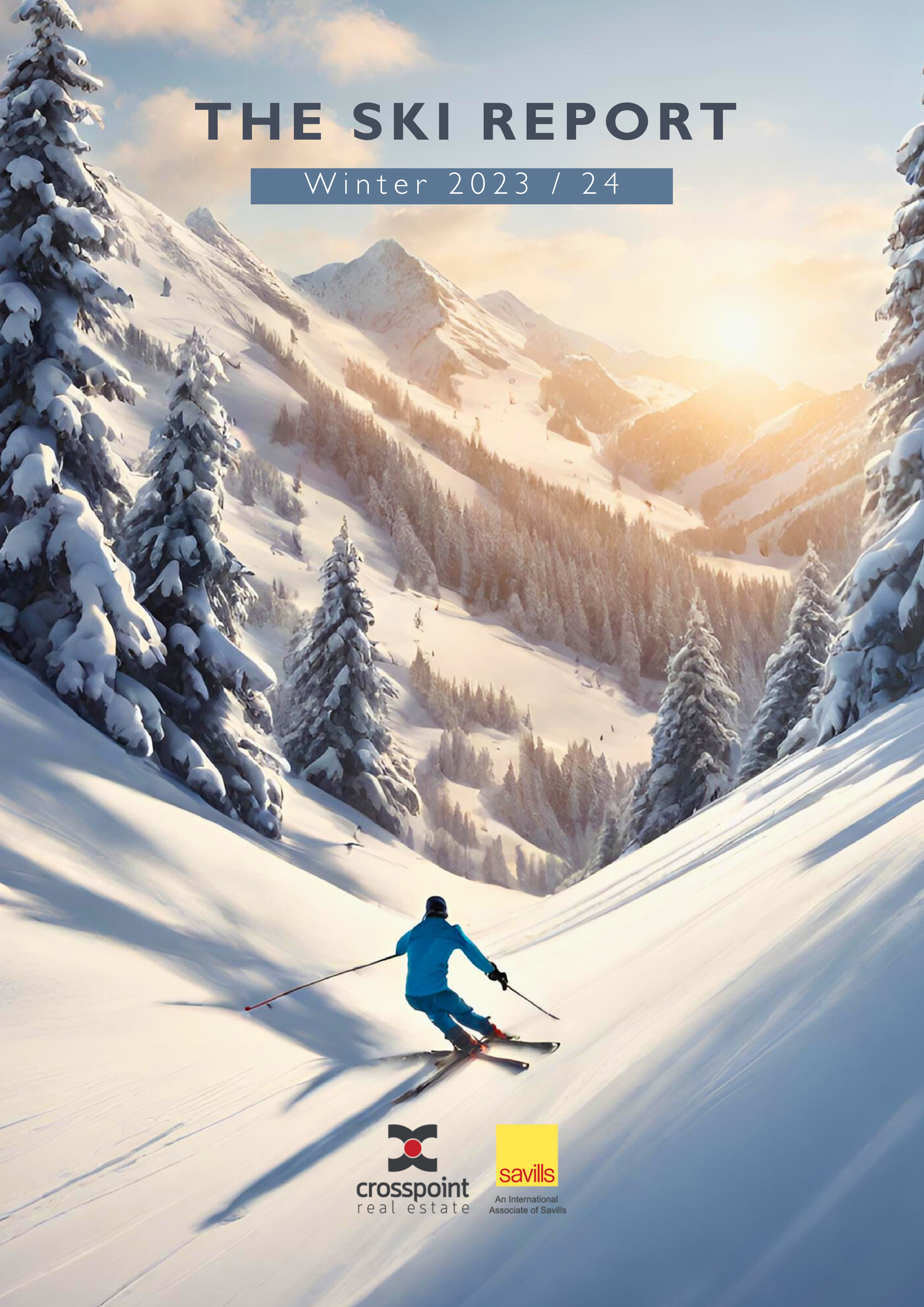
THE SKI REPORT

Winter 2023 / 24



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Foreword

ILINCA TIMOFTE

Head of Research

The European ski resorts landscape is historically dominated by the Alps, with France, Switzerland, Italy, Austria and Germany holding the supremacy over other countries on our continent, with over 26,000 km of ski trails. Each winter, around 150 million skiers visit the Alps, translating into 40% of all annual skier vists worldwide. Furthermore, 79% of the major global ski resorts are located in the Alps.

