

Poland Hotel ma



**Horwath HTL**

*Hotel, Tourism and Leisure*

# Poland: Hotel Market Report

September 2023



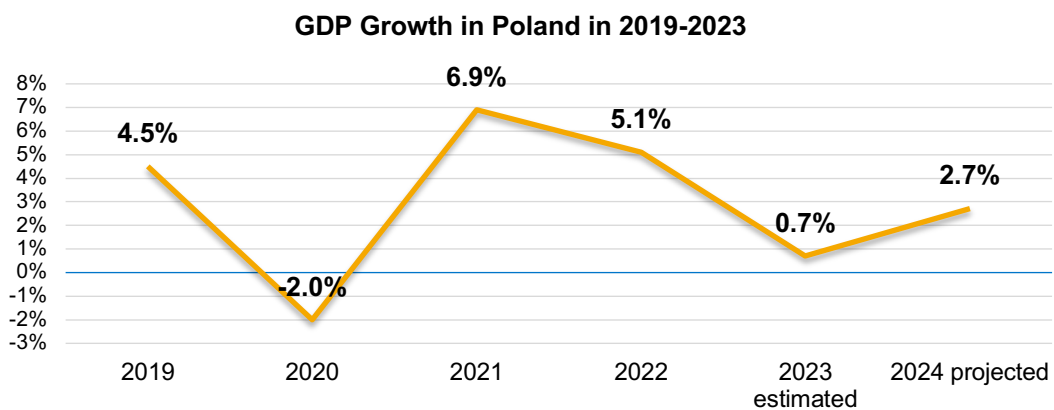
Hotel / Tourism / Leisure

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## Economic situation and development

Before the pandemic started Poland was recording leading GDP growths in the region and among 28 European Union countries. COVID-19 pandemic and its repercussions caused a severe collapse of many economies worldwide. The Polish GDP growth became negative and amounted -2 percent year over year. This was the fifth result in EU-27 that collapsed -6,1 percent on average.

Despite difficulties, in 2022 the Polish economy was still on the path of growth, which was supported by the expansionary fiscal policy, favourable situation on the labour market and a large influx of Ukrainian citizens. Economic growth in Q4 2022 has weakened markedly, due to increased inflation and tighter financing conditions.



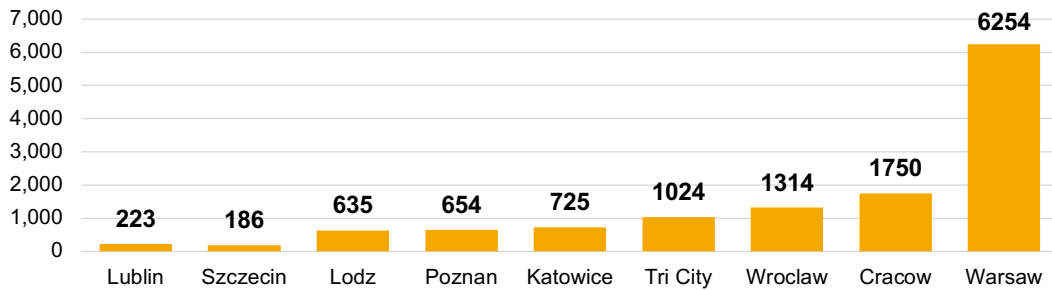
Source: Eurostat, September 2023

According to EUROSTAT data in July 2023 Poland and Slovakia were in the group of three countries with the highest estimated annual inflation rates (HICP) with the result of 10,3 percent. The highest inflation rate was noted in Hungary (17,5 percent). Energy price inflation will continue to decline in 2023, supported by strong base effects and falling commodity prices. Weak domestic demand and high interest rates are also expected to put pressure on inflation.

