



MARKETBEAT
EUROPE
HOSPITALITY H2 2024

Better never settles

MARKET FUNDAMENTALS

H2 2024	YoY Change	YoY Outlook
€10.4B Investment Volume	▲	▲
6.2% Hedonic Yields (RCA)	▼	▼
+6.7% YoY RevPAR Growth	▲	▲
3.2% YoY Supply Growth	▲	▬

INVESTMENT HIGHLIGHTS

H2 2024
486 / 63,722 Hotels / Rooms Transacted
€162,889 Average Price per Room
47% Of volume was invested in Upper Upscale & Upscale hotels

ECONOMIC INDICATORS*

H2 2024	YoY Change	YoY Outlook
1.1% YoY Real GDP Growth	▲	▲
2.2% YoY Inflation Growth	▼	▼

INVESTMENT ACTIVITY

European hotel transactions exceeded €10.4Bn in H2 2024, involving 486 properties and close to 64K rooms. Overall, European transactions reached 22.4Bn in 2024, the highest volume since 2019, up 37% from 2023 (12% behind 2015-2019 average). The UK, Spain and France were the most active hotel investment markets, accounting for 59% of European volumes in 2024 with €13.2Bn (+38% vs 2023). Notably, the UK reclaimed its leading position in Europe, with €7.8 billion transacted in 2024 (+197% vs 2023). Among the top 10 markets, the most notable increases in investments relative to 2023 were in Greece (+294%), Norway (+248%), Ireland (+218%) and the UK (+197%).

PRIME YIELDS

The average price per room in Europe was €163K in H2 2024, down from €188K in H2 2023. This decline reflects shifts in transaction composition (by class and location) rather than an indication of continued discounting in the hotel sector. On the contrary, following decompression in 2023, yields remained generally stable in 2024, with values further supported by growing income and minor compressions for the "best of the best" deals in markets with high entry barriers. According to MSCI, cap rates in Europe declined by 3.9bps between Q4 2023 and Q4 2024.

SUPPLY

Despite strong interest in the hospitality sector, new hotel development has slowed in recent years due to rising construction costs, reduced leverage and higher debt expenses. While converting underutilized office spaces into hotels has gained traction, especially in major cities like London, Paris, Rome, and Madrid, the pace of these conversions is expected to decelerate beyond 2025.

PERFORMANCE

In 2024, hotels benefited from strong performance, with RevPAR surpassing 2023 by 6% (+29% vs 2019). This was driven by a 4% increase in ADR and a 1.1 pp. gain in occupancy (-1.9 pp. vs 2019). The Eastern and Southern Europe regions led the RevPAR growth (+12% and +7% vs 2023, respectively). Among the key European markets, Athens, Madrid and Edinburgh saw the highest RevPAR increases (>18%).

RECENT TRANSACTION TRENDS

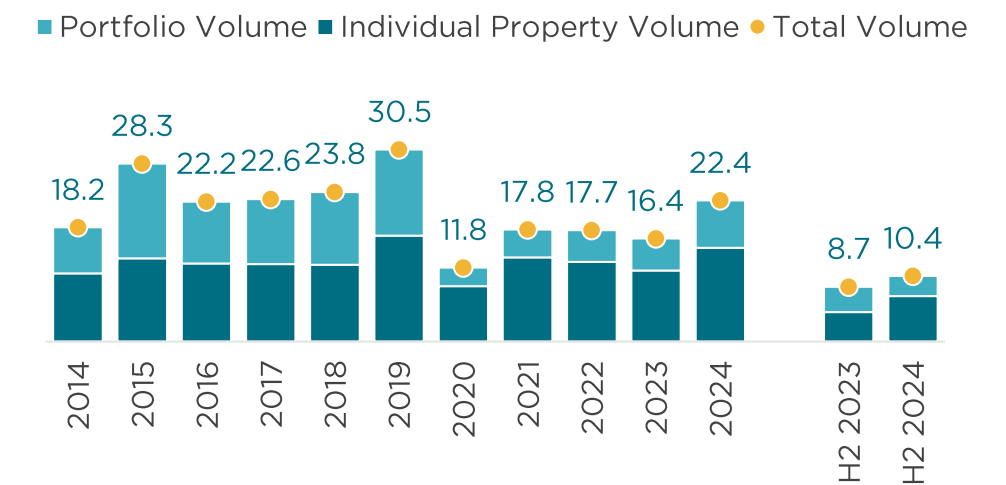
(EUR, MILLIONS)

