

2022



# Hotels

**The sector's performance and its future role**

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# GLOBAL CONTEXT

## INTERNATIONAL TOURISM

*For a third consecutive year international tourism is having to face the effects of the Covid-19 global pandemic.*

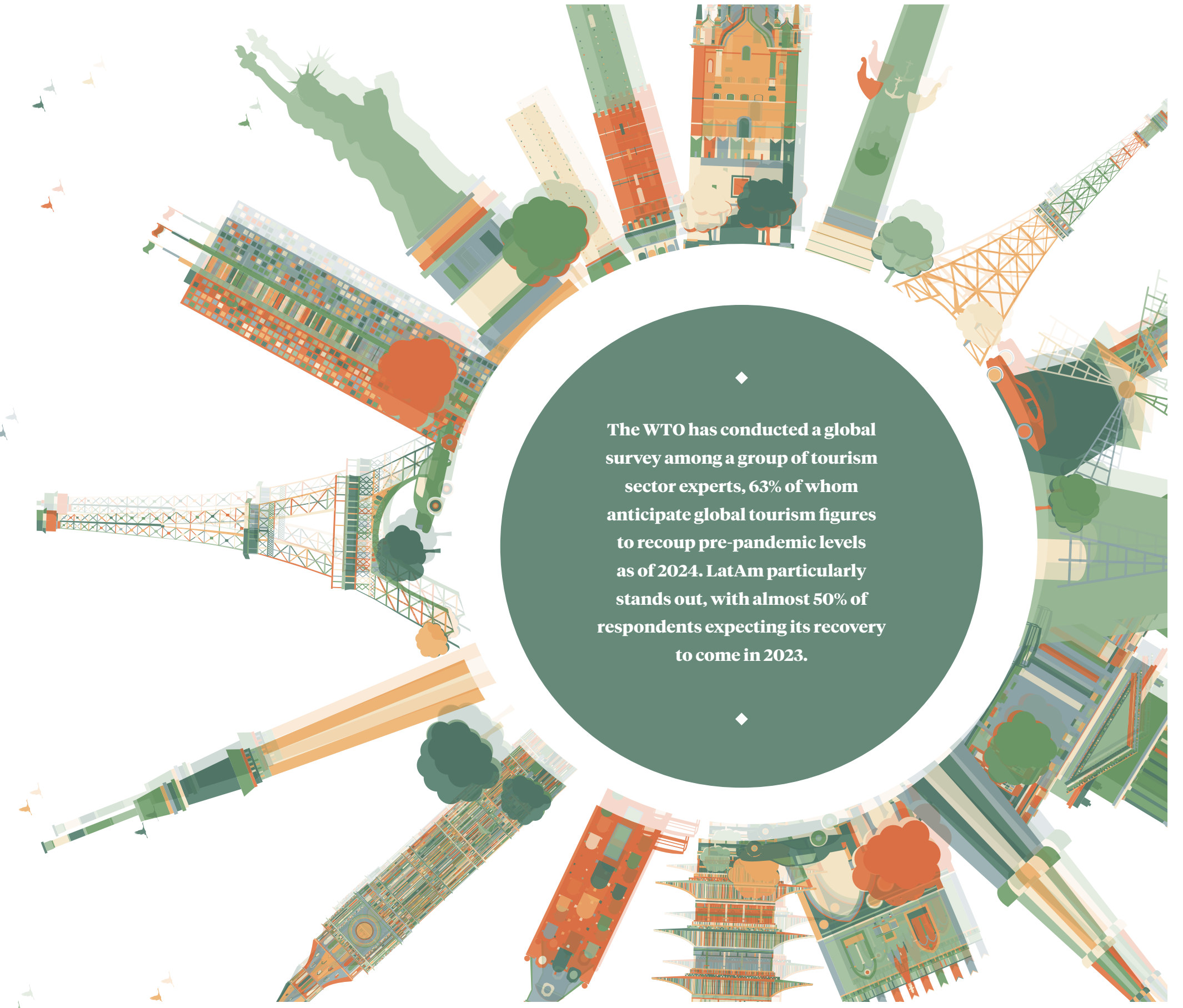
International tourism is now in its third consecutive year of having to deal with the effects of the Covid-19 global pandemic.

According to the latest available WTO (World Tourism Organization) data, international tourist arrivals in December 2021 were 65% down on the figures registered for 2019. However, compared to the same period in 2020 – when arrivals plummeted 84% year-on-year – the decline in 2021 was just 19%. In fact, signs so far this year suggest that visitor numbers will start to trend back up again over the coming months.

Asia-Pacific has seen the sharpest drop in

international tourist arrivals, tumbling 91% in 2021 versus 2019. This compared to LatAm which saw overseas visitor numbers down by 51% in 2021 compared to 2019. Spain, however, is returning to form well, with 2021 figures improving 33% compared to the downturn seen in 2020.

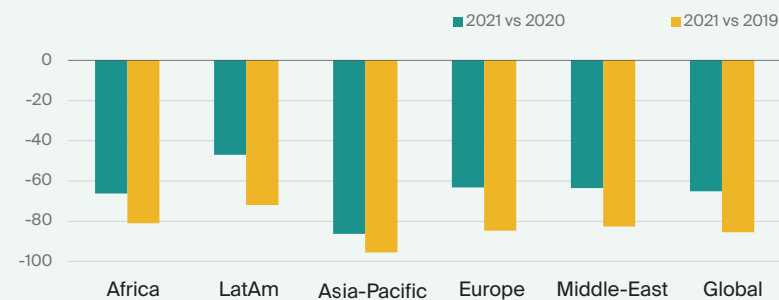
The WTO has conducted a global survey among a group of tourism sector experts, 63% of whom anticipate global tourism figures to recoup pre-pandemic levels as of 2024. LatAm particularly stands out, with almost 50% of respondents expecting its recovery to come in 2023.



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**Variation in international tourist arrivals by region**

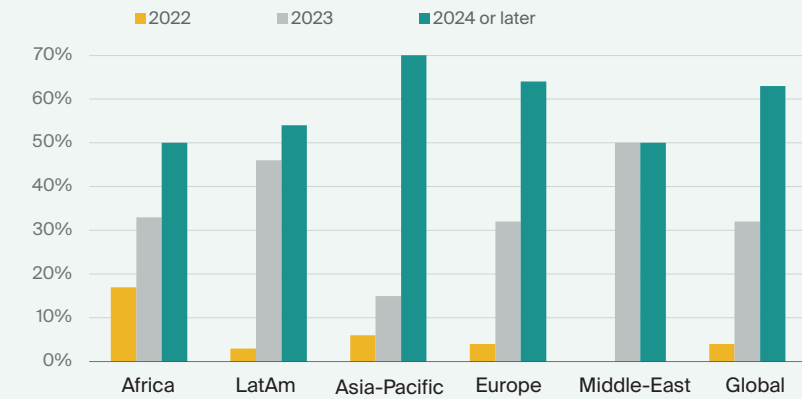
December. %



Source: World Tourism Organization (WTO)

**International tourism: recovery of 2019 levels by region**

2022 - 2024 or later. %

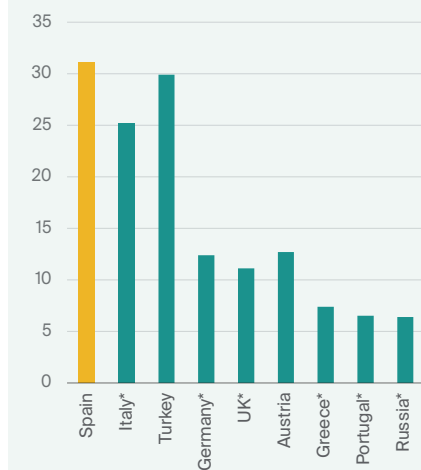


Source: WTO

Nevertheless, the recovery of this sector will depend on multiple factors, such as the speed with which the vaccination programme is rolled out, potential new variants of the virus, such as the recent Omicron variant, booster vaccine jabs, as well as the degree to which restrictions are eased in each area.

**Ranking of the most visited European countries**

2021. Millions of people



Source: Statista. \*Latest available data for 2022

Before the onset of the pandemic, Spain was Europe's second most-visited country, receiving more than 80 million tourists in 2019. With this figure coming in at 31 million tourists in 2021, Spain is currently heading up the continent's recovery.

However, according to flight reservations made up until 20 February 2022 for the summer holiday period (1 June - 31 August) in the main European source markets, Denmark and the United Kingdom account for almost 1% in the weekly reservations.

It is also worth highlighting that compared to figures for 2019, Spain is also the country to have gained the most market share – seeing it rise almost 15% in 2021.

The European Commission is investing heavily in the recovery of its member countries, rolling out the largest stimulus package ever financed by Europe and one which has a specific budget for the tourism sector. It is also developing tools to facilitate mobility between countries, including the Re-open EU app which provides up-to-date information regarding the measures in place in each country, and the COVID Digital Certificate with which EU residents and citizens can verify their COVID certificates across the EU. These

**Reservas de vuelos principales emisores europeos**

2019 vs 2021\*. %



Source: Sojern. \* Flight reservations made up until 20 February to travel between 1 June and 31 August 2022.

measures are gradually helping figures trend back towards pre-pandemic levels.

**The global hotel market**

According to the latest available data, for three consecutive years – between 2016 and 2018 – the global hotel market expanded as revenue generated steadily rose, reaching €1,110 million in 2018. Although growth ebbed slightly in 2019, the annual figure still came in higher than the comparable average for previous years.

A very positive year-end figure is anticipated for FY 2021, expecting it to come within close reach of the €1,000 million mark, out-

stripping the figure reported in 2019 and just short of 2018's figure.