This context leaves little room for other locations in Europe to become noticed. Realistically, the likelihood of Central and Eastern Europe emerging as a strong competitor for these destinations is modest: lower altitudes, a less developed infrastructure and limited luxury hospitality, residential and retail facilities. However, CEE holds a great potential to grow beyond its current capacity and become an affordable alternative for tourists and a profitable one for investors. There is room for niche markets, catering to specific segments of tourists looking for different experiences. With strategic planning, development, and investment, Central and Eastern Europe could establish itself as a complementary and attractive option in the European ski tourism landscape.

With over 255 km of ski slopes, Romania has a high potential of growth by exploiting its position and key advantages:

- **Lower costs** in terms of accommodation, lift tickets, and other amenities offer a more accessible option for those who may find western Europe inaccessible due to its high price threshold.
- Travelers are increasingly looking for unique and diverse experiences. Romania's rich history, architecture, and traditions offer a **different cultural experience** to the traditional European ski resorts.
- Romania's **famous natural beauty** can offer picturesque scenery for skiing and other winter activities
- For investors, the lower initial development and operational costs in Romania could lead to **attractive investment opportunities**

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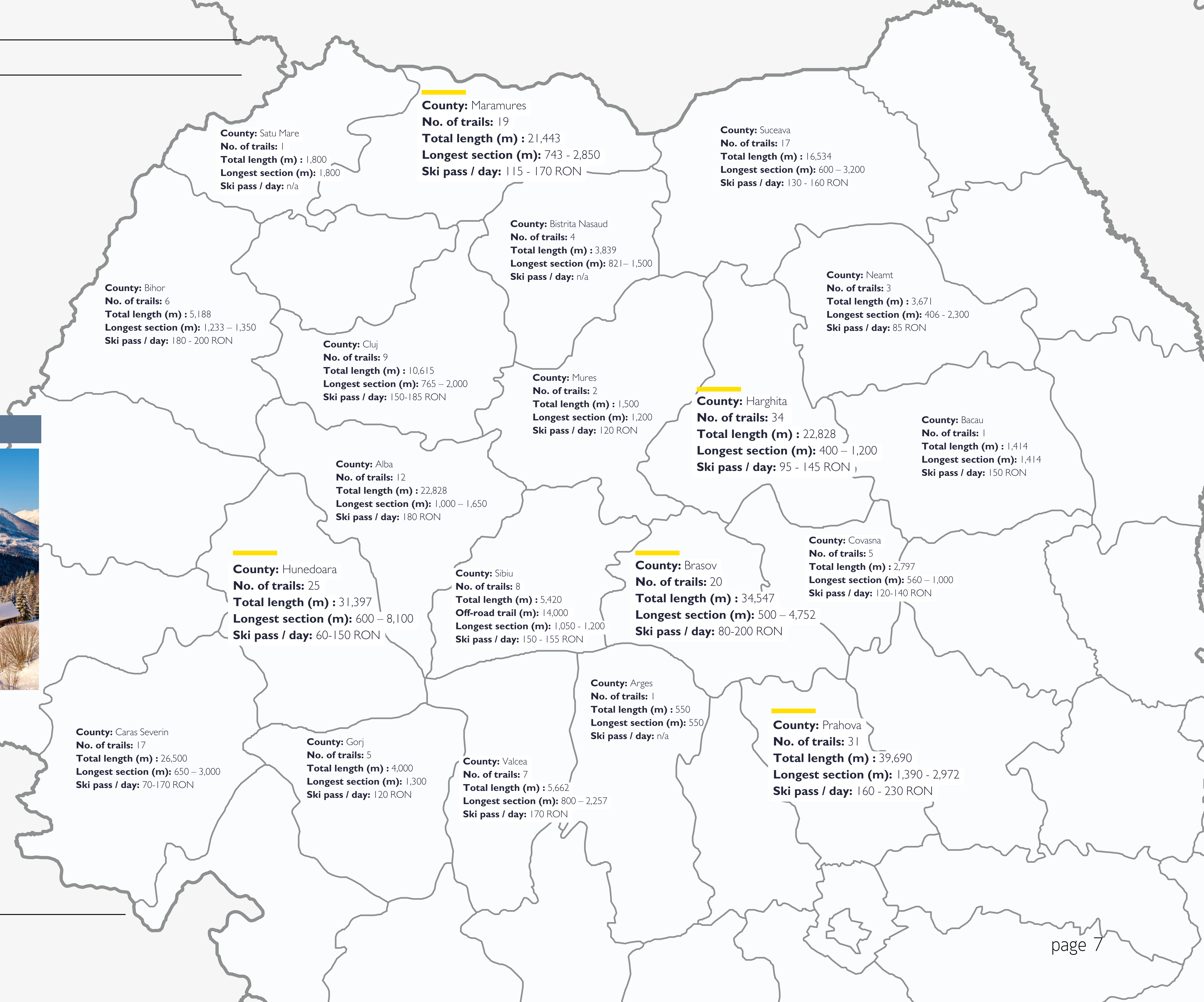
Harghita **Prahova**

