

Investment momentum at the beginning of the year that ran out of steam in Q2 2025



Note: Arrows indicate annual changes.

Summary

- A record number of overnight stays for international customers in France in H1 2025, supported by strong visiting figures in the Greater Paris Region;
- Domestic overnight stay numbers continue to decrease nationally;
- RevPAR experienced growth this semester, fueled by improvements in both occupancy and ADR;
- Investment activity moderated in Q2, resulting in a H1 2025 total of approximately €1 billion;
- Prime yields for assets under commercial lease agreements remain stable at 5.25%..

Short-term indicators



NB: The arrows indicate the trend for the year 2026. *Package holidays and accomodation services.

Source: Oxford Economics, INSEE, September 2025.

Tourist numbers

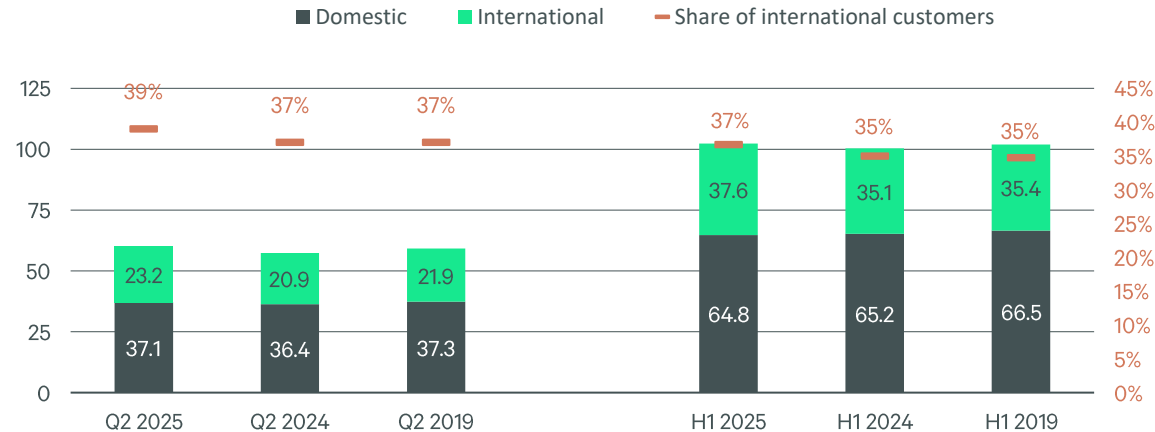
Record Overnight Stays for International Tourists in H1 2025 in France

Was it the successful organisation of the Olympic Games, the postponement of trips not taken last year, or the ongoing recovery of global tourism? Whatever the cause, the number of overnight stays by international visitors in France exceeded the 37,000 mark for the first time, surpassing the previous record set in 2019 by 6.1%.

On the other hand, despite a decent catch-up in Q2, the figures for domestic customers remain below those of last year. Following the inflation crisis, the uncertain budgetary environment, and the economic slowdown, consumers have been exhibiting cautious behaviour regarding spending, which has been particularly noticeable in the tourism sector. This has manifested as a reduction in the length of hotel stays, a preference for seasonal rentals, or stays with relatives, to the detriment of hotels. However, this decline in domestic overnight stays was offset by very strong results from international visitors; the total number of overnight stays therefore increased by 2% compared to the same period last year.

