

Valuation Parameters of Hotel Properties

As at: April 2015

This study including all of its parts is protected by copyright. Any unauthorised use outside of the strict limitations of the copyright law without the consent of TEGoVA is prohibited and liable to prosecution. This applies in particular to reproductions and translations, microfiching and to the storage and processing on electronic media. The authors have produced the study with the greatest of care, but assume no liability for the topicality, correctness, completeness or quality of the study. Where the study makes reference to legal issues, it is categorically not intended to constitute any legal advice. Any claims arising against the authors or TEGoVA are excluded, insofar as the authors and TEGoVA have not been intentionally or grossly negligent or are responsible for personal injury or damage to health.

Table of Contents

Table of Contents	3
Foreword	5
1 Explanation of Terminology and Current Overall Conditions	9
1.1 Hotel (full service hotel)	9
1.2 Hotels Garni (limited service hotel)	9
1.3 Resort hotels	9
1.4 Hostels	10
2 Data Sheets	11
Germany: 4 Star City Hotels (brand hotel)	12
Germany: Hotels Garni	15
Germany: Hostels (large businesses with more than 100 beds)	17
Germany: Resort Hotels (3+ to 4+ Star)	21
Italy: 4 Star City Hotels (brand hotel)	24
Italy: Hotels Garni	26
Italy: Hostels (large businesses with more than 100 beds)	28
Italy: Resort Hotels (3+ to 4+ Star)	31
Romania: 4/5 Star City Hotels (brand hotel)	34
Romania: Hotels Garni	36
Romania: Resort Hotels (3+ to 4+ Star)	38
Serbia: 4 Star City Hotels (brand hotel)	42
Serbia: Hotels Garni	44
Serbia: Resort Hotels (3+ to 4+ Star)	46
Greece: 5 Star City Hotels (brand hotel)	49
Greece: Hotels Garni	51
Greece: Hostels (large businesses with more than 100 beds)	53
Greece: Resort Hotels	56
Greece: 3-4 Star City Hotels (Major Greek Cities)	59

Table of Contents

Hungary: 4 Star City Hotels (brand hotel) _____	61
Hungary: 3 Star City Hotels (no branded hotel) _____	63
Hungary: Resort Hotels (3+ to 4+ Star) _____	65
Ireland: 4 Star City Hotels (brand hotel) _____	69
Ireland: Hotels Garni _____	72
Ireland: Hostels (large businesses with more than 100 beds) _____	74
Ireland: Resort Hotels (3+ to 4+ Star) _____	77
France: 4-5 Star City Hotels (brand hotel) _____	81
UK: 4-5 Star City Hotels (brand hotel) _____	84
UK: Regional Hotels _____	87
UK: Resort Hotels (3+ to 4+ Star) _____	89
Spain: 4 Star City Hotels (brand hotel) _____	92
Spain: Hotels Garni _____	94
Spain: Hostels (large businesses with more than 100 beds) _____	96
Spain: Resort Hotels (3+ to 4+ Star) _____	99
4 Data Sheets Overview 4/5 Star City Hotels (Brand) _____	102
5 Glossary _____	107
6 Checklist for Hotel Valuations _____	111

Foreword

The European Group of Valuers' Associations (TEGoVA), which is the umbrella association for national real estate valuation organisations in Europe, today represents over 70.000 qualified valuers from 61 associations in 33 countries.

One of the main goals of TEGoVA is to create and disseminate uniform standards for the practice of real estate valuation in Europe. Exemplary in this connection are the "European Valuation Standards 2012" published by TEGoVA, which are recommended under EU law and favoured by the European Central Bank over all other standards. Furthermore, the "Recognised European Valuer (REV)" title awarded by TEGoVA is increasingly regarded as a key credential. Designed to maintain, improve and harmonise valuation qualifications, the "REV" title has now been awarded to over 2600 valuers in Europe. The title is conferred in accordance with uniform standards and serves clients as an indicator of the valuer's high professional qualifications and valuation skills.

The goal of offering even more added value in association with the REV status gave rise to the idea of collecting valuation expertise through the member associations in many European countries, publishing it in the form of studies, and providing this information free of charge to all REV valuers. The present study on the valuation of hotel properties is the second such publication, conceived by a specially selected expert group of TEGoVA members.

The objective of the study is to give the reader an overview of the common definitions and the essential aspects to be considered, as well as the key valuation parameters and ranges in various European countries and for different property types.

The following persons participated in the preparation of this study, all of whom we would like to thank here for their work and the expertise they contributed to the task:

France

- Julia Kneist (CBRE GmbH | Hotels Germany & CEE)

Germany

- HypZert Professional Group Hospitality & Restaurant Industry:
 - o Helmut Keber (Keber Königsberger Sachverständige GmbH & Co. KG),
 - o Ralf Lamprecht (VR Wert GmbH),
 - o Christine Mayer (Cushman & Wakefield LLP),
 - o Harald Müller (Value AG),
 - o Ulrich Peters (Helaba Gesellschaft für Immobilienbewertung mbH),
 - o Florian Pollmann (Aareal Valuation GmbH),
 - o Heike Stork (Deutsche Pfandbriefbank AG)
- Reiner Lux (CEO, HypZert GmbH)

Greece

- Konstantinos Pallis (AVAG)
- Eleni Kouroutsopoulou (AVAG)
- Evangelos Papaliolios (AVAG)

Hungary

- Tamasne Kurucz (CIB Bank)

Ireland

- Gareth Williams (CBRE Hotels),
- Patrick Davitt (IPAV)

Italy

- Silvia Cappelli (ASSOVIB),
- Federica Selleri (ASSOVIB),

Romania

- Daniel Manate (ANEVAR)
- Adrian Vascu (ANEVAR)
- Ababei Dana (ANEVAR)
- Lazar Laurentiu (ANEVAR)

Serbia

- Danijela Ilic (NAVS)

Spain

- Leandro Escobar (ATASA)

UK

- Julia Kneist (CBRE GmbH | Hotels Germany & CEE)



Krzysztof Grzesik REV

**Chairman
TEGoVA**



**Reiner Lux
Managing Director
HypZert GmbH**

1 Explanation of Terminology and Current Overall Conditions

1.1 Hotel (full service hotel)

A hotel is a business with connected food service facility for residents and passers-by. It is characterised by the appropriate standard and range of services offered.

A hotel should satisfy the following minimum preconditions:

- A minimum of 20 guestrooms are offered;
- Almost all guestrooms have a bath/ shower and WC;
- A hotel reception is available.

1.2 Hotels Garni (limited service hotel)

A Hotel Garni is a hotel business, which offers lodgings, breakfast, beverages and small meals.

1.3 Resort hotels

This is a hotel business which primarily caters for holiday requirements in regions of interest to tourists.

The key factor for resort hotels is therefore the attractive location in a region, which is a popular destination for leisure travel. Such locations include the traditional holiday regions in Germany on the North Sea and Baltic coasts and in the Alps and low mountain ranges. In addition to a good micro location, e.g. directly on the edge of a lake or with a mountain view, resort hotels are often characterised by a good fitout specification which includes numerous leisure facilities.

1.4 Hostels

Hostels are inexpensive hotel businesses with dormitories ('dorms') and private bedrooms ('rooms'). Dorms are mainly offered on a bed-by-bed basis, i.e. individual guests use beds in a shared room. Sanitary facilities are often shared. Such hotels focus more on young individual travellers and groups/ school groups. Hostels are normally found in central and trendy locations in major cities.

2 Data Sheets

The following property-specific information from the business type catalogue is based on analyses of recently valued hotel properties and of various business comparisons; there is no claim as to its completeness. The quoted upper and lower margins reflect an average standard market range and are presented irrespective of any arithmetical connection. In particular, in the rural regions and new federal states, the individual benchmark figures and time periods quoted must be considered critically for the respective valuation cases.

All costs are quoted as net (excl. VAT).

Germany: 4 Star City Hotels (brand hotel)

Size of business

- ▶ Net turnover p.a. approx. €5,000,000–16,500,000, sometimes more
- ▶ No. of rooms approx. 150–400 rooms

Location characteristics

- ▶ Major cities and smaller secondary locations (with overnight stays exceeding 1,000,000 p.a.)
- ▶ City centre location, good city district locations, very good visibility
- ▶ Representative surrounding which is suitable to establish an image
- ▶ Very good public and private transport links

Property characteristics/ concept

- ▶ Multi-storey mainly property-specific
- ▶ Individual building concept, partly with requirements subject to the brand, modern attractive architecture/ style of construction with USP
- ▶ Good to very good modern fitout specification, separate breakfast room/ restaurant, lobby, conference rooms, internet/ WLAN in the room, sauna and fitness area
- ▶ Marketing e.g. via brand/chain hotel business, tour operators

Brief description

Classification	4 Stars
Room fitout	Standardised rooms, room size slightly above normal standard according to star classification, en-suite shower/WC, some with en-suite bath/WC and TV in the room, good to very good fitout, offering a niche product e.g. with design and/or themed fitout specification, suites
Catering	Often 1 restaurant, bar
Other facilities	Conference rooms, sauna and small fitness area, small-scale public space
Services	Reception, room service, laundry and dry-cleaning services etc.
Typical operators	Crowne Plaza, Fleming's, Holiday Inn, Melia, NH, Novotel, Steigenberger
Typical guest structure	Business travellers, tourists (leisure), conference
Reservation systems	Reservation systems e.g. company-own reservation systems, hrs, hotel.de

Special features

Business	All-year-round
Important for on-site inspection	An ongoing good fitout specification and general good state of repair of the building must be ensured Short distances between kitchen and conference area, in contrast to a 5 Star hotel mainly a low level of serviced

Data Sheets

	areas/ offers
Typical revenue distribution	Lodging/F&B ratio of approx. 65/30, remaining others

Key building and site data

Standard building size	7,500–24,000 m ² GEA (excl. underground garage)
Standard no. of beds	150–400 rooms
Construction ratio: usable area (MF-G)/GEA	80%
Gross external area (GEA)	40–80 m ² per room (total)
Usable area per room (MF-G)	22–30 m ² (mostly above DEHOGA standard)
Investment costs (Cost Groups 200–700)	€100,000–150,000 per room
Construction costs (Cost Groups 300+ 400)	€1,400–1,900/m ² GEA
FF&E component	10.0%–17.0% (based on investment costs)
Ancillary building costs	14.0%–18.0%
Standard no. of parking spaces	0.5–0.75 space per room possible
Proportion of value attributable to the land	15.0%–35.0%

Business ratios

Rack Rate	€80.00–200.00 per room
Average Room Rate	€70.00–130.00 per room
Occupancy Rate	60.0%–75.0%
RevPAR	€45.00–100.00 per room
Multiple Occupancy Factor	1.2–1.4
Average length of stay	2 days
GOP	30.0%–45.0% of net turnover
Adjusted NOI	6.0%–10.0% of net turnover

Key valuation parameters

Operating rental factors	22.0%–30.0% of net turnover (incl. FF&E)
Standard market operating rents	€450.00–1,200.00 per room p.m. (incl. FF&E)
Gross income multiplier	12–18
Net Initial Yield	5.0–7.0%

	Market Value	Mortgage Lending Value
Maintenance	€10.00–13.00/m ² plus underground garage	€10.00–13.00/m ² plus underground garage
Property management	approx. 1% of GRI p.a.	1–3% of GRI p.a.
Allowance for risk of rental loss	≥ 4%	≥ 4%
Modernisation risk	Property-specific	0.75%–3.0% of build costs
Useful life	up to 60 years	15–40 years
Property yield	4.75%–7.0%	
Capitalisation rate		6.50%–8.0%

- ▶ *These recommendations must carefully be verified for each valuation! The key data (with exception of the minimum requirements of BelWertV) are approximate figures.*

Germany: Hotels Garni (limited service hotels in rural areas, and in small and medium-sized towns)

Size of business/ characteristics

- ▶ Privately run hotel without chain operator (for brand bed & breakfast hotels please refer to the respective category)
- ▶ Accommodation facility with limited boarding (breakfast, potentially beverages)
- ▶ Normally no conference rooms
- ▶ No. of rooms 10–80 rooms
- ▶ Normally in the 1–3 Star category

Location characteristics

- ▶ Small and medium-sized towns
- ▶ Spa and holiday resorts
- ▶ Restaurants in the vicinity

Property characteristics/ concept

- ▶ Basic to average fitout standard
- ▶ Multiple storey

Brief description

Classification	Potentially 1 to 3 Stars
Room fitout	No standardised room fitout
Catering	Breakfast room, potentially hotel bar
Other facilities	Possibly mini bar
Services	Reception
Typical operators	Independent operators
Typical guest structure	Business travellers, tradesmen, tourists, 'walk-in' guests etc.
Reservation systems	Own homepage, hotel brochures, local tourist informatic HRS etc.

Special features

Typical revenue distribution	Lodging (75.0%–85.0%); F&B (15.0%–25.0%); others
------------------------------	--

Key building and site data

Standard no. of parking spaces	0.5–1 space per room
Proportion of value attributable to the land	10.0%–30.0%
Standard building size	Property-specific
Standard no. of beds	10–80
Room prices	Based on the classification, normally slightly less inexpensive than fully serviced hotels
Average Occupancy Rate	55.0%–75.0%
GOP	30.0%–45.0% of net turnover (often without deduction of operators profit)
Operating rental factors	20–25% of net turnover (incl. FF&E)

	Market Value	Mortgage Lending Value
Maintenance	€7.50–10.00/m ²	€7.50–10.00/m ²
Property management	2% of GRI p.a.	2% of GRI p.a.
Allowance for risk of rental loss	> 4% of GRI p.a.	> 4% of GRI p.a.
Modernisation risk	Property-specific	0.2%–2.0% of build costs
Total useful life	40–50 years	15–40 years
Property yield	6.0%–7.5%	
Capitalisation rate		6.5%–8.5%

- *These recommendations must carefully be verified for each valuation! The key data (with exception of the minimum requirements of BelWertV) are approximate figures.*

Germany: Hostels (large businesses with more than 100 beds)

Sizes of business

- ▶ Net turnover p.a. of approx. €300,000 to over €3,000,000
- ▶ Size of 100–900 **beds** (on average approx. 250 **beds**)

Location characteristics

- ▶ 'Trendy' major cities
- ▶ City centre and/or 'trendy quarter'
- ▶ Central station as a magnet
- ▶ Visibility from railway station for advertising purposes
- ▶ Very good public transport connection

Property characteristics/ concept

- ▶ Inexpensive hotel business with group and standard bedrooms
- ▶ More individual alternative to a youth hostel
- ▶ Letting of beds rather than rooms
- ▶ Conversion of existing buildings (office buildings, older hotels) but also new-build
- ▶ Mix of group rooms 'dorms' (3–18 beds) but also standard rooms 'rooms' (1–2 beds)
- ▶ Basic, individual fitout specification (some with common bathrooms/ kitchens, basic/ older buildings without air-conditioning)
- ▶ Marketing via internet and 'word-of-mouth'

Brief description

Classification	No allocation of stars for hostels, but in individual cases, in combination with hotel element in the 1 to 2 Star category
Room fitout	Basic, partly with bunk beds, some rooms without en-suite bathrooms
Catering	Bar style communication zone with internet terminals, canteen style dining rooms in larger hostels
Other facilities	Lounge areas with table football, pool table etc.
Services	24hr reception, limited (room) service etc.
Typical operators	A&O, Aletto, Generator, Meininger, Wombats, independent operators
Typical guest structure	Social travellers from 15–35 years old with limited budget, group travellers, school classes, above average international guests

Special features It is possible to divide the hostel segment into two basic types:

1. The smaller hostel (10–100 beds) with exceptional flair for individual travellers, often independent operators
2. The larger hostel (100–900 beds) with youth hostel style flair often chain hostel with corporate identity.

Due to better comparability, comments refer to large businesses only.

Investors are also interested in more basic locations e.g. the possible conversion of existing buildings no longer in demand. In terms of the investment costs, relatively high rents are achievable with a better standard of fitout due to the possible multiple occupancy of a dorm. In dorms it is often possible to increase the number of beds as and when required (e.g. a 6-bed room becomes an 8-bed room), which is why the valuation should not be based on the maximum number of beds, but on the permissible number of beds! Guests' expectations are increasing as a result of the intensification of competition in the hostel segment, which is leading to a rise in investment costs and overlapping of this segment with the budget hotel industry.

Recommended approach: if hotel use dominates in the property, the figures for the designation 'rooms' should be compared with the data sheets for the relevant hotel category.

