

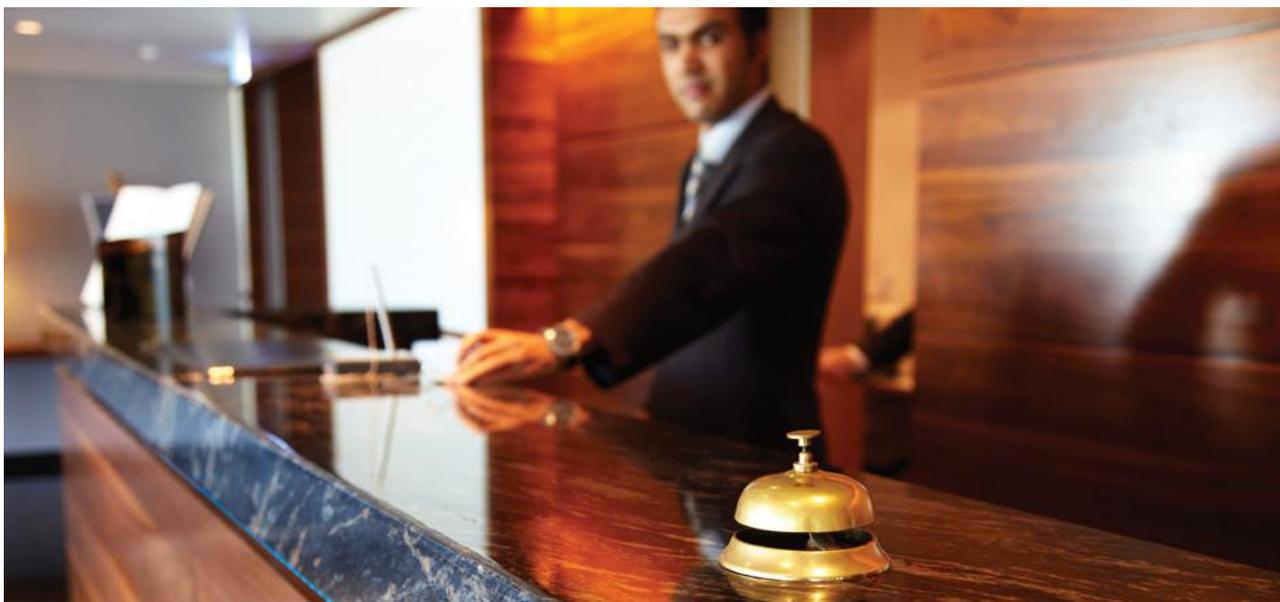


Horwath HTL™

Hotel, Tourism and Leisure

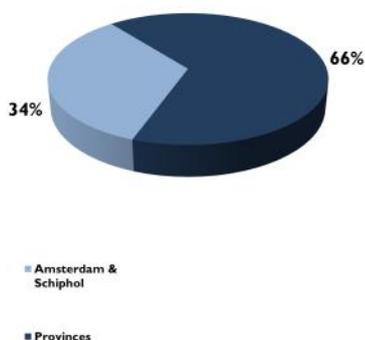
The global leader in
hospitality consulting