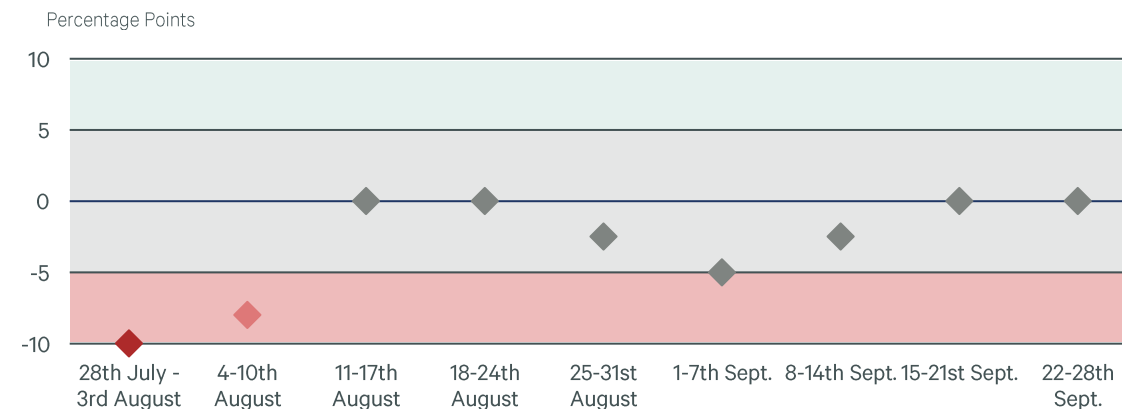
For the 2025 summer season, hotel booking rates at the end of June are stable, or even lower than those observed at the same time last year, a period marked by the Summer Olympic Games. Professionals are relying on last-minute bookings to improve hotel occupancy, with customers on the lookout for lower prices and attentive to weather conditions, according to ADN Tourisme.

FIGURE 1: Number of overnight stays in France – domestic and international customers



In thousands. Hotels only.
Source: INSEE, June 2025.

FIGURE 2: Weekly Booking Rate Comparison for France (Late June 2024 vs Late June 2025)



Change in Booking Rate Percentage Points.
Source: MKG, June 2025.

Focus: Tourist numbers in the Paris region

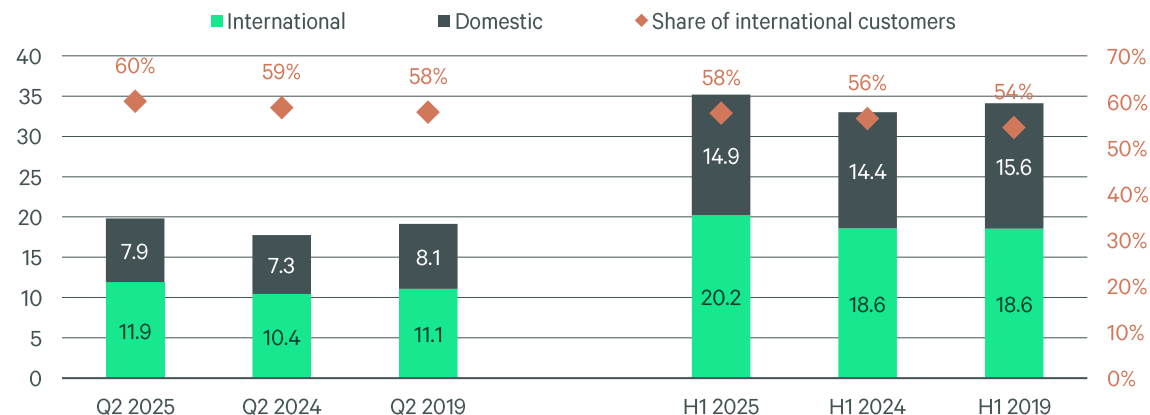
International visitors account for nearly 60% of the clientele at Paris Region establishments

As the number one international destination in France, ahead of the coast and the ski resorts, it's the Greater Paris Region that has driven the record for non-resident overnight stays nationally, with a 9% increase in the capital region compared to H1 2024. With domestic customer footfall also up in H1, the total number of overnight stays in the Greater Paris Region rose by 7%, surpassing the record set in 2023.

An analysis of traffic at the two main Parisian airports, broken down by origin, allows us to be reasonably optimistic about continued growth in international customers in the medium term. The number of arrivals from Asia-Pacific, Latin America, and non-EU countries remains well below 2019 levels.

