

# Strategic Hotel Due Diligence: Securing Transactions and Mitigating Risks

Hotel due diligence is a critical analytical process conducted prior to any acquisition or sale. It involves a rigorous evaluation of a property's strengths and weaknesses, a detailed risk assessment, and a reliable valuation to determine a fair purchase price. Key components of this review include strategic positioning, financial statements, human and physical resources, environmental liabilities, location advantages, and overall financial and legal risks.

## Identifying Dealbreakers in Hospitality Transactions

A primary objective of hotel due diligence is the early identification of "dealbreakers." Given the complexity of hospitality assets and the numerous stakeholders involved, uncovering these issues requires specialized expertise. Risks identified during this phase often lead to price adjustments during negotiations or, in some cases, the termination of the deal to protect the investor's capital.

## Core Areas of Hotel Due Diligence

Due to the intricate nature of hotel transactions, our due diligence process is modular and tailored to the specific needs of each mandate:

- **Tax Due Diligence:** Focuses on the corporate structure of the deal and an analysis of the past three years of tax history. We identify risks related to tax audits, construction withholding tax (Bauabzugssteuer), VAT liabilities, and any received subsidies or grants.
- **Legal Due Diligence:** Beyond reviewing land registry data, this includes a thorough audit of lease agreements, collateral, insurance policies, other contractual obligations, and public levies.
- **Operational Due Diligence:** We analyze the sustainability of the hotel operation, the local market, and the operator agreement. We also identify deferred maintenance (CapEx backlog) and look for untapped potential or alternative use options for the property.
- **Financial Due Diligence:** This focuses on property valuations, the creation of planning and valuation tools, and both qualitative and quantitative risk analysis.
- **Technical Due Diligence:** A meticulous inspection of the physical and technical condition of the building is often the decisive factor in an acquisition. For hospitality assets, this technical audit by specialized hotel experts is indispensable.

## **Required Documentation for a Professional Hotel Valuation & Technical Audit:**

To ensure a precise assessment, the following documents and information are required:

- Current land registry extract and cadastral map.
- Register of contaminated sites and easements (Baulastenverzeichnis).
- Recent certificates regarding municipal development costs.
- Technical building descriptions (original construction and subsequent renovations).
- Permit documents, including architectural plans, sections, and floor plans.
- Documentation on fire safety, noise protection, thermal insulation, and energy performance certificates.
- Overview of existing warranties, bonds, or guarantees with expiration dates.
- Records of investment subsidies or grants.
- Summary of all insurance policies for the building and operations.
- Hospitality licenses (Gaststättenrechtliche Erlaubnis) including all amendments.
- Building permits, certificates of acceptance, and proof of parking space requirements.
- Documentation regarding hazardous materials or structural defects.

We are ready to support your transaction with the expertise and efficiency of our certified hotel specialists.

**Contact us at +49 176 4884 62 90 or via our [Contact Form](#).**