Germany | Hotel

Market Report 2023 | 2022 Q1-Q4

Market overview

Germany's top 7 hotel locations again performed significantly better in a nationwide comparison and claimed top KPI rankings. In addition to having to deal with the aftermath of the pandemic, hotel operators are also facing rising costs and staff shortages. Room rates reached a new high with RevPAR lining up with 2014 levels.

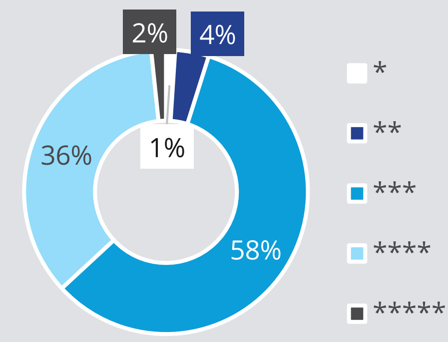
Hotel market availability

Germany's commercial lodging market had roughly 3.21 million beds on offer at 50,228 establishments in 2022. Although the number of beds was higher than in 2019 before the pandemic, the country was down nearly 1,900 commercial establishments in 2022 compared to 2019. The trend toward high-capacity establishments appears to be re-emerging. However, other types of establishments are primarily responsible for the increase in size. The hotel garni segment only saw slight increases, with the hotel segment on a slight downward trend (2019: 93.8 beds per establishment; 2022: 92.6).

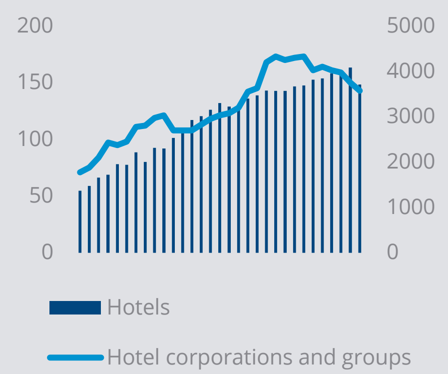
Overall market KPIs & trend yoy		
Open establishments	50,228	-1.0%
Available beds	3.21 mil.	+3.2%
Check-ins	163.04 mil.	+68.4 %
Overnight stays	450.71 mil.	+45.3%
Average stay	2.8 days	-0.4 days
Average bed occupancy rate	35.6%	+6.2% ppt

Looking at Germany's star-rated establishments, 2022 performance was strongly dominated by the 3-star hotel segment (58%), similar to the previous year. 4-star hotels also continued to account for a good third of the market (36%), with 2-star establishments less popular with a 4% market share and the luxury sector coming in at 2%.

Hotel market share by segment



Brand hotel performance 1991 - 2021



Hotel and hotel garni performance

Hotel KPIs & trend yoy		
Open establishments	12,698	+8.0%
Available beds	1.18 mil.	+3.7%
Check-ins	82.37 mil.	+74.3 %
Overnight stays	173.25 mil.	+61.9%
Average bed occupancy rate	41.1%	+11.3% ppt

Hotel garni KPIs & trend (yoy)		
Open establishments	7,048	+11.7%
Available beds	441,607	+4.7%
Check-ins	31.12 mil.	+85.0 %
Overnight stays	67.36 mil.	+68.4%
Average bed occupancy rate	42.2%	+13.0% ppt

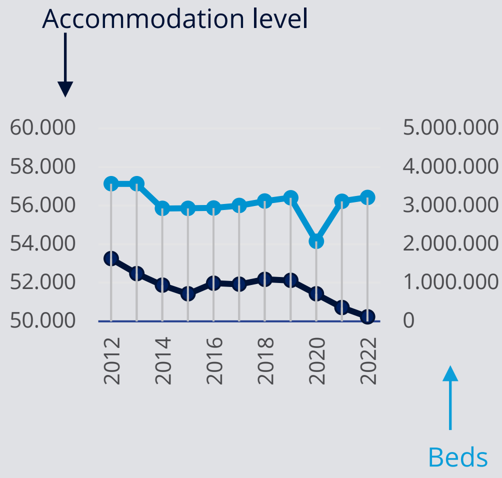
Hotel market demand

The situation on the hotel market began to gradually normalize in 2022. Demand picked up again in many locations once travel restrictions were lifted. Overnight stays on Germany's commercial lodging market in 2022 still came in 9.1% below 2019's results, almost 45 million fewer overnight stays than in the year before the pandemic. Hotel garnis posted demand at just 7.8% below 2019 results with full-service hotels still coming in 13.8% shy of 2019 performance.

