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2025 EUROPEAN HOTEL TRANSACTIONS

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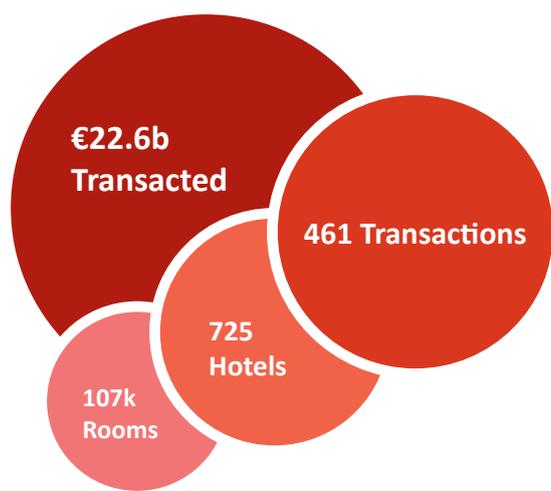
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Introduction

Building on its resurgence in 2024, the European hotel investment market saw another year of strong performance in 2025, with total transaction volume rising 30% to reach €22.6 billion, the highest level recorded since the peak year of 2019 (and the third highest ever), with a €5.2 billion increase over the previous year. Continued interest rate easing by European central banks, combined with resilient hotel operating fundamentals and an abundant supply of investor capital, underpinned a broad-based acceleration in deal activity. Single asset transactions reached a record high of €15.6 billion – the strongest year for single asset hotel investment ever recorded in Europe – whilst portfolio volume held broadly steady at €7.0 billion. With Private Equity activity down by 39% from the previous year, Owner-Operators and Real Estate Investment Companies were the dominant forces in the market, collectively driving the majority of transaction activity. Some 461 transactions were completed, encompassing 725 hotels and more than 107,000 rooms, representing strong, broad-based momentum for the European hotel investment market, although with some clear headwinds now in front of us given the Iran conflict.



	2025	Change	%
Number of Transactions	461	+175	+61%
Total Volume (€)	22.6b	+5.2b	+30%
Hotels	725	+127	+21%
Rooms	107k	+27k	+33%
Avg Price Per Hotel (€)	31.1m	+2.1m	+7%
Avg Price Per Room (€)	210k	-5k	-2%

Only hotels that sold for more than €7.5 million have been considered in this analysis.

Source: HVS – London Office

Total Transaction Volume

Volume

- Total transaction volume in 2025 reached €22.6 billion, the highest level recorded since 2019, and an impressive €5.2 billion increase over 2024, with single assets making up nearly 70% of the total.

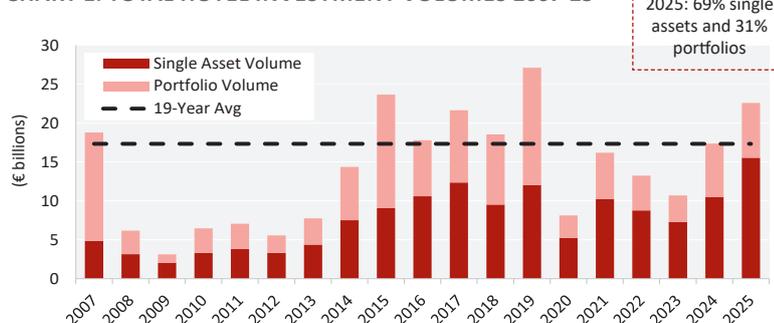
Pricing & Deal Size

- The average price per room was €210,000 in 2025, a decrease of 2.0% from 2024 and 2.4% higher than in 2019;
- Hotels in 2025 transacted for an average price per hotel of €31.1 million (a 7% increase on 2024) and had an average of 148 rooms (a 10% increase on 2024).

Seasonality

- Transaction volume was almost equally divided between the first (€11.4 billion) and second (€11.2 billion) halves of 2025;
- Q3 2025 marked a very strong increase on Q3 2024 (+195%).

CHART 1: TOTAL HOTEL INVESTMENT VOLUMES 2007-25



Source: HVS – London Office

CHART 2: TOTAL ASSET QUARTERLY VOLUMES 2025 VS 2024



Source: HVS – London Office

CHART 3: TOP COUNTRIES (TOTAL ACTIVITY BY VOLUME)

Rank	Country	Volume (€m)	Change (€m)	Rank Change	% Total
1	United Kingdom	5,594	-597	0	25%
2	France	3,525	+1,489	+1	16%
3	Spain	3,188	+643	-1	14%
4	Germany	2,539	+1,441	+1	11%
5	Greece	1,119	+479	+2	5%
6	Italy	1,059	-67	-2	5%
7	Sweden	819	+470	+4	4%
8	Denmark	609	+573	+11	3%
9	Netherlands	592	+17	-1	3%
10	Czechia	580	+339	+3	3%

