

Intelligent Investment

# 2025 European Hotel Investor Intentions Survey

REPORT

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CBRE RESEARCH  
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CBRE



# Foreword

CBRE's 2025 Hotel Investor Intentions Survey, conducted in Q4 2024, gathered insights from 110 key industry stakeholders, offering a detailed view of investor sentiment, preferred strategies, market segments, and geographical priorities for the year ahead. This survey provides a comprehensive analysis of investment appetite, highlighting key trends and comparisons across the sector.

Building on the strong investment momentum of 2024, our findings indicate a sustained bullish outlook among European hotel investors heading into 2025. A significant majority intend to maintain or expand their hotel investments, reflecting continued confidence in the sector.

Certain markets continue to gain traction. Spain remains the top investment destination for the second consecutive year,\* while Italy has overtaken the UK as the second most preferred market, based on survey responses regarding perceived market fundamentals. At the city level, London retains its position as the leading investment choice, while Madrid has further solidified its status as the second most attractive city for hotel investment in 2025.

The survey also reveals a clear continued focus on value-add strategies in the sector, suggesting that investors continue to see the potential to improve the capital assets, as well as branding and operational management.

When evaluating their investment decisions, respondents consistently pointed to the favourable supply-demand balance in European hotels and the sector's competitive yields relative to other asset classes. This trend aligns with our broader analysis, which shows that hotel demand growth across Europe continues to outpace new supply, further strengthening investor confidence in the sector's long-term potential.

We note that the survey was conducted before geopolitical and trade challenges became more apparent during Q1 2025. While the respondents presciently saw geopolitics as the most important challenge in 2025, our sense is that geopolitics may have a bigger short-term impact than was anticipated in Q4. However, it also is too early to tell how material an effect it may have on the investment landscape in the full year ahead.

\*Ranking based on the results of CBRE's European Hotel Investor Intentions Survey, which resumed in 2024.



**Kenneth Hatton**  
Head of Hotels, Europe

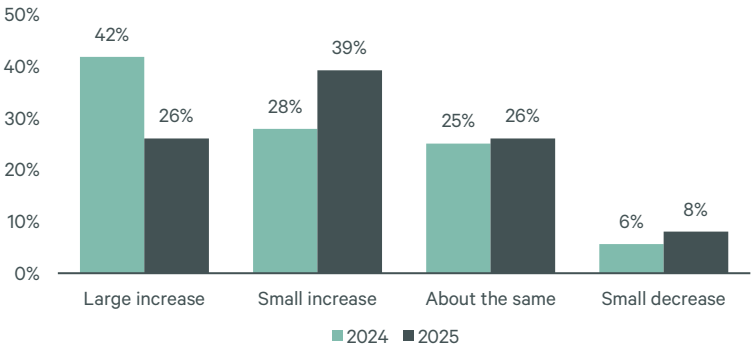


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Head of Thought Leadership for Europe

# 2025 European hotel investor intentions survey highlights

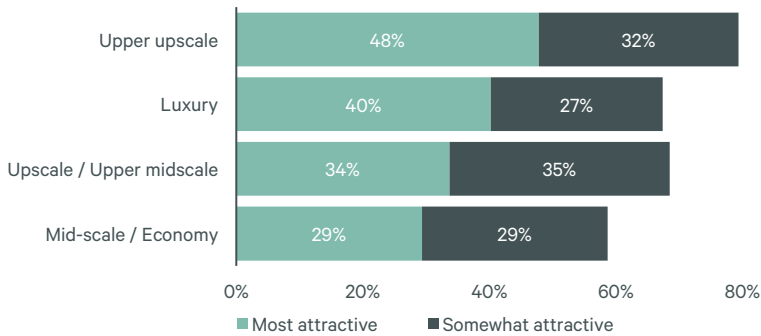
## Investor buying intentions

Over 90% of investors plan to maintain or increase capital allocation to hotel assets in 2025



## Investment attractiveness by chain scale

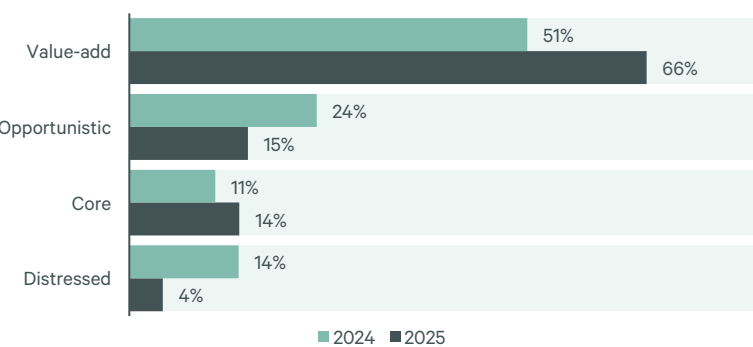
Respondents favour upper upscale and luxury as the most attractive hotel investments in 2025



Source: 2025 European Hotel Investor Intentions Survey, CBRE Research

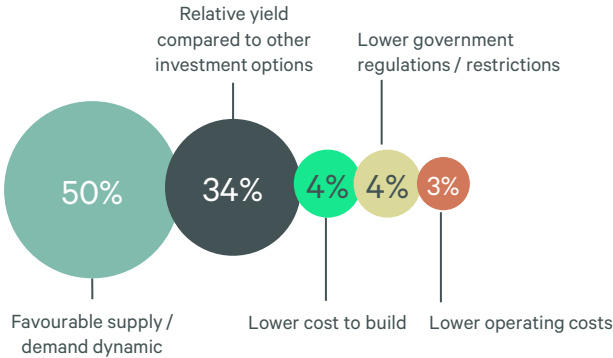
## Preferred investment strategy

Value-add strategy remains top of mind for investors, while interest in core strategy sees a slight uptick



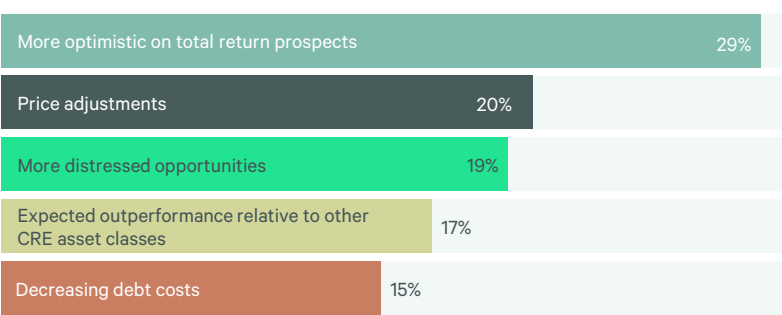
## Key reasons investors cited hotel as an attractive investment

Respondents overwhelmingly indicated the favourable supply and demand dynamic as the key attractiveness factor



## Key reasons to increase hotel allocations

Nearly 30% of respondents cited more optimistic total return prospects as a key reason to increase their hotel allocations



## Markets expected to see highest investment interest

1. London

2. Madrid

3. Rome

4. Lisbon

5. Barcelona

6. Amsterdam
- T7. Dublin

T7. Paris

T8. Berlin

T8. Athens

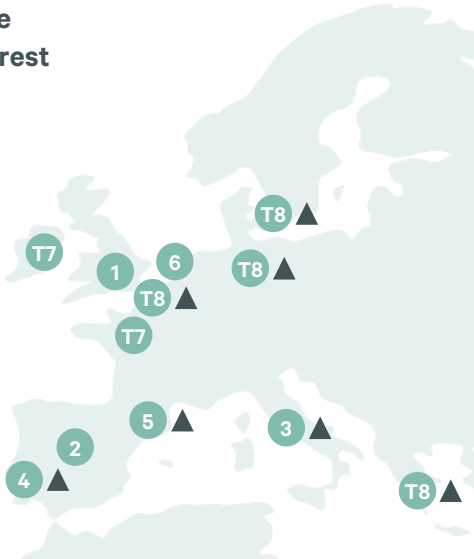
T8. Copenhagen

T8. Brussels

Legend

Preferred cities

Higher ranking than in 2024





## Other key findings

### 01

Overall Investor confidence remains bullish, with over 90% of respondents planning to maintain or increase hotel investment in 2025. This intention is also largely aligned with last year's survey. Compared to last year, investor sentiment has somewhat shifted, while fewer firms plan large increases, many more intend to allocate smaller increases.

