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Serviced Apartments

Germany Market Snapshot

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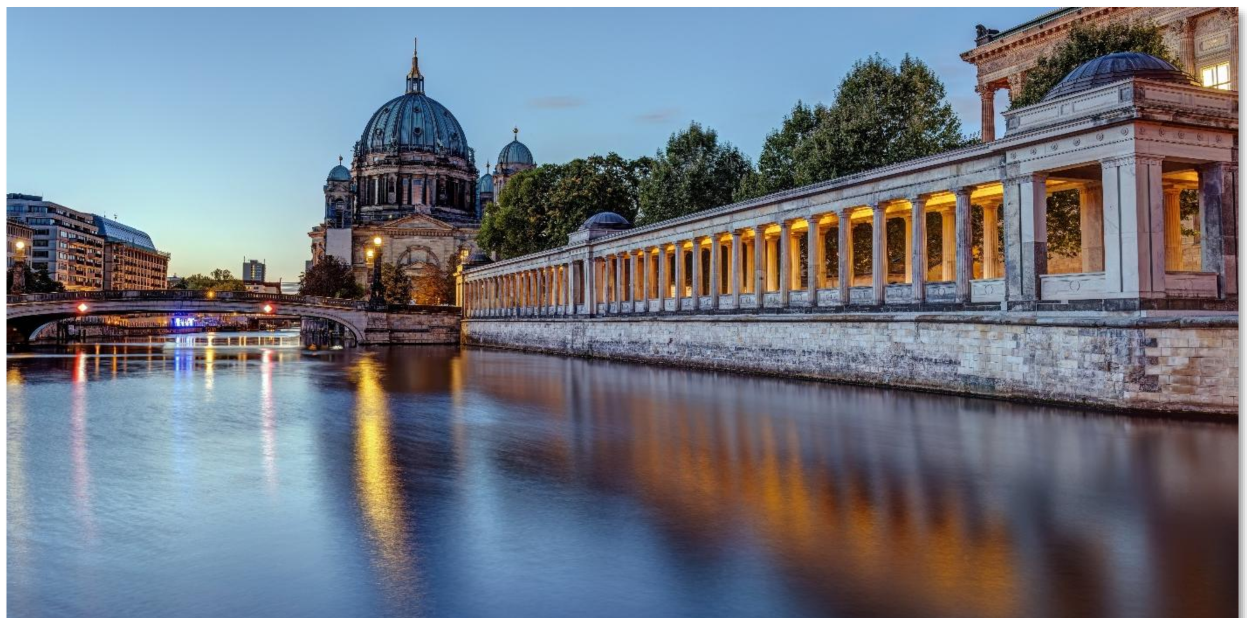
Table of Content & Abbreviations

Abbreviations

ADR	Average Daily Rate
c.	Circa
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CPI	Consumer Price Index
k	Thousand
KPI	Key Performance Indicator
Max. / Min.	Maximum / Minimum
Occ	Occupancy
p.a.	Per annum
ppts	Percentage Points
RevPAR	Revenue per Available Room
S.A.	Serviced Apartments
m²	Square Metre



Our View on the Market

Lean business model and strong margins continue to drive sector growth

Germany's serviced apartment sector has evolved from a relatively specialised accommodation segment into an established hospitality asset class, supported by a mix of **structural and cyclical demand drivers**. The sector benefits from trends that extend well beyond traditional travel demand, including growing workforce flexibility, project-based employment and housing market constraints. As a result, serviced apartments occupy a **unique position** at the intersection of residential and operational hotel real estate, enabling operators to capture demand from both temporary residents as well as conventional business and leisure travellers. This diversified demand profile and lean business model has enhanced the sector's appeal to investors and developers, driving sustained development activity and accelerating **market professionalisation** and new market entry.

Despite rapid growth, the market remains **relatively fragmented** and has substantial room for further expansion and consolidation, creating significant opportunities across the sector. Major **urban centres** continue to **dominate development activity** due to their corporate demand bases, connectivity and more acute housing pressures. Notably, serviced apartments have demonstrated **greater resilience** than the wider accommodation market during periods of disruption, reflecting the sector's extended-stay demand profile and reinforcing its position as a comparatively **defensive hospitality asset**. Strong demand fundamentals, lean operating models and a robust development pipeline, with serviced apartments representing one in four pipeline rooms in Germany, suggest continued sector expansion. However, the impact of new supply on market performance will remain a key factor to monitor.

