

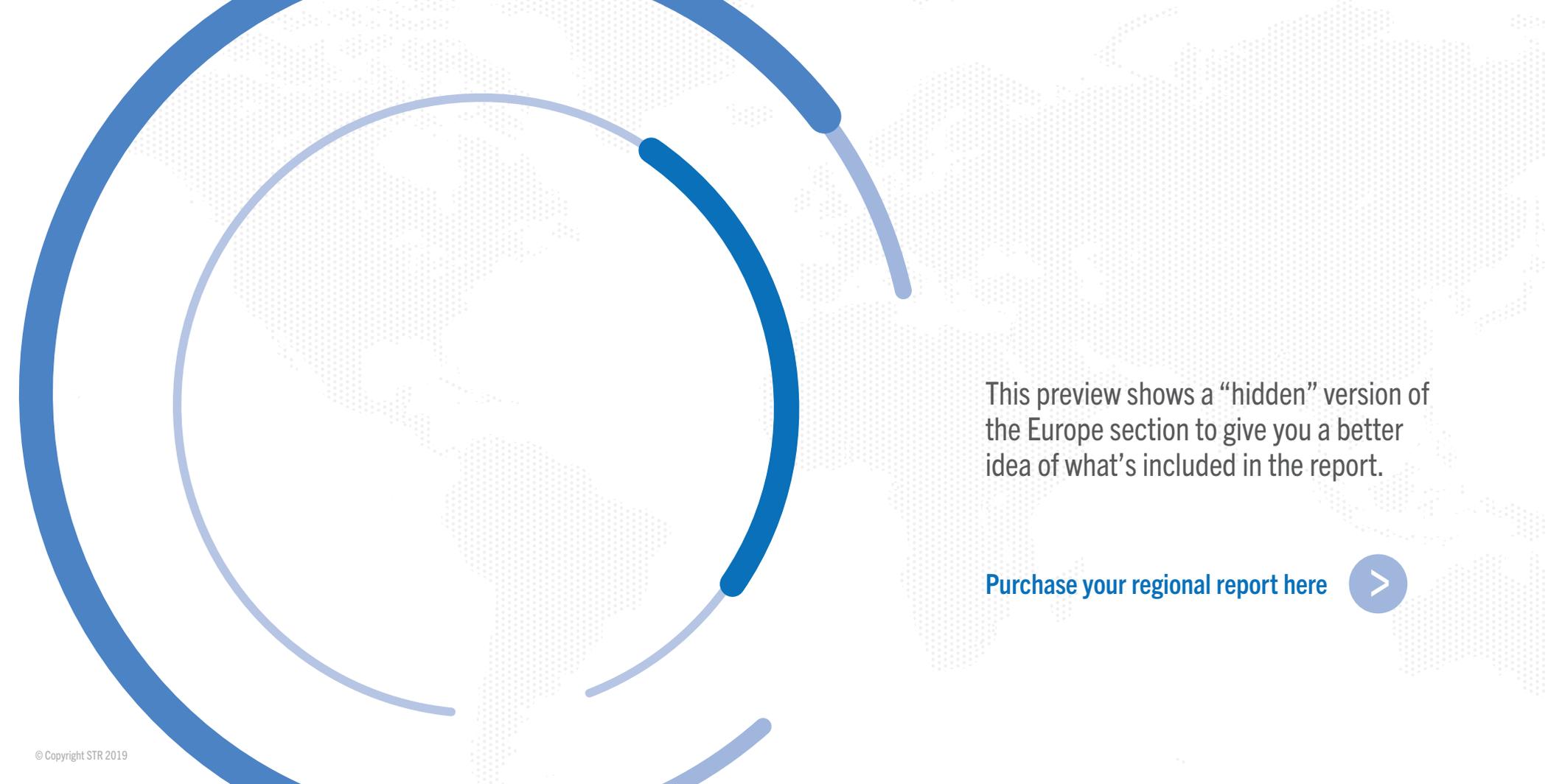


2018

Europe

The hospitality industry in review





This preview shows a “hidden” version of the Europe section to give you a better idea of what’s included in the report.