### 02

Real estate funds, developers, and operators are showing increased interest in hotels, with a stronger focus on value-add strategies. High-net-worth investors are also becoming more engaged. These investors cited optimistic return prospects and relative outperformance against other asset classes as key factors behind their investment thesis. Expectations of declining debt costs further support their increased capital allocations to hotels.

### 03

Investor confidence in value-add strategies has risen, with a preference for re-positioning and operational enhancements over higher-risk opportunistic strategies. CBD and gateway cities remain top investment locations, while interest in secondary cities and resorts is rising, reflecting confidence in evolving markets, supported by changing travel patterns and, in part, concerns relating to over-tourism in the traditional hotspots.

### 04

Vacant possession remains the preferred acquisition structure. Interest in fixed and variable leases is low, while Hotel Management Agreements are attracting greater attention. Investors show a balanced preference for independent hotels and global brands, with soft-branded hotels losing some appeal in this year's survey compared to the previous year.

### 05

Upper-upscale and luxury hotels remain top investment priorities, driven by strong post-pandemic performance, sustained demand from high-net-worth travellers and proven pricing power. While full-service hotels dominate, limited-service options are gaining interest, likely due to their lean cost structures.





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01

# Investor sentiment

# Optimism prevails: Over 90% of investors plan to maintain or increase capital allocation to hotels in 2025, largely aligned with the level seen in 2024

More than 90% of survey respondents have expressed intentions to either maintain or increase their capital investment in hotels throughout 2025, reflecting strong investor confidence in the sector’s future growth.

Compared to last year’s survey, investor sentiment has somewhat shifted, with the proportion planning a large increase in allocation declining from 42% to 26% in 2025, perhaps reflecting the fact that investors had already upped their allocations materially in 2024. However, overall investment appetite still remains strong, with over 60% of respondents intending to expand their capital allocations to hotels – driven by a notable rise in those planning a small increase, up from 28% to 39% in 2025.

This optimism is driven by the sector’s resilience, underpinned by the supply-demand dynamic, which provides pricing power and fuels its adaptability in the face of rising costs.

A critical part of the demand story is the ongoing expansion of inbound tourist arrivals across Europe. Forecasts for rising overnight arrivals, increasing hotel demand, and improved flight connectivity position hotels as an increasingly compelling asset class, particularly for specialised investors seeking long-term value growth.

Figure 1: Hotel acquisition activity expectations in 2025 by investors’ AUM

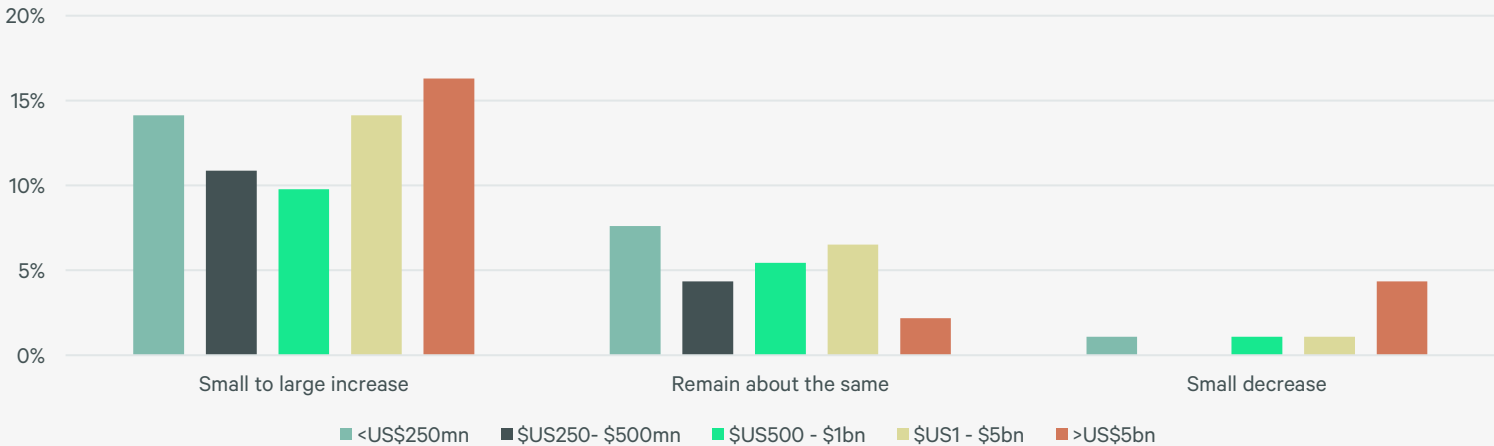
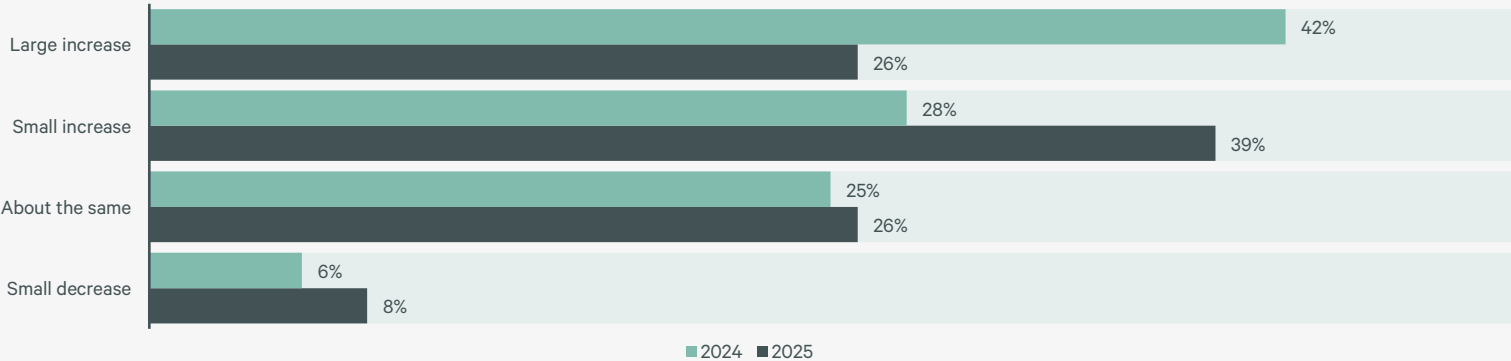


Figure 2: Hotel acquisition activity expectations in 2025 by capital allocation intent



Source: 2025 European Hotel Investor Intentions Survey, CBRE Research

## Real estate funds and developers are among those to expected to be more active in 2025

Investor sentiment towards hotel real estate remains resilient, with a notable surge in real estate funds planning to allocate capital to the sector in 2025 – a shift from last year when their interest was comparatively lower than that of developers and owner-operators.

Real estate funds, developers, and owner-operators are also displaying a higher risk appetite, favouring value-add strategies and contributing to a more diverse investment landscape.

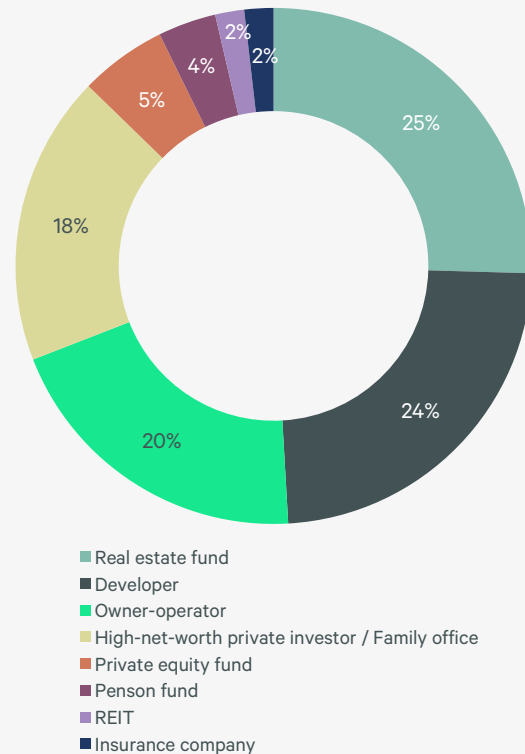
The proportion of high-net-worth private investors and family offices has also risen from 12% last year to 18% in 2025, reflecting sustained interest from these investors in the sector.

