



Room for Growth: M&A in Hotels, Travel Agencies and Cruises

HOSPITALITY, LEISURE AND TRAVEL SECTOR

INDUSTRY REPORT - Q1 2025

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1. Executive summary

The hospitality, leisure, and travel sector is transforming due to post-pandemic recovery, shifting consumer preferences, and rising competition. Global revenues are projected to reach €483B for hotels, €343B for travel agencies, and €50B for cruises by 2029. Smaller operators face mounting pressure to modernize, driving consolidation trends.

Hotels are using M&A to implement AI-driven pricing, expand hybrid work-leisure offerings, and develop boutique brands for younger travelers. Travel agencies are enhancing digital capabilities, while cruise lines focus on luxury and sustainability.

Post-pandemic, M&A deal volumes have declined, but values are rising, with Western Europe and North America leading activity. Emerging markets in Asia-Pacific and Central & Eastern Europe are gaining traction.

To stay competitive, companies must scale, integrate technology, and embrace sustainability. M&A remains a critical strategy for adapting to evolving market demands and securing long-term growth



Europe is the biggest market for travel & tourism, followed by North America and Asia



Top 3 countries with most deals

- US
- UK
- Australia



Companies are getting comfortable with *larger deals* to scale up and stay competitive



Buyers are increasingly prioritizing *digitization and sustainability*



The share of *cross-border deals* is back above pre-COVID levels for both hotels and travel agencies



Sponsor interest has been resilient and is expected to increase as the rate cut cycle progresses

Source: M&A Worldwide analysis

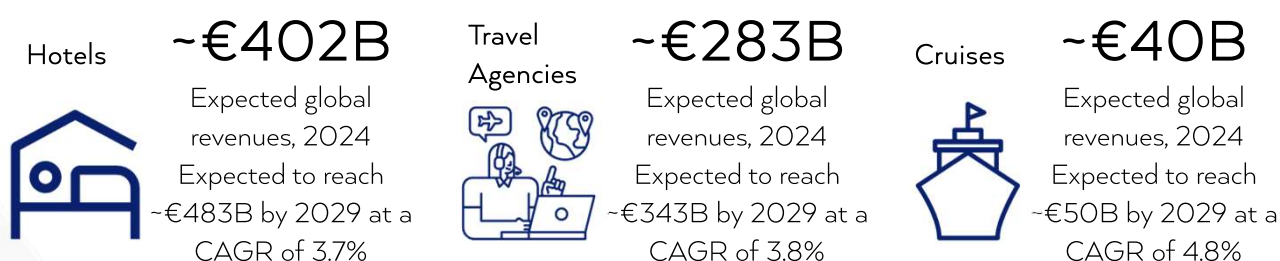
2. Industry overview

2.1. Hotels, travel agencies and cruises – How big are these industries?

The 'Hotels' category includes any company involved in owning and operating temporary accommodations for leisure and business travel such as hotels, resorts, guest houses, motels, caravan parks etc., such as Marriott (largest), Hilton, Hyatt etc.

'Travel agencies' includes companies that help people arrange for the aforementioned travels such as travel agencies, vacation rentals, booking websites, tour operators, package holiday providers, etc., such as Booking.com, Airbnb, Trip.com, etc.

'Cruises' includes companies that own and operate cruise ships, boats, yachts etc. for leisure travelers, such as Royal Caribbean Cruises (largest), Carnival Corporation, Norwegian Cruise Line, etc.



