



Horwath HTL™

Hotel, Tourism and Leisure

MARKET REPORT

**Hotel Chains
Market Germany:
*Snapshot Berlin***

JULY 2018



Introduction

Germany's travel and tourism markets are booming, with both the leisure and the business travel sectors doing well. According to the latest results from the official statistics office, the number of arrivals in Germany rose by 16.7% over the last five years (2012-2017), with overnight stays growing by 12.8%, representing a total number of around 459.5 million in 2017. For the same period, a compound annual growth rate (CAGR) of 3.1% for arrivals, and 2.4% for overnight stays show a steady, positive growth rate.

The hotel industry has been the primary beneficiary of this growth trend. With a CAGR of 3.6%, hotel arrivals grew 0.5 percentage points stronger than total arrivals between 2012 and 2017. Overnight stays in hotels¹ increased by 17.8%, with a CAGR of +3.3% almost one percentage point per year stronger than total overnight stays.

In 2017, nearly 56% of the total volume of overnight stays was in hotels, meaning that the hotel sector is currently the strongest lodging segment in Germany (In 2012, this share was only 53.4%). The ratio of arrivals in hotels to overall arrivals into the country exceeded the latter by far and was 71.4%. (69,8% in 2012).

¹ Federal Office for Statistic's official classifications of hotel & hotel garni

Germany's success can be put down to several factors: Many historical and cultural attractions, a significant MICE and business travel segment based on a healthy labour market, world-class tourist service infrastructure and excellent price competitiveness.

Other essential factors of success are security and international accessibility. According to the 'Travel & Tourism Competitiveness Report 2017' published by the World Economic Forum and based on these criteria, only Spain and France rank higher than Germany.

The current hotel construction activity reflects the favourable conditions in Germany: According to tophotelprojects, 580 hotel projects are in development till the end of 2023, including new building, extensions and conversions. Almost 31% of these projects are in the TOP 7 German cities (Berlin, Hamburg, Munich, Frankfurt am Main, Düsseldorf, Cologne, and Stuttgart). The dominance of hotels associated with a brand is particularly evident in these TOP 7 cities, with almost 69% of their pipeline projects (as of 14 May 2018).

The data clearly shows that the 'professional' chain branded hotel market is booming. The number of branded hotels in Germany is sharply increasing. According to IHA (Hotelverband Deutschland), the number of branded hotels has risen by a share of 7.2%, (a CAGR of 1.4%), over a five-year period.



In recent years, more and more established chain companies have extended their portfolio with new groups and brands, for example, Hyatt House, niu and Premier Inn, have all entered the German market.

This booming hotel chain market is the subject of our latest Horwath HTL market analysis report. To show the structure of the German hotel chain market, Horwath HTL has conducted a complete census of branded hotels.












Based on this detailed and comprehensive census, we can shed light on the substantial market segment of chain hotels in Germany. We show Germany's top chains and brands ranked by hotels and rooms, as well as broken out by domestic and international players. Additionally, we analyse the distribution of different star categories and take a look at the locations hotel chains are concentrating their efforts.

With a stock of 216 chain hotels with 43,498 branded rooms, Berlin has the most significant number of branded hotels and rooms in the German market (10.5% of Germany's branded hotels and 14.5% of the branded rooms are in Berlin).

A quick note on our methodology. We should point out that with our definition, a hotel chain is a hotel dedicated entity managing, franchising, leasing or owning at least five properties in the world of which at least one hotel is in Germany. An essential part of this definition is that the entity has a corporate structure behind it. Consequently, hotel cooperations are not included in our census. Furthermore, to classify also hotels which have no DEHOGA classification, we always consider the HRS star classification.



The German Hotel Chain Market

 Hotels ¹ 20,081	 Chain Hotels 2,066	 Chain Penetration 10.3%
 Rooms 812,218	 Chain Rooms 299,537	 Chain Penetration 36.9%
 Chains 104	 Brands 200	
 Domestic Brands 86	 International Brands 114	 Share of International Brands 57%

As the table above shows, Germany is home to 20,081 hotels of which about 10.3% are branded. For hotel bedrooms, even more, almost 37%, are branded. Overall for Germany, we counted 104 different hotel chain groups which have 200 brands all over the country. With a share of approx. 57%, international brands currently represent the majority in the German hotel market. However, with a total number of 86, the domestic hotel chain sector in Germany also accounts for a significant number of brands.

The German hotel market is moving toward an increasingly higher degree of professionalisation. This is shown by the increasing supply of branded hotels between 2012-2017 (+7.2%) and a decreasing supply of hotel establishments in total (-4.7%) combined with a rising bed supply in hotels (+6.5%).

In total, the German market is still strongly influenced by the independent hotel industry. Measured by rooms, however, the branded share is considerably higher (almost 37%) than independent hotels (10.3%). This can be attributed to the growing number of branded hotels, which have higher average room numbers (about 145 rooms) than individual hotels (about 40 in 2017). This development explains the considerable increase in the number of beds (+6.5%) in combination with the decreasing number of hotel businesses between 2012 and 2017.

To get an overview of the driving forces behind this development, we take a look at the strongest chain and brand players in the German market in the following chapter. As a first step, we break them down into domestic and international based rankings.

Germany's TOP Chains & Brands

These tables show the German market's most important chains and brands ranked by rooms as well as their change in rank since the last census 2016.

