

MARKET BEAT

ITALY

Hospitality Full Year 2023

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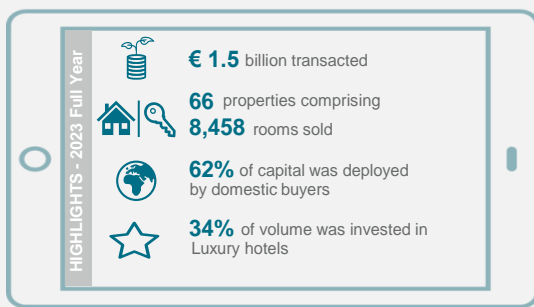
MARKET SUMMARY & OUTLOOK

	YoY Chg.	12-Mo. Forecast	
Investment Trends	▲	▲	Following a slow start, hotel investment activity surged in the second half of 2023, exceeding €1 Bn (+74% vs H2 2022). Total investment volumes for 2023 amounted to €1.5 billion (+1% vs 2022), reaffirming hospitality as a leading sector in the Italian real estate market. Key transactions included the acquisitions of Six Senses Rome, Aermont Pellicano Portfolio, and the sale of Blackstone's 35% stake in HIP.
Prime Yields	▲	▲	While transactions picked up in the latter half of the year, the yields continued to decompress, reflecting the tight lending conditions. This trend is anticipated to persist for lower-quality assets in the near term, while high-quality assets are expected to hold value, especially in the luxury sector.
Market Performance	▲	▲	In 2023, the Italian hotel sector recorded one of the highest performances in Europe (top-3), and experienced the second strongest growth relative to 2019 (+44%). This was mainly driven by a strong increase in ADR (+46%), while occupancy stands 1% below 2019 levels. Among European key markets, Rome experienced the fastest RevPAR growth (+55% vs 2019). Looking ahead, we expect moderate RevPAR growth in 2024.
Supply Outlook	▲	▲	H2 2023 was marked by numerous new openings of 5-star hotels, primarily situated in Italy's top four tourist destinations. The most notable was the Palazzo Cordusio, a Gran Meliá Hotel (84 keys) in Milan, while a substantial expansion occurred in the key Italian mountain and lake tourist destinations. In 2024, over 55 hotels are expected to open across Italy, although in Rome and Milan the supply growth will remain below 2%.
Demand Outlook	▲	▲	Italy's tourism sector demonstrated a sustained demand recovery throughout 2023, with domestic travelers and international visitors generating an estimated 154 million overnight stays (+12% on 2022) and 120 million overnight stays (+18% on 2022), respectively. In 2024, increase in international travel will be the key driver of growth, with mounting interest in Italy's major leisure sea, mountain and lake destinations.

INVESTMENT TRENDS

Sources: Cushman & Wakefield, ISTAT, STR

Note: A contingency of 5% is assumed for transactions in the last 12 months, as some deals are revealed with notable delay.



RECENT TRANSACTION TRENDS

	Last 6 months (H2 2023)				Current Year (2023)			
	Properties	Rooms	Volume	% Change*	Properties	Rooms	Volume	% Change*
Italy	37	5,413	1,034	74%	66	8,458	1,480	1%
Regional	30	4,887	670	67%	57	7,355	1,017	2%
Rome	6	526	364	90%	9	1,103	463	-2%
Milan	2	93	76	220%	6	427	144	44%

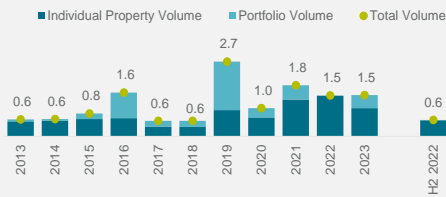
Volume transacted in EUR millions

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

Source: Cushman & Wakefield

ANNUAL TRANSACTION VOLUMES

(2013 - 2023, EUR BILLIONS)



Source: Cushman & Wakefield / RCA

AVERAGE TRANSACTION PRICE

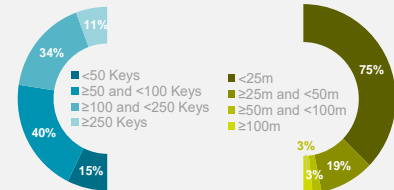
(2023, EUR)

● Avg Price per Property Millions
● Avg Price per Key Thousands



BREAKDOWN BY NO. OF ROOMS SOLD & DEAL SIZE

(2023, % SHARE OF DEALS)

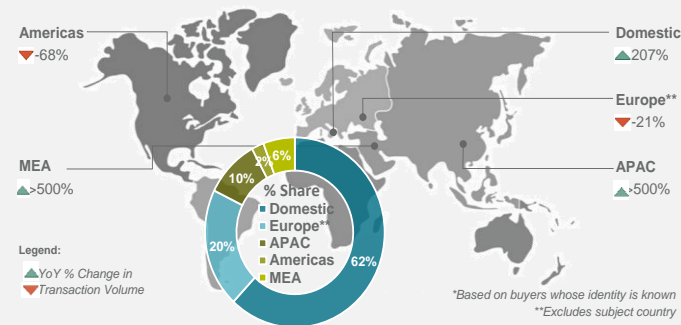


Source: Cushman & Wakefield

NATURE OF INVESTMENTS

TRANSACTION VOLUME* BY SOURCE OF CAPITAL

(% CHANGE, 2023 vs 2022)



Source: Cushman & Wakefield

TRANSACTION VOLUME PER HOTEL CLASS

(% CHANGE, 2023 vs 2022)