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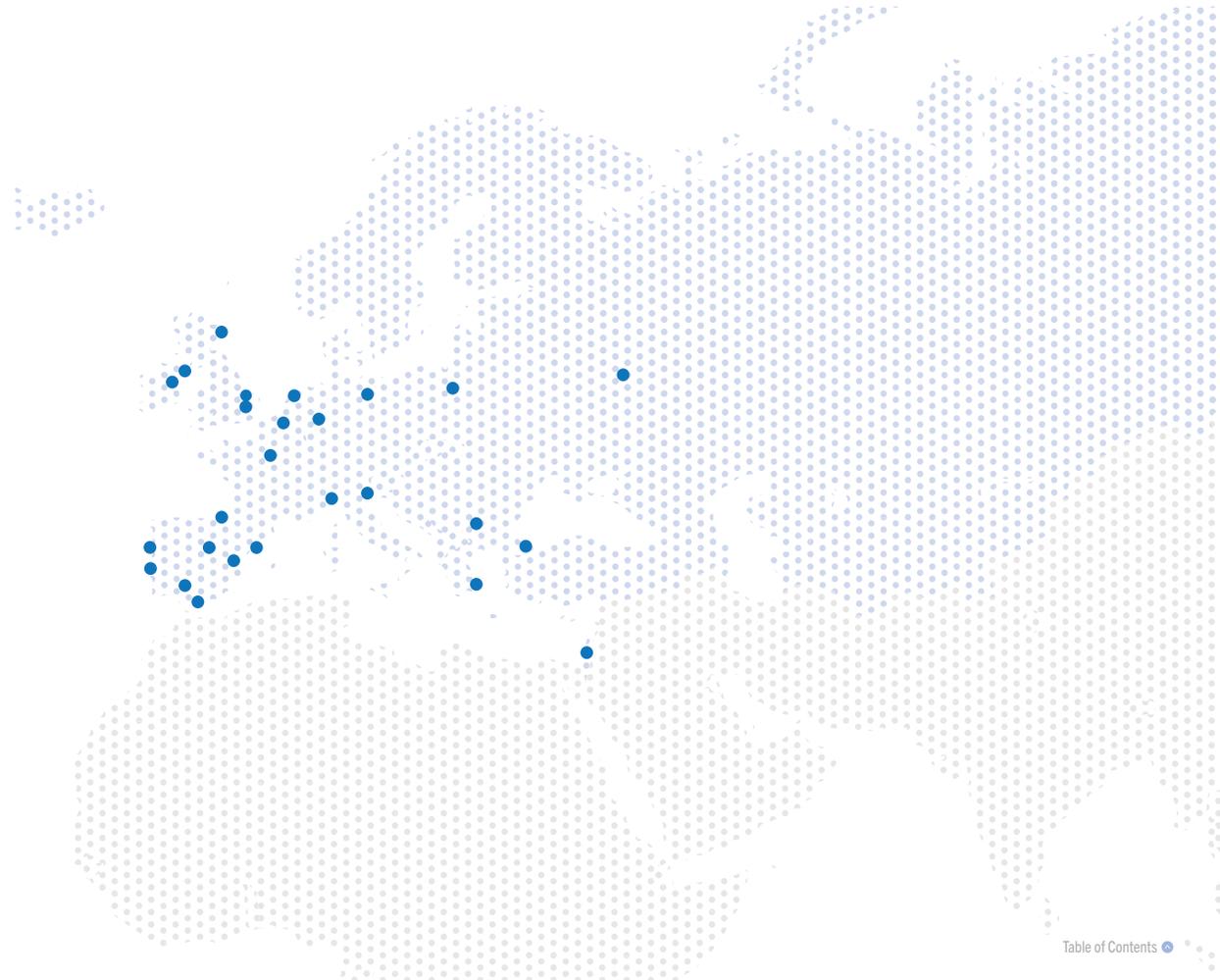
Key Findings by Region & Markets Included

Europe

- Europe remains strong
- Recovery in Turkey, France and Belgium
- Mixed performance in the U.K.
- Barcelona & Canary Islands drive down Spain's performance
- Russia scores big with the World Cup

Markets in this report:

Dublin	Madrid	Brussels
Gatwick Airport	Jerusalem	Aberdeen
London	Sofia	Zürich
Amsterdam	Athens	Venice Area
Berlin	Porto Area	Düsseldorf
Malaga	Valencia/Bilbao/Seville	Belfast
Moscow	Istanbul	Warsaw
Lisbon	Paris	Barcelona



