

MARKET BEAT

EUROPE

Hospitality Full Year 2022



MARKET SUMMARY & OUTLOOK



The hotel transaction activity recorded only a mild 2% growth in 2022. This was due to the rising cost of financing, economic and geopolitical concerns. While the UK remained the most active investment market, France and Spain has narrowed the lead gap. Going forward, with liquidity pressures on sellers and investors' need to deploy capital, the hotel investment is expected to see an uptick in the second half of 2023.

Growing interest rates and uncertainty have recently put upward pressure on yields. While prime assets are expected to hold their yield profile in core markets, other properties may see yield expansion in the first half of 2023 and stabilization during the latter part of the year.

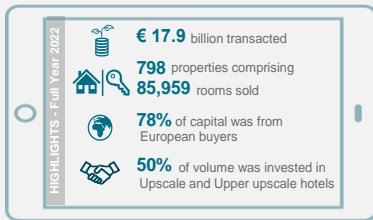
Hotels have experienced a robust performance recovery during 2022, underpinned by the lift of COVID restrictions and "revenge" tourism. While occupancy levels remained 10% below 2019, the robust ADR growth (+18% vs 2019) resulted in RevPAR overpassing 2019 levels by 5%. Double-digit RevPAR growth was recorded in Turkey, Ireland, Italy, France, Greece, and UK.

The hotel supply growth in 2022 was relatively slow (below 2%), constrained by the rising construction costs and a lack of financing, causing delays and cancellations. Top-3 countries with the most active pipeline in 2022 were Spain, France and Germany. More openings are expected in 2023, although the overall hotel pipeline in Europe is relatively moderate, with expected growth remaining below 2.5%.

Despite economic and geopolitical concerns, demand for accommodation in European hotels bounced back in 2022, especially in leisure destinations. While the recovery was primarily driven by domestic travel, international visitation also started to return, with arrivals only 13% behind 2019 levels. With China re-opening and increasing flight capacity, the demand is expected to exceed pre-pandemic levels in 2024 across most markets.

Source: C&W, STR, UNWTO

INVESTMENT TRENDS



RECENT TRANSACTION TRENDS

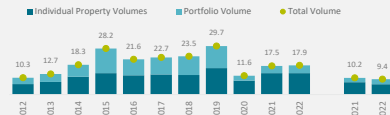
| | Last 6 months (H2 2022) | | | CALENDAR YEAR 2022 | | |
|-------------------|-------------------------|---------|-----------|--------------------|--------|-----------|
| | H2 2021 | H2 2022 | % Change* | 2021 | 2022 | % Change* |
| Properties Sold | 346 | 387 | 12% | 669 | 798 | 19% |
| Rooms Sold | 51,440 | 44,427 | -14% | 90,811 | 85,959 | -5% |
| Volume Transacted | 10,226 | 9,422 | -8% | 17,520 | 17,930 | 2% |

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

A contingency of 5% is assumed for 2022, number of properties and rooms sold. This is based on the past experience when additional deals being revealed several months after the end of respective periods.

Source: Cushman & Wakefield

ANNUAL TRANSACTION VOLUMES (2012 - 2022, EUR BILLIONS)



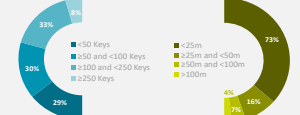
Source: Cushman & Wakefield / RCA

AVERAGE TRANSACTION PRICE (Full Year 2022, EUR)



Source: Cushman & Wakefield

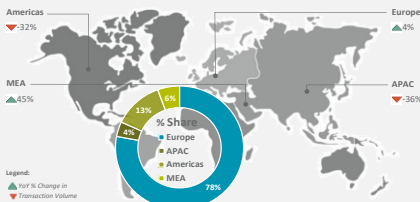
BREAKDOWN BY NO. OF KEYS SOLD & DEAL SIZE (Full Year 2022, % SHARE OF DEALS)



Source: Cushman & Wakefield

NATURE OF INVESTMENTS

TRANSACTION VOLUME* BY SOURCE OF CAPITAL (% CHANGE, Full Year 2022 vs. Full Year 2021)



*Based on buyers whose identity is known
Source: Cushman & Wakefield

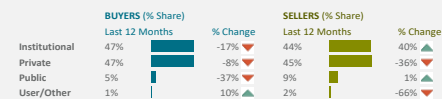
TOP 10 MARKETS BY TRANSACTION VOLUME (EUR BILLIONS)

| No. | Country | 2021 Full year | € | 2022 Full year | € | % change |
|-----|----------------|----------------|---|----------------|---|----------|
| 1 | United Kingdom | 4.96 | | 3.55 | | -28% |
| 2 | France | 1.31 | | 3.14 | | 139% |
| 3 | Spain | 2.51 | | 3.04 | | 21% |
| 4 | Germany | 2.56 | | 2.04 | | -20% |
| 5 | Italy | 1.81 | | 1.54 | | -15% |
| 6 | Portugal | 0.37 | | 1.02 | | 175% |
| 7 | Netherlands | 0.36 | | 0.58 | | 60% |
| 8 | Austria | 0.45 | | 0.47 | | 3% |
| 9 | Sweden | 0.78 | | 0.46 | | -41% |
| 10 | Ireland | 0.51 | | 0.40 | | -22% |

A contingency of 5% is assumed for 2022. This is based on the past experience when additional deals being revealed several months after the end of respective periods.

