



**Horwath HTL**

*Hotel, Tourism and Leisure*



**ABN·AMRO**

**MARKET REPORT**

**Dutch Hotel  
City Index 2019:  
*Ranking Dutch  
Hotel Cities***

**JUNE 2019**

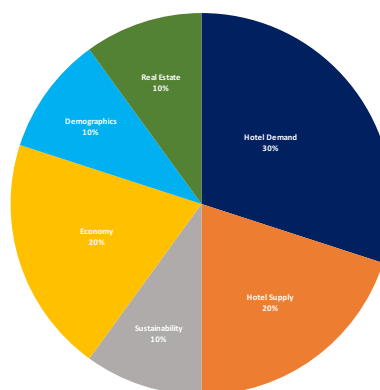
## Dutch Hotel City Index 2019 Ranking Dutch Hotel Cities



Rank		City	Index
1	(-)	Amsterdam	189
2	(↑1)	Rotterdam	185
3	(↑3)	Haarlemmermeer	179
4	(-)	The Hague	178
5	(↓3)	Utrecht	172
6	(↓1)	Almere	169
7	(↑1)	Eindhoven	168
8	(*)	Amstelveen	160
9	(↑1)	Groningen	159
10	(↑1)	Haarlem	158
11	(↓4)	Leiden	157
12	(-)	Maastricht	153
13	(↓4)	Enschede	147
14	(-)	Amersfoort	147
15	(↓2)	Noordwijk	140

## Methodology

The Dutch Hotel City Index is a joint publication by Horwath HTL and ABN AMRO. Based on six categories, the index shows which cities boast the best hotel investment climate. Only larger cities have been analysed, with a minimum of three hotels with at least 100 rooms. Both short- and long-term growth factors were analysed.



1. Hotel Demand - Occupancy rates and average room rates give a clear insight into potential hotel investment opportunities per city. Tourist tax has been taken into consideration as well.
2. Hotel Supply - Both current and future supply of hotel rooms indicate hotel density in the analysed cities. Current large-scale hotel developments as well as the effect of hotel policies are essential in the assessment of the feasibility of possible investments.
3. Sustainability - In collaboration with bookdifferent.com the share of certified hotels, CO2 emission per guest per night and staygreencheck score were analysed.
4. Economy - The current state of local economies is determined by the GDP growth and increase in number of companies. Important future establishments of different company headquarters in The Netherlands have been taken into account.
5. Demographics - A concise analysis of demographical aspects: the growth in population and number jobs per city.
6. Real Estate - The hotel real estate investment market has been analysed based on hotel transactions in recent years.



## Conclusion

The four major Dutch cities (Amsterdam, Rotterdam, The Hague and Utrecht) and Haarlemmermeer form the top 5 of the ranking. Amstelveen is mentioned for the first time in the index. Due to several large hotels opening in Amstelveen, the supply of beds has increased six-fold in three years. Utrecht has declined three spots in the ranking compared to last year. Because several large hotels are opening in Utrecht within a short period, the short-term projections are slightly less positive. Leiden and Enschede mainly dropped because of the low scores in supply and demand factors. Haarlemmermeer advanced to the third place, due to high demand for hotel rooms.

Both supply and demand will continue to grow throughout The Netherlands in 2019. The number of hotel rooms is growing in a rapid pace in the major Dutch cities. The Dutch Hotel City Index is a useful tool to use when considering hotel investments in The Netherlands.

The index shows that Amsterdam again has the best prospects. The restrictive hotel policy will most likely limit the growth of hotel supply from 2020 onwards, while the demand will continue to rise. To meet demand, investors are seeking opportunities in the periphery.

After Amsterdam, the average occupancy rate in Haarlemmermeer was the highest in the country in 2018. The growth in occupancy percentages in Utrecht increased, and the RevPAR remained a fraction higher than in Haarlemmermeer. The supply of hotel rooms will grow by approximately 70% in Utrecht, and by 20% in Haarlemmermeer.

Hotels in Rotterdam showed an increase in average room rates in 2018. Here, current hotel developments will add 33% to the supply of rooms. The strong potential of the city of Rotterdam is confirmed by the number of new businesses being established.

