



BRUSSELS, BELGIUM
Hotel Market Snapshot

The European Melting Pot

December 2014





HIGHLIGHTS

Brussels, the capital of Belgium and the European Union (EU), counts approximately 1 160 000 inhabitants. The city houses the EU's headquarters as well as several other major international organisations such as the NATO. Brussels stands out as an **attractive destination for both leisure and business** purposes.

Our Brussels Market Snapshot will give you a comprehensive insight of the city's hotel market today and in the near future.



European Commission (Source: © artjazz - Fotolia.com)

BRUSSELS - Key facts & Figures (2013)	
Population	1 159 601
GDP	€ 68 256 million
GDP per capita	€ 58 862
GDP growth	0.3%
Unemployment	19.1%
Tourism arrivals	3 290 603
Overnight stays	6 271 037
% Leisure tourism	47.5%
% Business tourism	52.5%
% Domestic tourism	19.4%
% International tourism	80.6%
Number of hotels	197
Number of hotel rooms	17 677

Source: Oxford Economics, Observatory for Tourism in Brussels, BNP Paribas Real Estate Research

WHAT'S NEW? WHAT'S COMING UP IN BRUSSELS?

- In June 2014, Motel One, a German lifestyle mid-scale hotel brand, opened its first property in Belgium. The hotel counts 490 guestrooms and is located in Brussels' city centre, close to the Royal Palace.
- Also in June 2014, 5-star Le Méridien Brussels was forced to close its doors after its leaseholder having been declared bankrupt. Following its sale over the summer of 2014, the hotel re-opened mid-November 2014 as the Hilton Brussels Grand Place and is currently undergoing a major renovation.
- The Neo Project, aimed at regenerating the Heysel Plateau in the north of Brussels, includes the development of a new convention centre, an upscale hotel, a shopping centre, leisure facilities, offices, car parks, and residential units.
- To rival the Guinness Storehouse in Dublin and the Heineken Experience in Amsterdam, the City of Brussels plans to convert Brussels' former Stock Exchange building into a Belgian Beer Temple, scheduled to open in 2018.
- The construction of new headquarters for the NATO is currently underway. The 41-hectare campus, located close to the airport, will include a highly secure data centre and 245 000 m² of office, conference and recreational space.



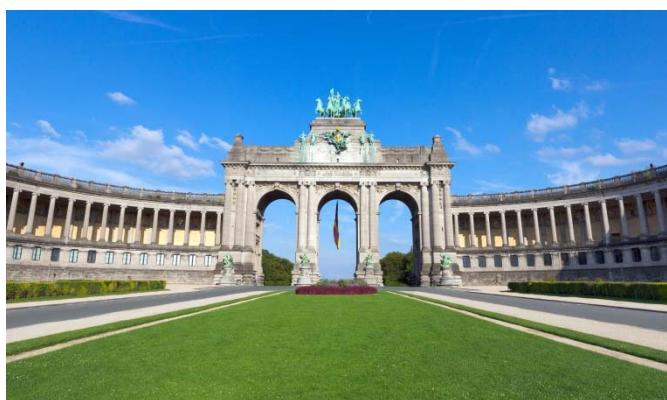
Source: © Compuinfo - Fotolia.com

ACCESSIBILITY

Brussels National Airport, located around 15 km only from Brussels' city centre, is the main airport in Belgium. The airport serves more than 200 destinations, mainly including European key cities such as Madrid, London, Geneva, Istanbul and Barcelona. The number of passengers has increased at a compound annual growth rate (CAGR) of +2.4% over the period between 2003 and 2013.

Brussels International Airport is a growing hub for low-cost air transport, with the recent arrival of Ryanair offering 10 more destinations and Vueling with direct flights to 11 European cities. Eurowings, a Lufthansa subsidiary, is also considering adding Brussels to its network.

The airport's expansion plans include the "Connector" project, a long building which will directly link Pier A (hosting some of the boarding gates) to the airport terminal. The project, which should be completed in the 1st quarter of 2015, is part of the ambition of Brussels Airport to create a European hub.



