



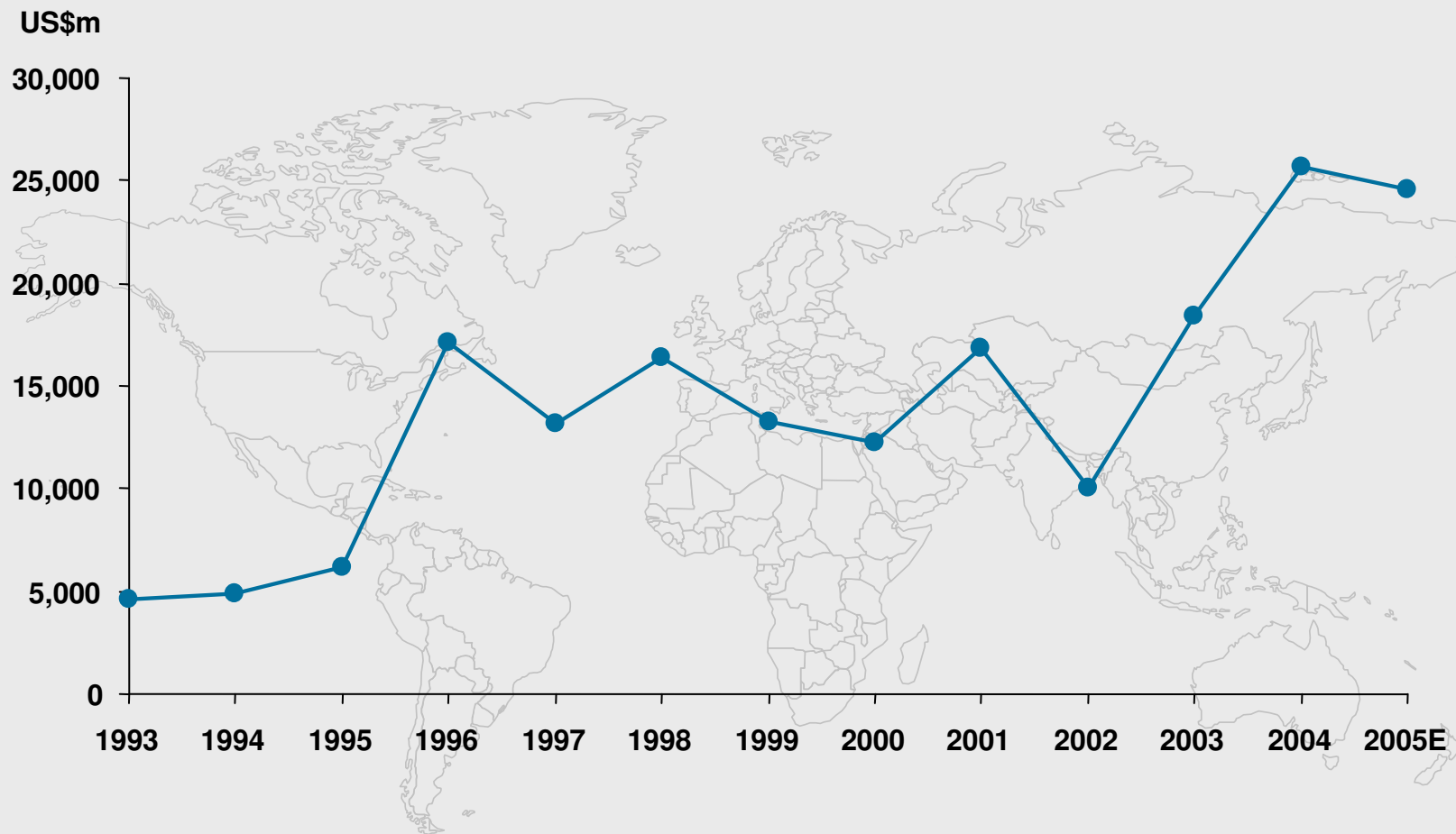
# Investment Trends in the Global and Middle East Hotel markets

**Arthur De Haast**  
Global CEO  
Jones Lang LaSalle Hotels

1<sup>st</sup> May 2005

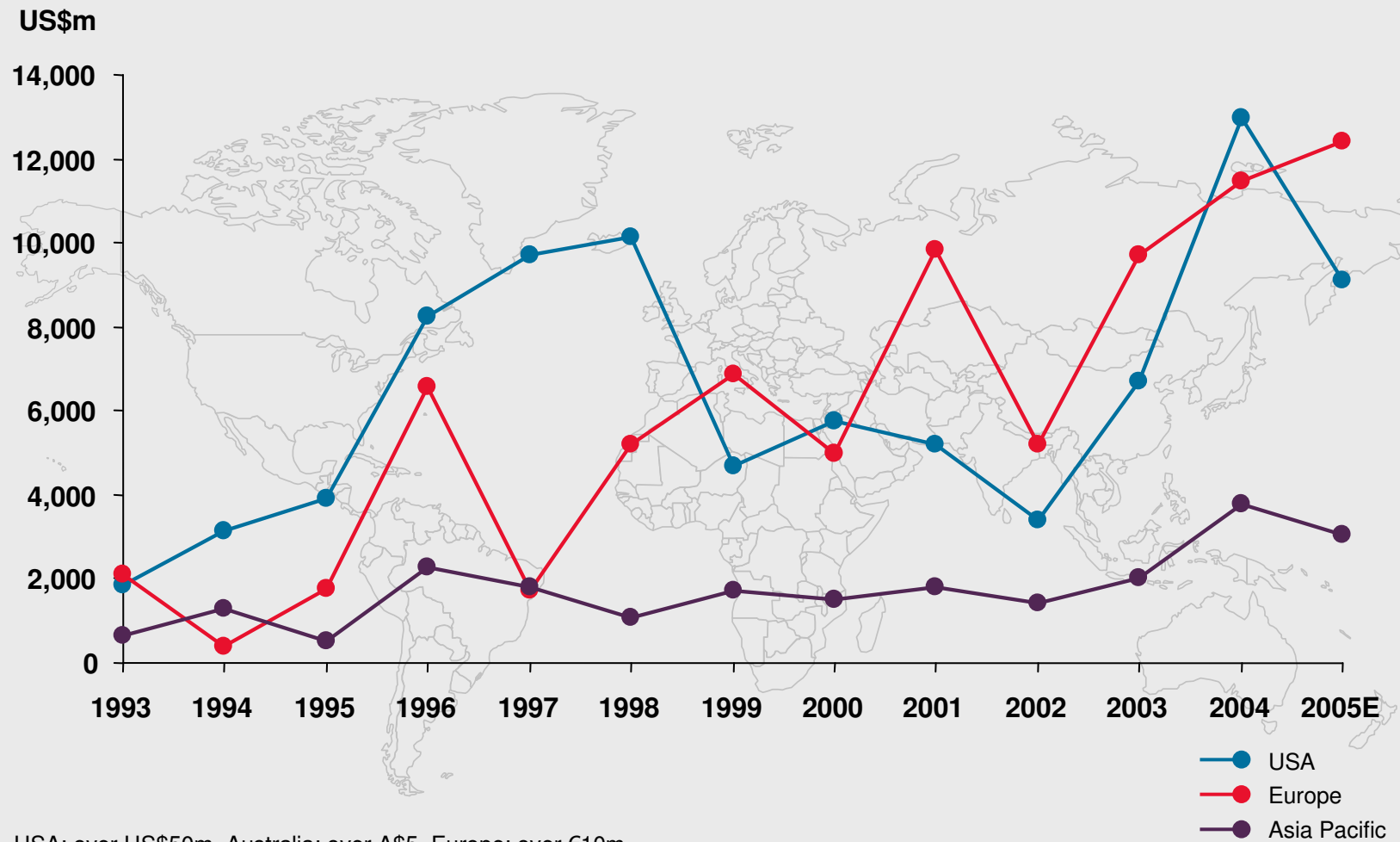


# Global transaction volume



USA: over US\$50m, Australia: over A\$5, Europe: over €10m










# Transaction volumes by region



## Liquidity drivers

- Improving trading conditions
- Lacklustre performance of alternative investments
- Low interest rates
- Broader investor base
- Availability of product

