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# HOTEL INVESTMENT REVIEW & OUTLOOK

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Germany

March 2025





## Strong Momentum in the Second Half of 2024

While market consolidation continued in 2024, with several notable operator insolvencies, the **overall market performance strengthened**. Many hotel groups reported record-breaking revenues, and the industry achieved historic RevPAR levels, driven by high demand and rising ADRs. In line with the ambivalent developments on the tourism side, the transaction volume was also initially hesitant.

In 2024, the German hotel investment market reached a **total transaction volume of €1.32 billion**, slightly higher than the previous year. However, **the second half of 2024 showed clear signs of recovery, with a notable increase in transaction volume**, supported by stabilizing financing conditions and a more consistent prime yield. This was a **significant improvement on 2023**, when buyers and sellers adopted a 'wait and see' approach due to the disparity in pricing expectations driven by escalating capital costs.



## Increased Investments in Upscale & Luxury Properties

In 2024, the **upscale and luxury segments led the market in transaction volume, driven by high-profile single-asset deals** such as the Hotel de Rome in Berlin, the Le Meridien in Stuttgart, and the Roomers in Munich. Meanwhile the economy segment remained most active, accounting for 47% of all transacted rooms, highlighted by the portfolio transaction of 30 ibis budget hotels comprising 2,285 keys.

**The economy segment continues to attract investors** due to its lean cost structures and strong margins with B&B Hotels and other operators among the fastest-growing brands in Germany. Those most affected by the continued pressure on EBITDA margin are traditional upper midscale and upscale operators, which face a predicament of further increasing costs and limited ADR growth due to relatively low price elasticity in these segments.



## Opportunistic & International Buyers were Leading the Market

**The buyer landscape in 2024 was characterised by opportunistic investors**, who emerged as the most active participants. The shift in investor dynamics led to a notable increase in the market share of non-institutional investors, particularly multi-family offices and owner/operators, while institutional investors reduced their activity. Private investors accounted for around 63% of the total transaction volume, whereas the share of institutional investors declined to around 27%. The remainder is concentrated on REITs (6% of total volume) and other investors (4% of total volume).

Traditionally dominated by domestic investors, **the German hotel transaction market saw a significant increase in foreign capital in 2024**. International investors contributed 53% of the total transaction volume, underscoring **the market's renewed attractiveness for a broader investor base**. The diversification of demand further strengthens Germany's position as a key player in the European hotel investment landscape.



## Prime Destinations as key Investment Targets

In a year marked by significant changes, hotels in primary **urban destinations have proved to be the most attractive assets for investors**. Munich has seen a significant increase in investment volume, with more than four times the number of keys traded compared to 2023. Berlin, on the other hand, led the way in terms of price per key, reaching €389,000. This was largely due to the transaction of the landmark Hotel de Rome.

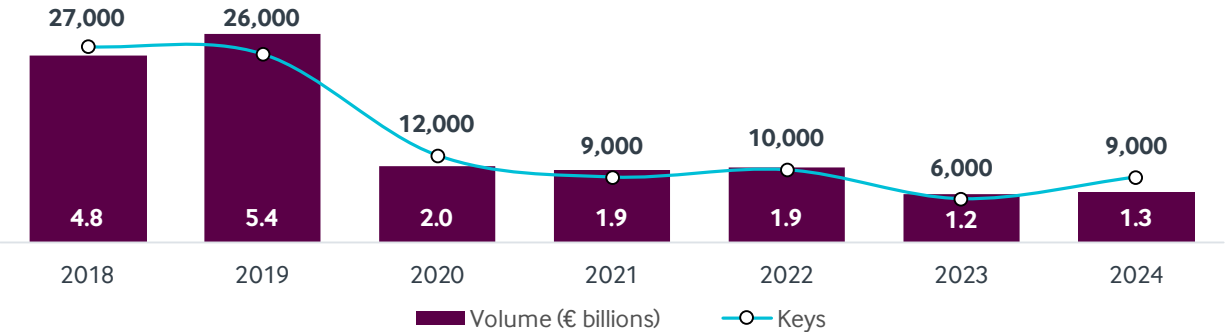
**However, niche markets have also demonstrated considerable strength**, with 51% of traded rooms in C- and D-cities, emerging as an attractive alternative for investors beyond the principal centres.