TOP TEN HOTEL CHAINS

2017	2016	Chains	Rooms	Hotels
1.	1.	Accor	48,796	366
2.	2.	Best Western	18,656	183
3.	3.	Marriott	16,718	68
4.	5.	InterContinental	14,841	73
5.	6.	Deutsche Hospitality	13,655	76
6.	9.	Motel One	12,240	44
7.	11.	B&B	10,452	102
8.	8.	NH	10,265	57
9.	10.	Maritim	9,672	33
10.	7.	Carlson Rezidor	9,208	38

TOP TEN HOTEL BRANDS

2017	2016	Chains	Rooms	Hotels
1.	1.	Mercure	15,349	110
2.	4.	Motel One	12,240	44
3.	2.	Best Western	11,744	123
4.	3.	ibis	11,467	87
5.	6.	B&B	10,452	102
6.	5.	Maritim	9,672	33
7.	8.	ibis budget	8,220	84
8.	7.	NH	8,215	49
9.	10.	Steigenberger	7,023	38
10.	13.	Holiday Inn	6,428	27

Regarding hotel and room supply, Accor has twice as many hotels as the 2nd ranked Best Western and is by far the leading hotel chain company in Germany. With about 49,000 rooms, Accor is managing about 16% of the total branded room supply.

Another significant player is Marriott. After the merger with Starwood in 2016, the group ranks in third place. Currently, former Starwood brands make up about 46% of Marriott's room stock in Germany.

Of course, their related brands reflect this chain landscape: Accor brands like Mercure, the largest in Germany, as well as the ibis family brands make-up the lions share. Taken together, the ibis family of brands (ibis, ibis styles, ibis budget) makeup 22,522 rooms in 202 hotels and be the largest group by far. As a brand, the domestically created and owned Motel One ranks 2nd in Germany.

The strongest domestic chains and brands are listed below.

TOP TEN DOMESTIC CHAINS

2017	2016	Chains	Rooms	Hotels
1.	1.	Deutsche Hospitality	13,655	76
2.	2.	Motel One	12,240	44
3.	3.	Maritim	9,627	33
4.	4.	Novum Hospitality	8,364	95
5.	9.	Hospitality Alliance	7,599	47
6.	5.	Dorint	6,258	36
7.	6.	A&O	4,943	25
8.	8.	Achat	3,263	28
9.	7.	Lindner	3,235	24
10.	10.	Centro	2,771	44

TOP TEN DOMESTIC BRANDS

2017	2016	Chains	Rooms	Hotels
1.	1.	Motel One	12,240	44
2.	2.	Maritim	9,627	33
3.	4.	Steigenberger	7,023	38
4.	3.	InterCityHotels	6,632	38
5.	5.	Dorint	6,258	36
6.	7.	Novum Hotels	6,114	76
7.	6.	A&O	4,943	25
8.	29.	H+ Hotels	3,968	31
9.	8.	Lindner	3,235	23
10.	13.	Dormero	2,271	17

The strongest domestic chain is the renowned and long-established Deutsche Hospitality, former Steigenberger Hotel Group. Their latest openings in the German market are the Steigenberger Munich in December 2017 and Jaz in the City in Stuttgart in January 2018.

The latter is not included in the census due to the opening in 2018.

For domestic groups, Deutsche Hospitality is followed by the rising star of the last few years - Motel One. Motel One entered the TOP 10 with big scale hotels of around 12,200 rooms in only 44 hotels. The previous two flagship hotels – 'Berlin-Upper West' has 582 rooms and 'Berlin-Alexanderplatz' another 708 rooms. Their full project pipeline underlines the success story that is Motel One.

Worth mentioning outside the TOP 10 is the rapid development of the Novum Group. After its intensive expansion activities in 2017 and its pipeline of 39 Novum Hospitality hotels with more than 7,500 rooms to be open by 2021, it is another strong player in the landscape of branded hotels in Germany.

Furthermore, the H-Hotels Group (Hospitality Alliance) - currently ranked no. 5 among the domestic chains - is actively developing. For example, 31 former Wyndham/Ramada Hotels are now running under H-Hotel Group's brands.

TOP TEN INTERNATIONAL CHAINS

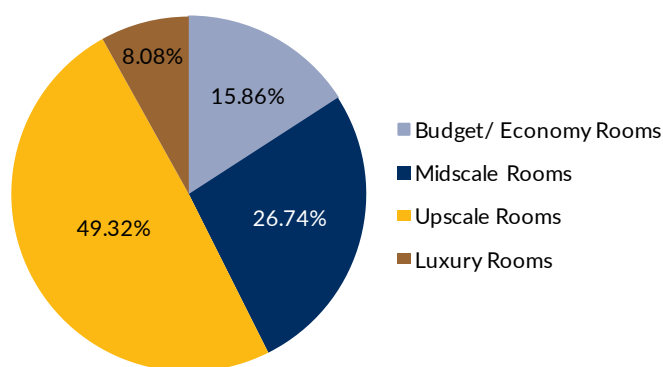
2017	2016	Chains	Rooms	Hotels
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2.	2.	Best Western	18,656	183
3.	3.	Marriott	16,718	68
4.	5.	InterContinental	14,841	73
5.	8.	B&B	10,452	102
6.	7.	NH	10,265	57
7.	6.	Carlson Rezidor	9,208	38
8.	4.	Wyndham	8,441	62
9.	9.	Fattal	7,757	45
10.	10.	Hilton	7,130	25

TOP TEN INTERNATIONAL BRANDS

2017	2016	Chains	Rooms	Hotels
1.	1.	Mercure	15,349	110
2.	2.	Best Western	11,744	123
3.	3.	ibis	11,467	87
4.	4.	B&B	10,452	102
5.	6.	ibis budget	8,220	84
6.	5.	NH	8,215	49
7.	8.	Holiday Inn	6,428	27
8.	7.	Radisson Blu	5,920	22
9.	10.	Leonardo Hotels	5,711	36
10.	12.	Holiday Inn Express	5,344	35

The German Market's Star Classification

The German stock of branded hotels is mainly dominated by the 4* sector. With an share of 49%, almost half of the total branded rooms in Germany belong to the 4* segment. Hotels that can be attributed to the budget, economy, midscale and luxury segment make up the rest.



