

Frankfurt am Main, 11 December 2019

European hotel market: more guests, more innovations, more real estate transactions

New, innovative, styles of hotels are becoming increasingly popular in Europe with customers expecting accommodation, co-working spaces and other services to be seamlessly linked together by digital platforms, according to the latest research from Catella, the specialist in property investments and fund management. The firm's "European hotel market tracker 2019/2020" suggests that hotel chains will increasingly enter the co-working market and reveals that, with 710 million tourists in Europe (2018), expectations of integrated services are high with both customers and hotel investors. Catella's report anticipates, that when analysed, a just over €20 billion of transactions will have been recorded in the European hotel investment market during 2019.

The report reveals that between 2010 and 2018, international tourist arrivals in Europe recorded a strong increase of around 46% to 710 million people, confirming Europe's position as one of the most visited regions in the world.

Catella's research also highlights that, due to globalisation, digitisation and increasing urbanisation, the hotel industry needs to strike a balance between a place of recreation and the workplace. The industry is adapting to such demands and changes to business models are emerging across the hotel industry.

With the increasing trend for remote working and staff independently, the 'footloose service sector industry' it is expected that hotels will play a new role and will become tailored to the needs of customers, beyond just somewhere to sleep for the night. Increasingly guests see hotels as their 'third place'. As a result, the provision of co-working spaces is one strong trend within the hotel industry.

Accor, the french hotel chain, has founded the Wojo company in a joint venture with Bouygues and is planning to offer around 1,200 new co-working spaces in Europe. The hotel chain 25hours Hotels has already been implementing the concept with hotels in major German cities for several years.

A further trend are automated hotels with fewer personnel. Guests receive access code for the hotel entrance as well as for their room via their smartphones meaning that check-in and check-out at the reception desk are no longer necessary.

New, alternative accommodation is, however, the most popular choice among investors (25%). Only around 9% of respondents would prefer traditional hotels as investment options.

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Catella's research also reveals that:

- Among the 10 largest sales of hotel real estate in 2018, the UK was represented seven times. The UK also ranked first in terms of volume with € 7.56 billion, followed by € 4.15 billion in Germany.
- Large-volume portfolio or share deal investments account for a large share of investment turnover. Countries such as Spain and Great Britain stand out here. Generally, the German market experiences a high volume of smaller transactions.

Thomas Beyerle, Head of Group Research, Catella said: "Overall, we expect new and innovative concepts in 2020 which will make the range of products and services in the European hotel industry more diverse. Investors in particular also see very good investment alternatives with attractive returns here."

You can download the complete study here:
<https://www.catella.com/en/germany/research>

Please contact us for further information:

CATELLA
Prof. Dr. Thomas Beyerle
Head of Group Research
T +49 69 310 19 30-220
thomas.beyerle@catella.de