# Top Single Asset Transaction per region

USA	Europe	Asia Pacific
<p>Plaza Hotel, New York (\$675,000,000)</p> 	<p>Grand Hotel, Monte Carlo (\$334,150,000)</p> 	<p>Sea Hawk Hotel &amp; Fukuoka Dome* (\$714,491,224)</p> 
<p>Mayflower Hotel (\$401,500,000)</p> 	<p>Noga Hilton, Geneva (\$235,084,800)</p> 	<p>Westin Hotel, Tokyo (\$429,368,390)</p> 
<p>Fairmont, Kea Lani (\$355,000,000)</p> 	<p>Ibis and Hilton, Prague* (\$184,587,900)</p> 	<p>Kowloon Hotel* (\$248,000,000)</p> 

\* Vendor advised by Jones Lang LaSalle Hotels

# Top Portfolio Transaction per region

## USA

Extended Stay Americas  
(\$3,100,000,000)



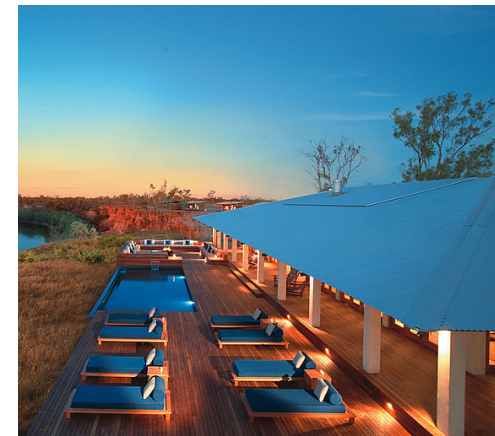
## Europe

Savoy Group\*  
(\$1,345,500,000)



## Asia Pacific

P&O Resorts Australia\*  
(\$151,255,352)



