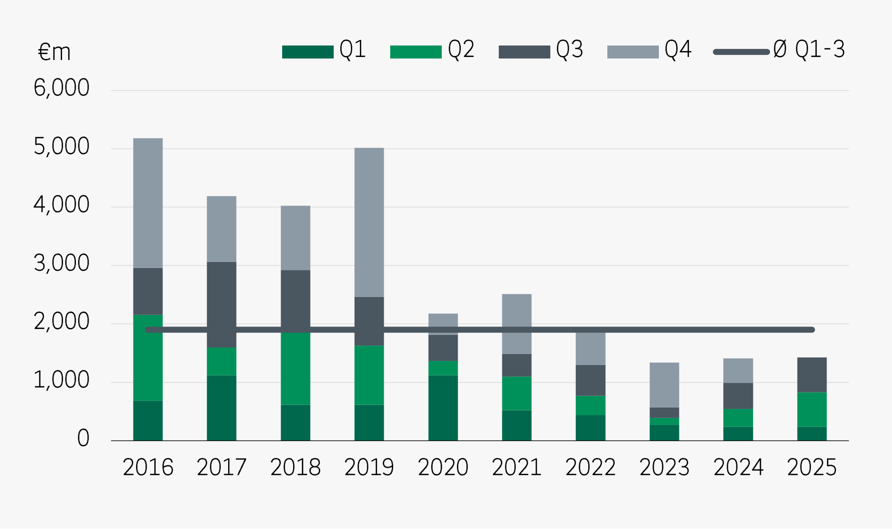
GERMANY

REPORT

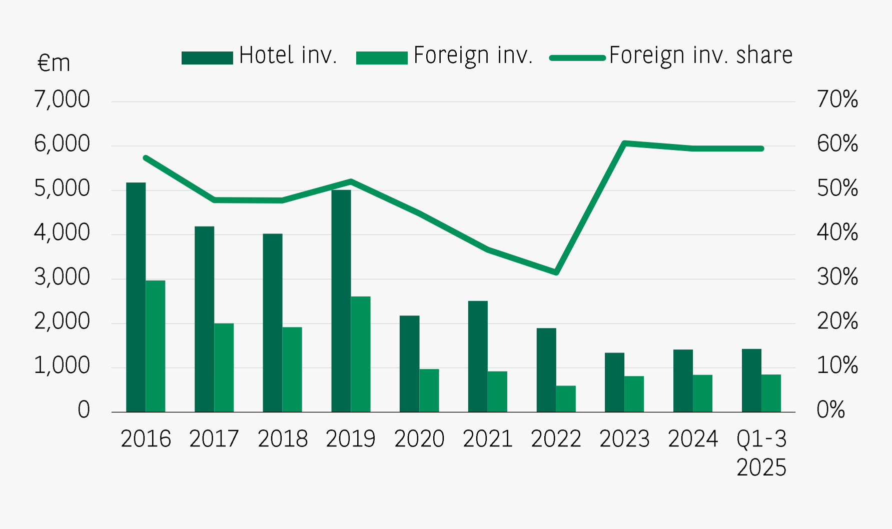
HOTEL INVESTMENT MARKET

Q1-3 2025

Development of hotel investment volume



Share of foreign investors



HOTEL INVESTMENT MARKET REMAINS BUOYANT: BEST RESULT SINCE 2021

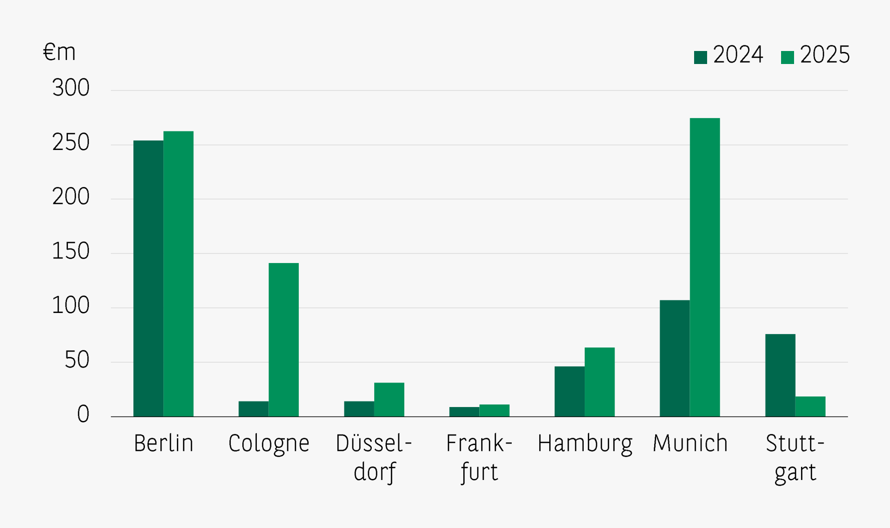
- The growing interest in hotel investments, which has been evident in recent months, is now finally reflected in transaction volumes. With total sales of nearly €1.43 billion, hotels saw a 44% increase in volume compared to the same period last year, marking their best result since 2021. The 12-month volume from the previous two years was already exceeded by the end of September. The market momentum that picked up over the course of the year is particularly positive. This is evidenced by two very strong quarters with investment volumes of nearly €600 million each. This follows a weak start to the year due to a lack of products after a strong Q4 2024.

- The result of the revitalized portfolio segment is also encouraging at nearly €380 million. The last time the volume was higher was in 2020. It is also worth stressing that the volume of individual transactions now exceeds €1 billion for the first time since 2022.

- The distribution by size category also demonstrates that the result is not based solely on individual large transactions. Significantly more investment volume was recorded in all categories above €10 million than in previous years. As larger transactions — including portfolios and larger individual transactions, such as the Mandarin Oriental in Munich and the Steigenberger am Kanzleramt in Berlin — are increasingly being recorded, the average transaction volume, around €25 million, is approaching levels last recorded before interest rate reversal in 2022.

- At the same time, investment activity from foreign investors has also increased. They accounted for around 59% of investments by the end of the third quarter.

