

MARKETBEAT
CEE-6
HOSPITALITY H2 2024

Better never settles

MARKET FUNDAMENTALS

FY 2024	YoY Change	YoY Outlook
€399M Investment Volume		
6.5-8.5% Prime Yields (HMA)		
+8.9% YoY RevPAR Growth		
1.4% YoY Supply Growth*		

INVESTMENT HIGHLIGHTS

FY 2024
32/3,519 Hotels / Rooms Transacted
€115,698 Average Price per Room
36% Of volume was invested in Upper Midscale hotels

ECONOMIC INDICATORS

FY 2024	YoY Change	YoY Outlook
1.8% YoY Real GDP Growth		
3.6% YoY Inflation Growth		

INVESTMENT ACTIVITY

The CEE hotel investment market demonstrated significant resilience and growth in 2024, with investment volumes increasing by 16% year-on-year. This growth was primarily driven by increased activity in the Czech Republic, which emerged as the leading market in terms of hotel investment volumes, followed by Poland and Hungary. Most transactions in the region were single-asset deals. The positive momentum is expected to continue into 2025, with several major deals already completed and others in various stages of disposition process.

PRIME YIELDS

Throughout 2024, prime yields in the CEE hotel investment market remained relatively constant, with slight compression observed for prime assets in top-tier locations. Factors such as stabilizing inflation, the easing of bank financing costs, and increased capital inflows suggest the potential for further compression of yields as we transition into 2025.

SUPPLY & DEMAND

There were 12 hotels and serviced apartments with ca. 1,300 rooms opening in the CEE-6 capitals during 2024, including branded properties such as W Evropa Hotel and Cloud One in Prague and Kimpton. There was a strong focus on the Upper Upscale and Upscale segments. Room supply increased by 1.4%, primarily driven by openings in Budapest (+2.5%), Warsaw (+1.6%), and Prague (+1.5%). In 2025, the supply in the region's capitals is projected to grow by 1.9%. Warsaw is expected to see the highest increase at approximately 4.3%, followed by Sofia at around 1.9%, and Bucharest at about 1.7%.

PERFORMANCE

The region experienced an 8.9% increase in RevPAR compared to 2023, primarily driven by a 4.7% rise in ADR. Occupancy also improved by 2.5 pp., reaching 65.2%, though it remains 4.7 pp. below 2019 levels. The RevPAR index in all CEE capitals has surpassed 2019 levels, with Warsaw (132.6%), Sofia (123.2%) and Prague (122.5%) leading the way. Warsaw is the only city to have surpassed 2019 occupancy levels, reaching 103%. Markets such as Romania and Bulgaria are expected to grow in the coming years, primarily supported by their inclusion in the Schengen area.

RECENT TRANSACTION TRENDS

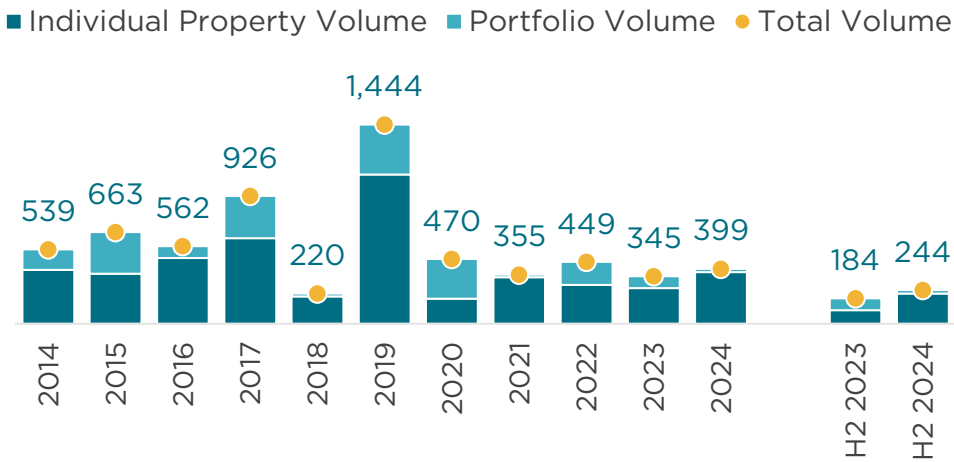
(EUR, MILLIONS)