**The Netherlands
Hotel Market
Sentiment Survey
April 2018**

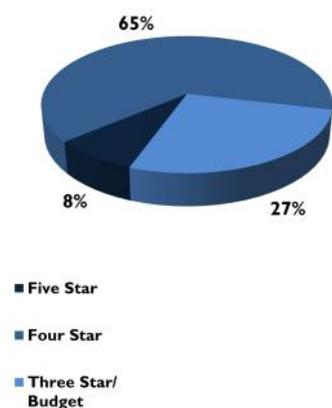


SHARE OF RESPONDENTS

BY LOCATION



BY STAR CLASSIFICATION



INTRODUCTION

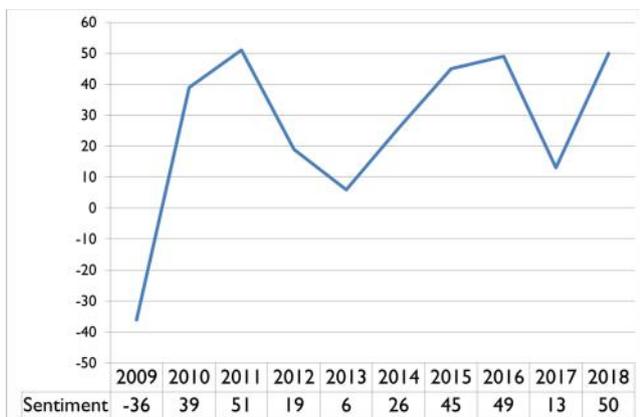
The Horwath HTL Global Hotel Market Sentiment Survey gives a quick assessment of the market outlook for the global hotel industry, by the people on the ground, running the hotels. The survey focuses on the current outlook for occupancy, average room rates and total revenue and what the operators feel is going to happen based on their experience.

The survey contains on four subjects:

1. Hotel market outlook
2. Hotel performance expectation
3. Factors affecting performance
4. Market segment performance

This report summarizes the outcome of the survey in the Netherlands. Of the almost 200 respondents, 34 percent came from Amsterdam & Schiphol, and 66 percent from The Provinces.

The Netherlands Hotel Market Sentiment has increased notably compared to last year, reflecting a stronger sense of optimism among hoteliers.



“The outlook for 2018 reflects an improved optimism”.

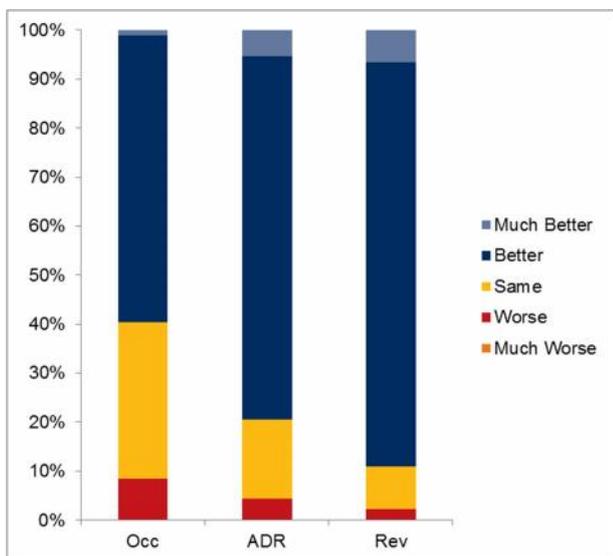
RANKING SCORE KEY

Much Worse	-150.0
Worse	-75.0
Same	0
Better	75.0
Much Better	150.0

SENTIMENT SCORE

As a way to measure and compare the results across the years, we have created an index to formulate an overall average sentiment score from the questions regarding the hotel market outlook and the hotel performance expectation. Points are assigned to each corresponding response and compounded accordingly. The index utilizes a scale of negative 150 to positive 150 in which a score of negative 150 denotes a sentiment of absolute pessimism; a zero score indicates unchanged expectations from the previous year whereas a positive 150 signifies a very optimistic outlook. The sentiment index or scores allow trends to be observed over time.

The outlook for 2018 in The Netherlands has a sentiment score of 50, showing a strong increase compared to 2017. The overall sentiment has improved, reflecting a strong sense of optimism.



“On average, the respondents are certainly less optimistic than they were a year ago”.

MARKET PERFORMANCE SCORE

	Avg	Occ	ARR	Rev
2018	58	40	62	71
2017	7	-11	3	29
2016	55	38	52	76

2018 HOTEL MARKET OUTLOOK

Question 1: What is your assessment of the hotel market outlook for 2018 versus 2017?

Occupancy

In response to expectations on market-wide occupancy performance, 60 percent of the hoteliers replied that occupancy in 2018 should be better than that recorded in 2017, 32 percent feel that performance will be in line with 2017 results, while only 8 percent feel that it will be worse.

