



PORTUGAL HOTEL MARKET SNAPSHOT

2024 H1

WHAT THE EXPERTS SAY

Portugal boasts a diverse tourism landscape, emerging as a **competitive hotspot in Europe and the Mediterranean**. This report therefore focuses on the **common trends and marked differences across the nine NUTS regions** underpinning the tourism landscape of Portugal, all at various stages of development and offering distinct opportunities.

Portugal is planning a series of developments to **enhance its tourism and economic capabilities further**. These infrastructure improvements will be made in light of the **FIFA World Cup 2030**, which will take place in Portugal, Spain and Morocco, as well as in alignment with the sustainability objectives set out in the **Portugal 2030 plan and partnership with the EU**. The developments will continue to accelerate demand and performance in Portugal's major regions since they focus on **improving connectivity** (larger reach to customers in new markets) and **operational costs** (lower utilities due to a higher share of renewable energy).

Air accessibility plays a pivotal role in Portugal's touristic model, particularly in regions such as **Greater Lisbon, Algarve and Madeira**, where more than 70% of overnight stays originate from international source markets. While the UK, Germany and Spain are Portugal's main source markets, **international regions encounter a divergent panorama**, such as the US and Brazil being key visitors to Greater Lisbon, and the UK representing almost 30% of total overnight stays in Algarve. **European countries** such as Spain, Germany, France and Ireland represent **significant potential** for the Portuguese tourism industry, offering **attractive synergies and expansion opportunities**.

The recovery from COVID was nothing short of robust, **with 2023 demand levels comfortably exceeding 2019 by 10%**, and that in the context of a non-negligible increase in hotel room supply

(10.2%). Revenue per Available Room (RevPAR) in 2023 reached €64.8, the highest ever recorded, representing a 31% increase compared to 2019. This fast progression continued in 2024, with YTD July 2024 achieving a RevPAR of €73.5, a 7% surge equating to the same period in 2023.

Whilst all of the nine region's performances are somehow continuing to progress, they are at materially different stages of advancement and would need to be examined on a case-by-case basis. To illustrate, while RevPAR has experienced a **notable increase across all destinations**, the **Azores, Oeste, Madeira, Setubal and Lisbon** have outperformed Portugal's average with only Lisbon **failing to overcome supply growth** and registering a minimal occupancy decrease compared to H1 2023.

In contrast, **the Algarve, Norte, Alentejo and Centro** regions have witnessed a **decline in RevPAR below the national average, largely attributable to subdued occupancy rates**. The Centro and Alentejo regions have not performed as well as the rest of Portugal, due to a combination of historically low demand and modest increases in 2024. **The Norte and Algarve** regions have been affected by **an overconcentration of room stock and high to moderate projected supply growth**, with the latter representing a significant challenge in the short term.

In conclusion, the Portuguese market continues to demonstrate **resilience** and a **strong determination to further establish itself as an European landmark** destination and an attractive contender for hotel investment through a **positive combination of its macro-economic conditions, competitive development and operating costs** together with a continuous evolution of its trading and branding landscape.

Despite its historical presence amongst the preferred choices of many European travellers for short breaks and holidays, the transformation of the Portuguese economy, its tourism industry and fast-evolving offering in the established destinations but also beyond, are all positive factors to place the country higher up on the leaderboard of hotel investment and development hotspots.

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 - Centro
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 - Setubal
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 - ISLANDS:**
 - Azores
 - Madeira

GLOSSARY

ADR: Average Daily Rate

c.: circa

Cat.: Category

GDP: Gross Domestic Product

i.e.: For example

K: Thousand

KPI: Key Performance Indicator

m: Million

Occ: Occupancy

Ppt/ppts: Percentage Points

RevPAR: Revenue Per Available Room (=ADR x Occupancy)

YTD: Year to Date

TTM: Trailing Twelve Months: The past 12 consecutive months of a region's performance data

FLAGS



France



Germany



Greece



Italy



Ireland



Portugal



Spain



United Kingdom



United States

METHODOLOGY



Dear Valued Reader,

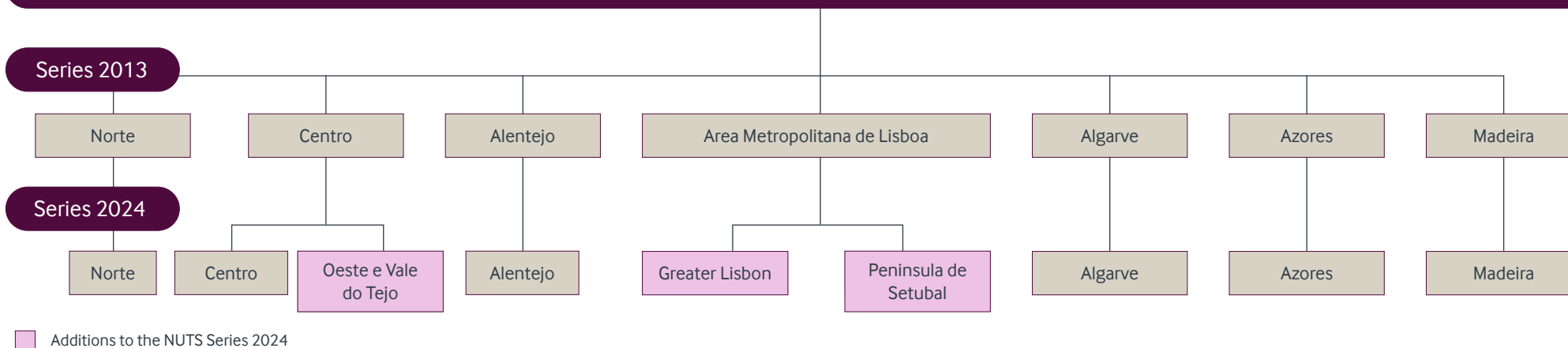
We at Christie & Co Spain and Portugal would like to bring your attention to our previous report on the Portugal Hotel Market 2023, which is available for your reference on our website. In our latest publication about Portugal, we conducted a further analysis of the tourism data according to series 2013, which included seven NUTS regions. With the new Nomenclature of Territorial Units for Statistics (NUTS) 2024, some data points in this report will differ from those in earlier reports. Therefore, we would like to clarify that both versions are not directly comparable.

Thank you for your understanding.

In light of the changes introduced by the adoption of the new Nomenclature of Territorial Units for Statistics (NUTS) 2024, following the European Commission's Delegated Regulation (EU) 2023/674 of 26 December 2022, **the tourist activity data provided by Statistics Portugal is now based on the new NUTS configuration.** The new configuration comprises 26 NUTS III territorial units, based on Portugal's 308 municipalities. These are grouped into **nine NUTS II territorial units**, creating **three new statistical regions at this level: Peninsula de Setubal, Greater Lisbon and Oeste e Vale do Tejo.**

The new NUTS 2024 redefines **the Area Metropolitana de Lisboa, the Centro and Alentejo regions.** While there is no direct and complete correspondence between the two versions of NUTS (2024 and 2013 series), the **Area Metropolitana de Lisboa** (series NUTS 2013) corresponds to the aggregation of **Greater Lisbon** and the **Peninsula de Setubal** (series NUTS 2024). The new Oeste e Vale do Tejo region integrates municipalities from both Alentejo and Centro. Both series will be available for some time on the Statistics Portugal website (INE Portugal).

Nomenclature of Territorial Units for Statistics in Portugal - NUTS II



PORTUGAL AT A GLANCE

A robust profile amongst its sunny competitors

Portugal is emerging as a dependable option for hotel investment, with **positive growth over the last 5 years and likely to be sustained through diverse tourism attractions and improved transportation links with Spain** (a key source market for Portugal). The country boasts a welcoming business environment ranking more favourably in the Ease of Doing Business index* than its Southern peers Italy and Greece.

Despite the challenges posed by global geopolitical uncertainty, **Portugal's macroeconomic environment has demonstrated resilience**, with a robust recovery in 2023 and a promising outlook up to 2027. Portugal is on course to become **one of the fastest-growing economies in the Eurozone**, with GDP growth already outpacing many of its European counterparts and inflation rates aligning with the Euro Area average.

While the scale of the market remains a fraction of its Mediterranean counterparts, it recorded the healthiest growth in overnights of all four countries since 2019. This indicates a **potential opportunity for further expansion of the hotel stock**, particularly for international hotel brands with concentrated presence in three main leisure and business hubs in the country: Lisbon, Porto and Algarve.

The country presents the advantage of combining **competitive operational expenses** (energy and labour) **and development costs** at a marked discount to its peers, therefore landing itself as a competitive destination for new developments.



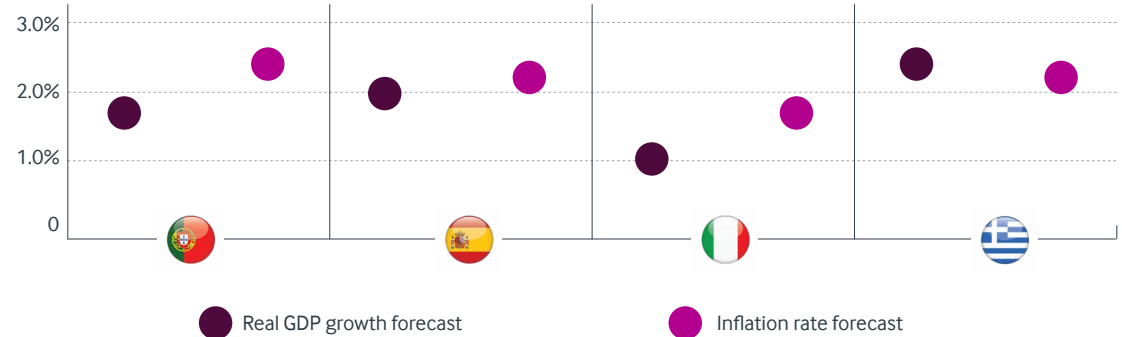
Portugal is climbing up the ranks of the European economies while offering competitive operational and development costs compared to other Mediterranean destinations.

NICOLAS COUSIN

Managing Director Christie & Co Spain and Portugal

Sources: Whitebridge, River Levett Bucknall, Hotstats, Doing Business, National Statistics, Eurostat, ECB, S&P Global

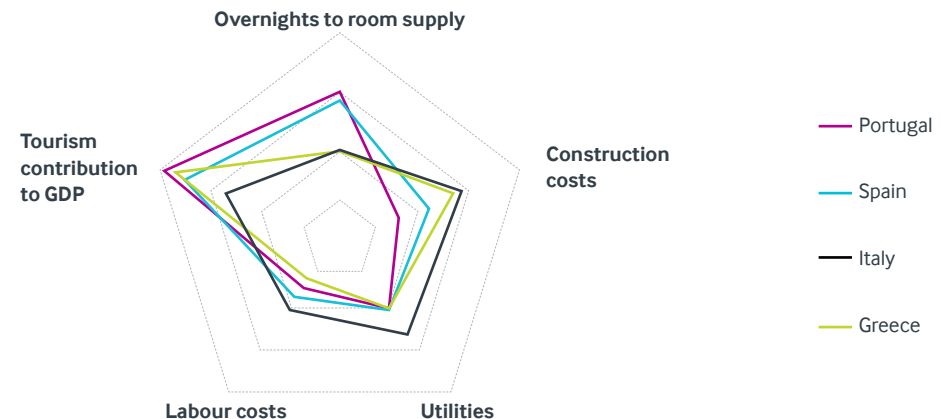
MACROECONOMIC OUTLOOK (2024 - 2027 CAGR)



MEDITERRANEAN COUNTRIES HOTEL DEMAND AND GROWTH



MACRO METRICS PROFILING



*Ease of Doing Business index: Evaluation of the regulatory environment for businesses across different countries. The objective is to assess the ease or difficulty of starting and operating a business in different jurisdictions.

INFRASTRUCTURE DEVELOPMENTS

Portugal upping its game for 2030

Portugal is making significant progress towards sustainable development, **enhancing its infrastructure and green energy production while positioning itself as a frontrunner in the global transition to a more sustainable future.**

Portugal is at the vanguard of renewable energy in Southern Europe, generating almost **35% of all energy consumption from these sources** (2022). Spain (22%), Greece (23%), and Italy (19%) trail slightly behind the EU average of 23% for energy consumption from renewable sources.

