

An aerial photograph of a serene landscape featuring a large, calm lake surrounded by dense green forests. The water reflects the sky and the surrounding trees, creating a mirror-like effect. The shoreline is irregular, with small islands and peninsulas. The overall scene is peaceful and natural.

# **HOTEL INVESTMENT GUIDE LAKELAND**

**HOW TO DO BUSINESS  
IN THE LAND OF  
SUCCESS STORIES**

**INVEST IN  
FINLAND**

**INTRODUCTION  
TO LAKELAND**

**HOTEL MARKET  
DESCRIPTION**



# BUILD YOUR NEXT BIG THING IN FINLAND

THE FINNISH TRAVEL INDUSTRY  
OFFERS OPPORTUNITIES FOR  
INVESTMENTS AND GROWTH  
THROUGHOUT THE COUNTRY.

For anyone considering investing in Finland, there are three major regions to consider outside the well-known, densely populated Helsinki metropolitan area:

**LAPLAND**, known for its winter tourism, Northern Lights, and Santa Claus

**FINNISH LAKELAND**, known for its natural beauty, with more than 50,000 lakes covering a fourth of the area

**THE COAST AND ARCHIPELAGO**, home to 1,100 km of beautiful coastline and one of the largest archipelagos in the world

Every region, city, and town has something unique to stand out from the rest, harboring different hotel investment opportunities. For someone new to the country, navigating across such diverse regions might be a difficult task. Investment opportunities can be found almost anywhere, ranging from resorts amid tranquil nature to hotels in mid-sized cities. This guide gives you essential information for your journey through the regions.

EVERY REGION  
IN FINLAND  
OFFERS  
SOMETHING  
UNIQUE.

## DEFINITIONS OF THE KEYWORDS AND ABBREVIATIONS

<b>Approx.</b>	Approximately
<b>ARR</b>	Average Room Rate (exc. VAT)
<b>ca.</b>	Circa
<b>CAGR</b>	Compound Annual Growth Rate
<b>e.g.</b>	For example (exempli gratia)
<b>EBITDA</b>	Earnings Before Interest, Taxes, Depreciation, and Amortization
<b>etc.</b>	Et cetera
<b>F&amp;B</b>	Food & Beverage
<b>FF&amp;E</b>	Furniture, Fixtures, & Equipment
<b>FLA</b>	Fixed Lease Agreement
<b>GOP</b>	Gross Operating Profit
<b>HMA</b>	Hotel Management Agreement or Helsinki Metropolitan Area
<b>i.e.</b>	That is (id est)
<b>IFRS</b>	International Financial Reporting Standards
<b>km</b>	Kilometer
<b>KPIs</b>	Key Performance Indicators
<b>M</b>	Million
<b>OCC</b>	Occupancy
<b>P&amp;L</b>	Profit & Loss Statement
<b>RevPAR</b>	Revenue per Available Room
<b>SPV</b>	Special Purpose Vehicle
<b>TO</b>	Turnover



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# 10 REASONS TO EXPAND INTO FINLAND

## #1

**NUMBER 1 BUSINESS  
ENVIRONMENT  
IN THE WORLD**

BY GLOBAL INNOVATION INDEX 2019

## #1

**DIGITAL  
COMPETITIVENESS  
IN THE EU**

BY THE EUROPEAN COMMISSION 2019

## #1

**MACROECONOMIC  
STABILITY**

BY THE GLOBAL COMPETITIVENESS  
REPORT 2018

## #1

**THE FREEST COUNTRY  
IN THE WORLD**

BY FREEDOM HOUSE 2018

## #1

**GOVERNED COUNTRY  
IN THE WORLD**

BY LEGATUM INSTITUTE 2018

## #1

**SKILLS OF THE WORKFORCE  
AND THE QUANTITY AND  
QUALITY OF EDUCATION**

BY THE GLOBAL COMPETITIVENESS  
REPORT 2018

## #1

**FINANCIAL SYSTEM  
IN EUROPE**

BY THE GLOBAL COMPETITIVENESS  
REPORT 2018

## #1

**THE SAFEST COUNTRY  
IN THE WORLD  
TO TRAVEL**

BY WORLD ECONOMIC FORUM 2017

## #1

**THE MOST STABLE  
COUNTRY  
IN THE WORLD FOR THE  
14<sup>TH</sup> YEAR IN A ROW**

BY THE FUND FOR PEACE 2019

## #1

**THE HAPPIEST  
COUNTRY  
IN THE WORLD**

BY WORLD HAPPINESS REPORT 2019



# INVEST IN FINLAND

DOING BUSINESS IN FINLAND IS SMOOTH, THANKS TO THE STABLE BUSINESS ENVIRONMENT, WELL-FUNCTIONING SOCIETY, AND LACK OF CORRUPTION.

Finland, one of the world’s northernmost countries, has a solid economy and a highly efficient and transparent business environment. The country benefits from a highly educated and skilled labor force. All of these factors make it easy for international companies to expand their business operations to Finland.

Finland enjoys excellent connectivity, with direct flights to and from Helsinki, and further through its well-developed regional airport network. In line with the global trend, tourism is booming in the country. The passenger volume at Helsinki Airport grew by 25% over the

last three years, further feeding the traffic to regional airports. Air connectivity is supported by well-developed rail and road network across the whole country.

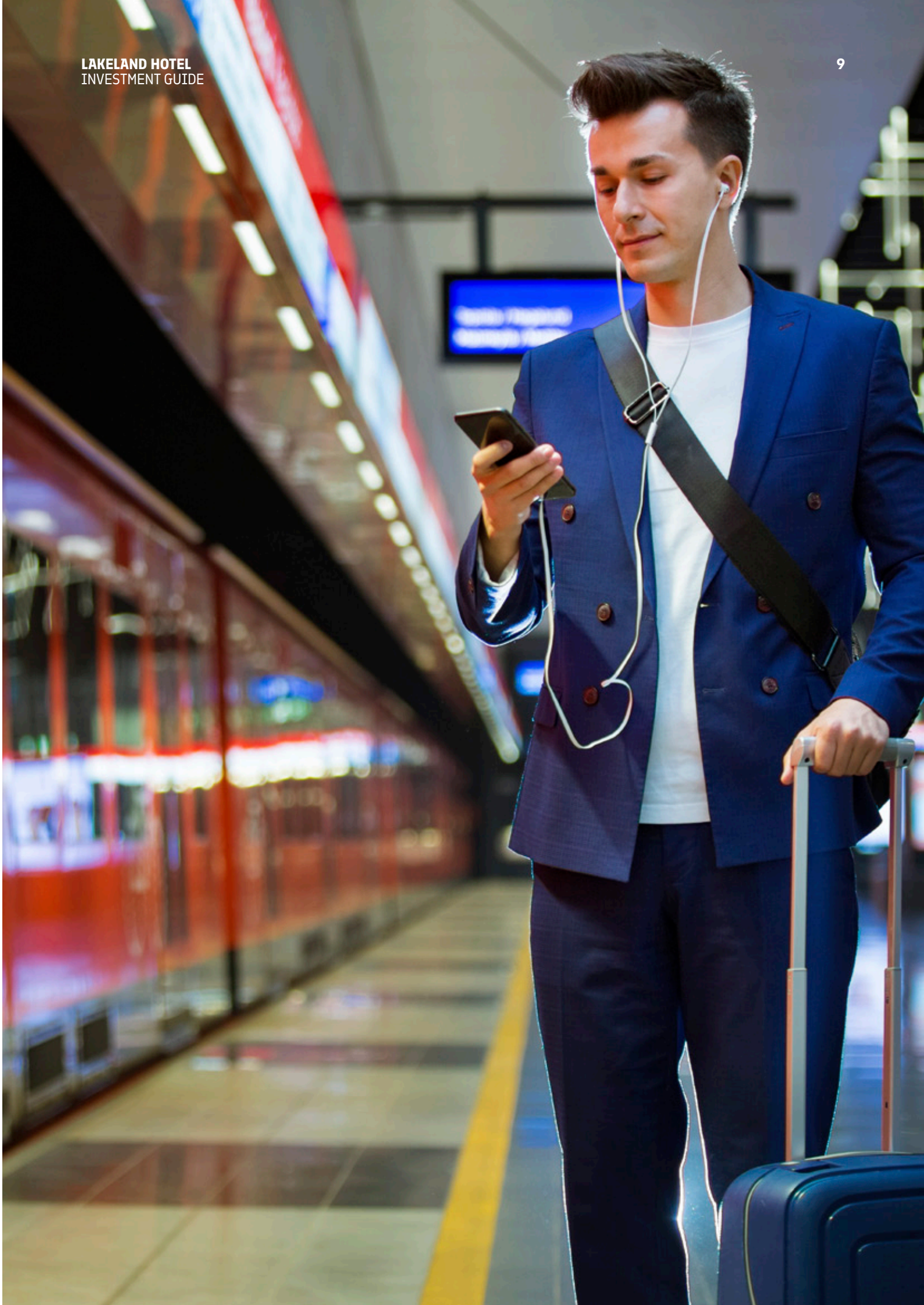
Finland is called a land of thousands of lakes. There are 188,000 clear water lakes and almost endless deep green forests that offer visitors the unique peace and tranquillity of the Nordic nature. Finland offers an endless array of outdoor activities across all seasons, from chasing Aurora Borealis in the winter season to hiking and observing wildlife in the national parks during summer.

The rapidly increasing tourism can be seen in the number of overnight visits. In the last five years, we have seen the number of overnight visitors grow on average 5% a year.

Finland does not have a large number of internationally branded hotels. The Finnish hotel market is mostly dominated by domestic mid-market hotel operators. This offers international investors an excellent opportunity to enter the hotel market across the whole country.

INDICATOR	2015	2019	CAGR
Population, m	5.5	5.5	0.2%
GDP per Capita, EUR	38,570	43,484	3.0%
Investment Grade, S&P	AA+	AA+	n/a
Total Area, km²	338,424		n/a
Unemployment rate	9.3%	6.7%	n/a
Inflation change	n/a	n/a	0.5%
International overnights, m	5.5	7.1	6.4%

THE DEFINITIONS OF THE  
KEYWORDS AND ABBREVIATIONS  
USED IN THIS GUIDE CAN BE  
FOUND ON PAGE 3.





# DEFINITION OF THE REGIONS

FOR THIS GUIDE, FINLAND HAS  
BEEN SPLIT INTO FOUR MAJOR  
REGIONS: HELSINKI METROPOLITAN  
AREA, COAST & ARCHIPELAGO AREA,  
LAKELAND, AND LAPLAND.



LAPLAND



LAKELAND



COAST &  
ARCHIPELAGO  
AREA



HELSINKI  
METROPOLITAN  
AREA





# ACCESSIBILITY OF THE REGIONS BY TRAIN & AIR

BESIDES EXCELLENT ROAD CONNECTIVITY ACROSS THE COUNTRY, FINLAND ALSO BENEFITS FROM GREAT CONNECTIVITY BY AIR, WATER, AND RAIL.

## BORDER CROSSINGS FIN–RUS 2019

	2019	SHARE
Nuijamaa	3,002,694	30%
Vaalimaa	2,463,410	27%
Imatra	1,588,868	17%
Niirala	1,118,980	13%
Vainikkala (Rail)	656,107	6%
Vartius	383,562	4%
Salla	120,202	1%
Raja-Jooseppi	80,864	1%
Kuusamo	55,346	1%
Parikkala (temporary)	24,011	0%
Inari (temporary)	5,747	0%
Total	9,499,791	100%

Note that 81% of the FIN-RUS border crossings in 2019 took place at the very southeast part of Finland, corresponding with further access to St. Petersburg and beyond. Furthermore, an additional 12% of the crossings took place at the just slightly more northern Niirala crossing point.

Also note that driving was by far the most popular way of crossing the border, accounting for 93% of the crossings. Thus, just 7% of the border crossings were done via the Vainikkala rail crossing point (Helsinki–St. Petersburg train).

Source: The Finnish Border Guard



## BORDER CROSSINGS FIN–SWE

Karesuvanto–Karesuando	Road 959/E45
Muonio	Road 954/404
Kolari	Road 943/403
Pello	Road 937/402
Aavasaksa–Övertorneå	Road 98
Tornio–Haparanda	Road E4

Source: Christie&Co Research

## BORDER CROSSINGS FIN–NOR

Neiden	Road 92
Polmak	Road 970/895
Utsjoki	Road E75
Karigasniemi	Road 92
Kivilompolo	Road E45
Helligskogen	Road E8



# INTRODUCTION TO LAKELAND

LAKELAND IS A LARGE, NATURALLY BEAUTIFUL, AREA IN THE CENTRAL AND EASTERN PART OF FINLAND.

Lakeland has four significant, larger cities: Tampere, Lahti, Jyväskylä and Kuopio. These cities provide a dense array of potential investment opportunities. Nonetheless, Investors should also take a closer look at some of the smaller, yet interesting markets of Joensuu, Savonlinna, Mikkeli, Lappeenranta, and Kouvola.

The cities in the analysis were chosen according to their population base, with a population threshold of approx. 100,000. The smaller cities, towns, and destinations in each region were compiled in one chapter for a slightly less in-depth analysis.

Lastly, this analysis focuses on a set of significant tourism hotspots and natural parks in each region, to provide potential investment opportunity targets outside of larger cities and towns.

The map on the right shows the region's largest cities. Circle size equals annually generated market value by hotels in the respective city.





