

HOTEL MARKET HAMBURG CITY REPORT 2019



RESEARCH



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HAMBURG - HOTEL MARKET OVERVIEW

- OVERNIGHT STAYS TRIPLD IN LESS THAN 20 YEARS
- SIGNIFICANT EXPANSION OF BED CAPACITY
- HIGH INTERNATIONAL ATTENTION DUE TO THE OPENING OF ELBPILHARMONIE CONCERT HALL

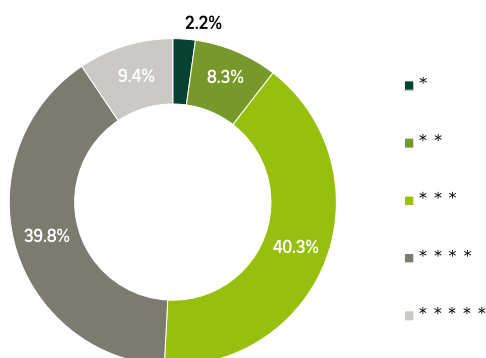
HAMBURG - MODERN, URBAN, HANSEATIC

As one of the most important port cities in Europe, Hamburg presents itself as cosmopolitan, liberal and utterly modern. At the same time, however, Germany's "gateway to the world" has still retained a touch of maritime nostalgia and cultivates its tradition as a Hanseatic mercantile city. In recent years, the city on the Elbe has become more and more popular with visitors from Germany and abroad. A special milestone was the opening of Elbphilharmonie concert hall at the beginning of 2017, which convincingly resolved a major problem of Hamburg tourism, namely the lack of an unmistakable landmark building. What also characterizes the Hanseatic city is the unique diversity of its districts: Historic sights and shopping in the city centre, alternative lifestyle in the trendy "Schanze", St. Georg and St. Pauli districts, elegant boutiques and upscale gastronomy in the chic residential districts around the Alster or relaxed strolling and ship watching at the harbour fringe or in the noble Elbe suburbs: Hamburg shows its visitors a different face at every corner.

Arrivals and overnight stays, share of international arrivals



Distribution by star category



Market environment Hamburg 2018

		YOY
1.83 M	Population	↗
6.60 M	Guest arrivals	↗
13.05 M	Overnight stays	↗
22.4 %	Share of international tourism	↔
340	Hotels	↗
59,800	Hotel beds	↗

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HIGH GROWTH RATE IN LEISURE TOURISM

Since the turn of the millennium, Hamburg has experienced an undreamt-of tourism boom, which has resulted in a tripling of overnight stays in less than 20 years. This means that the Hanseatic city can boast the highest growth rate of all German cities with over 500,000 inhabitants. In 2018, a total of 6.6 million guest arrivals and 13.1 million overnight stays in hotels were recorded, putting Hamburg in thirteenth place in all of Europe. However, the share of international arrivals is quite low at 22 %, which is attributable to still below-average international recognition and the relatively small international catchment area.

In recent years, the city on the Elbe has made great efforts to increase its attractiveness to city tourists. In addition to urban development projects such as the Elbphilharmonie concert hall or the new Elbe boardwalk at Landungsbrücken, Hamburg tourists can look forward to new museums, musical theatres, shopping concepts as well as excellent restaurant choices. Moreover, the city has developed into one of the most important cruise ports in Europe and is thus benefiting directly from the considerable growth of the cruise industry.

For business travellers, there are many different travel opportunities in Hamburg, which is considered one of the most important science, media, logistics and industrial centres in Northern Europe. As a trade fair and congress location, however, Hamburg is in danger of losing its association with national frontrunners, especially as the trade fair complex at the city fringe is left little room for expansion. The city hopes that the renovation of Congress Center Hamburg and the possible construction of a multifunctional hall will provide some impetus for the future.

