



HOTEL MARKET DAY 2023

The hotel
market in a
multisphered
world

THE FUTURE

Kjell A. Nordström: "We will rebuild and reindustrialize this planet."

MARKET TRENDS

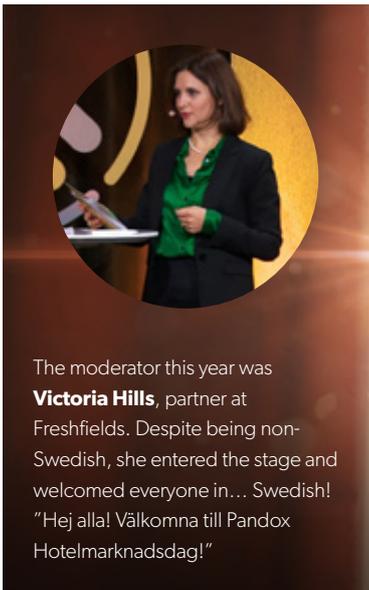
5 current hotel investment trends

UKRAINE

Views from the frontline with Tobias Thyberg

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The moderator this year was **Victoria Hills**, partner at Freshfields. Despite being non-Swedish, she entered the stage and welcomed everyone in... Swedish! "Hej alla! Välkomna till Pandox Hotelmarknadsdag!"

Production

This report is produced by Gabardin on behalf of Pandox.

Text: Ola Claésson

Art director: Anna Beijer

Photographer: Christian Gustavsson



THE HOTEL MARKET IN A MULTISPHERED WORLD

THE PANDOX HOTEL MARKET DAY has almost turned into an institution since we launched it 28 years ago. Over the years we have covered many strategic topics and themes. Unfortunately, this year's topic became much more serious and relevant than we thought when we began our preparations for it.

Geopolitical tensions are not new but the conflicts and wars following in their trail are. It was with this in mind we formulated the theme for 2023: "The hotel market in a multisphered world". What does the current geopolitical shifts and conflicts mean for hotel demand, hotel guests' expectations and hotel transactions?

We had a very productive day with the support of a number of leading experts. I would like to thank Per Schlingmann, Dr. Kjell A. Nordström, Tobias Thyberg, David Goodger, Robin Rossmann, William Duffey, Gilda Perez-Alvarado, Christopher Sanderson and Martin Raymond for their valuable contribution. Many thanks also to Victoria Hills for skillfully moderating these complex issues. Thank you to all participants who took part of the event – either in person or via webcast.

Another fully booked Auditorium at Hilton Stockholm Slussen proves the relevance of the Pandox Hotel Market Day as a platform for insight and networking in the Nordic hotel market and beyond.

IF YOU MISSED the Pandox Hotel Market Day 2023, or want to experience it again, you can do it [here](#)

THANK YOU ALL,
Liia Nöu, Chief Executive Officer



Sunglasses on or off?

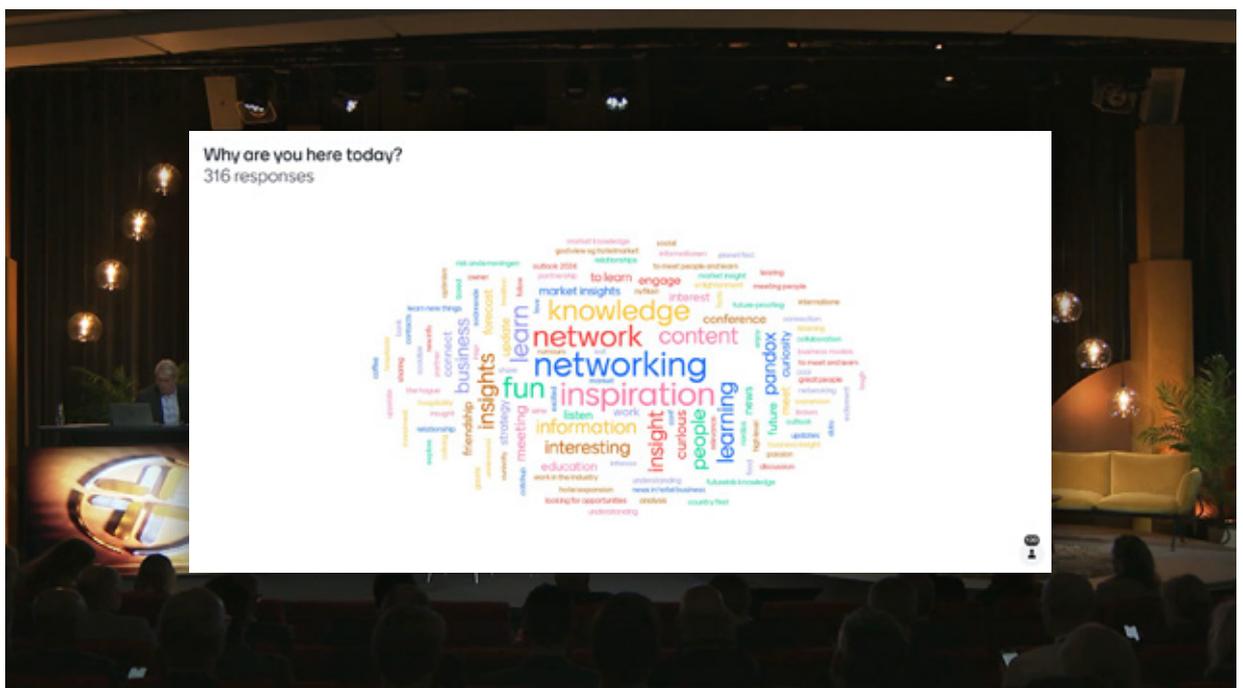
One of the first to enter the stage was Christian Ringnes, Chairman of the board. At the end of the pandemic, he put on sunglasses, because he considered the future to be bright. Last year he took off the sunglasses, but this year, he promised to put them on again. It serves a double purpose, he told the audience. First of all it is about not being distracted by short term turmoil. Secondly, we have to prepare for the brighter future to come as interest rates go down.

