



AMSTERDAM, THE NETHERLANDS
Hotel Market Snapshot

Clear Waters in the Venice of the North

December 2014





HIGHLIGHTS

Amsterdam, the financial and cultural capital of The Netherlands, is the country's largest city in terms of population. It is also by far the most visited city in the country as well as the fifth most visited city in Europe. Amsterdam has one of the most well-preserved cultural heritages in Europe and is renowned for its historical buildings, its variety of museums and its UNESCO listed network of canals. Over the past decade, Amsterdam has become one of the most popular urban leisure destinations in Europe.

Home to the headquarters of numerous national and international companies, Amsterdam is also a very dynamic business and MICE destination, benefitting from its central location, excellent connectivity as well as its extensive meeting and congress facilities.

The Hotel Development Plan initiated by the city's authorities in 2006 has boosted the growth and the diversification of the local hotel supply over recent years. In addition, as a highly dynamic market with strong trading fundamentals, the Dutch capital has recorded an increasing appetite from investors and operators.

Our Amsterdam Hotel Market Snapshot will offer you an insight of what is happening in this trendy Venice of the North.

AMSTERDAM - Key facts & Figures (2013)

Population (Metropolitan area)	1 287 709
GDP	€ 70 048 million
GDP per capita	€ 54 397
GDP growth	-0.6%
Unemployment	7.25%
Tourism arrivals	6 024 000
Overnight stays	11 262 000
% Leisure tourism	60.8%
% Business tourism	39.2%
% Domestic tourism	19.2%
% International tourism	80.8%
Number of hotels	421
Number of hotel rooms	26 287

Source: Oxford Economics, O+S Amsterdam, CBS, BNP Paribas Real Estate Research

WHAT'S NEW? WHAT'S COMING UP IN AMSTERDAM?

- Dominated by the 3 and 4-star segment, Amsterdam's hotel market saw the long-awaited opening of the 5-star Waldorf Astoria in May 2014, leading the way for future luxury hotel openings in 2015-2016.
- A conversion project in Gelderlandplein, a vibrant area in the South of the city, will see the opening of an Element by Westin hotel. Element Amsterdam will be the 2nd European property of the Starwood brand and is expected to open in November 2015.
- Hilton Hotels & Resorts is currently constructing a new 433-room hotel near Schiphol Airport. Once the new building is inaugurated in 2016, the original 280-room Hilton hotel will be demolished.
- The Faralda NDSM Crane Hotel Amsterdam, open since May 2014, proposes a unique experience in its 3 suites. This former industrial monumental crane, with its 50 meters height, offers a spectacular view of the city.



Amsterdam canals (Source: © sborisov - Fotolia.com)



Source: © JiSign - Fotolia.com

ACCESSIBILITY

Amsterdam benefits from a central geographic location with an excellent connectivity to European and global markets. Amsterdam Schiphol International Airport, located 18 km away from the city centre, is the largest and busiest airport in the country and the fourth in Europe in terms of passengers behind London Heathrow, Paris Charles de Gaulle and Frankfurt Airport. The airport serves no less than 323 destinations in 98 countries through 99 airlines.

The number of passengers travelling from/to Schiphol reached over 52.6 million in 2013, a +3.0% increase compared to 2012. Europeans accounted for 67.9% of total passengers.

Passenger traffic has increased at a compound annual growth rate (CAGR) of +2.8% over the 2003-2013 period. This increase can partially be explained by the recovery of the global economy, the addition of new travel destinations, the reduction of passenger tax and the addition of new airlines over the past four years.

Today, **Schiphol Airport is a major European hub for air traffic** and serves as one of the home bases for Air France-KLM and the SkyTeam partners. As from Spring 2015, Amsterdam will also become an EasyJet base.



Schiphol Airport - Source: Benthem Crouwel Architects

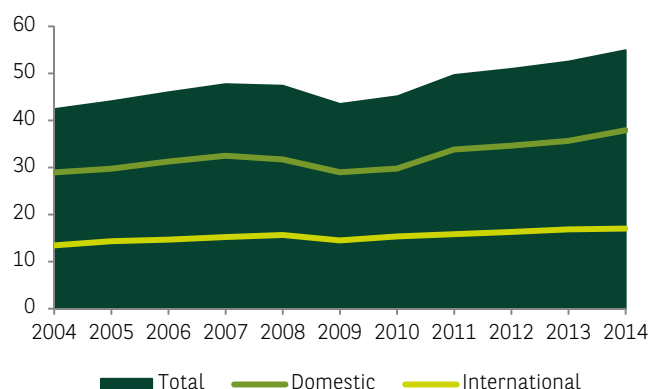
DEMAND

From 2006 to 2013, the number of **tourist arrivals and overnight stays in Amsterdam** recorded steady growth equivalent to a +4.1% CAGR, notwithstanding a moderate decline in 2008.

