



VIEWPOINT

Hotels in Belgium

Hotel investment on the rise

CBRE

Belgium Hotels July 2015

2015 is expected to be a record investment year



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The Belgian hotel market is benefiting from a spill-over of capital, based on attractive yields and healthy performance data. In 2015, already €97 million was invested in hotel properties, with another €190 million of hotel properties being marketed. Brussels and regional cities such as Ghent, Bruges and Antwerp are showing rising overnight stays and solid hotel performance.

Hotel performance boosted by city tourism

Tourism arrivals and overnights continue to grow steadily in Belgium, with strong growth for regional cultural cities such as Ghent and Bruges.

TOURISM & OVERNIGHTS

Tourism in Belgium has shown strong growth over recent years, with 33.5 million overnight stays in 2014 (+6.5% vs 2013). Since 2009, overnight stays have grown by 14.45%, with particularly strong performances by Brussels (+27%) and Flanders (+14.7%).

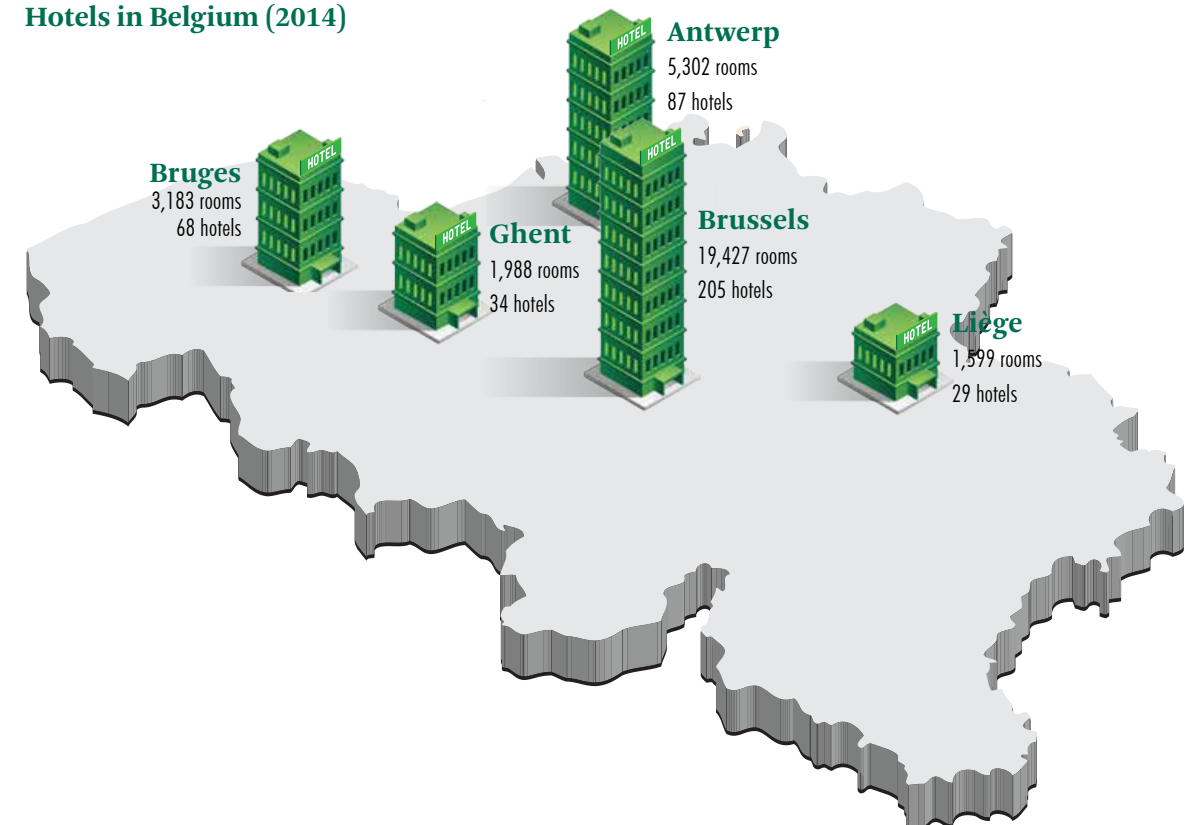
Brussels and the Flemish cultural and historic

cities such as Ghent, Bruges and Antwerp attract most tourists in Belgium, and have shown spectacular growth over recent years. Since 2009, these cities have seen tourist overnights increase by over 25%. Especially Genth (+41%) and Bruges (+35%) have gained popularity in recent years.

Business tourism, mostly related to international companies, conferences or international and European institutions, is largely concentrated in Brussels.

Besides the traditional cities, tourism is also seen along the Belgian coast line.

Hotels in Belgium (2014)



ORIGIN OF TOURISM

On average, tourism in Belgium is split almost evenly between domestic (48% in 2014) and international visitation (52% in 2014). Yet, important differences exist for Belgium's main cities, where international tourists make up 70 or 80% of the hotel bookings, in particular in Brussels where international

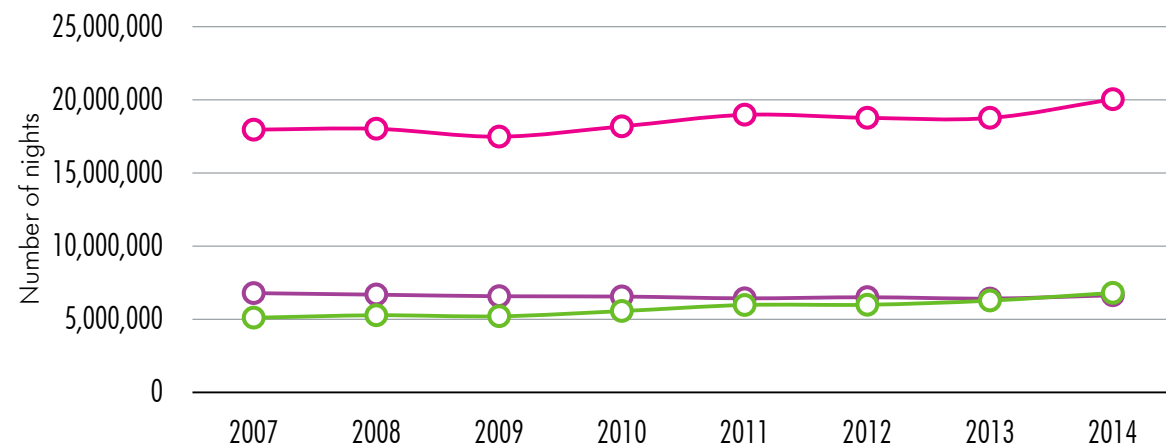
arrivals accounts for nearly 80% of total visitation.

Especially domestic tourism has increased over recent years, with Belgians spending more holiday time in their own country.

