



EUROPEAN HOTELS UPDATE

2025



KEY TAKEAWAYS

Sustained Demand Growth

With global travel continuing to expand, hotel demand in Europe grew across all regions in 2025 (+5% vs 2024 on average). This growth was mainly driven by Eastern and Southern Europe, while other European markets' growth began to normalize.

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Robust Performance

In 2025, RevPAR in Europe grew 2.1% year-on-year, driven by a 1.2% increase in ADR and supported by a 0.8% rise in occupancy.

As a result, the average RevPAR reached €107 in 2025, 32% above pre-pandemic levels (2019).

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Rising GOP Margins

Full-serviced branded hotels improved their profitability in 8 out of 15 key urban markets across Europe. The GOP margins for 2025 ranged between 25% and 47%, with hotels in London and Prague leading the way.

10

Highest investment levels since 2019

European hotel transaction volumes surpassed €27 billion in 2025 — a 23% increase year on year — bringing the market to within 11% of pre-pandemic levels and 28% above the 10-year average.

14

High-end hotels remains on the radar

Nearly 40% of 2025's investment targeted Luxury and Upper-Upscale hotels, priced at €563,000 and €243,000 per room, albeit the Upscale segment ultimately generated the highest transaction volume.

15

Yields at inflexion

Institutional capital is returning, and financing conditions are improving, paving the way for gradual yield sharpening for prime assets in H2 2026, while value discovery will continue for assets in secondary locations or in need of repositioning.

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EUROPEAN HOTELS ECONOMIC INDICATORS

During the first half of 2025, economic uncertainty was sustained by heightened macroeconomic and geopolitical uncertainty, driven by escalating global conflicts, concerns over US trade policy, and new trade barriers. While inflation eased across Europe in late 2025 largely due to decreasing energy prices, geopolitical tensions remain elevated.

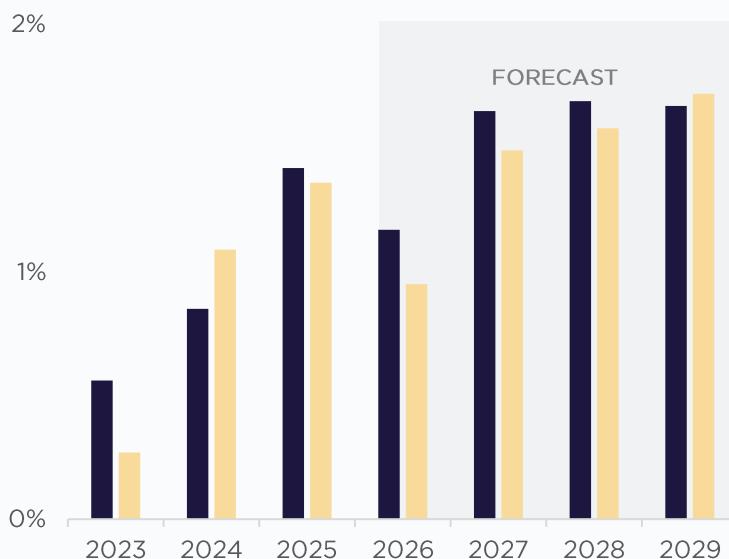
In the final quarter of 2025, GDP growth across much of Europe recorded a modest uplift, with year-on-year increases reaching 1.4% for the EU and 1.36% for the UK. Preliminary estimates suggest this momentum will persist over the next 6-12 months.

Ireland maintained the strongest GDP growth across Europe, supported by strong pharmaceutical exports ahead of anticipated US tariffs. Alongside Ireland, nine economies—including Poland and Bulgaria—recorded GDP growth rates above 3%. In contrast, countries such as Hungary and Germany were among the few countries to experience lower growth rates of less than 1% year-on-year.

Inflation across European economics generally ranged between 2% and 4% in January 2026, with the EU's inflation rate decreasing slightly to 2.0%. France recorded one of the lowest rates of inflation at 0.7%, while Belgium, Germany, Ireland, Spain, the Netherlands and Portugal recorded inflation below 3%. Meanwhile, the UK saw a steady rise in inflation, reaching 3.4% in the 12 months to December.

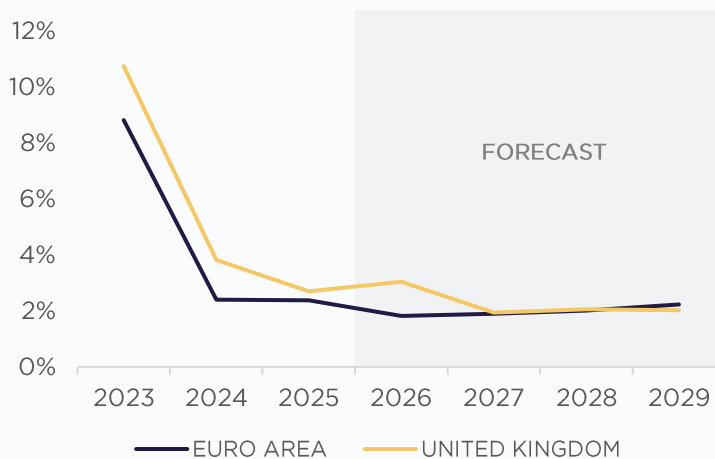
Despite continuing global headwinds, including ongoing trade restrictions and supply chain disruptions, European inflation is expected to remain broadly stable in the near-term at around 2% across the EU. In the UK, inflation is forecast to continue trending downward in 2026, moderating to around 2%-3%. Meanwhile, GDP growth across both regions is expected to ease in 2026 amid persistent global uncertainty.

GDP GROWTH



Source: Cushman & Wakefield Research, Moody's Analytics
(Forecasts relate to Cushman & Wakefield Baseline Scenario - January 2026)

INFLATION RATES



Source: Cushman & Wakefield Research, Moody's Analytics
(Forecasts relate to Cushman & Wakefield Baseline Scenario - January 2026)

EUROPEAN HOTELS DEMAND

EUROPE - THIRD IN THE WORLD

In 2025, international tourism continued to expand despite ongoing geopolitical headwinds, with **global arrivals rising by 4.0% year-on-year to reach 1.5 billion**. Europe recorded a solid performance, posting a 3.8% increase—placing it behind Africa and Asia-Pacific. The region's momentum was driven primarily by a **strong rebound in Central & Eastern Europe (+6.2%)**, followed by Western Europe (+5.0%).

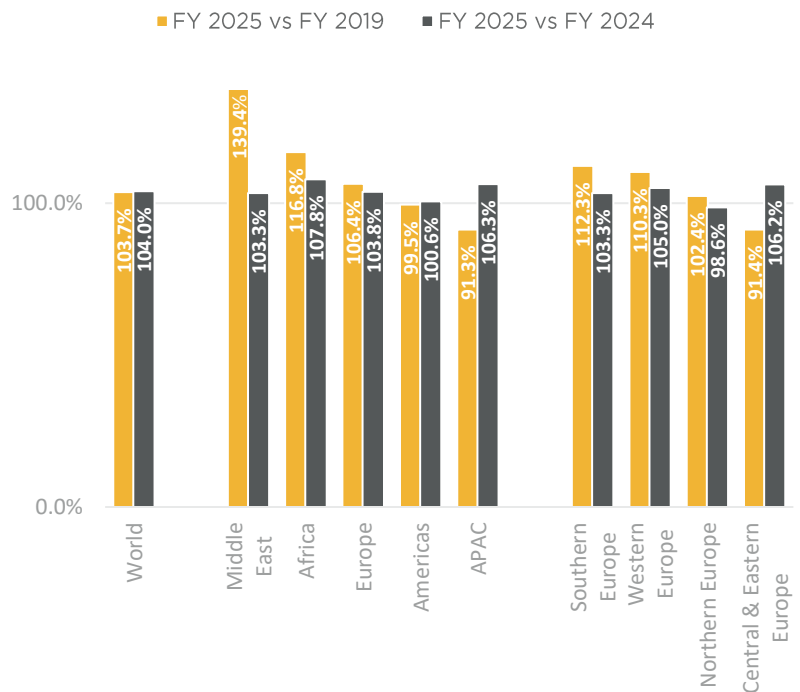
As global travel continues to expand, demand for hotel accommodation has strengthened across all European regions. Southern Europe remains the standout performer, exceeding pre-pandemic levels by an exceptional 30%, while Eastern Europe registered the fastest growth over the past 12 months (+9%).

