

Growth leader of overnight accommodations



A study of the scope and characteristics of the hostel market in the Netherlands.

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Hostels in the Netherlands: 37% growth in 5 years!

The growth relates to the increase in the number of beds. In Amsterdam, this growth has reached 74%.

Invast • hotels has conducted research into the market for hostels in the Netherlands. The development of many new hostels in and around Amsterdam and the scarcity of research regarding this type of accommodation were the reasons for charting out this market. All hostels that are included in this study satisfy the following criteria:

- Minimum of 20 sleeping accommodations
- Shared bedrooms/rooms
- Common area/kitchen

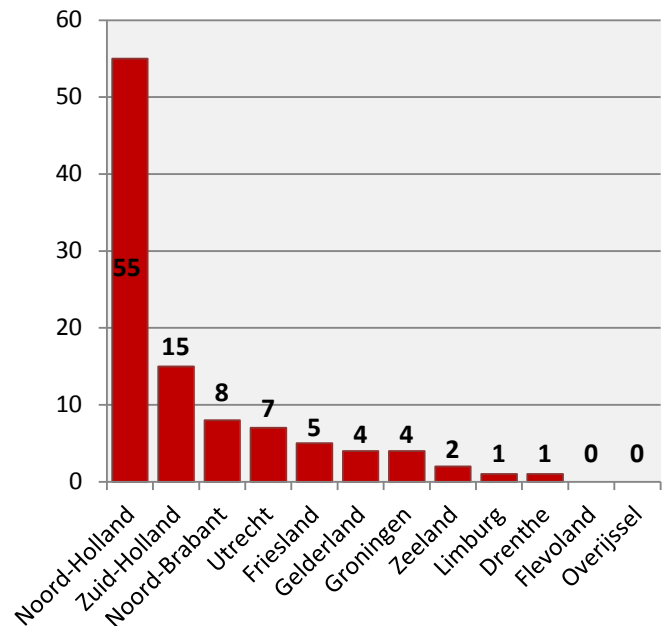
The hostels have been researched for location, chain formation, number of rooms, number of beds, size of the largest room, and the availability of female-only rooms.

In the Netherlands there are a total of 102 hostels, and the majority of these are found in the province of North Holland. The presence of hostels is strongly concentrated in and around Amsterdam.

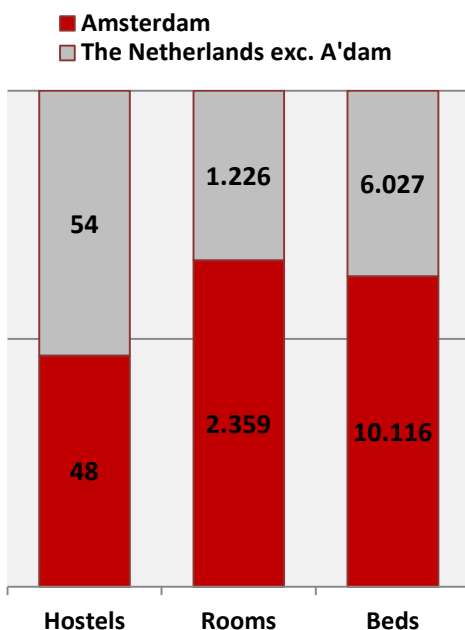
With no less than 48 hostels, Amsterdam offers housing for tourists, backpackers, groups of young people and students, among others. In the cities of Rotterdam, The Hague and Utrecht, there are 5, 4 and 5 hostels, respectively.

The average size of a hostel in the Netherlands is **158** beds. Of the hostels in Amsterdam, the average number of beds per hostel is considerably higher than the national average: 211 beds. This primarily occurs because of a number of large hostels from international chains such as Meininger and A&O, who have opened a hostel in Amsterdam in recent years and offer more than 1,000 beds per hostel. The average hostel size in the other parts of the Netherlands is 112 beds and 23 rooms.

