



Q2 2021

HOTEL REPORT





Gabetti
PROPERTY SOLUTIONS

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REPORT SUMMARY

The **first half of 2021** saw a 37% increase in investments in the **hotel real estate sector** compared to the same period in 2020, amounting to **€480 million**, equal to 16% of the total amount invested in Italy (approximately €3 billion). During the first six months of the year, the predominance of investments focused almost exclusively on individual assets for hotel use, a unique circumstance compared to 2020, year in which portfolio transactions accounted for 45.8% of the total, essentially in line with 2019. The biggest portion of capital invested (42%) was in fact concentrated in Venice, with the purchase of two major hotels, Baglioni Luna Hotel and Palazzo Bonvecchiati, each worth €100 million. Although limited in number, transactions in H1 2021 confirm investor preference for high-end assets, predominantly 4- and 5-star hotels, often purchased to be refurbished, repositioned and let to specialised international operators, with a view to creating a portfolio to be redeveloped in around 4 to 5 years. A trend already observed in the past, particularly in 2019, year in which 4- and 5-star hotels accounted for nearly all transactions and capital invested (85% of the total). However, international groups with a view to satisfying business demand have also recently shown interest in lower-end hotels, provided they are located in strategic positions, again to be redeveloped, repositioned, and let to specialised global operators, to create a portfolio that will be redeveloped over five years. During the first half of the year, **capital invested was predominantly foreign** and accounted for **63% of the total**, in line with the trend underway: in 2020, this figure was 85%, and in 2019, it was 77.3%. Nationwide, apart from Venice, the cities that recorded the most transactions were Rome (25%) and Florence (17%).

At the annual level, a decline was inevitably recorded in 2020 for both arrivals (-56.1%) and overnight stays (-60.1%), in the wake of the various effects of the pandemic. With regard to the future outlook, we expect an increase in tourism flows, also due to a slightly more limited decline during the first 5 months of 2021.

INTRODUCTION

After a 2020 in which the volume invested in hotels dropped due to the direct and indirect impacts of the pandemic - interrupting the growth trend that had seen record investment in 2019 - we are now gradually returning to a growth phase. Confirmation that Italy is appealing to investors, particularly foreign ones, seeking quality assets or properties that can be upgraded. The business hotel segment is seeing a focus on cities like Milan, Rome, Bologna, Florence, Genoa, and Turin, while the leisure segment ranges from cities like Venice and Florence to destinations like Cortina d'Ampezzo, as well as regions such as Sardinia, Sicily and Puglia. The main objective is high-end properties, namely 4- or 5-star facilities, or hotels which could become such through upgrading. The major international luxury hotel brands are particularly interested: not surprisingly, the year's key deals in this sector involved trophy assets in Venice. Investors who believe in the Italian tourism system and its further development potential, also triggered by the health emergency, which has led many tourists to reconsider their destinations. These investments, especially in the Centre-South, are made with a view to reducing seasonality and exploiting the facilities at least 8/10 months a year: an opportunity increasingly possible when it comes to "prestige collection hotels", as such hotels become actual destinations, regardless of the season and location.

In terms of forecasts, 2021 is expected to close with the ongoing trend of investing in quality single deals, although portfolio activity cannot be ruled out, once again facilitated by financial restructuring or generational transitions. For these reasons, attention on portfolios will most likely become a priority again in 2022, with a decline in individual acquisitions. A final interesting trend but which regards medium or long-term investments will be that of redevelopment with a view to marine and waterfront leisure.

Alessandro Lombardo
Chief Commercial Officer
Gabetti Property Solutions SpA

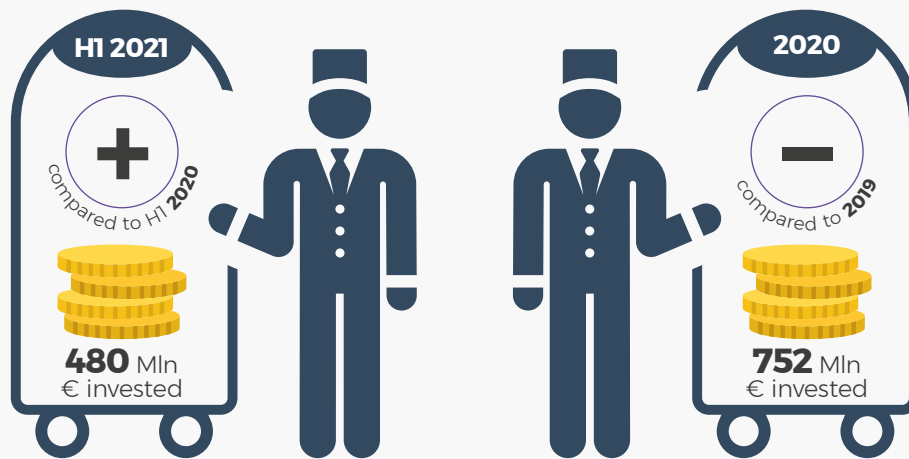
HIGHLIGHTS

The report analyses the key indicators and provides a comprehensive snapshot of the hotel and tourism sector.

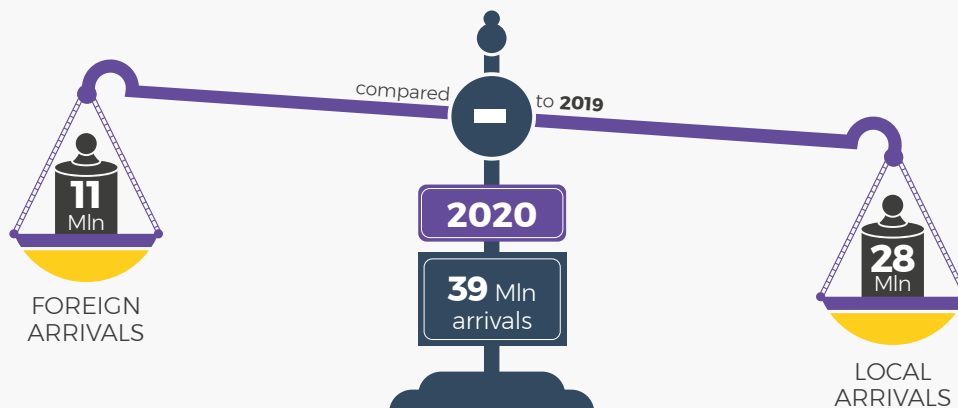
In particular, it monitors the performance of real estate investments in the hotel and accommodation sector, as well as the number of transactions of the entire segment.

With regard to stock, it provides an analysis of the growth in hotel supply in Italy, monitoring the attractiveness of facilities in terms of arrivals and overnight stays.

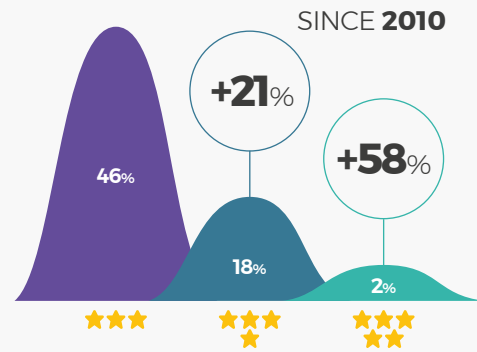
REAL ESTATE INVESTMENT IN THE HOTEL SEGMENT



ARRIVALS AND OVERNIGHT STAYS IN ITALIAN HOTELS



HOTEL SUPPLY IN ITALY*



ITALY IN EUROPE



**1st for number
of rooms** in 2020



**1st for overnight stays
in non-hotel facilities**



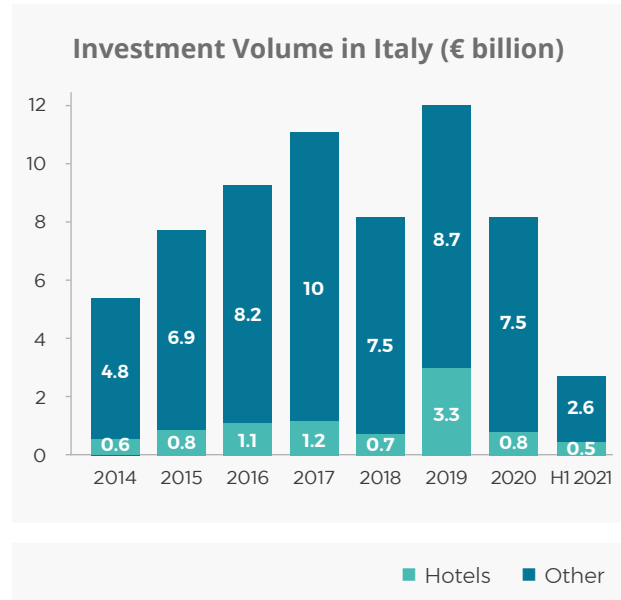
**2nd for overnight stays
by international guests**



*Latest available official ISTAT data updated to 31-12-2020

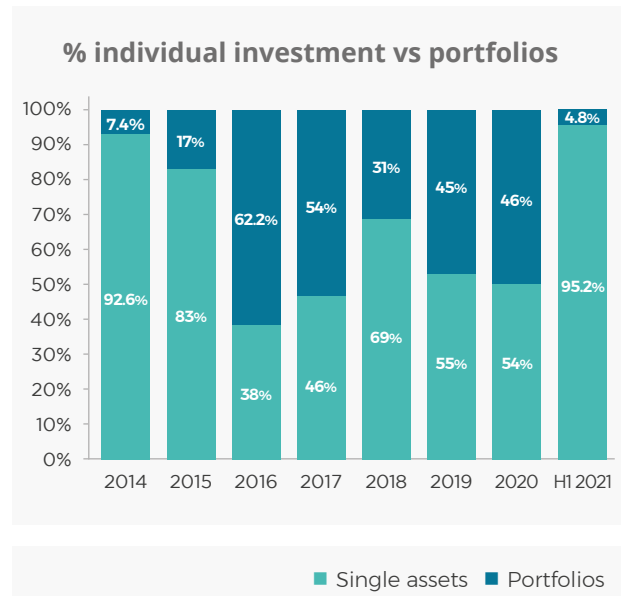
THE HOTEL REAL ESTATE INVESTMENT MARKET

In the first half of 2021, €480 million was invested in the corporate hotel real estate segment, equal to 16% of the total invested, an increase of 37% over the same period in 2020. Historically, since the €594 million recorded in 2014, the one billion euro threshold was exceeded for the first time in 2016 (11.6% of the total), with further growth in 2017, followed by consolidation in 2019, a year of record investments. The volume invested in the asset class in 2020 declined as a result of the direct and indirect impacts of the Covid-19 pandemic.



Gabetti Research Department analysis

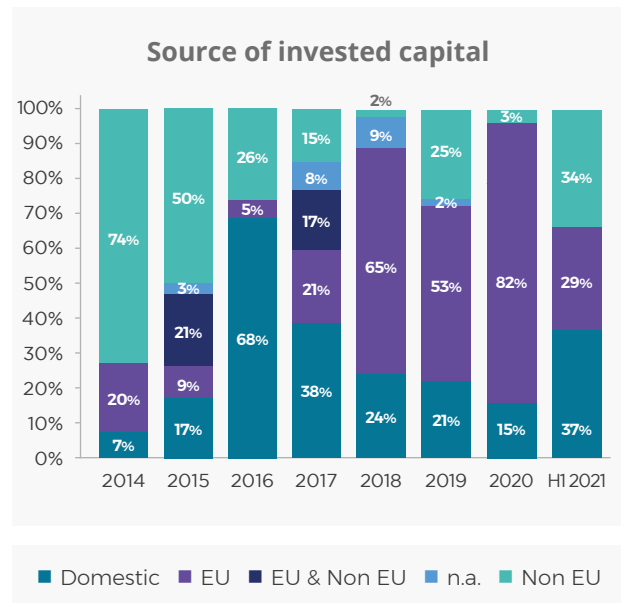
In the first half of 2021, the **predominance** of investments was concentrated almost exclusively on **individual assets** for hotel use. At the annual level, transactions of hotel portfolios in 2020 accounted for 45.8% of the total, essentially in line with 2019. In the past, the latter had shown a highly fluctuating trend due to the limited concentration of supply at the national level, going from a minimum of €44 million in 2015 to €666 million in 2016, then dropping to €643 million in 2017 and €225 million in 2018, and jumping to €1.5 billion in 2019, equal to 45.4% of the total.



Gabetti Research Department analysis

Although limited in number, transactions in H1 2021 confirm investor preference for high-end hotels, predominantly independent 4- and 5-star hotels, which are often purchased to be refurbished, repositioned and possibly let to specialised international operators and subsequently sold again in 4/5 years. A trend already observed in the past, particularly in 2019, year in which **4- and 5-star hotels** accounted for nearly all transactions and capital invested (**85% of the total**). In recent times, however, interest has also grown on the part of international groups towards satisfying demand that is less stringent and oriented towards lower-range hotels, provided they are located in strategic positions, which are always subject to redevelopment. An example of this is B&B Hotels, classified as mid-range facilities (three stars or mid-scale/economy) according to international terminology.

