



RESEARCH

**AT A GLANCE
Q3 2023**

HOTEL MARKET IN FRANCE

ENCOURAGING RESULTS IN Q3

€1.5bn

INVESTED IN 9M 2023

-3 %

VS 9M 2022

€81.4

REVPAR IN 9M 2023

+21.8 %

VS 9M 2019

ECONOMIC CONTEXT

Despite the worsening economic climate, the French economy grew throughout the year and 2023 GDP is expected to come in at +0.9 %. Household consumption is still an obstacle to growth, as purchasing power has been eroded by inflation. Disinflation has begun, but remains slow. The CPI is expected to rise by +4.0 % in October, after +4.9 % in September. Household and business confidence has slumped since the beginning of 2022 and has struggled to recover since. Record employment (6.9 % in Q2) is still underpinning the economy, but employment growth has been slowing for 8 consecutive quarters and could turn negative in 2024.

Monthly overnight hotel stays (million)



PERFORMANCE

The number of hotel nights has been above the pre-Covid average since April, with more than 220 million nights recorded over the 12 months to July 2023. Domestic tourism slowed slightly in July (-8.1 %), but enjoyed a record summer in 2022. International air traffic in Q3 was close to its 2019 level (-2.1 %). However, the recovery is mixed across regions, with connections to Asia still well below pre-crisis levels, and particularly to China (down 58.0 % this summer). However, the number of Asian tourists is still rising each month and offers a significant source of growth for the coming quarters.

HEALTHY GROWTH FOR HOTEL FIGURES

The third quarter continued the robust trend with positive figures for the first nine months of the year. Although there was some social unrest at the beginning of July, the hotel sector was not greatly affected. RevPAR stands at € 81.4 (+18.0 % vs 2022) for all segments combined.

There has been strong growth in the average price (+11.7 % vs 2022 and +25.8 % vs 2019). This is being driven by the return of some foreign guests, particularly Dutch and German tourists, coupled with solid French visitor numbers (67 % went on holiday in July and August, according to the Atout France survey*). Conversely, occupancy levels are sluggish (+3.6 pts vs 2022). The 2019 occupancy rate has not yet been matched (-2.2 pts).

A HIGH AVERAGE PRICE

There has been positive growth in all segments, driven by higher average prices. The increase in occupancy rates has been more varied, and differs from one hotel to the next, but the 2019 figures have not yet been matched.

The average price for the first nine months of the year was very positive in the upscale segment (+34.7 % vs. 2019), resulting in an excellent RevPar (+27.7 % vs. 2019), despite occupancy rates that were lower than in 2019 (-3.9 pts). The mid-range sector is also showing strong growth, with the average price propelled by a more varied range of services compared with the economy and super-budget segments, where services are more limited. Super-budget and economy establishments are also performing well, up 18.1 % and 16.2 % compared with 2019.

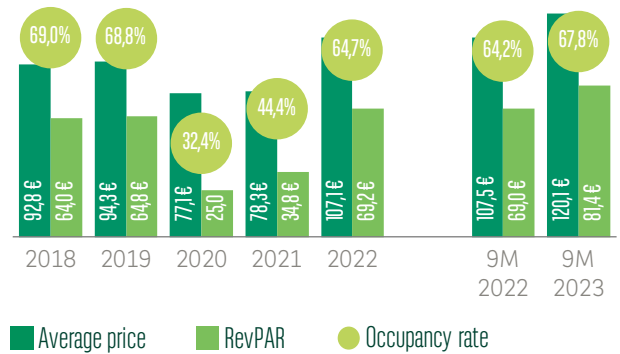
ATTENDANCE AT MAJOR EVENTS

The French hotel industry is in good shape (+21.8 % vs 2019) and growth has been boosted by a busy summer for sporting events (Tour de France, Rugby World Cup). The return of some foreign guests to France and business customers has also had a positive impact. Consequently, business was brisk throughout France, although the figures varied from region to region. Some cities have been boosted by the Tour de France, others by the start of the Rugby World Cup, or even both (e.g. Nice).