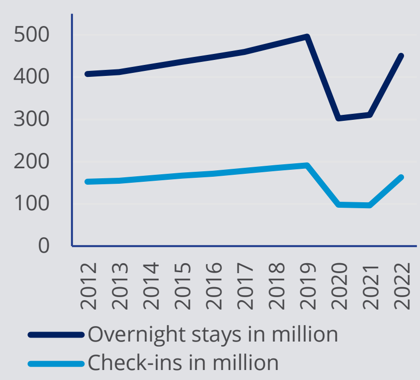
Some events, including trade fairs, still had to be canceled in 2022 due to the pandemic, particularly at the start of the year. This meant that the number of guests coming to the country to attend events and conventions, many of whom typically come from abroad, was down. Although performance was still comparatively sluggish in cities where demand is strongly fueled by one segment (e.g. high share of inbound or convention tourism and business travel), it was significantly better than in 2021.

The fact that activity on the German hotel market is gradually returning to normal can also be seen in the ranking of the country's top 10 cities with the highest number of overnight stays. The same cities claimed the rostrum in 2022 as in 2019, only in a slightly different order. Lübeck was unable to hold on to its ranking among the country's top 10 in 2022, giving way to Nuremberg. Market activity appears to be gradually stabilizing again, at least in terms of overnight stays.

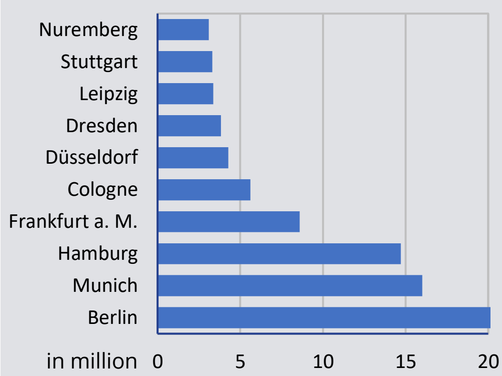
Trend in accommodation availability



Trend in demand for accommodation



Demand in overnight stays



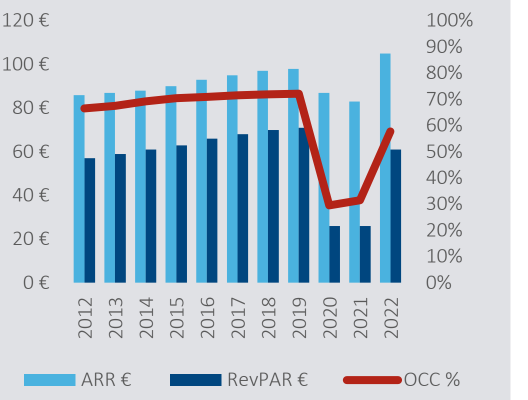
Hotel performance

The loss of revenue during the pandemic as well as drastically rising costs for energy, food and staff have forced establishments to raise their rates. The average room rate (ARR) on Germany's hotel market reached a new high of €105 in 2022.

Room prices were highest in Munich in 2022 (€125), with the previous year's top city, Erfurt, lagging far behind (€94). Berlin was also finally able to push through the barrier standing in the way of higher room rates, claiming second place with €111.

Despite the fact that room rates rose significantly in some cases, average revenue per available room (RevPAR) still fell short of 2019 levels with 2022 posting an average RevPAR of €61 (-€10 compared to 2019). Four of the country's top 7 hotel locations came in higher than the national average: Munich (€73), Berlin (€72), Hamburg (€71) and Cologne (€62).

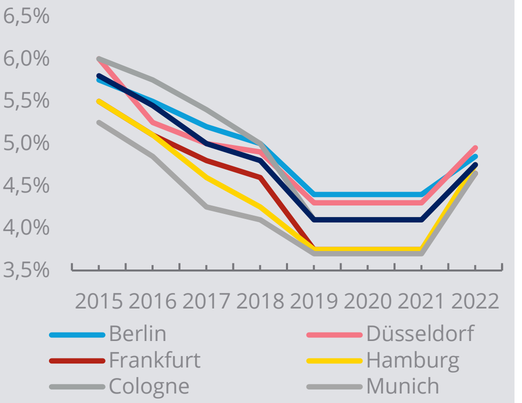
Hotel performance



Key performance indicators – Best results in Germany:

ARR	RevPAR	OCC
1. Munich with €125	1. Munich with €73	1. Hamburg with 66.6%
2. Berlin with €111	2. Berlin with €72	2. Rostock with 66.5%
3. Frankfurt & Hamburg with €107	3. Hamburg with €71	3. Würzburg and Freiburg with 66.3 %

Net initial hotel yields



Outlook

In addition to still dealing with the aftermath of the pandemic, the German hotel market is also facing other challenges including a tight labor market and rising costs for energy, food and staff. The market gradually seemed to again find its bearings in 2022, however, even though results are still down compared to the years before the pandemic and some pandemic-induced changes have come to stay. That means that operators are having to adapt to changes in guest behavior as well as general market changes in order to remain competitive. Investors in hotel real estate appear to still be taking a wait-and-see stance due to rising interest rates, high inflation and economic and political uncertainty. Many plans to open new hotels, some of which had been put on hold, are nevertheless being revisited. It is worth mentioning that investors and property developers currently seem to be setting their sights on the vacation hotel sector and on hotels in cities characterized by tourism.

