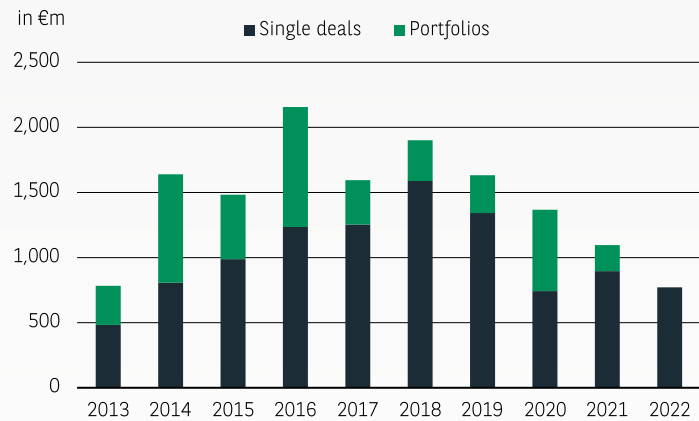




At a Glance **Q2 2022**

HOTEL INVESTMENT MARKET GERMANY

Hotel investments in Germany H1

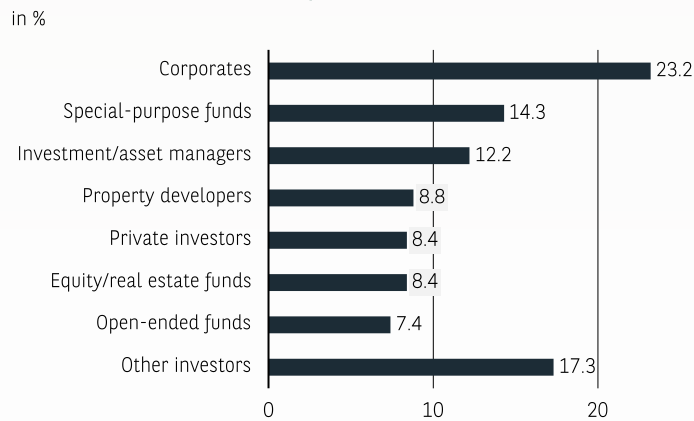


© BNP Paribas Real Estate GmbH, June 30, 2022

RESTRAINED HALF-YEAR ON THE HOTEL MARKET

Despite the fact that travel restrictions have already been lifted in many areas, the German hotel investment market is only slowly getting off the ground. At around €770 million, the volume for the first half of the year is around 30% below the previous year's figure and almost 47% below the 10-year average. This means that the market is roughly at the same level as in 2013, not least because no portfolio transactions have been registered so far. Looking at the second quarter in isolation, €330 million were invested, around a quarter less than in the first quarter. In particular, the changed interest rate environment, the economic development and the general uncertainty due to the Ukraine war are slowing down the recovery of the hotel investment market. The positive development of the overnight stays and performance figures, especially from the month of May, should lead to a revival of the investment market.

Hotel investments by buyer group H1 2022

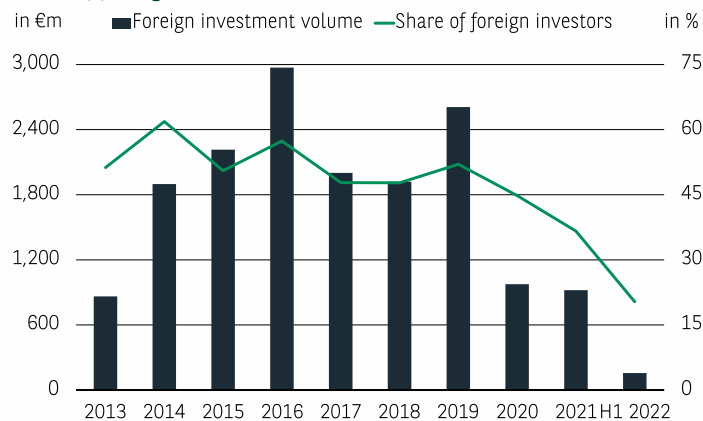


© BNP Paribas Real Estate GmbH, June 30, 2022

CORPORATES DOMINATE BUYER GROUP

After investment/asset managers clearly dominated in the first quarter, corporates now lead the field three months later with more than 23% or €179 million. This represents the second highest share of this buyer group after 2014. Behind this group of buyers are various hotel operators and hotel companies, which have often already purchased properties they operate themselves and thus show that there are attractive opportunities in the market. In second and third place are special-purpose funds with 14% (€110 million) and investment/asset managers with 12% (€95 million). Other notable shares are achieved by property developers (9%), who are significantly more active than in the same period of the previous year with a volume of €68 million, which is around one third above the long-term average. Family offices, which were so strong in the first half of 2021, have so far only achieved a share of just under 5%.