Brasov **Hunedoara** **Maramures**



Ski Trails in Romania

Winter tourism

In 2023, the winter tourism industry in Romania experienced its most successful year to date.

Counties with the largest skiable areas (over 10 km) exceeded 2019's levels in terms of winter season overnight stays. Furthermore, over the past decade, mountain resorts in counties like Alba, Harghita, and Maramures have witnessed a doubling in the number of overnight stays. In recent years, the hospitality industry in mountain areas has experienced a notable surge in development, largely driven by the increasing diversity of available accommodations.

The emergence of modern chalets, along with a growing array of alternative lodging facilities, has played a pivotal role in shaping this trend. These developments not only cater to the evolving preferences of travelers but also contribute significantly to the overall enhancement and expansion of the hospitality sector within mountainous regions.

No. of overnight stays in top ski destination counties, winter 2014-2023

County	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023/2019 change	2023/2014 change
Alba	34,183	49,151	57,081	57,984	56,349	61,974	47,985	57,812	65,704	75,987	23%	222%
Brasov	468,056	529,649	572,451	659,787	681,209	698,166	572,560	609,187	636,781	709,087	2%	151%
Caras Severin	48,829	69,345	84,905	81,577	80,888	111,785	79,075	75,844	96,819	87,170	-22%	179%
Cluj	114,368	132,878	164,582	194,886	204,996	213,209	161,674	126,138	173,636	211,888	-1%	185%
Harghita	45,652	65,954	85,696	83,392	83,361	98,392	69,941	59,469	76,153	113,323	15%	248%
Hunedoara	36,609	46,382	51,950	60,002	61,273	55,051	42,163	33,069	33,733	41,409	-25%	113%
Maramures	47,234	57,621	66,961	80,824	95,760	100,864	71,062	80,730	102,010	111,839	11%	237%
Prahova	192,457	225,064	251,207	266,963	285,263	306,979	246,563	260,085	260,874	295,227	-4%	153%
Suceava	107,985	134,768	129,888	157,455	158,581	195,431	165,817	181,639	215,574	236,258	21%	219%
TOTAL	**1,097,387**	**1,312,827**	**1,466,737**	**1,644,887**	**1,709,698**	**1,843,870**	**1,458,860**	**1,485,994**	**1,663,306**	**1,884,211**	**2%**	**172%**

No. of overnight stays in January, February and December of each year, select counties, all accommodation types