TOP TEN BUDGET/ECONOMY BRANDS

2017	2016	Chains	Rooms	Hotels
1.	1.	ibis	11,467	87
2.	2.	B&B	10,360	101
3.	3.	ibis budget	8,220	84
4.	4.	Motel One	6,753	24
5.	5.	A&O	4,729	24
6.	6.	ibis styles	2,835	31
7.	7.	Premiere Classe	995	13
8.	8.	Prizeotel	555	3
9.	9.	Generator	541	3
10.	10.	Novum Hotels	288	3

TOP TEN MIDSCALE BRANDS

2017	2016	Chains	Rooms	Hotels
1.	1.	Mercure	15,349	110
2.	5.	Motel One	5,487	20
3.	4.	Holiday Inn Express	5,344	35
4.	2.	Best Western	5,177	54
5.	3.	Novotel	4,544	21
6.	6.	Novum Hotels	4,252	56
7.	7.	InterCity Hotels	2,423	15
8.	8.	Tryp Hotels	1,758	13
9.	9.	Moxy	1,527	7
10.	10.	Centro Hotels	1,425	24

TOP TEN UPSCALE BRANDS

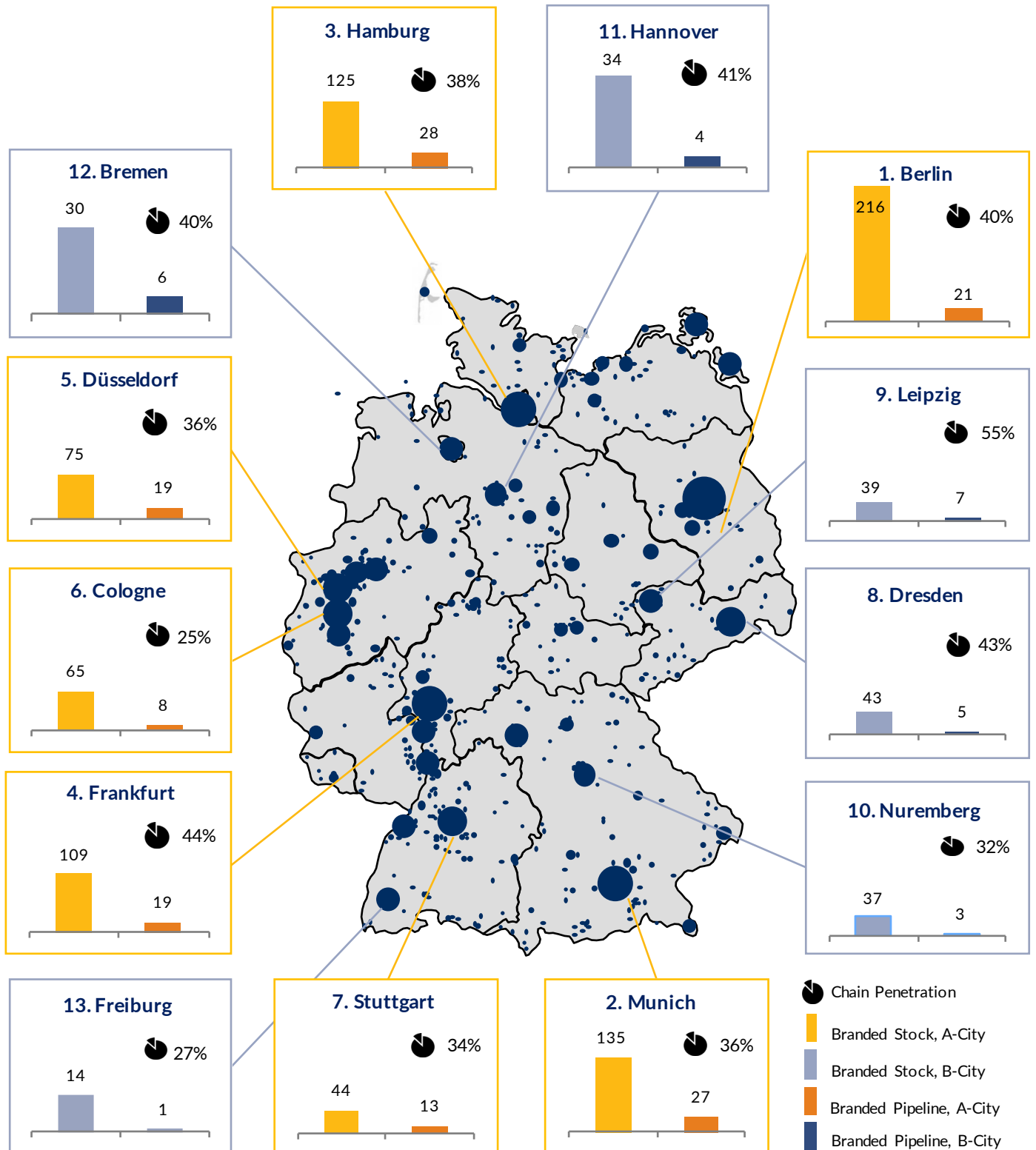
2017	2016	Chains	Rooms	Hotels
1.	1.	Maritim	9,672	33
2.	2.	NH Hotel	7,898	46
3.	3.	Best Western	6,567	69
4.	4.	Holiday Inn	6,002	25
5.	5.	Radisson Blu	5,269	20
6.	8.	Leonardo Hotels	4,872	31
7.	7.	Dorint	4,777	27
8.	9.	InterCityHotels	4,209	23
9.	10.	Best Western Plus	4,102	36
10.	11.	Steigenberger	3,450	20

TOP TEN LUXURY BRANDS

2017	2016	Chains	Rooms	Hotels
1.	1.	Steigenberger	3,494	17
2.	4.	Kempinski	1,914	9
3.	5.	Westin	1,642	4
4.	2.	Hilton	1,614	4
5.	6.	Sheraton	1,563	3
6.	7.	Marriott	1,331	3
7.	8.	Intercontinental	1,312	3
8.	9.	SOFITEL	1,268	6
9.	10.	Le Meridien	1,141	4
10.	11.	Dorint	1,061	6

Germany's Chains Footprint

Conrad Hilton stated "Location, Location, Location" as the essential factor for the success of a hotel business. Locating the current stock of branded hotels, the importance of the factor location becomes impressively visible.





