

Expert analysis for the hotel investments in Austria and some other European countries

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1. Introduction

This expert analysis is made for Troix Corporation by Austria Real (Avstria Real GmbH, Jasomirgottstrasse 6/Xb Vienna 1010) in order to evaluate and propose of the hotel investment portfolio eg. invest program. The goal of the assignment was to obtain a reliable basis for the decision in which type of the hotel it's advisable to invest in Austria and neighbour countries, according to different positioning, location, evaluation of supply and demand

2. Site

2.1 Austrian Economic Overview

Austria is a federal republic and a landlocked country of roughly 8,47 million people in Central Europe. It is bordered by the Czech Republic and Germany to the north, Hungary and Slovakia to the east, Slovenia and Italy to the south, and Switzerland and Liechtenstein to the west. The territory of Austria covers 83,855 square kilometers and has a temperate and alpine climate.

The main economic indicators are depicted in the table below.

Table. Economic indicators of Austria

| Indicator Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| GNI per capita, PPP (current international \$) | 37 590 | 39 690 | 38 510 | 40 310 | 42 030 | 44 100 |
| Population, total | 8 300 788 | 8 336 926 | 8 365 275 | 8 389 771 | 8 423 635 | 8 462 446 |
| GDP (current Mln. US\$) | 375 042 | 414 171 | 383 627 | 376 838 | 417 656 | 399 649 |
| GDP growth (annual %) | 3,7 | 1,4 | - 3,8 | 2,1 | 2,7 | 0,8 |
| Inflation (annual %) | 2,2 | 3,2 | 0,5 | 1,9 | 3,3 | 2,4 |
| Unemployment (annual %) | 4,40 | 3,80 | 4,80 | 4,40 | 4,10 | 4,30 |

Source: <http://www.statistik.at>, <http://data.worldbank.org>

Table. GNI per capita (PPP, \$): Austria, Europe, world

| Country Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------|--------|--------|--------|--------|--------|--------|
| Austria | 37 590 | 39 690 | 38 510 | 40 310 | 42 030 | 44 100 |
| Czech Republic | 23 600 | 24 670 | 23 940 | 23 400 | 24 440 | 24 710 |
| Germany | 36 150 | 37 550 | 36 500 | 38 410 | 40 190 | 41 890 |
| France | 33 580 | 34 640 | 34 290 | 34 970 | 36 120 | 36 720 |
| Italy | 32 020 | 33 010 | 32 070 | 31 930 | 32 460 | 32 870 |
| Spain | 31 460 | 32 270 | 31 400 | 31 170 | 31 440 | 32 320 |
| United Kingdom | 36 310 | 36 830 | 34 810 | 35 590 | 35 950 | 36 880 |
| Europe & Central Asia | 22 970 | 24 402 | 23 570 | 24 434 | 25 418 | 26 315 |
| Euro area | 33 456 | 34 558 | 33 628 | 34 348 | 35 323 | 36 262 |
| World | 10 201 | 10 653 | 10 539 | 11 084 | 11 640 | 12 116 |

Austria has the highest level of GNI per capita among the main European countries and its neighbors.

Table. Inflation (%): Austria, Europe, world

| Country Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------|------|------|------|------|------|------|
| Austria | 2,17 | 3,22 | 0,51 | 1,81 | 3,27 | 2,49 |

| | | | | | | |
|-----------------------|------|------|--------|------|------|------|
| Czech Republic | 2,93 | 6,35 | 1,04 | 1,41 | 1,94 | 3,30 |
| Germany | 2,30 | 2,63 | 0,31 | 1,10 | 2,08 | 2,01 |
| France | 1,49 | 2,81 | 0,09 | 1,53 | 2,12 | 1,96 |
| Italy | 1,82 | 3,38 | 0,75 | 1,54 | 2,74 | 3,04 |
| Spain | 2,79 | 4,08 | (0,29) | 1,80 | 3,20 | 2,45 |
| United Kingdom | 2,32 | 3,61 | 2,17 | 3,29 | 4,48 | 2,82 |
| Europe & Central Asia | 2,93 | 6,08 | 1,51 | 2,39 | 3,79 | 2,77 |
| Euro area | 2,37 | 4,07 | 0,37 | 1,54 | 3,27 | 2,49 |
| World | 5,03 | 9,01 | 2,92 | 3,55 | 4,98 | 3,69 |

Austria has the average in euro area level of inflation.

Table. Unemployment (%): Austria, Europe, world

| Country Name | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------------------|------|-------|-------|-------|-------|
| Austria | 4,40 | 3,80 | 4,80 | 4,40 | 4,10 |
| Czech Republic | 5,30 | 4,40 | 6,70 | 7,30 | 6,70 |
| Germany | 8,60 | 7,50 | 7,70 | 7,10 | 5,90 |
| France | 8,00 | 7,40 | 9,10 | 9,40 | 9,30 |
| Italy | 6,10 | 6,70 | 7,80 | 8,40 | 8,40 |
| Spain | 8,30 | 11,30 | 18,00 | 20,10 | 21,60 |
| United Kingdom | 5,30 | 5,30 | 7,70 | 7,80 | 7,80 |
| Europe & Central Asia | 7,30 | 7,22 | 9,12 | 9,19 | 8,83 |
| Euro area | 7,46 | 7,48 | 9,42 | 10,02 | 10,06 |
| World | | | | 5,86 | |

Austria has the lowest level of unemployment among the main European countries and its neighbors.

According to the data above Austria is one of the best European countries for investment with the very stable economy.

External factors and possible impacts

The external political factors that can affect the business in coming year according to the report of State ministry of Economy of Austria:

- Law changes
- Labor movements
- Legislature change
- Recession

The external social factors:

- Unemployment
- Educational
- Travel pattern
- Generation changes

The economic factors:

- GDP
- Inflation
- Value of currency and exchange
- Tourist arrivals
- Incoming key markets

The technical factors:

- Internet penetration
- Mobile web

The infrastructure factors:

- New airports, highways train stations
- New flight connection, airlines serving destination

The rate of unemployment increases, but it is the lowest unemployment of any major European nation (4.3%); the inflation slowly decreases (on 2.2% or 2.0%). Austria has weathered the Eurozone crisis better than most. It has avoided recession in 2012 and GDP is expected to rise by 1.1% in 2013 – not exciting growth – but considerably better than most other countries¹.

Presently the general situation in the Austrian tourism can be described so that the tourism demand could revive in comparison to all other economic activities. But positive trends give occasion to hope that a catching-up process has already started.

Success-factors of Austria: high standard of living, excellent Infrastructure, highest safety: personally, politically and socially, high productivity, excellent medical and good education systems.

2.1.2 Other Countries Economic Overview

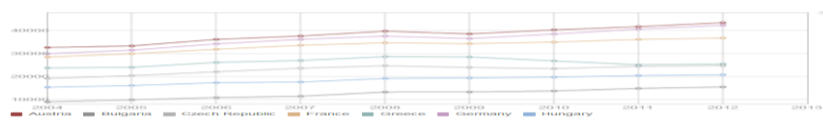
In this chapter, information about current economic situation in the following countries will be provided: Bulgaria, Czech Republic, France, Germany, Greece, Hungary, Italy, Poland, Slovak Republic, Slovenia, Switzerland and United Kingdom. Historical development, specifics, ratings, statistics are briefly explained as well as key performance indicators as GNI, population, GDP and GDP growth, life expectancy at birth are presented in tables.

Figure 1 and 2 below depicts GNI per capita, PPP of each country. GNI per capita based on purchasing power parity (PPP). PPP GNI is gross national income (GNI) converted to international dollars using purchasing power parity rates. GNI is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. Data are in current international dollars.

Figure 1 GNI per capita, PPP (current international \$) Part 1

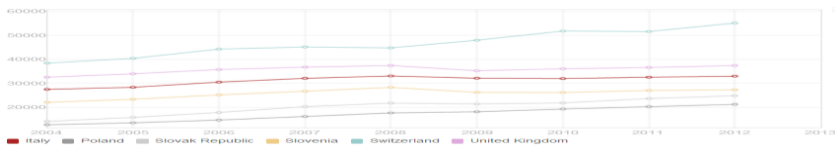
1

¹ European cities hotel forecast 2013 by PWC



Source: data.worldbank.org

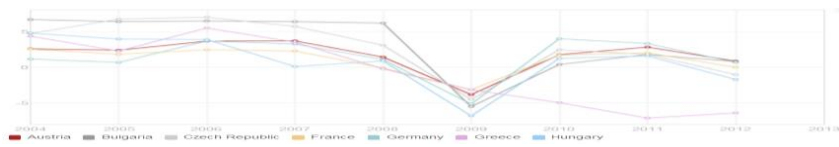
Figure 2 GNI per capita, PPP (current international \$) Part 2



Source: data.worldbank.org

Figure 3 and 4 provide information about annual growth of GDP in particular countries. Annual percentage growth rate of GDP at market prices based on constant local currency. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.

Figure 3 GDP growth (annual %) Part 1



Source: data.worldbank.org

Figure 4 GDP growth (annual %) Part 2



Source: data.worldbank.org

2.1.2.1 Bulgaria

Bulgaria, situated in the eastern Balkans, has been undergoing a slow and painful transition to a market economy since the end of Communist rule.

The economy of Bulgaria functions on the principles of the free market, having a large private sector and a smaller public sector. Bulgaria is an industrialized upper-middle-income country according to the World Bank with a gross national income per capita of US\$ 15450 in 2012. It has experienced rapid economic growth in recent years, with an average monthly wage of 812 leva (554 USD).

Since 2001, Bulgaria has managed to attract considerable amounts of Foreign Direct Investment (FDI). During the Financial crisis of 2007–2010, Bulgaria marked a decline in its economy of 5.5% in 2009, but quickly restored its positive growth to 0.2% in 2010, in contrast to other Balkan countries.

The currency of the country is the lev (plural leva), pegged to the euro at a rate of 1.95583 leva for 1 euro. The lev is the strongest and most stable currency in Eastern Europe. The strongest sectors are energy, mining, metallurgy, machine building, agriculture and tourism. Primary industrial exports are clothing, iron and steel, machinery and refined fuels. Low productivity and competitiveness on the European and world markets alike due to inadequate R&D funding and a lack of a clearly defined development policy remain a significant obstacle for foreign investment and economic growth.

Table 1 Bulgaria. Economic Indicators.

| Indicator Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| GNI per capita, PPP (current international \$) | 11390 | 13230 | 13270 | 13700 | 14790 | 15450 |
| Population (Total) | 7659764 | 7623395 | 7585131 | 7534289 | 7348328 | 7304632 |
| GDP (current US\$) | 42113656147 | 51824892678 | 48568714012 | 47727325909 | 53544649410 | 50972109857 |
| GDP growth (annual %) | 6,4 | 6,2 | -5,5 | 0,4 | 1,8 | 0,8 |
| Life expectancy at birth, total (years) | 72,66341463 | 72,96341463 | 73,41219512 | 73,51219512 | 74,16341463 | |

Source: data.worldbank.org

2.1.2.2 Czech Republic

The Czech Republic is considered to have one of the most mature and rich markets in region. Its GDP was 216 Billion USD in 2011, and was mainly comprised of services (58.6%) and industry (39.6 %) (CIA Factbook, 2013).

The process of economy's recovery after the crisis has lost the speed with GDP growth rates of 2.5% and 1.9% in 2010 and 2011. The Czech economy is closely tied to the economy of its main export partner – Germany, and will only get back to the positive direction if the Germany demonstrates the stable growths figures (Bayerische Landesbank, 2012).

The main industry is automotive; with machinery and transport equipment as the main export goods. The country also exports raw materials, fuel and chemicals. The main international source markets are Germany, Russia and UK. Prague-Ruzyne International Airport is the country's biggest international passenger and

cargo airport and is the second largest airport after Vienna within the region, for the past ten years it has demonstrated a compound annual growth rate of 6.2 % of passenger arrivals.

Table 2 Czech Republic. Economic Indicators

| Indicator Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------|------------|-------------|------------|------------|-------------|
| GNI per capita, PPP (current international \$) | 23600 | 24670 | 23940 | 23400 | 24440 | 24720 |
| Population (Total) | 10334160 | 10424336 | 10487178 | 10519792 | 10496088 | 10514810 |
| GDP (current US\$) | 1,8051E+11 | 2,2545E+11 | 1,97218E+11 | 1,9848E+11 | 2,1601E+11 | 1,96446E+11 |
| GDP growth (annual %) | 5,73513073 | 3,09900169 | -4,5071388 | 2,46931148 | 1,81861321 | -1,02111926 |
| Life expectancy at birth, total (years) | 76,7243902 | 76,9756098 | 77,07804878 | 77,4243902 | 77,8731707 | |

Source: data.worldbank.org

2.1.2.3 France

France has the world's 5th largest economy by nominal figures and the 9th largest economy by PPP figures. It has the 2nd largest economy in Europe (behind its main economic partner Germany) in nominal figures, based on the dynamic industrial structure of the French economy.

France's economy entered the recession of the late 2000s later and left it earlier than most comparable economies, only enduring four-quarters of contraction. Between January and March 2011, France's GDP growth had been stronger than expected at 0.9%, one of the best figures in Europe but shrunk between April and June 2011 decreasing by -0.1%. In 2011, the GDP surprisingly grew at 1.85%, below Germany at 2.9% but more than the UK that grew by 0.6%.

France has long been part of the world's wealthiest and most developed national economies. (En.wikipedia.org, 2013)

Table 3 France. Economic Indicators

| Indicator Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|----------|----------|----------|----------|----------|----------|
| GNI per capita, PPP (current international \$) | 33580 | 34640 | 34290 | 34970 | 36120 | 36720 |
| Population | 64012572 | 64371099 | 64702921 | 65031235 | 65371613 | 65696689 |

| | | | | | | |
|---|------------|-------------|-------------|------------|------------|------------|
| (Total) | | | | | | |
| GDP (current US\$) | 2,5824E+12 | 2,83179E+12 | 2,61969E+12 | 2,5483E+12 | 2,7797E+12 | 2,6129E+12 |
| GDP growth (annual %) | 2,2854146 | -0,08066761 | -3,14705138 | 1,72485454 | 2,02688956 | 0,0138788 |
| Life expectancy at birth, total (years) | 80,8146341 | 80,86829268 | 81,06829268 | 81,3682927 | 81,6682927 | |

Source: data.worldbank.org

2.1.2.4 Germany

The German economy - the fifth largest economy in the world in PPP terms and the largest market in Europe. It constitutes 21 percent of European GDP, and is home to 16 percent of the total European Union population. The German economy is both highly industrialized and diversified; with equal focus placed on services and production.

Germany is widely considered to be the economic stabilizing force in Europe particularly within the Eurozone. While the EU-28 experienced a minor dip in real GDP growth, the German economy grew at a positive rate. Between 2008 and 2012, Germany's average real GDP growth rate was alongside that of the USA - the highest of all G8 states. The German government expects an upswing of 1.7 percent in 2014.

Table 4 Germany. Economic Indicators

| Indicator Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------|------------|-------------|------------|------------|------------|
| GNI per capita, PPP (current international \$) | 36150 | 37550 | 36520 | 38450 | 40620 | 42230 |
| Population (Total) | 82266372 | 82110097 | 81902307 | 81776930 | 81797673 | 81889839 |
| GDP (current US\$) | 3,3238E+12 | 3,6237E+12 | 3,29822E+12 | 3,2829E+12 | 3,6249E+12 | 3,4281E+12 |
| GDP growth (annual %) | 3,26904532 | 1,08320105 | -5,14549654 | 4,01246591 | 3,33333333 | 0,68865531 |
| Life expectancy at birth, total (years) | 79,5341463 | 79,7365854 | 79,83658537 | 79,9878049 | 80,7414634 | |

Source: data.worldbank.org

2.1.2.5 Greece

The economy of Greece is the 42nd or 45th largest in the world at \$249 billion or \$286 billion by nominal gross domestic product or purchasing power parity respectively, according to World Bank statistics for the year 2012.

As of 2013, Greece is the 13th largest economy in the 28-member European Union. In terms of per capita income, Greece is ranked 37th or 40th in the world at \$22,083 and \$25,331 for nominal GDP and purchasing power parity respectively.

A developed country, the economy of Greece mainly revolves around the service sector (80.6%) and industry (16%), while agriculture made up an estimated 3.4% of the national economic output in 2012. Important Greek industries include tourism and shipping. (En.wikipedia.org, 2013)

Although the economy of Greece had improved in recent decades due to the industrial development and tourism, presently the country faces a large and severe economic crisis. The currency of Greece since January 2002 is euro, which replaced drachma. The preparation for the Olympic Games of 2004 gave an impulse to the Greek economy. However, presently the country faces a severe debt crisis and has many challenges to face, such as the low rate of development and the large unemployment (25% in December 2012).(Greeka.com, 2013)

Table 5 Greece. Economic Indicators

| Indicator Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------|-------------|-------------|-------------|-------------|-------------|
| GNI per capita, PPP (current international \$) | 26950 | 28640 | 28490 | 26770 | 25110 | 25460 |
| Population (Total) | 11192763 | 11237094 | 11282760 | 11307502 | 11299976 | 11280167 |
| GDP (current US\$) | 3,0543E+11 | 3,41594E+11 | 3,21016E+11 | 2,92305E+11 | 2,89627E+11 | 2,49099E+11 |
| GDP growth (annual %) | 3,53612792 | -0,21400251 | -3,13563069 | -4,94315504 | -7,10474089 | -6,37983142 |
| Life expectancy at birth, total (years) | 79,4390244 | 79,93902439 | 80,18780488 | 80,38780488 | 80,74390244 | |

Source: data.worldbank.org

2.1.2.6 Hungary

The economy of Hungary is a medium-sized, structurally, politically and institutionally open economy in Central Europe and is part of the European Union's (EU) single market. Like most Eastern European economies, the economy of Hungary experienced market liberalization in the early 1990s as part of the transition from a socialist economy to a market economy. Hungary is a member of the Organization for Economic Co-operation and Development (OECD) since 1995, a member of the World Trade Organization (WTO) since 1996, and a member of the European Union since 2004.

The private sector accounts for more than 80% of the Hungarian gross domestic product (GDP). Foreign ownership of and investment in Hungarian firms are widespread, with cumulative foreign direct investment

worth more than \$70 billion. Hungary's main industries are mining, metallurgy, construction materials, processed foods, textiles, chemicals (especially pharmaceuticals), and motor vehicles. Hungary's main agricultural products are wheat, corn, sunflower seed, potatoes, sugar beets; pigs, cattle, poultry, and dairy products.

Table 6 Hungary. Economic Indicators

| Indicator Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------|------------|-------------|------------|------------|----------|
| GNI per capita, PPP (current international \$) | 17600 | 19120 | 19350 | 19720 | 20390 | 20710 |
| Population (Total) | 10055780 | 10038188 | 10022650 | 10000023 | 9971727 | 9943755 |
| GDP (current US\$) | 1,361E+11 | 1,5423E+11 | 1,26632E+11 | 1,275E+11 | 1,3745E+11 | 1,25E+11 |
| GDP growth (annual %) | 0,11469916 | 0,8941516 | -6,79862451 | 1,25815288 | 1,6 | -1,7 |
| Life expectancy at birth, total (years) | 73,1512195 | 73,702439 | 73,90487805 | 74,2073171 | 74,8585366 | |

Source: data.worldbank.org

2.1.2.7 Italy

The Italian economy is one of the worlds most developed, the country has a high standard of living with per capita GDP higher than the EU average.

Italy has a diversified industrial economy with high gross domestic product (GDP) per capita and developed infrastructure. According to statistics, in 2012 Italy was the 9th \ largest economy in the world, the fourth-largest in Europe and the third-largest in the Eurozone in terms of nominal GDP, and the 10th largest economy in the world and fifth-largest in Europe in terms of purchasing power parity (PPP) GDP.

In 2010, Italy's GDP was US\$ 2,042 billion; down from US\$ 2, 30731 billion in 2008 before the recession. Italy is a member of the G7 and the Group of Eight (G8) industrialized nations, the European Union and the OECD.

According to the World Bank, Italy has been categorized as a country with high standards for business, investment and trade. In addition, the Italian economy is well developed and surpasses that of the UK, Germany and Greece. (En.wikipedia.org, 2013)

Table 7 Italy. Economic Indicators

| Indicator Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------|-------------|-------------|------------|------------|-------------|
| GNI per capita, PPP (current international \$) | 32020 | 33010 | 32070 | 31930 | 32490 | 32920 |
| Population (Total) | 59375289 | 59832179 | 60192698 | 60483385 | 60723569 | 60917978 |
| GDP (current US\$) | 2,1272E+12 | 2,30731E+12 | 2,11115E+12 | 2,042E+12 | 2,195E+12 | 2,01467E+12 |
| GDP growth (annual %) | 1,68306274 | -1,15623149 | -5,49440723 | 1,72328845 | 0,47706549 | -2,53301398 |

| | | | | | | |
|---|------------|-------------|-------------|------------|------------|--|
| Life expectancy at birth, total (years) | 81,2853659 | 81,38536585 | 81,38536585 | 81,7365854 | 82,0878049 | |
|---|------------|-------------|-------------|------------|------------|--|

Source: data.worldbank.org

2.1.2.8 Poland

The economy of Poland is a high income economy and is the sixth largest in the EU, and one of the fastest growing economies in Europe, with a yearly growth rate of over 3.0% before the late-2000s recession. Polish law is rather favorable to foreign entrepreneurs. The government offers investors various forms of state aid, such as: CIT tax at the level of 19% and investment incentives in 14 Special Economic Zones (among others: income tax exemption, real estate tax exemption, competitive land prices), several industrial and technology parks, the possibility to benefit from the EU structural funds, brownfield and greenfield locations. According to the National Bank of Poland (NBP) the level of FDI inflow into Poland in 2006 amounted to 13.9 billion Euros.

According to an Ernst & Young report, Poland ranks 7th in the World in terms of investment attractiveness. (En.wikipedia.org, 2013)

Poland is increasingly acknowledged as a major player within the European Union (EU). With a population of about 38.5 million, and a per capita income of \$21,170 in 2012 it is an important voice on many issues, as illustrated by the success of its EU presidency (second semester of 2011). (Worldbank.org., 2013)

Table 8 Poland. Economic Indicators

| Indicator Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------|------------|------------|------------|------------|------------|
| GNI per capita, PPP (current international \$) | 16110 | 17590 | 18080 | 19220 | 20200 | 21170 |
| Population (Total) | 38120560 | 38125759 | 38151603 | 38183683 | 38534157 | 38542737 |
| GDP (current US\$) | 4,2532E+11 | 5,2943E+11 | 4,3092E+11 | 4,6974E+11 | 5,1567E+11 | 4,898E+11 |
| GDP growth (annual %) | 6,78527326 | 5,12654909 | 1,6 | 4,07092498 | 4,45277248 | 1,81825216 |
| Life expectancy at birth, total (years) | 75,2439024 | 75,5439024 | 75,695122 | 76,2463415 | 76,7463415 | |

Source: data.worldbank.org

2.1.2.9 Slovak Republic

The economy of Slovakia is a high income economy. With the highest sustained GDP growth in the European Union, reporting 10.4% in 2007 and the highest rating from V4 countries, the Slovak economy has been considered a tiger economy known as the Tatra Tiger. Slovakia has been an EU member state since 2004 and adopted the euro currency at the beginning of 2009. Its capital, Bratislava, is the largest financial centre in Slovakia. Unemployment has fallen considerably, although long-term unemployment remains high. GDP per capita at purchasing power parity was €18,100 in 2010, which was 74% of the EU average.

Foreign direct investment (FDI) in Slovakia has increased dramatically. Cheap and skilled labor, a 19% flat tax rate for both businesses and individuals, no dividend taxes, a weak labor code, and a favorable geographical location are Slovakia's main advantages for foreign investors. (En.wikipedia.org, 2013)

Slovakia has made significant economic reforms since its separation from the Czech Republic in 1993. Reforms to the taxation, healthcare, pension, and social welfare systems helped Slovakia consolidate its budget and get on track to join the EU in 2004 after a period of relative stagnation in the early and mid 1990s and to adopt the euro in January 2009.

Foreign direct investment (FDI), especially in the automotive and electronic sectors, fueled much of the growth until 2008. Cheap and skilled labor, low taxes, no dividend taxes, a relatively liberal labor code, and a favorable geographical location are Slovakia's main advantages for foreign investors. (CIA, 2013)

Table 9 Slovak Republic. Economic Indicators

| Indicator Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| GNI per capita, PPP (current international \$) | 20210 | 21680 | 21310 | 21770 | 23580 | 24770 |
| Population (Total) | 5397318 | 5406626 | 5418590 | 5430099 | 5398384 | 5410267 |
| GDP (current US\$) | 84108560088 | 97908891167 | 87239747152 | 87077443709 | 95877536836 | 91148717949 |
| GDP growth (annual %) | 10,49393561 | 5,750477564 | -4,93158417 | 4,182900159 | 3 | 1,8 |
| Life expectancy at birth, total (years) | 74,20731707 | 74,70487805 | 74,9097561 | 75,11219512 | 75,95853659 | |

Source: data.worldbank.org

2.1.2.10 Slovenia

Slovenia is a small country in Central Europe, but contains within its borders Alpine mountains, thick forests, historic cities and a short Adriatic coastline. It initially enjoyed substantial economic and political stability after gaining independence from Yugoslavia.

Slovenia today is a developed country that enjoys prosperity and stability as well as a GDP per capita at 88% of the EU27 average. It was the first new member of the European Union to adopt the euro as a currency in January 2007 and it has been a member of the Organization for Economic Co-operation and Development since 2010.

Slovenia has a highly educated workforce, well-developed infrastructure, and is situated at a major transport crossroad. On the other hand, the level of foreign direct investment is one of the lowest and the Slovenian economy has been severely hurt by the European economic crisis, which started in late 2000s. Almost two thirds of the working population are employed in services. (En.wikipedia.org, 2013)

The main advantage of the Slovenian economy is its stability. The competitive manufacturing industry, strong export industry, constant increase in trade – all these branches of Slovenian economy are very prospective,

especially due to the help of the European Union. Among all the countries of the Eastern Europe Slovenia is the country to have the smallest amount of debts.

One of the weaknesses of the Slovenian economy is partial liberalization of the economy that holds back attraction of the foreign investors. (Aboutadriatic.com, 2013)

Table 10 Slovenia. Economic Indicators

| Indicator Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| GNI per capita, PPP (current international \$) | 26640 | 28260 | 26170 | 26120 | 26970 | 27240 |
| Population (Total) | 2018122 | 2021316 | 2039669 | 2048583 | 2052843 | 2058152 |
| GDP (current US\$) | 47306799054 | 54606018255 | 49056152691 | 46908328071 | 50250208507 | 45279487180 |
| GDP growth (annual %) | 6,870189154 | 3,589287708 | -8,00785871 | 1,379539352 | 0,7 | -2,5 |
| Life expectancy at birth, total (years) | 78,56097561 | 78,76585366 | 78,97073171 | 79,42195122 | 79,97073171 | |

Source: data.worldbank.org

2.1.2.11 Switzerland

The economy of Switzerland is one of the world's most stable economies. Its policy of long-term monetary security and political stability has made Switzerland a safe haven for investors, creating an economy that is increasingly dependent on a steady tide of foreign investment. Because of the country's small size and high labor specialisation, industry and trade are the keys to Switzerland's economic livelihood. Switzerland has achieved one of the highest per capita incomes in the world with low unemployment rates and a low budget deficit. The service sector has also come to play a significant economic role. (Princeton.edu, 2013)

The Gross Domestic Product (GDP) in Switzerland was worth 632.20 billion US dollars in 2012. The GDP value of Switzerland represents 1.02% of the world economy. (Tradingeconomics.com, 2013)

Table 11 Switzerland. Economic Indicators

| Indicator Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------|------------|-------------|------------|------------|------------|
| GNI per capita, PPP (current international \$) | 45100 | 44740 | 47930 | 51760 | 51550 | 55090 |
| Population (Total) | 7551117 | 7647675 | 7743831 | 7824909 | 7912398 | 7997152 |
| GDP (current US\$) | 4,5053E+11 | 5,2429E+11 | 5,09467E+11 | 5,5064E+11 | 6,5742E+11 | 6,3117E+11 |
| GDP growth (annual | 3,84571807 | 2,16425599 | -1,93683072 | 2,95322192 | 1,79028242 | 1,0490 |

| | | | | | | |
|---|------------|------------|-------------|------------|-----------|------|
| (%) | | | | | | 9346 |
| Life expectancy at birth, total (years) | 81,7414634 | 81,9926829 | 82,04390244 | 82,2463415 | 82,695122 | |

Source: data.worldbank.org

2.1.2.12 United Kingdom

The United Kingdom has the 6th largest national economy in the world (and 3rd largest in Europe) measured by nominal GDP and 8th largest in the world (and 2nd largest in Europe) measured by purchasing power parity (PPP).

