



**HAMBURG, GERMANY**  
**Hotel Market Snapshot**

**Investors are aiming North**

October 2015







*Hotel Atlantic Kempinski Hamburg (Source: Hotel)*



## HIGHLIGHTS

With a population of around 1.8 million, Hamburg is the second most populated city in Germany. Over the last decade, the city underwent major developments, counting two iconic transformations: the successful extension and modernisation of **the port which has become the second largest port in Europe** in terms of container volume and the ongoing redevelopment of the HafenCity, one of the most important urban conversions in Europe.

In terms of tourism, the Hanseatic city does not yet benefit from the same level of international recognition as other European cities, but this does not mean that it offers less sights or attractions. On the contrary, Hamburg is a very exciting destination with many charming neighbourhoods, a broad musical offer, and is considered as the first location in Germany for business angels and venture capitalists with more than 13 start-up businesses per 10 000 inhabitants.

Our Hotel Market Snapshot will present the strong potential of Hamburg with its numerous projects planned for the upcoming years.

### HAMBURG - Key Facts and Figures (2014)

Population	1.8 million
GDP	€ 68 406 million
GDP per capita	€ 58 487
Real GDP growth	1.6%
Unemployment	4.7%
Tourism Arrivals	6 051 000
Overnight Stays	12 008 000
% Domestic Tourism	75.6%
% International Tourism	24.4%
Number of hotels	342
Number of hotel beds	55 887

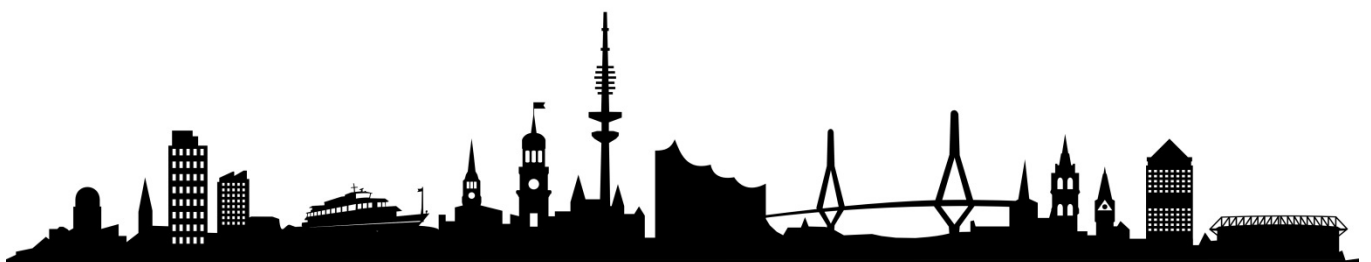
Source: Statistisches Amt für Hamburg und Schleswig-Holstein, Oxford Economics

## WHAT'S NEW? WHAT'S COMING UP IN HAMBURG?

- The Congress Centre Hamburg (CCH), constructed in 1973, will close for a major renovation in 2017. The CCH which hosts up to 280 congresses, meetings and events per year will reopen in 2019.
- Having defeated Berlin in the national voting, Hamburg submitted its candidacy for the Olympic Games in 2024 along with Paris, Los Angeles, Budapest and Rome. The final venue will be announced in summer 2017.
- The HafenCity redevelopment project, which aims to redevelop the historic docks and extend the city centre by approximately +40.0%, is scheduled to be completed by 2025. Around half of the projects have already been accomplished.
- The historical hotel Reichshof, operated by Maritim Hotels from 1989 till 2014, was recently renovated and rebranded. Since July 2015, the 278-room hotel is the first hotel to be operated by the new Curio Collection by Hilton brand.



Speicherstadt (Source: © Mapics - Fotolia.com)



Source: © JiSign - Fotolia.com

## ACCESSIBILITY

Hamburg Airport, located 12 km north of the city centre, welcomed 14.8 million passengers in 2014. This represents an increase of +15.3% since 2008 and a compound annual growth rate (CAGR) of +2.4% over the period. Between 2013 and 2014, Hamburg Airport saw a particular strong rise in its number of passengers.

Indeed, over the past two years, low cost carriers have increased their direct flight connections to and from Hamburg. For example, Easyjet increased the number of direct flights from 6 to 28 within 12 months and Germanwings offers today more than 50 destinations. The rise of the low cost flight offer as well as the usage of larger capacity planes have contributed to the +9.3% increase in passengers in 2014, making Hamburg Airport the **fastest growing airport in Germany**.

Inaugurated in 1906, the Hamburg Central Station welcomes around 450 000 passengers and up to 720 trains daily being the leading train station in Germany. The Altona-Mitte redevelopment project necessitates the relocation of the south-bound long distance train station Altona, serving Munich and Basel. The new railway station will be developed further north (Diebsteich) and is scheduled to operate from 2023 onwards.

