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Agenzia nazionale per l'attrazione
degli investimenti e lo sviluppo d'impresa SpA

Investment Opportunities

Tourism

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Invitalia is the Italian national agency for inward investments and economic development. Its mission is to promote the country competitiveness – in particular in the Southern Regions – and support growth in strategic sectors.

Its main objectives are:

- *Supporting inward investments*
- *Boosting innovation and growth*
- *Improving the economic opportunities in the country.*

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Contents

Tourism in Italy

In Italy the tourism industry is an important economic activity which represents a main component of the national economy. According to WTTC - World Travel and Tourism Council, in 2011 Travel & tourism industry is expected to be EUR 137.3 bn and the total contribution to the employment will be over 2,2 million jobs, considering also jobs indirectly supported by the industry. Tourism in Italy approximately accounts 8.6% of the national GDP and by 2021 forecasts predict a growth of 2% per year.

Globalisation processes led to a change in the mechanisms underlying demand and in the organisational supply chains, particularly due to the emergence and establishment of new destinations that compete with traditional and mature ones.
Italy has always been one of the most desired and visited travel destinations and remains firmly among the top five countries at global level, despite the increase in the offer of tourist destinations. According to the 2011 *Flash Eurobarometer Survey on the attitudes of Europeans towards tourism*, Italy is the most popular planned holiday destination for 2011 among EU citizens, overcoming Spain and France with the 11.5% of the total:

- **1st place** among **EU countries** for accommodation capacity
- **2nd place** among **EU countries** for arrivals
- **4th place** in world country rankings for **currency earnings**
- **5th place** in world rankings for **arrivals**

Key Statistics - Italy	
Travel & Tourism Revenue (EUR billion, 2011)	137.3 *(8.6% of GDP)*
Inbound Tourist Arrivals (million people 2009)	41.1
Inbound Tourism Receipts (EUR billion, 2009)	28.7
Hospitality Industry - hotels and other collective accommodation (units 2009)	145,358
Hotel Industry – number of bed places (units 2009)	2,200,000
Hotel Industry (hotels and restaurants)– number of employees (units 2010)	1,196,000

Source: WTTC 2011 Italy Country Report, Eurostat, Italian Institute of Statistics

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Tourist demand

Adding the number of foreign visitors to Italian tourists, each year almost 95.5 million people travel around Italy for various reasons, including culture, seaside holidays, religion, leisure and business.

