempinski portfolio comprises historic grand hotels, superb city hotels, exceptional resorts and superior residences. The special charm of each hotel reflects its cultural environment. Outstanding examples of this are San Clemente Palace Kempinski, situated on a private island close to Venice or the Hotel Adlon Kempinski opposite the Brandenburg Gate in Berlin.

Other group showcases are the Hotel Vier Jahreszeiten Kempinski in Munich, built during the reign of King Maximilian II of Bavaria, and the Emirates Palace in Abu Dhabi, one of the most majestic hotels ever built.

Kempinski is proud of its more than a century-old tradition and the associated high standard of quality which the group has introduced into new upwardly-mobile markets. One prime example is the recently opened Gran Hotel Manzana Kempinski La Habana in Cuba.

www.kempinski.com

LetoMOTEL

LETOMOTEL: The first LetoMotel was opened in Munich/Moosach in November 2010. The hotel, which has since expanded to offer 99 rooms, established itself in the market in an outstanding fashion right from the start. Attractive overnight accommodation prices starting from € 49.00 have continuously attracted business travellers, city tourists and families to the hotel from day one. The clearly designed and welcoming 16-square-metre rooms offer guests everything that they need: they can sleep comfortably in exceptionally high-quality box-spring beds and enjoy free Internet connection throughout the hotel. The lobby, which is staffed around the clock, offers vending machines for drinks and snacks. In addition, an in-house baker offers guests a wide breakfast choice from 6 am every morning.

All these comfort features can also be enjoyed by guests at the third LetoMotel location in Munich/OEZ, which has offered accommodation in 155 rooms since August 2016.

All LetoMotel locations are conveniently located directly beside an "S-Bahn" or "U-Bahn" railway station. This will also apply to the additionally planned hotels because the LetoMotel brand is continuing to grow in Munich: a fourth hotel, which will offer 125 rooms, is currently under construction at the Plärrer in Nuremberg and is scheduled to open in January 2019. The objective is to add a further two locations in Munich and expand into other cities in Germany. Among others, a LetoMotel is planned for Augsburg, a project which is expected to be realised in 2019.

www.letomotel.de





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LFPI HOTELS MANAGEMENT DEUTSCHLAND: LFPI Group is one of the premier independent multi-strategy alternative asset managers in Europe with more than three billion Euros of assets under management. We invest in private equity (primary, secondary, co-investments, and funds), private debt (unitranche, mezzanine, senior), real estate (from core to opportunistic in both equity and debt) as well as asset management (fixed income and equity) in Europe, North America and Africa across seven offices and approximately 70 investment professionals with a long-term and prudent investment strategy.

With respect to hotels, we are both owners and operators in France and Germany with more than 70 hotels across the portfolio. The French portfolio of 60 budget hotels is primarily marketed under the Timhotel brand as well as other franchise brands such as Louvre Hotels Group. The German portfolio of currently 12 hotels are operated by LFPI Hotels Management Deutschland GmbH: three Ibis hotels in Aachen, Erfurt and Augsburg, two Ibis Styles in Hamburg and Speyer, three Mercure in Berlin, Düsseldorf and Stuttgart-Zuffenhausen, a Best Western in Berlin, the Hotel Indigo in Düsseldorf, the Schloßhotel Karlsruhe and the Hotel Excelsior Lübeck.

Specifically in Germany, we are looking to ramp-up to approximately 30 hotels over the next three to five years as owners and/or operators. Besides the owner & operator model LFPI Hotels Deutschland positions itself in the future as a pure operator for external owners. We focus on midscale city hotels in both primary and secondary city centre areas (approx. 50 to 150 rooms). Generally operated by LFPI Hotel Management Deutschland GmbH and marketed via franchise partnerships, certain leases can be taken over with short residual terms. Acquiring hotels in the target cities of Munich, Frankfurt, Hamburg and Cologne will allow for positive growth of the LFPI portfolio over the near future.

www.lfpihotels.de | www.lfpi.fr



PANDOX is a leading owner of hotel properties in Northern Europe with a focus on sizeable hotels in key leisure and corporate destinations. As of 30 June, 2017, the market value of Pandox's hotel property portfolio was 39,868 MSEK.

PANDOX's VISION is to be a world leading hotel property company with regard to specialist expertise in hotel and property operations.

PANDOX's STRATEGY AND BUSINESS MODEL: Pandox's business concept, which is based on expertise within hotel properties, hotel operations and business development, is to actively own, develop and lease hotel properties. Pandox's strategy and business model have been consistently followed since the company was founded in 1995. The company has exclusively invested in one type of asset since inception: hotel properties. This type of asset has distinctive features that differ from other types of property and demands specialist expertise in order to maintain an active ownership business model.

PANDOX's BUSINESS SEGMENTS: Pandox's hotel property portfolio comprises 122 hotels with more than 26,000 hotel rooms in 10 countries. Pandox's business is organised into two segments: Property management, which comprises hotel properties leased on a long-term basis to market leading regional hotel operators and leading international hotel operators, and Operator activities, which comprises hotel operations executed by Pandox in its own hotel properties. The segments Property management and Operator activities are further divided into the five geographic areas: Sweden, Norway, Finland, Denmark, and International. The latter comprises Pandox's business in Belgium, Germany, Switzerland, Austria, the Netherlands and Canada.

PANDOX's OWNERS: Pandox was founded in 1995 and the company's B shares are, as of 18 June 2015, listed on Nasdaq Stockholm.

www.pandox.se





PLAZA HOTELGROUP GmbH was founded in 2002 and currently operates 32 three and four star business hotels with more than 4,000 rooms in Germany, Austria, Czech Republic and the Netherlands. At the moment more than 900 employees work for the company.

The core philosophy of the founding couple Yonca and Ihsan Yalaz: „Especially the business traveller can find in our hotels all comfort which we expect as frequent travellers by ourselves: Friendly, helpful staff, large and comfortable beds, appealing, functional design, an adequate number of power sockets, fast wireless internet access with high bandwidth.“

Our core competence is the management of owned and leased business hotels in cities with a population of 50,000 and above. The central administration takes place efficiently from the Heilbronn headquarter. Because of the central location and modern furnishing our products are not only interesting for business travellers but also for guests from the leisure and city trip sector.

In order to meet our own, high service standards most of our hotels are member of the world's largest hotel chain Best Western.

Our goal over the next 5 years is the healthy, economic increase of our portfolio up to 50 hotels mainly in Germany and the Netherlands. Therefore we are constantly looking for new and existing buildings in city locations in order to buy or lease them.

New projects 2017/2018: Linz (188 rooms), Bottrop (140 rooms), Almere (160 rooms), Augsburg (180 rooms).

www.plazahotels.de

positioned itself as a preferred buyer in the market. The Company's perceived quality as counterparty stems from the following key advantages: certainty of execution guaranteed through a solid funding structure and extensive execution experience; fast decision making and execution due to lean management structure; rapid liquidity injections through strong liquidity profile and long standing relationships with major financing partners.

www.aroundtownholdings.com | www.prime-city.com



PRIZEOTEL, the Economy-Design-Hotel has successfully established three hotels in Bremen, Hamburg and Hanover in the German hotel market. The next project, prizeotel Hamburg-St. Pauli, with 257 Economy-Design-Rooms is due to open its doors in March 2018. After announcing the joint venture with The Rezidor Hotel Group and its 480 hotels in more than 80 countries in March 2016, the portfolio of prizeotel has grown rapidly: Besides 555 rooms in operation, almost 1,200 rooms are in the pipeline for hotels in Hamburg, Bern, Erfurt, Munich and Münster. The neologism „prizeotel“ is based on the combination of creating the maximum of value for guests with a well thought-out hotel



PRIMECITY INVESTMENT Plc (PCI) is a publicly listed hotel investment company with main focus on investing in and repositioning of hotel properties in Germany neighboring European countries. Main shareholder is Aroundtown Property Holdings S.A., which as of August 2017 holds ca. 98% of PCI.

The hotel portfolio as of June 2017 consists of 79 hotels with an asset value of more than ca. € 1.3bn. The hotels are flagged with leading and globally recognized brands and are located in touristic and commercially attractive locations in Germany and Europe and more than 80% is positioned within the 4-star market.

The Company is led by an experienced management team which is based in Berlin and which has a strong track-record in acquisitions and proactive asset management activities.

The company's business strategy targets investments in hotel assets which are located in markets with strong demand generators. After the takeover stage, the Company repositions the asset, by selecting the ideal market position, the adequate brand and star category and implements the targeted Capex in property modernization. During the repositioning process PCI leases out the hotel to external operators through long term fixed lease agreements.

Having been active in the market for more than 13 years and with a track-record of more than 170 successful turnarounds, PCI has

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concept. Along with the naming, a customer-oriented approach and the credibility to create a brand with clear objectives for everybody has been the center of attention. Thus, prizeotel is an exclusive designer product with the touch and feel of a privately-run hotel. At prizeotel, it's not just about placing design furniture throughout the hotel, but creating a real and logical design inside and out. New York's Star-Designer Karim Rashid exclusively designs all prizeotels. Every hotel is designed individually in terms of colour and furnishing. Rashid's style is found throughout the entire hotel and each prizeotel is therefore a so called „signature-brand hotel“. Furthermore, prizeotel is an innovative pioneer in the hotel industry, and one of the fastest hotel operators in developing and implementing technical innovations that underline the prizeotel experience in the most unconventional way.

www.prizeotel.com



RILANO HOTELS & RESORTS bring a range of hotel designs together to meet any guest's needs. We stand for timeless style and elegance, and for quality service with a focus on the newest technology. Space for individuality – this is our guiding principle at Rilano Hotels & Resorts. We bring together traditional, international hotel values with a trend-setting look. The „Rilano“ name unifies the

best of three countries with great reputations for hospitality: from Italy, we have taken subtlety, style and joie de vivre. Our focus on service and passion for state-of-the-art technology comes from America. And our German roots are the origin of our reliability and quality.

The current portfolio consists of 7 hotels in Germany and Austria and includes hotels of the „The Rilano“ brand (full service), „Rilano 24|7“ (dynamic service) and Rilano Resorts (collection). The concepts are characterized by a high degree of flexibility and modern orientation. „CU by Rilano“ und „Townhouse“ are two newly developed, contemporary hotel brands, with a forward-looking concept.

Founded by real estate owners and long-time internationally experienced managers from the hotel industry, the Rilano Group GmbH represents the entire hotel value chain. Our lines of business include project development, takeover of existing hotel operations, operative and strategic hotel management as well as conceptual design and planning of new builds. Banks, investment funds and hotel chains number among our clients, as do institutional investors and real estate owners. Our goal is a sustainable economic and value driven management with a strong focus on the further expansion of our portfolio into selected European markets.

www.rilano.com



STAYCITY APARTHOTELS: Dublin based Staycity was founded by Tom and Gerald Walsh in 2004. Currently we are operating over 1,900 apartments in Ireland, the United Kingdom and France. An additional 3,000 units are contracted and in the planning phase or under construction. By 2022 we aim to make Staycity Europe's largest mid-market, pan-European city aparthotel brand with 15,000 units operational. We deliver properties in our four key target markets of Ireland, the UK, Germany and France along with, opportunistically, properties in other European capitals and gateway cities with high growth potential and low operational volatility.

To support our growth story, we discipline ourselves by focusing on properties only with a gross margin potential of minimum 20%.

Our search profile includes centrally located purpose-built structures (or conversions) with an offering of 8,000 to 12,000 sqm. In Germany, we are keen on operating in Berlin, Cologne, Dusseldorf, Frankfurt, Hamburg and Munich.

Our product lines: STAYCITY – our „Economy Plus“ solution and „WILDE by Staycity“, our premium brand targeted at 4 star leisure and business class customers. Two ideal solutions for our customers, developers and investors. For project developers and investors, we are the perfect match: With our successful and convincing track record we offer long-term fixed leases on a competitive and sustainable level with a strong and growing covenant. The ideal CORE product for institutional investors.

www.staycity.com

TKS® GROUP. PROFESSIONALS ON SITE

TKS GROUP: As general contractor, TKS offers the planning, organisation and implementation of various construction services including technical building installations „from one hand“ for refurbishment and initial fit-outs of hotels as well as the re-use of office buildings into hotels. TKS delivers its services mainly as turnkey solutions.

TKS manages and coordinates the communication between all project participants and deployed trades. Due to its longstanding experience and competence, TKS is well equipped to manage the interests of all participants through all phases of the project to reach an optimal solution.

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The company operates in the European core markets with its subsidiaries TKS UK, TKS France, TKS Scandinavia and TKS Swiss. TKS' pioneering role is based on the continuous development of its service portfolio, including technical building installations (MEP) as well as the development of innovative service packages such as shortest time renovation (STR®) and the CSM® analysis for a project-based optimisation of the budget and protection of the environment at the same time.

