

Future Capacity Requirements in Greater Copenhagen

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1. Introduction

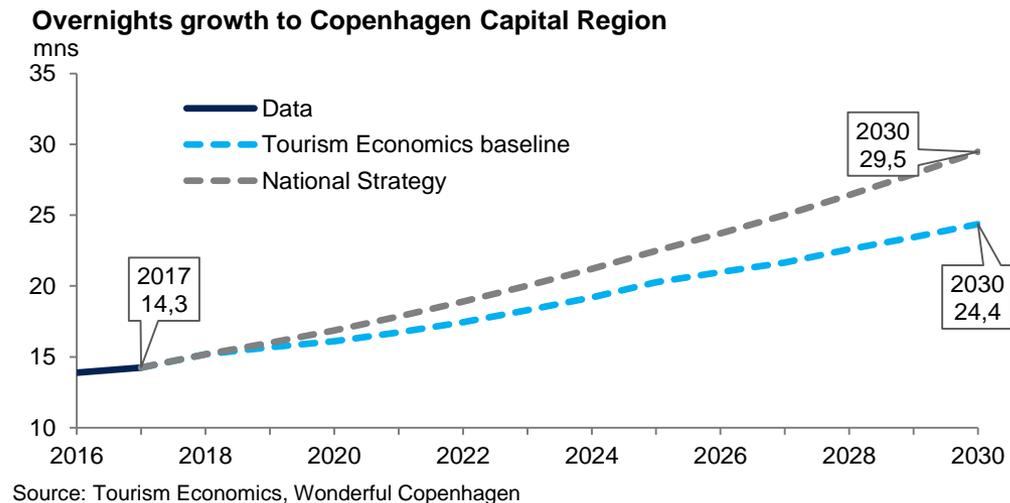
Travel to Copenhagen is set to grow

This report looks at scenarios of expected travel demand for Greater Copenhagen to inform planning for future capacity. Expected demand by source market informs estimates of required accommodation capacity by type.

Total overnights in Denmark rose 15% over the 2007-17 period, while overnights in Copenhagen Capital Region grew 68% over the same period (averaging 5.3% per annum).

The National Tourism Strategy (NTS) calls for further growth in coming years, at an average annual rate of 3% for Denmark and 5.3% for the Capital Region from 2018-25. Tourism Economics' baseline expectation is for slower growth of 3.6% per annum over the period (estimated from historic trends and expected demand evolution by source market).

In any case, new capacity is crucial to accommodate additional overnights, with high occupancy rates already evident.



This chart shows data and forecasts for overnight demand in all types of accommodation for the Copenhagen Capital Region as an illustration of trends. Analysis in the remainder of this report considers accommodation demand and supply for the wider Greater Copenhagen region.

Travel to Copenhagen is set to grow Data tables

Baseline: Overnights to Copenhagen Capital Region, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Hotel	9,152	9,413	9,635	9,929	10,272	10,675	11,083	11,573	11,894	12,185	12,582	12,942	13,317
Hostel	1,553	1,612	1,663	1,750	1,861	1,997	2,137	2,316	2,428	2,539	2,695	2,841	3,001
Camping	995	1,011	1,028	1,051	1,078	1,115	1,153	1,197	1,231	1,260	1,298	1,335	1,372
Holiday Cottage	1,387	1,409	1,432	1,464	1,501	1,553	1,606	1,666	1,711	1,749	1,800	1,848	1,896
Marina	156	158	159	162	166	171	176	181	184	187	191	195	198
Airbnb	1,928	2,070	2,190	2,359	2,561	2,789	3,026	3,323	3,527	3,737	4,019	4,291	4,591
Total	15,171	15,672	16,106	16,716	17,439	18,300	19,181	20,255	20,975	21,656	22,586	23,452	24,376

Source: Tourism Economics

National Strategy/ Upside: Overnights to Copenhagen Capital Region, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Hotel	9,152	9,596	10,082	10,602	11,138	11,681	12,247	12,845	13,446	14,074	14,727	15,400	16,098
Hostel	1,553	1,643	1,740	1,869	2,018	2,185	2,361	2,570	2,745	2,932	3,155	3,381	3,628
Camping	995	1,031	1,076	1,123	1,169	1,220	1,274	1,328	1,392	1,455	1,520	1,588	1,658
Holiday Cottage	1,387	1,436	1,498	1,563	1,628	1,700	1,775	1,849	1,934	2,020	2,107	2,198	2,292
Marina	156	161	167	173	180	187	194	201	208	216	224	231	240
Airbnb	1,928	2,110	2,291	2,519	2,777	3,052	3,344	3,688	3,987	4,316	4,704	5,106	5,550
Total	15,171	15,976	16,854	17,848	18,910	20,025	21,196	22,482	23,712	25,013	26,436	27,906	29,465

Source: Tourism Economics

Data and forecasts are shown for overnight demand in all types of accommodation for the Copenhagen Capital Region as an illustration of trends. Analysis in the remainder of this report considers accommodation demand and supply for the wider Greater Copenhagen region.

Methodology overview: demand forecasts

Demand forecasts have been constructed to understand future capacity needs, including detail by type of accommodation and region within Greater Copenhagen

Demand forecasts – alternative assumptions

Baseline forecasts – Tourism Economics existing forecast databases form the basis of this analysis, including the *Global Travel Service* (GTS) and *Global City Travel* (GCT) databases. Both of these proprietary forecast databases are reliant on Oxford Economics' global macroeconomic outlook. The relationship between economic development and tourism demand has been estimated to develop the underlying models for these databases. Forecasts of tourism demand by source market are estimated according to these relationships and the economic outlook. Destination forecasts are then calculated according to evolving source market demand and any expected changes in market share. Forecasts are therefore consistent with historic trends and any changes in destination attractiveness and competitiveness. Baseline forecasts for Denmark and Copenhagen are generated to be consistent with both recent trends and expectations for source market demand.

Baseline GTS and GCT forecasts are used to quantify the expected demand by source market for Greater Copenhagen in total and by source market. Greater Copenhagen forecasts have been derived as the sum of expected travel to the Copenhagen Capital Region, Skåne county and Zealand. The GCT database provides overnights forecasts for the Copenhagen Capital Region by source market. Forecasts for Skåne county and Zealand have been derived from forecasts by source market to Sweden and Denmark in the GTS databank, and the mix of demand for these regions. For this Greater Copenhagen aggregate, the baseline growth forecast is 3.6% on average per annum between years 2018-30.

The final step is to translate expected demand by source market in demand by accommodation type. Data for demand by type of accommodation and source market have been sourced to understand the propensity to stay in different types of accommodation.

Upside / National Tourism Strategy (NTS) – national strategy includes targets for the Danish travel industry, including growth in the number of overnights by purpose of travel and by region for years to 2025. These targets are higher than Tourism Economics' baseline expectation and will require additional capacity within Greater Copenhagen. NTS growth targets (5.3% per annum on average) have been extrapolated to 2030 and used as the basis for the upside scenario.

Higher demand by source market and type of accommodation has been quantified under the assumption that a comparable market share improvement over the baseline is required across all source markets. Overnights by source market are scaled to fit the expected number of total overnights under the higher growth assumptions. Mapping to accommodation type relies on the same observed propensity.

Downside – lower demand is estimated according to uncertainty in the economic and travel outlook and is presented as a balance to the upside outlook. Slower growth in overnights have been estimated according to a possible path for weaker economic and tourism growth by market in coming years. This has been taken from a combination of Oxford Economics' Global Scenario Service and observed historic volatility in travel flows. For the Greater Copenhagen area, downside growth is 2.3% per annum on average between years 2018-30.

Methodology overview: overnights data

Trends in overnights data by type of accommodation provide the basis for forecasts. Expected propensity to stay in different types of accommodation by source market is informed by observed growth.

Overnights data

Overnights data for the Danish regions within Greater Copenhagen (Copenhagen Capital Region and Region Zealand) and for each accommodation type were provided by Wonderful Copenhagen consistent with Danish official national statistics. This included monthly overnights data by nationality of guest and by type of accommodation.

Additional data for Skåne county were sourced from The Swedish Agency for Economic and Regional Growth and Statistics Sweden. Data only exist for total overnights split by nationality of guest or by accommodation type. Data have been combined to estimate overnights by nationality and accommodation type consistent with data for the Danish regions, including scaling to ensure consistency with reported totals.

Additional data have been sourced from AirDNA to understand the additional nights spent in Airbnb accommodation within the Copenhagen Capital Region which are not counted within other statistics.

Accommodation preference by market: for mapping of demand by source market to different types of accommodation

Overnights data inform estimates of preferred accommodation by nationality which are used for the mapping of expected demand by source market to different types of accommodation over the forecast period.

For each source market, the share of overnights spent in each type of accommodation has been estimated as an indicator of preference. The change in type of accommodation by source market has also been considered in the modelling. For example, growth in overnights from the UK has been much stronger in hostels and Airbnb establishments than for other types of accommodation. It is expected that overnights in Greater Copenhagen from the UK will continue to favour these types of accommodation.

Limitations of analysis

Forecasts of demand by type of accommodation are based upon trends in the available data to some extent. As such the uncertainty in data collection, or gaps in raw data add to uncertainty in the forecasts and the implied accommodation capacity requirements. A range of scenarios has been generated to address this uncertainty.

Data for meetings demand and capacity are more sparse than for overnights and a simpler methodology has been applied by necessity.

Methodology overview: capacity

Mapping from demand to required new capacity requires estimates of typical average occupancy for each type of accommodation

Capacity requirements

Average occupancy for each different accommodation types has been calculated over history based upon the number of units sold relative to the number of units available. For example hotel average occupancy is defined as the number of room nights sold within a period divided by the number of room nights available.

Data show that average occupancy has changed over time within the Greater Copenhagen Region, but within a relatively narrow band for each different type of accommodation. This is consistent with trends tracked by Tourism Economics in other destinations. For example, hotel average room occupancy has increased from 69% in 2010 to 79% in 2017, having peaked at 80%. Within Greater Copenhagen, hotel occupancy is highest in the Capital Region (86% in 2017) and lowest in Zealand (63% in 2017). Across most European destinations, hotel average occupancies have trended up over this period within a similar range.

Average occupancy rates over the forecast period are expected to remain consistent with the observed average rates over recent years for each type of accommodation, and for each sub-region. The accommodation sector tends to respond when occupancy rates move outside a typical observed range. Higher occupancy is met with higher prices (which can deter some new demand) and eventually higher capacity if the trend is sustained as investors are enticed by the increased return. Lower occupancy is met with lower prices (which can stimulate some new demand) and eventually lower capacity if the trend is sustained as some businesses close.

Examples given here are for hotels and room nights, but for different types of accommodation, occupancy is defined according to the most commonly used definitions of capacity. Hotel capacity is typically reported in terms of rooms and room nights, while other types of accommodation report beds and bed nights capacity. This requires some mapping of average number of people per room, unit or property based on past trends.

Significant increases in occupancy are also unlikely due to the seasonal pattern of visits. Occupancy is much higher in peak travel seasons and lower in the less desirable winter months. In order to meet demand during peak seasons, properties and destinations typically have to accept lower occupancy in quieter months. It is unrealistic to expect, or to plan for, 100% occupancy rates. Observed average occupancy rates provide a good guide to expected average annual rates for the forecast period.

New capacity requirement has been estimated according to the expected overnights by source market and by type of accommodation and the expected occupancy rates. Where capacity is stated in terms of a room/property/boat/unit requirement, these relate to the requirement in the observed peak demand month (for most accommodation types this is July or August). Since the peak demand month accounts for a larger share of annual demand compared to other months, more capacity is required to ensure occupancy rates do not exceed previous peaks.

Methodology overview: geographic coverage

Analysis covers the Greater Copenhagen Region and the main component sub-regions

Geographic coverage

Travel to the Greater Copenhagen region, and the required capacity to meet this demand, is covered within this analysis. Travel demand and supply for the region is defined as the sum of travel to three component regions, listed below along with a brief description and NUTS codes.

- Capital Region (NUTS 2 code DK01: Hovedstaden). This comprises the four smaller NUTS 3 regions: Byen København (DK011), Københavns omegn (DK012), Nordsjælland (DK013), and Bornholm (DK014)
- Region Zealand (NUTS 2 code DK02: Sjælland. This comprises the two smaller NUTS 3 regions: Østsjælland (DK021), Vest- og Sydsjælland (DK022)
- Skåne county (NUTS 3 code SE224: Skåne län)

Travel to the narrower definition of Copenhagen City is provided separately within this report.

Glossary & conversions

Key terms used within this report and relationships between metrics

CAGR: Compound Average Growth Rate. The annual average growth rate over a defined number of years.

Overnights: Number of nights spent by tourists within the destination. This is a key indicator of travel demand and reflects the number of tourists and average length of stay.

Room nights: Measure of occupancy for some accommodation types, measuring the number of nights that rooms are occupied within a period. This can be calculated as the number of overnights divided by the average number of people per room; similarly the average number of people per room can be calculated as overnights divided by room nights. This measure is typically used for hotels which sell services on a per room basis.

Bed nights: Measure of occupancy for some accommodation types, measuring the number of nights that beds are occupied within a period. This measure is typically used for types of accommodation such as hostels which sell services on a per bed basis.

Property nights: Measure of occupancy for some accommodation types, measuring the number of nights that entire properties are occupied within a period. This measure is typically used for types of accommodation such as Airbnb which sell services for individual properties. Property nights are calculated as the number of overnights divided by the number of people staying per property.

Unit nights: Measure of occupancy for some accommodation types, measuring the number of nights that units are occupied within a period. This measure is typically used for types of accommodation such as campsites which sell services by units which cannot be defined as rooms, beds or properties. Property nights are calculated as the number of overnights divided by the number of people staying per unit.

Rooms: Measure of capacity. Number of available rooms in a type of accommodation such as hotel rooms. New required rooms are calculated from the estimated additional room nights per year. There are 365 available room nights each year for each room.

Beds: Measure of capacity. Number of available beds in a type of accommodation such as hostel beds. New required beds are calculated from the estimated additional beds nights per year. There are 365 available bed nights each year for each bed .

Properties: Measure of capacity. Number of available rooms in a type of accommodation such as hotel rooms. New required rooms are calculated from the new estimated additional property nights per year. There are 365 available property nights each year for each property.

Units: Measure of capacity. Number of available rooms in a type of accommodation such as hotel rooms. New required rooms are calculated from the new estimated additional unit nights per year. There are 365 available unit nights each year for each unit.

Delegate days: measure of occupancy for meetings, equivalent to the number of delegates multiplied by number of days per meeting.

2. Accommodation Demand Forecasts

Expected demand growth will be led by long-haul source markets

In 2018, 57% of overnights in Greater Copenhagen Region are from Sweden and Denmark. The next largest source markets are Germany, the United States. The United Kingdom which comprise a further 19% of all overnights. Combined, these five large short-haul markets generate over three-quarters of current demand.

Long-haul source markets will grow in importance and take a larger share of overnights demand by 2030. Tourism Economics' forecasts suggest that demand from Sweden and Denmark will account for 50% of overnights in Greater Copenhagen by 2030. The share of overnights from the United States and China will rise from 4% to 8% and from 1% to 2% respectively, while other smaller long-haul markets will also gain in importance. This is in line with more rapidly growing outbound travel demand in these markets.

Travel to the Capital Region will continue to outpace the wider region

Travel to the Capital Region grew at an annual average rate of 4.7% over the past ten years, compared with 3.2% growth for the wider region.

Travellers from the USA are more likely to stay in the Capital Region than elsewhere in Greater Copenhagen, and will continue to drive rapid growth. However, Zealand and Skåne will capture a growing share of the US market. Chinese demand is more evenly spread across Greater Copenhagen sub-regions.

Demand for hostels and Airbnb accommodation will grow rapidly, but hotels will still dominate

Travellers from rapidly growing source markets are increasingly favouring hostel and Airbnb accommodation over hotels. Demand for hostel accommodation grew 25.5% from China and 16.8% from South Korea between years 2008-17, for example. Airbnb accommodation demand has outpaced more traditional types of accommodation in limited data for recent years from many markets.

Overnights in hostels and Airbnb will comprise a larger share of demand in 2030 than in recent years. By contrast, demand for holiday cottages, campsites and marinas will continue to grow, but more slowly than overall demand and will comprise a smaller share of overall demand.

Hotels will continue to capture just under 60% of demand, with a comparable amount of overnights growth for the this type of accommodation.

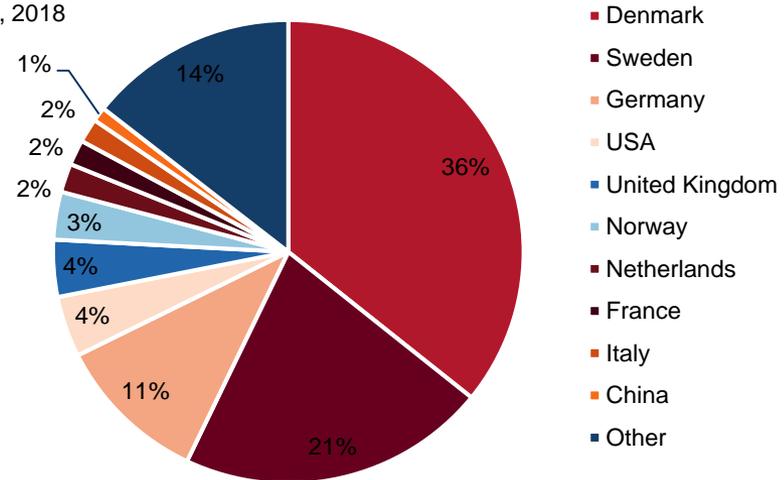
Source market mix for Greater Copenhagen in 2018

Expected growth differs across source markets to drive the baseline forecast for Greater Copenhagen

The largest source of overnights within the Greater Copenhagen region comes from within Denmark, and combined with Sweden accounted for 57% of total overnights in 2018.

