

[PKF city ticker]

[Hotel Market Hamburg]



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- Hotel demand continues to rise:** In the first six months of 2017, Hamburg's hotels and bed-and-breakfast hotels saw a further rise in both arrivals and overnights. Arrivals rose by approximately 4.4% and overnights by around 4.9% year-on-year; the average length of stay remained stable, at 2 nights.
- Increasing international demand:** In a year-on-year six-monthly comparison of 2016 and 2017, the number of overnights generated by international guests rose by 9%. Switzerland was the main source market for the first half of 2017, accounting for 10.6% of all international overnights.
- Slight growth in bed occupancy rates:** The average bed occupancy rate for hotels and bed-and-breakfast hotels rose by 2.1% points over the period surveyed, from approx. 57.9% in the first half of 2016 to around 60% in the first half of 2017.
- Hotel supply continued to rise:** Hamburg's boom in hotel construction is continuing. Hotels that have opened during the course of 2017 include the Sir Nikolai Hotel, the Inside by Meliá Hamburg Hafen, the Holiday Inn Express Hamburg City Hauptbahnhof and the Hampton by Hilton Hamburg City Centre. Numerous further openings are planned by the end of the year and in the coming years.
- Key performance indicators:** In the first half of 2017, a sample of primarily branded three- to five-star hotels showed an increase in RevPAR of around 11.4% year-on-year, attributed to the positive trend in net room rates (+7.2%) and occupancy (+3.9%).

Hamburg's hotel market in figures

	1st half-year 2016	1st half-year 2017	
Hotels	308	322	↗
Beds	53 k	55 k	↗
Arrivals in Hotels	2.8 m	3.0 m	↗
Overnights in Hotels	5.6 m	5.9 m	↗
Ø Length of stay [nights]	2.0	2.0	→
Total overnights	6.2 m	6.5 m	↗
Overnights foreign visitors	1.4 m	1.6 m	↗
Share of total overnights	23.2 %	24.1 %	↗

Notes Information about total and international overnights refers to all accommodation facilities, all further information refers only to hotels and bed-and-breakfast-hotels as of 30/6

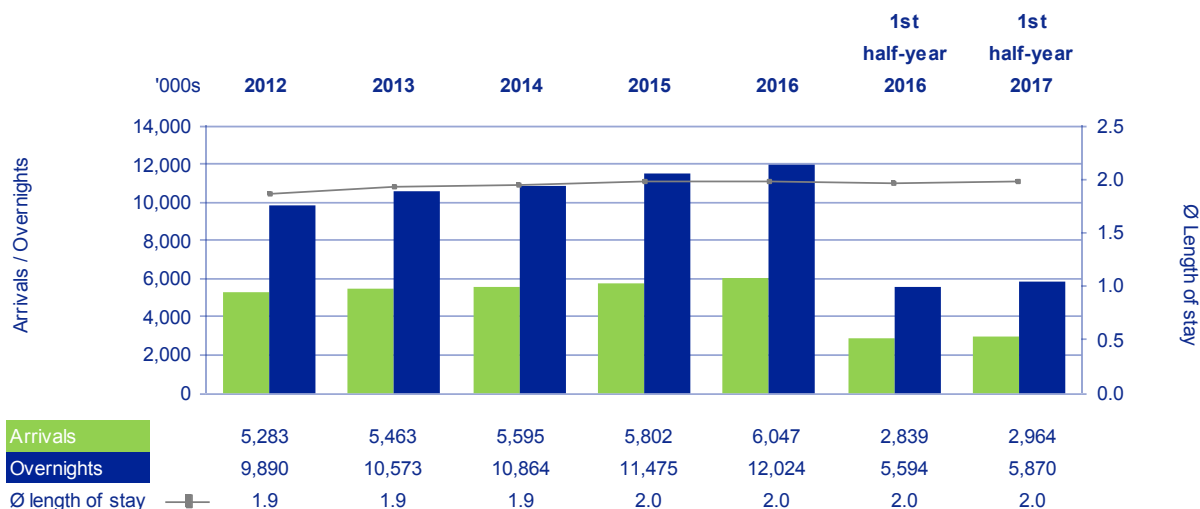
Source Statistikamt Nord

Hotel demand: Continued growth

The period from 2012–2016 showed an overall rise of 14.5% in arrivals and 21.6% in overnights, equivalent to average annual growth of approx. 3.4% and 5% respectively. The average length of stay rose in

