

Hotels Snapshot

Q3 2023

The sector indicators are compiled quarterly from a detailed and exhaustive study prepared by experts in the Knight Frank Spain office and are based on real data and market trends.

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The industry maintains its strong growth at a steady pace

- After a swift post-pandemic recovery, which was evident in key hotel metrics, these continue to grow: RevPAR increases at an annual rate of 13%, ADR by 8%, and overnight stays by 6%.

SPAIN SITUATION

The hotel industry presents a favorable outlook, primarily driven by a resurgence in tourism, increased spending, and a high-quality offering at a national level, particularly in major tourist destinations.

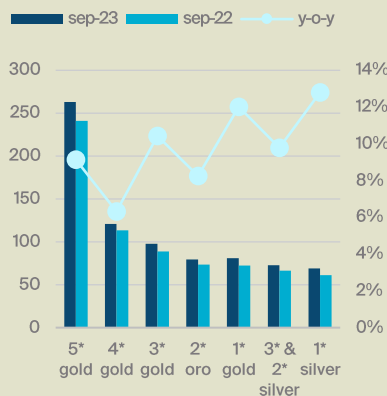
The most recent data for September reveals that the average daily rate (ADR) across all categories exceeds €116, with 5-star hotels standing out by surpassing 260 euros.

The revenue per available room (RevPAR) at the national level is approaching €90 as of September, marking a 13% increase compared to the same period last year. Nearly the entire country has seen growth in this metric, with Melilla standing out with over 20% growth, and the Basque Country, Castilla y Leon, and Madrid surpassing 15% annual growth.

In the month of June, the number of overnight stays in Spain reached 40 million. Notably, overnight stays by foreign residents have increased by 10% annually, totaling 26.3 million.

ADR variation by hotel category*

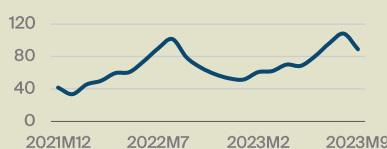
Sep 2023 vs sep 2022. € and %



Source: Knight Frank Research | INE
*Gold category: hotel / Silver category: hostels.

Evolución RevPAR*

2021 (dic) – 2023 (sep). €



Source: INE *All hotels categories

Spain

ADR (% sep 23 vs sep 22)

8% (+15% sep. 22 vs sep. 21)

RevPAR (% sep 23 vs sep 22)

13% (+41% sep 22 vs sep 21)

Nº hotel overnightstays (% sep 23 vs sep 22)

6% (40 % sep 22 vs sep 21)

Nº of hotel overnight stays

2022 (dic) – 2023 (sep). Million



Fuente: INE

Average annual variation in hotel RevPAR

Sep 2023 vs sep 2022. %



Source: INE | Knight Frank Research

HOTEL INVESTMENT IN SPAIN

Investment in the hotel sector has reached nearly €1.93 billion during the first nine months of the year, marking a 27% increase compared to the same period in the previous year. Hotels with 4 and 5 stars have led this growth, accounting for almost 80% of the total transactions, in contrast to the 65% recorded in the same period in 2022.

During the third quarter, despite a decrease in the investment volume (-40% vs. Q3 2022), the selling price per room continues to rise, registering around €445,000, a 74% increase compared to Q3 2022.

In terms of locations, Barcelona and Madrid lead the year's investments so far, comprising 28% and 22% of the total, respectively. The Balearic Islands have also stood out, collectively accounting for nearly 16% up to the third quarter.

Buyers from the Middle East have spearheaded the accumulated investment up to the third quarter, representing 42% of the total, mainly due to the ADIA fund with the purchase of a portfolio of 17 hotels, while domestic buyers account for 40% across 19 transactions.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



Capital Markets

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Spain

Investment volume Q3 2023

€188 M (€319 M Q2 2022)

Top 3 investment deals Q2 2023

€50 M | Barcelona, The Gallery

Vendor: Gallery Hotels | Purchaser: Meridia
Rooms: 110

Source: Hosteltur

€36 M | Madrid, Axel Madrid

Vendor: HI Partners | Purchaser: Limestone
Rooms: 88

Source: Hosteltur

€35 M | Málaga, Molina Lario

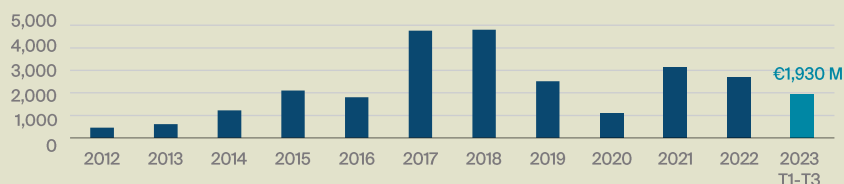
Vendor: Gallery Hotels | Purchaser: Meridia
Rooms: 103

Source: Hosteltur

Among the notable transactions in the quarter is the acquisition of the 4-star hotel, The Gallery Barcelona, by Meridia Capital from Gallery Hotels, with a total value exceeding €50 million. This deal is part of a combined purchase with another hotel asset in Malaga, Molina Lario, also a 4-star property, resulting in a total investment of €85 million for the acquisition of both properties.

Annual investment volume evolution

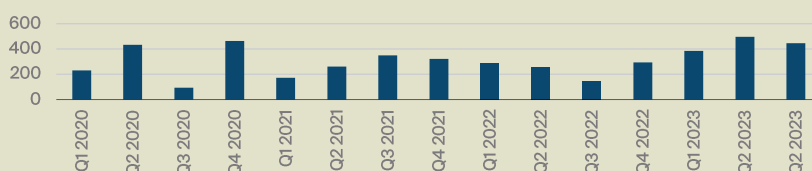
2012 – Q1-Q3 2023. M€



Source: Knight Frank Research

Sale price per room*

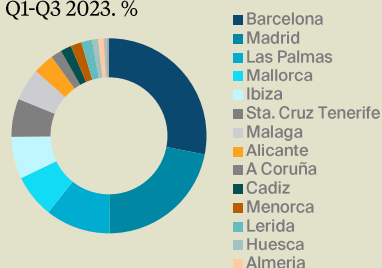
Q1 2020 – Q3 2023. €/room. Thousands



Source: Knight Frank Research. *All categories are included and excludes non-representative transactions.

Investment by province*

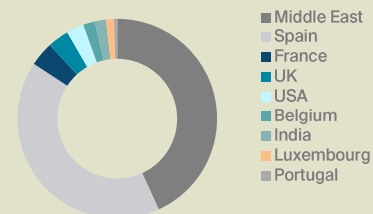
Q1-Q3 2023. %



Source: Knight Frank Research
*Excludes non-representative transactions

Investment by nationality*

Q1-Q3 2023. %



Source: Knight Frank Research
*Excludes non-representative transactions