Source: HVS – London Office

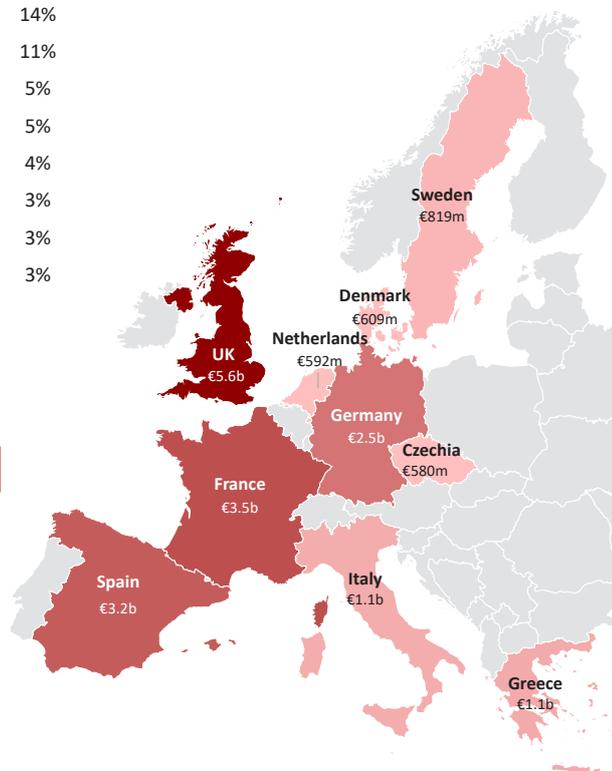


CHART 4: TOP CITIES (TOTAL ACTIVITY BY VOLUME)

Rank	City	Volume (€m)	Change (€m)	Rank Change	% Country
1	London	2,282	-644	0	41%
2	Paris	1,898	+385	0	54%
3	Berlin	700	+490	+12	28%
4	Athens	663	+354	+3	59%
5	Prague	580	+339	+6	100%
6	Amsterdam	407	+69	-1	69%
7	Copenhagen	383	+364	+24	63%
8	Barcelona	379	-58	-4	12%
9	Vienna	350	+136	+5	77%
10	Munich	345	+183	+7	14%

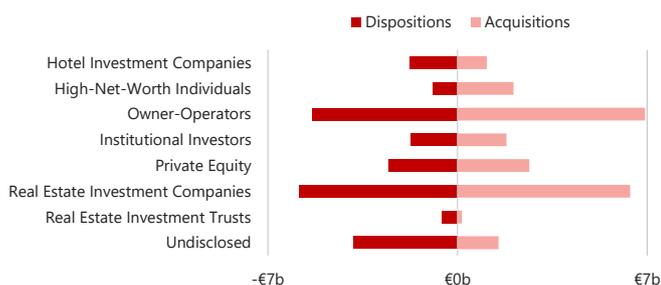
Source: HVS – London Office

Activity by Investor Type

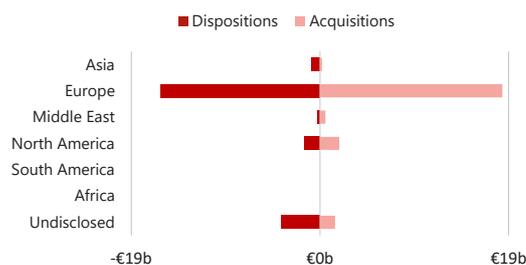
- In 2025, Owner-Operators were the most active, buying and selling roughly €12.3 billion in assets (a 58% increase on 2024), very closely followed by Real Estate Investment Companies, which transacted €12.2 billion of properties (a 98% increase on 2024). Private Equity groups were the third most active with €5.2 billion (a 39% decrease from 2024 levels);
- Hotel Investment Companies, Institutional Investors and REITs largely transacted similar volumes as in 2024;
- HNWIs saw the greatest increase in buying activity (+273%, or a €1.5 billion increase in volume on 2024);
- The largest net buyers were Owner-Operators and HNWIs, with a positive balance of €1.5 billion and €1.2 billion, respectively. The largest net sellers were Hotel Investment Companies and REITs, with a negative balance of €696 million and €416 million, respectively.

CHART 5: CAPITAL FLOWS BY INVESTOR TYPE (€)

CHART 6: CAPITAL FLOWS BY INVESTOR SOURCE REGION (€)



Source: HVS – London Office



Source: HVS – London Office

Single Assets

The record-breaking performance of single asset transactions in 2025 was driven by a convergence of favourable conditions: continued monetary easing across European central banks, strong underlying hotel trading performance and a significant increase in investor confidence following the market's recovery in 2024. These dynamics collectively amplified deal appetite across all buyer categories, with the number of single asset transactions rising 68% to 411, propelling total volumes to their highest level on record.

	2025	Change	%
Volume (€)	15.6b	+5.0b	+48%
Hotels	411	+166	+68%
Rooms	60k	+22k	+58%
Avg Price Per Hotel (€)	37.8m	-5.1m	-12%
Avg Price Per Room (€)	257k	-17k	-6%

Source: HVS – London Office

Volume

- Single asset transaction volume in 2025 totalled €15.6 billion, which was 48% greater than 2024 volumes and 29% higher than 2019. This makes 2025 the highest ever year on record for single asset hotel transaction volume in Europe;
- Activity was split evenly between H1 (€7.9 billion) and H2 (€7.6 billion) 2025, with Q2 being the busiest quarter;
- Both the average price per hotel and per room decreased in 2025 (-12% and -6%, respectively, from 2024);
- The three most liquid European single asset markets in 2025 were the UK (€3.4 billion), France (€3.0 billion) and Spain (€2.1 billion);
- Other countries that saw significantly increased single asset activity in 2025 were Germany (+€1.1 billion), Czechia (+€512 million) and Austria (+€222 million).