Brussels, Ghent and Bruges topping ranks in city tourism growth

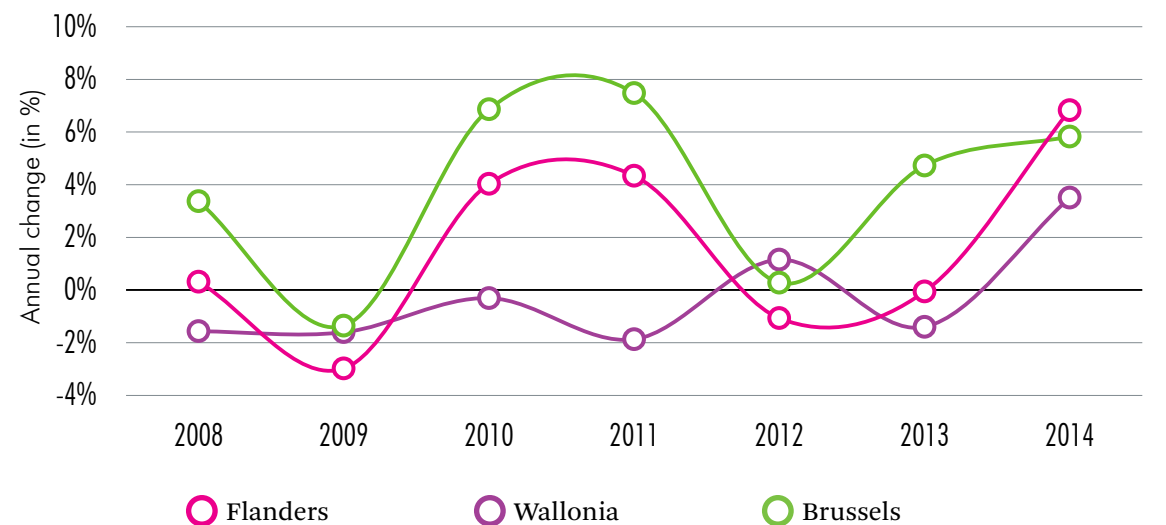
Overnight stays in Belgium

Source: Fod Economie

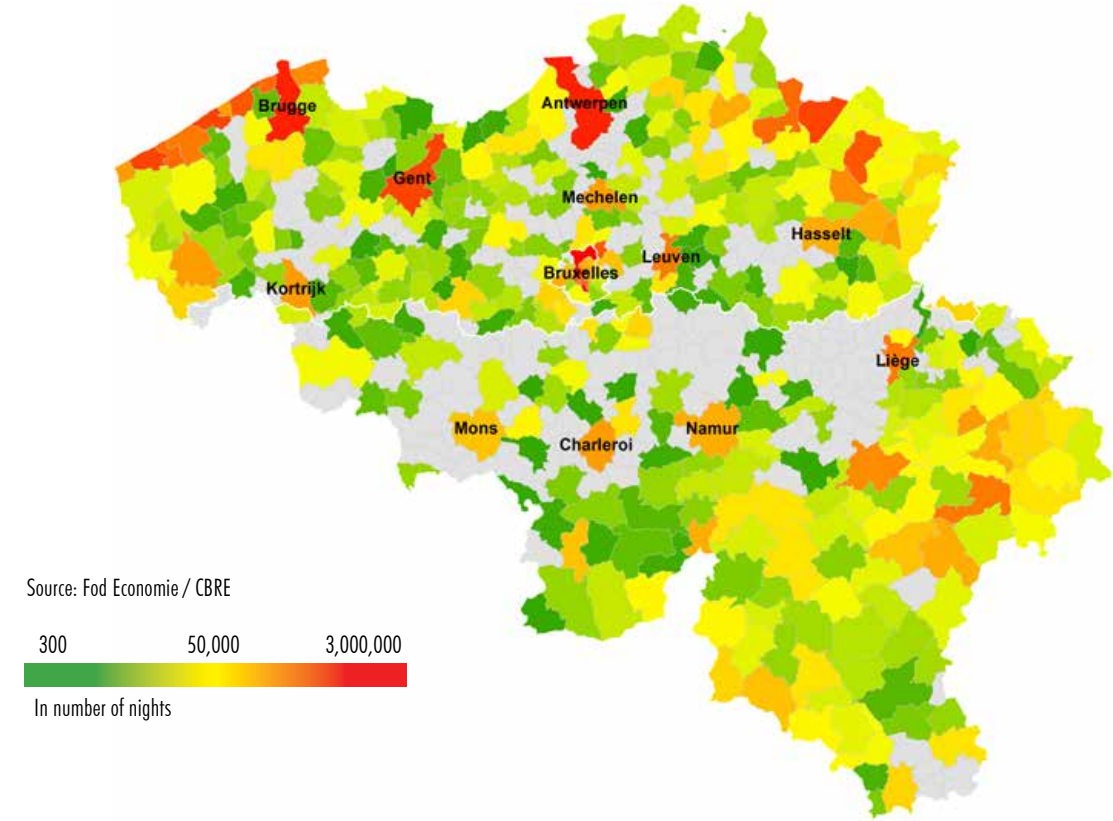


Overnight stays in Belgium (annual percentage change)

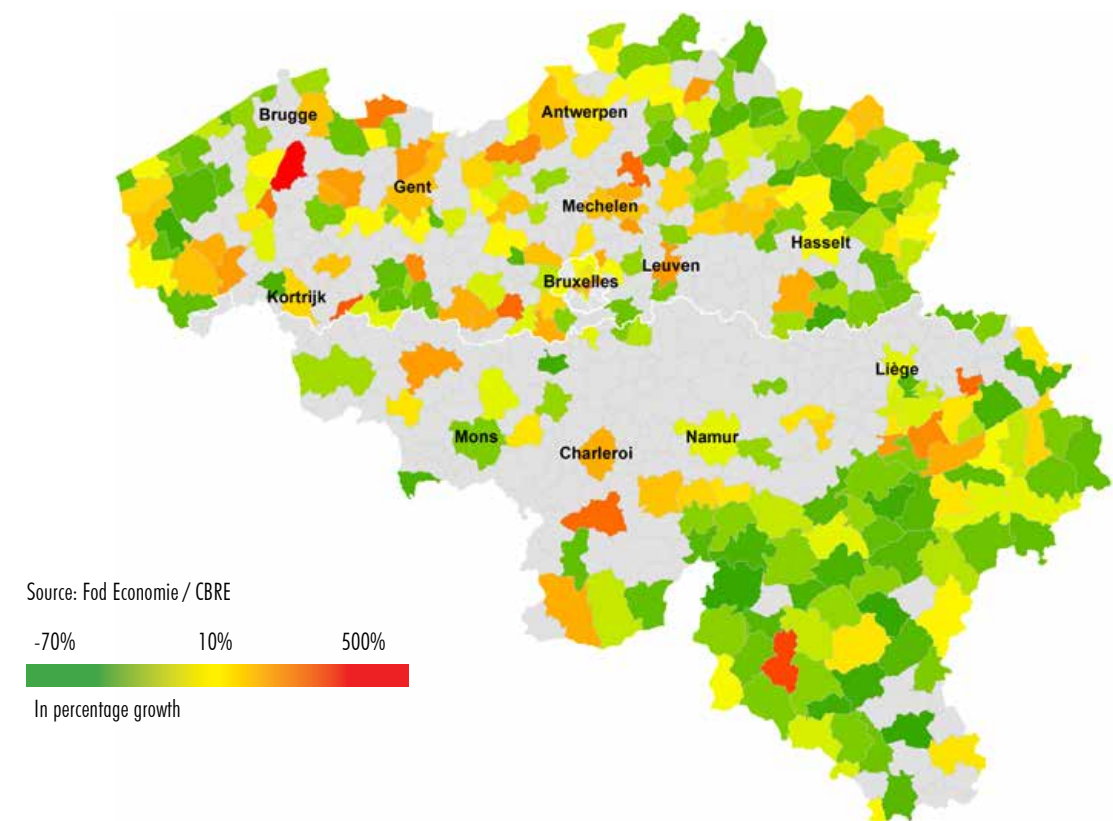
Source: Fod Economie



Overnight stays in Belgium (2013)



Growth in overnight stays in Belgium (2009-2013)



Hotel investment gaining popularity

The Belgian hotel market is benefiting from a spill-over of capital, based on attractive yields and healthy performance data.

INVESTMENT VOLUME

Hotel investment in Belgium reached a volume of 116 million € in 2014, but momentum is rising with 2015 investment turnover to be significantly larger.

