

MARKET BEAT

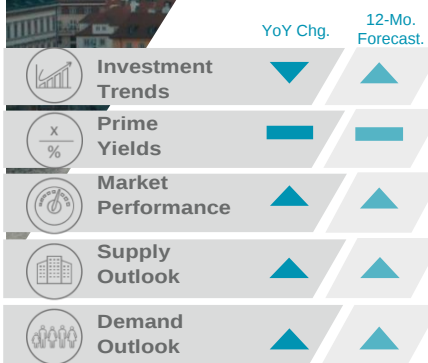
CEE

Hospitality H1 2024

CUSHMAN & WAKEFIELD

Published: 2024-08-06

MARKET SUMMARY & OUTLOOK



CEE-6: Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia

Transaction volume reached €122M in the first half of 2024, 27% less than in H1 2023. This was primarily due to the lack of hotel assets for sale in the CEE region, geopolitical uncertainty, and the high cost of financing. However, this has changed in recent months. Several properties are in various stages of disposition, and this, combined with continued performance growth, improved access to debt, and rising investor interest, is expected to boost volumes in the next 12 months.

After a notable decompression in 2023, yields remained generally stable in the first half of 2024, with values further supported by growing income. With the ECB's interest rate cut in June and growing liquidity in the debt markets, we expect to see further stabilization in 2024 and gradual yield sharpening for prime assets as we progress into 2025.

In YTD June 2024, the RevPAR in the CEE-6 capitals increased by 8.0% compared to H1 2023. This was driven by a 4.2% rise in ADR, with the strongest gains recorded in Prague, Bucharest, and Warsaw. Hotel occupancy reached 64.2% in H1 2024, 3.6% more than last year, albeit below the pre-pandemic levels across all cities except in Warsaw. Looking ahead, ADR growth is expected to moderate, while occupancy rates are projected to continue their recovery.

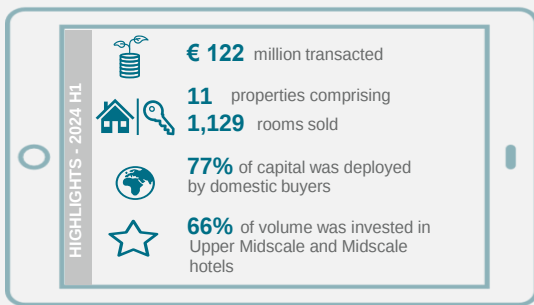
During 2024, the room supply in the CEE-6 capitals is expected to increase at a modest CAGR of 1.4%, translating to the addition of approximately 1,500 rooms. Looking ahead to 2024-2026, the supply is expected to see a moderate 3.2% increase, with new openings such as W Hotel Prague (2024), Puro Warszawa Canaletta (2024), Fairmont Golden Prague (2025) and SO by Sofitel Budapest Chain Bridge (2025). Developers have started to explore office to hotel conversions.

In the first half of 2024, the capitals of the CEE-6 region experienced a 0.6% increase in demand compared to the first half of 2019, despite a 7.7% increase in supply over the same period. This trend is driven by the impressive recovery of demand in Warsaw, c. 17%. The return of MICE and corporate demand is expected to drive further growth, but the geopolitical concerns due to the war in Ukraine remain the key challenge.

Sources: Cushman & Wakefield, STR, Oxford Economics

Note: A contingency of 5% is assumed for transactions in the last 12 months, as some deals are revealed with notable delay.

INVESTMENT TRENDS



RECENT TRANSACTION TRENDS

	Last 6 months (H1 2024)				Last Year (2023)			
	Properties	Rooms	Volume	% Change*	Properties	Rooms	Volume	% Change*
CEE	11	1,129	122	-27%	25	3,296	354	-22%
Capitals	4	520	57	-61%	10	1,303	264	-18%
CZ	2	197	35	-25%	8	689	124	51%
HU	1	N/A**	N/A**	N/A**	3	480	98	-57%
PL	2	265	27	174%	4	747	82	81%
RO	3	280	20	13%	4	375	27	-68%

