



Hospitality & Tourism Projects Development Pre & Post-Covid period





Copeability

Coping Skills for Life's Challenges

Too much change in too short a period

Copeability is more important than Capability

In the Covid-19 pandemic, it is the ability to cope with change, cope with the new normal. The business may take anything between 9 to 24 months to start climbing back to previous peaks. Till then the headwinds will be strong and severe. Some will succeed, some will struggle, some will perish.

Fear is the key

Fear of the unknown. Fear of the infection. Fear of touching someone. Fear of being touched. Fear of being infected, and infecting family and friends. Fear of being infected and being far away from good healthcare. Fear of bringing back the virus from travels overseas.

Suspicion and fear. And that suspicion, and that fear will take dollops of good news, on multiple fronts, over a prolonged period to abate, and be totally dispelled. Till then travel & tourism are literally in the doghouse.

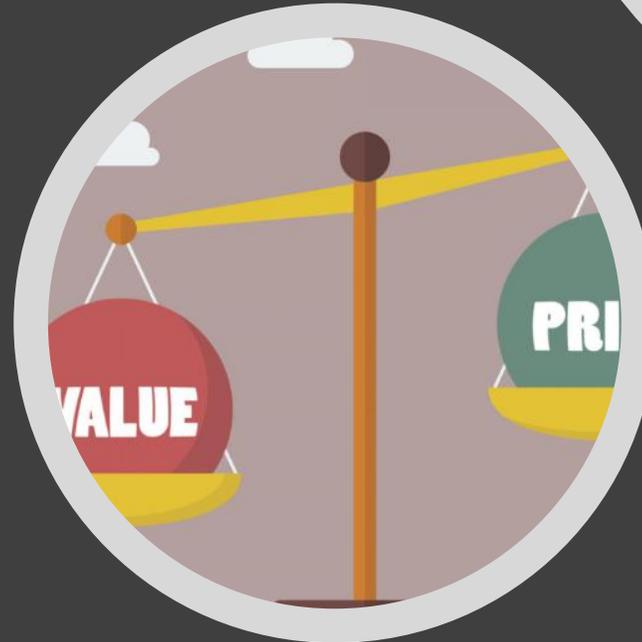


SUSPICION



The 5 key factors in travelling

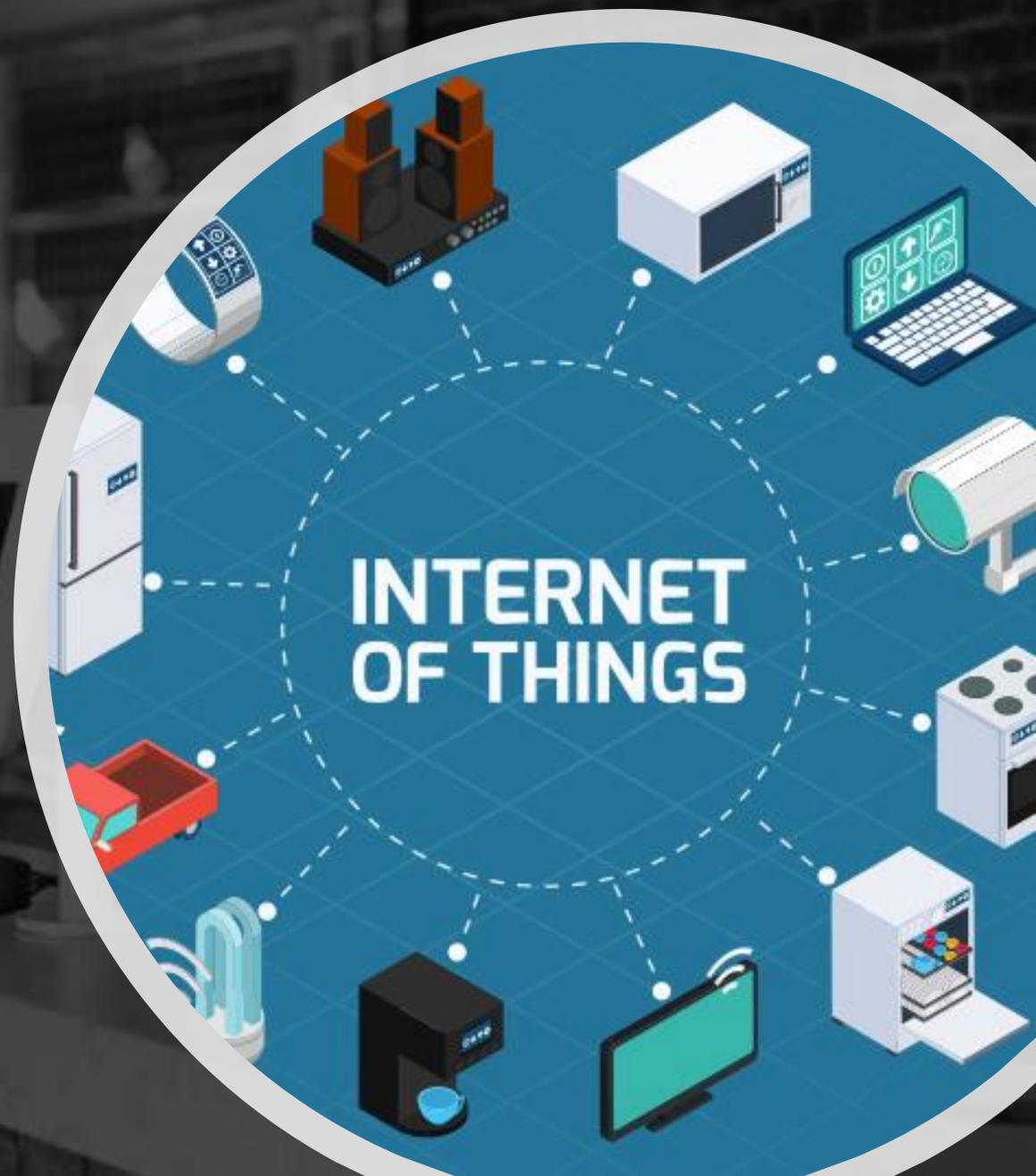
1. Safety: both perception and reality will matter
2. Health: mandatory checks
3. Hygiene: There is no compromise on this
4. Brands: Those that will stand for quality will win
5. Value: Good value for good money