The transaction volume in the first 6 months of 2015 totalled 97 million €, and more transactions are currently being marketed. 2015 is expected to be a record year with a

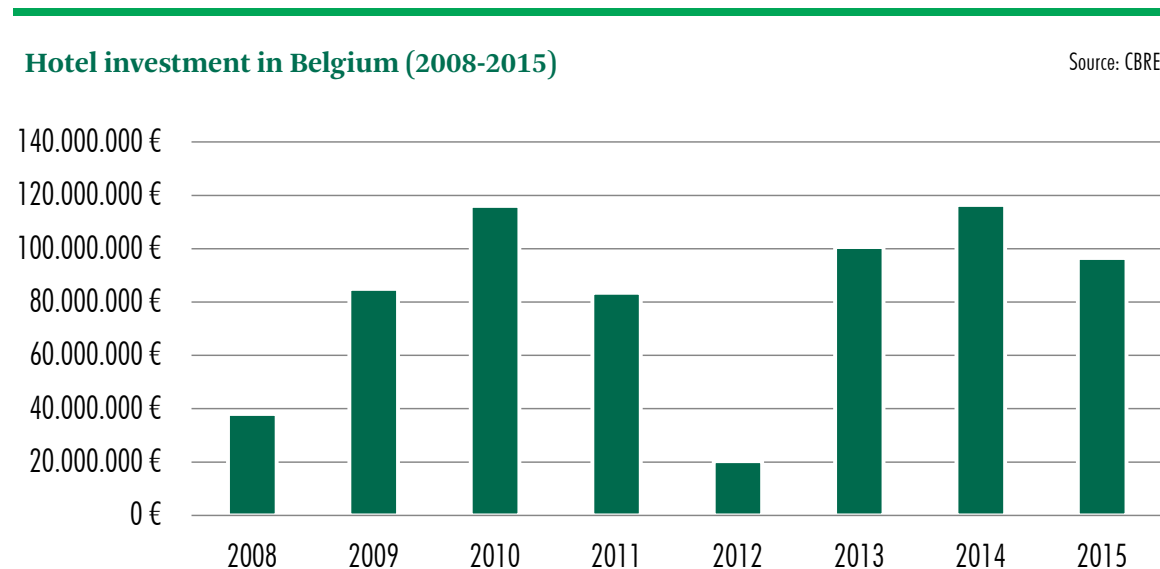
projected volume of 270 million € in hotels changing landlords.

Furthermore the opportunity for strong returns across the hotel space, coupled with high levels of liquidity will continue to drive transaction levels for the next 12 months. Over 140 million worth of hotel assets are already planned to be on the market in 2016.

INVESTMENT YIELDS

Belgian hotel investment growth reflects high investor appetite for consumer driven real estate asset classes in a time of low inflation and rising consumer spending. The popularity

2015 is expected to be a record year with a projected volume of 270 million €



of hotel real estate can also be explained by the strong performance of tourism, with overnight stays increasing in most cities and solid hotel performance indicators.

record prices being paid for the most prestigious hotels in cities such as New York, Paris and London.

Prime hotel properties in Belgium trade at yields of 5.25% to 6.25%, subject to a lease

Hotel real estate is an ideal asset class for investors looking to diversify their investment portfolios. Fixed (or variable) income lease terms are often considerably longer than those of other asset types. These past months we observed sharp yield compression for prime hotel properties with long term lease, the largest cities of Belgium currently trade at yields of 5.25% up to 6.25% depending on location and lease length.

We witness the same yield compression trend with another operating model: the management agreement. The last three hotels (Sofitel Europe, Radisson Blu and Park Inn Antwerp) encumbered by a management agreement were traded at yields below 7%.

INVESTOR ORIGIN

While German investors have picked up a number of hotels in the past, Asian, Middle-Eastern and American investors are expected to be the most important buyers in the future. This is especially true for trophy assets, with

But in a search for higher yields, overseas investors are increasingly looking at mid-market hotels in both capital and secondary cities.

The American Investment firm KKR recently acquired the Radisson Blu and Park Inn Hotel in Antwerp for 48 million €. In Brussels, M&L Hospitality (a Singapore-based investment group) acquired the South Station Park Inn hotel. In 2014, Apollo Global Management agreed a deal to buy the Project Europe portfolio of European hotels from Ivanhoe Cambridge for around €425 million €, including the Brussels Airport Crowne Plaza.

PRIVATE INVESTORS

Smaller hotel properties are increasingly being bought by private investors, flush with cash. Private investors and family offices are particularly active in today's market, and have identified hotels as an attractive high-return asset class.

In a search for higher yields, overseas investors are increasingly looking at hotels

In the last three years, the Brussels Sofitel Louise, the Brussels Sofitel Jourdan, the Waterloo Martin's Hotel and the Mechelen Holiday Inn Hotel were all acquired by private investors for prices ranging from 6 to 22 million €.

REGIONAL SPILLOVER

Hotel investment has always been largely concentrated in Brussels, the most liquid and mature hotel market in Belgium.

But given the good performance of regional markets, investors are also looking at opportunities in secondary markets. Antwerp is definitely one of the hot spots, notably with the sales of the Radisson Blu Astrid, & The Lindner and the recent transaction on the Hilton in Antwerp.

Recent hotel investment transactions in Belgium



Park Inn Brussels Midi



Radisson Blu & Park In Antwerpen



Hilton Brussels Grand Place



Sofitel Jourdan Brussels



Martin's Hotel Waterloo



Lindner Hotel & City Lounge Antwerpen



Brussels

The capital of Europe has the most dynamic hotel market in Belgium

As the Capital of Europe, Brussels attracts national and international visitors for both touristic and business reasons. The capital has the most dynamic hotel market in Belgium, and is extremely popular among international investors.

GENERAL OVERVIEW

Both for tourism or professional purposes, Brussels is the most visited city in Belgium with 3.3 million visitors in 2014, well ahead the other Belgian cities.

Tourism related activities represent 9.6% of the Brussels GDP, with Brussels attracting both leisure tourists and a high number of

professional, governmental and business visitors as the Capital of the European Union.

Brussels is also an important hub for international meetings, conferences and seminars. In the 2014 Union of International Associations report, Brussels ranks first in Europe as a destination for international meetings and second in the world, after Singapore.

HOTEL SUPPLY

Brussels hosts a wide range of international hotel groups with a total of 205 hotels, offering 19,427 rooms.

Brussels is the most visited city in Belgium with 3.3 million arrivals in 2013

Largest hotels in Brussels



511
rooms

Sheraton Hotel
Brussels



490
rooms

Motel One Brussels



454
rooms

Thon Hotel
Brussels City-Centre

Most hotels in Brussels are concentrated in the City Centre, the Leopold District, along the Avenue Louise and close to the Gare du Nord and the Place Rogier. A number of hotels are also located in the Brussels Periphery, for example close to the National Airport in Zaventem.

Brussels host the biggest number of five-star hotel in Belgium (14), while most hotels are three and four star hotels.

The hotels with the largest hosting capacity are the Sheraton (511 keys, acquired by developer EagleStone in 2015), the Motel One

(490 keys, opened in Q2 2014) and the Thon Hotel City Centre (454 keys).

