



HUNGARY | Budapest

# HOTEL MARKET

2019 FULL YEAR REPORT

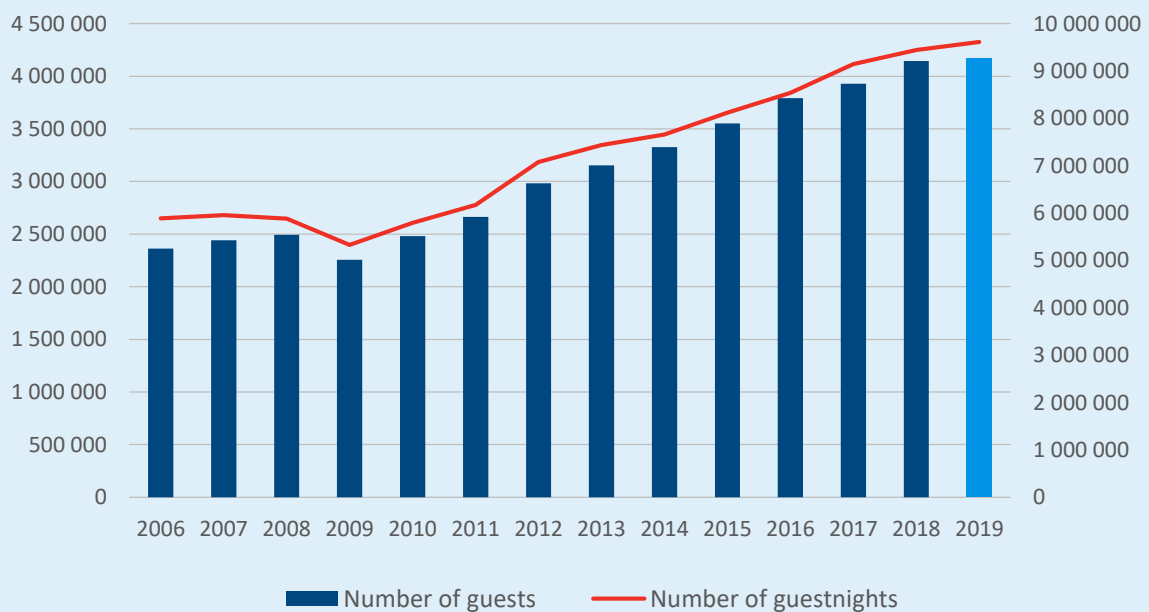


# HOTEL MARKET – 2019

## Guest nights

- According to the HCSO database, in 2019 the number of guest nights increased slightly (1.1%) in Hungary comparing to the end of 2018.
- As a result, the tourism industry has been increasing for the seventh consecutive year since 2012 and in 2019 it achieved a record level with both domestic and foreign guest nights showing increased numbers.
- Considering all accommodations, Budapest attracts most of the guests, totaling in 4.5 million guest spending more than 10 million guest nights in 2019 which represents 2.6% increase year-on-year. The 88.5% of the guests arrives from abroad.
- The following countries showed the most significant increase in terms of guests nights in 2019: Israel (+8.9%), China (+6.9%), Romania (+6.3%), USA (+3.9%) and Russia (+2.9%). The following countries showed decrease in the previous year: Italy (-1.9%), Austria (-4.9%) and Germany (-4.6).

**FIGURE 1:**  
**NUMBER OF GUESTS AND GUEST NIGHTS IN THE HOTELS OF BUDAPEST IN 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, the three-star hotels occupancy rates exceeded 78% (+1.6 pps y-o-y), while four-star hotels reached 81% which represents 1.4 pps 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 2019. The gross ADR in Budapest hotels were €67,6 in four-star and €43,8 in the three-star category, representing an increase of 7% and 12%, respectively compared to the previous year.

