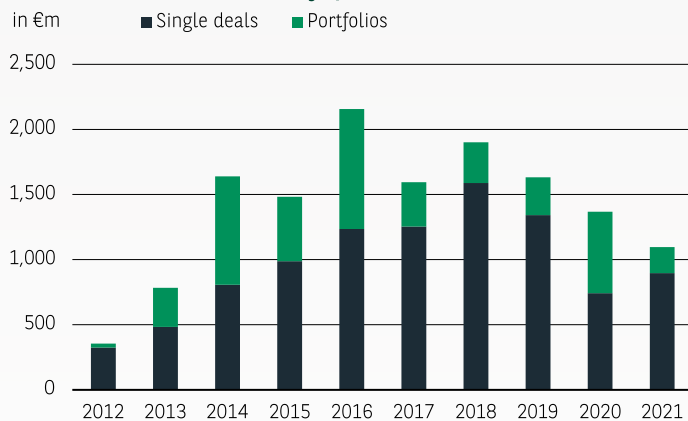




At a Glance **Q2 2021**

HOTEL INVESTMENT MARKET GERMANY

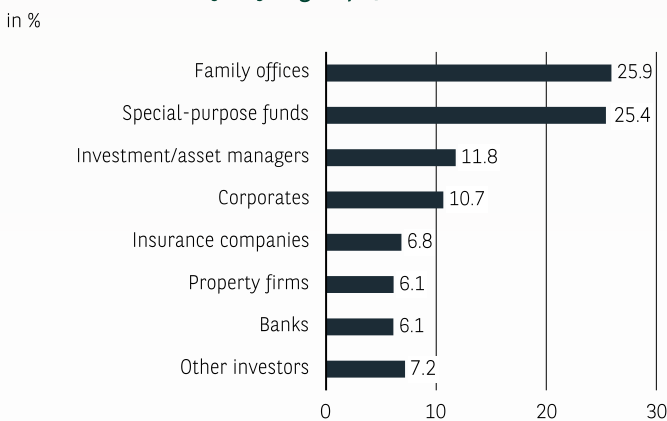
Hotel investments in Germany Q2



INVESTMENT VOLUME IN SINGLE DEALS INCREASED

The first half of 2021 shows that hotels continue to suffer from the Corona crisis and the still considerable travel restrictions. Overall, the investment volume was just under €1.1 billion, a decline of almost 20% compared with the result for the same period of the previous year. However, it should be noted here that Q1 2020 was still temporarily unaffected by the effects of the Corona crisis and at the same time benefited strongly from the TLG takeover by Aroundtown. But even compared to the 10-year average, losses of a good 20% were now recorded. It is thus clear that many investors remain on the sidelines, waiting for a recovery in the tourism and business travel markets. Nevertheless, a look at the investment statistics shows that the transaction volume has increased every quarter since Q2 2020. For example, the Q2 2021 result of around €575 million and thus more than twice as high as in Q2 2020.

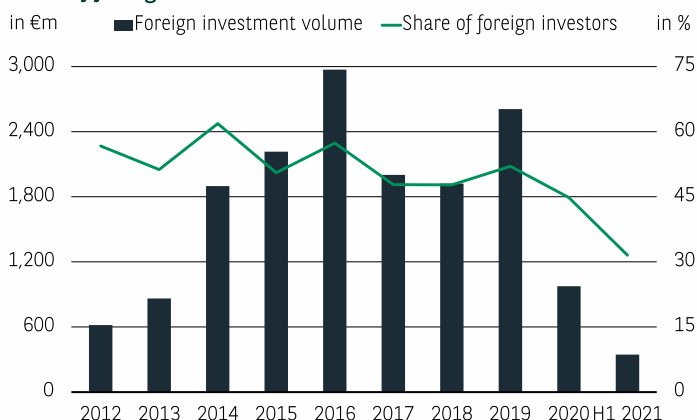
Hotel investments by buyer group Q2 2021



FAMILY OFFICES JUST AHEAD OF SPECIAL-PURPOSE FUNDS

In terms of revenue distribution by buyer type, a head-to-head race occurs in the first half of 2021, with family offices (26%) just ahead of special-purpose funds (25%). It is obvious that the current exceptional situation certainly offers strategically minded investors the opportunity to acquire assets which are difficult to acquire in pandemic-free times as part of a long-term investment strategy. Investment / asset managers (12%) and corporates (11%) also accounted for double-digit shares of sales in H1 2021. These were responsible for a large number of smaller deals, mostly involving the repositioning of private hotels. Insurance companies (7%), real estate companies (6%) and banks (7%) also generated significant market shares.

