CBRE

A Record-Breaking H1 2026 for the Hotel Industry

▲ €1.4 Bn	▼ 5.00%	▲ 147,200	▼ 73.5 M	▲ €129.6	▲ €82.4	▲ 64.9%
H1 2026 Investment volumes	Prime yield June 2026	Overnight stays H1 26 (all types of establishments excluding campsites)	Airport international Passenger traffic H1 2026	Average daily rate H1 2026 – Hotels	RevPAR H1 2026 – Hotels	Occupancy rate H1 2026 – Hotels

Note: Arrows indicate annual changes.

Summary

- A record number of overnight stays was recorded nationally in H1 2026, driven by exceptional levels of international tourism despite disruption arising from the Iranian conflict.
- The Greater Paris Region bucked the national trend, with a decline in international visitors offset by robust domestic demand and strong performance in the budget segment, resulting in a record number of overnight stays.
- Investment volumes increased sharply year-on-year, supported by a landmark transaction exceeding €400 million.
- Prime yields have remained stable since September 2025, underpinned by strong liquidity and a substantial premium over a still-volatile risk-free rate.

Short-term indicators

France GDP	0.5 %	(Forecast 2026)	↗
Inflation	1.8%	(Forecast 2026)	↗
10-year GVT Bond	3.6%	(as of June, 30th 26)	↗
Euro/dollar exchange rate	$1.14	(as ofJune, 30th 26)	
Tourism spending by the French*	+2.9%	(Forecasts 2026 vs 2025)	
Household confidence index	84	(June 2026)	

NB: The arrows indicate the trend for the year 2027. *All-inclusive accommodation and travel.

Source: Oxford Economics, INSEE, August 2026.

Tourist numbers in France

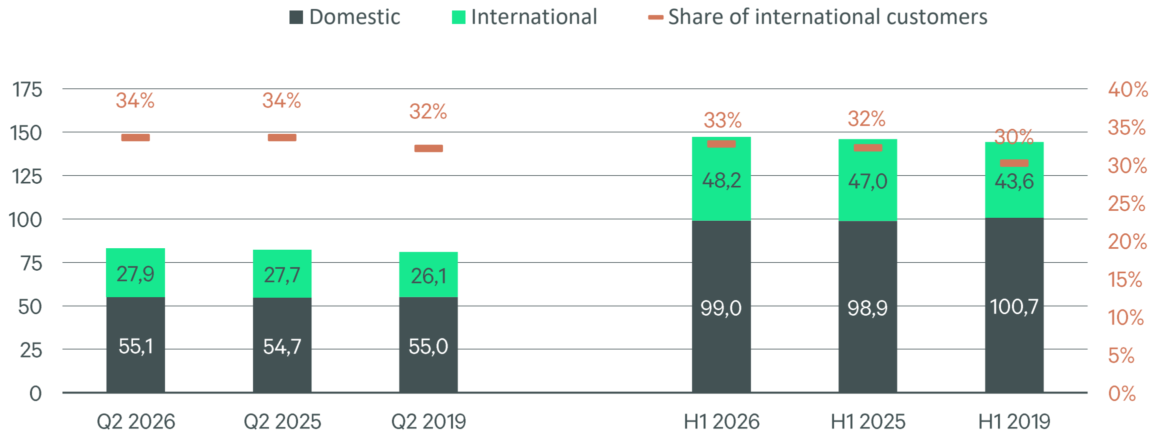
A new record for international visitor numbers despite concerns over the Iranian conflict

The French tourism sector has demonstrated remarkable resilience in the face of the geopolitical tensions that emerged in spring 2026, particularly those linked to the conflict in Iran. Despite disruptions to air travel, renewed inflationary pressures and rising operating costs, notably as a result of higher fuel prices, international visitor numbers reached a record level in the first half of the year, increasing by 2.5% year-on-year.

Preliminary data suggest that this growth was driven not only by European travellers favouring shorter-haul destinations over long-haul alternatives, but also by a significant increase in arrivals from overseas markets. In particular, visitor numbers from the United States rose by 6.4% compared with H1 2025.This strengthening international demand has been especially beneficial for the hotel sector, further consolidating its position within the commercial accommodation market. Hotels accounted for almost 71% of total recorded overnight stays, up from 70% a year earlier. At the same time, domestic demand continued to recover following several years of decline. Building on the momentum observed in Q1, French traveller numbers remained on an upward trajectory, further supporting growth in overnight stays, which exceeded 147 million for the first time in H1.