	Last 6 Months (H2 2024)		
	H2 2024	H2 2023	% Change
Hotels	486	415	17%
Rooms	63,722	61,305	4%
Volume	10,406	8,688	20%

	Current Year (2024)		
	CY 2024	CY 2023	% Change
Hotels	991	754	31%
Rooms	120,270	102,566	17%
Volume	22,435	16,375	37%

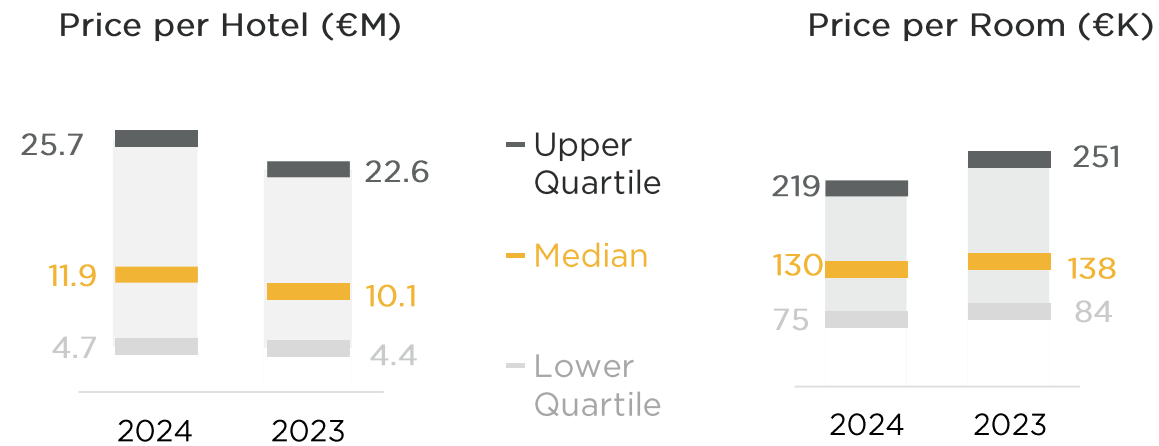
ANNUAL TRANSACTION VOLUMES

(EUR, BILLIONS)

