REVIEW

HOTEL MARKET

EUROPE Q2 2026

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

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 71% of hotel investment volume in H1 2026.

KEY FIGURES

€ 10.4bn
Hotels Investment
+2.5% vs H1 2025

11.4%
Share of Hotel Investment on total CRE investment
+6.4 pts vs 2020

Solid Growth in Key Markets

The hotel sector retains its appeal to investors as the volume is around 10% above the 5-year average and 18% above 10-year average.

Hotel investment is now at a historically high market share, as **investors are looking for ways to diversify portfolios** with assets from a clearly growing business sector.

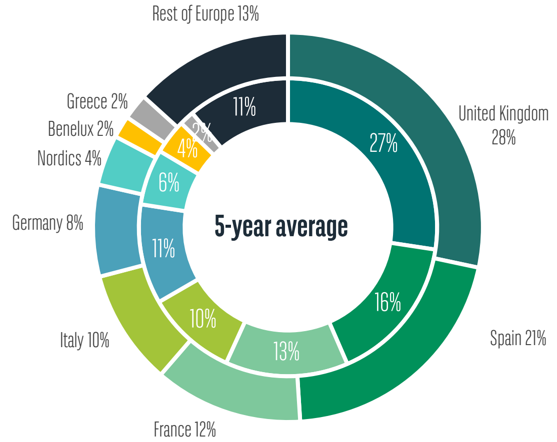
Investors are particularly keen to buy prime hotels in city centres, especially in the luxury segment, to capture renewed interest in these locations from tourists.

Patterns are different across countries. While most markets recorded decreases, strong growth occurred in selected countries supporting overall European performance.

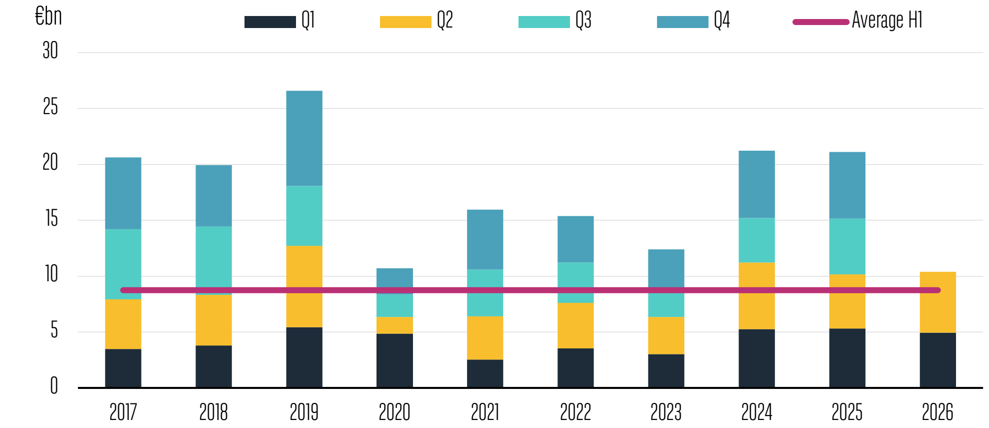
The United Kingdom and Spain dominated the market this quarter, collectively representing around half of the total volume.

Despite their leading positions, their trajectories diverge: while the UK market remains subject to cyclical fluctuations—currently in an expansionary phase—Spain is experiencing a more steady, ascending trend with significantly lower volatility since the pandemic.

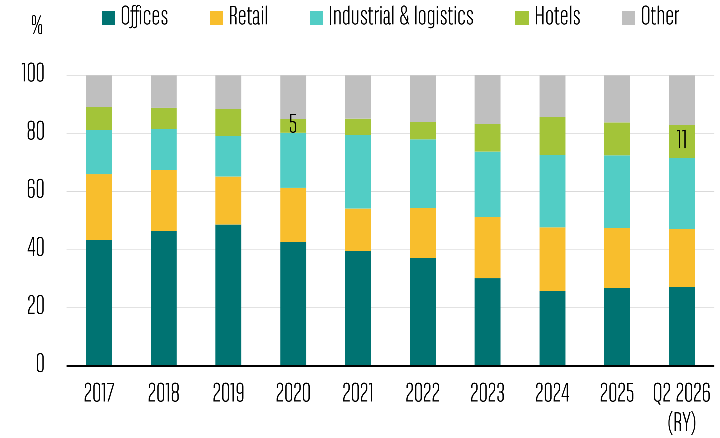
Hotels Investment Breakdown by Country/Region Q2 2026 (YTD)



