



EUROPEAN HOTELS UPDATE

H1 2025

Key Takeaways

Sustained Demand Growth

With global travel continuing to expand, hotel demand in Europe grew across all regions in the first half of 2025 (+17% vs 2019 on average). This growth was mainly driven by Eastern and Southern Europe, while other European markets' growth began to normalise.

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Robust Performance

In H1 2025, RevPAR in Europe grew 3% year-on-year, driven by a 2% increase in ADR and supported by a 0.5% rise in occupancy. As a result, the average RevPAR reached €98 in H1 2025, 29% above 2019 levels.

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Rising GOP Margins

Full-serviced branded hotels improved their profitability in 12 out of 15 key urban markets across Europe. The GOP margins for 12 months rolling to June 2025 ranged between 24% and 46%, with hotels in London and Barcelona leading the way.

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5 Year High Investment Volumes

European hotel transaction volumes reached €13.1 billion in H1 2025, up 14% on H1 2024 and aligned with 2019 levels.

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High-end Hotels Remain on the Radar

About 44% of the investment volume during H1 2025 was directed towards Luxury and Upper Upscale hotels, with an average price per room at €648,000 and €313,000, respectively.

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Yields at Inflexion

After decompression in 2023, yields remained broadly stable in H1 2025. Further stabilization is expected, with gradual yield gains for prime assets and value discovery for secondary and opportunistic assets in H2 2025.

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Economic Indicators

Growth in the Euro Area remained positive in the first half of the year. Most recent data points to a marginal weakening. GDP grew 0.1% in Q2, down from 0.6% in Q1, with growth slowing from 1.5% YoY in Q1 to 1.4% in Q2. Growth in Portugal and Spain was more robust at over 2%. More subdued growth reported in larger economies of France and Germany sub 1% YoY in Q2. Elsewhere, growth slowed in the UK to an estimated 1.2% YoY in Q2. We have seen solid growth in Czechia and Poland (>2% year on year) in Q2.

Wider geopolitical uncertainty and questions over a trade deal with the US held back growth in H1. With a trade deal now agreed, albeit at higher levels, the greater certainty should offer a platform to move forward.

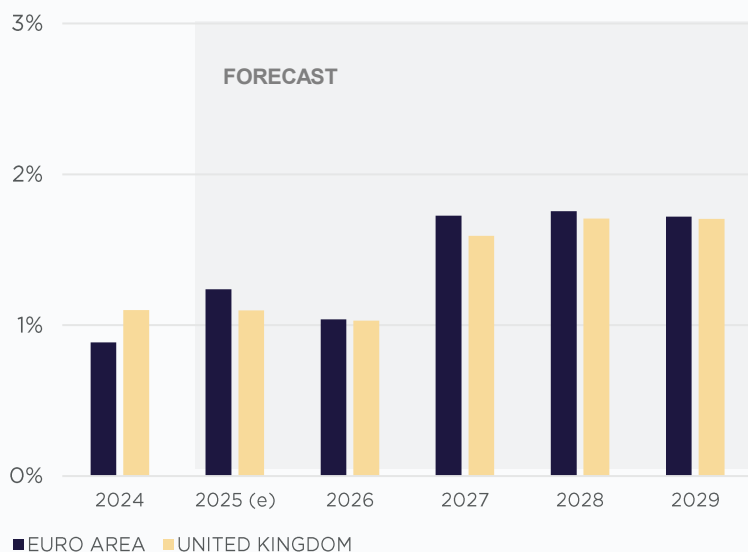
Services sector PMI continues to display low rates of expansion. Recent readings for the Euro Area show upward momentum in June and July. The UK is stable.

Unemployment rates continue to show marginal falls and sit at their lowest level for over a decade. The Euro Area unemployment rate sat at 6.2% in June 2025, unchanged on the previous month.

Inflation in the Euro Area also remains stable and within target rates. The deposit rate remains at 2%. Inflation sits below 2% in both France and Germany, but marginally above in the Netherlands and parts of Southern Europe. Higher levels are also observed elsewhere in the UK and some CEE markets.

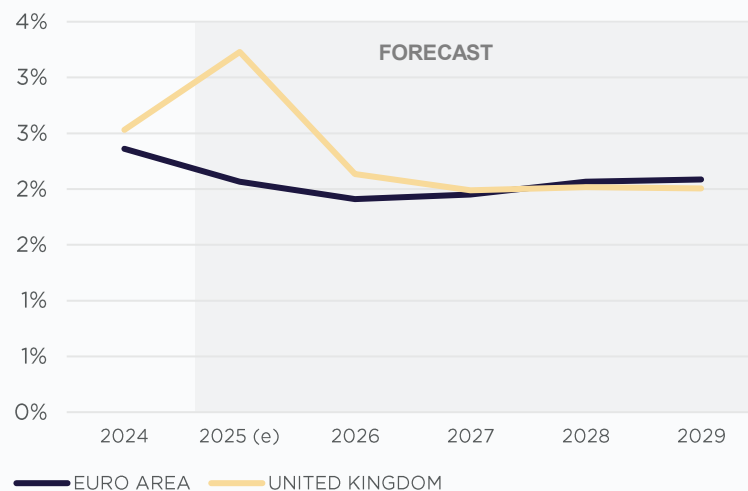
Looking forward the latest forecasts from Moody's point to broadly stable economic growth as we move into 2026, before picking up in 2027 with the risks finely balanced. As inflation hovers around target rates, the scope for further progressive cuts in base rates, are less likely. With unemployment at current lows, consumer and corporate spending are expected to continue, supporting demand for hotel accommodation.

GDP GROWTH



Source: Cushman & Wakefield Research, Moody's Analytics
(Forecasts relate to Cushman & Wakefield Baseline Scenario - August 2025)

INFLATION RATES



Source: Cushman & Wakefield Research, Moody's Analytics
(Forecasts relate to Cushman & Wakefield Baseline Scenario - August 2025)

Demand

PERSISTENT GROWTH OF INTERNATIONAL ARRIVALS

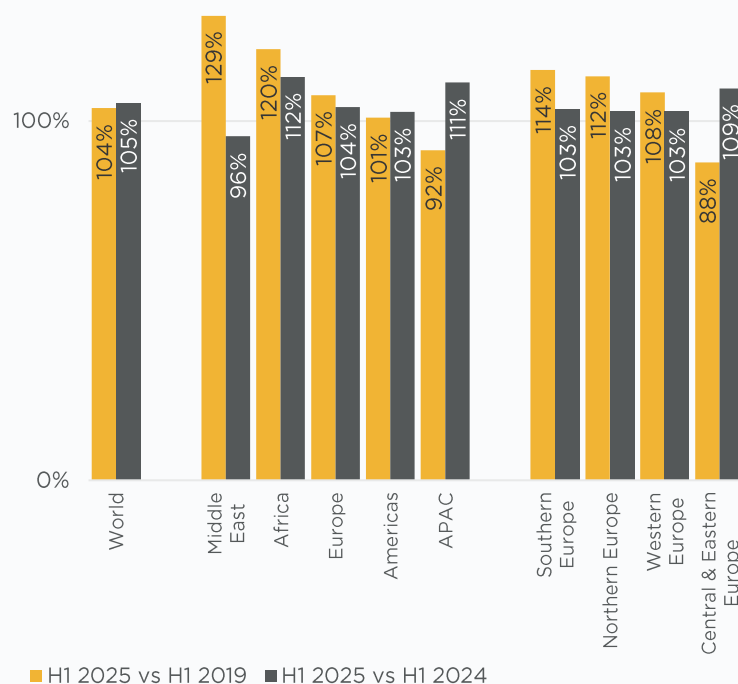
In H1 2025, the volume of international arrivals showed strong growth across most regions. For the first time, the global recovery index exceeded 2019 levels, with only the CEE and APAC regions remaining slightly behind. However, both APAC and CEE are leading year-on-year growth (111% and 109% respectively), with only Africa (112%) recording a higher growth index. On the other hand, the Middle East recorded slightly fewer international arrivals compared to last year (-4%) but continues to showcase the highest growth index since 2019.