HOTEL CLASS	% OF TOTAL VOLUME	% CHANGE	HOTEL CLASS	% OF ROOMS SOLD	% CHANGE
Luxury	34%	-57%	Luxury	5%	-73%
Upper Upscale	14%	>500%	Upper Upscale	15%	>500%
Upscale	31%	185%	Upscale	41%	231%
Upper Midscale	8%	5%	Upper Midscale	15%	16%
Midscale	10%	151%	Midscale	12%	-52%
Economy	5%	-8%	Economy	12%	30%

Source: Cushman & Wakefield

TRANSACTIONED VOLUME BY TYPE OF INVESTOR

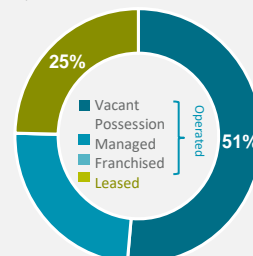
(2023, % SHARE OF TOTAL VOLUME)

	BUYERS (% Share)		SELLERS (% Share)	
	Current Year	% Change	Current Year	% Change
Institutional	21%	-70%	51%	29%
Private	60%	75%	45%	14%
Public	0%	0%	5%	58%
User/Other	19%	>500%	0%	-100%

Source: Cushman & Wakefield / RCA

TRANSACTIONED VOLUME BY OPERATING STRUCTURE

(2023, % SHARE OF DEALS)



Source: Cushman & Wakefield

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MAJOR DEALS OF 2023

SELECTED MAJOR HOTEL TRANSACTIONS IN 2023

Property	Market	Keys	Buyer	Buyer Origin	Seller	Seller Origin
Six Senses	Rome	95	Gruppo Statuto	ITA	Orion Capital Managers	GBR
Project Falcon - Aermont Pellicano (3 hotels)	Multi-City	121	Aermont Capital	GBR	Pellicano Hotels	ITA
Hotel Savoy Rome	Rome	120	Isrotel	ISR	Undisclosed Buyer	ITA
AMAPA Portfolio (3 hotels)	Multi-City	410	Undisclosed Buyer	N/A	AMAPA	ITA
Studio Vacanze Portfolio (2 hotels)	Multi-City	approx. 350	Undisclosed Buyer	ITA	Studiovacanze	ITA
Duomo Luxury Apartments by Rosa Grand Hotel	Milan	40	Tel Aviv Investimenti	ISR	InvestiRE SGR SpA	ITA
Grand Hotel Gardone Riviera	Gardone Riviera	167	Apex Alliance/Paval Holding	LTU	Grand Hotel Srl	ITA
Via Ludovisi 46	Rome	78	Undisclosed Buyer	N/A	Generali RE Spa Sgr	ITA
Bayview Portfolio (3 hotels)	Multi-City	537	CHC HoldinG SpA	ITA	Bayview	USA
B&B Hotel Portfolio (6 hotels)	Multi-City	511	Castello Sgr (ITA)	ITA	Castello Sgr (USA)	USA
Masseria Relais del Cardinale Fasano	Fasano	65	Edizioni Property	ITA	CPI Property Group	CZE
Baia di Conte	Alghero	305	CDP Sgr	ITA	Gruppo Santoni	ITA
Club Hotel Olivi - Malcesine	Malcesine	85	Consul S.r.l	ITA	Undisclosed Buyer	ITA
NH Hotel Torino Lingotto Congress	Torino	240	Private Investor	N/A	IPI SpA	ITA
A&O Venice 2 - Mestre	Mestre	284	Campus X	ITA	A&O Hostel GmbH & Co KG	DEU
Principe di Lazise Wellness & Spa	Lazise	127	Fattal Hotel Group	ISR	Bain Capital Credit	USA
Novotel Sesto Fiorentino	Sesto Fiorentino	180	Gruppo Borletti	ITA	Elaia SpA	ITA
HD8 Hotel Milano - piazza Duca d'Aosta	Milan	79	COIMA SGR	ITA	COVIVIO	FRA
Fifty House Cellini	Milan	49	Forte Group	ITA	Asta Fallimentare	ITA
Hotel Midas Roma	Rome	349	Zeitgeist AM	DEU	Varde Partners	USA

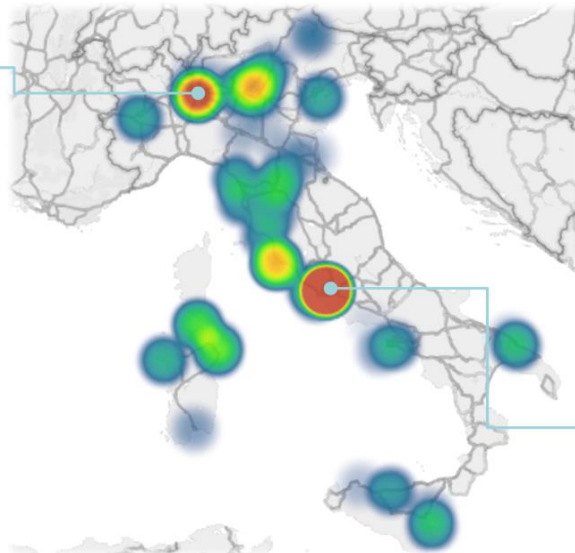
Note: Ordered by deal size

ITALY TRANSACTIONS - MAP VIEW FULL YEAR

Volumes in millions
 <€1 millions <€470 millions

Milan

Transaction Volume € 144
 Properties Sold 6
 Rooms Sold 427



Rome

Transaction Volume € 463
 Properties Sold 9
 Rooms Sold 1,103

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