Source: *Crosspoint research based on INS data*

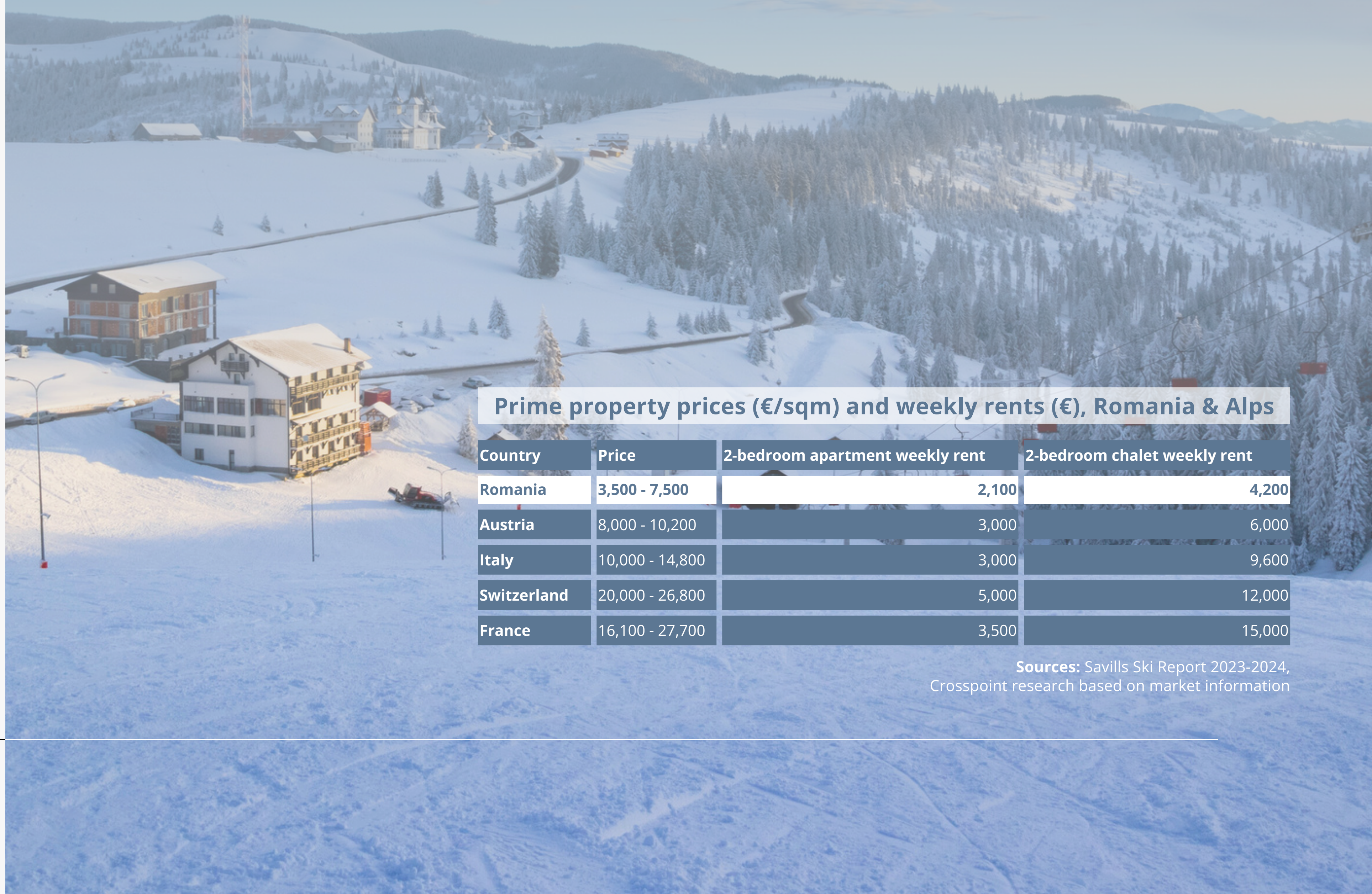
top performing years

High-end market

Romania's steady economic growth in recent years, the increasing number of high-income earners and the growing interest of international investors have led to the emergence of the high-end segment of the residential and hotel market. Although limited at the moment, the supply of high-end properties in Romania's mountain resorts matches the quality standards found in Western European countries, offers investors competitive returns and has significant potential for future development.

In contrast to the well-established mountain resorts of the Alps, Romania's luxury retail market is currently underrepresented.

Currently, ski resort areas in Romania only feature mass-market retail facilities, but the growth of the high-end residential sector is set to attract the attention of luxury brands.