2.2. Impact of Airbnb on the hospitality industry

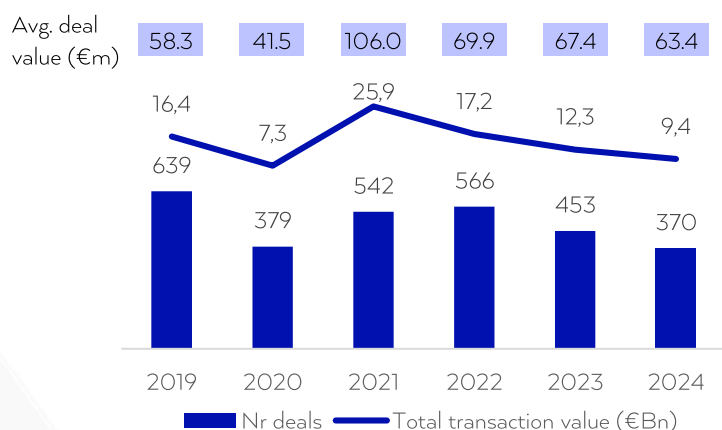
Airbnb has transformed the hospitality industry by enabling private rentals that offer unique, often lower-cost lodging alternatives to traditional hotels. This shift has driven hotels, especially budget-friendly options, to lower prices, improve personalized services, and expand short-stay options. Travel agencies, too, are pressured to offer customizable, experience-driven accommodations to keep pace with digital platforms. However, Airbnb faces challenges too: cities are imposing stricter regulations due to its impact on housing availability and prices, and the platform itself contends with issues like hidden fees and concerns over transparency. These dynamics have fueled M&A as hotels and travel agencies consolidate to cut costs, enhance digital capabilities, and better compete in a market reshaped by Airbnb's influence —while Airbnb, in turn, grapples with balancing growth, customer satisfaction and compliance.

LTM revenue (€M) ¹	2012	2018	2024	CAGR ('12-'18) (Before Airbnb) ¹	CAGR ('18-'24) (After Airbnb) ¹
Hotels ²	4,389	9,238	13,150	13.8%	5.5%
Travel agencies ³	7,590	25,802	39,972	25.5%	7.9%
Airbnb	-	2,133	9,719	-	28.8%

3. M&A analysis

3.1. Hotels

3.1.1. YTD deal volume and value



Source: M&A Worldwide analysis

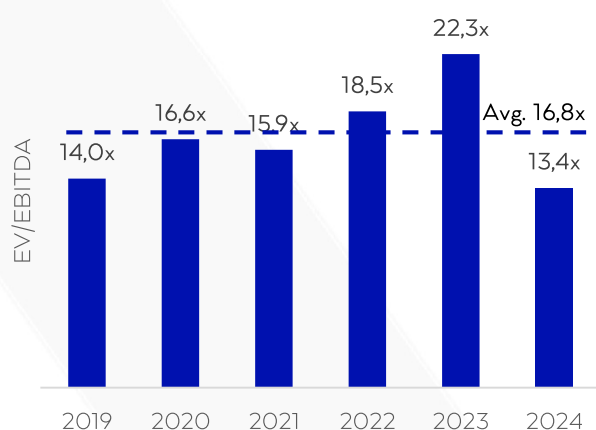
Notes: 1. Data as of 25 November 2024, and only available for Airbnb 2018 onwards

2. 'Hotels' includes Marriott International, Inc., InterContinental Hotels Group PLC, H World Group Limited, and Choice Hotels International, Inc.