When respondents were asked about their reasons for increasing allocations to hotel assets, top of the list was greater optimism on total return prospects (29%). Meanwhile, pricing adjustments, which was the primary motivation last year, have declined in significance, dropping from 29% last year to 22% in 2025. This suggests a more established price floor compared to the previous year.

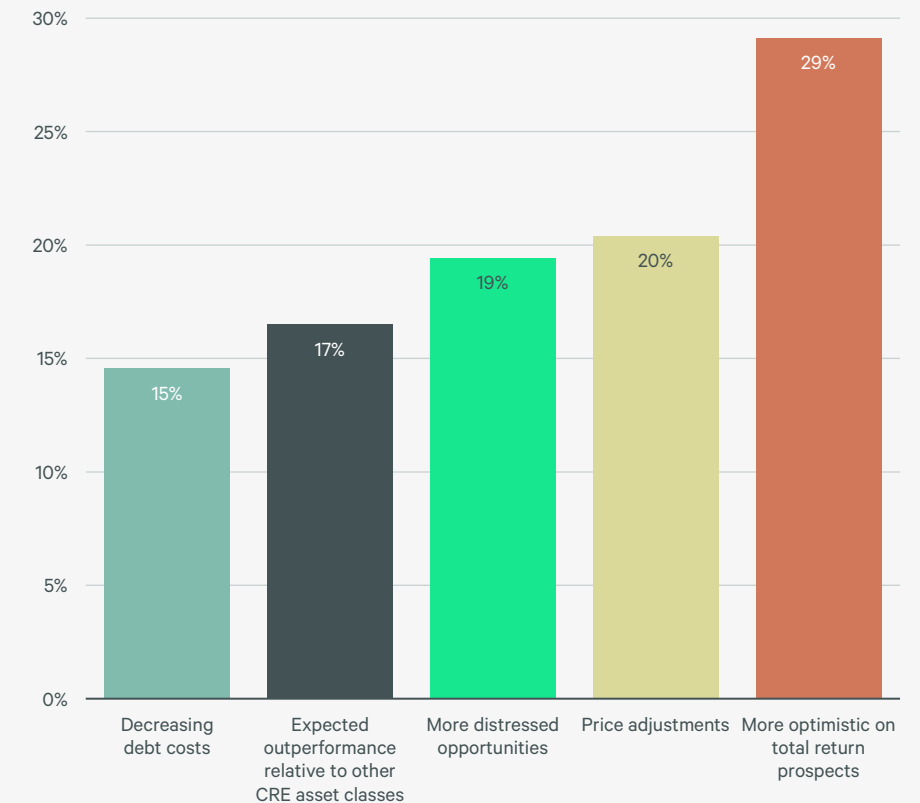
Additionally, 17% of respondents view hotels' relative outperformance against other commercial real estate asset classes as a compelling reason for increasing allocations.

As expected, expectations of declining debt costs have gained prominence, rising from 9% to 15% for 2025, reinforcing investor commitment to deploying capital into hotel assets.

**Figure 3: Type of investors expressing interest in allocating capital to hotel investment in 2025**



**Figure 4: Reasons to increase allocation to hotel assets in 2025**



Source: 2025 European Hotel Investor Intentions Survey, CBRE Research



# Financing concerns fade, but operating challenges build up; rising labour costs and geopolitical risks take centre stage in 2025

While the period of double-digit inflation seems to have passed, the issue of rising labour costs continues to occupy the minds of investors, with 35% of respondents identifying it as the most challenging factor, up from 31% in 2024, suggesting increasing wage pressures and labour shortages as key operational risks.

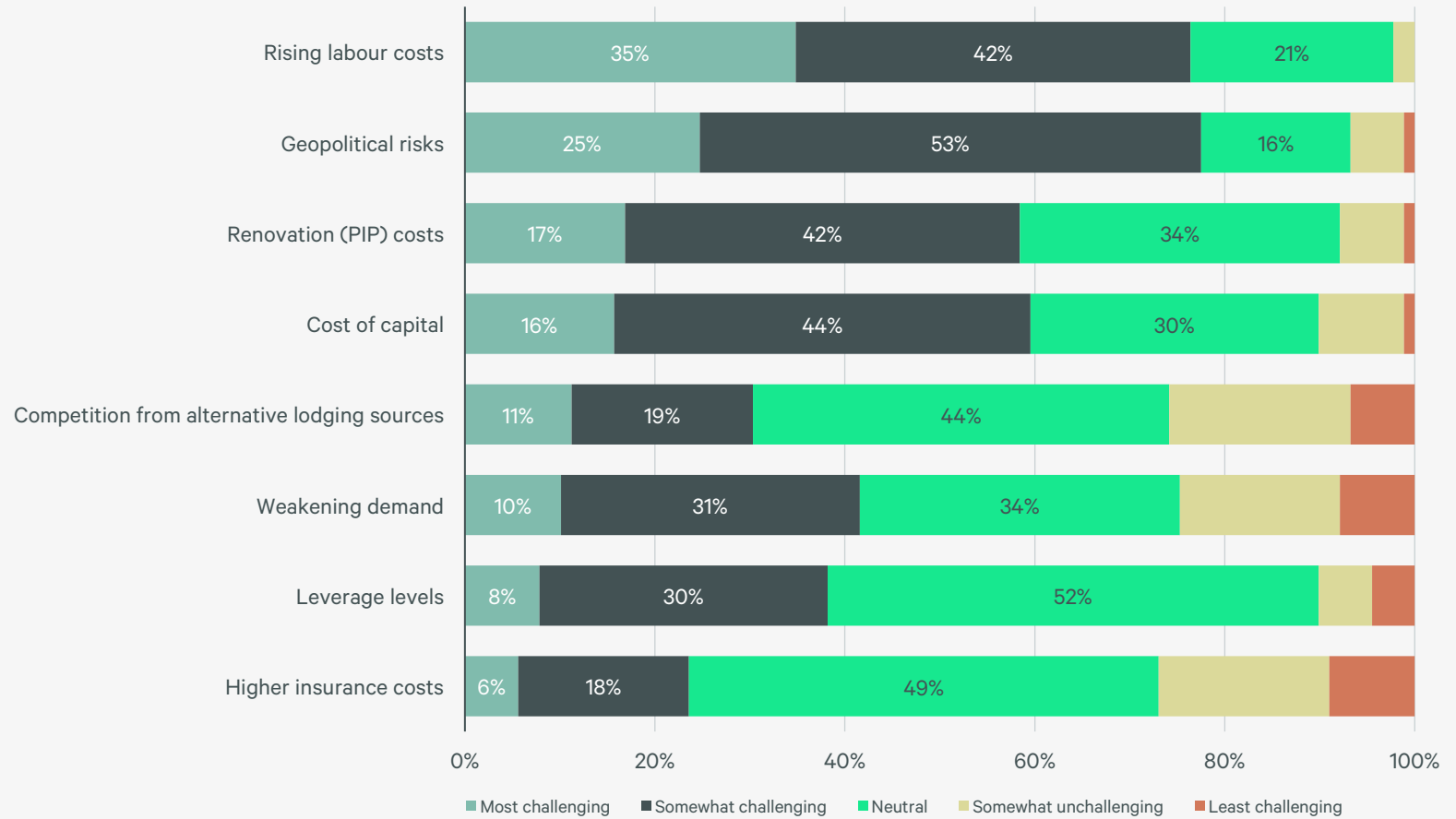
Geopolitical risks rose to be the category that the greatest number of investors classified either as ‘most challenging’ or ‘somewhat challenging’, and this may have played a role in reducing the number of investors planning a large increase in exposure to the segment in 2025.

Cost of capital was noted as the biggest challenge in 2024, with 41% of respondents citing it as a major concern. However, this dropped significantly to 16% in 2025, indicating a positive shift in this factor, due to expectations of lowering borrowing costs and improved financing conditions, generally.