PERFORMANCE AND HOTEL INVESTMENT

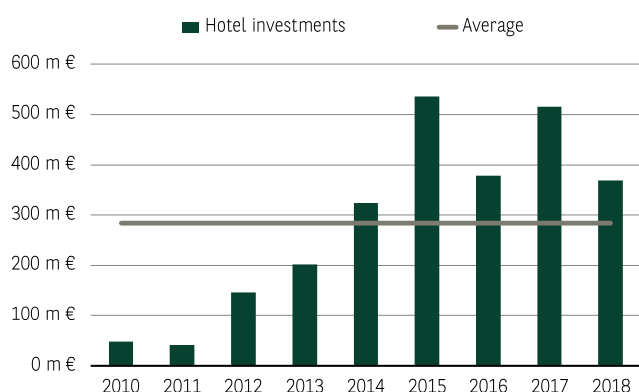
- ▶ DEMAND GROWTH CLEARLY EXCEEDS CAPACITY EXPANSION
- ▶ POSITIVE LONG-TERM HOTEL PRICE DEVELOPMENT
- ▶ STRONG INCREASE IN INVESTMENT VOLUME

HEALTHY PERFORMANCE DEVELOPMENT

Between 2010 and 2018, the number of overnight stays in Hamburg rose by a total of 52%, while available bed capacity increased by just under 38%. Despite numerous new hotel openings in recent years, there is clear excess demand of around 15 percentage points on the hotel market. This is consistently reflected in the development of performance indicators. The occupancy rate rose from 71% in 2010 to just under 79% in 2018, which means that Hamburg has the highest room occupancy rate among Germany's most important hotel locations. The average net room price (ADR) also showed a dynamic development, rising by around 17% within eight years. Meanwhile, RevPAR climbed from €70.90 in 2010 to €92.30 at present, i.e. as of 2018, Hamburg's hoteliers achieved for every available room a revenue increase of €21.40 compared to eight years earlier. All in all, the upward trend in performance indicators is still intact, even though the occupancy rate has fallen slightly again recently. The abrupt rise in ADR in 2017 is particularly striking. This is partly due to the fact that several 4 and 5 star hotels were opened during the year, with the result that the average price per hotel room sold jumped by just under 7%.

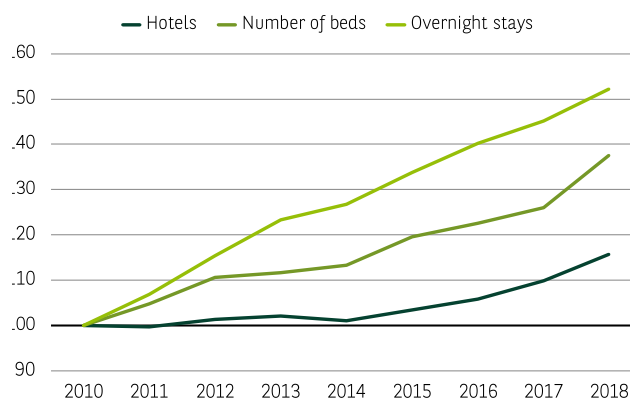
The Hanseatic city is also a good place for real estate investors. Over the past eight years, an average of €284 million has been invested in hotel real estate, making Hamburg the fourth largest investment location in Germany after Berlin, Munich and Frankfurt. At €369 million in 2018, transaction volume was a good 28% lower than in the previous year. However, this is not due to a decline in investor interest but rather the result of a scarce product range which does not offer room for higher turnover.

Hotel investment volume



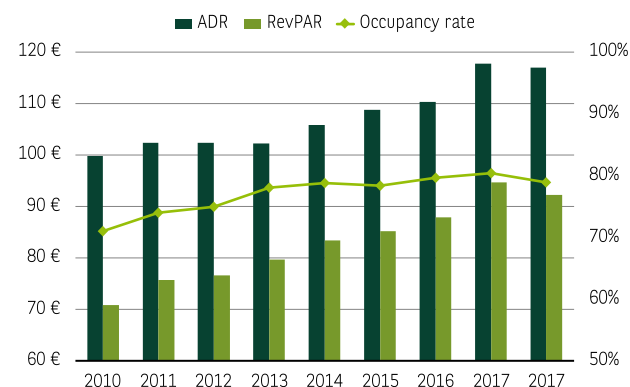
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Development of hotels and number of beds (2010 = 100)



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Development of performance figures