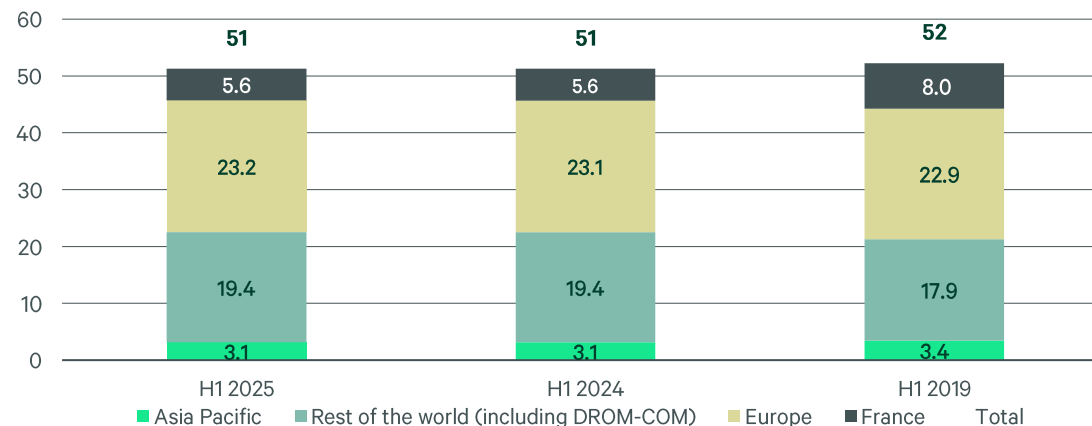
Operational performance data, broken down by sub-market within the Greater Paris Region, indicates a very strong H1 for inner Paris, thanks to occupancy rates up by more than 4 percentage points, according to MKG. RevPAR, boosted by an average daily rate increase of nearly 6%, saw double-digit growth over the period compared to last year (+11.8% in H1 2025 vs. H1 2024). While upscale and luxury hotels have led the way in terms of results, the economy and midscale segments are not far behind. In the inner suburbs, the latter are the best performers, with a price adjustment that customers have responded well to.

FIGURE 3: Number of overnight stays and share of international customers in the Paris Region



In thousands. Hotels only
Source: INSEE, MKG, June 2025.

FIGURE 4: Traffic at Roissy-CDG and Orly airports by geographic area



Millions of passengers.
Source: Aéroports de Paris, Ministry of Transport, June 2025.

Operating performance

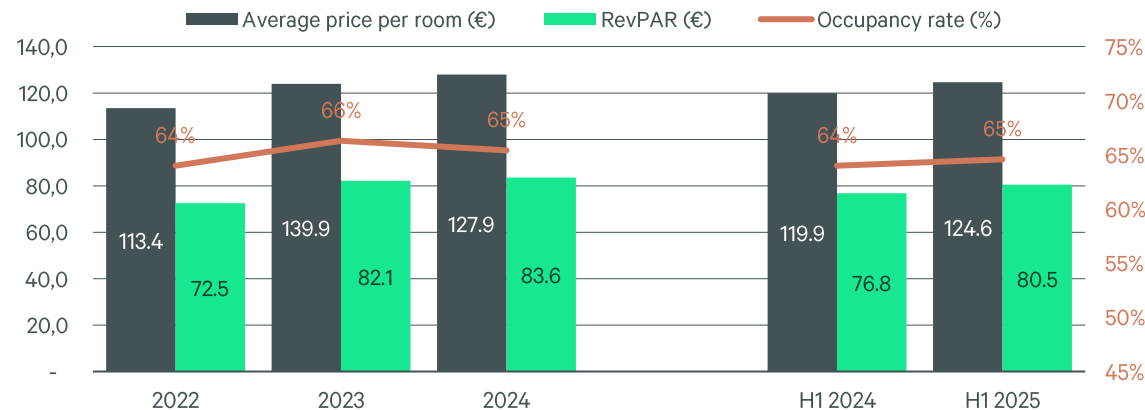
A good H1 2025 in terms of performance, particularly driven by the Greater Paris Region

Following lacklustre results in the first quarter, nationwide hotel operating performance indicators show a marked improvement for the whole of H1 2025. Both occupancy rates and average daily rates are up (+0.6 percentage points and +3.9% respectively compared to H1 2024, according to MKG data), leading to an increase in RevPAR of nearly 5%.