### Map of Hamburg Cruise Center



- 1 Hamburg Cruise Center Altona
- 2 Hamburg Cruise Center Hafencity
- 3 Hamburg Cruise Center Steinwerder
- 4 Berth Überseebrücke
- 5 Alternative Berth O'Swaldkai

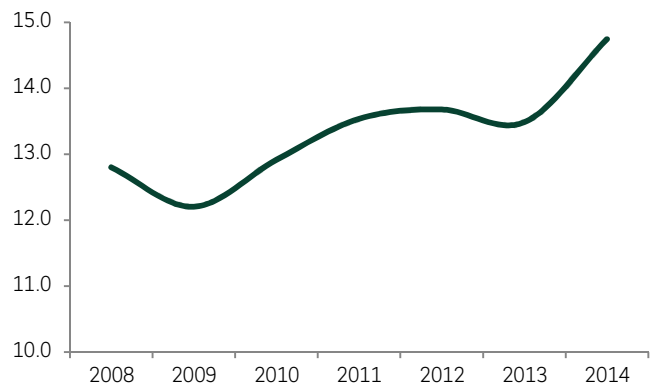
Source: Hamburg Cruise Center, Google Maps

## DEMAND

Its ideal location on the banks of the river Elbe and in close vicinity to the North Sea as well as its offer of leisure attractions make Hamburg a popular site all year round. Thanks to the city's diversified leisure and business offer, Hamburg's hotels welcomed 6.1 million arrivals in 2014 (+3.4% compared to 2013).

According to the European Cities Marketing, **Hamburg ranked 12<sup>th</sup> among the most visited cities in Europe with 12.0 million overnights** in 2014, placing itself after Amsterdam and before Stockholm. With a growth of +3.5% in overnight stays in 2014, Hamburg is likely to maintain its competitive position and will eventually find its spot among the top 10 most visited European cities.

### Hamburg Airport - Number of passengers 2008-2014 (in millions)

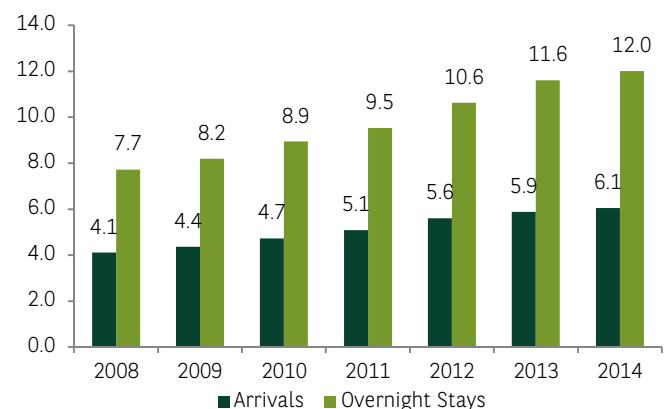


Source: Hamburg Airport

Hamburg Port is considered as one of the world's most flexible ports. In 2014, 9.7 million standard containers were handled in Hamburg making it the 15<sup>th</sup> largest port worldwide.

In addition to its cargo business, Hamburg port is equipped with 3 cruise terminals and 2 berths available for small passenger vessels. In 2014, 589 000 cruise passengers arrived at the Port of Hamburg. Cruise tourism in Hamburg has increased significantly over the past years with a number of cruise passengers that more than quintupled from 2008 to 2014. **The third cruise ship terminal was inaugurated in June 2015** after only 198 days of construction. Total investment for the new Cruise Center Steinwerder, which offers a capacity of up to 4 000 passengers, amounted to € 64 million.

### Evolution of number of tourists and overnight stays 2008-2014 (in millions)



Source: Statistisches Amt für Hamburg und Schleswig-Holstein

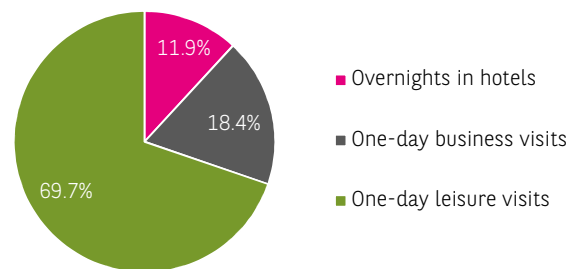
One of the distinctive features of Hamburg's tourism market is that excursionists (hereafter referred to as one-day visitors) play a significant role. Indeed, in 2013, the Hanseatic city welcomed more than 86.2 million one-day visitors. Among these, 18.4% of all visits were business related.

