Horwath HTL

Hotel, Tourism and Leisure

Poland
Hotels & Chains
Report 2021

Introduction

This report provides a snapshot of a fascinating moment in hospitality. Will we see the direction of the industry change forever?

A very warm welcome to this latest country edition of the Hotels and Chains report. The report was started to examine the relationship between branded hotels and hotel companies and their independent counterparts.

Over the last 20 years or so, branded hotel products have started to become more and more prevalent in Europe and the Middle East. We are still nowhere near North America when it comes to brand penetration, but the industry has definitely been moving in that direction.

Of course, when we wrote the last edition, we had no idea that global events would cause such chaos in a market which had seen unprecedented success in 2019. Needless to say the events of the last 20 months have thrown the ownership and performance of the hotel industry into sharp focus, exacerbating friction between owners and operators, putting pressure on lenders, making development debt something of a mirage and laying waste to the best laid plans of many giants in the industry.

There are signs of life however. Hotel products away from city centres have experienced two summers of unexpectedly high occupancy with the famous staycation surge if not running to the rescue, then certainly helping to keep businesses afloat.

As we recover, we turn our focus once again to branded hotels and products and look to see what affect COVID-19 has had on their inevitable rise. Will the lack of corporate travel and city centre tourists see a slowing of the large brands? Will owners think twice about rebranding with an inevitable rise in costs, or will the pandemic accelerate the move towards the perception of a safe harbour?

The other interesting question is what now happens to the various models that are prevalent in the industry. There are already signs that owners are unhappy with the current arrangements, so will that mean less management contracts and more franchises and will those markets that have traditionally relied on leases be able to create a product that shares the risk more effectively?

This report provides a snapshot of a fascinating moment in hospitality. Will we see the direction of the industry change forever, or will the pain be short term and the new normal looks like the old normal?

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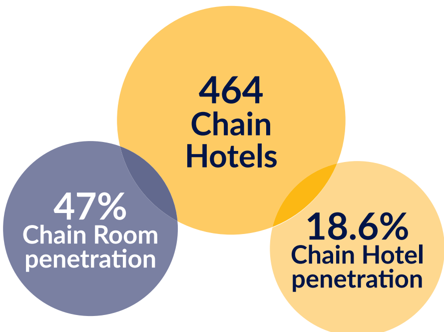

Key Statistics	2018	2019	2020
Total chain hotels	366	431	**464**
Total chain rooms	50,484	58,550	**63,971**
Average size per chain hotel in rooms	138	136	**138**
Country hotels stock *(overall supply)***	2,592	2,635	**2,498**
Country rooms stock *(overall supply)***	136,080	141,383	**135,995**
Average size per hotel in rooms	53	54	**54**
Chain penetration % by hotels	14.1%	16.4%	**18.6%**
Chain penetration % by rooms	37.1%	41.4%	**47.0%**
Total number of brands	69	81	
Domestic brands	26	36	
International brands	43	45	
International chain hotels*	198	200	**225**
Domestic chain hotels*	168	231	**239**
International chain rooms*	31,870	32,950	**36,195**
Domestic chain rooms*	18,614	25,600	**27,776**

** Includes double counting*

*** Source: GUS (Central Statistic Office)*

Poland

The Polish hotel market has been in the midst of intensive growth for several years. With growing ADR and occupancy in major cities, investors have been encouraged to open new hotels.

The Market

The Polish hotel market has been in the midst of intensive growth for several years. With growing ADR and occupancy major cities, investors have been encouraged to open new hotels. As a result new hotel brands and new hotel chains are entering the market with incredible speed.

Based on current forecasts, by 2023, over 26 new hotels could be open in Warsaw, creating a new supply of 5,473 hotel rooms (33% more than current room supply).

A similar situation applies in Tricity (Gdansk, Gdynia and Sopot) were within the next 3 years, 16 new hotels are forecast to open, creating a new supply of over 2,336 hotel rooms, 32% of current supply.

The biggest hotel chain in Poland is still Accor with 79 hotels, followed by Polish Hotel Holding (Polski Holding Hotelowy) with 25 hotels and Hilton Worldwide with 22 hotels. In term of room numbers, Accor with 13,398 rooms is followed by Marriott International (3,895 rooms) and Hilton Worldwide (3,711 rooms).