Moreover, the increase in hotel room nights sold has surpassed the pace of international arrivals, signalling a combination of longer average stays and healthy domestic demand.

International arrivals continue to grow across most regions

INTERNATIONAL ARRIVALS RECOVERY INDEX

(Arrivals, FY 2025 vs FY 2024 & FY 2025 vs FY 2019)

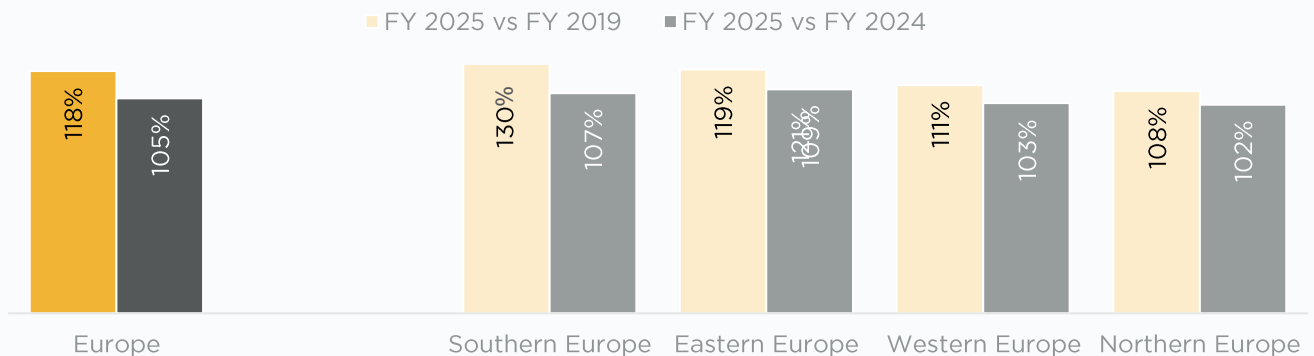


Source: Cushman & Wakefield Research based on UNWTO Tourism Recovery Tracker & STR data

Demand for hotel accommodation in Europe continues to surge

HOTEL DEMAND RECOVERY INDEX

(Room nights sold, FY 2025 Index vs FY 2024 & FY 2019)

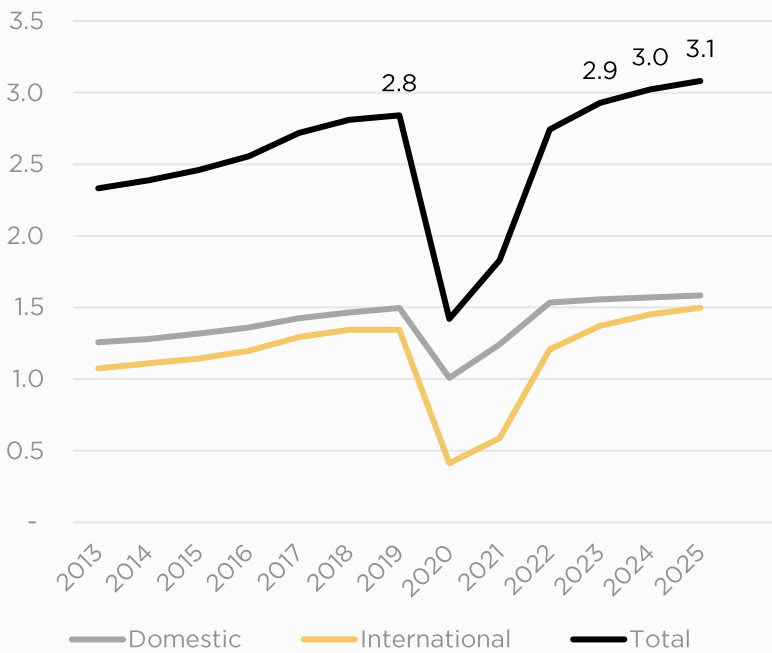


Source: Cushman & Wakefield Research based on UNWTO Tourism Recovery Tracker & STR data

EUROPEAN HOTELS DEMAND

European demand continues to grow driven by international arrivals

NIGHTS IN TOURISM ACCOMMODATION ESTABLISHMENTS (EU region, billions)



Source: Cushman & Wakefield Research based on Eurostats data

EUROPE'S ACCOMMODATION MARKET HITS NEW PEAK

Europe's sustained appeal as a leading global tourism destination—supported by expanding air capacity and continued improvements in transport infrastructure — drove record-breaking results in 2025.

According to Eurostat, visitors spent 3.1 billion nights in tourist accommodation across the EU in 2025, marking **the highest number ever recorded for any year**. This was 2.0% more than the same period in 2024. Compared to 2019, arrivals grew by 8.5%, with international arrivals (+11.5%) as the main driver.

Similarly, International tourism remained the primary engine of growth in 2025, generating an additional 46 million nights, a 3.2% increase over the previous year. Domestic demand expanded at a more moderate pace (+0.8%), and although it still accounts for 51% of total tourism activity, its share continues to decline from the 56% peak recorded in 2022—signalling a **gradual rebalancing toward international demand**.

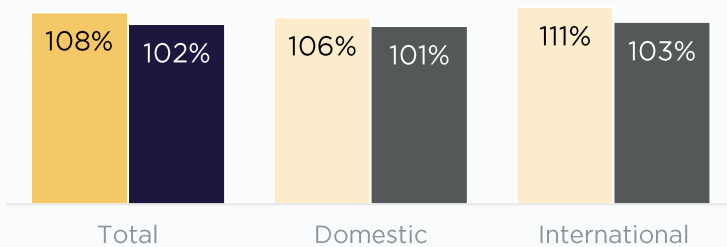
Major destinations such as France, Spain and Italy posted solid annual gains in total arrivals. At the same time, strong increases in international visitation to Slovakia, Lithuania, Finland, Poland and Latvia reflect **shifting traveller preferences toward cooler, less crowded destinations** across Europe.

Long-haul travel to Europe continued to recover in 2025, recording 5% year-on-year growth as **arrivals from key overseas markets strengthened**. This rebound was supported by improved air connectivity, easing outbound travel conditions in Asia, and more efficient visa processes. Nonetheless, recovery in some markets remained partially constrained by broader economic and geopolitical headwinds and the strengthening of the euro against most major currencies, especially the U.S. dollar (+4.4%).

TRAVEL DEMAND RECOVERY

(Nights in tourism accommodation establishment, YE DEC 2025 Index vs 2024 & 2019, European Union)

■ YE Dec 2025 vs 2019 ■ YE Dec 2025 vs 2024



Source: Cushman & Wakefield Research based on Eurostats data

EUROPEAN HOTELS DEMAND

Tourism performance across Europe in 2025 was uneven, marked by clear regional variations. Several destinations notably outpaced the continental average, while a few recorded declines. Albania remained the fastest-growing market, ahead of Poland and Slovakia, again achieving double-digit growth in nights spent in tourist accommodation.

