



GERMANY

# REPORT HOTEL INVESTMENT MARKET

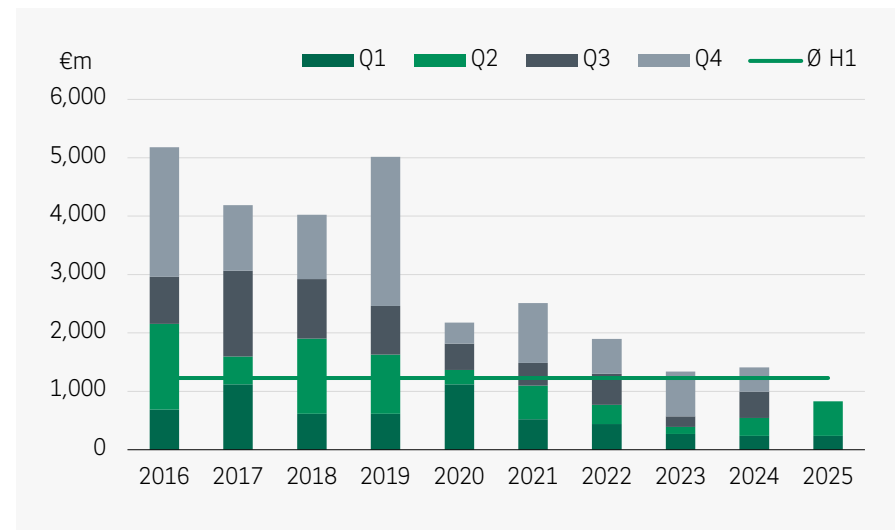
H1 2025



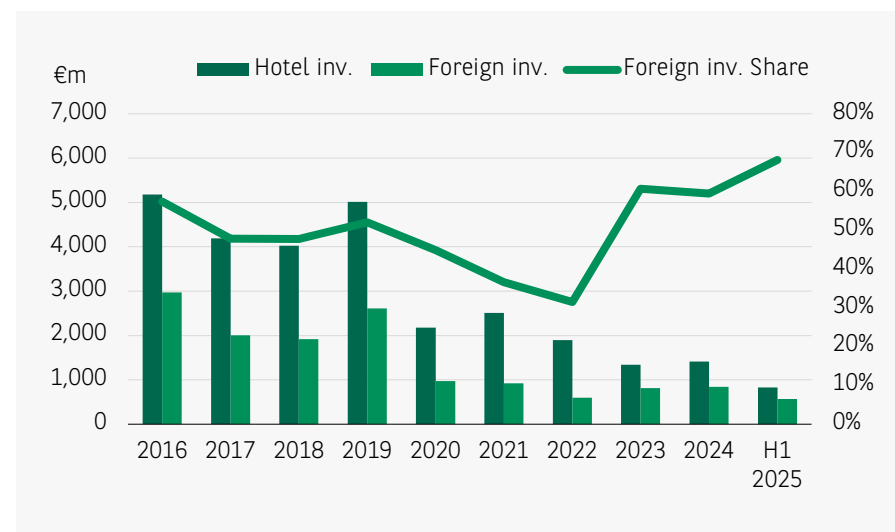
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## Development of hotel investment volume



