

DÜSSELDORF

IS IT THE RHINE'S TURN FOR GROWTH?

MARKET PULSE

OCTOBER 2022

NUMBER OF EXHIBITORS – 2021

MESSE DÜSSELDORF



▲ 9% YOY
5,900

AIRPORT PASSENGERS – 2021

DÜSSELDORF INTERNATIONAL AIRPORT



▲ 20% YOY
7.9 MILLION

NUMBER OF ROOMS – 2022

12% YOY ▲
17,600



REVPAR – 2021

9% YOY ▼
€28



MARKET PROFILE

The seventh-largest city in Germany, Düsseldorf is predominantly a MICE and business destination, owing to its ample supply of convention space and its proximity to many company headquarters. The city's proximity to cities such as Cologne, Dortmund and Essen, easy access to the Benelux region and its well-developed international travel network have all been contributing factors to Düsseldorf's growth. The COVID-19 pandemic strongly affected international and business demand in Düsseldorf, and thus its hotel market; however, the easing of travel restrictions and successful vaccination rollout in Germany and across Europe have allowed events to resume, resulting in a market bounce in Q3 2022.

TOURISM DEMAND

Düsseldorf recorded 3.4% compound annual growth in visitors from 2011-19. In 2018, visitor numbers peaked at 3 million and remained somewhat stable in 2019. Düsseldorf benefits from strong corporate and MICE demand, but also increasingly from leisure visitors, owing to its numerous cultural and tourism attractions. While international visitation had increased steadily over the past decade, it was the most affected by the pandemic owing to travel restrictions. However, the city's reputation for exhibitions and its ability to attract major domestic and international companies enabled a somewhat strong recovery.

TRANSPORTATION

In 2019, Düsseldorf International Airport achieved record-breaking figures in passenger movements, with 60 airlines offering direct flights to 151 destinations. The airport recorded a 2.5% CAGR in passenger numbers from 2011-19. In 2020, the number of passengers declined by 74% owing to the pandemic, despite a strong start to the year. The airport is well connected to the city, which is 20 minutes away. Düsseldorf also benefits from well-developed road, rail, bus and tram networks, and two overground lines (U-bahn and S-bahn)

HOTEL PERFORMANCE

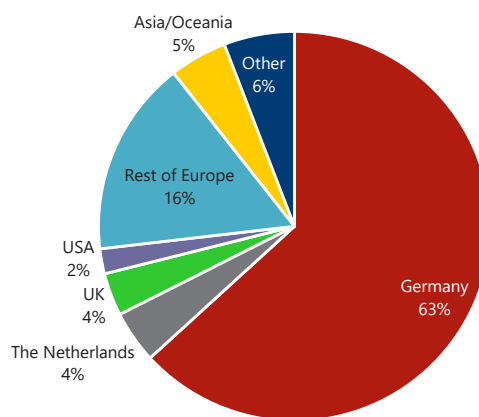
Düsseldorf's hotel performance has been negatively impacted by the COVID pandemic, especially due to the city's heavy reliance on MICE and international demand. In 2020 and

ECONOMIC INDICATORS – GERMANY

	2020	2021	2022F
GDP GROWTH (%)	-3.7	+2.6	+1.5
CPI (%)	+0.4	+3.2	+8.5
UNEMPLOYMENT (%)	3.6	3.6	2.9

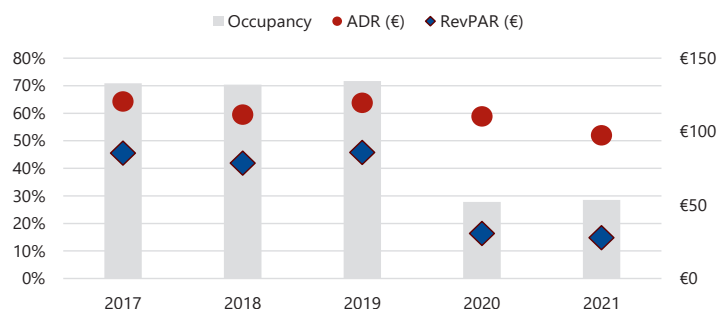
Sources: OECD; IMF, 2022

ARRIVALS BY SOURCE COUNTRY – DÜSSELDORF (000s)



Source: Düsseldorf Tourism Office, 2019

KEY METRICS



Source: HVS Research

2021, hotels struggled to fill their rooms owing to the imposition of strict travel restrictions. 2022 is providing signs of recovery with occupancy reaching 40% for the year to May. Recent evidence indicates a strong pick-up in demand in 2022. The city-wide average rate is experiencing a robust recovery, with RevPAR levels for May, June and August having almost recovered (90%) to 2019 levels.

