

Next year will be more tourists (and hotels)



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Still last year, a unanimous voice was coming from the banking sector throughout post-communist Europe, it said: no hotels. The only country where certain future was admitted to the hotel sector also in financial circles was Croatia. Many investors had and surely still have similar views indeed. They clearly prefer retail units and administration buildings, at least verbally. Nevertheless, a couple of new hotel projects have appeared even in the Czech Republic, while some are remarkable not only in size but also long-term concept.

CPI in the forefront

Real estate group CPI have spoken about their plans in tourism, in particular in hotels, very bravely and confidently. They have bought many (and certainly cheaply) not only hotels but even regional hotels in recent years, but also months. At the time when property development in regions is considered to be as something unfeasible, nearly suicidal. But at CPI they have a simple concept. Its leitmotif is multi-functionality, which is based for the entire project of regional CPI City Centers. “We will add offices and shops to the hotels, and somewhere eventually even flats,” Zdeněk Havel, CEO of CPI explains, and he also outlines the “low-cost concept” of the whole project: “It will still be one building, so we only need one system with air conditioning, one car park, one diesel generator. Then you can achieve revenues.”

Unlike many other plans and objectives, this one is real. And the first project is already done - just recently, CPI City Center Ústí nad Labem started operation, which is the first part of the upcoming CPI network in regional capitals centres. A part is also Clarion hotel - the sixth in the Czech Republic - with 83 rooms and congress facilities with a total capacity of 350 persons. In addition, the generous and original project, under current circumstances, is progressing further - CPI started reconstruction of eighteen-storey hotel Gomel in České Budějovice which should offer services to its customers still this year, under a new brand Clarion Congress Hotel České Budějovice.

Golf, cycling and luxury

CPI bet on combination of hotel - congress (plus flats and shops), the project of former investment banker and prince is different. Jiří Lobkowicz has bet on sport. He plans to build a multifunctional complex in the Mělník region within the next few years worth billions where a five-star hotel will operate as background for a golf green. Although this project may perhaps compare with CPI's plans, the implementation speed is likely to be significantly different - Mr Lobkowicz will only startin looking for investors for his project.

But the reality is that a number of other projects have been given a tangible form, or is it just a few steps away. For example, in Brno repair works on the four-star hotel Continental have started, its new concept also relies on expansion of congress centres, the company Antonie Hotels plans to convert the former hostel in Frýdlant in the Liberec region into a four-star hotel. Future clients: cyclists. Confidence in the future, in a totally different sphere of hotel business, and can be seen in the Kempinski chain, which plans to build another hotel in the Czech Republic, in Marienbad.

Even a quick glance at the development plans in the domestic hotel segment suggests that investors are firstly kind of turning away from Prague, Czech hotel Mecca, and their marketing considerations are betting on an offer of accommodation as a supplement or a part of various activities, whether in terms of congress tourism or sport. And it seems that starting next year which hotels here and elsewhere may expect another impetus to the offer: return of corporate clients.

Hotels to be rescued by business trips

The results of a regular survey by law firm DLA Piper suggests that confidence in the recovery of European hotel industry among its protagonists themselves has risen dramatically. Over two thirds (67%) of respondents from European hotel management expect a rise in the market this year, while last year only 27% of respondents were similarly optimistic. Almost a quarter of survey participants attributed their optimism of a better management of hotels, and more than a third of them see the year 2012 as turning point and the beginning of a new boom, resulting from growth in the global economy. Workhorse of hotel business should become corporate clients and business trips from 2012 while the respondents attributed a secondary importance to individual tourism.

The above-mentioned survey also had other interesting outcomes. For example, even hotels in the near future won't be missed by the trend of environmental, "green" approach to business - 57% of respondents believe that green certificates could support an increase in value of their hotel brands. It is now obvious that the technology supporting sustainable development have a positive impact on the resulting profits for hotels, 75% of respondents have already adopted environmental measures in energy management, while 60% of them already use advanced recycling methods.

According to the DLA Piper survey, changes await also marketing. The future is the Internet, but not only standard websites are growing in the importance and popularity, but also social networks like Facebook and Twitter. For example, in Great Britain, 45% of those surveyed confirmed using them as tools of communication with clients, while in the U.S. this figure reached full 70%.

First quarter: better and worse

The positive tone of the cited analysis was confirmed to some extent by the results so far this year. Proceeds of the Czech Republic from international tourism reached a total of CZK 28.6 billion in the first quarter of 2011, which was 1.3 billion more than the same period of 2010. This was due to growing demand from foreign tourists, 2.4 million of whom came to the CR in the first quarter - 8.5% more than in the same period last year. However, recent statistics have brought more discouraging numbers to Czech tourism. Occupancy of hotels has increased very slightly due to the increased number of customers to a total 42.6%, but revenues do not correspond. "The tourism industry has reflected the end the economic recession and the occupancy of hotels is growing slowly. But unfortunately Czech guesthouses still cannot turn the development of average room rates, which decreases in the long term," says David Batal from Deloitte. Unlike some Eastern European countries such as Poland or Hungary, the Czech Republic average income for a hotel room continues to decline - compared with last year's first quarter decreased by 3.2% to CZK 685.

Photo: Hans Thoursie