HOTEL BRANDS WORLDWIDE			
by their current number of hotel projects			
 Hilton HOTELS & RESORTS	 Hilton Garden Inn	 DOUBLETREE BY HILTON	 SHERATON
Hilton Hotels & Resorts	Hilton Garden Inn	DoubleTree by Hilton	Sheraton
143 Projects 44,405 Rooms	126 Projects 22,687 Rooms	110 Projects 27,402 Rooms	9 26
 Radisson BLU	 aloft HOTELS	 Marriott HOTELS & RESORTS	 EXPRESS
Radisson Blu Hotels & Resorts	aloft Hotels	Marriott Hotels & Resorts	Expres
82 Projects 17,641 Rooms	80 Projects 14,297 Rooms	78 Projects 26,633 Rooms	7 12

Safety Innovations

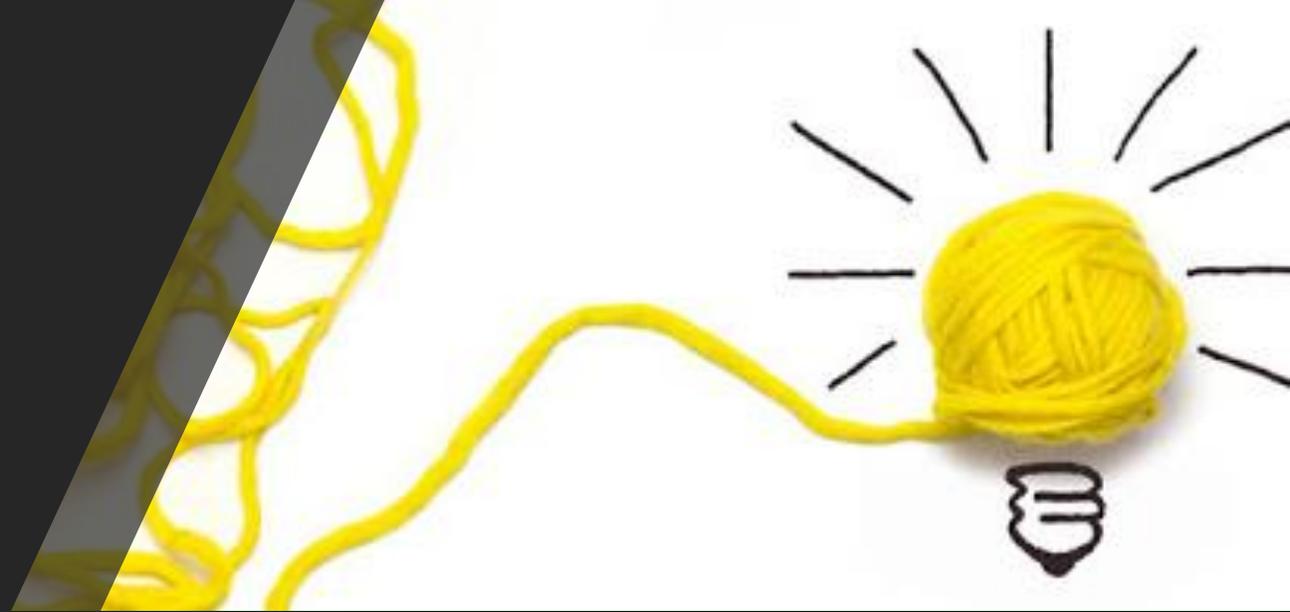
The question that no one seems to have an answer to is how the changes in the industry are going to affect the rules of the game. In response to greater emphasis on the safety of travelers, tourism brands will inevitably have to move forward with bold, innovative ideas that include wider technology adoption. While major hotel brands already made significant progress in this area, others will have to follow too, not to underestimate the outcomes. It is certain that the future of tourism will strongly rely on digital and technological discoveries such as the use of chatbots to make reservations, mobility patterns to manage visitor flows, artificial intelligence, the IoT, 5G, service-oriented robotic, etc. These innovations are going to shape the new tourist experience.