However, overnights growth from many top source markets is expected to outpace overnights growth from Denmark and Sweden over the coming years. Danish and Swedish overnights as a share of total are expected to decline as a result. Growth from many developing source markets is also ramping up with resulting gains in their market share further eating into that of domestic. Some fast growth is expected from China and India in particular, as their number of middle-income households booms.

Overnights to Greater Copenhagen by source market
% share total, 2018



Source: Tourism Economics

This chart relates to data for all types of accommodation for the wider Greater Copenhagen region.

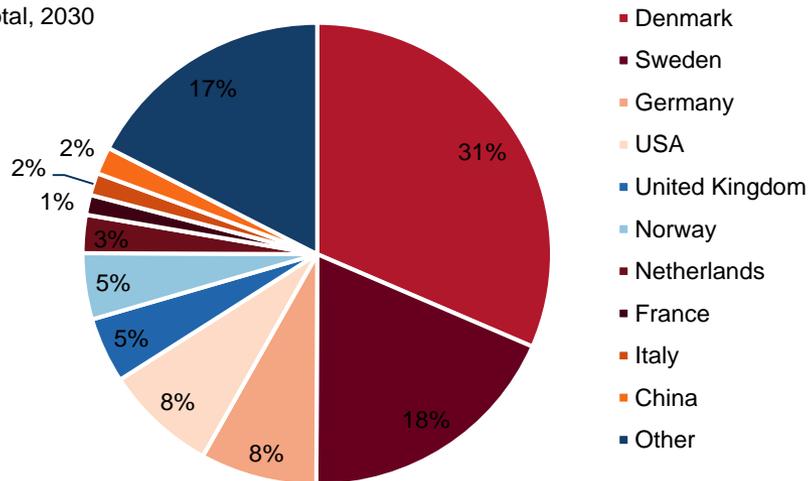
Source market mix for Greater Copenhagen in 2030

Expected growth differs across source markets to drive the baseline forecast for Greater Copenhagen

By 2030 overnights share from Sweden and Denmark will diminish significantly. In 2018 overnights from these markets together accounted for 57% of total overnights to the Greater Copenhagen area; by 2030 it is expected that their combined share will shrink to 50%. Overnights from Germany will also represent a smaller portion of the total by 2030, accounting for 8% in 2030 compared to 11% in 2018.

Overnights from a number of other top source markets should expect to gain some share over the period, with some notable gain in the share of overnights from the United States and China, from 4% to 8% and from 1% to 2% respectively.

Overnights to Greater Copenhagen by source market
% share total, 2030



Source: Tourism Economics

This chart relates to data for all types of accommodation for the wider Greater Copenhagen region.

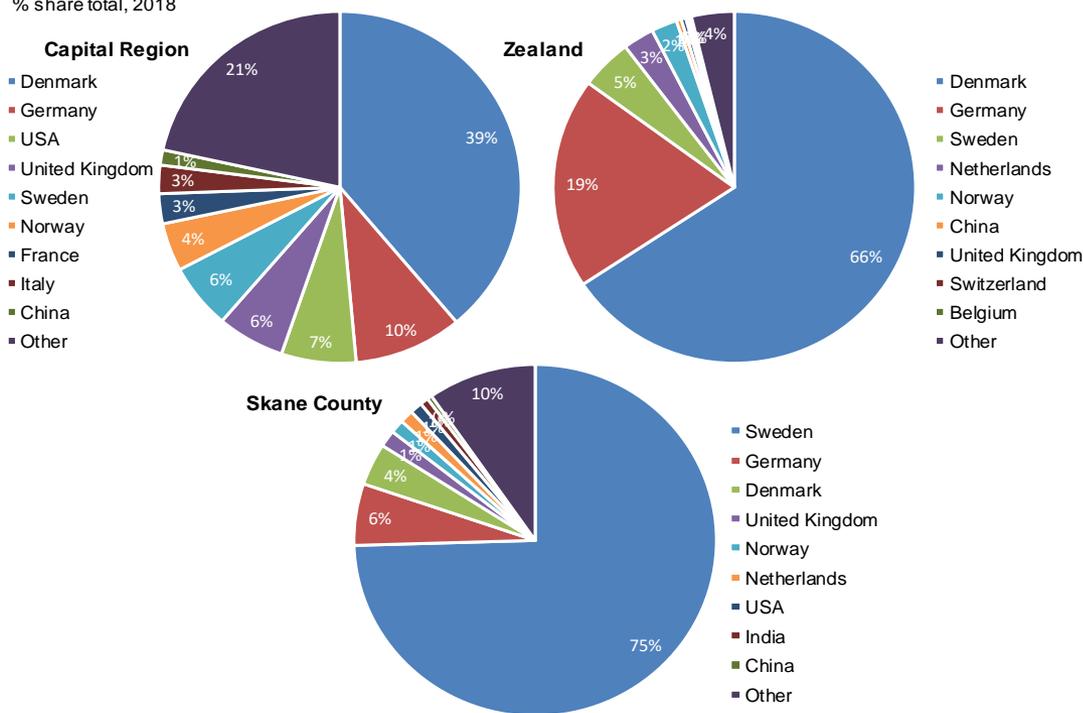
Source market mix for Greater Copenhagen regions, 2018

The source market mix varies by region within Greater Copenhagen

Within Greater Copenhagen's constituent regions the source market mix is varied. The Capital Region receives a greater share of international overnights compared to Zealand and Skåne County where domestic overnights account for a much higher share of total overnights.

In the Capital Region, arrivals from *Other* source markets (i.e., those outside the top 10) make up a much larger share of total overnights than in Zealand and Skåne. In all regions, Germany is the largest international market.

Overnights by source market to:
% share total, 2018



This chart relates to data for all types of accommodation in each constituent region of Greater Copenhagen.

Source market mix for Greater Copenhagen regions, 2030

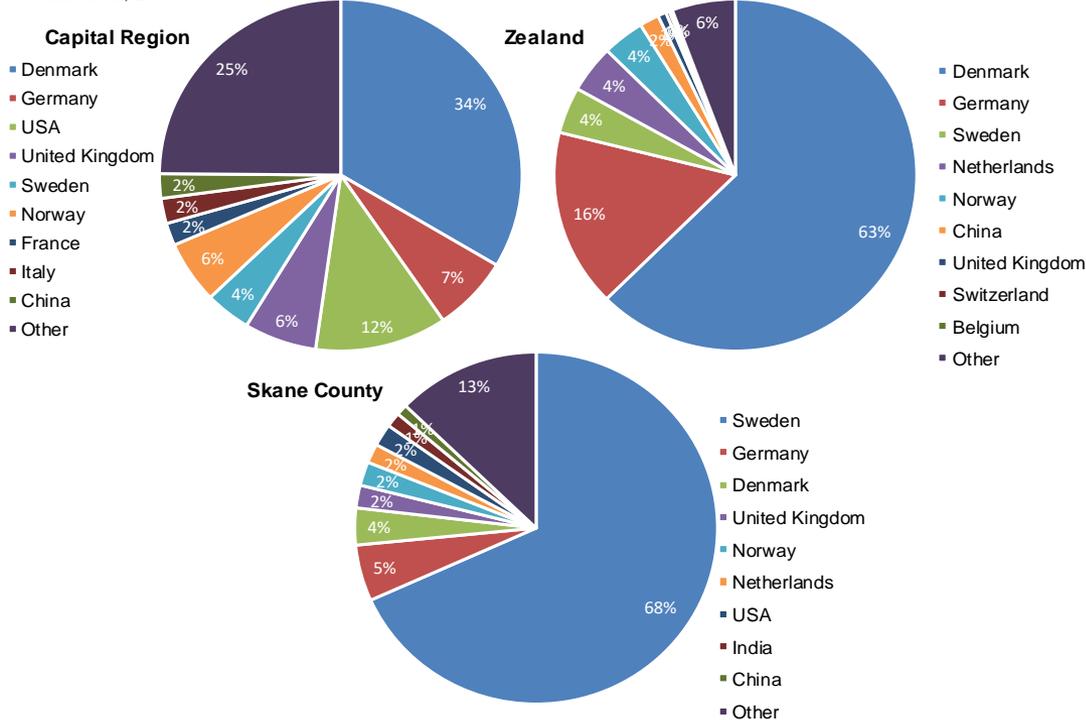
Each of Greater Copenhagen's constituent regions can expect a more varied mix of overnights by 2030 compared with 2018. Overnights from Sweden and Denmark will grow more slowly than other markets and will comprise a lower share of overall demand.

The Capital Region will maintain the greatest share of international overnights compared to Zealand and Skåne County. Overnights from international source markets are expected to become more important by 2030 compared to 2018 for each region.

Overnights from China are expected to gain share of the Capital Region demand, up from 1.4% in 2018 to 2.3% by 2030. Even greater gain is expected in Zealand with the share rising from 0.4% in 2018 to 1.7% by 2030.

The source market mix varies by region within Greater Copenhagen

Overnights by source market to:
% share total, 2030



This chart relates to data for all types of accommodation in each constituent region of Greater Copenhagen.

Source market trends for Greater Copenhagen

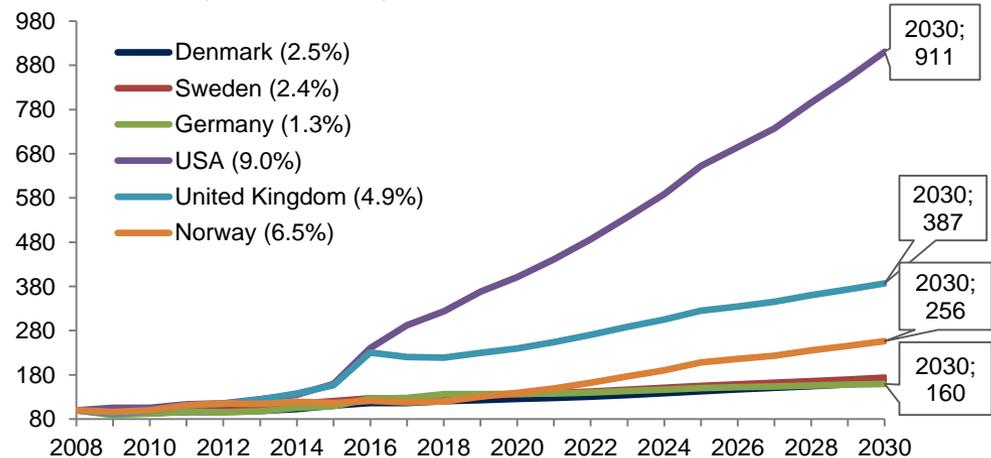
Economic growth trends will vary by source market and influence travel demand

Overnights across all accommodation types within Greater Copenhagen are expected to grow 3.6% per annum on average over the 2018-30 period, according to Tourism Economics' baseline outlook. Differing economic growth trends within source markets will drive faster growth from some markets compared to others.

Overnights growth from the United States is notable, averaging 9.0% per annum over the period, following on from some strong growth in the 2008-17 period (and between 2014-17 in particular). The US economy is currently on a firm footing, underlying momentum looks healthy (albeit risks are rising), and improving air connectivity between North America and Europe will support growth.

Overnights growth to Greater Copenhagen in all accommodation types

Index, 2008=100 (CAGR, 2018-30)



Source: Tourism Economics

Overnights growth to Greater Copenhagen by source market

	Denmark	Sweden	Germany	United Kingdom	Norway	USA	Total
CAGR, 2008-17	1.7%	2.7%	2.8%	9.2%	1.8%	12.6%	3.8%
CAGR, 2018-30	2.5%	2.4%	1.3%	4.9%	6.5%	9.0%	3.6%

Expected demand varies across Greater Copenhagen

Source market mix and different growth trends will affect the outlook by destination within Greater Copenhagen

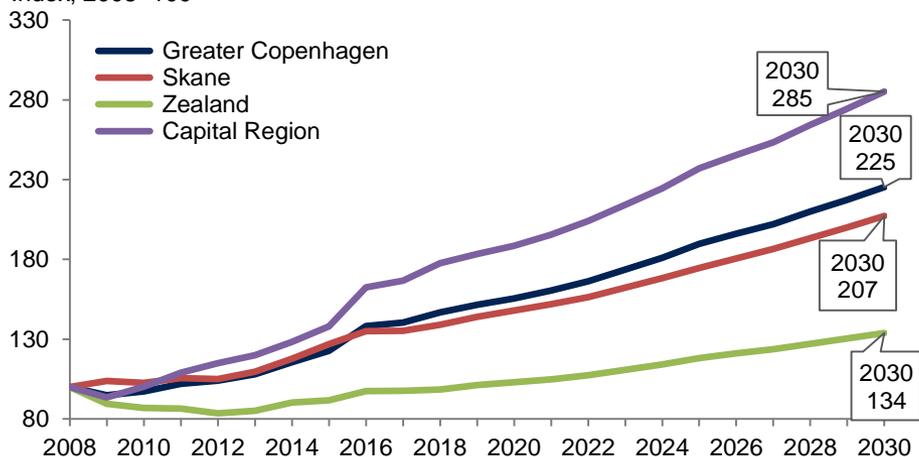
Within Greater Copenhagen, the three constituent regions will not grow at the same pace over the 2008-30 period owing, in part, to their different source market mix.

The Capital Region has the greater share of international overnights, including from some rapidly growing source markets including China and India.

Contrastingly, Skåne and Zealand are more reliant on their domestic markets (Sweden and Denmark) and have a less diverse mix of source markets, including some larger more mature markets such as Germany and Denmark and Sweden respectively. This will stifle growth relative to the Capital Region.

Overnights growth to Greater Copenhagen in all accommodation

Index, 2008=100



Source: Tourism Economics

Expected overnights growth to Greater Copenhagen by region

	Greater Copenhagen	Skåne	Zealand	Capital Region
CAGR, 2008-17	3.8%	3.4%	-0.3%	5.8%
CAGR, 2018-30	3.6%	3.4%	2.6%	4.0%

Source market accommodation preferences, Greater Copenhagen

The propensity to stay in different types of accommodation varies by source market

Accommodation preferences vary across source markets in recent observed data. Trends in property demand by source market are used to project accommodation demand and ultimately new required capacity.

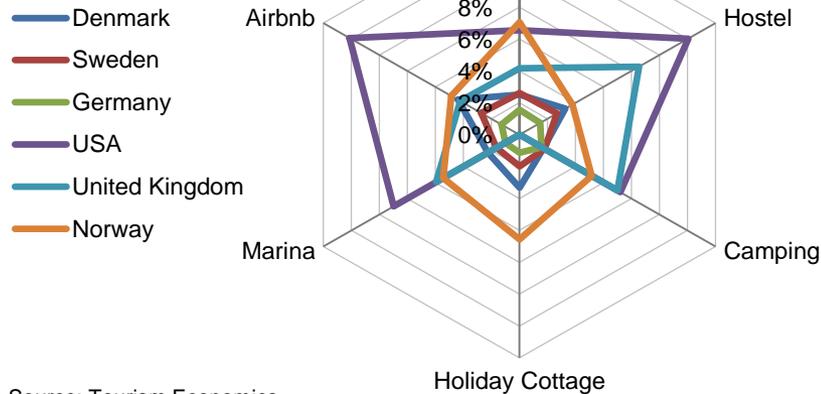
Strong demand from the United States will push demand for hostels, with average growth of 12.0% per annum expected between 2018-30.

United Kingdom demand is more skewed towards hostels and camping accommodation: annual average growth of 8.5% and 7.0% is expected.

Overnights growth from Sweden will lean towards Airbnb accommodation, while Norway is expected to show the greatest propensity for hotel and holiday cottage accommodation.

Accommodation type propensity in Greater Copenhagen by source market

CAGR, 2018-30



Source: Tourism Economics

Source market accommodation preferences, Copenhagen Capital Region

The propensity to stay in different types of accommodation varies by source market

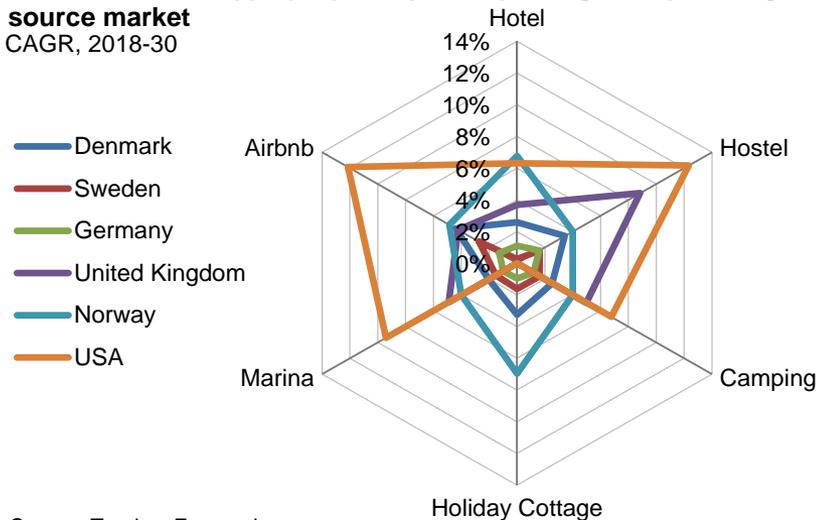
Accommodation propensities in the Capital Region are similar to those observed for Greater Copenhagen as a whole.

Growth from the United States will lean towards hostels, with average growth of 12.3% per annum expected between 2018-30, closely followed by Airbnb (12.1%).

Visitors from the United Kingdom are also more likely to lean towards hostel accommodation, but also show a greater propensity for camping accommodation.

Overnights growth from Denmark and Sweden will lean towards Airbnb accommodation, with average growth of 4.4% and 2.7% per annum is expected over the 2018-30 period.

