

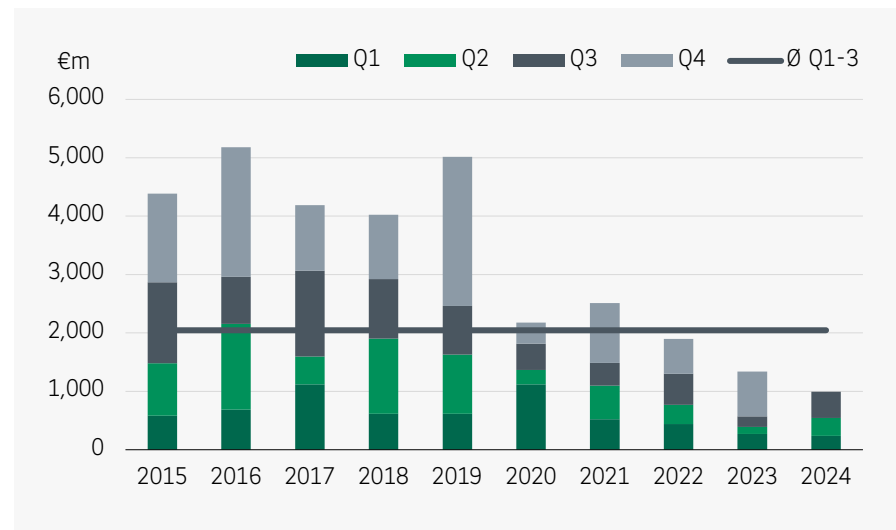
GERMANY

REPORT

HOTEL INVESTMENT MARKET

Q1-3 2024

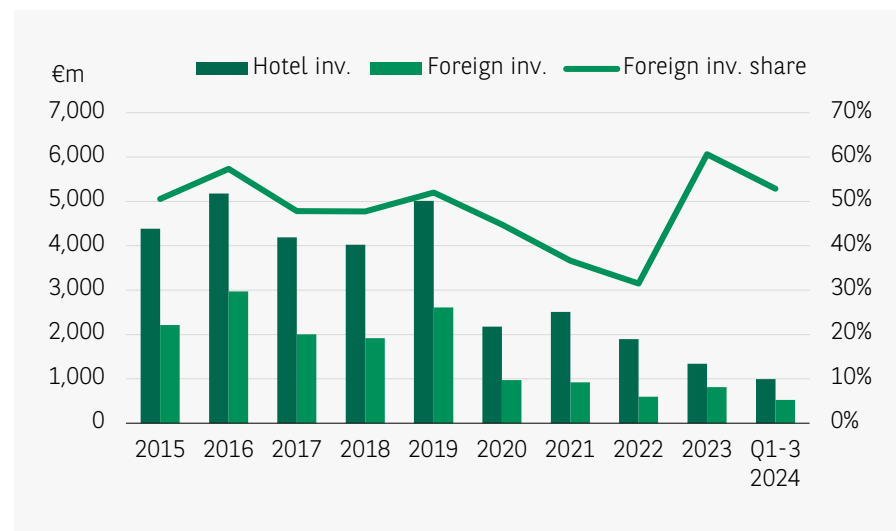
Development of hotel investment volume



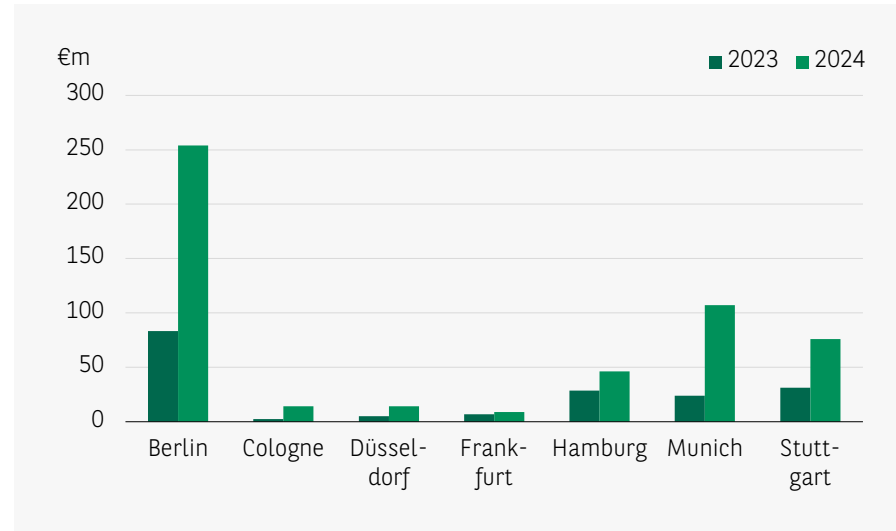
SIGNIFICANT MARKET RECOVERY IN THE THIRD QUARTER

- After the first nine months of 2024, an investment volume of just under one billion euros (€992 million) was registered on the German hotel investment market. Although the long-term average was missed by 51% (average 10 years: approx. €2 billion), the comparatively weak result from the previous year was significantly exceeded with an increase of 73%.
- The German hotel investment market has continued to recover during the year. In particular, the volume in the third quarter was comparatively strong at around €450 million. The growing market momentum is underlined by a significant increase in registered deals. After the first nine months, more than 60 transactions have already been recorded, around 20 more than in the previous year.
- Nevertheless, the hotel investment volume remains noticeably below the historic highs. The main reasons for this are the increased cost of capital, the lower purchase price level and the declining number of completions in the new construction segment.
- At around €525 million, foreign investors have contributed an above-average market share of 53% (average 10 years: 41%) to the total investment volume to date. Portfolio transactions, the purchase of the Hotel de Rome and a number of smaller transactions contributed to this.
- On the investor side, family offices and private investors are currently much more present with a market share of 26%.

