

MARKET SUMMARY & OUTLOOK

	YoY Chg	12-Mo. Forecast
Investment Trends	▼	▲
Prime Yields	▬	▲
Market Performance	▼	▲
Supply	▲	▲
Demand	▼	▲

Hotel transaction volume reached EUR 9.5 million in 2020, down 82% from approximately EUR 52 million in 2019. However, investor interest in Bucharest remains relatively strong, due to a clear basis for future growth in the local hotel market, coupled with the expected inflow of new capital into the hospitality sector in 2021.

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 upward pressure is expected to be seen primarily in non-core locations.

Similar to the rest of the CEE region, the Bucharest hotel market was significantly impacted by COVID-19, recording a 75% and 21% fall in occupancy and ADR respectively. The restrained performance is expected to continue until Q2 2021, with expectations for recovery to start in H2.

2020 saw a slight supply increase of 1.1%. Over the next three years, supply is expected to increase at an annual growth rate of 4.9%. Nonetheless, such moderate growth should not negatively impact hotel performance, as Bucharest is an undersupplied hotel market that has seen constrained supply growth over the last years. Instead, the increase in quality supply is expected to bolster the city's reputation as a growing destination.

Hotel demand in Bucharest fell by about 75%, according to STR data. This was mainly 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 85% of overnight stays even in pre-crisis times (2019). According to Oxford Economics, travel to Buchaest is expected to reach pre-COVID levels by 2023.

INVESTMENT TRENDS

HIGHLIGHTS - 2020

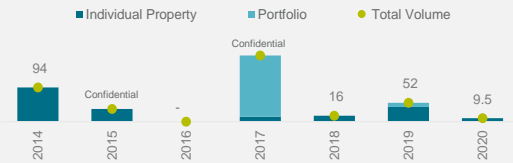
- € 9.5 million transacted
- 1 property comprising 82 keys sold
- 100% of capital was from a single non-European buyer
- 100% of keys sold were in an upper midscale hotel

RECENT TRANSACTION TRENDS

	LAST 12 MONTHS			Change
	2019	2020		
Properties Sold	3	1	-67%	←
Rooms Sold	440	82	-81%	←
Volume Transacted*	52	9.5	-82%	←

*Volume transacted in EUR, millions

ANNUAL TRANSACTION VOLUMES (2010-2020, EUR MILLIONS)

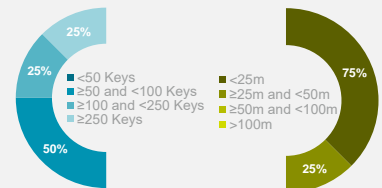


Source: Cushman & Wakefield

AVERAGE TRANSACTION PRICE (2019 & 2020, EUR)

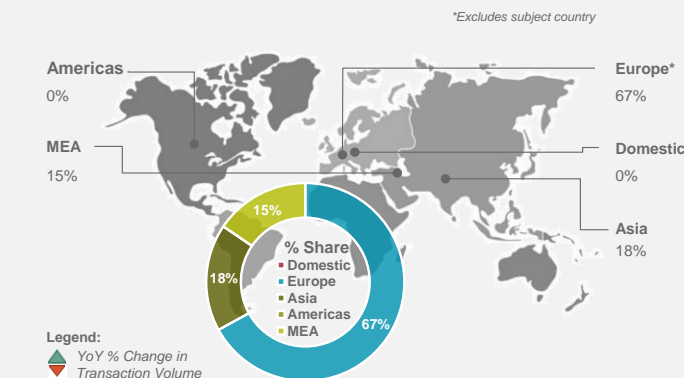


BREAKDOWN BY NO. OF KEYS SOLD & DEAL SIZE (2019 & 2020, % SHARE)



NATURE OF INVESTMENTS

TRANSACTION VOLUME BY SOURCE OF CAPITAL (2019 & 2020, % SHARE)

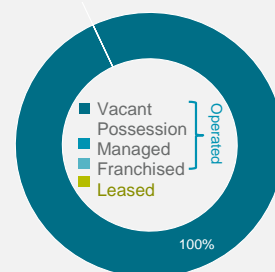


TRANSACTIONED KEYS BY HOTEL CLASS (2019 & 2020, % SHARE)