Following the pandemic and the economic downturn that ensued, some hotel chains are in urgent need of liquidity. One way of offsetting the financial damage inflicted by the pandemic has been via public-private partnerships, as well as other additional measures that have been implemented, such as the Spanish furlough scheme (ERTEs), stimulus packages introduced by various governments, refinancing operations, etc.

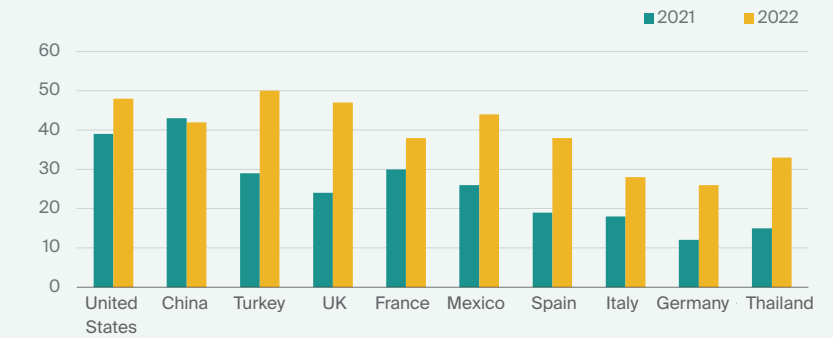
In terms of occupancy rates in the world's top 10 destinations, the latest available data at January 2022 shows that Turkey and the United States head up the leader board with occupancy at almost 50%, while rates in Spain stand at around 40% – 19% higher than one year earlier.

Bearing in mind the differing size between countries, the country with the highest number of new hotels in the pipeline is the United States, with more than 5,000 hotels and some 650,000 beds forecast, this is followed by China, with over 3,000 hotels and almost the same number of beds planned – circa 640,000. Someway behind these is the United Kingdom, which occupies the third spot with 370 projects in the pipeline and around 55,000 beds.

Once restrictions are eased, demand in this market is expected to start to make up for lost time, an expectation that has caused the number of hotel projects across the world to start to climb recently.

**Occupancy rate in world's top 10 destinations**

January 2022. %



Source: WTO

**Country ranking: number of hotel projects in pipeline**

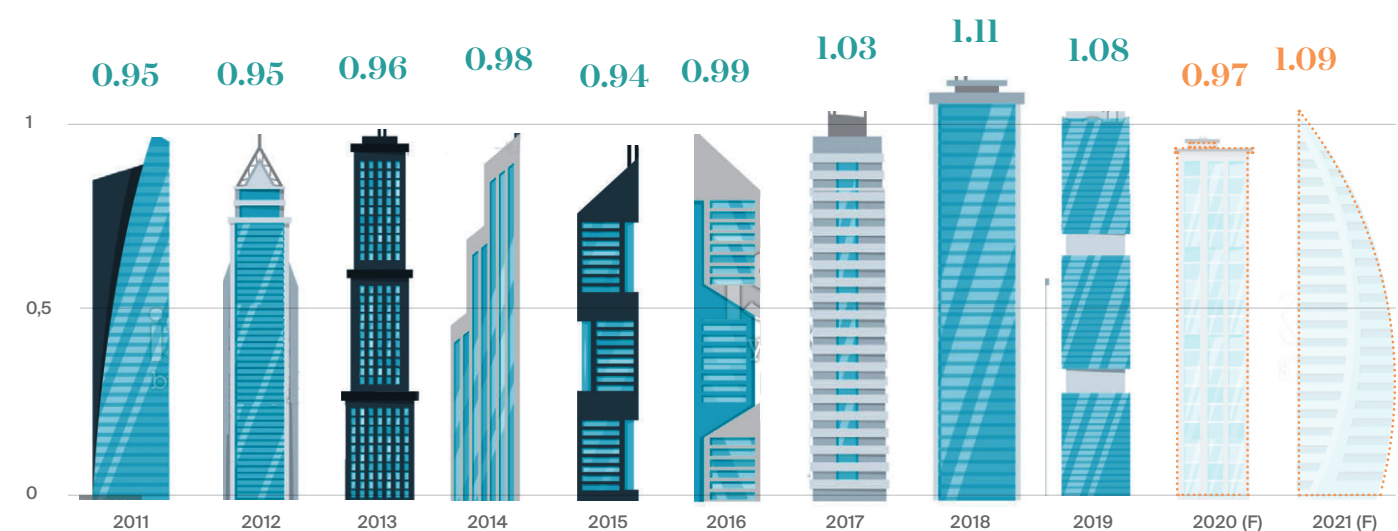
March 2021



Source: Statista

**Size of global hotel market**

2012 - 2021 (F). Billions



Source: Statista

# HOTEL MARKET IN SPAIN

*Spain has been one of the world's leading international tourism destinations for years. Its climate, world-renowned food scene, endless leisure options, rich culture and heritage, along with the safe secure setting it offers are just some of the major draws that lure in international tourists.*

## International tourism in Spain

The onset of the pandemic saw international tourist arrivals to Spain take a veritable nosedive in 2020, however when borders were reopened to the double-vaccinated in June 2021, the country once again started to attract major interest.

For years, Spain had been welcoming around 80 million international tourists each year. The effects of the pandemic sent this figure tumbling to 20 million in 2020. Once measures started to be eased, this figure gra-

dually began to recover in 2021 and at the start of 2022.

According to government data, the country received 31 million international arrivals in 2021, with forecasts suggesting that this will be far higher in 2022.

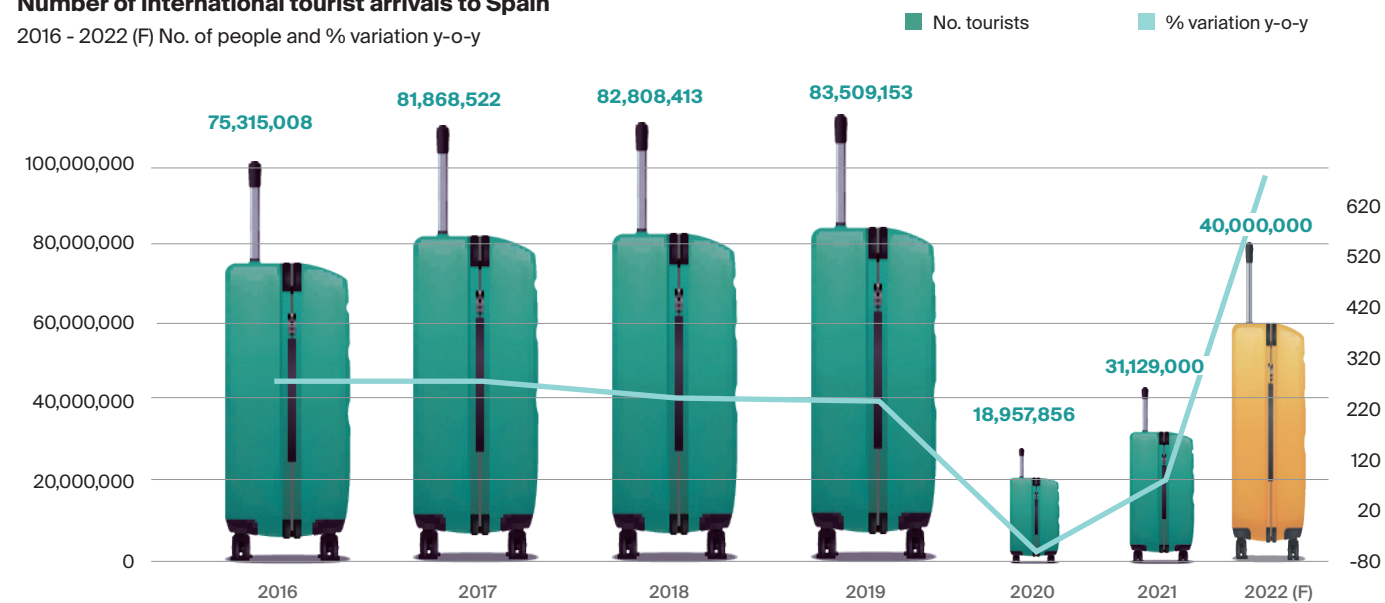
Although 31 million remains a far cry from pre-pandemic levels, it is double the figure registered in 2020.

Pent-up tourist demand is expected to get the sector back on track as the vaccine rollout and the falling number of reported cases allows people to gradually regain a sense of security.

