

## MARKET SUMMARY & OUTLOOK

	YoY Chg	12-Mo. Forecast
Investment Trends	▼	▬
Prime Yields	▲	▲
Market Performance	▲	▲
Supply	▲	▲
Demand	▲	▲

In 2022, German hotel investment volumes reached €2.0bn. This was 20% below the previous year and 42% short of the 10-year average. Transaction activity has been impacted by the rising cost of debt, inflation, recession fears as well as uncertainty around hotel pricing. Looking forward, investment activity is expected to gain more momentum in the second half of 2023, supported by a continued recovery of the operating markets.

As a result of rising interest rates, prime yields have moved upwards by 60 bps from 3.9% in 2021 to 4.5% by year-end 2022. With the European Central Bank planning another interest rate hike of 50 bps in March 2023, we expect yields to appreciate further in the short term. No yield compression is expected before 2026.

German hotel performance recovered faster than expected. Some hotel markets have already exceeded their 2019 RevPAR performance, while others are closing in on their pre-pandemic results. This was primarily driven by a strong rise in average room rates. Hence, major hotel chains recorded very positive results in the last quarters of 2022. As demand continues to recover, we expect trading performance to develop favourably in 2023.

German bed supply increased in 2022 by 3.2% y-o-y after recording a decline in 2020 due to the effects of the pandemic. Supply levels are back at 2019 pace, with further growth expected over the coming years, albeit at lower levels. Overall development activity has significantly slowed down due to rising construction costs, combined with higher interest rates and lower exit prices.

Demand recovered well in 2022, with overnight stays rising by 45% y-o-y to € 451m. Growth was driven by a substantial increase in domestic (+37%) and foreign overnight stays (+120%). Overall, demand was only 9% behind 2019 results, despite Q1 of 2022 being still impacted by travel restrictions. As demand continues to recover, we expect 2023 results to meet and potentially exceed those of the 2019 record year.

Sources: C&W, STR, German Tourism Statistics

## INVESTMENT TRENDS

**HIGHLIGHTS - 2022**

- € 2.0 billion transacted
- 87 properties comprising 13,306 rooms sold
- 42% of capital was from international buyers
- 48% of volume was invested in Midscale and Economy hotels

### RECENT TRANSACTION TRENDS

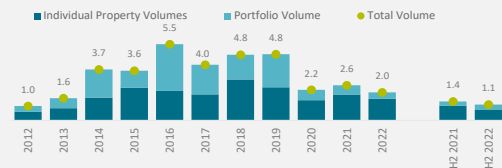
	Last 6 months (H2 2022)				CALENDAR YEAR 2022			
	Properties Sold	Rooms Sold	Volume Transacted	% Change*	Properties Sold	Rooms Sold	Volume Transacted	% Change*
Germany	45	7,797	1,145	-17.0%	87	13,306	2,043	-20.2%
Regional	40	6,953	955	-2.3%	79	11,554	1,642	-14.5%
Berlin	5	844	190	-52.7%	8	1,751	401	-37.2%
Frankfurt	3	603	73	216.7%	6	969	163	-32.3%
Hamburg	3	542	79	-5.5%	4	692	108	28.3%
Munich	n/a	n/a	n/a	-60.8%	5	573	144	-64.0%

Volume transacted in EUR, millions. No information displayed when < 3 deals. \*Refers to the % change in transaction volume from the previous period.

A contingency of 5% is assumed for 2022, based on the past experience with additional deals being revealed in several months after the period.

