European Hospitality Product Council
Copenhagen, June 2019

Overview
Whether at the heart of a local economy based on tourism or providing accommodation for business travellers in a major city, hotels and resorts are an important part of the real estate landscape.

The Hospitality Council brings together leaders from across the spectrum of developers, investors and operators to discuss the issues and opportunities faced by our sector. The council shares its experiences across Europe, but also looks further afield to learn lessons and gain insights from the global tourism and leisure markets.
Copenhagen – Setting the Scene for the Hospitality Market

Emil Lindvang Bentsen, Nordic Hotel Consulting

To set the scene, Emil Lindvang Bentsen (Nordic Hotel Consulting) delivered a local perspective on recent trends in the Copenhagen Hospitality Market. These included:

**Developments in the operator picture:** several well-known hospitality brands are struggling to gain traction in the Nordics, particularly as the hospitality market is quite fragmented and difficult to gain entry. The market is mainly controlled by local brands and operators (i.e. Nordic Choice Hotels), with many international brands such as Marriott also using local operators (BC hospitality group and Core hospitality).

**Consolidation:** Scandic and Nordic Choice are now the largest hotel operators in Scandinavia. In the future, an emphasis on aligning collective interests of hotel investors (who have favored leases) to hotel operators (preferring management agreements) will be the key to success.

**Segments and markets on the rise:** Copenhagen has experienced a 39% increase in revenue per room and a 30% supply increase. Domestic and International demand has been strongest during the summer period; however, winter travel is also increasing.

**Product trends:** generally Nordic hotels have smaller and minimalistic rooms, as historically the majority of visitors have arrived from other Nordic regions. Future challenges will include adapting hospitality environments to the needs of new guest segments, highlighting unique and livelier spaces.

The positive outlook in the Nordic Hospitality market can be attributed to frequent/cheaper flights to the Nordic region and increased leisure travel. Leisure travel to the Nordics has doubled in the last 10 years. Guest profiles are dominated by regional guests, with the gap between international and domestic visitors likely to narrow.

Growth in hotel performance is also influenced by the attraction of ‘hygge’ and natural beauty; setting a new scene for gastronomy, health and living spaces; with many visitors combining leisure with wellness to create longer stays. As an example, Iceland has experienced a substantial increase in international travel from Icelandic Air – North America stopovers.

The most important challenge for all hotel operators to consider is How do we Adapt to new Market Segments? How can we attract visitors outside the big cities? What are business customers looking for in the long term? How will currency risks influence travel?

Hotel Design Trends and the Shape of Things to Come

Daniel Berg Stocks, CEO and Project Manager, Spik Studios

Daniel raised the importance of creating an ideal balance between ‘experience’ and use of ‘space’ in hotel design. To do this, he emphasized the significance of engaging end users to openly share their experiences, gain trust and fashion new opportunities for future connections.

Nowadays, hotel design anesthetics has a broader scope – essentially there must be passion in everything we do and strategies to measure current and future impact. In constructing a hotel, one must not only consider interior design but interpretation of client capability; to generate a pulse through authenticity. Unique Swedish design examples include Hotel Pigalle Gothenburg, Bon Bon bar, The Steam hotel, The Box hotel.
To gage impact, important issues to consider are: the importance of nature, inclusive environments with a sense of community (i.e. reception as a bar etc), creating a design that is reflective of its era, value for money, leisure vs international/domestic travel and the best use of land.

Leisure travel visitors primarily seek stories and experiences whereas business travel visitors seek practical and logistical options. Despite this, design is always a balance between relatability and uniqueness.

Several topics were provided to the group for open discussion:

**Technology/ value for money**
- What is value for money? How does the customer benefit?
- When it comes to technology is ‘simpler’ the better?
- Can technology be used to help facilitate operational processes?
- How do guests consume media?
- How do we create loyalty? Do we require human interactions and touch points?

**Eco friendly. City farmer**
- Energy by water and sun. Why wait?
- Creating sustainability
- Next generation is significantly more conscious of this subject.
- Using local suppliers and wasted food – veggie gardens etc
- Identifying food wastage – what are the origins of food wastage? Creating prevention and action plans
- Sustainability will be influenced by airline travel – local vs international travelers
- Can co living be used as a way to ignore the problem of not affording a home or apartment?
- Can co living be used as a way to combine international travelers with locals?

**The evolution of the lobby**
- The lobby is the pulse and heart of the hotel. It needs to be functional.
- Design will depend on geography and culture.
- Many lobbies are soulless with little ambiance.
- Business vs leisure – what are people looking for? Efficient spaces?
- Trendy/ quality design.
- Creating a space that flows

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**How do you Transform a Boutique Hotel into a Leading Global Hospitality Company?**

Florian Kollenz, Chief Development Officer, 25Hours Hotel

Storytelling, design and experience are the crucial ingredients in transforming a boutique hotel into a leading global hospitality company; with the process comparable to creating a film – an art and a science.

The sample formula for ‘SUCCESS’:

- **S** story should be used as a basis, but guests must have varying options to ‘find’ the story and ‘consume it’.
- **U** understand management values and encourage open communication/value sharing
- **C** creation of soulful spaces
- **C** challenging the corporate platform
- **E** experiences through partnerships/collaborations i.e. specialized food and beverage operators and cultural enrichment in rooms. Experience and programming is more important than design and architecture and it’s essential to approach all suppliers that may fit into ‘building the story’.

- **S** speed of growth – assessing how to grow a brand into a global platform and ensuring rate of growth satisfies relevance.
- **S** supply/demand matching – knowing that clients are often seeking a local and authentic experience, but standardization provides security and quicker growth.

In summary, understanding your target segment, setting out strategies that incorporate a unique story and crafting a diverse, well-educated team with shared visions; will form a recipe for success.
Members and guests of the Council

Emil Bentsen, Nordic Hotel Consulting
Jacqui Collins, Urban Land Institute - Europe
Soren Felden, Felden Property
J-F Garneau, Initial Real Estate
Andrew Hunter, FREO UK Management Ltd
Jan Jessen, PATRIZIA AG
Mai Kappenberger, International Hotelier
Florian Kollenz, 25hours Hotel Company
Lohannes Menge, Zoku
Justine Schellekens, Copenhagen Business School
Daniel Stocks, Spik Studios

About ULI Europe

The Urban Land Institute is a global, member-driven organization comprising more than 40,000 real estate and urban development professionals in 76 countries dedicated to advancing the Institute’s mission of providing leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. In Europe, we have over 3,500 members.

European Councils are forums for industry leaders to meet, exchange ideas, share best practices and foster thought leadership in their specific sector of the real estate market. Consisting of a genuinely international membership, the councils provide a unique platform to learn from peers in the same sector who are operating in different geographical markets, as well as help shape the future of pan-European real estate.

Join us today

The success of ULI’s Product Councils relies on the active participation of our senior executive full members. If you would like to share your expertise and be involved in shaping the future of real estate in Europe, please contact the relevant Chair or Louisa Batts at louisa.batts@uli.org for information on applying to join a Council.

https://europe.uli.org/join