Germany’s Chains Footprint

Not surprisingly, professional chain hotels concentrate primarily in the TOP City destinations. The so called ‘A-Cities’ or ‘TOP 7’ cities measured by the number of branded hotels (Berlin, Munich, Hamburg, Frankfurt am Main, Düsseldorf, Cologne and Stuttgart) list 37.3% of Germany’s total branded hotel stock and an impressive 47.2% of Germany’s branded hotel rooms.

Due to the booming and in some locations, over-heated market conditions, especially in these A-cities, cities in the second and third row are becoming increasingly important for professional hotel investors, developers and operators. As the map shows, cities like Hannover, Bremen, Leipzig, Dresden, Freiburg or Nuremberg are home to numerous branded hotels.

Beside these strong city destinations, there are also clusters of branded hotels in leisure destinations. Nevertheless leisure destinations show smaller clustering tendencies.

Big clusters can be identified mainly in Germany’s TOP holiday destinations. The strongest cluster is in the Baltic Sea region, especially on the islands of Rügen and Usedom. Interestingly, the Baltic Sea region is much stronger than the North Sea region. In the latter, branded hotels mainly focus on the island of Sylt. Also strong in terms of branded hotel supply are holiday regions in

the Alpine Foreland like upper Bavaria, Allgäu and Lake Constance as well as lower mountain areas as Bavarian Forest, Harz or Black Forest.





Horwath HTL has identified the biggest groups acting in destinations characterized either by sea and beach, mountain landscapes or thermal hot spots. This TOP 10 ranking is shown below:

TOP TEN LEISURE BRANDS

2017	2016	Chains	Rooms	Hotels
1.	1.	Best Western	2,369	27
2.	2.	Maritim	2,078	10
3.	7.	Deutsche Hospitality	1,332	10
4.	4.	Dorint	1,227	10
5.	10.	Hospitality Alliance	1,138	7
6.	8.	DSR	1,125	6
7.	6.	IFA	1,112	3
8.	5.	SKAN-Tours	1,017	7
9.	9.	Travel Charme	921	8
10.	3.	Wyndham	915	9



Snapshot Berlin

 Hotels ¹ 536	 Chain Hotels 216	 Chain Penetration 40.3%
 Rooms 59,368	 Chain Rooms 43,498	 Chain Penetration 73.3%
 Chains 63	 Brands 103	
 Domestic Brands 37	 International Brands 66	 Share of International Brands 64.0%

¹ Federal Office for Statistic's official classifications of hotel & hotel garni

The German capital ranks first in terms of branded hotels and branded rooms. For this reason, we have placed a special focus on Berlin.

Berlin has a total number of 536 hotels, of which about 40% are branded. In room stock, the German capital records an impressive chain penetration of over 73%. Thus, in Berlin, this share exceeds by far that of Germany as a whole for both hotels (10.3%) and overall rooms (36.9%).

In addition an impressive 61% of all chains represented in Germany and 52% of all brands are in Berlin. Currently, Berlin lists 63 hotel chains and 103 brands. 64% of these brands are of international origin, which means that in 2017, Berlin showed a 7 percentage point higher share of international brands than Germany as a whole.

The positive trend in the German travel and hotel market is reflected in the capital: With an increase of approx. 20% and a CAGR of 3.8% between 2012 and 2017, arrivals outperformed the development in Germany as a whole (19.5% in total with a CAGR of 3.1%).

Worth mentioning is the recorded development of overnight stays in hotels: Berlin had an increase of 26% and a CAGR of 4.8% between 2012 and 2017. Compared to Germany (3.3% CAGR for overnight stays) the Berlin numbers show the attractiveness of Berlin's business and leisure segment. As a strong exhibition location, headquarter location for numerous companies and its distinct start-up scene, Berlin benefits from business tourism. But city tourism also contributes to the strong development of overnight stays in Berlin: The immense history of the city combined with today's image as a city of artists and creatives is attracting both Germans and foreigners for short trips to Berlin.

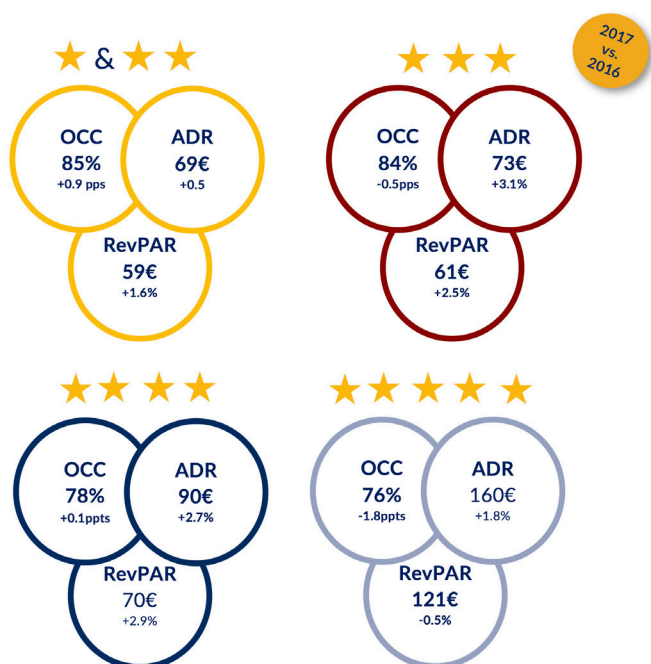
Additionally, this positive trend is supported by the British low-cost airline Easyjet, which has strongly extended the domestic and international route network from Berlin since January 2018. And the company is expecting further growth: by 2019, the number of Easyjet passengers in Berlin is expected to triple compared to 2016.