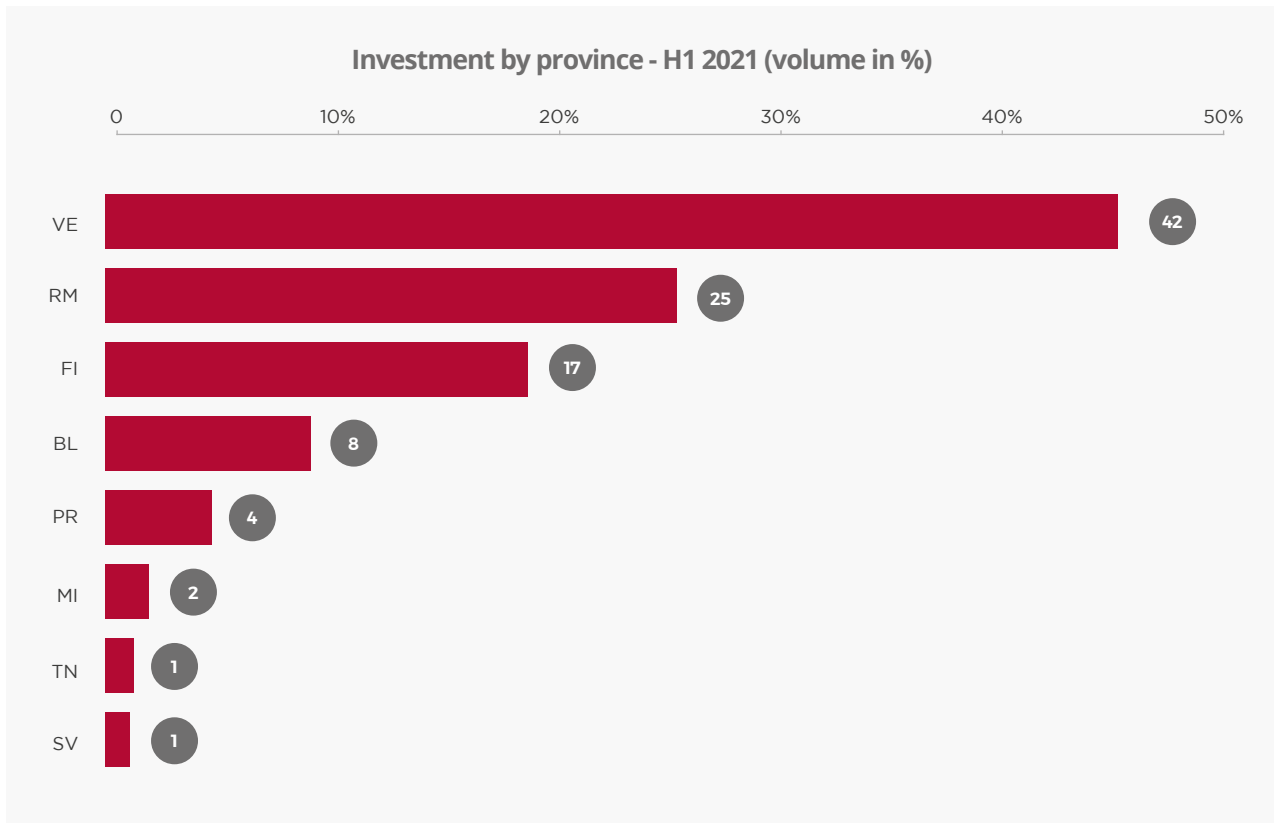
In **H1 2021**, capital was invested **predominantly by foreign investors**, accounting for **63%** of the total and confirming the trend underway; in fact, in 2020 they had accounted for 85% and they constituted the majority in 2019 as well (77.3%), particularly following the purchase of two major portfolios [the 15 assets of Castello SGR by Oaktree Capital (USA) in the first quarter and the 8 assets of Belmond purchased by the LVMH Group (France)].



Gabetti Research Department analysis

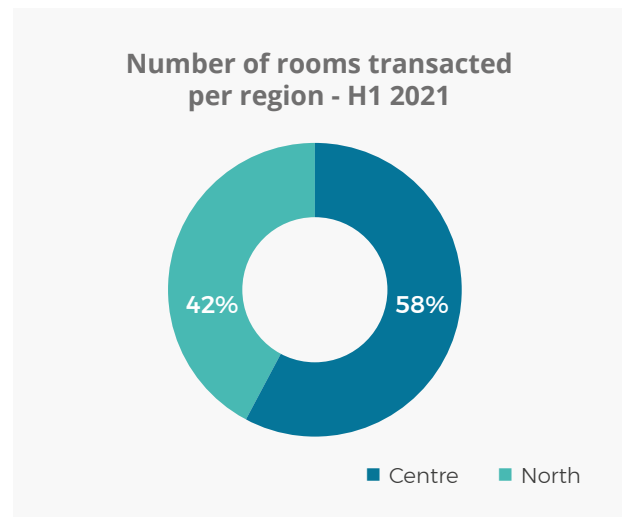
In the **first half of 2021**, the biggest portion of capital invested was attributable to the province of **Venice (42%)**, following the purchase of two hotels, **Baglioni Luna Hotel and Palazzo Bonvecchiati**, each worth €100 million. Venice was followed by **Rome (25%)**, **Florence (17%)**, **Belluno (8%)**, **Parma (3%)**, **Milan (2%)**, and **Trento and Savona**, each with 1% of the total.

In **2020**, transactions were fairly distributed throughout the country, with the exception of the province of **Venice**, which accounted for the largest share of invested capital, **due to the sale of Hotel Bauer for a record figure of approximately €250 million (51% of the period total)**; Venice aside, **Rome (29%)** was the leader, followed by **Florence (10%)**, **Naples, Belluno, Padua, Turin and L'Aquila**, each accounting for less than 5% of the total invested.



Gabetti Research Department analysis

In the first six months of 2021, a total of **1,367 rooms** were transacted, of which 42% in northern Italy and 58% in the Centre. At the regional level, Tuscany recorded the highest number of rooms transacted (48% for a total of 661 rooms), followed by Veneto with 26%. At the annual level, in **2020**, some **1,594** rooms were transacted, while in **2019**, record year for hotel investments, over 7,000 rooms were transacted, of which 60% in northern Italy, 23% in the Centre and 17% in the South.



Gabetti Research Department analysis

Number of rooms transacted per region H1 2021



VENETO	356
LIGURIA	100
LOMBARDY	26
TRENTINO ALTO ADIGE	90
Total	572

LAZIO	134
TUSCANY	661
Total	795

Gabetti Research Department analysis

■ Centre ■ North

Some of the main transactions recorded in H1 2021 are indicated below:

Period	Name	City	Rooms	Stars	Price in mln €	Buyer	Seller	Capital
Q1 2021	Baglioni Hotel Luna	Venice	91	5	100	Reuben Brothers	Baglioni Hotels	EU
Q2 2021	Bonvecchiati complex	Venice	191	4	100	ECE Real Estate Partners	n.a.	EU
Q2 2021	Toscana Resort Castelfalfi	Montaione	151	5	30	Incorp Holdings B.V.	TUI	EU
Q1 2021	Hotel Tornabuoni	Florence	62	5	10	Ag Hotels	n.a.	Domestic

Gabetti Research Department analysis

ITALY, NORMALISED NUMBER OF TRANSACTIONS (NTN) INVOLVING HOTEL PROPERTIES

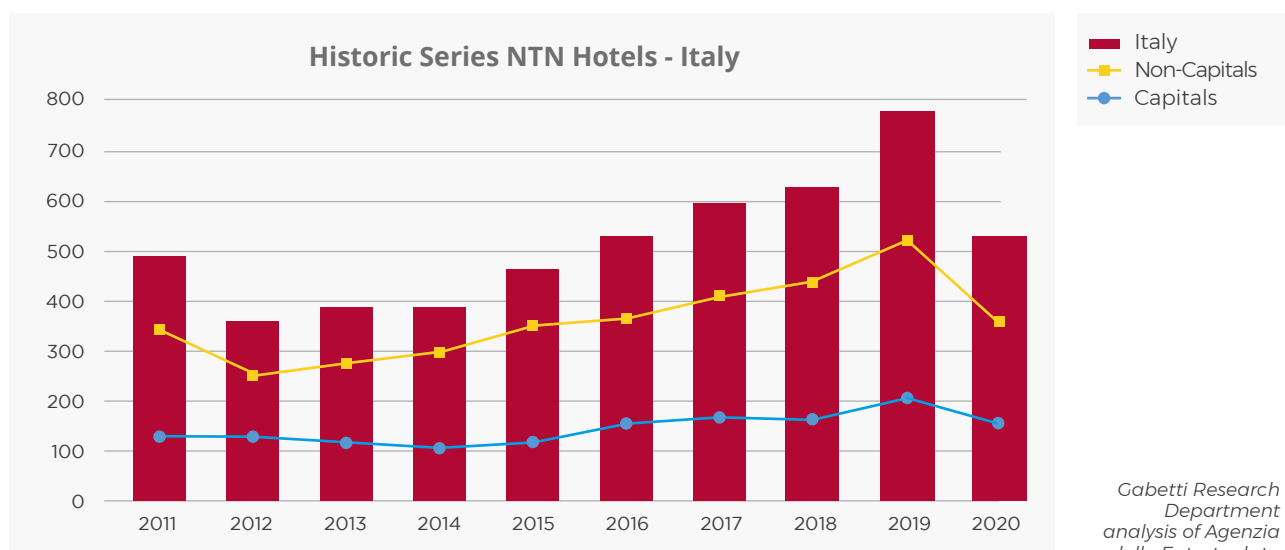
With respect to the real estate investment market previously analysed, the data on normalised number of transactions (NTN) measure purchases of ownership rights “counted” with respect to each unit, taking into account the percent ownership of the property involved in the transactions (source: Agenzia delle Entrate). In this case, note that transactions of hotel facilities subject to subdivision of the original property into several units are counted as the number of units following said subdivision.

NTN Hotels										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Italy	490	360	388	388	464	529	595	628	785	529
Capitals	136	119	117	89	103	152	165	161	214	158
Non-Capitals	354	241	271	298	361	378	430	467	571	370
Italy Var.		-26.5%	7.7%	0.0%	19.6%	14.1%	12.4%	5.6%	25.0%	-32.6%
Capitals Var.		-12.9%	-1.6%	-23.5%	14.8%	47.8%	8.9%	-2.4%	32.9%	-25.9%
Non-Capitals Var.		-31.8%	12.2%	10.2%	21.1%	4.5%	13.8%	8.6%	22.2%	-35.2%

The historic series of hotel real estate transactions from 2011 to 2020 shows a gradual increase in transactions starting from 2012, reaching its maximum in 2019 at 785, +60.1% compared to 2011. In 2020, following the hard lockdown and the impacts of the Covid-19 pandemic, the number of transactions was 529, down compared to the prior year. The total number of transactions in first semester 2021 was 583, up sharply compared to the same semester in 2020.

