AZƏRBAYCAN RESPUBLİKASI TƏHSİL NAZİRLİYİ

AZƏRBAYCAN DÖVLƏT İQTİSAD UNİVERSİTETİ
"SABAH" Resurs mərkəzi

FACTORS AFFECTING HOTEL INVESTMENT: EVIDENCE FROM WORLD BUSINESS CORPORATIONS

BURAXILIŞ İŞİ

Elmi rəhbər: Sadıqova Qərənfil Feyzulla
Tələbə: Məmmədbağırova Səadət Mahir

Bakı-2019

CONTENTS

INTRODUCTION

When thinking about the hospitality industry, we usually think about restaurants and hotels. By that time, the term hospitality industry has a much broader meaning. According to the Oxford English Dictionary, hospitality means receiving and entertaining customers, strangers and visitors with liberality and goodwill. The word hospitality comes from hospice, the medieval “holiday home” for travelers and pilgrims. The hospice was also early in the nursing home, and the word is clearly associated with the hospital. In addition, hospitality also applies to other types of establishments that offer lodging or food, or both, to a person outside the home. Such institutions have more than a common historical heritage. In addition, they also share the problem of managing food and shelter management, for example: building construction; cook and serve food in good faith; providing heat, light and energy; and cleaning and maintenance of the premises. When customers stop at a hotel or dine at a restaurant, they hope that all these problems can be resolved with liberality and goodwill, but they can also rightfully expect the same treatment in the dietary department at a medical institution or at school dining program.

Despite the recent economic downturns, tourism-related investment has grown significantly over the past few decades and is projected to continue to grow after 2010. The private and public sectors are increasingly motivated to increase the sustainability of these investments. There is a growing awareness of the need to preserve the unique natural, social and cultural values of destinations. It is clear that a healthy environment supports the competitive advantage of the destination. Consumers also have greater opportunities and access to information, and can better assess the sustainability of their travel options. However, the investment process in tourism is complex and involves various stakeholders, whose differences in nature, scope of activities, and time frame planning make it difficult to effectively apply the principles of resistance to investment in tourism.

Investment in hospitality business can provide community well-being through important economic growth and employment opportunities for the local population. However, poorly planned and poorly regulated investments can have very serious social and environmental consequences for countries and affect the competitive advantage of destinations in the short, medium and long term. This publication emphasizes the critical importance of adopting sustainable principles in tourism investments and identifies key stakeholders, milestones and proposed entry points.

The dissertation on the factors influencing investment in tourism consists of 3 main topics. The first chapter is called "Investment and Tourism Growth". This chapter deals with state policy in the field of investment, investment in hospitality industry and factors affecting it.

The second topical is called "Factors affecting tourism and hotel investment". This chapter consists some heading that "Factors influencing the investment policy", "Barriers to Investment", "Foreign Direct Investment (FDI) in Tourism Sector" and "Major figures in the world hotel industry". I have devoted a special topical about investment strategy in the world hotel business and I try to explain the cases about these strategies.

2. INVESTMENT AND TOURISM GROWTH

Many developing countries today are looking to tourism as a potentially promising avenue for economic and human development. This perception is relatively new for some of them, and reflects the rapid increase in tourism arrivals, numbers and revenues for many developing countries in recent years. Traditionally, tourism has been given lower priority than agriculture or manufacturing since it has not been considered a significant or appropriate source of growth. Increasingly, however, the sector is being valued as a means of earning export revenues, generating jobs, promoting economic diversification and a more services-oriented economy, helping to revive declining urban areas and cultural activities, and opening up remote rural regions. Investment is one of the vehicles through which developing countries can develop their tourism sector; but the dynamics investment and its implications in this growing sector have been relatively little studied.

2.1 Investment and Inclusive Tourism Growth

The growth of tourism flows has required and been facilitated by way of investment in infrastructure, to transport site visitors from their point of origin to and round the destination, accommodate site visitors all through their trip, and provide dining, leisure and other facilities. Much of this investment is nonpublic sector driven (e.g. resort facilities, leisure attractions). Public funding by all levels of government additionally performs an indispensable role - to make natural and cultural resources accessible, and when well managed also act as a catalyst to bring private investment.

Attracting tourism investment has become a highly competitive business in many countries, given tourism's possible to make a contribution to economic development, mixed with constrained public budgets and a shortage of investment capital. Private investment is necessary if tourism is to make contribution to economic development, and governments are increasingly looking to foreign investors to grant the capital needed to improve the tourism sector.

Boosting investment for tourism hospitality remains a priority in many countries, as the nature and depth of traveler flows, and their impact, are generally decided by means of the availability of infrastructure. A lack of investment in exceptional infrastructure can be an obstacle to the increasing of tourism location and businesses. The actual nature and characteristics of this investment, the infrastructure it creates and the tourism flows it helps have economic, environmental and social-cultural consequences.

Public and private investment can enhance the attractiveness and competitiveness of a destination, and guide SMEs and regional development. It can lead to quintessential modifications in a destination, influence the vacation spot image, and put pressure on the natural environment and local community. Main policies are needed to increase the level, quality and effectiveness of funding in tourism, and promote sustainable and inclusive growth.

Tourism growth is opening up new opportunities in many countries, but it's additionally creating new challenges. So, investment may prove indispensable in managing this growing tourism demand in a sustainable manner. Continued strong boom in international tour flows is putting strain on available infrastructure and increasing the want for additional investment, to address supply-side bottlenecks. Finding the right stability between tourism supply and demand has grown to be a key policy precedence in many countries: not only national, regional and local level, but also industry sub-sector, and by market segment.

Growth in the volume of tourism is taking place alongside changes in demand patterns and journey behaviors. Competition between and inside location has increased, and there is developing momentum to develop and deliver unique, high level tourism experiences for a more different and demanding tourism consumer. Wider tendencies are additionally having an impact, including digitalization, technological developments, geopolitical and economic context, protection issues, and the transition to greener increase paths. New forces are re-shaping the world investment landscape, inclusive the emergence of new important outward buyers such as China, the spread of international value chains and symptoms that investment protectionism pressures are on the rise.

The grant of tourism infrastructure will need to make bigger and adapt to cater to these tendentious and developments, and open up new opportunities. Quality tourism funding is also needed to control forecast growth in an inclusive manner. This requires ample degrees of investment to maintain, refresh and improve the present tourism provide and increase new products, tackle infrastructure gaps, innovate and capitalize on future growth opportunities. This funding needs to be properly focused and centered on priority investment needs in line with tourism and main policy goals, to maximize value for cash and investment returns, keep away issues related with excess or scarce capacity, and make a contribution to urban and rural development and different economic, environmental and social goals.

2.1 Government Policies for Tourism Investment

Tourism is an economic activity that needs policies to regulate all varieties of activities. Several concerns are put in mind when formulating policies to cope with these financial activities. Tourism is viewed as one of the rapidest emergent industries in the world and it is an essential contributor to monetary growth, as well as, a foreign exchange earner to some economies. As a result, governments put lots focal points in coming up with sustainable techniques and policies that would assist maintain excessive standards of tourism in those countries.