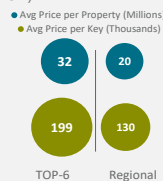
Source: Cushman & Wakefield

### ANNUAL TRANSACTION VOLUMES (2012 - 2022, EUR MILLIONS)



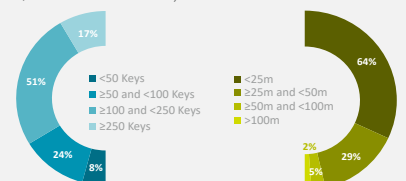
Source: Cushman & Wakefield / RCA

### AVERAGE TRANSACTION PRICE (2022, EUR)



\*Top 6 cities include Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich

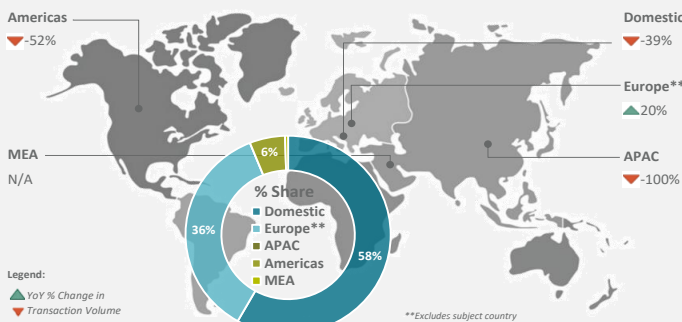
### BREAKDOWN BY NO. OF ROOMS SOLD & DEAL SIZE (2022, % SHARE OF DEALS)



Source: Cushman & Wakefield

## NATURE OF INVESTMENTS

### TRANSACTION VOLUME\* BY SOURCE OF CAPITAL (% CHANGE, 2022 vs 2021)



Source: Cushman & Wakefield

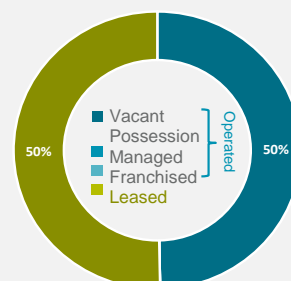
\*Based on buyers whose identity is known

### TRANSACTION VOLUME PER HOTEL CLASS (% CHANGE, 2022 vs 2021)

HOTEL CLASS	% OF TOTAL VOLUME	% CHANGE	HOTEL CLASS	% OF ROOMS SOLD	% CHANGE
Luxury	12%	▼ -41%	Luxury	5%	▼ -2%
Upper Upscale	8%	▲ 35%	Upper Upscale	6%	▲ 60%
Upscale	12%	▼ -77%	Upscale	12%	▼ -70%
Upper Midscale	20%	▲ 28%	Upper Midscale	24%	▲ 37%
Midscale	27%	▲ 41%	Midscale	29%	▲ 111%
Economy	21%	▲ 31%	Economy	24%	▲ 37%

Source: Cushman & Wakefield

### TRANSACTION VOLUME BY OPERATING STRUCTURE (2022, % SHARE)



Source: Cushman & Wakefield

### TRANSACTION VOLUME BY TYPE OF INVESTOR (2022, % SHARE OF TOTAL VOLUME)

	BUYERS (% Share)		SELLERS (% Share)	
	Last 12 Months	% Change	Last 12 Months	% Change
Institutional	47%	-32%	20%	-39%
Private	51%	-16%	73%	-7%
Public	1%	-81%	5%	-71%
User/Other	1%	N/A	2%	-66%

