



**AT A GLANCE
Q2 2021**

HOTEL MARKET IN FRANCE

UPTURN IN INVESTMENT AND HOTEL PERFORMANCES IN Q2

€561.2M

INVESTED IN H1 2021

+12.0%

VS H1 2020

€21.0

REVPAR IN H1 2021

-10.7%

VS H1 2020

INVESTMENT

- Investment in hotels came to €561.2m over H1 2021, up 12.0% vs. the year-earlier period.
- The second quarter also saw the return of transactions in Île-de-France, while investment in the regions remained stable.
- Once again, there were several portfolio transfers over the quarter.
- This recovery in investment in Île-de-France despite the lack of guests demonstrates investors' confidence in the fundamentals of the hotel market.

PERFORMANCES

- Average daily rates were still in decline in H1 (-13.3%), while occupancy rates stagnated (+0.9 points) compared to H1 2020.
- Île-de-France is still missing its guests (RevPAR down -45.7%). However, ten of the other eleven regions finished H1 with a rise in RevPAR.
- After a difficult month in April, the raising of many health restrictions in mid-May enabled numerous hoteliers to welcome back guests.
- Although RevPARs for the budget segment rose in H1, the upscale segment is yet to take off again due to the absence of international guests.

The quickening pace of vaccination programmes and the introduction of the health pass for August allowed hoteliers to host domestic guests.

The spread of new virus variants has delayed the recovery for high-end establishments with a substantial exposure to international clientele.

FIRST HALF FINISHED ON A HIGH NOTE

Investment in Q2 stood at € 396.5m, i.e. an increase of +36.4% vs. the same period in 2020.

Apart from portfolios, there were three deals for over € 20m: Timhôtel Berthier in the 17th arrondissement of Paris bought by Swiss Life, the co-living establishment Livelythere in the 20th arrondissement acquired by the private equity fund Ascott, and the Thalasso Hendaye bought by Osae Partners and Relais Thalasso.

PORTFOLIO TRANSFERS CONTINUE

Portfolio transfers already stood at € 175m in H1, i.e. 31.9% of total investment.

In Q2, Extendam, Solanet and BPI France acquired the SCSP hotel portfolio made up of 13 establishments (including one off-plan) totalling 1,200 rooms in the Lyon area.

Another portfolio comprising nine budget establishments also changed hands in Q2. These hotels are located in Île-de-France and western France.

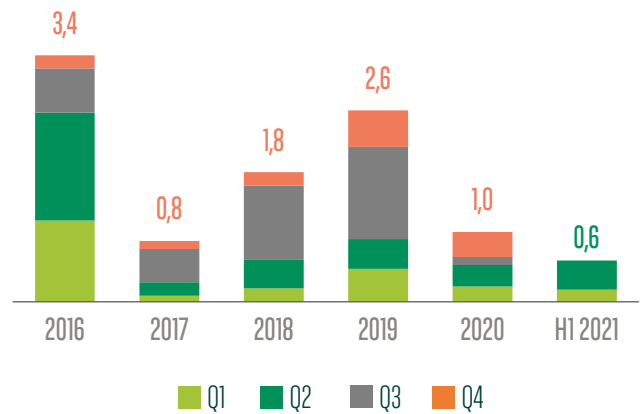
TRANSACTIONS PICKING UP AGAIN IN ÎLE-DE-FRANCE

After a sluggish first quarter, transactions have resumed in the capital and the surrounding region with € 190.9m invested in the hotel market.

Investors have mainly focused on three-star establishments in Paris such as the Timhôtel Berthier, the Hotel Astrid (sold privately) and the Standard Design Hotel (acquired by the Terrot & Galia group).

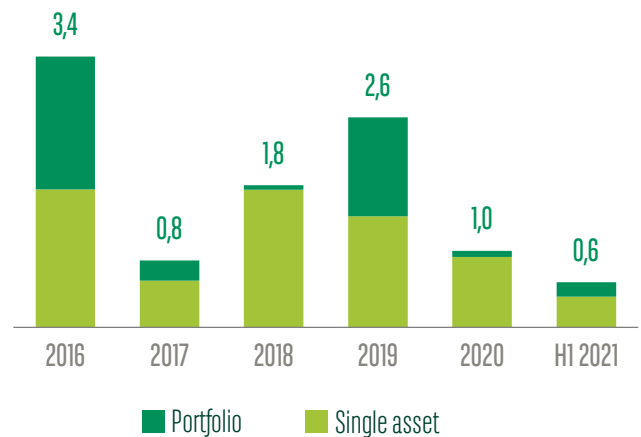
Outside Île-de-France, the Provence-Alpes-Côte-d'Azur region stands out (e.g. the Excelsior Nice Hotel), as does Nouvelle-Aquitaine (Hotel Saint-Julien in Biarritz and Thalasso Hendaye).

