REVIEW

HOTEL MARKET

EUROPE Q3 2025

AdobeStock © 514623955

RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

Q3 2025 HOTEL MARKET EUROPE

The hotel market is increasingly attractive, reflected in sector gains in commercial real estate market share.

Rising demand for urban luxury hotels drives hotel investment.

Spain, the UK, France and Italy are leading the market with over 55% of hotel investment volume.

KEY FIGURES

€ 15.0 Bn + 0.8% YoY
Hotels Investment Q3 2025 YTD

13.4% All-time High
Share of Hotel Investment on total CRE investment

613 vs 818 properties - 25% YoY
Properties sold Q3 2025 YTD

Shutterstock © Brian A Jackson

Investors are looking for luxury hotels

The attraction of the hotel sector is getting stronger. Hotel investment has reached €15.0 bn in the 9 months of 2025 (+0.8% on the same period in 2024). The volume is now 40% above the 5-year average (9M).

Hotel investment is increasing its market share. Over the 9 months of 2025, it has reached 13.4% of commercial real estate investment, well above the 5-year average of 7.7%.

Investors are now more than ever looking for ways to diversify their portfolios with assets from a clearly recovering business sector. Investors are increasingly targeting luxury hotels in city centres to capture renewed tourist demand.

Most markets witnessed acceleration, especially in the Nordics. Denmark, Finland, Sweden and Norway collectively accounted for €1.7 bn, four times the performance recorded in 2024 9M.

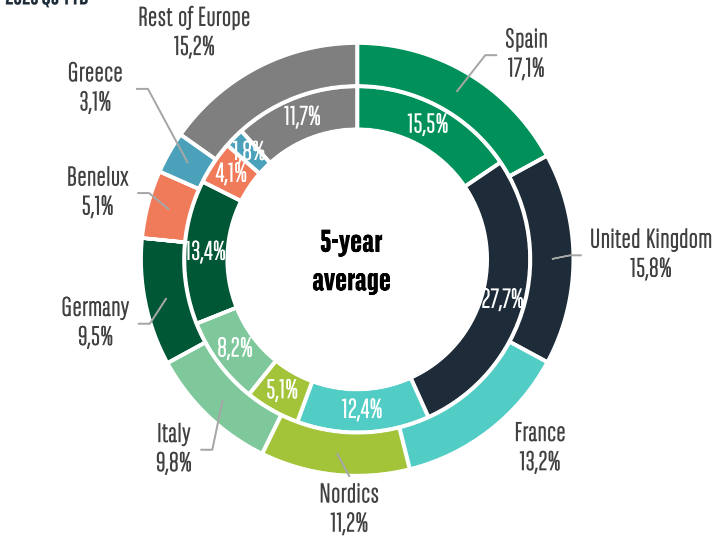
Southern countries also showed strong growth, Portugal (+20%), Spain (+32%), Italy (+91%) and Greece (+2%) compared to last period.

In 2025 some countries experienced weak growth: Austria (-18%), Belgium (-19%) and the United Kingdom (-63%). In the UK, the drop off is partly explained by three major portfolio deals (all above €900M) that occurred in 2024.

Spain (€2.6 bn) and the UK (€2.4 bn) now contribute for around 33% of total hotel investment, a reduced share compared to previous periods (49% in 2024). Even so, when combined with France and Italy, these four countries still account for 55% of the overall investment volume.