Hannes Schied
Head of Consultancy
Hotels Germany

Nicolas Garcia Domingo
Advisory & Valuation
Services

"The serviced apartment sector represents a resilient asset class, underpinned by a diversified demand base and an attractive operating model.

Market fundamentals indicate further growth potential across the sector."

Hannes Schied
Head of Consultancy
Hotels Germany

Definitions & Rating System

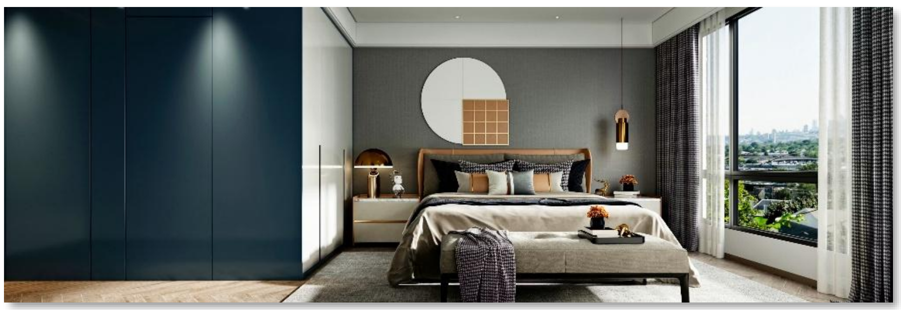
Germany's quality rating framework reflects the sector's broad and hybrid nature

International Definition:

The Association of Serviced Apartment Providers (**ASAP**) is a leading international trade association representing the serviced accommodation sector. ASAP defines serviced apartments as **fully furnished**, self-contained apartments with kitchen facilities, typically located within **residential-style buildings**. Key services such as housekeeping, linen, towels and laundry facilities are generally included, while the extent of **additional services may vary** by operator. Serviced apartments are designed to accommodate both short- and long-term stays, with some operators applying **minimum stay** requirements, typically ranging from three to seven nights.

German Market Nuances:

Developed by Apartmentservice in collaboration with leading industry stakeholders, this framework provides a standardised terminology for the sector. Under the **umbrella term** Serviced Apartments, it distinguishes between **Aparthotels** offering extensive hotel-style services and facilities, **Serviced Apartment Houses** emphasising guest independence through a limited service offering, and **co-living** concepts combining private accommodation with shared spaces and amenities. This creates a **clear distinction** between commercial accommodation formats and residential housing, providing a **consistent basis** for industry participants.



Quality Rating System:

The German DTV/DEHOGA classification framework applies a **broader interpretation** of the serviced apartment sector. Rather than focusing primarily on the product definition, the framework places greater emphasis on the **operating model** and service offering. Properties are classified according to whether they exhibit a **hotel-like character** and are assigned to either the DTV or DEHOGA quality-rating system. Given the overlap between highly serviced apartment products and aparthotels, **both categories have been considered** in this publication to reflect the true structure and composition of Germany's serviced apartment sector.

Rating Methodology:

Within the German DTV/DEHOGA framework, the key distinction between the two classifications lies in the level of hospitality services provided. Properties classified under **DEHOGA** are required to operate with a **hotel-oriented service concept**, including a guest-service function such as a physical or digital reception, daily room cleaning, and a breakfast offering. By contrast, properties assigned to the **DTV** Classification are not required to provide these services. Instead, the classification focuses on the **accommodation unit itself**, with ratings determined by factors such as the quality, condition, furnishings, and amenities of the apartment.