Hamburg's tourism industry is dominated by its domestic clientele, accounting for 75.6% of overnight stays in 2014. Overall demand from Europe represented 93.7% in 2014, recording a +44.1% increase in overnights since 2009. However, its share decreased from 95.4% in 2009 to the benefit of guests from overseas. The Asian continent is becoming an increasingly important source market for the city.

In 2014, the most dynamic markets were Italy with a growth of +33.1%, Denmark (+26.2% of overnights compared to 2013) and Austria (+14.0%).

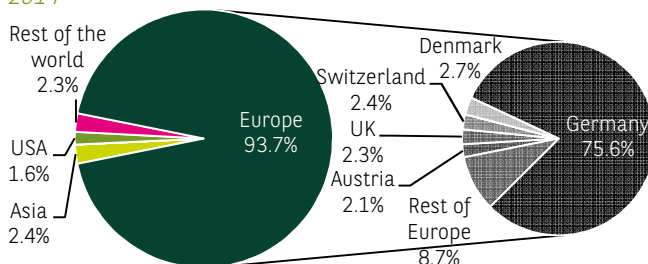
Visitors from the United Arab Emirates register the longest average stay with 3.1 days while German and Danish visitors record on the other hand an average length of stay of 1.9 nights.

### Type of visit – City of Hamburg 2013



Source: Hamburg Tourism, dwif e.V.

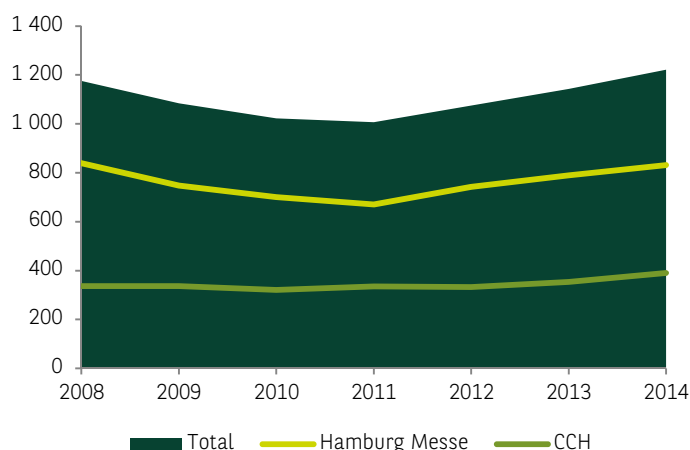
### Main international feeder markets (Overnights) 2014



Source: Statistisches Amt für Hamburg und Schleswig-Holstein

## Business and MICE Tourism

### Number of MICE events participants 2008-2014 (in thousands)



Source: Congress Centre Hamburg

Even though Hamburg is not considered as a major player within Germany's business tourism industry, the Hamburg Messe and Congress GmbH generated net sales of € 99.8 million in 2014, an increase of +31.1% compared to 2010.

The business segment recorded a -14.4% decrease in the number of visitors between 2008 and 2011, dropping to 1.0 million visitors in 2011. Demand rebounded since 2012, showing a +21.4% increase and outperforming 2008 figures with 1.2 million participants in 2014.

Even so, a decrease at a CAGR of -6.1% was recorded in the number of fairs, exhibitions and events held in Hamburg Messe and Congress Centre Hamburg (CCH) since 2008, dropping from 419 venues in 2008 to 288 in 2014.

Having hosted trade fairs for over 650 years, the city takes things seriously. Hamburg Messe and Congress GmbH will renovate and extend its main conference centres to revitalise the MICE segment and reposition the city on the national business market. **The modernisation and extension of the new CCH for € 194 million is planned to begin in 2017.** Upon its re-opening in 2019, the conference centre will offer 36 000 m<sup>2</sup> of usable space.



Panorama of the HafenCity and the Elbphilharmonie (Source: © M. Johannsen - Fotolia.com)

