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*Hungarian accommodation establishment data show continuing growth  
after tourism saw a record year in 2016*

According to data published recently by the Hungarian Central Statistical Office (KSH), in June 2017 the number of tourism nights spent at accommodation establishments grew by 12 percent year-on-year. The number of tourism nights by foreign guests increased the most dynamically, having gained 16 percent in the observed period, while that by domestic guests was up by 8.8 percent compared to the corresponding period of the previous year. Gross revenues at accommodation establishments soared, at current prices, by 22 percent. Thus, the tourism sector has continued to gain weight within the national economy.

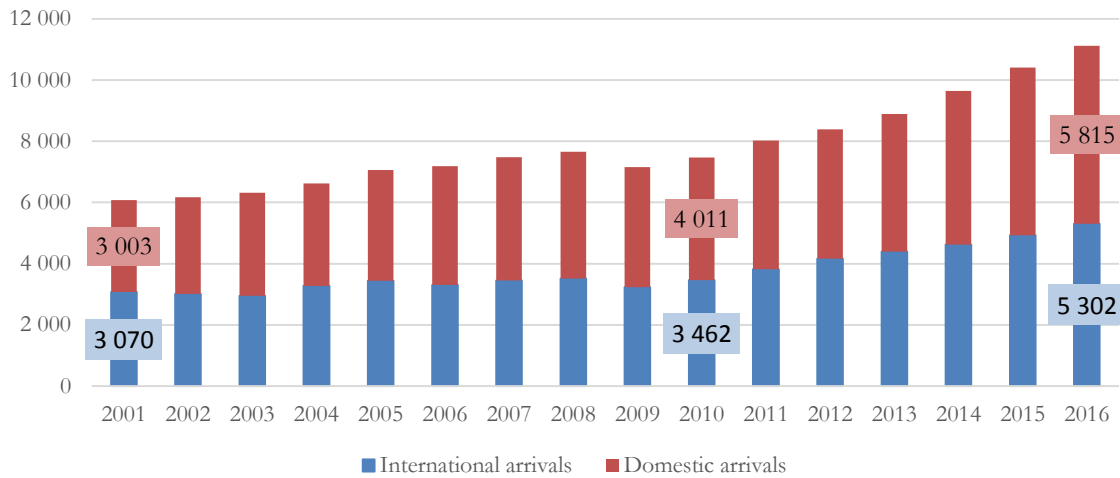
Hungary's tourism sector saw a record year in 2016, with the best turnover data of all time. Accommodation services and catering was one of Hungary's economic growth engines last year: gross value added of the sector increased, at constant prices, by 7.2 percent, exceeding the GDP growth rate.

**Last year, the number of tourism nights registered at accommodation establishments totalled 27.6 million**, up by 6.5 percent year-on-year. Compared to the year 2015, the number of international tourist arrivals grew by 7.6 percent, to 5.3 million, and the respective number of tourism nights spent at accommodation establishments totalled 13.8 million. Almost half of the number of tourism nights by foreign guests was registered in the period June-September. The number of domestic tourist arrivals was 5.8 million, up by 6.5 percent year-on-year. The number of tourism nights by domestic guests grew by 7 percent, thus accounting for half of the total tourism night figure in 2016.



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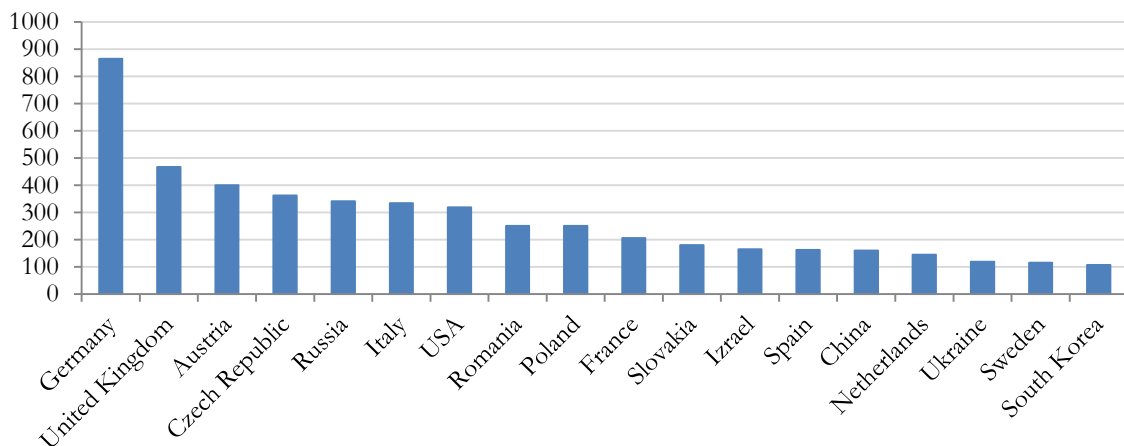
*Fig.1: Number of international and domestic tourist arrivals in 2016 (tourists, thousand)*



