

MARKET SUMMARY & OUTLOOK

|                           | YoY Chg. | 12-Mo. Forecast |  |
|---------------------------|----------|-----------------|--|
| <b>Investment Trends</b>  | ▲        | ▼               | Spain was the most active hotel investment market in Europe, with €4.2bn transacted during 2023, a 44% increase relative to 2022. Portfolio deals represented more than half of 2023 volume, among which are the sale of Blackstone's 35% stakes in HIP to GIC (63 properties out of 77 in Spain) and Portfolio Equity Inmuebles to ADIA (17 hotels). Sovereign funds and other players with less reliance on debt drove the activity. |
| <b>Prime Yields</b>       | ▲        | ▬               | High cost of financing, economic and geopolitical uncertainty resulted in decompressing yields, especially in non-core locations. This trend is likely to reverse in the second half of 2024, supported by expected reduction of interest rates and continued performance growth.  |
| <b>Market Performance</b> | ▲        | ▲               | Hotel performance in Spain reached historic peaks in 2023, with a RevPAR of €105 (22% above 2019). This was driven by higher ADR, achieving €145 (+26% vs 2019), while occupancy are almost on par with 2019 levels (73% in 2023 vs 75% in 2019). This positive trend is anticipated to persist in 2024, albeit at a more moderate pace (one digit growth anticipated year-on-year).   |
| <b>Supply Outlook</b>     | ▲        | ▲               | The arrival of foreign capital in recent years has increased the variety of hotel products and brands. Notably, there is a growing focus on the luxury sector in Madrid, driven by international operators and brands. While the high construction cost have constrained new hotel developments, there is a growing trend of office conversions to hotels. In Madrid, this trend is supported by the City Council.                     |
| <b>Demand Outlook</b>     | ▲        | ▲               | With more than 85 million foreign tourists in 2023, Spain became the world's leading tourist destination ahead of France. The strong and consistent demand has enabled to increase prices during 2023. These rises must be framed within the context of high inflation, nevertheless the forecast points towards a continued upward trend in prices in 2024, showing moderation in particular segments or sub-markets.                 |

INVESTMENT TRENDS

Sources: Cushman & Wakefield, STR

Note: A contingency of 5% is assumed for transactions in the last 12 months, as some deals are revealed with notable delay.

**HIGHLIGHTS - 2023 Full Year**

- € 4.2 billion transacted
- 144 properties comprising 33,214 rooms sold
- 74% of capital was deployed by international buyers
- 37% of volume was invested in Upscale hotels

RECENT TRANSACTION TRENDS

|                  | Last 6 months (H2 2023) |        |        |           | Current Year (2023) |        |        |           |
|------------------|-------------------------|--------|--------|-----------|---------------------|--------|--------|-----------|
|                  | Properties              | Rooms  | Volume | % Change* | Properties          | Rooms  | Volume | % Change* |
| <b>Spain</b>     | 102                     | 24,531 | 2,438  | 90%       | 144                 | 33,214 | 4,160  | 44%       |
| <b>Regional</b>  | 92                      | 23,049 | 2,013  | 89%       | 131                 | 31,409 | 3,608  | 65%       |
| Madrid           | 9                       | 1,483  | 425    | 90%       | 13                  | 1,805  | 552    | -22%      |
| Barcelona        | 2                       | 189    | 57     | 854%      | 6                   | 896    | 489    | 37%       |
| Canary islands   | 33                      | 11,089 | 789    | >1000%    | 40                  | 12,824 | 1,013  | 674%      |
| Balearic islands | 22                      | 5,111  | 405    | 46%       | 37                  | 8,672  | 989    | 59%       |

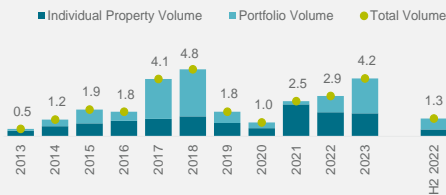
Volume transacted in EUR millions

Source: Cushman & Wakefield

\*Refers to the % change in transaction volume from the previous period

ANNUAL TRANSACTION VOLUMES

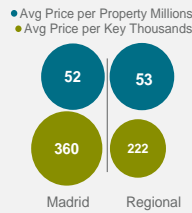
(2013 - 2023, EUR BILLIONS)



Source: Cushman & Wakefield / RCA

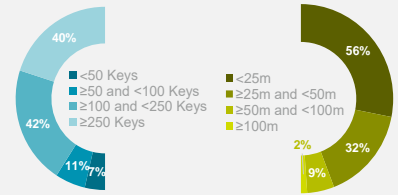
AVERAGE TRANSACTION PRICE

(2023, EUR)



