

GERMANY

REPORT

HOTEL INVESTMENT MARKET

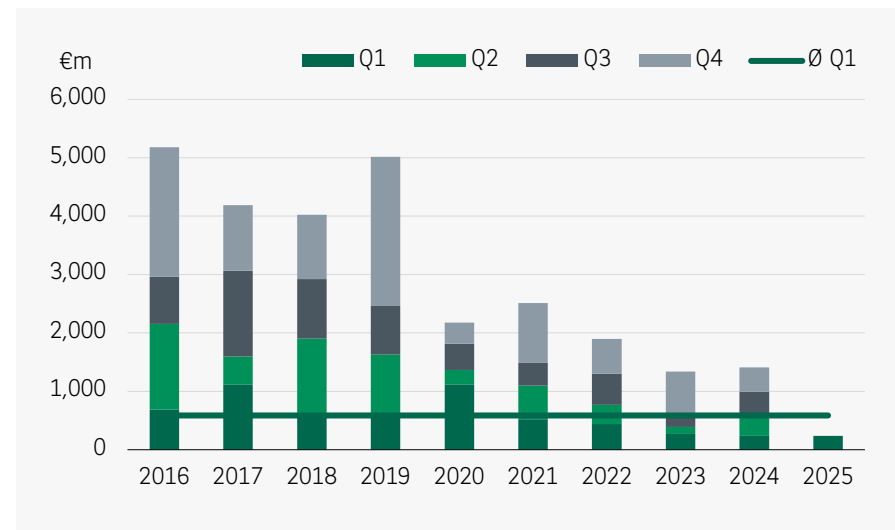
Q1 2025



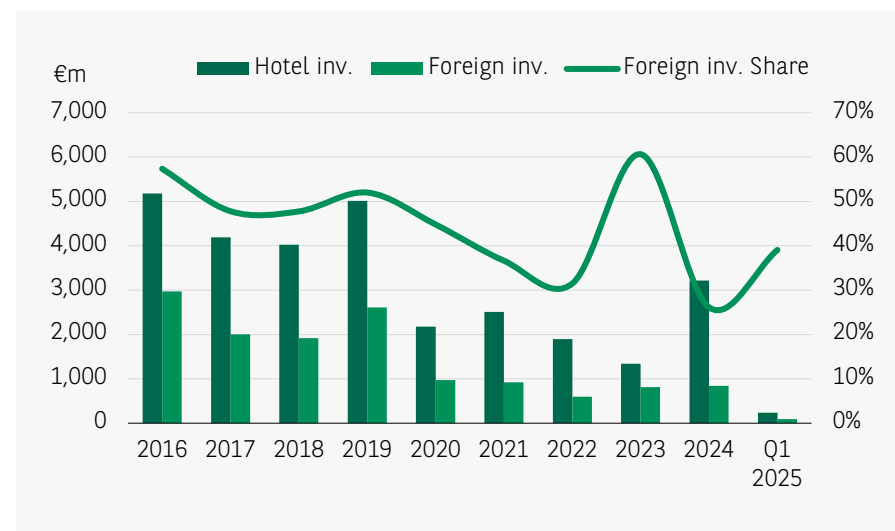
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Development of hotel investment volume



