

POLITECNICO
MILANO 1863

Feasibility Study



Racing E-sport Hotel

Viale Cesare Battisi 40, Monza

GROUP 8:

10646197 Alberto Berruti
10874732 Fan Chen
10987213 Max Hagström
10879044 Yuxin Chen
10878719 Xin Zhang

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1. Territorial Analysis

1.1 History

Monza's history, tracing back to the Iron Age, reveals a rich tapestry of cultural and political shifts. Initially a minor settlement during Roman times, known as Modicia, it was largely under the influence of Mediolanum (Milan). Archaeological finds, including Bronze Age funerary urns, suggest early human presence in the area (Wikipedia, 2023).

The city began to gain prominence in the late 5th century when Theodoric chose it for his palace, attracted by the mild climate and strategic location. Queen Theodelinda further elevated Monza's status in the Lombard kingdom by building a palace and a chapel dedicated to Saint John the Baptist. This period marked a significant increase in Monza's administrative and religious independence from Milan (Turismo Monza, n.d.a).

The Middle Ages were a pivotal time for Monza, as it became a hub for royal activities. Frederick I Barbarossa, crowned in 1158, placed the town under imperial protection and initiated major urban and economic development. The town emerged as a centre for weaving and woollen cloth production. This period also witnessed the construction of a large new palace and an increase in the town's independence (Turismo Monza, n.d.a; Wikipedia, 2023).

By the end of the 13th century, Monza's structure was characterised by numerous monastic and convent buildings. The power struggle between the Visconti and Della Torre families for supremacy in Milan significantly affected the city. The reconstruction of the cathedral and other key buildings during this era reflected the city's growing economic and strategic importance (Turismo Monza, n.d.a).

The 19th century brought dramatic transformations to Monza, with demographic growth, industrialization, and urban expansion. The construction of the archduke's palace, Villa Reale, between 1777 and 1780, and the inauguration of the Milan-Monza railway in 1840 marked a period of intense growth. This era also witnessed the expansion of the built-up area beyond the mediaeval walls and the appearance of workshops and factories, signalling an urbanisation of the countryside (Turismo Monza, n.d.a).

In the 20th century, Monza continued to grow as an industrial hub and experienced a significant increase in population. The construction of the Autodromo and a golf course in the 1920s, along with the impact of World War II, marked significant developments. The post-war era saw extensive urban development, focusing on high-density housing and modern urban planning. By the beginning of the 21st century, Monza had about 120,000 inhabitants and had become the capital of the Province of Monza and Brianza in 2004 (Wikipedia, 2023).

1.2 Location

The project is situated on Viale Cesare Battisti in Monza, occupying the former Feltrificio Scotti site, see figure 1.1. Notably close to the “Autodromo Nazionale Monza” race track, the location is approximately 17 kilometres from Central Milan. Monza, covering 33 square kilometres, has a diverse range of amenities suitable for daily life, tourism, and events. As of 2023, Monza's population is estimated at 124,726, growing from 122,712 in 2011, a 0.14% annual increase. This figure includes the urban and suburban areas of Monza, as per the UN World Urbanization Prospects (World Population Review, 2023).



Figure 1.1: Location of the Project

Monza offers various hotels, restaurants, and activities, enriched with arts, culture, religious sites, shopping, and entertainment options (Monza e Brianza Turismo. (n.d.b). The area near the project predominantly features residential properties, with offices and retail stores also in close proximity, as observed through area analysis on Google Maps (2023).

During high-profile events like the Formula One Grand Prix at the “Autodromo Nazionale Monza,” the area experiences a significant influx of visitors. The 2023 Grand Prix alone attracted 304,134 spectators over three days (Monza Today, 2023). This emphasises the site’s potential for hospitality and retail development, catering to the needs of motorsport enthusiasts and tourists alike.

1.2.1 Overview of space

The project on Viale Cesare Battisti in Monza is set within an area that balances historical significance with modern urban dynamics. Notably, "Villa Azzurra" and "Casa delle Aste" stand as heritage buildings, while remnants of the industrial era, like the Feltrificio Scotti's chimney and walls, add to the site's historical narrative (Colliers Global Investors, 2023).

The site's proximity to the "Autodromo Nazionale Monza" is significant, particularly during events such as the Formula One Grand Prix, which in 2023 drew a crowd of over 300,000 people (Monza Today, 2023). This proximity suggests potential for increased visitor traffic and commercial activity.

In addition to its residential character, the area around the project includes offices and retail outlets, providing a functional urban environment (Google Maps, 2023). Monza itself, encompassing the Cathedral, the historical city centre, the Royal Villa, and the expansive Monza Park, presents a range of cultural and recreational points of interest (Monza National Autodrome, 2021). This mix of historical sites and modern urban facilities places the area as a diverse and dynamic environment.

1.2.2 Infrastructure

Monza's infrastructure, particularly its transportation systems, plays a vital role in its real estate redevelopment feasibility. The city's public transportation is managed by TPM, operating a network with urban and inter-urban bus services. Nord Est Trasporti, a company within the ATM group, handles these lines throughout Monza and neighbouring provinces, (ATM, n.d.; WikiVoyage, 2023).

The road infrastructure in Monza exists with major roads like SP6 and SP13 facilitating movement within the city. Monza is also connected to the A4 and A52 motorways, providing access to Milan and other regional destinations. Additionally, the city is part of the Pedemontana Lombarda Motorway project, which includes a 67 km motorway, 20km of bypass roads, and 70 km of road connections. This project aimed to better congestion in the north of Milan and enhance economic and regional development in provinces like Bergamo, Monza e Brianza, Milan, Como, and Varese (Wikipedia, 2023; WikiVoyage, 2023; Road Traffic Technology, 2023).

Parking facilities in Monza, including on-street and car parks, are to accommodate the needs of residents, visitors, and businesses (Google Maps, 2023). Proximity to major airports like Linate and Malpensa adds to the city's accessibility, beneficial for both business travel and tourism (WikiVoyage, 2023).

1.3 Regulatory context

Monza's "Piano di Governo del Territorio" (PGT) serves as the regulatory context for urban development, detailing permissible construction practices within the city. It emphasises the integration of new developments into the urban landscape while upholding sustainability and community service standards (Comune di Monza, 2023a).

For the redevelopment on Viale Cesare Battisti, particularly at the site of the former Feltrificio Scotti, it's important to align with the PGT. The site's redevelopment stems from the partial demolition of the Feltrificio Scotti and encompasses the "Casa Azzurra," a historically and artistically significant building protected under Article 10 of the Cultural Heritage Code. This article safeguards properties with artistic, historical, archaeological, or ethno-anthropological value, which could impact development plans, mandating the preservation of the building's integrity (UNESCO, 2004).

The area is designated for standard regulation, as indicated by the markings in the "DP01_Azioni_di_Piano", the plan of actions, see figure 1.2 (Comune di Monza, 2023b). However, one must confirm specific considerations for designated transformation areas (AT or AcT) to determine accurate development parameters. More extensive prescriptions for development alignment with Monza's urban planning goals are outlined in the 'Schede ambiti di trasformazione' (Comune di Monza, 2023c).



Figure 1.2: Viale Cesare Battisti considerations of PGT Map

Specific examples to commercial developments, the PGT dictates a Floor Area Ratio (FAR) between 0.35 and 0.88 sqm/sqm. This ratio explains the buildable floor area in relation to the land size. Building height is regulated by the number of floors, reason being for maintaining the character of the surrounding environment. Transformation areas require contributions of land for public services or green spaces, with soil consumption from development detailed in the Implementation Plan (P.A.), considering environmental and regional planning assessments (ibid).

Large retail structures are excluded from AT zones, while medium retail structures up to 400 sqm are typically permitted. AcT areas require environmental requalification, and the FAR is set at 0.15 sqm/sqm. A minimum permeable surface area is also mandated to mitigate climate impact, balancing green space with developed land (ibid).

In conclusion, the redevelopment project is a comprehensive challenge, where understanding and integrating the many different and complex regulations of the PGT is crucial. Success in this also requires a deep appreciation of Monza's urban identity, a commitment to sustainable development principles, and an awareness of the site's historical significance.

2. Social and Economical Feasibility

2.1 Demographic statistics

2.1.1 Demography

Total population in Monza is 121,962 by the end of 2022, see figure 2.1. The urban population in Monza is expected to see slow but progressive growth over the next decade. Overall, Monza's population remains relatively stable (IstatData, 2022).