Through the National Investment Plan 2030 (PNI 2030), **a partnership agreement between Portugal and the European Commission involving a €23 billion investment,**

the country aims to enhance its transportation networks, expand **renewable energy sources**, and facilitate **innovation and digital transition** in line with the EU's strategy. This plan includes **expanding the airport and rail networks**, developing maritime hydrogen corridors, and increasing the capacity of renewable energy installations.

Mediterranean countries are in a **favourable position to collaborate effectively** and combine their efforts to promote tourism activity. Portugal, Spain and Morocco are planning a number of infrastructure developments, including airport and rail expansion, stadium construction and other relevant projects.

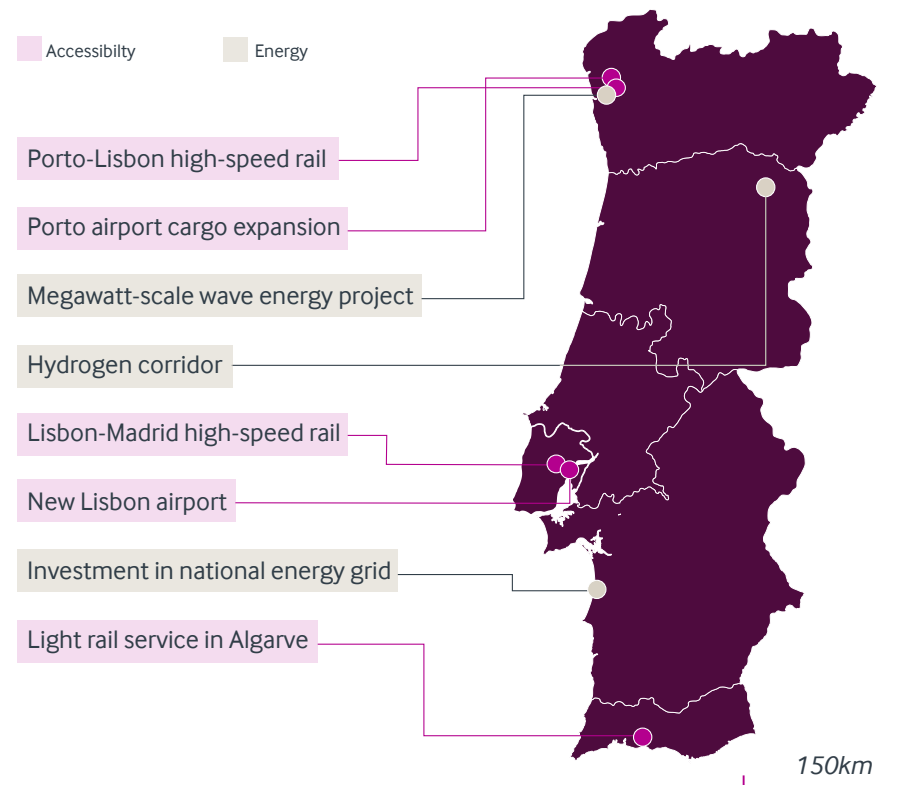
INTERNATIONAL SCALE EVENT HOSTING

In a historic first, **3 countries from 2 continents will jointly host the FIFA World Cup in 2030.** The sporting event will be co-hosted by **Portugal, Spain and Morocco.**

Additionally, Argentina, Paraguay and Uruguay will commemorate the 100th anniversary of the FIFA World Cup, featuring 3 games alongside a special centenary celebration. Both Argentina and Uruguay have direct flights to Lisbon, while flights from Paraguay typically require a layover in Sao Paulo or Madrid. Portugal will host matches in 3 stadiums: **Estadio Do Dragao** (Porto), **Estadio Da Luz** (Lisbon) and **José Alvalade** (Lisbon). The event will last from **June 13th to July 21st**, bringing a robust influx of new visitors to the host countries and **driving improvements** to public infrastructure and the quality of the hotel supply.



Sources: Portugal 2030, APREN, Eurostat, Christie & Co Research



INFRASTRUCTURE DEVELOPMENTS (CONT'D)

Major investments into the country's infrastructure focused on enhancing connectivity and promoting renewable energies



NAME
Porto-Lisbon high-speed rail

LOCATION
Porto, Lisbon

DEVELOPER
Infraestructuras de Portugal (IP), National Investment Plan 2030

A high-speed rail line between Porto and Lisbon reducing the actual duration of 4h 8min to 1h 15min, will be completed by 2030, connecting the stations at Aveiro, Coimbra, and Leiria.

This will make it easier for visitors to visit two major cities, encouraging tourists to potentially extend their trips and explore more of Portugal.



NAME
Lisbon-Madrid high-speed rail

LOCATION
Lisbon

DEVELOPER
Infraestructuras de Portugal (IP), Renfe

A high-speed rail between Lisbon and Madrid (3h) will be completed by 2034, including the construction of a new bridge over the Tagus River.

This will lead to an increase in visitors from Spain, as it will make travel between Lisbon and Madrid much quicker and convenient.



NAME
New Lisbon airport

LOCATION
Lisbon

DEVELOPER
Infraestructuras de Portugal (IP), Aeroportos de Portugal (ANA)

A new airport in Alcochete (Setubal), about 40 km east of Lisbon, will replace the Humberto Delgado Airport by 2034.

The new airport will handle more flights and passengers, accommodating the projected demand of 100 million passengers in 2050, with a capacity for 90 to 95 flights per hour.



NAME
Porto airport cargo expansion

LOCATION
Porto, Norte

DEVELOPER
DHL Express

€25 million will be invested to triple the area of the terminal, incorporating solar panels for natural lighting and natural ventilation systems.

This investment supports the growing export industry of the country and underlines the interest in the Portuguese market.

Sources: Christie & Co Research

INFRASTRUCTURE DEVELOPMENTS (CONT'D)

Major investments into the country's infrastructure focused on enhancing connectivity and promoting renewable energies



ACCESSIBILITY

NAME
Light rail service in Algarve

LOCATION
Algarve

DEVELOPER
National Railway Plan, National Investment Plan 2023

Creation of a costal line rail in Algarve, connecting Faro and Portimao, serving Gago Coutinho Airport, Quarteira, and Albufeira, with potential extensions.

This will enhance regional tourism, making it easier for tourists to explore multiple locations within Algarve.



ENERGY

NAME
National energy grid

LOCATION
Sines, Alentejo

DEVELOPER
Redes Energetics Nacionais (REN)

Extension and development of the National Transmission Network (RNT) to create grid connection capacity and integrate a photovoltaic plant.

The use of renewable energy can enhance the country's reputation as an eco-friendly destination, as tourists are increasingly drawn to destinations that prioritize sustainability.



ENERGY

NAME
Megawatt-scale wave energy

LOCATION
Porto, Norte

DEVELOPER
Wave Power Global AB

Installation of the first megawatt-scale ocean wave power generator, including a wave energy museum and underwater education centre.

These facilities will draw visitors interested in learning about hydraulic renewable energy, offering a distinctive educational experience.



ENERGY

NAME
Hydrogen corridor

LOCATION
Celorico da Beira, Centro

DEVELOPER
H2med

First major hydrogen corridor linking the Iberian Peninsula networks with France, Germany and North-West Europe, including a Portugal-Spain link.

This will unlock the hydrogen economy's potential, helping Portugal achieve its decarbonization and reindustrialization goals with affordable green hydrogen.

Sources: Christie & Co Research

TOURISM DEMAND PROFILE

International market with a growing business segment in the main economic hubs

DEMAND PROFILE

Portugal is a renowned international destination, with **nearly 70% of total overnight stays in 2023 from foreign source markets**. The **UK (12.9%), Germany (7.9%), Spain (7.1%), France (6.0%)** and the **USA (6.0%)** represent Portugal's primary source markets. International visitors, particularly those from **the USA and affluent European countries**, significantly impact tourism quality due to the **high expenditure** typically observed among this demographic. Furthermore, Portugal is experiencing a **surge in business tourism**, particularly in its cosmopolitan cities with diverse demand generators, such as Lisbon and Porto, and in secondary cities in their vicinity.

AIRPORT ACTIVITY

Humberto Delgado Airport (Lisbon), Porto Airport (Norte) and **Faro Airport (Algarve)** continue to be the busiest hubs in Portugal, with notable growth compared to previous years. The year-to-date figures for July 2024 show a **4.8% increase in passengers** compared to last year. The most significant growth was observed in the **Azores (+9.5%)** and **Norte (+5.8%)**.

EVOLUTION OF DEMAND

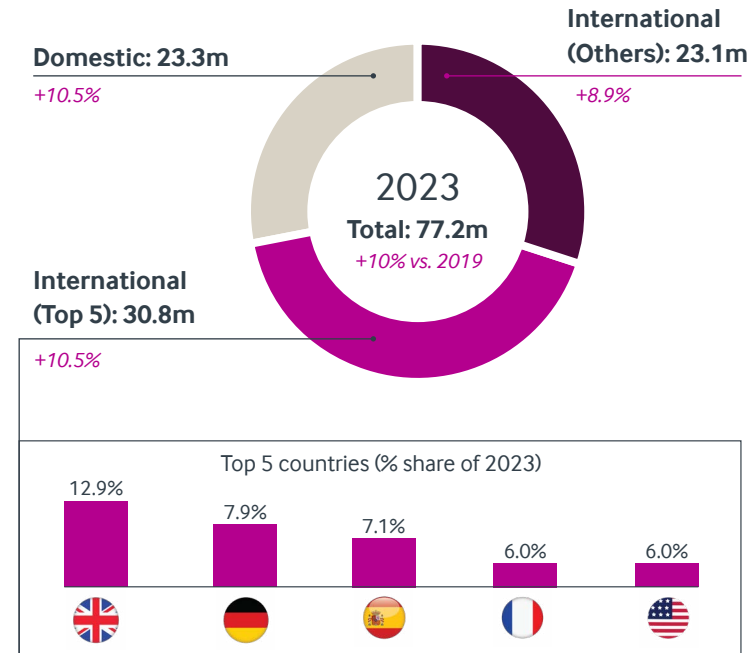
This positive trend in airport activity was also reflected in the number of overnight stays. Portugal has demonstrated a **robust recovery from the pandemic**, with a notable increase in international demand compared to 2019 and a **diversification of its source markets**.

Algarve, Greater Lisbon and Norte are the strongest tourist regions as of YTD July 2024, however, the **highest interannual growth** has been recorded in **Azores (8.8%), Oeste e Vale de Tejo (8.4%), Setubal (5.9%)** and **Norte (5.9%)** highlighting the **growing interest of travellers in discovering more of Portugal**.