## Leisure Tourism

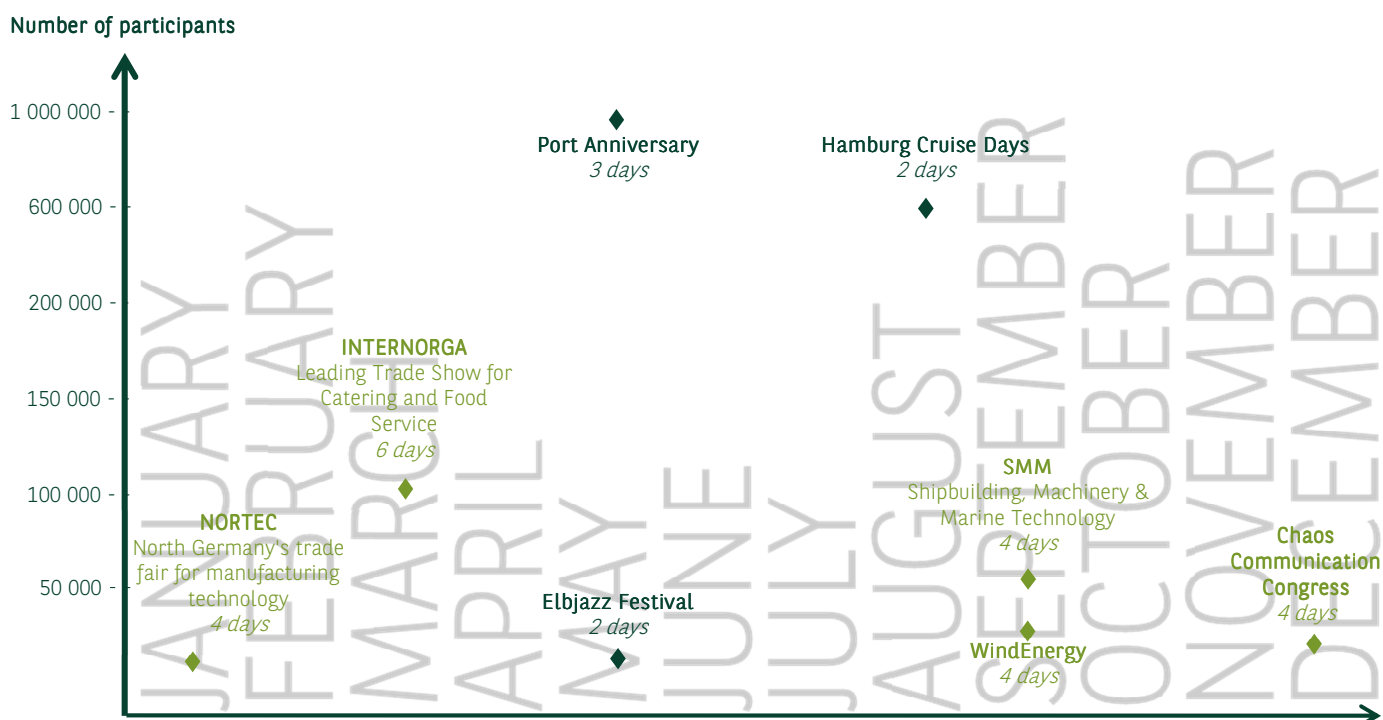
Although most of its leisure activities derive from its port, especially with its famous fish market and the modern HafenCity area, the second biggest city of Germany offers a wealth of historic and cultural attractions.

Hamburg provides a rich variety of entertainment options, notably with its numerous theatres, museums and galleries as well as its famous concert halls. The Hanseatic city is renowned as **the musical capital of Germany** and third city in the world for musicals after New York and London. Since 1985 Hamburg welcomes more than 2 million spectators per year. With five event venues in the city, the German subsidiary of Stage Entertainment can be considered as Hamburg's biggest musical producer.

In July 2015, the century-old Speicherstadt, one of the largest historic port warehouse complexes in the world, as well as the neighbouring Kontorhaus District with its renowned office building the Chilehaus were the **first sights of Hamburg to be added to the UNESCO World Heritage Sites**.

After ten years of construction, the **Elbphilharmonie Concert Hall is scheduled to open its doors in 2017**. The building, constructed on top of a warehouse, will host a concert hall for 2 100 guests, a restaurant, 45 residential flats as well as a hotel which will be operated as The Westin Hamburg.

