



### *Another bumper year for the tourism sector*

According to the latest data by the Hungarian Central Statistical Office (KSH), the domestic tourism sector – building upon the trend of recent years -- has continued to expand this year. In the initial seven months of 2016, the volume of revenues at accommodation establishments rose by 5.5 percent year-on-year, and the number of tourism nights totalled some 15.25 million compared to the corresponding period of the previous year. In July 2016, the number of arrivals was up year-on-year by 8.2 percent at Hungarian accommodation establishments. In the first seven months of the year, turnover at accommodation establishments increased at current prices by 7.2 percent, to HUF 216.1bn (EUR 690 million) in comparison to the same period in 2015. In this regard, Hungary's performance is impressive when compared to the Visegrad Four or other countries in the region.

The latest KSH data show that the **number of tourism nights at accommodation establishments soared by 8.2 percent in July 2016, year-on-year**. The number of nights spent by international tourists increased by 6.2 percent and that of nights by domestic tourists rose by 9.8 percent compared to the same period of 2015. The volume of gross revenues of accommodation establishments, at current prices, was up by 9.6 percent.

In July 2016, the **number of international tourist arrivals grew by 5.7 percent and that of international tourism nights by 6.2 percent** (to 1.85 million), year-on-year. The number of international tourism nights increased in eight out of altogether nine tourist regions. The number of domestic guests increased by 11 percent and that of respective tourism nights was up by 9.8 percent (to 2.42 million). Turnover measured on the basis of domestic tourism nights increased in seven, stagnated in one and decreased in one of the nine tourist regions.

Tourism turnover from major sender countries, measured on the basis of tourism nights, was higher regarding each of these countries. In the case of the Czech Republic and Slovakia, double-digit increases of 27 percent and 29 percent, respectively, were registered. Concerning Germany, Poland, the United Kingdom and the United States, the range of growth was 4.1-5.6 percent.

In July 2016, **room occupancy ratio** edged up by 1.9 percentage points, to 68.8 percent. The **volume of gross revenues at accommodation establishments** rose by 9.6 percent, to HUF



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47.7bn. Within that, revenues from accommodation fees (HUF 30.8 billion) were up by 12 percent, catering revenues (HUF 7.9 billion) by 4.2 percent, and other revenues (HUF 8.9 billion) by 8.0 percent.

The Széchenyi Recreation Cards (SZÉP Cards) were more frequently used in the sector: card holders spent 4.1 percent more at accommodation establishments.

**By the end of July**, the number of accommodation establishment units increased by 0.4 percent, to 3333, while the number of available beds fell by 5.4 percent, to 354 thousand, year-on-year.

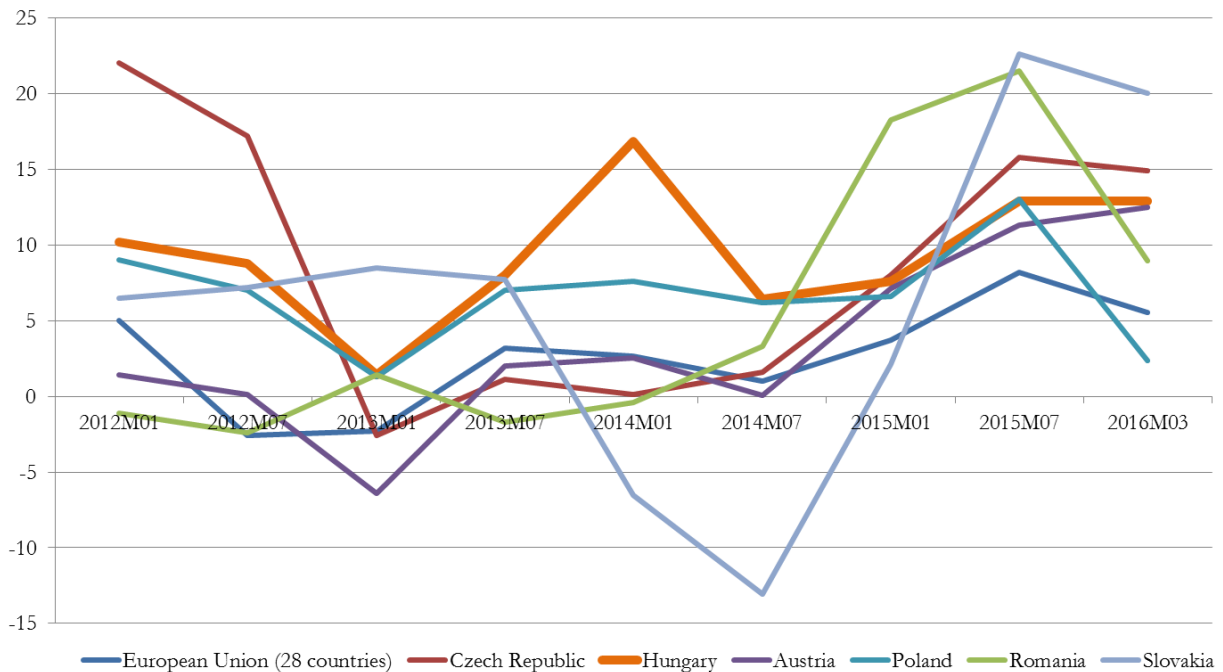
**The aforementioned indicators were favourable also in the initial seven months of 2016, compared to the corresponding period of 2015.** The number of tourism nights registered at accommodation establishments was 5.5 percent higher, rising to a total of 15.25 million. Tourism nights by foreign and domestic guests rose by 4.1 percent (to 7.5 million) and 6.9 percent (to 7.7 million), respectively. The room occupancy ratio improved on average by 1.7 percent, to 53.5 percent. The volume of gross revenues at accommodation establishments gained 7.2 percent over one year, totalling HUF 216.1bn. SZÉP Cards were used 6 percent more at accommodation establishments, and guests have paid HUF 10.7bn with them.

