

HOTEL MARKET BUCHAREST

FOCUS ON THE ROMANIAN CAPITAL



September 2019



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Bucharest

With 1.8m inhabitants, Bucharest is both the largest city and capital of Romania, as well as home to the key national administrative institutions. Hotel demand predominantly stems from business travel which is linked to the activity of the governmental institutions and the increasing number of international employers in the city. Simultaneously, Bucharest boasts a variety of key leisure attractions, including the Palace of the Parliament or the Romanian Athenaeum. Since the end of the financial crisis, the city experienced continuous growth in both supply and demand¹. As such, international overnights have increased by 7.5% p. a. between 2014 and 2018 whereas domestic overnights increased by 4.9% p. a. during the same period. In terms of developments, more than 1,200 rooms are expected to be realised by the end of 2021, representing an addition of c.11% of the current room supply.

Overview	Supply	Demand	Performance															
<p>Key highlights (2018)</p> <ul style="list-style-type: none"> Population: 1.8m Unemployment rate: 1.5% GDP: €50.6bn (2017 for Bucharest-Ilfov) Airport passengers: 13.8m International trade fairs & events: 44 <p>Key companies</p> <ul style="list-style-type: none"> Kaufland Romania (consumer goods) Lukoil Romania (oil & gas) Rompelrol Downstream (oil & gas) <p>Key attractions</p> <ul style="list-style-type: none"> Palace of the Parliament Romanian Athenaeum Stavropoleos Church Old Princely Court Revolution Square <p>Recent transactions</p> <ul style="list-style-type: none"> K+K Hotel Elisabeta (as part of K+K portfolio), 4-stars, 67 keys, €11.0m (June 2019) Hotel Mercure Bucharest Unirii, 4-stars, 95 keys, €11.4m (July 2018) Radisson Blu Bucharest, 5-stars, 763 keys, €166.4m (December 2017) 	<p>Supply</p> <table border="1"> <thead> <tr> <th>Hotels</th> <th>CAGR</th> <th>Beds</th> </tr> </thead> <tbody> <tr> <td>+2.8%</td> <td></td> <td>+1.7%</td> </tr> <tr> <td>125</td> <td>2018</td> <td>19,697</td> </tr> <tr> <td>119</td> <td>2016</td> <td>19,030</td> </tr> <tr> <td>112</td> <td>2014</td> <td>18,434</td> </tr> </tbody> </table> <p>Selected upcoming hotel openings</p> <ul style="list-style-type: none"> Moxy by Marriott (3-stars, 120 keys, Q4 2019) Hilton Garden Inn Airport (4-stars, 204 keys, Q4 2019) Corinthia Grand Hotel du Boulevard (5-stars, 50 keys, Q4 2019) 	Hotels	CAGR	Beds	+2.8%		+1.7%	125	2018	19,697	119	2016	19,030	112	2014	18,434	<p>Demand</p> <p>Overnights CAGR +6.5%</p> <p>Internationality</p> <p>Seasonality</p>	<p>Performance</p> <p>2018 (YoY Change) Source: STR³</p> <p>Following the downward trend that lasted until 2013, Bucharest's performance developed predominantly positively. Despite a slight decline in room occupancy, both ADR and RevPAR increased from 2017 to 2018. Demand is primarily driven by business travel, with high demand during May-June and September-October when RevPAR levels exceed €70. As a result of the business heaviness, Bucharest struggles to attract guests over the weekend and in summer, negatively impacting the overall performance of hotels.</p>
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Notes: ¹All analysis includes Hotels only; ²Percentage changes refer to changes in RON; ³Republication or other re-use of this data without the express written permission by STR is strictly prohibited
Sources: Eurostat, Romanian National Institute of Statistics, ICCA, Real Capital Analytics, STR, CNAB, Christie & Co

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