

TASHKENT HOTEL MARKET

MARCH 2023



TASHKENT MARKET TODAY

“ Tashkent’s central role within the national context of Uzbekistan (largest metropolis, main gateway to the world, political and business hub of the republic) drives visitation and creates constant demand for hotel services. Unlike the ancient cities of the historic Silk Road (Samarkand, Bukhara, Khiva), popular with leisure visitors across the world, Tashkent tends to offer far less in terms of history and culture, serving mostly as the ‘gateway’ city, the transit point, with the busiest and largest international airport of the country. Therefore, Tashkent hotels on average do generate high volumes of business-related (including governmental) demand, particularly, when it comes to higher-grade hotels. ”

Marina Usenko

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Seasonality

Current seasonality factor, typical of business destinations, will be less pronounced as Tashkent gets more attractive for leisure visits, and more large-scale events are held in Summer and Winter months



New growth areas

Shortage of modern quality rooms in affordable price segments, coupled with stable and sufficiently high levels of domestic demand, create opportunities for new hotel projects of Budget/Economy/Midscale grades



New formats to consider

Along with traditional hotels (branded and independently run), the market might be ready for new formats – aparthotels (long-stay serviced apartments), hybrid hotels, condo-hotels (where individual hotel rooms are sold to private investors and return to hotel use) and more.

CURRENT MARKET STRUCTURE

According to Uzstat, in 2022, Tashkent had 636 officially registered collective means of accommodation of various formats and categories, with a combined capacity of 13,641 rooms. Only 18% of rooms were provided by the officially graded facilities (classified from 1-star to 5-star), while some of the registered accommodation facilities were in fact individual apartments rented out on a daily basis.

Of these, Tashkent's modern quality hotel room stock tracked down by Commonwealth Partnership is estimated at approximately 2,000 rooms. With 85% of the modern quality room stock graded as 4- or 5-star, the current structure of modern quality room stock is heavily skewed towards high-grade hotels. This is frequently the case in new hotel markets which start adding modern quality product initially in the higher-grade segments.

MODERN QUALITY HOTELS IN TASHKENT

Nº Hotel	Year of opening	Nº Hotel	Year of opening
1 Courtyard by Marriott	2020	6 Lotte	2013
2 Hampton by Hilton	2021	7 Hilton	2020
3 Radisson Blu	2003	8 Mercure	2022
4 Wyndham	2015	9 Panarams Radisson Individuals	2022
5 Hyatt Regency	2016	10 International (ex-InterContinental)	1996