The UK's GDP per capita is the 22nd-highest in the world in nominal terms and 22nd-highest measured by PPP. In 2012, the UK had the 3rd largest stock of inward foreign direct investment and the 2nd largest stock of outward foreign direct investment.

The British economy comprises (in descending order of size) the economies of England, Scotland, Wales and Northern Ireland. The UK has one of the world's most globalised economies. One-sixth of the tax revenue comes from VAT (value added tax) from the consumer market of the British Economy. (En.wikipedia.org, 2013)

Table 12 United Kingdom. Economic Indicators

| Indicator Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------|-------------|-------------|------------|------------|------------|
| GNI per capita, PPP (current international \$) | 36710 | 37360 | 35200 | 36020 | 36560 | 37340 |
| Population (Total) | 60986649 | 61393521 | 61811027 | 62271177 | 62752472 | 63227526 |
| GDP (current US\$) | 2,8571E+12 | 2,6878E+12 | 2,208E+12 | 2,2856E+12 | 2,4789E+12 | 2,4718E+12 |
| GDP growth (annual %) | 3,42724212 | -0,76948388 | -5,17040776 | 1,65975416 | 1,11738161 | 0,12481561 |
| Life expectancy at birth, total (years) | 79,4487805 | 79,6 | 80,05121951 | 80,402439 | 80,7536585 | |

Source: data.worldbank.org

3. Travel & Tourism Economic Impact

2012 demonstrated again the resilience of the Travel & Tourism industry in the face of continued economic turmoil, as economic growth slowed and was even negative in key global markets. Travel & Tourism's contribution to GDP and created more than 4 million new jobs in 2012.

The strongest growth in 2012 was evident in international demand as appetite for travel beyond national borders, from leisure and business visitors, remains strong.

Travel & Tourism's importance to the wider economy continued to grow in 2012. Its total contribution comprised 9% of global GDP (US \$6.6 trillion) and generated over 260 million jobs – 1 in 11 of the world's total jobs. The industry outperformed the entire wider economy in 2012, growing faster than other notable industries such as manufacturing, financial services and retail.

In this chapter key facts about direct contribution of Travel & Tourism to GDP, visitor exports and Travel & Tourism investments in particular countries are submitted.

3.1 Austria

The direct contribution of Travel & Tourism to GDP was EUR14.3bn (4.6% of total GDP) in 2012, and is forecast to rise by 3.1% in 2013, and to rise by 3.1% pa, from 2013-2023, to EUR20.0bn in 2023 (in constant 2012 prices).

Visitor exports generated EUR16.1bn (9.3% of total exports) in 2012. This is forecast to grow by 6.0% in 2013, and grow by 3.9% pa, from 2013-2023, to EUR25.1bn in 2023 (8.7% of total).

Travel & Tourism investment in 2012 was EUR2.2bn, or 3.4% of total investment. It should rise by 4.8% in 2013, and rise by 4.0% pa over the next ten years to EUR3.5bn in 2023 (4.3% of total).

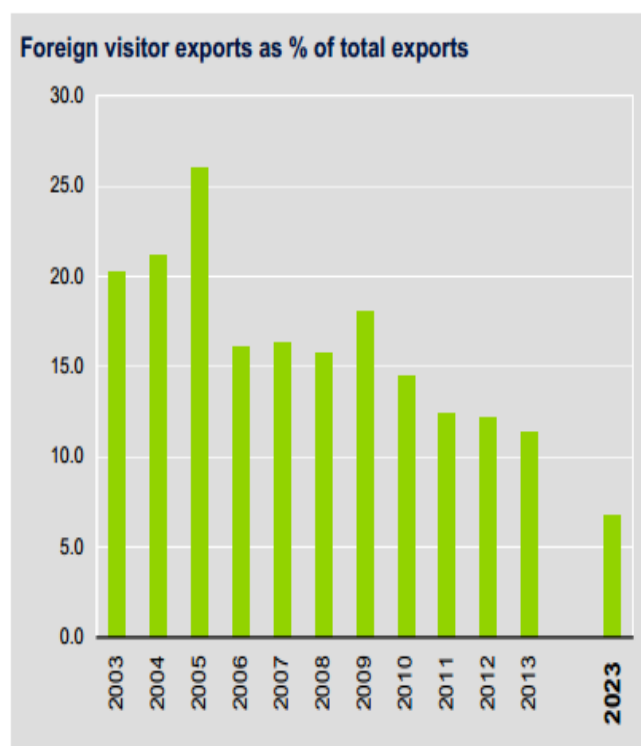
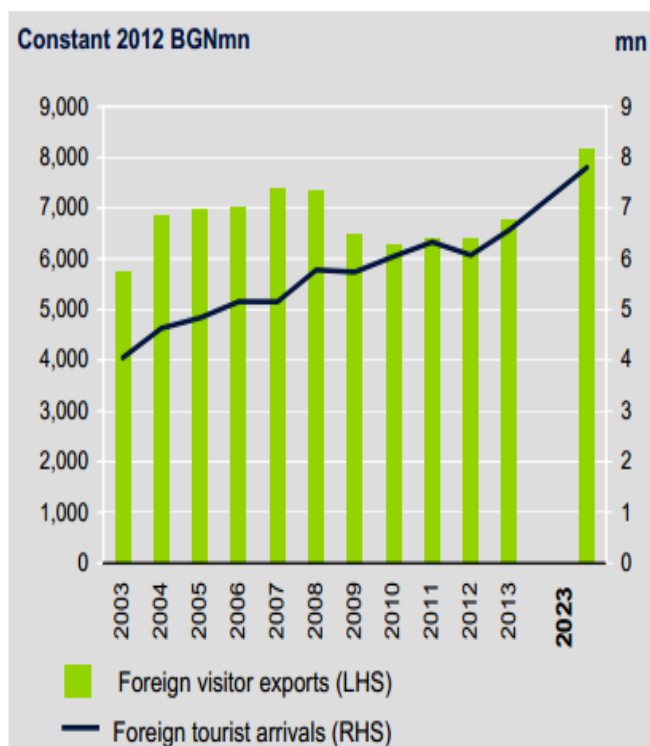
3.2 Bulgaria

The direct contribution of Travel & Tourism to GDP was BGN2,975.5mn (3.8% of total GDP) in 2012, and is forecast to rise by 3.8% in 2013, and to rise by 1.9% pa, from 2013-2023, to BGN3,742.1mn in 2023 (in constant 2012 prices).

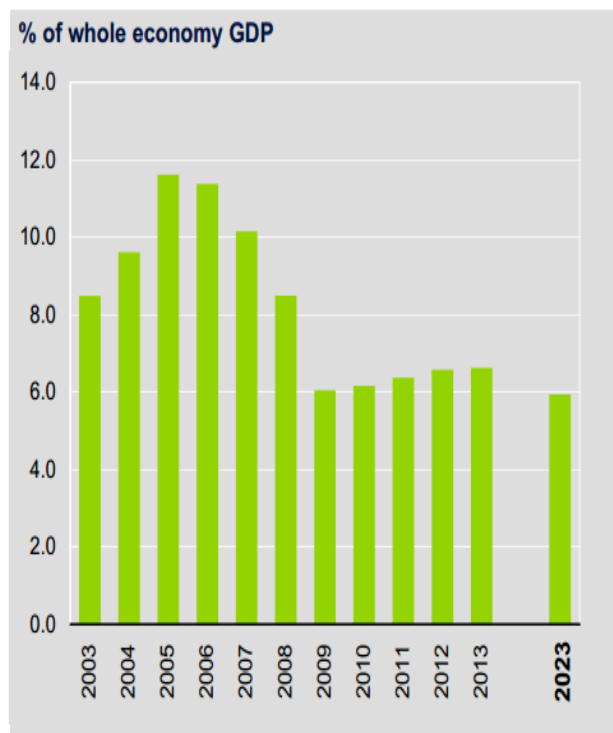
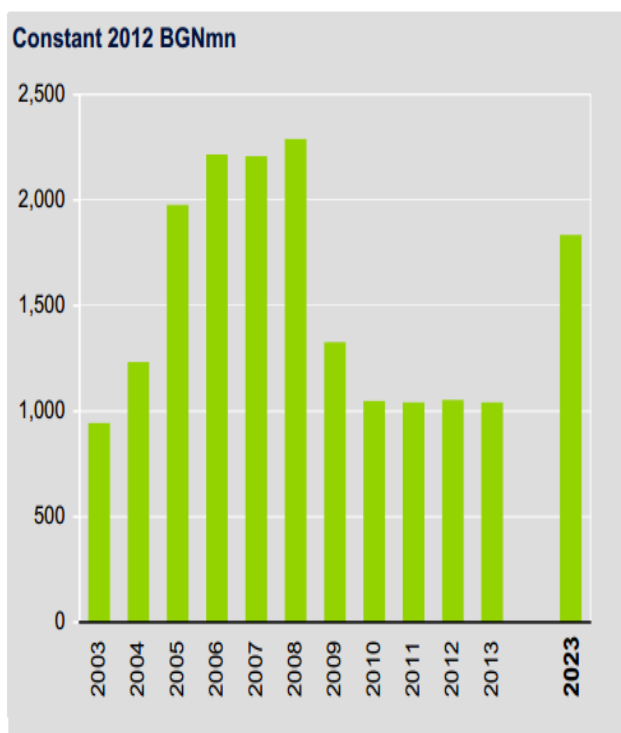
Visitor exports generated BGN6,407.2mn (12.2% of total exports) in 2012. This is forecast to grow by 5.6% in 2013, and grow by 1.9% pa, from 2013-2023, to BGN8,159.5mn in 2023 (6.7% of total).

Travel & Tourism investment in 2012 was BGN1,047.2mn, or 6.5% of total investment. It should fall by 1.1% in 2013, and rise by 5.9% pa over the next ten years to BGN1,828.8mn in 2023 (5.9% of total).

BULGARIA: VISITOR EXPORTS AND INTERNATIONAL TOURIST ARRIVALS



BULGARIA: CAPITAL INVESTMENT IN TRAVEL & TOURISM



3.3. Czech Republic

Tourism plays an important role in country's economy, with Prague being the 6th visited city in Europe, it attracted 5.2 million of visitor arrivals and 13.2 million bednights in 2011 (Payne, 2012, p.2).

The direct contribution of Travel & Tourism to GDP was CZK112.4bn (2.9% of total GDP) in 2012, and is forecast to rise by 0.8% in 2013, and to rise by 1.9% pa, from 2013-2023, to CZK136.1bn in 2023.

Visitor exports generated CZK157.2bn (5.2% of total exports) in 2012. This is forecast to fall by 0.4% in 2013, and grow by 1.4% pa, from 2013-2023, to CZK179.1bn in 2023 (3.8% of total).

Travel & Tourism investment in 2012 was CZK40.0bn, or 4.4% of total investment. It should rise by 4.7% in 2013, and rise by 3.3% pa over the next ten years to CZK57.8bn in 2023 (4.8% of total).

3.4 France

France is the world's most popular tourist destination with more than 83 million foreign tourists in 2012.

The direct contribution of Travel & Tourism to GDP was EUR77.7bn (3.8% of total GDP) in 2012, and is forecast to rise by 0.7% in 2013, and to rise by 1.8% pa, from 2013-2023, to EUR93.5bn in 2023 (in constant 2012 prices).

Visitor exports generated EUR44.9bn (8.0% of total exports) in 2012. This is forecast to grow by 1.8% in 2013, and grow by 1.8% pa, from 2013-2023, to EUR54.5bn in 2023 (6.5% of total).

Travel & Tourism investment in 2012 was EUR21.4bn, or 5.2% of total investment. It should rise by 4.9% in 2013, and rise by 2.5% pa over the next ten years to EUR28.7bn in 2023 (5.8% of total).

3.5 Germany

Germany takes 7th place among the world's most popular tourist destination with more than 30 million foreign tourists in 2012.

The direct contribution of Travel & Tourism to GDP was EUR43.2bn (1.6% of total GDP) in 2012, and is forecast to fall by 0.6% in 2013, and to rise by 1.9% pa, from 2013-2023, to EUR51.9bn in 2023 (in constant 2012 prices).

Visitor exports generated EUR35.1bn (2.5% of total exports) in 2012. This is forecast to grow by 1.1% in 2013, and grow by 3.3% pa, from 2013-2023, to EUR49.1bn in 2023 (2.4% of total).

Travel & Tourism investment in 2012 was EUR18.6bn, or 4.0% of total investment. It should rise by 0.9% in 2013, and rise by 3.4% pa over the next ten years to EUR26.3bn in 2023 (4.4% of total).

3.6. Greece

The most important economic industries in Greece are tourism and merchant shipping. In fact, about 15 million international tourists visit Greece every year, which makes it the 7th most visited country in the EU and the 16th in the world. (Greeka.com)

The direct contribution of Travel & Tourism to GDP was EUR12.0bn (6.5% of total GDP) in 2012, and is forecast to rise by 0.6% in 2013, and to rise by 3.2% pa, from 2013-2023, to EUR16.5bn in 2023 (in constant 2012 prices).

Visitor exports generated EUR11.4bn (26.5% of total exports) in 2012. This is forecast to grow by 2.2% in 2013, and grow by 3.1% pa, from 2013-2023, to EUR15.7bn in 2023 (26.7% of total).

Travel & Tourism investment in 2012 was EUR3.1bn, or 13.8% of total investment. It should fall by 21.2% in 2013, and rise by 3.6% pa over the next ten years to EUR3.4bn in 2023 (13.9% of total).

3.7 Hungary

The service sector accounts for over 60% of GDP and its role in the Hungarian economy is steadily growing due to constant investments into transport and other services in the last 15 years. Located in the heart of Central-Europe, Hungary's geostrategic location plays a significant role in the rise of the service sector as the country's central position makes it suitable and rewarding to invest. Tourism employs nearly 150 thousand people.

The direct contribution of Travel & Tourism to GDP was HUF1,204.5bn (4.2% of total GDP) in 2012, and is forecast to fall by 0.5% in 2013, and to rise by 3.0% pa, from 2013-2023, to HUF1,609.2bn in 2023 (in constant 2012 prices).

Visitor exports generated HUF1,373.1bn (5.0% of total exports) in 2012. This is forecast to grow by 1.5% in 2013, and grow by 3.9% pa, from 2013-2023, to HUF2,036.1bn in 2023 (4.4% of total).

Travel & Tourism investment in 2012 was HUF182.3bn, or 3.9% of total investment. It should fall by 0.8% in 2013, and rise by 4.9% pa over the next ten years to HUF291.7bn in 2023 (4.4% of total).

3.8 Italy

Italy is also the world's fifth most visited country in the world. Almost 70% of the Italian GDP are achieved in the service sector. Tourism plays a very important role for the economy in Italy and contributes nearly 10% to this sector.

(Zainoo.com, 2013)

The direct contribution of Travel & Tourism to GDP was EUR63.8bn (4.1% of total GDP) in 2012, and is forecast to fall by 1.1% in 2013, and to rise by 2.3% pa, from 2013-2023, to EUR79.2bn in 2023 (in constant 2012 prices).

Visitor exports generated EUR31.6bn (6.7% of total exports) in 2012. This is forecast to fall by 1.9% in 2013, and grow by 1.1% pa, from 2013-2023, to EUR34.7bn in 2023 (5.8% of total).

Travel & Tourism investment in 2012 was EUR11.4bn, or 4.0% of total investment. It should fall by 3.2% in 2013, and rise by 2.4% pa over the next ten years to EUR14.1bn in 2023 (4.2% of total)

3.9 Poland

The direct contribution of Travel & Tourism to GDP was PLN31.4bn (2.0% of total GDP) in 2012, and is forecast to rise by 1.0% in 2013, and to rise by 5.7% pa, from 2013-2023, to PLN55.0bn in 2023 (in constant 2012 prices).

Visitor exports generated PLN37.8bn (5.2% of total exports) in 2012. This is forecast to fall by 0.8% in 2013, and grow by 6.8% pa, from 2013-2023, to PLN72.7bn in 2023 (6.0% of total).

Travel & Tourism investment in 2012 was PLN10.6bn, or 3.4% of total investment. It should rise by 1.3% in 2013, and rise by 6.3% pa over the next ten years to PLN19.8bn in 2023 (3.6% of total).

3.10 Slovakia

The direct contribution of Travel & Tourism to GDP was EUR1.7bn (2.3% of total GDP) in 2012, and is forecast to rise by 0.9% in 2013, and to rise by 3.3% pa, from 2013-2023, to EUR2.3bn in 2023 (in constant 2012 prices).

Visitor exports generated EUR1.7bn (2.6% of total exports) in 2012. This is forecast to fall by 3.2% in 2013, and grow by 3.6% pa, from 2013-2023, to EUR2.4bn in 2023 (2.1% of total).

Travel & Tourism investment in 2012 was EUR0.4bn, or 2.6% of total investment. It should rise by 2.8% in 2013, and rise by 5.9% pa over the next ten years to EUR0.7bn in 2023 (3.3% of total).

3.11 Slovenia

The direct contribution of Travel & Tourism to GDP was EUR1,276.0mn (3.5% of total GDP) in 2012, and is forecast to rise by 2.4% in 2013, and to rise by 3.3% pa, from 2013-2023, to EUR1,799.8mn in 2023 (in constant 2012 prices).

Visitor exports generated EUR2,102.4mn (7.8% of total exports) in 2012. This is forecast to grow by 4.5% in 2013, and grow by 3.7% pa, from 2013-2023, to EUR3,161.0mn in 2023 (7.9% of total).

Travel & Tourism investment in 2012 was EUR818.5mn, or 13.1% of total investment. It should rise by 0.4% in 2013, and rise by 4.6% pa over the next ten years to EUR1,286.6mn in 2023 (13.8% of total).

3.12 Switzerland

Switzerland has a highly developed tourism infrastructure, especially in the mountainous regions and cities, making it a good market for tourism-related equipment and services.

The direct contribution of Travel & Tourism to GDP was CHF13.5bn (2.3% of total GDP) in 2012, and is forecast to rise by 0.6% in 2013, and to rise by 2.5% pa, from 2013-2023, to CHF17.4bn in 2023 (in constant 2012 prices).

Visitor exports generated CHF18.4bn (6.3% of total exports) in 2012. This is forecast to grow by 2.3% in 2013, and grow by 5.0% pa, from 2013-2023, to CHF30.7bn in 2023 (6.7% of total).

Travel & Tourism investment in 2012 was CHF2.8bn, or 2.4% of total investment. It should rise by 10.0% in 2013, and rise by 0.8% pa over the next ten years to CHF3.4bn in 2023 (2.4% of total).

3.13 UK

The direct contribution of Travel & Tourism to GDP was GBP36.9bn (2.4% of total GDP) in 2012, and is forecast to rise by 2.2% in 2013, and to rise by 4.8% pa, from 2013-2023, to GBP59.9bn in 2023 (in constant 2012 prices).

Visitor exports generated GBP25.3bn (5.2% of total exports) in 2012. This is forecast to grow by 2.0% in 2013, and grow by 5.2% pa, from 2013-2023, to GBP42.8bn in 2023 (5.9% of total).

Travel & Tourism investment in 2012 was GBP8.9bn, or 4.1% of total investment. It should rise by 0.6% in 2013, and rise by 3.3% pa over the next ten years to GBP12.4bn in 2023 (4.0% of total).

4. Hotel market analysis

4.1 Austria

4.1.1 Tourism in Austria: overview

Austria ranks among the most prosperous and innovative countries in the European Union, and has more effectively coped with the economically turbulent period prevailing since 2008 than most other European nations.

Numerous international investors already profit from the culture, scenery and highly qualified employees in Austria. The list of investors is a long one, ranging from Accor, Arabella, Sheraton, Best Western, Hilton, Le Meridien and Marriott to Rosenberger, Sofitel, Steigenberger and Starwood Hotels. City tourism in Austria shows a disproportionately high growth rate. In the past ten years the number of arrivals has risen by more than 50 percent to 9.2 million (2012).

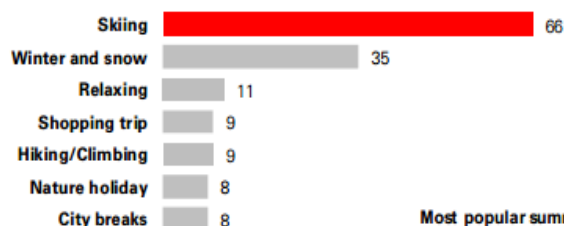
In addition to city tourism, resort tourism is also in the midst of a strong upswing. The Motel One Group and LandalGreenParks are only two of the multinational companies which continually invest in Austria. (Investinaustria.at, 2013)

According to graphics below skiing and hiking are the most popular vacation activities in Austria. Salzburg and Tyrol regions due to its characteristics are the most attractive from that point of view.

Figure 5 The most popular vacation activities in Austria

Most popular winter vacation activities in Austria

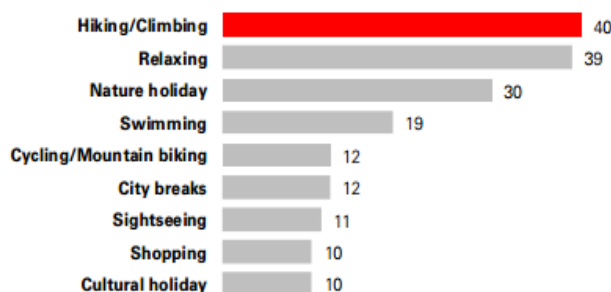
% of all vacationers in 2012



Source: Austrian National Tourist Office, T-Mona

Most popular summer vacation activities in Austria

% of all vacationers in 2012



Source: Austrian National Tourist Office, T-Mona

4.1.2 Arrivals, overnight stays in Austria

In calendar year 2012 (final results), a total of 131.0 million overnight stays were reported; this equates a rise of 4.0% compared to 2011. The increase was observed in the number of overnight stays by guests from abroad (+4.8%, 95.1 million), as well as in the number of domestic overnight stays (+1.9%, 36.0 million), which reached a new record high.

There was a significant increase of 4.4% (36.2 million) in the number of guests (= arrivals), with a rise of 3.4% (12.0 million) among Austrian residents and an increase of 4.9% (24.2 million) among guests from abroad. The average length of stay (3.6 nights) remained as high as in the previous year.

Table 13 Arrivals, overnight stays and average duration of stay by provinces in Austria (2006 to 2012)

| Year | Burgenland | Carinthia | Lower Austria | Upper Austria | Salzburg | Styria | Tyrol | Vorarlberg | Vienna | Austria |
|------------------------|------------|------------|---------------|---------------|------------|------------|------------|------------|-----------|--------------------|
| Arrivals | | | | | | | | | | |
| 2006 | 777 737 | 2 467 001 | 2 238 520 | 2 169 337 | 5 442 248 | 2 771 668 | 8 533 283 | 1 805 798 | 3 928 870 | 30 134 462 |
| 2007 | 844 340 | 2 624 896 | 2 320 422 | 2 240 416 | 5 457 154 | 2 902 491 | 8 646 039 | 1 867 124 | 4 226 913 | 31 129 795 |
| 2008 | 874 523 | 2 681 700 | 2 397 135 | 2 318 718 | 5 646 487 | 3 032 786 | 9 092 700 | 1 978 351 | 4 593 960 | 32 616 360 |
| 2009 | 887 512 | 2 676 947 | 2 318 222 | 2 332 057 | 5 563 206 | 3 114 313 | 9 062 603 | 1 976 386 | 4 385 529 | 32 316 775 |
| 2010 | 932 891 | 2 644 898 | 2 357 078 | 2 341 125 | 5 743 062 | 3 189 182 | 9 284 356 | 2 018 015 | 4 878 654 | 33 389 261 |
| 2011 | 926 254 | 2 750 515 | 2 467 350 | 2 416 671 | 5 900 723 | 3 305 023 | 9 580 015 | 2 055 218 | 5 227 314 | 34 629 083 |
| 2012 | 938 125 | 2 823 826 | 2 475 849 | 2 553 437 | 6 269 126 | 3 400 704 | 9 897 584 | 2 200 874 | 5 604 522 | 36 164 047 |
| Overnight stays | | | | | | | | | | |
| 2006 | 2 576 448 | 12 300 769 | 6 071 534 | 6 607 795 | 23 272 876 | 9 746 139 | 41 689 733 | 7 753 620 | 9 349 005 | 119 367 919 |
| 2007 | 2 699 592 | 12 794 526 | 6 330 967 | 6 711 985 | 23 440 318 | 10 049 876 | 41 815 688 | 7 918 985 | 9 655 181 | 121 417 118 |

| | | | | | | | | | | |
|-------------|-----------|-------------------|-----------|-----------|-------------------|------------|-------------------|-----------|-------------------|--------------------|
| 2008 | 2 807 910 | 12 962 421 | 6 529 589 | 6 936 398 | 24 538 324 | 10 581 298 | 43 833 371 | 8 297 105 | 10 232 472 | 126 718 888 |
| 2009 | 2 865 757 | 12 749 206 | 6 441 669 | 6 856 325 | 23 740 292 | 10 668 308 | 42 986 030 | 8 156 903 | 9 842 827 | 124 307 317 |
| 2010 | 2 910 172 | 12 276 040 | 6 476 838 | 6 734 565 | 23 885 936 | 10 781 918 | 42 789 799 | 8 165 370 | 10 860 126 | 124 880 764 |
| 2011 | 2 932 034 | 12 418 146 | 6 686 406 | 6 964 217 | 23 949 914 | 10 972 299 | 42 713 582 | 7 965 907 | 11 400 046 | 126 002 551 |
| 2012 | 2 938 307 | 12 627 299 | 6 735 320 | 7 237 157 | 25 240 409 | 11 161 642 | 44 320 231 | 8 492 888 | 12 262 828 | 131 016 081 |

Average duration of stay in nights

| | | | | | | | | | | |
|-------------|-----|------------|-----|-----|------------|-----|------------|------------|-----|------------|
| 2006 | 3.3 | 5.0 | 2.7 | 3.0 | 4.3 | 3.5 | 4.9 | 4.3 | 2.4 | 4.0 |
| 2007 | 3.2 | 4.9 | 2.7 | 3.0 | 4.3 | 3.5 | 4.8 | 4.2 | 2.3 | 3.9 |
| 2008 | 3.2 | 4.8 | 2.7 | 3.0 | 4.3 | 3.5 | 4.8 | 4.2 | 2.2 | 3.9 |
| 2009 | 3.2 | 4.8 | 2.8 | 2.9 | 4.3 | 3.4 | 4.7 | 4.1 | 2.2 | 3.8 |
| 2010 | 3.1 | 4.6 | 2.7 | 2.9 | 4.2 | 3.4 | 4.6 | 4.0 | 2.2 | 3.7 |
| 2011 | 3.2 | 4.5 | 2.7 | 2.9 | 4.1 | 3.3 | 4.5 | 3.9 | 2.2 | 3.6 |
| 2012 | 3.1 | 4.5 | 2.7 | 2.8 | 4.0 | 3.3 | 4.5 | 3.9 | 2.2 | 3.6 |

S: STATISTICS AUSTRIA, Tourism Statistics. Compiled on 21 February 2013.

