

EUROPEAN HOTEL INVESTOR COMPASS

2026

Extended Summary

for key clients and participants only

CONTENTS



01

INTRODUCTION

02

HIGHLIGHTS & SUMMARY

03

INVESTORS' INTENTIONS

04

INVESTMENT TARGETS

05

UNDERWRITING CONSIDERATIONS

06

ESG & AI Expectations

INTRODUCTION

01

INTRODUCTION

ABOUT THE HOTEL INVESTOR COMPASS

Welcome to our Hotel Investor Compass 2026. This report aims to help investors navigate the European hotel real estate market and make more informed decisions. This is the fifth edition, based on a survey of major hotel investors active in Europe.

The survey was conducted between December 2025 and February 2026. It was completed by 74 respondents, including senior representatives of major private equity firms, funds, REITs and other institutional investors.

The companies, represented by respondents who disclosed their identities in the survey (91%), collectively invested nearly EUR 18 billion in European hotels between 2020 and 2025*.

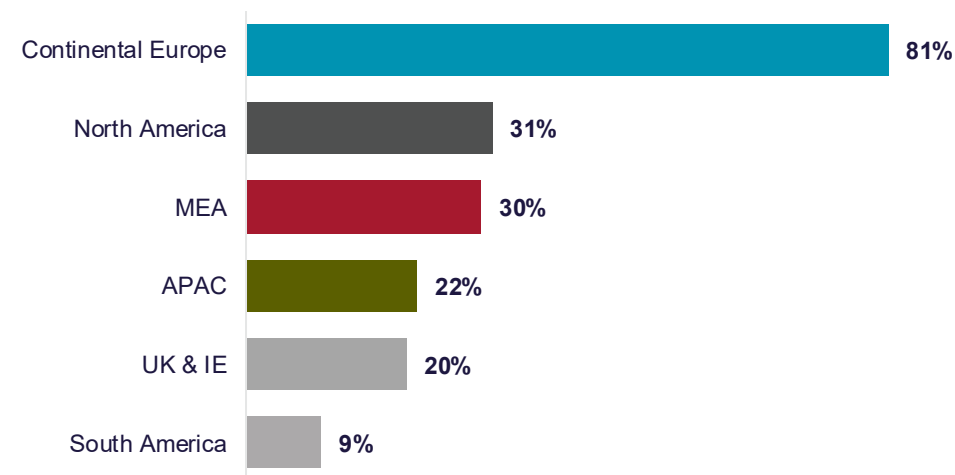
Over 81% of the surveyed investors indicated that their capital comes from Europe (incl. the UK), 41% from Americas, 30% from MEA and 22% from APAC.

We are grateful to all investors who took part in this survey and generously shared their valuable insights. We trust that the resulting summary and analysis will serve as a useful resource. As always, we are committed to continuous improvement and welcome any feedback or suggestions to enhance this publication for investors and other stakeholders in the hotel real estate sector.

RESPONDENTS' ORIGIN OF CAPITAL

Q: Where is your capital coming from?

(Multiple answers possible)
% of Respondents



HIGHLIGHTS & SUMMARY

02

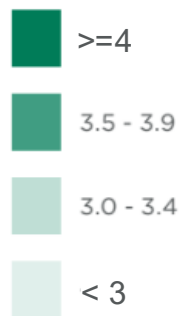
2026

Top-15

most attractive cities for hotel investment*

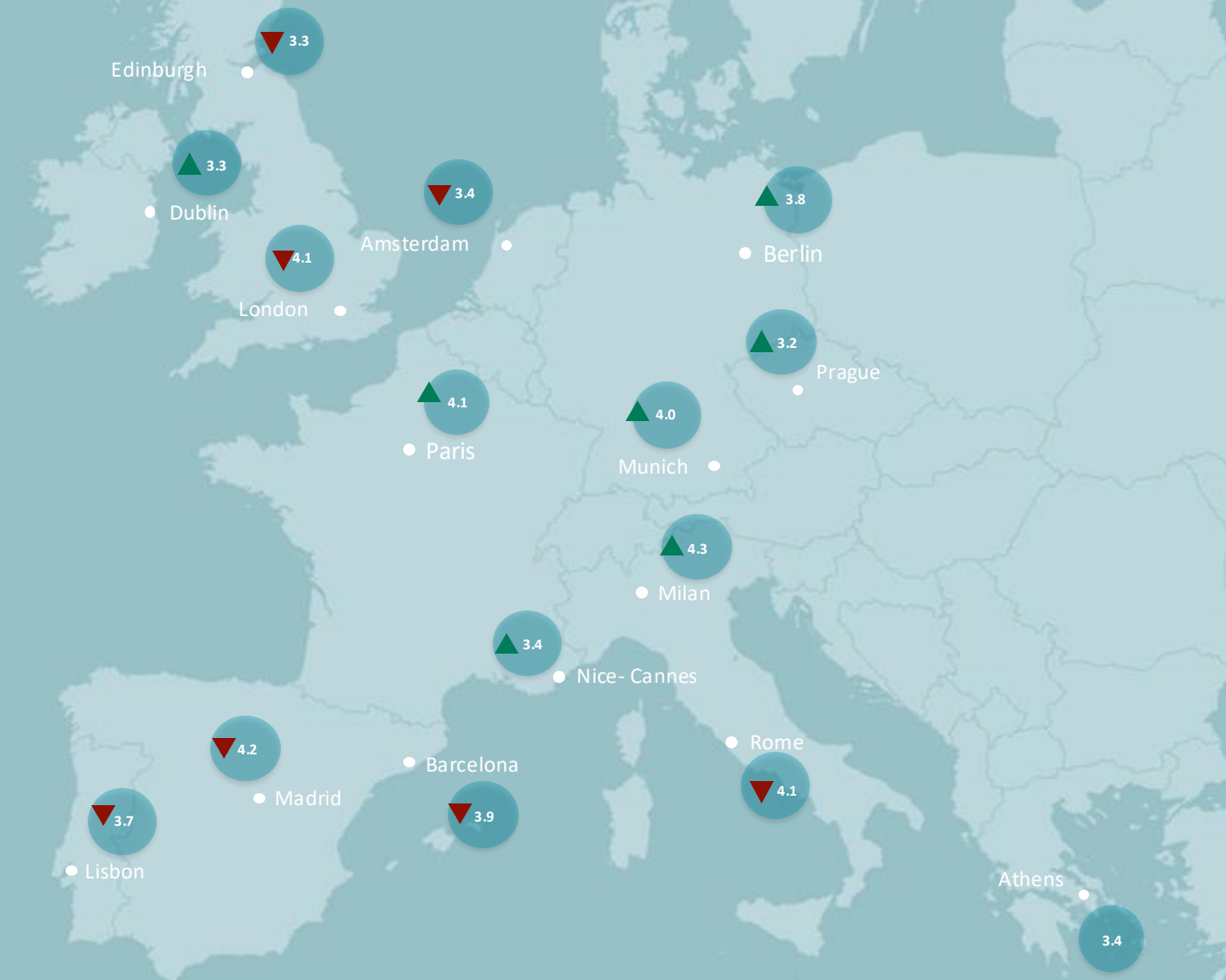
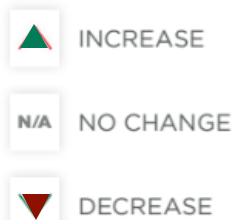
INVESTORS' INTEREST (ON A SCALE FROM 1 TO 5)

