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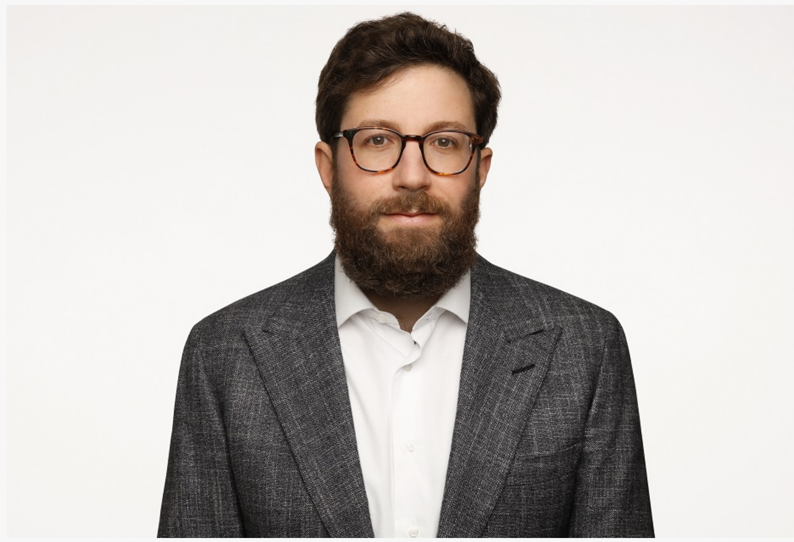
Castleforge predicts strong performance for the European hospitality market in 2024

LONDON, UNITED KINGDOM, February 19, 2024 /EINPresswire.com/ -- Despite challenging economic conditions in most global markets, property investment firm Castleforge expects to see increased opportunities in the European hospitality market, in 2024.



Michael Kovacs - Founding Partner, Castleforge

Castleforge were very active in the hotel market in 2023 and expect to see this activity continue and develop throughout 2024. In July, Castleforge completed extensive renovations, worth almost £2 million, on the 4-star Royal Terrace Hotel in Edinburgh, rebranding as a voco by IHG hotel.

In late November 2023, Castleforge completed a comprehensive refurbishment of the Hilton Cardiff, incorporating the addition of five new bedrooms. The transformation, valued around £9 million, was Castleforge's most significant hotel project of the year, and an indicator of the potential it sees in the UK hospitality industry.

Finally, in December, Castleforge completed the addition of 15 rooms at the Abbey Hotel in Bath, in a roughly £3 million renovation. This expansion brings the total number of rooms to 80, offering superior accommodation in one of the UK's most popular tourist destinations.

Following a strong 2023, there is also reason to be optimistic about the outlook for the hospitality market this year. Castleforge predicts that the continued return of Chinese tourism to Europe following lockdown will be a key driver of further hotel demand growth, with Oxford Economics forecasting an 82% increase in arrivals from China, generating over 33 million bookings.

Additionally, Castleforge predicts that domestic European tourism will remain strong, despite economic difficulties continuing to make their presence felt across the continent. Furthermore, a crackdown by local governments on short-term private rental services such as Airbnb in many cities, will be to the benefit of hotels.

While hotel investment volumes were low in 2023, a likely falling cost of financing will allow for greater investment and significant refinancing will likely increase stressed and distressed opportunities that investors can capitalise on.

Castleforge is looking to capitalise on these factors through investment in existing hotels in major British and European tourist destinations and leveraging opportunities to add value via improved operations and rebranding or repositioning.

Michael Kovacs, Founding Partner of Castleforge, said:

“With the many markets back to pre-pandemic trading levels, we see hotels in top European destinations as a fantastic investment opportunity.

“Our research has identified multiple trends, which we expect to power a strong 2024 for European hospitality. The return of Chinese tourism after the Covid lockdown is fuelling hotel demand, combined with the fact that many Europeans are also returning to travel within the continent, despite economic pressures.

“These trends, combined with our in-house research, give us confidence as we look to invest further in the hospitality sector in 2024. We see this year’s most significant opportunity in markets with strong leisure demand, including Europe’s most popular tourist destinations, and will continue to target these opportunities as they arise.”

Castleforge sees the most significant opportunities in city centre locations, which benefit from both international and domestic tourism, and predict the best cities to invest in will be those that skew towards leisure, with a mix of business travel.

Those cities with strong fundamental hotel supply-demand dynamics, including historic high occupancy levels, combined with a constrained supply pipeline, are particularly well placed to experience investment growth in the hotel market.

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