In 2013, Amsterdam welcomed more than 6 million tourists, recording a +5.0% increase compared to 2012. Overnight stays followed the same trend. After surpassing the 10 million mark of overnight stays in 2012, a further increase of +6.6% in overnights was recorded in 2013.

2013 was a particularly dynamic year for Amsterdam, as the city was the theatre for several major events, such as the reopening of the world-famous Rijksmuseum after a 10-year renovation, the abdication of the Dutch Queen and the 40th anniversary of the Van Gogh Museum.

Amsterdam Schiphol Airport – Passengers numbers and origins 2004-2014 (in millions)

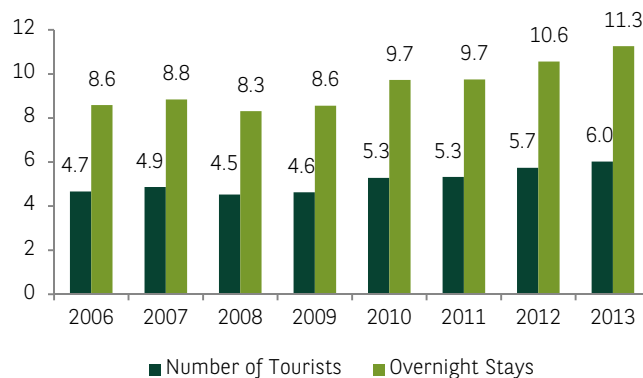


Source: Amsterdam Schiphol Airport

The city is also easily accessible with the Thalys and the Intercity-Express (ICE) high-speed trains, serving destinations such as Antwerp, Brussels, Paris and several major cities in Germany. In October 2012, an agreement between the Dutch rail authorities and Eurostar was signed to provide direct high-speed trains to London from 2016 onwards.

To improve transportation, the city is working on the creation of **the North/South metro line** since 2003. The 9.7 km track is expected to come into service by 2017 and future plans include its continuity up to Schiphol Airport before 2020.

Evolution of number of tourists and overnight stays 2006-2013 (in thousands)

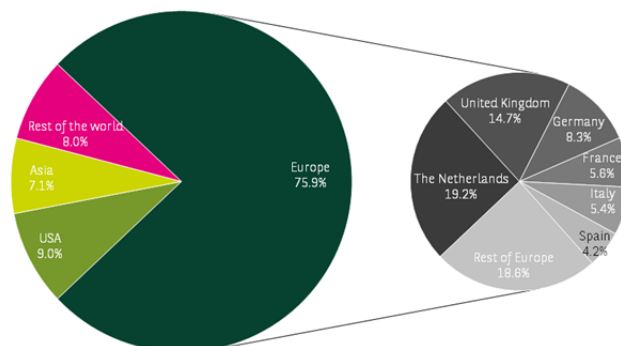


Source: CBS, O+S Amsterdam

As opposed to the national average which shows a relatively balanced mix, **Amsterdam is highly dependent on foreign visitors**, domestic overnight stays accounting for only 19.2% of total overnights in 2013.

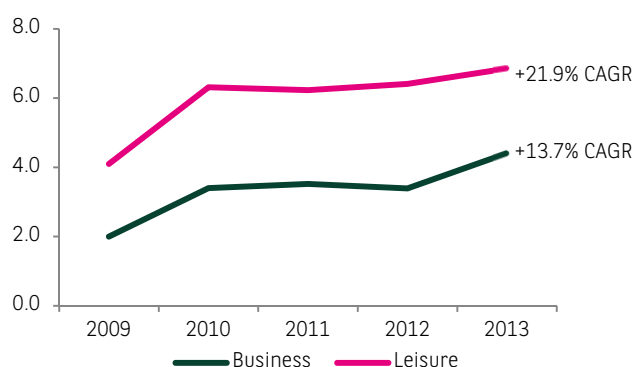
Europe is undoubtedly the main feeder market with 75.9% of total overnights, followed by the United States with 9.0%. While overnight stays from Spanish tourists in Amsterdam decreased by -22.4% in 2013, demand from the Asian market recorded a +7.1% growth, having been less impacted by the economic conditions.

