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Tourism sector expanded in each month in 2015; 5.3 percent y/y growth recorded in August

Similarly to 2014, the upward trend in the number of arrivals at domestic accommodation establishments continued throughout 2015, as the report of the Hungarian Central Statistical Office (KSH) published on 12 October shows. In August 2015, the number of guests registered at accommodation establishments was 5.3 percent higher year-on-year. Within that, the share of foreign and domestic guests was nearly the same. In the period January-August 2015, data show an increase of 6.4 percent year-on-year. The volume of gross revenues at accommodation establishments also soared, gaining 14 percent over the past one year. In comparison to the Visegrad Four and some neighbouring countries, Hungary recorded one of the best year-on-year growth figures concerning the number of arrivals at accommodation establishments.

According to the latest KSH data, in **August 2015 tourism traffic at accommodation establishments grew by 5.3 percent.** The number of tourism nights by non-residents and residents increased year-on-year by 5.7 percent and 4.9 percent, respectively. The volume of gross revenues at accommodation establishments was up by 14 percent at current prices.

In the month of August, the **number of arrivals by non-residents** and respective tourism nights increased by 7.3 percent and 5.7 percent (to 1 million 916 thousand), compared to the same month of 2014. The number of tourism nights by foreign guests was up in eight out of the altogether nine tourism regions; in the only laggard, Northern Hungary, this indicator fell significantly. August data show larger demand from the majority of key source countries. Although German tourists spent 2.0 percent less tourism nights in Hungary, the 1.9-8.0 percent growth figures concerning the number of arrivals from Poland, the Netherlands, Italy and the Czech Republic have compensated many-fold for this slight dip. In addition, the massive upward trend in the arrivals from Great Britain has also continued, with 21 percent growth recorded in the observed period. The **number of arrivals by residents** and respective tourism nights were up by 6.8 percent and 4.9 percent (to 2 million 227 thousand), respectively. Tourist traffic, in light of the number of tourism nights by residents, was also higher in eight tourism regions and it stagnated in one of them.

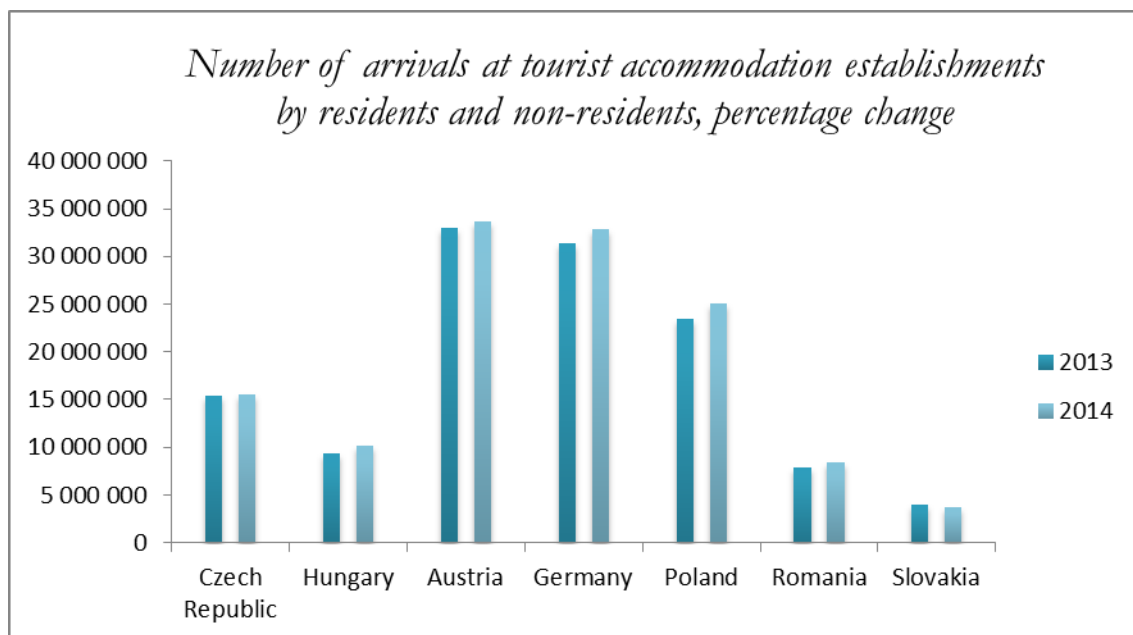


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Hotels' room occupancy ratio increased on average by 3.1 percentage points in August, to 71 percent; revenue per available room (RevPAR) grew by 16.7 percent. **Gross revenues at accommodation establishments** rose by 14 percent, to HUF 46bn. Within that amount, accommodation fee revenues (HUF 29 billion) were up by 17 percent, catering revenues (HUF 8bn) by 9.0 percent and other revenues (HUF 9bn) by 7.8 percent.

