



HUNGARY | Budapest

HOTEL MARKET

2019 H1 REPORT

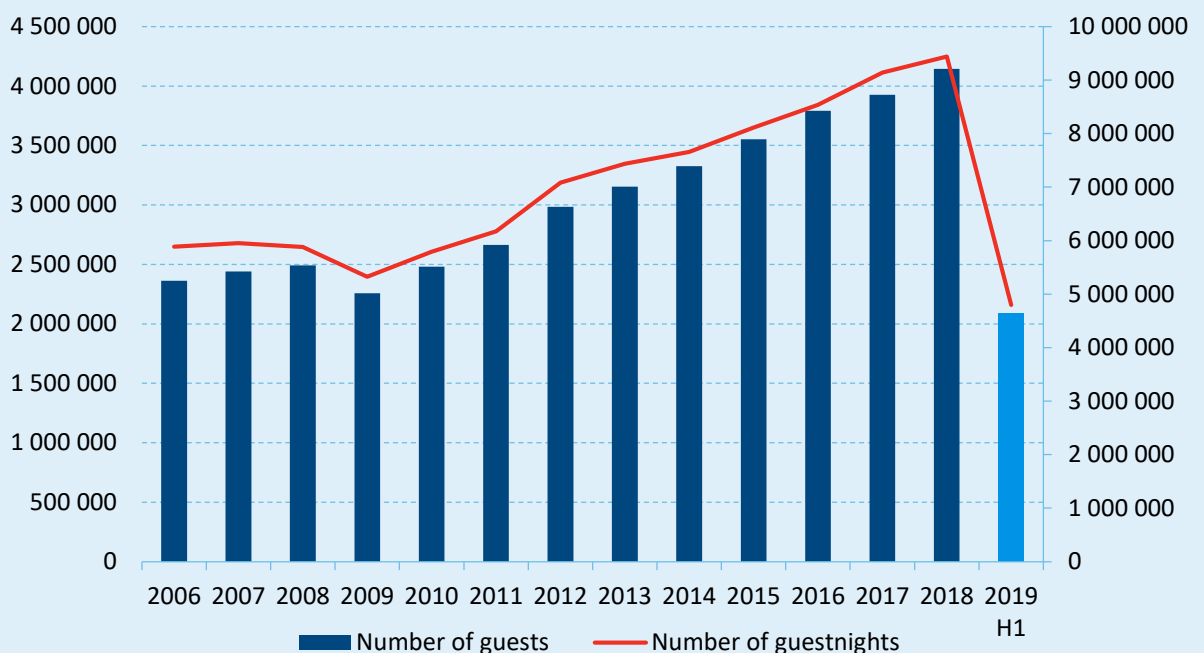


HOTEL MARKET – 2019 H1

Guest nights

- According to the HCSO database, in H1 2019 the number of guest nights increased slightly comparing to the same period of last year by 0.4% in Hungary.
- As a result, the tourism industry has been increasing for the seventh consecutive year since 2012 and in 2018 it achieved a record level with both domestic and foreign guest nights showing increased numbers.
- Budapest attracts most of the guests, totalling in 4.3 million guest nights in this half year which represents 0.9% increase to the same period of H1 2018. 88% of the guests arrives from abroad.
- The following countries showed the most significant increase in terms of guests nights in H1 2019: USA (+9.5%), UK (+7.3%), Romania (+5.5%), France (+5.1%), Israel (+4.4%) and Czechia (+3.7%). The following countries showed decrease in this half year: Italy (-11.7%), Germany (-6.2%), Austria (-3.6%) and Russia (-0.3).

FIGURE 1:
NUMBER OF GUESTS AND GUEST NIGHTS IN THE HOTELS OF BUDAPEST IN H1 2019
(MILLION)





Occupancy and room rate of hotels

- Similarly to the number of guests and guest nights, the occupancy of hotels in every category stood at record high levels both nationwide and in Budapest.
- In 2019 H1 period, the three-star hotels occupancy rates exceeded 73%, while four-star hotels reached 78% which represents 2.2%-point increase comparing to the same period of last year. This is a serious achievement in the four star category, as they represent the overwhelming majority of hotel rooms in the Budapest market.
- All hotel categories could increase their room rates in the H1 2019 period. The gross ADR in Budapest hotels were €72 in four-star and €49 in the three-star category, representing an increase of 3.1%, 11.4%, respectively compared to the previous year.

