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While hotel demand between January and August 2022 is only 7% behind 2019 levels, we can see clear differences between the performances of city and resort destinations, and the impact of a high dependance on international demand in certain locations.

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Alessia Breda

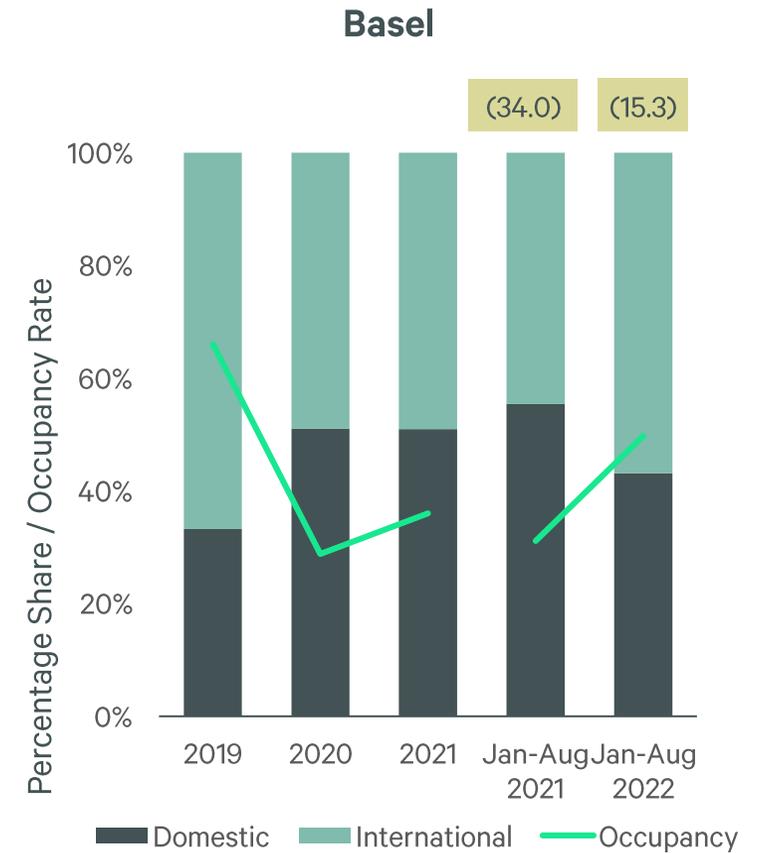
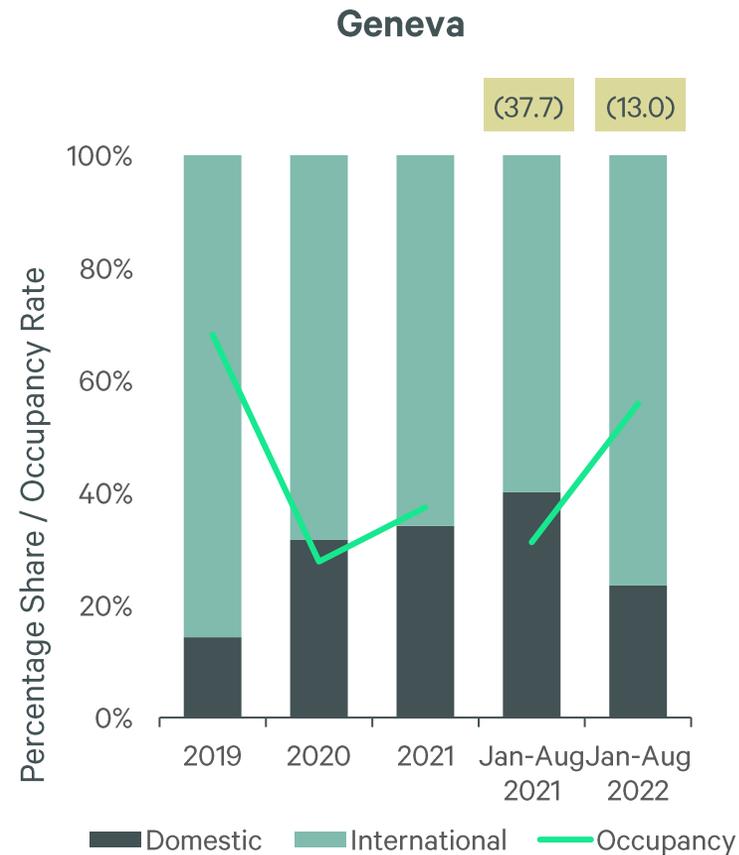
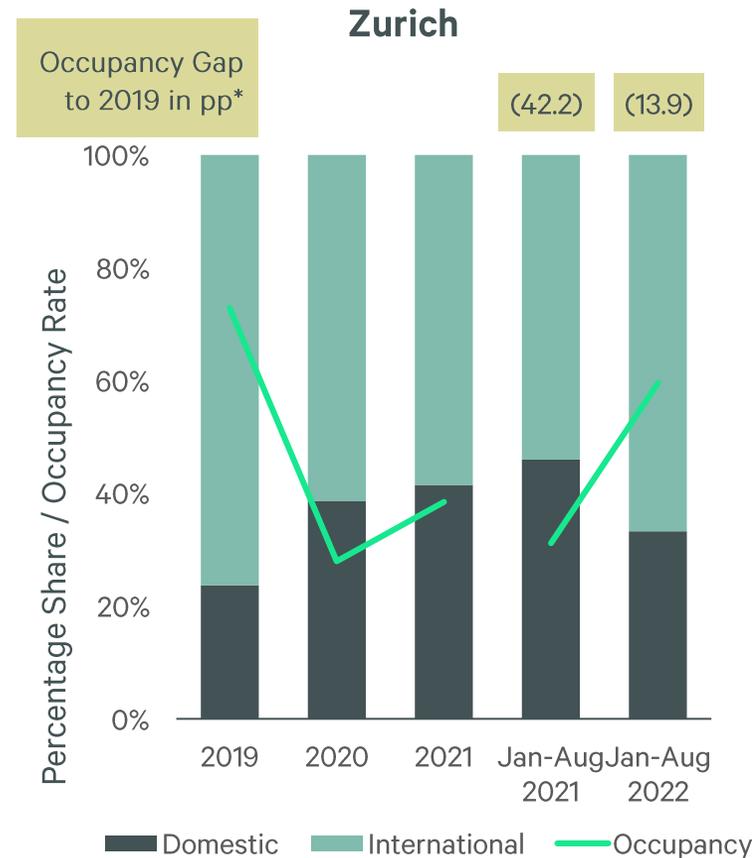
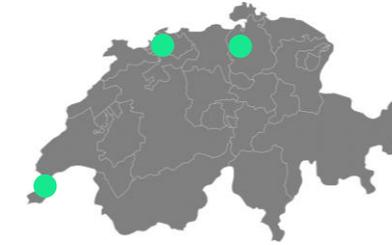
Joint Lead Hotels &
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A Look Back - Top 3 Cities

