



CEE SNAPSHOT

Prague, Bratislava, Budapest

December 2022



Prague, Bratislava and Budapest compared

Dear readers!

In the years preceding the outbreak of the pandemic, the capitals Prague, Bratislava and Budapest were increasingly in the spotlight of hotel investors due to their strong touristic performance. For both national and international guests, the cities have long since established themselves as prominent destinations. Christie & Co has taken a look at these hotel markets and would like to give you an overview of recent developments on the following pages.

The CEE region continues to be seen as a growth engine in the European Union, which was also reflected in tourism demand until March 2020.

With over 18.5 million overnight stays, Prague was able to record an all-time high in 2019, ranking 9th among all European capitals, just ahead of Vienna. By 2020, this development was also reflected in the supply of hotels in the Czech capital. The supply of 542 hotels in 2019 rose to 618 hotels in 2020, the highest level ever. However, the pandemic also left its footprint resulting in some, mainly smaller hotels with less than 50 rooms, having to close and thus only 581 hotel establishments were registered for 2021.

Bratislava experienced significant growth in foreign and domestic overnight stays between 2015 and 2019, achieving a CAGR of 7% during this period. In addition, both the average rate and room occupancy increased, resulting in an annual increase in RevPAR of 10%. The main source markets for Bratislava are the domestic market, followed by the Czech Republic, Germany, the UK and Poland.

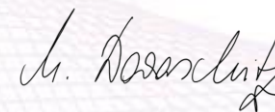
Budapest registered a 7% annual increase in arrivals between 2015 and 2019 and grew faster than, for example, Prague or Vienna. After the pandemic-related drop, both occupancy and daily rates recovered well in 2022, but still have some work to do as YTD RevPAR is still 14% below 2019.

The most recent hotel transactions in the three cities show that the value of hotel properties was hardly affected due to the short-term decline in demand and transactions were carried out at almost the same conditions as in 2019. While new hotel openings are still pending and developments are planned in Budapest and Prague, there are currently no documented hotel developments in Bratislava, which could result in existing hotels becoming more attractive for investors.

On the following pages you will find a detailed overview about the development of the respective hotel market in the three cities. We hope you enjoy reading!



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Director
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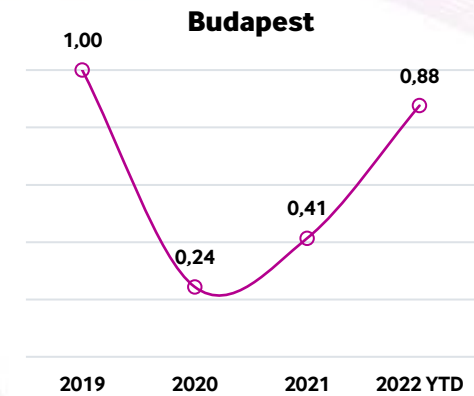
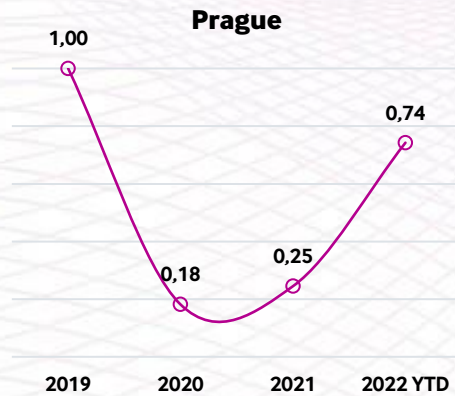
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HOTEL MARKET KPI TRENDS 2019 - YTD OCTOBER 2022

RevPAR Index (2019 = 1)



Sources: Christie & Co, STR

The pandemic had a serious impact on the operating performance indicators of the hotels in Prague, Bratislava and Budapest. Due to the global travel restrictions, hotel beds remained largely empty from March 2020, which also had a corresponding impact on RevPAR. However, clear recovery trends can be seen again in all three cities.