Source: Statistik.at

According to statistical data Tyrol, Salzburg and Vienna re the most popular destinations in Austria and at that Tyrol takes a leadership position while Burgenland region has the smallest amount of arrivals. Regarding overnights stays Tyrol region is a leader as well and exceeds the amount of overnights stays nearly 2 times compared with Salzburg and nearly 4 times with Vienna, which is placed on the 3rd position in rating. Moreover, Carinthia region demonstrates almost the same indicators as Vienna. Carinthia also has the highest average duration of stay in nights having 4, 5 nights what is the same with Tyrol region, followed by Salzburg. Obviously, that Tyrol and Salzburg are preferable to invest as these regions shows high number of arrivals, overnights stays and leading in average duration of stays, while Vienna has many arrivals but characterized by lowest average duration of stays compared with all other regions.

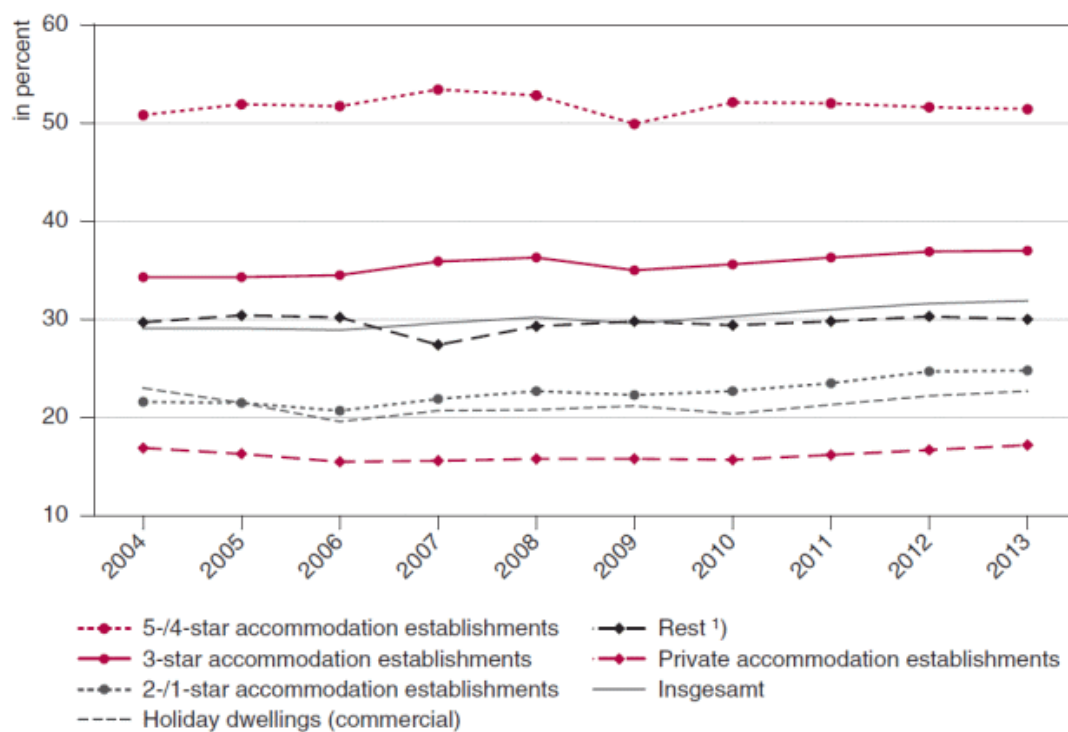
4.1.3 Accommodation capacity in Austria

According to statistics hotels and similar establishments showed a slight increase of overnight stays of 0.8% compared to the summer season 2012: hotels in the 5-/4-star and 3-star category attained growth of 1.7% resp. 0.3%, but 2-/1-star establishments declined by 1.4%. According to a long-time trend, overnight stays in private accommodation decreased (-1.9%), whereas private holiday dwellings closed with a positive result (+4.0%).

2012/13 Austria offers 1.10 million beds for tourists; trend towards increase of bed capacity
According to an annual survey of tourism capacity from November 2012 until October 2013 around 1.10 million bed places in 64 000 accommodation establishments were listed.

Tyrol (23.100 respectively 350.800) and Salzburg (11.400 respectively 210.000) which listed the most nights spent by tourists, offered around half of all accommodation establishments and bed capacity.

Development of the occupancy rate (in%) by type of accommodation in the summer seasons 2004-2013



S: STATISTICS AUSTRIA, Tourism Statistics. Compiled on 15 January 2014. - Without campsites - 1) Sanatoria, youth hostels, refuges, Child and youth recreation homes, mattresses on the floor.

Occupancy ratio¹⁾ (based on beds) in % separated by the winter season 2012/13 and the summer season 2013

| Type of accommodation | Austrian Laender | | | | | | | | | | | | | | | | | | | |
|---|------------------|-------------|-------------|-------------|---------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Burgenland | | Carinthia | | Lower Austria | | Upper Austria | | Salzburg | | Styria | | Tyrol | | Vorarlberg | | Vienna | | Total | |
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Winter season (November - April) | | | | | | | | | | | | | | | | | | | | |
| 5-/4-star accommodation establishments | 42.6 | 43.1 | 34.9 | 34.0 | 35.3 | 33.5 | 36.2 | 35.1 | 51.0 | 51.2 | 46.4 | 45.4 | 58.1 | 58.4 | 53.9 | 54.8 | 50.8 | 47.4 | 49.6 | 49.0 |
| 3-star accommodation establishments | 16.6 | 14.4 | 20.6 | 19.7 | 17.4 | 17.1 | 22.3 | 22.4 | 41.2 | 41.3 | 26.5 | 25.5 | 47.1 | 47.4 | 43.7 | 45.8 | 50.5 | 46.6 | 36.1 | 35.7 |
| 2-/1-star accommodation establishments | 11.9 | 9.0 | 10.9 | 10.8 | 12.2 | 12.0 | 16.2 | 15.8 | 33.8 | 35.9 | 18.9 | 18.3 | 37.1 | 37.8 | 33.6 | 35.1 | 40.0 | 36.4 | 28.0 | 28.4 |
| Hotels and similar establishments | 28.5 | 27.4 | 25.0 | 24.5 | 23.2 | 22.4 | 25.1 | 24.9 | 44.8 | 45.3 | 33.1 | 32.4 | 49.6 | 50.1 | 46.6 | 48.3 | 49.6 | 46.0 | 40.6 | 40.4 |
| Holiday dwellings (commercial) | 4.1 | 3.9 | 21.0 | 22.4 | 7.9 | 7.8 | 14.4 | 13.9 | 36.5 | 36.7 | 28.2 | 26.9 | 43.2 | 44.3 | 39.9 | 42.4 | 21.8 | 23.0 | 35.5 | 36.1 |
| Rest ²⁾ | 40.7 | 27.1 | 26.7 | 25.4 | 31.4 | 32.2 | 33.0 | 31.4 | 44.6 | 43.1 | 26.9 | 25.1 | 24.4 | 22.5 | 21.6 | 25.6 | 50.3 | 50.9 | 32.7 | 31.8 |
| Commercial accommodations | 28.1 | 26.2 | 24.6 | 24.3 | 24.5 | 24.0 | 26.3 | 25.9 | 43.5 | 43.7 | 31.7 | 30.7 | 47.1 | 47.5 | 42.5 | 45.0 | 49.4 | 46.1 | 39.2 | 38.9 |
| Private accommodations excluding farms | 5.0 | 4.1 | 8.7 | 8.2 | 11.4 | 11.5 | 12.1 | 13.7 | 24.5 | 24.7 | 15.0 | 15.0 | 24.5 | 25.3 | 30.1 | 32.3 | 14.5 | 24.3 | 20.6 | 21.1 |
| Private accommodations on farms | 5.4 | 5.0 | 6.8 | 6.0 | 11.9 | 11.0 | 8.5 | 9.2 | 21.7 | 23.0 | 11.7 | 11.7 | 19.5 | 20.6 | 26.0 | 26.3 | - | - | 16.0 | 16.5 |
| Private holiday dwellings excluding farms | 5.2 | 4.5 | 13.4 | 12.9 | 11.1 | 10.1 | 12.1 | 12.4 | 27.4 | 29.4 | 19.6 | 18.8 | 33.5 | 34.9 | 25.9 | 28.3 | - | - | 27.4 | 28.7 |
| Private holiday dwellings on farms | 6.6 | 5.7 | 9.0 | 9.2 | 6.6 | 7.6 | 10.1 | 10.1 | 25.2 | 26.5 | 13.0 | 12.1 | 28.0 | 29.7 | 30.7 | 31.8 | - | - | 22.0 | 22.9 |
| Private accommodations | 5.3 | 4.5 | 11.4 | 11.0 | 10.8 | 10.6 | 11.0 | 11.7 | 25.9 | 27.4 | 15.8 | 15.4 | 29.8 | 31.2 | 27.1 | 29.3 | 14.5 | 24.3 | 24.0 | 25.0 |
| Total¹⁾ | 23.8 | 22.1 | 21.1 | 20.9 | 22.2 | 21.8 | 23.6 | 23.5 | 38.2 | 38.9 | 27.5 | 26.8 | 41.2 | 41.9 | 36.8 | 39.1 | 49.2 | 46.0 | 34.9 | 35.2 |
| Summer season (May - October) | | | | | | | | | | | | | | | | | | | | |
| 5-/4-star accommodation establishments | 52.8 | 53.9 | 55.1 | 52.5 | 45.8 | 44.3 | 48.4 | 47.1 | 51.8 | 50.9 | 52.0 | 51.3 | 49.7 | 49.6 | 36.9 | 43.9 | 64.5 | 61.9 | 51.6 | 51.4 |
| 3-star accommodation establishments | 40.1 | 38.6 | 37.7 | 37.8 | 30.6 | 28.2 | 37.2 | 37.1 | 34.7 | 34.7 | 30.4 | 31.7 | 36.7 | 36.6 | 34.0 | 36.7 | 61.0 | 60.2 | 36.9 | 37.0 |
| 2-/1-star accommodation establishments | 29.2 | 22.6 | 22.3 | 22.2 | 17.4 | 18.1 | 25.8 | 25.0 | 24.7 | 24.3 | 18.3 | 21.3 | 23.7 | 23.9 | 24.8 | 26.3 | 52.2 | 46.2 | 24.7 | 24.8 |
| Hotels and similar establishments | 44.1 | 43.0 | 41.1 | 40.3 | 33.4 | 32.0 | 37.1 | 36.6 | 41.2 | 41.0 | 36.9 | 38.0 | 39.4 | 39.5 | 33.7 | 37.9 | 62.1 | 59.5 | 41.0 | 41.0 |
| Holiday dwellings (commercial) | 30.1 | 29.0 | 29.3 | 29.6 | 16.0 | 12.7 | 22.7 | 22.3 | 20.0 | 21.2 | 17.7 | 17.8 | 21.1 | 21.5 | 21.5 | 21.6 | 36.3 | 39.3 | 22.2 | 22.7 |
| Rest ²⁾ | 44.7 | 31.6 | 29.5 | 29.1 | 36.6 | 36.0 | 38.9 | 39.4 | 27.8 | 27.9 | 27.8 | 27.3 | 19.4 | 19.2 | 23.9 | 25.6 | 67.4 | 63.5 | 30.3 | 30.0 |
| Commercial accommodations | 43.4 | 40.9 | 37.7 | 37.2 | 33.9 | 32.6 | 36.9 | 36.7 | 35.9 | 35.9 | 33.4 | 34.0 | 35.0 | 35.1 | 31.2 | 34.4 | 62.3 | 59.6 | 37.5 | 37.5 |
| Private accommodations excluding farms | 25.0 | 22.8 | 15.5 | 15.2 | 21.0 | 20.2 | 22.9 | 22.5 | 13.7 | 14.5 | 18.8 | 20.1 | 13.3 | 14.2 | 17.3 | 17.7 | 29.0 | 34.9 | 16.1 | 16.7 |
| Private accommodations on farms | 37.9 | 36.1 | 17.2 | 16.6 | 24.4 | 23.0 | 19.5 | 19.8 | 17.2 | 18.5 | 21.1 | 22.1 | 14.8 | 15.1 | 18.3 | 16.9 | - | - | 18.5 | 18.9 |
| Private holiday dwellings excluding farms | 25.5 | 24.0 | 17.4 | 17.6 | 16.8 | 15.9 | 21.3 | 21.4 | 13.5 | 14.4 | 14.6 | 15.3 | 15.6 | 16.2 | 15.6 | 15.6 | - | - | 15.6 | 16.1 |
| Private holiday dwellings on farms | 35.8 | 33.0 | 20.2 | 20.7 | 18.8 | 18.8 | 26.5 | 27.3 | 19.6 | 20.8 | 17.6 | 17.2 | 20.2 | 21.4 | 24.3 | 27.0 | - | - | 20.6 | 21.5 |
| Private accommodations | 28.1 | 26.0 | 17.3 | 17.3 | 20.6 | 19.7 | 22.5 | 22.6 | 14.9 | 15.9 | 17.6 | 18.4 | 15.5 | 16.2 | 16.8 | 17.0 | 29.0 | 34.9 | 16.7 | 17.2 |
| Total¹⁾ | 39.9 | 37.5 | 31.3 | 31.1 | 31.6 | 30.4 | 34.1 | 33.9 | 29.5 | 30.0 | 29.2 | 30.0 | 28.4 | 28.7 | 25.9 | 27.7 | 62.1 | 59.5 | 31.6 | 31.9 |

S: STATISTICS AUSTRIA, Tourism Statistics. Compiled on 15 January 2014. – 1) Without campsites. – 2) Sanatoria, youth hostels, refuges, Child and youth recreation homes, mattresses on the floor.

4.1.4 Winter season. 5 and 4 stars hotels.

Regarding particular regions, it was estimated that the highest 5 and 4 stars hotels' occupancy rate belongs to Tyrol region (more than 58%), followed by Vorarlberg (appr.54%) and by Vienna (appr. 50%) in winter time. The lowest rate belongs to Carinthia region.

4.1.5 Summer season 5 and 4 stars hotels.

During the summer season Vienna region's 5 and 4 star hotels are occupied by more than 60%, while Carinthia and Burgenland demonstrates appr. 53%.The lowest rate belongs to Vorarlberg with appr.40%.

4.1.6 Winter season, 3 stars hotels.

The highest 3 star hotels occupancy rate belongs to Vienna region (46-47%) and Tyrol region with 47%. The lowest rate has Burgenland region (15%).

4.1.7 Summer season. 3 stars hotels.

During the summer season Vienna region's 3 star hotels are occupied by 60% followed by Burgenland region with 39%.

4.1.8 Conclusion.

Despite the fact that Vienna region demonstrates high occupancy rate it should be noticed that there is a negative trend: occupancy rates during both seasons in 5,4,3 star hotels are declined in 2013 after 2012 year by 2-4%. Tyrol and Salzburg regions show the gradual growth (1-2%). Finally, the highest growth rate during both seasons, all types of accommodation and among all regions demonstrate 5-/4-star accommodation establishments in Vorarlberg during summer season – 7% of occupancy rate growth.

The 5 and 4 stars hotels during the winter and summer season have the highest occupancy rates in Austria.

4.1.9 Recommendation

Invest in 3 star hotels in Vienna and in 5 and 4 stars hotels in Tyrol and Salzburg (due to stability) and in Vorarlberg (taking into account positive changes)

4.2 Bulgaria

4.2.1 Key Tourism Destinations

From a tourism perspective, the most popular destinations are along the coastline, the Ski resorts and the Spa & Wellness resorts. The Black Sea Coast is dominated by the larger more successful summer resorts such as those at Sunny Beach, Pomorie, Sozopol, St. Vlas, Albena and Balchik, which are serviced by two main airports at Bourgas and Varna.

According to Eurostat, the Black Sea coastal region Yugoiztochen was included in the list of most popular regions in EU for visitors in 2011, with 18 mn total nights spent in country (million nights): 6 mn nights are spent by residents what means 27% of share of most popular region in national total and 12 mn nights are spent by non- residents what means 45 % of share of most popular region in national total.

The mountain destinations have grown in popularity substantially in recent years, the most successful one being at Bansko, the other two main Skiing resorts being Borovets and Pamporovo. Skiing is also available in Sofia on Vitosha Mountain. (Bulgariaski.com, 2013)

4.2.2 Accomodation capacity Bulgaria

From the tables below it is obvious that the majority of accommodation establishments in Bulgaria are 1, and 2 stars category. In South-West region and South Central region the highest amount of revenues from nights spent in 1,2,3 stars hotels was estimated, while North-West region showed the lowest result.

Further, the most of accommodation of category 5 star is located in South Central and South-West regions as well. But the number of 5 star category accommodation is the lowest in comparison with other categories. Moreover, 5 star hotels, situated in South West region brought the highest amount of revenues from nights spent.

Table 14 Accommodation establishments category 1 and 2 stars in November 2013

| Statistical zones Statistical regions Districts | Accommodation establishments- # | Bed-places - # | Available bed-nights - number | Nights spent - number | | Arrivals in accommodation establishments - number | | Total | Of which: by foreigners |
|---|---------------------------------|----------------|-------------------------------|-----------------------|-------------------------|---|-------------------------|----------------|-------------------------|
| | | | | Total | Of which: by foreigners | Total | Of which: by foreigners | | |
| Total | 1057 | 39876 | 1183095 | 189947 | 25567 | 85608 | 9168 | 5066862 | 828812 |
| <i>North and South-East Bulgaria</i> | 547 | 21111 | 624404 | 110584 | 14505 | 46454 | 3890 | 2929322 | 455107 |
| North-West region | 118 | 3918 | 114496 | 14688 | 592 | 8465 | 347 | 422648 | 21524 |
| Vidin | 22 | 359 | 11616 | 1079 | 180 | 647 | 128 | 30684 | 4518 |

| | | | | | | | | | |
|--|------------|--------------|---------------|--------------|--------------|--------------|-------------|----------------|---------------|
| Vratsa | 23 | 706 | 20880 | 4261 | 183 | 1920 | 106 | 97342 | 6258 |
| Lovech | 45 | 1841 | 51640 | 5210 | 19 | 3456 | 11 | 185114 | 714 |
| Montana | 16 | 655 | 19650 | 1781 | 142 | 1342 | 58 | 65415 | 7338 |
| Pleven | 12 | 357 | 10710 | 2357 | 68 | 1100 | 44 | 44093 | 2696 |
| North Central region | 173 | 6720 | 202322 | 25649 | 2310 | 15527 | 1489 | 732723 | 82899 |
| Veliko Tarnovo | 88 | 3739 | 111960 | 12667 | 905 | 8365 | 650 | 339445 | 27343 |
| Gabrovo | 26 | 1227 | 37682 | 3104 | 27 | 1742 | 13 | 67421 | 1367 |
| Razgrad | 11 | 406 | 12180 | 1498 | 286 | 918 | 217 | 51843 | 10643 |
| Ruse | 30 | 900 | 27000 | 6356 | 746 | 3205 | 496 | 206419 | 31237 |
| Silistra | 18 | 448 | 13500 | 2024 | 346 | 1297 | 113 | 67595 | 12309 |
| North-East region | 118 | 4508 | 134080 | 22997 | 2626 | 9558 | 924 | 685820 | 158412 |
| Varna | 53 | 2253 | 67350 | 10819 | 1562 | 4545 | 537 | 364913 | 116287 |
| Dobrich | 16 | 661 | 18910 | 2039 | 86 | 652 | 44 | 44992 | 2643 |
| Targovishte | 20 | 838 | 25140 | 6373 | 801 | 2158 | 244 | 176867 | 33628 |
| Shumen | 29 | 756 | 22680 | 3766 | 177 | 2203 | 99 | 99048 | 5854 |
| South-East region | 138 | 5965 | 173506 | 47250 | 8977 | 12904 | 1130 | 1088131 | 192272 |
| Burgas | 39 | 2045 | 58126 | 18542 | 7666 | 5124 | 772 | 462142 | 140703 |
| Sliven | 56 | 1639 | 49170 | 8958 | 577 | 2928 | 149 | 215899 | 15809 |
| Stara Zagora | 29 | 1850 | 53280 | 14406 | 715 | 4242 | 200 | 309890 | 35005 |
| Yambol | 14 | 431 | 12930 | 5344 | 19 | 610 | 9 | 100200 | 755 |
| South-West and South Central Bulgaria | 510 | 18765 | 558691 | 79363 | 11062 | 39154 | 5278 | 2137540 | 373705 |
| South-West region | 216 | 9076 | 268321 | 41167 | 7061 | 22277 | 3462 | 1157970 | 272688 |
| Blagoevgrad | 72 | 3038 | 88929 | 11305 | 1873 | 6068 | 871 | 260721 | 51589 |
| Kyustendil | 40 | 1966 | 58980 | 6196 | 402 | 3236 | 247 | 116169 | 12938 |
| Pernik | 14 | 495 | 14850 | 1518 | 33 | 1009 | 31 | 37284 | 515 |
| Sofia | 40 | 1456 | 42356 | 5480 | 79 | 2955 | 58 | 137087 | 2634 |
| Sofia cap. | 50 | 2121 | 63206 | 16668 | 4674 | 9009 | 2255 | 606709 | 205012 |
| South Central region | 294 | 9689 | 290370 | 38196 | 4001 | 16877 | 1816 | 979570 | 101017 |
| Kardzhali | 25 | 721 | 21630 | 2739 | 414 | 2013 | 346 | 79035 | 15748 |
| Pazardzhik | 33 | 1443 | 43290 | 4479 | 323 | 2472 | 131 | 137716 | 14304 |
| Plovdiv | 82 | 3251 | 97530 | 18698 | 802 | 6688 | 376 | 483540 | 26179 |
| Smolyan | 125 | 3385 | 101250 | 4046 | 29 | 2416 | 19 | 83413 | 683 |
| Haskovo | 29 | 889 | 26670 | 8234 | 2433 | 3288 | 944 | 195866 | 44103 |

Table 15 Accommodation establishments category 3 stars in November 2013

| Statistical zones Statistical regions Districts | Accommodation establishments - number | Bed-places - number | Available bed-nights - number | Nights spent - number | | Arrivals in accommodation establishments - number | | Total | Of which: by foreigners |
|---|---------------------------------------|---------------------|-------------------------------|-----------------------|-------------------------|---|----------------------|----------------|-------------------------|
| | | | | Total | Of which: by foreigners | Total | Of which: foreigners | | |
| Total | 561 | 28987 | 850745 | 162925 | 34925 | 87113 | 14516 | 6296254 | 1570713 |
| <i>North and South-East Bulgaria</i> | 254 | 13986 | 409617 | 74640 | 15506 | 38240 | 5435 | 2881159 | 665036 |
| North-West region | 47 | 2675 | 77397 | 17178 | 2516 | 9444 | 1005 | 590037 | 122181 |
| Vidin | 13 | 491 | 14730 | 3175 | 818 | 2199 | 308 | 125149 | 39018 |
| Vratsa | 4 | 275 | 8250 | 2425 | 668 | 1147 | 264 | 92535 | 24912 |
| Lovech | 17 | 1105 | 33150 | 6793 | 296 | 3222 | 71 | 191794 | 8194 |
| Montana | 6 | 331 | 9930 | 1332 | 130 | 688 | 84 | 36613 | 8920 |
| Pleven | 7 | 473 | 11337 | 3453 | 604 | 2188 | 278 | 143946 | 41137 |
| North Central region | 61 | 2642 | 76330 | 15880 | 2207 | 9860 | 1355 | 601722 | 108596 |
| Veliko Tarnovo | 16 | 571 | 17130 | 2394 | 318 | 1690 | 267 | 94714 | 16766 |
| Gabrovo | 28 | 1230 | 33970 | 6636 | 436 | 3696 | 194 | 216925 | 14712 |
| Razgrad | 5 | 202 | 6060 | 1547 | 112 | 1016 | 67 | 53099 | 4622 |
| Ruse | 12 | 639 | 19170 | 5303 | 1341 | 3458 | 827 | 236984 | 72496 |
| Silistra | - | - | - | - | - | - | - | - | - |
| North-East region | 71 | 4566 | 136020 | 19806 | 5954 | 9737 | 1600 | 841101 | 216221 |
| Varna | 45 | 3382 | 100560 | 15403 | 5095 | 7165 | 1226 | 647083 | 173366 |
| Dobrich | 12 | 893 | 26790 | 2510 | 515 | 1610 | 235 | 120000 | 25436 |
| Targovishte | 1 | 34 | 1020 | .. | .. | .. | .. | .. | .. |
| Shumen | 13 | 257 | 7650 | .. | .. | .. | .. | .. | .. |
| South-East region | 75 | 4103 | 119870 | 21776 | 4829 | 9199 | 1475 | 848299 | 218038 |
| Burgas | 32 | 2347 | 68109 | 9680 | 2432 | 3875 | 566 | 310859 | 65032 |
| Sliven | 21 | 575 | 17250 | 2724 | .. | 1126 | .. | 91944 | .. |

| | | | | | | | | | |
|--|------------|--------------|---------------|--------------|--------------|--------------|-------------|----------------|---------------|
| Stara Zagora | 16 | 867 | 25181 | 5812 | 1100 | 3042 | 444 | 261720 | 69410 |
| Yambol | 6 | 314 | 9330 | 3560 | .. | 1156 | .. | 183776 | .. |
| South-West and South Central Bulgaria | 307 | 15001 | 441128 | 88285 | 19419 | 48873 | 9081 | 3415095 | 905677 |
| South-West region | 137 | 7517 | 216658 | 41619 | 13520 | 23931 | 6257 | 1761647 | 645603 |
| Blagoevgrad | 74 | 3545 | 100979 | 11158 | 2516 | 6246 | 1131 | 424044 | 79813 |
| Kyustendil | 10 | 389 | 11670 | .. | .. | .. | .. | .. | .. |
| Pernik | 2 | 132 | 3960 | .. | .. | .. | .. | .. | .. |
| Sofia | 16 | 1223 | 35389 | 5373 | 224 | 3006 | 126 | 151739 | 7416 |
| Sofia cap. | 35 | 2228 | 64660 | 23422 | 10316 | 13560 | 4721 | 1126359 | 539813 |
| South Central region | 170 | 7484 | 224470 | 46666 | 5899 | 24942 | 2824 | 1653448 | 260074 |
| Kardzhali | 6 | 251 | 7530 | 3000 | 523 | 1659 | 304 | 105033 | 22915 |
| Pazardzhik | 9 | 740 | 22200 | 8071 | 81 | 3513 | 20 | 227623 | 3511 |
| Plovdiv | 62 | 2877 | 86310 | 23555 | 3862 | 12738 | 1690 | 918844 | 172241 |
| Smolyan | 84 | 3116 | 93430 | 8294 | 485 | 4625 | 181 | 237776 | 16530 |
| Haskovo | 9 | 500 | 15000 | 3746 | 948 | 2407 | 629 | 164172 | 44877 |