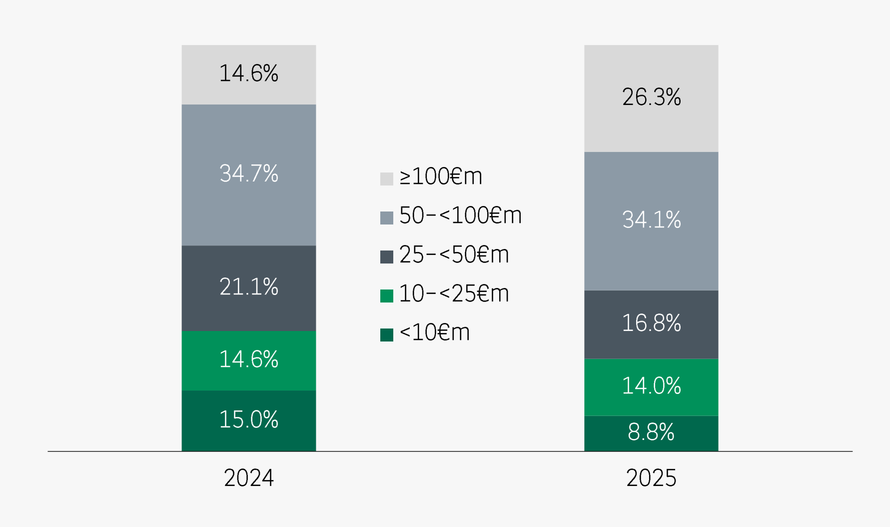
Hotel investments in A-locations Q1-3



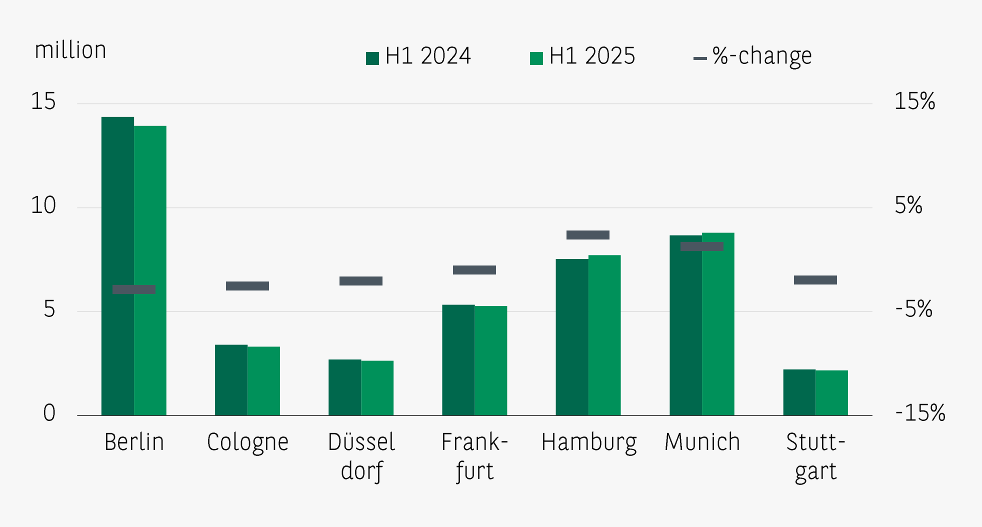
INCREASED TURNOVER AT ALMOST ALL A-LOCATIONS

- Around €800 million worth of hotel transactions were recorded at the seven A-locations, which is a 54% increase compared to Q1-Q3 2024. Investment volumes rose in all cities except Stuttgart, where the volume remained below €20 million (-76%). Due to the sales of the Mandarin Oriental and the Steigenberger am Kanzleramt, Munich and Berlin lead the field by a wide margin with €275 million and €262 million, respectively, representing increases of 156% and 3%. These are also the locations with the highest number of overnight stays and hotels, which is an essential factor for a corresponding offer of investment product. Cologne achieved almost a tenfold increase from last year with over €140 million. This was due not only to the sale of the Pullman Cologne for nearly €70 million but also to larger investments in serviced apartments. Significant investments were also made in Hamburg hotels, totalling just under €64 million (+37%), and in Düsseldorf hotels, totaling €31 million (+121%).

Hotel investments by € category Q1-3



Overnight stays in A-locations



OUTLOOK

- While the positive sentiment among market participants was not yet visible in the figures at the beginning of the year, the market recovery is now quite evident.
- Accommodation figures remain high and have proven highly resilient to the general economic situation in many locations. For instance, overnight stays in Hamburg and Munich during the first half of the year exceeded those in the first half of 2024. These figures are accompanied by strong performance indicators, including high ADRs and RevPARs. Many indicators suggest that the fundamentals will continue to develop positively, making hotels a more attractive investment option than other asset classes, which face potentially stronger headwinds on the occupier side.
