Overall information

Düsseldorf is the capital and second largest city in the state of North Rhine-Westphalia, with a population of about 600,000. Düsseldorf is centrally located within the Rhine-Ruhr metro area, which is among the most important and fastest-growing hubs of economic activity in Germany. Düsseldorf ranks near the top among major German cities in terms of per capita income, at just under €26,000. Major construction projects such as the Wehrhahn-Linie underground metro transit route below the city center and the Kö-Bogen development will be completed by 2016.

Transportation infrastructure

Its close proximity to the Ruhr region, one of Germany’s best-developed metropolitan areas in terms of transportation, offers Düsseldorf excellent transportation connections. The state capital has 13 autobahn connections within city limits. The railway station handles over 900 departures each day, including about 150 long-distance trains. The dense local public transit network encompasses buses, streetcar lines, and both U-Bahn and S-Bahn metro rail systems. Düsseldorf is also home to the third largest airport in Germany, with nearly 22 million passengers each year and over 180 destinations worldwide. The airport has its own train station, giving it an ideal connection to the city. The Rhine port, with 30 loading facilities and 17 trains moving goods to and from the port, handled approximately 16.4 million tons of cargo in 2014.

Center of economic and business activity

The Düsseldorf economy is dominated by accounting and auditing, corporate consulting and legal services, advertising and fashion. In addition, Düsseldorf is the second largest urban center of banking and securities activities in Germany, after Frankfurt, with its own stock exchange (Börse Düsseldorf). The city is also considered the highest-volume location in the consulting sector, with consulting firms such as McKinsey & Company Inc. Deutschland, Boston Consulting Group GmbH, and Deloitte Consulting GmbH, and it is a leading location in the information and communications sectors. A large number of mobile carriers and providers (including METRO GROUP, Huawei, and Vodafone Deutschland) are also located in Düsseldorf, making the city one of Europe’s most important centers of mobile communications.

Center of travel and tourism

Travel and tourism activity in Düsseldorf is dominated by business travel (70%), with high demand in the MICE segment and the corporate business. Düsseldorf stands for fashion, shopping, and culture. Large-scale annual events, including Japan Day Düsseldorf/NRW, the “Größte Kirmes am Rhein” fun fair, the Christmas market, and the Jazz Rally also draw hundreds of thousands of visitors.
Trade fair grounds

With 50 trade fairs (including 24 leading global fairs) located in Düsseldorf, €323 million in sales, about 25,000 exhibitors (62% from other countries) and over 2 million visitors (30% international), Messe Düsseldorf is one of Germany’s three top-selling trade fair venues. There are also about 2 million visitors to over 3,000 events held by Düsseldorf Congress Sport & Event GmbH. The city has 19 halls with 262,400 m² of space and 43,000 m² of outdoor space available for trade fairs and similar events. Düsseldorf is a major venue for industrial fairs in particular. Two important events, Wire & Tube (every two years; over 1,300 exhibitors from 50 countries and more than 38,000 international industry attendees) and the Interpack trade fair, which will not be held again until 2017 (every three years; over 2,600 exhibitors and 174,800 attendees) will not be held this year, but the shortfall will be made up by four technology fairs: GIFA, METEC, THERMPROCESS and NEWCAST (held every four years).

Hotel market

Düsseldorf is among Germany’s top seven hotel locations, with a moderate supply of accommodations and steadily rising demand. The number of hotel businesses in 2014 rose by one on the supply side from the previous year, bringing the total to 229 with 25,843 available guest beds (+2.5%). The hotel market structure in Düsseldorf remains dominated by the three- and four-star segments, which account for 53% and 30% of the market, respectively. New hotel projects should further expand the supply at a moderate pace of growth. The Derag Livinghotel Di Medici, with 170 rooms in the historic city center, and the B&B Hotel, located in the new Le Quartier Central area, where the former Derendorf freight train station was located, are slated to open in 2015. Another IHG hotel is scheduled to follow in 2016, with 213 rooms under the Holiday Inn brand. Plans call for the completion of a Carat Hotel property with 190 rooms in 2017, and a 25hours hotel with 200 rooms is expected to open in 2018, also in the Le Quartier Central development. In all, six hotel projects with nearly 1,000 rooms together are expected to be added to the hotel supply in Düsseldorf in the next few years.