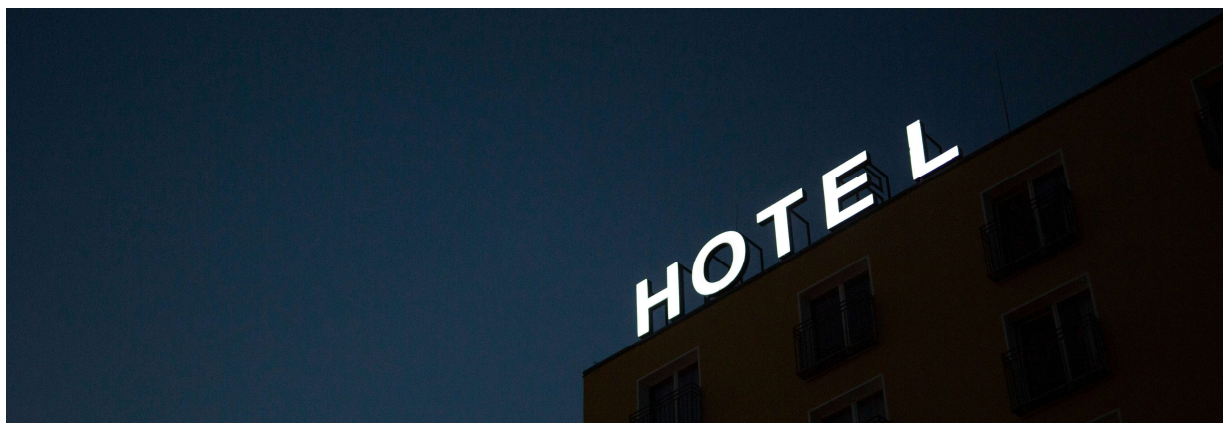
3. 'Travel agencies' includes Booking Holdings Inc., Trip.com Group Limited, Expedia Group, Inc. and MakeMyTrip Limited

- Post-pandemic, deal volume peaked in 2022 while value peaked in 2021, and both have been declining since then as the interest rate environment tightened due to inflation
- However, the average deal value is still up from pre-COVID levels, going from €58.3m in 2019 to €63.4m in 2024, demonstrating resilient risk appetite
- North America has consistently led in terms of both deal volume and value since 2019, with Western Europe in the second place
- Over the past couple of years, Western Europe has reduced the gap in deal volume as it continues to do well with tourists

3.1.2. Valuation



- Valuations peaked last year as the pent-up demand for travel post the pandemic outweighed the adverse interest rate environment
- However, multiples have been under pressure this year as both leisure and business have now normalized towards their long-term averages and financing concerns are a priority again
- However, the ongoing rate cut cycle should promote more constructive discussions between potential buyers and sellers
- Talking about regions, Western Europe, North America and Asia-Pacific continue to demand the highest premiums, with others like CEE, Latin America and Middle East slowly gaining ground



3.1.3. Most active buyers

Buyer (Sponsor)	Country	Description	Deals from 2019-2024YTD
MCR Investors LLC	US	Hotel management company	25
The Inn Collection Group	UK	Chain of pubs and inns	17
Blackstone Inc.	US	Alternative asset manager	15
Davidson Kempner Capital Management LP	US	Alternative asset manager	14
KSL Advisors, LLC	US	Private equity firm	12

3.1.4. Biggest transactions

Date	Target	Country	Deal type	Buyer (Sponsor)	Deal value (€ millions)
Mar-21	Extended Stay America, Inc.	US	Majority	Blackstone Inc.; Starwood Property Trust, Inc.	4,903.5
Jan-21	Bourne Holidays Limited	UK	Majority	Blackstone Inc.	3,466.6
Mar-21	Diamond Resorts International, LLC	US	Majority	Hilton Grand Vacations Inc.	2,862.9
Jun-22	The Student Hotel, Inc.	NL	Majority	GIC Private Limited; APG Asset Management NV	2,100.0
Nov-23	Bluegreen Vacations Holding Corporation	US	Majority	Hilton Grand Vacations Inc.	1,991.7
Sep-21	Four Seasons Holdings Inc.	CA	Minority	Cascade Investment, L.L.C.	1,955.8
Sep-21	NP1 Hong Kong Limited	HK	Majority	MGM Resorts International	1,561.9
Nov-21	Park Holidays UK Limited	UK	Majority	Sun Communities, Inc.	1,137.8
Apr-23	Dur Hospitality Company	SA	Majority	Taiba Investment Company	1,015.2
Dec-21	The Mirage Casino-Hotel LLC	US	Majority	Seminole Hard Rock International, LLC	1,013.8

3.1.5 Notable trends



- **Sustainable operations:** Hotels are one of the most resource-intensive consumer businesses and thus have started to implement energy-efficient and waste-reducing practices to appeal to an increasingly sustainability-conscious investor base, especially in regions with high utility costs