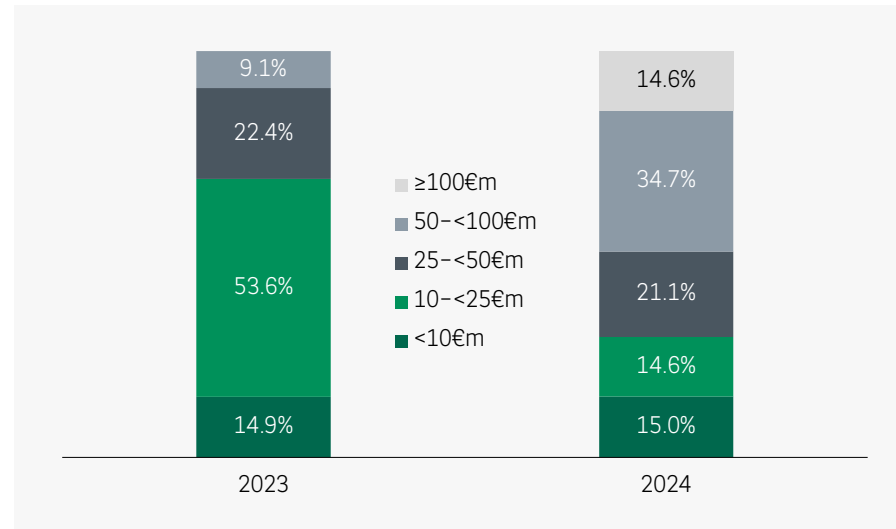
Share of foreign investors



Hotel investments in A-locations Q1-3



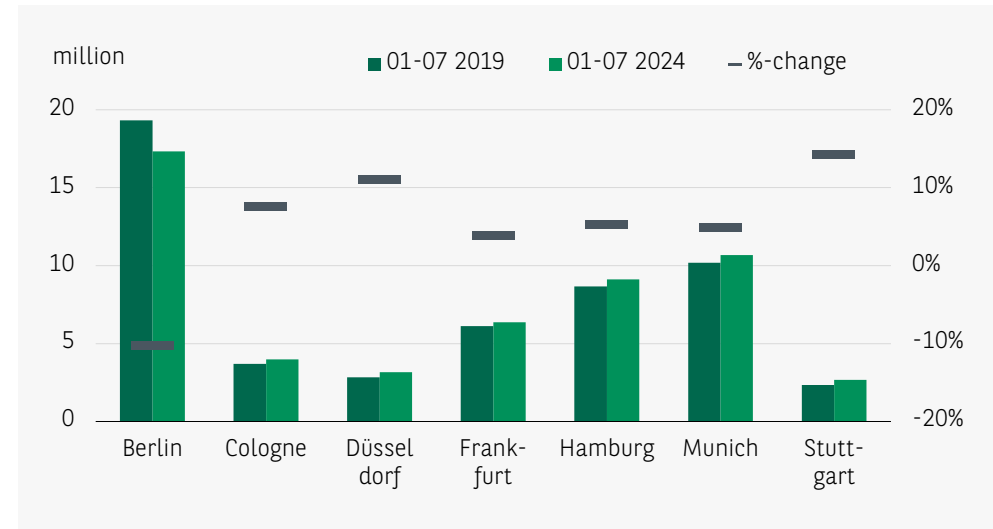
Hotel investments by € category Q1-3



MARKET STRUCTURE REMAINS FRAGMENTED

- So far this year, none of the seven top locations have been able to reach their respective long-term average hotel investment volumes. Berlin is performing comparatively well with a market share of around 26%. The sale of the Hotel de Rome made a significant contribution to this. Nevertheless, all A-locations recorded a higher hotel investment volume than in the same period of the previous year. Growth was particularly strong in Munich and Stuttgart.
- Compared to the previous year, the hotel investment volume is distributed more evenly across the size categories. At €345 million, the segment of medium-sized transactions between €50 million and €100 million has the highest volume. The above-average investment volume of around €150 million (Ø10 years: €130 million) in the segment up to €10 million and the low average volume per transaction of €16 million are symptomatic of a smaller market.

Overnight stays in A-locations



OUTLOOK

- The investment volume of the German hotel investment market increased significantly compared to the same period last year. There were signs of a clear market recovery in the second and especially the third quarter. Nevertheless, the volume remains well below the long-term average, particularly due to the increased cost of debt and macroeconomic uncertainties.
