

REVIEW

# HOTEL MARKET

EUROPE Q4 2025



RESEARCH & INSIGHTS



**BNP PARIBAS  
REAL ESTATE**

Real Estate for a changing world



# Q4 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 51% of hotel investment volume.

### KEY FIGURES

€ 20.1 bn  
Hotels Investment 2025  
-4.4% YoY

11%  
Share of Hotel Investment on total CRE investment  
+6pts vs 2020

845 vs 1,060 properties  
Properties sold 2025  
-20% YoY

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### Investors are Looking for Luxury Hotels

The attraction of the hotel sector slowed down in 2025. Hotel investment reached €20.1 bn (-4.4% on the same period in 2024). Still, the volume is now 12% above the 5-year average.

Investors continue to show interest in the sector. Over 2025, hotels reached 11.4% 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 portfolios with assets from a clearly growing business sector. Investors are increasingly targeting luxury hotels in prime locations in city centres to capture renewed tourist demand.

Most markets witnessed acceleration, especially in the Nordics. Denmark, Finland, Sweden and Norway collectively accounted for €1.9 bn, 2.4 times the

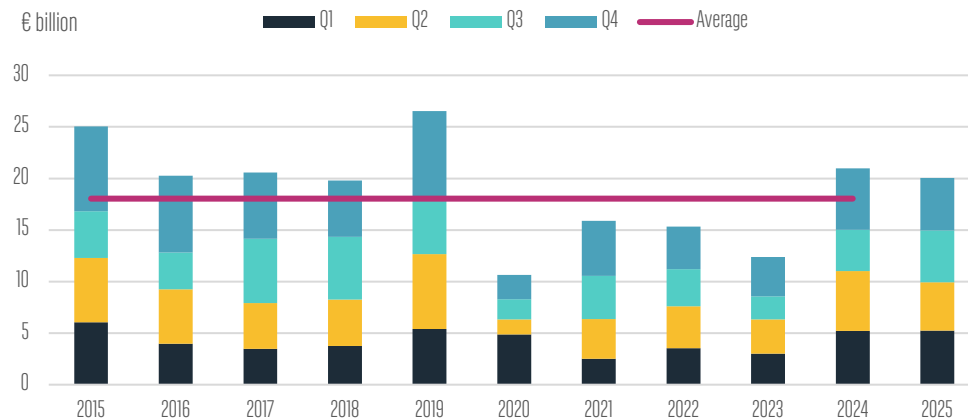
performance recorded in 2024.

Southern countries also showed strong growth (Spain: +18%) or maintained a high volume: Italy (€1.8bn, -2%) and Greece (€470m, -15%) compared to 2024.

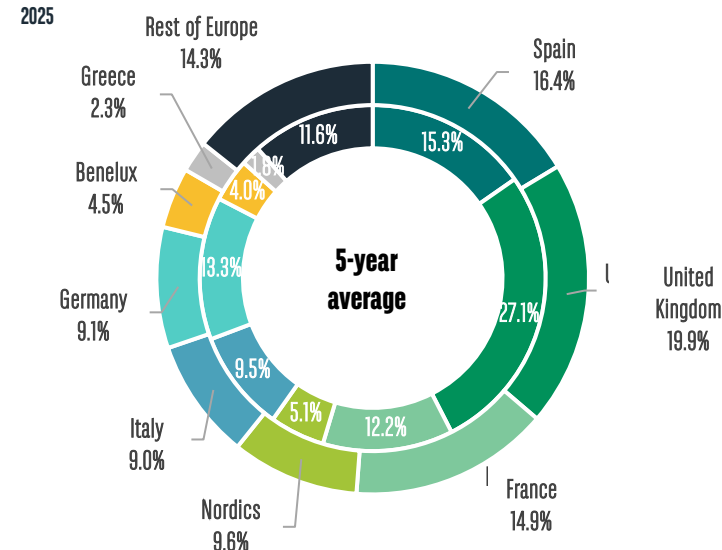
In 2025, the UK experienced a strong decrease. The drop off is partly explained by three major portfolio deals (all above €900m) that occurred in 2024.