The Berlin hotel market's KPIs have developed moderately over the last year: OCC has decreased by 0.3 percentage points since 2016 and recorded 76.8% in 2017. ADR and RevPAR have increased by 3.3% and 1.4% in 2017 and are currently at €93 and €71.

Compared to the average German OCC of 71.5%, Berlin scores 5.3 percentage points better, but 2.2% worse in ADR (Germany records an ADR of €95). In terms of Revpar, Berlin again is €3 above the German average (RevPar of €68).

The Berlin market is characterised by a brand penetration of 73.3% by rooms. In order to take the appropriate account of this extremely high ratio, the KPIs of the branded Berlin hotels listed in the Horwath HTL census are broken out by respective star categories:

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Source: Fairmas, STR; presentation: HTL

With a share of 85% of occupied rooms in 2017 the highest OCC in Berlin was recorded in the budget/economy segment, followed by the midscale segment. The luxury segment, which at the same time reported the most significant loss compared to 2016, also brought up the rear with an OCC of 76% in 2017 and hence lies nine percentage points below the budget and economy segment. With an increase of +0.9 percentage points, the most significant rise in OCC was in the budget and economy sectors. The midscale segment shows a slight decline in OCC whereas the occupancy rate of Berlin's 4* hotels has remained relatively stable.

During the year 2017, ADR has risen in all star categories. While in 2016, the midscale segment had an average ADR of €70.6, in 2017 it showed up with €72.8. With an increase of €2.2 this segment shows the most substantial growth. The lowest increase was in the budget/economy segment with only 0.5% compared to 2016.

Berlin's TOP Chains & Brands

The following tables show TOP chains and brands on the Berlin market:

TOP TEN HOTEL CHAINS

2017	2016	Chains	Rooms	Hotels
1.	1.	Accor	6,486	39
2.	3.	Motel One	3,635	10
3.	2.	InterContinental	3,614	15
4.	5.	Marriott	2,040	7
5.	6.	NH	1,844	10
6.	7.	Novum Hospitality	1,583	14
7.	4.	Carlson Rezidor	1,533	3
8.	8.	Deutsche Hospitality	1,510	5
9.	11.	Hilton	1,391	4
10.	9.	A&O	1,258	4

TOP TEN HOTEL BRANDS

2017	2016	Chains	Rooms	Hotels
1.	1.	Motel One	3,635	10
2.	2.	Mercure	1,753	11
3.	4.	ibis	1,547	10
4.	3.	Holiday Inn	1,369	6
5.	6.	A&O	1,258	4
6.	7.	Park Inn	1,106	2
7.	8.	Maritim	908	2
8.	5.	NH Hotels	880	7
9.	9.	Titanic Hotels	823	3
10.	10.	Scandic	778	2

As stated above, with a chain penetration of 40.3% measured by hotels and a 73.3% penetration measured by rooms, the Berlin hotel market is characterized by the branded hotel industry. In general, the situation regarding the TOP chains is similar to the German market.

In Berlin, Accor is holding approximately 6,500 rooms in 39 hotels and is by far the market leader, followed by Motel One. Motel One is holding 10 hotels in Berlin with about 3,600 rooms. As Motel One has 44 hotels in all of Germany, almost 23% of their stock is located in the capital. With the opening of two big flagship properties, 2017 was a year of great growth for them in the Berlin market.

At a brand level, in Berlin Motel One is by far number one in terms of room supply, followed by the Accor brands Mercure and ibis. The luxury brand Titanic Hotels also appears in the TOP 10 with two openings in Berlin Gendarmenmarkt in 2015 and in Chausseestraße 2016.

The following tables show these rankings broken down into the TOP domestic and international chains and brands.

TOP TEN DOMESTIC CHAINS

2017	2016	Chains	Rooms	Hotels
1.	1.	Motel One	3,635	10
2.	2.	Novum	1,583	14
3.	3.	Deutsche Hospitality	1,510	5
4.	4.	A&O	1,258	4
5.	10.	Hospitality Alliance	1,050	5
6.	5.	Maritim	908	2
7.	6.	Kempinski	686	2
8.	7.	Meininger	660	4
9.	8.	R & S	564	4
10.	9.	Derag Livinghotels	393	3

TOP TEN DOMESTIC BRANDS

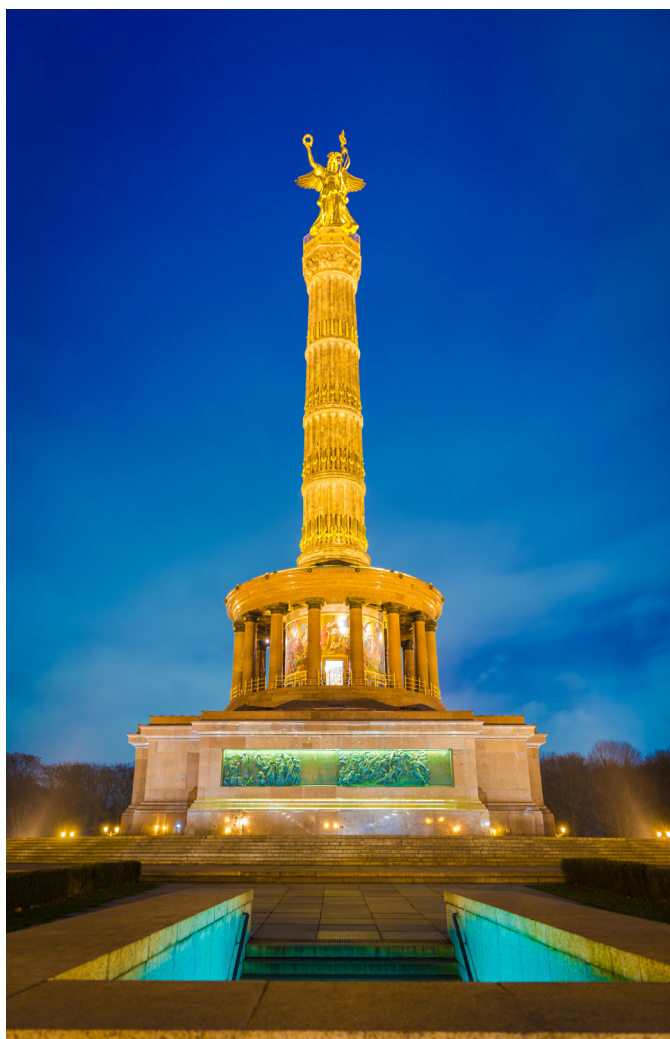
2017	2016	Chains	Rooms	Hotels
1.	1.	Motel One	3,635	10
2.	2.	A&O	1,258	4
3.	3.	Maritim	908	2
4.	4.	InterCity	773	3
5.	5.	Steigenberger	737	2
6.	6.	Novum Hotels	724	7
7.	7.	Kempinski	686	2
8.	8.	Select Hotels	664	5
9.	9.	Meininger Hotels	660	4
10.	10.	Amano Hotels	564	4