**July 2021 saw European tourists flock to Spain, even more so than in pre-pandemic times. Although there was a slight shake-up in terms of the nationalities of tourists visiting Spain compared to pre-Covid-19, French, German and UK nationals continued to dominate.**

## Number of international tourist arrivals to Spain

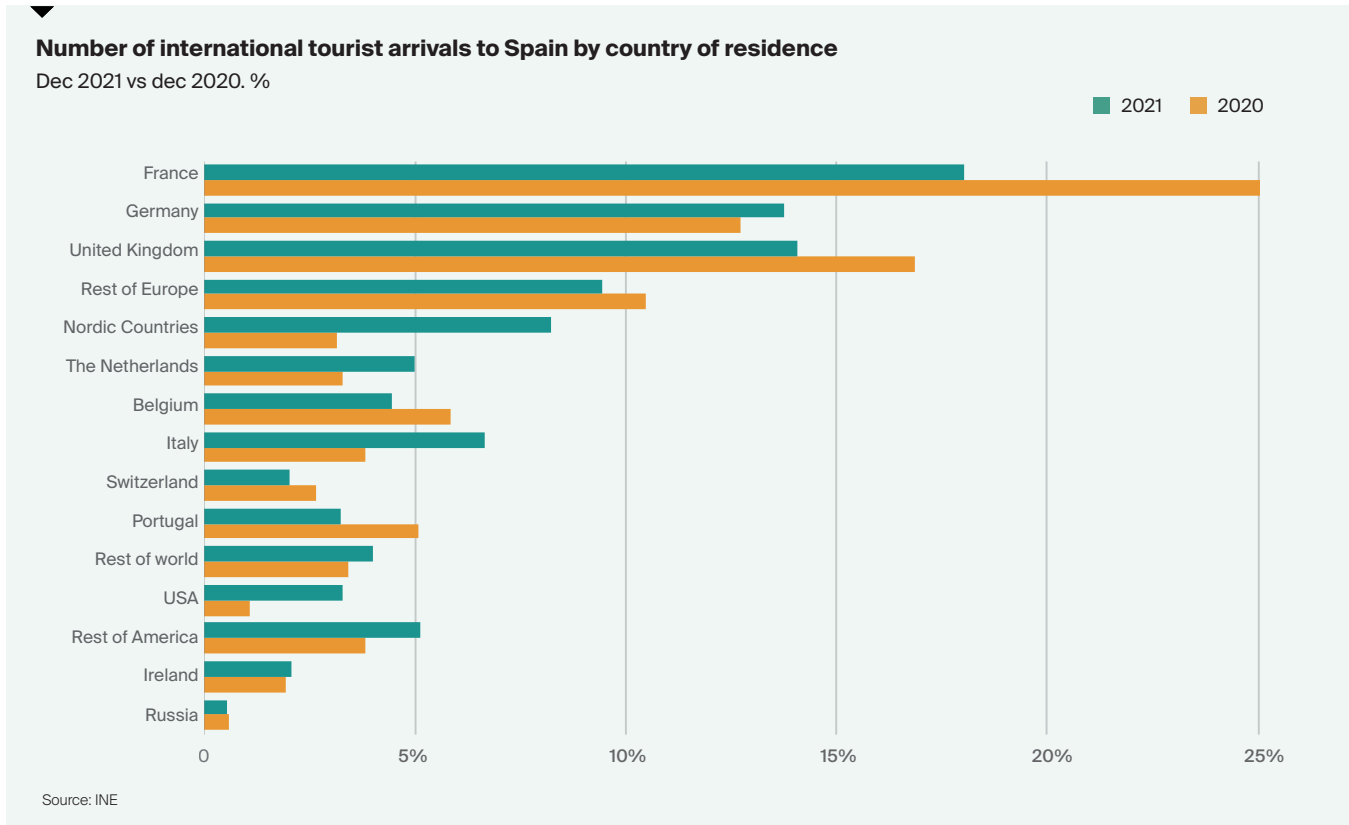
2016 - 2022 (F) No. of people and % variation y-o-y



Source: INE | Ministry of Industry, Commerce and Tourism (F)



Hôtel W Barcelona

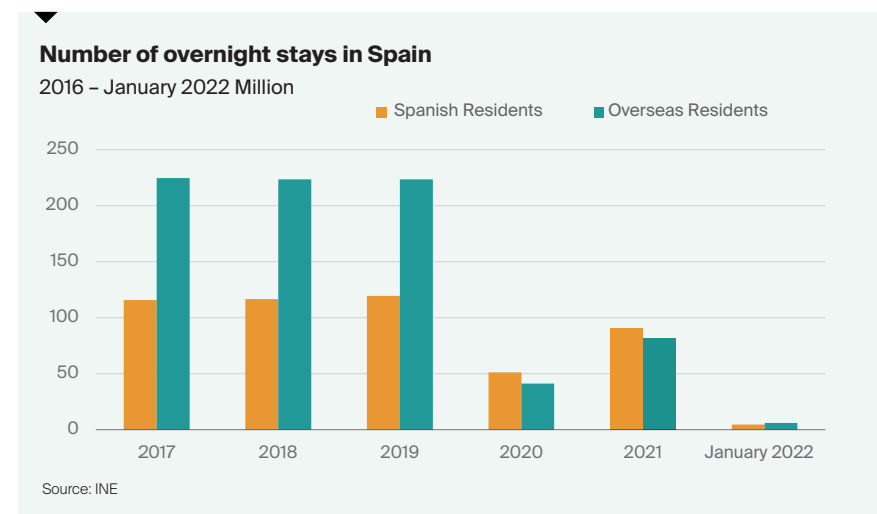


By country of origin, it is interesting to see that, generally speaking, European-based tourism in Spain was up year-on-year in December 2021. Germany and Italy have become Spain's top two international tourism feeder markets, with significantly more German and Italian tourists visiting the country than in December 2020.

While the number of French tourists visiting Spain (topping the leader board in 2020) severely declined – falling more than 7% – the number of tourists arriving from Italy rose 3% in 2021 compared to 2020. Each country's health recommendations, as well as the possibility of travelling to countries located closer to the country of origin in or-

der to be able to act quickly in the event of a medical emergency had a negative effect on the number of international tourists visiting Spain.

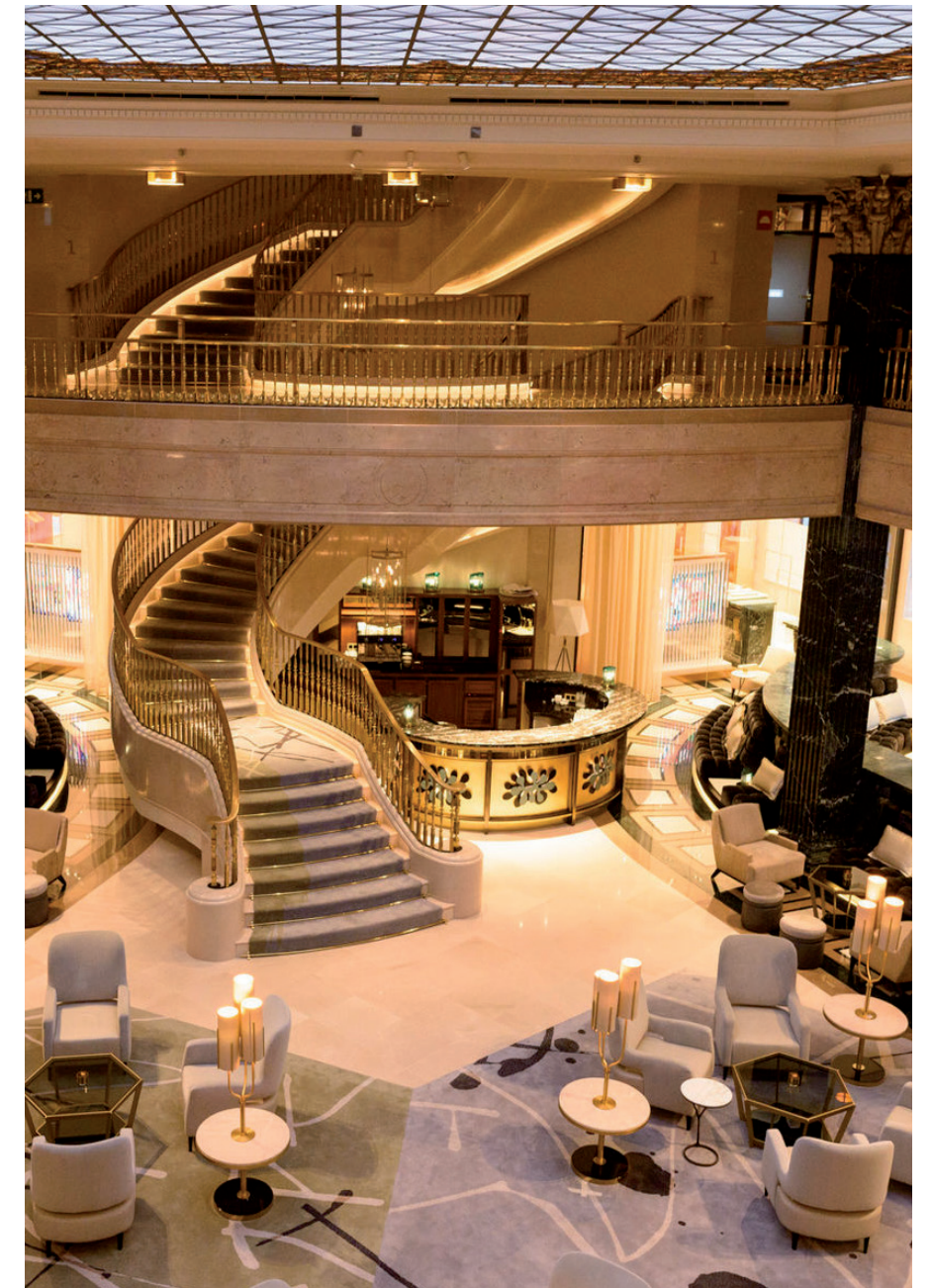
**The pandemic also sparked a resurgence in domestic tourism, with Spaniards all of a sudden becoming the country's primary source of tourism, something that had not been seen for years – with international tourists previously accounting for twice as many overnight stays as domestic tourists.**



**In summer 2021 Spain's hotel industry applied similar rates to those applied in 2019, with domestic tourism largely underpinning demand.**