Paris leads the way with the best RevPar growth (+35.8 % vs 2019), driven by a very high average price of € 181.3 (+37.2 % vs 2019). Nice has experienced the same trend (+32.2 % vs 2019). RevPar for Marseille is up 27.6 % compared with 2019. Lyon benefited from the season, with occupancy back in positive territory (+0.2 pts vs 2019) and RevPar up 21.2 % over the same period. Occupancy in Strasbourg has also recovered (+0.3 pt vs 2019). However, occupancy figures for most cities are still below their 2019 levels.

Nantes, Lille, Bordeaux and Toulouse also performed well, with respective increases of 14.0 %, 13.7 %, 10.9 % and 9.6 %, although their occupancy levels are still well below 2019 (3.9 pts, -1.6 pt, -4.9 pts and -3.8 pts respectively).

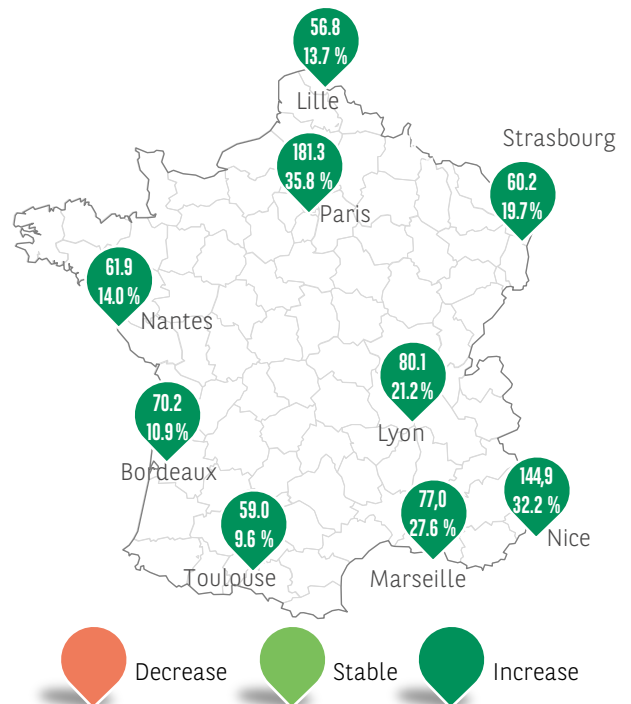
Trading performance in France in € excluding taxes



Trading performance in France in 9 months in € excluding taxes, versus 2019

	Occupancy rate	Average price	RevPAR
Global	67.8 % -2.2 pt	€1201 +25.8 %	€81.4 +21.8 %
Budget	66.4 % -1.8 pt	€59.8 +21.3 %	€39.7 +18.1 %
Economy	67.1 % -2.6 pts	€87.0 +20.6 %	€58.4 +16.2 %
Midscale	69.0 % -1.5 pt	€134.1 +23.4 %	€92.6 +20.8 %
Upscale	69.9 % -3.9 pts	€286.3 +34.7 %	€200.1 +27.7 %

Trading performance in France in 9 months RevPAR in € excluding taxes, versus 2019



STABLE HOTEL INVESTMENT

Investment in French hotels over Q3 2023 was down -35.0 % vs Q3 2022). However, the figure for the first nine months of the year is close to the year-earlier period (-3.0 %).

Although hotel investment was boosted by the buoyant first quarter, the sector remains a favourite at a time of high inflation.

The upturn in air traffic and a range of events (trade fairs, auctions, sports tournaments, etc.) have put the hotel industry in the limelight. Hotel results are strong and operating income, which is supported by the ability to adjust average prices according to the services offered, is on the rise. This trend is set to continue with the 2024 Olympic Games and the gradual return of Chinese guests in particular.

MOSTLY INDIVIDUAL TRANSACTIONS

There have been 78 individual deals, compared with 6 portfolio transactions since the beginning of the year.

Highlights over the past quarter include:

The CITADINES portfolio, including 4 regional establishments (Citadines Croisette Cannes, Citadines Prado Chanot Marseille, Citadines Castellane Marseille and Citadines City Centre Lille).

Radisson Blu Biarritz bought by Extendam in partnership with the Annie Famose group. The 4-star hotel has 150 rooms and 2 restaurants.

The 4-star MMV tourist and hotel development in Serre Chevalier, acquired off-plan by La Française Real Estate Managers.