# HOTEL MARKET DESCRIPTION

LAKELAND IS ONE OF THE MOST NATURALLY BEAUTIFUL AREAS IN FINLAND. IN RECENT YEARS, ITS HOTEL MARKET HAS BEEN BOOMING.

432  
HOTELS

22K  
ROOMS

−0.2%  
CHANGE IN ROOMS  
2018–2019

The Finnish Lakeland, which has more than 50,000 lakes that take up approx. 25% of its territory, covers most of Central and Eastern Finland. With its thousands of sandy beaches and pine forest covered ridges, the Lakeland offers very attractive flora and fauna for sustainable eco-travel experiences.

The most significant international source market for the Lakeland is Russia. Due to the economic sanctions on Russia, and the respective drop in the value of the ruble, travel from Russia has suffered significantly since 2015. We are now seeing the beginning of the recovery.

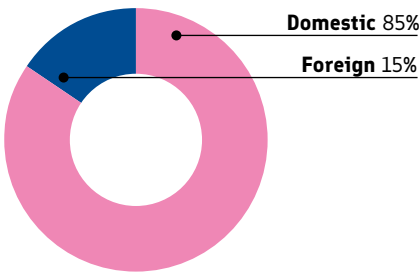
Lakeland’s hotel market has been booming in recent years, with an average annual RevPAR growth of 6.2% in the 2015–2019 period and 7.4 million registered overnights in 2019. Lakeland has one of the largest hotel markets in Finland.

Similarly, as for the Archipelago & Coastal region, the hotel market performance can fluctuate based on weather conditions (i.e. in case of a cold and rainy summer).

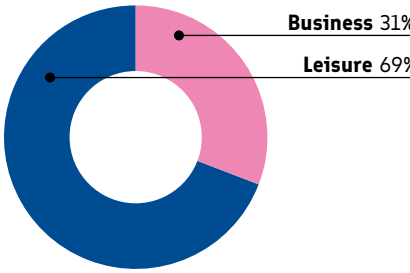
Despite a steadily growing number of overnights in the region in 2015-2019, the hotel room supply has slightly decreased down in the same period, providing a substantial investment opportunity in the region, as the spread between overnight growth and room growth is widening.

All in all, taking into account the recovered demand from Russian visitors, and the overall increasing KPIs of the hotel market, prospects look good for the region.

OVERNIGHTS 2019  
7,414,000 +1.7%



BUSINESS VS. LEISURE 2019



TOP 6 FOREIGN SOURCE MARKETS

OVERNIGHTS	2018	2019	CHANGE %
Russian Federation	398,700	383,800	−3.7%
Germany	111,300	110,500	−0.8%
Estonia	65,500	65,300	−0.3%
Sweden	59,300	59,800	+0.8%
China	40,400	48,500	+20.1%
France	34,100	36,700	+7.8%

Source: Statistics Finland



CAGR 2015–2019

OCC	+2.3%-POINTS
ARR	+3.8%
REVPAR	+6.2%

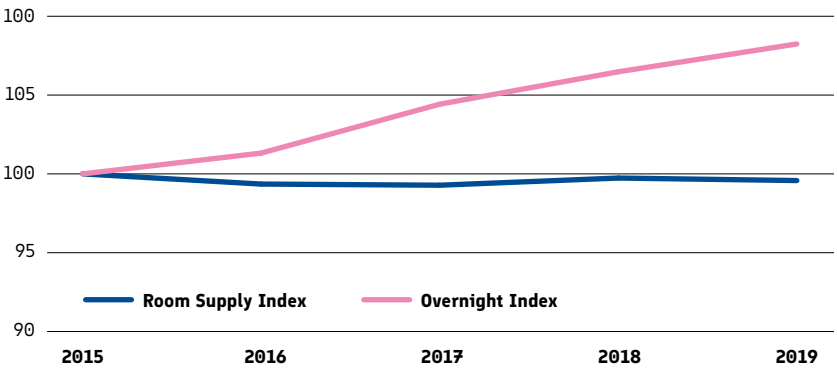
KPIs 2019

OCC	48% (+0.8%)
ARR	€89 (+7.7%)
REVPAR	€43 (+9.5%)

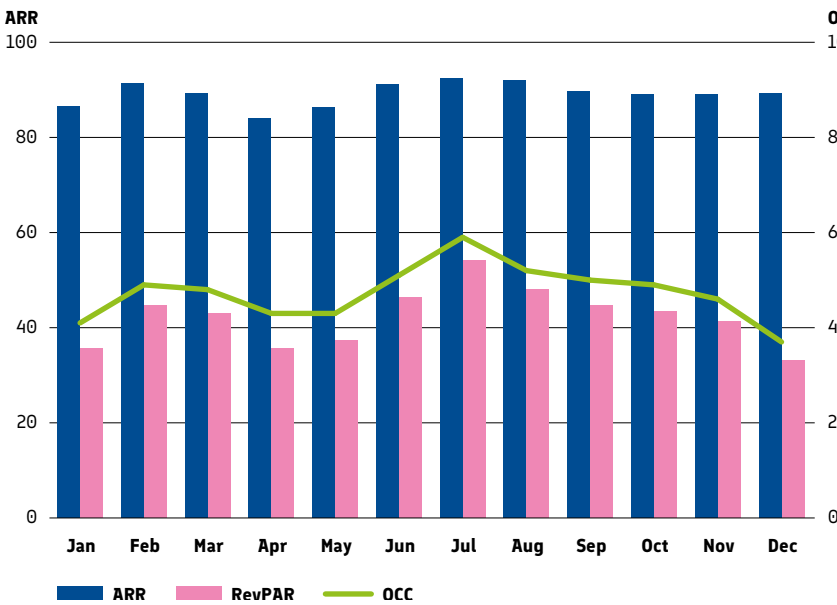
TOTAL MARKET  
ROOM SALES 2019

341M (+9.4%)

SUPPLY VS DEMAND INDEX

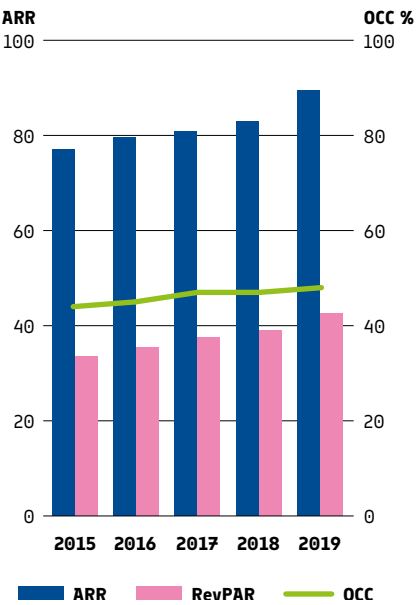


SEASONALITY 2019



Source: Statistics Finland

KPIs 2015–2019



LAKELAND  
HAS MORE  
THAN 50,000  
LAKES



# TAMPERE

TAMPERE ENJOYS GREAT CONNECTIVITY TO HELSINKI WITH REGULAR TRAIN JOURNEYS AND DAILY FLIGHTS. THE CITY HAS ONE OF THE MOST DEVELOPED HOTEL MARKETS IN THE COUNTRY.

25 HOTELS  
3,072 ROOMS  
+1.4% CHANGE IN ROOMS 2018–2019

239,000 POPULATION (+1.2%)

222,000 FLIGHT PASSENGERS (–3%)

4,378,000 TRAIN PASSENGERS (–17%)

Tampere, with a population of approx. 236,000 inhabitants, is not only Finland's largest city outside the Helsinki metropolitan area, but also enjoys great connectivity to it, with regular, quick and reliable train connections. There are also several daily flights to Helsinki and beyond.

Several reasonably large companies or subsidiaries are based in Tampere, generating substantial corporate demand. Among the biggest employees are Sandvik Mining and Construction (Sandvik branch) and Pirkanmaan Osuuskassa, employing approximately 2,000 people. Nokian Renkaat (Nokian tyres) and Patria aviation employ approx. 1,000 people.

Tampere hotel market has demonstrated a stellar performance over the last several years. RevPAR rose by an average of 5.5% a year in 2015–2019

(24% total), surpassing 60 EUR mark in 2018. The hotel market benefited from overnight growth outpacing the new room addition by 13 %-points in the period.

Tampere has one of the most developed hotel markets in Finland outside the Helsinki market. Not only well-known local brands are present in Tampere, but some of the largest international hotel operators have penetrated the market as well, indicating their long-term trust in it.

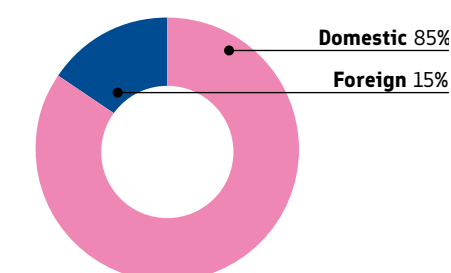
The usually less price-sensitive business segment accounts for around 45% of the city's overnights in total. If not for the influx of leisure segment overnights in the summer holiday season (Jun–Aug), the business segment would account for the same number of overnights as the leisure segment.

## TOP 6 FOREIGN SOURCE MARKETS

OVERNIGHTS	2018	2019	CHANGE %
Sweden	21,000	19,900	–5.5%
Germany	16,800	17,400	+3.8%
United States	10,800	10,600	–2.4%
United Kingdom	10,400	10,300	–0.8%
Russian Federation	9,800	9,800	–0.5%
Estonia	8,500	8,700	+1.8%

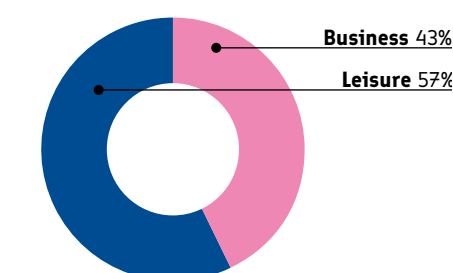
## OVERNIGHTS 2019

1,110,000 +3.6 %



← Sources: Statistics Finland, Finavia, VR

## BUSINESS VS LEISURE 2019



Source: Statistics Finland



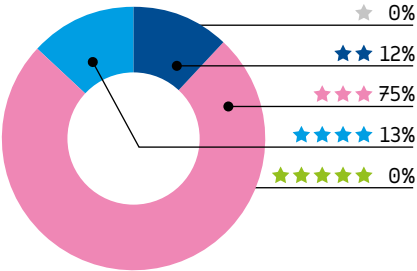


KPIs 2019

OCC	63% (+0.8%)
ARR	€98 (+0.8%)
REVPAR	€62 (+2.1%)

Source: Statistics Finland

ROOM SUPPLY QUALITY  
DISTRIBUTION 2019

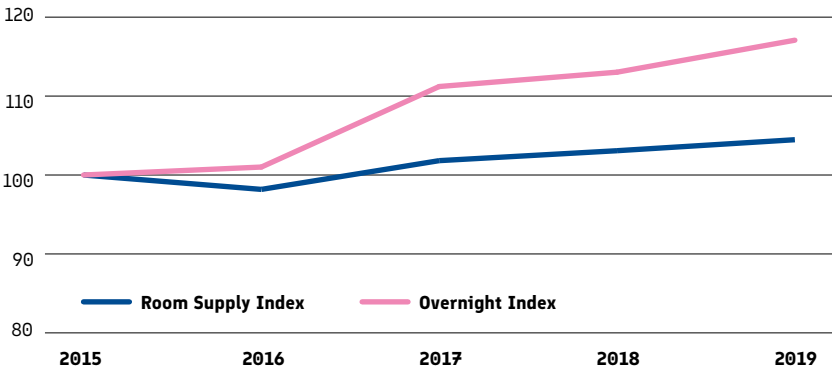


Source: Christie & Co Research

CAGR 2015–2019

OCC	+2.7%-POINTS
ARR	+2.7%
REVPAR	+5.5%

SUPPLY VS. DEMAND INDEX



Source: Statistics Finland

TOTAL MARKET  
ROOM SALES 2019

69M (+3.5%)

NEW SUPPLY

ROOMS	NAME	OPENING
229	Courtyard by Marriott Tampere	Q1 2020
285	Lapland Hotels Tampere Arena	2021
175	Tampere Exhibition and Sports Center hotel project	n/a
250	Särkänniemi Amusement Park hotel	n/a