**Hotels in Spain**

Due to the decline seen in the number of international tourist arrivals since the beginning of the pandemic, 2020 saw a levelling out between the number of overnight stays by Spanish and overseas residents – in stark contrast to the situation prior to the Covid-19 outbreak when international tourists accounted for almost double the amount of overnight stays as their domestic counterparts. This trend continued on into 2021, with domestic tourists accounting for the lion's share of overnight stays – almost 40 million, compared to the close to 23 million registered by overseas residents. However, figures for 2022 show an about turn in this trend, with overseas residents making six million reservations by the end of January 2022, versus the four million made by domestic tourists. The arrival of the fifth wave in Spain put paid to expectations of a major revival in international tourism in summer 2021, with people once again being reluctant to travel in light of the rising number of cases just as the peak summer season was getting underway. Following this, the sixth wave sparked by the Omicron variant had exactly the same effect at the start of the 2021 festive period. On a whole, Spaniards opted to spend their holidays in Spain, a decision also helped by the fact that a similar situation was being seen across all global tourist hubs. The figures recorded for domestic tourists in December 2021 were virtually on a par with pre-pandemic levels, while the number of overnight stays by international



Hotel Four Seasons. Madrid

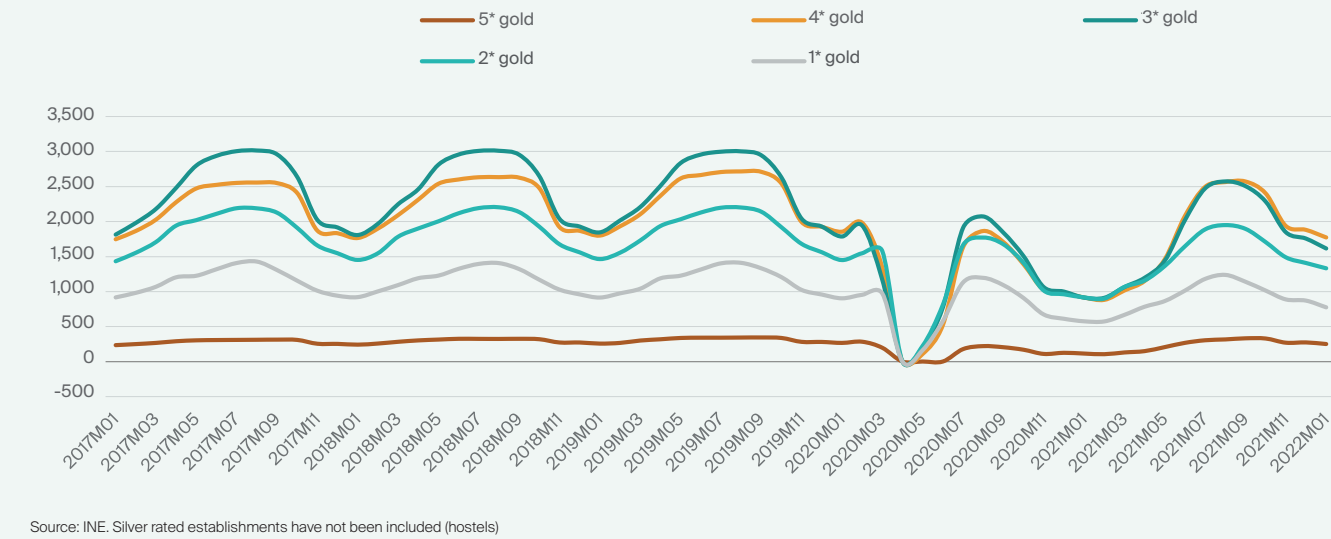
tourists was down 31% compared to 2019.

The economic upswing in the sector was also spurred by the increase in the amount spent by tourists while on holiday, an after-effect of lockdown which allowed people to amass more savings and created a greater desire to engage in leisure activities while on holiday.

In January 2022, more than 5,700 hotels in the gold category (excluding hostels) were open for tourism, almost 40% more than a year earlier and 7% more than in 2019.

The categories with the highest number of hotels open are 3\* and 4\* hotels, followed by 2\* hotels. Although 5\* hotels have followed the same trend as other hotels – gradually increa-

**No. of hotels open in Spain by category\***  
2017 - Jan 2022



sing the amount open as of March and starting to dip again as of September – their exclusive nature, also means that there are less of them. The average number opened between 2016 and the onset of the pandemic was 300 establishments versus an average of circa 2,300 in the 4\* and 3\* categories. Prior to the pandemic, the 5\* category was positively booming,

with major hotel chains setting their sights on opening grand-luxe hotels in cities such as Madrid. The pandemic could have spelled the end for this trend, but as the months went on, new projects that had already been put in motion, started to come onto the market. A need for experiences, relaxing, enjoying free time and simply switching off from the stres-

ses caused by the pandemic across the world spurred demand for such establishments, as well as expectations that international tourism – the primary clients of these types of hotels – would bounce back. Madrid saw the Four Seasons Hotel open in Q3 2020, while the refurbishment of the Hotel Mandarin Oriental Ritz was officially finished in Q2 2021.



Refurbishment of the Ritz Mandarin Oriental Hotel, Madrid

Despite being significantly fewer in number, occupancy rates in the 5\* categories in Spain have traditionally been on a par with those in the 3\* and 4\* categories.

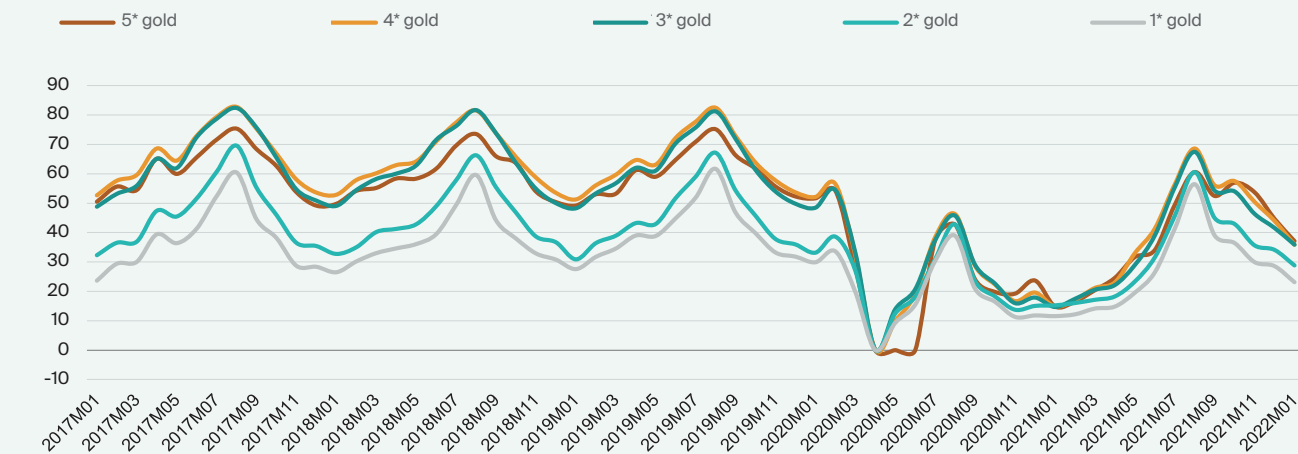
The pandemic caused the differences in terms of occupancy between categories – including 1\* and 2\* – to narrow.

A more level playing field that was largely the result of the closure of international borders and the rise of domestic tourism – which tends to be more diverse from a hotel category point of view.

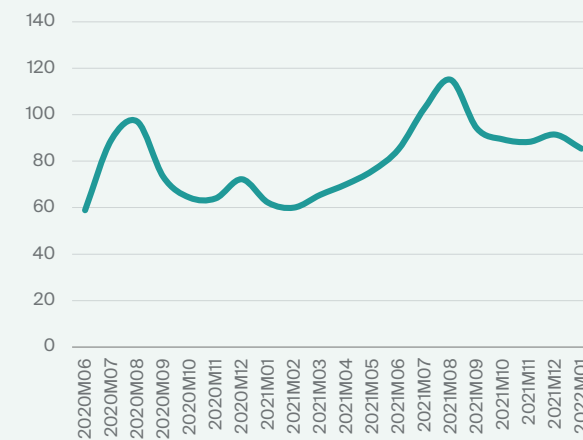
The average daily rate (ADR) per room of hotels in Spain, including all categories, rose in August 2021 to close to €120, almost 19% higher than in August 2020 and 5% higher than the figure registered in 2019.

Meanwhile the figure for revenue per available room (RevPar) for August 2021 rose even more compared to 2020, jumping almost 44%, and registering more than €78 per room – although still a long way from the pre-pandemic RevPar figure of close to €87 in August 2019.

**Hotel occupancy rate in Spain by category\***  
2017 - Jan 2022



**Average daily rate in Spain (ADR)**  
All categories 2017 - Jan 2022



**Revenue per available room in Spain (RevPAR)**  
All categories 2017 - Jan 2022



# HOTEL INVESTMENT IN SPAIN

2020 proved an extremely tough year for the hotel sector, with the investment figure for the year rising to just €1,000 million. However, the situation began to improve in 2021, with more than €2,100 million invested by year-end – up 105% on the figure booked to 2020 – a trend that extended into the first two months of 2022, with just short of €800 million invested by the end of February. This growth can be attributed to a number of factors, such as a lack of liquidity among many hotel chains following several months of enforced closures in the hotel market, as well as the interest among some funds to resume their investment in high-potential assets.

Looking at the provinces with the highest hotel investment volume during the last three years, Barcelona occupies the number one position, accounting for around 30% of the total investment volume. The Catalan province is followed by other locations mainly resort-oriented destinations such as Mallorca, accounting for almost 25%, Las Palmas with 10% and Tenerife with 7%. Madrid ranks third, representing almost 20% of investment.

