



ROMANIAN HOTEL MARKET 2024

Photo credit: Timiciuc Andrei, Unsplash

The hotel sector is expected to accelerate its growth in the coming years.

Indicating a near-complete recovery to 2019 levels, 2023 was the first year the tourism industry operated entirely without pandemic-related restrictions, both globally and locally.

While the demand for accommodation in Romania in 2022 was partly influenced by the Russia-Ukraine conflict and the resulting wave of refugees, the 2023 figures more accurately reflected the state of the industry without any extraordinary factors.

For the first time in four years, the number of passengers flying to Romania surpassed 2019 levels, with hotel occupancy rates still lagging slightly behind (see Graph 2).

The hotel sector is expected to accelerate its growth in the coming years, driven by both internal and external factors. Early data for 2024 shows similar results to last year, with an average occupancy rate of 25% for all types of accommodation and 33% for hotels in H1 2024.

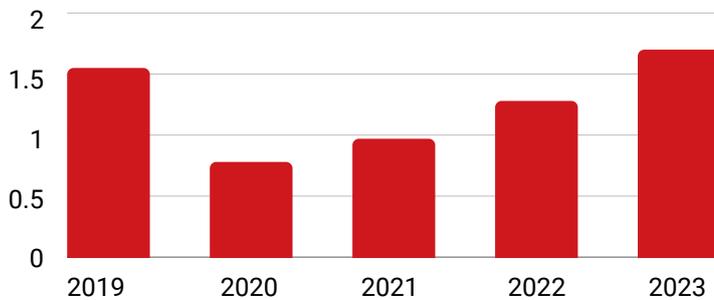


Ilinca Timofte
Head of Research

"Following a difficult recovery, the Romanian hospitality market is evolving towards higher quality standards, showing promise and potential despite ongoing challenges like labor shortages, limited international demand, and brief stays"

GRAPH 1

Hotel sector turnover (€bn)



Source: Crosspoint research based on public data from the Ministry of Finance (CAEN 5510 - Hotels and similar accommodation facilities)

The rebound was also reflected in the financial results of the industry. The hotel sector's turnover reached €1.7 billion in 2023, marking a 10% increase from 2019 and a significant 33% rise compared to the previous year's performance. (see Graph 1)

33%

Average occupancy rate
in H1 2024

€1.7 Bn

Hotel sector turnover
in 2023
+33% increase yoy

€88.2

Average daily rate*
in H1 2024

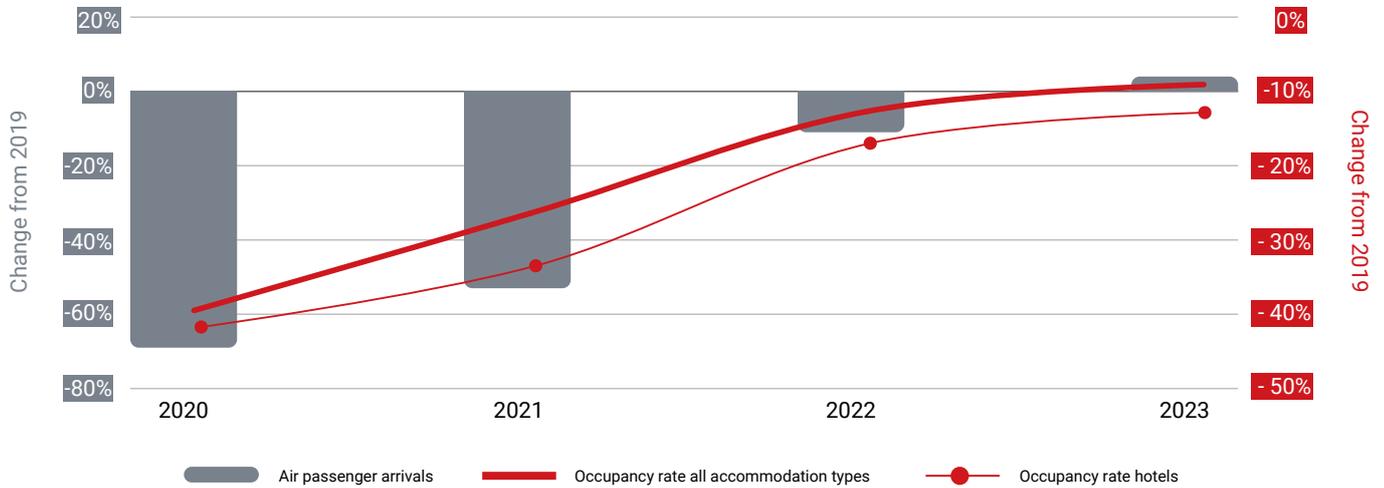
€52.6

RevPAR*
in H1 2024

**Country figures for a selection of hotels*

GRAPH 2

Change in air passenger arrivals and occupancy rate



Source: Eurostat, INS

2023 also brought a series of changes and shifts to the Romanian hotel market.

- **Changes in taxation**, mainly the elimination of the specific tax for the hospitality sector and introduction of a standard Income Tax/Corporate Income Tax and the VAT rate increase from 5% to 9%. Although the removal of the special taxing regime mainly benefited the industry, higher RevPARs indicate an upsurge in VAT rather than higher profits for the sector.