Average Room Rate

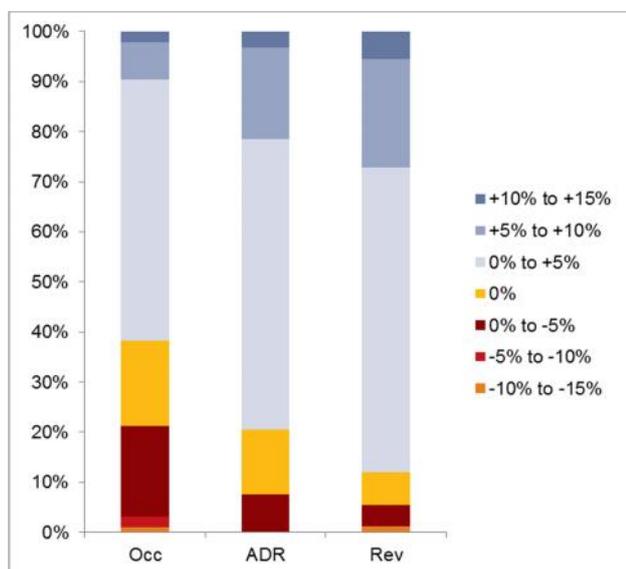
The outlook for ARR is even better than the occupancy outlook, with 80 percent of hoteliers replying that ARR would be better, 16 percent expecting ARR to remain stable and only 4 percent expecting it to be worse in 2018.

Total Revenue

The outlook for total revenue in 2018 is therefore very positive, with almost all respondents expecting an increase. Over 89 percent of respondents expect total revenue to be better in 2018, while only 2 percent expect total revenue to decline and the remaining 9 percent expect it to remain stable.

Index Score

On average, the respondents are certainly far more optimistic than they were a year ago, especially with regard to revenues. The sentiment regarding the market increased from +7 to +57.



“The outlook for total revenue growth in 2018 is very positive”.

HOTEL PERFORMANCE SCORE

	Avg	Occ	ARR	Rev
2018	43	24	48	56
2017	18	7	19	28
2016	42	31	44	51

2018 HOTEL PERFORMANCE EXPECTATION

Question 2: For your hotel, what is your expectation for growth/decline in 2018 versus 2017?

Occupancy

About 62 percent of hoteliers expect a growth in occupancy in 2018, with around 10 percent expecting growth to exceed 5 percent. About 21 percent expect occupancy to decline of which 3 percent expect it will decline by more than 5 percent.

Average Room Rate

As with the views on the market performance, hoteliers’ assessment of their respective property ARR performance levels is slightly more positive than the growth estimates for occupancy. Almost 80 percent expect a growth in ARR, of which over 21 percent expect that growth to be in excess of 5 percent. Meanwhile, only 8 percent expect ARR to decline in 2018, and nobody expects the decline to be in excess of 5 percent.

Total Revenue

Because almost all respondents expect an increase in occupancy and/or average room rates, the outlook for total revenue growth in 2018 is very positive. About 88 percent of hoteliers expect growth, of which 27 percent expect the growth to be in excess of 5 percent. Only about 4 percent of respondents expect a decrease in total revenues.

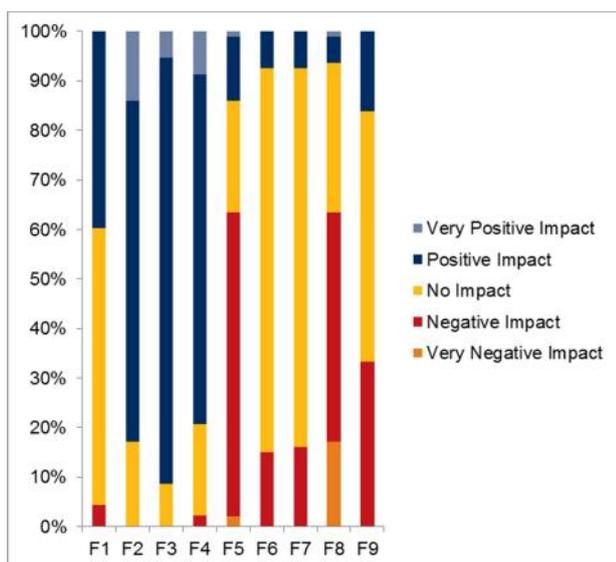
Index Score

Compared to the market view, the hoteliers are slightly less optimistic about the prospects of their own property. Still, the sentiment score for the hotel performance is improved considerably compared to last year.

FACTORS AFFECTING PERFORMANCE

Question 3: How are each of the factors below expected to influence hotel market performance in 2018?

Each hotelier was asked to gauge their attitude towards nine factors and their impact.



“Most respondents expect no influence from Brexit one way or the other”.