VERY HIGH INTEREST



NO INTEREST

CHANGE VS 2024 SURVEY



*Based on the rating of selected 30 key European markets. The white dots represent the approximate locations of the cities. The survey was completed by 74 respondents, including senior representatives of major private equity firms, funds, REITs, and other institutional investors active in the European hotel real estate market.

*On a scale from 1 to 5, change relative to 2025

Interest scores are weighted by capital available for investment in 2026.

KEY HIGHLIGHTS

86%

of surveyed investors are planning to deploy more or the same amount of capital on hotels than in 2025 (vs 94% last year)

15.6%

is the average Return on Equity required by hotel investors in 2026 (+2.0 percentage points compared to 2025)

81%

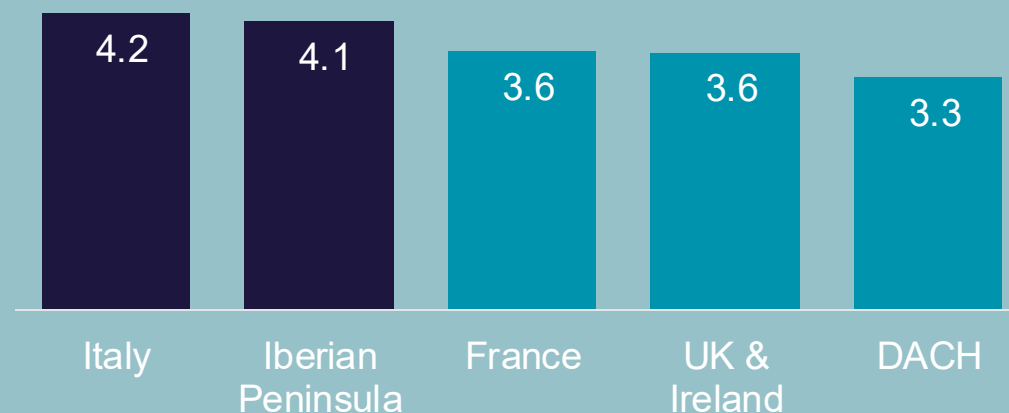
of investors anticipate AI to significantly influence the hospitality industry before 2030

“Italy is the top-targeted region for hotel investment in 2026, followed by the Iberian Peninsula and France.”

Top – 5 countries/regions for hotel investment

ATTRACTIVENESS FOR HOTEL INVESTMENT

(rating on scale from 1-5, with five being most attractive, % change relative to 2024)*



**Weighted average by capital available for investment in 2026.*

INVESTORS' INTENTIONS

03

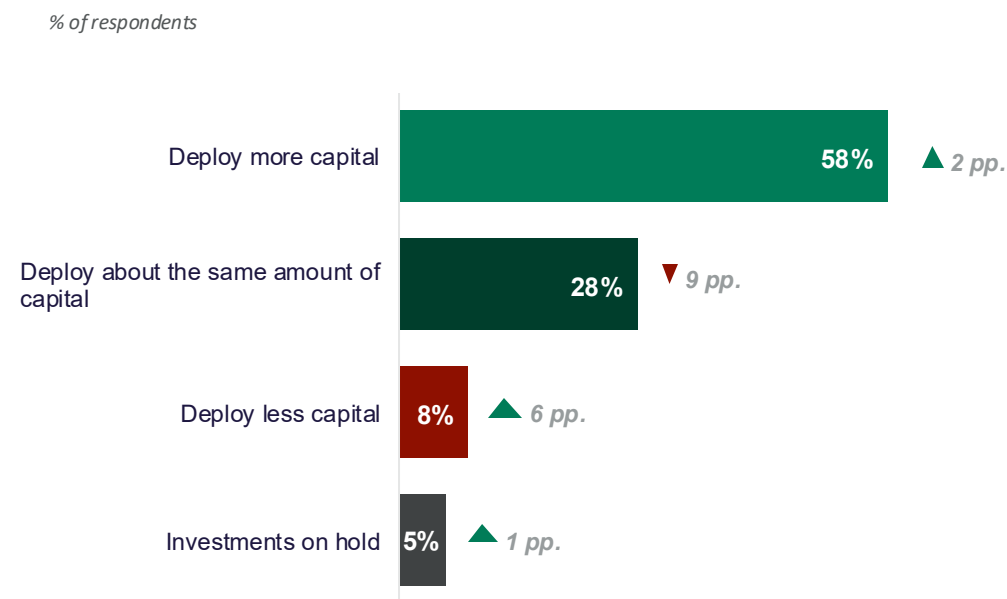
INVESTORS' INTENTIONS

HOTEL REAL ESTATE IN EUROPE

- ✓ Overall, **86%** of respondents intend to deploy the same or more capital to acquire hotels in 2026 (relative to 2025).
- ✓ Compared with the 2025 survey, the share of investors planning to deploy more capital has increased by 2 percentage points, to **58%**.
- ✓ The strongest intention to **increase hotel investment** is seen among Value-Add (63%) and Opportunistic (64%) investors.