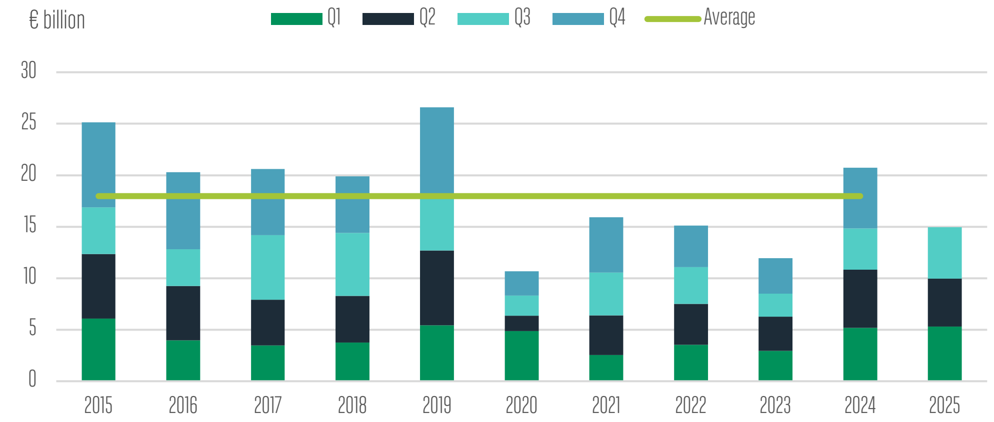
Hotels investment breakdown by country/region

2025 Q3 YTD



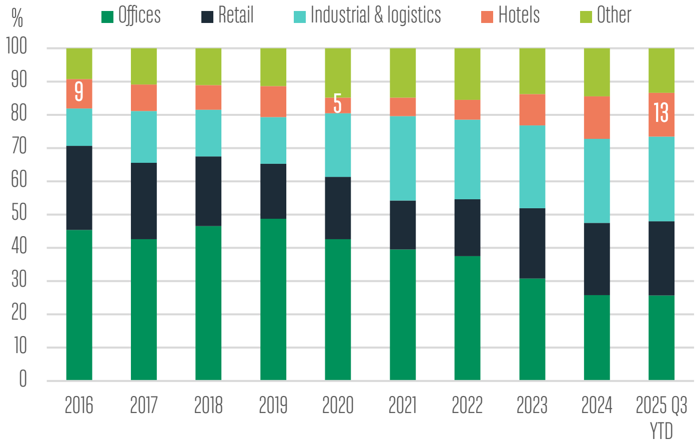
Hotels investment trends

Europe



CRE Investment breakdown by asset class

Europe



Source: BNP Paribas Real Estate

Foreign tourists continue to travel to Europe, with a global increase of 2.9% as of August 2025, compared to the same period last year. Nonetheless, this positive trend is offset by fewer Asian tourists, where numbers have yet to return to their pre-Covid volumes.

Significant variations in 2024 (vs 2019)

Countries	Change in value	% of Change
USA	+ 5.3 M	+ 22%
Poland	+ 5.3 M	+ 19%
Netherlands	+ 4.7 M	+ 17%
Romania	+ 2.5 M	+ 21%
Czechia	+ 2.2 M	+ 18 %
Japan	- 2.2 M	- 49%
Italy	- 3 M	- 5%
France	- 3.2 M	- 3%
China	- 5.5 M	- 46%
Russia	- 6.9 M	- 83%

Shutterstock © Brian A Jackson

Foreign tourist arrivals on the rise

Foreign tourist arrivals reached 230 million, up 2.9%, as of August 2025 compared to the same period last year. Foreign tourists represent 43% of hotel stays in Europe.

The geographic pattern remains uneven. While visitors from North America are up 23% compared to 2019, Asian countries are the reverse. Tourists coming from China (-46%), Japan (-49%), and South Korea (-24%) are all below pre-Covid levels.