Regarding the buyer profiles targeting this market over the last three years, investment funds particularly stand out, especially due to their investment appetite during 2020, when they accounted for nearly 90% of the total annual investment figure. Focusing the analysis on year-end 2021, investment funds stand out once again, but this time accounting for just shy of 55% of the

total. 2019 - 2021.

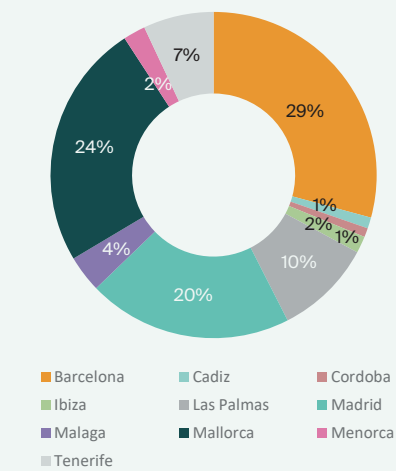
Buyer profiles that were major players in the years leading up to the pandemic continue to target this market, with corporate and private investors also accounting for a considerable share of investment in 2021 – 25% and 14% respectively.

While buyer nationality was fairly mixed in 2020, 2021 saw domestic investors emerge once again as the leading investors in Spain, just as they had been in 2019, responsible for approximately 50% of the annual investment figure. They were followed by US investors, who accounted for circa 30% of the total investment volume.

Experts anticipate a rapid recovery in the sector, especially for funds focused on investing in resort hotels given that Spain is one of the most sought-after international tourist hotspots.

## Hotel investment volume in Spain

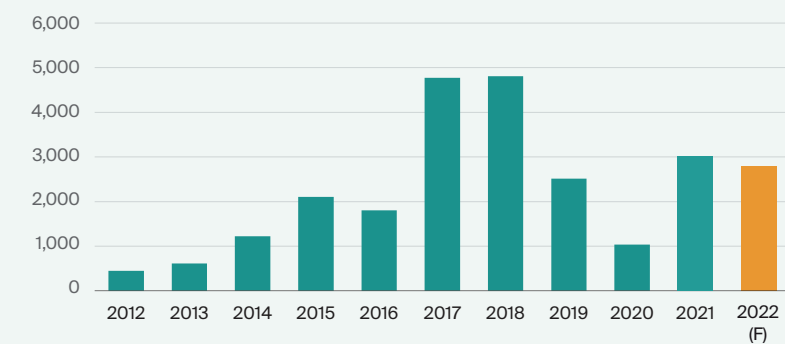
2019 - 2021. By province. %



Source: Knight Frank Research

## Annual hotel investment volume in Spain

2012 - 2022 (F). € million



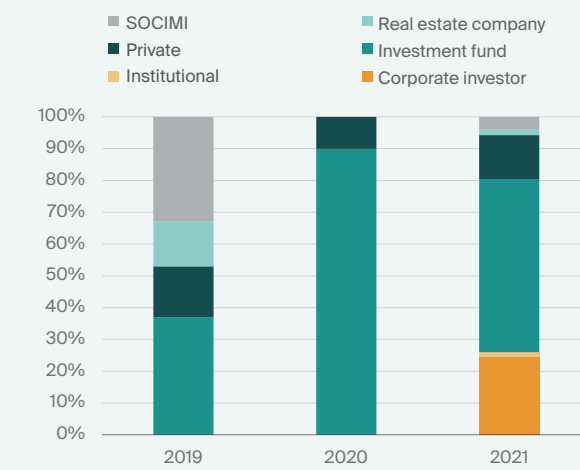
Source: Knight Frank Research



Hotel H10 Puntanegra, Mallorca

## Buyer type

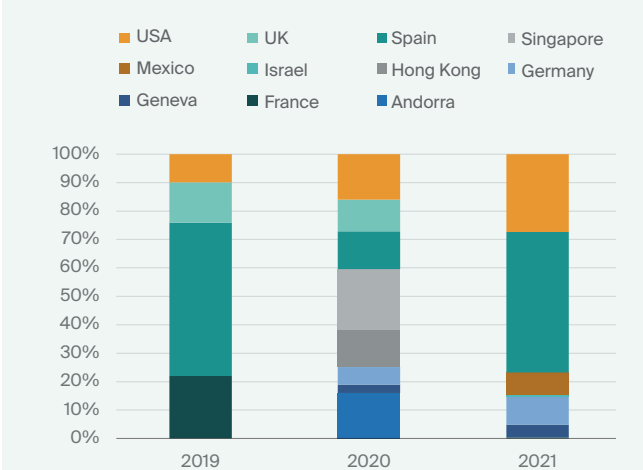
2019 - 2021. %



Source: Knight Frank Research

## Buyer nationality

2019 - 2021. %



Source: Knight Frank Research

# OUTLOOK

## Recent hotel openings in Spain

The hotel sector is getting itself ready for tourism to regain pre-pandemic levels.

Investors are buying up land for new-build hotel projects, as well as other properties that can be repurposed as hotels. Investment is also being made in refurbishing some existing hotels to turn them into first-rate establishments equipped to offer what today's tourists are looking for after a prolonged period of being unable to travel.

Following the easing of a number of measures, some major hotels have already opened their doors in several locations across Spain. Some examples include the opening of the first Hotel Hampton by Hilton Barcelona Fira, which boasts 11 floors and is located 200 metres from Fira de Barcelona and just 10km from the airport, and the reopening of the Hotel Riu Palace Maspalomas in Gran Canaria, which has now been converted into an adult-only 5\* hotel. The first Only You Hotel outside Madrid has also opened its doors in Valencia, an eight-floor 5\* hotel that also



Hotel Hampton by Hilton Barcelona Fira

boasts a ninth-floor restaurant and offers a range of services that are not necessarily exclusive to guests, such as a florist and a tailors. Madrid's world-renowned Hotel Ritz, now

renamed Mandarin Oriental Ritz reopened its doors following an ambitious refurbishment of both its interior and its range of dining options.

Although many hotels have already opened in recent months, others are planning to do so very shortly and, while resort hotels are currently what the majority of tourists are seeking, some of the upcoming openings also include hotels focused more on city-based tourism. An example of this is Barceló which is set to open a new luxury hotel in the former Canfranc railway station in the province of Huesca in Winter 2022. El Corte Inglés is another, planning to unveil its first hotel establishment in Madrid's Salamanca district – a project that will see it convert two residential buildings into a hotel and that already has the City Council's backing.

Investor interest in buying up land for new-build hotel projects also merits a special mention. One such example is the acquisition of

Only You Hotel Valencia



Swimming pool at Hotel Riu Palace Maspalomas

### RECENT OPENINGS

**Name:** Hampton by Hilton Barcelona Fira Gran Via  
**Location:** Barcelona  
**No. rooms:** 241

**Name:** Hotel Riu Palace Maspalomas  
**Location:** Gran Canaria  
**No. rooms:** 350

**Name:** Only You hotel Valencia  
**Location:** Valencia  
**No. rooms:** 191

a plot of land by the family company belonging to footballer Gerard Piqué, which plans to build a 5\* hotel operated by Melia on a plot formerly home to a cinema in Malaga. Other footballers such as Leo Messi and Cristiano Ronaldo have also invested in the Spanish hotel sector with similar projects. Meanwhile, international chain easyHotel has acquired a plot in Barcelona's Sagrera neighbourhood, where it plans to open a new 75-room hotel towards the end of 2022.





Spa swimming pool at the Four Seasons Hotel, Madrid

## LUXURY HOTELS

*After seeing its international clientele wane, the luxury hotel segment has focused on domestic tourism and business travel.*

**D**ue to the slump in international tourism, the Spanish luxury hotel segment has switched its focus to domestic and business clientele.

As such, it has been forced to adapt its business model and the service offered, catering for the needs of a more Spanish rather than international-based clientele.

In many cases the lion's share of the guests at these types of hotels used to be Asian, American or Latin American – nationalities that tended to have a far higher average spend than other nationalities.

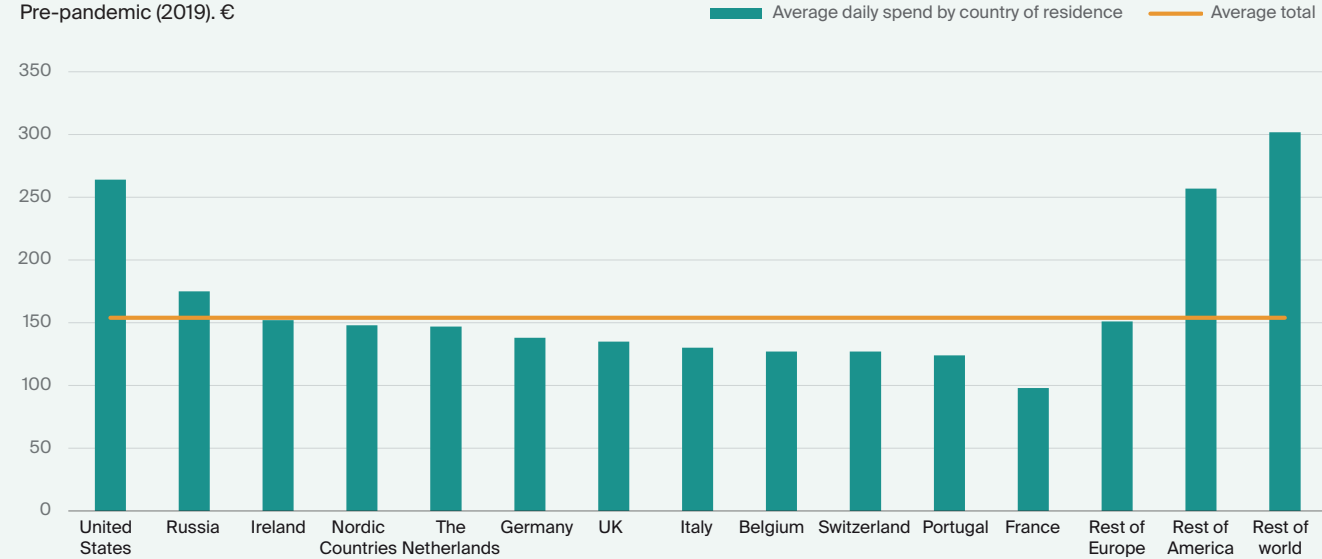
For domestic clients, luxury hotels are rolling out afternoon/evening leisure ini-



tiatives that can be enjoyed by business travel guests once their working day has ended. The range of culinary delights on offer is also making this type of clientele see their city's hotel in a new light.