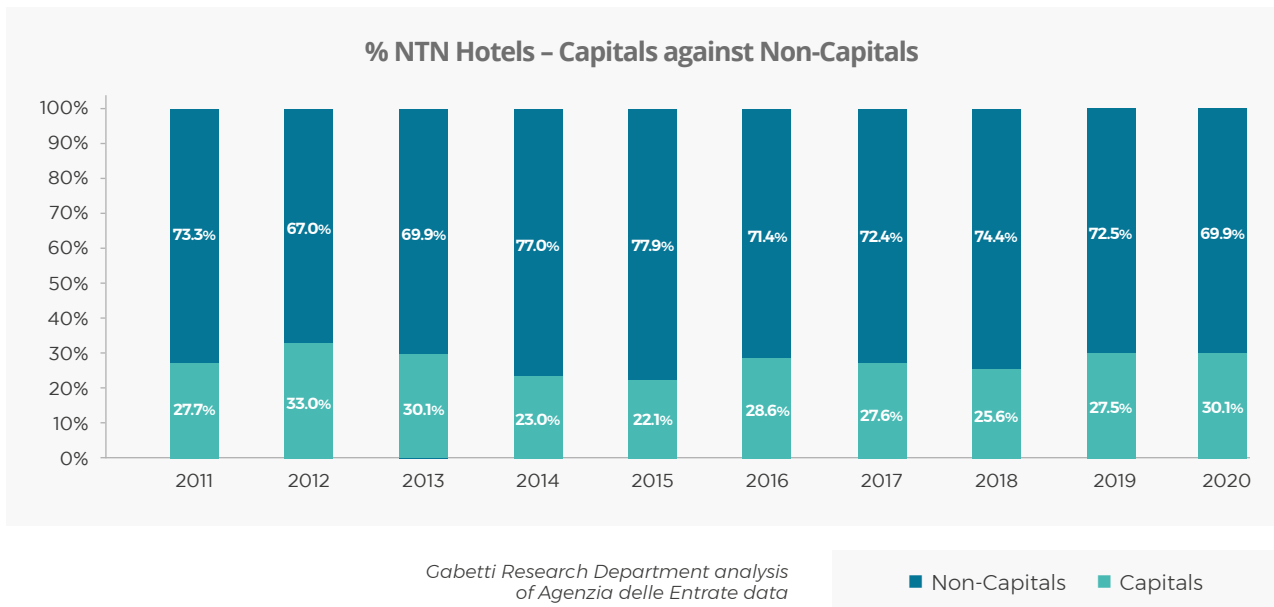
ITALY, NTN HOTELS - COMPARISON OF CAPITAL CITIES AND NON-CAPITAL CITIES

Comparison of the data on transactions recorded in the provincial capitals and in the non-capitals highlights a trend of smaller changes for the capital cities, with a lower total number of transactions. Contrary to prior years, the year 2020 saw decreases in both the number of transactions in non-capital cities (-35% for a total of 370 NTN) as well as in the capitals (-26% for a total of 158 NTN).



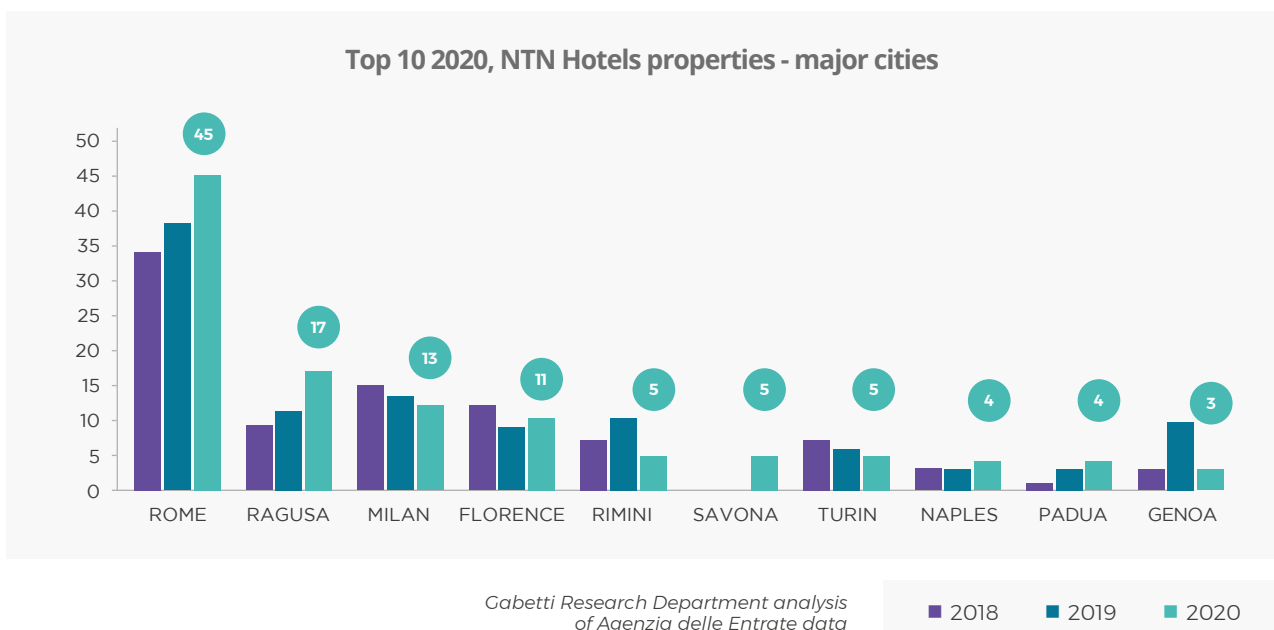
During the period under analysis, capital cities have on average accounted for 30% of the total hotel transactions, with an above-average weight in 2012-2013.

Excluding 2020, crisis period for the sector, the non-capitals were the first to record positive variations as early as in 2013, while the capital cities recorded significant performance only during the period between 2015 and 2019, with a slightly negative decline in 2018.

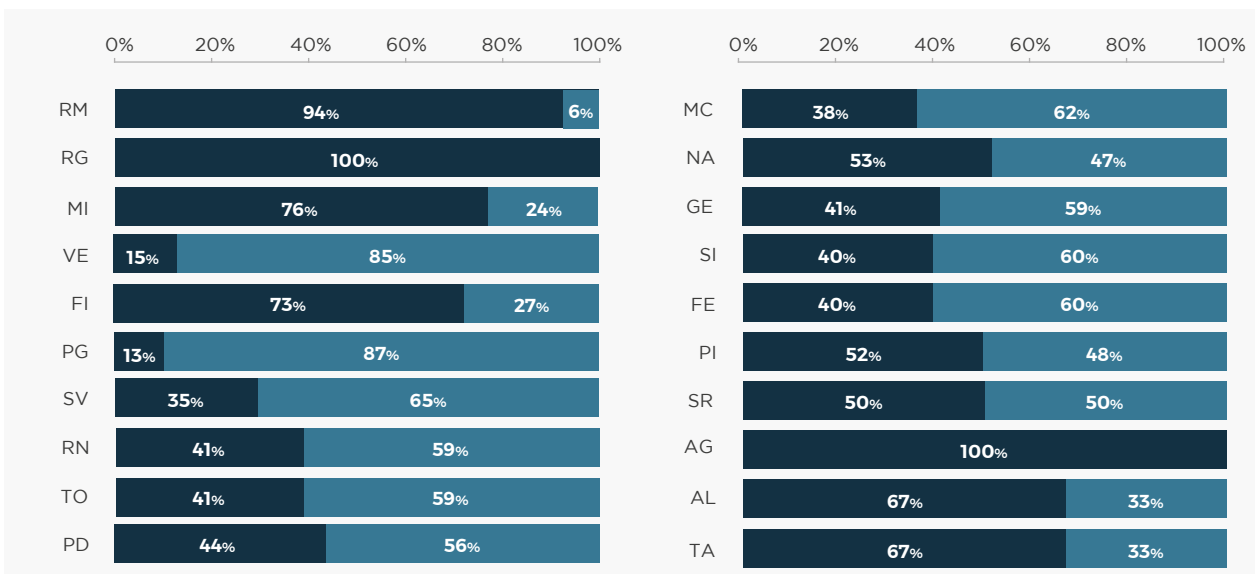
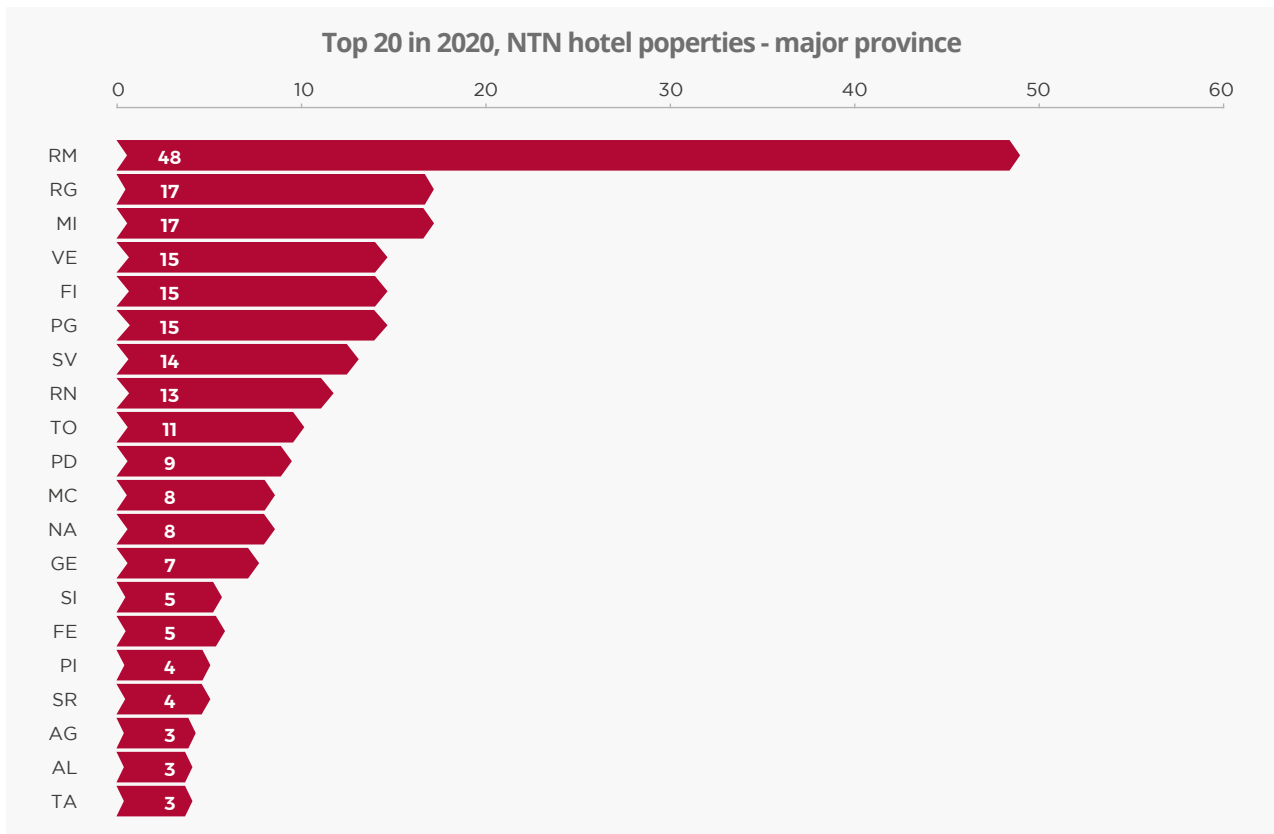


Among the main Italian cities by hotel NTN in 2020, Rome ranks first with a total of 45 transactions, followed by Ragusa (17), Milan (13) and Florence (11).

Among the cities that recorded a particularly positive year in the sector compared to the prior one, particular mention goes to Rome and Ragusa. Florence, Savona, Naples and Padua recorded growth as well, although to a lesser extent than in 2019. Genoa recorded 3 transactions in 2020, as did the cities of Macerata and Agrigento.



If instead we look at the main provinces, Rome is first with 48 transactions, followed by Ragusa (17) and Milan (17). The city of Ragusa accounts for all of the transactions (100%) in its province, while Rome accounts for about 94% of the total in its province, and Milan about 76%. The distribution of transactions, on the other hand, is more balanced in the province of Siracusa, with the city accounting for approximately 50% of the total; the city of Pisa accounts for 52% of the total, Padua 44% of the total and Naples about 53% of the total transactions. The rest-of-province market was particularly active in Perugia (87%) and Venice (85%).