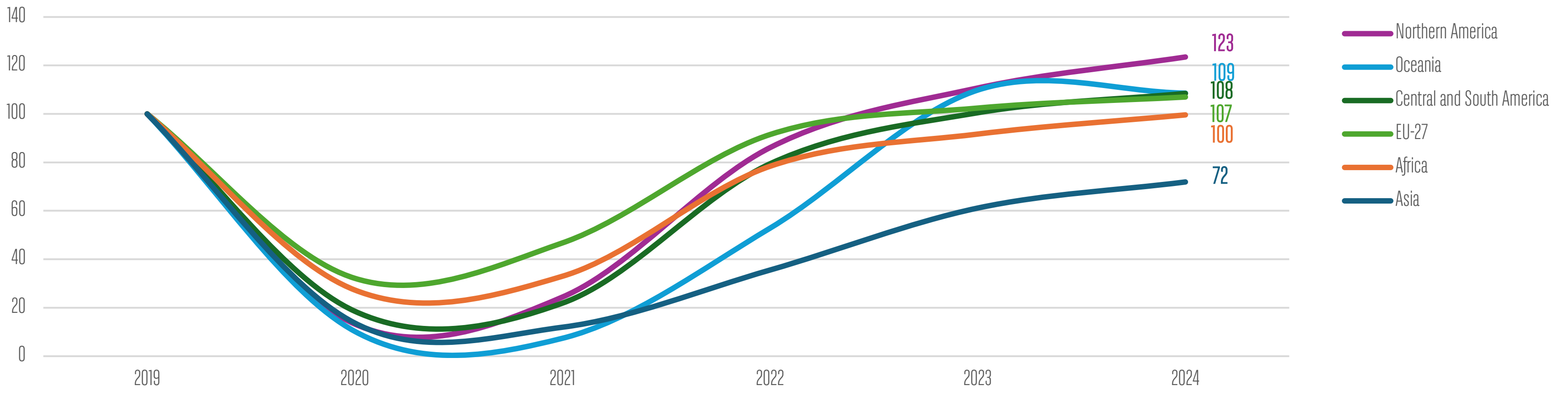
Slow recovery reflects the lingering impact of late reopening policies in Asia and a broader economic gloom across several regions, marked by deflationary pressures and reduced purchasing power.

The continued absence of Chinese tourists weighs on Europe's tourism dynamics, as they traditionally rank among the highest spenders abroad.

© Ground Picture

Foreign tourist arrivals in hotels in Europe

Index 2019 = 100



Source: BNP Paribas Real Estate, Eurostat

Note: China, Japan and Other Asian Countries are part of Asia

KEY FIGURES

-3.4% vs. 2024 Q3 YTD
RevPAR for the Budget segment in Europe

-1.5% vs 2024 Q3 YTD
RevPAR for the Economy segment in Europe

-0.2% vs. 2024 Q3 YTD
RevPAR for the Midscale segment in Europe

+2.8% vs. 2024 Q3 YTD
RevPAR for the Upscale segment in Europe

Shutterstock © Brian A Jackson

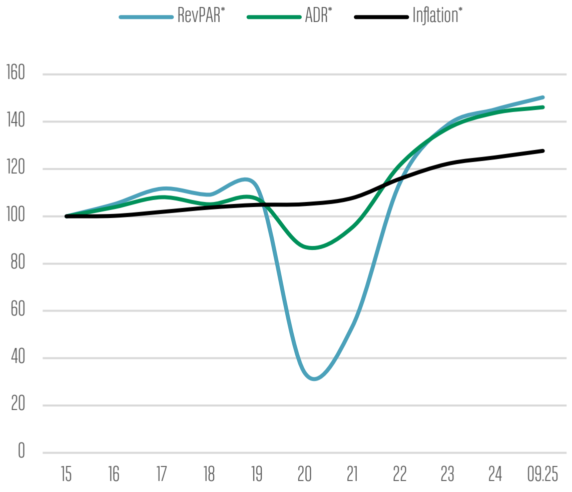
RevPAR boosted by the upscale segment

RevPAR seems to be stabilizing after several months of recovery. RevPAR increased by 0.5%, compared with the previous period.

