

Luxury Hospitality Report | 20 21



THRENOS
TRAVEL & HOSPITALITY ANALYTICS

Players, data, performance and perspectives for luxury in one of the finest destinations of the world:

Italy

Promoted by





We have launched this new report with the only intent of supporting our industry and contributing to development and growth.

It's a first try, though. We acknowledge that we are definitively in a position which exposes to potential errors.

Giorgio Ribaudo
THRENDS Italy



Hospitality | Transportation | **Leisure Real Estate**

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In cooperation with



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Table of Contents



Foreword	8
10 things you need to know	10
Overview	14
Focus 2020	19
Luxury: who where what	22
Brands & Channels	32
Performance	48
Transactions	68
What's next?	72
<i>TRENDS</i> +STR	78

Foreword Teamwork

Hospitality is an industry, though this is not always clear (in Italy)

And THRENDS tried to make it clearer, putting a one-year effort into the development of a database listing all properties and players of one of its core segments: *luxury*.

Analysts convey that Italy is highly reputed as the place to be for accessing the top-notch of exquisite experiences, gems of unique beauty and refined taste in design, food, landscapes and cultural heritage. But when it comes to assessing “what, who, how much” in hospitality, there is poor evidence of data (if we exclude STR powerful statistics on operating KPIs) supporting the understanding of the highest market segment.

Yet in 2021, to serve the very high-end global market, we only dispose of 605 hotels ranked five stars, approximately 42k rooms. This is less than 4% of the Italian inventory. Luxury is highly concentrated in Rome, Florence, Venice and Milan, in the countryside of Tuscany and on the mountains of Trentino. At THRENDS they listed where these properties are, investigated their reported sales, their features, their owning vehicles, their profitability.

Luxury in Italy was hardly hit by the pandemic, due to the fact that 74% of its markets is international. But if we consider the years up to 2019, some interesting evidences emerge and, with a global perspective, highlight why this tier is the most targeted by international investors: average sales reached EUR 106,000 per year per room, average EBITDA reached EUR 24,000, standing at 22,5%.

The latest figures show that penetration of brands in the scale is very high, 53% of rooms, compared to the rest of tiers (17% as a whole). And it is growing, with a pipeline which reports 37 new luxury properties in the next 3 years.

With this report *luxury* finally displays its attractiveness as a *precise segment* of the Italian hospitality industry, with its destinations, players, performance, returns.

We are proud of the cooperation we built with STR Global for this very first luxury report and we hope you will enjoy the reading and make good use of the data!

Mauro Santinato
Chairman - Teamwork Hospitality



“

We only dispose of 605 hotels ranked five stars, approximately 42k rooms. This is just 4% of the Italian inventory.

”

Luxury hotels: Challenges and opportunities post-COVID-19

Challenges and uncertainty remain aplenty now 18 months into the global pandemic. However, growing vaccination rates and easing travel restrictions have underpinned noticeable improvement in global hotel performance. The gains have been especially noteworthy at the high end of the market, which had fallen the furthest during the lowest points of 2020.

Early in 2021, the global luxury class segment was stuck near 30% average occupancy. That was much higher than the pandemic low point (12.7%) from April 2020 but roughly 50% below the opening months of last year. After five straight months of improvement though, luxury class occupancy came in above 53% for July 2021, which was just 25% lower than the pre-pandemic comparable of July 2019. Even more than occupancy, however, the strength of luxury class hotels has been most evident in average daily rate (ADR). That has been the case throughout the pandemic, and in recent months, as luxury ADR in key regions of the world has met or even eclipsed the corresponding months of 2019.

Recovery has, of course, remained slow and uneven with performance in leisure destinations far outweighing that of the gateway cities. Historically speaking, major markets have been the most reliant on international travel and business demand, and those two segments are where much of the uncertainty persists. Fortunately, significant in-person events are back on the calendar, and more companies have reopened or are planning to reopen offices in large cities around the world. Additionally, recent research from STR's Tourism Consumer Insights team shows 96% of consumers willing to return to business travel.

Until that corporate demand returns at significant levels, industry growth will continue to be driven by domestic demand sources, largely from the leisure sector. Projections from STR's forecast partner, Tourism Economics, show domestic guest arrivals recovering to just 12% below pre-crisis levels in 2021. International guest arrivals, on the other hand, are forecasted to remain 59% below 2019 levels.

The industry remains years away from complete recovery, but the industry's resilience has been on full display as it nears a second year in a pandemic world. Adversity has always been a catalyst for growth, and there is reason for real optimism in a better tomorrow.

Robin Rossmann
Managing Director - STR

“

Adversity has always been a catalyst for growth, and there is reason for real optimism in a better tomorrow.

”



10 things you need to know

The luxury hospitality landscape in Italy is everything but straightforward.

Here are 10 things you need to know about it if you can invest 2 minutes only:

605 hotels

As of 2021, there are 605 hotels in the luxury tier. Approximately 200 can be considered top luxury, reporting yearly sales over € 100k/key per year

4%
CAGR

Luxury has been reporting a 4% compound growth of demand volumes in the last 7 years, but its drop in 2020 was -65%

74%
Intern.l

Luxury demand for hotels in Italy is 74% international. One quarter of it was generated by USA (17%) and Germany (9%) in 2019

The Luxury
Collection

The most developed luxury brand in the country is The Luxury Collection by Marriott (940 keys), the second is Rocco Forte (668)

Forte Village

The hotels reporting the highest total revenues in 2019 are Forte Village (€ 72.4 mln), Rome Cavalieri Waldorf Astoria (€ 58.2 mln), Borgo Egnazia (€ 47.0 mln)

The district reporting the most profitable hotels is the Sorrento and Amalfi Riviera.

Amalfi Coast

In top luxury, hotels reported TRevPAR at €679 in 2019, while rest of luxury hotels reported €218

Top luxury
TRevPAR €679

Sales performances have been reporting a compound growth of 8.8% during the 7 years before the pandemic

Sales
CAGR 9%

In 2019, the average EBITDA margin reported in luxury was 22.4%

22.4% EBITDA

Pipeline: in Italy we have been adding close to 2 luxury hotels per month in the pre-pandemic. We expect over 60 new hotels within 2024

+60 hotels
within 2024