The main goal of many governments is to formulate tourism policies to act as a pointers to all tourism process, operations and management. These policies are often closer towards sustainability that is in line with world best practices, to allow for competitiveness of their countrywide tourism enterprise regionally and globally. However, governments frequently face various barriers to coverage implementation, and this tends to gradual down the process of improvement of this dynamic industry. The most common obstacle to sustainable tourism implementation in many global locations is financial coverage over environmental and social concerns. This barrier is strongly linked to the non-permanent issues of political leaders who play an important role in tourism strategy implementation and development.

Tourism in many countries across the world, more often than not relies on authorities policies to operate. Funding is an authority's responsibility in most cases, with the nonpublic sector coming in with other necessities such as accommodation, transport and enjoyment facilities. As such, most obstacles to policy implementation arise out of public influence. Politicians supple lots center of attention to short-term economic targets that prioritize economic features such as job creation, and improvement that come up with immediate or short-terms results, as hostile to those policies that take longer time to gain such a tourism policies. Tourism sustainability policies regularly require extra than ten years to be realized whereas, political sequence, and bendy policies should be designed to cope with this fast progress on all spheres of have an effect on tourism and tourism world.

Governments have responded to these tendentious and challenges with a variety of extraordinary initiatives to strengthen the funding environment and increase the satisfactory of investment in the sector. These consist of tourism investment strategies (Australia, Ireland), committed capital expenditure funds and government-led investment schemes to mobilize lengthy time period tourism investment (France, New Zealand), tourism investment promoting and facilitation supports (Finland), changes in the travel regulatory framework to make it simpler to do commercial enterprise (Israel), fiscal incentive schemes to direct private funding (Philippines), and green funding initiatives to promote more sustainable practices in tourism (Mexico).

Policy makers need to better apprehend investment trends in the sector, and the barriers and challenges facing special stakeholders (public and private, internal and external, international and domestic, large and small, with one of a kind commercial enterprise models and possession patterns, and from exceptional branches of the tourism sector). More information is additionally needed on effective and coherent insurance policies to increase the level and quality of investment in the tourism sector, promote higher use of public monies, and make bigger private investment and guide destinations in their transition towards low carbon development.

A variety of unique elements have an effect on the choice about where, when and how lots to invest, along with the return on investment potential, investment process, and also the cost and ease of doing business. Other influencing elements include: the general policy, macroeconomic and commercial environment (e.g. the legal, planning and regulatory frameworks, guidelines and procedures); availability of tourism policies, market records and future growth plans; funding promotion and facilitation activities; governance arrangements; human assets capacity; and initiatives to motivate responsible business conduct and green growth.

The increasing importance of tourism as a main profits earner for many economies across the world implies that countries are assuming a multiplied control over the tourism sector. Governments therefore layout policies aimed at accomplishing precise desires main goals and objectives, which are applicable to the country's tourism region at the state, national, or municipal levels. Therefore, for many countries, tourism strategy reflects the normal economic policy of the country, and is hence built-in in it.

Tourism policy is a public policy; potential that it is normally formulated by the public sector. The public area in this case includes the central government, nearby authorities as well as, public business. To reap this goal, all applicable sectors in tourism want to be concerned in the technique of formulating the policies. The government policies need to be drafted in a manner that is effortless to apprehend and interpret. Insurance policies are guidelines, meant to serve for decades, and therefore, they should be easy to interpret through any folks who need to be worried in the implementation process. While formulating public tourism policies it is an important technique to come up with policies easy to be put in-action, not all formulated government policies get carried out and this is attributed to variety of factors. These elements consist of among others; ambiguity of objects proposed in the method stage, lack of company among stakeholders, lack of enough data on the goals to be met, as well as, the skill of achieving these goals, and lack of dedication from some stakeholders.

Other factors that often influence policy implementation are: misappropriation of resources and lack of transparency in decision making. Prioritization that does not match the intended design also leads to poor policy implementation.

In order to properly implement tourism policy, stakeholders should focus on the following factors in the implementation process. First, the policies developed by the government should be consistent with the needs of the local population. Many politicians face barriers at the implementation stage because most of the programs developed by the centralized administration of the national government do not take into account the goals, skills and knowledge of local stakeholders in both private and public life.

Another factor to consider when implementing a tourism policy is to ensure clarity in the role of the various stakeholders involved in the process. Thus, it is necessary to ensure proper management of the interaction between the various stakeholders involved in the implementation phase. Local governments should also be empowered to address local tourism development factors. Failure to involve the local administration will result in lower-level actors not participating in the political process, leading to failure. Finally, it is necessary to ensure proper coordination and interaction between all participants involved in the implementation process.

The development of tourism policy is as sensitive as the policy itself, and requires the full commitment and contribution of all stakeholders involved in the process. The policy formulation sets the framework for the development of tourism and provides detailed information on specific activities that should be carried out within the framework of the stated policy. The government plays an important role in the development of tourism policies and acts as a controller for various stakeholders in the process. Both the private and public sectors involved in tourism rely heavily on government decisions, as well as on legislation to regulate how the tourism sector works. In addition, the government is the main financial support for the sector, especially in developing countries, where tourism is almost entirely dependent on government funding.

In developing tourism policies, governments should usually consider the following issues; the first question is efficiency, which refers to the extent to which the policy being formulated meets the goals and objectives of the tourism sector. Here it is important to consider how quickly the policy will meet its objectives, as well as the flexibility of goals regarding the dynamics of the industry. The government also needs to analyze the cost-effectiveness of the proposed policy. This includes comparing the cost of policy option and effectiveness in achieving policy objectives. In addition, additional measures need to be taken to ensure that the specific policy objective provides valuable and ongoing motivation for the tourism sector.

It checks whether host communities and visitors are able to behave in such a way as to support the industry. Finally, policymakers must ensure that the policies chosen are administratively, politically and socially acceptable. This checks the performance of selected targets.

Tourism policy helps reorganize the tourism sector by encouraging the participation of various stakeholders. It helps to involve many people in the game, which helps to create jobs. The formulation of tourism policies also helps to increase the responsibility and coordination of actions of various administrators in the tourism sector, which leads to an improvement in the balance of payments. Empowering local authorities and enabling them to influence the development of tourism in their local communities contributes to regional development, which leads to increased incomes and income levels throughout the country.

Based on all the above-mentioned literature and discussions, as well as a result of the previous review, the development and implementation of tourism policy in the TRNC are subject to similar factors. However, they differ depending on overlapping authority, unclear roles of players in tourism, lack of long-term vision and government encroachment.

Policies are needed to see the results of any activity in the country. However, the existence of policies without proper implementation exceeds their goal, since the changes will not be visible. For researchers who are based on tourism, politics is a very important component of research. This section describes tourism policies in other countries compared to TRNC policies and how to better integrate them into the tourism industry.