As global travel continues to expand, demand for hotel accommodation has increased across all major regions, surpassing levels observed in both H1 2024 and H1 2019. European demand growth was primarily driven by Eastern Europe, which increased by 9% compared to H1 2024. Southern Europe also recorded a 6% growth in room nights sold. Meanwhile, the two remaining subregions namely Western Europe and Northern Europe grew at a slower pace.

International arrivals surpassed 2019 levels and continue to grow across most regions

INTERNATIONAL ARRIVALS RECOVERY INDEX

(Arrivals, H1 2025 vs H1 2024 & H1 2025 vs H1 2019)

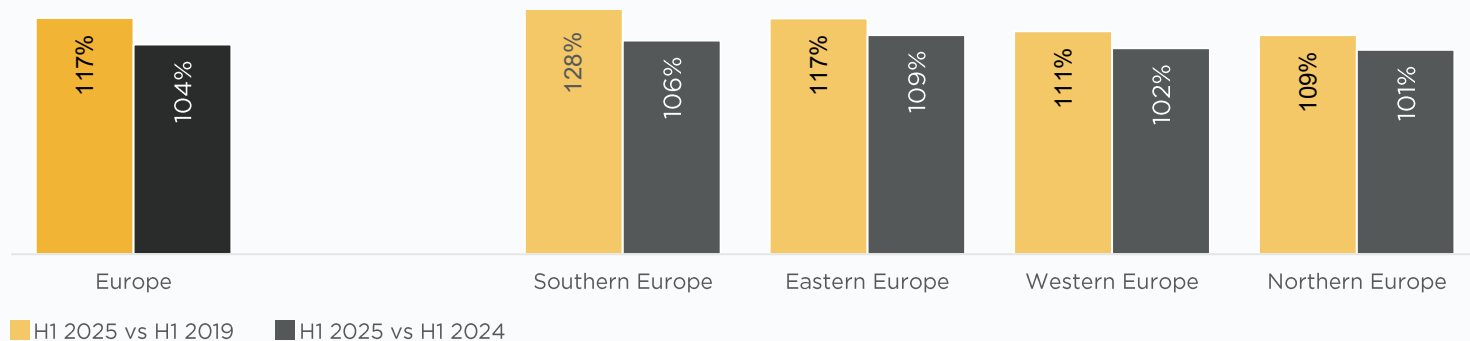


Source: C&W Research based on STR data

Demand for hotel accommodation in Europe continues to surge

HOTEL DEMAND RECOVERY INDEX

(Room nights sold, H1 2025 Index vs H1 2024 & H1 2019)



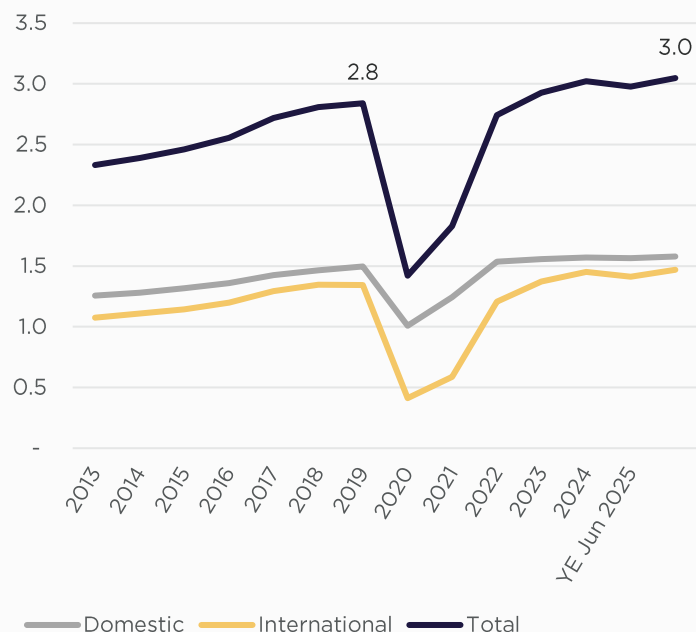
Source: Cushman & Wakefield Research based on UNWTO Tourism Recovery Tracker & STR data

Demand

European demand continues to grow

NIGHTS TOURISM ACCOMMODATION ESTABLISHMENTS

(European Union, Billions)



Source: Cushman & Wakefield Research based on Eurostats data

RECORD DEMAND FOR THE EUROPEAN ACCOMMODATION SECTOR

Despite continued geopolitical and economic concerns, Europe's enduring appeal as a tourism destination, coupled with increased flight capacity and other transportation infrastructure, drove record-breaking tourism performance during the first half of 2025.

According to Eurostat, visitors spent 1.3 billion nights in tourist accommodation across the EU in H1 2025, marking **the highest number ever recorded for the first half of any year**. This was 2.0% more than the same period in 2024. Overall, over 3 billion nights were spent in the EU during the last 12 months ending in June 2025 (+2.4% YoY).

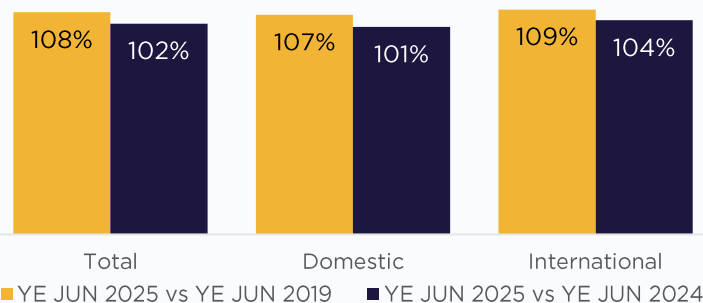
The key driver of growth in H1 2025 was international tourism, with an additional 17 million nights spent in Europe, representing 2.9% increase compared to H1 2024. Domestic demand grew at a more moderate pace (+1.2%), yet it continued to account for the majority of tourism activity, representing 52% of the total.

Intra-European travel remained the key driver in H1 2025, with arrivals growing 4.1% (Jan-May). Top source markets included the UK, Germany, and France, driving demand to destinations like Albania, Malta and Cyprus. Travellers favoured short-haul, off-peak trips to affordable and colder destinations like the Baltics or northern Poland, driven by price sensitivity and summer heat avoidance.

