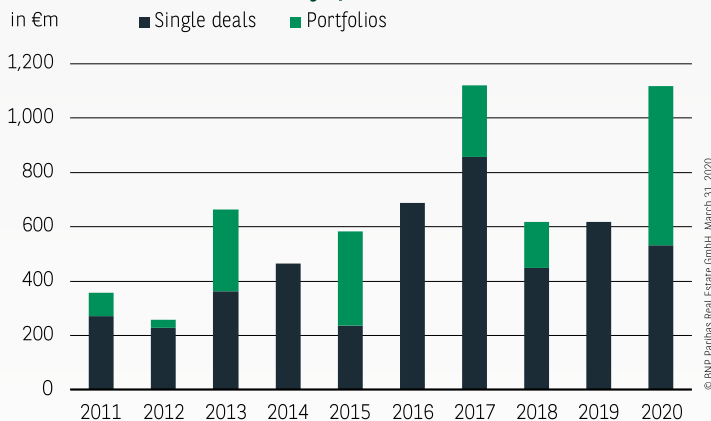




At a Glance **Q1 2020**

HOTEL INVESTMENT MARKET GERMANY

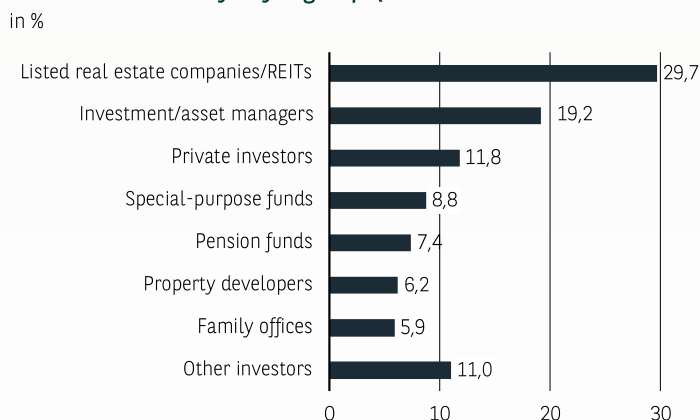
Hotel investments in Germany Q1



► BRILLIANT START YET WITHOUT CORONA EFFECT

The hotel investment market has made a brilliant start to the year 2020. With a transaction volume of just under €1.12 billion, the result is at the same level as in the record year 2017. This result clearly shows that the noticeable escalation of the Corona crisis in March, which is affecting the hotel industry more than most other sectors, is not yet reflected in the investment activity of the first three months. The very high turnover is due not least to a new record in the portfolio segment, which accounted for around €585 million of the total result. However, it should be noted that more than half of this is attributable to hotels which are part of Aroundtown's acquisition of TLG. But even without this special effect, the first quarter of 2020 would still be the third best ever recorded. In contrast, individual sales, which totalled €533 million, were down 14% on the previous year. This is due in part to the fact that, although there were a large number of transactions in the smaller and medium-sized market segment, sales in the triple-digit million range are still missing.

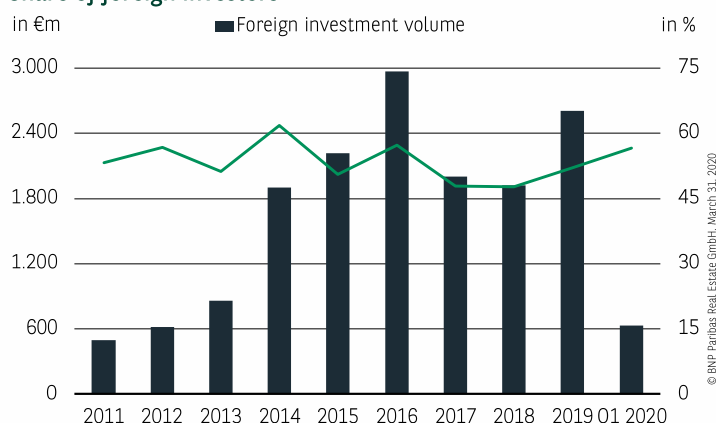
Hotel investments by buyer group Q1 2020



► LISTED REAL ESTATE COMPANIES / REITS LEAD THE FIELD

Listed real estate companies / REITs, which have already been relatively active in the hotel segment in recent years, further increased their share of sales in the first quarter of 2020 and, with 30%, have taken the lead among all buyer groups. However, this development was driven to a large extent by the TLG takeover by Aroundtown. Investment managers (19%) and private investors, who after all contribute around 12% to the transaction volume, also accounted for double-digit shares of turnover. They carried out a whole series of mainly smaller transactions. By contrast, special-purpose funds, which usually have a strong share in hotel investment turnover, did not yet appear as usual in the first quarter and only account for 9%. Pension funds, which made two investments in northern Germany, among other things, are responsible for a good 7% of the result.