Sources: DEHOGA, DTV, ASAP, Christie & Co Research

Supply & Pipeline (1/2)

Serviced apartments represent c. 24.2% of Germany's accommodation pipeline, reflecting continued growth

63	7,574	46%	40%	24.2%
S.A. Pipeline Projects	S.A. Pipeline Units	2027 Completions	Supply Aged <5 yrs	Share of Total Hotel Pipeline

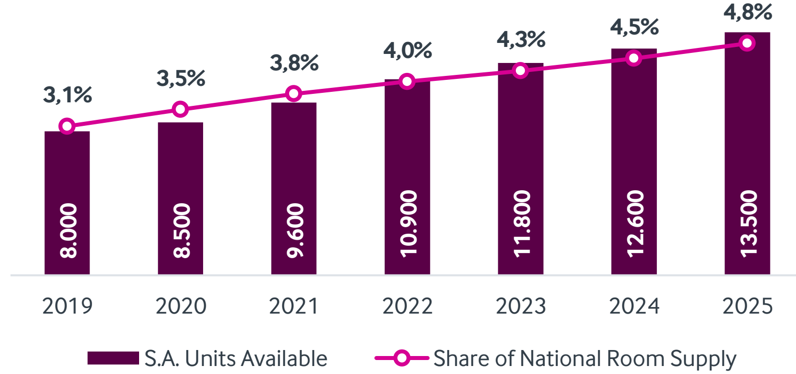
Supply Composition

Germany's serviced apartment sector has **expanded significantly**, with units available growing at a CAGR of 9.2% between 2019 and 2025, including peak annual growth of 14.6% between 2021 and 2022. This expansion reflects strong confidence in the sector's resilient extended-stay demand profile and diversification benefits, reinforcing its position as one of the more defensive segments within the hospitality sector. Despite this growth, the market remains in a formative stage, characterised by a **young supply base**, with only 16% of existing units older than 10 years, and a fragmented branding landscape, with nearly half of the stock remaining unbranded. These characteristics suggest the sector remains at a relatively **early stage of maturity**, with consolidation expected as the market evolves.

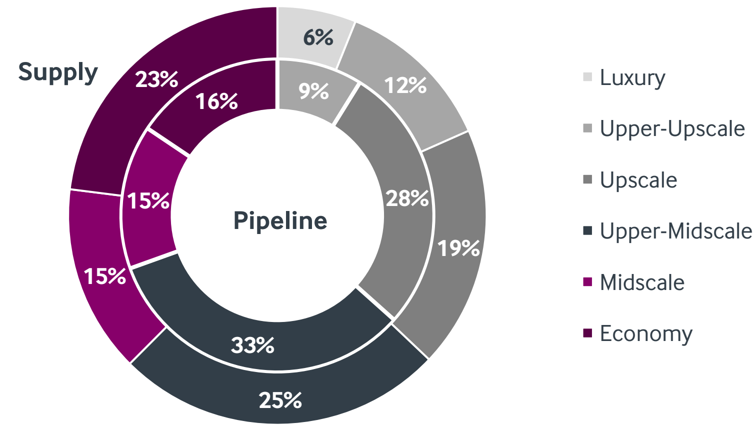
Development Activity

The development outlook for Germany's serviced apartment sector **remains robust**. Considering only projects in final planning and under construction, serviced apartments account for 24.2% of the national hotel pipeline, highlighting **continued developer and investor confidence** in the sector. In line with this, a total of 7,574 units are anticipated to enter the market over the coming three years, with approximately 72% of scheduled completions expected by the end of 2027. With a 33% share of the new inventory and 25% of the existing stock, the **Upper-Midscale** segment remains the sector's **dominant market product** in Germany. This reflects continued investor and operator preference for the segment, driven by its balanced value proposition and **alignment** with the **sector's prevailing demand profile**.

Historical S.A. Units Available in (in '000)



Serviced Apartment Share (%) - Pipeline & Supply June 2026



Sources: CoStar, Christie & Co Research

Supply & Pipeline (2/2)

Development activity remains highly concentrated, with c. 72.4% of the development pipeline in the top 7

63 S.A. Pipeline Projects	**7,574** S.A. Pipeline Units	**46%** 2027 Completions	**40%** Supply Aged <5 yrs	**24.2%** Share of Total Hotel Pipeline