Source: Cushman & Wakefield / RCA

## MAJOR DEALS

### SELECTED MAJOR HOTEL TRANSACTIONS IN 2022

Quarter	Property	Market	Keys	Buyer	Buyer Origin	Seller	Seller Origin
Q4 2022	Grandhotel Hessischer Hof	Frankfurt am Main	121	Peakside Capital Advisors	DEU	Hessische Hausstiftung	DEU
Q4 2022	Marriott Autograph Collection Caro & Selig	Tegernsee	125	Union Investment	DEU	Planquadrat	AUT
Q4 2022	Premier Inn Hanover City University	Hanover	179	Perial	FRA	Bavaria Investment	DEU
Q4 2022	B&B Hotel Cuxhaven	Cuxhaven	101	Arbireo Capital	DEU	Köhler & Brandt	DEU
Q4 2022	B&B Hotel Ravensburg	Ravensburg	105	Arbireo Capital	DEU	Geiger Gruppe	DEU
Q3 2022	Joyn Dusseldorf	Dusseldorf	70	Union Investment	DEU	Corestate Capital	LUX
Q3 2022	A Rosa Grand Spa Resort Sylt	Sylt	177	Wirtgen Invest	DEU	Deutsche Immobilien Invest	DEU
Q3 2022	Campanile Offenbach	Offenbach	186	Perial	FRA	Eyemaxx Real Estate (Insolvency)	DEU
Q3 2022	me and all Hotel Dusseldorf-Oberkassel	Dusseldorf	249	Ampega	DEU	Concepta	DEU
Q3 2022	Moxy & AC by Marriott Wurzburg	Wurzburg	344	Confidential	Confidential	Unit Projekt	DEU
Q3 2022	Hotel Hanseatischer Hof	Lubeck	191	Revitalis	DEU	Art Invest	DEU
Q3 2022	Stayery Frankfurt	Frankfurt am Main	65	Leyendecker Gruppe	DEU	Schütt Gruppe	DEU
Q2 2022	Moxy & Residence Inn Hamburg-Altona	Hamburg	264	BNP Paribas REIM	DEU	Benchmark Real Estate Development	DEU
Q2 2022	B&B Hotel Munich-Trudering	Munich	135	Aberdeen Standard	GBR	Al Zayani Investments	BHR
Q2 2022	Hopper Hotel St. Josef	Cologne	65	LFPI Hotels	DEU	Private Owner	DEU
Q2 2022	A&O Hotel Berlin Hauptbahnhof	Berlin	300	A&O Hotels and Hostels/TPG	GBR	Mecklenburgia Hotel Invest	DEU
Q2 2022	MEININGER Hotel Bremen	Bremen	126	Magna Asset & KVG Hansainvest	DEU	Buhlmann Immobilien	DEU
Q1 2022	Premier Inn Braunschweig City Centre	Braunschweig	203	Art Invest	DEU	DIO Deutsche Immobilien Opportunitaten	DEU
Q1 2022	SMARTments Frankfurt	Frankfurt am Main	128	Aberdeen Standard	GBR	GBI	DEU
Q1 2022	Sheraton Berlin Grand Hotel Esplanade	Berlin	394	Deutsche Finance	DEU	Archer Capital	USA

### GERMANY TRANSACTIONS - MAP VIEW 2022

<€1M <€400M

#### Hamburg

Transaction Volume € 108  
Properties Sold 4  
Rooms Sold 692

#### Berlin

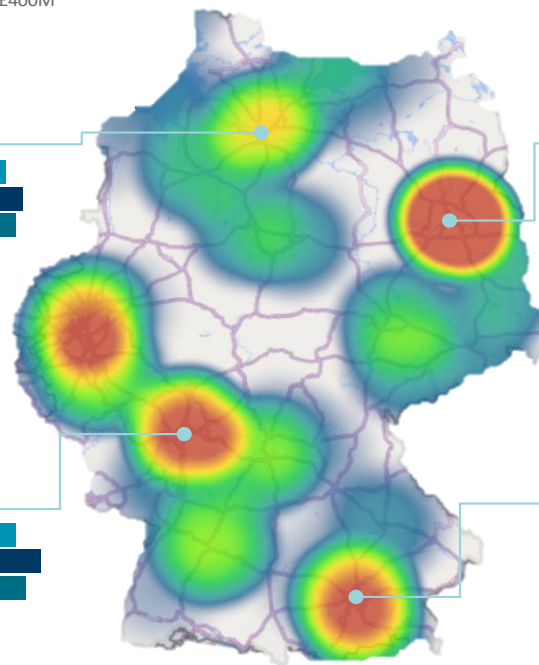
Transaction Volume € 401  
Properties Sold 8  
Rooms Sold 1,751

#### Frankfurt

Transaction Volume € 163  
Properties Sold 6  
Rooms Sold 969

#### Munich

Transaction Volume € 144  
Properties Sold 5  
Rooms Sold 573



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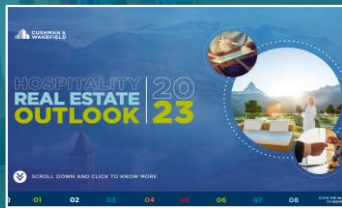
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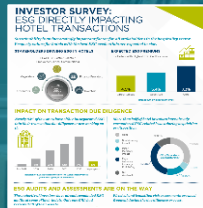
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## RECENT PUBLICATIONS



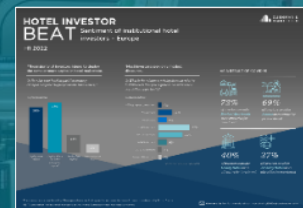
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**INVESTOR ESG SURVEY Europe - 2022**



**HOTEL OPERATOR BEAT Europe - H1 2022**



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