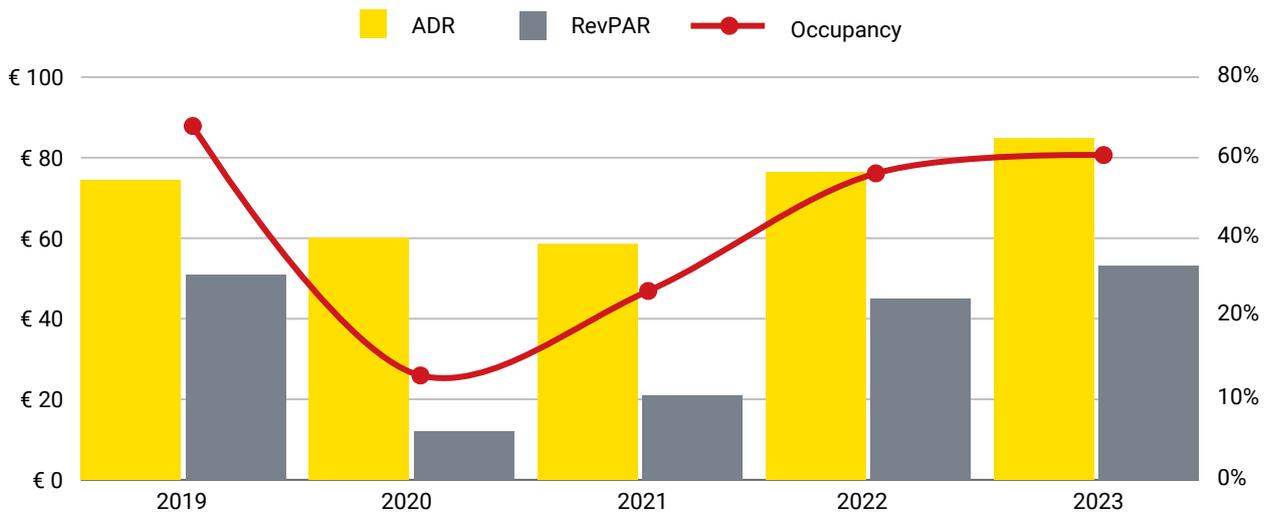
- **Brasov**, Romania’s main mountain destination and the third most visited area in the country, **welcomed the opening of the Ghibav airport**, increasing the region’s potential accessibility for international tourists.
- **The high inflation rate led to some delays or cancellations of new projects** and put further pressure on rates. Furthermore, the sector continues to face labour shortages, with 198,609 people working in hotels and restaurants in 2023, 11% fewer than in the pre-pandemic 2019.

The upscale hotel market, while also on the path to post-pandemic recovery, recorded higher occupancy rates than the market average, reaching 62.6% in 2023, nearly 6% below the 2019 level. The average daily rate rose to €84.9, over €10 more than in 2019, but this increase was not proportionally reflected in the RevPAR, which only went up by €2.32 from 2019, to €53.16. The first half of 2024 recorded no significant changes to H1 2023, either in occupancy or revenues, for prime hotel products in Romania (see Graph 3).

Upscale hotel products in Bucharest achieved an occupancy rate of 66.3%, over 3% higher than in 2022. The average daily rate for these hotels was €96.2, and the RevPAR stood at €63.8. H1 2024 recorded a higher occupancy rate, at 67.7%, an ADR of over €100 and a RevPAR of nearly €69. This reflects a solid performance in this market segment, indicating a favorable trend, above broader national metrics.

GRAPH 3

KPIs, select locations*, 2019-2023



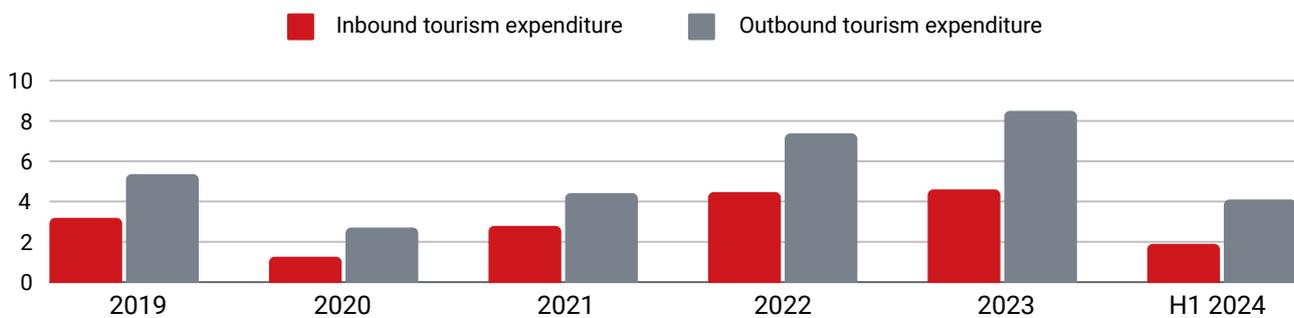
*Figures for a selection of prime hotel products
Source: STR CoStar

The gap between inbound and outbound tourism expenditure continued to widen, with the amount spent by international tourists in Romania 46% smaller than the amount spent by Romanian tourists abroad in 2023 (see Graph 4).