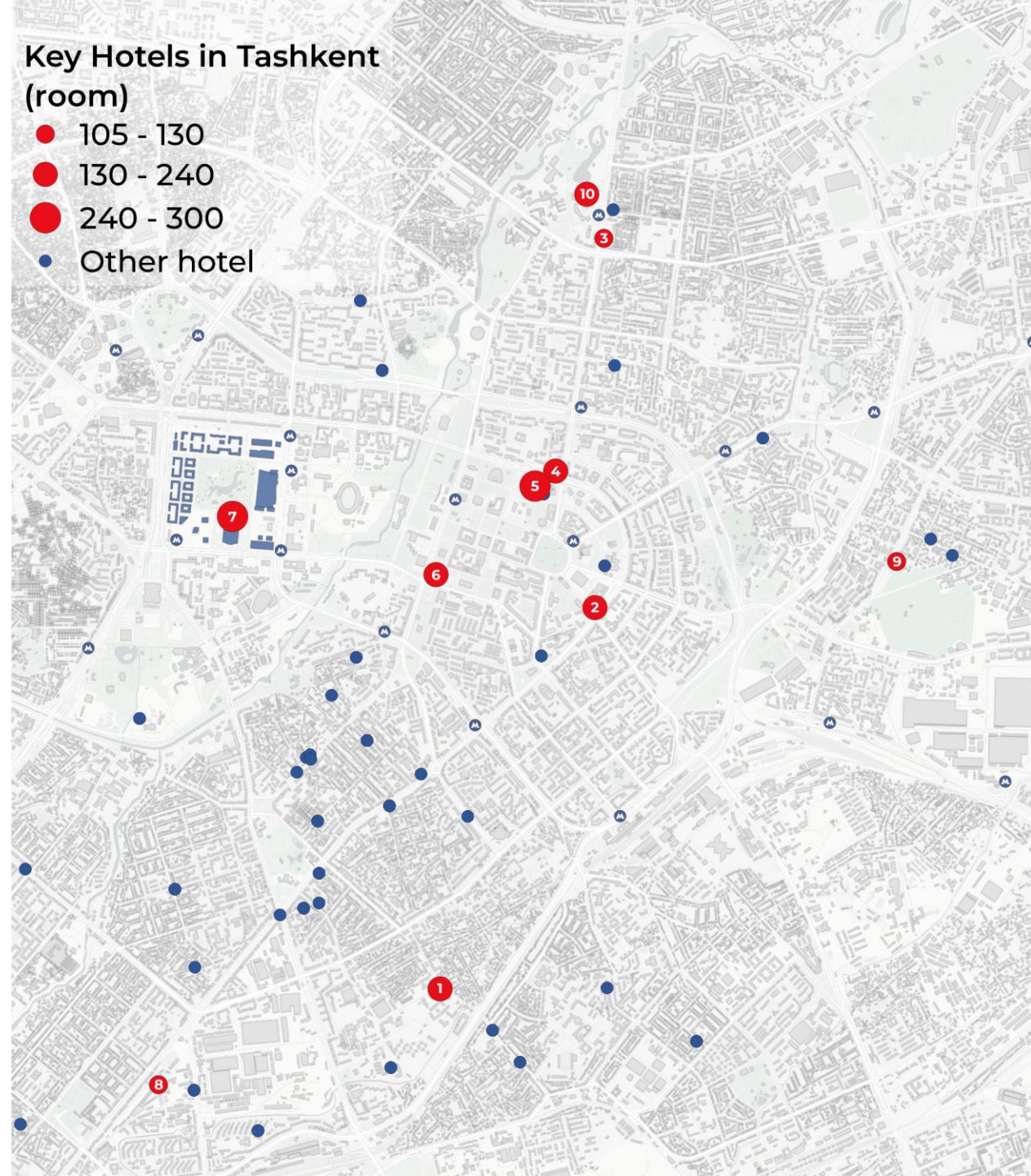
EXISTING TASHKENT MODERN QUALITY HOTEL ROOM STOCK - BY GRADE



Source: Turizm xizmatlarini sertifikatlash markazi & Commonwealth Partnership, 2023

Key Hotels in Tashkent (room)

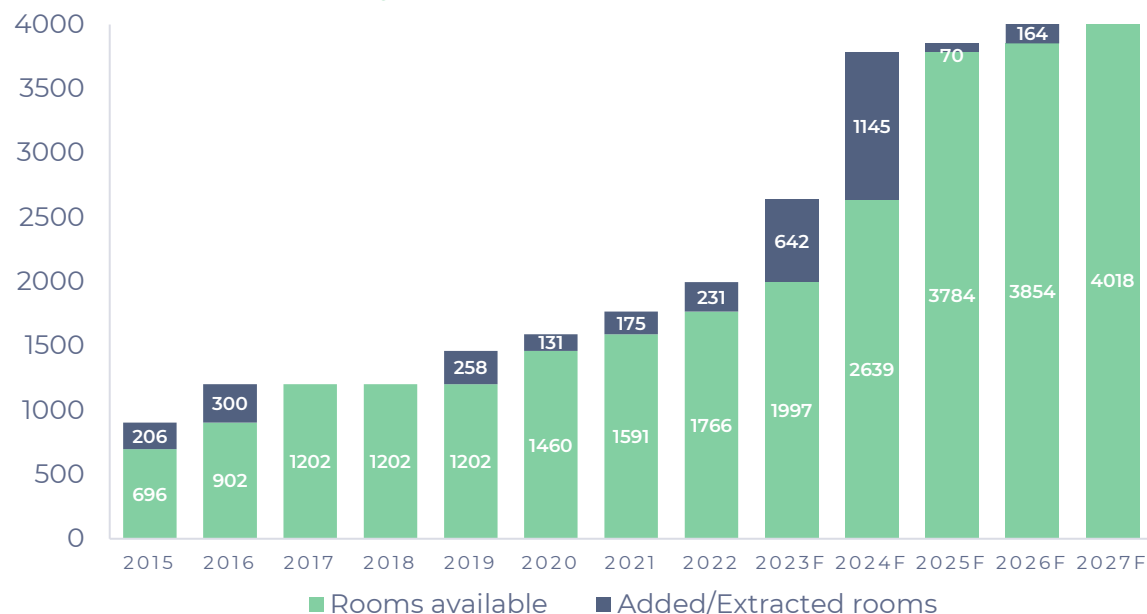
- 105 - 130
- 130 - 240
- 240 - 300
- Other hotel