Demand continues to rise at a record rate. Guest arrivals grew by 3.8%, to 2,649,834, and the number of overnight stays also increased, going up 5.8% to 4,492,551. International guests accounted for 41% of overnight stays, an increase of 9.1%, and German guests accounted for 59%, up 3.7%. In absolute terms, guests from the Netherlands (141,063), the UK (117,718), and the United States (74,620) are the largest groups. In terms of the figures for overnight stays, the EU countries of origin with the strongest representation were the Netherlands (218,548 / +2.4%), the United Kingdom (204,444 / +11.8%), and Italy (118,126 / +29.5%). Guests from outside the European Union travel to Düsseldorf primarily from Russia (132,966 / -1.8%), the U.S. (137,311 / -8.8%) and the Arab countries in the Gulf region (81,017 / +1.9%). The average guest stay length was 1.7 days total.
Hotel performance

The performance of the Düsseldorf hotel market is positive across the board. Median capacity utilization of available beds rose by one percentage point in 2014, to 48.6%. Occupancy rose to 66.9%, an increase of +5.7% year on year. The average room rate (ARR) rose 5.7 percentage points, to €99.00, which consequently boosted the average revenue per available room (RevPAR) by 11.7%, to €66.00.

Rating and outlook

Düsseldorf is a highly volatile hotel market due to the trade fair schedule. After a positive year in 2012, with very strong trade fair activity, the results were slightly weaker in subsequent years, as expected. Despite the fact that these were weaker years due to the trade fair sector, Düsseldorf is at a high level compared with other cities in Germany. In addition, there is still room for growth in the urban tourism segment in the leisure business. Colliers International expects the highest prospects of success to lie in locations close to the city center in the long-stay and economy segments.

Parameters of the hotel market in German major cities

OPERATIONAL FIGURES 2014

<table>
<thead>
<tr>
<th>City</th>
<th>Occupancy</th>
<th>change to previous year</th>
<th>ARR</th>
<th>change to previous year</th>
<th>RevPar</th>
<th>change to previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berlin</td>
<td>76.6 %</td>
<td>2.0 %</td>
<td>89.00 €</td>
<td>2.0 %</td>
<td>68.00 €</td>
<td>4.0 %</td>
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<tr>
<td>Düsseldorf</td>
<td>66.9 %</td>
<td>5.7 %</td>
<td>99.00 €</td>
<td>5.7 %</td>
<td>66.00 €</td>
<td>11.7 %</td>
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<tr>
<td>Frankfurt a. M.</td>
<td>68.4 %</td>
<td>3.4 %</td>
<td>95.00 €</td>
<td>-2.6 %</td>
<td>65.00 €</td>
<td>0.6 %</td>
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<tr>
<td>Hamburg</td>
<td>79.4 %</td>
<td>1.8 %</td>
<td>91.00 €</td>
<td>3.9 %</td>
<td>73.00 €</td>
<td>5.8 %</td>
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<td>Cologne</td>
<td>70.3 %</td>
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<td>88.00 €</td>
<td>-1.0 %</td>
<td>62.00 €</td>
<td>0.5 %</td>
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<tr>
<td>Munich</td>
<td>78.3 %</td>
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<td>110.00 €</td>
<td>0.0 %</td>
<td>87.00 €</td>
<td>1.9 %</td>
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<tr>
<td>Stuttgart</td>
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<td>4.5 %</td>
<td>90.00 €</td>
<td>4.9 %</td>
<td>66.00 €</td>
<td>9.6 %</td>
</tr>
<tr>
<td>Germany</td>
<td>70.1 %</td>
<td>2.3 %</td>
<td>87.00 €</td>
<td>1.6 %</td>
<td>61.00 €</td>
<td>3.9 %</td>
</tr>
</tbody>
</table>

Source: IHA Deutschland 2015 / STR Global
502 Office in 67 Countries on 6 Continents

United States: 140
Canada: 31
Latin America: 24
Asia Pacific: 199
EMEA: 108

€1.75 billion in annual revenue

€ 75 billion in total transaction volume in more than 84,600 lease and sale transactions

160 billion square feet under management

16,300 professionals and staff

About Colliers International Hotel GmbH

As part of Colliers International, Colliers International Hotel GmbH provides a full range of hotel real estate services; it sees itself as the lifeblood of brand-name hotels and is at the disposal of clients throughout Germany. Colliers International Hotel GmbH advises hotel corporations, investors, hotel operators as well as project developers on their choice of location, business concept and brand strategy. Together with associates, they provide financing and equity-partners. Moreover, Colliers International Hotel GmbH seeks out the right hotel properties to suit the investor’s needs. Colliers International is a global leader in commercial real estate services, with over 16,300 professionals operating out of more than 502 offices in 67 countries.

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