

Future Cities

# European Hotels Destination Index

REPORT

CBRE RESEARCH  
December 2025



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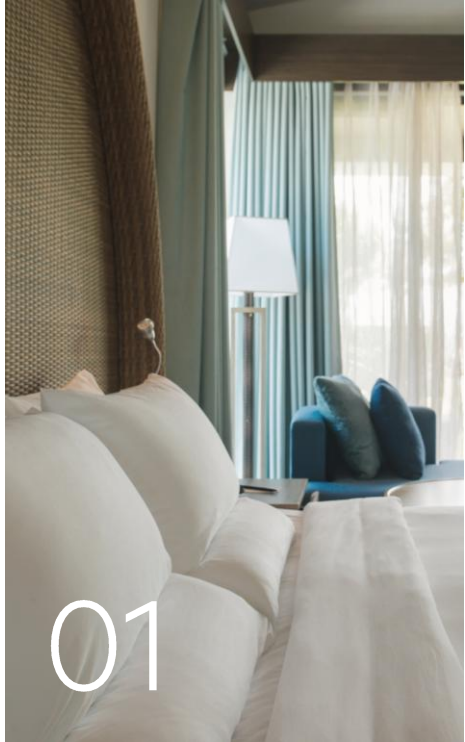
Key Market Pillars & Attributes

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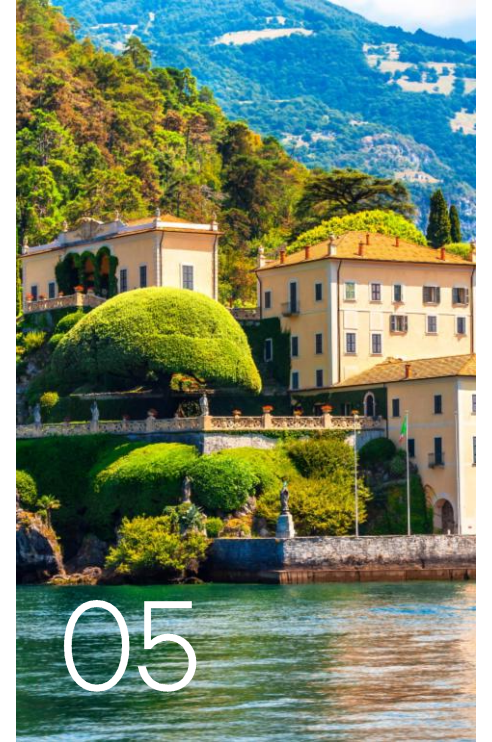
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# Introduction



# Introduction

Europe's hotel sector is propelled by sustained travel growth during a period when supply growth is projected to be well below the historical average. This is capturing the attention of a wider cohort of global real estate investors. In this context, market participants are turning increasingly to data-driven approaches to identify the most promising investment opportunities

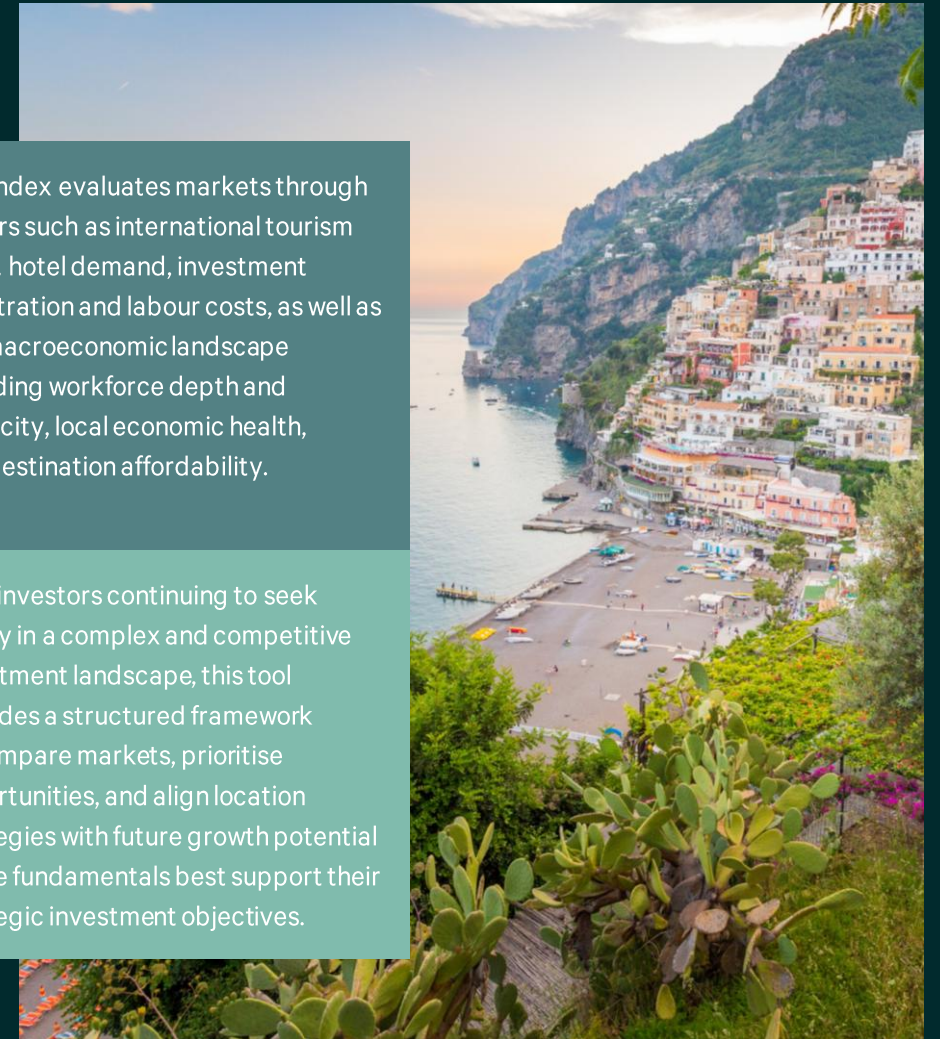
This report introduces the **European Hotels Destination Index**, a proprietary inaugural index scoring model, that benchmarks 66 European destinations based on two key dimensions, with

each factor equally weighted: **Key Market Pillars** and **Economic Fundamentals**. Together, these underpin the resilience, liquidity, and investment potential of hotel assets across Europe.

In addition, we have outlined key **defining attributes of destination appeal**. While these are not included in the Index scoring model, they play an influential role in shaping a destination's long-term attractiveness.

The Index evaluates markets through factors such as international tourism flows, hotel demand, investment penetration and labour costs, as well as the macroeconomic landscape including workforce depth and elasticity, local economic health, and destination affordability.

With investors continuing to seek clarity in a complex and competitive investment landscape, this tool provides a structured framework to compare markets, prioritise opportunities, and align location strategies with future growth potential where fundamentals best support their strategic investment objectives.





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# Key Market Pillars & Attributes





# Key Market Pillars

This section examines the empirical and measurable key market characteristics that shape the viability and appeal of hotel investment across European destinations. Our Index evaluates each destination across seven core sub-factors that together form a Structural Index Score, offering investors insights into travel flows, scale, liquidity, and operational issues.

While our Index focuses on quantifiable market indicators, it does not measure tax, legal, or financing environments. These factors can be analysed comparatively across markets, but they are not incorporated within the Index due to the absence of comparable empirical datasets, as their relevance often varies by investor strategy, jurisdiction and preference.

## Key Market Pillars



**Inbound arrivals**



**Total overnight stays**



**Market liquidity**



**Market size**



**RevPar level**



**New supply**



**Labour Costs**



# Key Structural Market Pillars

## Inbound Arrivals

This factor reflects the total number of inbound overnight visitors arriving in a city or destination, often capturing data from airports, border controls, and tourism authorities.

### Why it matters

- A high volume of inbound arrivals reflects a destination's general appeal and underlines its accessibility and international connectivity.
- Markets with strong inbound numbers tend to exhibit stronger Average Daily Rate (ADR) performance, higher brand penetration, and more robust seasonality management due to a broad mix of travellers from diverse source markets.

## Total overnight stays

This metric captures the total number of overnight stays (domestic and international), considering not just arrivals, but also capturing the length of stay.

- Arguably the most important of all metrics, total overnight stays shows aggregate hotel demand, from both international and domestic markets.
- It provides a clearer view of the size of visitor demand than arrival numbers alone.

## Market Liquidity

This indicator reflects the historical tradability of hotel real estate, based on long-term (2010 – 2024) transaction volumes, deal velocity, and the depth of the investor pool across all segments.

- High market liquidity (higher score) signals investor confidence and provides greater flexibility for entry and exit strategies. It also supports more transparent pricing and yield movement, fostering a competitive landscape that benefits both buyers and sellers.
- For core investors, liquidity helps de-risk holding periods; for opportunistic investors, it enables faster capital deployment and divestment.

## Market Size

This factor reflects the total existing hotel room supply in a city. It captures the scale and maturity of the hotel market in terms of the number of rooms across all segments.

- It provides a view on the relative depth of the potential capacity for hotel operations and future developments.
- The relativity between total overnights stays and total market size is a key indicator of the capacity of the market to absorb new product.
- Combined with an assessment of the new supply pipeline ([see slide 9](#)), it provides investors with an important view on the future pricing power.



# Key Structural Market Pillars

## RevPAR Level

Revenue Per Available Room (RevPAR) combines both occupancy rates and average daily rate into a single metric.

