



HUNGARY | Budapest

HOTEL MARKET

2018 FULL YEAR



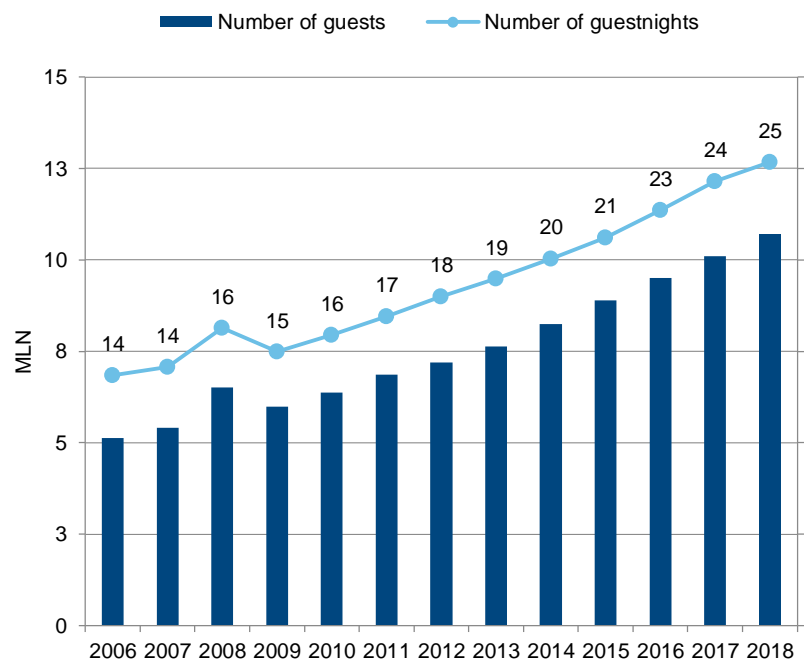


HOTEL MARKET - 2018

Guest nights

- According to the HCSO database, in 2018 both the number of guests and guest nights increased by 5.9% and 3.8% respectively 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 9.4 million guest nights which represents 3% increase year-on-year with 88% of the arrivals being foreign guests.
- The following countries showed the most significant increase in terms of guests in 2018: Israel (+12.3%), USA (+12.5%), Spain (+11.8%), Romania (+5.0%) Czechia (+2.9%), Great-Britain (+3.1%) and Germany (+1.5%). In the meanwhile the number tourists has decreased slightly from Austria (-2.1%), Italy (-4.2%) and Russia (-0.9%).

FIGURE 1:
NUMBER OF GUESTS AND GUEST NIGHTS
IN THE HOTELS OF HUNGARY
(MILLION)

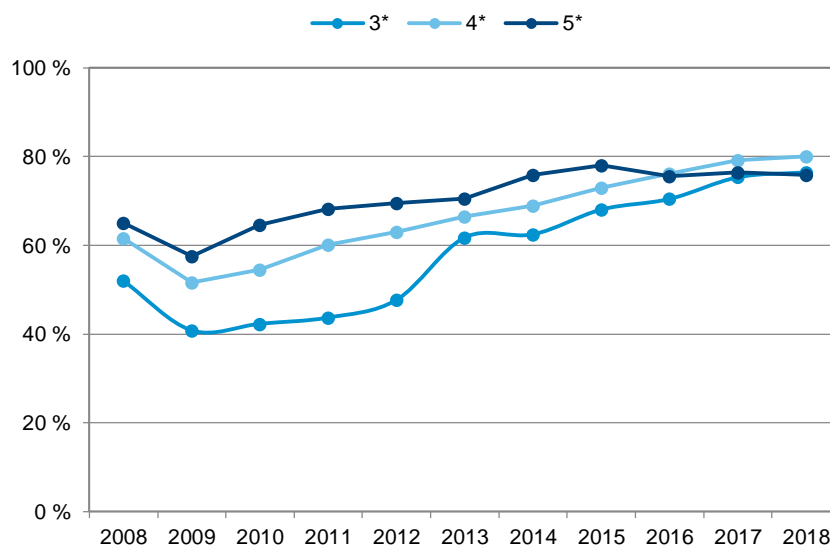




Occupancy and room rate of hotels

- 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.
- Three-star hotels occupancy rates exceeded 76%, while four-star hotels reached 80%. This is especially a serious achievement in the four star category, as they represent the overwhelming majority of hotel rooms in the Budapest market.
- Room occupancy in five-star hotels decreased by 0.7 percentage points to 75.8% in 2018.
- Unlike the previous years, all hotel categories could increase their room rates in 2018. The gross ADR in Budapest hotels were €158 in five-star, €72 in four-star and €49 in the three-star category, representing an increase of 7.4%, 3.3%, 3.0% respectively compared to the previous year.

