



**GBR HOSPITALITY QUARTERLY NEWSLETTER**

**Greek Hospitality Industry Performance**

**2017 Q4**

## Introduction

This newsletter provides a snapshot of the performance and outlook of the Greek hotel industry, within the broader context of the international hospitality industry as well as of Greek tourism and Greek socio-economic developments.

### International arrivals<sup>1</sup> in Greek airports, 2017 compared to 2016

Region	% Change in International arrivals – Q4	% Change in International Arrivals – ytd Q4
Athens	10,6%	6,0%
Thessaloniki	-0,3%	11,9%
Rest of Greece	19,0%	9,1%

Source: SETE, processed by GBR Consulting

### RevPAR<sup>2</sup> in Greek hotels, 2017 compared to 2016

Region	% Change in RevPAR of Greek hotels – Q4	% Change in RevPAR of Greek hotels ytd Q4
Athens	9,3%	8,7%
Thessaloniki	4,3%	9,2%
Resorts	16,0%	8,3%

Source: GBR Consulting

### RevPAR<sup>2</sup> in Competitive Destinations, 2017 compared to 2016

Region	% Δ in RevPAR of Comp. Destinations – Q4	% Δ in RevPAR of Comp. Destinations ytd Q4
S. Europe	7,7%	8,3%
Rome	-0,6%	0,6%
Madrid	17,6%	18,4%
Cairo <sup>3</sup>	41,6%	72,2%

Source: STR Global, processed by GBR Consulting

- <sup>1</sup> The data refers to passengers on international flights, irrespective of place of residence, with the exception of the data for Athens.
- <sup>2</sup> RevPAR: Revenue per Available Room; for Greek resorts, calculations are based on TRevPAR (i.e. Total RevPAR).
- <sup>3</sup> The percentage change of Cairo is based on the RevPAR in local currency

## Commentary

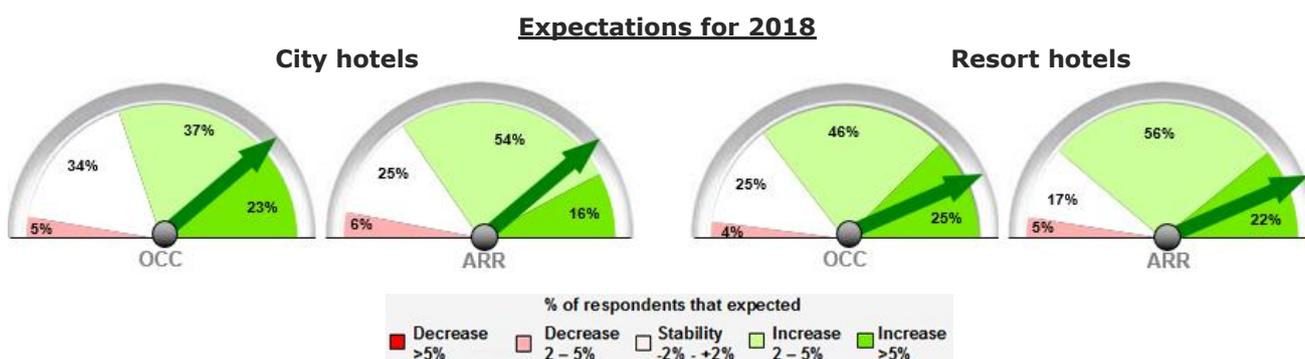
- Athens recorded in 2017 an increase of international arrivals at the Athens airport of 6.0% y-o-y reaching a record level of 4.8 million arrivals. The Athens hotel sector benefited from the increase in demand showing an improvement of RevPAR of 8.7% y-o-y.
- The Thessaloniki International Airport, serving the city of Thessaloniki and Halkidiki, recorded in 2017 an increase of international arrivals of 11.9% y-o-y. During Q4 2017 a drop of arrivals was recorded, mainly due to construction works at the airport for the extension of the main runway. In 2017 RevPAR of the Thessaloniki hotels improved by 9.2% y-o-y.
- Traffic at main airports in the Dodecanese, Crete, Ionian Islands, Cyclades and the Peloponnese increased in 2017 by 8.4%, 7.8%, 9.8%, 10.5% and 15.0% y-o-y respectively. In all these regions October recorded significant increases, indicating that the tourism season is extending. The Total Revenue per Available Room (TRevPAR) of the resort hotels increased by 8.3% y-o-y in 2017.
- On an international level the city of Rome recorded a similar performance as last year with stable room rates and a slight increase in occupancy. Madrid showed a significant improvement of room rates due to the hosting of many international events. Occupancy levels in Cairo registered double digit growth.

