The Düsseldorf hotel market

From consolidation to an upturn – overnight stays, with an increase of 14.1%

Overnights in the year 2010

The recovery of the Düsseldorf hotel market that was already evident during the last quarter 2009 is continuing 2010 vigorously: With a plus of some 370,000 to 3.59 million versus the previous year, overnight stays are showing an increase of 11.4%, the highest increase in the last decade. This puts Düsseldorf in the top group of „Magic Cities“, the ten cities in Germany where the most overnight stays are spent.

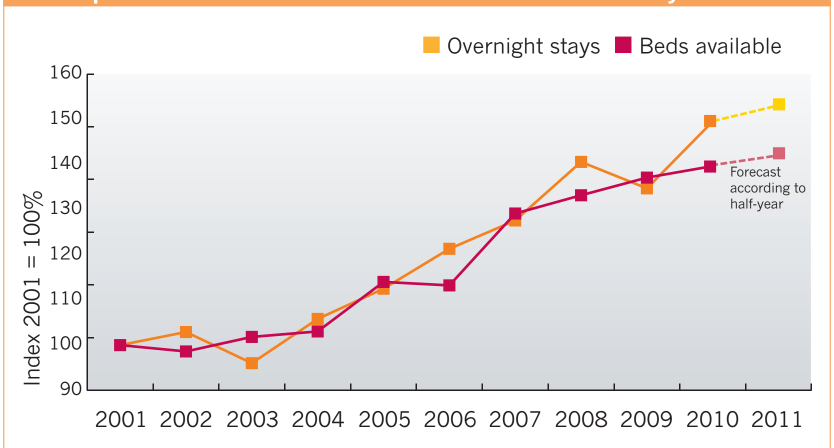
Besides the overall economic recovery, these figures demonstrate the very positive development of the Düsseldorf Traide Fair. The number of visitors increased last year by no less than 28.5%, to 1.45 million. A major reason for this is the K-International Trade Fairs for Plastics and Rubber, this year on a rotational basis, which on its own enjoyed 220,000 visitors.

This enabled us to overcompensate clearly for the decline in the number of participants in events at the DüsseldorfCongress by nearly 25% to 1.82 million. Due to the higher capacity utilisation of the exhibition halls for trade fair events, there was less space available for conference events in comparison to the previous year.

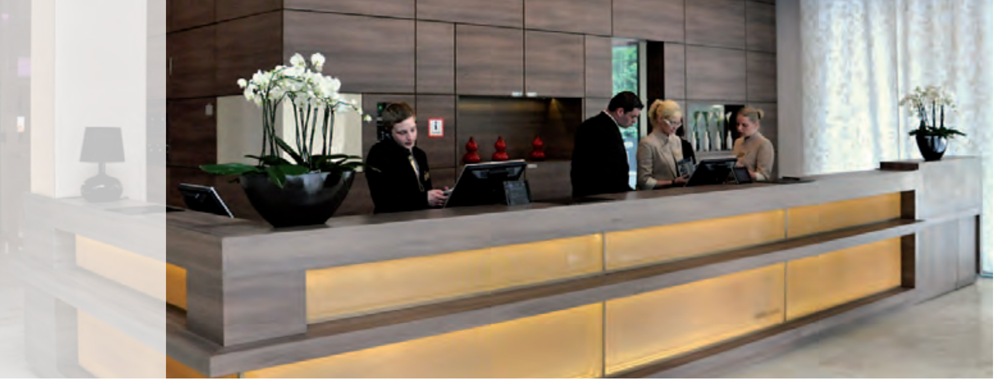
Stronger growth from the BRIC countries

In contrast to the previous year, the overnights of foreign guests contributed disproportionately to the good overall result: Here, the increase was 16.9%. Indeed the Netherlands and the United Kingdom successfully fulfilled their position as the traditionally strongest source countries, while the highest increase rates – by predominantly high absolute figures – were in guests from China (49.6%), Russia (42.5%), Italy (31.4%), the Arab Gulf States (31.4%) and India (27.1%). Striking is the high growth from Brazil, with no less than 71.3% (to 14,600). In addition to the already established shopping and medical tourism from Russia and the Gulf States the development of business relationships with the BRIC countries is also noticeable. The high increase in overnight stays by foreigners could not, however, prevent Düsseldorf from landing at only place 4 in terms of numbers of overnights within the Magic Cities. With 39.5%, an increase of 2.5% over the previous year, however, tourism location Düsseldorf lost none of its international appeal.