CAPITAL DEPLOYMENT INTENTIONS REMAIN STRONG IN 2026

Q: How has your hotel acquisition strategy changed compared to last year?



NOTE: percentage point changes are relative to the previous survey (2025)

INVESTORS' INTENTIONS

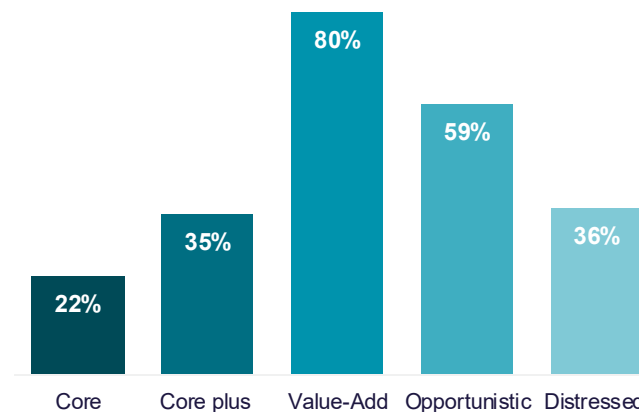
HOTEL REAL ESTATE IN EUROPE

- ✓ **Most investors are targeting value-add (80%) and opportunistic deals (58%), a growing trend compared to last year, +9 pp and +2 pp. respectively.**
- ✓ **54% of investors intend to be net buyers in 2026, while only 7% expect to be net sellers, up from 5% last year.**
- ✓ **Interestingly, the highest rise in intention to be net buyer is among core plus investors.**
- ✓ **91% of the respondents are planning to acquire hotels in 2026 while 43% intend to dispose.**

FOCUS ON VALUE-ADD AND OPPORTUNISTIC DEALS

Q: What hotel investment opportunities are you targeting in 2026?

% of respondents
(multiple answers allowed)



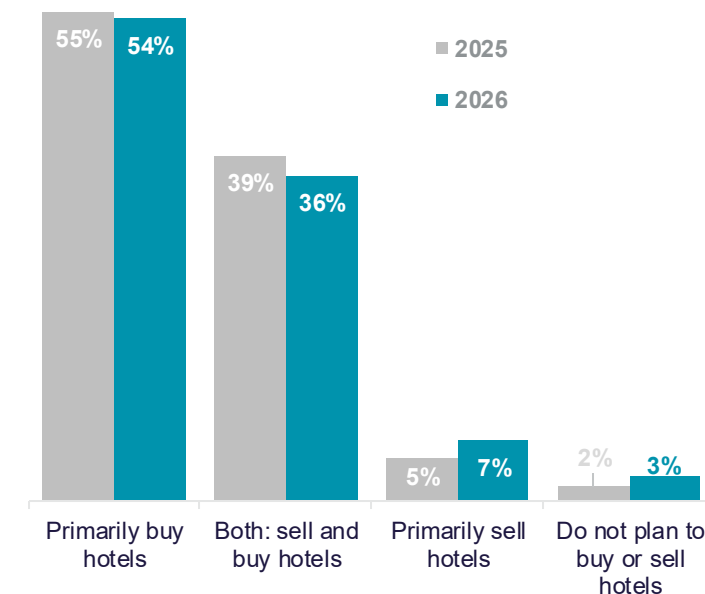
CORE: fixed income, prime market & location
 CORE PLUS: fixed/variable income, stabilized asset, prime market & location
 VALUE-ADD: repositioning, moderate CAPEX, market upside
 OPPORTUNISTIC: major capex, conversion/new development, emerging market
 DISTRESSED: sold at significant discount to replacement costs

NOTE: percentage point changes are relative to the previous survey (2025)

INVESTMENT STRATEGIES REMAIN BUYER-LED

Q: What is your investment strategy for 2026?

% of respondents



INVESTORS' INTENTIONS

FUNDS TO DEPLOY

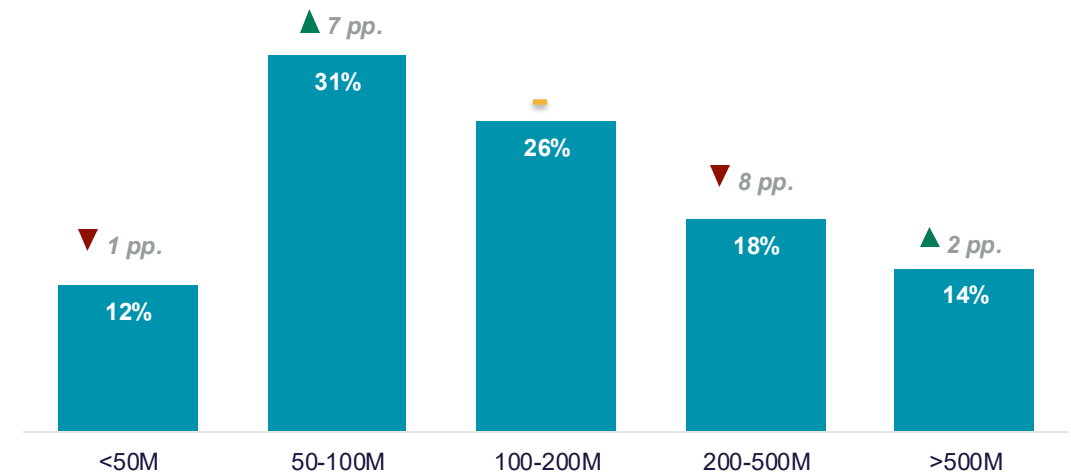
- ✓ *Investors report an average fund size of nearly **€200 million**, marginally below the €210 million recorded in 2025, indicating broadly stable capital availability.*
- ✓ *Nearly one third of investors indicated having in **excess of €200 million** of equity available for hotel investment in 2026.*
- ✓ *Among respondents, investors with larger funds (>€200 million) typically source their capital from Continental Europe and North America regions.*

NOTE: assuming the investors quoted values in EUR

SIGNIFICANT CAPITAL AVAILABILITY IN 2026

Q: How much funds (equity) do you have available for hotel investments in 2026?