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Selected transactions

Year	Name	Rooms	Seller	Buyer
2017	Radisson Blu ****	556	PFA Pension	Wenaasgruppen
2017	Crowne Plaza Hamburg ****	285	Apollo	Invesco
2017	Moxy Hotel Berliner Tor ***	291	GBI	Bayerische Versorgungskammer
2017	Ruby Hotel Hamburg Lotti ****	290	Patrizia	Real I.S.
2018	Courtyard by Marriott St. Georg ****	277	ABG-Gruppe	Zurich Group
2018	ibis styles Barmbek ***	188	Tamm & Voss	Art-Invest
2018	Hotel Reichshof ****	278	Event Hotels	InterGlobe Enter-
2019	Lindner Hotel am Michel ****	259	Lloyd Fonds	Institutional Investor

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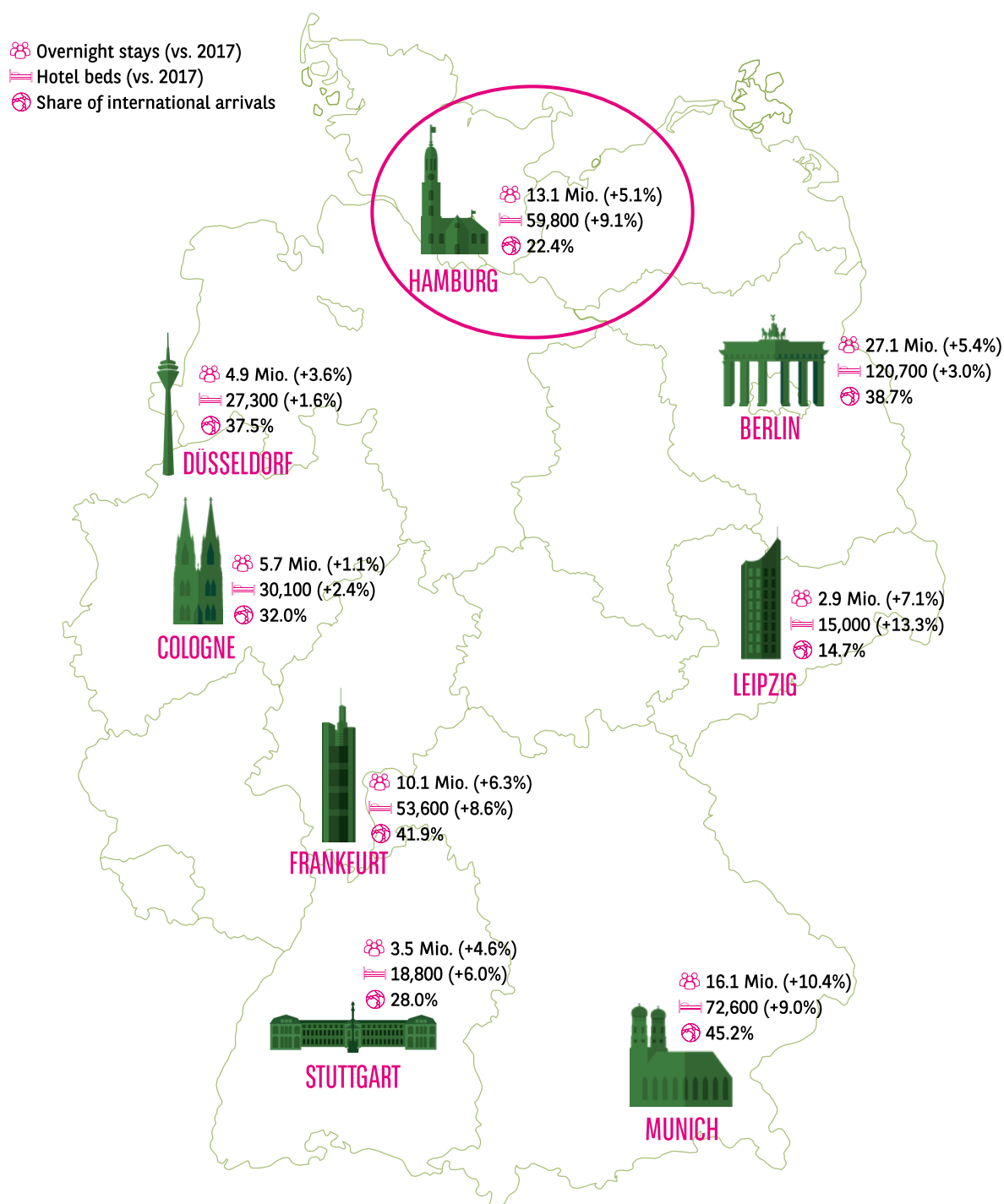
whereby the planned new Hamburg St. Pauli, which is to be built on the pyramid-shaped, green roof of a bunker at Heiligengeistfeld, will be particularly eye-catching. In addition to the city centre, decentralised hotel locations such as Altona, Hammerbrook or Harburg (outside the map section) are also moving into the focus of project developers and operating companies. A total of up to 14,000 hotel rooms are under construction or in planning, up to and including 2023. This corresponds to 22% of current hotel capacity, which as of July 2019 (provisionally) comprises 64,000 hotel beds. This shows that the steep expansion path on the Hamburg hotel market will be maintained in the medium term.