- **Advanced AI integration:** Hotels are increasingly using AI for dynamic pricing that adjusts room rates based on real-time demand. AI-powered chatbots handle customer inquiries, providing 24/7 support, while predictive maintenance systems monitor equipment, identifying issues before they impact guest experience



- **"Bleisure" travel focus:** With traditional business travel still lagging pre-pandemic levels, hotels are expanding amenities for blended business-leisure (bleisure) stays, adding coworking spaces and tailored leisure experiences to attract longer stays



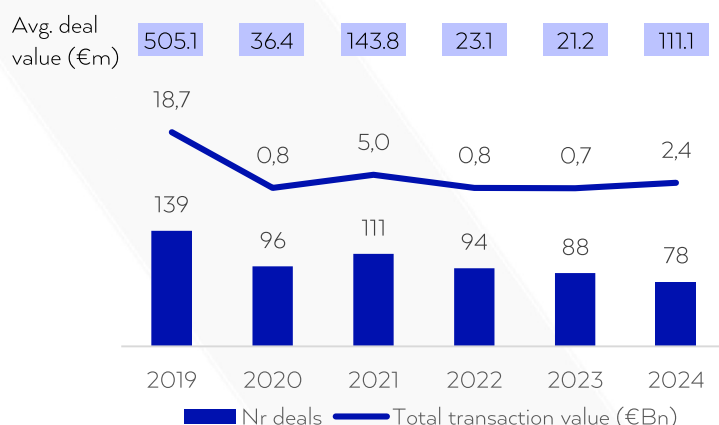
- **Expansion into boutique and soft brands:** Major chains are using niche brands to capture demand for unique, culturally immersive stays while retaining large-scale brand reliability. This strategy appeals especially to millennials and Gen Z travelers seeking authenticity



- **CEE as an investment hub:** The CEE region saw dealmaking volume break through the pre-pandemic levels, but still below the peaks of 2022. In particular, Poland and Romania are attracting significant M&A interest as investors recognize the traveler's need to find new, hidden gems as traditional Western European destinations face pressure from locals to curb excess tourism

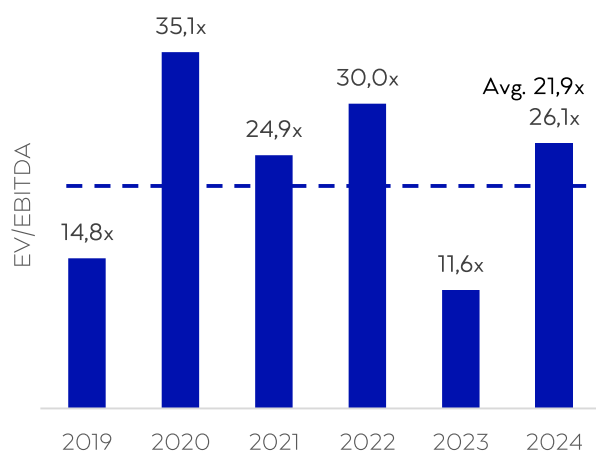
3.2. Travel agencies

3.2.1. YTD deal volume and value



- Both deal volume and value have lagged pre-pandemic levels, with 2021 getting the closest while 2024 has struggled due to the unfavorable financing environment
- However, the average deal value has gone up from €23.1m in 2022 to €111.1m in 2024, demonstrating that buyers are willing to underwrite larger tickets if the opportunity merits it
- Western Europe has led in terms of deal volume, with Asia-Pacific in second and North America in third
- However, when it comes to deal value, North America is the leader, with Western Europe and Asia-Pacific second and third respectively

3.2.2. Valuation¹



- Valuations peaked in 2020 as investors looked to capitalize on the pandemic-induced frenzy and have been moderating since then, partly due to the subsequent global rate hike cycle and the increased focus on profitability
- Valuations were low in 2023 due to inflation-driven uncertainty but have rebounded as inflation eases. With central banks cutting rates, stability is expected to continue.
- Coming to regional dynamics, Western Europe has commanded the largest valuation premiums as it continues to be a prime holiday destination, followed by North America

