

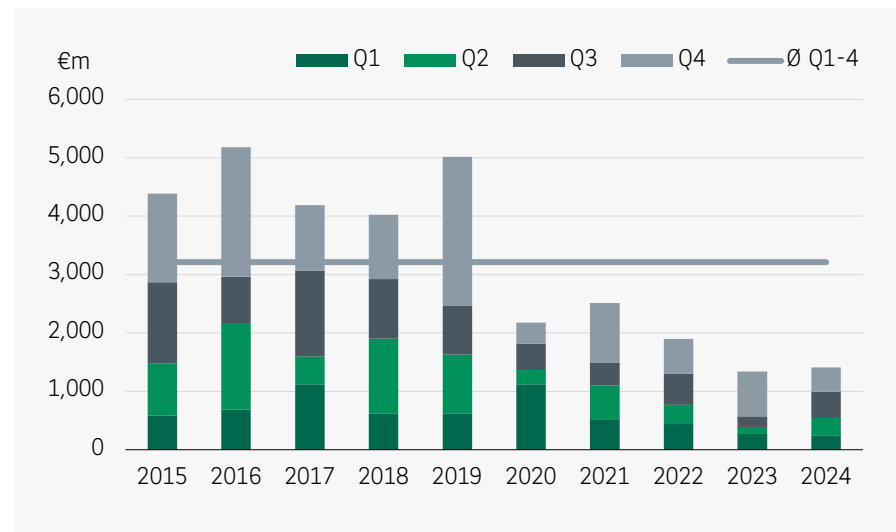
GERMANY

REPORT

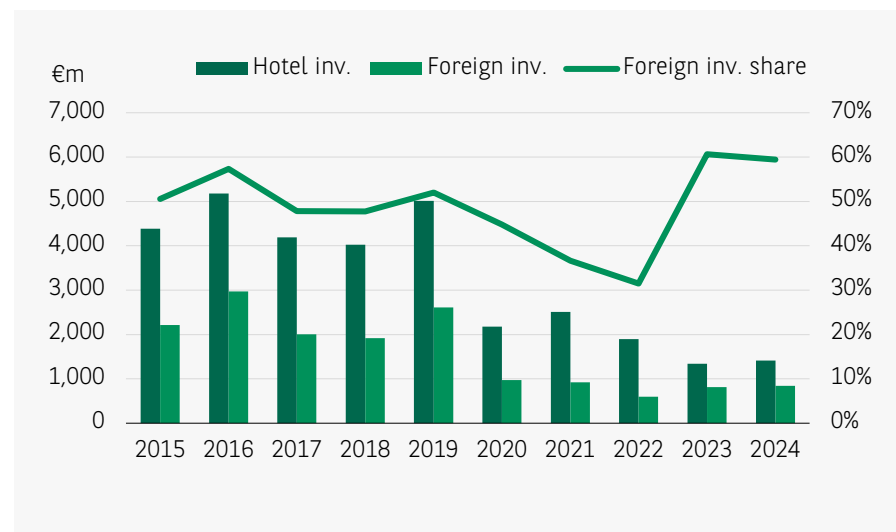
HOTEL INVESTMENT MARKET

2024

Development of hotel investment volume



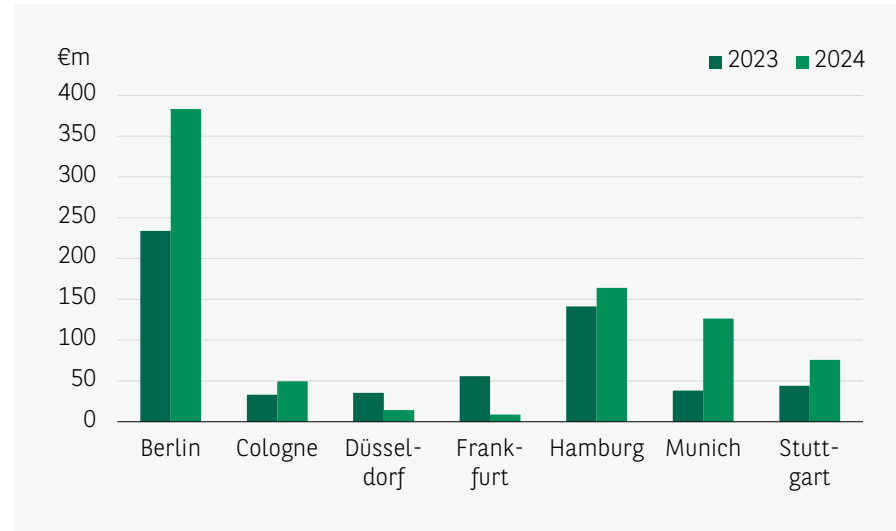
Share of foreign investors



UPWARD TREND RECOGNIZABLE: INVESTMENT VOLUME 5% ABOVE PREVIOUS YEAR

- An investment volume of around €1.4 billion was recorded for the German hotel investment market in 2024. Although the long-term average was missed by 56% (average over 10 years: around €3.2 billion), market momentum nevertheless picked up over the course of the year, resulting in an increase of 5% compared to the previous year.
- The market recovery gained significant momentum in the second half of the year; almost two thirds of annual result were recorded in this period. One indication that the market seems to have bottomed out is the significantly broader market momentum. With more than 85 registered deals, the number of transactions has risen by around 43% compared to the previous year.
- Although the investment volume is still noticeably below the pre-pandemic level, the market environment in the hotel sector has changed fundamentally since 2020. Compared to the average investment volume for 2022-2024 (around €1.9 billion), the current result is only around a quarter below this figure.
- Corporates contributed significantly to this with 27%. (€380 million) and the equity-rich family offices and private buyers, who together account for around a quarter (around €350 million) of the hotel investment volume. Hotel groups that acquire properties as operators are currently more active than in previous years. Examples of this include Roomers Munich and Méridien Stuttgart, two major transactions worth between €50 million and €100 million.