% of respondents



NOTE: percentage point changes are relative to the previous survey (2025)

INVESTMENT TARGETS

04

INVESTMENT TARGETS

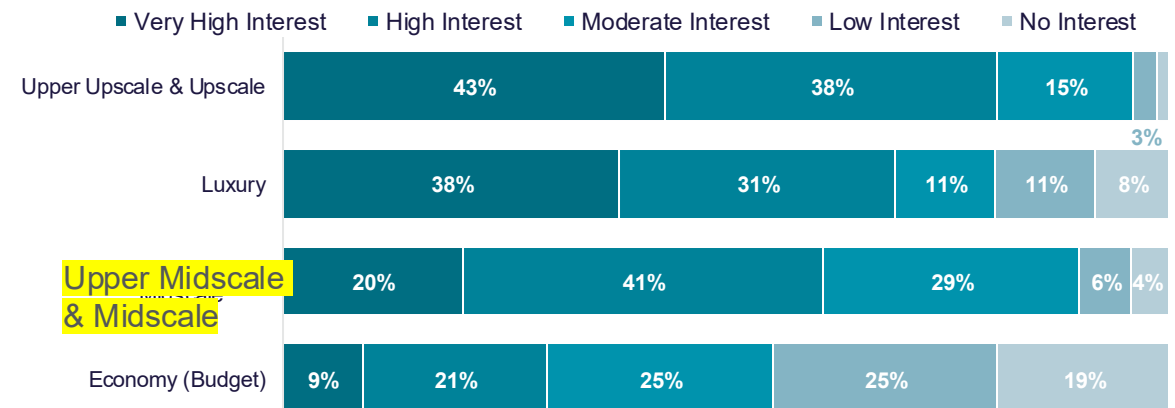
HOTEL CLASS

- ✓ *Upper Upscale & Upscale hotels are the most appealing to investors, with 81% of investors reporting high or very high interest, followed by the **Luxury** segment (69%).*
- ✓ *82% of large investors (>€200M available) express very high to high interest in **Luxury** hotels.*
- ✓ *For **Economy** hotels, the overall sentiment is more mixed, yet more than half of investors still express interest. Among those reporting high to very high interest, 42% have more than €200M in available capital.*

STRONG INTEREST IN HIGHER-END HOTELS

Q: Please rate the attractiveness of the following hotel classes according to your level of investment interest. (1 = no interest, 5 – very high interest)

% of respondents



INVESTMENT TARGETS

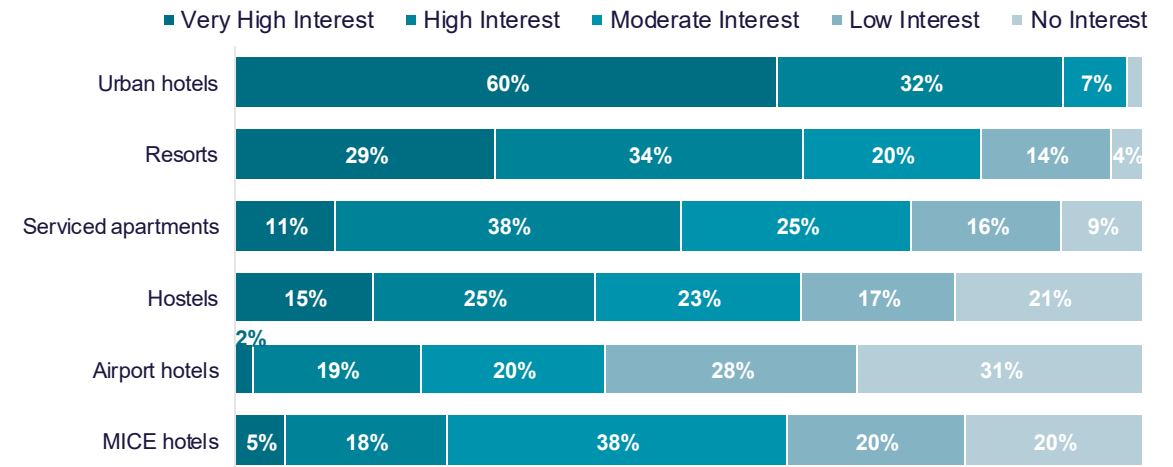
TYPE OF LOCATION

- ✓ **Urban** hotels are the most attractive accommodation type for investors in 2026 (89% expressing a high or very high investment interest), followed by **resorts** (62%) and **serviced apartments** (46%).
- ✓ Investors from **APAC** expressed the highest interest in urban hotels while investors from **MEA** express the strongest intention to invest in resorts.
- ✓ While **hostels** rank relatively moderate on overall interest, 40% of Value-Add and 41% Opportunistic investors are very highly or highly interested.

HIGH INVESTOR APPETITE FOR URBAN & RESORT HOTELS

Q: Please rate the attractiveness of the following hotel types according to your level of investment interest. (1 = no interest, 5 – very high interest)

% of respondents



INVESTMENT TARGETS

REGIONS & CITIES

- ✓ *Mediterranean countries remain in favour, with **Italy** ranking as the most sought-after market for hotel investors in 2026 (up from 2nd last year), followed by the **Iberian Peninsula and France**.*
- ✓ *The high and very high interest in the **CEE and SEE region** is 5x greater for value-add than core investors.*
- ✓ *Compared with last year, a greater share of investors reported very high interest in the **UK & Ireland (+7pp)** and **France (+3pp)**.*

ROBUST INVESTOR INTEREST IN SOUTHERN MARKETS

Q: Please rate the following **countries/regions** according to your level of investment interest? (1 = no interest, 5 – very high interest)

% of respondents

No.	Market	Attractiveness Index	Interest level (1-5) - % of respondents				
			No interest ↔ Very high interest				
			1	2	3	4	5
1	Italy	4.2	6%	1%	15%	37%	41%
2	Iberian Peninsula	4.1	7%	6%	9%	28%	49%
3	France	3.6	10%	6%	24%	37%	24%
4	UK & Ireland	3.6	11%	18%	20%	22%	29%
5	DACH	3.3	12%	17%	34%	22%	15%
6	Benelux	2.8	17%	26%	29%	21%	7%
7	SEE	2.8	30%	13%	22%	22%	13%
8	CEE	2.6	27%	17%	25%	22%	9%
9	Nordics	2.3	29%	25%	25%	16%	5%

Weighted average based on midpoint values by capital available for investment in 2026.