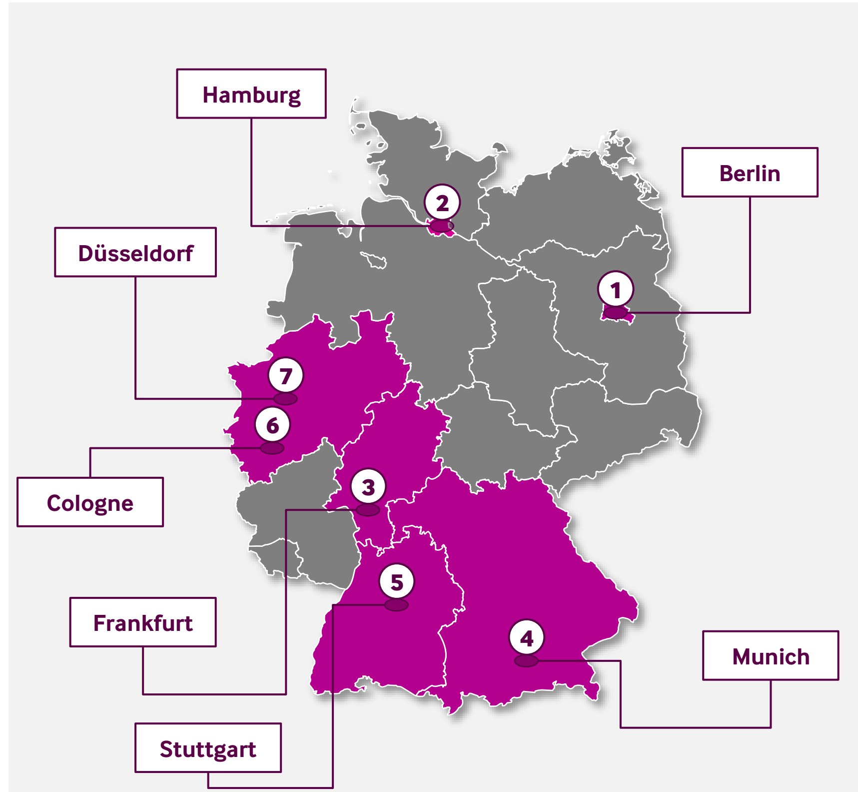
The Top Seven Pipeline	BER	HAM	FRA	MUC	STU	COL	DUS
S.A. Projects	**15**	7	3	4	5	2	1
S.A. Units	**2,095**	954	910	695	594	133	105
National S.A. Pipeline (%)	**27.7%**	12.6%	12.0%	9.2%	7.8%	1.8%	1.4%
National Hotel Pipeline (%)	**6.7%**	3.1%	2.9%	2.2%	1.9%	0.4%	0.3%

Top 7 Development Activity

Germany's Top 7 cities account for the **majority of serviced apartment development** activity, led by Berlin (27.7%), followed by Hamburg (12.6%) and Frankfurt (12.0%). **Berlin** exhibits the **largest and most diversified pipeline** across segments, supported by its broad and international demand base as well as its thriving startup ecosystem. Across the Top 7, development is **concentrated** in the **Upper-Midscale** (36%) and **Upscale** (26%) segments, reflecting a clear preference for mid- to upper-tier products, with no Luxury developments currently represented in the pipeline. Most markets broadly follow this segment mix, while Cologne and Düsseldorf exhibit a greater concentration of **value-led developments**, reflecting the Rhine-Ruhr region's predominantly domestic and industrial demand profile.

Top 7 vs. Germany Overall

Compared with the national serviced apartment pipeline, the Top 7 cities are **skewed towards upper-tier developments**, reflecting stronger international demand, higher pricing potential and greater institutional capital participation and interest. In contrast, **Economy** developments **are more prevalent outside** the Top 7, where demand is typically driven by domestic corporate travel and tends to be more cost-conscious. These markets also generally **exhibit lower liquidity** and attract a greater share of local family offices, HNWIs and regional investors, whose investment strategies are often geared towards smaller-scale projects with lower upfront capital requirements. As a result, lower-cost product offerings are comparatively **more viable in these locations**, benefiting from lower capital requirements and a demand profile that aligns well with value-oriented accommodation options.



Sources: CoStar, Christie & Co Research

Demand Drivers

A combination of structural and cyclical drivers underpins extended-stay demand

1. Increased Workplace Flexibility

71% of Freelance Work
is done remotely

Flexible Workplace Structures

Evolving workplace structures are also increasing demand for flexible accommodation. Among freelancers, 71% work predominantly remotely, while 38% cite location-independent working as a key motivation for self-employment. These trends support a growing cohort of mobile professionals whose accommodation needs align closely with extended-stay products, while also boosting bleisure travel demand as individuals increasingly combine work and leisure during longer, more flexible trips.