	Last 6 Months (H2 2024)				
	Hotels	Rooms	Volume	% Change*	
CEE-6	18	2,216	244	33%	
Capital cities	7	786	85	-26%	
Czech Republic	5	564	102	40%	
Poland	6	944	102	33%	
Romania	2	237	15	64%	
Hungary	4	470	25	194%	
	Current Year (2024)				
	Hotels	Rooms	Volume	% Change*	
CEE-6	32	3,519	399	16%	
Capital cities	12	1,378	150	-41%	
Czech Republic	8	872	153	27%	
Poland	8	1,209	129	63%	
Romania	7	582	52	93%	
Hungary	5	774	56	-43%	

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

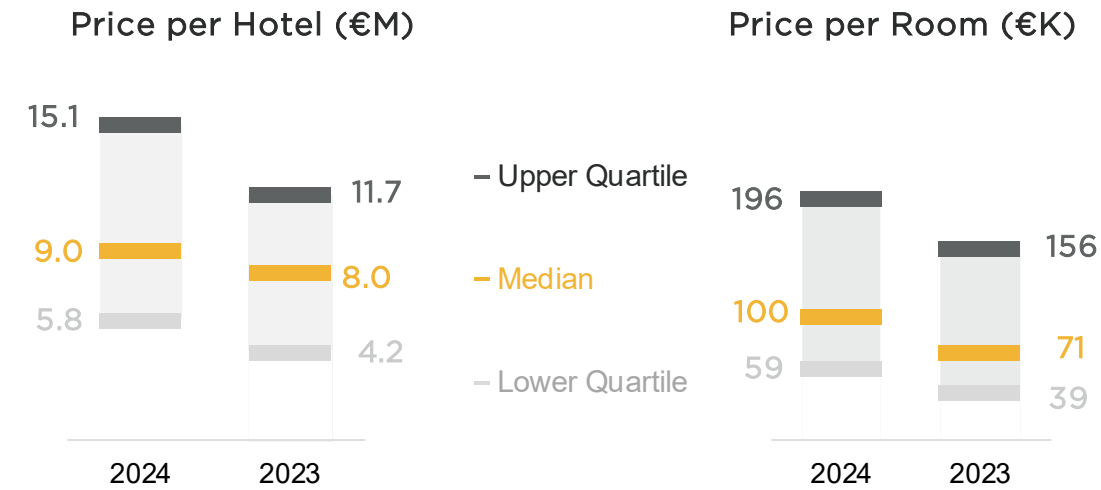
ANNUAL TRANSACTION VOLUMES

(EUR, BILLIONS)