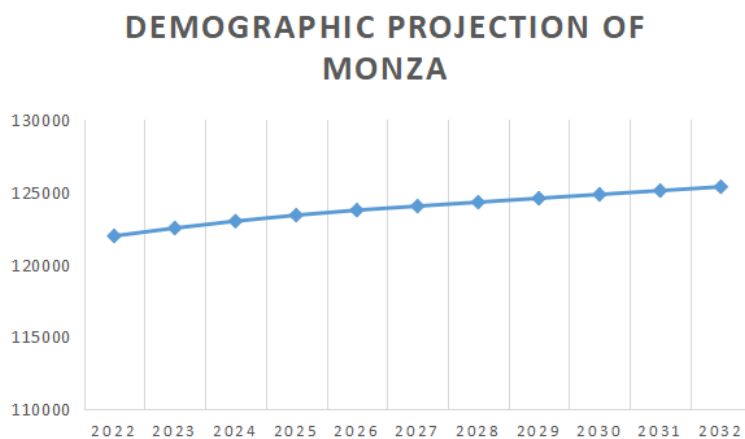


Figure 2.1: The demographic projection of Monza

2.1.2 Gender

Monza is a gender-balanced city, with 444,138 females compared to 427,408 male making almost a half of the population females, see figure 2.2. (IstatData, 2022)

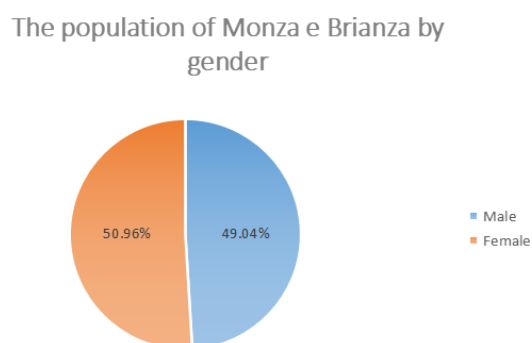


Figure 2.2: The population of Monza e Brianza by gender

2.1.3 Age groups

As data shows most of the population of Monza are in the age categories of 40 to 59 years old, for both male and female, see figure 2.3 and 2.4. Although recently the government

introduced supportive policies for reducing the population's average age with an increasing birth rate, its population is counted as upper than the standard average. There is an overall trend of population ageing (IstatData, 2022).

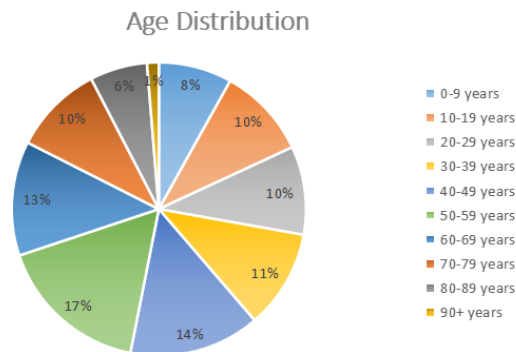


Figure 2.3: Age distribution

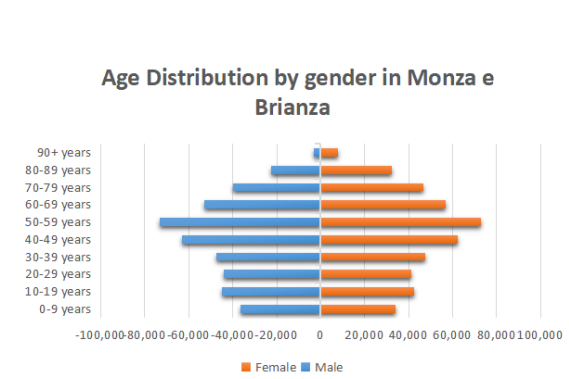


Figure 2.4: Age distribution by gender in Monza e Brianza

2.2 Economics activities

2.2.1 Macro-economic of Italy

The global scenario is still dominated by uncertainty. Global economic growth slowed down this year due to worsening financial conditions. Eurozone growth is weak while the US performs well. Italy's economic trend remains positive despite gradual deceleration. Sticky inflation and rising financing costs are holding back consumption and investments (Savills Research, 2023).

In September, inflation continued to contract (+5.4%), mainly thanks to food product prices while energy products returned to growth. Core inflation decreased at +4.6% while 'shopping trolley' inflation dropped to 8.3%. The increases in the production chain were almost entirely passed on to consumers with effects on consumptions and sales, which grew in value but decreased in volume (ibid).

The propensity to save rapidly declined to record lows in Q4 2022 (4.7%), followed by a slight improvement in H1 2023 (6.5%). The growth in households' disposable income (+5.1% YoY), together with the continued growth in consumer prices, led to a further decrease in

purchasing power (-1.7%). The resilience of final consumption expenditure (+8.6%) was therefore offset by the decline in the savings rate (ibid).

As Figure 2.5 shows, in September, the consumer confidence index worsened for the third month in a row, and business sentiment also decreased, driven by all sectors except for constructions (ibid).

According to Oxford Economics, Italian GDP is forecasted to increase by 0.7% in 2023, as high interest rates and prices reduced lending and dampen growth. Inflation is projected to slowly decelerate. Accordingly, a reversal of monetary policy is unlikely at least for the next 12 months (ibid).

CPI and household purchasing power (% YoY)

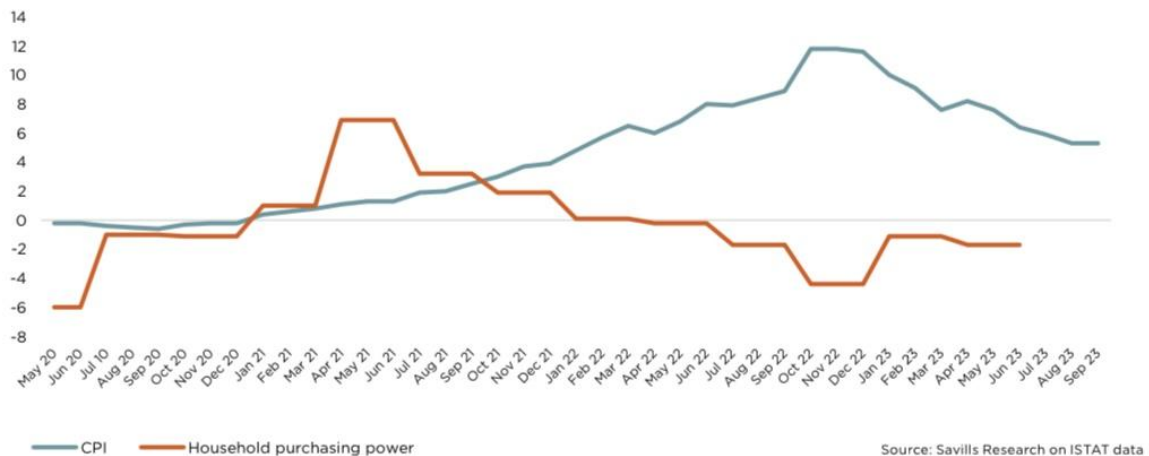


Figure 2.5: CPI and household purchasing power, from May 2020 to Sep 2023.

2.2.2 Tourism

As figure 2.6 shows, the reviews of tourists who have visited the destination "Monza" focus mainly on material culture (3,598), nature, leisure, relaxation (637) and religious tourism (520). As far as activities carried out in the tourist destination are concerned, mainly visits and excursions to villages/cities/centres and monuments (2,757), visits to museums and exhibitions (1,043) and excursions and trips of another nature (990) are mentioned (Unioncameralobardia, 2022).

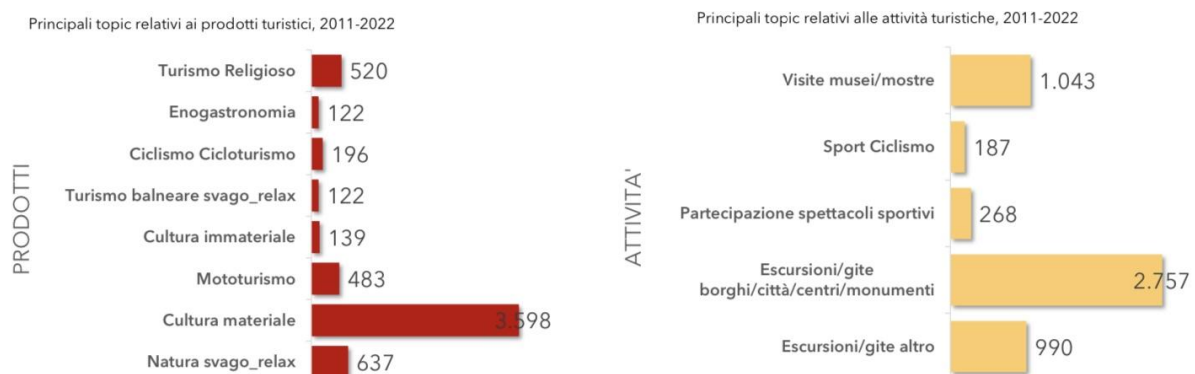


Figure 2.6: Main topics related to tourism products and activities, 2011-2022

Figure 2.7 and figure 2.8 speak of a significant recovery on tourism compared to 2020: in fact, there was a 51.7% growth (over 3 million tourists) in tourist arrivals in Lombardy and a 59.9% growth (over 10 million) in the number of presences (PoliS-Lombardia,2021).



Figure 2.7: Registered tourist arrivals in Lombardy. Years 2017-2021.