- Since the end of the Covid pandemic, private and business travel has increased significantly again. Overnight stays are currently well above pre-pandemic levels in all top locations (with the exception of Berlin). The European Football Championship in Germany and the return of consumer spending and travelling are underpinning the solid conditions in the German hotel occupier market, which should provide additional security from an investor perspective. An emerging improvement in the economic situation, together with higher wage settlements across the board, should also drive both private and business travel activity in the coming quarters.
- While product is increasingly coming onto the market in the existing hotel segment, supply in the new hotel construction segment is likely to contribute significantly to the shortage of supply for the time being due to the overall slump in new construction activity.
- In anticipation of a continuation of the ECB's expansionary monetary policy and the associated brightening of the interest rate and financing environment as well as a occupier market that is gradually gaining stability, investment volumes are likely to continue to rise in the coming months from today's perspective. The previous year's result (€1.3 billion) and the year-end result from 2022 (€1.9 billion) should therefore form a realistically achievable corridor for the full-year volume.

Key facts hotel investment market Germany

INVESTMENT VOLUME	Q1-3 2023	Q1-3 2024	CHANGE
Total (€m)	573	992	+73.2%
Portfolio share	0.0%	14.6%	+14.6%pts
Share above €100 million	0.0%	14.6%	+14.6%pts
Share of A-cities	31.7%	52.5%	+20.8%pts
Share of foreign investors	24.1%	52.9%	+28.8%pts

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