Economic growth in Poland over the next two years will be moderate: 0,7 percent growth in 2023 and 2,7 percent in 2024. Inflation will remain high – 12,6 percent in 2023 on average, and 7,9 percent in 2024. This lower economic activity is having slight impact on the labour market. Poland is in European TOP 3 with the lowest unemployment rate that amounts to just 2,9 percent and is consistently decreasing over the last decade. Wages are expected to continue to grow fast, supported by the increase in the minimum wage and low unemployment rate, which will translate into positive growth in real wages in both 2023 and 2024.



**The supply of office space in major Polish cities in 2023 (in thousands sq.m.)**



Source: Cushman&Wakefield, September 2023

According to Cushman & Wakefield total supply at the end of Q2 2023 in nine major office space markets in Poland has reached the level of 12.7 million sq.m. Over the last three years, the number of office investments in Poland has significantly decreased. While construction activity has recovered somewhat following the opening of new offices in Warsaw and regional cities, the slowdown continues and is most visible in Warsaw, where only around 221,000m<sup>2</sup> are under construction in comparison to almost 750,000m<sup>2</sup> at the beginning of 2020. Office spaces under construction in regional cities amount to approximately 450,000m<sup>2</sup> compared to 850,000m<sup>2</sup> before the pandemic. One of the noteworthy events was the situation that Katowice overtook Poznań.

The slowdown in new development activity is due to high costs of building and furnishing offices, the uncertainty caused by the war in Ukraine and the general economic downturn in Poland and the world.



## Post pandemic development

The year 2023 brought significant changes and challenges for the Polish hotel market. The impact of the COVID-19 pandemic is still being felt, but the sector is trying to adapt to the new reality and rebuild its position. The gradual easing of restrictions after pandemic contributed to the return of foreign visitors.

The Polish hotel market in 2023 maintains an upward trend, although the pace of reconstruction varies depending on the region. Large urban agglomerations such as Warsaw, Krakow, Wroclaw and the Tri-City are growing faster than smaller cities and rural areas.

The rise in popularity of domestic tourism is one of the brightest aspects of the hotel market in 2023. Poles are eager to discover the charms of their country, which results in a greater demand for accommodation in various regions of Poland. This trend favours both hotels in large cities and resorts in rural areas.

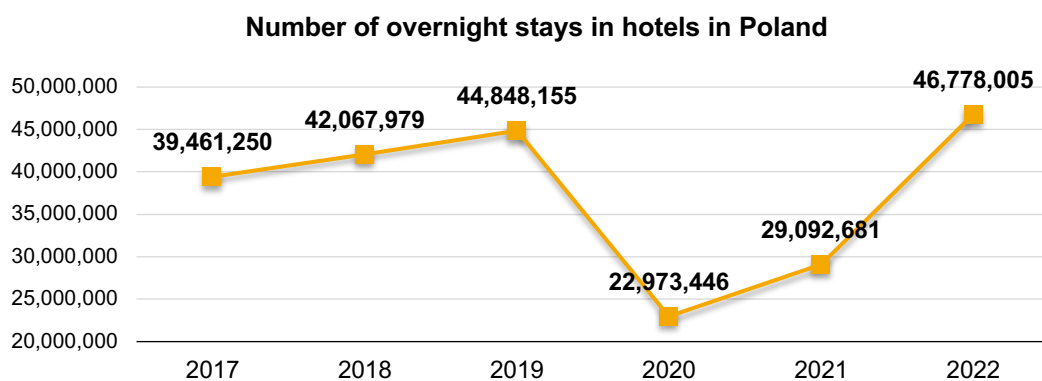
After the pandemic, customers are more aware of hygiene and safety issues. Hotels are introducing additional cleaning and disinfection procedures, and offering flexible booking terms to accommodate any changes in customer travel plans.

The year 2023 brings further technological development in the hotel sector. Mobile applications enabling remote check-in, ordering meals or room control are becoming a standard. The introduction of new technologies allows to improve customer service and operational efficiency.

Environmental awareness is also growing in the hotel sector. More and more hotels are taking actions for sustainable development, e.g. by reducing energy consumption, reducing waste and supporting local suppliers.