The map displays the following hotels and their details:

Hotel Name	Rooms	Year	Category
niu Bricks Hamburg-Eppendorf	192	2021	Hotel project
Leonardo Hotel Hamburg-Altona	191	2021	Hotel project
Moxy Hamburg-Altona	219	2021	Hotel project
Residence Inn Hamburg-Altona	52	2021	Hotel project
nhow Hamburg St. Pauli	136	2021	Hotel project
Premier Inn Reeperbahn	219	2020	Hotel project
Ruby Lotti	289	2018	Hotel project
Tortue Haburg	126	2018	Hotel project
Novotel Klosterwall	225	2022	Hotel project
Fraser Suites	154	2019	Hotel project
Ginn Hotel Hamburg	132	2019	Hotel project
Fleming's selection Hotel	192	2020	Hotel project
Premier Inn Hamburg Height	185	2019	Hotel project
PIERDREI Hotel HafenCity	212	2019	Hotel project
Holiday Inn Hamburg HafenCity	268	2019	Hotel project
ibis Styles Überseequartier	200	2023	Hotel project
Courtyard Hamburg City	277	2019	Hotel project
niu Yen	345	2021	Hotel project
Premier Inn	280	2022	Hotel project
NYX Hotel Hammerbrook	236	2020	Hotel project
Moxy Hotel Berliner Tor	291	2020	Hotel project
Süner 8 Hotel	275	2019	Hotel project
Holiday Inn Hamburg City Süd	315	2019	Hotel project
niu Lab	370	2022	Hotel project
niu Rough	154	2021	Hotel project
The Fontenay	131	2018	Hotel project
InterCity Hotel	221	2020	Hotel project
ibis Styles Barmbek	188	2020	Hotel project
niu Keg	116	2019	Hotel project

SUPPLY AND DEMAND IN COMPARISON

- HAMBURG GENERATES THIRD HIGHEST NUMBER OF GUEST ARRIVALS AND OVERNIGHT STAYS IN 2018
- HIGHEST GROWTH RATE IN TERMS OF OVERNIGHT STAYS SINCE 2000
- THIRD-LONGEST LENGTH OF STAY WITH AN AVERAGE OF 2.0 DAYS

