

# MARKET BEAT

# CEE-6

## Hospitality H1 2023



CEE-6: Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia  
Published: September 29, 2023

### MARKET SUMMARY & OUTLOOK

	YoY Chg	12-Mo. Forecast
Investment Trends	▲	▲
Prime Yields	▲	—
Market Performance	▲	▲
Supply	—	▲
Demand	▲	▲

In the last 12 months, CEE markets experienced an uptick in transaction activity, underpinned by improving hotel performances, increasing pressure on some owners to dispose or refinance their assets as well as the need among investors to deploy capital. The moderating inflation and the return of international investors - particularly from Asia and the Middle East - is expected to support further transaction activity going forward, with several deals already in progress. Rising interest rates, reaching their peak in Q4 2022 in the CEE, combined with economic and geopolitical uncertainty, led to 50 to 75 bps yield decompression during H2 2022 - H1 2023. However, the growing income softened the impact on values. Going forward, while the yield softening might not be over yet in some markets, the moderating inflation rates are expected to have a positive impact on interest rates and, consequently, stabilise the hotel yields in 2024. Despite lower occupancy than in H1 2019, a healthy ADR growth lifted RevPAR in CEE-6 capitals to 6.2% above pre-pandemic levels in H1 2023. This was driven by strong tourism rebound, constrained supply and reduced VAT rates in Bulgaria and Hungary. This positive trend is set to continue, albeit at a slower pace, underpinned by the return of corporate and MICE demand, thus helping drive occupancy levels during weekdays and shoulder seasons. Only one significant hotel opened in the CEE-6 capitals during H1 (151-key Barcelo Warsaw). Meanwhile, several properties reopened after renovations/re-branding (e.g., Prague's Almanac X). More openings and re-brandings are planned in the H2 2023 and 2024. Overall, 24 hotels with 3,260 rooms are expected to open in CEE-6 capitals by the end of 2024, increasing the supply by 3.3% between 2022 and 2024 (1.7% CAGR). Tourism in the CEE-6 capitals is experiencing a healthy rebound, albeit occupancy in H1 2023 remained 7.9 pts behind H1 2019. This is due to the slower recovery of international demand that can be partially attributed to the constrained flight capacity and the Russian war in Ukraine. Despite these challenges, inbound tourism continues to grow, and this, combined with the return of corporate and conference demand, is expected to drive full recovery within the next 2 years.

Sources: Cushman & Wakefield, Oxford Economics, STR

Note: Contingency of 5% is applied for transactions in H2 2022 and H1 2023, as some deals are revealed with notable delay.

### INVESTMENT TRENDS

**HIGHLIGHTS - H1 2023**

- € 159 million transacted
- 8 properties comprising 963 rooms sold
- 69% of capital was from domestic buyers
- 59% of volume was invested in Luxury hotels

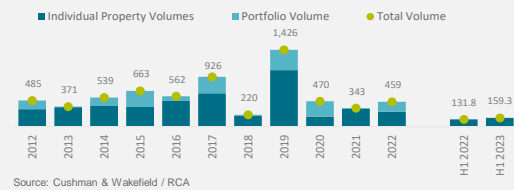
#### RECENT TRANSACTION TRENDS

	Last 6 months (H1 2023)				CALENDAR YEAR 2022			
	Properties Sold	Rooms Sold	Volume Transacted	% Change*	Properties Sold	Rooms Sold	Volume Transacted	% Change*
CEE-6 Capitals	8	963	159	20.9%	29	3,703	459	33.9%
	5	770	144	272.4%	15	2,340	327	38.4%
Czech Republic	4	344	50	70.2%	6	508	84	-12.2%
Romania	3	240	18	-27.1%	8	1,055	89	67.6%
Hungary	n/a	n/a	n/a	n/a	7	1,413	236	116.9%
Poland	n/a	n/a	n/a	n/a	5	529	36	-52.1%

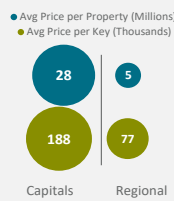
Volume transacted in EUR, millions. No information displayed when < 2 deals. \*Refers to the % change in transaction volume from the previous period.

Source: Cushman & Wakefield

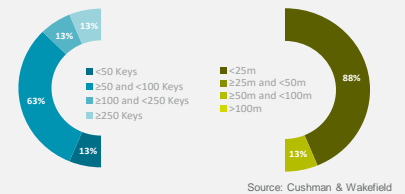
#### ANNUAL TRANSACTION VOLUMES (2012 - H1 2023, EUR MILLIONS)



#### AVERAGE TRANSACTION PRICE (H1 2023, EUR)

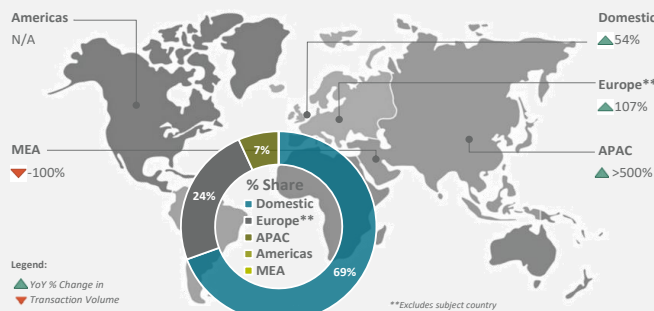


#### BREAKDOWN BY NO. OF ROOMS SOLD & DEAL SIZE (H1 2023, % SHARE OF DEALS)



### NATURE OF INVESTMENTS

#### TRANSACTION VOLUME\* BY SOURCE OF CAPITAL (% CHANGE, H1 2023 vs H1 2022)



#### TRANSACTION VOLUME PER HOTEL CLASS (% CHANGE, H1 2023 vs H1 2022)

HOTEL CLASS	% OF TOTAL VOLUME	% CHANGE
Luxury	59%	n/a n/a
Upper Upscale	1%	▼-97%
Upscale	28%	▲>500%
Upper Midscale	7%	▼-57%
Midscale	0%	▼-100%
Economy	5%	n/a n/a

