

The resilience of local networks

With 50 years' experience in planning and executing the development and revitalisation of hotel properties, **Hotour** has helped unite financiers, project developers, investors and operators by providing thorough, detailed insights into the German and European hospitality markets. Managing director and owner of Hotour Hotel Consulting, Martina Fidschuster tells *Hotel Management International* the reasons behind the groups' long-standing success, and why the German hotel sector is ripe for investment.

When was Hotour founded and what services does it provide?

Martina Fidschuster: Since 1970, Hotour has been the number one address when it comes to making hotels successful. We are sought-after experts, experienced consultants and trusted negotiators between all those involved in a hotel project. Our industry and market knowledge is valued: project developers, investors and operators trust in it as well as financiers. Our team of 12 employees processes around 150 mandates annually, for over 60 locations in Germany and Europe – including 20 hotels and hotel projects every year, for which we provide intensive support. These numbers speak for themselves.

“What does it take? Patience, persistence and a good local network built up early on.”

One of our greatest strengths is our network, and its basis is trust – a valuable asset that only arises from years of cooperation. That is why we know so well what makes hotels, banks and investors tick and can successfully mediate between these worlds. That is why our customers are often ahead.

We work for all major institutional hotel investors in Germany and also support them with purchases in other European countries, while many international investors rely on our market knowledge and our network in Germany. In addition, we belong to the preferred group of experts of the most important hotel financiers operating throughout Germany.

What are the key strengths of the German hotel market?

Its diversity and stability. First of all, Germany's polycentric structure is one of the main assets and most important risk diversification factor for investors. In addition to the eight first-tier cities, there are at least 20 other promising hotel locations in this country that have a history of consistently counting more than one million overnight stays. Another 30 cities with historically more than 500,000 overnight stays are considered liquid hotel markets due to their size alone.

Why stable? Even though all German hotel markets undoubtedly suffered during the pandemic, the traditionally high domestic demand (on average 80%

of all overnight stays in the country) stabilised many locations enormously. This is what makes Germany stand out by international comparison.

What niche markets should investors look to capitalise on in German hospitality?

Apart from the top locations and core investments, it is also important for market participants to become active in the segment of internationally little-known locations. Many of them had a very fragmented hotel offer until recently and are only now being occupied by brands and larger operators. It is worth taking a closer look here.

The market for lifestyle limited service brands and serviced flats is also still being developed and will grow rapidly, not least due to the shortage of staff.

When investing in German markets, what are the important things for international investors to bear in mind?

Due to the dominance of German institutional investors with a high need for security, the German hotel investment market is still characterised by long-term leases. However, we see opportunities, especially in the current market situation, to break up this model, which is often perceived as a closed shop. Investors who can accept more flexible contract models and thus take risks that many other investors cannot, will be presented with many opportunities, especially in the coming year. What does it take? Patience, persistence and a good local network built up early on.

What does the future hold for German hospitality as far as post-pandemic recovery is concerned?

We are already seeing a rapid recovery of all tourist-attractive cities, all locations with high domestic demand and, of course, all holiday regions. This trend will continue. In cities with a high share of international trade fair and congress business, we expect a need for restructuring, as international business tourism will be slow to recover. But as we all know: every crisis offers opportunities. You just have to look closely. ●

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