TOP TEN INTERNATIONAL CHAINS

2017	2016	Chains	Rooms	Hotels
1.	1.	Accor	6,486	39
2.	2.	InterContinental	3,614	15
3.	3.	Marriott	2,040	7
4.	4.	NH	1,844	10
5.	6.	Carlson Rezidor	1,533	3
6.	8.	Hilton	1,391	4
7.	7.	Fattal	1,119	5
8.	5.	Wyndham	1,092	6
9.	9.	Best Western	855	6
10.	10.	AYG Group	823	3

TOP TEN INTERNATIONAL BRANDS

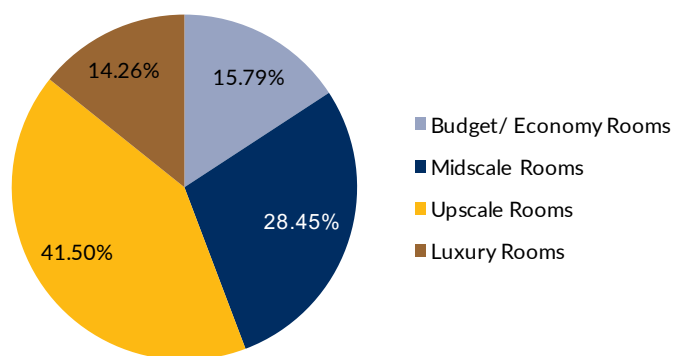
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2.	2.	ibis	1,547	10
3.	3.	Holiday Inn	1,369	6
4.	5.	Park Inn By Radisson	1,106	2
5.	4.	NH Hotel	880	7
6.	6.	Titanic Hotels	823	3
7.	7.	Scandic	778	2
8.	12.	Holiday Inn Express	774	4
9.	8.	Leonardo Hotels	773	4
10.	9.	Crowne Plaza	679	2



Berlin Market's Star Classification

The Berlin market is structured in a similar way to the German market. With 41%, the 4* segment is leading, followed by the 3* segment.

In particular, the volume of rooms in luxury hotels in Berlin shows a significant proportion. With about 14%, this share is about six percentage points above the share for Germany as a whole.



TOP TEN BUDGET/ECONOMY BRANDS

2017	2016	Chains	Rooms	Hotels
1.	1.	Motel One	2,106	7
2.	2.	ibis	1,547	10
3.	3.	A&O	1,044	3
4.	4.	ibis budget	652	4
5.	5.	B&B	581	4
6.	6.	Generator	380	2
7.	7.	ibis styles	337	4
8.	8.	Easyhotel	125	1
9.	9.	H+ Hotels	96	1
10.	-	-	-	-