Spain (€3.3 bn) and the UK (€4.0 bn) contributed for around 36% 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 accounted for more than half of the overall investment volume.

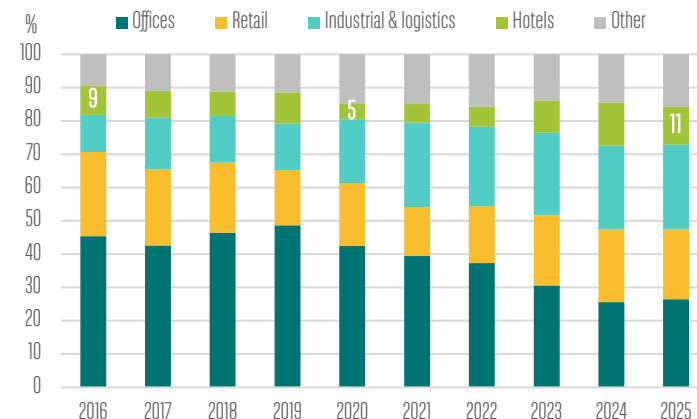
### Hotels Investment Trends Europe



### Hotels Investment Breakdown by Country/Region 2025



### CRE Investment Breakdown by Asset Class Europe



Source: BNP Paribas Real Estate



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## HOTEL MARKET EUROPE

Foreign tourists continue to travel to Europe, with a global increase of 3.2% as of November 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 (in €million)	% 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%

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### Foreign Tourist Arrivals on the Rise

Foreign tourist arrivals reached 314 million, up 3.2% year-on-year, as of November 2025. Foreign tourists represent 43% of hotel stays in Europe.

The geographic pattern remains uneven across regions. 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.

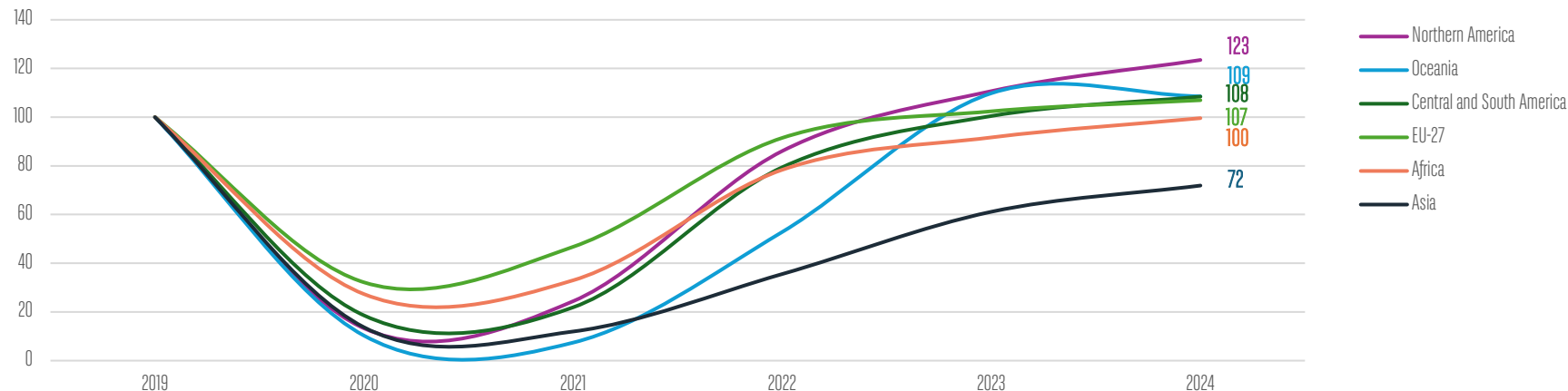
The continued absence of Chinese tourists weighs on Europe's tourism dynamics, as they traditionally rank among the highest spenders abroad.