These strong performances are due, in particular, to a return to normal footfall in the Greater Paris Region, after a 2024 tourism year marked by the Olympic Games, which resulted in the postponement of some trips for visitors who didn't attend the event. Consequently, the occupancy rate for the first six months of the year is up 2.2 percentage points compared to H1 2024 and is close to that of H1 2023. RevPAR in the capital region increased by almost 8% compared to the same period last year, primarily boosted by an average daily rate up 4.4%, after declining in H1 2024. The Provence-Alpes-Côte d'Azur region also stands out, with a RevPAR nearly 7% higher than in H1 2024.

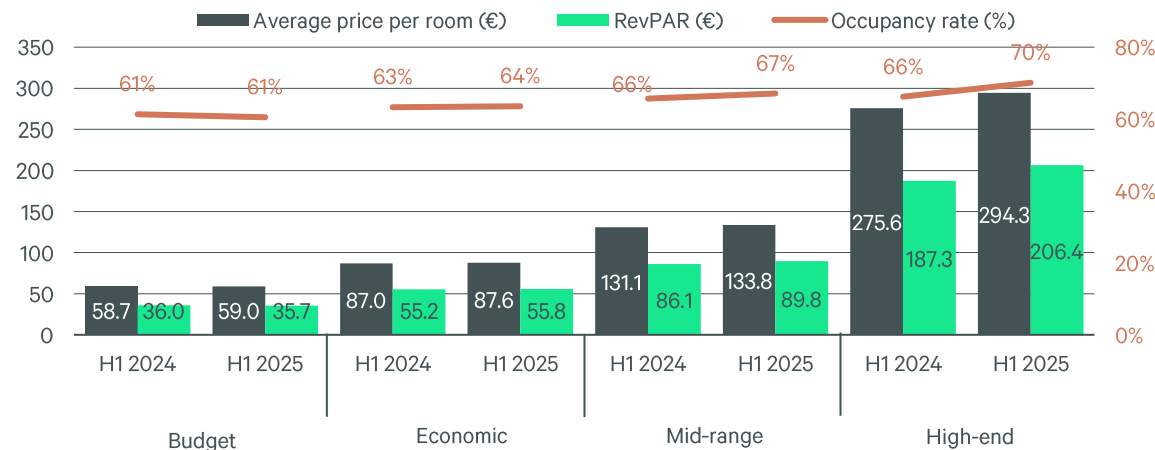
At the level of the hotel ranges, the dynamics observed at the start of the year are confirmed: budget category hotels are experiencing a drop in occupancy rate and RevPAR, while the performance of the upscale segment is soaring, with RevPAR up by more than 10%. These differences should also be viewed in the context of changing occupancy by origin, as international customers increasingly favour higher-end establishments. Furthermore, demand for budget hotels typically exhibits low price elasticity.

FIGURE 5: Operational performance of hotels in France



€ excl. VAT
Source: MKG, June 2025.

FIGURE 6: Operational performance of hotels in France by range



€ excl. VAT
Source: MKG, June 2025.

French Investment Market

A market slowdown in Q2 2025

Following a strong Q1, investment volumes in the hotel sector dipped in Q2 2025, reaching less than €340 million – the lowest level for a Q2 since the Covid-19 pandemic. With a total of €1.0 billion invested, H1 2025 is down 40% compared to the record-breaking H1 2024 and 12% compared to the last five years.

This slowdown was anticipated, given the exceptional number of single-asset transactions, with a volume of more than €100 million signed between 2022 and 2024. These transactions, in 2024, predominantly concerned prestigious Parisian establishments, which explains the decline in the Greater Paris Region's share of overall volumes.