parallel to the disproportionately high increase in overnights, from 1.9 to 2.0 nights. The positive trend in overnights and arrivals at hotels and bed-and-breakfast hotels continued in the first half of 2017. According to information

from the statistics office responsible for Hamburg, Statistikbüro Nord, visitor arrivals rose by 4.4% to approx. 3 million, while overnights rose by 4,9% to approx. 5.9 million.



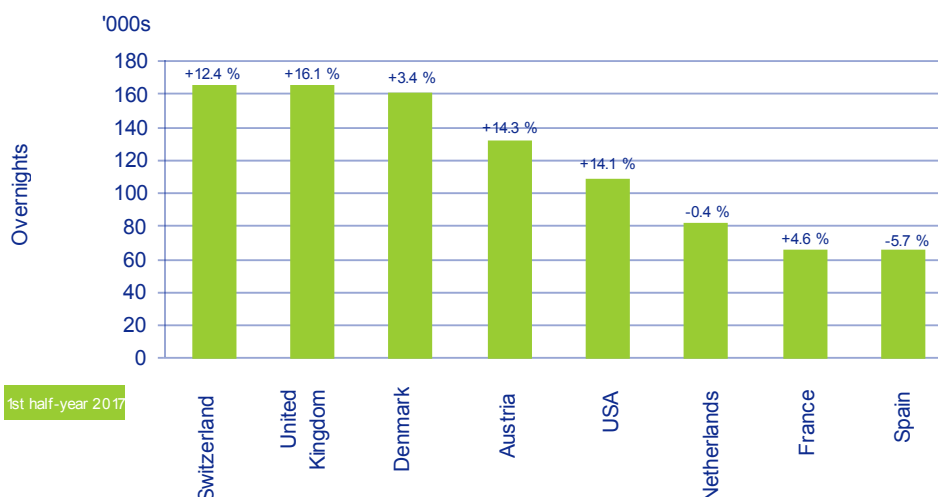
Note Information refers to hotels and bed-and-breakfast hotels
Source Statistikamt Nord

Increased demand from abroad

In the first half of 2017 domestic visitors continued to account for a large proportion of overall demand, at approx. 75.9%. However, the number of international visitors showed a significant increase of 9% year-on-year, accounting for approx. 1.6 m overnights (24.1% out of a total of

approx. 6.5 m). The main source markets for international visitors were Switzerland, at approx. 166,000 overnights, closely followed by the United Kingdom at approx. 165,000 overnights – registering the highest growth out of the countries shown (+16.1%). Among the top 8 source markets,

only the Netherlands and Spain accounted for fewer overnights than the same period in the previous year (at -0.4% and -5.7% respectively).