Key building and site data

Standard building size	1,200 up to 12,000 m ² GEA
Standard no. of beds	100–900 beds
Construction ratio: usable area (MF-G)/GEA	80%–85%
Gross external area (GEA)	10–15 m ² per bed
Usable area per room (MF-G)	'rooms' 8–12 m ² , 'dorms' 18–40 m ²
Investment costs (Cost Groups 200–700)	Hostel alteration of existing building €10,000–30,000 per room , new-build €45,000–60,000 per room (in case of a high hotel proportion)
Construction costs (Cost Groups 300 + 400)	Hostel alteration—existing building €200.00–700.00/m ² GEA, new-build €1,100.00–1,400.00/m ² GEA 10.0%–15.0% (based on investment costs) 12.0%–15.0%

Data Sheets

FF&E component

Ancillary building costs

Standard no. of parking spaces Of no relevance for this type of business

Proportion of value attributable to the land 15%–30% in city centre locations

Business ratios

Rack Rate ('Dorms')	€8.00–25.00 per bed
Rack Rate ('Rooms')	€30.00–80.00 per room
Average Bed Rate	€8.00–25.00
Bed Occupancy Rate	40%–65%
Multiple Occupancy Factor	Variable depending on size and proportion of dorms 3–4 days
Average length of stay	
GOP	35%–45% of net turnover
Adjusted NOI	8%–20% of net turnover

Key valuation parameters

Operating rental factors	25%–35% of net turnover (incl. FF&E) €90.00–140.00 per bed per month (incl. FF&E)
Standard market operating rents	
Gross income multiplier	10–14, new-build up to 15.5 5.75%–8.0%
Net Initial Yield	

	Market Value	Mortgage Lending Value
Maintenance	€8.00–12.00/m ²	€8.00–12.00/m ²
Property management	approx. 1% of GRI p.a.	1%–2% of GRI p.a.
Allowance for risk of rental loss	≥ 4%	≥ 4%
Modernisation risk	Property-specific 20–50 years	0.5%–1.0% of build costs 15–40 years
Useful life	5.75%–8.0%	
Property yield		6.5%–8.5%
Capitalisation rate		

- *These recommendations must carefully be verified for each valuation! The key data (with exception of the minimum requirements of BelWertV) are approximate figures.*

Germany: Resort Hotels (3+ to 4+ Star)

Size of business

- ▶ Net turnover p.a. approx. €3,500,000–10,000,000
- ▶ No. of rooms 80–250 rooms

Location characteristics: in holiday resorts (examples: the Alps, the Baltic Sea)

- ▶ Macro location in regions of the Baltic and North Sea, the Alps
- ▶ Micro location in case of locations at the Baltic or North Sea: on or close to the beach in holiday resorts and/or seaside resorts, most of the local infrastructure within walking distance, alternative individual locations close to the beach; in the case of locations in the Alps Region: close to or with good accessibility to cable cars, ski lift stations, access to hiking trails
- ▶ Good accessibility for private transport using motorways or federal roads

Property characteristics/ concept

- ▶ Various numbers of storeys
- ▶ Construction style adapted to the local architecture and/or landscape
- ▶ Good modern fitout specification

Brief description

Classification	3 to 4 Stars
Room fitout	Rooms normally with balcony, if possible with bathtub, some with view (e.g. with views in direction sea or mountains), some with family rooms, apartments and suites or interconnected rooms, possibility to provide additional beds
Catering	2 restaurants, bar/café, additional conservatory, catering on the terrace, potentially disco/night club
Other facilities	Spa area, sport/fitness area, event area (also usable as convention or conference area), rooms for nursery services, boutique, tobacco and newsagents
Services	Reception, room service, entertainment programme, laundry and dry-cleaning services
Typical operators	Independent operators, hotel chains such as Arkona, Dorint, Maritim, Seetel, Steigenberger; Travel Charme, Upstalsboom, hotel co-operations, tour operators
Typical guest structure	Tourism (leisure), convention and conference guests
Reservation systems	Respective homepage and/or catalogue of tour operator or reservation using travel agencies, own brochure, own homepage, standard internet platforms

Special features

Business	Often all-year-round, depending on location and offer also limited to specific seasons
Important for on-site inspection	Short distances from kitchen to catering outlets Restaurant sufficiently dimensioned for large events and for high season Additional incentives for off-season and bad weather
Typical revenue distribution	Lodging 45%–50%, F&B approx. 45%, others 5%–10%
Others	In contrast to other types of hotels, asking prices in resort hotels are based mainly on the number of people or beds due to the high multiple occupancy factor. This means that attention should be paid to bed-related statistics .

Key building and site data

Standard building size	5,000–15,000 m ² GEA (excl. underground garage)
Standard no. of beds	80–250 rooms
Construction ratio: usable area (MF-G)/GEA	75%–85%
Gross external area (GEA)	60–100 m ² per room (excl. underground garage)
Usable area per room (MF-G)	24–32 m ² (standard double room including balcony)
Size of spa facilities	at least 500 m ² or 5–7 m ² per room
Investment costs (Cost Groups 200–700)	€100,000–180,000 per room
Construction costs (Cost Groups 300+400)	€1,300–1,800/m ² GEA
FF&E component	10.0%–20.0% (based on investment costs)
Ancillary building costs	13.0%–20.0%
Standard no. of parking spaces	If possible 1 space per room
Proportion of value attributable to the land	10.0%–25.0%

Business ratios

Rack Rate	€70.00–170.00 per room
Average Room Rate	€70.00–100.00 per room
Occupancy Rate	50.0%–65.0% (annual average)
Bed Occupancy Rate	40.0%–55.0% (annual average)
RevPAR	€40.00–60.00 per room
Multiple Occupancy Factor	1.8
Prices for half-board	€15.00–35.00
Average length of stay	4–7 days
GOP	20.0%–30.0% of net turnover
Adjusted NOI	3.0%–7.0% of net turnover

Data Sheets

Key valuation parameters

Operating rental factors	15.0%–25.0% of net turnover (incl. FF&E)
Standard market operating rents	€400.00–1,000.00 per room p.m. (incl. FF&E)
Gross income multiplier	12–15.5
Net Initial Yield	6.75%–7.25%

	Market Value	Mortgage Lending Value
Maintenance	€9.00–14.00/m ² plus underground garage	€9.00–14.00/m ² plus underground garage
Property management	approx. 1% of GRI p.a.	1-2% of GRI p.a.
Allowance for risk of rental loss	≥ 4%	≥ 4%
Modernisation risk	Property-specific	0.75%–3.0% of build costs
Total useful life	up to 60 years	15–40 years
Property yield	5.5%–7.5%	
Capitalisation rate		6.5%–8.5%

- ▶ *These recommendations must carefully be verified for each valuation! The key data (with exception of the minimum requirements of BelWertV) are approximate figures*

Italy: 4 Star City Hotels (brand hotel)

Size of business

- ▶ Net turnover p.a. approx. €5,000,000–20,000,000, sometimes more
- ▶ No. of rooms approx. 100–300 rooms

Location characteristics

- ▶ Major cities or international touristic cities
- ▶ City centre location, business area, very good visibility
- ▶ Representative surrounding which is suitable to establish an image
- ▶ Good public and private transport links

Property characteristics/ concept

- ▶ Multi-storey mainly property-specific
- ▶ Individual building concept, partly with requirements subject to the brand, modern attractive architecture/ style of construction with USP or antique/historical building
- ▶ Very good modern fitout specification, separate breakfast room/ restaurant, lobby, conference rooms, internet/ WLAN in the room, sometimes gymnasium and SPA with swimming pool and sometimes private garden
- ▶ Marketing e.g. via brand/chain hotel business, tour operators

Brief description

Classification	4/5 Stars
Room fitout	Standardised rooms, room size slightly above normal standard according to star classification, en-suite shower/WC, some with en-suite bath/WC and TV in the room, good to very good fitout, offering a nice product e.g. with design and/or themed fitout specification, suites
Catering	At least 1 restaurant, bar
Other facilities	Conference rooms, SPA and fitness area, garden and swimming pool
Services	Reception, room service, laundry and dry-cleaning services etc.
Typical operators	Boscolo, Crowne Plaza, Holiday Inn, Melia, NH, Novotel, Marriott, Mercure, Daytona Business, Best Western
Typical guest structure	Business travellers, tourists (leisure), conference
Reservation systems	Reservation systems e.g. company-own reservation systems, hrs, hotel.de

Special features

Business	All-year-round
Important for on-site inspection	An ongoing good fitout specification and general good state of repair of the building must be ensured
Typical revenue distribution	Short distances between kitchen and conference area Lodging/F&B ratio of approx. 80%, remaining others

Data Sheets

Key building and site data

Standard building size	5,000–20,000 m ² GEA (excl. underground garage)
Standard no. of beds	100–300 rooms
Construction ratio: usable area GEA	80%
Gross external area (GEA)	40–80 m ² per room (total)
Usable area per room	22–30 m ²
Investment costs	€100,000–150,000 per room
Construction costs	€1,300–2,000/m ² GEA
FF&E component	10.0%–20.0% (based on investment costs)
Ancillary building costs	15.0%–20.0%
Standard no. of parking spaces	0.3–0.75 space per room possible
Proportion of value attributable to the land	20.0%–35.0%

Business ratios

Rack Rate	€100.00–300.00 per room
Average Room Rate	€75.00–150.00 per room
Occupancy Rate	55.0%–75.0%
RevPAR	€42.00–112.00 per room
Multiple Occupancy Factor	1.2–1.4
Average length of stay	2 days
GOP	30.0%–40.0% of net turnover
Adjusted NOI	6.0%–10.0% of net turnover

Key valuation parameters

Operating rental factors	20.0%–30.0% of net turnover (incl. FF&E)
Standard market operating rents	€500.00–1,500.00 per room p.m. (incl. FF&E)
Gross income multiplier	12–16.5
Net Initial Yield	5%–7.0%

Market Value

Maintenance	€10.00–15.00/m ² plus underground garage
Property management	approx. 1% of GRI p.a.
Allowance for risk of rental loss	4% - 5%
Modernisation risk	Property-specific
Useful life	up to 50 years
Property yield	5.0%–7.0%
Capitalisation rate	6.0%–10.0%

► *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Italy: Hotels Garni (limited service hotels in rural areas, and in small and medium-sized towns)

Size of business/ characteristics

- ▶ Privately run hotel without chain operator
- ▶ Accommodation facility with limited boarding (breakfast, potentially beverages)
- ▶ No conference rooms
- ▶ No. of rooms 10–50 rooms
- ▶ Normally in the 1–3 Star category

Location characteristics

- ▶ Small and medium-sized towns
- ▶ Spa and holiday resorts
- ▶ Restaurants

Property characteristics/ concept

- ▶ Basic to average fitout standard
- ▶ Multiple storey

Brief description

Classification	Potentially 1 to 3 Stars
Room fitout	No standardised room fitout
Catering	Breakfast room, potentially hotel bar
Other facilities	Possibly mini bar
Services	Reception
Typical operators	Independent operators
Typical guest structure	Business travellers, tradesmen, tourists, 'walk-in' guests etc.
Reservation systems	Own homepage, hotel brochures, local tourist informatic HRS etc.

Special features

Typical revenue distribution	Lodging (85.0%); F&B (15.0%); others
------------------------------	--------------------------------------

Key building and site data

Standard no. of parking spaces	0.75–1 space per room
Proportion of value attributable to the land	10.0%–30.0%
Standard building size	Property-specific
Standard no. of beds	10–50
Room prices	Based on the classification, normally slightly less inexpensive than fully serviced hotels
Average Occupancy Rate	50.0%–70.0%
GOP	30.0%–40.0% of net turnover (often without deduction of operators profit)
Operating rental factors	20–25% of net turnover (incl. FF&E)

Market Value

Maintenance	€7.50–10.00/m ²
Property management	2% of GRI p.a.
Allowance for risk of rental loss	3- 5% of GRI p.a.
Modernisation risk	Property-specific
Total useful life	40–50 years
Property yield	6.0%–7.5%
Capitalisation rate	7.0%–10%

- *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Italy: Hostels (large businesses with more than 100 beds)

Sizes of business

- ▶ Net turnover p.a. of approx. €300,000 to over €3,000,000
- ▶ Size of 25–100 **beds** (on average approx. 30/40 **beds**)

Location characteristics

- ▶ 'Trendy' major cities
- ▶ City centre and/or 'trendy quarter'
- ▶ Central station as a magnet
- ▶ Good public transport connection

Property characteristics/ concept

- ▶ Inexpensive hotel with group and standard bedrooms
- ▶ Youth hostel
- ▶ Letting of beds rather than rooms
- ▶ Conversion of existing buildings (office buildings, older hotels) but also new-build
- ▶ Mix of group rooms 'dorms' (3–18 beds) but also standard rooms 'rooms' (1–2 beds)
- ▶ Basic, individual fitout specification (some with common bathrooms/ kitchens, basic/ older buildings without air-conditioning)
- ▶ Marketing via internet and 'word-of-mouth'

Brief description

Classification	No allocation of stars for hostels, but in individual cases, in combination with hotel element in the 1 to 2 Star category
Room fitout	Basic, partly with bunk beds, some rooms without en-suite bathrooms
Catering	Bar style communication zone with internet terminals, canteen style dining rooms in larger hostels
Other facilities	Lounge areas with table football, pool table etc.
Services	24hr reception, limited (room) service etc.
Typical operators	Independent operators
Typical guest structure\	Social travellers from 15–35 years old with limited budget, group travellers, school classes, above average international guests

Key building and site data

Standard building size	500 up to 5,000 m ² GEA
Standard no. of beds	25–100 beds
Construction ratio: usable area /GEA	80%–85%
Gross external area (GEA)	10–15 m ² per bed
Usable area per room	'rooms' 8–12 m ² , 'dorms' 18–40 m ²
Investment costs	Hostel alteration of existing building €10,000–25,000 per room , new-build €40,000–60,000 per room (in case of a high hotel proportion)
Construction costs	Hostel alteration–existing building €200.00–750.00/m ² GEA, new-build €1,000.00–1,400.00/m ² GEA
FF&E component	10.0%–15.0% (based on investment costs)
Ancillary building costs	12.0%–15.0%
Standard no. of parking spaces	Of no relevance for this type of business
Proportion of value attributable to the land	15%–30% in city centre locations

Business ratios

Rack Rate ('Dorms')	€10.00–30.00 per bed
Rack Rate ('Rooms')	€25.00–50.00 per room
Average Bed Rate	€8.00–25.00
Bed Occupancy Rate	50%–75%
Multiple Occupancy Factor	Variable depending on size and proportion of dorms
Average length of stay	3–5 days
GOP	35%–45% of net turnover
Adjusted NOI	10%–20% of net turnover

Key valuation parameters

Operating rental factors	25%–35% of net turnover (incl. FF&E)
Standard market operating rents	€100.00–150.00 per bed per month (incl. FF&E)
Gross income multiplier	10–15
Net Initial Yield	6.0%–8.0%

Market Value

Maintenance	€10.00–12.00/m ²
Property management	approx. 1% of GRI p.a.
Allowance for risk of rental loss	3-5%
Modernisation risk	Property-specific
Useful life	30–50 years
Property yield	6.0%–8.0%
Capitalisation rate	7.0%–10.0%

- *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Italy: Resort Hotels (3+ to 4+ Star)

Size of business

- ▶ Net turnover p.a. approx. €3,500,000–10,000,000
- ▶ No. of rooms 80–250 rooms

Location characteristics

- ▶ Turistic location as for artistic and hystorical reasons, seaside or mountain.
- ▶ Good accessibility for private transport

Property characteristics/ concept

- ▶ Various numbers of storeys
- ▶ Construction style adapted to the local architecture and/or landscape
- ▶ Good modern fitout specification

Brief description

Classification	3 to 5 Stars
Room fitout	Rooms normally with balcony. Some with view (e.g. with views in direction sea or mountains), some with family rooms, apartments and suites or interconnected rooms, possibility to provide additional beds
Catering	more restaurants, bar/café, additional conservatory, catering on the terrace, potentially disco/night club
Other facilities	Spa area, sport/fitness area, event area (also usable as convention or conference area), rooms for nursery services, boutique, tobacco and newsagents
Services	Reception, room service, entertainment programme, laundry and dry-cleaning services
Typical operators	Independent operators, hotel chains such as hotel co-operations, tour operators (Alpitour, Vera Tour, Club Mediterranè, Bravo Club.....)
Typical guest structure	Tourism (leisure), convention and conference guests
Reservation systems	Respective homepage and/or catalogue of tour operator or reservation using travel agencies, own brochure, own homepage, standard internet platforms

Special features

Business	Often all-year-round, depending on location and offer also limited to specific seasons
Important for on-site inspection	Short distances from kitchen to catering outlets Restaurant sufficiently dimensioned for large events and for high season Additional incentives for off-season
Typical revenue distribution Business	Lodging 45%–50%, F&B approx. 45%, others 5%–10% Often all-year-round, depending on location and offer also limited to specific seasons