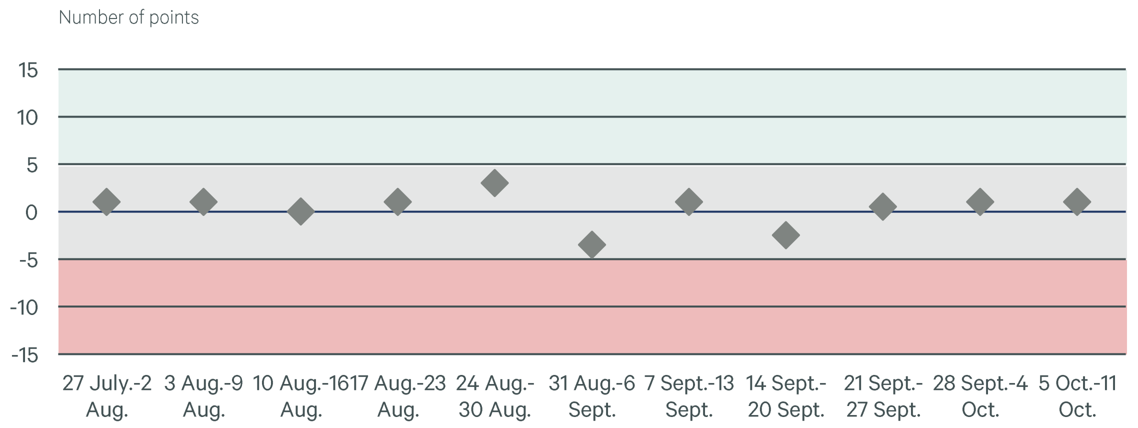
Weekly hotel booking data published by MKG at the end of July also remained broadly stable compared with the previous year. This points to a summer season at least in line with 2025 performance, with the potential for the positive momentum recorded since the start of the year to continue in the months ahead.

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



In thousands. All types of collective tourist accommodation establishments except outdoor hotels.
Source: INSEE, August 2026.

FIGURE 2: Comparison of weekly booking rates in France (end of July 2026 vs end of July 2025)



Evolution in number of points on the booking rate. Source: MKG, July 2026.

Focus: Tourist numbers in The Paris Region

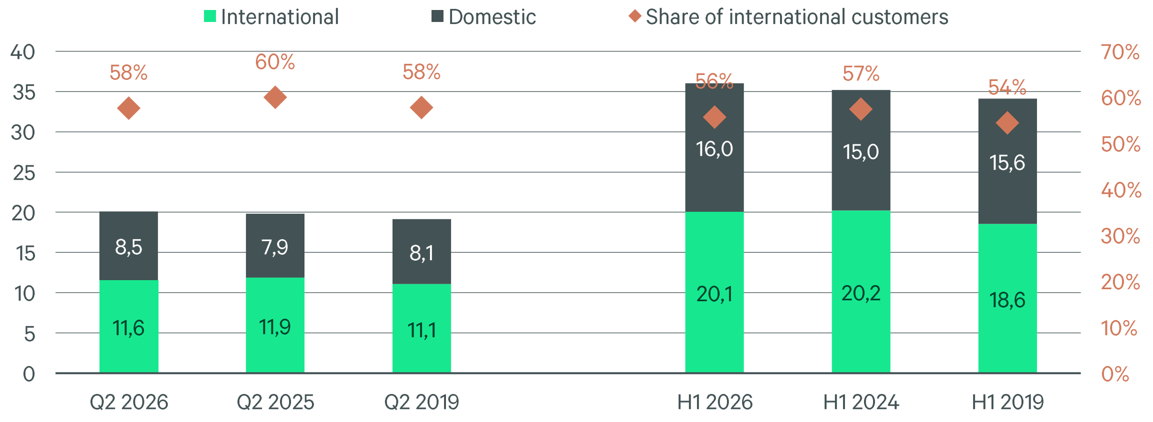
Domestic Demand Surpasses 2019 Levels While International Tourism Lags

While visitor activity in the Greater Paris Region broadly mirrored the national trend, with a record number of overnight stays recorded in H1 2026, the region was not a key contributor to the growth in international tourism. Overnight stays by international visitors declined by 2.5% year-on-year in Q2 2026, reflecting Greater Paris's greater exposure to geopolitical uncertainty and long-haul travel patterns.This decline was, however, more than offset by strong domestic demand. Overnight stays by French visitors increased by 6.7% in H1 2026 compared with the same period in 2025, pushing total overnight stays above 36 million, up 2.5% year-on-year.