INVESTMENT TARGETS

REGIONS & CITIES

- ✓ *Key European gateway cities are on investors' radar, with Milan, Madrid, Rome, London, and Paris leading the way, as over half of investors report very high interest for these markets.*
- ✓ *The largest increase in attractiveness relative to 2025 were in Budapest (+11%), Nice-Cannes (+9%), Berlin (+9%), Munich (8%), Paris (+7%), and Prague (+7%).*
- ✓ *In addition, investors also mentioned these additional markets being on their target list: Florence (IT), Hamburg (DE), Krakow (PL), Ljubljana (SI), Salzburg (DE), Sevilla (ES), Venice (IT) and resorts in the Adriatic region.*

TOURISM GATE-WAY CITIES ON THE RADAR

Q: Please rate the following *cities* according to your level of investment interest?

Top 30 Markets	Attractiveness Index	vs 2025	Interest level (1-5) - % of respondents				
			No interest	↔	Very high interest		
Milan (IT)	> 4	▲ 5%	2%	2%	13%	30%	55%
Madrid (ES)	> 4	▼ -7%	3%	5%	8%	27%	58%
Rome (IT)	> 4	▼ -3%	5%	5%	8%	31%	52%
London (UK)	> 4	▼ -5%	0%	14%	12%	34%	41%
Paris (FR)	> 4	▲ 7%	5%	11%	8%	29%	47%
Munich (DE)	3.5-4	▲ 8%	5%	7%	14%	54%	20%
Barcelona (ES)	3.5-4	▼ -7%	8%	3%	10%	31%	48%
Berlin (DE)	3.5-4	▲ 9%	2%	7%	25%	49%	18%
Lisbon (PT)	3.5-4	▼ -9%	8%	7%	18%	25%	43%
Amsterdam (NL)	3.0-3.5	▼ -10%	7%	12%	24%	38%	19%
Athens (GR)	3.0-3.5	N/A	14%	10%	22%	27%	27%
Nice-Cannes (FR)	3.0-3.5	▲ 9%	10%	14%	31%	24%	22%
Dublin (IE)	3.0-3.5	▲ 2%	11%	15%	31%	31%	11%
Edinburgh (UK)	3.0-3.5	▼ -8%	16%	15%	16%	42%	11%
Prague (CZ)	3.0-3.5	▲ 7%	12%	12%	28%	33%	14%
Vienna (AT)	3.0-3.5	▼ -10%	10%	22%	20%	33%	15%
Zurich (CH)	< 3	N/A	15%	19%	38%	21%	8%
Budapest (HU)	< 3	▲ 11%	20%	18%	34%	20%	9%
Stockholm (SE)	< 3	N/A	22%	18%	36%	18%	6%
Geneva (CH)	< 3	N/A	19%	24%	31%	20%	6%
Copenhagen (DK)	< 3	▼ -13%	18%	24%	26%	24%	8%
Warsaw (PL)	< 3	▲ 1%	18%	30%	20%	16%	16%
Brussels (BE)	< 3	▼ -12%	17%	28%	31%	21%	3%
Helsinki (FI)	< 3	N/A	33%	31%	22%	14%	0%
Oslo (NO)	< 3	N/A	31%	38%	13%	17%	2%
Bucharest (RO)	< 3	N/A	38%	26%	23%	8%	6%
Zagreb (CR)	< 3	N/A	53%	23%	13%	8%	4%
Bratislava (SK)	< 3	N/A	50%	28%	17%	2%	4%
Sofia (BG)	< 3	N/A	51%	23%	21%	2%	4%
Istanbul (TR)	< 3	N/A	44%	35%	16%	2%	2%

Note: Selected top-30 key European markets with the highest number of rooms in 2025.

N/A when no dataset available in 2025. Weighted average based on midpoint values by capital available for investment in 2026.

UNDERWRITING CONSIDERATIONS

05

UNDERWRITING CONSIDERATIONS

KEY UNCERTAINTIES

- ✓ **Rising construction costs and geopolitical & macroeconomic risks remain the top challenges for investors, with 68% and 53% of respondents, respectively, finding them highly or very highly challenging.**
- ✓ **Relative to 2025, investors are increasingly concerned about hotel performance uncertainty (+6% compared to 2025).**
- ✓ **Conversely, financing issues are less of a concern for investors (-19% vs 2025), as debt conditions continue to improve.**
- ✓ **Timing, process duration and evolving consumer trends are also concerns for investors.**

FOCUS ON COST, GEOPOLITICAL & MACROECONOMIC RISKS

Q: Which are the greatest challenges you are currently facing in underwriting new deals? (1 - not a challenge / 2 - low / 3 - moderate / 4 - high / 5 - very high)

	Average Response	% change	Challenge level (1-5) % of respondents				
			Not a challenge ↔ Very high				
		vs 2025	1	2	3	4	5
Rising construction costs (CapEx, refurbishment, etc.)	3.7	▼ -1%	3%	7%	23%	51%	16%
Geopolitical & macroeconomic risks	3.5	▲ 2%	5%	8%	34%	39%	14%
Cost inflation (operations)	3.4	N/A	3%	11%	43%	32%	11%
Hotel Performance uncertainty	3.2	▲ 6%	1%	14%	53%	30%	3%
Regulatory & taxation risks	3.1	N/A	5%	26%	42%	12%	15%
Yield uncertainty	3.0	▼ -7%	4%	22%	51%	19%	4%
Exit (market liquidity)	3.0	▼ -4%	12%	18%	41%	20%	9%
ESG Risk	2.6	▼ -5%	14%	34%	35%	18%	0%
Operator / tenant uncertainty	2.1	N/A	31%	36%	24%	7%	1%
Financing	1.9	▼ -19%	43%	32%	20%	1%	3%

