Colliers

HOTEL

MARKET REPORT

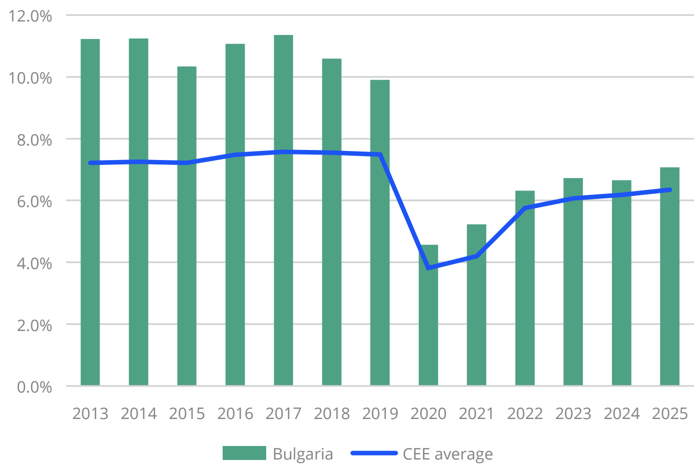
AUGUST 2026

Tourism is a key pillar of the Bulgarian economy and one of the country's most important service sectors. Its contribution to GDP remains consistently above the CEE average, highlighting Bulgaria's strong appeal as a destination and the sector's strategic importance to economic growth.

Tourism remains an important contributor to Bulgaria's economy, accounting for between 10% and 11% of GDP during the 2013-2019 period, consistently above the CEE average. The sector was severely affected by the COVID-19 pandemic, with tourism's share of GDP falling sharply to 4.6% in 2020. Since then, the market has demonstrated a steady recovery, reaching 7.1% of GDP in 2025. Despite the improvement, tourism's contribution remains below pre-pandemic levels, indicating further growth potential as visitor demand and hospitality activity continue to strengthen.

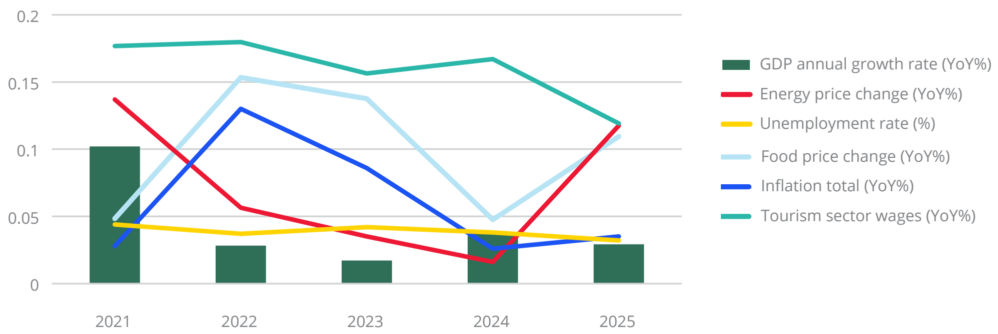
Bulgaria's macroeconomic environment is characterised by continued economic growth, low unemployment and rising household incomes, which support consumer spending and tourism demand. At the same time, hotel operators face increasing cost pressures, driven by higher food prices, energy expenses and general inflation. Wage growth in the tourism sector has remained strong, reflecting intense competition for labour and further inflating operating costs. Overall, the sector benefits from favourable demand fundamentals but operates in an increasingly cost-intensive environment.

Fig. 1: Share of the tourism sector from GDP (% of total)



Source: World Travel & Tourism Council

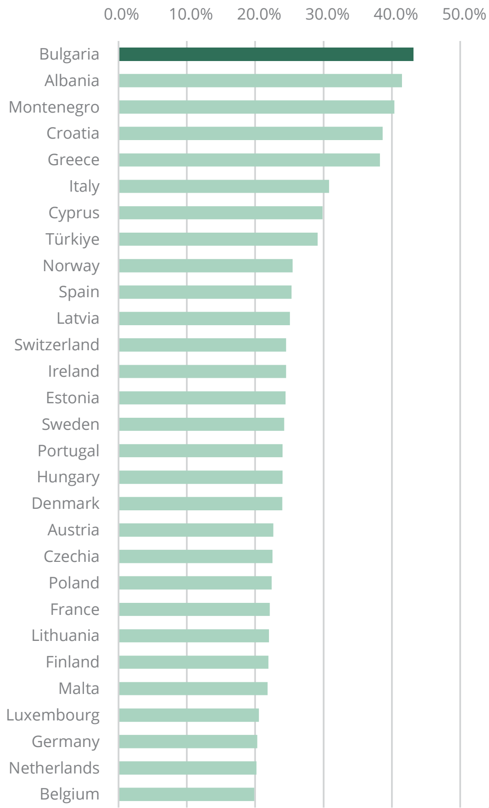
Fig.2: Main macro indicators connected to the hotel sector (YoY growth)



