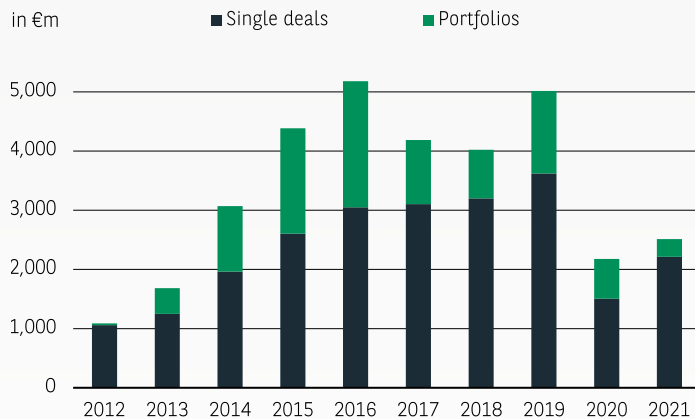




At a Glance **Q4 2021**

HOTEL INVESTMENT MARKET GERMANY

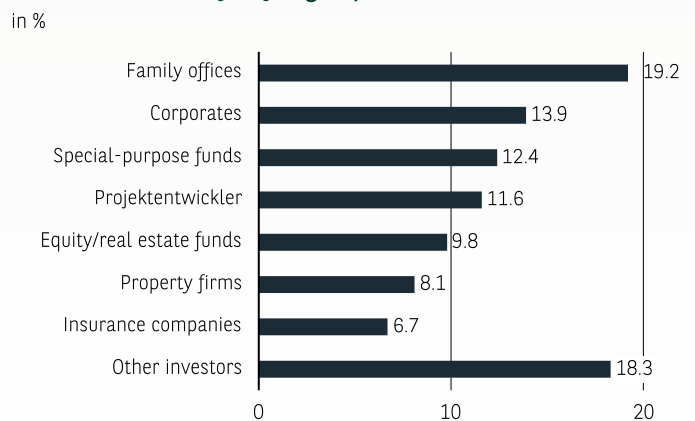
Hotel investments in Germany



SLIGHT RECOVERY ON THE HOTEL INVESTMENT MARKET

As is well known, hotel real estate is one of the asset classes which suffered most from the consequences of the Corona pandemic. Accordingly, the investment volume for 2021, at a good €2.5 billion, is still some way off the pre-Corona levels. The long-term average, for example, was missed by almost 25%. Compared with the previous year, however, there was an increase of a good 15%. Considering only the single deals segment, the growth is even more pronounced at almost 47%. Single deals worth a good €2.2 billion are already close to the 10-year average. By contrast, the contribution from portfolio deals, at €300 million, is the lowest since 2012. The positive trend over the course of the year is particularly encouraging: While potential buyers were mainly on the sidelines in the first three quarters in view of the uncertain outlook for the national and international travel markets, they noticeably released the brakes in the final quarter: In the fourth quarter, a good €1 billion was invested in hotel properties, which is by far the highest quarterly figure since the outbreak of the Corona epidemic. This shows that the post-Covid scenario is once again increasingly coming to the fore among many investors.

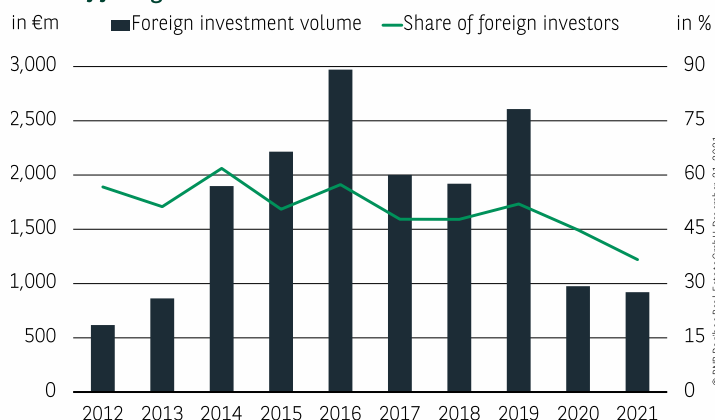
Hotel investments by buyer group 2021



FAMILY OFFICES TAKE THE LEAD

While traditional institutional investors in the form of listed real estate AG/REITs, special-purpose funds and investment managers set the tone last year, this year strategically operating investors - family offices (19%) and corporates (14%) - are taking the lead in the distribution of sales by buyer group. They are taking advantage of the current exceptional situation to enter the hotel market in a targeted manner and to position themselves conceptually for the period after Corona. In addition to family offices, property developers also achieved a record result of almost €300 million (12%), which is strong evidence of the new confidence in the hotel investment market. Special-purpose funds (12%) and equity/real estate funds (10%), on the other hand, achieved significantly below-average results.