Despite the lower number of international tourist arrivals, people visiting from overseas have spent more on accommodation since the pandemic broke out, allocating a total of 19% of their budget in 2021, compared to 14% in 2016. This is largely due to the fact that tourists have become more discerning in terms of where they stay – a shift that is having a direct impact on the performance of the luxury hotel segment.

**Average daily international tourist spend in Spain by country of residence**  
Pre-pandemic (2019), €



Source: Statista

More attention has also been paid to business travel guests, renovating some areas to ensure its establishment offers spaces from which people can work comfortably and efficiently. Rooms with comfortable offices and meeting rooms, along with sports and wellness facilities that allow guests to unwind at the end of the working day are some of the things that this type of clientele looks for

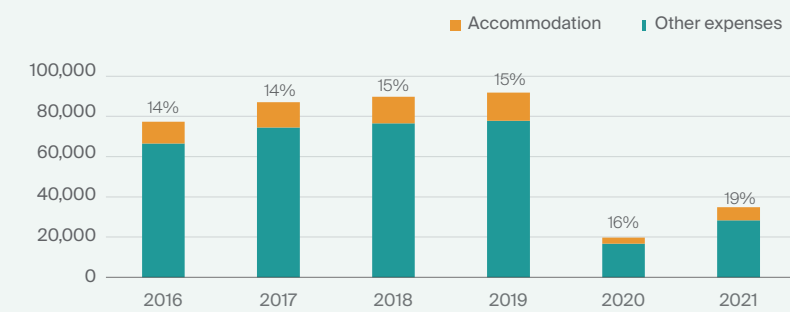
most. Major hotel chains such as the Four Seasons Hotel in Madrid offer a host of spaces that are ideal for unwinding after a hard day's work – steam rooms, saunas, a chillout room and a generous indoor swimming pool – all in its spectacular historic building in this particular case.

Other chains are also jumping on the busi-

**Guests travelling for business look for a comfortable area to work out of, hotels that are well-equipped technologically speaking and that offer attractive leisure options to enjoy once their working day has ended. Madrid's Four Seasons Hotel offers a host of spaces in its spectacular historic building that are ideal for unwinding after a hard day's work – steam rooms, saunas, a chillout room and a generous indoor swimming pool.**

ness travel bandwagon, such as Eurostars, which has launched its "XS meetings in XL hotels" package that provides secure meeting spaces in high-tech, state-of-the-art rooms that offer capacity for up to six people. Riu

**Average daily international tourist spend in Spain by expense**  
2016 - 2021. € million and amount spent on accommodation as a percentage of total



Source: INE. Other expenses includes food and beverage, activities, international transport and any other costs. Tourist packages are not included.



Hotel Eurostar meeting room, Madrid

has joined forces with flexible working space specialist Zityhub to incorporate 2,700 sqm of workspace – 17 meeting rooms and five individual offices – into its Plaza de España hotel.

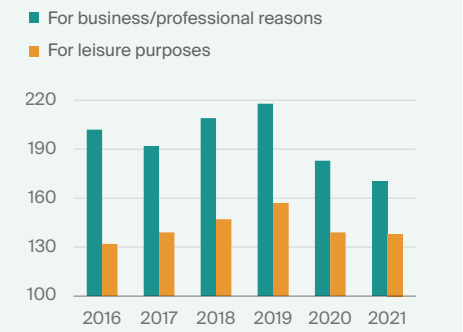
In the years leading up to the pandemic, international tourists travelling to Spain on business spent in the region of 40%-50% more than those visiting for leisure, reaching an average daily spend of almost €220 in 2019 compared to the close to €160 spent by tourists travelling on holiday. The pandemic has narrowed this gap considerably, bringing the

difference down to just over 20% during 2021, with visitors here on business registering an average daily spend of €170 versus the €138 of those here for leisure.

Traditionally, the average length of stay at the country's 5\* hotels is longer than it is for other categories.

Widely sought-after by international tourists, they are not merely considered places to lay one's head for the night, but have emerged as experience-driven destinations that offer all manner of culinary, sporting and wellness

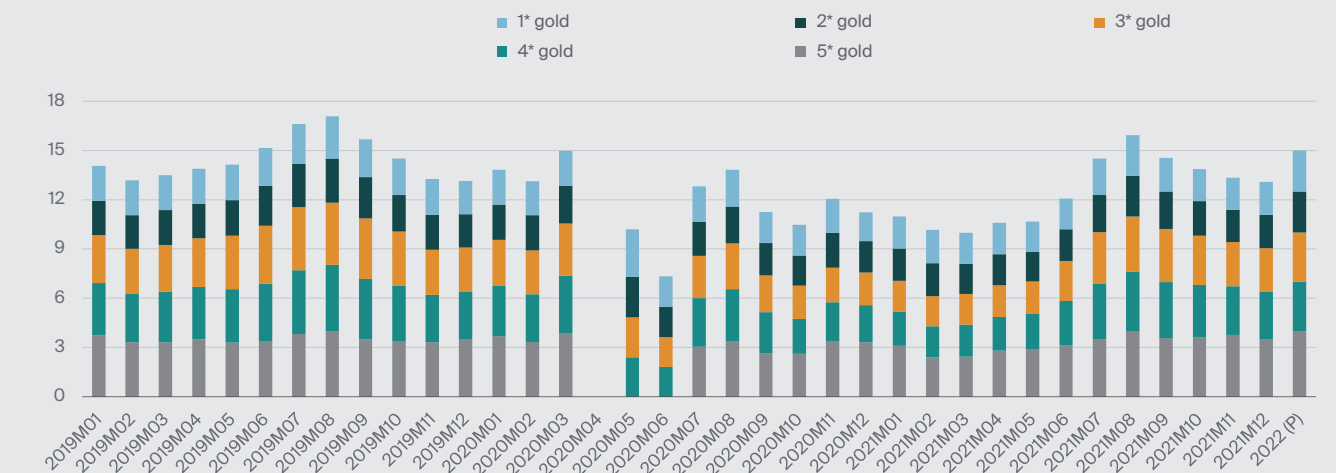
**Average international tourist spend in Spain by reason for travel**  
2016 - 2021. €



Source: INE

**Eurostars has launched its "XS meetings in XL hotels" package that provides secure meeting spaces in high-tech, state-of-the-art rooms that offer capacity for up to six people.**

**Average hotel stay in Spain**  
2019 - 2022 (F). No. days



Source: INE. Due to various updates in the directory of hotel establishments, the data for different years are not directly comparable. Figures as of and including January 2021 are provisional.



Workspace at Hotel Riu Plaza España, Madrid

◆◆  
**Riu has joined forces with flexible working space specialist Zityhub to incorporate 2,700 sqm of workspace – 17 meeting rooms and five individual offices – into its Plaza de España hotel.**  
 ◆◆

experiences. They are also the hotel category to have been least affected by the pandemic in terms of average length of stay, not taking into account the months affected by lockdown and despite the slight negative effect that these periods have had on the average figure.

At the end of 2021, the average stay for 5\* hotels stood at 3.5 days, higher than the average figure for Spain across all hotel categories during the same period, which came in at 2.7 days.

Looking solely at the Region of Madrid, the average hotel stay was close to 2 days, with this figure remaining relatively flat throughout the different months of the year.

The average stay for 5\* hotels is expected to rise to approximately 4 days in 2022, while an average stage of 3 days is forecast for all categories across Spain.

The situation in the Region of Madrid is expected to remain fairly unchanged, with the average remaining around 2 days. The city of

Madrid boasts a wide-ranging quality supply, seeing it tick up slightly in 2020 compared to previous years and despite the pandemic. The most commonly-found hotel category in Spain are 4\* hotels, accounting for almost 70% of the country's total supply and offering almost 50,000 beds. With close to 11,000 beds, 5\*, 5\* luxury and 5\* grand-luxe represent just over 10% of the total supply.

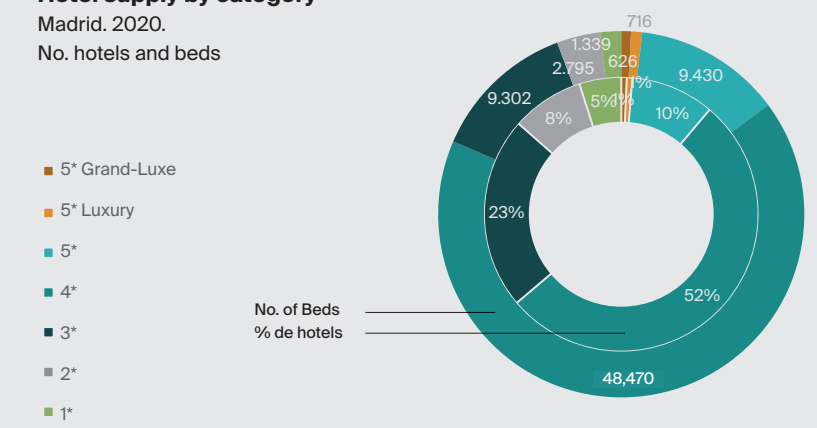
Retiro and Salamanca are the districts where the 5\* grand-luxe hotels can be found – the recently refurbished Mandarin Oriental Ritz which targets guests looking for an experience-driven stay and the Rosewood Vil-

la Magna, which is surrounded by Madrid's most distinguished boutiques and known for its signature suites offering a variety of bespoke services.