# HOTEL INVESTMENT 2024

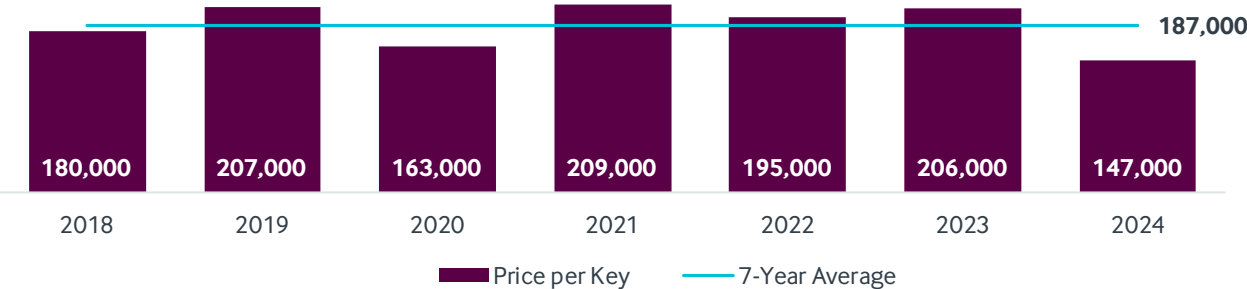
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Germany recorded a total of €1.3 billion of hotel investment in 2024, including trading hotels, land plots, conversions and green field developments. Investment activity gained momentum in the second half of the year, demonstrating growing investor confidence. Germany persists in attracting both domestic and international investors, thereby reaffirming its status as one of Europe’s key hotel markets.

Hotel Investment Evolution (bn. €), 2018 - 2024



Average Price per key Evolution (€), 2018 - 2024



## 2024 Overview



1,323

Million euros



148K

Euros per key



81

Hotel assets transacted



8,955

Keys



49%

Single asset transactions



51%

Portfolio transactions



53%

International buyers



47%

Domestic buyers

“Germany, as Europe’s largest economy, has always been a key hotel investment market. After a period of uncertainty, investor interest is returning, and a significant increase in transaction volume is expected in 2025.”

Lukas Hochedlinger

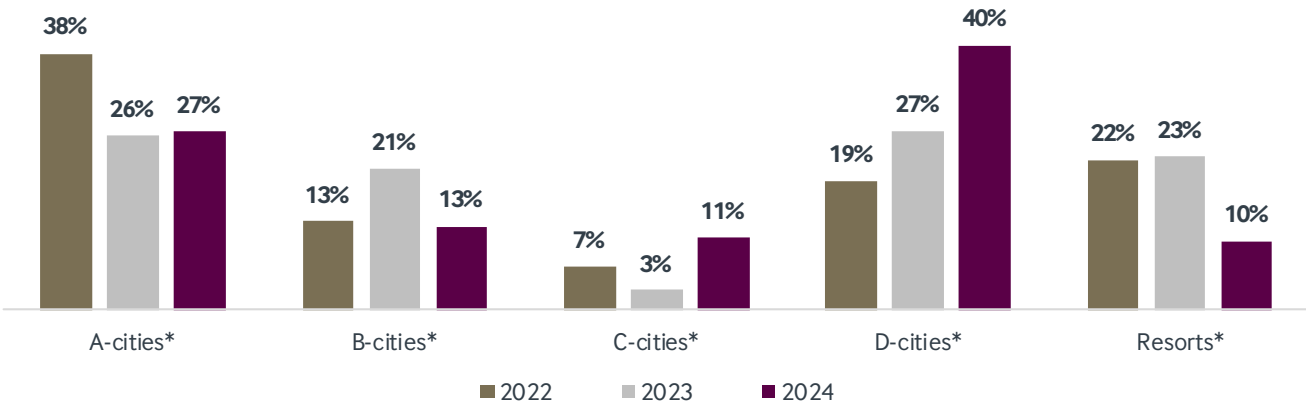
Managing Director Christie & Co Central Europe

Source: MSCI Real Capital Analytics <https://app.rcanalytics.com/>; Christie & Co Analytics