KEY DEMAND GENERATORS

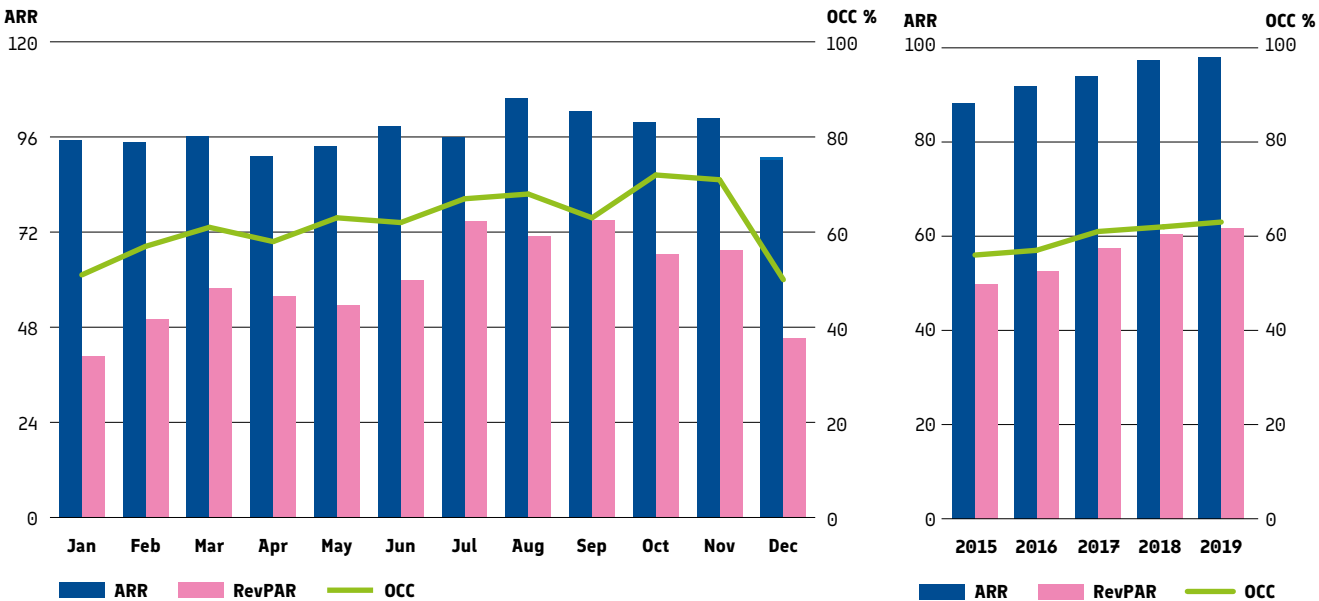
DEMAND GENERATOR	NO. OF VISITORS
Tampere Deck Arena (opening in 2022)	est. > 1,000,000
Tampere Exhibition and Sports Center	670,000
Särkänniemi amusement park	655,000
Tampere Hall	605,000
Theatres	400,000
Vapriikki Museum Center	185,000

KEY EVENTS

EVENT	EST. NO. OF VISITORS
IIHF Ice Hockey World Cup (2022)	200,000
Tampere Theatre Festival	100,000
Tammerfest	80,000
Tampere Blockfest	70,000
European Volleyball Cup (2021)	60,000
Tampere Rockfest	50,000

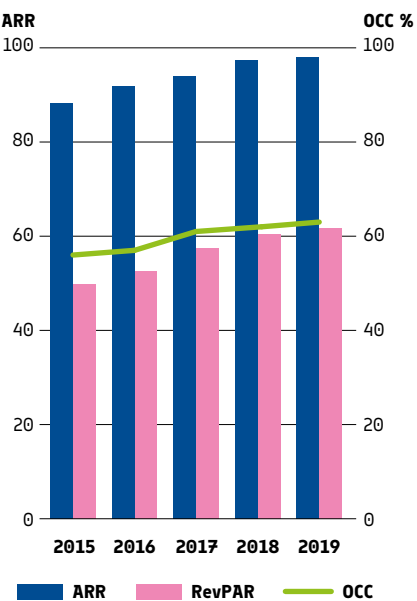
Source: Christie & Co Research

SEASONALITY 2019



Source: Statistics Finland

KPIs 2015–2019



Source: Statistics Finland



# JYVÄSKYLÄ

12 HOTELS  
1,472 ROOMS  
+2.3%  
CHANGE IN ROOMS  
2018–2019

143,000  
POPULATION (+1.1%)

67,000 FLIGHT PASSENGERS (–8%)  
847,000 TRAIN PASSENGERS (+13%)

## JYVÄSKYLÄ, BEST KNOWN FOR ITS LAKES AND ITS BUILDINGS DESIGNED BY THE MOST FAMOUS FINNISH ARCHITECT ALVAR AALTO.

Jyväskylä, with a population of roughly 141,000 inhabitants, is the second largest city in Lakeland and the largest in the Central Finland region.

This vibrant city, which is also known for its highly ranked university and cultural life, is surrounded by several, beautiful lakes. Jyväskylä is famous for many of its buildings being designed by the most famous Finnish architect, Alvar Aalto.

While Jyväskylä hotel market's RevPAR increased by a solid 17% in 2015–2019, the growth was achieved mainly through the increased room rate, as the hotel overnight increase just slightly outpaced the new hotel room addition.

Hotels affiliated with the Nordic hotel chains (Scandic and Sokos) dominate the market, accounting for approximately 2/3 of the city's total room count.

Considering the upward trending hotel market fundamentals in Jyväskylä, there is an excellent business case for higher quality (e.g. internationally branded 4-star) hotel development.

Currently, there are no new hotel projects in Jyväskylä's pipeline. Considering the improving hotel market, however, the future of the city's hotel market is looking bright.

### TOP 6 FOREIGN SOURCE MARKETS

OVERNIGHTS	2018	2019	CHANGE %
Germany	9,700	7,800	–20.3%
Sweden	5,500	5,700	+3.6%
United States	4,200	4,300	+2.3%
United Kingdom	5,400	4,200	–21.1%
France	3,300	3,300	–0.2%
Russian Federation	4,300	3,300	–24.4%

Source: Statistics Finland

### KEY EVENTS

EVENT	EST. NO OF VISITORS
Neste Rally Finland	100,000
Jyväskylä festival	30,000
Suomipop festival	29,000
Jyväskylä Construction Exhibition	17,000
Sähkö Tele Valo AV Exhibition	14,500

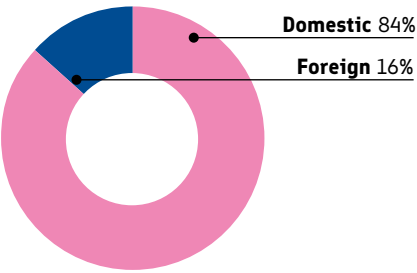
← Sources: Statistics Finland, Finavia, VR

Source: Christie & Co Research



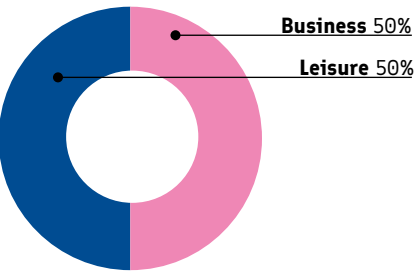
OVERNIGHTS 2019

450,869 +1.5 %

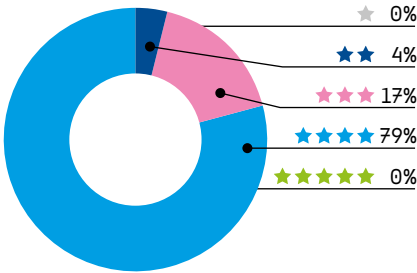


Source: Statistics Finland

BUSINESS VS. LEISURE 2019

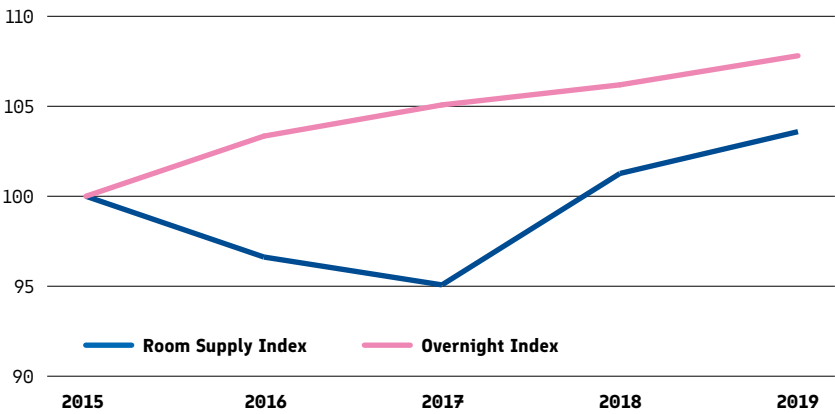


ROOM SUPPLY QUALITY  
DISTRIBUTION 2019



Source: Christie&Co Research

SUPPLY VS. DEMAND INDEX



Source: Statistics Finland

KPIs 2019

**OCC** 57% (-1.1%)  
**ARR** €93 (-1.3%)  
**REVPAR** €53 (-3.1%)

CAGR 2015–2019

**OCC** +1.2%-POINTS  
**ARR** +2.8%  
**REVPAR** +4.1%

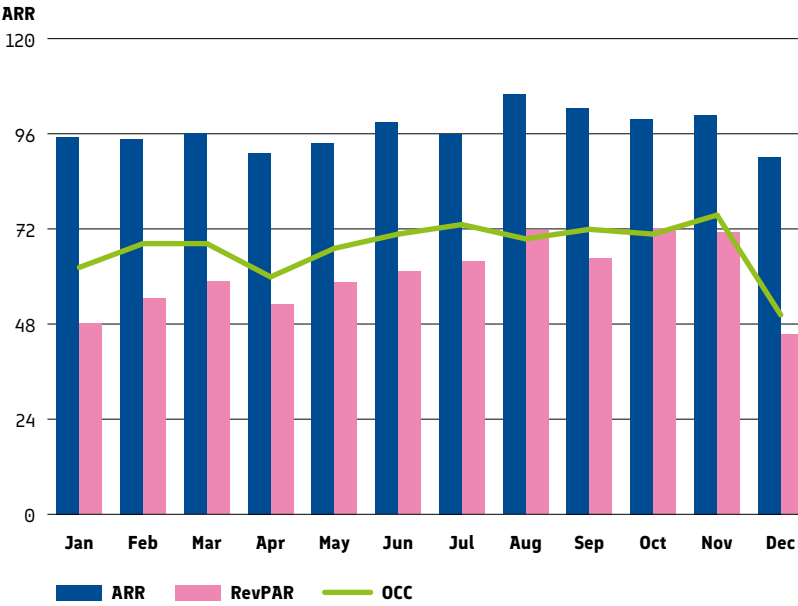
TOTAL MARKET  
ROOM SALES 2019

**28M** (-0.9%)

Source: Statistics Finland

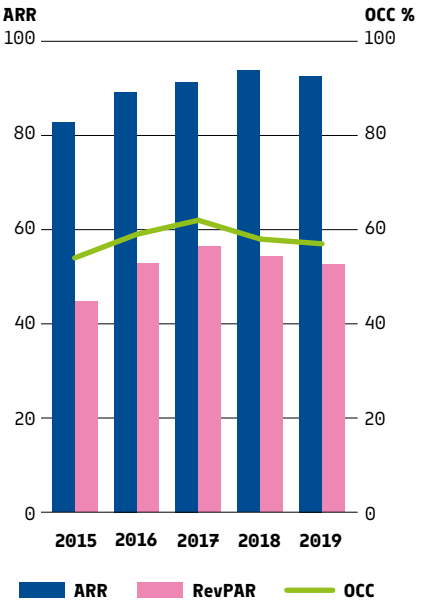


SEASONALITY 2019



Source: Statistics Finland

KPIs 2015–2019





# LAHTI

LAHTI, LOCATED ONLY AN HOUR AWAY FROM HELSINKI, IS HONORED TO BE EUROPE'S GREEN CAPITAL IN 2021.

7 HOTELS  
898 ROOMS  
-0.4% CHANGE IN ROOMS 2018-2019  
120,000 POPULATION (0.%)  
797,000 TRAIN PASSENGERS (-9%)

Lahti, despite a population of only 120,000 inhabitants, benefits from the close vicinity to the much more populated Helsinki metropolitan area, located only a one-hour drive away. St. Petersburg is reachable by train in only 2.5 hours.

There are two official Olympic Training Centers in the Lahti region: Vierumäki and Pajulahti. Several international sports events are held in the Lahti Sports Center year-round.

The region is also home to Northern Europe's leading driving instruction, traffic safety, and motorsport center KymiRing, hosting events such as MotoGP and MXGP.

Lahti has been chosen as Europe's Green Capital in 2021, meaning that the city is exceptionally environmentally friendly and acts as a role model for other cities in Europe.

Similarly, as the other selected hotel markets in Lakeland, Lahti profits from upward trending hotel market

KPIs; RevPAR increased by 22% in 2015-2019. The business segment accounts for approx. 60% of hotel overnights in Lahti, which is significantly more compared to most of the other markets. Lahti's proximity to Helsinki likely drives the notable business share.

Due to the proximity to Helsinki, despite the rather good and upward trending hotel market fundamentals, Lahti's hotel market is still somewhat underdeveloped.

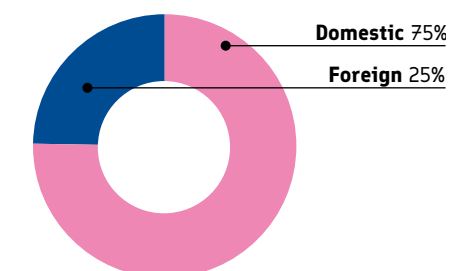
Currently, there are just seven hotels with about 900 hotel rooms, which accounts for one hotel room per 134 residents (a considerably higher number compared to other cities that are located close to Helsinki) (Tampere and Turku – one room per 78 and 98 residents, respectively). Investors should be happy to hear that there are several hotel opportunities available for future investments.

