

MARKET BEAT

CEE

Hospitality Full Year 2023

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MARKET SUMMARY & OUTLOOK

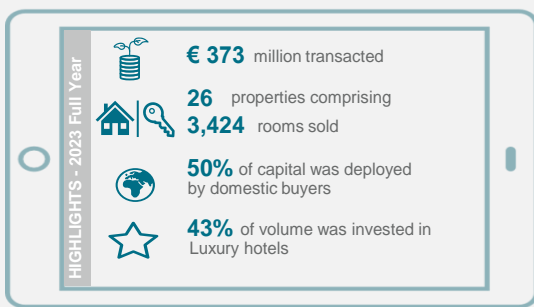
	YoY Chg.	12-Mo. Forecast	
Investment Trends	▼	▲	Increased cost of financing and ongoing economic and geopolitical headwinds in the CEE region, caused 2023 transaction volumes to drop by 18% compared to 2022. However, the volume invested international buyers increased by 197% over the same period, illustrating the region's rising attractiveness for inbound capital. Several significant deals are progressing since the year-end 2023 suggesting transaction volumes will rise in 2024.
Prime Yields	▲	■	Rising debt costs in 2023 exerted pricing pressure on hotel real estate in all CEE markets, resulting in yield decompression ranging from +25 bps in Warsaw to +75 bps in Bratislava and Sofia compared to 2022. Despite this, the impact was partly offset by improved operating income. The anticipated moderation of interest rates in 2024 is expected to contribute to the yield stabilization.
Market Performance	▲	▲	While the average hotel occupancy level across the CEE-6 capitals in 2023 lagged behind 2019 by 9%, the ADR surpassed it by 23%, resulting in a 12% RevPAR growth. The strongest increase was recorded in Warsaw and Budapest. The positive trend is anticipated to persist in 2024, albeit at a more moderate pace.
Supply Outlook	▲	▲	In 2023, 20 hotels with a total of 2,658 rooms opened in CEE-6 capitals, including 732 rooms reopening after rebranding or refurbishment. Additional supply includes Ibis, Tribe, Dorothea Autograph Collection in Budapest, and Zleep Hotel in Prague. While Intercontinental Palace Athenee Bucharest and Almanac X in Prague reopened after renovations. Looking ahead to 2024, 22 hotels with 2,570 rooms are set to open, revealing a 2.1% supply increase across CEE-6 capitals (vs. 2023).
Demand Outlook	▲	▲	The demand for hotel accommodation continued to recover in 2023, with international tourist arrivals in CEE increasing by 20% vs 2022, reaching 73% of the pre-pandemic level (2019). Further growth will be driven by the recovery of corporate and group demand, supported by the ongoing expansion in air connectivity.

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

INVESTMENT TRENDS

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.



RECENT TRANSACTION TRENDS

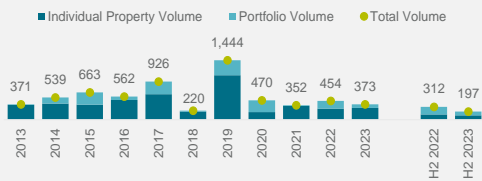
	Last 6 months (H2 2023)				Current Year (2023)			
	Properties	Rooms	Volume	% Change*	Properties	Rooms	Volume	% Change*
CEE	14	2,139	197	-37%	26	3,424	373	-18%
Capitals	4	625	131	-52%	12	1,407	282	-13%
CZ	5	428	87	67%	9	773	137	68%
HU	n/a	n/a	n/a	n/a	3	498	103	-55%
PL	2	452	72	445%	4	761	83	82%
BG	4	993	18	401%	4	993	18	33%

Volume transacted in EUR millions
*Refers to the % change in transaction volume from the previous period

No information displayed when <2 deals

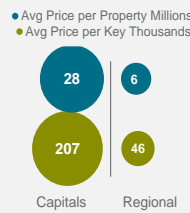
Source: Cushman & Wakefield

ANNUAL TRANSACTION VOLUMES (2013 - 2023, EUR MILLIONS)