HOTEL SUPPLY

Together with Hamburg, Düsseldorf has experienced more growth than the other main German cities in terms of the number of rooms at a CAGR of 3.3% from 2011-22, or 5,300 additional rooms for a total of 17,600. According to our research, around 3,000 rooms (13 projects) are expected to enter the market in the next three years, representing an increase of 18% of the existing room supply. Notable projects include the 324-room Holiday Inn Express at Düsseldorf Airport, the 431-room niu Hub and the 175-room Hyatt Place, both in Derendorf and scheduled to open in Q4 2022 and Q1 2027, respectively.

INVESTMENT MARKET

Over the past decade, Düsseldorf has remained among Germany's core hotel investment destinations. Notable pre-pandemic transactions include the sale of the 533-room Maritim Hotel Düsseldorf for €162 million and the sale of the 330-room NH Düsseldorf City Nord for €97 million.

The COVID-19 pandemic strongly affected Düsseldorf's hotel investment market, with very few transactions taking place since March 2020. On the other hand, Düsseldorf has not experienced any distressed sales throughout the period. The sale of the 244-room Renaissance Düsseldorf in August 2021 and the 249-room Me and All Hotel in July 2022 point towards the start of the recovery.

OUTLOOK

Düsseldorf is a strong and established hotel market, benefitting, pre-pandemic, from a robust trade fair market, growing arrival numbers, and a well-connected air and land transport network. Despite consistent growth in arrivals, its heavy reliance on the trade fair market results in volatility in terms of visitation, which impacts the hotel market.

The city's recovery is expected to be driven by its strong business and MICE demand. However, the substantial new supply, should it fully materialise, could slow the pace of recovery.

Düsseldorf's relatively low leisure demand presents opportunities to improve demand base diversity. To this end, the city is making efforts to increase leisure travel by promoting itself as a fashion, art and cultural destination. This should lead to Düsseldorf's international travel base increasing its market share and broadening the market's seasonality, further strengthening the fundamentals for Düsseldorf and continuing to attract investor interest for years to come.

HOTEL PIPELINE – DÜSSELDORF

Property	Rooms	Opening
acora Düsseldorf City Nord Living in the City	172	Q4 2022
b'mine Hotel Düsseldorf	202	Q4 2022
Clipper City Home Düsseldorf	450	Q3 2025
Deiker Hofe	140	Q2 2024
Grand Central Stadtquartier	150	Q3 2023
Holiday Inn Express & Suites Düsseldorf Airport	324	Q4 2022
Hyatt Place Düsseldorf	175	Q1 2027
Lahnweg Hotel	180	Q3 2023
Motel One Düsseldorf	261	Q3 2023
prizeotel Düsseldorf-City	250	Q3 2024
Staybridge Suites Düsseldorf Hansaallee	125	Q4 2022
the niu Hub	431	Q4 2022
Vela Serviced Apartments	190	Q4 2022

Source: HVS Research

HOTEL TRANSACTIONS – DÜSSELDORF

Property	Sale Date	Rooms	Estimated Price (€)	Per Room (€)
me and all Hotel	Jul 2022	249	Not Disclosed	
Renaissance Düsseldorf Hotel	Aug 2021	244	Not Disclosed	
Ruby Luna Hotel*	Sep 2020	206	75,000,000	364,000
NH Düsseldorf City Nord*	Dec 2019	330	97,000,000	294,000
Maritim Hotel Düsseldorf	Nov 2019	533	162,000,000	304,000
the niu seven	Sep 2019	127	14,000,000	110,000
Holiday Inn Express	Jul 2019	164	Not Disclosed	
Mercure Düsseldorf City Nord	Mar 2019	190	Not Disclosed	
Moxy Düsseldorf South	Feb 2019	159	20,000,000	126,000
H2 Hotel Düsseldorf Seestern	Dec 2018	301	22,000,000	73,000
Adina Apartment Hotel Düsseldorf	Aug 2018	201	44,000,000	219,000
Hampton by Hilton Düsseldorf	Aug 2018	219	48,000,000	219,000
Premier Inn Düsseldorf City Friedrichstadt	Aug 2018	297	65,000,000	219,000
Ibis Düsseldorf Airport	Jun 2018	180	21,000,000	117,000
Novotel Düsseldorf Airport	Jun 2018	210	36,000,000	171,000
NH Düsseldorf Königsallee	Dec 2017	111	18,000,000	162,000
Novotel Düsseldorf City West (Seestern)	Nov 2017	232	34,000,000	147,000
InterContinental Düsseldorf	Sep 2017	287	Not Disclosed	
Holiday Inn Express Düsseldorf – North	Aug 2017	150	25,000,000	167,000

* These properties have transacted as part of a portfolio. The price allocated to the sale of these particular assets might be slightly different to that shown.

Source: HVS Research

VALUE TREND

REVPAR

CAPITALISATION
RATES

HOTEL VALUES



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