German hotels continue to show strong recovery although rate boost needed in luxury sector

Economy hotels in the German cities of Berlin, Frankfurt and Hamburg are showing a stronger recovery than their luxury counterparts with higher occupancies at a lower rate.

A new report from global hotel consultancy HVS London compared the performance of Germany's economy and luxury hotels in four key cities, looking at the average occupancy rate of both types of hotel and the rate achieved.

Only the German city of Munich bucked the trend, with its luxury hotels showing a stronger recovery.

Said report co-author Arlett Oehmichen, Associate Director, HVS: ?We compared the RevPAR (rooms revenue per available room) growth in both types of hotel in key German cities. Occupancies were higher in the economy sector in all markets except Munich, where in fact the luxury segment excelled due to a higher international and corporate base than the other three cities.?

Germany's luxury and economy hotels have seen 18 months of RevPAR increase as the country experiences the fastest economic recovery in Europe.

Overnight stays from domestic and international guests have increased across all the four cities analysed in the HVS report, despite a bleak outlook at the end of 2011. However, some improvement in rates is necessary in luxury hotels to enable those further down the scale to improve their rates.

?The fact many luxury hotels have been unable to increase rates significantly, particularly compared to those achieved by luxury hotels in other European cities, has an impact on the rates achievable in the economy sector,? added Arlett Oehmichen.

In Berlin, for example, while occupancy in both economy and luxury hotels lie at around 70%, the rates achieved by the city's luxury sector are not as high as those in Amsterdam. This factor, effectively caps the rates achievable by the economy sector.

Munich now attracts some 5.9 million visitors, a rise of 6.4% in 2011, with a healthy mix of both international and domestic visitors. However, the city's hotel sector has seen a surge in supply, particularly in the economy sector, with around 1,700 rooms entering the market in 2011 keeping rates fairly flat at ?79.

Lack of new supply in Munich's luxury market means that its top-end hotels are outperforming those in the economy sector, with rates growing 8.6% in the year-to-June 2012 to ?125.

Overall, Germany's hotel markets continue to see stable performances and have managed to absorb, in some cases, vast amounts of new supply. A strong meetings, incentive, conferences, and exhibitions market and further growth of international tourism means the Germany's hotel sector can, in the short term, look forward to a positive future across both its economy and luxury hotels, the report concludes.

(ends)

Tipping the Scales, Economy Vs Luxury in the Germany Hotel Market by Luisa Pott and Arlett Oehmichen can be downloaded at www.hvs.com/Library/Articles

For further information please contact:`

Linda Pettit, Tilburstow Media Partners
Tel: +44 13 4283 2866
Mob:+44 79 7378 9853

Linda@tilburstowmedia.co.uk

Arlett Oehmichen, Associate Director
Tel: +44 20 7878 7753
Mob: +44 77 2578 1046
aoehmichen@hvs.com

Russell Kett, Chairman
Tel: +44 20 7878 7701
Mob: +44 78 0241 1142
rkett@hvs.com

About HVS
HVS is the world's leading consulting and services organisation focused on the hotel, restaurant, shared ownership, gaming and leisure industries. Established in 1980, the company performs more than 2,000 assignments a year for virtually every major industry participant. Through a worldwide network of 30 offices staffed by 300 industry professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. For further information please visit www.hvs.com.