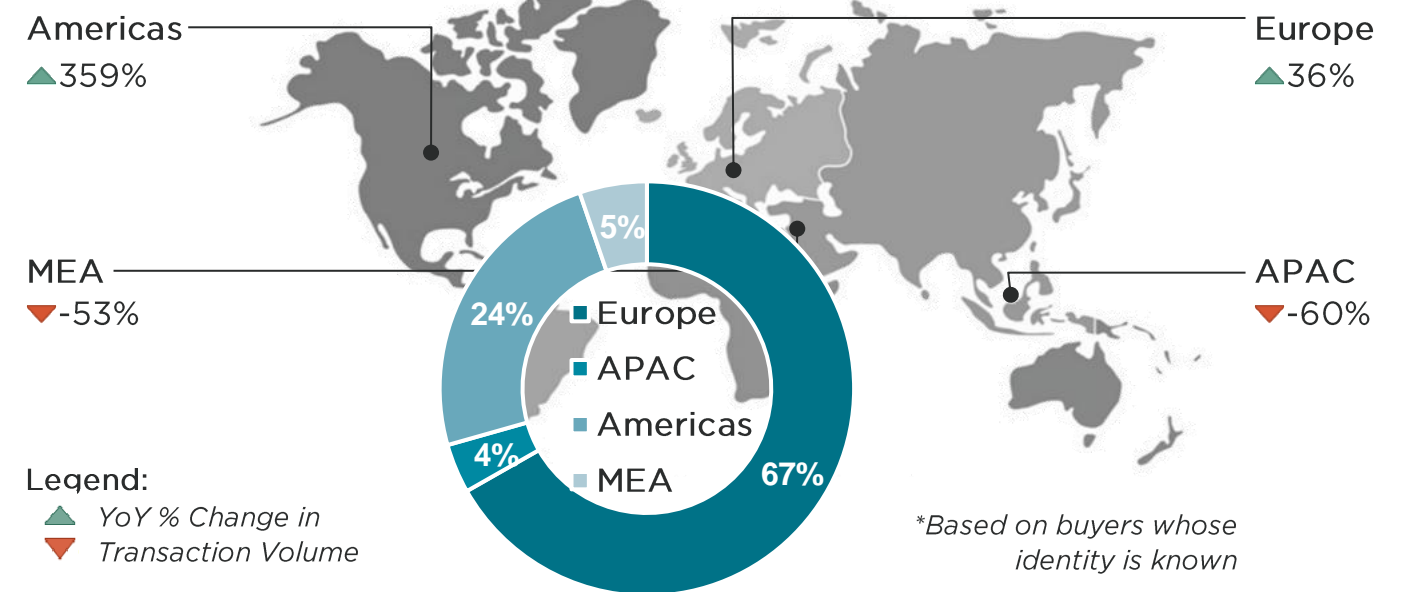


Source: Cushman & Wakefield / CoStar / Oxford Economics / Moody's / Eurostat / RCA
*Euro Zone

TRANSACTION PRICE PER HOTEL & ROOM (2024)

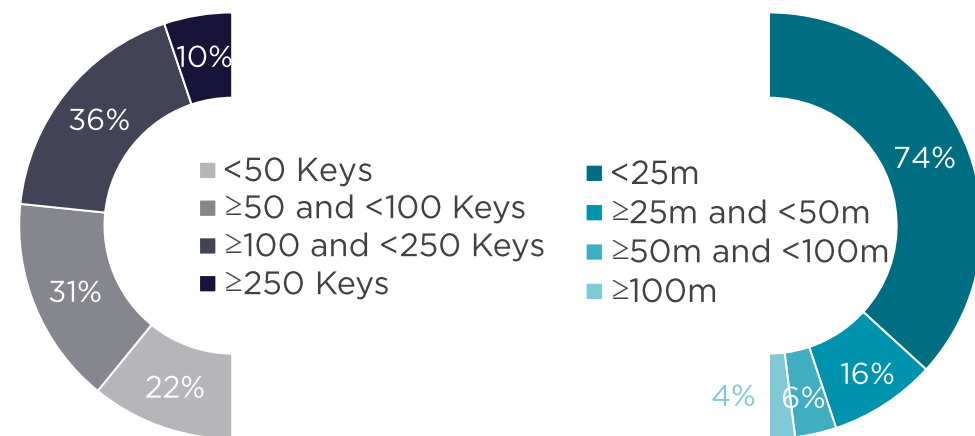


TRANSACTION VOLUME BY SOURCE OF CAPITAL (2024 VS 2023)



BREAKDOWN BY NO. OF ROOMS & DEAL SIZE (2024)

% SHARE OF DEALS

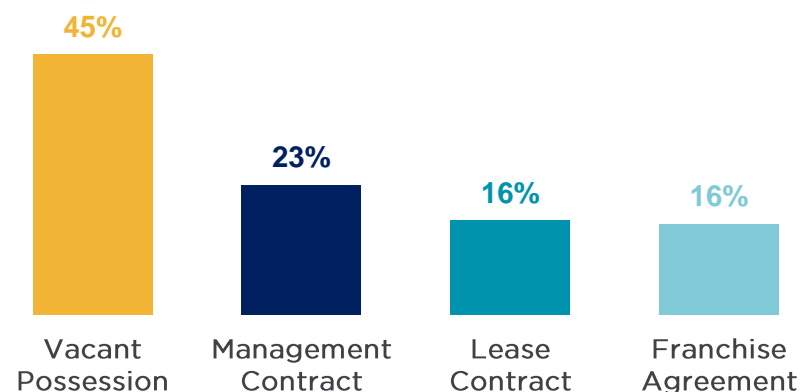


TRANSACTION VOLUME BY TYPE OF INVESTOR (2024 VS 2023)