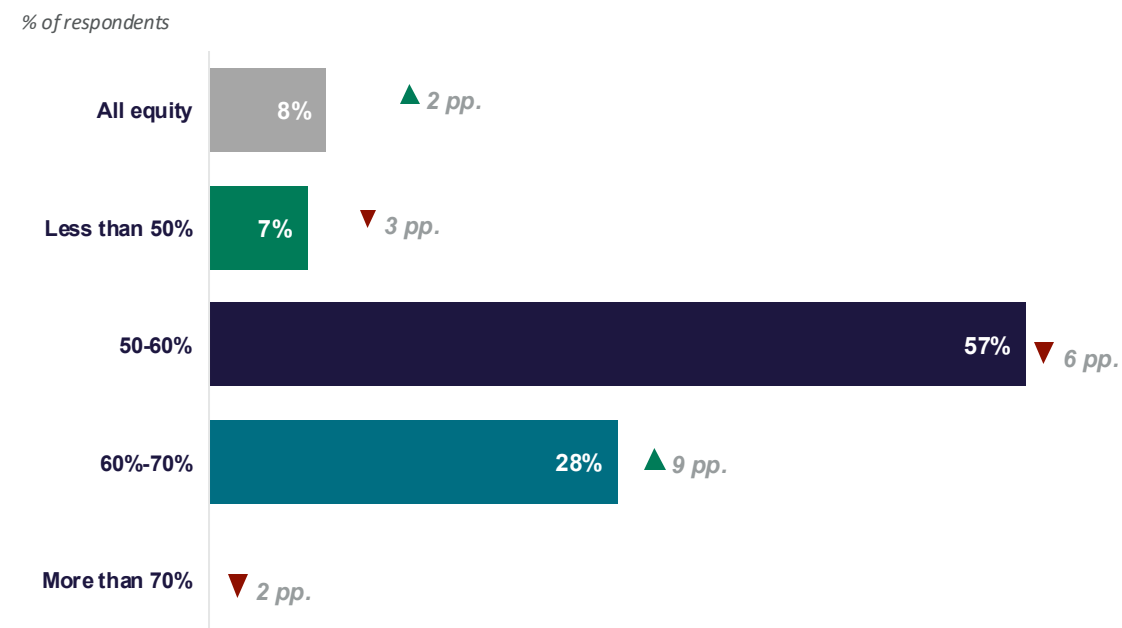
UNDERWRITING CONSIDERATIONS

LOAN TO VALUES (LTV)

- ✓ *On average, investors assume a **51%** LTV ratio when underwriting new deals (vs 49% last year).*
- ✓ *More than half of surveyed investors (53%) use LTV ratios above 55% when underwriting new deals, an increase from last year (44%) and 2024 (33%).*
- ✓ *Core and Core Plus investors apply an average LTV of 43%, compared with 53% for Value-Add and Opportunistic investors.*

MEASURED RISE OF LTV RATIOS

Q: What is the typical LTV ratio that you are currently using to underwrite new deals?



NOTE: percentage point changes are relative to the previous survey (2025).

UNDERWRITING CONSIDERATIONS

YIELD DYNAMICS

- ✓ *While the majority of investors expect yields to remain broadly stable across European markets in 2026, 20% of respondents expect compression across the regions on average.*
- ✓ *Yield compression expectations are the strongest in Italy and the Iberian Peninsula, with 30% and 27% of investors, respectively, anticipating further tightening.*

YIELDS REACHING INFLECTION POINT

Q: What are your expectations on yields evolution for the following countries / regions in 2026 compared to 2025?

Country	Compression		Stable	Increase	
	>-50bps	-1-50bps	0	+1-50bps	>+50bps
Italy	4%	26%	59%	9%	1%
Iberian Peninsula	4%	23%	61%	11%	1%
DACH	4%	15%	61%	18%	3%
CEE	3%	15%	65%	15%	3%
UK & Ireland	4%	14%	66%	16%	0%
France	4%	14%	70%	9%	3%
Nordics	3%	14%	78%	3%	3%
SEE	4%	14%	74%	5%	3%
Benelux	1%	12%	70%	11%	5%

NOTE: Sorted based on the compression expectations.

UNDERWRITING CONSIDERATIONS

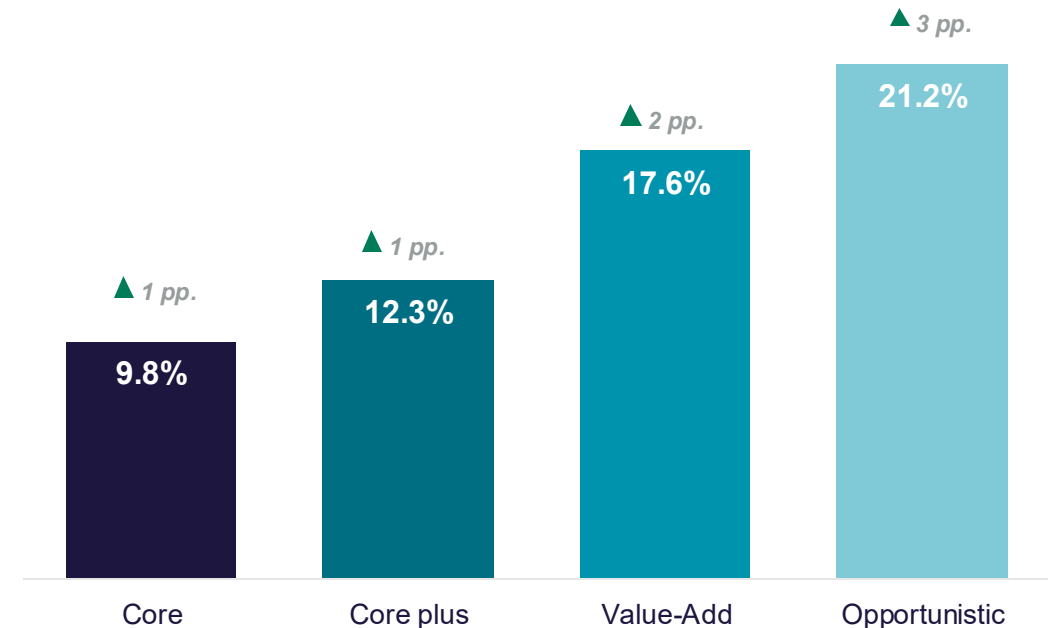
RETURN REQUIREMENT

- ✓ *On average, investors expect a **15.6%** Return on Equity (ROE) for deals in 2026, an increase from last year (13.6%), potentially reflecting the increased underwriting uncertainty notwithstanding compressed lending rates.*
- ✓ *There is a notable difference between **Core** and **Opportunistic** deals, with expected ROE at 9.8% and 21.2%, respectively. The gap has increased by 1.6 pp. relative to last year.*
- ✓ *Investors from the Northern America (17.4%) and APAC (16.8%) regions have higher equity return requirements than investors from the UK & Ireland (16.5%), South America (16.1%) and the MEA region (15.9%).*

POLARIZING EQUITY REQUIREMENTS

Q: What is your equity return requirement for deals in 2026?