**FIGURE 2:**  
**HOTEL OCCUPANCY AND THE NET ADR IN BUDAPEST (2008-2019)**

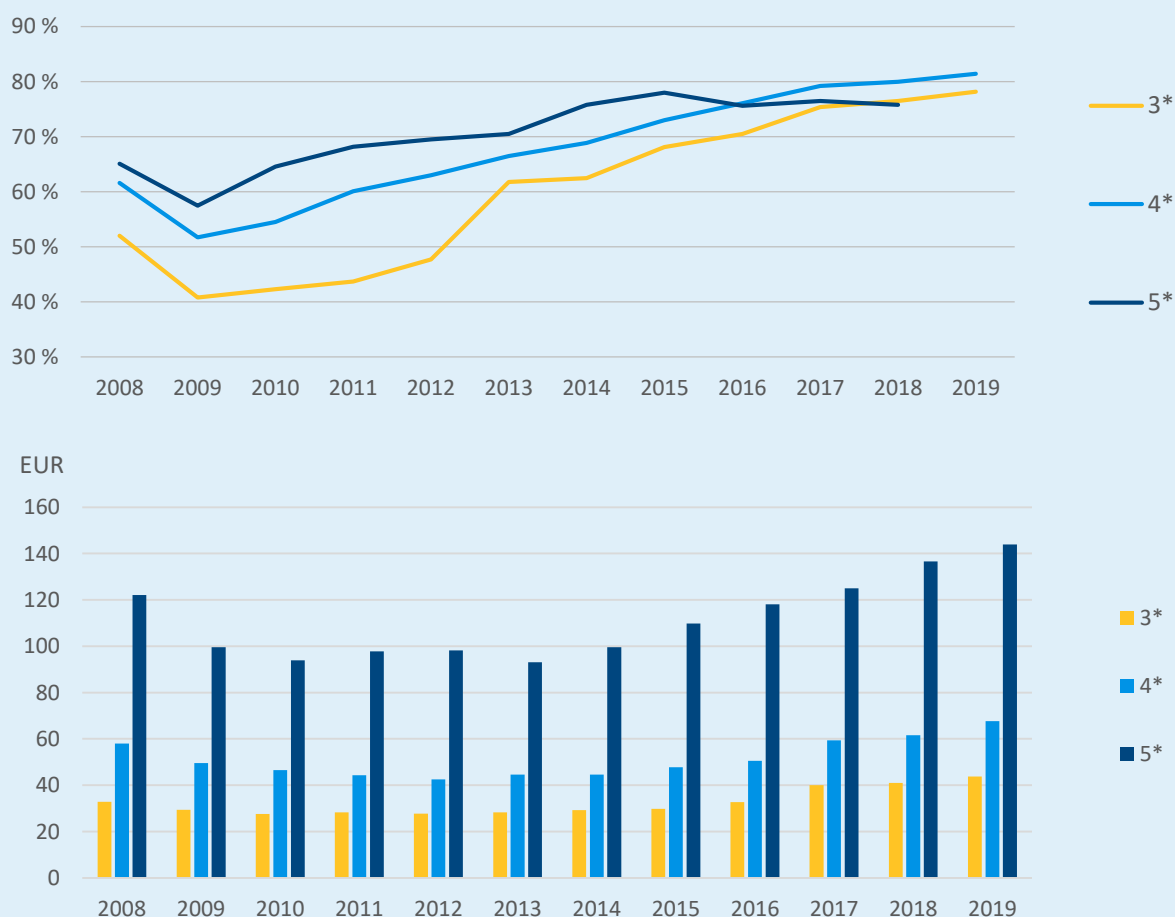


TABLE 1, 2:  
HOTEL INDICATORS IN HUNGARY

Key Hotel Figures - Hungary	
Number of hotels*	1.101
Number of hotel rooms	60.462
Number of hotel rooms in Budapest	20.333
Occupancy of rooms	76,2%
Average daily rate (ADR)	EUR 59
RevPAR	EUR 36