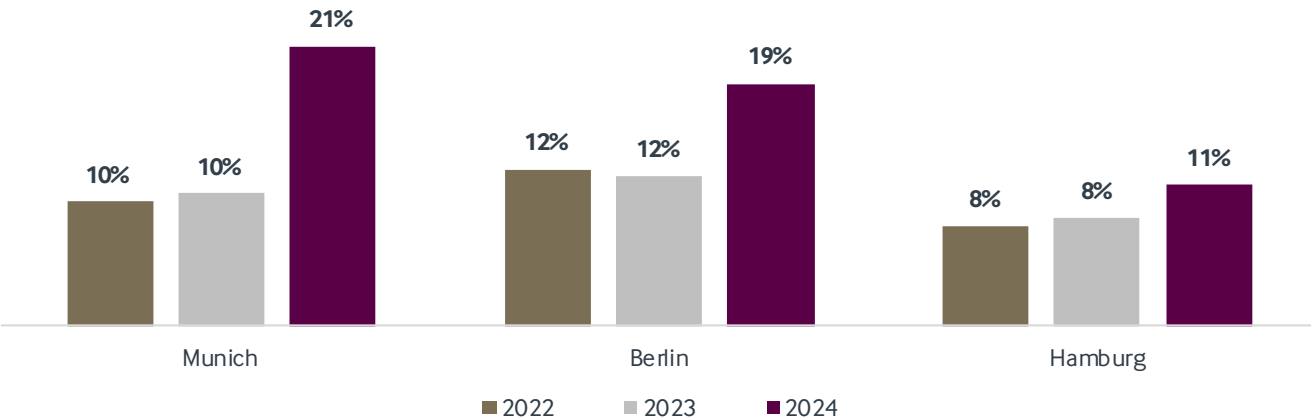
# DESTINATION TYPOLOGY

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Distribution of Keys Traded by Destination (% of Total Keys Traded)



Hotel Investment Evolution in Selected Cities (% of Total Volume)



## Destination Typology

**A-cities\*** continued to account for the largest share of total transaction volume, confirming their position as the most attractive destinations for investors. Despite this dominance in terms of transaction volume, the majority of rooms traded was in other destinations.

While secondary markets (B-cities\*) accounted for around 13% of total rooms traded, **niche markets (C- and D-cities\*)** saw strong growth and accounted for over 51% of all rooms traded in 2024.

Resort destinations\* saw a surge in investor interest during COVID-19 as domestic tourism became increasingly popular. **While this trend has moderated, resort destinations have remained on investors' radar** and continued to offer opportunities for portfolio diversification.

## Germany's Top 3 Cities

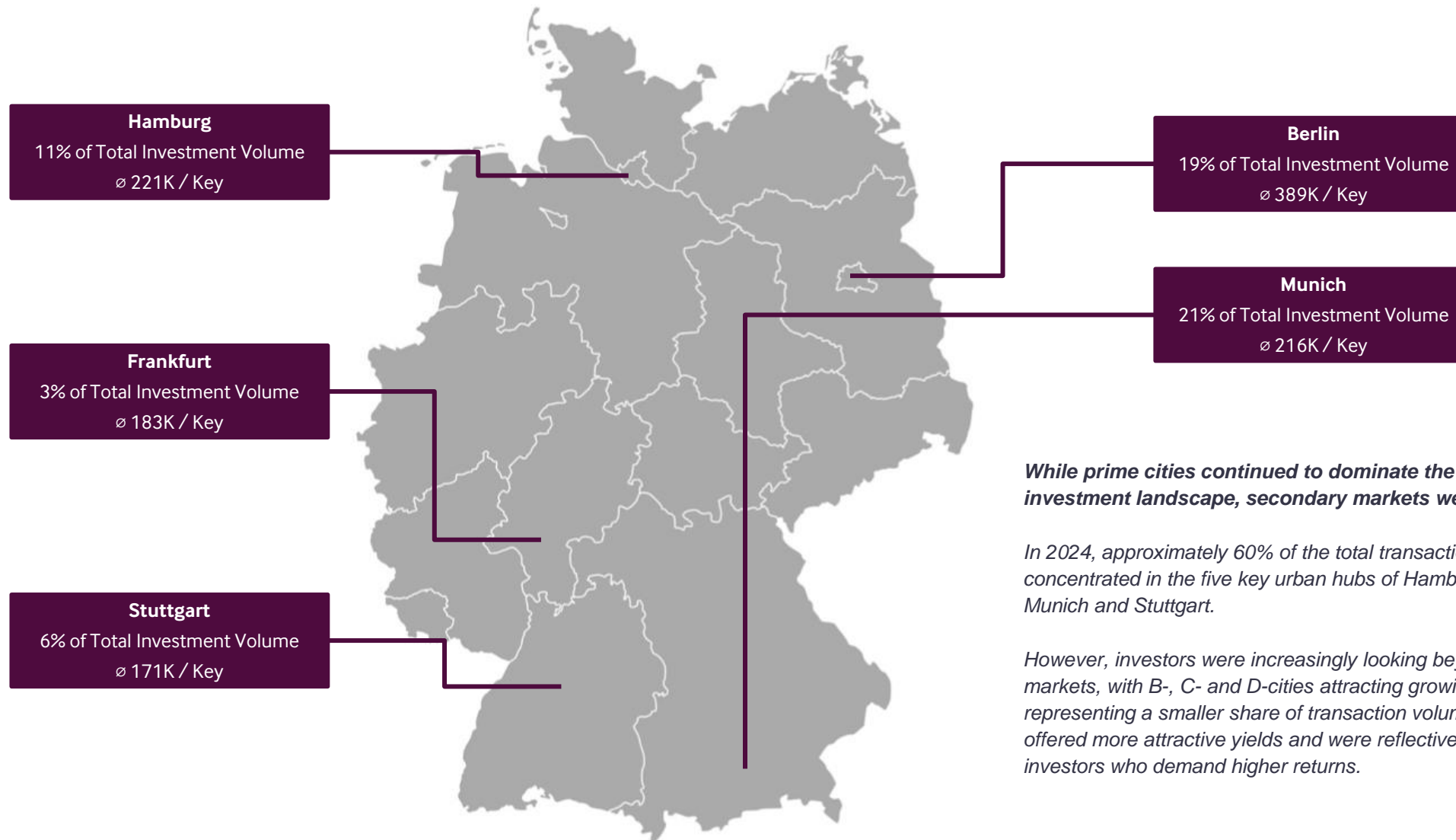
**In 2024, the cumulative investment in the Top-3-cities Berlin, Hamburg and Munich reached €672 million**, accounting for 51% of total hotel transaction volume in Germany.

