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FOR NATIONAL ECONOMY

Hungary's tourism sector boom persists in 2018

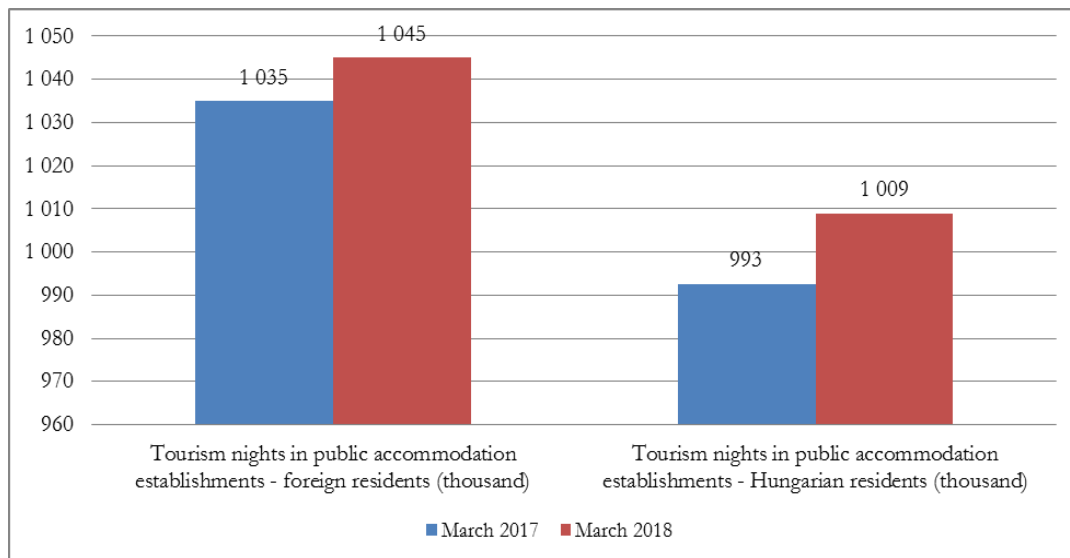
According to data released by the Hungarian Central Statistical Office (KSH) last week, the positive trend which had prevailed in recent years in Hungary's tourism sector appears to have continued. The number of tourism nights by both domestic and international guests have increased dynamically compared to the figures recorded in the same period of the previous year. The number of arrivals by domestic guests has also grown visibly. When compared to similar data from V4+4 countries, Hungary's ranking in terms of the number of tourism nights spent at accommodation establishments continues to be stable. Antal Rogán, the Minister heading the Prime Minister's Cabinet Office and designated to be responsible for the sector in the next Orbán administration, has recently said he was aiming to increase the share of tourism within Hungary's GDP from the current 10 percent to at least 16 percent.

The latest KSH data show that **in March 2018 the number of tourism nights spent at accommodation establishments was up by 13 percent year-on-year; the number of tourism nights by foreign and domestic guests rose by 10 percent and 16 percent, respectively**, totalling approximately 1 million 45 thousand nights in the case of the former and 1 million 9 thousand nights in the case of the latter category (Fig 1.). This has caused gross revenues at accommodation establishments – at current prices – to rise by 19 percent year-on-year, totalling HUF 34bn (EUR 109.6 million). Within that, accommodation fee revenues increased by 19 percent (to HUF 19bn), catering revenues by 29 percent (to HUF 8bn) and other revenues by 8.5 percent (to HUF 7bn) at current prices. The amount of accommodation fee revenues from foreign visitors increased by 17 percent and those from domestic visitors by 23 percent compared to March of the previous year.



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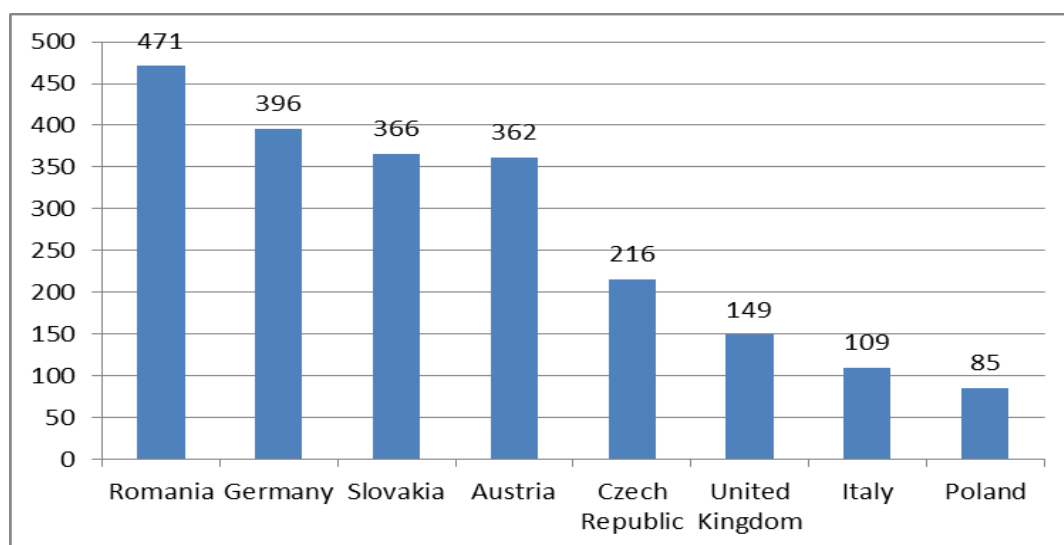
Fig. 1: Tourism nights in public accommodation establishments (thousand)



