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TRENDS AND OPPORTUNITIES:

ISRAEL HOTEL MARKET OVERVIEW 2015

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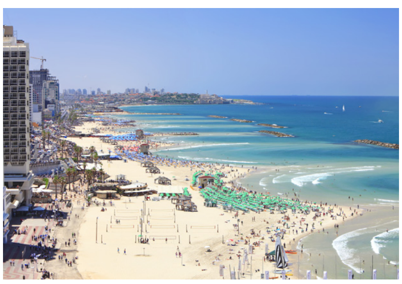



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Although Israel continues to suffer from the prevailing geo-political instability of the country, numerous international companies are showing increased interest in the Israeli hotel market. While visitor numbers and the overall hotel market saw occupancies under pressure over the past year, several new hotels are due to open within the next four years, which leaves room for optimism. It is Israel's main cities that are affected by the geo-political tensions, especially Jerusalem and Tel Aviv, whereas Israel's leisure destinations prove to be more resilient. In terms of transactions, however, nothing of significance has been recorded in the past year.

Highlights

- Israel's hotel performance remains strongly correlated to the political situation within the country. Whereas the '50-Day War' occurring in July/August 2014 had an overall negative impact on international tourism, regions such as Eilat and the Dead Sea benefitted from an increase in domestic tourism as a consequence of the tensions between Israel and Turkey, which made many Israelis choose to holiday in their own home country rather than travelling abroad;
- A number of international chains are seeking to enter the Israeli market despite the prevailing geo-political insecurities. This shows the overall strength of Israel as a tourism destination;
- A major trend noted in recent years is the interest in developing boutique hotels, predominantely in Tel Aviv and its surrounding area. In general, the Tel Aviv region has the strongest pipeline in terms of new supply;
- Israel's hotel values in general saw a drop in comparison to the previous year; while Eilat and Dead Sea hotel values increased by 3.3% and 3.9%, respectively, Haifa showing barely any change to 2013, and both Jerusalem and Tel Aviv recorded significant decreases in value (3.5% and 11.8%, respectively).

Country Overview

Politics and Demographics

Israel is known for its high ranking among Middle Eastern countries on the bases of human development, freedom of press, economic competitiveness and embracing the cultural diversity of its population. Nevertheless, Israel's political situation has been tumultuous ever since its foundation in 1948, owing particularly to its prevailing conflicts with the Palestinians and Iran's regional ambitions.

While small steps in the pursuit of peace are possible (ceasefire agreements are recurringly signed by both parties), repetitive threats continue to emerge, such as in July 2014. Following the kidnapping and murder of three Israeli teenagers by Hamas members, a new war between Palestinians and Israelis started, leading to another setback in achieving continued peace in the region. The so-called '50-Day War', also known as 'Operation Protective Edge', that took place in July and August 2014 resulted in the highest number of civilian casualties since the Six-Day War in 1967, as reported by the UN.

In recent months, attacks in Tel Aviv and Jerusalem as well as continuing bombing between Gaza and Israel have prevailed.

The latest general elections resulted in Prime Minister Benjamin Netanyahu's right wing Likud party gaining 30 seats, only six ahead of its main opponent, the centre-left Zionist Union led by Isaac Herzog. Despite the mediocre victory, Netanyahu was able to form a slim majority coalition government of conservative and religious parties in the 120-seat body, which leaves him little room to manoeuvre in both domestic and international affairs.

Economy

Despite a slight drop in GDP growth in 2014 compared to previous years, mainly on account of the prevailing economic and political instabilities towards the second half of the year, GDP is expected to pick up again as of 2015. Growth for the coming years is projected to range from 3-6%, which emphasises the strong and positive prospects for the country's economy. Accounting for around 7.3% of total GDP over the past two years, the travel and tourism sector has proven a reliable contributor to the country's economy. According to the WTTC's Travel & Tourism Economic Impact 2015, total contribution is forecast to increase by a further 1.7% in 2015 and 4.1% in 2016.

Israel's inflation rate has proven to be stable over the last several years, but saw a drop to 0.5% in 2014 and slight deflation is forecast for 2015. However, inflation is expected to rebound and remain steady at above 2.0% as of 2016. With consumer price inflation forecast to stabilise at around 2.0%, decreasing unemployment and general price stability, Israel is ranked third in the region in the World Bank's *Ease of Doing Business* index.

