Investment in hotels came in at €1.4bn over Q3 2019, a significant increase compared to Q3 2018 (+41.6%). Investment over the nine first months stands at €2.2bn, an amount exceeding the total invested in 2018.

There were three deals of over €200m in France: the B&B portfolio acquired by Primonial, the sale of three hotels in Disneyland bought by Benson Elliott and Schroders and the Paris Marriott Rive Gauche transaction.

Q3 was characterised by portfolio transfers, which accounted for 58.9% of investment. For example, there was the acquisition by Coivio of 32% of a portfolio of 32 hotels for €176m including fees from Axa IM, the purchase by KSL Capital Partners of five hotels from the group Les Hôtels d’en Haut, as well the sale by the LFPI group of 12 hotels from the Alliance Portfolio to the Ferré group.

There could be further deals stimulating the market at the European level in Q4, particularly in Germany: Principal Real Estate has sold eleven upscale hotels in German and European city centres to AXA IM - Real Assets.

After a respectable year in 2018, the first three quarters of 2019 continued the trend with overall RevPAR up +2.6% vs. 9M 2018. This growth was mainly thanks to the rise in average price (€95.4, +2.2%), with the occupancy rate flat at 70.1% (+0.3 pt). This was largely due to the slight decline in international overnight stays of -1.1%.

In Paris, RevPAR was up 1.8% to €134.3, driven by the rise in average prices (up 2.4% to €166.0). The decline in foreign visitors was only partially offset by domestic clients (80.9%, -0.5 pt). While the summer season may have been construed as a loss for Parisian hoteliers hosting business stays, numerous events have helped visitor numbers to almost equal those of 2018.

Dual trends have been observed in the regions. The West saw sharp increases in RevPAR such as in Normandy (€53.7, +8.5%) and Brittany (€48.8, +5.5%). These regions enjoyed temperatures that were more comfortable last summer than the South of France or Île-de-France: RevPar was up +5.3% in Brittany and +3.9% in Normandy for July 2019 alone.
**Arrivals and overnight stays in hotels**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Overnight stays</td>
<td>1.79</td>
<td>1.77</td>
<td>1.76</td>
<td>1.76</td>
<td>1.77</td>
<td>1.77</td>
</tr>
<tr>
<td>Arrivals</td>
<td>199,8</td>
<td>200,2</td>
<td>198,5</td>
<td>208,3</td>
<td>213,0</td>
<td>217,8</td>
</tr>
</tbody>
</table>

**Trading performances in France**

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>RevPAR</td>
<td>65,7%</td>
<td>65,4%</td>
<td>64,3%</td>
<td>67,7%</td>
<td>69,9%</td>
<td>70,1%</td>
</tr>
<tr>
<td>Average price</td>
<td>83,6</td>
<td>85,6</td>
<td>87,9</td>
<td>87,6</td>
<td>92,5</td>
<td>95,4</td>
</tr>
<tr>
<td>Occupancy rate</td>
<td>64,9</td>
<td>66,0</td>
<td>68,0</td>
<td>71,3</td>
<td>75,3</td>
<td>79,4</td>
</tr>
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</table>

**Overnight stays in France by origin**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Domestic overnight</td>
<td>64,8%</td>
<td>64,6%</td>
<td>66,6%</td>
<td>65,3%</td>
<td>63,3%</td>
<td>62,7%</td>
</tr>
<tr>
<td>International overnight</td>
<td>35,2%</td>
<td>35,4%</td>
<td>33,4%</td>
<td>34,6%</td>
<td>36,7%</td>
<td>37,3%</td>
</tr>
</tbody>
</table>

**Trading performances in France during the first nine months of 2019**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Occupancy rate</td>
<td>66,8%</td>
<td>66,7%</td>
<td>66,8%</td>
<td>66,7%</td>
<td>66,8%</td>
<td>66,8%</td>
</tr>
<tr>
<td>Average price</td>
<td>64,6%</td>
<td>64,6%</td>
<td>64,6%</td>
<td>64,6%</td>
<td>64,6%</td>
<td>64,6%</td>
</tr>
<tr>
<td>RevPAR</td>
<td>64,6%</td>
<td>64,6%</td>
<td>64,6%</td>
<td>64,6%</td>
<td>64,6%</td>
<td>64,6%</td>
</tr>
</tbody>
</table>