Key building and site data

Standard building size	5,000–20,000 m ² GEA (excl. underground garage)
Standard no. of beds	80–250 rooms
Construction ratio: usable area)/GEA	75%–85%
Gross external area (GEA)	60–100 m ² per room (excl. underground garage)
Usable area per room	25–30 m ² (standard double room including balcony)
Size of spa facilities	at least 500 m ² or 5–7 m ² per room
Investment costs	€100,000–180,000 per room
Construction costs	€1,300–1,800/m ² GEA
FF&E component	10.0%–20.0% (based on investment costs)
Ancillary building costs	13.0%–20.0%
Standard no. of parking spaces	If possible 1 space per room
Proportion of value attributable to the land	10.0%–25.0%

Business ratios

Rack Rate	€130.00–300.00 per room
Average Room Rate	€100.00–250.00 per room
Occupancy Rate	60.0%–75.0% (annual average)
Bed Occupancy Rate	45.0%–60.0% (annual average)
RevPAR	€40.00–45.00 per room
Multiple Occupancy Factor	1.8
Prices for half-board	€15.00–35.00
Average length of stay	7 – 15 days
GOP	20.0%–30.0% of net turnover
Adjusted NOI	5.0%–7.0% of net turnover

Key valuation parameters

Operating rental factors	15.0%–25.0% of net turnover (incl. FF&E)
--------------------------	--

Data Sheets

Standard market operating rents	€400.00–1,000.00 per room p.m. (incl. FF&E)
Gross income multiplier	12–15
Net Initial Yield	6.0%–7.25%

Market Value	
Maintenance	€9.00–14.00/m ² plus underground garage
Property management	approx. 1% of GRI p.a.
Allowance for risk of rental loss	3-5%
Modernisation risk	Property-specific
Total useful life	up to 50 years
Property yield	5.5%–7%
Capitalisation rate	6%–9.5%

- *These recommendations must carefully be verified for each valuation! The key data (with exception of the minimum requirements of BelWertV) are approximate figures.*

Romania: 4/5 Star City Hotels (brand hotel)

Size of business

Net turnover p.a. approx. €5,000,000–10,000,000, sometimes more
 No. of rooms approx. 80 –400 rooms

Location characteristics

- ▶ Large cities, with business potential
- ▶ City centre
- ▶ Representative surroundings
- ▶ Central station/Airports easy connection
- ▶ Very good public transport connection

Property characteristics/ concept

- ▶ Multi-storey mainly property-specific
- ▶ Individual building concept, partly with requirements subject to the brand, modern attractive architecture/ reversion of a historical building
- ▶ Good to very good modern fitout specification, separate breakfast room/ restaurant, lobby, conference rooms, internet/ WLAN in the room, sauna and fitness area
- ▶ Marketing e.g. via brand/chain hotel business, tour operators

Brief description

Classification	4 Stars
Room fitout	Standardised rooms, room size slightly above normal standard according to star classification (25-40sqm per room without common areas), air conditioning, controlled temperature, en-suite shower/WC, TV in the room, good to very good fitout, offering a niche product e.g. with design and/or themed fitout specification, suites
Catering	Often 1 restaurant, bar
Other facilities	Conference rooms, sauna and small fitness area, small-scale public space
Services	Reception, room service, laundry and dry-cleaning services etc.
Typical operators	Radisson, Crowne Plaza, Holiday Inn, Hilton, NH, Novotel, Golden Tulip., Marriott
Typical guest structure	Business travellers, tourists (leisure), conference
Reservation systems	Reservation systems e.g. company-own/professional reservation systems

Special features

Business	All-year-round
Important for on-site inspection	An on-going good fit out specification and general good state of repair of the building must be ensured, rooms area and proportion with the rest of the hotel must be

Data Sheets

observed, sufficient escape stairs and fair safety measures, good connections between main facilities (restaurant, conference centres, kitchen, reception, etc)

Typical revenue distribution Lodging/F&B ratio of approx. 50/45, remaining others

Key building and site data

Standard building size	3,500–20,000 m ² GEA (excl. underground garage)
Standard no. of beds	80–400 rooms
Construction ratio: usable area /GEA	80-85%
Gross external area (GEA)	40–80 m ² per room (total)
Usable area per room	25–50 m ²
Investment costs	€80,000–150,000 per room
Construction costs	€1,000–1,300/m ² GEA
FF&E component	10.0%–15.0% (based on investment costs)
Ancillary building costs	15.0%–20.0%
Standard no. of parking spaces	20% from total number of rooms as a minimum
Proportion of value attributable to the land	15.0%–30.0%

Business ratios

Rack Rate	€80.00–180.00 per room
Average Room Rate	€65.00–100.00 per room
Occupancy Rate	60.0%–70.0%
RevPAR	€40.00–70.00 per room
Multiple Occupancy Factor	n.a. estimated at 1.2-1.3 as the most of the guests travel alone for business purposes
Average length of stay	1.3 – 1.4 days
GOP	40.0%–50.0% of turnover
NOI – EBITDA	35%–45% of turnover

Key valuation parameters

Operating rental factors	
Standard market operating rents	
Gross income multiplier	
Net Initial Yield	7-8.5%

Market Value

Maintenance	€€ 5.00–10.00/m ²
Property management	2-2.5% of turnover p.a.
Allowance for risk of rental loss	n.a.
Modernisation risk	Property-specific
Useful life	up to 50 years
Property yield	7.0%–8.5%

Romania: Hotels Garni (limited service hotels in rural areas, and in small and medium-sized towns)

Size of business/ characteristics

- ▶ Privately run hotel without chain operator
- ▶ Accommodation facility with limited boarding (breakfast, potentially beverages)
- ▶ Normally no conference rooms
- ▶ No. of rooms 10–80 rooms
- ▶ Normally in the 1–3 Star category

Location characteristics

- ▶ Small and medium-sized towns
- ▶ Spa and holiday resorts
- ▶ Restaurants in the vicinity

Property characteristics/ concept

- ▶ Basic to average fit out standard
- ▶ Multiple storey

Brief description

Classification	Potentially 1 to 3 Stars
Room fit out	No standardised room fit out
Catering	Breakfast room, potentially hotel bar
Other facilities	Possibly mini bar
Services	Reception
Typical operators	Independent operators
Typical guest structure	Business travellers, tradesmen, tourists, 'walk-in' guests etc.
Reservation systems	Own homepage, hotel brochures, local tourist information,

Special features

Typical revenue distribution	Lodging (85.0%–98.0%); F&B (15.0%–2.0%); others
------------------------------	---

Data Sheets

Key building and site data

Standard building size	Property-specific
Standard no. of beds	10-100
Room prices	Based on the classification, normally slightly less inexpensive than fully serviced hotels
Average Occupancy Rate	30.0%–60.0%
GOP	15.0%–30.0% of net turnover
Operating rental factors	
Standard no. of parking spaces	0.2-0.6 space per room
Proportion of value attributable to the land	50.0%–80.0%

Market Value

Maintenance	€2–6.00/m ²
Property management	2% of GRI p.a.
Allowance for risk of rental loss	2% of GRI p.a.
Modernisation risk	property specific.
Total useful life	40–50 years
Property yield	9%–12%

- *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Romania: Resort Hotels (3+ to 4+ Star)

Size of business

- ▶ Net turnover p.a. approx. €500.000–5.000.000
- ▶ No. of rooms 50–300 rooms

Location characteristics

- ▶ Macro location in regions of the Black Sea and Valea Prahovei
- ▶ Micro location in case of SPA locations
- ▶ Poor accessibility for private transport using national roads

Property characteristics/ concept

- ▶ Various numbers of storeys
- ▶ Construction style adapted to the local architecture and/or landscape
- ▶ Old fitout specification

Brief description

Classification	3 to 4 Stars
Room fitout	Rooms normally with balcony, if possible with bathtub, some with view (e.g. with views in direction sea or mountains), some with family rooms, apartments and suites or interconnected rooms, possibility to provide additional beds
Catering	disco/night club
Other facilities	Spa area, sport/fitness area, event area (also usable as convention or conference area),
Services	Reception, room service, entertainment programme
Typical operators	Independent operators, hotel chains such as ANA, IBIS hotel co-operations, tour operators
Typical guest structure	Tourism (leisure), convention and conference guests
Reservation systems	Respective homepage and/or catalogue of tour operator or reservation using travel agencies, own brochure, own homepage, standard internet platforms

Data Sheets

Special features

Business	Often all-year-round, depending on location and offer also limited to specific seasons
Important for on-site inspection
Typical revenue distribution	Lodging 45%–50%, F&B approx. 53-49%, others 1%–3%

Key building and site data

Standard building size	4,000–15,000 m ² GEA (excl. underground garage)
Standard no. of beds	50–300 rooms
Construction ratio: usable area	65%–85%
.....	
Gross external area (GEA)	60–100 m ² per room (excl. underground garage)
Usable area per room	15–20 m ² (standard double room including balcony)
Size of spa facilities	at least 300 m ² or 5–8 m ² per room
Investment costs	€70,000–140,000 per room
Construction costs	€800–1200/m ² GEA
FF&E component	10.0%–20.0% (based on investment costs)
Ancillary building costs	13.0%–20.0%
Standard no. of parking spaces	20% from the total number of rooms as minimum
Proportion of value attributable to the land	30.0%–50.0%

Business ratios

Rack Rate	€50.00–100.00 per room
Average Room Rate	€30.00–70.00 per room
Occupancy Rate	40.0%–50.0% (annual average)
Bed Occupancy Rate	40.0%–50.0% (annual average)
RevPAR	€15.00–40.00 per room
Multiple Occupancy Factor	
Prices for half-board	
Average length of stay	2–4 days
GOP	20.0%–30.0% of net turnover
Adjusted NOI	3.0%–7.0% of net turnover

Key valuation parameters

Operating rental factors	
Standard market operating rents	

Gross income multiplier
Net Initial Yield

	Market Value
Maintenance	€2.00–6.00/m ²
Property management	2% of GRI p.a.
Allowance for risk of rental loss	2% of GRI p.a.
Modernisation risk	property specific.
Total useful life	40–50 years
Property yield	10%–12%

Majority of 5 star and 4 star Hotels are situated in Belgrade, Novi sad, Subotica. There are several Resort Hotels in Serbian touristic centres, usually on famous mountains such as Kopaonik, Zlatibor, Stara planina and famous Spa such as Vrnjacka Banja, Arandjelovac also Lake Palic, Subotica.

International Hotel brands that are operating in Serbia are:

Global Hyatt with “Hyatt Regency” in Belgrade (New Belgrade)

Intercontinental Hotel Group with “Holiday Inn” and “Crown Plaza” New Belgrade

Best Western with 2 hotels in Belgrade, one hotel in Nis and one hotel in Subotica

Regional hotel group Greek Hotels with hotel “Metropol Plaza” in Belgrade.

Russian-based holding PSP and its Serbian unit, PFB Properties, has started construction of the first Marriott hotel in the Balkan country (reconstruction of previous ‘Jugodrvno’ business building in Belgrade).

Majority of Hostels in Serbia are converted business buildings or other buildings converted into hostels. Only one Hostel in Belgrade has about 100 beds, all other Hostels have on average between 5-40 beds.

Serbia: 4 Star City Hotels (brand hotel)

Size of business

Net turnover p.a.

No. of rooms

Location characteristics

- ▶ Major cities: Belgrade, Novi Sad
- ▶ City centre and good city district locations
- ▶ Representative surroundings
- ▶ Very good public transport connections

Property characteristics/ concept

- ▶ Multi-story
- ▶ Individual building concept, adjusted to suit the selected brand
- ▶ Contemporary fixtures, fabrics and equipment
- ▶ Full service: room service, laundry service, restaurant a la carte, breakfast room, spa, fitness, business centre, internet in whole hotel
- ▶ Marketing through the brand operator

Brief description

Classification	4 Stars
Room fit out	Room size according to the brand and star classification, very good fit out, luxurious bedding, audio hub, WI-FI, working desk and LCD TV, adjustable air-condition, cable-TV, fridge, telephone and private bath with shower/ WC.
Catering	Breakfast restaurant, restaurant a la carte, bar
Other facilities	Fitness room, spa and sauna, business area
Services	Room service, laundry, wake up, reception
Typical operators	Crowne Plaza, Holiday Inn, Best western, Falkensteiner
Typical guest structure	Business people, transit tourists, MICE
Reservation systems	Centralised brand system, tripadvisor.com, booking.com

Special features

Business	All-year-round
Important for on-site inspection	The overall state of fabrics, equipment, fixtures and building, the layout of the hotel building, composition of common areas

Data Sheets

Typical revenue distribution Accomodation:F&B:Other = 50:30:20

Key building and site data

Standard building size	10000-20000 m ² GEA
Standard no. of beds	100-300 rooms
Construction ratio: usable area	80%
Gross external area (GEA)	35-70 m ² per room (total)
Usable area per room	20-45 m ²
Investment costs	€60,000–95,000 per room
Construction costs	€1000–1200/m ² GEA
FF&E component	12%–15% (based on investment costs)
Ancillary building costs	10%–15%
Standard no. of parking spaces	0.2-0.5 space per room possible
Proportion of value attributable to the land	20%–35%

Business ratios

Rack Rate	€80.00–160.00 per room
Average Room Rate	€60.00–110.00 per room
Occupancy Rate	45.0%–55.0%
RevPAR	€30.00–60.00 per room
Multiple Occupancy Factor	1.2–1.4
Average length of stay	2 days
GOP	27%–40% of net turnover
Adjusted NOI	15%–20% of net turnover

Key valuation parameters

Operating rental factors	
Standard market operating rents	€400.00–750.00 per room per month. (incl. FF&E)
Gross income multiplier	10–12
Net Initial Yield	9.0-10.5%

Market Value

Maintenance	€7.00– 10.00/m ²
Property management	approx. 1% of GRI p.a.
Allowance for risk of rental loss	5%
Modernisation risk
Useful life	60 years
Property yield	8.5%–10.5%

► *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Serbia: Hotels Garni (limited service hotels in rural areas, and in small and medium-sized towns)

Size of business/ characteristics

- ▶ Mostly located in city centre, in Belgrade, Novi Sad and Nis, without chain operator, for business and transit tourists. Majority of those hotels were previously socially owned and privatized during last decade.
- ▶ Services offered: bed & breakfast, bar with beverages, restaurant a la carte
- ▶ Equipped with medium conference rooms, business rooms
- ▶ No. of rooms 50-200
- ▶ Category: usually 3 star to 1 star

Location characteristics

- ▶ Major cities in Serbia, smaller towns and rural

Property characteristics/ concept

- ▶ Average to modest fit out standard
- ▶ Multiple story

Brief description

Classification	Potentially 1 to 3 Stars
Room fit out	No standardized fit out
Catering	Restaurant, breakfast lounge, bar
Other facilities	Business room, conference room
Services	Reception
Typical operators	Independent operator or run by the employees
Typical guest structure	Business guests, transit tourists,
Reservation systems	Tourist agencies, own internet website

Special features

Typical revenue distribution	Lodging (70.0%–80.0%); F&B (15.0%–20.0%); others 10%
------------------------------	--

Data Sheets

Key building and site data

Standard building size	Property-specific
Standard no. of beds	50-200 rooms
Room prices	60-80 eur per room
Average Occupancy Rate	45%–70%
GOP	25%–45% of net turnover
Operating rental factors	XX–XX% of net turnover (incl. FF&E)
Standard no. of parking spaces	0-0.5 space per room
Proportion of value attributable to the land	15%–30%

Market Value

Maintenance	€5.00–10.00/m ²
Property management	approx. 1% of GRI p.a.
Allowance for risk of rental loss	5% of GRI p.a.
Modernisation risk
Total useful life	approx. 60 years
Property yield	9%–14%

- *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Serbia: Resort Hotels (3+ to 4+ Star)

Size of business

- ▶ No. of rooms 50–200 rooms

Location characteristics

- ▶ Mountains in Serbia, spas
- ▶ Mountain resorts are close to ski centres, cable cars, ski lift stations. Spa resorts are close to local commercial infrastructure within walking distance.
- ▶ Good accessibility with road infrastructure

Property characteristics/ concept

- ▶ Multiple story buildings
- ▶ Luxury modern fit out

Brief description

Classification	3 to 4 Stars
Room fit out	Rooms larger than in Garni Hotels or city Hotels. Some are with views. Modern fit out
Catering	Breakfast lounge + restaurants a la carte, bars, coffee shops
Other facilities	Spa and wellness, fitness room, boutiques, small shops, conference room
Services	Reception, room service, laundry, entertainment
Typical operators	Independent operators
Typical guest structure	Leisure tourists, conference guests
Reservation systems	Travel agencies, website

Data Sheets

Special features

Business All year round

Important for on-site inspection

Typical revenue distribution Lodging 50%–60%, F&B approx. 30%, others 10%–20%

Others

Key building and site data

Standard building size 10,000–20,000 m² GEA (excl. underground garage)

Standard no. of beds 50–200rooms

Construction ratio: usable area 78%–85%

.....