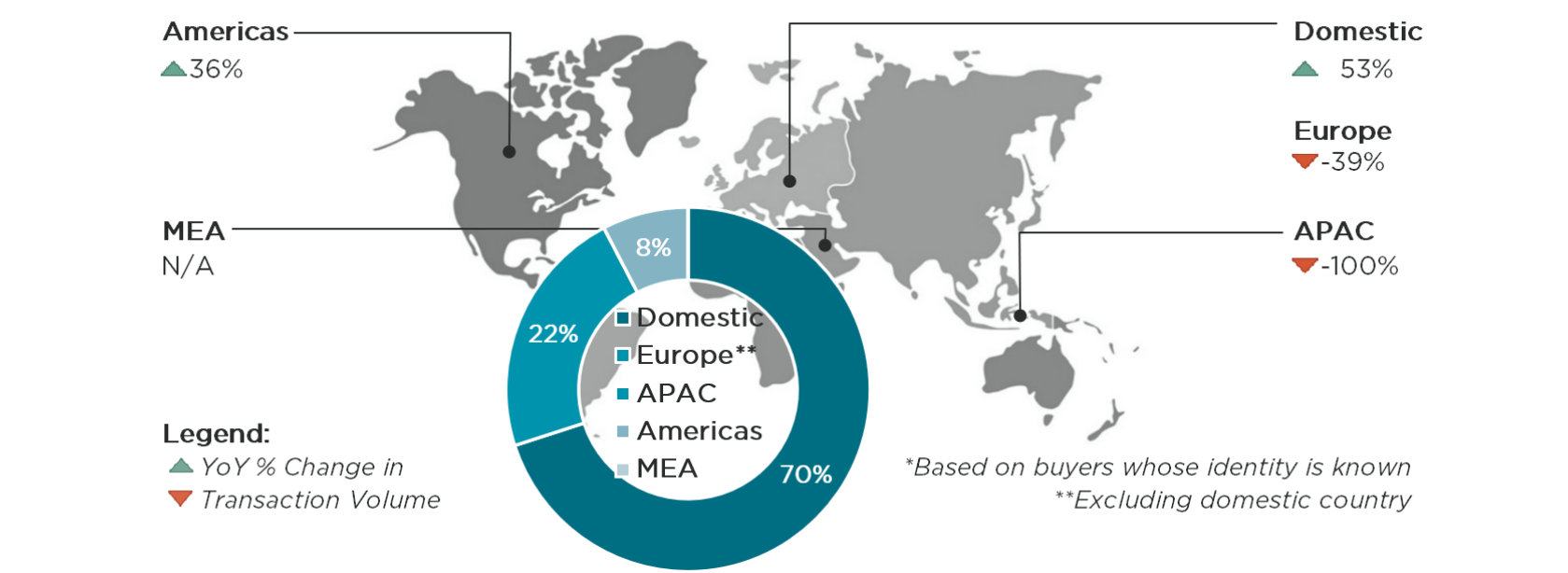


Sources: Cushman & Wakefield / Oxford Economics / RCA / STR
*Capital cities

TRANSACTION PRICE PER HOTEL & ROOM (2024)

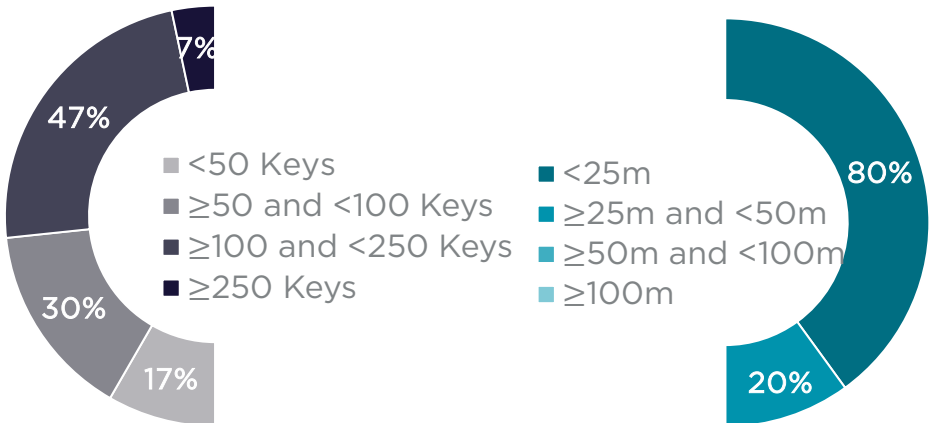


TRANSACTION VOLUME BY SOURCE OF CAPITAL (2024 VS 2023)



BREAKDOWN BY NO. OF ROOMS & DEAL SIZE (2024)