Travel from long-haul markets shows a more modest growth in arrivals (2.3% Jan-May). China led the rebound, driven by improved air connectivity and reduced geopolitical tensions with the US, benefiting Europe. Meanwhile, travel intent from the US, Canada, Japan, and Brazil declined slightly due to economic uncertainty. Asia-Pacific markets improved as air routes normalised, though Middle East instability disrupted some flows.

TRAVEL DEMAND RECOVERY

(Nights in tourism accommodation establishment, YE JUN 2025 Index vs YE JUN 2024 and YE JUN 2019, European Union - 27 countries)



Source: Cushman & Wakefield Research based on Eurostats data

Demand

Albania was the fastest-growing country in the first half of 2025, ahead of Malta and Kosovo, relative to H1 2024. The Balkan country registered 32.7% more nights spent at tourism accommodation compared to the same period last year.

Growth across many CEE destinations continues to outpace the average among reporting countries. This trend reflects an ongoing recovery, as travel volumes in several markets remain below pre-pandemic levels. However, the sustained upward trajectory is supported by improved regional connectivity, which is enhancing accessibility and stimulating demand across the area. While key urban markets remain primary targets for visitors, mountain resorts and health (spa) resorts are increasing in popularity, driven by consumer trends for experiences, 'off-the-beaten-track' destinations and wellness holidays.

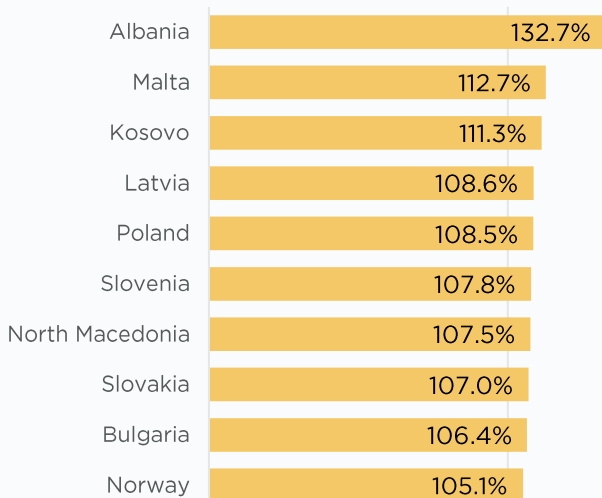
Despite growing preferences for smaller and newer destinations, Spain remains the largest market in Europe in terms of nights spent at tourist accommodation, with 220 million nights, followed by Germany and France. Many popular destinations are facing overtourism issues and protests from the local population. Numerous local authorities are strengthening mitigation measures, such as increasing various tourism-related taxes and accommodation levies (e.g. Amsterdam, Portugal, Scotland, Greece), or implementing other actions such as caps on visitors to tourist attractions (e.g. the Acropolis, Pompeii), or cruise ship bans in Venice and Dubrovnik.

Overall, during in H1 2025, 88% of all reporting countries in Europe registered growth in tourism. Only 4 countries experienced a decline, including Liechtenstein (-5.1%), Serbia (-4.1%), Ireland (-3.5%), and Montenegro (-0.9%).

European markets continue to grow in 2025

DEMAND GROWTH - TOP-10 FASTEST MARKETS

(Index H1 2025 vs H1 2024 - Nights spent in tourist accommodation establishments)

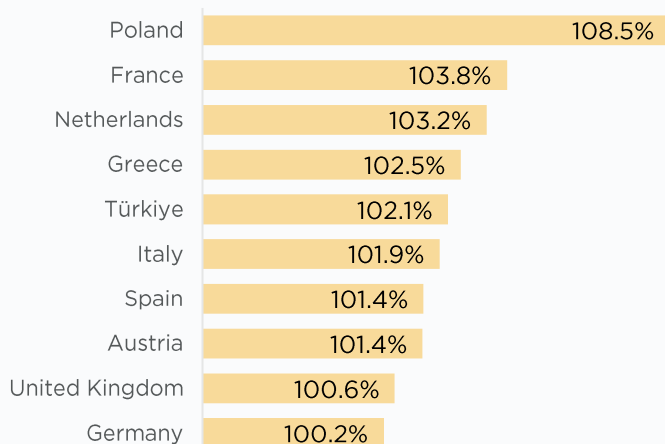


Source: Cushman & Wakefield Research based on Eurostats data

* Data unavailable for Switzerland, Bulgaria, UK and Ireland

DEMAND GROWTH - TOP-10 LARGEST MARKETS (YOY GROWTH)

(Index H1 2025 vs H1 2024 - Nights spent in tourist accommodation establishments)



Note: Markets sorted based on growth rate

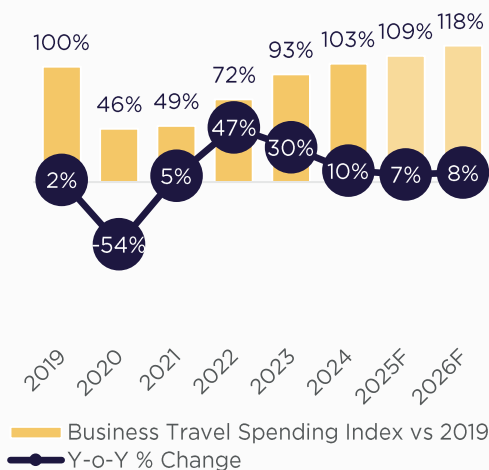
Source: Eurostat (data unavailable for Switzerland, Iceland, Lithuania, and Luxembourg). UK growth rate based on room nights sold, as reported by STR.

Demand

Business travel spending recovered in 2024, and continues to grow in 2025

GLOBAL BUSINESS TRAVEL SPENDING RECOVERY INDEX

(2019 Base Year, Index based on spending in USD)



Source: GBTA July 2025

DRIVERS OF CORPORATE TRAVEL



Source: Deloitte Corporate Travel Study, September 2025

EVOLUTION OF BUSINESS TRAVEL

Business travel is rebounding, evolving, and facing challenges, including the rise of virtual meetings, tighter travel budgets, increasing costs for hotels and flights, economic uncertainty, and ESG pressures to reduce carbon emissions.

Companies are opting for fewer but longer trips, resulting in reduced flight volumes but increased overnight stays. Remote work has intensified the need for face-to-face engagement, while demand from super-commuters and digital nomads is supporting the recovery of demand for accommodation outside leisure periods.

According to GBTA, global business travel spending is projected to grow 6.6% in 2025 (5.7% in Europe), a slowdown from recent double-digit gains due to trade tensions and economic headwinds. Growth is expected to rebound to 8.1% in 2026. Flight Centre Travel Group reports that EMEA leads globally in business travel intentions, with over half of corporates planning to increase budgets, 9% by more than 20%.

Trip purposes vary by region, with training and conferences topping the list globally. Deloitte's 2025 survey highlights team-building, sales, and account management as key drivers. Sustainability continues to shape travel decisions, with many companies adopting carbon tracking and reduction targets. Strategic travel is prioritized, focusing on trips that deliver measurable business value.