Competition from alternative lodging sources emerged as a more prominent challenge, with 30% of respondents in 2025 citing it as a concern, suggesting that not everyone is convinced that the short-term rentals market is running in parallel without material effect on hotels.

Renovation costs remained a key issue, with 17% of respondents in 2025 identifying them as the most challenging factor, largely aligned with the 18% in 2024, reflecting that rising material and construction costs continue to weigh on investment decisions.

Figure 5: Major challenges facing hotel investment in 2025



Source: 2025 European Hotel Investor Intentions Survey, CBRE Research

02

# Real estate strategies

# Value-add strategies gain momentum as opportunistic and distressed interest wanes; CBD and resorts remain in focus

Investor desire to invest in value-add strategies has strengthened, with 66% of respondents prioritising this approach in 2025 – up from 51% in 2024. This underscores the continued preference for re-positioning, refurbishment, and operational enhancements as key drivers of value in the European hotel investment market.

In contrast, expectations of execution on opportunistic strategies have declined significantly, falling from 24% in 2024 to 15% in 2025, perhaps reflecting an acknowledgment of the competitive nature of the investment market, where investors need to bid strongly to prevail in acquiring good assets. Meanwhile, interest in core strategy sees a slight uptick (14%), up from 11% in 2024.

CBD and gateway cities remain the most preferred investment locations, with 65% of respondents identifying them as top choices – up from 57% in 2024. This reaffirms their status as long-term demand hubs, supported by resilient business and leisure travel.

Resort locations continue to attract strong investor interest, with 66% viewing them as appealing, albeit slightly down from 80% in 2024.

Secondary cities have gained traction, with 12% of respondents now considering them the most attractive investment opportunities – more than doubling from 5% in 2024. This reflects growing confidence in emerging tourism markets, supported by improved infrastructure and shifting travel patterns, as well as perhaps diversifying away from traditional hotspots that may be facing concerns regarding over-tourism.

Figure 6: Preferred investment strategy in 2025

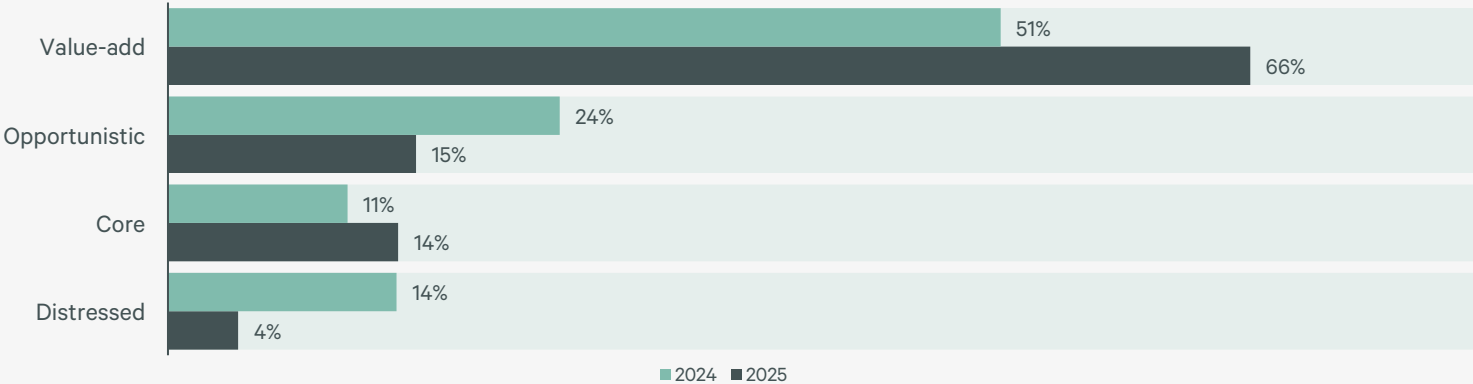
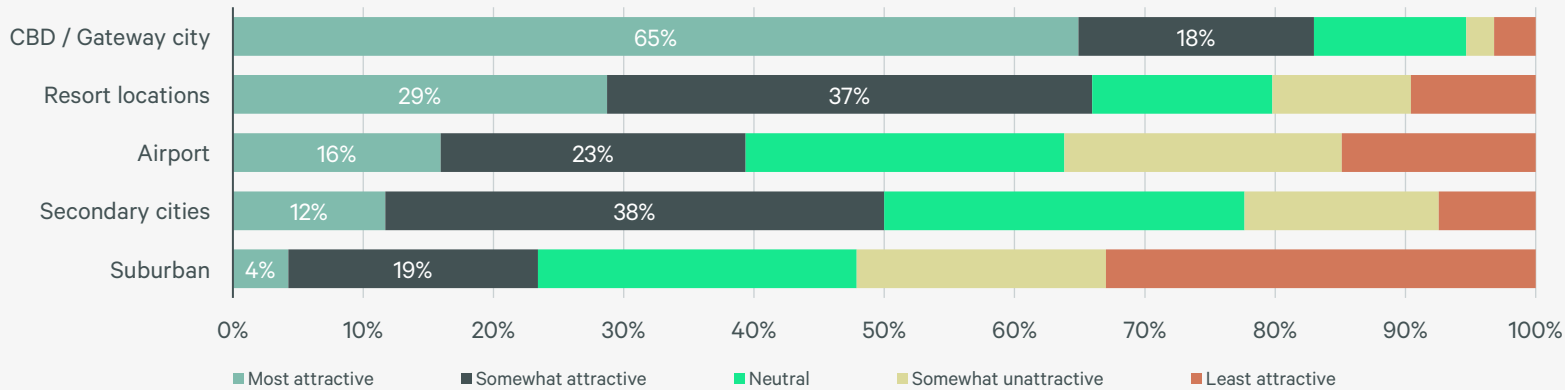


Figure 7: Preferred location types for hotel investment in 2025



Source: 2025 European Hotel Investor Intentions Survey, CBRE Research



# Investors prioritise flexibility: vacant possession and independent hotels gain ground

Unsurprisingly, given the desire for value-add returns, investors in 2025 prioritise flexibility and control, with vacant possession (36%) as the top choice, allowing for repositioning and operator selection. Fixed+variable leases (32%) follow, offering a mix of stability and yield-providing upside.

Hotel Management Agreements (25%) remain relevant but rank lower, suggesting investors prefer direct asset control upon acquisition, so they can drive the strategy. Fixed leases (6%) have limited appeal due to inflexibility, while full variable leases (1%) are least favoured, reflecting investor caution towards situations where they cannot meaningfully affect the outcome.

The theme regarding control continues on the branding front, where independent hotels have gained traction, now representing 40% of investor preferences. We believe that this desire for independent hotels relates to status upon acquisition, in order to affect those value-add strategies.

A notable shift has occurred in investor sentiment towards soft-branded hotels. While this model was more favoured last year, interest has declined, with investors instead leaning towards fully independent hotels or global brand affiliations.

Note: This year, we have separated hotel acquisition intentions into tenure and branding perspectives, whereas in the previous survey, these aspects were combined into a single question.