[Click here to watch the Hotel Market Day 2023 online](#)



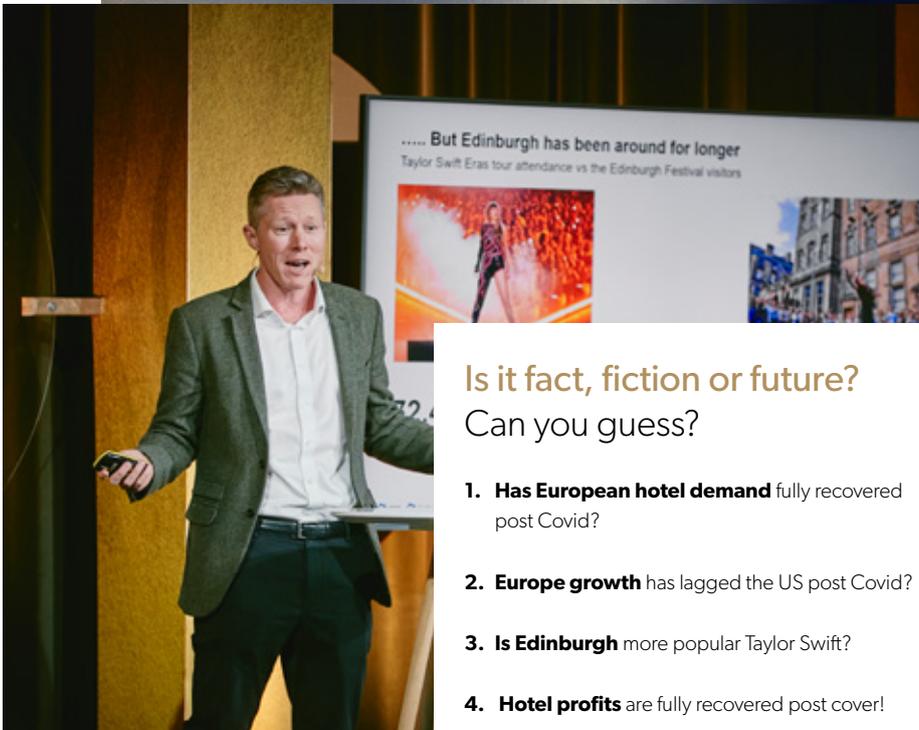
The front office

Anders Berg, Head of communications and IR at Pandox, sat behind the front office, constituting the link between the audience and the stage. By following the QR code, participants could ask questions related to the presentations. Anders Berg took on the task with just the efficiency and finesse, that is required by any front office personnel. Below you can see the audience's answer to the first question asked.



FACT, FICTION OR FUTURE?

Robin Rossmann, Managing Director, STR International, shared data about where the hospitality business is at. He did so by asking nine questions, and here are five of them:



Is it fact, fiction or future? Can you guess?

1. **Has European hotel demand** fully recovered post Covid?
2. **Europe growth** has lagged the US post Covid?
3. **Is Edinburgh** more popular Taylor Swift?
4. **Hotel profits** are fully recovered post cover!
5. **Sustainable hotels** perform better than other?