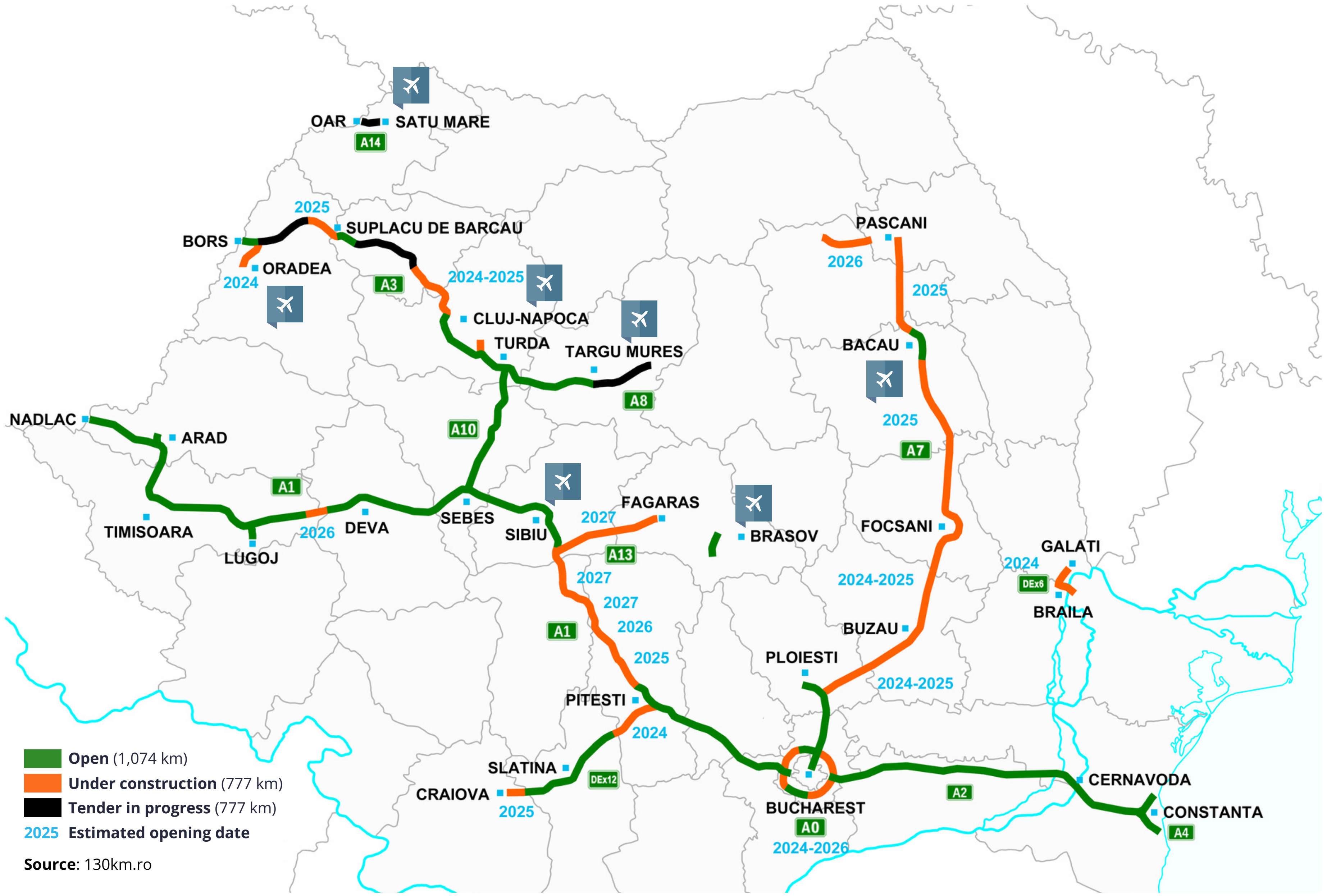
Prime property prices (€/sqm) and weekly rents (€), Romania & Alps

Country	Price	2-bedroom apartment weekly rent	2-bedroom chalet weekly rent
Romania	**3,500 - 7,500**	**2,100**	**4,200**
Austria	8,000 - 10,200	3,000	6,000
Italy	10,000 - 14,800	3,000	9,600
Switzerland	20,000 - 26,800	5,000	12,000
France	16,100 - 27,700	3,500	15,000

Sources: Savills Ski Report 2023-2024, Crosspoint research based on market information

Infrastructure

While Romania may currently have less developed infrastructure, there is the potential for growth and improvement. Increased investment in transportation, accommodation, and ski facilities can enhance Romania's overall appeal as a ski destination.



