

Sentiment Report Hotel Industry Germany: room prices will further rise in 2017

HQ plus and Engel & Völkers forecast an average increase of six percent

Good outlook for the industry: room prices will continue to rise at the Top Eight hotel locations this year. The gross average price currently lies at 120 Euro – that is an increase of six percent. This follows the “Sentiment Report Hotel Industry Germany” by HQ plus, produced in cooperation with Engel & Völkers Hotel Consulting.

The “Sentiment Report Hotel Industry Germany” predicts 2017’s largest growth to take place in Stuttgart, with an increase of 18 percent. This is followed by Berlin at 13 percent growth. The price of a hotel room in the Top Eight hotel areas (Berlin, Hamburg, Munich, Frankfurt/Main, Düsseldorf, Cologne, Stuttgart, and Dresden) will rise by six percent to an average of 120 Euro. Only the development in the market’s traditional top priced city Munich is slightly declining (negative two percent).

The algorithm is co-developed by HQ plus and analyzes future market developments

The “Sentiment Report Hotel Market Germany’s” underlying data is based on an algorithm that was co-developed by the Berlin-based company HQ plus. This allows future-oriented data to be included in the analysis and achieves a more probable and realistic assessment of the market development for the very first time. The Top Eight hotel areas and their service rate management will thus be more secure, more profitable, and more predictable. “The findings that we’ve drawn from our data contribute to a higher level of investment security within the assessment of hotel properties, especially in terms of locations, market opportunities, and market risks,” HQ plus’ CEO Roland Hehn explains.

According to the report, the biggest difference in gross mortgages is found in the 5-star segment: if the average price of the market’s traditional top priced city Munich is 354 Euro, Dresden comes in at 60% less with an average amount of only 136 Euro. The Top Eight median is 223 Euro. In the mid- to upscale segment, the average gross rate is 124 Euro. Apart from Munich and Dresden (142 and 83 Euro respectively), the price differences here are significantly lower with a margin of seven Euro: 132 Euro in Cologne and 125 Euros in Düsseldorf and Frankfurt/Main. This margin is once again considerably larger within the budget segment: if a room in Dresden costs an average of 58 Euro in 2017, Munich charges an average of 92 Euro. Average price: 65 Euro.

Guest ratings improve the higher up you go in the categories. The same is true vice versa – another clear result found in the “Sentiment Report Hotel Industry Germany”: the luxury segment is the best rated segment at an average of 8.8 (on a scale of 1 to 10), followed by the mid to upscale segment with an average of 8.1 across all locations. The budget segment closes the ranks with an average rating of 7.4. Attractive prices however, are important to guests across all segments: at 8.5 Dresden is the cheapest market leader across all three segments. The average value of all ratings is 7.9 nationwide.

The “Sentiment Report Hotel Market Germany” is available for free download at hqplus.de/en/downloads/sentiment_report_2017.

About HQ plus

HQ plus offers a precise overview of the most important distribution channels to revenue managers and hoteliers for both individual and larger hotel chains. The software, developed by HQ plus, combines all relevant data into a user-friendly interface. This enables a timely response to market changes and thus significantly contributes to the sales and earning improvement of each house. HQ plus is Europe’s current market leader with circa 2,000 customers. The company, founded in Berlin in 2012, currently has 24 employees.

About Engel & Völkers Hotel Consulting GmbH

Engel & Völkers Hotel Consulting GmbH (EVHC) was formed as a holding company within the Engel & Völkers network in November 2016. It pursues an end-to-end advisory approach in order to support owners, investors and operators throughout the entire hospitality life cycle. The company’s service spectrum covers the areas development, strategy and asset management as well as transaction advisory on the buyer or seller end. EVHC benefits from the wealth of experience and extensive track record of its staff, and may take advantage of the international network of Engel & Völkers which includes branch offices in 32 countries on four continents. It is a fully-owned subsidiary of Engel & Völkers Investment Consulting GmbH.

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