BREAKDOWN BY NO. OF ROOMS SOLD & DEAL SIZE

(2023, % SHARE OF DEALS)

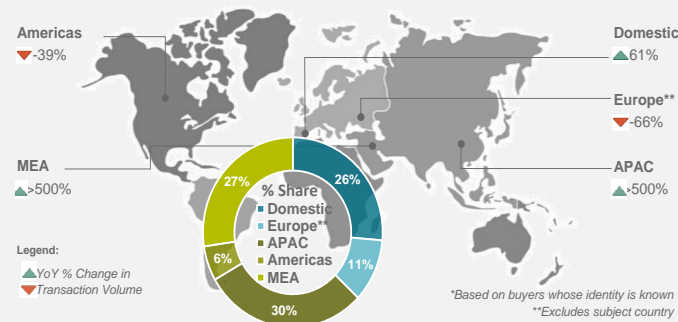


Source: Cushman & Wakefield

NATURE OF INVESTMENTS

TRANSACTION VOLUME\* BY SOURCE OF CAPITAL

(% CHANGE, 2023 vs 2022)



Source: Cushman & Wakefield

TRANSACTION VOLUME PER HOTEL CLASS

(% CHANGE, 2023 vs 2022)

| HOTEL CLASS    | % OF TOTAL VOLUME | % CHANGE | HOTEL CLASS    | % OF ROOMS SOLD | % CHANGE |
|----------------|-------------------|----------|----------------|-----------------|----------|
| Luxury         | 18%               | 45%      | Luxury         | 6%              | 20%      |
| Upper Upscale  | 14%               | -45%     | Upper Upscale  | 9%              | -37%     |
| Upscale        | 37%               | 213%     | Upscale        | 43%             | 372%     |
| Upper Midscale | 15%               | 43%      | Upper Midscale | 22%             | 58%      |
| Midscale       | 12%               | 1%       | Midscale       | 16%             | 84%      |
| Economy        | 4%                | 10%      | Economy        | 4%              | -30%     |

Source: Cushman & Wakefield

TRANSACTION VOLUME BY TYPE OF INVESTOR

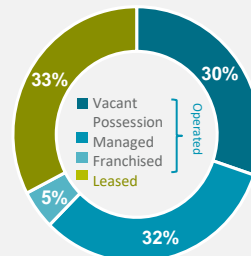
(2023, % SHARE OF TOTAL VOLUME)

| Investor Type | BUYERS (% Share) |          | SELLERS (% Share) |          |
|---------------|------------------|----------|-------------------|----------|
|               | Current Year     | % Change | Current Year      | % Change |
| Institutional | 72%              | 119%     | 28%               | -40%     |
| Private       | 28%              | -38%     | 72%               | 179%     |
| Public        | 0%               | -100%    | 0%                | -100%    |
| User/Other    | 0%               | 0%       | 0%                | 0%       |

Source: Cushman & Wakefield / RCA

TRANSACTIONED VOLUME BY OPERATING STRUCTURE

(2023, % SHARE OF DEALS)



Source: Cushman & Wakefield

MAJOR DEALS OF 2023

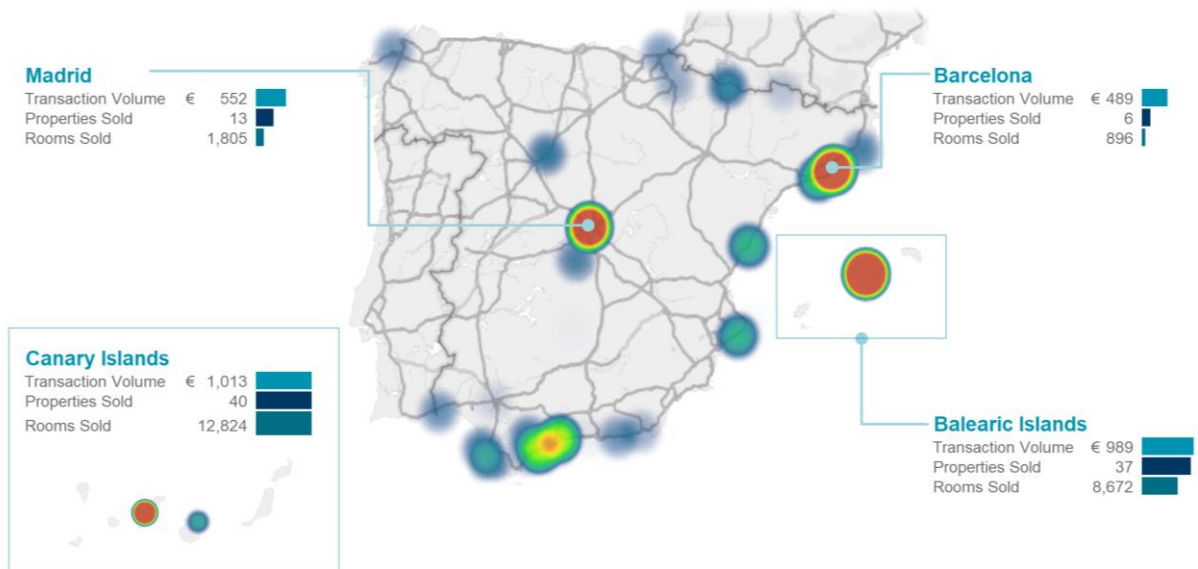
SELECTED MAJOR HOTEL TRANSACTIONS IN 2023