Accommodation type propensity in Copenhagen Capital Region by source market
CAGR, 2018-30



Source: Tourism Economics

Regional preferences within Greater Copenhagen by source market

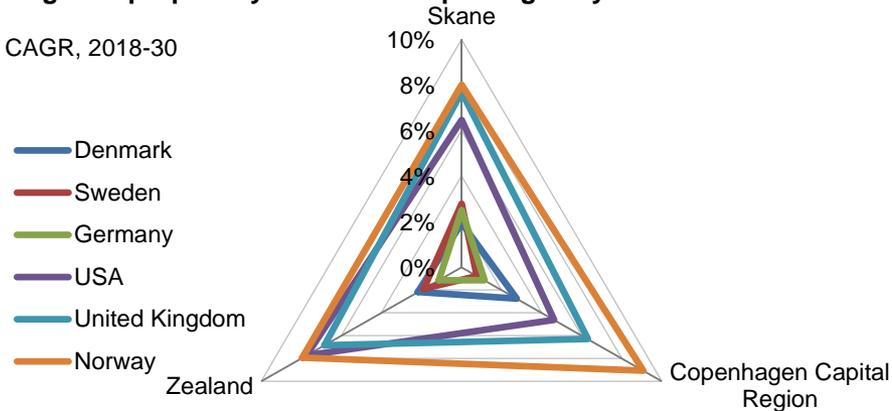
Regional preferences vary between some of Greater Copenhagen's top source markets. Expected growth by source market will influence where and what type of capacity is required.

Over the coming years, growth from the United States will lean more towards Zealand and Skåne, with respective growth of 7.7% and 6.5% expected on an average per annum basis within those regions. This reflects the lower penetration rate within these regions at present. This is also true for the United Kingdom, with respective growth of 7.7% and 6.8% expected.

The propensity to stray into different parts of Greater Copenhagen varies by source market

Regional propensity in Greater Copenhagen by source market

CAGR, 2018-30



Source: Tourism Economics

Growth by accommodation type

Expected demand growth will vary by type of accommodation according to these source market trends and preferences: Airbnb and hostel demand will continue to grow rapidly.

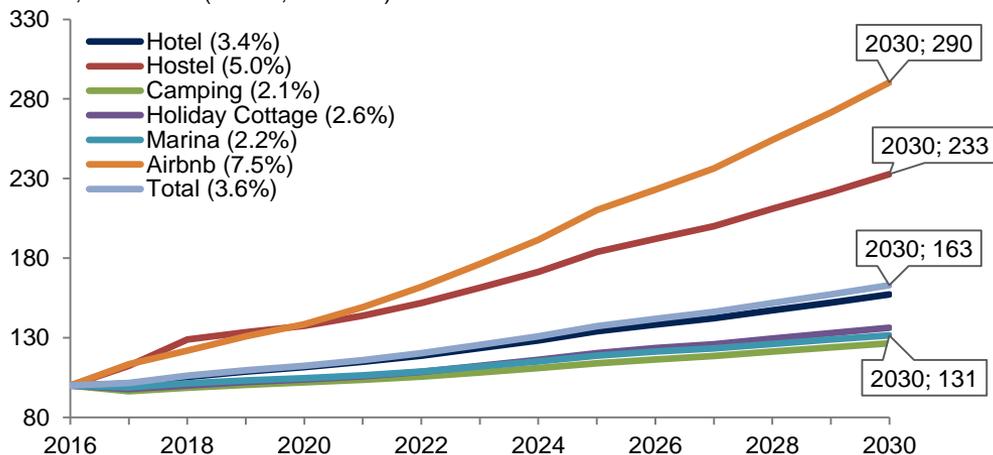
Total overnights growth to Greater Copenhagen is expected to grow at an average rate of 3.6% over the period 2018-30.

Overnights growth in two accommodation types are expected to outpace this total growth: Airbnb accommodation is set to see grow faster than all other types of available accommodation, with demand growth expected to average 7.5% per annum. Overnights at hostel accommodation are expected to grow 5.0% over the same period.

All other accommodation types should see slower overnights growth over the 2018-30 period relative to total overnights growth. Expected hotel demand growth is roughly in line with the average.

Overnights growth to Greater Copenhagen by accommodation type

Index, 2016=100 (CAGR, 2018-30)



Source: Tourism Economics

*Indexed to 2016 to include Airbnb for which no data exist prior to 2016

Growth by accommodation type varies by region

Demand growth is expected to differ across accommodation types and regions, consistent with observed trends in recent years.

In the Capital Region, overnights growth to hostels and Airbnb accommodation is expected to significantly outpace growth in all other accommodation types on an average per annum growth basis over the 2018-30 period.

In Skåne County, overnights to hotels should drive total growth, closely followed by overnights to holiday cottage accommodation.

Zealand can also expect to see a faster pace of overnights growth at hotels compared to other accommodation types. Overnights growth at holiday cottage accommodation is also expected to be notable.

Hotel demand growth is expected to be fastest in Skåne and Zealand, relative to both the wider region and also relative to hotel demand in the Capital Region.

Overnights growth by accommodation type and region, CAGR 2018-30

	Hotel	Hostel	Camping	Holiday Cottage	Marina	Airbnb	Total
Greater Copenhagen	3.4%	5.0%	2.1%	2.6%	2.2%	7.5%	3.6%
Skane	3.8%	2.5%	2.0%	2.7%	-	-	3.4%
Zealand	3.5%	2.6%	1.7%	2.6%	2.4%	-	2.6%
Capital Region	3.2%	5.6%	2.7%	2.6%	2.0%	7.5%	4.0%

Overnights by accommodation type and region, 2030 (000s)

	Hotel	Hostel	Camping	Holiday Cottage	Marina	Airbnb	Total
Greater Copenhagen	22,078	3,596	4,645	4,218	394	4,591	39,522
Skane	6,615	470	1,549	144	-	-	8,778
Zealand	2,146	125	1,724	2,177	196	-	6,368
Capital Region	13,317	3,001	1,372	1,896	198	4,591	24,376

Source: Tourism Economics

Note: "-" indicates no underlying historical data available

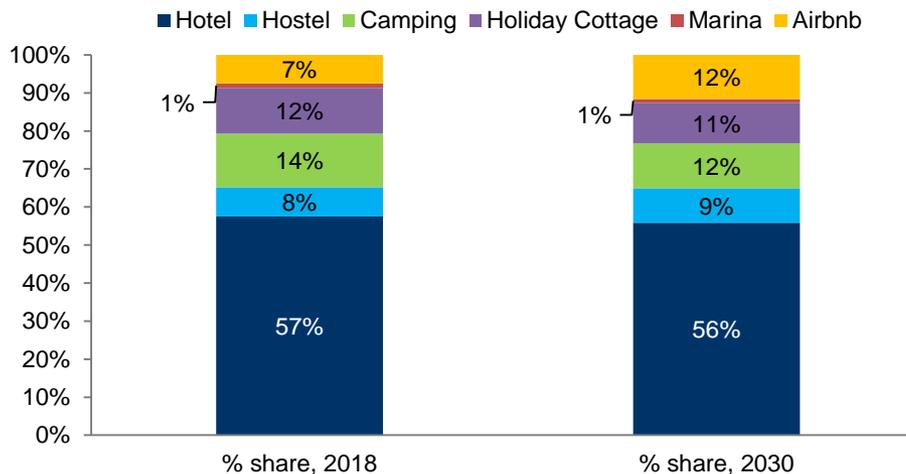
Prominence of different accommodation types will change moderately

Airbnb and hostels will take a growing share of the overnights demand, while cottage and camping demand will take a lower share.

The accommodation mix in Greater Copenhagen is currently dominated by hotels and they will still account for around three fifths of all demand in the coming years.

However, there will be some shift in Greater Copenhagen's distribution of overnights across other accommodation types. By 2030, overnights at hostel accommodation are expected to gain some share (9% compared to 8% in 2018). Overnights at Airbnb accommodation are also expected to gain some share over the period (12% of total overnights in 2030 compared to 7% in 2018). These gains come at the expense of market share of the remaining accommodation types.

Overnights to Greater Copenhagen by accommodation type



Source: Tourism Economics

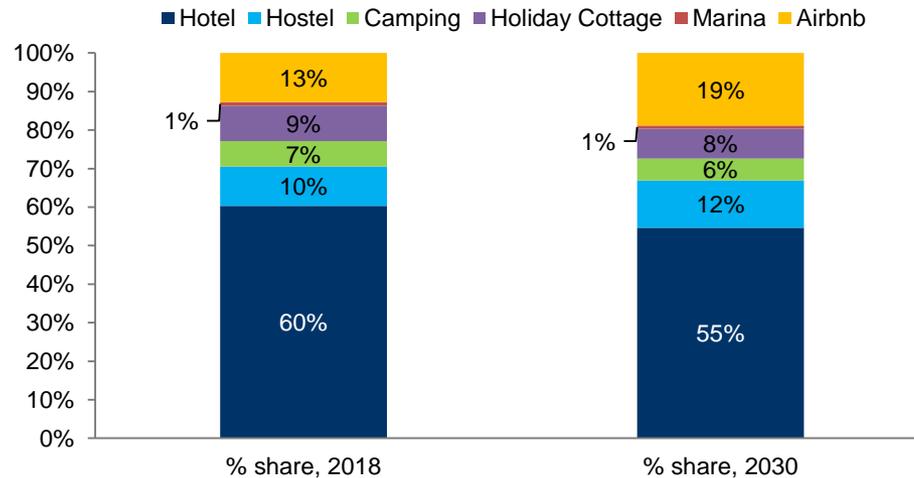
Prominence of different accommodation types will change moderately

Airbnb and hostels will take a growing share of the overnights demand, while cottage and camping demand will take a lower share.

As with Greater Copenhagen, the accommodation mix in the Capital Region is also currently dominated by hotels. Overnights at hotels accounted for 60% of total overnights to the Capital Region in 2018. The proportion of overnights at hotels will remain sizeable as a portion of total demand in the coming years, but some share will transfer to other accommodation types.

By 2030, overnights at Airbnb accommodation are expected to gain some share, accounting for 19% of total overnights compared to 13% in 2018. Overnights at hostel accommodation are also expected to gain share (12% in 2030 compared to 10% in 2018). These gains come at the expense of market share of the remaining accommodation types.

Overnights to Copenhagen Capital Region by accommodation



Source: Tourism Economics

Prominence of different accommodation types will change moderately

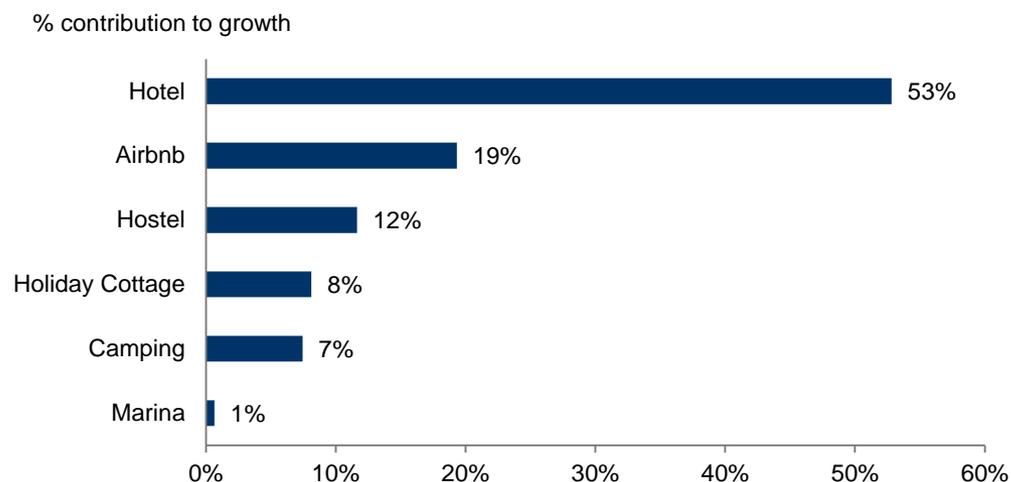
Owing to its market share, overnights at hotel accommodation will make the largest contribution to total overnights growth in Greater Copenhagen. Growth in hotel demand will account for 53% of all demand growth between 2018 and 2030.

Overnights growth at Airbnb and hostel accommodation, however, are expected to be large relative to their market share. Overnights growth at Airbnb accommodation will account for 19% of total overnights growth over the period: it currently accounts for 13% demand.

Overnights growth to hostel accommodation is expected to account for 12% of total overnights growth over the 2018-30 period, from a base of 10% of current demand.

Airbnb and hostels will make a greater contribution to growth than their current share of demand

Contribution to Greater Copenhagen overnights growth, 2018-30



Source: Tourism Economics

3. Accommodation Capacity Forecasts

New capacity is required to meet expected demand growth consistent with typical average occupancy rates

Average occupancy moves within a relatively narrow range by accommodation type over history and is expected to remain within this range over the forecast period. Annual average occupancy rates mask large seasonal fluctuations; significantly higher average occupancy rates are not likely given low occupancy will always occur in shoulder seasons.

Even including some shift in occupancy to revert to longer-run average rates, the growth in capacity needs to be largely in line with expected demand growth.

Most rapid growth is required in Airbnb and hostel capacity to meet demand

Annual average growth of 7.5% in Airbnb capacity (properties) is required to meet the rapid expected demand. It will become a sizeable accommodation segment with 8,200 properties required by 2030, more than twice the current number of properties.

4.7% growth in hostel rooms will be required, on average, to meet expected demand. This will almost double the current capacity to over 15,500 rooms. The bulk of this new capacity will be required within the Capital Region.

Less additional capacity is required for holiday cottages and marina accommodation, with an estimated cumulative increase of around 34%. New capacity would be required for campsites in order to maintain current occupancy rates, however, since occupancy rates in this segment are currently below 50%, there is not necessarily an immediate need for any new capacity.

Hotel capacity

Required hotel accommodation capacity is expected to grow broadly in line with the overall average growth in overnights, at a 3.4% annual average growth rate. This implies a 50% increase in room capacity, with comparable growth estimated for each sub-region.

Taking a five-year outlook, the development pipeline suggests that the amount of new hotel rooms will exceed demand and reduce the average occupancy rate. However, in the longer-run even more additional rooms will be required.

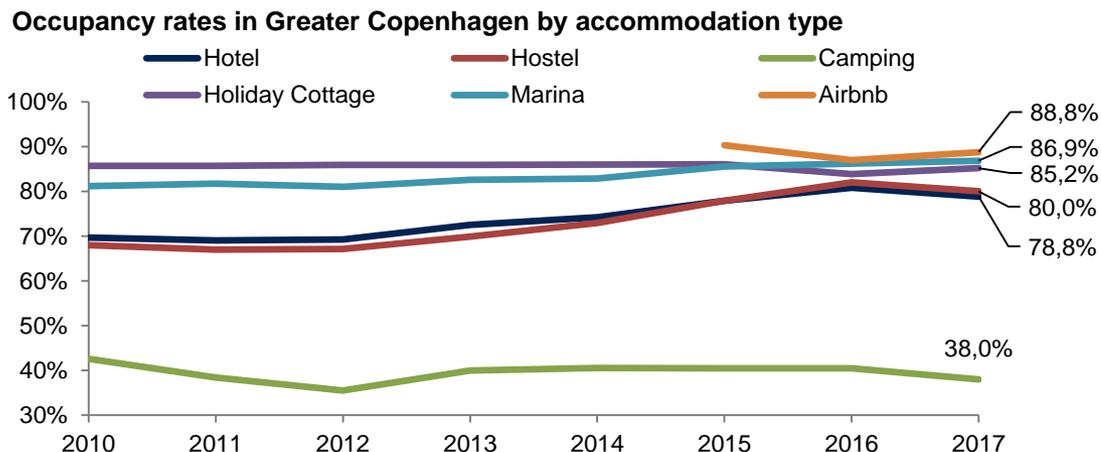
Average occupancy varies by type of accommodation

The chart opposite shows the average occupancy rate for each accommodation type, according to the most appropriate definition of capacity use. These occupancy rates vary over time, but do not deviate greatly from their average.

There is greater volatility in occupancy by month within the year. For example camping is very seasonal with much higher occupancy rates observed in summer months compare to winter.

It is assumed that average observed occupancy rates hold for future years, with a similar seasonal pattern within the year. New capacity is required to meet additional demand throughout the year. Greater Copenhagen's accommodation stock must be able to cope during peak demand months.

Average occupancy is relatively stable by accommodation type over time and average rates can be assumed to hold in the future



Source: Tourism Economics
Occupancy = Hotel & Hostel - room nights, Airbnb & Holiday Cottage - property nights, Marina - boat nights, Camping - unit nights

Occupancy definition varies across accommodation types as appropriate. Hotel & Hostel capacity is more typically defined in data in terms of room nights, hence occupancy is measured as room demand relative to available room nights. Camping capacity is defined as units, while Airbnb & Holiday Cottage capacity is defined as properties, and Marina accommodation is boat nights. In each case, demand forecasts are estimated in the same terms for occupancy calculation.

Occupancy cannot be fully compared across accommodation types but can be compared over time for each accommodation type.

Required Accommodation Capacity

Capacity growth is required for all accommodation types to meet expected demand

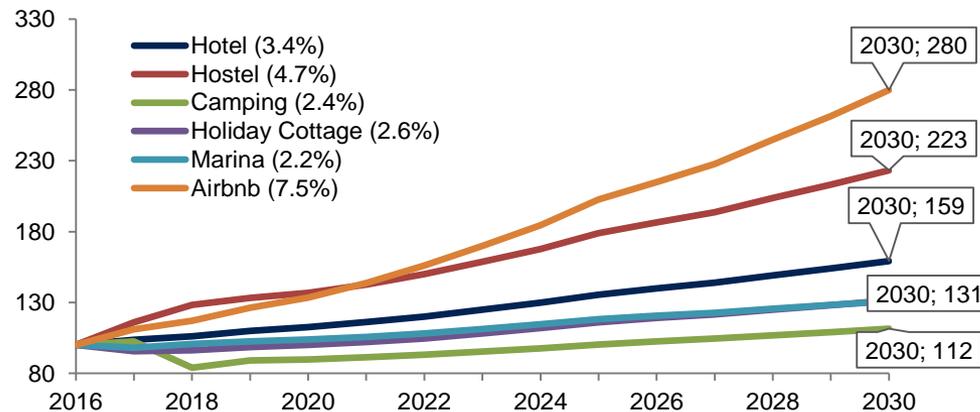
In order to maintain average occupancy rates, capacity will need to increase to meet the expected demand for each accommodation type.