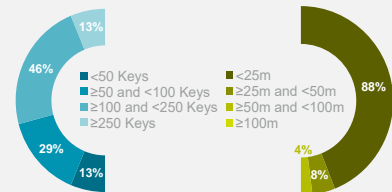


Source: Cushman & Wakefield / RCA

AVERAGE TRANSACTION PRICE (2023, EUR)



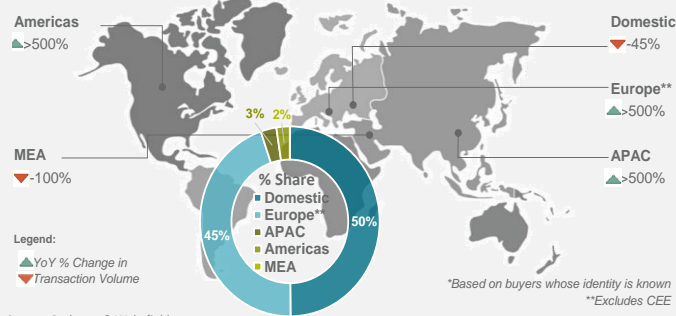
BREAKDOWN BY NO. OF ROOMS SOLD & DEAL SIZE (2023, % SHARE OF DEALS)



Source: Cushman & Wakefield

NATURE OF INVESTMENTS

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



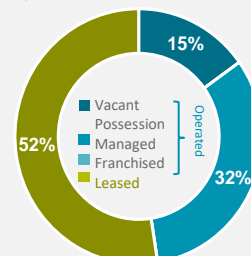
Source: Cushman & Wakefield

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

HOTEL CLASS	% OF TOTAL VOLUME	% CHANGE	HOTEL CLASS	% OF ROOMS SOLD	% CHANGE
Luxury	43%	>500%	Luxury	16%	>500%
Upper Upscale	3%	-92%	Upper Upscale	12%	-35%
Upscale	31%	-29%	Upscale	22%	-46%
Upper Midscale	12%	16%	Upper Midscale	30%	163%
Midscale	9%	-45%	Midscale	17%	-39%
Economy	2%	>500%	Economy	3%	>500%

Source: Cushman & Wakefield

TRANSACTIONED VOLUME BY OPERATING STRUCTURE (2023, % SHARE OF DEALS)



Source: Cushman & Wakefield

TRANSACTIONED VOLUME BY TYPE OF INVESTOR (2023, % SHARE OF TOTAL VOLUME)

Investor Type	BUYERS (% Share)		SELLERS (% Share)	
	Current Year	% Change	Current Year	% Change
Institutional	52%	>500%	48%	102%
Private	34%	-24%	45%	80%
Public	9%	5%	0%	-100%
User/Other	4%	37%	6%	>500%