2. Strong German Exhibition Market

2 in 3 World Leading Trade Fairs
are held in Germany

The Exhibition Market

Germany's position as a leading global exhibition destination generates significant temporary accommodation demand. According to AUMA (Association of the German Trade Fair Industry), the country hosts approximately 350 trade fairs annually, attracting more than 180,000 exhibiting companies and up to 16 million visitors. This creates recurring demand from exhibitors, contractors, and business travellers, as well as large project teams responsible for exhibition setup, operations, logistics, and event delivery.

3. Growing Project-Based Work

38.5% Gross Value Added
is estimated for 2027

Project-Based Work

The growing importance of project-based work further underpins extended-stay demand. Assignment-based work accounted for 34.5% of all work activity in Germany in 2022, generating approximately €1.2 trillion in gross value added. GPM (German Project Management Association) expects this share to increase to 38.5% by 2027, likely driving mobility among project teams, consultants, and specialist contractors.

4. Substantial Housing Shortage

320k units p.a.
until 2030 to meet demand

The Housing Market

Germany's structural housing undersupply remains a key demand driver for extended-stay accommodation, with c. 320,000 residential units required annually through 2030 to meet demand. Future household growth is expected to be concentrated among smaller household formats, supporting demand for compact and flexible accommodation solutions. Supply constraints are most pronounced in Southern Germany and major metropolitan areas such as Berlin, Munich, Frankfurt and Hamburg.

Sources: AUMA, GPM, freelancermap GmbH, BBSR, Christie & Co Research

Germany Trailing Performance

Resilient demand fundamentals continue to support strong market performance

Occupancy Dynamics

Occupancy has yet to return to pre-pandemic levels, **stabilising** at c. 73%, largely reflecting the significant increase in inventory. With total supply reaching 37,249 units, the **market has almost doubled** within the last five years, absorbing 40% of its current capacity during that period. Despite this expansion, **demand remained more resilient** compared to the wider market throughout 2019–2025 and specifically during the market downturn **reaching a 10 ppts spread above the wider market**. This resilience reflects the sector's extended-stay demand profile, reinforcing its position as one of the more defensive sectors within the hospitality market. Cologne, Hamburg, Berlin and Munich recorded the **highest booking activity**, reflecting a combination of strong underlying demand fundamentals and relatively constrained housing markets.

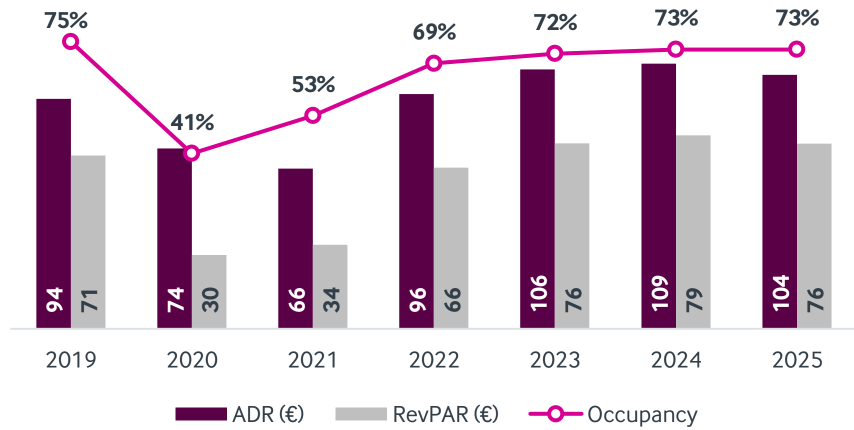
Pricing Environment

ADR, although surpassing pre-crisis values, remained below wider hotel market levels between 2019 and 2025. This was primarily driven by **substantial supply growth**, which **intensified competition** in the sector, as well as the extended-stay nature of the product, where longer lengths of stay and duration-based discounts **moderate** realised ADR levels. Rates were further constrained by the market composition, with only **18% of properties** belonging to the **Upper-Upscale** and **Luxury** segments, **limiting the sector's pricing upside** relative to the broader market. The Top 7 markets generally exhibit stronger pricing power, with five of the seven markets reporting ADRs above the national average. This indicates that the German average is **tempered by underdeveloped markets**, which typically exhibit lower demand depth.

