

Frankfurt am Main Market Report

Lukas Schwertner Research Assistant | Hotel

Frankfurt achieved a positive development in the hotel market in 2016 for both, on the supply and demand side. A sustainable, positive trend is foreseeable after the United Kingdom will leave the European Union.

Hotel Market: Supply

In 2016, according to the divisional statistical office, 271 accommodation establishments were counted with 49,392 guest beds, which corresponds to an increase of 2.3%, respectively 9%. On the long term, the number of open hotels grew by 18.9% compared to 2009, and 44.2% considering offered guest beds. A comparison of the two figures seems to underline the increasing displacement of small, often privately run, hotels.

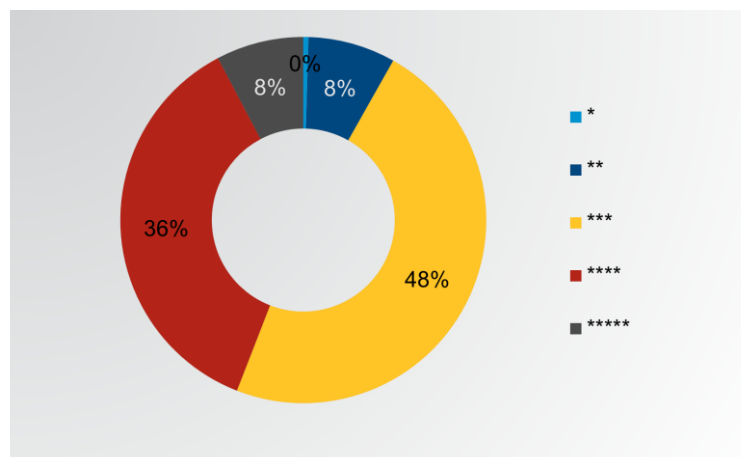
Hotel Market Key Indicators (Change to the previous year %):

Open accommodation providers	271	(2,3 %)
Available guest beds	49.392	(+9,0 %)
Arrivals	5.203.588	(+1,9 %)
Overnight stays	8.806.738	(+1,5 %)
Average stay length	1,6 days	
Average bed capacity utilization	51,0 %	

Frankfurt, Hessen's largest city, continues to be dominated by the 3-star segment (48%), but the 4-star segment (36%) is also gaining importance.

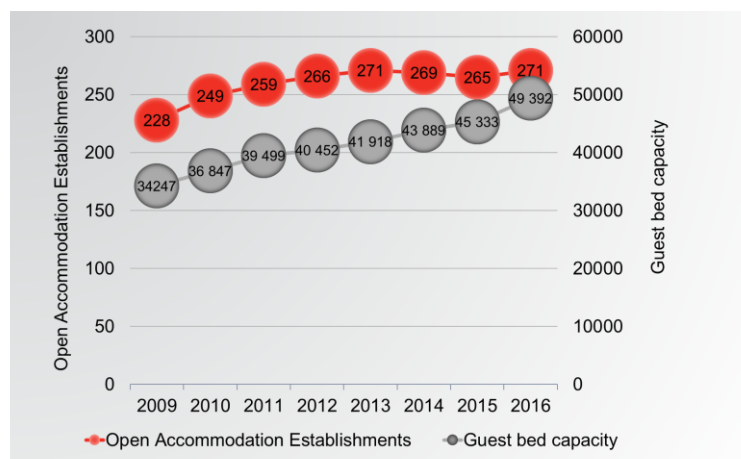
In 2017, among others, the opening of a Motel One (450 rooms) in the former federal court in the city center of Frankfurt is due, as well as a Holiday Inn Express (162 rooms), another Toyoko Inn (138 rooms) and a Hampton by Hilton (182 rooms) right next to the European Central Bank. For the following years, at least 9 other hotels are under current development, which will complement Frankfurt's offered accommodations by approx. 1,500 additional rooms.

Hotel market structure by classification



Source: Colliers International, hotel.de

Development of accommodation supply



Source : Colliers International, Federal Statistical Office

Hotel Market: Demand

In terms of guest arrivals and overnight stays, Frankfurt was able to continue its positive trend in 2016 as a to achieve new optimums. Guest arrivals, in figures 5,203,588, experienced an increase of 1.9% compared to the previous year 2015, and overnight stays also recorded a new peak value of 8,806,738 (+ 1.5% more bookings compared to 2015).