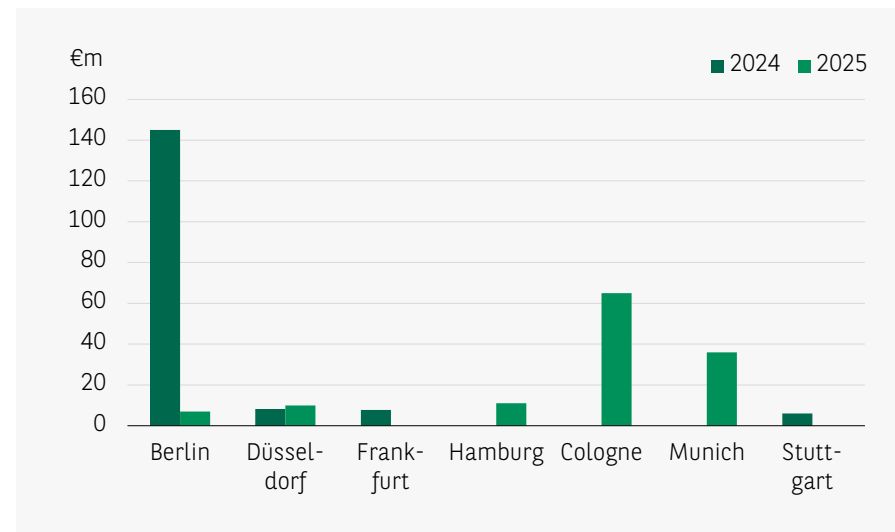
Share of foreign investors



NO HIGH TURNOVER YET, BUT A GOOD NUMBER OF DEALS AND A POSITIVE MARKET SENTIMENT FOR Q2

- Even if the upward trend has not yet been sustainably reflected in the investment data, the hotel sector continued the recovery of its market environment in the first quarter of 2025: for the first time, overnight guest numbers were reported again in 2024 as a whole (a good 496.0 million), slightly above the pre-coronavirus figures from 2019 (around 495.6 million). And in January 2025, the Federal Statistical Office recently confirmed this positive trend at the start of the year with a year-on-year increase of 3.1 %. Assuming a relatively stable development of global trouble spots as a framework condition for investment activities, it should therefore only be a matter of time before the noticeable increase in investor confidence is measurably reflected in the registered transaction volume.
- This forecast is based not least on a number of deals that are currently in the preparation phase. A total of around €238 million was invested in hotel assets in the past three months, which confirms the previous year's result in the first interim balance sheet. In light of the fact that several larger sales were brought across the finish line in year-end 2024 and the number of deals included can be considered good, the Q1 result is positive overall.
- So far, the result is based entirely on individual deals, which is not unusual given the past few years. German buyers generated just under 61% of the result, while international investors accounted for a good 39%.