Sources: INE Portugal, TravelBi

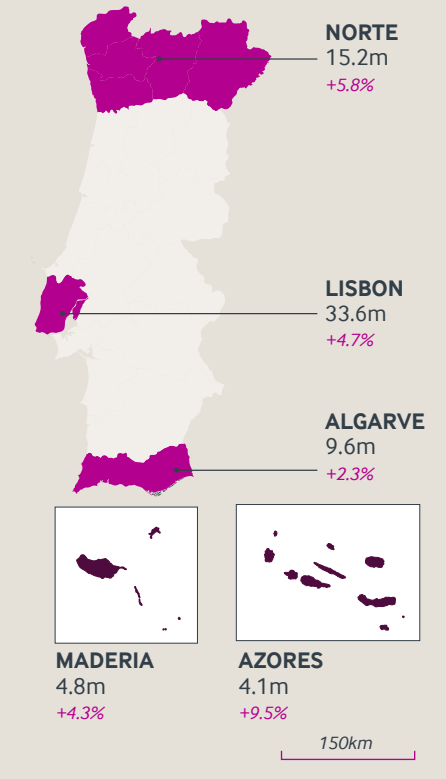
PORTUGAL OVERNIGHT STAYS BY SOURCE MARKETS

(2023 m; % vs 2019)

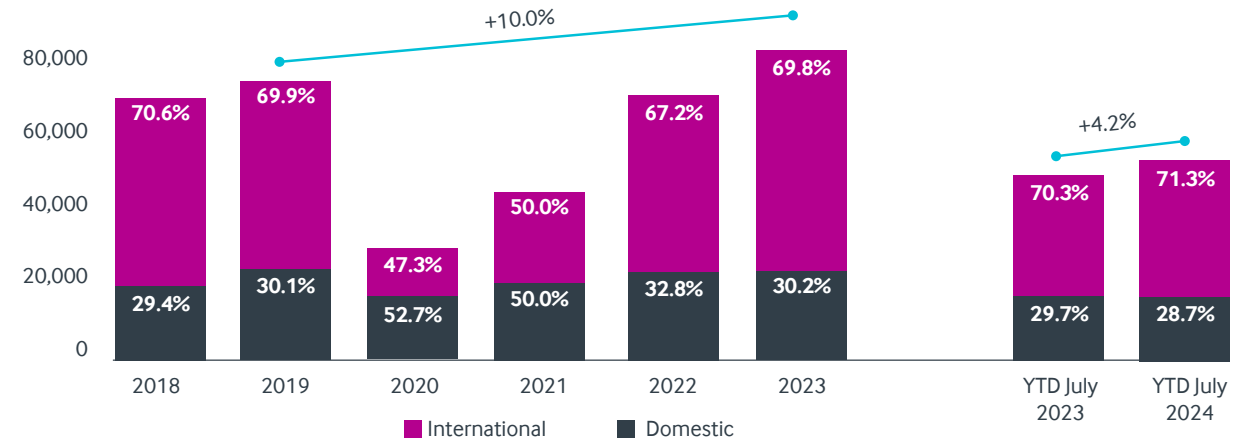


AIRPORT PASSENGERS BY NUTS REGIONS

(2023 m, YTD July 2024 YoY Variation)



EVOLUTION OF OVERNIGHT STAYS ('000)



HOTEL SUPPLY AND PERFORMANCE

Encouraging absorption of new stock despite a focus on upper segments

SUPPLY

Portugal boasts a top-heavy hotel room supply, comprising of a dominant **4-star segment (47%)** and a **rapidly developing 5-star segment (20%)**, due to the prominence of internationally-led markets (Lisbon, Porto and Algarve). In recent years, international luxury brands have shown a rising interest in Portugal, particularly in destinations that offer good infrastructure, corporate and cultural demand generators and sea access, such as **Lisbon and Porto**. The increased interest from international brands has resulted in a **notable shift towards the 4-star and 5-star categories**, which have seen a two-point gain over the period from 2019 to 2023.

The economy hotel sector is also experiencing growth in relevance within the market, driven by an increase in demand for this segment, particularly in thriving economic hubs such as **Lisbon, Porto** (and the adjacent Vilanova de Gaia) and **Funchal**.

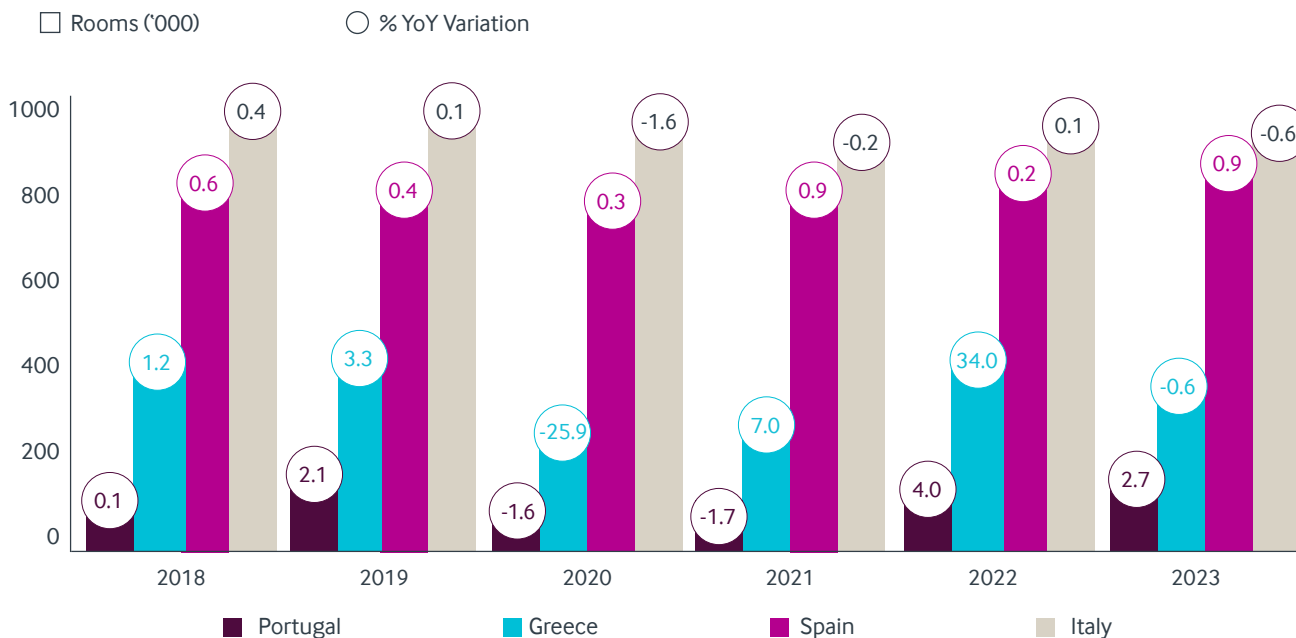
Despite a **material supply injection in 2023 (2.7%)*** compared to its Mediterranean competitors, **the scale of Portugal's room stock remains only a fraction of its larger Mediterranean neighbours, and less than half of Greece's**. These three countries have long been global tourism hotspots, with more stagnant demand and supply growth.

PERFORMANCE

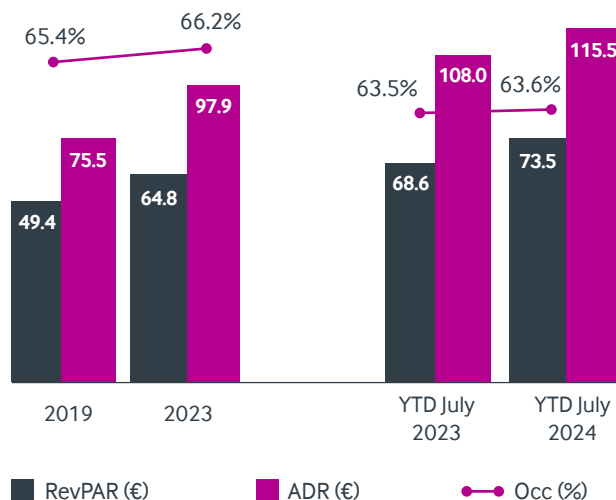
As of YTD July 2024, both ADR and occupancy outperformed 2023, demonstrating the Portuguese tourism market's **ability to absorb new supply with limited impact on performance** thanks to its sustained demand growth. While occupancy rates have remained **consistently high over time**, despite seasonality, in some market segments the number of new rooms is accelerating, which could result in temporary **overcrowding in the upscale and luxury segments**.

Sources: INE Portugal, Eurostat, TravelBi

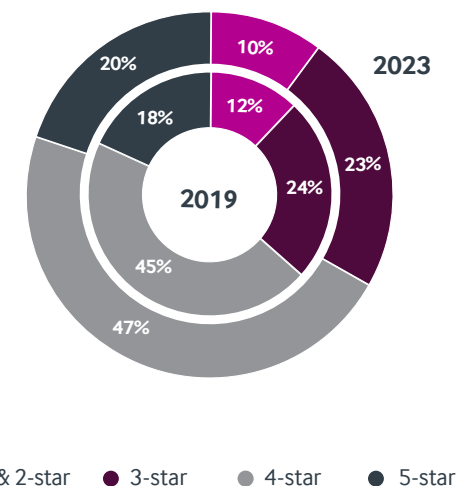
TOTAL TOURIST ACCOMMODATION EVOLUTION (ROOMS AND % YoY VARIATION)*



HOTEL KPIs



SUPPLY BY STAR CATEGORY (% OF TOTAL ROOMS)



*Please note that the data in this section refers to total tourist accommodation, as defined by Eurostat. This differs from the total hotel room supply data from INE Portugal, which is presented in other sections of the report.

PIPELINE AND UPCOMING HOTEL OPENINGS

Further brand consolidation is driven by strong appetite from brands, holding nearly 7 in every 10 pipeline rooms

Over the next four years, national, international and independent hotel groups will collectively add **over 10,000 rooms across Portugal, representing around 10% increase on the current hotel room stock.** The country is well-positioned to continue attracting new hotel projects, due to the positive fundamentals highlighted previously, as it is positioned as an important **entry point for American tourists and offers convenient access to the main European airports.**

In 2023, approximately **85% of the rooms in the active pipeline were located in the regions of Greater Lisbon, Norte and Algarve.** However, their share in the pipeline decreased to around 80% in the current year, **suggesting a gradual shift to other locations and investors' willingness to explore alternative markets.** Secondary destinations are gaining momentum, especially **Setubal and Alentejo**, where the current supply will increase by almost 20% and more than 10% respectively by 2027. **Growth in secondary destinations presents a balanced mix between independent and branded projects,** a trend very different in constrained primary destinations such as Lisbon, Porto, Algarve and Azores.

While the introduction of new supply is a positive development, it **may present challenges for the country's tourism industry.** The considerable expansion in supply in cities such as Porto and Lisbon can result in a temporary weakening of occupancy, despite the **beneficial enhancement of the overall quality of the room stock** in the long term.

This improvement will be **driven by the entrance of more international brands with rigorous quality and design standards.** These will increase competition and **prompt independent and established hotel brands to renovate outdated facilities.**



Portugal offers an attractive and reliable investment destination with over 10,000 new rooms set to be added. However, there are regional nuances, with a short term risk on occupancy in prime cities.

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Investment Director Christie & Co Spain and Portugal

Sources: Christie & Co Research

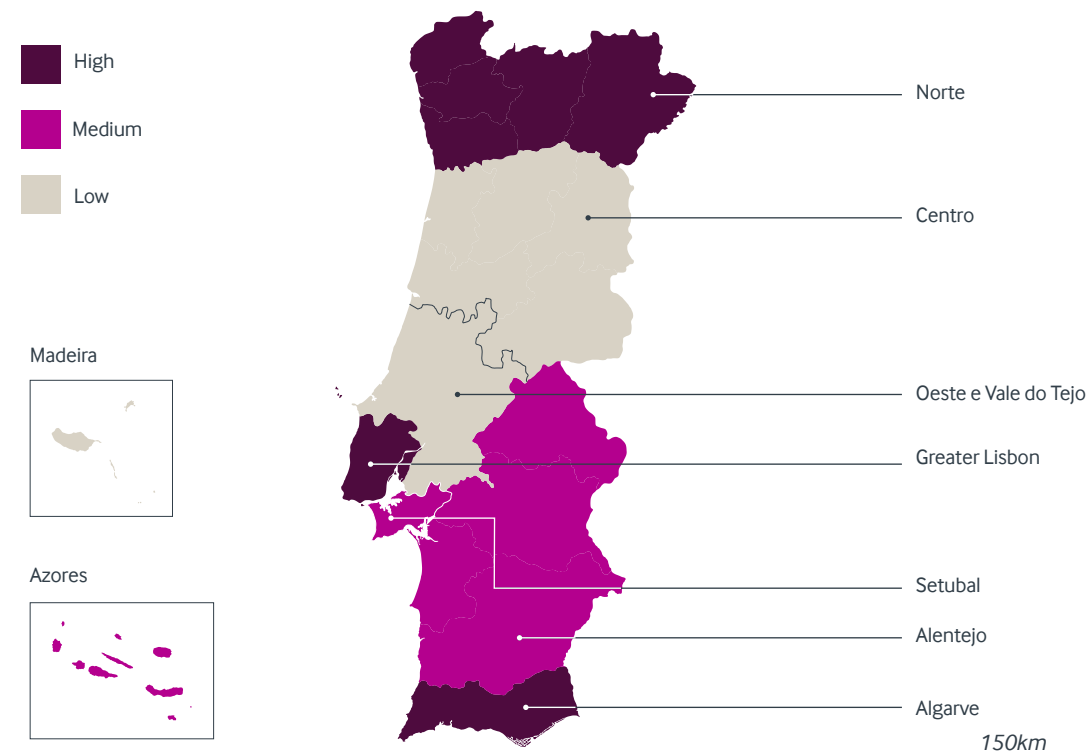
INTERNATIONAL HOTEL GROUPS' ANNOUNCED PIPELINE*



OVER 10,000 ROOMS WILL BE ADDED ACROSS PORTUGAL IN THE NEXT 4 YEARS



MARKET SATURATION IN PORTUGAL PER REGION



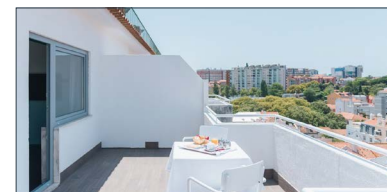
*Non-exhaustive list based on market research by overall number of rooms entering the market with more than 130 rooms.