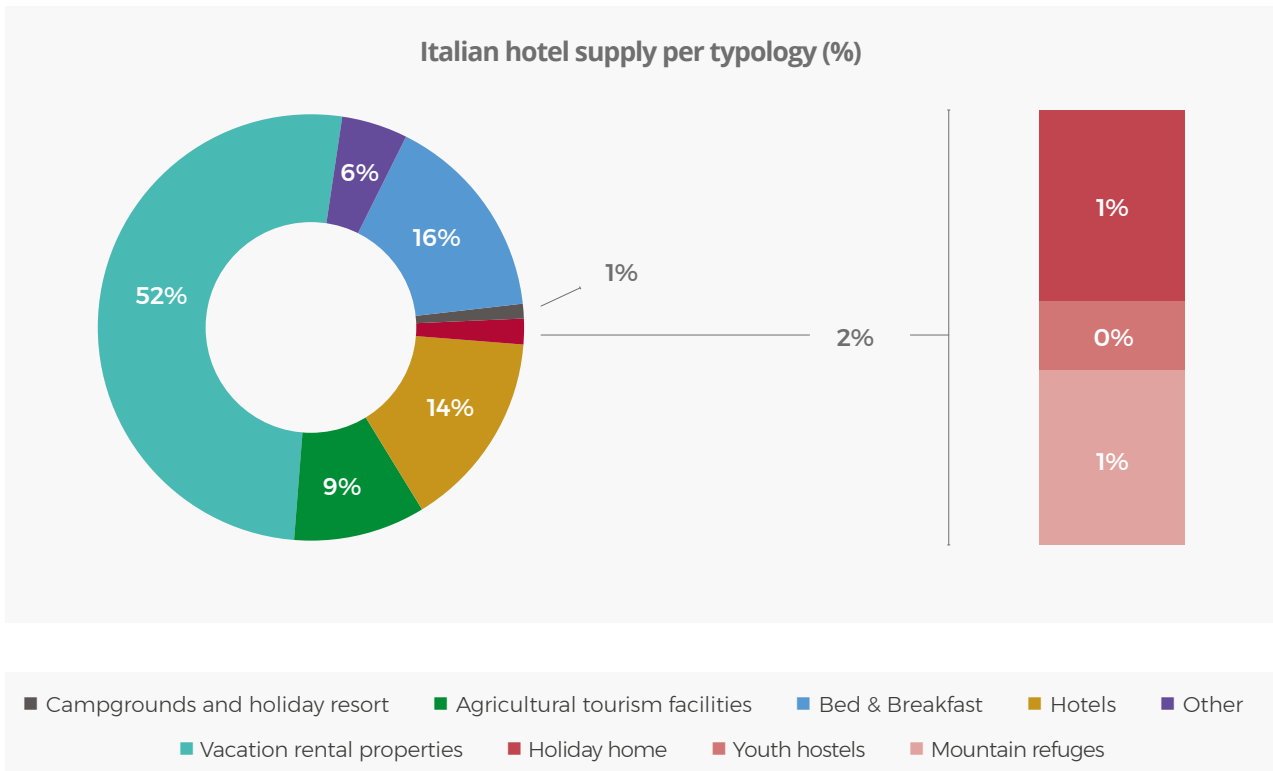


Gabetti Research Department analysis
of Agenzia delle Entrate data

■ NTN major provinces 2020 ■ Capitals ■ Non-Capitals

ITALIAN HOTEL SUPPLY

Italian hotel supply is the largest in Europe, as well as the most varied and diversified in the world, boasting nearly 227 thousand establishments of various shapes and sizes as of 2020, for a total of approximately 5.2 million beds, which in addition to hotels also includes Aparthotels (Residences or Residenze Turistiche Alberghiere) and all other non-hotel accommodation facilities, such as rental properties (52% of the total), bed and breakfasts (16%), agricultural tourism facilities (9%), campgrounds and holiday villages, holiday homes, youth hostels and mountain refuges (approximately 3% of the total).



In this scenario, the number of actual hotels is just over 32,000, equal to approximately 14% of the total; however, with over 2 million beds, they account for about 40% of the national accommodation supply.

The historical trend indicates that in the last decade there has been a significant change in the composition of accommodation supply: in particular, we have seen growth in alternative types to the traditional hotel (agritourism facilities, B&Bs, private lodgings for short-term rentals), which with few exceptions benefit from significantly lower operating costs and administrative procedures than traditional facilities.

Indeed, between 2010 and 2020, all types of **non-hotel facilities** recorded an increase in number, with a positive balance of nearly **78,337 facilities** (predominantly rental properties) and **476,582 beds** (+19.5%). However, the number of hotels was down during the same period (-5.3%). The average size of the facilities was up during the period (from 32.2 rooms to 33.4), benefiting the economic competitiveness of their operation

Indeed, the reduction in number of hotels refers **solely to 1- and 2-star hotels**, while the higher-end facilities, namely **4- and 5-star hotels**, are up significantly, respectively increasing by 21% and 58% in the last decade.

Among non-hotel facilities, there is **growth in bed and breakfasts**, which doubled between 2010 and 2020, and **agricultural tourism facilities**, recording +21% during the same period. However, the accommodation type which has shown the highest growth in recent years is that of **homes designated for tourists**, both officially (managed as a business) as well as private homes offered on a short-rent basis, a phenomenon that is also a result of dedicated online portals such as booking.com, which encourage the selection of such solutions. This specific segment is experimenting with high-end solutions that are enjoying considerable success on the market, as they represent an effective response to the needs of new tourists, both business and leisure.

Even the demand for **outdoor tourism** is changing quickly; just as we witnessed the evolution of agritourism in past years, we are now seeing growth in campgrounds, in some cases becoming similar to actual resorts, with high-quality central facilities. The old-style pitches for tents and trailers in these cases are being replaced with areas for private caravans, permanent tents with private bathrooms, wooden bungalows with verandas, and permanent motorhomes.

TYPE	Hotels		
	2020	2010	Diff. 2020/2010
HOTELS	32,202	33,999	-1,797
★	2,457	3,837	-1,380
★★	5,236	6,764	-1,528
★★★	14,859	15,217	-358
★★★★	6,144	5,083	1,061
★★★★★ and 5 star luxury hotels	571	362	209
aparthotels	2,935	2,736	199
NON-HOTELS	194,653	116,316	78,337
agricultural tourism facilities	20,160	16,639	3,521
vacation rental properties	117,704	71,130	46,574
accommodation facilities not otherwise classified	14,182	372	13,810
bed and breakfast	35,999	21,852	14,147
campgrounds and holiday resorts	2,506	2,610	-104
holiday homes	2,205	2,222	-17
youth hostels	683	456	227
mountain refuges	1,214	1,035	179
Total	226,855	150,315	76,540

Cabetti Research Department analysis of Istat data

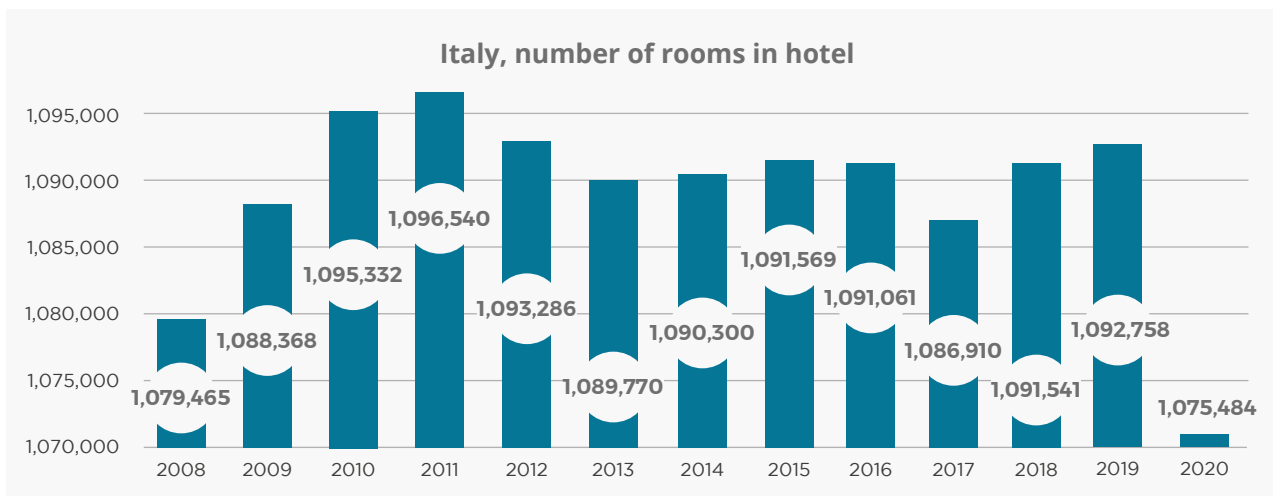
HOTEL ESTABLISHMENTS IN ITALY

NATIONAL DATA AND EUROPEAN CONTEXT - NUMBER OF FACILITIES AND ROOMS

According to Istat figures, approximately **32,202** hotel facilities (Hotels and Aparthotels) were recorded in Italy in 2020, down slightly compared to 2019 (-1.6%), for a total of **2,229,264 beds (-1.4%)**. The number of hotel establishments in Italy has been declining since the 1980s, when they amounted to over 42,000 but with only 900,000 rooms and 1,600,000 beds; however, only 1- and 2-star facilities are down, while the supply of higher-quality facilities is up.

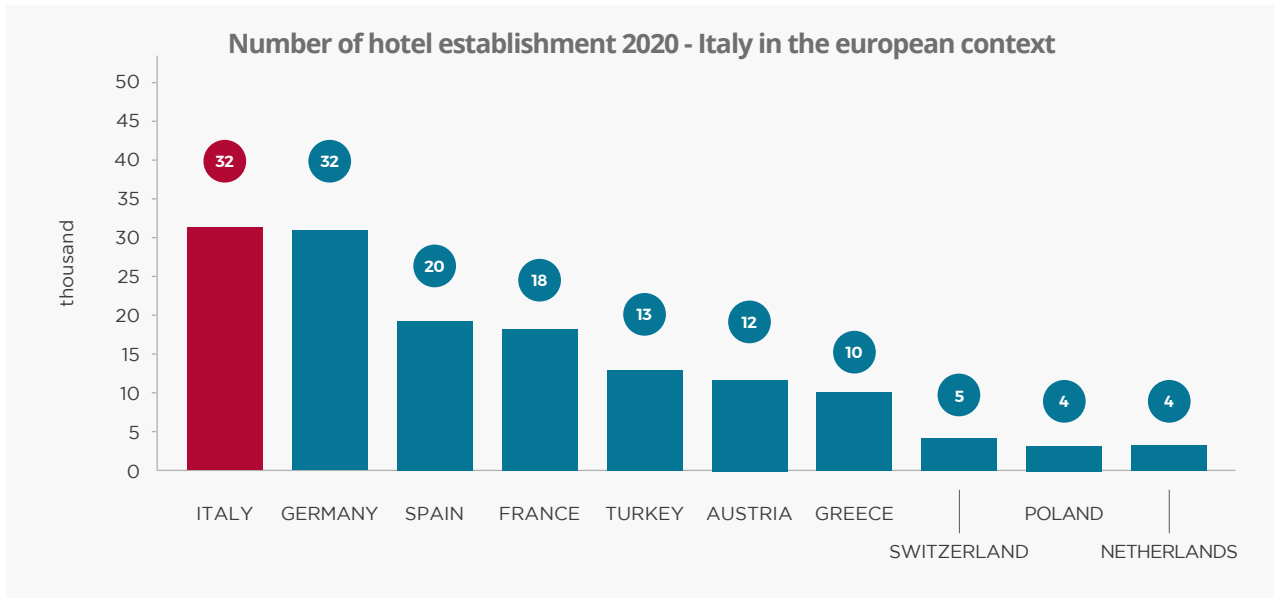


The **number of rooms** in hotel establishments in 2020 was **1,075,484**, -1.6% compared to 2019. The number of rooms has shown a fluctuating trend in the last decade, increasing between 2007 and 2011, and then declining as a consequence of the drop in demand due to the international sub-prime crisis; it increased again, although to a lesser extent, between 2014 and 2019, to then drop again in 2020.



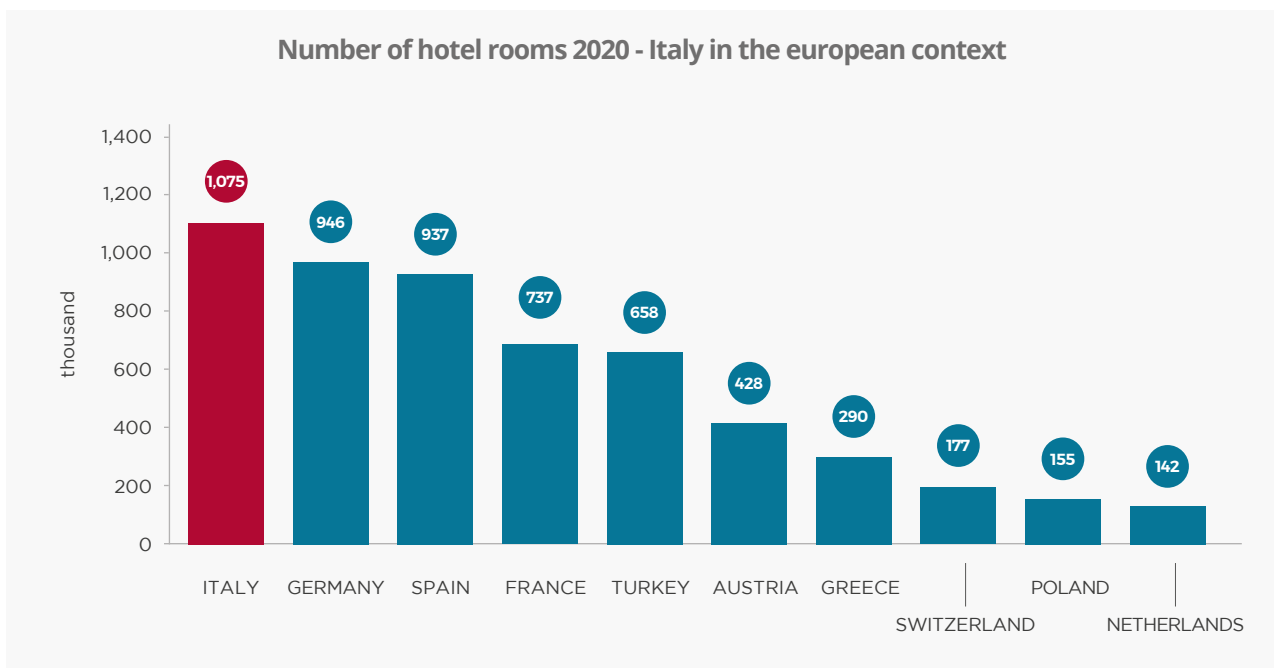
Cabetti Research Department analysis of Istat data

As mentioned above, despite few variations in numerical terms, the quality of supply has shifted significantly upwards. The combination of decreasing number of establishments and increasing number of available rooms raises the average number of rooms per establishment from 21 in the 1980s to 32 in 2020; this increase, as we will see in more detail below, is not so much due to the increase in the average size of hotels, which is essentially constant, but rather to the process of replacing small 1- and 2-star hotels with larger 4- and 5-star hotels.



