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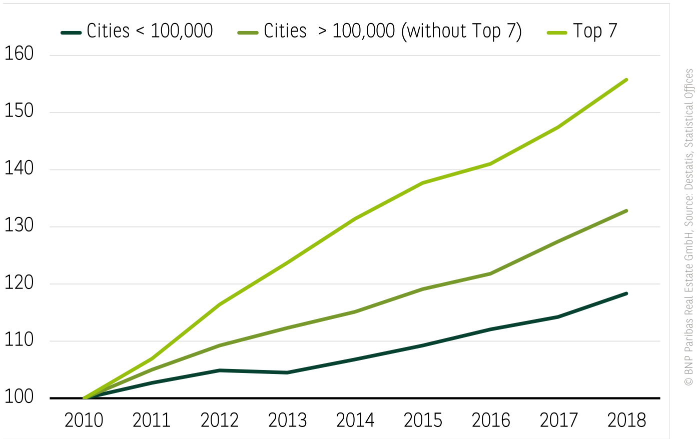
RESEARCH

At a Glance 2019

HOTEL MARKET GERMANY

Hotel demand in Germany

Overnight stays by city category (2010 = 100)



TOURISM IN GERMANY RIGHT ON TREND

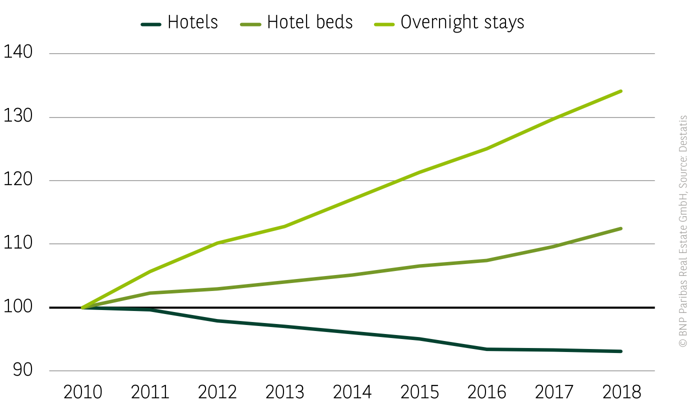
The German hotel market can look back on a long-lasting upswing and has set tourism records almost year after year since the beginning of the 2000s. Between 2010 and 2018 alone, the number of guest arrivals rose by about 37% to 132 million. The number of overnight stays increased by 34% and reached a record level of 265 million in 2018. The majority of tourists still come from Germany, while foreign visitors account for almost a quarter of guest arrivals.

The high growth in hotel demand is essentially attributable to two factors: On the one hand, the sustained economic expansion in Germany and the robust trade fair business led to a significant increase in business travel, from which the hotel industry in most cities and regions benefited substantially. On the other hand, tourism in Germany picked up considerably and developed into one of the country's most important economic sectors.

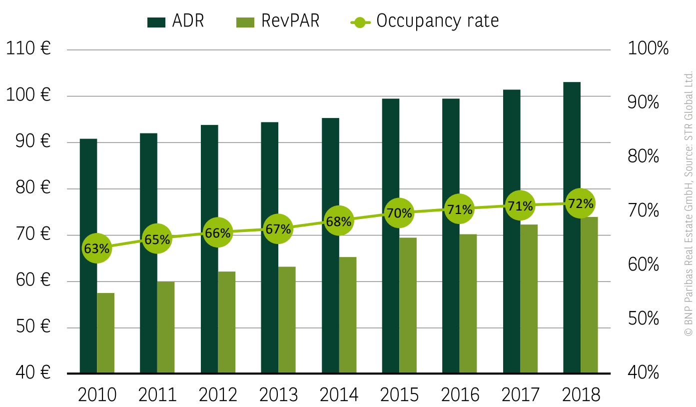
Although the North Sea, the Baltic Sea and the numerous uplands between the Elbe and Isar rivers are becoming more and more popular holiday destinations, the highest growth rates are to be found in the major cities. Since 2010, the number of overnight stays in the seven most important metropolises Berlin, Munich, Hamburg, Frankfurt, Cologne, Düsseldorf and Stuttgart has risen by 56%. It shows that tourism in the Top 7 cities has developed much more dynamically than in the other large cities (+33%) and the cities and municipalities with less than 100,000 inhabitants (+18%).

As a reaction to rising demand, bed capacity was also significantly expanded. While the number of hotel beds rose by a total of 34% between 2010 and 2018, the number of open hotels fell by 7%, due to the increasing displacement of owner-managed private hotels by significantly larger branded hotels. All in all, it can be observed that the increase in demand was much stronger than capacity expansion. The resulting continuous excess demand led to a clear improvement in the key performance figures of hotel operators.