Parc du Cinquantenaire (Source: © VanderWolf Images - Fotolia.com)

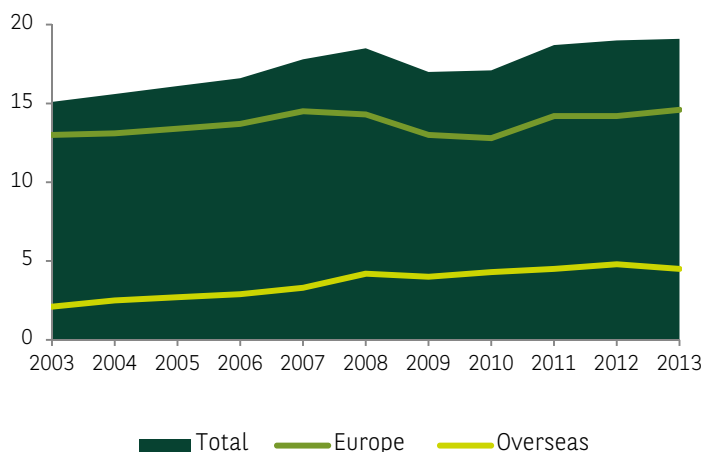
DEMAND

The European dimension of Brussels and its central location within Europe greatly benefit the local tourism demand. Indeed, **Brussels welcomed 3.3 million tourists in 2013**, generating nearly 6.3 million overnight stays.

The city of Brussels has **a diverse offer of both tourist attractions and business infrastructures**, and as such it attracts a diversified mix of leisure travellers, individual and corporate travellers and MICE business.

Over recent years, commercial and marketing efforts have been reinforced in order to promote the city on a national and international scale.

Brussels International Airport – Passenger numbers and origins 2003-2013 (in millions)



Source: Brussels Airport

In addition, Brussels is a major European railway hub thanks to its excellent high-speed train connections. Indeed, Brussels Midi Station is part of the **Eurostar, TGV and Thalys high-speed train networks which serve international destinations such as London, Amsterdam and Paris** through 25 daily connections.

Brussels – Evolution of number of tourists and overnight stays 2007-2013 (in millions)



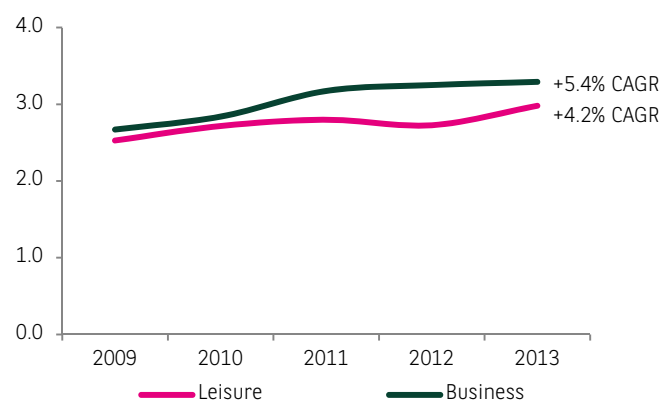
Source: Observatory for Tourism in Brussels, Statbel

Brussels' tourism demand is highly dependent on European markets, which generated 74.8% of total overnights in 2013. However, tourism demand is generated through a diversified panel of European countries rather than being restricted to a limited number of feeder markets. In 2013, the Top 5 source markets in Brussels, represented by France, the United Kingdom, Germany, Spain and the USA, accounted for 50.3% of total foreign overnights. France remained the most important foreign source market with 13.1% of overnights (+7.3% compared to 2012).

Significant increases in overnight stays were recorded in 2013 for Ireland (+22.9%), Israel (+15.4%), Brazil (+12.8%), the United Arab Emirates (+12.3%) and Australia (+11.5%).