### Why it matters

- It is most used by industry professionals to gauge the rooms-revenue-generating capacity of the average room – across all segments – in a market.
- RevPAR performance reflects healthy demand-supply dynamics and pricing power.
- Sustained stronger RevPAR levels and growth support income stability, enhancing asset valuations, and underpins the underwriting of acquisitions.

## New Supply

This factor considers the volume of new hotel rooms under construction or at final planning stage, adjusted for the current market size to reflect relative growth pressure by expressed as a percentage of the existing room stock.

- The addition of new supply is a key indicator of the competitive pressures to which existing assets will be subject;
- Investors monitor pipeline trends closely to assess supply and saturation risks.

## Labour Costs

This indicator reflects average wage levels and relative staffing costs - a key consideration in assessing projected profit.

- Staffing cost is one of the largest operating expenses in hotel management. Markets with lower wage levels can support more cost-efficient operations, especially for labour-intensive segments such as full-service hotels.
- High labour costs can also point toward a potential need to consider the competitiveness of the segmentation moving forward, perhaps favouring a more limited-service model where ADR pricing power is not strong.

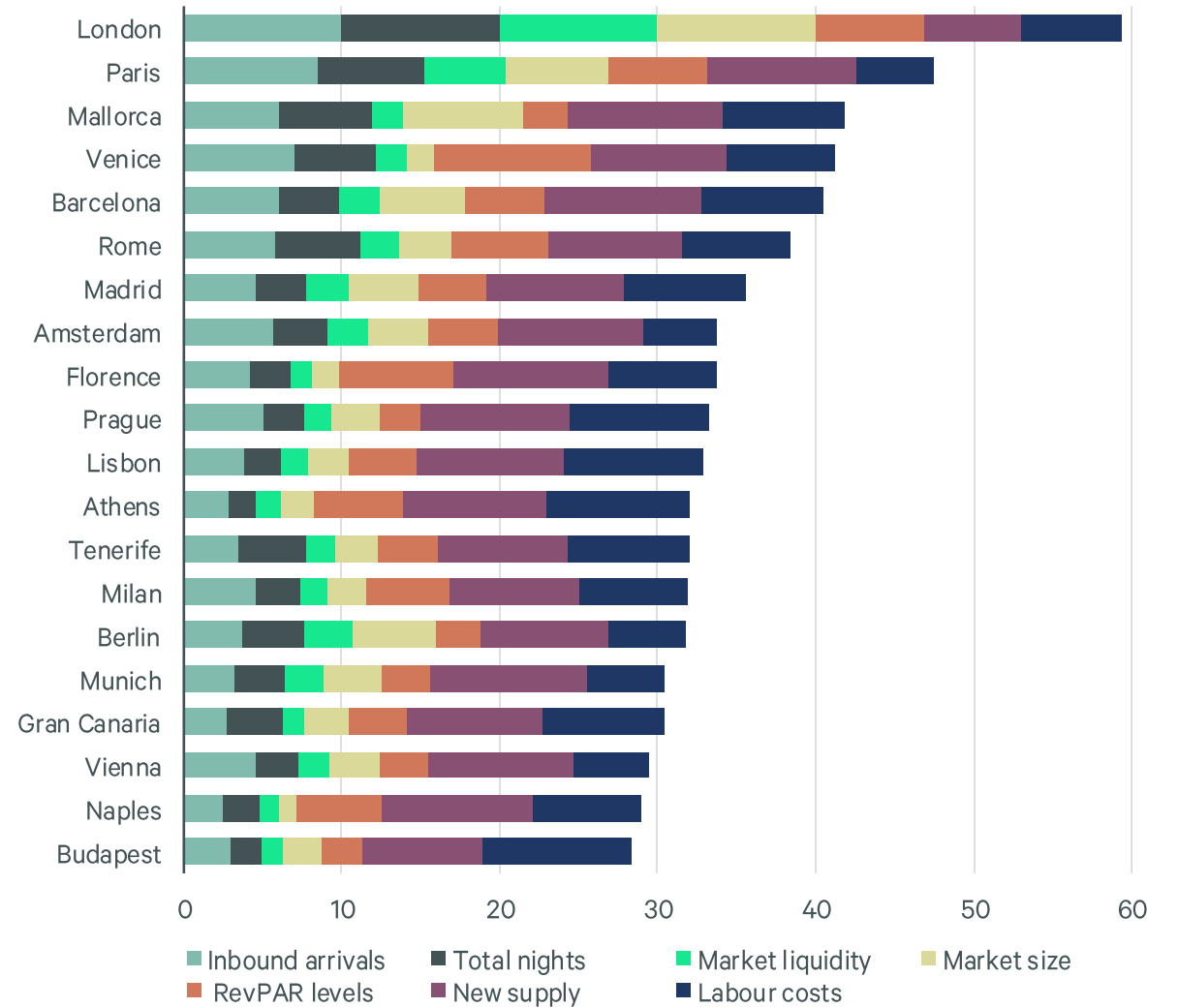




# Leading destinations by market pillar index

- **London** leads with unmatched scale, liquidity, and global demand, cementing its position as Europe’s most structurally investible hotel market.
- **Paris** follows with enduring demand fundamentals and exceptional RevPAR performance, although high labour costs remain a structural challenge that could limit future operational upside.
- **Barcelona, Madrid, and Rome** form a balanced tier with solid structural profiles across demand and market depth, underpinned by strong tourism flows.
- **Munich, Milan, and Vienna** benefit from substantial total nights demand alongside reasonable liquidity and market scale.
- **Mallorca and Venice** stand out among leisure destinations, combining strong rate performance with balanced pipelines, though seasonality risks may act as a constraint.
- **Amsterdam** remains structurally robust and efficient. The restrictions on new supply make the market more attractive, as they create barriers to entry that support pricing power.
- **Athens, Budapest, and Tenerife** represent an emerging cohort of relatively cost-efficient markets with rising inbound demand and slower pipeline. These destinations offer compelling medium-term opportunities, particularly for value-seeking investors or repositioning strategies, albeit with liquidity limitations compared with core Western European hubs.
- **Gran Canaria** completes the top 20, characterised by smaller scale and liquidity but supported by limited new hotel development and strong cost competitiveness, pointing to upside potential for opportunistic capital.

Figure 1: Top 20 destinations normalised scores by structural market factor





# Hotel demand and supply dynamics in motion

This section examines the key demand/supply dynamic, mapping projected growth in room-night demand against projected growth in supply. It should be noted that overall supply growth across markets in Europe remains highly disciplined, with over 90% of markets showing well-balanced new hotel development relative to existing stock.

These markets show reasonable growth but are not exposed to pipeline pressure, offering stable returns and lower downside risk.

A substantial number of European cities position here, combining solid demand growth with relatively limited new supply. This should support pricing power and long-term investor appeal.

A small number of cities show moderate growth alongside relatively higher pipelines. While the number of new developments is higher, the impact is still expected to be more segment-specific.

No market currently positions plainly in this quadrant, where strong demand growth will be met with significant new hotel supply. For the various reasons that have curtailed development (planning, construction costs, finance), no major market that expects robust demand currently has the supply to fully absorb it.

Figure 2: Hotel market dynamics: Hotel nights demand growth vs new supply pipeline



Source: Tourism Economics, CBRE Research, CBRE's analysis of various available data in 2025



# Inbound tourism demand and growth momentum



Inbound overnight arrivals are a key structural measure of tourism vitality and hotel market scale.

