

MARKET SUMMARY & OUTLOOK

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

The first half of the year was marked by a sharp downturn in hotel transactions, with Italian volumes reaching €404M in H1 2023, a 54% decrease relative to H1 2022. This slowdown can be partially attributed to the limited availability of properties for sale, impeding volume expansion, while interest in the sector remains high.

Limited transactional evidence within previous months has restricted transparency on the outward yield shift. Nonetheless, it is anticipated that prime assets in the luxury sector will maintain their yield profile. Meanwhile, secondary assets saw an increase in yields in the first half of the year, which is expected to continue in H2 2023.

The Italian hotel market has recovered from the impact of the COVID-19 pandemic (H1 2023 RevPAR +38% vs 2019), with occupancy levels close to those recorded in 2019. This has been accompanied by a robust ADR growth that surpassed 2019 levels by more than 40% in H1 2023, beating the general inflation in Italy.

H1 2023 saw a total of 29 new hotel openings (rebranding/conversions) with roughly 2,500 rooms in the 4 and 5-star categories. Significant openings included the 5* Luxury Bulgari in Rome (114 keys) and the Portrait (73 keys) in Milan. Supply is expected to grow by a minimum of 54 projects planned by 2027.

Tourism demand in all Italian destinations continues to improve, returning close to pre-pandemic levels. Due to the geopolitical challenges, the tourist flows have shifted with increased visitation from the United States, compensating for the still missing demand from Russia and China, which for the latter is expected to return to full capacity in 2024.

Sources: Cushman & Wakefield, ISTAT, STR

INVESTMENT TRENDS

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

HIGHLIGHTS - H1 2023

- € 404 million transacted
- 26 properties comprising 2,813 rooms sold
- 45% of capital was from international buyers
- 40% of volume was invested in Upscale hotels

RECENT TRANSACTION TRENDS

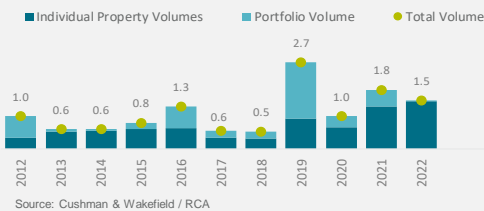
	Last 6 months (H1 2023)				CALENDAR YEAR 2022			
	Properties Sold	Rooms Sold	Volume Transacted	% Change*	Properties Sold	Rooms Sold	Volume Transacted	% Change*
Italy	26	2,813	404	-53.9%	57	5,667	1,499	-18.3%
Regional	24	2,321	316	-46.9%	51	4,976	1,018	-34.5%
Rome	2	492	88	-68.6%	6	691	481	71.9%
Milan	4	334	69	-10.7%	4	454	102	-57.4%
Venice	1	298	28	523.0%	3	483	55	-72.1%

Volume transacted in EUR, millions

*Refers to the % change in transaction volume from the previous period

Source: Cushman & Wakefield

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

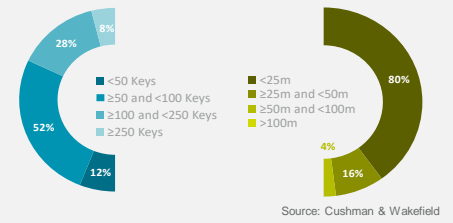


Source: Cushman & Wakefield / RCA

AVERAGE TRANSACTION PRICE (H1 2023, EUR)



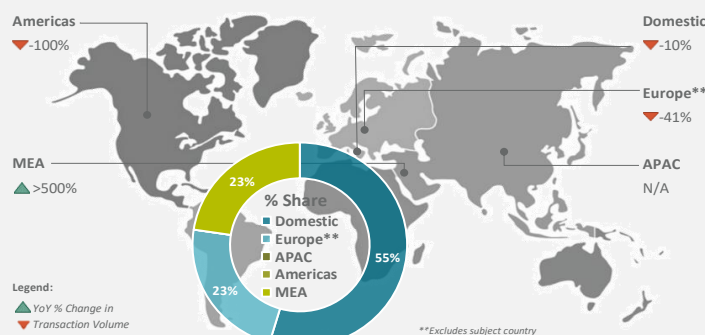
BREAKDOWN BY NO. OF ROOMS SOLD & DEAL SIZE (H1 2023, % SHARE OF DEALS)



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	22%	259%	Upper Upscale	11%	142%
Upscale	40%	198%	Upscale	41%	342%
Upper Midscale	0%	-100%	Upper Midscale	0%	-100%
Midscale	23%	>500%	Midscale	18%	90%
Economy	15%	>100%	Economy	30%	>100%