HOTEL CLASS	% SHARE OF TOTAL KEYS
Luxury	48%
Upscale	13%
Upper Midscale	39%

No transaction records for Upper Upscale, Midscale, and Economy

TRANSACTIONED KEYS BY OPERATING STRUCTURE (2019 & 2020, % SHARE)



TRANSACTIONED KEYS BY TYPE OF INVESTOR (2019 & 2020, % SHARE)

Investor Type	BUYERS Last 12 Months % Share		SELLERS Last 12 Months % Share	
	2019	2020	2019	2020
Private	64%	36%	24%	60%
Institutional	36%	0%	16%	0%
Public	0%	0%	0%	0%

Source: Cushman & Wakefield / RCA

MAJOR DEALS

SELECTED MAJOR HOTEL TRANSACTIONS (BUCHAREST, 2017 - 2020)

Year	Property	Market	Keys	Buyer	Buyer Origin	Seller	Seller Origin
2020	Golden Tulip Victoria Bucharest	Sector 1	82	Fattal Hotels	ISR	Atlas Estate	ISR
2019	Palatul Oscar Maugsch (Conversion to luxury hotel)	Sector 3	250*	Vivion	LUX	Banca Comerciala Romana	ROM
2019	Mama Shelter Bucharest	Sector 1	123	KEYS Reim	FRA	Private Family	ROM
2019	K+K Elisabeta	Sector 3	67	InterGlobe; Event Hotel Group	IND; GER	Goldman Sachs; Highgate Holdings, Inc	USA
2018	Hotel Mercure Bucharest Unirii	Sector 3	95	Orbis (AccorHotels)	POL	Dogariu Family	ROM
2018	Dacia Hotel	Sector 3	40	Dacia SA	HUN	Vasile Tantas	ROM
2017	Park Inn by Radisson Bucharest Radisson Blu Bucharest	Sector 1	376 487	Revetas Capital; Cerberus Global Investments	GBR; USA	Elbit Imaging	ISR
2017	angelo by Vienna House Bucharest (Conversion to Vienna House Easy)	Airport	177	U City Public Limited (Part of BTS Group)	THA	Warimpex	AUT

Source: Cushman & Wakefield. *Estimated number of keys

BUCHAREST MAJOR TRANSACTIONS - MAP VIEW (2017-2020)



Source: Cushman & Wakefield

CONTACT US FOR FURTHER DETAILS

Frederic Le Fichoux
Head of Hotel Transactions,
Continental Europe

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

Borivoj Vokrinek
Strategic Advisory & Head
of Hospitality Research EMEA

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

David Nath
Head of Hospitality,
CEE & SEE

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

Magsud Rahmanov
Head of Hotel Transactions,
CEE & SEE

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

Bogdan Gubandru
Director - Investment & Agency
C&W Echinox, Romania

+40 (74) 007 3073
bogdan.gubandru@cwechinox.com

Cristi Moga
Head of Research,
C&W Echinox, Romania

+40 72 374 7493
cristi.moga@cwechinox.com

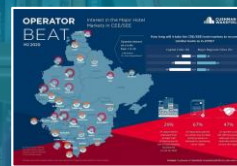
RECENT PUBLICATIONS



**COVID-19 IMPACTS ON
EUROPEAN
HOSPITALITY**



**ROMANIA
KEY SECTORS
MARKET REPORTS**



**HOSPITALITY
OPERATOR BEAT:
CEE & SEE**



**HOTEL INVESTMENT IN
CENTRAL & EASTERN
EUROPE**

FOLLOW US



**CUSHMAN & WAKEFIELD
EMEA HOSPITALITY**



**CUSHMAN & WAKEFIELD
HOSPITALITY**



**CUSHMAN & WAKEFIELD
GLOBAL**



@CUSHWAKE

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 70 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

Republication or other re-use of this data without express written permission is strictly prohibited.

cushmanwakefield.com