



ITALY

Hotels & Chains

Report 2020



Hotels & Chains in Italy 2020 – The Report

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Edited in January 2020 by Horwath HTL, in partnership with Cassa Depositi e Prestiti and Associazione Italiana Confindustria Alberghi.

Printed on February 2020 in Rome by Associazione Italiana Confindustria Alberghi, Roma.

All data on hotel chains as of December 31st, 2019.
7th edition.

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We have tried our best to correctly report information and data on hotel chains and have directly contacted hotel chains' responsible persons prior to distribution for data check, in order to improve accuracy. Nevertheless, involuntary omissions and minor errors may occur as for any census.

The 2019 census was made even more accurate and reliable thanks to the gentle support provided by development analysts, managers and directors of:

9 Hotel Collection	Duetorrihotels	Minihotel
A&O Hotels & Hostels	Fabilia Hotels & Resorts	Mira Hotels & Resorts
Acampora Hotels	Fattal	Mondorotondo Viaggi
Accor	Ferienverein	Monrif Hotels
Adler Spa Resorts	FMTG	Mythos Hotels
Aeroviaggi	Four Seasons	NH Hotels
Allegritalia Hotel & Condo	Garda Hotels	Palladium Hotel Group
Alliance Alberghi	Garibaldi Hotels	Piazza Hotels & Residences
Alpitour	Gallerini Hotels	Planetaria Hotels
Amapa Group	Gb Thermae Hotels	Plateno Group
Ars Hotels	Geniesser	Prim
AS Hotels	Generator Hostels	Radisson Hotel Group
Aurum Hotels	Greenblu Hotels & Resort	Residence Hotels
B&B Hotels	Gruppo Ferretti Hotels	RH Hotel Group
Barcelo' Hotels	Gruppo Mirage	Rizzante Hotels
Belmond	Gruppo Studio Vacanze	Roberto Naldi Collection
Best Quality Hotel	H 10 Hotels	Rocco Forte Hotels
Bianchi Hotels	Hilton	Rosewood Hotels & Resorts
Bianconi	HNH Hospitality	Royal Group Hotels & Resorts
Blu Hotels	HRE	SHG (Salute Hospitality Group)
Bluserena	Hyatt	Shaner
BWH Hotel Group	I Grandi Viaggi	Sina Hotels
C.P. Hotels Verona	IH Hotels	Starhotels
Caroli Hotels	INC Hotels Group	Stayincortina
CDSHotels	Italiana Hotels & Resorts	Sunstar
Cerini Hotels	ITI Hotels	TH Resorts
Choice Hotels	JSH Hotels & Resorts	The Family Coppola Hiways
Cimino Hotels	LDC Hotel & Resorts	The Student Hotel
Club Esse	LHP Hotels	Trianon Group
Club Family Hotel	Louvre Hotels Group	Tridente Collection
Color Holiday	Lungarno Collection	TUI
Compagnie Des Hotels	Mandarin Oriental Hotel Group	Uvet Hotel Company
Continental Hotels & Residences	Marriott International	Veratour
DimHotels	Meininger Hotels	Vip Hotels
Dorchester Collection	Melia Hotels International	

Thank you All!



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Introducing the 7th Edition of *Hotels & Chains in Italy*

Dear Readers,

It is with great enthusiasm that we present the 7th edition of the "Hotels & Chains in Italy" research that Horwath HTL has developed with the support of the Associazione Italiana Confindustria Alberghi, in partnership with CDP Investimenti SGR Spa and the contribution of Bocconi University.

This research has established itself as the only and main point of reference for those who, both public and private, operating in the tourism sector, need to know the consistency and evolution of a sector that Horwath HTL considers strategic for the managerial development of our hospitality system, a sector that, at present, is still too much characterized by management at an individual and family level.

Business networks, in their various typological structures, represent the tool that can contribute at most to increase the competitiveness of the Italian hotel industry and promote the best positioning for the Italian destination in the top world ranking.

All the supply and demand indicators and the fundamentals of the Italian hotel industry highlight a competitive advantage for the Italian destination.

With regard to the 4 and 5 star hotel sector only, our portfolio exceeds 6,400 hotels (20% of the total offer).

The diversification of our market is also evident: 51% of the demand is international, a very significant share if compared with European competitors, and with a range of regions of origin no longer focused on Central Europe. This exposes us to a lesser degree of market risk and to a minor fluctuation.

In addition, foreign demand has continued to grow for 60 years at a CAGR of 2,5%, showing that Italy, as a destination, still has untapped potential, especially in the South.

An apparatus of such relevance requires attention and Horwath HTL wants to help its development by dedicating efforts and energies to spread knowledge and best practices, as already experienced across major competing countries.

It is within this context and for these purposes that Horwath HTL has dedicated its focus to understand the phenomenon of the development of hotel chains, both in quantitative and qualitative terms, starting a cognitive process that has led to the publication of the Hotel & Chains in Italy research for 7 years now.

However, these efforts would have been vain if we had not found the consent of a partner such as CDP Investimenti SGR Spa, the support of the Associazione Italiana Confindustria Alberghi and the contribution of Bocconi University, partners whom we want to warmly thank here. With equal warmth we want to thank the hotel chains, both Italian and international, for the effective, constant and timely supply of information that has enabled this research to be an increasingly punctual, updated and appreciated source by all operators in the sector.



Zoran Bačić
Senior Partner & Managing Director Horwath HTL

The hotel industry continues to grow in Italy

We have just seen 2019 draw to a close turning out as the tenth consecutive year of growth in international tourist arrivals. After the record of 1.4 billion international arrivals set in 2018, last year marks further growth (+ 3.8%), which leads international arrivals to reach 1.5 billion, 54 million more than in 2018.

A positive sign has characterized all macro-regions: the Middle East marks a + 7.6%, Asian and the Pacific area a + 4.6%, Africa a + 4.2%, Europe a + 3.7% while America records a lowest 2%.

Europe, with 742.3 million international arrivals, confirms itself as the main world tourist destination, also thanks to the strong appeal that the countries bordering the Mediterranean Sea have, which alone represent 41% of the international demand that addresses the macro –region.

Italy makes a significant contribution to these results: in our country, the foreign component of tourist demand has continuously grown and today represents more than half of the overall demand (50.9% of arrivals in 2019 and 51.3% of presences). In addition to quantitative growth, qualitative growth is also added: according to the latest data from Bank of Italy, the average per capita expenditure of the foreign traveler increased by 4% last year. During the period January-November 2019, the total expenses of foreigners exceeded € 42 billion (+ 6.5%) in Italy and a good portion of these (over 60%) was spent on accommodation.

These important data help to push investments in favor of the hotel compartment. The volume of investments within the industry reached € 3.3 billion (+ 158% compared to 2018) last year, with a very significant share referring to the hotel operators, as confirm the results of the report that highlight an increase both in the number of hotels (+ 7%) and rooms (+ 5.3%) belonging to hotel chains.

Investments by the hotel operators keep on focusing towards the four top markets such as Venice, Rome, Florence as well as Milan but "resort" destinations begin to be crucial, though.

Our country, historically known also for its landscape and architectural beauties, consists of a rich and varied territory. In the near future, all those companies that through a good investment will be able to seize those opportunities deriving from urban regeneration, the recovery of the building heritage and run-down areas, if redeveloped, will be able to restore value to the local community and more generally to the domestic economy.



Maria Carmela Colaiacovo
Vice President Associazione Italiana Confindustria Alberghi

Foreword by CDP

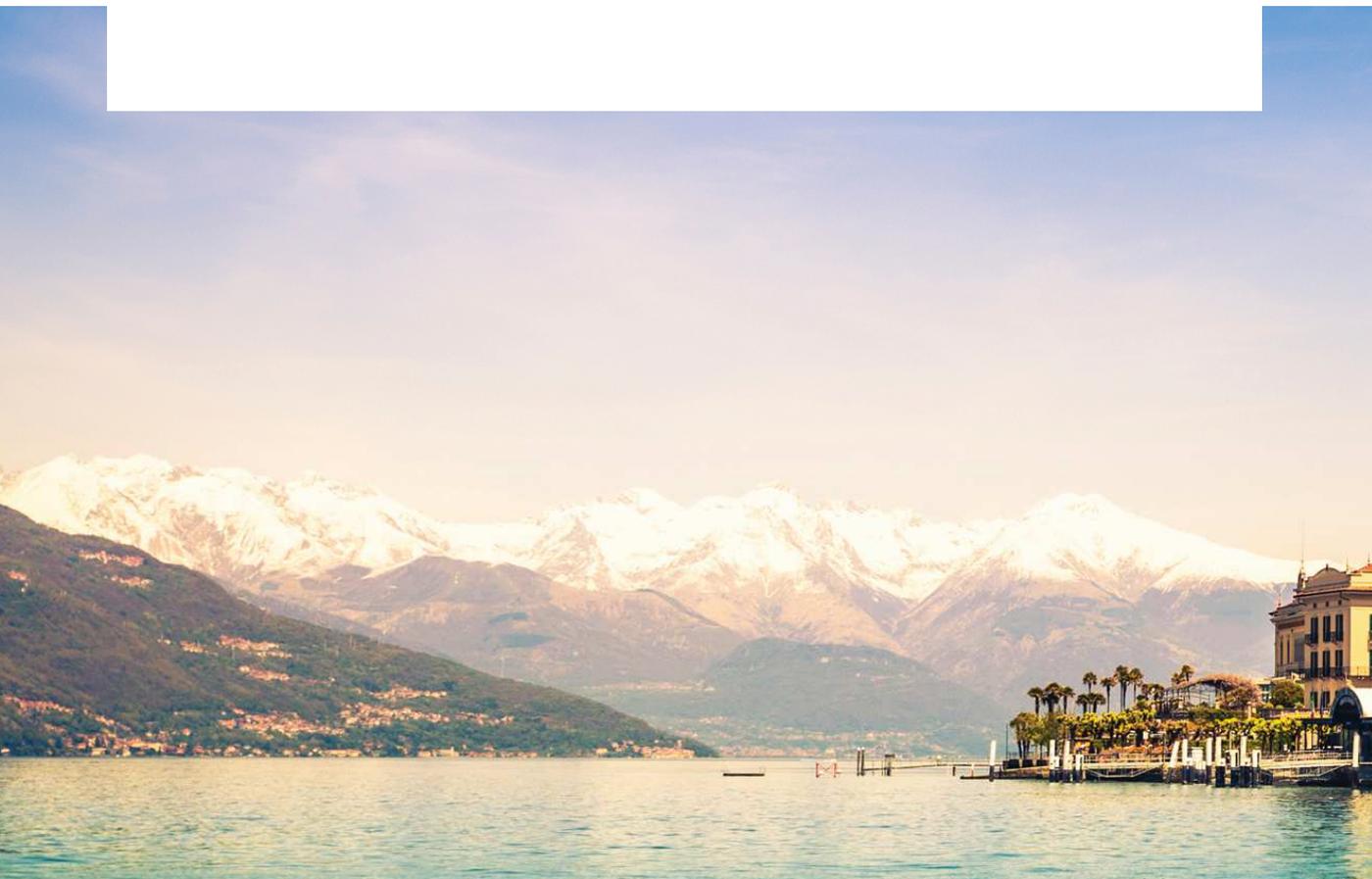
Hotel real estate investments in Italy climbed to a record-breaking €3.3bn in the 2019, an increase of 158% year-on-year, according to the latest reports from global real estate advisors. Hotel investment accounted for 27% of all Italian real estate investments in 2019. This result marks a strong increase respect to the previous year, showing that hotel sector in Italy is still perceived by the investors as one of the most interesting asset class, and confirming the positive trend of the Italian tourism sector.

In the current record-low interest rates environment, the institutional investors searching for yields have been looking with more interest in the recent years to Italian hospitality market. In 2019, the value of transactions made by institutional investors (domestic and international), with a focus on leased assets (core/core+), increased at ca. €700m (+70% vs 2018).

The investors are now shifting from an opportunistic/high-yield approach to a more mature long-term and core strategy, boosting the liquidity and the transparency of the hospitality market. These results give a clear view on how the real estate tourism sector in Italy is becoming more professionalized and it is gaining more and more competitiveness attracting international players.

The 83% of transactions in 2019 were completed by foreign investors (vs 45% in 2018). The investors' focus was on the luxury and 5 stars segment, that cover 40% of the volume, also due to some portfolio transactions (e.g. the acquisition of the Belmond hotels by LVMH and of Mazzarò Palace and Atlantis Bay resorts in Taormina).

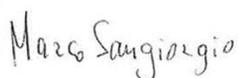
The attention of investors is still directed to trophy assets in historical buildings of the main Italian cities, with Venice, Roma, Milano and Firenze accounting for the 55% of total invested volumes. Moreover Venice, in terms of price per room is the most expensive city (€430k per room on average), followed by Rome, Florence and Milan.



Positive performances of tourism sector in Italy are observable also on the hotel management side, with increases in the ADR (+3% vs 2018) and REVPAR (+5% vs 2018) rates, especially in the main markets of Venice, Milan and Florence.

As Cassa Depositi e Prestiti (CDP), we are promoting the consolidation and growth of hotel management companies, combined with the evolution of their business model to an “asset-light strategy”, through the separation of real estate ownership from hotel management operations. CDP, in its role of National Promotional Institution, recognizing the tourism industry as a key part of the national economy, has launched a real estate investment platform called “FIT - Fondo Investimenti per il Turismo”, managed by Cdp Investimenti SGR, with the mission to invest and attract domestic and foreign investments for the renewal and upgrade of the Italian hospitality real estate infrastructure.

CDP is currently the main financial sponsor and anchor investor of the investment platform FIT, with a financial commitment of €250m. As of the end of 2019, the investment platform FIT has already invested €160m for acquisitions of hotel properties and resorts, including financial resources for refurbishment and upgrade of the assets, with the co-investment of the management companies as long-term tenants of the properties. CDP aims at increasing the total financial resources thanks to additional funds raised from domestic and international institutional investors, in order to strengthen the competitiveness of the Italian tourism sector and improving the quality of the Italian hospitality real estate infrastructure supporting the growth of hotel chains and national operators.



Marco Sangiorgio

Marco Sangiorgio
General Manager CDP Investimenti SGR Spa



Uncertainty reduced through accurate and continuous data analysis

Since tourism and hospitality are strictly linked to the evolving and ever-changing economic conditions of incoming markets, both historic data and projections are relevant for operators and stakeholders.

The last few years and, indeed, the last few days, have been characterized by uncertainty and market volatility also at the international level, and the spread of the corona virus is one key evidence of how impacting can global phenomena be for hospitality, events, tourism in general.

As far as Italy, during the last lustrum, hospitality performance outperformed many other business sectors, being marked by continuous growth and showing interesting success indicators both globally and on the Italian market.

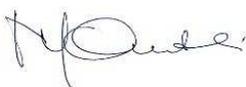
Nevertheless, Italy still remains below the frontier which defines its potential; however, the performance, investment and scale KPIs represent a true stimulus to progress on-the-right-foot and towards the right direction.

According to the result of this year report we would like to underline two issues. Firstly, from this year Report clearly emerges that, most lately, the number of hotel chains in Italy has rapidly increased (about 50 brands in the last few years). If we look at the phenomenon with an industrial strategy perspective, what can appear as a fragmented market, is instead the result of a much more targeted segmentation: both, in terms of socio-demographical characteristics (like, for example, millennials, seniors, etc.) and of consumption behaviour, reflected in specific hotel concepts (luxury property, student hotel, etc.).