In 2020/21, the three cities recorded above all sharp declines in demand. Prague, for example, recorded 74% fewer overnight stays in 2020 than in the previous year, and the situation in Budapest was similar. Bratislava, on the other hand, fared comparatively well with a decline of just under 64%, but also had to record a renewed decline of 8% in 2021 compared to the previous year.

The period January-October 2022 shows positive developments for all three cities. Prague, Bratislava and Budapest were able to clearly increase their RevPAR compared to the pandemic years 2020 and 2021. Budapest leads the way, already being the only one of the three cities to achieve a higher average rate in 2021 than before the 2019 pandemic. This trend continued in 2022, with RevPAR recovering to 88% compared to 2019. However, Prague and Bratislava also performed significantly better in the first ten months of 2022 than in 2021, so that the 2019 figures can be expected to be reached soon here as well.

PRAGUE

The Golden City



With 1.3 million inhabitants, Prague is not only the largest city but also the cultural, financial and political centre of the Czech Republic as well as the seat of government and parliament. The City of a Hundred Spires has already established itself as a European must-visit destination for leisure travellers from all over the world for years and has proven to be a popular venue for MICE events. Prague ranks among the top 10 most popular meeting destinations in the world and recorded half a million arrivals in the MICE segment in 2019. Of the 18.5 million overnight stays achieved in 2019, Germany and Russia were among the top 3 countries of origin, in addition to domestic guests.

Overview

Macroeconomic data

- Population: 1.275m (2022)
- Unemployment rate: 3.3% (2022)
- GRP/per capita: EUR 46,400 (2019)
- Airport passengers: 17.8m (2019), 4.4m (2021)

Most relevant employers

- CEZ Group (Energy)
- EPH (Energy)
- Agrofert (Chemicals)

Major sights

- Prague Castle
- Charles Bridge
- Wenceslas Square
- Old Town Hall
- Teyn Church

Selected transactions

- Grand Hotel Europa, 165 rooms (March 2021)
- Pentahotel Prague, 227 rooms (February 2020)
- Carlo IV, 152 rooms (January 2020)

Supply

| Hotels | | Rooms | |
|--------|------|--------|--|
| +2.3% | CAGR | +1.4% | |
| 581 | 2021 | 37.431 | |
| 618 | 2020 | 38.949 | |
| 542 | 2019 | 35.960 | |

Selected openings

- Andaz Prague (179 rooms)
- The Julius (100 rooms)
- Stages Hotel (300 rooms)
- Almanac X Prague (204 rooms)

Demand

Overnights

| | | |
|-------|------|------|
| 18.5m | 4.9m | 5.3m |
| 2019 | 2020 | 2021 |

Performance

| | |
|------------------------------|------|
| ADR | +3% |
| YTD Oct 2022 vs YTD Oct 2019 | -28% |
| RevPAR | -26% |

Saisonnality (2019)

Performance

While Prague was still able to set records for overnight stays before the pandemic, hotel occupancy rates plummeted by almost 75 percentage points in 2021. Although 2022 shows a clear upward trend, the figures are still almost 30 percentage points behind those of 2019. Average room rates, on the other hand, actually increased in 2022. However, the ongoing conflict in Ukraine is also noticeable in the overnight statistics, as Prague previously still achieved high demand from Russian guests.

Outlook

After almost 3 years of pandemic, the Prague hotel market is showing clear signs of recovery, but it will presumably take some patience to reach the level of 2019. For example, the number of overnight stays in Q3 2022 (4.3m) is still clearly behind those of 2019 (5.4m). Another important factor in the recovery will be the development of the conflict between Russia and Ukraine.

