


## Amsterdam Hotel Market

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## Quick stats

## WORLDWIDE GDP

2010 (y-on-y)  5.0%

## SUPPLY OF HOTEL ROOMS

2010 (y-on-y)  3.9%

## NUMBER OF GUESTS

2010 (y-on-y)  14.2%

## NUMBER OF NIGHTS

2010 (y-on-y)  13.6%

Dear reader,

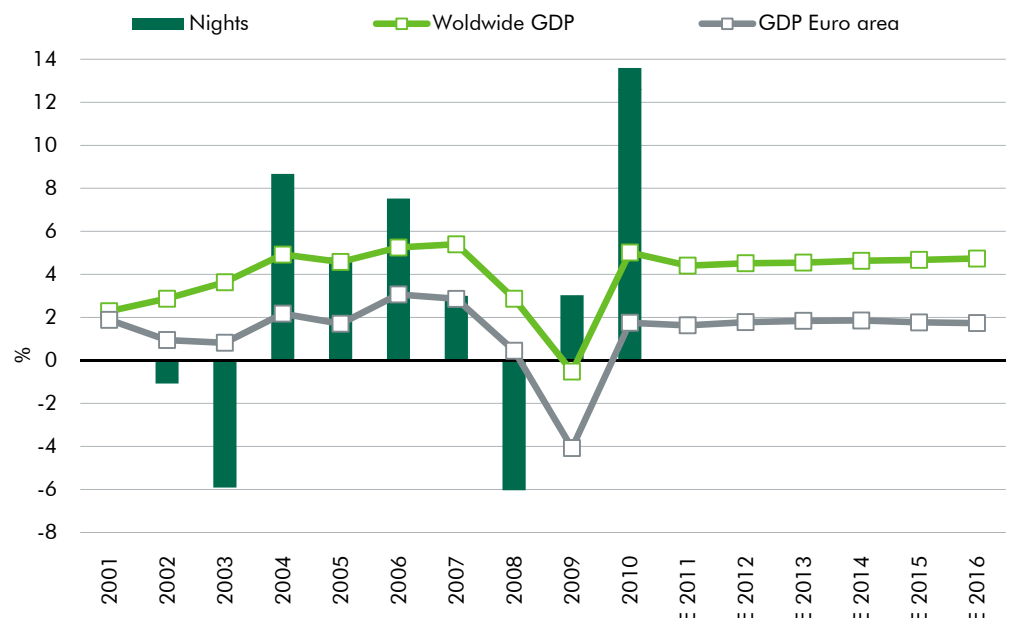
The hotel market has a strong cyclical character, which means inter alia that both the tourist and business market considerably depend on the economic climate. Currently the world is recovering from the largest economic crisis we have ever gone through in modern times. Nevertheless, the Amsterdam hotel market has experienced an amazing recovery in 2010. The capital city attracted almost 5.3 million hotel guests, together resulting into more than 9.7 million overnight stays. These were not only 1.2 million nights more than in 2009, but also 880,000 nights more compared to the record year 2007. The recovery shows an overall picture. Both the number of domestic and foreign guests in Amsterdam hotels increased in the past year. Furthermore, all star classifications recorded an increase in the number of overnight stays.

At the beginning of this wonderful recovery, we gladly present to you our first Market View concerning the Amsterdam hotel market. This Market View will be released frequently by CB Richard Ellis in cooperation with the Economic Development Department of the City of Amsterdam. Within the hotel sector cost reduction and profit optimisation play a very important role and the hotel business is constantly being observed through indicators and benchmarks. With this Market View CB Richard Ellis hopes to contribute to the transparency within the hotel sector. With the help of the figures of the Department for Research and Statistics of the City of Amsterdam we will provide insight in the demand for and supply of Amsterdam's hotels. Furthermore, we will describe the trends in the hotel investment market. Finally the City of Amsterdam will keep you informed about the realisation of their hotel policy.

Feel free to contact us with specific questions or wishes!

CB Richard Ellis

## Growth number of nights and GDP



Source: IMF and City of Amsterdam, O+S

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 City of Amsterdam  
Economic Development Department

## THE AMSTERDAM HOTEL POLICY... HALFWAY

At the end of 2007 Amsterdam's city council established its new hotel policy and voted for a large growth of hotel rooms in town. 9,000 new rooms were to be added to the inventory of then 18,000 rooms.

Both developers, investors, operators, civil servants and politicians continued to work enthusiastically on the existing one hundred projects and added fifty on the go. A record number of zoning change procedures started and more and more development pins appeared on the digital hotel project map.

Until the credit crunch, which slowed down development progress and brought down occupancy and rates of Amsterdam's hotels. Understandably hotel owners questioned the city's ambitious plans. However, in times of crisis one should not stop planning but start acting. You can't stop hotels that are being built; all you can do is focus on city marketing and promotion.