The Central district saw its first 5\* luxury hotel open in Q2 2020, the Four Seasons Hotel Madrid.

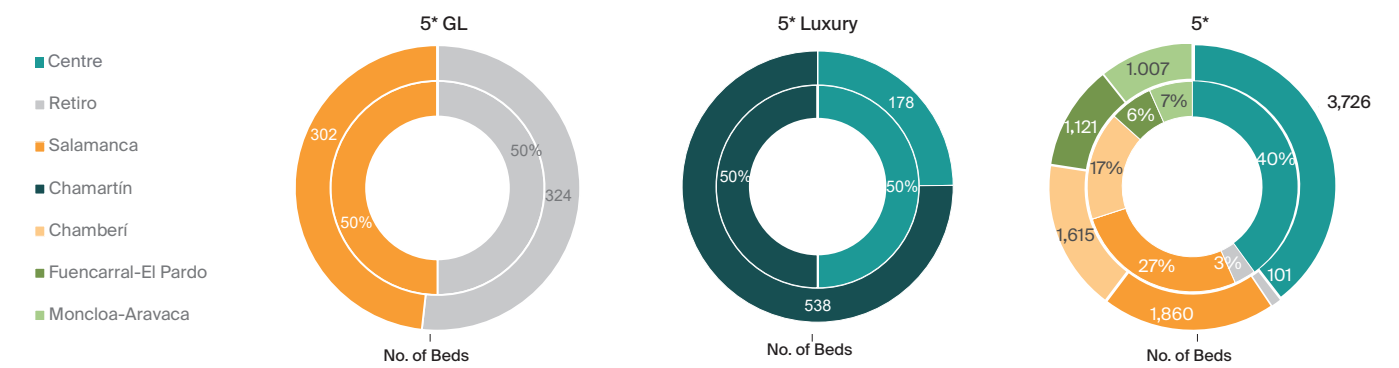
A niche that needed to be filled in one of the country's most highly-visited areas in terms of international tourism, and a key part of the Puerta del Sol's regeneration project. Other districts in Madrid where 5\* hotels can also be found include Chamartín (5\* Luxury), Chamberí, Fuencarral-El Pardo and Moncloa-Aravaca.

▼  
**Hotel supply by category**  
 Madrid. 2020.  
 No. hotels and beds



Source: Madrid City Council / Register of Tourist Establishments Region of Madrid Hostels are excluded from the analysis. (There is no data available regarding the number of rooms in 2020).

▼  
**5 star hotel supply by district**  
 Madrid. 2020. No. hotels and beds

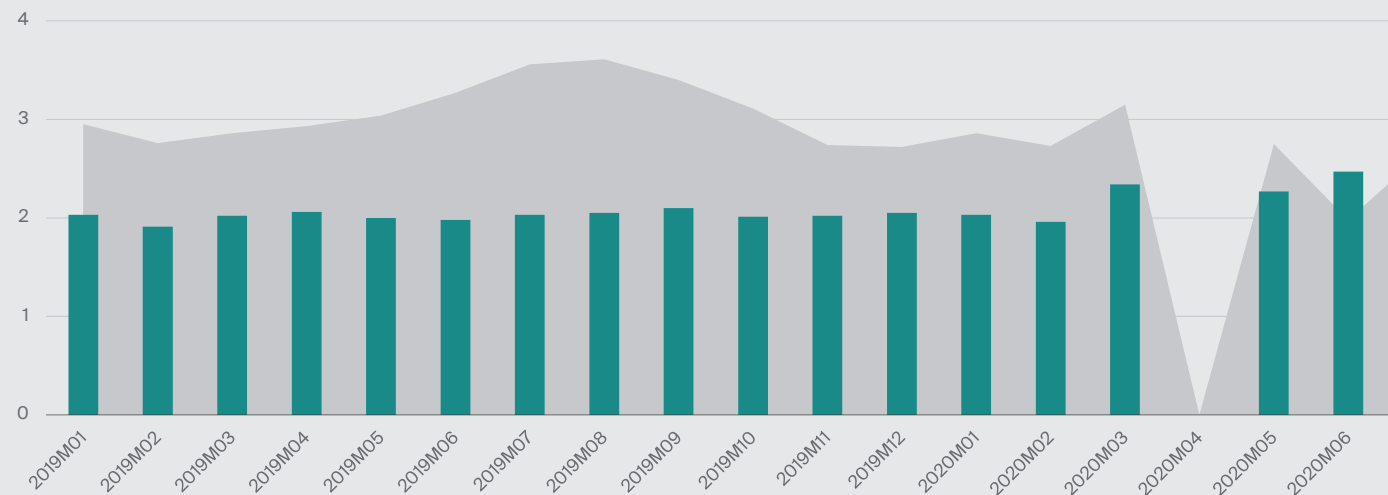


Source: Madrid City Council / Register of Tourist Establishments Region of Madrid Hostels are excluded from the analysis. (There is no data available regarding the number of rooms in 2020).

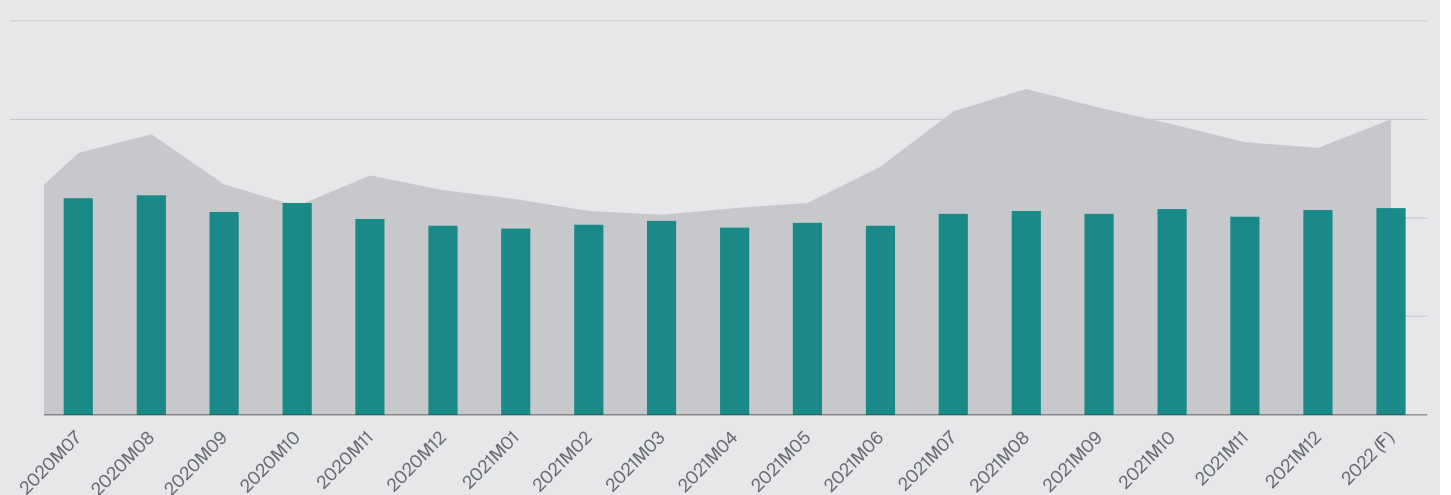
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**Average hotel stay\***

Region of Madrid vs. Spain 2019 - 2022 (F) No. days

■ Total Spain ■ Region of Madrid



Source: INE. \*Silver category hotels are also included. Due to various updates in the directory of hotel establishments, the data for different years are not directly comparable. Figures as of and including January 2021 are provisional.



# TRENDS

The pandemic has changed the way in which we travel and although we are starting to see things get back to the way they were in some aspects, many of the trends that have appeared over recent months will continue to form part of how we travel for some time to come.

## Queueless receptions

Trying to reduce contact with surfaces has been key in fighting Covid-19. Although many hotels had already started to look at ways of avoiding long check-in queues, the pandemic helped many establishments set these processes in motion, and while the situation is now much improved, this is a change that is here to stay. Examples include the Hilton chain which has rolled out contactless check-in and digital keys – linked to guests' mobile phones – and the Checkin Light method put in place by Betterspace, a process which allows guests

to fill out a registration form with their personal data before they arrive at the hotel and then sends the form directly to the hotel.

## Sustainability

The reduction of our carbon footprint is a concern that also now affects Spain's hotel sector. For a hotel to be considered sustainable, it must first be designed and built in accordance with specific environmental standards and also take account of its surroundings in order to minimise the amount of energy consumed by heating and air conditioning. Purchasing goods from local suppliers also helps drive the local community's economy, with some hotels even choosing to only offer organic and in-season produce. Investing in energy powered by renewable sources, low-consumption lighting, using organic sheets and towels, etc. and recycling waste are all ways of minimising a hotel's impact on the environment as much as possible.