TKS realises an annual sales volume of about 50 million euros. Uwe Christian Koehnen is the CEO.

www.tks.net

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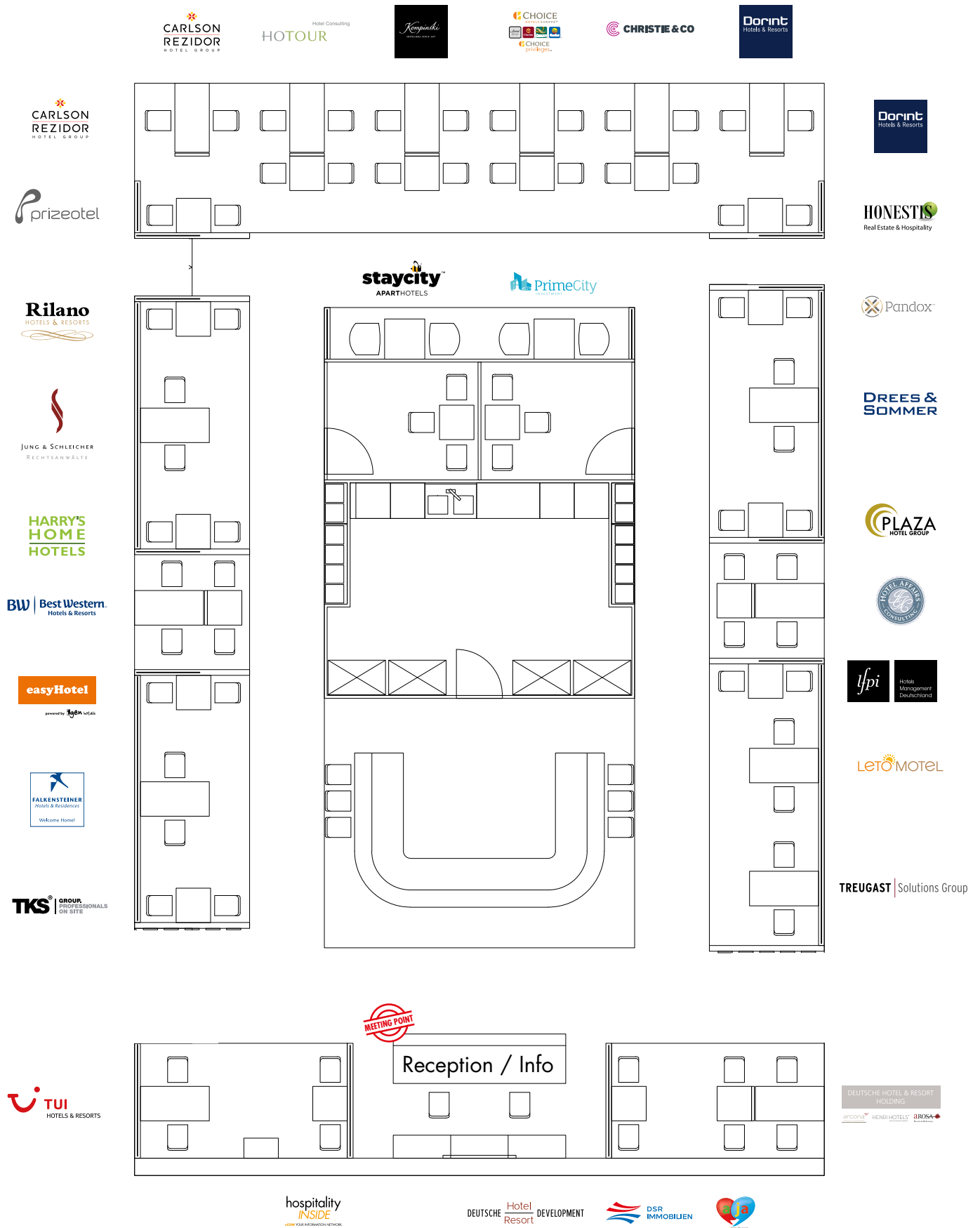
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BRICKS & BRAINS

A hospitalityInside Network Event hosted by Expo Real Munich

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EXCLUSIVE CONCLUSION TO FIRST TRADE FAIR DAY

More room, more guests!

Munich. Last year, BRICKS & BRAINS – the hospitality get-together at EXPO REAL – moved to a larger event location on short notice. This year, the hosts HospitalityInside and EXPO REAL will welcome their guests at the same location again at the end of the first trade fair day.

The event is a venue for important decision makers from the hotel industry and investments/real estate industry at Europe's largest trade fair for real estate and investment. Many of the guests, amongst them investors, owners, family offices, bankers, consultants, hotel operators and project developers, are already part of the hospitalityInside network, also subscribers of the trade magazine www.hospitalityInside.com and debaters at the hotel conference programme „Hospitality Industry Dialogue“ will join the event. And in turn, there are always new guests from here and abroad who participate actively in the hotel market.

Since the beginning, Kempinski Hotels have been partners and promoters of BRICKS & BRAINS: Kempinski Hotel Vier Jahreszeiten will delight the guests with delicious culinary delicacies for the 9th time. The „flying buffets“ do not interrupt the networking, therefore the guests are able to intensively talk to old and new business partners.

BRERA Apartments are sponsors of this event for the second time now. With this appearance at EXPO REAL, the young Serviced Apartment group emphasises its willingness to expand in Europe.

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In this SPECIAL, we focus on the hotel industry at EXPO REAL 2017 and on the hot topics of the industry. Current topics of the fair are part of this magazine. Also, you will find younger articles and excerpts from the online trade magazine www.hospitalityinside.com.



HARVARD PROFESSOR CLAYTON CHRISTENSEN COINED THE TERM THAT IS MISUSED TODAY

Disruption: The great misunderstanding

Harvard Professor Clayton Christensen is considered the father of the theory of „disruptive innovation“. Today, hardly any other term is more commonly misused in the field of management. For the professor, Uber and Airbnb are not (!) disruptive companies. Baerbel Schwertfeger met the renowned management expert at the „Global Drucker Forum“ in Vienna. For him, there are three kinds of innovation. He recommends that successfully established companies found a disruptive parallel organisation.

Clayton Christensen, 64, is Professor of Business Administration at Harvard Business School and is considered a globally leading expert in the field of innovation and growth. He has authored eleven books and several hundred articles. In his first book „The Innovator's Dilemma“ (1997), he focused for the first time on the Theory of Disruptive Innovation. He is the founder of several companies, including the consultancy Innosight and the investment company Rose Park Advisors as well as The Christensen Institute, a non-profit think tank focusing on disruptive innovation in health and education.

Are you not frustrated that the term disruptive innovation is mostly misapplied today?

No. But unfortunately not only practitioners, but also many academics have decided to apply my theory to everything possible. Many haven't fully understood the concept. It would be good if there were more disruptive innovation. After all, this is the only type of innovation that leads to growth; growth that we so urgently need.

What is disruptive innovation exactly?

Disruption describes a process under which a small company, often with few resources, challenges a successfully established business. Established firms focus on improving their products and services for their best and most lucrative customers and in so doing neglect other customer segments.

It's here that disruptive companies begin. They offer simpler products, mostly at a lower price. Disruptive companies then work themselves up slowly and supply exactly what the majority of customers actually want. These slowly take up the new offers and in so doing create disruption. There are also disruptive firms that create new markets which previously didn't exist. Take the computer for example. Initially, mainframe computers were so expensive that even universities could only afford one. Then the PC came and the laptop and a new market came into existence. The next step was the smartphone.

When talking about disruptive companies, Uber and Airbnb are always mentioned. Are these also good examples in your view?

No. Uber has changed the manner in which taxis operate. The company has no cars and no drivers and as such no fixed costs. Just like Airbnb has no hotels and no personnel. Their business model is about using available resources differently. But that isn't disruptive, but rather conservative innovation, or innovation geared to growth.

There are then different types of innovation?

Three types of innovation have to be differentiated. Firstly, efficiency innovation. Here, production or distribution is improved so that more can be achieved at a lower cost. The second

type is conservative or incremental innovation. Here, you have a good product and this is improved. A better car, for instance. The problem is here that this merely replaces the old product with a new one. This doesn't generate growth. In these two types of innovation, German companies are very good. And then there's disruptive innovation. It transforms a product which was previously very complicated and expensive and makes it simpler and cheaper so that more and new customers can afford it. Only this form of innovation leads to real growth. In Germany, I see hardly any of this.

How are taxi providers and hotels to react to the new rivals?

The only thing that they can do would be to buy Uber and manage it differently. Taxi providers can't keep pace with this model. It doesn't make sense. They should therefore continue as long as possible. It wouldn't be sensible to give up the traditional model as long as it works. But of course, they can improve here. The alternative would be to launch something completely new. But creating a new business model within the old business model is not a good idea.

The often widespread panic that you have to react quickly or go out of business is therefore exaggerated?

Established companies should react to disruption when they are affected by it. But they shouldn't overreact by giving up

PROF. CLAYTON CHRISTENSEN:

Disruption offers simpler products.

profitable business. Instead, they should strengthen their relationships with their most important customers and invest in conservative innovation. They can also create new business units that focus exclusively on the growth opportunities which arise from disruption. Our research shows: The success of these units depends strongly upon the fact that they are separate from core business. They need a completely different organisation and cost structure. That means that companies must manage two different organisations for a while. If the disruptive business grows, it may perhaps draw customers away from core business. But you shouldn't try to solve the problem as manager before it actually becomes a problem.

How important is disruptive innovation?

All three types of innovation are important and there must be a balance. One

problem is that efficiency innovation generates the greatest returns. That is difficult for companies. As with this, they can't grow. Entrepreneurship is therefore a back-up plan for companies because they can't renew themselves internally. Entrepreneurship means trial and error and we haven't yet learned how we can do this internally. Incremental innovations are also important in order to keep the market rolling. But it too, by its very definition, doesn't create growth.

Today, many companies focus on data and algorithms. Is the key to success to be found here?

Data always represent a phenomenon, but they are not themselves the phenomenon. Each component of the data was generated by a person and this person has selected certain elements of the phenomenon, included them in the data set and has

excluded others. Whenever a decision is taken based on data, it is therefore always based only on the partial truth and data also only reflect the past. You need a theory in order to be able to assess the causality behind the data.

Management decisions which are based solely on data, I believe are wrong. I'm admittedly not dead and I don't know what it's like, but I imagine, if they let me into heaven, when I look around there won't be any data there. And if I ask why that is, then they'll answer: Because data always lie. And whenever data want to get into heaven, then we send them to hell.

Many thanks for sharing your thoughts.

*Extract from hospitalityInside.com,
Dec 23, 2016.*

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ASSISTANCE SERVICES BECOME OUR „DIALOGUE PARTNERS”: THE GREAT LEAP HAS TAKEN PLACE

The Web **learns to speak**

Nuremberg. The Semantic Web is changing the world. Machines recognise language and learn to speak with people – ever faster and increasingly better. The „great leap” is imminent, University Professor Dieter Fensel is convinced, Head of the Semantic Technology Institute (STI) at the University of Innsbruck (www.sti-innsbruck.at). The internet has been around now for 25 years, Fensel reminds us. „Yet the future no longer belongs to websites, but rather to personal assistance services. Many young people, who only go online with their mobile phones, will no longer know the World Wide Web.” The world will become a global village and privacy an illusion. And platforms such as Booking.com will soon disappear. Fred Fettner interviewed an academic who can explain the trend towards more Artificial Intelligence and a very different life.

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Semantics is the science of the meaning of symbols. Those can be words, phrases or picture symbols. Expressed differently, semantics focuses on the relationships between symbols and their meanings. How is this to be applied to the world of computing?

Semantics is about the computer understanding the contents. The Semantic Web makes symbols as a representation of reality understandable for the computer. That is, that F-E-N-S-E-L is not only six symbols, but that these six symbols stand for a name which is attached to a person with a range of characteristics which can be established via links. Here, it's no longer exclusively about active written input, but about detecting and categorising all subjects of reality. At present, the public interest is focused quite intensively on self-driving cars. Here, the technical data, objectives and capabilities of the car are detected and processed along with recorded environment data, including facial recognition. The objective is to detect everything that we also detect as people. But the machine is expected to process the totality of this information better. Right up to the point that we decide: People shouldn't be driving cars, it's just too dangerous.

How much present and how much future is to be found in these approaches?

On the one hand, the Semantic Web is just a small application of the much bigger chapter, which is Artificial Intelligence. But one has to say in response to this question: A lot already has a long history today. Artificial Intelligence has been the subject of research since 1956. It was then that John McCarthy and Marvin L. Minsky launched the „Dartmouth Summer Research Project on Artificial Intelligence”. At the time, the expectation was that key targets would have been reached within ten years. Then, the bottleneck was perceived to be the rapid collection of human knowledge. The input and memory capacity... One thing received too little attention: Recorded knowledge is one thing, but the expert person makes many decisions simply on the back of gut feeling. A computer, on the other hand, can only fall back on „paper knowledge”.

It's here that the World Wide Web comes in...



Prof Dieter Fensel, University of Innsbruck: Computers already understand irony.

Yes. Since the 1990s, we've had the opportunity of pooling all our knowledge. For more than 20 years now, research into Artificial Intelligence has again been intensive. At the time – in 1996 – we also thought that the breakthrough would have been achieved by the year 2000; that the bottleneck would be overcome with the World Wide Web as the brain of humanity.

