

Investors from CIS countries searching hotel properties in Europe and Austria

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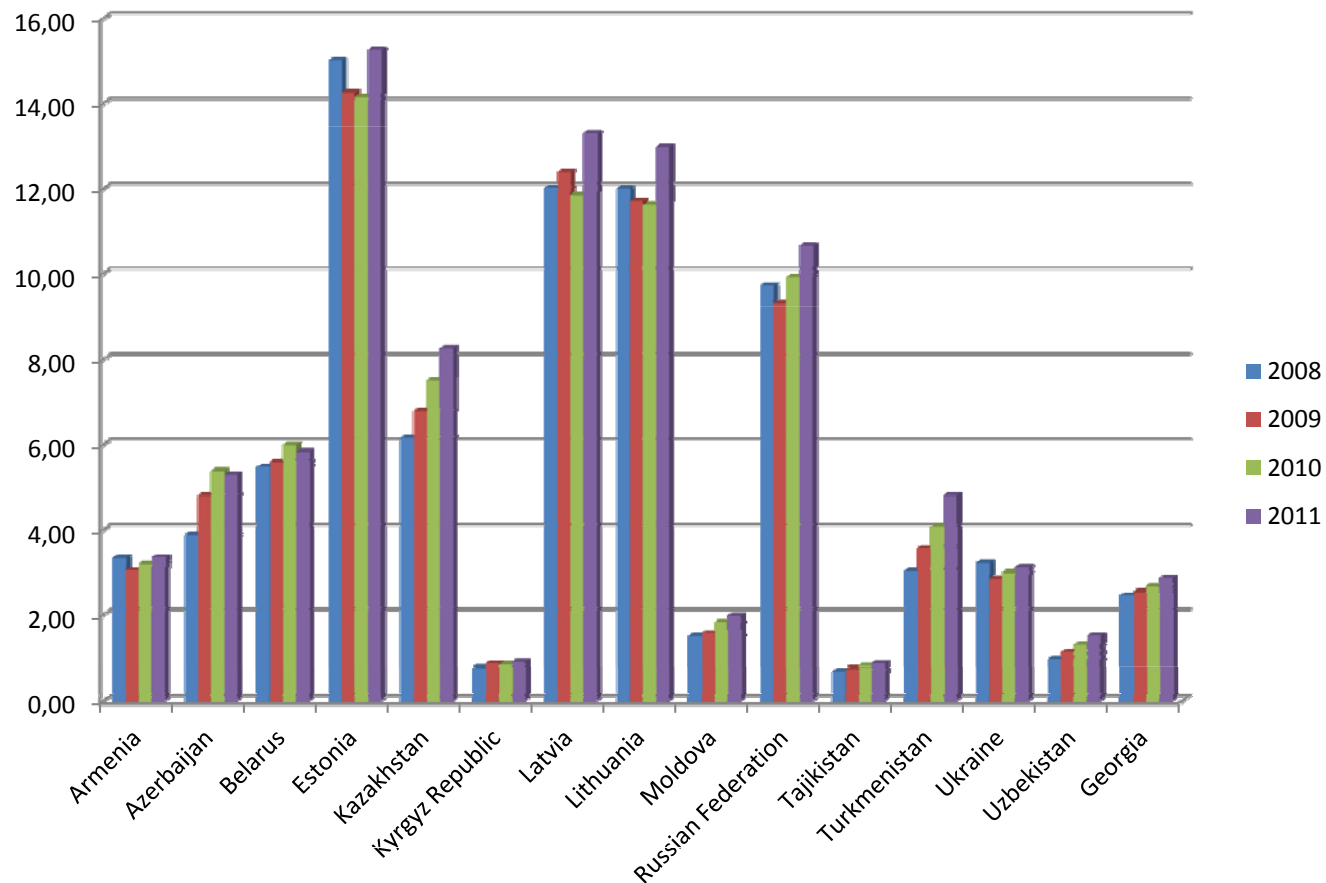


Macro-economical factors in CIS countries

(the highest in Estonia, Latvia, Russia and Kasachstan)