CHART 1: REAL GDP GROWTH, INFLATION, EXCHANGE RATE COMPARISON ISRAEL

	Actual					Forecast				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Real GDP growth (%)	4.8	4.8	3.4	3.3	2.8	3.3	3.9	4.4	4.7	5.4
Consumer price inflation (av %)	2.7	3.4	1.7	1.5	0.5	(0.1)	2.5	2.0	2.3	2.7
Budget balance (% of GDP)	(3.7)	(3.3)	(3.9)	(3.2)	(2.8)	(2.8)	(2.6)	(1.8)	(1.0)	(0.2)
Current-account balance (% of GDP)	2.9	0.1	0.3	2.5	3.0	5.1	4.5	4.5	5.6	7.3
Short-term interest rate (av %)	4.5	5.5	5.6	4.5	3.9	3.3	3.7	4.8	5.3	5.9
Exchange rate ILS:US$	3.73	3.58	3.86	3.61	3.58	3.88	3.82	3.75	3.68	3.57

Source: Economist Intelligence Unit, July 2015

Tourism Demand

Despite the fact that the '50-Day War' came to an end after two months in July and August 2014, tourism has been struggling ever since. Overall visitation to Israel dropped 3.6% in 2014 (this includes day visitors and overnight tourists) while total bednights declined by only 1.4% (overnight tourists only, please refer to Chart 2). Whereas the decline in bednights in 2014 does not seem as severe as expected, the extensiveness of the drop since the war has been masked by the record growth numbers recorded during the pre-war first half of 2014.

CHART 2: ACCOMMODATED BEDNIGHTS ISRAEL 1998-2014

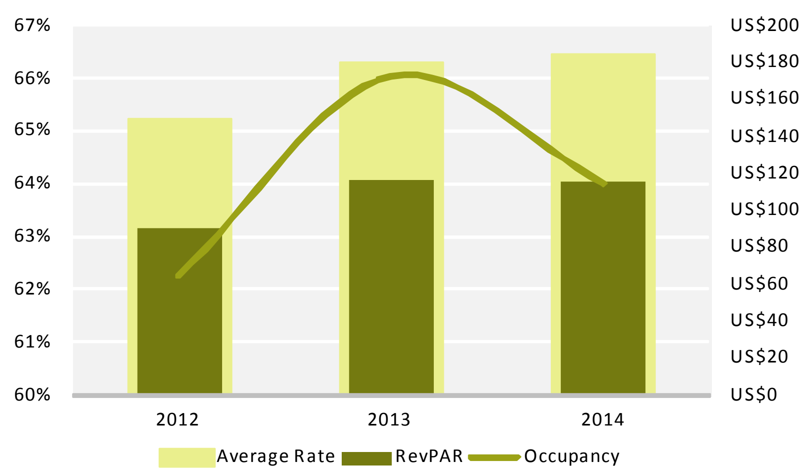
Year	Total	% Change	International	% Change	Domestic	% Change
1998	16,057,600	—	7,079,200	—	8,978,400	—
1999	18,681,600	16.3 %	9,046,800	27.8 %	9,634,800	7.3 %
2000	19,546,600	4.6	9,676,400	7.0	9,870,200	2.4
2001	15,113,300	(22.7)	3,825,800	(60.5)	11,287,500	14.4
2002	14,606,600	(3.4)	2,628,200	(31.3)	11,978,400	6.1
2003	15,095,200	3.3	3,285,000	25.0	11,810,200	(1.4)
2004	16,973,500	12.4	4,771,300	45.2	12,202,200	3.3
2005	19,087,000	12.5	6,783,100	42.2	12,303,900	0.8
2006	19,307,700	1.2	6,854,100	1.0	12,453,600	1.2
2007	20,478,600	6.1	8,405,900	22.6	12,072,700	(3.1)
2008	21,595,500	5.5	10,187,500	21.2	11,408,000	(5.5)
2009	19,904,800	(7.8)	8,108,900	(20.4)	11,795,900	3.4
2010	21,863,800	9.8	9,933,100	22.5	11,930,700	1.1
2011	21,860,000	(0.0)	9,949,100	0.2	11,910,900	(0.2)
2012	22,137,800	1.3	9,750,400	(2.0)	12,387,400	4.0
2013	22,474,000	1.5	9,747,200	(0.0)	12,726,800	2.7
2014	22,152,900	(1.4)	9,190,400	(5.7)	12,962,500	1.9
Compound Annual Growth Rate 1998-14		**2.0 %**		**1.6 %**		**2.3 %**

Source: Central Bureau of Statistics

Also cause for concern to the Tourism Board is the decline in cruise visitors. While AIDA cancelled some of their cruises planned to dock at Ashdod port in 2014 in the aftermath of one of its ships being hit by small pieces of shrapnel during 'Operation Protective Edge', the majority of cruise lines had already started to change their routes in November 2012 as a consequence of the then 'Operation Pillar of Defense'. Given that such cruise itineraries are planned at least six to 12 months in advance, the consequences have been felt since mid-2013.

