



RESEARCH



**AT A GLANCE
Q4 2024**

HOTEL MARKET IN FRANCE

HOTELS ARE DRIVING COMMERCIAL REAL ESTATE INVESTMENT

€2,7bn

INVESTED IN 2024

+25%

VS 2023

€83.6

REVPAR IN 2024

+1.8%

VS 2023

ECONOMIC CONTEXT

The French economy grew by 1.1% in 2024. Purchasing power increased throughout the year, thanks to lower inflation (+2.2% in 2024 after an average of +4.9% in 2023, and only +1.2% y/y in Q4) and an unemployment rate that stabilised close to its lowest level in 40 years (7.1% in Q4). However, the French savings rate has risen, slowing the recovery in household consumption, which nevertheless rose by 0.9%. Growth prospects in 2025 and 2026 (+0.7% and +0.9% respectively) are limited by political uncertainties in France and abroad: the impact of "Trumponomics" on European economies is still hard to gauge.

Monthly overnight hotel stays (million)



PERFORMANCE

After reaching 221 million nights over 12 months in 2023, thanks to an excellent summer in 2022 which enabled the number of overnight stays to exceed its pre-pandemic level, the number has now been falling almost continuously for a year and a half. It stood at 213 million at the end of September 2024, 2.6% below its 2019 average. The Olympic Games had no significant positive impact, as the number of overnight stays during the summer was lower than in the summer of 2023, for both domestic and international tourism.

International air traffic was up 3.5% in 2024 compared with 2019. This increase was driven by local tourism, mainly routes to North Africa (+29%), Spain and Italy (+13%), but also to America (+3%), particularly Canada. The weakening of the euro against the dollar should continue to benefit American tourists. Conversely, routes to Asia-Pacific remain very weak (-13%), hampered by the slump in traffic from China (-35%) and Japan (-32%).

POSITIVE REVPAR FIGURES

After rebounding at the end of Q1, then slowing in Q2 with the immediate dampening effect of the Olympic Games and a gloomy autumn, the end of 2024 brought an upswing to the hotel industry. RevPAR rose by 6.3% in December 2024 vs. December 2023, and even by 14.2% in Paris, driven by high-end and premium leisure customers, resulting in **positive RevPAR** for the year in France of € 83.6 (+1.8% vs 2023).

Occupancy rates increased in December, particularly in Paris (+5 % vs 2023). However, they were down over the full year 2024 (-0.9 points vs. 2023), with an occupancy rate of 65.4%.

Nevertheless, the **average price rose** +3.2% vs 2023 to € 127.9. The average price in the Paris region excluding Central Paris even rose +7.8%. This price surge was certainly due to the Olympic Games, whereas the average price in the same area fell during the first half of the year.

MIXED PERFORMANCES

The fall in occupancy rates was almost universal, with the exception of the **upscale segment**, which saw healthy growth vs 2023 (+1.7 pt). This same segment recorded an average price increase of +2.6%, resulting in solid RevPAR growth of +5.2% in 2024, and even +14.7% in December. This may be partly attributable to international guests taking advantage of their purchasing power to visit Paris, a sign that the post-Olympic lag effect may well have kicked in, and that the business hotel sector is picking up.

The **super-budget segment** struggled the most in 2024. Its guests are more price-sensitive and hit harder by the economic downturn. The occupancy rate of super-budget hotels fell by 2.4 pts and they were unable to offset this with price hikes.

CONTRASTING RESULTS BETWEEN CITIES

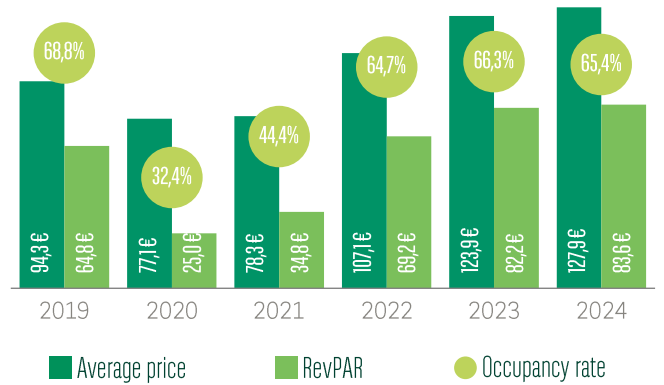
The threshold of 100 million international visitors to France was crossed in December 2024, according to Atout France. The country capitalised on the excellent impression left by the Olympic Games on the world to lure tourists.