**Munich emerged as the most dynamic destination in 2024** with a total investment volume of €283 million distributed across 10 hotel deals, more than doubling the previous year. In 2024, the average volume per key reached €216,000.

**On the other hand, Berlin has led the market in terms of price per key, reaching €389,000.** This was largely due to the transaction of the landmark Hotel de Rome (€990,000 per key). The total investment volume of the city reached €246 million.

# CITIES BY INVESTMENT VOLUME

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**While prime cities continued to dominate the German hotel investment landscape, secondary markets were gaining traction.**

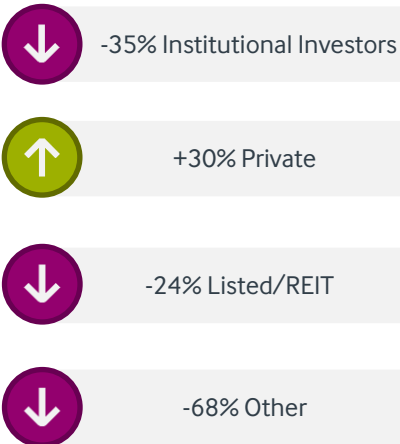
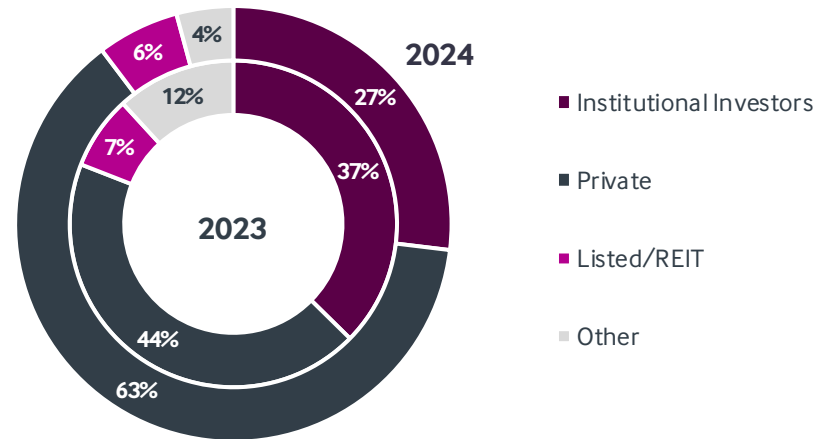
*In 2024, approximately 60% of the total transaction volume was concentrated in the five key urban hubs of Hamburg, Berlin, Frankfurt, Munich and Stuttgart.*