FIGURE 2:
BUDAPEST HOTEL OCCUPANCY
(2008-2018)



**TABLE 1, 2:
HOTEL INDICATORS IN HUNGARY**

Key Hotel Figures - Hungary	
Number of hotels*	1,094
Number of hotel rooms	55,758
Number of hotel rooms in Budapest	19,746
Occupancy of rooms	61.3%
Average daily rate (ADR)	EUR 65
RevPAR	EUR 40

* Operating hotels as of 31 December 2018

Category	New rooms in 2018	Occupancy	ADR **
5* Budapest	-	75.8%	168
4* Budapest	142	80%	73
3* Budapest	564	76.5%	49

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

**TABLE 3:
HANDOVERS IN BUDAPEST
(2018 Q1 – 2019 Q1)**

Hotel	Category	Rooms
Ibis Styles Budapest Airport Hotel	3*	145
KVI Hotel	4*	40
Hotel Clark	4*	86
Hotel Collect	4*	16
D8 Hotel	3*	121
Ibis Styles Budapest City West	3*	114
Meininger Hotel	3*	184

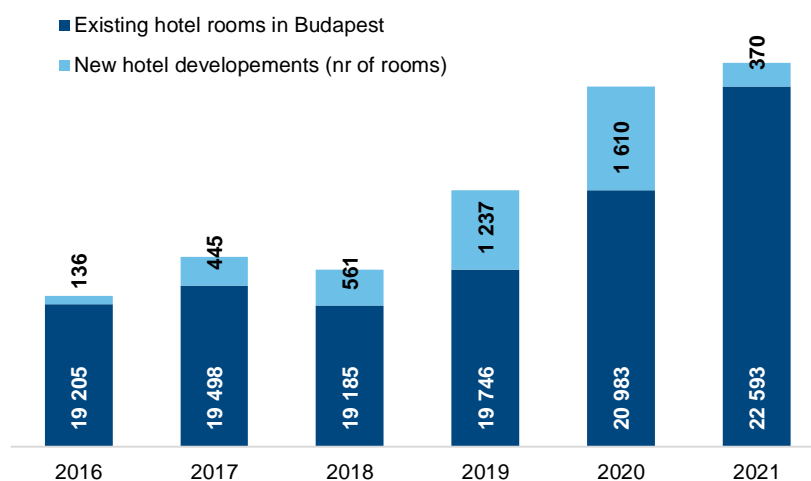
**TABLE 4:
HOTEL PIPELINE IN BUDAPEST
(2019 Q2 -2021)**

Hotel	Cat.	No. of rooms	Handover
Cortile Budapest Hotel	4*	36	2019 Q2
Párisi Udvar	5*	110	2019 Q2
Hard Rock Hotel	4*	135	2019 Q2
Matild Palace – Luxury Collection Hotel	5*	130	2019 Q2
Emerald Residence	4*	99	2019 Q2
Ária Hotel Phase II	4*	36	2019 Q2
T62 Hotel	3*	162	2019 Q2
Hotel Akadémia	5*	107	2019 Q3
Tüköry Hotel	5*	150	2019 Q3
Quality Inn Hotel	4*	134	2019 Q4
Monastery Hotel	4*	46	2019
Four Elements	4*	92	2019
Hilton Garden Inn	4*	214	2020 Q1
Butique Hotel - Andrassy 30	4*	100	2020 Q1
A&O Hostel - Csengery 11	3*	108	2020
B&B Hotels	3*	214	2020
Zenobia Palace Hotel	4*	150	2020
H2 Hotel Budapest	3*	158	2020
Intercity Hotel	4*	300	2020
Mamaison	4*	99	2020
Rácz Hotel	5*	67	2020
Hyatt Regency Hotel	5*	200	2020
Renaissance Hotel Marriott	5*	180	2021
W Marriott Hotel	5*	190	2021
Total new supply:		3 217	

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 the expected capacity increase of the airport, therefore the number of passengers is expected to increase considerably 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 5 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 Q2 2021. We anticipate that this development will create further demand for the hotels in Budapest.
- In 2019, the hotel development boom will increase the country's tourism capacity considerably, with 11 hotels to be delivered in that year among which the majority will be 4* 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 3:
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.



FOR MORE INFORMATION

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