The number of overnight stays in Polish hotels collapsed by almost 50 percent in 2020 from 44.8 million to 23 million. The years 2021-2023 on the Polish hotel market is a period of reconstruction and adaptation to new conditions. Domestic tourism is becoming an important driver of growth, although challenges related to the pandemic remain a significant factor influencing the market.

The number of overnight stays in hotels in Poland 2022 spiked by 103 percent in comparison with the bottom year 2020. The year 2022 was 4,3 percent better than 2019.

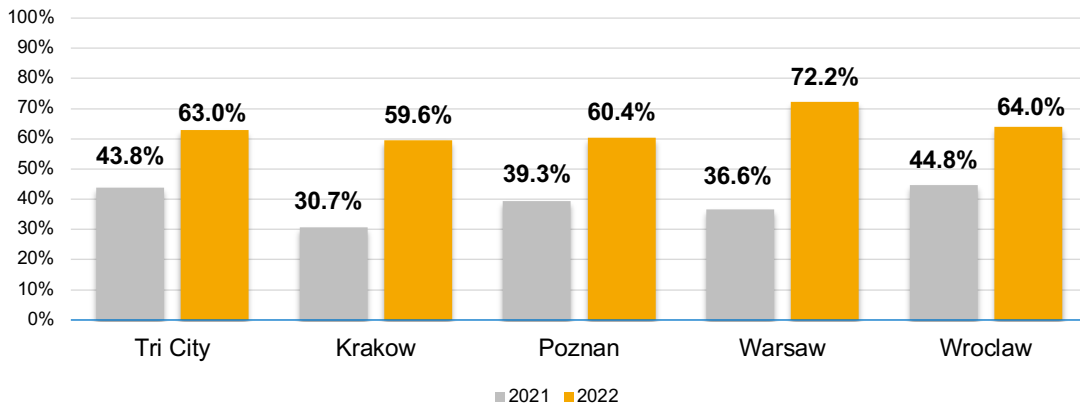


*Source: Central Statistics Office, September 2023*

According to Central Statistical Office data, after the Q1 2023, there were nearly a million more visitors than in Q1 2022 and half a million more than in the Q1 2019. In the entire first quarter, 5.95 million guests used Polish facilities, while in the same period last year- 4.98 million, and in 2019 5.44 million.

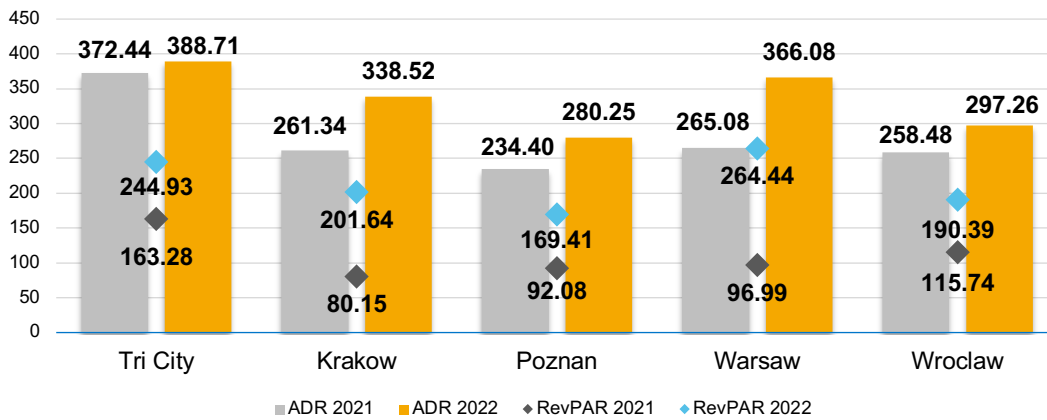
According to data gathered by STR, hotels in Warsaw and Wroclaw were on the leading positions in terms of occupancy rate in the whole 2022. The lowest average annual occupancy was recorded in hotels in Cracow 59,6 percent. The highest ADR in the year 2022 was noted in Tri City PLN 388,71 and Warsaw PLN 366,08 (4,3 percent and 38 percent YoY growth respectively).

