

## MARKET SUMMARY & OUTLOOK

	YoY Chg	12-Mo. Forecast
<b>Investment Trends</b>	▲	▼
<b>Prime Yields</b>	▲	▲
<b>Market Performance</b>	▼	▲
<b>Supply</b>	▲	▲
<b>Demand</b>	▼	▲

**Investment Trends** Transaction volume in Budapest reached EUR 244 million in 2020, in line with the EUR 235 million closed in 2019. However, most of these transactions were deals agreed on before COVID-19. Going forward, activity is expected to continue with ongoing interest, primarily from local investors but also international players. However, the next year is unlikely to reach 2020's record levels, given the limited number of assets on the market.

**Prime Yields** Despite the challenging market conditions, there was no notable indication of major yield changes in 2020. The limited access to financing and uncertainty on COVID recovery may lead to some upward pressure on yields in 2021. However, this is expected to remain limited for prime assets in core locations.

**Market Performance** Budapest was one of the most impacted hotel markets in Europe with a RevPAR decline of nearly 82%. This fall was due to a decline in occupancy and ADR of 79% and 12% respectively. The restrained performance is expected to continue until Q2 2021, with expectation for recovery to start in H2. The reduced VAT for hotel accommodation will also continue to aid profitability for hotels since it was implemented in 2020.

**Supply** 2020 saw a slight supply increase of 1.7%. Supply growth over the next years is expected to remain limited compared to other markets, at a moderate level below 3% CAGR (2021-2023), and some projects are anticipated to experience delays due to COVID-19. Ongoing refurbishment projects will improve the quality of hotels for when the market returns.

**Demand** Tourism nights in Budapest fell by over 78%, due to a decline in demand from international markets, especially from long-haul destinations. Going forward, the recovery will be driven by domestic and short-haul travel, which represented 73% of overnight stays in the city in 2019. According to Oxford Economics, travel to Budapest is expected to reach pre-COVID levels by 2024.

## INVESTMENT TRENDS

**HIGHLIGHTS - YE Q4 2020**

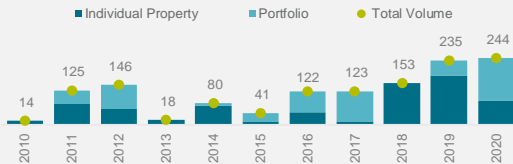
- € 244 million transacted
- 9 properties comprising 964 keys sold
- 94% of capital was from domestic and European buyers
- 64% of keys sold were in upper midscale and economy hotels

### RECENT TRANSACTION TRENDS

	LAST 12 MONTHS		
	2019	2020	Change
<b>Properties Sold</b>	8	9	12.5% <span style="color: blue;">▶</span>
<b>Rooms Sold</b>	1,256	964	-23.2% <span style="color: red;">▶</span>
<b>Volume Transacted*</b>	235	244	3.7% <span style="color: blue;">▶</span>

\*Volume transacted in EUR, millions

### ANNUAL TRANSACTION VOLUMES (2010- YE Q4 2020, EUR MILLIONS)

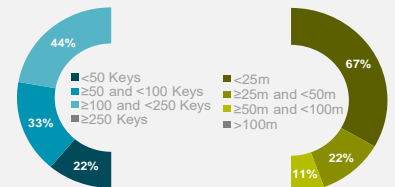


Source: Cushman & Wakefield / RCA

### AVERAGE TRANSACTION PRICE (YE Q4 2020, EUR)

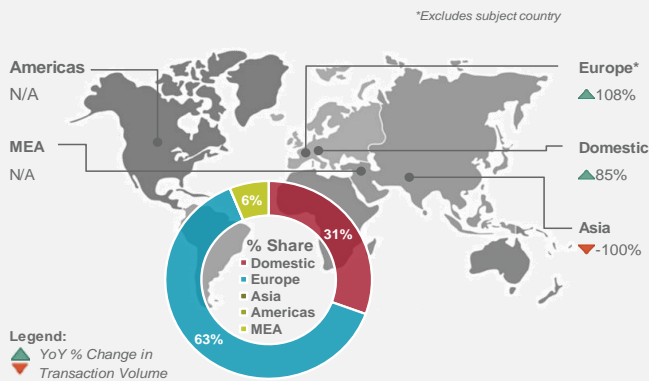


### BREAKDOWN BY NO. OF KEYS SOLD & DEAL SIZE (YE Q4 2020, % SHARE)



## NATURE OF INVESTMENTS

### TRANSACTION VOLUME BY SOURCE OF CAPITAL (% CHANGE, YE Q4 2020 vs. 2019)



### TRANSACTIONED KEYS BY TYPE OF INVESTOR (% CHANGE, YE Q4 2020 vs. 2019)

	BUYERS		SELLERS	
	% Share	% Change	% Share	% Change
Private	19%	64% ▲	63%	-6% ▼
Institutional	45%	-63% ▼	37%	-51% ▼
Public	37%	100% ▲	0%	N/A

Source: Cushman & Wakefield / RCA

Legend: ▲ YoY % Change in Transaction Volume, ▼ YoY % Change in Transaction Volume

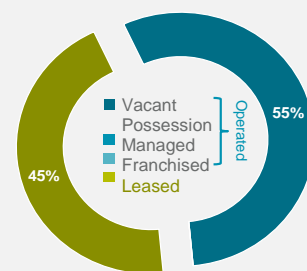
NA - "Not Applicable" as no transaction in previous year

### TRANSACTIONED KEYS BY HOTEL CLASS (% CHANGE, YE Q4 2020 vs. 2019)

HOTEL CLASS	% CHANGE	% SHARE OF TOTAL KEYS
Upper Upscale	100% ▲	36%
Upper Midscale	67% ▲	41%
Economy	100% ▲	23%