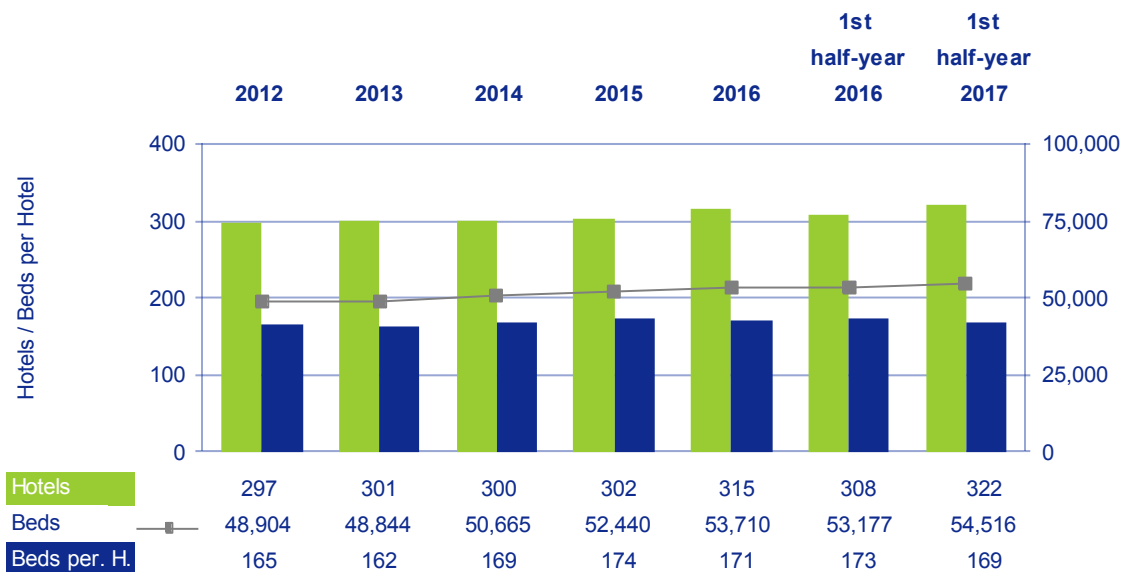
Note Information refers to all accommodation facilities
Source Statistikamt Nord

Supply is set for further growth

The number of beds and number of hotels and bed-and-breakfast hotels in Hamburg have risen over the past five years by a total of 9.8% and 6.1% respectively. This is equivalent to an average annual increase of around 2.4% in the number of beds and

around 1.5% in the number of hotel establishments. While the number of beds per hotel rose during 2016 from around 165 to approx. 171 (+3.6%), a half-year comparison of 2016 and 2017 showed a fall in the number of beds per hotel from 173 to 169

owing to the disproportionately high number of new hotel and bed-and-breakfast hotel openings (+4.5%) compared to the increase in the number of beds (+2.5%).



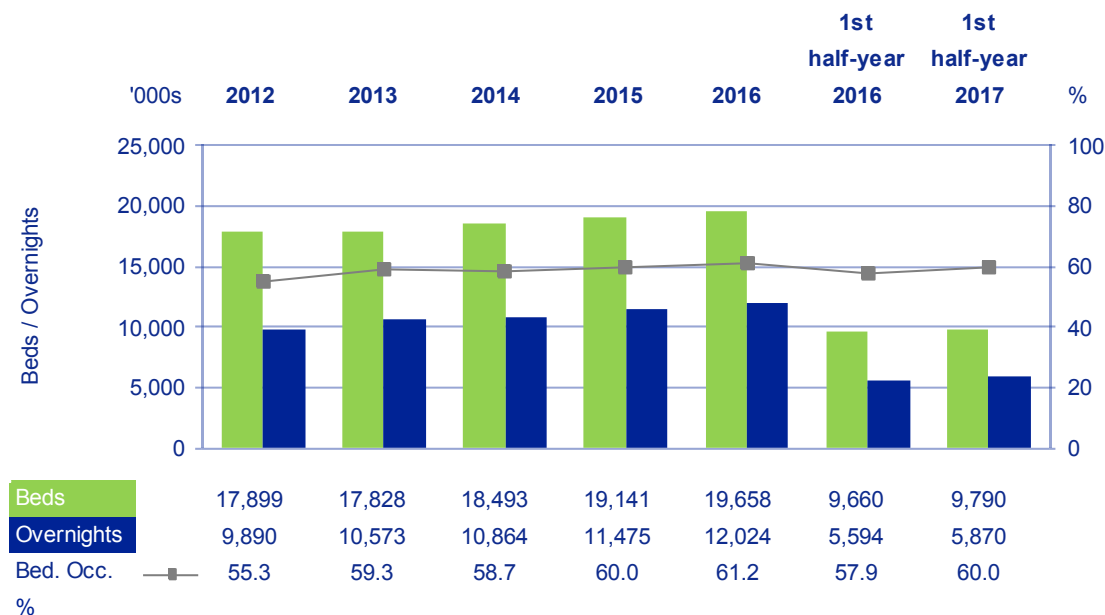
Notes Information refers to hotels and bed-and-breakfast hotels as of 31/12 or 30/06 (1st half-years)
Source Statistikamt Nord

Record bed occupancy in 2016

In the period from 2012–2016 the bed occupancy rate for hotels and bed-and-breakfast hotels in Hamburg rose by 5.9% points,

from around 55.3% in 2012 to approx. 61.2% by 2016. This trend continued in the first half of 2017, which showed a year-on-

year increase of 2.1% points in the average registered bed occupancy rate for hotels and bed-and-breakfast hotels.