**The occupancy rate in main cities in Poland in 2022 and 2021**



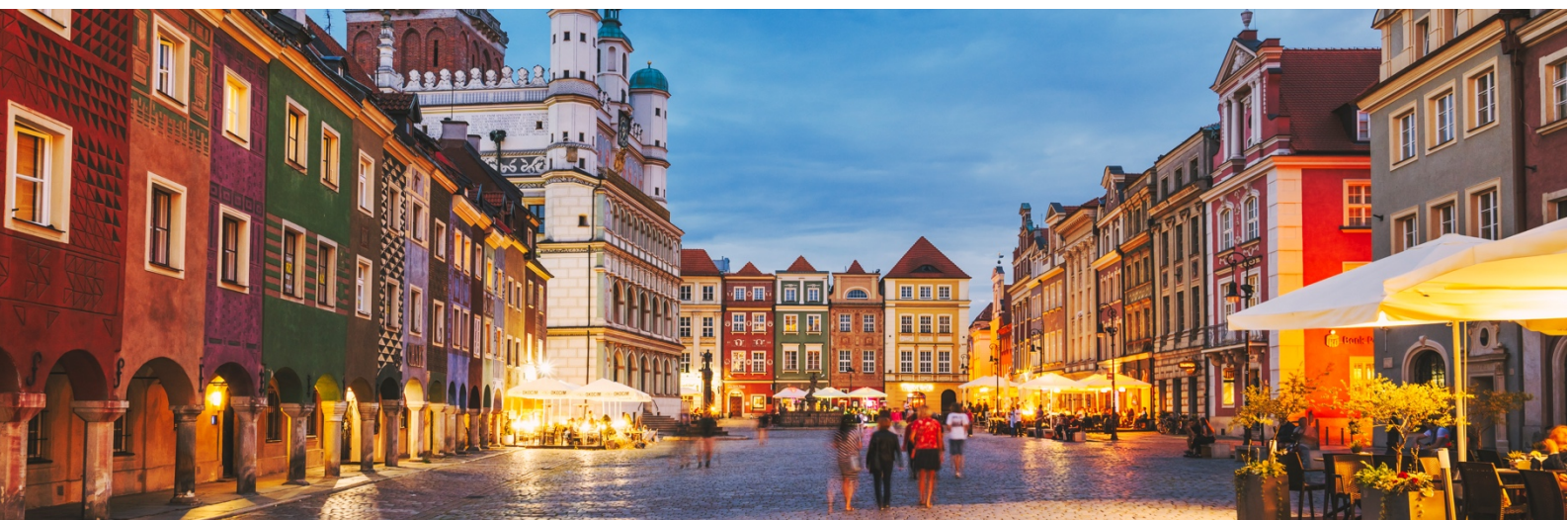
Source: STR data, December YTD2022 vs. December YTD2021

