



# Catella: Rapid growth in serviced apartments market

Germany expects a record year for completions, greater interest from international investors and positive market sentiment, with a transaction volume of approximately EUR 235 million in 2018.

The serviced apartments market has been fed by widespread investor demand in recent years, and transaction volumes have increased accordingly. This hybrid niche – structurally located between hotels and residential – is heterogeneous and largely has higher user charges. It differs from traditional residential by offering fully furnished individual apartments with services like weekly cleaning, reception and catering. The average tenancy is around 5 weeks.

The latest Catella Market Tracker, “The market for serviced apartments in Germany and Europe”, presents the following structural observations:

- The European pipeline is 10,500 units, with 3,500 in Germany alone. Germany ranks second in the expansion plans of national and international investors, with a clear gap to the next ranked countries Switzerland and Ireland.
- The yield corridor in the past 12 months was between 4.6% and 5.2%.
- The majority of serviced apartments are in urban environments (central locations close to transport hubs, trade fairs, commercial centres, event centres etc) and are primarily visited by long-term users.
- Important locations are currently Munich, Berlin, Frankfurt, Hamburg and Düsseldorf. Catella has identified Cologne, Stuttgart, Hanover, Leipzig and Nuremberg as cities with large future potential.
- Catella Research forecasts the transaction volume in Germany by the end of 2018 at approximately EUR 235 million, and in Europe at EUR 525-575 million.

“All in all, we assume that the overall market will continue to grow, primarily fed by a change in the labour market,” says Dr. Thomas Beyerle, Head of Group Research at Catella. The share of serviced apartments in the hotel market will rise to 10% by 2030. “Co-working, project structures and an increasing number of business travellers are push factors for this development,” continues Beyerle.

The full analysis is available at [catella.com/research](http://catella.com/research).

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