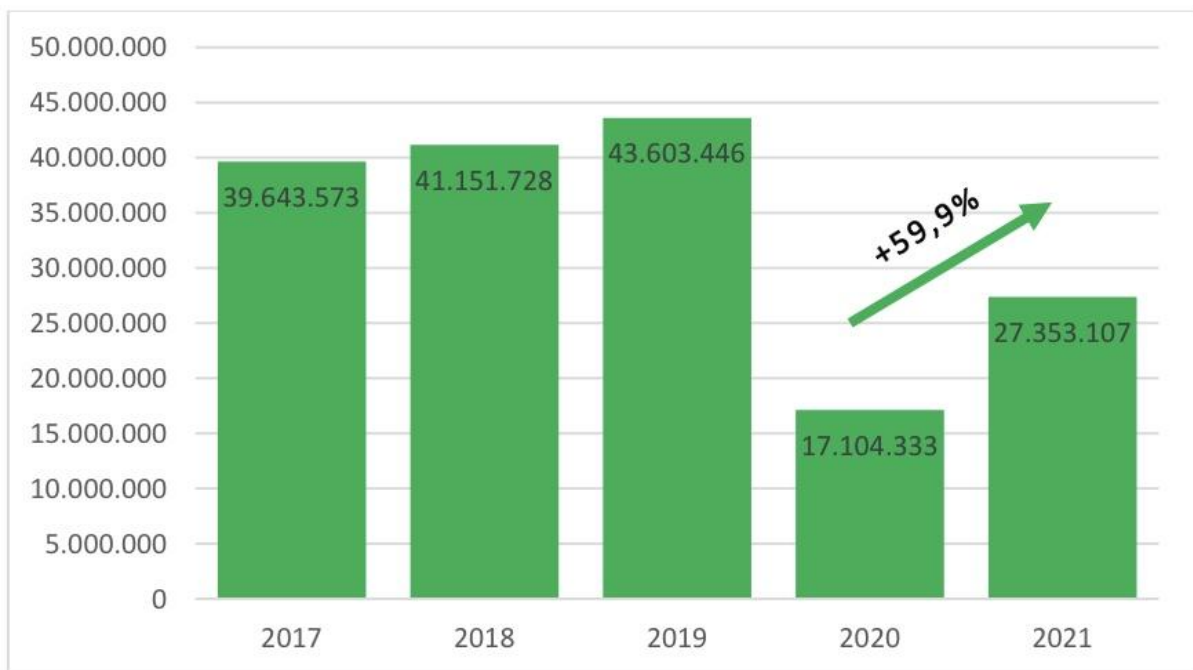


Figure 2.8 - Tourist presences recorded in Lombardy. Years 2017-2021.

Despite this growth, there is still a long way from pre-pandemic levels: the drop compared to 2019, the year in which the peak of tourist flows in Lombardy was recorded, is in fact 48.9% (almost 9 million) for arrivals and 37.3% (over 16 million) for presences.

As figure 2.9 shows, one of the changes that the pandemic has brought to tourism in Lombardy - recorded in 2020 and confirmed if not increased in 2021 - is the growth in the average length of stay of tourists in Lombardy, from 2.40 days recorded during 2019 to 2.79 days in 2020, up to 2.94 days recorded during 2021.



Figure 2.9 - Average stay (in days) of tourists in Lombardy. Years 2017-2021.

As figure 2.10 shows, the tourist flows recorded in January and February 2021 are, as expected, lower than those observed in 2020 when the Covid-19 epidemic had not yet spread to Lombardy. Starting in March 2021, both arrivals and presences exceed the 2020 figures, with a more substantial recovery in the summer months. It is interesting to note that the peak in tourist arrivals in the last pre-pandemic year was in July, while in 2020 and 2021 the highest number of tourist arrivals was in August.

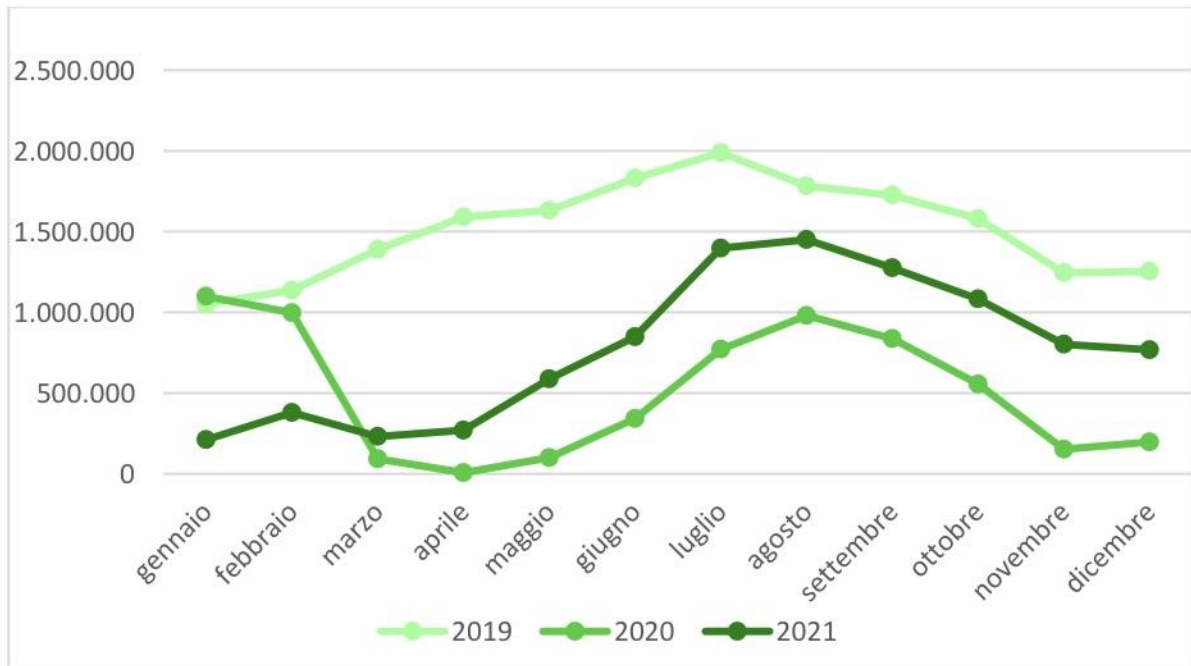


Figure 2.10 - Tourist arrivals per month. Lombardy, years 2019-2021.

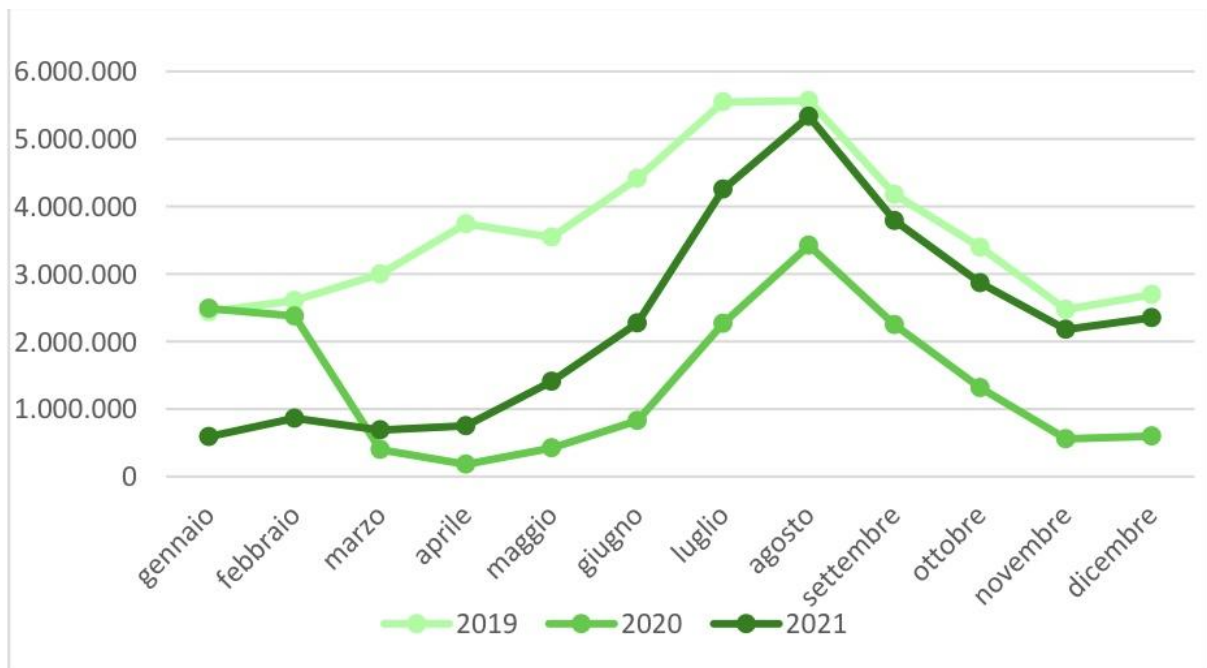


Figure 2.11 - Tourist presences per month. Lombardy, years 2019-2021.

Figure 2.11 shows that the recovery in tourist presences was more pronounced than in arrivals, and starting in August 2021, and then also in the following months, the tourist presences recorded in Lombardy almost reached the values of 2019.