\* Operating hotels as of 31 December 2019; kah.hu

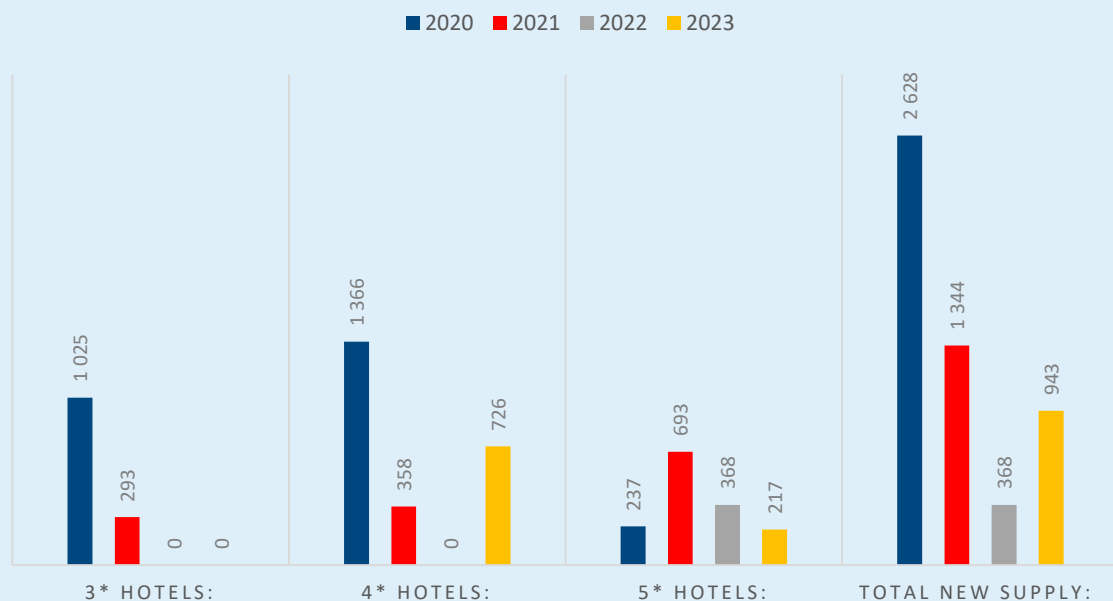
Category	New rooms in 2019	Occupancy	Net ADR **
5* Budapest	192	-	-
4* Budapest	546	81.4%	67,6 EUR
3* Budapest	324	78.2%	43,8 EUR

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

TABLE 3:  
HANDOVERS IN BUDAPEST (2019)

Hotel	Cat.	Rooms
Meininger Hotel	3*	184
Mystery Hotel	5*	82
Hilton Garden Inn	4*	214
Párisi Udvar	5*	110
Monastery Hotel	4*	46
Barceló Hotel	4*	179
T62 Hotel	3*	140
M-Square Hotel	4*	71
Cortile Budapest Hotel	4*	36

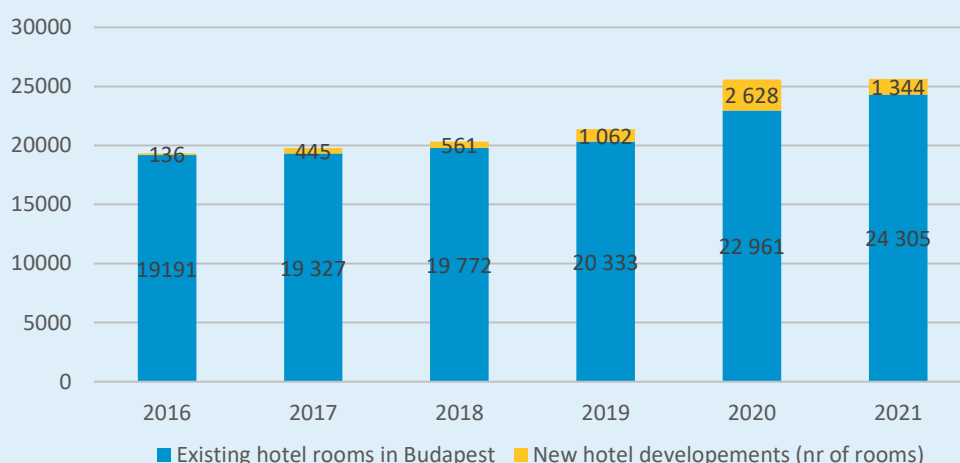
FIGURE 3:  
HOTEL NEW SUPPLY IN BUDAPEST SPLIT BY CATEGORY (2020– 2023)