In fact, very little happened and semantic languages were left by the wayside. Crucial momentum for the great leap forward was provided by Google. Google had long been a rival to the Semantic Web. In its role as search engine, this position was absolutely justified. Yet with the transition from a search engine to an answer engine, Google's position also changed. For a long time already, business transactions have been the focus.

Since its general move away from the position of a pure search engine, Google has become the biggest supporter of Artificial Intelligence and the world's leading driving force.

Why is the real crucial step forward to be expected now? Work has been underway on functional speech recognition for decades.

Speech recognition in particular, a function of semantics, has indeed made a great leap forward over recent years. Most

providers already achieve over 90 percent of what is possible.

What technological changes is that associated with?

The Web has developed relatively quickly and has reduced the work needed to acquire knowledge. And meanwhile massive data volumes are being added every second. Take, for instance, the videos from installed cameras – soon we will have billions of sensors whose data are transmitted online. If data on the web are semantically annotated for four to five years, the leap is given.

Crucial here is schema.org: Google has agreed with the three other major players, Yahoo!, Bing and Yandex (Russia) to use this language. Only the Chinese Bindu is not on board. For us scientists, schema.org was certainly a negative surprise at first. You come along here with a claim for all data – and we therefore thought: How trivial! But the simplification was necessary so that all big players could agree.

For data protection activists, not a welcome development then?

In earlier times, there was no privacy in the village. Anonymity first arrived with urbanisation. Now technology is catching up. The world returns to a village state and privacy is an illusion. Though it has to be said, anybody who wants to can still protect a lot more of his or her own information. Many simply give their data away, or more precisely, they exchange it for services. The services don't use the data in bad faith, but rather the data are used to enrich the user experience and often to simplify it. If I arrive late in the evening at the airport and miss my connecting flight, the assistance system can immediately offer me a room in the airport hotel – and can do that at a discounted corporate rate. Anyone searching for a hotel today on the internet sees typical links as search result at the bottom left with Google 1.0. Above those, there are the advertisements which make Google rich. But the page on the right already belongs to Google

eCommerce, a unit, which is to make the company even richer still. With Google 3.0, the search engine becomes an oracle. It no longer waits for a question, but supplies in advance what the user will next need: The flight I booked online is delayed. The system knows this from flight data. The system then takes the next steps by postponing saved appointments, informing the reserved hotel and pick-up service – or by suggesting a hotel at the airport. The foundation for all of this is the Semantic Web. 90 percent of data recorded worldwide was created over the last two years. Big Data, still a concept which has no clear definition, forms the basis for this. Semantics allows more efficient data processing and clears the way for Artificial Intelligence. To come back to the issue of speech recognition. Siri (Apple) understands speech well, even my colloquial speech, although the software isn't personalised. This is possible thanks to huge data volumes as well as oral input. That increases the hit rate. Today, computers even correctly understand irony in more and more situations. The technology is the same as that used for predictive text and spelling correction: What do the majority of people write?

Is that what we call swarm intelligence?

Yes. If you look at the development of human languages, at the beginning there's always the exchange on common activities. Siri is not alone. Google, Amazon and Microsoft have similar standards. There's always a critical point from which development speeds dramatically. In the field of speech recognition, I believe this point has been reached.

Is the impact of this an ever greater simplification resulting in a simple, easy to understand superficial uniform language?

My current fear is rather one of fragmentation. All offers which I receive confirm my world.

What are the direct consequences for the hotel industry?

Overall, the constructive uses of chatbots outweigh any negative effects (Editor's note: Chatbots are text-based dialogue systems or personal virtual assistants). Together with the destination management organisation Mayrhofen, the startup in our Onim Institute developed a chatbot which communicates with the prospective guest. Questions are answered, the guest is guided towards making a booking. A conversion rate is therefore secured.

Does the prospective guest know that he or she is communicating with a machine?

I expect that this will be made clear. Dating websites and internet debates often hide this, but really everybody should still be able to recognise who or what he is communicating with. In the case of Mayrhofen, it's about written communication.

In general we can say: The Web has now existed for 25 years. But the next revolution is imminent. The future no longer belongs to the website, but to personal assistance services. Today, anyone googling information on his or her smartphone, no longer receives links, but responses from Google-now. On the iPhone, responses are provided by Siri, on Facebook from its chatbot. I interact with a layer over the web. Many young people, who only go online with their mobile phones, will no longer know the World Wide Web.

If I interact more with my assistance system, I will receive responses which are tailored/filtered in line with my personal preferences. For providers, that means: I must be well positioned in these assistance systems. I only create presence if I have rich content, also regarding the hotel. As Destination Management Organisation I can steer that myself – as hotelier, I have to go along with this, I want to be on board, after all.

It's crucial to describe the entire bookable content in schema.org and so to allow automatic bookings. This does away with work-intensive manual procedures and channel managers also become obsolete. A new type of booking for which the individual hotel obviously requires a booking engine.

Extract of an article by hospitalityInside.com, June 23, 2017



Adina Nuremberg: Tailor-made Serviced Apartment concepts also work in smaller locations.

EXPERTS BELIEVE C LOCATIONS IN GERMANY HAVE GOOD CHANCES OF SUCCESS

Hotel brands **hit the countryside**

Wiesbaden. The real estate boom in Germany is increasingly bringing C locations into the investor focus – for lack of A and B location alternatives. Yet there is disagreement even about what counts as a C location. And operating hotels in such locations is not a job for anyone. To make a success of it, special concepts and specialist operators are required. Local knowledge, local capital and local franchisees can have a positive impact here. Alongside classic hotels, Serviced Apartments can also work in C locations. The assessment of the hotel experts.

Outside Germany's Top 7 cities – Berlin, Munich, Hamburg, Cologne, Dusseldorf, Frankfurt, Stuttgart (or Dresden – there is some disagreement as regards 7th place), the private hotel industry continues to play an important role, but its role is in decline. After a strong increase in interest from investors, developers and operators in good B destinations such as Nuremberg, Leipzig, Hanover and Essen, many of them are meanwhile turning their attention to attractive smaller towns. „Around ten or so years ago, the B districts of A locations were interesting, and around six years ago, the B cities were added to that. Now, the focus has expanded to include C locations,” Alexander Trobitz confirms from BNP Paribas Real Estate. The distinction between a B and a C location is often unclear though. „There is no general definition of what counts as a C location as various factors

have to be taken into account. In our view, the number of inhabitants is decisive: Towns with between 100,000 and 250,000 inhabitants can be categorised as C locations. This isn't the only criterion though, as the relevance of the town for tourism is also a factor for the region. As we see it, C locations include Darmstadt, Solingen, Guetersloh, Reutlingen and Moenchengladbach as well as Weimar, Erfurt and Bad Homburg,” Trobitz says. Hotour Hotel Consulting, based in Frankfurt, defines a tertiary or C location using two criteria – a minimum number of inhabitants of 50,000 and overnight stays of between 150,000 to one million. At Hotour, towns with over 100,000 inhabitants and counting between one and four million overnight stays are considered secondary or B locations. Using these criteria, the company counts a total of 18 B locations and 88 C locations in Germany. „We

regularly adjust these values in line with market changes,” Hotour Managing Director, Martina Fidschuter says.

Growing diversity of brands in C locations

For Georg Schlegel from Choice Hotels, C locations are smaller business locations in which no new hotels have arrived over the last ten to fifteen years. „In general, business there is focused on less strong businesses or on small and medium-sized companies (SMEs). These locations do, however, come into the focus of larger companies because there is land for production facilities available as well as employees. Tax incentives also sweeten the deal. „In so far as the number of hotel rooms, their occupancy and their rates are concerned, a C location is a limited market,” he says. He further defines C locations as fringe areas of large conurbations such as

new industrial areas on the outskirts of cities or on the edge of motorways. As an example of a typical C location, Schlegel cites Lippstadt, where Choice now operates a former Welcome Hotel as a Quality Hotel. He also cites Aalen, Herford, Guetersloh, Kaufbeuren, Coburg, Nagold, Villingen-Schwenningen, Landsberg, Guenzburg.

In Nagold, the renowned design company Rolf Benz is present, in Landsberg local firms such as Hilti and Rational, and Guenzburg has Legoland. On the other hand, Choice's new partner, Star Inn, is not present in any C location. „Vienna, Linz, Graz, Salzburg, Munich, Augsburg, Stuttgart, Frankfurt, Karlsruhe, Hanover, Bremen, Dresden and Regensburg are by my definition all A or B locations“, Schlegel says. Further typical Star Inn locations would be Freiburg, Saarbrücken, Berlin, Hamburg, Leipzig and Ingolstadt.

The franchisor InterContinental Hotels Group (IHG) is also turning attention to C

locations. „We have no definitive list for B and C locations, as there is lots of movement here,“ developer Martin Bowen says. „Decision criteria for a C location include, in general, the office space held by larger and medium-sized companies, tourist attractions and regular events or trade fairs. Apart from that, location advantages or motorway connections to another A city are interesting. Characteristic for interesting C cities is also a solid number of overnight stays – a sign of the appeal of the market. All these factors make C locations typical for Holiday Inn Express or Holiday Inn Hotels.“

Not only classic hotels, but also Serviced Apartments are putting out feelers in C locations. Apartmentservice owner Anett Gregorius says this: „For Serviced Apartments, such locations are only interesting if the companies located in that area have a national or international scope and are thus in a position to generate long-stay business.

An example here would be Aalen, which thanks to Zeiss (glasses) sees a high share of project business,“ she says.

Investors and franchisees often local

The time for hotels in C locations in Germany is certainly favourable though: Investor demand for hotel real estate remains very high, prices continue to rise and the opportunities for investors to generate good profits even in C locations are improving. „However, it is to be taken into account that the ticket size per sale is smaller here and that these hotels therefore simply don't come into question for many investors,“ Trobitz says. A good example for a hotel sale in a C location is the sale of the Holiday Inn Express in Guetersloh just one year ago, a sale on which BNP Paribas Real Estate advised. „Today, hotels in such locations are very saleable; five to six years ago, this was different.“

Even institutional investors are interested in hotels in C locations provided these can be incorporated into a portfolio, Martina Fidschuster says. „For lack of other products, limited service businesses in C locations meanwhile certainly do have their sex appeal for investors.“ Where new hotels are being built in C locations, these are not only displacing the old often run-down hotels from the town, but are also attracting guests from the surrounding area. „I ask myself sometimes here why private hoteliers, who have obviously gotten in over their heads in terms of maintenance, don't just sell and become a franchisee of a new hotel with the proceeds,“ Fidschuster says.

„Most often, it's local investors who are active in C locations, e.g. family offices or private equity companies. Often, the cities themselves are behind the investment or local industrial companies who are unable to find adequate accommodation for their customers or staff,“ Schlegel reports. Franchisees are generally from the local area or already operate hotels in the region. „They have a feel and experience for the location,“ he says.

On the investor side, the market for Serviced Apartments remains covered to 76 percent by individual businesses. Even in A locations, there are hardly any investors focusing exclusively on serviced apartments, Anett Gregorius says. „In C locations, projects are often implemented by actors which have previously not been active on the hotel market.“

Erfurt's picturesque old town attracts visitors. In one of the historical buildings the Best Western Plus Hotel Excelsior is located.



Location analysis beyond immediate area

In order to find out whether a location is suitable for a hotel, Trobitz suggests a comparison with other similar locations, e.g. using overnight stay figures as well as location and socioeconomic data such as strength of the economy and number of inhabitants. „Comparisons which focus only on the town itself make less sense. It's better to look at the whole of Germany for a location in which a hotel with a similar concept has been sold," he says and describes these as the „comparables".

An analysis for C locations is not easy, he goes on, because many overnight stays are made far outside the locations in question due to the lack of supply in those areas.

Guests are also forced to stay in private rented accommodation for this reason.

„Cities like to overestimate the figures," he says. It's best to ask local firms for overnight stay data, he says. Overnight stays more or less guaranteed by these companies over a certain timeframe are the decisive factor.

It's also interesting to look at one's own reservation system to get a grip on just how many requests for a certain area are declined for lack of a hotel at the corresponding location. „Meanwhile there are a number of operating companies that have experience in comparable locations and they too are interesting sources of information. The fact is, a hotel will not generate a new market, but it can regain overnight stays lost in the local market," Schlegel asserts.

Anett Gregorius and her team glean information directly from the potential location and its surroundings: „In such locations, we always carry out a potential analysis through which we survey companies in the region as to their requirements for long-stay accommodation and their budgets," she says.

Limited service scores well

Choice Manager Schlegel describes budget and mid-market products as the most suitable concepts for C locations. Preferably also with conference options and catering. The size tends to be around 70 to 90 rooms. These hotels secure international connections through franchise partners, in Choice's case through the brands Comfort and Quality. Schlegel cites ibis, Moxy, Holiday Inn Express and Hampton by Hilton as rivals here. B&B has also ventured on to the market here with its smaller units – as can be heard – and has done so successfully in locations with less than 150,000 inhabitants.

