



RESEARCH



**AT A GLANCE
Q2 2024**

HOTEL MARKET IN FRANCE

HOTELS DRIVING COMMERCIAL REAL ESTATE INVESTMENT

€1,5bn

INVESTED IN H1 2024

+37%

VS H1 2023

€75.7

REVPAR IN H1 2024

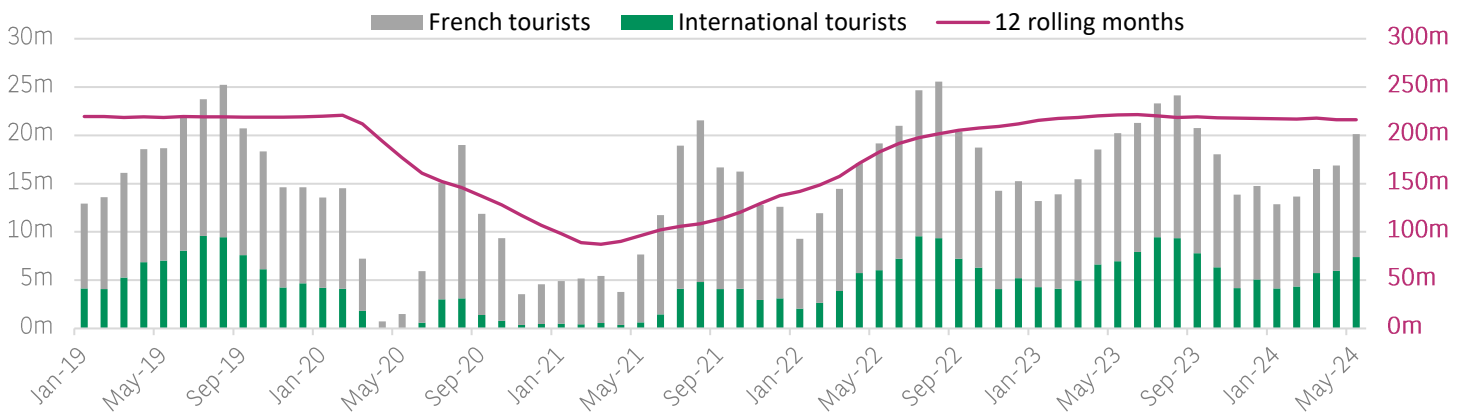
-2.3%

VS H1 2023

ECONOMIC CONTEXT

After growing by +0.9% in 2023, the French economy posted robust GDP growth in H1, allowing us to forecast a +1.1% increase in 2024, despite a weak growth base. Inflation fell to +2.3% in July 2024 after averaging +4.9% in 2023, boosting French purchasing power. The healthy job market, with unemployment having stabilised at 7.3% in Q1, has helped wage growth. Household consumption should therefore drive the economy in the coming quarters.

Monthly overnight hotel stays (million)



PERFORMANCE

After exceeding the pre-Covid average in 2023, thanks to an outstanding summer in 2022 that drove the number of hotel nights to over 221 million over 12 rolling months, the figure has fallen slightly. It stood at 216 million at the end of May 2024, i.e. 1.3% below the 2019 average. The slowdown was mainly due to domestic tourism, which enjoyed a record year in 2022. The number of international tourists continues to rise, although it remains slightly below the pre-pandemic level. However, the summer's sporting events have attracted many visitors and could set a new record for overnight stays.

Air traffic stabilised slightly below the 2019 level (98% of passenger numbers). Asian routes are still lagging the furthest behind, especially China and Japan, which are 60% and 70% respectively below their pre-crisis levels. Conversely, North African traffic has risen sharply and in H1 2024 was 30% higher than the same period in 2019.

INDICATORS NOT AS STRONG AS HOPED

Hotel indicators are not as strong as had been anticipated. The political instability in France at the end of Q2 may have delayed the hotel sector's recovery, following a rebound from the end of Q1.

After an outstanding year in 2023, **hotel occupancy was down across the country** in H1 2024 (-1.3 points vs H1 2023), to 64.2%. In June, the occupancy rate was just 74.7% (down 4.6 points vs. 2023), compared with 69.3% in May 2024.

The **average price also fell in H1** (-0.3 % vs H1 2023) and stood at €118 (€141.6 in June 2024), with the macroeconomic backdrop curtailing the pricing power of French hotel operators.

Consequently, the **RevPar figure fell** to €75.7 in H1 (-2.3% vs 2023) but was still +24.1% higher than H1 2022.

DECLINE IN HOTEL PERFORMANCES

Hotel performances suffered amid economic and political turmoil. RevPar fell for all categories, due to a widespread decline in occupancy **escaped only by the upscale segment**.

However, the **upscale segment** experienced the biggest fall in average price, -3.1% lower in H1 2024 vs. the year-earlier period. The occupancy rate increased by +1.6 points, to 68.1%. Its RevPar fell slightly (-0.8%).