Tourism demand in Italy – 2009

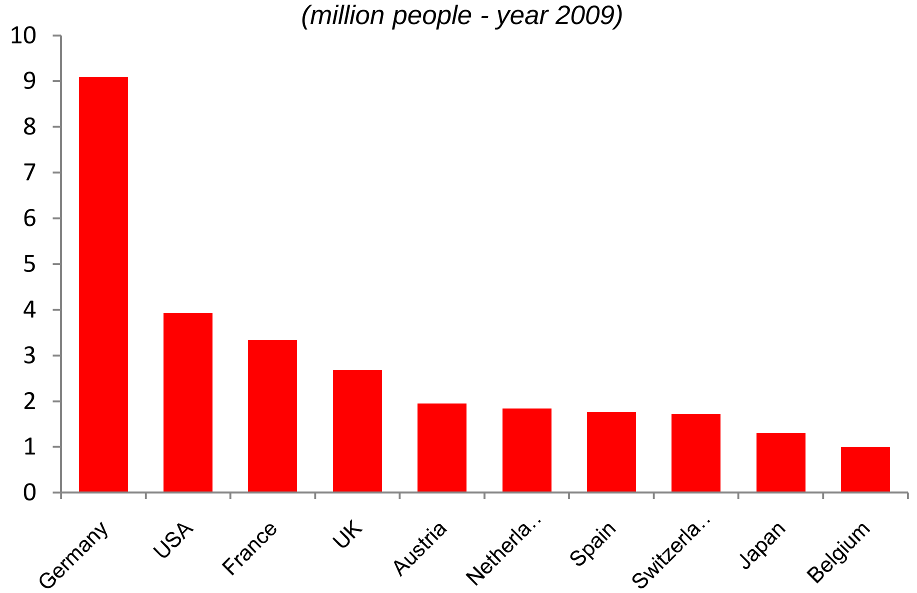
CATEGORIES AND TYPES OF BUSINESS	ITALIANS			FOREIGNERS			TOTAL		
	Arrivals	Overnight stays	*Average stay*	Arrivals	Overnight stays	*Average stay*	Arrivals	Overnight stays	*Average stay*
5 star and 5 star luxury hotels	935.877	2.606.374	*2,78*	1.465.819	4.580.258	*3,12*	2.401.696	7.186.632	*2,99*
4 star hotels	16.329.224	42.374.808	*2,60*	14.691.614	43.377.550	*2,95*	31.020.838	85.752.358	*2,76*
3 star hotels	20.191.403	67.436.696	*3,34*	12.428.223	41.902.027	*3,37*	32.619.626	109.338.723	*3,35*
2 star hotels	3.605.175	12.584.997	*3,49*	2.301.994	7.972.701	*3,46*	5.907.169	20.557.698	*3,48*
1 star hotels	1.143.536	4.105.334	*3,59*	810.197	2.731.841	*3,37*	1.953.733	6.837.175	*3,50*
Tourist hotel accommodation	1.492.867	10.681.319	*7,15*	934.849	6.264.202	*6,70*	2.427.716	16.945.521	*6,98*
Total hotels	43.698.082	139.789.528	*3,20*	32.632.696	106.828.579	*3,27*	76.330.778	246.618.107	*3,23*
Campsites and tourist villages	4.922.604	38.680.566	*7,86*	4.194.835	28.766.432	*6,86*	9.117.439	67.446.998	*7,40*
Rented accommodation	2.300.905	17.791.466	*7,73*	2.322.573	15.300.662	*6,59*	4.623.478	33.092.128	*7,16*
Holiday farm accommodation	1.212.829	4.432.528	*3,65*	740.949	4.529.875	*6,11*	1.953.778	8.962.403	*4,59*
Other businesses	2.240.659	10.574.423	*4,72*	1.233.669	4.068.318	*3,30*	3.474.328	14.642.741	*4,21*
Total complementary businesses	10.676.997	71.478.983	*6,69*	8.492.026	52.665.287	*6,20*	19.169.023	124.144.270	*6,48*
TOTAL	*54.375.079*	*211.268.511*	*3,89*	*41.124.722*	*159.493.866*	*3,88*	*95.499.801*	*370.762.377*	*3,88*

Source: Invitalia elaboration on Istat data, Movement and Capacity of accommodation facilities, 2011

Tendencies in recent years show a constant **foreign presence** in our country, coming particularly from the so-called traditional countries. Germany, the United States and France together account for over 40% of international arrivals

Top 10 Countries of origin for tourist arrivals in Italy

(million people - year 2009)



Source: Invitalia elaboration on Istat data, Movement and Capacity of accommodation facilities, 2011

In 2010 Italy was one of very few countries that maintained their market share in terms of foreign tourist arrivals, remaining firmly among the top five most successful destinations worldwide (Source: World Tourism Organisation –WTO).

The accommodation offer

The tourist industry is essentially composed of the accommodation system, a complex of structures and services aimed at welcoming tourists and travellers.

