

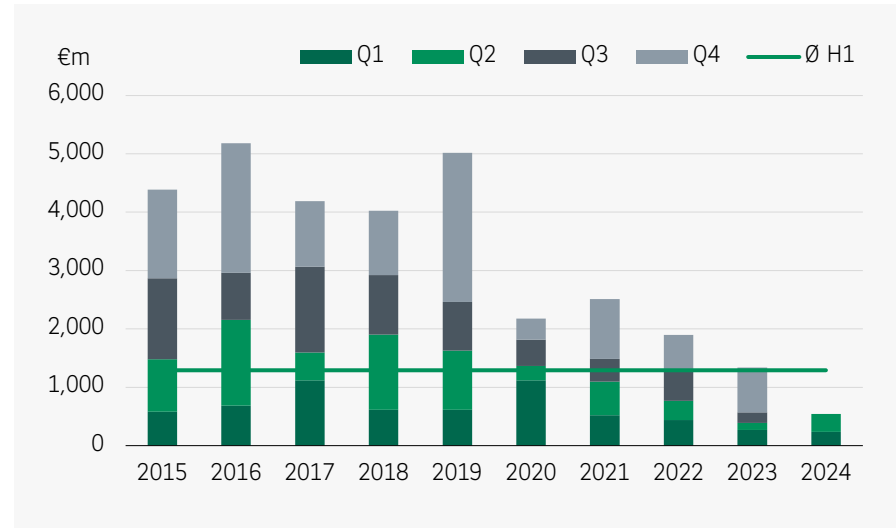
GERMANY

# REPORT

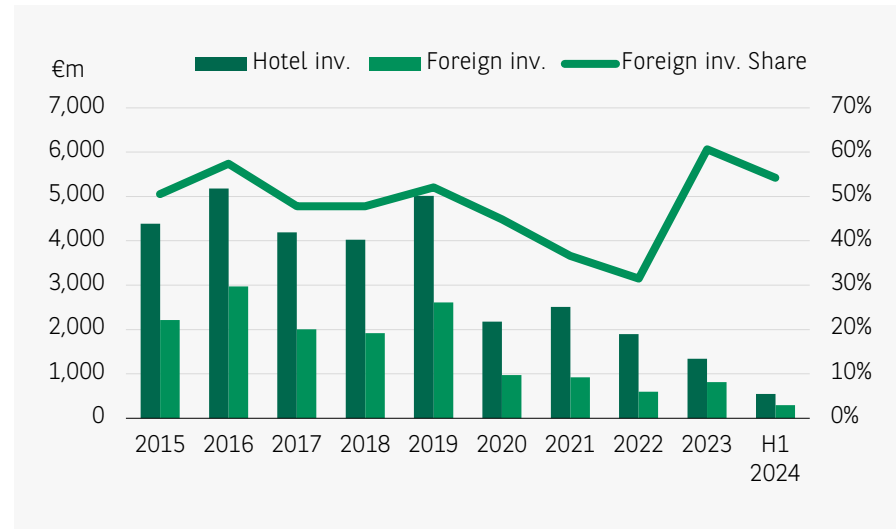
# HOTEL INVESTMENT MARKET

H1 2024

## Development of hotel investment volume



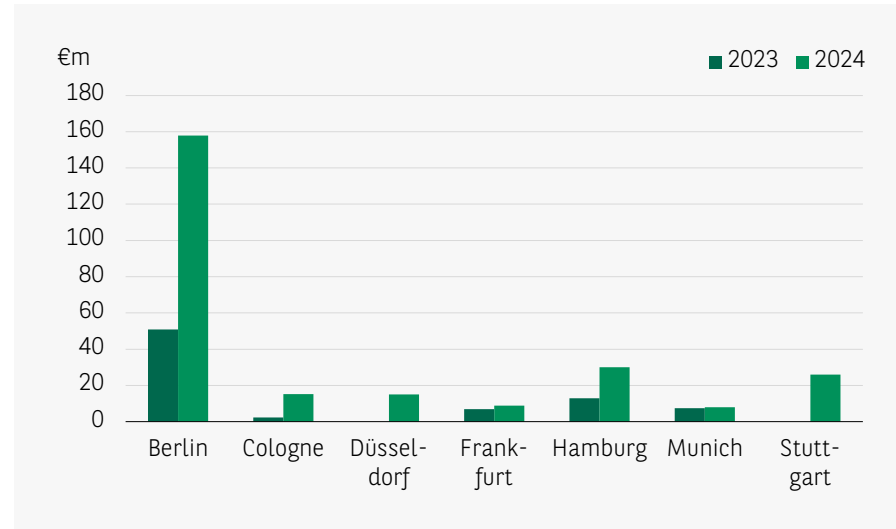
## Share of foreign investors



## NUMBER OF TRANSACTIONS RISING, BUT INVESTMENT VOLUME REMAINS AT A LOW LEVEL

- In the first half of 2024, an investment volume of €545 million was registered with hotel transactions. Although the long-term average was once again clearly missed (-58% resp. 10-year average: €1.3 billion), this represents an increase of 40% compared to the weak H1 result of the previous year.
- The overall positive trend towards a further market upturn and an acceleration in transaction activity is underlined in a direct quarter-on-quarter comparison by an increase in the investment volume of almost a third and a doubling of the number of transactions to around 20 in the second quarter.
- Nevertheless, the investment volume remains at a significantly lower level than in previous years, which is partly due to the lower purchase price level across the board and the recent decline in completion figures in the new hotel construction segment. The market share of project developments is also at a below-average level in the low single-digit percentage range.
- The market share of foreign investors stood at an above-average level of 54% at the end of the first half of the year (Ø 10 years: 42%) and their hotel investment volume has more than doubled year-on-year to almost €300 million. This includes purchases such as the Hotel de Rome in Berlin, but also portfolio transactions and investments in smaller properties.
- In contrast to Q1, portfolio sales were registered again for the first time in the second quarter.