% SHARE OF DEALS

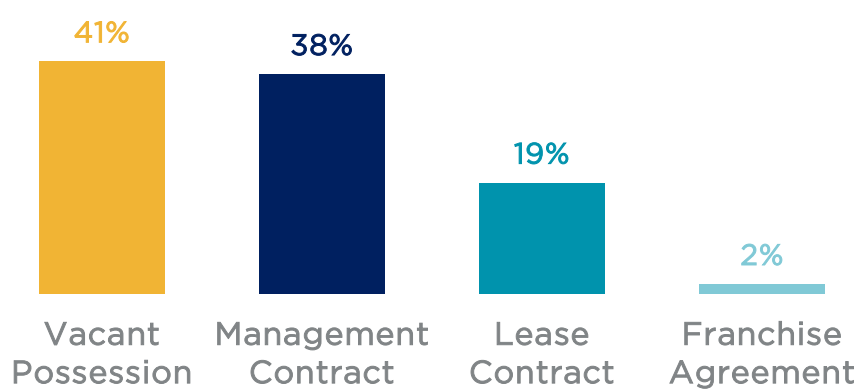


TRANSACTION VOLUME BY TYPE OF INVESTOR (2024 VS 2023)

	BUYERS (% Share of Total Volume)			SELLERS (% Share of Total Volume)		
	2024	% Change		2024	% Change	
Institutional	7%	-81%	▼	5%	-75%	▼
Private	37%	60%	▲	30%	48%	▲
Public	38%	>500%	▲	65%	>500%	▲
User/Other	18%	>500%	▲	0%	-100%	▼

TRANSACTION VOLUME BY OPERATING STRUCTURE (2024)

% SHARE OF DEALS (BY INVESTMENT VOLUME)



TRANSACTION VOLUME PER HOTEL CLASS (2024 VS 2023)

HOTEL CLASS	% OF TOTAL VOLUME	% CHANGE	% OF ROOMS SOLD	% CHANGE	AVG. PRICE/ROOM (EUR, '000)
Luxury	8%	-75%	4%	-73%	238
Upper Upscale	4%	50%	5%	-56%	103
Upscale	16%	-33%	14%	-21%	150
Upper Midscale	36%	175%	35%	23%	114
Midscale	17%	111%	23%	53%	81
Economy	19%	>500%	19%	>500%	116

SELECTED MAJOR HOTEL TRANSACTIONS (2024)

 Year	 Property	 Market	 Keys	 Buyer	 Buyer Origin	 Seller	 Seller Origin
2024	Wellness Hotel Step	Prague, CZE	171	CZECH INN HOTELS	CZE	IC Hotels	CZE
2024	Sofitel Grand	Sopot, POL	126	Sinfam Investments	POL	Accor Invest	FRA
2024	Barcelo Palace	Brno, CZE	119	CZECH INN HOTELS; Mornington Capital Ltd	CZE; GBR	Barcelo Hotels and Resorts	ESP
2024	Circular Hotel	Budapest, HUN	289	Market Asset Management	HUN	Danubius Hotels Group	HUN
2024	Harmony Club Hotel	Spindleruv Mlyn, CZE	114	PPF Real Estate	CZE	Chemapol	POL
2024	Cloud One	Gdańsk, POL	327	Invesco	USA	Immobel	BEL
2024	Holiday Inn Warsaw	Jozefow, POL	148	TMS Inwestycje	POL	Aquila Hotels	POL
2024	Mercure Gdansk Posejdon	Gdansk, POL	151	CONFIDENTIAL	N/A	Orbis	POL
2024	Holiday Inn Bydgoszcz	Bydgoszcz, POL	134	Qubus Hotel	POL	BUDIZOL spolka Akcyjna	POL
2024	Hotel Perla	Prague, CZE	64	Property Development Solutions Prague	CZE	Penta Investments	CZE
2024	Hotel Ambassador	Bucharest, ROU	95	Julius Meinl Group	AUT	Ambasador	ROU
2024	EA Hotel Julis	Prague, CZE	72	Winterfell Seven	CZE	CPI Property Group (S Immo)	CZE
2024	Kampus Palace	Ostrava, CZE	111	Purposia Group	CZE	Raiffeisen - Leasing	CZE
2024	Orizont Hotel	Predeal, ROU	136	Alexandrion Group	ROU	Transilvania Investments	ROU
2024	Azuga Ski & Bike Resort	Azuga, ROU	27	Electric Planners	ROU	Lion Capital	ROU
2024	Ibis Budget Krakow	Krakow, POL	120	Eiffage construction	FRA	Orbis	POL
2024	Hampton by Hilton Swinoujscie	Swinoujscie, POL	104	Satoria Group	NLD	PBG Erigo	POL
2024	Chalet Elitsa Wellness & Spa	Sofia, BLG	37	RHS	BLG	VITOSHA CLUB	BLG
2024	Concordia Hotel Tirgu Mures	Targu Mures, ROU	34	Manevi pro Transilvania	ROU	CanImpEx Marketing	CAN
2024	Soho Boutique Hotel (part of a 7 hotel portfolio in Europe)	Budapest, HUN	74	Salomón 1965	ESP	CONFIDENTIAL	N/A