Source: National Statistical Institute, Eurostat

Bulgaria exhibits one of the most pronounced tourism seasonality patterns in Europe, with demand heavily peaking in July and August, while June and September function as the primary shoulder periods. The country ranks first among the analysed EMEA markets for seasonal concentration, while eight of the top ten most seasonal tourism markets are Mediterranean countries. This reflects Bulgaria's strong reliance on summer leisure tourism, particularly along the Black Sea coast, resulting in substantial fluctuations in occupancy, room rates and operational activity throughout the year. While Bulgaria remains highly dependent on peak summer demand, changing travel patterns and rising temperatures across Europe are encouraging more visitors to travel during the shoulder season. This could help extend the tourism period beyond July and August, supporting more stable occupancy levels and hotel revenues throughout the year. International hotel brands are heavily concentrated in Sofia, followed by Plovdiv. Bulgaria's Black Sea resorts remain dominated by local operators, highlighting potential opportunities for further brand expansion in established leisure destinations.

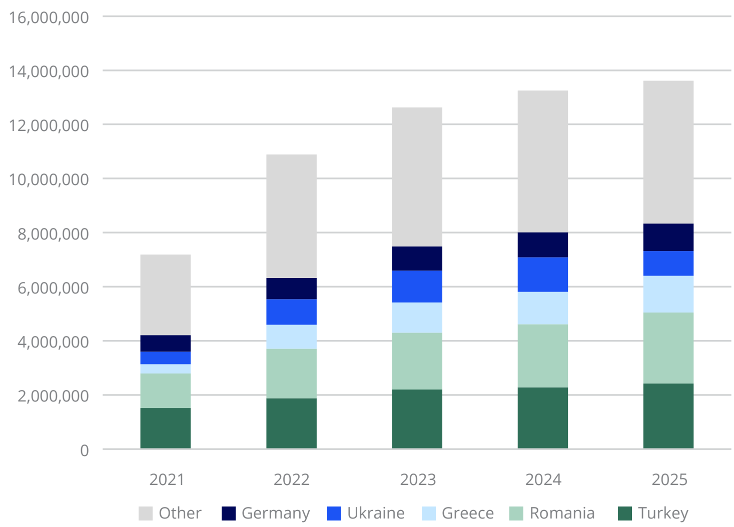
Fig. 3: Annual nights in hotels by destination - July and August (% of total)



Source: Eurostat

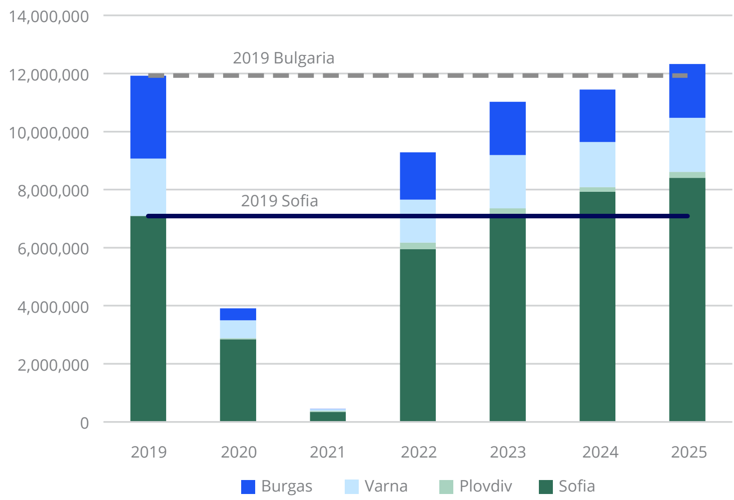
International visitor demand is primarily driven by Bulgaria's neighbouring countries, with Turkey, Romania and Greece accounting for a significant share of total arrivals, alongside Germany as one of the country's key source markets. The majority of trips to Bulgaria are leisure-oriented, reinforcing the country's strong positioning as a holiday destination. This also contributes to the pronounced seasonality of tourism activity, particularly in coastal markets. Visitor arrivals have increased across Bulgaria's key source markets, reflecting the continued recovery of international travel demand and supporting the sustained growth of the tourism sector. However, a more moderate performance from the German market is expected in the near term following the suspension of charter flights to the two Black Sea airports.

