HOTEL INVESTMENT IN EUROPE ROSE 18% IN Q1 2023

During the first quarter of the year, hotel investment in Europe was quite active, with a total of 4.1 billion euros invested, which is an increase of 18% compared to the same period in 2022. According to Cushman & Wakefield, a global real estate consultancy, Spain is considered one of the most appealing countries for investing in this type of asset. **Europe's biggest hotel investment markets were France, the United Kingdom, and Spain, accounting for 52% of the total transaction volume.**

The European investment figure of 4.1 billion in a total of 154 assets and 16,817 rooms represents an increase of 18% over the almost 3.5 billion euros (3.482 billion) achieved in the same period of 2022. This is despite the rise in financing costs and doubts about the economic and geopolitical situation.

Thus, after a solid recovery in 2022, hotel results continued to grow in the first quarter of 2023, supported by pent-up demand and a recovery in the corporate and group segments.

Some major transactions have driven this strong growth, such as the sale of the Westin in the French capital. In addition, the Mandarin Oriental in Bodrum, Turkey, and Le Richemond in Geneva, Switzerland. However, when looking at the period from March 2022 to March 2023 and smoothing out the impact of these significant transactions, we see more moderate growth of 3% compared to the 12 months to March 2022.

According to the report, Europe saw a total investment volume of €18.6 billion in the last 12 months. The UK, France, and Spain were the most popular investment markets. These three countries accounted for 52% of all deals, with the UK leading at €3.7 billion, France at €3.3 billion, and Spain at €2.6 billion.

Middle East Investment Soars

European investors accounted for 76% of the capital invested, although Middle Eastern capital has grown strongly, increasing by 142% over the last 12 months.

In deals completed in the first few months of the year, large hotels accounted for more than half of the investment, with resorts being the most sought-after segment.

The strong recovery in leisure demand, long-term growth potential, and limited supply growth support the resort's popularity among investors.

Overall, resorts accounted for 22% of total investment in the first quarter and 28% if we analyze the data over the last 12 months. This is a much higher figure than in 2019, before Covid-19, when this hotel typology accounted for only 13% of the total investment for the year.

The positive investor sentiment towards hotel assets is supported by the strong recovery in hotel activity, with RevPAR (revenue per available room) in this first quarter 13% higher than in 2019 for Europe as a whole.

The reason for this increase is the rise in prices on the continent. ADR (average daily rate) increased by 19% compared to 2019 levels. The largest RevPAR increases in this first quarter of 2023 compared to 2019 figures have been recorded in Lithuania, Turkey, Ireland, Croatia, and France, while at the city level, increases in Paris, Belgrade, Istanbul, and Vilnius stand out.

Hotel Supply Will Remain Slow

The growth of hotel supplies is predicted to stay low, with a projection of less than 2% in 2022. This is due to construction expenses and interest rates, causing delays and cancellations of hotel development plans. However, notable portfolios are available for acquisition, such as Center Parcs in the UK and Tryp in Spain. Additionally, inflation is becoming more stable.

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