Passenger traffic at Paris's two main airports has also proved relatively resilient given the geopolitical backdrop. While arrivals from the Middle East have fallen sharply, by an estimated 20%, the impact on overall traffic has remained limited owing to the region's relatively small share of total arrivals, accounting for less than 5% of passengers in 2025. Meanwhile, arrivals from Asia are approaching pre-pandemic levels, while domestic air traffic has posted a notable increase, bucking the downward trend observed in recent years as lower-carbon transport alternatives gained market share.

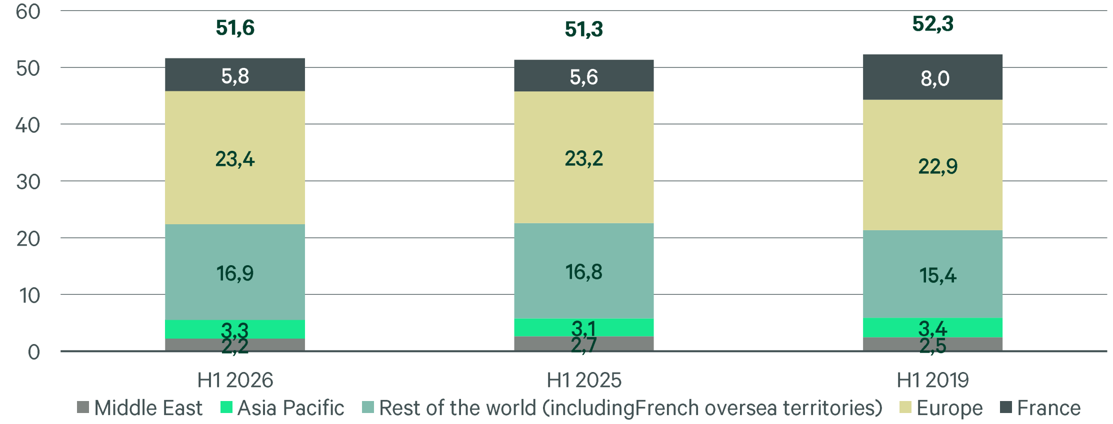
Operational performance across the hotel sector also remained positive in the Paris Region. RevPAR increased by 5.0% year-on-year in H1 2026, primarily driven by an improvement in occupancy levels of 1.8 percentage points. The Greater Paris Region notably outperformed the rest of France in the budget segment, where RevPAR grew by 5.9%, compared with just 0.4% nationally. This strong performance was supported by a marked increase in occupancy for this segment, which rose by 2.4 percentage points over the period.

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



In thousands. Hotels only
Source: INSEE, MKG, August 2026.

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



Millions of passengers.
Source: Aéroports de Paris, Ministry of Transport, July 2026.

Operating performance

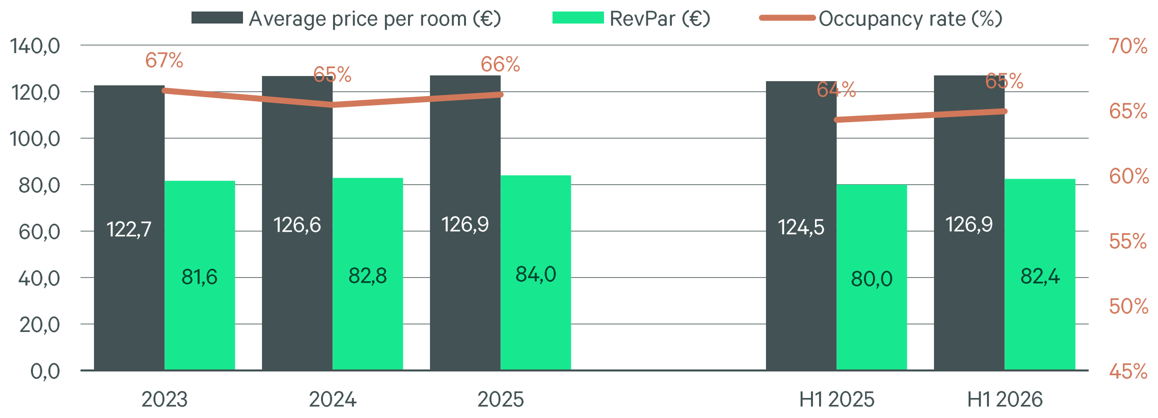
RevPAR Growth Maintained Across All Segments Despite Geopolitical Headwinds

Despite concerns surrounding the conflict in Iran and its impact on long-haul air travel, the hotel sector has continued to demonstrate resilience, with operating indicators remaining broadly positive. At the national level, RevPAR increased by 3.0% in H1 2026. This performance was supported by a further rise in average daily rates (ADR), up 1.9% year-on-year, alongside a 0.7 percentage point increase in occupancy.

