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«WORLD TOURISM DAY»

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BULLETIN
NEWSLETTER

#13

HOTELS IN THE USA AND EUROPE: RECOVERY RALLY CONTINUES

Despite the challenging macroeconomic environment, US hotels continue to exceed expectations. In Q1 2023, US hotels surpassed Q1 2019's RevPAR (Revenue per available room) level by 13 percent, based on data from STR. Room rates (ADR, Average Daily Rate) continue to be the main driver of this recovery. While occupancy in the first three months of 2023 was still 2.1 points below the same period in 2019, ADR increased by 17 percent. This trend is still largely driven by leisure travel, although the growth rate has slowed. The number of individual business trips and group travel continues to recover, contributing more significantly to the positive industry trend.

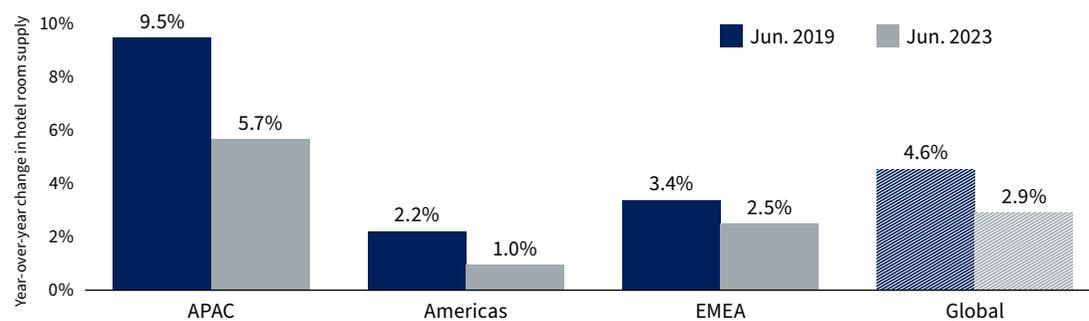
Demand for accommodation in European hotels has continued in 2023 following a robust recovery in 2022. This development was supported by pent-up demand for leisure

travel and the revitalization of the business and group segments. While occupancy in the first quarter of 2023 was still five percent below Q1 2019, substantial ADR growth (plus 19%) led to a RevPAR that exceeded 2019 levels by 13%.

Due to ongoing economic volatility and interest rate developments, global investment volume in hotels in the first half of 2023 fell to a ten-year low, although transaction activity (number of transactions) remains robust. In contrast, the hotel sector has shown positive growth in 2022 and 2023 compared to other asset classes. With sluggish worldwide construction activity (2.7% in 2023 vs 4.6% in 2019), JLL experts anticipate that RevPAR will continue to rise, meaning room rates will increase while new rooms are added at a slower pace.

ANNUAL CHANGE IN HOTEL ROOM SUPPLY

Source(s): JLL Research, STR/Costar | Note(s): Data as of June 2019 and 2023.



Sources:

JLL: https://img04.en25.com/Web/JLLHotels/%7Bf306f4c5-74b5-4577-ac24-6a864e5e8c9b%7D_JLL_Global_Hotel_Investment_Trends_-_H1_2023.pdf

hospitality investor: <https://www.hospitalityinvestor.com/investment/time-invest-hotels-now-pro-invest-says>

PWC: <https://www.pwc.com/us/en/industries/consumer-markets/assets/pwc-hospitality-directions-may-2023.pdf>

Cushman & Wakefield: <https://www.cushmanwakefield.com/en/united-kingdom/insights/hospitality-market-beat-europe>



Worldwide, construction activity is declining, partly due to rising interest rates and high construction costs. This presents hotels with the opportunity to maximize profits through higher ADR.

Source: JLL

WORLD TOURISM DAY: 5 TRENDS IN THE HOTEL INDUSTRY BY 2030

Currently, the hotel industry is benefiting from the rebound effect after the COVID-19 pandemic. However, to be successful in the future, the entire industry needs better adaptability and openness to new technologies. On the occasion of today's "World Tourism Day," we look at five trends that will influence the hotel industry in the coming years:

1 SHORTER ATTENTION SPANS

Due to changed media consumption, shorter attention spans can be expected. Travelers seek quick access to concise information to make decisions. Social media platforms, video content, and interactive interfaces are more influential than ever in travel planning.