Development of hotel accommodation and bed availability



Source: IT.NRW, Düsseldorf



Completed hotel projects in Düsseldorf, 2001–2009

No.	Street/location	Name/operator	Rooms/category	Opening
1	Fritz-Vomfelde-Straße/Seestern	Mercure Hotel Seestern	160 /****	2001
2	Niederkasseler Lohweg/Seestern	Dorint Novotel Seestern	232 /***	2001
3	Niederkasseler Lohweg/Seestern	Innside Premium Hotel Seestern	126 /***	2001
4	Speditionstraße/Media Harbour	Courtyard by Marriott	139 /****	2001
5	Nördlicher Zubringer/ Mörsenbroicher Ei	Mercure Hotel Düsseldorf City Nord	190 /****	2002
6	Münsterstraße/Mörsenbroicher Ei	NH Düsseldorf City Nord	330 /***	2003
7	Graf-Adolf-Straße/Central Station	InterCityHotel Steigenberger Group	146 /***	2004
8	Mercedesstraße/Mörsenbroicher Ei	Holiday Inn Express	150 /***	2004
9	Kaiserswerther Straße/City North	Hotel MinGarden	25 /***	2004
10	Hammer Straße/Media Harbour	SAS Radisson/Media Harbour	135 /****	2005
11	Königsallee/City Center	InterContinental Düsseldorf	286 /*****	2005
12	Kruppstraße/City East	Motel One Düsseldorf-City	70 /**	2006
13	LTU-Arena-Straße/Trade Fair	Tulip Inn Düsseldorf Arena	288 /***	2007
14	Airport City/Airport	Maritim Hotel Düsseldorf	533 /****	2007
15	Immermannstraße/City Center	Hotel Nikko (1. Erweiterung)	43 /****	2008
16	Königsallee/City Center	Breidenbacher Hof/Capella-Gruppe	95 /*****	2008
17	Derendorfer Allee/ Northern Derendorf	Innside Hotel GmbH	160 /****	2008
18	Corneliusstraße/City Center	A&O Hotels and Hostels	172 /**	2009
19	Freiligrathstraße/City North	Sol Meliá Hotels & Resorts	214 /****	2009
20	Immermannstraße/City Center	Hotel Nikko (2nd extension)	42 /****	2009
21	Theodorstraße/Theodorpark Rath	B&B Hotels	100 /**	2010
22	Am Hülserhof/Theodorpark Rath	Van der Valk	197 /****	2010
23	Speditionstraße/Media Harbour	Hyatt Regency	303 /*****	2010
Total			**342 /**** (8,3 %)	
			1,297 /*** (31,4 %)	
			1,813 /**** (43,9 %)	
			684 /***** (16,5 %)	
Total hotel rooms			**4,136**	

This list makes no claims as to completeness; no liability in case of errors.

Source: Office of Economic Development, July 2011

This overall very positive development is solely due to the increase in guest numbers, but not due to an extension of stay, because this has not changed at all in comparison with 2009, with 1.7 days and 1.9 days for foreign guests. This means that tourism in Düsseldorf is still dominated by business people and day-tripping city tourists. A stay of approximately 2.2 days, as is typical for touristic strongholds with a private traveller share of 50%, was however not achieved by Düsseldorf with a business traveller's share of about 70%. The positive trend in overnight stays continued in the first half year of 2011 with an increase of 14.1%. Besides the very positive economic development, particularly the broadcasting of the Eurovision Song Contest made itself felt in the capital.

