

# News Release

## City Review: Hamburg Compiled by Christie + Co

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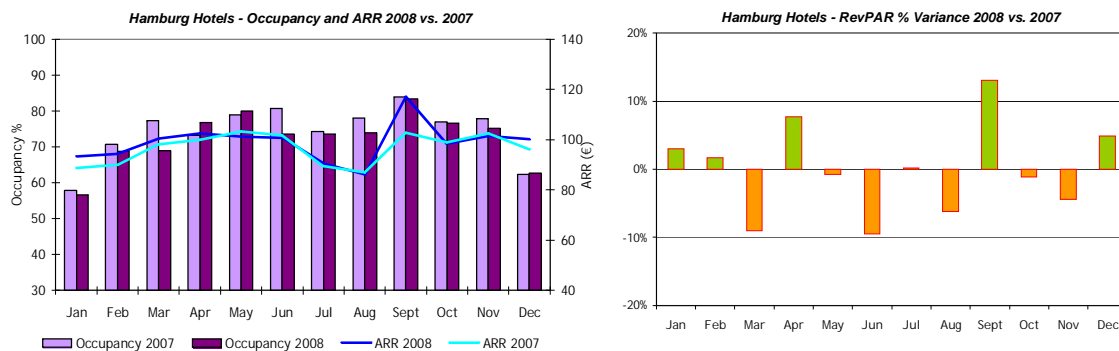
According to the latest city review by Christie + Co, using data provided by STR Global, Hamburg hotels recorded a 3.1% decrease in RevPAR during the first quarter of 2009 compared to the same period in 2008. Preliminary figures for April suggest that this downward trend is continuing with a further 18.2% drop in RevPAR compared to the previous year.

Hamburg is the second largest city in Germany and ranks amongst the country's most popular city break destinations, attracting a balanced mix of business and leisure travellers. Home to the second largest harbour in Europe, Hamburg is often referred to as 'The Gateway to the World' and is also considered the German capital of musicals. In addition, the borough of St. Pauli, including the famous Reeperbahn area, as well as the Hamburg Harbour Birthday Festival and many international trade fairs and exhibitions, attract millions of business and leisure guests annually.

### Trends in Hotel Market Performance

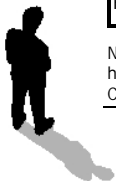
Although ARR increased by 2.4% in 2008 compared to the previous year, a moderate decline in occupancy rate of 1.8 percentage points (ppts) led to a broadly stable RevPAR performance for the year.

STR Global Trend Report - Hamburg Full Year 2008 vs. 2007 (€)



	2008			2007			Variance		
	Occ (%)	ARR	RevPAR	Occ (%)	ARR	RevPAR	Occ ppts ^	ARR %	RevPAR %
Full Year	72.5	99.2	72.0	74.3	96.9	72.0	-1.8	2.4%	-0.1%

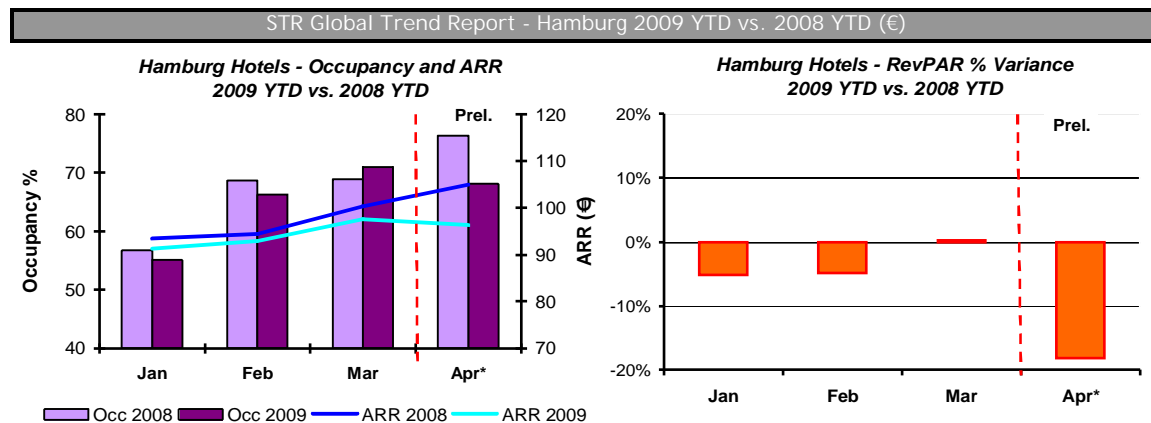
Note: the above graphs and table are based on monthly and daily data received by STR Global for a customised and consistent sample of 34 hotels, totalling 7,015 rooms. The variance in occupancy (^) is expressed in percentage points.  
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Numerous hotel openings during the last quarter of 2007 (c. 950 new hotel rooms according to the Hamburg Tourist Board) negatively impacted occupancy levels, notably during the first quarter of 2008. The early Easter holidays also impacted the March 2008 results. April is traditionally the busiest month in terms of fair and conference activity in Hamburg, whilst July and August tend to be the weakest months.