Secondly, a trend which is worth-mentioning is the decrease in the average size (in terms of rooms' number) of branded hotels. At a first glance, this tendency could appear in conflict with the traditional principles of scale economies and cost reductions closely linked to the concept of hotel chain itself. However, if we look at this data in the Italian context, characterized by hotels groups with properties, which are smaller and less concentrated in the main urban destinations (if compared to those of the international brands), we can find a convincing explanation. If properly managed, these accommodation structures, through the services offered and as elements of a bigger system, can drive profitability to the owner/the management company and, at the same time, enhance the tourist growth of second tier and minor destinations.

The contribution given by the Report's appropriate set of data is useful also to raise hoteliers' awareness about the fact that every successful investment project in tourism should be addressed with both professionalism and competences.

It is, therefore, with great interest that the insights emerging from this Horwath HTL Report have to be interpreted: as a sign to analyse the actual and growing potential of a key industry for the Italian economy, driven by an important and very dynamic range of players.



Prof. Magda Antonioli
Director ACME (Master Degree in Economics and Management in
Arts, Culture, Media and Entertainment), Bocconi University

Italian hotel chains evolved since 2012

During almost 8 years of research, we followed the very first steps of several domestic chains in their early 5-10 hotels. Evidences demonstrate that some of them are now ready for their growth stage.

The growth path of Italian chains who have evolved in recent years is varied, but yet based on certain strategic axioms, which have few to share with the asset light strategies of major international brands.

One key aspect is *capitalization*: in several cases they have evolved from 1 or 2 owned properties and expanded through lease or ownership acquisition, which have weakened their financial position during the early years of '10. Today they have limited resources to invest in branding or re-vamping of assets.

Another strategic gap between global or regional chains and Italian is the *focus on the brand*: while concentrated on expansion, most Italian chains which started after the year 2010 failed to invest on their brand visibility at local or country scale.

A third gap is the *financial system* they have partnered with: the Italian banking system is only recently supporting corporate growth, while during the last 15 years it has simply supported real estate growth. In general, with no real estate guarantees backing a new deal, Italian chains would not have had credit to grow. The stock exchange market has not been an alternative, neither.

What to expect for the future?

Based on the vision of an augmented competition among players, we can anticipate that, in the next 3 years, Italian hotel chain in their 5 to 10 hotels:

- Will get conscious of their *new corporate dimension*, investing in financial controlling, processes and procedures, quality standards and corporate governance; they will *get used to more sophisticated financial models*;
- Will continue to *grow through lease*, in general, with the ones specialized in resorts expanding the fastest;
- A niche of them, potentially no more than 5% of the players, especially those with a very specific business model and clear value proposition, will start-up their franchising line;
- Will *dismiss most of their initial portfolio* populated of aged and squeezed assets to renovated their offer, targeting higher ADRs and property with clear profit potential (it will not be necessarily a matter of size).

Keeping track of the evolution of hotel chains in the country for such a long time has driven us to discover that in Italy, it seems a paradox, *families owning just 1 hotel (in the 3, 4, 5 star tiers) have become the very minority*. Most owners are nowadays in their 3 to 4 properties. Which means that, although they are not yet accounted as hotel groups, they are toady targeting expansion or the disposal of their portfolio.

Thus, all this considered, the next future is expected to be vibrant and sparkling.

Giorgio Ribaudò,

Senior Advisor, Horwath HTL

5 things to know from the 2020 Edition

16.6%
*2019 chain rooms
penetration*

In 2019 the total penetration rate of chain rooms got closer to 17%. This is the highest rate ever recorded in the last 7 years and it is a net growth of 5% over the previous year and a growth of 25% since the census started (2013).

+65
*chain hotels, on
average, each year*

The net balance in the stock of chain hotels since 2013 is of an average +65 units every year, equal to +30% in the 7-year period. As opposite, during the same period Italy has reduced its hotels (overall) portfolio by over -138 units per year.

+6,164
*chain rooms, on
average, each year*

This year the census recorded approx. 181,000 chain rooms, an increase greater than 9,000 rooms over the 2018 portfolio. On average, during the last 7 years, chain rooms have grown by +6,164 every year.

8%
*of chain hotels under
management contracts*

Since the beginning of the census, management contract agreements in the Country demonstrated to be poorly diffused, but in 2019 they have peaked 8% of market share, a significant increase over the previous year (5%).

+45
*New international
brands accounted
since 2013*

International brands continue to be eager to expand in the Country. At the end of 2019 they are 106, while in 2013 they accounted for just 61, an increase of 45 brands in only 6 years.

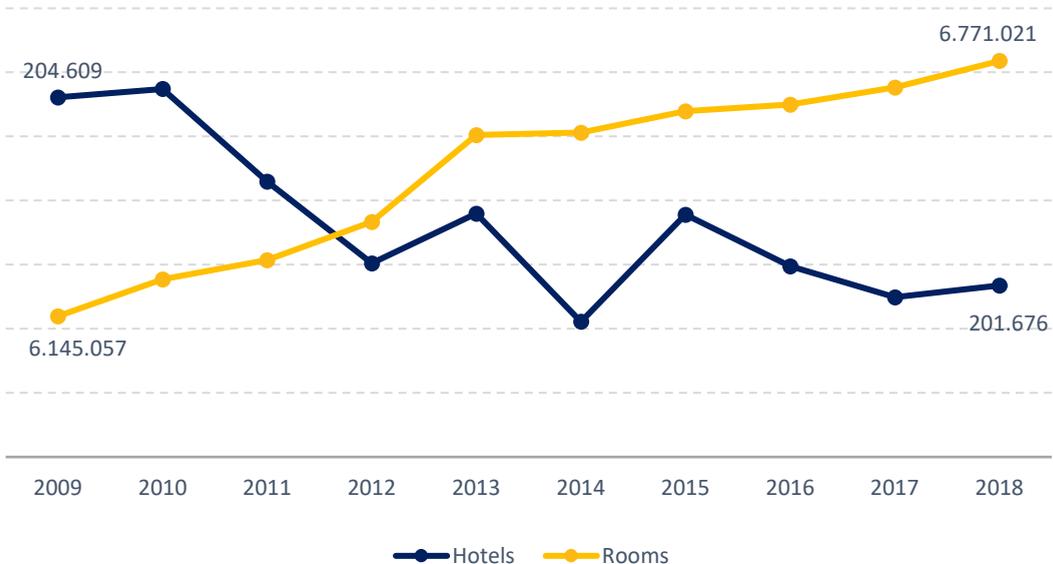


Hotel Industry in Europe and Italy

Hotels in Europe and Italy

During the last year of available statistics (2018) the hotel portfolio in Europe has not increased. The first 10 country stocks have reported no growth at all, while Germany (-1%), France (-2%) and Austria (-1%) have even reduced their hotels. Italy keeps the role of the first hotel portfolio in Europe for this year.

Aggregate Hotels & Rooms in EU28, 2009-2018; source: Eurostat 2019



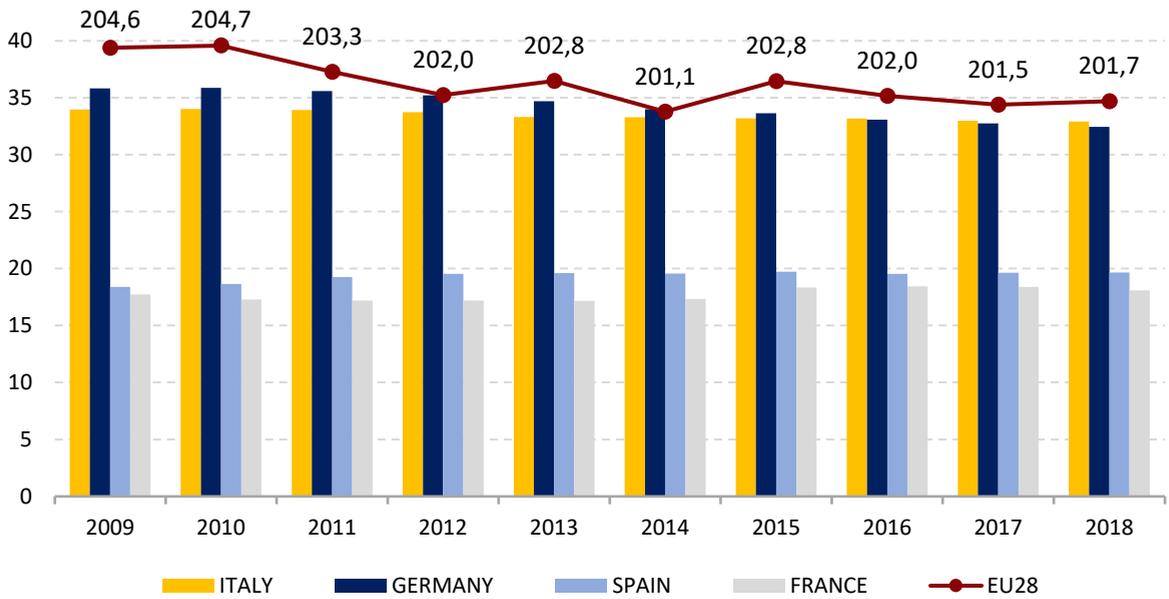
With 32.9 thousand hotels and 1.1 mln rooms, according to the last available data from Eurostat (2019, covering 2018), Italy accounts for the biggest hotel portfolio in Europe, followed by Germany (32.4 thousand hotels) and Spain (19.7 thousand hotels). Since 2012, the very different paths followed by major portfolios summed up to a steady EU28 overall supply, close to 201 thousand hotels. The competition is highly concentrated: the top 10 markets by number of hotels account for over 70% of the overall EU28 hotel portfolio.

Possibly due to reduced competing power of certain hotel categories combined with new projects of bigger size, in the last 10 years Germany has reduced by approximately -3,380 hotels, Austria by -1,640 hotels, Italy by -1,070 hotels. Their respective hotels' size by rooms has grown in parallel, indeed.

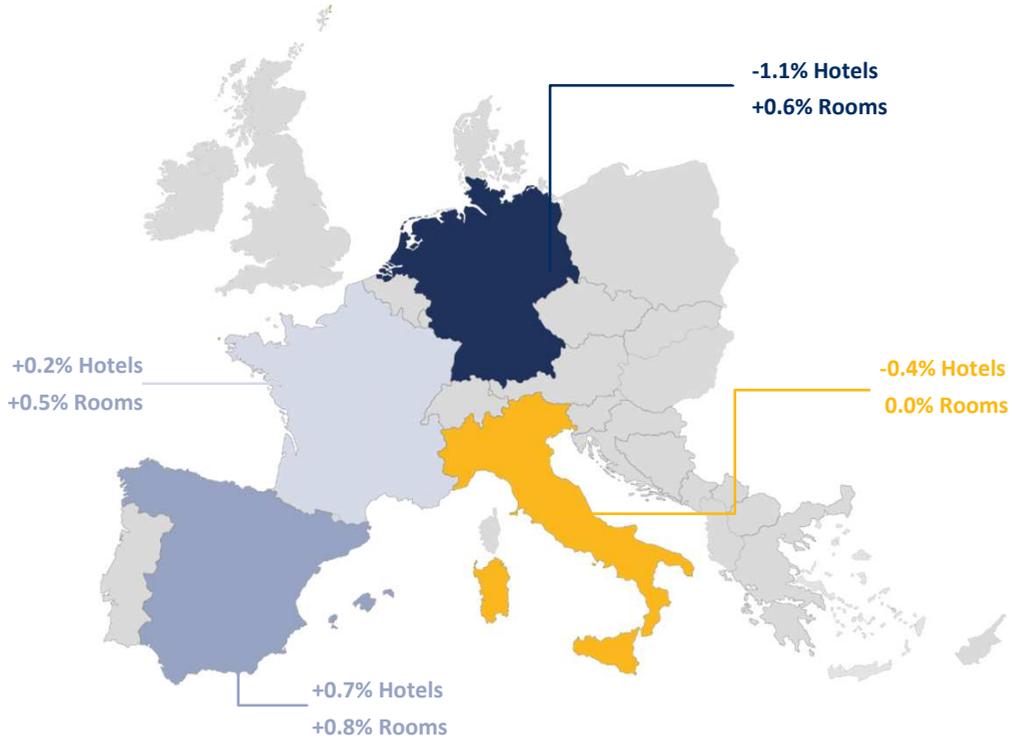
While this negative trend is quite common among big markets, with a relative exception for Spain and France, a common path is not evident for the whole Europe (hotels' growth CAGR = 0%).

Indeed, Eurostat data confirms that, in the period considered, the rooms portfolio in Europe expanded (CAGR +1.1%), thus the average size per hotel is constantly growing (from 30¹ rooms in 2009 to 33.6 in 2018): whether hotel projects are the more and more greater in size or small hotels are possibly exiting the market, the combination of the two trends is the most likely explanation.

Hotels portfolio (in thous.) in Italy, Germany, Spain, France and EU28, 2009-2018; source: Eurostat 2019



Hotels and rooms portfolio CAGR for Italy, Germany, Spain and France, 2009-2018; source: Eurostat 2019



Hotel demand in Europe and Italy

Hotel demand in Europe is in good shape. In 2018, EU top 7 markets recorded a +2.4% growth on the previous year. Italy keeps a 12,4% of the EU28 market share in terms of hotel arrivals, ranking after Germany, France and Spain. In terms of hotel foreign arrivals its appeal is only second to Spain.

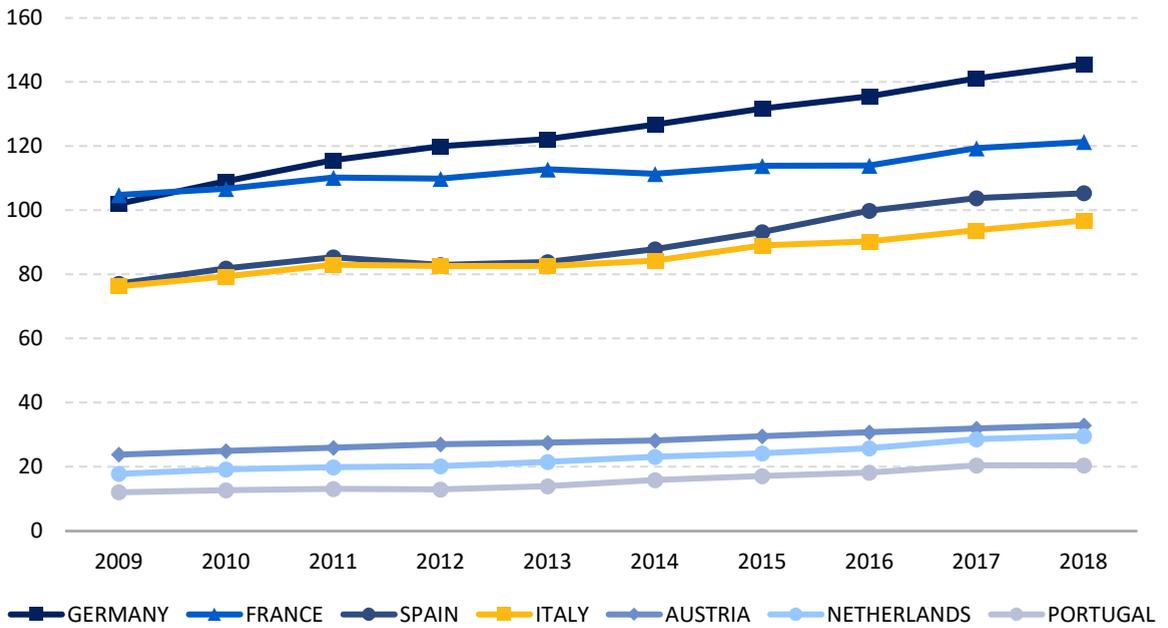
Demand for hotels in Europe is in good health.