Airbnb accommodation supply needs to grow by 7.5% per annum to meet demand during the peak demand month (the month in which demand is greatest as a share of annual demand). This is faster than for other accommodation types, broadly in line with demand.

Hostel accommodation will also need to grow significantly if it is to avoid strain by an average 4.7% per annum.

Camping accommodation, on account of relatively low occupancy rates, requires the lowest capacity growth – and this is only if current occupancy rates are to be sustained.

Requisite capacity growth for Greater Copenhagen by accommodation
Index, 2016=100 (CAGR, 2018-30)



Source: Tourism Economics

*Indexed to 2016 to include Airbnb for which no data exist prior to 2016

Required Accommodation Capacity

New capacity growth is required for all accommodation types under baseline growth assumptions, including around 22,700 new hotel rooms, 6,600 new hostel rooms and 4,800 new Airbnb properties to maintain occupancy rates during peak demand months.

Baseline: Capacity requirement for Greater Copenhagen in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	45.2	46.9	48.0	49.5	51.2	53.2	55.3	57.7	59.6	61.3	63.5	65.7	67.9	22.7
Hostel	8.9	9.2	9.5	9.9	10.4	11.0	11.6	12.4	12.9	13.4	14.1	14.8	15.5	6.6
Camping	52.8	56.0	56.5	57.5	58.6	60.0	61.5	63.2	64.5	65.8	67.3	68.7	70.2	17.4
Holiday Cottage	20.8	21.3	21.7	22.1	22.7	23.5	24.3	25.1	25.8	26.3	27.1	27.8	28.5	7.6
Marina	2.5	2.6	2.6	2.7	2.7	2.8	2.9	3.0	3.0	3.1	3.2	3.2	3.3	0.8
Airbnb	3.4	3.7	3.9	4.2	4.6	5.0	5.4	5.9	6.3	6.7	7.2	7.7	8.2	4.8

Source: Tourism Economics

Capacity = Hotel & Hostel - rooms, Camping - units, Airbnb & Holiday Cottage - properties, Marina - boats

Based on the baseline demand assumptions, there is a requirement for 4,300 new hotel rooms by 2021 based on capacity in 2018.

The development pipeline suggests that 9,000 new rooms will actually be built by 2021, exceeding the requirement based on expected demand. This would push occupancy down, but it would remain around 70% and well within the range of typical occupancy over the past 5 years. Following the usual pattern in the hotel sector, this lower occupancy would lead to some falls in ADR, or subdued growth which may promote some more demand. This could have the effect of bringing forward some of the expected demand.

Even within the baseline outlook, the number of new rooms required by around 2023 will be in line with the development pipeline. Additional new rooms will be required beyond this planned development for subsequent years.

Required Accommodation Capacity

More new capacity growth is required in the Capital Region, including more than half of new hotel rooms and the majority of new hostel rooms.

Baseline: Capacity requirement for Skane in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	15.4	16.2	16.6	17.2	17.7	18.5	19.2	20.1	20.8	21.6	22.5	23.4	24.3	8.9
Hostel	2.6	2.7	2.8	2.8	2.9	3.0	3.1	3.2	3.2	3.3	3.4	3.5	3.6	0.9
Camping	24.3	25.8	26.0	26.5	27.0	27.6	28.2	28.9	29.5	30.1	30.7	31.3	32.0	7.7
Holiday Cottage	1.1	1.2	1.2	1.2	1.2	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.6	0.4
Marina	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Baseline: Capacity requirement for Zealand in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	4.4	4.4	4.6	4.7	4.8	5.0	5.2	5.4	5.6	5.8	6.0	6.2	6.5	2.0
Hostel	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.1
Camping	15.6	16.4	16.5	16.8	17.0	17.3	17.7	18.1	18.4	18.6	19.0	19.3	19.6	4.0
Holiday Cottage	9.5	9.8	9.9	10.1	10.4	10.7	11.1	11.5	11.8	12.0	12.3	12.6	12.9	3.4
Marina	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.6	1.7	1.7	1.7	0.4

Baseline: Capacity requirement for Capital Region in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	25.4	26.2	26.8	27.7	28.6	29.7	30.9	32.2	33.1	33.9	35.0	36.1	37.1	11.7
Hostel	5.9	6.1	6.3	6.6	7.1	7.6	8.1	8.8	9.2	9.6	10.2	10.8	11.4	5.5
Camping	13.0	13.8	13.9	14.2	14.6	15.1	15.6	16.2	16.7	17.1	17.6	18.1	18.6	5.6
Holiday Cottage	10.2	10.4	10.6	10.8	11.1	11.5	11.8	12.3	12.6	12.9	13.3	13.6	14.0	3.8
Marina	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.5	1.5	0.3
Airbnb	3.4	3.7	3.9	4.2	4.6	5.0	5.4	5.9	6.3	6.7	7.2	7.7	8.2	4.8

Source: Tourism Economics

Note: Airbnb data are not presently available for Skane or Zealand

Capacity = Hotel & Hostel - rooms, Camping - units, Airbnb & Holiday Cottage - properties, Marina - boats

4. Alternative Demand Assumptions

Alternative scenarios

Upside and downside scenarios have been constructed around the baseline outlook to provide a range of demand forecasts and required new accommodation capacity. This reflects some of the uncertainty in data and estimates. Baseline projections are consistent with Oxford Economics global macroeconomic and travel forecasts.

Upside forecasts are consistent with National Tourism Strategy (NTS) assumptions. This gives an estimate of the new capacity required to meet the NTS targets.

Downside forecasts have been constructed, consistent with uncertainty in data and in the economic and tourism outlook.

NTS assumptions will require significant additional capacity

An estimated fourfold increase in Airbnb capacity is required under the NTS assumptions, while hostel accommodation will need to more than double.

Roughly 13,300 more hotel rooms will be required under NTS assumptions compared with the baseline. In total 22,400 more units (units vary by accommodation type) will be required by 2030 compared with current capacity. This is significantly greater than the current development pipeline due to open by 2021.

Downside demand growth assumptions will still require new capacity growth

With the exception of campsites, additional capacity will be required for all accommodation types to meet demand under the slower downside growth assumptions, albeit less than are required under the baseline assumptions.

Around 9,800 new hotel rooms will be required by 2030 compared with current capacity. This is 5,300 less than the requirement under baseline demand assumptions. Additional new capacity will be required by 2030 above the current development pipeline.

Alternative demand growth assumption

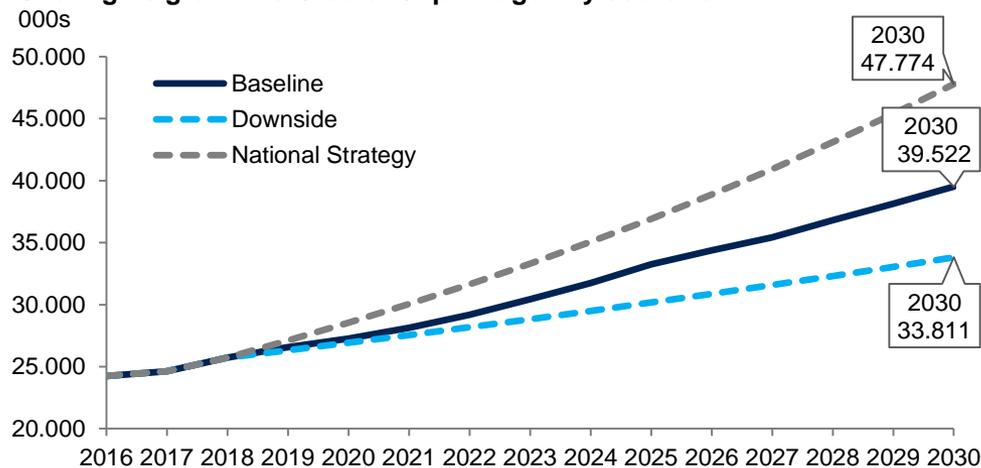
Baseline forecast is for 13.8mn more overnights in 2030 than in 2018; within a range of 8-22mn extra overnights according to alternative assumptions.

In the baseline outlook, overnights to the Greater Copenhagen area are expected to reach 39.5mn by 2030 from 25.7mn in 2018: 13.8mn additional overnights.

If the National Tourism Strategy (NTS) growth expectation* of 5.3% per annum between 2018 and 2030 is realised this would translate to 47.8mn overnights in 2030: 8.3mn more overnights compared to 2030 levels in the baseline forecast; or 22.0mn more nights than in 2018.

In a downside scenario of lower demand growth, 33.8mn overnights would be expected in 2030: 5.7mn fewer than in 2030 levels in the baseline forecast; or just 8.0mn more overnights than in 2018.

Overnights growth to Greater Copenhagen by scenario



Source: Tourism Economics, Wonderful Copenhagen

*NTS is for the years to 2025, implying an annual average 5.3% growth for the Capital Region for the years 2018-25. This average growth rate has been applied to Greater Copenhagen for years to 2030 as an upside case.

Faster demand growth assumption

Under a scenario of faster demand (consistent with NTS) 47.8mn overnights are expected for Greater Copenhagen – 8.3mn more compared to the baseline – with some accommodation types more exposed than others.

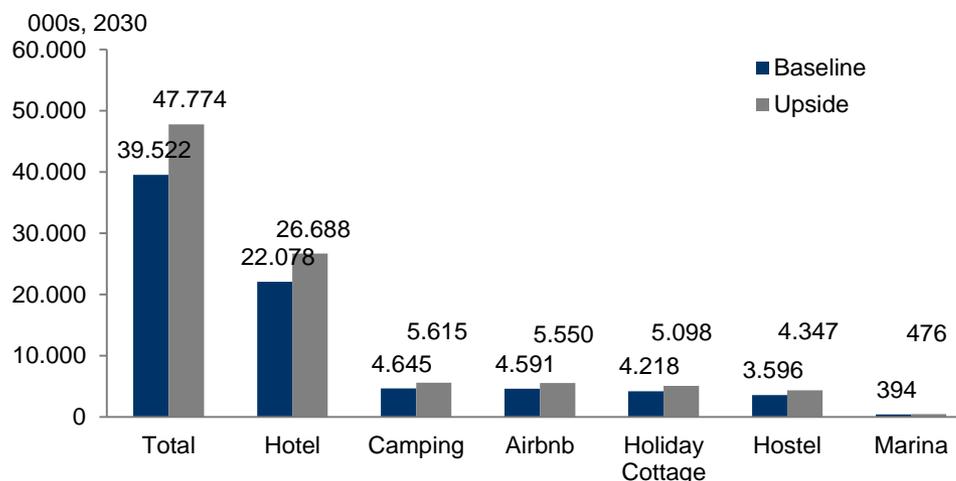
By 2030, 47.8mn overnights are expected under the upside assumption. This is 8.3mn more overnights than under the baseline, requiring additional room and bed capacity.

An additional 4.6mn overnights are expected at hotel accommodation on top of the 22.1mn in the baseline. Considerably more hotel rooms will be needed to maintain occupancy rates in the peak demand month under these upside assumptions.

Capacity for 5.6mn overnights at camping accommodation would be required under the upside (970,000 more overnights than expected in the baseline outlook) in order to maintain current occupancy rates during the peak demand month. However, there is ample scope for occupancy rate growth within this segment.

5.5mn overnights are expected at Airbnb accommodation in the upside scenario versus 4.5mn in the baseline.

Expected overnights in Greater Copenhagen in 2030 by accommodation



Source: Tourism Economics

Faster demand growth assumption

Under baseline assumptions, 22,700 new hotel rooms are required by 2030 in order to keep occupancy rates in check in the peak demand month. In the upside scenario this rises to 36,900 rooms.

To maintain current occupancy rates in its peak demand month, camping accommodation will require an additional 17,400 units by 2030 in the baseline scenario. In the upside, this rises to 32,000 units. However, there is ample room for occupancy rate growth within camping accommodation, meaning new units are not essential.

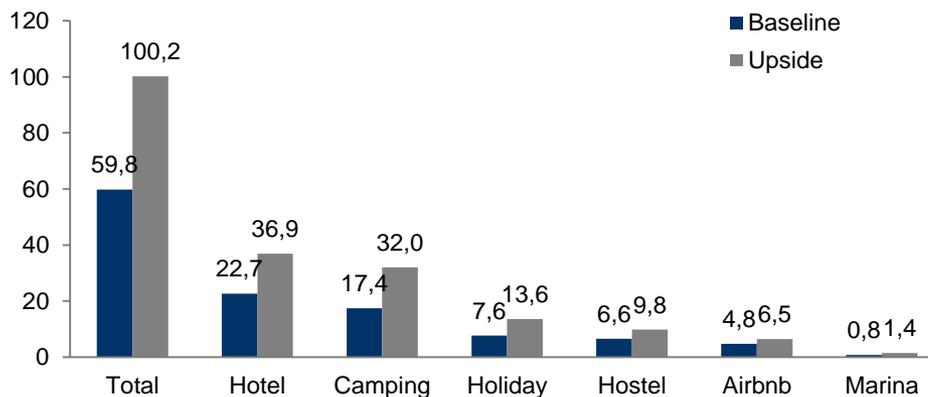
4,800 properties need to be added to the Airbnb 2018 stock-level by 2030 in the baseline, and 6,500 in the upside if occupancy rates are to be maintained.

New capacity is required in all other segments if current occupancy rates are to be maintained, as shown in the chart opposite.

Additional new rooms and beds are required under alternative scenarios

Additional capacity required in peak demand month in Greater Copenhagen by 2030 by accommodation type and scenario

Variable units, 000s



Source: Tourism Economics

Capacity = Hotel & Hostel - rooms, Camping - units, Airbnb & Holiday Cottage - properties, Marina - boats

Required accommodation under faster demand growth assumption

Additional new capacity growth is required for all accommodation types under upside growth assumptions, including around 28,400 new hotel rooms, 5,700 new hostel rooms, and 1,400 new Airbnb properties.

National Strategy/ Upside: Capacity requirement for Greater Copenhagen in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	45.2	47.8	50.3	52.8	55.5	58.2	61.1	64.1	67.4	70.8	74.4	78.1	82.0	36.9
Hostel	8.9	9.4	9.9	10.6	11.3	12.0	12.8	13.8	14.6	15.5	16.5	17.6	18.7	9.8
Camping	52.8	57.1	59.1	61.4	63.6	65.7	68.0	70.1	73.0	76.0	78.7	81.8	84.8	32.0
Holiday Cottage	20.8	21.8	22.7	23.6	24.6	25.7	26.8	27.9	29.2	30.4	31.7	33.0	34.4	13.6
Marina	2.5	2.6	2.7	2.8	2.9	3.1	3.2	3.3	3.4	3.6	3.7	3.8	4.0	1.4
Airbnb	3.4	3.8	4.1	4.5	5.0	5.5	6.0	6.6	7.1	7.7	8.4	9.1	9.9	6.5

Source: Tourism Economics

Capacity = Hotel & Hostel - rooms, Camping - units, Airbnb & Holiday Cottage - properties, Marina - boats

Required accommodation under faster demand growth assumption

New capacity growth is still skewed towards the Capital Region in the upside scenario

National Strategy/ Upside: Capacity requirement for Skane in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	15.4	16.5	17.4	18.3	19.2	20.2	21.2	22.3	23.6	25.0	26.3	27.8	29.4	14.0
Hostel	2.6	2.8	2.9	3.0	3.2	3.3	3.4	3.5	3.7	3.8	4.0	4.2	4.3	1.7
Camping	24.3	26.3	27.2	28.3	29.3	30.2	31.2	32.0	33.3	34.7	35.9	37.3	38.7	14.4
Holiday Cottage	1.1	1.2	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.7	1.7	1.8	1.9	0.8
Marina	-	-	-	-	-	-	-	-	-	-	-	-	-	-

National Strategy/ Upside: Capacity requirement for Zealand in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	4.3	4.6	4.8	5.0	5.2	5.5	5.8	6.0	6.4	6.7	7.0	7.4	7.8	3.5
Hostel	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.2
Camping	15.6	16.7	17.3	17.9	18.5	19.0	19.5	20.1	20.8	21.5	22.2	23.0	23.7	8.1
Holiday Cottage	9.5	10.0	10.4	10.8	11.2	11.7	12.2	12.7	13.3	13.8	14.4	15.0	15.6	6.1
Marina	1.3	1.4	1.4	1.5	1.5	1.6	1.7	1.7	1.8	1.9	2.0	2.0	2.1	0.8

National Strategy/ Upside: Capacity requirement for Capital Region in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	25.4	26.7	28.1	29.5	31.0	32.5	34.1	35.8	37.5	39.2	41.0	42.9	44.8	19.4
Hostel	5.9	6.2	6.6	7.1	7.7	8.3	9.0	9.7	10.4	11.1	12.0	12.8	13.8	7.9
Camping	13.0	14.1	14.5	15.2	15.8	16.5	17.3	18.0	18.9	19.7	20.6	21.5	22.5	9.5
Holiday Cottage	10.2	10.6	11.0	11.5	12.0	12.5	13.1	13.6	14.3	14.9	15.5	16.2	16.9	6.7
Marina	1.2	1.3	1.3	1.3	1.4	1.5	1.5	1.6	1.6	1.7	1.7	1.8	1.9	0.6
Airbnb	3.4	3.8	4.1	4.5	5.0	5.5	6.0	6.6	7.1	7.7	8.4	9.1	9.9	6.5

Source: Tourism Economics

Note: Airbnb data are not presently available for Skane or Zealand

Capacity = Hotel & Hostel - rooms, Camping - units, Airbnb & Holiday Cottage - properties, Marina - boats

Slower demand growth assumption

Under a scenario of slower demand growth, less additional accommodation would be required than under the baseline assumptions.