In March 2020, due to the COVID-19 pandemic, the majority of hotels in Poland were closed. The lockdown was followed by many restrictions regarding travel and organization of events. During the holiday season, resort hotels got the chance to make up some financial losses, but city and conference hotels are still waiting for the restrictions to be lifted. Due to Covid-19, it is now possible to change models of existing business from management or franchise agreement to lease, in order to encourage foreign investors.

Key Points

- **Number of chain hotels in Poland is rapidly growing**
  In 2019, chain penetration index by keys grew up to 41,4% vs 37% in 2018. Chain penetration index by hotels in 2019 was at 16% vs 14% in 2018.

- **Chain hotels are still interested in entering resort destinations**
  International hotel chains are more interested in opening hotels in resort destinations. In 2020, a new Radisson Blu was opened in Szklarska Poręba and another Radisson was announced in Ostróda (Masuria District). Moreover, 2 Mövenpick hotels have been announced, one in Zakopane (to be opened in 2022) and second in Kołobrzeg (to be opened in 2023).

- **We expect COVID-19 will make lease agreements less popular**
  Due to Covid-19, we expect less interest in lease agreements based on fixed rates. Operators will rather focus on variable rents. Preferred currency is PLN.

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Poland: Ranking by Size

	CHAINS		
Rank	Chain Groups	Hotels	Rooms
1	Accor	84	13,703
2	Polski Holding Hotelowy	26	2,952
3	Hilton	24	4,028
4	Louvre Hotel Group	20	2,482
5	Marriott International	17	3,650
6	CFI Hotels	16	1390
7	IHG	15	2,671
8	Best Western	14	1,216
9	Radisson	14	3,349
10	De Silva	13	1,440
	Domestic Chain Groups	Hotels	Rooms
1	Polski Holding Hotelowy	26	2,952
2	CFI Hotels	16	1390
3	Arche	14	2,447
4	Diament	13	925
5	De Silva	13	1,440
6	Qubus	12	1,264
7	Dobry Hotel	12	748
8	Focus	11	971
9	Gromada	9	940
10	NAT	9	850
	International Chain Groups	Hotels	Rooms
1	Accor	84	13,703
2	Hilton	24	4,028
3	Louvre Hotel Group	20	2,482
4	Marriott International	17	3,650
5	IHG	15	2,671
6	Best Western	14	1,216
7	Radisson	14	3,349
8	B&B	8	912
9	Vienna House	6	1,216

	BRANDS		
Rank	Chain Brands	Hotels	Rooms
1	IBIS (inc Styles & Budget)	40	5,310
2	Mercure	23	3,776
3	Polski Holding Hotelowy	15	1,404
4	Hampton	14	2,000
5	Arche	14	2,447
6	Diament	13	925
7	Novotel	13	3,403
8	Qubus	11	1,211
9	Dobry Hotel	11	748
10	Radisson Blu	11	2,863
	Domestic Chain Brands	Hotels	Rooms
1	Polski Holding Hotelowy	15	1,404
2	Diament	13	925
3	Arche	14	2,447
4	Qubus	12	1,264
5	Dobry Hotel	11	748
6	Gromada	9	938
7	NAT	9	850
8	Puro	7	1093
9	De Silva	7	573
	Boutique Hotel's (CFI Hotels)	7	459
	International Chain Brands	Hotels	Rooms
1	IBIS (inc Styles & Budget)	40	5,310
2	Mercure	23	3,776
3	Hampton	14	2,000
4	Novotel	13	3,403
5	Radisson Blu	11	2,863
6	Campanile	10	1,106
7	B&B	8	912
8	Golden Tulip	7	894
9	Holiday Inn	7	1,300
10	Double tree	4	981