The general picture regarding the number of accommodation facilities shows that Italy has:

- over 145,000 accommodation facilities
- almost 34,000 hotels (from five-star luxury to one star)
- almost 4.6 million bed spaces (total accommodation)
- over 2,2 million bed spaces (hotel facilities)

Accommodation facilities in Italy by type of facility - Year 2009

Category and types of businesses	Number	Beds
5 star and 5 star luxury hotels	344,000	60,991
4 star hotels	4,892	671,807
3 star hotels	15,171	975,864
2 star hotels	6,907	225,443
1 star hotels	4,017	94,788
Tourist hotel accommodation	2,636	198,939
Hotel establishments	**33,967**	**2,227,832**
Campsites and tourist villages	2,573	1,324,383
Rented accommodation	69,202	550,679
Farm holiday lodgings	15,217	193,936
Youth hostels	429,000	25,052
Holiday homes	2,185	129,047
Alpine shelters	1,004	31,828
Other accommodation facilities	344,000	12,195
Bed and breakfast	**20,437**	**103,730**
Complementary Facilities and B&b	111,391	237,085
Total accommodation facilities	***145,358***	***4,598,682***

Source: Invitalia elaboration on Istat data, Capacity of accommodation facilities, 2011

Italy has always been internationally acknowledged as one of the most desirable tourism destinations in the world, also due to its excellent accommodation structures. In 2010[1], the Condé Nast Traveller World's Best Hotel award placed 30 Italian hotels among the top 100 in the world, known in particular "Il San Pietro di Positano" (Naples), which takes first place in the European ten ranking. Art cities such as Florence, Rome, Venice and Siena are defined the "Best European City" category[2], outdoing similarly famous tourist destinations such as Barcelona, Salzburg and Paris.

[1] Source: http://www.concierge.com/tools/travelawards/readerschoice/top100

[2] Source: http://www.concierge.com/tools/travelawards/readerschoice/cities

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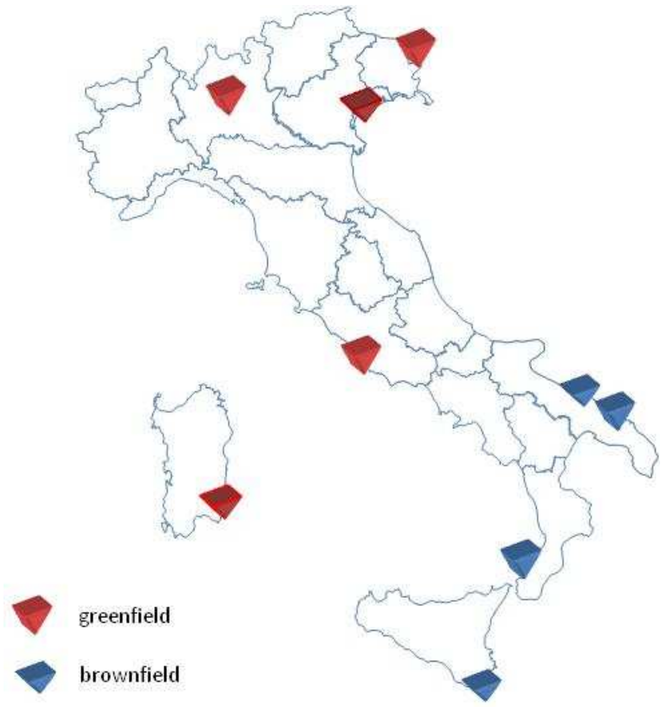
Assets

The wealth of its artistic and cultural heritage, natural beauty and variety of products, are common features to all regions and are the strengths of the Italian tourism system, which still has great potentiality in terms of tourist flows and investment opportunities.
Invitalia, in collaboration with Italia Turismo, has set up activities focused on defining a **portfolio** of high quality investment projects in tourism compatible with the territory and its tourist vocation:



Greenfield development

Location	*Region*	*Description*
Lamezia terme	Calabria	Mixed-use golf resort
Brindisi	Apulia	Mixed-use golf resort
Ostuni	Apulia	Mixed-use golf resort
Arenella	Sicily	Resort

Brownfield development

Location	*Region*	*Description*
Arbatax	Sardinia	Mixed-use resort
Milan	Lombardy	Conversion of historical building into a SPA
Rome	Latium	Historical building reconversion
Murano	Veneto	Dismissed factories reconversion
Trieste	Friuli Venezia Giulia	Historical building reconversion

Outstanding investment opportunities are to be found in accommodation, infrastructure and services, particularly with regard to cross-sectional products which combine Italian style with tourism and leisure facilities.

