

SPOTLIGHT

EUROPEAN SERVICED APARTMENTS REPORT

REGULATION, DEMAND, & FRAGMENTATION | APRIL 2026

Image Credit: Edgar Suites

European Serviced Apartments

Regulation, demand and fragmentation are reshaping the investment case for serviced apartments in Europe.



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The European serviced apartment and extended stay sectors are entering a phase of structural repositioning.

The investment case is now driven by regulatory tightening across short term rentals, which is accelerating a shift away from informal supply, whilst demand for longer stay, flexible accommodation continues to expand across leisure, corporate and relocation segments.

In addition, the sector remains highly fragmented and is currently under-represented in overall accommodation supply, creating clear opportunities for scale, consolidation and professionalisation.

Together, these dynamics are positioning serviced apartments as a strategically important and increasingly investable segment within European hospitality.

The sector benefits from a comparatively high margin, lower volatility operating model, underpinned by a bedroom-led cost structure and performance resilience. These characteristics position serviced apartments as one of the more defensive and scalable hospitality formats, particularly when compared to traditional hotels and short-term rental models.

More recent market dynamics are further strengthening the investment case across Europe, with regulation, demand growth and capital flows increasingly aligned in favour of professionally operated extended stay accommodation. While meaningful barriers to entry remain, these primarily relate to the ability to scale, standardise operations and navigate planning frameworks - creating a clear advantage for established and well capitalised platforms. Creative deal making, with consolidation, platform aggregation and asset repositioning will be key to unlocking scale and value.



Richard Dawes

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The investment case for serviced apartments is no longer solely about demand growth; it is increasingly about market structure.

Fragmentation across Europe creates clear opportunities for scale, consolidation and professionalisation. For capital seeking resilient income with growth potential, serviced apartments are becoming a strategically important segment within European hospitality.

Market overview

Operational position

Across the **26 European gateway cities** analysed for this research, serviced apartments remain under-represented relative to broader accommodation supply - a structural characteristic that underpins future growth potential.

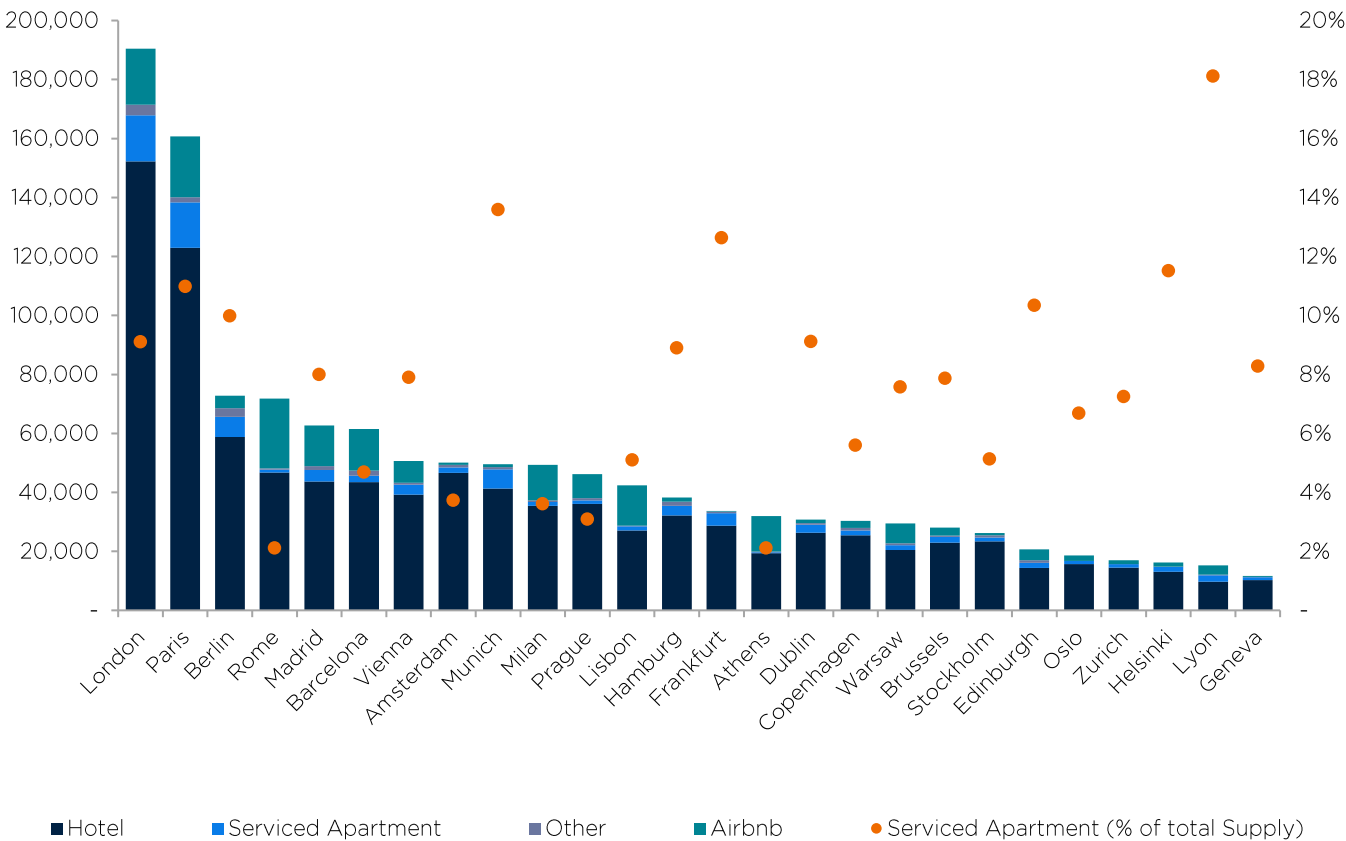
Existing supply: There are currently 86,911 rooms, representing approximately 8% of total existing accommodation supply across the cities reviewed. This is shown below in Figure 1.