Considering just the top 7 markets in terms of arrivals – Germany, France, Spain, Italy, Austria, Netherlands and now Portugal – representing approx. 73% of EU28 volumes, in the last 10 years demand for hotels has grown at CAGR +2.2%. Domestic demand grows slower (CAGR +3.2%) than international demand (CAGR +5%) which is fueled by extra-European flows.

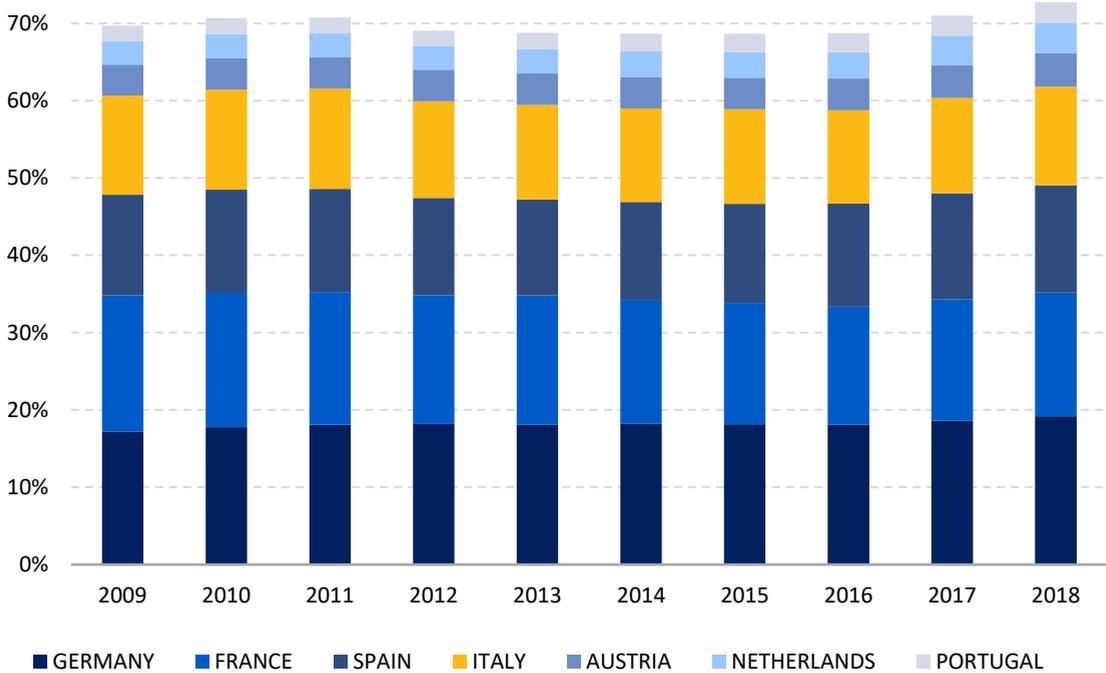
For the top 7 destinations most recent yearly data (2018) record a growth of total +2.4% on the previous year. In 2018 total arrivals to German hotels peaked at 145 mln, recording +3.2% on previous year, a significant growth for a mature market. As opposite, Portugal, who has reported a surprising growth of +12.4% in 2017, has recorded no growth at all in 2018. The growth recorded by Spain and France in 2018 has resulted modest (respectively +1.7% and 1.5%) compared to what we recorded in Italy (+3.2%), one of the hotel destination with the highest growth of the year (together with Netherlands, 3.8%).



Total arrivals in Hotels for the top 7 destinations in Europe 2009-2018; source: Eurostat 2019



Market share on EU28 volumes of total arrivals to Hotels for the top 7 destinations in Europe 2009-2018; source: Eurostat 2019



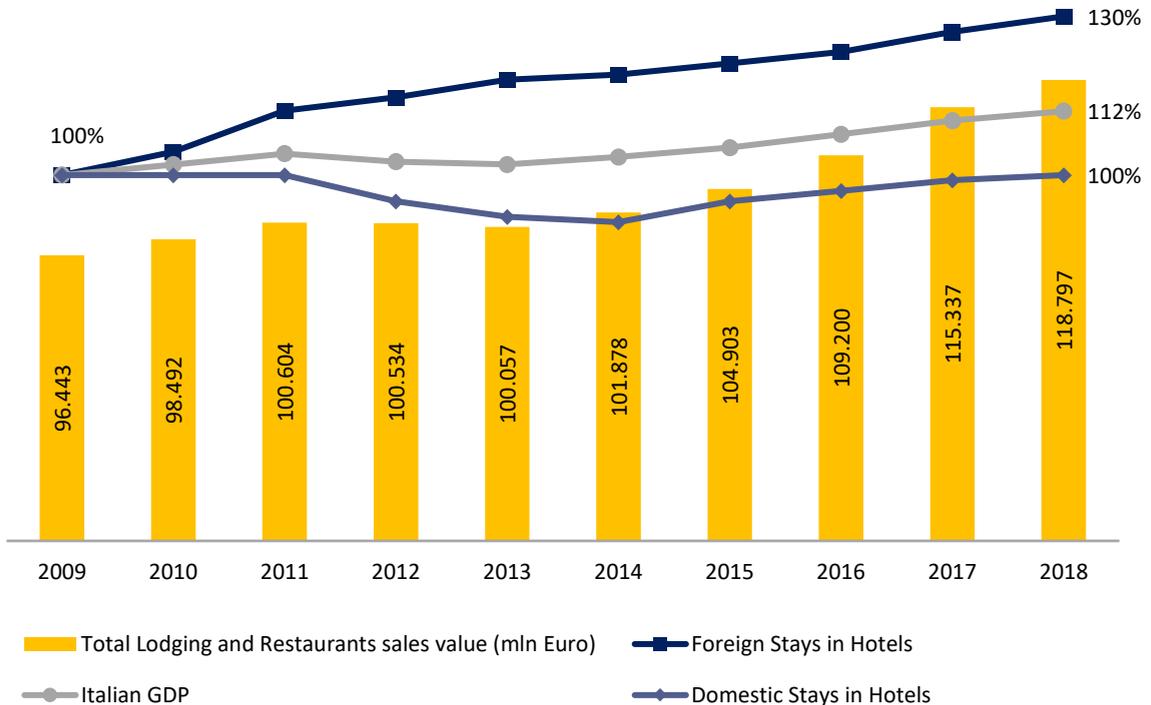
Hotels contribution to Italian economy

Lodging and restaurants have an impact of approx. 119 bln Euro on the Italian economy (GDP). This contribution is growing at a sustained pace since 2013.

Compared to the rest of industries of the Country, hospitality and restaurants, totalling in 2018 approximately 118.8 billion Euro¹ (6.7% of total GDP), has grown vigorously (+23%) since the financial crisis and has only partially followed the modest path of GDP growth (+12%).

The chart analysis clearly explains that the lodging and restaurants industry is strongly driven by foreign consumption that offset domestic demand, which would be more, of course, correlated to GDP trend. Indeed, domestic stays in hotels have recorded almost no change over the last 10 years, while foreign stays have grown by 30%. The lodging and restaurants industry is then the more and more dependent on international demand, while the relative weight of the tourism and hospitality industry on the overall Italian GDP is the more and more relevant.

Comparison of trends for the period 2009-2018: Lodging and restaurants total value produced (in Mln), Foreign overnight stays in hotels, Italian GDP (real values), domestic overnight stays in hotels; source: ISTAT, 2009=100



¹Estimated: ISTAT data have been disclosed for 2018 as "added value" and not yet as sales value, thus here we applied a proportional growth on 2017, equal to 3%.



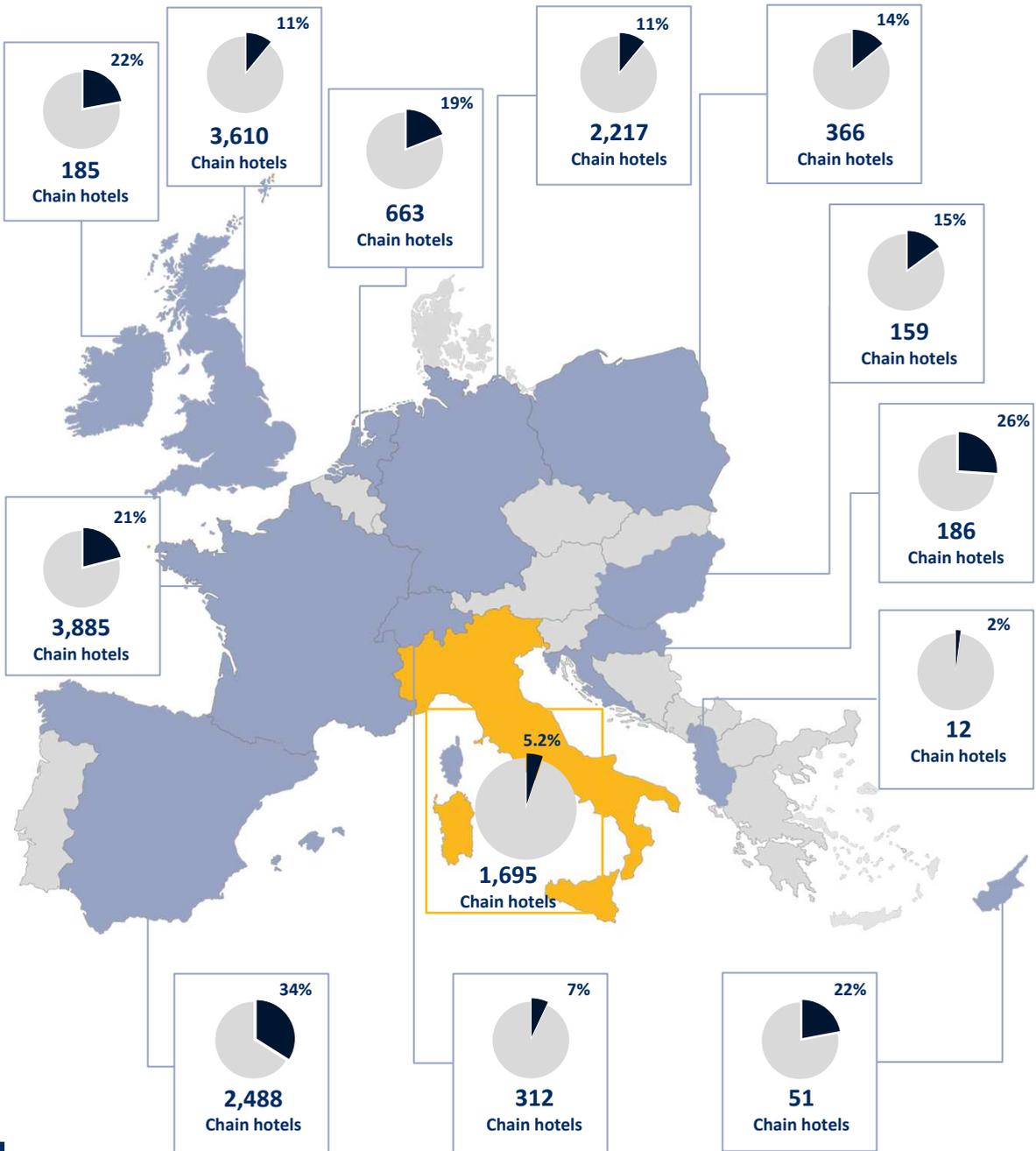
Hotel Chains in Italy



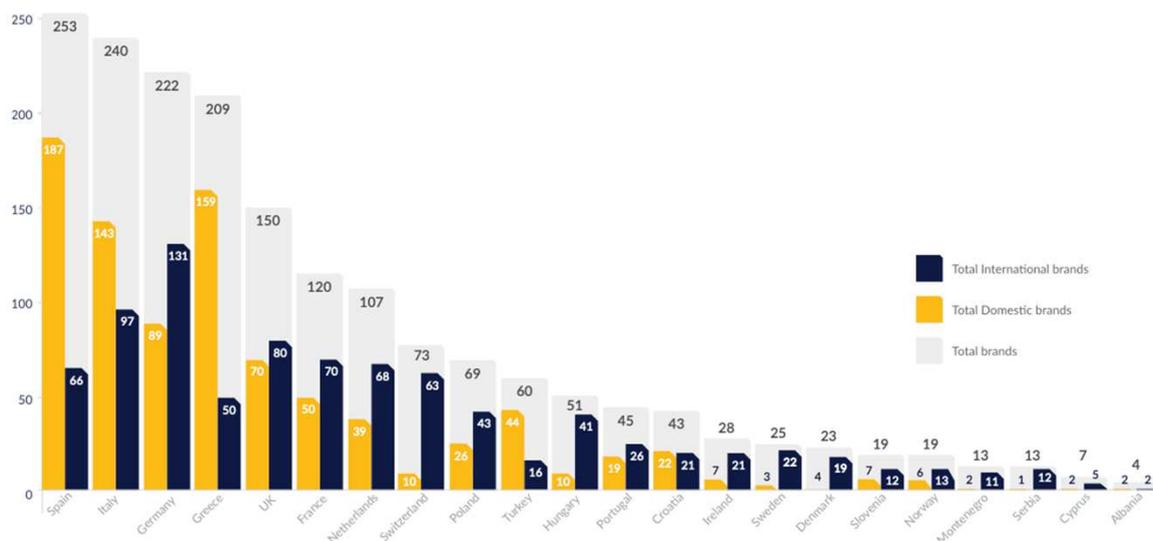
Chains growth and Europe

For the 2018 Census of Chain Hotels in Europe, Horwath HTL collected data from 22 European countries for a total of over 2.2 billion rooms. Spain was still the first country by hotel chains penetration (34%), while almost 60% of the room stock in The Netherlands was branded.

Number of chains' hotels and chains penetration by hotel in selected European Countries (2019); source: Horwath HTL Italy and other European offices



Number of brands in selected European, 2018;
source: Horwath HTL Italy and other European offices



Number of Chain hotels and rooms and penetration rate; Number of brands; selected European countries,
source: Horwath HTL Italy and other European offices 2018

Country	CHAINS & PENETRATION				BRANDS		
	Hotels	%	Rooms	%	Domestic	International	Total
Albania	12	2%	736	6%	2	2	4
Croatia	186	26%	33,939	58%	22	21	43
Cyprus	51	22%	9,701	17%	2	5	7
Denmark	133	23%	23,377	50%	4	19	23
France	3,885	21%	320,060	49%	50	70	120
Germany	2,217	11%	317,325	38%	89	131	222
Greece	730	7%	100,021	24%	164	47	209
Hungary	159	15%	22,093	36%	10	41	51
Ireland	185	22%	24,927	41%	7	21	28
Montenegro	25	8%	4,113	25%	2	11	13
Netherlands	663	19%	76,133	59%	39	68	107
Norway	299	27%	49,335	56%	6	13	19
Poland	366	14%	50,484	37%	26	43	69
Portugal	336	26%	43,069	44%	19	26	45
Serbia	22	6%	3,520	19%	1	12	13
Slovenia	78	24%	8,590	44%	7	12	19
Spain	2,488	34%	392,301	56%	188	65	253
Sweden	429	21%	63,388	51%	9	22	31
Switzerland	312	7%	33,775	26%	10	63	73
Turkey	942	19%	177,785	37%	44	16	60
UK	3,610	11%	384,223	48%	70	80	150

Key Evidences from 2019

The 7th Census confirms several interesting truths about hotel chains in Italy.