\* Vendor advised by Jones Lang LaSalle Hotels

# Flow of capital in 2004



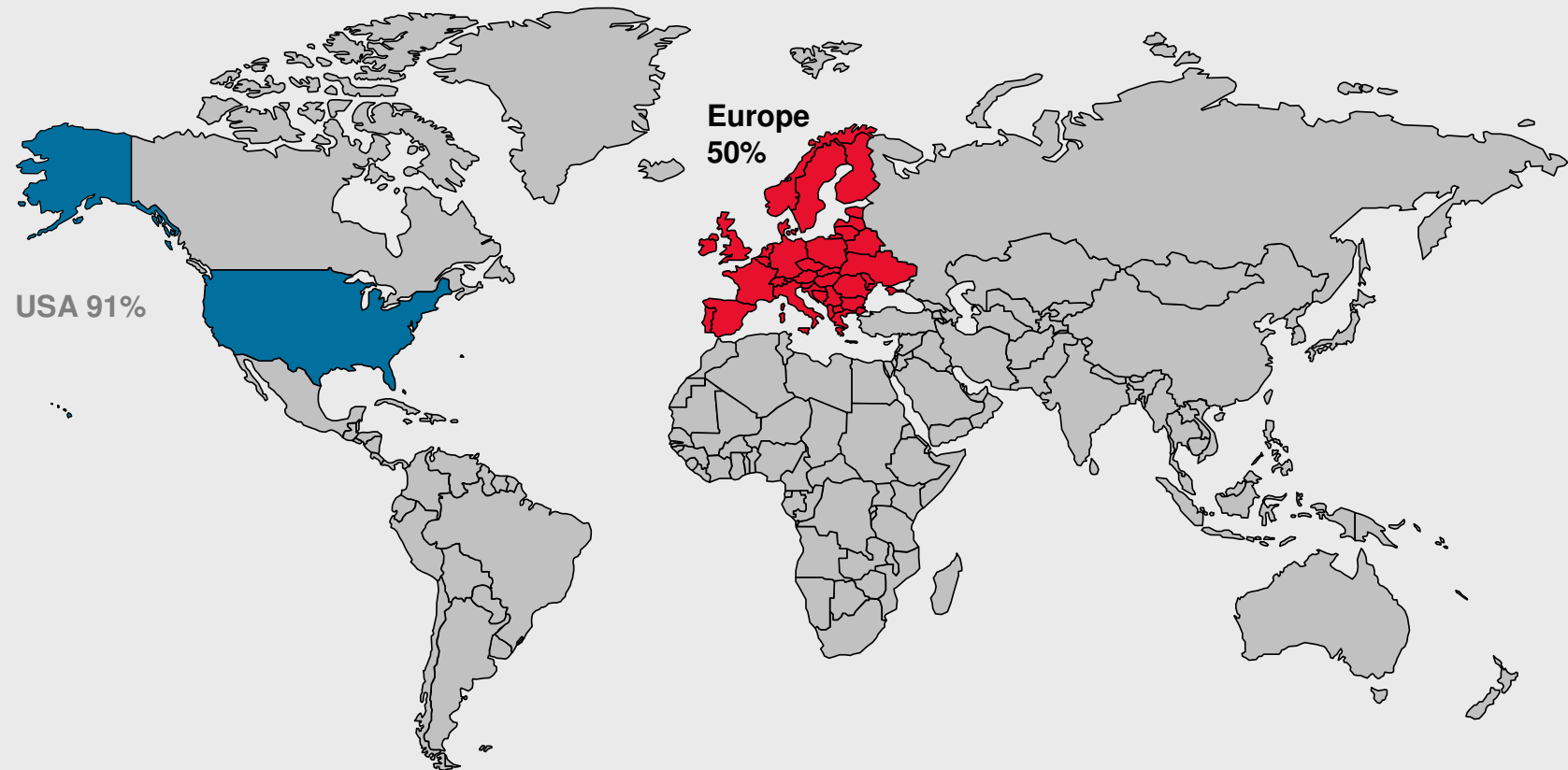
# Flow of capital in 2004

## Domestic investment



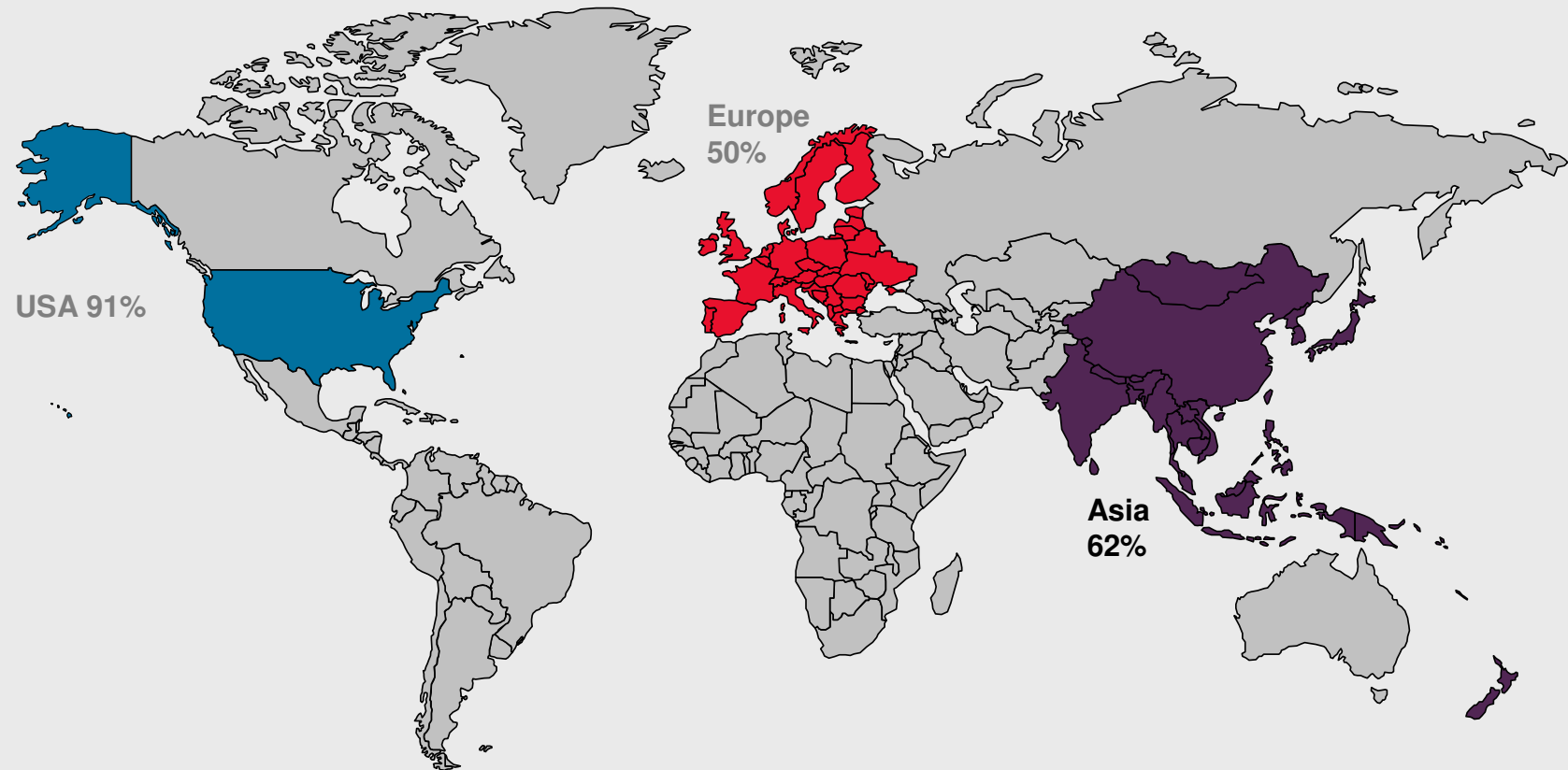
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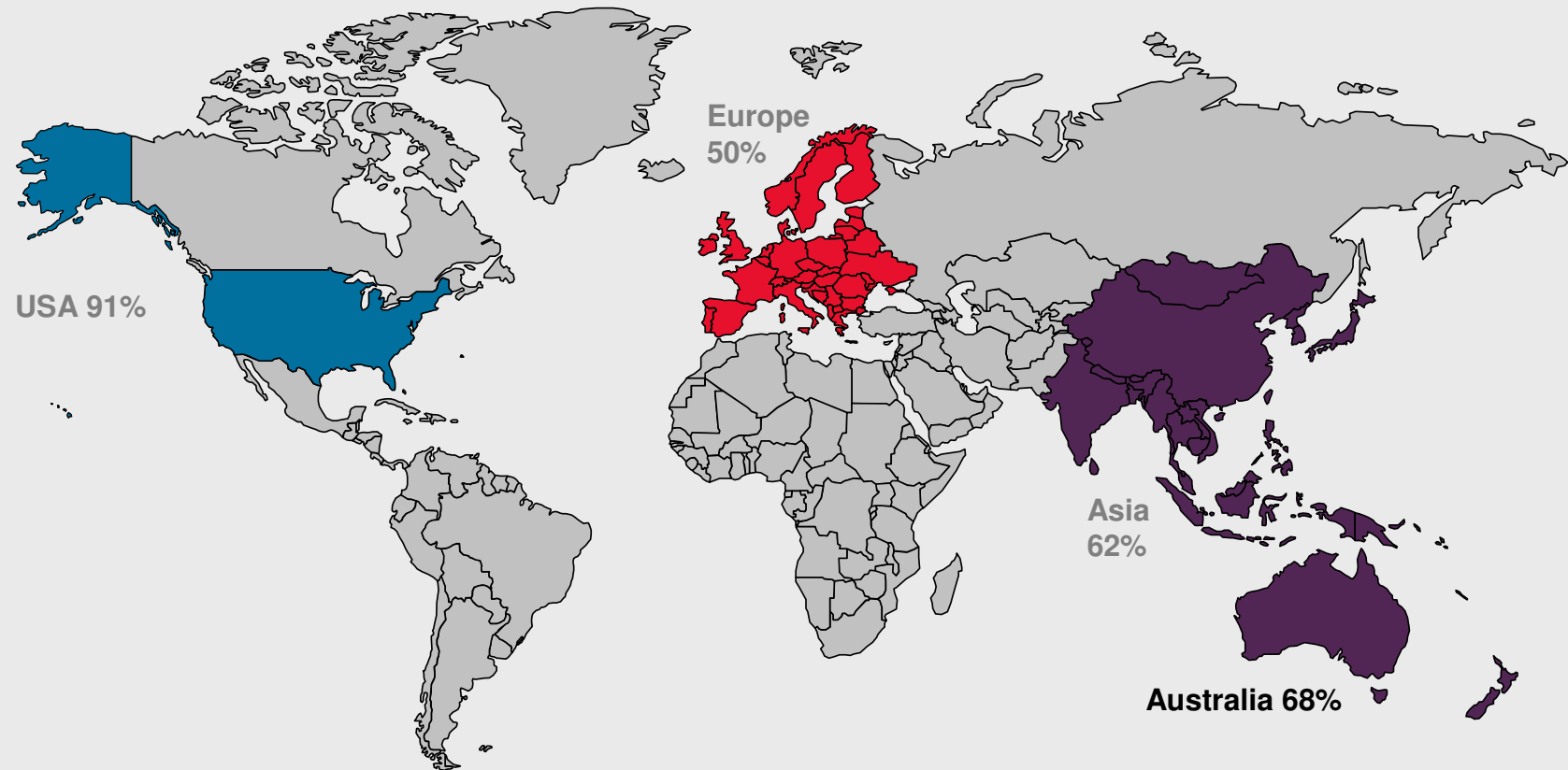
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## Domestic investment



