

Spotlight
Romania Hotel Market

April 2020



Hotel market overview

Demand

In 2019, there has been a 3% increase in the number of tourists compared to the previous year. The accommodation capacity has registered a slight decrease, of 0.4% yoy, from 87.5 M beds to 87.4 M beds. The demand was still mainly driven by Romanian tourists (10.5 million arrivals of Romanian tourists versus 2.67 million foreign tourists). According to the Romanian Ministry of Tourism, tourists have spent around 3.17B € in Romania last year, with around 1.5 B € spent by foreign tourists. It is estimated that the hotel industry's turnover for 2019 has been around 1.3B €.

Supply

The most important international brands operating in Romania are JW Marriott, Sheraton, Ramada, Pullman, Radisson, Crowne Plaza, ibis, K+K, Intercontinental. 2019 registered new deliveries such as Courtyard by Marriott and Hilton Garden Inn Airport in Bucharest, and Mercure hotels in Sibiu and Timisoara. In the capital city, the accommodation capacity at the end of 2019 stood at 7.9M beds, from 7.8 M beds in 2018.

34.2%

Annual net occupancy rate
32.4% in 2018

13.2M

Arrivals in 2019
12.8 M arrivals in 2018
80% Romanian tourists
20% foreign tourists

2.67M

Foreign tourists in 2019
2.8 M in 2018

Rates/night (€)

Category	Bucharest	Cluj-Napoca	Timisoara	Iasi	Seaside
5*	95-205	92-196	100	75	270-350
4*	40-150	45-150	35-95	60-110	85-160
3*	30-110	30-130	30-75	30-80	45-140

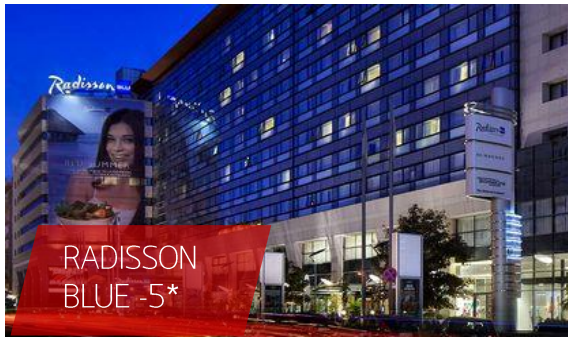
29.9M

Overnight stays in 2019
+5% compared to 2018
82% Romanian tourists
18% foreign tourists

87.4M

Total no. of beds
87.8 M in 2018

Key hotel transactions 2017-2019



Location	Bucharest
Capacity	424 rooms
Transaction year	2017
Vendor	Elbit Imaging
Buyer	Revetas Capital

Estimated transaction value **169.5 M€**



Location	Bucharest
Capacity	100 rooms
Transaction year	2018
Vendor	Private
Buyer	Orbis

Estimated transaction value **11.3 M€**



Location	Bucharest
Capacity	67 rooms
Transaction year	2019
Vendor	Goldman Sachs
Buyer	InterGlobe

Estimated transaction value **11 M€**



Location	Otopeni
Capacity	177 rooms
Transaction year	2017
Vendor	Warimpex
Buyer	U city Public

Estimated transaction value **10 M€**

Evolution of hospitality industry

In the past 5 years, there has been an 8% increase in the number of tourist compounds in Romania. Rural tourism and affordable accommodation such as hostels and vacation houselets have registered the highest evolution.