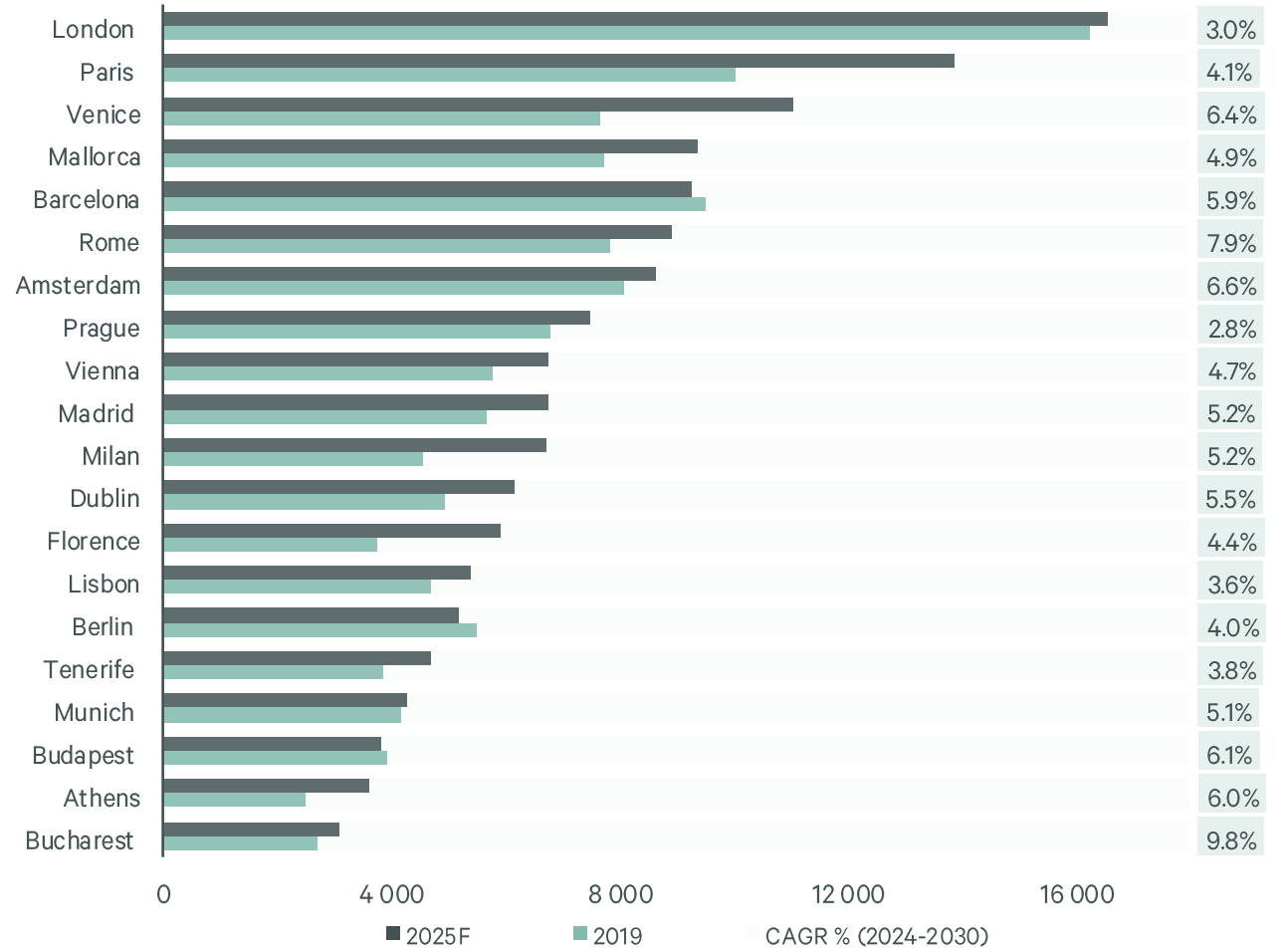
London and Paris continue to dominate in absolute visitor volumes, reaffirming their role as Europe’s most established global gateways. However, the strongest forward momentum lies in leisure-oriented destinations such as Venice, Rome, and Mallorca, each showing projected compound growth of between 4.8% and 7.9% through 2030.

This shift underscores a broader rebalancing of travel demand, where experiential, cultural, and resort destinations capture a growing share of international visitors. It also points to the diversification of investment opportunities beyond traditional metropolitan centres.

While gateways offer stability and depth of demand, secondary and resort markets provide stronger growth trajectories, albeit with greater seasonality.

Overall, the projected continued expansion of inbound arrivals across these high visitor footfall European destinations reinforces the sector’s resilience and forms a key structural pillar supporting long-term hotel investment attractiveness and viability.

Figure 3: Inbound overnight arrivals by destination (Ranked by number of visitor, ‘000)



Source: Tourism Economics, projections are calculated by Tourism Economics, CBRE Research

# Liquidity and market scale: alignment with fundamentals

Figure 4 compares simulated hotel market liquidity growth (vertical axis) with actual historical liquidity (horizontal axis). The regression model draws on key structural fundamentals including total nights, inbound overnight arrivals (each hypothetically uplifted by 5%), and new supply to illustrate how markets might evolve under moderate structural growth.

The diagonal line represents where simulated and actual liquidity are in balance. Positioning relative to this line indicates the degree of alignment between market size and investment transaction activity, without implying capital expenditure or physical asset reinvestment.

Near the line: Markets where transaction activity broadly corresponds with their overall scale and demand fundamentals.

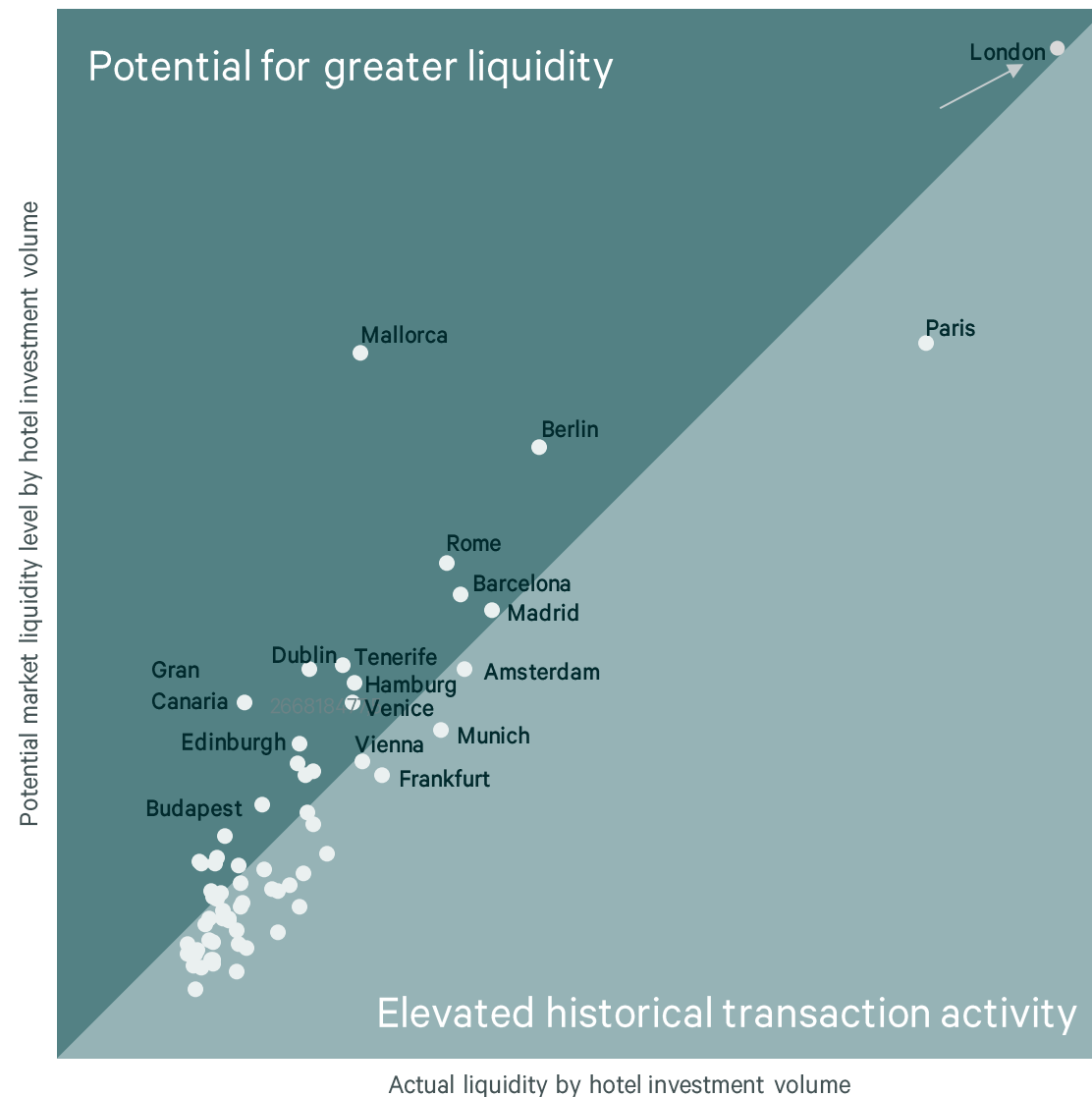
Above the line: Simulated liquidity exceeds historical activity. This may indicate structural headroom, where a market's scale and fundamentals suggest capacity for greater investment activity over time, subject to factors such as availability of investible stock and regulatory environment.

Below the line: Historical liquidity exceeds the modelled level. This typically reflects strong investor engagement, opportunistic deals, or cycles of heightened activity. While positive, it may also indicate markets where transaction volumes periodically run ahead of structural scale.

**Note:** This chart is based on a regression test using key structural fundamentals including total nights in accommodation, and inbound overnight arrivals, each hypothetically uplifted by 5% to model moderate growth, along with the projected hotel pipeline (new supply) for each market.

