

OCTOBER 2016



GERMANY PAPERS

DATA AND EXPERT OPINIONS ABOUT THE GERMAN HOTEL MARKET

www.colliers.com

www.fairmas.com

www.revinate.com



INTRODUCTION

DATA MAKES BETTER HOTELS

After the first European guest review research published earlier this year, we wanted to take a deeper dive into the German market specifically. Our aim was to paint a better picture of the German hotel market and combine guest satisfaction plus the revenue business side of the hotels into one report. The correlation between reviews and revenue has been proven through studies at Harvard and Cornell, and by showcasing both data sets, we aimed to inform the industry on how hotels are performing on both fronts.

In total, we have analysed data of more than 4500 hotels in Germany and grouped them into 11 key markets. Besides the raw data on the market that we display, we asked several industry leaders to provide us with their take on their respective market or their field of expertise to complete the picture. The facts combined with the opinions.

**“ WE STRONGLY BELIEVE THAT BETTER DATA
LEADS TO BETTER BUSINESS DECISIONS AND RESULTS IN
HAPPIER GUESTS PLUS OPTIMISED REVENUE.**

Individual hotels who use Revinate and Fairmas data already have the combined insight into this data, but through this paper, we wanted to expand the scope and markets. We strongly believe that better data leads to better business decisions and results in happier guests plus optimised revenue. We see this research as a first step in the right direction but also understand that our work is just starting here.

Enjoy the paper!

Dirk Bakker
Maarten Plesman
Niels Schröder



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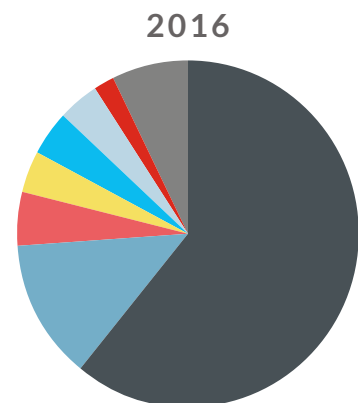
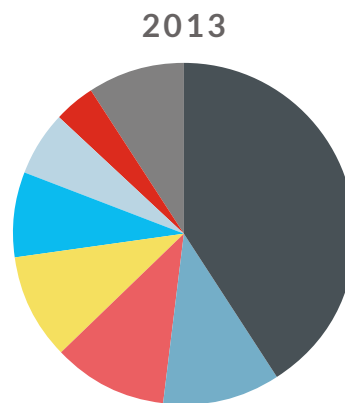
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STATISTICS GERMANY

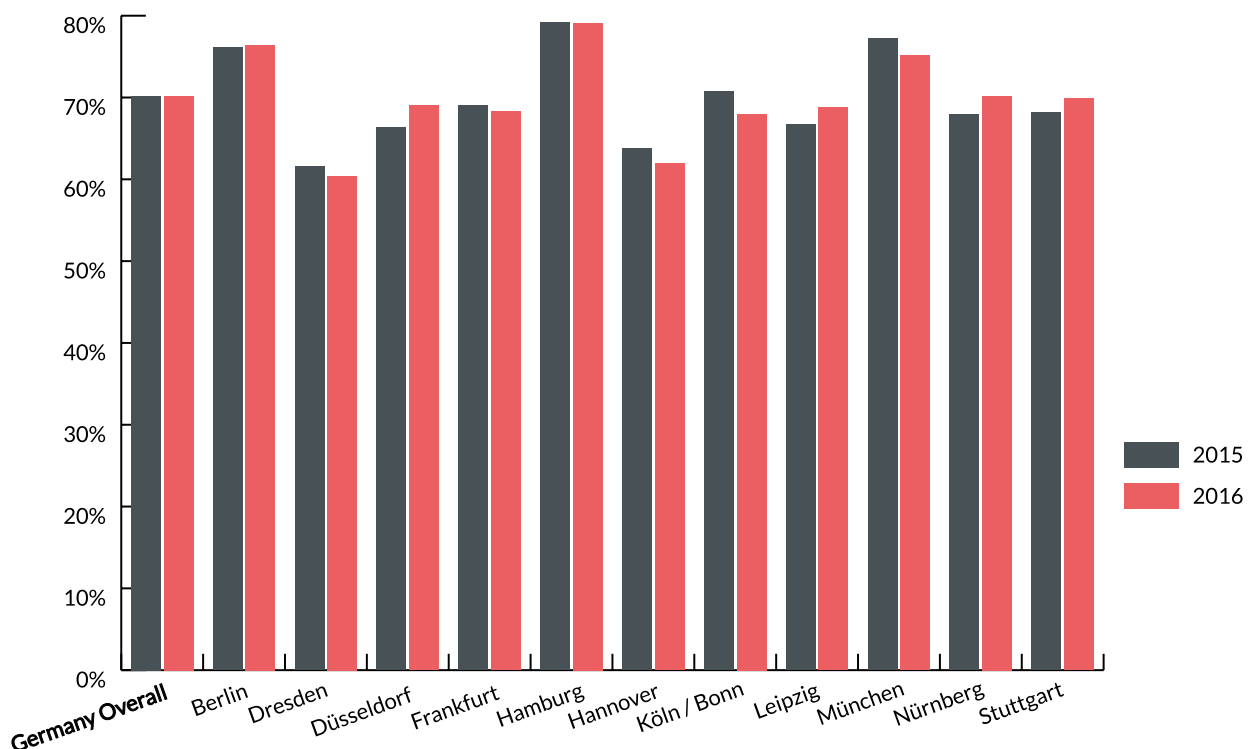
ALL 2016 DATA IS TILL AUGUST 31

// 1 TOP REVIEW SITES

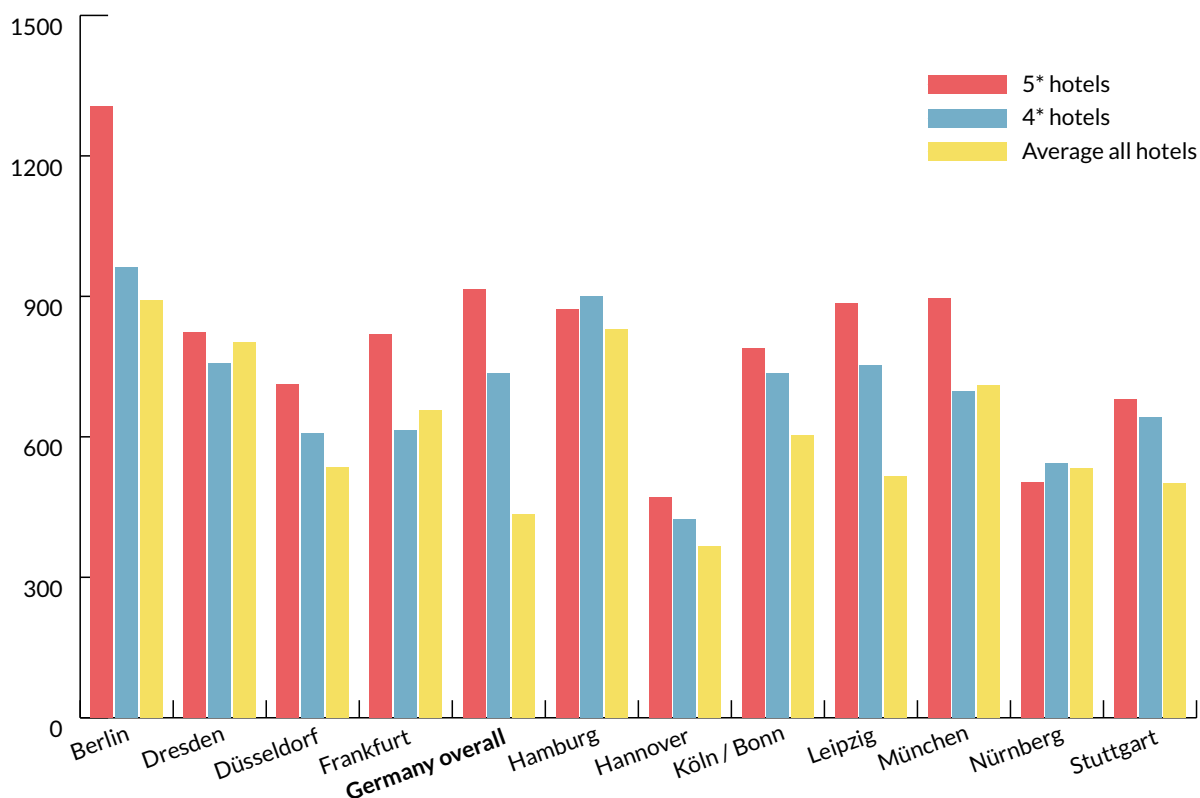
	2013	2016
Booking.com	41%	61%
Tripadvisor	11%	13%
Holidaycheck	11%	5%
HRS	10%	4%
Hotels.com	8%	4%
Google+ Local	6%	4%
Facebook	4%	2%
Others	9%	7%