*However, investors were increasingly looking beyond primary markets, with B-, C- and D-cities attracting growing attention. Despite representing a smaller share of transaction volume, these markets offered more attractive yields and were reflective of the active types of investors who demand higher returns.*

# INVESTOR PROFILE

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Investment per Investor's Profile 2023 vs. 2024

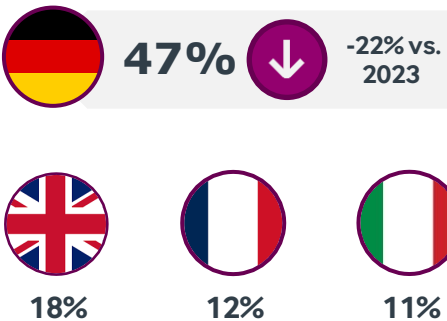
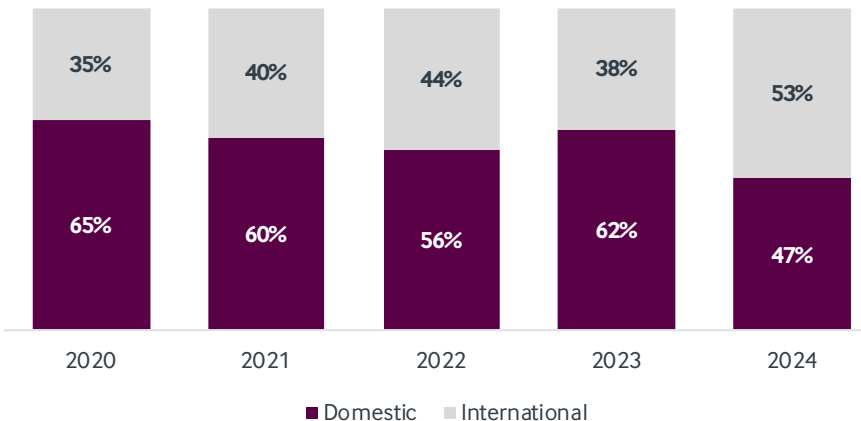


In 2024, family offices and hotel operators emerged as some of the most active buyer groups in the German hotel investment market, while institutional investors continued to retreat. Hotel groups buying properties as operators were more active than in previous years. Examples include the Roomers Munich and the Le Meridien Stuttgart, two major single transactions in 2024.

This trend was closely linked to the **continued momentum of value-add strategies**, which offer higher return through active asset management, repositioning and operational improvements. These strategies are rather driven by private investors, who are more flexible in decision-making and willing to take on higher-risk, higher-reward opportunities.

Meanwhile, the market has also seen signs of a **gradual return of core investors, particularly institutional buyers**. While institutional investors recorded a decline in total transaction volumes for the year, they accounted for over 50% of investment volume in the fourth quarter, signalling a cautious yet noticeable return to the market.

Investment Evolution per Investor's Origin



Regarding the origin of capital, there has been a marked **decrease in investment from German investors** in comparison to international players, with a 46% growth in cross border investment compared to the previous year.

**Domestic investment has declined by 22%** as German investors – who traditionally dominated the market – have adopted a more cautious approach due to macroeconomic uncertainties.

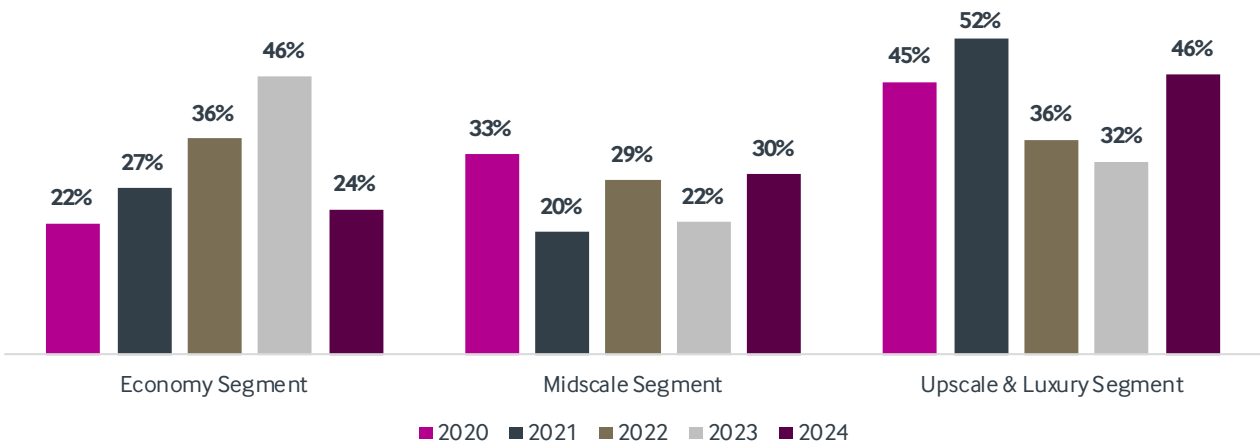
With international capital now accounting for 53% of total investment, the German hotel market is witnessing an increasingly diversified investor base, **reinforcing its position as a key European destination for hotel investments**.