No transaction records for Luxury, Upscale, and Midscale

### TRANSACTIONED KEYS BY OPERATING STRUCTURE (YE Q4 2020, % SHARE)



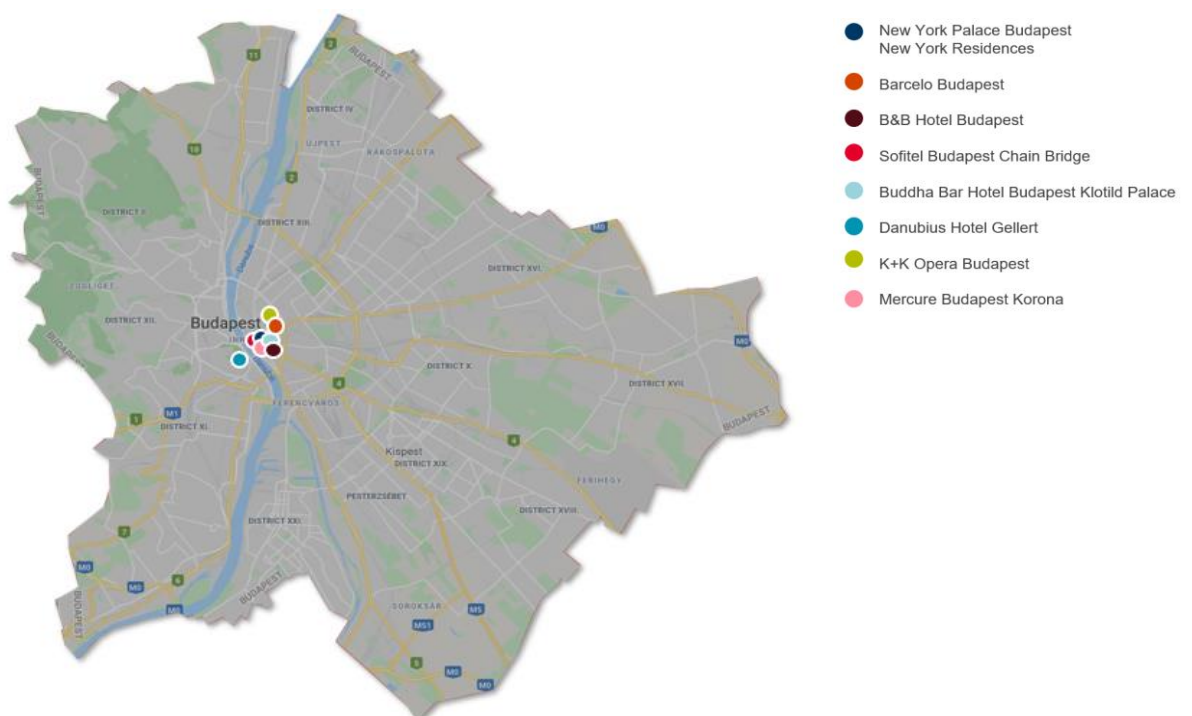
## MAJOR DEALS

### SELECTED MAJOR HOTEL TRANSACTIONS (BUDAPEST, 2015 - 2020)

Year	Property	Market	Keys	Buyer	Buyer Origin	Seller	Seller Origin
2020	B&B Hotel Budapest	District V	214	Primonial REIM	FRA	Financiere B&B Hotels	FRA
2020	Barcelo Budapest	District VI	179	DWS Group	DEU	Sunbelt	HUN
2020	New York Palace New York Residences	District VII	185 138	Covivio	FRA	Varde Partners	USA
2019	Sofitel Budapest Chain Bridge	District V	357	Indotek Group	HUN	Starwood Capital	USA
2019	Danubius Hotel Gellert	District XI	234	Indotek Group	HUN	CP Holdings	GBR
2019	K+K Opera Budapest	District VI	201	InterGlobe Enterprises Event Hotels	IND/DEU	Goldman Sachs Highgate Holdings	USA
2018	Buddha Bar Hotel Budapest Klotild Palace	District V	102	Ali Bin Ali	QAT	Beghelli Family	ITA
2017	New York Palace New York Residences	District VII	185 138	Varde Partners	USA	Boscolo Hotels	ITA
2017	Sofitel Budapest Chain Bridge	District V	357	Starwood Capital	USA	Orbis	POL
2017	Mercure Budapest Korona	District V	420	Orbis	POL	Erste Group Immorent	AUT

Source: Cushman & Wakefield

### BUDAPEST MAJOR TRANSACTIONS - MAP VIEW (2015 - 2020)



Source: Cushman & Wakefield



## CONTACT US FOR FURTHER DETAILS

**Jonathan Hubbard**  
Head of Hospitality,  
EMEA

M: +44 79 2149 2681  
jonathan.hubbard@cushwake.com

**Frederic Le Fichoux**  
Head of Hotel Transactions,  
Continental Europe

M: +420 724 319 802  
frederic.lefichoux@cushwake.com

**Borivoj Vokrinek**  
Strategic Advisory & Head  
of Hospitality Research EMEA

M: +420 727 906 030  
borivoj.vokrinek@cushwake.com

**David Nath**  
Head of Hospitality,  
Central & Eastern Europe

M: +420 776 168 555  
david.nath@cushwake.com

**Magsud Rahmanov**  
Head of Hotel Transactions,  
Central & Eastern Europe

M: +420 702 174 227  
magsud.rahmanov@cushwake.com

**Orsolya Hegedűs**  
Head of Advisory & Research,  
Budapest

M: +36 (30) 399 5106  
orsolya.hegedus@cushwake.com

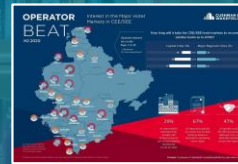
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