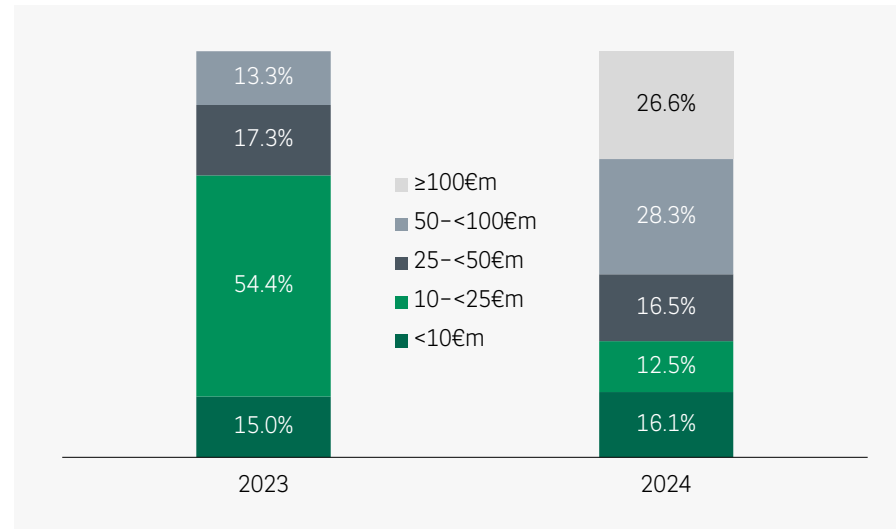
## Hotel investments in A-locations H1



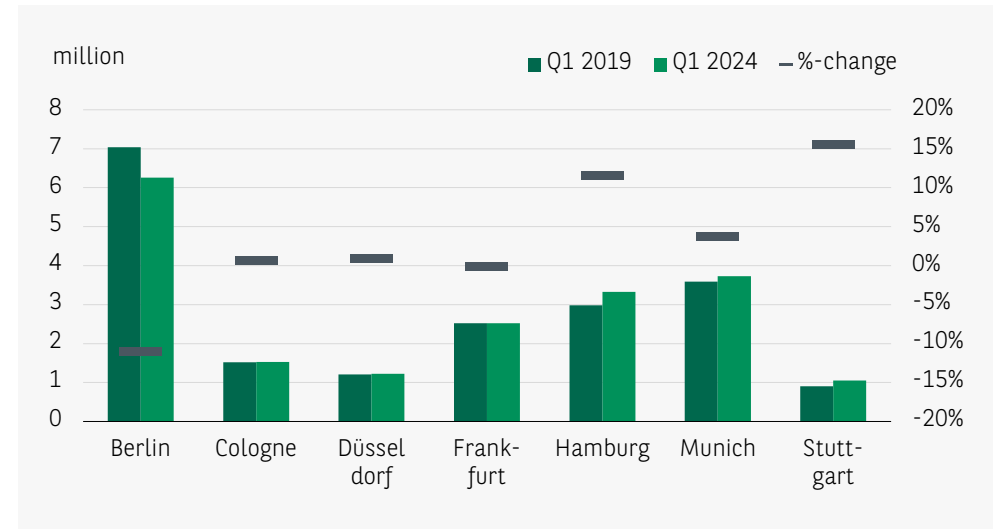
## SHARE OF A-LOCATIONS BELOW AVERAGE

- Berlin accounted for almost a third (29%) of the hotel investment volume in the first half of the year. This above-average market share of the German capital (Ø 10 years: 18%) is largely due to the sale of the luxury hotel “Hotel de Rome” in Berlin. As at the beginning of 2023, the transaction volume in the other A-locations is still very low, resulting in a market share of 47% despite the major transaction in Berlin (Ø 10 years: 55%).
- To date, a relatively even distribution of the investment volume across the size categories can be observed. In addition to the aforementioned major transaction of over €100 million, the segment with the highest volume is the size category between €50 and 100 million (28%). However, as in the previous two years, the average volume per deal remains well below €20 million, which is indicative of the smaller market since the coronavirus pandemic

## Hotel investments by € category H1



## Overnight stays in A-locations



## OUTLOOK

- Although the German hotel investment market once again recorded a below-average investment volume in the first half of the year, the pace of contract signings is now higher and the number of signed deals has increased significantly. Overall, there are strong indications in the market that investment activity is gradually gaining momentum. This applies to the development of the occupier market, hotel investment product as well as the interest rate and financing environment.
- The number of guests and overnight stays, which is already almost at pre-Covid level, is likely to receive a further boost from the European Football Championship in Germany. The sustained increase in business travel activity is contributing to a further strengthening of the occupier market. The positive development in the fundamentals of the user market should give investors further certainty in their decisions on the hotel investment market.
- The emerging increase in supply in the existing property segment should also ensure more movement on the hotel investment market. However, there is one factor that is limiting the total volume of investment product: Due to high construction and financing costs, new construction activity is declining. Supply in the new-build segment is likely to fall noticeably for the time being.
- Overall, conditions on the hotel investment market have recently improved again. The hotel investment market should gain momentum in the second half of the year as a result of rising overnight stays, a slowly improving economic situation and the prospect of lower borrowing costs. An investment volume in the region of €1.3 billion compared to the previous year is therefore a realistic target for the end of the year.

### Key facts hotel investment market Germany

INVESTMENT VOLUME	H1 2023	H1 2024	CHANGE
Total (€m)	390	545	+39.6%
Portfolio share	0.0%	23.7%	+23.7%pts
Share above €100 million	0.0%	26.6%	+26.6%pts
Share of A-cities	20.7%	47.9%	+27.2%pts
Share of foreign investors	32.3%	54.2%	+22.0%pts

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