Gross external area (GEA) 50–70 m² per room (excl. underground garage)

Usable area per room 25–35m² (standard double room including balcony)

Size of spa facilities 700-1000 m²

Investment costs €50,000–90,000 per room

Construction costs €1,000–1,500/m² GEA

FF&E component 7.0%–15.0% (based on investment costs)

Ancillary building costs 10.0%–15.0%

Standard no. of parking spaces 1 per room

Proportion of value attributable to the land 10.0%–20.0%

Business ratios

Rack Rate €60.00–120.00 per room

Average Room Rate €60.00–100.00 per room

Occupancy Rate 40.0%–60.0% (annual average, high season

Bed Occupancy Rate occupancy is 90%, low season occupancy is 27%)

RevPAR 40.0%–55.0% (annual average)

Multiple Occupancy Factor 2

Prices for half-board €20.00–30.00

Average length of stay 5-7 days

GOP 25.0%–30.0% of net turnover

Adjusted NOI 10.0% of net turnover

Key valuation parameters

Operating rental factors

Standard market operating rents €400.00–650.00 per room p.m. (incl. FF&E)

Gross income multiplier 8–12

Net Initial Yield	9%–11.00%
-------------------	-----------

	Market Value
Maintenance	€X.00–XX.00/m ²

Property management	approx. X% of GRI p.a.
---------------------	------------------------

Allowance for risk of rental loss	X%
-----------------------------------	----

Modernisation risk
--------------------	-------

Total useful life	XX years
-------------------	----------

Property yield	X.XX%–X.X%
----------------	------------

Greece: 5 Star City Hotels (brand hotel)

Size of business

Net turnover p.a.	approx. €1,000,000 - € 27,000,000
No. of rooms	approx. 20- 550 rooms

Location characteristics

- ▶ Only in major cities
- ▶ Mostly in city centre location (also in some secondary urban centres), the best city district locations, with good to very good visibility
- ▶ Representative surrounding which is suitable to establish an image
- ▶ Very good public and private transport link

Property characteristics/ concept

- ▶ Multi-storey mainly property specific
- ▶ Individual building concept, partly with requirements subject to the brand, modern attractive architecture / style of construction with USP
- ▶ Good to excellent modern fit-out specification., separate breakfast room / restaurant, lobby, outdoor / indoor pools, conference rooms, internet / WLAN in the room, spa, sauna and fitness area
- ▶ Marketing e.g. via brand / chain hotel business, tour operators

Brief description

Classification	5 Stars
Room fitout	Standardized rooms, room size slightly above normal standard according to star classification, en-suite shower/WC, some with en-suite bath/WC and TV in the room, good to very good fitout, offering a niche product e.g. with design and/or themed fitout specification, suites
Catering	In most cases more than 1 restaurant, bar
Other facilities	Conference rooms, spa, sauna and fitness area, small to very large scale public space
Services	Reception, room service, laundry and dry cleaning services etc.
Typical operators	Brands: Hilton, Starwood, Radisson, Crowne Plaza, Accor, Holliday Inn. A large proportion out of the total number is also operated by national brands like Grecootel, Divani Collection, Electra Hotels and Resorts, Chandris Hotels etc.
Typical guest structure	Business travelers, high-level spending tourists (leisure), conference
Reservation systems	Reservation systems e.g. company own reservation systems, hrs, hotel.com, booking.com

Special features

Business	All-year-round
Important for on-site inspection	An ongoing good fitout specification and general good state of repair of the building must be ensured Short distances between kitchen and conference area
Typical revenue distribution	Lodging/F&B ratio of approx. 75/20, remaining others

Key building and site data

Standard building size	2,000 m ² - 60,000GEA
Standard no. of beds	80-1,000 rooms
Construction ratio: usable area	50%-70%
Gross external area (GEA)	40–100 m ² per room (total)
Usable area per room	18–70 m ²
Investment costs	10% - 15% of construction cost (land not included)
Construction costs	€1,100 - 1,300 m ² GEA
FF&E component	15,000 € - 20,000 € per room
Ancillary building costs	15.0%–30.0%
Standard no. of parking spaces	up to 0,33 space per room possible
Proportion of value attributable to the land	N/A

Business ratios

Rack Rate	€80.00–400.00 per room
Average Room Rate	€90.00–200.00 per room
Occupancy Rate	40.0%–70.0%
RevPAR	€55.00–150.00 per room
Multiple Occupancy Factor	N/A
Average length of stay	2-2,3 days
GOP	20.0%–35.0% of net turnover
Adjusted NOI	7.0%–17.0% of net turnover

Key valuation parameters

Operating rental factors	N/A
Standard market operating rents	€100.00–250.00 per room p.m. (incl. FF&E)
Gross income multiplier	N/A
Net Initial Yield	9.00-11,5%

Market Value

Maintenance	€7.00–15.00/m ²
Property management	N/A
Allowance for risk of rental loss	N/A
Modernisation risk	Property specific
Useful life	min 60 years (up to 100 Years for listed buildings)
Property yield	9.0%–11.5%

Greece: Hotels Garni (limited service hotels in rural areas, and in small and medium-sized towns)

Size of business/ characteristics

- ▶ Net turnover p.a. approx. €10,000 - € 100,000
- ▶ No. of rooms approx. 5- 35 rooms

Location characteristics

- ▶ In villages, islands, the countryside
- ▶ Sometimes off the beaten track
- ▶ Bed & breakfast mostly located in traditional villages, all year round destinations and public transportation usually not available
- ▶ Rooms to let mostly located in most touristic areas, representing an affordable accommodation, public transportation usually available

Property characteristics/ concept

- ▶ Usually 1-3 storeys, mainly property and location specific
- ▶ Bed & Breakfast usually traditionally built, offering breakfast-restaurant area and garden
- ▶ Rooms to let usually resemble apartment buildings, with basic equipment (sometimes rooms/studios include a kitchenette) and only offer limited services (mostly cleaning of room/sheets)
- ▶ Marketing via internet sites/telephone/tour operators

Brief description

Classification	Potentially 2 to 4 Stars
Room fitout	En-suite shower/WC, some with en-suite bath/WC and TV in the room, poor to very good fitout, suites
Catering	Bed & breakfast offer breakfast, Rooms to let don't offer any meals
Other facilities	N/A
Services	Reception (not 24-hour), room/sheets cleaning services, transportation services, wi-fi etc
Typical operators	exclusively local hoteliers, usually family-run business
Typical guest structure	Leisure tourists, families with children
Reservation systems	Usually through telephone, reservation systems e. company own reservation systems, hrs, hotel.co booking.com etc, sometimes through international tc operators

Special features

Typical revenue distribution	Lodging/F&B ratio of approx. 95/5
------------------------------	-----------------------------------

Key building and site data

Standard building size	150 m ² - 1,500 m ² (may be up to 30,000 m ²)
Standard no. of beds	6–40
Room prices	€30.00-150.00 (property type and amenities specific)
Average Occupancy Rate	B&B: 40%-60%, Rooms to let: 50%-70%
GOP	15% - 30% of total turnover
Operating rental factors	N/A
Standard no. of parking spaces	N/A
Proportion of value attributable to the land	N/A

Market Value

Maintenance	€7.00–20.00/m ²
Property management	N/A
Allowance for risk of rental loss	N/A
Modernisation risk	Property specific
Total useful life	min 50 years
Property yield	10.5%–12.0%

- ▶ *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Greece: Hostels (large businesses with more than 100 beds)

Sizes of business

- ▶ Net turnover p.a. of approx. €20,000 to €400,000
- ▶ approx. 10 - 60 rooms

Location characteristics

- ▶ Only in cities and urban areas
- ▶ Bed & breakfast, all year round destinations, with public transportation usually available
- ▶ Low cost hotels, sometimes located in touristic areas, but mostly in secondary and tertiary sublocations, representing an affordable accommodation

Property characteristics/ concept

- ▶ Multi-storey buildings, mainly property specific
- ▶ Individual building concept
- ▶ Bed & Breakfast usually traditionally built
- ▶ Average to good fit-out specification, small room surfaces, offering only limited services (mostly cleaning of room/sheets)
- ▶ Marketing via internet sites/telephone/tour operators

Brief description

Classification	1-2 Stars
Room fitout	En-suite shower/WC, some with bath and TV in the room, poor to good fitout
Catering	Bed & breakfast offer
Other facilities	N/A
Services	Reception (not 24-hour), room/sheets cleaning services, occasionally wi-fi etc
Typical operators	Exclusively local hoteliers, usually family-run business
Typical guest structure	Low budget tourists, youths, singles

Key building and site data

Standard building size	150 up to 1,000 m ² GEA
Standard no. of beds	10–120 beds
Construction ratio: usable area	65%–80%
Gross external area (GEA)	20–40 m ² per room
Usable area per room	12–30 m ² per room
Investment costs	5%-8% of construction cost
Construction costs	800 € - 1,000 €/m ² GEA
FF&E component	5,000 € - 15,000 € per room
Ancillary building costs	10% - 20%
Standard no. of parking spaces	N/A
Proportion of value attributable to the land	N/A

Data Sheets

Business ratios

Rack Rate ('Dorms')	€15.00–120.00 per bed
Rack Rate ('Rooms')	€25.00–60.00 per room
Average Bed Rate	N/A
Bed Occupancy Rate	40%–70%
Multiple Occupancy Factor	N/A
Average length of stay	1–7 days
GOP	15%–30% of total turnover
Adjusted NOI	7%–20% of total turnover

Key valuation parameters

Operating rental factors	N/A
Standard market operating rents	€15,000–40,000 per room
Gross income multiplier	N/A
Net Initial Yield	10.5%–13.0%

Market Value

Maintenance	€4.00–12.00/m ²
Property management	N/A
Allowance for risk of rental loss	N/A
Modernisation risk	Property specific
Useful life	Min 60 years (up to 100 years for listed buildings)
Property yield	10.5%–13.0%

- ▶ *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Greece: Resort Hotels

Size of business

- ▶ Net turnover p.a. approx. €5,000,000–50,000,000
- ▶ No. of rooms 50–400 rooms

Location characteristics

- ▶ In prime summer destinations
- ▶ Usually with direct access to a beach
- ▶ Representative surrounding which is suitable to establish an image
- ▶ Public transportation usually not available, but indifferent to clients

Property characteristics/ concept

- ▶ Usually 1-4 storeys, mainly property and location specific, sometimes bungalows also available
- ▶ Individual building concept, partly with requirements subject to the brand, modern attractive architecture / style of construction with USP
- ▶ Good to excellent fit-out specification, separate breakfast room / restaurant (possibly multiple restaurants), bars, lobby, multiple big size pools, conference rooms, internet / WLAN in the room, spa, sauna and fitness area, beach amenities, beach bars, indoor/ outdoor playgrounds, small cinema/ theater, sports-courts, transportation services
- ▶ Marketing e.g. via brand / chain hotel business, tour operators.

Brief description

Classification	4 to 5 Stars
Room fitout	Standardized rooms, room size slightly above normal standard according to star classification, en-suite shower/WC, some with en-suite bath/WC and TV in the room, good to very good fitout, suites, usually rooms with sea view
Catering	In most cases more than 1 restaurant, bar
Other facilities	Conference rooms, spa, sauna and fitness area, large to very large scale outdoor public spaces, tennis-courts, golf-courts etc
Services	Reception, room service, laundry and dry cleaning services, transportation services etc
Typical operators	Brands: Hilton, Grecootel, Louis, Mitsis, Aman, Club Mediterranee etc. A large proportion out of the total number of is also operated by national brands like Grecootel, Chandris Hotels, Louis Hotels, Aquis etc
Typical guest structure	Leisure tourists, families with children, conference
Reservation systems	Usually international tour operators, reservation systems e.g. company own reservation systems, hrs, hotel.com, booking.com etc

Data Sheets

Special features

Business	Usually 180-220 days per year (April-October)
Important for on-site inspection	An ongoing good fitout specification and general good state of repair of the building must be ensured, the same applies to outdoor spaces (gardens, pools, courts etc)
Typical revenue distribution	Lodging/F&B ratio of approx. 75/20, remaining others

Key building and site data

Standard building size	3,000 - 10,000 m ² (may be up to 30,000 m ²)
Standard no. of beds	100–800 rooms
Construction ratio: usable area	60%–75%
Gross external area (GEA)	35–80 m ² per room
Usable area per room	20–60 m ²
Size of spa facilities	N/A
Investment costs	10% - 15% of construction cost
Construction costs	€950–1,100/m ² GEA
FF&E component	€15,000-30.000per room
Ancillary building costs	30.0%–50.0%
Standard no. of parking spaces	N/A
Proportion of value attributable to the land	N/A

Business ratios

Rack Rate	€90.00–350.00 per room
Average Room Rate	€80.00–210.00 per room
Occupancy Rate	50.0%–80.0% in the operating period
Bed Occupancy Rate	N/A
RevPAR	€45.00-130.00
Multiple Occupancy Factor	N/A
Prices for half-board	N/A
Average length of stay	4-10 days
GOP	15.0%–25.0% of total turnover
Adjusted NOI	15.0%–45.0% of total turnover

Key valuation parameters

Operating rental factors	N/A
Standard market operating rents	€40,000.00–90,000.00 per room
Gross income multiplier	N/A
Net Initial Yield	

9.5%–11.0%

	Market Value
Maintenance	€10.00–30.00/m ²
Property management	N/A
Allowance for risk of rental loss	N/A
Modernisation risk	Property specific
Total useful life	50 years
Property yield	9.5%–11.0%

Greece: 3-4 Star City Hotels (Major Greek Cities)

Size of business

Net turnover p.a. approx. €500,000– 10,000,000

No. of rooms approx. 15- 550 rooms

Location characteristics

- ▶ Only in major cities
- ▶ Mostly in city centre location (also in some secondary urban centres), with average to good visibility
- ▶ Surrounding not necessarily suitable to establish an image
- ▶ Good public and private transport link

Property characteristics/ concept

- ▶ Multi-storey buildings, mainly property specific
- ▶ Individual building concept, partly with requirements subject to the brand, modern attractive architecture / style of construction with USP
- ▶ "Good to excellent modern fit-outs specification and separate breakfast room
- ▶ In some cases restaurant, lobby, outdoor / indoor pools, conference rooms, internet / WLAN in the room, spa, sauna and fitness area"
- ▶ Marketing e.g. via brand / chain hotel business, tour operators

Brief description

Classification	3-4 Stars
Room fitout	Standardized rooms, room size slightly above normal standard according to star classification, en-suite shower/WC, some with en-suite bath/WC and TV in the room, good to very good fitout, offering a niche product e.g. with design and/or themed fitout specification, suites
Catering	In most cases more than 1 restaurant, bar
Other facilities	Conference rooms, spa, sauna and fitness area, small to very large scale public space
Services	Reception, room service, laundry and dry cleaning services etc.
Typical operators	Brands: Hilton, Starwood, Radisson, Crowne Plaza, Accor, Holliday Inn. A large proportion out of the total number is also operated by national brands like Grecootel, Divani Collection, Electra Hotels and Resorts, Chandris Hotels etc.
Typical guest structure	Low and family budget visitors, Business travelers, conference, students
Reservation systems	Reservation systems e.g. company own reservation systems, hrs, hotel.com, booking.com

Special features

Business All-year-round

Important for on-site inspection	Good fitout specification in general, but the state of repair of the building must be ensured Short distances between kitchen and conference area, in contrast to a 5-star hotel mainly a low level of serviced areas/offers
Typical revenue distribution	Lodging/F&B ratio of approx. 90/10

Key building and site data

Standard building size	800–20,000 m ² GEA
Standard no. of beds	30–1,000
Construction ratio: usable area /GEA	60-70%
Gross external area (GEA)	25–40 m ² per room (total)
Usable area per room	16–25 m ²
Investment costs	7%-12% of construction cost
Construction costs	€800– 1,050/m ² GEA
FF&E component	€10,000.00-25,000 per room
Ancillary building costs	10.0%–20.0%
Standard no. of parking spaces	up to 0,25 space per room possible
Proportion of value attributable to the land	N/A

Business ratios

Rack Rate	€30.00–200.00 per room
Average Room Rate	€50.00–120.00 per room
Occupancy Rate	50.0%–80.0%
RevPAR	€30.00–70.00 per room
Multiple Occupancy Factor	N/A
Average length of stay	2+days
GOP	25.0%–45.0% of total turnover
NOI – EBITDA	8%–20% of total turnover

Key valuation parameters

Operating rental factors	N/A
Standard market operating rents	€50,000-120,000
Gross income multiplier	N/A
Net Initial Yield	10.0-11.5%

Market Value

Maintenance	€4.00– 12.00/m ²
Property management	N/A
Allowance for risk of rental loss	N.A.
Modernisation risk	Property-specific
Useful life	min 60 years
Property yield	10.0%–11.5%

Hungary: 4 Star City Hotels (brand hotel)

Size of business

Net turnover p.a. approx. € 2.500.000–7.000.000

No. of rooms approx 80 –200 rooms

Location characteristics

- ▶ Budapest and major cities like Debrecen, Pécs, Szeged, Győr, Eger, Sopron
- ▶ City centre location, good city district locations, very good visibility
- ▶ Representative surrounding which is suitable to establish an image
- ▶ Very good public and private transport links

Property characteristics/ concept

- ▶ Multi-storey mainly property-specific
- ▶ Individual building concept, partly with requirements subject to the brand, modern attractive architecture/ style of construction with USP
- ▶ Good to very good modern fitout specification, separate breakfast room/ restaurant, lobby, conference rooms, internet/ WLAN in the room, sauna and fitness area
- ▶ Marketing e.g. via brand/chain hotel business, tour operators, booking.com, szallodak.hu etc.