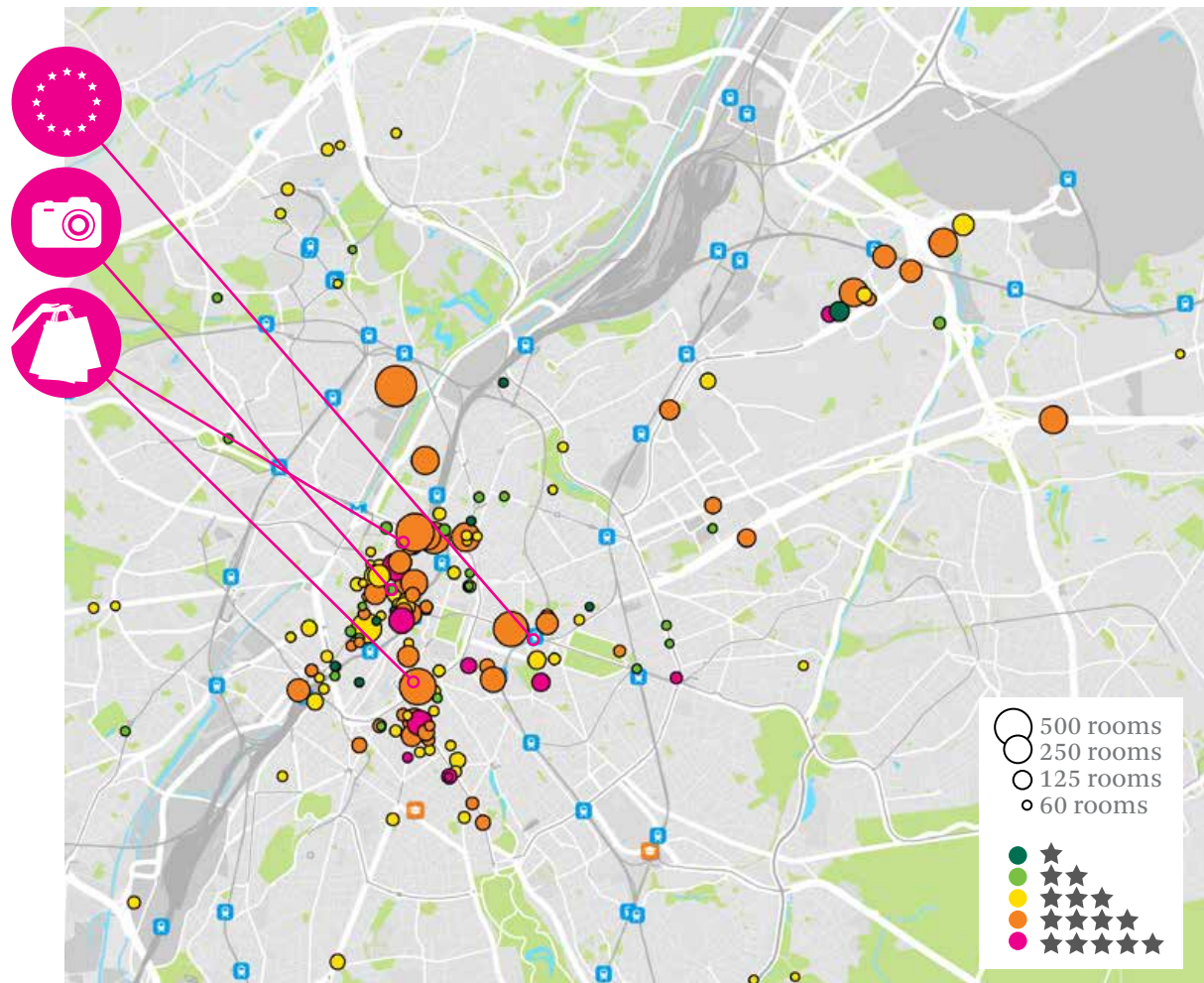
OVERNIGHT STAYS

Brussels experienced an increase of overnight stays to 6.6 million in 2014, up 5.8% from 2013 and up 27.63% from 2009. Out of all overnights, 80% are foreigners. Traditionally, business tourism accounts for the majority of overnights.

Occupancy rates increased from 71% in 2012 to 73% in 2014. In the same period, the Average Daily Rate (ADR) declined from €108 to €106, while Revenue Per Available Room

All hotels in Brussels

Source: CBRE



(RevPAR) marginally rose from 76.9€ in 2012 to 77.4€ in 2014.

Hotel occupancy levels are the highest in the city-centre (76%), the Midi-Lemonier neighbourhood (75%) and the European District (71%) with average room rates of 113€, 85€ and 128€ respectively.

URBAN DEVELOPMENT

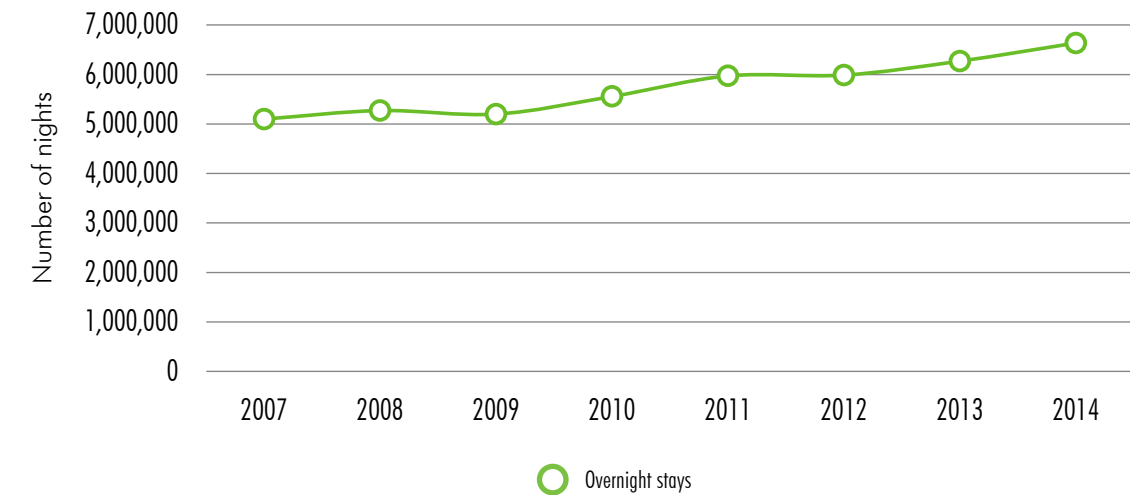
Overnight stays in Brussels should continue to grow. The Brussels government has set an

ambitious target of 10 million stays by 2020.

Significant projects are ongoing in Brussels, such as the possible construction of three new shopping malls and new conference facilities on the Heyzel. Brussels has now the second largest car-free pedestrian zone in Europe, which should make the Brussels City-Centre more popular among tourists.

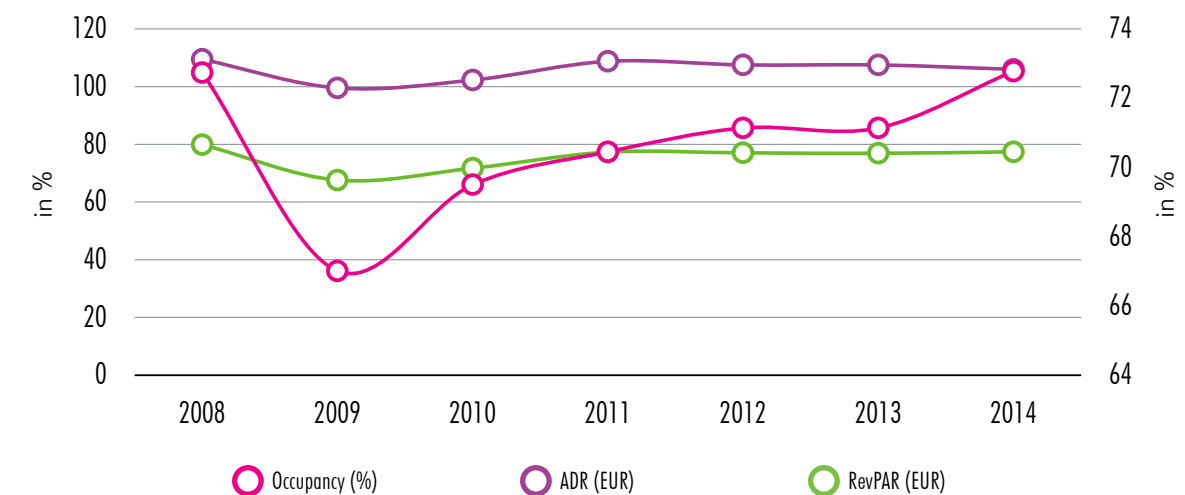
Overnight stays in Brussels

Source: Fod Economie



Hotel Statistics in Brussels

Source: STR



Antwerp

A thriving hotel market driven by the cities' history, retail, seaport and diamond trade.