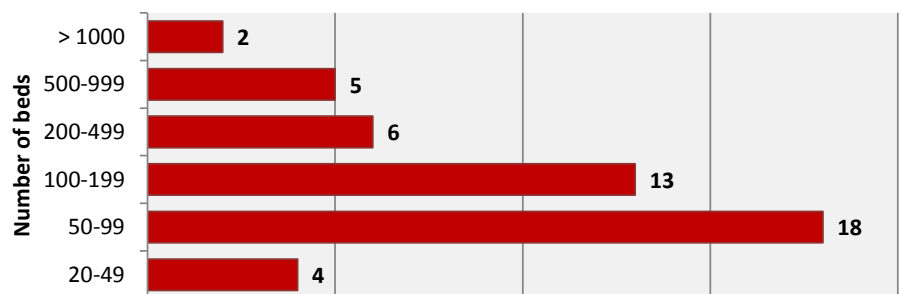
Hostels per province



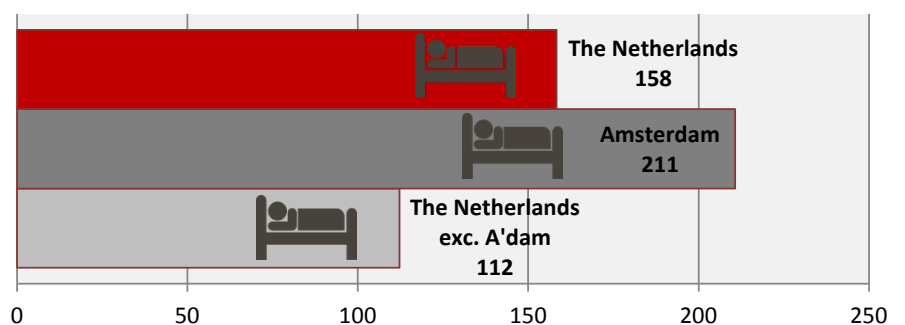
Number of hostels, rooms and beds



Amsterdam hostels by size



Average number of beds per hostel



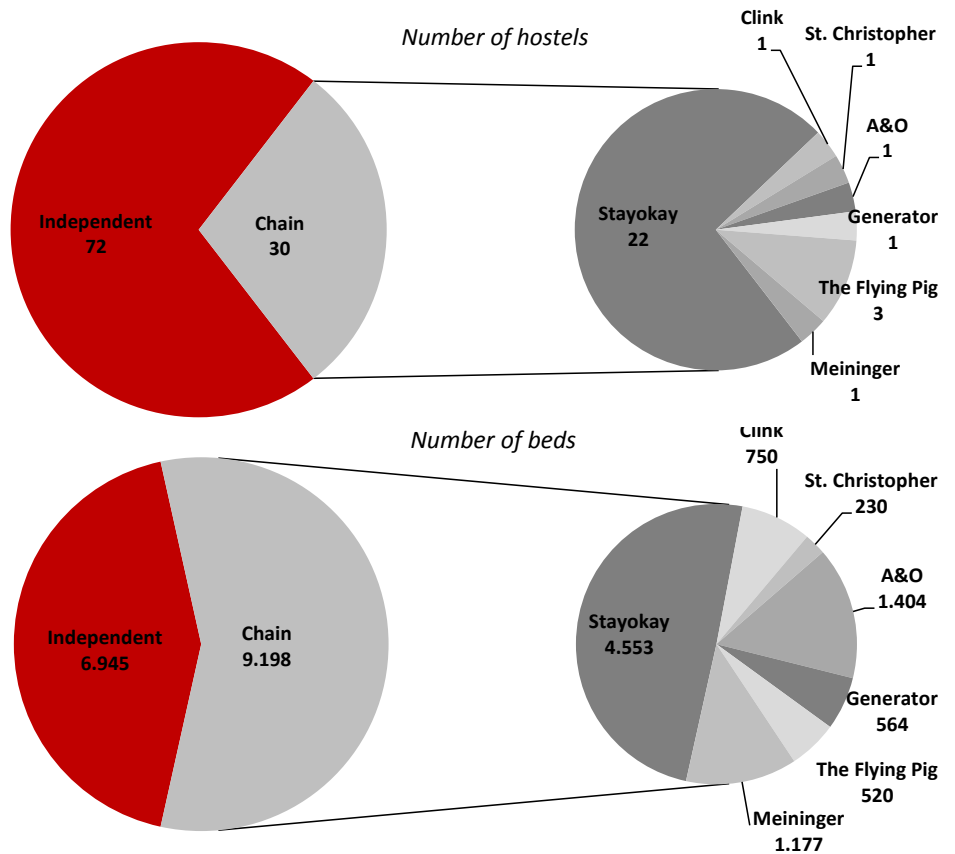
Hostel chain formation

When looking at the chain formation of the hostels in the Netherlands, it is clear that Stayokay has a large share of the total number of hostels. However, most of their hostels – 19 of the 22 Stayokay hostels – are located outside of Amsterdam.

International hostel chains have also found their way to Amsterdam in recent years. Meininger established itself in 2012, and quickly expanded to 1,177 beds. Generator, Clink and A&O came to Amsterdam in 2015 with, respectively, 564, 750 and 1,404 beds.

What is notable is that the large chain hostels make up the majority of the number of beds on offer. Independent hostels in the Netherlands are, in general, smaller in scale than the hostels which are part of an international chain.

Chain or independent hostels?



Developments

In 2018, Meininger will open its second Amsterdam location in the Amstel Tower near the Amstel train station. The hostel will be 7,500 SQM and offer 165 rooms with 850 beds in total. The existing Meininger hostel Amsterdam City West will be expanded in 2018 to 1,585 beds. Further, the first Dutch branch of Via Hostels (UK) will be located in an empty office building in Diemen, with 170 rooms and approximately 750 beds. Therefore, even more **expansion**.

Recently, hostels have opened in **extraordinary locations** and sometimes in even more **unique objects**. Such as the Alibi hostel in Leeuwarden which is located in the old prison and the Rebel Rebel hostel in re-used sea containers on the 'Suikerunie' grounds in Groningen. Stayokay has opened a new location in the centre of Utrecht, while it has sold its two hostels on Ameland and in Scheemda.

In March 2017, private equity fund Queensgate Investments purchased the Generator Hostels from Patron Capital and Invesco Real Estate. All 14 hostels have a total of more than 8,600 beds and were sold for around €450 million, which is more than €50,000 per bed. Moreover, TPG Real Estate bought the hostels of the German A&O Hotels & Hostels in January 2017. The **transaction** comprised 31 European locations and more than 20,000 beds.

The **success** of the hostels can be explained in part by the increasingly larger group of travellers who were born after 1980 – the so-called Millennials. They look for an affordable spot where they can be accessible 24/7 and can make contact with fellow travellers in the trendy common spaces. Locals are increasingly seeking out the common spaces of the hostels because of the social interaction and possibility to work online. In short, the Dutch hostel market is an interesting sector for both operators as well as investors.

27

hostels have 'female-only' rooms

1

hostel is only available to women

48

beds in the largest sleeping room

78%

of the hostels are located in cities with >100,000 residents

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