

AMSTERDAM

RATE GROWTH PAVES THE WAY

MARKET PULSE

JULY 2019

TOURIST ARRIVALS – 2018



AIRPORT PASSENGERS (SCHIPHOL AIRPORT) – TTM APRIL 2019



BEDNIGHTS – 2018



CONFERENCE MARKET – 2018



MARKET PROFILE

Amsterdam is in the province of North Holland, in the heart of the Randstad, Europe's sixth-largest metropolitan area. The city of Amsterdam is the capital and the largest city in the Netherlands, with a population of just over 850,000 recorded in 2018. While Amsterdam is known globally for its historic canals, art museums (Rijksmuseum, Van Gogh Museum), red-light district and 'coffee' shops, it is also a significant European financial centre. Approximately 2,000 foreign companies have established offices in the Amsterdam metropolitan area, and more than 200 of these companies have headquarters in the city. The Dutch capital is consistently ranked among the best cities in which to live and has become an increasingly popular gateway destination thanks to its excellent connectivity via Schiphol Airport, the port of Amsterdam and high-speed rail services such as Eurostar.

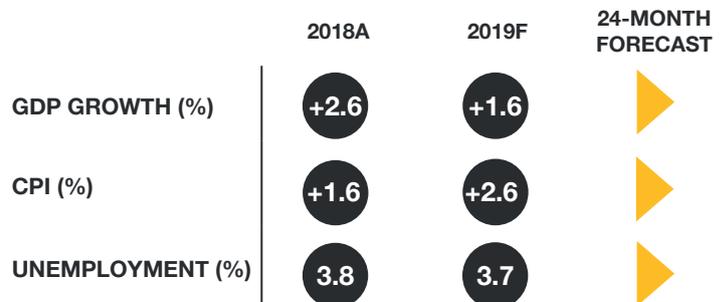
TOURISM DEMAND

Overall visitation to Amsterdam has grown at a compound annual growth rate of 6.8% within the last 10 years, with an increase in arrivals recorded year-on-year from 2008 onwards. This growth in visitation has been experienced by both the domestic and international markets, with the UK being the main international feeder market, accounting for almost 1.3 million of the 7 million international visitors in 2018. Other major international source markets are the USA and Germany. Domestic visitation accounted for 19% of the total in 2018.

HOTEL PERFORMANCE

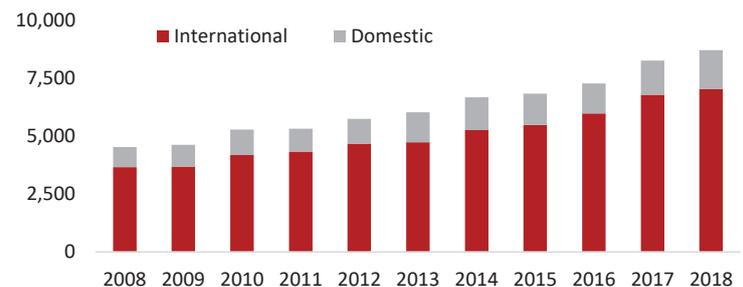
- Amsterdam's hotels have experienced robust growth within recent years, having surpassed the difficulties faced during the 2009 economic crisis. RevPAR has sustained an upwards trend for several years, mainly driven by the substantial uplift recorded in average daily rate year-on-year;
- By pairing the ban on new hotel developments in Amsterdam's city centre (further explained later), which has suspended new supply, and the increase in demand and arrivals visible year-on-year, the existing establishments have enjoyed a favourable position, allowing hotels to increase average rates without sacrificing occupancy.

ECONOMIC INDICATORS – THE NETHERLANDS



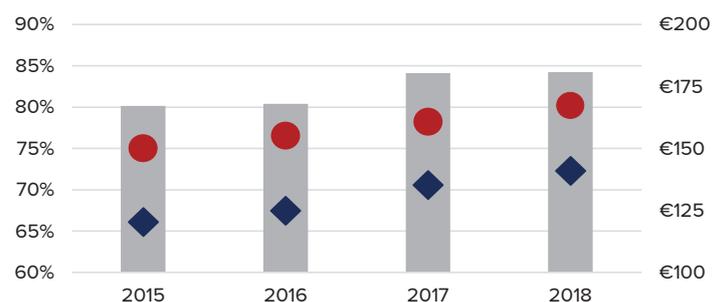
Sources: Economist Intelligence Unit; IMF

VISITATION – THE NETHERLANDS (000s)



Source: TourMIS, June 2019

KEY METRICS – BRANDED HOTELS



*Sample of approx. 9,300 rooms
*Branded upscale properties

■ Occupancy ● ADR (€) ◆ RevPAR (€)

Source: HVS Research

HOTEL SUPPLY

In recent years, hotel supply in Amsterdam has seen strong growth in virtually all segments. Overall, hotel supply has increased at a compound annual rate of 4.2% since 2011, with 501 properties recorded in 2018, representing almost 35,000 rooms in all. Of these hotel rooms, only 11% are categorised as five-star, around 38% four-star and 33% three-star. Whilst two-star and independent properties account for half of all hotel properties in the city, they represent only 18% of rooms in the market.