RevPAR for **mid-range hotels** was 2.7% lower than in H1 2023. The average price in this segment was €129.9, i.e. 2% lower than in 2023.

Meanwhile, the RevPar figures for **budget and super-budget hotels** fell by at least 3%.

MODERATE RISE IN FOOTFALL

RevPar rose moderately or even fell in the main French cities we cover.

RevPar in **Paris** fell significantly in H1 (€163.9, -7.5% vs. 2023, and as much as -26.8% in June 2024 vs. June 2023). This was due to an average price of € 217.1 (-4.3% vs. 2023) and H1 occupancy rate down 2.6%.

In the regions, **Nice** flourished, with RevPar up +6.5% vs 2023 (€130.7) while the occupancy rate and average price were both up +2.5 points.

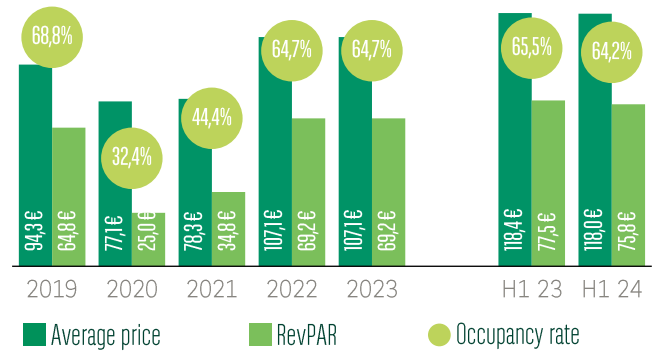
There were similar stories for **Bordeaux, Marseille** and **Lille**, where RevPar climbed +3.0%, +2.6% and +2.1% respectively vs. 2023.

There were also slight increases for **Toulouse** (1.4%) and **Strasbourg** (1.2%).

RevPar in **Lyon** dipped by -1.3% vs. H1 2023. However, the June 2024 was considerably higher than June 2023 (+16.5%) thanks to a higher occupancy rate and average price.

In **Nantes**, RevPar slipped -1.8% with guest nights also negative, -3.1 points lower than H1 2023.

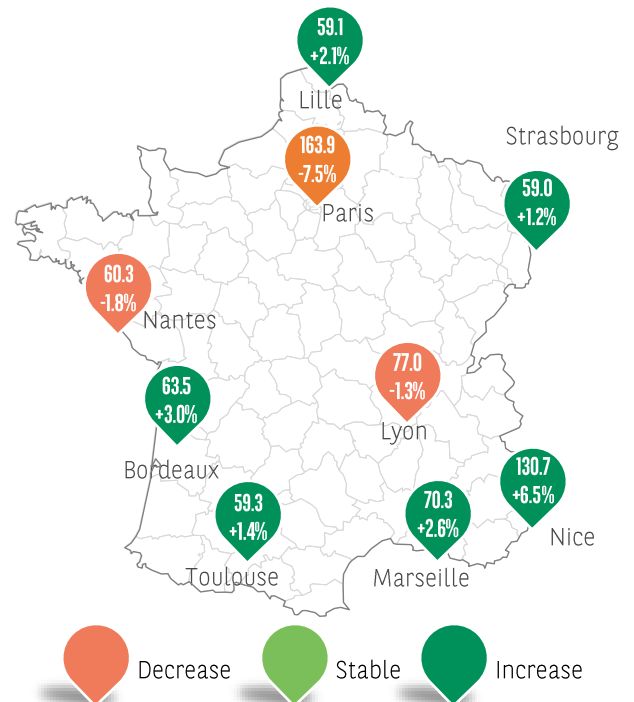
Trading performance in France in € excluding taxes



Trading performance in France in 6 months in € excluding taxes, versus 2023

	Occupancy rate	Average price	RevPAR
Global	64.2% -1,3 pt	€118.0 -0.3%	€75.7 -2,3%
Budget	61.2% -2,9 pts	€58.4 +0.5%	€35.7 -3,9%
Economy	63.5% -1,8 pt	€86.7 -0.2%	€55.1 -3,0%
Midscale	65.9% -0,5 pt	€129.9 -2.0%	€85.7 -2,7%
Upscale	68.1% +1,6 pt	€271.0 -3.1%	€184.7 -0,8%

Trading performance in France in 6 months RevPAR in € excluding taxes, versus 2023



AN APPEALING INVESTMENT

After a strong year in 2023 for hotel investment, 2024 has begun in the same vein, with outstanding figures for both French and foreign investors.

As such, **some € 1.5bn was invested** in H1 2024 (+37% vs H1 2023). This was 42% higher than the 10-year average (2014 - 2023) of €1.05bn. Hotels accounted for 25% of total commercial real estate investment in H1.

Over €500m was invested in Q2 (+13% vs Q2 2023).

These figures illustrate **investors' interest in alternative assets, particularly hotels**. This asset type enables investors to diversify at a time when commercial real estate investment is slowing.

