Horwath HTL

Hotel, Tourism and Leisure

Poland Hotels & Chains Report 2023

Introduction

Performance is back, but can hospitality keep it up?

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 been moving in that direction.

In many ways, 2022 saw an extraordinary recovery. RevPAR levels in many destinations reached pre-19 numbers, and for the first time in a very long time, a significant amount of this was driven by increases in room rates. Hoteliers for many years have responded to any kind of crisis with a drop in rates, but this time it was different. A combination of incredible pent-up demand, supply that was not open, or fully open and a series of large-scale events saw travel through go through the roof. Rarely have we seen such a surge in rates, so clearly the industry is back.

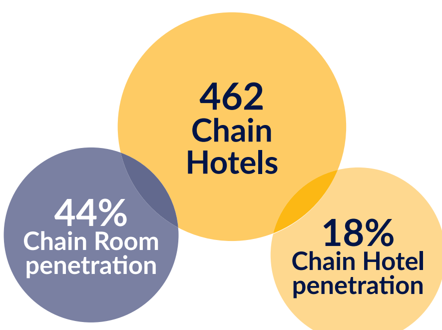
And yet, some nagging doubts remain. There is a school of thought that 2022 represents a one off, a singular coming together of market conditions that are unlikely to be repeated. 2022 could well be a unique, ‘extra holiday’ year. So many trips had been purchased and deferred from 20 and 21, travellers thought a second holiday only counted as one because the first was already paid for.

Additionally, with hotels lacking staff across the board, especially in higher end properties, the value proposition has been tested to its limits. Big rates mean exceptional services and experiences which is hard to justify if room service is a three hour wait and the spa is closed.

The headwinds in 2023 are eye watering as well. In addition to the inability to find enough staff, hoteliers have to deal with giant increases in energy costs. In fact, with inflation running rampant, costs across the board, especially food costs, are seriously impacting the bottom line. It costs more to get to the hotel as well and as households are starting to feel the cost-of-living crisis, they far less likely to splash out on trips. 2023 doesn’t look nearly as bullish as the ’22 numbers would indicate.

Which leads back to our report. There are now over 1,200 brands vying for places within the European hotel market. Even though serious fractures started appearing in the relationship between brands and their owners. During the long dark months of Covid, will owners put that to one side and look for the perceived safe haven of a brand, or will they continue to take the risk of filling their hotels on their own shoulders? As always, we let the numbers speak for themselves and the spread of branded hotels continues at a steady pace. Are there too many brands? Well, the market will decide for itself, but it seems like not all of them can survive what’s coming.

James Chappell
Horwath HTL Global Business Director



Key Statistics	2019	2022
Total chain hotels	431	**462**
Total chain rooms	58,550	**64,975**
Average size per chain hotel in rooms	136	**141**
Country hotels stock *(overall supply)***	2,635	**2,569**
Country rooms stock *(overall supply)***	141,383	**147,684**
Average size per hotel in rooms	54	**57**
Chain penetration % by hotels	16.4%	**18.0%**
Chain penetration % by rooms	41.4%	**44.0%**
Total number of brands	81	
Domestic brands	36	
International brands	45	
International chain hotels*	200	**231**
Domestic chain hotels*	231	**231**
International chain rooms*	32,950	**38,114**
Domestic chain rooms*	25,600	**26,861**

** Includes double counting*

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

Poland

In Poland, the number of internationally branded hotels equals the number of nationally branded hotels.

The Market

During Covid-19 pandemic the best results in terms of occupancy and ADR were achieved by resort destinations where domestic guests were the overwhelming majority. In cities ADR is still growing mostly due to rising expenses but occupancy level did not come back to the levels from 2019.

Based on initial announcements, until 2025 over 13 new hotels will be open in Warsaw, creating a new supply of 2355 hotel rooms (it is 13% of current room supply). In Tricity (Gdansk, Gdynia and Sopot) within next 3 years 10 new hotels will be open creating a new supply of over 1209 new hotel rooms which also makes 15% of current supply. The highest planned growth will be seen in Wroclaw where 10 new hotel projects were announced, creating a new room supply extending current one by 25%. It is, however, important to underline, that not all of this projects can be finished due to problems with financing all types of hotel projects.