The most evident are the unrested interest of international brands and the growing size of domestic chains.

Key evidences of the last 7 years census (Horwath HTL Italy)	2013	2014	2015	2016	2017	2018	2019	Growth % 2019 vs 2018	Growth % 2019 vs 2013
Chain hotels									
Chains Hotels	1,308	1,330	1,360	1,424	1,488	1,584	1,695	7.0%	29.6%
Italian Hotels Stock (overall supply)	33,728	33,316	33,290	33,199	33,166	32,988	32,896	-0.3%	-2.5%
Chain penetration % by Hotels	3.9%	4.0%	4.1%	4.3%	4.5%	4.8%	5.2%	7.3%	32.1%
Chain rooms									
Chains Rooms	143,968	144,956	148,963	158,043	164,196	171,845	180,954	5.3%	25.7%
Italian Rooms Stock (overall supply)	1,093,286	1,089,770	1,090,300	1,091,569	1,091,061	1,086,910	1,091,180	0.4%	-0.2%
Chain penetration % by Keys	13.2%	13.3%	13.7%	14.5%	15.0%	15.8%	16.6%	4.9%	25.6%
Average size									
Average Size per Chain Hotel in Rooms	110.0	109.0	110.0	111.0	110.0	108.5	106.8	-1.6%	-2.9%
Average Size per Hotel in rooms	32.4	32.7	32.8	32.9	32.9	32.9	33.2	0.7%	2.4%
Brands									
Total number of brands	148	170	196	207	227	240	254	5.8%	71.6%
Domestic Brands	87	98	110	127	137	143	148	3.5%	70.1%
International Brands	61	72	86	80	90	97	106	9.3%	73.8%
Chains origin									
International Chains Hotels IDC	516	515	537	515	523	558	616	10.4%	19.4%
Domestic Chains Hotels IDC	860	882	890	974	1,034	1,102	1,154	4.7%	34.2%
International Chains Keys IDC	64,260	62,945	66,042	64,597	65,965	68,961	73,796	7.0%	14.8%
Domestic Chains Keys IDC	88,231	90,809	90,637	102,904	107,881	113,848	117,681	3.4%	33.4%
Top 10									
Top 10 Chain Groups (by Hotels) total Hotels	488	487	523	520	525	551	584	6.0%	19.7%
Top 10 Chain Groups (by Rooms) total Rooms	63,078	61,964	62,848	66,475	66,662	67,610	69,131	2.2%	9.6%
Business models									
Ownership share %	39%	42%	41%	40%	39%	38%	34%	-10.5%	-12.8%
Franchising share %	25%	22%	24%	23%	20%	20%	19%	-5.0%	-24.0%

Key trends:

- Chains' penetration by rooms gets closer to 17%; chain hotels are growing fast. 2019 records the greatest increase ever recorded: a net growth of 111 chain hotels (96 in 2018), reflecting a pace of almost 1 hotel per month, fueled by increased ability of domestic chains to expand through lease agreements;
- The highest number of brands ever recorded, 254, a figure which is much comparable to Spain and among the highest of Europe, indicating Italy is a fertile ground for starting up chains or introducing brands;
- The growth of top 10 groups (by hotels) in the last 7 years reaches +20%: the industry is further consolidating;
- Among the business models, ownership (34%) leaves its dominant role to lease (39%), while franchising share continues to fall (from 25% in 2013 to 19% now).

2019 Key Happenings in the Upper Up. & Luxury tier

It has been a very prolific year for chains starting up or branding new rooms in the highest tier. The amount of greenfield projects has been limited as for the previous years. Re-branding or “relaunch and branding” are the most frequent deals used to expand into this scale.

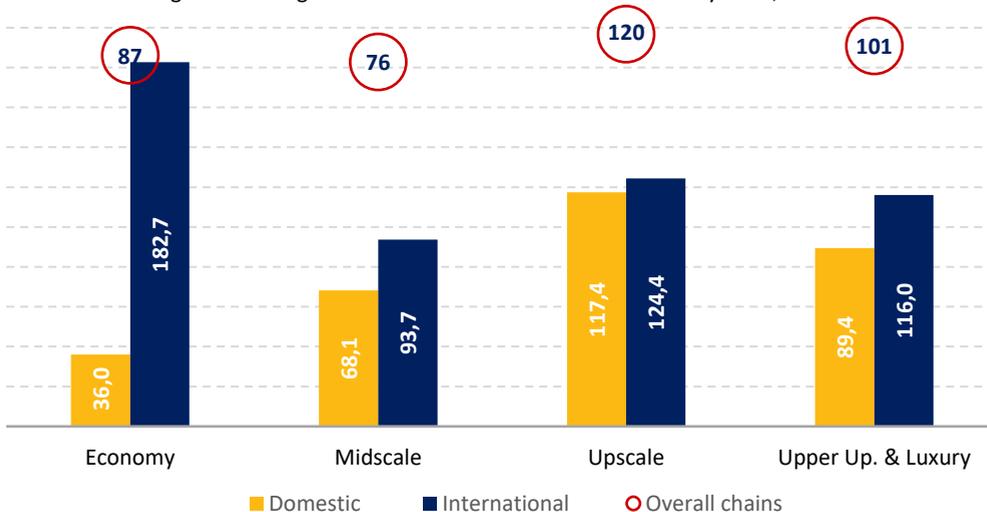
Hotels entered in the Census in 2019 in the Upper Upscale & Luxury tier

Hotel	Brand	Keys	Location	Region	Project Type
Aldiana Club Calabria	Aldiana Club Resorts	324	Villapiana S.	Calabria	Greenfield
Radisson Blu Ghr Rome	Radisson Blu	297	Rome	Latium	Re-branding
Palazzo Naiadi	The Dedic Anthology	238	Rome	Latium	Re-branding
St Regis Venezia	St Regis	169	Venice	Veneto	Re-branding
Grand Hotel Salsomaggiore	Cosmopolitan Hotels G.	167	Salsomaggiore T.	Emilia-R.	Re-opening
Palazzo Matteotti	The Dedic Anthology	154	Milan	Lombardy	Re-branding
De La Ville Roma	Rocco Forte	109	Rome	Latium	Relaunch and brand.
Mandarin Oriental Lake Como	Mandarin Oriental	77	Blevio	Lombardy	Relaunch and brand.
Grand Hotel Dei Dogi	The Dedic Anthology	64	Venice	Veneto	Re-branding
Grand Universe Hotel	Shaner	60	Lucca	Tuscany	Re-branding
Hotel Indigo Milan Corso Monforte	Indigo	51	Milan	Lombardy	Re-branding
Como Castello Del Nero	Como Hotels & Resorts	50	Barberino T.	Tuscany	Branding
Nh Collection Roma Fori Imperiali	Nh Collection	42	Rome	Latium	Re-branding
Adler Lodge Ritten	Adler Spa Resorts	40	Renon	Trentino A.A.	Greenfield
Masseria Torre Maizza	Rocco Forte	40	Fasano	Apulia	Relaunch and brand.
Marenea Suite Hotel	Cdshotels	25	Diso	Apulia	Re-branding
Sandalia Boutique Hotel	Blu Hotels	23	Cannigione D. A.	Sardinia	Re-branding
The First Roma Dolce	The Pavilions Hotels	23	Rome	Latium	Brownfield
Rocco Forte House	Rocco Forte	5	Rome	Latium	Brownfield

Chain hotels by number and size

In 2019 the average size of chain hotels has drop to 106.8 rooms, while it was 110 two years ago. This confirms the ongoing growth of lifestyle hotels (with no strict requirements on size) and increased share of domestic operators.

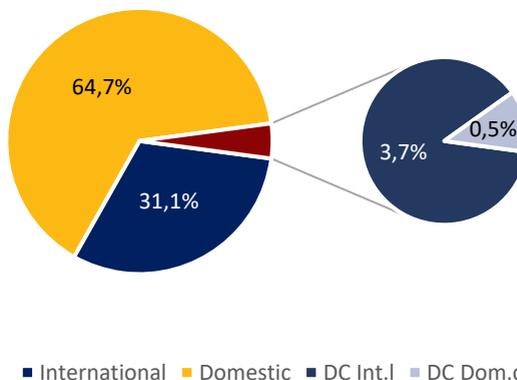
Hotels average size among Domestic and International chains and by scale; Horwath HTL 2019



Hotels overall size among Domestic and International chains, 2017-2019; Horwath HTL 2019



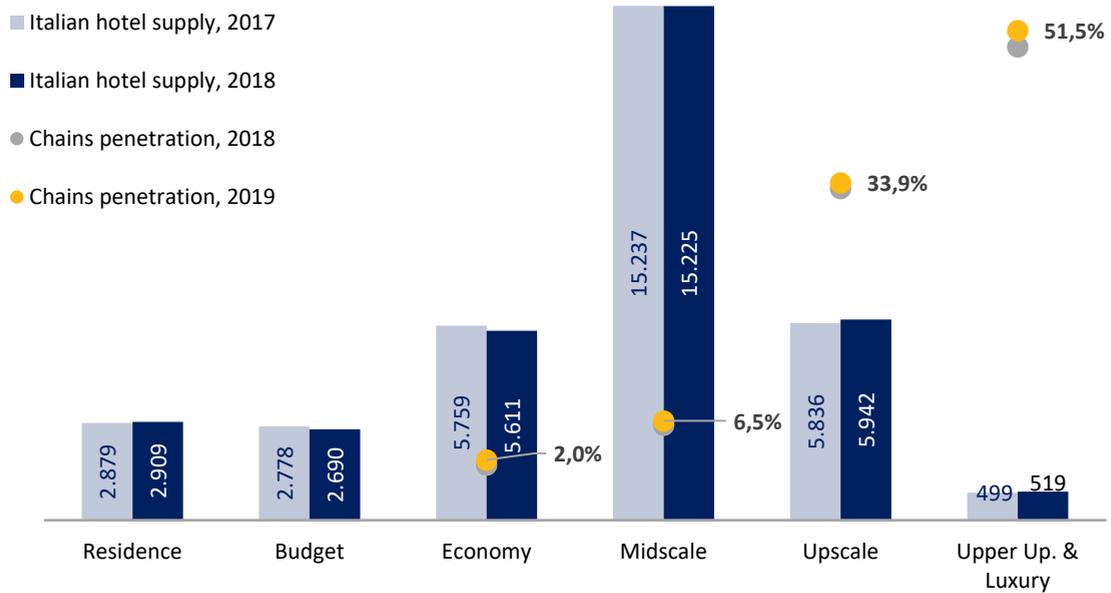
Chains' hotels distribution among International, Domestic and Second Tiers (Int.I and Dom.c); Horwath HTL 2019



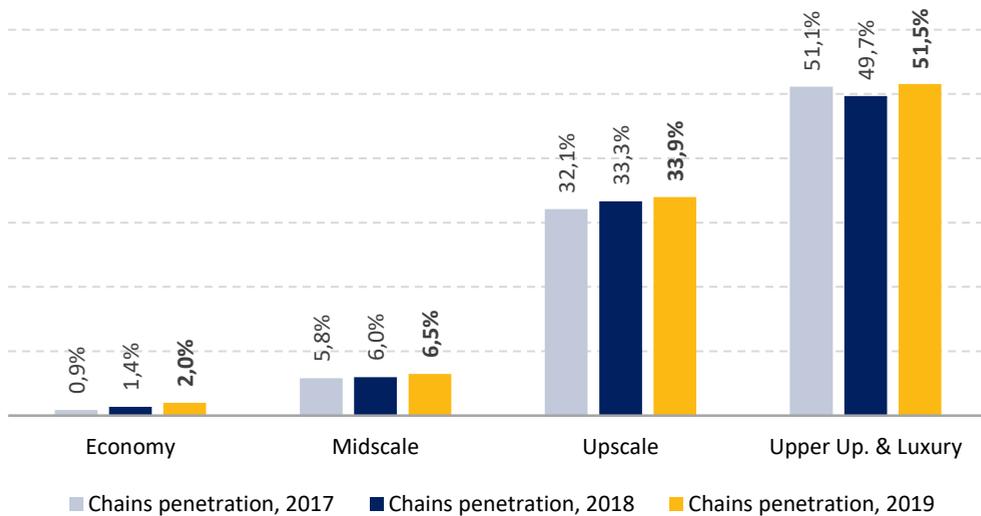
Today, the overall average size of chain hotels in Italy is approx. 107 rooms. It has slightly reduced over last 3 years. International chains hotels are bigger in all segments. The difference in size of international vs domestic operators in the Economy segment is relevant and explained by the distance between existing low-rates hotels and new developments. International operators have approached the Economy segment especially through greenfield development of big assets, over 180 keys on average. In the Upscale tier the size of hotels and resorts is generally very comparable between domestic and international brands (approx. 120 rooms).

Domestic chains continue to prevail in the Italian market with 2/3 of market share. The number of "white label" operated hotels is stable at 75 properties. Today, 4% circa of chain hotels are operated by a white label and branded by an international (or very rarely domestic) brand.

Italian hotels portfolio by scale in 2017-2019 and chains penetration rate by rooms; Horwath HTL 2019, ISTAT 2018



Chains penetration rate (by rooms) by scale in the last 3 years ; Horwath HTL 2017-2019

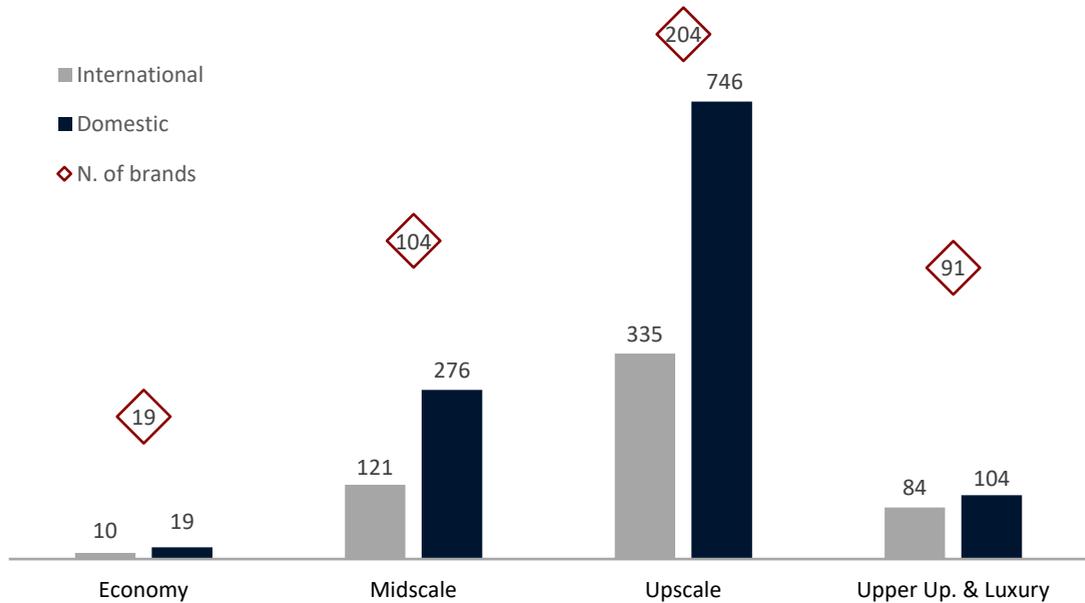


As recorded for 2018, the Economy is still the unexplored segment which could demonstrate great potential for the future, given Italy is a destination with major international appeal for young, students and budget travelers, while the unbranded experience in this segment is yet poor. Nevertheless, while Italian hotel portfolio in the Economy reduces its mass, the chains' penetration rate grows. This segment requires especially greenfield, efficient and lean developments. The Upper Upscale & Luxury market continues to concentrate a high percentage of chains. 1 each 2 hotels in this scale is branded. Penetration of chains in the Midscale and Upscale segments increased to 6.5% and 34% respectively.

