

# Best locations for establishing new hotels in Budapest

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## Abstract

There is a steady state growing in the tourism of Budapest and similar growth is expected in the coming years. Thus, there is a business case to establish new hotel(s) in the city. And several stakeholders are eager to do so. This analysis try to explore the current market and propose possible locations for establishing a new hotels in Budapest in aiming stakeholders to choose the optimal location for a new hotel.

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## 1. Introduction

Every year, more and more people visit Budapest, the capital of Hungary and, even better, those visitors spend increasingly more time in the city ([Budapest tourism](#)). The passenger traffic of Budapest International Airport (BUD) increased heavily in the last 5 years (annual growth rate well above 10%) and by the end of this year is expected to almost double compared to 2013 ([BUD traffic](#)). Several developments have been carried out in the airport and more are planned for the near future. As a result, Budapest Airport has been awarded the Skytrax title for "Best Airport in the region" for the fifth time in a row. In the history of the most prestigious award in the industry based on passengers' votes, winning the title in five consecutive years by the same airport in the region has been unprecedented. ([Skytrax award](#)).

And this impressive increase should continue, as Budapest took first place in European best destination' voting for "BEST EUROPEAN TRAVEL DESTINATION". The notification of the winning the prize states that "no other winning European travel destination has received such international support, i.e. votes from outside the country concerned. 77% of the votes in support of Budapest came from outside Hungary, in particular the UK, USA, Germany, France, Austria and Italy ([BEST EUROPEAN TRAVEL DESTINATION](#)). The EU remains an attractive destination for Chinese tourists, and while the U.K. is still the most popular looking at sheer numbers, Hungary's 25.1% growth in arrivals in 2018 puts the country in third place in terms of relative growth ([Chinese tourist arrivals](#)).



## **2. Business understanding**

The increasing number of tourists visiting Budapest need to be accommodated somewhere. Thus, there is a great potential in establishing new hotels in Budapest in the coming years. But before starting to build a new hotel (either from the ground or by renovating an existing old building) requires a good understanding of the best locations which guarantee a good percentage of occupancy of the hotel over the whole year. For this reason, one should avoid locations where there are already plenty of hotels, and choose locations where tourists are still frequent, but hotels are rear. Hotel location shall also count the proximity of the metro station and popular sites, like landmarks, monuments, historic sites, museums, and even spas. This data analysis tries to help stakeholders in selecting the best locations in Budapest for establishing new hotels.