

# Italian hospitality: a coronavirus-proof investment.

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Italian hotels will still be a reliable investment, even after the coronavirus epidemic. Gabetti, one of the leading real estate groups in Italy, analysed the market trends in the hospitality sector in its latest report. Italian hospitality is going to weather the storm thanks to its solid fundamentals. Over the last year, transactions involving hotel properties reached a total value of five billion euros. Corporate investments alone represented more than half of the total, amounting to 3.3 billion, thus increasing fivefold their volume over the previous year and now holding a 27% share of Capital Market investments. In 2018 their value did not break the one billion mark, reaching only 718 million euros.

Foreign investors should be comforted by this trend. Of these corporate investments, 77% can be traced back to international companies. The majority of investments involved the acquisition of individual hotels, a record figure of about 1.7 billion euros. Big portfolio purchases by Lvmh Group, which purchased Belmond (formerly Orient Express), and Oaktree Capital, buying off Castello SGR, played an equally substantial role.

"2019 was a positive year, thanks to a significant increase in sales and purchases that strengthened the Italian hospitality sector which, we are sure, will be able to react and overcome the coronavirus emergency, of which we cannot foresee neither the impact nor the duration," said Emilio Valdameri, Head of Hospitality & Leisure at Gabetti Agency. "It is hard to guess what will happen because today all activity is slowed down or even stopped, but if the situation improves in the short term, there could be favourable conditions to relaunch investments during the second half of the year. The inherent quality of our hospitality industry has few equals in the world, and the first signs from international operators seem to confirm this. On the other hand, should the emergency still be ongoing, transactions will be impacted negatively."

Venice is the main destination for invested capital. The province received 20.8% of the total amount, followed by Rome (14.4%), Catania, Milan, Florence and Genoa (8-10% each). Milan is the number one city when considering the number of rooms, followed again by Venice and the capital.

"In the future, following what is already happening in the other touristic hubs and anticipating a post-coronavirus redefinition of the market's targets, hotels of all kind, as long as they are a target for redevelopment, located in strategic positions and integrated into the social fabric, aiming at a "young and modern" target, should be more attractive. Newly designed "hostels" (hotel+hostel), boutiques, design hotels close to the city centre, and family hotels in tourist destinations are all excellent examples. "Eco-sustainable" hotels will also benefit from the renewed environmental culture that will be the basis of future investments in real estate," concluded Valdameri.

Source: Gabetti