Note: Selection of largest transactions in 2024, ordered by deal size

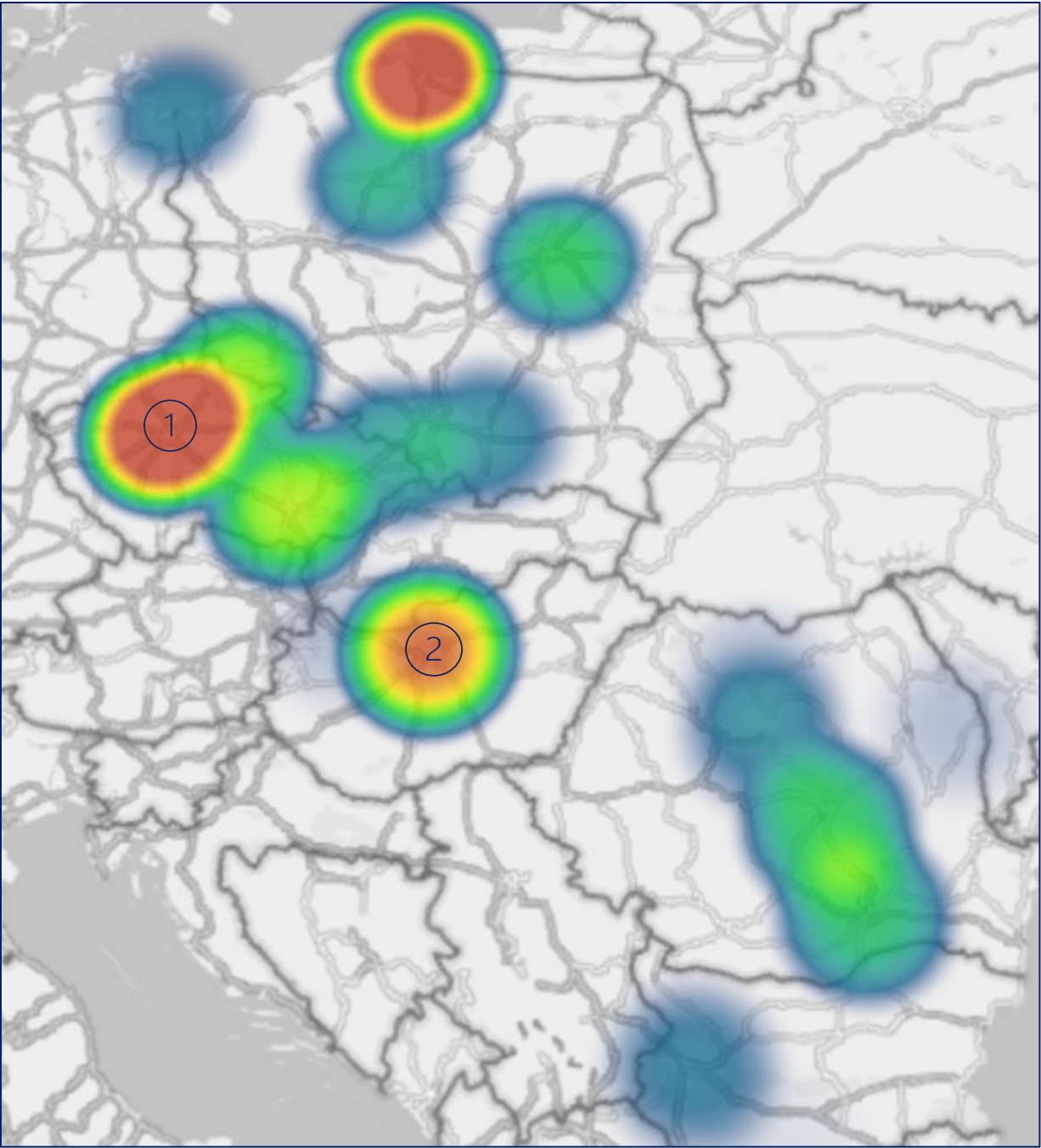
Source: Cushman & Wakefield

HOTEL TRANSACTIONS HEAT MAP (2024)

① Prague	Transaction Volume (M)	€	80		② Budapest	Transaction Volume (M)	€	52	
	Properties Sold		510			Properties Sold		673	
	Rooms Sold		5			Rooms Sold		4	
	Avg Price / Room (K)	€	184			Avg Price / Room (K)	€	78	

Volumes in millions

<€1 millions  <€90 millions



METHODOLOGY

Cushman & Wakefield's quarterly estimates are derived from a variety of data sources, including its own proprietary database, and historical data from third party data sources. The figures provided for the current quarter are preliminary, and all information contained in the report is subject to correction of errors and revisions based on additional data received.
A contingency of 5% is assumed for total transaction volumes, rooms and properties sold in the last 12 months, as some deals are revealed with notable delay.

EXPLANATION OF TERMS

Prime Yields (HMA): The prevailing initial yields (current income divided by sales price) for quality stabilized assets in prime locations, managed under Hotel Management Agreement by professional operator (the HMA is not terminable on sale or in near-term after the sale). The yields are based on actual transactions where available as well as the sentiment indicated by investors.

Average Price per Room: Transaction KPI calculated by dividing the total transaction volume by the number of rooms transacted. In case of majority deals, the number of rooms is adjusted to reflect the proportion of the volume sold. Minority deals are excluded from the calculation. Median, Upper-quartile (75%) and Lower-quartile (25%) are based on the price-per-room data over the period (not weighted by total