TOP TEN MIDSCALE BRANDS

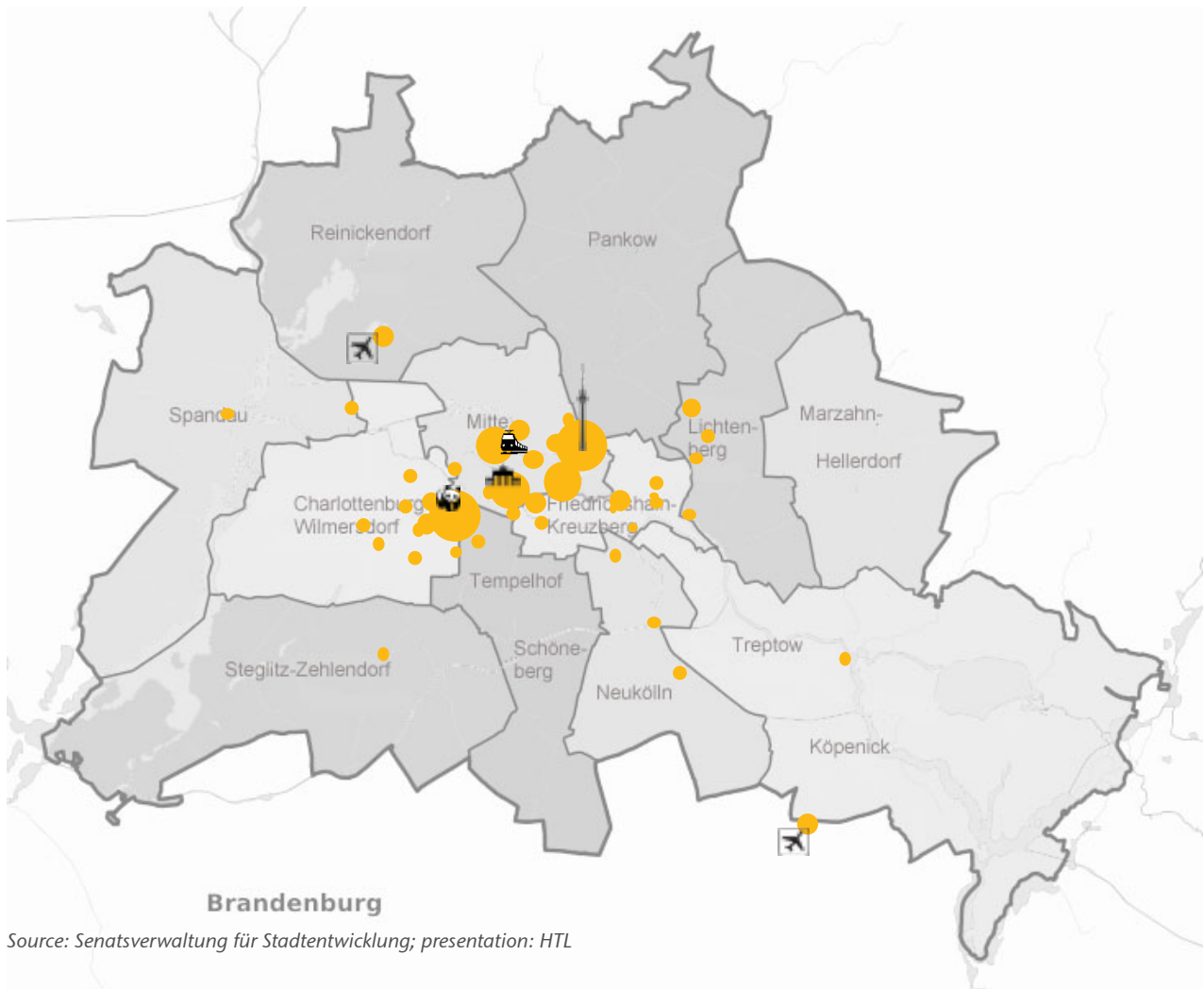
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2.	12.	Motel One	1,529	3
3.	2.	Meininger	660	4
4.	3.	Novum Hotels	649	6
5.	4.	Holiday Inn Express	600	3
6.	16.	Hampton by Hilton	558	2
7.	5.	Amano Hotels	546	4
8.	6.	Novotel	512	2
9.	7.	Best Western	486	3
10.	9.	Azimut Hotels	291	2

TOP TEN UPSCALE BRANDS

2017	2016	Chains	Rooms	Hotels
1.	2.	Holiday Inn	1,152	5
2.	3.	Park Inn by Radisson	1,012	1
3.	4.	Maritim	908	2
4.	1.	NH Hotel	880	7
5.	5.	Scandic	778	2
6.	6.	InterCityHotels	773	3
7.	7.	Crowne Plaza	679	2
8.	9.	Select Hotels	664	5
9.	18.	NH Collection Hotels	660	2
10.	10.	Andel's by Vienna House	557	1

TOP TEN LUXURY BRANDS

2017	2016	Chains	Rooms	Hotels
1.	1.	Steigenberger	737	2
2.	2.	Kempinski	686	2
3.	3.	Hilton	601	1
4.	4.	InterContinental	558	1
5.	6.	SOFITEL	481	3
6.	5.	Radisson Blu	427	1
7.	7.	Westin	400	1
8.	8.	Sheraton	394	1
9.	9.	Marriott	379	1
10.	10.	Grand Hyatt	342	1



Berlin’s Chains’ Footprint

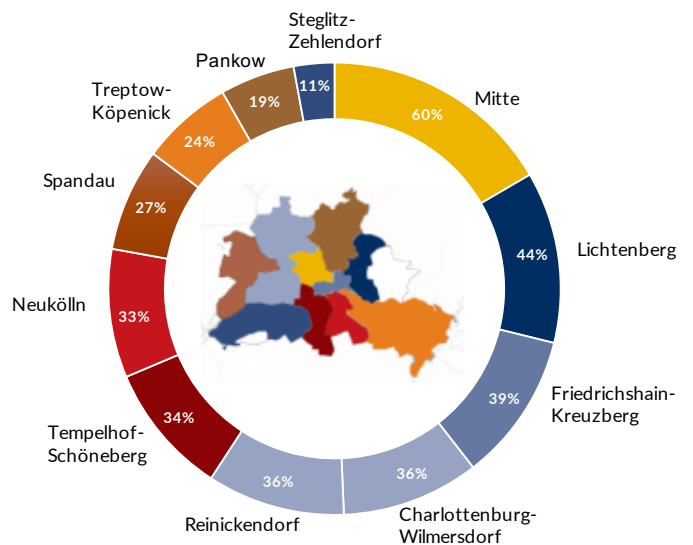
By locating all branded hotels on a map, strong centralization tendencies become impressively visible.

In Berlin, chain hotels concentrate in the three central districts Charlottenburg-Wilmersdorf, Mitte and Friedrichshain-Kreuzberg.

About 65% of the total branded hotel stock in Berlin are situated in the two districts of Mitte and Charlottenburg-Wilmersdorf. Friedrichshain-Kreuzberg counts a further 10.2% of the stock. Mitte lists 52% of Berlin’s branded rooms, Charlottenburg-Wilmersdorf about 18%. As visible on the more zoomed in map in the following, the suburban railway circle line acts as a border. About 82% of all branded hotels are located within this zone.

This graph shows the chain penetration measured by hotels in Berlin’s twelve districts. The three districts of Mitte, Charlottenburg-Wilmersdorf and Friedrichshain-Kreuzberg show a high share of branded hotels.

Of course, districts with a relatively low number of hotels in total, like Lichtenberg, are likely to show a high chain penetration in spite of the absolute number of branded hotels being relatively low.