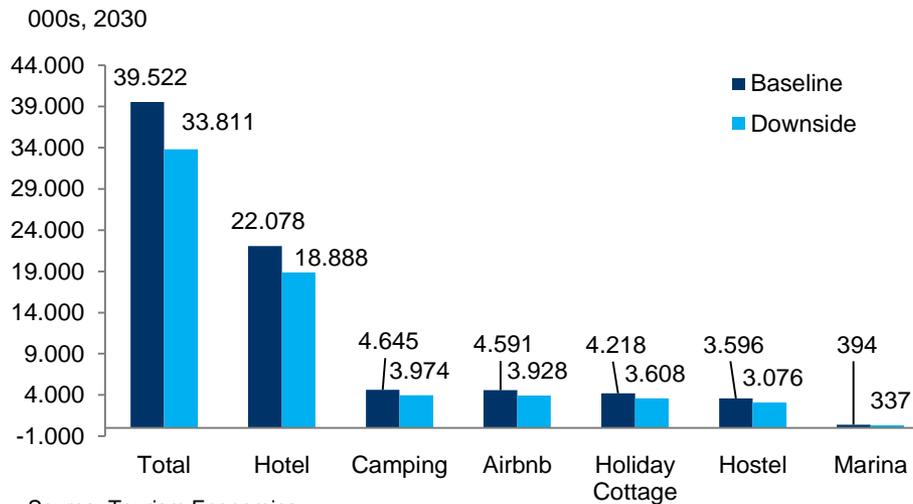
Slower demand growth under the downside scenario will place less strain on current accommodation capacity requiring fewer new rooms, etc..

By 2030, 33.8mn overnights are expected under the downside assumption. This is 5.7mn less than in the baseline, but still represents growth from current levels of demand. Of this, 3.2mn fewer overnights are expected at hotel accommodation than under the baseline.

4.0mn overnights are expected at camping accommodation in the downside – 671,000 fewer overnights than in the baseline outlook.

3.9mn overnights are expected at Airbnb accommodation in the downside scenario versus 4.6mn in the baseline.

Expected overnights in Greater Copenhagen in 2030 by accommodation type and scenario



Slower demand growth assumption

Under a scenario of slower demand growth, less new accommodation capacity would be required in peak demand months.

Lower demand will translate to a requirement for fewer new accommodation units.

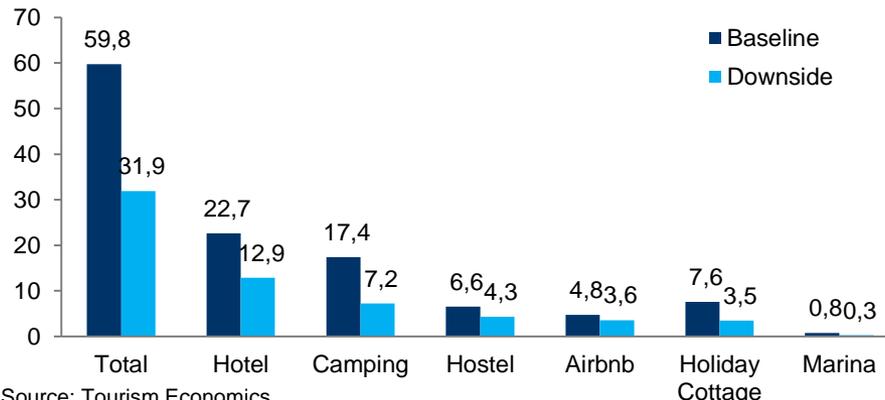
By 2030, 12,900 new hotel rooms will be required under low growth assumptions in order to maintain occupancy in the peak demand month, compared with 22,700 new rooms under baseline assumptions. 4,300 new hostel rooms are required under downside growth assumptions compared to 6,600 in the baseline.

Only 3,600 new Airbnb properties would be required under downside growth assumptions compared with 4,800 in the baseline.

Given current low occupancy rates, new camping capacity is not essential. However, to maintain current occupancy rates during the peak demand month, 7,200 units are needed. This compares to 17,400 units in the baseline scenario.

Additional capacity required in peak demand month in Greater Copenhagen by 2030 by accommodation type and scenario

Variable units, 000s



Source: Tourism Economics

Capacity = Hotel & Hostel - rooms, Camping - units, Airbnb & Holiday Cottage - properties, Marina - boats

Required accommodation under slower demand growth assumption

New capacity growth is still required for most accommodation types under downside growth assumptions, including around 12,900 new hotel rooms, 4,300 new hostel rooms, and 3,600 new Airbnb properties.

Downside: Capacity requirement for Greater Copenhagen in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	45.2	46.4	47.5	48.5	49.4	50.4	51.4	52.4	53.5	54.7	55.8	56.9	58.1	12.9
Hostel	8.9	9.1	9.4	9.7	10.0	10.4	10.8	11.2	11.6	12.0	12.4	12.8	13.2	4.3
Camping	52.8	55.5	55.8	56.3	56.6	56.9	57.2	57.3	57.9	58.6	59.0	59.6	60.0	7.2
Holiday Cottage	20.8	21.1	21.4	21.7	21.9	22.2	22.5	22.8	23.2	23.5	23.8	24.1	24.4	3.5
Marina	2.5	2.6	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.8	2.8	2.8	0.3
Airbnb	3.4	3.7	3.9	4.1	4.4	4.7	5.0	5.4	5.7	5.9	6.3	6.6	7.0	3.6

Source: Tourism Economics

Capacity = Hotel & Hostel - rooms, Camping - units, Airbnb & Holiday Cottage - properties, Marina - boats

Required accommodation under slower demand growth assumption

New capacity growth is still skewed towards the Capital Region in the downside scenario

Downside: Capacity requirement for Skane in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	15.4	16.0	16.4	16.8	17.1	17.5	17.9	18.2	18.7	19.3	19.7	20.3	20.8	5.4
Hostel	2.6	2.7	2.7	2.8	2.8	2.8	2.9	2.9	2.9	3.0	3.0	3.0	3.1	0.4
Camping	24.3	25.6	25.7	26.0	26.1	26.2	26.2	26.2	26.5	26.8	26.9	27.2	27.4	3.1
Holiday Cottage	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	0.2
Marina	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Downside: Capacity requirement for Zealand in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	4.3	4.4	4.5	4.6	4.7	4.8	4.8	4.9	5.1	5.2	5.3	5.4	5.5	1.2
Hostel	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.1
Camping	15.6	16.3	16.3	16.4	16.4	16.4	16.4	16.4	16.5	16.6	16.7	16.7	16.8	1.2
Holiday Cottage	9.5	9.7	9.8	9.9	10.0	10.1	10.3	10.4	10.6	10.7	10.8	10.9	11.0	1.5
Marina	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5	0.2

Downside: Capacity requirement for Capital Region in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	25.4	26.0	26.5	27.1	27.6	28.2	28.7	29.2	29.7	30.2	30.8	31.2	31.7	6.3
Hostel	5.9	6.1	6.2	6.5	6.8	7.2	7.5	8.0	8.3	8.6	9.0	9.3	9.7	3.9
Camping	13.0	13.7	13.7	14.0	14.1	14.3	14.5	14.7	15.0	15.2	15.4	15.7	15.9	2.9
Holiday Cottage	10.2	10.3	10.4	10.6	10.7	10.9	11.0	11.2	11.3	11.5	11.6	11.8	12.0	1.8
Marina	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	0.1
Airbnb	3.4	3.7	3.9	4.1	4.4	4.7	5.0	5.4	5.7	5.9	6.3	6.6	7.0	3.6

Source: Tourism Economics

Note: Airbnb data are not presently available for Skane or Zealand

Capacity = Hotel & Hostel - rooms, Camping - units, Airbnb & Holiday Cottage - properties, Marina - boats

5. Demand and Capacity – Copenhagen City

Demand for overnights to Copenhagen City

Historically, Copenhagen City has outperformed the wider Capital Region and it is anticipated that overnights growth to the City will continue to outpace growth to the wider Capital Region at 4.6% versus 4.0% per annum over the 2018-30 period. Both of these more focussed definitions of Copenhagen outperform the Greater Copenhagen area (3.6%).

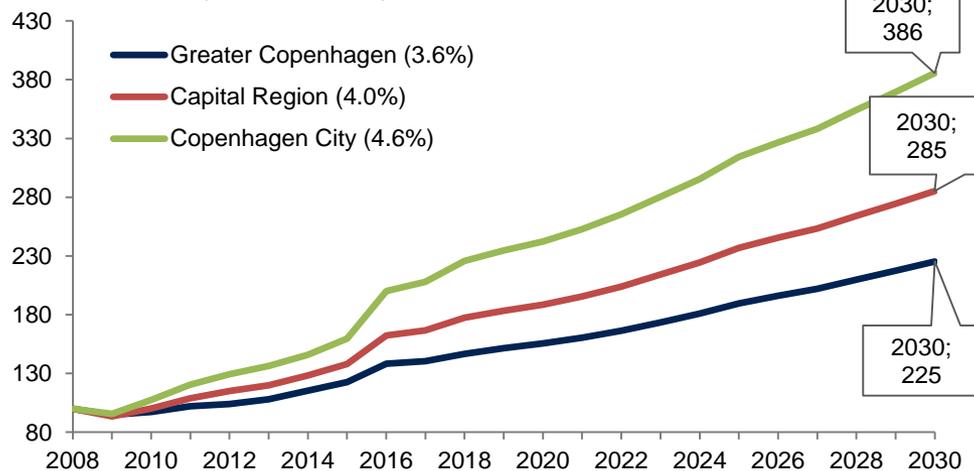
The different growth dynamics observed within each distinct definition is determined by the source market mix therein. Demand in the Greater Copenhagen area is primarily serviced by more mature source markets such as Denmark, Sweden, and Germany, which together accounted for 61% of total overnights in 2018.

Copenhagen City has less dependence on these markets with a larger share of some faster growing source markets such as the United States, compared to both the Capital Region and Greater Copenhagen.

The demand for overnights to Copenhagen City will outpace growth to the Capital Region and Greater Copenhagen as a whole

Overnights growth to Copenhagen by area

Index, 2008=100 (CAGR, 2018-30)



Source: Tourism Economics

Key source market % share of total overnights by region, 2018

	Denmark	Sweden	Germany	United Kingdom	Norway	USA	Other
Greater Copenhagen	33%	19%	9%	5%	7%	4%	23%
Capital Region	39%	6%	10%	6%	7%	4%	28%
Copenhagen City	29%	6%	7%	8%	9%	5%	35%

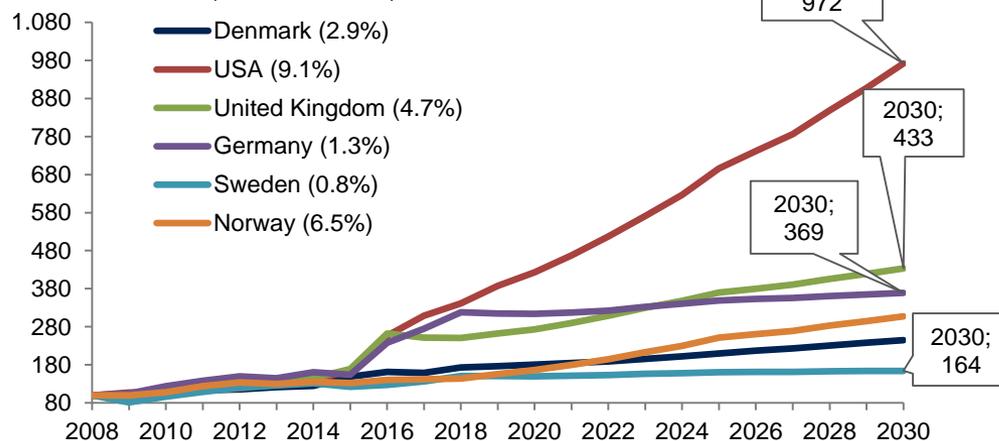
Demand for overnights to Copenhagen City

The demand for overnights to Copenhagen City comes from a broader set of source markets

Within Copenhagen City, the fastest rate of overnights growth will come from the United States (9.1% on average per annum over the 2018-30 period), followed by Norway (6.5%), in keeping with some recent strong overnights growth.

Growth from the United Kingdom is also expected to be significant at 4.7% per annum over the 2018-30. Growth from some larger, more mature source markets (e.g., Denmark, Sweden, and Germany) is modest in growth terms, but this translates to some sizeable volumes.

Overnights growth to Copenhagen City in all accommodation types by source market
Index, 2008=100 (CAGR, 2018-30)



Source: Tourism Economics

Overnights growth to Copenhagen City by source market

	Denmark	USA	United Kingdom	Germany	Sweden	Norway	Total
CAGR, 2008-17	5.3%	13.4%	10.8%	11.9%	3.5%	4.0%	8.5%
CAGR, 2018-30	2.9%	9.1%	4.7%	1.3%	0.8%	6.5%	4.6%

Accommodation preferences by source market

Visitors from the United States show a clear preference for Airbnb and hostel accommodation compared to other source markets for stays within the City area.

Visitors from the United Kingdom show a preference for hostel accommodation, with this segment expected to enjoy some higher rates of growth from UK travellers compared to other accommodation segments.

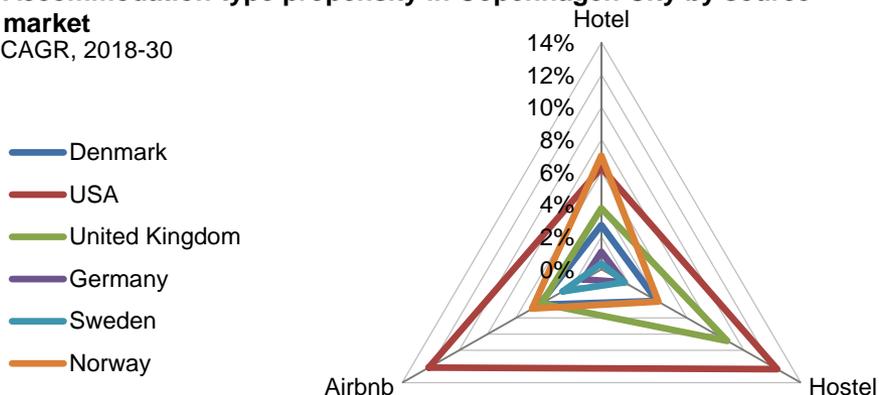
Overnights growth from Germany is likely to be much more evenly spread across each segment compared to other key source markets.

Holiday cottages and camping accommodation are not available within Copenhagen City and are therefore omitted from the analysis for Copenhagen City. Marina accommodation has been omitted from charts on account of relatively low overnights volumes.

| Tourism Economics

Copenhagen City's mix of source markets and their accommodation preference will determine in which accommodation segments capacity growth is required

Accommodation type propensity in Copenhagen City by source market
CAGR, 2018-30



Source: Tourism Economics

Note: Holiday Cottages and Camping accommodation have no representation in Copenhagen City and have therefore been omitted from the analysis.

Overnights growth by accommodation type

Airbnb accommodation will see the most growth in overnights, given a growing preference for this type of accommodation amongst Copenhagen City's key source markets. Overnights to Airbnb properties will grow an average 7.5% per annum over the 2018-30 period.

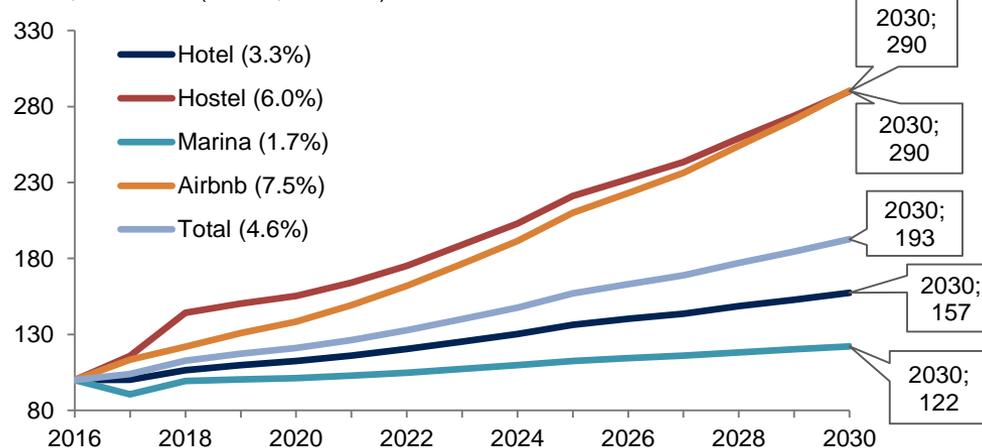
Hostel accommodation is highly preferred amongst some key source markets (the United Kingdom, the United States, and Norway all demonstrate a preference for hostel accommodation), and should expect to see average growth of 6% per annum over the 2018-30 period.

Hotel accommodation should see growth of 3.3% on average per annum over the 2018-30 period. This is slower compared to total overnights growth to Copenhagen City.

Copenhagen City's source market mix and the accommodation preferences therein yield a varied growth picture by accommodation type

Overnights growth to Copenhagen City by accommodation type

Index, 2016=100 (CAGR, 2018-30)



Source: Tourism Economics

*Indexed to 2016 to include Airbnb for which no data exist prior to 2016

Note: Holiday Cottages and Camping accommodation have no representation in Copenhagen City and have therefore been omitted from the analysis.