Development pipeline: The sector currently accounts for 12,533 rooms under construction or in advanced planning stages across these markets, representing approximately 12% of total pipeline. This indicates that serviced apartments are set to increase their share of overall supply in the coming years.

Underlying demand has grown steadily since 2019, with a compound annual growth rate (CAGR) of 5.9%. This compares with a CAGR of 1.1% across the wider hotel sector, underscoring the relative strength of the serviced apartment sector.

Operational performance remains strong and stable: across Europe, occupancy in 2025 reached 79% with ADR at €136 based on data from CoStar. This compares with wider hotel market occupancy of 75% over the period.

FIG 1. NUMBER OF ROOMS – HOTELS, SERVICED APARTMENTS, AIRBNB



Source: Savills Research, AirDNA, CoStar

Investment position

In 2025, the sector recorded €1.2bn of transaction volumes across Europe, equating to approximately 5% of total hospitality transaction volumes.

Investor appetite: According to the annual Savills UK & European Operational Real Estate Survey, investor appetite for serviced apartments increased by 22% in 2026, reflecting growing institutional interest.

Regulatory position

Serviced apartments are structurally distinct from short-term rentals.

They are typically planning compliant, professionally managed, and exposed to materially lower political and regulatory risk, while retaining a longer 'hospitality' stay profile supported by residential style amenities.

Demand drivers

01. Expansion of international travel

International travel demand has moved beyond post pandemic recovery and entered a renewed growth phase. Despite the short-term disruption due to the conflict in the Middle East, UN Tourism forecasts global international arrivals to grow at 3-5% per annum in the near-term, following a record approximately 1.5 billion arrivals in 2025, with continued momentum expected as long-haul markets fully normalise.

Europe remains the world's largest destination region, welcoming an estimated 800 million international visitors in 2025. Forward indicators suggest sustained mid-single digit growth, supported by strong intra-European mobility, improving connectivity with Asia Pacific markets, and continued prioritisation of travel expenditure by consumers. Aviation forecasts reinforce this outlook. Global passenger volumes are expected to exceed 12 billion by 2030, while travel and tourism spending within the EU is projected to surpass €2.3 trillion by 2035, indicating both volume and value growth over the medium to long term. This expansion materially supports accommodation formats capable of absorbing longer stays and flexible demand profiles at scale.

02. Consumer awareness and accommodation preferences

Digital accommodation platforms have materially reshaped traveller expectations, normalising demand for accommodation that offers greater flexibility, increased space, and a more residential experience. In 2025, Airbnb facilitated over 520 million nights and experiences globally, an increase of 6% year on year, contributing to heightened awareness and acceptance of alternative accommodation formats.

As a result, serviced apartments increasingly compete directly with traditional hotels across both leisure and corporate segments. Corporate travel programmes in particular are showing greater alignment with serviced apartment solutions, reflecting their ability to meet internal policy requirements through professional management, consistent quality standards, enhanced duty of care provision, and improved cost transparency compared to other short-term rental product. The GBTA Business Travel Index Outlook is forecasting an 8.1% increase in corporate travel spending in 2026 in UK serviced apartments, which clearly reinforces this trend.