Tourism in Antwerp is driven by its historic buildings, extensive retail offering, large seaport and famous diamond trade. Tourism in Antwerp is split equally over leisure tourists and business-related visitors.

GENERAL OVERVIEW

Antwerp is the second biggest city after Brussels, with a population of 511.000 inhabitants.

Antwerp is internationally renowned for its fashion industry, and is known for its extensive retail offer. The city-centre Zoo of Antwerp is an important touristic activity with

over 900,000 visitors in 2014.

The Antwerp Seaport ranks as the third largest in Europe and is an important driver of economic growth. Antwerp also hosts the largest hub of petro-chemicals industries in Europe. Antwerp is also an international centre for diamond trading and hosts a high number of conferences and congresses.

OVERNIGHT STAYS

Antwerp is the third most visited city in Belgium with over 1 million visitors, after Brussels and Bruges.

Overnight stays in Antwerp are on the rise with

Antwerp counts 52 licensed hotels, together accounting for 4,228 hotel rooms.

Largest hotels in Antwerp



Crowne Plaza Hotel
Antwerp



Radisson Blu Astrid
Antwerp



Ramada Plaza
Antwerp

1.8 million in 2014, up 5.6% from 2013 and up 25.4% from 2009. 70% of tourists and visitors concern foreigners.

HOTEL SUPPLY

Antwerp counts 52 licensed hotels, together accounting for 4,228 hotel rooms. The biggest concentration of hotels lies nearby the station and in the historical city-centre.

The Antwerp hotel market is dominated by

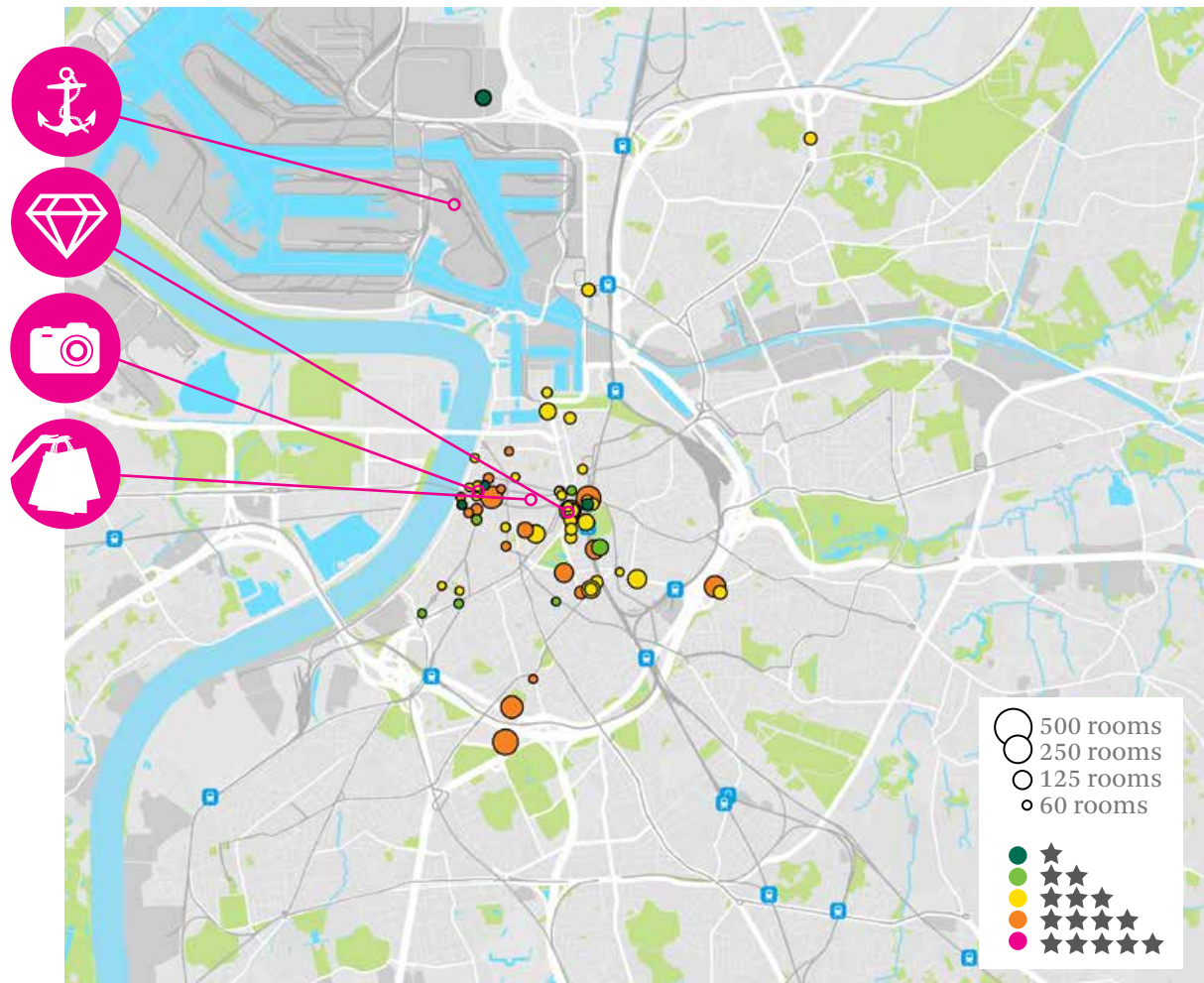
four-star hotels, which represents half of all hotels. Notable four star hotels are the Crowne Plaza Antwerp (267 keys), the Radisson Blu Astrid (242 keys) and Ramada Plaza Antwerp (210 keys).

HOTEL PERFORMANCE

Occupancy rates in Antwerp increased from 72.7% in 2012 to 78.1% in 2014. In the same period, the Average Daily Rate (ADR) rose marginally from 87€ to 88€. Revenue Per

Occupancy rates in Antwerp increased from 72.7% in 2012 to 78.1% in 2014.

All hotels in Antwerp



Available Room (RevPAR) experienced a stronger increase from 63€ in 2009 to 69€ in 2014.

URBAN DEVELOPMENT

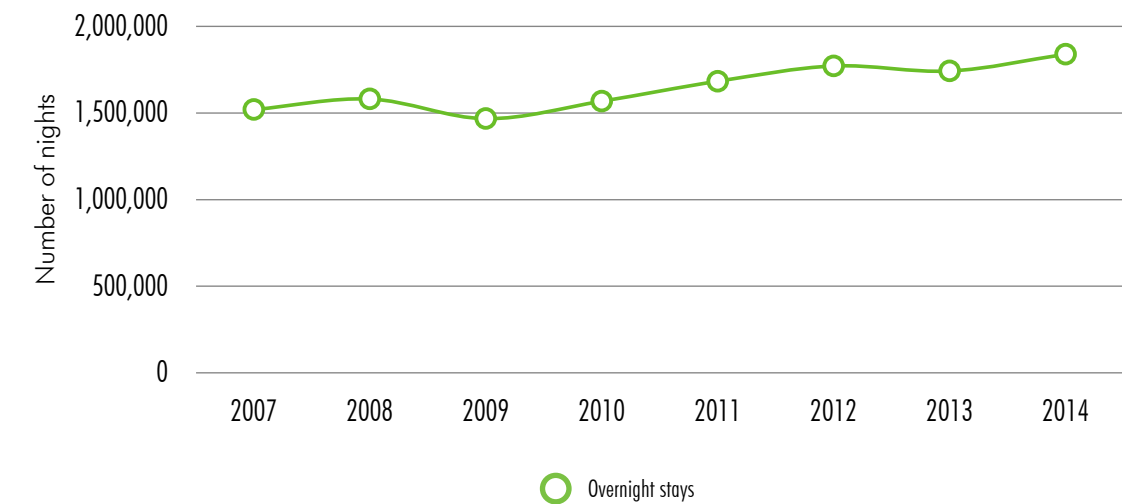
After the considerable renovation and redevelopment of the Antwerp station building, a number of projects are planned in its direct neighbourhood. Among others, these projects include the redevelopment of the Zoo, the renovation of the Koningin Elisabeth Hall and the creation of a congress centre.

