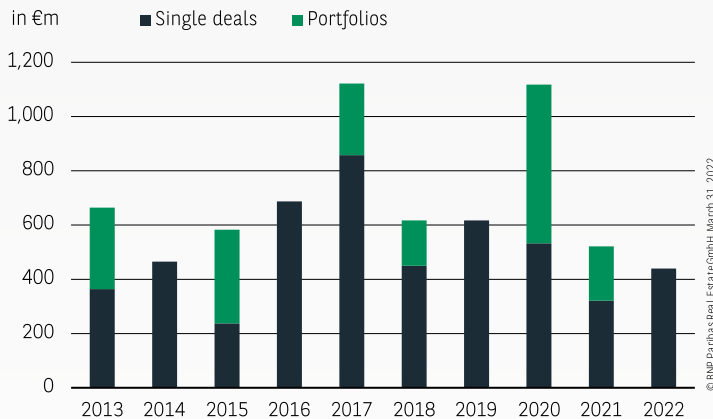




At a Glance **Q1 2022**

HOTEL INVESTMENT MARKET GERMANY

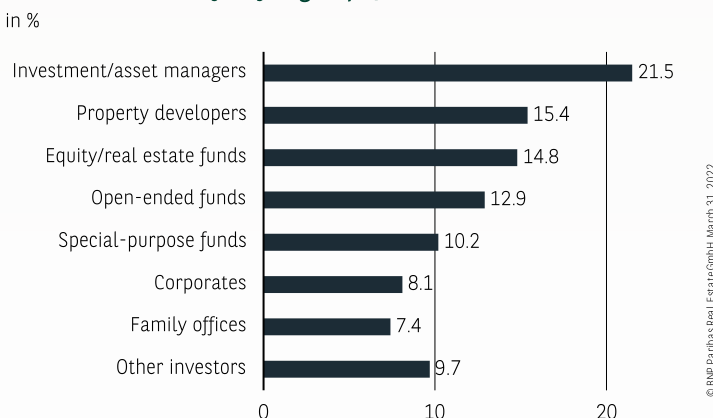
Hotel investments in Germany Q1



MODEST START TO THE YEAR ON THE HOTEL MARKET

In the first three months of 2022, the German hotel investment market remains under the influence of the Corona pandemic and its accompanying restrictions, which is still being reflected in the investment volume. However, in some regions substantial recoveries have been recorded compared with the previous year. At around €440 million, investment volume was 36% below the 10-year average and almost 16% lower than in the previous year's quarter. Nevertheless, this is due to the fact that no portfolio deals have been registered yet. A different situation is seen on the single investments segment, where the previous year's result was exceeded by 37%. The number of transactions also increased from 19 last year to 26 this quarter, which overall indicates a gradually increasing momentum in the market.

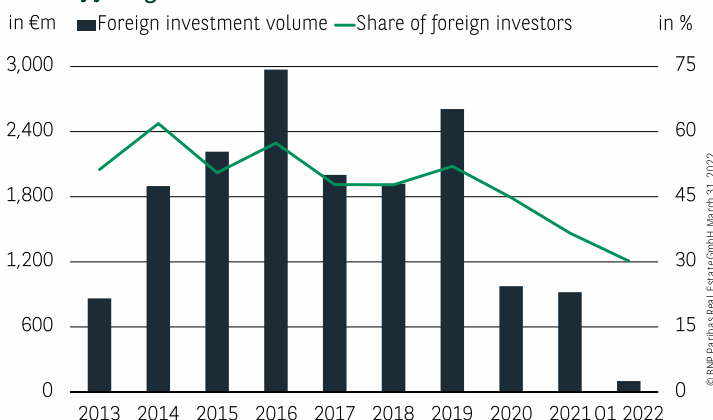
Hotel investments by buyer group Q1 2022



BUYERS' INTEREST ON A BROAD SCALE

While the previous year's first quarter was unusually dominated by family offices, institutional investors are once again in the pole position. With a share of around 22%, investment managers lead the ranking, followed by property developers and equity/real estate funds with around 15% each. Special-purpose funds, which are usually strong, have achieved a market share of just over 10% and remain below expectations, while open-ended funds contributed almost 13%. Corporates (8%) and family offices (7%) also account for a significant share. The high amount of property developers, both in absolute and relative terms, shows that there are some opportunities in the market which, in conjunction with a further normalization of the hotel markets, attract the interest of investors.