Brief description

Classification	4 Stars
Room fitout	Standardised rooms, room size slightly above normal standard according to star classification, en-suite shower/WC, some with en-suite bath/WC and TV in the room, good to very good fitout, offering a niche product e.g. with design and/or themed fitout specification, suites
Catering	Often 1 restaurant, bar
Other facilities	Conference rooms, sauna and small fitness area, small-scale public space
Services	Reception, room service, laundry and dry-cleaning services etc.
Typical operators	Hilton, Danubius, Hunguest, Continental, Mercure, NH, Novotel
Typical guest structure	Business travellers, tourists (leisure), conference
Reservation systems	

Special features

Business	All-year-round
Important for on-site inspection	An ongoing good fitout specification and general good state of repair/maintenance of the building must be ensured

Typical revenue distribution Logis/F&B ratio of approx. 55/30, remaining others.

Key building and site data

Standard building size	4,500– 14.000 m ² GEA
Standard no. of beds	80-200 rooms
Construction ratio: usable area	70 -75 %
Gross external area (GEA)	45 –70 m ² per room (total)
Usable area per room	18 - 25 m ²
Investment costs	€ 60.000 – 85.000 per room
Construction costs	€1.000–1.600/m ² GEA
FF&E component	10.0%–15.0% (based on investment costs)
Ancillary building costs	10.0%–15.0%
Standard no. of parking spaces	0.5–0.75 space per room possible
Proportion of value attributable to the land	15.0%– 35.0%

Business ratios

Rack Rate	€ 65.00–120.00 per room
Average Room Rate	€ 55.00–85.00 per room
Occupancy Rate	60.0%– 75,0%
RevPAR	€ 30 –50.00 per room
Multiple Occupancy Factor	1.2– 1.4
Average length of stay	2,0 days
GOP	25,0%– 35, 0% of net turnover
Adjusted NOI	7,0%– 10,0% of net turnover

Key valuation parameters

Operating rental factors	20.0%–30.0% of net turnover (incl. FF&E)
Standard market operating rents	€ 300.00–450.00 per room p.m. (incl. FF&E)
Gross income multiplier	10,0 –12,5
Net Initial Yield	8.25 -10,5%

Market Value

Maintenance	€ 10,00– 12,00/m ²
Property management	approx. 1,0 % of GRI p.a.
Allowance for risk of rental loss	≥4,0 %
Modernisation risk	property- specific.
Useful life	up to 60 years
Property yield	8,0 %–10,5 %

Hungary: 3 Star City Hotels (no branded hotel)

Size of business

Net turnover p.a.	approx. € 500.000–1.000.000 sometimes more
No. of rooms	approx 40 –70 rooms

Location characteristics

- ▶ Budapest , major and medium-size cities
- ▶ downtown area, central location, od city district locations, very good visibility
- ▶ Representative surrounding which is suitable to establish an image
- ▶ Very good public and private transport links

Property characteristics/ concept

- ▶ Multi-storey mainly property-specific
- ▶ Individual building concept, star based room standards, modern architecture
- ▶ Average to good fitout specification, restaurant, lobby, conference rooms, internet/ WLAN in the room,
- ▶ Marketing e.g. via own homepage, contracted with local tourist agency, hotel brochures, booking.com, szallodak.hu etc.

Brief description

Classification	3 Stars
Room fitout	Standardised rooms, room size according to star classification, shower/WC, some with bath/WC and TV in the room, average fitout, sometimes apartments
Catering	Often 1 restaurant, bar
Other facilities	Conference rooms, small-scale public space
Services	Reception, room service,
Typical operators	owner run operation
Typical guest structure	Business travellers, tourists (leisure), conference
Reservation systems	

Special features

Business	All-year-round
Important for on-site inspection	Standard fitout, 3star-based room standards specification and continual maintenance of the building must be ensured
Typical revenue distribution	Logis/F&B ratio of approx. 55-60 %, 25-30

Key building and site data

Standard building size	1,200– 2.400 m ² GEA
Standard no. of beds	40 - 70 rooms

Construction ratio: usable area	75 -80 %
Gross external area (GEA)	30–35 m ² per room (total)
Usable area per room	13 - 20 m ²
Investment costs	€ 35.000 – 55.000 per room
Construction costs	€ 800–1.300/m ² GEA
FF&E component	9.0%–13.0% (based on investment costs)
Ancillary building costs	10.0%–15.0%
Standard no. of parking spaces	0.5–0.75 space per room possible
Proportion of value attributable to the land	10.0%– 25.0%

Business ratios

Rack Rate	€45.00–65.00 per room
Average Room Rate	€35.00–55.00 per room
Occupancy Rate	50.0%–62,5.0%
RevPAR	€18.00–25.00 per room
Multiple Occupancy Factor	1.1–1.3
Average length of stay	2,5 days
GOP	25.0%–35.0% of net turnover
Adjusted NOI	7.0%–10.0% of net turnover

Key valuation parameters

Operating rental factors	15.0%–20.0% of net turnover (incl. FF&E)
Standard market operating rents	€170.00–300.00 per room p.m. (incl. FF&E)
Gross income multiplier	8.0–12,5
Net Initial Yield	8,5 %-11,0 %

Market Value

Maintenance	€ 8.00–10.00/m ²
Property management	approx. 1% of GRI p.a.
Allowance for risk of rental loss	>4.0%
Modernisation risk	property-specific
Useful life	40 years
Property yield	8,25 %– 10,5 %

- *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Hungary: Resort Hotels (3+ to 4+ Star)

Size of business

- ▶ Net turnover p.a. approx. € 2.500.000 –5.500.000
- ▶ No. of rooms 70 - 220 rooms

Location characteristics

- ▶ Macro location in the capital, in region of the Balaton Lake, close to the famous thermal springs/spa&wellness towns like Hévíz, Hajdusoboszló, Bük, Sárovar, Zalakaros, Eger
- ▶ Micro location in the case of locations at the Balaton on or close to the 'beach' in holiday resorts, most of the local infrastructure within walking distance, in the case of locations with thermal springs close to the spa (bath), with good accessibility
- ▶ Good accessibility for private transport using motorways or main roads

Property characteristics/ concept

- ▶ Various numbers of storeys
- ▶ Construction style adapted to the local architecture and/or landscape
- ▶ Good modern fitout specification

Brief description

Classification	3 to 4 Stars
Room fitout	Rooms normally with balcony, if possible with bathtub, some with view (e.g. with views in direction Balaton or hills), some with family rooms, apartments and suites or interconnected rooms, possibility to provide additional beds
Catering	2 restaurants, bar/café, additional conservatory, catering on the terrace, potentially disco/night club
Other facilities	Spa area, sport/fitness area, event area (also usable as convention or conference area), rooms for nursery services, boutique, tobacco and newsagents
Services	Reception, room service, entertainment programme, laundry and dry-cleaning services
Typical operators	Independent operators, hotel chains such as Danubius, Hunguest, Radisson, hotel co-operations, tour operators
Typical guest structure	Tourism (leisure), convention and conference guests
Reservation systems	Respective homepage and/or catalogue of tour operator or reservation using travel agencies, own brochure, own homepage, standard internet platforms

Special features

Business	Often all-year-round, depending on location and offer also limited to specific seasons
Important for on-site inspection	Short distances from kitchen to catering outlets Restaurant sufficiently dimensioned for large events and for high season Additional incentives for off-season and bad weather
Typical revenue distribution	Lodging 35%–45%, F&B approx. 30-40%, others 5%–10%
Others	In contrast to other types of hotels, asking prices in resort hotels are based mainly on the number of people or beds due to the high multiple occupancy factor. This means that attention should be paid to bed-related statistics .

Key building and site data

Standard building size	4,200–12,500m ² GEA (excl. underground garage)
Standard no. of beds	70 – 220 rooms
Construction ratio: usable area	70%–80%
.....	
Gross external area (GEA)	55–80 m ² per room (excl. underground garage)
Usable area per room	20–28 m ² (standard double room including balcony)
Size of spa facilities	at least 400 m ² or 4–6 m ² per room
Investment costs	€70.000 – 100.000 per room
Construction costs	€1.100–1,600/m ² GEA
FF&E component	10%–18.0% (based on investment costs)
Ancillary building costs	10.0%–15.0%
Standard no. of parking spaces	0.5–0.75 space per room possible
Proportion of value attributable to the land	10.0%–25.0%

Business ratios

Rack Rate	€60.00–80.00 per room
Average Room Rate	€50.00–65.00 per room
Occupancy Rate	61,9.0%–72.0% (annual average)
Bed Occupancy Rate	50.0%–60.0% (annual average)
RevPAR	€31.00–44.00 per room
Multiple Occupancy Factor	1,6-1,8
Prices for half-board	€13.00–20.00
Average length of stay	3–6 days
GOP	20.0%–30.0% of net turnover

Data Sheets

Adjusted NOI	3.0%–7.0% of net turnover
--------------	---------------------------

Key valuation parameters

Operating rental factors	15.0%–25.0% of net turnover (incl. FF&E)
Standard market operating rents	€350.00 – 600.00 per room p.m. (incl. FF&E)
Gross income multiplier	10 – 12,5
Net Initial Yield	8,5 %– 10,5 %

Market Value

Maintenance	€10.00–15.00/m ²
Property management	approx. 1% of GRI p.a.
Allowance for risk of rental loss	4-6 %
Modernisation risk	property specific
Total useful life	40- 50 years
Property yield	8,25%–10,25%

The following property-specific information from the business type catalogue is based on analyses of recently valued hotel properties and of various business comparisons; there is no claim as to its completeness. The quoted upper and lower margins reflect an average standard market range and are presented irrespective of any arithmetical connection. In particular, in the rural regions and new federal states, the individual benchmark figures and time periods quoted must be considered critically for the respective valuation cases.

All costs are quoted as net (excl. VAT).

Ireland: 4 Star City Hotels (brand hotel)

Size of business

Net turnover p.a.:	approx. €3,000,000 to €12,000,000 (average) Can be more / less.
No. of rooms:	approx. 80 - 250 rooms

Location characteristics

- ▶ Main Cities and Major Urban Centres
- ▶ Good Transport Links
- ▶ Good visibility / profile

Property characteristics/ concept

- ▶ Purpose built, multi-storey
- ▶ International brand specification finish
- ▶ Modern Style
- ▶ Good / very good fit-out
- ▶ Separate Food & Beverage (F&B), Conference & Banqueting (C&B) and often Leisure and / or Spa

Brief description

Classification	4 Star
Room fitout	Typically standardised rooms with differing configurations. En-Suite with bath / shower or both. Good – very good fit-out.
Catering	Typically separate bar(s) and restaurant(s)
Other facilities	Conference rooms, banqueting suite, small fitness area or full wet leisure facilities and / or Spa.
Services	24 hr reception, room service, laundry / dry-cleaning service, Parking, WiFi.
Typical operators / brands	Independent Operators, Radisson, Crowne Plaza, Clayton (Dalata), Doyle Hotel Collection, Hilton (Double Tree).
Typical guest structure	Business / Leisure / Conference
Reservation systems	Brand associated booking systems, direct booking, third party booking systems.

Special features

Business	All-year-round
Important for on-site inspection	State of repair / Capital Expenditure requirements; Configuration of facilities (operational efficiency of layout); Access; Proximity to transport nodes / roads; Shared services with adjoining properties.
Typical revenue distribution	Accommodation / F&B and C&B / Leisure and Other – 60 / 30 / 10
General	The revenue profile of provincial 4 star F&B led businesses differs from the above and generates lower profit margins.

Key building and site data

Standard building size	10,000 m ² – 25,000 m ² GIA
Standard no. of beds	Approx 80 - 250 rooms
Construction ratio: usable area	Approx 80%
Gross external area (GEA)	
Usable / GIA area per room	20 - 30 m ²
Investment costs	€100,000–€200,000 per room
Construction costs	€1,500 – €2,500 / m ² GEA (+ 25% - 35% M&E)
FF&E component	€300 - €650 / m ²
Ancillary building costs	
Standard no. of parking spaces	Varies according to local (planning) authority.
Proportion of value attributable to the land	15.0%–20.0%

Business ratios

Rack Rate	€80.00–200.00 per room
Average Room Rate	€70.00–130.00 per room
Occupancy Rate	60.0%–80.0%
RevPAR	€42.00–€104.00 per room
Multiple Occupancy Factor	
Average length of stay	
GOP	25.0%–40.0% of net turnover
Adjusted NOI	10.0%–30.0% of net turnover (Pre FF&E and Management)

Data Sheets

Key valuation parameters

Operating rental factors	50.0%–70.0% of <u>EBITDAR</u> (Earnings Before Interest Tax Depreciation Amortisation and Rent)
Standard market operating rents	€4,000.00–€10,000.00 per room p.a. (incl. FF&E)
Gross income multiplier	
Net Initial Yield	7.0% – 9.0%

Market Value

Maintenance	3.0% - 4% of Total Revenues.
Property management	
Allowance for risk of rental loss	
Modernisation risk	
Useful life	
Property yield	

- ▶ *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Ireland: Hotels Garni (limited service hotels in rural areas, small and medium-sized towns & cities)

Size of business/ characteristics

- ▶ Largely domestic / local operator (some branded)
- ▶ Typically limited service with accommodation and Food & Beverage (F&B) – in some instances small meeting / function room(s) component.
- ▶ No of rooms 50 - 200
- ▶ Normally classified in the 1 – 3 star category

Location characteristics

- ▶ Large urban centre / cities
- ▶ Small / medium sized urban centres
- ▶ Central location close to local amenities / transport links

Property characteristics/ concept

- ▶ Basic – Good fit-out
- ▶ Non purpose built hotels can be inefficient to operate due to the adapted layout / older properties etc.

Brief description

Classification	Potentially 1 to 3 Star
Room fitout	Varied. Often (but not always) non-standardised room fit-out; Varied sizes.
Catering	Breakfast / Dining Room, Bar.
Other facilities	Meeting rooms / Small function room.
Services	Reception, WiFi.
Typical operators	Domestic operators / local brands.
Typical guest structure	Business / Commercial / Leisure
Reservation systems	Hotel website, Third party booking engines / websites

Special features

Typical revenue distribution	Accommodation (75% - 85%) F&B and Other (15% - 25%)
------------------------------	--

General	A large number of 3 star hotels are family run, F&B led businesses which would reflect a different revenue profile (and lower profit) to that indicated above (which assumes an accommodation led business)
---------	---

Key building and site data

Standard building size	Property-specific
Standard no. of bedrooms	50–200
Room prices	Property / Facility Specific
Average Occupancy Rate	60.0%–80.0%
GOP	Dependent on business mix – higher for accommodation led businesses than F&B led businesses.
Operating rental factors	50–60% of EBITDAR (Earnings Before Interest Tax Depreciation Amortisation and Rent)
Standard no. of parking spaces	Property specific, but up to 0.5–1 space per room
Proportion of value attributable to the land	Property specific but can be up to 10.0% - 20.0%

Market Value

Maintenance	3.0% - 5.0% of total revenues.
Property management	
Allowance for risk of rental loss	
Modernisation risk	
Total useful life	
Property yield	

- ▶ *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Ireland: Hostels (large businesses with more than 100 beds)

Sizes of business

- ▶ Net turnover p.a. of approx. €500,000 to €4,000,000
- ▶ Size of 100–500 bed-spaces

Location characteristics

- ▶ City centre / Major urban centres
- ▶ Close to public transport nodes (train station, bus station etc)
- ▶ On back-packer tourist route

Property characteristics/ concept

- ▶ Conversion of existing buildings (sometimes hotels)
- ▶ Letting of beds rather than rooms
- ▶ Mix of room sizes – (typically 4 – 10 beds per room)
- ▶ Shared bathroom facilities (some en-suite facilities)
- ▶ Basic – Modern Trendy / Contemporary fit out.
- ▶ Common areas, shared kitchen facility, reception

Brief description

Classification	No allocation of stars for hostels.
Room fitout	Basic; Some with bunk beds; Lockers; En-Suite or Shared Bathroom from corridor.
Catering	Shared kitchen / canteen
Other facilities	Often with common lounge area, wifi access
Services	24 hour reception, wifi, laundry
Typical operators	Independent operators, emergence of new international hostel operators (Generator and others).
Typical guest structure	Budget travellers, Group Travellers, School Groups

Data Sheets

Special features

Hostels can be classified into two groups –

- 1) Smaller independent hostels – Common in secondary cities / urban centre locations. Facilities can be particularly limited and bed numbers in rooms high.
- 2) Larger Hostels – both independent and branded facilities – Generally located in major city centres (Dublin, Cork, Galway). Good facilities for budget traveller, smaller rooms (less beds per room), often with en-suites, higher spec fit out compared to smaller hostels.