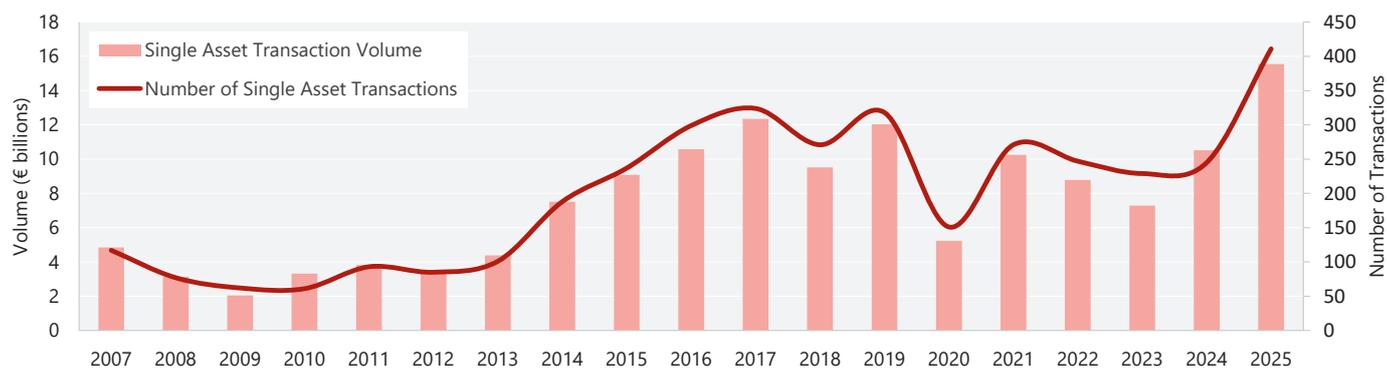
CHART 7: SINGLE ASSET TOP COUNTRIES (TOTAL ACTIVITY BY VOLUME)

Rank	Country	Change (€m)	Change in Rank	% Total
1	United Kingdom	+1,589	+1	22%
2	France	+1,231	+1	19%
3	Spain	+256	-2	13%
4	Germany	+1,058	+1	12%
5	Italy	-111	-1	5%
6	Czechia	+512	+9	4%
7	Ireland	-274	-1	3%
8	Austria	+222	+4	3%
9	Greece	-39	-2	3%
10	Netherlands	+191	+3	3%

Source: HVS – London Office



CHART 8: SINGLE ASSET INVESTMENT VOLUMES 2007-25



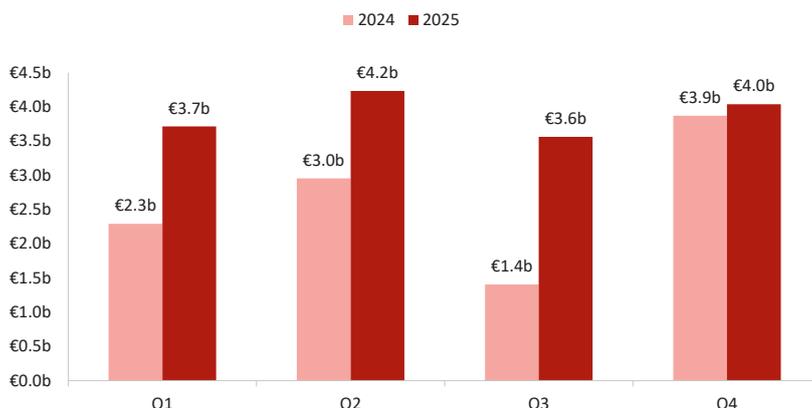
Source: HVS – London Office

W LONDON, UNITED KINGDOM



HVS Hodges Ward Elliott exclusively brokered the sale of the 192-room W London hotel on behalf of Al Rayyan Tourism and Investment Company.

CHART 9: SINGLE ASSET TRANSACTION VOLUMES BY QUARTER 2024 VS 2025



Source: HVS – London Office

Cities

- London overtook Paris as the most liquid single asset city in Europe in 2025 with a total volume of €1.8 billion (a 78% increase on 2024), underpinned by numerous large transactions including the W London (brokered by HVS Hodges Ward Elliott), the Holiday Inn Kensington London High Street and the Novotel London West;
- Paris was a close second, with volume reaching €1.6 billion (a 13% increase on 2024), driven by the sale of the Hotel des Grands Voyageurs and the Pullman Paris Montparnasse;
- Prague achieved third place with a total volume of €580 million (up €511 million on 2024), in large part thanks to the sale of the Four Seasons Prague and the Hilton Prague;
- Some of the impressive ranking improvements included Berlin (€560 million and climbing into fourth place) and Munich (€317 million and reaching seventh place).