In tourism, government involvement is important, and in African countries as a relative example that needs to be studied for an in-depth understanding of the relevant situation in the TRNC, the role of government in African countries is to ensure that they use tourism as an economic tool for transforming the economy and development.

According to the World Bank, government participation has contributed to the development of tourism in the following countries; Mauritius, South Africa and Tanzania. When the public creates favorable conditions, tourism receives a great benefit. Sub-Saharan African countries focus on tourism as a source of foreign exchange for their economies, concentrating on the private sector. A country like South Africa has used this strategy in many ways and thus has improved its tourism industry. However, there are global concerns about public participation and the environment in most countries.

In South Africa, tourism policy implementation takes into account the improvement of companies that were previously disadvantaged in sector. Namibia too follows the same path in its tourism policy implementation. Namibia is one country where numerous studies on tourism policies have occurred. In the country, after mining, and agriculture, tourism is another huge foreign exchange earner. Through the studies, various tourism policies have come to being. Just like in South Africa, a complex collaboration of a large number of players, with a few large players and various SMMEs (small, medium and micro enterprises) in composition. According to the 2008 National Tourism Policy, it is a representation of the ideas of all stakeholders in the tourism industry. Namibia intends to use tourism to reduce poverty in its vision 2030 strategic plan.

In Namibia, the tourism policymaking process began in 1995 and included more than twenty seminars. During the workshops there was a policy development and commenting. In 2005, the first draft of the Board was distributed to key stakeholders, and the second draft was submitted in 2007. The final National Tourism Policy for Namibia was agreed on December 4, 2008 and released in June 2009. The policy objective was to mobilize resources for the implementation of the sustainable national goals of the Third National Development Plan of Namibia (NDP3). NDP3 intended to have a master plan for tourism by 2009. He also envisaged that all regions and local governments would also have development plans by the same year. This, however, was not successful due to the lack of government ability to implement such policies. Most developing countries have almost the same reasons for developing a tourism policy as Namibia.

Many countries, large and small, have some knowledge to understand the importance of tourism in their economies. Consequently, they came up with actions to increase the sector. The most important in this regard are the programs and policies that regulate the tourism sector. Australia, as another example, is one of the countries that have developed tourism policies to raise gross domestic product - this is the economy. In Australia, the Department of Resources, Energy and Tourism is responsible for all matters related to tourism, and accordingly advises the government. In developing policy, he is involved in security and transportation relations, passenger and visa handling, taxation, labor issues and skills affecting tourism, and the resilience of the tourism sector. Another activity is quality assurance in the industry, the development of local tourism and the overall development of the tourism sector as a whole.

The Australian government has formulated strategies for long-term use in the tourism industry. The strategy, which was launched in 2009, was aimed at maximizing the net benefits of tourism by reforming the supply. Some of the reforms were the removal of regulatory barriers to facilitate investment in tourism infrastructure. Another reform was aimed at addressing the problem of lack of skills and manpower, as well as at improving access to aviation, as well as at implementing a research program in the field of tourism. The authority responsible for marketing tourism issues is Tourism Australia. Thanks to the implementation of the policy, the industry has achieved an increase in revenue of 2.5% during the year.

2.3 Investing in the Hotel Industry: a profitable asset

The global financial crisis of 2014 had a serious impact on all industries, and the global hotel industry was no exception. The crisis has led to a decrease in the value of assets and temporarily to a limited credit environment.

Investors suffered losses, and those who overcame the crisis did not want to repeat this experience. Recovery is in full swing: the hotel business base of the hotel business is strong throughout the world, and in some regions the overall figures are steadily growing.

Although the prospects have improved. There are new sources of funding. Changes in financing development and growth. New sources of financing are emerging, and various ways of structuring debt are being explored. Changes are also occurring in global capital flows to finance development and growth.

Many investors are especially well aware that their business is very interesting and affordable, they must also follow the generally accepted method of capitalism and, as a rule, prefer modest and promising areas of investment. It was time to start playing in oils, the only emerging Internet companies (in the early 2000s), now they are looking for various technological industries and so on.

The real place in the industry is occupied by the hospitality industry, the number of hotels and business. This is a continuous investment format and a business that has a long history, as many people just started traveling (as people just started traveling), were stolen or even modernized and have all the opportunities for investment many years ago. ,

This is due to factors:

- Increase the mobility of the planets, which will help you learn how to stay at the hotel, as well as on vacation;

- Standardization of hostess network services creates a specific system guaranteed by the site location and at any time for users;

- By attracting technology to high-tech services, customers can use online services, starting with online booking and individually providing the best service at the hotel;

- The emergence of more and more non-standard formats of hotel services, such as, for example, city hotels, rural tourism, etc.

Due to the fact that the investor analyzes possible points of ownership, capital can be divided into two-dimensional business:

1. The first is the geographical superiority of the hotel business.

2. The second is the analysis of hotel technologies at the present stage and with prospects for the near future.

If we talk about the first direction, it is not surprising that European hoteliers still set the tone for the entire hotel business in the world. And the main legislators of the hospitality industry are the countries of Southern Europe (Spain, Italy, France, etc.). As the most priority areas for the acquisition, creation and operation of the hotel business.

The southern region of Europe is characterized by increased optimality of the price / quality of services, incoming flow and investment in the hotel industry. This is due to low prices for commercial real estate. The favorable climate and coastline guarantee a significant income for hotel owners.

Figure 1

For example, a small hotel in Spain potentially brings about 300 thousand euros of net income per year. In addition, in European countries you can only acquire the rights to do business, which eliminates the need to buy fixed assets, i.e. the property itself.

The cost of the right is around 350 thousand euros in the amount of rents about 50 thousand euros per year. Additionally, in Europe, crediting of promising areas of business is being actively implemented on favorable terms for the merchant (with a reduced interest rate).

If we talk about the second direction, then among the standard formats of hotel services, exclusive types of hotels and services are increasingly gaining popularity, for example, such as:

- mini hotels or hostels
- family hotels
- hotels in natural parks, mountains and difficult landscapes
- technologies of joint ownership of one hotel room by several small investors like car sharing
- Use of custom-order technologies like "Airbnb".

In addition, the investor should have an idea about the general system of the hotel business in the world.

In world practice, several models of the organization of the hotel business have been formed:

1. Model Ritz received its name in memory of the Swiss businessman Caesar Ritz, after whom many prestigious hotels in the world are named. The focus of these hotels is on maintaining European traditions of refinement and aristocracy (these include, for example, the Palace Hotel in Moscow), but this model is currently in crisis.
2. The model, named Kemon's Wilson, is focused on greater flexibility combined with relatively high standards of service (Holiday Inn hotel chain).

Important requirements of the hotel chain, organized according to this model, include:

- unity of style (architecture, interior), symbols and external information;
- the speed of customer registration;
- availability of rooms provided for regular customers;
- breakfast buffet;
- availability of a conference hall;
- Flexible tariff system; unified management, marketing and communications services model.