In regards to the key source markets to Israel, the USA is still the strongest market, accounting for a total share of 19.4% of overall visitation to the country in 2014. This is followed by Russia (17.5%), France (9.2%), the UK (5.3%) and Germany (5.2%). However, while Russia is still the second-strongest market for Israel, a sharp decline of 7.5% was recorded last year. Whereas decreases in visitor arrivals have been noted from the majority of Israel's strongest source markets owing to the prevailing political instability since July 2014, the Russian decrease was further exacerbated by Russia's economic crisis and the devaluation of the rouble following Western sanctions imposed on Russia over the Ukraine.

CHART 3: VISITATION GROWTH TO ISRAEL BY COUNTRY 2013/14

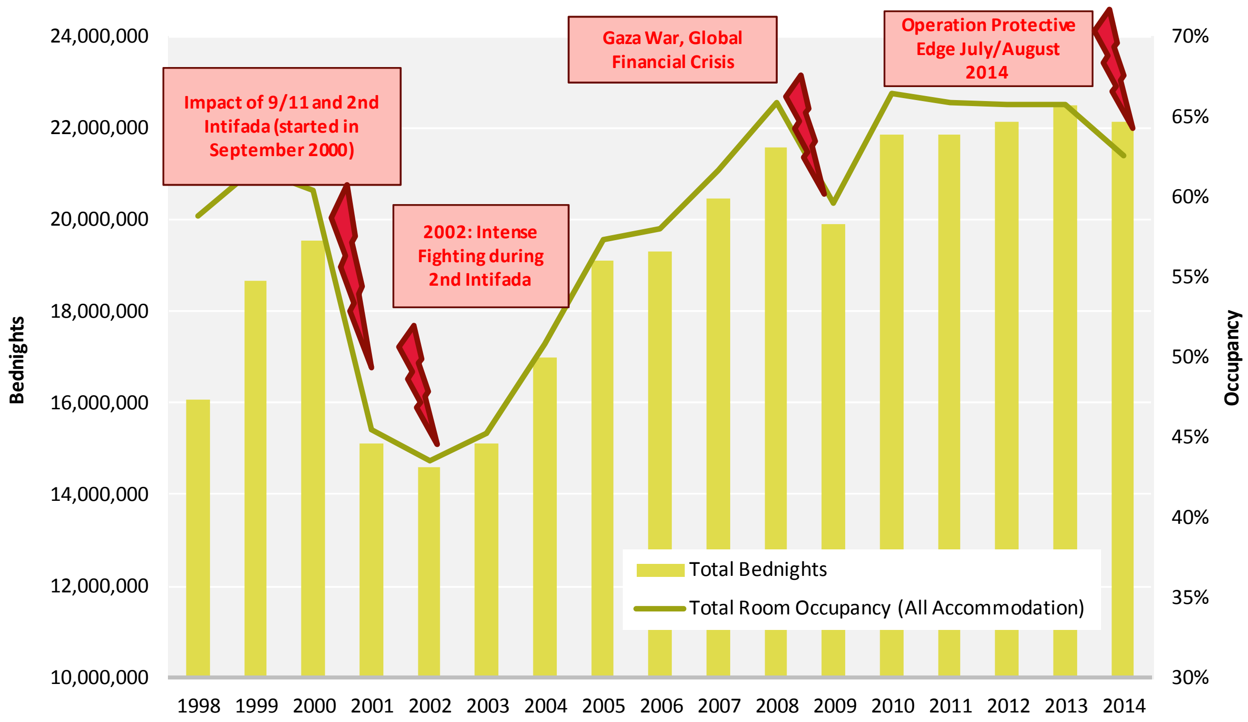


Source: HVS Research

As shown in Chart 4, occupancy and accommodated bednights are strongly correlated to the geo-political situation of the country.

The average length of overnight stays is recorded highest in Eilat (4.3 nights), followed by Jerusalem (3.4 nights), then Tel Aviv and Haifa (3.2 nights each). The longer average stay in Eilat can be related to it being mainly known as a leisure and resort destination, strongly visited by domestic tourism, while Jerusalem and Tel Aviv are both more typical international city destinations, with a higher share of shorter-staying corporate business in Tel Aviv in particular.