Business Tourism

Brussels – Overnight stays by purpose of visit
2008-2013 (in millions)



Source: Observatory for Tourism in Brussels

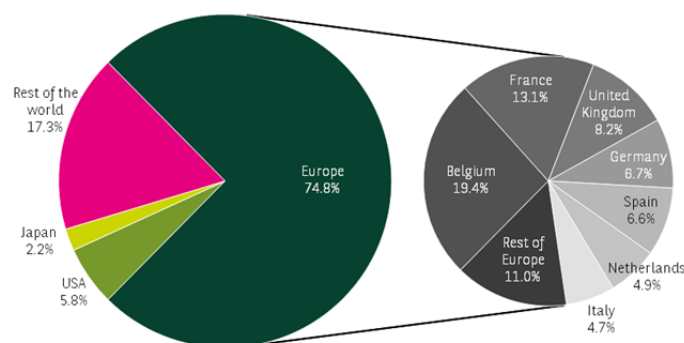
In 2013, the Belgian capital ranked 15th in the International Congress and Convention Association (ICCA) ranking.*

Overall, the city counts 16 major fair days a year, including Seafood (the world's largest seafood trade event gathering 25 000 participants from 140 countries) or Label Expo (biennial event receiving 32 000 participants from 160 countries).

Brussels' tourism authorities are very active about maintaining and gaining market share in the MICE market. The Neo project includes plans to build an international congress centre with a capacity of 3 500 people in the Heysel area, adjacent to the "Palais 12", a 15 000-seat multiple-purpose arena which was inaugurated in September 2013.

*It should be noted that the ICCA ranking should only be considered as a benchmark tool, as it only includes international meetings which rotate in minimum three different countries.

Brussels – Main International feeder markets (Overnights)
2013



Source: Observatory for Tourism in Brussels

Business tourism represents more than half of tourism demand in Brussels, with **52.5% of total overnights** in 2013. Since 2009, business overnights in the European capital have been on an upward trend, recording a CAGR of +5.4% over the past 5 years.

Cultivating its strong European identity, as the headquarters of the EU and the North Atlantic Treaty Organisation (NATO), Brussels is an unavoidable and attractive business destination. Strategically located in the centre of Western Europe, providing an efficient access to its infrastructures, the metropolis is also equipped to host large meetings. Main event venues include the Tour & Taxis Convention Centre, Brussels Expo Centre, Square-Brussels Meeting Centre, the Management Centre Europe and Diamant Brussels.



Brussels Expo Centre (Source: © Leonid Andronov - Fotolia.com)



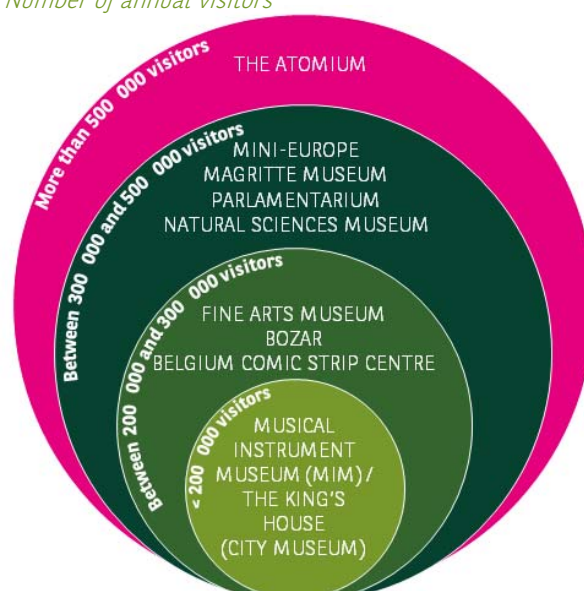
Grand Place (Source: © Chrisdorney - Fotolia.com)

Leisure Tourism

The Belgian capital offers a wealth of cultural attractions including a large number of museums and other leisure activities. The city is also renowned for its "Grand Place", a UNESCO World Heritage Site which attracted more than 5 million visitors in 2013, its famous Manneken Pis, and more generally its mix of Art Deco and New Art architecture styles.