**RevPAR of major French cities**

<table>
<thead>
<tr>
<th>City</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nice</td>
<td>109,3</td>
<td>109,5</td>
<td>110,0</td>
<td>110,5</td>
<td>110,8</td>
</tr>
<tr>
<td>Montpellier</td>
<td>59,3</td>
<td>59,3</td>
<td>59,3</td>
<td>59,3</td>
<td>59,3</td>
</tr>
<tr>
<td>Clermont-Ferrand</td>
<td>60,2</td>
<td>60,2</td>
<td>60,2</td>
<td>60,2</td>
<td>60,2</td>
</tr>
<tr>
<td>Rouen</td>
<td>48,0</td>
<td>48,0</td>
<td>48,0</td>
<td>48,0</td>
<td>48,0</td>
</tr>
<tr>
<td>Bordeaux</td>
<td>62,7</td>
<td>62,8</td>
<td>62,9</td>
<td>63,0</td>
<td>63,1</td>
</tr>
</tbody>
</table>

**Source:** Insee, Olakala
Glossaire

Arrivals: number of persons arriving in a country over a given period.

Average daily rate (ADR): Net room revenue (excluding breakfast), divided by the number of rented rooms.

Average duration of stay: the ratio between the number of overnight stay and arrivals. It indicates the number of average overnight for a given stay.

Business premises: the building in which a hotel business is operated.

Hotel business goodwill: legal term used mainly in commercial matters referring to a set of tangible items (stock inventories, equipment) and intangibles (clientele, reputation, leasehold rights, etc.) formed with a view to running a professional hotel activity.

Investment funds: body with collective ownership of financial or real estate assets managed by a regulated and certified structure (fund manager).

We distinguish between:

Open-ended funds: these have no limit on the issuance of shares.

Closed-ended funds: the shares of a closed fund are only traded by the fund manager during the subscription period. A closed fund has a set duration.

Pension funds: financial body that manages savings from the pension system through capitalisation. These are savings by employees from the private and public sectors over their professional lifetimes to constitute or enhance their retirement pension.

Opportunistic funds: funds that target yields of over 17%, with gearing exceeding 60% of the gross value of the asset.

Leverage effect: increased profitability of an investment thanks to borrowing.

OAT (Obligation Assimilable du Trésor): French government bonds. They serve as the reference for the long-term risk-free yield.

Occupancy rate: The ratio between the number of occupied/rented rooms and the number of rooms available.

OPCI (Organisme de Placement Collectif Immobilier): real estate funds, with two legal formats:

Real estate investment fund (FPI) whose distributed revenues are taxable like traditional property revenues, and predominantly real estate variable capital funds (SPPICV) for which distributed revenues are taxed as dividends and gains on equities.

Overnight stays: number of arrivals multiplied by the number of nights spent in a hotel establishment for a given period. It is a more accurate indicator for a hotel business than arrivals.

Portfolio: set of several assets located on different sites.

Property company: company whose purpose is the acquisition or construction of buildings with a view to their rental, or the ownership of stakes in companies with the same purpose.

Purpose-built building: designed and built for a particular activity, without which the building must be entirely redesigned or even rebuilt to undertake another activity. This type of premises is subject to a de-capping clause in the context of commercial lease legislation upon renewal of the lease.

RevPAR (Revenu Per Available Room): Net room revenue (excluding breakfast) divided by the number of rooms available. The RevPAR can also be calculated by multiplying the average daily price by the occupancy rate. RevPAR is a comprehensive indicator of the hotel business climate as it measures the impact of the change of the two indicators on the total net revenue.

Risk premium: spread between the profitability of an asset or a portfolio and the risk-free asset (government bond).

SCPI (Société Civile de Placement Immobilier): company whose purpose is the acquisition and management of a rental real estate asset.

Tertiary real estate: tertiary real estate includes all property assets related to service businesses. It includes assets such as offices, shops, warehouses, hotels or even hospitals.

Tourist: Any person away from their usual place of residence for a period of at least 24 hours (or one night) and a maximum of one year, for the following reasons:

- leisure (holidays and weekend breaks);
- business trips, professional travel.

Yield:

Net: ratio between the net income (excluding operating costs) and the purchase price including all the acquisition costs.

Initial: ratio between the annual net rental income and the gross purchase price on the date of the sale.

«Prime»: lowest yield obtained for the acquisition of a building: of standard size in relation to demand within the market segment, of excellent quality and offering the best services, in the best location for a given market.
6 BUSINESS LINES in Europe
A 360° vision

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