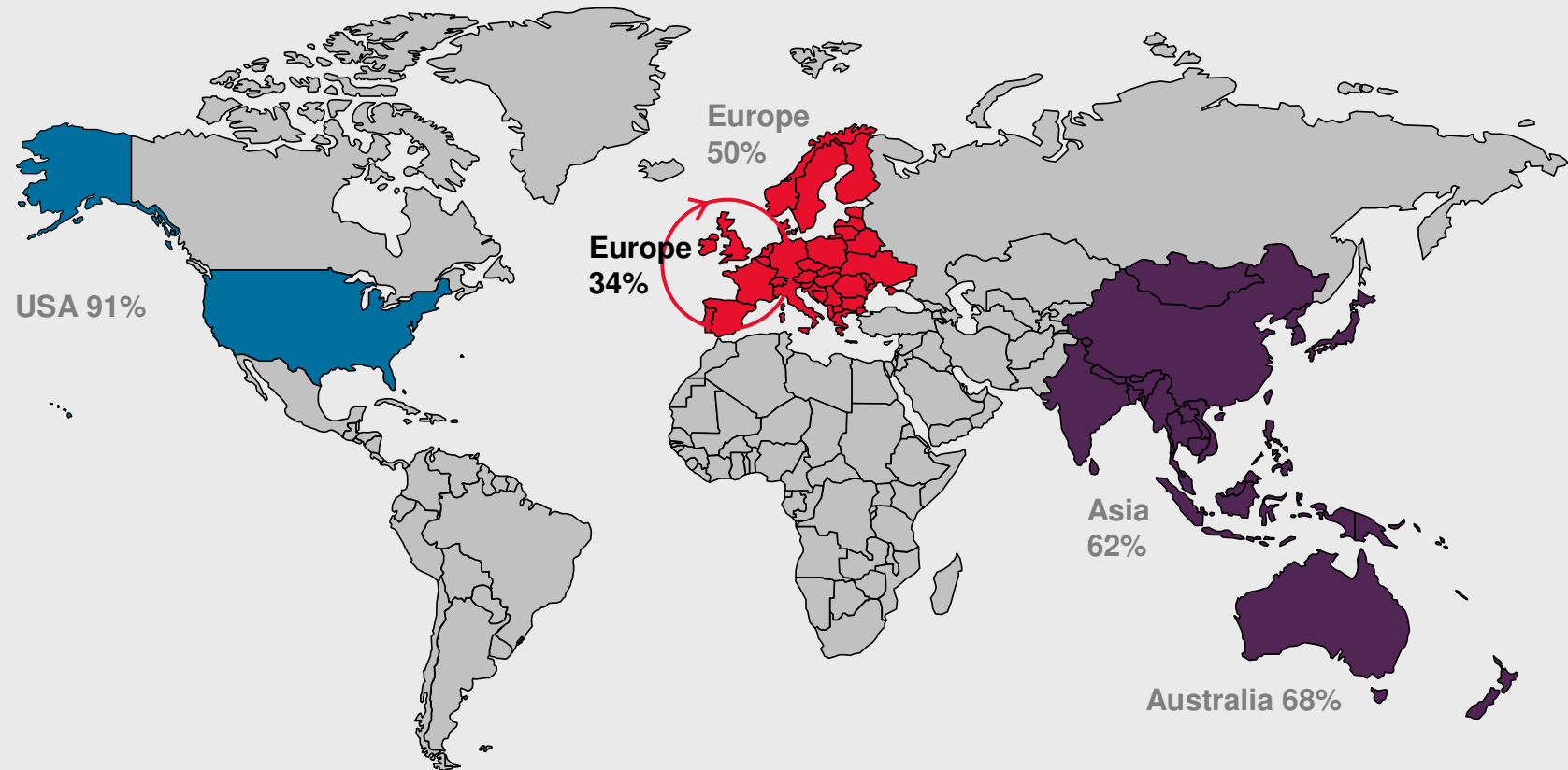
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## Domestic investment