By taking traffic underground, the city also hopes to increase the size pedestrian zone in the coming years.

In order to accommodate larger ships and more container traffic, the port of Antwerp is currently building the Deurganck dock. The new Deurganck dock is set to become the world's largest dock upon its completion in 2016. This project represents an investment of €340 million and should further increase business demand.

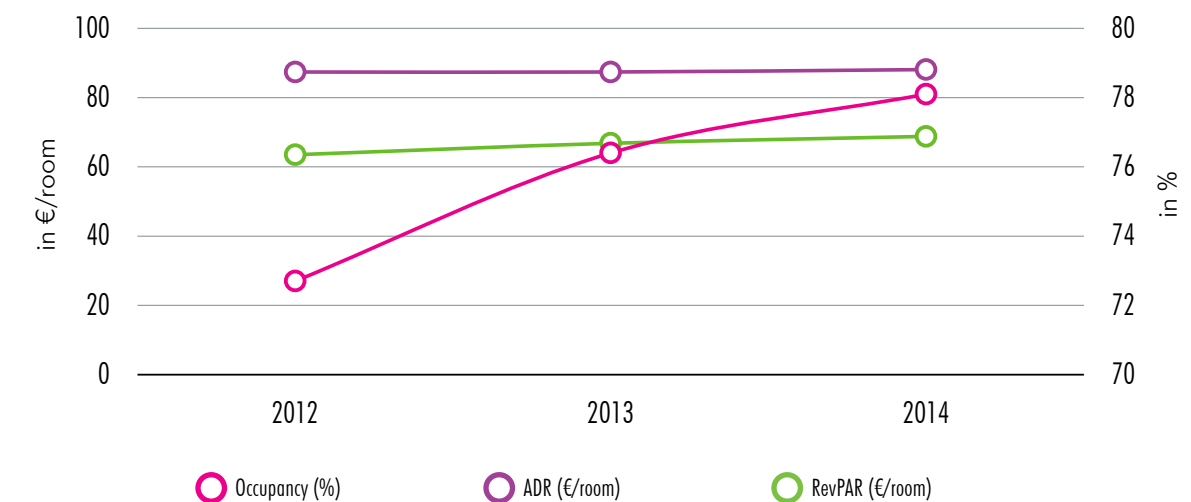
Overnight stays in Antwerp

Source: Fod Economie



Hotel Statistics in Antwerp

Source: STR



Ghent

Increasingly popular among international tourists

Ghent leads the ranks in terms of tourism growth, with overnight stays and RevPar rising for the 4th consecutive year.

GENERAL OVERVIEW

Recreational visits represent two thirds of total visits in Ghent while the remaining third is equally divided up between business and conferences/congresses. Ghent remains therefore above all a leisure destination.

Ghent flaunts one of the largest car-free city-centres (30ha zone) in Belgium and a rich cultural and architectural heritage, that attracts thousands of tourists per year.

Ghent also hosts the third biggest port of Belgium, where over 300 port-related companies have their offices.

HOTEL SUPPLY

Ghent counts 34 licensed hotels, together accounting for 1,962 hotel rooms . The old town is mostly visited by tourists while the South of Ghent is typically dedicated to business tourism due to its immediate proximity to the conference and exposition centre “Flanders Expo”. Top three largest hotels are NH Belfort Ghent (174 keys), Holiday Inn Expo Ghent (169 keys) and Sandton Grand Hotel Reylof Gent (158 keys).

Increasing number of tourists from China, Brazil and the USA

Largest hotels in Ghent



NH Belfort
Gent



Holiday Inn
Gent Expo



Sandton Grand Hotel Reylof
Gent

OVERNIGHT STAYS TRENDS

In terms of bed night stays, Gent is the fourth most popular place in Belgium, following Brussels (6.6 million), Bruges (1.8 million) and Antwerp (1.8 million).

But Ghent is outperforming all of them in growth, and is attracting an increasing amount of foreign visitors. Since 2013, overnights increased by 7.3% up to 1.03 million. Since 2009, overnight stays have increased by an

impressive 41.3%.

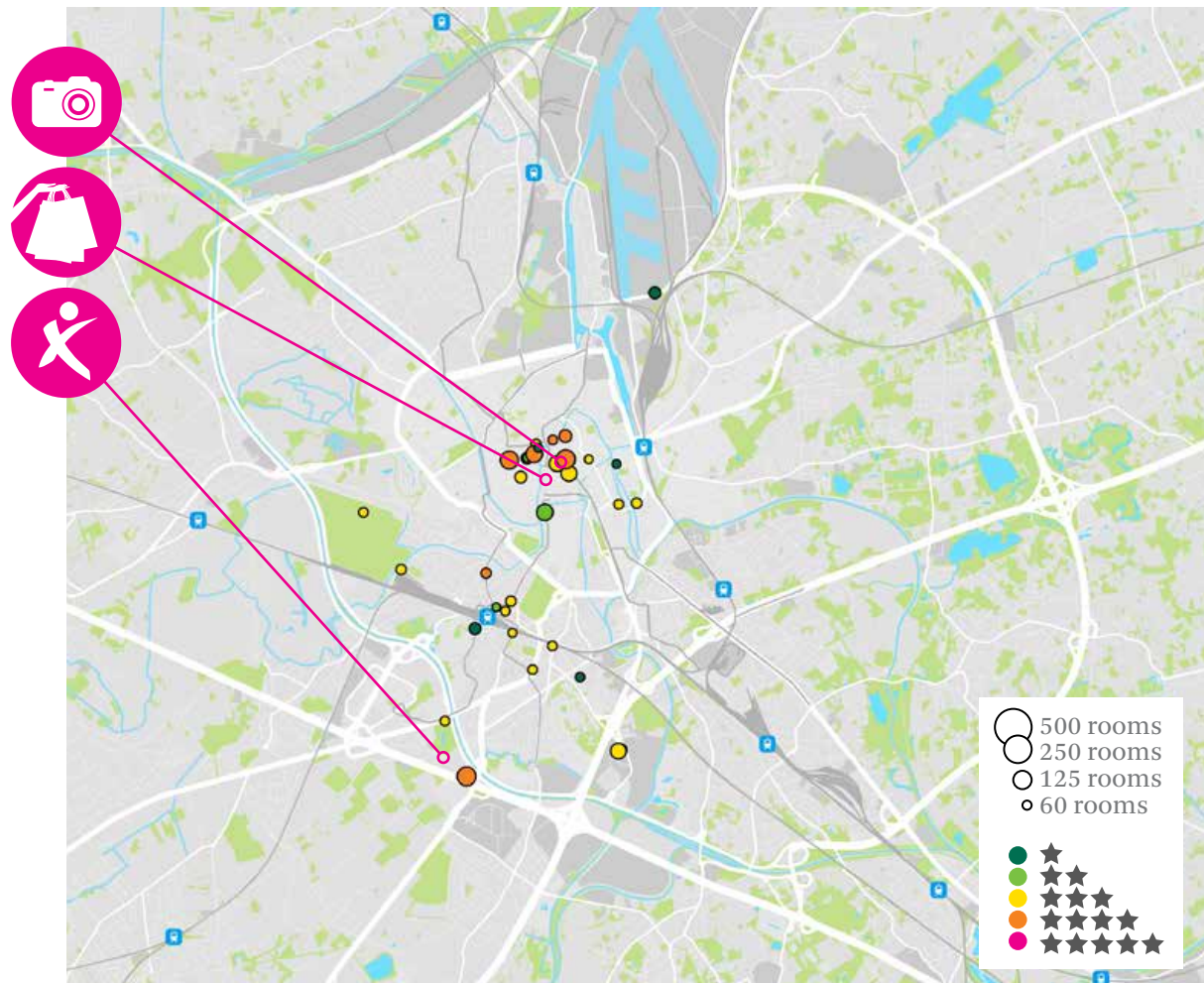
71% of tourists spending the night in Ghent are foreigners. And the city is attracting an increasing number of tourists from China, Brazil and the United States.