2 DEMAND FOR HYPER-PERSONALIZATION

Guests today, and even more so in the future, expect personalized experiences tailored to their preferences. According to McKinsey, 71% of consumers desire personalized communication, and 76% are frustrated when such offers are lacking – hotels must respond to this.

3 TECHNOLOGICAL ADVANCEMENT

Technology permeates our lives, and hotels must adapt to ongoing developments. Artificial intelligence, automation, robotics, and augmented reality will strongly influence the industry.

4 CHANGING PAYMENT PREFERENCES

It is expected that the payment process in hotels will be simplified and will resemble e-commerce more in the future. Abandonment rates in e-commerce are significantly linked to the available payment options. Guests will also expect this flexibility and convenience in the future.

5 IMPORTANCE OF SUSTAINABILITY

Certification systems and guest demand for sustainable offerings will drive hotels to adhere to sustainable standards. Major booking platforms already conduct sustainability assessments today.

**WORLD
TOURISM
DAY 2023**
TOURISM & GREEN
INVESTMENTS

Source: <https://www.hospitalitynet.org/opinion/4116365.html>



NONPERSONALIZED COMMUNICATIONS POSE A BUSINESS RISK IN A LOW-LOYALTY ENVIRONMENT.

Consumer expectations have changed since COVID at the latest, but also before that due to the influence of new media: Increasingly, personalized offers are expected and companies that do not offer this experience are punished.

Source: McKinsey

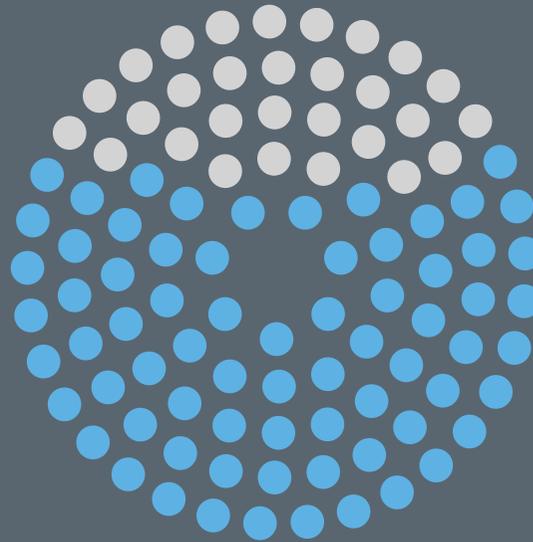
Loyalty is up for grabs...

... and consumers expect personalization from the brands and businesses they choose.



75%

of consumers tried a new shopping behavior during the pandemic



71%

of consumers expect personalization



76%

of consumers get frustrated when they don't find it

SABLE AT NAVY PIER – A TROPHY ASSET BY ACRON IN THE “BEST MAJOR CITY IN THE USA”

Among the 25 largest hotel markets in the USA, Chicago recorded the highest year-over-year growth in all key performance indicators in the first quarter of 2023, according to STR: **Occupancy** increased by 23.9 percent to 72.2 percent, **ADR** increased by 29.6 percent to \$174.71, and **RevPAR** increased by 60.6 percent to \$126.13, indicating a steep upward trend.

ACRON holds a unique “Trophy Asset” in its portfolio with the hotel “Sable at Navy Pier,” a Curio Collection by Hilton, in Chicago. This award-

winning hotel, home to the world’s largest rooftop bar (listed in the Guinness Book of World Records), is located on Navy Pier, Chicago’s historic landmark with nine million annual visitors. For investors, there is currently an opportunity to enter an existing investment structure with an already operational asset and a short-term duration with attractive return prospects.

The performance of the Sable Hotel already surpasses its competitors in terms of occupancy, ADR, and RevPAR in a dynamic market. There are strong indications that this trend will continue,

as Chicago boasts attractive long-term prospects. The third-largest city in the USA has been voted the best major city in the USA for the sixth consecutive time (Condé Nast Traveler Reader’s Choice Award) and is renowned for its outstanding restaurants, vibrant cultural and entertainment scene, and economic vitality. Additionally, the city on Lake Michigan has two airports connecting Chicago to more than 240 cities in the USA and worldwide – a significant indicator of hotel demand. This combination of factors ensures that the “Windy City” will attract over 60 million visitors from around the world in the coming year (forecast).

★★★★

The Sable at Navy Pier, part of ACRON’s portfolio, is one of the most outstanding hotels in Chicago. It has received multiple awards for its construction, sustainability and guest satisfaction.



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