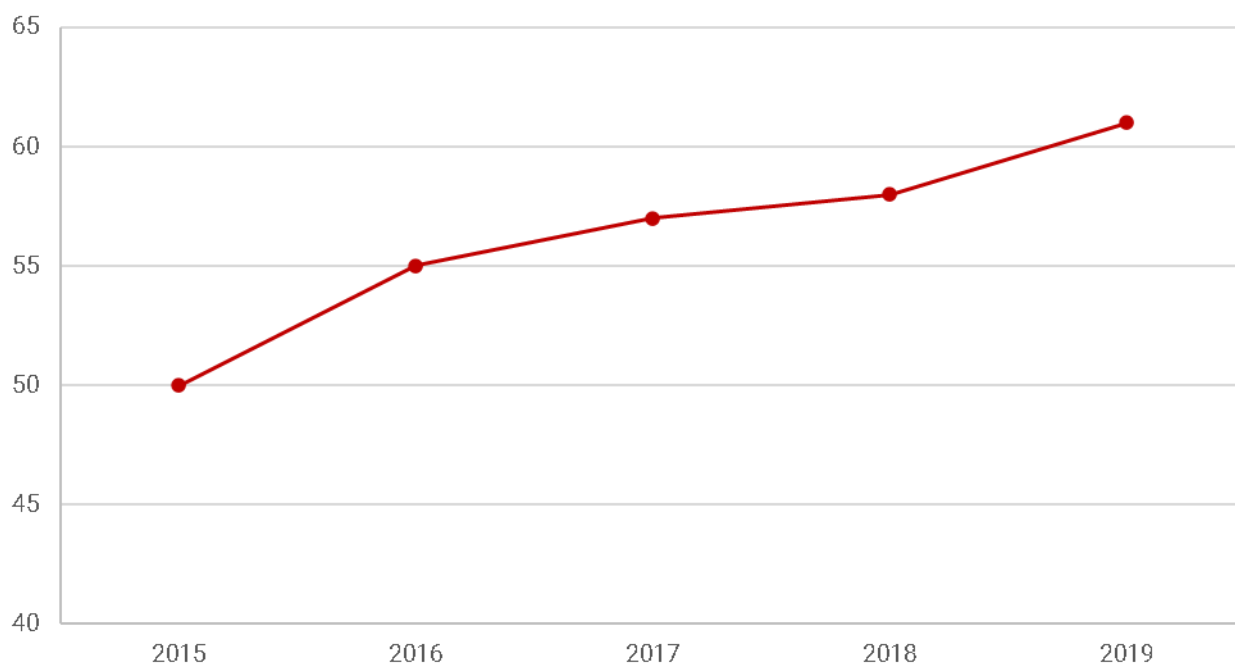
By regions of development, central Romania has the highest accommodation capacity of 20.5 M beds, followed by the South-East area of the country (the seaside and Danube Delta) with 14.7 M beds and the North-East with 11.5 M beds.

Type of accommodation	2015	2016	2017	2018	2019	5 year change	'19/'18
Hotels	1,170	1,177	1,217	1,232	1,205	3%	-2%
Hostels	170	191	200	219	211	24%	-4%
Motels	201	183	186	187	182	-9%	-3%
Inns	3	3	4	3	3	0%	0%
Tourist villas	325	306	331	388	380	17%	-2%
Tourist chalets	144	143	143	143	138	-4%	-3%
Urban tourist boarding	1,210	1,174	1,242	1,256	1,238	2%	-1%
Rural tourist boarding	1,315	1,308	1,500	1,574	1,540	17%	-2%
Campsites	5	4	5	5	4	-20%	-20%
Tourist halting places	7	14	10	12	17	143%	42%
Holiday villages	5	5	6	5	4	-20%	-20%
Bungalows	94	75	84	87	30	-68%	-66%
Student camps	34	36	33	35	22	-35%	-37%
Houselet-type units	22	24	21	95	108	391%	14%
Total	4,705	4,643	4,982	5,241	5,082	8%	-3%

Evolution of accommodation facilities by type, 2015-2019. Source: INS

GRAPH 1

Romania RevPAR, 2015-2019 Source: hvi.hvs.com for 2015-2018 data, 2019 Crosspoint Research estimation



Hotel market trends and forecast

Romania's hotel market has a high potential for further development (in large cities and high potential business areas). In the 2020 – 2021 period, 14 new hotels with over 2,000 new rooms are expected to open.

There is also a trend in refurbishing and upgrading older hotels, especially the ones with characteristic architecture and a rich history.

The largest investments in hospitality industry will be made in construction and modernization. The hospitality industry recorded one of the highest growths in 2018 among non-residential building permits, after a drop of 26% registered in 2015-2016. Romania is still underdeveloped on the business hotels segment in large cities, and the leisure segment has a big potential for rehabilitation/renovation works. The number of business hotels in the cities is expected to increase as the regional industries will develop.

According to HVS.com, the change in value of the Romanian hotel market has been on a positive trend since 2014 and the forecasted raise in value for 2020 is thought to be between 3% and 10%.

Given the current circumstances, it is very likely that deliveries and development plans for the hotel market will be delayed or postponed. As the tourism industry is the most affected by the COVID-19 pandemic, an important decrease in the number of tourists, especially foreign ones, is expected for 2020. Even if travel restrictions will be lifted, international travel will be limited to business trips. In an optimistic scenario, domestic tourism has a chance of recovery in the last quarter of the year and the beginning of 2021. Starting with 2021, we may see the market return to its growth rate, most likely sustained more by the business segment and less by the leisure segment.