## TOP 6 FOREIGN SOURCE MARKETS

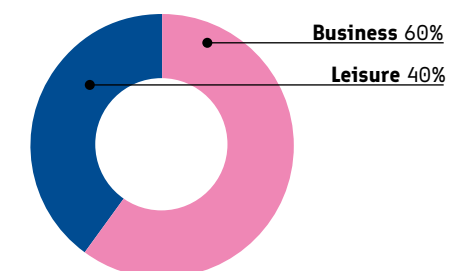
OVERNIGHTS	2018	2019	CHANGE %
Russian Federation	13,500	9,800	-27.2%
Sweden	5,000	5,700	+13.7%
Germany	6,100	5,400	-11.6%
China	1,700	4,900	+196.6%
Estonia	3,900	4,800	+21.0%
United Kingdom	2,800	3,300	+19.4%

## OVERNIGHTS 2019

282,296 +3.9%



## BUSINESS VS. LEISURE 2019







NEW SUPPLY

ROOMS	NAME	OPENING
230	Rantakartano Resort	2022
250	K42	2022
175	Lahti City Hotel	TBD
TBD	Vierumäki Resort	TBD
TBD	Messilä Resort	TBD

KEY DEMAND GENERATORS

DEMAND GENERATOR	NO. OF VISITORS
Lahti Sports Hub and Messilä Ski Resort	500,000
KymiRing	200,000
Lahti Fair Center	200,000
Sibelius Hall	190,000
Art&Design Museum	100,000

KEY EVENTS

EVENT	EST. NO. OF VISITORS
Moto GP 2020	100,000
Lahti Skigames	25,000
MXGP	25,000
Classic Motorshow	20,000
Ironman 70.3	20,000

Source: Christie&Co Research

KPIS 2019

OCC	56% (+1.3%)
ARR	€84 (+7.2%)
REVPAR	€47 (+9.8%)

CAGR 2015–2019

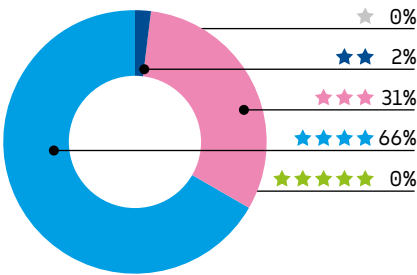
OCC	+3.6%-POINTS
ARR	+1.5%
REVPAR	+5.2%

TOTAL MARKET  
ROOM SALES 2019

15M (+9.3%)

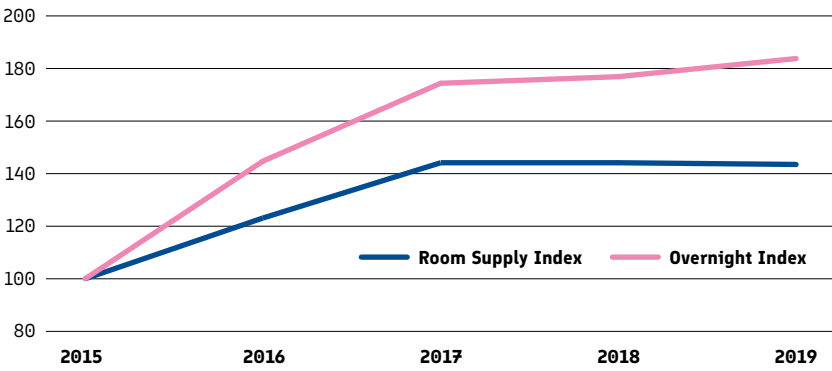
Source: Statistics Finland

ROOM SUPPLY QUALITY  
DISTRIBUTION 2019



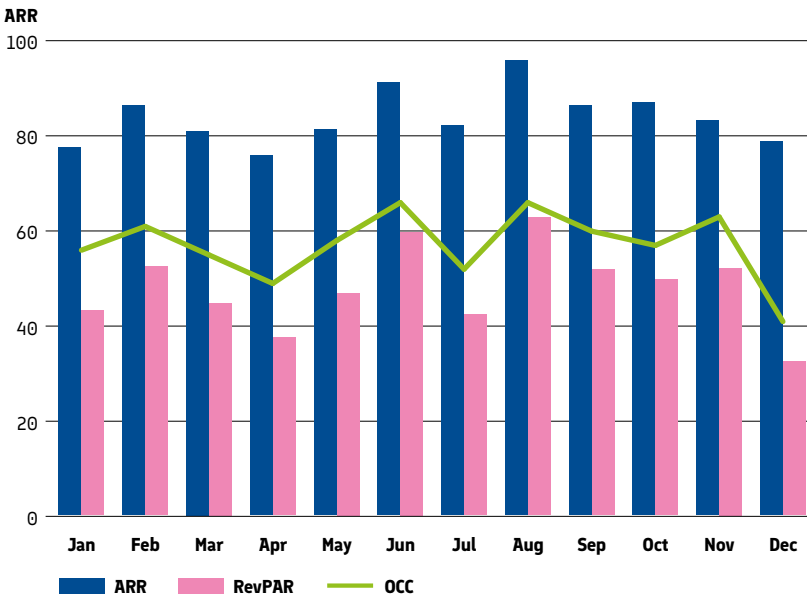
Source: Christie&Co Research

SUPPLY VS. DEMAND INDEX

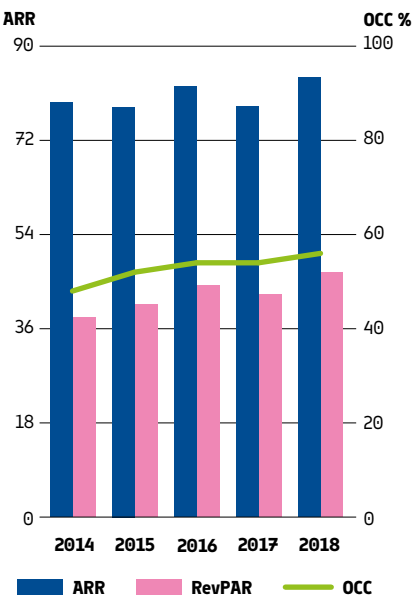


Source: Statistics Finland

SEASONALITY 2019



KPIs 2015–2019



Source: Statistics Finland



# KUOPIO

12 HOTELS  
1,297 ROOMS  
-3.3%  
CHANGE IN ROOMS  
2018-2019

119,000  
POPULATION (0%)

244,000 FLIGHT PASSENGERS (-1%)  
668,000 TRAIN PASSENGERS (+6%)

## KUOPIO IS THE CULTURAL CENTRE OF EASTERN FINLAND. THE REGION'S ECONOMIC GROWTH IS AMONG THE FASTEST IN THE COUNTRY.

Kuopio, located in the Northern Savonia region, with a population of approx. 120,000 residents, is the cultural center of Eastern Finland, hosting a wide array of festivals and events throughout the year.

Kuopio and its region have some of the fastest economic growth in the country. In addition, approx. 5,400 companies operate in the city, providing 51,000 jobs. Moreover, a new district is being built in the western part of Kuopio, providing new homes for 36,000 residents (including students), demonstrating the further growth of the city.

Despite the rather modest occupancy rate of Kuopio's hotel market, it has one of the highest and fastest-growing

average room rates in the region, surpassing the the EUR 100 mark in 2018. Note that the rate-driven rather than occupancy-driven hotel strategy often generates relatively higher cash flows, as increased occupancy means more costs.

Even though there is a steady year-round corporate demand, the leisure segment accounts for approximately 2/3 of the overnights. The leisure segment is driven by the nearby Tahko resort as well as Kuopio being a popular summer holiday destination in Lakeland.

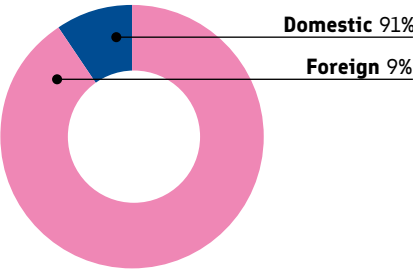
Considering the economic expansion and the booming hotel market KPIs, there is definitely a fertile ground for potential hotel investments in Kuopio.

### TOP 6 FOREIGN SOURCE MARKETS

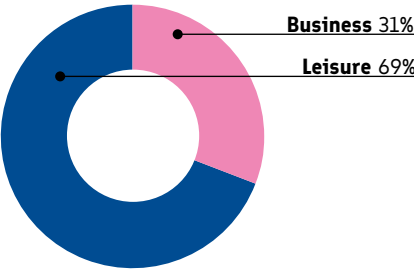
OVERNIGHTS	2018	2019	CHANGE %
Russian Federation	22,500	18,900	-16.2%
Germany	8,000	8,000	-0.7%
France	900	3,800	+308%
Sweden	2,700	2,900	+9.8%
Estonia	2,600	2,600	-2.7%
United States	1,400	2,500	+78.6%

### OVERNIGHTS 2019

460,668 +2.3 %



### BUSINESS VS. LEISURE 2019





KPIs 2019

OCC	57% (+4.1%)
ARR	€99 (-2.8%)
REVPAR	€56 (+4.7%)

Source: Statistics Finland

CAGR 2015–2019

OCC	+1.5%-POINTS
ARR	+4.8%
REVPAR	+6.8%

TOTAL MARKET  
ROOM SALES 2019

27M (+1.2%)

NEW SUPPLY

ROOMS	NAME	OPENING
TBD	A hotel development opportunity near the station	TBD

KEY DEMAND GENERATORS

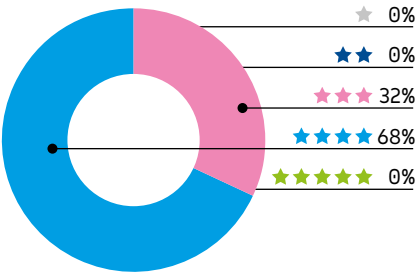
DEMAND GENERATOR	NO. OF VISITORS
Tahko resort (60 km away)	800,000

KEY EVENTS

EVENT	EST. NO. OF VISITORS
Kuopio RockCock	20,000

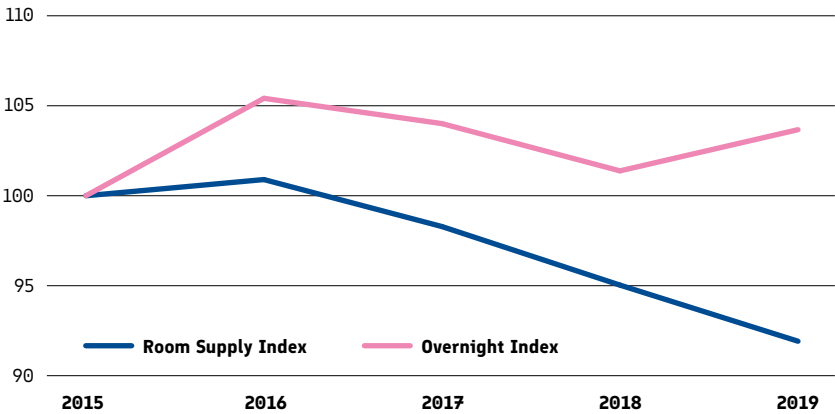
Source: Christie&Co Research

ROOM SUPPLY QUALITY  
DISTRIBUTION 2019



Source: Christie&Co Research

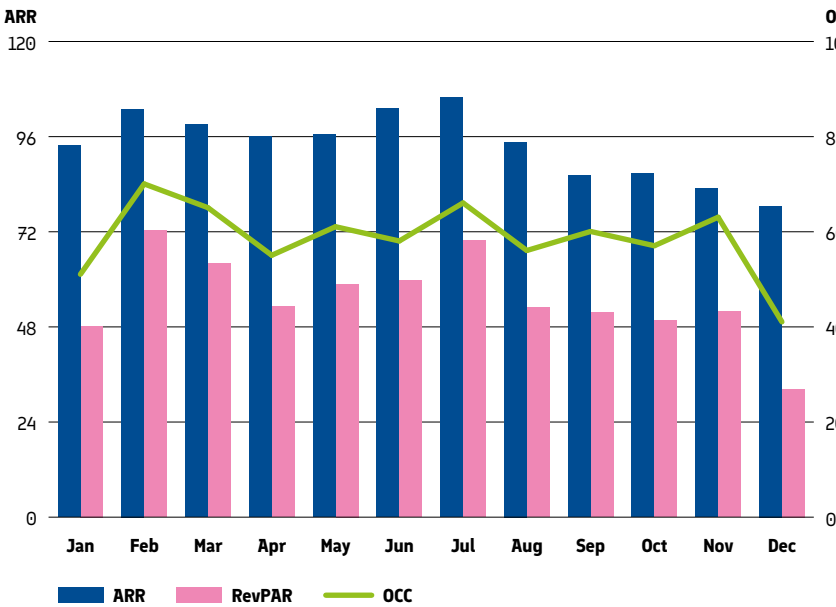
SUPPLY VS. DEMAND INDEX



Source: Statistics Finland

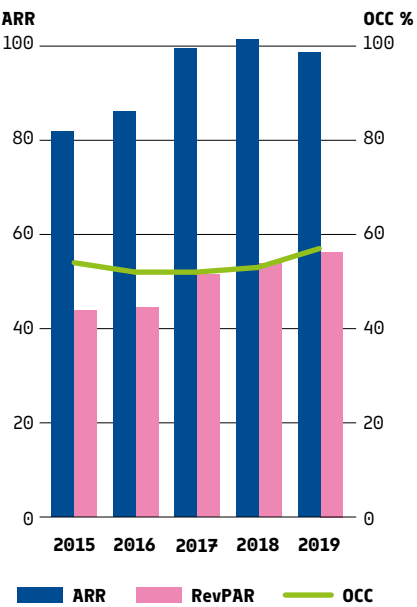


SEASONALITY 2019



Source: Statistics Finland

KPIs 2015–2019



Source: Statistics Finland



# PROVINCIAL CITIES KOUVOLA, LAPPEENRANTA, MIKKELI, JOENSUU, AND SAVONLINNA





# FROM SANDCASTLES TO OPERA FESTIVALS, THESE PROVINCIAL CITIES OFFER A WIDE ARRAY OF ATTRACTIONS AND EVENTS.

This is a consolidated performance of some of the remaining largest markets in the Lakeland, namely Kouvola, Lappeenranta, Mikkeli, Joensuu, and Savonlinna.