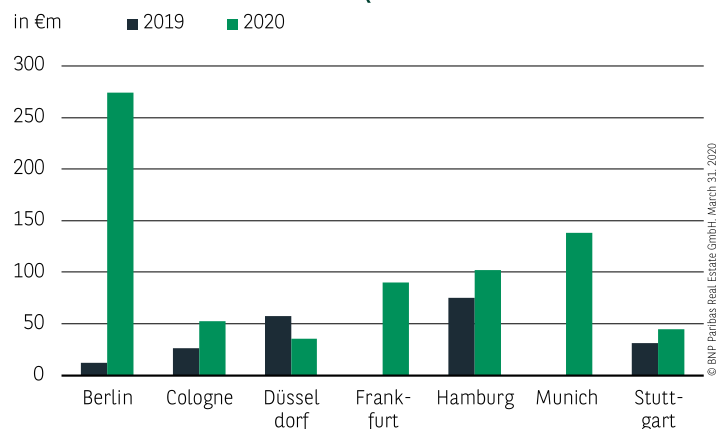
Share of foreign investors



► BOTH DOMESTIC AND FOREIGN INVESTORS STRONG

Foreign investors, who are traditionally strong in hotel investments, have just about maintained the upper hand in the first three months of this year with a 57% share of sales and are thus slightly above their long-term level. Against the background of the TLG takeover, investors from the Middle East have placed themselves at the top of the list of foreign buyers. But also European investors have invested about 230 million €.

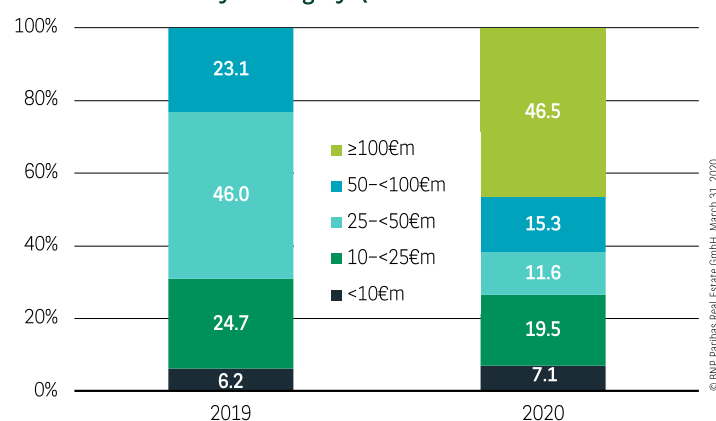
Hotel investments in A-locations Q1



A LOCATIONS WITH NEW SALES RECORD

The German A-locations also benefited extensively from the very strong investment turnover in the first quarter. With a total of €738 million, the record for the first quarter of 2017 was almost set and the previous year's result was exceeded by an impressive 265%. Portfolio sales, especially the TLG deal, in which Berlin in particular participated over-proportionally, contributed to this result. Against this background, it is not surprising that the capital city, with a volume of a good €274 million, has placed itself far and away at the top of the German metropolises. Munich follows in second place with around €138m, after no transactions were carried out there in the same period last year. Hamburg also achieved a triple-digit result with €102 million (+36%). Similar to Munich, Frankfurt was able to make a breakthrough from zero to €90 million compared to the previous year. Cologne with €53 million (+102%) and Stuttgart with €45 million (+45%) also achieved noticeable rises in their results. By contrast, Düsseldorf recorded a lower turnover of €36 million (-38%).

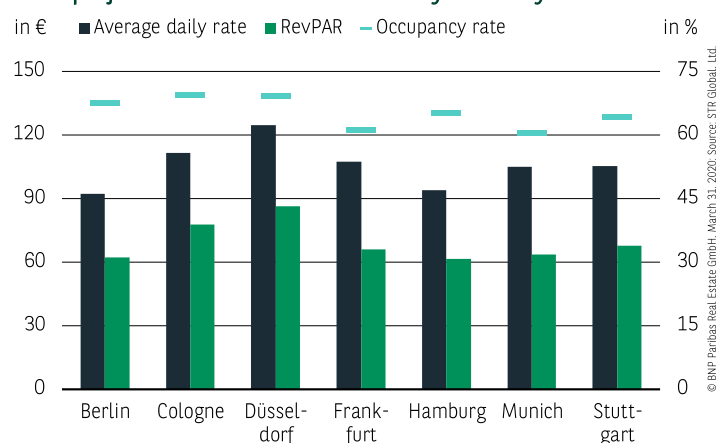
Hotel investments by € category Q1



HIGH MARKET ACTIVITY IN ALL SIZE CLASSES

Although transactions in the three-digit million range account for by far the largest share of sales (46.5%), this leading position is based exclusively on two major portfolio sales. In contrast, the individual deals show a balanced participation of all other size classes. Sales between €50 and 100 million account for 15% of the result, and the class between €25 and 50 million contributes around 12%. Particularly noteworthy is the high proportion of hotels with a volume of €10 to 25 million (almost 20%), as well as the fact that over 7% of the very good result is attributable to hotels of up to €10 million. This impressively underscores how broad the buyer base is in principle.

Hotel performance in A-locations January-February 2020



OUTLOOK

Despite the very good start to the year, it can be assumed that the slump in revenues from overnight stays in the hotel sector due to the lockdown will lead to at least temporary uncertainty among investors. In consequence, the investment volume for the year as a whole is likely to be significantly lower than in the previous year, even if a reliable forecast cannot be made at present. On the other hand, a fundamentally changed or even sceptical attitude of investors towards hotel investments cannot be discerned from the current discussions with many market participants, as future developments cannot yet be assessed with certainty. For example, it is still completely unclear whether the severe restriction of social contacts will lead to a catch-up effect with a strong increase in travel activity after the end of the crisis, from which hotels could even benefit, or whether it will result in more cautious behaviour.

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