Overnights mix in Copenhagen City, 2018 vs. 2030

Demand growth for Airbnb and hostel accommodation over the 2018-30 period will steal market share from the hotel segment

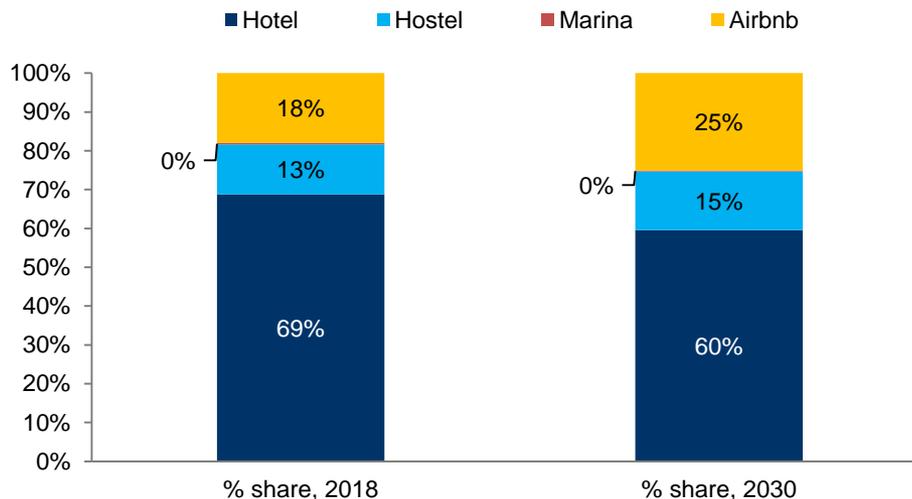
At present, overnights to Copenhagen City heavily favour hotels. This will remain the case in 2030, however, the segment will lose some market share to Airbnb and hostel accommodation over the period. By 2030, hotels will accommodate 60% of total overnights demand, down from 69% in 2018.

Airbnb properties' share of demand will more than double to accommodate 25% of total demand within the City in 2030, up from 18% in 2018.

Hostel accommodation will account for around 15% of total demand in 2030, up marginally from 13% in 2018.

Marina/ boat accommodation's share of total overnights within the City will remain negligible.

Overnights to Copenhagen City by accommodation type



Source: Tourism Economics

Note: Holiday Cottages and Camping accommodation have no representation in Copenhagen City and have therefore been omitted from the analysis.

Overnights to Copenhagen City under baseline demand assumptions

Baseline: Overnights to Copenhagen City, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Hotel	7,378	7,604	7,792	8,045	8,342	8,687	9,033	9,452	9,718	9,960	10,295	10,596	10,911
Hostel	1,376	1,433	1,481	1,565	1,672	1,802	1,936	2,109	2,216	2,322	2,473	2,614	2,768
Camping	-	-	-	-	-	-	-	-	-	-	-	-	-
Holiday Cottage	-	-	-	-	-	-	-	-	-	-	-	-	-
Marina	43	44	44	45	45	47	48	49	50	50	51	52	53
Airbnb	1,928	2,070	2,190	2,359	2,561	2,789	3,026	3,323	3,527	3,737	4,019	4,291	4,591
Total	10,725	11,151	11,507	12,013	12,620	13,324	14,043	14,933	15,510	16,069	16,838	17,554	18,323

Source: Tourism Economics

Hotel occupancy vs. guests per Airbnb property

There is a clear relationship between hotel occupancy rates during high demand months and the utilisation rate of Airbnb properties

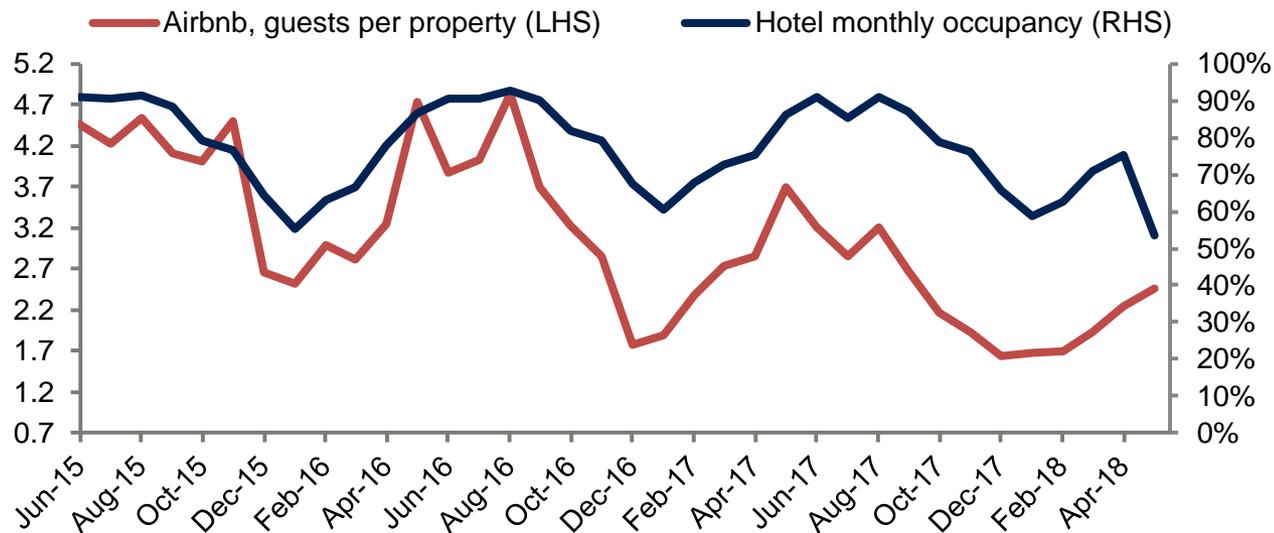
Based on the limited period for which data are available, there is a clear relationship between hotel room occupancy rates during high demand months and the utilisation of Airbnb properties.

During high demand months, wherein hotel occupancy rates are typically high, the number of guests per Airbnb properties increases.

This suggests a link between high demand/ high room rates forcing travellers into alternative accommodation segments during peak months. During peak months hotel accommodation capacity is insufficient to absorb would-be demand, losing out to alternative segments such as Airbnb.

However, the general downward trend in the utilisation rate of Airbnb properties might also reflect the increase in supply as well as the fact that Airbnb has become a more mainstream option for business travel.

Hotel occupancy rates vs. people per Airbnb property, Copenhagen City



Source: Tourism Economics

Accommodation mix in Copenhagen City, 2018 vs. 2030

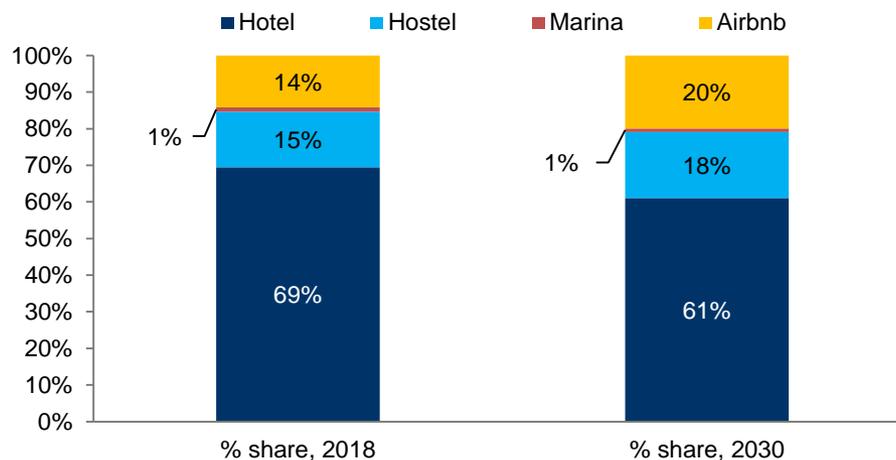
The current accommodation mix in Copenhagen City is heavily made up of hotels. This will remain the case in 2030, however, the segment will lose some market share to Airbnb and hostel accommodation over the period. By 2030, hotel accommodation will account for 61% of total capacity, down from 69% in 2018.

Hostel accommodation will account for 18% of total capacity in 2030, up from 15% in 2018. Airbnb properties will make up 20% of total capacity within the City in 2030, up from 14% in 2018.

Marina/ boat accommodation's share of total capacity will remain negligible.

Demand growth for Airbnb and hostel accommodation over the 2018-30 period will steal market share from the hotel segment

Capacity in Copenhagen City by accommodation type



Source: Tourism Economics
Occupancy = Hotel & Hostel - room nights, Airbnb - property nights, Marina - boat nights

Note: Holiday Cottages and Camping accommodation have no representation in Copenhagen City and have therefore been omitted from the analysis.

Requisite capacity growth within Copenhagen City

Capacity growth within Copenhagen City will be essential within all accommodation segments over the 2018-30 period to ensure there is no "over-heating" within segments.

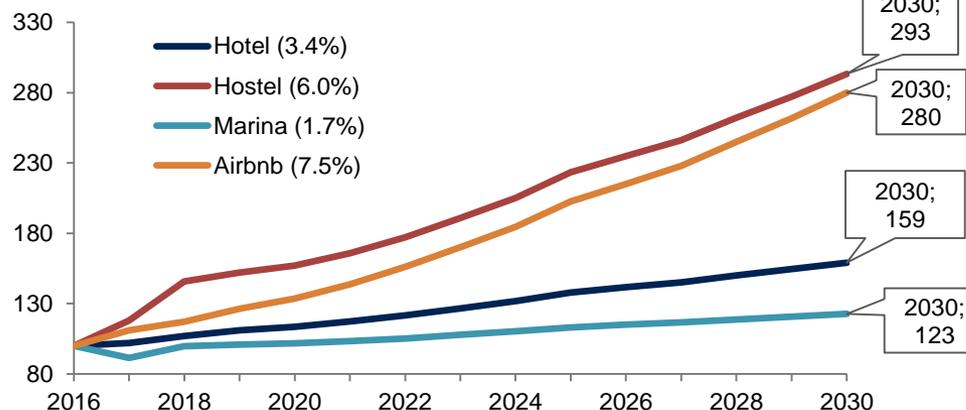
Hotel accommodation will need to grow an average 3.4% per annum if it is to sustain current occupancy rates (which are perhaps already too high during peak season). This equates to an additional 8,200 rooms by 2030 over 2018 levels (16,900 rooms).

Hostel accommodation will need to add 3,700 rooms by 2030 compared to current levels (3,700 rooms).

Airbnb accommodation will need to grow 7.5% per annum in order to meet expected demand without an adverse impact on occupancy rates. This equates to 4,800 additional properties by 2030. A greater demand for hostel accommodation in the near-term due to less spare capacity will necessitate some faster rates of growth in the near-term. However, expected stronger demand growth within the Airbnb segment will require a faster rate of capacity growth in later years.

Accommodation capacity growth will be essential within Copenhagen City to ensure occupancy rates do not exceed efficient levels

Requisite capacity growth for Copenhagen City by accommodation type
Index, 2016=100 (CAGR, 2018-30)



Source: Tourism Economics

*Indexed to 2016 to include Airbnb for which no data exist prior to 2016

Note: Holiday Cottages and Camping accommodation have no representation in Copenhagen City and have therefore been omitted from the analysis.

Baseline accommodation capacity growth

Requisite capacity growth under baseline demand assumptions in order to maintain current occupancy rates during peak demand months

Baseline: Capacity requirement for Copenhagen City in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	16.92	17.54	17.95	18.54	19.22	20.01	20.81	21.78	22.39	22.95	23.72	24.41	25.14	8.22
Hostel	3.69	3.85	3.97	4.20	4.48	4.83	5.19	5.65	5.94	6.22	6.63	7.01	7.42	3.74
Camping	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Holiday Cottage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marina	0.31	0.32	0.32	0.32	0.33	0.34	0.35	0.36	0.36	0.37	0.37	0.38	0.39	0.07
Airbnb	3.43	3.70	3.91	4.21	4.57	4.98	5.40	5.93	6.30	6.67	7.18	7.66	8.20	4.77

Source: Tourism Economics

Capacity = Hotel & Hostel - room nights, Airbnb - property nights, Marina - boat nights

Demand outlook for Copenhagen City by scenario

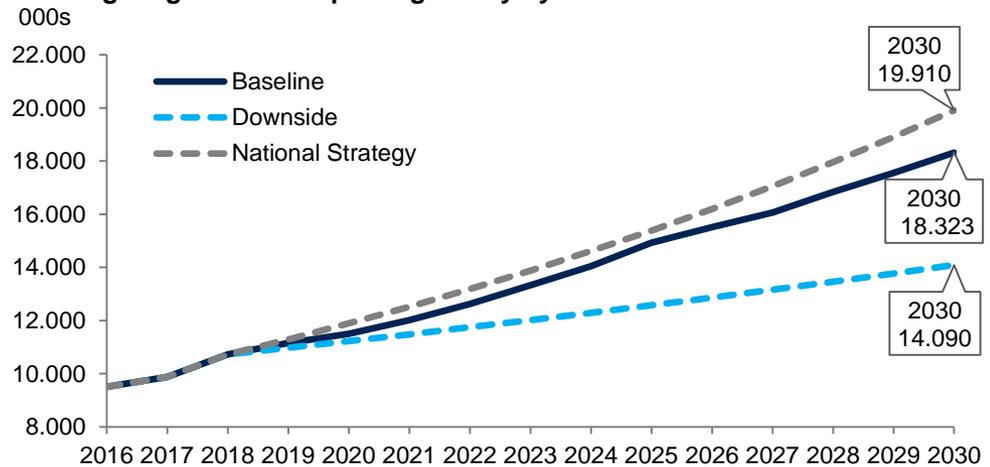
The number of overnights to Copenhagen City will vary according to differing demand assumptions

In the baseline outlook, overnights to Copenhagen City in 2030 are expected to total 18.3 million.

This compares to the National Tourism Strategy growth outlook of 5.3% per annum which would yield 19.9 million overnights in Copenhagen City by 2030.

In the downside outlook only 14.1 million overnights are expected to Copenhagen City. Under this outlook, considerably less accommodation capacity would be required, albeit still more than is currently available within the City.

Overnights growth to Copenhagen City by scenario



Source: Tourism Economics, Wonderful Copenhagen

Higher demand growth assumption

Under a scenario of higher demand growth, more overnights are expected compared to the baseline.

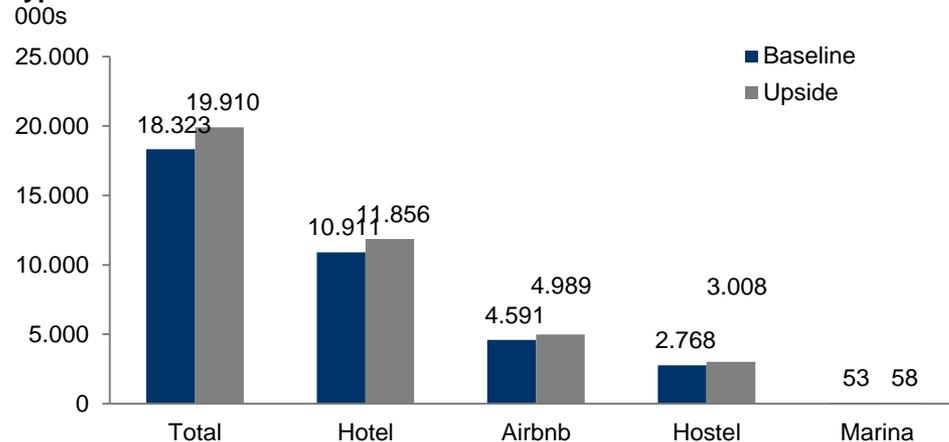
By 2030, 19.9mn overnights are expected. This is 1.6mn more overnights compared to the baseline (18.3mn), requiring additional room and bed capacity.

An additional 945,000 overnights are expected at hotel accommodation on top of the 10.9mn in the baseline. Considerably more hotel rooms will be needed to maintain occupancy rates under these upside assumptions.

An additional 397,000 Airbnb overnights are expected in the upside scenario, or 5mn in total compared to 4.6mn in the baseline.

Additional overnights are also expected in the hostel and marina accommodation segments under the higher demand scenario.

Expected overnights in Copenhagen City in 2030 by accommodation type and scenario



Source: Tourism Economics

Note: Holiday Cottages and Camping accommodation have no representation in Copenhagen City and have therefore been omitted from the analysis.

Required capacity under higher demand

Under baseline assumptions, 8,200 new hotel rooms are required by 2030 in order to keep occupancy rates in check in the peak demand month. In the upside scenario this rises to 10,400 rooms.

4,800 properties need to be added to the Airbnb 2018 stock-level by 2030 in the baseline, and 5,500 in the upside if occupancy rates are to be maintained in the peak demand month.

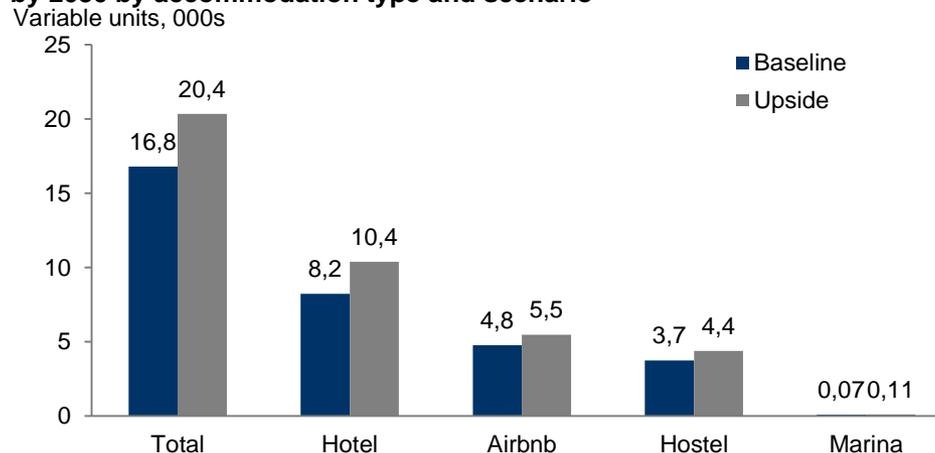
To maintain current occupancy rates in the peak demand month, hostel accommodation will require an additional 3,700 rooms by 2030 in the baseline scenario. In the upside, this rises to 4,400 rooms.

New capacity is also required in the marina accommodation segment, albeit negligible, as shown in the chart opposite.

| Tourism Economics

Under a scenario of faster demand growth, more new accommodation capacity would be required compared to the baseline.