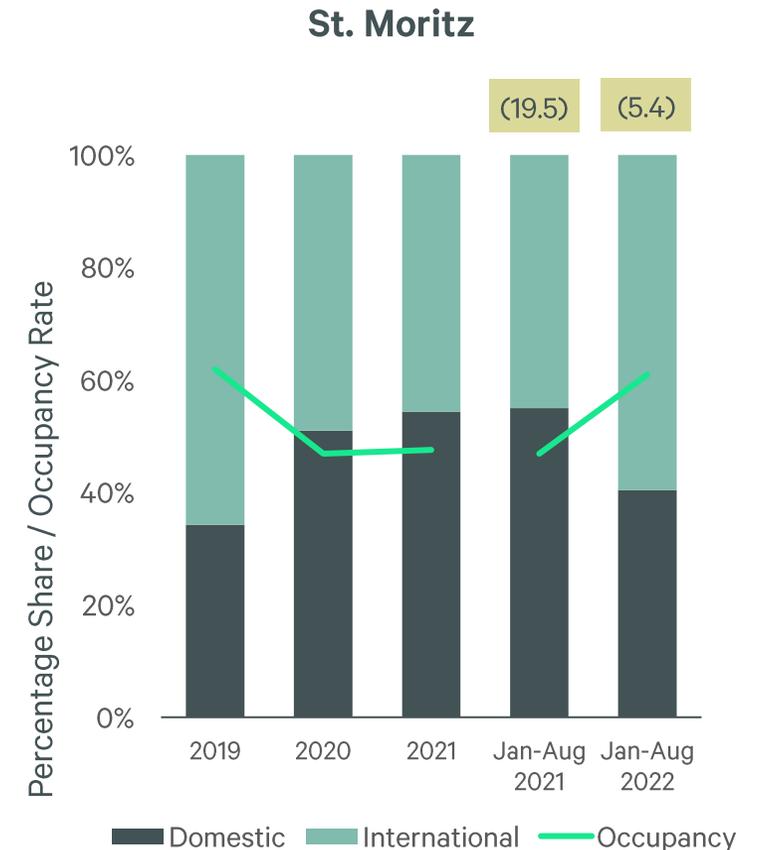
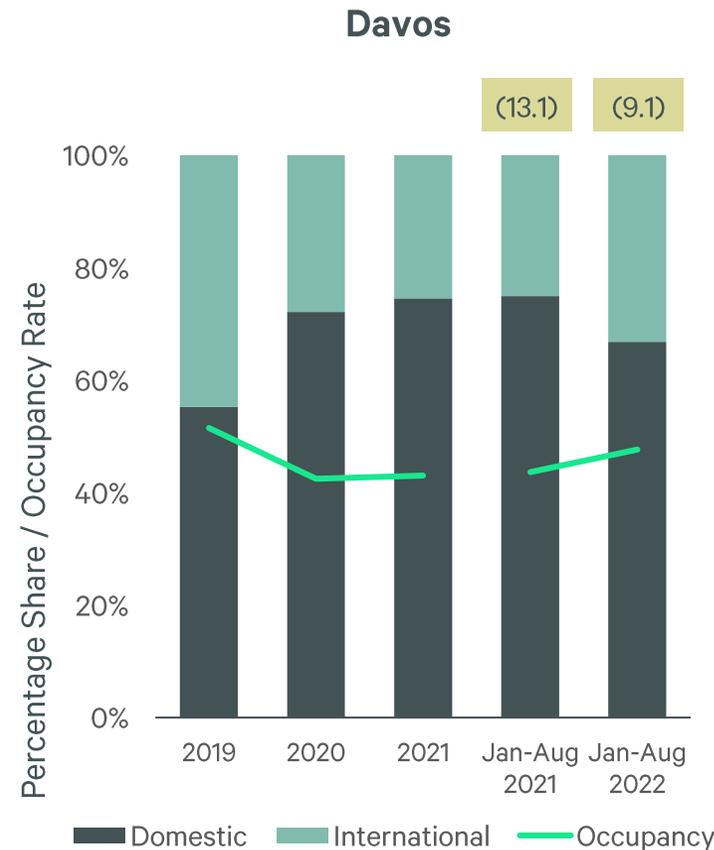
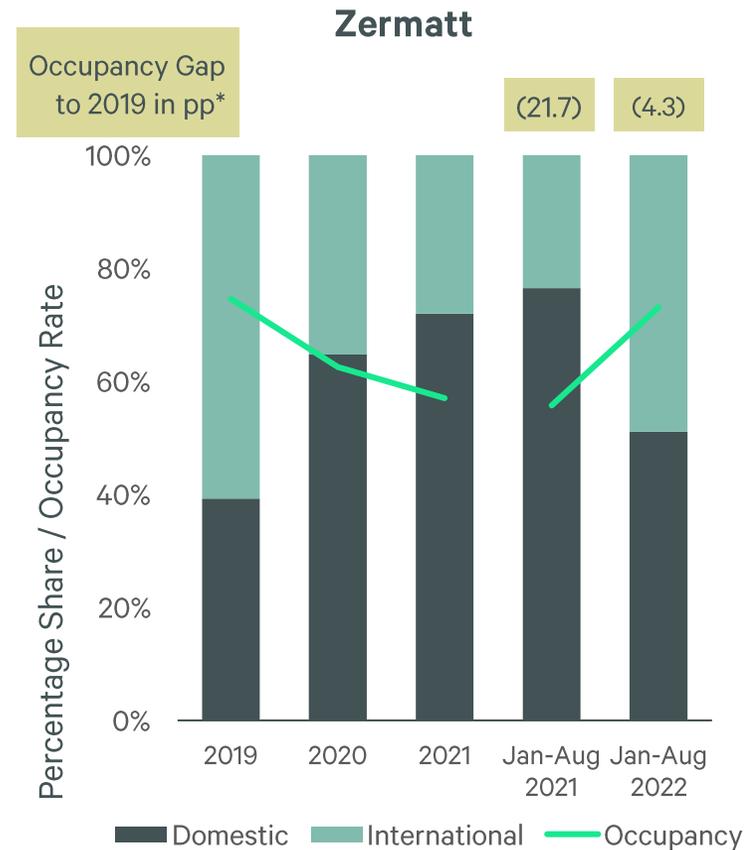
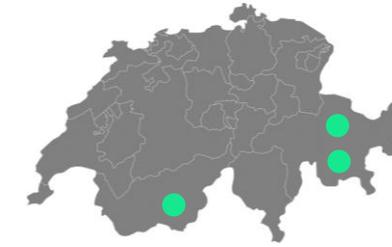
Heavy reliance of cities on international and business demand led to significant occupancy drops in 2020. Positive signs between January and August of 2022, showing slow, but steady recovery, with Geneva showing the lowest gap to 2019.