INVESTORS ATTRACTED TO THE REGIONS

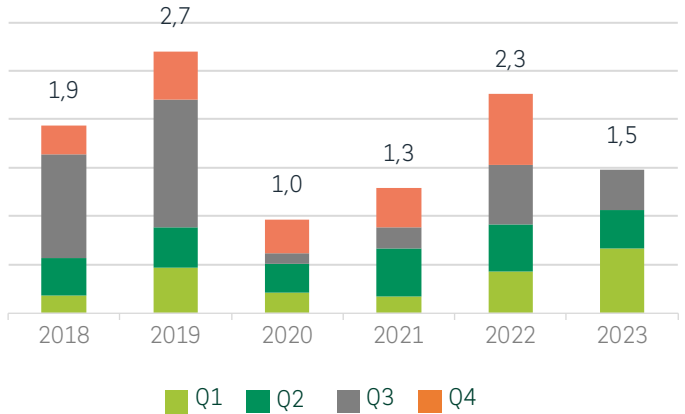
With 64 deals completed over the first nine months, the regions account for most investment in France, and the mountains are proving as popular as ever. Indeed, deals in the Auvergne Rhône Alpes region include the 109-room 4-star :

L'Aigle des Neiges hotel in Val d'Isère, purchased by Expérimental Groupe, and the chalet hotel Kaya in Saint Martin de Belleville, acquired in Q3 by Eternam and Quinspark. This 50-room hotel is in the Les Ménuires ski resort.

Paris and the surrounding area continue to attract investors, with € 659m invested over the first nine months of the year.

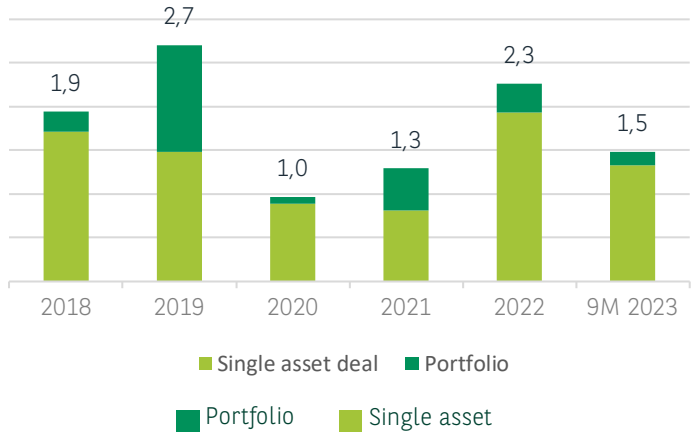
For example, AEW bought the 4-star Paris Marriott Charles de Gaulle Airport hotel, with 300 rooms. Meanwhile, the Hotel Paris Saint Ouen was acquired by Périel Asset Management's SCPI PF Grand Paris. This 3-star establishment, with 129 rooms, is now under the B&B umbrella.