Source: Cushman & Wakefield / RCA

MAJOR DEALS OF 2022-23

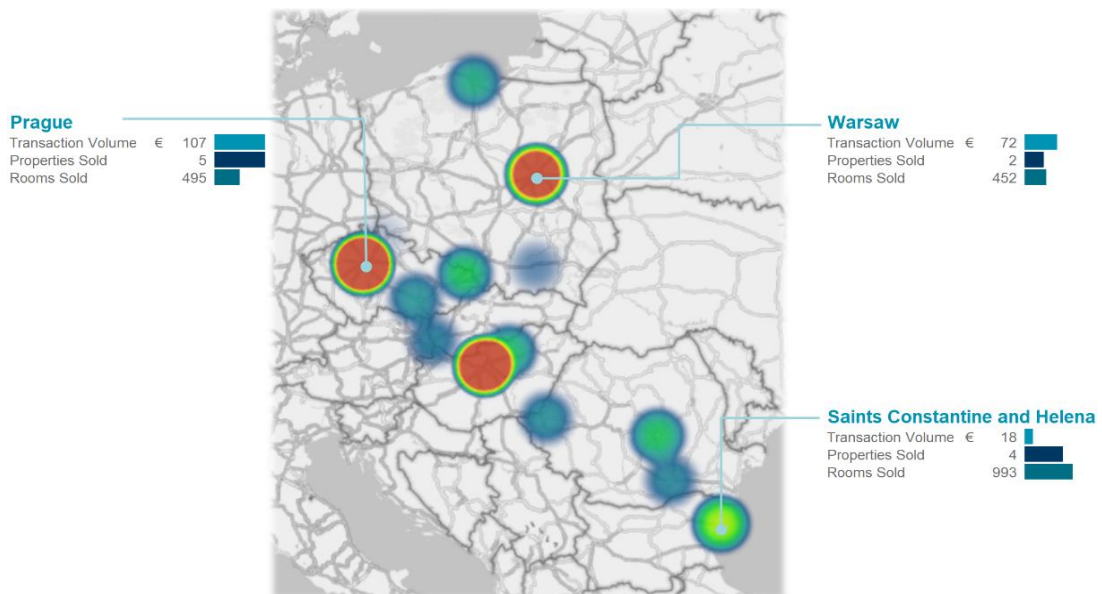
SELECTED MAJOR HOTEL TRANSACTIONS

Year	Property	Market	Keys	Buyer	Buyer Origin	Seller	Seller Origin
2023	Mercure	Ostrava, CZE	139	ISWM Group	CYP	Accor Invest	FRA
2023	Hotel Clara Futura	Dolni Brelany, CZE	40	Investika	CZE	Archdiocese of Prague	CZE
2023	The HUB Portfolio of 2 Hotels	Warsaw, POL	430	Corum AM	FRA	Ghelamco Poland	POL
2023	Black Sea Property Portfolio of 4 Hotels	Saints Constantine and Helena, BLG	946	Grand Hotel Varna AD	BLG	Black Sea Property	BLG
2023	Becali Hotel	Venus, ROU	92	Energoutil	ROU	Becali George	ROU
2023	Courtyard Prague City	Prague, CZE	161	S Immo	AUT	CPI Hotels	CZE
2023	Fantanele Complex	Fantanele, ROU	70	Transilvania Quest	ROU	Unita Turism	ROU
2023	K+K Elisabeta	Bucharest, ROU	67	Lorand and Zsuzsanna Szarvadi	ROU	InterGlobe	IND
2023	Novum Hotel Vitkov	Prague, CZE	95	AB Hanner / Baltic Asset Management	LTU	CONFIDENTIAL	n/a
2023	Sofitel Budapest	Budapest, HUN	360	Equilor	HUN	Indotek Group	HUN
2023	Sovereign Hotel	Prague, CZE	50	CONFIDENTIAL	AZE	Deidda	CZE
2022	Hotel Gellert	Budapest, HUN	234	BDPST Group	HUN	Indotek Group	HUN
2022	Mama Shelter	Bucharest, ROU	123	One United Properties	ROU	Keys MS Clemenceau	ROU
2022	Vienna House Easy by Windham Airport	Bucharest, ROU	177	HR Group	GER	U City	THA
2022	DoubleTree by Hilton	Oradea, ROU	147	CONFIDENTIAL	n/a	SIF Banat-Crisana	ROU
2022	Hotel Praha	Splindleruv Mlyn, CZE	27	Rohlik Group	CZE	Mountain Properties	CZE
2022	Studio Plac Dominikanski	Wroclaw, POL	138	Atrium European Real Estate	JEY	Toscom Development	POL
2022	Ibis Styles City West	Budapest, HUN	114	Infogroup	HUN	CONFIDENTIAL	n/a
2022	Alice Hotel	Budapest, HUN	41	West Hungaria Bau	HUN	BDPST Group	HUN
2022	S Immo Entity Portfolio of 6 Hotels	Various	1,366	CPI Hotels	CZE	S Immo	AUT

Note: Ordered by date of transaction.

CEE TRANSACTIONS - MAP VIEW FULL YEAR

Volumes in millions
 <€1 millions <€110 millions



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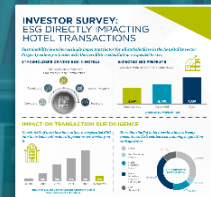
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