June 2008 performance was still influenced by the Football World Cup 2006. Indeed, many events and meetings were postponed due to the competition, leading to a backlog of demand and inflated performance during June 2007. By June 2008 performance levels had returned to normal. Strong trade fair activity in September 2008 including the International Shipbuilding, Machine and Marine Technology (SMM) fair resulted in double-digit growth in RevPAR (c.13%).

The following table and graphs illustrate the year-to-date 2009 results as provided by STR Global.



STR Global Trend Report – Hamburg Hotels 2009 YTD vs. 2008 YTD									
	2009			2008			Variance		
	Occ (%)	ARR	RevPAR	Occ (%)	ARR	RevPAR	Occ ppts ^	ARR %	RevPAR %
YTD Mar	63.9	94.2	60.2	64.5	96.4	62.1	-0.6	-2.2%	-3.1%
Apr*	68.1	96.3	65.6	76.4	105.0	80.2	-8.3	-8.3%	-18.2%

Note: the above graphs and table are based on monthly and daily data received by STR Global for a customised and consistent sample of 34 hotels, totalling 7,015 rooms, except for April figures (\*) which are based on 'unaudited' daily data as available on 7 May for a sample of 32 hotels. The variance in occupancy (^) is expressed in percentage points.

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Despite a brief recovery in March, preliminary results for April 2009 show a sharp decline in RevPAR (- 18.2%) compared to the same month in 2008. This deteriorating performance suggests a difficult year ahead for the city's hoteliers.

### Trends in Hotel Supply

Five new hotels with a total capacity of over 770 rooms opened in Hamburg during 2008. In addition, the two-star Motel One Kieler Strasse extended its room supply by 78 to 245 rooms and the Steigenberger Hotel Treudelberg by 90 to 225 rooms. Since January 2009, four new properties have entered the market. In February, the four-star Amedia Hotel Hamburg Moorfleet (180 rooms) opened, followed in April by the two-star Meininger City Hostel & Hotel (116 rooms), the four-star



Lindner Park Hotel Hagenbeck (158 rooms), and the four-star Radisson Blu Hotel Hamburg Airport (266 rooms). Another five hotels are scheduled to open this year: the two-star Motel One Hamburg Airport Alsterkrugchaussee (252 rooms) in July, the four-star Ramada Hotel Universitätsklinikum (160 rooms) and the two-star Holiday Inn Express Hamburg (120 rooms) in the autumn, the Holiday Inn Express Hamburg City Center (179 rooms) and the four-star Amedia Hotel Hamburg Airport (185 rooms) by the end of the year. Finally, in May, the mid-market 25hours Hotel Paul-Dessau-Strasse will extend by 24 new rooms. In total, the Hamburg hotel market is expected to expand by over 1,600 new rooms by the end of 2009, with more than 50% to be positioned in the four-star segment. The remainder will be primarily budget hotel rooms (two-star).

An additional seven new hotels are set to open by 2011 (c. 1,800 new rooms in total), and two further hotels have plans for extension. Two new budget hotel developments by Motel One – the Motel One Hamburg City and the Motel One Hamburg Hauptbahnhof totalling 906 rooms – are planned to open in 2010. In 2011, two three-star properties are planned: the Scandic Hotel (325 rooms) and the Stadthaushotel Hafencity (90 rooms). The upscale segment is also set to strengthen its market share with the opening of the Adina Apartment Hotel Hamburg Michel (128 rooms) in 2010, and in 2011 the Arcotel Onyx Reeperbahn (217 rooms) and the Kameha Hotel Eco City Hamburg (160 rooms).

#### Trends in Hotel Transactions

As a result of the economic downturn and the challenging financial environment, hotel transactional activity has slowed down since 2008. However, a number of hotels still changed ownership. The Radisson SAS Hamburg (560 rooms) was even sold twice. Azure Property acquired the hotel from developer Trigon in January 2008 for an undisclosed price, then in July 2008 Invesco Real Estate bought it as a part of a €230m-portfolio. Finally, the Motel One Alsterkrugchaussee (252 rooms) was acquired by Euro Ejendomme as a turnkey project for an undisclosed price in June 2008.

#### Outlook

Besides the 820<sup>th</sup> anniversary of the biggest harbour festival in the world – the Hamburg Harbour ‘Hafenfest’, other key events such as the International Short Film Festival, the 6<sup>th</sup> Harley Davidson Days, the ATP German Open Hamburg, the Hamburg City Man Triathlon and major musicals such as The Lion King or Tarzan are expected to attract many visitors to the city during 2009. Nevertheless, the general economic downturn and the growing hotel supply in the city are expected to increase the competitive pressure amongst Hamburg hoteliers over the next few years.



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Notes to Editors

Christie + Co use desk-based research and experienced local industry specialists to produce bi-monthly city reviews. Hotel trading data is provided by STR Global.

Founded in 1935, Christie + Co is the leading firm of surveyors, valuers, consultants and agents specialising in the hospitality, leisure, retail and care sectors. Currently employing close to 350 professional and specialist staff, it has 17 offices throughout the UK – with valuation, agency, investment and consultancy teams focused on its key sectors. Christie + Co’s international operations are based in Barcelona, Berlin, Frankfurt, Hamburg, Helsinki, Dusseldorf, London, Marseilles, Munich, Paris and Rennes.

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