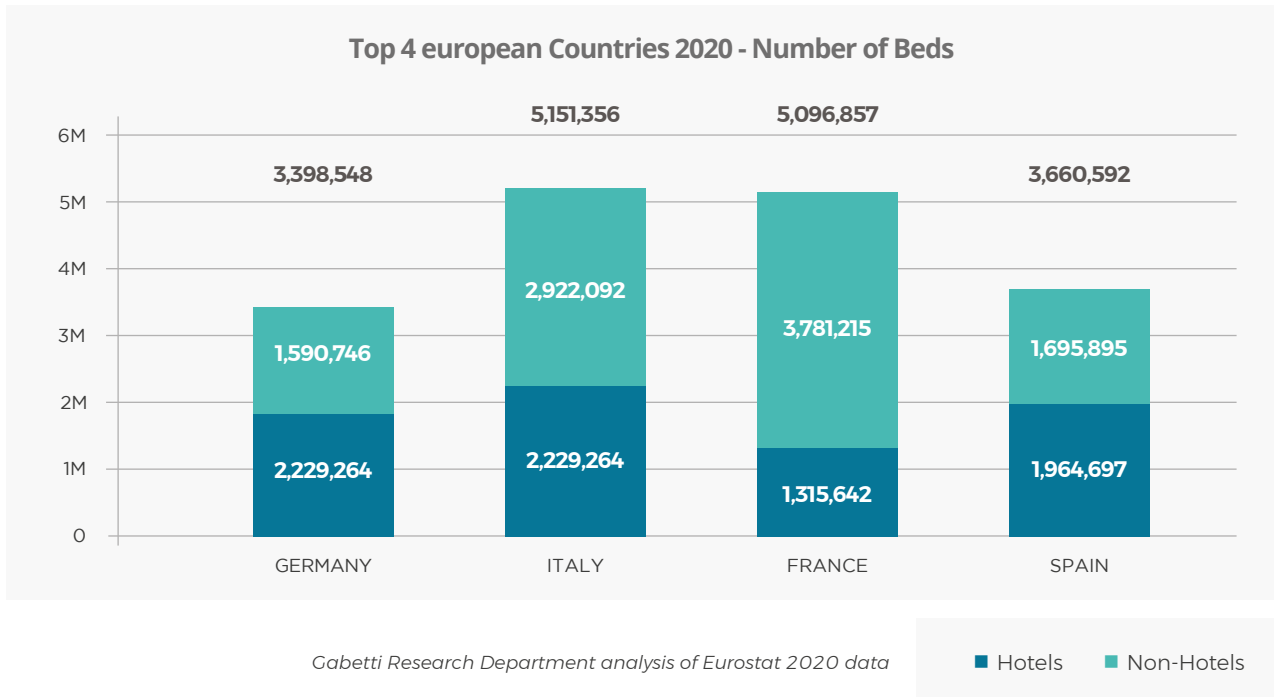
Gabetti Research Department analysis of Eurostat data - *Greece and Poland's data refer to 2019, while Switzerland's data refer to 2018

In 2020, Italy was leader in Europe in terms of number of hotels as well as rooms in hotel facilities. Overall, the top 4 countries account for 55% of the total European stock.



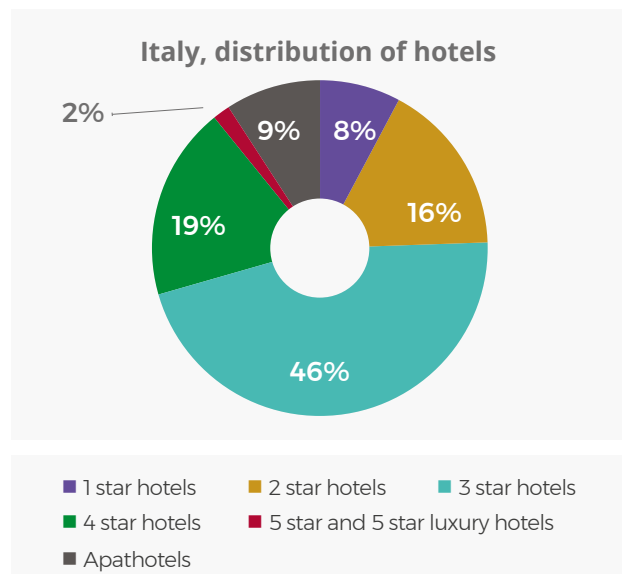
Gabetti Research Department analysis of Eurostat data - *Greece and Poland's data refer to 2019.

The breakdown of supply in the main European destinations varies from country to country, due to the different evolution of tourism in both the recent and distant past. For example, among the top 5 countries, Germany's hotel supply structure is most similar to Italy's, equally characterised by rather substantial domestic demand. On the other hand, France and Spain have different characteristics, due to non-uniform criteria for the classification of supply compared to Italy, as well as to the composition itself, with a large concentration of hotels under single management. In France, Accor (among the global leaders) has been dominant for a while, while Spain has seen the emergence in recent decades of some of the most dynamic hotel companies interested in development in Europe, rather than in Central and South America, having found fertile ground for growth in Italy.



DISTRIBUTION OF HOTEL ESTABLISHMENTS IN ITALY BY CATEGORY

The distribution of hotels in Italy shows a clear **predominance of 3-star hotels**, which account for approximately **46%** of the total and 40% of the beds, with an average of 30 rooms per hotel, followed by **4-star** hotels (19% of the total and 37% of the beds) for an average of 63 rooms per establishment, and **2-star** hotels (17% of the total and 8% of the beds) for an average of 17 rooms per facility. Similar volumes are recorded by **1-star hotels and Aparthotels** (8 and 9% of the total, respectively). Lastly, **5-star and 5-star luxury hotels** still account for a minor portion, 2% in terms of number but 4% in terms of beds, for an average of 69 rooms per facility, **but this category has shown the highest growth over the last few years.**



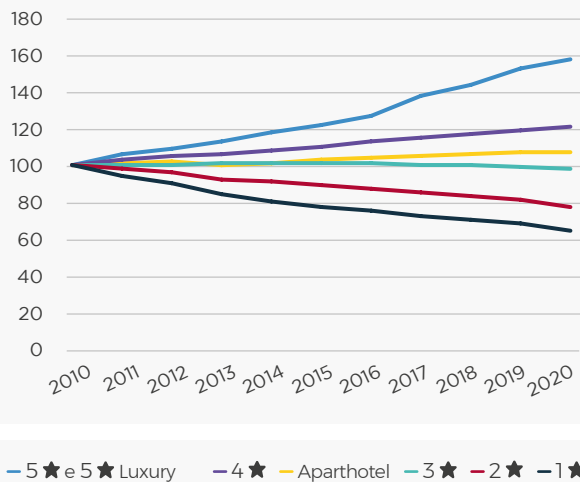
Number of hotel facilities by year and category



■ 1 star hotels
 ■ 2 star hotels
 ■ 3 star hotels
 ■ 4 star hotel
 ■ 5 star and 5 star luxury hotels
■ Aparthotels

Gabetti Research Department analysis of Istat data

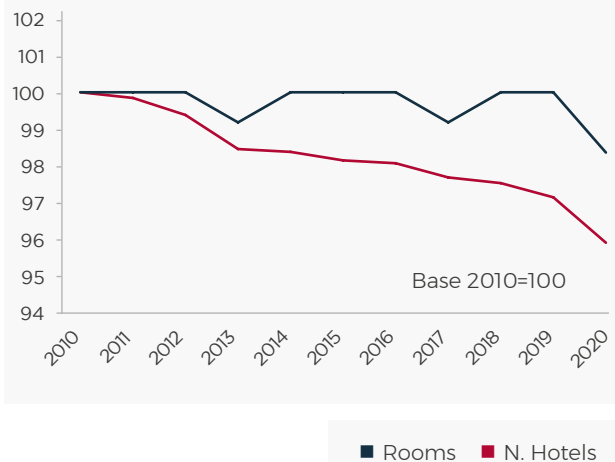
Trend in establishment by type (base 2010=100)



— 5★ e 5★ Luxury
 — 4★
 — Aparthotel
 — 3★
 — 2★
 — 1★

Gabetti Research Department analysis of Istat data

Italy, NO. of rooms vs NO. of hotels

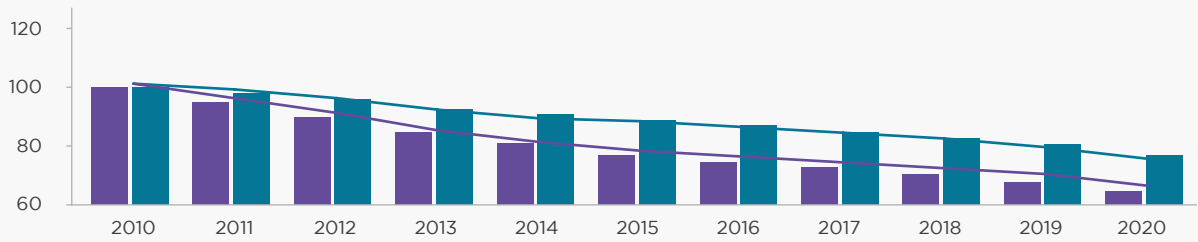


■ Rooms
 ■ N. Hotels

Gabetti Research Department analysis of Istat data

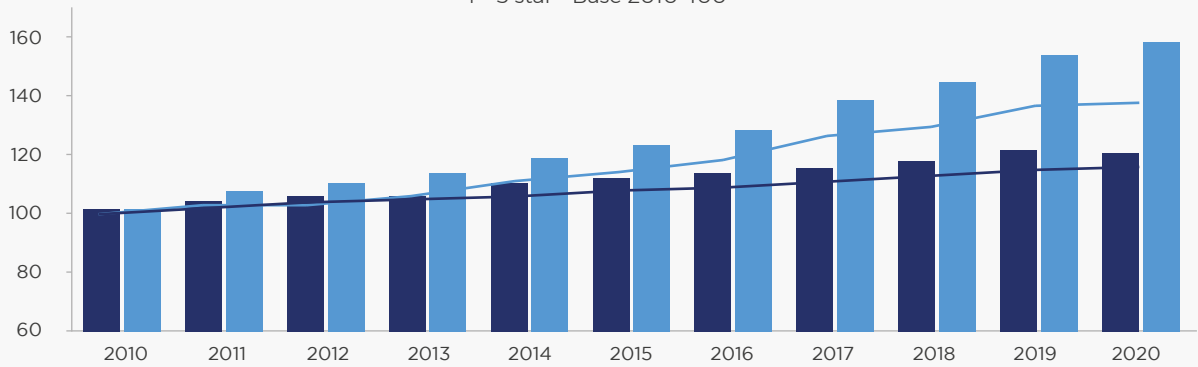
Italy, NO. Of rooms vs NO. Of hotels

1-2 star - Base 2010=100



Ratio of numbers of rooms / hotels

4 - 5 star - Base 2010=100

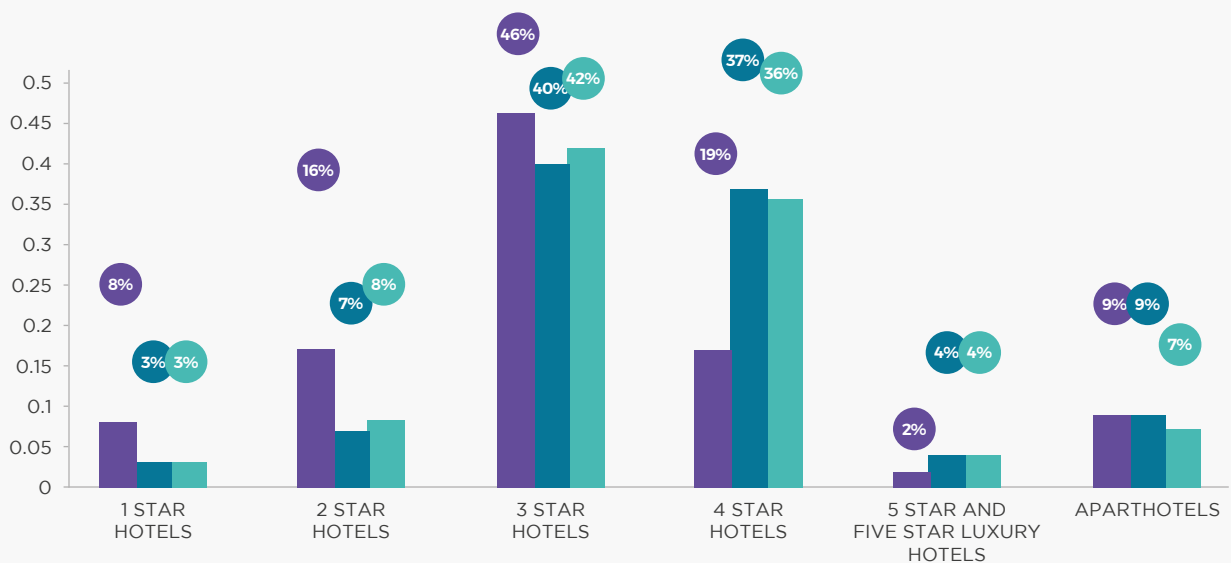


- N. 1 star hotels ■ N. 2 star hotels ■ Rooms 1 star hotels ■ Rooms 2 star hotels
- N. 4 star hotels ■ N. 5 star and 5 star luxury hotels ■ Rooms 4 star hotels ■ Rooms 5 star and 5 star luxury hotels