Central & Eastern Europe continued to expand faster than most regions, reflecting an ongoing recovery, with many markets still operating below pre-pandemic levels yet maintaining a steady upward trajectory. Strengthened regional connectivity improved access to both major cities and emerging secondary destinations. While large urban centres remain the main volume drivers, mountain regions and spa-oriented resorts posted quicker gains, supported by rising demand for experiential travel, niche destinations, and wellness-focused stays.

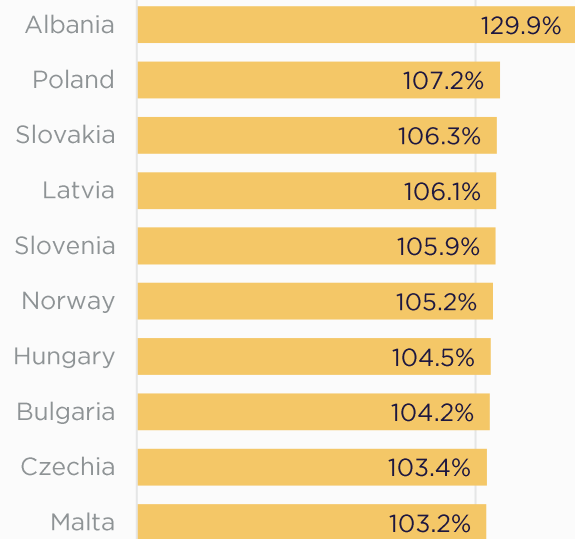
Despite travellers increasingly seeking smaller and less saturated destinations, Spain remained Europe's largest market in 2025 with 514 million nights, followed by Italy and France. Overtourism challenges in major hubs prompted new measures such as higher accommodation levies, tourism-related taxes, and stricter visitor management policies. Caps at sites like the Acropolis and Pompeii aim to reduce peak time congestion, while cruise ship restrictions in Venice and Dubrovnik have lowered daily visitor spikes. These actions are already influencing travel patterns, with higher levies in cities such as Amsterdam and Barcelona contributing to a moderation in tourism growth.

Overall, more than three-quarters of European reporting countries recorded tourism growth in 2025. Only eight markets saw a decline, with the steepest decreases observed in Liechtenstein (-10.6%), Serbia (-9.5%), Ireland (-7.5%) and Estonia (-7.2%).

European markets continue to grow in 2025

DEMAND GROWTH - TOP-10 FASTEST MARKETS

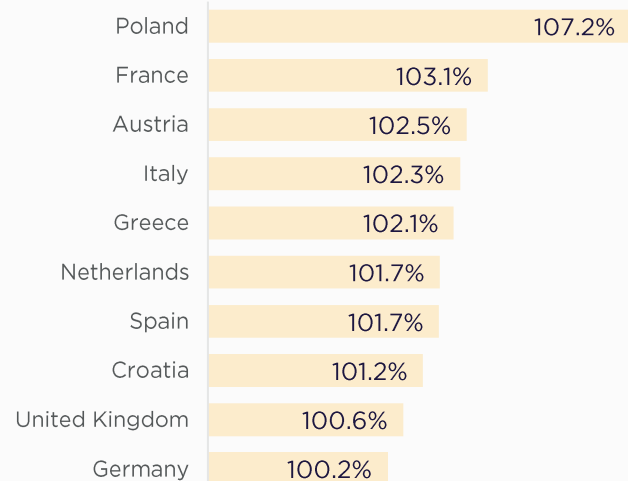
(Index FY 2025 vs FY 2024 - Nights spent in tourist accommodation establishments)



Source: Cushman & Wakefield Research based on Eurostats data * Data unavailable for Switzerland, Bulgaria, UK and Ireland

DEMAND GROWTH - TOP-10 LARGEST MARKETS

(Index FY 2025 vs FY 2024 - Nights spent in tourist accommodation establishments)



Note: Markets sorted based on growth rate

Source: Eurostats (data unavailable for Switzerland, Bulgaria, and Ireland). UK growth rate based on room nights sold, as reported by STR.

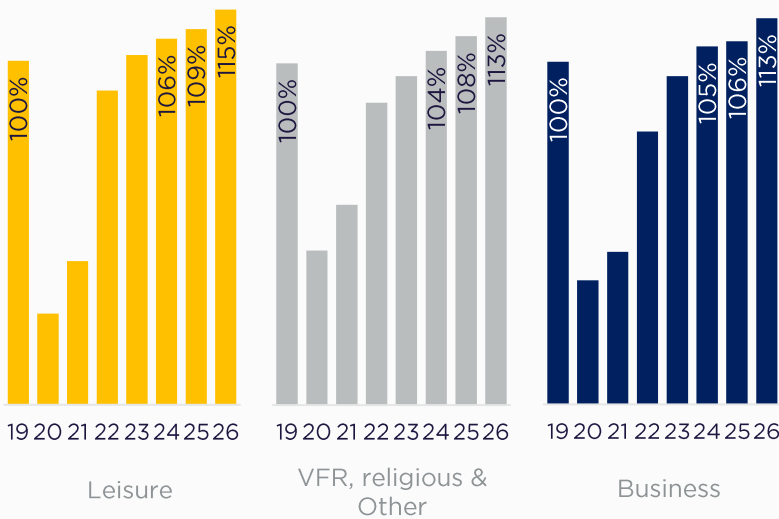
EUROPEAN HOTELS DEMAND

Further acceleration of business travel expected in 2026

BUSINESS TRAVEL ACCELERATES IN 2026

EUROPEAN TOURISM RECOVERY INDEX

(2019 Base Year, Index based on overnight arrivals by purpose of travel)



Source: [oxford Economics](#)

Business travel is projected to account for around 11% of total overnight arrivals in Europe in 2026, remaining a key demand segment for corporate-focused hotel markets such as Frankfurt and Brussels. After several years of disruption, the sector is recovering more quickly than anticipated.

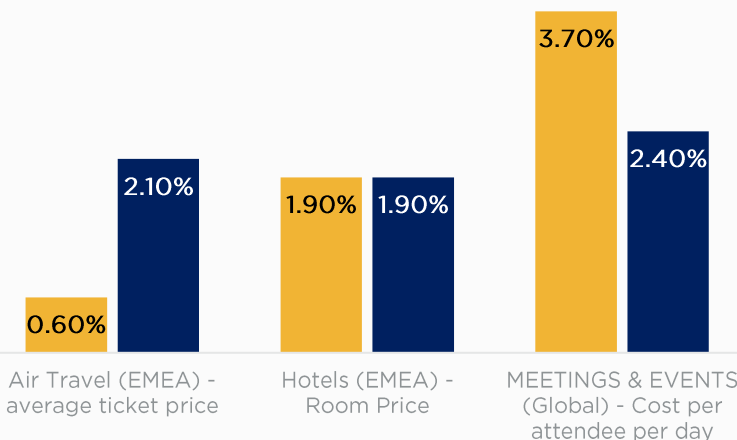
Although the adoption of online meetings, budget pressures, and broader economic, geopolitical, and sustainability concerns initially slowed the rebound, business travel has regained momentum in 2025. According to Oxford Economics, the arrivals are already 6% above 2019 levels, and the segment is forecast to be the fastest-growing in 2026, with an expected 6% increase. This growth is supported by structural shifts in travel behaviour, including fewer but longer trips, a greater need for in-person collaboration in remote and hybrid work environments, and increased mobility among super-commuters and digital nomads.