Source: Hungarian Central Statistical Office (KSH)

In Q4 2017, the number of international arrivals was 12 million in Hungary. **This corresponds to an increase of 2.5 percent compared to the same period of the previous year. The amount spent by foreign guests grew, at current prices, by 9 percent year-on-year.** In terms of international arrivals, guests who visited Hungary on overnight tourism trips the number one sender country was Romania in Q4 2017, followed by Germany, Slovakia and Austria (Fig. 2).

Fig. 2: Number of overnight tourism trips by international guests, by sender countries, Q4 2017 (thousand)





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Source: Hungarian Central Statistical Office (KSH)

In the observed period, the **room occupancy ratio of hotels** rose by 4.2 percentage points in the months of March, to 56.7 percent, while the number of available rooms has not changed significantly. The Széchenyi Recreation Card (SZÉP Card) was used more frequently at accommodation establishments, and card owners spent 13 percent more with the cards. In March 2018, the amount paid with Szép Cards at the 1778 card terminals operated in Hungary totalled HUF 1.4bn.

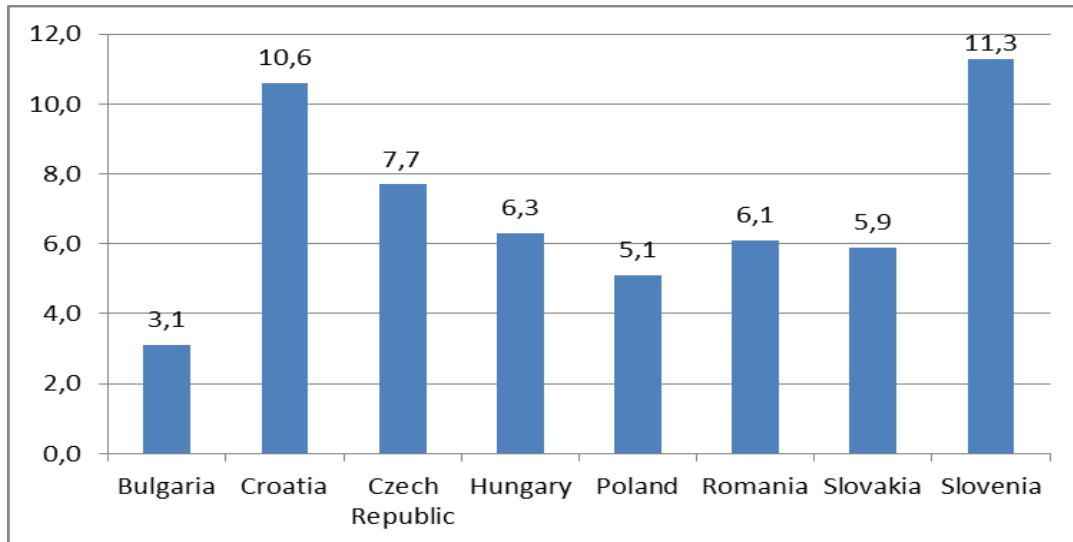
Year-on-year data were also favourable in terms of the aforementioned categories in the period **January-March 2018**. The number of tourism nights registered at accommodation establishments rose by 11 percent, to 5.1 million, compared to the corresponding period of the previous year. Foreign and domestic guests spent 8.2 percent and 14 percent more tourism nights (2.6 million and 2.5 million), respectively, at accommodation establishments. The room occupancy ratio rose by 3.5 percentage points to 50.8 percent. Gross revenues at accommodation establishments increased, at current prices, by 15 percent, to HUF 86bn. Within that, accommodation fee revenues were up by 14 percent, totalling some HUF 47bn.

Hungary has been performing well with regard to the number of tourism nights spent at accommodation establishments even in an international comparison. In light of data available for comparison, the number of nights spent at accommodation establishments was higher in every country of the region compared to the year before, and the pace of growth was only higher than Hungary's in the case of Slovenia, Croatia and the Czech Republic (Fig.3).



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**Fig. 3: Nights spent at tourist accommodation establishments V4+4
(percentage change 2017/2016)**



Source: Eurostat

The boom in Hungary's tourism sector appears to persist: the overwhelming majority of data showed growth recently. In the year 2018, the sector's dynamic growth is expected to continue, driven by growth in domestic purchasing power and the ever richer offer of first-rate cultural programmes which may be attractive also for international guests. These developments are in line with the objective set by Antal Rogán, which he has recently announced at a parliamentary commission hearing, that the tourism sector's share within Hungary's GDP should increase from the current 10 percent to 16 percent. The Minister of the Prime Minister's Cabinet Office aims to provide the preconditions necessary for reaching this goal by implementing some large-scale measures.