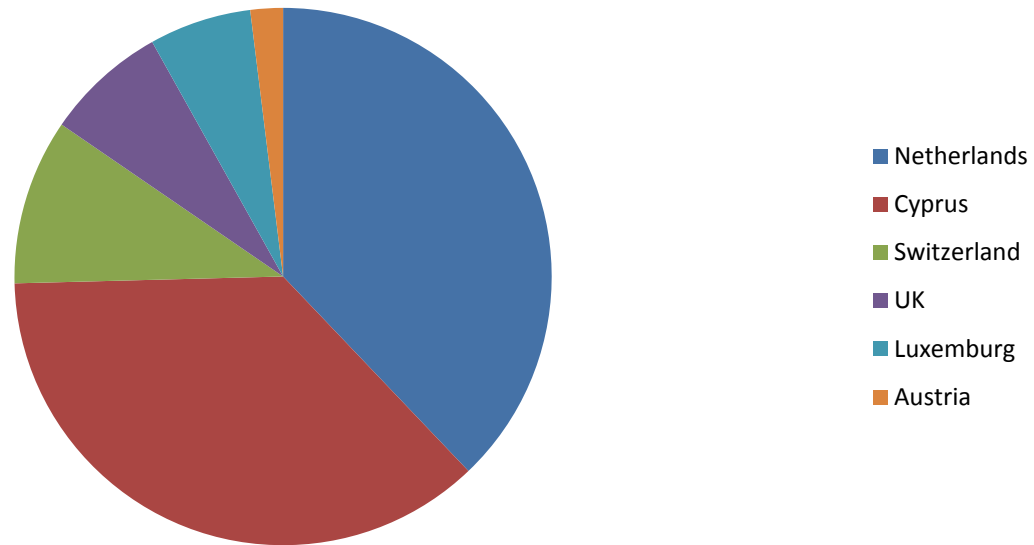
Everywhere – growth (source – Word Bank Statistics)

GNI
per
Capita
Poulation in
Russia:
143mln,
Kasachstan:
16,56 Mln,
Estonia:
1, 34 Mln



Russian Investments in Europe in 2012

(Russian Statistics)



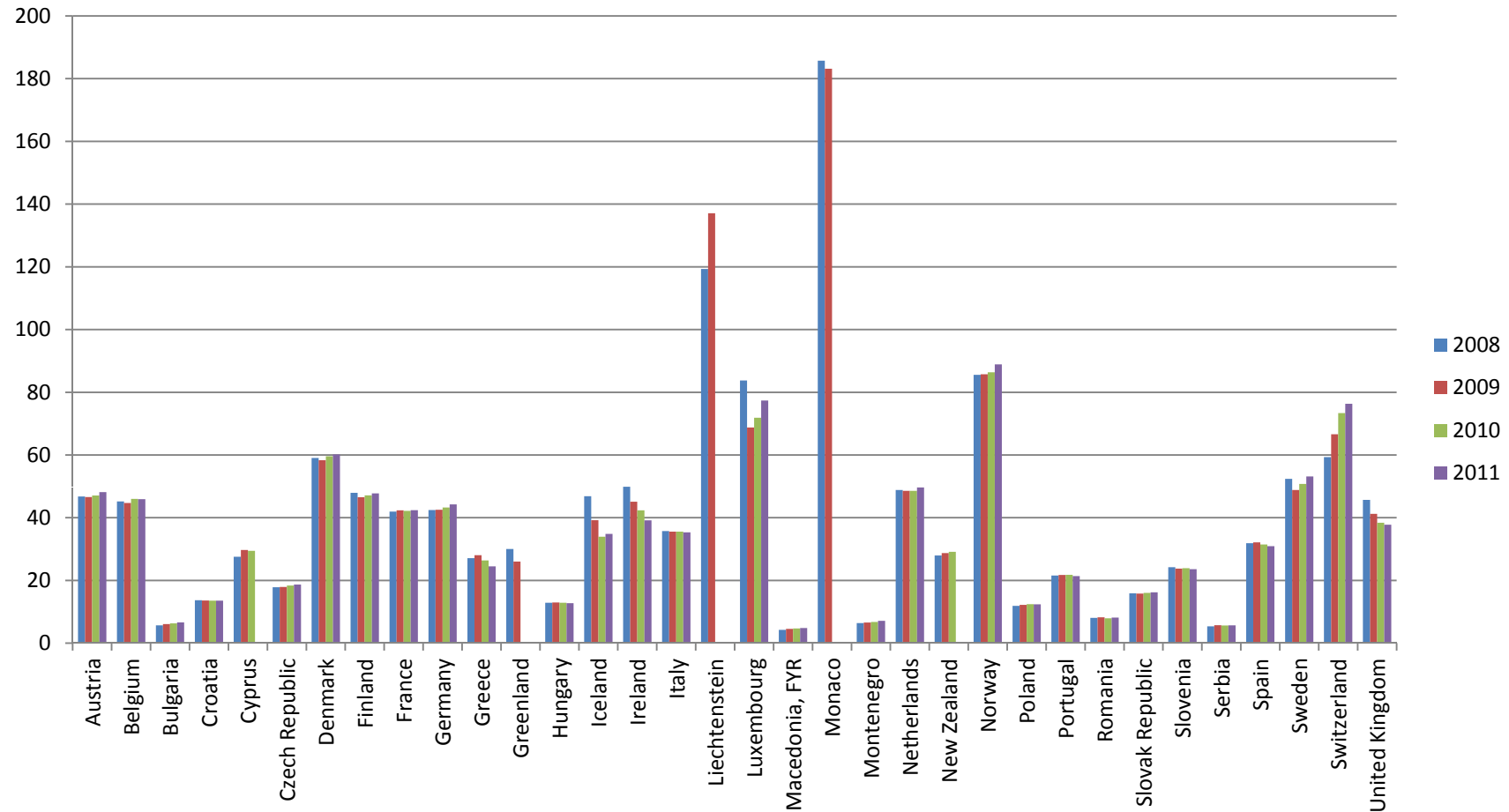
Investment in Mln USD	Accummulated	Direct	Potfolio	other	sent
Countries /Total Investment	117797	73927	31194	31194	149908
Netherlands	30480	27143	1919	1418	8521
Cyprus	29553	17985	2920	8648	16848
Switzerland	8020	2931	51	50308	50703
UK	5901	2335	3229	337	9147
Luxemburg	4944	2226	2463	255	600
Austria	1574	131	2	1441	19635

