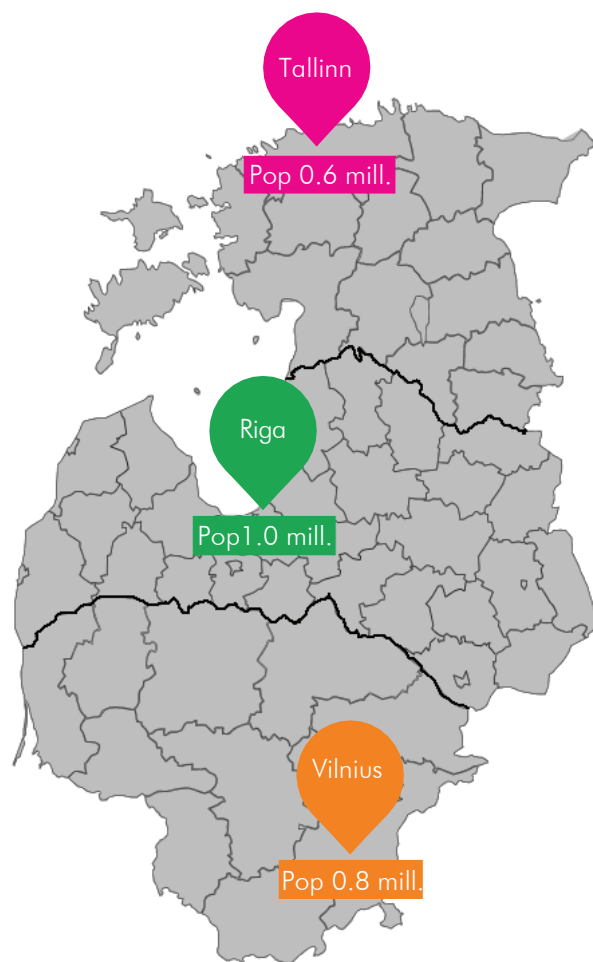


THE HOTEL MARKET IN BALTIC STATE CAPITALS

The tourism sector is performing exceptionally well in all three Baltic states, boosting the results of hotels operating in the region as well. In the past five years, the number of tourists accommodated at hotels increased by 18% in Estonia, 58% in Latvia, and 40% in Lithuania, with the capitals hosting the majority of the flow.



TALLINN	
Accommodated tourists	▼
1.6 mill. per yr	
Foreign tourists	▼
1.3 mill. per yr	
68% from EE*	
Nights spent	▲
2.7 mill.	
Visitors per room	▼
230	
2009-2018, CAGR	▲
4% Growth in overnight stays	
4% Growth in visitors at hotels	
Passenger flow	▼
10 mill. persons	
3 mill. persons	▲

RIGA	
Accommodated tourists	▲
1.6 mill. per yr	
Foreign tourists	▲
1.4 mill. per yr	
80% from LV	
Nights spent	▲
2.7 mill.	
Visitors per room	▲
230	
2009-2018, CAGR	▲
7% Growth in overnight stays	
10% Growth in visitors at hotels	
Passenger flow	▲
0.9 mill. persons	
7 mill. persons	▲

VILNIUS	
Accommodated tourists	▲
1.0 mill. per yr	
Foreign tourists	▲
0.8 mill. per yr	
61% from LT	
Nights spent	▲
1.8 mill.	
Visitors per room	▼
190	
2009-2018, CAGR	▲
7% Growth in overnight stays	
8% Growth in visitors at hotels	
Passenger flow	
n/a	
5 mill. persons	▲

Figures are 2018 year-end results. The arrows indicate 2018/2017 annual change.

Population figures are provided for metropolitan areas.

*All types of accommodation

Source: official statistics, CBRE Baltics Research

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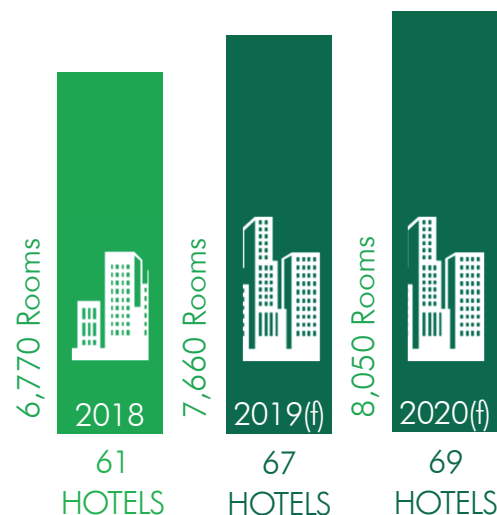
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The strong results for hotels support new projects in the pipeline. Geographical closeness to northern countries and convenient connections via Tallinn seaport should keep the tourist flow steady and fuel the most advanced hotel market in the region in the future. Under their global expansion, Radisson Red and Hampton by Hilton chose Tallinn as a debut destination in the Baltics. This will be a significant addition to three and four-star hotels in the next four years.