This was particularly the case for **Paris**, which achieved positive figures in 2024. Although the first six months of the year were poor for the capital (-7.5% in RevPAR), business was buoyed by the Olympic Games and the end of the year.

However, the results varied from city to city. **Nice, Strasbourg** and **Lille** performed very well. **Nice** came first, with good weather and RevPAR up 10.0% on 2023 (€160.3), as well as an average price up 6.6%. **Strasbourg** was next, with RevPAR up 4.2% year-on-year and 15% in December, as the Christmas market proved a big hit in Alsace. **Lille** also performed well, with RevPAR up 3.4% on 2023 (€61.2), following an excellent summer with Olympic events held in the city.

RevPAR fell in **Toulouse** and **Bordeaux** (-1.8% and -1.9% vs 2023). **Nantes, Lyon** and **Marseille** experienced similar trends, with RevPAR falling by 5.9%, 4.1% and 2.0% respectively vs 2023.

Trading performance in France in € excluding taxes



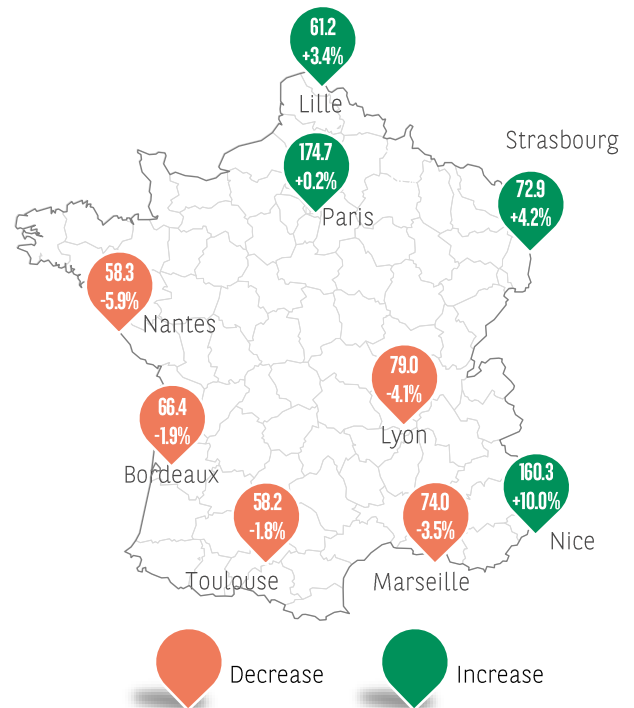
Source: M&G Hlt Report

Trading performance in France in 2024 in € excluding taxes, versus 2023

	Occupancy rate		Average price		RevPAR	
Global	65.4%	-0,9 pt	€127.9	+3.2%	€83.6	+1.8%
Budget	62.6%	-2,4 pts	€61.0	+2.1%	€38.2	-1.7%
Economy	64.2%	-1,5 pt	€89.9	+2.2%	€57.7	-0.1%
Midscale	67.8%	-0,1 pt	€136.6	+1.0%	€92.5	+0.8%
Upscale	68.5%	+1,7 pt	€299.7	+2.6%	€205.3	+5.2%

Source: M&G Hlt Report

Trading performance in France in 2024 RevPAR in € excluding taxes, versus 2023



Source: M&G Hlt Report

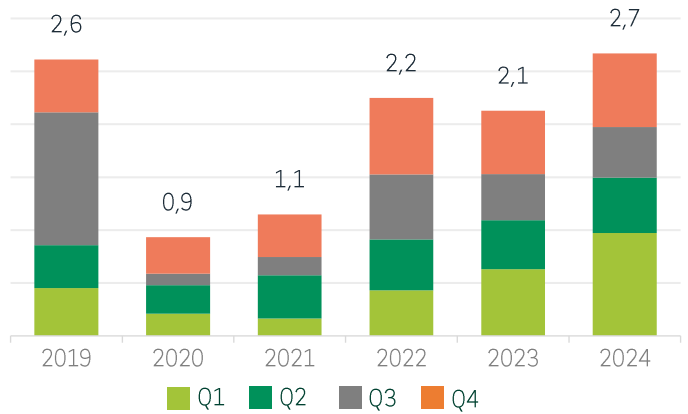
AN INCREASINGLY APPEALING INVESTMENT

Around € 2.7bn was invested in hotels in 2024 (+25% vs 2023), including almost € 0.7bn in Q4 (+16% vs Q4 2023). This is the best year for hotel investment since 2016, after what have already been two good years.