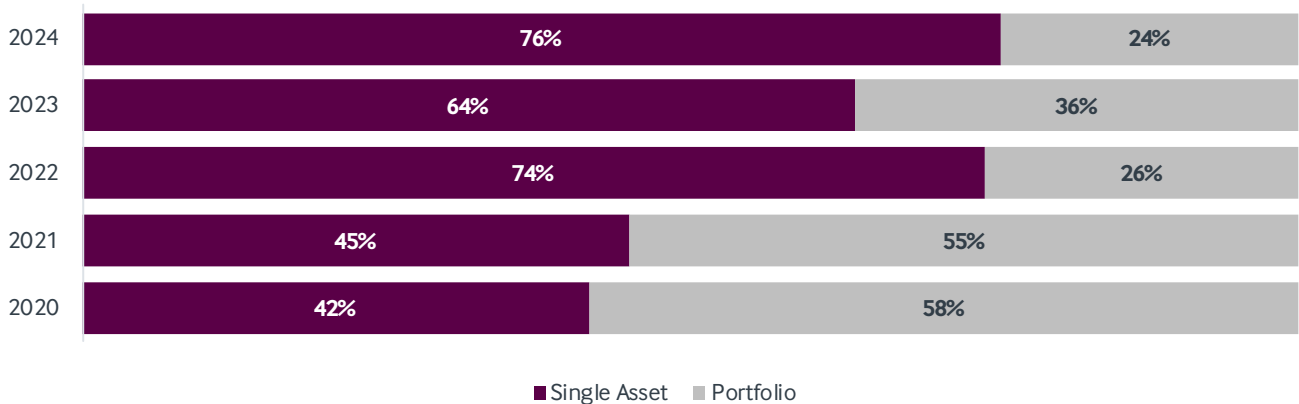
# HOTEL SEGMENTS & TRANSACTION TYPE

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Share of Transactions by Segment (% of Total Volume)



Single Asset vs. Portfolio Transactions (% of Total Volume)



In 2024, upscale and luxury hotels recorded the highest transaction volume, while the long-standing growth trend in the economy segment was disrupted for the first time in five years. However, as the figures are the result of a small number of high value transactions, it is not expected that the long-term trend towards limited-service hotels has ended.

From a quantitative perspective, the economy segment remained the most solid driver, accounting for 47% of all hotel rooms transacted. The investment potential of this segment can be attributed to the dynamics and growth of the economy segment operators, who offer highly profitable products due to lean cost structures and consistently high operating margins.

The acquisition of 30 ibis budget assets, comprising 2,285 rooms, by Hova Hospitality and BC Partners, demonstrates the attractiveness of the economy segment to operators and investors. With an average price per key of approximately €42,000, this transaction significantly impacted the total average price per key.

The upscale and luxury segment particularly benefited from high-profile single-asset transactions, including the landmark sale of the Hotel de Rome in Berlin, the Le Meridien in Stuttgart, and the Roomers in Munich. These deals highlighted strong investor confidence in prime assets with established brand positioning and premium locations.

In terms of transaction type, single asset transactions accounted for 76% of the total investment volume, representing a growth of 27% compared to 2023. This increase was driven by the active participation of family offices and private equity investors.

In contrast, portfolio deals were mostly executed by institutional investors. However, as the share of institutional capital declined in 2024, portfolio transactions remained subdued in terms of total volume, reflecting a more cautious approach from large scale investment firms.