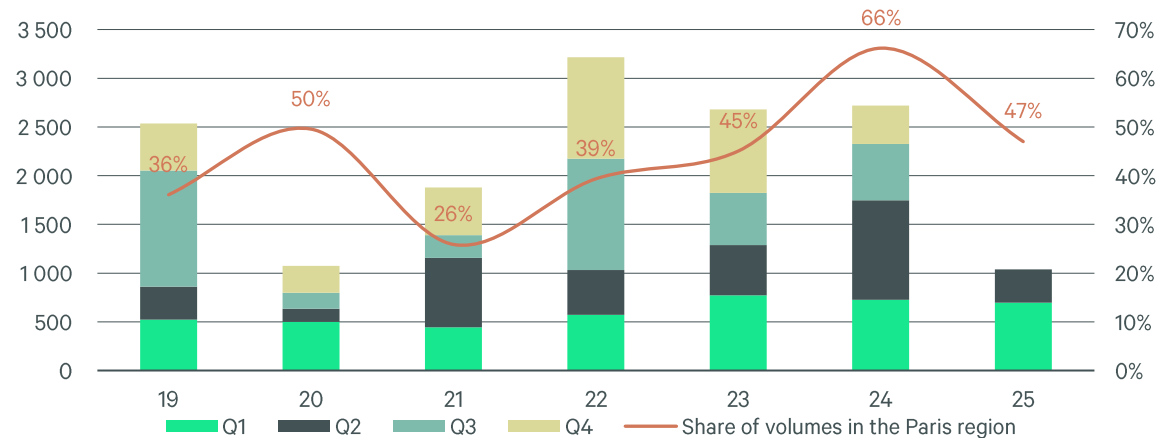
Within the regions, the Provence-Alpes-Côte d'Azur market stands out this semester, with 16 transactions recorded for nearly €240 million – results almost double the average of the last five years, both in terms of number and volume.

Finally, the momentum in portfolio deals, observed in the first three months of the year, dried up in Q2, with only a single signature recorded between April and June 2025.

Prime yields for the hotel sector remained unchanged this quarter, at 5.25% for assets leased under a commercial lease, 6.30% for those under a management contract, and 5.65% for assets without an operator.

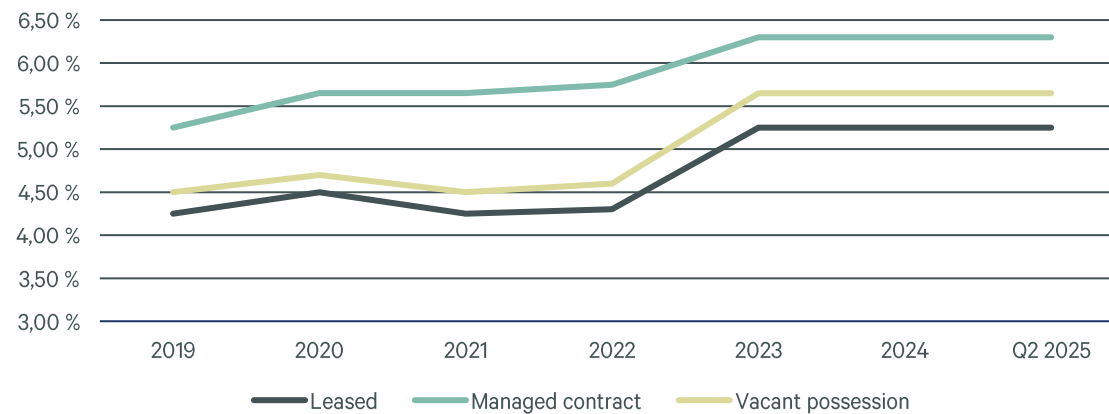
However, the outlook for investment remains positive in 2025, with several major transactions underway and expected to be completed before the end of the year.

FIGURE 7: Quarterly investment volumes in France and share of the Paris Region volumes



In millions of euros.
Source: CBRE, Q2 2025

FIGURE 8: Prime yield by occupancy type



Source: CBRE, Q2 2025



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