// 2 OCCUPANCY GERMAN CITIES



// 3 AVERAGE NR OF REVIEWS PER HOTEL IN 2016



THE RISE OF THE CHINESE TRAVELLER IN GERMANY

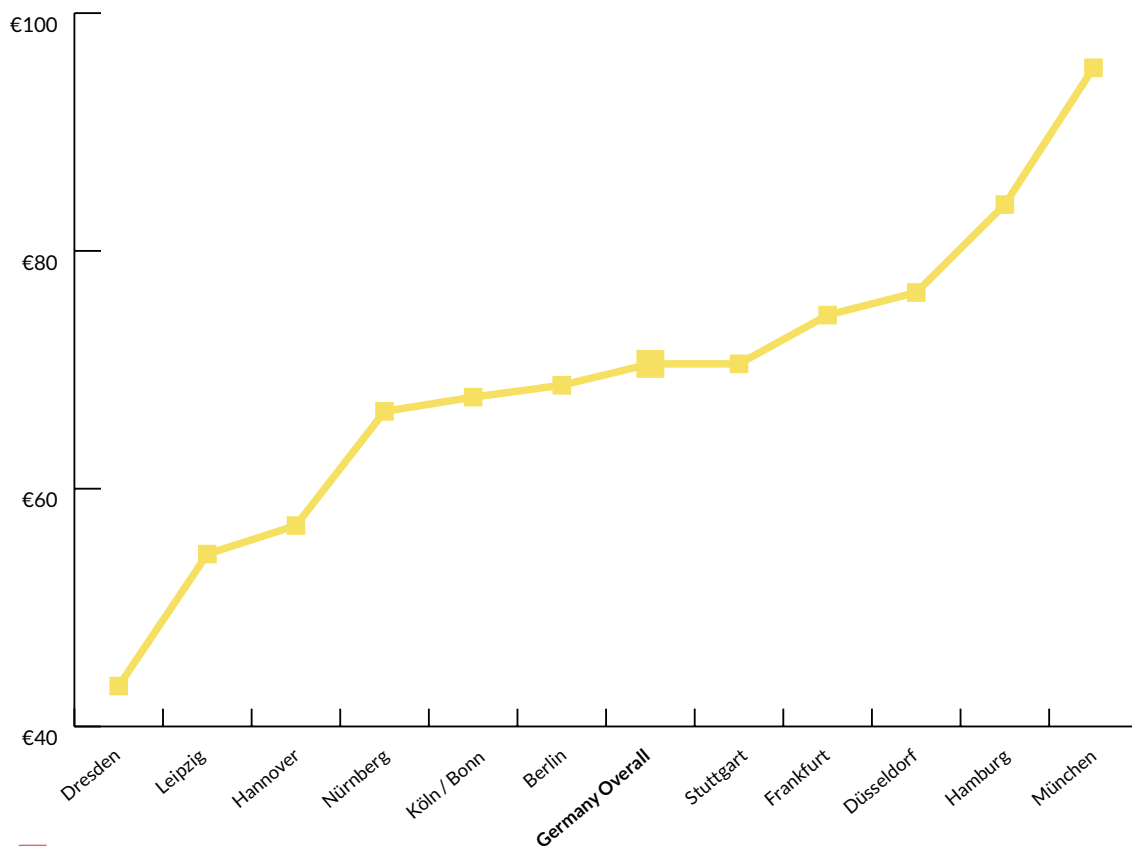
According to the China National Tourism Administration, Germany is the fourth most popular destination outside Asia and Germany and has welcomed 2.5 million Chinese travellers in 2015. After the European countries and the USA, China is the largest market for inbound tourism to Germany. By 2025, the number of Chinese travellers is expected to double, making them Germany's 5th largest tourism demographic.

To see how this trend might affect the German tourist market in the future, we looked at our reviews data on Chinese language reviews during a 12 month period. Overall, Chinese travellers were overwhelmingly positive about their German hotel experiences. More than 72% of reviews were positive. Chinese travellers also wrote the smallest number of negative reviews. In the Cleanliness, Location and Service categories, Chinese travellers were the most positive compared to reviewers in other languages, and ranked in the top 3 for Room Quality, Value and Sleep Quality.

However, looking at hotel management responses to Chinese language reviews, the overall response rate is the lowest of any of the major languages. While German and English reviews get an average response rate of around 40%, Chinese reviews are trailing last at 15%. Hoteliers also overwhelmingly respond to Booking.com and Tripadvisor reviews, but they leave reviews on sites like Ctrip and Dianping unanswered.

With the potential that Chinese travellers represent for the German hospitality industry, hotels are leaving marketing opportunities on the table by choosing not to respond to the one of the industry's most valuable up-and-coming demographics.

Thomas Landen - Revinate



CONTINUING BOOM IN THE GERMAN HOTEL INDUSTRY

German hotel operators can be happy, thanks to growth over the past years. Already since 2010, the steady growth persists, and also this year, the annual accrual growth trend can be pursued, albeit at a low level.

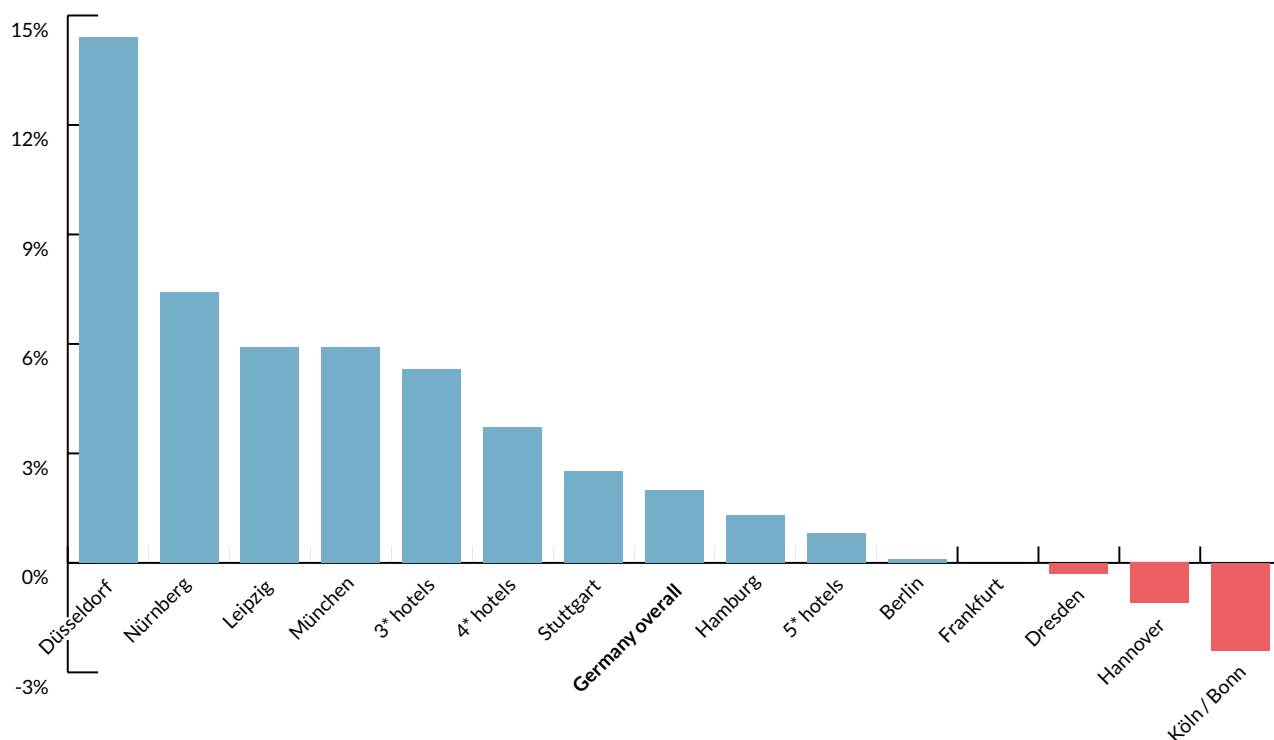
One of the reasons is the continuing trend to domestic holidays. This trend is not new, but it is being spurred on additionally by the current events in Europe as well as the ones in Germany. Because of security concerns, many people decide against the otherwise popular destinations in Turkey, Egypt and elsewhere. Eventually, beach holidays can be taken splendidly in your own country. For many years, the holiday regions benefit from this development. That's why also this year, holiday hotels at the Baltic Sea, for example, show significant increases throughout the year. The revenue per available room went up around 2.5%. Especially the development of occupancy shows stable annual growth in that region. Also this year, the occupancy growth of 1.6 percent (accruing until 31 August) is definitely substantial.

