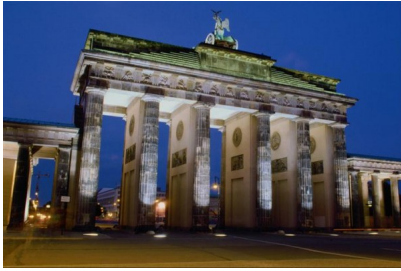


STAYING IN BERLIN: HOTELS VS. APARTMENTS



Despite using the flat slogan "Berlin is worth a visit" in the last century, Berlin has replaced Rome as the third most toured European city. Berlin is experiencing a steady growth in the number of visitors flocking into the mega metropolis for vacation. However, the robust growth in the tourist number has not translated into increased hotel accommodation rates as expected.

According to the hotel industry players and the Berlin local government, approximately five million visitors opted to seek accommodation in unregistered apartments instead of paying for the conventional hotel accommodation.

Even though the hotel booking and room capacity have increased, the availability of cheaper apartment rentals has slowed the rise of hotel rates. The prolonged stagnation of the hotel rates has adversely affected the hotel business in Berlin. On the other hand, Berlin real-estate market is benefiting from the increased investment on the holiday apartments.

Based on the data from the Berlin government, the city hotels recorded 22.3 million bookings in 2011; this represented a 7% increase from the previous year. The growth recorded has created confidence among the industry players and they are expressing optimism achieving a sustained growth in coming years.

The increased occupancy has not led to an increase in the hotel rates. Actually, the rates have stalled. On average, in 2011 rates for a room in Berlin amounted to \$109.49 which represented a 4.03% decrease from the 2007 price.

One of the hotel owners laments that the hotel rooms in Berlin are underpriced as compared to other European cities. The steady rise in the low priced apartments has stifled the rise in room charges. This is occasioned by the fact that the apartments are not subjected to the rigorous and expensive government regulations and thus charge low accommodation rates. The holiday apartments do not incur regulation expenses. The mainstream hotels are required by law to put in place sophisticated safety measures that demand high investment, this coupled with recurring government taxes overburden the mainstream hotels.

The apartment owners do not specifically register the apartments as holiday apartments hence making it impossible to have comprehensive data on the trade. The apartments are different in size and thus have varied prices. On the lower side, a visitor can get a 15 euro accommodation while a highly rated apartment such as a penthouse cost 300 Euros.

The social media platforms such as facebook have been used to market the apartment accommodation concept as cheaper alternative as compared to hotels. The government has been unsuccessful in its attempts to slow the growth of the holiday apartments sector by imposing the same regulations placed on the hotels. Rented buildings with several beds are now termed as accommodations. Apartment owners who wish to operate their apartments as holiday apartment accommodations are now required to seek a permit, fail to which they can be fined of 50, 000 Euros.

The hotels are now wooing visitors by incorporating some of the apartment features, which is a new

bait in the industry. These features include communal kitchens which allow the visitors to cook and thus save money. If this proves functional, the hotel industry in Berlin will assume a new direction in fighting for tourists.

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