Hotel investment in France by quarter
€ billion



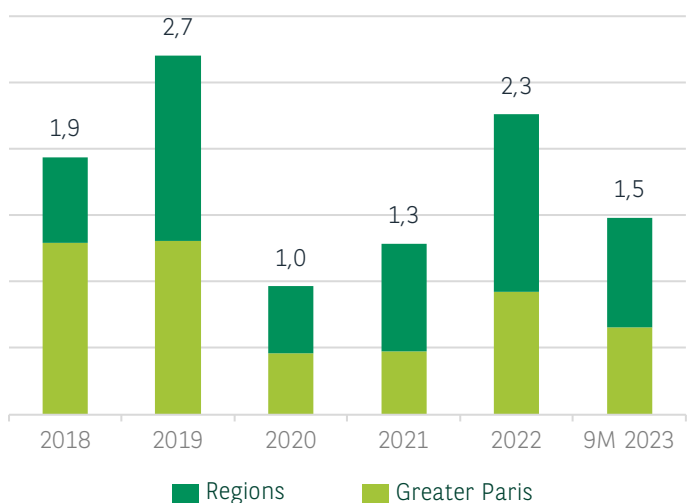
Source: BNP Paribas Real Estate

Hotel investment in France by type
€ billion



Source: BNP Paribas Real Estate

Hotel investment in France by geographical breakdown
€ billion



Source: BNP Paribas Real Estate

HOTEL & TOURISM NEWS

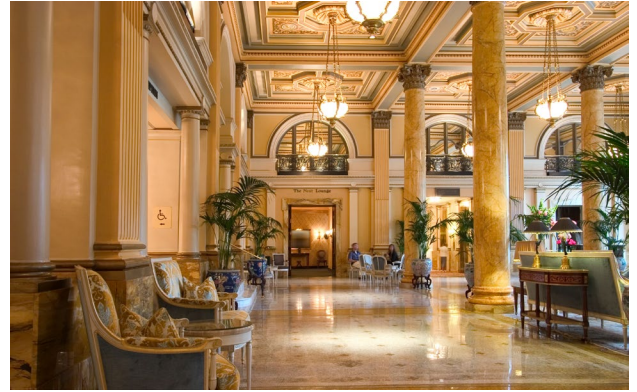
“PALACE” STATUS

Standing out from the crowd

Following the reform of the hotel classification system in July 2009, a new 5th star was added to promote the French hotel industry. To highlight exceptional hotels and distinguish them from other 5-star establishments, the ruling of 8 November 2010 introduced the Palace status. This prestigious label aims to single out top-end establishments, highlight exceptional French hotels and promote French savoir faire and lifestyle around the world. There are currently 31 Palaces in France.

To be awarded this prestigious label, hotel operators must complete two stages. The first is an assessment carried out by Atout France*, which checks that the hotel meets the criteria for a 5-star rating and that it has the required spaces and facilities. The second is an analysis conducted by a committee of qualified professionals**, based on various exceptional criteria: geographical location, beauty and history of the premises (historical/aesthetic and/or special heritage interest), quality of the hospitality and catering (bespoke service, valet parking, etc.), social and environmental approach, etc.

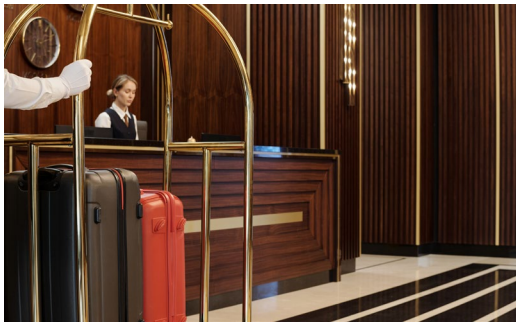
The distinction is awarded for a 5-year period, after which an renewal inspection is carried out by an accredited organisation based on the latest classification criteria¹.