Corporate travel pricing is also set to rise in 2026, though at varying rates across categories. Airfares are projected to see the strongest gains (+2.1% YoY), driven by constrained seat supply, resilient passenger demand, and an airline cost base that is easing yet remains volatile. Hotel rates are expected to grow at a pace similar to 2025 (+1.9%) as occupancy remains elevated and supply continues to expand below historical averages. In contrast, Meetings & Events costs per attendee are set to rise more moderately than in 2025 (+2.4%), supported by increasing expectations for venue quality, sustainability, and wellness, as well as ongoing scarcity in prime event locations.

At the same time, business travel in 2026 will operate against a challenging risk backdrop. According to BTN, 57% of corporate travellers believe risks are emerging faster than their organisations can manage, and 47% identify geopolitical tensions as the biggest driver of uncertainty.

BUSINESS TRAVEL FORECAST

■ 2025 ■ 2026



Source: [BTN Group December 2025](#)

EUROPEAN HOTELS DEMAND

BUSINESS TRAVEL: UNEVEN RECOVERY ACROSS MARKETS

Segmentation data from a sample of full-service branded hotels across key European cities indicates that **corporate travel remains in a gradual recovery phase**.

In 2025, the sample hotels in only four of the thirteen analysed markets exceeded their pre-pandemic (2019) room revenue levels. It is important to note, however, that the dataset reflects solely bookings made under negotiated corporate rates and therefore does not capture the increasing demand from remote workers and digital nomads, who typically book outside traditional corporate contracting channels.

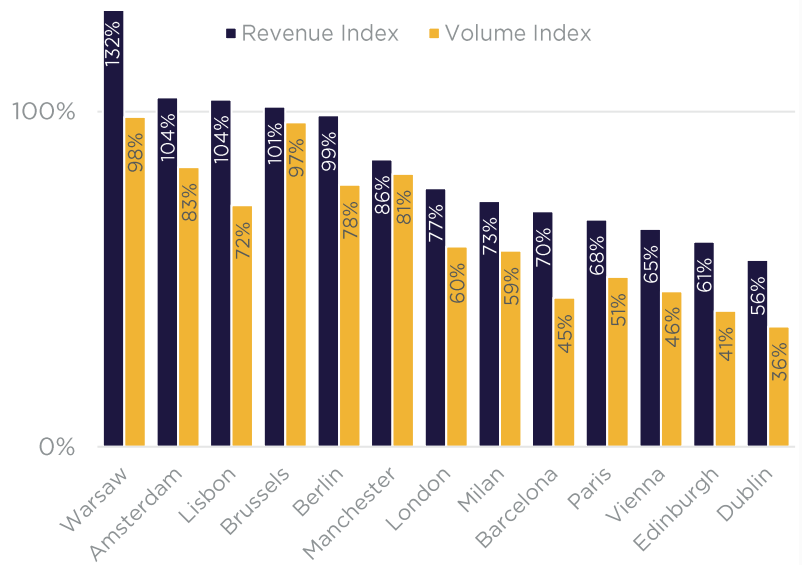
The conference and meetings segment is showing stronger momentum. MICE-related room revenue in 2025 matched or surpassed 2019 levels in eight out of the thirteen markets, while two additional markets are nearing full recovery. Dublin is the only market still materially behind, with conference-related room revenue remaining 25% below pre-pandemic levels.

Across both corporate and conference segments, **revenue gains have been primarily rate-driven**. Average room rates increased significantly in 2025 compared with 2019—by approximately 21% in the corporate segment and 20% in the conference segment. Despite these rate uplifts, room night volumes have not recovered to pre-pandemic levels, remaining substantially lower on average: down 36% in the corporate segment and 17% in the conference segment.

Business travel remains in a gradual recovery phase across most regions

CORPORATE HOTEL DEMAND RECOVERY INDEX

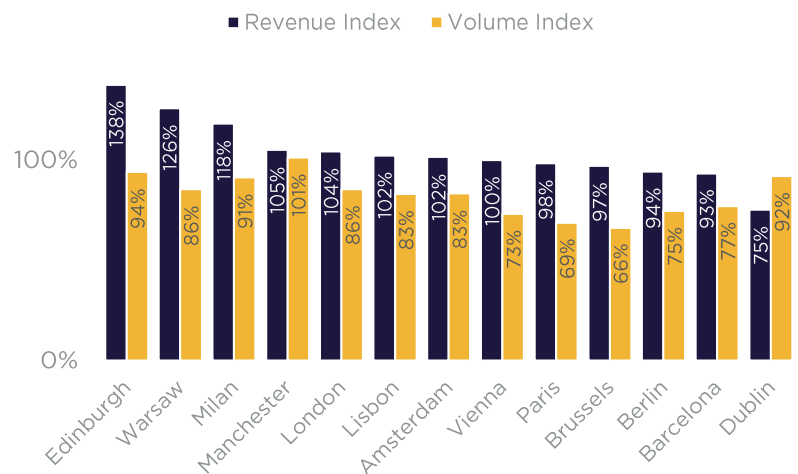
(Rooms Revenue and Room Nights Sold Index, FY 2025 vs FY 2019)



Source: HotStats, December 2025

CONFERENCE HOTEL DEMAND RECOVERY INDEX

(Rooms Revenue and Room Nights Sold Index, FY 2025 vs FY 2019)



Source: HotStats, December 2025

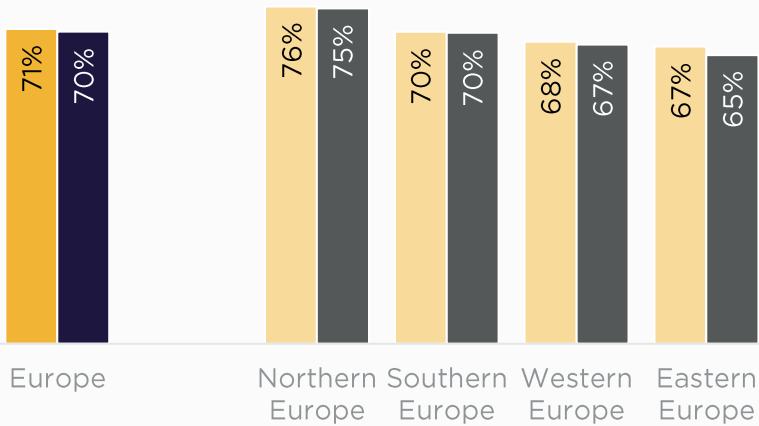
EUROPEAN HOTELS OPERATING PERFORMANCE

Hotel occupancy rising across most sub-European regions

AVERAGE HOTEL OCCUPANCY LEVELS BY REGION

(FY 2025 vs FY 2024)

■ FY 2025 ■ FY 2024



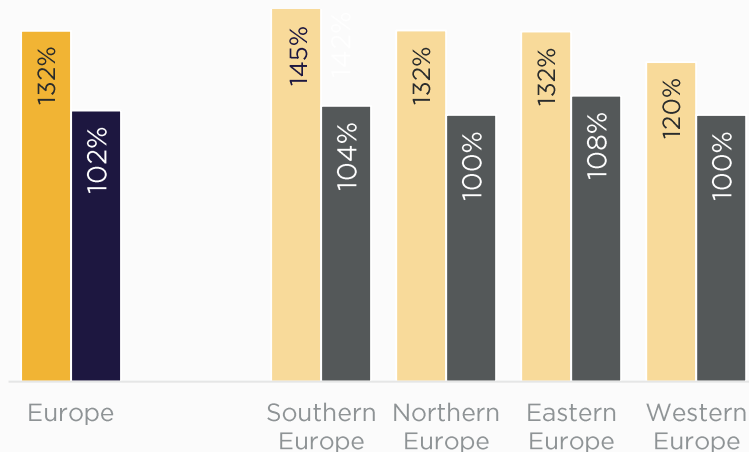
Source: C&W Research based on UNWTO Tourism Recovery Tracker and STR data

Strong Hotel RevPAR increases in Eastern and Southern Europe

REVPAR INDEX BY REGION

(based on values in EUR, FY 2025 Index vs FY 2024 & FY 2019)

■ FY 2025 vs FY 2019 ■ FY 2025 vs FY 2024



Source: C&W Research based on STR data

MODERATING TOP-LINE GROWTH

Hotel performance across Europe continues to strengthen despite persistent economic and geopolitical uncertainty. Growth has moderated, however, with outcomes differing across markets depending on local supply conditions and demand drivers.