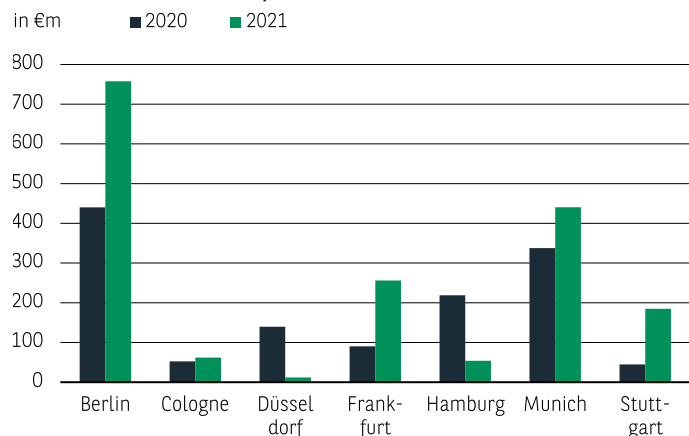
Share of foreign investors



DOMESTIC INVESTORS IN THE DRIVER'S SEAT

The trend towards a gradual decline in the influence of foreign investors on the German hotel investment market continued in 2021. While international investors accounted for 62% of total investment volume in 2014, this figure had fallen to just under 37% by 2021. However, this development is unlikely to be permanent, as a possible end to the pandemic situation will significantly simplify the transaction processes for foreign buyers.

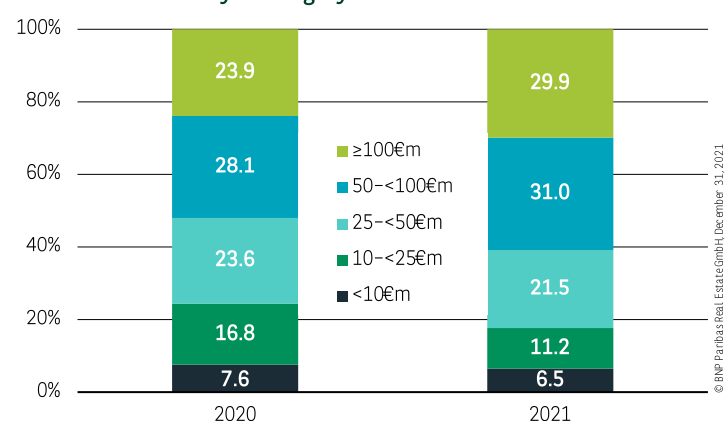
Hotel investments in important markets



HIGH INVESTMENT VOLUME IN THE A-CITIES

In 2021, an investment volume of almost €1.8 billion was registered in the main hotel locations, a third more than in the previous year. The strong result is mainly due to the brilliant year-end rally in Q4: In the last three months of the year, a good €800 million was invested in hotel properties in the A-cities. Once again, Berlin is at the top of the class, achieving the second-best result ever recorded at €758 million, an increase of a whopping 72% year-on-year. No less than three sales in the triple-digit million range form the cornerstone of the capital's comeback. Second place in the city ranking goes to Munich, which saw the investment result increase by 30% to a good €440 million. The sale of the Königshof Hotel on Stachus, which is currently under construction, is also the biggest investment deal of the year. Third place on the podium is occupied by Frankfurt with a volume of € 256 million, which represents an increase of 184% compared with the meager result of the previous year. In the banking metropolis, the sale of Villa Kennedy and the hotel portion of the mixed-use property Sparda-Bank Tower were the main contributors to the jump in sales. Thanks in part to Union Investment's purchase of the hotel tower on Mailänder Platz, Stuttgart's investment result more than quadrupled (to almost €185 million). Cologne (€62 million), Hamburg (€54 million) and Düsseldorf (€12 million), on the other hand, report a weak hotel investment year in 2021.

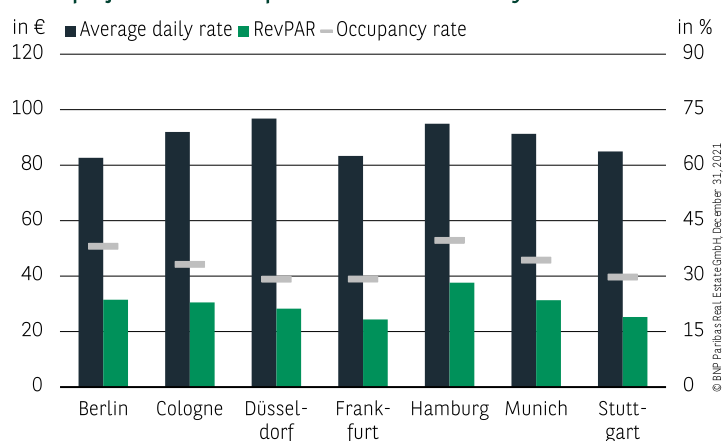
Hotel investments by € category



MID-SIZED SEGMENTS SET THE TONE

While only two deals broke the €100 million threshold last year, no fewer than six sales in the triple-digit million range were counted in 2021. The corresponding size category was thus able to increase its share of sales by six percentage points to just under 30%. The next largest size class between €50 million and €100 million also performed well, contributing around 31% to total investment volume. The three size categories below €50 million together achieve a market share of just under 40% and thus lag behind the previous year in both percentage and absolute terms. A total of around 85 hotel deals were counted, slightly more than in 2020, with the average volume per sale rising from around €27 million to just under €30 million.

Hotel performance in important markets January-November 2021



OUTLOOK

While the hotel investment market was rather sluggish in the first three quarters of the year, the strong year-end rally in Q4 proves that many investors are focusing on the post-covid scenario. Significant catch-up effects in the number of overnight stays are expected for 2022, which will have a positive impact on the performance indicators of hoteliers. In this respect, the risk/return ratio of hotel investments is likely to improve significantly again. On this basis, an investment result in the range of the long-term average does not seem unlikely from today's perspective.

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: 31.12.2021

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