Notes Information refers to hotels and bed-and-breakfast hotels; number of beds accumulated throughout the entire year or calculated value (1st half-years)
Source Statistikamt Nord

New concepts, new markets

Hamburg's booming hotel construction industry is still flourishing; in the coming years, new hotel concepts and brands will attempt to break into the market in the Hanseatic city. As examples, the NOVUM Group is planning to open its new lifestyle brand, niu, there next year. A number of new hotels opened during the course of 2017, including the Sir Nikolai Hotel, the Ininside by Meliá Hamburg Hafen, the Holiday Inn Express Hamburg City Haupt-

bahnhof and the Hampton by Hilton Hamburg City Centre. Around 34 new hotel projects or extensions are planned for the next few years, which will add about 6,600 rooms to Hamburg's hotel supply (by 2021). The following chart lists a selection of hotel projects known to us for the coming years:

Hotel projects

Project	Location	Category (stars)	Rooms	Opening
The Fontenay	Fontenay 10	5	131	2017
Holiday Inn Hamburg City Nord	Kapstadtring 2a	3	297	2017
GINN Hotel Hamburg Elbspeicher	Große Elbstraße 39	4	132	2017
Adina Apartment Hotel	Willy-Brandt-Straße	4	202	2017
Nordport Plaza Hotel Hamburg	Südportal	4	188	2017
Boutique 125 Hamburg Airport	Nähe Flughafen	n.a.	71	2017
Boutique Hotel Tortue Hamburg	Stadhöfe / Stadthausbrücke	4	126	2018
Fraser Suites Hamburg	Am Rödingsmarkt	4-5	154	2018
niu Keg Hotel	Brauhausstraße 44	2	116	2018
JUFA Hotel Hamburg City	Versmannstraße 12/14	n.a.	220	2018
Prizeotel Hamburg-St. Pauli	Holstenstraße 7	2	257	2018
ipartment Hamburg	Am Sandtorkai	n.a.	40	2018
PIERDREI	Am Sandtorkai	3	212	2018
Holiday Inn Hamburg Hafen City	Am Lohsepark	3	265	2018
Superbude	Simon-von-Unrecht-Straße	1	182	2018
my4walls	Kapstadtring 1	n.a.	143	2018
Premier Inn	Dovenfleet / Willy-Brandt-Straße	2	185	2018
Ruby Lotti	Stadthausbrücke	2-3	289	2018
Fleming's Selection Hotel Hamburg-City	Nikolaifleet	4	102	2018

Notes Category according to international standards; no claim to completeness

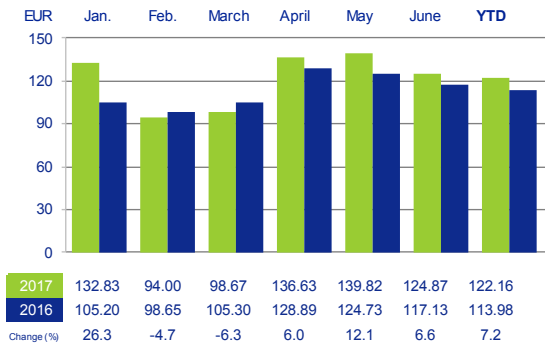
Source Research PKF hotelexperts

Key performance indicators: First half of 2017

Rising prices

A survey conducted by UK business advisers BDO LLP and based on sampling primarily branded three- to five-star hotels in Hamburg showed that from January to June 2017, average net room rates of approx. EUR 122 were achieved (+7.2% increase over 2016). With the exception of the months of February and March, the net room rate rose year-on-year for all months. The highest increase was seen in January, from approx. EUR 105