In 2025, Europe's average RevPAR reached €107—an increase of just over 2% compared with the previous year. This uplift was primarily supported by a 1.2% rise in ADR and a 0.8% gain in occupancy. Despite this progress, recovery remains incomplete: average occupancy levels across Europe remained approximately 1.5 percentage points below pre-pandemic benchmarks of over 72% in 2019.

At the country level, Ireland achieved the highest occupancy in 2025, followed by the UK, Spain and Lithuania.

Of the 25 reporting countries, 22 recorded year-on-year occupancy growth, with Bulgaria posting the strongest increase (+4.1 p.p.), followed by Hungary and Latvia.

RevPAR performance also varied notably. Russia registered the largest year-on-year increase in 2025 (+24%), ahead of Bulgaria (+13%) and Lithuania (+12%), with a total of five European countries achieving double-digit RevPAR growth.

Among major urban markets, the highest RevPAR levels were recorded in Paris, Geneva and Zurich. In terms of growth relative to 2024, the strongest performers were Moscow (+38%), Saint Petersburg (+26%), Riga (+14%), Copenhagen (+14%) and Vilnius (+13%).

EUROPEAN HOTELS OPERATING PERFORMANCE

DIVERGING PROFIT MARGINS ACROSS KEY MARKETS

In 2025, hotel performance became increasingly polarised, reflecting **uneven shifts in demand, supply and cost pressures**.

Overall, the year produced more winners than losers, with **profitability improving in over half of the markets**. Of the 15 key European cities, eight posted higher profit margins (GOP %) in 2025 versus 2024. The strongest gains were achieved in Milan (+2.1 pp), Lisbon (+0.9 pp) and Budapest (+0.7 pp), supported by solid revenue growth and disciplined cost control, delivering an average GOP flow-through of around 80%.

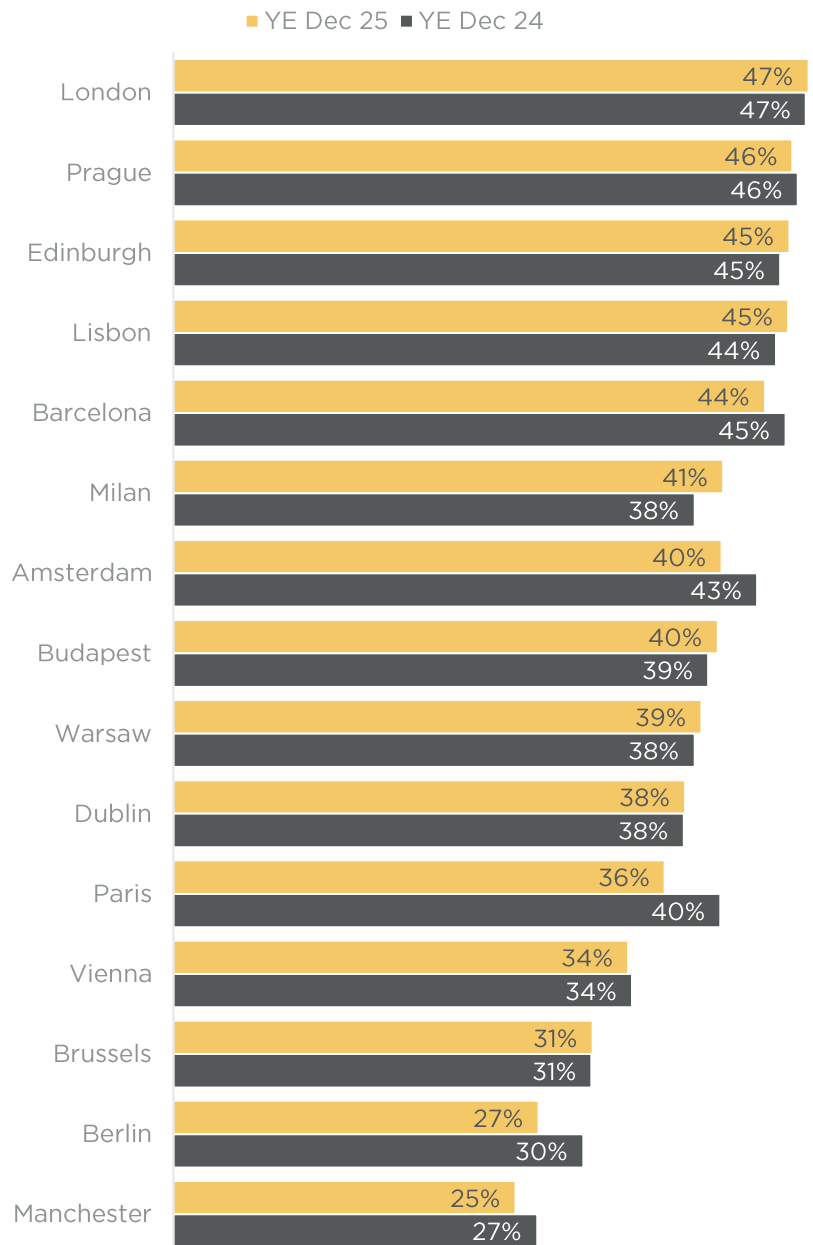
Among the seven markets where margins softened, the most pronounced declines were recorded in Paris (-4.1 pp), Berlin (-3.3 pp) and Amsterdam (-2.6 pp). In Paris, this largely reflects a correction following the 2024 uplift linked to the Olympic Games. Berlin experienced a similar post-event adjustment after a strong, event-driven summer in 2024. In Amsterdam*, profitability was primarily pressured by the sharp increase in tourism tax, which rose from approximately 7% to 12.5%.

Despite only a marginal year-on-year improvement (+0.3 pp), London maintained its position as the market with the highest profit margins. Among other top-performing cities, Prague (-0.4 pp) and Barcelona (-1.5 pp) experienced a softening in profitability, whereas Lisbon (+0.9 pp) and Edinburgh (+0.7 pp) continued to record further gains.

Overall, despite ongoing cost pressures, most major European hotel markets maintained healthy profitability—remaining above or near the 40% threshold—with only four markets reporting GOP below 35%.

Widening profitability gap with margins remaining healthy

HOTEL PROFITABILITY - SELECTED KEY MARKETS (YE Dec 2025 vs YE Dec 2024, GOP %, full-service branded hotels)*



*154% YoY increase in repair and maintenance costs also impacting profitability

Source: HotStats (sample of full-service branded hotels, *data not available for Madrid and Munich)

EUROPEAN HOTELS OPERATING PERFORMANCE

Over half of the markets recorded improved hotel profits during 2025, with Milan (+8.6%) and Warsaw (-7.7%) showing the strongest gains. Paris (-16.9%) and Berlin (-14.6%), however, experienced the most notable year-on-year declines, due to factors mentioned earlier.

In Manchester, Brussels and Paris, the decline in expenses was insufficient to offset the drop in revenues. Meanwhile, in Amsterdam, Barcelona, and Berlin, expenses rose despite falling revenues. Edinburgh was the only market where revenues grew, and expenses decreased.

