

Hotel market snapshot
September 2022



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Executive summary

- Slovenian tourism is recovering, but has not yet reached pre-pandemic numbers.
- Demand for tourist workers is reaching pre-pandemic numbers, but there is a shortage of around 10,000 workers.
- Overnights from January to July this year showed a significant improvement, particularly those from January to April.
- There are still significantly fewer long-haul tourists compared to pre-pandemic times.
- The war in Ukraine has affected destinations where Russian guests represent an important share of arrivals, such as Rogaška Slatina, where Russian guests account for 40% of overnights.
- Hotels in Slovenia account for the largest share of overnights, but the difference between hotels and other accommodation types (such as apartments) is decreasing.
- Foreign guests account for 40% of overnights in hotels, but 53% in camp sites. The most important foreign market by far is Germany, followed by Austria and Italy.
- Domestic tourism increased during the pandemic, as many chose to staycation. This was helped by government support with the tourist voucher scheme.
- Lakes and mountain destinations in Slovenia get most overnights, with 32%, followed by Seaside and Spa destinations, with 19% each.
- There has been a major shift in two of Slovenia's most notable hotel companies. York Finance sold its 43% stake in Sava Turizem to a Hungarian fund. Equinox rented four hotel properties in Ljubljana to international operators.
- Many new accommodation facilities opened their doors in 2022, mostly smaller family run businesses, but also the largest hotel in Ljubljana, the Grand Plaza, with 354 rooms. The room supply in the city increased by 10% with this opening.



Grand Plaza Hotel, Ljubljana

Slovenia - country snapshot

- Slovenia is known as the last green jewel of Europe. It has spectacular mountains, lush thick forests, crystal clear lakes and rivers, a short Adriatic coastline and Tuscan style vineyards. It is only 20,273 km², and measures approximately 240 km east to west, and 130 km north to south. The population is a little over two million.
- It is situated to the north of the Adriatic sea, bordered by Italy, Austria, Hungary and Croatia.
- The country became part of the Federal People's Republic of Yugoslavia in 1946, before declaring independence in 1991 and moving to market capitalism.
- Slovenia is the most affluent of the accession states with estimated GDP per capita at 24,678€ in 2021, according to UMAR.
- 2020 saw a 4.2% drop in GDP, due to COVID-19 restriction measures adopted by the government. In 2021 GDP increased due to the elimination of restriction measurement and government's help targeting different sectors. 4.2% GDP growth is predicted for this year with a slower increase in the following years.
- Slovenia was the first of the 10 EU accession countries to join the Euro zone, having adopted the currency on 1st January 2007. Slovenia joined the Schengen zone on 21st December 2007, and there are now no borders with Italy, Austria and Hungary.
- Tourism is the third largest sector of the economy. In 2020 due to COVID-19 tourism experienced a sharp decline in activity (42% less overnight stays). During the high season of 2021 however, foreign tourist generated 58% more overnight stays than in the high season of 2020, showing signs of recovery. The government help with touristic vouchers for each citizen also contributed to the tourism sector, evident from the number of domestic tourists. In 2021 Slovenia had 22% more overnight stays than the year before, but the numbers are still not as high as before the pandemic. There were fewer foreign tourists in 2021, compared to 2019.
- Slovenia is a member of NATO and the OECD.

MACROECONOMIC DATA AND FORECASTS					
	2020	2021	2022 F	2023F	2024F
GDP (EUR bn)	46.9	52.0	56.2	59.8	62.9
Population (mn)	2.10	2.10	2.10	2.10	2.11
GDP per capita (EUR)	22.312	24.678	26.601	28.243	29.647
<i>Real economy change</i>					
GDP (%)	-4.2	8.1	4.2	3.0	2.8
Private consumption (%)	-6.6	11.6	4.3	1.4	1.6
Exports (%)	-8.7	13.2	7.1	5.5	5.0
Imports (%)	-9.6	17.4	7.2	4.9	4.6
Unemployment rate (%)	8.7	7.6	6.2	6.0	5.7

Source: UMAR, SURS

Tourism indicator - number of overnight stays				
	2018	2019	2020	2021
Total	15.695	15.775	9.204	11.251
Domestic tourists	4.519	4.405	5.850	6.457
Foreign visitors	11.176	11.371	3.354	4.794
High season* Domestic			3.496	3.373
High season* Foreign			1.690	2.896

*high season includes June, July and August.

