

Hotels

# CBRE Nordics Hotel Market Snapshot

CBRE RESEARCH  
SEPTEMBER 2023

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CBRE



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CBRE’s dedicated hotel specialists work closely with the Nordic research team to provide relevant and timely hotel market intelligence to our clients. This recently launched research report is published two-to-three times a year with changing themes and hot topics from the Nordic hotel sector.

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Climate change will have a huge impact on travel patterns and property values. The European Travel Commission (ETC) recently published a survey indicating that 10% fewer Europeans want to travel to the Mediterranean region during summer, preferring northern latitudes. Extreme weather phenomena and their consequences dominated headlines this summer. Hoteliers in the Nordic region expect a surge of travellers escaping 40 degrees Celsius, wildfires and hailstorms in favour of the milder weather common in this region.

There is a convergence of positive factors, with favourable exchange rates and a safe and clean environment attracting more than the usual traffic. The region has many benefits, such as proximity to nature, ease of travel and solid ESG credentials. But will higher guest numbers translate to higher hotel property values? We think the region’s resort hotels will be the first to benefit from more traffic and a higher willingness to pay higher room rates. Wise investments into renewable energy and property safeguards are needed to protect property values, though higher risks make it harder to raise bank financing and property insurance on acceptable terms.

The last edition of our report covered the urgency with which large, global hotel brands want to enter the Nordics. This report shows how dominant the native Nordic operators are in the region's capital cities, which may be a clue to where the opportunities lie for rebranding and market entry.

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**Erik Lee Myklebust**  
Head of Hotels, Nordics

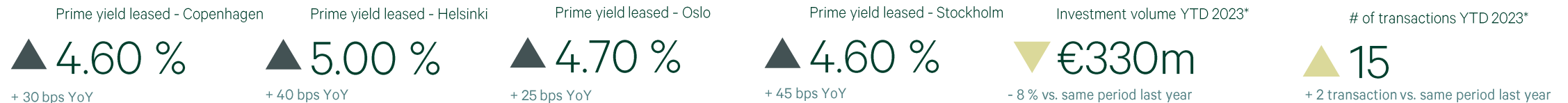


**Jussi Niemistö**  
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FIGURES | HOTELS NORDICS | SEPTEMBER 2023

# Nordic Hotel Investment Market

HOTEL INVESTMENTS – KEY FIGURES YTD 2023



Source: CBRE Research, September 2023. | \* YTD figures including August.

## Hotel Investment Market Commentary

Nordic hotel investments reached €330 million in the first eight months of 2023, down 8% year-over-year. While the total number of transactions has increased, the completed deals have been of smaller size on average. We see continued activity in the market, and most assets under offer are smaller, regional properties, usually on vacant possession basis. Some notable transactions year-to-date include Hotel C in Stockholm in the beginning of the year, Midstar’s purchase of Scandic Borlänge in May, Reato Group’s acquisition of Hotel Planetstaden in June and the CBRE-advised transaction of Fru Haugans Hotel in Norway. Deal activity continued through the summer, and in July Norway’s Adolfsen Group bought a 50% share of three regional Comfort Hotels in Sweden from Västerkulla including operations. DNB Liv has decreased its real estate exposure further through the divestment of Clarion Hotel Admiral to a local investor.

We continue to see a two-sided market sentiment, where the transaction evidence is limited, but a high number of investors are looking to deploy more capital to the Nordic hotel sector. We are aware of several deals that have been delayed or stopped, as buyers and sellers work to reduce the price expectation gap and some buyers struggle to obtain financing on acceptable terms. There is also mounting evidence of operator distress, as ubiquitous cost increases outweigh the effect of higher room rates.