Up-and-Coming Markets

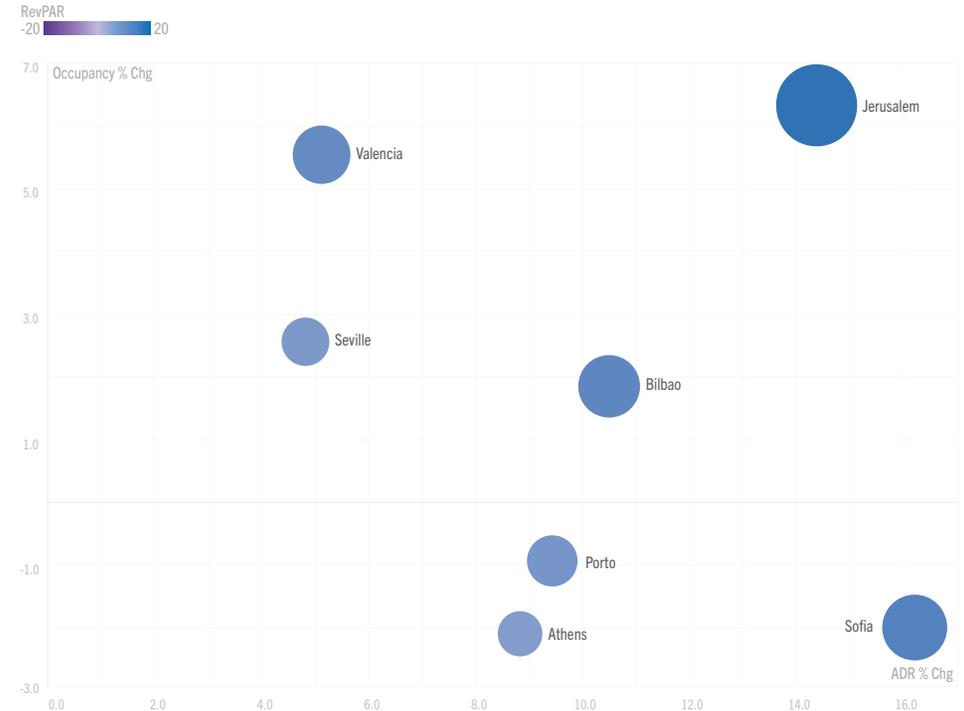
Jerusalem Project Open Skies

Hotels in Jerusalem experienced an 8.1% increase in demand in 2018, which brought occupancy up 8.1% and ADR up 14.4%, resulting in a 21.6% RevPAR growth to ILS744.51 (\$205.62). Performance was boosted by the celebration of the 70th Anniversary of the State of Israel, which was held on 18 April and attracted a higher-than-expected number of international tourists. Additionally, the Jewish High Holidays, which occurred in September, contributed to the strong year-end results as RevPAR was up 70.4% compared with the same month the previous year. Project Open Skies, an initiative that started in 2013 to grow international tourism through increased flights at lower prices, has been widely successful over the last few years. Looking ahead, noteworthy hotel openings through 2021 the ibis Styles Ben Yehuda (110 rooms) and the InterContinental Jerusalem (229 rooms).

Sofia, Bulgaria EU presidency

Sofia hotels received a major performance uplift during the first half of 2018, when Bulgaria hosted the presidency of the European Union. Meetings and events held in H1 helped bring Sofia's RevPAR up 13.9% to BGN99.93 for the year, with an ADR increase of 16.2%. The standout months were May (RevPAR: +24.7%) and June (RevPAR: +30.1%). The market recorded a slight decline in supply in 2018 (-0.5%) due to some hotels closing down for renovations. Sofia's pipeline shows no major expansions expected for 2019. There are, however, a number of projects set to come online in 2020, including global brands like Swissotel, Marriott and Hyatt Regency.

Occupancy & ADR % Chg Full-Year 2018, Local Currency



Europe Forecast Insights



Barbara Fraccascia
Forecast & Research Analyst

Europe is projected to maintain its position as a key tourism destination and arrivals are expected to continue growing in 2019, albeit at a slower pace (+3.3%).

GDP is projected to grow by 3.6% in 2019, followed by recovery in employment and investments. This should translate to increased demand from Europeans, as 78% of total arrivals are expected to be Europeans traveling within their own continent this year.

There are, however, some risks within the region, namely the uncertainty around Brexit and general political instability in certain countries.

Looking at the beating heart of Europe's economy, Germany narrowly avoided a recession in the second half of 2018 and is currently in slowdown mode. The manufacturing industry was most affected by the economic decline and fears surrounding Brexit could impact the supply chain even further.

For hotels, it's a mixed picture across the key German cities. While Berlin is expected to see a moderate 1.2% increase in RevPAR for 2019, Düsseldorf is finally expected to recover after declining performance levels over the last few years. The market is projected to see a 3% increase in demand, fueled by several large events including METEC 2019, NEWCAST 2019 and K-Internationale Messe. Frankfurt, Stuttgart and Hamburg are all expected to see RevPAR declines tied to supply growth.

Moderate hotel supply growth in Southern Europe should help key markets maintain solid growth in 2019. Madrid is expected to continue its hot streak with a 4.2% RevPAR growth, while Barcelona should continue recovering, with RevPAR expected to rise 4.9%. Athens is also expected to keep up its progress with projected 6.3% growth in RevPAR. According to a study by Tourism Economics, these projected performance levels could be hindered in the event of a no-deal Brexit. As a key destination for British arrivals, Spain could lose a million visitors a year by 2020.

Markets in Northern Europe will see the largest supply increases in 2019. While supply is set to grow by 2.9% in London and by 7.3% in Dublin, both cities are projected to experience RevPAR growth in 2019. On the contrary, supply is set to grow 8.1% in Edinburgh and 9.9% in Belfast, and both markets are expected to see RevPAR declines.

Looking at Eastern Europe, RevPAR is expected to grow in Budapest (+3.2%) and Prague (+3.6%) following declines in both markets in 2018. Warsaw should see relatively low RevPAR growth (+1%) due to continued supply growth. And following its strong World Cup run, Moscow's performance will suffer in 2019 due to the year-over-year comparisons, with a projected 25.4% decline in RevPAR.



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