Key hotel deliveries, 2020-2021

Because of the current context, deliveries might be postponed

Hotel	City	No. of rooms	Stars	Opening year
Autograph Collection by Marriott	Bucharest	215	5*	2020
Nymphaea Resort Hotel	Oradea	200	4*	2021
ibis Timisoara	Timisoara	200	3*	2020
Radisson Blu Timisoara	Timisoara	160	5*	2020
ibis Bucharest Politehnica	Bucharest	160	3*	2020
ibis Styles Bucharest City Center	Bucharest	152	3*	2020
Moxy Bucharest Old Town	Bucharest	119	3*	2020
Radisson Blu Brasov	Brasov	110	5*	2020
Indigo	Bucharest	100	4*	2020
ibis Styles Bucharest Airport	Otopeni	85	3*	2020
Corinthia Grand Hotel du Boulevard	Bucharest	50	5*	2020
Swissotel	Bucharest	225	5*	2021
Holiday Inn	Chiajna	140	3*	2020
Ceetrus hotel project	Brasov	133	4*	2021

Short term rental in Bucharest

As a result of a rise in popularity of short term apartment rental throughout the world, the industry has seen a surge in demand for this type of accommodation in Romania as well. It is estimated that the short term apartment rental in Bucharest had a 30% share in total accommodation demand in 2019.

At the end of the year, there were over 4,000 listings offering short term lodging in Bucharest on [airbnb.com](https://www.airbnb.com) and [vrbo.com](https://www.vrbo.com), the main online marketplaces for this type of product. The number of listings more than doubled in size compared to 2017.

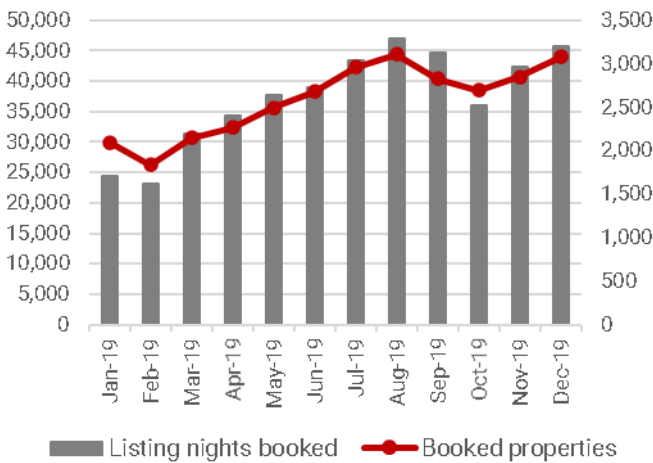
In an inverse proportion to the demand for hotel rooms, out of the 65,000 guests who chose this type of accommodation in Bucharest in 2019, 82% were foreign tourists.

Full homes make up the majority of the supply, with 84% of the listed properties, followed by private rooms (15%) and finally shared rooms with just 1%.

One-bedroom apartments are most in demand, followed by two-bedroom apartments and studios.

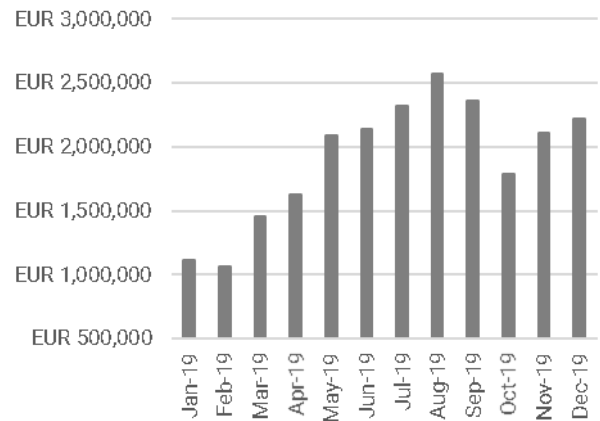
With revenues of over 22M € in 2019, almost three times higher than just two years prior, the short term apartment rental in Bucharest is a profitable alternative for landlords and investors and will most likely continue its development in the following period.

GRAPH 2



Demand growth in 2019. Source: airdna.com

GRAPH 3



Monthly revenues for listed properties, 2019
Source: airdna.com

59% Average occupancy rate 2019

4,066 Average no. of listed properties 2019

3.8 Average no. of guests 2019

39€ Average daily rate 2019



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