



## **Hotel industry: Willingness to take risk and caution are balanced**

### **hospitalityInside INVESTMENT BAROMETER Autumn 2016:**

- **Investors deliberate between risk and return-oriented strategies**
  - **Digitalisation accepted in the hotel industry**

Augsburg/Hamburg (November 22, 2016). Opportunities and risks are spread broadly in the hotel industry. Whilst the digitalisation megatrend is clearly viewed as an opportunity, on the investment side, the sector currently shows itself to be quite ambivalent. The overall mood in the sector is meanwhile stuck around cautious optimism. These were the findings of the hotel trade magazine HospitalityInside and Union Investment in their current Hotel INVESTMENT BAROMETER Autumn 2016.

With respect to digitalisation, e.g. direct bookability, responsive websites and integrated CRM, the survey showed the hotel industry associated clearly greater opportunity than risk. For 90 percent of those surveyed, the opportunities clearly outweighed the risks. This assessment sits well with the dynamic and persistent growth in the technology provider segment.

With regard to the question as to current willingness to take risk, the participating hotel investment experts were divided into two roughly equal camps. 51 percent of those surveyed stated they pursued as strategy of "same return, higher risk"; by contrast 49 percent indicated that there were happy with "lower returns for the same

risk".

In many conversations on the fringes of the real estate and investment fair EXPO REAL in October, it was evident that some investors are keeping both options open and decide on a case by case basis. "In the current low interest rate environment, it's important to find the right balance between the necessary willingness to take risk and caution with regards the broad political and macro-economic uncertainties. This weighing up is a constant process for hotel investors," Andreas Löcher says, Head of Investment Management Hotel at Union Investment Real Estate GmbH.

The overall index from the autumn survey revealed little change at first glance when compared to the spring survey: The overall index slipped by just 0.5% to 3,944 points. The two sub-indices show a different picture though: The expectations for the coming months and sales performance for hotels are under pressure. This is compensated by the good assessment of own business at present and the lasting boom in new hotel projects.

Extracts of the results are published at the website [www.hospitalityInside.com](http://www.hospitalityInside.com) (see "Market Check") and at the Union Investment website ([www.union-investment.de/realestate](http://www.union-investment.de/realestate)). Participants who joined the survey will get the detailed results via eMail.

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