SELECTED INTERNATIONALLY BRANDED PIPELINE

	NORTE	CITY	GROUP	KEYS	YEAR
1	The Social Hub Porto Bonjardim	Porto	The Social Hub	305	2024
2	Axel Hotel Porto	Porto	Axel	80	2025
3	Hotel Journal an Autograph Collection	Porto	Marriott	213	2026
4	Melia Viana do Castelo	Viana do Castelo	Melia	110	2026
CENTRO					
No branded properties in the pipeline					
OESTE E VALE DO TEJO					
No branded properties in the pipeline					
GREATER LISBON					
5	ME Lisbon	Lisbon	Melia	213	2024
6	MOXY Alfragide Lisbon	Alfragide	Marriott	218	2025
7	Andaz Lisbon	Lisbon	Hyatt	232	2025
8	Nobu Hotel Lisbon	Lisbon	Nobu	72	2025
9	Six Senses Lisbon	Lisbon	IHG	114	2025
10	YOTEL Lisbon WTC	Carnaxide	YOTEL	127	2026
11	Hampton by Hilton Lisbon Baixa	Lisbon	Hilton	157	2026
12	DoubleTree by Lisbon Airport	Prior Velho	Hilton	219	2026
13	The Social Hub Lisbon Carcavelos	Carcavelos	The Social Hub	305	2027
14	Staybridge Suites Carcavelos	Carcavelos	IHG	135	2030
15	The Cloud One Lisbon	Lisbon	Motel One	88	2024
SETUBAL					
16	Wyndham Garden Alcacer do Sal	Alcacer Do Sal	Wyndham	75	2024
17	Santo Andre Tapestry Collection by Hilton	Santiago Do Cacem	Hilton	46	2025
ALENTEJO					
18	Santo André Beach Hotel, Tapestry Collection	Santo André	Hilton	44	2025
19	Anantara Royal Vila Vicosa	Vila Vicosa	Minor	60	2026
ALGARVE					
20	DoubleTree by Hilton Albufeira	Albufeira	Hilton	165	N/A
21	Hotel Indigo Albufeira	Albufeira	IHG	80	2025
22	Canopy by Hilton Vilamoura Marina	Vilamoura	Hilton	155	2026
23	Westin Verdelago Resort Algarve	Castro Marim	Marriott	197	2027
24	Hilton Garden Inn Lagos	Lagos	Hilton	90	2027
25	Lagos Marina Curio Collection by Hilton	Lagos	Hilton	181	2027
AZORES					
26	Delta Hotel Ponta Delgada	Ponta Delgada	Marriott	60	2025
27	Mercure Azores Ponta Delgada	Ponta Delgada	Accor	76	2025
MADEIRA					
28	Axel Hotel Madeira	Funchal	Axel	88	2025

Sources: Christie & Co Research

Recent transactions of note



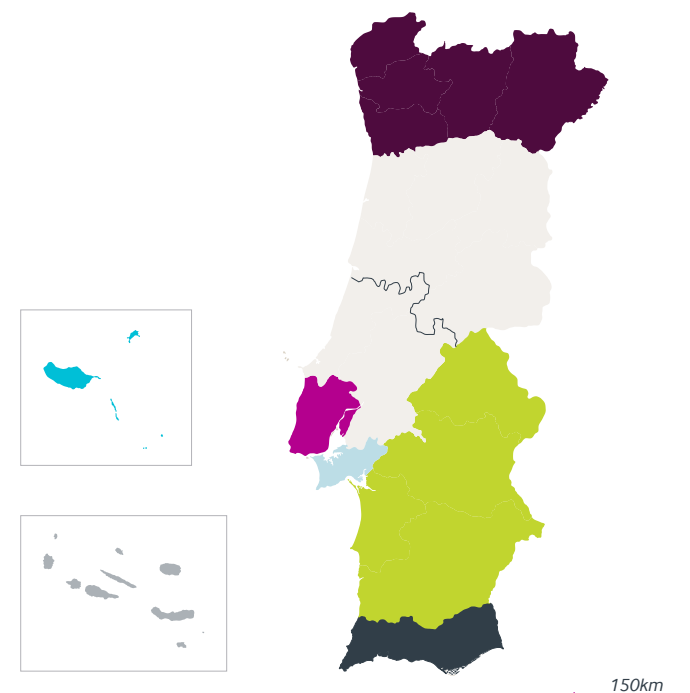
PORTFOLIO OPERATION

Portuguese group Real Hotels has acquired the business and assets of Amazonia Hotels. The operation includes four properties in the greater Lisbon area, totalling +350 rooms.



INDIVIDUAL TRANSACTION

AccorInvest sold the 163-key Sofitel Lisboa Liberdade to Extendam for €75 million or €460k per room.



REGIONS IN FOCUS: KEY METRICS VARIATIONS YTD 2024 VS YTD 2023

Following a general recovery from the pandemic in 2023, an upward trend in ADR continued across all 9 regions in the first half of 2024. However, the substantial increases in supply over recent years challenged the full return of occupancy in the majority of the destinations. The sustained interest of international brands is driving the pipeline further, which could pose a challenge to performance in the short to medium term in highly concentrated markets. In the longer term, however, this will contribute to the improvement of the quality of the room stock and competitiveness to other Mediterranean destinations.

YTD July 2024 vs YTD July 2023	Centro	Alentejo	Norte	Algarve	PORTUGAL	Greater Lisbon	Setubal	Madeira	Oeste e Vale do Tejo	Azores
RevPAR	0.7%	1.0%	3.5%	4.9%	7.1%	7.5%	9.4%	13.5%	15.4%	17.4%
ADR	5.1%	6.8%	5.2%	5.5%	6.9%	8.1%	8.6%	12.0%	3.6%	10.4%
Occupancy (ppts)	-2.0	-3.1	-1.0	-0.4	0.1	-0.4	0.5	1.0	4.5	3.8
Overnights	4.3%	4.4%	5.9%	2.4%	4.2%	4.0%	5.9%	2.6%	8.4%	8.8%
<i>Domestic overnights</i>	0.1%	0.1%	3.7%	0.1%	0.8%	0.1%	2.4%	-11.7%	4.1%	1.8%
<i>International overnights</i>	3.4%	8.2%	8.9%	3.4%	5.7%	4.6%	9.3%	6.8%	12.4%	10.6%
Room supply share (% of 2023)	10.1%	3.4%	21.5%	17.7%	100%	25.3%	2.2%	9.1%	6.8%	4.0%
Future room supply growth*										

*Potential increase in supply between 2024 and 2027: High: >10% Moderate: 5 - 10% Low: <5%

Sources: Christie & Co Research



NORTE

The rapid increase in new rooms outpaced demand growth, resulting in a deficit in occupancy as of YTD July 2024.

Driven by **Porto's intense touristic activity**, the Norte region is dominated by international visitors, with a **growing presence from the North American market**, entering the top 3 source markets in 2023, after Spain and France.

The Norte region is subject to **moderate seasonality**, with the summer season (June to September) typically accounting for around 40% to 45% of annual overnight stays. **The trend in RevPAR follows a similar trajectory to that of the country**, with a RevPAR amplitude of around 3x more in August than in January, the lowest-performing month.

As of **YTD July 2024**, RevPAR reached €62.6, representing a **3.5% increase over the same period in 2023**, largely led by ADR. **Despite this healthy performance, occupancy levels declined in YTD July 2024 (1ppt)**, which we would attribute to the increase in new supply, showing a **delay in the absorption of the new stock**.

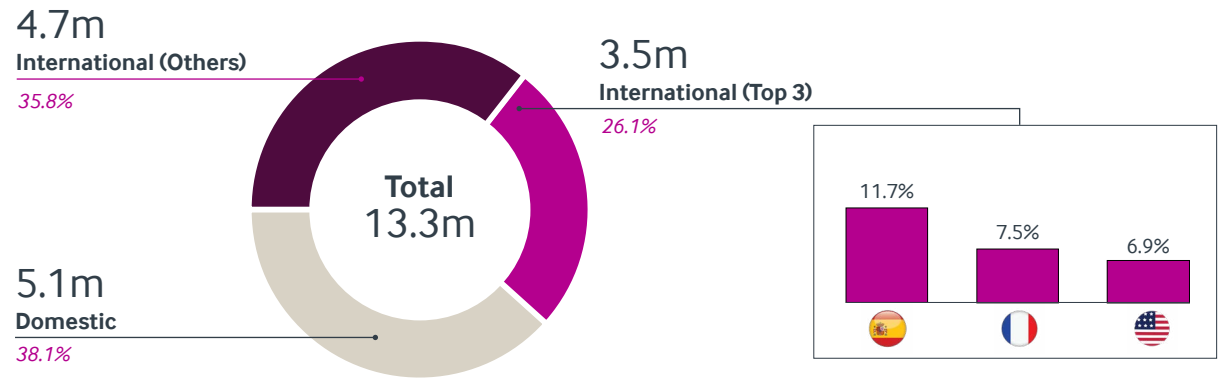
Christie & Co Outlook

The Norte region is experiencing a surge in new hotel developments, particularly in **Porto, which already accounts for over 70% of the region's hotel room supply**. While the Norte region has a relatively low brand penetration compared to other regions, **Porto is a hotspot for new branded openings** providing a diversified and qualitative stock. Nevertheless, maintaining a **high level of occupancy may prove challenging** in the short to medium term and further accentuate seasonality.

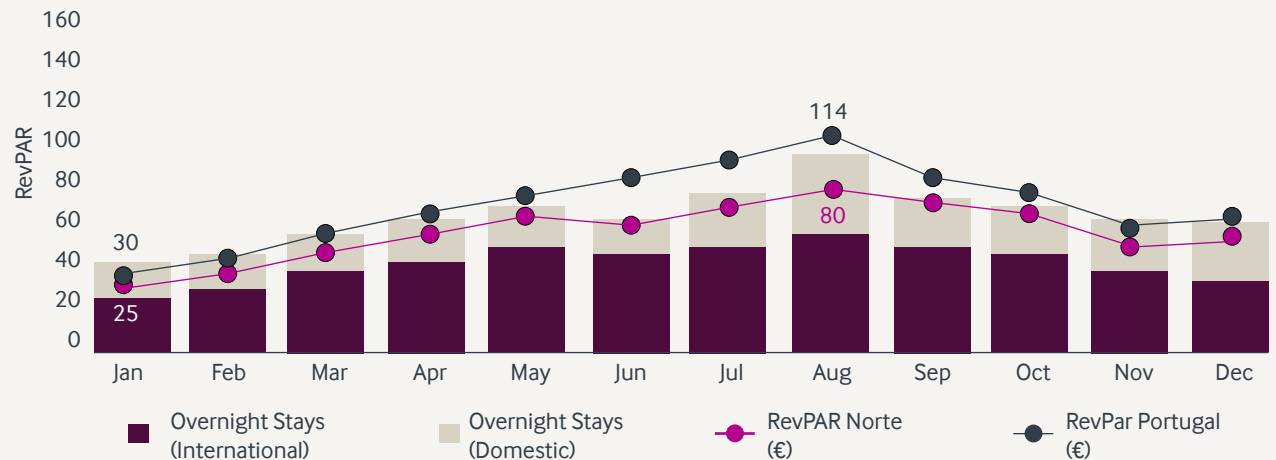
Sources: INE, TravelBi, Christie & Co Research

OVERNIGHTS BY SOURCE MARKETS (2023)

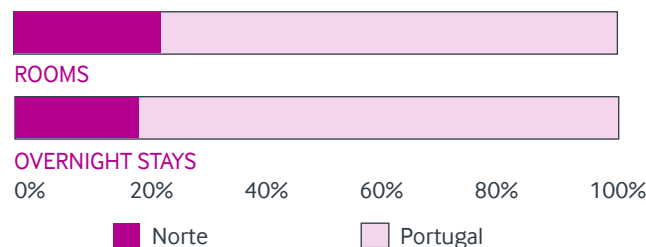
(% share of 2023)



SEASONALITY OF DEMAND AND HOTEL REVPAR (TTM AUGUST 2023 - JULY 2024)*



MARKET SHARE OF NORTE REGION vs PORTUGAL (2023)



YTD JULY 2024 KPIS EVOLUTION vs YTD 2023



*Monthly RevPAR and Overnight Stays for the 12-month period from August 2023 to July 2024.