Number of overnight stays from 2018 to 2021. Source: SURS

Slovenian tourism

- Slovenia, with its strategic location in the central Europe, and its natural beauty and landscape diversity in a small area is becoming a touristic hot-spot.
- Connectivity is guaranteed with Pan European Corridors 5 and 10. They cross the country and intersect on Ljubljana ring road and in Maribor.
- Tourism in Slovenia is a fast-growing sector of economy. There were 12,800 catering companies in 2019, which is 4,500 more than 2009. A record number of overnight stays was also recorded in pre-pandemic year; 15.8m.
- In 2019, 58,730 workplaces were connected to tourism, which is 6.5% of the total workforce. In 2020 the number dropped to 53,097 (6% of employed), due to the pandemic. In 2021 there were 57,627 (6.3% of employed) people working in tourism. In 2022 the number of people employed in tourism is close to pre-pandemic levels and might even exceed them, due to high demand for tourism workers. Final data will be available at the end of the year.
- Tourism accounted for 5.4% of GDP before the pandemic, and 3.3% in 2020. In 2021 it increased to 5.3%, partly thanks to the state contribution in the form of touristic vouchers for citizens.
- In 2021 Piran had the highest number of overnight stays - 1,526,541, followed by Ljubljana with 866,218 and Kranjska Gora with 601,677.

	Tourism indicator - number of workplaces	
	2019	2020
Accommodation	14.468	13.847
Catering (food and drinks)	28.755	27.571
Transportation	8.031	7.310
Tourist agencies	2.664	2.379
Other	4.812	1.990
Total	58.730	53.097

Source: SURS



Tourism trends

- Slovenian tourism in the first half of 2022 showed signs of recovery following the pandemic, but has not yet reached pre-pandemic numbers. Increased energy costs and declining sentiment may have an impact on tourism.
- The European travel agency (ETC) reported that European tourists are twice as concerned about personal finance as they were the same time last year. This has not yet influenced the summer season in Slovenia, and most of the largest tourism accommodation providers report they are satisfied with numbers this year.
- In 2022 there are significantly fewer foreign long-haul tourists compared to 2019 before the pandemic. Air traffic has not yet returned to pre-pandemic levels, and this has had an impact on long haul arrivals. In June 2019 there were 198,242 long-haul tourists in total. In June of this year the number was 101,808, which is 49% less than the same time in 2019.
- From Ljubljana Airport it is possible to fly to 19 destinations with scheduled flights. Tourists often chose charter flights, which helps to expand the offer. Ljubljana Airport reports that charter flights in 2021 represented one-fifth of all passenger traffic and they expect the number will be even higher this year.
- Slovenian tourism, like most other EU countries suffers from a lack of personnel. The Chamber of Commerce in Slovenia reports that the epidemic worsened the situation and that there is currently a 25% deficit of personnel working in tourism (6,000 to 7,000 positions are being advertised through the employment office. If we add employers who search on their own, the estimated number is around 10,000).
- Tourist companies are increasingly employing foreign workers, and unqualified people that get trained in-house. This has led to a rise in labour costs.
- The war in Ukraine has affected hotel destinations where Russian guests represent an important share, such as the spa town of Rogaška Slatina, where Russians account for 40% of overnights.

Source: SURS, Chamber of trade and business, finance.si

Long haul tourists

	June 2019	June 2022*
Australia	16.639	5.836
New Zealand	3.434	984
Izrael	16.352	9.404
Japan	8.268	1.719
China	20.372	3.362
Korea	17.382	2.449
Other Asian countries	37.117	14.790
Brazil	3.733	2.673
Other countries: South and Middle America	6.920	5.750
Canada	10.643	5.225
USA	50.310	42.260
Africa	7.072	7.356