Framework of the tourism opportunities of the Italian system

Tourism Products	Trends and main topics	Development opportunities
Art cities	Tourism connected to big events and "Made in Italy" (shopping)	Locations as art towns and little centres (5 star hotels and budget hotels)
Seaside	Tourism lived more on the sea (and not only lying on the beach)	Yacht sailing, cruisers New and upgraded Marinas development
Golf	Potential sector in high expansion	Mixed used Golf Resort close to Championship courses
MICE	Business Tourism (fairs, conventions, business travels)	Meeting – centres development, hotels with conference halls
Mountain	Winter and summer tourism Active tourism (outdoor sports like trekking and extreme sports) and also relax tourism	5 star hotels, sport facilities and infrastructures Spa and beauty centres
Thermal and wellness	Wellness tourism as therapeutic and anti-stress programmes	Innovation in big thermal sites, wellness spa
Food and wine	Cross sector linked to traditional cuisine and wine regional production	High quality level restaurants and hotels, new services and dedicated tours

Focus: Development opportunities for evolved spa resort tourism

The spa resort division is an important economic activity induced by the Italian tourism system that is experiencing a revival and reformulation of its offer thanks to the re-launching of spa centres through integration with the concept of thermal wellness. Many Spa centres are being restructured through investments to upgrade and modernise structures in order to offer packages and products closer to the concept of SPA, beauty farms and wellness centres.

Wellness, in fact, is one of the most vibrant sectors in the national economy. Demand is growing and market trends indicate an intensifying request for treatments connected with psychic and physical wellness. Business initiatives are focused in particular on locating new sites in which thermal waters can be used, restructuring existing establishments and opening new ones.

The Italian spa resort system includes 380 companies (177 in the North - 46.7%, 56 in Central Italy - 14.8%, and 146 in the South and on the Islands - 38.5%), distributed in 170 municipalities and operating in all the regions, with 16 thousand direct employees and over 60 thousand indirect ones. The sector is safeguarded at a national level (Law no. 323 of 2000 regulating the spa treatment sector) with well-defined criteria governing spa establishments and activities.

Spa resorts, characterised by the presence of spa establishments (with therapeutic waters for health care), are important centres of attraction for tourist flows in which all the supply chain activities converge, from accommodation facilities to those connected with leisure and entertainment, providing business opportunities for sector operators.

Source: www.federterme.it

Focus on golf tourism

Golf today is becoming a highly significant tourism niche, due to its size, related industries and development opportunities, and represents a very interesting market segment for the Italian tourism and hospitality offer.

Golf has grown in Italy over the last 10 years and our country is establishing itself on the international scene as an alternative to the most prestigious golf destinations in the Mediterranean basin and the south of Europe. As has been the case in other countries, such as Spain, attention towards the sport and the concentration of planning initiatives in various locations has given rise to important related industries closely connected with golf tourism. Golf tourism destinations are becoming true tourist centres, thanks to investments in infrastructure, services and accommodation facilities.

Golf lovers can find high-quality greens set in different and unique landscapes, from North to South of Italy. Our country has more than 300 courses (source: the Italian Golf Federation), concentrated in the Northern Italy, particularly in the regions of Lombardy and Piedmont.

Many golf destination development projects, in which new golf resorts have been opened or are being built, are currently featured in the Italian market in various Italian regions, particularly in the South.

At international level, the global business of holidays on the greens is worth 40 billion dollars and trends indicate a growth estimated at around 8% per year *(source: www.touristgolfitaly.com).* Figures for Italy highlight the positive trends in the division: in our country golf produces a turnover of over 100 million Euros, with more than 100,000 members enrolled in the Italian golf Federation, a number that has grown by 73% over the last 10 years.
The growth of golf represents an investment opportunity for various businesses directly and indirectly linked to this segment[1]: "the golf tourism industry", in fact, does not simply depend on the creation of golf courses, with all the necessary facilities, but above all on the profitability of projects to develop luxury accommodation structures and on residential real estate initiatives.