Hotels Investment Trends Europe



CRE Investment Breakdown by Asset Class Europe



Source : BNP Paribas Real Estate Research

RevPAR in Q2 2026 (ytd) vs Q2 2025 (ytd)

Country	Change in Volume	Change in %
Slovenia	12.0	18%
Italy	11.9	10%
Hungary	8.3	12%
Slovakia	6.5	9%
Serbia	6.3	8%
Spain	6.1	6%
Greece	5.9	5%
Switzerland	4.5	4%
Ireland	3.6	3%
Poland	2.4	4%
France	2.3	3%
Europe	2.1	3%
United Kingdom	0.3	0%
Germany	0.2	0%
Luxembourg	-1.0	-1%
Belgium	-1.4	-2%
Austria	-1.7	-2%
Portugal	-2.3	-3%
Netherlands	-4.2	-4%

Growth in the Upscale and Luxury Segment in Most Countries

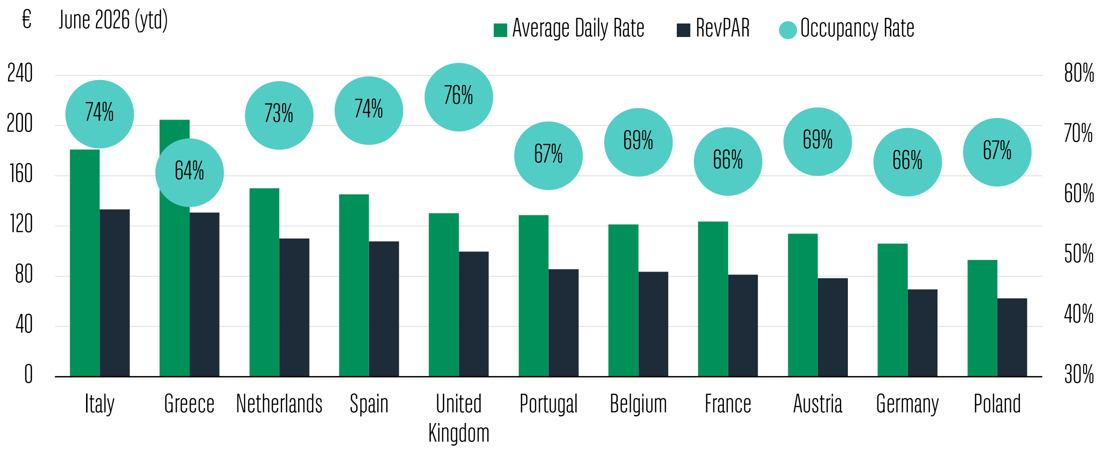
At country level, RevPAR growth remained uneven across Europe, with strong results in Central and Southern Europe. Germany is recording mixed performance across the country.

Occupancy rates (68%) increased slightly each year in Europe reflecting a moderate growth of nights spent at tourist accommodations (+1.8%). International tourists accounted for 50% of total demand.