*Source: Hungarian Central Statistical Office (KSH)*

**In the initial six months of 2017, the upward trend seen in the previous year has continued.** In the first half of the year, the number of tourism nights registered at accommodation establishments grew by 11 percent year-on-year, reaching 12.2 million. The largest increase was recorded in terms of international tourist arrivals: the number of tourism nights by foreign and domestic guests was up by 13 percent and 8.3 percent, respectively. Foreign guests accounted for 52 percent of the total figure of tourism nights. Gross revenues at accommodation establishments increased, at current prices, by 17 percent year-on-year, to a total of HUF 197bn.

*Fig.2: Tourism nights at accommodation establishments by countries, Jan-Jun 2017 (nights, thousand)*



*Source: Hungarian Central Statistical Office (KSH)*

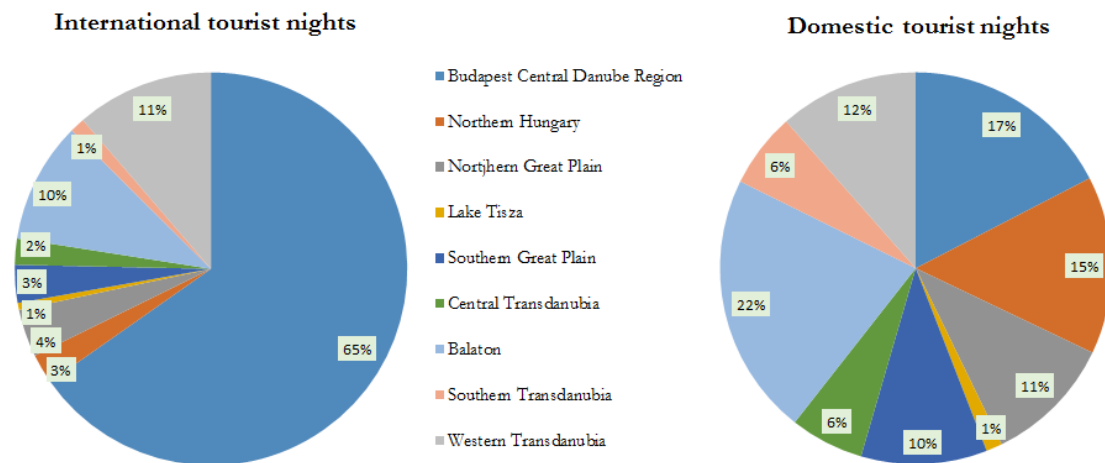


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In the first half of 2016, 81 percent of foreign guests who stayed overnight at accommodation establishments came from Europe, while 11 percent came from Asia and 7 percent were from the Americas. In the observed period, the number of arrivals was up in the case of every continent and every major country of origin: the number of tourism nights by Europeans, Asians and Americans grew by 11 percent, 28 percent and 14 percent, respectively. The number of international tourist arrivals from Hungary’s largest sender country, Germany, accounted for 14 percent of total; whereas the share of the United Kingdom and Austria – ranked as second and third respectively – was 7 percent and 6 percent. The number of arrivals from Russia soared by more than one-third, and in terms of this indicator there was remarkable growth regarding China and South Korea (26 percent and 41 percent, respectively).