Main International feeder markets - Overnights 2013



Source: O+S Amsterdam

Overnights stays according to purpose of visit 2009-2013 (in millions)



Source: CBS

Business Tourism

Amsterdam offers a wide variety of meeting and exhibition venues centrally located and well serviced by different modes of transport, including the Amsterdam RAI Convention Centre and the Arena Convention & Meeting Centre, as well as the Passenger Terminal Amsterdam.

In 2013, Amsterdam ranked 12th in the International Congress and Convention Association (ICCA) ranking.*

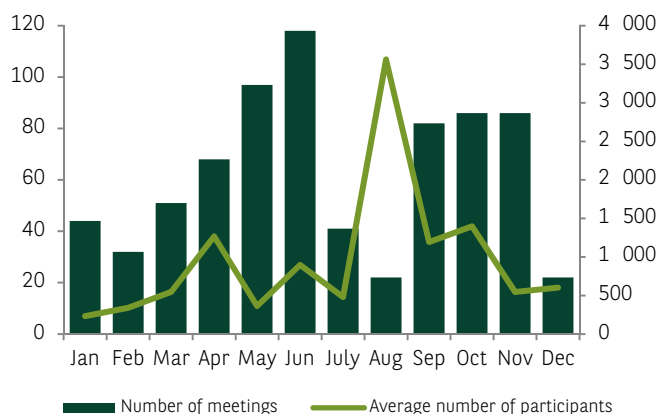
The city hosts several major recurrent MICE events such as De Huisoud-Beurs (gathering approximately 245 000 participants), Horecava or the International Broadcasting Convention (both events receiving around 53 000 participants each year).

* It should be noted that the ICCA ranking should only be seen as a benchmark tool, as it only includes international meetings which rotate in a minimum of three different countries.

Amsterdam is by far the most visited city in the Netherlands, thanks to its diverse offer of both leisure and business structures. The **main purpose for visiting the Dutch capital remains leisure**, which represented 60.8% of total overnights in 2013.

Home to a large number of national and international corporate head offices, the city attracts a growing number of business visitors every year. Its geographic location, the quality of its infrastructures and its cosmopolitan character make the city a **popular destination for international meetings**.

Meetings and participants seasonality - Amsterdam 2013



Source: Amsterdam Marketing

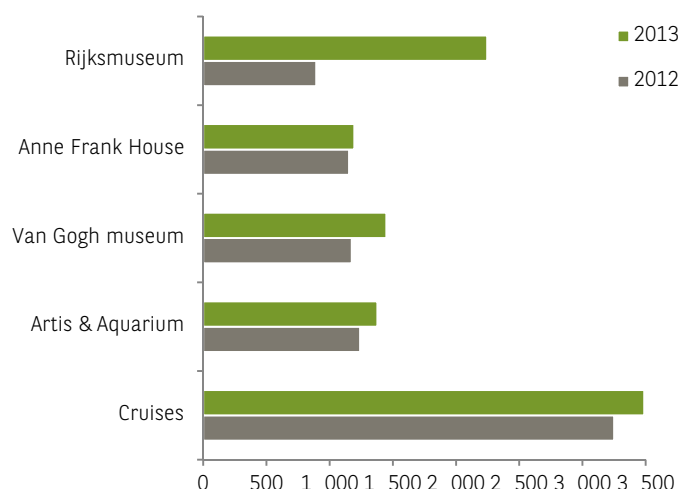
Leisure Tourism

Amsterdam offers a wide variety of recreational activities and cultural attractions and is home to more than 50 museums. It has one of the best preserved historical heritages in Europe and is renowned for its architecture, museums, vibrant nightlife and shopping.

The 17th century canal network of Amsterdam is listed on the UNESCO World Heritage List and has led the city to become known as the “Venice of the North”. Cruise tours on the canals remain the most popular tourist attraction in Amsterdam.