Under the control of hotel chains, built on this model, are more than 50% of hotel rooms in the world. Such networks are managed by one owner (parent holding).

The third model is "independent" hotel chains. In this case, under a single trademark, hotels are combined according to some uniform features that meet certain standards and sets of services, regardless of the country of their location.

Such networks include, for example, "Art Hotels" ("Best Western Hotels") and "Aerostar" ("Supranational Hotels"). Families or associations - "The Leading Hotels of the World", "Preferred Hotels & Resorts Worldwide", "Small Luxury Hotels of the World" and others.

How to invest in international hotel and hotel systems?

The most affordable way for most private investors is to invest through stock trading floors. In almost any European or American stock exchange, one can find hotel chains and consortia.

2.4.1 Hotel Investment Opportunities and Challenges

1. *Fluid Hotel Transaction Market*

In general, the LIIC survey for 2018-2019 shows that "business as usual", also general tendention is that the modern market is similar to 2017. On the other hand, the hospitality transaction market is not stable - hotel assets are traded. Buyers and sellers are energetically using reliable debt of hotels in various forms for transactions. Private investment and registered REITs are expected to head the purchase of high-end luxury hotels, also small private buyers, additionally regional owners / operators will dominate the purchase of high-end low-cost hotels.

2. *Benefits of tax reform for owners*

How will the recent tax reform bill impact hotel owners? Main part of investors (67 percent) say positively: 41 percent expect an improve in GDP growth, and 28 percent predict a corresponding grow in business travel. Within the next 24 months, 70 percent believe the economy will continue its upward trend.

3. *Hotel Possessions Values Flat or Developing Slightly*

Over the next 12 months, it will be flat compared to 2017. However, the forecast for the same group (41%). Favorite investment targets of buyers include high-class (37 percent) and high-class (37 percent).

4. New housing

The main part of LIIC members (78 percent) indicated that the supply of new hotels is a main issue for funding.

5. The increase in interest rates

Due to the gradual development in interest rates - up to 100 BPS during next 12 months - investors say sellers want to understand the efficiency of raising interest rates on asset prices for hotels that they want to sell.

The basic concept of the industry is quite simple: give travelers a place to relax, as well as entertainment that will help them enjoy their destination. But behind this theory we will find a lot of hard work on the construction, maintenance and operation of hotels and resorts. The primary stage includes finding the right property, obtaining a permit and funding to continue construction. After physical real estate is in place, hotels and resorts need a lot of staff and management to maintain and operate the services. In addition, in conditions of substantial competition in the industry, these companies must have a marketing presence to promote their functions in order to attract visitors.

2.4.2 Case: European hospitality real estate market investment overview for 2019

Global real estate investors have a positive view on the European hospitality market for 2019.

For the 22nd edition of the International Hotel Investment Forum (IHIF), Tranio conducted a joint survey in collaboration with the event to better understand the level of interest for European hospitality real estate from across the world. Over 200 industry professionals were surveyed in an effort to reveal the most attractive locations for investment in Europe while taking account of their budgets and strategies.

Most of the survey participants were or were represented by British investors, followed by representatives from Germany, Spain and the United States. In the first place in the list of the most sought-after places for investment in hotel real estate were Spain and Germany, based on the collected data. Most participants indicated that they or their clients would look for value-added opportunities with the support of budgets in excess of 10 million euros. A number of respondents also expressed their willingness to continue to invest in hotel property in 2019, rather than liquidate their positions.

The geographical origin of investors was quite diverse: respondents from 57 countries. Most investors came from the UK (29), Germany (19) and Spain (16), but the presence of Russian, Saudi and Emirates in the European hospitality market is also evident. The top 15 countries in the presentation are shown in the graph. The results of a joint study of Tranio and MR & H (Forum Resort and Hotel Real Estate Forum), conducted in 2018, showed that the Mediterranean region is especially popular among the American (44%), Russian (41.5%) and Chinese (29%) investors.

Russians occupy high places in both polls, which means that their interest in hotel real estate in Europe remains high. About 65.6% of respondents come from Europe. These figures are similar to those obtained at CBRE's “Survey of Investor Intentions in European Hotels in 2018,” where analysts also found that most of the capital invested in the European hospitality market comes from Europe (65%), and the Asia-Pacific region (17 %) secondly, and America (15%), following closely.

Figure 2. Geographical origin of investors

When it comes to market attractiveness, Spain (55%), Germany (54%) and Italy (42%) make up the top 3 most appealing investment destinations. With a relatively stable economy and developed hospitality markets, this should come as no surprise. Countries such as Greece, which are experiencing a tourism boom and a rapidly growing/recovering market are also becoming very popular with investors due to the potential to obtain high returns. Similar results were gathered as part of the Mediterranean hotel real estate market report, where participants ranked countries based on their market perspective. On average, respondents of the Tranio and MR&H joint survey indicated that they were likely to invest in a hospitality sector in Spain (54.5%), Greece (54%) and Italy (25.5%).

The quantitative data obtained in the poll was also confirmed by Tranio's sales department. According to Marina Filichkina, Head of Sales at Tranio "judging by the number of enquiries from our clients, Germany, Greece, the Czech Republic, as well as Spain, Italy and France are the most popular destinations for hotel real estate investors. The Austrian Alps have also started to attract a lot of interest lately."

When comparing these findings to the "European cities hotel forecast for 2018 and 2019" research conducted by PWC, RevPAR (Revenue per available room per day) turned out to be the main driver and focus of real estate investors in the hospitality market. The RevPAR rankings indicate that Paris, Geneva and Zurich should be top picks for investors, followed by London, along with Lisbon and Porto.

Research investigating the same topic to this report—"European Hotel Investment Survey" by Deloitte has revealed that the most attractive city for hospitality real estate investment in 2019 will most likely be Amsterdam, closely followed by London and Paris. The similar report by CBRE on investor intentions puts investment in the UK (35%) first in their list with Germany (18%) and Spain (16%) way behind, rounding up the top 3.

This survey also reveals how the investment interest is divided among the top 7 countries. Over half of the respondents point out that they are already involved or are looking into hospitality properties in Spain and Germany.

Most of the questionnaire respondents indicated that they will be looking towards investments with higher yields followed by value-added projects. Those figures coincide with the fact that investors are mostly interested in markets with growth potential such as Spain, Greece and Portugal and to a lesser extent Germany and UK as demonstrated in the "Emerging Trends in Real Estate 2019" PWC report.

Respondents in particular singled out two issues that they regard to be the most pressing when undertaking investment activity in Europe hospitality sector. Over half of the respondents have identified that the difference in property laws between countries is the most challenging issue. High level of competition was also mentioned by 46% of respondents, followed by foreign transaction costs.