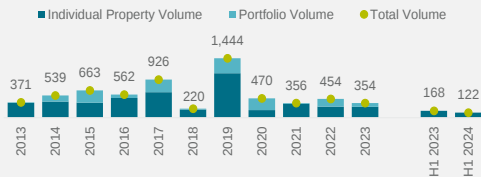
Volume transacted in EUR millions

*Refers to the % change in transaction volume from the previous period

**No information displayed when <2 deals

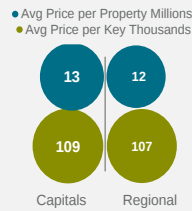
Source: Cushman & Wakefield

ANNUAL TRANSACTION VOLUMES (2013 - 2023, EUR MILLIONS)

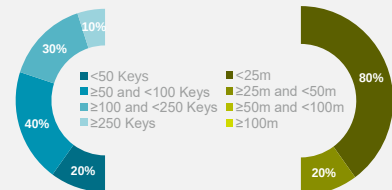


Source: Cushman & Wakefield / RCA

AVERAGE TRANSACTION PRICE (H1 2024, EUR)



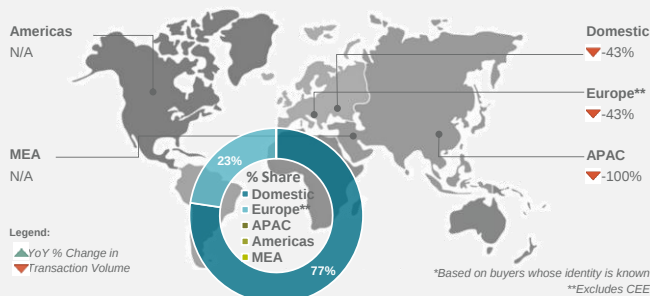
BREAKDOWN BY NO. OF ROOMS SOLD & DEAL SIZE (H1 2024, % SHARE OF DEALS)



Source: Cushman & Wakefield

NATURE OF INVESTMENTS

TRANSACTION VOLUME* BY SOURCE OF CAPITAL (% CHANGE, H1 2024 vs H1 2023)



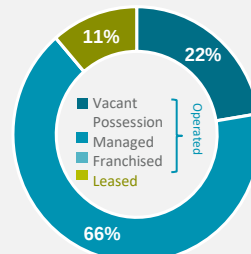
Source: Cushman & Wakefield

TRANSACTION VOLUME PER HOTEL CLASS (% CHANGE, H1 2024 vs H1 2023)

HOTEL CLASS	% OF TOTAL VOLUME	% CHANGE	HOTEL CLASS	% OF ROOMS SOLD	% CHANGE
Luxury	0%	-100%	Luxury	0%	-100%
Upper Upscale	6%	50%	Upper Upscale	4%	14%
Upscale	0%	-100%	Upscale	0%	-100%
Upper Midscale	48%	354%	Upper Midscale	43%	166%
Midscale	18%	192%	Midscale	20%	20%
Economy	27%	304%	Economy	33%	278%

Source: Cushman & Wakefield

TRANSACTIONED VOLUME BY OPERATING STRUCTURE (H1 2024, % SHARE OF DEALS)



Source: Cushman & Wakefield

TRANSACTIONED VOLUME BY TYPE OF INVESTOR (H1 2024, % SHARE OF TOTAL VOLUME)

	BUYERS (% Share)		SELLERS (% Share)	
	Last Year	% Change	Last Year	% Change
Institutional	0%	-100%	0%	-100%
Private	100%	5%	97%	478%
Public	0%	0%	3%	>500%
User/Other	0%	-100%	0%	0%

Source: Cushman & Wakefield

MARKET BEAT

CEE

Hospitality H1 2024



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MAJOR DEALS OF 2024-23

SELECTED RECENT MAJOR HOTEL TRANSACTIONS (2024-2023)