3.2.3 Most active buyers

Buyer (Sponsor)	Country	Description	Deals from 2019-2024YTD
Navan, Inc.	US	Online corporate travel and expense management platform	7
JPMorgan Chase & Co.	US	Global financial services firm	7
Global Business Travel Group, Inc.	US	Business-to-business (B2B) travel platform	5
The Midcounties Co-operative Limited	UK	Consumer cooperative society providing travel, food, pharmacy, healthcare, energy, funeral, childcare, energy, post offices, and flexible benefits	5
Flight Centre Travel Group Limited	AU	Travel retailing services for the leisure and corporate sectors	5

3.2.4. Biggest transactions

Date	Target	Country	Deal type	Buyer (Sponsor)	Deal value (€ millions)
Apr-19	Liberty Expedia Holdings, Inc.	USA	Majority	Expedia Group, Inc.	16,014.6
Aug-21	Apple Leisure Group	USA	Majority	Hyatt Hotels Corporation	2,389.4
Dec-20	Chengdu Culture & Tourism Development Group Ltd.	China	Majority	Lander Sports Development Co., Ltd.	1,366.9
Apr-24	Motel One GmbH	Germany	Minority	One Hotels & Resorts AG	1,250.0
Nov-21	Consumer Club, Inc. d/b/a/ Getaroom.com	USA	Majority	Booking Holdings Inc.	1,057.4
Jun-21	UTour Group Co., Ltd.	China	Majority	Caissa Tosun Development Co., Ltd.	811.08
May-21	Egencia LLC	USA	Majority	Global Business Travel Group, Inc.	647.18
Mar-24	CWT US, LLC	USA	Majority	Global Business Travel Group, Inc.	527.3
Aug-19	Dream Cruises Holding Limited	Bermuda	Minority	TPG Inc.	440.7
Jul-21	Selenta Hospitality Group, S.L.	Spain	Majority	Brookfield Corporation	440.0

3.2.5 Notable trends



- **Digital innovation and tech integration:** Travel agencies are increasingly investing in AI, and APIs to streamline booking, personalize customer experiences, and improve back-end operations, with particular focus on payment orchestration, business travel and vacation rental software solutions



- **Cross-border dealmaking recovery:** The share of international deals finally returned to pre-pandemic levels, roughly 31%, after slowly making its way back up from the pandemic-induced lows of ~20%, signifying investor's faith in the robust demand for cross-border experiences



- **Sustainability and ESG commitments:** Agencies are leveraging green practices, like promoting eco-friendly travel options, offsetting emissions for booked trips, and prioritizing partnerships with sustainable providers to differentiate themselves and appeal to the increasingly environmentally-conscious buyers



- **Leveraging experiential travel demand:** Travel agencies support the experiential economy by curating complex itineraries and exclusive local experiences that single providers like hotels or airlines can't offer. Agencies specializing in bespoke, high-touch services—private guides, hidden local spots, immersive activities—are prime M&A targets as they meet rising demand for distinctive, personalized journeys



- **Pent-up exits from pandemic delays:** Many independent travel agencies, especially those family-owned or small-scale, postponed planned exits due to COVID-19. With travel demand rebounding, these agencies are now seeking M&A to cash out, merge, or scale without the financial strain of independently navigating a competitive, tech-driven market



- **Fragmented agency landscape ripe for consolidation:** The travel agency sector remains highly fragmented, with numerous small, local agencies. Larger players see M&A to acquire regional expertise, build market share, and enhance service portfolios by absorbing these niche agencies, creating broader networks that can deliver more cohesive, scalable offerings

Source: M&A Worldwide analysis

3.2.6 Travel guides

The growing demand for local guides and curated experiences has led to the rise of platforms and companies that specialize in connecting travelers with authentic activities.

