

## European hotel transaction levels down in 2018 although investor interest remains strong, says HVS report

28 February 2019, London: European hotel transaction volumes reached ?18.6 billion in 2018, a decrease of 14% on the previous year, but still the fifth highest level recorded, according to the annual European Hotel Transactions report published this week by HVS and its brokerage and investment services division HVS Hodges Ward Elliott.

A total of 655 properties, averaging 156 rooms, changed hands in 2018 with the average price per key growing by 8% in 2018, reflecting the quality of the hotels that were sold, as well as a growth in values.

?The European hotel investment market continues to show rising popularity as an alternative asset class due to its strong yields. While 2018 may have seen an overall decrease in transactions it was compared to an exceptional 2017,? commented report co-author Nicolas Auer, analyst with HVS Hodges Ward Elliott.

?Continued RevPAR growth across most of Europe helped support transaction levels in 2018 and despite the uncertainty surrounding Brexit, interest from overseas investors in UK hotels has remained very strong, demonstrating confidence in the future of the UK hotel market.?

The year saw single asset transaction volumes fall 23% on 2017 levels to a new value of ?9.5 billion, representing 51% of the total transaction volume. Sales included 271 individual hotels amounting to over 45,000 rooms. Portfolio activity decreased on the previous year by just 3% to ?9 billion, 49% of the total volume, with 58 transactions comprising over 380 hotels and over 56,000 rooms.

Reduced activity from Asian and European buyers was the main reason for the decrease, with high net worth individuals in particular, decreasing their investment in hotels in 2018 to ?116 million, compared to ?554 million in 2017. Real estate investment trusts (REITs) demonstrated an increased appetite for hotels, up 9% in 2018 to a total buyer volume of some ?1.7 billion in 2018, compared with less than ?1.6 billion in 2017, while private equity firms provided the largest amount of capital by buyer type in 2018 at a value of ?3.9 billion.

The UK confirmed its leading role within Europe, reaching transaction volumes of ?6.2 billion in 2018, up 14% on the previous year's ?5.5 billion. Germany also recorded a strong year, with total investment volume of over ?3.8 billion, surpassing last year's volume by 2% thanks to a significant increase in single asset activity, which rose 16% to ?2.6 billion.

London remains the leading European hotel transaction market with a total volume of around ?2.1 billion, with Dublin ranking second totalling ?610 million and Amsterdam third with ?560 million. Dublin saw the largest volume increase, with transactions rising an impressive 215%, or ?416 million over 2017.

?Interest rates, staffing pressures and the UK's departure from the EU will all influence the transactions market in 2019,? concluded Alexandre Rey, analyst with HVS Hodges Ward Elliott and co-author of the report. ?The hotel investment market in the UK will most certainly face a slower year, but the rest of Europe might benefit from this slowdown as investors will seek to deploy capital elsewhere.? [ENDS]

Download a copy of **2018 European Hotel Transactions** by Nicolas Auer and Alexandre Rey at <https://www.hvs.com/article/8463/2018-european-hotel-transactions/?campaign=email>

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About HVS

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