Besides the big summer and winter holidays, short getaways are becoming more and more popular. Long weekends, bank holidays or simply time off from Friday to Sunday. Holidays at your doorstep are also possible spontaneously. Coastal regions benefit tremendously from those bank holidays and long weekends. But the beauty of German cities also attracts a large audience. For city trips a spontaneous short getaway is particularly suitable. It is no longer just about Berlin, Hamburg and Munich. On the rise are also increasingly the B- and C-destinations. Leipzig, for example, can be very pleased with record growth in overnight stays for years now, not only thanks to the thriving trade fair and convention business. The weekend of Ascension Day is regularly sold at rates that are more likely related to book fair standards. This year, the bank holiday embossed months of March, April and May, have brought RevPar growth in significant double digits. The same applies to destinations such as Nuremberg, Potsdam, Heidelberg and Münster.

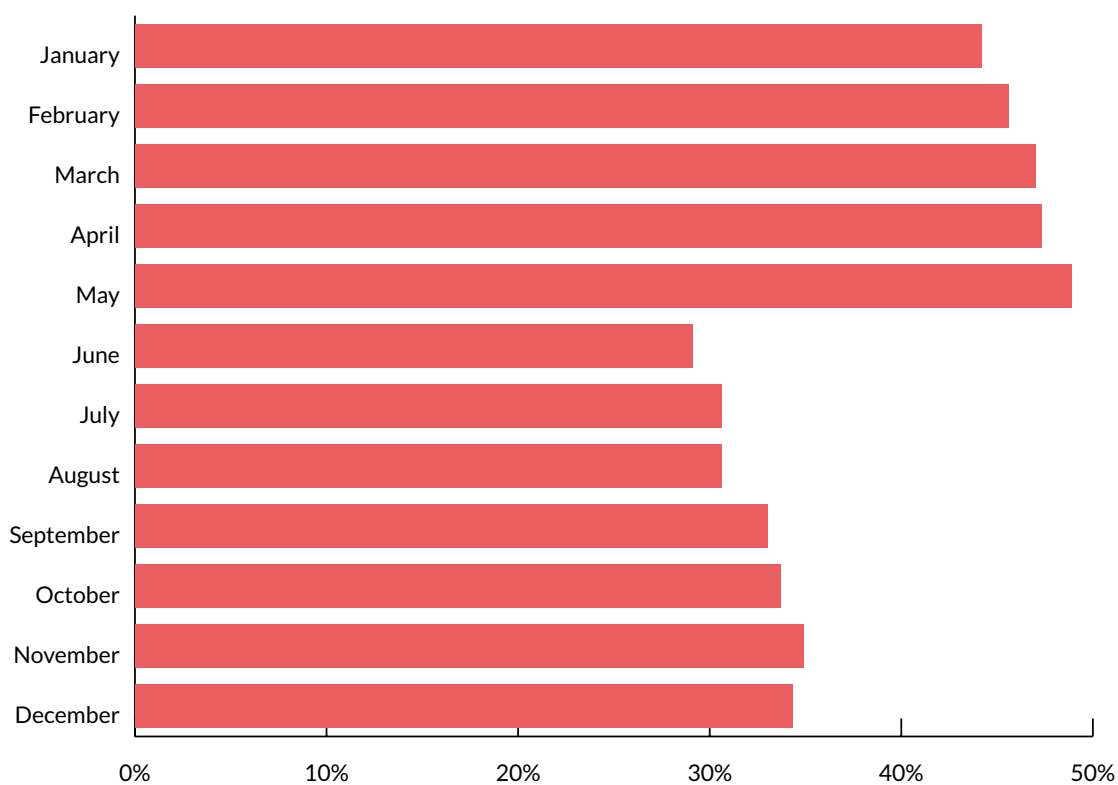
We should not forget that we have a good exhibition year. But overall, the trend to holidays in your own country is an excellent development for the local hotel industry.

Niels Schröder - Fairmas

// 5 ADR DEVELOPMENT 2016 VS. 2015



// 6 REVIEW RESPONSES PER MONTH IN 2015



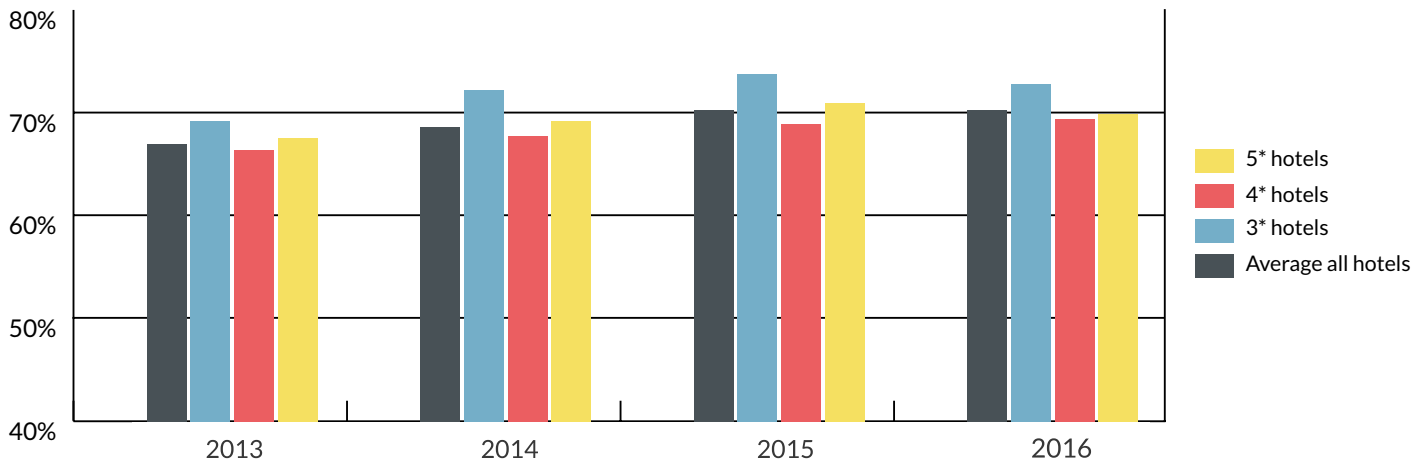
Occupancy	70,2%	Germany Overall
ADR	€ 97,90	
Avg. Review Score	4,10	
Reviews / property	434	

GERMANY

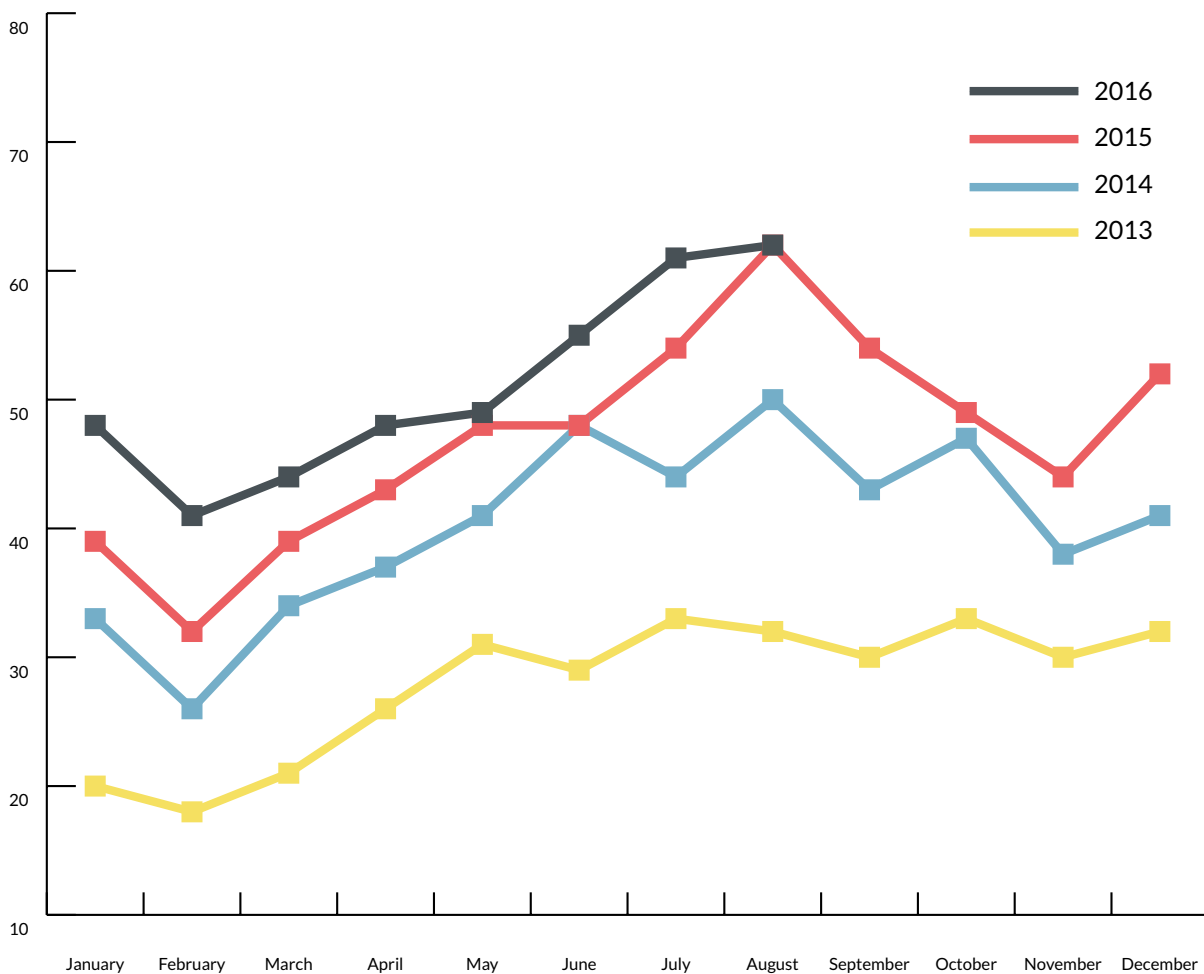
2016 DATA



// 7 OCCUPANCY IN % PER STAR RATING



// 8 AVERAGE REVIEWS PER HOTEL PER MONTH





DOES GREEN MATTER?