CHART 4: IMPACT OF CONFLICTS AND GLOBAL EVENTS ON TOURISM DEMAND AND OCCUPANCY



Source: Central Bureau of Statistics

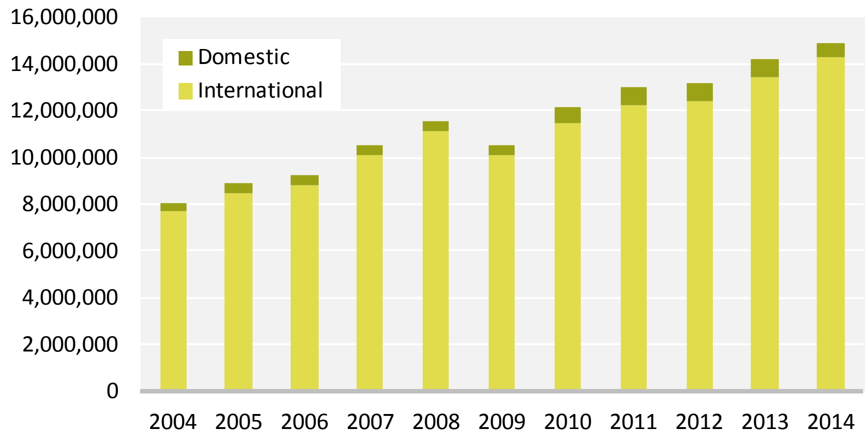
Airport Demand

Despite a steep annual decrease of 7% in passenger arrivals noted between July and September in 2014 owing to the '50-Day War', total arrivals grew quite strongly overall in 2014 by 4.9%. This emphasises the high volume of 'stalwart' visitors that, despite increased risk sensitivity, keep returning to Israel, sometimes several times a year.

In 2014, the extension of two runways was completed at Ben Guiron International Airport. This four-year project included paving 22 km of runways and taxiways in order to reduce taxi times at the airport. Additionally, a fourth concourse is being built at a total cost of ILS660 million.

According to the Israel Airport Authority, several airlines (most of them low-cost carriers, including Kenya Airways, Air Bucharest, Hainan Airlines and Small Planet Airlines) will offer new routes for the 2015 summer season to destinations such as Boston, Nairobi, Florence, Bologna, Ibiza and Rijeka in Croatia.

CHART 5: ARRIVALS BEN GURION INTERNATIONAL AIRPORT, 2004-14



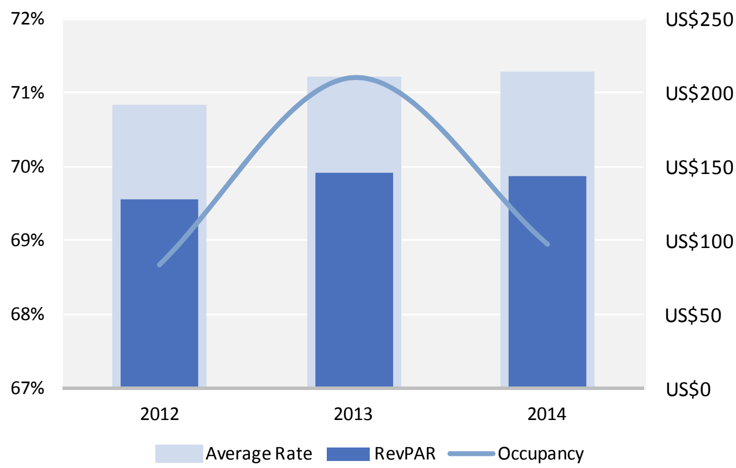
Source: Airports Council International

City and Destination Overviews

Owing to its numerous historic sites, places of religious importance, warm weather and its highly developed tourism infrastructure, Israel has strong tourism potential. Despite the prevailing conflicts with the Palestinians and in Syria, Lebanon and Turkey, Israel records strong domestic tourism, which is in most cases Israelis from the centre (Tel Aviv) moving outwards to locations such as Eilat in the South, the Dead Sea and Jerusalem. Domestic tourism accounts for around 35% of total tourism in Israel.

Israel showed an overall steady occupancy over the past three years despite the impact of several geo-political events. The relatively high level of occupancy (which peaked in 2013 at 71%) is partly a consequence of an overall shortage of rooms in the country.