© Ground Picture

### Foreign Tourist Arrivals in Hotels in Europe

Index 2019 = 100



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

Source: BNP Paribas Real Estate, Eurostat



# Q4 2025

## HOTEL MARKET EUROPE

### KEY FIGURES

**-1.9% vs. 2024**

RevPAR for the Budget segment in Europe

**-0.2% vs. 2024**

RevPAR for the Economy segment in Europe

**+1.5% vs. 2024**

RevPAR for the Midscale segment in Europe

**+3.8% vs. 2024**

RevPAR for the Upscale segment in Europe



### RevPAR Boosted by the Upscale Segment

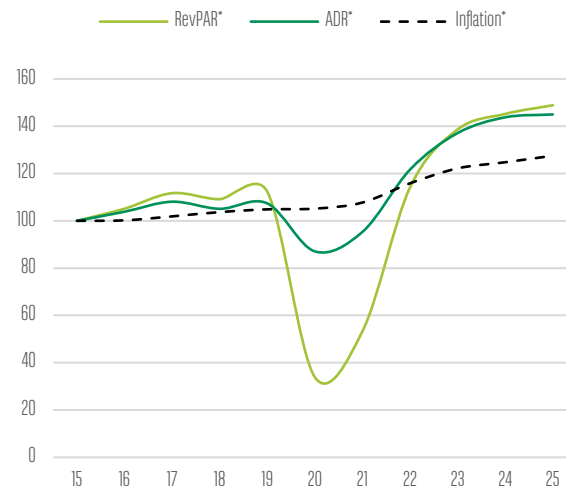
After months of recovery, the European hotel market is stabilizing. RevPAR increased by 1.7%, compared with the previous period.

Hotel competitiveness has been affected by a decline in ADR in most segments. Only the upscale segment managed to maintain growth at +1.1%, reflecting the rising attractiveness of this segment.

