

# MARKETBEAT EUROPE

Hospitality Full Year 2020

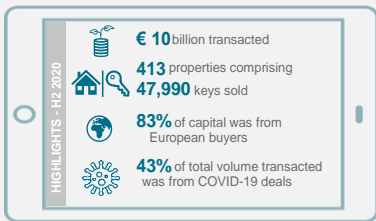


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## MARKET SUMMARY OUTLOOK

	YoY Chg	12-Mo. Forecast	
Investment Trends	▼	▲	While hotel transaction volume in Europe declined considerably (down by 63%), there was still €10 billion of deals closed in 2020. Almost 43% of volume was committed after the pandemic outbreak, driven primarily by European investors. Going forward, transaction activity is expected to pick-up in the second half of the year, with a number of assets already on the market.
Prime Yields	▲	▲	There was limited evidence of decompressing yields in 2020. Going forward, upward pressure is expected due to current uncertainties and constrained financing, albeit primarily outside the core markets. This is likely to be offset by the notable capital that has been raised for hotel investment but is struggling to find opportunities. These two trends should help reduce the current bid-ask gap and invigorate deal activity.
Market Performance	▼	▲	The European hotel market recorded a sharp RevPAR decline in 2020, down by 70% to approximately €24. This was driven by a nearly 63% fall in occupancy to 27%, while ADR dropped by 16% to €92. Going forward, the restrictions are expected to remain during H1 2021, with hopes for performance recovery to start in H2, once the vaccination efforts gain more significant momentum.
Supply	▲	▲	While there are several markets across Europe with a notable pipeline, the current crisis is causing many projects to be delayed or cancelled. This should help with the performance recovery, once travel resumes.
Demand	▼	▲	After some signs of a rebound during the summer in 2020, travel across Europe sharply declined again in autumn, resulting in an overall fall in international arrivals by 71% and hotel bookings by 58% (according to WTTC). Recovery is expected to start in H2 2021, driven by domestic and short-haul leisure travel. Nevertheless, it is expected to take 3-4 years before the demand will reach 2019 levels.

## INVESTMENT TRENDS

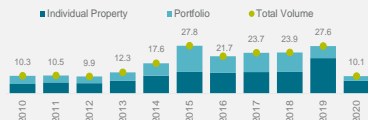


### RECENT TRANSACTION TRENDS

	CALENDAR YEAR		% Change*
	2019	2020	
Properties Sold	958	413	-56.9%
Rooms Sold	135,397	47,990	-64.6%
Volume Transacted*	€ 27,555	€ 10,133	-63.2%

\*Volume transacted in EUR, millions

### ANNUAL TRANSACTION VOLUMES (2010 - 2020, EUR BILLIONS)



Source : Cushman and Wakefield / RCA

### AVERAGE TRANSACTION PRICE (2020, EUR)

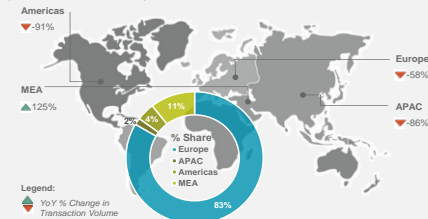


### BREAKDOWN BY NO. OF KEYS SOLD & DEAL SIZE (2020, % SHARE OF DEALS)



## NATURE OF INVESTMENTS

### TRANSACTION VOLUME BY SOURCE OF CAPITAL (% CHANGE, 2020 vs. 2019)



### TOP-10 MARKETS BY TRANSACTION VOLUME (2020, EUR BILLIONS)

No.	Country	2019	2020	Change
1	United Kingdom	5.4	2.3	-58%
2	Germany	4.9	1.8	-64%
3	Spain	1.5	1.2	-20%
4	Italy	3.2	0.9	-71%
5	France	3.0	0.8	-73%
6	Portugal	0.6	0.5	-14%
7	Sweden	0.4	0.4	5%
8	Netherlands	2.5	0.4	-85%
9	Switzerland	0.4	0.3	-9%
10	Greece	0.3	0.3	-10%

### TRANSACTION VOLUME BY TYPE OF INVESTOR (2020, % SHARE OF TOTAL TRANSACTIONS)

Investor Type	BUYERS (% Share)		SELLERS (% Share)	
	Last 12 Months	% Change	Last 12 Months	% Change
Institutional	48%	-68%	34%	-72%
Private	40%	-16%	59%	-24%
Public	11%	-83%	4%	-93%
User/Other	1%	-63%	4%	30%

### TRANSACTION VOLUME BY LOCATION TYPE, DEV. STAGE & COVID-19 STATUS (2020, % SHARE OF TOTAL TRANSACTION)



Source : Cushman & Wakefield / RCA

A pre-COVID deal is a transaction that was agreed/committed before the COVID-19 outbreak

## CONTACTS US FOR FUTHER DETAILS

**Jonathan Hubbard**  
Head of Hospitality  
EMEA  
M: +44 79 2149 2681  
jonathan.hubbard@cushwake.com

**Rob Seabrook**  
Head of Hotel Transactions  
EMEA  
M: +44 77 6879 6167  
rob.seabrook@cushwake.com

**Frederic Le Fichoux**  
Head of Hotel Transactions  
Continental Europe  
M: +420 724 319 802  
Frederic.LeFichoux@eur.cushwake.com

**Carl Ridgley**  
Hospitality Valuation & Advisory  
EMEA  
M: +44 77 1015 3982  
carl.ridgley@cushwake.com

**Richard Candey**  
Head of Investor &  
Developer Services - Hospitality EMEA  
M: +44 77 0275 9173  
richard.candey@cushwake.com

**Borivoj Vokrinek**  
Strategic Advisory & Head  
of Hospitality Research EMEA  
M: +420 727 906 030  
borivoj.vokrinek@cushwake.com

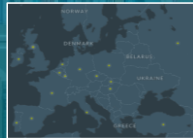
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