CHART 6: ISRAEL HOTEL PERFORMANCE

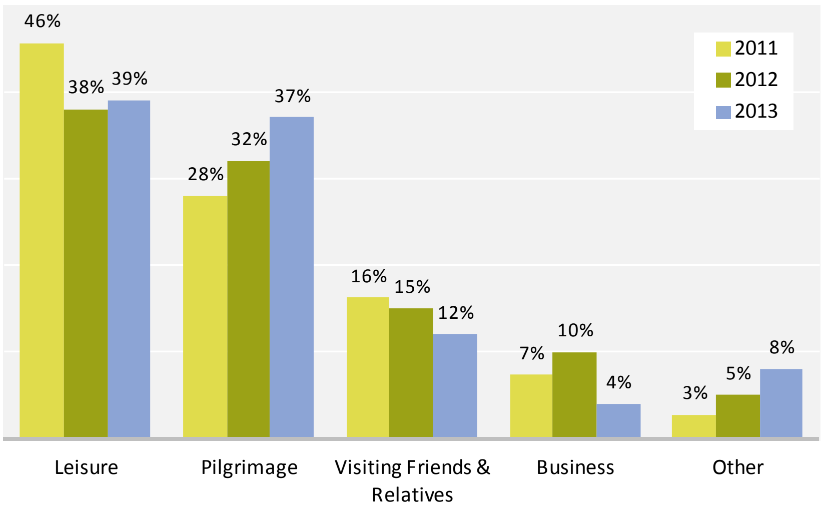


Source: HVS Research

Jerusalem

While Jerusalem is still predominantly visited for leisure purposes, there has been a clear increase in visitors travelling for pilgrimage and religious reasons over the past three years, which emphasises the city's prevailing historic and cultural importance on a global scale.

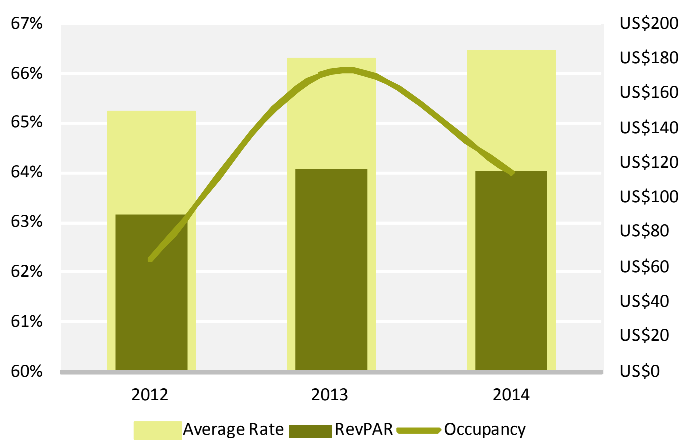
CHART 7: PURPOSE OF VISIT TO JERUSALEM 2011-13



Source: Jerusalem Institute for Israel Studies

In regards to the city's hotel performance, the year started off quite strongly with expectations high for a record year in terms of growth. However, the mid-year political turmoil impacted visitation numbers and hence tourism in general, which led to a reduction in recorded bednights and spending. Despite this decline during the second half of the year, the city's hotels managed to increase average rate slightly albeit after a 3% slowdown in occupancy compared to 2013. Occupancy levels were impacted following the opening of the Waldorf Astoria in spring 2014.

CHART 8: JERUSALEM HOTEL PERFORMANCE

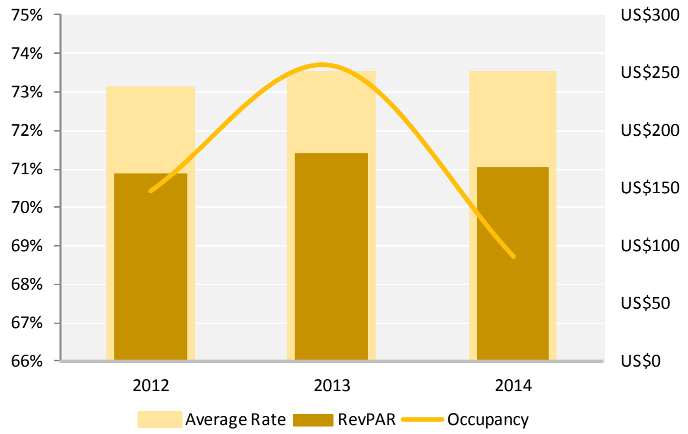


Source: HVS Research

Tel Aviv

Known as 'The City That Never Sleeps', Tel Aviv is the fifth most visited city in the Middle East and Africa, with around 2.5 million international visitors a year. While Jerusalem is visited more for religious purposes, Tel Aviv is Israel's financial hub, home to the Tel Aviv Stock Exchange, but also renowned for its 24-hour culture, cosmopolitan lifestyle and performing arts. In 2015, Tel Aviv was ranked 40th in Knight Frank's Global Cities Survey.

CHART 9: TEL AVIV HOTEL PERFORMANCE



Source: HVS Research

While the city was able to maintain a stable average rate in 2014, occupancy saw a decline of 7% owing to the Gaza operation over the summer months. However, we note that despite an overall decrease of accommodated bednights of 3.6% in 2014, bednights generated by domestic visitors grew by a remarkable 12.4%, whereas international bednights decreased by 7.5%. This underlines Israelis' preference to holiday in their own country during times of crisis.