Main recurrent annual events  
Length and number of participants in 2014

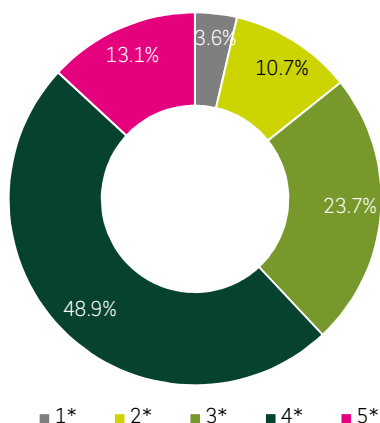


Source: BNP Paribas Real Estate Hotels



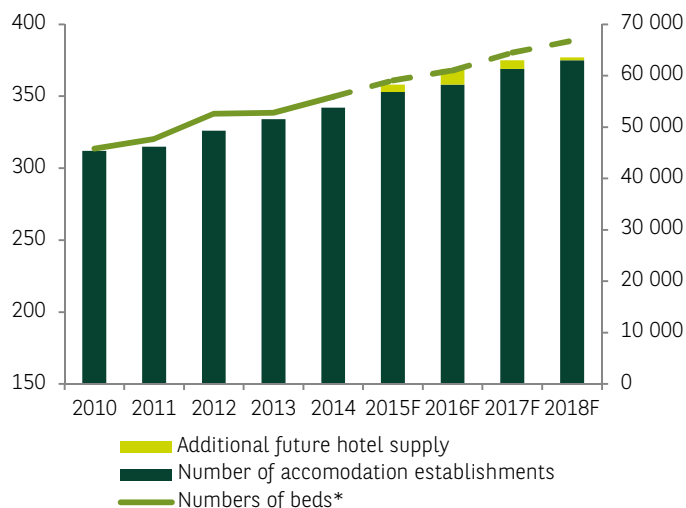
## SUPPLY

Hotel beds per category  
2014



Source: DEHOGA Hamburg (1 June 2015)

Hotel supply evolution  
2010-2018 forecast

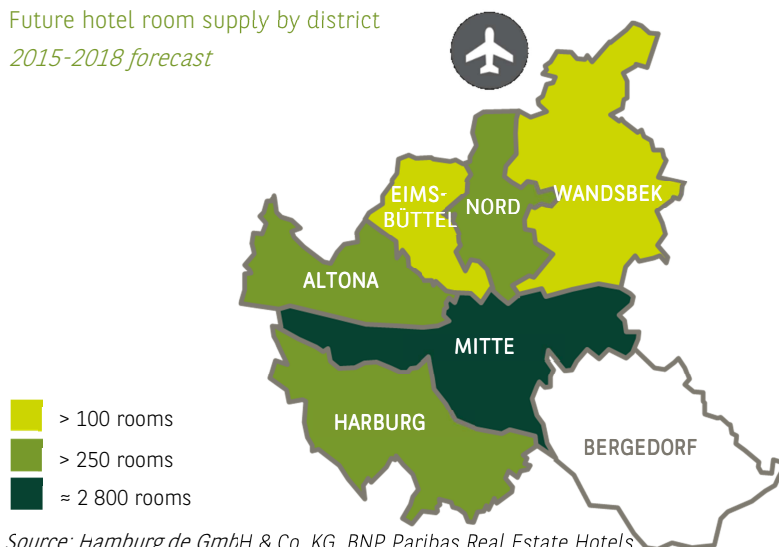


\* Future bed supply estimated based on the number of rooms identified. Please note that future hotel supply presented in the graph only includes hotel projects. Guesthouses and camping facilities, accounting for approximately 9% of total supply, are not included.  
Source: Hamburg.de GmbH & Co. KG, BNP Paribas Real Estate Hotels

In terms of location, **future room supply will concentrate on Hamburg Mitte with 2 830 rooms** in the pipeline. The majority of these hotel projects are related to new developments in the HafenCity.

The Holiday Inn Hamburg City-Nord property scheduled to open in 2016 will represent the city's largest hotel opening in the next three years with 297 rooms.

Future hotel room supply by district  
2015-2018 forecast



Source: Hamburg.de GmbH & Co. KG, BNP Paribas Real Estate Hotels

In 2014, **Hamburg's hotel market was clearly dominated by the upscale market** with 13 929 beds in the 4-star and 3 744 beds in the 5-star segment which together represent an overall share of 62.0% of total bed supply. Around one quarter of all beds belong to the midscale segment, its 6 765 beds being distributed among 57 properties. With 16 properties and 3 036 beds, the 2-star segment in Hamburg represents 10.7% of the local supply. 1-star properties accounted for a share of only 3.6% and are thus not significantly impacting the hotel landscape in the German city.

From 2010 to 2014, the number of properties (including hotels, guesthouses and camping facilities) grew at a CAGR of +2.3%, while bed supply increased at a faster growth rate of +5.1%. The most significant addition has been observed in 2012 with an increase of +10.3% in bed supply while in the following years supply increased at a slower pace. With regards to the future outlook, Hamburg's hotel supply is expected to increase considerably over the next three years.

The upcoming **hotel supply additions** of Hamburg are focused on the **midscale market** with a majority of 2 and 3-star properties. In particular, IHG will increase its presence in the city with the opening in the coming years of 2 Holiday Inn and Holiday Inn Express properties. Furthermore, Marriott International and Hilton Worldwide will each add one hotel of their midscale service brands Courtyard by Marriott and Hampton by Hilton.

Despite the high number of international chains appearing in the pipeline, we note the presence of **Novum Hotels, a dynamic midscale German hotel chain** whose first property opened in Hamburg in 1988. Today, the group operates more than 55 hotels in Germany including 17 in Hamburg, and a new 120-room property is projected to open in the city in 2016.