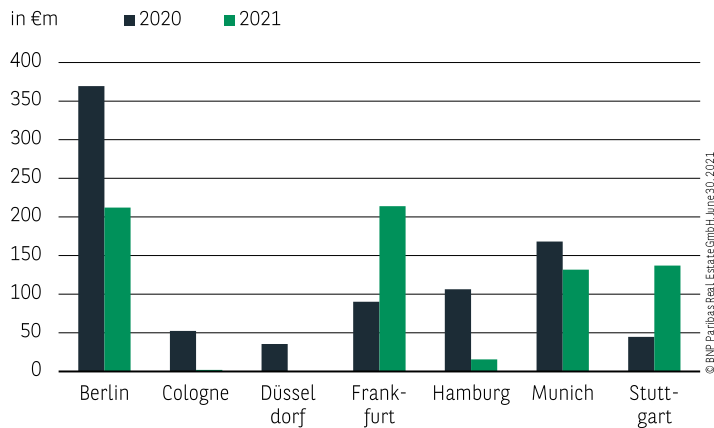
Share of foreign investors



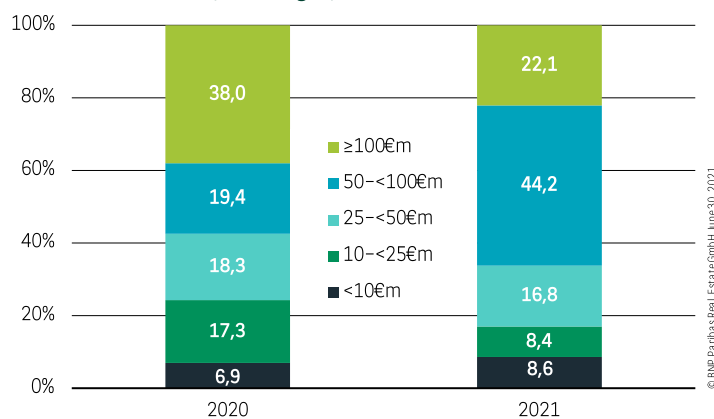
DOMESTIC INVESTORS IN THE DRIVER'S SEAT

In the first quarter of 2021, the trend of an increasingly high proportion of hotel investments being acquired by domestic investors continued. Starting from over 60% in 2014, the market share of international investors gradually decreased to currently less than 30%. However, this strikingly low figure is mainly due to the Corona pandemic, which makes stringent due diligence and transaction processes considerably more difficult for foreign buyers.

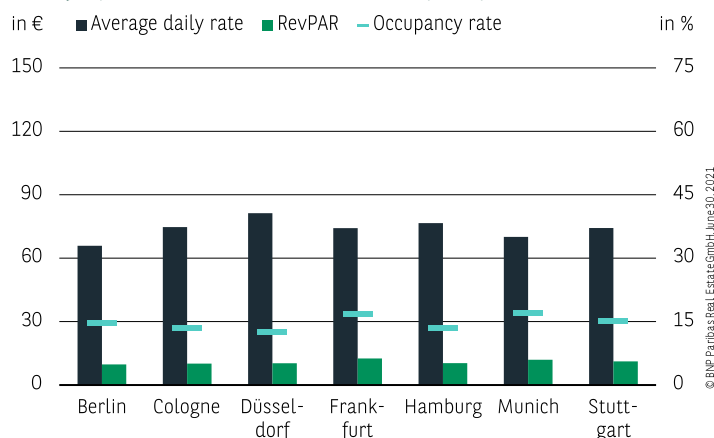
Hotel investments in A-locations Q2



Hotel investments by € category Q2



Hotel performance in A-locations January-May 2021



FRANKFURT AND STUTTGART DEFIE THE CORONA CRISIS

While the A-cities recorded an investment volume of just €242 million in the first quarter of 2021, a good €470 million was invested in the country's key real estate locations in the second quarter. With a total transaction volume of €713 million, the result for the same period in the previous year was nevertheless missed by around 18%. Frankfurt topped the city rankings with €214 million (+138%). In addition to the sale of the Villa Kennedy in the first quarter, the hotel part of the mixed-use property Sparda-Bank Tower, which was secured by the eponymous Sparda-Bank, had a particular impact here. At €212 million (-43%), Berlin ranks just behind the banking metropolis. Following the trend towards hotel deals in the context of mixed-use properties, the mega-deal "Fürst" on Kurfürstendamm also includes a notable hotel component. Third place in the city ranking goes to Stuttgart (€137 million), thanks to Union Investment's purchase of the tower at Mailänder Platz with Premier Inn and Adina - the largest hotel deal of the current year. Munich also achieved a respectable result of €132 million (-22%), while there is still plenty of room for improvement in Hamburg (€16 million) and Cologne (€2 million). In Düsseldorf, no major deal has yet been registered after the end of the first half of the year.

MID-SIZED SEGMENT LEADS THE WAY

While transactions worth more than €100 million accounted for 38% of transaction volume in the same period last year, the figure is now only 22%. This reflects the relatively low proportion of portfolio sales. On the other hand, the next largest segment of ticket sizes between €50 million and €100 million has a market share of a good 44%. This means that two thirds of the total volume is generated by sales in excess of €50 million. The smaller segment below €50 million consequently contributes only one third of the transaction volume. With a total of 26 deals, there is nevertheless a high level of market activity in the smaller size categories.

OUTLOOK

It is a fact that hotels are still among the asset classes that have suffered the most from the consequences of the Corona crisis. In most cities, occupancy rates are still severely underperforming due to a lack of city tourists and business travelers. Many investors continue to act cautiously due to the ongoing uncertainty regarding the further course of the Corona epidemic. At the same time, transaction volumes have been rising steadily since Q2 2020, with attractive prices being achieved and "fire sales" representing the exception. With an increasing vaccination rate, a significant recovery of travel in Germany is expected, which should open up more positive outlooks for the hotel market again. In the course of this, investment processes that had been put on hold could be brought to a swift conclusion, which would also be reflected in significantly higher transaction volumes.

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: 30.06.2021

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