

MARKET BEAT

GERMANY

Hospitality H1 2023



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MARKET SUMMARY & OUTLOOK

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

Hotel investment activity in H1 2023 declined 52% compared to last year, totalling €410 M, as the market continues to be impacted by high interest rates and restrictive lending terms. Therefore the investment was characterized by small, single-asset deals with an average size of €16M . Investment sentiment is expected to rebound in 2024 as interest rates stabilise and hotel performance continues to improve.

Prime yields in the hotel sector have risen to above 5% as inflation and interest rates remain high. Evidence in the core sector is limited as acquisition activity has shifted towards value add and opportunistic deals. Yields are expected to stabilise at current levels towards end of the year with the ECB unlikely to further increase their policy rate in light of economic headwinds and declining inflation.

Hotel performance continued its strong growth in H1 2023 with RevPAR across Germany improving by 44% compared to H1 2022, remaining only marginally behind 2019 results. This was driven by a sharp rise in occupancy levels from 50% to 62% accompanied by an average rate growth of 16% vs 2022. Performance is expected improve further in 2023 as demand continues to boom and supply growth is constrained.

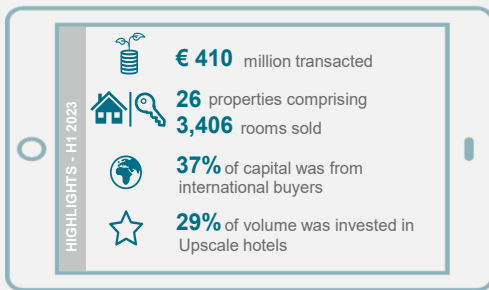
New supply will enter the market although at a much slower pace than previous years. Development activity continues to suffer due to high construction and financing costs and rising yields, making many developments not feasible. Focus has therefore shifted to conversions of hotel stock and offices in cases where owners are struggling with decreasing demand and rising vacancy.

Tourism demand developed very favourably in H1 2023 with overnight stays growing by 16% compared to H1 2022, only 2 percentage points behind 2019 results. This growth is driven by leisure tourism which rebounded very swiftly while corporate demand remains below historic levels. The outlook for 2024 is optimistic with Oxford Economics expecting overnight stays to surpass 2019 levels.

Sources: Cushman & Wakefield, STR, Oxford Economics

Note: Contingency of 5% is applied for transactions in H2 2022 and H1 2023, as some deals are revealed with notable delay.

INVESTMENT TRENDS



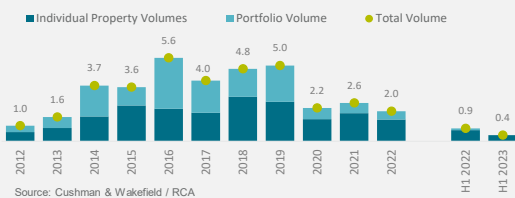
RECENT TRANSACTION TRENDS

	Last 6 months (H1 2023)				CALENDAR YEAR 2022			
	Properties Sold	Rooms Sold	Volume Transacted	% Change*	Properties Sold	Rooms Sold	Volume Transacted	% Change*
Germany	26	3,406	410	-51.9%	86	13,043	1,998	-21.9%
Regional	24	3,090	360	-44.8%	78	11,335	1,606	-16.2%
Berlin	2	316	n/a	n/a	8	1,708	391	-38.8%
Frankfurt	0	0	0	0	6	952	159	-33.1%
Hamburg	2	275	n/a	n/a	4	685	106	26.6%
Munich	1	26	n/a	n/a	5	559	142	-64.6%

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

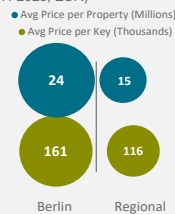
Source: Cushman & Wakefield

ANNUAL TRANSACTION VOLUMES (2012 - H1 2023, EUR MILLIONS)



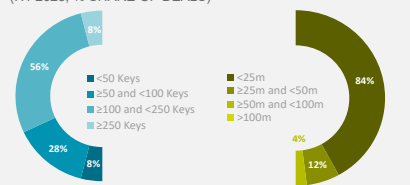
Source: Cushman & Wakefield / RCA

AVERAGE TRANSACTION PRICE (H1 2023, EUR)



Berlin Regional

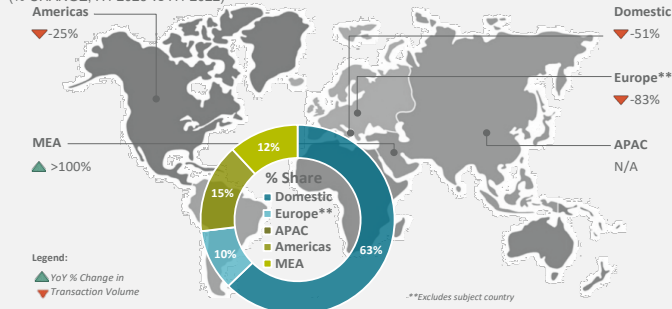
BREAKDOWN BY NO. OF ROOMS SOLD & DEAL SIZE (H1 2023, % SHARE OF DEALS)



Source: Cushman & Wakefield

NATURE OF INVESTMENTS

TRANSACTION VOLUME* BY SOURCE OF CAPITAL (% CHANGE, H1 2023 vs H1 2022)