FIGURE 2:
BUDAPEST HOTEL OCCUPANCY
(2008-2019 H1)

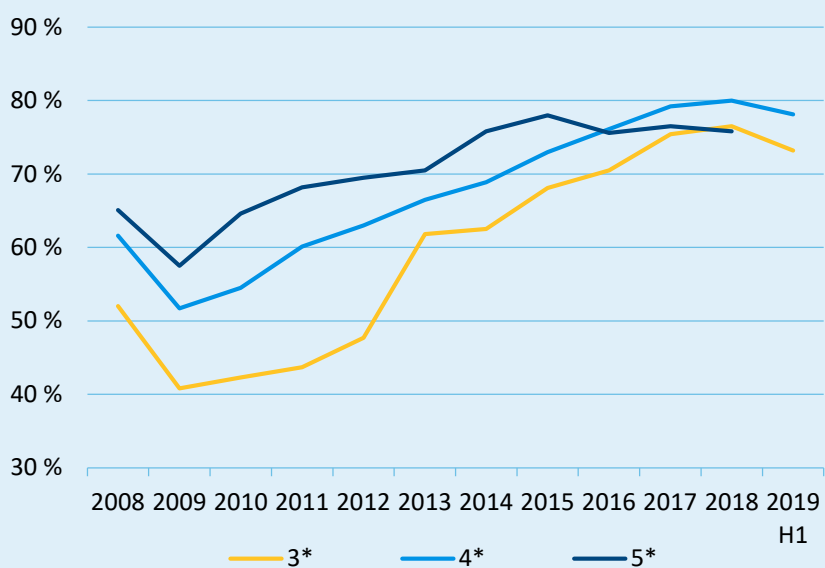


TABLE 1, 2:
HOTEL INDICATORS IN HUNGARY

Key Hotel Figures - Hungary	
Number of hotels*	1.094
Number of hotel rooms	59.822
Number of hotel rooms in Budapest	19.861
Occupancy of rooms	65,8%
Average daily rate (ADR)	EUR 73
RevPAR	EUR 40

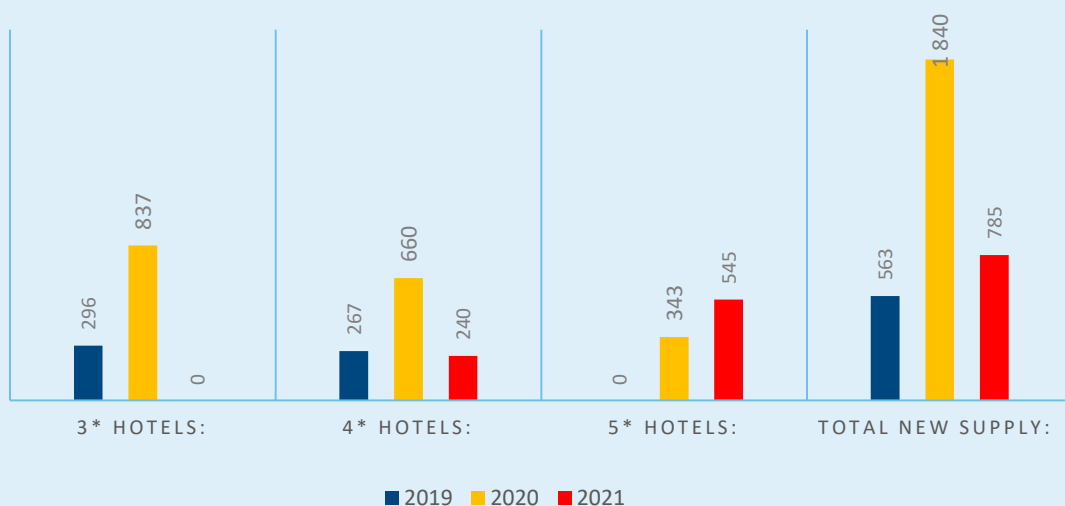
* Operating hotels as of 30 June 2019

Category	New rooms in 2018	Occupancy	ADR **
5* Budapest	192	-	-
4* Budapest	398	78,1%	74
3* Budapest	0	73,2%	47

** Euros, HCSO data based on the officially categorized hotels in the Hotelstars system

TABLE 3:
HANDOVERS IN BUDAPEST (2019 H1)

Hotel	Category	Rooms
Meininger Hotel	3*	184
Mystery Hotel	5*	82
Hilton Garden Inn	4*	214
Párisi Udvar	5*	110