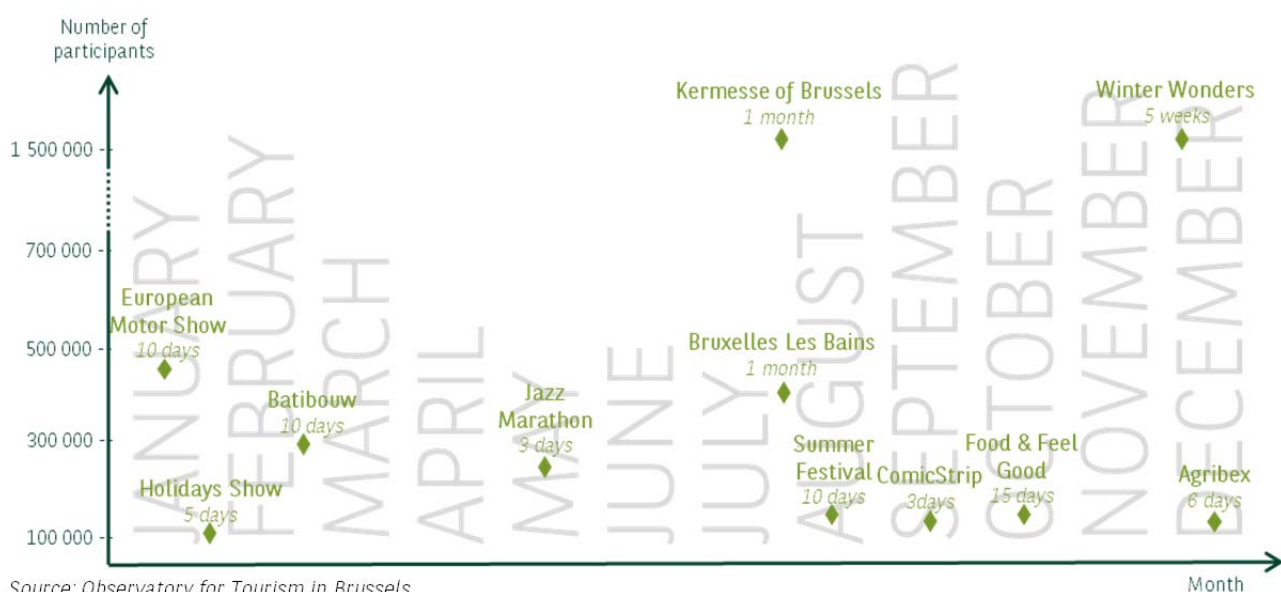
In 2013, the leisure segment represented 47.5% of total overnights in Brussels, reaching a record level with almost **3.0 million overnights** thanks to a +9.3% increase compared to 2012.

Brussels – Main tourist attractions
Number of annual visitors



Source: Visit Brussels, BNP Paribas Real Estate Hotels

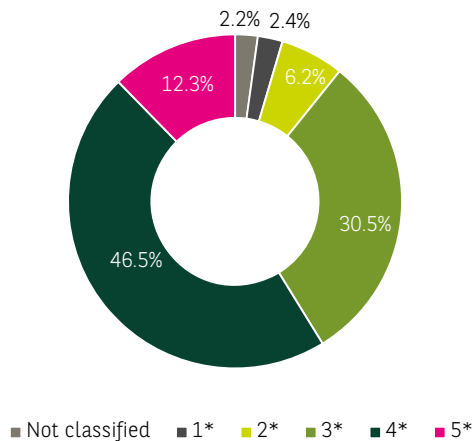
Brussels – Main recurrent annual events
Length and number of participants in 2013