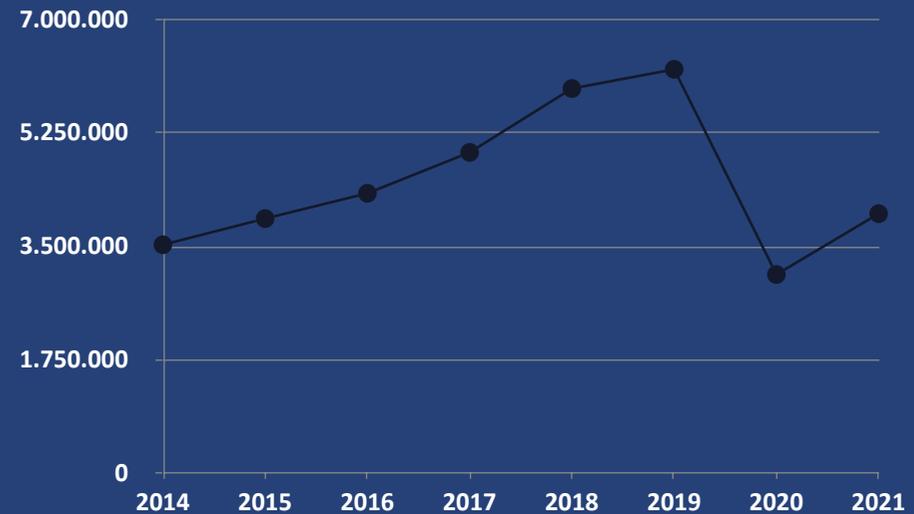
Source: SURS. *current data

Tourist arrivals and overnight stays

- In 2019 more than 6,229,000 tourist arrivals were registered in tourist accommodation, which is 5% more than in 2018. Arrivals increased by 43% between 2014 and 2019. The pandemic caused a massive decrease in arrivals and overnights. In 2020 there were 51% less than in 2019. In 2021 the situation improved, but it still can't compare to pre-pandemic numbers; 4,003,682 arrivals were registered, 23% more than in 2020, but 36% less than the record year of 2019.
- There were 15,775,331 overnights recorded in 2019, which represents a 39% increase since 2014. In 2020 the number of overnight stays dropped below 10m. In 2021 there was a 19% improvement; with 11,251,158 overnight stays.
- From January to July this year there were 8,688,538 overnight stays, which is more than the same time last year. The index of overnight stays month by month is higher this year than the previous year, especially from January to April, with 7 to 9% more overnights.
- According to current data, there were 3,285,003 arrivals from January to July this year, compared to 1,342,123 arrivals in the same period last year; some 2.45 times more.

Source: Statistical Office of the Republic of Slovenia

Tourist arrivals 2014-2021

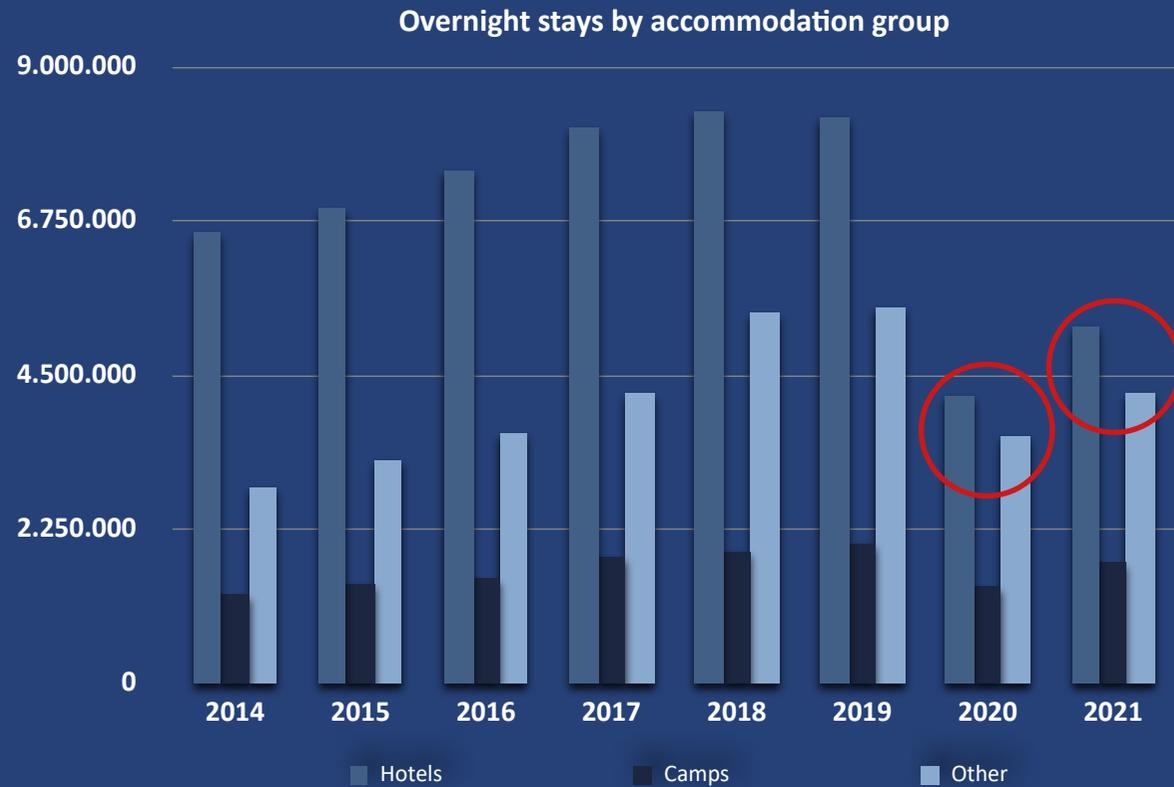


Tourist overnights 2014-2021



Tourist overnight stays by type of accommodation

- Hotels are the most popular type of tourist accommodation in Slovenia, and account for the largest share of overnights. However, the difference between the number of overnight stays in hotels and other accommodation types (such as apartments) decreased in 2020 and 2021. The number of overnight stays in camp sites has been slowly rising through the years, and numbers were more stable during the pandemic than for other accommodation types.