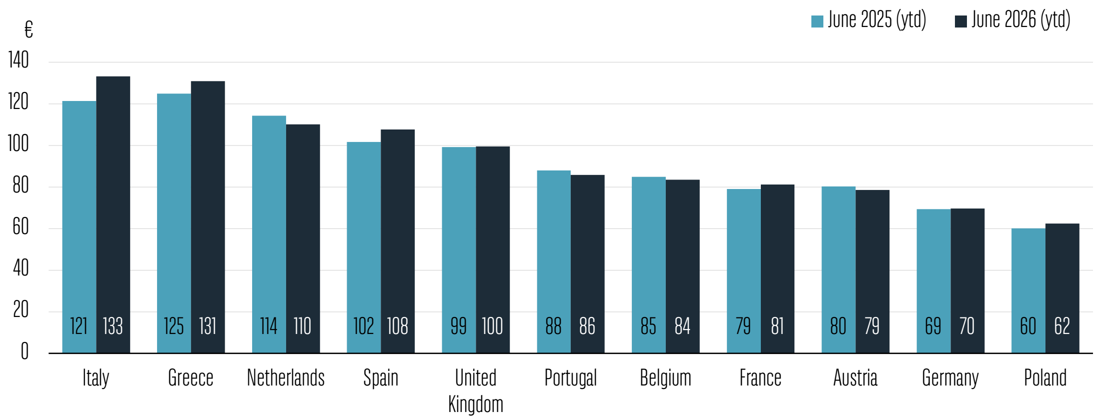
Italy's growth remained strong, driven by Rome, while Milan experienced a period of normalization following the Winter Olympics.

In the UK, London, Edinburgh, and Glasgow recorded some of the highest occupancy rates in Europe above 80% and a solid performance up 6-7% y-o-y.

Operational Performance in the Main European Markets



RevPAR in Main European Markets



France showed growth, supported by a favorable calendar of public holidays and strong performance in Paris and the French Riviera (driven by the Cannes Film Festival).

Germany underperformed, with RevPAR down in most cities except Düsseldorf, as weak corporate demand and intense price competition weighed on performance.

Spain maintained solid performance driven by international events and pricing, though Madrid and Barcelona stabilized after rapid growth.

Greece saw exceptional performance fueled by major events and concerts.

In **Poland**, Warsaw and Krakow maintained good momentum, with RevPAR up 6% to 8% y-o-y.

Source : BNP Paribas Real Estate Research, MKG

KEY FIGURES

RevPAR in Europe
+2.5% vs. Q2 2025 (ytd)

+1.0% vs. Q2 2025 (ytd)
Budget and Economy

+2.0% vs. Q2 2025 (ytd)
Midscale

+3.7% vs. Q2 2025 (ytd)
Upscale and Luxury

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RevPAR Growth Remains Uneven Across Europe

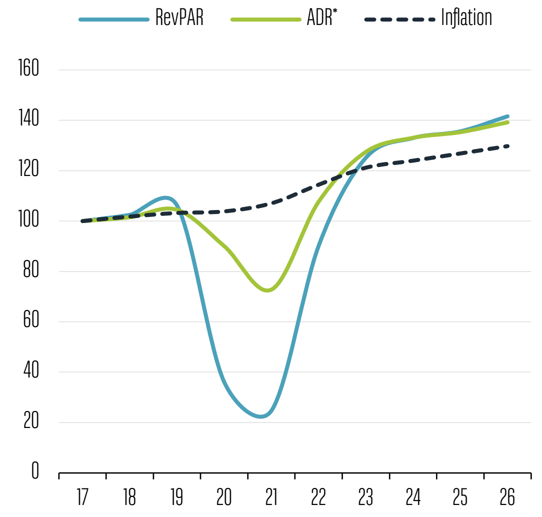
After months of recovery, the European hotel market is stabilizing. RevPAR increased by just 1.2% in June 2026 (year-to-date vs June 2025), whilst occupancy rose by 1.2%.

The Luxury and Upscale segments showed the strongest resilience, while the Budget and Economy sectors experienced a downturn. A notable weakness was observed in airport hotels, suggesting a slowdown in air traffic flows.