IHG confirmed the increased demand for Holiday Inn and Holiday Inn Express Hotels in C locations. At present, ten Holiday Inn and 28 Holiday Inn Express are planned in Germany. „It's mainly business travellers staying at C locations," Bowen says. Those visiting such towns generally have certain expectations of the hotel: Comfort and suitability for purpose as well as very good location at a good rate. Also very active in C locations meanwhile is the group Vienna House with its Vienna House Easy brand. Full service hotels can also be successful in C locations where operations are properly streamlined, e.g. via operators such as Achat, IBB or the Plaza Hotel Group. The latter group is based in Heilbronn and



Anett Gregorius:
Local companies
are important
suppliers for
room nights.



Martina Fidschuster,
Hotour: In
Germany, 88
locations are
labelled „C".

takes on hotel operations, generally tagging them on to Best Western. „B and C locations are interesting for us because competition is much lower than in A locations," Plaza Managing Director Yonca Yalaz says.

On the topic of serviced apartments in C locations, Anett Gregorius says: „In general, the share of long-term stays, longer than a month, in such locations is very high. Also, it is rare that more than 50 units can be realised. Consequently, a very high service offering would be negative for profitability. For this reason, classic apartment houses or micro-apartments with their limited service offering are generally better suited than service-intensive apartment hotels/aparthotels.

Conceivable brands for such locations are SMARTments business (by GBI AG), Brera Apartments, iPartment and iLive, as they focus their concepts on long-stay guests with a reduced service offering at good value for money. „But brand-independent individual businesses also have a good chance of success in C locations," the expert continued.

Scalable hotels easier

From the investor side, one question repeatedly occurs when it comes to hotels in C locations: the question as to scalability. Business models with good scalability are often strongly automated from the operator side and have a relatively low fixed-cost ratio. This also applied to budget hotels as well as micro-apartments.

„From an investor perspective, limited service hotels are very scalable since they also reveal a high degree of standardisation at construction and therefore comparably low construction costs. Also, land in these locations is more freely available," Martina Fidschuster points out. By scalability, Scandic Hotels also understands that as many hotels as possible should be clustered at one location in order to centralise service segments, reservations, accounting, sales etc., and thus save costs.

Coupled with the regional expertise of the operator and international distribution by the franchisor, these models are likely to have good long-term survival chances on the market. „Doubtless, there remain very good private hotels and guesthouses, but in particular when one person books for another, e.g. the secretary for business travellers, then the security offered by a brand has its advantages. People tend to make the secure booking rather than risk placing somebody in an unrenovated room in a private hotel," Fidschuster says. Her advice to the private hotel industry is to maintain all rooms at a comparably high standard instead of placing emphasis on diversity. / Susanne Stauss

*Extract of an article by hospitalityInside.com,
June 16, 2017*

+++ Ongoing hospitalityInside survey +++ Ongoing hospitalityInside survey +++ Ongoing hospitalityInside survey +++

PARTICIPATE IN THE 9TH HOSPITALITYINSIDE & UNION INVESTMENT SURVEY

When will pipelines and concepts burst?

Augsburg/Hamburg. This time, the hospitalityInside INVESTMENT BAROMETER will start only after Expo Real. The numerous discussions will certainly influence opinions here and there; therefore, the 9th survey carried out by hospitalityInside.com in cooperation with Union Investment will start on Friday, October 13, 2017.

Again, the trade magazine hospitalityInside.com and the investment company Union Investment are inviting the decision makers from hotel industry and real estate/investment to give short and precise answers to two very interesting questions. The answers, however, will remain anonymous.

This time it revolves around the absorbing capacity of the hotel market.

1. Hotel chains have full pipelines at the moment. How much more of that can top locations (A locations) still absorb?

- A locations will continue to be filled until the last gap is closed.
- B locations are already absorbing most of the project surplus from A locations.
- C locations are already becoming the new B locations.

2. Will a consolidation of hotel concept/brands take place in the event of a crisis?

- Yes, there will be a clear and fast brand adjustment.
- No, there will be no spectacular movements as the brand consolidation has already started.
- The brand adjustment will affect hotel concepts of all categories. Which categories?
 - Low Budget/Budget
 - Midscale/Firstclass
 - Luxus

We are looking forward to your opinion!

On Friday, October 13, 2017, you will obtain a participation link via our newsletter. And the respective banner on our home page also leads to the survey.

All survey participants will obtain all details and analyses as a PDF document in a personal eMail later on. Parts of the survey results will be published in hospitalityInside.com under „Market Check“. The survey starts on October 13, 2017, and ends on November 3, 2017.



... And this was YOUR opinion in the last hospitalityInside INVESTMENT BAROMETER:

AUTUMN 2016: With regard to the question as to current willingness to take risk, the participating hotel investment experts were divided into two roughly equal camps. 51 percent stated they pursued a strategy of „same return, higher risk“; by contrast 49 percent indicated that they were happy with „lower returns for the same risk“.

AUTUMN 2015: The hotel construction boom will continue.

48.5% describe the sentiment in hotel development as „very good“. **SPRING 2015:** The continuing pressure on demand in the hotel market most likely motivates hoteliers and hotel property experts to diversify regionally in secondary and tertiary markets.

AUTUMN 2014: Brand hotels will happily announce a quick-paced expansion, but in reality, they rarely implement these plans as quickly.

Q1 2014: Currently, the rate-of-return considerations are driving the investments in hotels, more than diversification and security aspects.

Q4 2013: The largest potential for developing into an investment product is being assigned to apart-hotels and serviced apartments.

For more see www.hospitalityInside.com („Market Check“).



Dorm in a Generator Hostel:
Beds and storage departments are numbered.

THOSE WHO WANT TO CASH IN QUICKLY ARE BUILDING HOSTELS – THE NEW BOOM AFTER BUDGET?

The new **investors' darlings**

Wiesbaden. Institutional investors in the accommodation sector have a new darling: hostels. The investments in A&O and Meininger Hotels have generated awareness within the industry. But ever since the recent million-euro deal concerning Generator Hostels, people agree: this market still has huge potential. Thanks to the selling of beds and the slim infrastructure, these concepts pay off better and faster than budget. Even groups like A&O, which want to upgrade in F&B, are not endangering this calculation so far.

This spring, Generator Hostels obtained a new owner for 450 million euros.

Patron Capital and Invesco Real Estate sold the group comprising 14 hostels and 8,639 beds (12 hostels in operation, two in development) to Queensgate Investments. All hostels are located in attractive destinations such as London, Paris, Copenhagen, Amsterdam, Miami, Dublin, Hamburg, Barcelona, Berlin-Mitte, Berlin-Prenzlauer Berg, Stockholm, Madrid, Venice, and Rome.

Queensgate announced it was going to invest an additional 300 million euros in the expansion of the group. The annual turnover of Generator Hostels was 70 million euros, according to media reports. In 2014, Invesco participated in the group and is said to have paid 60 million euros for a share of 24 percent at that time. Jason Kow, CEO Queensgate Investments, said immediately after the purchase: „Generator Hostels stands for high-quality properties, solid turnovers and an attractive lifestyle brand, as well as scalable opportunities.“

Generator and Queensgate are cooperating in the development of the brand.

Paying for experience

The advantage of a Generator Hostel is that no fixed layout is needed, explained Generator's CEO Frederik Korallus to *hospitalityInside.com* at the IHIF in Berlin this year. Shortly before the editorial deadline, *hospitalityInside.com* was informed that Frederik has recently left the company. No successor has been determined at the present time. So all statements by Frederik following now refer to our conversation at IHIF in March). All current Generator Hostels are conversions of existing buildings



A&O CMO
Phillip Winter:
The target
groups fill all
types of rooms.

with a certain patina, e.g. a former distillery, a warehouse or a police station. The proximity to public transport is crucial though.

According to Korallus, 70 percent of the Generator rooms are multi-bed rooms, 30 percent are so-called private rooms with their own bathrooms. In future, the group will focus more on a peppy F&B concept: bars with food and night clubs. „F&B attracts guests, they pay more if they get an experience in addition to their beds,“ says Korallus. In Amsterdam, they already achieve an average rate of 35 euros per bed and night; however, most competitors still lag behind with 18 euros. Concerning furnishing and equipment, fewer common kitchens and bathrooms are in demand, but bathrooms directly in the rooms instead. Here, the toilet should be separate from washbasin and shower, which should also be optically separated from the multi-bed room to provide some privacy. Currently, Generator's turnover generates 60 percent from rooms and 40 percent

from other income such as retail, bars or the sale of sight-seeing tours, according to Korallus. For 2017, he expects a turnover of 78 million euros for Generator. From the current 14 Generator Hostels – Madrid opens in September, Miami in November – 12 properties are owned by the group. The hostels in Stockholm and Berlin-Prenzlauer Berg are leased. The future expansion policy includes further consolidation in Europe, said Korallus, as they would like to have more properties in Berlin, Hamburg, Paris or London. In addition, they are interested in Warsaw, Prague, Budapest, Tel Aviv, Munich, Florence or Milan. The expansion with property should be selective; in high-risk markets such as Tel Aviv, they will bet on management rather than on lease agreements.

54 percent more hostels in five years

The figures of A&O Hostels also speak in favour of this segment. With about 23,000 beds and more than 3.7 million overnight stays in 2016, A&O had a turnover of about 114 million euros. The guest structure comprises leisure/city tourism (40 percent), group/class trips (37 percent), families (15 percent) and business travellers (8 percent). The hostel segment has become very important for investors as it has an astonishing high market growth," explains Denis Gjorgiev, Business Analyst at A&O Holding. "The number of hostels in European capitals has increased significantly in the last five years – at the beginning of 2017, there were 54 percent more operating hostels in the market than in 2012. This way, the number of businesses increased significantly faster compared to the regular hotel



Marc Socker, Invesco: Pioneer among the institutional investors with a favor for the hostel segment.

industry of the budget markets." Gjorgiev explains the success of the business model with comparably low standards and a high bed structure. "This way, smaller hotels are also able to operate profitably," he says. "While a hotel with 100 rooms normally has 200 beds, a hostel with 25 rooms could provide the same number of beds. During the construction phase, about 75 bathrooms are saved, adjacent areas become smaller, the building becomes more compact, and because of the dorm model (multi-bed room with 4 and more beds), the concept can be adapted flexibly to existing room sizes."

5.5 million for 684 beds

Just a few days ago, A&O Hostels presented its first project in Denmark, showing what a hostel of the youngest generation looks like. The A&O Copenhagen Nørrebro was built within eight months and leased in the long term for 30 years from AP Pension. The investment costs concerning construction as well as furniture and equipment amount to 5.5 million euros. In the new 6,144-sqm property on four floors at Tagensvej 135-137, one night in a multi-bed room starts at 12 euros, in a double room at 39 euros. The accommodation has 684 beds in 168 rooms, mainly of the four-bed and six-bed family room category as well as double rooms: "On weekdays,

we are able to meet the large demand of multi-bed rooms for groups; on the weekends, these rooms are used by individual travellers such as couples and families," explains Phillip Winter, Chief Marketing Officer at the A&O hostel group. For the first time, the rooms were constructed modularly; i.e. functional wooden boards integrate all electronics and cables and can be mounted without problems. The room locks function with card codes and are already designed to be opened via smartphone. Every family multiple-bed room has been equipped with so-called privacy boards, a facing on the bunk beds for more privacy with LED reading lights, tablet holders and two USB ports; the head boards of the double beds are equipped similarly. In the rooms, stools have replaced conventional chairs.

In the public area, there are seating islands as couch elements, a reading corner with sofas, and the lounge area with armchairs and coffee self-service. The breakfast room has a small terrace, with three-table arrangements, as well as high tables in bar style. The guest kitchen, laundry and the children's play corner are located in the lobby. The chain shares the building with a student hostel. Therefore, the A&O hostel offers a "Students Only" area for young academics with a quiet zone and high-speed Wi-Fi.

Presentable track record

Marc Socker, Managing Director Fund Management Hotels at Invesco Real Estate, explained to *hospitalityInside.com*: "Being an institutional investor, we've been a pioneer in this very active and liquid hostel sector. Generator Hostels meant an

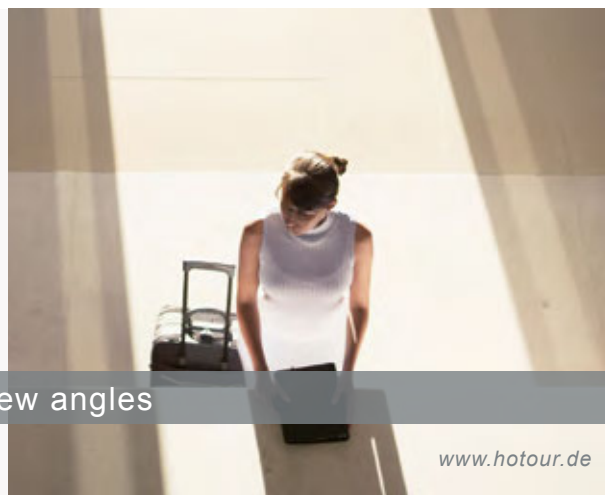
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exciting opportunity for us to invest in a pan-European hostel platform with significant potential for expansion.” Socker answered the question whether he would invest in hostels again with a clear yes. Hostel types like Generator were one of the most quickly expanding segments within the hotel industry and took a leading position in the budget and lifestyle hotel segment in many aspects. However, the quality of the real estate and management team was important.