Key building and site data

Standard building size	Property Specific
Standard no. of beds	100–500 beds
Construction ratio: usable area	Property specific due to converted nature of hostel properties.
Gross external area (GEA)	Property specific due to converted nature of hostel properties.
Usable area per room	
Investment costs	Property specific due to converted nature of hostel properties.
Construction costs	Property specific due to converted nature of hostel properties.
FF&E component	
Ancillary building costs	
Standard no. of parking spaces	Limited, if any – Properties generally located close to public transport nodes. Little demand for parking.
Proportion of value attributable to the land	Property specific due to converted nature of hostel properties.

Business ratios

Rack Rate ('Dorms')	€15.00–25.00 per bed-space
Rack Rate ('Rooms')	
Average Bed Rate	€10.00–€20.00
Bed Occupancy Rate	50%–80% (including rural / seasonal hostels)
Multiple Occupancy Factor	
Average length of stay	
GOP	50.0%–60.0% of net turnover
Adjusted NOI	35.0%–50.0% of net turnover

Key valuation parameters

Operating rental factors	50–60% of EBITDAR (Earnings Before Interest Tax Depreciation Amortisation and Rent)
Standard market operating rents	€500.00–€1,500.00 per bed-space per annum (incl. FF&E)
Gross income multiplier	
Net Initial Yield	8.0%–12.0%

Market Value

Maintenance	2.0% - 4.0% of total revenues.
Property management	
Allowance for risk of rental loss	
Modernisation risk	
Useful life	
Property yield	

- *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Ireland: Resort Hotels (3+ to 4+ Star)

Size of business

- ▶ No. of rooms 50–150 rooms

Location characteristics

- ▶ Located in areas of interest to tourists / leisure guests
- ▶ Destination resorts typically close to / within national parks, coastlines or similar area of natural beauty (eg. Killarney, Connemara etc)
- ▶ Public transport can be limited and car travel can be required

Property characteristics/ concept

- ▶ Multi-storey, but often limited number of floors to protect views / landscape.
- ▶ Purpose-built and conversions of period properties
- ▶ Modern fit out, some to international brand standards.
- ▶ Large site / lands

Brief description

Classification	3 to 4 Stars (and commonly 5 star)
Room fitout	Standardised rooms. Family rooms / suites / Apart-suites / Interconnecting rooms Good – Very Good Fit-out
Catering	Food & Beverage – Bar(s), Restaurant(s) Some self-catering.
Other facilities	Conference & Banqueting – Conference rooms / Function room(s). Leisure – Dry / Wet leisure facilities Often with golf course and Spa
Services	24 hr reception, room service, family entertainment, laundry / dry-cleaning facilities.
Typical operators	Independent operators, hotel chains
Typical guest structure	Leisure, Family, Conference, Tours
Reservation systems	Hotel website, Third party booking engines / websites, tour operators.

Special features

Business	Usually all-year-round, but can close for the off-season.
Important for on-site inspection	State of repair / Capital Expenditure requirements; Configuration of facilities (efficiency of layout); Access;
Typical revenue distribution	Accommodation (approx. 45%–50%) F&B (approx. 40 - 45%) Other (approx. 5%–10%)
Others	N/A

Key building and site data

Standard building size	10,000 m ² –30,000 m ² GEA
Standard no. of beds	50 - 150 rooms
Construction ratio: usable area	70.0%–80.0%
.....	
Gross external area (GEA)	
Usable area per room	25 m ² – 40 m ²
Size of spa facilities	500 m ² –2,000 m ²
Investment costs	€100,000–€300,000 per room
Construction costs	€1,500 –€3,000 / m ² GEA (+ 25% - 35% M&E)
FF&E component	€300 - €650 / m ²
Ancillary building costs	
Standard no. of parking spaces	Up to 1 per room. More if extensive C&B facilities.
Proportion of value attributable to the land	Property specific due to (often) large site / lands.

Business ratios

Rack Rate	€70.00–€250.00 per room
Average Room Rate	€70.00–€170.00 per room
Occupancy Rate	50.0%–70.0% (annual average)
Bed Occupancy Rate	
RevPAR	€35.00–€119.00 per room
Multiple Occupancy Factor	
Prices for half-board	
Average length of stay	
GOP	20.0%–30.0% of net turnover
Adjusted NOI	10.0%–20.0% of net turnover (pre FF&E and Management)

Key valuation parameters

Data Sheets

Operating rental factors	50.0%–60.0% of EBITDAR
Standard market operating rents	Property Specific
Gross income multiplier	
Net Initial Yield	7.0%–10.0%

Market Value

Maintenance	3.0%–4.0% of total revenues.
Property management	
Allowance for risk of rental loss	
Modernisation risk	
Total useful life	
Property yield	

The following property-specific information from the business type catalogue is based on analyses of recently valued hotel properties and of various business comparisons; there is no claim as to its completeness. The quoted upper and lower margins reflect an average standard market range and are presented irrespective of any arithmetical connection. In particular, in the rural regions and new federal states, the individual benchmark figures and time periods quoted must be considered critically for the respective valuation cases.

All costs are quoted as net (excl. VAT).

France: 4-5 Star City Hotels (brand hotel)

Size of business

Net turnover p.a. approx. €8,000,000–€20,000,000 sometimes more
 No. of rooms approx. 100–300 rooms

Location characteristics

- ▶ Major cities, such as Paris and important secondary locations, such as Lyon, Nice, Toulouse, Marseille
- ▶ Predominantly city centre locations, especially in secondary locations, prime city district locations
- ▶ Good transport links, vicinity to major business and/or leisure demand drivers
- ▶ Good visibility / profile

Property characteristics/ concept

- ▶ Either purpose built or conversion, multi-storey
- ▶ International brand specification finish
- ▶ Modern style – regular FF&E / Capex spent
- ▶ Good / very good / contemporary fit-out
- ▶ Several F&B Outlets (Restaurant, Bar, Tea-Lounge), Conference & Banqueting areas, Leisure (e.g. Spa, dry leisure, wet leisure, gym)

Brief description

Classification	4-5 Stars
Room fitout	4-5 Stars
Catering	Typically standardised room product (double, twin rooms, junior suites, suites) Interior finish in accordance with brand standards/requirements En-suite bath room with bath / shower or both Good to very good fit-out / contemporary style
Other facilities	Typically several F&B Outlets (Restaurant, Bar)
Services	Conference & Banqueting areas, Leisure (e.g. Spa, dry leisure, wet leisure, gym)
Typical operators	24-hour reception, WiFi, room service, laundry/dry cleaning, Tea & Coffee Making Facilities, Bathrobe & Slippers
Typical guest structure	Hilton, Marriott, Crowne Plaza, Radisson Edwardian, Radisson Blu, Sheraton, Sofitel, Pullman
Reservation systems	Business Travellers, High Profile Leisure Guests, Conference & Banqueting

Special features

Business	All-year-round
Important for on-site inspection	Interview with the GM about operation and business structure

Typical revenue distribution 60%-70% Rooms, 25%-35% F&B, 5%-10% Other

Key building and site data

Standard building size	7,000–28,000 m ² GEA
Standard no. of beds	100-400 rooms
Construction ratio: usable area	65%-75%
Gross external area (GEA)	70-80 m ² per room (total)
Usable area per room	26-40 m ²
Investment costs	€100,000–€300,000 per room
Construction costs	€1,500–3,000/m ² GEA
FF&E component	15.0%–25.0% (based on investment costs)
Ancillary building costs	15.0%–25.0%
Standard no. of parking spaces	N/A space per room possible
Proportion of value attributable to the land	N/A

Business ratios

Rack Rate	€120.00–€300.00 per room
Average Room Rate	€80.00–€200.00 per room
Occupancy Rate	65.0%–90.0%
RevPAR	€55.00–€190.00 per room
Multiple Occupancy Factor	N/A
Average length of stay	1-3 days
GOP	40.0%–55.0% of net turnover
Adjusted NOI	25.0%–45.0% of net turnover

Key valuation parameters

Operating rental factors	60.0%–75.0% of EBITDAR (incl. FF&E)
Standard market operating rents	N/A per room p.m. (incl. FF&E)
Gross income multiplier	N/A
Net Initial Yield	4.50%-8.00%

Market Value

Maintenance	1.0%-1.5% of Total Revenue
Property management	2.0-3.0% of Total Revenue
Allowance for risk of rental loss	N/A
Modernisation risk	property specific
Useful life	40-60 years
Property yield	4.50%-8.00%

- *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

The following property-specific information from the business type catalogue is based on analyses of recently valued hotel properties and of various business comparisons; there is no claim as to its completeness. The quoted upper and lower margins reflect an average standard market range and are presented irrespective of any arithmetical connection. In particular, in the rural regions and new federal states, the individual benchmark figures and time periods quoted must be considered critically for the respective valuation cases.

All costs are quoted as net (excl. VAT).

UK: 4-5 Star City Hotels (brand hotel)

Size of business

Net turnover p.a. approx. £9,000,000–£25,000,000 sometimes more

No. of rooms approx. 100–400 rooms

Location characteristics

- ▶ Major cities, such as London and important secondary locations, such as Manchester, Glasgow, Liverpool, Edinburgh, Aberdeen
- ▶ Predominantly city centre locations, especially in secondary locations, prime city district locations
- ▶ Good transport links, vicinity to major business and/or leisure demand drivers
- ▶ Good visibility / profile
- ▶ In London due to lack of space Operators are starting to explore unestablished locations, such as districts in the East of London

Property characteristics/ concept

- ▶ Either purpose built or conversion, multi-storey
- ▶ International brand specification finish
- ▶ Modern style – regular FF&E / Capex spent
- ▶ Good / very good / contemporary fit-out
- ▶ Several F&B Outlets (Restaurant, Bar, Tea-Lounge), Conference & Banqueting areas, Leisure (e.g. Spa, dry leisure, wet leisure, gym)

Brief description

Classification	4-5 Stars
Room fitout	Typically standardised room product (double, twin rooms, junior suites, suites) Interior finish in accordance with brand standards/requirements En-suite bath room with bath / shower or both Good to very good fit-out / contemporary style
Catering	Typically several F&B Outlets (Restaurant, Bar, Tea-Lounge)
Other facilities	Conference & Banqueting areas, Leisure (e.g. Spa, dry leisure, wet leisure, gym)
Services	24-hour reception, WiFi, room service, laundry/dry cleaning, Tea&Coffee Making Facilities, Bathrobe & Slippers
Typical operators	Hilton, Marriott, Crowne Plaza, Radisson Edwardian, Radisson Blu, Sheraton, Sofitel, Pullman
Typical guest structure	Business Travellers, High Profile Leisure Guests, Conference & Banqueting
Reservation systems	Brand associated booking systems, direct booking / ca. 30% OTAs

Special features

Data Sheets

Business	All-year-round
Important for on-site inspection	Interview with the GM about operation and business structure

Typical revenue distribution 60%-70% Rooms, 25%-35% F&B, 5%-10% Other

Key building and site data

Standard building size	7,000–28,000 m ² GEA
Standard no. of beds	100-400 rooms
Construction ratio: usable area	65%-75%
Gross external area (GEA)	70-80 m ² per room (total)
Usable area per room	26-40 m ²
Investment costs	£120,000–£250,000 per room
Construction costs	£1,500–3,000/m ² GEA
FF&E component	15.0%–25.0% (based on investment costs)
Ancillary building costs	15.0%–25.0%
Standard no. of parking spaces	N/A space per room possible
Proportion of value attributable to the land	N/A

Business ratios

Rack Rate	£120.00–£300.00 per room
Average Room Rate	£80.00–£200.00 per room
Occupancy Rate	70.0%–95.0%
RevPAR	£55.00–£190.00 per room
Multiple Occupancy Factor	N/A
Average length of stay	1-3 days
GOP	40.0%–55.0% of net turnover
Adjusted NOI	25.0%–45.0% of net turnover

Key valuation parameters

Operating rental factors	60.0%–75.0% of EBITDAR (incl. FF&E)
Standard market operating rents	N/A per room p.m. (incl. FF&E)
Gross income multiplier	N/A
Net Initial Yield	4.50%-8.00%

Market Value

Maintenance	1.0%-1.5% of Total Revenue
Property management	2.0-3.0% of Total Revenue

Allowance for risk of rental loss	N/A
Modernisation risk	property specific
Useful life	40-60 years
Property yield	4.50%-8.00%

- ▶ *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

UK: Regional Hotels (branded hotels in rural areas, and in small and medium-sized towns)

Size of business/ characteristics

- ▶ Typically limited service hotels with accommodation, F&B Outlet and in some instances small meeting / function rooms
- ▶ No of rooms 50 - 200
- ▶ Normally classified in the 1-3 star category
- ▶ Branded / larger domestic operators

Location characteristics

- ▶ Large / medium-sized urban centre/cities
- ▶ Business Parks / commercial areas
- ▶ Motorways / major roads

Property characteristics/ concept

- ▶ Basic – good fit-out
- ▶ Purpose built with one – three storeys, parking spaces available
- ▶ Sometimes appear dated / in need of Capex

Brief description

Classification	Potentially 1 to 3 Stars
Room fitout	Basic to good standard, en-suite bath rooms with shower/bath, sometimes non-standardised room fit-out, varied sizes
Catering	Breakfast / Dining room, sometimes bar
Other facilities	Meeting rooms / small function rooms / mini gym
Services	WiFi, Tea & Coffee Making facilities, Minibar, Reception
Typical operators	Holiday Inn, Holiday Inn Express, IBIS Budget, IBIS, Hampton by Hilton, Premier Inn, Travelodge, Domestic Operators / Brands
Typical guest structure	Business / Commercial / Leisure / Smart Shoppers
Reservation systems	Brand associated booking systems, direct booking ca. 40% OTAs

Special features

Typical revenue distribution	Lodging (75-85%); F&B (15-25%); others
------------------------------	--

Key building and site data

Standard building size	Property-specific
Standard no. of beds	50-200
Room prices	Property / Facility / Location / Demand Specific £30-£100
Average Occupancy Rate	60.0%-80.0%
GOP	Dependent on business mix – higher for accommodation led businesses than F/B led businesses
Operating rental factors	50-65% of EBITDAR (incl. FF&E)
Standard no. of parking spaces	Property specific – up to 0.5-1 space per room
Proportion of value attributable to the land	N/A

Market Value

Maintenance	1.0-1.5% of Total Revenue
Property management	2.0-3.0% of Total Revenue
Allowance for risk of rental loss	N/A
Modernisation risk	property specific
Total useful life	30-50 years
Property yield	6.50%-11.00%

- ▶ *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

UK: Resort Hotels (3+ to 4+ Star)

Size of business

- ▶ Net turnover p.a. approx. £3,000,000–£18,000,000
- ▶ No. of rooms 50–300 rooms

Location characteristics

- ▶ Located in out-of-town locations, close to leisure points of interests, National Parks, Sea-side
- ▶ Public transport can be limited, normally only reachable via car, hence sufficient number of parking spaces on site
- ▶ Surroundings normally offer loads of leisure activities / family-oriented activities

Property characteristics/ concept

- ▶ Multi-storied, but often limited number of storeys to protect views
- ▶ Purpose built
- ▶ Modern-fit-out, sometimes to international brand standards
- ▶ Large site / lands, golf course
- ▶ Sufficient parking provision
- ▶ Some operators have created concepts that are oriented towards families and offer kids corners with games, books, TV as well as separate dining rooms for families