2.3 Vocation of the area

2.3.1 Vacancy space

- Location: The site is conveniently located near the city centre, which augments its accessibility and potential footfall.
- Urbanistic constraints/use: The development is subject to minimal urban constraints, allowing for a versatile approach to the project's design and utilisation.
- Building typology: The proposed structures are planned to integrate seamlessly with the existing residential zone, promoting a cohesive urban aesthetic.

The available space permits a multitude of potential applications, encompassing commercial, office, hospitality, and residential functions. This versatility is indicative of high fungibility, offering the flexibility to adapt to market or strategic needs.

2.3.2 Buildings remaining within the area

- Location: Situated in proximity to the city centre.
- Urbanistic constraints/use: These buildings fall under strict preservation orders as outlined in Article 10, paragraph 1 of the Cultural Heritage Code.
- Building typology: The buildings are recognised for their historical and artistic value, necessitating sensitive treatment in any development plan.

The functional potential of these existing structures is constrained by their historical status, which dictates that alterations must be in keeping with their heritage significance. Consequently, their fungibility is categorised as low, requiring careful consideration to preserve their integrity while exploring viable uses.

3. Preliminary Proposal

Monza, renowned for its Autodromo Nazionale di Monza and the Formula One Italian Grand Prix, is exploring exciting new developments. Two distinct proposals are under consideration for a key property in the city. The first proposal envisions the property solely as an e-sport racing venue, dedicated entirely to providing a state-of-the-art digital racing experience. This stand-alone venue would serve as a hub for e-sports enthusiasts and could potentially host a range of events, from local tournaments to international gaming competitions. The second proposal, more expansive in scope, transforms the property into a mixed-use development. This ambitious project aims not only to house an e-sport racing facility but also to include a hotel and other guest amenities, creating a multifaceted destination.

Continuing with the mixed-use concept, the core of this venture would be a hotel, complemented by exciting additions. Alongside comfortable and stylish accommodations, the hotel would feature an integrated e-sport racing venue. This venue is designed to offer an immersive racing experience, using modern simulation technology to bring the excitement of the racetrack indoors. It's a place where guests, whether racing enthusiasts or newcomers, can engage in the adrenaline-pumping world of racing.

Further enhancing the guest experience, the property could include a themed restaurant or café, celebrating Monza's rich motorsport history. Additionally, spaces for events or exhibitions related to racing and gaming could add an educational and interactive element to the stay.

This project also emphasises being included with Monza's urban landscape. The aim is to create a property that isn't just a place to stay and play, but a part of the community. This involves designing the building to respect the local architectural style, blending in with the surroundings while introducing a modern and exciting property.

Sustainability remains a key consideration in the development of this property, in line with Italy's development goals. The use of eco-friendly materials and energy-efficient solutions ensures that the hotel and racing venue are environmentally conscious. This aligns with the hospitality industry's growing trend towards sustainability.

In summary, the proposal for this project in Monza presents two possibilities: a dedicated e-sport racing venue or a unique mixed-use development. Each offers a different way for people to connect with the world of racing and e-sports, contributing positively to the local community and environment. The mixed-use development, in particular, promises a diverse range of experiences under one roof, creating a new landmark for Monza that blends leisure, learning, and environmental responsibility.

4. Real Estate Market Analysis

4.1 Typologies

In the MONZA region, the primary typologies of real estate encompass residential, commercial, office, and industrial properties. Residential properties include a diverse range such as civil housing, affordable housing, villas and cottages and so on, catering to the housing needs of the local population. Commercial real estate includes stores, shops, and other businesses that contribute to the region's economic activity. The office sector comprises spaces designed for professional activities, reflecting the demand for corporate and administrative facilities. Additionally, industrial properties, such as laboratories, form a crucial part of the real estate landscape, supporting various manufacturing and logistical operations.

4.2 Market trend

Looking at the overall trends in the investment landscape of the Italian hospitality sector, despite a 26% decline in total investments for the first nine months of 2023 compared to the previous year, the hotel industry remains a significant part of the investment arena, ranking third (Savills Research, 2023). Milan, named the 10th best real estate city for 2023, stands out as Italy's financial and fashion capital, consistently attracting real estate investments with an increasing number of international companies establishing offices there (Idealista, 2023).

Furthermore, Milan's status as the hub for the country's fashion and design industry makes it a popular destination for tourists, further driving demand for short-term rental properties (Idealista, 2023). With six significant individual transactions recorded in 2023, Milan's growth potential makes it an attractive choice for real estate investors in the active hotel market (Savills Research, 2023).

This trend extends to Monza, located just 15 kilometres from Milan, making it an ideal choice for both tourists and business travellers, diversifying the customer base for Monza's hotel industry. Consequently, new hotel businesses may enter the market. Hotels may need to take measures to elevate service standards, differentiate their products, and strategically position themselves in the market, providing customers with a broader range of choices.

Yeldo has raised €1.75 million for the Monza project, with an expected ROI of 45.5% and an expected annual return (IRR) of 18%, compared to an investment duration of 27 months. A rendering of the projects has been made to visually explain the vision, see figure 4.1. The project involves the renovation of two prestigious properties near the centre of Monza, with a total of 18 apartments and 19 parking spaces. The real estate sponsor of the operation is Teodolinda Spa (Monza Today, 2023b).



Figure 4.1: Rendering of the project

The Italian government's tax relief policies have attracted thousands of people, including both foreigners and Italian citizens, to move to the country. Milan, in particular, has become a hot landing spot for financial professionals leaving London after Brexit, leading to a booming real estate market (Monza Today, 2023b).

4.3 Market value

Risultato interrogazione: Anno 2023 - Semestre 1

Provincia: MILANO

Comune: MONZA

Fascia/zona: Centrale/C. BATTISTI, BOCCACCIO, MONTECASSINO, MAGELLANO, FERROVIA, BERGAMO, RANDACCIO, D'AZEGLIO, BIANCHI, EDISON, VILLORESI -

Codice di zona: B1

Microzona catastale n.: 3

Tipologia prevalente: Abitazioni civili

Destination	Typology	Conservative state	Market Value (€/m ²)			Rental Values (€/m ² x month)			Rental Values/Market Value
			MIN	MAX	MED	MIN	MAX	MED	
Residential	Civil housing	NORMAL	1900	2900	2400	6.3	9.9	8.1	0.0034
	Civil housing	OPTIMAL	2950	3800	3375	10	13	11.5	0.0034
	Affordable housing	OPTIMAL	2300	3000	2650	7.6	10	8.8	0.0033
	Affordable housing	NORMAL	1600	2200	1900	5.5	7.5	6.5	0.0034
	Box	NORMAL	1000	1800	1400	4.5	8.2	6.35	0.0045
	Villas and Cottages	OPTIMAL	2900	3700	3300	9.3	11.5	10.4	0.0032
Commercial	Villas and Cottages	NORMAL	1900	2850	2375	6	9.2	7.6	0.0032
	Stores	NORMAL	550	900	725	3.2	5.2	4.2	0.0058
	Shops	NORMAL	1500	2200	1850	9	13.4	11.2	0.0061
Tertiary	Shops	OPTIMAL	2250	3000	2625	13.5	18	15.75	0.0060
	Offices	OPTIMAL	1700	2300	2000	8	12	10	0.0050
Production	Structured offices	OPTIMAL	2000	2550	2275	10	13.5	11.75	0.0052
	Laboratories	NORMAL	750	1000	875	4.5	6	5.25	0.0060

Figure 4.2: Real Estate Price

In the analysis of Monza's real estate market value, the rental yield-to-sales ratio stands out as a crucial indicator. Data shown in figure 4.2 (Agenziaentrate, 2023) indicates a relatively high rental yield for commercial properties in the region, signifying robust profitability in the commercial real estate sector. This underscores that commercial buildings represent a lucrative investment direction due to their strong income-generating potential.