He expects even more creditworthy opportunities to turn up in this segment. Today, more data was available with respect to this investment class. And successful brands like Meininger and Generator have been on the market at various destinations for more than a decade – a presentable track record. Socker: „Youth travel generates the biggest demand, it is the fastest-growing segment of the worldwide travel business, remaining robust even during economically difficult times. The youth travel market is currently estimated to generate 20 percent of international tourism and 15 percent of tourism expenses worldwide. However, it only equals five percent of the entire accommodation market. If the hostel segment is connected to a strong brand, the resulting product is a very attractive investment opportunity. It is furthermore supported by the growth of low-cost carriers that make travel through Europe more reasonably priced.

The dynamic of hostels is of interest to others as well: „We’ve been observing the hostel market very intensely for several

years. In the past few years, transactions (Meininger in 2014, A&O in late 2016, Generator in early 2017) are a clear indicator for the market dynamic. In addition, new brands are being developed in this new segment, like H.Ostels of H-Hotels, or Jo&Joe of AccorHotels,” says Michael Lidl, Managing Director of the Treugast consultancy in Munich. The ongoing high attractiveness of this market segment also showed up in the Treugast Investment Ranking, which has ranked the market leaders of the German hostel segment, Meininger and A&O in the AA category for many years, thus equivalent to hotel groups such as Hilton, Leonardo, Lindner, and Marriott. According to Lidl, the biggest advantage of hostels was the enormously high cost and space efficiency due to the dormitories, the relatively small public spaces and cost-efficient FF&E. „This results in very low investment costs in the hostel segment of about 15,000 to 25,000 euros per bed,” he says. Broken down to a double room, the most expensive hostel still meets the level of a cheap budget hotel.

According to Lidl, hostels do not differ that much from budget hotels, but they generate higher rates more quickly: this pays off

quicker – from a 3-bed room upwards they are significantly higher. A hostel’s average bed rate of about 30 euros thus makes up an average room rate of 90 euros (assuming that an average hostel room has three beds) – and that is no problem on the market at the moment.

From the Treugast Managing Director’s perspective, the hostel calculation is still valid, if providers like A&O want to give their public areas more sex appeal and also brush up the F&B concept: when it comes to hostels with up to 1,000 beds, such facelift measures are only marginal – but they still support higher guest loyalty.

Only few big players

The Treugast consultants consider the dynamic of the hostel segment as further proof of the increasing hybridity on the market. In this segment, market entry barriers were still relatively low, as there are only a few big players so far. „The biggest players in Germany are Deutsches Jugendherbergswerk, A&O and Meininger, whereas each of these three groups is clearly positioned and distinctly differs from its competitors,” said Lidl.

„Despite the fact that the market volume is not as big as in the budget segment, the hostel market has the potential to become Germany’s new booming market and gradually replace the boom of budget hotels, which has been going on for 15 years,” Lidl added.

While hostels have been erected in city centres so far, Denis Gjorgiev of A&O Holding sees a market for hostels outside the cities’ tourist areas today. In addition, the business analyst continued, the new distribution structures resulting from digitization – which are now able to cover even very small units thanks to scalability – increasingly leads to new concepts. / Susanne Stauss

Extract of an article by hospitalityInside.com, May 26, 2017

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HIGHLY PROFITABLE, BUT MORE RISKY

« Max Luscher, Managing Director B&B Hotels Germany, relativizes hostels:

„We at B&B have taken a close look at the issue and analysed it. We think that hostels and hotels are two clearly different business models that also need to be controlled differently. For example, hostel guests expect a hostel atmosphere and not a hotel atmosphere. The hostel business is extremely group-heavy (for example due to school groups), the product quality, i.e. hardware, needs to be simpler in hostels, but at the same time more robust. Hotel guests consider it mostly too ‚simple‘. All in all, B&B does not see an exodus of guests to hostels. Hostels can be a highly profitable business as the rooms – for example, rooms with 8 beds – can be occupied entirely differently and other key figures are used. 8 x 25 euros is 200 euros, which is a value that is rarely achieved by luxury hotels when converted to floor space. Hostels often have GOP margins of 50-60 percent, of which luxury hotels can only dream. In total, they are definitely an interesting investment, although this segment is more prone to crisis than hotels. Missing school groups, for example, can hardly be substituted by hotel guests.”

DOES BUDGET STILL HAVE A FUTURE OR ARE WE FACING UNIFORMITY IN THE MIDDLE?

17 sqm and **upgrading** without limitations?

Classic budget hotels upgrade their hardware, room sizes partially change, and even the gastronomic offer is topped up. In turn, the 4-star hotel industry downsizes due to continuously rising property prices. Will there soon only be uniformity left in the middle? Motel One's most recent announcement, that is to equip their new budget hotels with granite flooring, with exclusive designer furniture, tissues and safes, started a sensitive discussion on the German market.

The managers of Berlin's project developer GBI AG witness it themselves: "The hotel industry leveled off in the 3-star-minus to 4-star-plus area with a net room surface space of 22 to 24 sqm", says Chris-Norman Sauer, Head of Development. Brands of the so-called budget hotel industry, he continues, are in the middle of expanding their room sizes from what used to be 14 to 16 sqm up to 19 sqm – which nowadays rather corresponds to the economy category. In addition, public areas are designed more welcoming and thought through and more in tune with the locations. "Five years ago we still had the rule of thumb that, in a budget hotel, a maximum of 30 sqm gross floor area per room would be calculated. With 4-star hotels it was around 50 sqm – partially way beyond that. This clear difference in surface space is halved due to a growth in surface space with the new generation of budget hotels and, at the same time, the pressure to cut costs in the 4-star class. Holiday Inn Express and other modern budget hotels have, owing to bigger rooms and more

generous public areas, a gross floor area-usage of 35 sqm per room, sometimes even more than that," the GBI developer says. Hence, 4-star hotels would not only reduce their room sizes but also their fitness



Reiner Nittka, GBI: Budget hotels grow in surface space, 4-star hotels are shrinking.

area and would introduce multifunctional rooms instead of conference rooms. With almost 22 sqm, the rooms of the first Premier Inn in the Frankfurt Europe district, that GBI built, is bigger than in their home country Great Britain. According to GBI chairman Reiner Nittka, this is because the

property was originally planned as a GBI smartment building. "In the new Premier Inn Hotels in Germany, the rooms will have 19 sqm," he knows. Equipped with a kitchen for the restaurant and with high quality, spacious public areas, the Premier Inn defines itself as a "Premium Economy" brand.

The guest does not pay per square meter any more

"Budget is not out. But budget is changing and is more and more becoming a serious competitor for the 3- to 4-star hotel industry," Chris-Norman Sauer explains. The customer does not care much anymore about the hotel classification. "Even with business customers, there is less and less focus on status. These days, the guest is looking for a hotel experience, variety and for surprise. He or she seeks for local connection and authenticity. That is what he or she pays for – not for the square meter of hotel surface space any more", he says. According to Ursula Schelle-Mueller, Chief Marketing Officer of the Motel One group, even with the next generation of Motel ▶

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The Motel One Lounge: the budget group is driving the market by permanent upgrading.

One, the room size of 16 sqm on average would not change. However, the Motel One Upper West, which opens in Berlin in March with 580 rooms, does experience a product refinement, also with regard to its rooms. Among other items, the rooms will host an armchair of the manufacturer Freiraum and round desks, a smartTV, a safe as well as local art. There will also be further developments at the lobby-lounge-bar. Considering all these upgrades, Motel One has now decided to drop the word "low" in their brand subtitle "Low Budget Design" in the future – after all, they have not admitted to 'economy' as of yet.

Another path, different from Motel One's, was chosen by the young Ruby brand, but at the end of the day they, too, will have to compete with the further developed budget hotels. "Compared to design budget hotels, that render budget hotels chic so to speak, we slim down luxury hotels," Ruby CEO Michael Struck explains. Hereby, the luxury in the room is focused on the basics such as the quality of sleep, with high-class, 2.10 m beds, a special sound insulation and excellent light dimming features (as seen by Ruby's target group). While a classic 4-star hotel has a

total surface space usage of about 40 sqm gross floor area per room, Ruby uses about 30 sqm gross floor area per room, in the new Munich hotel it is about 31.6 sqm, for instance. The room size for bathrooms starts with 16 sqm at Ruby and is 18 sqm on average. According to Struck, the RevPAR in both Ruby hotels in Vienna established itself in a 4-star area. With entry level prices, however, one stays under the magic 100 Euro mark. This alone already shows the balancing act between budget and midscale.

Too much capital on the market pushes upgrades

"Motel One pushes the market further," Marco Nussbaum, CEO at prizeotel, is convinced, "but technologically, we are still the best." For Nussbaum it is clear: "The 'Geiz-ist-geil' mentality (stinginess is sexy) is over." This is also why prizeotel is currently investing in public areas. The room size of 16 sqm won't really be changed with prizeotel either. "Unless," Nussbaum says, "we are talking about a conversion."

Wherever you look at the budget hotel industry, everywhere investments go into

lobbies, food concepts, beds and also safes, Nussbaum says. This is also owing to the fact that there is a lot of capital in the market. On top, properties and equipment are getting more and more expensive yet better locations are expected. All of this will reflect in the pricing of the budget hotel industry.

Yet, even ibis did not remain closed up to the trend towards refinement in recent times either. In almost all hotels, the group already came up with a new design, new F&B concepts and better beds. Eike Alexander Kraft, Corporate Communications Central Europe, identifies the room size of ibis budget with currently about 14 sqm, of ibis with about 16 sqm and of ibis Styles with about 17 sqm. "Generally, the room products and sizes at the ibis family are going to be designed more flexible. This helps us to better react to the different projects and needs of the respective micro markets," he says. In the Asian region, for instance, the room size is 30 sqm. A radical change to these specifications is currently not planned.

However, Kraft says, ibis has recently upgraded the public areas. "In the design concept AVANZI, which was developed by the French design studio Archange and which is being implemented step by step in all ibis hotels, the lobby plays a central role. Warm colors and decoration elements made from wood, paired with upholstered furniture and big shelves, add to one's well-being. And to always stay 'up-to-date', the reception offers large screens with current information regarding one's stay. Also in the ibis family, more freedom of scope is planned for the future in order to guarantee a better adjustment to the local market."

/ Susanne Stauss

Extract from *hospitalityInside.com*, Feb 17, 2017.



prizeotel goes international, with an exclusive design by Karim Rashid.

DR ANTON M. OSTLER EXPLAINS GERMAN STRUCTURES TO FOREIGN INVESTORS

The legal challenges

Munich. Foreign capital is flowing into Germany – in these turbulent times still one of the most stable economies in the world. Some potential foreign investors, however, withdraw when facing the legal structures. A number of important legal issues need to be addressed. German corporate lawyer Dr. Anton M. Ostler, partner of German business law firm Arnecke Sibeth, and a recognized expert in German and cross-border corporate and commercial law, gives an overview of the most commonly used company structures, corresponding business regulations and additional issues specifically related to the acquisition of real estate.

While the same legal conditions apply to both foreign and German entrepreneurs in Germany, for foreign investors one of the most important is the choice of legal form for their business. Clearly that choice reflects individual circumstances but there are a number of common issues which need to be addressed, including personal and corporate liability, tax law, labor law and social security issues and how best to structure shareholders' responsibilities and functions.

Company structures

Several kinds of vehicles exist:

- corporations (Kapitalgesellschaften),
- partnerships (Personengesellschaften)
- and branches (Niederlassungen)

A Corporation gives investors the opportunity to limit their liability and effect confine much of the business risk to the so-called liable equity (registered share capital (Stammkapital)). A corporation is a legal person: the company itself holds rights and

obligations not the individual shareholder. The corporation concludes contracts, possesses assets and is responsible for paying taxes.

Generally speaking, directors and supervisory board members may be held liable under civil law by the company and by creditors and can face criminal law sanction if they violate statutory provisions.

The following forms of corporations are frequently used in Germany:

- Limited Liability Company (Gesellschaft mit beschränkter Haftung – GmbH);
- Stock Corporation (Aktiengesellschaft – AG)

The corporate form most commonly used by foreign investors for operations in Germany, the GmbH is a private company and therefore unable to seek a listing on the stock exchange. The minimum share capital is EUR 25,000. At least half of the minimum capital (i.e. EUR 12,500) must have been actually and verifiably contributed into a

bank account at the time of the application for registration. Its incorporation must be notarized by a public notary. The bodies of a GmbH are the shareholders' meeting and the managing director(s). An (optional) supervisory board is often instituted but not mandatory. Liability is limited to the shareholder capital, while each shareholder is liable to the extent of his/her share in the registered capital. Share transfers must be notarized.

Business regulations

A new business in the form of a company, a commercial partnership or a registered branch must be registered with the local Commercial Register. Certain information has to be filed with the registration. The statutory annual accounts must be disclosed in the Federal Gazette (Bundesanzeiger). A trade certificate (Gewerbeschein) is required in order to start the business, to be obtained from the local trade division office (Gewerbeabteilung/Ordnungsamt). In the case of a GmbH, the managing director



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has to obtain this document in person. After issuing the trade certificate, the trade division office will inform the local tax office. The local tax office will send a questionnaire to the business so that it may be registered for tax purposes.