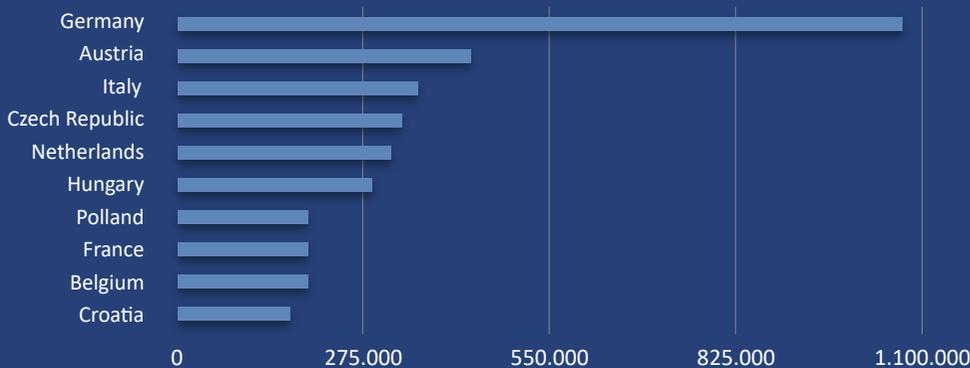


Overnight stays in hotels by guest nationality

- In 2021 foreign tourists accounted for 1,832,446 arrivals and 4,794,472 overnights (51% more arrivals and 43% more overnights than in 2020).
- 40% of tourist overnight stays in Slovenian hotels were accounted for by foreigners (27% more arrivals and 26% more overnights than in 2020). In camp sites however there were more foreign than domestic tourists. Key markets were Germany (22%) representing 1.07 million overnight stays, Austria (9%), Italy (7%), Czech Republic (7%), the Netherlands (6.5%) and Hungary (6% each).
- In the last two years, the long-lasting trend of a majority of foreign guests reversed, with many Slovenian nationals choosing to staycation. The number of domestic overnights was stable at around 4m in all years up to 2020. The growth in tourism up to 2019 was mainly due to the increasing popularity of Slovenia with foreign tourists.

Source: SURS

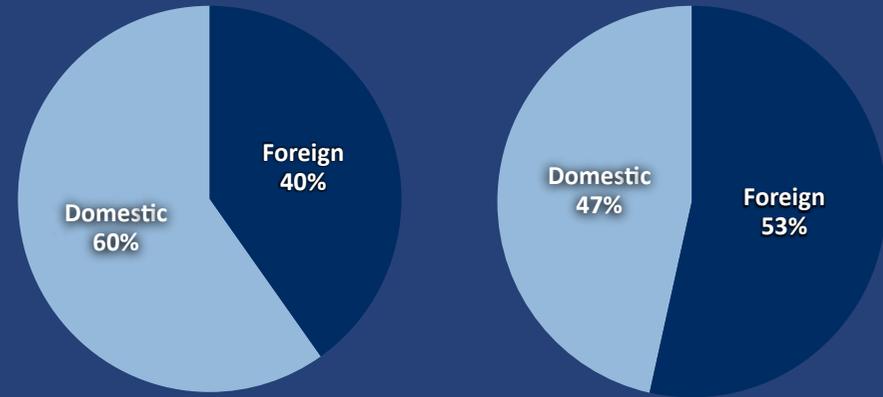
Foreign overnights by country, Slovenia 2021