Sector trends show divergence. Manufacturing and Wholesale Trade face heightened risks from trade tensions, while Arts & Entertainment and Professional Services have surpassed pre-pandemic benchmarks, with some increasing spend by over 20%. Mining and Information & Communication are expected to lead future growth, while Agriculture faces a weaker outlook due to declining export market access.

Overall, 2025 marks a year of strategic expansion in European corporate travel, driven by business-critical needs and shifting priorities around cost, impact, and sustainability. Despite near-term pressures, global business travel spending is forecasted to grow at an annual rate of 6.1% between 2026 and 2029, supported by structural changes in trade, investment, and corporate travel behaviour.

Demand

VARYING PATTERNS IN BUSINESS TRAVEL ACROSS DIFFERENT MARKETS

Based on segmentation data from a sample of full-service branded hotels in key cities, **corporate travel is still in the recovery phase across most European markets.** In H1 2025, only 4 out of 13 markets surpassed the H1 2019 (pre-pandemic) rooms revenue performance. However, this data only includes bookings with a negotiated corporate rate. Hence, it does not capture the rising demand from remote workers and digital nomads, who typically do not have local or global contracts with hotels.

The conference segment is further along in recovery, as MICE-related room revenue in H1 2025 surpassed H1 2019 levels in 8 out of 13 selected key markets. Three of the five remaining markets are also close to pre-pandemic rooms revenue performance, with only London and Berlin trailing.

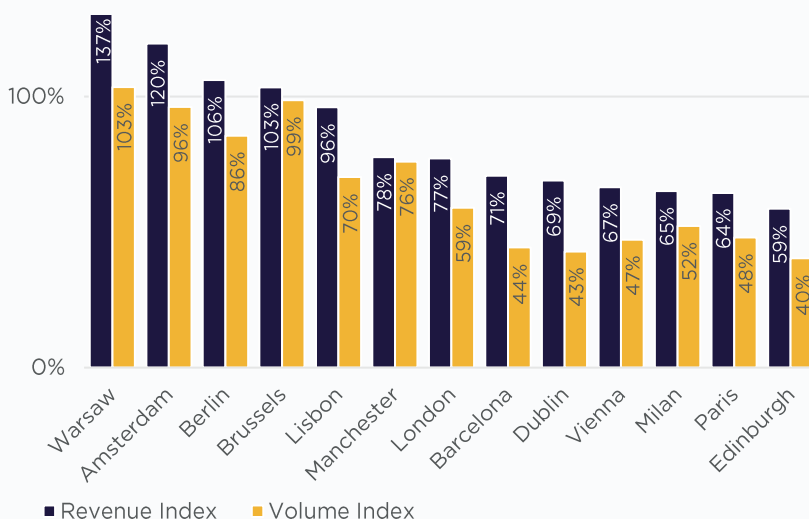
As with other demand segments, the growth in corporate and conference room revenue across these key European markets has been largely driven by strong room rate increases, averaging +21% and +27%, respectively, in 2025 vs 2019. However, the room night volumes in the corporate and conference segments remain significantly below, on average by -35% and -16% respectively.

With business travel recovering, early H2 2025 data indicates continued occupancy growth, with only September business on the books pacing slightly behind last year, supported by the rebound in global economies and business activity.

Business travel remains in a gradual recovery phase across many regions

CORPORATE HOTEL DEMAND RECOVERY INDEX

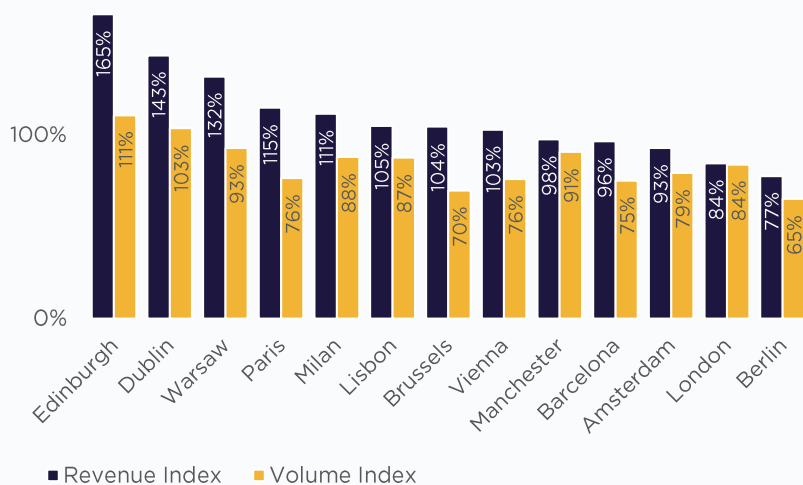
(Rooms Revenue and Room Nights Sold Index, H1 2025 vs H1 2019)



Source: HotStats, June 2025

CONFERENCE HOTEL DEMAND RECOVERY INDEX

(Rooms Revenue and Room Nights Sold Index, H1 2025 vs H1 2019)

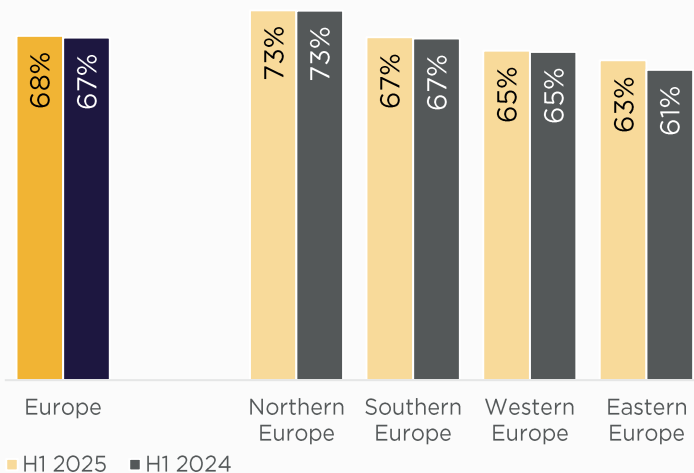


Source: HotStats, June 2025

Operating Performance

Hotel occupancy increased in Eastern Europe, while other sub-regions were stable

AVERAGE HOTEL OCCUPANCY LEVELS BY REGION (H1 2025 vs H1 2024)

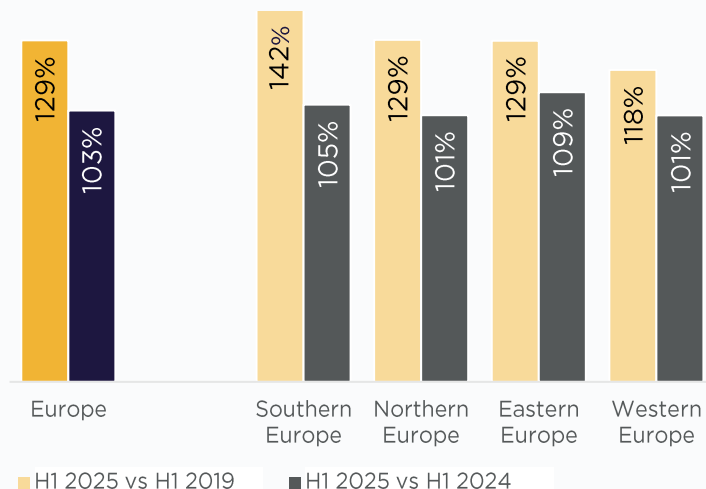


Source: C&W Research based on UNWTO Tourism Recovery Tracker and STR data

Hotel RevPAR levels increased in all European sub-regions

REVPAR INDEX BY REGION

(based on values in EUR, H1 2025 Index vs H1 2024 & H1 2019)



Source: C&W Research based on STR data

TOP-LINE ECLIPSING 2024

While no trend lasts indefinitely, hotel performance across Europe continues to show improvement despite ongoing economic and geopolitical uncertainties. The pace of growth has become more moderate, with notable variations across individual markets reflecting differing levels of supply and demand dynamics.