	BUYERS (% Share of Total Volume)		SELLERS (% Share of Total Volume)	
	2024	% Change	2024	% Change
Institutional	39%	53% ▲	39%	70% ▲
Private	45%	45% ▲	40%	46% ▲
Public	13%	352% ▲	21%	258% ▲
User/Other	3%	11% ▲	1%	-25% ▼

TRANSACTION VOLUME BY OPERATING STRUCTURE (2024)

% SHARE OF DEALS (BY INVESTMENT VOLUME)



TRANSACTION VOLUME PER HOTEL CLASS (2024 VS 2023)

HOTEL CLASS	% OF TOTAL VOLUME	% CHANGE	% OF ROOMS SOLD	% CHANGE	AVG. PRICE/ROOM (EUR, '000)
Luxury	17%	▲ 53%	6%	▲ 8%	565
Upper Upscale	25%	▲ 49%	18%	▲ 41%	270
Upscale	22%	▼ -7%	23%	▼ -32%	187
Upper Midscale	17%	▲ 152%	21%	▲ 82%	161
Midscale	9%	▲ 1%	13%	▲ 1%	141
Economy	9%	▲ 20%	19%	▲ 71%	94

SELECTED MAJOR HOTEL TRANSACTIONS (2024)

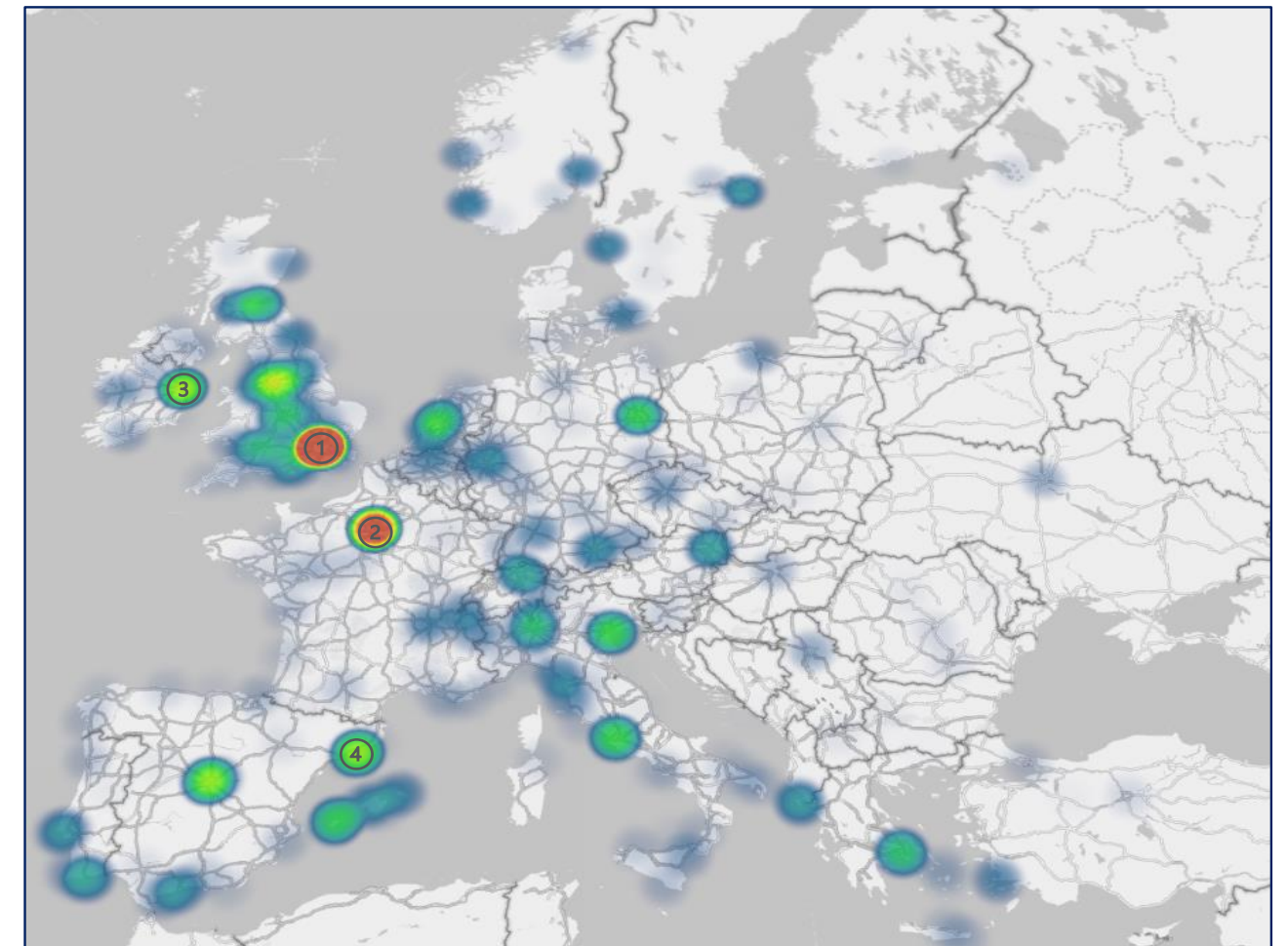
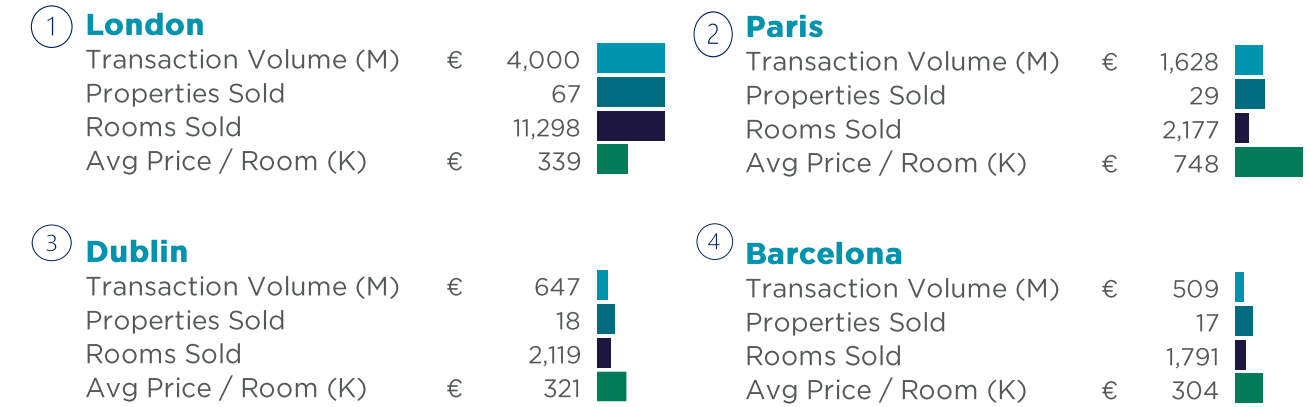
Property	Market	Rooms	Buyer	Origin	Seller	Origin
ADIA Marriott Portfolio (33 hotels)	UK, Various	c. 6,500	KKR / Amante Capital / Baupost	USA	Abu Dhabi Investment Authority (ADIA)	UAE
Village Hotels Portfolio (33 hotels)	UK, Various	c. 4,400	Blackstone	USA	KSL Capital Partners	USA
Radisson Edwardian Portfolio (10 hotels)	London	c. 2,050	Starwood Capital	USA	Edwardian Hotels	GBR
Project Leopard - Landsec Accor Portfolio (21 hotels)	UK, Various	c. 4,000	Ares Management Limited / EQ Group	USA / GBR	Landsec	GBR
Pullman Paris Tour Eiffel	FR, Paris	430	Morgan Stanley / QuinSpark Investment Partners	USA / FRA	Amundi Immobilier	FRA