03. Growth in longer stay travel

Travel behaviour is continuing to shift toward longer duration stays. In 2025, based on data from the European Travel Commission, the number of Europeans planning to take a trip lasting between 7-12 nights increased by 11%.

This increase in 7-12 night trips has occurred alongside a decline in shorter stays of less than seven nights, indicating a structural shift in European travel behaviour toward longer-duration trips rather than a cyclical rebound. Travellers are increasingly seeking flexibility, deeper engagement with destinations, and accommodation that supports extended occupancy. The expansion of remote and hybrid working models has enabled a greater proportion of travellers to combine work and travel, accelerating the shift towards longer stays.

Serviced apartments are well positioned to benefit from this trend, offering functional amenities such as in room kitchens and laundry facilities that support longer stays and improved cost efficiency. Extended stays may also support more sustainable travel patterns by reducing the per night carbon footprint relative to multiple shorter trips. Families, in particular, are increasingly prioritising space, convenience, and overall value over traditional full-service hotel features such as daily housekeeping or on-site dining.

04. Digital nomad demand

The continued growth of remote work and location independent lifestyles has created incremental demand for accommodation that enables guests to live and work comfortably over extended periods. According to Nomad Stays, 2025 saw the global digital nomad population exceed an estimated 50 million underlining the size and opportunity of this growing sector.

This cohort places particular value on in-unit amenities, reliable connectivity, and access to coworking spaces or shared work environments. Serviced apartments, with larger unit sizes and clearly defined zones for work and living, are structurally well aligned with these requirements.

Regulation and demand re-allocation

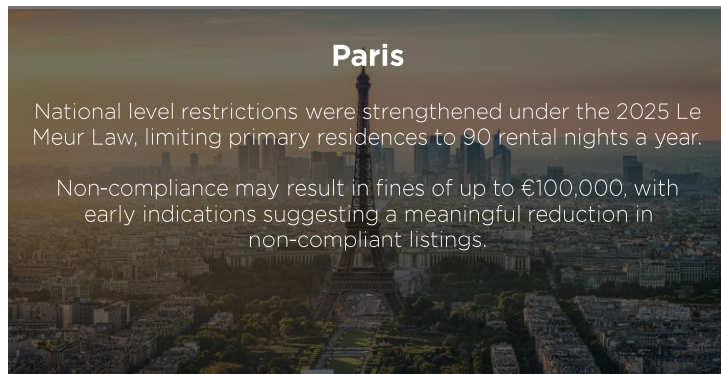
Regulatory tightening across Europe is contributing to a structural re-allocation of accommodation demand, away from informal short-term rentals and toward professionally operated extended stay formats. Governments are increasingly restricting short-term rentals in response to housing affordability, liveability and sustainability concerns, supported by improved data sharing at an EU level.

Measures such as night caps, licensing regimes, zoning controls and enhanced enforcement are reducing the viability of short-term rental supply, particularly entire home listings in central urban locations. These interventions are not expected to suppress travel

demand; rather, they are redirecting it toward compliant accommodation formats, as demand for centrally located, space efficient accommodation with residential amenities persists.

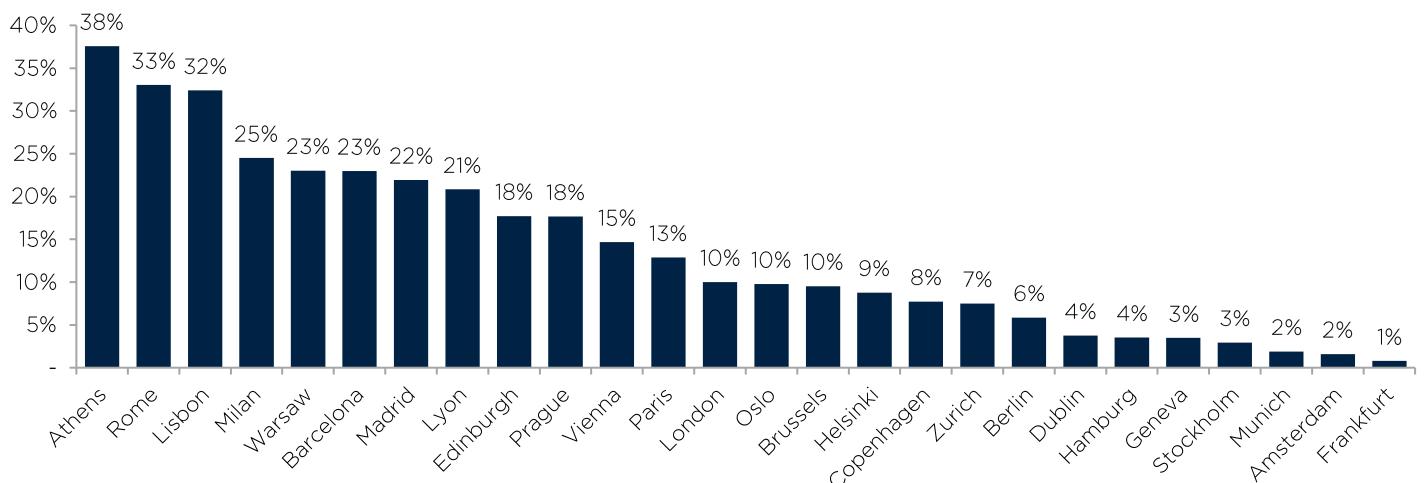
Serviced apartments typically sit outside short-term rental definitions and are planning compliant, positioning the sector to capture displaced demand while supporting occupancy and average daily rate resilience.