Cabetti Research Department analysis of Istat data

Italy, % weight and change in n. of rooms and hotels by category

Year 2020 - % of total



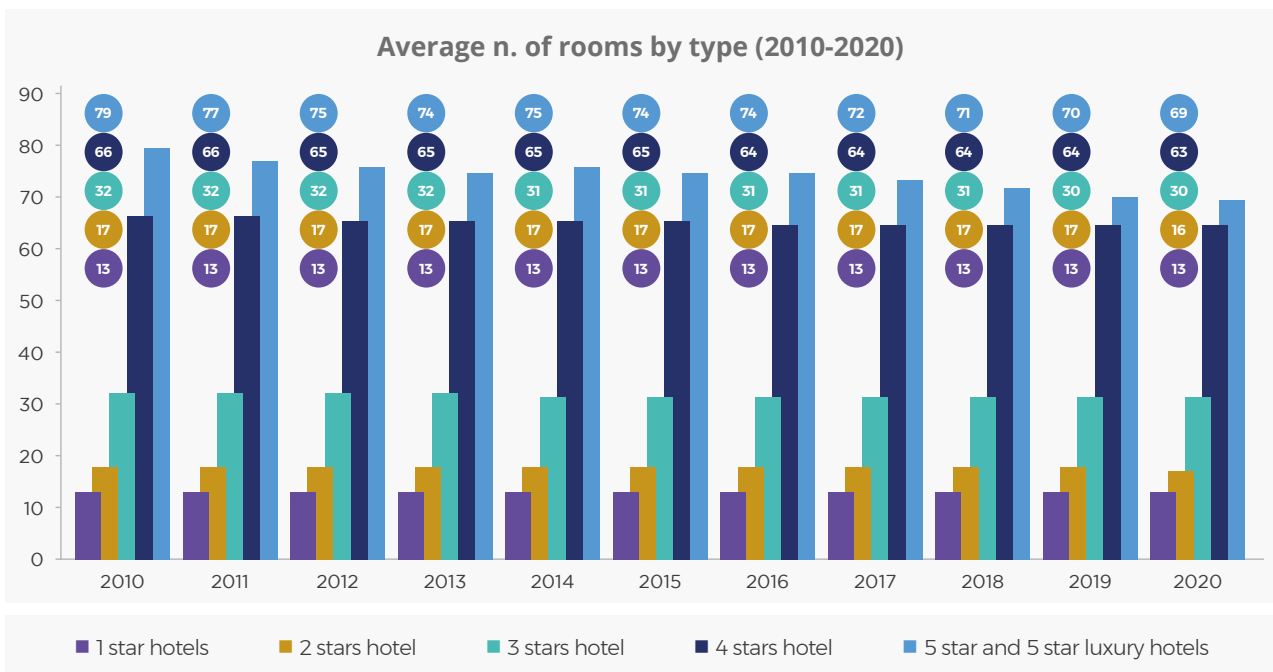
Cabetti Research Department analysis of Istat data

- Numer of hotels ■ Beds ■ Rooms

TYPE	VARIATION 2020/2010	
	N° HOTELS	N° ROOMS
★	-36%	-35%
★★	-23%	-26%
★★★	-2%	-7%
★★★★	21%	16%
★★★★★ and 5 star luxury hotels	58%	37%
aparthotels	7%	0%

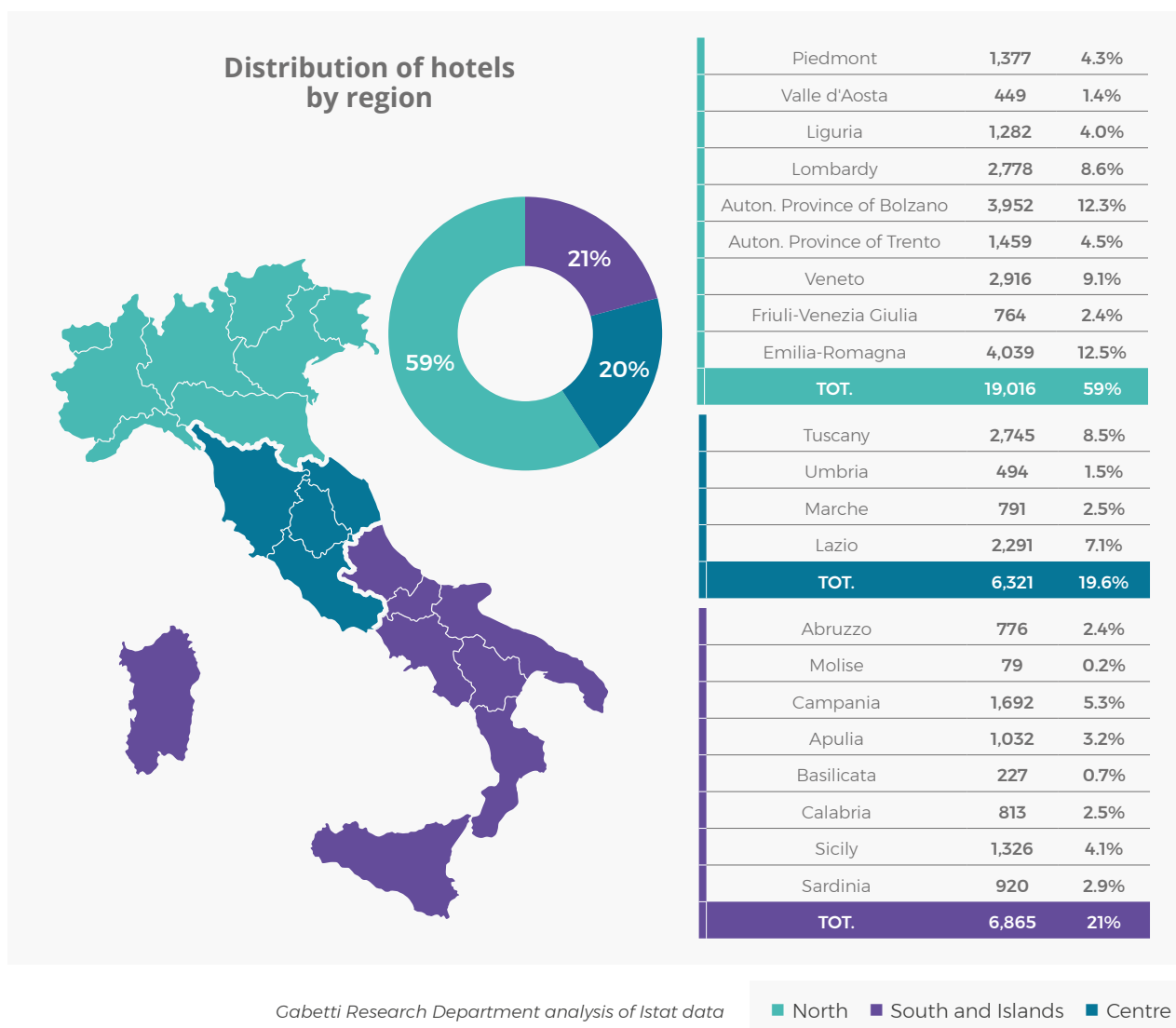
As anticipated, growth in the average size of Italian hotels is a result of replacement of small lower-end hotels with larger, higher-end ones, which in any case are declining with regard to average size. Indeed, an analysis of the **average number of rooms by type** between 2010 and 2020 shows that **higher-end facilities are increasing in both number of hotels and rooms**, +37% for 5-star hotels and +16% for 4-star hotels, while their average size is down slightly: 4-star hotels went from 66 to 63 rooms per unit during the period, and **5-star and 5-star luxury** hotels from 79 to 69. This is justified by the growing demand for these types of facilities, leading many 3- and 4-star hotels to contribute to the growth of this category by reducing their number of rooms (making them bigger), while during the same period, many investors developed new proposals for smaller facilities in the historic centres of major cities (where building larger hotels is more complex), often raising the quality of existing ones. In fact, demand (particularly foreign) tends to prefer quality accommodation in the city centres.

The number of 3-star facilities is down slightly (-2%), while the number of rooms is down to a more significant extent (-7% compared to 2010). In particular, the size of 1- and 2-star hotels is respectively 13 and 16 rooms on average. This decline is normal, as this type of hotel is replaced in the demand preferences by other types, such as B&Bs and aparthotels; in fact, the number of aparthotels is up, but with a decline in average number of rooms, as demand is growing for smaller and cheaper apartments managed privately as a business.



Cabetti Research Department analysis of Istat data

DISTRIBUTION OF HOTELS IN ITALY BY GEOGRAPHICAL AREA

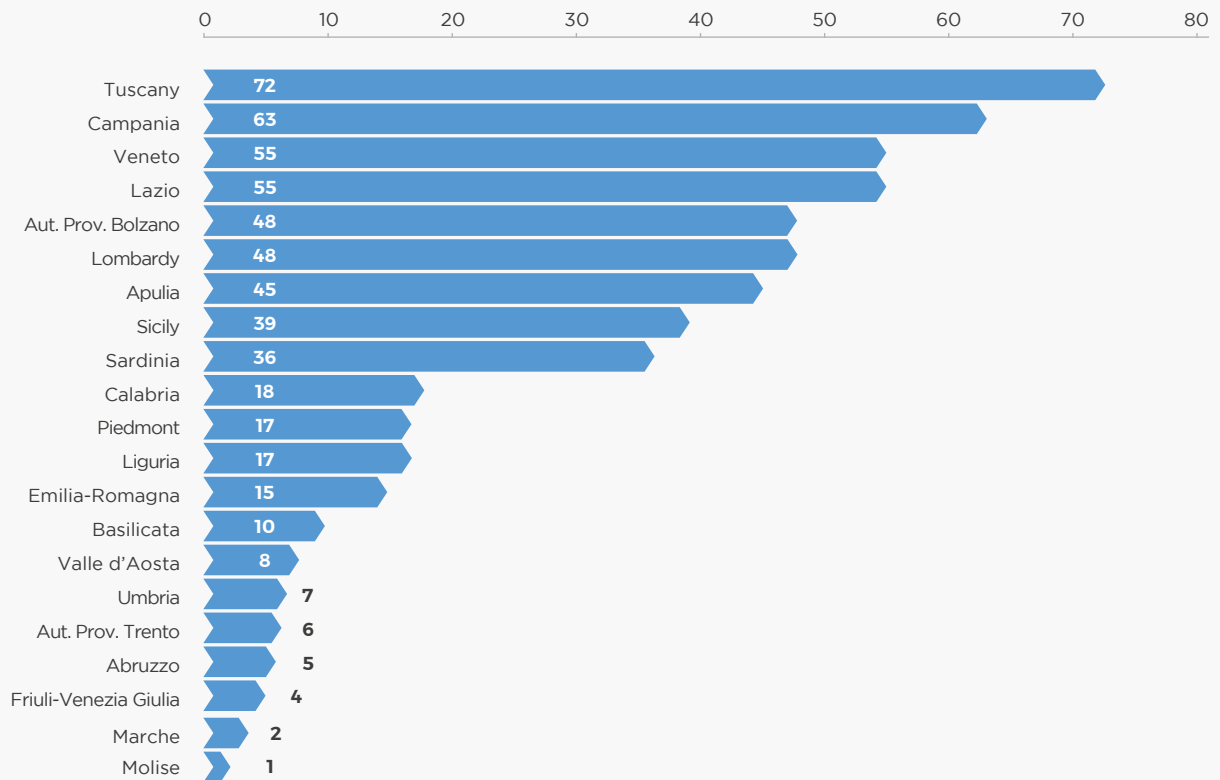


The distribution of hotels by geographical area indicates that **59% of the total is concentrated in Northern Italy**, followed by the South and Islands (21%) and by the Centre (20%).