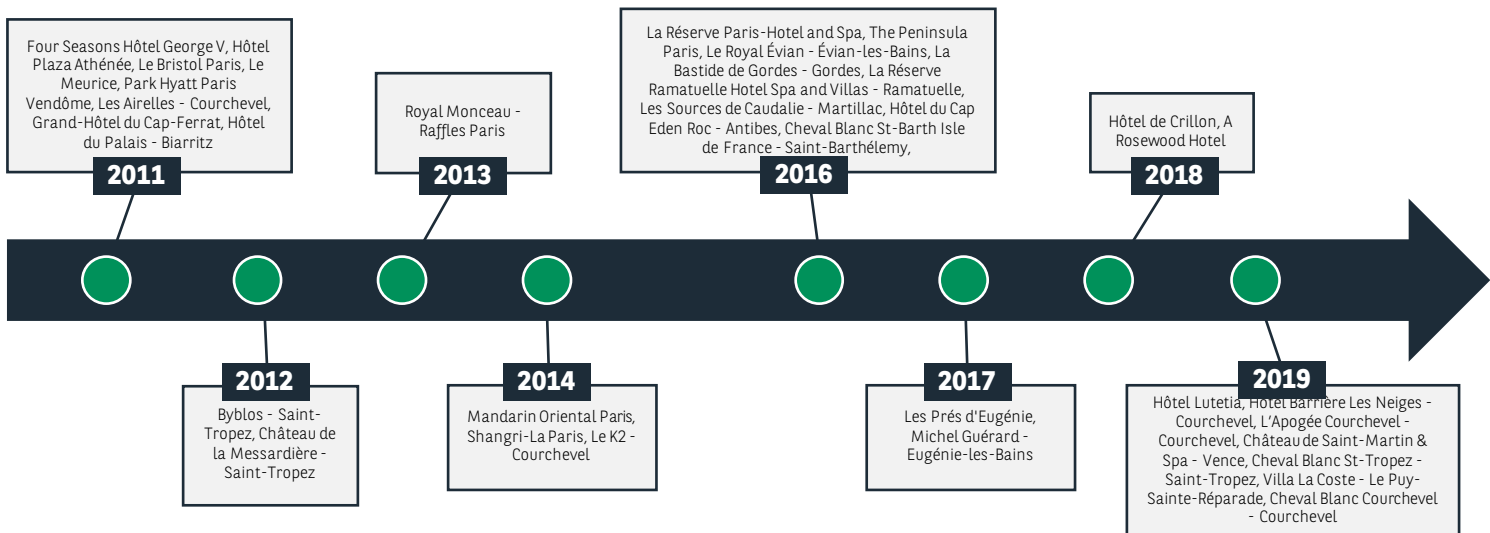
Distinctive positioning

To obtain this mark of French luxury, the 5-star hotel must embody elegance and modernity.

These hotels must offer a wide range of "standardised" services to meet the needs of a demanding clientele that is often international: 24-hour availability, even including room service, multilingual staff, special facilities (safe, bathrobes, air conditioning) and personalised services (valet parking, concierge, swimming pool, hairdresser, etc.). Accessibility and sustainable development must also be accorded special attention. Room sizes must comply with the classification, and furnishings must be "in line with major international standards²". That said, while bringing the French hotel sector up to date, each establishment is given a great deal of freedom in terms of layout and concept, allowing them to stand out from the crowd and offer a unique experience in keeping with the hotel's image. Examples include Le George V, where the golden rule is to cater to every request, without exception; Fouquet's Barrière in Paris, which offers a personal butler service; the Lutetia, which is known for its family atmosphere; and the Bristol, with its spectacular French garden in the middle of the hotel.



“Palace” status award



* Inspection body accredited by Cofrac* (a French government body which assesses the competence and impartiality of laboratories and certification or inspection bodies). **14 members appointed by official decree from the world of literature, arts, culture, media and business world and representing international clientele. ¹The amendments of 16 December 2022, 4 June 2021 and 3 October 2014 relating to the "Distinction Palace" published in the Journal Officiel further extends the duration of the Distinction Palace award until 31 December 2023. (legifrance.gouv.fr) ² economie.gouv.fr

LOCATIONS

CONTACT

HEADQUARTER

50 cours de l'Île Seguin
CS 50280
92650 Boulogne-Billancourt
Tél. : +33 (0)1 55 65 20 04

ÎLE-DE-FRANCE

AUBERVILLIERS

Parc des Portes de Paris
40 rue Victor Hugo
Bât 264 / 4ème étage
93300 Aubervilliers
Tél. : +33 (0)1 49 93 70 73

ERAGNY

Immeuble Tennessee
8 allée Rosa Luxembourg
BP 30272 Eragny
95615 Cergy Pontoise Cedex
Tél. : +33 (0)1 34 30 86 46

REGIONS

AIX-EN-PROVENCE

Parc du Golf - Bât 33
350, rue Jean René Guillibert
Gauthier de la Lauzière
Les Milles
13290 Aix-en-Provence
Tél. : +33 (0)4 42 90 72 72

ANNECY

PAE Des Glaisins
19, avenue du Pré-de-Challes
74940 Annecy-le-Vieux
Tél. : +33 (0)4 50 64 12 12

BIARRITZ

26 Allée Marie Pöitzer
64200 Biarritz
Tél. : +33 (0)5 59 22 62

BORDEAUX

Immeuble Opus 33
61-64, quai de Paludate
33800 Bordeaux
Tél. : +33 (0)5 56 44 09 12

DIJON

Immeuble Le Richelieu
10, boulevard Carnot
21000 Dijon
Tél. : +33 (0)3 80 67 3

GRENOBLE

285 rue Lavoisier
38330 Montbonnot
Tél. : +33 (0)4 76 85 43 43

LILLE

100, Tour de Lille
Boulevard de Turin
59777 Euralille
Tél. : +33 (0)2 20 06 99 00

LYON

Silex 1
15 rue des Cuirassiers
69003 Lyon
Tél. : +33 (0)4 78 63 62 61

MARSEILLE

44, boulevard de Dunkerque
CS11527-13235 Marseille
Cedex 2
Tél. : +33 (0)4 91 56 03 03