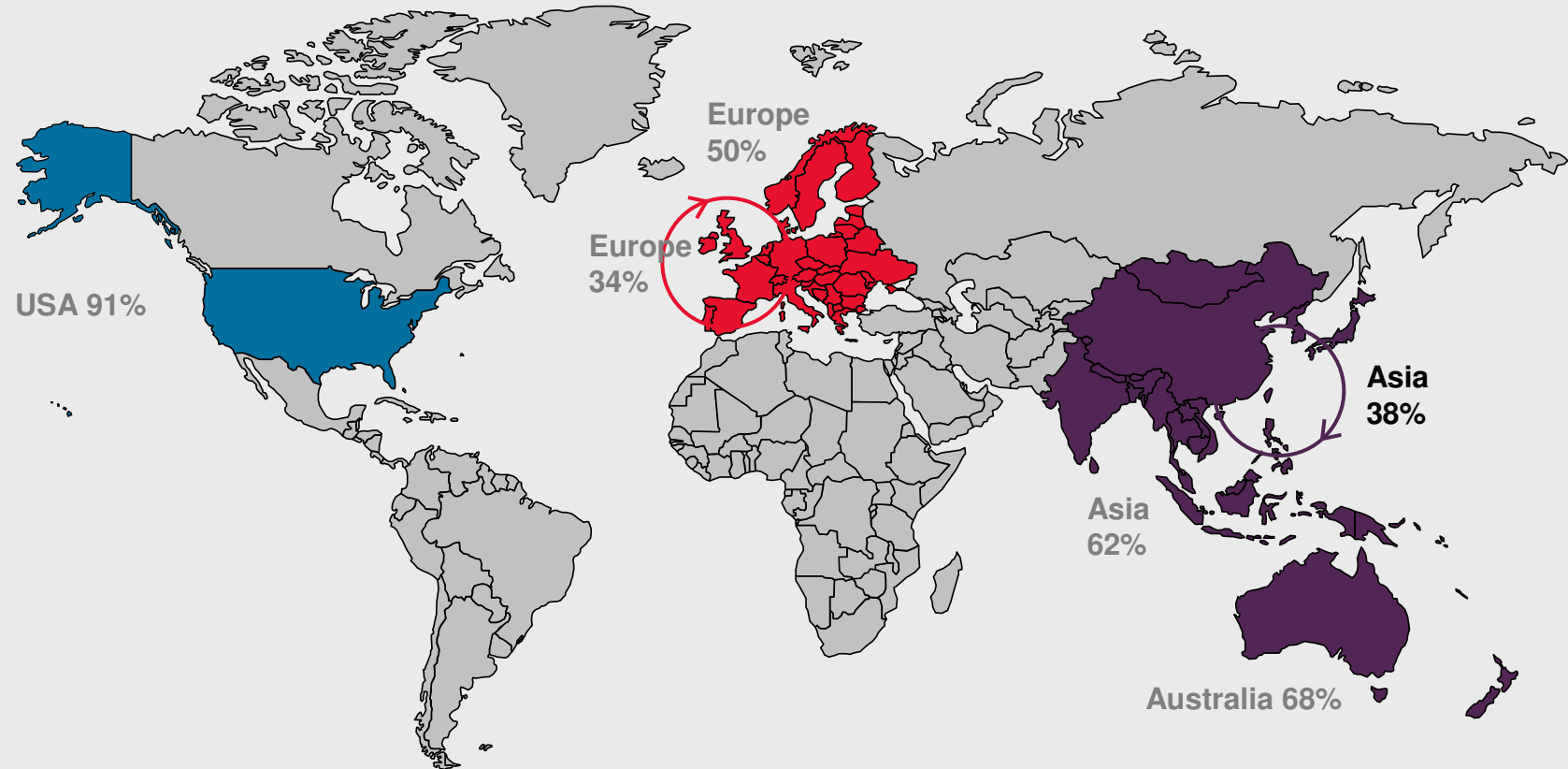
# Flow of capital in 2004

## Inter - regional investment



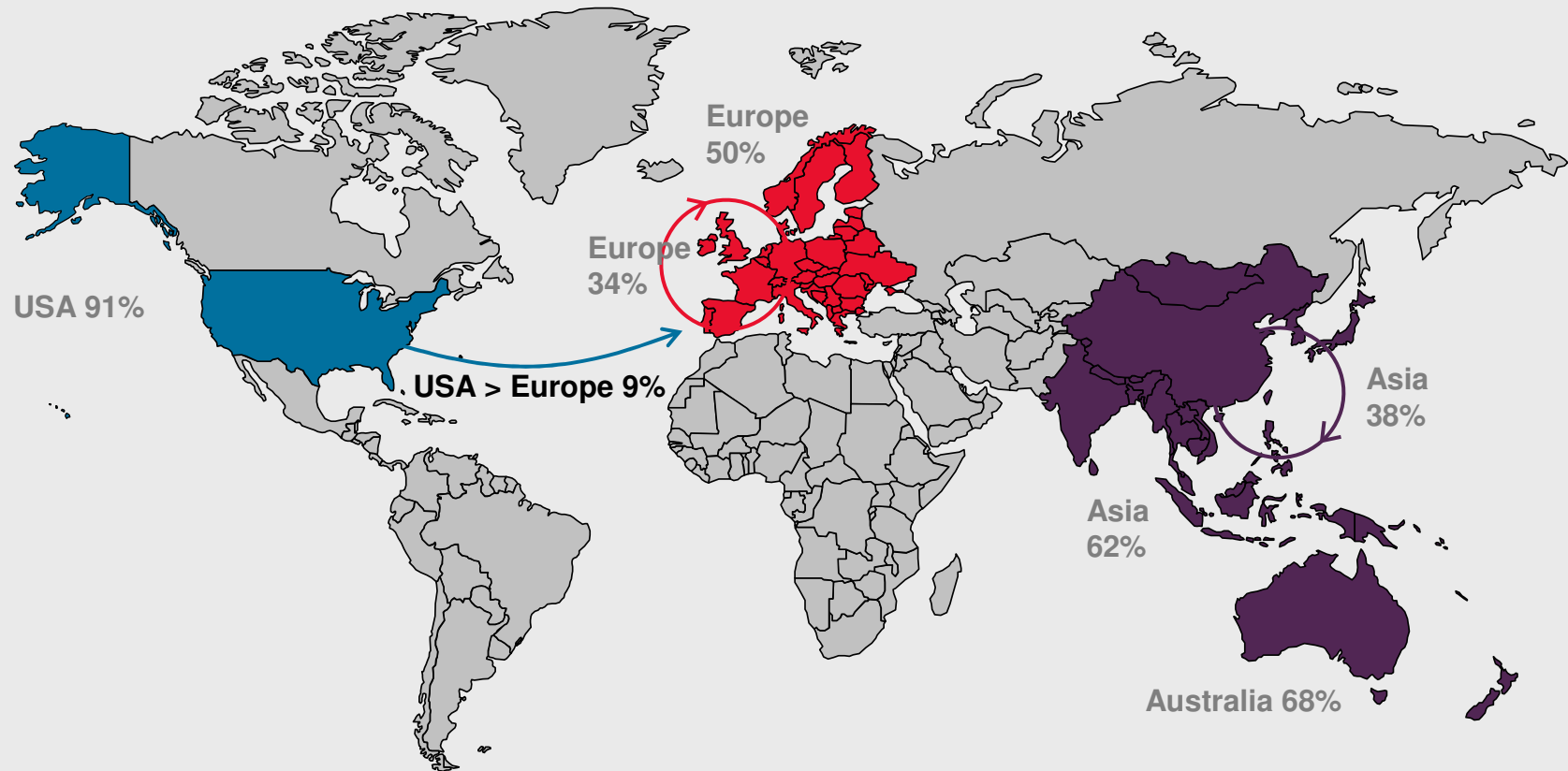
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## Inter - regional investment