Figure 8: Hotel acquisition intentions from a tenure perspective

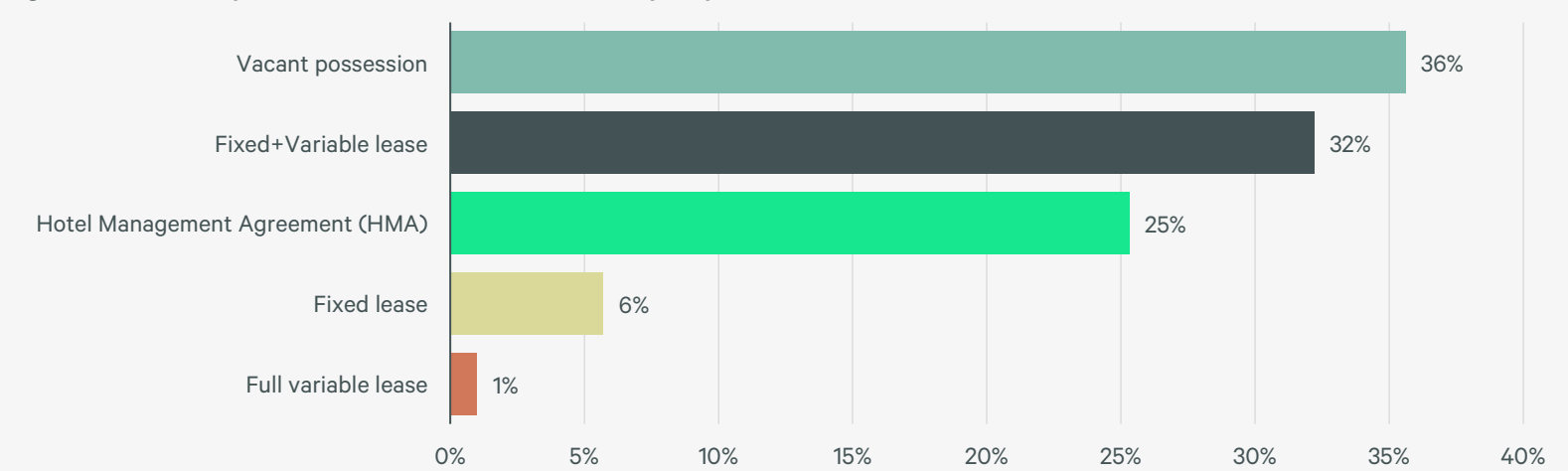
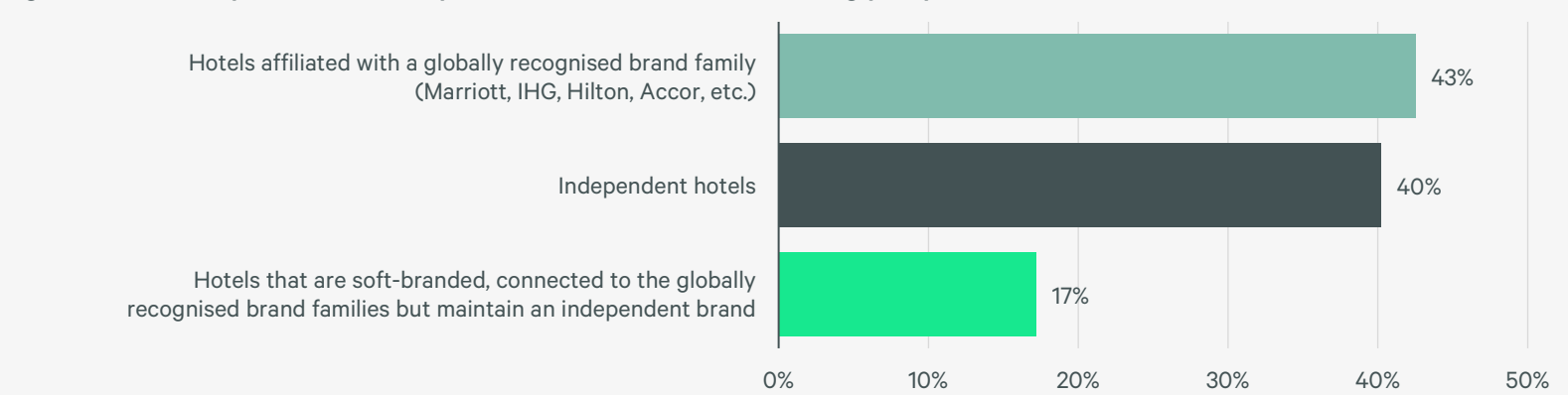


Figure 9: Hotel acquisition / development intentions from a branding perspective



Source: 2025 European Hotel Investor Intentions Survey, CBRE Research

# Resilient performance drives investment demand for upper-upscale and luxury hotels

Upper-upscale and luxury hotels remain the most attractive investment segments, with 48% and 40% of respondents, respectively, ranking them as top priorities. This strong preference is driven by the resilient post-pandemic performance of luxury hotels, which have not only rebounded swiftly but have also outperformed the broader market, buoyed by sustained demand from high-net-worth travellers as well as effectively positioning themselves as a hedge against inflation.

The lower aggregate attractiveness level of luxury hotels compared to upper-upscale and upscale segments likely reflects accessibility challenges rather than waning investor interest. The key constraint appears to be the availability of luxury assets on the market at the right price, rather than a shift in investor appetite.

Regarding the level of service, full-service hotels remain the dominant preference, though investor interest has softened slightly (57% vs. 63% last year). Meanwhile, limited-service hotels have gained traction, rising to 22%, signalling growing recognition of their leaner cost structures and resilient demand fundamentals.

Luxury and upper-upscale hotels are expected to remain a key focus for investors, ranging from entry-level luxury to ultra-high-end luxurious experiences. These segments align closely with the rising demand for exclusive, and sometimes transformative stays, as highlighted in our recently published [Luxury Real Estate report](#).

What seems striking is the apparent level of interest in extended stay. While increasing on last year, it still feels like an under-appreciated segment in Europe. Perhaps most surprising is the apparent paucity of interest in all-inclusive, which feels contrary to the strong performance of that segment since the pandemic.

Figure 10: Hotel acquisition / development intentions with respect to service offerings

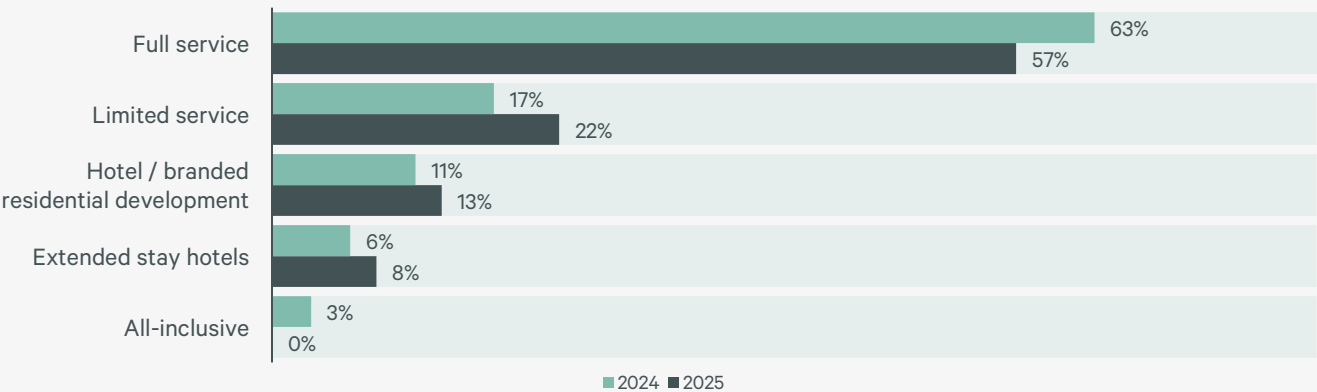
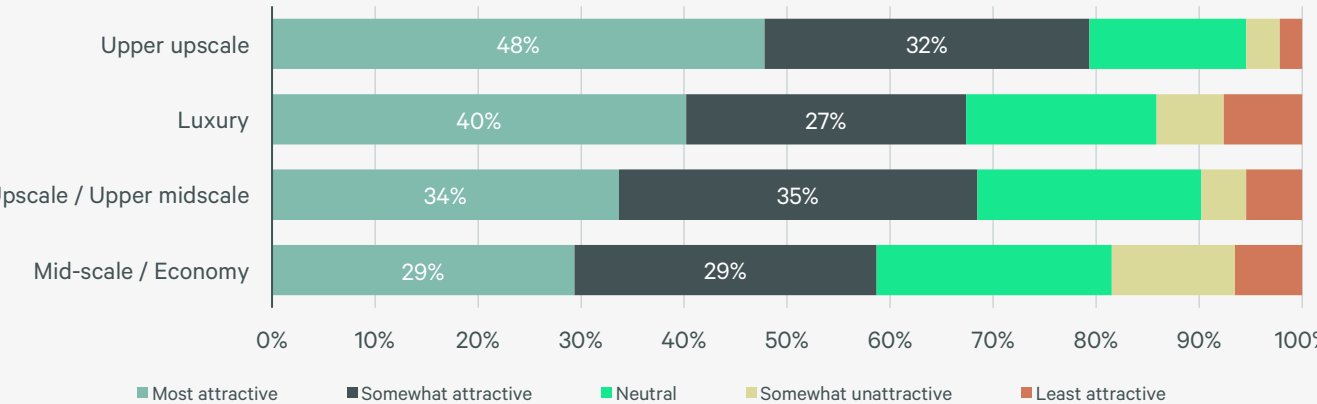


Figure 11: Hotel acquisition with respect to chain and price scale



Source: 2025 European Hotel Investor Intentions Survey, CBRE Research

# Investors prioritise market fundamentals over cost factors in hotels

Respondents overwhelmingly cited supply and demand dynamics (50%) as the key reason for hotel investment in their preferred markets, followed by relative yield advantages (34%). Factors such as lower costs and regulations played a minor role.