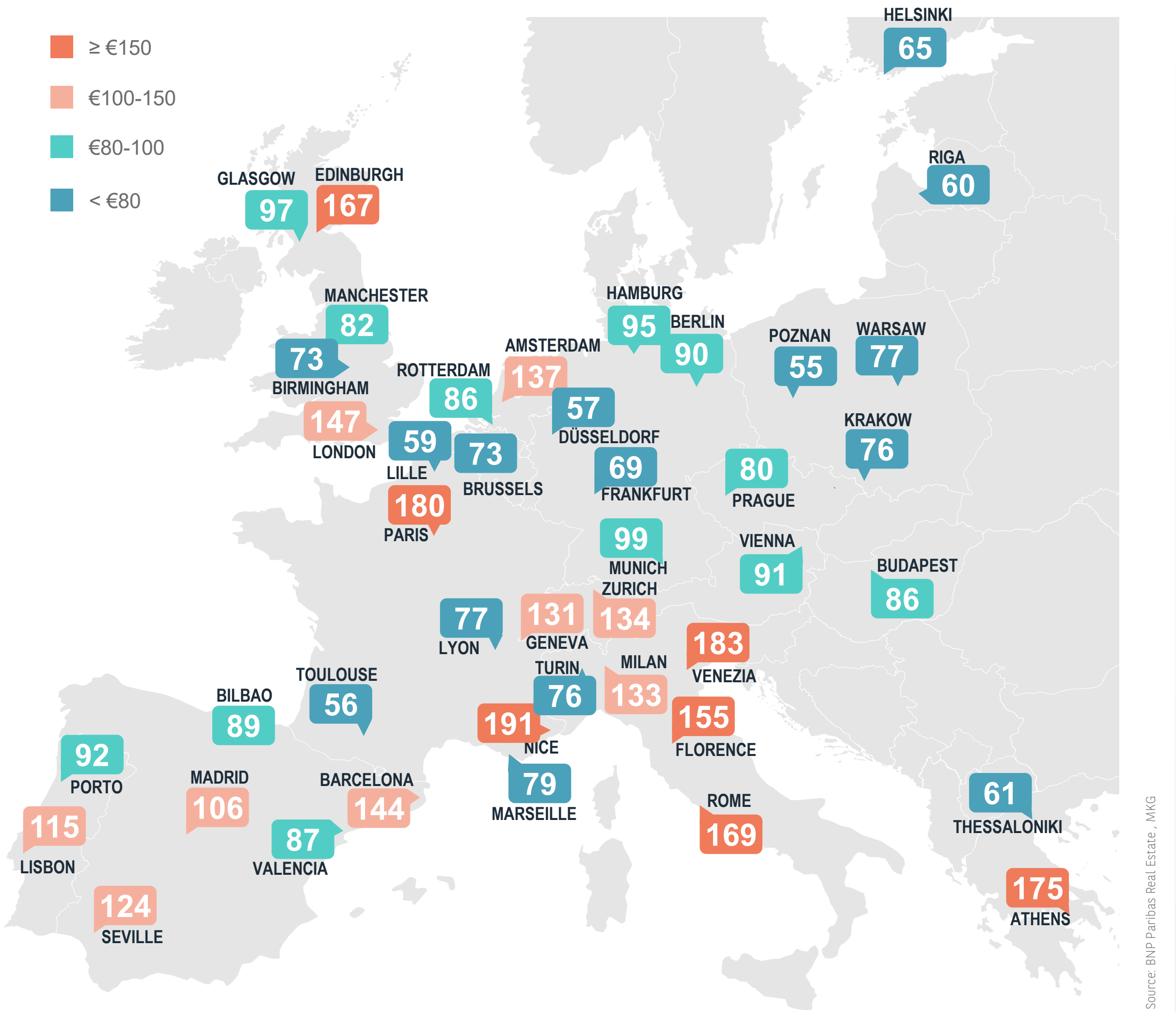
Hotel competitiveness has been affected by a decline in ADR, down 0.6% from last period. Only the upscale segment managed to maintain growth at +0.4%, clearly reflecting the rising attractiveness of this segment.

Budget and economy segments continue to struggle with falling occupancy rates, ADR and RevPAR. These categories have been hit hardest by the erosion of household purchasing power driven by inflation.