The ban that was placed on new hotel developments in the Canal District in 2015 resulted in planned projects moving out to more fringe areas. However, at the end of 2016, the city of Amsterdam implemented further restrictions on new hotel construction in order to better manage tourism flow within the city. These restrictions essentially prohibit the development of hotels except in designated areas (such as Overhoeks, Buiksloterham and Indische Buurt) for which development applications can be submitted. This has had a substantial impact on the future hotel pipeline.

INVESTMENT MARKET

Amsterdam's hotel investment market is one of the most liquid and attractive in Europe. Substantial movement was seen in 2018, with year-to-June 2019 transactions suggesting that investment is unlikely to slow down in the foreseeable future. Key sales in 2018 included the 148-room INK Hotel Amsterdam – MGallery by Principal Real Estate Europe to Amundi and L'Etoile Properties for €60 million (€405,000 per room). In addition, the 274-room Kimpton De Witt Hotel was sold to Global Holdings by York Capital and Cedar Capital Partners for €160 million (€600,000 per room), and the 407-room Sheraton Amsterdam Airport was acquired by InterGlobe Enterprises from Blackstone for €113 million (€280,000 per room). For the latest value trends, please refer to our *European Hotel Valuation Index*.

OUTLOOK

With continuing demand recorded year-on-year, Amsterdam has focused its efforts on efficiently managing tourism. There are plans to expand both Amsterdam Centraal station and Amsterdam South (Zuidas) station, as well as the reallocation of a number of international railway services to Amsterdam South from Amsterdam Centraal for the sake of dispersal. Most significantly, however, is the ban on new hotel developments in certain designated areas, resulting in higher barriers to entry for this market. These circumstances, together with Amsterdam's numerous demand generators, have enabled strong growth in RevPAR over recent years. As indicated in our *European HVI*, Amsterdam's hotel values have seen healthy growth and are amongst the highest in Europe. Owing to its robust fundamentals, the strong appeal of this market is likely to remain solidly in place for some time to come.

HOTEL PIPELINE – AMSTERDAM

Property	Rooms	Opening
Leonardo Royal Hotel Amsterdam	490	Recently Opened
Meininger Hotel Amsterdam City West	321	Recently Opened
YOTEL Amsterdam	204	Q3/2019
NinetyNine Hotel Amsterdam Schiphol	140	Q4/2019
niu Fender	245	Q4/2019
Rosewood Hotel Prinsengracht	140	2020
Maritim Hotel Amsterdam	579	2020
citizenM Amsterdam City Centre	84	Q1/2020
nhow Amsterdam RAI	650	Q1/2020
Premier Suites Plus Amsterdam	115	Q1/2020
Hard Rock Hotel Amsterdam American	173	Q2/2020
Van der Valk Amsterdam RAI - Zuidas	240	Q2/2020

Source: HVS Research

HOTEL TRANSACTIONS – AMSTERDAM

Property	Sale Date	Rooms	Estimated Price (€)	Per Room (€)
DoubleTree Amsterdam*	Jun 2019	557	425,000,000	763,000
B-Aparthotel Westgate	May 2019	50	6,100,000	122,000
Hotel Library	Apr 2019	48	6,600,000	138,000
Holiday Inn Express Sloterdijk	Mar 2019	254	42,800,000	169,000
Hotel Beethoven	Mar 2019	52	21,900,000	421,000
INK Hotel Amsterdam	Dec 2018	148	60,000,000	405,000
SEI Amsterdam	Dec 2018	600	Undisclosed	
Park Hotel	Nov 2018	189	Undisclosed	
Bilderberg Garden Amsterdam	Oct 2018	124	Undisclosed	
Holiday Inn Express South	Sep 2018	80	4,400,000	55,000
Apollo Hotel Almere	Aug 2018	117	Undisclosed	
The Edison Hotel	Jul 2018	47	8,000,000	170,000
Sheraton Amsterdam Airport	Jul 2018	407	113,000,000	278,000
XO Van Gogh Hotel	Jul 2018	49	6,500,000	133,000
Busitel III	Jul 2018	253	Undisclosed	
Hotel King's Court	Jul 2018	98	Undisclosed	
The Manor Hotel	Jun 2018	125	42,200,000	338,000
Kimpton De Witt	Jun 2018	274	164,000,000	599,000

*Not yet completed

Source: HVS Research

VALUE TRENDS

REVPAR



CAPITALISATION RATES



HOTEL VALUES



Source: HVS Research

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