Figure 3. Main challenges of European hospitality industry investment

3. FACTORS AFFECTING TOURISM AND HOTEL INVESTMENT

However, the hotel investment industry has unique characteristics. These include a direct relationship with economic conditions and external events, such as terrorism, natural disasters, etc. In particular, Newall (2006) found that in terms of investment properties of hotels have special characteristics, such as higher volatility than in other real estate sectors, as a result of unstable cash flows, low risk-adjusted returns, activities more like an operating business than property, low support for institutional investors, and specialized Bathrooms branch features. In addition, hotel investments include both business and property risk.

In particular, hotel investments are inherently different from investments in other real estate sectors, as they include owning a part of developed property as an investment.

3.1 Factors influencing the investment policy

Given the status of international tourism, hotel facilities are an important sector of real estate investment. The purpose of this chapter is to assess the importance of a number of financial, geographic, economic, diversification, and interrelated factors influencing hotel investment.

The fast growth of tourism in majority developing countries also poses new ultimatum to the environment. Energy and water consumption, use of natural resources and improved waste are just some of the potential negative impacts on the environment. Thanks to sustainable forms of tourism development, many of these impacts can be mitigated. The extra toolkits in this series of courses provide additional information, tools, and information related to additional tourism trends. The full list of courses is listed on the inside cover of this publication with information on how to access them. Sustainable tourism development is also a smart business, as an increasing number of travelers are increasingly looking for environmentally friendly places to relax.

International trends in tourism and investment point to the rapid expansion of chance for poor groups and countries to develop tourism for sustainable economic growth. Thus, sustainable tourism can affect:

1. Foreign Direct Investment
2. Poverty Reduction
3. Employment
4. Environmental Benefits
5. Rural Economic Development
6. Cultural Heritage

3.1.1 Barriers to Investment

The country's investment environment depends on many factors, including general political stability; degree of respect and observance of the rule of law; laws and regulations that affect entrance to capital and credit; extent to which public authorities seek to promote or discourage private investment; standard and preservation of transport and other tourist infrastructure; level of corruption and attitude towards it; and tax and immigration strategies, as they report to both foreign and local investors and tourism-related enterprises. The investment environment is essentially a function of government policy. Although business practices can also affect the attractiveness of a potential investment destination, such practices are allowed or prohibited by government strategy. A policy that directly or indirectly affects the financing, planning, regulation and promotion of tourism determines the viability of the proposed investment project. The main barriers to investment climate include:

• Reliable data on visitors by months, years, points of entry, country of origin, average daily expenses, destination, average length of stay, purpose of the trip, so on.

• Data on the efficiency of the industry, including the workload of hotels and average daily rates, by region and category of accommodation, the number of visitors in specific regions and attractions, utilization rates, environmental throughput, etc.

• Reliable data on tourism funding flows

Political stability — most often referred to in the investment group as a political risk, is usually defined as the combination of all non-market elements that may adversely affect investment. They include a civil uprising or terrorism (both are very effective at disrupting visitors), regime change and regard for the rule of law (the extent to which new governments regard agreements, rules and regulations based by previous governments).

Government substructure for tourism and tourism-connected investment is also critical — the local, regional and national governments, in both industrialized and developing countries, are in tough competition for funding flows. The majority commonly used tools for attracting investments include tax breaks, subsidies, streamlining the process of approving investments and facilitating access to loans (loan guarantees, etc.). Many governments, especially in developing countries, do not have sufficient resources or simply do not want to compete, and sometimes, voluntarily or involuntarily, set barriers to investment, including exchange controls, limited access to financing, burdensome funding approval processes and elementary bureaucratic inefficiency. It is necessary to understand how a country or region is evaluated in these terms, at a very early stage of the process of identifying investment opportunities, and to evaluate whether it is possible to effectively overcome the identified potential obstacles.

Another area in which public compete with each other, and which is more specifically related to tourism, is related to directional advancement. The country's image as an attractive and safe place for recreation is crucial for the success of tourism development and investment promotion. Billions of dollars are spent each year on promoting a destination and creating an image. If a country is unwilling or unable to invest in promotion or suffers from a bad image, this must be taken into account in the decision-making process.

Legal and Regulatory Transparency — an investor needs a complete and clear picture of the rules, regulations and requirements governing investments. In some countries, the investment code is merely a guide, and the investor must study and study other legislation, including the Tax Code, labor laws, property laws, and regulations and decisions of relevant authorities. Since all the rules cannot be in one place, the cost of collecting information and the risk of violating obscure laws increase significantly. Specific rules of concern include:

- **Zoning laws:** Laws that control the location of businesses and type of and limits to development in an area (height, density, type of business, construction, environmental impact, etc.)

- **Licenses and approvals:** Restrictions may apply to a category of tourism business, but not to another, that is, to tour operators or travel agents. Licenses and permits for the creation and management of a business can provide an investor with complicated application procedures and long waiting periods.
- **Access to land and foreign ownership restrictions:** Many countries control foreign ownership and funding by determining the minimum level of local ownership. Land is of particular concern, as many countries restrict foreign ownership or lease of land. These rules often have a significant impact on the types and terms of financing available for project development.
- **Import restrictions:** Apart from the fact that the investor is subject to excessive delays or refusals to import the necessary equipment and materials, other restrictions include a mandatory waiting period for import permits, licensing of import of goods, additional requirements in foreign currency to pay for imports, direct bans on certain products, quotas quantities, prior approval of the Ministry of Finance or the Central Bank for prepayments for imports, delay in obtaining duty-free status, etc.
- **Taxes and custom duties:** Such costs affect profit margins and the competitiveness of international prices, as businesses often transfer these costs to the consumer.
- **Foreign exchange controls and remittances:** Access to foreign exchange at market rates is very important for enterprises related to tourism, where many (often most) transactions are related to foreign exchange. Obstacles to foreign currency access or transfer of profits can prevent investments. Direct blocks, delays and restrictions on repatriation of profits, as well as other

restrictions, such as requiring the central bank to approve repatriating funds or opening an offshore escrow account, adversely affect a country's ability to attract investments

- **Air access:** Adequate aviation infrastructure is necessary for airlines and tourists to approach destinations at a reasonable price. The lack of direct air routes and a limited number of flights, complicated flight connections and high fares for air tickets limit the flow of tourists. Although this barrier often goes beyond public policy (for example, lack of demand can lead to increased costs), sometimes governments actively restrict access to air to protect a national airline or for other reasons. The preferred approach of the United States and many partner countries is the open sky policy, which removes obstacles to free and fair competition among airlines.
- **Tourism-related infrastructure:** Insufficient infrastructure – transportation, water supply, waste and wastewater treatment, electricity and communications - can be a serious obstacle to investment in tourism. Infrastructure requirements are complex, as tourists tend to create more waste and use more water and energy than ordinary residents at their destination. Unreliable infrastructure additionally increases costs and negatively affects the perception of visitors.
- **Environmental degradation:** Environmental sustainability is a developing concern for competitive tourist destinations; especially issues such as coastal zone management, water pollution and waste management. Clearly defined and enforced environmental regulations reduce uncertainty and risks and increase the long-term viability of the project. Environmental concerns are

particularly important for tourism-related investments, as most investments exploit natural resources.