W VERBIER, SWITZERLAND

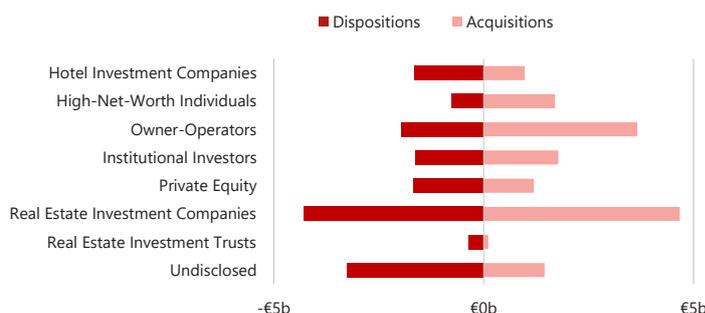


HVS Hodges Ward Elliott exclusively brokered the sale of the 123-room W Verbier alpine luxury resort on behalf of the sellers, a consortium of international investors.

Investor Type

- The largest capital movers in 2025 were Real Estate Investment Companies, shifting a total of €8.9 billion in single asset acquisitions and disposals (a 69% increase on 2024);
- Owner-Operators were 2025's largest net buyers of single assets at €1.7 billion (a €1 billion increase in net acquisitions on 2024), followed by HNWI's at €944 million and Real Estate Investment Companies at €398 million;
- Hotel Investment Companies were the largest net sellers in 2025 at €681 million. Private Equity followed, with total net sales reaching €470 million;
- Institutional Investors remained largely neutral in 2025.

CHART 10: CAPITAL FLOWS BY INVESTOR TYPE (€)

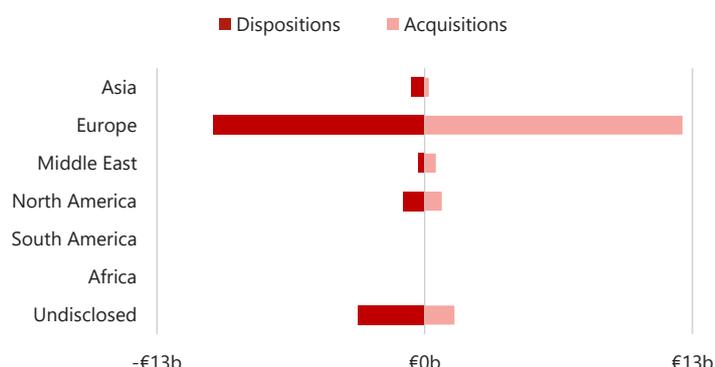


Source: HVS – London Office

Capital by Continent

- Europeans were the most active buyers of single assets in 2025, as usual, accounting for 81% of total transaction activity (up from 79% in 2024), with net acquisitions of €2.2 billion, up from €1.8 billion in 2024;
- Asian and North American investors recorded net sales of €468 million and €205 million, respectively, in 2025, accounting for 3% and 6% of total single asset transaction volume;
- Middle Eastern investors were net buyers in 2025, with acquisitions totalling €540 million (a 254% increase on 2024).

CHART 11: CAPITAL FLOWS BY INVESTOR SOURCE REGION (€)



Source: HVS – London Office

Hotel Categories

- Upscale hotels were the most transacted hotel category in 2025, accounting for 50% of hotels sold, and reaching a total volume of €8.1 billion;
- With a high average price per room of €705,000, luxury hotels were the third-largest contributor to total transaction volumes (20% of total transaction volume), despite only accounting for 9% of total hotels sold.

CHART 12: SINGLE ASSET TRANSACTION VOLUMES BY CATEGORY

Category	Volume (€m)	Hotels	Rooms	Avg Price Per Room (€)	% of Volume
Luxury	3,117	35	4,419	705,300	20%
Upscale	8,138	205	32,766	248,400	52%
Midscale	3,509	127	17,476	200,800	23%
Economy	788	44	5,737	137,300	5%
Total/Avg	15,551	411	60,398	257,500	100%

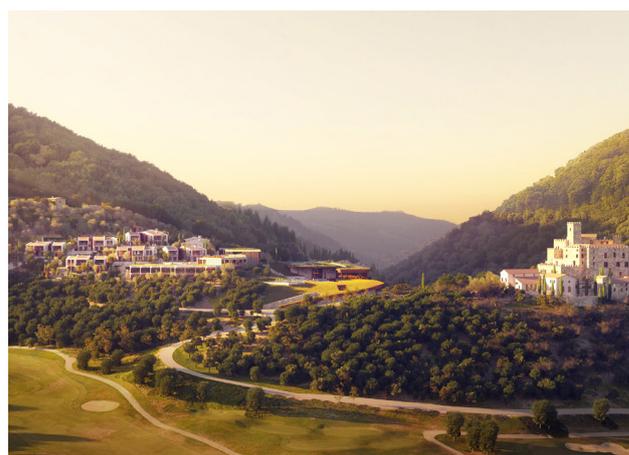
Source: HVS – London Office

BRUSSELS MARRIOTT HOTEL GRAND PLACE, BELGIUM



HVS Hodges Ward Elliott was the exclusive agent for the seller, Archer Hotel Capital, on the disposal of the 222-room Brussels Marriott Hotel Grand Place.

SIX SENSES ANTOGNOLLA, ITALY



HVS Hodges Ward Elliott acted exclusively for the developer on the operator selection and subsequent sale of the Six Senses Antognolla.

Notable Single Asset Transactions

Presented below is a selection of single asset transactions that occurred over the course of 2025. To request an expanded list of transactions, contact lhorch@hvshwe.com.