The budget segment regained momentum over the course of the first half and recorded RevPAR growth of 0.4%, following a decline of almost 1% in Q1. While key performance indicators have now broadly returned to levels in line with those seen in 2025, performance remains below that achieved in 2024. Against a backdrop of renewed inflationary pressures linked to the conflict in Iran, demand from this particularly price-sensitive customer base may come under pressure in the months ahead. At the other end of the market, upscale and luxury hotels continue to outperform. RevPAR in these segments increased by a further 5% in H1 2026 and now stands at double-digit levels above H1 2024, underlining the sustained strength of higher-end demand.

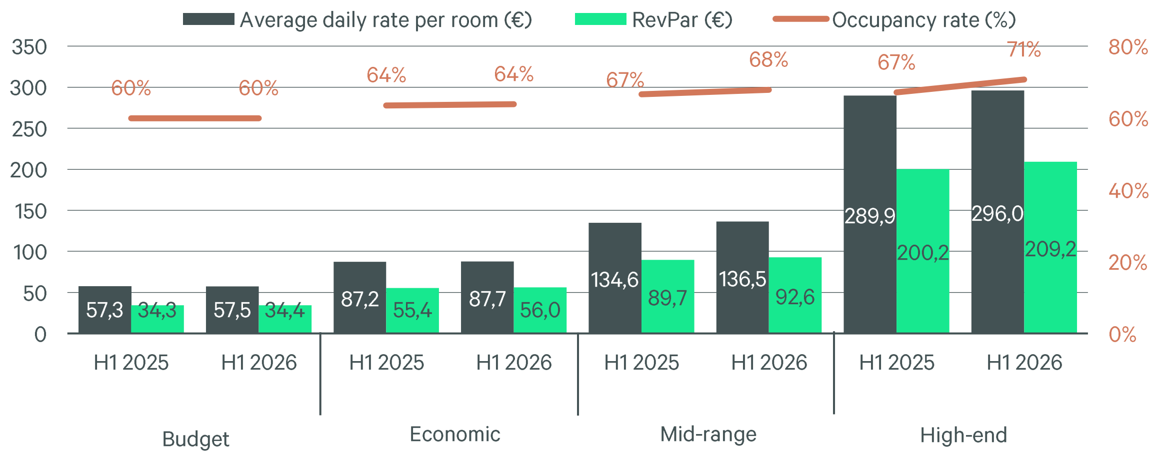
Performance varied significantly across France's three principal hotel markets. The Greater Paris Region and Provence-Alpes-Côte d'Azur recorded robust RevPAR growth of 3.7% and 6.7%, respectively. In Greater Paris, growth was primarily driven by higher occupancy levels, while in Provence-Alpes-Côte d'Azur it was supported by stronger ADR growth. Both destinations also benefit from a significant concentration of upscale and luxury hotel assets.By contrast, the Auvergne-Rhône-Alpes region recorded a modest decline in RevPAR of 0.6% compared with H1 2025. Nevertheless, the downturn was less pronounced than in Q1, reflecting improved trading conditions in Q2 following a more subdued start to the year.

FIGURE 5: Operational performance of hotels in France



€ excl. VAT
Source: MKG, July 2026.

FIGURE 6: Operational performance of hotels in France by range



€ excl. VAT
Source: MKG, May 2026.

Investment France

Landmark Deal Drives Investment Volumes Despite Slower Transactional Activity

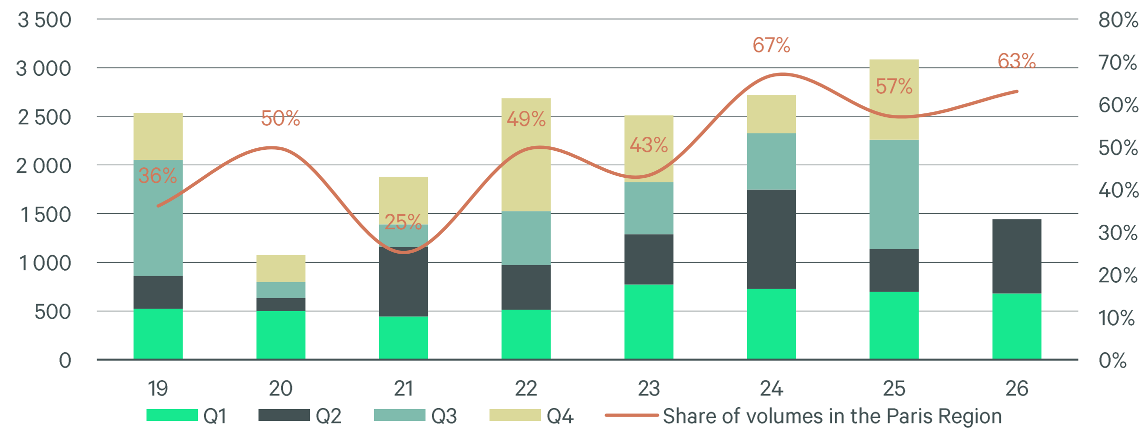
Driven by the sale of the Pullman Tour Eiffel, which transacted for more than €400 million, hotel investment volumes exceeded €1.4 billion in H1 2026, representing a 27% increase year-on-year.