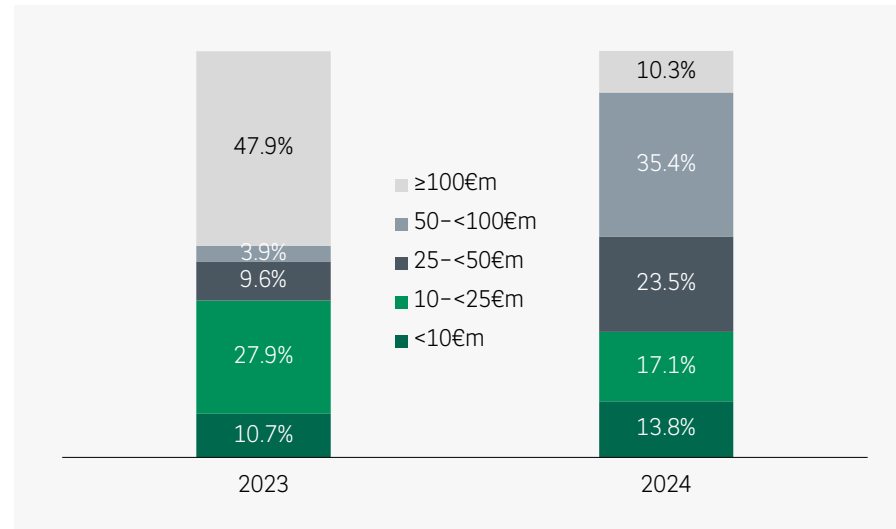
Hotel investments in A-locations



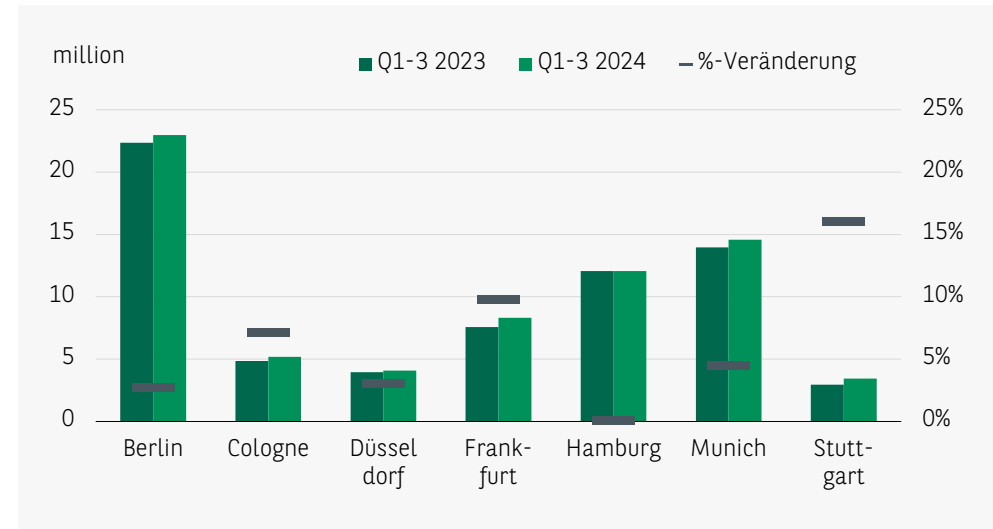
BERLIN SCORES WITH MAJOR TRANSACTION AND IS NO. 1

- With a turnover of over €380 million, Berlin contributed a significantly above-average market share of 27% to the hotel investment volume. The large-volume sale of the Hotel de Rome played a significant role in this.
- While almost half of the hotel investment volume in 2023 was attributable to the large-volume segment over €100 million, only one deal of this size was registered in 2024 with the aforementioned Hotel de Rome. Portfolio transactions are also rare in the current market environment and only account for a share of 11%. In contrast, investment turnover for transactions of up to €10 million is above the long-term average at €200 million in total. At €16 million, the lowest average volume per deal ever recorded is also indicative of a market with a small-scale structure.

Hotel investments by € category



Overnight stays in A-locations



OUTLOOK

- Although transaction momentum on the German hotel investment market is still well below average and only rising slowly, the upward trend is evident from the latest market figures. In the second half of the year in particular, the market recovered and investor sentiment improved. The reasons for this are challenging framework conditions, particularly on the financing side, as well as an overall weak and uncertain macroeconomic environment.