Table 16 Accommodation establishments' category 4 and 5 stars in November 2013

| Statistical zones Statistical regions Districts | Accommodation establishments - number | Bed-places - number | Available bed-nights - number | Nights spent - number | | Arrivals in accommodation establishments - number | | Total | Of which: by foreigners |
|---|---------------------------------------|---------------------|-------------------------------|-----------------------|-------------------------|---|-------------------------|-----------------|-------------------------|
| | | | | Total | Of which: by foreigners | Total | Of which: by foreigners | | |
| Total | 177 | 31555 | 908623 | 249673 | 112486 | 130988 | 51757 | 16425882 | 8912572 |
| <i>North and South-East</i> | 67 | 11236 | 320251 | 63447 | 26302 | 29806 | 7474 | 3809264 | 1581706 |

| | | | | | | | | | |
|--|------------|--------------|---------------|---------------|--------------|---------------|--------------|-----------------|----------------|
| Bulgaria | | | | | | | | | |
| North-West region | 11 | 1190 | 30081 | 10283 | 2623 | 5953 | 669 | 444055 | 103241 |
| Vidin | 1 | 91 | 2730 | .. | .. | .. | .. | .. | .. |
| Vratsa | - | - | - | - | - | - | - | - | - |
| Lovech | 6 | 635 | 19050 | 6783 | 2218 | 3629 | 466 | 279649 | 78540 |
| Montana | 2 | 146 | 4380 | .. | .. | .. | .. | .. | .. |
| Pleven | 2 | 318 | 3921 | .. | .. | .. | .. | .. | .. |
| North Central region | 13 | 1538 | 46140 | 10510 | 2721 | 6201 | 1670 | 699176 | 237611 |
| Veliko Tarnovo | 7 | 840 | 25200 | 6201 | 1325 | 3783 | 986 | 384010 | 99660 |
| Gabrovo | 2 | 348 | 10440 | .. | .. | .. | .. | .. | .. |
| Razgrad | - | - | - | - | - | - | - | - | - |
| Ruse | 2 | 171 | 5130 | .. | .. | .. | .. | .. | .. |
| Silistra | 2 | 179 | 5370 | .. | .. | .. | .. | .. | .. |
| North-East region | 24 | 5683 | 161026 | 28378 | 15645 | 9978 | 3177 | 1418971 | 761940 |
| Varna | 20 | 4828 | 144840 | 25242 | 14909 | 8194 | 2796 | 1297736 | 732991 |
| Dobrich | 3 | 545 | 6886 | .. | .. | .. | .. | .. | .. |
| Targovishte | - | - | - | - | - | - | - | - | - |
| Shumen | 1 | 310 | 9300 | .. | .. | .. | .. | .. | .. |
| South-East region | 19 | 2825 | 83004 | 14276 | 5313 | 7674 | 1958 | 1247062 | 478914 |
| Burgas | 10 | 1876 | 54534 | 9002 | 3993 | 4403 | 1367 | 829498 | 360044 |
| Sliven | 2 | 238 | 7140 | .. | .. | .. | .. | .. | .. |
| Stara Zagora | 7 | 711 | 21330 | .. | .. | .. | .. | .. | .. |
| Yambol | - | - | - | - | - | - | - | - | - |
| South-West and South Central Bulgaria | 110 | 20319 | 588372 | 186226 | 86184 | 101182 | 44283 | 12616618 | 7330866 |
| South-West region | 70 | 14610 | 424849 | 133961 | 77377 | 73846 | 40461 | 9441259 | 6712268 |
| Blagoevgrad | 21 | 4857 | 132259 | 34147 | 10521 | 18156 | 5102 | 1555712 | 617474 |
| Kyustendil | 1 | 92 | 2760 | .. | .. | .. | .. | .. | .. |
| Pernik | - | - | - | - | - | - | - | - | - |
| Sofia | 8 | 2492 | 74760 | .. | .. | .. | .. | .. | .. |
| Sofia cap. | 40 | 7169 | 215070 | 90184 | 65023 | 49742 | 34468 | 7513145 | 6004124 |
| South Central region | 40 | 5709 | 163523 | 52265 | 8807 | 27336 | 3822 | 3175359 | 618598 |
| Kardzhali | - | - | - | - | - | - | - | - | - |
| Pazardzhik | 15 | 1851 | 52133 | 21273 | 1537 | 10111 | 455 | 1289371 | 118097 |
| Plovdiv | 17 | 2765 | 78600 | 25589 | 6560 | 14056 | 2930 | 1606827 | 459646 |
| Smolyan | 7 | 1016 | 30480 | .. | .. | .. | .. | .. | .. |
| Haskovo | 1 | 77 | 2310 | .. | .. | .. | .. | .. | .. |

In November 2013, the total occupancy of the bed-places in accommodation establishments was 20.5% and the highest was in 4 and 5 stars accommodation establishments - 27.5%, followed by these with 3 stars - 19.2%, and with 1 and 2 stars - 16.1%.

In October 2013, the total occupancy of the bed-places in accommodation establishments was 19.8% and the highest it was in 4 and 5 stars accommodation establishments - 25.0%, followed by these with 3 stars - 19.2%, and with 1 and 2 stars - 15.1%.

In September 2013, the total occupancy of the bed-places in accommodation establishments was 34.7% and the highest was it in 4 and 5 stars accommodation establishments - 44.9%, followed by these with 3 stars - 33.7%, and these with 1 and 2 stars - 21.3%. I

In August 2013, the total occupancy of the bed-places in accommodation establishments was 59.5% and the highest was in 4 and 5 stars accommodation establishments - 72.1%, followed by these with 3 stars - 63.3%, and with 1 and 2 stars - 39.9%. I

In July 2013, the total occupancy of the bed-places in accommodation establishments was 58.8% as the highest it was in 4 and 5 stars accommodation establishments - 70.6%, followed by these with 3 stars - 62.3% and with 1 and 2 stars - 40.7%

In June 2013, the total occupancy of the bed-places in accommodation establishments was 46.9% as the highest it was in 4 and 5 stars accommodation establishments - 59.9%, followed by these with 3 stars - 49.5% and with 1 and 2 stars - 27.1%.

In May 2013, the total occupancy of the bed-places in accommodation establishments was 22.1% as the highest it was in 4 and 5 stars accommodation establishments - 27.8%, followed by these with 3 stars - 21.1% and with 1 and 2 stars - 13.7%

In April 2013, the total occupancy of the bed-places in accommodation establishments was 18.2% as the highest it was in 4 and 5 stars accommodation establishments - 22.0%, followed by these with 3 stars - 20.8% and with 1 and 2 stars - 13.0%.

In March 2013, the total occupancy of the bed-places in accommodation establishments was 20.0% as the highest it was in 4 and 5 stars accommodation establishments - 29.1%, followed by these with 3 stars - 20.6% and with 1 and 2 stars - 12.5%.

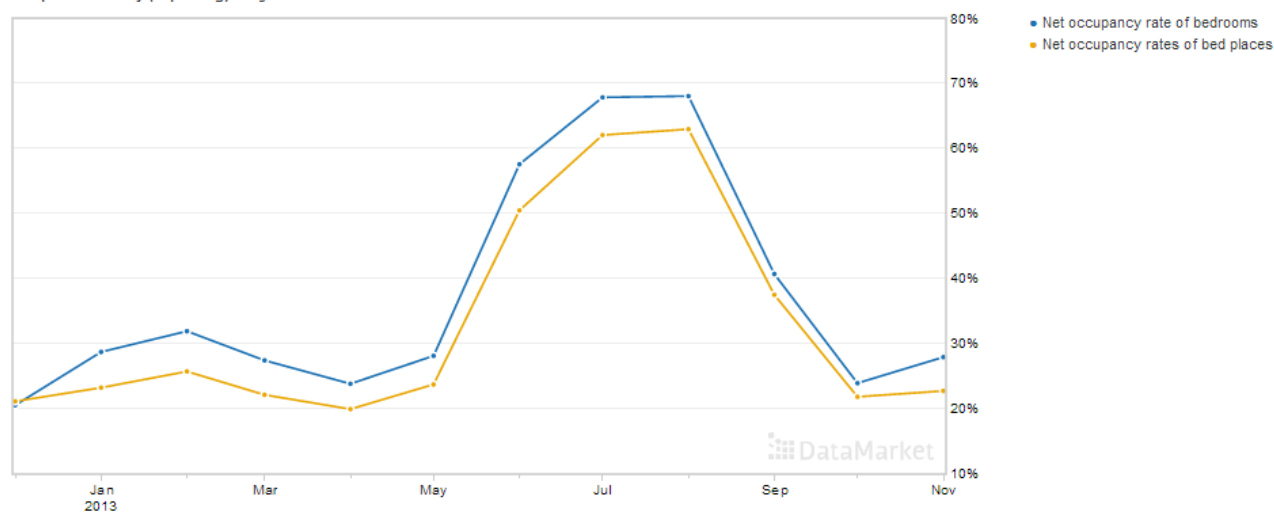
In February 2013, the total occupancy of the bed-places in accommodation establishments was 23.4% as the highest it was in 4 and 5 stars accommodation establishments - 34.7%, followed by these with 3 stars - 23.6% and with 1 and 2 stars - 14.4%.

In January 2013, the total occupancy of the bed-places in accommodation establishments was 20.7% as the highest it was in 4 and 5 stars accommodation establishments - 32.1%, followed by these with 3 stars - 20.4% and with 1 and 2 stars - 12.4%

Figure 6 Net occupancy rate of bed-places and bedrooms in hotels and similar accommodation in Bulgaria

Net occupancy rate of bed-places and bedrooms in hotels and similar accommodations (NACE Rev. 2, I, 55.1) - monthly data

Geopolitical entity (reporting): Bulgaria Units: %



Source: Eurostat

4.2.3 Conclusion

The highest occupancy rate was indicated in 4 and 5 star accommodation, followed by 3 star and 1-2 stars.

4.2.4 Recommendation:

It is recommended to invest in 4-5 star hotels in South West region in Bulgaria due to high occupancy rate, arrivals and revenue from nights spent. It is highly recommended to invest into 4-5 star hotels on the coastal line, as the summer season is a peak of occupancy rates. Also South west (Yugoiztochen) region could be considered as a good opportunity due to its popularity among tourists. Sofia and Varna should be taken into account by investors.

4.3 Czech Republic

The Czech Republic continues to successfully build and reinforce its position as an established European tourism destination. The Czech Republic has become one of the major tourist destinations in Europe. The capital, Prague, is the most popular destination. Other highly-visited destinations include Karlštejn Castle (Středočeský region), Kutná Hora (Středočeský), Český Krumlov (Jihočeský), České Budějovice (Jihočeský) and Lednice (Jihomoravský). Further Karlovarský region is world famous for its SPAs (Karlovy Vary, Mariánské Lázně and others).

4.3.1 Accommodation capacity in Czech Republic

According to table (17) below, 3 star hotels take a leadership among 1 to 5 star categories hotels. There was 184 three-star hotel, 178 four-star hotels and only 42 five-star hotels in Prague in 2012. In Jihočeský region there is only 1 five-star hotel. There are 97 three-star hotels, 82 four-star and 6 five-star hotels in the market of West Bohemian Spa region (Karlovy Vary).

Table 17 Number of collective accommodation establishments by category of accommodation establishment in Czech Republic

| Year | Czech Republic | | | | | | | | | | | |
|------|----------------|----|-----|-------|-----|-----|--|-----------------|--------------------|-------------------|----------------------|--------------|
| | Total | 5* | 4* | 3* | 2* | 1* | C t h e r G a r n i | Boarding Houses | Tourists Campsites | Holiday Dwellings | Hostels for Tourists | Other n.e.c. |
| 2011 | 7 657 | 50 | 467 | 1 156 | 211 | 139 | 1 1 2 | 2 477 | 487 | 299 | 619 | 1 640 |
| 2012 | 7 631 | 56 | 490 | 1 218 | 217 | 137 | 1 1 0 | 2 444 | 487 | 297 | 592 | 1 583 |

Source: czso.cz, 2013

Tables below provide information about occupancy rates in different categories of accommodation. The highest occupancy rate belongs to 5-star hotel in Czech Republic, followed by 4 and 3* hotels. The same trend could be noticed in Prague region, when Karlovarsky region (West Bohemian Spa region) shows different indicators: there 4* hotels take a leading position, followed by 5* and 3* hotels.

Table 18 Net use of beds (NUB) and use of rooms (UR) at hotels and similar accommodation establishments by category of accommodation establishment in the Czech Republic (in %)

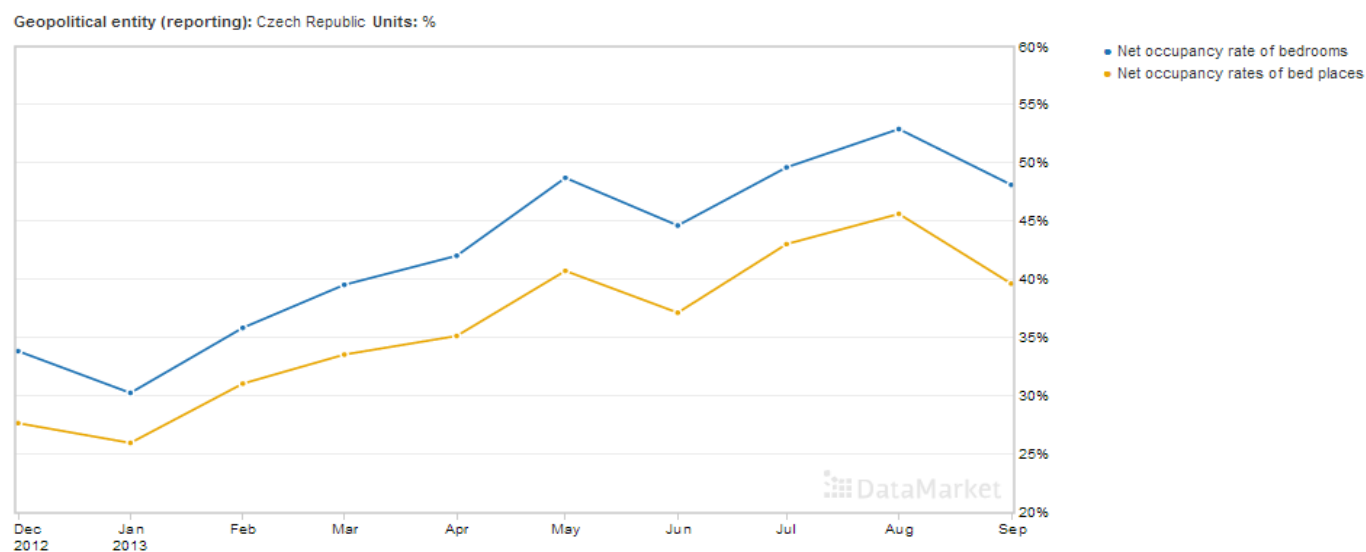
| Year | Hotels and similar establishments | Hotels 5* | Hotels 4* | Hotels 3* |
|------|-----------------------------------|-----------|-----------|-----------|
| | | | | |

| | <i>NUB</i> | <i>UR</i> | <i>NUB</i> | <i>UR</i> | <i>NUB</i> | <i>UR</i> | <i>NUB</i> | <i>UR</i> | <i>NUB</i> | <i>UR</i> |
|-------------------------------|-------------|-------------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|
| Prague | 54,5 | 60,6 | 57,9 | 65,3 | 57,4 | 62,4 | 51,1 | 57,5 | 44,7 | 51,0 |
| Karlovarský Region | 51,5 | 58,6 | 50,2 | 58,6 | 61,4 | 67,1 | 47,1 | 54,0 | 21,3 | 26,3 |
| Středočeský Region | 26,5 | 32,5 | n/a | n/a | 33,8 | 40,0 | 27,8 | 33,6 | 18,6 | 23,4 |
| Jihočeský Region | 26,8 | 32,4 | n/a | n/a | 42,2 | 48,7 | 25,9 | 30,0 | 19,0 | 23,2 |
| Plzeňský Region | 24,9 | 31,0 | n/a | n/a | 33,7 | 41,4 | 27,2 | 32,5 | 18,5 | 22,8 |
| Ústecký Region | 20,7 | 25,2 | n/a | n/a | 29,0 | 36,3 | 20,8 | 24,4 | 17,0 | 20,3 |
| Zlínský Region | 31,1 | 37,0 | n/a | n/a | 43,1 | 50,4 | 32,7 | 37,5 | 24,5 | 29,0 |
| Liberecký Region | 29,5 | 35,6 | n/a | n/a | 41,8 | 50,6 | 33,2 | 39,7 | 22,3 | 25,3 |
| Královéhradecký Region | 30,3 | 35,3 | n/a | n/a | 42,1 | 46,4 | 32,2 | 37,9 | 24,9 | 28,0 |
| Pardubický Region | 22,8 | 27,1 | n/a | n/a | 42,5 | 45,4 | 24,7 | 27,4 | 19,3 | 24,0 |
| Vysočina Region | 22,4 | 27,0 | n/a | n/a | 22,4 | 27,6 | 25,1 | 30,2 | 19,1 | 22,3 |
| Jihomoravský Region | 24,9 | 30,8 | n/a | n/a | 31,7 | 37,7 | 27,2 | 34,2 | 18,7 | 22,1 |

| | | | | | | | | | | |
|-------------------------------|------|------|-----|-----|------|---|------|------|------|------|
| | | | | | | , | | | | |
| | | | | | | 1 | | | | |
| Olomoucký Region | 25,4 | 30,0 | n/a | n/a | 39,8 | 4 | 27,9 | 31,9 | 20,9 | 24,4 |
| | | | | | | 5 | | | | |
| | | | | | | 1 | | | | |
| Moravskoslezský Region | 24,2 | 29,7 | n/a | n/a | 30,6 | 4 | 26,7 | 29,9 | 19,5 | 23,5 |
| | | | | | | 0 | | | | |
| | | | | | | 0 | | | | |

Source: czso.cz, 2014

Figure 7 Net occupancy rate of bed-places and bedrooms in hotels and similar accommodation Czech Republic



Source: Eurostat

Source: Datamarket.com, 2014

According to table below number of overnight stays in 3 and 4 star hotels are in several times more than 5 star hotels.

Table 20 Occupancy in collective accommodation establishments by category of accommodation establishment in the Czech Republic

| Year / Quarter | Number of Overnight stays | | | | |
|----------------|---------------------------|-----------------------------------|--------------|-------------|--------------|
| | Total | Hotels and similar establishments | Hotels ***** | Hotels **** | Other Hotels |
| 2009 | 36 662 192 | 25 340 559 | 1 790 499 | 8 809 782 | 11 777 456 |
| 2010 | 36 908 811 | 26 358 475 | 2 070 185 | 9 842 084 | 11 633 819 |

| | | | | | |
|-------------|------------|------------|-----------|------------|------------|
| 2011 | 38 235 088 | 27 879 842 | 2 254 909 | 10 826 311 | 11 857 487 |
| 2012 | 39 567 512 | 29 358 559 | 2 393 517 | 11 423 697 | 12 608 807 |

Source: czso.cz, 2014

4.3.2 Recommendation:

Invest into 5-star hotel in Prague due to high occupancy rate as well as 3star hotels due to big volume of overnights. Further 4 star hotels region (West Bohemian Spa region) could be considered as good for investments due highest occupancy rate combined with great number of overnights. Investment in construction of new 5 star hotels in Jihočeský region could bring profit due to lack of competitors

4.4 France

4.4.1 Key tourism destinations

Paris is top of French destinations, Provence and the French Riviera, the Loire Valley, the Atlantic seaboard and South-West France still appeal as much to foreign visitors for whom France has been a favorite destination since the 1990s. From the famous Châteaux of the Loire Valley to the wonderful calanques (creeks) of Marseille-Cassis or the Pilat Dune – the highest in Europe, tourist sites are hugely appealing. 38 of them are in fact inscribed on UNESCO's World Heritage List.

4.4.2 Accommodation capacity

Paris recorded higher rooms revenue in almost all segments in 2013. The Luxury segment saw a rise in occupancy, with average room rates being the driver in other categories. Marseille, Le Havre and Montpellier all benefited from a dynamic market, relying on a busy cultural, sporting or business calendar.

Table below depicts ranking of French regions according to number of overnights spent. Thus, TOP 5 French regions are Île-de-France, Provence - Alpes - Côte d'Azur, Rhône-Alpes, Midi-Pyrénées and Aquitaine respectively.

Île-de-France is the wealthiest and most populated of the twenty-seven administrative regions of France. The unofficial and informal name is Région Parisienne ("Paris Region"). Economically, Île-de-France is the world's fourth-largest and Europe's wealthiest and largest regional economy.

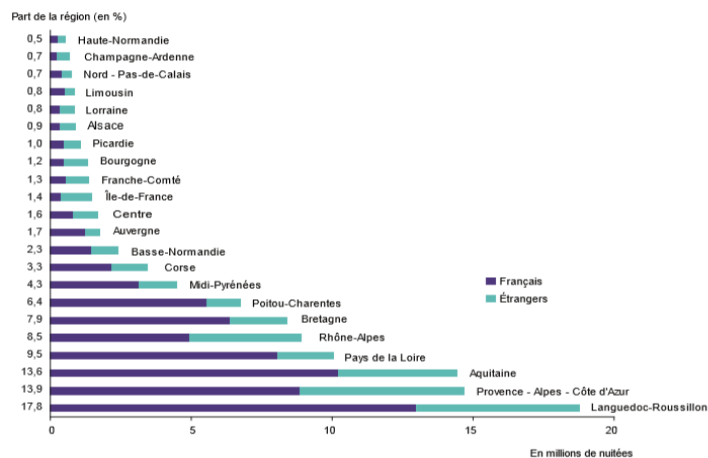
Provence - Alpes - Côte d'Azur: Economically the region is the third most important in France just behind Île-de-France and Rhône-Alpes. Lyon is the capital of Rhône-Alpes Region and is the second-largest metropolitan area in France after Paris. Rhône-Alpes has the sixth-largest economy of any European region.

Table 21 Overnights spent in France by region. (2012)

| Region | Total (in thousands) | Rank |
|------------------|-----------------------------|-------------|
| Alsace | 6 204 | 8 |
| Aquitaine | 8 492 | 5 |
| Auvergne | 3 478 | 16 |

| | | |
|---------------------------------------|----------------|----------|
| Bourgogne | 4 830 | 12 |
| Bretagne | 6 798 | 7 |
| Centre | 5 723 | 10 |
| Champagne-Ardenne | 2 798 | 19 |
| Corse | 2 824 | 18 |
| Franche-Comté | 1 851 | 21 |
| Île-de-France | 68 296 | 1 |
| Languedoc-Roussillon | 7 436 | 6 |
| Limousin | 1 296 | 22 |
| Lorraine | 3 601 | 15 |
| Midi-Pyrénées | 8 592 | 4 |
| Nord - Pas-de-Calais | 5 641 | 11 |
| Basse-Normandie | 4 613 | 13 |
| Haute-Normandie | 2 859 | 17 |
| Pays de la Loire | 6 137 | 9 |
| Picardie | 2 548 | 20 |
| Poitou-Charentes | 4 575 | 14 |
| Provence - Alpes - Côte d'Azur | 21 736 | 2 |
| Rhône-Alpes | 18 078 | 3 |
| Total | 198 406 | |

Source: Dgcis.gouv.fr, 2013



| Hotel category | Number of overnights spent (in thousands) | Average duration of stay |
|-----------------|---|--------------------------|
| 1- 2 star hotel | 43 216 | 1,7 |
| 3 star hotel | 64 831 | 1,8 |
| 4 star hotel | 33 539 | 2.3 |
| 5 star hotel | 5 546 | 1,8 |

Average rates drove growth in Paris, enabling hotels to record RevPAR increases of 4 to 5%. Thanks to this slight rebound, cumulated performance is now up for the majority of categories. The standard upscale category is the only one not to experience this, as cumulated January to May RevPAR is down by -3% compared to last year.

Hotels in Ile-de-France followed the opposite trend, with occupancy driving rooms rate growth. Average rates stagnated on the budget market and dropped slightly on the midscale market.

In regional France, most categories showed stable results compared to last year. However, Luxury hotels stood out thanks to a significantly higher occupancy rate: up +9% compared to 2012. Budget hotels also did well: these hotels cater more to the corporate segment and suffered badly from the long weekends last year. The concentration of bank holidays at the beginning of May enabled business travellers to better organise their travel arrangements – a plus for this segment.

Luxury hotels on the Côte d'Azur posted solid rooms revenue increases, notably thanks to a successful Cannes Film Festival this year. However, the results were more mixed for other categories. The weather, in particular, has been gloomy, penalising numerous hotels. Nice proved the exception, however, with all categories posting higher occupancy.

It should be noted that performances vary strongly from one destination to the next. Certain areas benefited extremely well from this year's calendar; others less so. Avignon, Biarritz and Reims, for instance, posted significantly better results. This was also the case for Nantes, thanks to a busy congress and events schedule, including the semi-finals of the rugby TOP 14. Another point worth mentioning is that a detailed analysis of each segment reveals significant differences in performances in the same destination.

Year To Date performance

| Jan. to May | Luxury | Upscale | Midscale | Budget | Super Budget |
|--------------------|-------------|--------------|--------------|--------------|--------------|
| OR 2013 | 59,5% | 60,8% | 60,0% | 61,0% | 62,3% |
| Var. /n-1 | 1,2% | -1,5% | -1,2% | -0,1% | -1,8% |
| ADR 2013 | 365 € | 177 € | 98 € | 65 € | 40 € |
| Var. /n-1 | 3,2% | 0,7% | -0,5% | -1,2% | 1,0% |
| RevPAR 2013 | 217 € | 108 € | 59 € | 39 € | 25 € |
| Var. /n-1 | 4,5% | -0,8% | -1,7% | -1,3% | -0,8% |

Definitions

OR = Occupancy Rate
ADR = Average Daily Rate
RevPAR = Revenue per available room

4.4.3 Recommendation

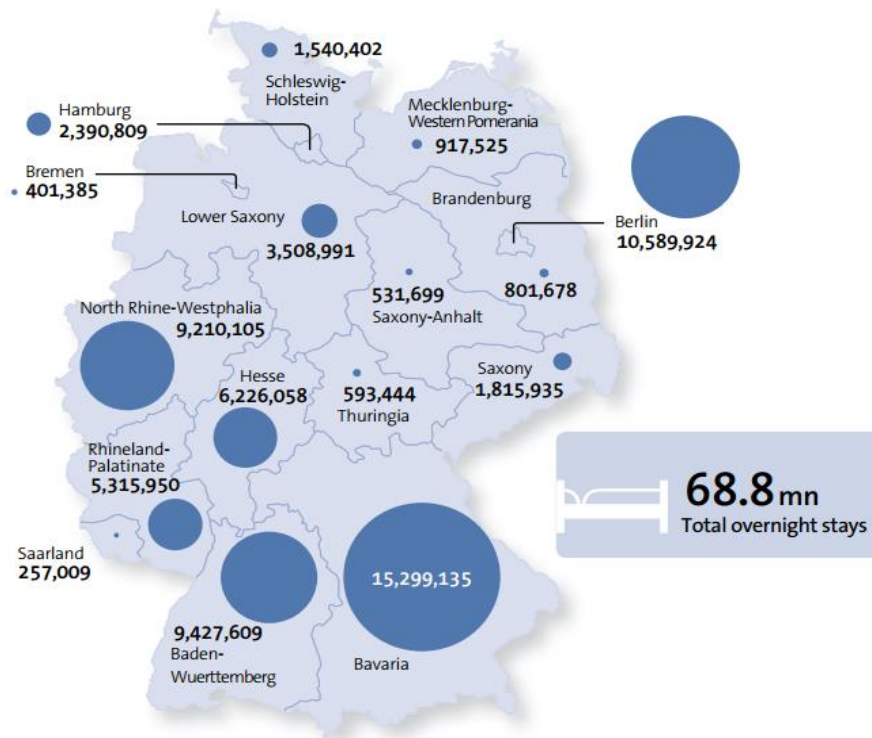
Invest in 3 star hotels in Paris or closest cities in Île-de-France region due to the highest occupancy rate.