Over the last few years, hotel companies have made a determined effort to deal with the impact their business activities have on the environment. Hoteliers recognise the tangible benefits in being proactive in mitigating environmental impacts including real efficiency gains and an enhanced corporate reputation. And in the hospitality industry, as in all industries, *a good reputation cannot be bought, it must be earned.*

Several studies have demonstrated that a hotel's commitment to sustainability is one of the ways to increase visibility - for example via certification like Green Globe, Green Key, LEED and ISO14001. Although, according to the Greendex Survey, consumers value environmentally-friendly products, the links between a hotel's sustainability measures and guests' satisfaction are not so clear. The hotel room, facilities and food and beverage offers are still the traditional and stronger drivers of satisfaction according to the Cornell Research.

Data from Revinate pinpoints the current challenges in the continuum:

hotel's green initiatives → guest engagement → guest satisfaction → hotel's reputation

Reviews including mentions such as 'green', 'sustainable' or 'environment' (or other similar words in various languages) represented less than a quarter percent (0.25%) of the two million guests' reviews of German hotels over the past 12 months.

However, the hotels that either (1) actively engage in customer communication or (2) are entirely based on sustainability principles, from design to delivery, have a greater propensity to reap the benefits of positive reviews. In the first category, hotels that promote their food options as local, organic or Fairtrade-certified tend to obtain positive reviews from their guests (*"...I liked very much the topic of sustainability, which again can be found throughout the hotel."*). Similarly, a hotel which is built with sustainability in mind such as a passive-house hotel or designed with locally-made construction material tends to be reviewed positively by guests (*"...enjoy the focus of sustainability, quality of wood design, environmentally-friendly, Fairtrade and everything for the welfare of the guest without compromise..."*)

On the other hand, hotels that have an established communication on their sustainability initiatives but don't live up to their promise in the operations are more likely to receive negative reviews on their sustainability performance. Most commonly cited: towels are replaced even when they are hung on the rack despite the info cards placed in the bathroom inviting customers to participate in the towel programme (*"...and even though we hung up our towels for reuse, they were replaced with new ones"*). Similar negative reviews occur when breakfast items such as butter or jam are individually packed, thus creating both food and solid waste (*"...too much packaging at breakfast... can be easily served without the mini pre-packed portions, prevents food waste and garbage"*).

German hotels listed as TripAdvisor's GreenLeaders (Öko-Spitzenreiter) repeatedly outperform their competitors' review and recommendation rates. The Green Leaders achieved an average review score of 4.47 (out of 5) over the past 12 months compared to an average of 4.06 for all German hotels. With 85% positive reviews and a 97% recommendation rate compared to 64% of positive reviews and an 88% recommendation rate, the GreenLeaders clearly surpass the average German hotels in terms of performance ratings.

While this shows overall greater performance of German GreenLeaders, it is worthwhile to mention that most of those hotels are classified as 4 or 5-star properties which tend to achieve better ratings compared to the average. The average performance ratings include all hotels, from budget to luxury properties.

We can conclude that hotels' sustainability initiatives do not automatically translate into positive guest reviews. Hotels that communicate green initiatives without fully integrating those into daily practice risk receiving negative reviews on their sustainability performance. However hotels that are deeply committed to sustainability, either in terms of construction, design or operations (or all) reap the benefits of positive reviews.

Finally, the data gathered on the GreenLeaders' performance shows a continuous above average performance in review ratings, recommendation and positive review percentages. Previous studies by *David Casey and Sebastian Sieber* have demonstrated that properties committed to sustainability tend to be more attentive to details with clear operational processes and motivated employees. The Revinate data for the past 12 months further support this working hypothesis that a management and team committed to sustainability at the property achieve overall greater guest satisfaction.

So, does green matter?

By Prof. Dr. Willy Legrand, IUBH School of Business and Management

NEGATIVE SENTIMENT

BAR CONVENIENCE **BATHROOM CONDITION** **BATHROOM ODOR** BATHROOM SIZE **BILLING**
ACCURACY CELL PHONE SERVICE CONCERNS CONCIERGE MULTIPLE ATTEMPTS ELEVATORS **FRONT DESK MULTIPLE**
ATTEMPTS HALLWAYS **INJURY** **MANAGER COMMUNICATION SKILLS** **PESTS** PHONE PUBLIC CONDITION
 PUBLIC DECOR PUBLIC HEATING/COOLING **PUBLIC ODOR** RECREATION STAFF COMMUNICATION SKILLS **RECREATION**
STAFF KNOWLEDGE **RECREATION STAFF SPEED OF SERVICE** RESERVATIONS PHONE RESTAURANT
 CONVENIENCE **ROOM HEATING/COOLING** ROOM KEY **ROOM ODOR** ROOM SERVICE APPEARANCE
SMELL WATER PRESSURE/TEMP

POSITIVE SENTIMENT

BATHROOM CLEANLINESS BATHROOM DECOR/DESIGN COST&VALUE **FINDING LOCATION** FRESHNESS **FRONT**
DESK ATTITUDE FRONT DESK QUALITY **GENERAL STAFF ATTITUDE** GENERAL STAFF HELPFULNESS GENERAL STAFF
 KNOWLEDGE **GENERAL STAFF QUALITY** **GENERAL STAFF SPEED OF SERVICE** LIABILITY MANAGER APPEARANCE
NOISE PARKING/VALET POOL RECREATION STAFF QUALITY **ROOM CLEANLINESS** ROOM COMFORT **ROOM**
DECOR/DESIGN ROOM SIZE SELECTION SHUTTLE/TRANSPORTATION SIZE/QUANTITY SPA&SAUNA
SURROUNDING AREA TASTE WAITSTAFF QUALITY



LEIPZIG CITY PERSPECTIVE

For the past years now, Leipzig continuously breaks its own accommodation records and ranks, by national comparison, among the top scores at increasing the accommodation numbers on a regular base. With 2.8 million overnight stays in 2015, Leipzig ranks 10th at national level. The trend is expected to continue in the coming years. The 3-million threshold could be already achieved in 2018.

Although in recent years investors have acted quite hesitant regarding the hotel market in Leipzig (the negative experiences in Dresden may have contributed to that), in 2014 a real construction boom in the hotel real estate had started/begun. Within two and a half years, 1,075 rooms, distributed between 10 establishments, were added. In 2017, 662 rooms and for the year 2018 another 1,176 rooms are under construction or firmly planned. The largest project is a hotel complex at the main station with 500 rooms of the Ramada and H2 brands, which should be opened in 2018.

Leipzig as a thriving conference and congress destination in particular, with its diverse cultural offer and its unique inner-city flair will continue to develop positively in the coming years. The overnight stays will rise continuously and if the demand continues to be ahead of the offer, the hotel industry will be successful overall. If this relationship shifts, we will witness situations of a price battle, as we can already observe in Dresden, and at large no one wins. Many new hotels have been and are classified in the price segments below the four stars, which will lead to an imminent saturation in the range of budget hotels and businesses around the three stars. This situation will also affect the rates in the higher categories, which overall is not assessed positively. The operators have to contend with the fact, that the East as a whole already has rate problems and lag behind the western states on average 10-15 € ARR net, in order to achieve their returns.

What initially appears positive to the guest, as one can expect attractive/appealing prices, will in the long run, through the resultant countermeasures (cost savings), affect the quality of the offer.

Axel Ehrhardt - Leipzig Hotel Alliance



DÜSSELDORF CITY PERSPECTIVE

According to the market research of Fairmas GmbH, the hotel market in Düsseldorf recorded an increase of 3% in occupancy, 14% in the average rate and 17% in revenue per available room in the first eight months of 2016 compared to last year.