Brief description

Classification	3 to 4 Stars
Room fitout	Standard room product Sofa beds instead of occasional chair and table Family rooms / interconnecting rooms Good Fit-out, sometimes room can appear dated and not up to today's standards
Catering	Several F&B Outlets, Breakfast Restaurant, Specialty Restaurant, Bar
Other facilities	Golf Course, Spa incl. Wet Leisure, Gym, Conference Centre Function rooms, Private Dining rooms, Gardens, Horse stables
Services	24hr reception, room service, family entertainment, laundry / Dry cleaning facilities, tea & coffee making facilities, mini-bar
Typical operators	Q Hotels, De Vere, Luxury Family Hotels, independent operators
Typical guest structure	Leisure guests, families, Tours, Conferences & Events, Celebrations (Such as weddings), Sports guests (esp. Golf)
Reservation systems	Brand associated booking systems, direct booking ca. 40% OTAs

Special features

Business	Usually all-year round, can close for the off-season Occupancy and ADR are heavily reliant on the seasonality pattern and school holidays
Important for on-site inspection	State of repair / Capex requirements, interview with the GM to discuss operational aspects, seasonality, competition, business mix
Typical revenue distribution	Lodging 30%–50%, F&B approx. 20%-35%, Leisure 5.0%–15%
Others	N/A

Key building and site data

Standard building size	10,000 m ² - 30,000m ² GEA (excl. underground garage)
Standard no. of beds	50–300 rooms
Construction ratio: usable area	65%–80%
Gross external area (GEA)	
Usable area per room	70–90 m ² per room (excl. underground garage)
Size of spa facilities	30–50 m ² (standard double room including balcony)
	300-2,000 sq m / one or more golf courses
Investment costs	£100,000–£1 80,000 per room
Construction costs	£1,200–£2,500/m ² GEA
FF&E component	10.0%–20.0% (based on investment costs)
Ancillary building costs	10.0%–20.0%
Standard no. of parking spaces	Up to 0.5-1 space per room
Proportion of value attributable to the land	Not enough data available

Business ratios

Rack Rate	£60.00–£140.00 per room
Average Room Rate	£55.00–£90.00 per room
Occupancy Rate	60.0%–75.0% (annual average)
Bed Occupancy Rate	N/A
RevPAR	£35.00–£70.00 per room
Multiple Occupancy Factor	N/A
Prices for half-board	N/A

Data Sheets

Average length of stay	1–4 days
GOP	20.0%–45.0% of net turnover
Adjusted NOI	10.0%–30.0% of net turnover

Key valuation parameters

Operating rental factors	50.0%-60.0% of EBITDAR
Standard market operating rents	N/A
Gross income multiplier	N/A
Net Initial Yield	6.50%-10.0% (sometimes significantly higher)

Market Value

Maintenance	2.5%-4.0% of Total Revenue
Property management	Approx. 3.0% of Total Revenue
Allowance for risk of rental loss	N/A
Modernisation risk	N/A
Total useful life	40 years
Property yield	6.50%-10.0% (sometimes significantly higher)

- ▶ *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Spain: 4 Star City Hotels (brand hotel)

Size of business

Net turnover p.a.	approx. €3,000,000–15,000,000, sometimes more
No. of rooms	approx. 80–200 rooms

Location characteristics

- ▶ Major cities and province capitals
- ▶ Mainly financial district location
- ▶ Mostly representative surrounding
- ▶ Good public and private transport links (close enough to airports and high-speed train stations)

Property characteristics/concept

- ▶ Multi-storey building
- ▶ In most cases adapted to brand requirements - standardised
- ▶ Modern functional architecture/style
- ▶ Good to very good modern fit-out specification: separate breakfast room/restaurant, lobby, conference rooms, internet/Wi-Fi in the room, fitness area
- ▶ Marketing e.g. via brand/chain hotel business, tour operators

Brief description

Classification	4 Stars
Room fit-out	Standardised rooms, normal room size, en-suite shower/WC, TV in the room; also some suites
Catering	Often 1 restaurant, bar
Other facilities	Conference rooms, small fitness area, small-scale public space
Services	Reception, room service, laundry and dry-cleaning services, etc.
Typical operators	AC-Marriott, Eurostars, Husa, Intercontinental, Meliá, NH, Novotel, Silken, Vincci
Typical guest structure	Business travellers, high-income tourists (leisure), conference attendees
Reservation systems	Company/chain reservation systems and portals (booking, tripadvisor, trivago, etc.).

Special features

Business	All-year-round
Important for on-site inspection	<ul style="list-style-type: none"> · Functionality · Modernity · State of repair · Level of service

Data Sheets

Typical revenue distribution Lodging: 70%; F&B: 25%; Other: 5%.

Key building and site data

Standard building size	5,000–20,000 m ² GEA
Standard no. of beds	100-200 rooms (100-350 beds)
Construction ratio	80%
Gross external area (GEA)	50–100 m ² per room (total)
Usable area per room	40–80 m ²
Investment costs	€100,000–250,000 per room
Construction costs	€1,500–2,500/m ² GEA
FF&E component	10.0%–15.0% (based on investment costs)
Ancillary building costs	12.0%–18.0%
Standard no. of parking spaces	0.2–0.5 space per room possible
Proportion of value attributable to the land	20.0%–50.0%

Business ratios

Rack Rate	€80.00–200.00 per room
Average Room Rate	€70.00–120.00 per room
Occupancy Rate	60.0%–80.0%
RevPAR	€40.00–100.00 per room
Multiple Occupancy Factor	1.2–1.4
Average length of stay	2 days
GOP	25.0%–50.0% of net turnover
Adjusted NOI	8.0%–12.0% of net turnover

Key valuation parameters

Operating rental factors	20.0%–30.0% of net turnover (incl. FF&E)
Standard market operating rents	€400.00–1,500.00 per room p.m. (incl. FF&E)
Gross income multiplier	13–15
Net Initial Yield	5.0–7.5%

Market Value

Maintenance	€8.00–14.00/m ²
Property management	approx. 1% of GRI p.a.
Allowance for risk of rental loss	5%
Modernisation risk	Property-specific
Useful life	30 years
Property yield	6.0%–9.0%

- *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Spain: Hotels Garni (limited service hotels in rural areas, and in small and medium-sized towns)

Size of business/ characteristics

- ▶ Note: the term “Hotel Garni” does not exist as such in Spain. The closest comparable term is “rural lodging”, which does not necessarily imply that the subject property is a hotel
- ▶ Normally privately run
- ▶ Seldom part of a chain
- ▶ Accommodation facility with limited boarding (breakfast, potentially beverages)
- ▶ Occasionally includes a restaurant
- ▶ Normally no conference rooms
- ▶ Typical number of rooms: 10–50
- ▶ Net turnover p.a. ranging typically €200,000 – €1,500,000

Location characteristics

- ▶ Small and medium-sized towns
- ▶ Spa and holiday resorts
- ▶ Restaurants in the vicinity

Property characteristics/ concept

- ▶ Basic to average fit-out standard
- ▶ Multiple storey

Brief description

Classification	3 stars or less (if considered a hotel)
Room fit-out	No standardised room fit-out
Catering	Breakfast room, potentially hotel bar or restaurant
Other facilities	Possibly mini bar
Services	Reception
Typical operators	Independent operators
Typical guest structure	Tourists, ‘walk-in’ guests etc.
Reservation systems	Own homepage, associations’ portals, specialised portals (booking, toprural, rusticae, etc.).

Special features

Typical revenue distribution	Lodging (80.0%–95.0%); F&B (5.0%–20.0%); others (<1%);
------------------------------	--

Key building and site data

Standard building size	3,000-15,000 sqm (often separate buildings)
Standard no. of beds	10-100 beds
Room prices	€30.00–100.00 per room
Average Occupancy Rate	30.0%–60.0% (but highly seasonal)
GOP	25.0%–40.0% of net turnover
Operating rental factors	
Standard no. of parking spaces	0.2-0.5 spaces per room (but not always proper parking spaces as such)
Proportion of value attributable to the land	50.0%–80.0%

Market Value

Maintenance	€6.00–10.00/m ²
Property management	2% of GRI p.a.
Allowance for risk of rental loss	3%-5% of GRI p.a.
Modernisation risk	0.5%-3% of build cost
Total useful life	25–35 years
Property yield	6.0%–8.0%
Capitalisation rate	8.0%–10.0%

- ▶ *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Spain: Hostels (large businesses with more than 100 beds)

Sizes of business

- ▶ Net turnover p.a. of approx. €400,000 to €2,000,000 (average €800,000)
- ▶ Size of 100–150 beds (on average approx. 125 beds, considering only the large businesses)

Location characteristics

- ▶ 'Trendy' major cities
- ▶ City centre and/or 'trendy quarter'
- ▶ Close to main train stations
- ▶ Good public transport connections

Property characteristics/ concept

- ▶ Inexpensive lodging facilities with group and "standard" bedrooms
- ▶ Letting of beds rather than rooms, but also leisure-oriented
- ▶ Conversion of existing buildings (office buildings, older hotels) but also new-build
- ▶ Mainly group rooms 'dorms' (4–10 beds), but also some "standard" rooms (2 beds)
- ▶ Usually common bathrooms and kitchens
- ▶ Common living/leisure rooms
- ▶ Lockers
- ▶ Air conditioning in common areas
- ▶ In general, standards under Hostelling International
- ▶ Marketing via internet (own website, association and/or public administration's network), brochures and 'word-of-mouth'

Brief description

Classification	No allocation of stars for hostels
Room fit-out	Mainly bunk beds, sometimes no en-suite bathrooms
Catering	Bar style communication zone with internet terminals, canteen style dining rooms in larger hostels
Other facilities	Common living/leisure rooms
Services	24hr reception, housekeeping.
Typical operators	In some cases, owned by government and leasehold – could even be run publicly.
Typical guest structure	The hostels card is divided into four main categories: youngsters (under 30), adults, families (with children under 14) and groups.

Data Sheets

Special features N.a.

Key building and site data

Standard building size	1,000 - 10,000 m ² GEA
Standard no. of beds	100–200 beds
Construction ratio	80%–85%
Usable area per room	5–10 m ² per bed
Investment costs	New-build €30,000–50,000 per room Refurbishing €6,000–20,000 per room
Construction costs	€1,000–1,200/m ² GEA
FF&E component	
Ancillary building costs	
Standard no. of parking spaces	Of no relevance for this type of business
Proportion of value attributable to the land	20%–40% in city centre locations

Business ratios

Rack Rate ('Dorms')	€15.00–25.00 per bed
Rack Rate ('Rooms')	
Average Bed Rate	€10.00–20.00 per bed
Bed Occupancy Rate	50%–70%
Multiple Occupancy Factor	
Average length of stay	3–7 days
GOP	30%–50% of net turnover
Adjusted NOI	10%–20% of net turnover

Key valuation parameters

Operating rental factors	20%–30% of net turnover (incl. FF&E)
Standard market operating rents	€80.00–100.00 per bed per month (incl. FF&E)
Gross income multiplier	10-15
Net Initial Yield	6.0%–8.0%

Market Value

Maintenance	€6.00–12.00/m ²
Property management	approx. 1%-2% of GRI p.a.
Allowance for risk of rental loss	3%-5%
Modernisation risk	0.5%-2% of build cost
Useful life	20–40 years
Property yield	6.0%–9.0%
Capitalisation rate	8.0%-12.0%

- *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

Spain: Resort Hotels (3+ to 4+ Star)

Size of business

- ▶ Net turnover p.a. approx. €3,500,000–10,000,000
- ▶ No. of rooms 80–250 rooms

Location characteristics

- ▶ Touristic location as for artistic and historical reasons, seaside or mountain.
- ▶ Good accessibility for private transport

Property characteristics/ concept

- ▶ Various numbers of storeys
- ▶ Construction style adapted to the local architecture and/or landscape
- ▶ Good modern fit-out specification

Brief description

Classification	3 to 4 Stars
Room fit-out	Rooms normally with balcony, some with a view (e.g. with views in direction sea or mountains). Some include family rooms, apartments and suites or interconnected rooms, possibility to provide additional beds.
Catering	Several restaurants, bar/café, catering on the terrace, usually disco/night club
Other facilities	Spa area, sport/fitness area, event area (also usable as convention or conference area), rooms for nursery services, boutique, tobacco and newsagents
Services	Reception, room service, entertainment programme, laundry and dry-cleaning services
Typical operators	Barceló, Hotusa (Eurostars), Iberostar, Meliá, NH, Palladium, Playa, Riu, TRH
Typical guest structure	Tourism (leisure), convention and conference guests
Reservation systems	Respective homepage and/or catalogue of tour operator or reservation using travel agencies, own brochure, own homepage, standard internet platforms

Special features

Business	Often all-year-round, depending on location and offer. Also limited to specific seasons
Important for on-site inspection	Short distances from kitchen to catering outlets Restaurant sufficiently dimensioned for large events and for high season Additional incentives for off-season
Typical revenue distribution	Lodging 45%–50%, F&B approx. 45%, others 5%–10%
Others	Often all-year-round, depending on location and offer also limited to specific seasons

Key building and site data

Standard building size	5,000–20,000 m ² GEA (excl. underground garage)
Standard no. of beds	100–300 rooms (150-700 beds)
Construction ratio	65-80%
Gross external area (GEA)	60–100 m ² per room (excl. underground garage)
Usable area per room	25–30 m ² (standard double room including balcony)
Size of spa facilities	5-10 m ² per room
Investment costs	€80,000–200,000 per room
Construction costs	€1,200–1,800/m ² GEA
FF&E component	10.0%–20.0% (on investment costs)
Ancillary building costs	15.0%–20.0%
Standard no. of parking spaces	0.2-0.8 per room
Proportion of value attributable to the land	15.0%–30.0%

Business ratios

Rack Rate	€150.00–250.00 per room
Average Room Rate	€100.00–200.00 per room
Occupancy Rate	60.0%–75.0% (annual average, but varies enormously)
Bed Occupancy Rate	45.0%–60.0% (annual average, also seasonal)
RevPAR	€50.00–70.00 per room
Multiple Occupancy Factor	1.7-1.9
Prices for half-board	€15.00–35.00
Average length of stay	4 – 10 days
GOP	20.0%–30.0% of net turnover
Adjusted NOI	5.0%–8.0% of net turnover

Key valuation parameters

Operating rental factors	15.0%–25.0% of net turnover (incl. FF&E)
--------------------------	--

Data Sheets

Standard market operating rents	€400.00–1,000.00 per room p.m. (incl. FF&E)
Gross income multiplier	12–15
Net Initial Yield	6.0%–7.25%

Market Value

Maintenance	€7.00–14.00/m ² plus underground garage
Property management	approx. 1% of GRI p.a.
Allowance for risk of rental loss	3%-5%
Modernisation risk	0.5%-3.0% of build cost
Total useful life	15-40 years
Property yield	6.0%–8.0%
Capitalisation yield	8.0%–10.0%

- ▶ *These recommendations must carefully be verified for each valuation! The key data are approximate figures.*

4 Data Sheets Overview 4/5 Star City Hotels (Brand)

	4/5 Star City Hotels (Brand)				
Key building and site data	France	Germany	Greece	Hungary	Ireland
Standard building size	7,000–28,000 m ² GEA	7,500–24,000 m ² GEA (excl. underground garage)	800–20,000 m ² GEA	4,500– 14.000 m ² GEA	10,000 m ² – 25,000 m ² GIA
Standard no. of beds	100-400 rooms	150–400 rooms	30–1,000	80-200 rooms	80 - 250 rooms
Construction ratio: usable area/GEA	65%-75%	80%	60-70%	70 -75 %	Approx 80%
Gross external area (GEA)	70-80 m ² per room	40–80 m ² per room	25–40 m ² per room	45 –70 m ² per room	N/A
Usable area per room	26-40 m ²	22–30 m ²	16–25 m ²	18 - 25 m ²	20 - 30 m ²
Investment costs	€100,000–€300,000 per room	€100,000–150,000 per room	7%-12% of construction cost	€ 60.000 – 85.000 per room	€100,000–€200,000 per room
Construction costs	€1,500–3,000/m ² GEA	€1,400–1,900/m ² GEA	€800–1,050/m ² GEA	€1.000–1.600/m ² GEA	€1,500 – €2,500 / m ² GEA (+ 25% - 35% M&E)
FF&E component	15.0%–25.0% (based on investment costs)	10.0%–17.0% (based on investment costs)	€10,000.00-25,000 per room	10.0%–15.0% (based on investment costs)	€300 - €650 / m ²
Ancillary building costs	15.0%–25.0%	14.0%–18.0%	10.0%–20.0%	10.0%–15.0%	N/A
Standard no. of parking spaces	N/A	0.5–0.75 space per room possible	up to 0,25 space per room possible	0.5–0.75 space per room possible	Varies acc. to local (planning) authority.
Proportion of value attributable to the land	N/A	15.0%–35.0%	N/A	15.0%– 35.0%	15.0%–20.0%
Business ratios					
Rack Rate (per	€120.00–	€80.00–200.00	€30.00–200.00	€ 65.00–120.00	€80.00–200.00
Average Room	€80.00–	€70.00–130.00	€50.00–120.00	€ 55.00–85.00	€70.00–130.00
Occupancy Rate	65.0%–90.0%	60.0%–75.0%	50.0%–80.0%	60.0%– 75,0%	60.0%–80.0%
RevPAR (per	€55.00–	€45.00–100.00	€30.00–70.00	€ 30 –50.00	€42.00–€104.00
Multiple Occu-	N/A	1.2–1.4	N/A	1.2–1.4	N/A
Average length of stay	1-3 days	2 days	2+days	2 days	N/A
GOP	40.0%–55.0% of net turnover	30.0%–45.0% of net turnover	25.0%–45.0% of total turno-	25,0%– 35, 0% of net turnover	25.0%–40.0% of net turnover
Adjusted NOI	25.0%–45.0% of net turnover	6.0%–10.0% of net turnover	8%–20% of total turnover	7,0%– 10,0% of net turnover	10.0%–30.0% of net turnover (Pre FF&E and Management)