Romania's entry into the Schengen Area, including its air and maritime borders, will continue to facilitate external tourism and increase the likelihood of a broader imbalance between inbound and outbound expenditure. Consequently, the first half of 2024 recorded a negative balance of €2.2 billion, widening the gap by an additional €500 million compared to H1 2023.

GRAPH 4

Tourism BOP (€bn), 2019-H1 2024



Source: National Bank of Romania

While the impact of the pandemic on tourism demand was somewhat mitigated in 2023, the crisis had a more pronounced effect on hotel values.

Rising inflation and high financing costs have significantly slowed recovery efforts. According to HVS Europe's Hotel Valuation Index, hotel values in Bucharest remain below 2019 levels, with only slight increases following a significant 20% drop in 2020 (see Graph 5). A notable example is the sale of the four-star hotel K+K Elisabeta in Bucharest, which was sold for an estimated €5 million in 2023, compared to its purchase price of more than double that amount in 2019.

This situation created a significant opportunity for certain buyers to acquire properties that were either distressed or particularly vulnerable to inflation or a decreasing demand.

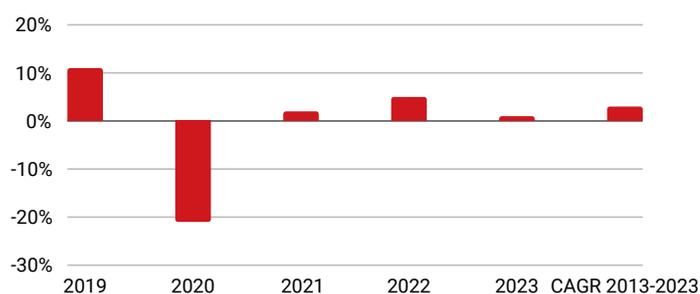
As a result, the past 18 months have seen an increase in the number of smaller transactions (under €5 million). Notably, even the larger deals did not involve prime properties but rather assets that are slated for refurbishments and rebrandings. Although the share of hotel investments in the total investment volume was higher than usual (6% in 2023 and 7% in the first half of 2024), this trend is more indicative of the overall reduced transaction volume rather than a genuine surge in investor interest in the hotel sector. Consequently, the market dynamics highlight a cautious approach by investors, focusing on value-added opportunities rather than premium, turnkey properties. However, the hotel investment volume in the first half of 2024 has already surpassed the investment volume in this sector for the entire year of 2023.

TABLE 1

Year	Value* (M€)	% in total
2019	20.5	3%
2020	0	0%
2021	43.1	5%
2022	33.3	3%
2023	27.4	6%
H1 2024	29	7%

Estimated hotel investment volume, 2019-H12024
Source: Crosspoint research based on market information

GRAPH 5 Change in hotel values, Bucharest



Source: HVS Europe

TABLE 2

Hotel	Location	Capacity	Vendor	Buyer	Value (M€)
K+K Hotel Elisabeta 4*	Bucharest	67 rooms	InterGlobe	Balvanyos Resort	5
Complex Fantanele 2*	Beius	55 rooms	Unita Turism Holding	Transilvania Quest	5
Becali Hotel 5*	Venus	92 rooms	Private	Private	8
Coroana & Postavaru 2*	Brasov	76/105 rooms	Aro Palace	Elevate Properties	9.4
Azuga Ski & Bike Resort 3*	Azuga	27 rooms	Lion Capital	Electric Planners	9
Hotel Ambasador 4*	Bucharest	209 rooms	Private shareholders	Julius Meinl Living	20

Key hotel transactions (over €5M), 2023-H1 2024. Values are estimated
Source: Crosspoint Research based on market information

The total number of overnight stays reached 29.7 million in 2023, only slightly lower than the number recorded in 2019, a sign of a full recovery of the market to pre-pandemic levels, with an increase in domestic tourism compensating for the small decrease of international visitors (see Graph 6). Hotels were preferred by 81% of foreign visitors compared to 62% of domestic tourists. The hotel occupancy rate remained 5% below pre-pandemic levels, while the occupancy rate for hotels located in the capital was only 1.3% lower than in 2019, at 44% (see Graph 7).