deal size). The average price per room by hotel class is influenced by the location of hotels transacted within that class. As a result, there may be instances where a lower hotel class shows a higher average price per room if those hotels were sold in more premium locations during the period.

Operating Performance Indicators

Occupancy: Percentage of available rooms sold during the period (Rooms Sold / Rooms Available).

ADR: Average Daily Rate paid for rooms sold (Rooms Revenue / Rooms Sold).

RevPAR: Revenue Per Available Room during the period (Rooms Revenue / Rooms Available).

GOPPAR: Gross Operating Profit Per Available Room (Hotel gross operating profit / Rooms Available).

Operating/Deal Structures

Franchise Agreement Structure: A hotel operating model where the owner directly operates the property but uses a specific brand, paying fees for the brand name, standards, and marketing support, while keeping full control of day-to-day operations.

Management Contract Structure: A hotel operating model where the property is managed by a third-party hotel operator on behalf of the owner. If a hotel is managed by non-branded operator and uses brand name via franchise agreement, it is recorded as "Management Contract" structure.

Leased Contract Structure: A hotel operating model where the property is leased to a third party with fixed, variable, or hybrid (fixe and variable) rent.

Vacant Possession: A hotel that is free from any contractual encumbrances, allowing the new owner immediate and unrestricted control upon transfer. Even if a hotel has franchise agreement or management contract or lease contact in place, but it expires on sale or it is terminable on sale, the deal is considered as "Vacant Possession" sale.

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