4.4 Hotel market

4.1.1 Supply

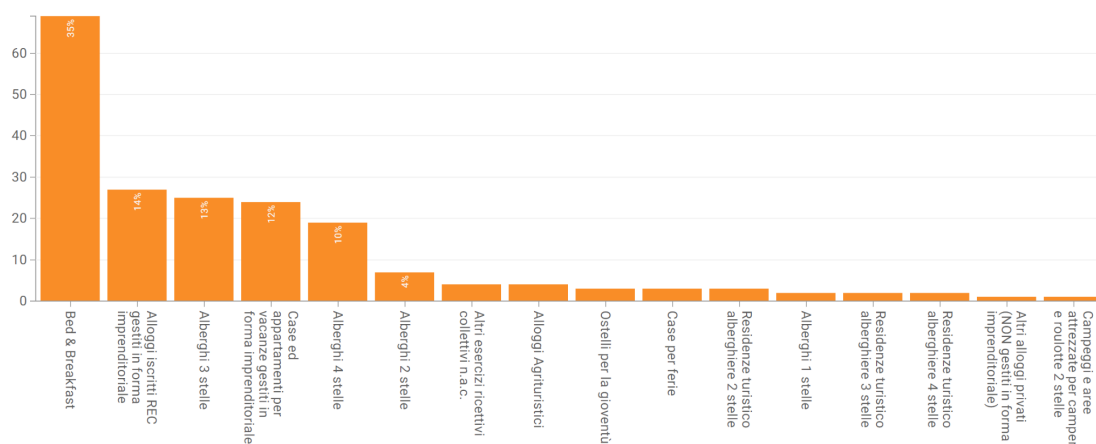


Figure 4.3: PROVINCE OF MONZA BRIANZA Accommodation facilities

As indicated by the data in Figure 4.3, as of June 11, 2021, the Monza area has a total of 196 accommodation facilities, including hotels, tourist residences, bed and breakfasts, guesthouses, holiday homes, vacation rentals, and hostels, among others. Among these, the most prevalent type is bed and breakfasts, constituting 69 establishments, accounting for 35% of the total. Accommodations registered with REC and managed as businesses, 3-star hotels, holiday homes and apartments managed as businesses, and 4-star hotels each range from approximately 20 to 30 establishments. On the other hand, 2-star hotels, other collective accommodation facilities not elsewhere classified, agritourism accommodations, youth hostels, holiday homes, 2-star tourist residence hotels, 1-star hotels, 3-star tourist residence hotels, and 4-star tourist residence hotels are relatively fewer, numbering only in the single digits. Additionally, other private accommodations not managed as businesses, campgrounds, and equipped areas for campers or trailers with 2 stars are also in low number (Lombardia Regione Open Data, 2021).

4.1.2 Demand

Dataset: Accommodation establishments									
Territory		Monza e della Brianza							
Adjustment		raw data							
NACE rev. 2		hotels and similar accommodation, holiday and other short-stay accommodation, camping grounds, recreational vehicle parks and trailer parks							
Country of residence of guests		All countries of the world							
Select time		2020		2021		2022			
Indicators		arrivals	nights spent	arrivals	nights spent	arrivals	nights spent		
Type of accommodation									
total collective accommodation establishments		241452	484124	323459	936306	468690	1396301		
hotels and similar establishments		226713	402726	296415	783573	430301	1257194		
5 stars-5 stars deluxe and 4 stars hotels		177864	276496	239812	552161	335479	644466		
3 stars hotels and hotel-tourism residences		45593	116850	53228	223575	89351	599514		
2 stars and 1 star hotels		3296	9380	3375	7837	5471	13214		
other collective accommodation establishments		14739	81398	27044	152733	38389	142107		
tourist camp-sites and holiday villages	(-)	(-)	(o)	(o)	(o)	(o)	(o)		
holiday dwellings (rented)		9154	55246	15307	72218	20714	87675		
farmhouses	(o)	(o)	(o)	(o)	(o)	5213	9422		
bed and breakfast		1680	5733	2943	8552	5499	13421		
other collective accommodation		1444	14676	1936	14825	3906	24477		

Data extracted on 02 Dec 2023 15:35 UTC (GMT) from I.Stat

Legend:

--: the instance does not exist or any case has not occurred
o: the value is released together with the value of the province of the same region with (a)

Figure 4.4: Accommodation establishments

The data in figure 4.4 (Istat, 2023) indicates that from 2020 to 2023, there has been a consistent upward trajectory in both tourist arrivals and nights spent in the MONZA region. In 2023, the number of arrivals has nearly doubled compared to 2020, reaching remarkable growth. Similarly, the nights spent by tourists have tripled in 2023 compared to the figures recorded in 2020. These statistics suggest a compelling pattern of sustained growth in tourism, indicative of the region's increasing popularity among visitors.

The data further indicates that tourists typically choose to spend 2-3 nights in Monza, reflecting a preference for a multi-day experience in the region. This extended duration of stay could be attributed to the diverse attractions and activities offered by Monza, making it a destination where visitors find ample reasons to prolong their visit.

This substantial growth trend in both arrivals and nights spent underscores a significant market opportunity for the construction of new hotels in the area. As the tourism industry in Monza continues to flourish, the demand for additional accommodation options is expected to rise in tandem with the increasing number of visitors. This presents a strategic opportunity for investors and developers to capitalise on the burgeoning tourism sector by planning and constructing new hotels that cater to the evolving needs of the growing visitor base. The prospects for long-term business success in the hospitality industry in Monza appear promising, aligning with the ascending trend in tourist activity.

4.5 Conclusion

The real estate market in Monza presents a diversified landscape, encompassing residential, commercial, and industrial properties. Notably, the commercial sector stands out with a strong performance, boasting a high rental yield indicative of robust profitability and investment potential. The successful funding of renovation projects and the strategic partnership with Teodolinda Spa demonstrate investor confidence in Monza's real estate market. Additionally, the region's proximity to Milan, coupled with Milan's recognition as a top real estate destination in 2023, contributes to enhancing the overall appeal of the area. With a significant increase in arrivals and nights spent, Monza emerges as a promising choice for hotel development. In summary, Monza offers a vibrant market for establishing a new and innovative hotel, underpinned by a resilient real estate environment and a continuous influx of tourists and professionals.

5. E-sport Market Analysis

5.1 Industry Status

With the development of computers, eSports has become a part of people's lives. Global audiences and business partners have increasingly flocked to the phenomenon over the past decade. The COVID-19 blockade period has further increased the popularity of eSports. The global eSports industry market revenue exceeded \$1.38 billion in 2022 and is expected to grow to \$1.87 billion by 2025. North America, Asia, and Europe hold the three highest market shares, with Italy placing 12th globally and fifth among European countries with a market share of £81.28 million, see figure 5.1. (Statista,2022).

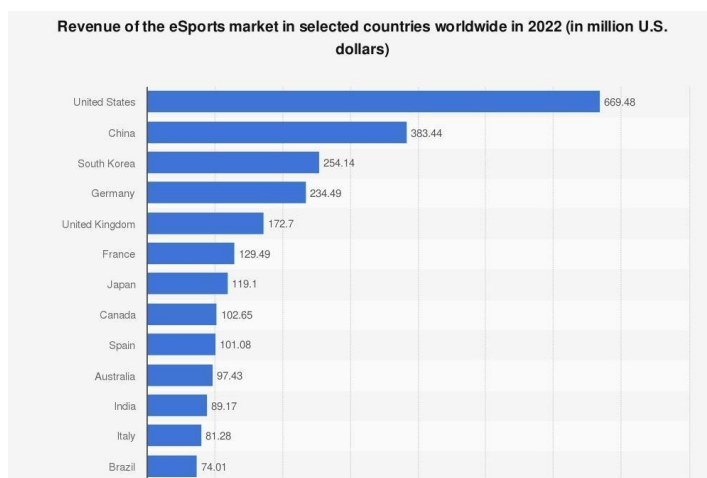
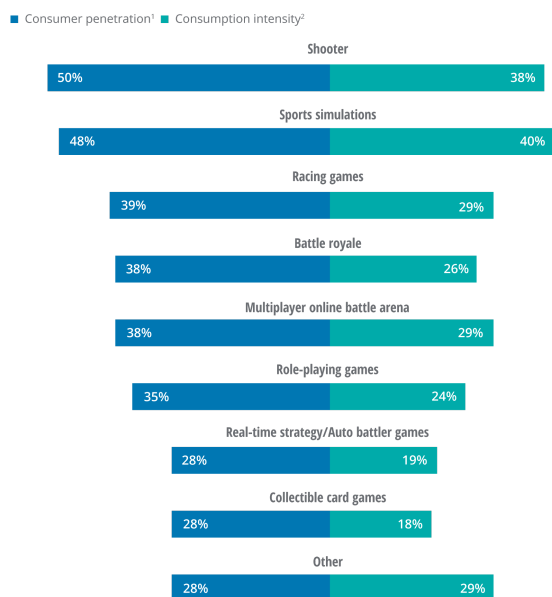


Figure 5.1: Revenue of the esports market in selected countries worldwide in 2022

FIGURE 5

Game genres watched by esports consumers



Note: 1) Share of esports audience who watched content in this genre before. 2) Share of total esports consumption spent on this genre among consumers who watched content in this genre before.
Source: Deloitte analysis.

Deloitte Insights | deloitte.com/insights

Figure 5.2: Game genres watched by esports consumers in European countries

The racing culture in Europe has a rich history spanning centuries. Most consumers have viewed sports and racing simulation games, see figure 5.2. As technology has advanced, traditional car races have evolved to include e-sports. For example, popular virtual races today include LeMans24Virtual, Formula E, F1 Esport Series, eNASCAR, and WRC Esports. The YouGov Sport report noted a significant combined viewership of more than 8.5 million across TV, OTT, and digital platforms for the 24 Hours of Le Mans Virtual. All these events have raised the profile of racing e-sports in the world (Deloitte,2021).

With the rapid growth of the global eSports industry, the gaming hotel industry is set to benefit. Gaming hotels are a unique concept designed to cater to the needs of eSports enthusiasts. These hotels offer specialised facilities and services to meet the growing demand for competitive gaming. They offer state-of-the-art gaming equipment, high-speed Internet connections, dedicated gaming rooms, and even on-site gaming coaches or trainers.