Hotel investment in France by quarter
€ billion



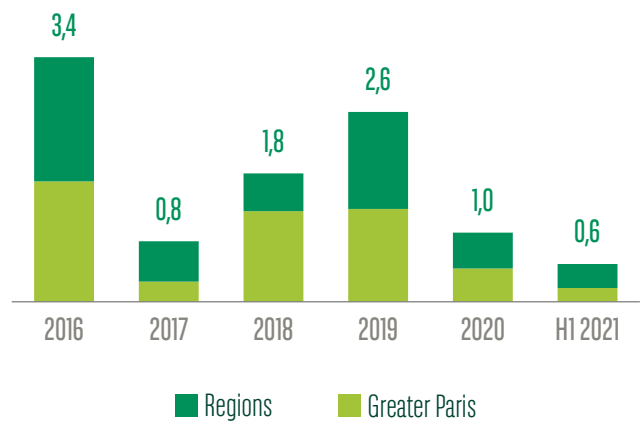
Source: BNP Paribas Real Estate

Hotel investment in France by type
€ billion



Source: BNP Paribas Real Estate

Hotel investment in France by geographic breakdown
€ billion



Source: BNP Paribas Real Estate

IMPROVEMENT IN HOTEL PERFORMANCES BY THE END OF H1

After the first four months of the year were disrupted by the health crisis, hotel performance returned to growth in May and June, limiting the decline in RevPAR to -10.7% for the first half of the year. This increase could continue into the third quarter. Once again this summer, the French clientele are likely to opt for “staycations”, as the rise of new variants in Europe holds back international travellers. Hoteliers are standing by as 97.0% of hotels were available for booking in June according to MKG Consulting.

BUDGET SEGMENTS RETURNING TO GROWTH

The occupancy rate in the super-budget segment rose from 34.0% in H1 2020 (a year without lockdown in Q1) to 39.7% in H1 2021. Having managed to maintain its average daily rate (-2.6%), it posted a +13.6% increase in RevPAR over the first half. However, the resurgence of the Covid-19 epidemic is further dampening recovery prospects in the high-end segment, which is heavily exposed to international customers.

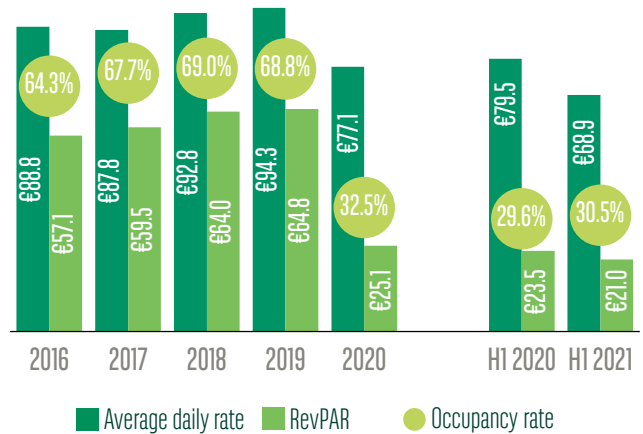
A VERY UNEVEN RECOVERY

The impact of the health crisis on cities has varied, depending on their location and the types of client they attract.

Cities close to the coast showed RevPAR up by between +1.1% in Nice and +24.7% in Marseille in H1 2021. These cities should have continued to host domestic customers over the summer. They may also enjoy a strong late season, if the pace of vaccination recorded over the summer season lasts.

Conversely, the other cities show a fall in RevPAR in the first half of 2021, with leisure customers not sufficiently making up for the lack of business customers. For Paris, the lack of international clients is a further burden on performance (€ 16.7, -60.5% vs. H1 2020).

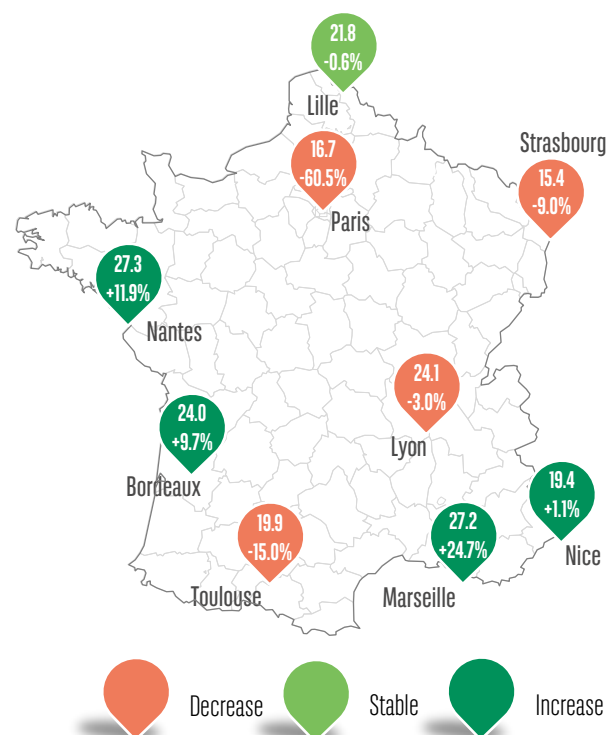
Trading performances in France in € excluding taxes



Trading performances in France in H1 2021 in € excluding taxes, versus H1 2020

	Occupancy rate	Average Daily rate	RevPAR
Global	30.5% +0.9 pt	€68.9 -13.3%	€21.0 -10.7%
Budget	39.7% +5.7 pts	€44.0 -2.6%	€17.5 +13.6%
Economy	32.7% +3.2 pts	€64.2 -4.2%	€21.0 +6.3%
Midscale	25.7% -1.4 pt	€91.1 -7.7%	€23.4 -12.6%
Upscale	14.1% -10.9 pts	€168.8 -5.0%	€23.7 -46.5%

RevPAR of major French cities in H1 2021 in € excluding taxes, versus H1 2020



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(JANUARY 2021)

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