* Percentage points

A Look Back - Top 3 Resort Markets

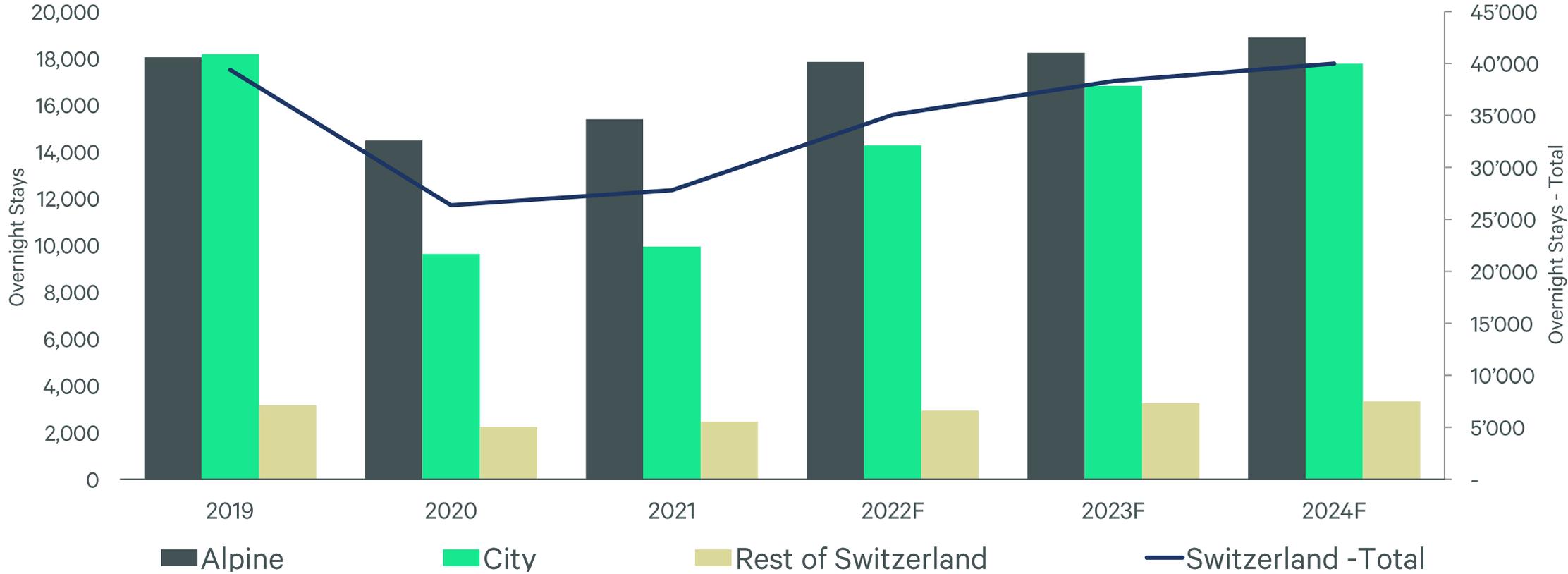
Alpine markets were generally more able to soften the impact of Covid-19, buoyed by domestic demand. Markets with reliance on international demand again suffered more and are recovering at a slower pace.



* Percentage points

A Look Forward - An Uneven Picture

Aligned with current observations, tourism forecast see demand in alpine regions recovering more quickly, by 2023, with cities projected to remain below 2019 levels into 2024.



Figures in ,000's
BAK, May 2022

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We do see encouraging demand recovery across Switzerland, but there are economic headwinds to consider. Inflation is impacting the operational bottom line, and we observe rising interest rates having an adverse effect on the debt markets. This in turn lowers transactional activity, though investor interest remains strong.