BT Tower	UK, London	400	MCR Hotels	USA	British Telecoms Group	GBR
Zien Group Portfolio	NL, Various	c. 1,500	Fattal Hotels	ISR	KSL Capital Partners	USA
Hotel Bauer Rosewood	IT, Venice	191	Mohari Hospitality / Omnam Investment Group	ISR	Signa	AUT
Meliá Portfolio (3 hotels - Minority stake)	ES, Tenerife, Menorca / UK, London	1,086	Banco Santander	ESP	Meliá Group	ESP
Residence Inn Portfolio (3 hotels)	UK, London	503	Pandox	SWE	Starwood Capital	USA
The Shelbourne	IE, Dublin	265	Archer Hotel Capital	NLD/SGP	Kennedy Wilson	GBR
Dean Hotel Group Portfolio (8 hotels - Majority stake)	IE, Various	621	Elliott Management / LHC Investment Advisory	USA/GBR	Dean Hotel Group	IRL
Lxi REIT Travelodge Portfolio (Project Cobalt - 66 hotels)	UK, Various	c. 3,300	Travelodge	GBR	LXI REIT	GBR
Hilton Paris Opera	FR, Paris	268	City Developments Limited	SGP	Blackstone	USA
Grand Hyatt Athens	GR, Athens	548	HIP (Blackstone)	USA	HINES / Henderson Park	USA/ GBR
The Standard London	UK, London	266	Trinity Investments / Oaktree	USA	Crosstree Real Estate Partners	GBR
Six Senses London (Forward Funding)	UK, London	109	Gruppo Statuto	ITA	MARK / CC Land	GBR
Hotel Miguel Angel	ES, Madrid	267	Lopesan Hotel Group / Stoneweg	ESP / CHE	General Mediterranean Holding	GBR
Park Hyatt Zurich	CH, Zurich	138	Oaktree / Trinity Investments / UBS Asset Management	USA / CHE	Hyatt Hotels	USA
Mandarin Oriental Paris	FR, Paris	138	Gruppo Statuto	ITA	Mandarin Oriental	HKG