- **Access to capital and credit:** As a capital-intensive sector, tourism projects often require significant investments in land, construction, equipment, furniture, marketing, transportation and working capital. In developing countries, underdeveloped capital markets, political risks and government restrictions limit access. Commercial banks, venture capitalists and institutional and individual investors often lack the expertise to work with small and medium-sized tourism businesses. Typical reasons for limited availability of capital include.
- Tourism development projects are considered high risk due to poor past performance, lack of experience and knowledge of the tourism sector.
- A prolonged payback period due to high initial development costs and reluctance of developers to make long-term commitments due to excessive uncertainty.
- Lack of capital markets, stock exchanges and other vehicles providing liquidity and exit strategies.

Materials and supplies: Majority of destinations, tourism development requires the import of building and other materials as well as specialized equipment. Imports involve remarkable costs for a company, especially when the public imposes import duties.

Cross-sector linkages: There may be weak cross-sectoral links between tourism and agricultural production or manufacturing, which affects the ability of investors to develop a competitive product. Difficulties in meeting standards arise from inadequate technical and market knowledge, lack of business skills and lack of economies of scale.

Labor challenges: Tourism is a labor-intensive industry that requires semi-skilled and skilled workers and well-trained managers. Common labor constraints include:

- Lack of basic training to provide the quality of service required by international tourism companies and visitors

- Labor legislation that restricts hiring practices of companies

- Visa and licensing requirements to employ qualified foreign employees o Lack of trained managers

- High turnover rate

3.1.2 Investment Competitiveness

As in the IFC Doing Business reports, several countries use this annual ranking to implement reforms and improve their competitive position. Although all of these variables have an impact on the investment environment, most long-term issues often pose major challenges by investing in infrastructure, training and tourism awareness programs. Many developing countries simply do not have the resources to make this kind of investment. Therefore, short- and medium-term efforts should focus primarily on the first column, improving the regulatory framework. One of the most important - and many developing countries fail to do - is to make tourism development a national priority.

Overcoming barriers to investment is a complex, long-term task, usually beyond the reach of individual investors. The most reasonable approach investors and project developers can take to overcome barriers to investment is to:

- Understand the major obstacles that their project will probably face.

- Identify tools to mitigate these barriers, such as insurance against political risks.

- A realistic assessment of the reasonable possibility of a project to be implemented with the time and resources available.

- The chances of being able, through negotiation, to overcome specific obstacles, such as the terms of a concession agreement or ownership requirements. This process begins with a discussion with government officials on a specific hurdle and with other investors who have tried to overcome these obstacles.

For development practitioners seeking to engage governments on investment climate and competitiveness, a number of tools and models are available. With regard to investments in sustainable tourism, the UNEP Chapter on Tourism in the latest Green Economy Report describes the typical barriers to sustainable tourism development and proposes recommendations for improving the policy environment.

Private Sector Orientation: The participation of the tourism industry through private sector organizations is an essential step in creating sustainable and productive tourism businesses. Governments can improve favorable conditions with industry by doing some of the following:

1. Tourism promotion agencies, resource management organizations and destination management organizations should more closely associate tourism products with marketing and communication strategies.

2. Encourage corporate social responsibility using triple bottom-line reporting systems, environmental management systems and certifications in large and small businesses. It is essential to educate and involve SMEs and to provide concrete measurement and evaluation performance indicators.
3. Encourage international development institutions such as multilateral and bilateral cooperation agencies and development finance institutions to inform, educate and work together in the tourism industry to integrate sustainability into sustainable development policies and practices. - Promote internationally recognized standards for sustainable tourism to monitor tourism operations and management, such as the global criteria for sustainable tourism.
4. Achieve economies of scale through consolidation. Clusters strengthen upstream and downstream linkages in tourism value chains and promote sustainability across the sector. By combining tourism businesses with clusters, economies of scale, technological and organizational know-how and increased market share can be achieved.

3.2 Definition of Foreign Direct Investment (FDI)

Today, tourism, in the broad sense, is the largest industry in the world. It links a series of cross-cutting activities involving the provision of goods and services, ranging from accommodation, transport, entertainment, construction, agriculture and fishing. The structure of the sector encompasses a wide range of actors from global transnational corporations to extremely small firms, potentially allowing a number of different scales and levels of the market to participate in the sector.

The economic potential of tourism, one of the fastest growing industries in the world, is already being exploited in many developing countries and in new and emerging economies and regions (Figure I.1). All this tourism is not international or north-south, as is generally assumed; Regional and South-South tourism is also developing rapidly, opening up new opportunities for tourism service providers in developing countries.

Tourism is an activity in which capital, infrastructure, knowledge and access to global marketing and distribution networks are crucial. FDI is often considered one of the most efficient engines for using these elements. Thus, most developing countries give the highest priority — often the highest priority — to attracting such investments, some of which are experimenting with different policies.

Nevertheless, the role of FDI in tourism is more subtle than in some other sectors of the economy, and most countries approach it with a combination of hope and fear. He is valued for what he can provide, but he is also feared for his influence on economic and cultural independence and for its potential damage to communities and the environment. In some countries, efforts to attract FDI in tourism are worrying and complaining that FDI is already too large or that foreign investors dominate the sector and do not pass on the benefits of tourism to the domestic economy.

It is clear that a good balance needs to be maintained so that developing countries can take advantage of this growing economic activity at minimal or sustainable cost. However, the search for appropriate policies to achieve this goal was hampered by the fact that recently there is little literature on FDI and tourism in developing countries, especially from an empirical point of view, or counterfactual, in which foreign and domestic investors are compared. Its economic dynamics are not entirely clear, and there are serious gaps in the understanding of its trends or its influence. Much has been written about tourism in general, including tourism and development, pro-poor tourism, tourism in African countries, ecotourism, South tourism and sustainable tourism to a lesser extent investment-oriented.

For example, there has been very little mapping of the scale of foreign direct investment in tourism, not to mention assessing their impact, despite the fact that many developing countries have given high priority to policies to attract foreign direct investment in tourism.

Similarly, little is known about the links between FDI in tourism and the local economy, with some exceptions (for example, Lengerfeld and Steward 2004). And although much has been written about “leaks” in the balance of payments, there was not enough empirical data on the impact of FDI on the country's tourism balance. Therefore, research is needed to find out how host countries can be more active partners. In the value chain of international tourism in such a way as to improve local skills, increase human capital and increase revenues.

Most of the critical literature was written in the 1970s and 1980s, although recent authors are still quite negative about the role of TNK. For example, Broman (1996, pp. 54-55) quotes “dependency problems, internal disconnection and foreign currency leaks, usually associated with an underdeveloped economy dominated by foreign export enclaves,” and asserts that “foreign dominance and external dependence often seriously reducing the potential of tourism to ensure broad-based growth, as well as the net financial benefits that the industry brings to developing countries.” Regardless of the veracity of such views, developing countries need to pay attention to strengthening the participation of the national economy in the tourism industry, and in part this includes ensuring clean positive relations with TNCs.