The importance of international chain hotels grew. In the year 2022 they are 50% of all chain hotels in Poland with much bigger number of rooms. That is because majority of international chain hotels are properties over 100 rooms while domestic chain hotels have variety of sizes.

The biggest hotel chain in Poland is still Accor with 91 hotels followed by Polish Hotel Holding (Polski Holding Hotelowy) with 38 hotels and Hilton Worldwide with 29 hotels. In term of room number Accor with 14 938 rooms is followed by Hilton (4 650 rooms) and Polish Hotel Holding (4426 rooms).

Key Points

- After COVID-19, the number of chain hotels in Poland grew by 7% (2019 vs 2022) due to previously started projects. According to original plans of investors this growth should have been much higher but many projects were stopped due to problems with financing.
- The importance of international chain hotels grew. In 2022, they are 50% of all chain hotels in Poland with much bigger number of rooms than domestic chains.
- During the Covid-19 pandemic, the best results in terms of occupancy and ADR were achieved by resort destinations, where domestic guests were the overwhelming majority.
- 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 Movenpick hotels have been announced, one in Zakopane (to be opened in 2023).
- We expect COVID-19 will stop popularity of lease agreements.
- Due to the COVID-19, we expect less interest in lease agreements based on fix rates. Operators will rather focus on variable rents. Preferred currency is PLN.

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Horwath HTL Poland

Poland: Ranking by Size

	CHAINS		
Rank	Chain Groups	Hotels	Rooms
1	ACCOR	91	14,938
2	Polski Holding Hotelowy	38	4,426
3	Hilton	29	4,650
4	Louvre Hotel Group	23	2,964
5	Marriott International	20	4,205
6	Radisson	15	3,558
7	Arche	16	2,657
8	CFI Hotels	16	1390
9	Focus	15	1,519
10	IHG	14	2,548
	Domestic Chain Groups	Hotels	Rooms
1	Polski Holding Hotelowy	38	4,426
2	Arche	16	2,657
3	CFI Hotels	16	1390
4	Focus	15	1,519
5	De Silva	13	1,440
6	Diament	13	925
7	Dobry Hotel	13	915
8	Qubus	12	1,264
9	Satoria Group	11	1,675
10	NAT	10	850
	International Chain Groups	Hotels	Rooms
1	ACCOR	91	14,938
2	Hilton	29	4,650
3	Louvre Hotel Group	23	2,964
4	Marriott International	20	4,205
5	Radisson	15	3,558
6	IHG	14	2,548
7	Best Western	12	1,069
8	B&B	10	1,198
9	Vienna House	6	1,216
10	Leonardo	4	669

	BRANDS		
Rank	Chain Brands	Hotels	Rooms
1	IBIS (inc Styles & Budget)	49	6,632
2	Mercure	37	5,556
3	Novotel	26	4,902
4	Polski Holding Hotelowy	26	2,862
5	Hampton	18	2,503
6	Radisson Blu	11	2,863
7	Qubus	11	1,210
8	Dobry Hotel	11	802
9	Campanile	10	1,106
10	B&B	10	1,198
	Domestic Chain Brands	Hotels	Rooms
1	Polski Holding Hotelowy	26	2,862
2	Arche	13	2,412
3	Diament	13	925
4	Qubus	11	1,210
5	Dobry Hotel	11	802
6	Gromada	9	945
7	NAT	9	850
8	Focus Premium	9	873
9	Puro	7	1093
10	Boutique Hotel's (CFI Hotels)	7	459
	International Chain Brands	Hotels	Rooms
1	IBIS (inc Styles & Budget)	49	6,632
2	Mercure	37	5,556
3	Novotel	26	4,902
4	Hampton	18	2,503
5	Radisson Blu	11	2,863
6	Campanile	10	1,106
7	B&B	10	1,198
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	17	1,512
2	Arche	11	1,942
3	NAT	10	850
4	Gromada	9	945
5	Focus	5	557
6	Logos	7	390
7	Diament	6	262
8	Qubus	5	357
9	Boutique Hotel's	5	296
10	Dobry Hotel	4	220
	Upscale & Upper Upscale	Hotels	Rooms
1	CFI Hotels	8	1,003
2	Focus Premium	8	803
3	Diament	7	663
4	Qubus	7	907
5	Puro	6	991
6	Q Hotels	5	653
7	Dobry Hotel	5	385
8	Gołebiewski	4	2,331
9	Polski Holding Hotelowy	4	789
10	Arche	2	470
	Luxury	Hotels	Rooms
1	Likus	5	492
2	Górskie Resorty	4	1,066
3	Dobry Hotel	4	310
4	Zdrojowa Invest	2	292
5	Dr Irena Eris	2	182
6	Donimirski	2	44
7	Polski Holding Hotelowy	1	246
8	Bachleda Residence	1	129