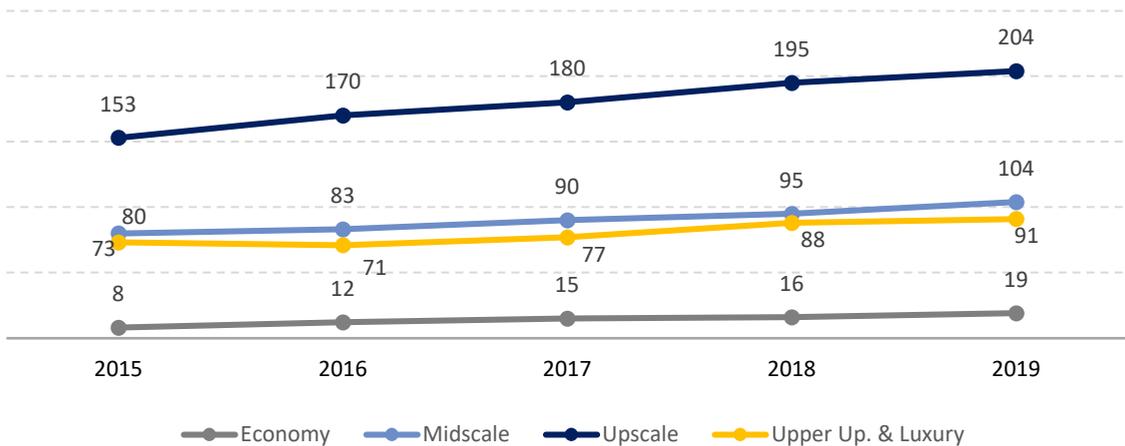
Chain hotels by scale

Among all scales, domestic operators have a higher share of the market in terms of both hotels and rooms. This is less evident, though, in the highest tier (104 vs 84 hotels). As opposite, in the economy, international operators cover almost 3 times the rooms of domestic ones (1,827 vs 684).

Chains' hotels and brands distribution among Int.l and Dom.c chains and by scale; Horwath HTL 2019



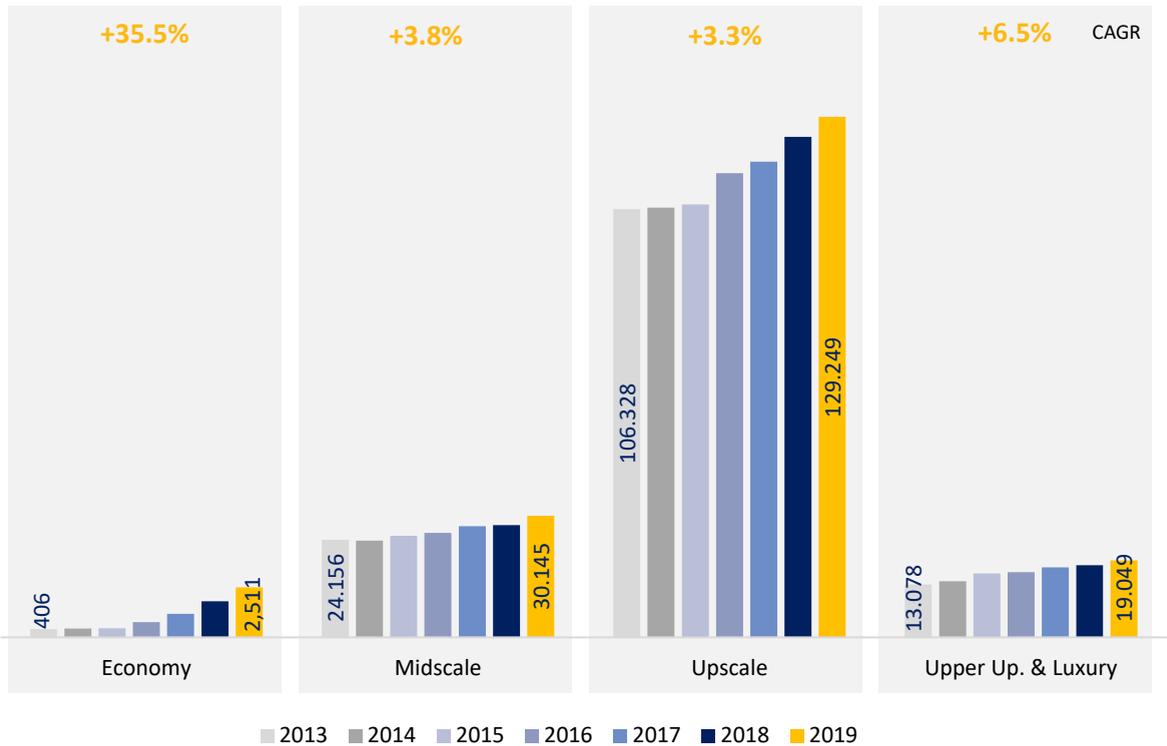
Number of brand by scale; Horwath HTL 2015-2019



International brands from all over the world look at Italy to have at least one flagship property, and this makes the Upscale and the Luxury scales particularly crowded (92 brands¹). 207 brands are today playing in the Upscale tier, while half of such in the Midscale (104). Only 19 brands/operators compete within the Economy tier.

¹ The overall number of brands is 258. The number of brands in each scale does not sum up to total due to some brands operating properties in more than one scale.

Chains' rooms by scale and CAGR; Horwath HTL 2013-2019



The Upscale category continued its sustained growth during 2019: with additional 4,900 new rooms (+4% on 2018), this is the scale where the most of competition is played by both domestic and international brands. But the highest percentage growth is recorded in the Economy tier, with an increase of 39% on last year stock (+709 rooms). The increase of rooms in the Midscale tier was also relevant (8%, approx. 2,300 rooms).

The highest scale recorded a modest growth, with additional 1,165 rooms, but this is tier where franchising contracts are almost absent and growth happens especially through lease or management agreements.

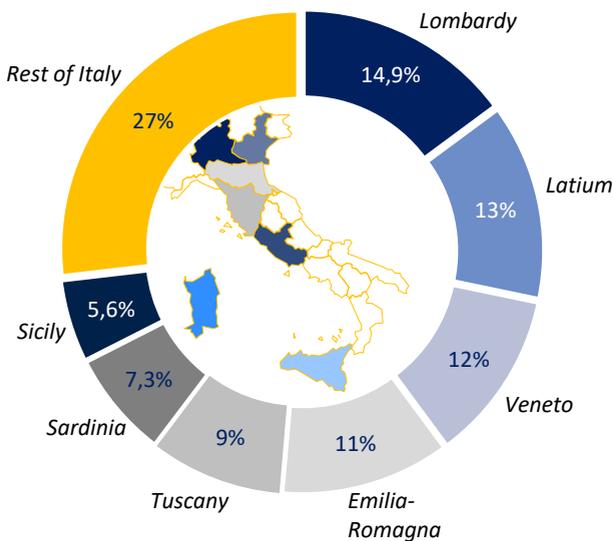
Chains by type of destination

Chains have been particularly active in Rome and Venice during the last 7 years: these two cities have recorded a net growth of 61 and 16 hotels respectively. As opposite, the net balance for Milan, Florence, Bologna is unchanged or even negative, while Turin has slightly increased its portfolio.

Top 10 destinations by chain rooms in 2019; Horwath HTL 2019

Rank	Destination	Rooms 2019	Hotels 2019	Hotels 2018	Hotels 2017	Hotels 2016	Hotels 2015	Hotels 2014
1	ROME	22,445	207	181	175	168	149	151
2	MILAN	15,737	121	116	115	108	116	127
3	VENICE	6,205	62	61	54	55	51	49
4	FLORENCE	4,744	57	59	60	58	62	59
5	BOLOGNA	3,841	26	25	24	23	23	26
6	TURIN	2,887	28	23	21	23	23	26
7	NAPLES	2,446	18	16	16	15	15	16
8	GENOA	2,314	20	20	19	19	20	19
9	BUDONI	2,149	14	14	11	12	6	6
10	CERVIA	2,030	27	31	29	26	24	24

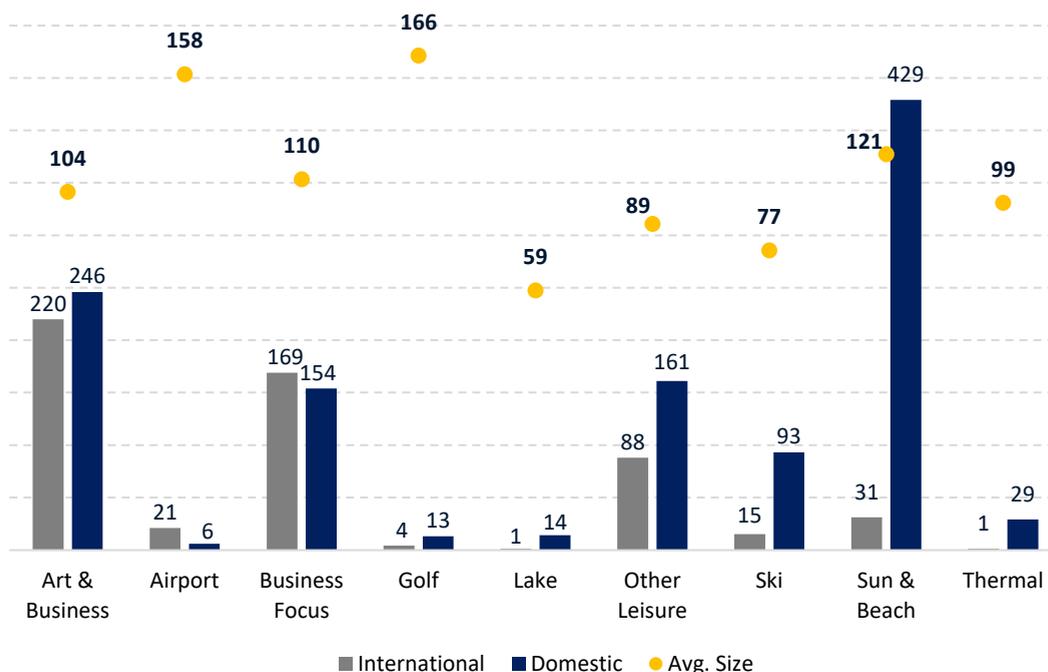
Distribution of chains' hotels among regions; Horwath HTL 2019



Top 10 destinations for new chain rooms in 2019; Horwath HTL 2019

Rank	Destination	New Rooms	New Hotels
1	ROME	3,345	44
2	MILAN	1,596	15
3	VENICE	1,000	9
4	TERRASINI	800	1
5	SCANZANO JONICO	676	2
6	PIZZO	641	1
7	RIMINI	581	11
8	BOLOGNA	561	2
9	ROSSANO CALABRO	559	1
10	CASTELLANETA	550	2

Distribution of chains' hotels among Dom.c and Int.l by type of destination and average size; Horwath HTL 2019



Average size of chains' hotels by scale in the first 5 destinations in Italy ; Horwath HTL 2019

Destination	Economy	Midscale	Upscale	Upper Up. & Luxury	Avg. Destination
ROME	66.0	69.2	121.7	112.6	108.4
MILAN	78.7	103.4	136.7	133.2	130.1
VENICE	169.0	52.1	97.3	127.5	100.1
FLORENCE	390.0	61.3	87.5	65.2	83.2
BOLOGNA	361.0	113.3	144.3	109.0	147.7

Domestic S&B resorts continue to lead the ranking of the most populated category of chain hotels in Italy even for 2019.

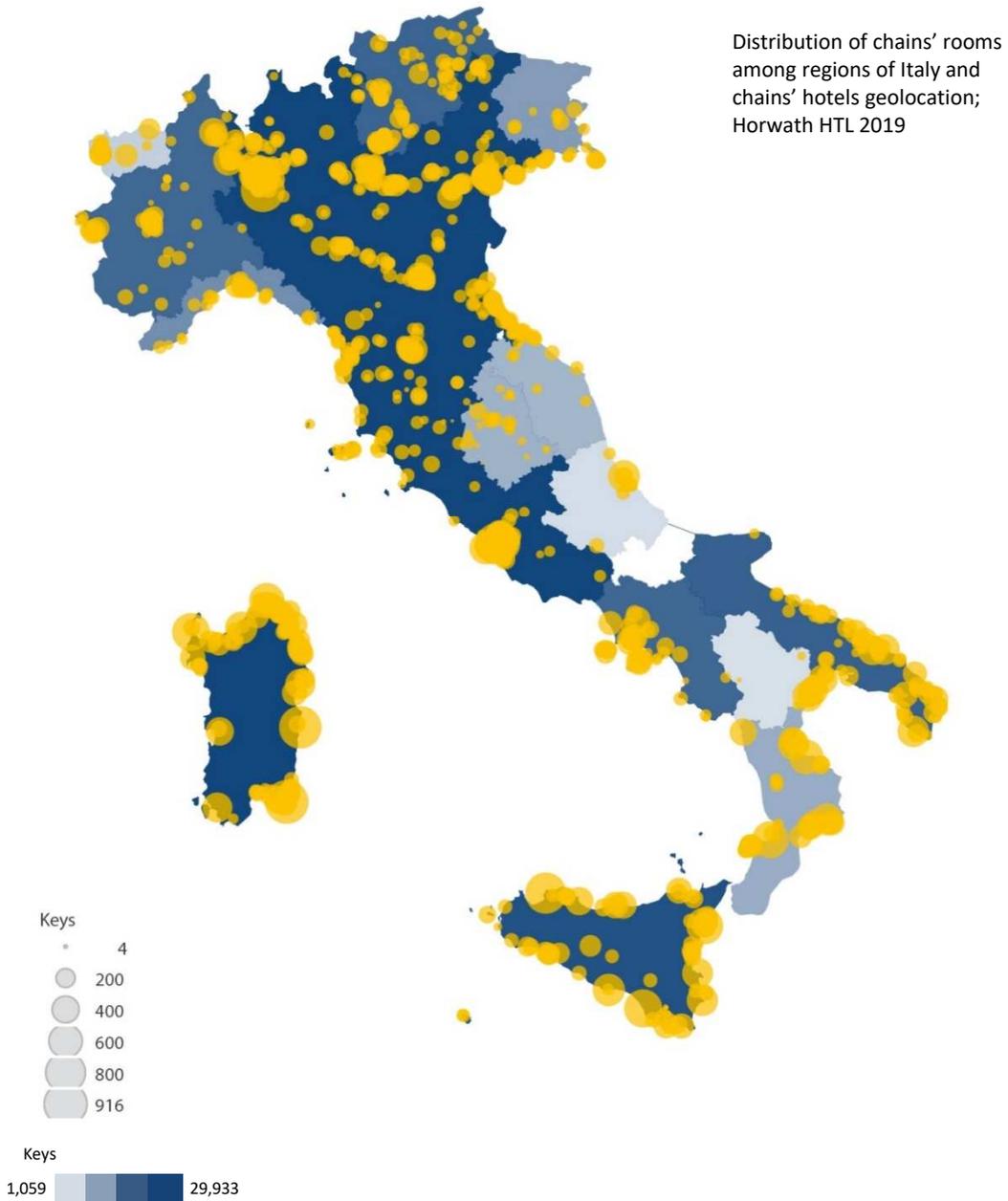
429 hotels against 31 in S&B destinations really reveal a very different approach adopted by international and domestic players. Art & Business destinations attire most of the international operators, who own, lease, manage or franchise in such destinations 220 properties.