4.5 Germany

In 2012 Germany is for the 3rd time the second most popular travel destination for Europeans behind Spain. Germany is in second place of 50 countries worldwide. Tourism is one of the six key locational factors for a country's Image. Moreover, Germany is among the top 10 worldwide destinations in tourism and culture.

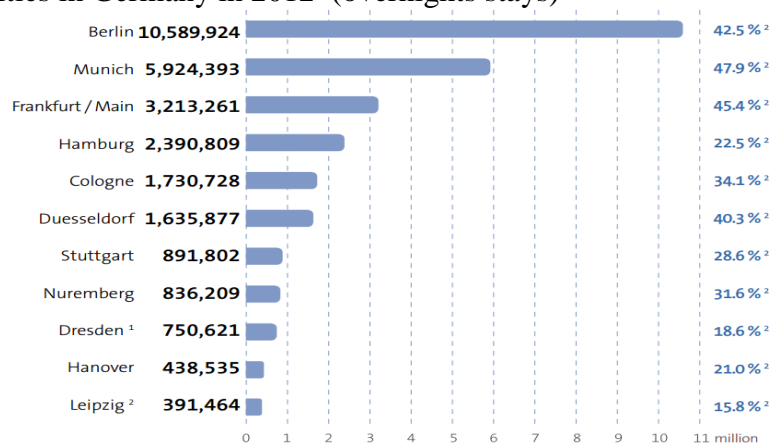
From the statistics below we can see that Bavaria takes a leadership in number of overnights, followed by Berlin, North Rhine Westphalia and Baden Wuerttemberg. Further Berlin, Munich and Frankfurt are the most popular destinations for foreign tourists.

Figure Overnight stays in Germany by foreign visitors in 2012 by federal state



Source: Germany.travel, 2013

Figure Top towns and cities in Germany in 2012 (overnights stays)



Source: Germany.travel, 2013

The chart shows the year-on-year development of key hotel performance indicators in 2012 for our random of primarily branded hotels in the three- to five-star category:

| Hotel type / location | Occupancy (%) | | | AARR (EUR) | | | Rooms Yield (EUR) | | |
|--|---------------|-------------|-------------|--------------|--------------|-------------|-------------------|--------------|-------------|
| | 2012 | 2011 | chg. % | 2012 | 2011 | chg. % | 2012 | 2011 | chg. % |
| German hotel market | 67.9 | 65.5 | +3.6 | 91.68 | 90.67 | +1.1 | 62.25 | 59.41 | +4.8 |
| City hotels | 69.5 | 67.4 | +3.1 | 97.20 | 94.70 | +2.6 | 67.55 | 63.83 | +5.8 |
| Airport hotels | 75.8 | 67.3 | +12.6 | 84.32 | 96.84 | -12.9 | 63.91 | 65.16 | -1.9 |
| Regional hotels | 59.2 | 58.6 | +1.0 | 74.88 | 73.06 | +2.5 | 44.33 | 42.82 | +3.5 |
| AARR | | | | | | | | | |
| over € 120 ¹⁾ | 74.6 | 63.8 | +16.9 | 137.56 | 159.80 | -13.9 | 102.62 | 101.95 | +0.7 |
| € 80 to € 120 ¹⁾ | 69.5 | 67.7 | +2.7 | 113.26 | 110.41 | +2.6 | 78.72 | 74.69 | +5.4 |
| € 55 to € 80 ¹⁾ | 68.4 | 67.7 | +1.0 | 78.49 | 75.80 | +3.5 | 53.69 | 51.34 | +4.6 |
| under € 55 ¹⁾ | 59.8 | 58.9 | +1.6 | 50.99 | 48.57 | +5.0 | 30.49 | 28.59 | +6.6 |
| Primary locations | | | | | | | | | |
| Berlin | 77.4 | 74.2 | +4.3 | 87.42 | 84.44 | +3.5 | 67.66 | 62.66 | +8.0 |
| Düsseldorf | 64.1 | 59.8 | +7.1 | 120.50 | 119.24 | +1.1 | 77.24 | 71.34 | +8.3 |
| Frankfurt | 73.4 | 65.6 | +11.9 | 94.96 | 108.28 | -12.3 | 69.70 | 71.02 | -1.9 |
| Hamburg | 74.0 | 73.9 | +0.2 | 101.82 | 101.96 | -0.1 | 75.35 | 75.33 | 0.0 |
| Cologne | 66.9 | 66.5 | +0.7 | 111.14 | 113.22 | -1.8 | 74.35 | 75.25 | -1.2 |
| Munich | 75.3 | 73.5 | +2.5 | 110.89 | 102.22 | +8.5 | 83.50 | 75.08 | +11.2 |
| Secondary locations | | | | | | | | | |
| Baden-Baden | 62.2 | 59.4 | +4.8 | 147.19 | 144.78 | +1.7 | 91.55 | 85.94 | +6.5 |
| Dortmund | 66.7 | 66.8 | -0.1 | 71.24 | 68.63 | +3.8 | 47.52 | 45.83 | +3.7 |
| Dresden | 68.4 | 68.1 | +0.5 | 70.67 | 74.98 | -5.7 | 48.34 | 51.05 | -5.3 |
| Essen | 59.6 | 55.5 | +7.4 | 87.78 | 85.89 | +2.2 | 52.32 | 47.64 | +9.8 |
| Hanover | 61.0 | 59.5 | +2.5 | 95.97 | 96.50 | -0.5 | 58.54 | 57.45 | +1.9 |
| Heidelberg | 60.8 | 62.2 | -2.2 | 81.46 | 78.90 | +3.2 | 49.53 | 49.07 | +0.9 |
| Leipzig | 57.5 | 57.9 | -0.6 | 62.17 | 57.83 | +7.5 | 35.75 | 33.45 | +6.9 |
| Mainz | 62.0 | 60.9 | +1.8 | 107.62 | 104.37 | +3.1 | 66.72 | 63.54 | +5.0 |
| Mannheim | 64.0 | 62.4 | +2.5 | 83.60 | 81.74 | +2.3 | 53.50 | 51.04 | +4.8 |
| Nuremberg | 66.5 | 64.9 | +2.4 | 97.44 | 89.46 | +8.9 | 64.80 | 58.09 | +11.6 |
| Potsdam | 60.9 | 56.6 | +7.6 | 68.60 | 66.49 | +3.2 | 41.78 | 37.63 | +11.0 |
| Stuttgart | 64.8 | 59.9 | +8.3 | 102.48 | 95.51 | +7.3 | 66.41 | 57.17 | +16.2 |
| Wiesbaden | 65.6 | 63.1 | +4.0 | 110.34 | 106.75 | +3.4 | 72.38 | 67.32 | +7.5 |
| Note 1) based on the Average Achieved Room Rate (AARR) | | | | | | | | | |

Source: Statistik Deutschland 2013

The German hotel market received significant investor interest in 2012 and transaction volumes increased by 26% to €1.2 billion. The market benefited from solid underlying fundamentals with robust revenue per available room (RevPAR) results recorded in most key cities. The stability of the market attracted a large number of institutional buyers, which accounted for 43% of total German investment volumes. The vast majority of deals in Germany took place in key markets, with Berlin (11 hotel sales), Frankfurt (7 hotel sales) and Hamburg (6 hotel sales) accounting for 85% of volumes. (Joneslanglasalle.com, 2012)

4.5.1 Top locations and categories to invest in 2013

The investment share in the first quarter in the top locations of Berlin, Dusseldorf, Frankfurt am Main, Hamburg, Cologne, Munich and Stuttgart remained steady throughout the first half of 2013. Two thirds, or €461 million, were invested in these cities. Another difference became apparent in average investment

volumes. While more than €19 million were invested per hotel in these top locations, only slightly under €8 million of transaction volume was recorded outside these locations. Investors primarily purchased portfolio properties in the 3-4 star segment, in which more than 65%, or €456 million, of total transaction volume was invested. Investors put around €148 million (21% of market share) into 5-star luxury hotels and around €92 million (13%) into low-budget and economy-class hotels. (Property-magazine.eu, 2013)

4.5.2 Recommendation:

Invest into 3-4 star hotels in Berlin (77% of occupancy rate), or to airport hotels (75% of occupancy rate).

4.6. Greece

Greece attracts more than 17.5 million people each year, contributing 15% to the nation's Gross Domestic Product. Greece has been an attraction for international visitors since antiquity for its rich and long history, Mediterranean coastline and beaches. It is generally accepted today that tourism is a key factor for the economic development of a country. A strong tourism sector directly contributes to the national income of the country, combats unemployment and improves the balance of payments, while it is also substantial the indirect contribution to the economy through its multiplier effects.

Table 18
Average Occupancy Rate in Hotels (%)

| Region | May | | | Change% | | August | | | Change% | |
|----------------------------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|-------------|-------------|
| | 2010 | 2011 | 2012 | 11/10 | 12/11 | 2010 | 2011 | 2012 | 11/10 | 12/11 |
| Attica (excl. islands) | 61,08 | 70,89 | 54,32 | 16,06 | -23,38 | 53,67 | 55,40 | 54,40 | 3,22 | -1,81 |
| Central Greece (excl. Attica) | 39,09 | 28,93 | 25,82 | -25,99 | -10,76 | 63,80 | 60,40 | 59,35 | -5,33 | -1,74 |
| Epirus- Thessaly | 46,12 | 36,10 | 29,39 | -21,73 | -18,60 | 65,04 | 60,43 | 58,31 | -7,09 | -3,51 |
| Macedonia- Thrace | 50,88 | 39,66 | 44,89 | -22,05 | 13,20 | 72,33 | 66,09 | 69,41 | -8,63 | 5,02 |
| Peloponnese | 36,70 | 34,15 | 29,25 | -6,95 | -14,34 | 73,13 | 75,00 | 72,98 | 2,56 | -2,69 |
| Ionian Islands | 40,14 | 38,95 | 30,75 | -2,96 | -21,05 | 70,29 | 74,34 | 70,23 | 5,76 | -5,52 |
| Cyclades – Dodecanese | 54,74 | 50,46 | 51,54 | -7,82 | 2,14 | 89,06 | 87,65 | 88,92 | -1,58 | 1,45 |
| Crete | 47,67 | 50,31 | 46,31 | 5,54 | -7,94 | 85,13 | 89,87 | 86,93 | 5,57 | -3,27 |
| Aegean Islands | 51,03 | 47,66 | 48,29 | -6,60 | 1,32 | 86,55 | 87,99 | 90,91 | 1,66 | 3,32 |
| COUNTRY TOTAL | 47,33 | 48,28 | 45,29 | 2,01 | -6,20 | 75,84 | 77,78 | 77,86 | 2,56 | 0,10 |

Source: ITEP, Field research on hotels in Greece 2012.

Small hotel units (from 20 to 50 rooms) in May achieved occupancy rate of 34.3%, the medium size of 41% and large (over 100 rooms) 53.5%. In August, the differences are less visible, but again the big hotels achieve higher occupancy.

Table 19
Average Occupancy Rate in Hotels by Size(%)

| Size | May | | | Change% | | August | | | Change% | |
|--|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|-------------|-------------|
| | 2010 | 2011 | 2012 | 11/10 | 12/11 | 2010 | 2011 | 2012 | 11/10 | 12/11 |
| Family hotels (1-20 rooms) | 35,03 | 26,14 | 24,76 | -25,38 | -5,30 | 66,45 | 68,65 | 67,40 | 3,31 | -1,82 |
| Small hotels (21-50 rooms) | 44,48 | 37,00 | 34,26 | -16,82 | -7,41 | 71,96 | 72,55 | 73,51 | 0,82 | 1,32 |
| Medium-sized hotels (51-100 rooms) | 47,25 | 47,46 | 41,04 | 0,44 | -13,53 | 73,15 | 72,92 | 73,24 | -0,31 | 0,44 |
| Large hotels (> 101 rooms) | 53,91 | 55,52 | 53,47 | 2,99 | -3,70 | 82,62 | 82,60 | 82,40 | -0,02 | -0,25 |
| Hotels Total | 47,33 | 48,28 | 45,29 | 2,01 | -6,20 | 75,84 | 77,78 | 77,86 | 2,56 | 0,10 |

Source: ITEP, Field research on hotels in Greece 2012.

Table 20
Average Occupancy Rate in Hotels by Star Category(%)

| Star Category | May | | | Change% | | August | | | Change% | |
|---------------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|-------------|-------------|
| | 2010 | 2011 | 2012 | 11/10 | 12/11 | 2010 | 2011 | 2012 | 11/10 | 12/11 |
| 5***** | 52,71 | 56,17 | 55,83 | 6,56 | -0,60 | 77,17 | 77,02 | 81,72 | -0,19 | 6,10 |
| 4**** | 57,41 | 57,32 | 52,04 | -0,16 | -9,22 | 84,73 | 84,63 | 82,76 | -0,12 | -2,22 |
| 3*** | 46,95 | 39,71 | 38,98 | -15,42 | -1,83 | 75,07 | 73,3 | 72,83 | -2,36 | -0,65 |
| 2** | 39,01 | 35,39 | 32,43 | -9,28 | -8,38 | 70,84 | 72,49 | 72,34 | 2,33 | -0,20 |
| 1* | 35,57 | 25,68 | 25,64 | -27,80 | -0,14 | 67,57 | 73,83 | 72,27 | 9,26 | -2,11 |
| Hotels Total | 47,33 | 48,28 | 45,29 | 2,01 | -6,20 | 75,84 | 77,78 | 77,86 | 2,56 | 0,10 |

Source: ITEP, Field research on hotels in Greece 2012.

In small and medium size units, the occupancy rate is 75% and in large units (over 100 rooms) at 82.4%. However, occupancy rates have remained stagnant even in big hotels compared to 2010.

Similar indications are recorded in the statistics relating to changes in occupancy rates relative to the star categories (Table 20). Higher occupancy rate is achieved by hotels of high star categories. In May, occupancy rate in 4 & 5 star hotels is around 55%, whereas in August is around 82%. On the opposite side, the hotels of medium quality level show in May occupancy rates lower than 40% and in August around 72.5% (Grhotels.gr, 2013)

4.6.1 Recommendation:

Invest into large 5 and 4* hotels (>100 rooms) on Crete, The Aegean Islands , Cyclades and Dodecanese .

4.7 Hungary

European visitors comprise more than 98 per cent of Hungary's tourists. Austria, Germany, and Slovakia make the largest numbers of visitors to the country. Most tourists arrive by car and stay for a short period of time. Hungary's tourist season is from April through October. July and August are the peak tourist months. Budapest is the country's most popular tourist destination.

According to quarterly report from the European Travel Commission (ETC) Hungary's tourism industry can certainly take pride in healthy results in not exactly the biggest drawing season of the year. Important key figures for Hungary included a strong 7.8% increase in hotel occupancy rates against the first five months of 2012, landing the country in second place on this table, behind only Slovakia; and Hungarian hotels enjoyed a 10.3% increase in revenue per room year-on-year throughout the first five months of the year.

The table below depicts that 4 and 3 star hotels share most of overnight within the country. Further wellness and SPA hotels are in the focus of foreign and domestic tourists. The change in the number of guest nights at the hotels (8.1%) was above the country average (5.8%). One star hotels reached the biggest growth within the hotel category. (Bbj.hu, 2013)

Geographical concentration is typical of Hungarian tourism: 70.5% of total guest nights are registered in the Budapest and the Central Danube, the Lake Balaton and the Western Transdanubia tourist regions.

| Guest Nights by Type of Accommodation | | | | |
|---------------------------------------|-------------------|-------------------|---------------|--------------|
| | 2011 | 2012 | 2012 share | 2012/2011 |
| Hotels | 15,371,951 | 16,624,260 | 76.2% | +8.1% |
| 5 star hotels | 1,530,400 | 1,619,419 | 7.4% | +5.8% |
| 4 star hotels | 7,254,664 | 8,502,561 | 39.0% | +17.2% |
| 3 star hotels | 5,126,530 | 5,295,114 | 24.3% | +3.3% |
| 2 star hotels | 641,465 | 468,983 | 2.2% | -26.9% |
| 1 star hotels | 54,895 | 91,223 | 0.4% | +66.2% |
| Without category | 763,997 | 646,960 | 3.0% | -15.3% |
| Spa hotels | 2,201,318 | 1,828,468 | 8.4% | -9.3% |
| Wellness hotels | 2,908,223 | 3,777,726 | 17.3% | +19.5% |
| Boarding houses | 1,543,655 | 1,373,650 | 6.3% | -11.2% |
| Community hostels | 1,139,675 | 1,219,631 | 5.6% | +7.0% |
| Bungalows | 1,057,467 | 1,009,926 | 4.6% | -4.5% |
| Camping sites | 1,499,885 | 1,577,733 | 7.2% | +5.2% |
| Total | 20,615,517 | 21,805,200 | 100.0% | +5.8% |

Source: HCSO

While in Budapest 5-star hotels show the highest occupancy rate among other categories.

HOTEL OCCUPANCY AND ADR

| Region/Category | Units | Occ. | ADR |
|-------------------|-------|------|------|
| Budapest (5-star) | 14 | 68% | €124 |
| Budapest (4-star) | 66 | 60% | €52 |
| Budapest (3-star) | 74 | 44% | €33 |
| Balaton | 143 | 45% | €43 |

Source: Hungarian Central Statistic Office

Spa and wellness hotels have a share of 11.2% of bed places offered by commercial accommodation establishments. 23.9% of guests arrive at these facilities which means a share of 25.7% of guest nights. 32.6% of domestic arrivals and 32.2% of guest nights are registered in the spa and wellness hotels.

Health tourism is an important motivation also for international travellers: spa and wellness hotels receive 15.1% of arrivals and 19.7% of guest nights. Meanwhile in spa hotels, the share of domestic guest nights is about 42.8%, in wellness hotels 68.1% of the guest nights are generated by domestic travellers. The average length of stay at spa hotels is above the commercial accommodation average.

New hotels in the countryside are being built mostly from EU funds. These new hotels are primarily wellness focused, but are also hoping to build on business tourism stemming from major new industrial investments. (Colliers.com, 2012)

4.7.1 Recommendation:

It is not recommended to invest in hotels in Hungary due to short period of time that tourists stay in country (2,6 nights in average). But it should be considered that occupancy rate in country demonstrates positive growth year-on-year. In 2013 the spa hotels as well as 4-star hotels presented the highest gross revenues. It is recommended to invest in 5 star hotels in Budapest and in spa and wellness oriented hotels on Balaton Lake and countryside.

4.8. Italy

According to the 2012 Flash Eurobarometer Survey on the attitudes of Europeans towards tourism, Italy is the second most popular planned holiday destination for 2013 among EU citizens, after Spain

In Italy, in spite of a decline (-23%) between H1 2012 and H1 2013, the hotel investment volume at the end of June (€ 188 m) is not far from the result seen in 2012 (€ 273 m). Moreover, trophy sales in core markets such as Rome and Venice that were signed during the summer will help bed down recovery in 2013.

Italy shows a strengthening situation after the stabilisation of its RevPAR in 2013. During 2013 the occupancy rate grew by 2 points to 61.6% compared to 2012. Despite the average daily rate remained flat, it

is still the second highest in Europe (€103,7), thus the RevPAR recorded one of the most significant increases amongst the 5 top destinations in Europe to 63.8 €

| ANNI REGIONI | Alberghi di 5 stelle lusso, 5 e 4 stelle | | Alberghi di 3 stelle e residenze turistico- alberghiere | | Alberghi di 2 e 1 stella | | Totale | |
|--------------------|---|----------------|---|----------------|-----------------------------|---------------|---------------|----------------|
| | Arrivi | Presenze | Arrivi | Presenze | Arrivi | Presenze | Arrivi | Presenze |
| Nord | 20.558.042,00 | 50.175.105,00 | 21.685.512,00 | 78.532.456,00 | 4.642.834,00 | 16.842.796,00 | 46.886.388,00 | 145.550.357,00 |
| Centro | 10.185.075,00 | 26.125.650,00 | 8.630.091,00 | 25.597.691,00 | 2.017.748,00 | 5.994.050,00 | 20.832.914,00 | 57.717.391,00 |
| Mezzogiorno | 8.415.589,00 | 30.168.802,00 | 6.150.651,00 | 24.033.805,00 | 770.227,00 | 2.440.497,00 | 15.336.467,00 | 56.643.104,00 |
| ITALIA | 39.158.706,00 | 106.469.557,00 | 36.466.254,00 | 128.163.952,00 | 7.430.809,00 | 25.277.343,00 | 83.055.769,00 | 259.910.852,00 |

northern destinations demonstrates the highest occupancy rates. For instance Milan has almost 65% of occupancy rate, followed by Bologna and Florence.

Regarding different accommodation categories in the North Italy 3* hotels are leading, followed by 4 and 5 star hotels. This trend is supported on the remained territory, what is revealed from the table below: economy hotels have the highest occupancy rate.

Milan is one of the key hotel markets in Italy, attracting both commercial and leisure travellers. Given recent concerns over the Italian economy and the political upheaval, Milan could be a good indicator of the true strength of the Italian economy. Nowadays 5 star hotels and luxury hotels have more arrivals than other categories. (Hvs.com, 2013)

| CATEGORY | OCCUPANCY RATE | | ADR | | RevPAR | |
|----------|----------------|----------------------------|----------------|--------------------------|----------------|--------------------------|
| | % | change (pts) vs YTD1/12 | local currency | change (%) vs YTD1/12 | local currency | change (%) vs YTD1/12 |
| Economy | 49.7% | -2.0 | 50.9 | -3.4% | 25.3 | -7.1% |
| Midscale | 46.1% | 2.9 | 61.0 | -10.8% | 28.1 | -4.9% |
| Upscale | 46.0% | 0.5 | 104.7 | -2.7% | 48.1 | -1.7% |
| Global | 46.2% | 1.1 | 88.0 | -4.9% | 40.7 | -2.6% |

ADR and RevPar are excluding taxes
Source: MKG Hospitality Database

Year to date by city – 1/2013

| CITY | OCCUPANCY RATE | | ADR | | RevPAR | |
|----------|----------------|----------------------------|----------------|--------------------------|----------------|--------------------------|
| | % | change (pts) vs YTD1/12 | local currency | change (%) vs YTD1/12 | local currency | change (%) vs YTD1/12 |
| BOLOGNA | 49.2% | 3.5 | 66.9 | 3.7% | 32.9 | 11.7% |
| FLORENCE | 47.8% | 1.0 | 100.2 | 3.0% | 47.8 | 5.2% |
| MILAN | 64.4% | 4.9 | 107.0 | -6.0% | 68.9 | 1.8% |
| NAPOLI | 41.3% | 1.5 | 70.4 | -7.6% | 29.1 | -4.2% |
| ROME | 45.0% | -0.4 | 104.4 | -5.5% | 47.0 | -6.4% |
| TURIN | 44.3% | -6.8 | 75.4 | -0.8% | 33.4 | -14.0% |
| VENEZIA | 44.3% | 4.0 | 97.3 | -12.7% | 43.1 | -4.1% |

ADR and RevPar are excluding taxes
Source: MKG Hospitality Database

4.8.1 Recommendation:

Invest in luxury hotels in Milan due to high occupancy rates, destination popularity and all-year seasonality.

4.9. Slovakia

The most attractive destinations are the capital of Slovakia – Bratislava and High Tatras. For several years now, the tourist-shares for most visited Slovak destinations are quite steady:

- 1.Bratislava: 40 – 41%
- 2.High Tatras: 24 – 25%
- 3.Košice: 7 – 8%
- 4.Piešťany: 6 – 7%
- 5.Nitra: 3.5 – 4.5%
- 6.Poprad: 3.5 – 4.5%
- 7.Liptovský Mikuláš: 3.5 – 4.5%
- 8.Žilina: 3.5 – 4%
- 9.Trenčianske Teplice: 2.5 – 3%
- 10.Banská Bystrica: 2.5 – 3%

Overall, in 2012 Bratislava had **823,412 visitors**, which means an increase by **6.2%** compared to 2011. The visitors made together **1,722,958 overnight stays**, which represents an increase of **12.9%** compared to 2011. The average length of stay of visitors to Bratislava increased from **1.97 to 2.09 nights (+6.3%)**. Most tourists visited Bratislava in the months of May to October, when in Bratislava held many events.

The number of **domestic visitors** in 2012 was **265,259** (an increase by 4.4% compared to 2011). Number of nights spent by domestic visitors was **757,547**, which represents an increase of **23.8%** compared to 2011. According to the country of origin the domestic visitors are the largest group of visitors. In 2012, domestic visitors represented 32.2% of the total number of visitors and 44.0% of the total number of nights spent in Bratislava. Their average length of stay was 2.86 nights (+18.6%).

According to statistics **558,153 foreign visitors** came to Bratislava in 2012 (**+7.0%**). These visitors made in Bratislava **965,411 overnight stays (+5.6%)**. In the first half of 2012 we noticed a significant decrease in the number of overnight stays of foreign tourists over the same period (**-5.2%**), which was caused mainly by fluctuations in the key source markets. On the other hand the number of one day foreign visitors in Bratislava rose significantly by 10% during this period. The average length of stay of foreign tourists is **1.73 night**.

Visitors to Bratislava in 2012 represented 22% of the total number of tourists in Slovakia and this proportion is the same as in 2011. The share of domestic tourists hasn't changed either and represents 12%. In 2012 compared to 2011 the share of foreign visitors to Bratislava on the total number of foreign visitors in the Slovak Republic increased from 36% to 37%. The number of overnight stays for visitors to Bratislava on the total number of overnight stays in Slovakia in 2012 compared to 2011 increased by domestic (from 9% to

11%), as well as by foreign tourists (from 23% to 24%), which represents the total increase from 15% to 16%.

In 2012 accommodation capacities in Bratislava grew by 15%, resulting in an increase of 428 rooms (+6%) and 1051 beds (+6%). According to data from the Statistical Office of the Slovak Republic it is registered 136 accommodation establishments in Bratislava with a total number of 7,933 rooms and 17,579 beds. Most accommodations are categorized as 3 * hotels.

The average price for accommodation decreased by 7.9% in Bratislava in 2012. The average price was 36.42€ per night. Sales for accommodation in 2012 achieved a slight increase by 3.9% (about 2,378,081 €). Revenues amounted to 62,578,293 €. The capital city of Bratislava collected in 2012 the local tourist tax of total amount 2,488,607.25 €, which represents an increase of 3.1% compared to 2011.

Table Occupancy and average length of stay in the City of Bratislava by categories

| Hotel category | Bed occupancy in % | Average length of stay (nights) | Revenue (EUR)/share |
|--------------------------------------|--------------------|---------------------------------|---------------------|
| Hotels (motels)* | 32,7 (3,2%) | 2,2 | 1283771 / 2,0% |
| Hotels (motels)** | 33,1 (16,3%) | 2,4 | 2574701 / 4,1% |
| Hotels (motels)*** | 25,9 (-4,1%) | 1,7 | 11975756/ 19,1 % |
| Hotels ***** and Hotels (motels)**** | 33,5 (4,6%) | 1,6 | 42709393/ 68,1% |

Source: <http://visit.bratislava.sk/>

4.9.1 Recommendation

On the assumption of data mentioned above, it is recommended to invest in 4 and 5 star hotels in Bratislava due to highest occupancy rate and revenue.