The largest number of new businesses were established in The Hague. The hotels here show a similar performance of demand indicators to Rotterdam. The growth in demand is slightly less in The Hague, which will likely continue throughout 2019.

Amstelveen and Almere are considered more often by investors partly because both cities show a strong growth in GDP, of which hoteliers can benefit. More municipalities are implementing a restrictive hotel policy, meaning that there are less opportunities for new hotel developments. For investors of existing hotels and developments, this results in less competition and a more stable market.





## 1. Hotel Demand

The highest average room rate in 2018 was achieved by the hotels in Amsterdam (€162) with an increase of 5.2% compared to 2017. The Amsterdam market showed a growth in average occupancy rate of 2%, while the hotel policy will limit the increase of hotel supply. In Utrecht, the demand has outgrown supply in recent years, which presents an opportunity for hotel developments. Due to a €6 increase in average room rate, the RevPAR in Rotterdam increased by approximately 10% in 2018.

At the start of 2019, tourist tax was increased from 5% to 6% in Utrecht and from 6% to 7% in Amsterdam. As a result, the municipality of Amsterdam expects to generate €105 million additional income in 2020.

In the Hague and Haarlem, hotel guests are expected to pay an additional euro per person per night. It is expected that the increase in tourist tax will suppress the growth of demand factors in various cities.

### Top 5 cities based on RevPAR in 2018

	City	2017			2018*			2017-2018*
		ADR (€)	Occ (%)	RevPAR(€)	ADR (€)	Occ (%)	RevPAR(€)	RevPAR Growth (%)
1	Amsterdam	154	85	131	162	87	141	7.4%
2	Rotterdam	98	74	73	104	77	80	10.1%
3	Maastricht	106	73	77	102	77	79	2.2%
4	Utrecht	101	76	77	100	78	78	1.4%
5	The Hague	99	76	75	99	78	78	3.1%

Source: Horwath HTL \*preliminary figures



## 2. Hotel Supply

The restrictive hotel policy in Amsterdam will cause stagnation in the growth of supply in the inner city, while forcing investors to search for opportunities elsewhere. Amstelveen is a market where investors have been actively opening hotels in recent years. As a result the hotel room supply tripled between 2015 and 2018. The municipality of Amstelveen stated that, excluding the upcoming Student Hotel, there is space for 500 more hotel rooms.

In other Dutch cities the hotel policies are involving prerequisites such as the inclusion of both social and sustainable practices. Concepts which combine meeting, working and staying under one roof are becoming more attractive for municipalities.

The number of hotel rooms in The Netherlands grew with 5,682 in 2018, accumulating up to a total of 133,732 rooms. Most of the hotels are situated in the Metropolitan Region Amsterdam. The nhov RAI Hotel will add 650 rooms to the current supply and is the largest hotel in the city's pipeline.

Generally, the capital city is showing a healthy growth, but as of 2020 the restrictive hotel policy is expected to limit the growth in hotel supply. In Haarlemmermeer supply and demand are both growing gradually. After years of stagnation, Utrecht is opening a large number of hotel rooms. Here, the municipality incorporated a restrictive policy until further notice.

### Top 5 cities based on absolute growth in hotel rooms in 2018

	City	Rooms 2017	Rooms 2018	Growth to 2017	Relative Growth	Pipeline (rooms)
1	Amsterdam	30,627	32,949	2,322	7.5%	8,133
2	Haarlemmermeer	6,440	7,204	762	11.8%	1,405
3	Amstelveen	458	952	494	107.8%	500
4	Rotterdam	5,502	5,983	481	8.7%	2,033
5	The Hague	4,612	4,870	258	5.5%	1,291

Source: Horwath HTL and HotelDNA





### 3. Sustainability

When creating hotel concepts, it is essential to address both social and ecological sustainability aspects. Investors are often able to save money in the long term through taking simple sustainable measures.

From 2023 onwards, offices in The Netherlands are required to have at least energy label C. It is expected that soon after hotel buildings will have to adhere to a similar regulation. Property owners in cities where the real estate is generally older, might face issues with acquiring the minimum energy label. In Rotterdam, the energy labels of non-residential buildings are usually significantly better than those in Maastricht.

According to a research performed by ABN AMRO, 75% of the hotel real estate in The Netherlands does not possess an energy label C or higher.