Driven by inflationary pressures and ongoing labour shortages, operating costs increased across most markets in 2025, with Warsaw, Prague and Budapest posting the fastest growth. However, as these cities also led revenue gains, their profit levels continued to improve.

Overall, expenses rose only modestly—by an average of 0.4% across the major European urban markets. Five cities posted a decline, with Manchester recording the steepest drop at -4%. Dublin was the only market where reduced expenses more than offset falling revenue, resulting in stronger profitability.

Payroll costs rose by an average of 1.5% PAR and remained the principal driver of overall expense growth. The largest increases were seen in Warsaw (+9%), Budapest (+9%), and Prague (+5%), where a low cost base combined with strong occupancy gains accelerated payroll increases.

Other operating expenses remained broadly stable across all markets, while cost of sales declined by 2.5% on average.

Notably, most cities recorded a reduction in utilities, with an average 2.4% POR decrease. The only exceptions were Manchester (+14%) and Paris (+7%), which experienced marked increases.

Despite rising expenses, most markets continue to increase profit levels

HOTEL REVENUE INDEX

(FY 2025 vs FY 2024, Total Revenue PAR)

Warsaw	106.5%
Budapest	105.3%
Prague	104.0%
Milan	103.1%
Vienna	101.8%
Lisbon	101.3%
Edinburgh	100.6%
Dublin	99.9%
Barcelona	99.5%
London	99.4%
Brussels	97.8%
Amsterdam	96.8%
Berlin	96.1%
Manchester	94.1%
Paris	92.3%

HOTEL EXPENSE INDEX

(FY 2025 vs FY 2024, Total Expense PAR)

Warsaw	105.7%
Prague	104.8%
Budapest	104.2%
Vienna	102.3%
Barcelona	102.2%
Amsterdam	101.2%
Berlin	100.7%
Dublin	99.7%
Milan	99.7%
Lisbon	99.6%
Edinburgh	99.4%
London	99.0%
Paris	98.6%
Brussels	97.7%
Manchester	96.2%

PROFITABILITY INDEX

(FY 2025 vs FY 2024, GOP PAR in EUR)

Milan	108.6%
Warsaw	107.7%
Budapest	107.0%
Lisbon	103.4%
Prague	103.1%
Edinburgh	102.1%
Vienna	101.0%
Dublin	100.1%
London	99.9%
Brussels	98.1%
Barcelona	96.1%
Amsterdam	91.1%
Manchester	88.6%
Berlin	85.4%
Paris	83.1%

Source: HotStats (sample of full-service branded hotels, *data not available for Madrid and Munich)

EUROPEAN HOTELS OPERATING PERFORMANCE

ACTUAL VALUES MATTER THE MOST

The full-service hotels in major European hotel markets exhibited diverging trends in nominal profits in 2025. **Half of the 24 analysed cities recorded increases in hotel profits**, while the remainder faced further pressure on their bottom line. Even so, the overall average GOP PAR for full-service hotels across Europe rose by 1.7%, reaching €63.

Most major urban markets in Europe outperformed this average by far, with **London maintaining its leading position** despite a marginal year-on-year decline. After a clear gap, Paris followed, ahead of Edinburgh and Barcelona.

Hotels in Milan posted the strongest profit uplift at +9%, with momentum expected to carry into H1 2026, boosted by the Winter Olympics.

Warsaw (+8%) and Prague (+3%) also achieved solid profit growth, supported by robust demand dynamics and, in Prague's case, constrained new supply.

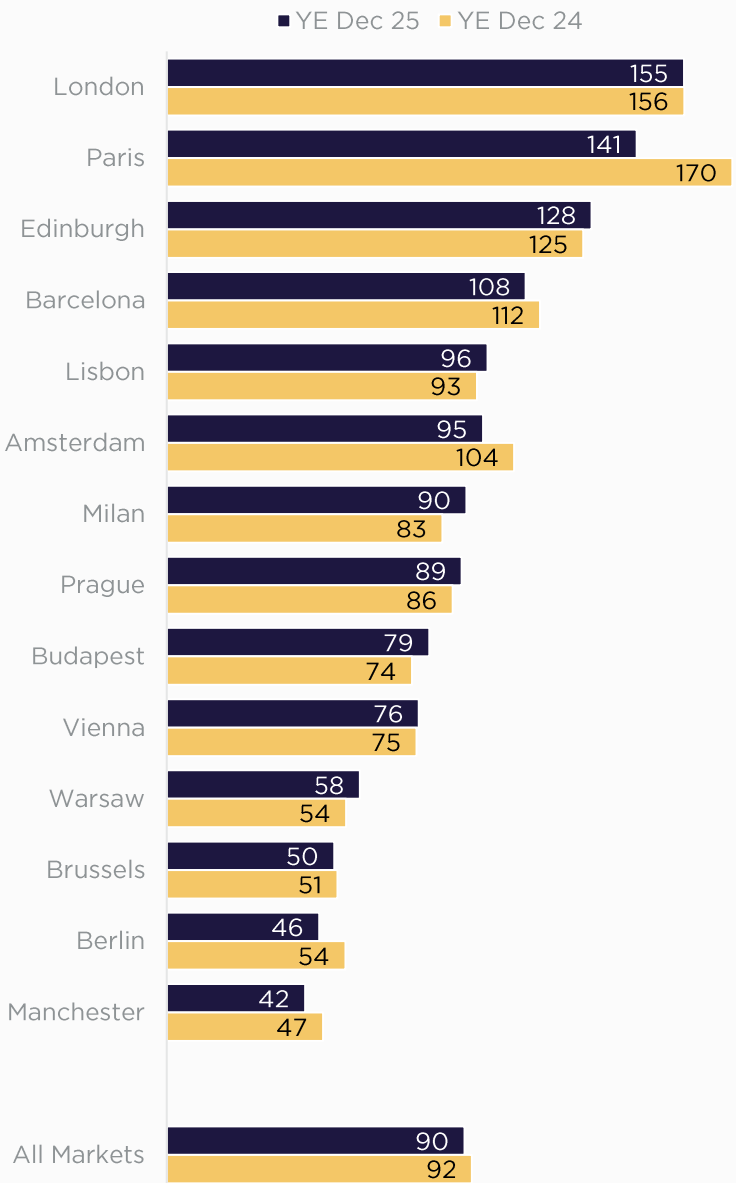
Across the remaining markets, profit performance varied significantly, with several cities posting declines in GOP PAR. Amsterdam's decrease was driven by higher tourism taxes; Paris and Berlin experienced a correction after an event-fuelled high in 2024, while Brussels and Manchester recorded further profit erosion amid elevated supply levels.

Despite mounting pressure on hotel profit levels across Europe, transaction activity remained strong, underpinned by the continued attractiveness of selected Europe-Full-Service hotels, improving capital availability and sustained long-term confidence in the sector.

London and Paris have the most profitable Europe-Full-Service hotels

HOTEL PROFITS PER AVAILABLE ROOM

(Selected Markets in Europe, GOP PAR in EUR, YE Dec 2025 vs YE Dec 2024)



Source: HotStats (sample of full-service branded hotels, *Insufficient data for Madrid, Munich and Dublin)

EUROPEAN HOTELS HOTEL INVESTMENT

European hotel investment hits €27bn, 28% above 10-year average

HOTEL TRANSACTION ACTIVITY IN EUROPE (2025)

	FULL YEAR			LAST 6 MONTHS		
	FY 2025	FY 2024	% Change*	H2 2025	H2 2024	% Change*
Properties Sold	1,057	982	▲ 8%	521	486	▲ 7%
Rooms Sold	133,338	118,064	▲ 13%	68,7503	62,811	▲ 9%
Volume Transacted (€)	27,142m	22,143m	▲ 23%	13,540m	10,405m	▲ 30%

Source: Cushman & Wakefield, Preliminary values

A contingency of 5% is assumed for transactions in the last 12 months, as some deals are revealed with notable delay. Volume transacted in EUR, millions.