Poland: Ranking by Scale

	DOMESTIC BRANDS		
Rank	Economy & Midscale	Hotels	Rooms
1	Polski Holding Hotelowy	12	1,064
2	Arche	10	1,488
3	NAT	10	850
4	Gromada	9	940
5	Focus	7	663
6	Logos	7	390
7	Diament	6	262
8	Qubus	5	357
9	Elbest	5	504
10	Boutique Hotel's (CFI Hotels)	5	296
	Upscale & Upper Upscale	Hotels	Rooms
1	CFI Hotels	8	1,003
2	Diament	7	663
3	Qubus	7	907
4	Puro	6	991
5	Gołebiewski	4	2,331
6	Q Hotels	4	452
7	Focus Premium	4	308
8	Dobry Hotel	4	342
9	Arche	3	669
10	Malinowe Hotele	3	278
	Luxury	Hotels	Rooms
1	Likus	5	492
2	Górskie Resorty	3	775
3	Zdrojowa Invest	3	439
4	Dr Irena Eris	2	182
5	Dobry Hotel	2	159
6	Donimirski	2	44
7	Bachleda Residence	1	129

	INTERNATIONAL BRANDS		
Rank	Economy & Midscale	Hotels	Rooms
1	Accor	56	7,698
2	Hilton	14	2,000
3	LHG	12	1,368
4	Best Western	10	890
5	B&B	8	912
6	Marriott	3	361
7	IHG	3	462
8	Vienna International	1	220
	Upscale & Upper Upscale	Hotels	Rooms
1	Accor	21	4,911
2	IHG	9	1,346
3	LHG	8	1,125
4	Radisson	8	1,856
5	Marriott International	6	1,013
6	Hilton	5	842
7	Vienna International	5	996
8	Best Western	4	326
9	IBB	3	332
10	Scandic	2	307
	Luxury	Hotels	Rooms
1	Radisson	9	2,418
2	Marriott International	8	2,266
3	Accor	7	1,094
4	Hilton	5	1,186
5	IHG	3	863

Poland: Ranking per Scale & Size

CHAINS	OVERALL			DOMESTIC		INTERNATIONAL	
	Hotels	Rooms	Avg	Hotels	Rooms	Hotels	Rooms
Budget & Economy	58	6,197	107	24	2,014	34	4,183
Midscale	193	21,421	111	114	11,156	79	10,265
Upscale & U.Upscale	159	25,907	163	78	11,328	81	14,579
Luxury	54	10,446	193	23	3,278	31	7,168
TOTAL	464	63,971	138	239	27776	225	36,195

Poland: Business Model

BY HOTELS										
	Franchise	%	Lease	%	Mgt Cont	%	Owned	%	Total	%
Economy	2	2%	4	10%	8	11%	35	15%	49	11%
Midscale	42	48%	20	50%	19	26%	101	44%	182	42%
Upscale & U.Upscale	38	43%	13	33%	27	37%	77	33%	155	36%
Luxury	6	7%	3	8%	19	26%	19	8%	47	11%
TOTAL	**88**	**100%**	**40**	**100%**	**73**	**100%**	**232**	**100%**	**433**	**100%**

BY ROOMS										
	Franchise	%	Lease	%	Mgt Cont	%	Owned	%	Total	%
Economy	223	2%	518	12%	847	7%	4,004	13%	5,592	9%
Midscale	4,640	40%	2,000	48%	2,847	22%	10,952	35%	20,439	34%
Upscale & U.Upscale	5,375	45%	1,304	31%	4,609	36%	14,183	45%	25,471	42%
Luxury	1,485	13%	364	9%	4,632	36%	2,515	8%	8,996	15%
TOTAL	**11,723**	**100%**	**4,186**	**100%**	**12,935**	**100%**	**31,654**	**100%**	**60,498**	**100%**

Poland: Ranking by Destination

Rank	Destination	By Hotels
1	Warsaw	74
2	Cracow	60
3	TriCity	39
4	Wrocław	34
5	Poznan	24

Rank	Destination	By Rooms
1	Warsaw	15,797
2	Cracow	7,481
3	TriCity	5,306
4	Wrocław	4,461
5	Poznan	3,267

Poland: Destination Pipeline

		HOTELS			ROOMS		
Rank	Destination	Current	Investments	Total	Current	Investment	Total
1	Warsaw	114	14	128	18,162	2,775	20,937
2	Cracow	190	13	203	12,250	2,144	14,394
3	TriCity	98	7	105	8,035	1,341	9,376
4	Wrocław	66	11	77	5,643	1,737	7,380
5	Poznan	81	7	88	4,917	697	5,614

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