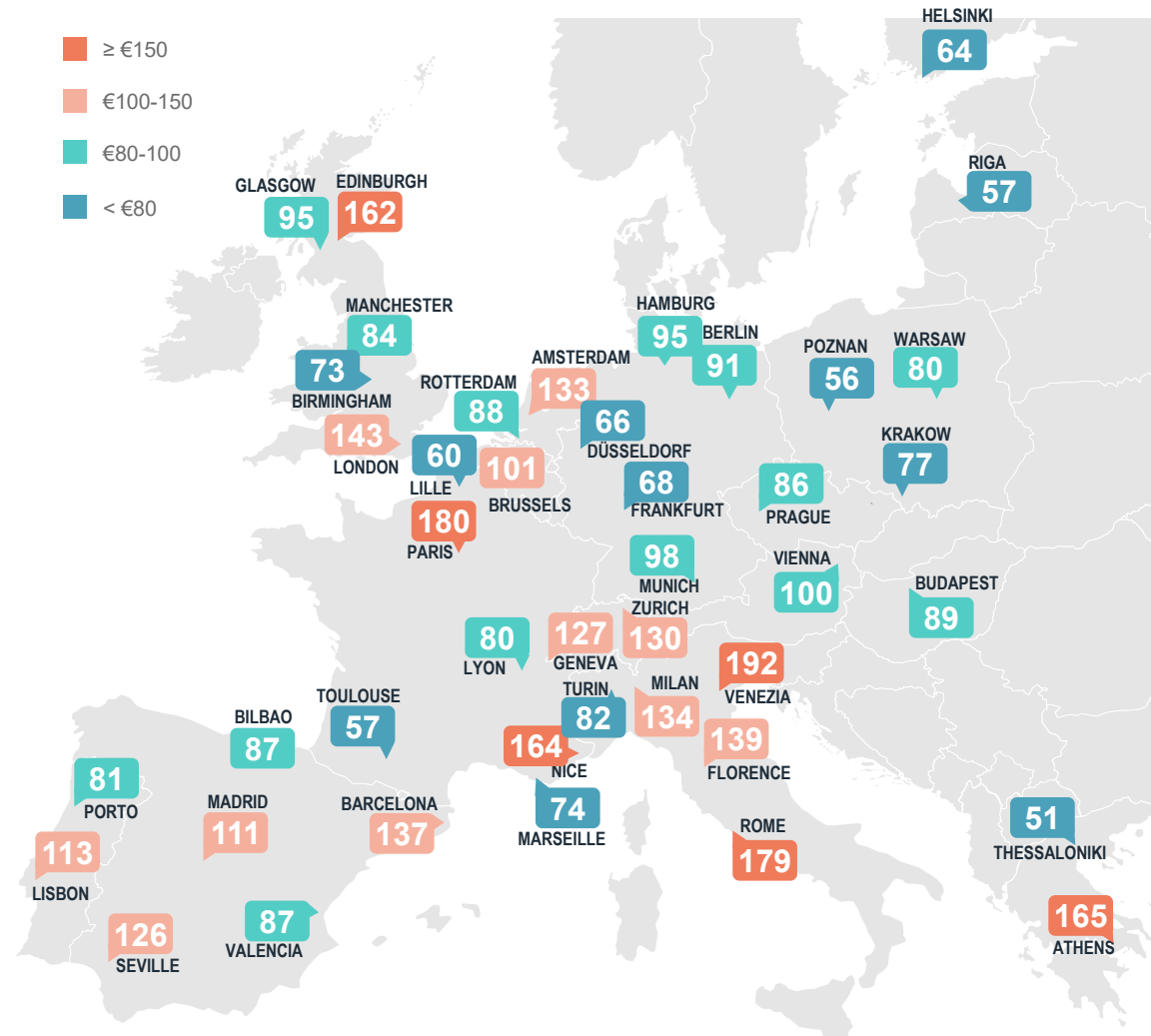
Budget and economy segments continue to struggle with falling occupancy rates, ADR and RevPAR. These categories have been hit hardest by the erosion of household purchasing power driven by inflation.

### Evolution of RevPAR, ADR and Inflation in Europe

Base 100 = 2015



### RevPAR in Europe



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



# Q4 2025

## HOTEL MARKET EUROPE

### Country Level RevPAR 2025 (vs 2023)

Countries	Change in Value	Change in %
Greece	+ €21.8	+ 18%
Spain	+ €15.3	+ 16%
Poland	+ €15.1	+ 29%
Luxembourg	+ €14.8	+ 15%
Austria	+ €11.8	+ 14%
Latvia	+ €11.7	+ 26%
United Kingdom	+ €7.7	+ 8%
Malta	+ €4.6	+ 5%
Switzerland	+ €4.1	+ 4%
Germany	+ €4.1	+ 6%
Italy	+ €4.0	+ 3%
Portugal	+ €3.9	+ 4%
Belgium	+ €3.2	+ 4%
Netherlands	+ €2.8	+ 3%
France	+ €2.6	+ 3%

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### Leisure driving operational Performance