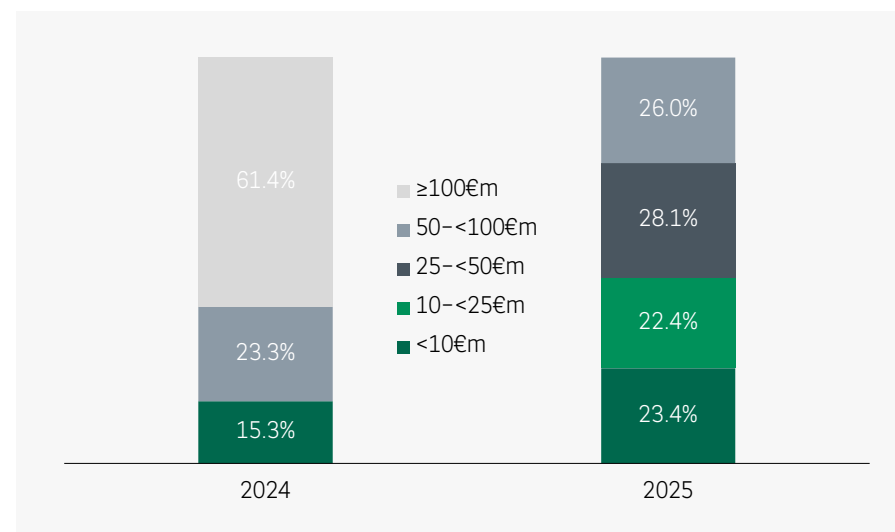
Hotel investments in A-locations Q1



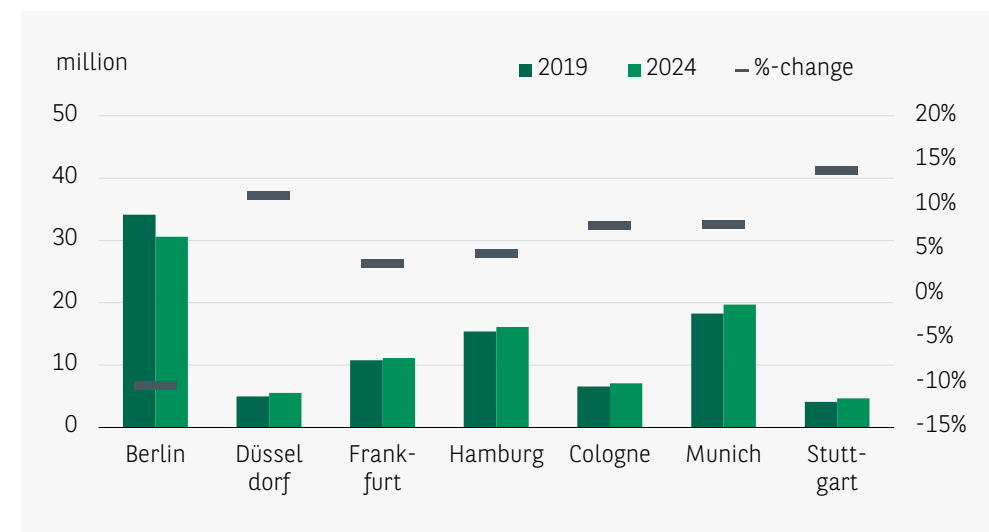
54% IN A-CITIES; 51% WITH MEDIUM-SIZED SALES

- A volume of almost €129 million was generated in the top markets, behind which are smaller and medium-sized deals with an average turnover of just under €22 million. The largest transaction in the overall market to date was concluded in Cologne: Swedish investor Pandox added another asset to its hotel portfolio with the Hotel Pullman Cologne. The investment approach and underlying plans of project developer Centralis, which acquired the Hotel Stadt München in the city centre of Düsseldorf at the beginning of the year in order to convert the property into serviced apartments, are also worth mentioning. Outside of the largest investment locations, the Holiday Inn - the niu, Crusoe Bremen Airport near Bremen Airport is one of the biggest drivers.
- While the Hotel Pullman Cologne has boosted sales in the category over €50 million (a good 26%), the investments in Düsseldorf and Bremen are in the segment between €10 million and €25 million (a good 22%).

Hotel investments by € category Q1



Overnight stays in A-locations



OUTLOOK

- Following a good final quarter, the hotel investment market has made a promising start to 2025, with sentiment among the most important market players currently even better than the investment volume would initially suggest.
- The main reasons for this are the very good key performance indicators in particular, which are already at a high level and are still trending upwards. In the slipstream of these now favourable market conditions, numerous transaction processes are currently taking place in the background, which gives us a confident outlook for sales development over the remainder of the year.
- However, part of the truth is that high investment volumes are generally based on isolated large deals in the three-digit million range, which have become much rarer, not least due to the significant price correction. In this context, the sale of the Motel One Hotel in the Upper West in Berlin should be mentioned. The striking landmark property opposite the Memorial Church was included in the office segment's investment turnover due to its significant share of rental income from the office segment. As a flagship of the positive market story of the hotel investment market, this deal nevertheless has the impact to have a certain signalling effect for the coming months and quarters.
- Despite all the confidence, however, there are currently still very complex external and global disruptive factors that can always stand in the way of confidence on the commercial investment markets. However, if these trouble spots do not get out of hand and the economy continues to pick up at the same time, the hotel investment market will be open to further positive news in the middle of the year.

Key facts hotel investment market Germany

INVESTMENT VOLUME	Q1 2024	Q1 2025	CHANGE
Total (€m)	236	238	0.8%
Portfolio share	0.0%	0.0%	0.0%pts
Share above €100 million	61.4%	0.0%	-61.4%pts
Share of A-cities	70.7%	54.2%	-16.5%pts
Share of foreign investors	61.4%	39.1%	-22.3%pts

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