Note: Selection of largest transactions in 2024, ordered by deal size

HOTEL TRANSACTIONS HEAT MAP (2024)

Volumes in millions

<€1 millions  <€4000 millions



Source: Cushman & Wakefield

METHODOLOGY

Cushman & Wakefield's quarterly estimates are derived from a variety of data sources, including its own proprietary database, and historical data from third party data sources. The figures provided for the current quarter are preliminary, and all information contained in the report is subject to correction of errors and revisions based on additional data received.

A contingency of 5% is assumed for total transaction volumes, rooms and properties sold in the last 12 months, as some deals are revealed with notable delay.

EXPLANATION OF TERMS

Prime Yields (HMA): The prevailing initial yields (current income divided by sales price) for quality stabilized assets in prime locations, managed under Hotel Management Agreement by professional operator (the HMA is not terminable on sale or in near-term after the sale). The yields are based on actual transactions where available as well as the sentiment indicated by investors.

Average Price per Room: Transaction KPI calculated by dividing the total transaction volume by the number of rooms transacted. In case of majority deals, the number of rooms is adjusted to reflect the proportion of the volume sold. Minority deals are excluded from the calculation. Median, Upper-quartile (75%) and Lower-quartile (25%) are based on the price-per-room data over the period (not weighted by total deal size). The average price per room by hotel class is influenced by the location of hotels transacted within that class. As a result, there may be instances where a lower hotel class shows a higher average price per room if those hotels were sold in more premium locations during the period.

Operating Performance Indicators

Occupancy: Percentage of available rooms sold during the period (Rooms Sold / Rooms Available).

ADR: Average Daily Rate paid for rooms sold (Rooms Revenue / Rooms Sold).

RevPAR: Revenue Per Available Room during the period (Rooms Revenue / Rooms Available).

GOPPAR: Gross Operating Profit Per Available Room (Hotel gross operating profit / Rooms Available).

Operating/Deal Structures

Franchise Agreement Structure: A hotel operating model where the owner directly operates the property but uses a specific brand, paying fees for the brand name, standards, and marketing support, while keeping full control of day-to-day operations.

Management Contract Structure: A hotel operating model where the property is managed by a third-party hotel operator on behalf of the owner. If a hotel is managed by non-branded operator and uses brand name via franchise agreement, it is recorded as "Management Contract" structure.