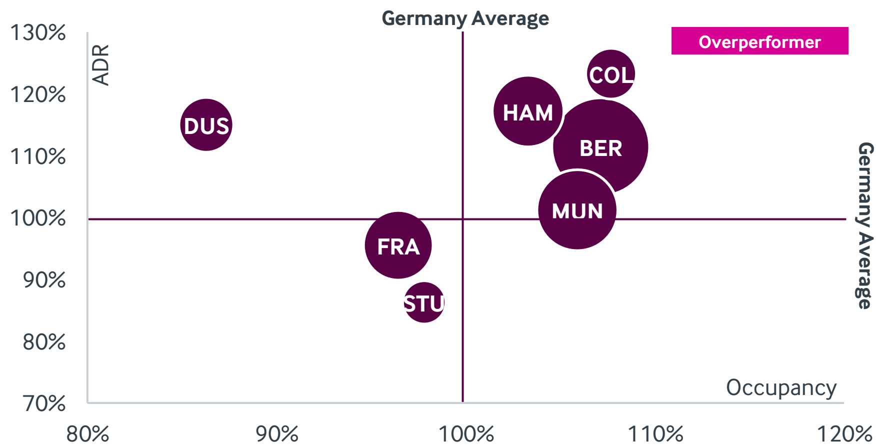
Operating Performance

As a result, RevPAR marginally outperformed the wider market until 2025, when it recorded a **year-on-year decline of 4.3%.** The decrease was driven entirely by ADR, suggesting that recent **performance pressure** has been primarily driven by a more **competitive operating environment** rather than weakening demand fundamentals.

Serviced Apartment Historical Performance



Serviced Apartment Performance Top 7 Cities (2025)*



Sources: CoStar, Christie & Co Research

*Bubble dimensions are scaled according to market size

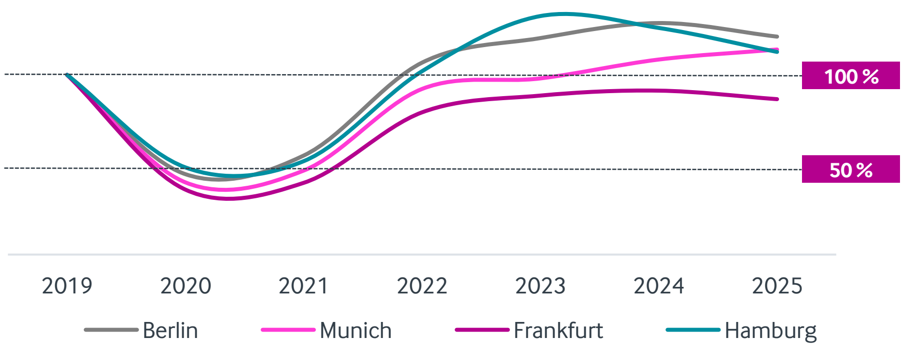
Market Performance

Serviced apartments have outperformed their respective hotel markets across Germany's top 4 cities

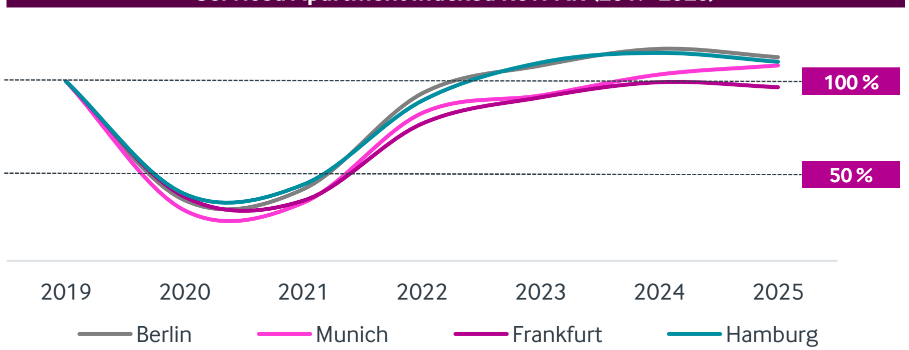
KPI Evolution Top 4 Cities (CAGR: 2019-2025)