Property Name	City	Country	Rooms	Price (€)	Per Room (€)	Buyer	Seller
Mare Nostrum Resort Tenerife	Tenerife	Spain	1,037	430,000,000	415,000	Spring Hotels Group	Brookfield AM
Four Seasons Astir Palace Hotel Athens	Athens	Greece	303	Undisclosed	Undisclosed	George Procopiou	AGC Equity Partners
Holiday Inn Kensington	London	UK	706	318,250,000	451,000	CDL	Cola Holdings
Pullman Paris Montparnasse	Paris	France	957	300,000,000	313,000	Bain, Columbia Threadneedle, QuinSpark	Unibail-Rodamco-Westfield
W Hotel London	London	UK	192	Undisclosed	Undisclosed	Undisclosed	Al Rayyan Tourism Investment Company
Hilton Prague	Prague	Czechia	791	Undisclosed	Undisclosed	PPF Real Estate	Irish Bank Resolution Corporation
Motel One Berlin: Upper West	Berlin	Germany	582	Undisclosed	Undisclosed	The Schoeller Group	Signa Group
The Alpina Gstaad	Gstaad	Switzerland	56	Undisclosed	Undisclosed	American Investor	Marcel Bach, Jean-Claude Mimran
Hotel Cap-Estel	Eze	France	20	200,000,000	10,000,000	Financiere Agache	Undisclosed
Novotel London West	London	UK	630	185,060,000	294,000	Arora Group, Banco Santander	Undisclosed
Hotel Caesar Augustus	Capri	Italy	55	180,000,000	3,273,000	Gruppo Statuto	Signorini Family
Hotel Courcheveige	Courchevel	France	84	Undisclosed	Undisclosed	Kerzner (ICD)	Bourne family
The Hoxton, Southwark	London	UK	192	171,750,000	895,000	Yellow Tree	Norlake Hospitality
Fairmont La Hacienda Costa del Sol	San Roque	Spain	311	175,000,000	563,000	ActivumSG	Millenium Hospitality Real Estate
Mandarin Oriental	Munich	Germany	73	Undisclosed	Undisclosed	Eagle Hills	Mandarin Oriental
Citywest Hotel	Dublin	Ireland	774	Undisclosed	Undisclosed	Government of Ireland	Tetrarch Capital
JW Marriott Venice Resort & Spa	Venice	Italy	266	Undisclosed	Undisclosed	KSL Capital Partners, EQ Group	Aareal Bank
Sol Tenerife	Arona	Spain	522	Undisclosed	Undisclosed	Banca March	Meliá Hotels International, Tetian XXI
Comwell Copenhagen Portside	Copenhagen	Denmark	484	Undisclosed	Undisclosed	AKF, Sampension	AP Ejendomme, Keva
Hotel Miragem Cascais	Cascais	Portugal	192	Undisclosed	Undisclosed	Ibervalles Socimi, ARD I&D	Grupo GJC Hotels
40 Rue Des Saints-Peres	Paris	France	40	Undisclosed	Undisclosed	Al-Thani & Al-Thawadi, Fort Partners	Foncière Saint Honoré
Four Seasons Prague	Prague	Czechia	157	Undisclosed	Undisclosed	PPF Real Estate	Northwood Investors
W Edinburgh	Edinburgh	UK	244	Undisclosed	Undisclosed	Schroders	Nuveen Real Estate
Marriott London Grosvenor Square Hotel	London	UK	236	Undisclosed	Undisclosed	Evolution Investment Fund	Joint Treasure
Budapest Marriott Hotel	Budapest	Hungary	364	115,000,000	316,000	BDPST Group, Diorit PE Fund	S Immo Ag
Ritz-Carlton Vienna	Vienna	Austria	200	Undisclosed	Undisclosed	Mohamed Alabbar	Verny Capital
The Hoxton, Poblenou	Barcelona	Spain	240	Undisclosed	Undisclosed	Trinity Investments, Partners Group	Undisclosed
Hôtel des Grands Voyageurs	Paris	France	138	Undisclosed	Undisclosed	Undisclosed	TPG Angelo Gordon, EQ Group
AluaSoul Costa Málaga	Malaga	Spain	271	Undisclosed	Undisclosed	SCPI Sofidy Europe Invest	Blantyre Capital
Hotel Maria	Helsinki	Finland	116	Undisclosed	Undisclosed	M&L Group	Samla Capital Oy

Source: HVS – London Office

Portfolio Assets

Following the dramatic step-change in portfolio activity witnessed in 2024, European portfolio transaction volume in 2025 remained broadly stable at €7.0 billion. The UK, which had dominated the 2024 portfolio landscape by some distance, saw volumes fall by €2.2 billion as the exceptional deal flow of 2024 – including Starwood’s acquisition of ten Edwardian hotels and Blackstone’s acquisition of 33 Village Hotels – was not replicated. In its place, a more geographically diverse set of markets emerged, with Sweden, Greece, Germany and Denmark all recording strong increases in portfolio activity.

The composition of portfolio transactions in 2025 reflected an evolving market dynamic. The number of portfolios transacted increased by 22%, whilst the total number of hotels per deal decreased by 11%, pointing to a trend towards smaller, more focused portfolio compositions. The average price per portfolio declined to €140.6 million (a 16% decrease from 2024), whilst the average price per hotel increased to €22.4 million (a 16% increase), consistent with fewer but individually higher-valued assets per transaction.