Sources: Christie & Co, Prague city tourism, Czech national statistics office, RCA, STR, Eurostat

BRATISLAVA

Hub between Western and Eastern Europe



Bratislava is the capital of Slovakia and is located at the border triangle with Austria and Hungary. As the political, economic and cultural centre of the country, the city is home to several universities, museums, theatres and economic institutions. Tourism is one of the city's most important economic sectors. Bratislava captivates with its location directly on the Danube, which attracts a large number of day tourists to the capital. Due to the establishment of low-cost airlines such as Ryanair, a considerable share of overnight stays is generated by guests from Great Britain.

Overview

Macroeconomic data

- Population: 475,500 (2022)
- Unemployment rate: 3.9% (2022)
- GRP/per capita : EUR 22,819 (2021)
- Airport passengers:
2.3m (2019)
480,000 (2021)

Most relevant employers

- Volkswagen (Automotive)
- Slovnaft (Petroleum)

Major sights

- Old Town
- Bratislava Castle
- Devín Castle

Selected transactions

- Mercure Hotel Bratislava Centrum, 175 rooms (November 2021)
- The Lindner Hotel Gallery Central, 222 rooms (July 2019)
- Vienna House Easy, 166 rooms (March 2018)

Supply



| Hotels & Accommodations | | Rooms |
|-------------------------|------|--------|
| -4.6% | CAGR | -6% |
| 284* | 2021 | 11,328 |
| 303* | 2020 | 11,305 |
| 312* | 2019 | 12,825 |

Selected openings

- Hotel DOCK Bratislava (23 rooms)

Demand

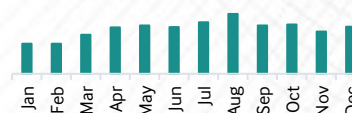
Overnights



Performance



Seasonality (2019)



Performance

The pandemic also left its mark on Bratislava, causing occupancy to fall by over 60 percentage points and RevPAR to shrink by 70 percentage points compared with pre-crisis levels. Although 2022 (as of October) shows an upward trend compared to the previous two years, both occupancy and RevPAR are still clearly behind the 2019 levels. Only the average room rate has already increased. The fact that no hotel developments are currently planned in Bratislava suggests that the hotel market is saturated.

Outlook

The hotel market in Bratislava shows clear signs of recovery compared to 2020 and 2021. However, it remains to be seen how various macroeconomic events will affect the hotel market in Bratislava and whether inflation-adjusted rates can be achieved.

*Note: The Bratislava Tourist Board lists all commercial accommodation in one statistic
Sources: Bratislava Tourist Board, RCA, STR, Christie & Co

BUDAPEST

The Paris of the East



Budapest is the capital and also the largest city of Hungary. Due to the unique Art Nouveau buildings, the Danube, the thermal springs and the coffee house culture, the city is often referred to as the Paris of the East. Budapest is partly a UNESCO World Heritage Site, which helped generate more than 9.5 million overnight stays before the Covid pandemic. However, due to the pandemic, tourism demand plummeted. Since the restrictions were lifted in March 2022, the market is increasingly recovering again, however, the Ukraine war is now showing its effects.

Overview

Macroeconomic data

- Population: 1.7m (2022)
- Unemployment rate: 3.2% (2020)
- Airport passengers: 16.2m (2019), 4.6m (2021)

Most relevant employers

- OTP Bank
- MOL (Petroleum)
- Magyar Villamos Művek (Energy)

Major sights

- Parliament
- Chain Bridge
- Fisherman's Bastion
- Castle Palace

Selected transactions

- Escala Hotel & Suites, 50 rooms (October 2021)
- B&B Hotel Budapest, 214 rooms (December 2020)

Supply

| Hotels | CAGR | Rooms |
|--------|------|--------|
| -13.8% | | +4.2% |
| 156 | 2021 | 22,095 |
| 151 | 2020 | 21,395 |
| 210 | 2019 | 20,333 |

Selected openings

- Hard Rock Hotel Budapest (136 rooms)
- The Radisson Hotel Budapest BudaPart (198 rooms, opening 2023)
- Limehome Budapest (45 rooms, opening 2023)

Demand

Overnights

10.7m

2019

2.4m

2020

3.4m

2021

Performance

| | |
|------------------------------|------|
| ADR | +14% |
| YTD Oct 2022 vs YTD Oct 2019 | -25% |
| RevPAR | -14% |

Saisonnality (2019)

Performance

City tourism in Budapest also suffered greatly from the effects of the pandemic. After still setting overnight stays records in 2019, occupancy dropped by more than 70 percentage points in 2021. Thanks to the measures that were removed, however, the city recovered quickly from March 2022 onward and was even able to increase the average rate by 14 percentage points in 2022 compared to 2019 in the January-October comparison period.