Source: Observatory for Tourism in Brussels

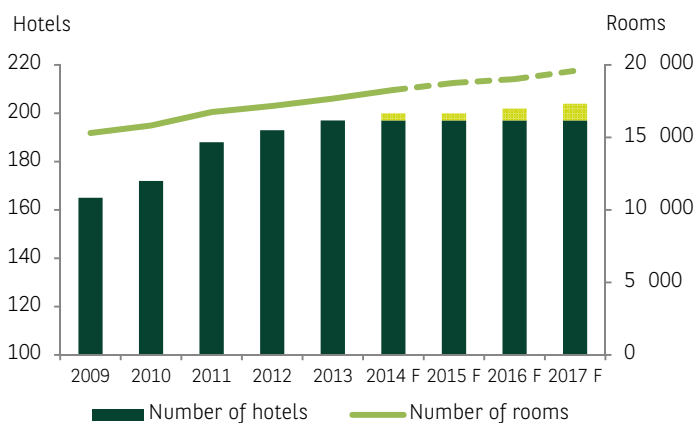
SUPPLY

Brussels – Hotel rooms per category
2013



Source: Observatory for Tourism in Brussels

Brussels – Hotel supply evolution
2009-2017 forecast



Source: Observatory for Tourism in Brussels

Hotel development is expected to slow down over the next 3 years and will mainly be focused on Brussels City, with the main two projects being the 250-key hotel as part of the Neo project in the Heysel area and the 142-room Astoria, which should normally open in 2016, upon completion of the significantly delayed transformation works.

The majority of **future hotel developments are focused on the 5-star segment** with the rebranding of the Tangla Hotel (currently under renovation), the reopening of the above-mentioned Astoria and the conversion project of the Gésu church into a 73-room hotel which should open in 2017.

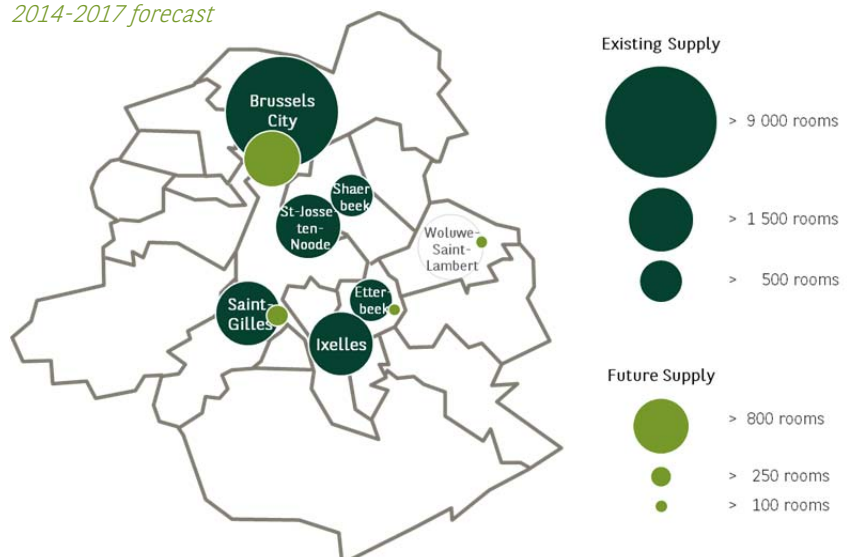
In 2013, Brussels counted **197 hotels** with a total capacity of **17 677 rooms**. The market is dominated by the 3 and 4-star segments, which together make up 77.0% of the total room supply. To be noted, Brussels implemented a reclassification of its hotel inventory in 2012; as a result, the number of 5-star properties dropped from 20 to 12. Some 5-star properties also decided to downgrade to the 4-star category in order to improve attractiveness for a larger range of segments.

Most of the hotel supply is located in the city centre and its immediate surroundings. Indeed, 83.5% of hotel rooms in the Brussels Capital Region are located in the city centre, followed by the areas of Saint-Gilles, Saint-Josse-ten-Noode and Ixelles, the former being home to the European Parliament.

Between 2000 and 2013, Brussels' hotel market has witnessed an upward trend in both its number of hotels and its room supply, with a single exception being 2009. The total number of hotels increased at a CAGR of +3.6% from 124 properties in 2000 to 197 in 2013.