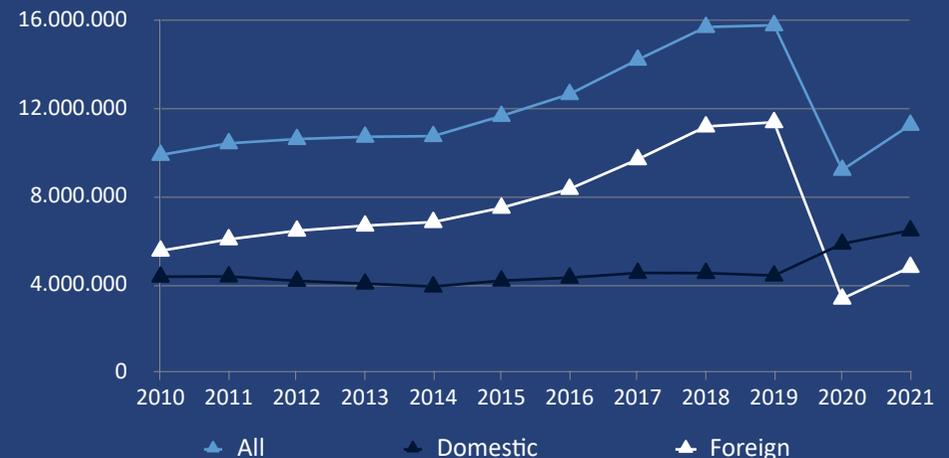
Source: SURS

Foreign and domestic overnights in hotels in 2021

Foreign and domestic overnights in camp sites in 2021



Tourist overnight stays, Slovenia 2021

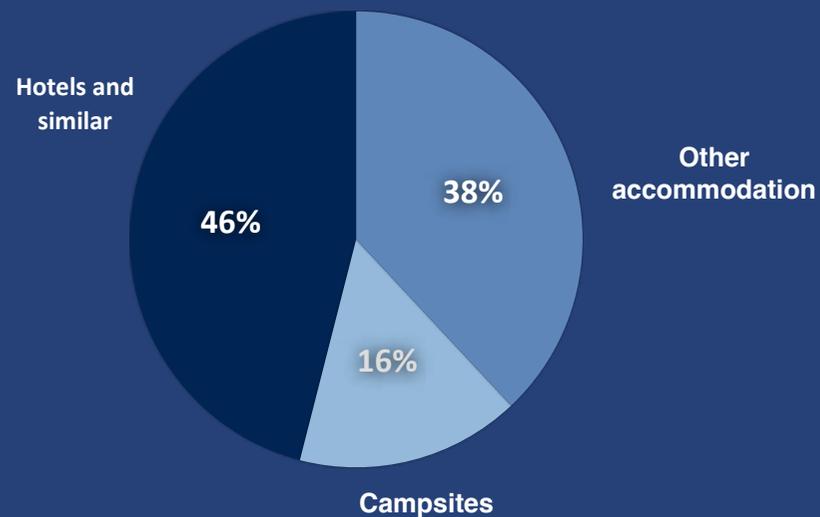


Source: SURS

Tourist beds by types of tourist accommodation

- 62,458 rooms with 184,005 beds were available to tourists in Slovenia in 2021. 32% of all tourist beds (permanent and auxiliary) were available in hotels, 16% were in campsites and the remaining 38% in other accommodation types.

Overnight stays by types of tourist accommodations, Slovenia, 2021



Source: Statistical Office of the Republic of Slovenia

	Number of rooms	Number of beds
Hotels and similar	25.560	58.447
Campsites	11.070	37.710
Other accommodation	25.828	87.848
Together	62.458	184.005

Source: SURS

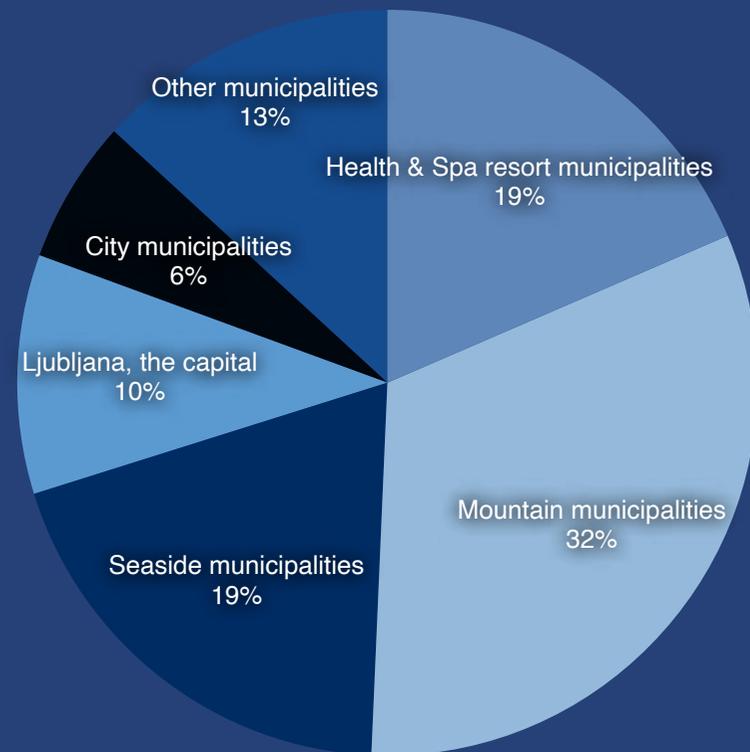
Ljubljana, the Capital of Slovenia



Different types of tourist destinations

- Slovenia offers a diverse landscape that provides different types of tourist destinations. The pie chart to the right shows 6 distinct destination types with arrivals to each. The most popular are Mountain municipalities, followed by Health & spa municipalities and Seaside municipalities. Ljubljana, the capital is not far behind.
- The number of overnight stays of domestic tourists is in spring, autumn and winter the highest in municipalities with a thermal-spa offer. In summer the trend changes: domestic tourists prefer the coast. Foreign tourists have the highest share of overnight stays in the mountains in all seasons.