**The distribution of tourism nights by regions shows a much more marked concentration pattern in the case of foreign guests than it does in the case of domestic guests.** Two-thirds of tourism nights by foreign guests are spent at accommodation establishments in the Budapest-Central Danube region. Western Transdanubia and Lake Balaton have a share of 10 percent each, whereas other tourism regions all register single-digit figures.

*Fig.3: Distribution of tourism nights at accommodation establishments by tourism region, Jan-Jun 2017*



*Source: Hungarian Central Statistical Office (KSH)*

The number of tourism nights by tourism regions is much more evenly distributed in the case of domestic guests. Lake Balaton has the highest share, 22 percent, while the Budapest-Central Danube region comes as second; the shares of the next four regions in the ranking range between 10-15 percent of total. The highest number of tourism nights by both domestic and foreign

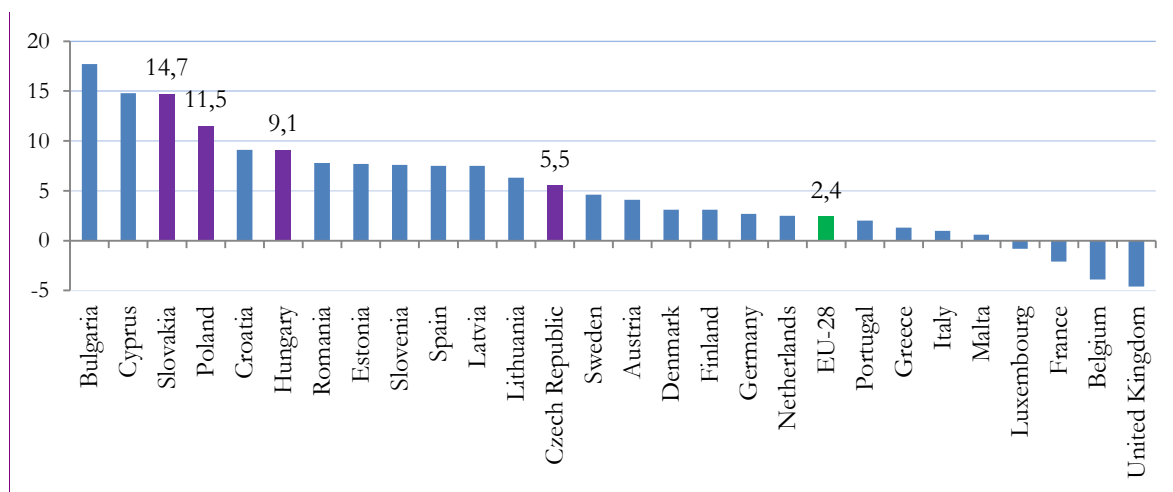


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guests was spent at four-star hotels. The hotel category with the highest growth rate was that of spa hotels.

Within the European Union, the upward trend of the tourism sector, observed in the post-crisis period beginning in 2010, has continued last year. In 2016, the number of tourism nights grew modestly, gaining on average 2.4 percent in member states. **Similarly to Hungary, robust growth was also registered in the other countries of the Central and Eastern European region.** In terms of arrivals, the largest increase of 17.7 percent was observed in Bulgaria, while among the Visegrad Four the highest growth rate was posted by Slovakia. The indicator showed decreases only in certain Western European countries: the number of tourism nights by domestic guests fell markedly in the United Kingdom, whereas in Belgium and France – due presumably to terror attacks – the number of tourism nights by international guests has slumped considerably.

*Fig.4: Change in number of nights spent in tourist accommodation establishments, 2016 compared with 2015 (%)*



*Source: Eurostat*

After the bumper year of 2016, **2017 is promising to be yet another record year for tourism.** The rise in the number of international arrivals has also been underpinned by some major internationally observed events, such as the FINA aquatics world championship or the Sziget Festival. The number of domestic arrivals is expected to continue to increase on the back of steady household income growth. As a result of global demand, the Government regards the tourism sector as a priority, and the amount of support for it, including the financing of development project and marketing, has risen in 2017. A recently completed marketing blueprint,



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made jointly with other countries of the Visegrad Four, aims to boost tourism traffic from non-EU markets, mainly the United States, Russia and the Commonwealth of Independent States, as well as China. The primary objective of tourism development projects is to increase the number and improve the quality of accommodation establishments.