Considering the development of these figures since 2009, there is also a perceptible positive trend since guest arrivals have climbed by 61.6% and overnight stays by 64.3%. On average, guests spent 1.6 nights in the international stock exchange city.

The distribution of guests between domestic and foreign visitors remains unchanged with 55% to 45%.

Although the number of foreign guests (4,004,701) with 2.9% increased more than the number of domestic visitors (4,802,037) with only 0.4%, these values were not significantly sufficient enough to change the share of 2015.

Once again, the trade fair months from June to September were the strongest months in terms of hotel performance with exhibitions such as the Tendence Fair, the International Motor Show (IAA) and the Frankfurt Book Fair.

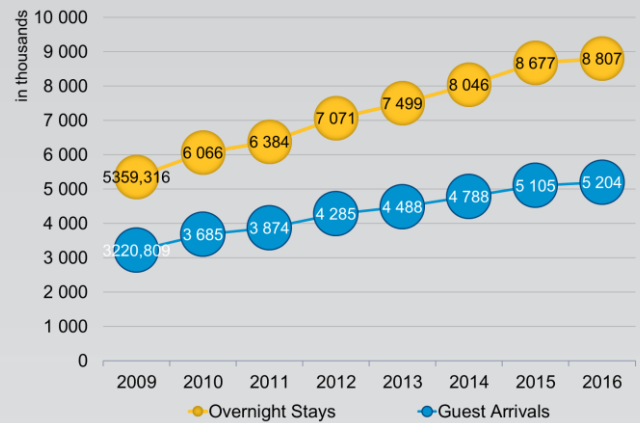
Hotel Performance:

Looking on Frankfurt's performance data, the average guest bed capacity utilization slightly decreased by 2.7 % to stay at 51.0% partly due to an increase in the number of international branded hotels with a tendency of a higher double room ratio. However, the occupancy of the guest rooms was able to gain moderate 0.7% to stay at 68.8% in 2016. Also, the average room rate was risen by 1.0% to € 96.00. Combining both, the revenue per available room (RevPAR) profited by 1.5% to € 66.00.

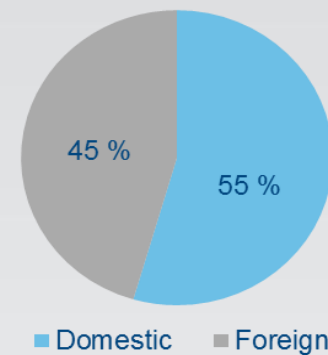
Rating and Forecast:

Frankfurt expects further positive trends in the number of overnight stays. The positive impact of the departure of the United Kingdom from the EU contributes to the positive mood in the Hessian state capital city, especially in the financial sector. Furthermore, the calendar for 2017 is filled with internationally known fairs such as the IAA, the Book Fair and the Ambiente trade fair. In total, the Frankfurt trade fair expects sales of more than € 650 millions in 2017 as a result of the 31 trade fairs. In addition, it is expected that the arrival of the leading low-cost carrier Ryanair at Frankfurt Airport will have a positive impact on the number of guest arrivals.

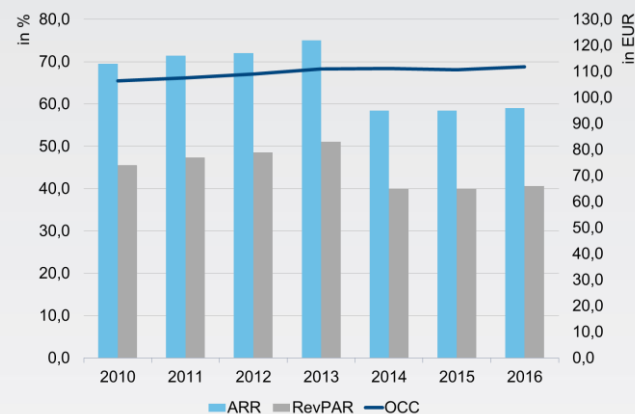
Development of accommodation demand



Demand proportional to the total amount of overnight stays

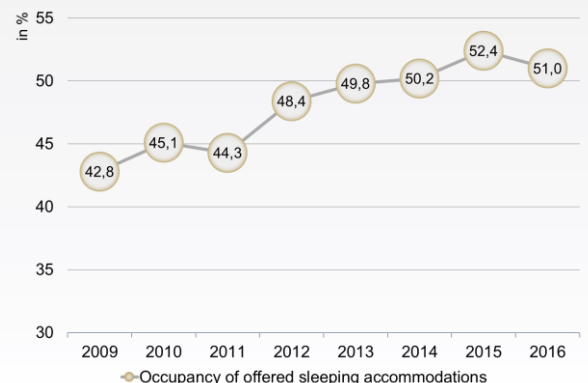


Hotelpformance* (OCC, ARR, RevPAR)