Flexibility

Another important aspect of future tourism is flexibility. In this industry, flexibility is what businesses are going to highlight through cancellation policies, service rates, schedule modifications, etc.

New practices and policies are expected in nearly every aspect of the guest's experience. We are super excited to see what awaits us in future travels. Stay innovative!



TECHNOLOGY +
CREATIVITY =
INNOVATION





Projects Development Pre-Covid period

The total global hotel-construction pipeline hit record highs at the close of 2019 with 15,000 projects and 2,454,954 rooms.

Year-over-year, projects increased 11% and rooms rose 8%.

The global pipeline has grown for nine consecutive years after reaching its cyclical low, by rooms, in 2010.

Four of the seven regions of the world continue to have pipelines trending upward, year-over-year. The exceptions are Latin America, Africa and the Middle East.

I have been working the past 3 years on projects in Cyprus. Owners have been hectic in investing to hospitality industry but slowly they have gained respect to the long-term investment involved. In 2019 there were more than 25 new hotel projects in study or under development in Cyprus. More than half of them were signed under an international brand.

In 2020, we have noticed no significant hold back from any of the investors. There is surely a delay in construction but still there is no cancellation of any of the developments.





Projects Development Pro-Covid period

There are 6,859 projects with 1,217,662 rooms currently under construction worldwide.

Projects scheduled to start or started construction within 2020 and projects in the early planning stage are at all-time highs. They stand at 4,533 projects of 654,474 rooms and 3,608 projects of 582,818 rooms, respectively.

The US ranked as the top country by project count with 5,748 projects of 708,898 rooms, slightly short of its all-time high of 5,883 projects of 785,547 rooms, which it set in the second quarter of 2008.

China reached a new all-time high with 3,526 projects of 643,435 rooms.

The US accounted for 38% of projects in the total global construction pipeline while China represented 24%. By project count, Indonesia came in a distant third with 367 projects of 60,354 rooms, followed by the UK with 346 projects of 49,651 rooms and Germany with 339 projects of 61,836 rooms.



The leading franchise companies in the global construction pipeline by project count were:

1. Marriott with 2,799 projects of 471,843 rooms
2. Hilton with 2,414 projects of 354,515 rooms
3. IHG with 1,777 projects of 263,710 rooms
4. Accor with 912 projects of 161,868 rooms.

These four companies accounted for 53% of all projects in the global pipeline.

Brands leading in the pipeline for each of these companies were:

1. Hampton by Hilton with 744 projects of 98,206 rooms
2. IHG's Holiday Inn Express with 712 projects of 90,254 rooms
3. Fairfield Inn by Marriott with 431 projects of 49,917 rooms
4. Accor's Ibis with 338 projects of 47,477 rooms.



In 2019, the world opened a total of 3,159 new hotels of 446,911 rooms.

As a result of the current global pipeline being at an all-time high, new hotel openings will continue to climb with 3,298 hotels that have opened or are expected to open in 2020.

In 2021, forecasted new openings will accelerate further to 3,415 hotels.



Rely Management Consultants was launched in July 2020 seeing the thread as an opportunity!

