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New study on the hotel market:

## Cologne needs new hotels in the upscale segment

A study commissioned by the City of Cologne Economic Development Agency and Koelnmesse on the hotel situation in Cologne confirms the need for at least three new hotels in the upscale segment. According to German Dehoga standards, these are hotels in the four-star superior, five-star or five-star superior category.

Koelnmesse events regularly account for around 40 percent of the total overnight stays in the city. The President and Chief Executive Officer of Koelnmesse, Gerald Böse has long seen the need for additional offerings in the premium sector to bring attractive new events and conventions to Cologne. The urban development initiatives included in the Koelnmesse 3.0 investment program with the new CONFEX® hall on the exhibition grounds, but also the MesseCity and new quarters in Mülheim and the Deutz port area support this.

Koelnmesse's Chairwoman of the Supervisory Board and Mayor of the City of Cologne, Henriette Reker explains: "In Cologne, the number of beds in hotels rose from 23,000 to 29,000 between 2010 and 2017. Nevertheless, we are still lacking offerings in the higher and luxury segments in Cologne. A lack of hotels in the upscale segment could prove to be an obstacle to the growth of the trade fair and the new convention centre. Therefore, all possible efforts must be made to ensure such hotels are established in Cologne in the next few years."

The new study confirms Böse's view: "We will be using the results at the upcoming EXPO Real from 8 to 10 October in Munich to promote the need for new, high-quality and internationally renowned hotels for visitors to Koelnmesse

Tina Froböse, member of the management board of the hotel consulting firm Hotel Affairs Consulting GmbH in Düsseldorf and author of the study, confirms: "Due to the current urban developments in Cologne and not least due to the further development of Koelnmesse, we see an additional need for hotels of international standard."

In 2015, over 40 per cent of the six million officially reported overnight stays in Cologne were related to Koelnmesse events. The study shows that the occupancy rate is over 77 percent. The price level is among the highest in Germany.

The environment is causing demand to rise further. The new MesseCity office complexes are currently under construction right on Koelnmesse's doorstep.

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Numerous office buildings are also being built in the new quarters in Mülheim and in the Deutz harbour area. Utilisation of the German hotel industry's capacity is primarily generated by so-called corporate demand, i.e. by companies and the resulting business trips, the study confirms.

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In addition, Koelnmesse is investing well over 600 million euros between now and 2030 in its Koelnmesse 3.0 investment program - including CONFEX® and 1plus, two new multi-purpose halls that will fill an important gap in the 5,000-conference participant segment in Cologne.

The CONFEX® hall and the surrounding multi-purpose area are of particular importance for the hotels, because they stand for new business potential even in slots outside the strong trade fair times. In other words, new conference and exhibition formats as well as new topics with new guests and certainly also new needs will all serve to generate additional business.

At the same time, the new multifunctional 1plus exhibition building complex covering 10,000 m<sup>2</sup> will provide the opportunity to organise company and product presentations with large numbers of participants in addition to the conventional trade fair formats of German and international guest organisers.

Gerald Böse: "The hotel offering must meet the demand generated by the trade fairs. At the end of this year, we will lay the cornerstone for the hall 1plus. This calls for solutions in the near future. In the past we have had to let top-class events pass us by due to the lack of 5-star hotels. Therefore, we continue to voice the need for at least one new hotel of this category in Cologne."

Koelnmesse is also noticing changing demands among trade fair visitors. Not only DMEXCO visitors regularly give Koelnmesse feedback on the lack of high-quality hotel brands. The Allgemeine Hotel- und Gastronomie-Zeitung (hotel and restaurant industry journal) recently stated that gamescom visitors also want to stay in the upscale segment.

A visitor survey on all of Koelnmesse's own events from 2015 to 2017 shows that over 80 per cent of Koelnmesse's exhibitors come from abroad and that the proportion of trade visitors from abroad is also over 42 per cent. Gerald Böse: "The internationally renowned brands such as InterContinental Hotels or Hilton are an important aspect of the decision to travel, especially for our guests from overseas."