1. Fact ✓ 2. Fiction ✗ 3. Fact ✓ 4. Fact ✓ 5. The Future ✦



1. Cross-border hotel investment has contributed to 20 % of annual global hotel liquidity

2. Increased tensions persists which are likely to impact cross border investments

3. Outbound capital from India is likely to increase at a marginal rate in the near future

4. Europe relies heavily on foreign hotel investments

5. The high cost of debt, currency fluctuations and ongoing geopolitical tensions will likely all have direct impact on cross-border investment.

5 HOTEL INVESTMENT TRENDS

William Duffey, Head of EMEA Hotels & Hospitality Capital Markets, JLL, joined the stage to share his views of the global crossborder hotel investment. Here are his key takeaways.

Inbound Cross-Border
2000 – YTD Q3 2023



THRIVING ON CHAOS AND THE REMAKING OF THE WORLD

Victoria Hills welcomes **Dr. Kjell A. Nordström**, Economist, Author & Advisor and **Per Schlingmann**, Strategist, Author & Entrepreneur on to the stage. She describes them as a powerhouse that explores how humans can turn challenges into opportunities.



IN 1996, SHOPPING and *Fucking*, a play by English playwright Mark Ravenhill had its premiere. It was Ravenhill's first full-length play and is about the hedonistic London at the time. And only about 4 years earlier, Francis Fukuyama, had written his book *The End of History and the Last Man*. The book suggests that the world has reached an end point of history and will prosper.

According to Kjell A. Nordström and Per Schlingmann, this outlines a picture of the times around the 2000's.

– We lived our life like there was no tomorrow. In some way we thought that we had reached the

end of recessions and crises, Kjell A. Nordström says.

BUT THE WORLD imagined by Fukuyama abruptly came to an end in the beginning of 2020 when the pandemic came. And two years later Russia invaded Ukraine, and in March this year OpenAI launched Chat GPT. At the same time we get more and more reports about climate change. So, we now live in an era of many crises.

– Humans are lazy apes. But we can also get lots of things done if the pressure is high enough. Just look at what happened in the beginning of

Kjell A. Nordström,
Per Schlingmann and
Victoria Hills.



the pandemic. We came to work from home, went e-shopping and took huge leaps forward. So, we can also see these crises as a great opportunity, says Kjell A. Nordström.

IN ORDER TO tell what will happen, Nordström and Schlingmann points to that the automotive industry, an industry that employs 15 % of all people on the planet, usually knows what will happen. Because it's a brutally competitive industry it has for almost 80 years, been able to set the standard for the future. One example is LEAN, a production ideology introduced by

Toyota in the 1960's, that later set the standard for other industries. And personalization of the product - also here the automotive industry was leading the way in the 1980's.

- So, if we look at the automotive industry today, the biggest trend is undoubtedly greenification. When even Volkswagen is going green, it means something, says Kjell A. Nordström.

- Yes, greenification is definitely here to stay. It is currently in all investors minds. When even the giant BlackRock is talking about it, we can be sure this idea will dominate the world, says Per Schlingmann. ●

3 future world scenarios

Three possible scenarios for the world in the relatively near future, according to Kjell A. Nordström and Per Schlingmann.

1

My country first:

"Think Donald Trump, nation states, borders etc. This is a world where multinationals can prosper. In the end this is the continuation of the ethnocentric worldview."

2

We first:

"This represents a poly-centric world. We see that the idea of globalization is evolving to more value based regions. And what we will see rivalry between the regions. This is a new type of world with less globalization."

3

Planet first:

"Under the pressure to sort out the climate crisis, there is a soft dynamic, that will force the world to collaborate. Industrialization is no more than 200 years old. We have in principal built all that we see. But in this new geocentric planet first view, we will rebuild and reindustrialize this planet. This will drive massive growth!"



"When even Volkswagen is going green, it means something."

- Kjell A. Nordström



"Greenification as an idea will dominate the world."

- Per Schlingmann



VIEWS FROM THE FRONTLINE

Tobias Thyberg, Head of Department for UN Policy, Ministry for Foreign Affairs, was asked up to the stage for a chat with Victoria.

DURING THE RUSSIAN invasion of Ukraine, Tobias Thyberg was stationed in Kyiv as the Swedish ambassador.

Can you tell us about the day of the invasion?