Source: Amt für Statistik Berlin-Brandenburg; presentation: HTL

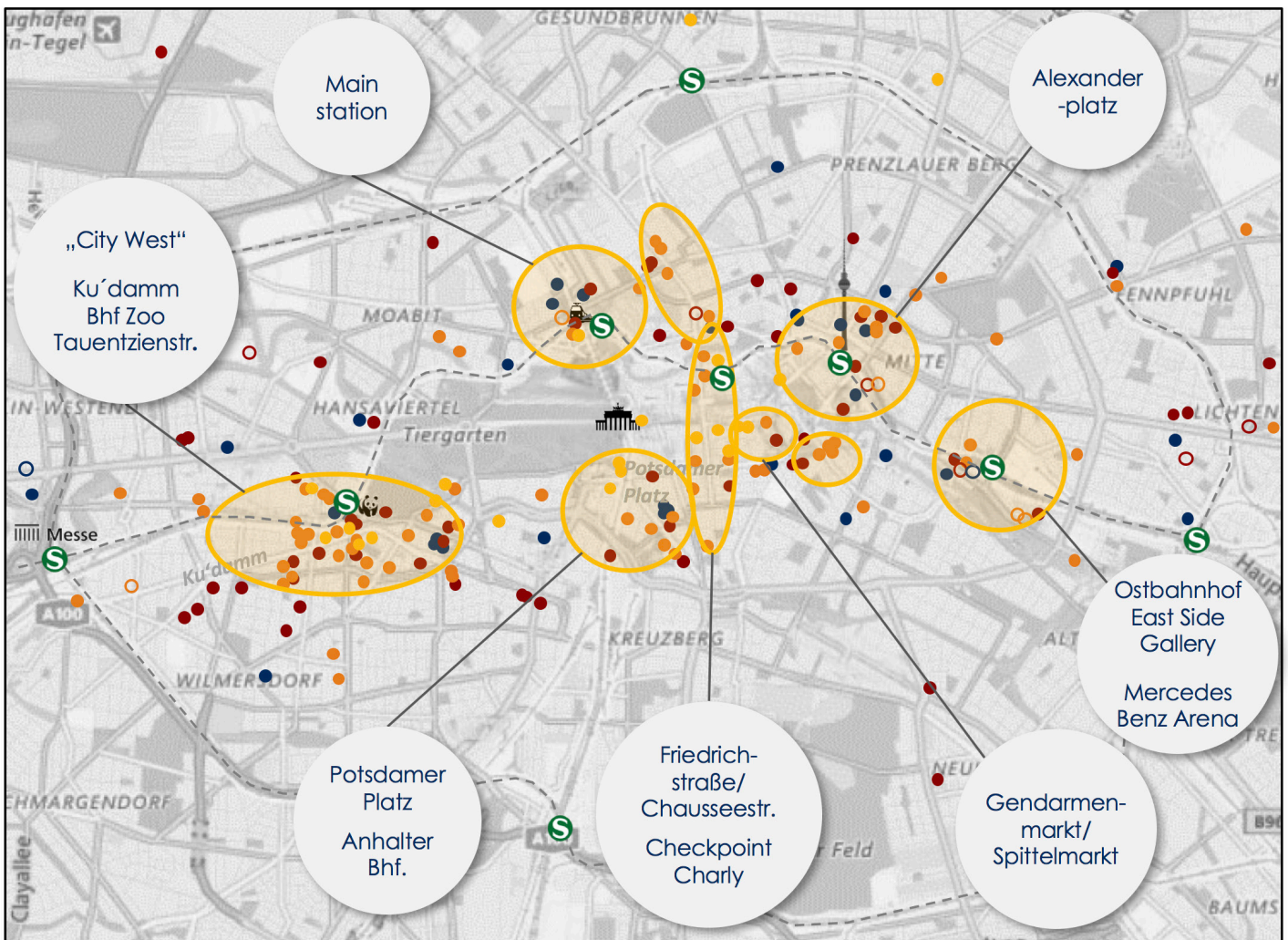
Just as there is strong cluster formation on a superordinate district level, this can also be observed on a micro level. Many districts show clear hotel clusters, which of course can be explained by classic criterias of micro location such as accessibility and demand generators in the location. The importance of such aspects become obvious with the majority of branded hotels' hot spots being located nearby tourist attraction points along the the suburban railway line from east to west.

The strongest branded hotel cluster is located in the West around the Zoologischer Garten station, the popular Ku'damm and its extension Tauentzienstraße. About 27% of the branded houses in Berlin are located here.

The counterpart in the former East forms a strong cluster around Alexanderplatz. Another strong cluster has grown around Friedrichstraße - one of the city's most popular streets.

Further clusterings can be identified at traffic junctions such as the main railway station and the east station – Ostbahnhof - a long distance, regional and suburban railway station in the immediate vicinity of East Side Gallery.

In regard to the distribution of different star categories, it can be stated that about 70% of all 5* hotels are located around City West (40%), Gendarmenmarkt (20%) and Friedrichstraße (10%).



- Stock**
- Budget/Economy
 - Midscale
 - Upscale + Upper Upscale
 - Luxury

- Pipeline**
- Budget/Economy
 - Midscale
 - Upscale + Upper Upscale
 - Luxury

Source: Google Maps, presentation: Horwath HTL



Outlook

This report clearly shows the impressive degree of professionalism in the German hotel market. And this development is not going to end. The full pipeline of branded hotels, will soon become noticeable in an increase of rooms and hotels on a high level. Therefore, we are looking forward to the results of the next Horwath HTL European Hotels & Chains Report, which will be published in 2019.

Meanwhile, we take a snapshot on Munich, in our next edition of this report series, which holds the second highest stock of branded hotels and rooms on the German market after Berlin.

We look forward to following and documenting this exciting development and to assist you in your hotel related project.

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