*Refers to the % change in transaction volume from the previous period

MOMENTUM IN TRANSACTION ACTIVITY

European hotel transaction volumes totalled more than €27 billion in 2025, representing a **23% year-on-year increase** and narrowing the gap to pre-pandemic levels to just 11%. Activity was underpinned by a **rebound in landmark single-asset transactions** (+27% year-on-year) alongside continued momentum in large pan-European portfolio deals (+13%).

Volumes in 2025 also rose to 28% above the 10-year average, reinforcing the **clear return of investor confidence in the sector**. Private investors dominated activity, accounting for 52% of acquisition volumes and 42% of disposals.

Volumes during H2 2025 reached over €13.5 billion, a 30% increase from last year.

Individual asset volumes were supported by **several high-profile transactions**, including the majority stake acquisition of Four Seasons Astir Palace Athens by George Procopiou from Jermyn Street Real Estate Fund, IBRC's disposal of the Hilton Prague to PPF Real Estate, Unibail-Rodamco-Westfield's sale of Pullman Paris Montparnasse, and CDL's acquisition of the Holiday Inn London Kensington High Street.

Private investors were the most active buyers and sellers in 2025

TRANSACTION VOLUME BY TYPE OF INVESTOR

(FY 2025, % share of total volume)

	BUYERS (% Share)		% Change	SELLERS (% Share)		% Change
	FY 2025	vs LY		FY 2025	vs LY	
Institutional	36%	▲ 1%	38%	▼ -1%		
Private	52%	▲ 8%	42%	▼ -5%		
Public	8%	▼ -43%	18%	▼ -7%		
User/Other	4%	▲ 30%	2%	▲ 83%		

Source: Cushman & Wakefield, RCA

EUROPEAN HOTELS HOTEL INVESTMENT

Portfolio transactions represented 30% of total hotel investment volumes in 2025, down from 33% in 2024.

Notable deals included CapMan's acquisition of 28 Nordic hotels from Midstar, Eagle Hills' €220 million purchase of Suncani Hvar's 10-hotel portfolio from CPI Property Group with C&W acting as selling agent, Queensgate Investments' €776 million sale of 12 Generator Hostels to Brookfield, Tristan Capital Partners' acquisition of 24 EasyHotels for over €400 million, Brookfield's €430 million disposal of the Mare Nostrum resort portfolio to Spring Hotels, and the acquisition of the Dalata portfolio by Pandox and Eiendomsspar.

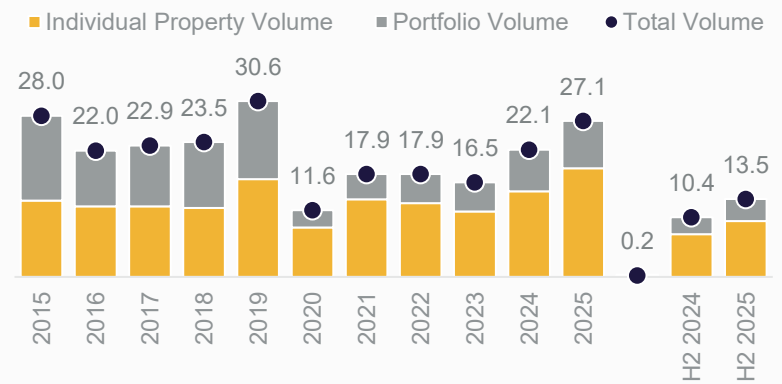
Large-ticket deal activity increased in 2025, with 125 transactions of €50 million or more, making up 12% of all deals and showing a 23% rise from the previous year. In addition, 38 transactions were valued above €100 million, up 15% year on year

Nevertheless, **smaller deals continued to dominate**, with 71% of transactions below €25 million. Half of all dispositions (52%) involved hotels with fewer than 100 rooms.

European hotel transactions reach highest level since 2019

ANNUAL TRANSACTION VOLUMES

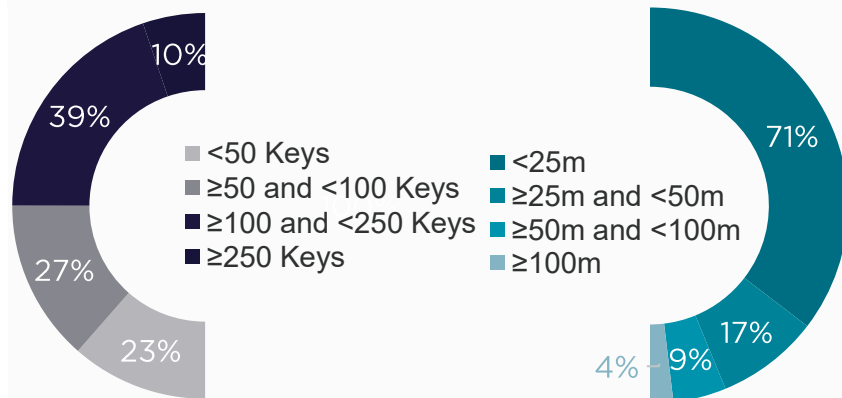
(2015 - 2025, EUR billions)



Source: Cushman & Wakefield, RCA

Increasing share of large deals

TRANSACTION BREAKDOWN BY NO. OF ROOMS SOLD & DEAL SIZE (FY 2025)



Source: Cushman & Wakefield

EUROPEAN HOTELS HOTEL INVESTMENT



The united kingdom was the most active market in 2025

HOTEL TRANSACTION ACTIVITY IN EUROPE

(FY 2025 vs FY 2024, EUR Millions)

No	Country	FY 2025	FY 2024	% change
1	United Kingdom	5,692	7,452	-24%
2	Spain	4,241	2,794	52%
3	France	3,461	2,369	46%
4	Italy	2,523	1,951	29%
5	Germany	1,949	1,292	51%
6	Ireland	1,920	890	116%
7	Greece	1,367	1,255	9%
8	Denmark	831	109	660%
9	Czechia	764	146	425%
10	Netherlands	720	614	17%

Source: Cushman & Wakefield

The UK, Spain and France were the most active markets in 2025, accounting for 49% of total investment volumes, totalling €13.4 billion. Compared with the previous year, **transaction activity was more evenly distributed** across the region, as the top three markets represented a smaller share of overall volumes (57% in 2024).

Despite a 24% decline in transaction activity, the UK remained Europe's largest hotel investment market, posting €5.7 billion in transactions across 243 hotels (over 29,400 rooms). The slowdown was mainly due to fewer large portfolio deals, partly balanced by growth in single-asset transactions (+37%).

Spain recorded the strongest year-on-year increase, rising by €1.4 billion, while Denmark, the Czech Republic and Ireland delivered the highest relative growth among the top-10 markets. Zooming in on major cities, London, Paris and Dublin again led European hotel investment volumes in 2025, while Athens and Prague entered the top five for the first time, replacing Barcelona and Madrid from 2024.

London remained the most active market for hotel investment, followed by Paris and Dublin

TOP-5 URBAN MARKETS BY TRANSACTION VOLUME

(EUR Millions)

No	City	FY 2025	FY 2024	% change
1	London	3,103	3,809	-19%
2	Paris	1,620	1,553	4%
3	Dublin	1,593	583	173%
4	Athens	926	470	97%
5	Prague	742	76	870%

Source: Cushman & Wakefield

EUROPEAN HOTELS INVESTMENT

Hotels are on the radar of investors, underpinned by **strengthening operational performance across most markets**, with particularly robust momentum in Southern and Eastern Europe. This was reinforced by **continued investor rotation toward ‘beds and sheds’ sectors**, alongside an **increasingly supportive debt environment**.