Lake hotels, a type we have included this year, also show a pretty domestic flavor. As opposite, international brands prevail in pretty business suited destinations and gateway locations.

The size of chain hotels among the top markets of Italy is very varied: Bologna reports the highest size at 147 rooms, followed by Milan (130) and Rome (108).

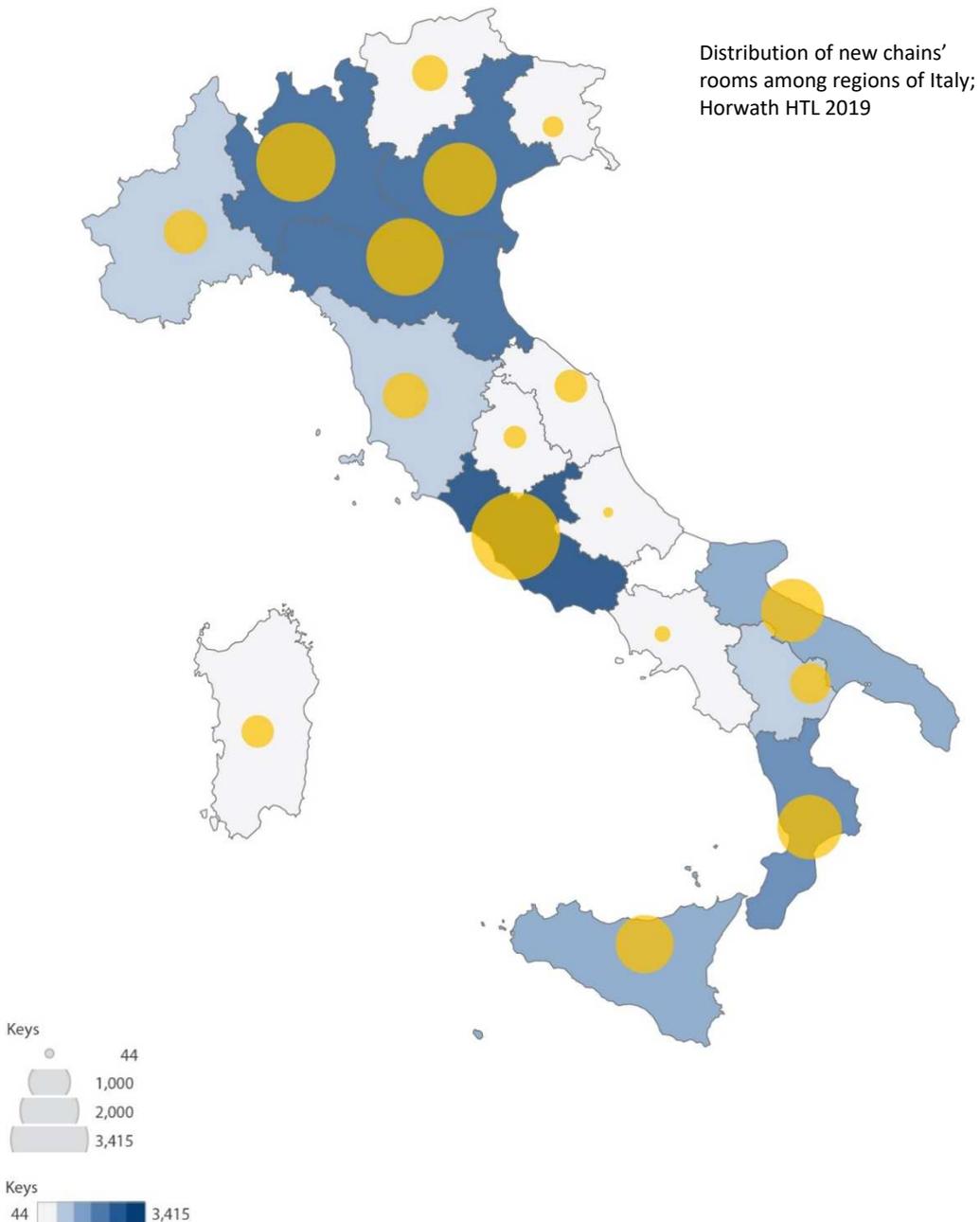
Chains' footprint

The footprint of hotel chains in Italy is expanding and covering more destinations every year (520 municipalities in 2019). It is a clear sign of interest for secondary locations, which is not only a trend driven by domestic operators, but is spreading to international brands. The diffusion of the so-called "lifestyle brands" and "collections" allows properties of even small size to be branded, and this often open the doors to secondary destinations.



New rooms into 2019 census

In 2019 we recorded a net growth of 111 hotels for 9,109 rooms. Several domestic groups were included in the census for the first time¹ and several major players expanded opening or re-branding great hotels or resorts (Aldiana, Radisson, CDS, etc.). The map highlights where the net growth concentrated.

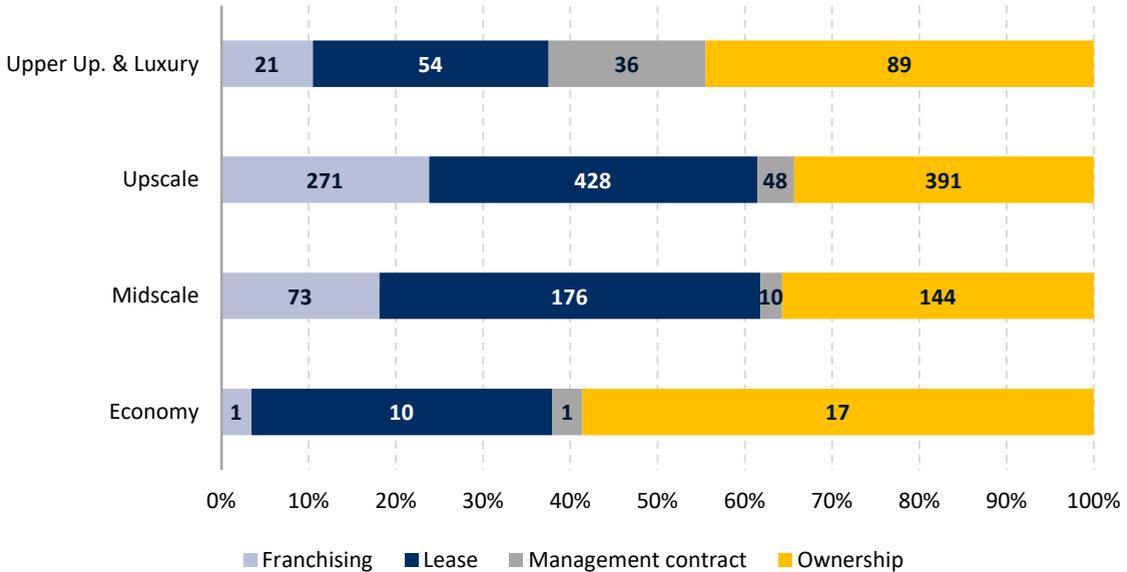


¹Since they grew over the threshold of 4 hotels for their first time in 2019.

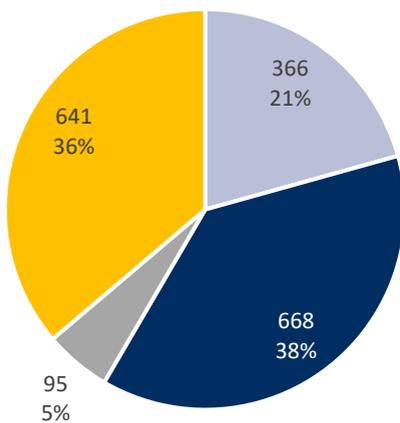
Business models

In 2019 the puzzle of business models has changed a lot and indicated the way for further changes. In general, we expected a much faster growth of franchising which was indeed limited to 32 hotels. But, as predicted, the importance of lease agreements has increased significantly (+31 hotels). Management contracts have grown by 10 hotels only, less than 1 deal signed per month.

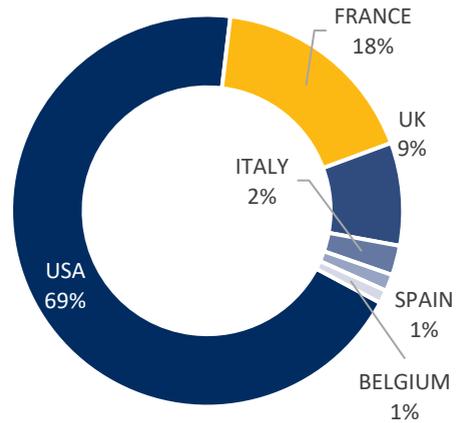
Distribution of business models among chain hotels by scale; Horwath HTL 2019, IDC

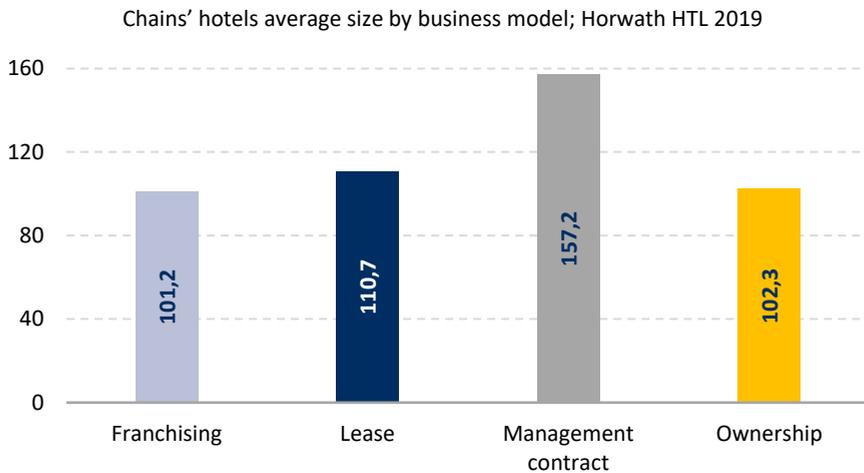
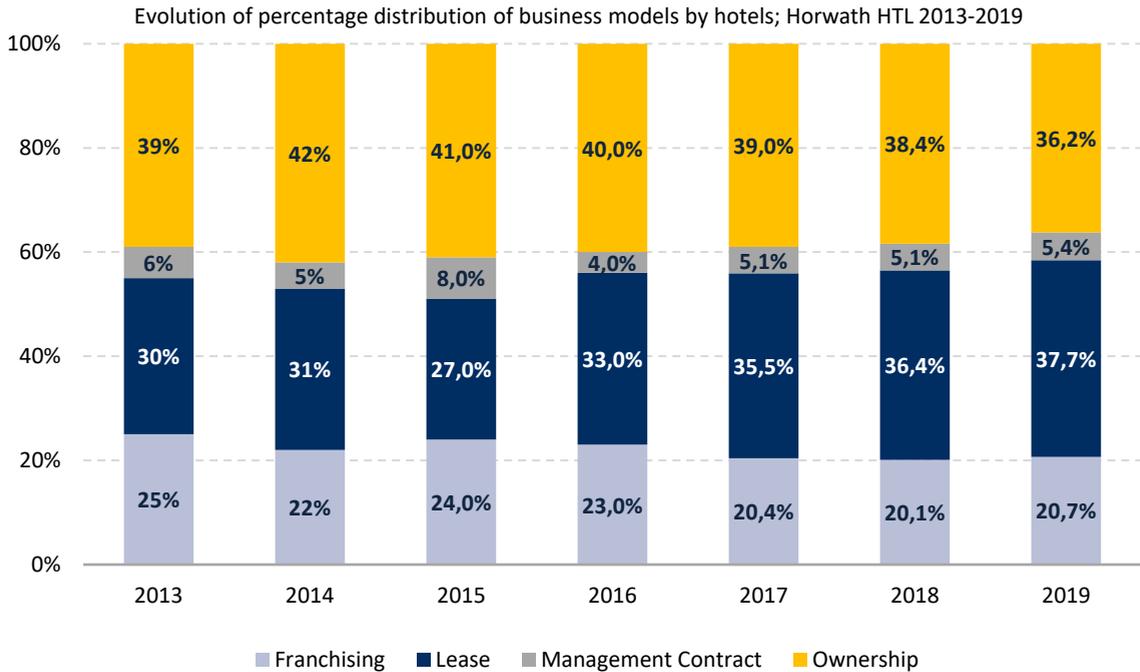


Percentage distribution of business models by hotels; Horwath HTL 2019, IDC



Distribution of hotels under franchising by chain country of origin; Horwath HTL 2019, IDC





The situation of operating business models in Italy hasn't changed that much during the last year. The Country portfolio is still characterized by a vast number of hotelier families, each owning 5 to 7-8 hotels, who have expanded mostly through continued assets acquisition and only recently further grown also through lease. The relative importance of Lease continues to grow. Management contracts have modestly increased in number (95 in 2019, 85 in 2018, 80 in 2017).

Hotels associated to management contracts are bigger (157 rooms) than the average size associated to other business models. The lack of deals of new big hotels of such size might be also one of the reasons impeding a faster growth for this model. In the last 3 years the size of hotels (in rooms) associated to each business model has not varied that much.

Top 30 Chains & Brands in 2019

2019 census has confirmed for the third year in a row BWH, Marriott and Accor as the first 3 biggest chains in Italy. Accor and Marriott net footprint has little changed, while BWH has slightly reduced the portfolio of hotels but increased its rooms stock. Brands ranking has recorded more vitality: Best Western and NH Hotels continued to lead, ahead of TH Resorts, but B&B has gained a great momentum and is now ranked 4th (it was ranked 8th last year).