	Germany	Berlin	Munich	Hamburg	Frankfurt
Occ	- 0.5 %	- 0.8 %	- 0.5 %	+ 0.4 %	- 0.5 %
ADR	+ 1.6 %	+ 4.1 %	+ 2.7 %	+ 1.6 %	- 1.9 %
RevPAR	+ 1.1 %	+ 3.3 %	+ 2.2 %	+ 2.0 %	- 2.4 %

Hotel Market Indexed RevPAR (2019-2025)



Serviced Apartment Indexed RevPAR (2019-2025)



Berlin

Berlin's serviced apartment market exhibits the **strongest growth trajectory** among the Top 4, with RevPAR growth **outperforming** the **overall Berlin hotel market** by 8 ppts between 2019 and 2025. This performance was largely driven by strong pricing power (**real ADR growth** 2019-2025: **5,51%**), while occupancy dropped by 4 ppts over the same period.

Munich

Despite a **marginal 2-ppt decline in occupancy** between 2019 and 2025, Munich ranks second, with **RevPAR growth outperforming** the overall Munich hotel market by 5 ppts. Munich is also the only market to surpass its 2024 RevPAR peak in 2025. **Strong underlying demand**, supported by the city's housing shortage and affluent customer base, continues to underpin **rate growth and pricing power**.

Hamburg

Hamburg demonstrated the **most balanced growth** profile**,** outperforming its respective overall market while remaining the only market to record positive CAGRs across all performance metrics. The market's balanced demand profile has encouraged significant **bleisure demand**, supporting stable ADR growth (CAGR: 1.6%) and a marginal occupancy gain of 2ppts (2019-2025).

Frankfurt

Frankfurt continued to **outperform** the overall Frankfurt hotel market in **absolute terms**, although CAGR growth was constrained by an exceptionally high pre-pandemic base, with **RevPAR** standing **14 ppts above** the market in **2019**. Despite remaining below pre-crisis levels, the continued **recovery of MICE** demand is driving occupancy growth in recent years, positioning the market favourably for future performance.

Market Outlook

Overall, serviced apartments have **outgrown the wider accommodation market** in three of Germany's four largest cities and demonstrated **greater resilience** during periods of economic disruption, reflecting the sector's strong underlying demand drivers and **positive near-term outlook**.

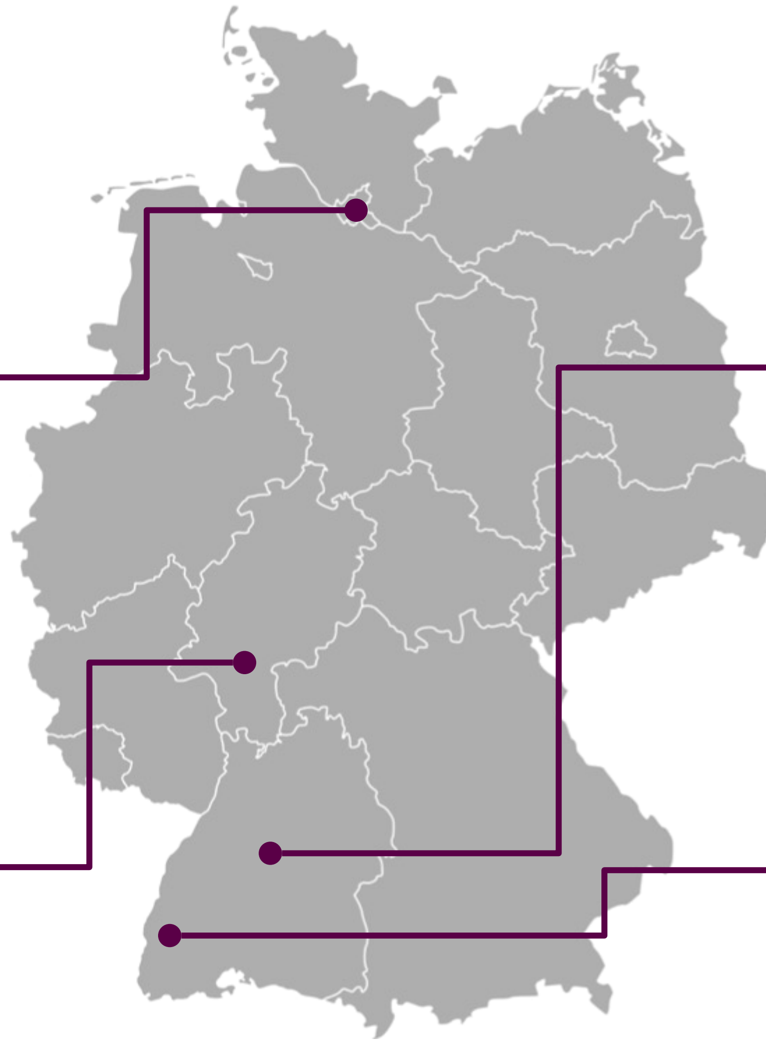
Sources: Destatis, CoStar, Christie & Co Research