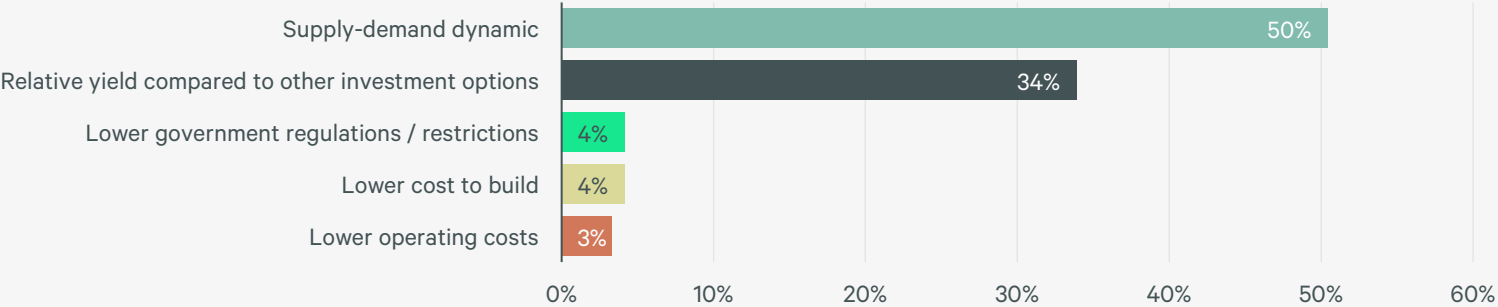
## Hotels see the least pricing impact as overall real estate market recovers throughout 2025

CBRE’s [European Investor Intentions Survey 2025](#) provides insights into investor expectations across major real estate asset classes. The results highlight a stark contrast between sectors, with some facing significant valuation pressures while others show strong resilience.

Hotels continue to stand out as one of the most resilient asset classes. Supported by robust post-pandemic performance, sustained travel demand, and comparatively constrained supply in many tourism markets, hotels are expected to experience the least downward pressure on pricing.

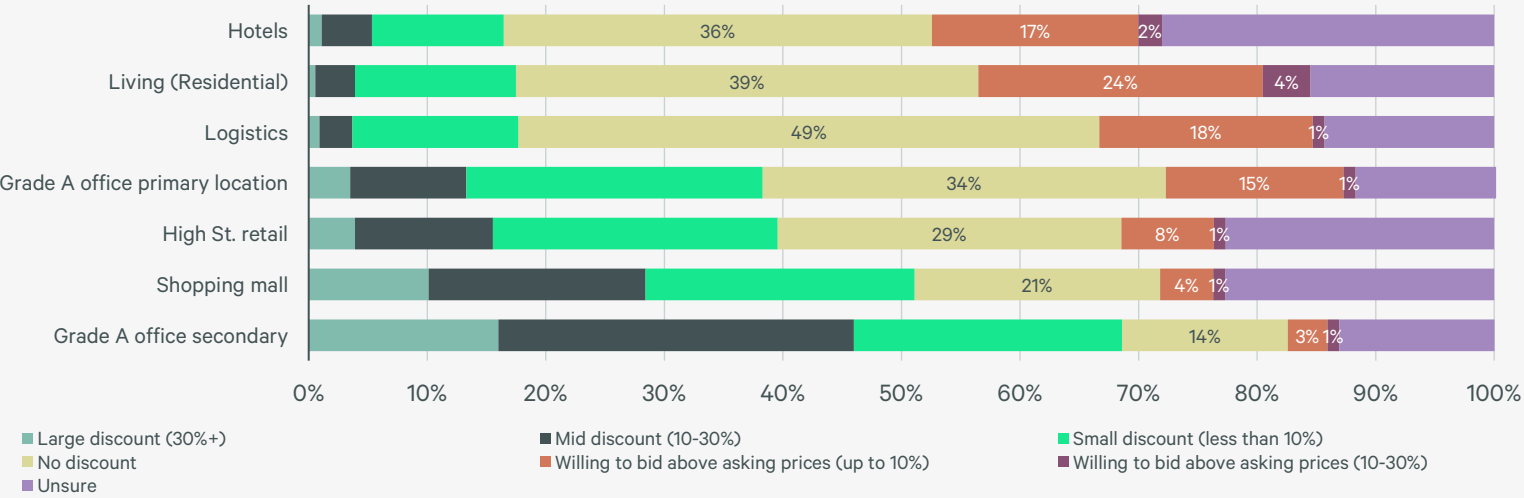
The survey reveals that 55% of respondents either expect no discount or expect to bid above asking prices.

Figure 12: Key reasons investors cited hotel as an attractive investment



Source: 2025 European Hotel Investor Intentions Survey, CBRE Research

Figure 13: Pricing expectations in 2025 compared to 2024



Source: 2025 European Investor Intentions Survey, CBRE Research



03

# Investment destinations

# Survey reveals 2025’s top destinations: Spain leads again, but Italy and UK prove their staying power

Spain remains the top-ranked market for hotel investors in 2025, securing the leading position for a second consecutive year based on investor votes. This ranking reflects strong investor confidence in Spain’s long-term market fundamentals and sustained tourism demand.

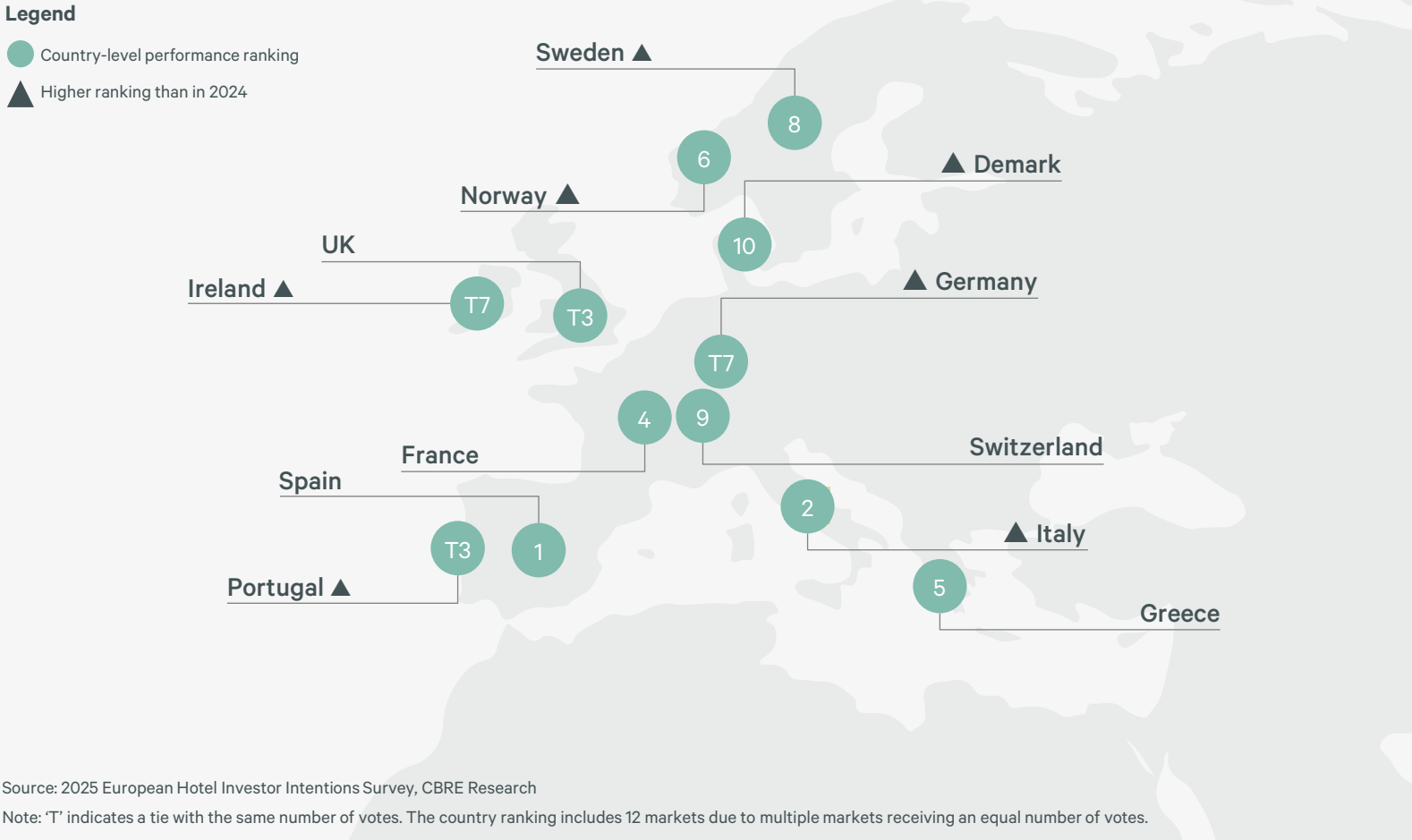
Italy moves up to second place, edging ahead of the UK. This shift highlights increasing investor confidence in Italy’s diverse hospitality offerings and resilient fundamentals, especially the lack of new supply in a market that has very strong projected demand. This trend aligns with Italy’s hotel investment activity, which accounted for over 11% of total hotel transaction volumes in 2024.