Eilat

Eilat, Israel's popular leisure destination, has seen no change in supply over the past five years, offering a total of 50 properties (including all types of hotel accommodation). We note, however, that there is a potential transaction of the Princess Hotel within the next few months. The hotel, which has been managed by Isrotel since May 2011, was due to undergo extensive renovations and upgrading, with Isrotel planning to invest millions of shekels together with Lexan Israel (owner of the property). However, as per the Antitrust Authority, there are concerns that it would raise Isrotel's hotel presence within the area too strongly and would thus damage the competitiveness of the market. We understand that Isrotel is currently in negotiations with the receiver in regards to the end of their management term, which was due to terminate in March 2015.

In contrast to Tel Aviv and Jerusalem, Eilat offers the second highest number of rooms per hotel (252 rooms per hotel for Level I to III) following the Dead Sea region (312 rooms per hotel). This emphasises the resort nature of the destination, justifying larger facilities than city hotels.

In regards to performance, Eilat continued its trend of RevPAR growth (17% growth between 2012 and 2013) despite the prevailing geo-political instability within the Gaza region. While occupancy remained flat at 72%, average rate grew by 3.1% , resulting in 3.3% RevPAR growth.

Dead Sea

The Dead Sea region and Eilat are the only two regions in Israel that managed to maintain a steady performance in 2014 despite the prevailing geo-political insecurities. While occupancy dropped slightly, by 0.3%, average rate was pushed by 4.25% to US$218. This is the second-highest average rate recorded after Tel Aviv (US$244). However, given the resort-nature of the area, known for its spa treatments owing to its location at the Dead Sea, the majority of its hotels are four- and five-star properties, which partially explains the high average rates.

Haifa

Haifa is Israel's third-largest city with a strong industrial focus. Following the overall trend in Israel, Haifa also showed a decrease in occpuancy (3.3%) despite an increase in average rate (3.5%) resulting in flat RevPAR for 2014.

Hotel Market Overviews

Demand

CHART 10: OCCUPANCY AND AVERAGE RATE COMPARISON, IN US$

	2012			2013			2014			Sample Size
	Occupancy	Average Rate	RevPAR	Occupancy	Average Rate	RevPAR	Occupancy	Average Rate	RevPAR	Rooms
Tel Aviv	70%	231	163	74%	244	180	69%	244	168	3,773
Eilat	70%	173	122	72%	197	142	72%	203	147	4,382
Jerusalem	62%	145	90	66%	176	116	64%	180	115	3,461
Dead Sea	77%	197	152	78%	209	162	77%	218	169	1,883
Haifa	57%	136	77	62%	159	98	60%	165	99	834
Israel (Average)[1]	69%	186	128	71%	205	146	69%	209	144	14,333

Source: HVS Research

[1] The average of the samples of hotels in the five destinations

Owing to the geo-political instability in July/August 2014, the overall hotel market saw a drop in occupancy between 2013 and 2014. Both Eilat and the Dead Sea region, despite the prevailing tensions, managed to maintain a flat occupancy level. However, whereas occupancy was under pressure, average rate increased by a further 1.8%, albeit not enough to compensate for the 3.5% drop in occupancy.

Despite the fact that the '50-Day War' came to an end in summer 2014, the overall market is still under pressure as many international travellers are concerned of the overall level of security granted whilst travelling to and within Israel.

Supply

The Ministry of Toursim has grouped all one- to five-star hotels into four 'levels' based on two charateristics: nature of the hotel (recreational/urban) and average size of a double room (excluding suites and public areas).

Level I hotel supply (high standard equivalent to five-star) grew at a compund annual rate of 6% between 2010 and 2014, showing the strongest growth rate of the four levels. Furthermore, while Level I hotels only account for 13.1% of overall supply, they comprise 25.7% of total room supply.

CHART 11: NUMBER OF HOTELS AND ROOMS IN ISRAEL 2010-14

Number of Hotels	2010	2011	2012	2013	2014	Compound Annual Growth Rate 2010-14
Level I	38	41	42	45	48	6.0 %
Level II	79	80	80	84	88	2.7
Level III	102	106	111	118	122	4.6
Level IV	72	70	70	70	69	(1.1)
Other	41	41	39	40	39	(1.2)
Total	332	338	342	357	366	2.5 %

Room Capacity	2010	2011	2012	2013	2014	Compound Annual Growth Rate 2010-14
Level I	11,463	11,773	11,842	12,444	12,900	3.0 %
Level II	15,680	15,801	15,788	16,037	16,451	1.2
Level III	10,900	11,170	11,499	11,927	12,157	2.8
Level IV	3,543	3,507	3,529	3,541	3,450	(0.7)
Other	5,341	5,327	5,199	5,254	5,158	(0.9)
Total	46,927	47,578	47,857	49,203	50,116	1.7 %

Source: Central Bureau of Statistics

While overall hotel supply has been growing at a relatively slow pace over the past five years, the past two years showed some changes, especially in Level I.