Additional capacity required in peak demand month in Copenhagen City by 2030 by accommodation type and scenario



Source: Tourism Economics

Occupancy = Hotel & Hostel - room nights, Airbnb - property nights, Marina - boat nights

Note: Holiday Cottages and Camping accommodation have no representation in Copenhagen City and have therefore been omitted from the analysis.

Capacity requirement summary under higher demand assumptions

Additional capacity is required to meet expected growth in demand for all accommodation types

National Strategy/ Upside: Capacity requirement for Copenhagen City in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	16.92	17.76	18.55	19.32	20.07	20.85	21.66	22.44	23.39	24.36	25.30	26.30	27.31	10.39
Hostel	3.69	3.90	4.10	4.37	4.68	5.03	5.40	5.82	6.20	6.61	7.07	7.55	8.06	4.38
Camping	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Holiday Cottage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marina	0.31	0.32	0.33	0.34	0.35	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.11
Airbnb	3.43	3.75	4.04	4.39	4.78	5.19	5.62	6.11	6.58	7.08	7.66	8.26	8.91	5.48

Source: Tourism Economics

Capacity = Hotel & Hostel - room nights, Airbnb - property nights, Marina - boat nights

Slower demand growth assumptions

By 2030, 4.2mn less overnights are expected compared to the baseline. Nonetheless, additional room capacity is required over current levels in order to maintain occupancy rates.

2.5mn less overnights are expected at hotel accommodation compared to the baseline expectation of 10.9mn in the baseline.

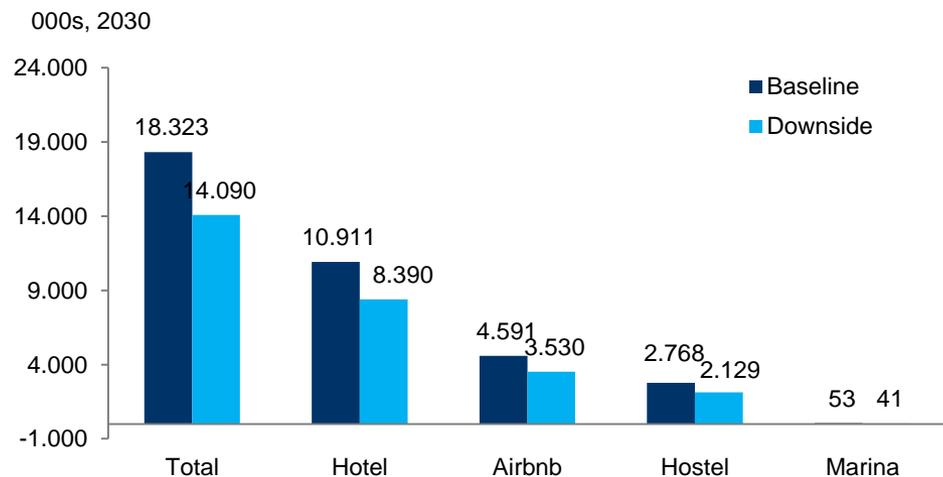
1.1mn less overnights are expected at Airbnb accommodation, and 639,000 less at hostel accommodation. 12,000 less overnights are expected at marina accommodation compared to the baseline.

Despite weaker demand, some additional capacity is required in all segments in order to keep occupancy rates in check during the peak demand month.

| Tourism Economics

Under a scenario of slower demand growth, less overnights are expected compared to the baseline.

Expected overnights in Copenhagen City in 2030 by accommodation type and scenario



Source: Tourism Economics

Note: Holiday Cottages and Camping accommodation have no representation in Copenhagen City and have therefore been omitted from the analysis.

Required capacity under slower demand

Under baseline assumptions, 8,200 new hotel rooms are required by 2030 in order to keep occupancy rates in check during the peak demand month. In the downside scenario this requirement falls to just 2,400 rooms additional rooms above 2018 levels.

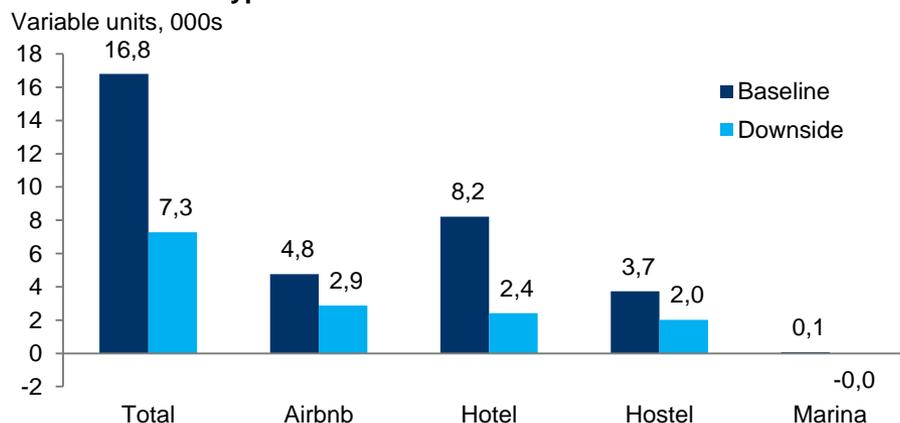
To maintain current occupancy rates, hostel accommodation will require an additional 3,700 rooms by 2030 in the baseline scenario. In the downside, this requirement falls to just additional 2,000 rooms.

4,800 properties need to be added to the Airbnb 2018 stock-level by 2030 in the baseline. In the downside scenario only 2,900 additional properties are needed to maintain occupancy rates during the peak demand month.

Required additional capacity is negligible for the marina accommodation segment in both the baseline and downside scenario.

Under a scenario of slower demand growth, less new accommodation capacity would be required compared to the baseline.

Additional capacity required in Copenhagen City by 2030 by accommodation type and scenario



Source: Tourism Economics
Occupancy = Hotel & Hostel - room nights, Airbnb - property nights, Marina - boat nights

Note: Holiday Cottages and Camping accommodation have no representation in Copenhagen City and have therefore been omitted from the analysis.

Capacity requirement summary under slower demand assumptions

Additional capacity is required to meet expected growth in demand for all accommodation types

Downside: Capacity requirement for Copenhagen City in peak demand month, 000s

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Diff. 2018-30
Hotel	16.9	17.3	17.5	17.7	17.9	18.0	18.2	18.3	18.6	18.8	19.0	19.2	19.3	2.4
Hostel	3.7	3.8	3.9	4.0	4.2	4.4	4.5	4.8	4.9	5.1	5.3	5.5	5.7	2.0
Camping	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Holiday Cottage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marina	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.0
Airbnb	3.4	3.6	3.8	4.0	4.3	4.5	4.7	5.0	5.2	5.5	5.7	6.0	6.3	2.9

Source: Tourism Economics

Capacity = Hotel & Hostel - room nights, Airbnb - property nights, Marina - boat nights

5. Meetings Capacity

Meetings demand will grow in line with business travel demand

The level of business meetings demand has been estimated according to the reported number of meetings, delegates and average meeting duration in Copenhagen Capital Region. This has grown in line with group business demand.

Expected business meetings demand is expected to grow at an annual average rate of 2.2% in the years to 2030 under the baseline assumption, consistent with Tourism Economics' forecasts of global travel.

Under the higher NTS assumption, faster annual average growth in group business travel of 5.3% is expected based on the Tourism Strategy to 2025 and then extrapolated through to 2030.

Current meeting capacity is sufficient to meet demand

Capacity utilisation is currently low and capacity is sufficient to meet future demand under both the baseline and the upside NTS assumptions.

Estimates of capacity utilisation assume efficient use of space. For example, it is assumed that for a meeting of 150 people a meeting room with capacity for 1,000 delegates will not be used if a space with lower capacity is available. Some meeting space capacity will be always lost in this way, but given current capacity this should not be an issue.

Seasonal pattern means that utilisation rates will be higher in peak periods, but there is sufficient capacity

Looking at the seasonal pattern of group business demand shows that meeting space utilisation is significantly higher during peak months than in the quieter (trough) months. Utilisation rates may be higher on a daily or weekly basis, but data are not available for this level of detail.

Even taking seasonal patterns into account there appears to be sufficient capacity to meet expected demand. However, when looking at individual venues hosting big conferences and congresses on a daily basis, seasonal challenges may occur, meaning that the destination may be losing or not being able to bid for conferences and congresses at certain periods of the year due to lack of capacity. Capacity also drives growth and additional venues with room for a considerable number of delegates would allow the destination to bid for more and bigger conferences. With this in mind additional capacity could fuel further growth.

The approach used for understanding meetings capacity requirements is simple by necessity. Only limited data are available for both meetings demand and for meetings capacity. This does not allow any more detailed analysis and includes greater uncertainty than the prior overnights demand and capacity analysis.

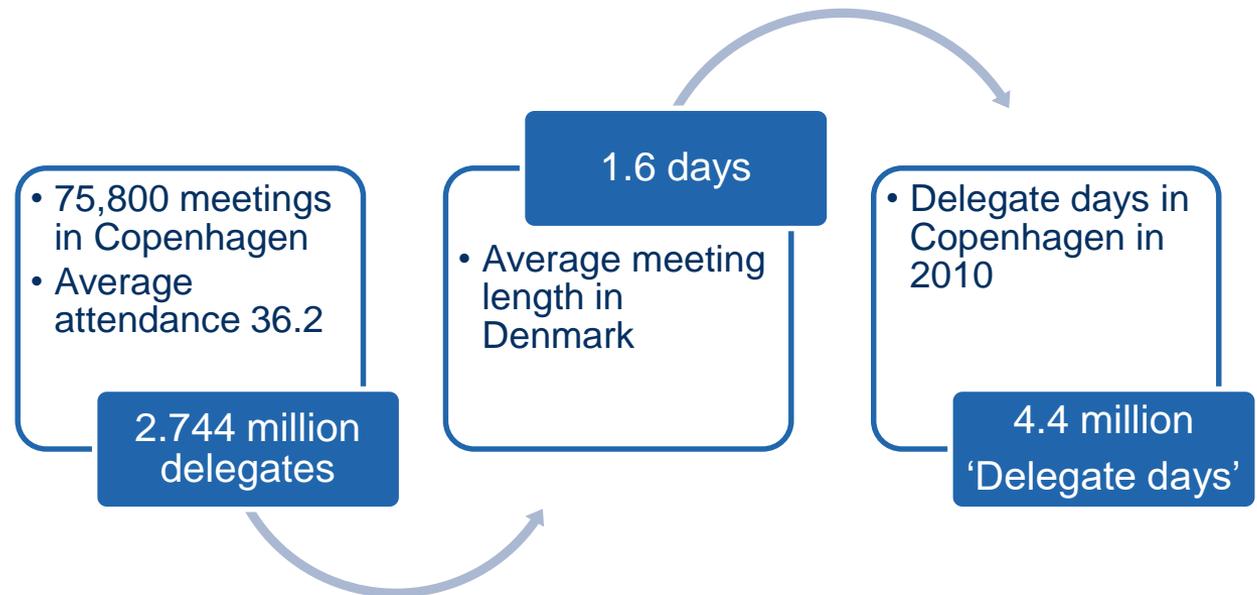
Meetings capacity methodology

Business meetings demand has been estimated for the Capital Region according to the number of delegates and average length of meetings

The number of 'delegate days' is defined as the number of delegates attending meetings in the Copenhagen area multiplied by the number of days they spend at the meeting.

In 2010 the Capital Region hosted 75,800 meetings with 2.744 million delegates*. Average meeting length varied by type of meeting but with an average length of 1.6 days across Denmark as a whole.

Average meeting length varied by type of meeting but with average length of 1.6 days across Denmark as a whole. Each year of the series was multiplied by 1.6 to get the delegate days series.



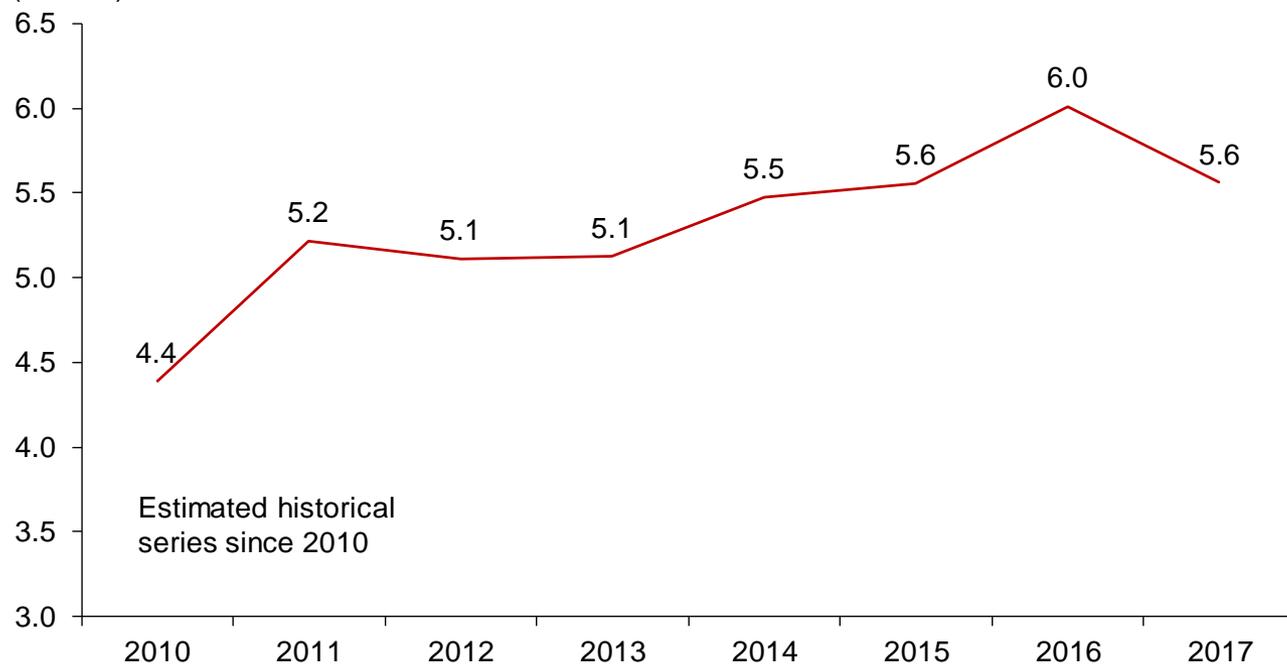
* 'The Economic Contribution of Meeting Activity in Denmark' (Visit Denmark, May 2012)

Data from Statistics Denmark on nights spent in Copenhagen hotels by group business travellers has been used to estimate time series to 2017. Data from this source were used back to 2010 despite some obvious volatility in the series. The growth in this series was then applied to the findings from the Visit Denmark study (above).

The resultant series shows a net increase in delegate days demand from 2010 to 2017 from 4.4 million to just under 5.6 million although demand in 2016 was higher according to this methodology.

Delegate days growth in Copenhagen Capital Region

Delegate days per annum (millions)



Source: Oxford Economics / Visit Denmark

Expected meetings demand

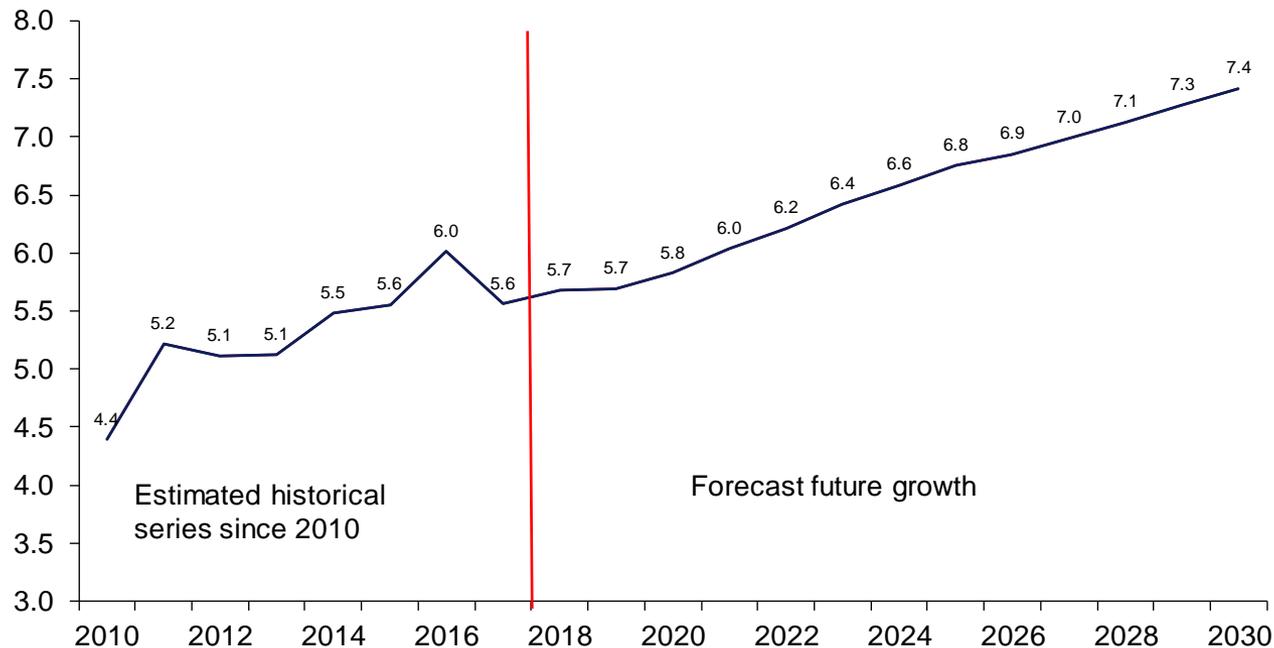
Meetings demand is expected to grow in line with business travel in the baseline outlook

Meetings demand forecasts have been derived from Tourism Economics' business travel outlook for Denmark and Copenhagen, consistent with accommodation demand baseline growth. Forecasts include the expected trend in domestic and international business travel demand.