Source: Cushman & Wakefield

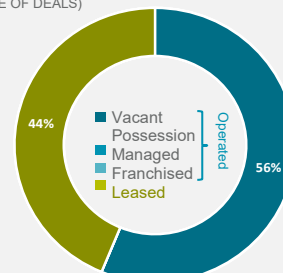
*Based on buyers whose identity is known

TRANSACTION VOLUME PER HOTEL CLASS (% CHANGE, H1 2023 vs H1 2022)

HOTEL CLASS	% OF TOTAL VOLUME	% CHANGE	HOTEL CLASS	% OF ROOMS SOLD	% CHANGE
Luxury	0%	-100%	Luxury	0%	-100%
Upper Upscale	17%	-55%	Upper Upscale	11%	-48%
Upscale	29%	-31%	Upscale	32%	15%
Upper Midscale	20%	45%	Upper Midscale	23%	72%
Midscale	21%	-52%	Midscale	20%	-41%
Economy	13%	-64%	Economy	13%	>100%

Source: Cushman & Wakefield

TRANSACTIONED VOLUME BY OPERATING STRUCTURE (H1 2023, % SHARE OF DEALS)



Source: Cushman & Wakefield

TRANSACTIONED VOLUME BY TYPE OF INVESTOR (H1 2023, % SHARE OF TOTAL VOLUME)








	BUYERS (% Share)		SELLERS (% Share)	
	Last 6 Months	% Change	Last 6 Months	% Change
Institutional	43%	-47%	58%	84%
Private	29%	-45%	31%	-72%
Public	19%	398%	5%	14%
User/Other	8%	107%	6%	>100%

Source: Cushman & Wakefield / RCA



MAJOR DEALS

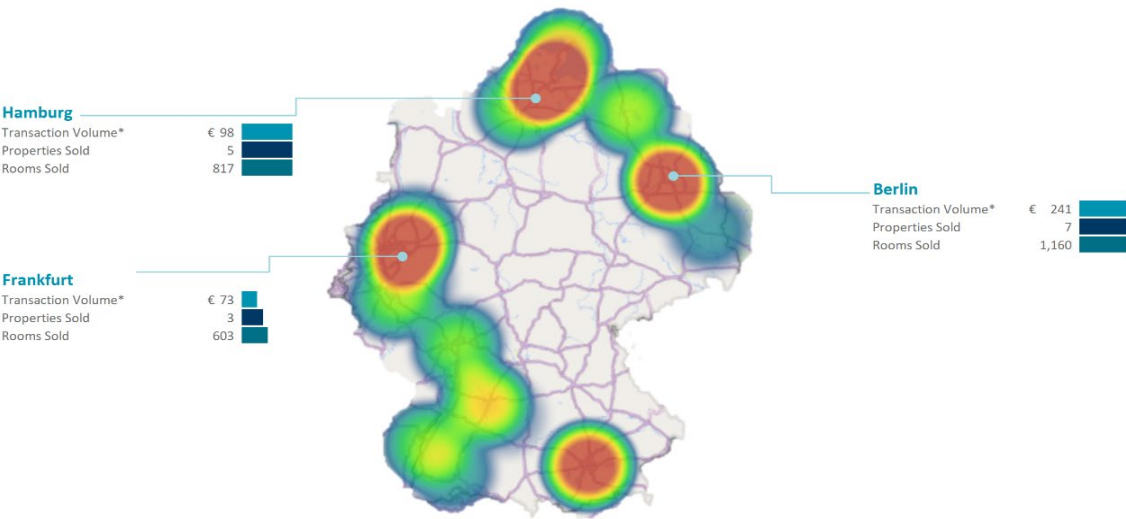
SELECTED MAJOR HOTEL TRANSACTIONS IN H1 2023

 Property	 Market	 Keys	 Buyer	 Buyer Origin	 Seller	 Seller Origin
The Waterfront - Habyt	Berlin	144	DWS	DEU	Groth Development / Investa Real Estate	DEU
Iberotel Fleesensee	Gohren Lebbin	156	Privathotels Dr. Lohbeck	DEU	Lloyd Fonds	DEU
Steigenberger Grandhotel & Spa	Heringsdorf	120	Union Investment	DEU	Resort-Hotel Kaiserbad	DEU
Steigenberger Hotel Dortmund	Dortmund	166	Union Investment	DEU	AFIAA Real Estate Investment	CHE
Steigenberger Hotel de Saxe	Dresden	185	Commerz Real	DEU	Aroundtown	DEU
Leonardo Royal Cologne Bonn Airport	Köln	250	Fattal Hotels	ISR	Pro-Invest	AUS
Mercure Hotel Heilbronn	Heilbronn	136	Premier Inn	DEU	Investhotel Gruppe	DEU
Premier Inn	Berlin	157	Premier Inn	DEU	PROJECT	DEU
Stays by friends Bochum	Bochum	177	Alchemy Partners	GBR	Anter Group	DEU
Holiday Inn Express Offenburg	Offenburg	149	Quadoro Doric Real Estate	DEU	Zeitgeist Estates / Oxalis REIM / Property3 Group	DEU

Note: Sorted by date of transaction.

GERMANY TRANSACTIONS - MAP VIEW H2 2022 - H1 2023

<€1M <€250M



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RECENT PUBLICATIONS



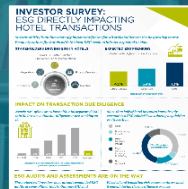
**HOTEL MARKET
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Europe - Q1 2023



**HOTEL OPERATOR
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DACH - H1 2023



**HOSPITALITY REAL
ESTATE OUTLOOK**
2023



**INVESTOR ESG
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