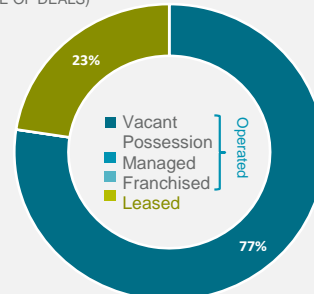
Source: Cushman & Wakefield

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

	BUYERS (% Share)		SELLERS (% Share)	
	Last 6 Months	% Change	Last 6 Months	% Change
Institutional	0%	-100%	44%	-22%
Private	71%	-36%	56%	-89%
Public	0%	0%	0%	-100%
User/Other	29%	>100%	0%	-100%

Source: Cushman & Wakefield / RCA

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



Source: Cushman & Wakefield

MAJOR DEALS

SELECTED MAJOR TRANSACTIONS (ITALY, H1 2023)

Property	Market	Keys	Buyer	Buyer Origin	Seller	Seller Origin
HD8 Hotel Milano	Milan	79	Fondazione della Cassa risparmio di Lucca	ITA	Covivio	FRA
Antares Hotel Rubens	Milan	87	C-Hotels	ITA	Private	ITA
Hotel Savoy Roma	Rome	120	Isrotel	ISR	Private	ITA
Crivi's Hotel Milano	Milan	86	Extro Hotels	ITA	Private	ITA
43 Station Hotel	Milan	66	Milano Cap Re	ITA	Private	ITA
Grand Hotel Gardone Riviera	Gardone Riviera (BS)	167	Apex Alliance / Paval Holding	LTU / ROU	Grand Hotel	ITA
Hotel Principe di Lazise	Lazise (VR)	127	Fattal Hotel Group	ISR	Bain Capital Credit	USA
UNA Poggio Dei Medici	Scarperia (FI)	70	Private	ARG	Gruppo Unipol	ITA
Club Hotel Olivi	Malcesine (VR)	80	Consul	ITA	Private	ITA
Piccolo Hotel	Forte dei Marmi (LU)	30	Mercury Group	ROU	Piccolo Hotel	ITA
B&B Hotel Portfolio - 6 assets	Multi-City	511	ENPACL	ITA	Oaktree	USA
A&O Hostel Venezia Mestre	Mestre (VE)	284	Campus X	ITA	A&O Hostel GmbH & Co KG	GER
Hotel Midas Roma	Rome	349	Zeitgeist AM	CZE	Varde Partners	USA

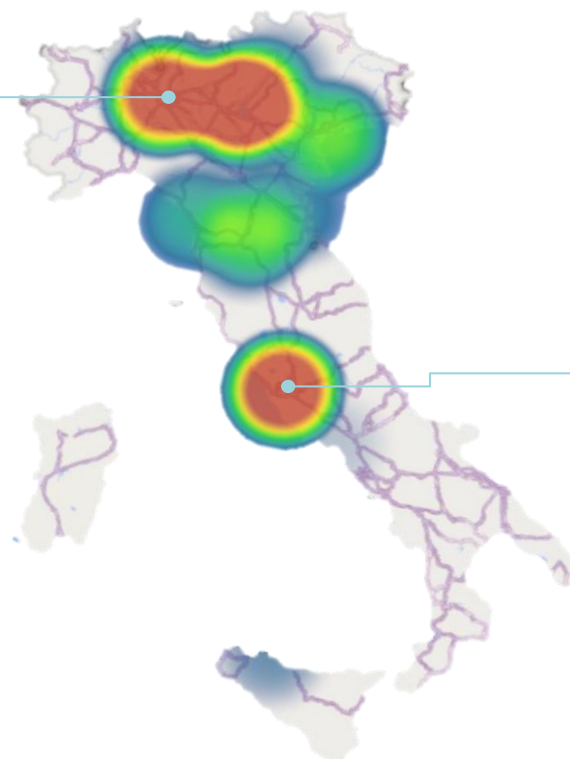
Note: Sorted by date of transaction.

ITALY TRANSACTIONS - MAP VIEW 2023

<€1M <€90M

Milan

Transaction Volume*	€ 69
Properties Sold	4
Rooms Sold	334



Rome

Transaction Volume*	€ 88
Properties Sold	2
Rooms Sold	492

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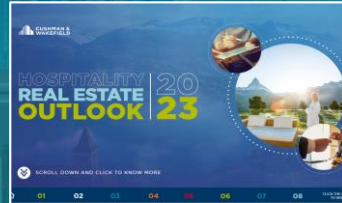
RECENT PUBLICATIONS



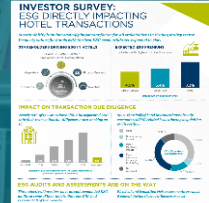
**HOTEL MARKET
BEAT**
Europe - Q1 2023



**MARKET
OVERVIEW**
Italy - H1 2023



**HOSPITALITY REAL
ESTATE OUTLOOK**
2023



**INVESTOR ESG
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