## Recent hotel openings

2014-2015

Year	Category	Hotel	Rooms	District
2014	4*	AMERON Hotel Speicherstadt	192	Mitte
2014	3*	IntercityHotel Hamburg Dammtor-Messe	275	Mitte
2014	3*	Hotel Ibis Hamburg City	252	Mitte
2014	3*	Citadines Michel Hamburg	127	Mitte
2014	3*	Novum Hotel Alster Hamburg	35	Mitte
2014	2*	Prizeotel Hamburg-City	216	Mitte
2014	2*	B&B Hotel Hamburg-Nord	160	Nord
2014	2*	B&B Hotel Hamburg-Harburg	100	Harburg
2014	1*	Hotel Ibis Budget Hamburg City	196	Mitte
2014	NC	Apartment Hotel am Sand	15	Harburg
2014	NC	Centro Hotel North	30	Mitte
2015	4*	Reichshof Hamburg, Curio Collection by Hilton (re-opening after extensive renovation)	278	Mitte
2015	NC	Stay! Boardinghouse Hamburg	66	Mitte
<b>Total Rooms Recently Opened</b>			<b>1 942</b>	

Source: Hamburg.de, BNP Paribas Real Estate Hotels

## Future hotel openings

2015-2018 forecast

Year	Category	Hotel	Rooms	District
2015	4*	Ramada Hamburg-Hammerbrook	254	Mitte
2015	3*	Sportlife Hotel Othmarschen	276	Altona
2015	NC	Marc O'City Apartments 'Neuländer Quarree'	100	Harburg
2016	5*	The Westin Hamburg	244	Mitte
2016	5*	Grand Hotel 'The Fontenay' (former InterContinental)	147	Eims-Büttel
2016	5*	Sir Nikolai Hotel Hamburg	94	Mitte
2016	4*	Holiday Inn Hamburg City-Nord	297	Nord
2016	4*	Innside Melia Hamburg-HafenCity	205	Mitte
2016	4*	25h Guesthouse Altes Hafenamt	49	Mitte
2016	3*	Hampton by Hilton am Sonninkanal	161	Mitte
2016	3*	Novum Hotel City East	120	Wandsbek
2016	3*	Holiday Inn Express am Sonninkanal	104	Mitte
2016	2*	B&B Hotel City Ost - Berliner Tor	159	Mitte
2016	TBC	Lidl Hotel (Beatlesplatz)	180	Mitte
2017	4*	Courtyard by Marriott Hotel St. Georg	277	Mitte
2017	4*	Adina Apartment Hotel Hamburg Heights	202	Mitte
2017	2*	JUFA Campus Futura HafenCity (family hotel)	220	Mitte
2017	TBC	Moxy Hotel Neuländer Quarrée	98	Harburg
2017	TBC	Residence Inn by Marriott Neuländer Quarrée	99	Harburg
2017	TBC	Quartier im Lohsepark	267	Mitte
2018	5*	Fraser Suites	147	Mitte
2018	4*	Holiday Inn HafenCity	267	Mitte
<b>Total Rooms in the Pipeline</b>			<b>3 967</b>	

Source: Hamburg.de, BNP Paribas Real Estate Hotels

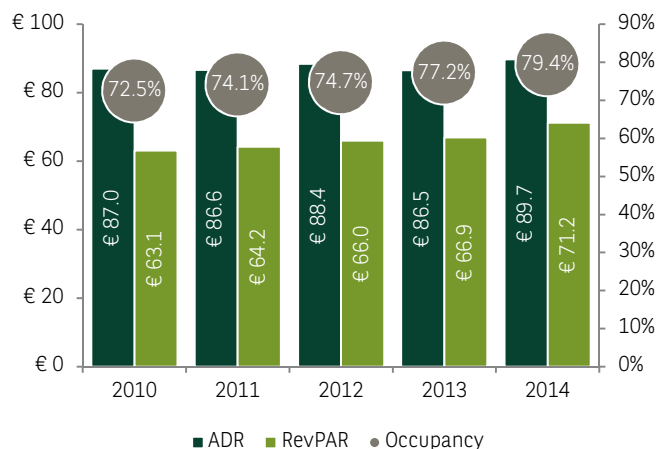


Reichshof Hamburg Curio Collection by Hilton (Source: Hotel, © Matthew Shaw Photography)



## HOTEL PERFORMANCES

### Hotel trading performances 2010-2014



Source: MKG Hospitality Database

The opposite graph shows a comparison of the RevPAR levels for five key cities in Germany and Europe, including Hamburg. The Hanseatic city recorded a particularly strong RevPAR growth in 2014 and surpassed the € 70.0 threshold for the first time.

Despite its strong focus on the leisure segment, generally more seasonal and price sensitive, Hamburg achieved better RevPAR performances than Germany's capital Berlin.

Even though most **European cities clearly outperform the Hanseatic city** in terms of RevPAR, Hamburg's improving performances considerably reduced the gap with the Belgian capital Brussels.