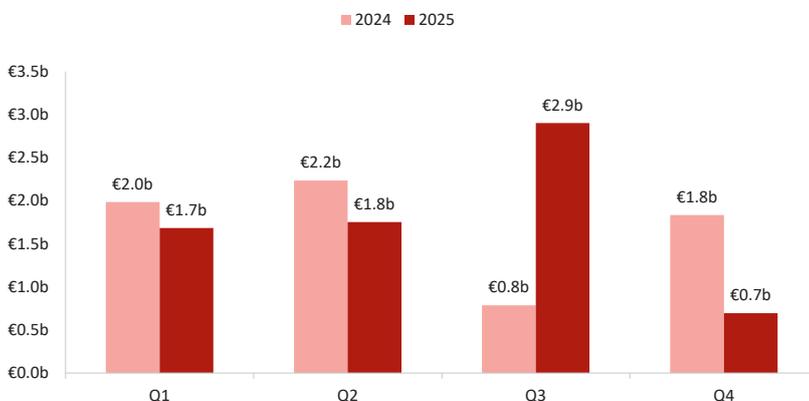
	2025	Change	%
Volume (€)	7.0b	+0.2b	+3%
Portfolios	50	+9	+22%
Hotels	314	-34	-11%
Rooms	47k	+5k	+11%
Avg Price Per Portfolio (€)	140.6m	-26.2m	-16%
Avg Price Per Hotel (€)	22.4m	+3.0m	+16%
Avg Price Per Room (€)	150k	-11k	-7%

Source: HVS – London Office

Volume

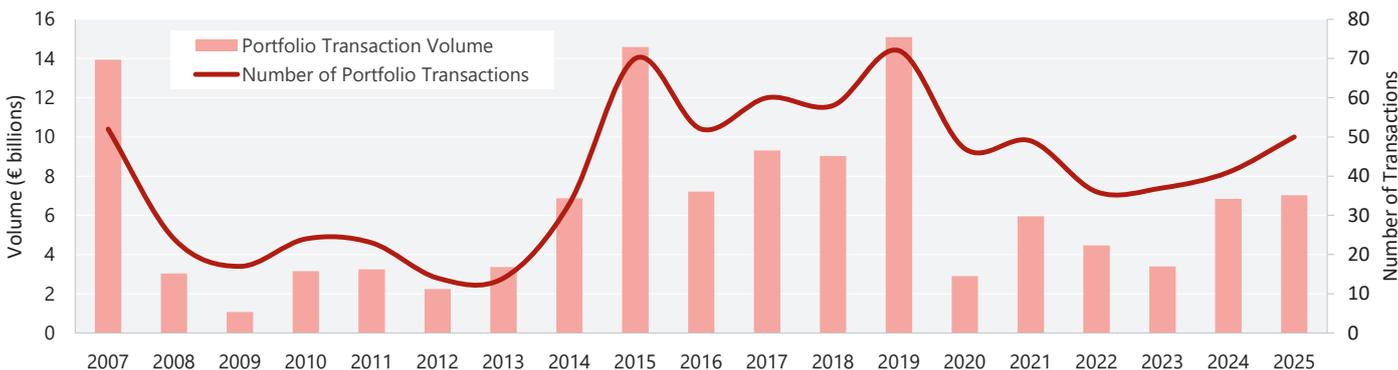
- Portfolio transaction volume totalled €7 billion in 2025, a modest 3% increase on 2024;
- Most quarters saw a decrease in portfolio transaction activity; however, Q3 recorded an impressive €2.1 billion increase in volume on 2024;
- Q4 2025 witnessed the strongest slowdown compared to 2024, falling 62% short (a €1.1 billion decrease) in total transaction volume.

CHART 13: PORTFOLIO TRANSACTION VOLUMES BY QUARTER 2024 VS 2025



Source: HVS – London Office

CHART 14: PORTFOLIO INVESTMENT VOLUMES 2007-25



Source: HVS – London Office

CHART 15: PORTFOLIO TOP COUNTRIES (TOTAL ACTIVITY BY VOLUME)

Rank	Country	Change (€m)	Change in Rank	% Total
1	United Kingdom	-2,186	0	31%
2	Spain	+388	0	16%
3	Sweden	+741	+10	11%
4	Greece	+518	+4	9%
5	Germany	+383	0	9%
6	France	+258	-2	8%
7	Denmark	+296	+6	4%
8	Italy	+44	-1	3%
9	Netherlands	-174	-6	3%
10	Norway	+138	+1	3%

Source: HVS – London Office

Cities

- London recorded the highest volume with €487 million in portfolio transactions, which was, however, only a quarter of its recorded portfolio volume in 2024;
- Athens reached second place with a total volume of €271 million, followed closely by Paris at €267 million.

Investor Type

- Acquisition activity by Owner-Operators was the strongest of all investors in 2025, with a total volume of €3.3 billion, representing exactly half of all portfolio transactions;
- Next in line were Real Estate Investment Companies, which acquired roughly €1.7 billion worth of portfolios in 2025 (a €1.1 billion increase on 2024), and amounted to 26% of the total volume;
- Private Equity investors, which represented €4 billion of total acquisition volume in 2024, witnessed a decrease in acquisition activity to €1.5 billion. Despite this, they remained the third most active buyer of portfolios in 2025;
- Private Equity investors were also the highest net buyers in 2025, reaching €564 million (a 77% decline from 2024);
- The largest net sellers in 2025 were REITs, Owner-Operators and Institutional Investors, with net sales reaching €175 million, €151 million and €56 million, respectively.