Definitions

Accommodation establishment = The term accommodation establishment refers to the full spectrum of lodging offers. Accommodation establishments offer tourists and business travelers a place to spend the night.

Hotel

Hotels are accommodation establishments with a reception desk, services, daily room service, additional facilities and at least one restaurant for guests and visitors. A hotel typically has more than 20 rooms.

Hotel garni

A hotel garni is a hotel that offers lodging, breakfast, beverages and, at most, snacks.

Bed occupancy rate

Bed occupancy rate refers to the ratio between the actual number of overnight stays and the number of overnight stays that is theoretically possible. The number of theoretically possible overnight stays is based on the number of available beds and the hotel's days of operation.

Occupancy

Occupancy refers to the ratio between the number of booked rooms and total rooms available.

Market overview: Q1 – Q4 2022

Performance

Kennzahlen KPIs[1]	Deutschland Germany	Berlin Berlin	Düsseldorf Dusseldorf	Frankfurt Frankfurt	Hamburg Hamburg	Köln Cologne	München Munich	Stuttgart Stuttgart
Average occupancy Occupancy Ø	57.5%	65.1%	55.3%	52.4%	66.6%	61.1%	58.7%	49.8%
Veränderung Vorjahr Change yoy	26.2% ppt	33.2% ppt	30.1% ppt	30.9% ppt	33.3% ppt	30.3% ppt	32.3% ppt	24.6% ppt
ZimmerpreisØ Average room rate	€105.00	€111.00	€103.00	€107.00	€107.00	€101.00	€125.00	€93.00
Veränderung Vorjahr Change yoy	26.3%	34.3%	25.8%	29.9%	28.3%	19.7%	44.0%	18.4%
Zimmerertrag Ø Average RevPAR	€61.00	€72.00	€57.00	€56.00	€71.00	€62.00	€73.00	€46.00
Veränderung Vorjahr Change yoy	130.7%	166.8%	167.4%	194.1%	148.6%	133.4%	205.3%	156.7%

Hotel market

Kennzahlen KPIs[1]	Deutschland Germany	Berlin Berlin	Düsseldorf Dusseldorf	Frankfurt Frankfurt	Hamburg Hamburg	Köln Cologne	München Munich	Stuttgart Stuttgart
Beherbergungsbetriebe Lodging establishments	50,228	729	212	276	425	262	458	161
Veränderung Vorjahr Change yoy	-1.0%	3.6%	3.9%	+0.4%	1.9%	0.8%	7.8%	-3.6%
Bettenangebot Available beds	3,210,389	145,051	33,811	58,235	77,212	35,905	92,240	23,131
Veränderung Vorjahr Change yoy	3.2%	3.1%	15.7%	4.5%	2.7%	5.4%	4.6%	-0.8%
Gästeankünfte Check-ins	163.0 mil.	10.4 mil.	2.5 mil.	4.8 mil.	6.8 mil.	3.2 mil.	6.9 mil.	1.7 mil.
Veränderung Vorjahr Change yoy	68.4%	103.3%	117.1%	122.3%	105.2%	116.3%	124.1%	118.4%
Übernachtungen Overnight stays	450.7 mil.	26.5 mil.	4.3 mil.	8.6 mil.	14.7 mil.	5.6 mil.	16.0 mil.	3.3 mil
Veränderung Vorjahr Change yoy	45.3%	90.0%	119.8%	105.4%	94.6%	103.0%	101.5%	102.9%

Location

Kennzahlen KPIs[1]	Deutschland Germany	Berlin Berlin	Düsseldorf Dusseldorf	Frankfurt Frankfurt	Hamburg Hamburg	Köln Cologne	München Munich	Stuttgart Stuttgart
Einwohner Population[2]	83.2 mil.	3.7 mil.	619,000	759,000	1.9 mil.	1.1 mil.	1.5 mil.	626,000
Arbeitslosenquote Unemployment rate[1]	5.7%	9.2%	6.8%	5.9%	7.3%	8.6%	4.5%	4.8%
Sozialversicherungspflichtig Beschäftigte Salaried employees[2]	34.4 mil.	1.7 mil.	0.4 mil.	0.6 mil.	1.0 mil.	0.6 mil.	1.2 mil.	0.6 mil.
Verfügbares Einkommen der privaten Haushalte pro Kopf Disposable income per capita[3]	€23,916	€21,745	€26,729	€24,246	€25,285	€23,703	€31,859	€26,503
Flughafenpassagiere Airline passengers[4]	165.1 mil.	19.8 mil.	16.1 mil.	48.8 mil.	11.1 mil.	8.7 mil.	31.6 mil.	7 mil.

1 In December of the year of this report | 2 In June of the previous year | 3 In 2020 | 4 Arr. + Dep. in 2022

Colliers International

Colliers Global 2022

66 Countries	€4.2bn Revenue
18,000 Employees	186 million sqm under management
51,000 Deals	€91bn Total transaction volume

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