It should be noted in addition that Germany has statutory rules governing fair trade, general terms and conditions of trade, competition law, merger control as well as standard matters such as the content of business letters and faxes. Failure to follow these regulations results in legal sanction. For example, infringement of the rules regarding business letters and faxes may incur a fine of up to EUR 5,000 if the required information is not included. Special requirements also apply to eMails and websites.

Acquiring real estate

The real estate market in Germany continues its prolonged boom and is a sellers' market. For buyers a thorough search and due diligence process is therefore an essential preliminary step even for smaller transactions. In addition, the following legal requirements must be met:

Real estate purchase agreements must be notarized (Section 311b German Civil Code) and must include any and all stipulations and agreements concluded between the parties in connection with the real estate purchase. All purchase agreements



Dr. Anton Ostler,
Partner of
Arnecke Sibeth
law firm Munich.

that do not meet the above form, or any side agreements to notarial purchase agreements, are null and void.

The transfer of ownership of real estate requires:

- 1) an agreement (Auflassung) between the parties, notarized by a German notary and generally performed in the real estate purchase contract, to the effect that the ownership shall pass from the seller to the purchaser; and
- 2) the entry of the purchaser in the land register.

It is essential to note that title is not transferred at the moment the purchase agreement has been concluded. Title is only transferred when the purchaser is registered as the new owner of the property in the land register.

Points typically discussed in any real estate purchase transaction and important content of a property purchase agreement are:

- Warranty questions (e.g. who shall be liable for defects or damages and inherited pollution and to which degrees of liability, gross or slight negligence or intention; liability for unknown encumbrances or lease agreements; any special guarantees that may be desired, e.g. that the property does not require any necessary improvement works or have faulty foundations). The seller usually gives the following contractual warranties to the buyer: warranty regarding compliance with public law (e.g. building permit, absence of any outstanding official or fire safety orders); warranties regarding lease agreements; warranties regarding defects, including possible contamination.
- Conditions of a purchase price payment (e.g. date or time limits; who will receive the interest; whether an advance payment is required or desired; whether any bank guarantees are required or desired; payment via notary on fiduciary basis or direct to the seller). The buyer is – in addition to paying the purchase price – also generally liable to pay other transaction fees (notarial and other).
- The existence of any encumbrances which have to be registered in the land registry (e.g. land charges, real easements) or not (e.g. old rights of way). Problems with building works undertaken should be scrutinized by architects.
- Tax questions (e.g. the most favorable legal form for the buying entity; when does real estate transfer tax accrue particularly with regard to pending planning permission procedure, VAT).
- Financial questions (e.g. coordination with the financing bank).
- Mortgages and land charges must be registered in the land register in order to gain legal protection against the claims of other creditors. The protection of the lender depends on the ranking in the land register. If the lender has a higher rank in the land register then he/she will enjoy a primary position with regard to other creditors.

„Most deals we see in our practice exceed € 10 million, and the decisive drivers for such transactions are the quality of the lease contracts as well as the creditworthiness of the tenant.“





A visible security is only one part of a comprehensive safety and security program.

REZIDOR VP CORPORATE SAFETY PAUL MOXNESS ON SAFETY & SECURITY CHALLENGES



Be on the **safe side**

Brussels. With all the things happening across the globe, the question is legitimate whether the world is actually safe enough to travel. Travel is undoubtedly exciting, but can also be challenging sometimes. To better understand how hotels, often direct targets of terrorism or natural disasters are responding to the threats, we asked Paul Moxness, Vice President, Corporate Safety and Security at Carlson Rezidor Hotel Group, to share with us his expertise and views. He is very well connected internationally and also collaborates with industry colleagues of competing chains in a special security council. Even Airbnb is part of this group. He calls for safety & security to be fully integrated in hotel operations and the hotels to be in permanent touch with the local environment. „If people don't think you are safe then it doesn't matter if you have free wifi, people will simply not come“, Paul Moxness says in this long interview.

The very least one can say about Paul Moxness is that the man is extremely loyal to his employer. Moxness started as a night security guard in a Radisson Hotel back in 1987. Tongue in cheek, he says his job then was to make sure nothing bad happened while guests were sleeping. A member of a response team, he was trained to intervene if something occurred, get it attended to and also make sure no one was aware of it in the morning. Over the years, Paul Moxness worked his way up to the top. Based at the Carlson Rezidor's EMEA headquarters in Brussels, Paul manages the global safety & security operations also including the Americas and

Asia Pacific, and makes sure all corporate, area and hotel employees are well informed, trained and aware of what's happening in their direct environment. His motto is „Always care“.

What is your job on a daily basis?

Let me tell you first about what my job does not entail and that is being responsible for every hotel and making sure that they are safe. Our role here is a central one, making sure we enable the hotels to take care of themselves and keep their guests, staff and property safe. We do that by providing a system that builds awareness, shares guidance and framework programs,

and support from internal and external experts. Our role is a strategic and supportive one for all hotels under the Carlson Rezidor brand around the world.

Is there a safety protocol hotel staff needs to follow in case of an incident? ▶



Paul Moxness: Staff makes the grade of security rise or fall.

Arabian Travel Market Dubai 2017:
For the first time, the fair started
entry controls like at the airport.



Rezidor is the first hotel group to agree on an alliance with Safehotels. All hotels – like the Radisson Blu Resort and Thalasso Hammamet in Tunisia – accept and support the checks of Safehotels.



We used to have a security & safety manual but because we have so many different hotels under different brands, in different countries ... we can't really write THE book. Instead, we came up with a formula that we apply everywhere. Every hotel across all brands has a self-assessment program that is linked to a library of best practices. Once per quarter, they get a prompt to go in and complete it. Throughout the year, hoteliers will go through the different modules and by the end of the exercise will have learnt all about measures and procedures. We don't write the book for them, we help them create their own book.

Is it crucial today for a hotel chain the size of Carlson Rezidor and even bigger, to have a security department in house or is working with external security companies good enough?

We do both. Our hotels are different in size and the direct environment and for that reason we can't dictate internal organization to them. We consider general managers to be the ultimate responsible persons and in each property, they set up their own internal security organization the way they feel is most appropriate. Back to your question, we have in-house security and outsourced security; in certain hotels we have a combination of the two: an in-house

security manager and external providers guarding groups. Some small hotels manage their own security as part of general operations.

On a corporate level, do you think hotel chains should all have an in-house security department?

I highly recommend it to companies if they don't have one already. Our group believes having this department and expertise provides added value to the company. That said, we have both a team of internal people (besides me) as well as external companies for specific things (threats, location, support, etc.).

How did you handle the attack at the Radisson Blu Bamako in November 2015?

The attack in Bamako was what we could call a „black swan“ because it occurred at a time when other things were happening as well. For instance, Bamako happened one week after the attacks in Paris and at the time, the property was reporting administratively to our office in Paris where the staff was still recovering from the attack in town. I was in Washington DC when the attack started. By the time I arrived early the next morning in Brussels where our corporate EMEA headquarters is located, the city was on

lockdown. It was then tricky to decide if we should keep our office open or not, if transport for our staff was safe or not, etc.

Did you implement any new rules or procedures after this attack?

After a year of investigation, we hadn't made dramatic changes to our protocols and procedures or found anything that told us we should be doing things completely differently from what we were doing in this area.

How important is it to include all levels of staff in security briefings?

It's imperative. Each level of staff needs to be aware, not only for terrorist threats but for any safety and security incident that can impact them. We actually have a definition in our corporate security and safety program that says the biggest challenge in maintaining the necessary levels of safety and security in a hotel is dependent on what every staff member does at every location, every day. We are completely aware of the fact that every single staff member has an opportunity to raise or lower the security level and to make sure they do this right. We provide them with guidance, making sure they are aware of how their actions impact their own and through this realization, the hotel's security situation.

How do you explain that hospitality as an industry hasn't yet created global security & safety standards?

I think it has a lot to do with history. The transportation industry already implemented regulations around the 18th century because of insurance matters and airlines did the same in the sixties when they came up with their own security standards. Hotels don't have global regulations because unlike airlines, we haven't been operating at a global level from day one. Until recently, properties were mostly involved with local activities and subject to local regulations. We thought we had enough regulations in the industry with the local ones so I guess we resisted the idea of adding international ones. But things are slowly changing.

How?

Well, many companies in other industries have hired compliance officers, and although we in the hospitality sector don't have international standards to comply with yet, we tend to go towards what we see in the environmental field right now: certifications that are internationally accepted. More and more hotels around the world

are certifying themselves with Green Key or something similar. At a safety and security level, certifications exist too.

Since 2015, our group for instance has started an agreement with Safehotels Alliance (www.safehotels.com) from Sweden that provides independent certifications. We are receiving so many questions from our corporate clients who want to know whether or not we comply. But comply with what? Every brand has its own standards and the problem with that is that we create the standards ourselves and tell you it's ok to stay there. But we know that tour operators, travel management companies and corporate travel managers are under increasing pressure to actually document that they are not putting people at risk by selling them a trip somewhere.

How do they document if a hotel is safe?

There are different ways to do this. Some companies send hotels questionnaires with RFPs (Request for Proposals). Not only is this a long process, which causes bureaucracy for the hotel and the company but there are no ways to verify that the answers given by the hotel are actually correct. Other

companies pay consultants to fly around and inspect the hotels. Here again, hotels won't be sharing much about their weaknesses, and having people fly around is expensive for the company too. With Safehotels, any company can go on the website, log in and check if and which hotels are certified. It brings them peace of mind knowing that a competent independent person has been to that hotel, that he or she has surveyed the property according to Safehotels criteria (not the hotel's standards) and that they will work with the hotel to close any gap before they grant the property their label. Our group has noticed already that many companies are now endorsing hotels certified by Safehotels. The certification concept is growing in our industry and we as a group want to be on that train before it leaves the station. We want companies to know that we have no problem complying with an independent certification.

Paul, we thank you very much for this interview!

Extract of an article by hospitalityInside.com, May 5, 2017

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AN OWN BRAND COSTS A LOT OF MONEY: WHY DO HOTELIERS DO IT NONETHELESS?

It's a **different** return

Wiesbaden. The flood of brands is neverending. Year after year, hotel chains invent new ones, but tour operators have been following suit recently. And: the number of young, more innovative individual hoteliers creating their own brand is growing as well. They simply want to stand out from the crowd – in order to be able to maybe sell both brand and concept later on should they be lucky, as prizeotel and 25hours have been. Getting that far requires a lot of dedication, endless engagement and quite some money. Does building up an own brand really pay off? Why do hoteliers cling to their brand? Susanne Stauss asked Ruby and Rilano Hotels, Vienna House, Gambino Hotels, which are currently being developed and the young resort brand Arborea – all German and Austrian companies. Germans are known for clinging.

He fully trusts in his own brand: Michael Struck, founder and CEO of Ruby Hotels & Resorts headquartered in Munich. For many years, he had been working on this „lean luxury“ concept in private, before he announced it publicly. He had gathered experience in lifestyle and design brands at Arabella (Starwood), Kameha Grand and Dormero. This helped him when he was working on Ruby: a stylish room product requiring little space providing a modular design that can be adapted to any layout. In addition, the reduced service helps in saving costs Nonetheless, Struck definitely thought about joining a soft brand. „I had talks with MGallery and Autograph, but I quickly realised that our concept requires its own brand in order to communicate its uniqueness,“ he says. „Soft brands, as soft as they may be, all have standardised requirements. With our brand, however, we offer our target group a real possibility of identification. We also provide services that exceed purely functional demands. We create true added value with Ruby,“ says the CEO.

This is why Ruby's brand world is both colourful and unique: from staff behaviour to music, fragrances or care products in the rooms. Even when leaving the hotel, guests remain a part of the Ruby community. „We undertake a major social-media effort,“ says Struck. With this strategy, the brand had managed to achieve both good occupancy and rates. „We've got a very high recommendation rate, as people understand our added value,“ he says happily. For example, one recommendation was:

„There should be more Rubys.“ Struck makes no secret of the fact that an own brand and its successful self-promotion cost money. „It's not cheaper than joining a system, but the return is higher and more sustainable,“ he argues. When it comes to Ruby, a lot of funds go into a dedicated blog, Ruby's own radio station, social-media channels, and the strict realization of the concept. „We invest a lot in our hotels to make them embody what we stand for.“

Costs are not the main argument

He considered it a big advantage that he owned his brand, which allowed him to decide for himself what he wanted to do. In terms of figures, Ruby's success is quite impressive. „Our RevPAR in Vienna has evened out around the 4-star level, at Ruby Sophie (Editor's note: the group's first hotel), we have a repeat ratio of 33 percent,“ Struck happily comments on the response. The direct booking rate is at 55 percent.

„This is part of our philosophy. We inform all the guests on direct bookings via several channels.“ Struck is also proud of the reception of the Ruby newsletter, which records an opening rate of roughly 56 percent – on average, only 5 percent of newsletters are actually opened.