% of respondents
Weighted average of the mid points



NOTE: percentage point changes are relative to the previous survey (2025)

ESG & AI EXPECTATIONS

06

ESG CONSIDERATIONS

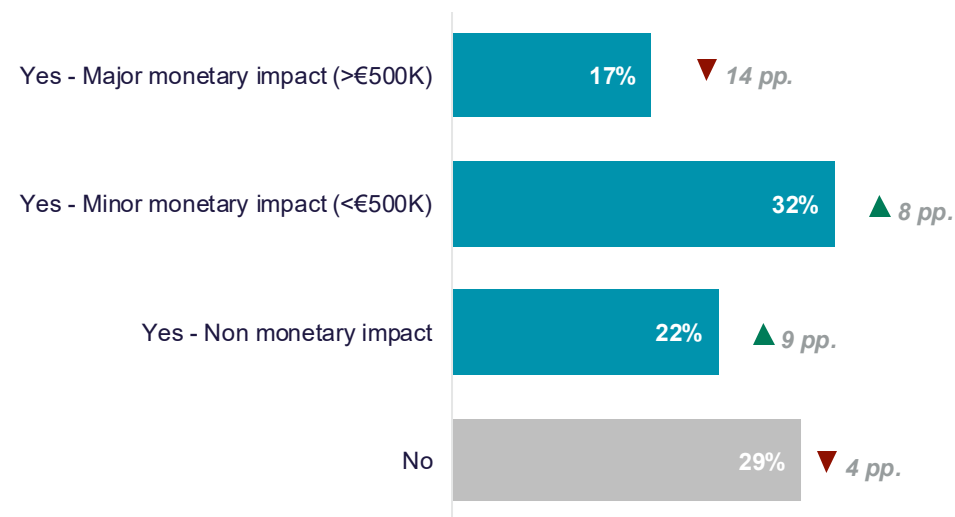
IMPACT ON TRANSACTIONS

- ✓ **71% of investors have encountered ESG-related issues during hotel acquisitions/dispositions in the last two years, an increasing share from last year (67%).**
- ✓ **Nearly half of investors reported facing ESG-related issues with financial implications in recent transactions, with 17% experiencing a major monetary impact.**
- ✓ **Opportunistic and value-add investors reported the highest share of major ESG-related monetary impacts over the past two years.**

ESG CONTINUES TO IMPACT HOTEL TRANSACTIONS

Q: Have you encountered ESG-related issues during hotel acquisitions or dispositions (DD) in the last two years?

% of respondents



NOTE: percentage point changes are relative to the previous survey (2024)

ESG CONSIDERATIONS

GREEN PREMIUM



4.3%

is the average premium expected by investors for highly sustainable hotels with top-tier ESG credentials*

Most investors anticipate a premium in the 1–5% range.

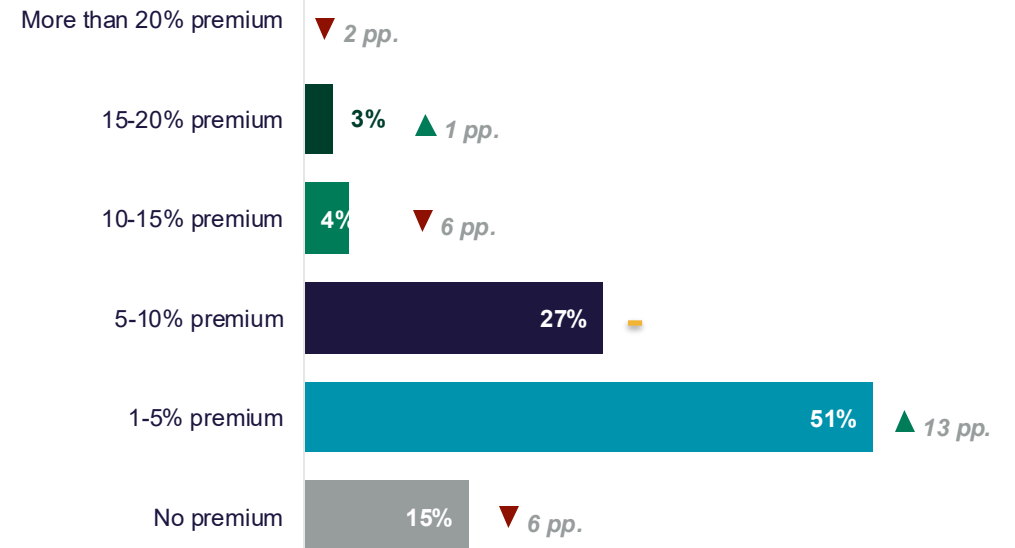
Investors from North America and Europe expect the highest premium (5.2% and 4.2% on average, respectively)

*Weighted average of the mid points

CONSOLIDATING GREEN PREMIUMS IN 2026

Q: What premium would you expect for highly sustainable hotels with the highest ESG certifications (BREEAM Outstanding, LEED Platinum, etc.) relative to average non-certified properties?