Top 30 Hotel Chains by rooms in Italy in 2019 and % market share by rooms over the total; Horwath HTL 2019

Rank	Chain	Hotels	Rooms	Market share
1	BWH HOTEL GROUP	178	12,833	6.70%
2	MARRIOTT INT.	65	10,498	5.48%
3	ACCOR	80	9,995	5.22%
4	NH HOTELS	54	8,087	4.22%
5	HILTON	25	4,940	2.58%
6	TH RESORTS	25	4,866	2.54%
7	GRUPPO UNA	37	4,771	2.49%
8	IHG	30	4,583	2.39%
9	ITI HOTELS	38	4,535	2.37%
10	B&B HOTELS	42	4,023	2.10%
11	STARHOTELS	26	3,999	2.09%
12	BLUSERENA	12	3,914	2.04%
13	BLU HOTELS	30	3,353	1.75%
14	ALPITOUR	12	3,168	1.65%
15	AEROVIAGGI	13	3,138	1.64%
16	JSH	12	2,634	1.38%
17	IH HOTELS	27	2,567	1.34%
18	GETURHOTELS	15	2,123	1.11%
19	GRUPPO STUDIO V.	14	2,086	1.09%
20	CDSHOTELS	10	2,058	1.07%
21	CLUB ESSE	16	2,047	1.07%
22	AURUM	15	2,041	1.07%
23	CHINCHERINI HOLI.	23	2,024	1.06%
24	PARC HOTELS	13	2,004	1.05%
25	APOGIA HOTELS G.	30	1,931	1.01%
26	RUSSOTTI	6	1,728	0.90%
27	FV HOTELS	7	1,695	0.89%
28	TUI	5	1,562	0.82%
29	DELPHINA	8	1,527	0.80%
30	GIORGIO MAZZELLA	5	1,510	0.79%

Top 30 Brands by rooms in Italy in 2019 and % market share by rooms over the total; Horwath HTL 2019

Rank	Brand	Hotels	Rooms	Market share
1	Best Western	103	7,374	3.85%
2	NH Hotels	38	5,877	3.07%
3	TH Resorts	25	4,866	2.54%
4	B&B Hotels	42	4,023	2.10%
5	Bluserena	12	3,914	2.04%
6	UNAhoteles	21	3,466	1.81%
7	Mercure	32	3,413	1.78%
8	Blu Hotels	30	3,353	1.75%
9	Aeroviaggi	13	3,138	1.64%
10	Starhotels Premium	18	2,972	1.55%
11	Iti Hotels-Marina	24	2,903	1.52%
12	Voi Hotels	8	2,819	1.47%
13	JSH	12	2,634	1.38%
14	Best Western Plus	29	2,622	1.37%
15	Sheraton	7	2,521	1.32%
16	IH Hotels	26	2,504	1.31%
17	Novotel	14	2,343	1.22%
18	Holiday Inn	14	2,313	1.21%
19	Geturhotels	15	2,123	1.11%
20	Studio Vacanze	14	2,086	1.09%
21	CDShtels	10	2,058	1.07%
22	Club Esse	16	2,047	1.07%
23	Aurum	15	2,041	1.07%
24	Chincherini Holiday	23	2,024	1.06%
25	Parc Hotels	13	2,004	1.05%
26	Hilton	6	1,939	1.01%
27	Apogia Hotels Gr.	30	1,931	1.01%
28	NH Collection	14	1,765	0.92%
29	Russotti	6	1,728	0.90%
30	FV Hotels	7	1,695	0.89%

Top 20 Domestic & International Chains in 2019

The vitality of TH's development made the chain the first domestic operator in 2019, ahead of Gruppo UNA, with over 4,800 rooms. Starhotels jumped to the 4th position, few rooms behind ITI. Among the international operators, again BWH, Marriott, Accor, NH and Hilton are the top five in 2019.

Top 20 Domestic Hotel Chains by rooms in Italy in 2019 and % market share by rooms over the total; Horwath HTL 2019

Rank	Domestic Hotel Chains	Hotels	Rooms	Market share
1	TH RESORTS	25	4,866	4.13%
2	GRUPPO UNA	37	4,771	4.05%
3	ITI HOTELS	38	4,535	3.85%
4	STARHOTELS	26	3,999	3.40%
5	BLUSERENA	12	3,914	3.33%
6	BLU HOTELS	30	3,353	2.85%
7	ALPITOUR	12	3,168	2.69%
8	AEROVIAGGI	13	3,138	2.67%
9	JSH	12	2,634	2.24%
10	IH HOTELS	27	2,567	2.18%
11	GETURHOTELS	15	2,123	1.80%
12	GRUPPO STUDIO V.	14	2,086	1.77%
13	CDSHOTELS	10	2,058	1.75%
14	CLUB ESSE	16	2,047	1.74%
15	AURUM	15	2,041	1.73%
16	CHINCHERINI HOL.	23	2,024	1.72%
17	PARC HOTELS	13	2,004	1.70%
18	APOGIA HOTELS G.	30	1,931	1.64%
19	RUSSOTTI	6	1,728	1.47%
20	FV HOTELS	7	1,695	1.44%

Top 20 International Hotel Chains by rooms in Italy in 2019 and % market share by rooms over the total; Horwath HTL 2019

Rank	International Hotel Chains	Hotels	Rooms	Market share
1	BWH HOTEL GROUP	178	12,833	17.39%
2	MARRIOTT INT.	65	10,498	14.23%
3	ACCOR	80	9,995	13.54%
4	NH HOTELS	54	8,087	10.96%
5	HILTON	25	4,940	6.69%
6	IHG	30	4,583	6.21%
7	B&B	42	4,023	5.45%
8	TUI	5	1,562	2.12%
9	CLUB MED	4	1,463	1.98%
10	RADISSON HOTEL G	5	1,145	1.55%
11	HOTUSA	11	1,103	1.49%
12	LOUVRE	6	1,035	1.40%
13	BARCELO' HOTELS	4	1,012	1.37%
14	CHOICE HOTELS	12	907	1.23%
15	MELIA HOTELS INT.	6	804	1.09%
16	FATTAL	4	754	1.02%
17	WYNDHAM	4	752	1.02%
18	THE STUDENT HOT.	2	751	1.02%
19	A&O HOTELS	2	629	0.85%
20	FMTG	7	592	0.80%

Top 20 Brands by business model in 2019

Top 20 Brands by room market share in Italy under Ownership in 2019; Horwath HTL 2019

Rank	Ownership	Share
1	Aeroviaggi	4.6%
2	ITI Hotels-Marina H&R	4.3%
3	Bluserena	4.1%
4	Starhotels Premium	3.9%
5	Aurum	3.1%
6	Parc Hotels	3.1%
7	Russotti	2.6%
8	Giorgio Mazzella Group	2.3%
9	Apogia Hotels Group	2.1%
10	I Grandi Viaggi	2.1%
11	NH Hotels	2.1%
12	Studio Vacanze	1.9%
13	Chincherini Holiday Group	1.6%
14	Select	1.5%
15	Zacchera Hotels	1.4%
16	Omnia	1.4%
17	Starhotels Collezione	1.4%
18	C-Hotels	1.3%
19	GB Thermae Hotels	1.3%
20	Dimhotels	1.2%

Top 20 Brands by room market share in Italy under Lease in 2019; Horwath HTL 2019

Rank	Lease	Share
1	TH Resorts	6.6%
2	Nh Hotels	5.7%
3	B&B	4.7%
4	Unahotels	4.2%
5	Voi Hotels	3.6%
6	IH Hotels	3.4%
7	Blu Hotels	3.2%
8	JSH	3.1%
9	Geturhotels	2.6%
10	Club Esse	2.5%
11	FV Hotels	2.3%
12	Delphina	2.1%
13	NH Collection	2.0%
14	Cdshotels	1.8%
15	Bluserena	1.7%
16	Club Med	1.5%
17	Sunflower	1.4%
18	Chincherini Holiday Group	1.3%
19	Mondotondo Villaggi	1.3%
20	HNH Hospitality	1.3%

Among brands directly owning hotels, Aeroviaggi, ITI Hotels-Marina H&R, Bluserena, Starhotels Premium and Aurum are the biggest players in Italy in 2019, with a market share of approx. 20% and over 13,000 rooms under this model.

TH Resorts becomes the first lease operator in the Country, overtaking NH Hotels, B&B and Una Hotels, with over 4,800 rooms under this model.

Top 20 Brands by room market share in Italy under Franchising in 2019; Horwath HTL 2019

Rank	Franchising	Share
1	Best Western	19.92%
2	Mercure	7.99%
3	Best Western Plus	7.08%
4	Holiday Inn	6.25%
5	Crowne Plaza	3.99%
6	Ibis Styles	3.97%
7	Sure Hotel Collection	3.62%
8	AC Hotels Marriott	3.34%
9	Four Points By Sheraton	3.01%
10	Marriott	2.91%
11	Novotel	2.81%
12	Sheraton	2.57%
13	Best Western Premier	2.54%
14	Radisson Blu	2.20%
15	Hilton Garden Inn	2.09%
16	Doubletree By Hilton	1.97%
17	Quality	1.75%
18	Mgallery By Sofitel	1.74%
19	Golden Tulip	1.59%
20	Holiday Inn Express	1.46%

Top 20 Brands by room market share in Italy under Management Contract in 2019; Horwath HTL 2019

Rank	Management contract	Share
1	Sheraton	9.80%
2	Novotel	8.72%
3	Hilton	8.56%
4	Ibis	8.17%
5	Luxury Collection	5.41%
6	Westin	4.78%
7	Veratour	3.52%
8	Viscardi Hotels	3.05%
9	Mercure	3.05%
10	St Regis	2.87%
11	Hilton Garden Inn	2.70%
12	Waldorf Astoria	2.48%
13	Park Hyatt	2.46%
14	JSH	2.28%
15	NH Hotels	2.20%
16	Aldiana Club Resorts	2.17%
17	NH Collection	2.08%
18	Pullman	1.84%
19	JW Marriott	1.78%
20	UNAWay	1.67%

With regards to franchising, again for this year, Best Western brands (BW and Plus) are heading the podium together with Mercure, the three totaling 1/3 of all rooms under this business model. Holiday Inn and Crowne Plaza follow.

Sheraton, Novotel and Hilton are the 3 brands with the highest penetration under the management contract model (overall 15 contracts).

While top 10 positions in ownership and lease account for 31% and 42% respectively, Franchising is much concentrated: the first 10 brands are worth 57% of the overall market for this model. The same is true for management contracts: 58%.

Top Brands by scale in 2019

Top 10 Brands by rooms in the Economy scale in 2019; Horwath HTL 2019

Rank	Economy	Hotels	Rooms	Market share
1	The Student Hotel	2	751	29.9%
2	A&O Hotels & Host.	2	629	25.0%
3	Meininger	3	329	13.1%
4	Parc Hotels	2	220	8.8%
5	Generator	2	104	4.1%
6	Autosole	2	93	3.7%
7	Piazza Hotels & Res.	4	86	3.4%
8	Residence Hotels	1	60	2.4%
9	Acampora	1	50	2.0%
10	Apogia Hotels Gr.	1	40	1.6%

Top 20 Brands by rooms in the Midscale segment in 2019; Horwath HTL 2019

Rank	Midscale	Hotels	Rooms	Market share
1	B&B	41	3,946	12.8%
2	TH Resorts	8	1,721	5.6%
3	Ibis	8	1,480	4.8%
4	Best Western	26	1,470	4.8%
5	Geturhotels	7	1,330	4.3%
6	Chincherini Holiday	11	1,182	3.8%
7	Ibis Styles	11	968	3.1%
8	Club Med	2	897	2.9%
9	Apogia Hotels Gr.	15	809	2.6%
10	Bianchi Hotels	10	641	2.1%
11	Fabilia Hotels & R.	8	626	2.0%
12	Mondotondo Vill.	2	610	2.0%
13	Aurum	3	599	1.9%
14	Aeroviaggi	1	598	1.9%
15	Piazza Hotels & Res.	15	514	1.7%
16	Club Esse	5	507	1.6%
17	Meditur	8	485	1.6%
18	Azzurro Club Vac.	9	456	1.5%
19	Holiday Inn Express	4	456	1.5%
20	Raeli Hotels	5	448	1.5%

Among the top brands in economy the 2019 witnesses the growth of The Student Hotel, with 751 rooms, followed by A&O Hotels, who has also increased its presence (629 rooms). Meininger and Parc Hotels follow. Overall, this tier only accounts for 19 brands.

In the Midscale, B&B is the leader in 2019 with 3,946 rooms, followed by TH Resorts and Ibis. The ranking has significantly changed since 2018. The ranking welcomes some new entries such as Fabilia Hotels & Resorts at its (total) 10 hotels in 2019.

Top 20 Brands by rooms in the Upscale segment in 2019; Horwath HTL 2019

Rank	Upscale	Hotels	Rooms	Market share
1	Best Western	77	5,904	4.3%
2	NH Hotels	38	5,877	4.3%
3	Bluserena	10	3,680	2.7%
4	UNAhotels	21	3,466	2.5%
5	Mercure	30	3,203	2.3%
6	Blu Hotels	25	3,178	2.3%
7	TH Resorts	17	3,145	2.3%
8	Starhotels Premium	18	2,972	2.2%
9	Voi Hotels	8	2,819	2.0%
10	Aeroviaggi	12	2,540	1.8%
11	ITI Hotels-Marina	20	2,535	1.8%
12	Sheraton	6	2,441	1.8%
13	IH Hotels	25	2,389	1.7%
14	Best Western Plus	24	2,360	1.7%
15	Novotel	14	2,343	1.7%
16	Holiday Inn	14	2,313	1.7%
17	JSH	9	2,118	1.5%
18	Studio Vacanze	13	2,039	1.5%
19	Cdshotels	8	1,962	1.4%
20	FV Hotels	7	1,695	1.2%

Top 20 Brands by rooms in the Upper Upscale & Luxury segment in 2019; Horwath HTL 2019

Rank	Upper Up. & Luxury	Hotels	Rooms	Market share
1	Luxury Collection	8	940	4.6%
2	Westin	3	714	3.5%
3	Nh Collection	6	679	3.3%
4	Rocco Forte	6	559	2.7%
5	GB Thermae Hotels	3	542	2.6%
6	Delphina	3	541	2.6%
7	Radisson Blu	2	529	2.6%
8	JSH	3	516	2.5%
9	Autograph Marriott	4	480	2.3%
10	The Dedic Anthol.	3	456	2.2%
11	Select	3	451	2.2%
12	Belmond	7	442	2.2%
13	St Regis	3	429	2.1%
14	Melia'	3	417	2.0%
15	Dorchester Collec.	2	399	1.9%
16	Baglioni	6	398	1.9%
17	Giorgio Mazzella G.	2	397	1.9%
18	Sina	5	391	1.9%
19	Hilton	1	379	1.8%
20	ITI Hotels- Colonna	2	375	1.8%

This year the Upscale ranking is lead by Best Western and NH Hotels brands (respectively 5,904 rooms and 5,877 rooms. They are followed by Bluserena, which makes over 3,600 rooms with just 10 hotels in this scale.

The segment market is highly fragmented since there are much over 100 brands competing.

The Upper Upscale & Lux. segment is lead by international brands, the first of which is Luxury Collection. Westin, NH Collection and Rocco Forte follow. At the 5th position we find the first Italian operator in this segment, GB Thermae, which only operates in Abano, with 542 rooms.