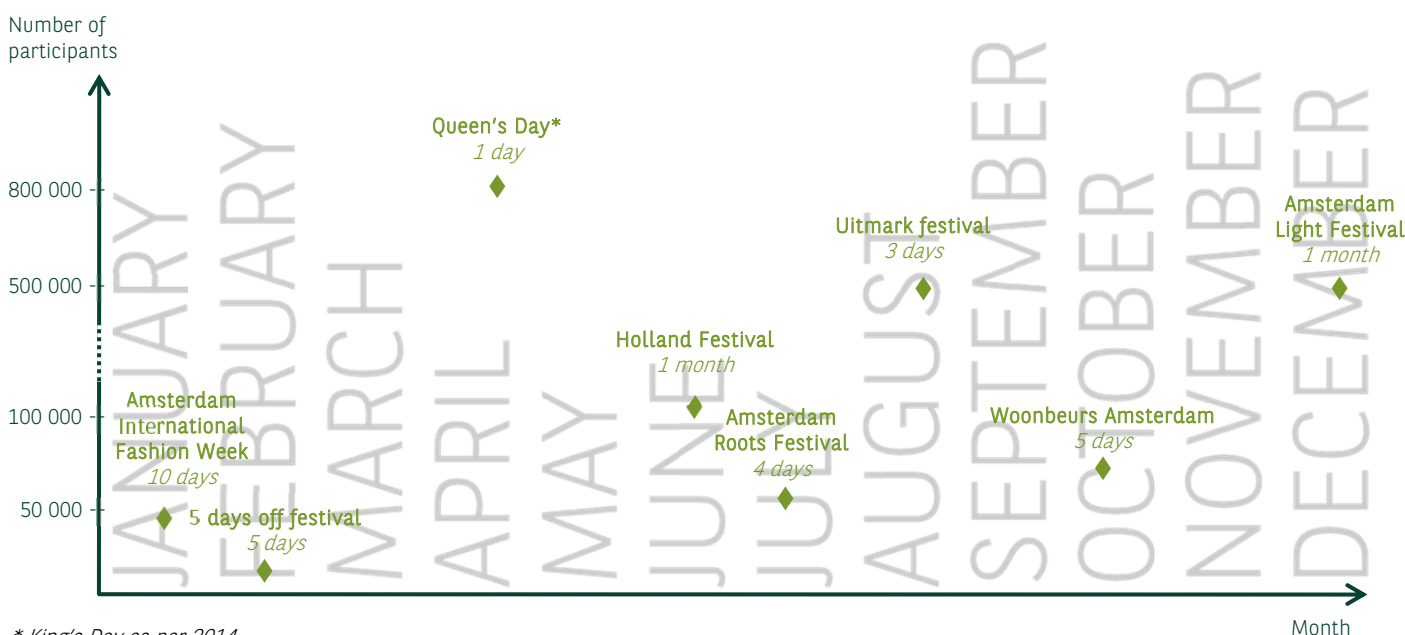
Several of the city’s iconic institutions, such as the Rijksmuseum and the Van Gogh Museum, have reopened in 2013 after major renovations, explaining the strong increase in visitor numbers.

Major tourist attractions
2012-2013 (in thousands)



Source: O+S Amsterdam

Main recurrent events hosted by Amsterdam each year
Length and number of participants in 2013



* King's Day as per 2014

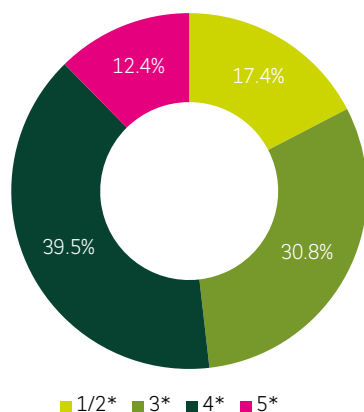
Source: BNP Paribas Real Estate Hotels



Source: © Anibal Trejo- Fotolia.com

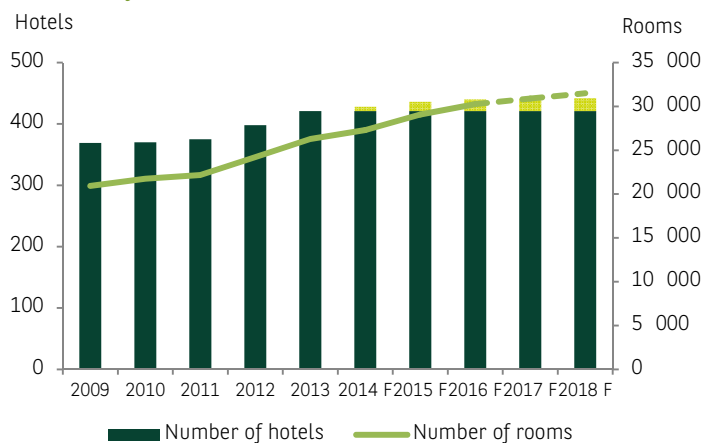
SUPPLY

Hotel supply breakdown
2013



Sources: CBS, O+S Amsterdam

Hotel supply evolution
2010-2018 forecast



Source: BNP Paribas Real Estate Hotels

Considering the recent hotel openings and projects under development, **room supply is expected to reach its target** of 9 000 additional rooms in 2015 set by the improvement plan initiated by the city of Amsterdam in 2006.