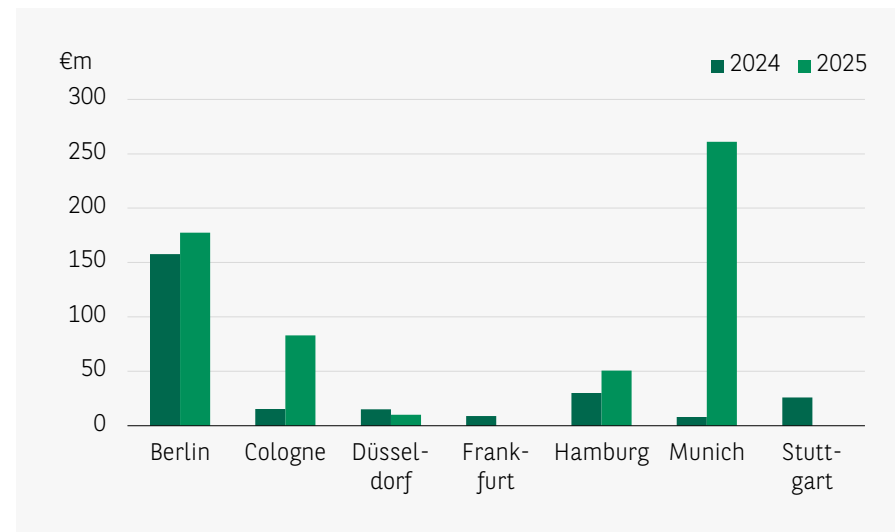
## Share of foreign investors



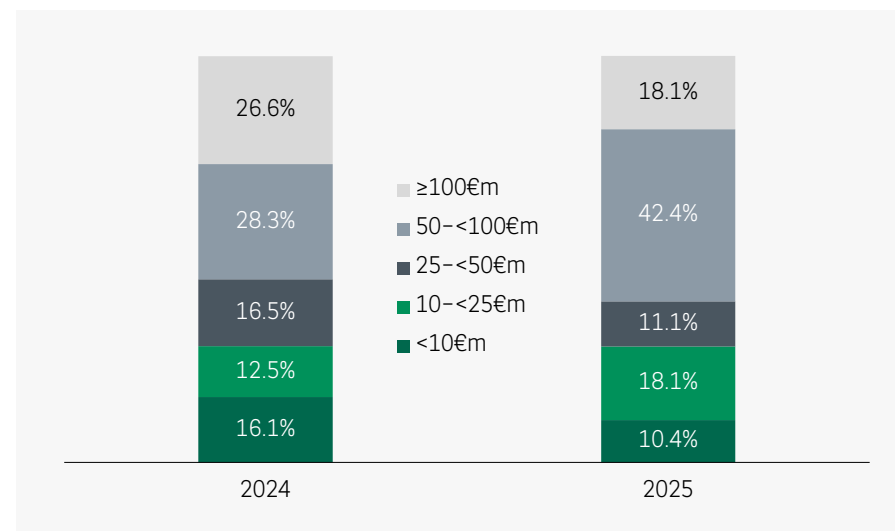
## HOTEL INVESTMENT MARKET GAINS MOMENTUM NUMBER OF MAJOR TRANSACTIONS INCREASES

- The German hotel investment market has shown notable growth in recent months. Following two stable quarters in the second half of 2024, each with over €400 million, the market experienced a comparatively weak start in 2025 due to a lack of product. However, the first quarter of 2025 already recorded a broad increase in interest from investors, which was not yet reflected in the investment result of around €238 million. This increase was repeatedly reflected in the processes currently being marketed.
- The registered investment volume of €592 million in the second quarter impressively reflects the increasing market momentum. A hotel investment volume of €830 million can therefore be reported for the first half of 2025. Compared to the same period last year, this represents an increase of 52% indicating that the market is back on track for long-term growth.
- While small-volume deals dominated the first quarter, transactions above the €50 million mark made the difference in the second quarter. The purchase of the Mandarin Oriental in Munich for around €150 million by Eagle Hills was particularly prominent.
- Over the past two years, the proportion of foreign investors has been significantly above average. Convinced by the robust German hotel market and improving performance indicators, these investors are securing attractive investment opportunities, particularly in the premium hotel sector, in the current market environment. Foreign investors currently hold a substantial 70% market share.