**Source:** CBRE Research

Figure 4: Actual vs modelled liquidity: market scale and structural alignment



# Market scale and location differences



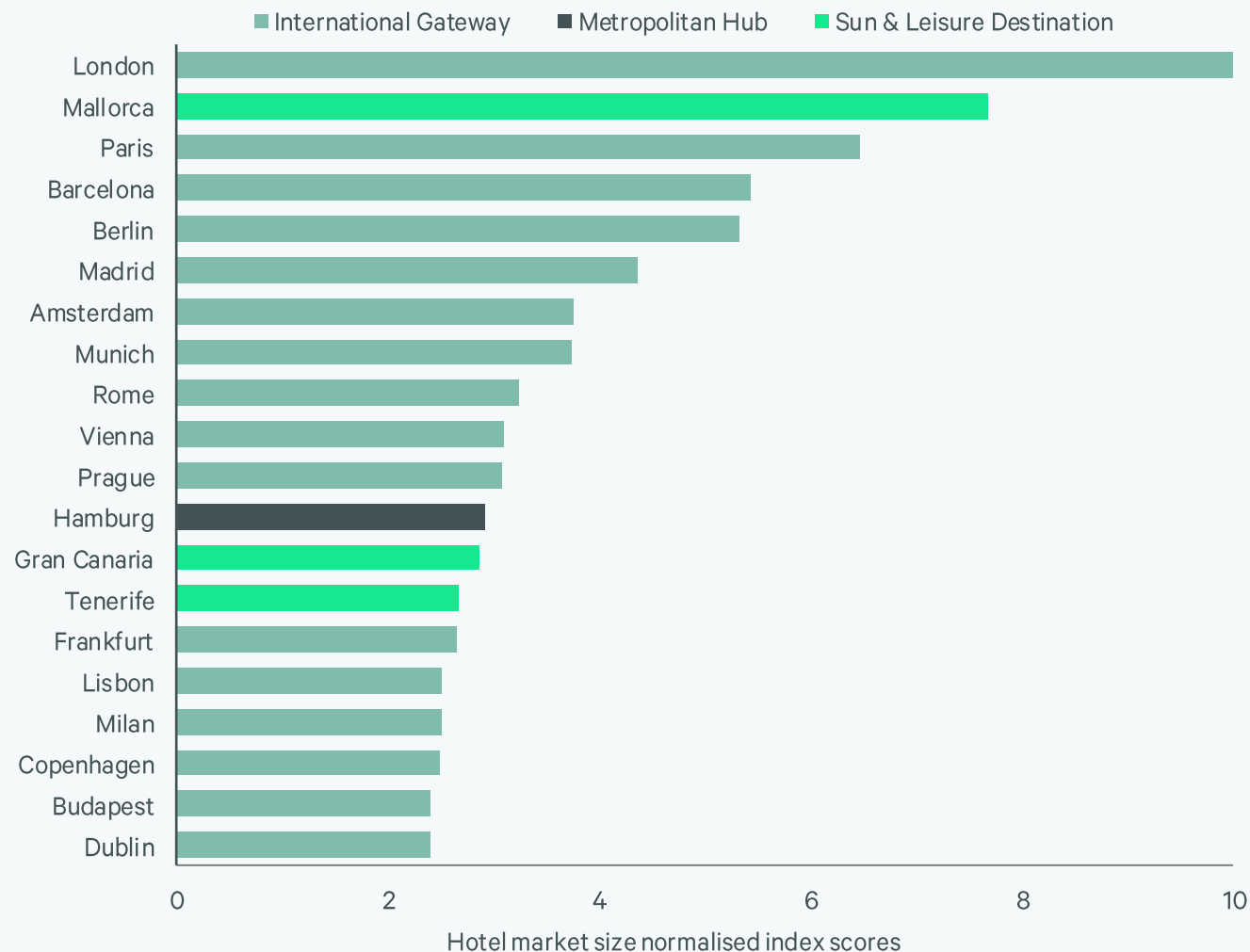
Of the 66 destinations analysed, figure 5 shows the relative ranking of the top twenty largest markets, measured by number of rooms.

- 1. International Gateways:** Globally connected, large-scale urban centres with strong air, rail, and business infrastructure (e.g., London, Paris, Milan).
- 2. Metropolitan Hubs:** Major regional centres with significant economic activity but may not match the global scale of international gateways (e.g., Hamburg, Warsaw).
- 3. Sun & Leisure Destinations:** Primary leisure-led and climate-driven markets known for attracting leisure travellers (e.g., Mallorca, Tenerife).
- 4. Cultural & Heritage Cities:** Historic destinations with rich cultural offerings, heritage sites, and distinctive historic architecture. (e.g., Florence, Venice, Bordeaux). No such cities feature in the top 30.

The chart shows that international gateways dominate in terms of market size, with cities like London, Paris and Barcelona offering the largest hotel stock of rooms and multi-segment presence. Unsurprisingly, larger markets by number of hotels and number of rooms tend to attract stronger operator presence, brand diversity, and infrastructure investment.

\*For a detailed explanation of the location type, please refer to the notes on [Page \[30\]](#)

Figure 5: Top 20 destinations by hotel market size in terms of no. of rooms



**Note:** The normalised market scores are calculated on a scale of 1 to 10. The maximum possible total score is 10, representing the highest index rating  
**Source:** CBRE Research

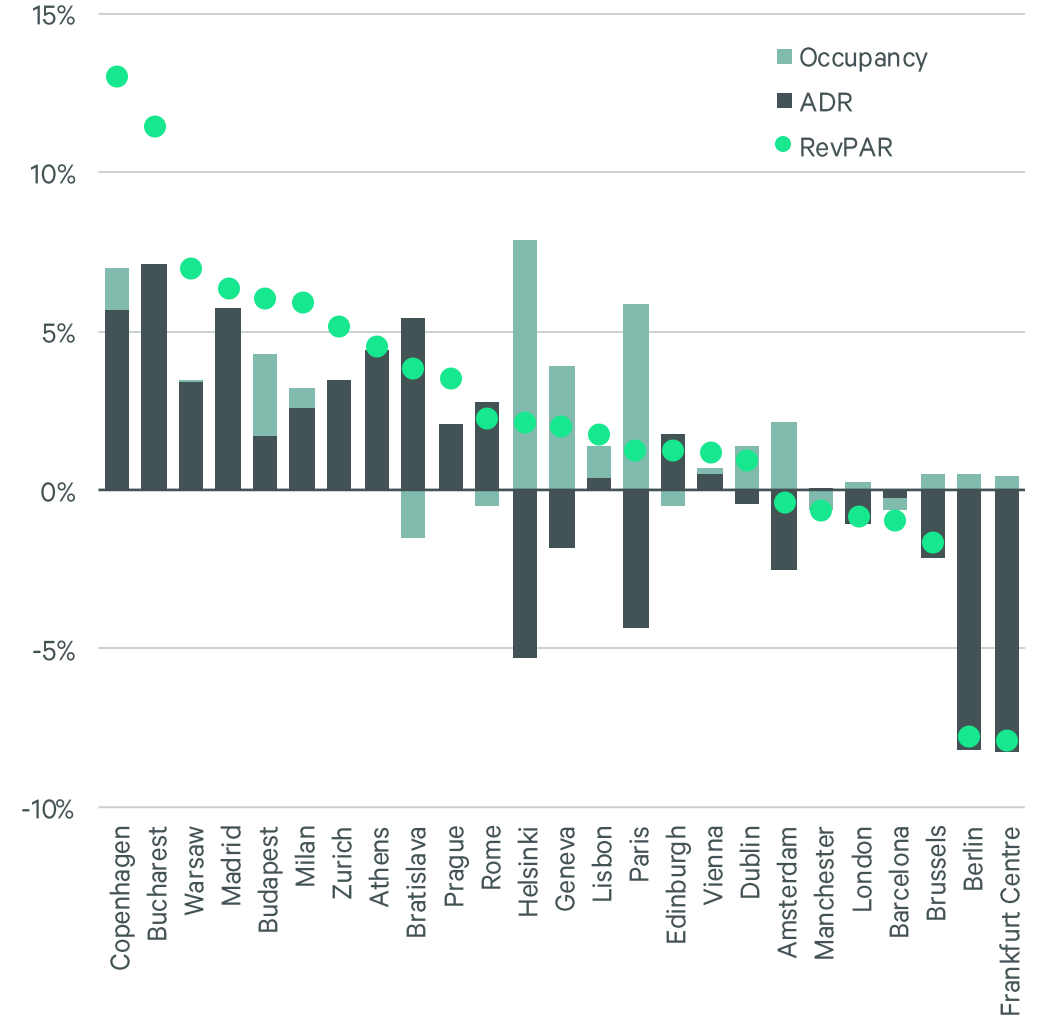
# RevPAR levels: Performance divergence reflects localised upside potential and normalising markets

Variance in hotel performance reflects the differing market dynamics across the region, with a few mature markets showing modest RevPAR declines as of YTD2025. This suggests a period of normalisation following the post-pandemic recovery, influenced by factors such as travel policy changes, demand shifts, currency movement affecting international travel flows, and localised heightened new supply. These are more reflective of cyclical adjustments than underlying structural weakness.

While near-term pressures are evident in some markets, they continue to exhibit solid underlying fundamentals, such as depth of demand, global connectivity, and established destination appeal, which support their longer-term investment thesis.

Several European cities, led by Copenhagen, Bucharest and Warsaw have posted strong RevPAR growth YTD 2025. These markets are benefiting from a combination of ongoing demand recovery, relative affordability, and a more contained pipeline environment. In particular, Central and Eastern European destinations continue to catch up with other key tourism markets.

