



photo by Rafaluchowski

Setting the style...

Warsaw's Rialto, with its distinctive looks and unusual interior, led the way for boutique hotels in the capital, when it arrived on the market in 2002.

investors are keen to capitalize on the resurgence.

The Von der Heyden Group in June announced plans to develop a four-star boutique hotel in the heart of Gdańsk's old town. Called the Długi Targ project, and consisting of 44 rooms based in three former semi-detached houses from the turn of the 18th and 19th centuries, the hotel will aim to cash in on the tourism boom that has gripped the coast in the past year or so. Thorough refurbishment will result in the hotel, which will take up 2,500 square meters on four floors, being open to guests in winter 2007. With hot summers, sandy beaches in nearby Sopot, a thriving nightlife and a rich historical and cultural heritage, the Tri-City capital seems ripe for hotel development. "The Gdańsk hotel market has huge potential," says the Von Der Heyden Group's chairman, Sven Von der Heyden. "It may have been a little neglected recently in favor of places such as Kraków and Wrocław, but this has changed and it can now expect to attract up to a million visitors a year. The location of the hotel in the historical quarter of the city is very exciting for us."

Sector experts, such as Colliers International's Alex Kloszewski, agree that Gdańsk and its environs can look to the future with optimism. "Although you wouldn't compare it to the levels in Warsaw, demand is growing by three to three-and-a-half percent a year in the Tri-City district, which is quite respectable for that region," he says.

Kloszewski adds that Długi Targ's 44 rooms could expect to be filled regularly enough to make the project a sound proposition. A recent report published by the *Gazeta Wyborcza* newspaper revealed that the Tri City region has become an alternative holiday mecca—in preference to Ibiza and the Greek islands—for an increasing number of young British, Irish and Scandinavian fun-lovers. "They arrive on Thursday evenings," said waiter Marcin Stefanowski of the Sphinx restaurant—located very near the Von der Heyden Group's new hotel in Gdańsk. "They spend the evening in the old town and then go to Sopot. They come for the cheap beer and the excellent parties. On

Moving Upstream

Boutique and small luxury hotels are a sign of a market coming of age. Intimate and custom-designed to meet their guests' every whim, their growing popularity in Poland is testimony to the sense of confidence in a burgeoning sector, offering clients a personal touch.

Warsaw was the first port of call for the boutique hotel phenomenon. The 45-room Rialto, located on Wilcza 73, adopted an Art-Deco theme when it arrived in autumn, 2002. Then, in summer 2004, the capital's historic quarter welcomed the Le Regina. Both claim to have seen occupancy rates grow steadily since then and are looking

forward to greater success in the years ahead.

But now the regions are also beginning to demand more choice in the range of hotels on offer. Since the budget airline business took off over the past few years, cities such as Kraków, Gdańsk and Wrocław have been welcoming increasing numbers of tourists, and