4.10 Slovenia

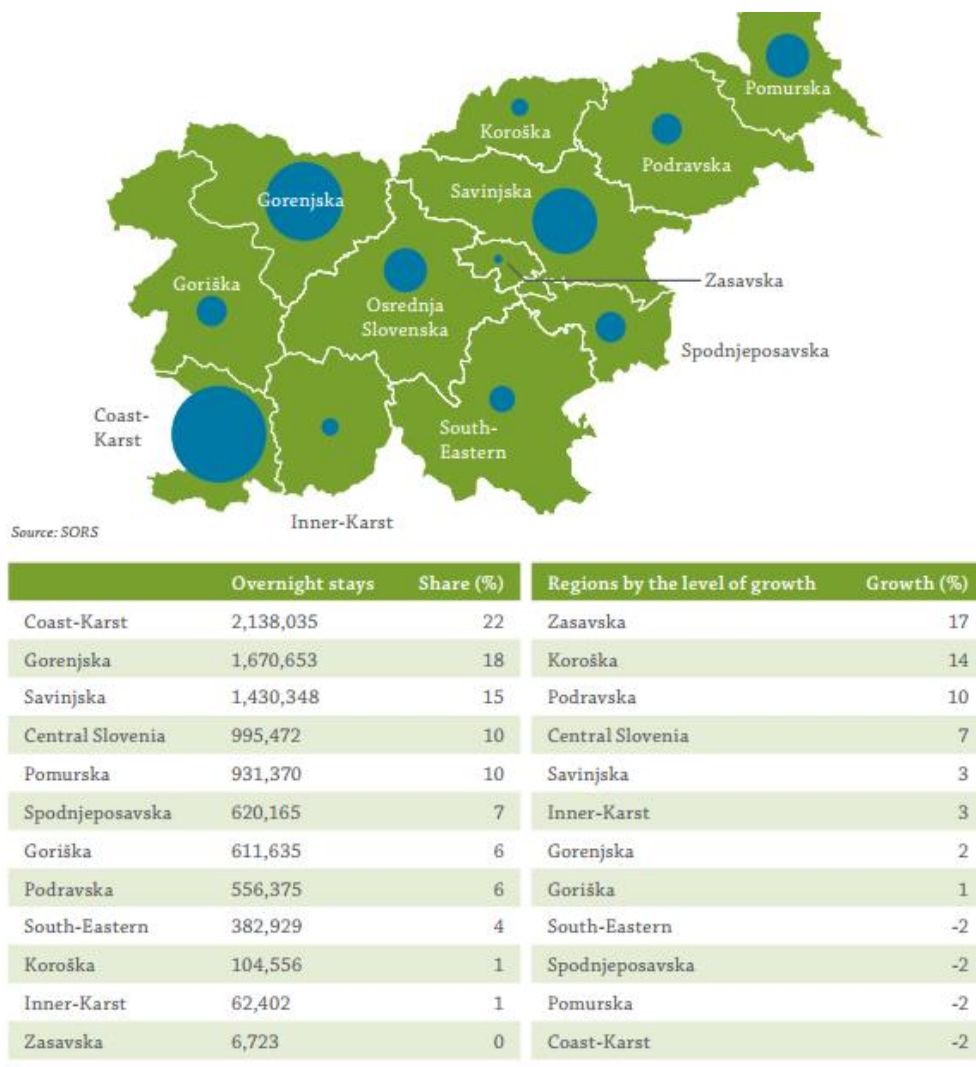
Compared to December 2012, 4% more tourist arrivals and 1% more tourist overnight stays were registered in tourist accommodations in December 2013. In the same comparison arrivals of domestic tourists and foreign tourists increased by 2% and 6%, respectively. Domestic tourists spent 1% fewer nights and foreign tourists 2% more nights

Hotels and apartment settlements registered together three quarters of all tourist overnight stays. In December 2013 most of the tourist overnight stays were recorded in hotels (71% of all overnight stays), followed by apartment settlements (7%), camping sites (5%) and private accommodations – rented rooms and dwellings (4%).

Compared to December 2012, in December 2013 the number of tourist overnight stays increased in youth hostels (by 29%), in private accommodations – rented rooms and dwellings (by 17%), in mountain huts (by

14%) and in tourist farms with accommodation (by 6%). In the same comparison hotels recorded 1% fewer overnight stays, apartment settlements 2% fewer overnight stays and camping sites 6% fewer overnight stays.

The most overnight stays were realised in the Piran Municipality, followed by the municipalities of Ljubljana, Brežice, Bled and Moravske Toplice. The highest number of tourist overnight stays was recorded in municipalities offering health resort tourism (33%), which is the same as the year before. Stays in municipalities with a health resort are followed by municipalities offering mountain vacations with 24% of all overnight stays and municipalities on the coast with 22% of all overnight stays. Owing to the greater number of tourists in 2012, Ljubljana also realised more overnight stays with a total increase of 9% yOy. foreign tourists spent their vacations primarily in municipalities offering mountain vacations (27% of all foreign overnight stays), while domestic tourists preferred health resort municipalities (47% of all domestic overnight stays).



The Coast -Karst region is a leader in terms of number of overnight stays in Slovenia, followed by Gorenjska and Savinjska regions. Central Slovenia is popular for visitors who stay on night,

25.3 Povprečna doba bivanja po vrstah občin
Average length of stay by types of municipalities

| | noči/nights | | | | | | |
|--------------------|--------------|-----------------------------|-------------------------|------------------------|-------------------------------|-----------------------------|-----------------------------|
| | Skupaj | Zdraviliške občine | Gorske občine | Obmorske občine | Ljubljana | Mestne občine | Druge občine |
| | <i>Total</i> | <i>Health (spa) resorts</i> | <i>Mountain resorts</i> | <i>Seaside resorts</i> | <i>Ljubljana, the capital</i> | <i>Urban municipalities</i> | <i>Other municipalities</i> |
| 2000 | 3,4 | 4,9 | 3,0 | 4,0 | 2,0 | 2,4 | 2,1 |
| 2005 | 3,2 | 4,3 | 2,9 | 3,7 | 1,8 | 2,3 | 1,8 |
| 2007 | 3,1 | 4,1 | 2,9 | 3,7 | 1,9 | 2,1 | 1,9 |
| 2008 ¹⁾ | 3,0 | 4,0 | 2,8 | 3,5 | 2,0 | 2,1 | 2,2 |
| 2009 | 3,0 | 4,0 | 2,8 | 3,6 | 1,9 | 2,1 | 2,1 |
| 2010 | 3,0 | 4,0 | 2,8 | 3,5 | 1,9 | 2,1 | 2,0 |
| 2011 | 2,9 | 3,9 | 2,7 | 3,5 | 1,9 | 2,1 | 2,0 |
| 2012 | 2,9 | 3,9 | 2,6 | 3,4 | 1,9 | 2,1 | 2,0 |

1) Prelom v časovni vrsti. Revizija podatkov, glej Metodološka pojasnila.
Break in time series. Data revision, see Methodological explanation.

Nowadays most of hotels in Slovenia are 3 and 4 star hotels. The highest average length of stay by types of municipalities belongs to health and spa resorts, followed by accommodation located in the seaside resorts. While in terms of the number of overnight stays health and spa resorts as well as mountain resorts are first ranking.

The average occupancy rate in Slovenian hotels is 47%, while summer season demonstrates 60-70% of occupancy in hotels.

Rate of net occupancy — rooms

| | | |
|--------|---------|------|
| Hotels | 2013M01 | 37,6 |
| | 2013M02 | 42,5 |
| | 2013M03 | 43,8 |
| | 2013M04 | 45,1 |
| | 2013M05 | 51,2 |
| | 2013M06 | 56 |
| | 2013M07 | 62,4 |
| | 2013M08 | 70 |
| | 2013M09 | 63,2 |
| | 2013M10 | 51,5 |
| | 2013M11 | 43,4 |

Source: Pxweb.stat.si, 2014

| Prenočitve turistov / Overnight stays | | | |
|--|--------------------------|-------------------------|---|
| indeks/indice ²⁾ | | struktura/structure (%) | |
| XII 2013 XII 2012 | I-XII 2013 I-XII 2012 | XII 2013 | I-XII 2013 |
| 100,5 | 100,4 | 100 | 100 Total |
| Types of tourist resorts | | | |
| 101,5 | 97,4 | 40,4 | 31,9 Health (spa) resorts |
| 89,3 | 103,0 | 20,3 | 24,1 Mountain resorts |
| 100,0 | 98,8 | 13,8 | 21,4 Seaside resorts |
| 108,9 | 110,7 | 11,5 | 10,0 Ljubljana, the capital |
| 110,8 | 97,0 | 8,4 | 6,4 Urban municipalities |
| 111,7 | 100,3 | 5,6 | 6,2 Other municipalities |
| Types of tourist accommodations | | | |
| 99,1 | 99,6 | 71,4 | 61,8 Hotels |
| 101,0 | 121,6 | 0,2 | 0,1 Motels |
| 101,2 | 97,0 | 1,6 | 1,7 Boarding houses |
| 77,3 | 93,4 | 1,1 | 1,3 Inns |
| 140,7 | 118,8 | 0,9 | 0,8 Overnight accommodations |
| 98,2 | 92,6 | 7,3 | 6,1 Apartment settlements |
| 93,7 | 100,5 | 4,9 | 13,9 Camping sites |
| 106,3 | 113,0 | 0,9 | 1,1 Tourist farms with accommodation |
| 128,7 | 126,8 | 2,0 | 1,9 Youth hostels |
| 116,7 | 113,1 | 4,4 | 4,5 Private accommodations - rented rooms, dwellings |
| 114,2 | 99,7 | 0,6 | 0,9 Mountain huts |
| 110,2 | 98,0 | 4,4 | 4,7 Company vacation facilities and vacation facilities for youth |
| 103,0 | 103,2 | 0,1 | 0,1 Other accommodation facilities |
| 171,8 | 102,7 | 0,2 | 1,1 Temporary accommodation facilities and marinas |

4.10.1 Recommendation:

Invest into 3 and 4 star hotels which belong to health/spa and seaside resorts in the Coast -Karst region (f.e. Piran city which is the most popular city for foreign tourists in Slovenia in terms of overnight stays)

4.11 Poland.

The largest number of tourists was recorded in 2012 in Mazowieckie (3.3 mln) and Małopolskie (3.1 mln) voivodships. This also applies to foreign tourists, who most often stayed in the same regions i.e. 1076.9 thous. in Mazowieckie and 1071.8 thous. in Małopolskie. The largest number of overnight stays was recorded in 2012 in Zachodniopomorskie (10.9 mln) and Małopolskie (9.6 mln). These voivodships also recorded the largest number of overnight stays of foreign tourists. Taking into account the number of overnight stays by powiat, the first three places belong to: Warszawa (4.3 mln), Kraków (3.7 mln) and

Kołobrzeski powiat (3.7 mln) contributing to 18.9% of the total of tourists overnight stays in 2012. Moreover, top 20% of poviats by the number of overnight stays concentrated 80.1% of all overnight stays in Poland. In this group there were nearly all coastal poviats.

The most equal distribution of overnight stays during the year occurred in Mazowieckie and Łódzkie voivodships and in poviats where a health resort was located. The largest seasonal concentration defined overnight stays concentration in July and August was observed in Pomorskie, Warmińsko-Mazurskie and Zachodniopomorskie voivodships respectively – 47.0%, 43.4% and 38.5%.

| <i>HOTELS AND THEIR OCCUPANCY BY CATEGORY AND VOIVODSHIP /cont./</i> | | | | | | | |
|--|---|---------------------------|-------------|-------------|-------------|-------------|--|
| Województwa <i>Voivodships</i> | Hotele ogółem <i>Hotels total</i> | Kategorie <i>Category</i> | | | | | w trakcie kategoryzacji <i>during categorization</i> |
| | | ***** | **** | *** | ** | * | |
| POLSKA 2011 | 43,7 | 60,3 | 49,7 | 41,1 | 39,8 | 43,8 | 32,8 |
| POLAND 2012 | 43,6 | 63,4 | 50,1 | 40,5 | 38,1 | 40,5 | 33,1 |
| Dolnośląskie..... | 40,1 | 60,3 | 43,3 | 39,1 | 34,4 | 37,1 | 29,4 |
| Kujawsko-pomorskie | 38,3 | # | 45,8 | 33,2 | 37,1 | 54,4 | 26,0 |
| Lubelskie..... | 38,9 | - | 41,7 | 39,1 | 41,8 | 31,6 | 23,5 |
| Lubuskie..... | 37,4 | - | 45,1 | 36,4 | 32,3 | 36,2 | 47,6 |
| Łódzkie | 39,9 | - | 48,9 | 36,1 | 41,5 | 39,4 | 20,3 |
| Małopolskie..... | 49,7 | 61,3 | 57,1 | 47,2 | 39,2 | 36,5 | 41,6 |
| Mazowieckie | 55,6 | 74,5 | 62,4 | 46,4 | 46,0 | 51,6 | 28,6 |
| Opolskie | 37,4 | - | - | 41,7 | 24,8 | 33,2 | 33,7 |
| Podkarpackie..... | 36,2 | - | 45,1 | 34,3 | 38,7 | 39,3 | 34,4 |
| Podlaskie | 43,8 | - | 39,0 | 45,9 | 51,9 | # | 27,5 |
| Pomorskie | 41,4 | 54,3 | 51,5 | 39,2 | 35,7 | 31,6 | 34,7 |
| Śląskie | 37,6 | 29,2 | 36,7 | 39,4 | 38,2 | 38,1 | 31,5 |
| Świętokrzyskie | 35,4 | # | 48,2 | 33,9 | 31,8 | 33,4 | 27,8 |
| Warmińsko-mazurskie | 35,3 | # | 40,8 | 33,9 | 30,8 | 9,3 | 27,8 |
| Wielkopolskie | 36,6 | # | 41,9 | 37,1 | 32,6 | 34,4 | 9,9 |
| Zachodniopomorskie..... | 53,0 | 54,3 | 61,2 | 48,7 | 46,5 | 44,0 | 57,9 |

| | | | | | | | |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| O G Ó Ł E M 2011 | 52,4 | 64,4 | 54,9 | 49,1 | 47,6 | 54,3 | 40,0 |
| T O T A L 2012 | 52,8 | 67,4 | 56,8 | 49,1 | 46,8 | 48,2 | 31,8 |
| Wrocław | 51,3 | 60,3 | 51,4 | 49,5 | 46,9 | 45,0 | - |
| Bydgoszcz | 39,8 | # | 50,3 | 31,5 | 36,7 | 42,0 | 27,0 |
| Toruń | 47,3 | - | 52,3 | 39,9 | 44,2 | # | - |
| Lublin | 49,3 | - | # | 45,4 | 62,0 | # | # |
| Gorzów Wielkopolski | 42,3 | - | # | 35,6 | 46,8 | # | # |
| Zielona Góra | 37,0 | - | # | 47,5 | 36,9 | 28,2 | - |
| Łódź | 42,7 | - | 53,1 | 33,8 | 46,7 | # | # |
| Kraków | 58,0 | 62,9 | 64,3 | 58,5 | 42,1 | 44,3 | # |
| Warszawa | 63,4 | 74,5 | 69,0 | 55,2 | 55,7 | # | # |
| Opole | 41,0 | - | - | 44,2 | # | # | # |
| Rzeszów | 47,1 | - | # | 46,4 | 51,3 | 45,1 | # |
| Białystok | 49,4 | - | # | # | 54,4 | - | - |
| Gdańsk | 51,4 | 61,5 | 54,3 | 47,0 | 50,0 | - | # |
| Katowice | 39,6 | # | 44,0 | 36,0 | 35,3 | # | # |
| Kielce | 34,4 | - | # | 29,4 | 37,7 | # | 59,2 |
| Olsztyn | 47,1 | - | # | 49,0 | 40,1 | - | # |
| Poznań | 43,4 | # | 42,9 | 43,1 | 43,9 | # | # |
| Szczecin | 54,0 | - | 54,4 | 59,0 | 59,3 | 45,7 | - |

Source: stat.gov.pl, 2013

The highest occupancy rate in Poland have 5 star hotels followed by 4 star. Mazowieckie region is a leader with 55,6% of occupancy rate, followed by Małopolskie with 49,7%. Among cities Warszawa is leading with 63,4 %, followed by Krakow and Wroclaw. Moreover in Warszawa and Wroclaw 5star hotels are ranked as first, while in Krakow 4 star hotels have higher occupancy rate than 5 star hotels.

4.11.1 Recommendation

Invest into 5 star hotels in Warszaw due to highest occupancy rates ever – 74,5%.

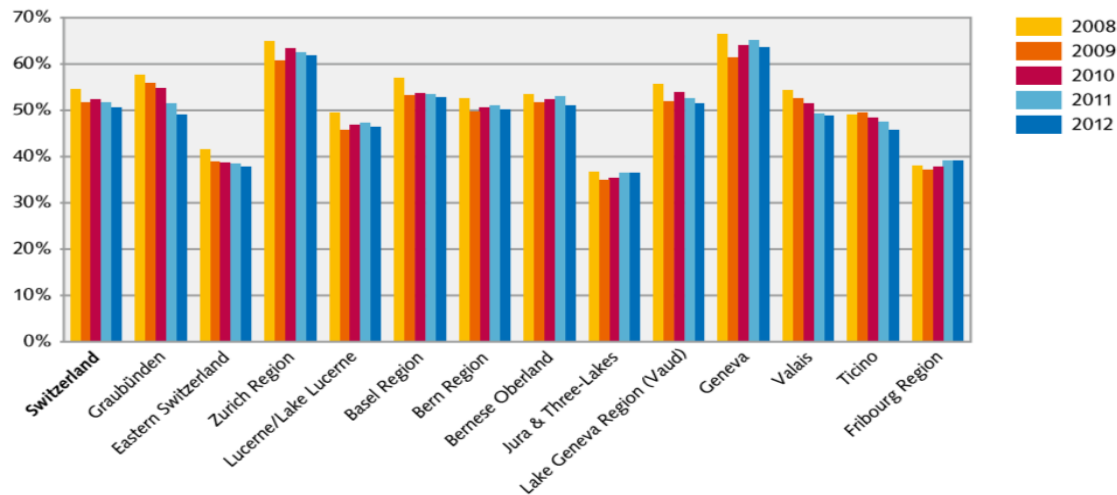
4.12 Switzerland

In 2012, the net room occupancy rate⁷ in hotels and health establishments was 50.5% (51.6% in 2011) nationally (G4). However, this rate varied considerably depending on the tourist region. The highest rates for 2012 were registered in city regions, namely Geneva with 63.6%, the Zurich region (61.7%) and in the Basel region (52.7%). The region of Jura and Three-Lakes registered the lowest rate with 36.4%. Compared with 2011, almost all tourist regions, eleven out of thirteen, saw a fall in their net room occupancy rates. The biggest falls between these two years were observed in Graubünden (2011: 51.4%; 2012: 49.0% i.e. -2.4 points) and in the Bernese Oberland (2011: 52.9%; 2012: 51.0%, i.e. -1.9 points). The region of Fribourg was the only one to see its rate improve, with a very slight increase of 0.1 point (2011: 39.0%; 2012: 39.1%) whereas for the Jura and Three Lakes region no variation in the rate was observed between these two years. As far as the tourist seasons are concerned, the net room occupancy rate at national level was higher during the summer season with 54.1%, than in winter (46.4%). The highest value was registered in the Zurich region with a net occupancy rate of 67.7% during the summer season. The biggest variations between the two

seasons were found in Ticino with a rate of 54.3% for the summer season and 32.8% for the winter, and in the Lucerne/Lake Lucerne region (54.0% in summer and 37.1% in winter). The only two tourist regions which registered a higher rate during the winter season compared with summer were Graubünden, with 51.8% and 45.6% respectively, and Valais with 59.2% and 47.6%.

Net room occupancy rate in hotels and health establishments, 2008–2012

G 2.4



© Federal Statistical Office (FSO)

T2.3 Duration of stay in 2012

| Tourist region | Average duration of stay in 2012 (in nights) | | | | | | | | | | |
|---------------------------|--|------------|-------|----------------------------|----------------------------|---------------|------------|-------|-----------------|-----------------|------------------|
| | Hotels and health establishments | | | | | Youth hostels | | | Campsites | | |
| | Swiss | Foreigners | Total | Winter season ¹ | Summer season ² | Swiss | Foreigners | Total | Swiss | Foreigners | Total |
| Switzerland | 2.0 | 2.2 | 2.1 | 2.3 | 2.0 | 2.0 | 2.0 | 2.0 | 3.6 | 3.1 | 3.2 |
| Graubünden | 2.6 | 3.5 | 2.9 | 3.4 | 2.5 | - | - | 2.7 | () | () | 3.2 |
| Eastern Switzerland | 2.0 | 2.4 | 2.1 | 2.3 | 2.0 | - | - | 1.7 | () | () | 2.5 |
| Zurich Region | 1.6 | 1.9 | 1.8 | 1.8 | 1.8 | - | - | 1.9 | () | () | 2.5 |
| Lucerne/Lake Lucerne | 1.9 | 1.8 | 1.8 | 1.9 | 1.8 | - | - | 1.8 | () | () | 2.3 |
| Basel Region | 1.8 | 2.1 | 2.0 | 2.0 | 1.9 | - | - | x | () | () | 2.4 |
| Bern Region | 1.6 | 2.0 | 1.8 | 1.8 | 1.8 | - | - | 1.6 | () | () | 2.4 |
| Bernese Oberland | 2.2 | 2.3 | 2.3 | 2.5 | 2.1 | - | - | 1.9 | () | () | 3.1 |
| Jura & Three-Lakes | 1.6 | 2.1 | 1.8 | 1.8 | 1.7 | - | - | x | () | () | 3.3 |
| Lake Geneva Region (Vaud) | 1.9 | 2.3 | 2.1 | 2.2 | 2.1 | - | - | 2.1 | () ³ | () ³ | 3.6 ³ |
| Geneva | 1.8 | 2.1 | 2.1 | 2.1 | 2.1 | - | - | x | | | |
| Valais | 2.3 | 3.0 | 2.6 | 3.2 | 2.1 | - | - | 2.0 | () | () | 3.5 |
| Ticino | 2.2 | 2.2 | 2.2 | 2.1 | 2.2 | - | - | 2.1 | () | () | 4.2 |
| Fribourg Region | 1.6 | 1.8 | 1.7 | 1.7 | 1.6 | - | - | x | () | () | 2.3 |

Source:Swisstourfed.ch, 2013

According to statistics Graubunden region shows the longest duration of stay with 2,9 nights, followed by Bernese Oberland and Valais.

Further, Zurich region has the greatest number of overnights, followed by Graubunden and Valais. Also Zurich lead a Top destinations ranking.

Regarding star rating statistics 1 and 4 star hotels produce almost equal net occupancy rate with 60%, followed by 2 stars. 5 star hotels have the lowest occupancy rate.

STAR RATING SYSTEM IN HOTELS AND HEALTH ESTABLISHMENTS

| Category | Open establishments | Available rooms | Available beds | Net occupancy rate in % (rooms) ¹ | Net occupancy rate in % (beds) ² | RevPAR ³ |
|----------------|---------------------|-----------------|----------------|--|---|---------------------|
| 1 star | 36 | 1 393 | 3 106 | 60.4 | 45.8 | 81.4 |
| 2 stars | 236 | 6 774 | 13 000 | 56.6 | 45.3 | 67.0 |
| 3 stars | 887 | 31 524 | 58 292 | 56.0 | 46.5 | 83.0 |
| 4 stars | 425 | 30 808 | 54 474 | 60.2 | 50.9 | 124.3 |
| 5 stars | 83 | 9 534 | 16 711 | 55.7 | 47.1 | 282.0 |
| No information | 2 793 | 43 049 | 87 972 | 37.2 | 29.0 | 40.2 |
| No category | 283 | 6 016 | 13 396 | 47.5 | 37.5 | 65.6 |
| Total | 4 742 | 129 097 | 246 951 | 50.5 | 40.8 | 92.1 |

Source:Swisstourfed.ch, 2013

TOURIST REGIONS

| Tourist regions | Capacity ¹ | | Overnight stays in millions | | | Net occupancy rate in % | |
|---------------------------|-----------------------|----------------|-----------------------------|-------------|-------------|-------------------------|-------------------|
| | Rooms | Beds | Swiss | Foreigners | Total | Rooms ² | Beds ³ |
| Zurich Region | 17 288 | 29 500 | 1.6 | 3.7 | 5.3 | 61.7 | 49.8 |
| Graubünden | 18 957 | 39 190 | 2.9 | 2.2 | 5.1 | 49.0 | 40.3 |
| Valais | 14 109 | 29 134 | 2.1 | 1.8 | 4.0 | 48.7 | 41.4 |
| Bernese Oberland | 11 835 | 23 755 | 1.6 | 1.9 | 3.5 | 51.0 | 43.8 |
| Lucerne/Lake Lucerne | 12 549 | 24 533 | 1.4 | 1.9 | 3.3 | 46.4 | 38.6 |
| Geneva | 9 029 | 14 823 | 0.5 | 2.3 | 2.8 | 63.6 | 52.0 |
| Lake Geneva Region (Vaud) | 9 146 | 17 326 | 1.0 | 1.5 | 2.5 | 51.4 | 40.2 |
| Ticino | 8 566 | 16 880 | 1.3 | 1.0 | 2.3 | 45.6 | 38.6 |
| Eastern Switzerland | 9 750 | 19 374 | 1.2 | 0.7 | 1.9 | 37.8 | 28.9 |
| Basel Region | 5 855 | 10 202 | 0.5 | 0.9 | 1.5 | 52.7 | 39.5 |
| Bern Region | 5 761 | 10 152 | 0.7 | 0.7 | 1.4 | 50.2 | 39.5 |
| Jura & Three-Lakes | 4 108 | 7 767 | 0.4 | 0.3 | 0.7 | 36.4 | 27.1 |
| Fribourg Region | 2 143 | 4 315 | 0.3 | 0.2 | 0.5 | 39.1 | 30.0 |
| Total | 129 097 | 246 951 | 15.7 | 19.1 | 34.8 | 50.5 | 40.8 |

TOP DESTINATIONS

| Destinations ⁴ | Capacity ¹ | | Overnight stays in millions | | | Net occupancy rate in % | |
|---------------------------|-----------------------|----------------|-----------------------------|-------------|-------------|-------------------------|-------------------|
| | Rooms | Beds | Swiss | Foreigners | Total | Rooms ² | Beds ³ |
| Zurich | 7 846 | 13 585 | 0.6 | 2.2 | 2.8 | 68.8 | 55.5 |
| Geneva | 6 198 | 10 108 | 0.3 | 1.7 | 2.0 | 64.1 | 53.2 |
| Zermatt | 3 204 | 6 291 | 0.6 | 0.7 | 1.3 | 66.9 | 60.3 |
| Lucerne | 2 971 | 5 628 | 0.3 | 0.8 | 1.1 | 66.8 | 56.0 |
| Basel | 3 744 | 6 371 | 0.3 | 0.8 | 1.1 | 60.7 | 46.1 |
| Davos | 2 889 | 5 552 | 0.4 | 0.4 | 0.8 | 52.3 | 45.1 |
| Lausanne | 2 142 | 3 816 | 0.2 | 0.5 | 0.7 | 65.7 | 50.9 |
| St. Moritz | 2 225 | 4 227 | 0.2 | 0.5 | 0.7 | 60.8 | 52.3 |
| Bern | 2 104 | 3 627 | 0.3 | 0.4 | 0.7 | 63.4 | 52.0 |
| Interlaken | 1 593 | 3 056 | 0.2 | 0.5 | 0.7 | 66.0 | 60.5 |
| Lugano | 1 599 | 3 015 | 0.2 | 0.3 | 0.5 | 55.2 | 46.5 |
| Opfikon | 1 420 | 2 478 | 0.1 | 0.4 | 0.5 | 69.1 | 55.3 |
| Grindelwald | 1 328 | 2 802 | 0.2 | 0.3 | 0.5 | 60.0 | 51.1 |
| Lauterbrunnen | 1 344 | 2 687 | 0.1 | 0.3 | 0.4 | 58.2 | 52.3 |
| Switzerland | 129 097 | 246 951 | 15.7 | 19.1 | 34.8 | 50.5 | 40.8 |

Source:Swisstourfed.ch, 2013

4.12.1 Recommendation

Invest into 4 star hotels in Zurich region.