The most recent internationally branded hotels entering the market were the Ritz-Carlton Herzliya and the Waldorf Astoria Jerusalem, which opened in December 2013 and May 2014, respectively. The W Tel Aviv-Jaffa Hotel, which originally was due to open in 2015, has been postponed to the beginning of 2017. As shown in Chart 12, following several years of limited new openings, there is increased interest from international brands in the Israeli hotel market.

A growing trend noted, especially in Tel Aviv, is the emergence of several new smaller-scaled boutique hotels. One of the newest additions in that regard is the Norman hotel. Located on the doorstep of Tel Aviv's vibrant arts and culture scene, the 50-room Norman hotel, which opened in October 2014, is nestled within two restored historic buildings and offers a fusion of 1920s service and elegance. Also worthy of comment is the Elma hotel, which opened in May 2015 and is 45 minutes' drive north of Tel Aviv in Zicharon Ya'akov and is a 'living museum', combining arts, luxury, hospitality and entertainment under one roof.

CHART 12: NEW SUPPLY

Proposed Property	Hotel Group	Location	Number of Rooms	Opening Date[1]
The Norman	Independent	Tel Aviv	50	Q4 2014
The Elma	Independent	Zichron Ya'akov	100	Q2 2015
Brown Beach House	Independent	Tel Aviv	40	Q3 2015
Leonardo (Rothschild)	Fattal Hotels	Tel Aviv	156	Q1 2016
Leonardo (Rakevet)	Fattal Hotels	Tel Aviv	190	Q1 2016
AC by Marriott Hotel	Marriott	Herzliya	TBC	Q1 2016
Sir Benjamin Hotel	Sir Hotels	Tel Aviv	40	Q3 2016
W Tel Aviv – Jaffa	Starwood	Tel Aviv	125	Q1 2017
Setai Tel Aviv	Independent	Tel Aviv	115	Q1 2017
Isrotel German Colony Jerusalem	Isrotel	Jerusalem	250	Q3 2017
Kempinski Tel Aviv Hotel	Kempinski	Tel Aviv	220	Q3 2018
The Nitzba (rumoured)	Independent	Tel Aviv	800	Q1 2019
Azrieli II	Independent	Tel Aviv	160	Q1 2019
Isrotel Tel Aviv (Urban Hotel)	Isrotel	Tel Aviv	120	Q1 2019

Source: HVS Research

[1] Provisional

Hotel Values

The below indications for hotel values in Israel are based on trading results from 2012 to 2014 and our view of trading prospects for the foreseeable future. While the Israel hotel market managed to increase its value per room substantially between 2012 and 2013, albeit considerably below the level of top European cities, 2014 resulted in an overall average decrease of 2.7%. The strongest decline has been noted in Tel Aviv (11.8%), followed by Jerusalem (3.5%), which are a reflection of both the prevailing more volatile market as a consequence of the geo-political tensions as well as the increase in supply noted in both cities. Haifa managed to remain static whereas Eilat and the Dead Sea region hotel values grew by 3-4%. This is in line with the hotel performance of both areas as mentioned earlier in this article. Again, we have shown the hotel values of selected European cities by way of comparison.

CHART 13: VALUE PER ROOM (US$) SELECTED CITIES ISRAEL

	2012	2013	2014	% Change 2014
Tel Aviv	290,913	321,764	283,838	-11.8%
Dead Sea	201,245	215,198	223,667	3.9%
Eilat	179,454	209,920	216,747	3.3%
Jerusalem	156,884	201,699	194,642	-3.5%
Haifa	116,826	149,742	149,856	0.1%
Israel (Average)	**189,065**	**219,665**	**213,750**	**-2.7%**

Source: HVS Research

CHART 14: VALUE PER ROOM (US$) SELECTED CITIES EUROPE

	2012	2013	2014	% Change 2014
Paris	897,603	912,600	**936,233**	3%
London	850,678	850,518	**902,036**	6%
Zürich	669,527	682,117	**711,078**	4%
Geneva	613,888	580,665	**604,403**	4%
Rome	480,743	492,017	**498,919**	1%
Amsterdam	382,962	401,288	**426,075**	6%
Milan	373,101	386,639	**399,526**	3%
Munich	342,957	365,876	**385,781**	5%
Istanbul	466,706	415,351	**365,892**	-12%
Barcelona	315,195	330,903	**344,053**	4%
Europe Average	**323,677**	**325,480**	**328,032**	**1%**

Source: HVS Research

Hotel Investment

Despite increased tourism activity recorded in Israel, the prevailing volatility of the market in relation to the geo-political tensions does not work in favour of hotel investment in general and leaves investors to rather seek alternative opportunities. As per our research, we found one new transaction that has been recorded since our last publication. This transaction is currently still pending and relates to the Rimonim Hotel in Eilat. Furthermore, as per anecdotal evidence, the 25-room three-star boutique Shenkin Hotel in Tel Aviv, which opened in 2014, is rumoured to have been transacted at a sum of ILS15 million (ILS600,000 per room).