2008 and 2009 showed deep drops in the results for the hotels. Then however, matters improved and 2010 became the best year ever in overnight stays. More than 9.7 million of them were established. A big relief for operators, real estate owners and policymakers. Amsterdam again proved to be a strong and tenable destination.

Amsterdam will continue to work on its ambition to realize the 9,000 new hotel rooms. At this moment, however, the result in 2015, caused by the slowdown, is most probably going to be around 6,000 rooms. Looking at the expected growth in demand, hotels should be able to reach a 75% occupancy year round. This year's openings of the Mint hotel, the Cocomama hostel, the Notting hill, Conscious, Conservatorium, JL67 and the Eden Manor hotel will add another 1,100 rooms to the total. Overnight stays in Amsterdam will most probably surpass 10 million this year.

Policy makers and hotel operators will have to continue communicating their experiences, expectations, thoughts, beliefs and doubts. We should be cautious but brave. Hotel development should always follow economic development. In that respect the future looks bright and so do the plans made.

Rene van Schie

City of Amsterdam

Hotel Development Intermediary

## Amsterdam hotel supply mid-2010

	Hotels	Rooms	Beds
1-star	140	3,025	8,924
2-star	77	1,733	3,916
3-star	93	6,708	13,809
4-star	49	7,708	15,704
5-star	11	2,574	5,339
Total 2010	370	21,747	47,692
Total 2009	369	20,932	45,914

Source: City of Amsterdam, O+S

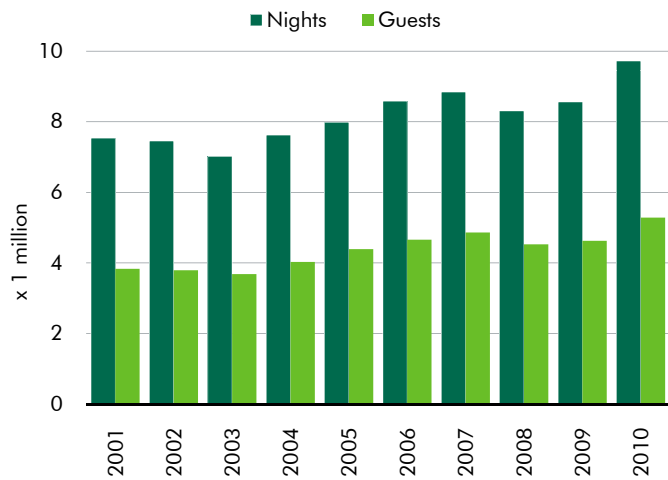


A double room in the winning Casa 400 hotel

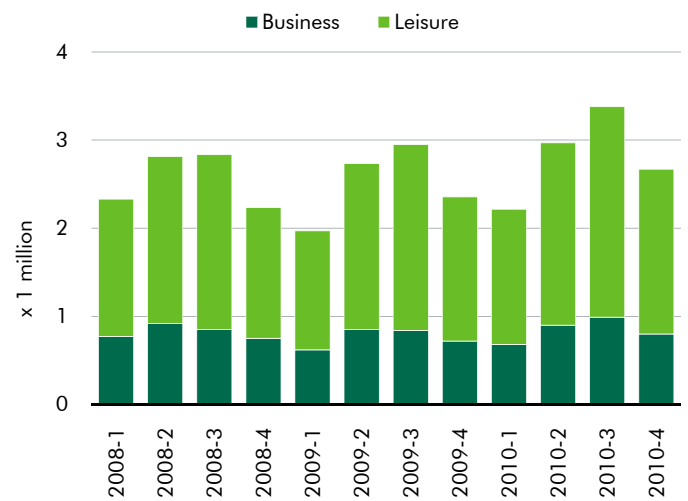
## HotAm 2011

HotAm, an award for prominent hotel developments in Amsterdam, was presented for the second time by Ms. Carolien Gehrels, Vice Mayor of the City of Amsterdam, at Provada. For 2011 the nominated hotel developers were Bouwinvest with Casa 400, Jacobs and Horvers with the Cocomama Boutique Hostel, NCA CV with the Mint Hotel and Roodberg BV with the Conscious Hotel. The winner Casa 400 can be considered the most important addition to the capital city according to the hotel policy of the city of Amsterdam.