Many countries prefer tourism as a means of economic development, since it can redistribute wealth and attract FDI. For example, in the Caribbean, services account for most of the revenue, and two thirds of these services are tourism related. Foreign investment can provide the tourism sector:

a) A package of shares, for example, in a hotel chain, tour operator or car rental company;

b) The construction and development of a hotel or other tourist facility;

c) Real estate development;

d) Development of a theme park or attraction;

e) Establishment as a supplier for domestic or foreign firms (training center, equipment, cleaning, food, or marketing);

e) Management contracts for tourism service providers

(United Nations Conference on Trade and Development (2010), pp. 19-20.)

Tourism can benefit economic development by providing a series of forward and backward links. Hotels and tourist resorts require supplies from farmers, beverage companies, construction, communications and utility companies such as electricity, water and sewage. These are feedbacks, since the effect of investment in tourism provides the demand for these services. Direct connections develop when services are provided to other sectors, such as conference and event management, entertainment, travel, etc. The possibilities for maximizing the benefits of foreign direct investment for the local economy are to develop these links using local companies. It is clear that the hotel is located in the center of the value chain. Instead of importing food for the hotel sector, local farmers can be encouraged to switch production methods to provide the hotels with fresh produce.

Cultivated crops may not be the main product of the destination, but those that are presented in the international menu, for example, salad, and not cassava or yams. The negative effects of the tourism industry have been well researched from the degradation of social values and heritage to the quality of the environment. It is imperative that these negative impacts are managed and minimized within acceptable limits, and positive benefits encouraged.

The development of the tourism industry requires investments in infrastructure, including transport, utilities and telecommunications. Where developing countries lack the essential capital, technology or knowledge, FDI is seen as a way to fill this gap.

Before making an investment, a multinational company will assess the potential of a number of local areas. After success, the company will expand its operations, including standardized products and global branding. By applying FDI, the destination receives additional access to world markets. Loyal customers and / or corporate partners of the hotel chain will be offered the choice of a new hotel, a new destination. The extent to which smaller hotels and tourist enterprises can compete is a matter of concern, but both have the potential to coexist, as they offer different experiences for visitors. The latest trends for global brands to franchise their activities.

However, they do not own the buildings themselves, since the property is managed by other companies. In the hotel sector, the company will provide brand and management services. This gives advantages to a group of hotels, since they are not required to provide investments in buildings. As a rule, an investor without knowledge of the hotel industry can acquire land and build a hotel to manage a foreign company. This is a distinctive feature of FDI in tourism compared to other industries.

Branding strategies are important because different hotel brands will be focused on different groups, while remaining under the control of the parent company. Thanks to mergers and acquisitions, global hotel operators are becoming less and less, since the ten largest international hotel chains make up twenty percent of the world supply. (Bardham, et al 2008, in United Nations Economic Commission for Latin America and the Caribbean 2008, p.105).

FDI in tourism is concentrated in areas such as hotel accommodation, catering and car rental. However, it is not necessary to have a travel agent. For example, it does not necessarily take all strategic alliances. The three largest alliances dominate 70% of the global market, including Star Alliance (for example, BMI and Singapore Airlines), Oneworld (for example, British Airways and American Airlines) and SkyTeam (for example, Air France and Delta Air Lines). . It can be achieved without developing the operations. Other alliances are being created with ancillary companies such as car rental, hotels, cruise operators and financial services rather than via IED (Endo 2006). It is a myth that most tourism FDI occurs in developing countries. In fact, FDI in tourism has gone mainly to developed countries (United Nations Conference on Trade and Development 2007, p.14, United Nations Conference on Trade and Development 2010, p.14). This is because it has been established in established countries. However, foreign direct investment in developing countries has increased over the past five years, particularly in Asia, Latin America and the Caribbean. It is often assumed that this represents global industry and global ownership. This is partly due to the overall branding strategy of hotel names. However, FDI is not as global as other industries. FDI is the United Kingdom and the United States. However, this is 2.7% of the United Kingdom and 1.2% of the United States of America (page 19). It is estimated that only 20% of hotels have been associated with joint ventures (United Nations Conference on Trade and Development, 2007, p.35). However, the tourist product.

In addition, FDI in the tourism sector can also stimulate the economic growth of host countries in different ways. For example, FDI promotes economic growth through increased incomes, increased local employment, increased foreign exchange and improved income distribution. It also fosters growth by boosting countries' production capacities, including technology transfer and management practices, externalities, externalities, stimulating domestic investment, increasing the productivity of domestic firms, increasing increased integration into global markets and reduced costs and rising rates of research and development and innovation (World Wide Fund for Nature Gland, 2003).

The "job creation" aspect of FDI in the tourism sector is another essential factor in the economic growth and development of the host country. For example, the tourism industry employs local citizens in hotels, restaurants, entertainment venues, and tourism services that target tourists directly or through a multiplier effect (Haley and Haley, 1997). In addition, given the prevalence of quality of service in the tourism sector, there is a constant demand for training that can only serve to improve the skills of local employees working in the industry. In this respect, skills transfers are a common practice in international hotels.

Moreover, the significant spin-offs generated by TNC tourism activities can not be underestimated. FDI in tourism, for example, can also make a significant contribution to the adoption of a wide range of new technologies and skills that can lead to a significant diffusion of technology and skills in the economy. Another aspect of the literature indicates that tourism-related TNCs often establish links with local suppliers and distributors, which can only enhance the economic activity and business opportunities of the host country.

It is also important that many developing countries depend excessively on the tourism sector as the main source of foreign exchange; Bellumi (2010), Bellumi, 2010. Thus, Rob and Balan (2009) suggest that the growing national tourism sector contributes to the improvement of national income and employment conditions.

Finally, it can be argued that TNCs can also contribute to the formation of a positive image of the destination at which they decide to place. For example, the creation of foreign countries can improve the positive image of the destination. In addition, as confirmed by Kusluvan and Karamustafa (2001), it is known that this is possible for tourists.

3.3 Major figures in the world hotel industry

The hotel industry is booming because the need and desire to travel is increasing day by day and year after year. Currently, the total value of retail sales in the global hotel sector is $ 493.76 billion. This is an incredibly high amount that demonstrates the importance and the financial strength of the sector. The sector as a whole demonstrates solid development. However, in certain regions and sectors, growth is more significant, for example in the luxury hotel industry of luxury hotels in Dubai. Tourism-Review introduces you to the leading hotel groups in the global hospitality industry, ranked by their revenue.

The undisputed leader in terms of the number of rooms is Marriott International with more than 1.1 million rooms. In second place with a significant margin - Hilton Worldwide, which has almost 800 thousand rooms. Slightly less at IHG - 767 thousand numbers. In fourth place - Wyndham Hotel Group and almost 700 thousand rooms. Completes the TOP-5 Chinese hotel company Shanghai Jin Jiang International Hotel Group, which has a little more than 600 thousand rooms.