CENTRO

Despite limited seasonality and a slight RevPAR increase at YTD July 2024, the region shows low brand penetration and only a modest active pipeline.

The Centro region's lack of an international airport results in it primarily **appealing to the domestic market**, followed by **Spain**, its largest source market due to geographical proximity and road connections. The region is **strategically positioned between Lisbon and Porto**, ensuring convenient access to Portugal's two main airports, which serve to meet the region's international demand. The capital of the Centro region, **Coimbra**, is situated just an hour's drive from Porto Airport and 2.5 hour's drive from Lisbon Airport. The new **Porto-Lisbon high speed rail** will stop in Aveiro, further reducing the time to commute to the airport.

The region demonstrates **limited seasonality**, with a peak in August for both overnight stays and RevPAR. In August, RevPAR represents a **threefold increase over the lowest-performing month**. Despite recording some of the weakest **RevPAR figures across all regions**, Centro has shown a **positive increase** in RevPAR compared to YTD July 2024 driven by a surge in ADR, despite **occupancy decreasing by 2 pts**.

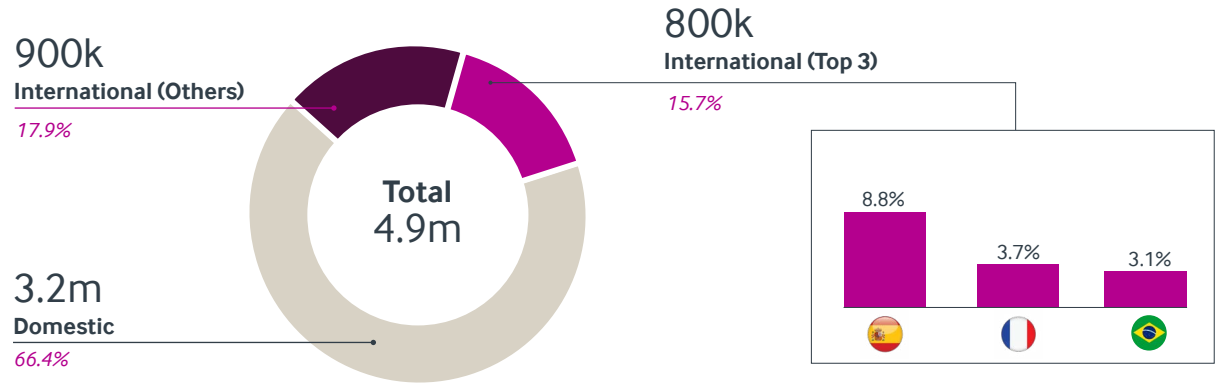
Christie & Co Outlook

Centro experienced a modest increase in supply since 2019, and this trend is expected to continue up to 2027, with the **smallest projected increase in room supply in the country**. To date, there has been no interest from national or international brands in expanding their presence in the area, which currently exhibits **one of the lowest brand penetration rates in the country** and one of the lowest current and projected luxury and upper upscale supply.

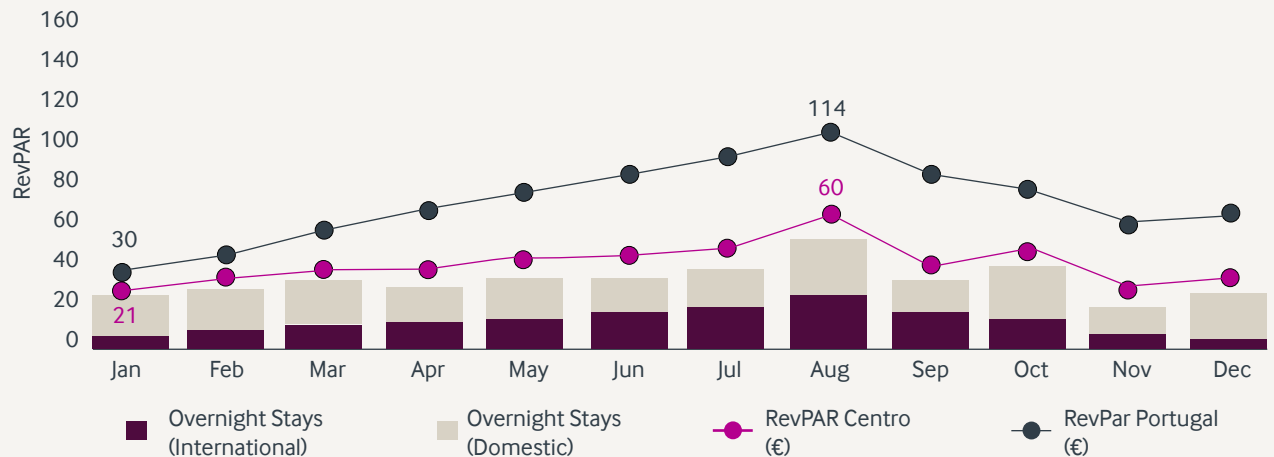
Sources: INE, TravelBi, Christie & Co Research

OVERNIGHTS BY SOURCE MARKETS (2023)

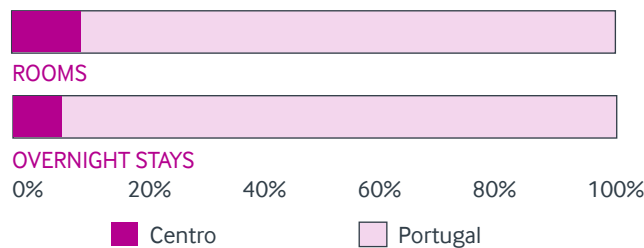
(% share of 2023)



SEASONALITY OF DEMAND AND HOTEL REVPAR (TTM AUGUST 2023 - JULY 2024)*



MARKET SHARE OF CENTRO REGION vs PORTUGAL (2023)



YTD JULY 2024 KPIS EVOLUTION vs YTD 2023



*Monthly RevPAR and Overnight Stays for the 12-month period from August 2023 to July 2024.

OESTE E VALE DO TEJO

The region with the lowest RevPAR registered the second-highest RevPAR growth and the largest occupancy increase.

Oeste e Vale do Tejo demonstrates a **robust international focus**, with 51.9% of overnight stays markedly led foreign visitors, particularly to Spain, its largest source market. The region's strategic location near Lisbon, just **an hour's drive from the airport to its capital city, Caldas da Rainha**, provides a significant advantage for international visitors. The international segment in Oeste benefits from its **renowned surf spots in Peniche and Nazaré**, which have hosted numerous international surf competitions.

The Oeste and Vale do Tejo region displays a **leisure-led seasonal pattern**, with a peak in August for both overnight stays and RevPAR. In August, **RevPAR peaks at four times that of January** (the lowest-performing month), **reflecting the impact of summer holiday travel**. Despite recording the lowest RevPAR **across all regions** (€33.1 as YTD July 2024), the Oeste e Vale do Tejo region has shown resilience with a **notable increase of 15.4% in RevPAR at YTD July 2024**.

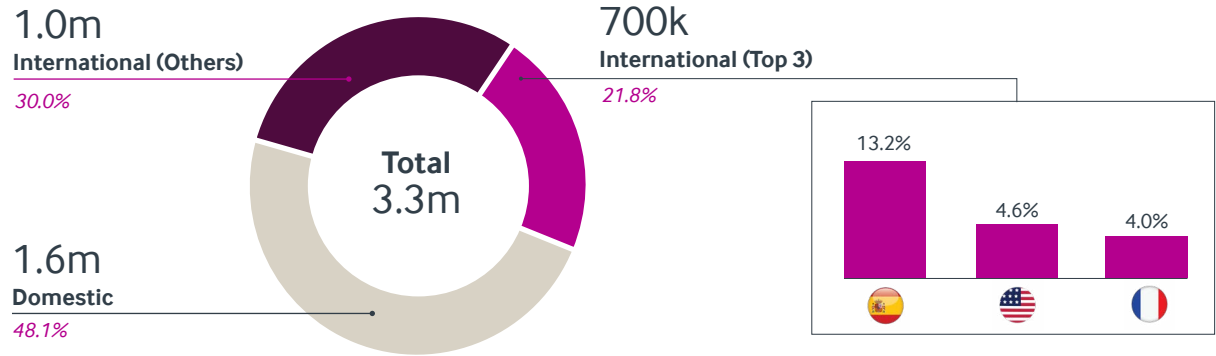
Christie & Co Outlook

The hotel supply in the region of Oeste is mostly independent, with a **balanced ratio between luxury and upper-upscale hotels and the other classes**. The region will see a modest increase in room supply, with the majority of new hotels being unbranded and in the lower categories. The lack of international brands with strong loyalty programs and ADR premium results in a **deficit in RevPAR compared to the other regions**.

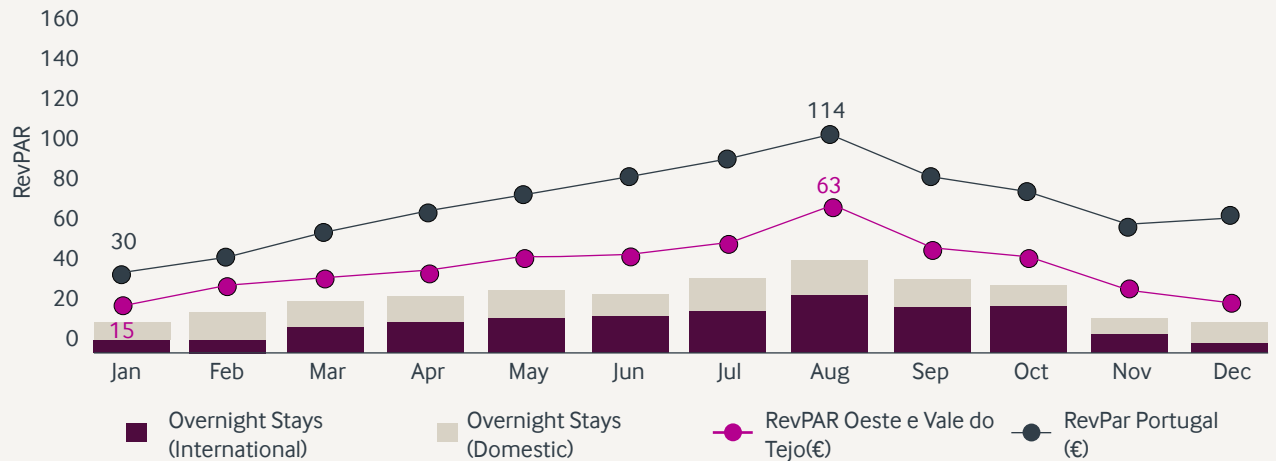
Sources: INE, TravelBi, Christie & Co Research

OVERNIGHTS BY SOURCE MARKETS (2023)

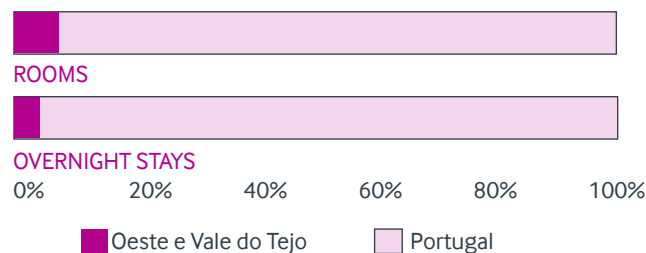
(% share of 2023)



SEASONALITY OF DEMAND AND HOTEL REVPAR (TTM AUGUST 2023 - JULY 2024)*



MARKET SHARE OF OESTE E VALE DO TEJO REGION vs PORTUGAL (2023)



YTD JULY 2024 KPIS EVOLUTION vs YTD 2023



*Monthly RevPAR and Overnight Stays for the 12-month period from August 2023 to July 2024.