# MARKET HIGHLIGHTS

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*The table highlights the top buyers in 2024, showcasing key investors and their acquisitions. The main players focused on prime cities, with notable deals across the luxury, upper-upscale and economy segments. High-profile acquisitions, such as the Grand Hotel de Rome and Roomers Munich, demonstrate the strong demand for quality assets in Germany's major urban markets.*

Buyer	Assets	Acquisitions (€)	# Properties	# Keys	Avg. Ticket Size (€)	Avg. Price per Key (€)
Gruppo Statuto	Grand Hotel de Rome	145,000,000	1	146	145,000,000	990,000
AccorInvest	ibis & ibis budget Hamburg City	98,000,000	1	488	98,000,000	200,000
BC Partners Hova Hospitality	ibis budget portfolio	96,000,000	30	2,285	3,200,000	40,000
Lifestyle Hospitality Capital (LHC) Elliot Group	Roomers Munich	80,000,000	1	290	80,000,000	280,000
SomnOO management	Mercure Hotel portfolio	60,000,000	3	458	20,000,000	130,000
HanseMerkur	Novotel Hamburg Central Station	55,000,000	1	228	55,000,000	240,000
Art Invest	Holiday Inn Express Fürth, B&B Hotel portfolio	55,000,000	5	548	11,000,000	100,000
HWS Immo	Le Meridien Stuttgart	50,000,000	1	293	50,000,000	170,000
Strabag	Moxy Köln Mülheim	45,000,000	1	222	45,000,000	200,000

***“In 2024, several high-profile transactions have taken place, notably the Grand Hotel de Rome in Berlin, with room prices nearing unprecedented levels. Additionally, the selective disposals by German institutional investors, such as the Le Meridien Stuttgart, are noteworthy. Furthermore, 2024 has seen operators leveraging their strong financial positions to strategically reinvest in assets - a trend most likely to continue in 2025.”***

**Robin Barth**

Associate Director Investment & Letting Christie & Co Germany



The German hotel investment market continues to show signs of recovery, despite transaction volumes remaining below the ten-year average (€3.1 bn). The second half of 2024 marked the beginning of a market rebound, with improved investor sentiment and increasing transaction activity.

## Macroeconomic Trends

For 2025, C&Co expects a positive development despite the still challenging macroeconomic environment, with a notable rebound in the hotel investment market. Market expectations suggest that inflation will gradually return toward the 2% mark over the course of the year. Following the latest interest rate cuts by the European Central Bank by 25 basis points at the end of January and the beginning of March 2025, further rate reductions can be expected throughout the year.

## Hotel Performance Trends

In the hotel sector, we expect prime yields to further stabilize, which is comforting buyers and managing sellers' pricing expectations. The hotel operator market is expected to undergo further consolidation. As a result, the quality and financial stability of operators – already a key factor from an ownership perspective – will become even more critical. The relative operational strength of economy hotels and serviced apartments will persist due to their cost efficient limited-service model, ensuring continued investor interest in these asset classes. Overall, tourism data points to a positive trajectory, with rising overnight stays and a real ADR growth projected for 2025. This trend of rising RevPAR levels will be particularly evident in Germany's top-tier cities (A-markets), where demand remains strong. These cities will continue to account for a significant share of transaction volume in 2025, particularly among cross-border investors.

***“Based on the strong fundamentals of the hotel sector, further foreseeable interest rate cuts by the ECB and strong appetite from international investors, we expect transaction volumes and investment activity in Germany to increase in 2025.”***

**Hannes Schied**

Head of Consultancy Christie & Co Germany

## Hotel Investment Market

Despite the continued dominance of A cities, secondary cities (B-markets) and niche destinations (C- and D-markets) are set to gain further traction, demonstrating above-average growth rates and increasing their share of the total investment volume. Although the trend has weakened, resort destinations remain on investors' radar and continue to offer opportunities for portfolio diversification.

Looking at the investor profile, we expect demand from international investors to remain strong. Not only are new investors entering the German market, but hotel operators are also actively expanding their footprint. Institutional investors, who were less active in 2024 compared to previous years, are showing soft signs of returning – a trend that began to emerge in Q4 2024, more than 50% of total transaction volume was attributed to institutional buyers.