**ADR and RevPAR in main cities in Poland in 2022 and 2021**

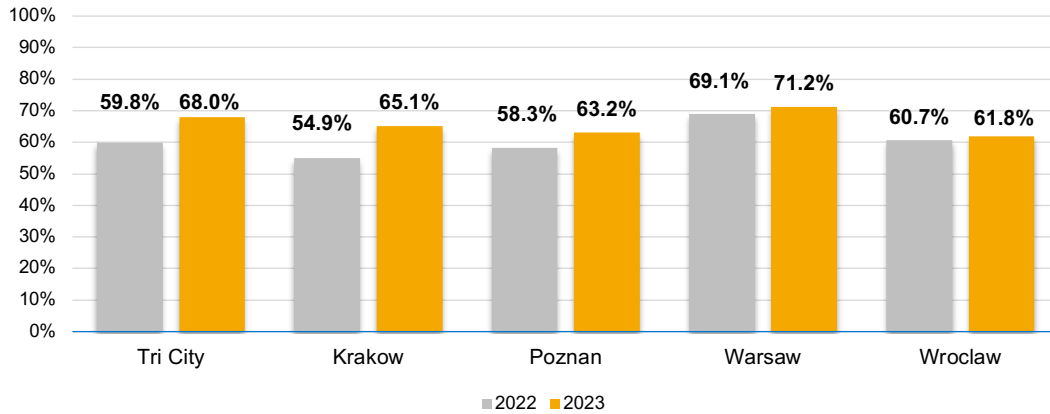


Source: STR data, December YTD2022 vs. December YTD2021 (in PLN)

The highest annual RevPAR growth was observed in Warsaw 172,6 percent and Cracow 151,5 percent.



### The occupancy rate in main cities in Poland in 2023 and 2022



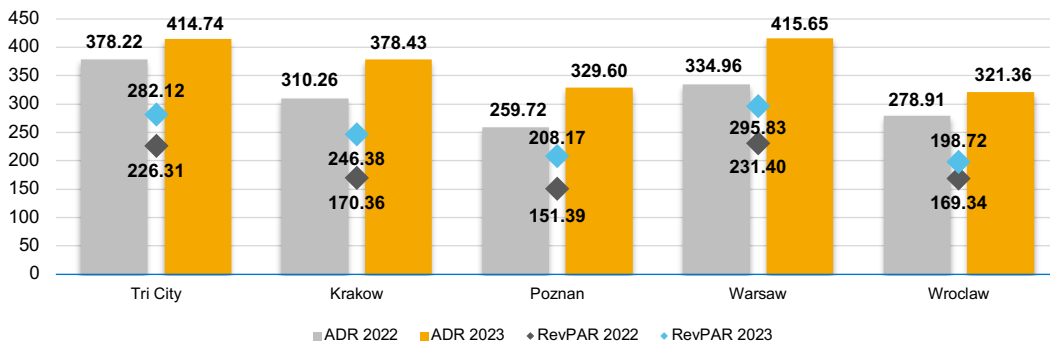
Source: STR data, July YTD2023 vs. July YTD2022

Average annual occupancy rates are improving in 2023.

Nevertheless, OCC in July 2023 turned out to be equal of slightly worse than in July 2022 for the STR reporting hotels. Moreover, according to the results of the IGHP recent survey, the OCC in July 2023 was lower than in July 2022 for nearly half of the facilities.

Hotels are trying to make up for the fall in occupancy with average prices, but for at least half of the hotels the increase in prices is below the average inflation rate.

### ADR and RevPAR in main cities in Poland in 2023 and 2022



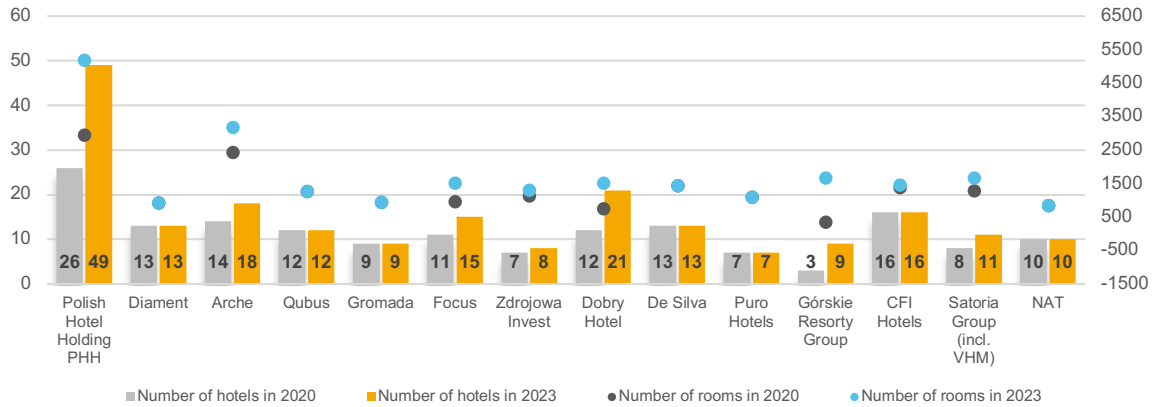
Source: STR data, July YTD2023 vs. July YTD2022 (in PLN)