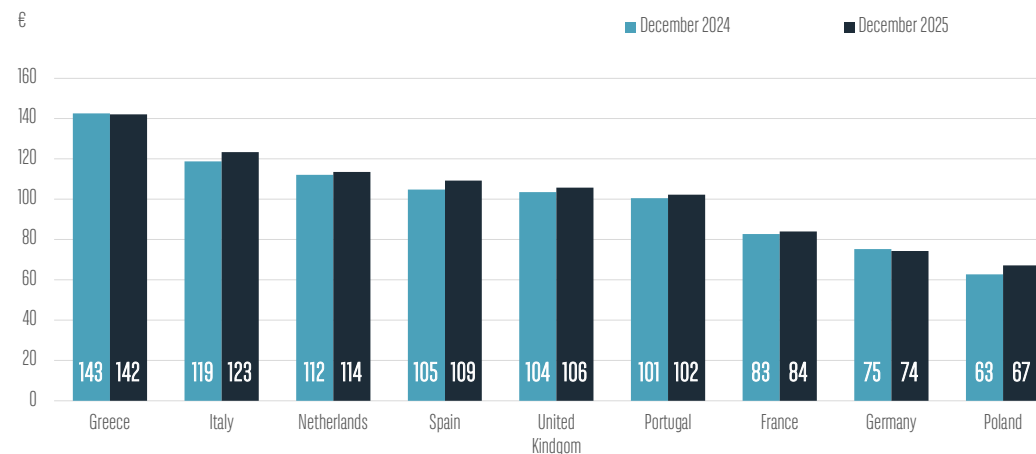
At country level, across 2025, RevPAR growth remained uneven across Europe, with strong results in Central and Southern Europe.

**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.

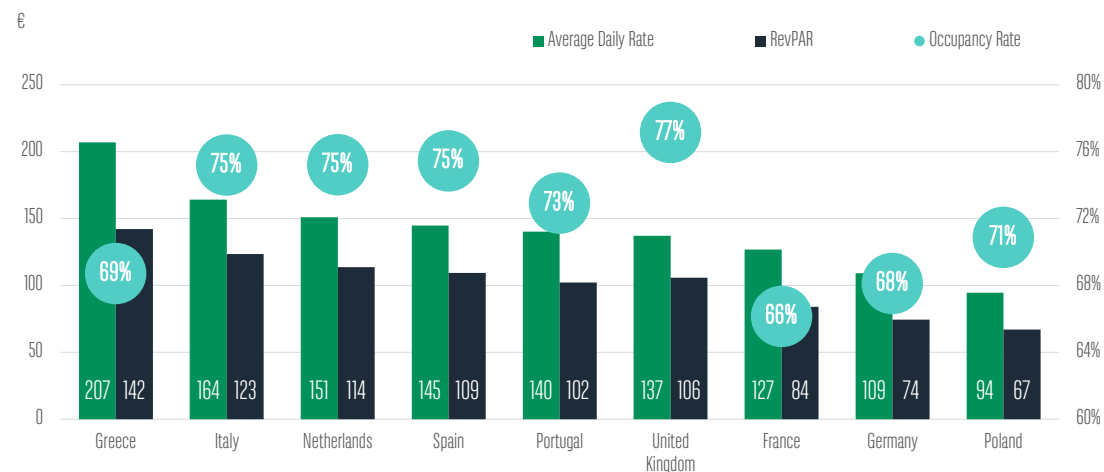
**Spain and Portugal maintain a solid upward trend**, fueled by strong leisure demand and international events. Barcelona and Lisbon remain among Europe's top three destinations, alongside Paris.

**Poland continues its positive momentum**, with RevPAR up +7% year-to-date, driven by major cities such as Krakow (+10%) and Warsaw (+7%). The market remains one of the most dynamic in Central Europe.

### RevPAR in Main European Markets



### Operational Performance in the Main European Markets in 2025



**In France, performance is still largely driven by Paris and Nice**, where RevPAR rose by +4% and +9%. In contrast, Lille, Lyon and Toulouse recorded declines of around -2%, highlighting a more polarized market where international hotspots outperform regional destinations.

**Germany continues to experience a decline** in leisure and business-related demand (-1%), particularly in main cities where RevPAR is sharply down between -4% and -5% in Berlin, Düsseldorf and Frankfurt. Average Daily Rates are also particularly affected by the fall in occupancy, with values down in Berlin (-4%) and Düsseldorf (-4%).

**In the UK, Edinburgh stands out as a highly attractive destination for tourists**, supported by limited hotel supply, resulting in a high occupancy rate of 86%.

Source: BNP Paribas Real Estate, MKG



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 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.



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Q4 2025

HOTEL MARKET  
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