In collaboration with bookdifferent.com, a sustainability index was created. An overview of the most sustainable cities has been comprised based on certificates, CO<sub>2</sub> emission per guest per night and staygreencheck scores.

In Amsterdam and Rotterdam, relatively few hotels are certified while the average staygreencheck score is high, meaning that the certified hotels are performing well. Utrecht has the highest percentage of certified hotels.

#### Top 5 cities based on number of hotels with sustainability certificates in 2018

	City	Certified hotels 2018	% Certified hotels 2018	Average CO <sub>2</sub> emissions kg p.p. p.n.	Average staygreencheck score
1	Amsterdam	77	17%	12.9	4.0
2	The Hague	16	22%	11.5	3.9
3	Utrecht	13	38%	13.3	4.0
4	Rotterdam	13	16%	12.0	4.0
5	Haarlemmermeer	11	35%	14.2	4.0

Source: bookdifferent.com and Horwath HTL



## 4. Economy

Multinationals and other institutions can be of great added value to a hotel. In the first quarter of 2019, the amount of companies in The Netherlands grew with a total of 47,348. The Dutch hotel market will benefit from several companies moving to Amsterdam due to the Brexit. The European Medicines Agency (EMA) attracts 30,000 visitors each year, from which nearby hotels will most likely benefit. In Rotterdam and The Hague, the amount of companies is growing at a rapid pace as well.

Most large-scale cities show a stronger economic growth than the national average. The GDP growth in The Netherlands declined from 3.2% to 2.7% over the course of 2017 to 2018. Amstelveen (4.2%) and Haarlemmermeer (3.8%) mostly profited from airport developments. Additionally, Amstelveen showed an increase of 7.5% in the number of companies in 2018.

### Top 5 cities based on economic growth in 2018

	City	GDP Growth 2017	GDP Growth 2018*
1	Almere	4.2	4.6
2	Amstelveen	3.2	4.2
3	Haarlemmermeer	3.9	3.8
4	Amsterdam	3.9	3.4
5	Haarlem	3.6	3.3

Source: CBS COROP-areas \*preliminary figures





## 5. Demographics

The growth in population and employment opportunities characterise a dynamic city, while showcasing availability for local staff. In general, the population is gradually growing in every Dutch city, with Amsterdam showing an increase of 1.1%. The population in Amstelveen and Haarlem is showing a similar growth rate, indicating further urbanization of these cities.

The percentage growth of job opportunities was highest in Almere, Utrecht and Haarlemmermeer, which correlates with the increase in population and GDP. These factors indicate a prosperous economic state of these markets.

### Top 5 cities based on growth of population in 2018

	City	2017	2018	Growth 2017-18
1	Almere	201,000	204,000	1.5%
2	The Hague	525,000	533,000	1.5%
3	Utrecht	343,000	347,000	1.3%
4	Amsterdam	845,000	854,000	1.1%
5	Eindhoven	227,000	229,000	1.0%

Source: CBS





## 6. Real Estate

The Netherlands managed to acquire a record amount in hotel real estate transaction values in 2017. The W Amsterdam and Doubletree by Hilton collectively added €605 million euros to the total national transaction value.

In 2018, even more hotel sales were made in the capital city. Nonetheless, due to the lack of such large-scale transactions, the total volume has decreased. The other top 5 cities show an increase in total transaction value.

In Amsterdam, NH Barbizon Palace was sold in January 2018 for a total amount of €155.5 million, and Kimpton de Witt in June for €162 million. In Rotterdam and The Hague, the total transaction value in 2018 doubled in comparison to the previous year. The Hague started 2019 with the transaction of Staybridge Suites boasting 100 suits for a total amount of €16.2 million.

### Top 5 cities based on transaction values in 2018

	City	2017	2018	Growth 2017-18
1	Amsterdam	€821,060,000	€601,027,000	-€220,033,000
2	Rotterdam	€53,923,000	€156,118,000	€102,194,000
3	Haarlemmermeer	€70,343,000	€117,685,000	€47,250,000
4	The Hague	€37,326,000	€68,050,000	€30,723,000
5	Utrecht	€23,522,000	€29,418,000	€5,896,000

Source: Real Capital Analytics

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