Struck mentions the range that soft brands have with respect to distribution, particularly concerning business customers. Reaching B2B clients was rather difficult for a young brand, as companies usually preferred agreements with major players. „But I knew what soft brands cost from the very beginning and was able to compare these costs. Ultimately, I just didn't want to be at the mercy of an alien brand.“ Struck considers the power and meaning of loyalty programmes to be exaggerated – constantly put into play around the Marriott-Starwood deal. „You've got to look closely who actually books a hotel because of its loyalty programme, and how many such



With its own radio station and DJs to touch, Ruby Hotels raises the brand value. „This is more sustainable“.



Rilano's design brand 24/7 in Munich: The group's decision in favor of its own brand was right.

cards a client has in his pocket." Nonetheless, Ruby will also be introducing a membership programme.

Ruby's quick expansion shows that its own brand was the right choice. Two and a half years after its first hotel opened its doors, ten hotels have been opened or signed and sealed in German-speaking countries, and further projects are underway in the same region. And in doing so, the young group already has nameable institutional investors aboard.

Own brand allows different strategy

Eleven months ago, Rupert Simoner restructured Vienna International: first off, he replaced the dreary brand name with the more stylish name of Vienna House. It sounds rather posh, whereas only one of two words have changed. The CEO explains: „Firstly, I can define my own core values with an owned brand. Secondly, I can further develop the company from an investment point of view via research and development. This means that we keep working on new services influencing brand building and targeting what our clients consider the value of a brand. This will bring us clearly forward in 2017 and 2018.“ The company had been intensely occupied with the question of what it wanted to be, and it closely examined competition. After that, we evaluated and reinvented processes from a guest point of view. „For us, it is about both real and innovative hospitality, the heart of the hotel business, and not about the unbelievably fancy lifestyle that is actually already outdated as soon as the hotel opens its doors," says Simoner. After all, a strong brand was a warrantor to deal

with the right partners, but also for economic growth through both higher rates and higher occupancy.

Moreover, an own, strong brand ensured that the group was interesting for employees. Vienna House wanted to define a different kind of „employer branding". Every cornerstone was newly set up – from the first impression to employment, during work itself, regarding possibilities of further development and advancement, and more. „I cannot do that within a big-chain architecture," says Simoner. Approximately 2.5 million euros went into positioning Vienna House, the annual investments in this area are at roughly three to four percent of turnover.

„Our – still – small size enables us to set trends and adapt to changes a lot more flexibly and quickly. I don't want to steer a heavy tanker, but a modern sailing boat that immediately adapts to any changes," says Simoner.

Strengthening Vienna House's own brand (indirectly) does not exclude individual hotels using a strong international brand. Only few know: „We operate a hotel in Minsk under a Marriott franchise. And we can definitely conceive running additional hotels via franchising. This is a purely economic decision that has nothing to do with the Vienna House brand, which always follows its own core values," says Simoner drawing the dividing line.

„The big brands no longer believe in themselves"

Apart from Ruby, Munich is also the nucleus of the Rilano hotel brand. When Holger Behrens, former ArabellaStarwood manager, thought about founding a hotel group

back in 2009, many advised him not to establish his own brand. In 2011, Rilano Hotels & Resorts started with great idealism, long-term experience, feel for trends, and unbroken dedication for hotels. „Today, each day I'm more convinced that introducing our own brand was the right thing to do," says Behrens. „The big brands no longer believe in themselves, otherwise they wouldn't constantly develop or acquire further brands."

Behrens knows the advantages of annexing a brand: „This usually leads to an additional five to ten percent occupancy and ten percent higher rates," he says. The target group of brand bookers is known to be rather wealthy. „But the cost of integrating another brand nullifies the advantages." Rilano markets itself based on agreements with company clients, OTAs and its own website. On top of that, the group joined the Worldhotels consortium. „Here, you also have to be on the ball all the time in order to get your share of the business," explains the CEO. „It's like with the small bird in the bird's nest: the bird who cries out loudest gets the worm." He regularly questioned joining Worldhotels. „But being a small group, it was exactly the right decision," he says. As soon as the brand reached a critical size, the group could still take its leave.

Currently, the Rilano brand comprises six hotels, three of them in Munich, and one each in Hamburg, Kleve and Wolfenbüttel, as well as Lenbach Palais, a gastronomy business in Munich. „Next year, there will be several additions," announces the manager. / Susanne Stauss

Extract of an article by hospitalityInside.com, December 2, 2016





HRS CEO TOBIAS RAGGE ON THE MULTI-SOURCE EFFECT IN BUSINESS AND LEISURE

It's the conversion, **not the chain**

Berlin/Cologne. HRS continues to work on its own profile. In Berlin, CEO Tobias Ragge provided insight into the current state of play. Three segments are currently driving HRS: corporate client business, multi-source and holiday homes. All tools serve merely to satisfy customers. For this reason, HRS is even (partially) prepared to cannibalise its own model. The decision-making power of the future rests with the customer (traveller). For this reason, the HRS boss has some critical words to say about the power of the mega chains.

Since it moved into corporate business nine years ago, HRS has progressed to become the biggest purchaser of corporate client business, Tobias Ragge explained to a small group of journalists attending the ITB. This has been accelerated by the establishment of a holistic end-to-end process, which allows everything to happen online, from the hotel search, rate negotiations with hotels all the way to payment and automated invoicing.

This branch of HRS (HRS Global Hotel Solutions) will be a key field, Ragge predicted. On the hotel side (the counterpart to the companies), HRS includes mega chains as well as private hotels. Of the 350,000 hotels in the HRS portfolio, 180,000 are private hotels. Thanks to the virtual credit card, it is easy to deal with each hotel wherever it is in the world. Also HRS is the only provider in the sector to integrate 75,000 hotels in all GDS, through which travel agencies and group tour operators also book.

Ragge's reference to private hotels is also aimed at the ego of the global chains – for several reasons. In most of the world's markets, after all, individual hotels make up the clear majority – in Latin America and

Europe just as in the Asia Pacific region. Chains only dominate in the US. The mergers over recent months (Marriott-Starwood, AccorHotels-FRHI, Jin Jiang-Plateno) at first glance strengthen the purchasing and market power of the merged companies. At second glance though, even the new giant Marriott is still only a dwarf in the greater scheme of things: In terms of room inventory, it accounts for just three percent worldwide. Only in specific individual markets does Marriott achieve a share of ten percent or so. And from HRS' perspective, that means: Even the chains still need OTAs, especially if they want to grow. He believes it a strategic mistake for chains to assume that companies would only book through them. In his experience, corporate clients do not wish to negotiate directly with suppliers (chains) on account of the

complexity of the issues. Negotiating across 30 brands is today a disadvantage for chains. More important in Ragge's opinion is the following: Corporate clients look for smooth settlement of their corporate business including cost savings.

Mergers, on the other hand, also place the supplier under pressure internally: On the one hand, the shareholders demand their returns, whilst on the other, fees grow with more brands for their distribution. Travel managers also know this – and look for alternatives to chains where fees don't have to be factored into the rates. And so travel managers very quickly find themselves looking at private hotels. Airbnb & Co have, after all, managed to accelerate the trend towards the individual, non-standardised stay. Business travellers also respond here and demand a selection of private hotels from their companies.

From the perspective of HRS, the gap in everyday business opens further. Why should a private hotel join a chain when it has to pay half its turnover to a brand company though at the same time must still fall back on the distribution strength of the OTAs and pay a fee for doing so? For Tobias Ragge, the traveller has become the driving



HRS CEO
Tobias Ragge:
Customers
prefer to book
„experiences“.

force in this distribution game. The guest can today access a huge selection online and compare deals. And, as well as looking at the price, „experience“ will also be a factor in his or her decision. „And that will not be a decision for a chain,“ Ragge is certain. For this reason, HRS introduced multi-source in autumn 2017. „Because, in the end, it's only about the customer, we are rethinking old habits with multi-source!“ the HRS boss reports. With this, HRS wants to set itself apart from the meta-searchers: These forward booking enquiries to hotels. HRS makes hotels directly bookable. Also, this tool creates greater loyalty. It works like this: In the „interchangeable“ hotel industry, price is the decisive factor, Ragge says. Either price or the loyalty programme.

However, HRS has determined that it offered the best price in just ten percent of cases (in contrast to the meta searcher, for instance). Multi-source now allows availability and the best rates to be accessed via corresponding interfaces with new contractually-linked multi-source partners, without the customer noticing. The customer does not see the third-party source. For this, partners pay a commission to HRS.

In practice, this means the following: If Hotel X in Berlin is listed with ten of HRS's new multi-source partners, the system analyses them all, chooses the portal with the best rate and shows the corresponding hotel. „In 14% of cases, another player could supply better rates than HRS, with a price advantage of 8.4%,“ Ragge continues. The advantage for the customer (traveller): He no longer – theoretically – has to resort to a third-party portal, he is satisfied and can remain within the familiar booking framework. „For the satisfied customer, it's worth cannibalising yourself,“ Ragge says succinctly.

Silent multi-source partners

HRS focuses on breadth and the persuasive power of the good rate. And it doesn't only do this in business travel and corporate client business, but also in the leisure sector. Every OTA today offers holiday apartments – HRS has done this via its platform „HRS Holidays“ since 2015, which falls back on HRS Destination Solutions as complete provider. The holiday portal today counts approx. 500,000 accommodation options, focusing on Alpine properties in German-speaking Europe (Germany, Austria, Switzerland/DACH). Ragge puts HRS' market penetration

in the DACH region at 25-30% at present. Here too, HRS works with the multi-source principle and cooperates with competing distribution partners: with regions, agents and accommodation partners in accessing accommodation options and with portals such as Airbnb, Expedia, booking.com, Holidayhome, Alibaba and others in distributing these accommodation options. HRS Destination Solutions serves here as a type of property management system for holiday accommodation which is silently linked to the individual channel managers. Here too, HRS wants the satisfied customer.

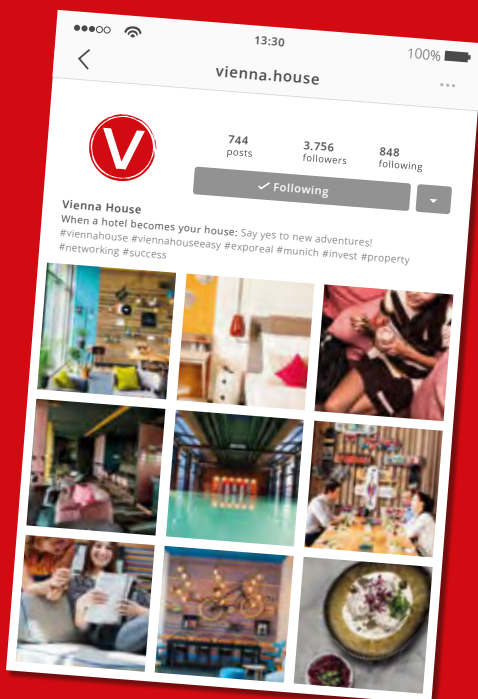
Ragge argues soberly: „The question today is only what system converts better?“ For this, you have to know your customers: Americans search and book e.g. known hotspots among holiday destinations, Germans search within a larger radius, book at shorter notice depending on the weather and are more sensitive to price. In principle, even for holiday home portals, it's a matter of availability in periods of high demand. For this reason, HRS also ensures that its rates are available in all channels and are pushed via cross-selling. / map

Extract of an article by *hospitalityInside.com*, April 21, 2017



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EXPENSIVE GLOBAL BRANDS: HOTELIERS BACK OUT, OTHERS MODIFY AGREEMENTS

Franchising **is losing** friends

Wiesbaden. There is some movement on the German brand market. New brands are flooding the country, never before has the choice been larger. This is one of the reasons why franchising is on the rise. But there is a counter movement: in the age of growing direct selling, hoteliers are questioning whether their agreements with major chains still make sense to them. Some individual hoteliers are leaving global brands, some consider them very useful, and others are using franchise brands very selectively. Franchising is currently changing its character.

Andreas Striebel, a businessman from Augsburg and both owner and operator of Dolce Munich Unterschleissheim is tired of Dolce. Since opening in March 2010, his hotel had been part of the MICE brand, which has been owned by Wyndham for two years. Striebel had hoped for strong international sales and a good concept. He got tips from Dolce how to develop the hotel, he says. But progress was too slow. Further restructuring of sales after Dolce was bought by Wyndham cemented his decision to terminate the agreement.

The second Dolce hotel in Germany already discarded the name in late 2016, running under the name of Comparc Hotel & Conference Center Bad Nauheim today. The hotel building was sold by Hessische Staatsbaeder to Dolce in 2002 and went to the Irish Inchydoney Partnership investor that concluded a management agreement with Dolce. Michel Prokop, the hotel's longstanding General Manager and intermittent Regional Director of Dolce, refused to make a statement on the separation. Both hotels are still in exit negotiations with Wyndham.