Selected Lakeland market performance is relatively similar to the overall performance in the Lakeland, in terms of RevPAR, seasonality, and source markets. The selected markets achieve relatively high occupancy, lower ARR. This is likely due to their more urban locations attracting more corporate demand.

Despite their relatively small size, these markets generate substantial demand. They offer a broad array of demand generators and events for different tastes: Sandcastle Lappeenranta, Kouvola Moto GP 2021, Savonlinna Opera Festival, and more.

Lappeenranta Airport is Ryanair's hub in Finland, providing direct access to several major cities in Central and Southern Europe.

There are several hotel projects in the selected market pipeline, providing exciting investment opportunities and indicating an already existing investor interest in the market.

## TOP 6 FOREIGN SOURCE MARKETS

OVERNIGHTS	2018	2019	CHANGE %
Russian Federation	143,000	149,000	+4.2%
Germany	25,000	25,000	-0.3%
Estonia	12,000	12,000	+3.2%
Sweden	9,000	10,000	+6.1%
Italy	7,000	8,000	+17.1%
Poland	3,000	8,000	+151.9%

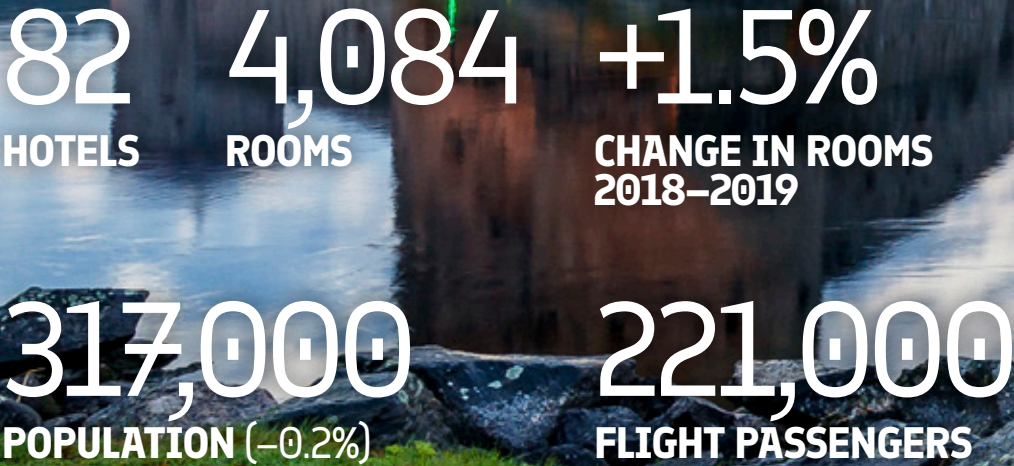
Source: Statistics Finland

## NEW SUPPLY

ROOMS	NAME	OPENING
125	Lappeenranta city center hotel	TBD
200-300	Tiuru Hotel in Lappeenranta	TBD
TBD	A few hotel projects in Joensuu	TBD
80	Savonniemi resort in Savonlinna	TBD
50	Vuokatti Sports Institute Sports Apartments	2020 Q3

← Sources: Statistics Finland, Finavia

Source: Christie & Co Research







KPIs 2019

**OCC** 50.4% (+0.8%)  
**ARR** €86.5 (+8.9%)  
**REVPAR** €43.6 (+9.8%)

CAGR 2015–2019

**OCC** +2.3%-POINTS  
**ARR** +3.9%  
**REVPAR** +6.3%

Source: Statistics Finland

TOTAL MARKET  
ROOM SALES 2019

65M (+11.5%)

KEY DEMAND GENERATORS

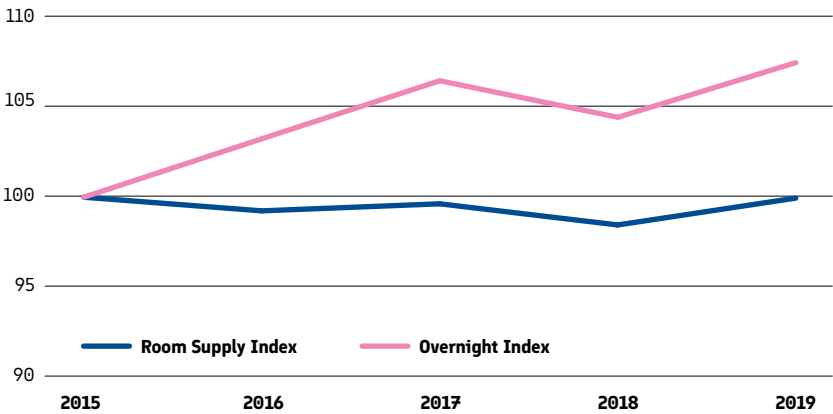
DEMAND GENERATOR	NO. OF VISITORS
Sandcastle Lappeenranta	155,000
Punkaharju Nature Reserve and Research Forest	150,000
Lappeenranta – Imatra resort area	100,000
Linnansaari and Kolovesi National Parks	55,000
Olavinlinna Castle	

KEY EVENTS

EVENT	EST. NO. OF VISITORS
Kouvola Moto GP 2021	100,000
Ilosaarirock Festival (Joensuu)	70,000
Savonlinna Opera Festival	70,000
Imatra Road Race	35,000
Kuhmo Chamber Music Festival (Kainuu)	35,000
Mikkeli Horse Racing	25,000

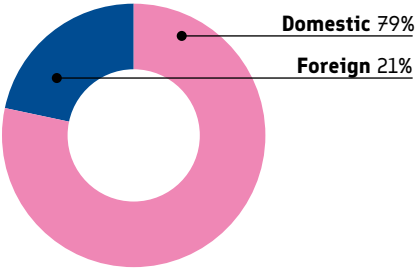
Source: Christie & Co Research

SUPPLY VS. DEMAND INDEX



OVERNIGHTS 2019

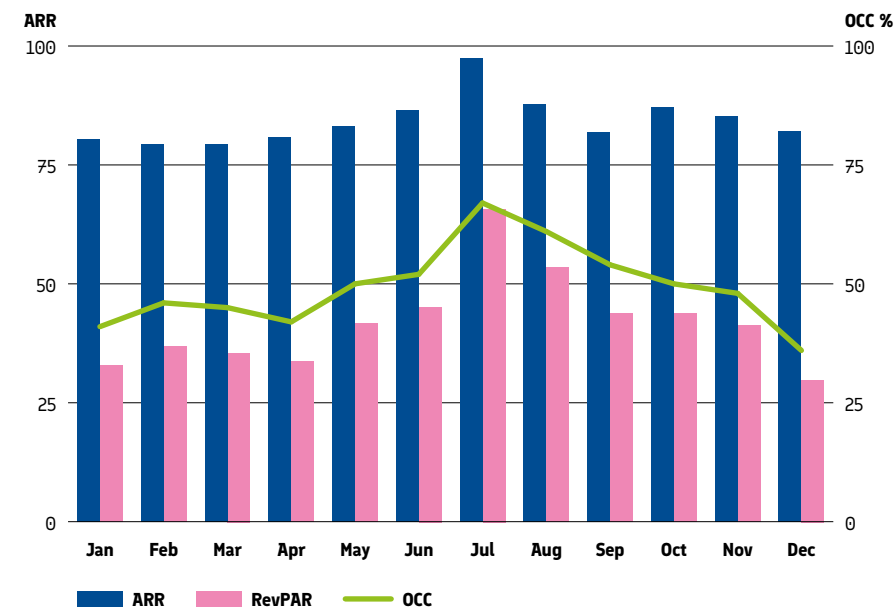
1,335,473 +2.9 %



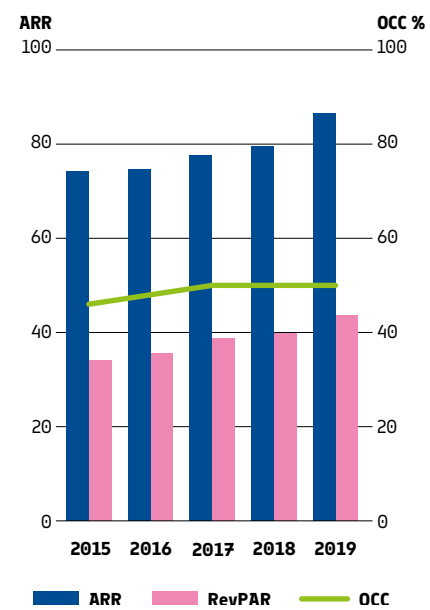
Source: Statistics Finland



## SEASONALITY 2019



## KPIs 2015–2019



Source: Statistics Finland





# LAKE SAIMAA

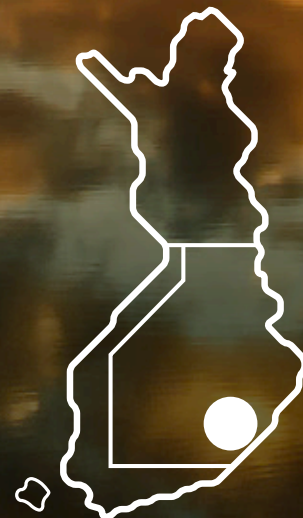
THE WALL STREET JOURNAL HAS LISTED LAKE SAIMAA IN ITS TOP 5 MOST BEAUTIFUL LAKES.

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Lake Saimaa is the country's largest and fourth largest lake in Europe. It stretches all the way from Joensuu in the North to Lappeenranta in the South. The lake has a 14,500 km long coastline and 13,700 islands. In 2014, The Wall Street Journal listed Lake Saimaa in its top five most beautiful lakes.

The lake is one of the most popular and heavily promoted

leisure destinations in the country, generating an extensive amount of visitors year-round, with a spike in the summer holiday season. There are a number of resorts surrounding the lake, demonstrating the already keen interest from investors. The fact that the region is promoted as Finland's key leisure area and the growing trend toward nature-driven recreational activities makes it a sound hotel investment opportunity.





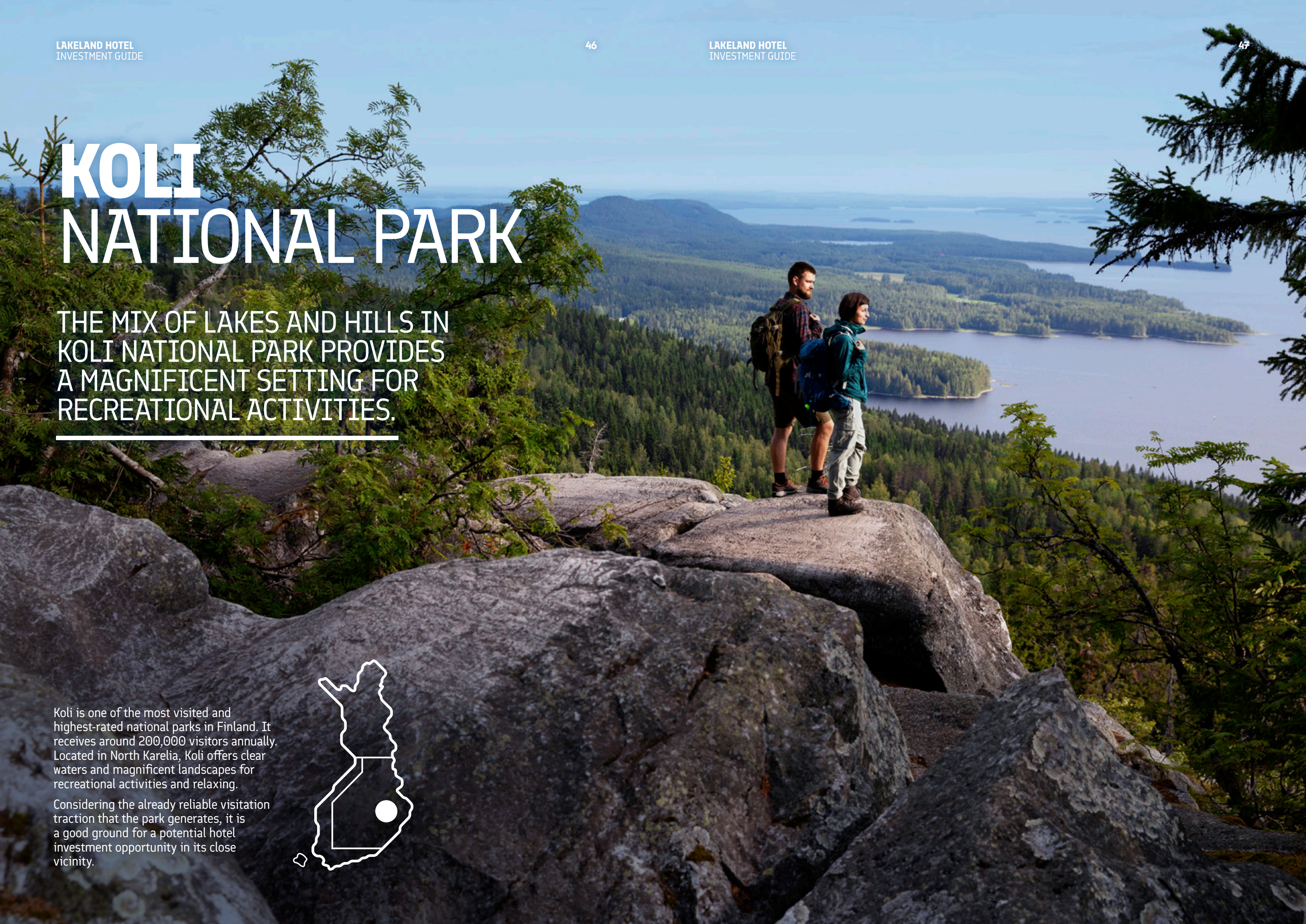
# KOLI NATIONAL PARK

THE MIX OF LAKES AND HILLS IN KOLI NATIONAL PARK PROVIDES A MAGNIFICENT SETTING FOR RECREATIONAL ACTIVITIES.