Tourist arrivals in 2021 by type of destination



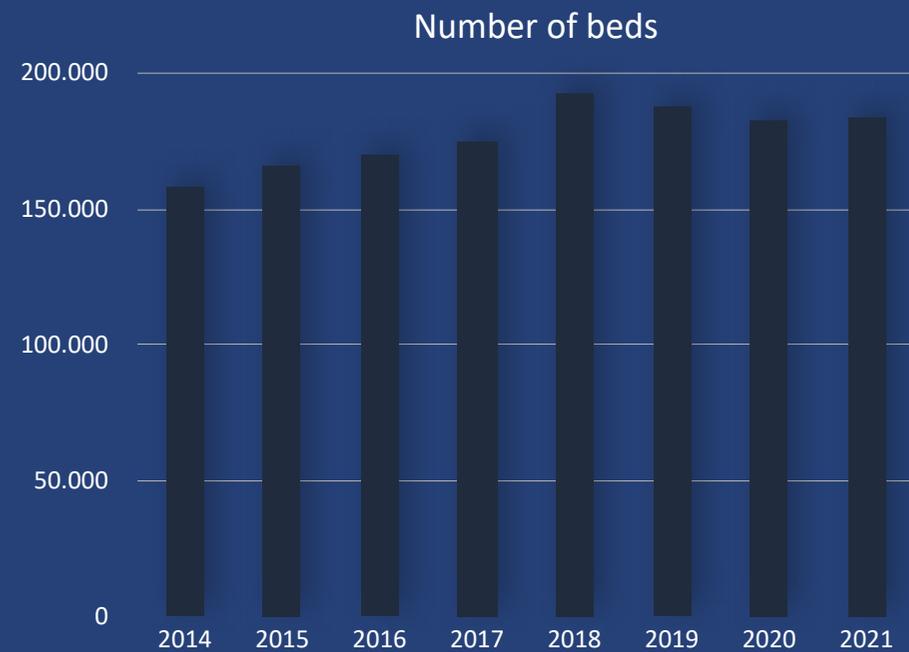
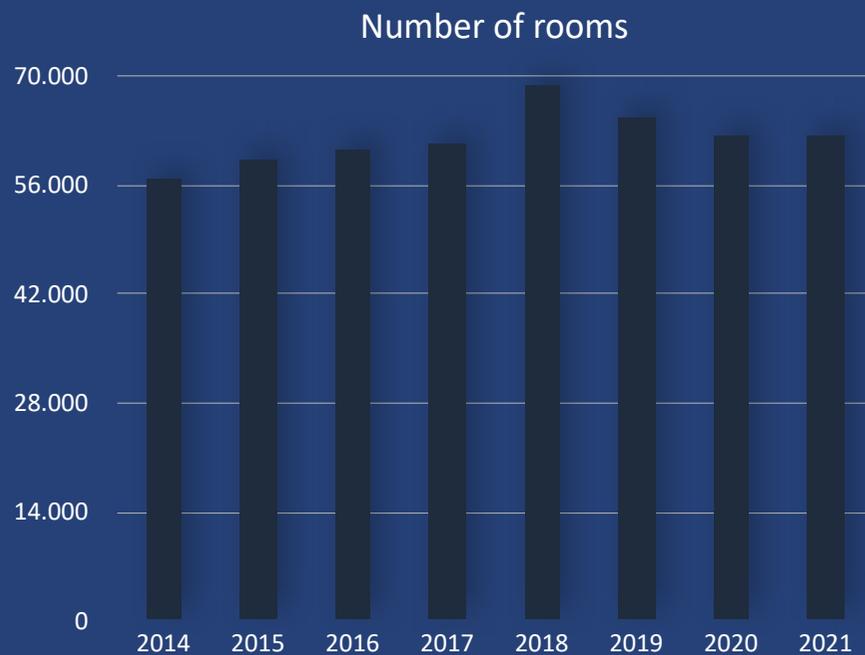
Source: Statistical Office of the Republic of Slovenia

Increase of beds and rooms

The number of beds and rooms slowly increased from 2014 to 2018, then started to drop again up to 2020.

- The number of rooms increased by 9% from 2014 to 2021

- The number of beds increased by 14% from 2014 to 2021



Source: Statistical Office of the Republic of Slovenia

Hotel ownership and branding in Slovenia

- There are 12,773 hotels and similar accommodation registered by government agency Ajpes.
- Branded hotels are on the increase in Slovenia, and the following brands are now present: Ibis Styles, Mercure, Intercontinental, Radisson Blu, Four points by Sheraton, Austria Trend, Best Western, Ramada, Holiday Inn Express and Kempinski. Some of these brands are present with franchise agreements, others with management agreements.
- There are five domestic hotel groups that dominate the hospitality industry:
 - Hit Hotels – owns 7 hotels and a campsite Opik in Kranjska Gora, 1 in Šentilj, 3 in Nova Gorica, and 1 in Šempeter pri Gorici
 - Bernardin Group – owns 6 hotels, 4 aparthotels and a campsite on Slovenia's coast
 - Sava Hotels – owns 6 hotels in Bled, 3 in Moravske Toplice, 2 in Zdravilišče Radenci, 1 in Ptuj and 1 in Banovci.
 - Group Terme Čatež, owns 9 hotels and aparthotels in Čatež, Mokrice and Slovenia's Coast and 3 spa villages.
 - Lifeclass Hotels – owns 5 hotels and a large spa on the Slovene coast.
 - UNITUR - owns Terme Zreče and Rogla ski site.
- Individuals, families or companies typically own other hotel properties in Slovenia.
- The Slovenian hotel market is still in its infancy, and sharing of performance data among operators is not common practice, although contribution to STR Trends is growing with the greater presence of international operators.