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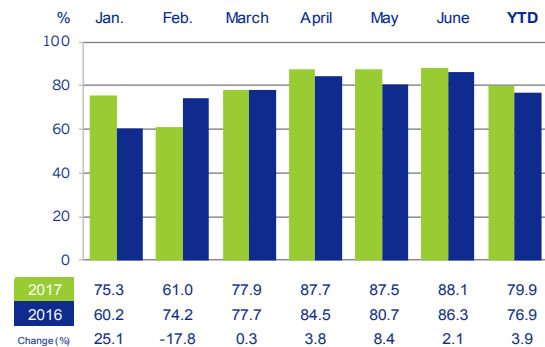
Source: BDO LLP, UK

to approx. EUR 133 (+26.3%), for reasons including the opening of the Elbphilharmonie.

Slight rise in room occupancy

The average room occupancy rate in the survey sample for the first half of 2017 was 79.9% (+3.9% year-on-year). By far the highest increase was seen in January (+25.1%). However, February showed a sharp decline (-17.8%). Room occupancy for June was around 88%, making it the strongest month in 2017 so far.

Occupancy

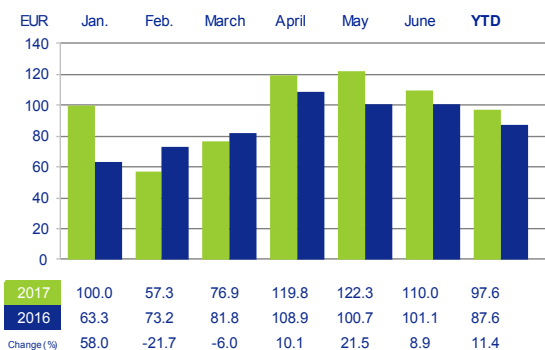


Source: BDO LLP, UK

Rise in RevPAR to EUR 98

Given the higher price levels and slight rise in room occupancy, RevPAR for the hotels surveyed rose significantly from approx. EUR 88 to around EUR 98 (+11.4%). With the exception of February and March, RevPAR throughout the first half of the year showed an increase year-on-year, with by far the highest growth in January (+58%). The highest RevPAR in the period surveyed was registered in May, at approx. EUR 122.

RevPAR



Source: BDO LLP, UK

Future prospects

The positive trend on Hamburg's hotel market is continuing. As the figures from 2016 and the first half of 2017 clearly show, the market has been able to make up the surge in supply by increasing the numbers of overnights at continuing high room rates. Hamburg benefits from a well-balanced mix of business and tourist travel. The first half of 2017 brought a significant year-on-year rise in international visitors (+9%) in addition to an unbroken trend in domestic tourism (+3.8% year-on-year for overnights).

An examination of KPI performance confirms Hamburg's continuing upward trend. Both net room rates and average room occupancy rates for the first half of the year rose year-on-year from 2016 to 2017. As a result, from January to June RevPAR of the sampled hotels also increased by approx. 11.4% to around EUR 98.

In the first six months of 2017, demand continued to show an unbroken trend, with arrivals increasing to approx. 3 m (+4.4% year-on-year) and overnights to approx. 5.9 m (+4.9% year-on-year).

At the same time, the boom in hotel construction in Hamburg has continued to drive supply, with a long pipeline of projects. The number of hotel rooms will grow significantly by 2021, with a further 6,600 rooms planned. At the same time new brands will enter the market, such as the niu hotel brand from Novum

Group and GINN Hotel from GOLD INN Hotel Group. Openings including the luxury hotel The Fontenay by Klaus-Michael Kühne at the end of the year are awaited with anticipation.

Assuming stable political and economic framework conditions, we expect the positive trend shown by Hamburg's hotel market to be able to continue in the future. Hamburg is an extremely popular destination, particularly for mini-breaks, and can enhance its popularity as a tourist centre by adding new attractions such as the Elbphilharmonie as the city's new landmark.

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As of September 2017