Figure 6: Hotel operating performance YTD 2025 (y-o-y %) by select markets



Source: CoStar, CBRE Research



# Labour Costs

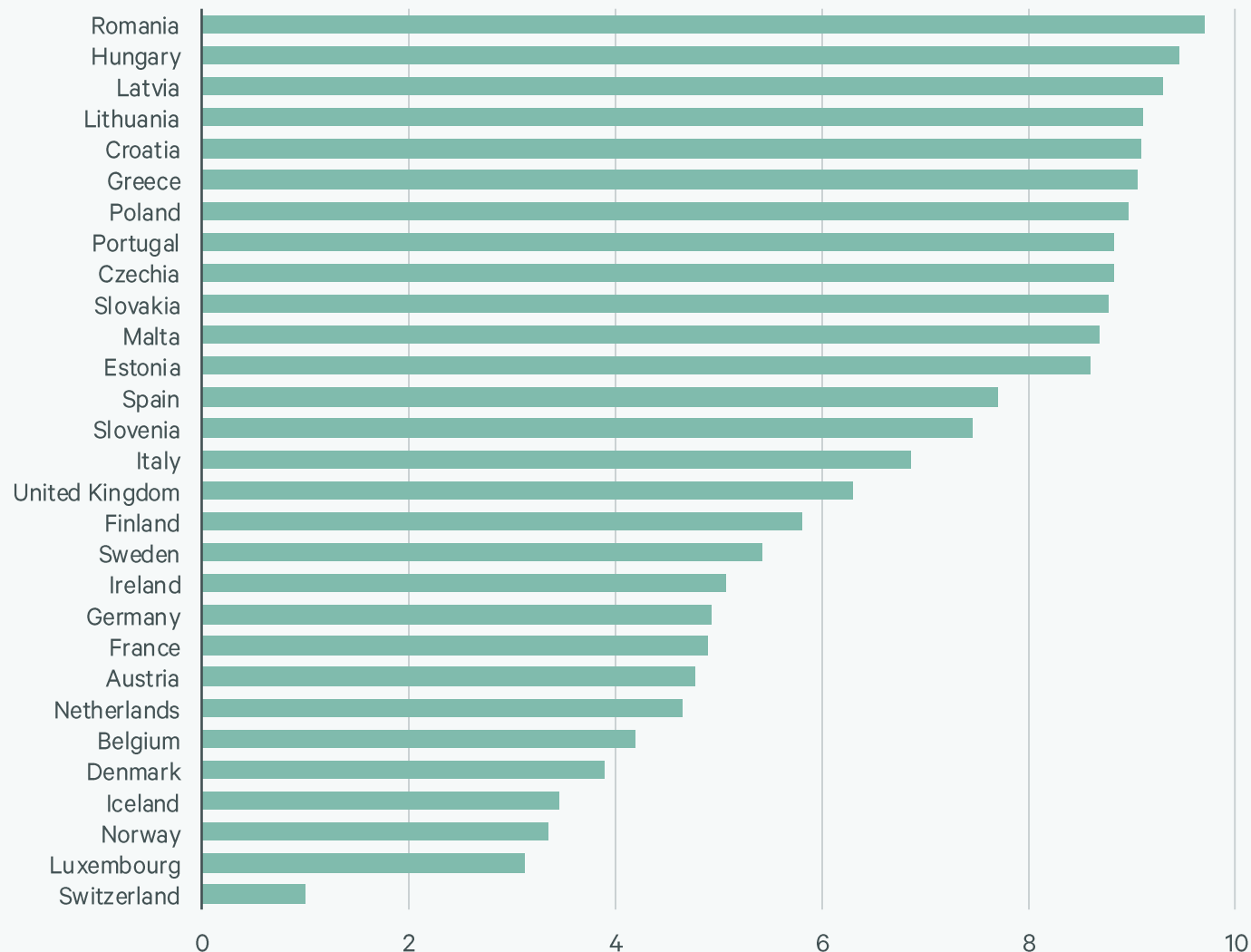
Labour cost is a structural factor that influences the overall operating environment for hotels, particularly in markets and segments where staffing forms a significant component of expenses. The Index uses average hourly labour cost data from Eurostat to compare conditions across markets.

Variations in labour cost levels also reflect broader differences in national wage structures, employer contributions, and taxation frameworks. Meanwhile, some markets offer relatively lower labour cost environments that may support labour-intensive operating models.

**Note:** The normalised market scores are calculated on a scale of 1 to 10 for each of the labour costs factor in the model. The maximum possible total score is 10, representing the highest index score and lowest national average labour costs

Source: CBRE Research, based on CBRE's analysis of data from Eurostat

Figure 7: Labour Costs normalised index scores



# Competitiveness by location type

Figure 8 reveals distinct strengths and profiles across the four location types — International Gateways, Sun & Leisure Destinations, Cultural & Heritage Cities, and Metropolitan Hubs, based on normalised index scores across seven key structural factors.

International Gateways stand out as the top performer across nearly all dimensions, which achieve the highest scores in hotel market size, market liquidity, inbound arrivals, and pipeline, confirming their role as mature and globally connected investment hubs. Meanwhile, labour cost competitiveness is slightly lower than Sun & Leisure and Cultural & Heritage cities.

Sun & Leisure Destinations score highest in total overnight stays and labour costs, reflecting strong tourism demand. These markets offer strong potential for leisure-led tourist demand growth, especially under luxury or resort repositioning strategies.

Cultural & Heritage Cities shows optimal score in RevPAR levels, indicating premium pricing power due to unique positioning and cultural value. These markets also score well in labour costs and new supply, but lag on market size and liquidity, suggesting more niche or constrained supply. From an investor perspective, they may be more attractive for boutique, lifestyle, or luxury segments seeking differentiation rather than scale.

Metropolitan Hubs indicate the lowest scores across most factors, notably in inbound arrivals, market liquidity, and total overnight stays, suggesting current market dynamics remain under-optimised.

Figure 8: Hotel investment competitiveness by location type



Source: CBRE Research

Note: In our Scoring Model, there are 26 cities in the International Gateway category, 22 in Metropolitan Hub, 6 in Sun & Cultural Destination, and 12 in Cultural & Heritage City. For a detailed explanation of the location type, please refer to the notes on [Page 30](#)



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# Macroeconomic Fundamentals



# Macroeconomic fundamentals

While macroeconomic factors may show weaker direct correlation with hotel investment liquidity and deal flows, they remain critical in shaping a city's hotel demand profile and operational resilience. These indicators provide broader context around local economic health, local spending power, labour market dynamics, and travel affordability, all of which influence hotel performance and investment viability. In this section, we outline the relevance of these factors and their role in supporting or constraining a city's attractiveness for sustained hotel investment.

## Population

A large population supports domestic hotel demand from business travel to events and staycations and reflects long-term economic vitality.

### Investment relevance

While not directly linked to liquidity, strong population fundamentals often underpin urban infrastructure, labour depth, and occupancy, particularly in cities with higher level of domestic consumption.

## GDP Per Capita

An indicator of local wealth and spending power, which correlates with the quality of infrastructure, business activity, and tourism ecosystem.

### Investment relevance

Higher GDP per capita suggests a more robust economic base, supporting premium hotel rates, higher guest spend, and institutional-grade hotel assets.



# Macroeconomic fundamentals

## Hospitality Workforce Elasticity

This indicator measures the potential scope for the hospitality sector to expand within the local labour market, drawing on the existing workforce including the unemployed.

### Investment relevance

Higher elasticity signals relative easier growth or hiring with more labour available, while lower elasticity indicates tighter markets where hiring staff is relatively more difficult.

## Tourism-Weighted Exchange Rate

A favourable exchange rate by source markets enhances international travellers' purchasing power, boosting inbound demand and RevPAR levels.

### Investment relevance

Volatile exchange rates directly affect visitor flows, particularly for leisure destinations reliant on international arrivals.



# Hospitality Workforce Elasticity

The bubble scatter chart illustrates Hospitality Workforce Elasticity (HWE), combining unemployment levels and the share of workers in accommodation and food services.

The highest HWE (by bubble size) is found in cities such as Athens, Naples, Malaga, Mallorca, Tenerife, and Gran Canaria. These markets combine sizeable hospitality workforces with sufficient unemployment to create stronger absorption potential, though outcomes still depend on skill-match and labour-cost factors. For leisure-led destinations, this reflects the central role of tourism as a source of jobs and flexibility.

Mid-range HWE cities include major gateways such as London, Paris, Barcelona, Madrid, Lisbon, and Vienna. In these large, high-profile markets, elasticity is moderate, with operating conditions, skill alignment, and competitive cost structures acting as key determinants.

Cities such as Rome, Amsterdam, Stockholm, Berlin, Frankfurt, Lyon, and Marseille tend to have a lower HWE compared to those in the mid-range. While they still may have moderate unemployment with established hospitality sectors, they may lack adequate elasticity to support strong growth as labour supply is likely more constrained than in those in the mid-range, raising the risk of cost pressures as demand rises.

The lowest HWE is seen in cities such as Oslo, Warsaw, Bucharest, and Prague, where low unemployment and a smaller share of workers in the hospitality sector suggest restrict labour absorption, creating structurally tighter conditions for operators.

Overall, the analysis highlights where hospitality can expand through labour absorption and where staffing challenges are likely to persist.

Figure 9: European workforce absorption potential in accommodation & food services



Source: CBRE Research, Oxford Economics

Note: Hospitality Workforce Elasticity (HWE) is calculated as  $(\text{Unemployment} \div \text{Workforce}) \times (\text{Employment in Accommodation \& Food Services} \div \text{Workforce})$ . Bubble size indicates the level of HWE — larger bubbles represent higher hospitality workforce elasticity.

# Economic backdrop supporting destination fundamentals

The top 20 markets ranked by economic factors reveal a mix of scale, wealth, and workforce dynamics. **London** leads overall, supported by population scale and favourable tourism-weighted exchange rates, even if its workforce elasticity is moderate.

**Athens, Naples, and Tenerife** stand out for high HWE, reflecting the ability to absorb labour into the sector and underlining their tourism-driven economies.