Hotel Investment Market

- Hotel stock in Slovenia typically consists of two distinct types of hotel; small to medium sized family run establishments (that range from historical properties to new builds); and larger leisure properties constructed in the 70s by the socialist government.
- There are few typical hotel investors interested in acquiring properties in Slovenia, although they are increasing in number. Buyers are mainly existing hotel owners wishing to expand their business, or companies looking to diversify their business. There have only been two hotel transactions to institutional investors in Slovenia, one in 2006 and one in 2018.
- Notable transactions in 2020 include the sale of the Salinera resort in coastal Strunjan, the sale of the oldest hotel in Kranjska Gora, Hotel Razor; and the sale of Hotel Diana in Murska Sobota.



Hotel market - notable transactions

- At the end of 2021 the Municipality of Žalec bought hotel Žalec Casino Rubin for 1.8m€, built in 1980. The municipality will use the casino building for their own needs, but they plan to maintain hotel services and food and beverage operations.
- York Global Finance fund from Luxemburg sold its 43% share of Sava d.d. company to Prestige Tourism company, financed by Hungarian fund Diofa Asset, at the beginning of 2022. Sava is the biggest hotel company in Slovenia and owns resorts around the country from Terme 3000 in Moravske toplice, Radenci spa centre, Terme Ptuj, Bled - Sava Hotels and Resort Bernardin on Slovenian coast.
- The owner of the Grand Union portfolio in Ljubljana (Equinox), recently signed a 20-year lease contract for The Fuzzy Log hostel, with Mogotel Hotel Group company, the biggest hotel chain in the Baltic region. They also leased Hotel Central to IP Central. Both properties will be branded Ibis Styles. Hotels Lev, Union and uHotel have been leased by Spanish hotel group Hotusa for 20 years - a deal worth 110m€.
- The DZS group that owns Hotel Aquapark Žusterna in Koper confirmed a sale process, to a businessman from the town. The price is expected to be around 6m€ and the contract is expected to be signed by the end of the year.

Development pipeline

- In 2021 Ljubljana gained an additional 122 rooms with an expansion to the Four Points by Sheraton hotel. The investment includes a new indoor swimming pool and additional conference halls - with a capacity for 900 delegates. At the end of summer 2021 a new hotel One66 opened its doors in Šiška, with 95 rooms. Part of the hotel offers long-stay apartments.
- In August 2022 Zlatarna Celje opened the largest hotel in Ljubljana; Grand Plaza hotel in Bavarski dvor. The 5-star hotel and congress centre offers 354 rooms and 10 conference halls. The supply of hotel rooms in Ljubljana increased by 10% with this opening. This is the third 5-star hotel in Ljubljana, next to its neighbour InterContinental which opened in 2017, and boutique hotel Zlata ladijca with 15 rooms that reopened in 2021. Another innovation this year is Hotel Bistro Čad, with 18 rooms and a small meeting room.
- In the Šumi mixed-use development there will be a hotel with 151 rooms, managed by hotel chain Barcelo. Its opening date is postponed to Spring 2023.
- The mixed-use Emonika development will also include a hotel. It is expected to have around 153 rooms and is to be operational by 2027.
- Thermana Laško announced a renovation of 3 storeys in hotel Zdravilišče Laško in the next 2 years.
- New investments in tourism are encouraged by the Ministry for economic development and technology, which will invest 69m€ in cableways and accommodation. 63m€ is meant for the reconstruction of ski resorts, to be transformed into 'all-year mountain centres' and infrastructure renovations. The rest is intended for upgrades to touristic accommodation. Because of the low number of applicants for the sources, they granted only 5.7m€ in accommodation upgrades. The reason for this was the low share of co-finance (max 20%) and short deadline to prepare all documentation.
- The results of the investment should be seen by November 2023. We can expect an outdoor hotel in Žirovnica developed by Medium, a boutique hotel for active tourism in Koper by Vodišek and higher standard glamping below Mount Uršlja, developed by Rimski vrelec.



Luxury glamping

New accommodation facilities opened in Slovenia in 2022



Source: Visit Slovenia

- In 2022 many new accommodation facilities opened their doors. Most of them are family-run businesses of higher quality, with an exception of 2 larger hotels in Ljubljana and one in Maribor.