Climate

Because mountain resorts in the Carpathian mountains record higher temperatures than the ones located in the Alps, resulting in shorter skiing seasons, no mountain destinations in Romania are designed exclusively for winter sports. Romanian mountain resorts even attract more tourists during summertime, with August being the peak season in terms of occupancy. This diversity makes investments in Romanian mountain resorts profitable year-round.

Moreover, like the rest of the country, the majority of tourism in Romania is domestic, making the market less vulnerable to sudden changes and better equipped to recover from setbacks. For instance, or instance, Romania's tourism sector experienced a swifter post-pandemic recovery compared to countries heavily reliant on international tourism.

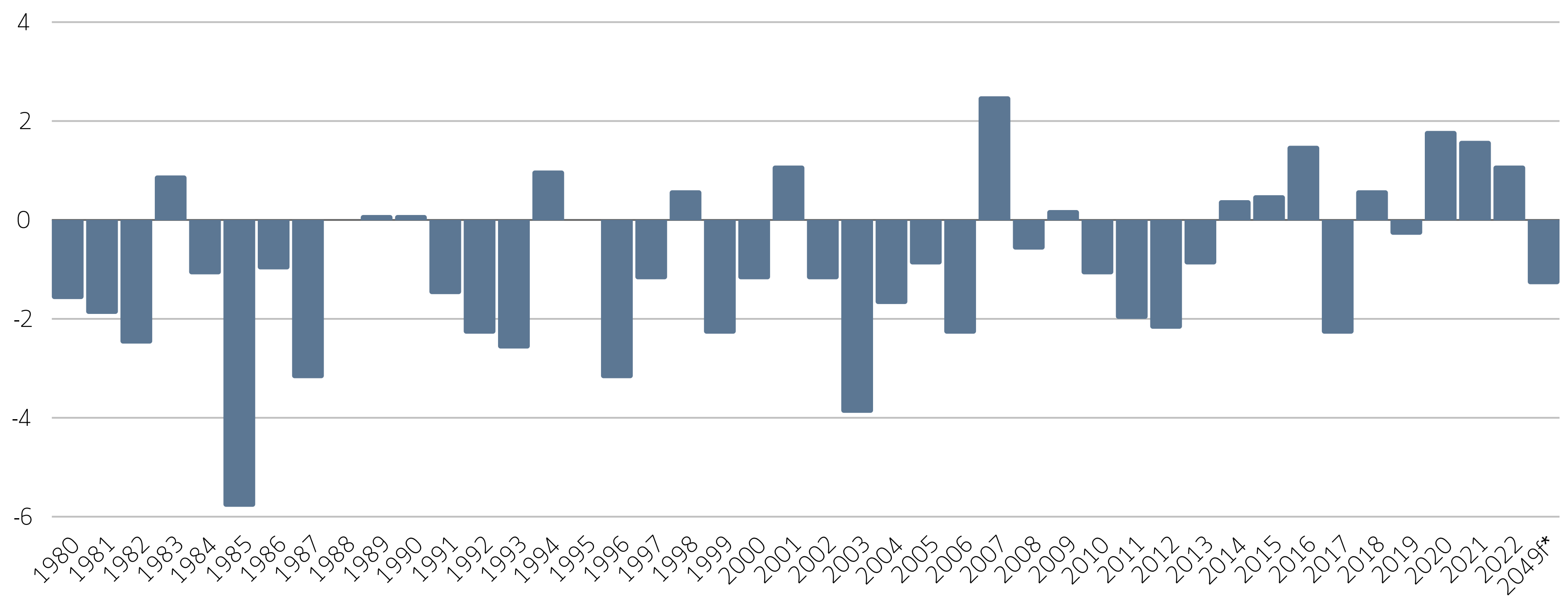
Resort	Snow amount per week (cm)	Snow days per week	Temperature (°C)
Poiana Brasov	10.6	2.6	-3.1
Arieseni	11.3	2.5	-1.25
Azuga	10.7	2.5	-1.7
Sureanu	25.3	3.6	-3.7
Busteni	11	2.5	-2.1
Sinaia	12.3	2.7	-3.3
Transalpina	26.7	3.8	-3.2
Predeal	12.6	2.6	-2.3
Straja	11	2.7	-2.8
Ranca	19.7	3.4	-3.1
Cavnic	15.7	3.1	-3
Suior	13.3	2.7	-1.4
Vatra Dornei	9.3	3	-2.6
Muntele Mic	17	3.2	-3.9
Paltinis	13.6	2.9	-3.7