One notable example is **GetYourGuide**, a Berlin-based platform founded in 2007, which has become a key player in this space. The company's business model, offering a wide range of tours, activities, and experiences across the globe, reached a valuation of \$2 billion in June 2023 following a successful financing round of \$194 million, backed by investors including KKR and Temasek.

Another growing company in the sector is **TUI Musement**, a subsidiary of Europe's largest travel company, TUI, has made significant strides in the local experiences sector. With a curated portfolio that spans over 100 destinations worldwide, TUI Musement offers excursions, activities, and attraction tickets, sourced both from leading travel businesses and its in-house team. These platforms not only provide travelers with diverse, high-quality options but also highlight the growing importance of personalized, local experiences in today's competitive hospitality market.

Source: M&A Worldwide analysis

3.3. Cruises

3.3.1 Notable trends

- **Niche market growth:** Cruise operators are increasingly targeting specific market segments such as luxury and boutique cruises, which appeal to higher-income travellers. This focus allows them to command higher pricing and deliver tailored, premium experiences that differentiate from mainstream offerings
- **Private valuations:** Over the past ~10 years, the cruise industry has shown relative stability when it comes to the value of private firms, with an average EV/EBITDA multiple of ~13.5x
- **Public valuations:** Looking at the 3 largest players in the cruise industry, Royal Caribbean, Carnival Corporation, and Norwegian Cruise Line, we found an average EV/EBITDA multiple of ~11.5x, with valuation having a similar pattern to private multiples, albeit with more variance and slightly lower values, due to the control premium associated with M&A
- **Strong start with major deals:** The sector began the year on a high note, marked by L Catterton's investment in AMA Waterways and Viking Cruises' successful IPO in the US. Viking raised \$1.5 billion, one of the larger IPOs of 2024
- **Sustainability initiatives for a greener future:** Almost all major cruise lines are committed to reaching net-zero emissions by 2050, focusing on reducing emissions both at sea and berth. This includes trials with alternative fuels, and substantial investments in technologies to make onboard experiences environmentally conscious
- **Younger passengers:** The cruising demographic has shifted significantly, with younger generations, (Gen-X, Millennials) now making up a larger share of the market, with the average cruiser age dropped to 46 in 2024, and 48 in 2022
- **Notable sponsors:** Over the past few years, several sponsors have been active in the cruise sector. Notable names include Crestview Advisors (Gananoque Boat Line Limited and Entertainment Cruises, Inc., 2019), Ekkio Capital (Sarl Paris Seine, 2019), and Sycamore Partners (Azamara Club Cruises, Inc., 2021)
- **Balancing act:** While the U.S. cruise market grew 17.5% from 2019 to 2023, solidifying its global dominance with projected 2024 revenue of US\$24.7 billion, Asia faced a 37.7% decline due to China's prolonged pandemic-induced lockdowns

3.3.2 Biggest transactions

Date	Target	Country	Deal type	Buyer (Sponsor)	Deal value (€ millions)
Jul-20	Silversea Cruise Holding Ltd.	MC	Minority	Royal Caribbean Cruises Ltd.	230.4
Jan-21	Zhuhai Holdings Investment Group Limited	HK	Minority	Supervision and Administration Commission of Zhuhai Municipal	181.3
Jan-21	Azamara Club Cruises, Inc.	US	Majority	Sycamore Partners Management	168.4
Mar-21	Tasmanian Tourism Assets/Coral Expeditions Pty Ltd	AU	Majority	National Roads and Motorists' Association Limited	84.4
Jan-20	Zhuhai Holdings Investment Group Limited	HK	Minority	Supervision and Administration Commission of Zhuhai Municipal	23.5

4. Conclusion

The hospitality, leisure, and travel industry is navigating a period of rapid change, driven by shifting traveler priorities and rising competition. Larger players are increasingly turning to M&A to innovate and expand, leveraging technology and sustainability initiatives to meet evolving customer demands. For smaller operators, the pressure to adapt is intensifying as larger brands continue to chip away at their traditional advantages such as local knowledge and personalized experiences.