% of respondents
Weighted average of the mid points



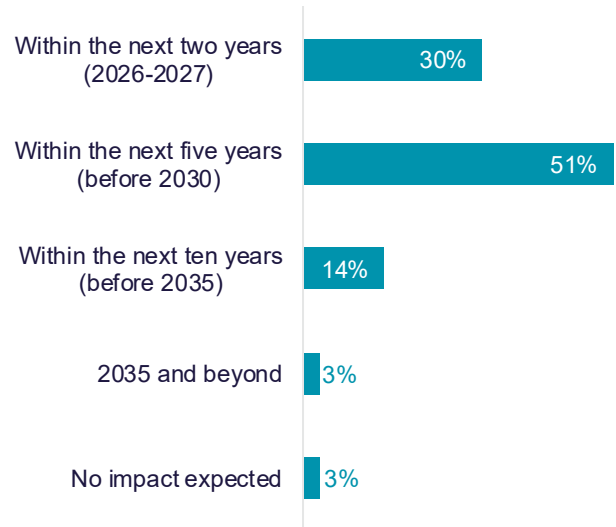
NOTE: percentage point changes are relative to the previous survey (2025)

AI EXPECTATIONS

IMPACT ACROSS HOTEL CLASSES & TIMELINE

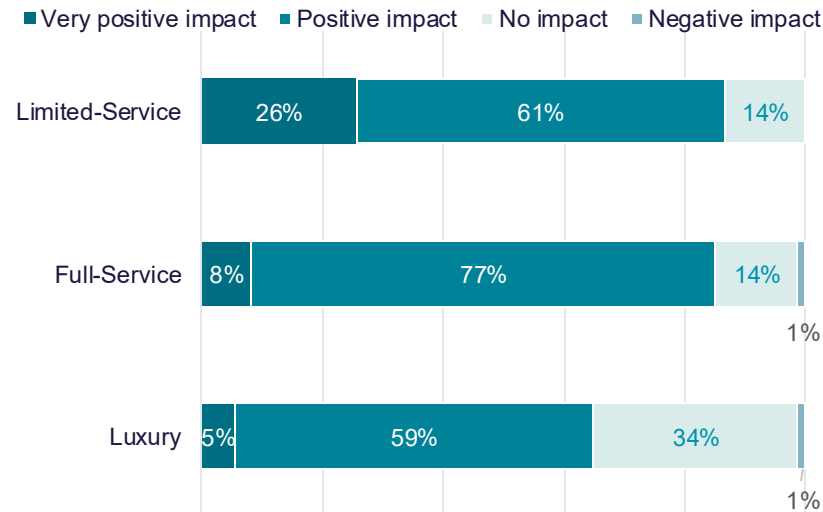
AI IMPACT EXPECTED BY 2030

Q: At what point do you expect AI to significantly influence the industry?



AI TO POSITIVELY IMPACT HOTELS

Q: Overall, do you expect a positive or negative impact of AI implementation in the different hotel asset classes?



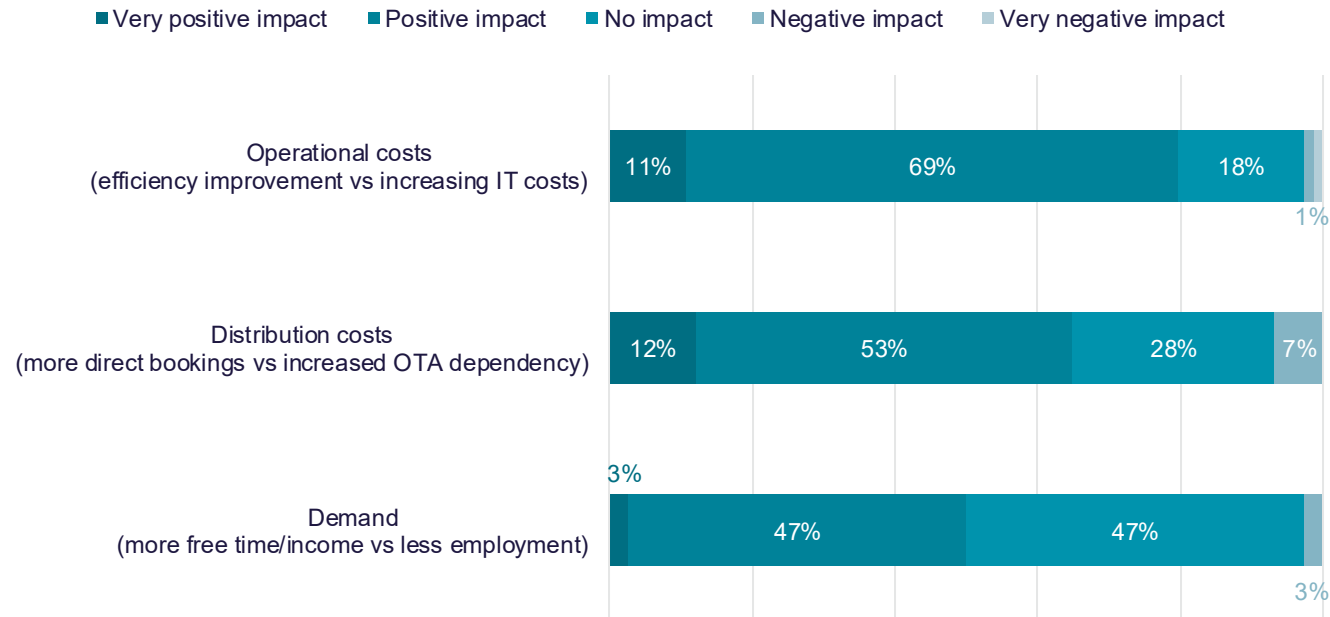
- ✓ According to 81% of investors, AI is expected to significantly shape the industry **by 2030 or earlier.**
- ✓ **Limited-Service** hotels are expected to benefit the most from AI implementation, according to 86% of surveyed investors, followed closely by **Full-Service** properties at 85%.

AI EXPECTATIONS

IMPACT ON HOTELS

AI EXPECTED TO REDUCE COSTS

Q: To what extent do you expect AI implementation in hotels to impact the following areas?



✓ *At least half of investors expect AI to have a positive impact across hotel functions.*

✓ *Nearly **80%** of investors expect AI to reduce operational costs through efficiency gains.*

✓ ***65%** of investors are optimistic about AI impact on distribution costs via more direct bookings and less reliance on OTAs.*

✓ *The expected impact of AI on hotel demand is more muted, with half investors expecting a positive of very positive impact and nearly as many seeing no overall effect.*

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