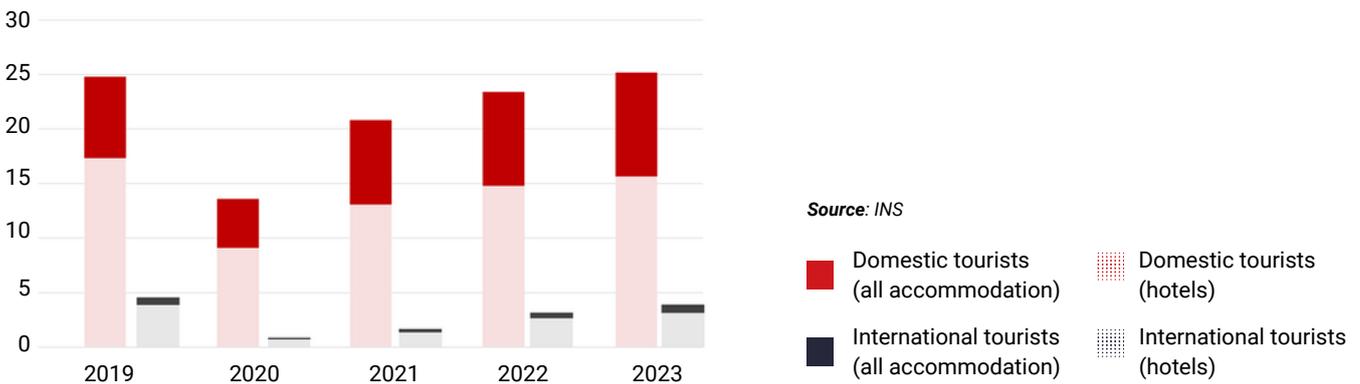
The first half of 2024 recorded similar results to the same period last year, with nearly 11.3 million overnight stays, a 2% y-o-y increase.



In the first half of 2024, demand was nearly equal to the same period last year, with domestic and international visitors each spending approximately 100,000 additional nights. In total, there were 11.3 million overnight stays recorded in H1 2024, out of which 7.6 million nights booked in hotels. The occupancy rate recorded similar levels to H1 2023, at 25% for all accommodation types and 33% for hotels, with hotels in Bucharest recording a small, 2% increase in demand, to 45%.

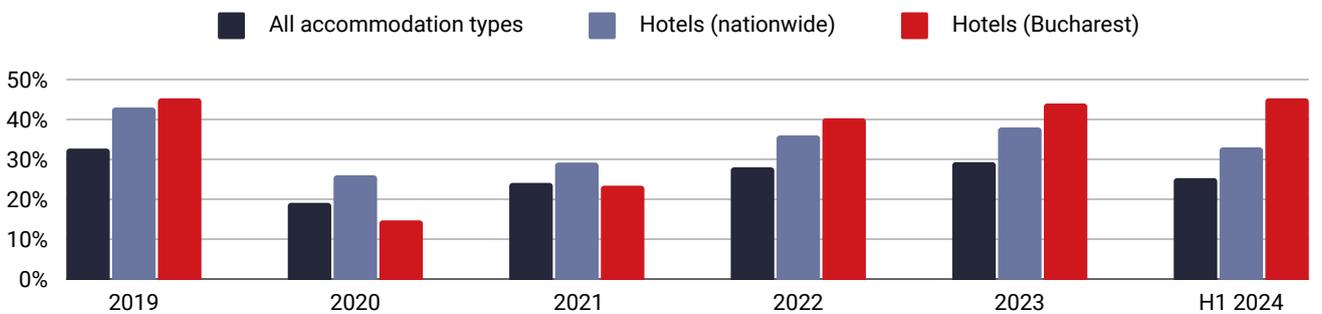
GRAPH 6

Overnight stays (million)



GRAPH 7

Occupancy rate, 2019-H1 2024



Source: INS

The number of accommodation facilities in Romania increased by 704 from 2019 to 2023, with significant growth in the number of aparthotels and budget-friendly alternatives such as inns, campsites, and guesthouses. By the end of 2023, Romania had 433,487 beds across all types of accommodation facilities, a 22% increase compared to 2019, with 47% of these beds in hotels. The capital city's accommodation capacity is nearly 22,000 beds, with 95% in hotels.

Most of the hotel projects opened in 2023 were small to medium-sized and many of them represented rebrandings and refurbishments of existing projects. The increased interest of international brands as well as the local owners' attention to the market's shift towards quality projects have led to an expansion of the prime market which is bound to continue in the upcoming years. Nationwide, ten new 4 and 5-star hotels, adding 877 rooms, have contributed to this development in 2023.

TABLE 3

Type of accommodation	2019	2020	2021	2022	2023	CAGR 2019-2023	CAGR 2022-2023
Hotels	1,608	1,581	1,583	1,602	1,601	-0.4%	-0.1%
Hostels	323	328	332	313	316	-2.2%	1.0%
Aparthotels	17	18	23	27	27	58.8%	0.0%
Motels	219	214	215	207	198	-9.6%	-4.3%
Inns	3	3	3	4	5	66.7%	25.0%
Tourist villas	709	752	752	758	756	6.6%	-0.3%
Tourist chalets	222	226	222	220	223	0.5%	1.4%
Bungalows	557	458	503	493	475	-14.7%	-3.7%
Holiday villages	9	8	8	8	10	11.1%	25.0%
Campsites	58	61	67	71	84	44.8%	18.3%
Tourist halting places	47	43	44	39	41	-12.8%	5.1%
Houselet-type units	82	92	112	127	155	89%	22.0%
Student camps	55	48	52	47	46	-16.4%	-2.1%
Urban guesthouses	1,669	1,729	1,745	1,696	1,642	-1.6%	-3.2%
Rural guesthouses	2,800	3,022	3,460	3,484	3,498	24.9%	0.4%
Hotel cabins on river and sea vessels	24	27	25	24	29	20.8%	20.8%
TOTAL	8,402	8,610	9,146	9,120	9,106	8.4%	-0.2%