STOCK

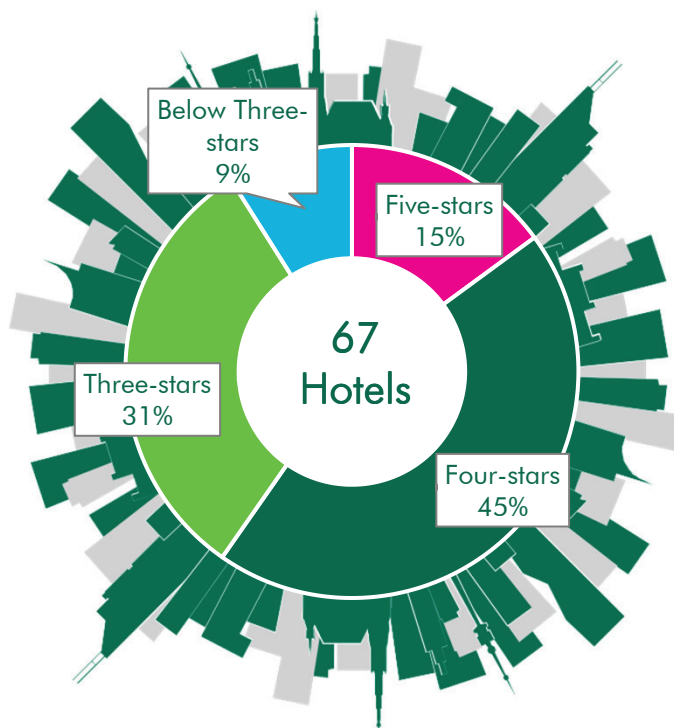


PIPELINE

Stars	BRAND	Expected	Phase
4	Hestia	2019	Under construction
5	The Park Mansion	2019	Under construction
3	Citybox	2020	Under construction
4	L'Embitu	2020	Under construction

Figures are 2018 year-end results, unless stated otherwise.
The arrows indicate 2018/2017 annual change.
Source: official statistics, CBRE Baltics Research

TALLINN



"July is the busiest month of the year when the rooms are priciest. A typical 3-star room may cost EUR 178 in the middle of summer."

KPIs

OCCUPANCY

▶ 68%, CAGR +4% (2009-2018)

ADR

▶ EUR 83

REVPAR

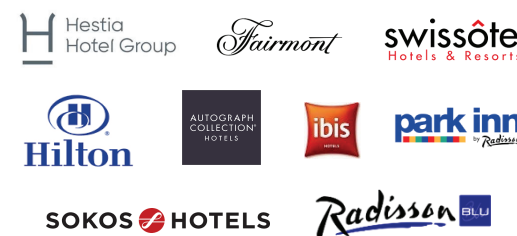
▶ EUR 56, CAGR +7% (2016-2018)

LARGEST HOTEL OPERATORS

2019 (f)



INTERNATIONAL BRANDS

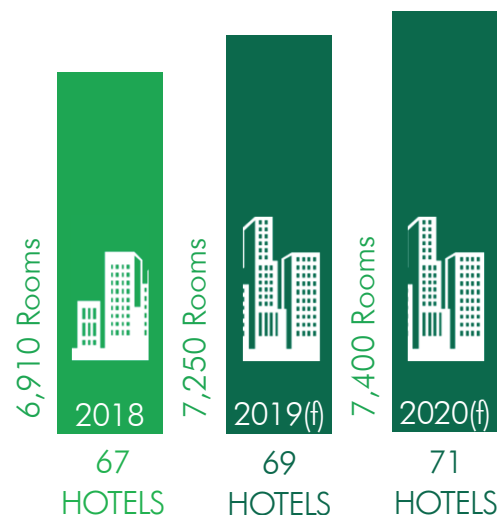


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In recent years, the impressive growth in flows of tourists into Latvia has lifted Riga above Tallinn, making it the top tourism destination in the Baltics. Tourist flows and somewhat sluggish new development boosted results for hotels. Multiple tourist attractions and easy connection via the region's dominating airport should support hotel market performance in the near future. In 2020-2023, the market could see the opening of 6-10 new hotels, including well known brands such as Holiday Inn by IHG among them.

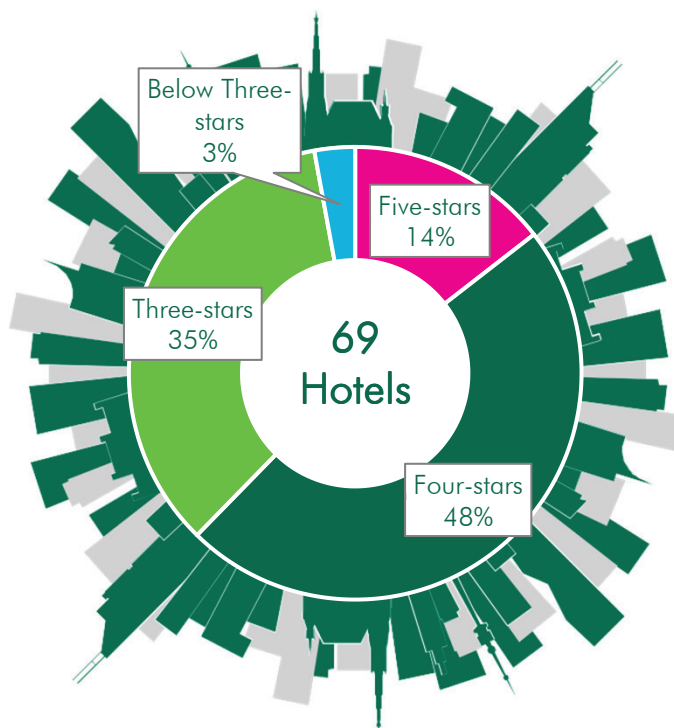
STOCK



PIPELINE

Stars	BRAND	Expected	Phase
5	Private	2020	Under construction
4	Wellton	2020	Under construction