Evidence from across Europe indicates that tighter regulation is associated with a measurable contraction in informal accommodation supply, particularly in high density urban markets:



Taken together, these case studies support the view that regulatory intervention is structurally re-routing demand toward professionally managed, planning-compliant accommodation. In a sector where short term rentals can account for more than 25% of accommodation supply in some markets (detailed below in Figure 2), this represents a significant and durable source of demand for serviced apartments and extended stay formats.

FIG 2. AIRBNB % OF TOTAL ACCOMMODATION SUPPLY



Investment momentum

Over the past two years, investment activity in the European serviced apartment sector has remained robust, supported by sustained interest from global hotel groups, growing allocations of institutional capital, increasing cross border operator expansion, and continued platform level fundraising.

Savills data indicates that combined transaction volumes across 2024 and 2025 reached £660 million in the UK and €392 million in Spain, equating to approximately 6% and 5% of total hospitality investment volumes, respectively.

While the sector still represents a relatively small share of overall hospitality investment, these trends reflect a growing level of investor confidence in its scalability and long-term relevance.

The sector's defensive operating characteristics, diversified demand base, and close alignment with broader living and hospitality investment themes continue to underpin rising levels of investor conviction.



Staycity – Dublin

Hotel group participation

Major hotel groups are actively expanding their extended stay and serviced apartment brand portfolios across Europe, signalling long-term strategic commitment to the segment. Analysis of annual reports from Accor, Hilton, Hyatt, IHG and Marriott shows that the number of extended stay and serviced apartment brands has increased from 14 in 2015 to 25 as of early 2026 - a 1.8x increase, as shown in Figure 3.

Over the same period, these groups expanded their total brand portfolios by an average of 2.5x, showing that growth in extended stay formats has been more targeted than overall brand expansion.

Several of the newly launched serviced apartment brands remain primarily focused on North America and have yet to make their European debuts.

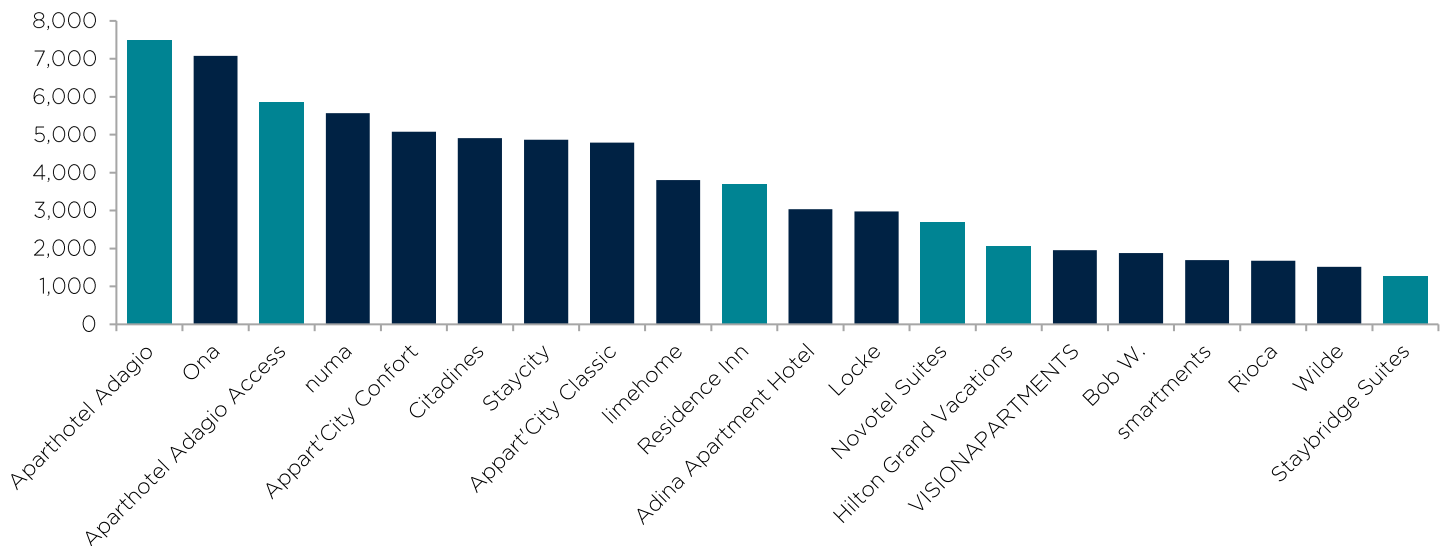
Across the wider European brand landscape, just six of the 25 extended stay and serviced apartment brands referenced rank among the continent's 20 largest serviced apartment brands (Figure 4), underlining the fragmented nature of the sector and the continued prominence of smaller platforms. Taken together, this sustained activity reflects confidence in the segment's long-term growth, profitability and scalability, while also highlighting clear opportunities for platform led consolidation.