HOTEL PERFORMANCE

Occupancy rates (OR) increased from 76% in 2012 to 79% in 2014. In the same period, Average Daily Rate (ADR) rose from 93€ to 95€

Ghent is increasingly popular, and tourism is expected to rise further.

All hotels in Ghent



URBAN DEVELOPMENT

Besides a new railway station, Ghent is in full expansion with numerous project inside and outside the city.

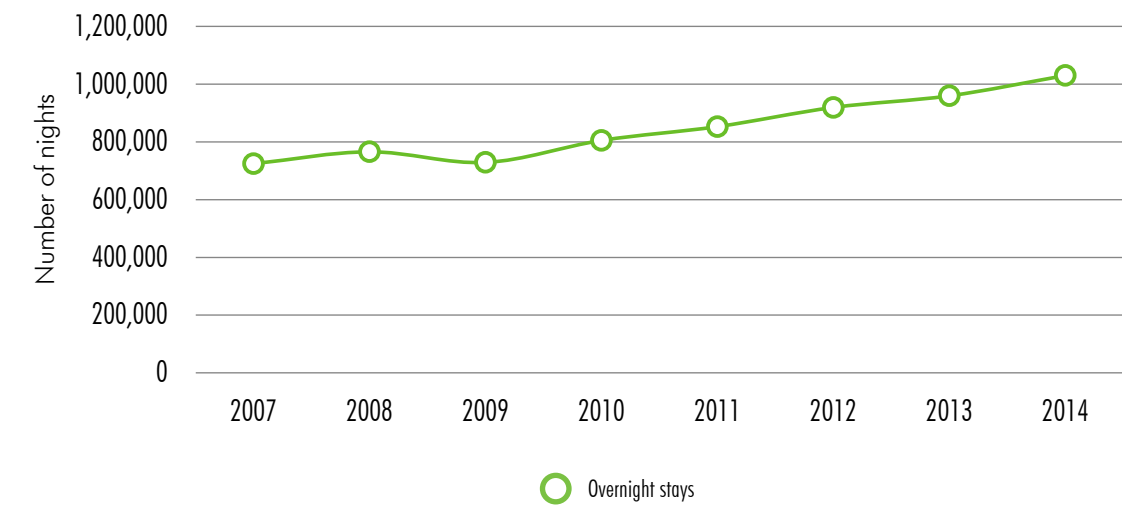
“The Loop” will be significantly developed in the coming years, and will become a new district with a concentration of leisure, retail, exhibition and professional activities in a high-quality and stimulating environment.

while Revenue Per Available Room (RevPAR) also experienced a significant increase from 71€ in 2009 to 75€ in 2014.

Of all cities in this report, Ghent is the most dynamic one and boasting the strongest hotel performance. With Ghent increasingly being proclaimed as one of best city trips in Europe, tourism should continue to grow strongly in the coming years. Especially, given the cheaper euro which could attract more overseas visitors to Ghent.

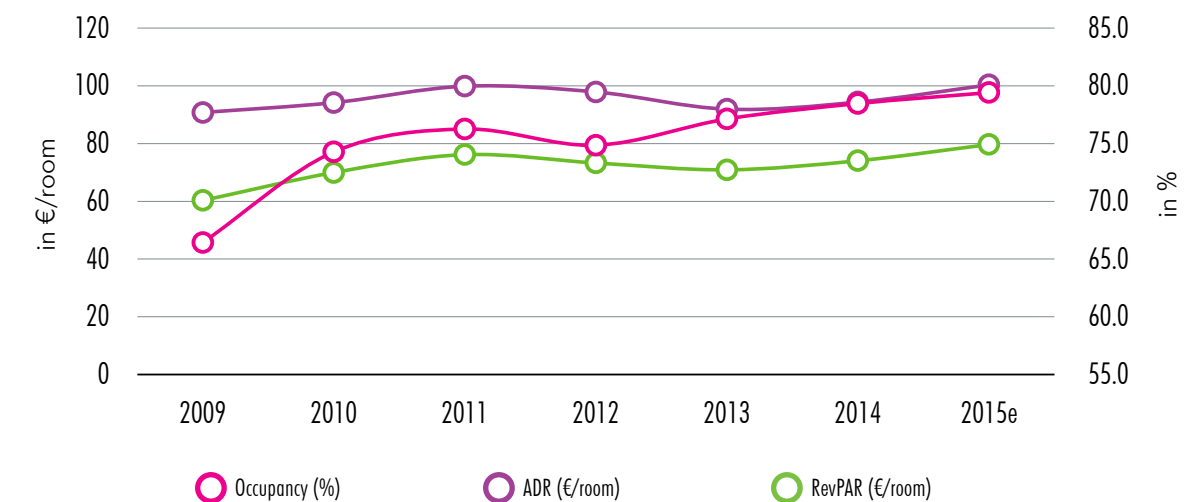
Overnight stays in Ghent

Source: Fod Economie



Hotel Statistics in Ghent

Source: STR



Liège

Increasingly popular among international tourists

Liège is the most important economic city in Wallonia, and counts 29 hotels.

GENERAL OVERVIEW

Liège is the most important city of the Walloon region from an economic perspective and ranks as the third most populated urban area in Belgium, after Brussels and Antwerp.

Liège is a major economic centre with its river port and its 24-hour cargo airport. Liège is the second most important inland port of Western Europe and its airport is specialized in freight traffic. The city of Liège and its industrial suburbs host many high-tech companies.

TOURISM

In Wallonia, Liège is the most attractive city for business and tourism visits and the overnight stays reached a ceiling of 400,000 in 2012 and decreased since then to 392,000 in 2013.

In 2013, foreigners represented 60% of total overnight stays.

HOTEL SUPPLY

The hotel supply in Liège is composed of 29 hotels ranking from 5-star to 1-star units, accounting for 1,559 guestrooms.