DEVELOPMENT PIPELINE

The modern quality market pie might easily double by 2025-2026, should all announced projects or properties under construction be completed. In this case the share of hotel rooms in the 3-4-star properties could reach 50%, making the room stock offer more balanced.

MODERN QUALITY HOTEL STOCK DYNAMICS



Source: Commonwealth Partnership, 2023

NEW MODERN QUALITY HOTEL STOCK

Hotel	Keys	Grade	Opening year
1 InterContinental	216	Upper-Upscale/ Luxury	2023
2 Crowne Plaza Tashkent	100	Upscale	2023
3 Ramada Encore by Wyndham Tashkent	102	Upper-Midscale select-service	2023
4 Wyndham Garden Tashkent Airport	108	Midscale	2023
5 Humo Hotel Tashkent, Curio Collection by Hilton	116	Upper-Upscale	2023
6 Ibis Tashkent	150	Economy	2024
7 Swissotel Tashkent (ex-Miran Hotel)	177	Upper-Upscale	2024
8 Holiday Inn Tashkent City	272	Upper-Midscale	2024
9 Hampton by Hilton Tashkent Park Abdullah Qodiriy	117	Upper-Midscale select-service	2024
10 TRYP by Wyndham Tashkent	129	Upper-Midscale	2024
11 Park Inn by Radisson Tashkent City Hotel & Apartments	300	Upper-Midscale	2024
12 Radisson Blu Tashkent (new rooms)	70	Upper-Upscale	2025
13 Radisson Collection Tashkent	164	Upper-Upscale/ Luxury	2026
Total	2021		

BASIC TRADING RESULTS

In 2017-2019, modern quality hotels in Tashkent reported strong operating results, with Average Daily Rates (ADRs) in the range of \$140-150, and Occupancies - in the order of 65%. The 2020 market correction, induced by the COVID-19 travel restrictions across the globe, dropped the Occupancies to 21.2%, but since the demand contraction was not market-driven and therefore price-inelastic, the ADR level corrected only by 11.8% year-on-year, to \$131.

However, any increase in the volume of sold rooms in 2021-2022 (which in 2022 yielded 63% in Occupancies, approaching the 2019 record level of approximately 65%) and a subsequent gradual recovery of the Room Yield (RevPAR) (to \$78, still 19% below the 2019 record level) was possible only due to further rate concessions, no doubt, pushed by an increase in room stock.

No doubt, the expected arrival of 2.000 new rooms of various grades over 2023-2026 will make the accommodation offer more balanced but at the same time will slow down the growth of rates and occupancies – until the new stock gets fully absorbed by the market.