Since 2010, a total of 1 853 hotel rooms has been added to the Belgian capital. Most of the new additions were focused on the mid- and upscale segments, with a majority of the properties being managed under an international brand.

Brussels – Hotel room supply by geographic area
2014-2017 forecast



Source: Observatory for Tourism in Brussels, BNP Paribas Real Estate Hotels

Brussels – Recent hotel openings
 2010-2014

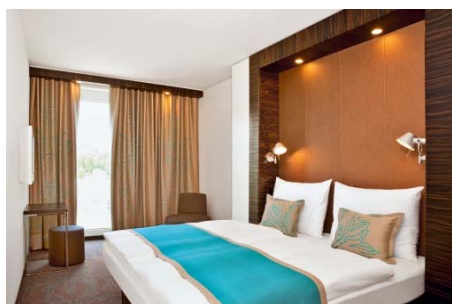
Year	Category	Hotel	Rooms	District
2010	4*	Mercure Brussels Centre Louise	201	Saint-Gilles
2010	4*	Aloft Hotel	150	Brussels City
2010	3*	Pantone Hotel	59	Saint-Gilles
2011	3*	Park Inn Brussels Midi	142	Saint-Gilles
2012	4*	Thon Hotel EU	405	Brussels City
2012	Aparthotel	Adagio Access Brussels Europe	110	Ixelles
2013	4*	Pullman Brussels Centre Gare du Midi	237	Saint-Gilles
2013	3*	Meininger Brussels	150	Molenbeek-Saint-Jean
2013	3*	Le Berger (18-month renovation)	66	Ixelles
2014	4*	Hôtel des Galeries (ex-Aux Arcades)	23	Brussels City
2014	2*	Motel One	490	Brussels City
Total Rooms Recently Opened			2 033	

Source: Observatory for Tourism in Brussels, BNP Paribas Real Estate Hotels

 Brussels – Future hotel openings
 2015-2017 forecast

Year	Category	Hotel	Rooms	District
2015	5*	Tangla Hotel (renovation of the Sodehotel)	181	Woluwe-Saint-Lambert
2015	Aparthotel	Nexity Orion International	110	Etterbeek
2015-2016	2*	Ibis Budget	TBD	Saint-Gilles
2016	5*	Astoria	142	Brussels City
2017	5*	Gésu	73	Saint-Josse
TBC	TBC	Neo Project on the Heysel Plateau	250-500	Brussels City (Heysel Laeken)
Total Rooms in the Pipeline			756	

Source: Observatory for Tourism in Brussels, BNP Paribas Real Estate Hotels



Motel One Brussels (Source: Hotel)

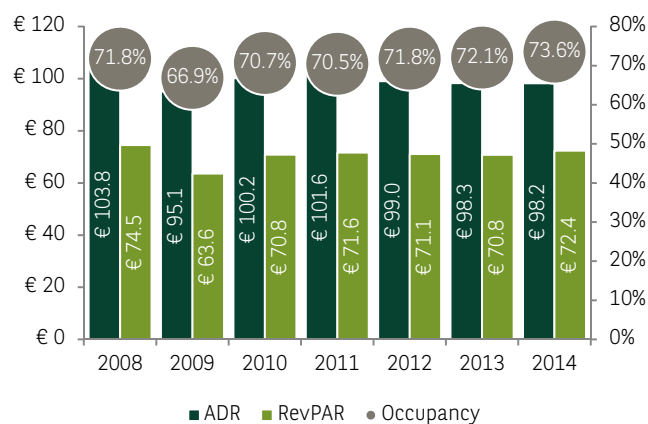
In addition to the relatively strong supply growth recorded over the past years, several properties have been (or will be) subject to major renovations and/or rebranding, some examples of which are presented below:

Year	Category	Hotel	Rooms	District
2010	4-star	The Hotel (former Hilton Brussels City)	421	Brussels City
2013	5-star	Steigenberger Grandhotel (former Conrad)	267	Brussels City
2014	5*	Hilton Brussels Grand Place (former Le Méridien)	224	Brussels City
2014	3*	Pentahotel Brussels Airport (former Alliance)	87	Periphery / Airport
2015	3*	Pentahotel Brussels Expo (former Alliance)	79	Brussels City
2015	3*	Pentahotel Louise (former Mercure Louise)	201	Saint-Gilles
2015	4*	Hampton Inn by Hilton (former Cascade Inn)	82	Saint-Gilles
Total Rooms Rebranded			1 361	

HOTEL PERFORMANCES

Brussels – Hotel trading performances

2008-2014



Source: MKG Hospitality Database

The opposite graph shows a comparison of the RevPAR levels for four key cities in the Benelux, including Brussels.

In 2014, RevPAR ranged between € 64.9 for Antwerp and € 92.0 for Amsterdam, the latter clearly outperforming the other cities. **Brussels ranked 3rd with a RevPAR of € 72.4.**

The cities of Antwerp and Luxembourg both recorded a particularly strong growth in RevPAR over the analysed period, considerably reducing the gap with the Belgian capital. This trend can be – partly – explained by the relatively strong development of Brussels' hotel supply over the past years, compared to other destinations.

INVESTMENT MARKET

In Belgium, **hotel transactions remain relatively rare** although interest is strong for quality products in prime locations.

The sale of the Hilton Brussels to Pandox in 2010 as well as the sale of the Sofitel Le Louise in 2013 can be considered as the most significant recent single asset transactions.

The most recent portfolio sale has been the acquisition of 5 Belgian midscale hotels by CTF in April 2013. The portfolio included the Mercure Brussels Centre Louise, the Alliance Hotel Brussels Airport and the Alliance Hotel Brussels Expo, all of which are expected to be rebranded Pentahotels after a full renovation.

Le Méridien Brussels, located near Central Station, was sold to Russian investors through Luxembourg-based HDI Zurich Property in June 2014. The price of the transaction was not disclosed. The property has reopened under the Hilton flag in November 2014 and is currently undergoing a major renovation.

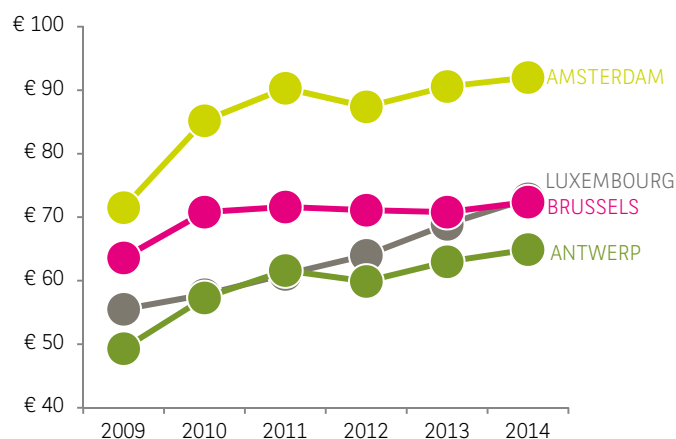
In terms of seasonality, given the fact that Brussels is a strong corporate and meeting destination, **demand is generally most dynamic from March to June and from September to November**, driving up occupancy and average rates. The opposite is observed for the summer months and the beginning of the year, as both leisure and corporate demand are at their lowest point.

Over the past years, the Brussels hotel market has observed a progressive increase in occupancy levels, however at the expense of average rates, resulting in a **stagnation of RevPAR growth** between 2010 and 2013.

In 2014, average daily rates remained stable compared to 2013 at € 98.2, but market-wide occupancy increased by +1.5 point, resulting in a promising RevPAR growth of +2.3% to € 72.4.