Supply and demand in comparison (2010 = 100)



Development of hotel performance indicators



At a Glance **2019**

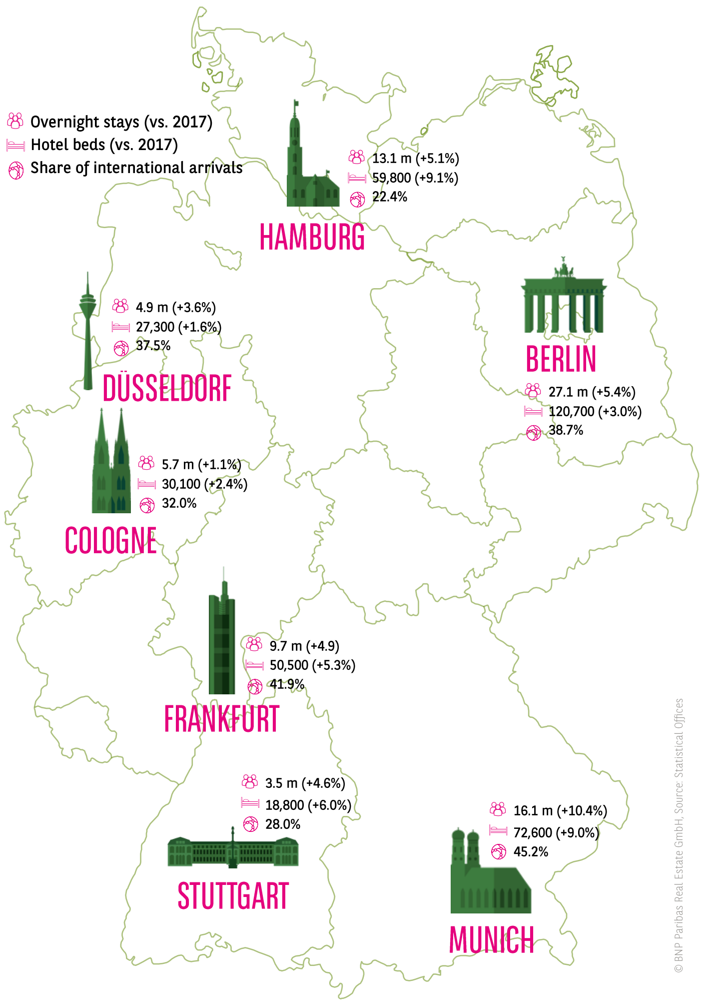
TOP 7 CITIES IN COMPARISON

TOP 7 CITIES ARE KEY PLAYERS IN CITY TOURISM

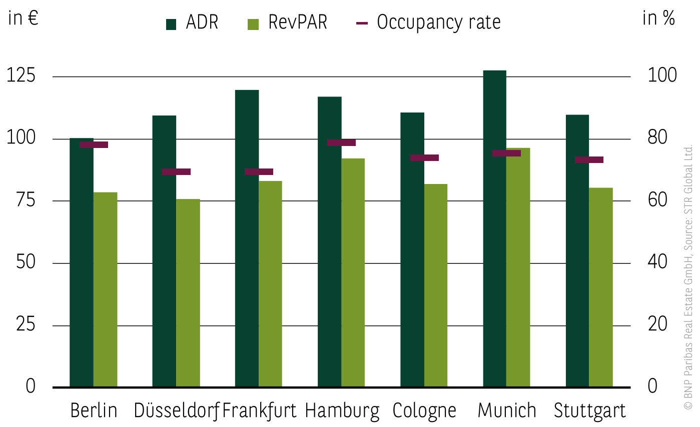
The seven most important cities in the country are all characterised by a broadly diversified economic structure and an important university and research landscape. Moreover, they are home to media houses, company headquarters, lobbyists and political institutions, all of which are important generators for overnight stays.

However, the most important driver of the boom in demand in recent years is the worldwide trend towards city tourism. Young city travelers in particular are not only interested in classic sights, museums and shopping streets, but also want to participate as much as possible in the urban lifestyle of the cities they visit. In this context, Germany benefits from its historical decentralised structure.

Berlin is the undisputed frontrunner in Germany with over 27 million overnight stays in 2018. In all of Europe, only Paris and London are more popular with city tourists. In contrast to many other European countries, however, Germany has several important tourist centres outside the capital. With 16 and 13 million overnight stays respectively, Munich and Hamburg are also among the top tourist destinations on the continent and boast high growth rates and excellent prospects for the future. With almost 10 million overnight stays in 2018, Frankfurt ranks among the 20 most popular travel destinations in Europe, too. Although the hotel market in the banking metropolis continues to be dominated by business travellers, the city has been successively increasing the share of private city tourists for years. Cologne, Düsseldorf and Stuttgart are also pursuing similar ambitions. They live primarily from business travellers, but at the same time are making great efforts to increase their attractiveness as city travel destinations and thus try to achieve a better distribution of visitor flows throughout the year.



Performance indicators 2018 in Top 7 cities



PERFORMANCE ON THE UPSWING

In the wake of the strong demand development in the most important German hotel markets, the relevant key performance indicators also developed positively for the most part. The occupancy rate, in particular, has risen significantly for all cities since 2010. In 2018, Hamburg took the lead with an occupancy rate of 78.8%, closely followed by Berlin with 78.3%. In terms of average room rate (ADR), there was no overtaking Munich (€ 128), which clearly tops the city ranking, ahead of Frankfurt (€ 120) and Hamburg (€ 117). Concerning earnings per available room capacity (RevPAR), Munich (€ 96) and Hamburg (€ 92) performed best, while Berlin (€ 79) is at the lower end of the city distribution due to a significantly lower price level.

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