

HOTEL MARKET PRAGUE

FOCUS ON THE CZECH CAPITAL

July 2019





Prague

With 1.3m inhabitants, Prague is the Czech Republic’s cultural, financial and political centre and home to the government and parliament. According to the International Congress and Convention Association (ICCA), Prague is the world’s 10th most popular convention destination and ranked 20th in the Euromonitor Top 100 City Destinations 2018. Between 2014 and 2018 demand for hotels and B&Bs¹ has shown a strong growth and thereby outpaced the additions to supply, which indicates a healthy market development. As such, overnights increased by +13.7% whereas bed supply grew by +3.4%. In terms of developments, more than 1,200 rooms are expected to be realised between 2019 and 2022, the majority belonging to the upscale segment.

Overview	Supply	Demand	Performance																																									
<p>Key highlights (2018)</p> <ul style="list-style-type: none"> Population: 1.3m Unemployment rate: 1.3% GDP: €49bn (2017) Airport passengers: 16.8m Trade fairs & events: 80 Visitors trade fairs & events: c. 800,000 <p>Key companies</p> <ul style="list-style-type: none"> ČEZ Group (energy supplier) AGROFERT, a.s. (agriculture) Unipetrol (petrochemical products) <p>Key attractions</p> <ul style="list-style-type: none"> Prague Castle Charles Bridge Wenceslas Square Old Town Square Tyn Church <p>Recent transactions</p> <ul style="list-style-type: none"> Hotel Don Giovanni, 5-stars, 412 keys € non-disclosed (February 2019) InterContinental, 5-stars, 372 keys, €225m (January 2019) Sheraton Prague Charles Square, 5-stars, 160 keys, €42.5m (March 2018) 	<p>Supply</p> <table border="1"> <thead> <tr> <th>Hotels / B&Bs</th> <th>CAGR</th> <th>Beds</th> </tr> </thead> <tbody> <tr> <td>+0.7%</td> <td></td> <td>+0.8%</td> </tr> <tr> <td>531</td> <td>2018</td> <td>74,982</td> </tr> <tr> <td>532</td> <td>2016</td> <td>74,414</td> </tr> <tr> <td>517</td> <td>2014</td> <td>72,531</td> </tr> </tbody> </table> <p>Selected upcoming hotel openings</p> <ul style="list-style-type: none"> W Hotel (5-stars, 154 keys, 2020) Extension of Prague Marriott Hotel (5-stars, c. 200 keys, 2020) Ritz-Carlton (5-stars, 110 keys, 2022) 	Hotels / B&Bs	CAGR	Beds	+0.7%		+0.8%	531	2018	74,982	532	2016	74,414	517	2014	72,531	<p>Demand</p> <p>Overnights CAGR +2.7%</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Overnights</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>13.5m</td> </tr> <tr> <td>2016</td> <td>15.2m</td> </tr> <tr> <td>2018</td> <td>16.4m</td> </tr> </tbody> </table> <p>Internationality</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Domestic</td> <td>10%</td> </tr> <tr> <td>International</td> <td>90%</td> </tr> </tbody> </table> <p>Seasonality</p>	Year	Overnights	2014	13.5m	2016	15.2m	2018	16.4m	Category	Percentage	Domestic	10%	International	90%	<p>Performance</p> <table border="1"> <thead> <tr> <th>Metric</th> <th>Value</th> <th>YoY Change</th> </tr> </thead> <tbody> <tr> <td>Occ</td> <td>79%</td> <td>-1.3 pp</td> </tr> <tr> <td>ADR²</td> <td>Kč 2323</td> <td>+1.5%</td> </tr> <tr> <td>RevPAR</td> <td>Kč 1831</td> <td>-0.2%</td> </tr> </tbody> </table> <p>2018 (YoY Change) Source: STR³</p> <p>From 2014 to 2017 room occupancy increased from 70.5% to 80.1%. In 2017, however, it declined by 1.3 pp due to above-average supply increases in the same year. While ADR increased by 1.5% to Kč 2,323, its growth could not completely make up for the losses in occupancy, leading to a slightly lower RevPAR of Kč 1,831 (-0.2%) in 2018. With a share of 90% foreign overnights, the city on the Vltava river enjoys an immense international popularity and is a predominant leisure destination with visitor peaks in the summer season, especially in July and August.</p>	Metric	Value	YoY Change	Occ	79%	-1.3 pp	ADR ²	Kč 2323	+1.5%	RevPAR	Kč 1831	-0.2%
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Notes: ¹All analysis includes Hotels & B&B only; ²Percentage changes refer to changes in Kč; ³Republication or other re-use of this data without the express written permission by STR is strictly prohibited
Sources: Czech Statistical Office, PVA Expo Prague, Prague Airport, Eurostat, RCA, STR, Christie & Co

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