Leased Contract Structure: A hotel operating model where the property is leased to a third party with fixed, variable, or hybrid (fixed and variable) rent.

Vacant Possession: A hotel that is free from any contractual encumbrances, allowing the new owner immediate and unrestricted control upon transfer. Even if a hotel has franchise agreement or management contract or lease contract in place, but it expires on sale or it is terminable on sale, the deal is considered as "Vacant Possession" sale.

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AUTHORS**BORIVOJ VOKRINEK**

Strategic Advisory & Head of Hospitality Research EMEA

M: +42 0727 906 030

borivoj.vokrinek@cushwake.com

LISE KELLER

Consultant

Strategic Advisory & Hospitality Research EMEA

M: +44 7799 159 306

lise.keller@cushwake.com

KEY CONTACTS

UK & IRELAND

ED FITCH
Head of Hospitality, UK&I
M: +44 7760 405 978
E: ed.fitch@cushwake.com

CARL RIDGLEY
Head of Hospitality Valuation, EMEA
M: +44 7710 153 982
E: carl.ridgley@cushwake.com

CEE & SEE

NICOLAS HORKY
Head of Hotel Transactions,
CEE & SEE
M: +420 720 842 703
E: nicolas.horky@cushwake.com

ALINA CAZACHEVICI
Head of Valuation & Advisory,
Hospitality & Alternatives, CEE & SEE
M: +420 606 097 791
E: alina.cazachevici@cushwake.com

SPAIN

ALBERT GRAU
Co-Head of Hospitality, Spain
M: +34 666 556 710
E: albert.grau@cushwake.com

BRUNO HALLÉ
Co-Head of Hospitality, Spain
M: +34 617 667 522
E: bruno.halle@cushwake.com

SWEDEN

SIMON VAHTOLA
Capital Markets, Sweden
M: +46 76 723 34 39
E: simon.vahtola@cushwake.com

STAFFAN DAHLEN
Strategic Advisory, Sweden
M: +46 70 200 44 78
E: staffan.dahlen@cushwake.com

FRANCE

JEAN-CHRISTOPHE CHAROLLE
Head of Hospitality, France
M: +33 6 13 38 77 34
E: jeanchristophe.charolle@cushwake.com

JEROME SALOMON
Head of Hospitality Valuations, France
M: +33 6 07 12 08 40
E: jerome.salomon@cushwake.com

ITALY

FRANCESCO CALIA
Head of Hospitality, Italy
M: +39 335 1337 927
E: francesco.calia@cushwake.com

ALESSANDRO BELLI
Head of Hotel Investments, Italy
M: +39 335 7538 523
E: alessandro.belli@cushwake.com

GERMANY

SIMON JESCHIORO
Head of Capital Markets, Germany
M: +49 163 706 6197
E: simon.jeschioro@cushwake.com

CHRISTINE MAYER
Head of Hospitality Valuation, Germany
M: +49 151 1883 1068
E: christine.mayer@cushwake.com

NETHERLANDS

PAUL SMOLENAERS
Capital Markets, Netherlands
M: +31 62 1 5070 47
E: paul.smolenaers@cushwake.com

RALPH VAN POLANEN PETEL
Head of Valuation, Netherlands
M: +31 65 3 286 761
E: ralph.vanpolanenpetel@cushwake.com

EMEA

JON HUBBARD
Head of Hospitality, EMEA
M: +44 7921 492 681
Jonathan.Hubbard@cushwake.com

FRED LE FICHOX
Head of Hotel Transactions, EMEA
M: +420 724 319 802
frederic.lefichoux@cushwake.com

BORIVOJ VOKRINEK
Strategic Advisory & Head of
Hospitality Research, EMEA
M: +42 0727 906 030
borivoj.vokrinek@cushwake.com

PORTUGAL

GONCALO GARCIA
Head of Hospitality, Portugal
M: +351 911 808 054
E: goncalo.garcia@cushwake.com

BELGIUM

ED FITCH
Head of Hotel Transactions Belgium
M: +44 7760 405 978
E: ed.fitch@cushwake.com

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