This amount is 25% higher than the 10-year average between 2014 and 2023 of € 2.1bn. Hotels represented 18% of total investment in commercial real estate over 2024.

The outstanding year saw the return of foreign investors, particularly from the United States and Asia, with deals worth upwards of €100m. This was particularly evident in Paris.

Hotel investment in France by quarter
€ billion



Source: BNP Paribas Real Estate

A LARGE NUMBER OF DEALS FOR INDIVIDUAL ASSETS

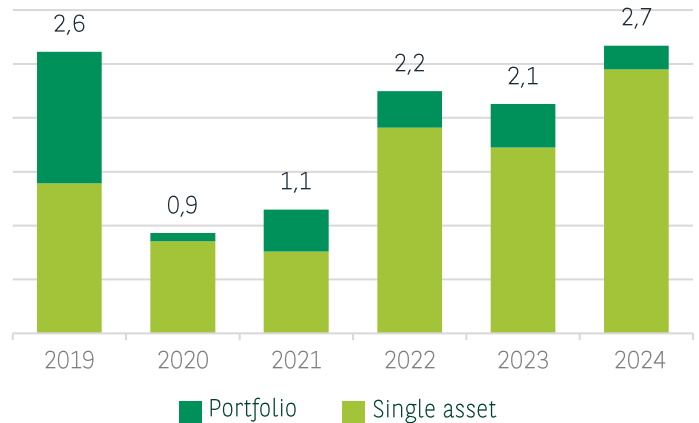
There were 37 transactions over the quarter, of which 34 were for individual assets.

Some of the biggest individual deals included:

- the acquisition by MOHARI HOSPITALITY, OMNAM INVESTMENT GROUP & PHARRELL WILLIAMS of the 5-star Saint-James & Albany hotel (175 rooms) in Paris;
- EXPERIMENTAL GROUP's acquisition of the 5-star Hôtel Sinner in Paris (43 rooms);
- the purchase of the 5-star Le Yaca hotel in Saint-Tropez (32 rooms) by a PRIVATE INVESTOR;

3 portfolios changed hands in Q4 for € 80m, including the HIS portfolio in Toulouse (340 rooms).

Hotel investment in France by type
€ billion



Source: BNP Paribas Real Estate

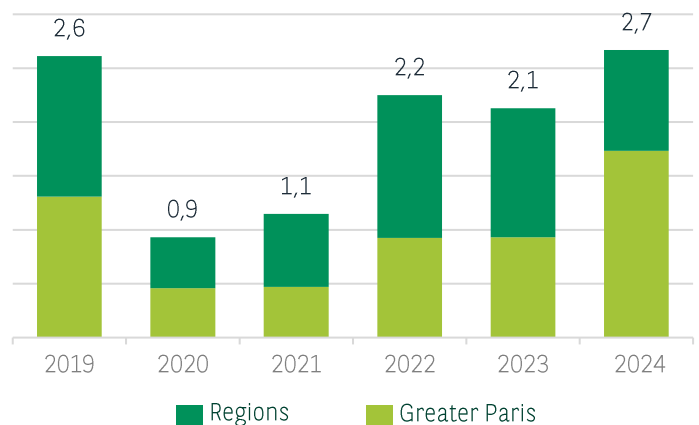
PARIS REGION POPULAR WITH INVESTORS

The regions accounted for 35% of investment (€ 940m) in 2024, vs. 65% for Île-de-France (around € 1.7bn).

Out of the 37 deals identified during the quarter, 13 were for hotel premises and businesses in the Paris region, representing investment of just over € 0.4bn.

For reference, over the full year 2023, the Ile-de-France market accounted for 44% of investment (€ 930m), compared with 56% (€ 1.2bn) for the regions.

Hotel investment in France by geographical breakdown
€ billion



Source: BNP Paribas Real Estate



LOCATIONS FRANCE

(january 2024)

ÎLE-DE-FRANCE

HEADQUARTER

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CS 50280
92650 Boulogne-Billancourt Cedex
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REGIONS

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