By 2030 7.4 million delegate days per annum are expected. Given the historic volatility in business meeting demand, the forecast path may be more erratic than the relatively smooth forecast trend. Demand in any year can be influenced by specific events hosted in Copenhagen which makes volatility hard to forecast with any accuracy. However, the overall trend to 2030 is representative of expected demand on average.

Delegate days growth in Copenhagen Capital Region

Delegate days per annum (millions)



Source: Oxford Economics / Visit Denmark

Meetings space capacity

Currently capacity in Greater Copenhagen (not the Capital Region) is around 157,400 meeting spaces over more than 200 venues. This provides capacity for around 47 million delegate days (almost 4 million per month), based on a 6 day week with allowances for Public Holidays. This assumes that meeting spaces are used Saturdays, rather than specifically saying people work on Saturdays.

Current demand requires around 5.6 million delegate days in the capital per year. Simple analysis would suggest that there is sufficient current capacity to meet the expected growth to 7.4 million annual delegate days.

Even assuming a shorter week, implies that there is sufficient capacity to meet current demand.

Meeting space is more than sufficient to meet current, and expected, demand in Copenhagen

Type of meeting venue	Number of venues	Total current capacity	Monthly max. delegate days (thousands)	Annual max. delegate days (millions)
Congress/Exhibition centre built for the purpose	4	54,250	1,352	16.2
Hotels with meeting facilities	70	28,034	699	8.4
Holiday resorts	12	1,713	43	0.5
Conference and course facilities	38	14,646	365	4.4
Special conference facilities	40	31,616	788	9.5
Attractions with meeting facilities	24	15,480	386	4.6
High schools	3	416	10	0.1
Others	28	11,213	279	3.4
Total	219	157,368	3,921	47.1

Seasonal demand factors

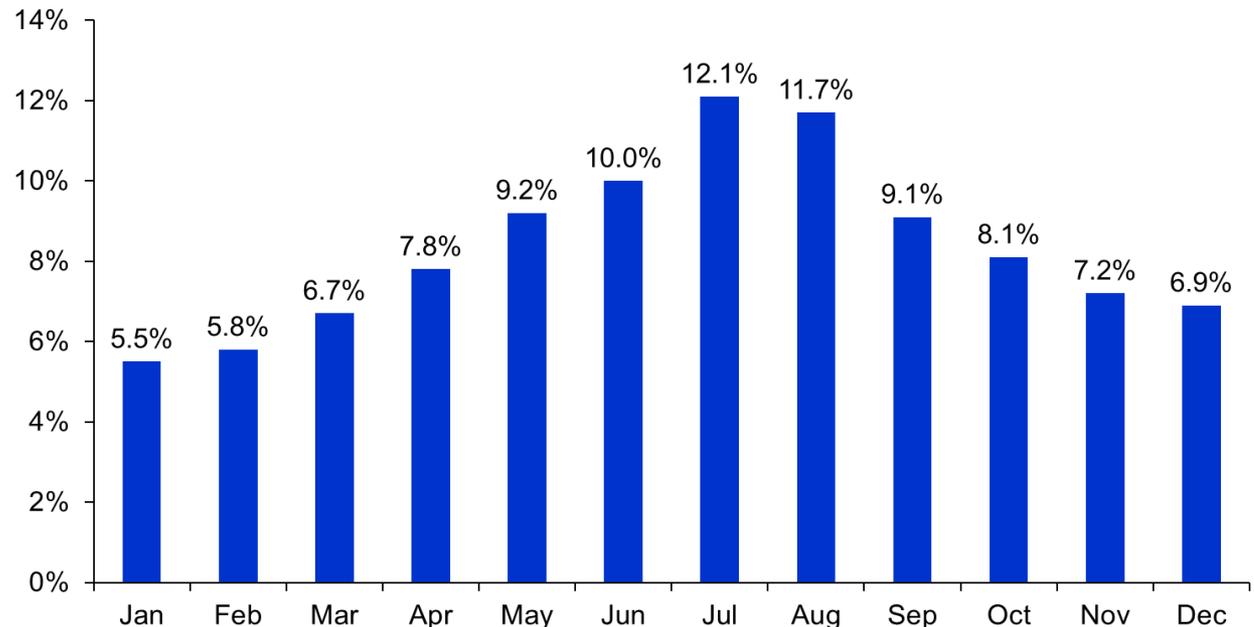
Seasonal patterns show that while meeting space is static, demand for space varies throughout the year

Demand for meeting spaces varies considerably throughout the year. The seasonal pattern of group and business travel demand varies throughout the year in hotels and similar accommodation in the Capital Region. For example, volumes in July are typically more than twice what they are in January or February.

While some meeting space may only be accessible at certain times of year, we have assumed that meeting space in aggregate is essentially static during each month of the year. Capacity utilisation by month was estimated for each year of history and forecast to understand if there are any seasonal constraints. There were no apparent constraints on an averaged monthly basis although a more granular analysis would really be necessary.

Seasonal shares of overnight stays in hotel accommodation and similar in Capital Region

Seasonal shares by month



Source: Tourism Economics

Meeting space capacity utilisation

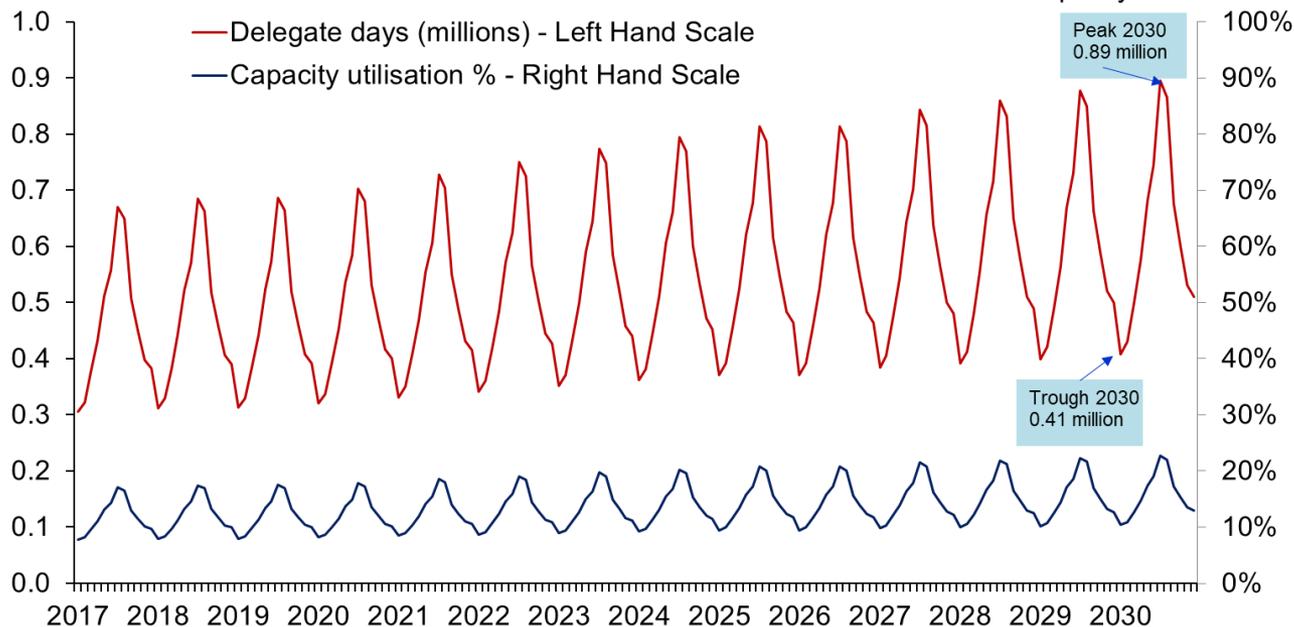
Expected meetings demand is met by capacity even when seasonal patterns are taken into account

Taking seasonal fluctuation in meetings demand into account, there should still be sufficient capacity to host expected growth in meetings demand in Copenhagen by 2030.

Capacity utilisation currently fluctuates between 8% and 17% by month. With the expected increased demand by 2030, capacity utilisation will rise – but not dramatically; fluctuating seasonally between 10% and 22%, shown by the blue line near the bottom of the graphic. This assumes that meeting space capacity is used effectively – i.e. a space for 1,000 people is not used by, say, 150 people. That would increase effective capacity utilisation. The assumption is a 100% 'fill rate'. A further implicit assumption is that monthly averages reflect all meeting space properties and all times during the month.

Delegate days and capacity utilisation in Copenhagen

Delegate days per month (millions)



Source: Oxford Economics/ Statistics Denmark

Note: These data can be accessed as part of a separate Excel file.

Meeting space capacity utilisation

Stronger growth in demand could result in peak monthly delegate days reaching over 1.4 million by 2030

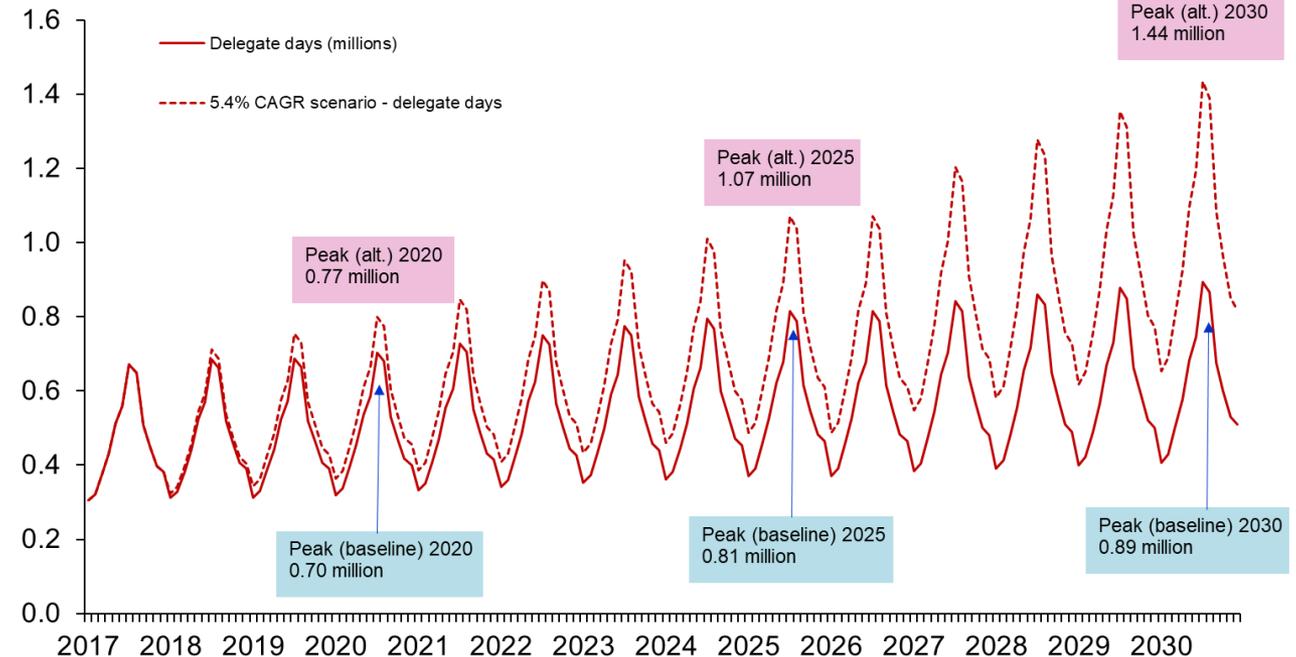
Higher business travel growth under NTS assumptions has been applied to derive a higher demand scenario. Business meeting demand growth is expected to average 5.4% over the period to 2030.

Under this scenario (labelled 'alt.' in the pink boxes for 2020, 2025 and 2030), demand for meeting space would grow more substantially. Instead of seasonally peaking at 0.89 million monthly delegate days the peak by 2030 will be over 1.4 million delegate days.

Even the lowest month of 2030 will experience greater demand at around 650,000 delegate days demand – more than twice the current demand in the lowest months.

Delegate days in Copenhagen under alternative scenario

Delegate days per month (millions)



Source: Oxford Economics/ Statistics Denmark

Note: These data can be accessed as part of a separate Excel file.

Meeting space capacity utilisation

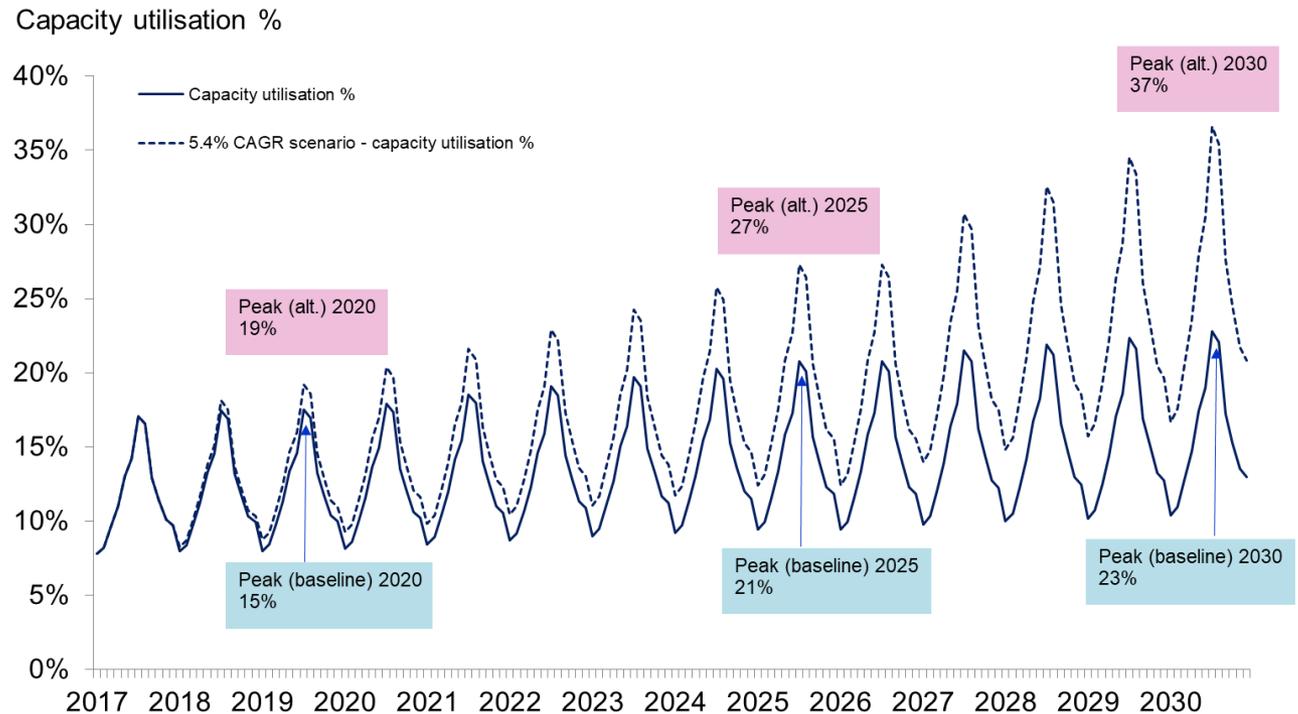
Current capacity should still meet this demand in 2030, although more granular analysis for peak days or events should be considered

Current capacity is still sufficient to meet this additional demand by 2030 under the upper scenario. Seasonal variation implies that under this upper scenario, capacity utilisation varies between 17% and 37% by 2030 (compared to a seasonal range of 23% to 37% under the baseline scenario).

However, granular analysis of types of meetings and specific capacity is truly required, since if meeting space is not being used optimally, capacity utilisation on meeting spaces (rather than delegate days) could be much higher.

The modelling also assumes that there is no seasonal shift in the demand for meeting space between now and 2030. This could potentially reduce seasonal variation, lowering peak demand and raising demand in the trough months.

Capacity utilisation in Copenhagen under alternative scenario



Source: Oxford Economics / Statistics Denmark

Note: These data can be accessed as part of a separate Excel file.

6. Conclusions

Conclusions

Additional capacity is required to meet expected growth in demand for all accommodation types

Tourist overnights in Greater Copenhagen are expected to grow

The number of overnights in Greater Copenhagen are expected to increase at an annual average rate of 3.6% per annum in the years to 2030. 39.5 million overnights are expected by 2030, up from fewer than 25.7 million in 2018.

Upside (NTS) assumptions suggest that there will be 47.8 million overnights by 2030, while downside assumptions are for 33.8 million overnights.

Additional capacity is required to meet demand growth for all types of accommodation

Under all of the growth assumptions, significant new accommodation capacity is required to meet demand. New capacity is required to meet expected demand for all types of accommodation. Additional capacity estimates are net figures and any closures will require further capacity increases.

Largest percentage increase in capacity will be required for hostels and Airbnb accommodation.

The least new capacity is required for campsites under baseline assumptions. Under downside growth assumptions, current campsite capacity will be sufficient.

Hotel demand will continue to account for around 60% overnights and a large proportion of new capacity

By 2030, roughly 22,700 new hotel rooms will be required under baseline assumptions, rising to 36,900 new rooms under the upside NTS assumptions. Even under the downside growth assumptions, an additional 12,900 new hotel rooms are required by 2030.

Development pipeline suggests 9,000 new hotel rooms will open by 2021, and additional new capacity will be required by 2030 under all demand scenarios. In the short-run, the development pipeline will be sufficient to meet additional demand within this timeframe, even under the upside NTS assumptions. Under the downside assumption this will be sufficient to meet expected demand until the late-2020s.

Meetings capacity is sufficient for expected growth

Utilisation of the current meetings space is low and no new capacity is required to meet expected growth in business meeting demand. However, when looking at individual venues hosting big conferences and congresses on a daily basis, seasonal challenges may occur, meaning that the destination may be losing or not being able to bid for conferences and congresses at certain periods of the year due to lack of capacity.

Capacity also drives growth and additional venues with room for a considerable number of delegates would allow the destination to bid for more and bigger conferences. With this in mind additional capacity could fuel further growth.