No. of accommodation facilities by type (excluding short-term apartments), 2019-2023
Source: INS

TABLE 4

Hotel	City	No. of rooms	Stars	Opening year
InterContinental Athénée Palace Bucharest (rebranding)	Bucharest	283	5*	2023
Mercure Sibiu Arsenal	Sibiu	121	4*	2023
ibis Styles Bucharest Airport	Otopeni	85	3*	2023
Mercure Conacul Cozieni	Cozieni	73	4*	2023
ibis Styles Pitesti Arges	Pitesti	45	3*	2023
Zet	Timisoara	58	5*	2023
Branco	Timisoara	50	4*	2023
Vibre	Cluj-Napoca	49	5*	2023
Hampton by Hilton	Targu Mures	115	4*	2023
Alezzi Infinity Resort & Spa	Mamaia	41	5*	2023
Euforia Retreat & Spa	Eforie Sud	20	4*	2023
Peakture (rebranding)	Bucharest	67	4*	2023

2023 hotel deliveries (selection). Rebrandings include refurbishments
Source: Crosspoint research based on market information

TRENDS

As the luxury hotel sector experiences global growth, the trend is gaining momentum in the Romanian market, with **16 five-star hotels projected to open nationwide by 2028**



Photo credit: anuala.ro

A great place for remote work

In 2023, Romania ranked 43rd out of 119 territories in the WEF’s Travel and Tourism Index (see *Graph 8*), improving by two places from the previous year. Its robust IT&C infrastructure emerged as its strongest asset, making the country highly attractive to digital nomads. According to the Digital Nomad Visa Index by VisaGuide.World, **Romania is ranked as the third best country globally for digital nomads**, thanks to its strong IT infrastructure, visa availability, favorable taxation policies, affordable cost of living, and popular tourism industry. The WEF analysis highlighted Romania’s limited cultural and non-leisure resources as its weakest points.

Development of the luxury segment

According to an analysis by The Economist, the global luxury-travel industry is expected to reach \$2.3 trillion by 2030 and the number of luxury rooms worldwide could reach 1.9 million, from 1.6 million in 2023. Romania was understandably lagging behind the global standard in luxury accommodations. However, there is an obvious shift on the domestic market towards high-end products, both in terms of demand and supply. This trend spans from boutique hotels to larger projects in urban areas, and even includes the upscale renovation of historical mansions in rural Romania. As a result, the luxury market is capturing a steadily growing share of the industry.

Expansion of the social events market

Hotel venues are hosting an increasing number of conferences, while approximately 60,000 weddings are anticipated to take place in 2024. We estimate that nearly 1.3 million people attended the largest festivals in Romania in 2023, with that number expected to exceed 1.5 million in 2024. This surge in events is creating additional demand for the hotel industry and boosting local revenues.

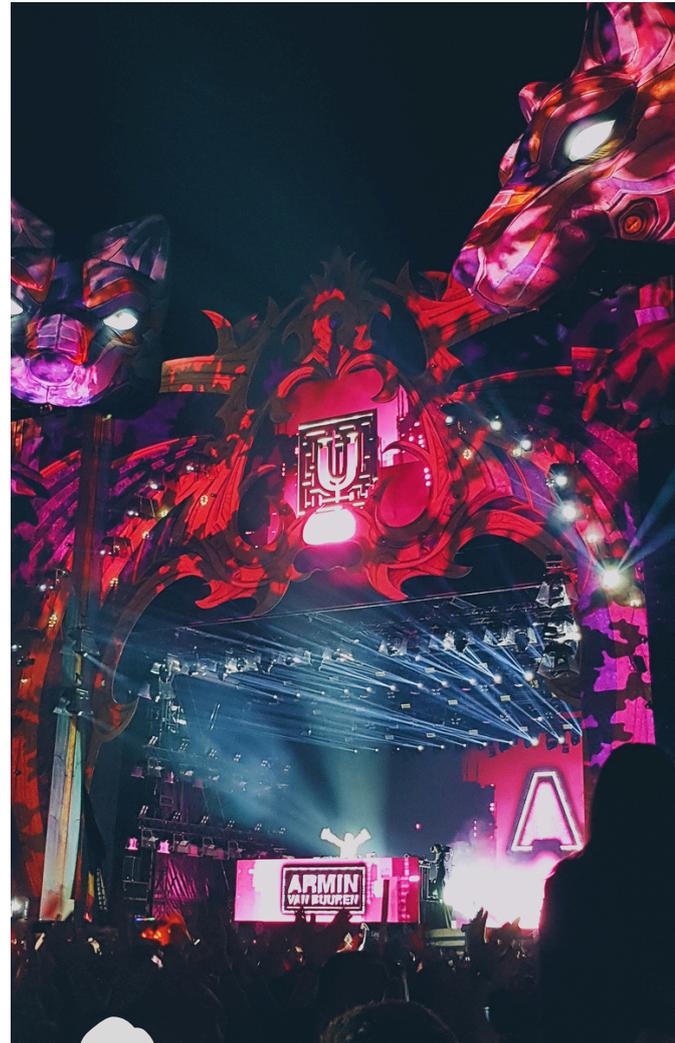


TABLE 5

Festival	Location	Participants
Untold	Cluj	420,000
Neversea	Constanta	277,000
Electric Castle	Cluj	230,000
Saga Festival	Bucharest	165,000
George Enescu	Bucharest	110,000
Summer Well	Bucharest	75,000
TOTAL		1,277,000