Source: Cushman & Wakefield

TRANSACTION VOLUME BY TYPE OF INVESTOR (Full Year 2022, % SHARE OF TOTAL VOLUME)



Source: Cushman & Wakefield / RCA

TRANSACTION VOLUME PER HOTEL CLASS (% CHANGE, Full Year 2022 vs. Full Year 2021)

| HOTEL CLASS | % OF TOTAL VOLUME | % CHANGE | HOTEL CLASS | % OF ROOMS SOLD | % CHANGE |
|----------------|-------------------|----------|----------------|-----------------|----------|
| Luxury | 17% | -5% | Luxury | 8% | 0% |
| Upper Upscale | 29% | 60% | Upper Upscale | 19% | 5% |
| Upscale | 21% | -43% | Upscale | 23% | -46% |
| Upper Midscale | 11% | -28% | Upper Midscale | 18% | -9% |
| Midscale | 10% | 13% | Midscale | 16% | 18% |
| Economy | 12% | 38% | Economy | 17% | 35% |

Source: Cushman & Wakefield

MAJOR DEALS

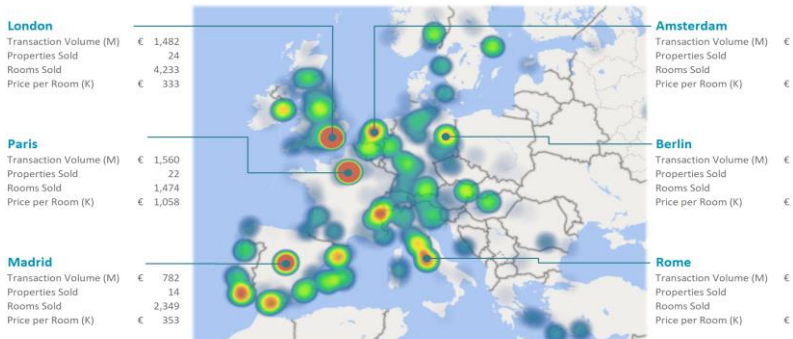
SELECTED MAJOR HOTEL TRANSACTIONS IN 2022

| Year | Property | Market | Rooms | Buyer | Buyer Origin | Seller | Seller Origin |
|---------|---|-------------------------------------|-------|--|--------------|---|-----------------|
| Q4 2022 | Crow Portfolio (19 hotels) | Various in Portugal | 2,486 | Davidson Kempner Capital Management | USA | ECS Capital | PRT |
| Q4 2022 | Hotel Incoosal Marbella | Marbella | 186 | Ilanga Investments | LUX | Blackstone | USA |
| Q4 2022 | The Hoxton Amsterdam & Paris (2 hotels) | Amsterdam & Paris | 283 | Schroder Investment Management Limited | GBR | Ennismore Capital | GBR |
| Q4 2022 | Easyhotel Portfolio (8 hotels) | Various in BeNeLux | 793 | easyhotel | GBR | Crossroads Real Estate | GBR |
| Q4 2022 | Locke Paris | Paris | 145 | Edyn Group | GBR | Novaxia | FRA |
| Q3 2022 | Urban Loft Berlin (Mixed-use) | Berlin | 180 | Vivion | LUX | Aggregate Financial Services GmbH | LUX |
| Q3 2022 | W Hotel Rome | Rome | 162 | CPP Investment / Hamilton - Pyramid Europe | CAN / GBR | King Street Capital Management / Kryalos SGR SPA / Ommam Investment Group | USA / ITA / ISR |
| Q3 2022 | 5 Strand Hub by Premier Inn (Development) | London | 700 | Whitbread Group PLC | GBR | Clivedale London / ABIL | GBR / IND |
| Q3 2022 | S Immo Portfolio (Entity level) | Bucharest, Budapest, Prague, Vienna | 1,366 | CPI Property Group | CZE | S Immo AG | Austria |
| Q3 2022 | The Trafalgar St. James, Curio Collection | London | 131 | Crimson Hotels | GBR | London and Regional Properties Limited | GBR |
| Q3 2022 | Lodge & Spa Mountain Portfolio (7 hotels) | Various in France | 314 | DeSavoie | FRA | Le Group Chalet des Neiges / Cimehotel | FRA |
| Q3 2022 | Portfolio Sareb (23 hotels) | Various in Spain | 1,729 | Fortress investment Group | USA | Sareb | ESP |
| Q3 2022 | Alua Portfolio (5 hotels) | Balearic Islands | 1,119 | Fattal Hotels | ISR | KKR Investment Group | USA |
| Q2 2022 | Hotel Princesa Plaza Madrid | Madrid | 423 | Brookfield AM | CAN | Colony Capital | GBR |
| Q2 2022 | I Marini 3-4 | Rome | 100 | Millennium Luxury Fund (Fort Partners) | USA | Fondo Trophy Value Added (York capital JV Star Hotel JV Tristan) | USA / ITA / GBR |
| Q2 2022 | Club Med Alpe d'Huez | Huez | 442 | BNP Paribas REIM | FRA | Batipart | LUX |
| Q2 2022 | Hilton London Olympia | London | 405 | Frogmore Real Estate Partners / C1 Capital | GBR | Hotel Properties Limited (HPL) | SGP |
| Q2 2022 | Point A Portfolio (10 hotels) | Various in the UK & IE | 1,488 | Tristan Capital Partners | GBR | Raag Hotels | GBR |
| Q2 2022 | The Pig Hotels | Various in the UK & IE | 208 | KSL Capital Partners | USA | Home Grown Hotels | GBR |
| Q1 2022 | 7Pines Resort Ibiza | Ibiza | 185 | Engel & Volkers | DEU | 12.18. IM | DEU |

Selection: largest hotel deals in Europe with >70% shares sold.

EUROPEAN TRANSACTIONS - MAP VIEW (Full Year 2022)

<€1M  <€1,760M



Note: "M - millions / K - thousands".

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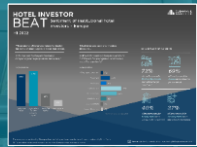
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