## INVESTMENT MARKET

The city's economic dynamism has also resulted in an increasing interest from hotel investors. While Hamburg ranked third in Germany in 2014 with a hotel investment volume of € 324.0 million, **hotel transactions during the first six months in 2015 totalled approximately € 260.0 million**, making Hamburg the frontrunner among Germany's 'Big Six' cities.

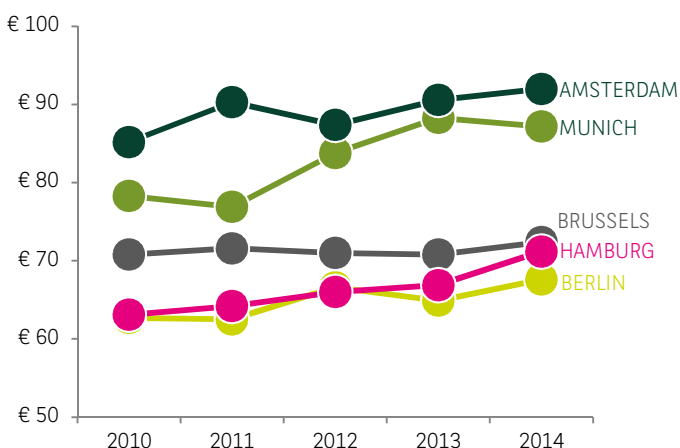
To note that from January to June 2015, hotel transactions accounted for approximately 13% of commercial real estate investment in Hamburg, compared to 8.6% for retail investments.

Hamburg's hotel investment market has recorded at least 13 hotel transactions over the last three years, among which three relate to properties under development or conversion.

In terms of seasonality, given that Hamburg is mostly a leisure destination, demand is generally strong from April to October. The lowest level of demand is mainly observed in January and February.

Over the 2010-2014 period, Hamburg's performances were globally on a continuous upward trend. Since 2010, occupancy rose progressively to reach a peak in 2014 at 79.4%. ADR followed the same positive trend, except for 2011 and 2013 recording negative variations of -0.5% and -2.1% respectively, but those fluctuations were compensated by the increase in occupancy. This resulted in a **continuous RevPAR increase** showing a CAGR of +3.1% over the five year period and reaching a record level of € 71.2 in 2014.

### Key cities - RevPAR evolution 2010-2014



Source: MKG Hospitality Database

The most significant single asset transactions during the first six months of 2015 include the acquisition of the Sofitel Hamburger Alter Wall by Art-Invest Real Estate as well as the € 56.0 million acquisition by Fraser Hospitality of an office building to be converted into a future Fraser Suites.

The B&B Hamburg Harburg was part of a portfolio transaction of 22 B&B hotels sold to the French investor Foncière des Murs. Commerz Real acquired for its 'hausInvest' fund the development project Heights 3 for which a long term lease contract has been signed with Adina for a 202-apartment hotel to be opened in autumn 2017.

Most recently, **Union Investment sold the 278-room hotel Hamburg Marriott** to UK & European Investment Limited for € 65.0 million in September 2015.

The following table illustrates major hotel transactions recorded over the past three years in Hamburg:

Year	Cat.	Hotel	Rooms	Price (€)	Price	Seller	Purchaser
					per room (€)		
2013	4*	Leonardo Hamburg City Nord (former Best Western Queens Hamburg)	182	14 000 000	76 923	Fattal Hotels	Funds managed by Goldman Sach's Whitehall Street Real Estate Division
2013	4*	ARCOTEL Hamburg	215	40 000 000	186 047	Deka Immobilien	Strabag Real Estate
2013	3*	Holiday Inn Express Hamburg St Pauli Messe	120	21 000 000	175 000	Deka Immobilien	Foremost Leisure Real Estate
2013	2* 1*	Ibis & Ibis Budget Hühnerposten area (development project)	448	~ 35 000 000	~78 125	HIH Hamburgische Immobilien Handlung	Württembergische Lebensversicherung
2014	5*	Hotel Kempinski Atlantic Hamburg	221	Not disclosed	Not disclosed	Octavian Hotel Holding	Asklepios & Grosse Broermann
2014	4*	ARCOTEL Rubin Hamburg	217	Not disclosed	Not disclosed	Not disclosed	PATRIZIA Immobilien AG
2014	2*	B&B Portfolio (4 hotels among which one in Hamburg)	430	22 000 000	51 163	B&B Hotels	Swiss based office (Not disclosed)
2015	5*	Sofitel Hamburg Alter Wall	241	Not disclosed	Not disclosed	English family office (Not disclosed)	Art-Invest Real Estate
2015	5*	Fraser Suites (office conversion)	147	56 000 000 <sup>1</sup>	380 952	Munich-based Investor (Not disclosed)	Fraser Hospitality
2015	5*	Hamburg Marriott Hotel	278	65 000 000	233 813	Union Investment	UK & European Investments Limited
2015	4*	Adina Apartment Hotel Hamburg Heights (development project Heights 3)	202	50 000 000	247 525	Hochtief Projektentwicklung GmbH	Commerz Real
2015	2*	B&B Portfolio (22 hotels among which one in Hamburg)	2 200	128 000 000	58 182	B&B Hotels	Foncière des Murs
2015	2*	Ibis Hamburg Airport	157	Not disclosed	Not disclosed	Not disclosed	Sofidy