Fig. 4: Visitor nationality



Source: National Statistical Institute

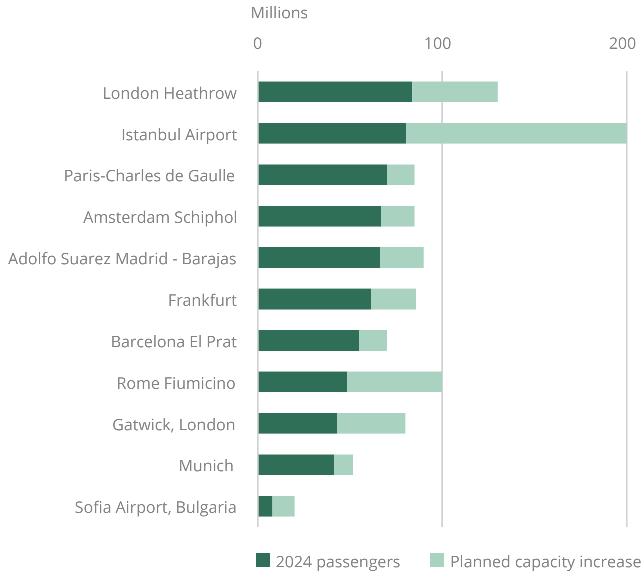
Fig. 5: Number of passengers at Bulgarian airports



Source: Civil Aviation Administration

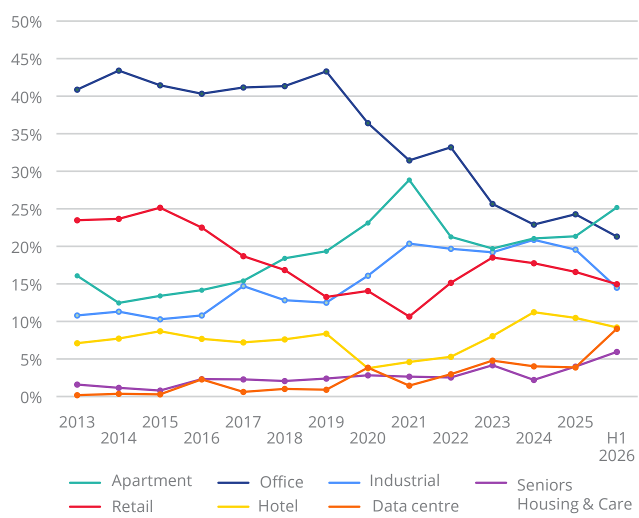
Air connectivity has largely recovered following the disruption caused by the pandemic, with passenger traffic at Bulgaria's major airports in 2025 exceeding pre-pandemic levels. Sofia Airport was the first to fully recover, surpassing its 2019 passenger volumes in 2023, while the continued growth of traffic through Varna and Burgas reflects the recovery of leisure travel. At the same time, Bulgaria benefits from strong cross-border accessibility, as a significant share of visitors arrive by road from neighbouring countries. The country's accession to Schengen and improved transport infrastructure, including the projected completion of the motorway connection to Greece, are expected to further support tourist flows and enhance accessibility to key destinations. The suspension of Qatar Airways' direct route reduces Bulgaria's connectivity with the Middle East and parts of Asia. Nevertheless, the overall impact on tourism is expected to be limited given the dominance of European markets and the availability of alternative connecting routes through major regional hubs.

Fig. 6: Top 10 airports in Europe by total passengers and planned capacity expansions + Sofia Airport



Source: Colliers, Eurostat, UK CAA, various press reports

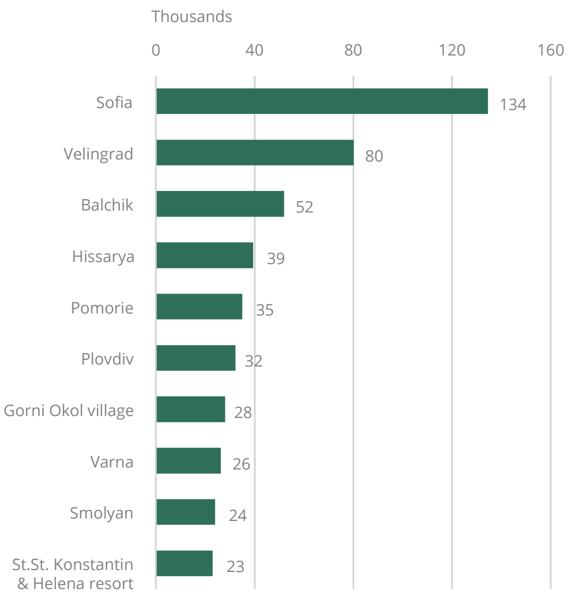
Fig. 7: EMEA investment activity by sector (% of total)