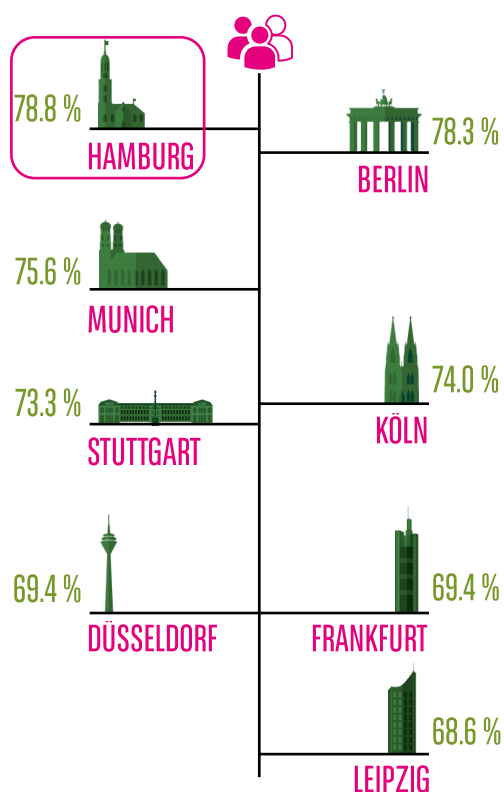


HOTEL PERFORMANCE IN COMPARISON

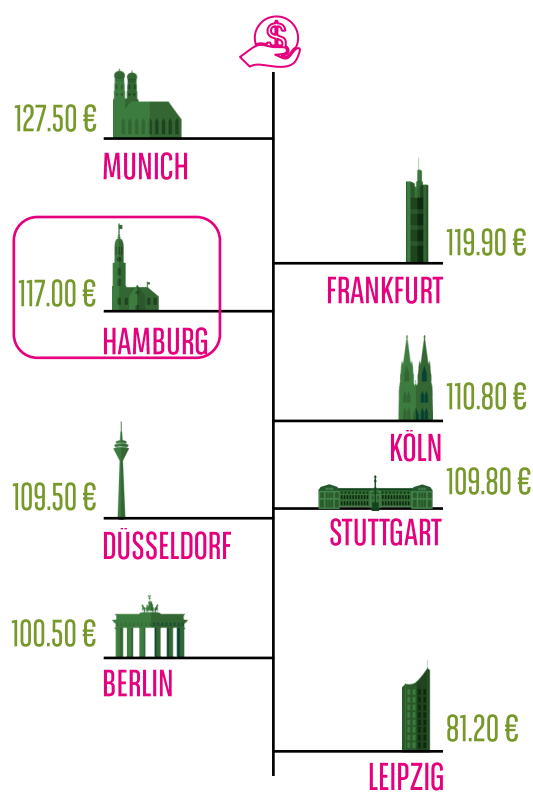
- AT 78.8%, **HIGHEST OCCUPANCY RATE IN THE CITY RANKING**
- **INCREASE IN ROOM OCCUPANCY RATE BY 7.8 PERCENTAGE POINTS SINCE 2010**

- WITH AN ADR OF 117.00 € **HAMBURG RANKS THIRD IN THE CITY CLASSIFICATION**
- **COMPARED TO 2010, PRICE LEVEL INCREASED BY A GOOD 17 % (2ND PLACE BEHIND LEIPZIG)**

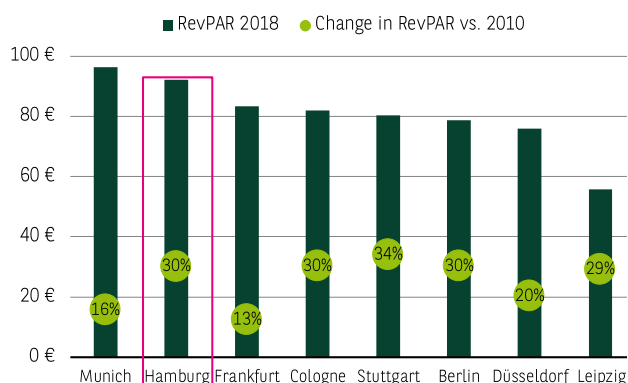
Occupancy rate 2018 in comparison



ADR 2018 in comparison



RevPAR in comparison



- **HAMBURG ACHIEVES SECOND PLACE IN 2018 WITH A REVPAR OF 92.30 €.**
- **WITH A 30 % INCREASE IN REVPAR, THE HANSEATIC CITY IS ONE OF THE TOP CITIES IN GERMANY**

OUTLOOK



Hamburg's tourism industry is in the middle of a long-running boom period, which has led to a tripling of overnight stays since the turn of the millennium. The city does not only profit from the general trend towards city tourism and stable economic development. Much more, the Elbe metropolis has succeeded in securing a permanent place on the tourist map of Germany thanks to numerous new sights, cultural highlights and excellent gastronomy. However, there is some catching up to be done among foreign tourists, who account for only 22% of guest arrivals. This shows that Hamburg still lags far behind its national competitors Berlin

and Munich in terms of international recognition as a city trip destination. However, there are signs of support from Down Under: For instance, the Australian travel book publisher Lonely Planet has dedicated one of their travel guides to the Hanseatic city, the first edition of which was published in March 2019 and is likely to attract a great deal of attention, especially among young city travelers. Generally speaking, there are no signs of a slowdown in visitor growth at present, so the hotel market can be expected to remain stable in view of the further significant expansion of available hotel rooms.



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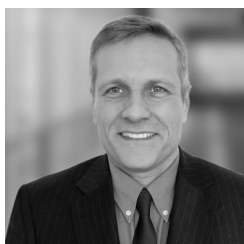
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