[1] The evaluations of the direct and indirect impact of activities connected with the golf business are taken from "The Value of Golf to Europe, the Middle East and Africa, a study on the Golf Economy" report, made by KPMG, together with Oxford Economics, in 2008

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The Role of Italia Turismo

Italia Turismo is a company controlled by Invitalia involved in the development of Italy's largest integrated tourism programme – the Integrated Tourism Centres – with a planned overall investment of 200 million Euros. Founded as a development company in 2003, it gradually changed into a tourism asset management company specialising in the hospitality and leisure sector for the development and upgrading of localised tourist assets in Southern Italian seaside destinations.

Italia Turismo has established a strong track record for upgrading and developing potential tourist assets. It is therefore a reference point for public authorities – regions, provinces and municipalities – to which the public system has assigned and continues to assign tourist destination properties. It is also involved in scouting tourist development projects to offer to the international market.

Italia Turismo has a unique and extensive expertise in hospitality and leisure asset management. It can operate with consistent professionalism and effectiveness in a wide range of areas, from architectural and engineering design to promotion with the appropriate institutions. Between these two extremes, it provides a broad spectrum of management and technical and economic consultancy on investment profitability.

Already in Italy

Italy's strong appeal attracts great interest from international hotel groups, who are investing in hotels (particularly 4 and 5 star) in the main art cities and in the business hotel division, through renovations and new buildings with modern design concepts.

Six international groups are included in the rankings of the main international hotel chains in the Italian market - Best Western, NH Hotels, Inter Continental Hotels Group, Accord, Starwood and Hilton – together representing 28% of hotels and 20% of turnover.

Rankings of the main international hotel chains in the Italian market – Years 2008-2009[3]

Ranking		Compagnia	2008		2009	
2008	2009		Alberghi	Camere	Alberghi	Camere
1	1	Best Western	160	11.000	170	12.000
2	2	Nh Hoteles	55	8.002	54	8.263
3	3	InterContinental	56	7.830	58	8.119
5	4	Accor	45	6.382	49	6.814
4	5	Starwood	34	6.840	31	6.421
6	6	Hilton Worldwide	14	3.543	16	3.728
7	7	ClubMed	4	2.148	4	2.148
8	8	Marriott	7	1.756	7	1.756
10	9	Choice	16	1.338	20	1.625
9	10	Sol Melia	5	1.350	5	1.350
12	11	Luxury Lifestyle Hotels	20	989	20	989
11	12	AC Hotels	11	1.260	10	897
13	13	Exe Hotels	6	760	6	760
15	14	Fiesta Hotels & Resorts	2	505	2	505
16	15	Wyndham Worldwide	4	503	4	503
18	16	Golden Tulip	5	467	5	467
23	17	Rf Hotels	2	237	3	440
14	18	Vime Hotels & Resorts	10	594	7	420
19	19	Dorchester	1	401	1	401
38	20	Tui Hotels & Resorts	-	-	1	333
20	21	Groupe du Louvre	3	325	3	325
21	22	Orient Express	6	248	6	248
22	23	Falkensteiner Hotels & Resorts	4	246	4	246
24	24	Four Seasons	2	234	2	234
25	25	Rezidor Hotel Group	1	220	1	220
26	26	Heuston Hospitality	1	208	1	208
35	27	H10 Hotels	0	0	1	181
27	28	Geniesser Hotels	4	170	4	170
17	29	Warwick International Hotels	5	480	2	156
29	30	Steigenberger Hotels & Resorts	1	139	1	139
30	31	Grand Heritage Hotel Group	1	119	1	119
31	32	Hyatt	1	117	1	117
32	33	Kempinski	1	99	1	99
33	34	Regina Hoteles	1	83	1	83
34	35	LifeClass Hotels & SpA	1	33	1	33
		Totale	489	58.626	503	60.517

Source: Mercury

Recent investments market analysis in the tourism sector[4] shows the presence in Italy of 30 foreign companies that announced 67 investment projects between 2003 and 2009, focussing on real estate, sales, marketing and support, and leisure and entertainment activities.