Source: Colliers, MSCI Real Capital Analytics

European airports are investing heavily in capacity expansion to accommodate the continued growth of passenger traffic and support long-term tourism demand. All major aviation hubs shown in the chart have announced plans to increase capacity, with particularly significant expansions underway at Istanbul Airport, London Heathrow, Rome Fiumicino, Madrid and Amsterdam Schiphol. These investments reflect confidence in the sustained growth of both leisure and business travel, despite some airports only recently recovering to pre-pandemic traffic levels. Against this backdrop, Sofia Airport remains comparatively small but has already surpassed its pre-pandemic passenger volume, positioned well to benefit from the broader growth of regional and European air travel.
The planned development of Terminal 3 at Sofia Airport is expected to significantly increase passenger handling capacity, strengthen Bulgaria's international connectivity, and support the long-term growth of tourism and business travel demand. Increasing airport capacity across Europe is expected to further enhance connectivity and support tourism flows to destinations such as Bulgaria.

Fig. 8: Hotel pipeline



The hotel sector in Bulgaria has maintained a relatively stable share of around 12% of total investment activity, supported by the strong recovery in tourism fundamentals and improving hotel operating performance. This trend is consistent with the wider EMEA market, where hospitality has increased its share of investment volumes since the pandemic and now accounts for a greater proportion of transactions compared to the period before 2020. While investor activity in Europe remains concentrated in the more mature hotel markets in Western and Southern Europe, the growing attractiveness of tourism-related assets is driving continued interest in emerging destinations such as Bulgaria. The sector continues to benefit from solid demand fundamentals, although investment decisions remain selective and increasingly focused on assets with strong operational performance and value-add potential.

Hotel development activity remains robust, with 118 projects currently under active construction across Bulgaria, expected to add 500,000 sqm of new hospitality space. Sofia leads the pipeline by a considerable margin, reflecting the continued growth of both business and leisure travel demand in the capital. At the same time, a significant number of developments are concentrated in established SPA and leisure destinations such as Velingrad, Hisarya, Pomorie and Balchik. The broad geographic distribution of projects highlights investor confidence in both urban and resort markets across the country.

Outlook

- Ongoing conflicts in the wider region continue to influence the perception of risk among insurance providers, tour operators and international travelers. However, Bulgaria remains widely perceived as a safe destination, with no material impact on overall tourism demand observed to date. Travel demand is expected to remain resilient, but behaviour is changing. Despite the conflicts in the Middle East and broader geopolitical uncertainty, people continue to travel. However, bookings are expected to be increasingly made last-minute, trips to become shorter and travelers to show greater sensitivity to prices and safety considerations.

- Hotel operators are facing intensifying pressure across all major expense categories, including energy, food, services and labour. At the same time, successful hotel operations are becoming increasingly management-intensive, requiring strong expertise in revenue management, staffing, marketing, and guest experience. The strong performance of several local labels demonstrates that international branding is not a requirement for success, and the role of experienced hoteliers is expected to become even more important as competition and operating complexity continue to increase.

- The hospitality sector continues to face labour shortages and increasing competition for qualified staff. Attracting, retaining and developing skilled employees is expected to remain a critical factor in maintaining service quality, strengthening destination reputation and supporting long-term tourism growth.

- Hotel properties are expected to continue offering higher returns than many traditional asset classes, reflecting the positive long-term outlook for Bulgaria's tourism industry and the country's improving international competitiveness. However, performance is expected to remain more dependent to economic cycles, tourism demand, seasonality and consumer spending trends, resulting in higher volatility compared to other asset classes.

- Short-term rental platforms generate revenues equivalent to roughly one-quarter of Sofia's hotel market and play an important role in the accommodation ecosystem. They help address a supply gap in the budget and mid-scale segments, offering flexible and affordable alternatives to traditional hotels. Other alternative accommodation formats are expected to remain niche, while the build-to-rent sector is largely underdeveloped. The latter reflects Bulgaria's strong homeownership culture and favourable conditions for residential purchases, although a small number of branded residence projects have been recently planned or developed.

- Large-scale international events such as Eurovision are expected to generate a significant, but short-term increase in visitor numbers, hotel occupancy and tourism spending. More importantly, such occasions can deliver lasting benefits through improved international visibility and destination awareness.

- Travelers increasingly seek a comprehensive hospitality experience rather than simply accommodation. Amenities such as wellness facilities, food and beverage concepts, entertainment offerings and exposure to local culture are becoming key differentiators for hotel operators. Demand is expected to shift more towards premium lifestyle and wellness accommodation. Adults-only concepts, nature-oriented design, spa facilities, fine dining and extended-stay offerings enjoy a growing demand, highlighting customers' preference for exclusive experiences rather than traditional accommodation-focused products.

For more information

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