Share of foreign investors

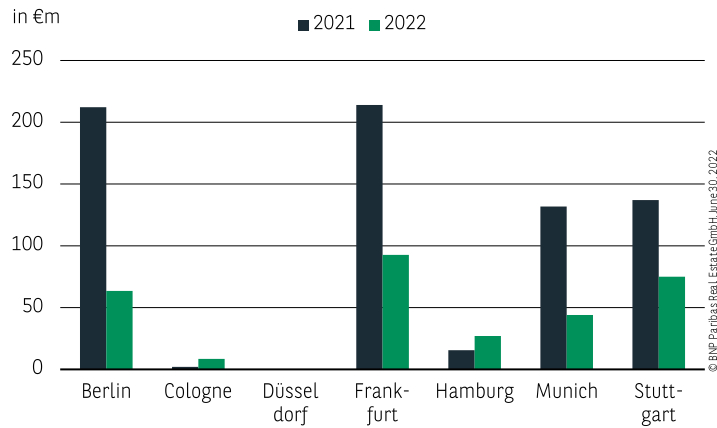


© BNP Paribas Real Estate GmbH, June 30, 2022

SHARE OF FOREIGN INVESTORS AT AN ALL-TIME LOW

The downward trend in the share of foreign investors since the beginning of the pandemic is continuing and has reached its lowest level to date at just under 20%. For the second quarter alone, the figure is as low as 17%. The current geopolitical situation in particular is likely to have been the decisive factor here. However, this situation is only a snapshot, which experience shows can change quickly. Due to the increasingly rapid recovery of figures on the operator side, a bottoming out is expected in the short term and a trend reversal in the medium term.

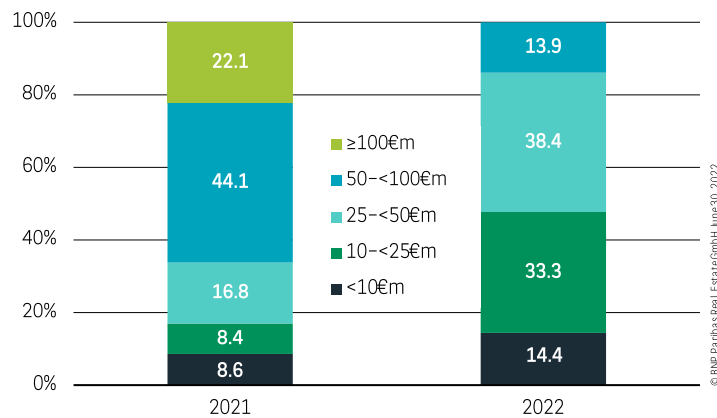
Hotel investments in A-locations H1



➤ BROADER DISTRIBUTION WITHIN THE A-CITIES

After transactions were registered in only four A-cities in the first quarter of the year, the number rose to six cities by the middle of the year. At just over €310 million, the share of the most important German cities is around 40% of the total volume, roughly the same as in the first quarter. However, compared to the previous year's figure, where slightly more than €710 million was invested in A-cities, the volume is a full 56% lower. In view of the faster recovery of guest numbers in smaller cities, the comparatively low share of A-cities is hardly surprising. With €93 million, Frankfurt ranks first, but records a decline of almost 57% compared to the same period last year. However, the previous year's figure was significantly influenced by the sale of the "Villa Kennedy" and the "Atlantic Hotel". Stuttgart follows in second place with €75 million (-45%) and Berlin in third place with €64 million (-70%), followed by Munich (€44 million), Hamburg (€27 million) and Cologne (€9 million). No deals worth mentioning have been registered in Düsseldorf so far.

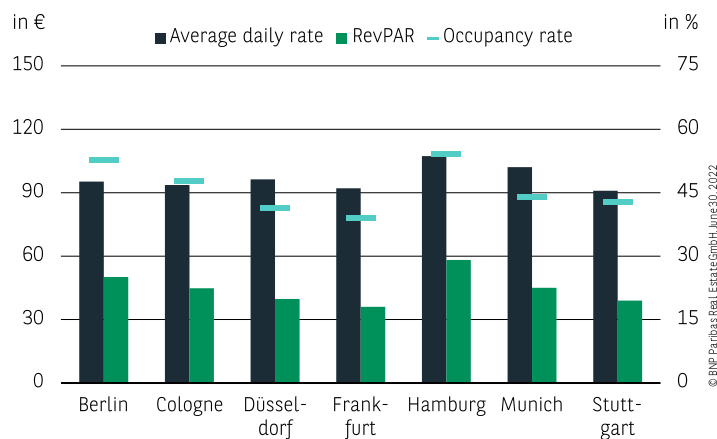
Hotel investments by € category H1



➤ TREND TOWARDS SMALLER DEAL SIZES

As in the first three months of the year, no transaction over €100 million was registered in the second quarter. The category of €25-<50 million has seen the largest number of transactions to date, with around 38% and just under €300 million. The €10-<25 million category follows with a little over 33% and a volume of €257 million. This segment thus records the highest increase in both absolute and relative terms compared to the same period last year. The smallest segment <€10 million achieves a share of around 14% with €111 million, setting a new half-year record. In total, almost 86% of the market is below the €50 million mark. This trend can also be seen in the average volume per deal, which is currently €16 million, 40% below both the previous year's figure and the 5-year average. The reason for this is primarily the easier financing of smaller volumes.

Hotel performance in A-locations January-May 2022



➤ OUTLOOK

After the start of the year 2022 in the hotel investment market was still clearly marked by the Corona crisis, geopolitical tensions and a changing interest rate environment made things more difficult in the course of the year. This led to a wait-and-see attitude among many investors, which could last until the end of the year. On the other hand, the key performance indicators and especially the overnight statistics give cause for optimism for the near future. In particular, the surge in tourism activity at the beginning of the holiday season in May has already brought about a partial return to pre-crisis levels. Above all, tourism within Germany is proving to be a mainstay. This tailwind is already ensuring that some interesting transactions are in the pipeline.

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: 30.06.2022

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.real-estate.bnpparibas.de