Average winter (January, February, December) snowfall and temperatures in select Romanian ski resorts, 2007-2022

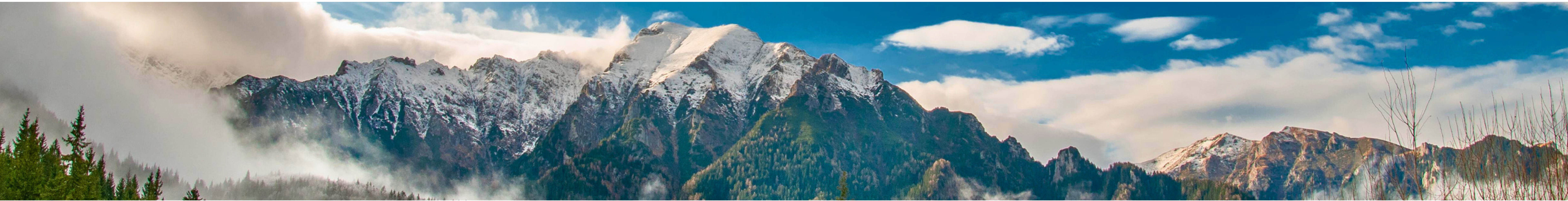
Source: *Crosspoint research based on snow-forecast.com data*

Climate change is currently the biggest threat to winter tourism all around the world. Although the average annual temperature in Romania has increased over the past years, current forecasts show that by 2049, Romania's average annual temperature may drop to -4.1 °C if all necessary steps towards climate control are taken and to -1.3 °C if no action is taken. Due to its geographical location Romania is relatively sheltered from significant impacts due to climate change.

Average annual temperature in Romania, 1980-2022, 2049 forecast



Source: *Copernicus Climate Change Service*
**2049 worst case scenario forecast*



Founded in 2005, Crosspoint Real Estate offers transactional advice and real estate consultancy, as well as financial solutions needed by international investors for all types of office, retail, industrial, land, hospitality, residential and mixed-use properties.

Crosspoint Real Estate is the international associate of Savills in Romania, one of the world's largest real estate advisory companies, established in 1855, with over GBP 2.29 billion in revenues in 2022.

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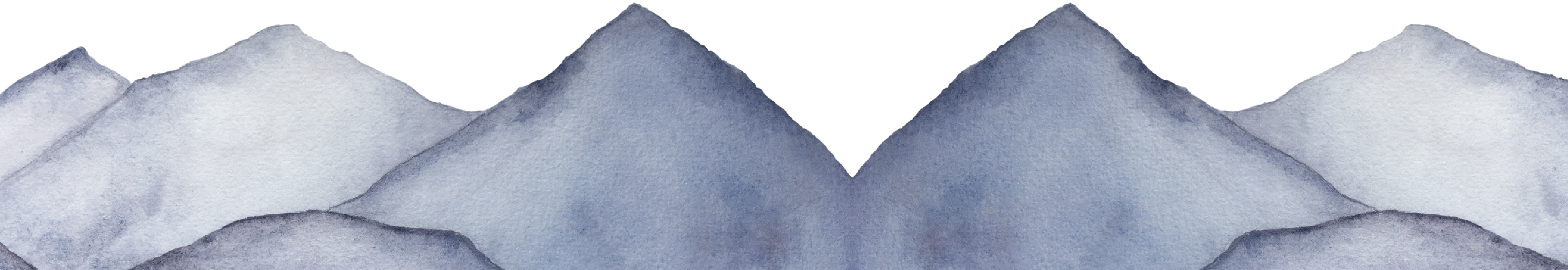

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