- However, the fundamentals speak more than ever in favour of investing in the German hotel investment market, as the number of overnight stays is largely well above the pre-corona level and occupancy rates are also rising. This is due not only to the return of business travellers, but in particular to the increase in private travel. Against the backdrop of a consistently high propensity to travel in Germany, the slowly improving consumer climate and expected strong wage settlements, the accommodation market is likely to gain further momentum.
- An important aspect in the current market environment is the further development of supply, particularly in the new-build segment. The slump in new construction activity in the recent past will continue to have an impact here and contribute to the supply shortage.
- The latest statements from the European monetary authorities suggest that the current cycle of interest rate cuts will progress resolutely towards the neutral interest rate level of 2%. In a challenging financing environment, the clearing horizon is becoming increasingly visible. In combination with the occupier market, which continues to gain strength, the market revival in 2025 should continue to gain momentum, resulting in a higher hotel investment volume at the end of the year than in the two previous years.

Key facts hotel investment market Germany

INVESTMENT VOLUME	2023	2024	CHANGE
Total (€m)	1,341	1,412	+5.3%
Portfolio share	26.6%	10.6%	-16.0%pts
Share above €100 million	47.9%	10.3%	-37.6%pts
Share of A-cities	43.4%	58.3%	+14.9%pts
Share of foreign investors	60.6%	59.5%	-1.2%pts

CONTACT

BNP Paribas Real Estate GmbH

Alexander Trobitz
Head of Hotel Services
Managing Director

Goetheplatz 4 | 60311 Frankfurt

Tel. +49 (0)69-298 99-0

E-Mail: alexander.trobitz@bnpparibas.com

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