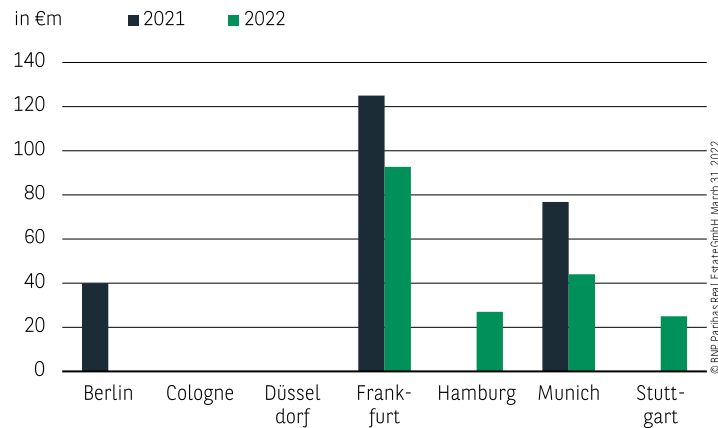
Share of foreign investors



FOREIGN INVESTORS STILL HESITANT

The low share of foreign-acquired hotel investments can also be observed in this quarter. Although the current market share of 23% is still well below the long-term annual average, it is 6.5 percentage points higher than in the previous year's quarter. However, this situation is only a snapshot, which can change quickly based on experience. Therefore, in absolute terms, the volume increased from €87 million to €102 million. With an expected rebound in both overnight stays and guest arrivals, interest from foreign investors is likely to increase even further over the course of the year. In addition, transaction processes will once again become easier to handle and consequently allow easier access to the market again.

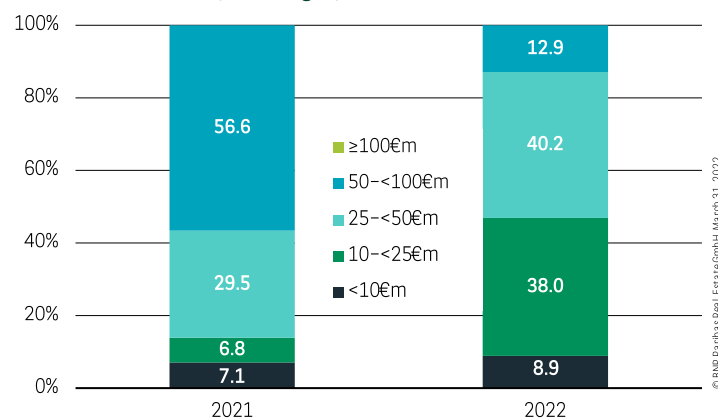
Hotel investments in A-locations Q1



BROAD DISTRIBUTION BEYOND A-LOCATIONS

Whereas in the same period last year about €242 million was invested in A-cities, this quarter the volume has dropped by 22% to €189 million. Whereas in the same period last year about €242 million was invested in A-locations, this quarter the volume has dropped by 22% to €189 million. As a result, the share of Germany's main cities also decreased slightly from 46% in the prior-year quarter to 43% this quarter. Frankfurt once again held the top position with €93 million, but recorded a decline of 26%. Munich follows in second place with €44 million (-43%), ahead of Hamburg and Stuttgart, each at a similar level with €27 million and €25 million respectively. Hamburg and Stuttgart were therefore able to record transactions again in comparison to the same quarter of the previous year. No significant deals have yet been registered in Düsseldorf and Cologne this quarter. The biggest deals of this quarter so far have been registered almost exclusively outside the A-cities, which is not surprising, considering the relatively quicker recovery of guest numbers in smaller cities.

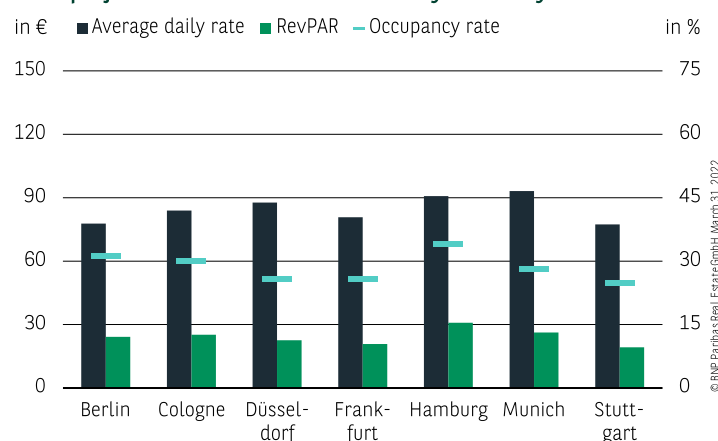
Hotel investments by € category Q1



HIGH DYNAMIC IN MEDIUM AND SMALL CATEGORIES

As in the prior-year quarter, no transaction in the size category above €100 million has yet been registered. Moreover, the share of investments between €50-100 million also decreased significantly from around 57% to almost 13%. However, there is still a high level of market activity in the medium size category between €25 million and €50 million. Overall, the "mid-cap" segment accounted for almost €180 million, representing 40% of the total investment volume. The largest share though, was generated by investments of less than €25 million, where nearly €206 million was invested, which corresponds to 47%. This situation is also reflected in the average volume per transaction, which at €17 million is around 30% below the 5-year average. This has led, at least temporarily, to a shift towards smaller deals.

Hotel performance in A-locations January-February 2022



OUTLOOK

The hotel market is still clearly affected by the Corona crisis at the start of 2022. Especially in cities with a usually high share of business travelers or international tourism, recuperation occurs with difficulty. Since various pandemic-related restrictions were lifted in Germany, Europe and the U.S., expectations of an improvement in the near future have been raised. In late summer and early fall of last year, guest arrivals and overnight stays were already approaching or even exceeding pre-crisis levels in some locations. As a result of these improved outlooks for operators, the attractiveness of hotel investments in general should increase and should also lead to more investments in the course of the year.

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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