Acc. Name	Location	Beds/rooms
AirGlam	Šmarješke toplice	2 beds/ 1 room
Camp Velenje	Velenje	32 beds/8 mobile homes
Natur Bajta	Solčava	8 beds/2 rooms
B&B Hotel Maribor	Maribor	102 rooms
Nesting Resort	Malečnik	10 beds/3 'nests'
Leber House of Wines	Zgornja Kungota	8 beds/4 rooms
Goričke Iže	Križevci	10 beds/3 houses
Hotel Belmur	Murska Sobota	40 beds/10 rooms
Resort Sibon	Jeruzalem	62 beds/27 rooms
Hotel in bistro Čad	Ljubljana	54 beds/18 rooms
Grand Plaza Hotel	Ljubljana	354 rooms
NEU Residences	Ljubljana	194 beds/54 rooms
Skipass Hotel	Kranjska Gora	28 beds/10 rooms
Hotel Pino Alpino	Kranjska Gora	10 beds/3 rooms
Hotel Milka	Kranjska Gora	12 beds/6 rooms
Hiška na Griču	Idrijske Krnice	5 beds/2 rooms
Glamping Sensalina	Kojsko	4 beds/2 houses
Villa Vajta	Dobrovo	
DeGrassi Hotel	Izola	10 rooms
Hotel Laguna	Strunjan	29 beds/11 units

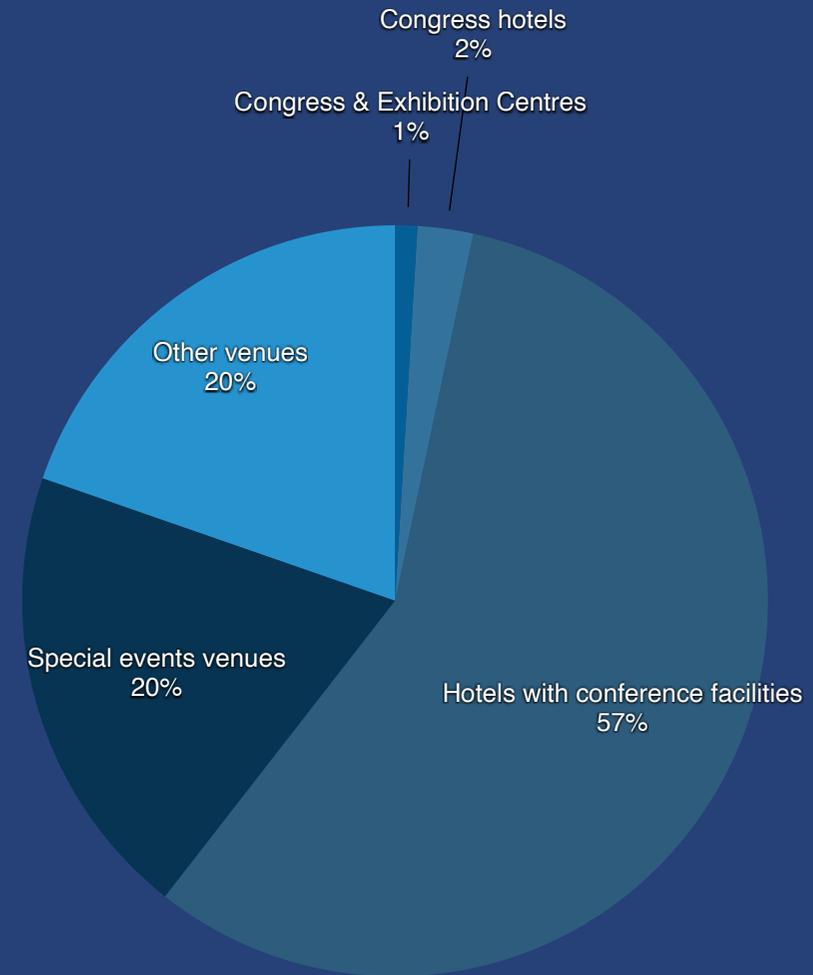
MICE Tourism

- In 2014 there were 59 locations with congress facilities in Slovenia which amount to at least 208 facilities. The majority of these are to be found in Ljubljana (22%).
- This chart represents congress facilities in Slovenia, broken down by the type of facilities.
- There is little information available on MICE tourism, and most of what is available is out of date.

Source: Slovenian Tourist Board

- The International Congress and Convention Association (ICCA) in its statistical report for 2021, announced that according to the Destination Performance Index, Slovenia ranked in 36th place with 56 planned events* globally. Thanks to the Slovenian capital's congress offer, the biggest proportion was accounted for by Ljubljana, which ranked in 45th place on a global scale, with 39 planned events. Due to the uneven playing field created by the pandemic, ICCA did not publish its annual Country/City ranking last year.

*ICCA event criteria: a meeting must take place on a regular basis, host at least 50 participants, and rotate between a minimum of three countries to be included in the ICCA Association Database.



Source: SPIRIT Slovenia

Beautiful coastal town of Piran



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