RIGA



"The most foreign visitors (10%) accommodated by hotels in Riga come from Germany, while the biggest growth (184%) among the top ten countries is from the UK."

KPIs

OCCUPANCY

▲ 61%, CAGR +5% (2009-2018)

ADR

▲ EUR 83

REVPAR

▲ EUR 50, CAGR +4% (2016-2018)

LARGEST HOTEL OPERATORS

2019 (f)



INTERNATIONAL BRANDS



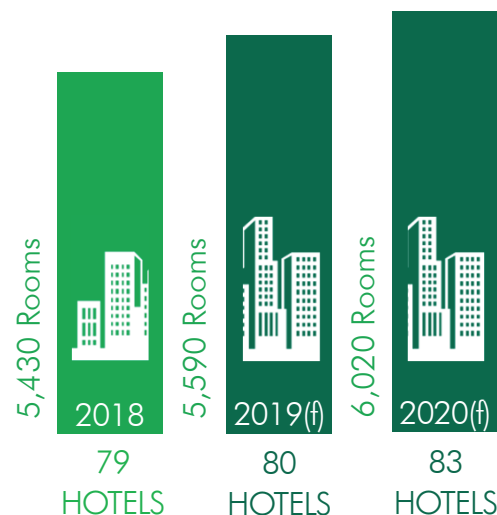
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Source: official statistics, CBRE Baltics Research

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The Vilnius tourism market is significantly smaller than its Baltic peers. However, the city is catching up with new projects being delivered and existing ones being expanded or refurbished. Strong growth in 2018, when 830 new rooms were added to the market, has marginally affected occupancy rates negatively, but it should start improving again soon after the adaptation period. In 2020-2023, the market could see the opening of 8-12 new hotels.

STOCK

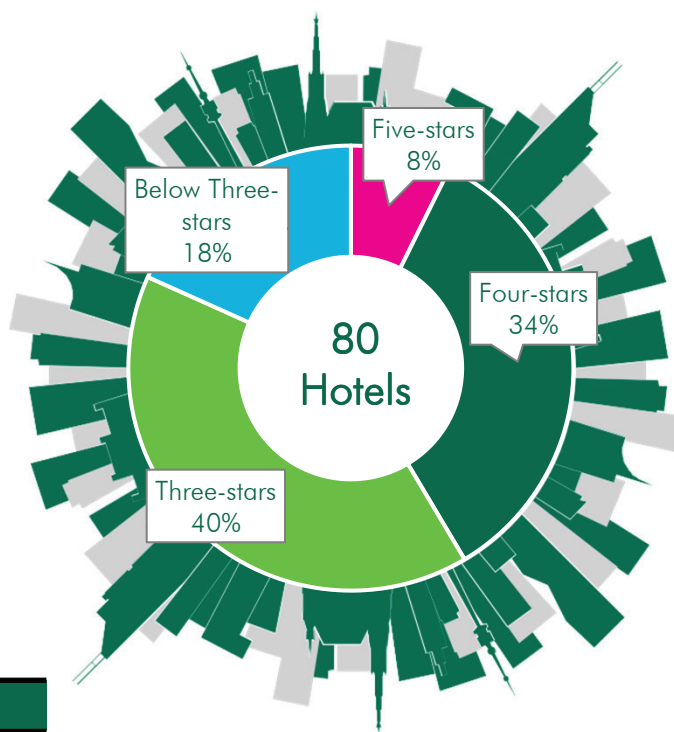


PIPELINE

Stars	BRAND	Expected	Phase
4	Neringa	2020	Redevelopment
4	DoubleTree by Hilton	2020	Under construction
3	Park Inn by Radisson	2020	Under construction
4	Grotthuss (expansion)	2020	Under construction

Figures are 2018 year-end results, unless stated otherwise.
 The arrows indicate 2018/2017 annual change.
 Source: official statistics, CBRE Baltics Research

VILNIUS



"In Lithuania, only 20% of expenditure by foreign tourists, on average, is on accommodation. Shopping dominates expenses with 32% and is followed by food and drinks with 25%."

KPIs

OCCUPANCY

▼ 65%, CAGR +4% (2009-2018)

ADR

▲ EUR 66

REVPAR

▶ EUR 43, CAGR +2% (2016-2018)

LARGEST HOTEL OPERATORS

2019 (f)



INTERNATIONAL BRANDS



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