REVIEW
HOTEL INVESTMENT MARKET

GERMANY H1 2026

RESEARCH & INSIGHTS

BNP PARIBAS
REAL ESTATE

Real Estate for a changing world

SIGNIFICANTLY HIGHER TRANSACTION ACTIVITY IN Q2

INVESTMENT VOLUME STABLE YEAR-ON-YEAR

KEY FIGURES

793 ▽ -4,4% y/y
Investment volume (€m)

19,5 △ +4,5%pts y/y
Portfolio share (in %)

15,0 ▽ -36,9% y/y
Ø Deal size (in €m)

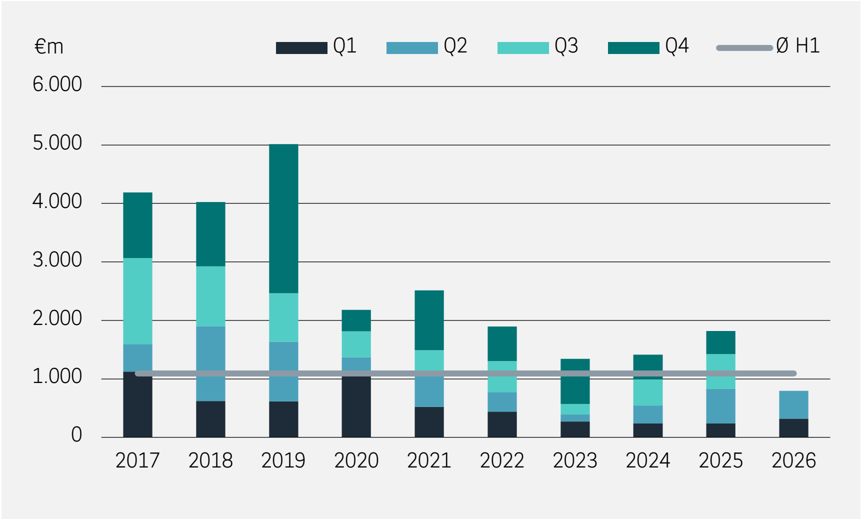
MARKET OVERVIEW

The German hotel investment market recorded a transaction volume of approximately €790m in the first half of 2026, broadly matching the level achieved in the previous year. The strong 2025 result, which was supported by landmark transactions such as the Mandarin Oriental Munich and the Steigenberger Hotel am Kanzleramt in Berlin, was missed by only a marginal 4%. In particular, an accelerated second quarter, which contributed €475m in transaction volume, played a key role in delivering this solid interim result.

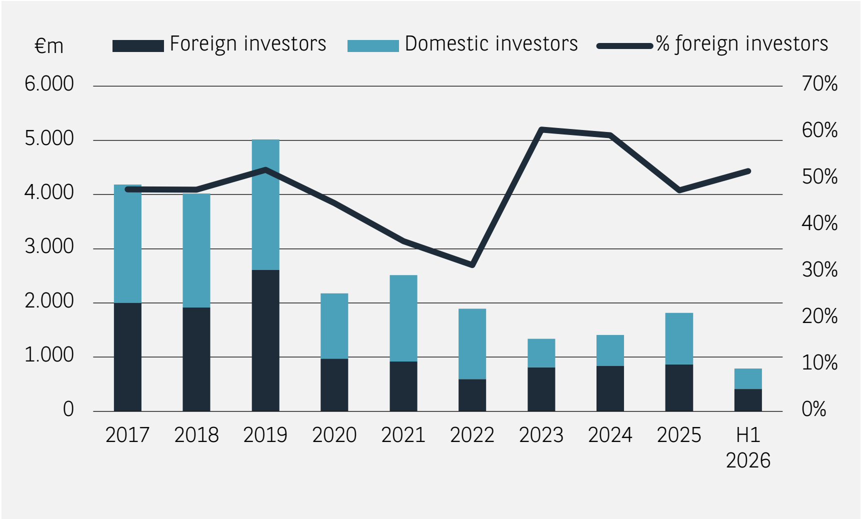
A notable feature of the market is the significant increase in transaction activity compared with previous years. For the first time since 2019, more than 50 transactions were recorded in the first half of the year. This compares with around 35 deals in each of the two preceding years and just 28 transactions in the first half of 2023. While investment activity has broadened considerably, the market continues to be driven predominantly by smaller transactions. As a result, the average deal size currently stands at approximately €15m and has remained at this relatively low level since 2022, apart from the first half of 2025.