Evolution of RevPAR, ADR and inflation in Europe
Base 100 = 2015



RevPAR Breakdown by main cities



Source: BNP Paribas Real Estate , MKG

*Means based on France, Germany, Italy, Spain and United Kingdom

Q3 2025 HOTEL MARKET EUROPE

Significant variations of RevPAR 2025 Q3 YTD (vs 2023 Q3 YTD)

Countries	Change in value	Change in %
Spain	+ €17.9	+ 19%
Greece	+ €13.7	+ 9%
Latvia	+ €13.5	+ 29%
Malta	+ €12.4	+ 13%
Switzerland	+ €9.4	+ 8%
Italy	+ €9.3	+ 8%
Luxembourg	+ €8.8	+ 9%
Portugal	+ €7.5	+ 7%
Poland	+ €6.7	+ 11%
Austria	+ €6.1	+ 7%
Netherlands	+ €5.4	+ 5%
United Kingdom	+ €3.5	+ 3%
Germany	+ €2.8	+ 4%
Belgium	+ €2.5	+ 3%
France	+ €2.2	+ 3%

Shutterstock © Brian A Jackson

Uneven operational performance

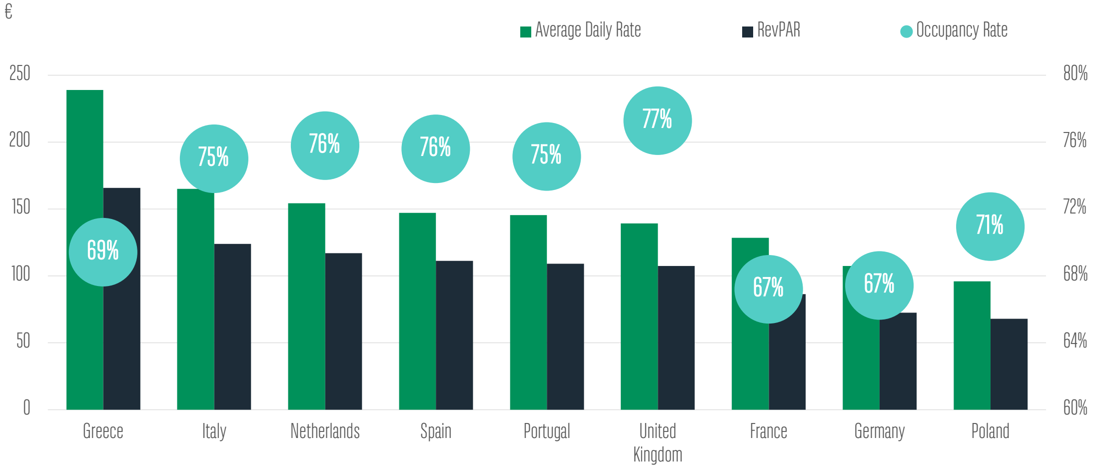
At country level, across the nine months of 2025, RevPAR growth remained uneven across Europe, with strong results in Central and Southern Europe.

Italy stands out this year, boosted by the Jubilee 2025 religious festival which attracted a surge of pilgrims. The event supported strong results across all indicators in the main urban destinations, resulting in an average +5% increase (year-on-year) of RevPAR in Milan, Rome and Turin.