The renovated Crowne Plaza (126 keys)

Foreigners represent 60% of total overnight stays in Liège

Largest hotels in Liège



Alliance Hotel
Liège



Ramada Plaza
Liège



Crowne Plaza
Liège

opened in 2011, Penta Hotel (105 keys, formerly Mercure) reopened in 2015 after a 4 million € renovation, Alliance Hotel (219 keys) is undergoing a 15 million € full refurbishment, and will reopen in 2016 under the Van der Valk brand

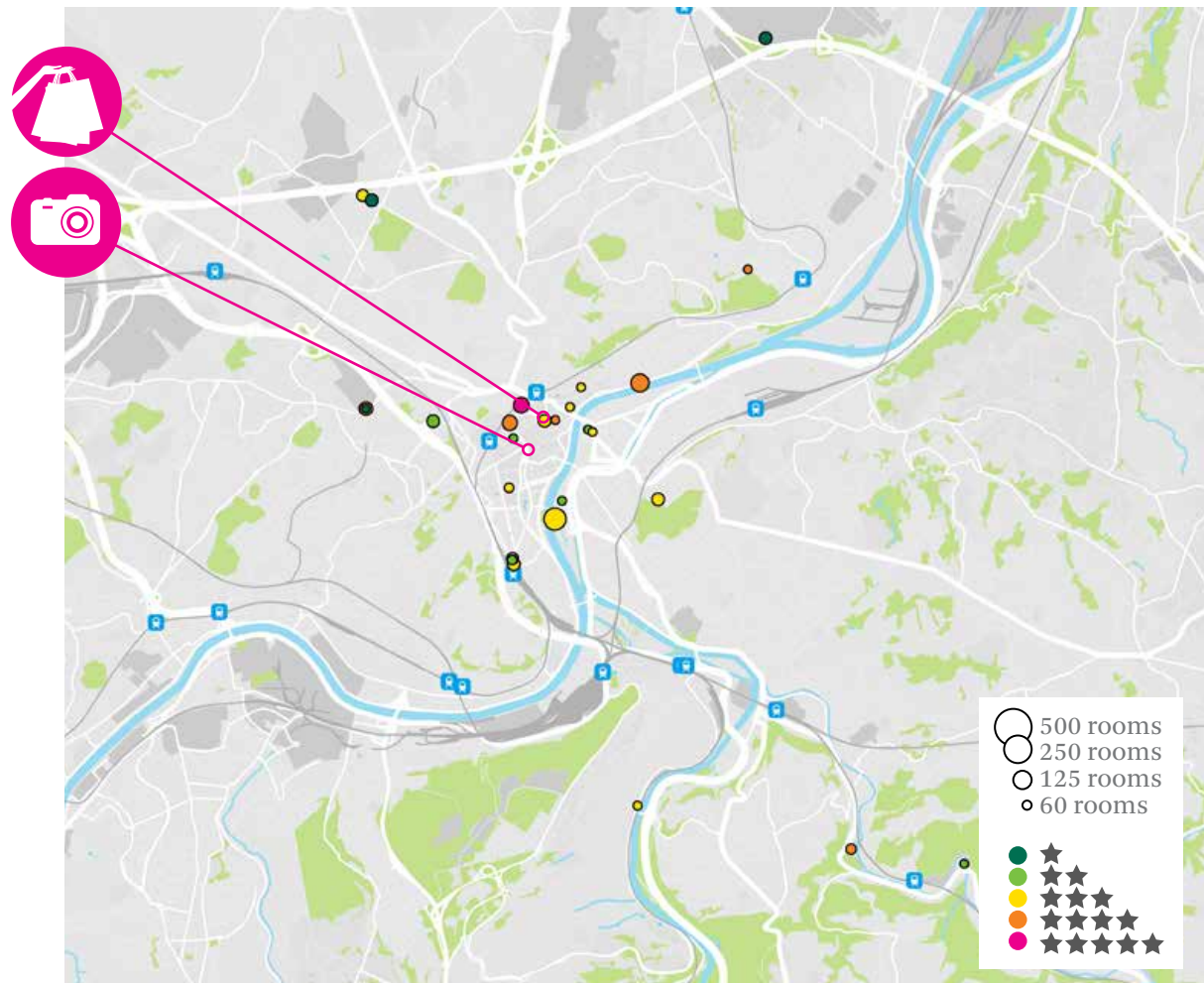
in 2012 to 63% in 2014. On the same period, Average Daily Rate (ADR) declined marginally from 69€ to 68€ while Revenue Per Available Room (RevPAR) also experienced an increase from 42€ in 2009 to 45€ in 2014.

OVERNIGHT STAYS TRENDS

Occupancy rates in Liège increased from 61%

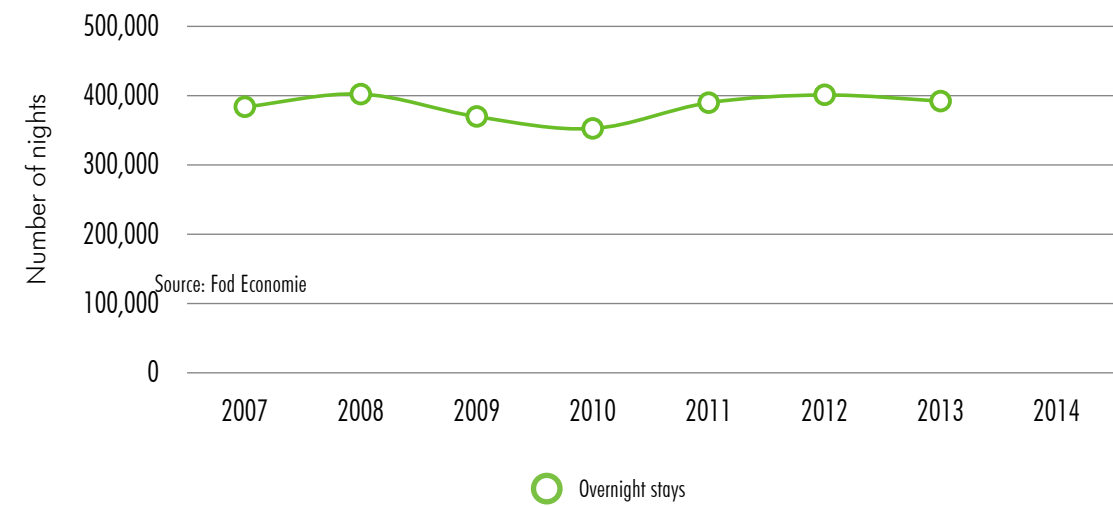
Alliance Hotel is undergoing a full refurbishment and will reopen in 2016.

All hotels in Liège



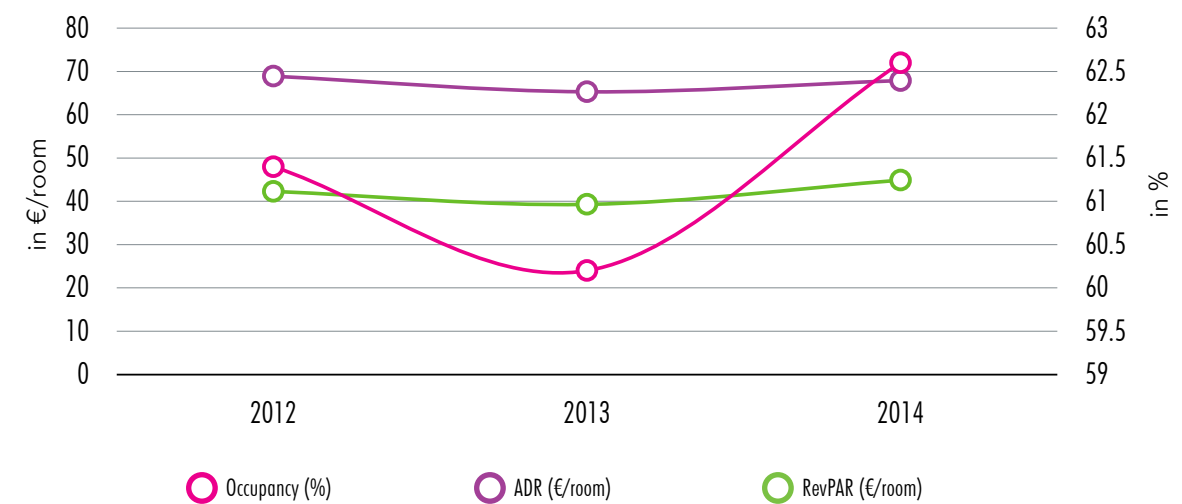
Overnight stays in Liège

Source: Fod Economie



Hotel statistics in Liège

Source: STR



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