Serviced Apartment & Extended Stay Brands

FIG 3. GLOBAL HOTEL GROUP SERVICED APARTMENT & EXTENDED STAY BRANDS - 2015 & 2026



FIG 4. LEADING SERVICED APARTMENTS BRANDS IN EUROPE - NUMBER OF KEYS, APRIL 2026



Source: Savills Research, CoStar, Company Annual Reports

Cross border operator expansion

Operators that were historically focused on single domestic markets are increasingly pursuing cross border expansion strategies across Europe, supported by institutional capital and highly replicable operating models.

Edgar Suites, which was originally France focused, has recently expanded into Southern Europe, acquiring assets in Valencia in 2025 and Málaga in March 2026. TFE, owner and operator of the Adina brand, is now prioritising growth in the UK, having historically concentrated on the DACH region, and opened new properties in Cambridge and Glasgow in late 2025.

Limehome has similarly broadened its footprint beyond its DACH origins, expanding across much of Western and Central Europe, including recent signings in Brussels and Milan. Further regional expansion strategies are also emerging among operators such as Urban Rest Apartments and CityPop.

This pattern of expansion highlights the fragmented nature of the sector, where many markets remain dominated by small, localised operators, creating clear scope for platform growth, consolidation and professionalisation as capital and operating expertise scale.



Capital raising and platform development

A number of serviced apartment platforms have completed capital raises over the past five years, supporting further development, selective acquisition activity and asset conversion strategies, particularly within urban and mixed-use environments.

Notable examples include Cheyne Strategic Value Credit's €75 million investment in Limehome, BC Partners' €104 million investment in Edgar Suites, BobW's €40 million capital raise led by Evli Growth Partners, and Numa Stays' most recent \$59 million funding round with Verlinvest.

Investors continue to favour platforms with strong brand positioning, centralised operating systems and scalable management infrastructure, key attributes in a sector where operational consistency remains uneven across markets.

Outlook

The European serviced apartment sector is entering a pivotal phase of growth.

Unlike previous cycles, this expansion is being driven by a convergence of structural demand growth, regulatory support, and increasing institutional capital deployment. As controls on short-term rentals intensify, informal supply is contracting across many of Europe's most dynamic urban destinations, redirecting demand toward compliant extended stay accommodation.

Against this backdrop, the sector's operating efficiency, longer stay resilience, and attractive margin profile continue to attract capital and support platform expansion. Fragmentation across markets, combined with under representation in overall supply, presents a clear opportunity for further consolidation, professionalisation and scale.

As European governments increasingly prioritise housing availability, community sustainability, and data transparency, the regulatory environment is expected to remain supportive of professionally operated serviced apartment models.

Overall, serviced apartments represent a compelling investment proposition: a sector offering structural demand growth, operational defensiveness, and significant scope for consolidation.

The alignment of regulatory tightening, evolving travel behaviour, higher margin operations and accelerating investment activity positions serviced apartments as one of Europe's most resilient, scalable, and strategically significant hospitality segments over the coming decade.

SAVILLS HOTELS

€4.8bn

OF HOTEL TRANSACTIONS ADVISED
ON IN THE LAST THREE YEARS

€24bn / 850

OF HOTELS VALUED ACROSS
EUROPE IN 2025

600+

YEARS OF COMBINED BANKING
AND REAL ESTATE EXPERIENCE

PROVEN DELIVERY ACROSS SINGLE ASSETS, PORTFOLIOS,
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