- Over the past few months, it has become clear how significantly the supply side and investment opportunities influence market activity, sometimes even dampening it. However, many indications suggest that the final quarter will be active, as several transactions, including some larger ones, are being marketed or will soon be finalized. Additionally, seller and buyer price expectations have converged in recent months, resulting in noticeably more successful transactions.
- Like all other asset classes, the hotel investment market is influenced by geopolitical developments. However, assuming no new crises arise, the market should continue its upward trend in the coming months. It is highly likely that this asset class is at the start of a new cycle. This offers investors attractive opportunities to take advantage of the expected yield compression.

Key facts hotel investment market Germany

INVESTMENT VOLUME	Q1-3 2024	Q1-3 2025	CHANGE
Total (€m)	**992**	**1,426**	**+4.7%**
Portfolio share	14.6%	26.6%	+12.0%pts
Share above €100 million	14.6%	26.3%	+11.7%pts
Share of A-cities	52.5%	56.4%	+3.9%pts
Share of foreign investors	59.5%	59.4%	-0.0%pts

CONTACT

BNP Paribas Real Estate GmbH

Alexander Trobitz
Head of National Investment Team
Managing Director

Goetheplatz 4 | 60311 Frankfurt
Phone: +49 (0)69-298 99-0
E-Mail: alexander.trobitz@bnpparibas.com

LEARN MORE

Imprint: Publisher and copyright: BNP Paribas Real Estate GmbH
Edited by: BNP Paribas Real Estate Consult GmbH | As of: 30.09.2025
Photo credits: ©TensorSpark – stock.adobe.com