	INTERNATIONAL BRANDS		
Rank	Economy & Midscale	Hotels	Rooms
1	Accor	59	8,238
2	Hilton	18	2,503
3	LHG	13	1,428
4	Best Western	10	921
5	B&B	9	1,133
6	Marriott	4	482
7	IHG	3	505
8	motel one	1	333
9	Vienna International	1	220
10	Leonardo	1	100
	Upscale & Upper Upscale	Hotels	Rooms
1	Accor	25	5,606
2	LHG	9	1,224
3	IHG	8	1,181
4	Radisson	8	2,014
5	Marriott International	8	1,452
6	Hilton	5	842
7	Vienna International	5	996
8	leonardo	3	569
9	Scandic	2	307
10	IBB	2	161
	Luxury	Hotels	Rooms
1	Marriott International	8	2,271
2	Accor	7	1,094
3	Radisson	6	1,378
4	Hilton	6	1,305
5	IHG	3	863
6	LHG	1	312

Poland: Ranking per Scale & Size

CHAINS	OVERALL			DOMESTIC		INTERNATIONAL	
	Hotels	Rooms	Avg	Hotels	Rooms	Hotels	Rooms
Budget & Economy	56	5,923	106	22	1,701	34	4,222
Midscale	182	21,131	116	96	9,324	86	11,807
Upscale & U.Upscale	171	27,733	162	92	13,075	79	14,658
Luxury	53	10,188	192	21	2,761	32	7,427
TOTAL	**462**	**64,975**		**231**	**26861**	**231**	**38,114**

Poland: Business Model

BY HOTELS										
	Franchise	%	Lease	%	Mgt Cont	%	Owned	%	Total	%
Economy	5	4%	2	4%	7	11%	42	18%	56	12%
Midscale	58	51%	18	35%	13	20%	93	40%	182	39%
Upscale & U.Upscale	40	35%	21	40%	26	41%	84	36%	171	37%
Luxury	10	9%	11	21%	18	28%	14	6%	53	11%
TOTAL	**113**	**100%**	**52**	**100%**	**64**	**100%**	**233**	**100%**	**462**	**100%**

BY ROOMS										
	Franchise	%	Lease	%	Mgt Cont	%	Owned	%	Total	%
Economy	519	3%	252	4%	658	6%	4,494	14%	5,923	9%
Midscale	6,794	45%	1,876	29%	2,257	19%	10,204	33%	21,131	33%
Upscale & U.Upscale	5,742	38%	2,599	40%	4,632	39%	14,760	47%	27,733	43%
Luxury	2,163	14%	1,847	28%	4,384	37%	1,794	6%	10,188	16%
TOTAL	**15,218**	**100%**	**6,574**	**100%**	**11,931**	**100%**	**31,252**	**100%**	**64,975**	**100%**

Poland: Ranking by Destination

Rank	Destination	By Hotels
1	Warsaw	110
2	Cracow	193
3	TriCity	98
4	Wrocław	65
5	Poznan	82

Rank	Destination	By Rooms
1	Warsaw	18,170
2	Cracow	13,339
3	TriCity	8,236
4	Wrocław	6,044
5	Poznan	5,088

Poland: Destination Pipeline

		HOTELS			ROOMS		
Rank	Destination	Current	Investments	Total	Current	Investment	Total
1	Warsaw	110	13	123	18,170	2355	20,525
2	Cracow	193	8	201	13,339	1053	14,392
3	TriCity	98	7	105	8,236	1209	9,445
4	Wrocław	65	10	75	6,044	1509	7,553
5	Poznan	82	4	86	5,088	513	5,601

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