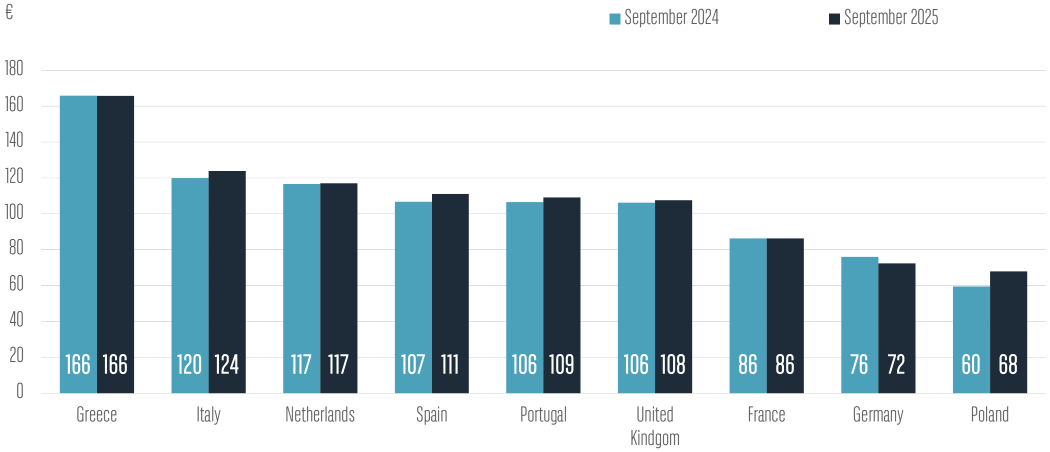
Spain and Portugal maintain a solid upward trend, fueled by strong leisure demand and international events. Barcelona and Lisbon remain among Europe's top three destinations, alongside Paris.

Poland continues its positive momentum, with RevPAR up +7% year-to-date, driven by major cities such as Krakow (+9.6%) and Warsaw (+7%). The market remains one of the most dynamic in Central Europe.

Operational performance in the main European Markets in 2025 Q3



RevPAR in main European markets



In France, performance is still largely driven by Paris and Nice, where RevPAR rose by +3% and +9%. In contrast, Lille, Lyon and Toulouse recorded declines of around -3%, highlighting a more polarized market where international hotpots outperform regional destinations.

Germany continues to experience a decline in leisure and business-related demand (-4.9%), particularly in main cities where RevPAR is sharply down between -10% and -17% in Berlin, Düsseldorf and Frankfurt. Average Daily Rates are also particularly **affected** by the fall in occupancy, with values down in Berlin (-12%) and Düsseldorf (-15%).

Source: BNP Paribas Real Estate , MKG

GLOSSARY

BNP Paribas Real Estate continually works to produce indicators which are as comparable as possible. This is a complex issue, due to cultural differences from market to market. ***Our goal is to actively contribute to market transparency****. Consequently, we present those definitions and indicators which are strictly comparable, so that our readers can understand BNP Paribas Real Estate market data.*

Exchange Rates into € are the average value observed over the quarter.

Night Spent at Tourist Accommodation Establishments

Tourist accommodation establishment *means a local kind-of-activity unit providing as a paid service short-term or short-stay accommodation services. It includes here hotels and similar accommodation. It includes :*

- *Hotels (and similar establishments, for instance operating under the name "bed & breakfast)*
- *Resort hotels*
- *Suite/apartment hotels*
- *Motels*

It does not include :

- *Holiday and other short-stay accommodation*
- *Camping grounds, recreational vehicle parks and trailer parks*

Arrival of tourist at a tourist accommodation establishment

Within the context of European Union (EU) tourism statistics, an ***arrival*** *is defined as a tourist who arrives at a tourist accommodation establishment or at a non-rented accommodation.*

The tourist can be either a resident or a non-resident of the country where the establishment is located, no age limit is applied: children are counted as well as adults, even in the case where the overnight stays of children might be free of charge.

Hotels

Hotels Financials

RevPAR, Revenue per Available Room, is a metric used in the hotel industry to measure the average revenue generated from a room in any given period of time. It is calculated by dividing the total revenue from hotel rooms by the number of available rooms in a given period of time.

A hotel's ***ADR***, Average Daily Rate is a measure used to calculate the average rate paid for a hotel room over a given period of time. It is calculated by dividing the total revenue from room sales by the total number of rooms sold.