GREATER LISBON

Year-round demand powered by international source markets generating more than 8 in every 10 overnights, leads to robust RevPAR performance.

Lisbon's status as **Portugal's capital and the closest entry point from the US to Europe** drives its appeal to international tourists. In fact, **American visitors account for 12.6%** of the total overnight stays, boosting tourism expenditure and ADR levels.

The region's success as an international hub, encompassing **Lisbon city** and the **resort areas of Cascais and Sintra**, is based on a dynamic combination of **year-round demand and strong performance** throughout the year, which has contributed to its status as a prominent destination for **business and leisure** travellers.

As of YTD July 2024, **Lisbon continues to outperform the rest of the country**, with a RevPAR of €102.6. While the overall performance remained robust, there was a **slight decline in occupancy by 0.4 pts**. This was largely due to a significant increase in room supply (+8.0% vs 2019), which was unable to fully accommodate the demand.

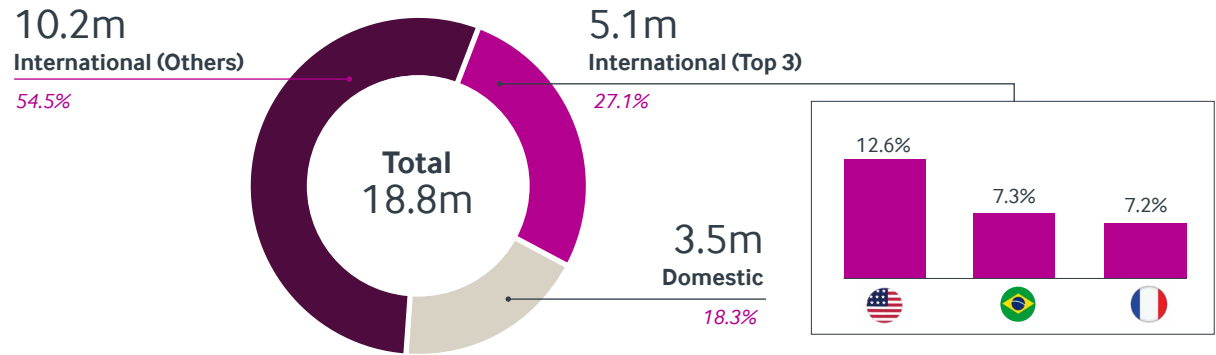
Christie & Co Outlook

Despite Lisbon boasting over 1 out of 5 rooms of the country's supply and already the highest brand penetration in the country, **the region is set to welcome the largest growth in rooms across Portugal** in the coming years. As a European hub, the region offers a more **diverse range of hotel accommodation** than other regions, providing the **ideal choice for a more broad-based visitor profile**, which includes **business and leisure tourism and benefits from easy access to resort areas** nearby, such as Setubal and Oeste.

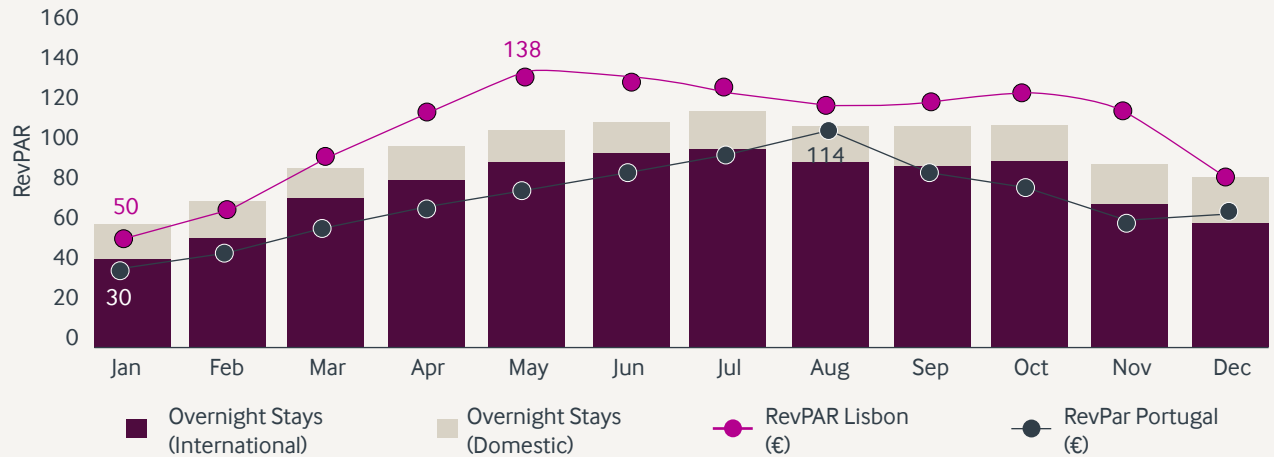
Sources: INE, TravelBi, Christie & Co Research

OVERNIGHTS BY SOURCE MARKETS (2023)

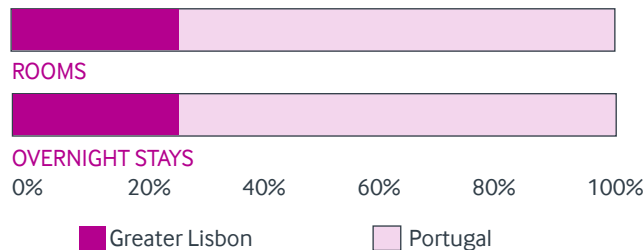
(% share of 2023)



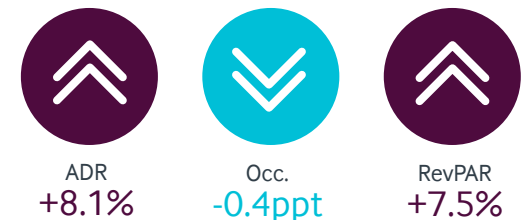
SEASONALITY OF DEMAND AND HOTEL REVPAR (TTM AUGUST 2023 - JULY 2024)*



MARKET SHARE OF GREATER LISBON REGION vs PORTUGAL (2023)



YTD JULY 2024 KPIS EVOLUTION vs YTD 2023



*Monthly RevPAR and Overnight Stays for the 12-month period from August 2023 to July 2024.

SETUBAL

A rising destination that benefits from the positive synergies and demand overflow from Lisbon.

The Setubal region is located **less than an hour's drive away from Lisbon**, offering convenient access for international visitors. The region accounts for **the lowest proportion of overnight stays in Portugal** (1.9% in 2023) in line with its modest share of room supply (2.2% in 2023), with the majority of tourists deriving from day trips from Lisbon. Nevertheless, **Setubal presents a competitively-priced alternative to value conscious travellers when visiting Lisbon during peaks**.

The region experiences a **notable surge in demand during the summer months**, with both RevPAR and overnight stays at their highest levels in July and August (RevPAR four times higher than in January). This is caused by **international visitation** and the region's appeal as a **leisure resort destination**.

At YTD July 2024, RevPAR reached €59.4, representing a **9.4% increase** over the same period in 2023 despite its low base (7th region in terms of annual RevPAR).

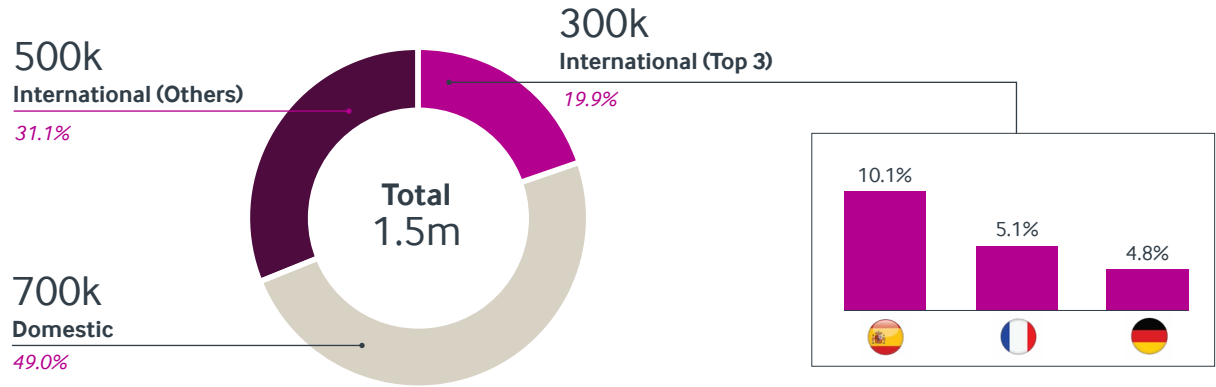
Christie & Co Outlook

The hotel supply in the region is characterised by an **even balance of both independent and branded hotels**. It is forecast that the room supply will grow between 2% and 6% over the next few years, and **the entrance of hotel groups such as Wyndham and Hilton will likely stimulate the entrance of other international brands**.

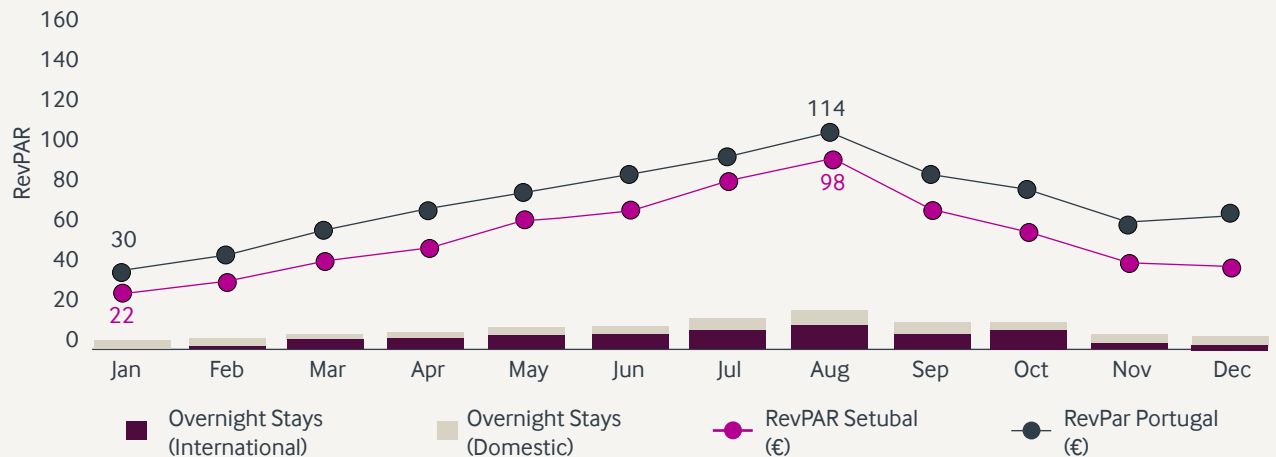
Sources: INE, TravelBi, Christie & Co Research

OVERNIGHTS BY SOURCE MARKETS (2023)

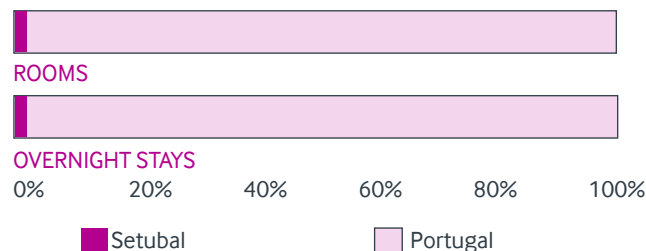
(% share of 2023)



SEASONALITY OF DEMAND AND HOTEL REVPAR (TTM AUGUST 2023 - JULY 2024)*



MARKET SHARE OF SETUBAL REGION vs PORTUGAL (2023)



YTD JULY 2024 KPIS EVOLUTION vs YTD 2023



*Monthly RevPAR and Overnight Stays for the 12-month period from August 2023 to July 2024.