The increase is particularly attributable to numerous leading trade fairs in 2016. In the upcoming months, the hotels also expect the “glasstec” (every 2 years) and the plastics trade fair (every 3 years), which can both predict a significant increase in sales to the previous fair.

Next year, sports will be at the forefront, apart from some trade fairs, and a high demand on the hotel market is being expected. In addition to the annual events, the 8-day table tennis World Cup will take place in 2017 (29th of May.-5th of June). For the first time, the Grand Départ Tour de France will start in the state capital. The “Kö-Bogen” (“Kö-arc”) and the enlargement of the city center associated with this, increases the attractiveness, which will be further expanded towards the Central Station. Düsseldorf also scored a substantial progress in terms of infrastructure through the newly-opened railway network “Wehrhahnlinie”.

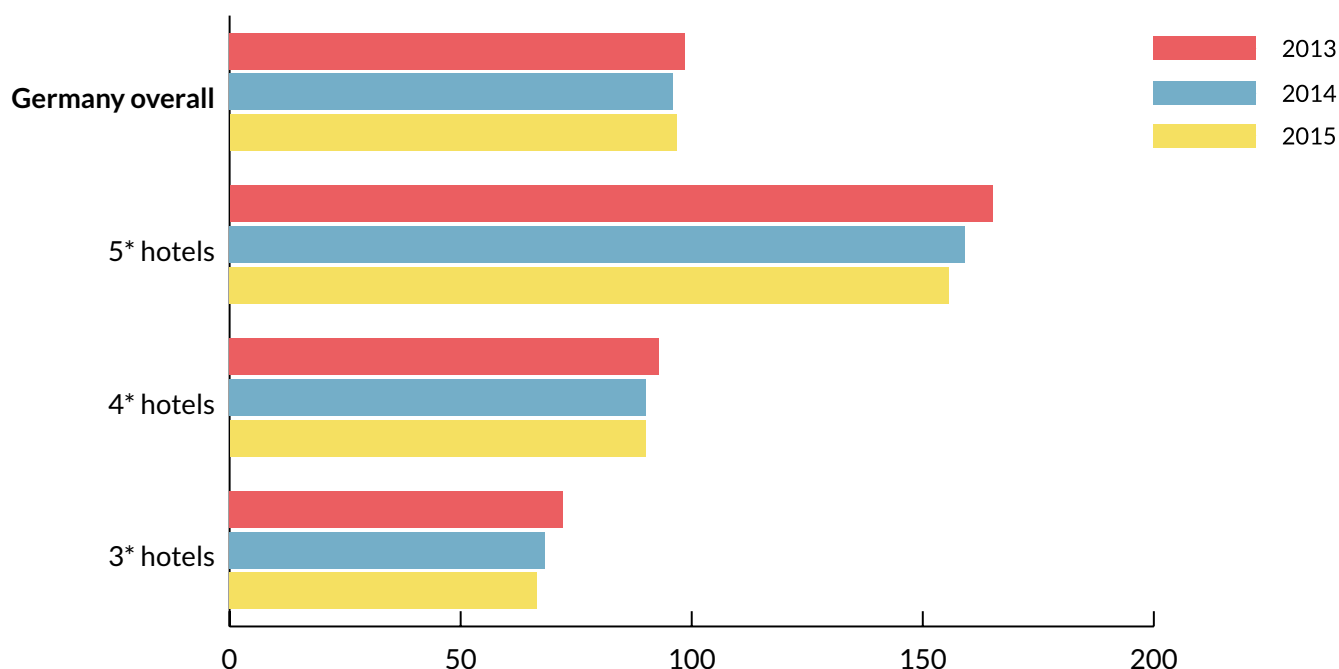
In addition to traditional hotels, apartment hotels are becoming a popular alternative in both the luxury and the budget segment for different markets. In early 2017, the first Hyatt House will open in the Old Town, and other apartment hotels are set to open soon or are being planned. In 2017/2018, the construction of various hotel concepts at a square at the Central Station is being scheduled in order to space-efficiently serve the market of different target groups. The focus on technical equipment and the Düsseldorf lifestyle concept are being reflected by the examples of “Me and All” (Opening October 2016), or “The Fritz” (Opening September 2016).

At international level, the potential of the Asian market in particular is emerging, which can be proven by inter alia the acquisition of almost 60 Chinese companies, according to business platform „Düsseldorfer Unternehmen“ (“Düsseldorf-based companies”).

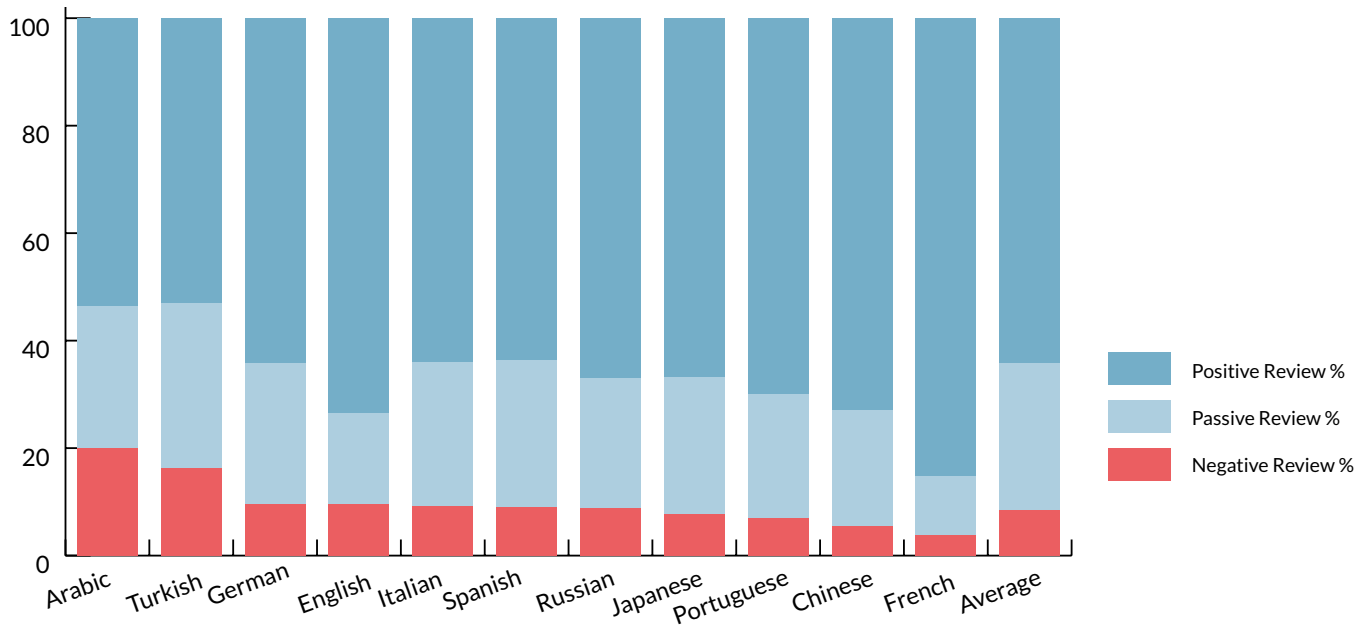
The Arabic demand is also distributed over the year, whereby especially the medical care is the reason for those overnight stays.