The AMA has already adopted a new hotel policy to coordinate hotel development for the period from 2016 to 2022, adding around 9 400 additional rooms in the Greater-Amsterdam region.

Nonetheless, in order to prevent potential oversupply, **stricter planning policies have been implemented** by the Amsterdam Metropolitan Area in 2012 for new hotel initiatives, especially in Amsterdam's city centre.

In 2013, Amsterdam counted **421 hotels** with a total capacity of **26 287 classified rooms**. The market is dominated by the 3 and 4-star segments, which together make up to 70.3% of total room stock*.

Given the recent developments of 4-star hotels, this segment significantly increased their market share over the past years. Although the market share of the budget and 3-star hotels remained relatively stable, the proportion of 5-star hotel rooms decreased.

* To be noted, the segmentation of hotels has slightly changed since the Benelux Hotel Classification was replaced by the Dutch Classification in 2006.

In 2006, the city of Amsterdam implemented a **Hotel Development Policy** aimed at facilitating the realisation of hotel development projects within the Amsterdam Metropolitan Area (AMA) by creating **9 000 additional rooms before 2015**.

The implementation of this policy, combined with the improvement of trading performances and encouraging economic outlook as well as a structurally high office vacancy rate, has spurred hotel development over recent years.

Between 2006 and 2013, hotel room supply recorded a growth of +43.0%, with the arrival of further international hotel brands. In 2013, 85% of Amsterdam room supply was managed by a hotel chain, one of the highest penetration rates among European cities.

Hotel room supply - Future
2014-2018 forecast



Source: BNP Paribas Real Estate Hotels

Hotel room supply – Recent openings
2013- 2014

Year	Category	Hotel	Rooms	Location
2013	4*	Fletcher Amsterdam	120	Periphery
2013	4*	Sir Albert	90	Centre
2013	4*	Art'Otel	107	Centre
2013	4*	Hotel V Nesplein	43	Centre
2013	4*	Bastion Deluxe Hotel Amsterdam Airport	185	Airport
2013	3*	NL Hotel Museumplein	18	Centre
2013	3*	Park Inn by Radisson Amsterdam Airport Schiphol	150	Airport
2013	3*	Ibis Styles	77	Centre
2013	3*	The Amsterdam Canal Hotel	16	Centre
2013	3*	Hampton by Hilton Amsterdam Schiphol	181	Schiphol
2013	3*	Hampton by Hilton Amsterdam Arena Boulevard	254	South East
2013	3*	Room Mate Aitana	284	North
2013	2*	Ibis Budget Amsterdam Zaandam	93	North West
2014	5*	Waldorf Astoria	94	Centre
2014	4*	Holiday Inn Amsterdam Arena Towers	120	South East
2014	4*	Hyatt Place Amsterdam Airport	330	Airport
2014	4*	Hotel de Hallen	55	Centre
2014	4*	The Brooklyn Hotel	88	North West
2014	4*	Faralda NDSM Crane Hotel Amsterdam	3	North
2014	3*	Holiday Inn Express Amsterdam Arena Towers	323	South East
Total Rooms Recently Opened			2 631	

Source: BNP Paribas Real Estate Hotels

Hotel room supply – Future openings
2015-2018 forecast

Year	Category	Hotel	Development from	Rooms	Location
2015	5*	W Amsterdam	Office	169	Centre
2015	4*	Courtyard by Marriott Hotels & Resorts Atlas Park	Greenfield	170	South East
2015	4*	Novotel Hoofddorp	Greenfield	314	Airport
2015	4*	Steigenberger Hotel Amsterdam Zuidoost	Greenfield	253	South East
2015	2*	Motel One	Greenfield	330	Centre
2015	n/a	Generator Amsterdam	Public area	168	East
2015	n/a	Element Amsterdam	Shopping centre	160	South
2016	5*	Hyatt Regency	Public area	211	Centre
2016	5*	Pestana Amsterdam	Public area	157	Centre
2016	4*	Hilton Amsterdam Schiphol Airport (new)	Greenfield	433	Airport
2016	4*	Sir Adam (in the A'DAM tower)	Office	110	North
2016	3*	Park Inn by Radisson Amsterdam	Office	478	West
2017	4*	RAI Hotel	Greenfield	650	South
2018	5*	Maritim Hotel	Greenfield	600	North
Total Rooms in the Pipeline				4 203	