- F1. Local/global stock market
- F2. Local economic growth trends
- F3. Global economic growth trends
- F4. Local tourism trends
- F5. New competitive supply additions
- F6. Global oil prices
- F7. Currency exchange rates
- F8. Terrorist attacks
- F9. Brexit

Over-all, only 4 of the 9 listed factors recorded a positive score. Of these, both local and global economic growth trends are the main cause for much optimism in the Netherlands, with 83 percent of respondents expecting local economic growth trends to have a positive or very positive impact and 91 percent expecting the same from the global economic growth trends. The local tourism trends also remain a very positive influence, with 79 percent expecting a positive impact.

DEMAND DRIVER RANKING

	Score
Local economic growth trends	73
Global economic growth trends	74
Local tourism trends	65
Local/global stock market	27
Currency exchange rates	-6
Global oil prices	-7
Brexit	-14
New competitive supply additions	-37
Terrorist attacks	-57

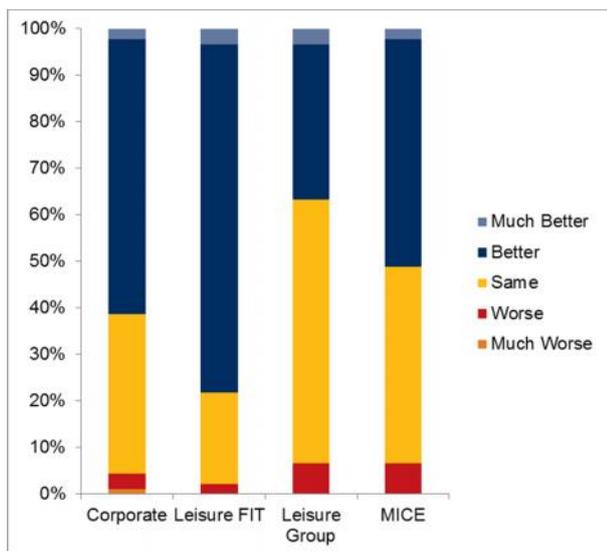
The most negative factor is the impact from terrorist attacks. The new competitive supply additions remain a negative factor, with 63 percent of respondents expecting this to negatively impact the market.

While more respondents expect a negative influence from Brexit than a positive one, most (almost 51 percent) indicate they expect no influence from Brexit one way or the other.

The global oil prices and the currency exchange rates are considered the least relevant among hoteliers in the Netherlands, with respectively 77 percent and 76 percent expecting these factors to have no impact at all.

MARKET SEGMENT PERFORMANCE

Question 4: How are each of the major demand segments expected to perform in 2018 versus 2017?



“The outlook for the leisure FIT segment has improved”.

The last question dealt with each participant’s opinion with regard to primary market demand segments, which were Corporate, Leisure FIT, Leisure Group and MICE (Meetings, Incentive, Conference, and Exhibition) and how they are expected to perform in 2018.

The outlook for the leisure FIT segment has improved, with 78 percent expect an increase in performance against 63 percent last year.

The outlook for the corporate segment has decreased slightly. Still, the majority of the respondents remains very positive about the future performance of the corporate segment, with 61 percent expecting a better performance.

The MICE segment looks to improve moderately in 2018, with 51 percent expecting an increase, and 42 percent expecting a stable performance.

For the leisure group segment, the majority of respondents (57 percent) felt the performance would remain stable in 2018, with the remainder leaning more towards growth (37 percent) than towards decline (7 percent).

DEMAND SEGMENT RANKING

	COR	LEISURE FIT	LEISURE GROUP	MICE
2018	40	61	23	34
2017	49	50	18	26
2016	30	53	9	35

CONCLUSION

In conclusion, results from the latest edition of the Survey show that the sentiment among hoteliers in the Netherlands reflects an increased optimism.

Most hoteliers in the Netherlands have a positive outlook on many of the most important factors for the hotel industry, such as the global and local economies, as well as the local tourism trends. At the same time, hoteliers have concerns regarding the impact of terrorist attacks. Furthermore, new additions to the supply are still expected to affect the market in a negative way. Meanwhile, most respondents indicate they expect neither a positive nor a negative impact from Brexit.

As a result, the hoteliers are very optimistic about the development of occupancies and average room rates in 2018. Almost 90 percent of the hoteliers expect to be able to increase the total revenues in 2018.



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