Of the fifty largest hotel companies in the world, according to the number of rooms, 21 are located in the USA, 13 more belong to China, the head offices of 5 companies are based in the UK, 4 - in Spain, 2 - in Japan. One each - in Sweden, Norway, Singapore, France and Cuba.

In the first place in terms of the number of hotel facilities is the Wyndham Hotel Group - more than 8 thousand hotels. Top 5 also includes Choice Hotels (6.5 thousand) International, Marriott International (5.9 thousand) and InterContinental Hotels Group (5.2 thousand). Also among the largest hotel companies in the world in terms of the number of objects is the Chinese

Shanghai Jin Jiang International Hotel Group, which has almost 6 thousand hotels.

The most numerous hotel brands in the world according to the number of rooms is Chinese Homeinn (BTG Homeinns Hotels). But the 2nd and 3rd place went to brands of the Holiday Inn (IHG) family. Top 5 also includes Hampton by Hilton and Chinese HanTing (China Lodging Group).

The world leader in the number of objects under direct management is China Lodging Group. In second place with a noticeable lead - Marriott International. Also in the TOP-5 included AccorHotels and two other Chinese companies - Shanghai Jin Jiang International Hotels and BTG Homeinns Hotels Group.

The undisputed world leader in the number of hotels managed by franchise is the Wyndham Hotel Group, Choice Hotels International is in second place with a significant margin. In the world TOP-5 by the number of franchise hotels again entered the Chinese company - Shanghai Jin Jiang International Hotel Group. Also among the world leaders of the franchise - IHG and Hilton Worldwide.

Western companies that began their global expansion much earlier than their Asian competitors are world leaders in terms of geographic reach. In the TOP-10 hotel companies of the world by representation in various countries of the world includes only one Chinese company HNA Hospitality Group. However, the "Western factor" plays the role here - HNA owns the hotel chain Carlson Rezidor.

The international associations of independent hotels are mainly western history. But the Global Hotel Alliance, headquartered in the United Arab Emirates, has also become one of the largest hotel associations of the planet.

Data for HOTELS ’325 is collected through online research and contacts with hotel companies. Companies are invited to report the number of rooms and hotels available at their disposal on December 31, 2016. Companies that do not respond to the proposal are assessed according to public data, data from previous years, sources in the industry and independent research.

In some cases, rooms and hotels are counted more than once, because HOTELS deliberately prefers to separately take into account data from the owner-operators, management companies and franchisors in the same list. Thus, one object, which is owned by one party, and managed by another and which is branded by a third party, will be counted three times. In addition, there are no companies in this rating that exclusively or almost exclusively own hotels: the list includes only companies that manage or own and operate hotels or issue franchises. This excludes mortgage funds and private equity companies.

CONCLUSTION

Taking into account the importance of the accommodation sector in the hospitality industry in terms of entrepreneurship development, economic contribution, and job creation, analysis of the state and prospects of this sector in the world is the main focus of work. The work also aims to assess the future prospects of the hotel business in the world.

For those who are just planning to engage in the hotel business, it is worth saying that this occupation is very profitable. The best indicators of profit are shown in all countries of the level of hotels 3-4 stars.

Investments in hotels have their positive and negative sides. Quite often, investors are buying mini-hotels at the beginning of the journey. And make the first mistake. The best development of events in this case can only be the self-sufficiency of the hotel, but the profit, even insignificant, is usually out of the question.

The main reason is the low occupancy of mini-hotels. You can simply arrange in the hotel comfortable conditions for living, but this is not enough. If we are talking about a small town, then the presence of a mini-hotel should be justified, people come to such places from afar, and in advance, while still at home, consider the question of accommodation. For this mini-hotel, you must become part of the worldwide hotel booking system. About this, as a rule, the beginning investor-businessman knows nothing.

After a certain time, the owner of a mini-hotel realizes that his hotel property becomes unprofitable. His next step will be to invite a professional company that will manage his hotel. But among the management companies there is an “unwritten rule” - they work only with those hotels that have at least

100 rooms. For a large hotelier, connecting to the booking system of 100 rooms and 10 rooms requires the same return, so always the choice is made in favor of volume.

If you decide now for yourself whether investments in hotels will be profitable for you, the answer can be positive, only under one condition - the hotel property you have acquired must be managed by a large operator.

Today, there are not many large hotel operators who can present large portfolios. Among the most famous are the company Wyndham Hotel Group, which currently manages more than 9000 objects located on all continents in all countries.

Recently, the company Wyndham Hotel Group has been active in the Middle East. And here the hotel operator has a reliable partner, The First Group.

In Dubai, the developer The First Group has already built a lot of hotels, hotels and residential complexes. Currently, the entire work of the company is aimed at the construction of a modern hotel complex Wyndham Dubai Marina, in which tourists can comfortably accommodate in 497 rooms. And what is especially gratifying, the international hotel operator Wyndham Hotel Group will manage this super-modern hotel with VIP rooms. The union of these two successful companies will provide a high occupancy rate of the hotel fund and will bring investments in hotels to a high level of profitability.

Another joint project of the Wyndham Hotel Group and The First Group will be the legendary Sky Central Hotel, which will receive registration in the business district of Dubai, in the TECOM quarter. Here, everything will be aimed at attracting new tourist flow and business people who are interested in visiting this modern district of Dubai.

You can safely invest in such large-scale hotel real estate projects; a proven developer and a world-renowned hotel operator will ensure high occupancy of the hotel, and therefore stable dividends.

1. LIST OF THE BIBLIOGRAPHIC REFERENCES

1. Al-Tamimi, H. (2005). *Factors Influencing Individual Investors Behavior: AnEmpirical Study of the UAE Financial Market*

2. *Business Dictionary* (2011), Global Distribution System, Retrieved on March 13,2011

3. Walker, J. R. (2016). *Exploring the hospitality industry* (3rd ed.), Boston: Pearson

4. Medlik, S. (2012). *Dictionary of Travel, Tourism and Hospitality*. Abingdon, Oxon: Routledge

5. Gilbert, D., and Wanhill, S., *Tourism. Principles and Practice*, Prentice Hall, Harlow

6. Ellyard, P. (2006), *Societal Changes – Impacts and Opportunities for Tourism*, Tourism Futures Conference

7. Scribe (2011), *Hospitality Industry*, Retrieved on February 12, 2011

8. Urban Herne. (2014, March 31). *Principles of sustainable tourism*

9. Pacific Asia Travel Association. (2016, March 30). *Linking sustainability 21st Century Responses to 21st Century Realities*, 4–6 December, Melbourne.

Internet sources

1. http://www.Forbes.com
2. http://www.oecd.org/
3. http://www.traveltechnolgy.com
4. http://www2.unwto.org/
5. https://www.wttc.org/