Capital by Continent

- In stark contrast to 2024, European investors reclaimed the top spot as the largest portfolio buyers of 2025, having lost the place to North American investors in 2024. However, with total acquisitions of €5.8 billion and sales of €5.7 billion, European investors' volume remained relatively neutral in 2025;
- North American investors, on the other hand, were the largest net buyers in 2025, recording net portfolio acquisitions of €599 million;
- Middle Eastern investors were absent across the portfolio investment landscape in 2025, whilst Asian investors recorded total transaction activity of €190 million, having been absent themselves in 2024.

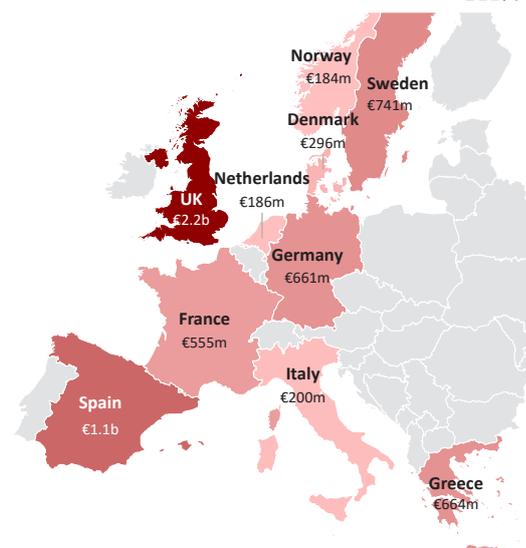
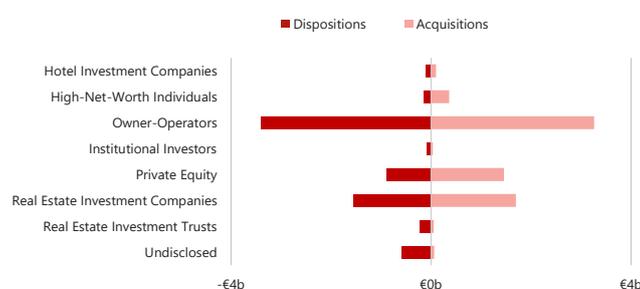
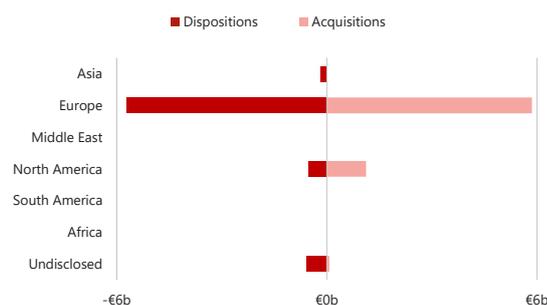


CHART 16: CAPITAL FLOWS BY INVESTOR TYPE (€)



Source: HVS – London Office

CHART 17: CAPITAL FLOWS BY INVESTOR SOURCE REGION (€)



Source: HVS – London Office

Hotel Categories

- As with single assets, upscale hotels were the most transacted type across portfolios in 2025, contributing 61% of the total volume and 46% of hotels sold;
- Midscale hotels ranked second, capturing 17% of total volume;
- Luxury hotels ranked third by volume, totalling €1 billion in 2025 and accounting for 8% of hotels sold;
- With an average price per room of €421,000, luxury hotels in portfolio transactions recorded a 40% lower price per room than their single asset counterparts.

CHART 18: PORTFOLIO TRANSACTION VOLUMES BY CATEGORY

Category	Volume (€m)	Hotels	Rooms	Avg Price Per Room (€)	% of Volume
Luxury	1,005	25	2,388	420,900	14%
Upscale	4,296	146	27,956	153,700	61%
Midscale	1,229	82	9,574	128,300	17%
Economy	502	61	6,969	72,000	7%
Total/Avg	7,032	314	46,887	150,000	100%

Source: HVS – London Office

Notable Portfolio Transactions

Presented below is a selection of portfolio transactions that occurred over the course of 2025. To request an expanded list of transactions, contact lhorch@hvshwe.com.