4.13 UK

In the United Kingdom, London demonstrates fascinating results in terms of occupancy rate- more than 81% in 2013 year.

2012 was a remarkable year for hoteliers in London. Whilst major events in the city appeared to be responsible for London's only monthly profit decline in June (-9.3% per cent) due to the celebrations associated with the Diamond Jubilee, July (-3.1 per cent) due to pre-Olympic jitters and November (-5.6 per cent) as the post-Olympic hangover began to set in, it was the 90.1 per cent increase in profit per room in August which secured a third consecutive year of annual growth in profit per room for London's hoteliers (+4.9 per cent).

In 2012, the strongest growth in sector rates was achieved in the corporate (+4.3 per cent) and conference (+6.0 per cent) sectors as London maintained its profile as a key international destination for business. However, the greatest margin of rate growth was achieved in the groups/tours sector (+15.9 per cent) as the usual leisure tour groups were replaced for one year only with high-yielding Olympic-related groups throughout 2012. In August, the achieved rate in this sector increased by 104.5 per cent.

The 1.1 per cent increase in RevPAR achieved by Provincial hoteliers in England (excl. London) in 2012 masks what has been another challenging year. The landmark events which fuelled demand in London meant further interruption to 'business as usual' for hotels in the Provinces, and for a market so susceptible to adjustments in national productivity, a contraction in GDP in three of the four quarters of the year only added to the challenging trading conditions in 2012. Overall, as a result of rising revenue being outpaced by increasing costs, Provincial hoteliers experienced a fifth consecutive year of profit decline.

2012 has been a tale of mixed fortunes for Scotland's major city hotel markets. Whilst headline performance figures across the region were impacted by a drop of more than 100,000 visitors (-12 per cent) between July and September 2012, which hit the leisure-driven Edinburgh hotel market the hardest (see p.16 for further detail), in Glasgow growth in revenue was outpaced by increasing costs, but Aberdeen was the top performing market in the UK outside of London, as the economic profile of 'Europe's Energy City' continued to grow and was complemented by a strong calendar of events at the AECC.

The local economic benefits of Swansea City's promotion to the Premier League in May 2011 have been recently estimated at £58.6 million. In line with this increase in the economic profile of Wales' second city, RevPAR levels in the local hotel market increased by 1.9 per cent in 2012, as a result of growth in both volume and price. Whilst hotels in Cardiff have also recorded an increase in headline performance levels in 2012, largely due to a strong summer of events, going forward the Welsh economy, and hotel market, could receive a further economic boost from the anticipated success of Cardiff City FC, currently leading the championship, who are considered a strong favourite for promotion this year.

| | Avg. Number of Rooms | Occupancy | Avg. Daily Room Rate |
|-----------------|----------------------|--------------|----------------------|
| LONDON | 296 | 81.1% | £138.50 |
| ENGLAND | 153 | 69.5% | £67.99 |
| SCOTLAND | 150 | 73.8% | £77.89 |
| WALES | 157 | 71.4% | £68.86 |

| Trips taken in: Jul-Sep 2013 | TRIPS (millions) | | | BEDNIGHTS (millions) | | |
|---------------------------------|------------------|---------------|----------------|----------------------|----------------|---------------|
| Destination: | 2012 | 2013 | %ch | 2012 | 2013 | %ch |
| GB Total | 38.851 | 40.413 | 4.02% | 146.394 | 145.809 | -0.40% |
| England Total | 31.878 | 32.664 | 2.47% | 114.839 | 112.700 | -1.86% |
| East | 3.181 | 2.965 | -6.79% | 13.641 | 10.809 | -20.76% |
| East Midlands | 2.492 | 2.518 | +1.04% | 7.732 | 7.673 | -0.76% |
| London | 3.091 | 3.221 | +4.21% | 7.911 | 7.564 | -4.39% |
| North East | 1.427 | 1.094 | -23.34% | 4.789 | 3.539 | -26.10% |
| North West | 4.196 | 4.330 | +3.19% | 12.671 | 12.454 | -1.71% |
| South East | 5.194 | 5.797 | +11.61% | 16.079 | 19.481 | +21.16% |
| South West | 7.186 | 7.380 | +2.70% | 33.932 | 33.517 | -1.22% |
| West Midlands | 2.381 | 2.622 | +10.12% | 6.972 | 6.411 | -8.05% |
| Yorks & Humb | 3.312 | 3.274 | -1.15% | 10.412 | 10.534 | +1.17% |
| Scotland Total | 4.010 | 4.010 | 0.00% | 15.742 | 16.069 | +2.08% |
| North | 1.226 | 1.311 | +6.93% | 4.870 | 6.135 | +25.98% |
| West | 1.283 | 1.110 | -13.48% | 4.466 | 4.308 | -3.54% |
| East | 1.347 | 1.261 | -6.38% | 4.777 | 3.967 | -16.96% |
| South | 0.345 | 0.444 | +28.70% | 1.352 | 1.419 | +4.96% |
| Edinburgh | 0.669 | 0.655 | -2.09% | 2.171 | 1.955 | -9.95% |
| Glasgow | 0.421 | 0.376 | -10.69% | 1.105 | 1.191 | +7.78% |
| Wales Total | 3.218 | 4.115 | +27.87% | 15.813 | 17.040 | +7.76% |
| North | 1.152 | 1.492 | +29.51% | 6.208 | 6.315 | +1.72% |
| Mid | 0.667 | 0.869 | +30.28% | 3.539 | 3.693 | +4.35% |
| South West | 0.816 | 1.008 | +23.53% | 3.929 | 4.473 | +13.85% |
| South East | 0.532 | 0.711 | +33.65% | 1.653 | 2.142 | +29.58% |

According to statistics England is the most popular destination in UK with 112. million of bednights, while South west of England represents the most of nights spent- more than 33 mil.

Nevertheless, the average length of nights spent is the highest in Wales – more than 4 nights, while London has only 2,35 nights in average.

| Trips taken in: Jul-Sep 2013 | Average length of stay (nights) | | |
|---|--|-------------|----------------|
| Destination: | 2012 | 2013 | %ch |
| <i>GB Total</i> | 3.77 | 3.61 | -4.25% |
| England Total | 3.60 | 3.45 | -4.22% |
| East | 4.29 | 3.65 | -14.99% |
| East Midlands | 3.10 | 3.05 | -1.79% |
| London | 2.56 | 2.35 | -8.25% |
| North East | 3.36 | 3.23 | -3.61% |
| North West | 3.02 | 2.88 | -4.75% |
| South East | 3.10 | 3.36 | +8.56% |
| South West | 4.72 | 4.54 | -3.82% |
| West Midlands | 2.93 | 2.45 | -16.50% |
| Yorks & Humb | 3.14 | 3.22 | +2.35% |
| Scotland Total | 3.93 | 4.01 | +2.08% |
| North | 3.97 | 4.68 | +17.81% |
| West | 3.48 | 3.88 | +11.50% |
| East | 3.55 | 3.15 | -11.29% |
| South | 3.92 | 3.20 | -18.45% |
| Edinburgh | 3.25 | 2.98 | -8.02% |
| Glasgow | 2.62 | 3.17 | +20.68% |
| Wales Total | 4.91 | 4.14 | -15.73% |
| North | 5.39 | 4.23 | -21.46% |
| Mid | 5.31 | 4.25 | -19.91% |
| South West | 4.81 | 4.44 | -7.84% |
| South East | 3.11 | 3.01 | -3.04% |

Year to date - 1/2013

| CATEGORY | OCCUPANCY RATE | | ADR | | RevPAR | |
|----------|----------------|-------------------------|----------------|-----------------------|----------------|-----------------------|
| | % | change (pts) vs YTD1/12 | local currency | change (%) vs YTD1/12 | local currency | change (%) vs YTD1/12 |
| Economy | 61.9% | 0.7 | 44.1 | -2.0% | 27.3 | -0.8% |
| Midscale | 58.5% | -3.0 | 68.9 | -1.7% | 40.3 | -6.5% |
| Upscale | 63.1% | 0.4 | 96.7 | -4.6% | 61.0 | -4.1% |
| Global | 60.7% | -1.6 | 66.5 | -1.8% | 40.4 | -4.3% |

ADR and RevPar are excluding taxes
Source: MKG Hospitality Database

Year to date by city – 1/2013

| CITY | OCCUPANCY RATE | | ADR | | RevPAR | |
|----------------|----------------|-------------------------|----------------|-----------------------|----------------|-----------------------|
| | % | change (pts) vs YTD1/12 | local currency | change (%) vs YTD1/12 | local currency | change (%) vs YTD1/12 |
| BIRMINGHAM | 58.2% | 2.6 | 61.9 | 3.6% | 36.1 | 8.4% |
| CARDIFF | 52.5% | 3.9 | 51.9 | 0.8% | 27.3 | 8.8% |
| EDINBURGH | 57.7% | 1.9 | 73.8 | 10.3% | 42.7 | 14.0% |
| GLASGOW | 57.4% | -1.8 | 54.5 | 0.7% | 31.3 | -2.4% |
| LEEDS-BRADFORD | 61.9% | 1.0 | 47.5 | 1.8% | 29.4 | 3.5% |
| LONDON | 70.4% | -1.5 | 110.3 | -2.3% | 77.7 | -4.3% |
| MANCHESTER | 71.3% | 6.7 | 65.4 | -0.1% | 46.7 | 10.3% |

ADR and RevPar are excluding taxes
Source: MKG Hospitality Database

4.13.1 Recommendation

Invest in upscale hotels in London and Manchester (due to positive trend in occupancy rate growth).

5. Hotel classification

5.1 Types of accommodation

- hotels
- hostels
- serviced apartments
- camping
- senior citizens' residences
- students' housing
- shared ownership concepts
- buy-to-let concepts
- vacation homes

Table: Room supply in Europe by star classification

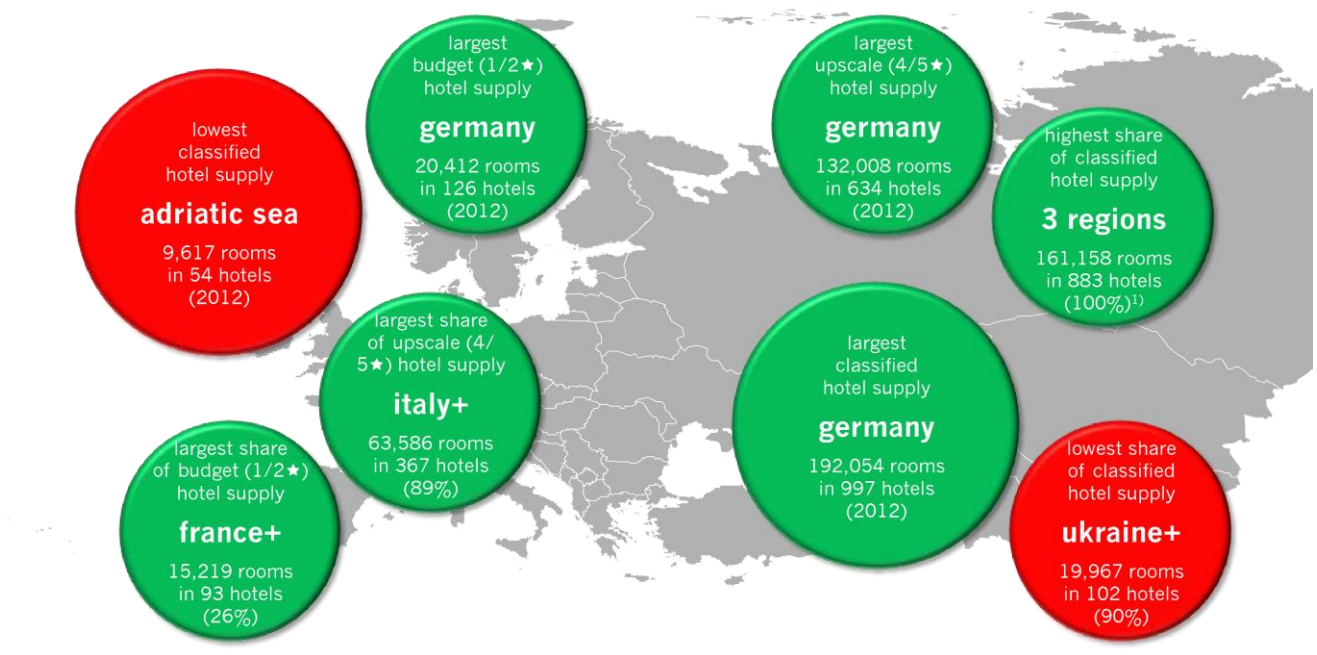
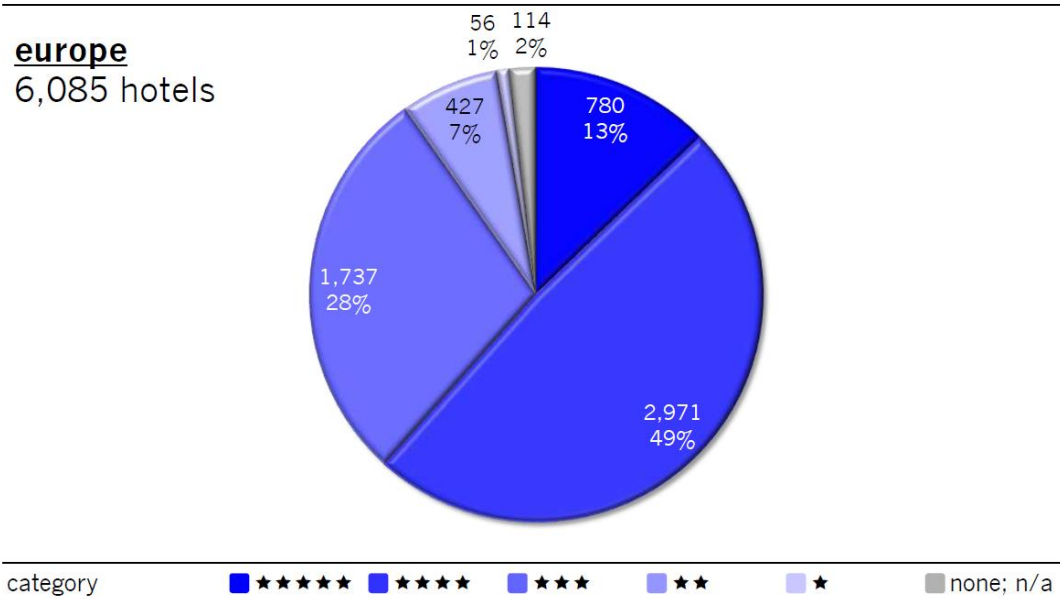
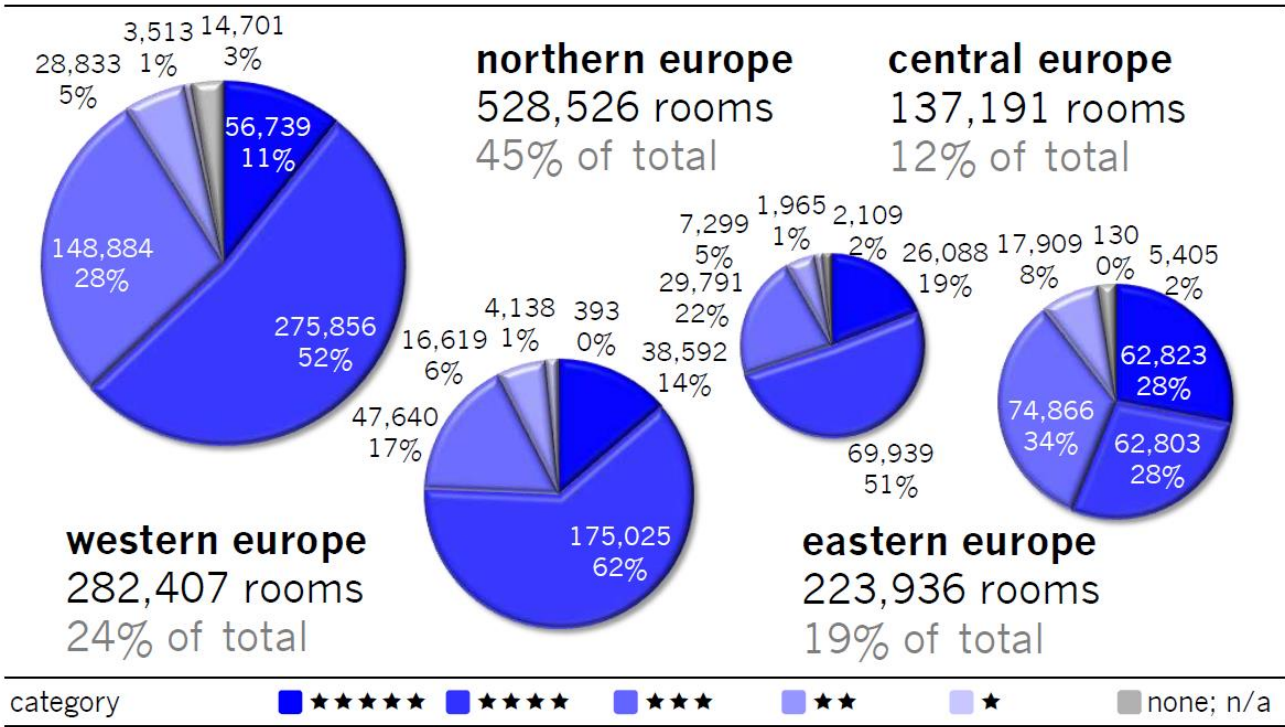


Table: hotel classification by properties on european continent:



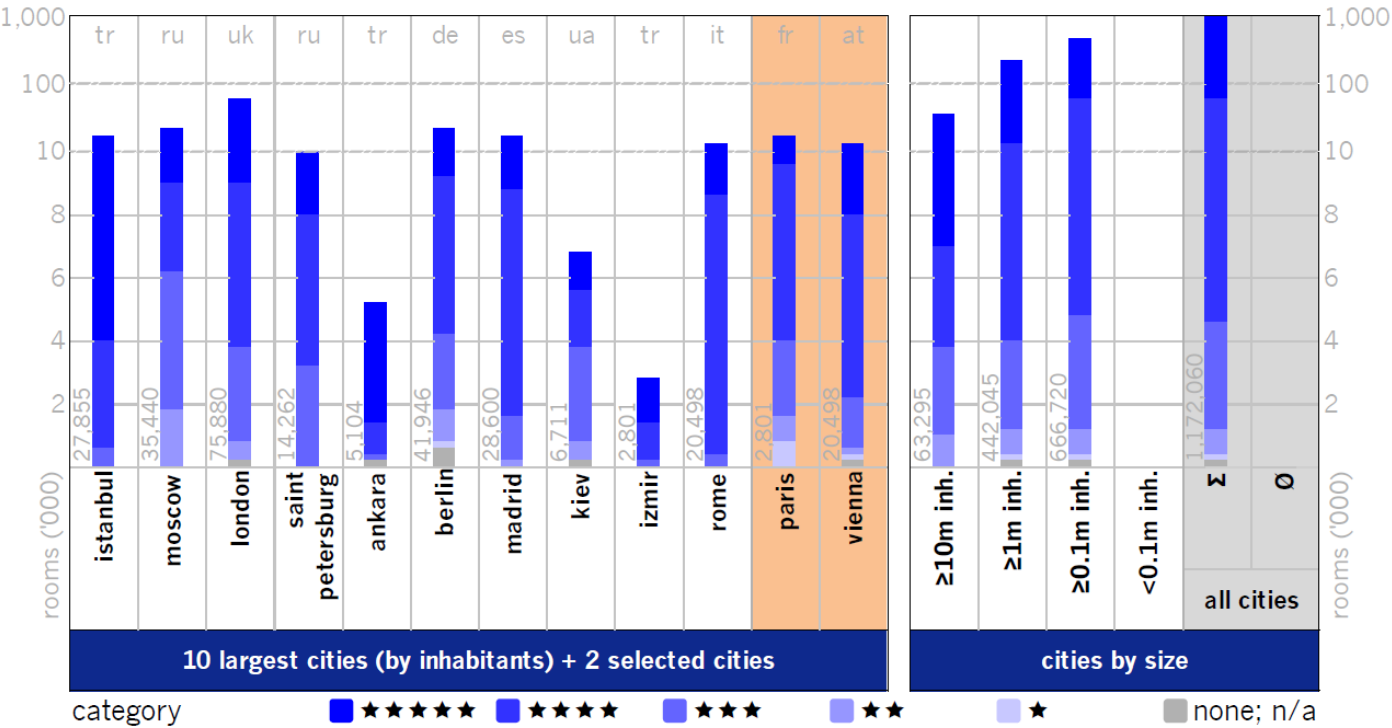
The biggest market share have 4 star hotels. Followed by 3 star and 5 star hotels.

Table: Hotel Classification by rooms per area



In the eastern Europe the share of 5 star hotels is the largest.

Table: hotel classification: room supply top 10 plus 2 Cities



In Vienna in comparison with other cities like Paris there is an undersupply of 3 star hotels. The largest 5 star hotel supply is in the cities with the population over 10 Mio inhabitants.

5.2. Hotel branding
 Table: Hotel branding in Europe

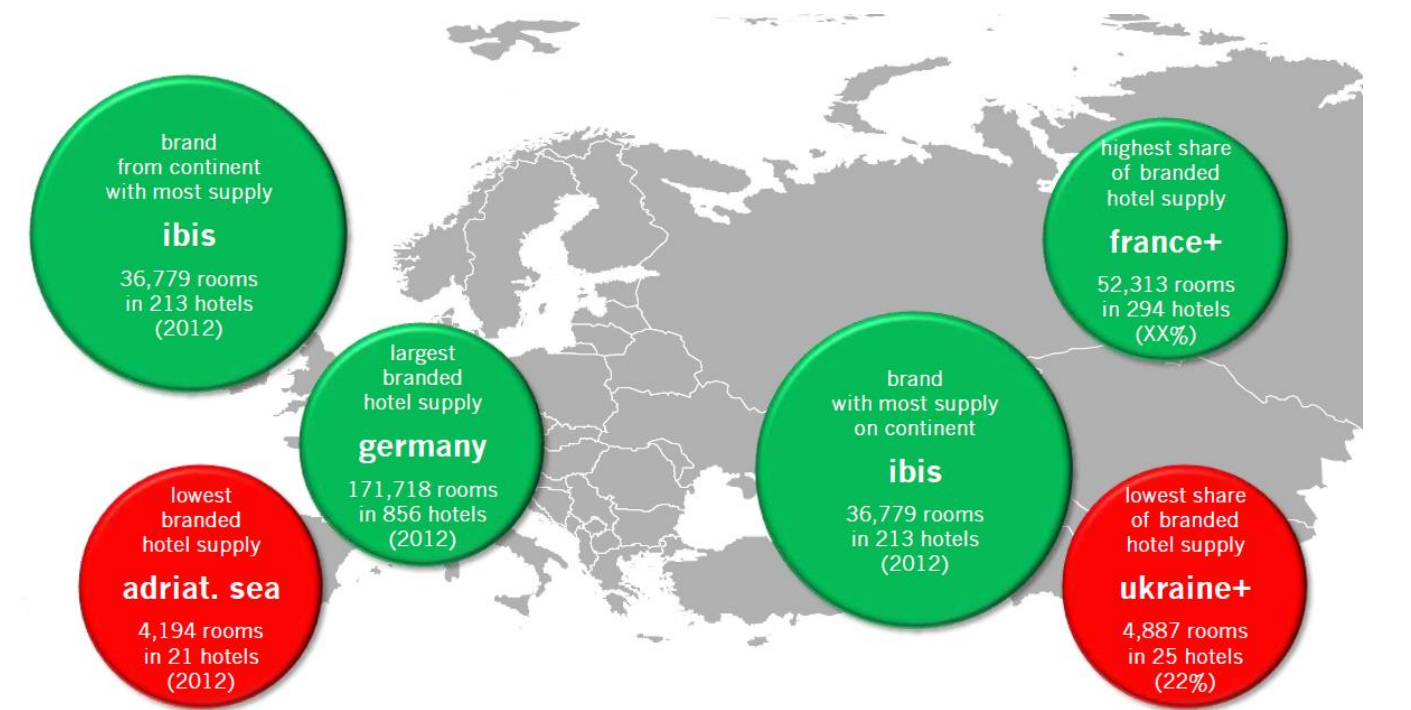
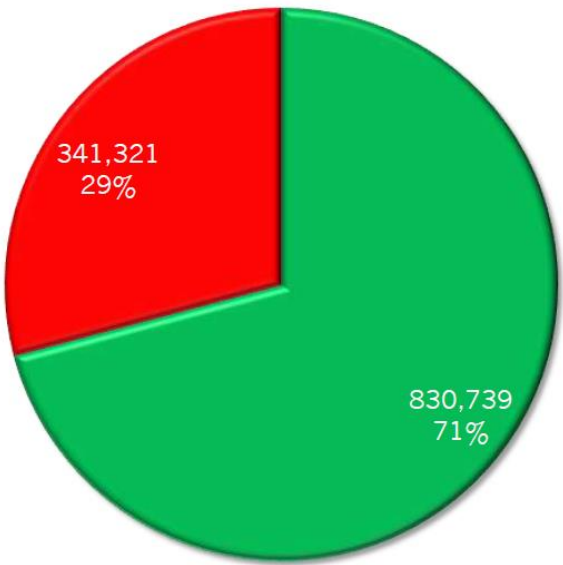


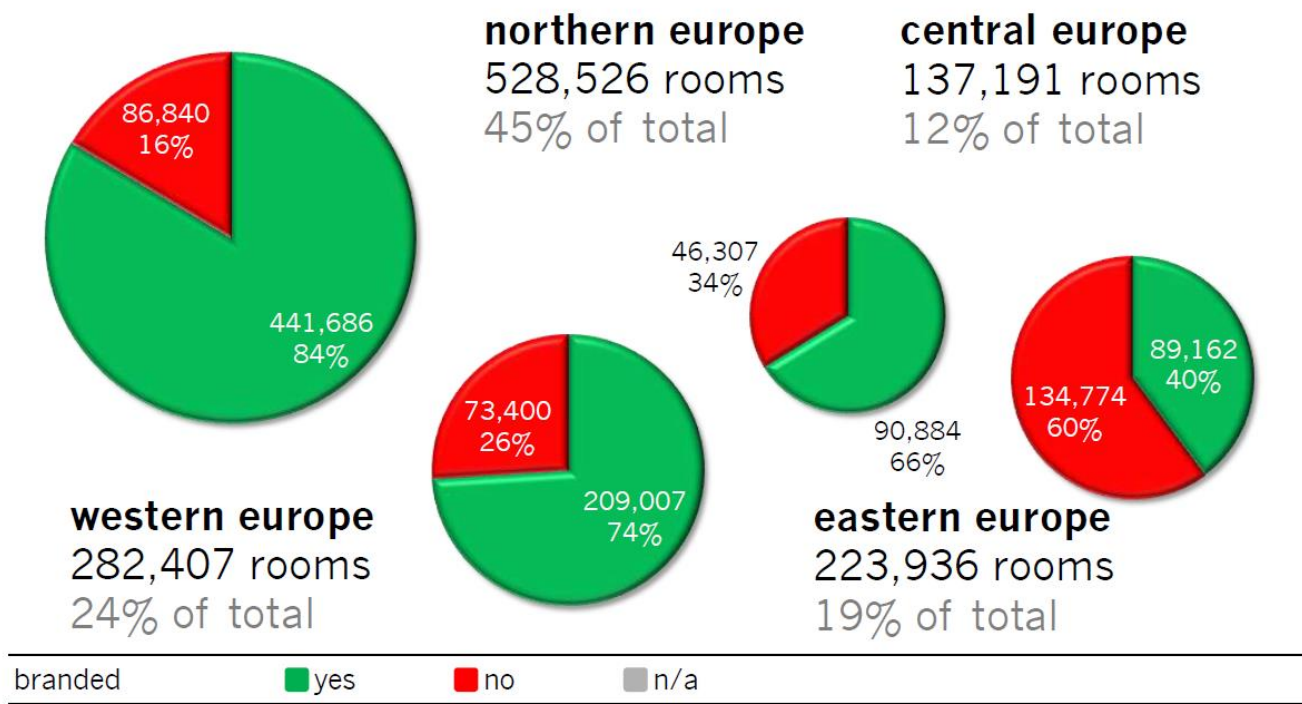
Table: Hotel branding by rooms on the European continent

europa
 1,172,060 rooms



branded yes no n/a

Table: branded hotel rooms by areas in Europe



There is a clear trend to hotel branding in western Europe, eastern Europe is mostly unbranded yet.