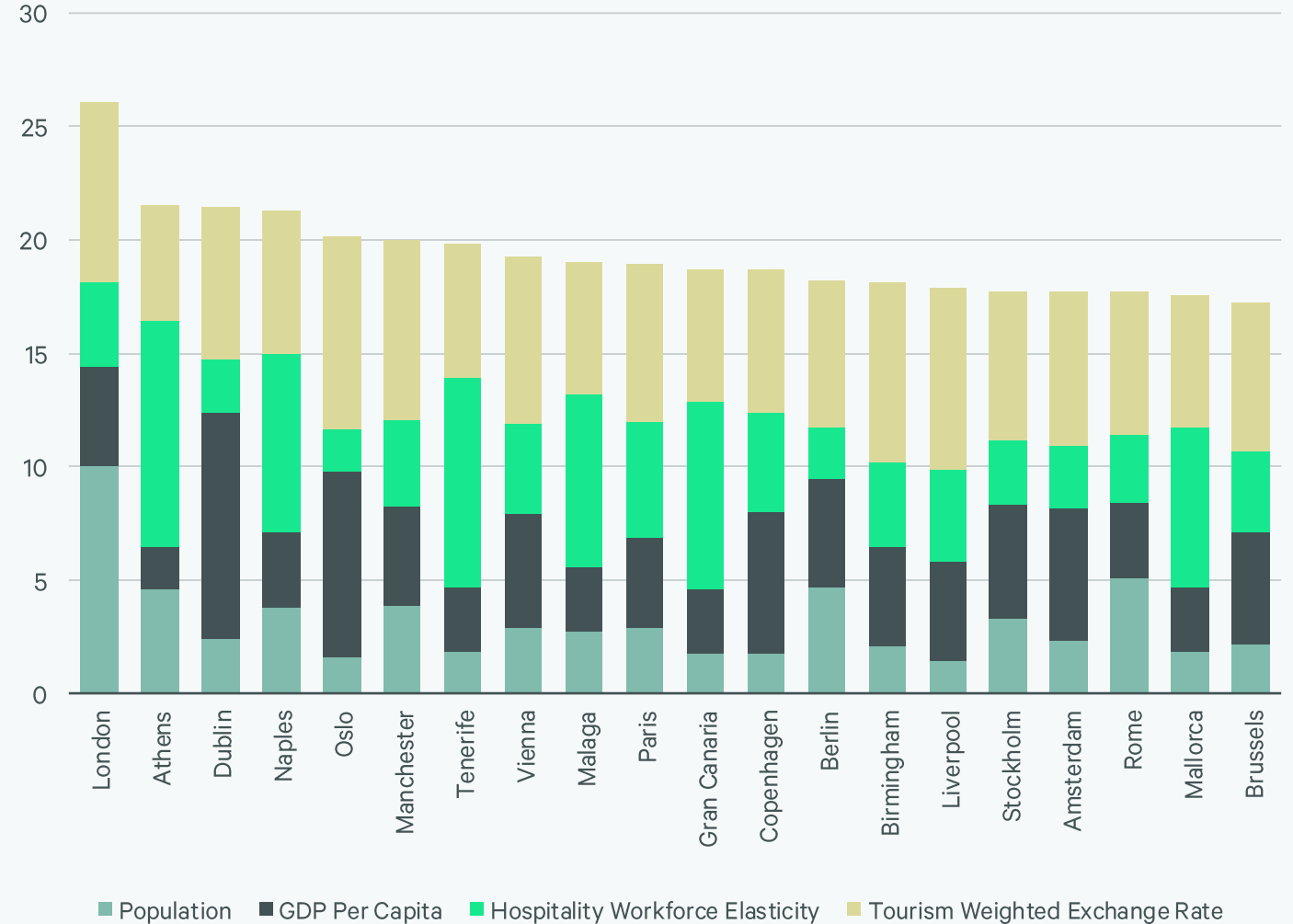
High-income markets such as **Dublin, Oslo, Copenhagen, and Amsterdam** perform strongly on GDP per capita, offsetting smaller populations with spending power and lower workforce elasticity.

By contrast, Spanish leisure destinations including **Malaga, Gran Canaria, and Mallorca** achieve high overall scores through strong tourism-weighted exchange rate positioning and higher HWE, underscoring their reliance on inbound tourism.

Major continental capitals such as **Berlin, Vienna, Stockholm, and Paris** hold balanced positions, combining solid economic fundamentals, though their workforce elasticity scores are relatively lower.

Overall, the ranking shows a clear divide: northern and wealthier cities benefit from GDP and strength in tourism-weighted exchange rates, while certain southern and leisure-led markets gain advantage from workforce flexibility and tourism dependence.

Figure 10: Top 20 markets overall normalised scores by economic factors



Source: CBRE Research

Note: The normalised market scores are calculated on a scale of 1 to 10 for each of the 4 economic factors in the model. The maximum possible total score is 40, representing the highest index rating.



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# Defining Attributes of Destination Appeal



# Defining attributes of destination appeal

While core structural and economic indicators provide a strong foundation for assessing hotel investment attractiveness in a quantitative analysis, certain qualitative or enabling characteristics – to which we refer here as “defining attributes” – also play an influential role in shaping the appeal of a destination.

These defining attributes help explain why some cities succeed in attracting investment or commanding higher rates. They capture the intangible qualities that drive aspirational travel and tourism demand alignment, making them essential considerations in any robust market evaluation of a city by hotel investors.

## Cultural & Heritage Assets

Rich cultural and heritage assets that support authentic, experience-led travel, e.g., UNESCO World Heritage Sites, other historic sites, museums, and natural heritage amenities.

Europe is home to over 400 UNESCO sites, with Italy having 61, France 54, and Germany 55.

### Why it matters

Cultural heritage and destinations attract global leisure demand, often supporting higher ADR.

Their uniqueness align well with the aspirations of affluent and experience-seeking travellers.

### Sample factors

- Florence: Renaissance masterpieces
- Prague: Compact UNESCO-listed Old Town
- Paris: Musée du Louvre, Montmartre, Saint-Chapelle
- London and Paris each has over 200 museums

## Food & Beverage

A destination’s culinary identity is a core part of its appeal. Beyond global cuisine and Michelin stars, travellers are drawn to places where sought-after local dining experiences express the destination’s culture and character.

### Why it matters

Food-driven travel is a rising global trend, especially among Millennials and Gen Z, empowered by social media influence. Gastronomy strengthens destination appeal and drives bookings for lifestyle, luxury, and F&B-led hotels; see [CBRE’s Luxury Real Estate 2024 Report](#).

### Sample factors

- Paris has over 120 Michelin-starred restaurants, making it one of the top gourmet cities globally.
- London has over 80 Michelin-starred restaurants.
- Amsterdam and Barcelona have over 30 & 20 Michelin-starred restaurants, respectively.
- Copenhagen: Home to Noma and Geranium, repeatedly ranked among the world’s best restaurants.
- Lyon: Culinary capital of France, famous for its rich gastronomic offerings.

# Defining attributes of destination appeal

## Natural and Leisure Appeal

Beaches, scenic landscapes, well-being, and retreat settings. The natural surroundings that attract wellness, sun, and seasonal travellers.

### Why it matters

Natural appeal drives leisure demand and supports resorts and wellness-led hotels. These markets also appeal to affluent travellers seeking longer stays.

### Sample factors

- The Balearic Islands: Over 15 million visitor arrivals for the combination of beaches and varied landscapes.
- Nice and the French Riviera: Beach glamour, urban action, rustic charm, and quick access to mountain pursuits.
- Dubrovnik: Coastal setting and Old Town draw both cruise and cultural tourism.
- Geneva: Blends lakeside serenity and Alpine access, ideal for luxury and wellness travel and hotels.

## Connectivity

Flight connectivity, train networks, and regional integration. A destination's accessibility by international travellers and domestic visitors alike.

### Why it matters

Well-connected transport networks boost trip frequency, support short stays, and expand source markets. Tourism flows benefit from well-connected cities.

### Sample factors

- London Heathrow: Europe's busiest airport with approx. 84m passengers in 2024
- Paris CDG Airport with approx. 70m passengers in 2024, ranking third in Europe
- Paris Gare du Nord: The busiest train station in Europe, linking to London, Brussels, and Amsterdam
- Zurich: Efficient multi-modal links and gateway to Alpine leisure destinations