## Market consolidation

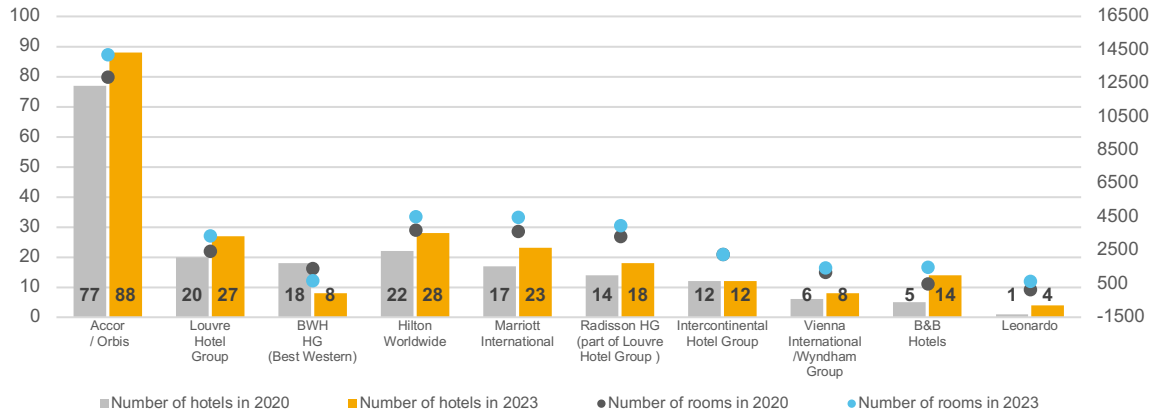
For the last couple of years domestic and international hotel chains are intensifying the developments of their brands in Poland. The process is clearly visible in mid-term horizon. PHH and Dobry Hotel almost doubled the portfolio in the recent three years.

**Selected domestic hotel chains in Poland in 2020 vs 2023**



Source: Horwath HTL, Sept 2023

**Selected international hotel chains in Poland in 2020 vs 2023**



Source: Horwath HTL, Sept 2023

The intense growth in development is visible within the international hotel chains. The most dynamic could be B&B Hotels which jumped into TOP 6. Currently, the top three international hotel chains in terms of the number of hotel rooms in Poland are Accor/Orbis, Hilton Worldwide and Radisson HG (which is a part of Louvre Hotel Group).

International hotel chains are launching new hotel brands in the Polish market. The recent openings of properties signed by Autograph Collection, Tribute, Kyriad, Radisson RED enriched the portfolio of the brands. Mövenpick is probably the most waited newcomer on the market. In Poland, Mövenpick Świnoujście Medical Spa Resort will join the emerging urban facilities in Wrocław and Poznań, as well as mountain resorts in Karpacz and Zakopane. An interesting signal on hotel market is also first branded hostel HoSho from Louvre Hotels Group.

The biggest disappointment could be Best Western Hotel Group whose portfolio in the recent 3 years was reduced by a half.

## Promising figures, strong domestic tourism

Many Polish airports are noting double digit growths in passengers' flows in comparison to 2019. In the Q2 2023, 8.9 million passengers were served at the Polish regional airports (ZRPL). This result is 1.8 million better than in the corresponding period of the previous year. This is also a better result than in the past, record-breaking Q2 2019, when the number of travellers at airports associated with ZRPL amounted to 7.95 million. The current increase compared to that period in 2019 is over 942,000. passengers (+12 percent).