## Notable Transaction in the Nordic Region Year-to-Date

Property	City, Country	Price (EUR million)	Vendor	Purchaser
Hotel C	Stockholm, SE	100	DNB Liv	DNB fund
Clarion Hotel Admiral	Bergen, NO	40*	DNB Liv	Meidell AS
50% of Regional Porfolio	Various, SE	23	Västerkulla Hotell	Up North Property
BW Planetstaden	Lund, SE	22	Planetstaden Holding	Reato Group
Hotel Fridhemsplan	Stockholm, SE	22	Private	Pandox
Augustin Hotel	Bergen, NO	18*	De Bergenske	REQ
Scandic Borlänge	Borlänge, SE	17	Diös	Midstar
Fru Haugans Hotel	Mosjøen, NO	N/A	Fru Haugansgruppen	Njord Securities syndicate

Source: CBRE Research, September 2023. | \* CBRE price estimates.

FIGURES | DENMARK HOTELS | SEPTEMBER 2023

# Denmark Hotel Market Snapshot

DENMARK HOTEL TRADING PERFORMANCE – MAY THROUGH AUGUST 2023



Source: Benchmarking Alliance, September 2023.

## Trading Performance Commentary

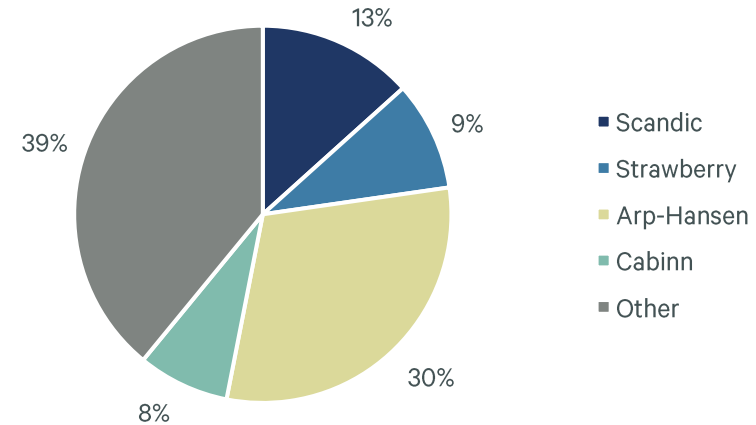
RevPAR between May and August 2023 increased significantly in three of the four largest Danish cities compared to the same period of 2019. Copenhagen on the other hand experienced a more modest growth rate, attributable to a substantial supply increase of 35% compared to 2019. Sold room nights in the capital increased by 26% and ADR by 8%. Compared to last year, Copenhagen stands out as the only market with a positive growth rate, where the capital has enjoyed increased international demand while retaining domestic demand. Occupancy lags behind in Aarhus, Aalborg and Odense with lower domestic demand. Although international overnights have increased it has not been substantial enough to fully replace domestic traffic from last year.

The summer season in Copenhagen, compared to last year, has been exceptionally strong with double digit RevPAR growth in July and August, predominantly ADR driven with increases of 14% and 7%.

The top four hotel chains in Central Copenhagen have a market share of 61% of available rooms. Regional operator Strawberry, previously Nordic Choice Hotels, has recently increased its market share with the newly signed lease at Copenhagen Admiral Hotel (366 rooms).

## Operator Market Share

Largest hotel chains in Central Copenhagen by number of rooms



Source: CBRE Research, September 2023.

FIGURES | FINLAND HOTELS | SEPTEMBER 2023

# Finland Hotel Market Snapshot

FINNISH HOTEL TRADING PERFORMANCE – MAY THROUGH AUGUST 2023



Source: Benchmarking Alliance, September 2023.