Despite ongoing macroeconomic and geopolitical uncertainty, momentum is expected to continue in 2026, with most **investors reporting intentions to deploy more capital**, according to the C&W Hotel Investor Compass 2026.

European funds continue to dominate hotel investment activity in the region, accounting for 82% of total transaction volume in 2025, up 45% year-on-year. **Cross-border interest from APAC and MEA regions also strengthened**, with capital inflows rising by 24% and 11% respectively, together contributing 8% of total volumes. On the other hand, investors with capital originating from the Americas declined by 42% year-on-year.

Upper Upscale and Upscale hotels accounted for half of all investment activity in 2025, with the Upscale segment recording the strongest year-on-year growth (+59%). The Luxury segment followed, with volumes rising by 20% and accounting for 18% of total investment activity.

Reflecting these trends, **the average price per room across Europe increased to approximately €202,000 in 2025**, up 8% year-on-year from €187,000.

Yields remained generally stable in 2025, with values further supported by growing income and **minor compressions for the “best of the best” deals** in markets with high entry barriers.

With institutional investors returning and financing conditions improving, **gradual yield sharpening for prime assets is expected in the second half of 2026**, alongside renewed value discovery for secondary and more opportunistic assets.

Upper Upscale and Upscale hotels led the transaction volumes in 2025

TRANSACTION VOLUME PER HOTEL CLASS

(% change, 2025 vs 2024)

HOTEL CLASS	% OF TOTAL VOLUME	% CHANGE	AVG. PRICE/ROOM (2025, EUR - '000)
Luxury	18%	▲ 20%	563
Upper Upscale	21%	▲ 8%	243
Upscale	29%	▲ 59%	191
Upper Midscale	14%	▼ -5%	151
Midscale	9%	▼ -3%	132
Economy	10%	▲ 25%	133

HOTEL CLASS	% OF TOTAL ROOMS	% CHANGE
Luxury	6%	▲ 10%
Upper Upscale	17%	▲ 18%
Upscale	31%	▲ 55%
Upper Midscale	18%	▼ -2%
Midscale	13%	▼ -8%
Economy	14%	▼ -12%

Source: Cushman & Wakefield

Hotel yields are sharpening in prime markets

PRIME HOTEL YIELDS

(Q2 2025, hotels encumbered by management agreement)



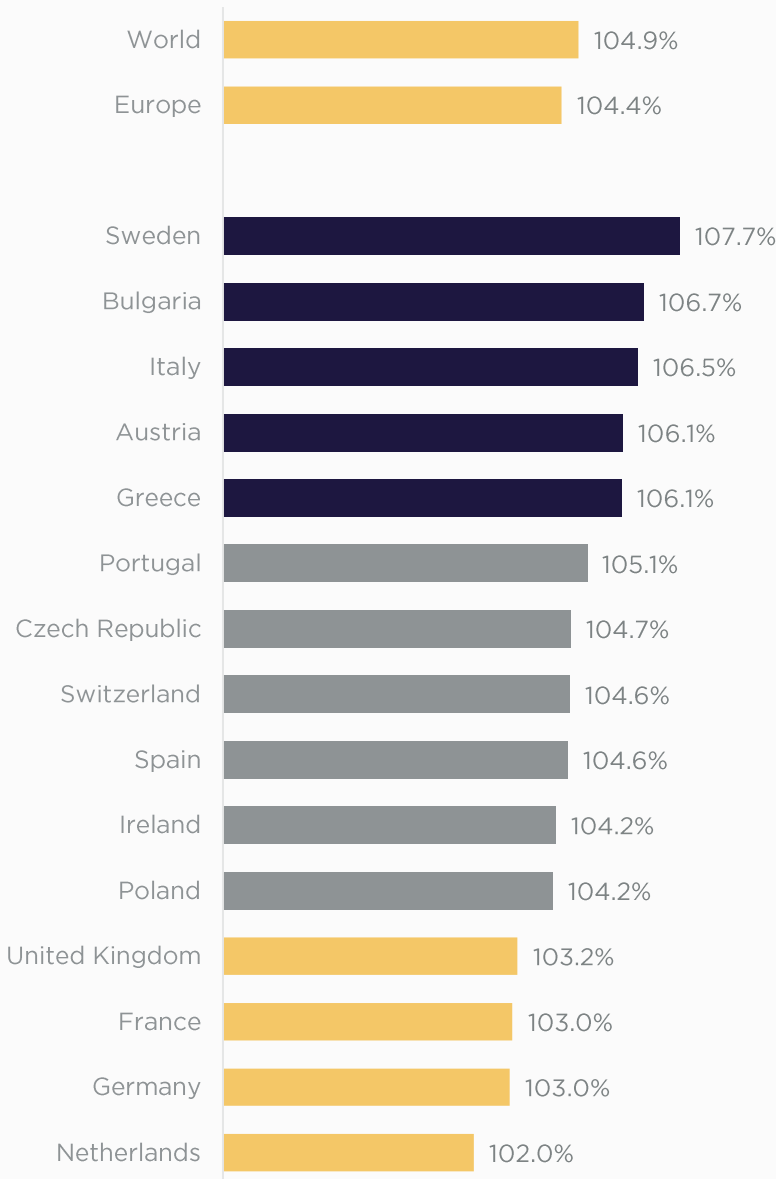
Source: Cushman & Wakefield (Note: *First-tier cities, Prime yields are for quality stabilised assets in prime locations, managed by a professional operator under a management agreement. The yields are based on actual transactions where available, as well as the sentiment indicated by the investors.

EUROPEAN HOTELS HOTEL OUTLOOK

Hotel demand set to grow in 2026

ACCOMMODATION DEMAND OUTLOOK

(Top-15 largest markets in Europe, nights in hotels, index - 2025 base year)



Note: Countries are sorted based on growth index 2026 vs 2024)
Source: Oxford Economics (Dec 2025 update),

CAUTIOUS OPTIMISM FOR 2026

Hotel performance growth is projected to moderate yet remain positive in 2026, underpinned by sustained demand expansion and limited new supply across most European markets.

According to STR's February 2026 forecast, RevPAR is expected to rise by 1.1%, with notably stronger gains anticipated in select destinations such as Milan and Paris. Price increases are set to be the primary contributor to performance growth.

Further momentum will stem from a robust schedule of major events, including the 2026 Milan Olympics and several other large-scale sporting occasions, trade fairs, and international air shows. The entertainment sector will also provide a meaningful boost, as leading artists—including Lady Gaga, Ariana Grande, Ed Sheeran, BTS, Bruno Mars, Bad Bunny, The Weeknd and Harry Styles—plan extensive European tours throughout 2026.

While Oxford Economics predicts overall tourism growth, the ETC expects a slight softening in long-haul demand. The proportion of overseas travellers planning a European trip is projected to ease from 44% in 2025 to 42% in 2026, mainly due to elevated travel costs and rising price sensitivity. Demand remains strong from China and Brazil, while travellers from Canada, South Korea and Japan continue to travel internationally but are also showing a growing interest in domestic or regional destinations.

A further shift toward domestic or short-haul travel could occur if geopolitical tensions escalate, particularly the ongoing conflicts in the Middle East and Ukraine.

Although declining perceptions of safety in several Gulf countries may redirect some demand and benefit Europe, a prolonged crisis could ultimately weigh on the global economy, risk sentiment, and suppress overall travel activity.



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Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of \$10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture.

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