We have managed in less than 5 months to approach or to be approached by more than 10 investors, wishing to develop a hotel and 8 of the projects to be under an international hotel brand.

Our experience and expertise allowed us to have collaborations with all major international hotel brands and by fact, they all wish to enter the Cyprus market by finding the development which meets their expectations.

The logo for Rotana features the word 'Rotana' in a blue, serif font. The letter 'o' is replaced by a stylized, circular emblem with a sunburst or globe-like pattern.

The logo for InterContinental Hotels Group (IHG) consists of the letters 'IHG' in a bold, sans-serif font. The 'I' and 'H' are red, and the 'G' is orange. Below the letters, the text 'InterContinental Hotels Group' is written in a smaller, red, sans-serif font.

The logo for Meliá Hotels & Resorts features the word 'MELIÀ' in a large, blue, serif font. Below it, the text 'HOTELS & RESORTS' is written in a smaller, blue, sans-serif font.

The logo for Marriott features a red circular emblem with a stylized white 'M' inside. Below the emblem, the word 'Marriott' is written in a red, serif font.

The logo for Hilton Hotels & Resorts features a blue circular emblem with a stylized white 'H' inside. Below the emblem, the word 'Hilton' is written in a blue, serif font, and 'HOTELS & RESORTS' is written in a smaller, blue, sans-serif font below it.

The logo for Accor features a gold-colored stylized 'A' emblem. Below the emblem, the word 'ACCOR' is written in a gold-colored, sans-serif font.

The logo for Rosewood Hotel Group features the word 'ROSEWOOD' in a large, black, serif font. Below it, the text 'HOTEL GROUP' is written in a smaller, black, sans-serif font.

The logo for Best Western features a blue circular emblem with the letters 'BW' in white. Below the emblem, the words 'Best Western' are written in a blue, sans-serif font.

The logo for Kempinski features the word 'Kempinski' in a large, black, cursive font. Below it, the text 'OTELIERS SINCE 1897' is written in a smaller, black, sans-serif font.



Opportunity

An investor to a hotel development project must look into the pandemic as an opportunity to start construction on favorable terms by the governments. The opening of the property will be in minimum 36 months. When starting construction in early 2021, thus opening 2023, reduces the risk into an opportunity and this allows a dynamic infiltration in the rising market.

1. In 2021 or maximum early 2022 the vaccine will be widely offered
2. In 2022 the global tourism will be on the road to recovery
3. In 2023 numbers will climb
4. In 2024 the predictions show that businesses are back to normal



Discussion Point

The travelers are and will be looking into Safety precautions, Health matters, Hygiene standards, Brand security and Value for money.

A new property with the benefit of setting up its identity in the time of Covid, is capable of introducing all the above in the highest quality. It only needs the right people to run the development, construction, preopening and finally operation. Finding the right professionals is the key to success.



There are millions of loyal members to the international brands and the number will increase because of the pandemic. The brand acts as a psychological factor of certainty, that all protocols are maintained thus ensuring the well-being of guests.

Branding the new project will be the tendency of investors and brands must show flexibility in the negotiations, to manage and lead the market.

Branding

Concluding

The industries have never experienced a shut - down before and the effect is not only felt by hoteliers or operators, but it is also felt by investors and lenders. The latter are being increasingly reluctant in investing on hotel developments due to the surrounding uncertainty and the new reality.

Developers around the world are facing the same controversial decision of whether they should proceed forward or whether they should abandon development and acquisition of projects. There is no doubt that the rules and the risk profiles of all projects have changed. Each project should be treated differently, and it would be much more time consuming in order to reach a justified and mutually profitable decision for all parties involved.

The increased scrutiny, under which each project is going through, has decreased the transaction volume in the real estate sector. There are several examples that make it safe to conclude that although the transaction activity is now declining, there is a persistent appetite for trophy assets.

On a global basis only 3.7% of the hotel projects have been cancelled, which is a relatively small number if we consider the massive economical effect of COVID - 19. Moreover, 11.1% of the projects are paused whereas the greatest effect is observed on the delayed projects, which have reached 13% of the total hotel projects.



The coronavirus crisis has greatly damaged the economy around the world and has brought a new reality. However, there is still room for profitable transactions if the adequate due diligence has taken place.

Developers of new projects have minimum risk in reaching operation as it is nearly certain that the vaccine will be widely available before opening of their property.

Existing owners of unbranded properties should consider moving into a franchise or a managed agreement with international brands as this will surely support their operations and allow them to be part of a greater family that takes care of its members but mostly, gives security to the guests.



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