Direct investments from Russia in 2013

- According to Russian Statistics, the direct investment from Russia abroad in the first quarter 2013 was **92.3 billion dollars** - 2.9 times more than in in the first quarter 2012. The volume of amortised investments from Russia abroad during the reporting period amounted to 37.9 billion dollars, **or 24.9% more** than in the first quarter of 2012.

Macro-economical indicators in EU

GNI per Capita: the highest in Monaco, Lichtenstein, Luxemburg, Norway, Denmark, Netheland, Sweden, Switzerland and Austria (Word Bank Statistics)



European hotel transaction market in 2012 (1)

- Total European hotel transaction volume reached approximately €5.6 billion in 2012
- Last year's activity involved 101 transactions (of more than €7.5 million per property) with 301 hotels and more than 39,000 rooms;
- The UK market saw the most activity, accounting for 38% of hotel transaction volume in Europe;
- Only 12% of total sales can be categorised as 'distressed', although a number of further transactions were precipitated by upcoming Loan maturities;

European hotel property transaction market in 2012 (2)

- Transaction activity remains subdued by virtue of a continued lack of new debt available for acquisitions, a wide bid-ask valuation spread and the perceived lack of stability in the Eurozone.
- **Single asset** activity accounted for **60%** of the total transaction volume; despite a decrease in volume of 12% on 2011, the average price per room remained constant at **€190,000**. This is the result of more high-end assets changing hands in 2012 compared with the previous year (source HVS)

Private Investors Take A Lead in Europe in 2012

- high- net-worth individuals have increased acquisition activity, accounting for **24%** of transaction volume in 2012. Private equity firms have, on the other hand, decreased activity with 7% in 2012 compared to 17% in 2008, a direct reflection of the lack of debt available to leverage acquisitions.
- In terms of single asset transactions, the hotel investment market was dominated by hotel operators, high-net-worth individuals and real estate investors) which together accounted for **69%** of total volume.
- Portfolio investment painted a similar picture, with high-net-worth individuals, real estate investors and hotel operators accounting for a **significant 65%** of total volume.

(source HVS)

Buyers and Sellers in Europe

- **The majority of investment in Europe came from within the region (63% of total).** North America accounted for around 18% of total transaction volume; the profile of these investors was diverse and included private equity companies such as KSL Capital Partners. Cross-border investment from the Middle East was focused on trophy assets in London and Paris. Asia accounted **for 6%** of cross-border investments and the majority of this came from Ascott, who invested in properties in the UK.
- The main **sellers of 2012 were** real estate investors, hotel operators and high-net-worth individuals, which together made up 62% of transaction volume. Real estate investors such as Unicor Management Co. and ANF Immobilier accounted for more than €1.2 billion. Government, banks and receiver company accounted for 16% of transactions. Somewhat surprisingly, only 12% of the total transaction volume can be described as distressed selling.
- (source HVS)

Hotel activities in main European markets

- **UK Market:** In terms of single asset sales, the UK was the most active market with a total transaction volume of almost €1.4 billion. In 2012, a total of 33 hotels and more than 6,000 rooms were sold across the UK in single asset transactions. This figure was driven by London, which accounted for 66% of the total single asset investment volume in the UK (44% of single asset transaction volume in Europe). A number of hotel development sites have also been sold in London, including the InterContinental Westminster and Hilton Bankside. In addition, the Odeon site in Leicester Square was acquired by the Edwardian Group.
- **French Market:** Union Investment acquired the 369-room Melia Paris La Defense development (which is expected to be completed in 2014). Bouygues Immobilier acquired the 617-room Puliman Paris Rive Gauche for €77 million. In addition, the 60-room Hotel Lancaster in Paris was sold by Spanish operator Hospes Hoteles to French hotelier Pierre Esnee for about €61million.
- **German market:** In 2012, Germany accounted for 9% of single asset transaction volume. Notable transactions included the Courtyard DüsseldorfSeestern for €15.5 million and the Suite Novatel Hamburg City for €18 million (€97,000 per room). HPI Hotelbesitz GmbH purchased three Pentahotels (the 139-, 138- and the 137- room Pentahotels) from CRE Hotel Immobilien GmbH. (source HVS)