Portfolio	Country	Hotels	Rooms	Price (€)	Per Room (€)	Buyer	Seller
Dalata Hotel Group	Various	56	12,219	1,400,000,000	115,000	Pandox, Eiendomsspar	Dalata Hotel Group
Generator Hostels portfolio	Various	13	2,096	776,000,000	370,000	Brookfield AM	Queensgate Investments
Portfolio of 28 hotels across the Nordics	Various	28	4,696	Undisclosed	Undisclosed	CapMan Real Estate	Midstar Fastigheter AB
20% stake in Firmdale Hotels	UK	8	480	Undisclosed	Undisclosed	Lennart Perlhagen	Firmdale Hotels
Majority stake in Donkey Hotels	Greece	5	836	Undisclosed	Undisclosed	Azora	Donkey Hotels
Portfolio of three hotels in Halkidiki, Greece	Greece	3	1,076	Undisclosed	Undisclosed	Sani/Ikos Group	Goldman Sachs
Portfolio of nine Silken hotels in Spain	Spain	9	1,654	250,000,000	151,000	Grupo Hotusa	CBRE IM, Pygmalion
easyHotel portfolio	Various	31	3,803	Undisclosed	Undisclosed	Tristan Capital Partners	ICAMAP, Ivanhoe Cambridge and Haji-Ioannou
Portfolio of 17 Accor-branded German hotels	Germany	17	2,021	Undisclosed	Undisclosed	Event Hotels	Blackstone
Portfolio of six hotels in the Nordics	Various	6	1,300	Undisclosed	Undisclosed	Brookfield AM, The Mesh Group	Aberdeen Property Income Trust
50% stake in Hospes Hotels	Various	10	540	Undisclosed	Undisclosed	Hospes Hotels & Moments	Gaw Capital
Medplaya Hotels	Spain	6	1,500	Undisclosed	Undisclosed	Azora	Medplaya Hotels
Portfolio of five Novotel hotels in France	France	5	645	Undisclosed	Undisclosed	Henderson Park, Astream	Undisclosed
Portfolio of three Alua-branded hotels in Tenerife, Spain	Spain	3	1,094	120,000,000	110,000	Hyatt Hotels	Blantyre Capital
Portfolio of nine Campanile hotels across the UK	UK	9	951	Undisclosed	Undisclosed	Travelodge	Undisclosed

Source: HVS – London Office

Conclusions

Hotel Transactions in 2025: Record Highs and Broadening Momentum

The European hotel investment market recorded its third highest level of activity ever in 2025, and highest since the record year of 2019. Total transaction volume reached €22.6 billion, representing a 30% increase on the previous year. The momentum that re-emerged in 2024 was sustained and broadened in 2025, underpinned by continued interest rate easing, improving debt market conditions and resilient hotel operating performance across most European markets. With 461 transactions completed, encompassing 725 hotels and more than 107,000 rooms, the year was characterised by both scale and depth of activity.

Single asset transactions reached an all-time record of €15.6 billion, 29% above the previous 2019 peak, with notable deals spanning the full spectrum from luxury assets such as the W London (a deal brokered by HVS Hodges Ward Elliott) and Hotel Cap-Estel, to large-scale city-centre hotels including the Holiday Inn Kensington High Street in London and the Pullman Paris Montparnasse. Portfolio volume held broadly steady at €7.0 billion, as the exceptional deal flow of 2024 gave way to a more geographically diverse set of transactions.

Owner-Operators and Real Estate Investment Companies jointly dominated the market, with the former emerging as the largest net buyers of the year at €1.5 billion. High-Net-Worth Individuals recorded the most significant increase in activity of any investor category, with acquisition volumes rising 273% on 2024, a trend consistent with the broader rise of hotels as an asset class for private capital, as investors seek greater returns in alternative and private markets. Private Equity, by contrast, recorded a 39% decline in total activity.

Leading Markets: UK Leads, France and Germany Surge

The UK retained its position as Europe's most active hotel investment market, accounting for 25% of total European volume. France rose to second place, pushing Spain to third. Germany delivered one of the year's most impressive recoveries, reaching €2.5 billion (more than double 2024) and reflecting renewed investor confidence in a market that had lagged the broader European rebound.

London retained its pre-eminent position as Europe's most transacted city, recording €2.3 billion in deals. Berlin was the standout performer among key European cities, climbing 12 places in the rankings to third position with €700 million.

Looking Ahead

At the commencement of 2026, the tailwinds that drove hotel investment activity in Europe during 2025 remained broadly intact. Interest rates across the Eurozone and the United Kingdom were seemingly ready to continue their downward trajectory, despite a 'higher-for-longer' environment persisting in the swap markets owing to continued volatility driven by geopolitical uncertainty, keeping the all-in cost of debt higher than previously expected.

However, the commencement of major military conflict in the Middle East at the end of February has introduced a new layer of complexity to the European hospitality landscape, acting as both an operational headwind and an unexpected catalyst for regional demand.

While the conflict significantly impacts Middle Eastern tourism, a notable substitution effect is emerging as global travellers redirect their itineraries towards perceived safer alternatives in Europe. For example, major carriers flying to Spain, Italy, Portugal and Greece witnessed an immediate surge in bookings ahead of the Easter holiday. The longer geopolitical instability persists in the Middle East, the stronger this trend is likely to become. Travel from Europe to Asia is also likely to suffer (again, to the benefit of inter-European travel) given that much of the air capacity is usually catered to by Middle Eastern carriers. In Europe, 2026 may become the year of short-haul travel.

Should regional tensions prove more prolonged, capital markets are also expected to exhibit a 'flight-to-safety' dynamic influencing investment allocation, with investors more likely to focus on core markets than destinations perceived as higher-risk.

The length of these hostilities (and therefore the level of their impact on energy prices, inflation and associated pressures on interest rates) will influence how much of an effect this will have on hotel investment activity in 2026. However, previous experience with major global geopolitical events suggests that investor sentiment is likely to bounce back quickly once the military operations end.

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For further information about the services of the London office, please contact Charles Human, our CEO, at +44 7802 855 596 or chuman@hvshwe.com.

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