Inflation refers to the persistent and broad-based increase in the overall price level of goods and services within an economy over a given period, leading to a gradual erosion of the currency's purchasing power. It is typically measured through price indices and is influenced by factors such as demand dynamics, production costs, and monetary policy conditions.

INVESTMENT

Investment volume considers specifically all commercial investment realized in the hotel's asset segment.

Investment volume by country refers to the investment realized in countries member of the EU. Benelux refers to Belgium, Netherlands and Luxembourg. Nordics refers to Norway, Sweden, Finland and Denmark.

Investment volume by asset type refers to all commercial properties BNP Paribas Real Estate is aware of, whose owner has changed during the studied period, whatever the purchasing price. It includes ***Office buildings, Retail*** (supermarkets, hypermarkets), ***Industrial and Logistics Warehousing, Hotels*** and Others (Cinema, Leisure, Car Parks, Care Homes, parts of portfolio which can not be split up by product, and Development Sites). Quoted investment volumes are not definitive and are consequently subject to change.

Full-year investment volumes are made up by adding the four quarters of each year.

CONTACTS

Paul Fardelli
Pan European Hotel Analyst
Paul.fardelli@realestate.bnpparibas

Perrine Jakots
Head of pan-European analysis
perrine.jakots@realestate.bnpparibas

Looking for a tailor-made analysis? Click here to find out our service offer **Research on Demand**

BNP PARIBAS REAL ESTATE

50, cours de l'Île Seguin
92100 Boulogne-Billancourt
France
Tel.: +33 (0)1 55 65 20 04
Fax: +33 (0)1 55 65 20 00
www.realestate.bnpparibas.com

Locations

EUROPE

FRANCE
Headquarters
50, cours de l'Ile Seguin
CS 50280
92650 Boulogne-Billancourt cedex
Tel.: +33 1 55 65 20 04

GERMANY
Goetheplatz 4
60311 Frankfurt am Main
Tel.: +49 69 29 89 90

UNITED KINGDOM
10 Harewood Avenue
London NW1 6AA
Tel.: +44 20 7338 4000

BELGIUM
Avenue Louise 235
1050 Brussels
Tel.: +32 2 290 59 59

SPAIN
C/ Emilio Vargas, 4
28043 Madrid
Tel.: +34 91 454 96 00

IRELAND
57 Adelaide Road,
Dublin 2
Tel.: +353 1 66 11 233

ITALY
Piazza Lina Bo Bardi, 3
20124 Milano
Tel.: +39 02 58 33 141

LUXEMBOURG
Kronos building
10, rue Edward-Steichen
2540 Luxembourg
Tel.: +352 34 94 84

Investment Management
Tel.: +352 26 06 06

NETHERLANDS
Antonio Vivaldistraat 54
1083 HP Amsterdam
Tel.: +31 20 305 97 20

POLAND
Grzybowska 78,
00-844 Warsaw
Tel.: +48 22 653 44 00

PORTUGAL
Palacete Duque d'Ávila,
Av. 5 de Outubro, 38
1050-057 Lisboa
Tel.: +35 1 939 911 125

MIDDLE EAST / ASIA

DUBAI
Emaar Square
Building n° 1, 7th Floor
P.O. Box 7233, Dubaï
Tel.: +971 44 248 277

HONG KONG, SAR CHINA
63/F, Two International
Finance Centre
8 Finance Street, Central,
Hong Kong, SAR China
Tel.: +852 2909 8888

SINGAPORE
20 Collyer Quay, #17-04
Singapore 049319
Tel.: +65 681 982 82

ALLIANCES

AUSTRIA
CZECH REPUBLIC
GREECE
HUNGARY
JERSEY
NORTHERN IRELAND
PORTUGAL
ROMANIA
SLOVAKIA
SWITZERLAND
USA

BNP PARIBAS
REAL ESTATE

KEEP IN TOUCH WITH US, WHEREVER YOU ARE

#BEYONDBUILDINGS

www.realestate.bnpparibas.com