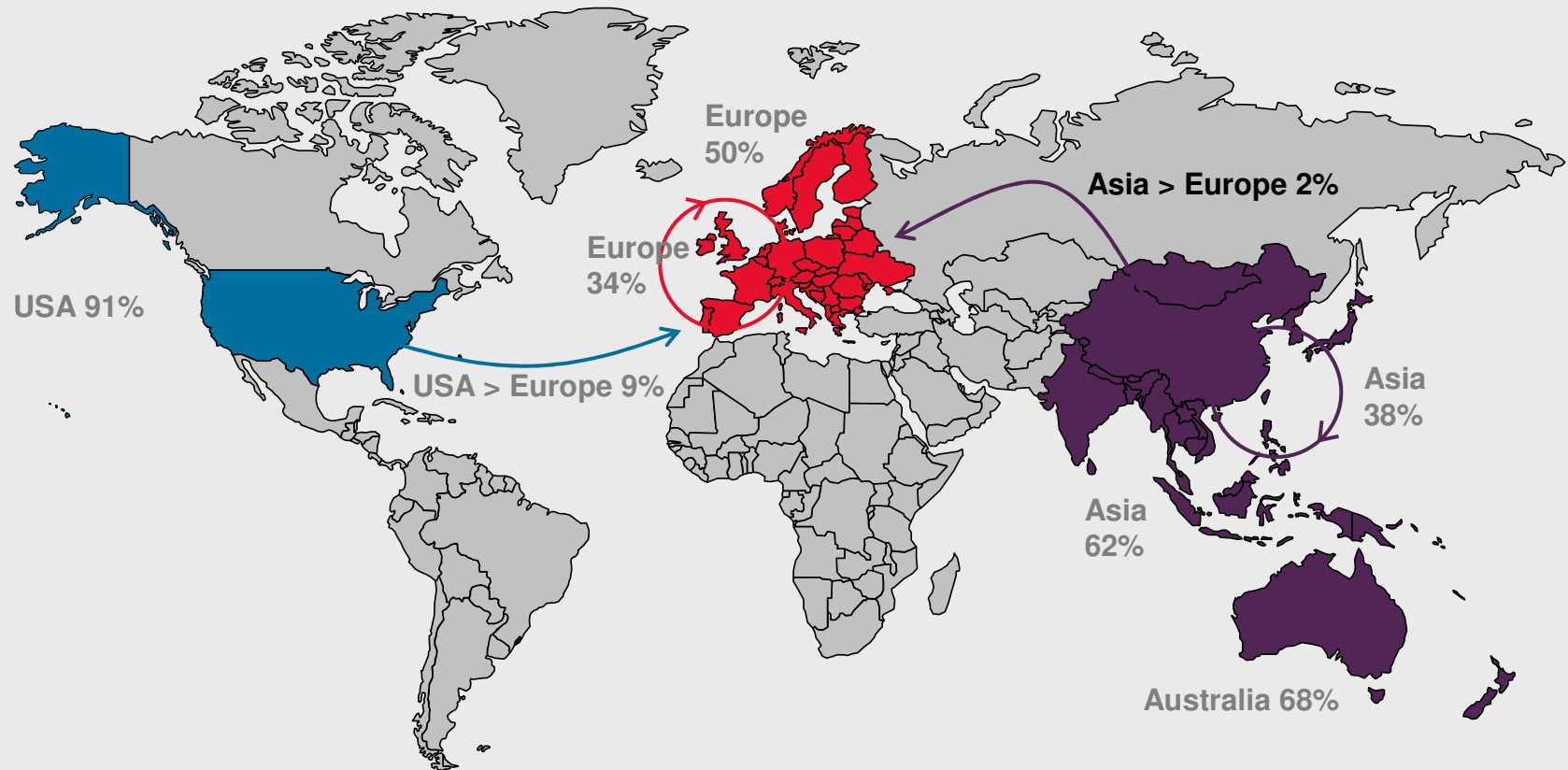
# Flow of capital in 2004

## International investment



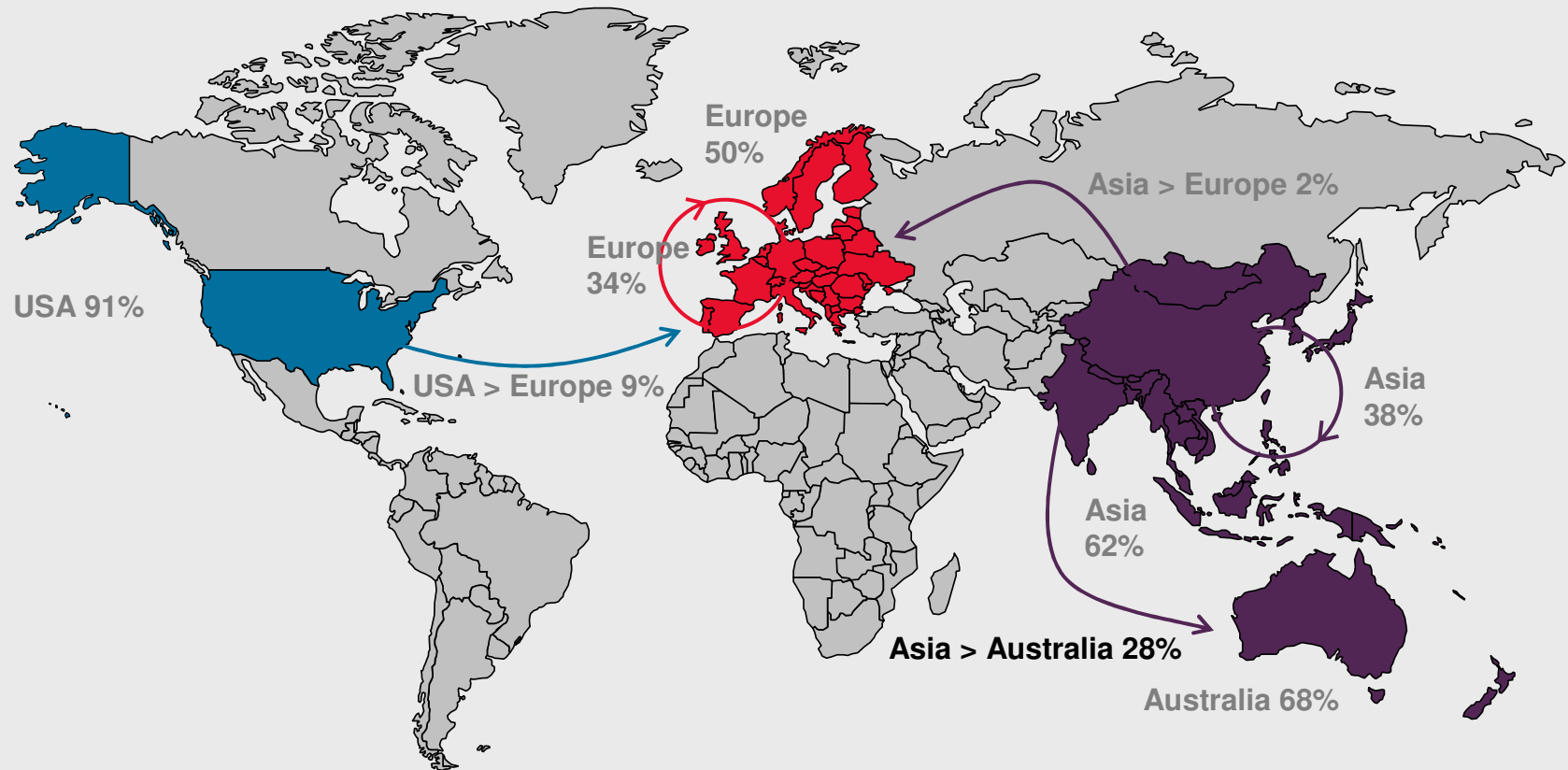
# Flow of capital in 2004

## International investment



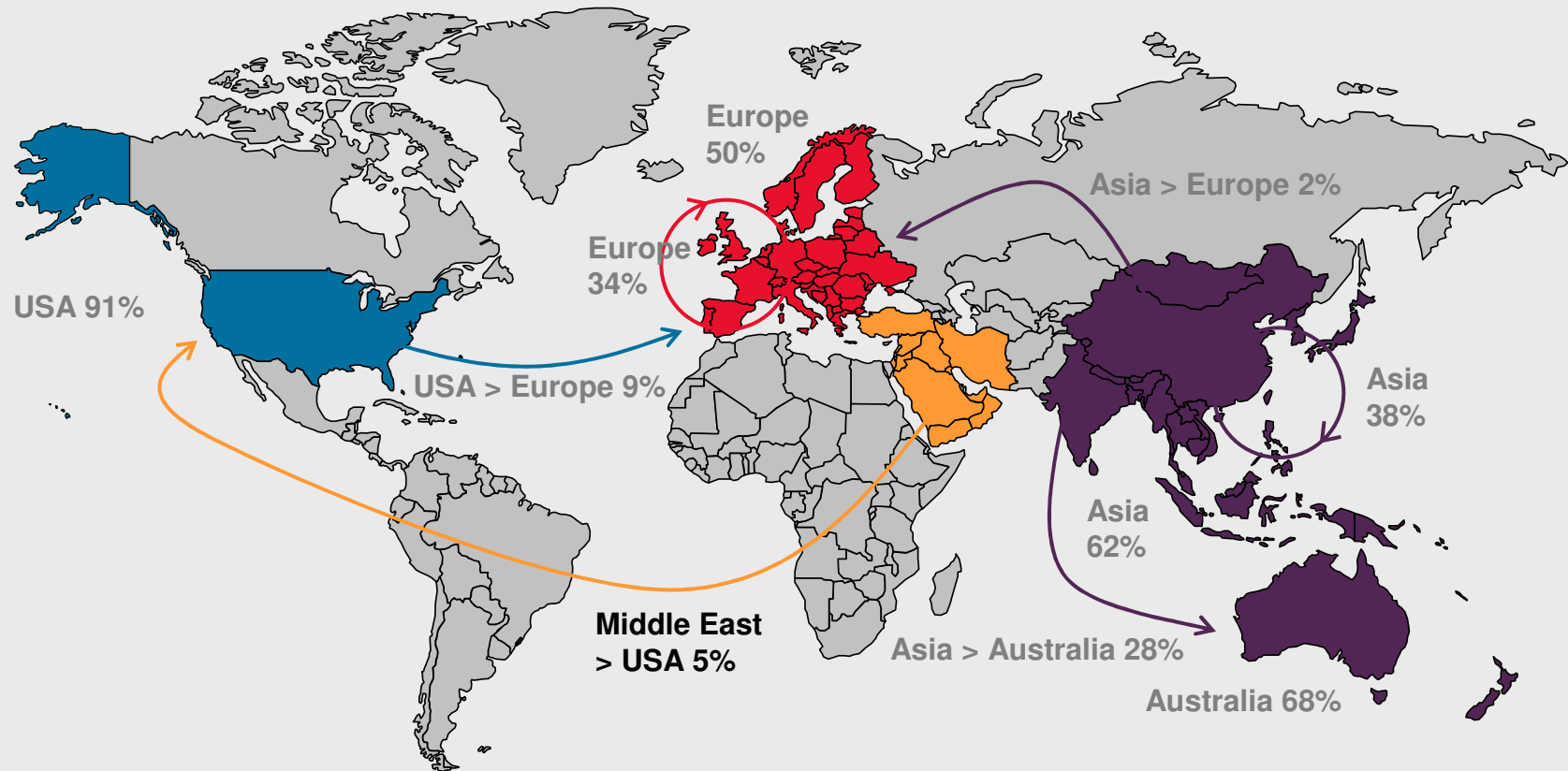
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## International investment