The average RevPAR in Europe reached €98 (H1 2025), 3% above the same period last year. This rise was driven by a 2.1% increase in ADR and supported by 0.5% increase in occupancy (H1 2025 vs H1 2024). Nevertheless, **there is still room to grow** as the average occupancy in Europe remained over 2pp below pre-pandemic levels of nearly 70% (H1 2019).

On a country level, the highest occupancy in the first half of 2025 was achieved by hotels in Ireland, followed by the UK, Spain and the Netherlands. Among the 26 reporting nations, **21 countries recorded an increase in occupancy compared to last year**, with the highest growth observed in Latvia (+5 pp), followed by Bulgaria and Croatia.

In terms of RevPAR growth in H1 2025 relative to H1 2024 (based on values in EUR), the most substantial increase was recorded in Russia (+23%), Latvia (+13%), and Bulgaria (+12%). Overall, six **European countries recorded above 10% RevPAR growth**.

In terms of major urban markets, the highest RevPAR was achieved in Paris, Geneva and Rome. However, the strongest growth relative to H1 2024 was recorded in Moscow (33%), Saint Petersburg (30%), Riga (16%), Vilnius (15%) and Warsaw (13%).

Operating Performance

HOTEL SECTOR NAVIGATES MARGIN PRESSURES

In recent years, hoteliers have faced considerable challenges stemming from high inflation, the energy crisis, sustainability concerns and a shortage of skilled labour. These conditions prompted many operators to reassess their operational models, streamline staffing structures, and accelerate the adoption of technology. As a result, operational efficiency has improved across much of the sector.

In parallel, a strategic shift from occupancy-driven to ADR-focused revenue management has enhanced flow-through and supported profit growth in most markets throughout 2024 and H1 2025. This positive trend was further reinforced by the moderation of energy costs, which helped alleviate pressure on operating margins. As a result, **profitability increased across most markets in YE Jun 2025, with only a small subset underperforming.**

Among 15 key European markets, 12 cities improved their profit margins (GOP %) in YE Jun 2025 year-on-year. The most significant gains were recorded in Paris (+4.2 pp), Budapest (+2.5 pp), and Vienna (+2.3 pp). This was driven by healthy increase in revenues surpassing expense growth. As a result, hotels recorded a strong GOP flow-through, at 83% on average.

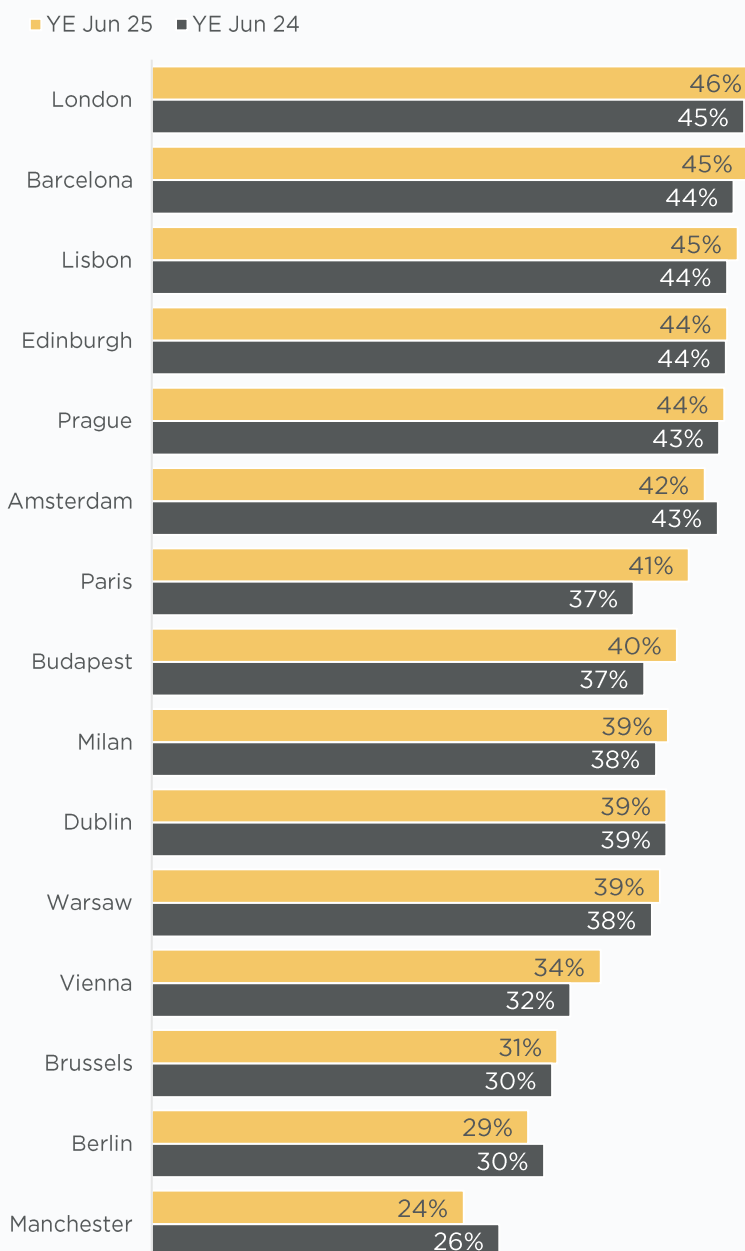
London remained the leading market in terms of profit margins among the key European cities, with Barcelona, Lisbon, Edinburgh, and Prague following closely.

In YE Jun 2025, most of the key markets achieved a profit margin above or close to 40%, with only four markets recording less than 35% GOP.

Hotel profit margins under pressure but still very healthy

HOTEL PROFITABILITY - SELECTED KEY MARKETS

(YE June 2025 vs YE June 2024, GOP %, full-service branded hotels)*



Source: HotStats (sample of full-service branded hotels, *data not available for Madrid and Munich)

Operating Performance

While most markets recorded improved hotel profitability during H1 2025, 6 out of the 14 selected markets experienced a year-on-year decline in gross operating profit (GOP PAR) levels, with Manchester and Berlin facing the most significant profitability challenges.