Table: Top 10 Hotel brands in Europe (by number of rooms)

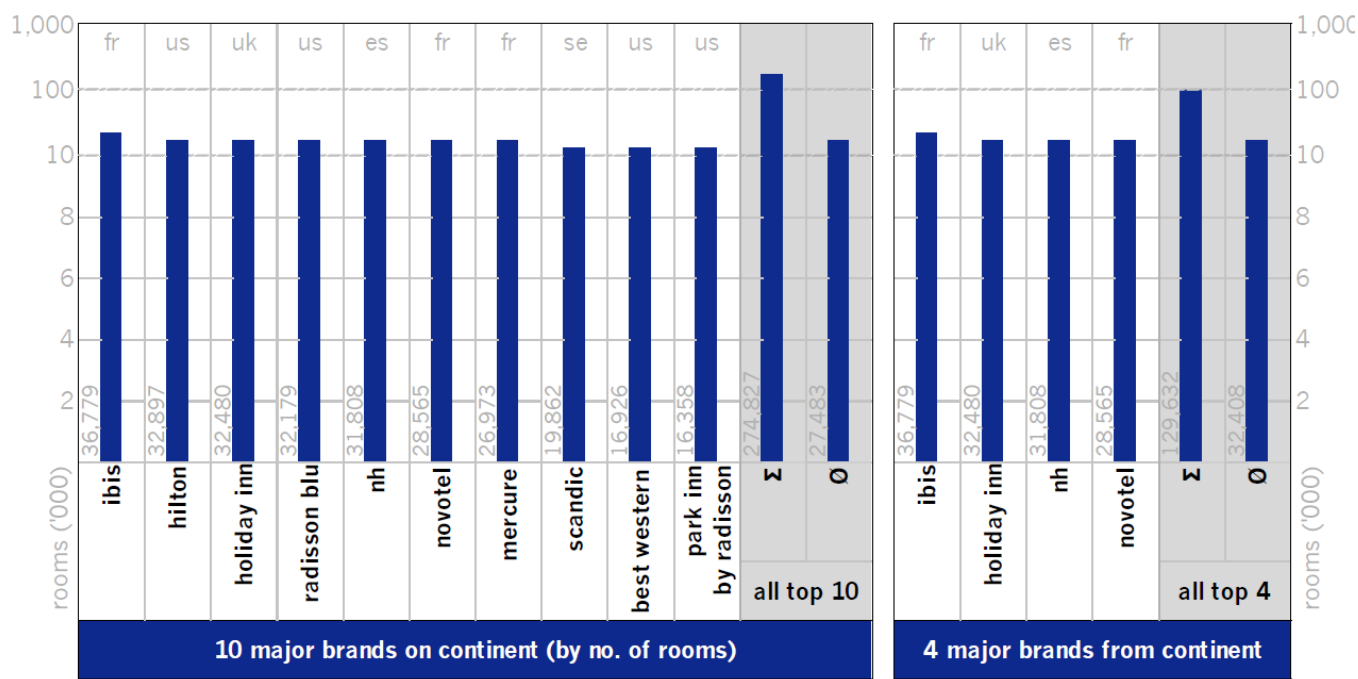


Table: Hotel branding by rooms in 10 +2 major countries

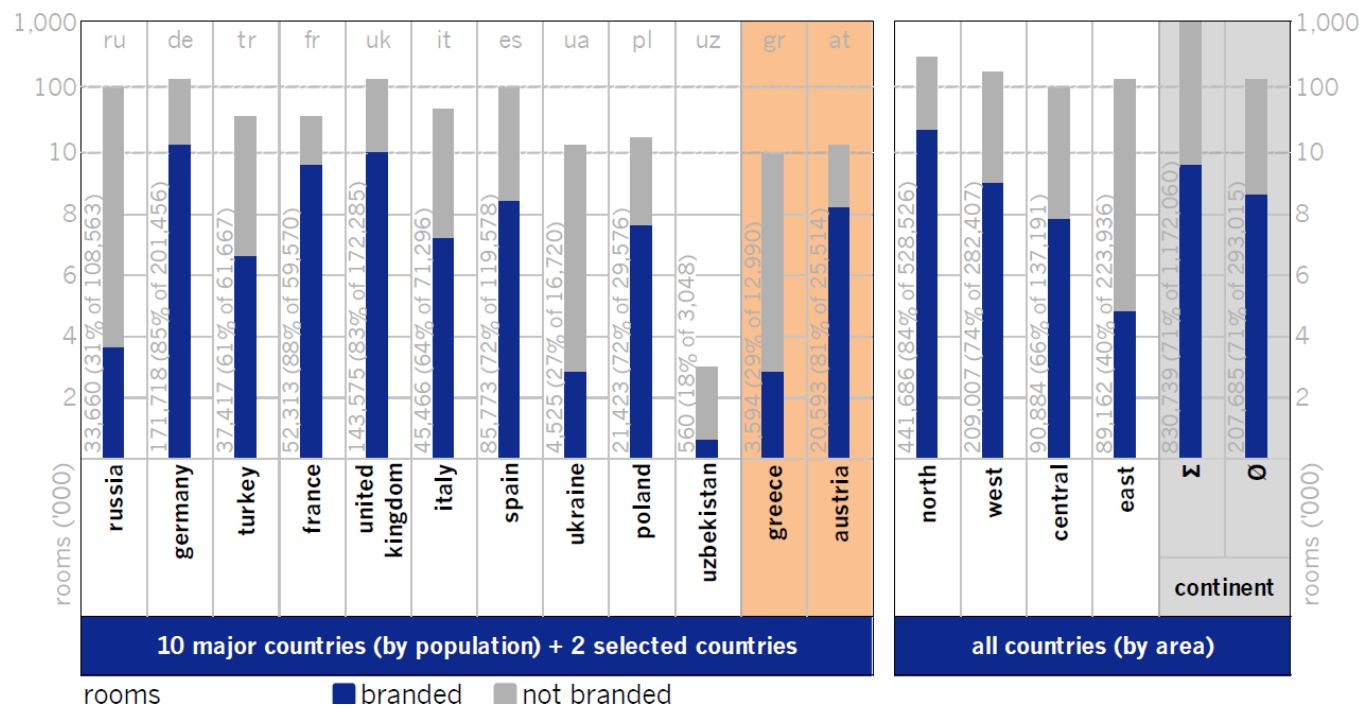


Table: Hotel groups in European continent

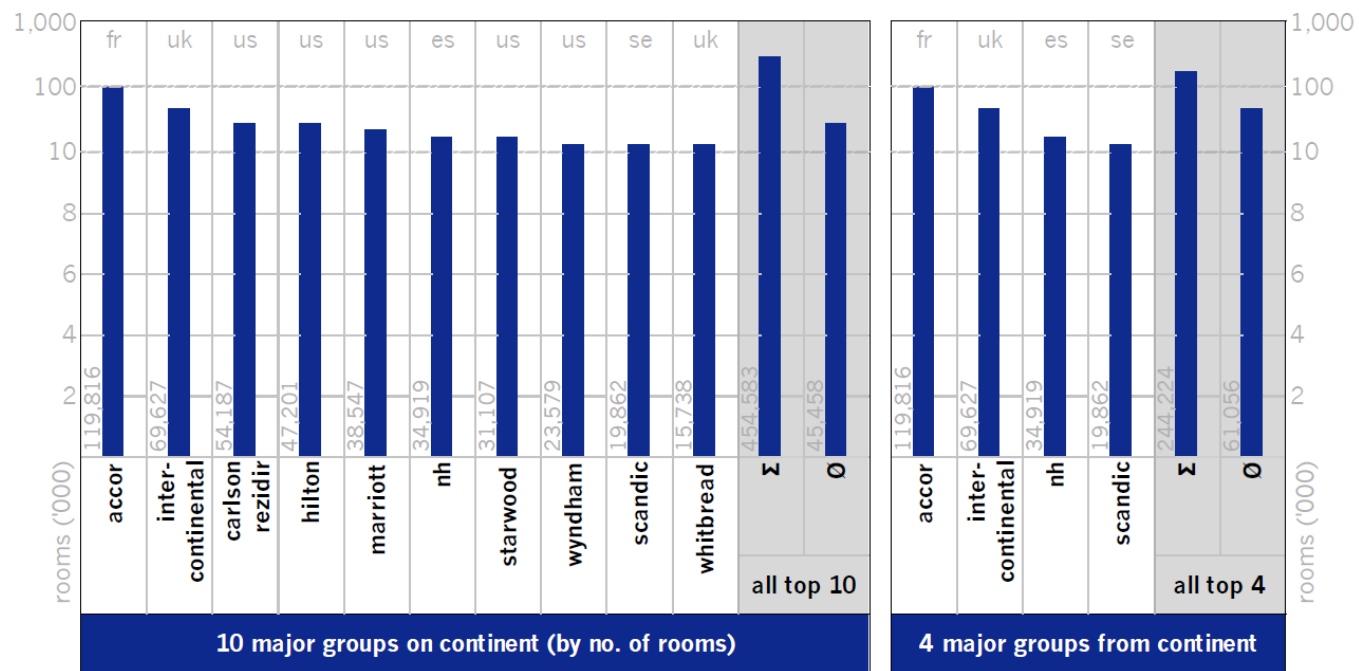


Table: Hotel groups in 10+2 countries

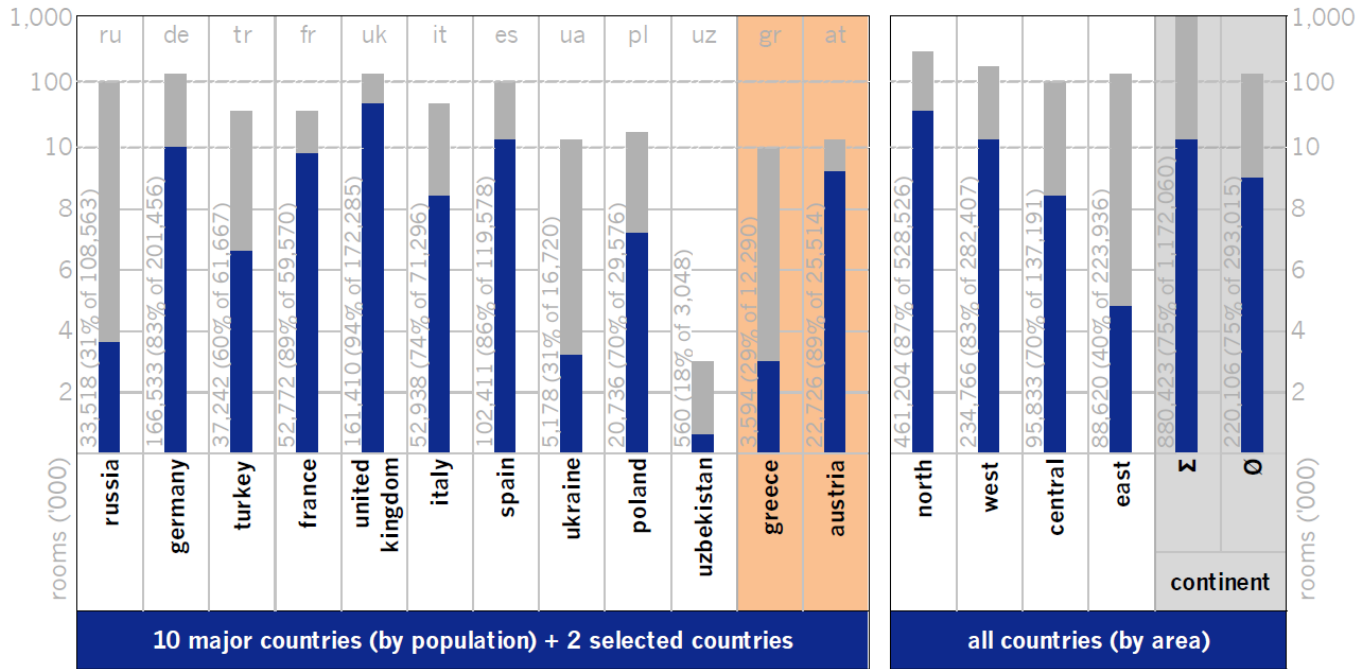


Table: Hotel contracts per group per type

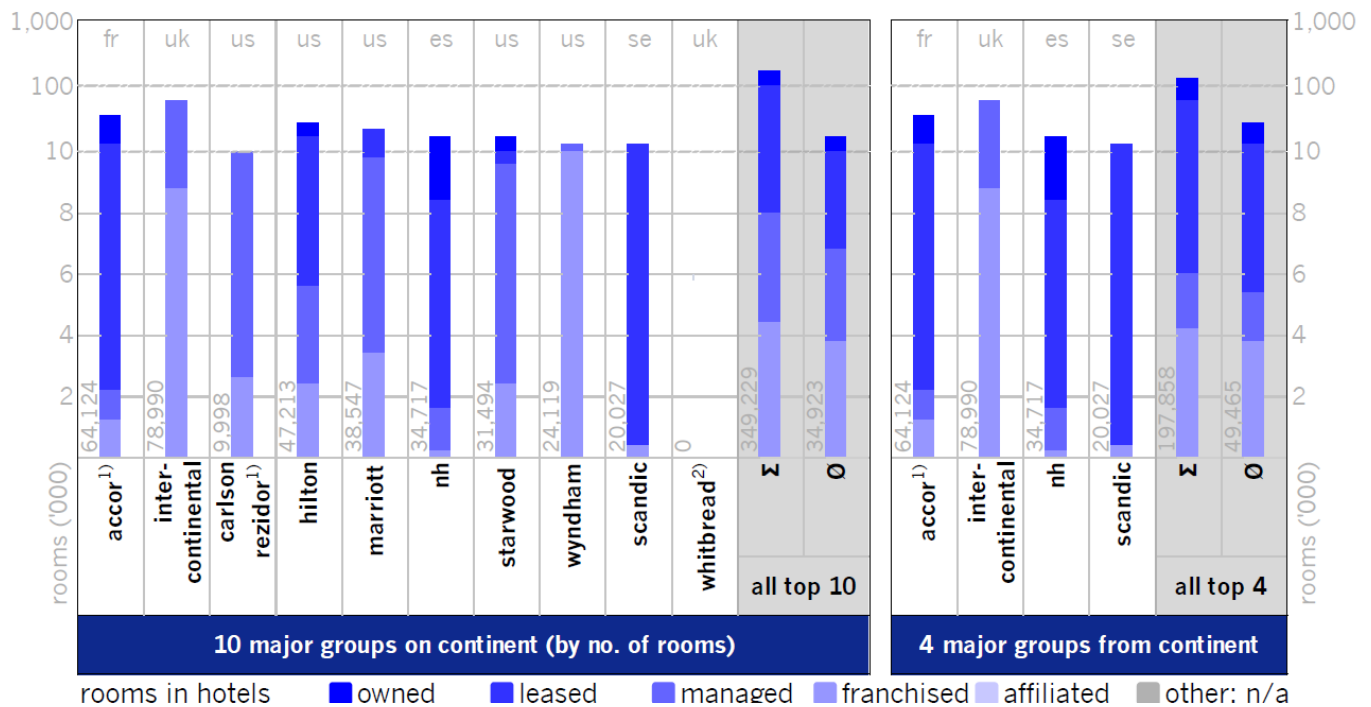
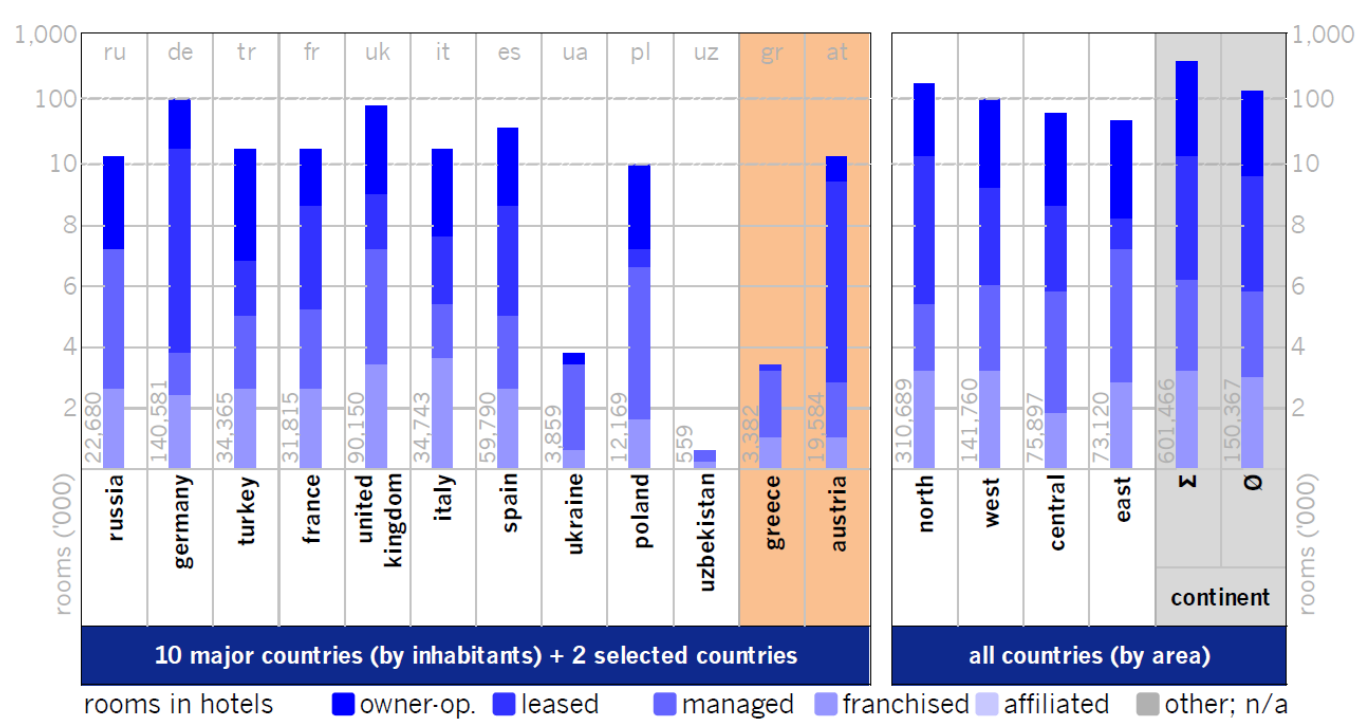


Table: Hotel contract type in 10+2 countries



In Austria and Germany the lease contracts are more popular than in other countries

6. Conclusion

6.1.1. hotel market in Europe 2013

In Europe, operating results are anticipated to remain robust in key cities such as Munich, Paris, Vienna, and Barcelona. These markets will disproportionately benefit from the continued expansion of inbound tourism from BRIC countries (Brazil, Russia, India and China) and markets in Asia and South America. An exception will be hotels in London where an Olympic 'hangover' and a significant increase in supply will likely result in a flattening or contraction in RevPAR (revenue per available room) in 2013.

The U.K. is anticipated to remain the most liquid market in EMEA, driven by buoyant investment activity in London, which remains a target for risk-averse overseas investors wishing to avoid Euro exposure.

The London hotel market has proven to be resilient with average occupancy levels predicted to stay close to 80%. Demand for upscale properties will remain strong and keep prices at record levels with yields for these type of assets within a range of 2% and 5%.

In regional U.K., investment activity will be driven by a combination of a large amount of product being offered for sale and a narrowing price expectation gap between buyers and sellers. Many of these

properties will come from distressed situations, and for the right buyer, will deliver a healthy yield. France is likely to achieve second place in terms of investment volume in 2013. Single asset transactions will be driven by Paris, which similar to London, attracts a large number of overseas investors. A combination of limited supply for sale and high demand will result in aggressive pricing.

In regional France, we anticipate some activity, mainly in the budget segment, as hotel operators continue to pursue an asset light strategy. These assets, likely to be trading as part of a portfolio, will come on the radar of institutional investors seeking more stable returns and also will attract the attention of some private equity investors looking to own and operate properties in secondary markets under franchise agreements

In 2013, many investors will look to Germany, which is expected to offer some of the most attractive risk-adjusted returns. In addition, the hotel market benefits from a buoyant tourism sector and solid economic fundamentals. Hotels are often still subject to long-term leases, which provide stable cash flows and will, therefore, continue to appeal to institutional investors such as Deka Immobilien, Union Investment and Invesco Real Estate. A positive buy sentiment from this investor group was moreover reflected in European real estate fund manager Internos' capability of raising a sum of €75 million from four German institutional investors for its Hotel Real Estate Fund in July 2012. Hotels in key markets such as Munich, Frankfurt, Hamburg and Berlin will also experience significant buyer interest from private individuals and family offices, which are aiming for long and secure investments.

In Italy, we anticipate sustained hotel investment activity despite a struggling corporate and domestic tourism sector which will put pressure on trading performance. It is likely that investment activity will be driven by luxury/trophy hotels in high barrier to entry business and leisure destinations such as Rome and Milan. While the Italian hotel investment market remains primarily in the hands of domestic buyers, we expect capital flows from the Middle East directed towards trophy assets in core markets.

In Central and Eastern Europe, we predict investment activity to be strongly correlated with the amount of debt availability. Although lending activity is expected to improve, it will remain challenging to finance transactions in this region and therefore hotel investment volumes could very well remain subdued. However, we can expect some activity from equity rich investors as well as opportunistic investors, although with a clear focus on prime assets.

Nonetheless, we anticipate a potential uptick in hotel investment activity in Poland due to the country's economic stability, buoyant hotel market and high yields for new hotel acquisitions relative to most mature markets. Some transaction activity is also expected in Prague, where hotels have recorded a significant improvement in trading performance and investor interest, particularly from local private equity companies.(Joneslanglasalle.com, 2012)

6.1.2. Recommended investment portfolio

Austria. Invest in 3 star business hotels in Vienna (60% occupancy) and in 5 and 4 stars leisure hotels in Tyrol (50,1%) and Salzburg (due to stability) and in Vorarlberg (taking into account positive changes).

The budget hotels (2 and 3 stars) bring the highest yield in Vienna (6-7% p.a.), and the 5 star hotels the lowest yield 2-4% p.a.; 4 Star hotel investment around 4-6% yield. A 5 star hotel in Vienna can be interesting if the brand would respect the Austrian traditions and history, like Sacher Hotel. For the budget hotel investment in Vienna should be a hotel with one of the 10 biggest hotel operator like Ibis or Accor, for 4 Star can be taken a Marriott as an operating company.

A luxury hotel in Salzburg or Tirol, for example in Kitzbühel would bring between 3 and 5% p.a. It should be a hotel with more than 100 rooms bought, as due to the high labor costs in Austria it is not profitable to invest in small hotels.

The regions in Tirol with the most overnights are Serfaus, Mayrhofen, Innsbruck, Sölden, Stubai, Wilder Kaiser and Kitzbühel, and Seefeld.

Bulgaria It is not recommended to invest due to strong seasonality in occupancy rates which drop down in twice in winter season from 70% to 40%. Anyway, 4-5 star hotels in South West region in Bulgaria have the highest occupancy rate, arrivals and revenue from nights spent, with the summer season is a peak of occupancy rates.

Czech Republic. It's recommended to invest into 5-star hotel in Prague (65,3%) due to high occupancy rate as well as 3star hotels due to big volume of overnights. Further 4 star hotels region (West Bohemian Spa region) could be considered as good for investments due highest occupancy rate combined with great number of overnights. Investment in construction of new 5 star hotels in Jihočeský region could bring profit due to lack of competitors. Investment yield is around 6-7%.

France. It's recommended to invest in 3 star hotels in Paris (62,3%) or closest cities in Île-de-France region due to the highest occupancy rate. The profitability would be 5% in Paris and around 6% near Paris.

Germany. It's recommended to invest into 3-4 star hotels in Berlin (77% of occupancy rate), or to airport hotels (75% of occupancy rate). Profitability is around 7% p.a.

Greece. Invest into large 5* (55,8%) and 4* hotels (>100 rooms) on Crete, The Aegean Islands, Cyclades and Dodecanese with the yield around 8% p.a.

Hungary. Invest with around 6-7% yield p.a. in 5 star hotels in Budapest (68%) and in spa and wellness oriented hotels on Balaton Lake and countryside.

Italy. Invest with the yield around 6-7% p.a. in luxury hotels in Milan due to high occupancy rate (64%), destination popularity and all-year seasonality.

Slovakia. It is not recommended to invest due to the low occupancy rate, the highest rate is 33,5% is in 4 and 5 star hotels in Bratislava.

Slovenia. It is not recommended to invest due to strong seasonality in occupancy rates which drop down in twice in winter season from 70% to 40%. The most interesting would be here investment in 3 and 4 star hotels which belong to health/spa and seaside resorts in the coast -Karst region (f.e. Piran city which is the most popular city for foreign tourists in Slovenia in terms of overnight stays)

Poland. Invest with a yield of 6-8% p.a. into 5 star hotels in Warsaw due to highest occupancy rates ever – 74,5%.

Switzerland. Invest into 4 star hotels in Zurich (68.8% average occupancy rate), the investment would bring around 5% yield p.a.

UK. Invest in upscale hotels in London (70,4%) and Manchester (71,3%) (due to positive trend in occupancy rate growth). But the highest occupancy rate overall is in London – 81.1%

| | |
|------------|--------|
| Vienna | 60,00% |
| Tyrol | 50,10% |
| Bulgaria | 40-70% |
| Prague | 65,30% |
| Paris | 62,30% |
| Berlin | 77,00% |
| Crete | 55,80% |
| Budapest | 68,00% |
| Milan | 64,00% |
| Bratislava | 33,50% |
| Slovenia | 40-70% |
| Warsaw | 74,50% |
| Zurich | 68,80% |
| London | 81,10% |

In conclusion we recommend to invest in 5 star hotels in London due to highest occupancy rate and positive economical trends in region. Also Berlin and Warsaw could be considered as potentially profitable regions for hotel investments.

Despite the fact that Bulgaria and Slovenia demonstrate up to 70% occupancy rate we do not recommend to invest in hotels there due to huge difference in occupancy rates between winter and summer season.

We recommend to take into account hotel market in Vienna, Zurich and Budapest with regard to high occupancy rates in hotels as well as stable economical situation in these three countries.

Annex 1: Key definitions

Travel & Tourism – relates to the activity of travellers on trips outside their usual environment with a duration of less than one year. Economic activity related to all aspects of such trips is measured within the research.

Direct contribution to GDP – GDP generated by industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transport services, as well as the activities of restaurant and leisure industries that deal directly with tourists.

Visitor exports – spending within the country by international tourists for both business and leisure trips, including spending on transport, but excluding international spending on education.

Capital investment – includes capital investment spending by all sectors directly involved in the Travel & Tourism industry. This also constitutes investment spending by other industries on specific tourism assets such as new visitor accommodation and passenger transport equipment, as well as restaurants and leisure facilities for specific tourism use.

Annex 2: List of referencies

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