## Urban Infrastructure

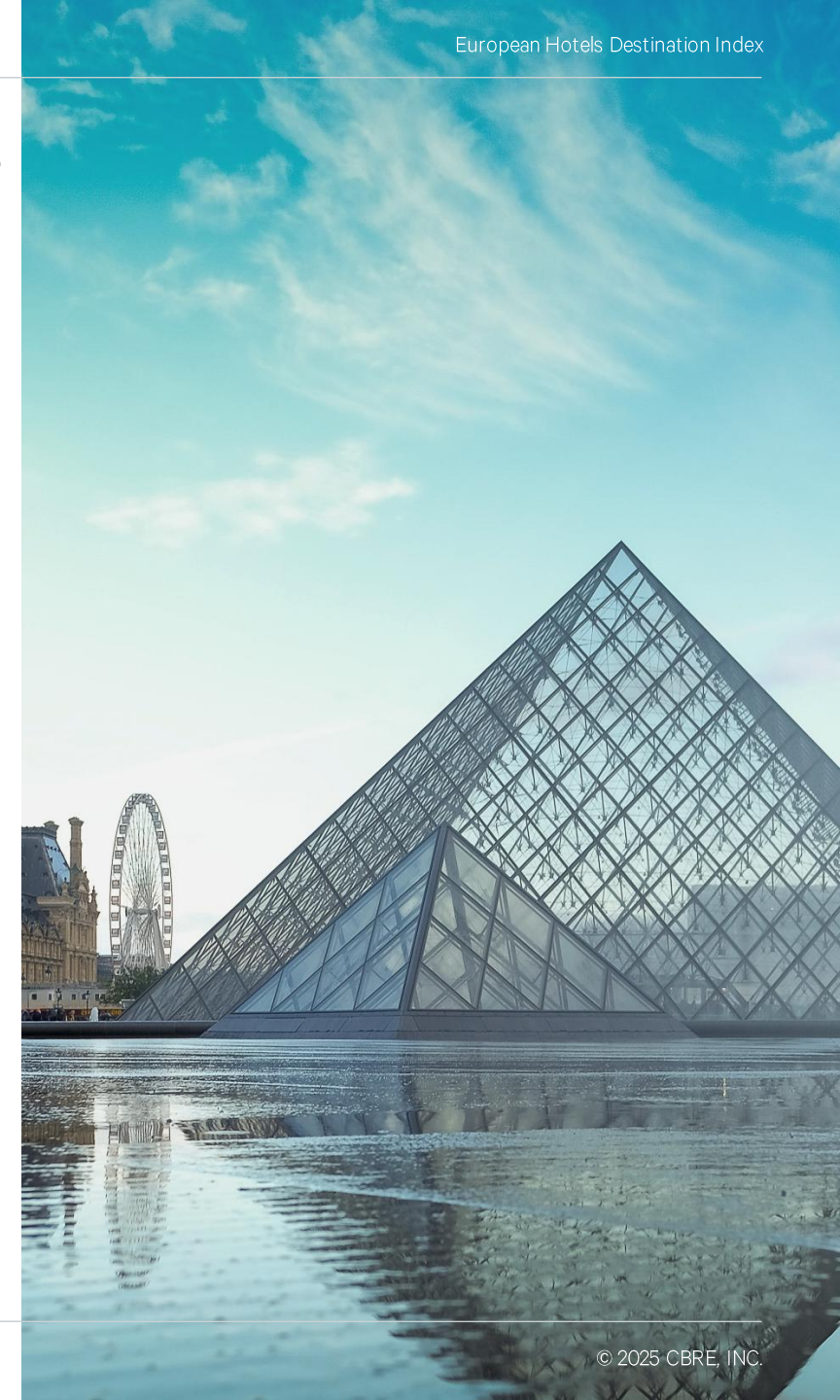
Walkability, urban green space, and civic infrastructure. The experience of navigating and staying in a city with comfort, and ease of effort.

### Why it matters

Good urban infrastructure enhances traveller satisfaction, supports group and MICE travel, and reduces operational risk.

### Sample factors

- Vienna and Copenhagen consistently rank in the top three for global liveability and urban quality.
- Amsterdam: Known for bike-friendliness and urban greenery, enhancing leisure mobility.



# Defining attributes of destination appeal

## Spotlight Events

Mega-events: Recurring cultural festivals, sports and music events that reinforce a city's attractiveness and global profile.

### Why it matters

These recurring or iconic cultural events provide steady international visitation, reinforce event identity, and create global visibility. Exceptional pop culture or music tours can deliver short-term spikes in ADR and occupancy beyond seasonal norms.

### Sample factors

- Structurally recurring football, sport and music events attract steady international flows, part of baseline demand.
- Pop cultural phenomena – e.g., Taylor Swift Eras Tour, illustrates exceptional spikes in ADR & occupancy beyond normal patterns.
- Formula One (F1) is now more than just a motorsport, fuelling tourism and driving infrastructure development in its host cities.

## Tourism-Related Policies

National and municipal policies, funding, and strategic events that shape the long-term competitiveness of destinations.

### Why it matters

Government-led initiatives not only upgrade infrastructure and create new tourism attractions but also leave lasting legacies that continue to draw high-value travellers and investors to the city.

The long-term success of a tourism market often depends on effective government policies.

### Sample factors

- Transformational mega-events like Barcelona Olympics 1992 created new districts, with lasting infrastructure uplift
- Cultural investment, city branding, global visibility
- Strategic plans: Portugal's Tourism Strategy 2027 and alignment of tourism growth

## Social Media

Social media influence may not fit squarely within the conventional defining attributes of destination appeal, yet it has become increasingly relevant, particularly among younger travellers, and is an aspect that investors and hotel operators cannot afford to overlook.

These travellers are drawn to destinations and hotels that offer strong social currency. They place high value on design aesthetics and F&B presentation that photograph well and translate into compelling content for popular social media channels. Younger visitors often view them through the lens of peer recognition and shareability, shaping the perceived appeal of a hotel or holiday destination.

When leveraged strategically by local tourism authorities and hotel operators, social media can play a decisive role in enhancing the attractiveness of emerging or leisure-led destinations, shaping them into sought-after places with wider appeal.





# Strategic tourism assets and connectivity define market strength

Source: Tourism Economics, WEF Travel and Tourism Development Index 2024 Report, CBRE Research  
 Note: The chart only outlines and aggregate three relevant sub-index score from the WEF TTDI Report

Qualitative enablers such as natural and cultural resources, infrastructure, and policy prioritisation of tourism are crucial to shape destination appeal and market resilience. Western European markets such as Spain, France, and Italy stand out for their exceptional cultural and natural assets. Notably, Spain ranks highly across all three dimensions, reinforcing its all-rounded strength as a tourism powerhouse.

Meanwhile, air connectivity remains a critical aspect, with London Heathrow, Paris Charles de Gaulle, Amsterdam Schiphol, and Madrid's Adolfo Suárez topping the region's busiest airports by passenger traffic in 2024. These global hubs not only serve as major demand generators for gateway cities but also amplify their strategic advantage for international hotel investment and branded hospitality expansion.

Figure 11: Busiest International Airports in Europe, 2024 (in million air passenger)

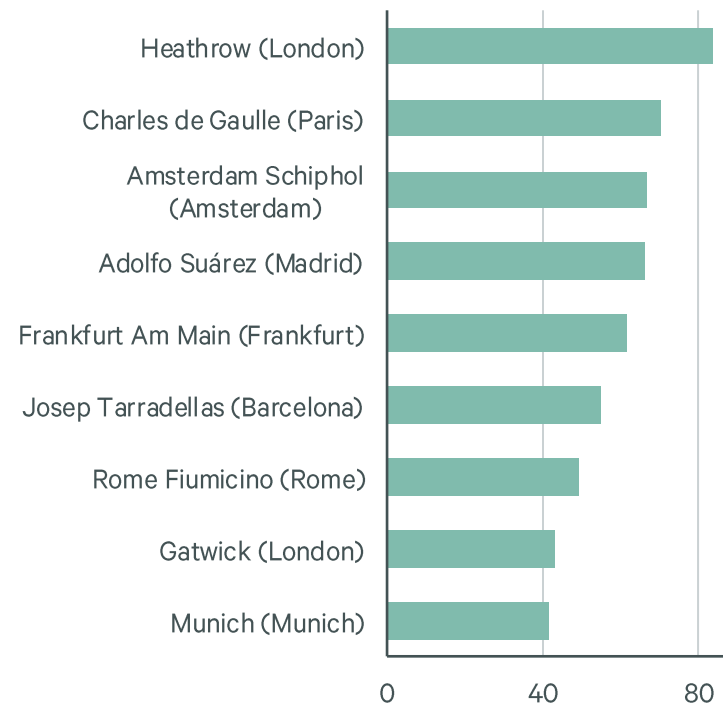
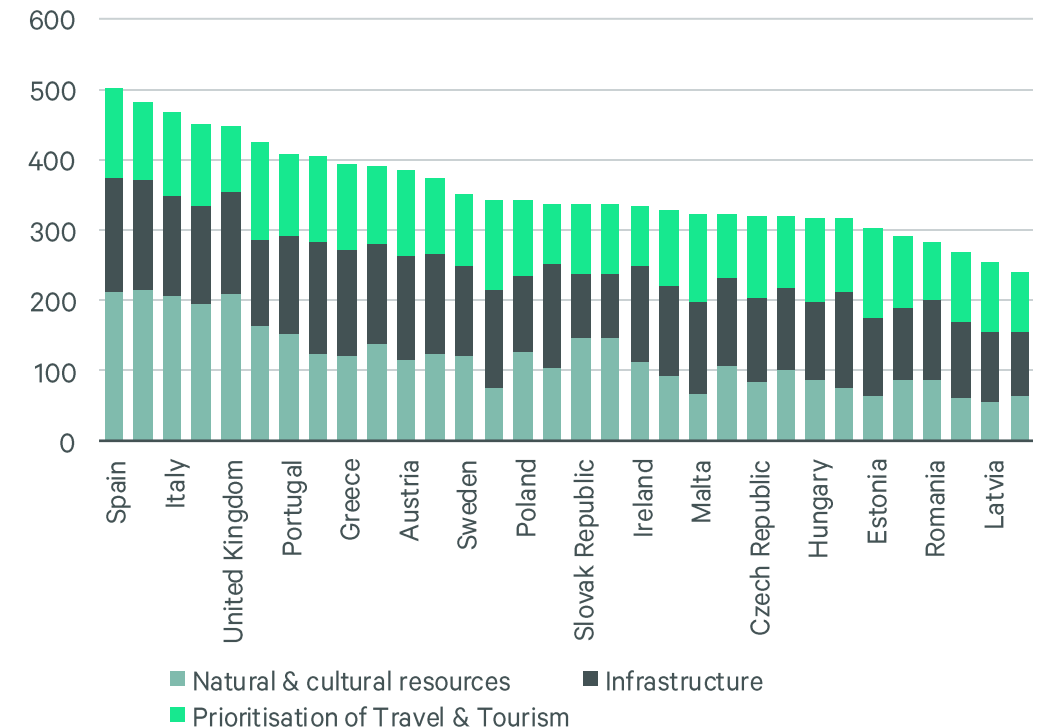


Figure 12: WEF Travel and Tourism Development Index 2024 (select sub-index scores)





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# Overall Scores & Prospects





# Overall scores & prospects

The aggregated scoring of European hotel markets, derived from both structural and economic indicators, highlights a clear relationship between a destination's intrinsic market depth and its overall investment appeal.