Anne Wenzel - Hotel Nikko Düsseldorf

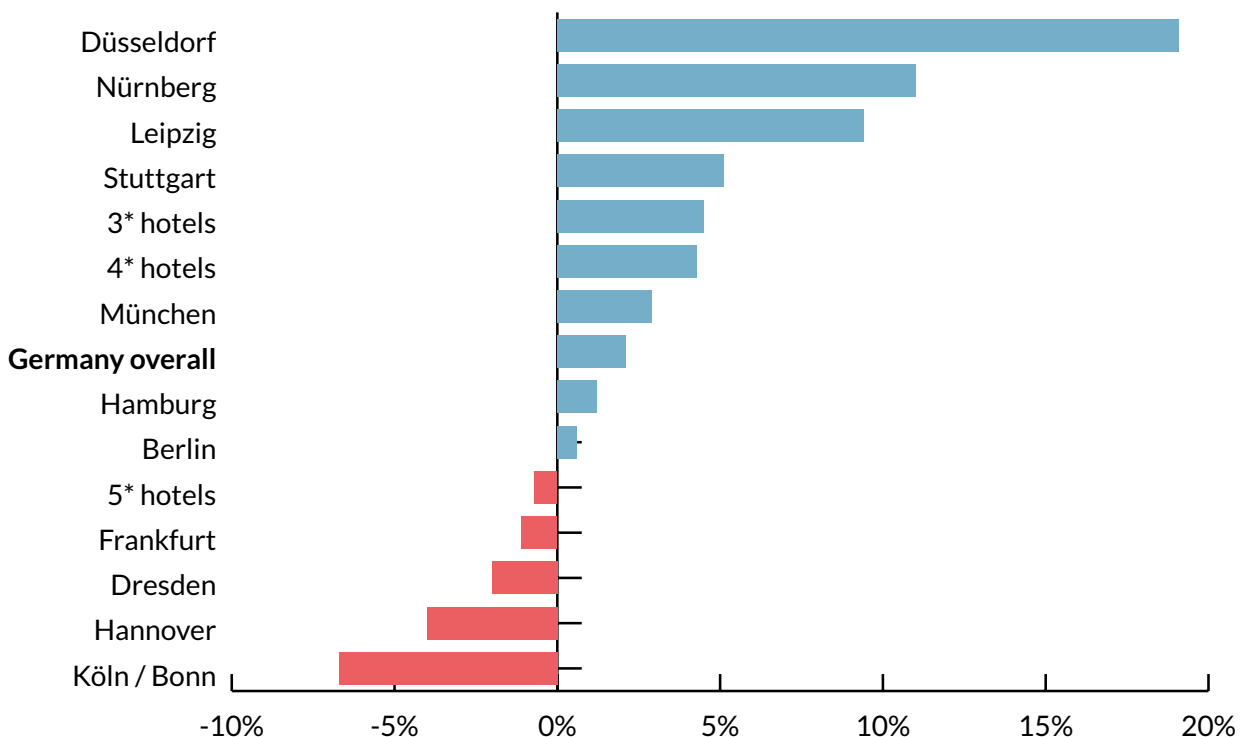
// 10 AVERAGE DAILY RATE GERMAN HOTELS IN EURO BY STAR QUALIFICATION



// 11 DISTRIBUTION OF REVIEW SENTIMENT PER LANGUAGE IN 2016



// 12 REVPAR DEVELOPMENT 2016 VS. 2015





KÖLN CITY PERSPECTIVE

Cologne - there is no other city alike. With numerous attractions, a total of 7 bridges crossing the Rhine River, the historic heritage from the past, one of the largest German exhibition grounds and the long-standing face of the Cologne Cathedral, this city has a lot to offer to its visitors, whether it is for the purpose of leisure or business. Not least, the Rhine metropolis is often associated with the slogan: "Cologne is a feeling" or as the Cologne folk would say: "Hey Kölle Do Bes E Jeföhl".

The developments on the Cologne hotel market in recent years have already shown that this city, for many years now, reveals a steadily high interest among travelers, regardless of the reasons being recreational or business, and the additional established medium to large corporations / companies of any industry.

This is confirmed by the recent numbers of overnight stays from the previous year 2015 (raised by the Köln Tourismus GmbH) with a total of approximately 6 million overnight stays, of which about 5.3 million can be counted directly towards the pure hotel sector (an increase of about 6,3% compared to the previous year).

Thus, in 2015, Cologne has achieved an annual capacity of nearly 50% and an average stay of 1.7 days per visitor, measured by the existing hotels with a total number of around 32.000 beds.

Moreover, Cologne has grown strongly as a MICE and trade fair location in recent years, so that it no longer has to hide behind cities such as Berlin, Hamburg, Munich or Frankfurt.

In the strong exhibition year 2015 alone, approximately 1.6 million visitors (corresponds to about 10% of the total volume of trade fairs in Germany in 2015) have made the trip to Cologne to visit the respective trade fairs, including renowned ones such as: IMM Living Kitchen, International Dental Exhibition, Interzum, GamesCom, Anuga and many more.

Nevertheless, the renowned Cologne-Bonn Airport "CGN" also plays a decisive role, as it has by now, known from recent publications, become a hub for airlines e.g. Ryanair for future-oriented development and also offers a greater accessibility to national as well as international guests (2015: 10.34 million passengers carried).

For the past years, Cologne has continued to develop itself as a very strong destination for the MICE industry (Meetings, Incentives, Conventions & Events) and also looking ahead can optimistically sense a positive prognosis.

In 2015 a total of 47.900 events with 3.76 million participating guests, took place at the Cologne exhibition - convention center as well as in the approximately 54 conference hotels, which corresponds to a positive growth of 5.3% compared to the previous year.

The majority of those events continue to be related to the German economy with almost 78%, banks and insurance companies on par with medical and pharmaceutical industries form the tip of the iceberg directly followed by the communications and IT industry.

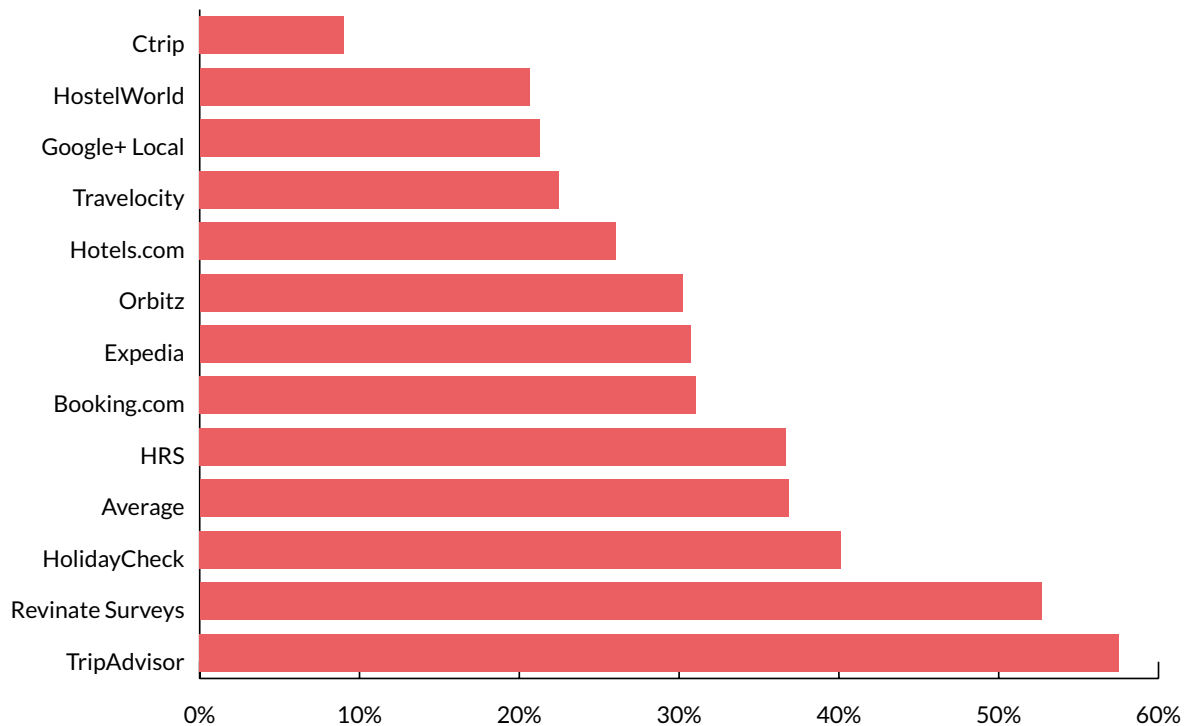
Nevertheless it shouldn't be ignored, that, despite of all the developments and trends on the Colognian as well as on the German hotel market, OTA portals (Online Travel Agencies) play a decisive role. Examples of those are: Booking.com, Expedia or HRS - Hotel Reservation Service Robert Ragge GmbH, latter having its headquarters and founding site in Cologne.

This strongly growing online segment, nevertheless associated with ever-shorter changes and technological revolutions in the 21st century, has been already affecting and will change the personal contact and booking channels for hotels in any form.

Finally, this is a global trend, which already makes it possible to travel and discover all the different cultures, places and countries in the world today.

Maximilian Schmid - Park Inn by Radisson Köln City West

"Cologne is a feeling" or as the Cologne folk would say: "Hey Kölle Do Bes E Jeföhl".



DRESDEN CITY PERSPECTIVE

Dresden is not only one of the most important and most dynamic business and research location in Eastern Germany, it also holds a top position in the ranking among German major cities because of its cultural landscape (Semper Opera, "Frauenkirche" church, culture center "Kraftwerk Mitte" and, from April on, the new culture palace). Also thanks to numerous attractive locations for business travelers, conferences, congresses and trade fairs, Dresden thus has a considerable potential for possible travel occasions within the German and international individual and business tourism.

3.8 million overnight stays last year ensured an occupancy of 56.8%. In terms of net room rates and RevPAR, Dresden however ranks on last position compared to the country's major cities. But that doesn't discourage investors to continue building new hotels. They emphasize that the Dresdner market will definitely bear this. So, additionally to the 104 existing establishments with over 21,000 beds, another four with 760 beds will follow in the near future. In contrast, we, as the already existing hotels in Dresden, fear an ever-increasing price competition among each other with each opening of a new establishment.

In addition, the tourism demand from Germany is currently declining. Reasons for this, in my opinion, are to be found especially in the extremely bureaucratic, second highest bed tax in Germany, in the insufficient connection of the city by train and plane, but also in the damage of image throughout the months of negative coverage of issues regarding Pegida.