– There was a strange feeling in Kyiv that day. The Americans had been telling us for some time that the invasion would happen, but a lot of European countries did not believe so. That day I was walking back to the embassy from a meeting when a phone rang. It was a representative for Sweden that told us to get out as fast as we could, and if we could not evacuate, to stay indoors that night. So, I assembled the team and since we had prepared for this could happen, we had also made a lot of plans. But we soon realized that plans are useless, but planning is essential. So, after some improvisations, we made it out.

Do you think the world could have done more to prevent what happened?

– Well, what I will say now is not the

“If Ukraine had been offered a credible plan for EU membership after the Euromaidan revolution, this would not have happened.”

– Tobias Thyberg

official Swedish government’s policy, but I personally believe that if Ukraine had been offered a credible plan for EU membership after the Euromaidan revolution, this would not have happened. The hypothesis that Russia’s objective has always been to eliminate Ukraine from the map, was not the basis of the decisions at the time. But if this hypothesis had been considered true, the decisions of world leaders back then would have been different, I am quite sure.

What’s your view of the support that is now provided to Ukraine by the Western level?

– What is difficult, is the idea that the collective west, the idea that the unprecedented military and financial support, and for which we have every reason to feel proud, is not enough to bring on a solution to this war. Yet, it is not enough! ●



ECONOMIC AND TRAVEL TRENDS AND OUTLOOK

David Goodger, Managing Director Tourism Economics, Oxford Economics, entered the stage to talk about trends and outlooks for the hospitality industry.

Where is the market heading from your perspective?

– Two years ago we were very pessimistic. But what has happened since then is actually rather positive. Growth has exceeded expectations by far, and this year we are looking at about 2–3 percent global growth. That is much better than expected! But does that mean that we are more positive now looking into the future? No, not necessarily. I would say that we should have cautious optimism.

DAVID GOODGER SEES that growth in 2024 will be lower than expected. One of the main

challenges for the year to come and forward is the high interest rates, and he expects them to remain high for some time ahead.

– Even though interest rates will go down eventually, we can not expect them to be at the levels we have been used to in the past. Consequently, the high interest rates will result in a slowdown of GDP growth in the advanced markets.

He adds:

– But there are also other risks, and one of them is the different geopolitical developments. One scenario that we have looked at is that the Middle East conflict will be prolonged, and by

“One scenario is that the Middle East conflict will be more prolonged.”

– David Goodger



benchmarking on previous conflicts in the area we have analyzed where this might take us. First of all, we are today less reliant on oil than in the past, but still, given all the other weaknesses, this could still be enough to tip us into a global recession.

ONE OF THE optimistic things to consider is that households still have savings left after the pandemic, and this can mitigate the downward trend.

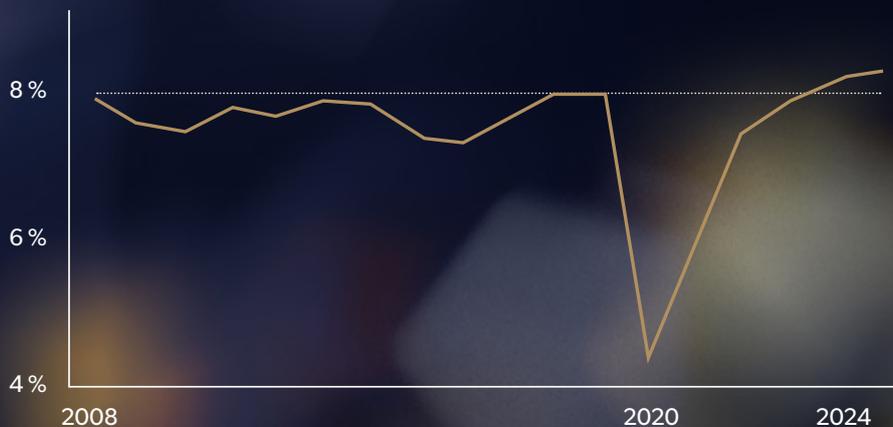
– We see that many spend their savings on travel and that there is a strong need to go out and get new experiences. If we look at how people travel we also see that domestic and international travels are back! Domestic is leading the way, a rebalancing that was needed to take place. So, there has been a clear recovery! Today we see that people spend about the same on travel as before the pandemic. ●



David Goodger, Managing Director Tourism Economics, Oxford Economics.

LEISURE TRAVEL SPEND SHARE OF CONSUMPTION

Advanced Economy outbound and domestic travel spend (%)



“THE GENERATIONAL TRANSITION POSES BOTH CHALLENGES AND OPPORTUNITIES”

Gilda Perez-Alvarado, Group Chief Strategy Officer, Accor, joined Victoria up on stage to talk about her new work.