Portugal climbs to third place, tying with the UK. Portugal's rise reflects growing international appeal. Meanwhile, the UK, which ranked second last year, remains a key investment destination, particularly driven by demand for London.

France holds steady in fourth place, while Greece retains its position in the top five, supported by strong tourism trends and a growing luxury hotel segment.

A notable shift this year is Norway’s rise to sixth place, signalling increasing investor interest in the Nordic region. Germany and Ireland now share seventh place, with Germany moving up from ninth. Sweden maintains its position at eighth, while Switzerland and Denmark enter the ranking for the first time at ninth and tenth, respectively.

Figure 14: Country-level performance expectations



# For city destinations: London and Madrid retain the lead, while Rome and Lisbon move up

The 2025 rankings reveal a mix of stability and change in investors’ preference as the most attractive hotel investment market. London and Madrid retain their top positions, reaffirming strong investor confidence.

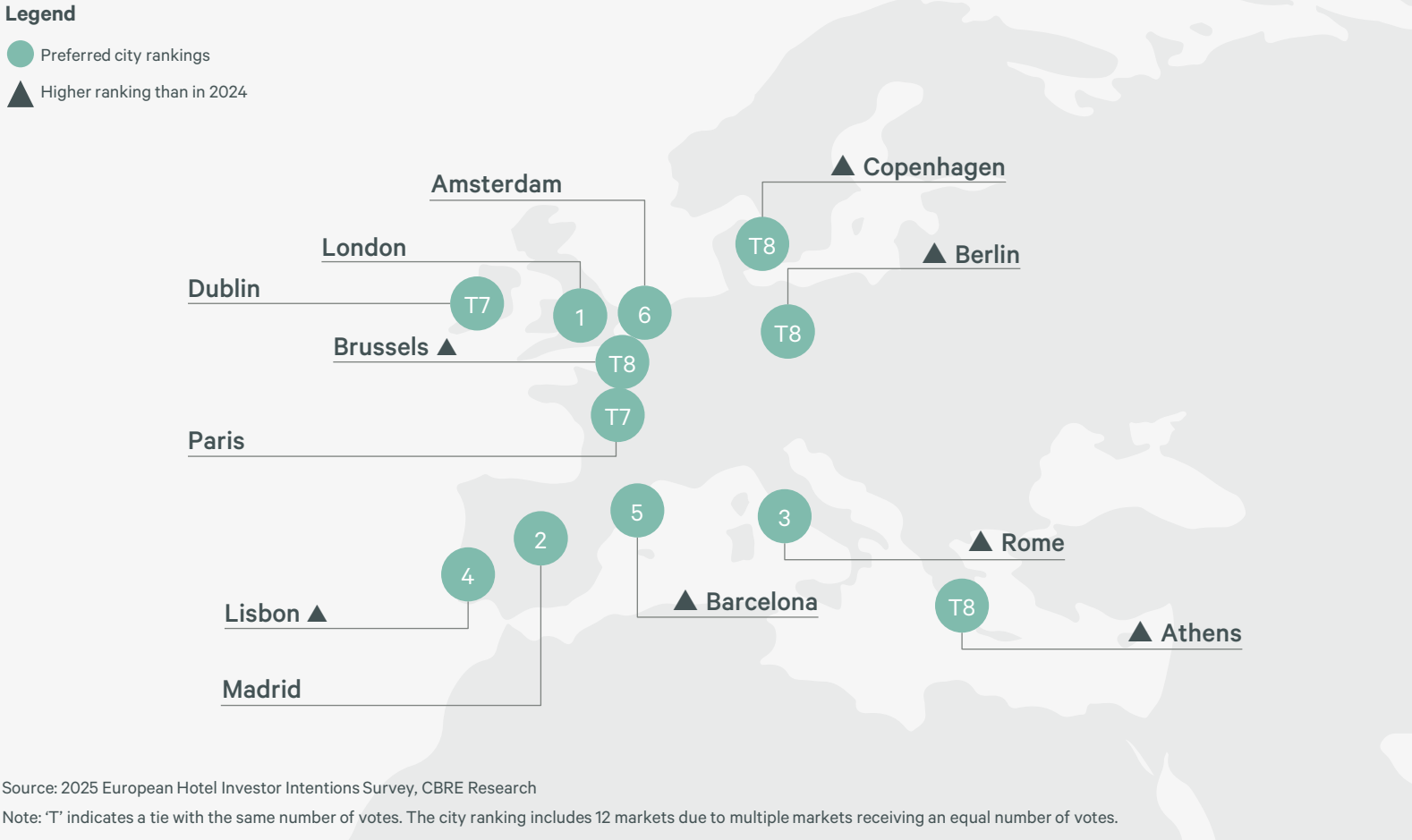
Rome climbs to third place, overtaking Paris, reflecting growing interest in Italy’s hospitality sector and the effect of the addition of a whole new cohort of international-class hotels, which both elevates the destination generally and begins to improve liquidity for the market.

Lisbon continues its upward trend, securing fourth place, while Barcelona moves up slightly to fifth.

Amsterdam, previously ranked fifth, now sits in sixth position. Meanwhile, Berlin and Brussels have both risen to eighth place, marking an improvement in investor sentiment.

This year, Athens has entered the top ten at eighth place. This reflects growing investor interest in Greece’s capital, driven by strong tourism fundamentals, and an expanding luxury hospitality sector. The city’s steady rise in international demand further reinforce its appeal as an emerging investment destination.