INCREASE IN DEALS FOR INDIVIDUAL ASSETS

All **27 transactions made over the quarter** were for individual assets.

Highlights included:

- the acquisition by CITY DEVELOPMENTS LIMITED of the 4* Hilton Paris Opéra (268 rooms);
- the acquisition of Résidence Adagio Bercy Village (139 rooms);

The only portfolio that changed hands was in Q1, when 10 tourist residences (388 rooms) were acquired by Alderman.

ÎLE-DE-FRANCE DRIVEN BY MAJOR DEALS

The regions accounted for **29% of investment** (€430m), vs **71% for the Paris region** (around €1.1bn).

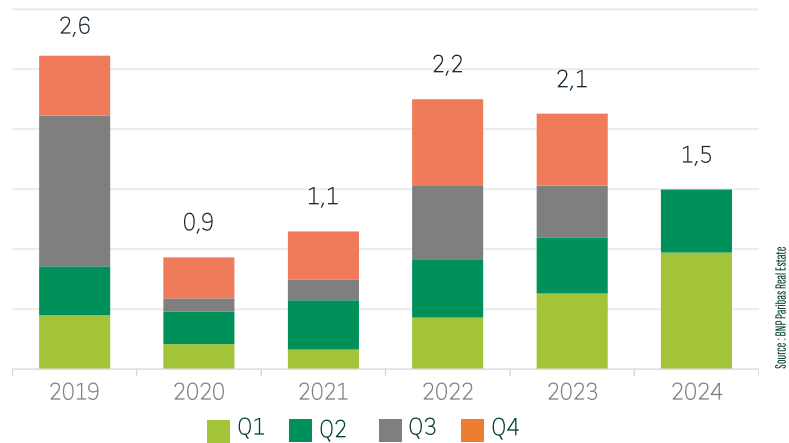
Some regions are popular with investors looking for areas favoured by tourists, such as mountain and seaside resorts.

Île-de-France was boosted by the major transactions mentioned earlier.

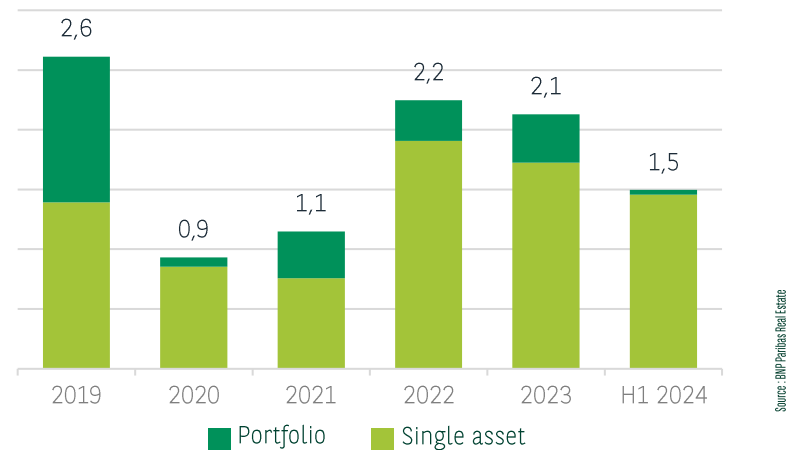
It accounted for 44% of investment over the full year 2023, vs. 56% (€1.2bn) for the regions.

A notable deal elsewhere was the acquisition of the 4* Mercure Lyon Centre Château Perrache de Lyon, by SOHOMA and EXTENDAM (120 rooms).

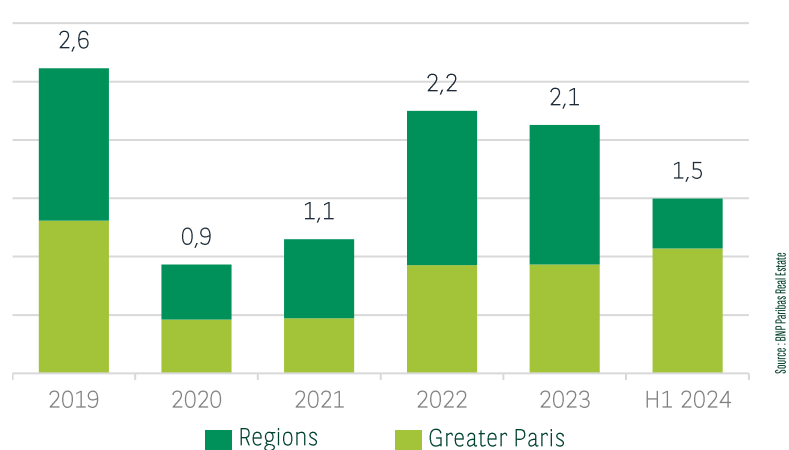
Hotel investment in France by quarter
€ billion



Hotel investment in France by type
€ billion



Hotel investment in France by geographical breakdown
€ billion





LOCATIONS FRANCE

(january 2024)

ÎLE-DE-FRANCE

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