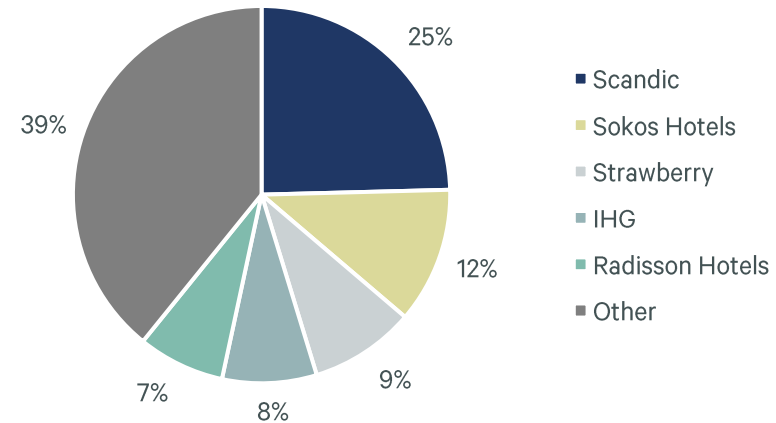
## Trading Performance Commentary

Helsinki has not yet seen a recovery in hotel performance similar to other Nordic capitals, and its hotel occupancy for the 2023 summer season continues 19 percentage points below 2019 levels. RevPAR remains lower compared to pre-pandemic levels in the Helsinki Metropolitan Area due to a lower number of Asian and Russian tourists, but the summer months have seen an active tourism sentiment across Finland. Especially, hotels in Tampere and Turku have enjoyed solid performance over the summer, and Tampere saw a boost in travel from the ice hockey world championships for the second year in a row in May as well as various concerts and events in the city. Tampere RevPAR and ADR reached €103 and €149 in May, and the city continues to be one of the best performing hotel markets in Finland with positive tailwinds in the near term.

The largest hotel chains in the Helsinki hotel market are Scandic (25%), Sokos Hotels (12%) and Strawberry (9%) followed by IHG (8%) and Radisson Hotels (7%). The short-stay and serviced apartment category has continued to grow in Finland, and one of the active players in this segment Bob W. announced another Helsinki city centre location in August, when Nordic investor Slättö purchased a hotel property in Kasarmikatu 40 with plans to refurbish and reopen in 2024.

## Operator Market Share

Largest hotel chains in Helsinki by number of rooms

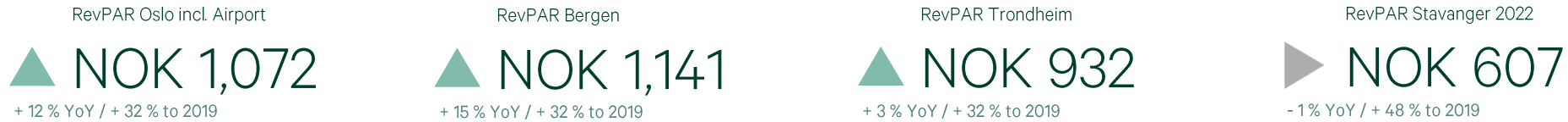


Source: CBRE Research, September 2023.

FIGURES | NORWAY HOTELS | SEPTEMBER 2023

# Norway Hotel Market Snapshot

NORWEGIAN HOTEL TRADING PERFORMANCE – MAY THROUGH AUGUST 2023



Source: Benchmarking Alliance, September 2023.

## Trading Performance Commentary

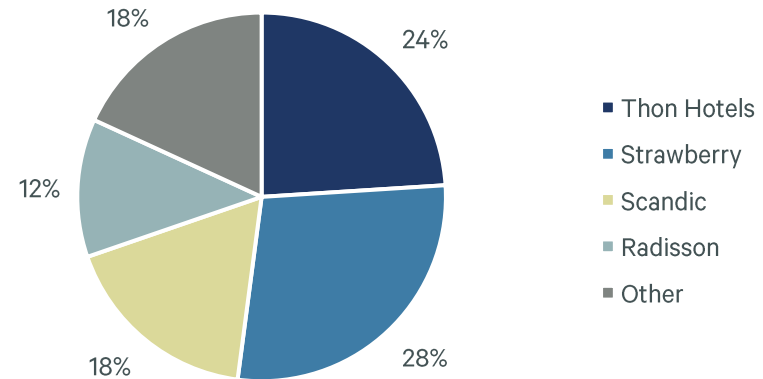
RevPAR for the period May through August increased significantly in all four of the biggest Norwegian cities compared to 2019. The increase is entirely attributable to much higher ADRs in both Oslo and the regional cities, while occupancy levels are similar or slightly below what they were in the same period of the last year prior to the pandemic. Comparing to last year, the growth in Trondheim and Stavanger is more modest, while Oslo and Bergen experienced continued double-digit percentage growth.

