

PRESS RELEASE



ALTERNATIVE SOURCES OF DEBT ARE REQUIRED FOR RECOVERY OF THE EUROPEAN HOTEL MARKET

London, 3 February 2011

For immediate release

Derek Gammage, Managing Director CBRE Hotels EMEA called for Europe to look to the USA where alternative sources of debt are helping to restore the hotel industry to previous levels of activity.

Speaking at the Ernst and Young EMEIA Hotels conference, Gammage stated the debt situation was “bad and getting worse” and institutional groups such as pension funds should look to hotels for excellent investment opportunities. When questioned, the panellists were in agreement that factors such as location and brand were common amongst hotels that were in high demand by investors. Operating leases specifically are in high demand. London and Paris continue to sit highest in Europe for operating performance although the recent surge of new openings in Paris may potentially lead to an oversupply issue in the mid-term.

When asked if there was evidence of a shortage of supply, Gammage replied “there is no shortage of supply, just a shortage of debt”. He stated CBRE Hotels had seen several new investors coming into the market and cited Sahara India Pariwar who recently purchased The Grosvenor House Hotel from RBS as brokered by CBRE Hotels as a prime example. Elements unique to the hotels real estate market, not found in other commercial property sectors and therefore attractive to investors were the ability to in effect conduct a rent review every night of the week, great residual value through the capex spend to maintain the trading hotel, continuous trading flow and a performance based income stream.



The recent purchase of The Grosvenor House Hotel by Sahara India Pariwar demonstrates there are new investors coming into the hotel market

When asked about the differences between this recession and previous, Gammage commended the attitude of lenders who have been keen to work with the borrowers to keep hotels in operation rather than simply calling in the loan and forcing the hotel in administration.

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Notes to Editors:

CBRE Hotels is the world's leading, full-service, real estate advisory group focused exclusively on the hospitality industry. CBRE Hotels provides consultancy services for the sale, valuation, financing, development and asset management of hotels. Headquartered in London, the group has offices in Germany, Ireland, France, Spain, Italy and CEE (Central and Eastern Europe) with dedicated hotel teams in the United States and the Asia-Pacific region.

During 2010, the combined value of assets successfully sold, valued and advised on by CBRE Hotels EMEA was €19.6billion. This advice was provided across 542 hotels across the EMEA region.

For copies of any relevant photographs please contact: emily.newman@cbrehotels.com.

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