## 2017: Greek tourism exceeded expectations in terms of international arrivals

- It is estimated that a total of 27.2 million international travellers (excluding cruise passengers) visited Greece during 2017, which is 1.2 million more than the target set at the beginning of 2017 by the Greek Tourism Federation. They spent a total of € 14.2 billion, representing an increase of 11.2% compared to 2016, when a total of € 12.8 billion was recorded. However, this is slightly lower than the target of € 14.4 billion.
- Travel receipts from the main source markets of Germany, France and the United Kingdom increased significantly with 32%, 17% and 12% respectively based on data up to November 2017. The expenditure of the Americans increased by 4.8%, while receipts from Russian travellers dropped by 3.2%.
- In 2017 international arrivals at Greek airports increased 8.6% y-o-y in 2017 and arrivals by road increased by 6.1% y-o-y in 2017.
- Finally, available data shows that overnight stays increased only slightly faster than the arrivals, resulting in a very small increase of the average length of stay, namely 7.0 nights in 2017 compared to 6.9 in 2016. Last but not least, both the average spent per arrival and the average spent per overnight stay increased by just 1% during 2017.

## Outlook

- According to the [GBR Consulting barometer for 2018](#) hoteliers are very optimistic for 2018. About 60% of the city hoteliers is expecting increases of 2% and more in occupancy levels, while about 70% is forecasting that the room rates in the market will improve with at least 2%.
- The resort hoteliers also expect an excellent season this year with significant improvements for both occupancy levels and room rates.



## Cruise sector recorded drops in arrivals and receipts

- Based on figures of the Hellenic Port Association the number of cruise ship arrivals dropped from 4,307 in 2016 to 3,415 in 2017, a decrease of 20.7%. The number of cruise passengers and receipts dropped by 11.1% and 7.1% in 2017 based on data of the Bank of Greece up to November 2017. However, the average number of passengers per ship increased by 12.1%, which is the result of bigger ships and higher occupancy.
- The top 10 cruise ports remained unchanged with Piraeus serving 23% of all cruise passengers, followed by Mykonos, Corfu, Santorini and Katakolo, which was the only port in the top 5 recording an increase of the number of passengers in 2017 of 12.3% y-o-y.

## Changes in legal framework

- At the beginning of January, the Government has released a lengthy draft bill for the operation and taxation of casinos in Greece. The bill will allow the relocation of six Greek casinos (Athens – Parnitha, Thessaloniki, Loutraki, Patra – Rio, Alexandroupolis and Florina), while new licences could be issued for Santorini, Mykonos and Crete.
- In December 2017 new legislation passed Greek parliament regarding short term lease of property through digital platforms like Airbnb. The idea is that income for short term rentals of 2017 will be declared in a separate section in the tax declaration and that as from 2018 property owners must register online at the Short Term Residence Property Register, after which property managers have to submit Short Stay Declarations so that annual incomes can be calculated. Implementation of this system is in progress, but the status is unknown.
- Meanwhile, the Government has implemented as per the 1<sup>st</sup> of January 2018 a stayover tax charging an amount of € 0.50 at 1 – 2-star hotels, € 1.50 at 3-star hotels, € 3.00 at 4-star hotels and € 4.00 at 5-star hotels per room night. Furnished rooms with 1 or 2 keys are charged € 0.25, 3-key units € 0.50 and 4-key accommodation € 1.00 per room night.

