

MARKET BEAT

EUROPE

Hospitality H1 2022



MARKET SUMMARY & OUTLOOK

	YoY Chg	12-Mo. Forecast	
Investment Trends	▲	▬	Transaction volumes remained stagnant during H1 2022 (-0.2% vs. H1 2021), constrained by rising financing and operating costs, fears over consumer confidence, and a lack of willing sellers. A significant amount of dry powder remains to be deployed.
Prime Yields	▬	▲	Growing interest rates and uncertainty are putting upward pressure on yields. However, this has been moderated by the improving hotel cash flows and a wall of capital looking for opportunities, especially in core markets.
Market Performance	▲	▲	Hotels have benefited from a robust performance recovery during H1 2022, driven by strong ADR growth. The European RevPAR surpassed 2019 levels in May (+6%) and June (+10%). This is expected to continue, albeit at a slower pace.
Supply	▲	▲	The hotel pipeline across Europe is experiencing notable delays and cancellations due to rising construction costs and a lack of financing. Thus, the y-o-y project openings rate dropped and is expected to remain low until the year-end.
Demand	▲	▲	Driven by the leisure and domestic segments, demand has bounced back in H1 2022, despite the increasing costs. International and corporate travel has also started to pick up, although this might be dampened by the economic and geopolitical concerns.

INVESTMENT TRENDS

HIGHLIGHTS - H1 2022

- € 7.0 billion transacted
- 319 properties comprising 33,225 keys sold
- 87% of capital was from European buyers
- 45% of volume was invested in upscale and upper upscale hotels

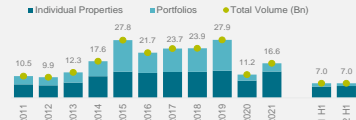
RECENT TRANSACTION TRENDS

	2020	2021	2021 H1	2022 H1	% Change
Properties Sold	473	655	315	319	1.3%
Rooms Sold	57,874	88,118	39,392	33,225	-15.7%
Volume Transacted*	€ 11.18	€ 16.61	€ 7.05	€ 7.04	-0.2%

*Volume transacted in EUR, billions
Source: Cushman & Wakefield

ANNUAL TRANSACTION VOLUMES

(2011 - H1 2022, EUR BILLIONS)



Source: Cushman & Wakefield / RCA

AVERAGE TRANSACTION PRICE

(H1 2022, EUR)

- Avg Price per Property (M)
- Avg Price per Key (K)



Source: Cushman & Wakefield

BREAKDOWN BY NO. OF KEYS SOLD & DEAL SIZE

(H1 2022, % SHARE OF DEALS)

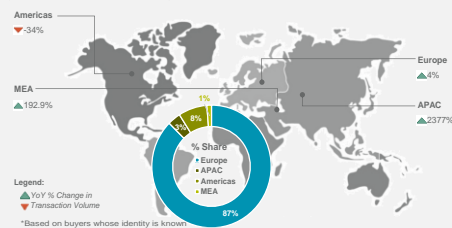


Source: Cushman & Wakefield

NATURE OF INVESTMENTS

TRANSACTION VOLUME* BY SOURCE OF CAPITAL

(% CHANGE, H1 2022 vs. H1 2021)



Source: Cushman & Wakefield

TOP 10 MARKETS BY TRANSACTION VOLUME

(EUR BILLIONS)

No.	Country	2021 H1	€	2022 H1	€	% change
1	United Kingdom	1.40		1.95		40%
2	Spain	0.82		1.25		51%
3	France	0.84		0.93		10%
4	Italy	0.55		0.82		50%
5	Germany	1.15		0.73		-36%
6	Portugal	0.06		0.20		
7	Belgium	0.01		0.18		
8	Netherlands	0.18		0.15		
9	Norway	0.14		0.15		
10	Austria	0.21		0.14		

Source: Cushman & Wakefield

TRANSACTION VOLUME PER HOTEL CLASS

(% CHANGE, H1 2022 vs. H1 2021)

HOTEL CLASS	% CHANGE	% SHARE OF TOTAL VOLUME
Luxury	-36%	15%
Upper Upscale	+68%	24%
Upscale	-43%	20%
Upper Midscale	-11%	11%
Midscale	+77%	13%
Economy	+132%	17%

Source: Cushman & Wakefield

TRANSACTION VOLUME BY TYPE OF INVESTOR

(H1 2022, % SHARE OF TOTAL VOLUME)

	BUYERS (% Share)		SELLERS (% Share)	
	Last 6 Months	% Change	Last 6 Months	% Change
Institutional	54%	28%	37%	103%
Private	43%	-18%	52%	-40%
Public	3%	194%	9%	-20%

Source: Cushman & Wakefield / RCA

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