The aforementioned indicators were also favourable **in the initial eight months of the year**. Accommodation establishments registered altogether 18 million 538 thousand tourism nights, up by 6.4 percent year-on-year. Foreign and domestic guests both spent some 6.4 percent more tourism nights at accommodation establishments (totalling 9 million 149 thousand and 9 million 389 thousand, respectively). Average room occupancy ratio at hotels increased by 2.9 percentage points, to 55 percent, while the respective revPAR improved by 13.5 percent. At current prices, the volume of gross revenues registered at accommodation establishments was up altogether by 12 percent, to HUF 247bn.

As far as country-by-country data regarding tourism traffic at accommodation establishments are concerned, in the latest period for which statistics are available, 2014 in comparison to 2013, the sector posted marked growth even from an international perspective. In the observed period, the largest increase -- 30.7 percent -- was recorded in the number of visitors from Ireland, followed by Slovakia (18.3 percent), Greece (17.7 percent), Croatia (15.0 percent) and Great Britain (10.7 percent). The number of Ukrainian tourists saw the largest decrease of some 18 percent, due to obvious reasons.





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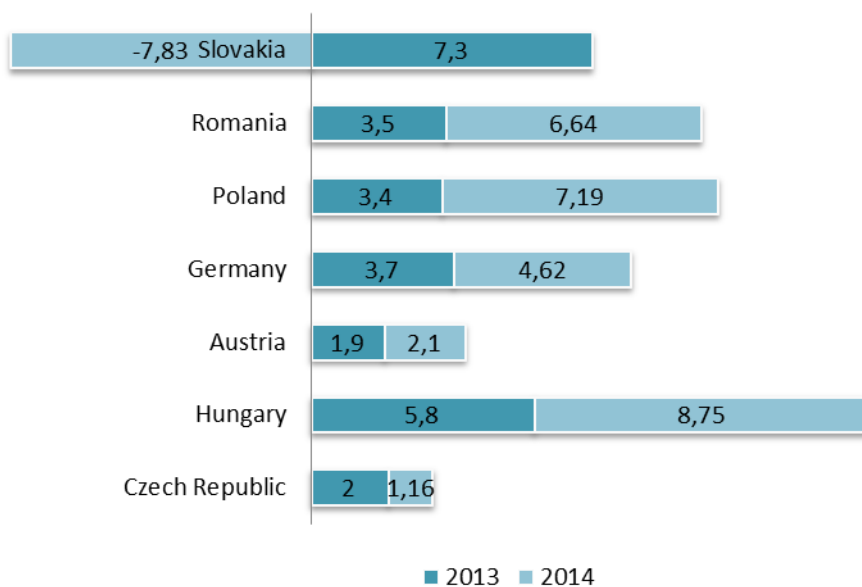
Source: Eurostat

The above chart shows the **change in the number of arrivals by residents and non-residents by countries**, between 2013 and 2014. Besides Hungary, the chart shows data from main European partners such as the Visegrad Four countries, Austria, Germany and Romania.

Examining the Hungarian tourism sector's performance only from the aspect of the Visegrád Four it can be concluded that Poland and the Czech Republic registered a higher number of guests in the observed period, while the number of arrivals in Slovakia (3 million 670 thousand) was less than half of the Hungarian figure (10 million 133 thousand in 2014). Hungarian data are mostly in line with those of Romania (8 million 844 thousand in 2014). The arrival figures from the two Germanophone countries are also largely similar and they – not surprisingly – well exceed that of Poland.

In this regard it is also worth taking a look on the **year-on-year percentage changes of arrivals by residents and non-residents at accommodation establishments** from the same countries. The below graph aptly demonstrates Hungary's outstanding performance in the past year, as the number of arrivals at accommodation establishments grew by 8.75 percent between 2013 and 2014, continuing a prior upward trend. In terms of 2014 growth figures, Poland and Romania were even more successful. In this period, this indicator showed the only -- albeit severe -- deterioration in Slovakia.

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



Source: Eurostat

Aforementioned and prognosticated year-on-year growth figures for 2015 warrant optimism in terms of an ongoing, dynamic growth trend in tourism. Analysts are also anticipating that – similarly to the previous two years -- the domestic tourism sector will be the region’s number one also in 2015.