

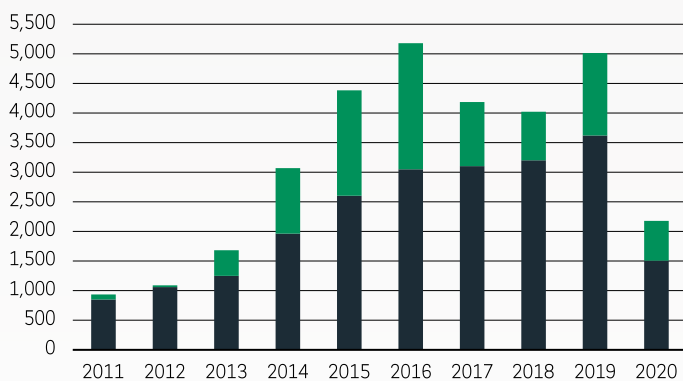


At a Glance **Q4 2020**

HOTEL INVESTMENT MARKET GERMANY

Hotel investments in Germany

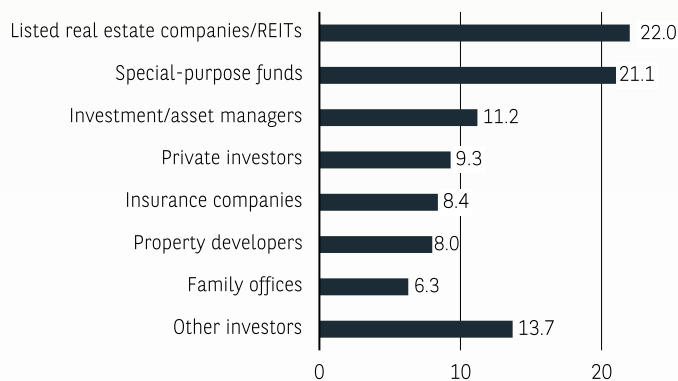
in €m ■ Single investments ■ Portfolios



© BNP Paribas Real Estate GmbH, December 31, 2020

Hotel investments by buyer group 2020

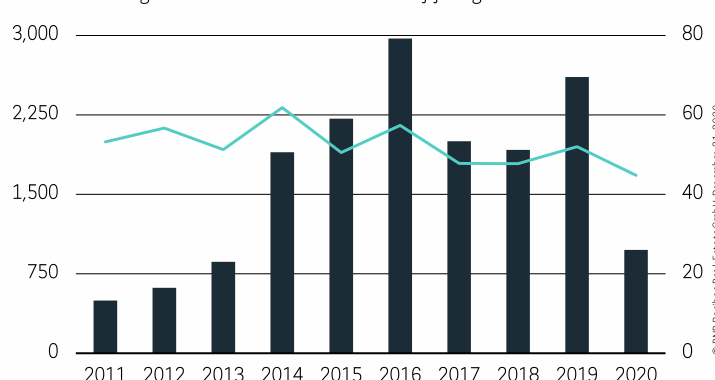
in %



© BNP Paribas Real Estate GmbH, December 31, 2020

Share of foreign investors

in €m ■ Foreign investment volume — Share of foreign investors



© BNP Paribas Real Estate GmbH, December 31, 2020

HOTEL INVESTMENTS IN THE LIGHT OF THE CORONA CRISIS

Due to the drastic decline in global travel and the repeated temporary closure of accommodation facilities in Germany, hotels are among the asset classes that have suffered most from the Corona crisis. This is also clearly reflected in the investment result: a transaction volume of just under €2.2 billion represents the weakest result in seven years. Compared to the strong result of the previous year, a decline of 57% is recorded and the 10-year average (€ 3.2 billion) was also missed by almost one third. A good half of total sales were generated in the first quarter, which was still largely unaffected by Corona (€ 1.12 billion), while only 1.06 billion was added in the three subsequent quarters. At just under € 410 million, the normally strong fourth quarter fell far short of the previous years' results. By comparison, in 2019, the first quarter accounted for only 13% of the result, while the final quarter accounted for a good half of sales. It is evident that hotel investors are being very cautious in the current situation. However, core and core-plus properties with relatively high valuations continue to be sold, while classic "fire sales" remain the exception. In addition, the trend for hotels to be increasingly sold as mixed-use properties is continuing.

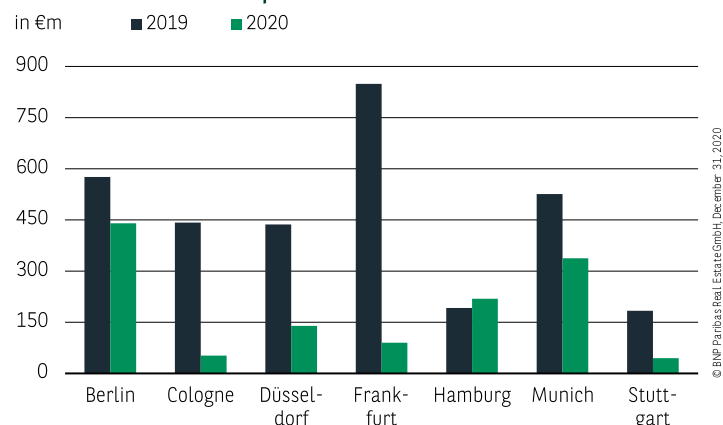
LISTED REAL ESTATE COMPANIES/REITs AT THE TOP

Listed real estate companies/REITs and special-purpose funds - both traditionally strongly represented in the hotel segment - are in a neck-and-neck race with 22% and 21% of market share respectively. Investment/asset managers are in third place with a good 11%. Private investors (9%), insurance companies (a good 8%) and property developers (8%) also achieve noteworthy market shares. Whereas in the first half of the year almost half of the total volume was invested in portfolio transactions, the result in the third and fourth quarters was almost exclusively generated by single deals. The only exception was the sale of the Ruby Luna Hotel in Düsseldorf, which was transacted as part of a portfolio deal brokered by BNP Paribas Real Estate.