In general, Monza's extensive and distinct racing culture alongside the rapid advancement of e-sports provide a promising opportunity for e-sports in Monza. According to the current trend, the e-sport venues and hotels will be further developed in the next few years, accompanied by huge investment opportunities and the development of market opportunities.

5.2 Case study

In order to further investigate the feasibility of the two different potential proposals in the Monza area, two functionally similar cases have respectively been analysed regarding their functionality setting, profitability model, and points to be improved with the hope of providing a realistic perspective for the further development of the cases.

- **Wave Italy**

The growing interest in eSports and Sim Racing along with the potential of technological advances has led to the gradual expansion of racing eSports activities to new markets and demographics. Wave Italy is currently the only outstanding Italian company in the field of racing eSports and is located in the Automotive Valley of Maranello (Italy) in an area of approximately 6,400 square metres. They include an R&D centre, a training centre, a racing centre, see figure 5.3 and even have their own e-sports team dedicated to providing a high standard of driving experience for professional drivers and enthusiasts and are the only company on the market covering the entire range of Sim Racing activities. Wave Italy's expertise comes from direct experience in Formula 1 and other racing categories, allowing them to meet the demands of demanding expectations of Sim Racers and professional drivers. Their products range from individual components such as steering wheels and pedals to complete driving simulators, with a commitment to continuous innovation and improvement in materials, design and performance (Waveitaly,2023).

The company's ideal customers range from hobbyists to professional racers, and they offer high-tech training centres equipped with advanced technology and experienced driving instructors. In addition, they work with a variety of entities such as museums, car collections, racing circuits, hotels, digital simulation halls, and organisers of private or corporate events.

Their core revenues are likely to come from the sale of high-end simulators and peripherals, while they offer rentals of high-end F1 and GT racing simulators for special events. They offer tailor-made private lessons and training programs, providing another source of income, and their simulation hall in Verona can be booked for training, event or entertainment purposes, and professional coaching is available for real driver and advanced telemetry training. (Ibid)



Figure 5.3: The racing centre in Waveitaly

The company's strengths are their ability to develop and produce high quality simulators, expertise in motorsport technology, a diverse range of products and a strong brand presence in the eSports sector. Their weaknesses lie in their high-end market positioning which may limit their customer base and dependence on specific racing technology advancements. (Ibid)

- **Arcade Hotel**

The e-sports industry is booming, and the innovative integration of e-sports and other industries is becoming more and more extensive globally, with a variety of "e-sports+" new business formats. Among the gaming derivatives, gaming hotels with the function of "gaming+lodging" have gradually been recognized by mainstream consumers as offline gaming gatherings and entertainment venues in recent years, ushering in a wave of takeoff.

A representative example is Arcade Hotel, see figure 5.4, founded in 2014 in Amsterdam, the Netherlands, which is known as the "world's first gaming hotel". It covers an area of about 150 square metres with a building area of about 600 square metres. Its founders created the hotel due to their obsession with gaming, aiming to provide guests with a place for multicultural interaction. Despite its niche beginnings, Arcade Hotel quickly captured the hearts of a wide range of guests and became a breakout hit thanks to its innovative positioning and the professionalism and enthusiasm of its team. Currently, Arcade Hotel's clientele is more diversified, including professional gamers, gaming enthusiasts, corporations, and even teenagers and children (Darius Schuiszill, 2027).



Figure 5.4: The exterior of Arcade Hotel

The main areas of the hotel are divided into rooms with gaming consoles, indoor public gaming lounges and outdoor open gaming space spaces, as well as bars. The hotel offers 42 custom-designed rooms, each equipped with both modern and nostalgic gaming consoles, as well as state-of-the-art headsets, giant-screen monitors, and lightning-fast Internet speeds. The diverse room types include traditional king and twin rooms, as well as dormitory-style rooms that can accommodate up to three or four guests, catering to a variety of clients, see figure 5.5 and 5.6. In addition, each room type comes with a literary name and slogan based on today's popular music or movie (Ibid).

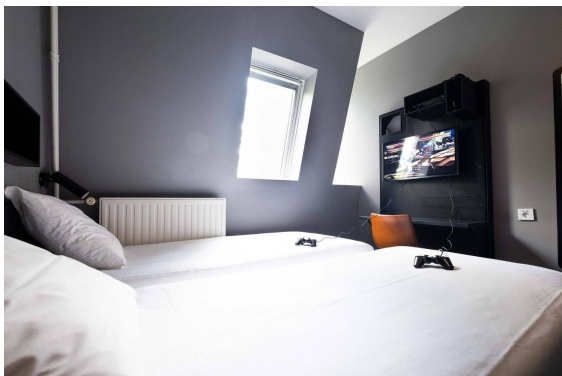


Figure 5.5: Twin rooms



Figure 5.6: Dormitory-style rooms

The best feature of the hotel is undoubtedly the gaming room, see figure 5.7. This spacious room of almost 270 square feet is equipped with 6 professional PCs, a modern gaming console, a virtual reality set and 20 coin-operated consoles. Oktoberfest, etc. Arcade hotels also organise offline competitions for enthusiasts to enhance the customer experience and increase their turnover and influence. Room bookings, gaming events, and merchandise sales are the main sources of revenue, in addition to which the hotel has received sponsorships from major brands including Nvidia, Sennheiser, Yamaha, and iiyama. Arcade Hotel, a pioneering organisation in the gaming hotel industry, has a business model that combines traditional hotel services with gaming experiences. Its marketing strategy focuses on engaging its target customer base through social media and partnerships. This

strategy not only raises the awareness of the hotel, but also brings a steady flow of customers.(Ibid)



Figure 5.5: Gaming room

However, it also has some shortcomings. For example, focusing too much on gaming enthusiasts may limit the ability to attract a wider range of visitors. The hotel also needs to take into account the needs and preferences of visitors from different cultural backgrounds, and finding a balance between regular tourists and gaming enthusiasts will be a big challenge. In addition, the latest gaming equipment requires regular updating and maintenance, which may lead to relatively high operating costs. Therefore, hotels need to keep up with the trends and technologies in the gaming industry while the cost factor needs to be taken into account.

These two derivative cases related to the racing e-sport industry provide real-world implications for the proposal development in terms of client targeting, marketing revenue and challenges to consider.

6. Business Plan

6.1 Final proposal

Through the analysis above, it has been found that Monza possesses a distinct culture and position for developing the e-sport industry. However, the industry has yet to be cultivated due to the impact of the epidemic on the local tourism industry, as well as the fact that e-sport is still a nascent industry in Italy. Although the amount of visitors hasn't yet returned to pre-pandemic levels, there is an increasing number of tourists annually and the e-sport industry is also on the rise. With a substantial rise in both visitor numbers and total nights spent, Monza stands out as a thriving prospect for hotel development. Therefore, Monza must take advantage of these industry changes, conform to the post-pandemic tourists' needs, and enhance the tourists' experience to entice more visitors.

As a result, the plan is to label this location as a hybrid e-sports racing hotel. While the hotel market in the Monza area already caters to tourists, the proposal will stand out by focusing on the specific needs and desires of e-sports enthusiasts without neglecting the possible needs of local residents. Although limited themed competition currently exists in the area, the unique location of the site near to the circuit will hopefully provide a memorable stay as the preferred accommodation option for e-sport racing enthusiasts.

6.2 SWOT analysis

6.2.1 Strengths

- Unique Concept: The concept of an eSports hotel is new and special, serving a small group of people.
- Strategic Location: Monza is conveniently located near racing events and Milan, making it a desirable destination for eSports fans.
- Potential Partnerships: Opportunity to work together with eSports teams, influencers, and event organisations.
- Branding and Marketing: Creating a recognizable brand and implementing effective marketing techniques can increase customer participation.

6.2.2 Weaknesses

- Initial Investment: The establishment of eSports facilities and technology can require considerable investment.
- Niche Market: The eSports market is specific, and it may be difficult to attract a regular customer base.
- Operational Costs: The existence of other eSports venues or hotels in the vicinity can be a cause for concern. Maintaining expensive gaming equipment and facilities can be costly.
- Regulatory Compliance: Compliance with gaming and hospitality regulations may be complicated.

6.2.3 Opportunities

- eSports Growth: The world of eSports is growing rapidly worldwide, providing chances for greater demand.
- eSports Events: Organizing eSports competitions and events can appeal to a large number of people. Partnerships: Collaborating with local eSports teams and organisations can boost your hotel's reputation.
- Diversification: Providing an array of eSports services like coaching or streaming can expand revenue channels.
- International Appeal: Attracting international gamers and eSports tourists can boost occupancy rates.

6.2.4 Threats

- Economic Factors: Downturns in the economy may reduce the amount of money available for leisure activities.
- Technological Changes: Rapid advancements in gaming technology may require frequent upgrades.
- Market Saturation: An increase in the number of similar eSports venues in the area can lead to amplified competition.
- Regulatory Changes: Changes to gaming rules or licensing criteria can affect operations.
- Cybersecurity threats: Online gaming and streaming platforms could be at risk from cyber attacks.