In Edinburgh, London, and Brussels, the decline in expenses was insufficient to offset the drop in revenues (RevPAR). Meanwhile, in Manchester, Amsterdam, and Berlin, expenses rose alongside falling revenues.

In H1 2025, expenses increased across most markets, with Warsaw and Budapest recording the highest growth compared to H1 2024. However, since these same markets also led YoY revenue growth, both improved their profitability.

Overall, expenses rose by 2% on average across the selected European urban markets. Only four cities recorded a decline; Edinburgh, London, Brussels, and Paris. Since expenses decreased more than revenues, the sample of hotels in Paris managed to improve profitability.

Payroll costs increased by almost 4% on average and remain the primary contributor to rising costs. Paris was the only selected market where payroll costs per available room declined in H1 2025 versus H1 2024. This was likely due to declining occupancy (-5.2 pp), since on a per occupied room (POR) basis, Paris recorded a 3% increase in labour costs.

Other expenses recorded a slight increase across all markets (1% on average), while cost of sales declined.

Notably, most markets recorded a decline in utilities ranging between 2–14% (POR); however, the 51% surge in Manchester offsets the overall picture.

Despite rising expenses, most markets continue to increase profitability

HOTEL REVENUE INDEX

(H1 2025 vs H1 2024, Total Revenue PAR)

Warsaw	112%
Budapest	112%
Prague	106%
Vienna	105%
Milan	104%
Lisbon	103%
Barcelona	103%
Paris	98%
Amsterdam	98%
Brussels	98%
Berlin	97%
Edinburgh	96%
London	96%
Manchester	94%

HOTEL EXPENSE INDEX

(H1 2025 vs H1 2024, Total Expense PAR)

Warsaw	111%
Budapest	109%
Prague	108%
Vienna	104%
Barcelona	103%
Lisbon	103%
Manchester	103%
Milan	102%
Amsterdam	101%
Berlin	101%
Edinburgh	100%
London	98%
Brussels	98%
Paris	97%

PROFITABILITY INDEX

(H1 2025 vs H1 2024, GOP PAR in EUR)

Budapest	116%
Warsaw	114%
Vienna	109%
Milan	108%
Lisbon	104%
Barcelona	104%
Prague	103%
Paris	101%
Brussels	98%
Amsterdam	93%
London	92%
Edinburgh	90%
Berlin	87%
Manchester	70%

Operating Performance

ACTUAL VALUES MATTER THE MOST

Thanks to a healthy increase in revenues and declining expenses, Paris recorded the highest GOP PAR among the selected hotel markets during the 12-month period ending in June 2025. London followed closely, joined by Edinburgh and Barcelona after a noticeable gap, while hotels in other major cities across Europe continued to remain behind.

RESILIENT BOTTOM LINE

Overall, 12 out of 14 key urban markets in Europe recorded an increase in GOP PAR on a 12-month rolling basis compared to the same period last year. The average increase across the sample of branded full-service hotels was 6%. Paris recorded the strongest growth, as the last 12 months are still positively affected by the robust performance during the Olympics in 2024 (July-August).

Interestingly, the GOP PAR growth (4.6% YoY) was lower for all full-service hotels in Europe, suggesting branded hotels in urban markets are outperforming their independent counterparts. Nevertheless, the average growth of nominal profits across all hotels in Europe surpassed the annual inflation, which was on average at 2% across the euro area in June 2025.

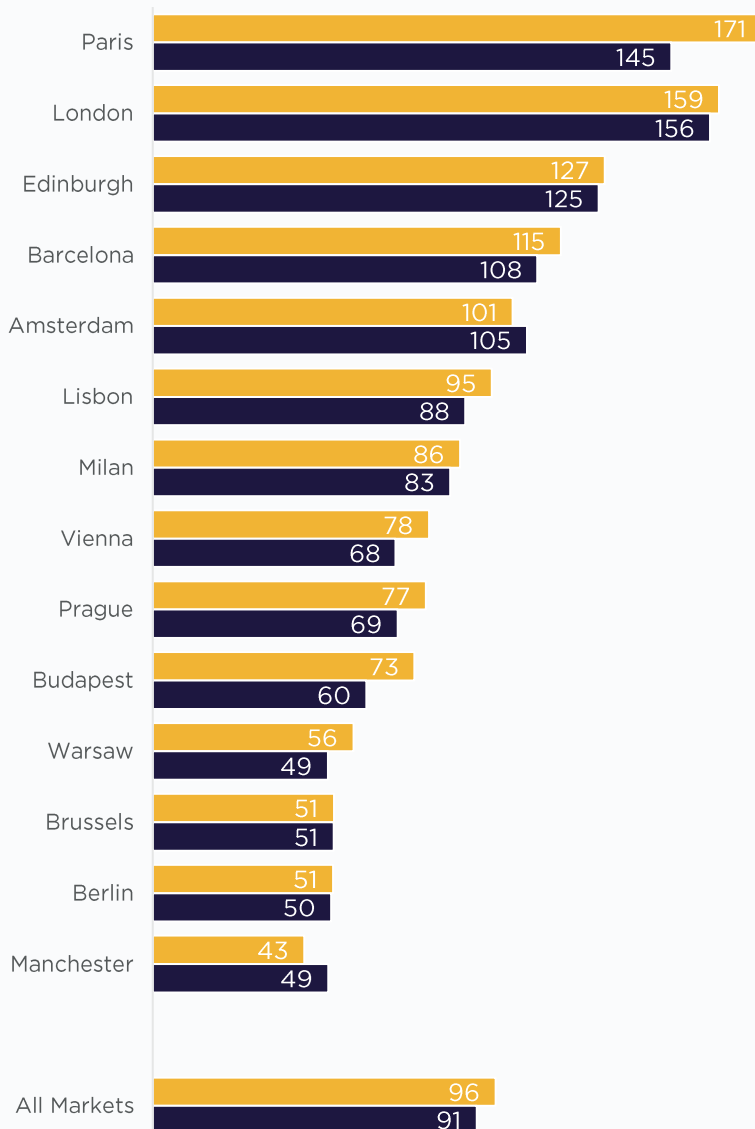
The resilience of operating margins is particularly noteworthy given the persistent inflationary pressures and ongoing labour shortages. Real estate investors have taken note, as evidenced by continued transaction activity, reflecting growing confidence in the hotel sector.

Paris and London remain the most profitable markets in Europe

HOTEL PROFITS PER AVAILABLE ROOM

(Selected Markets in Europe, GOP PAR in EUR, YE June 2025 vs YE June 2024)

■ YE Jun 25 ■ YE Jun 24



Source: HotStats (sample of full-service branded hotels, *Insufficient data for Madrid, Munich and Dublin)

Hotel Investment

Hotel transaction volumes continued to grow in H1 2025, with several markets experiencing robust momentum

HOTEL TRANSACTION ACTIVITY IN EUROPE (H1 2025)

	LAST QUARTER			LAST 6 MONTHS		
	Q2 2025	Q2 2024	% Change*	H1 2025	H1 2024	% Change*
Properties Sold	226	264	▼ -14%	497	492	▲ 1%
Rooms Sold	27,733	30,435	▼ -9%	60,654	54,554	▲ 11%
Volume Transacted (€)	6,170m	5,769m	▲ 7%	13,111m	11,507m	▲ 14%

Source: Cushman & Wakefield

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

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

RECOVERING TRANSACTION ACTIVITY

European hotel transaction volumes reached over €13.1 billion in H1 2025, marking **the highest 6-month volume since 2019**, up 14% from H1 2024 and aligned with H1 2019. This was driven by several landmark hotel transactions and large pan-European portfolio deals.