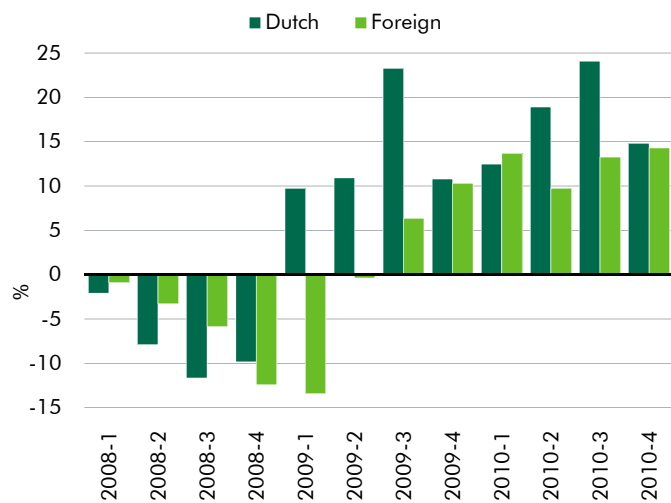
### Number of nights and guests



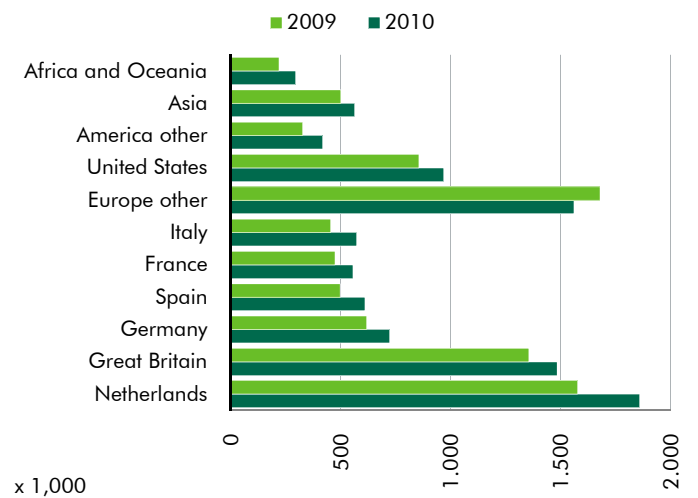
### Number of nights divided by visiting reason



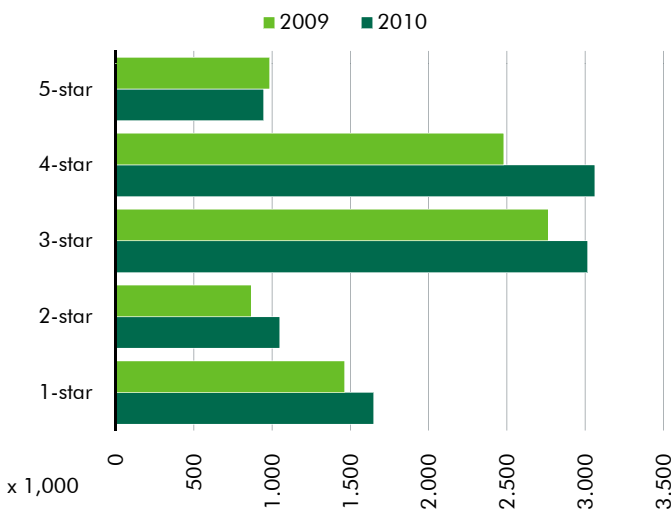
### Growth number of nights divided by nationality



### Growth number of nights divided by nationality



### Number of nights divided by classification



one 5-star hotel closed in 2010

### Length of stay divided by classification



Source: City of Amsterdam, O+S

## HOTEL INVESTMENT MARKET

Since the credit crisis the entire Dutch investment market has been under pressure. This is reflected in the total turnover volumes, which have been halved on average compared to the record year 2007. Due to the turmoil on the financial markets, investors are experiencing difficulties in financing their purchases. However, the turnover declines are not only caused by a drop in demand. The risk avoiding investor of these days is looking for prime property assets with long-term lease contracts, but, the supply of this kind of assets is limited. Due to the current economic circumstances tenants are not willing to step into a long-term commitment. Furthermore, the construction of real estate property has come to a halt and the pipeline has decreased considerably.

What applies for the more traditional real estate segments, such as offices, retail and logistics, applies more strongly for hotels. Nowadays a hotel investment is considered to be quite risky. Investors look for a long-term steady cash flow and therefore favour a standard lease contract over the various management and franchise contracts that exist in the hotel market. Also, investors often lack the asset management skills to manage such agreements. On the other hand, as lease contracts were common in a period of boom, currently the hotel operators are not willing to step into a long-term commitment and prefer management contracts. As such, there is a discrepancy between the demand side of the hotel investment market on the one hand and the supply side on the other. Consequently, hardly any investment transaction involving Amsterdam's hotel property has taken place in the past period. The largest transaction registered was the purchase of the Symphony hotel at Zuidas office location by UBM for an amount of approximately € 30 million.

Although the Amsterdam hotel market has experienced a striking recovery in 2010, it is expected that this will not immediately lead to more activity on the investment market. Property investors will remain cautious and will focus on prime assets. If the favourable situation will persist for a longer period, hotel operators will probably gain more confidence to conclude lease contracts again instead of management contracts. Thereupon hotel investors will be willing to enter the investment market.

This MarketView will appear twice yearly and is composed by CB Richard Ellis in cooperation with the City of Amsterdam. For more information regarding this MarketView, please contact:

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