## GDP growth expected to accelerate in 2018

- Initial data for Q4 2017 suggests that Greece is on track to have expanded its GDP for a fourth quarter running. Previous recoveries were blown away by political uncertainties and stand-offs between the government and its official sector creditors, but the risk of this appears limited according to Oxford Economics.
- It is estimated that GDP growth in 2017 was 1.4%, while for 2018 Oxford Economics forecasts that this growth will be accelerating to 2.5%. The ability of Greece to exit its bail-out without further support is likely to depend on the banks' performance in stress tests later this year, progress on official sector debt relief and its ability to issue bonds for a sustained period. On this front, we note that Greek government ten-year bond yields have fallen to around 4%, the lowest level since the onset of the crisis.

## Latest developments in ....

### Attica

- After the deal for a long-term lease of a property owned by the fund of the former Agrotiki Bank employees located at Panepistimio St, near Syntagma, Lampsa SA concluded the acquisition of the 5-star **King George** hotel in November 2017 for € 43 million or € 422,000 per room (see also our [Q3 2017 newsletter](#)).
- Opposite of the Wyndham Grand Athens, the American chain is currently renovating a property for the opening of the 94-suites **Wyndham Grand Residences & Suites** in cooperation with Zeus International. Furthermore, the Group will launch its brand Dolce Hotels & Resorts in Attica through the opening of the 346-room **Dolce Attica Riviera** hotel at the former Mare Nostrum hotel in Vravona, which will mainly target the MICE segment. Finally, Wyndham will launch its second Ramada Hotel in Greece through the opening of the 129-room **Ramada Attica Riviera** hotel at the former Aquamarina hotel in Mati, on the east coast of Attica. All three units are planned to open in the spring of this year. Finally, the 29-room **K29 aparthotel** at Konstantinos St 29 between Karaskaki Sq and Omonia Sq opened in December 2017. The hotel is managed by Zeus International.



**K29**

- The real estate entity of the **Efmorfidis family (Coco Mat)**, has announced a new boutique hotel in Kolonaki at the corner of Irodotou & Ipsilantou St. Press reports mentioned a total investment of € 2.5 million. At the same time construction works continue at a site near the Acropolis museum for the creation of a 90-room 5-star hotel with a total investment budget of € 10 million. Opening is planned for the beginning of 2019.
- As reported in [Q3 2017](#) the former Athens Ledra hotel will indeed re-open in 2018 as the **Athens Hyatt Regency**.
- Finally, there seems interest to further develop the hotel sector in Piraeus, Greece's biggest and busiest port. Currently, only 42 hotels are officially registered in Piraeus, of which one 4-star and one 5-star unit. A master plan by the Cosco managed Piraeus Port Authority (OLP) revealed the expansion of its cruise facilities, creation of a large shipping and repairs yard servicing up to 450 vessels including mega yachts and the construction of new hotels within the port premises. In addition, the Douzoglou family applied for subsidy under the development law to upgrade the Mistral Hotel in Kastela in Piraeus. Other large hotel projects in Piraeus are also rumored in the market.

## Corfu

- In Corfu the 403-room **Ikos Dassia** will open in the spring. The new 5-star all-inclusive hotel is a combination of the former Dassia Chandris and Corfu Chandris, which were acquired in November 2016.
- In the summer of 2018 the opening of the 199-room 5-star **Angsana Corfu** is planned. We already reported in our [Q1 2014 newsletter](#) the entry of Angsana, which belongs to the Banyan Tree Group.
- Further south, adjacent to the Marbella Corfu hotel the new adult-only **MarBella Nido Suite Hotel & Villas** will open this spring. The hotel offers 70 suites and villas.
- The former Aquis Sandy Beach Resort will re-open this year as the **Labranda Sandy Beach Resort**. Labranda is a brand of the FTI Group and was launched in September 2015. The hotel will be marketed as a 4-star plus and offers 684 rooms.
- No progress has been reported on the investment of **NCH Capital** at Kassiope for the construction of a 168-room luxury hotel, 42 villas, marina, beach clubs and other facilities.