*= Database 2010 -2013: STR Global/Database 2014 - 2016 MKG Group

Average Guest Bed Capacity Utilization



Sources: Colliers International, Divisional statistical office, IHA Germany / MKG Hospitality

Parameters of the hotel market in German major cities

Market Overview								
	GERMANY	BERLIN	DUSSELDORF	FRANKFURT	HAMBURG	COLOGNE	MUNICH	STUTTGART
OPERATIONAL FIGURES OF 2016								
OCC (Occupancy)	70,4%	77,1%	69,5%	68,8%	80,9%	73,4%	76,5%	73,3%
Change to previous year	1,7%	3,1%	2,9%	0,7%	1,9%	0,4%	-1,9%	-0,2%
ARR (Average Room Rate)	90,00 €	90,00 €	115,00 €	96,00 €	97,00 €	96,00 €	115,00 €	99,00 €
Change to previous year	2,7%	-2,2%	19,0%	1,0%	4,3%	0%	4,5%	2,1%
RevPAR (Revenue P. Av. Room)	63,00 €	70,00 €	80,00 €	66,00 €	78,00 €	70,00 €	88,00 €	73,00 €
Change to previous year	4,4%	1,4%	25%	1,5%	5,4%	-1,4%	2,3%	2,8%
KEY FIGURES HOTEL MARKET 2016 / 2017								
Open accommodation establishments ¹	51.972	777	222	271	362	285	412	168
Change to previous year	1,1%	-0,4%	0,9%	2,3%	5,2%	-1,4%	1,2%	-2,3%
Guest Bed Capacity	2.974.596	142.350	27.534	49.392	59.468	32.099	69.040	20.418
Change to previous year	1,7%	1,7%	6,4%	9,0%	2,7%	-0,2%	5,0%	7,0%
Guest Arrivals	166.782.100	12.731.640	2.746.579	5.203.588	6.566.000	3.346.329	7.042.487	1.998.500
Change to previous year	3,7%	2,9%	3,1%	1,9%	4,6%	-2,9%	1,2%	5,4%
Overnight Stays	436.224.000	31.067.775	4.604.675	8.806.738	13.331.000	5.774.890	14.027	3.706.000
Change to previous year	2,9%	2,7%	4,6%	1,5%	5,5%	-3,5%	-0,3%	4,1%
KEY FIGURES OF GREMAN MAJOR CITIES								
Inhabitants in 1.000	82.200	3.653	628	727	1.787	1.069	1.543	609
Unemployment rate	5,8%	9,2%	7,4%	6,2%	6,7%	8,1%	4,2%	4,9%
Employees subject to social insurance requirements in 1.000	31.374	1.366	399	551	932	537	822	397
Disposable Income per Capita	22.318 €	20.496 €	26.899 €	25.400 €	23.999 €	24.138 €	28.610 €	25.510 €
Airport / number of passengers handled	-	32,9 Mio. ²	23,5 Mio.	60,8 Mio.	16,2 Mio.	11,9 Mio. ³	42,3 Mio.	10,6 Mio.

Source: Colliers International, Federal Statistical Office, Divisional Statistical Office, IHA Germany 2017/MKG Hospitality

1 open establishments with 10 and more beds, 2 Airport Tegel (21,3 Mio., +1,5%) and Airport Schönefeld (11,6 Mio., +34,8%) combined, 3 Airport Cologne/Bonn

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Picture Source: Frankfurter Skyline mit Hauptbahnhof, Frankfurt am Main - By _basquiat_ (http://www.flickr.com/photos/basq/3789772132/) [CC BY 2.0 (http://creativecommons.org/licenses/by/2.0)], via Wikimedia Commons

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€ 2,3

billion in
annual revenues

170

million m²
under management

15.000

professionals
worldwide

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