---

Koli is one of the most visited and highest-rated national parks in Finland. It receives around 200,000 visitors annually. Located in North Karelia, Koli offers clear waters and magnificent landscapes for recreational activities and relaxing.

Considering the already reliable visitation traction that the park generates, it is a good ground for a potential hotel investment opportunity in its close vicinity.





# REPOVESI NATIONAL PARK

REPOVESI IS ONE OF THE  
LARGEST AND MOST VISITED  
NATIONAL PARKS IN FINLAND.

---

Reposi National Park has plenty of blue lakes and a sophisticated trail network with various levels of difficulty.

Only 200 km northeast of Helsinki, Reposi benefits from great accessibility. Taking into account that approx. 135,000 people visit the national park annually, which provides a fertile ground for potential hotel investment in the vicinity of the park.





# HOSSA NATIONAL PARK

THE HOSSA NATIONAL PARK  
WAS ESTABLISHED IN 2017,  
AS THE 40TH NATIONAL  
PARK IN FINLAND FOR THE  
COUNTRY'S CENTENARY.

---

Hossa used to be a national hiking area, and the new national park status led to an increase in visitors of nearly 100%, reaching 100,000 in 2018.

The opportunity for investors and operators is the lack of beds in and around the national park. Once a suitable operator is secured, investors and developers are ready to commence construction.





# VUOKATTI

VUOKATTI IS ONE OF  
FINLAND'S MOST ADVANCED  
SKI RESORTS, WITH 110,000  
ANNUAL SKIING DAYS.

---

Vuokatti is the sixth busiest ski resorts in Finland. With 110,000 annual skiing days, it is considered as one of the most advanced ski resorts. Thanks to its great location, it can take advantage of both the summer and winter season despite being primarily known as a ski resort. Because Vuokatti can take advantage of both the summer and winter season, it makes it a sound hotel investment opportunity.





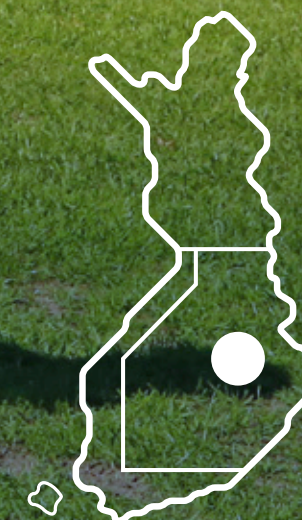
# TAHKO

TAHKO, A UNIQUE RESORT VILLAGE  
WITH STRONG INTERNATIONAL  
APPEAL, ATTRACTS AN AVERAGE OF  
800,000 VISITORS PER YEAR.

---

Conveniently located within less than an hour from the city of Kuopio and its airport, this Lakeland jewel serves as a local convention center as well as a full-service holiday resort to domestic and international visitors alike.

Tahko is Finland's fourth largest destination for leisure travel, business conventions, and sporting events, making it extremely adequate for hospitality and entertainment investment projects.





# OPERATORS AND BRANDS

## INCREASING OPPORTUNITIES FOR NEW CONCEPTS AND OPERATORS

Overall, the Nordic market has continued to be a predominantly domestically driven operating business.

Due to historical market conditions, most markets have been local businesses, with only coops like Sokos and Restel having risen above this and become nationally dominating businesses. Due to its corporate acquisition of Restel hotel operations, Scandic has now achieved greater penetration in the country, and especially in the provincial markets. Lately, Scandinavian Choice acquired Kämp Hotel Group and achieved a more dominating position in the capital region market.

However, as most of the markets are driven by mid-market operators, such as Sokos and Scandic, there is ample space for other brands to penetrate the market. Similarly, the full-service market has historically been dominated by Radisson (with Sokos as the operator) and Hilton in the capital region (operated by Scandic due to the historical connection) and more recently, by Clarion (operated by Nordic Choice).

At the moment, there are fewer than 1,000 rooms (approx. 2.5%) of internationally branded capacity outside of the Helsinki Metropolitan Area (HMA).

As markets have evolved and demand for different types of accommodation concepts is on the rise, there are plenty of opportunities for new concepts to penetrate the markets in most categories, except for the more saturated mid-market category.

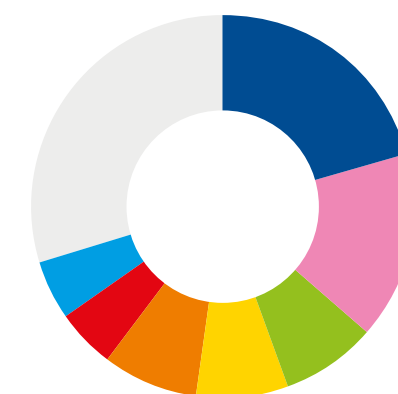
Currently, there are very few franchisers in the whole country. Franchisers would benefit from utilizing well tested and approved concepts and could potentially achieve quite rapid market penetration, both concept wise as well as geographically, in Finland.

Historically, the markets have been dominated by various lease agreements as the dominant operating form, leaving international management companies offshore. This may change in the near future, if fewer risk-averse investors would favor potentially higher market penetration over predictable and stable cash flow.

The provincial markets are dominated by very few players, such as Scandic, Sokos, Lapland Hotels, and Holiday Club, whose room stock represent approx. 25% of the number of hotels and 55% of room stock.

In general, the hotel supply is very fragmented, unit sizes are rather small (approx. 70 room on average), and a large proportion of the stock is somewhat dated.

### MAJOR OPERATORS (OUTSIDE HMA)



OPERATOR	HOTELS	ROOMS
Sokos Hotels	43	7,350
Scandic Hotels	55	9,021
Lapland Hotels	16	1,787
Radisson Hotels	3	493
Omena Hotels	5	336
Santa's Hotels	8	790
Holiday Club	8	1,145
Other operators	405	17,392
<b>Total</b>	<b>543</b>	<b>38,314</b>

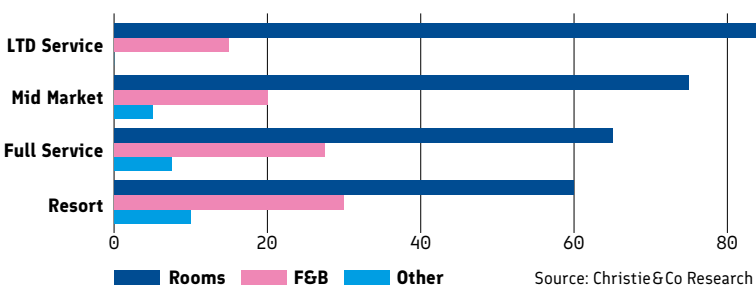
Source: Christie & Co Research



# GENERAL PROFITABILITY OF HOTELS

- Typically, the Rooms Revenue represent the largest share of Total Revenue in the Limited Service category, shrinking its share while the level of hotel services keeps increasing
- We consider the Rooms Revenue to represent a range of 60–90% of Total Revenue, depending on the concept and range of other services
- Food & Beverage Revenue tends to represent approximately 10–50% of Total Revenue, depending on the level and range of services
- When measured in GOP-%, the Limited Service Hotel sector is usually the most profitable
- Measured in euros, Resort or Full-Service Hotel operations may yield higher returns, but tend to be more labor-intensive and less profitable by percentage
- Seasonal markets, higher labor costs and harsher weather conditions than elsewhere in most of Europe may have a downward effect on the profitability of the hotel business
- Hotel operations based on a concept covering a wider range of market segments tend to have a less risky market position and better profitability

## REVENUE MIX



## ISSUES TO CONSIDER BEFORE EBITDA

A number of items will be deducted from GOP before reaching EBITDA, such as:

- Real Estate Tax and Insurances (around 2–3% of Turnover)
- On the Finnish market, Furniture, Fixtures, & Equipment Reserve is quite often an overlooked issue (3–5% of TO)
- Lease payments (25–35% of TO) or Hotel Management Agreement fees (around 6–10% of TO)

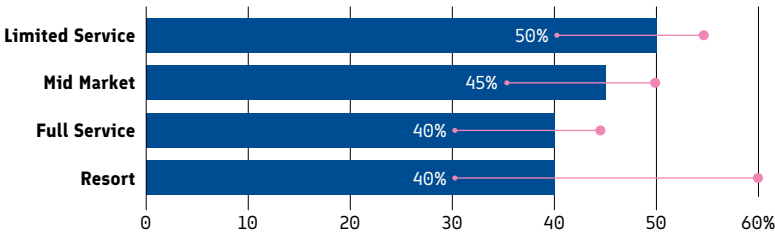
## ISSUES AFFECTING PROFITABILITY

Profitability is often a sum of several factors, such as, but not limited to:

- Accessibility and proximity to a wide range of demand generators
- Having access to a wide range of market segments and submarkets
- The ability to attract higher yielding customers at relatively low marketing costs
- Continuously keeping the hotel product competitive
- Access to global marketing distribution channels at a relatively low cost
- Brand recognition and membership reward programs



## GROSS OPERATING PROFITS (GOP)





# LABOR COSTS IN FINLAND

Hotel and Restaurant operations tend to be very labor-intensive segments, making labor costs one of the most important focus areas when thinking of successful and profitable hotel operations.

In Finland, labor costs tend to vary between approx. 25% and 35% of turnover, making it one of the most expensive cost items in operations.

The vast majority of the staff members belong to labor unions, and the employees are generally well protected, and Finnish labor and occupational and safety legislation covers all of the employees working in Finland, regardless of nationality.

In addition to basic salary, many issues such as overtime, working hours, vacations, sick leave and minimum wages are based on

## LABOUR COSTS VARY BETWEEN 25–35% OF TURNOVER

applicable collective agreements between workers and trade unions, which may be negotiated annually or biannually.

Furthermore, the employer will also face the costs of pension contributions, accident insurance, unemployment and group life insurance. Moreover, costs will be borne from the employer's social security contribution, potential annual bonus, and holiday pay, but also

from further training and sick leave coverage.

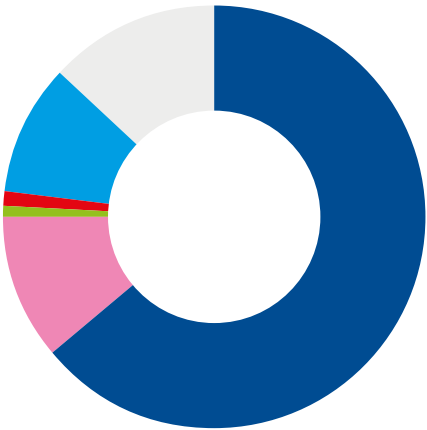
Although the country has a reasonably well-educated workforce that also speaks a minimum of three languages, the extra costs on top of the basic salary can reach 50–60%.

In the seasonal markets, there are shortages of domestic staff members; another important issue to consider is temporary accommodations for staff members.

Typical working hours are 112.5 h over a 3-week period and 30 days of vacation annually.

As collective union agreements in many sectors are due for update negotiations, including the hospitality sector, there is currently upward pressure to keep salaries competitive in the sector.