# 2020 OUTLOOK

- The number of passengers increased by more than 1.3 million last year compared to 2018 (+8%). This positive trend will be further supported by increasing the capacity by investing to a new airport terminal, therefore In 2020, the volume of travelers could exceed the 17 million people.
- We expect that the favorable trend of increasing occupancy rate may slow down or stagnate in case the announced strong pipeline will be handed over gradually.
- Even though the expected pressure on the occupancy rates, we estimate that due to the positive effect of the VAT decrease effective from 1st January 2020, will result to a noticeable increase in the net ADR of the hotels. However, the positive effect of the VAT decrease will be partly offset by the newly introduced 4% tourism contribution tax on room and food&beverage revenues of the hotels.
- As a result of the positive regulatory changes and anticipated increasing demand in 2020 as well, we forecast growing RevPAR figures at all segments, regardless of the rich pipeline.
- The preparation works for the much awaited congress center 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 years by the end of 2021, the hotel development boom will increase the country's tourism capacity considerably with 33 hotels including approximately 3,900 rooms and their the majority will be 4-5\* hotels. Majority of them are already under active construction. More than 80% of the pipeline is located in District V,VI and VII.
- However, the hotel market face the challenge of lack of qualified labor 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.
- We forecast that the operational costs of the hotels will be under upward pressure as a result of the growing wages in the tourism sector.

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



*We estimate that RevPAR will further grow in each category this year as a result of the positive effect of the VAT decrease and the steadily strong demand.*





# APPENDIX

## HOTEL PIPELINE IN BUDAPEST (2020-2021)

Hotel	Location	Type	Category	Nr of rooms	Handover
Quality Inn Hotel	VI. Dessewffy u.	Midscale	4*	134	2020
Hotel Vision	V. Belgárd Rakpart 24.	Upscale	4*	92	2020
Hard Rock Hotel	VI. Nagymező utca.	Upscale	4*	136	2020
Matild Palace – Luxury Collection Hotel	V. Kerület, József körút.	Luxury	5*	130	2020
Ramada by Wyndham	V. Petőfi Sándor utca 14.	Upscale	4*	42	2020
Boutique Hotel - Andrassy 30	VI. Andrassy út 30.	Upscale	4*	100	2020
A 116	VI. Andrassy út 116.	Upscale	4*	40	2020
A&O Hostel	VII. Csengery u. 11.	Midscale	3*	108	2020
B&B Hotels	IX. Angyal u. 1.	Midscale	3*	214	2020
Zenobia Palace Hotel	VIII. Horváth Mihály tér.	Upscale	4*	150	2020
H2 Hotel Budapest	V. Sas u.	Midscale	3*	158	2020
Intercity Hotel	VIII. Mosonyi u. 4.	Midscale	3*	357	2020
Savoy Hotel	József krt. 16	Upscale	4*	100	2020
Mamaison Hotel	V. Mérleg utca 6.	Upscale	4*	54	2020
Mamaison Hotel	V. Mérleg utca 4.	Midscale	3*	100	2020
Hotel Akadémia - Iberostar	V. Akadémia utca 15-17.	Luxury	5*	107	2020
Emerald Residence	V. Petőfi Sándor utca.	Upscale	4*	106	2020
Triptara Hotel Eötvös Utca	VI. Eötvös u. 12.	Upscale	4*	150	2020
Butique Hotel - BIF	VI., Andrassy út 80-82.	Upscale	4*	100	2020
Netizen Hotel	VIII. Rákóczi út 54	Budget	3*	88	2020
Hotel Bazilika	V. Szent István tér	Upscale	4*	78	2020
Arkia Hotel I.	VII. Almássy tér 2.	Midscale	4*	84	2020
A3 Hotel	VI. Andrassy út 3.	Upscale	4*	76	2021
Rácz Hotel	I. Hadnagy u. 8-10.	Luxury	5*	67	2021
Arkia Hotel II.	VII. Klauzál utca 17	Midscale	4*	72	2021
Steindl Imre Hotel	V. Steindl Imre utca	Midscale	3*	100	2021
Kígyó utca Hotel	V. Kígyó utca	Midscale	3*	115	2021
Mikszáth Tér Boutique Hotel	VIII. Mikszáth Tér 3.	Upscale	4*	60	2021
Chocolat Hotel	VIII. Szentkirályi út 8.	Upscale	4*	150	2021
Autograph Collection - fmr Renaissance	V. Apáczai Csere János u.	Luxury	5*	230	2021
Hyatt Regency Hotel	V. Petőfi Sándor u.	Luxury	5*	231	2021
Jo&Joe (hibrid)	VII. Klauzál utca	Midscale	3*	78	2021
W Hotel - Marriott	VI. Andrassy út 25.	Luxury	5*	165	2021
<b>Total:</b>				<b>3972</b>	

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### COVID-19

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## FOR MORE INFORMATION

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