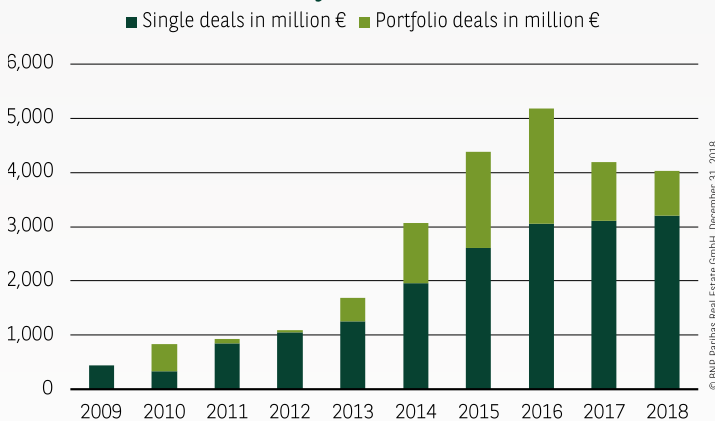




At a Glance **Q4 2018**

HOTEL INVESTMENT MARKET GERMANY

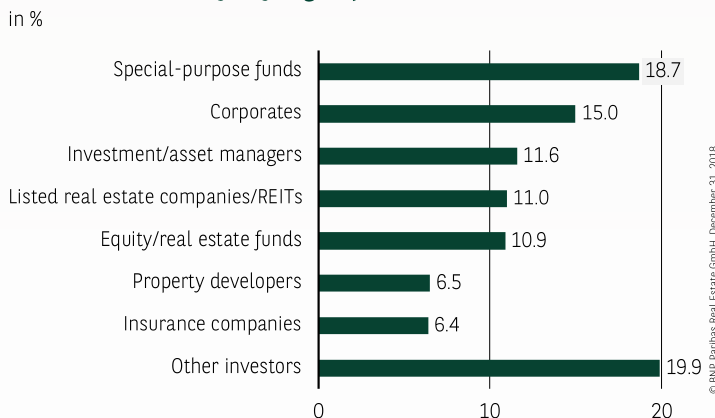
Hotel investments in Germany



➤ HOTEL INVESTMENT TURNOVER CLEARS THE 4 BN € HURDLE

With an investment volume of more than 4 bn €, hotel investments exceeded the 4 bn € hurdle for the fourth time in succession. Compared with the previous year, the volume was down just under 4 %, although this was not due to any decline in demand, but rather to limited supply, especially in the core and core-plus segment. A total of around 130 transactions were recorded, slightly more than in the previous year. Accordingly, the average volume per sale was around 31 m €, a good 8 % below the previous year's level. However, a somewhat different picture emerges for individual hotel sales: A new record of around 3.2 bn € was even set here. Since 2010, this segment has recorded continuous growth rates, to which a whole series of larger hotel deals with more than 100 m € contributed in 2018. These include the Hotel Bristol in Berlin, the Maritim Hotel am Heumarkt in Cologne and the Leonardo Royal Hotel Munich. In the case of the portfolios, on the other hand, turnover remained almost a quarter below the previous year's figure at around 820 m €. Especially here there was a lack of larger packages.

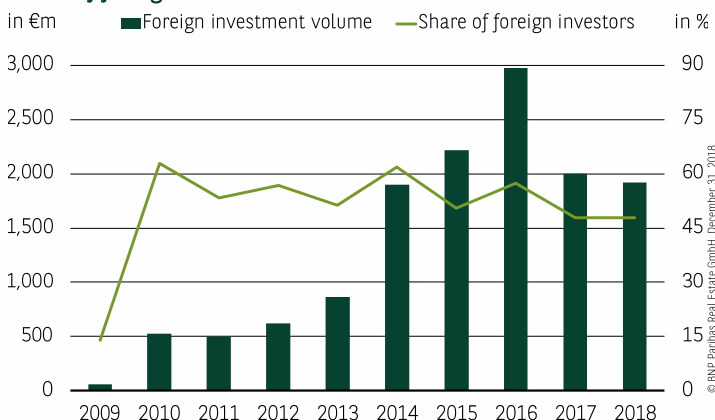
Hotel investments by buyer group 2018



➤ LARGE NUMBER OF ACTIVE INVESTORS

Once again, hotels are proving to be an asset class that is very popular with a wide range of investor types. As in the previous year, the ranking of buyers groups is led by special-purpose funds (19 %), followed by corporates, which are regularly strongly represented in this segment and contribute around 15 %. They signed by far the largest number of contracts. The race for third place was won by asset/investment managers with just under 12 %, wafer-thin ahead of listed real estate companies/REITs and equity/real estate funds (both around 11 %). The latter mainly secured larger properties in the high two to three-digit million range. Property developers have mainly accessed hotels with development potential and thus account for just under 7 % of turnover. In addition, insurance companies contributed more than 5 % (6 %).