Top 5 Brands by destination type

Top 5 Brands by rooms in Art & Business destinations in 2019; Horwath HTL 2019

Rank	Art & Business	Hotels	Rooms	Market share
1	Nh Hotels	18	2,554	4.8%
2	Best Western	32	2,322	4.4%
3	B&B	21	2,006	3.8%
4	Mercure	12	1,655	3.1%
5	Starhotels Premium	10	1,638	3.1%

Top 5 Brands by rooms in Business Focus destinations in 2019; Horwath HTL 2019

Rank	Business Focus	Hotels	Rooms	Market share
1	Best Western	45	3,404	9.0%
2	NH Hotels	15	2,497	6.6%
3	B&B	16	1,572	4.1%
4	UNAhotels	8	1,446	3.8%
5	IH Hotels	15	1,433	3.8%

Top 5 Brands by rooms in Other Leisure destinations in 2019; Horwath HTL 2019

Rank	Other Leisure	Hotels	Rooms	Market share
1	Chincherini Holiday	14	1,567	6.90%
2	Parc Hotels	6	935	4.1%
3	Best Western	15	919	4.0%
4	UNAhotels	4	917	4.0%
5	Zacchera Hotels	5	908	4.00%

Top 5 Brands by rooms in Sun & Beach destinations in 2019; Horwath HTL 2019

Rank	Sun & Beach	Hotels	Rooms	Market share
1	Bluserena	11	3,764	6.6%
2	Aeroviaggi	13	3,138	5.5%
3	ITI Hotels-Marina	23	2,843	5.0%
4	TH Resorts	11	2,602	4.5%
5	Studio Vacanze	14	2,086	3.6%

With the last census we confirmed that few brands demonstrate a sort of specialization based on the destination/product type. The presence of chains is by far lower in Golf resorts and Thermal destinations. Blu Serena, Aeroviaggi, ITI Hotels and Delphina demonstrate a clear S&B specialization. In arts & business cities NH Hotels, Best Western and Mercure are the brands which have the widest presence. When it comes to destinations with predominance of business flows, logistic hubs, gateway cities Best Western, B&B, NH Hotels and Unahotels are the brands accounting for the most consistent rooms portfolio.

Top 5 Brands by rooms in Ski destinations in 2019; Horwath HTL 2019

Rank	Ski	Hotels	Rooms	Market share
1	Th Resorts	12	2,045	23.7%
2	Blu Hotels	8	756	8.7%
3	Club Med	2	450	5.2%
4	Geturhotels	4	400	4.6%
5	Mythos Hotels	6	397	4.6%

Top 5 Brands by rooms in Golf destinations in 2019; Horwath HTL 2019

Rank	Golf	Hotels	Rooms	Market share
1	Voi Hotels	1	903	32.0%
2	JSH	5	725	25.7%
3	Golden Tulip	1	270	9.6%
4	Rocco Forte	1	203	7.2%
5	Veratour	1	150	5.3%

Top 5 Brands by rooms Thermal destinations in 2019; Horwath HTL 2019

Rank	Thermal	Hotels	Rooms	Market share
1	GB Thermae Hotels	5	855	25.7%
2	Dimhotels	8	775	23.3%
3	Adler Spa Resorts	5	308	9.3%
4	Aurum	2	290	8.7%
5	Radisson Blu	1	284	8.5%

Top 5 Brands by rooms in Airport destinations in 2019; Horwath HTL 2019

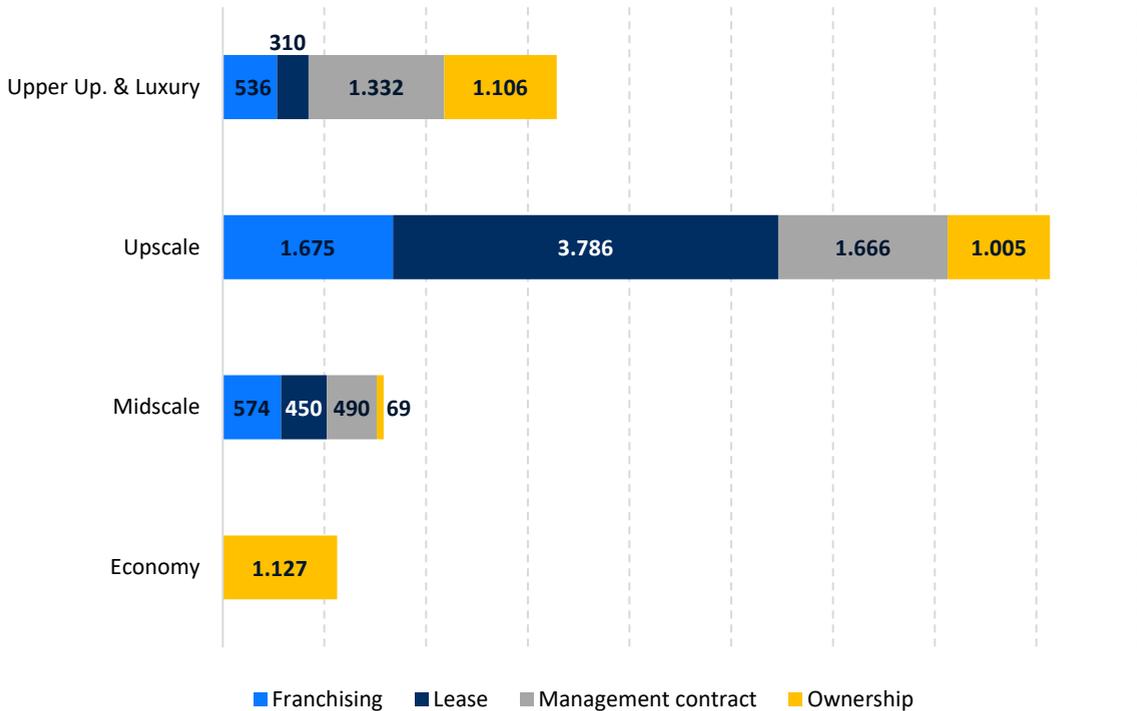
Rank	Airport	Hotels	Rooms	Market share (by rooms)
1	Crowne Plaza	2	569	11.5%
2	Hilton	1	517	10.5%
3	Hilton Garden Inn	2	489	9.9%
4	Sheraton	1	433	8.8%
5	Novotel	2	414	8.4%

TH Resorts for ski destinations and GB Thermae together with Adler SPA Resorts for thermal, demonstrate also a certain product specialization. Brands with a consistent presence into airport locations are Novotel, Crowne Plaza, Hilton and Hilton Garden Inn. In terms of market segmentation, most recently chains like Fabilia Hotels & Resorts, Club Family Hotel, Color Holiday and few others have significantly grown into the family with children all-inclusive market.

Pipeline by scale

The current amount of pipeline rooms we have recorded in our last census for the coming years (2019-2022) is 14,126, slightly below the former projection (15,650). The vast majority of new hotels will be opened/re-branded/re-opened in the Upscale tier. The Economy is expected to welcome several big openings.

Pipeline and re-branding rooms (2020-2022) by scale and business model IDC; Horwath HTL 2019



As for what was recorded last year, yet in 2019-2020, in the plans of most operators targeting future expansion in Italy, the Upscale tier is clearly a focus. Approximately 8 thousand new rooms are planned for this scale in the period 2020-2022, much over 50% of all projected rooms, most of which under lease and franchising. For the second year in a row, we also record a consistent disclosed number of new rooms planned in the Economy scale (1,500 in 2018 and 1,127 in 2019).

Rome will polarize most of future developments with around 2,670 rooms already planned in the period, followed by Milan (2,550), Venice (1,130) and Florence (940), as was expected.

The map of future hotels and resorts, though, may vary even significantly due to the fact that international operators are used to disclose their plans with relevant advance, while domestic are more reluctant to pipeline disclosure and they sign deals (especially in S&B resorts) with limited advance to opening. As a consequence, we expect much more deals taking place on the coasts besides those anticipated by the census.

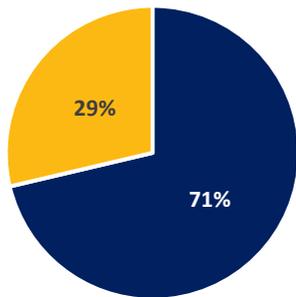
Pipeline, re-branding and destinations

Rome and Milan confirm their role of magnets for international and domestic brands for the years 2020-2022. After them, most of the room expansion is planned through big projects in S&B destinations of Sardinia, Sicily and Calabria.

Pipeline and re-branding rooms (2020-2022) by scale in the top 10 destinations, by rooms; Horwath HTL 2019

Rank	Top 10 Destinations by pipeline rooms	Economy	Midscale	Upscale	Upper Up. & Luxury	Total pipeline rooms per destination
1	ROMA	475		254	1,943	2,672
2	MILANO		490	592	1,466	2,548
3	VENEZIA		624	359	150	1,133
4	FIRENZE	652			288	940
5	CURINGA				580	580
6	DORGALI				430	430
7	ACIREALE			420		420
8	CAMPOFELICE			356		356
9	BADESI				350	350
10	PADOVA				309	309

Pipeline and re-branding rooms (2020-2022) by origin of chains IDC; Horwath HTL 2019



■ International ■ Domestic

Pipeline and re-branding hotels and rooms (2020-2022) by region of Italy; Horwath HTL 2019

Rank	Top 5 Regions by pipeline rooms	Hotels	Rooms
1	LAZIO	17	2,977
2	LOMBARDIA	17	2,830
3	VENETO	14	2,005
4	SICILIA	8	1,414
5	SARDEGNA	6	1,329

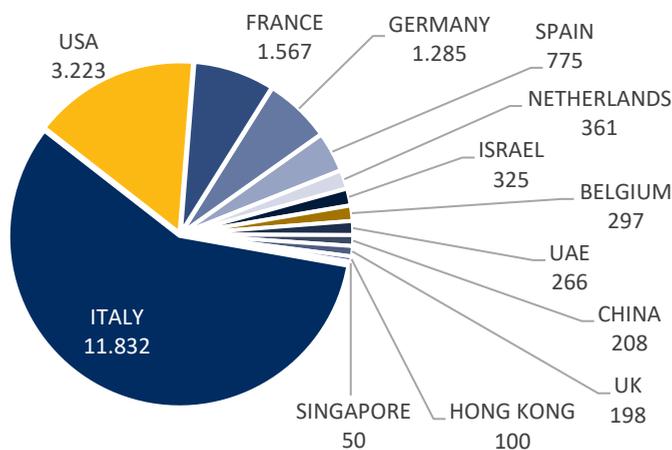
Brands' Country of origin

USA and French brands are the most diffused in Italy in terms of both hotels and rooms. But German branded hotels are reporting a very fast growth: for the first time in the census, in 2019 they were the third country of origin after France and USA for number of new branded hotels.

Hotels and rooms by country of origin of chains; Horwath HTL 2019

Rank	Country Headquarter	Hotels	Rooms
1	ITALY	1,154	117,681
2	USA	291	30,578
3	FRANCE	137	17,124
4	SPAIN	82	11,516
5	UK	52	6,385
6	GERMANY	12	2,930
7	BELGIUM	5	1,145
8	AUSTRIA	13	898
9	ISRAEL	4	754
10	NETHERLANDS	2	751
11	TAIWAN	5	379
12	UAE	1	266
13	CANADA	2	234
14	HONG KONG	4	233
15	CHINA	1	208
16	SWITZERLAND	1	190
17	TURKEY	1	103
18	SINGAPORE	2	74
19	RUSSIA	1	28

Rooms entering the census in 2019 by country of origin of their brand; Horwath HTL 2019





Methodology

Since 2012 we collect data on hotel chains in Italy and every year we achieve an increasing accuracy thanks to Hotel Chains' support.

Source of information

This report contains evidences of the Horwath HTL census of operating chain hotels in Italy as of December 31st, 2019. Due to the delay between data collection and report issuing, there might be even significant differences between a chain current (2020) portfolio and what we reported.

All data on Italian competitiveness and comparison with other EU states are based on Eurostat data as of December 31st, 2019 and Horwath HTL census of hotel chains in Europe 2019.

Definitions

For the purpose of this Report:

- A chain is any organization operating 5 or more hotels/resorts in the world, by any of the four corporate business models, i.e. (1) owning, (2) managing, (3) leasing or (4) franchising properties. Simple ownership, with no control on operations, does not qualify for being considered a chain (insurance companies, banks, pure real estate investors/owners/developers are then not accounted as chains).
- Chains may own none, one or several hotel (or hostel) brands with sign visibility. "Second tier operators", otherwise named "white label" operators, are chains who operate at least one hotel under a third party brand and may or may not have commercial sign visibility.
- Soft brands and the so called "voluntary affiliation networks" are not considered into the count, even when part of (because acquired by) a hotel chain, since they do not belong to any of the mentioned four business models.
- International chains are those with headquarter outside Italy; domestic chains are those with headquarter in Italy, including those that also have operations abroad.
- "Rooms" is used as equivalent to "keys", even in the case of suites and apartments.
- Scales are based on the official classification of hotels (Italian "stars" system) and do not represent the target positioning of the brand itself. The stars-to-scale conversion follows:

1 star:	Budget
2 stars:	Economy
3 stars:	Midscale
4 stars:	Upscale
5 stars:	Upper Upscale & Luxury

Double counting of hotels managed by second tier operators and franchised by a chain has been avoided. Thus, aggregated data is net of double-counting. When the case, figures including double counting of properties, for certain purposes, are reported as "IDC" (Including Double Counting).

All charts showing international and domestic chains may not sum up to total because of second tier operated hotels.

For the scope of this report, pipeline hotels are counted separately and do not sum up into the census. Pipeline and re-branded hotels are counted together. Pipeline do not include the count of independent hotels. All hotels listed as operating under a chain after December 31st, 2019 are considered as pipeline.

Penetration rate (by rooms or by hotels) is estimated considering the ISTAT hotels/rooms stock of the precedent year, due to the lack of official supply data on 2019. Since hotels and rooms supply is pretty stable along years, this mismatch may only cause limited errors in the area of 0.1% of the estimated penetration rates.

Requests on data and methodology

For any enquire on the census methodology please contact the authors, Giorgio Ribaudò at gribaudo@horwathhtl.com and Alessio Franzese at afranzese@horwathhtl.com.

Legenda

Avg	Average
Bn	Billion
CAGR	Compound Annual Growth Rate
F&B	Food & Beverage
GDP	Gross Domestic Product
IDC	Including Double Counting
MICE	Meetings, Incentives, Conferences, Exhibitions
Mln	Million
OR	Occupancy Rate
YoY	Year Over Year
YTD	Year To Date

Definitions

Hotel Chains (in this report)

Any hotel organization operating 5 or more hotels in the world by owning, managing, leasing or franchising properties. Simple ownership (in the lack of operations control) does not qualify to be reported as an hotel chain.

International Chain

A chain with headquarter outside Italy.

Domestic Chain

A chain with headquarter in Italy, including those which also run operations abroad.

White label, Second Tier

A chain operating one or more hotels branded by another chain.



About

HORWATH HTL

In its field, Horwath HTL (Hotel, Tourism and Leisure) has been recognized as the pre-eminent consulting specialist in the hotel, tourism and leisure industries by providing unequalled experience and expertise for client projects around the world through a combination of detailed local knowledge and international understanding. It is involved with projects in all phases of the property lifecycle and supports national and international clients: developers, lenders, investors, industrial corporations, public administrative offices and institutions.

ASSOCIAZIONE ITALIANA CONFINDUSTRIA ALBERGHI

Associazione Italiana Confindustria Alberghi originated from the merger of the two industry- representing players at Confindustria: the independent hotels and the hotel companies.

Associazione Italiana Confindustria Alberghi is present throughout the country, with more than 2,500 tourist accommodation facilities totalling 175,000 rooms, 70,000 employees and more than 5 billion Euros in revenues. It is therefore a reference player of the tourism economy in Italy and has an entrepreneurial vision whose main features are commitment, planning skills, and attention to market change and rationale.

Associazione Italiana Confindustria Alberghi is a member of Confindustria and of Federturismo and, as such, it integrates with the other players of the Italian economy and tourism industry.

At an international level Associazione Italiana Confindustria Alberghi looks to new phenomena and dynamics that drive investments and tourist flows. Its aim is to provide companies with the tools to address today's crisis while looking at the future of an industry that all indicators see as growing strongly in the years to come, worldwide.

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