Outlook

Budapest's tourism market shows clear signs of recovery, which is mainly due to the return of international guests. In addition, the pipeline of new hotel projects is well filled, so that future demand can also be well served. However, it remains to be seen to what extent the positive trend will be influenced by the ongoing Ukraine war and the politically tense situation in Hungary itself.

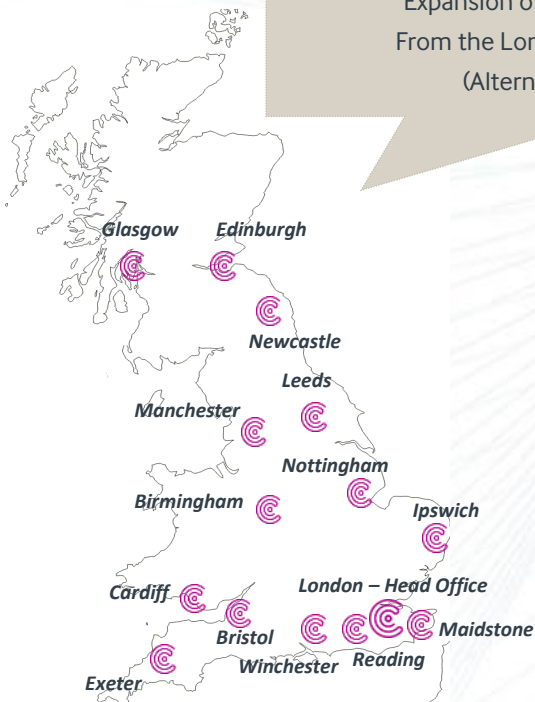
Sources: Hungarian Central Statistical Office, RCA, STR, Christie & Co

ABOUT CHRISTIE & CO

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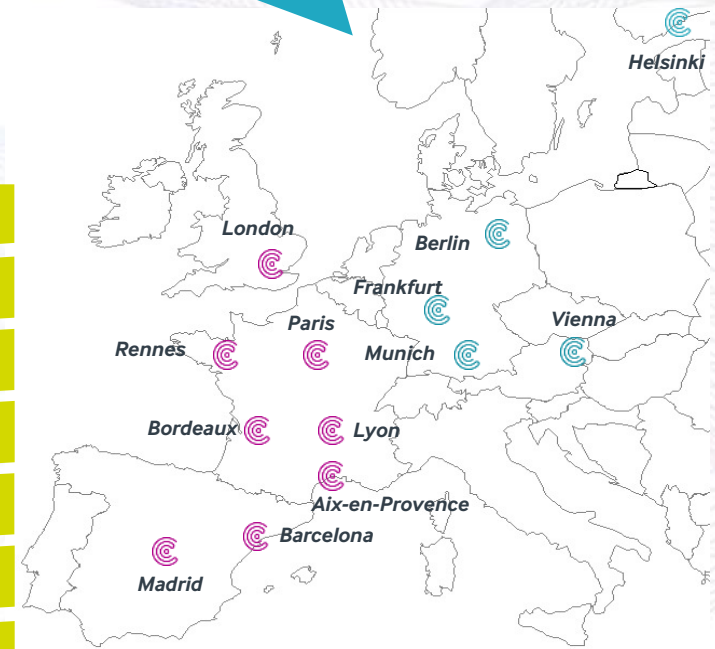
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