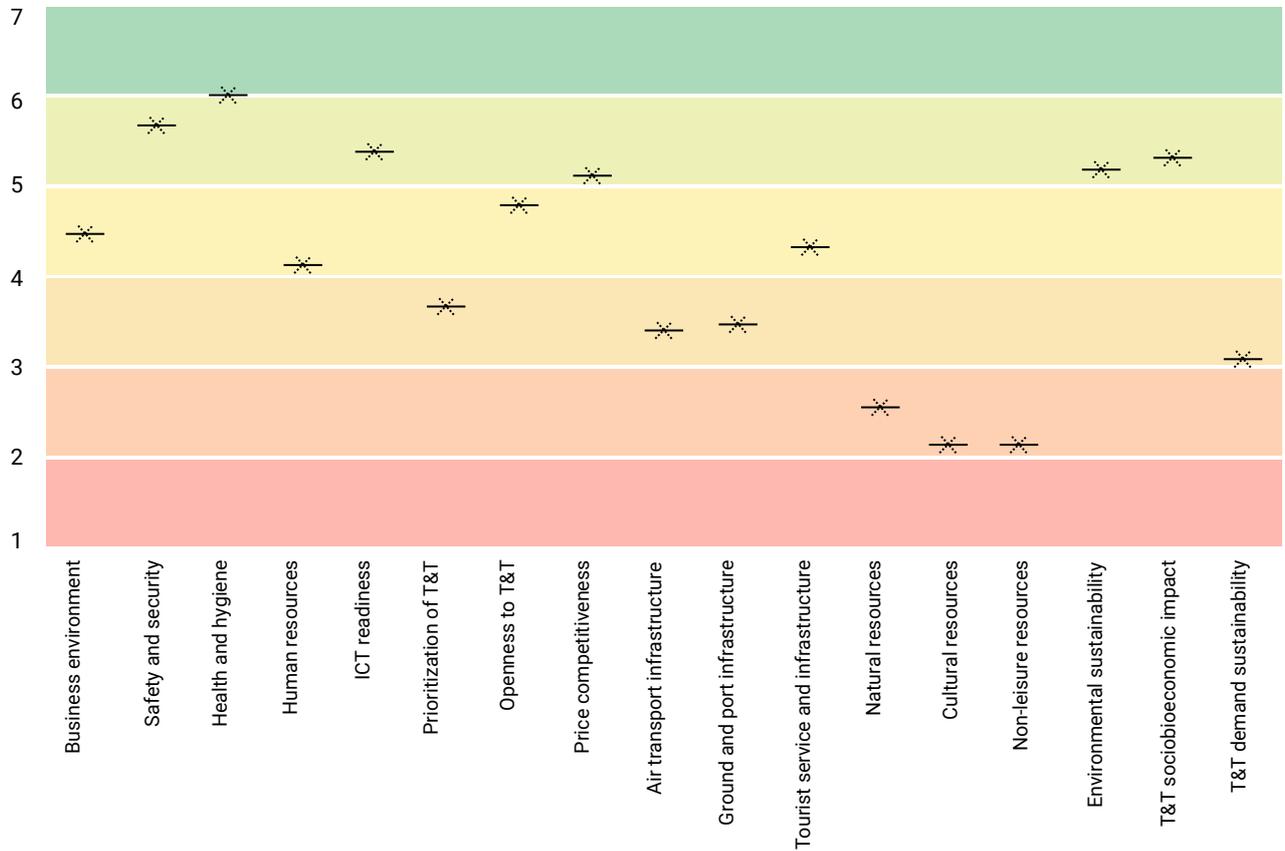
Top Romanian festivals by no. of attendees, 2023
 Source: Crosspoint research estimation based on public data