INTERNATIONAL INVESTORS LESS ACTIVE

Traditionally, the German hotel investment market has been dominated by international investors. However, their market share has been declining slightly for years as more and more German investors have discovered hotels in Germany as an investment product for themselves. With a share of just 44%, in 2020 foreign investors achieved the lowest figure since 2009.

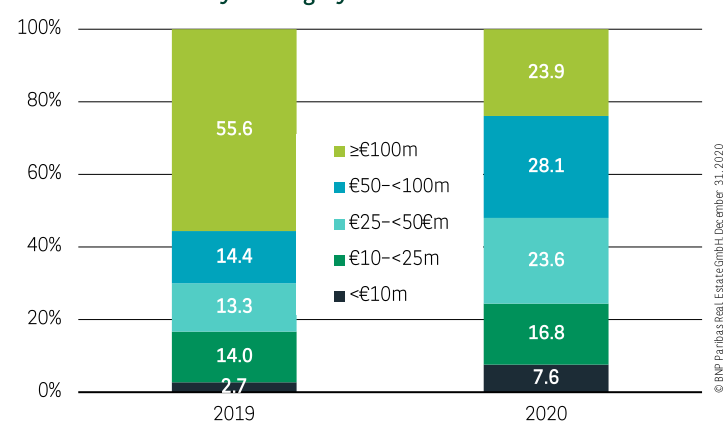
Hotel investments in important markets



HAMBURG WITH MODERATE GROWTH

The German A-locations achieved an investment volume of just over €1.3 billion in 2020, falling short of the previous year's figure by almost 60%. This is mainly due to the very subdued final quarter. There are noticeable differences between the individual cities: While traditional business cities such as Frankfurt (-89%), Cologne (-88%), Stuttgart (-76%) and Düsseldorf (-68%) suffered significant losses, the country's major cities, which benefit not only from business travel but also from city tourism, fared better. Berlin achieved a respectable result with sales of €440 million (-24%), but Munich also got away pretty well (€338 million; -36%). Here the most prominent deal was the recent sale of the Sheraton Westpark. Hamburg was the only location to report growth, with €218 million (+14%), albeit at a low level. Contributing factors included the sale of the niu Yen in City Süd and the Intercity Hotel in Barmbek, which changed hands as part of a mixed-use transaction. In general, it is noticeable that investor interest in smaller and medium-sized cities beyond the A-locations continues to increase. While B, C and D locations typically accounted for a market share of between 20% and 30% over the past 10 years, their market share rose to 40% in 2020.

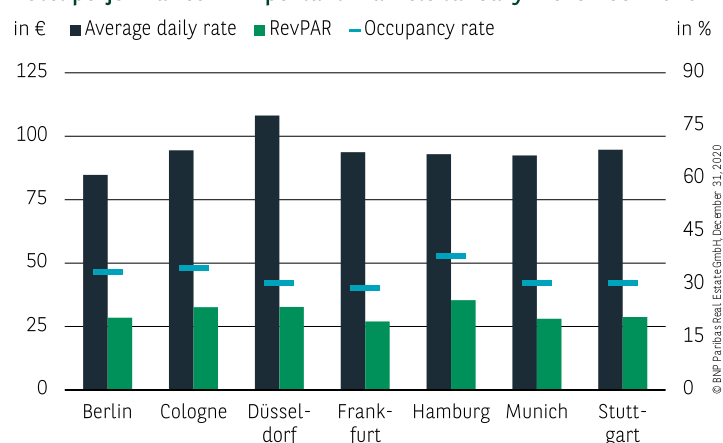
Hotel investments by € category



FEWER LARGE TRANSACTIONS

The size class distribution reveals the relatively low share of large-volume deals. Sales of over 100 million accounted for a market share of less than 25%, which is well below the long-term average (38%). Accordingly, the average transaction volume also fell from €44 million in 2019 to just under €27 million. The smaller ticket sizes of up to €10 million performed remarkably well. With a volume of €166 million, they increased their shares not only in percentage terms but also in absolute terms. This latest development was driven by sales of mainly older owner-managed hotels, which suffer particularly from the tight situation on the hotel market due to a lack of capital resources.

Hotel performance in important markets January-November 2020



OUTLOOK

Over the course of the year, it became obvious that the hotel asset class is one of the hardest hit by the consequences of the Corona pandemic. Metropolitan areas in particular are suffering from the collapse in international travel. Higher market activity is also prevented by the often divergent price expectations of sellers and potential buyers. Although investment sales recovered gradually over the course of the year, buyers remain on the sidelines due to the ongoing uncertainty regarding the further development of the Corona infections.

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: 31.12.2020

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