Strong operating performance indicators, combined with guest and overnight stay figures that in many locations have returned to or even exceeded pre-pandemic levels, continue to attract international investors to the German hotel investment market. As a result, international investors currently account for 52% of total transaction volume.

Development of hotel investment volume



Share of foreign investors



Source: BNP Paribas Real Estate GmbH, June 30, 2026

MUNICH AND BERLIN REMAIN THE LEADING HOTEL INVESTMENT MARKETS

MID-MARKET DEALS DRIVE MOMENTUM

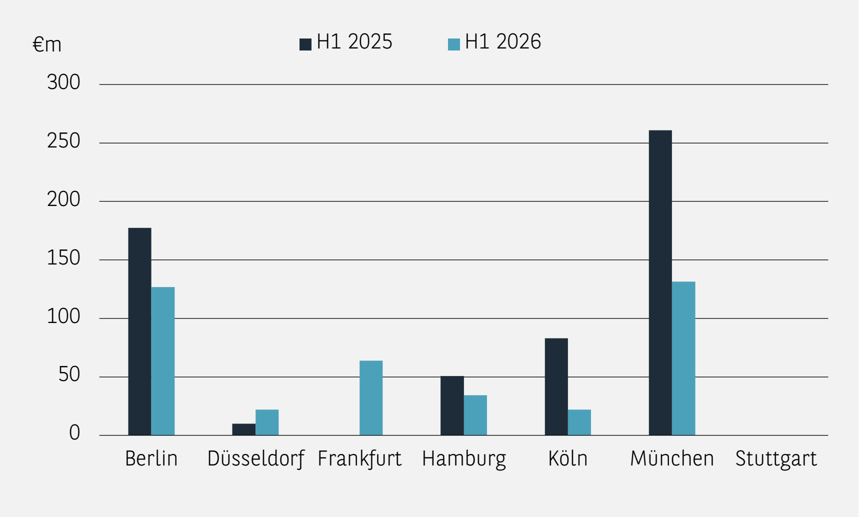
INVESTMENT MARKET STRUCTURE

Munich and Berlin remain Germany's leading hotel investment destinations. At mid-year 2026, Munich recorded an investment volume of approximately €131m (-50% y-o-y), closely followed by Berlin with around €128m (-29%). While last year's results in both cities were boosted by landmark trophy asset transactions, current market activity is primarily driven by small and mid-sized deals. In Munich, notable transactions included the sale of the Excelsior Hotel brokered by BNPP RE as well as several investments in the serviced apartment sector.

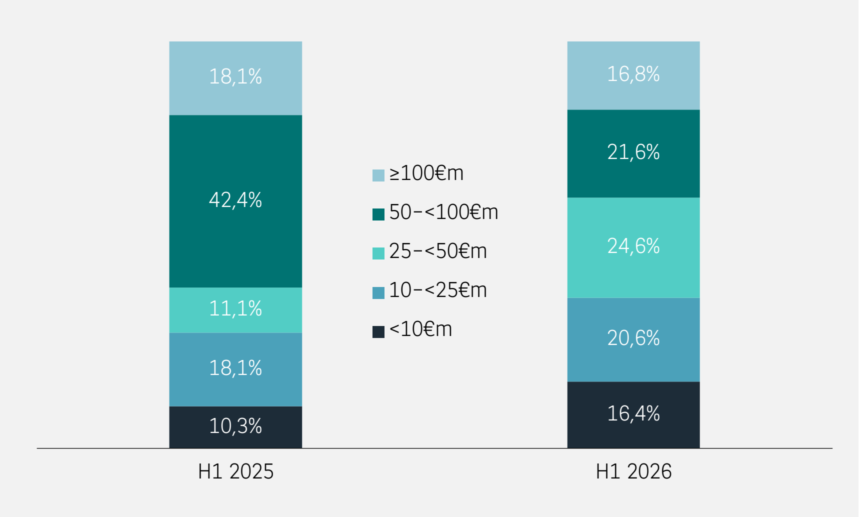
Other major markets have so far failed to match the previous year's performance. Hamburg (€34m, -32%) and Cologne (€22m, -73%) recorded significantly lower transaction volumes. In contrast, Düsseldorf (€22m) experienced a modest recovery from a low base. Frankfurt stands out positively within the group of major markets: following three consecutive years of exceptionally weak mid-year results between 2023 and 2025, the market recorded the first larger transaction in some time.