Year	Property	Market	Keys	Buyer	Buyer Origin	Seller	Seller Origin
2024	Hotel Cechie	Prague, CZ	74	Central Group	CZE	Confidential	N/A
2024	Harmony Club Hotel	Spindleruv Mlyn, CZ	114	Confidential	CZE	Chemapol	POL
2024	Hotel Budapest (Körszálló)	Budapest, HU	289	Market Asset Management	HUN	Danubius Hotels Group	HUN
2024	Holiday Inn Resort Warsaw	Jozefow, PL	148	TMS Ossa	POL	Aquila Hotels	POL
2024	Hotel Ambassador	Bucharest, RO	95	Julius Meinl Group	AUT	Ambassador	ROU
2024	Chalet Elitsa Wellness & Spa	Sofia, BG	37	RHS	GBR	Vitosha Club	BGR
2024	Hampton by Hilton Swinoujscie	Swinoujscie, PL	104	Satoria Group	POL	PBG Erigo	POL
2023	Grand Hotel Varna Portfolio (4 hotels)	Various, BG	946	Black Sea Property	BGR	Grand Hotel Varna	BGR
2023	The Hub Warsaw (2 hotels)	Various, PL	430	Corum Asset Management	FRA	Ghelamco Poland	POL
2023	Hotel Clara Futura	Dolní Břežany, CZ	40	Investika	CZE	Archdiocese of Prague	CZE
2023	Mercure Ostrava	Ostrava, CZ	139	ISWM Group	CYP	Accor Invest	FRA
2023	GRID Hotel	Ostrovačice, CZ	64	Shakai Group	CZE	ABR Holdings	CZE
2023	Hotel Matra	Mátraháza, HU	114	Peters Consulting	USA	BDPST Group	HUN
2023	Hotel Coroana-Postăvaru	Brasov, RO	139	Elevate Properties	ROU	ARO-Palace	ROU
2023	Becali Hotel	Venus, RO	92	Energoutil	ROU	Becali George	ROU
2023	Courtyard Prague City	Prague, CZ	161	S Immo AG	AUT	CPI Property Group	CZE
2023	Hampton by Hilton Gdansk Old Town	Gdansk, PL	174	Polskie Projekty Inwestycyjne (PPI)	POL	Capital Park	POL
2023	Novum Hotel Vitkov	Prague, CZ	95	AB Hanner / Baltic Asset Management	LTU	Confidential	AUT
2023	Sofitel Budapest	Budapest, HU	360	BDPST Group	HUN	Indotek Group	HUN
2023	Sovereign Hotel	Prague, CZ	50	Confidential	AZE	Deidda	CZE

Note: Ordered by date of transaction.

CEE TRANSACTIONS - MAP VIEW H2 2023 - H1 2024

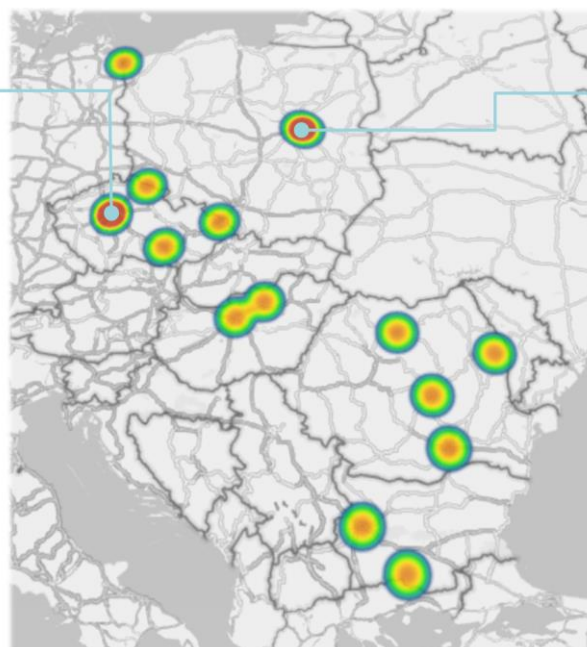
Volumes in millions
<€1 millions <€80 millions

Prague

Transaction Volume € 53
Properties Sold 2
Rooms Sold 184

Warsaw

Transaction Volume € 72
Properties Sold 2
Rooms Sold 452



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