Figure 15: Markets expected to see highest investment interest





# CBRE View: Hotels remain investor stronghold in Europe as momentum builds for 2025

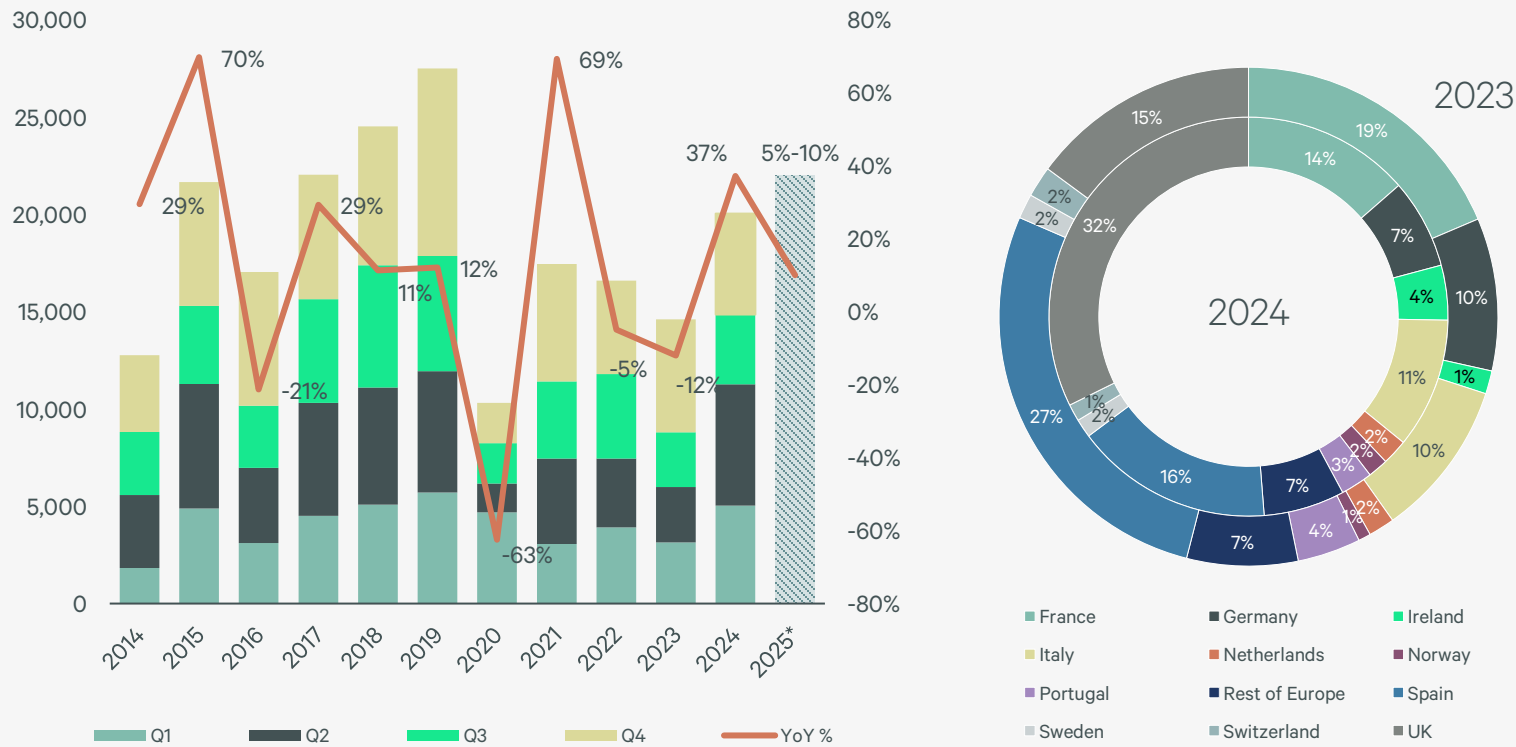
After a strong rebound in 2024, hotel investment in Europe is set to continue its positive trajectory into 2025. Total hotel investment volumes reached €20bn in 2024, marking a 37% year-on-year increase, following a more subdued 2023. Looking ahead, subject to there being no major geopolitical interruption, CBRE forecasts a 5% - 10% growth in 2025. While this reflects a more moderate pace of growth, it signals sustained investor confidence in the sector, underpinned by improving market fundamentals, resilient travel demand, and continued interest from both institutional and private investors.

The distribution of hotel investment volumes across Europe remains dynamic, with the UK leading at 32% of total transactions in 2024. Spain follows at 16%, maintaining its position as one of the most sought-after hotel markets, supported by strong tourism demand and liquidity. France (14%) and Italy (11%) continue to capture significant investor interest, reinforcing their roles as core European hospitality markets.

Germany's share of total investment stands at 7%, reflecting cautious investor sentiment prevalent during 2024, while Ireland (4%) and Portugal (3%) continue to attract capital.

Geopolitics-permitting, as investor confidence strengthens, the European hotel sector is poised for further growth in 2025, with competitive yields, favourable supply-demand dynamic, and more optimistic on total return prospects driving sustained capital inflows.

Figure 16: Annual European hotel transaction volumes (by quarter, € million) & by country's share



Source: CBRE Research  
\*Represents CBRE's projection

Note: Outer circle represents 2023, inner circle represents 2024  
Countries included in the hotel investment volume analysis are Austria, Belgium, CEE, Demark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the UK.

04

# Respondent profile

# Respondent profile

CBRE’s European Hotel Investor Intentions Survey 2025 was conducted in Q4 2024, with a total of 110 responses.

The survey captures a balanced representation of stakeholders in the hotel industry, reflecting the wide range of investors actively engaged in the European hotel market.

Figure 16: Percentage of respondents by investor type

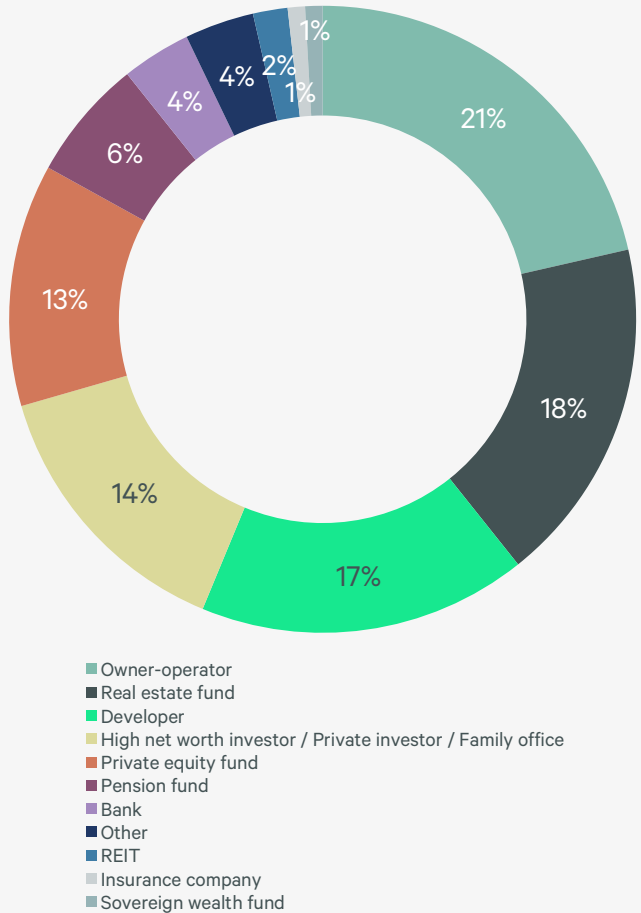
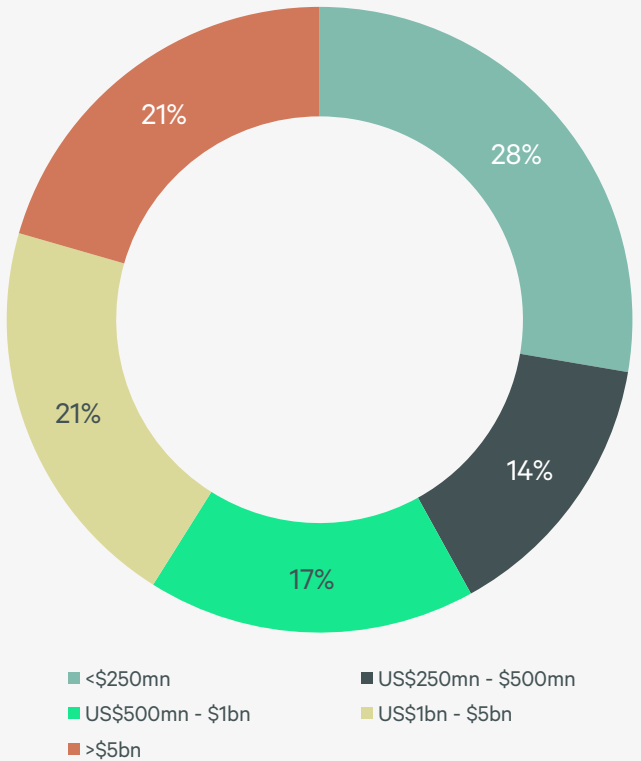


Figure 17: Percentage of respondents by AUM



Source: 2025 European Hotel Investor Intentions Survey, CBRE Research

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