

VIENNA ON A ROLL

Guy Dittich visits Austria, where banks and investors are open to funding increasingly adventurous hotel projects, not just in Austria itself but throughout Eastern Europe.

A long straggle of a country, Austria's western mountains and ski resorts give way to rolling countryside that follows the Danube through the capital, Vienna, to Budapest and beyond. This west-east axis works in its favour as a link between "old" and "new" Europe. Austria's declaration of neutrality after the Second World War attracted international organisations such as the UN, OPEC and IAEA. Its eastern location (Vienna is actually further east than Prague) provided a relatively stable and secure stepping stone after the fall of the iron curtain, for multinationals dipping a toe into the emerging markets of Eastern Europe. Of course their focus has since moved way further east but any vacuum is being filled by the renewed interest in Austria following the recent expansion of the European Union. Surprisingly Austria is itself only a member of the EU since 1995. Nevertheless it held the EU Presidency for the first half of 2006. There is a certain irony, given the level of interest in Turkey's possible acceptance into the EU, that both the hotels we review in Vienna (Do & Co Hotel and The Levante Parliament) have been independently developed by Turks. Austria's relative prosperity over the last decade has given the country a sense of optimism and this is also seen in rising visitor numbers and steady increases in annual tourism revenues this century. Austria ranks an impressive 10th in terms of arrivals worldwide¹. Tourism contributes 8.8% to Austria's GDP² and employs 5% of the working population³. Against this background it is no surprise to see an increase in hotel investment. Claus Sendlinger, CEO of Design Hotels, who counts three of the four hotels we review as members, believes that this is in part due to the openness of Austrian banks to finance more unusual projects. And not just in Austria, but from Bucharest to St Petersburg. "A hotel such as Mavida in Zell am See shows, that by going the extra mile to invest in something a bit more contemporary, not only has it "created" a destination but it also avoids local competition by being so different," he explains. And what of having two new member hotels in Vienna to set

against Das Triest, a founder member of Design Hotels? "As we discovered in Hamburg (where Design Hotels have four member hotels) all hotels benefit from the increase in general awareness. However they all need to perform in terms of service and design." No surprise then that Das Triest are in the process of a refurbishment with Conran Partners. If the two newcomers are taking the limelight in the capital, what of the rest of the luxury market? The elder statesman, The Imperial of Starwood's Luxury Collection, has had a spruce up with guest rooms on the 4th and 5th floors having a more modern makeover. The changes are of course relative to the existing grandiose interiors and whilst a little less chintzy, are still super luxurious. Meanwhile over at the young pretender, the Hotel Sacher, reviewed in *Sleeper Spring 2005*, General Manager Reiner Heilmann is delighted with impact of their new more contemporary rooms, a Blakes-style spa and business centre, all designed by Pierre Yves Rochon. "As expected the new rooms have attracted a younger clientele but also proved popular with our regular guests. Strangely enough many of the younger visitors are now opting for the original, classic rooms to have a feel for a more traditional Viennese experience," states Heilmann. Indeed the five star market in Vienna shows strong growth for the first quarter of 2006 compared with 2005. Occupancy is up 6.71%, average net rate is up 5.27% and revPAR is up a healthy 12.33%.⁴ With the recent creation of the Museum Quarter, the refurbishment of the Albertina Museum and the opening of a new conference centre in 2004 it is no wonder there has been an increase in tourist activity. Add a raft of new restaurants and bars and Austria certainly has something to celebrate this year, in addition to the 250th birthday of Mozart.

1. Source: UNWTO, 2004

2. Source: TSA

3. Source: BMWA

4. Source: The Bench. © 2006 The Bench Limited. (Based on a consistent sample of 16 five star hotels in Vienna with a total of 4,621 rooms).