<sup>1</sup> Acquisition & transformation costs

Source: BNP Paribas Real Estate Hotels

## OUTLOOK

After having recorded a remarkable **CAGR of +7.6% in overnights from 2010 to 2014**, the Hanseatic city is setting the course for an expected increase in future demand.

The continuous addition of new direct lines to Hamburg airport, the opening of the cruise centre Steinwerder as well as the urban development of the city centre and the port will help Hamburg **to strengthen its position as a prime tourist destination**.

Popular especially with leisure guests, the city highly benefits from its northern location on the Elbe and its access to the North Sea. The renovation of the new congress centre will also reinforce Hamburg's attractiveness on the German and international MICE market.

The city strengthened its economy over the last years, attracting both national and international investors. During the first six months of 2015, Hamburg recorded a real GDP growth of +2.0%, partially explained by the energy supply sector, achieving higher results than the national average (+1.4% growth). While the tourism sector achieved particularly strong results, recording an increase of +6.6% of arrivals and a growth of +8.4% in overnight stays during the first quarter, other service sectors have been less dynamic.

Compared to other German and European cities, Hamburg recorded a rather low **CAGR of +2.3% in hotel supply** from 2010 to 2014. Supply development is however expected to accelerate over the next three years with **the addition of almost 4 000 hotel rooms**.

Especially with the incoming international demand, the Hanseatic city has great potential to further record growth rates in RevPAR; however, over the next three to four years the additional hotel supply will have to be absorbed.

The upcoming hotel projects in Hamburg confirm the **strong interest of international hotel chains** to enter the local hotel market as well as the increasing attention from foreign investors for Germany's primary and secondary cities. The availability of office buildings for hotel conversions as well as the development of certain areas in Hamburg such as the Hafencity or the rehabilitation of the former BP headquarters in the North offer attractive development and investment opportunities.

Considering rising RevPAR levels, growing demand and a substantial increase in the city's hotel supply, will Hamburg maintain a leading position on the German hotel investment market?



AMERON Hotel Speicherstadt (Source: Hotel)



Hong Kong



U.A.E



USA



- Our locations
- Our alliances



## BNP PARIBAS REAL ESTATE HOTELS

BNP Paribas Real Estate Hotels is part of BNP Paribas Real Estate, one of the leading international real estate companies.

BNP Paribas Real Estate is present in 37 countries\* with more than 150 offices worldwide, offering local solutions to global requirements.

Our international team of hospitality real estate professionals offers a wide range of services, including **strategic consulting, development and feasibility studies and valuations** as well as **assistance in asset acquisitions and disposals**.

We cover every stage of the hospitality property cycle and have a thorough understanding of the different challenges faced by private owners, institutional investors, financing institutions or developers. We provide targeted expertise in response and our service offer is fully adaptable to meet your specific needs and requirements.

For more information, please do not hesitate to contact us.

\* 16 under direct ownership and 21 alliances

First Page: Hamburg Alster Fountain at night  
(Source: © IndustryAndTravel - Fotolia.com)

## Authors



**Stephanie Bernhard**  
Consultant

[stephanie.bernhard@bnpparibas.com](mailto:stephanie.bernhard@bnpparibas.com)

Direct line: +33 (0)1 47 59 20 02



**Laura Fleurquin**  
Junior Consultant

[laura.fleurquin@bnpparibas.com](mailto:laura.fleurquin@bnpparibas.com)

Direct line: +33 (0)1 55 65 22 21



**Blandine Trotot**  
Junior Consultant

[blandine.trotot@bnpparibas.com](mailto:blandine.trotot@bnpparibas.com)

Direct line: +33 (0)1 47 59 20 06

## Direction

**Bruno Juin**

Managing Director - Hotels  
[bruno.juin@bnpparibas.com](mailto:bruno.juin@bnpparibas.com)

**Maaïke Smoreburg**

Director - Hotels - Consulting & Valuation  
[maaïke.smoreburg@bnpparibas.com](mailto:maaïke.smoreburg@bnpparibas.com)