Key Benelux cities – RevPAR evolution

2009-2014



Source: MKG Hospitality Database



Sofitel Le Louise, sold by BNP Paribas Real Estate Hotels (2013)

The following table illustrates recent hotel transactions recorded over the past four years in Brussels:

Year	Cat.	Hotel	Rooms	Price (€)	Price per room (€)	Seller	Purchaser
2010	n/a	Accor Portfolio (10 hotels in Belgium)	n/a	50 000 000	Not disclosed	Accor	Crédit Agricole / Foncière des Murs
2010	4*	Hotel Marivaux	86	Not disclosed	Not disclosed	Not disclosed	Private investor
2010	4*	Hilton Brussels	433	29 000 000 + 25 000 000 renovation	66 975	Westmont Hospitality	Pandox
2010	3*	Ibis Brussels Centre Sainte Catherine (part of portfolio)	236	Circa 12 800 000	Circa 54 237	Foncière des Murs	AXA Real Estate
2010	3*	Park Inn (conversion project)	142	Not disclosed	Not disclosed	Not disclosed	Allianz Real Estate
2011	5*	Hotel Astoria ¹	109	40 000 000	205 000	Not disclosed	Not disclosed
2011	4*	Pullman Brussels Airport	125	Not disclosed	Not disclosed	Not disclosed	Kadans Vastgoed
2011	4*	Pullman Brussels Midi (development)	237	50 000 000	210 000	NMBS Holding	Allfin SA
2013	5*	Sofitel Le Louise	169	16 400 000	97 041	Accor	Maranatha
2013	4* 3* 3*	Mercure Brussels Centre Louise Alliance Hotel Brussels Airport Alliance Hotel Brussels Expo ² (part of portfolio)	201 87 79	Not disclosed	Not disclosed	BRE Europe Hotel Holding / Alliance Hôtellerie	CTF Development
2014	5*	Le Méridien Brussels	224	Not disclosed	Not disclosed	Swiss Hotel Leasing Company (SHLC)	HDI Zurich Property

¹The project should include a refurbishment programme and an extension. The total number of rooms should be brought to 142.

²All 3 hotels will be fully renovated and rebranded under the Pentahotel brand.

Source: BNP Paribas Real Estate Belgium, BNP Paribas Real Estate Hotels

OUTLOOK

Between 2010 and 2013, **total overnight stays in Brussels recorded a +4.1% CAGR** and the city aims to reach 10 million overnight stays in 2020, compared to the 6.3 million recorded in 2013.

While Brussels welcomes a high proportion of excursionists (one-day visitors) due to its excellent transport connectivity, "Visit Brussels", the city's communication agency, aims to increase leisure tourists' length of stay and number of overnights with its new campaign "**Brussels, Capital of 500 million Europeans**".

The growth of existing EU institutions, with for example the new NATO headquarters, as well as the development of new conference facilities with the Neo project, should further help to increase corporate and MICE demand.

After a relatively strong growth in local hotel supply over the past couple of years and the rebranding and/or renovation of several properties, **development should slow down over the coming years**. This should give the city the opportunity to capitalise on its improved hotel product quality and absorb the additional room stock.

The renewed political stability and the modest but positive economic growth should further help to improve the overall outlook for the Brussels hotel market, which is expected to **record moderate RevPAR growth over coming years**.

*Source: BNP Paribas CIB



Sofitel Le Louise, 5 (Source: Hotel)*

Hong Kong



U.A.E



USA



- Our locations
- Our alliances



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Authors



Sophie Richard, MRICS
Senior Consultant

sophie.r.richard@bnpparibas.com

Direct line: +33 (0)1 55 65 27 43



Blandine Trotot
Junior Consultant

blandine.trotot@bnpparibas.com

Direct line: +33 (0)1 47 59 20 06



Laura Fleurquin
Analyst

laura.fleurquin@bnpparibas.com

Direct line: +33 (0)1 55 65 22 21

Direction

Bruno Juin
Managing Director - Hotels
bruno.juin@bnpparibas.com

Maaïke Smorenborg
Deputy Director - Hotels Consulting & Valuation
maaike.smorenborg@bnpparibas.com