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Julia Wyss

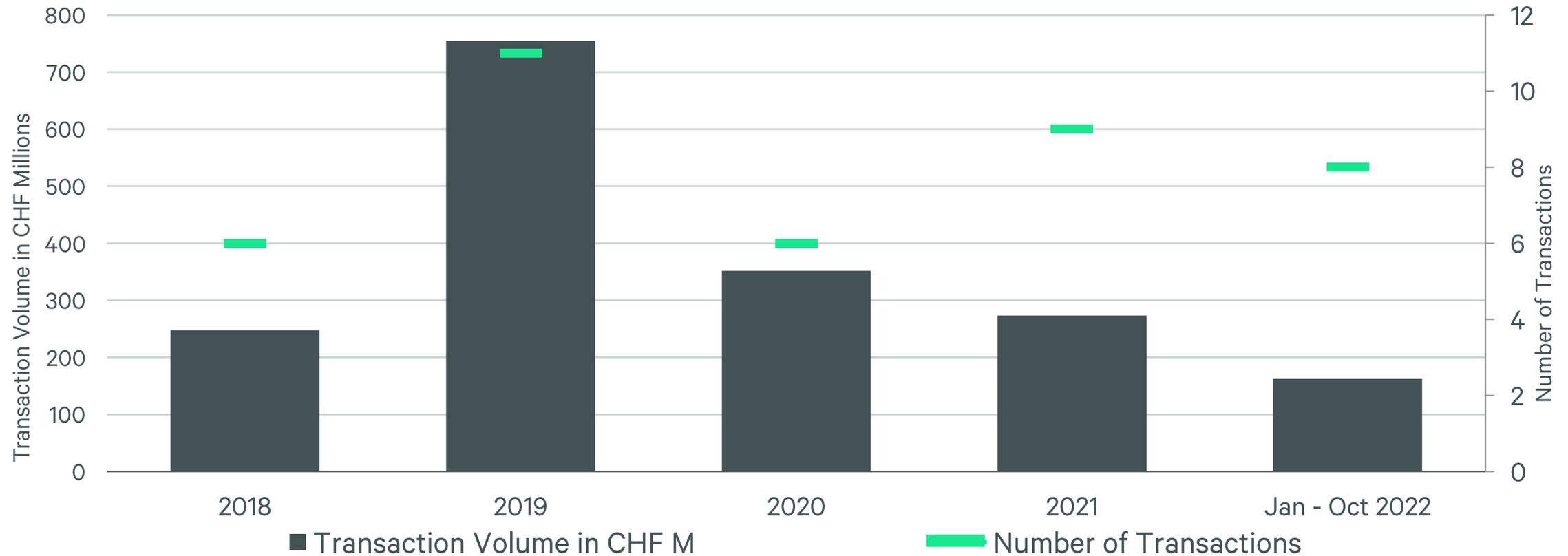
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Swiss Hotel Transactions - An Opaque Market

Hotels make up less than an estimated 5% of commercial real estate transactions in Switzerland (on average) and information is rarely made public. CBRE has good insight through active involvement on sell and buy side (e.g. 79% of transacted rooms in 2021).



Swiss Hotels - Capital & Debt Markets

Inflation hit 3.3% in Sept 2022, triggering a second policy rate increase by the SNB to +0.50%, making it the last European country to move away from negative interest rates. This is contributing to a volatile environment, reflected in current capital and debt market sentiment.

CBRE House View on Prime Vacant Possession Yields

		Vacant Possession ¹
	Prime Cities ² <i>Trending</i>	4.5% - 5.5% <i>Weaker</i>
	Secondary Cities <i>Trending</i>	5.5% - 6.5% <i>Weaker</i>
	Resorts <i>Trending</i>	5.5% - 7.0% <i>Weaker</i>

¹ Upscale, stabilised year cap rate

² Geneva & Zurich

CBRE Current View on Senior Debt Market

- Currently **very fluid** and changing constantly, especially for operational real estate
- Debt still available for **high quality sponsors**, locations and assets but at **lower LTV / LTCs** and with **higher margins**
- **Increased focus on other KPIs**, such as EBITDA multiples, interest cover and debt service coverage ratios
- In combination with the increase in base rate (SARON), **debt is more expensive** though remains attractive option for certain buyer pools
- Commercial banks generally less active, but **alternative lenders** incl. debt funds **more active**.

Read about CBRE's view on the European debt markets [here](#) (Chris Gow - head of OPRE debt, EMEA)

How CBRE Can Help - Our Services

With a specialist team focused on operational real estate, we are in a position to support developers, owners and operators across Switzerland with a full suite of services. Please do not hesitate to contact us with any questions or for further discussion.

TRANSACTION & FINANCING



- Disposition of single assets and portfolios
- Buy-side advisory with commercial due diligence
- Debt Advisory

VALUATION & ADVISORY



- Portfolios and single asset valuations
- Customized market research and financial feasibility studies
- Operational business reviews

DEVELOPMENT



- Market and financial appraisal
- Repositioning strategies
- Operator search and selection,
- Negotiation of lease and management agreements

ASSET MANAGEMENT



- Strategic operational asset reviews
- Preparation of quarterly figures
- Budget analysis
- Investment planning

Contacts

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