A brand alone generates no business

Andreas Striebel and his wife Christina are investing roughly 30 million euros in their hotel in Munich. It will be expanded by a new building on the neighbouring property growing by 255 rooms to 439. The existing conference and event facilities will be extended by additional multifunctional rooms (for 500 people) and the spa will be enlarged to cover 1,700 sqm. The cornerstone ceremony took place on March 27, 2017. Since February 1, the hotel has been running as Infinity – Hotel & Conference Resort

Munich. It will be the largest conference and event center in Southern Germany. And it is supposed to maintain this position. „We've worked hard for a high degree of independence and individuality that has no longer been suitably represented by a chain brand," explains Striebel. „When it comes to MICE, sales needs to be pushed. We are going from door to door with two new international salespeople flying all across Europe for us." A hotel like his generating more than 55 percent of revenues from conferences and F&B required well-trained salesmen with detailed know-how who do not trust solely in a brand's power. Striebel is convinced he will position Infinity Munich as one of the first spots in Europe in the MICE segment – even without Dolce. Already today, the 4-star superior hotel with its 20 event rooms and the Ballhausforum on more than 4,700 sqm provides the largest event space in the north of Munich, hosting events for up to 2,750 people. With its more than 120 employees and 20 trainees, the hotel is one of the major employers in this part of the city. Although his agreement with Dolce was called a management agreement, it was more of a franchise agreement, says the entrepreneur, who provided and paid the hotel manager on his own.

The H-Hotels group from Bad Arolsen is also in the process of adjusting its collaboration with Wyndham. From now on, the

company will manage all of its hotels under its own brand. The 36 former Ramada Hotels in Germany and Switzerland – operated by Wyndham's Ramada brand via franchising – will be allocated to one of the company's own brands called Hyperion Hotel, H4 Hotel, H2 Hotel or H+ Hotel. „We have been doing very well with our own brands," underlines Spokeswoman Iliane Dingel-Padberg. It was clear that they will collaborate with Wyndham on an extended level in sales – particularly on an international scale. „The talks with Geoff Ballotti, Wyndham's CEO, were very fair and on eye level," says Dingel-Padberg. After all, it was about more than 30 hotels. „In our opinion, it makes no sense to open up a global sales office in every single country we're operating in," says Dingel-Padberg giving an example. Here, the company put trust in Wyndham's presence, among other things. At the moment, the parties were occupied with designing the agreements.

Reviews more important than franchise brands

Hotel management companies with several hotels in Germany still usually trust in franchise agreements with brands. Looking a bit more closely at the portfolios, there were brand-free hotels even with operators like RIMC or Success. Marek Riegger, Managing Director of RIMC: „We take this



Dr Bjoern Hackert:
A close collaboration guarantees success.



Manfred Friedrich:
Strong individual concepts don't need a chain brand.



decision based on the location and depending on the booking situation. At certain locations, hotel reviews are more important than brands today. A few years back, the booking process still looked like this: first, it was the location, next the category and price followed by a brand's awareness level, and lastly, it was evaluations. Today, these are more important than the brand itself and have moved up one rank."

Riegger clearly explains: „From our point of view, the whole franchise complex is changing drastically with respect to American brands and through the influx of mergers and acquisitions, respectively. It is necessary to consider whether you are still able to work with American hard brands as franchisees, or whether things are finally becoming too expensive and unpredictable." The chains' reorientation after mergers and acquisitions constantly led to complemented and extended standards mostly at the expense of franchisees. „We think that it is necessary to avoid former management agreements, which were partly to the disadvantage of investors, now becoming franchise agreements to the disadvantage of hoteliers."

In plain terms: when it comes to concluding agreements, operators need to look at the small print very closely. Is there a guarantee that the brand name will remain after a merger? Often, there are unexpected additional costs apart from fees. Accordingly, some franchisors make it compulsory that hotel employees take part in international congresses and trainings, the costs of which are to be solely assumed by the franchisees. Moreover, there are constantly increasing – and with respect to some hotels entirely unreasonable – hardware requirements.

Riegger is convinced that hard brands are no longer required at certain locations.

Here, the remaining network, GDS systems, transparency and new digital possibilities of sales integration were enough. However, the RIMC manager points out that brands were able to increase the value of a hotel building and a hotel name. „It makes a big difference whether a hotel has a single name or an addition like The Leading Hotels of the World." This addition meant internationality and quality and could be the decisive factor when it comes to winning over a customer at a location with many hotels.

Investors should rethink

RIMC always integrated every hotel in a brand environment. In doing so, the company made a difference between hard brands (e.g. Sheraton, Hilton), soft brands (e.g. Worldhotels, Leading Hotels) and soft brands. The latter included integrating an RIMC-operated hotel in systems like Supranational or Quality Reservation Service.

As long as banks and investors wanted to see brands, these still had an easy job regarding expansion without having a truly recognizable benefit from an operator's point of view, adds Andreas Striebel. Franchise fees for strong and „hard" brands are fierce. On average, connection fees per room amount to 200 to 800 euros, according to Treugast, a consulting company in Munich. In addition, there is a licence fee of three to five percent of the net lodging revenue, a marketing fee of one to two percent of the net lodging revenue, reservation fees between one and five percent of the net lodging revenue and as a rule – depending on the brand – further, albeit low miscellaneous fees. Success from Stuttgart, franchisee of Accor, IHG and Hilton, manages a single hotel without a brand: HanseHotel Attendorn.

According to Manfred Friedrich, this was due to the owner, who likes to have his hotel run under an independent brand.

„Neither the location nor the concept were involved in the decision in favor or against franchising," says Friedrich. A strong franchisor was characterised by brand awareness, an international network and professional support, e.g. in sales and marketing.

Staying close to franchisors

Dr Bjoern Hackert, Head of Operations and authorised representative of fidelis hospitality GmbH as well as franchisee of AccorHotels' ibis brand, is in favor of collaborating with franchise brands and their networks. „See, hear and talk with each other: strong franchisors are close to the market and franchisees. The closer the collaboration, the more successful our partnership. This can be achieved via franchising advisors, project involvement or frequent workshops. But ensuring consistent product and brand standards is of particular importance for us. Brands hardly benefit when a blind eye is turned on them too often." / Susanne Stauss

Extract of an article by hospitalityInside.com, April 7, 2017



With The Student Hotels, Co-Working has many facets.

MORE AND MORE HOTEL GROUPS SUCCESSFULLY CREATE THEIR OWN CO-WORKING SPACES

The host & the workers

Amsterdam. The innovation and rise in popularity of co-working spaces confirm that the concept is becoming mainstream. The sector has grown very fast and created a sort of frenzied reaction among investors, banks, real estate companies, and hedge funds. Even hoteliers are interested and this time, they may have more to offer on the matter than one might think. The Student Hotel, Zoku, Mama Shelter, Ruby Hotels, Virgin Hotels, etc. are already developing their own version of co-working spaces, somehow trying to prove that their hospitality expertise is perfect to answer the needs of the „co-living/co-working“ adepts.

According to the „2017 Global Coworking Survey“ conducted by the online magazine „DeskMag“ in collaboration with <https://socialworkplaces.com>, the number of co-working spaces worldwide has gone from 1,130 locations in 2011 to 13,800 in 2017. And the number of members worldwide has skyrocketed from 43,000 people in 2011 to 1.2 million in 2017.

Major actors on this market, companies such as WeWork, Spaces, Serendipity Labs, etc. are facing a new type of competition coming from the hospitality industry. Tired of watching others disrupting their business model defenselessly, hotels are now taking action. In Europe alone, we listed several examples of hoteliers betting on co-working spaces.

Mama Works easy

In France, Mama Shelter has opened its first „Mama Works“ space this month. Surfing on the trend of shared working area,

the boutique hotel collection (37.5% owned by AccorHotels) has come up with its own version of it. The first Mama Works Lyon (France) boasts 260 workstations across 1,600 sqm, a fun and functional interior design, a very simple food concept, a fitness room, music room, and showers. Three basic options are available: Mama Mobile (free seating and work for a day, lockers, access to meeting rooms, from 199 euros a month), Mama Desk (access to a desk in the open space 24/7, lockers, access to meeting rooms, from 389 euros a month) and Mama Office (private customized office for 2 to 10 people, access 24/7, meeting rooms, P.O Box, start at 339 euros a month). Yet, for more flexibility, Mama Works also proposes: Mama Daily (turn key office all included 39 euros a day), Mama Address (P.O Box, mail management 59 euros a month), Mama Membership (stay in touch with the community, access to the loft after 18h, events etc... 29 euros a month). Mama

Works obviously can cater any business breakfast, lunch and dinner meeting with a private chef (price on request).

Jalil Amor, architect of the Mama Shelter Rio, was in charge of the design. A second Mama Works is scheduled to open by the end of this year in Bordeaux and a third one in Lille at the beginning of 2018. Luxemburg is also in the pipeline by 2019. Mama Works will be commercialized with a daily rate, a package and via subscription. Co-founder of Mama Works with his dad Serge, Jérémie Trigano confirms that the co-working market is scalable but he also says something is missing: „A fun spirit maybe. Most actors in the co-working field are real estate companies while we are hoteliers, we can make a difference, we know how“ (www.mamaworks.com/en).

The TSH Collab for professionals

In the Netherlands, The Student Hotels recently opened its first „TSH Collab“ at The Student Hotel Amsterdam City. On top

of a very chill atmosphere, guests of the TSH Collab have access to flexible workspaces, Angel Investor desks, lounge areas, private offices, and a 150-seat auditorium. The working space is attached to the Student Hotel, therefore, members also benefit from discounts on 574 rooms and studios, swimming pool, world class gym, on site restaurants and bars, and even bicycles (we are in Amsterdam after all). The space obviously provides speedy and secure wi-fi, as well as daily cleaning, mail boxes, reception services, printers, dining and kitchen area, meetings nooks, privacy booths, boardroom access, unlimited coffee and water. Currently, three offers are available to potential customers: „Flexi desk”: freedom to roam, flexible work and break out space (access from 8:30 a.m. to 6 p.m. every day excluding weekends), from 210 euros a month or 20 euros a day (12.50 euros for hotel guests). „Dedicated desk”: assigned work space, personal locker, free meeting rooms hours, access 24/7, from 300 euros a month. „Private office”: a personalized furnished office space for a team of 4 to 6 people, access 24/7, secure storage, free meeting rooms hours, discounts on the hotel facilities. The Student Hotel Chief Executive, Charlie MacGregor, recently explained that „since the barriers between work and play are progressively breaking down, a logical next step for our already hybrid accommodation model is properties that combine living with leisure and work facilities. TSH Collab is the final piece of our complete connected community of students and entrepreneurs, start-ups and freelancers who are all tech-savvy, socially minded and service oriented”.

The next TSH Collab to open this year will be in Amsterdam (at the second The Student Hotel), then Rotterdam and The Hague. Florence in Italy will be launched in 2018 (www.tshcollab.com).

Zoku in the start

Another Dutch company has adopted the culture of sharing spaces: Zoku. Branded as a living and working concept for the „global nomad”, Zoku Hotels provide a relaxed place to live, work and socialize with like-minded people. Although the Amsterdam property offers private offices/bubbles to rent for an hour or a day and communal spaces to share and stay connected, it is not really a co-working space per se. That being said, the hotel compensates by offering a connecting door to an enormous WeWork space located in the same building (<https://livezoku.com/>).

Ruby Works around the kitchen

In Germany and the German-speaking market respectively, Ruby Hotels is the one to watch. Last May, the lean luxury hotel group launched a new product: „Ruby Works”. Its first shared office space is located in Munich, in walking distance from the new hotel Ruby Lilly and the second one will soon be opening in Hamburg. Built up around the kitchen area, where people usually cook, eat and meet, Ruby Works locations will all benefit from an original design deeply rooted in the local vibe and culture. Technically, members have access to a lounge area, as well as custom built desktops areas boasting 300 workstations including offices for two, four or six people. Two models are available: a monthly and a

daily rate. The monthly „fixed desk” (mainly commercialized) comes out at 495 euros in Munich (but will be different from cities to properties) and the monthly „flex desk” at 295 euros. A daily package is also available (cross selling with hotel guests) for 45 euros per month subscription plus 15 euros each time they come.

Community, local, sharing, design, roots, efficiency, technology etc. – these words sound like music to investors’ ears lately. Not surprising, Ruby was able to win strong partners for Ruby Works including the owner of the Hopfenpost building in Munich (actual landlord of Ruby Works) which is Invesco Real Estate. „Hoteliers have everything it takes to succeed in this segment. Hospitality is what we do and we can do it well,” concluded the CEO of Ruby Hotels (<http://www.blog.ruby-hotels.com/2017/05/23/ruby-works>).

More companies on the rise

Another example for co-working spaces is New York-based WeWork, which secured investment from both Goldman Sachs and JP Morgan. The need for co-working space is rising and members are extremely loyal (www.wework.com). According to the Global Coworking Survey, 80% of them are planning to renew their membership for the next year and two-thirds have not even considered leaving. In the US, the co-working company Serendipity Labs has started to recruit hotels for a larger mapping (<http://serendipitylabs.com>). And the French start-up Airoffice is doing the same and more with boutique hotels in Paris. / Sarah Douag

Extract of an article by hospitalityInside.com, July 21, 2017

Ruby Works offers cosy and functional Co-Working Spaces.





An Investment in Knowledge
pays the best Interest.

Benjamin Franklin