In the first half of 2025, 497 properties were transacted in Europe, comprising 60,654 rooms. Q2 volumes reached over €6.2 billion, a 7% increase from last year (€5.8 billion in Q2 2024). This was despite the decline in properties and rooms sold, suggesting a growing average price of hotels that are coming to market.

Individual property volumes were boosted by **several landmark hotel transactions**, including a majority stake acquisition in the Four Seasons Astir Palace Athens by investor George Procopiou from the Dubai-based Jermyn Street Real Estate Fund, IBRC's sale of the Hilton Prague to PPF Real Estate, and Signa Prime Selection's sale of the Motel One Berlin Upper West, part of a mixed-use complex, to the Schoeller Group.

Institutional investors were the most active sellers in H1 2025

TRANSACTION VOLUME BY TYPE OF INVESTOR

(H1 2025, % share of total volume)

	BUYERS (% Share)	% Change	SELLERS (% Share)	% Change
	H1 2025	vs LY	H1 2025	vs LY
Institutional	39.6%	▼ -17%	48.7%	▲ 42%
Private	55.6%	▲ 18%	37.1%	▼ -24%
Public	3.1%	▼ -83%	12.1%	▼ -60%
User/Other	1.6%	▼ -44%	2.2%	▲ 74%

Source: Cushman & Wakefield, RCA

Hotel Investment

Portfolio deals accounted for 34% of the total volumes in H1 2025, a decline compared to 36% in H1 2024. Key transaction in Q1 was CapMan's acquisition of 28 Scandinavian hotels from Midstar. This was followed by more notable portfolio deals in Q2, including Queensgate Investments' sale of 12 Generator Hostels to Brookfield, Tristan Capital Partners' acquisition of 24 Easyhotels, and Brookfield's sale of the Mare Nostrum resort (3 hotels) to Spring Hotels.

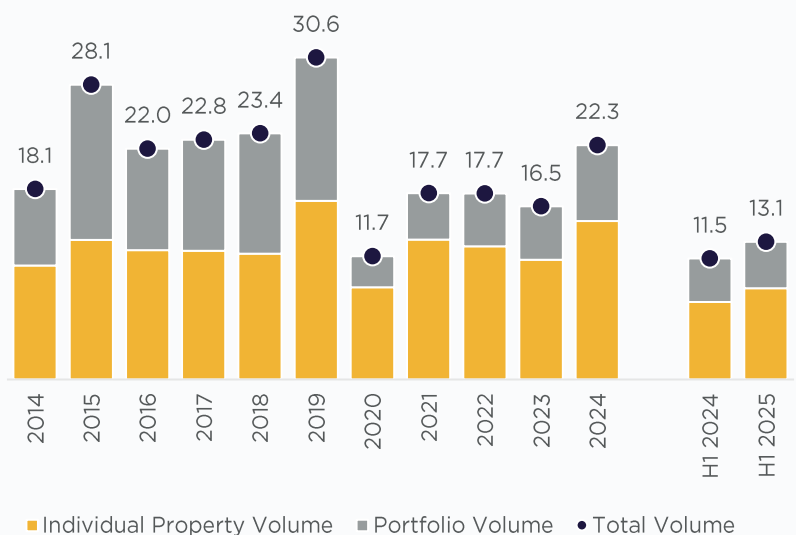
A higher volume of large-ticket deals transacted in H1 2025, with 36 transactions valued at €100 million or more, representing 7% of the activity, up from 4% in the previous year.

On the other hand, smaller deals continued to dominate, with 85% of transactions below €50 million. More than half of all deals (52%) involved hotels with fewer than 100 rooms.

Higher volume contribution from individual deals in H1 2025

ANNUAL TRANSACTION VOLUMES

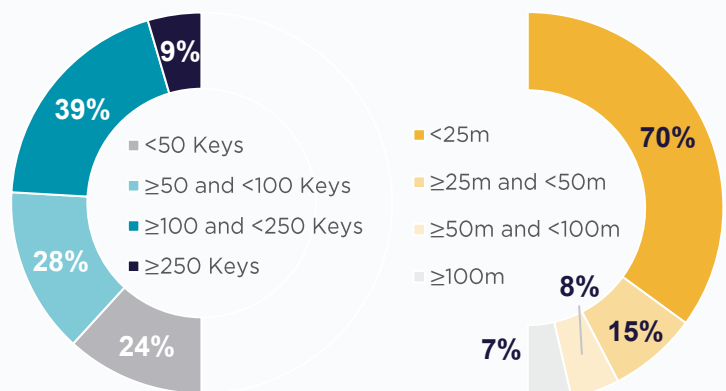
(2014 - 2025, EUR billions)



Source: Cushman & Wakefield, RCA

Smaller deals dominated the hotel investment activity in H1 2025

TRANSACTION BREAKDOWN BY NO. OF ROOMS SOLD & DEAL SIZE (H1 2025)



Source: Cushman & Wakefield

Hotel Investment

Spain was the most active hotel investment market in Europe

HOTEL TRANSACTION ACTIVITY IN EUROPE (H1 2025)

(H1 2025 vs H1 2024, EUR billions)

No.	Country	H1 2025 €	H1 2024 €	% change
1	Spain	2.1	1.6	29%
2	United Kingdom	1.9	4.4	-57%
3	Italy	1.7	0.8	102%
4	Germany	1.2	0.4	176%
5	France	1.2	1.5	-22%
6	Greece	1.0	0.4	156%
7	Denmark	0.8	0.1	701%
8	Sweden	0.6	0.1	332%
9	Czech Republic	0.5	0.0	936%
10	Netherlands	0.4	0.2	110%

Source: Cushman & Wakefield

Spain, the UK and Italy were the most active hotel investment markets, accounting for 43% of European volumes in H1 2025 with €5.6 billion. Relative to last year, the transaction volumes were more evenly split across European top-10 countries (59% of volumes within the top-3 leading markets in H1 2024).

Spain reclaimed the leading position in Europe, with €2.1 billion transacted H1 2025 (+29% vs H1 2024), including 61 hotels comprising 10,100 rooms.

Among the top 10 markets, the most notable increases in investment volumes relative to H1 2024 were in

Czech Republic (+936%), Denmark (+701%), Sweden (+332%), Germany (+176%) and Greece (+156%).

Regarding the key urban markets, Athens, London and Rome were on top of the list for investors, followed by Copenhagen and Paris.

