



New report from WTTTC analyses critical factors for hotel investment post pandemic

Capital investment in Travel & Tourism fell by a quarter during the height of the pandemic in 2020

Paper analyses critical factors for hotel investment

Investment in hotels is crucial as the sector recovers

SAN JUAN, PUERTO RICO: The World Travel & Tourism Council ([WTTTC](#)) today publishes 'Critical Factors to Attract Hotel Investment', a new report highlighting the importance of attracting capital investment to enable the Travel & Tourism sector's full growth potential post COVID-19, following a 25% drop in 2020.

The report, launched today at the Sustainability and Investment Summit taking place in San Juan, Puerto Rico, looks at key enabling factors for hotel investment, and success stories of destinations that have employed such factors and shown strong growth in investment.

In 2020, when international travel came to an almost standstill, the Travel & Tourism sector saw 62 million job losses and its GDP contribution halved, representing a painful loss of nearly USD 4.9 trillion.

According to the paper, capital investment in the sector also fell substantially during the height of the pandemic, from nearly USD 1.1 trillion in 2019, to only USD 805 billion in 2020, representing an almost 25% drop.

Investment in the sector continued to decline last year with a further 6.9% decline to USD 750 billion.

The report does however provide grounds for optimism as it forecast a strong growth in Travel & Tourism investment over the next decade. However, the global tourism body warns

that to achieve this, governments around the world must create a favourable enabling environment.

In addition to political stability and liquidity, considered essential for investment, a clear, open, and consistent government action and support, favourable tax incentives, and safety and security, amongst others, remain prerequisites to attract hotel investments.

Julia Simpson, WTTC President & CEO, said: “Hotel investment is absolutely key for the recovery and growth of the Travel & Tourism sector. Destinations must have a clear commitment and take a holistic approach to become resilient and competitive.

“As we recover from the pandemic and we build back better, investments not only need to benefit destinations economically, but more importantly, socially and environmentally.”

According to the innovative report, the key enabling factors for hotel investment include governance and rule of law, a key enabler for investors, as it determines how easily and successfully a business operates, physical infrastructure, air and ground connectivity, and workforce.

The report analysed a number of popular destinations which benefitted from implementing these elements. For instance, the Netherlands provides an enabling environment for foreign investment with less restrictive regulations and strict laws to penalise corruption.

Physical infrastructure, air and ground connectivity is also crucial to investment as well-connected hubs support wider regional development and provide access to lesser-known destinations that offer tourism opportunities.

South Korea, for example, ranks as one of the best-connected countries in the world. The announcement of the country as the 2018 Winter Olympics host, incentivised investment in transport infrastructure, which resulted in hotel room supply soaring by almost 15%, outstripping the healthy overall Travel & Tourism capital investment growth of 8.7% in 2017.

The paper also highlights the importance of re-skilling and up-skilling the workforce. Leading the way in this area is Portugal, which focussed on strategies to help reskill the sector, such

as the Tourism Training Talent (TTT) programme, committed to improving the quality of tourism's training services.

Some additional factors and success stories in the report include liquidity in Maldives, government aid in Saudi Arabia, taxation in Colombia, destination planning and sustainability in Singapore and Rwanda, service culture in the Philippines, and travel facilitation in Aruba.

With contributions from STR, KSL Capital Partners, and JLL, the report, draws from experience to inspire both the public and private sector, as they develop and implement Travel & Tourism investment policies that will boost the long-term recovery of the sector.

To read the report in full, please click [here](#).

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