## Client loyalty

Although client loyalty is a well-established objective for any business, in the aftermath of the pandemic, there is a greater than ever need for the hotel sector to reinvent itself and strengthen client relationships. Clients in this market are no longer looking for the same as before the pandemic, and hotels are focusing on adapting their business operations and tools to attract and retain clients. The aim is that guests choose their establishment time and time again, as although repeat clients are fewer in number, their consumption and the frequency with which they travel is greater. Client segmentation is key in order to differentiate between new and repeat guests, offering the latter specific advantages that will pique their interest in the hotel. Online visibility and the ability to make an impact is also paramount – the vast and wide-ranging supply on the market means that the ability to create a lasting first impression is key to

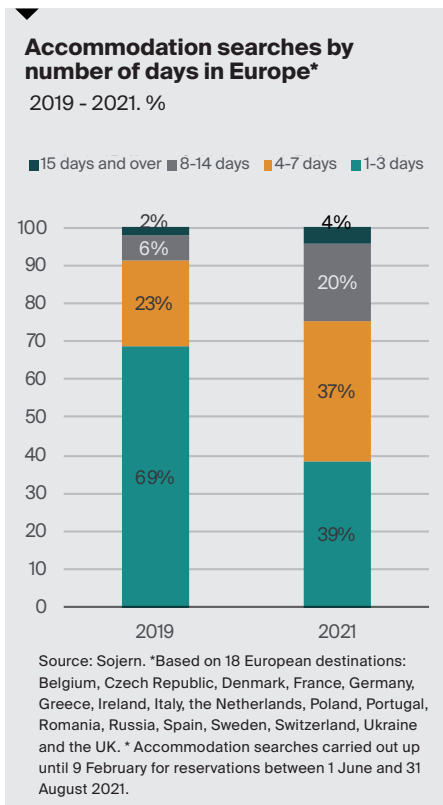
retaining clients.

## Remote working

If there is one trend that was spurred by lockdown, and continues to be rolled out on a large scale, it is remote working. This recourse available to workers has also reached the hotel industry, some call it Workspitality (work+hospitality), while others refer to it as Workations (work+vacations) – offering a hybrid between work and leisure as a new business model. Diversifying hotel supply has now come to include offering guests the possibility to work remotely from their rooms, in fact many clients even have the option of booking this service for a matter of hours rather than days. Barceló is one of the hotels to have taken this new trend on board with its Santa Catalina Hotel in Gran Canaria, while the same is true for Meliá and its wide range of hotels in Spain (Meliá Madrid Serrano, Meliá Palma Marina, Meliá Sevilla...)

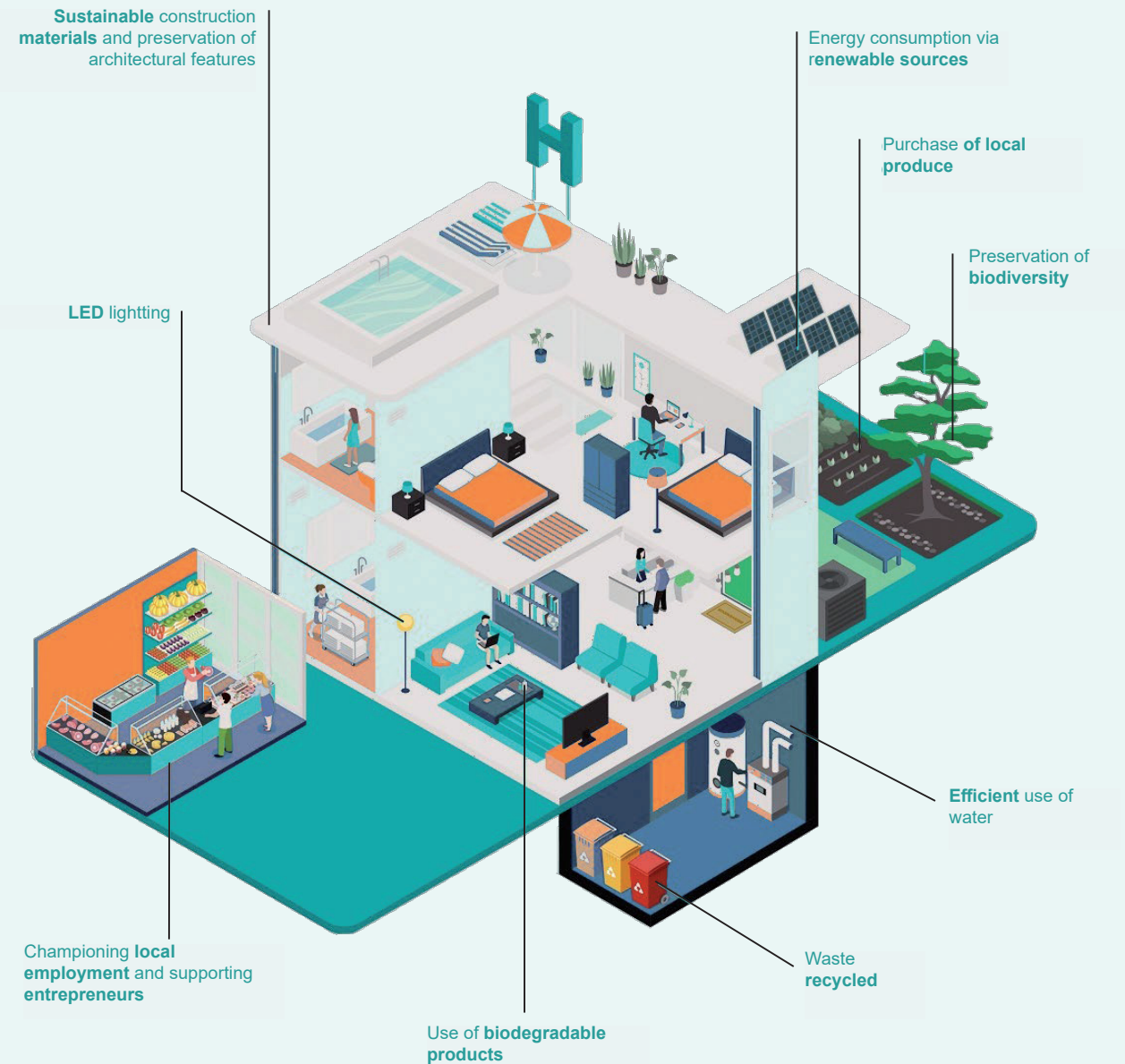
## Long stays

The increase in the length of stays at hotels is another trend that can be said to have stemmed from the pandemic. A trend that is plain to see in the data collated by Sojern regarding accommodation searches by days for summer 2021 and carried out up until 9 February 2021 in 18 European countries. The data shows a shift in trend compared to 2019 as the number of shorter stays – between 1 and 3 days – are down 30% while the number of longer stays increased, especially the 4 to 7 day bracket which rose from 23% to 37% and the 8 to 14 day category which accounted for 20% of the total in 2021. A variety of factors can explain this increase, including the previously-mentioned point regarding remote working, as many clients can consider making reservations for longer stays in hotels that offer remote working facilities. A strong desire to travel once again and even the need to use up annual leave owed can be other contributing factors.



## The sustainable hotel

Model of a hotel aligned with sustainable tourism standards



Source: BBVA ¿Cómo es un hotel sostenible? (What does a sustainable hotel look like?)



Wellness zone Hotel Barceló Torre de Madrid

## CONCLUSIONS

- For a third consecutive year, global tourism is having to face the effects of the pandemic, although the figures for international tourist arrivals show that their darkest days now look to be in the past. According to a WTO survey, almost 50% of respondents expect pre-pandemic levels to be recovered as of 2024.
- The European Commission has rolled out its largest-ever stimulus package, with a specific part allocated to tourism and the development of different tools designed to facilitate travel (Covid Digital Certificate, the Re-open EU app...).
- The positive close to 2021 in terms of revenue generated by the global hotel market – which will be close to €1,000 million, is not far short of the figure seen in 2018. Looking at the top 10 global destinations ranked by occupancy rate, Spain occupies sixth position, with a rate of 40%.
- Although the number of international tourist arrivals to Spain fell to circa 20 million in 2020, the country received 31 million in 2021 and is forecast to welcome far more in 2022. While 31 million remains a far cry from pre-pandemic levels, it is double the figure registered in 2020.
- The pandemic caused domestic-based tourism to overtake international-based tourism in Spain, marking an about-turn in a long-standing trend. However, the latest data to be released is starting to show that this trend is once again reverting, with tourism from overseas starting to dominate once again. In January 2022, more than 5,700 hotels in the gold category (excluding hostels) were open for tourism, almost 40% more than a year earlier and 7% more than in 2019.
- The average daily rate (ADR) per room for hotels in Spain, including all categories, rose in August to close to €120, almost 19% higher than the previous year and 5% higher than figure registered in 2019.
- Hotel investment reached over €2,100 million by the end of 2021, an improvement on the figure recorded for 2020. Madrid and Barcelona are the hottest investment targets, followed by other more resort-based destinations such as Mallorca, Tenerife and Las Palmas. Investment funds have injected the most capital into the sector in recent years, although corporate investors have proven particularly active so far in 2021. Spanish investors accounted for almost 50% of the total annual investment volume in 2021.
- The market is seeing plots of land being bought up for the development of new hotel projects, as well as investment in renovating existing hotels to bring them into line with the changing needs of today's hotel demand.
- The clientele of luxury hotels is now far more local and has an increasingly more business-oriented profile. As such, this segment is starting to offer new services that enhance the stay of all guests and allow business travel guests to be as comfortable as possible during their working day.
- Madrid's luxury hotel supply ticked up slightly in 2020. 4\* establishments accounted for close to 70% of total supply, while the three 5\* categories account for over 10% of the total number of hotels in Madrid.

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