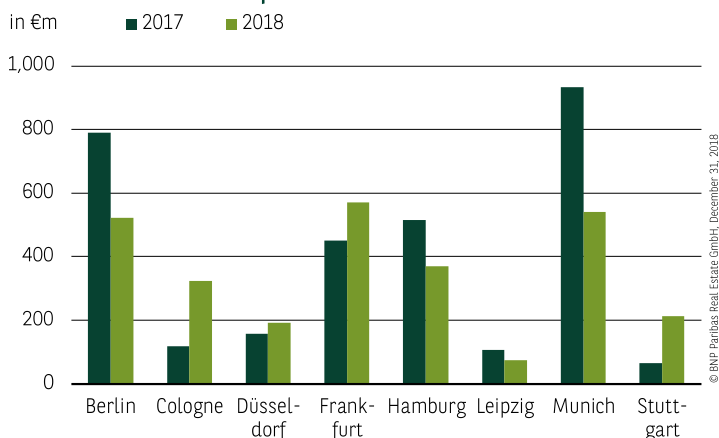
Share of foreign investors



➤ SHARE OF FOREIGN INVESTORS STABLE

As in the previous year, domestic and foreign investors are more or less in balance. The share of foreign buyers is around 48 % and thus around 7 percentage points higher than in the overall commercial investment market. For the hotel investment market, however, this is rather a low level. The reason for this is also the low turnover with portfolios and thus in the segment in which foreign investors are traditionally much more strongly represented.

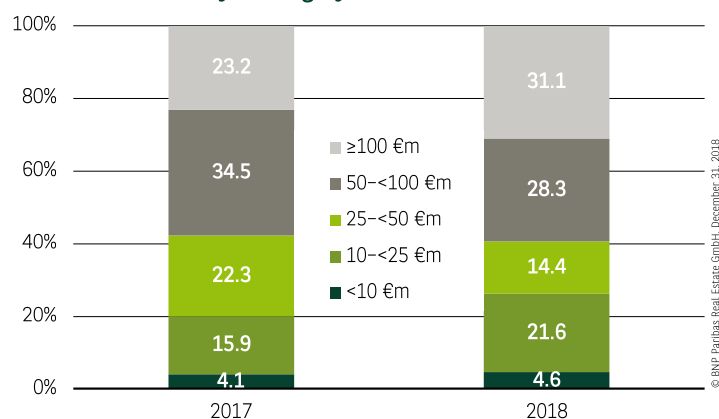
Hotel investments in important markets



DIFFERENT DEVELOPMENT IN THE CITIES

Hotel investment turnover in the eight major locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Leipzig, Munich and Stuttgart) developed quite differently year-on-year. In total, hotels with a volume of around 2.8 bn € were sold, with the major markets accounting for more than two thirds of the nationwide result. Although the outstanding result of the previous year was missed by around 11 %, the decline is not surprising given the record volume in Munich and Berlin in 2017. In 2018, the hotel investment volumes in Frankfurt (572 m €), Munich (541 m €) and Berlin (521 m €) are very close together. In fact, by far the most hotels changed hands in Frankfurt, while the capital's result is also based on larger transactions such as the sale of Hilton Berlin, which alone contributed almost 300 m €. Hamburg achieved a clearly above-average result of 369 m €, albeit down on the previous year. Cologne (324 m €), Stuttgart (213 m €) and Düsseldorf (193 m €), all of which were able to increase their previous year's figures, ranked second. At 74 m €, Leipzig achieved a result slightly above the long-term average.

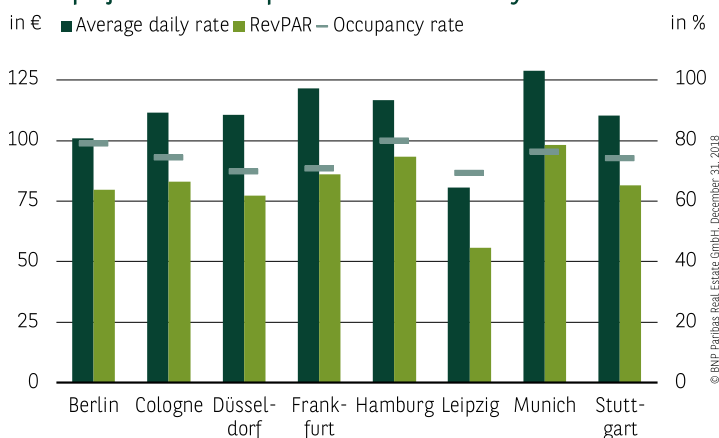
Hotel investments by € category



WIDE SPREAD ACROSS SIZE CLASSES

Even though the portfolio segment is relatively weakly staffed, transactions from 100 m € and above contribute the most to the result with 31 %, which is attributable to the high number of large-volume individual sales: A total of six hotels fall into this category. But also the next class between 50 and 100 m € is strongly represented with 28 %. In contrast, however, the contribution of smaller transactions of between 10 and 25 m € is also high, with 22 % of the transactions being in the hands of large investors. A further 14 % contributed sales of between 25 and 50 m €, with properties under 10 m € accounting for just below 5 %.

Hotel performance in important markets January-November 2018



PERSPECTIVES

Hotel investments are in demand on a broad front, be it new buildings, existing properties or hotels in need of optimisation. No pronounced preference can be observed for the choice of location, at least in the large markets: when interesting properties come onto the market, they usually also find their buyers. In the portfolio segment in particular, however, supply has been declining recently, which has prevented even higher results. Due to the harmonious market conditions, lively market activity can therefore also be expected for 2019. To which extent the investment volume will approach the 4 bn € mark again, will however highly depend on larger deals, especially in the portfolio segment.

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Imprint Publisher and copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 31.12.2018

Further Information BNP Paribas Real Estate GmbH | Alexander Trobitz, Head of Hotel Services | Telephone +49 (0)69-298 99-0 | alexander.trobitz@bnpparibas.com | www.realestate.bnpparibas.de