Valuation Parameters of Hotel Properties

Data Sheets Overview

Key valuation parameters						
Operating rental factors	60.0%–75.0% of EBITDAR (incl. FF&E)	22.0%–30.0% of net turnover (incl. FF&E)		N/A	20.0%–30.0% of net turnover (incl. FF&E)	50.0%–70.0% of EBITDAR
Standard market operating rents	N/A per room p.m. (incl. FF&E)	€450.00–1,200.00 per room p.m. (incl. FF&E)		€50,000-120,000	€ 300.00–450.00 per room p.m. (incl. FF&E)	€4,000.00–€10,000.00 per room p.a. (incl. FF&E)
Gross income multiplier	N/A	12–18		N/A	10,0 –12,,5	N/A
Net Initial Yield	4.50%-8.00%	5.0-7.0%		10.0-11.5%	8.25 -10,5%	7.0% – 9.0%
	MV	MV	MLV	MV	MV	MV
Maintenance	1.0%-1.5% of Total Revenue	€10.00–13.00/m ²	€10.00–13.00/m ²	€4.00–12.00/m ²	€ 10,00–12,00/m ²	3.0% - 4% of Total Revenues.
Property management	2.0-3.0% of Total Revenue	approx. 1% of GRI p.a.	1–3% of GRI p.a.	N/A	approx. 1,0 % of GRI p.a.	N/A
Allowance for risk of rental loss	N/A	≥ 4%	≥ 4%	N.A.	> 4,0 %	N/A
Modernisation risk	property specific	Property-specific	0.75%–3.0% of build costs	Property-specific	property- specific.	N/A
Useful life	40-60 years	up to 60 years	15–40 years	min 60 years	up to 60 years	N/A
Property yield	4.50%-8.00%	4.75%–7.0%		10.0%–11.5%	8,0 %–10,5 %	N/A
Capitalisation rate			6.50%–8.0%			
	France	Germany		Greece	Hungary	Ireland

Key building and site data	4/5 Star City Hotels (Brand)				
	Italy	Romania	Serbia	Spain	UK
Standard building size	5,000–20,000 m ² GEA (excl. underground garage)	3,500–20,000 m ² GEA (excl. underground garage)	10,000–20,000 m ² GEA	5,000–20,000 m ² GEA	7,000–28,000 m ² GEA
Standard no. of beds	100–300 rooms	80–400 rooms	100–300 rooms	100–200 rooms (100–350 beds)	100–400 rooms
Construction ratio: usable area/GEA	80%	80–85%	80%	80%	65%–75%
Gross external area (GEA)	40–80 m ² per room (total)	40–80 m ² per room (total)	35–70 m ² per room (total)	50–100 m ² per room (total)	70–80 m ² per room (total)
Usable area per room	22–30 m ²	25–50 m ²	20–45 m ²	40–80 m ²	26–40 m ²
Investment costs	€100,000–150,000 per room	€80,000–150,000 per room	€60,000–95,000 per room	€100,000–250,000 per room	£120,000–£250,000 per room
Construction costs	€1,300–2,000/m ² GEA	€1,000–1,300/m ² GEA	€1000–1200/m ² GEA	€1,500–2,500/m ² GEA	£1,500–3,000/m ² GEA
FF&E component	10.0%–20.0% (based on investment costs)	10.0%–15.0% (based on investment costs)	12%–15% (based on investment costs)	10.0%–15.0% (based on investment costs)	15.0%–25.0% (based on investment costs)
Ancillary building costs	15.0%–20.0%	15.0%–20.0%	10%–15%	12.0%–18.0%	15.0%–25.0%
Standard no. of parking spaces	0.3–0.75 space per room possible	20% from total number of rooms as a minimum	0.2–0.5 space per room possible	0.2–0.5 space per room possible	N/A space per room possible
Proportion of value attributable to the land	20.0%–35.0%	15.0%–30.0%	20%–35%	20.0%–50.0%	N/A
Business ratios					
Rack Rate (per	€100.00–300.00	€80.00–180.00	€80.00–160.00	€80.00–200.00	£120.00–
Average Room	€75.00–150.00	€65.00–100.00	€60.00–110.00	€70.00–120.00	£80.00–
Occupancy Rate	55.0%–75.0%	60.0%–70.0%	45.0%–55.0%	60.0%–80.0%	70.0%–95.0%
RevPAR (per	€42.00–112.00	€40.00–70.00	€30.00–60.00	€40.00–100.00	£55.00–
Multiple Occupancy Factor	1.2–1.4	n.a. estimated at 1.2–1.3 as the most of the guests	1.2–1.4	1.2–1.4	N/A
Average length of stay	2 days	travel alone for business purposes 1.3 – 1.4 days	2 days	2 days	1–3 days
GOP	30.0%–40.0% of net turnover	40.0%–50.0% of turnover	27%–40% of net turnover	25.0%–50.0% of net turnover	40.0%–55.0% of net turnover
Adjusted NOI	6.0%–10.0% of net turnover	35%–45% of turnover	15%–20% of net turnover	8.0%–12.0% of net turnover	25.0%–45.0% of net turnover

Key valuation parameters					
Operating rental factors	20.0%–30.0% of net turnover (incl. FF&E)			20.0%–30.0% of net turnover (incl. FF&E)	60.0%–75.0% of EBITDAR (incl. FF&E)
Standard market operating rents	€500.00–1,500.00 per room p.m. (incl. FF&E)		€400.00–750.00 per room per month. (incl.	€400.00–1,500.00 per room p.m. (incl.	N/A per room p.m. (incl. FF&E)
Gross income	12–16.5		10–12	13–15	N/A
Net Initial Yield	5%-7.0%	7-8.5%	9.0-10.5%	5.0-7.5%	4.50%-8.00%
	MV	MV	MV	MV	MV
Maintenance	€10.00–15.00/m ² plus underground garage	€ 5.00–10.00/m ²	€7.00–10.00/m ²	€8.00–14.00/m ²	1.0%-1.5% of Total Revenue
Property management	approx. 1% of GRI p.a	2 - 2.5% of turnover p.a.	approx. 1% of GRI p.a.	approx. 1% of GRI p.a	2.0-3.0% of Total Revenue
Allowance for risk of rental loss	4% - 5%	n.a.	5%	5%	N/A
Modernisation risk	Property-specific	Property-specific		Property-specific	property specific
Useful life	up to 50 years	up to 50 years	60 years	30 years	40-60 years
Property yield	5.0%–7.0%	7.0%–8.5%	8.5%–10.5%	6.0%–9.0%	4.50%-8.00%
Capitalisation rate	6.0%–10.0%				
	Italy	Romania	Serbia	Spain	UK

These recommendations must carefully be verified for each valuation! The key data are approximate figures.

5 Glossary

Average Room Rate (ARR)

This term is the international benchmark for an average room price because the list price of a room is not suitable for property valuation. Hotel rooms are leased to individual travellers, regularly returning business travellers, long-stay guests and group travellers at very different prices, which can be dependent upon the day of the week and seasons. Also of major importance for the structuring of prices are the peak periods in terms of demand during local trade fairs for instance. At weekends, on the other hand, room prices in city hotels are often cheaper than from Monday to Friday. The Average Room Rate is therefore a benchmark which is calculated from the total room revenue, divided by the rooms available within the reporting period.

Average Room Rate (ARR) = net room revenue p. a. / number of rooms sold p. a. (rooms sold)

The Average Room Rate therefore corresponds to the Rack Rate less the breakfast component, value added tax and discounts.

Bed Occupancy Rate

Only in exceptional cases, particularly in the case of hotels used by several, unconnected individual guests in shared dorms and in resort hotels, is it normal for the occupancy rate of a hotel to be quoted as a Bed Occupancy Rate. Moreover, the Bed Occupancy Rate is currently used as a basis for official statistics in the hospitality and restaurant industry. The Bed Occupancy Rate is quoted as a percentage and is calculated from the sum of the occupied beds in relation to the total number of available beds.

Bed Occupancy Rate in % = beds sold (lodging nights)/ number of beds x 365

FF&E (Furniture, Fixtures &

A functioning hotel business is only possible in a property in which the necessary furniture, fixtures and equipment (FF&E)

**Equipment =
large and small
inventory)**

are available. In addition to the usual furniture, this also includes bed linen, kitchen and restaurant equipment, crockery and cutlery, as well as office equipment required by the hotel management.

In the case of hotels which are leased inclusive of FF&E, all components of the associated inventory are recorded in relevant lists. Often the lessee is responsible for regular maintenance and replacement of the inventory, although this remains in the ownership of the lessor.

**Gross Initial
Yield**

The Gross Initial Yield is calculated from the ratio of the contractually agreed operating rent p.a. or the contractual rent as an annual net rent to the purchase price or Market Value. The reciprocal figure is the 'Rent Multiplier' (multiplier of the rent/ operating rent).

**List price of
a room (Rack
Rate)**

The Rack Rate is the official room price, which must sometimes be determined on a daily basis, but in many cases can be researched using the internet, hotel prospectuses and displayed price lists.

**Multiple
Occupancy
Factor**

In most cases, hotels rooms are used by individual guests, couples travelling together or families. In the case of the Multiple Occupancy Factor, this is the average number of persons in an occupied room. The Multiple Occupancy Factor lies within a range of 1.0 to 2.0 (but can be higher in the case of hostels) depending on the main target group of the respective hotel, as business travellers normally overnight alone and tourists tend to occupy rooms on a couple basis.

Multiple Occupancy Factor = number of overnight stays (lodging nights) / number of rooms sold (rooms sold)

**Net Initial Yield
(gif)**

The Net Initial Yield in the property sector is the quotient from the Gross Rental Income (Net Rental Income of the first year of the lease, corresponding to operating lease rent), adjusted by the liquidity-related operating expenses, and the purchase price (Market Value) plus purchaser's costs (Real Estate Transfer Tax, notary and court fees, brokerage fees). Liquidity-related operating expenses include expenses for property management and hypothetical maintenance costs.

Net Initial Yield (%) = $\frac{\text{Gross Rental Income} - \text{liquidity-related operating expenses}}{\text{Market Value} + \text{Purchaser's costs}}$

**Occupancy Rate
(OR/ OCC)**

The Occupancy Rate is quoted as a percentage figure and is calculated from the sum of the rooms sold in relation to the total number of rooms available for sale. The Occupancy Rate can be calculated on a daily, monthly or annual basis and is a measure of the percentage of the overnight stay capacities of a hotel used by paying guests. In seasonal businesses, the occupancy for the calendar year and for the actual period of opening can be quoted.

Occupancy Rate p. a. in % = $\frac{\text{rooms sold} \times 100}{\text{rooms available} \times 365}$

Pre-opening costs

Substantial costs are incurred even before the opening of a hotel and during the commissioning phase, which cannot yet be offset against the respective revenue from the hotel business. Pre-opening costs include personnel costs (for staff already employed and recruitment costs), management and marketing costs, expenses for initial fitout (storage of stock) and general costs (including energy costs). It is commonplace, particularly in the case of the first letting of larger hotels, that a contribution is paid by the investor (lessor) to the hotel operator (lessee) to cover the pre-opening costs. Such contributions are financed as part of the total investment costs and are considered in the calculation of the operating rent.

Revenue per Available Room (RevPAR)

This is the actual lodging revenue per available room, which is calculated by multiplying the Occupancy Rate by the Average Room Rate.

The calculated figure is most suitable for use in comparing hotels and has become one of the most important ratios in the international hotel industry. This also allows for the comparison of hotels which focus more either on the maximising of occupancy or the maximising of room prices.

Start-up phase

New or converted hotels have a start-up phase after opening, which normally lasts 2 to 3 years. During this phase, it is assumed that revenue will be low and that there will be a higher percentage of expenses. The operator normally considers this in the budget, and lower operating rents or success-based guarantees are often agreed during the start-up phase. After the start-up phase, the hotel reaches the so-called fully operational phase.

6 Checklist for Hotel Valuations

Location/ site/ competition situation				++	+	Ø	-	--
Private transport								
Public transport								
Important facilities								
Visibility	Prominence, advertising							
Access	Access to and from the site, approach							
Site	Layout, characteristics, contamination							
Infrastructure								
Social structure				Representative and image factors				
Parking provisions	In/on the property	No.						
	Direct vicinity	No						
Neighbouring developments	Freestanding development			Remarks				
	City block development							
	Freestanding major buildings							
	Residential							
	Commercial							
	Landscaped area							
Main use	External area							
	Airport							
	Railway station							
	Motorway							
				None	Low	Average	High	Very high
Noise pollution	Noise from roads, railway, aeroplanes or industry							
Offensive smells								
Competition situation				Brief inspection of competing properties				

Building – general									
Type of hotel	(e.g. city, resort, conference, hostel, spa, serviced apartments etc.)								
DEHOGA	No. of stars			*	**	***	****	*****	*****g
Year of construction	(Original) year of construction			Remarks					
	Years of construction of extensions								
Renovations	Full renovation/ modernisation								
	Partial renovation								
	Decorative repairs								
Area information	GEA								m²
	Usable area								m²
Deferred modernisation and maintenance									€
Capacities	Rooms	No.							No.
	Beds	No.							No.
	Split			Single room	Double room	Junior	Suite	Apt.	Other
		No.							
	Restaurants, cafés, bars etc.			Rooms			No.		
				Seats			No.		
	Meeting/ conference rooms			Rooms			No.		
Leisure facilities				Area			Specific features		
	Swimming pool/ spa area						m²		
	Sauna/ solarium						m²		
	Fitness studio						m²		
	General lounges						m²		
	Ancillary space		Store rooms				m²	No.	No.
		Cold stores				m²	No.	No.	
		Staff rooms				m²	No.	No.	

Inspection requirement: Building services, basement, ancillary rooms, sample room (per room type), kitchen, conference area, spa/ fitness area, façades, roof

Building – State of repair/ fitout								
Type of construction	Building	Solid	Remarks					
		Prefabricated components						
		Timber frame						
		Post & beam						
	Façade	Glass						
		Clinker						
		Clinker-rendered						
		Natural stone						
		Render-painted						
		Render-stucco						
		Composite thermal insulation system						
	Roof	Structured render						
		Pitched roof						
		Flat roof						
		Landscaped roof						
		Tented roof						
	Basement	Hipped roof						
		With basement	yes	no				
		With partial basement	yes	no				
		Underground garage	yes	no				
			++	+	∅	-	--	
State of repair	General state of repair							
Floor plan design	Rooms							
	Restaurant areas							
	Conference rooms							
	Leisure areas							
	Co-ordinated capacities							
	Allocation of kitchen to restaurant/ conference/ store/ cold rooms							
	Efficiency of hotel design							
Construction/ fitout quality	Building services	Modern						
		Obsolete						
	Heating/ air-conditioning		Age	++	+	∅	-	--
		Electrical						
		District heating						
		Gas-fired central heating						
		Oil-fired central heating						
		Air-conditioning system						
	Hot water	Central						
		Decentral						
	Air-conditioning	Full air-conditioning system						
		Partial air-conditioning system						
		Ventilation						
	Fire safety	Fire alarm system						
		Fire compartments in place						
		Sprinkler public area						
		Sprinkler all areas						
	Rooms	Floor finishes	yes	no		part		
		Sufficient sound insulation	yes	no		part		
		Second room door	yes	no		part		
			Age	++	+	∅	-	--
State of repair/ quality	Ceiling/ wall and floor finishes							
	Sanitary areas							
	Telephone/ISDN, fax, radio/TV connection, W-LAN							
	FF&E							
	Lifts	No. for guests						
		No. service lifts						