Structural factors such as market size, liquidity, RevPAR, tourism volume, and new supply pipeline demonstrate the strongest correlation in this investment index, indicating their dominant influence on market positioning.

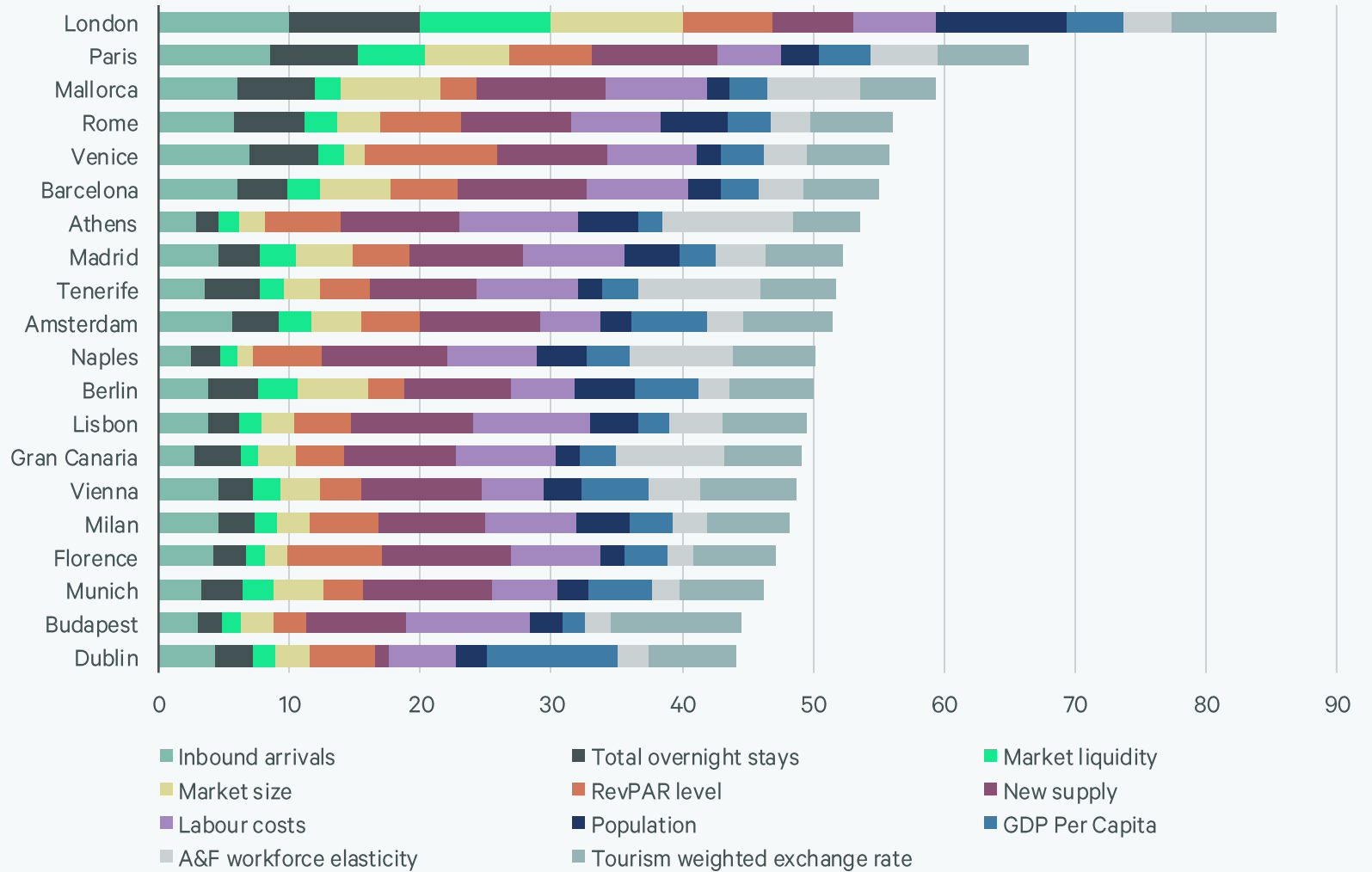
While economic factors, including GDP per capita, HWE, and tourism weighted exchange rate dynamics are considered, their correlation within this Index is comparatively moderate. This suggests that long-term performance is more closely tied to robust demand fundamentals and established market infrastructure than to short-term economic conditions.

London and Paris aside, the distribution of scores in the top 20 shows a relatively tight performance band for many destinations, with only a small number of destinations achieving standout scores driven by exceptional scale, liquidity, and demand resilience.

Source: CBRE Research

Note: The normalised market scores are calculated on a scale of 1 to 10 for each of the 11 factors in the model. The maximum possible total score is 110, representing the highest index rating

Figure 13: Top 20 cities overall normalised scores by both structural and economic factors





- Introduction
- Key Market Pillars & Attributes
- Macroeconomic Fundamentals
- Defining Attributes of Destination Appeal
- Overall Scores & Prospects

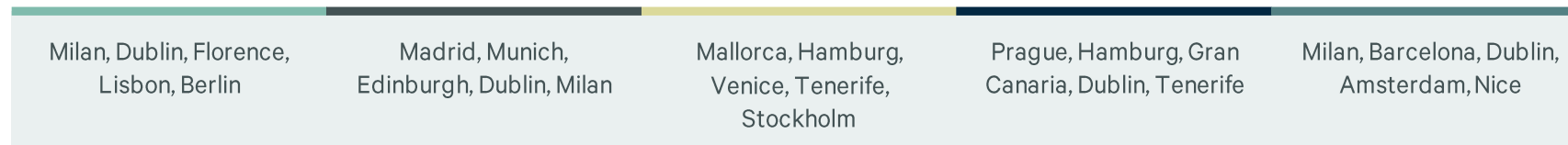
# Leaders and high potentials by key structural factors



## Leading markets



## High potential markets





# The Index: Market Prospects

## Market Perspective:

Considered in aggregate, the fundamentals of supply and demand remain strong for the European hotel sector. Across the continent, performance continues to be underpinned by sustained tourism flows, the return of business travel and disciplined new supply growth. Together, these factors support a more optimistic outlook for total return potential and continue to attract sustained capital inflows.

## Destination Perspective:

In this report, we have assessed 66 destinations across Europe, evaluating both their structural and macroeconomic characteristics to form a balanced view of investment attractiveness. The resulting Index highlights that each destination's score is shaped by a unique combination of market scale, liquidity, performance, and cost factors as well as wider economic and destination dynamics.

## Investment Perspective:

Rather than prescribing where investors should deploy capital, this framework aims to help them interpret how and why market conditions differ across cities and locations. By understanding these differences, investors can align the destinations that most closely fit their own investment theses, whether seeking liquidity and stability in established gateways, growth potential in emerging markets, or niche opportunities in leisure and cultural destinations.

# Location Type

## International gateways

### Key features:

International gateway cities are globally connected, large-scale urban centres with strong air, rail, and business infrastructure. These cities are primary entry points for international travellers and typically serve as either economic and/or political capitals with consistent year-round demand from both corporate and leisure segments.

### Key representative cities:

London, Paris, Amsterdam, Frankfurt, Madrid, Barcelona, Milan, Rome, Munich, Berlin, Vienna, Geneva, Copenhagen, Lisbon, Warsaw, Oslo, Stockholm, Dublin, Brussels, Prague, Budapest

## Metropolitan hubs

Metropolitan hubs are nationally or regionally important cities with significant economic activity, developed infrastructure, and growing tourism potential. They may not match the global scale of gateway cities but offer depth in domestic and regional travel and increasing interest for operational repositioning.

Bucharest, Warsaw, Hamburg, Cologne, Dusseldorf, Turin, Lyon, Antwerp, Gothenburg, Birmingham, Nuremberg, Liverpool, Lille

## Sun & Leisure Destinations

Sun & leisure destinations are primarily resort- or climate-driven markets known for attracting leisure travellers seeking beach, wellness, sport, or extended holiday experiences. They typically see strong seasonal patterns and rely heavily on tourism-related infrastructure and demand.

Mallorca, Tenerife, Gran Canaria, Malaga, Valencia

## Cultural & Heritage Cities

These are historically significant cities known for their rich cultural offerings, heritage sites, and distinctive historic architecture. They typically attract short-stay leisure travellers, cultural tourists, and high-spending visitors seeking authentic, local experiences.

Florence, Venice, Edinburgh, York, Tallinn, Vilnius, Riga, Bordeaux, Rome (hybrid role)





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