



[Homepage](#)
[Story archive](#)
[Press releases](#)
[Photo Album](#)
[Events calendar](#)
[Real talk](#)
[Social Interview](#)
[Deals](#)
[Subscribe now!](#)
[Who we are](#)

## NEW DEVELOPERS CHECKING INTO BUDAPEST HOTEL SECTOR

While not yet as competitive as hotel sectors elsewhere in Central and Eastern Europe, developers and investors in Budapest are beginning to close the gap.

Budapest doesn't lack for tourist attractions, but when its hotel sector is compared to that of a city like Prague or Vienna, the Hungarian capital definitely comes up short.

"There are 200 hotels in Prague that offer four- or five-star quality service," says Attila Hopka, manager of investment and valuation services at King Sturge Hungary. "In Hungary, that [figure] doesn't reach 100." He adds that Budapest is still lacking a single large conference facility, a must for any modern hotel market.

Hopka says there's still plenty of room for hotel development in Hungary. "It's an attractive field for all segments: developers, investors and hotel companies," he says. "Traditionally in Hungary, a lot of tourists stayed in apartments or residential accommodations." He says those tourists would now rather stay in hotels with up-to-date services and modern conveniences. That, combined with the fact that much of Budapest's hotel stock was built 20 to 30 years ago, means the sector is ripe for an influx of new hotels.

Sasha Golubovic, associate director for Cushman & Wakefield Hospitality in Hungary, expects a substantial number of new hotels to come online by 2011 – three to five new hotels per year, predominantly of the four-star variety. "Five-star [hotels] are probably reaching, at this point in the cycle, a saturation point," he says. "The four-star market tends to offer overall better value for guests, and I think this is what the market will be looking for." As for budget accommodation, he doesn't think there's a substantial demand for that sector.

Warmipex isn't letting such views discourage it, though. The Austrian hotel developer recently bought some land on Üllői Street in Budapest, where, along with plots in Debrecen, Pécs, Miskolc, Szeged and Győr, it plans to develop a budget hotel chain in Hungary. "The four- and five-star segment is already saturated, but not yet the budget segment," says Georg Folian, deputy chairman of Warmipex's management board, adding that the hotels will each have a minimum of 100 rooms. "Anything under 100 rooms is, in our opinion, not economically sustainable [in a market like Budapest]."

"I think with the right operator – us – there's always a good time for a boutique hotel," says J.J. Doran, the new director of sales and marketing for luxury developer MaMaison Hotels & Apartments. He says Budapest's hotel market still has a long way to go to catch up with cities like Prague and Vienna, but believes the city is developing fast. He adds that MaMaison is considering several sites in

**Praha / Ruzyně**

3:00 PM GMT1  
Mostly Cloudy  
Temp: 6°C  
Wind: S 8 KM/H  
CURRENT CONDITIONS

**Budapest / Ferihegy**

3:00 PM GMT1  
Fair  
Temp: 12°C  
Wind: ENE 8 KM/H  
CURRENT CONDITIONS

**Warszawa-Okęcie**

3:00 PM GMT1  
Partly Cloudy  
Temp: 4°C  
Wind: Variable 3 KM/H  
CURRENT CONDITIONS

**Bratislava Ivanka**

3:00 PM GMT1  
Partly Cloudy  
Temp: 11°C  
Wind: E 14 KM/H  
CURRENT CONDITIONS

**Moscow / Vnukovo**

5:00 PM GMT3  
Fair  
Temp: 4°C  
Wind: SSW 26 KM/H  
CURRENT CONDITIONS

**Zagreb / Pleso**

3:30 PM GMT1  
Fair  
Temp: 12°C  
Wind: Variable 3 KM/H  
CURRENT CONDITIONS

**Sofia Observ.**

4:30 PM GMT2  
Mostly Cloudy  
Temp: 11°C  
Wind: SE 23 KM/H  
CURRENT CONDITIONS



the city for new hotels to join its existing properties on the Pest side.

“I think the trend now is more towards the niche, boutique hotels,” says Golubovic. “For one, it’s more difficult to find buildings suitable for internationally-branded hotels of 100 rooms plus.” Hopka, though, believes the boutique trend may be coming to an end. While smaller boutique hotels may find it easier to achieve higher occupancy rates, he thinks that due to an improvement in technology and services, the cost differential between operating a boutique hotel and a larger hotel is no longer such an obstacle.

Whether boutique or bulky, Golubovic says increased demand has prompted a stream of developers not normally attracted to the hotel sector to seek out hotel investments of their own over the last three years. “Real estate developers that were doing more offices, retail, or residential are now diversifying into hotels,” he says. He says this way, developers concerned about possible oversupply in the office and residential markets are still able to add to their portfolios, but spread their risk out on a wider variety of investments.

All this development has of course upped the ante for Budapest’s existing hotels. “The older properties are now forced to undergo a refurbishment process in order to be able to compete,” says Golubovic, who expects the wave of renovations and refurbishments to continue over the next few years. A prime example is the Budapest Marriott Hotel, operating on the banks of the Danube since 1994. The hotel is now undergoing a full renovation, including all its public areas and guest rooms, as well as the outside of the building. Future plans include the possible addition of a new hotel wing on land now serving as a parking lot.

Martin Kuebler