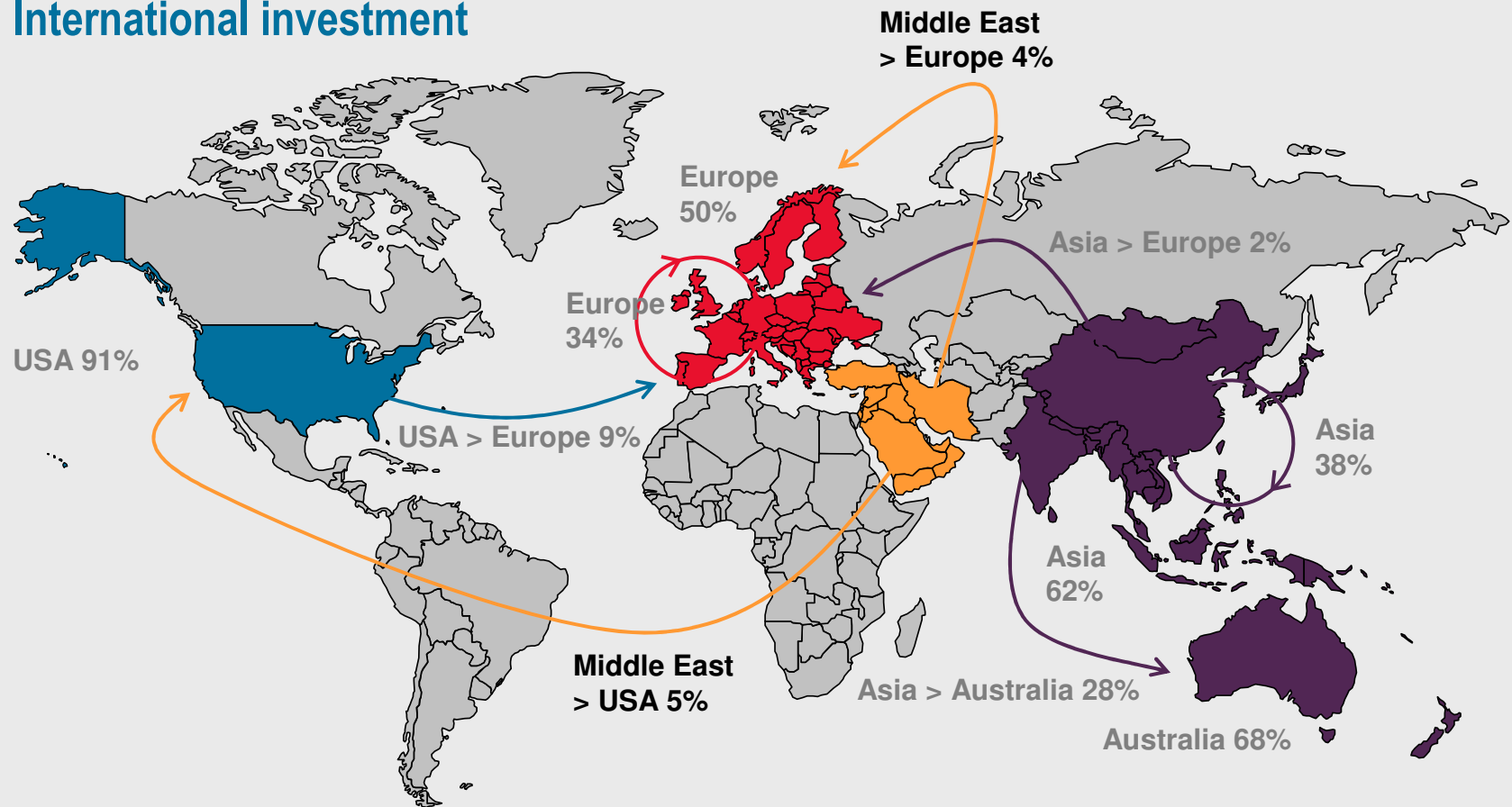
# Flow of capital in 2004

## International investment



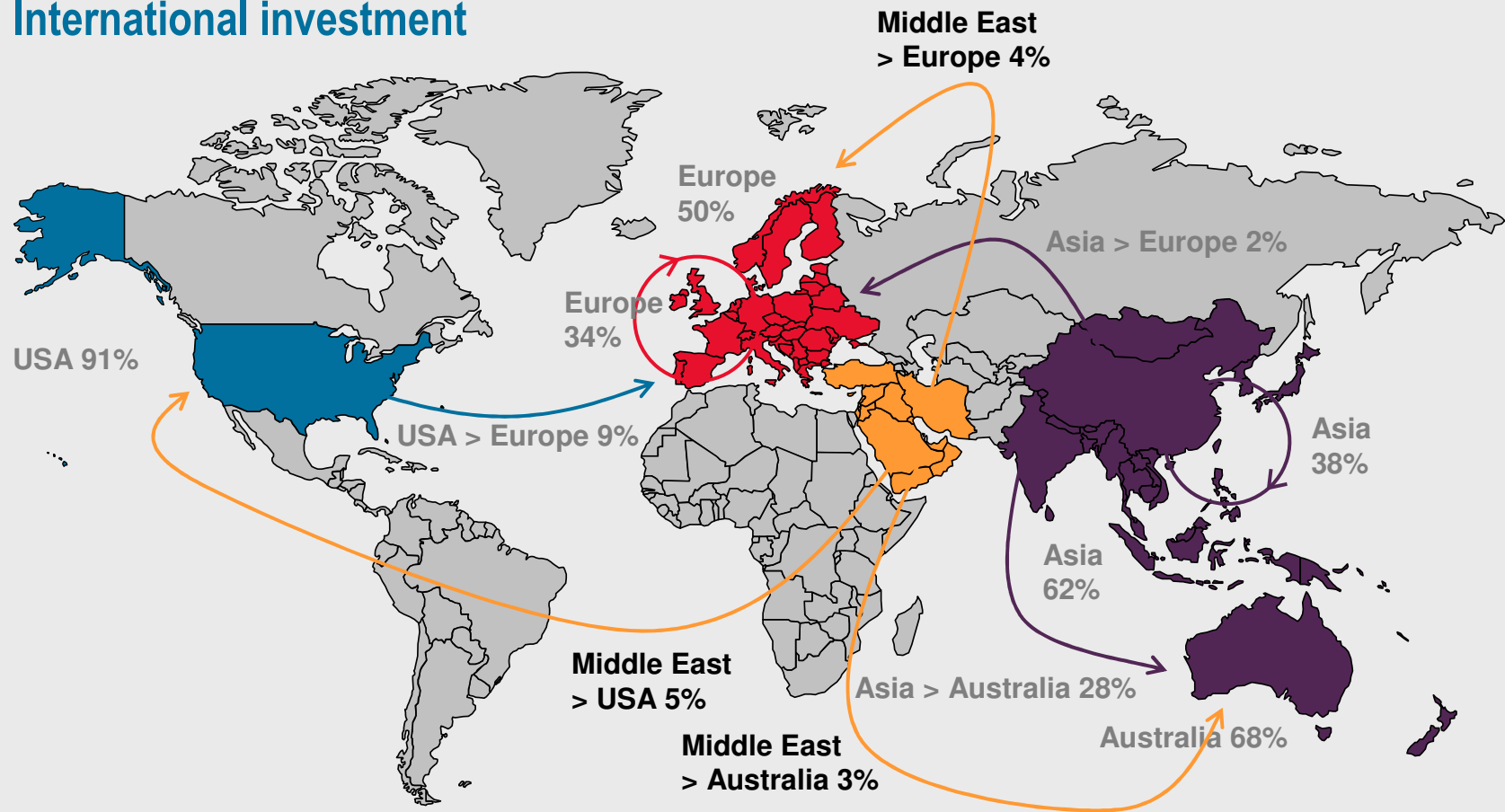
# Flow of capital in 2004

## International investment



# Flow of capital in 2004

## International investment



# What is holding back foreign direct investment ?

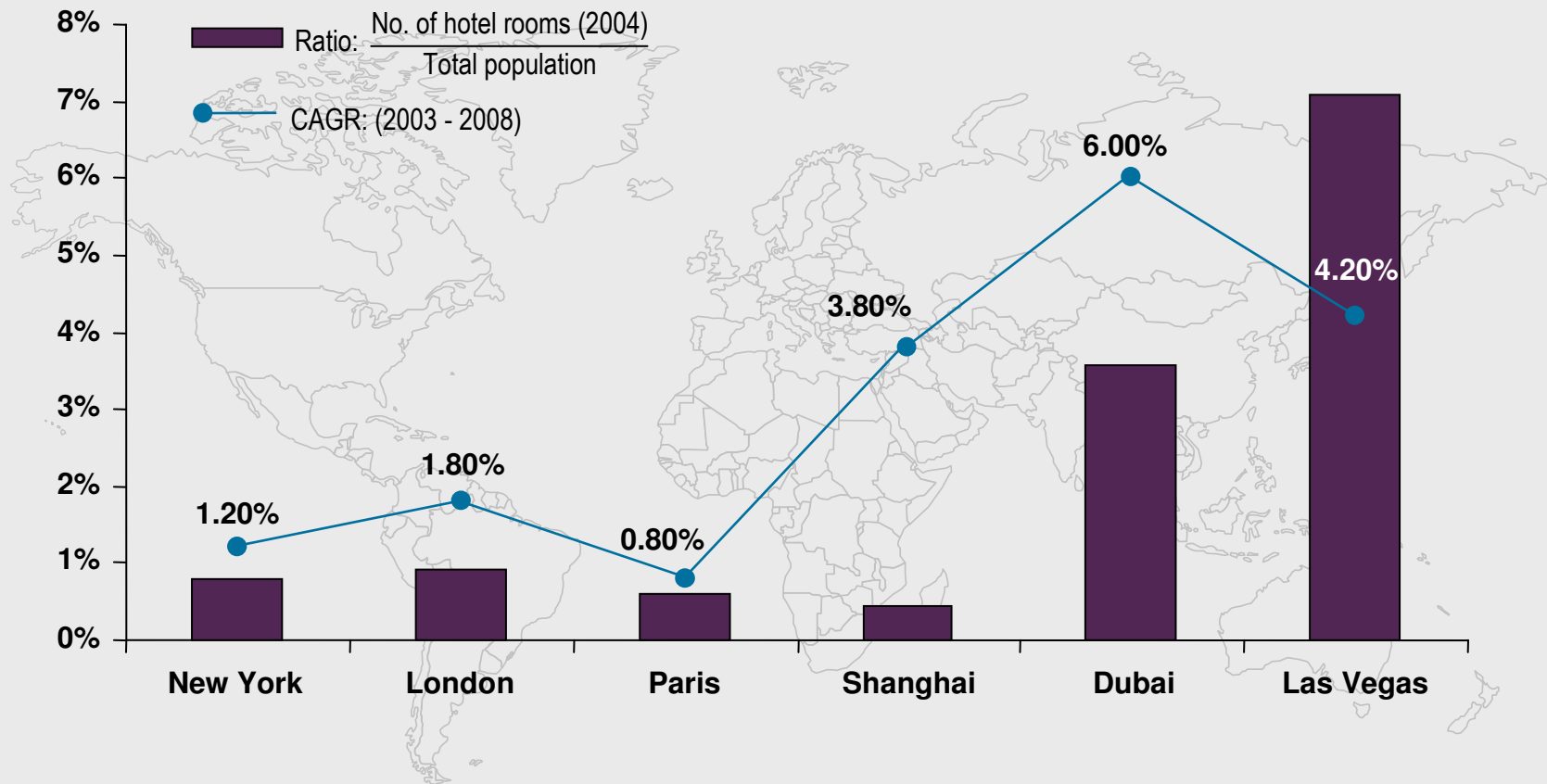
- Development driven market
- Land tenure issues
- Market transparency
- Perception of regional instability
- Inability to compete with local capital

# Key drivers for real estate sector in Middle East

Action	Result
High oil prices	Abundant liquidity
Historically low interest rates	Inexpensive financing
Repatriation of wealth	Excess supply of capital
Lack of alternative investments	Drives demand for real estate
Return of regional stability	Appetite for long term investments
High population growth rates	2.5% - 5.0% growth rate creates demand
High economic growth rates	5% - 7% average growth rate in GCC
Ownership reforms	Growing demand from foreign investors



# Scale of investment





# INVESTMENT SALES