## OVERALL EMPLOYMENT COSTS

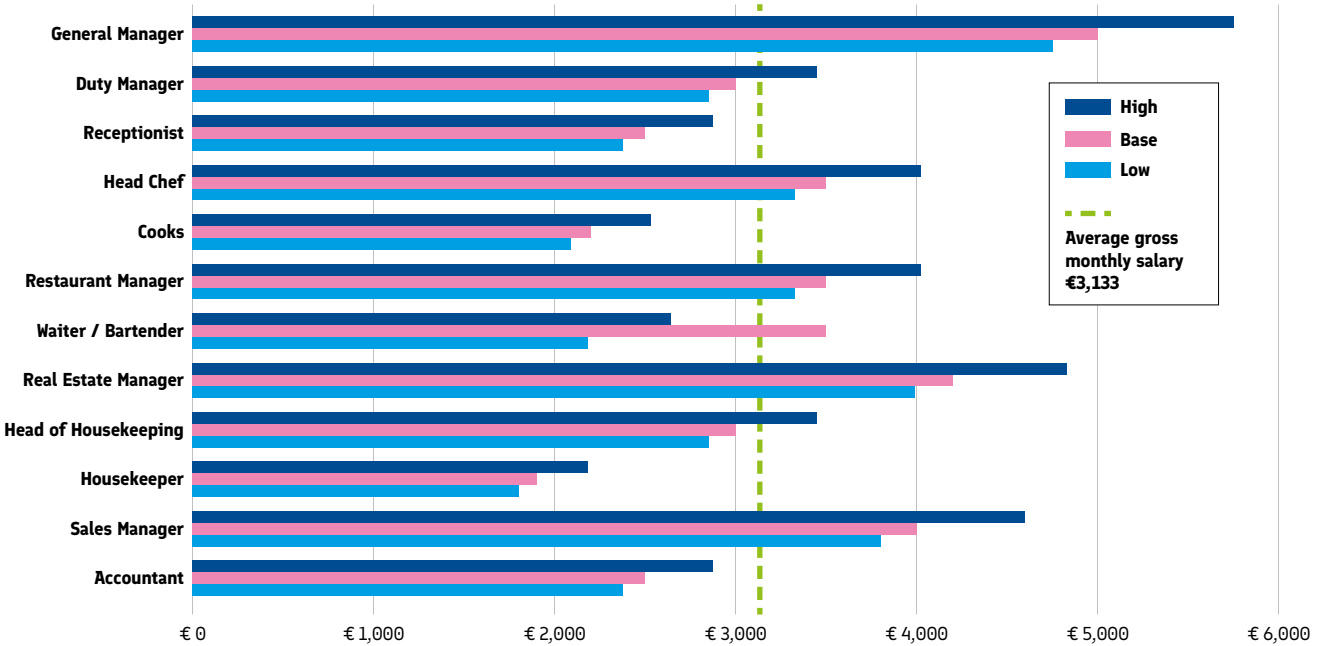


Source: Christie & Co Research

Gross Salary	64.09%
Pension Contribution	11.38%
Employment Accident Insurance	0.51%
Unemployment Insurance	0.42%
Group Life Insurance	0.04%
Employer's Social Security Contributions	0.55%
Annual Bonus and Holiday Pay	10.19%
Training & Sick Leave Coverage	12.82%

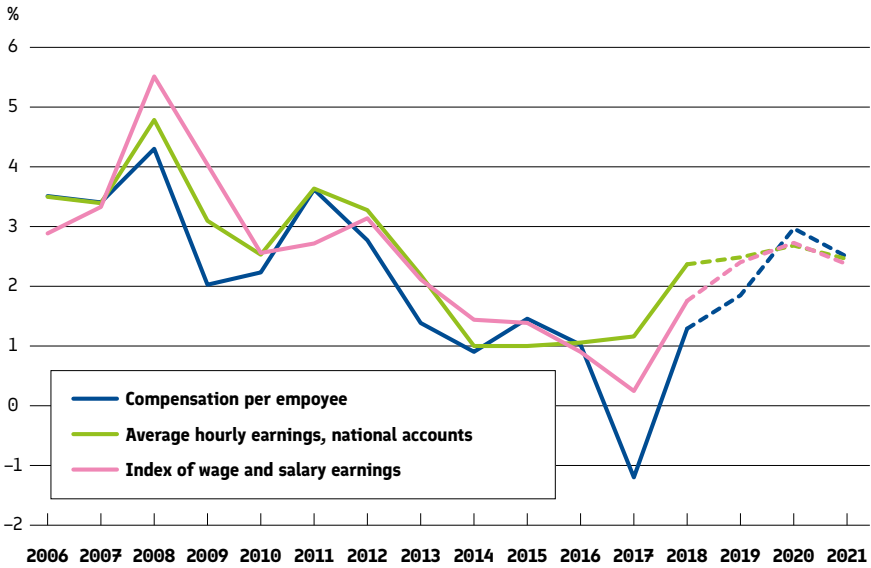
## 1.6X BASE SALARY

## TYPICAL AVERAGE BASE MONTHLY GROSS SALARIES IN THE INDUSTRY



Source: Hotel and Restaurant Collective Union Agreement; Christie & Co Research

## AVERAGE EARNINGS AND LABOR COSTS IN FINLAND



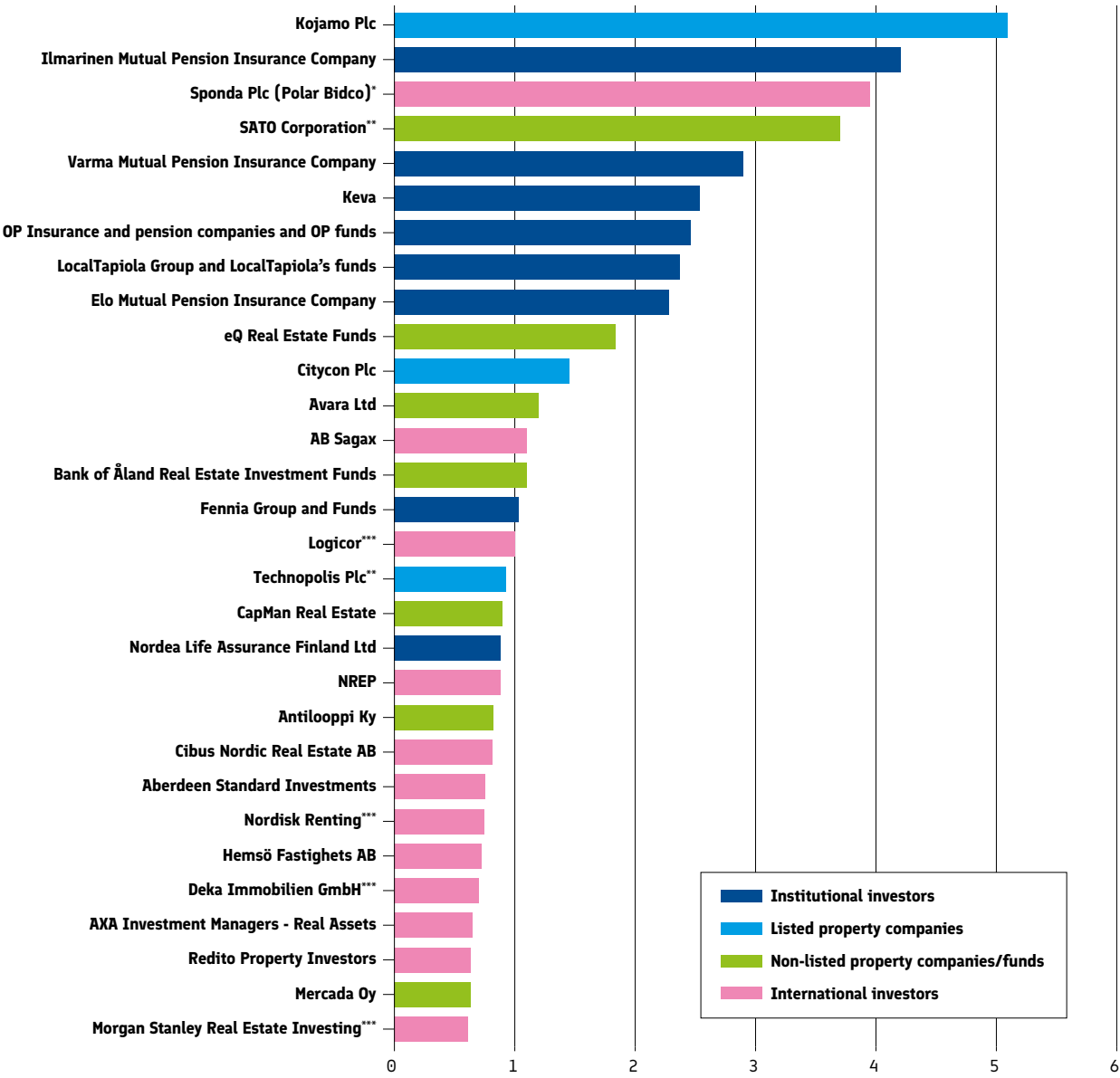
Source: Statistics Finland and Bank of Finland

AVERAGE CAGR  
2010–2019  
**2.5%**



# REAL ESTATE OWNERS

LARGEST REAL ESTATE OWNERS,  
EUR BILLION



\* Q2/2018 \*\* Q3/2018  
\*\*\* KTI estimate

Source: KTI







# MOST COMMON OPERATING AGREEMENTS

## ALMOST ALL OPERATING AGREEMENTS IN FINLAND ARE LEASE-BASED, THEREBY GIVING THE MARKET ITS OWN DISTINCT CHARACTER.

As most hotel operations are not operated by real estate owners, there is usually another professional party operating the hotel. The most common operating structure in Finland is a lease, whereby the tenant occupies the premises and operates the hotel, and in return pays the lease to the property owner.

There are a few ways how the operational risk has been split between the parties, indicating the risk vs. reward structure.

Currently, almost all of the operating agreements in Finland are lease-based, although most new and renewed agreements are becoming variable lease agreements, providing the real estate owner an opportunity to benefit

from potential financial success of the operator's performance.

The reason behind this is that the country has a very limited pool of investors willing to take more of the operational risk, although it could be financially more rewarding. Partly, the reason lies in the limited number of professional sector specialists focusing on the hospitality sector in these companies.

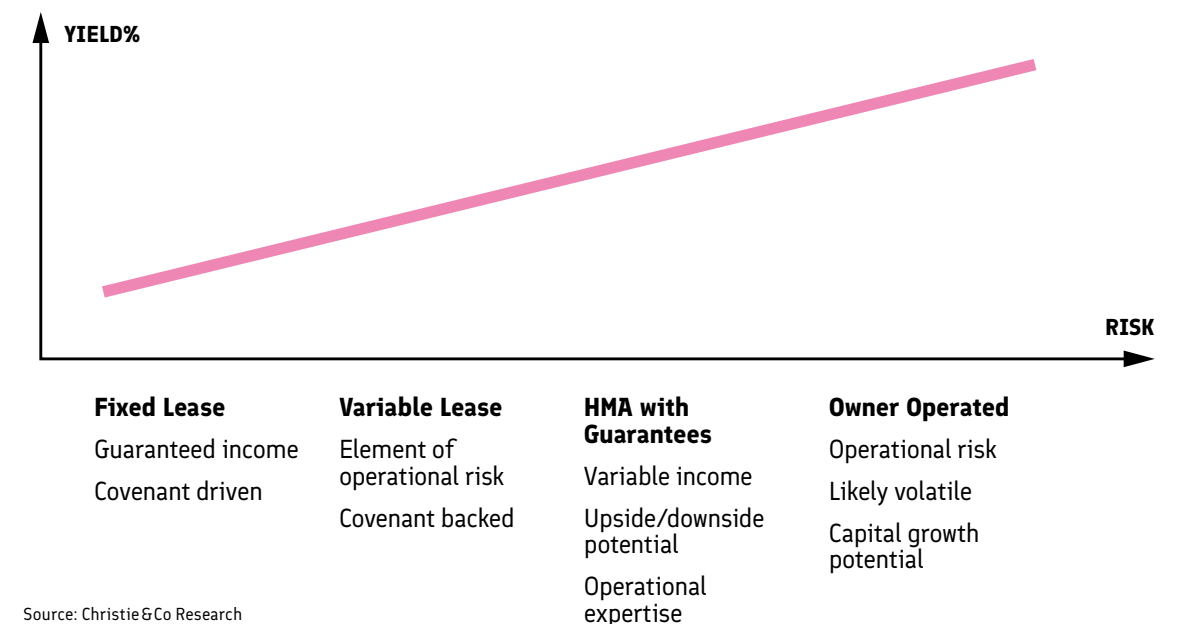
This position of favoring leases as the dominant operating structure is also the fundamental reason why the most prominent international hotel operators have not found their way to the Nordic region, including Finland.

The vast majority of hotel owners are institutional investment companies

who favor long-term predictable income streams over perhaps more volatile unpredictable cash flows, although these could potentially be even 30–50% higher.

Lease agreements are not maximizing the returns for investors. In addition, according to the current rules of IFRS, all liabilities, such as leases, will have to be correctly allocated to the balance sheet, which in turn may have a downward impact on the stock price of the operating company, making it less attractive to investors.

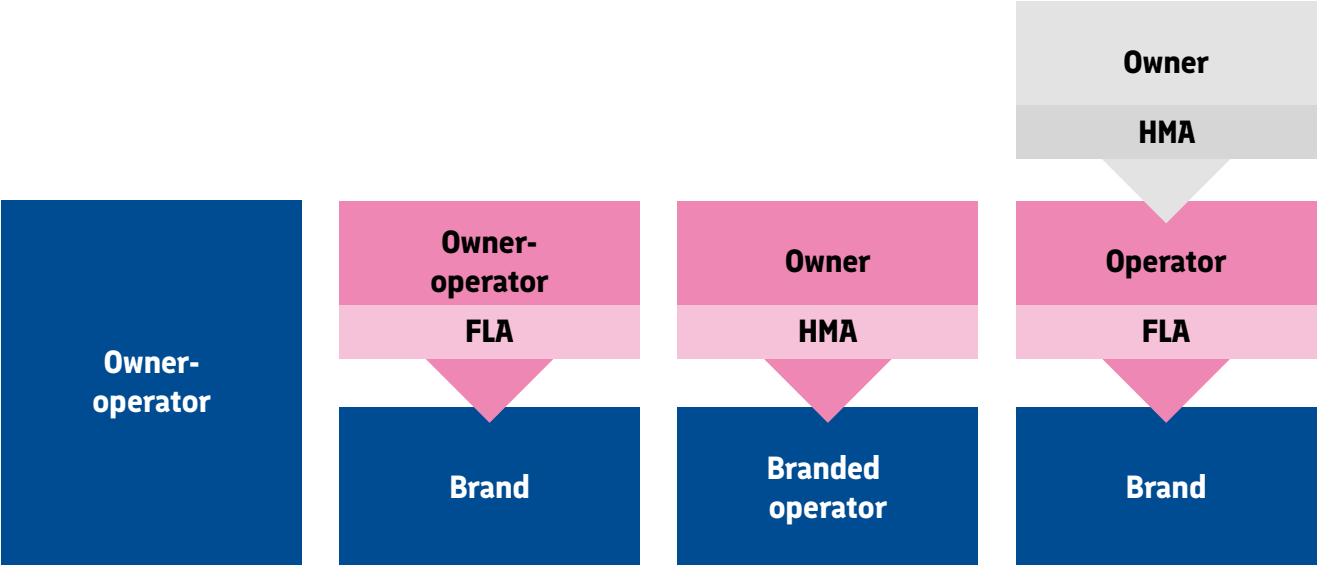
Nonetheless, each investor has their own unique risk profile, and most of the projects are different from each other, so no right or wrong structure can be appointed.