Overall we anticipate a healthy recovery in the hotel transaction market for 2025. The sentiment towards hotel assets is positive, particularly in comparison to other asset classes. Long-term and index-linked lease agreements as well as in-built inflation protection through daily adjustable room rates are key factors driving renewed investor confidence. As a result, the German hotel investment market is set to regain momentum, reaffirming its position as a compelling asset class in the broader European real estate landscape.

## What to Expect in 2025

- **Macroeconomy**  
Despite ongoing challenges, expected interest rate cuts by the year-end should improve financing conditions.
- **Tourism Demand**  
Continued growth in tourism demand is anticipated, driving real ADR and occupancy increases.
- **Investor Profile**  
Strong demand from international investors and soft signs of a return of institutional buyers.
- **Segments**  
High-end (luxury and upper-upscale segment) as well as economy and extended stay properties remain most attractive, due to efficient operating models.
- **Investment Volume**  
A significant increase in transaction volumes is anticipated, further solidifying Germany's hotel investment market as a standout asset class within the broader European real estate sector.

# INTRODUCTION TO CHRISTIE & CO

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Christie & Co was founded 90 years ago, and as part of the Christie Group is publicly listed on the London Stock Exchange Alternative Investment Market (AIM).

We are the leading valuers, consultants and brokers across the UK and Europe in our specialist sectors and have more than 290 professionals across 22 offices.

We act on behalf of:

- Local and International Developers
- Private Equity, Institutional Funds, Family Offices, HNWIs and Private Owners
- Regional and International Brands and Operators
- Domestic and International Banks and Debt Funds

We have more than 450 hotel sale instructions across the UK and Europe and carried out c. 280 hotel valuations in 2024 worth c. €3.9bn. Our Consultancy teams advised on assets worth c. €3.2.bn.

Headquartered in London, we have 22 offices across Europe, including Berlin, Frankfurt, Munich, Vienna, Paris, Barcelona and Madrid.

Our knowledge of the European and UK hotel market is unparalleled thanks to the largest hospitality team across our extensive network of offices.



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### Business Outlook Hotels 2025

Our Business Outlook Hotels 2025 report reflects on key themes, market activity and a look ahead to what 2025 may bring within the UK and Europe. The report also includes exclusive sentiment survey data from stakeholders in the Hotels sector.



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### Spain Hotel Investment Report

Our latest publication explores investment in the Spanish hotel market in 2024. According to the report, Spanish hotel investment reached over €3 billion in 2024, positioning Spain as one of the most important hotel markets in Europe for another year.



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### Portugal Hotel Market Snapshot

Our latest publication analyses the evolution of hotel market in Portugal for the first half of 2024, focusing on the nine regions that make up the country. Portugal boasts a diverse tourism landscape, emerging as a competitive hotspot in Europe and the Mediterranean.



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### Munich Hotel Market at a Glance

Our colleagues Lukas Hochedlinger and Robert Klepikow have analysed the Munich hotel market. In 2024, the hotel market in Munich recorded strong growth, driven by higher room rates, increased occupancy rates and large events, and this trend is expected to continue in 2025 with further major events.



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### Austria Hotel Investment Market

This published report is written in German. The Austrian hotel market is showing positive trends again after the uncertain years 2020-2023. Overnight stays in Austria reached a new all-time high in 2024, underlining the strong demand from tourists.



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### Performance of German Hotel Markets in 2024

This published report is written in German. A short publication on the performance development of German hotel markets in 2024, providing a concise overview of the tourism strengths and weaknesses of German cities.

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# Classification of Destinations

## A-cities

- Most important German economic hubs with national and in some cases international significance. Large, functioning markets in all segments.
- Top 7 Cities: Berlin, Hamburg, Munich, Frankfurt, Düsseldorf, Cologne, Stuttgart

## B-cities

- Major cities of national and regional importance.
- Examples: Leipzig, Dresden, Bremen, Essen, Mannheim, Bonn, Duisburg

## C-cities

- Important German cities with regional and limited national significance, with an important impact on the surrounding region.
- Examples: Koblenz, Erfurt, Kiel, Magdeburg, Mainz, Bielefeld, Aachen

## D-cities

- Small, regionally focused locations with a central function for their immediate surroundings; lower market volume and sales.
- Examples: Bamberg, Halle, Cottbus, Leverkusen, Passau, Paderborn, Wolfsburg

## Resort Destinations

- Predominantly driven by and highly dependent on tourism rather than traditional business and economic activity.
- Examples: Sylt, Tegernsee, Garmisch-Partenkirchen, Binz