Transactional Activity

Transaction market highlights and landmark deals in Germany

March 2025
Adina Apartment Hotel Hamburg Speicherstadt
Seller: Commerz Real
Buyer: PGIM
S.A. Units: 202
Price/Unit: € 334 k
GFA: 9,183 m²

July 2022
Stayery Frankfurt Sachsenhausen
Seller: Schütt Gewerbebau GmbH
Buyer: Leyendecker Gruppe
S.A. Units: 139
Price/Unit: Undisclosed
GFA: 7,188 m²



May 2024
Rioca Stuttgart Posto 6
Seller: Geiger Unternehmensgruppe
Buyer: Undisclosed Family Office
S.A. Units: 157
Price/Unit: € 159 k
GFA: 5,757 m²

September 2024
Aparthotel Adagio Access Freiburg
Seller: benchmark. REAL Estate
Buyer: Propetti Management GmbH
S.A. Units: 153
Price/Unit: Undisclosed
GFA: 6,384 m²

Sources: CoStar, Christie & Co Research

Branding Landscape

Growing brand penetration reflects the sector's ongoing professionalisation

Brand Composition and Evolution

Germany's serviced apartment market remains fragmented, with the four largest operators collectively accounting for c. one fifth of total supply. The market's leading operators by key count are Adina Apartments (2,261 units), Living Hotels (2,066 units), Limehome (1,563 units) and Smartments (1,366 units). The **growing dominance of branded properties**, accounting for 54% of existing supply and 73% of the pipeline, reflects the continued **professionalisation and institutionalisation** of Germany's serviced apartment market. The larger average size of branded assets in the pipeline (117 units) compared to the supply (85 units) further reinforces this trend.

Of the 18 operators with active expansion plans, iPartment, Stayery and Stay KooooK collectively account for 31% of all pipeline units. This reflects investor preference for **established and trusted brands**, reinforcing market **concentration** and creating a more challenging **competitive environment** for emerging and independent operators. Expansion strategies differ in terms of **volume and scale**, with Limehome notably operating at an average of just 21 units per asset. While standardised products have facilitated market growth and scalability, the German serviced apartment market is increasingly **shifting towards lifestyle-focused** concepts and products.

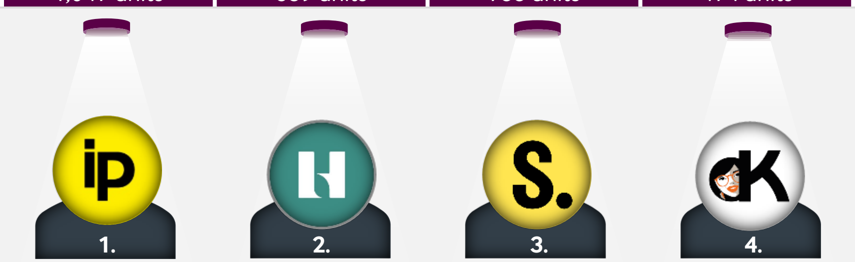
Germany Brand Positioning*

The 4 leading brands by S.A. Units – Supply

Top 4 Brands Supply	Adina Apartment	Living Hotels	LIMEHOME	Smartments
S.A. Properties	14	12	73	10
National S.A. Supply (%)	2.5%	2.1%	13.1%	1.8%
S.A. Units	2,261	2,066	1,563	1,366
National S.A. Supply (%)	6.1%	5.5%	4.2%	3.7%

The 4 leading brands by S.A. Units – Pipeline

iPartment 1,047 units	LIMEHOME 859 units	STAYERY. 733 units	Stay KooooK 474 units



Sources: CoStar, Christie & Co Research

*Reflects a market-specific, judgment-based assessment and may vary geographically

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

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