## Hotel investments in A-locations H1



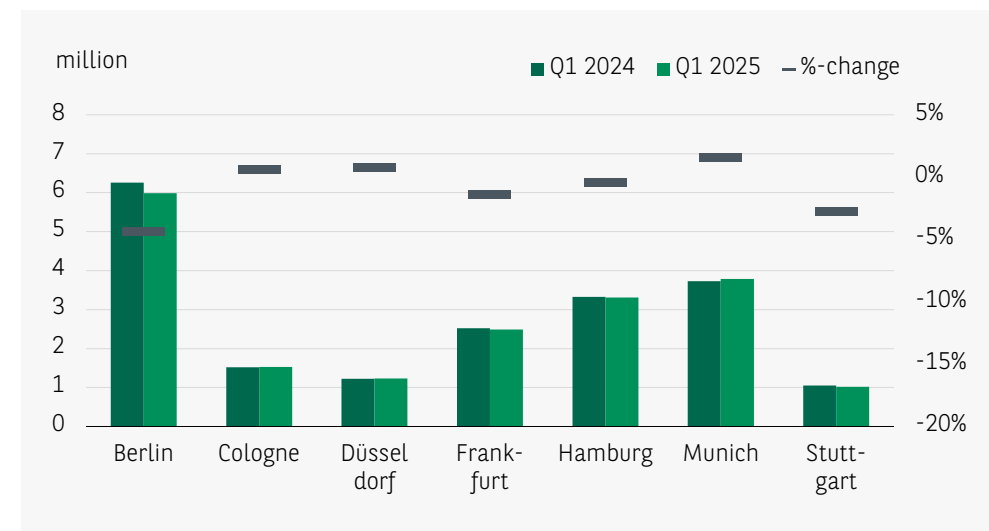
## Hotel investments by € category H1



## MUNICH AND BERLIN AT THE TOP OF INVESTORS' FAVORITES

- Munich and Berlin lead the field of the most important hotel investment markets by a wide margin, with strong results. Munich's investment volume amounted to around €261 million in the first half of the year, while Berlin recorded around €177 million. Both markets benefited from their size, the positive development of hotel performance indicators, and, above all, the attractive investment products in the large-volume segment. Notable sales were reported in Cologne (around €83 million) and Hamburg (around €51 million). In all other A-locations, the results are not yet satisfactory.
- An analysis of the absolute figures shows that the investment volume in all categories above €10 million increased compared to last year, sometimes significantly. The increase in the €50 million to €100 million size category is particularly striking, with growth of around 128% to a total of €352 million. Similarly, the growth in deals between €10 million and €25 million is dynamic as well (+120%) and currently stands at €150 million.

## Overnight stays in A-locations



## OUTLOOK

- The German hotel investment market is gaining more momentum. The positive sentiment among market participants that was already evident in the first quarter has led to a much faster pace of contract signings in the second quarter. In addition to a significant increase in the mid-sized segment, several large-volume deals were successfully completed, sending strong signals to the market. These include the sale of the Motel One Hotel in Berlin's Upper West at the beginning of the year and the Mandarin Oriental in Munich. Although the landmark property Upper West on the opposite of the Gedächtniskirche was included in the office segment's investment volume due to its dominant rental income from the office sector, this transaction sent a positive signal to hotel market players.
- Overall, the market is well positioned for the second half of the year. The accommodation statistics, which show consistently high numbers of guests and overnight stays in all major tourist destinations in Germany — even outside the top locations — is evident. Additionally, performance indicators in the hotel segment have shown positive development over the past two years.
- The registered expansion on the supply side continues to suggest a more dynamic second half of the year. In addition to attractive entry opportunities in the core-plus and value-add sectors, core investors also have opportunities.
- Further geopolitical and macroeconomic developments will certainly influence the hotel investment market. Assuming that no new escalations and the customs negotiations are reasonably and rationally settled, the German hotel investment market should continue its convincing recovery.

## Key facts hotel investment market Germany

INVESTMENT VOLUME	H1 2024	H1 2025	CHANGE
Total (€m)	545	830	+52.3%
Portfolio share	23.7%	15.0%	-8.7%pts
Share above €100 million	26.6%	18.1%	-8.5%pts
Share of A-cities	47.9%	70.1%	+22.2%pts
Share of foreign investors	54.2%	68.1%	+13.8%pts

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