METZ

WTC-Technopôle de Metz
2, rue Augustin Fresnel
57082 Metz cedex 3
Tél. : +33 (0)3 87 37 20 10

MONTPELLIER

Immeuble Le Triangle
26, allée Jules Milhau
CS 89501
34265 Montpellier Cedex 02
Tél. : +33 (0)4 67 92 43 60

MULHOUSE

Beverly Plaza
15, rue de Copenhague
67300 Schiltigheim
Tél. : +33 (0)3 89 33 40 50

NANCY

Immeuble Quai Ouest
35 avenue du XX^{ème} Corps
54000 Nancy
Tél. : +33 (0)3 83 95 88 88

NANTES

14, mail Pablo Picasso
BP 61611
44016 Nantes Cedex 1
Tél. : +33 (0)2 40 20 20 20

NICE

Immeuble Phoenix - Arénas
455, promenade des Anglais
06285 Nice Cedex 3
Tél. : +33 (0)4 93 18 08 88

ORLÉANS

16, rue de la république
45000 Orléans
Tél. : +33 (0)2 38 62 09 91

RENNES

Centre d'affaires Athéas
11, rue Louis Kerautret-Botmel
35000 Rennes
Tél. : +33 (0)2 99 22 85 55

ROUEN

Immeuble Europa
101 Boulevard de l'Europe
76100 Rouen
Tél. : +33 (0)2 35 72 15 50

STRASBOURG

Beverly Plaza
15 rue de Copenhague
67300 Schiltigheim
Tél. : +33 (0)3 88 22 19 44

TOULOUSE

Immeuble Elipsys
8/10 rue des 36 Ponts
CS 84216
31432 Toulouse Cedex
Tél. : +33 (0)5 61 23 56 56

TOURS

29, rue de la Milletière
37100 Tours
Tél. : +33 (0)2 47 44 70 58

RESEARCH FRANCE

Guillaume JOLY
Head of Research France
guillaume.joly@bnpparibas.com

Laëtitia ROUSTEAU
Analyst
laetitia.rousteau@bnpparibas.com

ADVISORY

Francis ASSÉNAT
Senior advisor - Hotel
Tél. : +33 (0)1 47 59 21 63
francis.assenat@bnpparibas.com

VALUATION

Pauline LALOT
Manager - Valuation & consulting Hotel
Tél. : +33 (0)6 07 57 14 32
pauline.lalot@bnpparibas.com

KEEP-UP-TO-DATE WITH BNP PARIBAS REAL ESTATE'S NEWS WHEREVER YOU ARE

#BEYONDBUILDINGS



www.realestate.bnpparibas.com



BNP PARIBAS REAL ESTATE

Real Estate for a changing world

This presentation has been prepared by BNP Paribas Real Estate for informational purposes only. Although the information contained in this presentation has been obtained from sources which BNP Paribas Real Estate believes to be reliable, it has not been independently verified and no representation or warranty, express or implied, is made and no responsibility is or will be accepted by BNP Paribas Real Estate as to or in relation to the accuracy, reliability or completeness of any such information. Opinions expressed herein reflect the judgment of BNP Paribas Real Estate as of the date of this presentation and may be subject to change without notice if BNP Paribas Real Estate become aware of any information, whether specific or general, which may have a material impact on any such opinions. BNP Paribas Real Estate will not be responsible for any consequences resulting from the use of this presentation as well as the reliance upon any opinion or statement contained herein or for any omission.

BNP PARIBAS REAL ESTATE, is a simplified joint-stock company with capital of €383,071,696 and headquarters at 50, cours de l'Île Seguin - CS 50 280 - 92650 Boulogne-Billancourt - France, registered on the Nanterre Trade and Companies Register under no. 692 012 180 - APE 7010 Z Code - Identification Number CE TVA FR 66692012180. Address: 50 cours de l'Île Seguin - CS 50280 - 92650 Boulogne-Billancourt Cedex. Phone: +33 (0)1 55 65 20 04 - Fax: +33 (0)1 55 65 20 00 - www.realestate.bnpparibas.com. BNP Paribas Real Estate is part of the BNP PARIBAS Group (art. 4.1 of the French law 70-9, 02/01/70)

N° ADEME : FR200182_03KLJL