The "Pullman Dresden Newa" has always been one of the most important and largest hotels in Dresden. Being the tallest hotel in the city, it shapes the modern center of Dresden. I see our hotel in a heavily tourist-oriented and price-sensitive market in Dresden. That is why we, as well as the city, focus more on conferences, conventions and corporate events in order to generate growth mainly in the business segment. Jointly with the Dresden Marketing it is necessary to create new travel occasions, to achieve an improved public image of our destination and to also push the qualification of hospitality services through investments.

Daniel Schlomann - Pullman Dresden Newa



MÜNCHEN CITY PERSPECTIVE

The city of Munich can record 2016 as one of the best exhibition and convention years. The world's largest construction machinery trade fair, which only happens every three years in Munich, took place in April this year and has given the market a huge boost in the rate development. In addition, in late May / early June the IFAT exhibition and three international medical congresses took place, which not only had an influence on the occupancy but also on the rates in a very positive way.

Regardless of the fairs and congresses, since the beginning of the year, the market showed a positive trend in both business and leisure travelers, which clearly indicates a growth trend. Due to various factors such as the attacks in Munich and also the threat in Europe, demand has changed negatively in August and September, which at this point in time is no indicator that there could be a downward trend. The advanced booking status for the rest of year and the first quarter of 2017 are generally stable. There was no wave of cancellations and the pickup has been recovered compared to August.

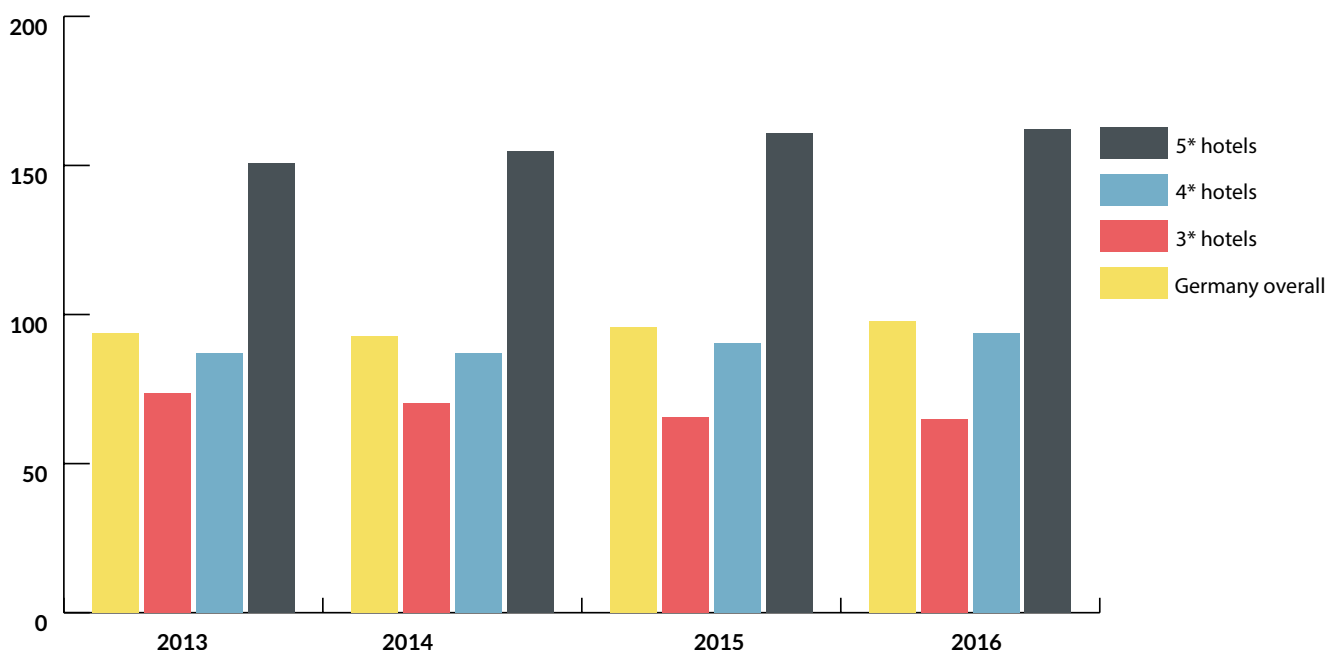
But the fact is that 2016 is not among the strong meeting years. The big events, which take up several days, have been requested increasingly rare this year and were either not happening at all or were placed in other cities, some even outside Germany. For the year 2017, the expectation of the meeting sector is significantly higher, because there will be less exhibition and congress days and therefore more availability in the city, which typically always has been affecting the Meeting demand in a positive way.

Overall, the year 2017 will certainly be a much greater challenge than 2016, especially in the area of rate growth, on one hand due to the lack of major events but also in terms of additionally planned hotels being scheduled to open in 2017. But as the market in Munich has shown steady growth in recent years, we do not anticipate that this could have a negative impact on the hotel market. We currently evaluate this development as very positive, as new brands are being expected which will make Munich, as a location, even more attractive.

Christiane Göthlich - Holiday Inn Munich City Centre

// 14

REVPAR DEVELOPMENT 2016 VS. 2015





THE GERMAN HOTEL MARKET – POSITIVE TREND CONTINUES

The German hotel market registered in 2015 more than 51,400 accommodation providers (-6.4% from 2009), with just 3.5 million accommodations (+3.5% from 2009) overall. The trend toward ever larger and higher-quality properties (more rooms, better amenities) with a professionalization of the hotel operator and investors continued in the last years. Thereby smaller and privately managed hotels disappear further on. In all bed capacity rose in 2015 to 37.0% (+4.8% from 2009). According to TophotelProjects, over 517 hotels with about 74,700 rooms are slated to open in Germany in the next few years. The main focus lies in the up-scale sector (4 stars, 229 projects with an increase of 44%) and the economy until mid-market sector (3 stars, 168 projects with a reduction by 13.8%), in particular in the German major cities.

On the demand side, Germany has once again posted new top figures in terms of the number of both guests and overnight stays. The number of guest arrivals rose by 25.6% from 2009, to 166,787,000. Overnight stays rose across the overall German accommodation market in the same period of time, up 18.3% to 436.2 million guests. Demand from international guests saw particular growth (up 45.3% from 2009, to 79.7 million guests). The number of overnight stays by German guests rose by 13.6% from 2009, by contrast, rising to over 356.6 million guests.

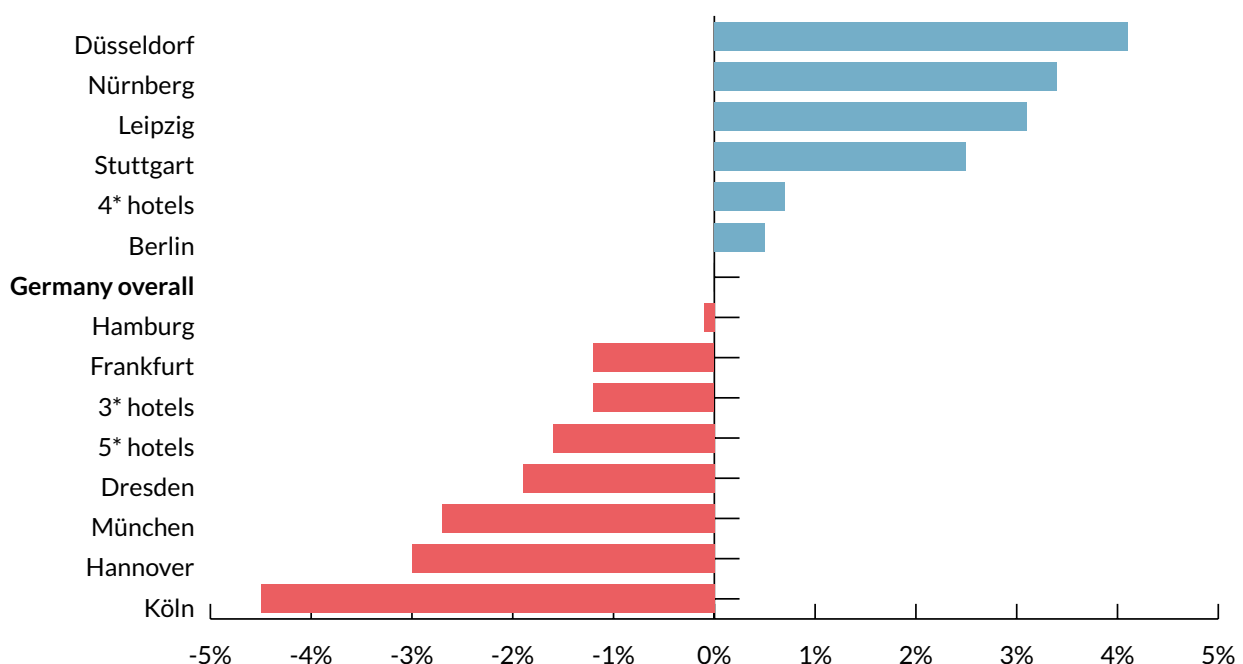
Germany's major cities were once again able to boost their performance year over year. Large international events, including trade fairs, are particular factors that boosted average occupancy and RevPAR (revenue per available room) by nearly twice as much. Room occupancy rose by a total of 1.7% in the German hotel market, to 70.4%. The average room rate (ARR) also improved, rising 2.7%, to € 90.00. This meant that the revenue per available room (RevPAR) likewise rose, going up by 4.4% to stand at an average of € 63.00. These factors again have a positive effect on financing and refinancing possibilities.