~80 USD

RevPAR (Revenue per Available Room, or Room Yield)*

*ADR/RevPAR figures are given for 2022

~120 USD

Average Daily Rates (ADRs)*



Source: Commonwealth Partnership, 2023

COMMONWEALTH PARTNERSHIP [CMWP™]

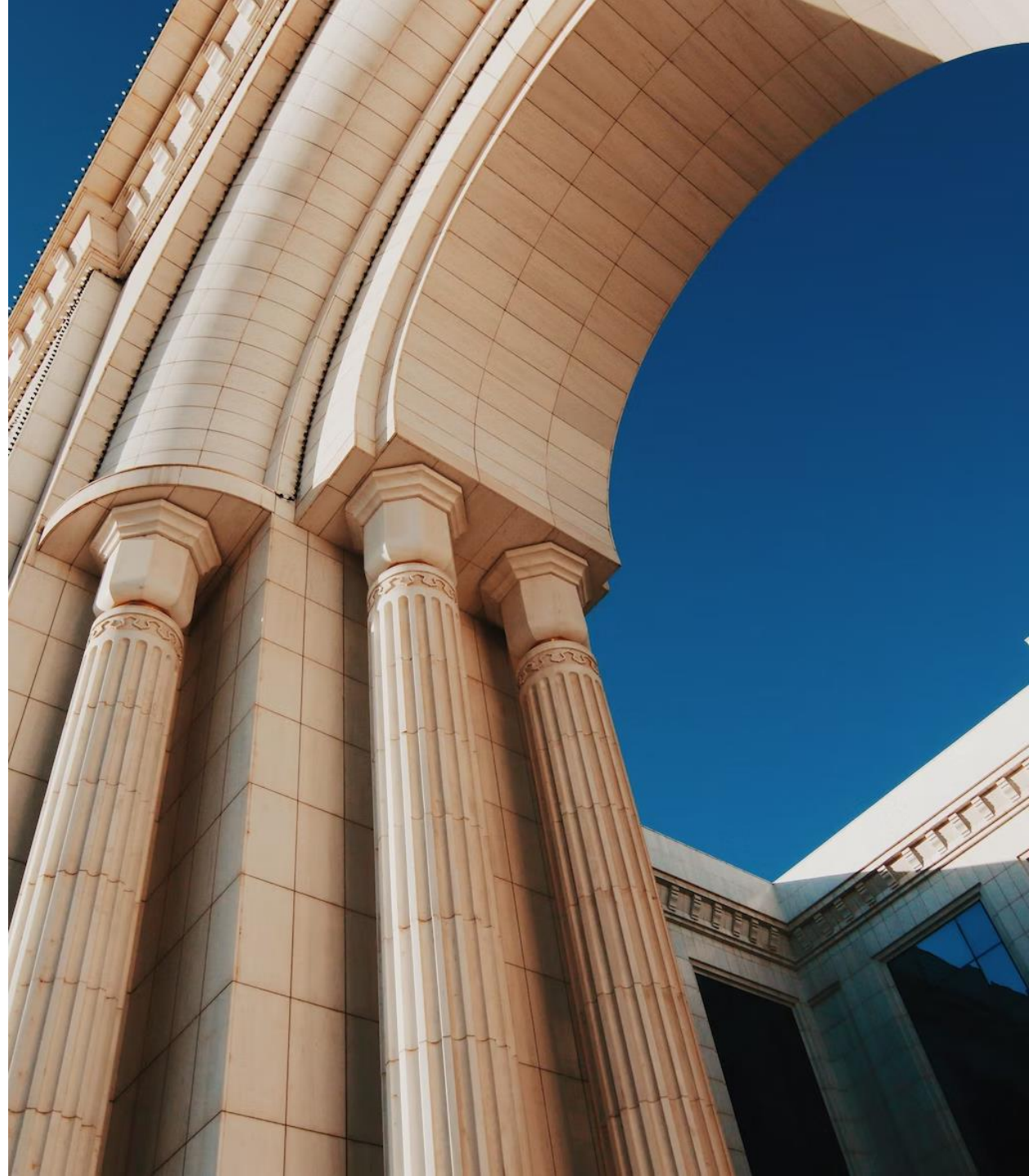
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