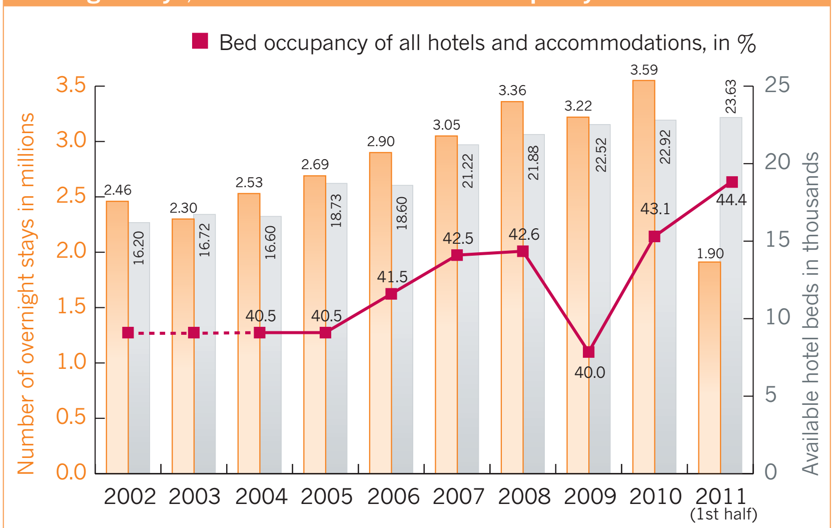
Moderate increase in capacity

With the B & B Hotel, the Van der Valk Airport Hotel, both on Theodorstraße in the north of Düsseldorf, and the Hyatt Regency at MedienHafen, in 2010 the capacity increase by new buildings was to 600 rooms, that is to say some 1,200 beds, representing 2.6%. This brought the rate of increase recognisably under the long-term average of about 3.8%. That the total number of beds, on the other hand, only increased by 400, is a testament to the displacement of existing properties and an expression of profound structural change which the hotel industry continues to experience. This is also consistent with the development in the number of accommodation facilities, which despite the new openings decreased by one facility to 217, and that of the average number of beds per facility that rose to 106 (in the previous year 103).

Rising bed and room occupancy

The moderate increase in accommodation capacity while at the same time a significant increase in the number of guests led, as expected, to an equally significant improvement of bed- and occupancy rates. The bed occupancy rate of all accommodation facilities (in Düsseldorf essentially hotels and bed and breakfasts) increased in 2010 to 43.1% and in 2011 to 44.4% – both top levels in the last decade. In hotel operations these values are at a considerable 42.3% and 42.7%. An encouraging step forward was the room occupancy rate, the reference figure that is more important for the hotel industry in comparison to bed occupancy. It increased from 58% in 2009 to 62% in 2010, which however is still not back to the level of the last peak tourism year 2008 when 65% was achieved. This also applies to the income on rooms: it indeed increased clearly from 54 to 66 euros, but is still recognisably distant from the former top value of 75 euros in 2008.

Overnight stays, number of beds and bed occupancy



Source: IT.NRW, Düsseldorf

The comeback could be crowned this year with success because in the first half year the room occupancy reached 65% and the rate 70 euros, so that Düsseldorf achieved the highest increase among the German tourism hotspots. This also includes the slight increase in available beds: The further increasing overnights are represented in only one new hotel, specifically the Hotel Derag A1 in the southern inner city with 172 rooms. This in large part concerns serviced apartments, with which this current trend in the hospitality industry has also arrived in Düsseldorf.

Left: the new Hyatt Hotel in the Media Harbour;
Above: the new Van der Valk hotel

Hotel projects and planned hotels in Düsseldorf

No.	Street/location	Name/operator	Rooms/category	Status/remarks
1	Kirchfeldstraße/City Centre South	Hotel A1/Derag	172 /**	Opening 2011/ partially Serviced Apartments
2	Mühlenstraße/Old Town	Hotel di Medici/Derag	165 /****	Opening 2012, the larger proportion as Serviced Apartments
3	Am Schmidtberg/Hubbelrath	Kosaido Golf Club	23 /****	Opening 2012 (planned), Golf hotel, possibly *****standard
4	Immermannstraße/City	Motel One	244 /**	Opening 2012
5	Adersstraße/City	N.N.	224 /**	Granted outline planning permission, realization undetermined
6	Rotterdamer Straße/Trade Fair	Messe Düsseldorf GmbH	450 /****	Opening after construction of city rail road (after 2013), 29 storeys
7	Mühlenstraße/Old Town	Frankonia	n.b.	Hotel status undetermined
Total			**642 /**** 172 /*** 488 /****	
Total hotel rooms			**1,282**	