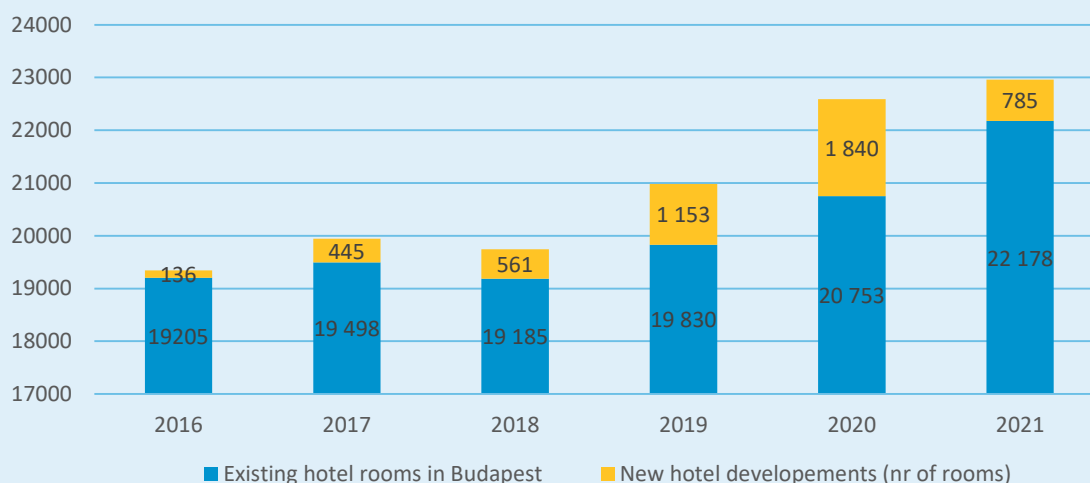
FIGURE 3:
HOTEL NEW SUPPLY IN BUDAPEST SPLIT BY CATEGORY (2019 H2 – 2021 H2)


Sources: Tables 1-3: Colliers International, hah.hu

2019 OUTLOOK

- In 2018, the number of passenger reached a record high of 14.9 Million at Liszt Ferenc airport (y-o-y increase of 13.5%) this figure represents 1.8 million more arrivals than last year. This positive trend will be further supported by increasing the capacity by investing to a new terminal, therefore a number of passengers is expected to increase the volume in the upcoming years.
- We expect that the favourable trend of increasing occupancy rate may slow down or stagnate in case all the hotel developments that are in the pipeline are handed over.
- Considering the previous 7 years' strong growth rate, we estimate further growth, however at a more moderate pace, in RevPAR figures at all segments, regardless of number of new developments.
- The preparation works for the much awaited congress centre has already been started in the Hungexpo area with an expected handover date of 2021. We anticipate that this development will create further demand for the hotels in Budapest.
- During the following two and a half years by the end of 2021, the hotel development boom will increase the country's tourism capacity considerably with 25 hotels including 3,188 rooms and their the majority will be 4-5* hotels.
- However, the hotel market face the challenge of lack of qualified labour supply, which is an issue across several industries and could have an impact on the operation of the existing hotels and the realization of new developments.

FIGURE 4:
HOTEL STOCK AND NEW SUPPLY IN BUDAPEST
(2016 - 2021)



“ We estimate further growth, however at a more moderate pace, in RevPAR figures at all segments despite the strong pipeline. ”

APPENDIX

HOTEL PIPELINE IN BUDAPEST (2019 Q2 -2021)

Hotel	Cat.	No. of rooms	Handover
Cortile Budapest Hotel	4*	36	2019 Q3
T62 Hotel	3*	142	2019 Q3
Aparthotel	4*	50	2019 Q3
Quality Inn Hotel	3*	134	2019 Q4
Hard Rock Hotel	4*	136	2019 Q4
Aria Hotel Phase II	5*	36	2020
Hotel Akadémia	5*	107	2020
Hotel Vision	4*	82	2020 Q1
A&O Hostel (hibrid)	3*	108	2020
Matild Palace – Luxury Collection Hotel	5*	133	2020 Q1
B&B Hotels	3*	214	2020
Zenobia Palace Hotel	4*	150	2020
H2 Hotel Budapest	3*	158	2020
Intercity Hotel	3*	357	2020
Boutique Hotel - Andrassy 30	4*	100	2020 Q1
Mamaison Hotel	4*	100	2020
Emerald Residence	4*	99	2020 Q2
Triptara Hotel	4*	120	2020 Q4
Rác Hotel	5*	67	2020
Tüköry Hotel - Almanac Hotels	5*	152	2021
Hyatt Regency Hotel	5*	231	2021
W Marriott Hotel	5*	162	2021 Q4
Mellow Mood	4*	180	2021 Q3
Boutique Hotel	4*	60	2021 Q4
Total new supply:		3 114	

FOR MORE INFORMATION

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