| Property  | Market                 | Keys   | Buyer                                     | Buyer Origin | Seller                               | Seller Origin |
|---|------------------------|--------|---|--------------|--------------------------------------|---------------|
| The Standard Hotel Ibiza                            | Ibiza                  | 67     | Schroders Capital                         | GBR          | KKH Property Investors               | ESP           |
| Portfolio Be Live (2 hotels)                        | Multi-City             | 410    | Stoneweg / Bain Capital                   | CHE / USA    | Globalia                             | ESP           |
| Hotel Las Aguilas Tenerife                          | Santa Cruz de Tenerife | 216    | Apollo Global Management                  | USA          | Construccion Gomasper                | ESP           |
| 51% Share Portfolio Avenue Capital Group (7 hotels) | Multi-City             | 2,325  | ADIA                                      | UAE          | Avenue Capital Group                 | USA           |
| W Ibiza   | Santa Eulalia del Rio  | 162    | Gruppo Statuto                            | ITA          | Scala Capital                        | GBR           |
| Eurostars Sitges                                    | Sitges                 | 263    | Perial AM                                 | FRA          | Angelo Gordon                        | USA           |
| Oasis Village Hotel                                 | Corralejo              | 232    | HD Hoteles                                | ESP          | Oasis Village S.A                    | ESP           |
| Hotel Sofia   | Barcelona              | 465    | Blasson Property Investment/ AXA          | ESP/ FRA     | Brookfield AM                        | CAN           |
| THB Sur Mallorca                                    | Colonia Sant Jordi     | 198    | Iberostar Hotels & Resorts                | ESP          | Hotel Sant Jordi S.A                 | ESP           |
| 80% Share Portfolio Meliá/ Banca March (3 hotels)   | Multi-City             | 799    | Banca March                               | ESP          | Starwood Capital Group               | GBR           |
| Hotel Palacio del Retiro                            | Madrid                 | 50     | Ion Ion SL                                | ESP          | Family Office                        | ESP           |
| Mandarin Oriental Barcelona                         | Barcelona              | 120    | The Olayan Group                          | SAU          | REIG Capital Group/ Farallon Capital | AND/ USA      |
| Portfolio Nobis (2 hotels)                          | Palma                  | 68     | Pontegadea                                | ESP          | Genova Property Group                | SWE           |
| Portfolio Equity Inmuebles (17 hotels)              | Multi-City             | 2,708  | ADIA                                      | UAE          | Equity Inmuebles                     | ESP           |
| Portfolio Gallery hotels (2 hotels)                 | Multi-City             | 213    | Meridia Capital                           | ESP          | Gallery Hotels                       | ESP           |
| Marina D'Or   | Oropesa del Mar        | 184    | Grupo Fuertes/ Hoteles Magic Costa Blanca | ESP          | Farallon Capital                     | USA           |
| Aldiana Fuerteventura                               | Fuerteventura          | 361    | DER Touristik Köln                        | DEU          | Saoyama 25                           | ESP           |
| 35% share HIP Portfolio                             | Multi-City             | 18,042 | GiC Real Estate                           | SGP          | Blackstone Group                     | USA           |
| Hotel Club Cala Marsal                              | Porto Colom            | 347    | Grupotel                                  | ESP          | Comella                              | ESP           |
| Sercotel CC Rosaleda                                | Malaga                 | 150    | Amixa Capital                             | ESP          | Activ-Group                          | DEU           |

Note: Ordered by transaction date

SPAIN TRANSACTIONS - MAP VIEW FULL YEAR

Volumes in millions  
 <€1 millions <€1020 millions





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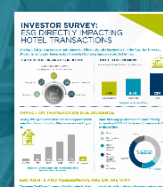
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