**Ikos Dassia, Corfu**

## Dodecanese

- In Rhodes the newly built 5-star **Mayia Exclusive Resort & Spa** will open in May this year. The hotel located in the area of Kiotari is an all-inclusive adults-only resort offering 248 rooms and bungalows.
- Further south in Gennadi the new 5-star **Gennadi Grand Resort** will open. The resort has 266 rooms and suites, most with a private pool. The hotel is marketed as a eco-friendly luxury resort.
- Also in Gennadi, the 5-star **Atlantica Sensatori Resort** will open offering 330 rooms.
- On the island of Kos tour operator Thomas Cook will open its adults-only **Sunprime Pearl Beach hotel** located on the blue flag beach of Marmari. The hotel has 97 rooms
- Close to the harbour of Kos town the Blue Lagoon group has added the 4-star **Blue Lagoon City hotel** to its portfolio. The hotel offers 133 rooms and suites.
- Finally, international and national parties are interested in the auction of three hotels that belong to **Lakitira SA**. The company has € 37 million in outstanding bank loans provided by Eurobank and another € 5 million to third parties and the Greek state. The hotels involved are the 4-star 239-room Lakitira Resort & Village, the 5-star 83-rooms Lakitira Suites and the 5-star 241-room Helona Resort. The auction is postponed.

## Crete

- In Chania the third Casa Cook hotel of tour operator Thomas Cook will open after Rhodes and Kos. The **Casa Cook Chania** is targeting families and will offer 65 rooms designed to accommodate two adults and

a child, while some suites are bigger for larger families. Many suites will have shared or private pools.

- In April the 5-star 287 rooms **Euphoria Resort** will open in Chania. The new hotel belongs to the Mathioulakis family, which also owns and operates the Minoa Palace Resort in Chania. The new property is marketed as a premium all-inclusive family resort.
- In Hersonissos the 5-star **Nana Princess** will open offering 112 luxury suites and villas. The new hotel of Karatzis SA is located next to the 5-star Nana Beach, which belongs to the same company.
- Finally, in January it was announced that Dolphin Capital Investors has entered into an agreement for the disposal of its 77.8% interest in the **Sitia Bay Resort** project, the group's residential resort development in Sitia, eastern Crete, to its minority partner in the project, Iktinos Hellas SA. The project consists of a 5-star hotel, operated by a luxury hotel brand, an 18-hole Nicklaus Design golf course, 85-berth marina and residential units.



### Sitia Bay Resort

#### Cyclades

- In November 2017 Kerzner International Holdings Limited entered into a partnership agreement with Dolphin Capital Partners and Dolphin Capital Investors, for the development of the **One & Only Kea Island resort**, inclusive of long-term management. Situated on a 65-hectare beachfront site on the west side of Kea island, the ultra-luxury lifestyle resort will include 75 resort villas, as well as One & Only private homes available for purchase. This will be the second One & Only resort in Europe as part of the expanding One & Only portfolio.
- In Santorini the family run Canaves Oia Group will open the **Canaves Oia Epitome**, consisting of 24 villas with private pool, located in the town of Ammoudi.
- Katikies Santorini will open **Katikies Mykonos** located on the Agios Ioannis beach. The 5-star hotel will offer 35 suites, a spa and restaurant.

#### other areas

- This spring the **Euphoria Retreat** hotel will open. The 5-star 45-room hotel is located within the Unesco World Heritage site of Mystras at the foot hills of Mount Taygetos in the Peloponnese. The 3,000 sqm spa is the core of the hotel concept.
- Further to the auction of the hotels of Lakitira SA mentioned above, a number of other hotels will be auctioned including the 343-room **Hydra Beach** hotel located near Ermioni in the Peloponnese. The 5-star hotel belongs to the Italian Santoni Group and is operated by Barcelo Hotels & Resorts. Other hotels listed to be auctioned are located in Crete, Dodecanese, Ionian Islands, Halkidiki and other areas in Greece.

**GBR Consulting is the leading hospitality and tourism consultancy in Greece. Its experience includes market and financial feasibility studies as well as valuations and development plans for Hotels, Resorts, Spas, Marinas, Casinos & Gaming, Conference Centers & Arenas, Theme Parks, Golf Courses etc.**

**GBR Consulting is affiliated to Atria, the Greek arm of CBRE, providing together a specialized service for Tourism Properties Transactions.**

**GBR Consulting possesses a database with financial data for over 1,000 hotel establishments in Greece and has a datashare agreement with STR Global, the world's largest databank of hotel operational data.**

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