Source: Christie & Co Research



COMMON OPERATING AGREEMENT STRUCTURES



Source: Christie&Co Research

COMMON AGREEMENT TYPES

LEASE AGREEMENT	
INVESTOR	
<b>PROS</b>	<b>CONS</b>
<ul style="list-style-type: none"><li>+ Opportunity to negotiate compensation performance driven, aligning the interest of the operator and investor</li><li>+ Access to the hotel operator’s operational expertise, branding, distribution, loyalty programs, etc.</li><li>+ Exposure to capital appreciation</li></ul>	<ul style="list-style-type: none"><li>– Exposure to the operational risk of the asset remains</li><li>– Balancing requirements of the asset owner and operator can sometimes be challenging</li><li>– Cost of management fees impact on profitability</li></ul>
HOTEL OPERATOR	
<b>PROS</b>	<b>CONS</b>
<ul style="list-style-type: none"><li>+ Hedge of financial and operational risks</li><li>+ Receipt of management fee income giving less exposure to the P&amp;L of the hotel</li><li>+ Retaining more control over operations and general management of the property and business</li><li>+ Insurance obligation from the investor</li><li>+ Minimal capital cost for expansion</li><li>+ Potential for minority equity investments</li></ul>	<ul style="list-style-type: none"><li>– Asset can be disposed of by the investor at any time deemed appropriate</li><li>– Time cost of the preparation of property performance information for owners/investors</li><li>– No benefit from the capital appreciation of asset</li></ul>

Fees consist of a fixed base fee (varies, but usually around 2–3% of total revenue) and an incentive fee, which is more profit-driven (varies, but usually ranges between 5% and 10% adjusted GOP).

MANAGEMENT AGREEMENT	
INVESTOR	
PROS	CONS
<ul style="list-style-type: none"><li>+ Lower perceived risk</li><li>+ Variety – Fixed Stable Yield or Variable</li><li>+ Limited Hotel Operational Experience required</li><li>+ Avoiding the issue with having employees on the investor's payroll</li></ul>	<ul style="list-style-type: none"><li>– Operator is in full control of the interior of the asset</li><li>– Security of tenure for a longer period</li></ul>
HOTEL OPERATOR	
CONS	CONS
<ul style="list-style-type: none"><li>+ Fixed Lease – No benefit of upside cycles of business</li><li>+ Passive – Very limited control over operational business</li><li>+ Very limited control over the internal quality of asset</li><li>+ At the termination of a contract, if the asset is furnished by the operator, a period for refurbishment may be required – Not producing income during the period!</li><li>+ Very difficult to replace the operator during the contract period</li></ul>	<ul style="list-style-type: none"><li>– Very slow and capital intensive way of expanding and growing the brand</li><li>– May warrant more complicated resources beyond the SPV for the project as guarantees</li><li>– According to the IFRS rules, lease payments will be registered as liabilities under the balance sheet, usually impacting investor sentiment negatively – this is reflected in a downward trend in the share price</li><li>– The operator often has an insurance obligation</li><li>– No benefit from the capital appreciation of asset</li></ul>

Large variation in typical amounts, may vary between 20–35% of turnover, influenced by concept, quality class, and financial forecast and investor’s needs

FRANCHISE AGREEMENT – OWNER OPERATED SCENARIO			
INVESTOR			
PROS		CONS	
+ Access to a wider pool of concepts and brands		– Closely bound to global management company brand standards – lack of flexibility	
+ Fee is tied to incentives		– Responsibility and liability over employees	
+ Benefits from upside business cycles		– Requires a further and deeper understanding of the hotel operational business	
+ Better control over operations and development - guidelines and standards set by the brand			
+ Wider access to international markets, brand value, improved marketing efforts			

Fee usually based on a percentage of rooms revenue (varies but usually around 3–5%).

May also have a royalty allocation for food & beverage revenues, depending on the underlying concept, around 1–3% food & beverage revenue.

Program fee for marketing, distribution, and reservation costs usually ranges between approx. 2% to 4% of room revenue.

Quite often, the base fee is more negotiable, but the program fee is pretty much fixed as a more universal element.



# TYPICAL LEASE TERMS

## TYPICAL LEASE AGREEMENT TERMS

RENTAL TERM	VALUE RANGE	COMMENTS
<b>Turnover Based Lease with minimum Guarantee</b>		
Rooms Revenue Rental Income	25–37%	
F&B Revenue Rental Income	8–15%	Greatly dependent on concept, may also be 0
Minimum Guaranteed Lease Level	65–90%	Strongly dependent on the concept and location
<b>General Lease Terms</b>		
Rental Income Guarantee – Bank Guarantee	6–24 months	Either Bank Guarantee or Corporate, length depends on likelihood of finding a replacement tenant, can also be a “roll over”, “renewing”, or “balloon”-style
Property Tax	Usually the responsibility of the tenant	
Furniture, Fixtures, & Equipment Reserve (FF&E)	2–5% of Turnover	Usually a phased build-up, in the older agreements, may be ignored, or if the investor’s responsibility
Agreement Lenght	10–25+ years	Many views affecting the desired length
FF&E Investment	Tenant/Owner	Many views affecting the desired party, usually the responsibility of the tenant, but can also be financed separately
<b>Maintenance &amp; Refurbishment</b>		
Facade & Exterior	Owner	
Technical Installations	Owner	Usually the tenant is responsible for servicing
Bathrooms/Wet Areas	Owner	Predominantly owner responsibility, few exceptions
Interior/FF&E	Tenant	If originally acquired by tenant, the tenant owns property at the termination of agreement – needs to be settled at the end of the period

Source: Christie&Co Research and Analysis

# RECENT HOTEL TRANSACTIONS

## THE NORDICS ARE NOW ATTRACTING MORE INTERNATIONAL INVESTORS THAN EVER BEFORE.

Until recently, transactional activity in Finland and the Nordics has been fairly low, driven at least to some extent by predominant institutional ownership and long, fixed-lease agreements.

In recent years, however, the Nordics, which has previously been more or less exclusively an intra-Nordic market, has emerged on the radar of international investors. As a euro-based economy, Finland has a currency advantage over the other Nordic countries.

As the prevailing economic conditions and compressed yields make it increasingly difficult for investors to achieve attractive return in the more traditional real estate asset classes, investor appetite for the hotel asset class appears to be on the rise throughout Europe. International interest focuses mainly on Nordic capitals or the top two or three cities per country.

In the past five years, two large, international hotel acquisitions have been recorded in Finland. In 2016, 153-room German Deka Immobilien acquired St George hotel in central Helsinki. In 2018, French asset management firm Corum acquired a portfolio of six hotels from CapMan in various locations in Finland for a sales price of around EUR 72 million and a capitalization rate of 7.4%. The transaction was notable for also including resort type properties. While large differences exist between regional markets, the yield level is indicative of lease deals in the type of small markets presented in this report.

YEAR	MARKET	PROPERTY	HOTELS	ROOMS	BUYER	SELLER
2019	Pori	Scandic Pori	1	120	Evli Bank	Investors House
2019	Helsinki	Scandic Kallio	1	121	Fastighets Ab Balder	Tradeka Kiinteistöt
2018	Helsinki	Hotel Katajanokka	1	106	Fennia Life Insurance	N/A
2018	Ikaalinen, Kotka, Rauma	Scandic Ikaalisten Kylpylä, Scandic Kotka, Hotel Kalliohoivi	3	340	Investors House and private investor	Tradeka
2018	Turku, Kemi, Rauma, Saariselkä, Kuusamo and Vuokatti	Holiday Club Saariselkä, Holiday Club Kuusamo, Holiday Club Katinkulta, Scandic Kemi, Scandic Rauma, Scandic Plaza	6	870	Corum Asset Management	CapMan
2018	Turku	Sokos Hotel Kupittaa Development	1	200	Rausanne Oy	YIT
2017	Espoo	Forenom Aparthotel	1	133	CapMan	VVT Kiinteistösijoitus
2017	Kuopio	Hotel Atlas	1	131	eQ Oyj Asset Man	Carlson
2017	Helsinki	Holiday Helsinki West	1	256	Fastighets Ab Balder	Tradeka
2017	Helsinki	Sokos Hotel Tripla Development	1	430	Exilion	YIT
2017	Kotka	Sokos Hotel Seurahuone	1	128	S Group	CapMan
2016	Hyvinkää	Rantasipi Sveitsi	1	194	Kiinteistörahasto Sveitsi Ky	CapMan
2016	Helsinki	St George Development	1	153	Deka Immobilien	CapMan

Source: Christie&Co Research



# ROAD MAP FOR HOTEL INVESTMENT

INTERESTED IN ENTERING  
THE FINNISH HOTEL  
MARKET? HERE ARE NINE  
CONCRETE STEPS TO TAKE.

IDEA	<b>1</b>	<b>Spot the opportunity.</b> Secure and/or acquire the opportunity to pursuit.
	<b>2</b>	<b>Zoning.</b> Make sure that the current zoning allows hotel development and operation. Zoning and land use amendments may take some time and cause critical delays to your project.
CONCEPT	<b>3</b>	<b>Research &amp; Analyze.</b> Conduct a feasibility study for the project to ensure what kind of concept would maximize the profitability of the project, indicate cash flow potential, and benchmark your project against market and competitor performance, in the given location, on the current and future market.
	<b>4</b>	<b>Secure the Best Operator.</b> If you, as an investor, are not the proposed and most experienced operator for the project, it is probably best to leave it to the professionals needed to maximize cash flow and return of investment. Make sure that the operator can reach anticipated market segments cost-efficiently and be at the top of revenue management issues.
OPERATOR	<b>5</b>	<b>Design, Architecture, and Compliance.</b> Make sure to involve a local architect to assist in designing the project in compliance with local and national legislation, and to bring efficiency and practicality to your planning. To maximize efficiency and to comply with brand standards, you should also involve the operator's technical team in your project's designs and plans.
	<b>6</b>	<b>Secure Financing.</b> If you are the developer, it is naturally critical to have an investor for your project. To mitigate the perceived risks for investors and debt financiers, you should carefully plan which concepts, markets, and operators that you want to work with; investors measure all of the related risks.
FINANCING	<b>7</b>	<b>Planning Permission.</b> To proceed with the project, you need to apply for planning permission by describing and detailing your project. For this, you should submit preliminary drawings to the city officials. At a later stage, you also need to provide more detailed and final plans in order to proceed. Sometimes development plans may draw complaints from citizens or other members of society that may hinder the project.
	<b>8</b>	<b>Construction.</b> A critical element in hotel investment! Thoroughly research the various options and compare the offers from many different construction companies. Cost overruns or severe delays in project delivery can jeopardize the development or seriously lower return on investment. Construction conditions may also vary from what was anticipated. To avoid surprises in the anticipated construction timelines and assumed schedules, you need to discuss in detail with the construction company in advance.
PLANNING	<b>9</b>	<b>Fit-out &amp; Preopening.</b> Make sure that the considered furniture, fixtures, and equipment to be installed are in line with the brand requirements and procured from reliable sources that can also assist if something needs to be addressed before opening the hotel. Many operators also need to have access to the site, or a comparable location, quite early in advance before the opening (in some cases, even up to one year in advance) to launch their premarketing and other business measures.
OPENING		



# WELCOME TO FINLAND!

## THE NATURALLY BEAUTIFUL LAKELAND OFFERS A WIDE RANGE OF INVESTMENT OPPORTUNITIES.

There is a broad array of hotel investment opportunities in the Lakeland area. Most of the markets in Lakeland have lately been enjoying a stellar performance. Even though the smaller markets weren't included in this analysis, we are confident that there are excellent hotel investment opportunities in them as well.

Most of the hotel markets are domestic and brand-driven. They are saturated in mid-market segments, providing excellent opportunities to penetrate the markets with internationally proven hotel concepts in most categories.

Read more about the concrete business opportunities in Finland at [WWW.BUSINESSFINLAND.FI](http://WWW.BUSINESSFINLAND.FI)

### THIS GUIDE WAS FINALISED BEFORE THE OUTBREAK OF THE COVID-19 PANDEMIC.

The lockdown measures to stop the virus from spreading have restricted movement and business activities globally and had severe consequences on travel and hotel industries. It is uncertain what the impact for these industries will be in the end. Thus, there is a significant risk the market growth in the coming years will not be as high as forecasted in this guide.

**DISCLAIMER** This guide has been prepared for prospective investors as a part of conducting their own internal due diligence process and preliminary market data evaluation for investing in Finnish Tourism sectors. Each prospective investors should conduct their own investigation and analysis of any market of interest, and information presented in this document is not intended to be complete nor sufficient alone for this purpose. Business Finland and Christie & Co have in preparation of this document relied on third party information, and thus cannot guarantee the accuracy, or completeness, of the information contained in this document, including any forecasts or market data.

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We are happy to help you discover the hotel opportunities in Finland and provide you with the right contacts and market information. Our services are confidential and complimentary.



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