The Norwegian Krone trades at historically low levels against most major currencies – most notably showing an effect in the RevPAR performance of Oslo and Bergen – having increased by 12% and 15% since last year, respectively. Bergen showed a notable increase in both ADR and occupancy and has benefited from both international and domestic tourism over the summer. ADR in Bergen increased by almost 10% and the occupancy rate was up by 3.4 p.p.

Moving into fall and winter, we remain cautious about our hotel performance forecasts as interest rate hikes and inflation affect spending of both individuals and businesses. These effects, along with an anticipated increase in energy prices when entering winter, will impact operator profitability. While international operators are actively looking for opportunities, the Oslo city centre still has a considerably higher concentration of rooms belonging to the Nordic chains than other Nordic capitals.

## Operator Market Share

Largest hotel chains in Oslo City Center by number of rooms



Source: CBRE Research, September 2023.

FIGURES | SWEDEN HOTELS | SEPTEMBER 2023

# Sweden Hotel Market Snapshot

SWEDEN HOTEL TRADING PERFORMANCE – MAY THROUGH AUGUST 2023



Source: Benchmarking Alliance, September 2023.

## Trading Performance Commentary

From May through August, the four largest Swedish cities experienced significant RevPAR increases compared to the same period in 2019, attributable to operators' success in driving ADRs. Compared to last year, growth slowed in Gothenburg as room supply rose by some 11% vs 2022 and 23% compared to 2019. The growth in Malmö and Uppsala continued to be strong, while Stockholm stood out with double digit growth.

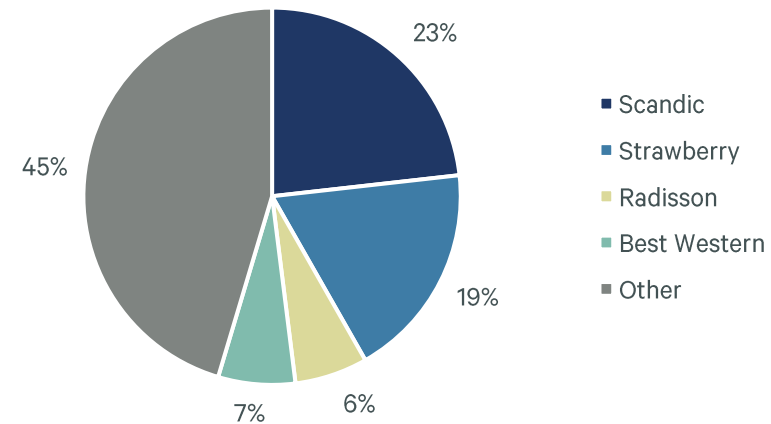
The weak Swedish currency is notable in international demand during the summer months with increases in the range of 15-21% compared to last year, in the three largest cities. Demand in Uppsala is mainly driven by domestic travel.

Macroeconomic uncertainty with continued inflation and increased interest rates is expected to put pressure on household consumption and businesses, which in turn speaks for a cautious Q4 forecast. In light of further supply increases in Gothenburg, KPIs are expected to soften until the new capacity is absorbed by the market, while Stockholm, with limited exposure to supply increases in the near future, is expected to experience stronger performance.

Compared to the other Nordic capitals, central Stockholm's hotel market is much more fragmented, although Scandic has a very dominant position with almost a quarter of the rooms.

## Operator Market Share

Largest hotel chains in Stockholm City Center by number of rooms



Source: CBRE Research, September 2023.

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