ALENTEJO

The accelerated growth in room stock in recent years, coupled with a robust pipeline, points to a further weakening in occupancy rates in the short term.

While Alentejo is a well-known destination among domestic tourists, it remains relatively unknown among international travellers. The **lack of an international airport is an obstacle to further growth from foreign markets**, with the nearest international hub being Lisbon Airport, which is two hours away from **Evora**, the largest economic and tourist hotspot in the region.

The region is characterised by a **pronounced seasonality in RevPAR**. The highest RevPAR is reached in August at €90.0, which is **nearly five times higher than the lowest performing month**, January. The number of overnight stays follows a comparable pattern, **influenced by the demand for leisure travel during the summer months**.

The marked decline in occupancy recorded as of YTD July 2024 is attributed to **increased competition** within the country, with other resort areas like the Algarve performing better, and a **rapid expansion in room supply, which grew at a faster pace than demand**.

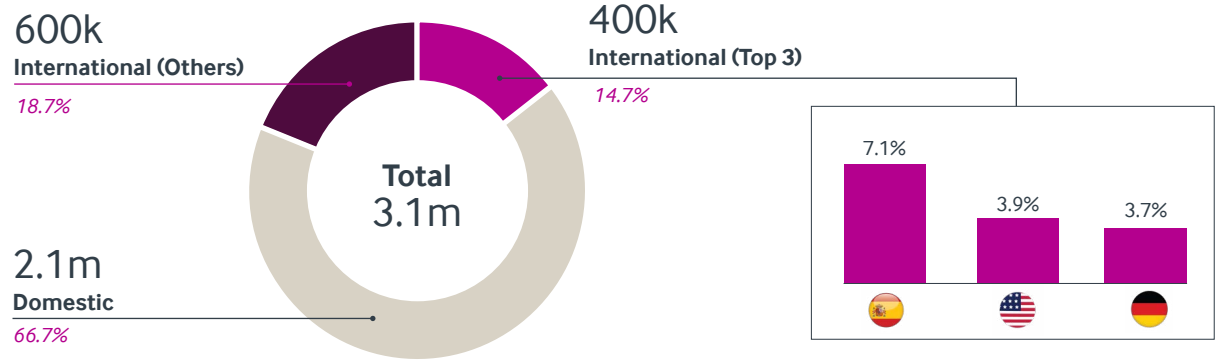
Christie & Co Outlook

Despite its extensive territory, Alentejo has the **second smallest hotel market** in terms of room supply after Setubal, comprising just 3% of the country's current room stock. However, the region's supply is **expected to grow by more than 5%** in the coming years, which could have an impact on occupancy levels as demand is not projected to grow, especially with **increased resort competition both within and nearby Mediterranean destinations**.

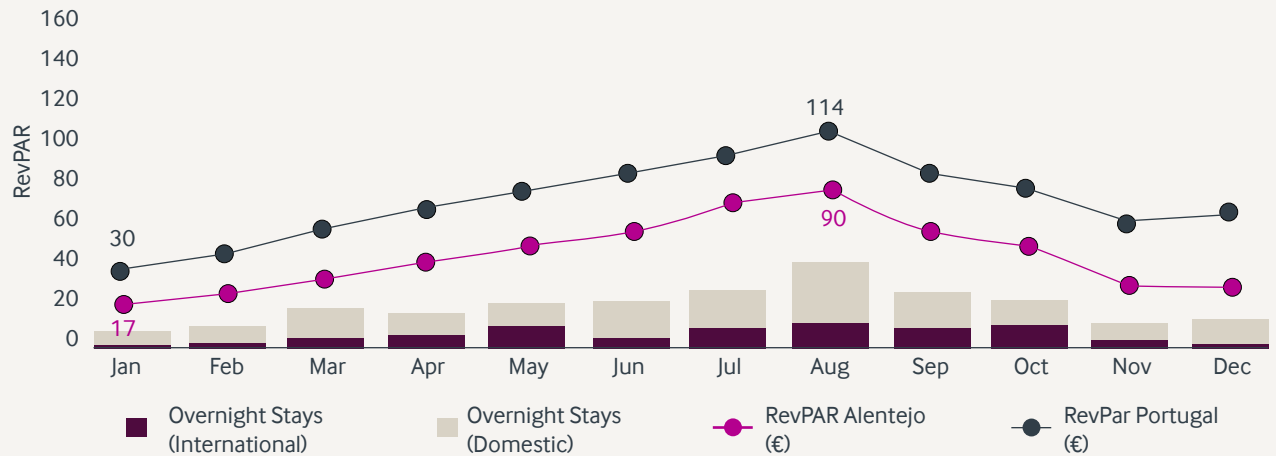
Sources: INE, TravelBi, Christie & Co Research

OVERNIGHTS BY SOURCE MARKETS (2023)

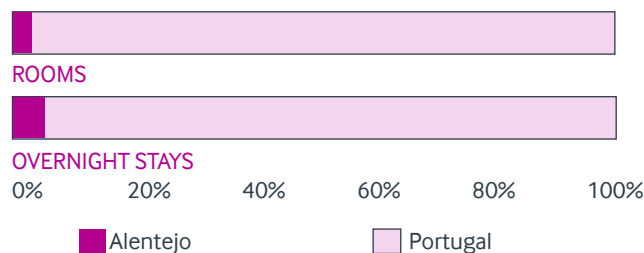
(% share of 2023)



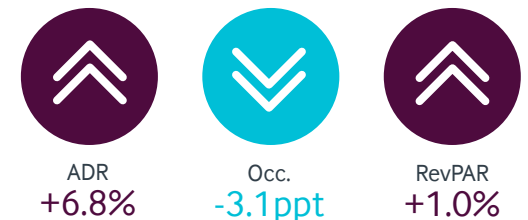
SEASONALITY OF DEMAND AND HOTEL REVPAR (TTM AUGUST 2023 - JULY 2024)*



MARKET SHARE OF ALENTEJO REGION vs PORTUGAL (2023)



YTD JULY 2024 KPIS EVOLUTION vs YTD 2023



*Monthly RevPAR and Overnight Stays for the 12-month period from August 2023 to July 2024.

ALGARVE

International resort market, home to one in 5 overnights in the country, featuring highest RevPAR peaks.

The Algarve region is one of the **leading Mediterranean resort destinations**, attracting a significant number of international visitors. The region benefits from the presence of **Faro International Airport, further boosting its appeal worldwide**. The **UK** represents the largest source of demand, exceeding even domestic visitors. **Germany** (the second-largest international market, though less than a third of the UK's volume) and **Ireland** follow. In 2023, the Algarve region recorded the **highest number of overnight stays in Portugal**, representing more than a quarter of the country's overnights.

The region's **strong appeal for summer leisure travel and international profile** results in **marked seasonality**, with both RevPAR and overnight stays peaking in the period from June to September (best summer performance in Portugal). As of YTD July 2024, RevPAR is up compared to 2023, but **occupancy performed slightly worse due to increased resort competition and the fast pace of new openings**.

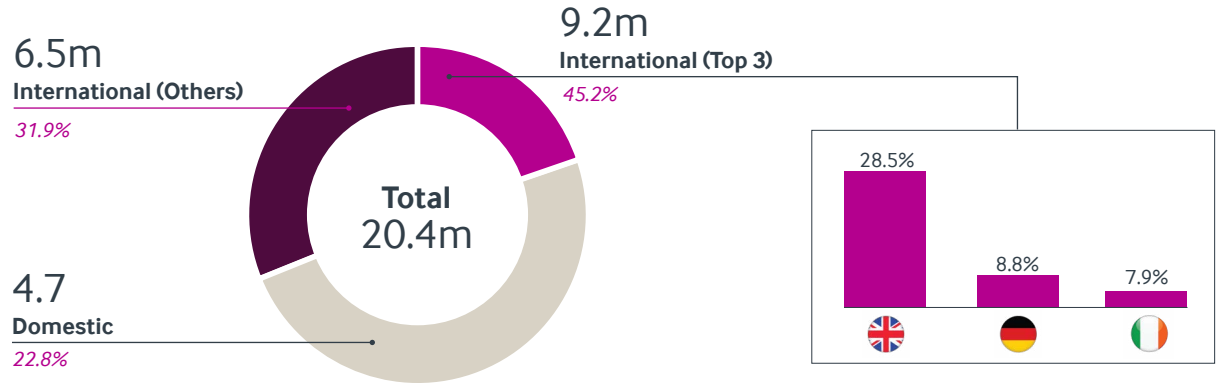
Christie & Co Outlook

The Algarve region accounts for over 15% of the country's total hotel room supply, making it the third-largest provider of rooms in the country, after Greater Lisbon and Norte. In the coming years, the region is expected to see a moderate increase in room supply, which could have a further impact on occupancy levels and **accentuate seasonality with lesser absorption** during shoulder months. Moreover, the region shows **dependence on the UK market**, which suggests a need for further diversification.

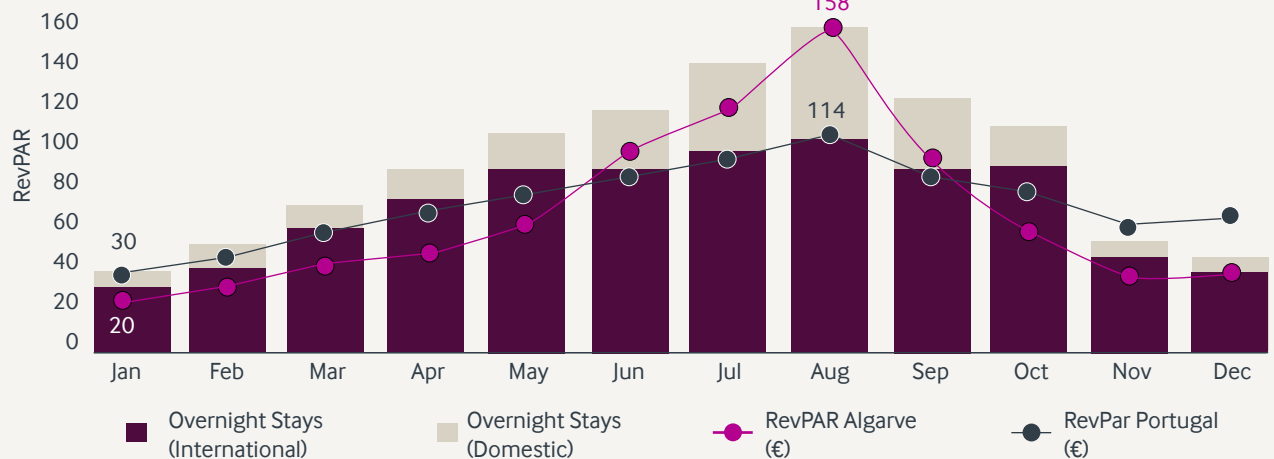
Sources: INE, TravelBi, Christie & Co Research

OVERNIGHTS BY SOURCE MARKETS (2023)

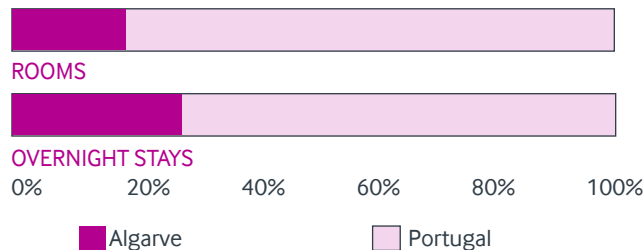
(% share of 2023)



SEASONALITY OF DEMAND AND HOTEL REVPAR (TTM AUGUST 2023 - JULY 2024)*



MARKET SHARE OF ALGARVE REGION vs PORTUGAL (2023)



YTD JULY 2024 KPIS EVOLUTION vs YTD 2023



*Monthly RevPAR and Overnight Stays for the 12-month period from August 2023 to July 2024.