Athens was the most active market for hotel investment, followed by London and Rome

TOP-5 URBAN MARKETS BY TRANSACTION VOLUME

(EUR Millions)

No.	City	H1 2025 €	H1 2024 €	% change
1	Athens	757	74	923%
2	London	686	2,507	-73%
3	Rome	526	247	113%
4	Copenhagen	523	19	2656%
5	Prague	488	21	2280%

Source: Cushman & Wakefield

Hotel Investment

Hotels are on the radar of investors, driven by strong recovery from the pandemic and after proving resilience in a high-inflation environment. In the last six months, **private buyers were the most active investor type**, accounting for 56% of total volume (vs 40% in H1 2024), followed by institutional investors (40%, vs 41% in H1 2024).

European buyers continue to dominate the region, accounting for 79% of the transacted volume in H1 2025, a 40% increase relative to H1 2024. Meanwhile, investors from MEA recorded the most substantial increase from last year (+160%), generating 2% of the volumes.

Luxury and Upper Upscale hotels represented 44% of the hotel investment volume in the first half of the year, with Luxury hotels showing the most significant growth in both volume (+72%) and rooms sold (+68%) relative to H1 2024.

Overall, the average price per room in Europe was about EUR 217,885 in H1 2025, compared to EUR 210,929 in H1 2024.

Following decompression in 2023, **yields remained generally stable in H1 2025**, with values further supported by growing income and minor compressions for the "best of the best" deals in markets with high entry barriers.

With the return of institutional investors and improved access and cost of financing, **further stabilisation is expected, with gradual yield sharpening for prime assets** and value discovery for secondary assets/opportunistic plays as we move into the second half of 2025.

Luxury hotels led the transaction volumes in H1 2025

TRANSACTION VOLUME PER HOTEL CLASS

(% change, H1 2025 vs H1 2024)

Hotel Class	% of Total Volume	% change	Avg. price/room (H1 2025, € - '000)
Luxury	27%	▲ 72%	648
Upper Upscale	16%	▼ -31%	313
Upscale	21%	▲ 19%	164
Upper Midscale	12%	▼ -36%	149
Midscale	11%	▲ 51%	154
Economy	13%	▲ 51%	166

Hotel Class	% of Rooms Sold	% change
Luxury	10%	▲ 68%
Upper Upscale	12%	▼ -20%
Upscale	29%	▲ 45%
Upper Midscale	17%	▼ -27%
Midscale	16%	▲ 30%
Economy	17%	▼ -10%

Source: Cushman & Wakefield

Hotel yields are sharpening in prime markets

PRIME HOTEL YIELDS

(Q2 2025, hotels encumbered by management agreement)



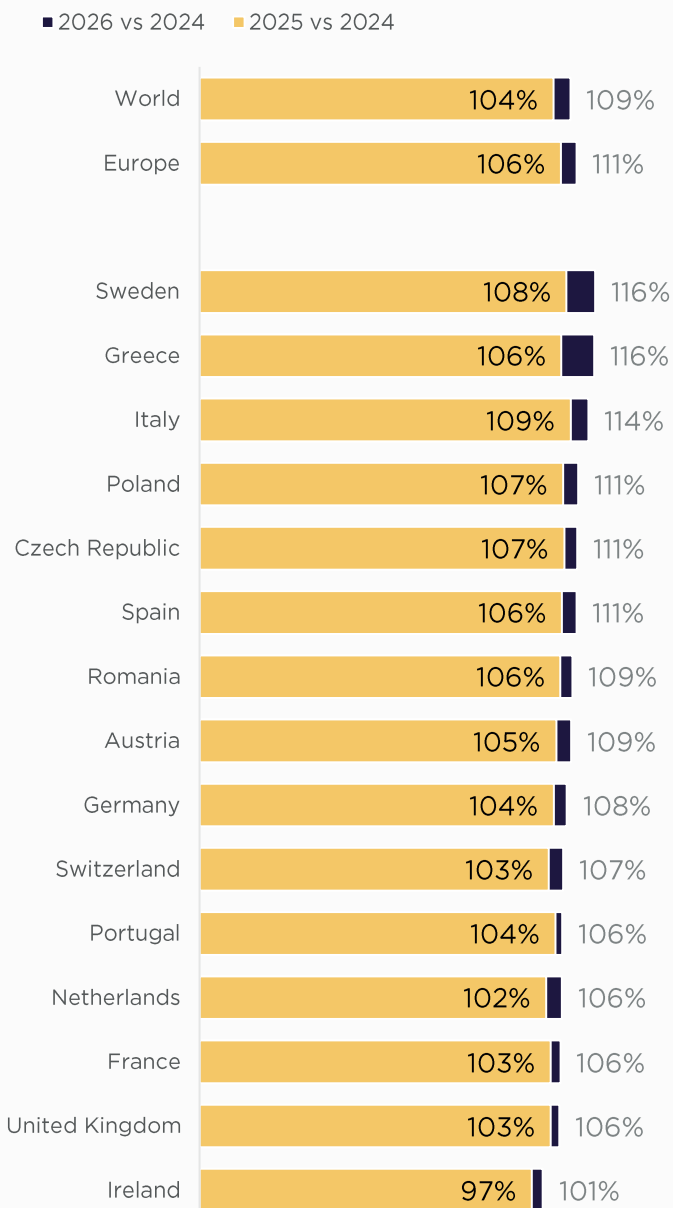
Source: Cushman & Wakefield (Note: *First-tier cities, Prime yields are for quality stabilised assets in prime locations, managed by a professional operator under a management agreement. The yields are based on actual transactions where available, as well as the sentiment indicated by the investors.

Hotel Outlook

Hotel demand set to grow in 2025 and 2026

ACCOMMODATION DEMAND OUTLOOK

(Top-15 largest markets in Europe, nights in hotels, index – 2024 base year)



Note: Countries are sorted based on growth index 2026 vs 2024)
Source: Oxford Economics (Jun 2025 update),

REASONS FOR OPTIMISM IN 2025

Hotel performance is expected to remain healthy in the second half of 2025, thanks to the **continuous growth of hotel demand across the biggest European markets**. Italy, Sweden, Poland and the Czech Republic are expected to record the highest growth compared to last year, with strong projections for 2026.

The **positive outlook is supported by the constrained hotel supply in most markets and continued growth of travel**, underpinned by increasing air and rail connectivity, and recovery of business travel. A further boost is provided by major events, including tours of high-profile artists (Katy Perry, Dua Lipa, and Drake).

According to the Q2 forecast by ETC, **tourist spending across Europe is expected to increase by 12.9% in 2025** compared to 2024. The spending growth is likely to outpace arrivals, consequently the average spend per visit is expected to increase. Inbound tourism spending in early 2025 rose sharply in Southern and Mediterranean subregions, driven by British, Israeli, and Polish visitors, while Hungary saw a notable decline. Looking ahead, Europeans are expected to spend more per trip as they opt for longer intra-regional holidays, often substituting long-haul plans with extended stays within Europe.

Several challenges remain, including economic and geopolitical concerns, particularly the conflicts in Ukraine and the rising tensions on the Middle East, as well as the rising costs of business and travel and staffing issues.

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ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more.

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