SINCE GILDA PEREZ-ALVARADO just moved from the States to Europe, the first question was given...

What's the biggest difference between working in the US and Europe?

– I would say that there is a big difference. The US is a commercial machine. It's all about how to make money and business. After many years in the states, I wanted to have a new perspective. I wanted a different context. I wanted to be a part of a business and culture that was more personal, and here in Europe, the way of business is just that.

Do you also see a difference between the US and European perspectives on the climate crisis?

– Yes, there is a big difference in the boardrooms.

“The young generation has a different mindset, they travel differently and use technology differently.”

– Gilda Perez-Alvarado

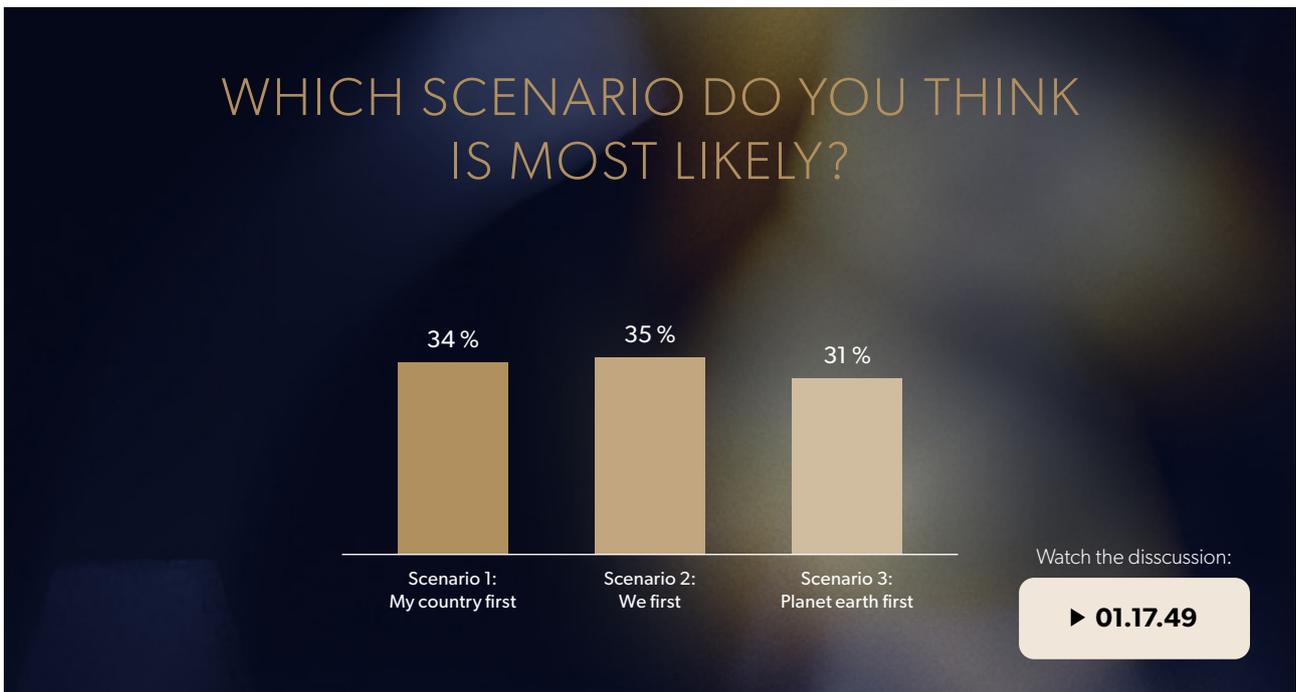
From a regulatory perspective, the EU is miles ahead. But I am certain the US will catch up.

What is your general view on the hotel market today?

– We have a lot of geopolitical noise at the moment in the advanced markets. And I think many see that they can have better returns on their investments in other parts of the world. But there are also very interesting secular trends. For example, we have the generational transition, that will hugely affect the hotel market. The young generation has a different mindset, they travel differently and use technology differently. This poses both challenges and opportunities. ●

POLL RESULTS

The front office administrated the digital voting of two questions.
You'll find the results below ...



THIS YEARS COMIC RELIEF WAS... KELLY!

Kelly is a talkative hotel guest, that might need some interpersonal training. She likes to have a drink or two at the hotel bar and talk with whoever wants to listen. She knows a lot about hotels. She even considers herself as the spokesperson for – well, follow the link below to watch.

▶ 02.41.13

