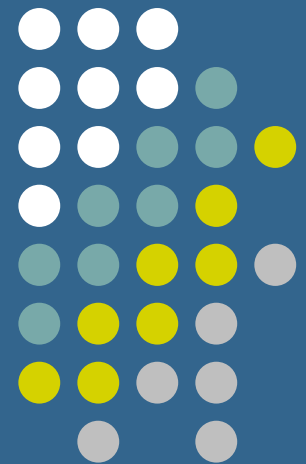


Investment in luxury hotel projects

EIAT Conference Belgrade
September 21-23, 2012





What is a luxury hotel?



June 2009



Prime location



Unique experience



Personalized service



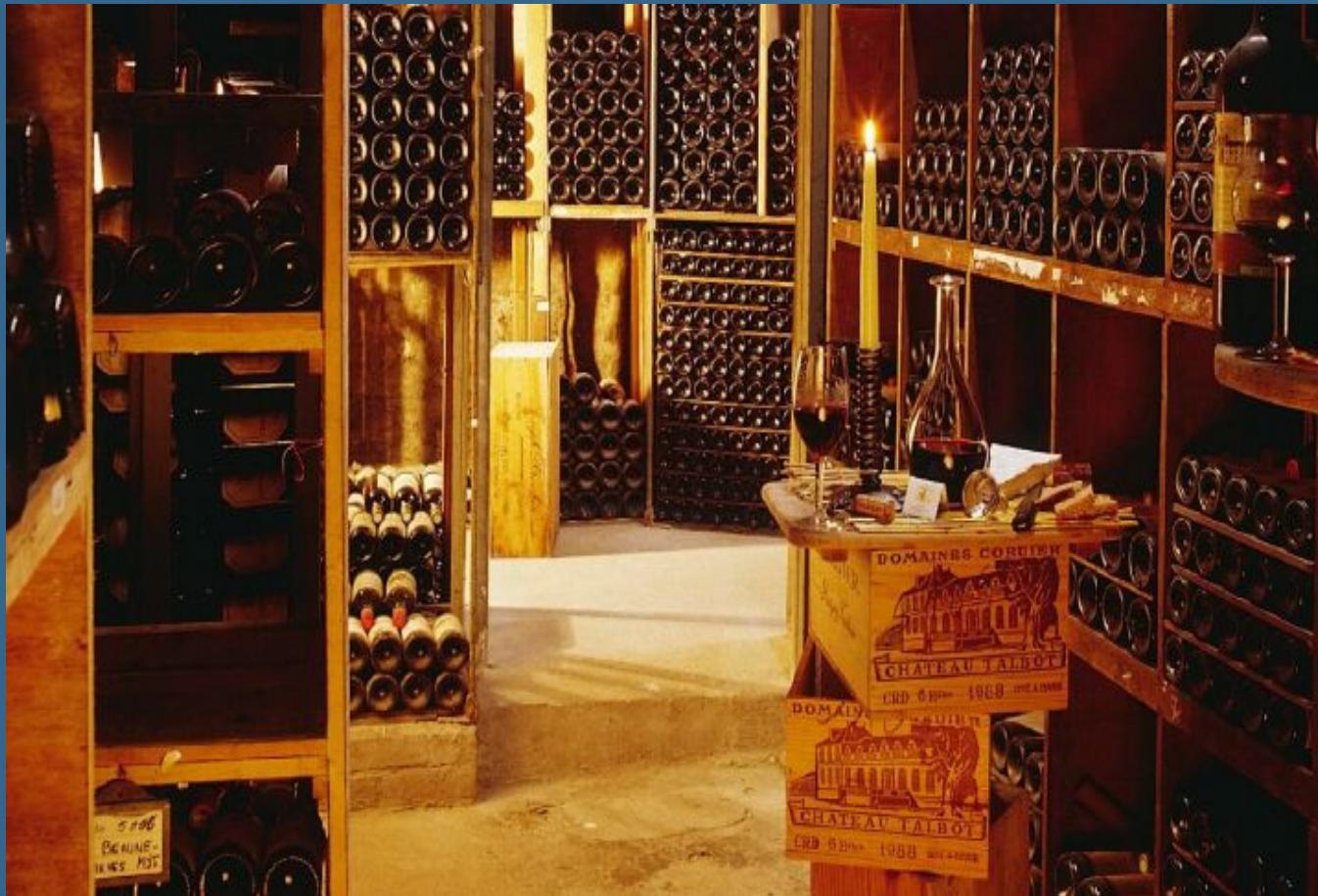
Attention to detail



Spacious rooms



Luxurious bathrooms



Prime food and beverage selection



Branded amenities



Exquisite spas



Exotic interiors



Stylish



Unique settings

How much does it cost to build?



Comparison:

- Budget hotel from USD 60,000 per key
- 3* hotel from USD 100,000 per key
- 4* hotel from USD 250,000 per key
- 5* hotel from USD 450,000 per key

Prices exclude land cost

Luxury hotel construction cost?



Over \$ 600,000 / key



Luxury resorts over \$ 1 million per key



Historical buildings over \$ 1.5 million / key



The Atlantis Dubai over \$ 1 billion



Emirates Palace – over \$ 2 billion



Designer Hotels

- Ian Shrager
- Armani Hotels
- Missoni Hotels (Rezidor group)
- Bulgari (Marriott group)

Construction costs usually over \$ 1 million / key



Designer Hotel – Ian Shrager



Designer Hotel - Ian Shrager



Designer Hotel – Ian Shrager



Designer Hotel - Armani



Designer Hotel - Bulgari



Designer Hotel - Missoni

Investment costs



- **Purchase of land**
- **Obtaining all necessary permits**
- **Consultancy costs / feasibility study**
- **Architectural / design costs**
- **Construction costs + FF&E**
- **Technical services fee / supervision**
- **Pre-opening office expenses**
- **Management fees**
- **Working capital**

Why invest in luxury hotels



- **Prestige / Trophy asset**
- **ROI - good returns**
- **Investments in real estate / diversification**
- **Tax benefits**
- **International exposure**

Key questions



- **Current supply?**
- **Where should it be located?**
- **Who should it cater for?**
- **Is there adequate demand?**
- **Which brand?**
- **Investment value?**
- **Return on investment?**
- **Mode of financing?**

The Brand is the key



Which brand to choose?



The Brand



- **Image / reputation**
- **Awareness - market / region**
- **Development strategy**
- **Chain support / distribution of offices**
- **Marketing / reservation system contribution**
- **Potential financing**
- **Ease in securing bank loans**
- **Resale value**

The Brand



- **Numerous hotel chains**
- **Hotels in similar locations**
- **Similar physical products**
- **Similar services and facilities**
- **Similar power of the brand**
- **Similar guest recognition programs**

So why do some brands do better than others?

The Brand



Where is the competitive advantage?

- **With the individual / employee**
- **Personalized service**
- **Perception of the brand**

Everybody likes to feel special



How do hotel brands achieve the competitive edge?

- **Customer focus / individual needs**
- **Round the clock training of employees**
- **Creating brand awareness through:**

Advertising

Promotions

Sponsorships

Marketing / Public relations

INVESTING IN THE BRAND!

QUESTIONS?