The German hotel investment market proves dynamic by mid-year 2026. Transactions in the €10m to €100m range each accounted for 21% to 25% market share, collectively representing around two-thirds of the overall market. Smaller transactions contributed just over 16%, while deals in the three-digit million-euro segment accounted for approximately 17% of total volume. The latter was primarily driven by the sale of the nationwide Pentahotel portfolio.

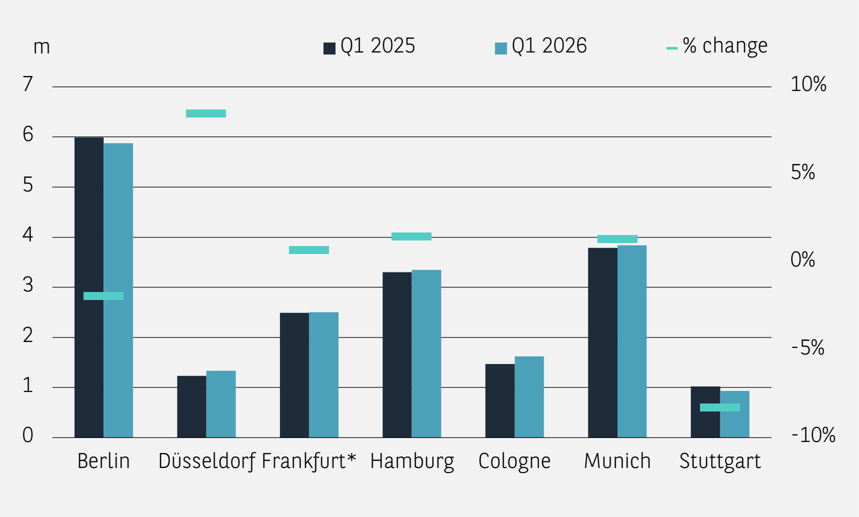
Hotel investments in A-locations



Hotel investments by € category



Overnight stays in A-locations



Source: Destatis (overnight stays); BNP Paribas Real Estate GmbH, June 30, 2026

STRONG GUEST AND OVERNIGHT STAY FIGURES

STRONGER H2 EXPECTED

ECONOMIC INDICATORS

+0,8
GDP Forecast 2026
(in %)

3,01 △ +15bps q/q
10ys bond yield
Ø Q2 2026 (in %)

85,6 △ +0,6pts m/m
ifo business climate index
(6/2026)

Source: ifo ecomic forecast, Deutsche Bundesbank, ifo Institut

OUTLOOK

The outlook for the German hotel investment market remains encouraging. Strong hotel operating fundamentals continue to provide the basis for attractive investment opportunities. Robust domestic tourism is reflected in above-average guest arrivals and overnight stays during the first months of 2026. Demand in both leading leisure destinations and major business travel and city tourism hubs is currently exceedingly not only last year's levels but, in many cases, also pre-pandemic benchmarks. At the same time, convincing and continuously improving key performance indicators highlight the ongoing improvement in operating profitability across the hospitality sector.

The growing availability of attractive investment opportunities is expected to provide additional support for market momentum. In particular, the mid-market segment – where buyers and sellers continue to find common ground despite a challenging financing environment – is supported by a healthy transaction pipeline. Several larger transactions in excess of €100m are also currently being marketed.

Despite higher financing costs resulting from the interest rate environment and renewed inflationary pressure, there is a realistic prospect that several major transactions will be successfully completed before year-end. These deals would make a significant contribution to overall investment turnover. Against this backdrop, a full-year transaction volume in line with the previous year and therefore approaching the €2bn mark appears achievable.

Investment market data

	H1 2025	H1 2026	CHANGE
Total (€m)	**830**	**793**	**-4,4%**
Portfolio share	15,0%	19,5%	+4,5%pts
Share above €100 million	18,1%	16,8%	-1,3%pts
Share of A-cities	70,1%	50,5%	-19,7%pts
Share of foreign investors	68,1%	51,7%	-16,4%pts

Source: BNP Paribas Real Estate GmbH, June 30, 2026

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