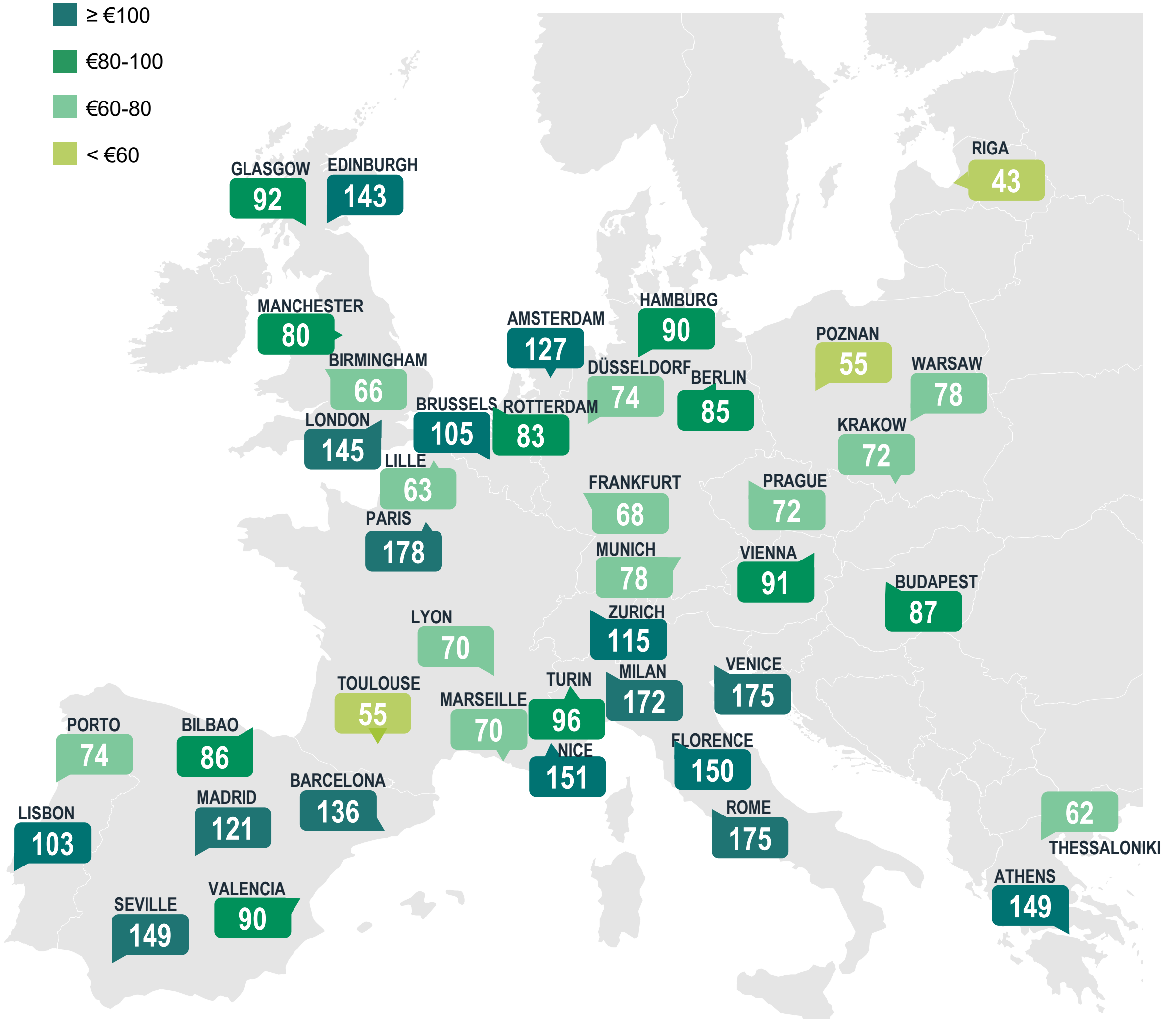
At country level, RevPAR growth remained uneven across Europe, with strong results in Southern Europe. Germany recorded mixed performance across the country.

Edinburgh, Paris, Glasgow and Valencia recorded the highest occupancy rate in H1 2026 (above 80%). Paris and Rome achieved the strongest RevPAR

Evolution of RevPAR, ADR and Inflation in Europe
Base 100 = 2017



RevPAR in Europe



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

Source : BNP Paribas Real Estate Research

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 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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