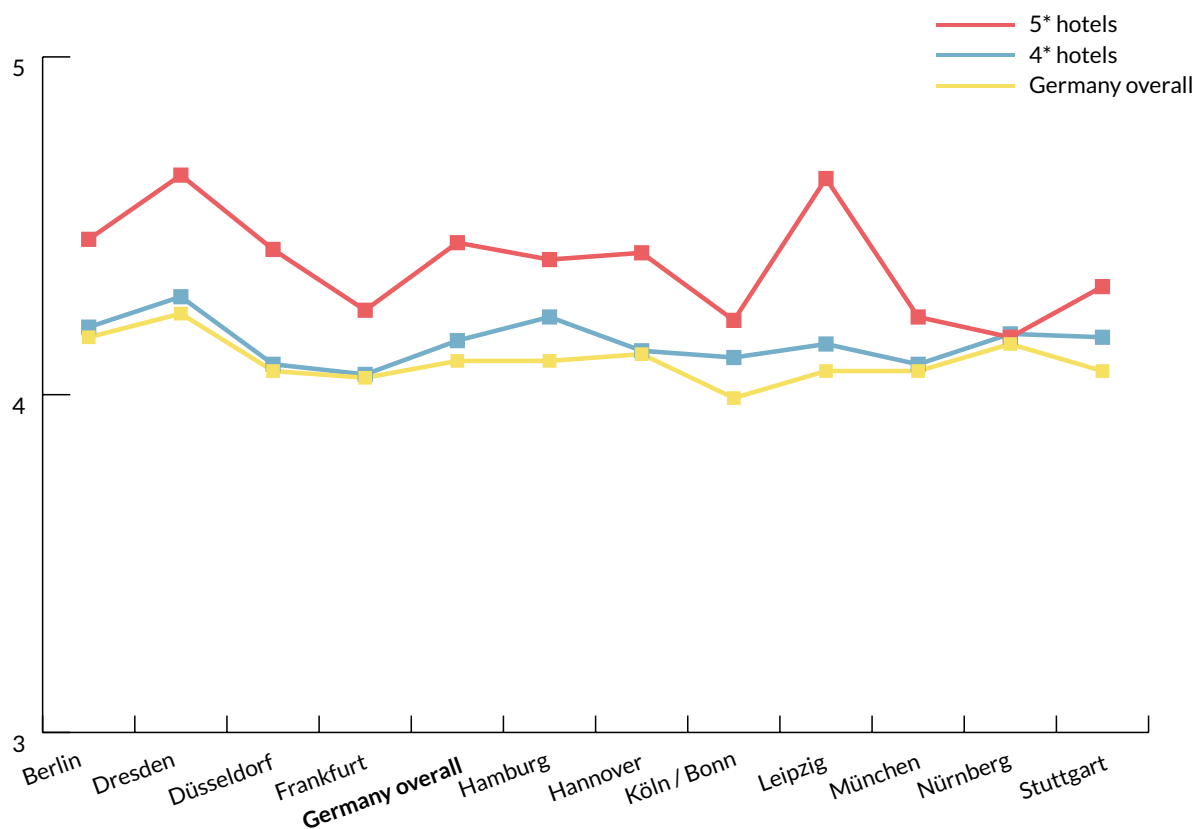
Germany is one of the most lucrative and most attractive markets in Europe for both German and international investors, with a range of options expanding with the addition of new brands, service concepts, and sites. Hotels continue to represent an attractive alternative to office or retail properties.

Assuming that conditions in the overall economy continue to develop positively, it is to be assumed that the next years will be another growth for the German hotel sector.

Andreas Erben, Colliers International

// 15 OCCUPANCY DEVELOPMENT 2016 VS. 2015





GERMANY, A SPARKLING COCKTAIL

Eleven days ago, Fitch Ratings has reaffirmed Germany's AAA ratings with stable outlooks – due to the country's strong institutions and diversified, high value-added economy, the experts said. Diversification is also a buzz word for Germany's hotel industry: Travelers find all categories, all prices, excellent price/value. Colliers' occupancy per star rating proves the strong competition between the different categories and shows that there seems to be a seamless supply satisfying everyone's needs.

Hostels, budget and economy/midscale hotels are booming – most of these products are young and fresh, marketed online and directly to their target groups. Consequently such products are also highly in demand by global chains (and project developers) sending out hundreds of scouts to secure more and more locations.

But investors have become cautious, more open-minded seeking for alternatives to “the big names”. While the global operators compete with highly standardized products in nearly the same look & feel, young German hotel professionals increasingly create their own businesses and brands. They know the micro markets in detail, learnt from the big developers' calculations and from investors' sentiment. The young generation of hoteliers is already used to mingle with international circles and is not afraid of leaving German borders behind – but this time with their own products. In this sense, diversification gets its own special meaning.

The good news for many countries all-over is that tourism will continue to grow. Germany, the economical heart of Europe will definitely continue to benefit from this trend, thanks to its central location in Europe, being equipped with a great infrastructure even providing easy access to its neighboring countries and relying on a travel-savvy population accepting different cultures.

Like never before, Germany's hotel market has become a sparkling cocktail of travelers' demand, operators' pressure, youngsters' creativity and investors' choice.

Maria Puetz-Willems - hospitalityinside.com

CONCLUSION

The German hotel market is on target for a strong year in 2016. On both the review side and the financial performance side most markets and segments in Germany are improving. Overall most hoteliers we spoke to are quite optimistic about the market and developments. According to UNWTO in 2030 Germany's inbound tourism industry could potentially reach 121.5 million overnight stays so that optimism is justified. Markets like Argentina and Indonesia are expected to lead. We also see this in the relative rising number of reviews in these languages.

HIGH SERVICE LEVELS

Guests consider the service level of hotels in Germany to be of high standards. With continued improvement of the hotel product and experience, hotels can further increase guest satisfaction and room rates. Diversification, as we have learned, is on its way and will help the market expand its offerings.

ONLINE REVIEWS INSIGHTS

Although many hoteliers complain about the influence of OTAs, the number of guest reviews on them is on the rise. Booking.com has strengthened its position as the most popular review site in Germany while smaller players like HRS and Holidaycheck are losing share.



GUESTS CONSIDER THE SERVICE LEVEL OF HOTELS IN GERMANY TO BE OF HIGH STANDARDS. WITH CONTINUED IMPROVEMENT OF THE HOTEL PRODUCT AND EXPERIENCE, HOTELS CAN FURTHER INCREASE GUEST SATISFACTION AND ROOM RATES.

Looking at the response rate to online reviews, hoteliers are more active on HRS and Holidaycheck than Booking.com, but Tripadvisor is by far is their preferred guest response platform. It would be interesting to see if there will be an increase in hotels trying to drive direct traffic to their sites through Tripadvisor PriceFinder; so far it looks like the OTAs are the only ones trying to do so.

When looking at the content of the reviews, we see that most of the negative sentiment is the quality of the rooms, primarily focused on bathroom condition and odor. The negative sentiment around this topic is visible in all the star categories, so this is not just a problem for budget hotels and the lower end of the market. Although we see this in most markets around the world, the question remains, why aren't hotels devoting more resources to this?

About this research

The data presented in this research originates from Fairmas GmbH and Revinate. In total over data of 4800 hotels has been analyzed. 2016 data displayed is from January 1st, 2016 till August 31st, 2016. When comparing data year by year graphs 2, 5, 7, 10, 12, 14 and 15 compare only the same time frame while graphs 1 and 8 compare data from a complete year 2013, 2014 and 2015.

About Sentiment Analysis

Sentiment analysis is an automated method for identifying mentions of specific topics of interest (such as "concierge" or "pool") and determining whether the author of the feedback felt positive, negative or neutral about that topic. Together with customers the sentiment analysis is tailored into the most important topics for hotels and categorized them based on traditional operations and guest feedback categories like facilities, service and rooms. Sentiment scoring is native to 9 languages; English, Spanish, German, French, Simplified Chinese, Italian, Dutch, Japanese and Portuguese. Sentiment is scored natively in the original language in which the review was written and rolled up into the overall score for each topic or category. Gray words are neutral and colored words either negative or positive. The larger the word the more mentions.

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