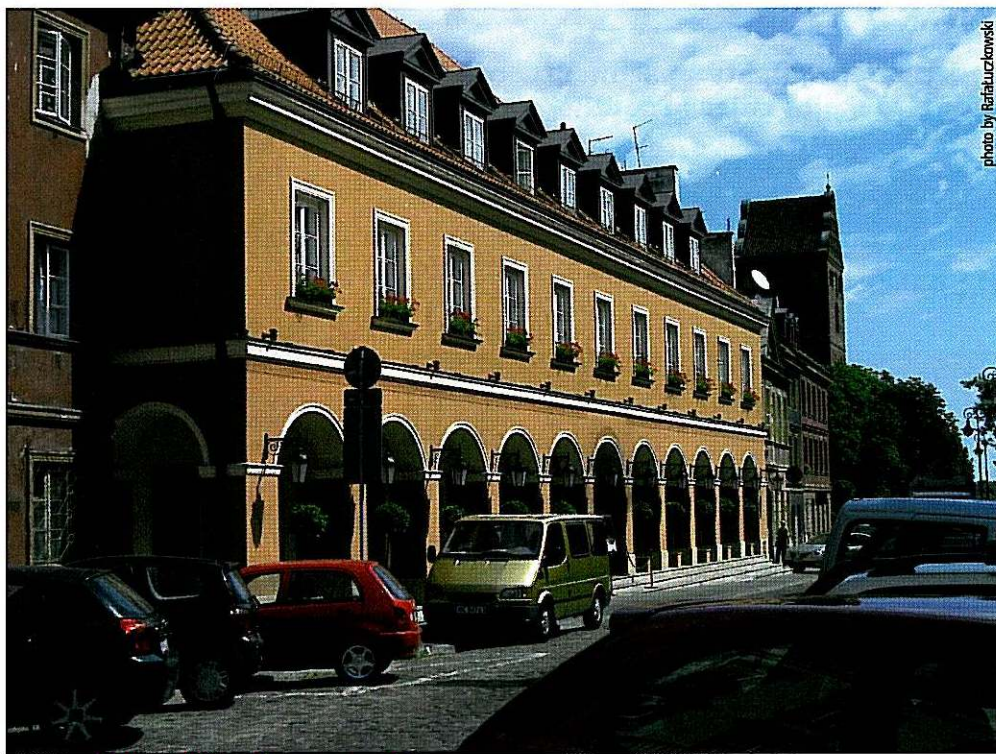


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Attracting the crowds...

Orco's Le Regina in Warsaw's historic quarter reports that tourist numbers have grown since it opened in 2004, and its management are optimistic about future prospects.

Saturdays and Sundays they can take up to 50 seats."

These tourists might not at first glance seem likely customers for the Długi Targ project, but with the savings they make on entertainment by coming to Poland's northern coast, they may well be able to afford something more in extra comfort.

Weekend demand in the city is booming, say market watchers. "On every plane from the United Kingdom, 20 percent of the people are here to party for three or four days," says Adam Skonieczny, market analyst at Gdańsk's Lech Wałęsa airport. "But to the British and Irish who come by plane you have to add the Scandinavians who arrive here on ferries."

The Tri City's improving fortunes are matched by those of Warsaw, which has for some time been home to boutique and small luxury hotels. For a long time trapped in a malaise of over-supply—which sent room rates hurtling down to alarming lev-

Diversifying...

One of Gdańsk's leading tourist destination, Długi Targ, will soon be home to a Von Der Heyden Group hotel development.

els—the capital is now enjoying an upturn, sector insiders say. "We've seen a huge increase this year compared to last," says Stefan Radstrom, general manager of the Le Regina Hotel. "Both business and tourist custom is up because of the low-cost airlines."

A year ago some developers would not touch Warsaw because of its chronic over-supply of rooms, but times have changed. "Two years ago Poland was in

courtesy of VDHG



dire straits," says Von der Heyden. "Room rates were plummeting and the situation became ridiculous with people joking that they could get a room for EUR 50 a night. It became something of a sport and we abandoned a hotel project in Warsaw because of it. We had a building permit for a three-star hotel but there was no point in developing it. But now the market in Warsaw has recovered tremendously."

In 2002 the Rialto Hotel was a novelty to the capital's hotel sector. With its individually-designed rooms and hand-picked period furniture, it evidently contributed to a new era in the Polish hospitality industry. "More and more customers appreciate the difference we can offer compared to the big chains," says Karl Braun, general manager of the Rialto. "In the mid-term there is quite a lot of scope for this type of product in Warsaw. I would say it could cope with another two to three [boutique/small luxury] hotels, because this is one of the cheapest capitals in Europe."

But the Rialto could well be facing competition very soon. Austrian developer Warimpex is currently refurbishing one of Warsaw's most intriguing landmarks, deep within the capital's former Jewish quarter. Despite the devastation wrought by the Nazis in World War II, which saw most of Warsaw flattened, two buildings on ul. Próźna are about to be converted into a 75-room boutique hotel, which will see another floor added to the houses at numbers 7 and 9. Though the developer previously complained about bureaucratic hitches brought on by the city council's need to protect what little remained of Warsaw's historical heritage, these difficulties seem to have been ironed out now. "Everything is going very smoothly and our cooperation with the city authorities has been excellent," said Franz Jurkowitzsch, CEO of Warimpex. Following in the Polonia Place's footsteps of refurbishing run-down pre-war buildings, perhaps developments like those on Próźna, are marking a change of fortunes for Poland's downtown locations.

■ Colin Graham

Comments? Questions?

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