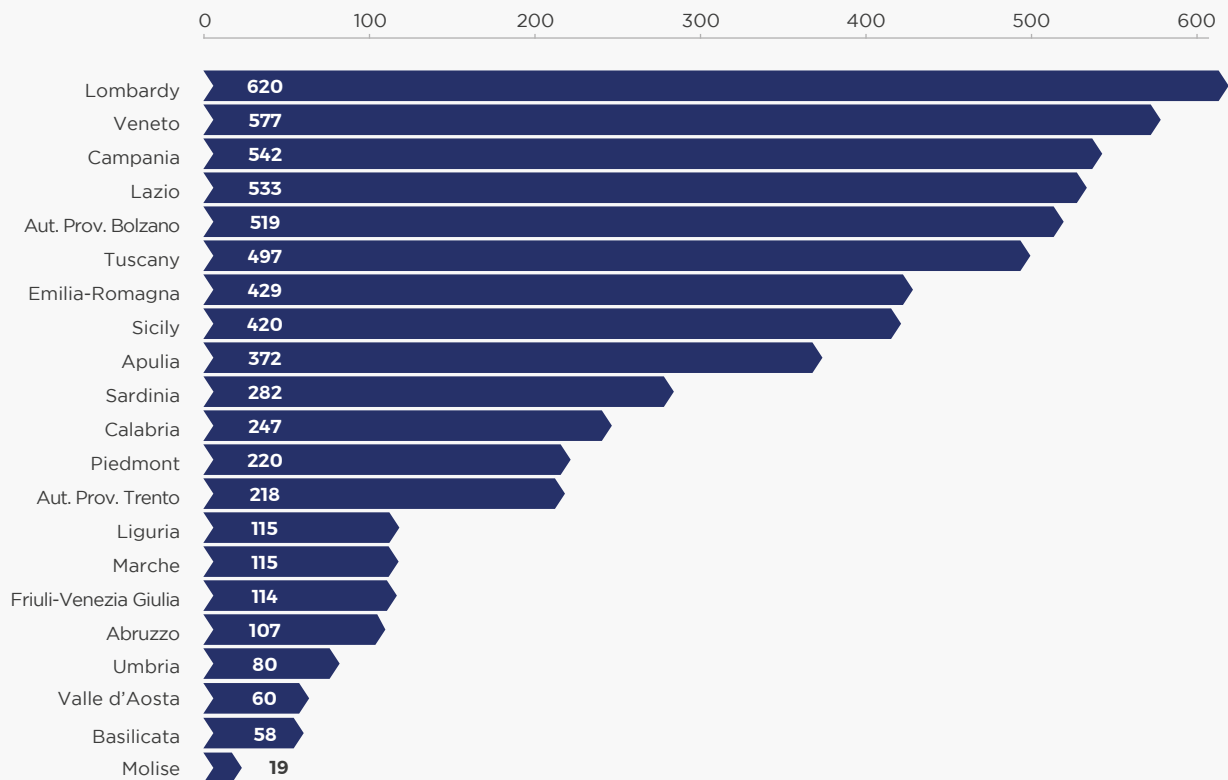
The region with the highest number of establishments is **Trentino Alto Adige**, which, adding the data on the autonomous provinces of Trento and Bolzano, counts a total of 5,411 establishments and represents nearly 17% of the national total with over 243 thousand beds. It is followed by **Emilia Romagna**, which accounts for 13% of the total Italian supply with 4,039 establishments and the record for beds (about 276 thousand). Veneto has a total of 2,916 units, Lombardy has 2,778 units and Tuscany 2,745 units, while Lazio (2,291) and Campania (1,692) confirm their lead in the Centre and South, respectively.

However, the ranking by type shows a different scenario, with **Lombardy in the top position in terms of number of 4-star hotels**, with a total of 620, followed by Veneto, Campania and Lazio, **while Tuscany is in the top spot for the 5-star category** (72 hotels), followed by Campania, Veneto and Lazio.

Rankings of regions by number of hotels (5-star)

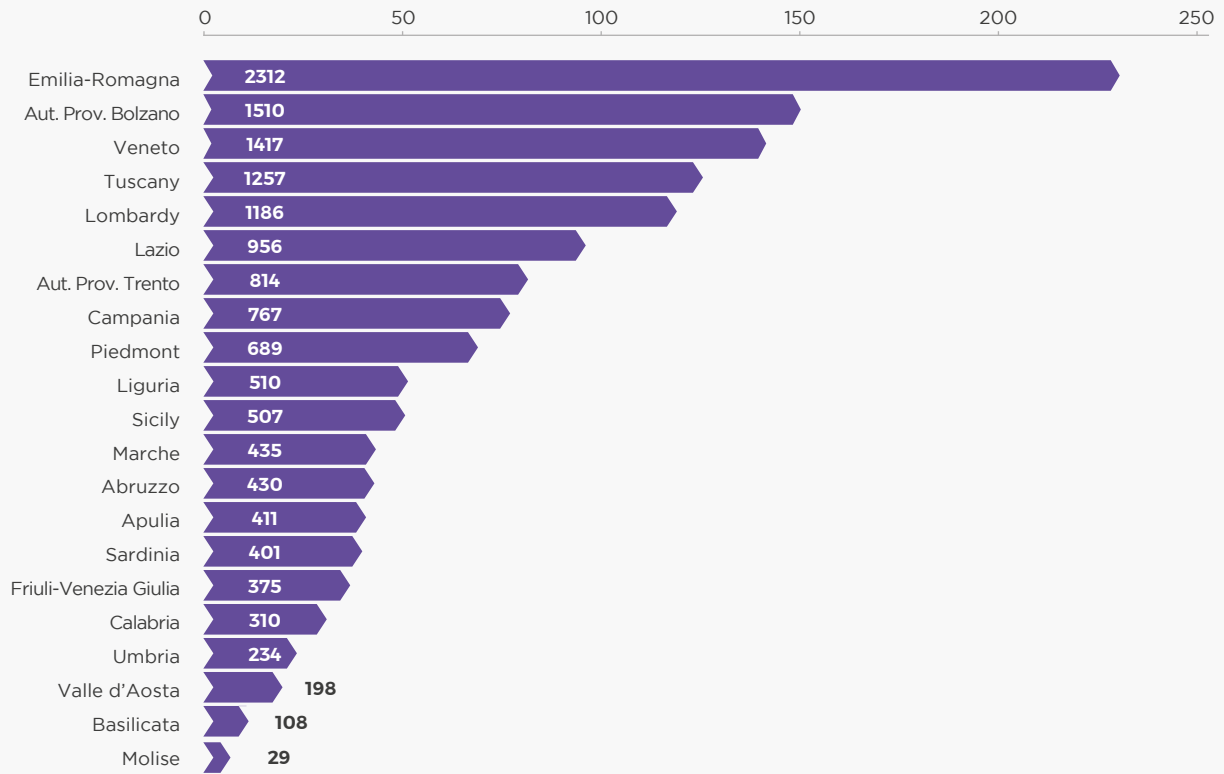


Rankings of regions by number of hotels (4-star)

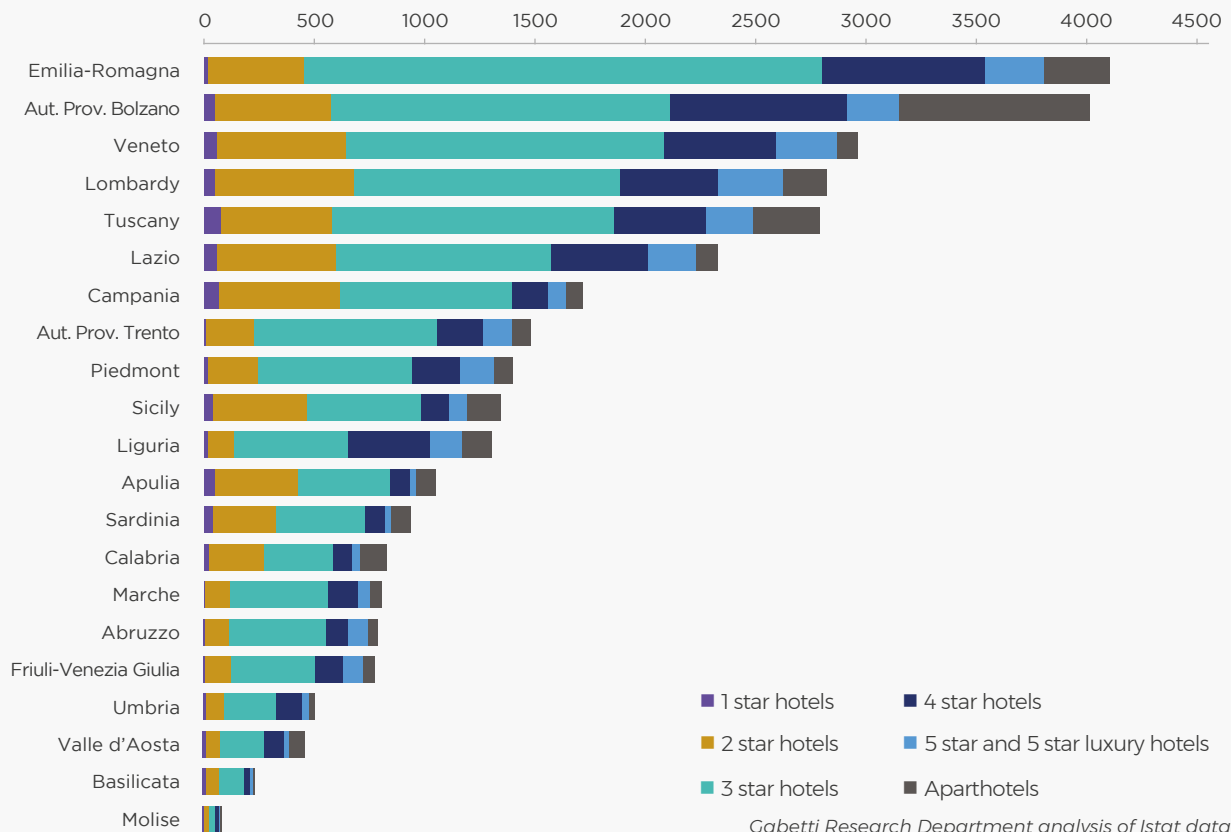


Gabetti Research Department analysis of Istat data

Rankings of regions by number of hotels (3-star)