**Regarding the tourism traffic at accommodation establishments**, Hungary's performance has been promising even from an international perspective. A positive trend has been in place since July 2014. Within the period January 2012-March 2016, the largest increase of 16.9 percent was registered in January 2014. After that, following negative growth for a couple of months, the upward trend resumed in July 2014 and it has remained intact ever since. Average tourism traffic growth within the EU28 is well below that of Hungary's. Since January 2016, only Slovakia and the Czech Republic have posted larger increases than Hungary – in March 2016, these countries registered growth of 20 percent and 14.9 percent, respectively, year-on-year, whereas the corresponding indicator showed an increase of 12.9 percent in Hungary.



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*Arrivals at tourist accommodation establishments by residents and non-residents, percentage change over previous period*



Source: Eurostat

**In the second quarter of 2016, foreigners made 12.4 million trips to Hungary, 9.1 percent more than in the same period of last year.** The number of same-day and overnight trips increased by almost the same rate, 9.1 percent and 9.2 percent, respectively. The number of trips for tourism purposes – which accounted for more than 40 percent of all inbound trips - increased by 8.2 percent, mainly due to the expansion in the number of overnight trips. The number of trips not for tourism purposes - which are almost entirely same-day stays - rose by 9.8 percent, mostly resulting from the recovery in shopping trips.

In the second quarter of 2016, those participating in trips made to Hungary spent a total of 30.2 million days in our country, up by 4.4 percent compared to the second quarter of 2015. **The average length of stay of those participating in overnight trips was 5.7 days**, somewhat shorter than in the second quarter of 2015.

**In the second quarter of 2016, foreign visitors spent HUF 433bn in Hungary, 9.6 percent more than in the second quarter of 2015.** In the observed quarter, the amount of expenditures of same-day foreign visitors was HUF 98bn, an increase of 13 percent compared to the same period of 2015. In the second quarter of 2016, overnight visitors to our country spent HUF 335bn, 8.7 percent more than in the second quarter of 2015.



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**In the second quarter of 2016, Hungarian citizens made 4.7 million trips abroad**, which was 4.6 percent more than in the second quarter of 2015. The total length of stay spent on trips increased by 3.4 percent compared to Q2 2015. In the second quarter of the year, Hungarians travelling abroad spent HUF 173bn while travelling, which was 11 percent more than in the same period of 2015. In the observed period, tourism spending totalled HUF 259bn (EUR 828 million), up at current prices by 8.7 percent compared to data from Q2 2015.

**Hungary's tourism sector data indicate broad-based, solid expansion**, as the majority of statistics were positive in the observed period. A major factor behind this increase is likely to be household income growth. In the period January-June 2016, average gross wages increased by 6.0 percent in comparison to the corresponding period of 2015. In the first half of the year, the 1 percentage point reduction of the personal income tax rate has significantly contributed to net wage growth.

Available data indicate that tourism sector growth is set to continue, and the performance of the industry will maintain its remarkable position within the region.