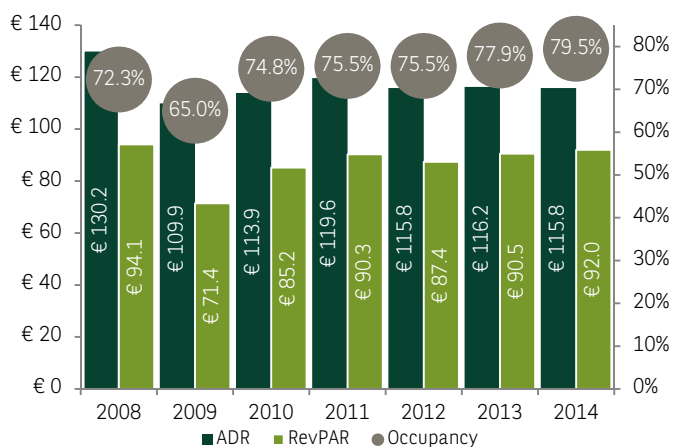
Source: BNP Paribas Real Estate Hotels

High-profile openings for 2015 include the W hotel on the Dam Square, for which a major extension was announced late 2014 and the 330-room Motel One next to the RAI convention centre, the brand's first property in the Netherlands.

HOTEL PERFORMANCES

Hotel trading performances

2008-2014



Source: MKG Hospitality Database

Regarding the seasonality in the market-wide occupancy rate for Amsterdam, demand is generally strong from April to October. During these months, the strong demand levels of both the leisure and corporate segments drive up average room rates.

The opposite graph shows a comparison of the RevPAR levels for four Benelux key cities, including Amsterdam. RevPAR ranged between € 63.0 for Antwerp and € 90.6 for Amsterdam in 2013. Since 2009, a recovery after the European debt crisis has been recorded in all cities presented. Amsterdam clearly outperformed Benelux cities over the 2009-2013 period, while the gap between Brussels and Luxemburg reduced considerably.

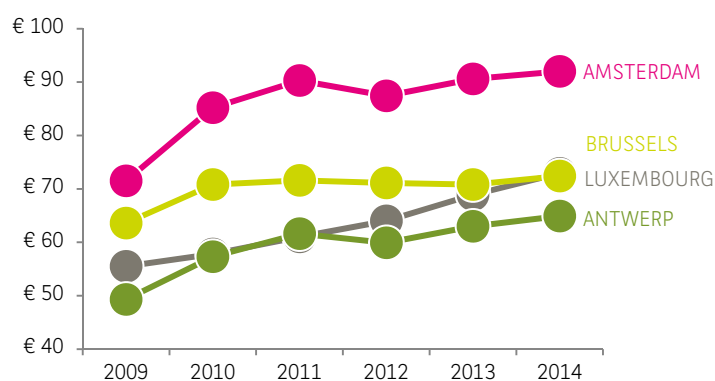
Over the past five years, hotel performances in Amsterdam have experienced strong variations, especially in 2009, which proved to be a particularly difficult year for the city's hotel market.

After two years of negative RevPAR growth, 2010 and 2011 showed the first signs of a sustainable recovery. In 2012, performance indicators however witnessed a slowdown due to the intensified financial and economic turmoil. Further growth was recorded in 2013 with an increase in occupancy (+2.2 points) and a stable ADR (+0.3%), leading to a positive RevPAR growth of +3.5% compared to 2012.

In 2014, hotel performances improved, boosted by a further increase in occupancy (+1.6 points), whereas average rates declined (-0.3%). Indeed, occupancy reached 79.5%, its highest level since 2008, thanks to an increasing number of tourism arrivals, while average rates still lagged behind the pre-crisis level. This indicates that despite the strong supply growth, the market still offers growth potential.

Key cities – RevPAR evolution

2009-2014



Source: MKG Hospitality Database

INVESTMENT MARKET

Due to sound operational performances and strong demand, Amsterdam's hotels have become increasingly popular with both national and international investors over the past years.