"The Tourist Voucher" (Polski Bon Turystyczny) state program, which was a key factor to maintain the occupancy in domestic facilities during pandemic, ended on 31st March 2023. Due to inflation, it turned out that many people were forced to look for savings and had to give up their holidays or significantly reduce them, which is already reflected in the trends of shortening bookings. Other trend observed recently is shorter booking window. This means that purchases of the stay are made less in advance than in previous years. The trend of traveling in the off-season is also becoming more and more evident. What motivates buyers to make such decisions is, on the one hand, much less crowding in popular holiday resorts, but also costs.

According to a survey conducted for Polish Tourist Organization, in 2023 64 percent of Poles will spend their main holiday stay in Poland. 76 percent of respondents planning their main holiday trip in Poland intend to use paid accommodation.

During recent years Poland was gaining world's recognition and became an attractively perceived place on the map of Europe. As the result of this process, Warsaw, receiving as many as 142,000 votes from tourists from 130 countries, won this year's edition of the European Best Destinations competition. The runners-up were, among others, Athens, Maribor, Vienna, Paris or Rome.

Tourists decided that the capital of Poland is an excellent choice for a family or cultural city break, as well as a shopping destination or a romantic stay, having something to offer everyone. Warsaw was also appreciated for its safety. The organizers of the competition emphasize that this city is considered one of the safest in Europe.

The World Tourism and Travel Council (WTTC) expects the European tourism sector to approach pre-pandemic levels this year. According to the 2023 Economic Impact Research report, revenues from tourism in the European Union should reach 98% of the 2019 value. WTTC analysts forecast that the sector will create more than 687,000 jobs in 2023, regaining almost 90% of the jobs lost due to the COVID-19 pandemic. According to the forecast, more than 22.4 million people will work in the EU in tourism.





## About the Authors



**Dariusz Futoma** | Managing Partner  
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Dariusz Futoma's association with the hotel industry stretches back over 20 years. His extensive strategic and operational experience comes from the Polish hotel market as well as those further to the east. Prior to finding his way to consulting, he worked as a sales and marketing director at the Jan III Sobieski hotel, simultaneously coordinating the Polish Prestige Hotels & Resorts in Poland marketing programme.

During the course of his five year stint at the Rezidor Group chain, he was the sales and marketing director at the Radisson SAS in Kiev, Ukraine (the first international hotel in Ukraine), and then worked at one of the largest hotels in Europe, the 1200 room Park Inn by Radisson Pribaltiyskaya in Saint Petersburg, Russia. Upon his return to Poland in 2009, he assumed the General Manager's position at the Scandic Gdańsk hotel and then became president of the board at the Ideal Hotels chain in Poland. In recent years responsible for the outsourcing boom in the hotel industry, amongst others in Russia and during the Olympics. In Horwath HTL from 2015.



**Andrzej Jankowski** | Associate  
Horwath HTL Poland

Andrzej has been involved in many projects of Horwath HTL in Poland and has a practical knowledge in the field of hotel market research and analyses. He is responsible for analytical and descriptive parts of the reports for the clients. He worked in various companies from tourism and hospitality market. He gained experience in the biggest Polish incoming tour operator and one of the biggest international hotel chains present on Polish market. He graduated from the University of Warsaw. He also completed post-graduate studies in Tourism Management and Marketing at the Warsaw School of Economics.



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## About Horwath HTL

At Horwath HTL, our focus is one hundred percent on hotel, tourism and leisure consulting. Our services cover every aspect of hotel real estate, tourism and leisure development.

Our clients choose us because we have earned a reputation for impartial advice that will often mean the difference between failure and success. Each project we help is different, so we need all of the experience we have gained over our 100-year history.

We are a global brand with 52 offices in 38 countries, who have successfully carried out over 30,000 assignments for private and public clients. We are part of the Crowe Global network, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry.

We are Horwath HTL, the global leader in hotel, tourism and leisure consulting.

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