[3] The list of the main international groups operating in Italy are taken from the “2010 Sixth Report on the hotel system in Italy”, published by Federalberghi in collaboration with Mercury in May 2010

[4] Sources: *Scenari Immobiliari,* a first report on the hotel property market in Italy, March 2009, and the FDI markets database

American (36%), Spanish (30%) and British (14%) groups alone account for 80% of total investments, followed by France, Germany, Netherlands, Switzerland, Canada, Hong Kong and Singapore.

Even if only 7% of hotels in Italy, and 14% of rooms, are currently controlled by chains, it is easy to foresee a strong competitive drive that will lead independent Italian hoteliers to review their own revenue positions and to opt for affiliation to a chain, just as European competitors did some years ago. The fact that only 1% of hotels belong to international chains should not be underestimated.

Acquisitions and mergers, as well as partnerships and joint ventures, are the strategies employed by international chains to expand in a division which already requires facilities with larger dimensions, higher quality and competitive rates. These dynamics are also affecting new hotel groups, such as the Four Seasons and Hilton, which cater for the higher end of the market.

Hilton Hotels Corporation

At the beginning of 2011, Hampton by Hilton, part of the Hilton Worldwide portfolio of brands, has announced the signing of Hampton by Hilton Genoa West in Italy[5].
It will be the first Hampton by Hilton hotel in Italy and the opening is scheduled for June 2012.
Hampton by Hilton Genoa West will be operated under a franchise agreement with Origo Srl/ Akus Hotel Management and will be located in the western business district of Genoa, in close proximity to the airport and benefiting from easy access to the city centre. The new build hotel will offer 115 bedrooms over seven floors, a bar, stylish fitness centre and car park. There will also be two meeting rooms available for hotel guests and non-residents to hire.
The Hampton brand is an award-winning leader in the mid-priced hotel segment and is designed to business and leisure travellers focused on high service and comfort.

With more than 1,800 properties globally, Hampton Hotels is part of Hilton Worldwide, the leading global hospitality company.
High-quality accommodations, in-room conveniences and the latest technology, combined with numerous locations and consistent offerings, have made Hampton one of the fastest growing hotel brands.

[5] http://www.hamptonbyhilton.com/pdfs/pressMedia/europe/2011/HbH_Genoa_West_FINAL.pdf

Hilton Worldwide has operated in Italy since 1963 with Rome Cavalieri, a Waldorf Astoria Hotel – one of Europe's most iconic luxury hotels. In 2010 the company expanded its portfolio, welcoming guests to Doubletree by Hilton Olbia, Sardinia, Hilton Giardini Naxos, Sicily; Hilton Garden Inn Lecce, Apulia and Hilton Garden Inn Venice Mestre San Guiliano.

Hotusa Hotels

Eurostars Hotels, owned by the Hotusa Group, has recently opened a new four star hotel in Rome, called the Eurostars Saint John, bringing to five the properties owned by the company in the city. The boutique hotel features 83 rooms, a restaurant and two meeting rooms with capacity for 150 people.

Founded in 1977 in Spain, nowadays Hotusa gather up over 2350 hotels throughout 48 different countries: at the moment occupies the 4th place between hotels consortium at a worldwide scale, and the first place at European level. Hotusa Group has a big second affair line: the direct hotel. Founded in 1993, with an excellent growing percentage, this division includes a total of 70 hotels in 8 countries. It includes four and five star hotels, strongly connected to the cities where they are located, through the introduction of elements related with art and local culture and situated mostly in the old town centres or financial districts in the main Spanish cities, just as in some of the main capitals of the old continent and Mexico city. 29 of these hotels cluster in the EUROSTARS hotels trade mark.

Source: elaboration on FDI markets and www.hotusa.com/about-us/