Major trends such as hybrid travel and boutique offerings are reshaping the competitive landscape. Larger firms are using M&A to tap into these growing niches, leaving smaller operators with limited options to compete effectively. Consolidation is no longer just an opportunity for growth but a necessity for survival, as businesses seek to scale operations and access advanced digital tools. Central and Eastern Europe (CEE), particularly markets like Poland and Romania, is emerging as a new area of focus, attracting investment as travelers look for unique and less-saturated destinations.

For smaller operators, the gap in resources and capabilities compared to larger competitors is widening. AI-powered dynamic pricing, predictive maintenance, and digital guest engagement are becoming the norm, creating high barriers to entry for those unable to invest. M&A provides a practical solution for smaller businesses to overcome these challenges by gaining access to technology, networks, and expertise critical for their evolution.

Businesses that fail to act risk losing relevance in a market increasingly defined by innovation and scale. For those willing to embrace change and pursue strategic growth, M&A is not just a survival mechanism but a chance to redefine their role in the industry.

4.1. How M&A Worldwide can help you











The Hospitality, Leisure, and Travel sector presents unique challenges and opportunities for M&A transactions. Success often depends on navigating complexities such as valuation, regional market dynamics, and the integration of sustainability and digital innovation. Expert guidance can help streamline this process and maximize value for stakeholders.

M&A Worldwide employs a structured approach tailored to the specific needs of the hospitality sector:

- **Preparation:** Performing a comprehensive analysis of your business to highlight key value drivers, such as brand equity, operational efficiency, and market positioning
- **Marketing:** Crafting a compelling narrative for your business, we leverage our extensive global network to connect with strategic and financial buyers
- **Initial offer and due diligence:** Supporting the evaluation of initial offers, focusing on identifying and progressing with the most strategic opportunities
- **Final offer and closing:** Managing the selection of final offers, negotiating deal terms, ensuring a smooth closing process

To initiate a conversation about potential financial or strategic partnership options and gain insights into optimizing value throughout the process, kindly reach out to a member of our team.

5. Notable Transactions

France	2025-01-29	UK	2024-12-17	France	2024-11-09
					
has acquired		has acquired		has acquired	
					
Sell-side		Sell-side		Sell-side	
France	2024-05-31	France	2024-03-19	France	2023-04-07
AMH				TERENCE CAPITAL	
has acquired		has acquired		has acquired	
					
Sell-side		Sell-side		Sell-side	
Netherlands	2023-04-13	USA	2022-12-29	Finland	2022-04-12
MBI		Weave  Growth			
has acquired		has acquired		has acquired	
				LEXINGTON 	
Sell-side		Sell-side		Buy-side	

6. Consumer and Retail Industry Group Team

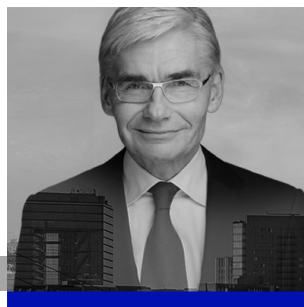
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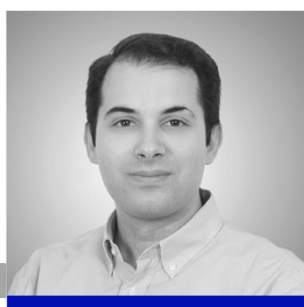
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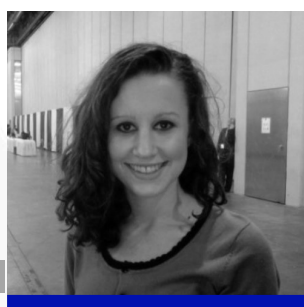
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HOSPITALITY, LEISURE AND TRAVEL SECTOR INDUSTRY REPORT

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