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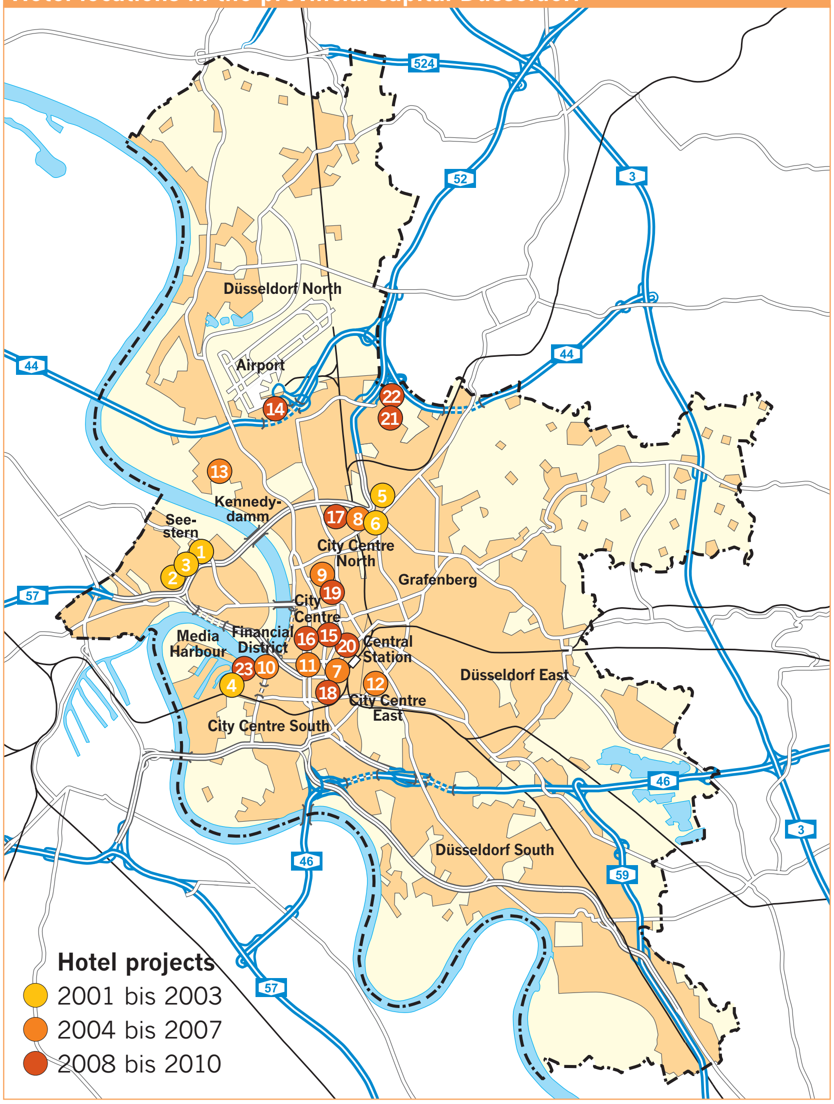
Source: Office of Economic Development, July 2011

City underscores its dominance as a hotel location

An expansion of hotel construction activity is expected again in 2012. Probably three new facilities will be opened, namely the Golf Hotel of the Kosaido Golf Club in the east of the city and the "Hotel Di Medici" – a reconstruction of a townhouse in the heart of the old town – and the "Motel One" on Immermannstraße in the City. Together they will represent more than 435 rooms, that is to say in terms of volume almost exactly the average of the last ten years with approximately 415 rooms in new construction projects. With their location, the last two projects confirm the trend of the last decade. Of the 23 new construction projects only nine are in the city or directly on its perimeter. Establishing themselves as other major hotel locations are MedienHafen (3), the northern inner city at the interface of airport, fair and inner city (4), the north with a clear relation to fair, airport and autobahn (4) as well as at the beginning of the decade the Seestern (3). From the perspective of the investors, other parts of the city apparently do not qualify as hotel locations. The two other hotel projects that that are either already making their presence felt or that are still in the pipeline are planned in the City, thus once again underscoring its dominance. The location decisions made by hotel and office building investors are very similar to a noticeably large extent (cf. map "Office construction activity..."). This is because office locations at the advanced development stage generate potential demand for additional overnight accommodation and both groups favour the same good locational characteristics.

Hotel locations in the provincial capital Düsseldorf



The numbers on the map correspond to the numbering in the table on page 2

Images: Breidenbacher Hof Düsseldorf, InterContinental Düsseldorf, Jens Rubbert, Van der Valk Airporthotel Düsseldorf
Design: Beate Tebartz, Düsseldorf