1.9 days

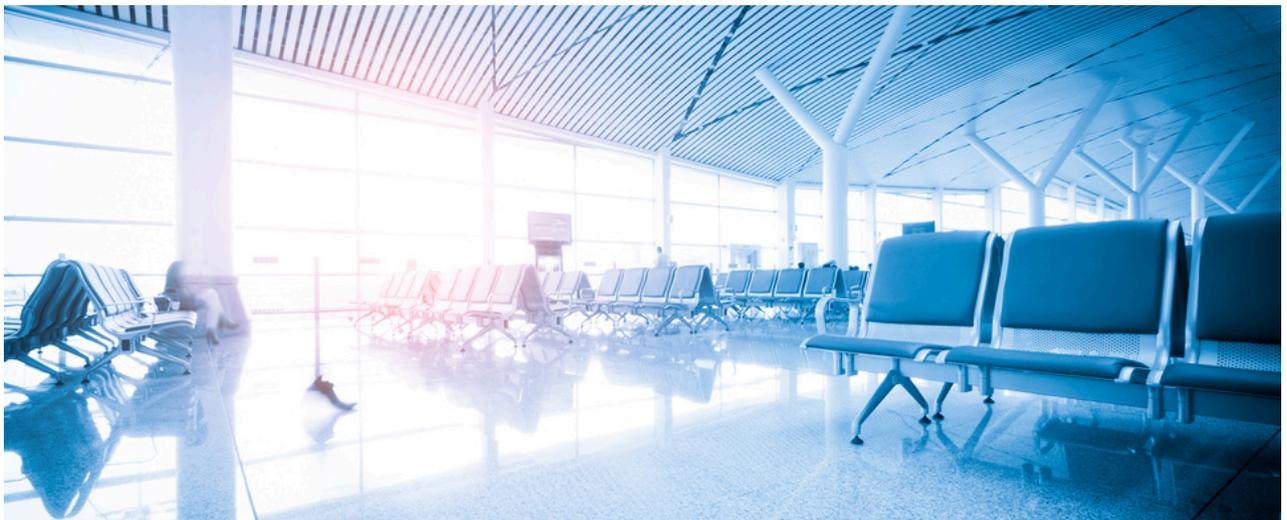
Average length of stay

GRAPH 8

TTDI score Romania



Source: World Economic Forum Travel and Tourism Index 2024



In 2024, 13 key hotels are expected to be delivered to the Romanian market, including five five-star hotels and six four-star ones.

In addition to rebrandings and refurbishments, the coming years will see the introduction of brand new projects, reflecting a dynamic evolution in the hotel sector. This growth is driven by increasing interest from both international brands and local investors, which will provide the industry with a diverse mix of quality products and locations.

Romania is capturing the attention of high-end hotel operators. Prestigious names such as Kempinski, Mondrian, The Crest Collection and Hyatt are anticipated to enter the Romanian market within the next five years. This influx of luxury and upscale hotel brands is expected to elevate the country's hospitality standards and attract more international tourists.

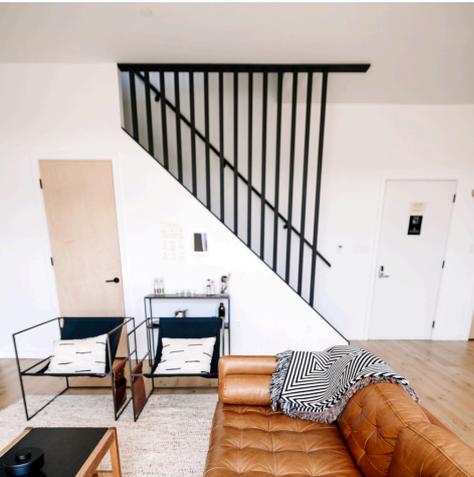


Photo credit: ennismore.com

TABLE 6

Hotel	City	No. of rooms	Stars	Opening year
Corinthia Grand Hotel Boulevard	Bucharest	30	5*	2024
Nordis Mamaia	Mamaia	712	5*	2024
Tresor Le Palais, Curio Collection by Hilton (rebranding)	Timisoara	31	4*	2024
ibis Styles Sibiu Arsenal	Sibiu	72	3*	2024
Ana Hotels Europa (refurbishment)	Eforie Nord	221	4*	2024
ibis Styles Venus (rebranding)	Venus	179	3*	2024
Opera	Timisoara	120	4*	2024
Pestera Wellness & Spa	Pestera-Padina	63	5*	2024
Elania Resort	Cluj-Napoca	54	5*	2024
Bucharest Unirii Square (rebranding)	Bucharest	104	4*	2024
Crowne Plaza Mamaia Beach	Mamaia	98	4*	2024
Mercure Porțile de Fier Riviera Hotel & Resort	Portile de Fier	70	4*	2024-2026
Swissôtel Poiana Brasov	Brasov	114	5*	2024-2026
Mercure Bacau	Bacau	80	4*	2025
ibis Styles Brasov	Brasov	126	3*	2025
Doubletree by Hilton Brasov City Centre	Brasov	130	5*	2025
Swissôtel	Bucharest	224	5*	2025
Novotel Living	Bucharest	150	4*	2025
Tecadra Bucharest Handwritten Collection	Bucharest	100	4*	2025
Hilton Garden Inn	Brasov	130	4*	2025
AC by Marriott	Brasov	161	4*	2025
Mercure Brasov City Centre	Brasov	180	4*	2025
Rin Airport Otopeni (refurbishment)	Otopeni	258	4*	2025
Autograph Collection by Marriott	Arad	76	4*	2026
Mondrian	Bucharest	100	5*	2026
Radisson Blu Grand Mountain Resort	Brasov	20 rooms 46 chalets	5*	2026
The Crest Collection	Bucharest	170	5*	2026

Hotel deliveries, 2024-2026 (selection). Rebrandings include refurbishments
Source: Crosspoint Research based on market information



In 2023, Bucharest’s short-term rental industry generated revenues of €41.3 million, nearly doubling compared to 2019, despite having fewer listings and a lower occupancy rate than the pre-pandemic period (see Graph 9). The ADR continued to rise, though not as sharply as in 2022, when prices increased by 32%.

