



Europe On Sale

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The timing could not have been better--at least for Europe's travel industry. Just in time for the kickoff of the summer holiday season, the failed bids in France and Holland to ratify the European Union's constitution last week have pushed the euro to its lowest point against the dollar since last October.

Translation? For Americans considering traveling abroad this summer, Europe, even at a luxury level, is suddenly looking like a pretty good deal.

Consider the price for one night at the **Hotel Ritz** in Paris. If you had stayed in that famously luxurious hotel's least expensive room last Dec. 31--the point when the euro was strongest against the dollar--the €610 rack rate for guests paying in greenbacks would have been \$836. As of time of publication, that same rate would now be \$748--a savings of \$88 per night. For most people who stay at the Ritz, where the most expensive suite costs €8,500 per night (\$10,428), that may seem like chicken feed, but even the richest travelers like to buy the same croissants for a lot less dough.

In fact, there are savings across the board in Europe. From Austria to Spain, the best hotels and restaurants--not to mention apparel, wine, chocolate and opera tickets--are cheaper now than they have been all year.

It's been the other way around since the euro began its rise in 2002, with the weak dollar keeping many vacationing Americans stateside and attracting international visitors to the U.S. in droves. "In the European market, people now go shopping in New York for the weekend," says **John Kester**, senior researcher at the **World Tourism Organization** in Madrid. And **Bjorn Hanson**, who leads the global hospitality and leisure division at **PricewaterhouseCoopers**, estimates that "For the calendar year 2004 to 2005, we can attribute 66,000 occupied hotel rooms per night in the United States to the weak dollar and strong euro." With the euro weakened, the tables are turned.

But experts are divided as to whether they'll remain turned for long. "Our view is that the euro's weakness following the defeat of the referendums is going to be temporary," says **Daniel Katzive**, currency strategist at **UBS** (nyse: [UBS - news - people](#)). "They've had an impact, and we may not yet have seen the lows, but ultimately we expect that political issues will have little traction in the market, especially once the drama of the referendum is behind us."

[Click here to see the slide show of savings across the EU.](#)

Hans Decker disagrees. Decker headed the U.S. operations of **Siemens AG** (nyse: [SI - news - people](#)) as president for 20 years and is currently an adjunct professor of international business and finance at Columbia's School of International and Public Affairs. "I would not be surprised to see a further weakening of the euro," says Decker. "I personally believe that those two referenda had an impact and will have a further impact." What would a continuing decline of the euro signify to Decker? "It could be read that the whole European unifying project was in danger," he concludes.

Bob Harrell of **Harrell Associates**, a New York-based travel and aviation consulting firm, says not to expect lines of Americans waving their euros outside the Louvre, along the Venetian canals or on the beaches of the Algarve. "It takes Americans a long time to figure out that exchange rates have changed," he says. "They're nowhere near as sensitive to exchange rate fluctuations as the rest of the world, and Europeans in particular."

Regardless of the exchange rate, EU countries still constitute half of the [top ten international travel destinations](#), according to the **World Tourism Organization**, with Americans doing a lot of that traveling.

Sean Hennessey, president of **Lodging Investment Advisors**, a New York-based hotel consulting firm, believes there is "A compounding factor driving Americans to explore European vacations. A strengthening environment for business travel in the U.S. has left fewer rooms for vacationers and pushed up hotel prices," making Europe increasingly attractive to American vacationers. In order to capitalize on the situation, many European hotels have introduced guaranteed U.S. dollar rates, as well as advanced booking policies designed to lock in favorable exchange rates for Americans.

"With 60% of our global business originating within the U.S. and traveling elsewhere, the guaranteed dollar rate offerings have been a great vehicle to drive business to Europe and maintain our loyal clientele," says **Ed Donaldson**, vice president of marketing in the Americas for **Small Luxury Hotels of the World**, a luxury hotel membership association.

In honor of Europe going on sale, Forbes.com has taken ten countries in the EU and listed examples of the kind of savings travelers can expect at many of the best hotels and restaurants, as well as local delicacies in each. By simply staying home when the exchange rate was bad, you've engaged in a brilliant bit of retroactive arbitrage. Now you can enjoy the finer things in Europe while actually saving money.

Despite the existence of the euro, it is important to remember that, as ever, some countries in Europe will be, in general, cheaper to visit than others. Spain, Portugal and Greece, for example, are simply less expensive to get around than France. And, of course, to save more, you need to spend more. That's why we chose big cities with luxurious hotels, restaurants and shops, instead of rustic countryside retreats.