

# BERLIN TO INCREASE THE NUMBER OF HOTELS



More than 143 thousand hotel beds are on offer in the German capital. Their number however will soon cross the 160 thousand mark.

Currently there are 30 hotels under construction and in the planning stage. **The number of hotels will also increase thanks to the six hotels being built at the airport in Schonefeld**, which would mean another 15,800 beds, according to the Hotel and Restaurant Association (Dehoga).

The boom in the Berlin market in recent years has been reliably based on the new record numbers of overnight stays. The number of hotel beds has increased since the reunification in 1990 by a staggering 380%. At the same time the number of overnight stays rose from 7.2 million (1990) to 31.2 million in 2017.

The fast-paced growth is also arousing fears. Especially as there are significantly more hotel beds in Berlin than, for example, in New York City. In comparison, approximately 110 thousand hotel beds are available for approximately 58 million visitors of the US metropolis. In Berlin, the 31 million overnight stays are spread over 143 thousand hotel beds. The average occupancy rate is 60.1% (2017).

Fears of a decline in occupancy figures are fueled by the bankruptcy of Air Berlin last year. The consequences of that are far from over. For the first time in many years, Berlin has been recording declining numbers of overnight stays since the summer of 2017.

In November and December, for instance, the numbers were 4.1 and 4.6%, respectively. According to Visit Berlin, the annual average still shows a slight increase of 0.3%.

Experts warn that this rate of increase is too low in the long run. "In order to cope with the growth of 13 thousand beds by 2020, Berlin needs an annual increase of around four percent in overnight stays," says Andreas Ewald, managing partner of Engel & Völkers Hotel Consulting GmbH.

"We expect the market to stabilize again," says Dehoga President Willy Weiland. "Our problem is also the lack of long-haul flights from Asia and America," Weiland continues. In addition to the crisis of Berlin aviation, the long formation of the government also played a role in the fall.

The number of hotels and hostels in Berlin is 786. One of the hotels to be launched later this year is a very special project. The hotel project developer MQ Real Estate is building the world's first modular hotel on a shopping center.

Investors are not afraid that the investment will not pay off given the growing competition on the Berlin market. The numbers speak for themselves. The number of guests and overnight stays has been increasing continuously for years.

The dent caused by the Air Berlin bankruptcy also does not scare them. "We expect a further

positive development in the tourism market," says the founder of MQ Real Estate Nikolai Jäger.

"Of course, there is big competition at certain locations. Overall, however, we are optimistic that the market will also accept other new hotel buildings very well," he added.

"Berlin is an attractive place for many people in the world, and the hotel developers know that too. I do not think that we are in a hotel crisis. Berlin is in a happy situation that we are trusted worldwide," says Burkhard Kieker of Visit Berlin. **Nevertheless, the city must now quickly do something to ensure that the important economic factor of tourism continues to develop well.** "Particularly with regard to the question of missing congress capacities after the closure of the ICC. I find the policies somewhat relaxed in this aspect," Kieker added critically.

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