6.3 Value Proposition

The primary target audience includes professional eSports teams, individual gamers, streamers, and gaming enthusiasts seeking a unique eSports experience. Secondary target segments encompass tourists interested in eSports, corporate groups seeking team-building activities, and local residents looking for a gaming-centric entertainment option.

In order to meet the needs of different customer groups and to take into account the conditions of the site, the functionality of the new building and the existing historical building separately.

For the new building on the vacant lot, the following services and activities will be provided in the proposal:

- Accommodation: as the main function of the proposal, the rooms can be divided into types that can accommodate different numbers of people. The interiors are equipped with racing-themed decorations and facilities.
- Racing Simulator Experience Area: This area is for racing enthusiasts and visitors to experience driving on a race track.
- Racing Simulator Space: This space is equipped with high-end simulators for professional drivers or guests who require a high level of racing simulation experience.
- Gaming Lounge: Set up a comfortable lounge area for casual gamers to relax and socialise.

- Event hosting: This kind of place could be provided to companies or institutions to hold educational or entertainment activities.

For existing historical and artistic interests:

- Themed restaurant and bar: on-site dining options with racing-inspired menus and decoration.
- Merchandise store: set up a boutique offering racing memorabilia and exclusive collectibles.

6.4 Commercial Plan

6.4.1 Marketing strategy

In order to ensure a consistent revenue stream for the new project in Monza, it is important to study and develop a tailor-made marketing strategy leveraging on the strengths and opportunities of the project.

- **Integrated branding approach**

In developing a comprehensive marketing strategy for the Monza e-Sport Hotel, including its associated restaurant/bar and merchandise store housed in historic buildings, the aim is to create a cohesive brand image that leverages the unique blend of e-sports, hospitality, and local heritage, highlighting their synergy and the unique experience they collectively offer. This should include storytelling elements that connect the historic significance of the location with the modern appeal of e-sports. The objective is to enhance brand recognition and customer recall, creating a seamless experience that encourages cross-utilization of services.

- **Targeted marketing initiatives**

Considering the seasonal nature of the new project, strongly bonded to external streams of people, it's important to address seasonal variations in tourist flow in the city, in order to maximise revenue during high seasons and maintain a steady flow during off-peak times, ensuring year-round profitability. Marketing strategy should focus on leveraging the racing excitement during peak Formula 1 periods. In off-peak times, it should shift the narrative to emphasise the e-sport hotel as a year-round destination, offering special promotions and events. Implementing a loyalty program offering rewards for frequent visits and referrals, encouraging repeat business, collaborating with local businesses and e-sport communities to host joint events, broadening the customer base and maintaining an active online presence through social media and a dedicated website, focusing on community engagement and interactive content are all initiatives to take into consideration.

- **Off-peak season focus**

In order to stabilise even more the revenue stream during traditionally slower periods, specific strategies like themed events or special promotions should be implemented.

- **Customer engagement and experience**

To build a loyal customer base, encouraging repeat visits and word-of-mouth promotion, crucial for long-term success, interactive and personalised marketing strategies to deepen customer engagement must be developed. Focusing on that, the proposal is: VR experiences of e-sports events, live-streams of tournaments hosted at the hotel, behind-the-scenes content from the restaurant and merchandise store to be shared through social media. Also, the employment of CRM (Customer

Relationship Management) tools to offer personalised communication and offers to past and potential guests, enhancing customer loyalty and repeat visits should address the objectives stated before.

- **Leveraging digital platforms**

Digital platforms nowadays increase global visibility and appeal, attracting a diverse customer base. It's important to focus on building an online community creating engaging content for various social media platforms, showcasing the unique aspects of the hotel, restaurant, and gadget shop and utilising content marketing strategies like blogs, vlogs, and influencer collaborations.

- **Strategic partnerships**

Differentiating the hotel from competitors, creating unique offerings that can attract niche markets is a priority. For this reason, it's very useful to forge partnerships with e-sport teams, game developers, and event organisers to host events and offer exclusive experiences at the hotel or the restaurant, positioning the latter in off-peak seasons when the spaces are more easily vacant.

This comprehensive approach aims to solidify the Monza e-Sport Hotel and its associated businesses as premier destinations, ensuring sustained interest and revenue generation throughout the year. To correctly implement the whole strategy, it's crucial to regularly analyse the effectiveness of marketing strategies, using metrics such as customer feedback, social media engagement, and revenue trends.

6.4.2 Revenues stream

- **Hotel revenue**

Coming primarily through room bookings, targeting tourists, e-sport enthusiasts, and business travellers and targeting E-sports fans during events, general tourists, and corporate guests. It can represent a continuous revenue source, though its real potential stands out during Formula 1 events and e-sport tournaments. It thus benefits the strategies for off-peak sustainability previously mentioned (especially promotions). The dependence on event schedules represents its most important weakness, which should be addressed by diversifying offerings to attract non-event tourists and business travellers.

- **Restaurant/bar**

Revenues here come from the sale of food and beverages like any other similar activity, appealing to hotel guests, local residents, visitors. It's a steady revenue with potential spikes during events and weekends. While it enhances the overall revenue attracting local clientele, the activity must face high operational costs and competition with other dining options in the area. Developing unique culinary experiences tied to e-sport or racing themes and the whole brand of the project can diversify the restaurant significantly from competitors. It's important to host special events to draw in locals.

- **Merchandise store**

Revenues come from the sales of branded and thematic merchandise to tourists, e-sport fans and collectors, with significant peaks of presences during the high season but with a steady component represented by online sales reaching a wider audience. In order to leverage on the special events organised at the structure the design and creation of exclusive merchandise should be planned in advance and part of the event organisation.

- **Event hosting (e. g. tournaments, workshops)**

Tickets sale, sponsorship and associated services are all sources of revenues coming from events participants and spectators, both local and international. Its seasonality depends on the calendar of events, being the revenues limited to event dates. It requires substantial planning and investments, but it provides significant revenues while enhancing the hotel reputation as an e-sport hub. This source of revenues is based on the event schedules, so it could be regular or seasonal depending on planning. It's suggested to use this source of revenue to stabilise the activity of the whole project, compatible with the potential of audience presences.

- **Strategic partnerships**

Collaborative events, branded experiences, and sponsorships represent another revenue stream. Here the focus is on co-organised branded events, which could be integrated in the schedule previously mentioned to fill voids in slower seasons. The audience is broad, being that the union between brand followers, e-sport enthusiasts and the audience of the event partner. As the events hosted and organised by the structure, the seasonality of this revenue stream is decided in the planning and budgeting phase, and should be strategically positioned to stabilise the whole revenue stream generated during the year. It's important to diversify partnership not to include only e-sport entities, but aiming at other relevant and compatible industries. Partners should be evaluated by their reputation, success and popularity.

Hotel revenue and event hosting are likely the most significant contributors, particularly during peak seasons. The restaurant/bar provides a stable income year-round, appealing to a diverse clientele. The merchandise store, while more variable, offers unique revenue opportunities, especially when integrated with events and online platforms. Strategic partnerships offer a consistent branding and promotional boost to be integrated in the event schedule plan. To create a diversified and sustainable revenue model, it's suggested to focus on maximising hotel occupancy and physical store sales during peak seasons, while leveraging on the restaurant/bar and the online store as a year-round attraction. Particular attention should be paid to the event and partnership schedule, using it to provide a steady revenue stream throughout the year, balancing seasonal fluctuations and varying demand across the calendar.

6.5 Cash Flow

6.5.1 Construction phase

- **Land purchase:** 10 000 000€.
- **Charges and contributions:** 6 000 000€.
- **Construction costs:**

-	Area [sqm]	Unitary cost [€/sqm]	Total cost [€]
Basement	800	800	640000
Above ground	9180	1500	13770000
Outdoor	8900	200	1780000
Total	18880	-	16190000

From project description data and specific surface usage

The surfaces being: 480 sqm restaurant above ground, 400 sqm merchandise store above ground, 800 sqm hotel basement, 8300 sqm hotel above ground.

- **Soft costs:**
 - Designer fee: 8%
 - Developer fee: 12%
 - Unpredictable costs: 3%
 - Administration costs: 3%
 - Insurance costs: 2%
- **Cost distribution:** land purchase and charges and contributions are all expenses of the first year of the project, while construction costs and soft costs are divided equally among construction years.
- **Construction time:** the construction phase is estimated to last 2 years, based on similar projects existing.

6.5.2 Rent phase

6.5.2.1 Analysis of management options: single vs. separate management

In the operative phase of the Monza e-Sport Hotel project, two primary management structures are considered: unified management and separate management for each component (hotel, restaurant/bar, e-sport area, and merchandise store).

- **Unified management:** a single entity or joint venture manages the entire complex. This ensures brand coherence and a unified customer experience and it simplifies operational logistics and marketing strategies. However, it requires a manager or joint venture with diverse expertise in hospitality, e-sports, retail, and F&B.
- **Separate management:** different operators manage each component of the complex individually. This guarantees specialised management for each component and could potentially optimise performance. It could however lead to disjointed customer experiences and complex coordination between different managers.