Austrian Hotel Markt (1)

- Austrian hotel market is in motion, every fourth euro on the **€ 1.65** billion commercial real estate market has been invested **in 2012** in hotels.
- In Austria there are more than **13,000** accommodation establishments, just over **400** of them in Vienna (about 30% of the properties are located in Tyrol). Considering the 12 houses of the UNIQA portfolios of the transactions (including houses in Prague and Brno), mostly small transactions remain. At approximately 1.3 million beds in Austria, the transaction volume is about range of thousands (source- MRP)

Austrian Hotel Market (2) Destination: Vienna

- In most transactions, Vienna is in the focus of investors in Austria. By good macroeconomic conditions, rising overnights figures, stable room rates and market conditions provide a good reason to invest.
- Vienna has the highest quality of life worldwide according to the current study "Quality of Living Survey 2012" Mercer. Vienna with 181 international congresses by far the most popular convention destination in the world. (Source: Statistics 2011, the International Congress and Convention Association ICCA). Vienna has 50% percent green space and best drinking water straight from the Alps.
- In 2012, the Vienna recorded a total of 12.3 million arrivals (up 7.5 percent) and 5.6 million guest arrivals (**up 7.2 percent**), another record year. Vienna is one of the most popular urban tourism destinations in Europe. The countries with the highest growth rates in 2012 were: **Russia, USA, China, Turkey, Brazil, Saudi Arabia and the United Arab Emirates.**

Austrian hotel market (3)

- In **Salzburg and Tyrol**, it always comes back to sales of small and medium-sized hotel enterprises to foreign investors. One of the reasons for moderate number of transaction is the fact that the average number of rooms in the hotels is low (a lot family owned and managed). Under a certain room number, the transaction costs for consultants, lawyers, etc. in relation to the returns to be achieved are too high.

Buyers in Austria from CIS Countries

- Private investors are on the buyer side in Austria. Thus, the second largest deal was for the intercontinental sales Motel One in Elizabeth Street, which went to the Soravia daughter Ifa AG and thus also privately financed. But the Austria Trend Doppio Porr / Strauss and partners and the Austria Trend Park Royal Palace were sold-out in a well-heeled private investors in both cases to Russians.
- The Eastern Europeans vary from Vienna apartment house to hotels throughout Austria. For not only Viennese hotels are bought, but also smaller hotels in the price range under € ten million in tourist areas are bought from individuals from countries of the regions in CIS countries.
- Vienna is and remains one of the most attractive hotel investment markets for investors also from CIS Countries

10 the most important hotel transactions in 2012 in Austria

DIE ZEHN WICHTIGSTEN HOTEL-DEALS 2012			
Hotel /Ort / Zimmer		Verkäufer	Käufer
Intercont Wien 458		Toufic Aboukhater	Wertinvest
Motel One Westbf. Wien 438		ÖBB	Acron
Motel One 1010 Wien 400		Immovate	Ifa AG
Austria Trend Park Royal Wien 233		Schweighofer Immo	Privatperson aus Russland
Austria Trend Doppio Wien 155		Strauss und Partner	Privatperson aus Russland
Hilton am Stadtpark Wien 143*		Soravia Group	RZB
4-Sterne-Stadthotel Wien 120		Hotel- gruppe	Privatperson aus Ö
NH Hotel Belvedere Wien 114		Wüstenrot	Privatperson aus Ö
Hotel Panhans Semmering 113		Insolvenz	IBS
Seehotel Kaiserstrand Wien 102		bauart	Deutsche Fondsvermögen

*entsprechend einem Anteil von 25 Prozent am 572-Zimmer-Hotel / WirtschaftsBlatt Grafik/ulrix
Quelle: Christie+Co / Bild: Mavr

A typical investor in an small to medium Hotel

The typical Austrian hotel on the land is also often sold to the buyers from CIS Countries.

A typical example of a hotel in Tirol, bought by a Russian:

- Bio-4 Star Hotel with ca. 100 Betten in one of the highest sky regions in Austria
- Wellness area, two plots of land for building of additional rooms
- Total area: 5702 m²
- In the mountains on the 1440 m high above sea level
- 10 Minutes from sky lift
- Occupancy ca. 70%
- Cash flow: ca. 1 Mio Euro
- Price: 4,5 Mio Euro

Hotel Fotos



16.06.2013

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Hotel Fotos



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Thank you for your attention!

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