CHART 15: TRANSACTIONS (US$)

Date of Sale	Property	Number of Rooms	Price (US$)	Price per Room (US$)	Buyer	Seller
Pending	Rimonim Hotel Eilat	278	27,200,000*	98,000	Sella Capital Real Estate	Rimonim
Aug-12	Leonardo Inn Hotel Jerusalem	185	17,500,000	95,000	Kevin Bermeister and partners	Kedem Hotel Jerusalem Ltd
May-10	Regency Jerusalem Hotel	505	47,000,000	93,000	Dan Hotels	Promotora Dinamo
Jul-09	Portfolio of 11 Hotels in Israel	2,980	247,300,000	83,000	Fattal Hotels	Azorim Investment
Jul-09	Golden Tulip	250	25,500,000	102,000	Fattal Hotels	Eldan Properties Ltd
Mar-08	Golden Tulip Club & Golden Tulip	282 & 247	60,000,000	113,000	Fattal Hotels	Yitzhak Tshuva
Mar-08	Mercure B and P Tel-Aviv	103	16,600,000	161,000	Gertler Familly	Avner Levy
Apr-07	Sheraton Moriah Israel (56.5% stake)	88	23,800,000	272,000	Azorim Development and Construction	Koor Industries

Source: HVS Research
*estimated

Conclusion

The hotel market in Israel continues to provide interest and excitement, in spite of the tensions which the country experiences. Domestic hoteliers are used to adapting to the aftermath of geo-political activity, and interest from international brands remains strong in spite of this.

About HVS

HVS, the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming and leisure industries, celebrates its 35th anniversary this year. Established in 1980, the company performs 4,500+ assignments each year for hotel and real estate owners, operators and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 35 offices and more than 500 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. **HVS.com**

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With offices in London since 1990, **HVS London** serves clients with interests in the UK, Europe, the Middle East and Africa (EMEA). We have appraised some 4,000 hotels or projects in 50 countries in all major markets within the EMEA region for leading hotel companies, hotel owners and developers, investment groups and banks. Known as one of the foremost providers of hotel valuation and feasibility studies, and for our ability, experience and relationships throughout Europe, HVS London is on the valuation panels of numerous top international banks, which finance hotels and portfolios.

In Israel, HVS has worked on hotel valuations and feasibility studies throughout the country, in Jerusalem, Tel Aviv, Herzliya, Netanya, Akko, the Dead Sea, Mitzpe Ramon and Eilat. Russell Kett has been a regular speaker at the annual conferences of the Israel Hotel Association and other events.

We are grateful to the many hoteliers in Israel who provided operating data and other information for this report. We would welcome the participation of more hoteliers to enable greater representation of the country's hotel sector.

About the Authors

Jill Barthel is an Analyst with HVS London. She holds a BA (Hons) in Hospitality, Finance and Revenue Management from Glion Institute of Higher Education and an ECertificate in Hotel Real Estate Investments and Asset Management from Cornell. She joined HVS in 2014 after having gained experience in both accounting and revenue management in key positions with Kempinski in Munich, Beijing and the Seychelles. Since joining HVS, she has been involved in several valuation and feasibility studies in London, Amsterdam, the Nordic countries, Luxembourg, Ghana, Kenya, Spain, the Mediterranean regions, Mauritius and Copenhagen.

Russell Kett is Chairman of the London office of HVS and also serves on the worldwide Board of HVS. He has 35 years' specialist hotel consultancy, investment and real estate experience, focused on providing valuation, feasibility, shared ownership, property, brokerage, investment, asset management, strategy and related consultancy services, advising hotel companies, banks, developers and investors on all aspects of their hospitality industry related interests, throughout the EMEA region. Russell is a frequent writer, moderator and speaker on the international hotel industry, especially topics relating to hotel valuation, investment, marketing and finance. He lectures at leading international hotel schools including Ecole Hôtelière de Lausanne, IMHI-Essec in Paris, Cornell University, and Oxford Brookes University. Russell received a Lifetime Achievement Award by HOSPA, the hospitality professionals association, in 2011. He is a frequent visitor to Israel and maintains a home there.

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