- **Decision for unified management:** this approach ensures a cohesive brand image and customer experience, crucial for the project's success. A joint venture formed by companies specialising in each aspect (hospitality, e-sports, gastronomy, retail) is suggested. This structure leverages the strengths of each partner, providing comprehensive expertise under one management umbrella.

6.5.2.2 Joint Venture proposition for unified management

In the JV proposition each partner brings specific expertise: hospitality management, e-sports event organisation, F&B management, and retail merchandising. This setup encourages synergy between different components, leading to enhanced customer experiences and potentially higher revenue. The JV allows for shared risk and investment, making it a more attractive option for all involved parties. Also, not less important, the JV allows greater flexibility in the management of resources based on the seasonality, a feature that could prove itself to be determinant for the success of the project, which lies in the service industry. Opting for a unified management structure under a joint venture offers a streamlined approach to managing the Monza e-Sport Hotel complex. This strategy not only ensures a consistent brand narrative and customer experience but also maximises the potential for revenue generation across all components of the project. The event-driven and integrated marketing approach further supports the financial success and market appeal of the complex.

6.5.2.3 Lease proposal

Function(New building)	Area(m ²)	Percentage	Area/per room(m ²)	Number of rooms/unit
Single room	640	7%	16	40
Double room	1100	12%	22	50
Triple room	720	8%	24	30
Quad room	1040	11%	26	40
Deluxe Suite	300	3%	30	10
Gaming lounge	900	10%	150	6
Racing simulator experience area	1000	11%	250	4
Racing simulator space	800	9%	800	1
Event hosting space	600	7%	200	3
Other service areas	2000	22%		
Total floor area(two floors)	9100	100%		

Function(Renovation)	Area(m ²)	Number of rooms/unit
Restaurant/ Bar	480	1
Merchandise store	400	1
Total area each floor	880	

Total areas

-	Area [sqm]	Average rent [€*sqm/month]	Annual rent [€]
Hotel	9100	18	1965600
Restaurant	480	18	103680
Merchandise store	400	13,4	64320
Total	9980	-	2133600

Calculation of Lease Rent

Lease Terms:

Duration: 10-year fixed-term lease.

Rent: the total first-year rent is €2,133,600. It will grow by 7% each year.

Maintenance: the real estate fund is responsible for major structural maintenance and property upgrades, ensuring the property's long-term value.

Exit plan: the property will be listed for sale near the end of the 10-year lease period.

However, the joint venture (JV) will have the first right of refusal to purchase the property.

Cap Rate for valuation: utilising average rental value/market value rates in Monza for the activity in object, for the store (0.0058) and the commercial spaces (0.0061) the property's market value is thus determined.

-	Last year monthly rent [€]	Rental value/market value	Market value [€]	Cap rate
Hotel	301.139,62 €	0,0061	49367151	7%
Restaurant	15.884,29 €	0,0061	2603982	7%
Merchandise store	9.854,14 €	0,0058	1698990	7%
Total	326.878,05 €	-	53670122	-

Exit value calculation

6.5.3 Discounted cash flow

	CONSTRUCTION		OPERATION									
	0 2024	1 2025	2 2026	3 2027	4 2028	5 2029	6 2030	7 2031	8 2032	9 2033	10 2034	11 2035
Land purchase	10.000.000,00 €											
Charges and contributions	6.000.000,00 €											
Construction costs	8.095.000,00 €	8.095.000,00 €										
Soft costs	2.266.600,00 €	2.266.600,00 €										
Total	26.361.600,00 €	10.361.600,00 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Revenue:												
Rent			2.133.600,00 €	2.282.952,00 €	2.442.758,64 €	2.613.751,74 €	2.796.714,37 €	2.992.484,37 €	3.201.958,28 €	3.426.095,36 €	3.665.922,03 €	3.922.536,58 €
Effective gross income	- €	- €	2.133.600,00 €	2.282.952,00 €	2.442.758,64 €	2.613.751,74 €	2.796.714,37 €	2.992.484,37 €	3.201.958,28 €	3.426.095,36 €	3.665.922,03 €	3.922.536,58 €
Expenses:												
Property management fee			45.659,04 €	46.572,22 €	47.503,67 €	48.453,74 €	49.422,81 €	50.411,27 €	51.419,49 €	52.447,88 €	53.496,84 €	54.566,78 €
Ordinary maintenance			68.488,56 €	69.858,33 €	71.255,50 €	72.680,61 €	74.134,22 €	75.616,90 €	77.129,24 €	78.671,83 €	80.245,26 €	81.850,17 €
Insurance			64.008,00 €	68.488,56 €	73.282,76 €	78.412,55 €	83.901,43 €	89.774,53 €	96.058,75 €	102.782,86 €	109.977,66 €	117.676,10 €
Property taxes			128.016,00 €	130.576,32 €	133.187,85 €	135.851,60 €	138.568,64 €	141.340,01 €	144.166,81 €	147.050,14 €	149.991,15 €	152.990,97 €
Total operation expenses	- €	- €	306.171,60 €	315.495,43 €	325.229,77 €	335.398,50 €	346.027,10 €	357.142,71 €	368.774,29 €	380.952,72 €	393.710,91 €	407.084,02 €
Net Operation Income			1.827.428,40 €	1.967.456,57 €	2.117.528,87 €	2.278.353,24 €	2.450.687,27 €	2.635.341,66 €	2.833.183,98 €	3.045.142,64 €	3.272.211,12 €	3.515.452,56 €
NoI margin			86%	86%	87%	87%	88%	88%	88%	89%	89%	90%
Leasing and capex:												
Reversion value												53.670.122,00 €
Selling expenses												1.610.103,66 €
Final reversion value												52.060.018,34 €
Cash flow	-26.361.600,00 €	-10.361.600,00 €	1.827.428,40 €	1.967.456,57 €	2.117.528,87 €	2.278.353,24 €	2.450.687,27 €	2.635.341,66 €	2.833.183,98 €	3.045.142,64 €	3.272.211,12 €	55.575.470,90 €
Discounting factor	1,00	0,95	0,91	0,86	0,82	0,78	0,75	0,71	0,68	0,64	0,61	0,58
Discounted cash flow (5%)	-26.361.600,00 €	-9.868.190,48 €	1.657.531,43 €	1.699.562,96 €	1.742.096,24 €	1.785.149,38 €	1.828.740,57 €	1.872.888,12 €	1.917.610,44 €	1.962.926,10 €	2.008.853,77 €	32.493.826,82 €
NPV	12.739.395,35 €											
IRR	9%											

Property management fee: 2% growing 2% each year

Insurance: 3%

Ordinary maintenance: 3% growing 2% each year

Property taxes: 6% (growing 2% each year)

Discounting rate: 5%

7. Conclusion

This feasibility study for a potential e-sport hotel complex in Monza evaluates the project's potential, blending an in-depth market analysis with financial planning and architectural design.

The proposed complex is crafted to appeal to a broad audience, with a variety of room configurations to suit different needs and preferences. The plan includes 40 Single rooms, each 16 m², offering efficient accommodation. The 50 Double rooms, at 22 m², provide comfortable space for couples or business travellers. For small groups or families, there are 30 Triple rooms at 24 m² and 40 Quad rooms of 26 m². Further elevating the guest experience, the complex will feature 10 Deluxe Suites, each a spacious 30 m², designed to offer luxury and exclusivity. These rooms and suites are not only spaces to stay; they are integrated into the immersive e-sport and racing-themed environment that the complex aims to create.

Entertainment and event hosting are central to the complex's appeal. A 900 m² gaming lounge will offer a space for guests and visitors to engage in gaming activities. Complementing this, a 1,000 m² area is dedicated to racing simulators, designed to host both major e-sport tournaments and individual sessions for enthusiasts. Additionally, 600 m² of versatile space is allocated for various events, capable of accommodating everything from business conferences to fan meet-ups and e-sport events, adding a dynamic layer to the complex's offerings.

The financial analysis of the project presents a promising outlook. The initial annual rent for the hotel is projected at initially 2,133,600 EUR, increasing over the years. This upward trend suggests a growing appeal and profitability. These figures indicate the potential for a strong and expanding revenue stream.

The financial viability of the project is grounded in substantial initial investments projected to 36,723,200 EUR. While these figures represent a significant financial commitment, the increasing revenue projections and comprehensive cost management strategies underscore the project's potential for success and sustainability. This included with the proposal of selling the property after 10 years to maximise the profitability of the investment ensures a positive return on investment, with a net present value of 12,739,395 EUR.

In conclusion, the feasibility study for the e-sport hotel complex in Monza paints a picture of a unique, financially viable, and culturally significant venture. With its diverse room offerings, state-of-the-art entertainment facilities, and solid financial planning, the complex is poised to become a landmark destination in Monza, adding to the already deployed racing-culture. The project promises not only to generate economic returns but also to enhance the city's cultural and recreational landscape, drawing e-sport enthusiasts, tourists, and business travellers. The successful realisation of this complex relies on strategic execution and management, ensuring that it adapts to evolving market trends and maintains its competitive edge in the dynamic world of hospitality and entertainment.

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