Beneath this headline figure, however, market activity showed signs of moderation. A total of 62 transactions were completed during the first half of the year, down 15% compared with the average recorded over the previous three years. This slowdown was primarily attributable to weaker activity in the sub-€15 million segment, which traditionally underpins market liquidity. Investment volumes and transaction numbers in this segment declined by 22% and 28%, respectively.

As in 2025, market dynamics varied across France's three principal investment destinations. The Greater Paris Region benefited from the exceptional transaction highlighted above, which significantly boosted investment volumes, while transaction activity remained broadly stable. In the Auvergne-Rhône-Alpes region, activity recovered to levels more consistent with those recorded in 2023 and 2024, following a particularly subdued 2025. This normalisation resulted in a marked improvement in key market indicators compared with H1 2025. By contrast, momentum in the Provence-Alpes-Côte d'Azur region softened after a strong performance in 2025. Investment volumes were approximately half those recorded in an exceptionally active H1 2025, reflecting a challenging comparison base rather than a material deterioration in underlying market fundamentals.

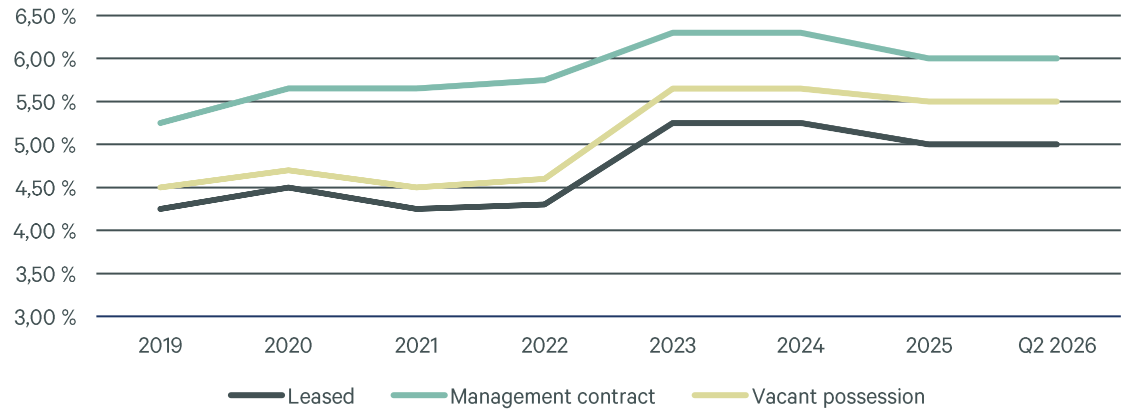
Despite the increase in the risk-free rate in recent months, the prime hotel yield has remained stable at 5.00% in Q2 2026. This stability reflects sustained investor interest in the sector, with the yield spread remaining attractive in light of the resilience of hotel operating performance and the strength of underlying fundamentals.

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



In millions of euros.
Source: CBRE, Q2 2026.

FIGURE 8: Prime yield by occupancy type



Source: CBRE, Q2 2026

Contacts

Quentin LAFERTE
Head of Hotels Investment Properties
France
Phone: +33 (0) 6 22 05 41 91
quentin.laferte@cbrehotels.com

Benjamin DELJURIE
Head of Hotels Valuation
France, Belgium & Luxembourg
Tél. : +33 (0)6 12 59 41 33
benjamin.deljurie@cbrehotel.com

Kenneth HATTON
Head of Hotels
Europe
Tél. : +44 7830 083 000
kenneth.hatton@cbrehotel.com

Estelle BARBARY
Senior Consultant - Research
+ 33 (0)1 53 64 30 71
estelle.barbary@cbre.fr

Sabine ECHALIER
Director - Research
+ 33 (0)1 53 64 37 04
sabine.echalier@cbre.fr

Pierre-Edouard BOUDOT
Executive Director - Research
+33 (0)1 53 64 36 86
pe.boudot@cbre.fr

LinkedIn
/company/cbrefrance

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