AZORES

The fastest growing RevPAR in the country with rising interest from both international tourists and hotel companies.

Despite its remote location away from mainland Portugal (1,529km), the Azores region welcomes the **6th largest share of international visitors among the regions**, accounting for **61.5% of the region's overnight stays**. **Germany, the US and Spain** are the main source markets, representing nearly **30% of all overnight stays**. The region ranks as the **second lowest in terms of overnight stays** (3.6% of Portugal's total volume), just ahead of the Setubal region.

The Azores demonstrate **strong seasonality**, with RevPAR during the summer season exhibiting a considerably higher performance than the shoulder months. Furthermore, RevPAR is below the Portuguese average with the exception of June and July, indicating price sensitivity, particularly given the island's distance from the mainland and the resulting higher cost of plane tickets compared to Madeira. Despite a lower-than-average RevPAR, **the region experienced the largest growth among Portugal's NUTS regions**, with a notable 10.4% and 3.8 pts increase in ADR and occupancy respectively.

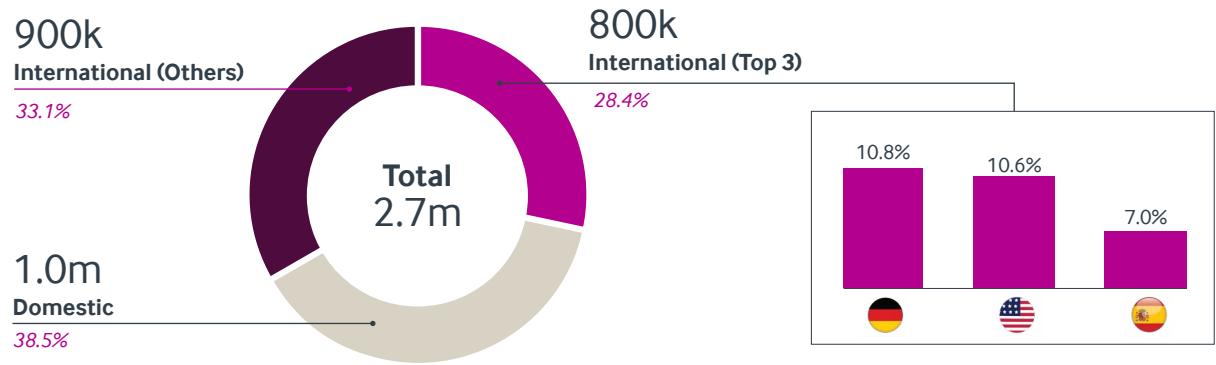
Christie & Co Outlook

The hotel supply in the Azores is **mainly composed of independent hotels and national brands**, which suggests further potential for supply increase, especially from international groups looking to enter the islands. However, **due to land constraints and a remote location, hotel companies might encounter stronger barriers to entry** compared to regions in mainland Portugal and limited operational synergies, unless they operate multiple hotels on the islands.

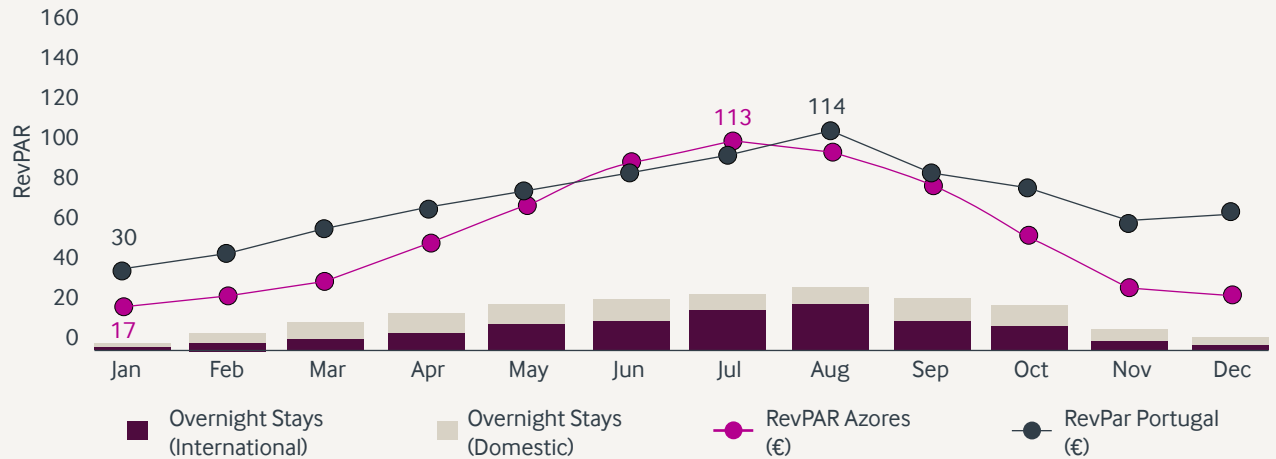
Sources: INE, TravelBi, Christie & Co Research

OVERNIGHTS BY SOURCE MARKETS (2023)

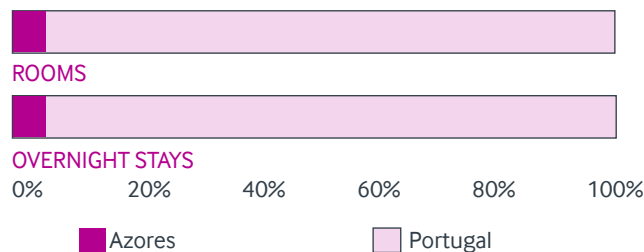
(% share of 2023)



SEASONALITY OF DEMAND AND HOTEL REVPAR (TTM AUGUST 2023 - JULY 2024)*



MARKET SHARE OF AZORES REGION vs PORTUGAL (2023)



YTD JULY 2024 KPIS EVOLUTION vs YTD 2023



*Monthly RevPAR and Overnight Stays for the 12-month period from August 2023 to July 2024.

MADEIRA

The most international region in Portugal continues to show robust RevPAR gains.

The island of Madeira receives the **highest share of international visitors in Portugal**, with the **UK and Germany** accounting for over 20% each. This represents a **higher proportion than that of domestic visitors**, boosted by the presence of an international airport and robust brand penetration. Madeira is not just another resort area, since the city of Funchal positions as an important financial hub in the country, which contributes to stable demand levels throughout the year. Moreover, the region's limited supply and concentration on high-end hotels result in the **least seasonal of all nine regions in terms of RevPAR and overnight stays**. In August, RevPAR reaches only **twice the level of January**, influenced by **Madeira's leisure demand profile** and mild weather all year round.

As of YTD July 2024, the region has demonstrated **remarkable growth**, with a 13.5% surge in RevPAR, reaching €83.7. This growth is driven by a 12% increase in ADR and a 1 ppt rise in occupancy, indicating that **there is still scope for new supply in the region, despite development constraints**.

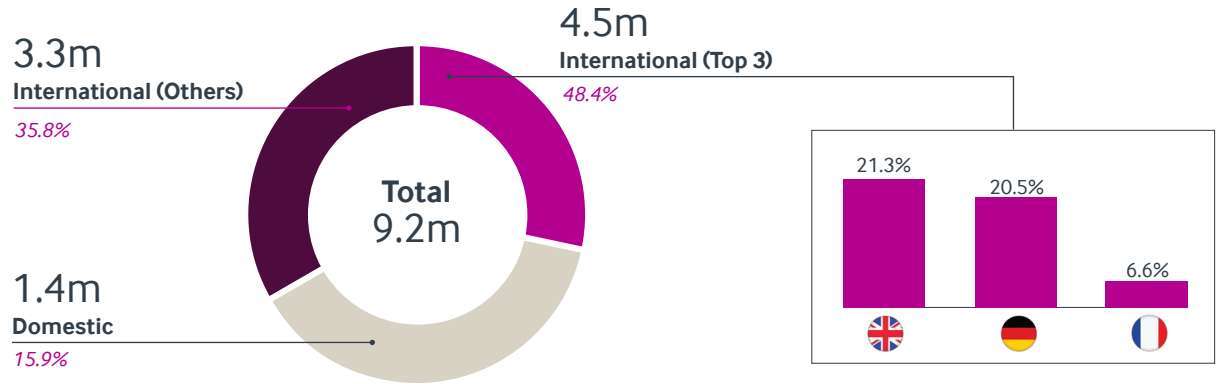
Christie & Co Outlook

Despite its modest size, the Madeira archipelago boasts a **larger room supply than bigger regions like Alentejo**. Since 2019, the region has experienced hotel closures due to the impact of the global pandemic, resulting in a reduction in the number of hotel rooms in 2024. Moreover, hotel developments must comply with **specific environmental laws and capacity restrictions**, further limiting new projects. However, it is anticipated that the region will surpass the 2019 room supply in the coming years.

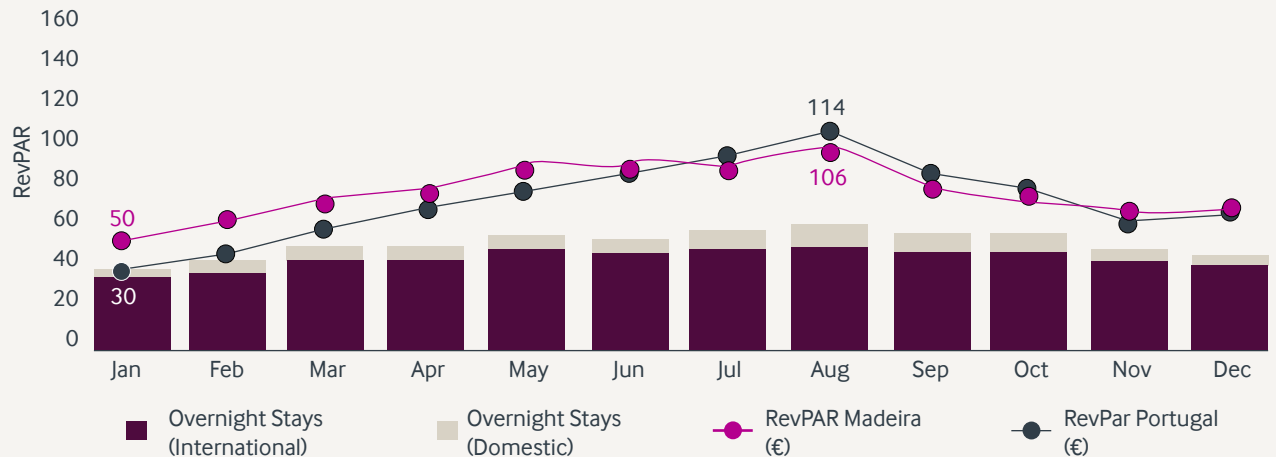
Sources: INE, TravelBi, Christie & Co Research

OVERNIGHTS BY SOURCE MARKETS (2023)

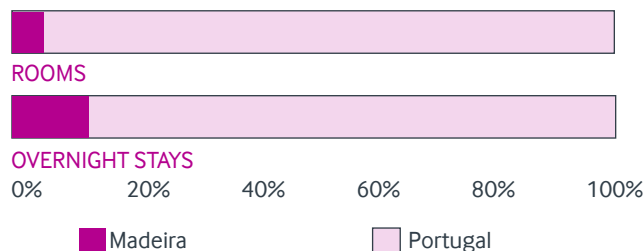
(% share of 2023)



SEASONALITY OF DEMAND AND HOTEL REVPAR (TTM AUGUST 2023 - JULY 2024)*



MARKET SHARE OF MADEIRA REGION VS PORTUGAL (2023)



YTD JULY 2024 KPIS EVOLUTION vs YTD 2023



*Monthly RevPAR and Overnight Stays for the 12-month period from August 2023 to July 2024.

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