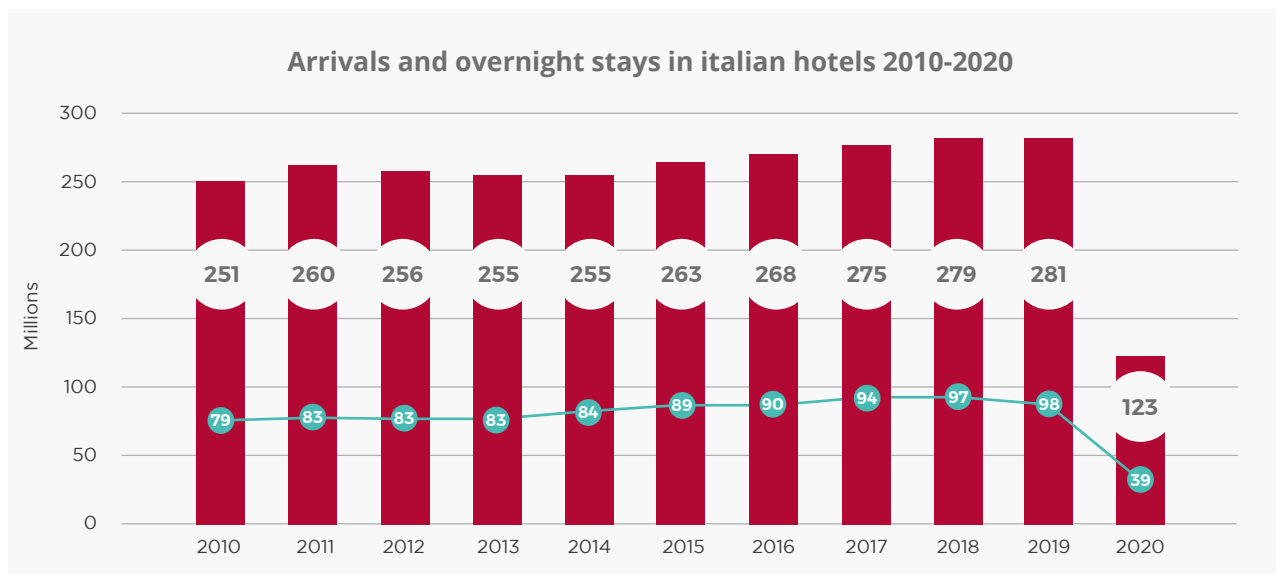
Distribution by category of hotels



ARRIVALS AND OVERNIGHT STAYS IN ITALIAN HOTELS

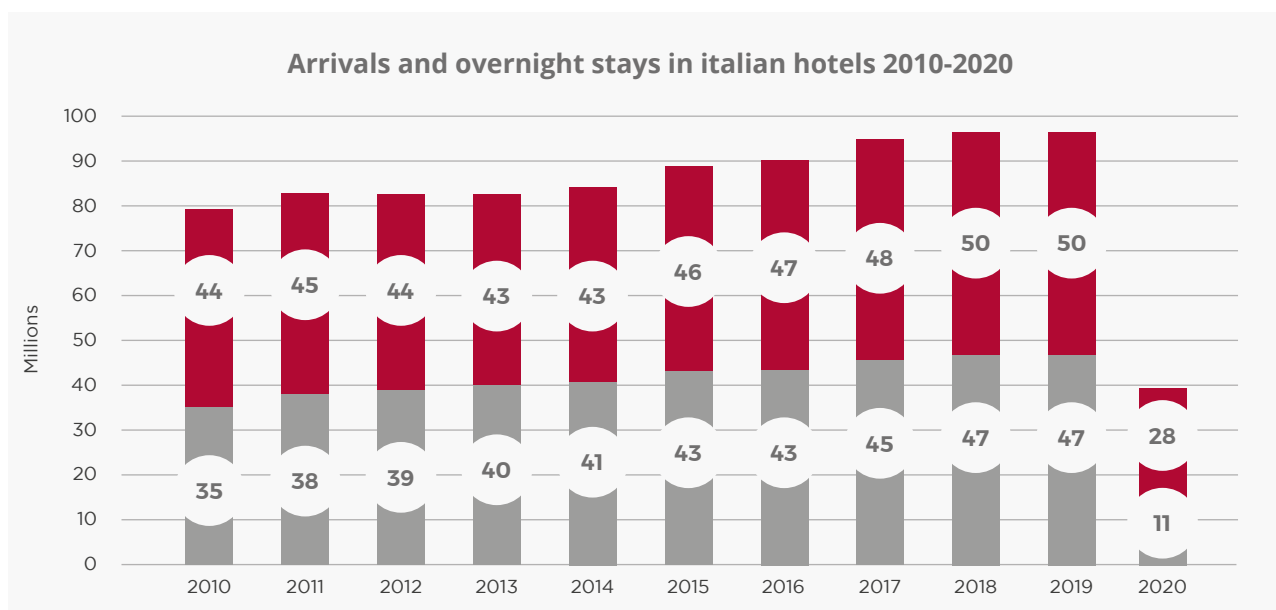
The effects of the pandemic weighed heavily on tourism flows: the 97.8 million **arrivals** in hotels and similar facilities recorded in 2019 dropped to **39 million in 2020 (-56.1%)**. The first 5 months of 2021 recorded a slightly more limited decline in arrivals of -39.6% compared to the same period of 2020.

Overnight stays saw a significant decline as well, from 281 million in 2019 to **123 million in 2020 (-60.1%)**.



Gabetti Research Department analysis of Istat data
(hotels and similar facilities)

■ Overnight stays ● Arrivals

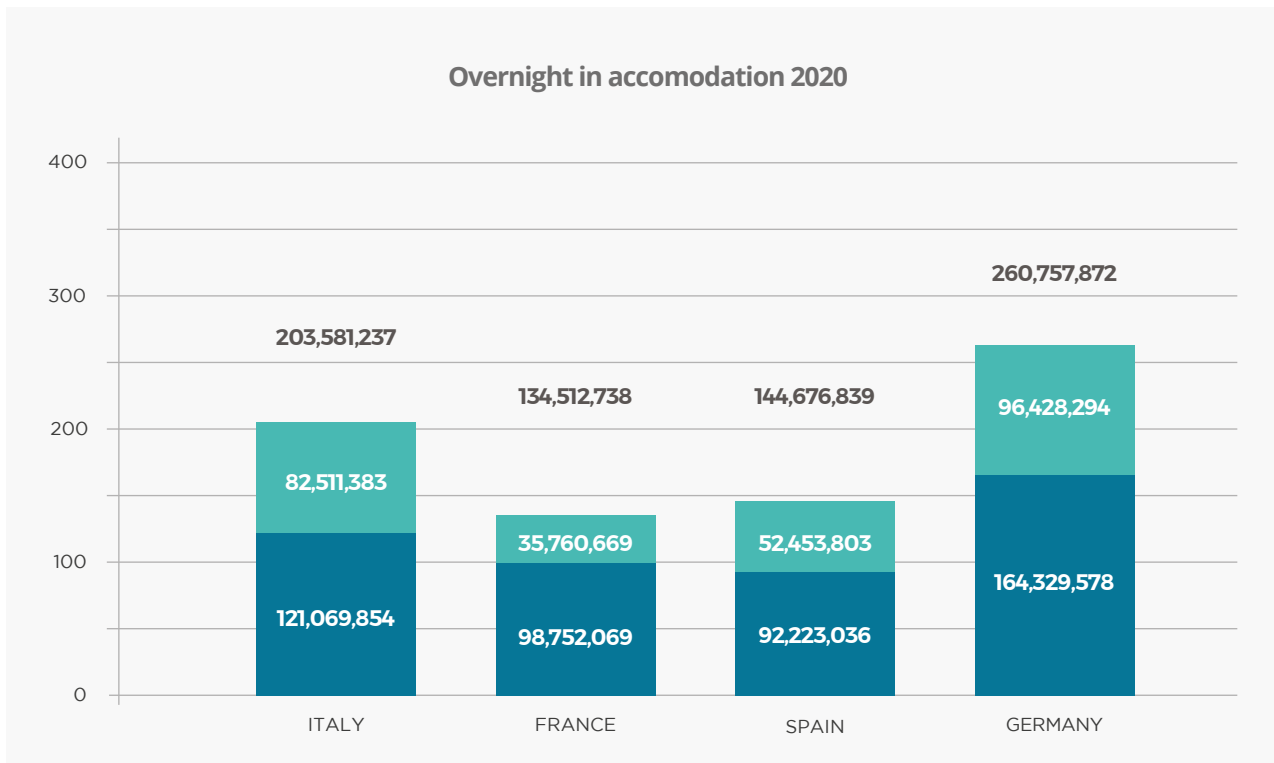


Gabetti Research Department analysis of Istat data

■ Foreign residents arrivals ■ Italian residents arrivals

The decline in the foreign component (-77%) had the biggest impact on this result, with a lower decline (-44%) in tourists resident in Italy. This figure is significant, given that the foreign component had enjoyed constant growth over the last decade. In the first 5 months of 2021, Italy continues to record a decline in stays of -47.3% compared to the same period of 2020.

Despite the evident drop in arrivals and overnight stays caused by the current pandemic, our country was again confirmed in 2020 as among the most popular destinations in Europe with respect to international tourists; in fact, it ranks **second after Spain in terms of foreign guests, with approximately 38 million stays in hotels, and first with regard to non-hotel facilities with nearly 28 million overnight stays** (Source: Eurostat).



*Gabetti Research Department analysis of Eurostat data
The data referring to France do not include the months of April, May, November
and December; Spain does not include the April figure.*

■ Hotels ■ Others

TRENDS UNDERWAY IN ITALIAN HOTELS

The hospitality industry is undergoing an extensive evolution throughout the world and in Italy as well, with demand showing a preference for products able to offer unique experiences.

The main trends in the hotel sector are:

- **Boutique and Design** Hotels, namely smaller hotels, generally family-run (second or third generation), or managed by mini-chains, characterised by clear references to fashion, design and contemporary architecture, making uniqueness and experientiality their best features, generally concentrated in the centre of major cities.
- Modern **Budget Hotels**, namely 3-star hotels with around 100 rooms and increasingly affiliated in franchising to Brands specifically created by major international companies that guarantee their marketing, such as Ibis Style, or managed directly by companies such as Moxi Hotels.
- New generation **Hostels** which, in addition to the typical offer of these facilities, have integrated food services to encourage socialisation of users. This type of accommodation may include rooms with 2/4 beds similar to hotel rooms, like the Meininger or our own Ostello Bello, often integrated with student housing, as in the case of The Student Hotel.
- **Luxury Hotels** characterised by new leading brands that attract international high-end companies aiming to grow in our country. These include the Mandarin Oriental in Milan, W in Rome and soon in Milan, Rosewood in Tuscany and Aman in Venice, which will join the various Bulgari, Armani, Four Seasons, Hayatt, Rocco Forte and Dorchester hotels, destined like them to become a point of reference for hospitality in our destinations.

In the non-hotel sector, the expanding asset classes are mainly student housing and traditional apartments rented by owners for tourist use. Among the new forms of hospitality, Airbnb is already the leading provider of tourism services in the world, with over 1.2 million units available, in competition with hotels (Marriott with Starwood, Accor, IHG, Hilton). Student housing has developed thanks to the strong expansion in short-rent by owners of apartments that are no longer available for students (in cities with a strong university presence).

The higher range is confirmed as the most popular and sought after by investors, and in this segment Italy stands out in the international panorama.

However, when renovating or building a new hotel, adopting the principles of sustainability is now essential, because while the commercial value of a hotel is measured on the basis of its ability to produce income (and therefore on the location, architectural quality or history of the building, elegance of the furnishings, services, courtesy of the staff, and ability to generate emotions), an increasingly important role is now being played by the construction criteria and by the procedures to manage the accommodation facility in a sustainable way as well. A hotel that respects all environmental parameters is classified as ecological, but in order to be considered fully sustainable it must also have other characteristics.

Listing the criteria that classify a hotel as eco-sustainable in just a few lines is not easy, as there is still no specific sector protocol that certifies such a status, or rather, there are only a few environmental or energy certifications, which are only a part of the whole that also includes actions aimed at the preservation of culture and local identity and the maintenance of traditions (in short, socio-cultural sustainability), as well as others that encourage economic profitability.

In addition to respecting the environment that surrounds it, the hotel must not be detached from the context in which it is located. On the contrary, it must become an integral part of it, as an economic entity that produces beneficial effects for the entire local community, generates adequate income to support operations with low environmental impact (by using renewable energy sources, managing the waste cycle, using raw materials from the territory, etc.) and adequately remunerates investors. Therefore, it must be “successful”, produce profits and generate income for those who work there.

DEFINITIONS

NTN (Normalised Number of Transactions)	Number of “normalised” property transactions. Purchases of ownership rights are “counted” with respect to each unit, taking into consideration the percent ownership of the property involved in the transaction. For example: if a percent ownership of a unit is purchased/sold, say 50%, it is not counted as a full transaction, but as 0.5 transactions.
Arrivals	Number of guests arrived, distinguished by foreign country or Italian region of residence, who checked in at the hotel establishment during the period considered. (Istat)
Overnight stays	Number of nights spent by guests in the hotel establishments during the period considered. (Istat)
Hotel establishments	According to Istat, this category includes 1- to 5-star hotels, resort hotels, aparthotels, guest houses, motels, period homes/hotels, so-called “meublè or garni” hotels (larger B&B facilities), historic residences, chain hotels, wellness centres (beauty farms), conference centres and all other types of accommodation which, according to regional regulations, are classified as being like hotels.
Non-hotel establishments	This category includes campgrounds and equipped areas for campers and caravans, holiday resorts, mixed campgrounds and resorts, vacation rental properties, agricultural tourism facilities, holiday homes, youth hostels, mountain refuges, other accommodation facilities not otherwise classified and bed & breakfast facilities.
Budget	At the international level, indicates the “super cheap” category and essentially includes new generation hostels and 1-star hotels.

OUR REPORTS:



Residential Overview



Leaseholds



Prestigious Homes Market



Investment Overview



Office Market Overview



Office Quality Focus



Hotels



Building Renovation



Remote working and new housing requirements



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