In 2012, the sale of the Amsterdam American Hotel by Hampshire Hospitality to Deka Immobilien as well as the sale of the MGallery Convent by Accor to Internos Real Investors reflected the asset light strategy that many hotel chains have started to adopt. Indeed, the majority of the hotel transactions recorded in 2012 concerned sale and leaseback transactions.

2013 was a particularly dynamic year for hotel investment in Amsterdam with some prime hotels changing hands, including the NH Grand Hotel Krasnapolsky, the Luxury Collection Pulitzer Hotel and the Park Hotel. Major hotel transactions in 2014 included the sale of the NH Amsterdam Centre and the Radisson Blu Amsterdam City.

The following table illustrates major hotel transactions recorded over the past three years in Amsterdam:

Year	Cat.	Hotel	Rooms	Price (€)	Price per room (€)	Seller	Purchaser
2014	4*	NH Amsterdam Centre	232	52 400 000	225 000	NH Hotel Group	Foncière des Murs
2014	4*	Radisson Blu Amsterdam City	252	90 000 000	357 000	Capital Hospitality Group	Union Investment
2014	3*	Park Inn by Radisson Amsterdam (conversion project)	478	Not disclosed	Not disclosed	German Europe 1 Fund	Omnam Investment Group
2013	5*	Hotel Pulitzer ⁽¹⁾	230	81 700 000	355 000	Blackstone	Riverland Coöperatief
2013	4*	Novotel Amsterdam Airport Schiphol (development project)	314	50 000 000	160 000	Municipality of Schiphol	The Vincent Hotel Group (TVHG)
2013	4*	NH Grand Hotel Krasnapolsky	468	157 000 000	335 000	NH Hotel Group	Axa Real Estate
2013	4*	Park Hotel	189	75 000 000 ⁽²⁾	396 000	Grand City Hotels & Resorts	Invesco Real Estate
2013	4*	Room Mate Aitana	284	Not disclosed	Not disclosed	ASR Vastgoedontwikkeling	Bouwinvest
2013	3*	Rembrandt Classic Hotel ⁽³⁾	111	25 000 000	225 000	Hotusa Hotels	Ennismore Capital
2012	5*	Renaissance Amsterdam	402	Undisclosed	Undisclosed	Whitehall	Host Hotels & Resorts
2012	4*	MGallery The Convent Hotel	148	23 500 000	158 000	Accor	Internos Real Investors
2012	4*	Amsterdam American Hotel	175	58 500 000	334 000	Hampshire Hospitality	Deka Immobilien
2012	3*	Motel One	315	23 630 000	75 000	Cradle of Development	Union Investment

⁽¹⁾Including M€ 57.9 for the hotel real estate and M€ 23.8 for the adjacent parking

⁽²⁾Estimate

⁽³⁾Excluding a renovation program for an estimated total investment of € 5 000 000

Source: BNP Paribas Real Estate Hotels

Given the strong interest from both domestic and international investors and the fact that several upscale properties are currently on the market, we expect **hotel investment activity to remain highly dynamic over the short to medium term.**

OUTLOOK

Even though Amsterdam already benefits from an **easy access** from and to major European and international destinations, significant investments in transport infrastructures such as Schiphol Airport, the North/South metro line or the future direct Eurostar connection to London will surely further increase the city's accessibility and tourism demand.

Following most European countries' positive economic trend, the Netherlands' GDP is forecast to grow by +1.1% in 2015 and +1.5% in 2016*, which should help to **grow both domestic and international demand** for Amsterdam's hotel market.

The city aims to further **develop its image as an attractive MICE destination**. Following major renovations of the RAI Amsterdam, the direct surroundings of the meeting and exhibition venue should see the opening of at least two new hotel properties in the short to medium term, comprising the opening of the 330-room Motel One in 2015 and the construction of an upscale 650-room hotel by 2017.

Between 2006 and 2013, total overnight stays recorded a CAGR of only +4.0%, while total room supply showed a +5.2% CAGR over the same period. The **new hotel policy, adopted by the AMA and aiming for 9 400 additional rooms by 2022**, raises some concerns for oversupply.

Nevertheless, its **strong trading fundamentals, dynamic development and positive demand outlook** should allow Amsterdam to remain one of the European hotspots in terms of hotel investment.

**Source: BNP Paribas CIB*



Source: © Jenifoto - Fotolia.com

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