Source: Cushman & Wakefield

#### TRANSACTION VOLUME BY TYPE OF INVESTOR (H1 2023, % SHARE OF TOTAL VOLUME)

BUYERS (% Share)	Last 6 Months		% Change	SELLERS (% Share)	Last 6 Months		% Change
	Buyers	Sellers			Sellers	Buyers	
Institutional	0%	0%	N/A	44%	44%	N/A	
Private	72%	72%	▼-44%	56%	56%	▼-64%	
Public	0%	0%	N/A	0%	0%	▼-100%	
User/Other	28%	28%	▲37%	0%	0%	N/A	

Source: Cushman & Wakefield / RCA

#### VOLUME OF ROOMS SOLD BY HOTEL CLASS (% CHANGE, H1 2023 vs H1 2022)

HOTEL CLASS	% OF ROOMS SOLD	% CHANGE
Luxury	43%	n/a n/a
Upper Upscale	3%	▼-90%
Upscale	38%	▲265%
Upper Midscale	6%	▼-80%
Midscale	0%	▼-100%
Economy	11%	n/a n/a

Source: Cushman & Wakefield

# MARKET BEAT

## CEE-6

Hospitality H1 2023



### MAJOR DEALS

#### SELECTED RECENT MAJOR HOTEL TRANSACTIONS

Year	Property	Market	Keys	Buyer	Buyer Origin	Seller	Seller Origin
2023	Becali Hotel Transaction	Venus	92	Energoutil	ROU	Becali George	ROU
2023	Courtyard Prague City	Prague	161	S Immo	CZE	CPI Hotels	CZE
2023	Fantanele Complex	Fântânele	70	Transilvania Quest	ROU	Unita Turism	ROU
2023	K+K Elisabeta	Bucharest	67	Lorand and Zsuzsanna Szarvadi	ROU	InterGlobe	IND
2023	Novum Hotel Vitkov Prague	Prague	95	AB Hanner / Baltic Asset Management	LTU / LTU	Confidential	n/a
2023	Sofitel Budapest	Budapest	360	BDPST Group	HUN	Indotek Group	HUN
2023	Sovereign Hotel	Prague	50	Sinteks Group	AZE	Deidda	CZE
2022	Hotel Gellert	Budapest	234	BDPST Group	HUN	Indotek Group	HUN
2022	Mama Shelter	Bucharest	123	One United Properties	ROU	Keys Reim	ROU
2022	Vienna house Easy by Wyndham Airport Bucharest (part of a portfolio acquisition)	Bucharest	177	HR Group	GER	U City	THA
2022	DoubleTree by Hilton Oradea	Oradea	147	Confidential	n/a	SIF Banat-Crisana	ROU
2022	Hotel Praha Spindleruv Mlyn	Spindleruv Mlyn	27	Rohlik Group	CZE	Mountain properties	CZE
2022	Studio Plac Dominikanski	Wroclaw	138	Atrium European Real Estate	JEY	Toscom Development	POL
2022	ibis Styles Budapest City West	Budapest	114	Infogroup	HUN	Confidential	n/a
2022	Alice Hotel Budapest	Budapest	41	West Hungária Bau	HUN	BDPST Group	HUN
2022	S Immo Entity Portfolio (6 hotels)	Various	1366	CPI Hotels	CZE	S Immo	CZE

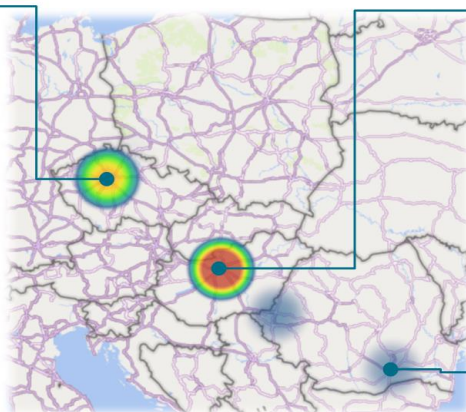
Note: Sorted by date of transaction. Transactions above €4M in H2 2022 and H1 2023.

#### CEE-6 TRANSACTIONS - MAP VIEW H2 2022 - H1 2023

<€1M <€290M

#### Prague

Transaction Volume\* € 96   
 Properties Sold 6   
 Rooms Sold 581



#### Budapest

Transaction Volume\* € 282   
 Properties Sold 5   
 Rooms Sold 1,167

#### Bucharest

Transaction Volume\* € 55   
 Properties Sold 4   
 Rooms Sold 656

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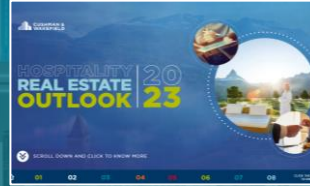
## RECENT PUBLICATIONS



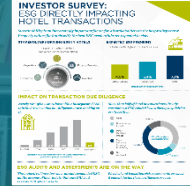
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BEAT**  
Europe - Q1 2023



**HOTEL OPERATOR  
BEAT**  
CEE - H1 2023



**HOSPITALITY REAL  
ESTATE OUTLOOK**  
2023



**INVESTOR ESG  
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Europe - 2022

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