

513 Hotel Projects with 93,669 Rooms in European Development Pipeline

2007-03-19

Development Pipeline and Three Year Forecast for Hotel Openings in Europe Reveals Robust Development Activity Through Decade End

Lodging Econometrics (LE), the Global Authority for Hotel Real Estate, announces the compilation and publication of the first ever comprehensive Lodging Development Pipeline including a forecast for New Hotel Openings for '07, '08, '09 and beyond for every country in Europe.

Patrick Ford, President of LE said, "There are 513 Construction projects being actively pursued by developers having 93,669 rooms in the 40 countries throughout Europe. 59% of the total, or 302 projects having 52,580 rooms, are already Under Construction. Another 74 projects / 13,830 rooms are Scheduled to Start Construction in the Next 12 Months while 137 projects / 26,989 rooms are in various stages of Early Planning."

"After years of modest growth the region is benefiting from an expanding global economy, unprecedented availability of investment capital, a flourishing tourism industry and now appears to be firing on all cylinders. Coupled with rising occupancies, accelerating room rates and a shortage of guestrooms in many key markets, Europe is proving to have an attractive investment climate which is sparking a development surge in the lodging industry," said Ford.

"LE's new European reports describe the development upswing. They consist not only of individual project records, but also contain a forecast of New Openings for '07, '08, '09 and beyond for: each country and market, the leading developer groups and for every brand and company. It's been a massive task to compile such detailed information in the development community and then re-verify it's accuracy with brand management. We were first encouraged to extend our research globally by our Wall St. clients who found International operations to be a growing component of the U.S. hotel companies and real estate investment groups that they track. Preliminary indications are that LE's research reports will prove to be even more valuable to European based industry analysts, developers and lodging companies as well," said Ford.

Of the 513 hotels in the Pipeline, 272 or 53% of the projects will be full-service 4 and 5 star operations located mostly in city centers, close to suburban locations, near airports or at destination resort locations. 281 of the projects are between 100-200 rooms, primarily select service properties with limited food and beverage and meeting facilities.

"Developers have already chosen a brand for 72% of the projects in the Pipeline," Ford said. "We expect approximately 10% more to make a branding decision as projects migrate forward through the approval and financing process. Having over 80% of all New Openings branded is striking testimony to the power and importance of International brands in a growing globalized economy."

The Pace of New Openings will Start to Accelerate Beginning in '07

LE's first ever Supply Side forecast for Europe shows that 143 Hotels / 23,046 rooms will open in '07, about 28% of all Pipeline projects. Another 176 Hotels / 30,234 rooms, or 34% are Scheduled to Open in '08 while the remaining 194 are scheduled for '09 and beyond. Because investment capital is so widely available at historically attractive rates, we expect a continued flow of New Project Announcements into the Pipeline meaning that New Openings won't peak until early next decade.

The United Kingdom has the Largest Pipeline in Europe

In previous cycles the five largest economies in Europe: Germany, the United Kingdom, France, Italy and Spain have usually had the highest development activity.

With 147 projects, the United Kingdom has the largest Pipeline this cycle by far. It represents 29% of the Pipeline total. 63 projects are Under Construction while another 24 are Scheduled to Start in the Next 12 Months. An unusually high 60 projects are in various phases of Early Planning. That count will grow even further with additional New Project Announcements expected now that London has been selected as the site for the 2012 Olympic Games.

London has been a booming real estate market and enjoys the highest occupancy in Europe. Even without the added impetus of the Olympics, London, with 74 projects / 13,417 rooms in the Pipeline, already has 50% of all projects under development in the United Kingdom. London also has nearly five times as many projects in the Pipeline as Moscow the second leading city in Europe. Spain is the second largest country with 74 projects in the Pipeline.

Russia, a surging economy buoyed by oil and gas development has a fast growing Pipeline, 34 projects with 8,867 rooms. The average project size is high at 261 rooms, the highest reported in any European country. Its two major cities are under roomed. Moscow with 15 projects, and Saint Petersburg with 10, account for 74% of all Russian projects and 82% of rooms under development.

Turkey is a thriving market economy undergoing an economic renaissance. It's the fourth most active country in the region with 28 projects / 5,874 rooms in the Pipeline.

Development is intense. Half of the development is centered in the largest commercial center in Istanbul.

Ford said, "There has not been a development spurt quite like this in some time. Economies are growing, we are in an extended period of prosperity, investment capital is available, rates are attractive, and the lodging industry has rebounded nicely. Every developer seems to want to 'catch the curve' this cycle. The next few years appear quite opportunistic for lodging development, with one critical proviso; that there is no substantial change in the political or economic horizon."

Lodging Econometrics (LE) of Portsmouth, NH is the global authority for hotel real estate. LE conducts Supply Side research for all markets, developers and brands and companies in: U.S.; Canada; Mexico, Central America and the Caribbean; Europe; Asia; Middle East; South America; and Africa.

This article comes from Hotel News Resource

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