The market also experienced a notable shift in geographical distribution: whereas in previous years, the supply of short-term apartments was primarily concentrated in the city center, there is now a balanced availability of units for short-term accommodation throughout the city.

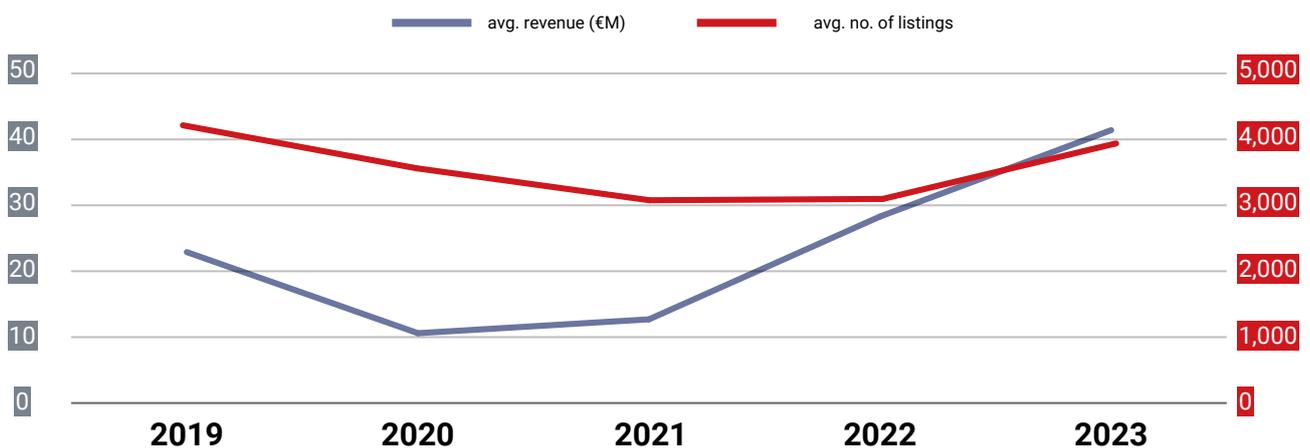
If the growth in demand in 2022 was in part due to the wave of Ukrainian refugees, 2023 saw a return to typical market conditions, with most guests being leisure and business travelers, as the remaining refugees sought more permanent housing options.

2024 is expected to exceed last year’s performance, with an average of 4,550 listings and revenues of over €24 million in the first half of the year, a 33% y-o-y increase.

The ADR has so far recorded a modest rise, to 63.7€ per night, while the occupancy rate has remained similar to the one recorded in 2023.

GRAPH 9

Bucharest short-term rental market revenue & size, 2019-2023



Source: airdna.com

TABLE 7

	Occupancy	Avg. no. of listed properties	ADR (€)	RevPAR (€)
H1 2024	55%	4,550	59.3	37.6
2023	56%	3,942	62	37.9
CAGR 2022-2023	-8%	+27%	+19%	+15%
CAGR 2019-2023	-3%	-3%	+60%	+60%

Short-term rental KPIs
Source: airdna.com

Iasi

484 listings
 Occupancy 40.6%
 ADR: 49.7€
 RevPAR: 18.1€



Brasov

1,600 listings
 Occupancy 48.5%
 ADR: 73€
 RevPAR: 35.6€



Constanta

2,071 listings
 Occupancy 37.2%
 ADR: 89.5€
 RevPAR: 34.6€



Constanta and **Brasov** are the best performing regional markets, both in terms of number of listings and profitability, with annual revenues in 2023 of €19.9 million and €17.5 million respectively, and an average yearly revenue per property of €9,632 for Constanta and €10,923 for Brasov.

With an annual revenue of €9.3 million in 2023, the performance of the short term property rental market in **Cluj-Napoca** is partially influenced by the city's hosting two of Romania's largest festivals, Electric Castle and Untold. July and August see the highest number of listings and the highest ADRs.

Cluj-Napoca

1,072 listings
 Occupancy 51.9%
 ADR: 60.3€
 RevPAR: 31.2€



Timisoara

644 listings
 Occupancy 45.2%
 ADR: 49.2€
 RevPAR: 22.4€



The short-term rental market in **Timisoara** and **Iasi** is less established compared to other regional cities, with fewer listings and lower revenues, at €3.9 million and €2.9 million respectively in 2023.

This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. Whilst every effort has been made to ensure its accuracy, Crosspoint Real Estate accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Crosspoint Real Estate.

Please contact us for further information

Research

Marketing



Ilinca Timofte
Head of Research
0747.021.992
ilina.timofte@crosspoint.com.ro



Cristina Velicu
Marketing Specialist
0756.090.777
cristina.velicu@crosspoint.com.ro

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 2.24 billion in revenues for 2023.