



SPAIN NEWSLETTER

2024 Full Year



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With €3.3 billion in hotel investments in 2024, supported by solid operational results, and a promising pipeline for 2025, we anticipate increased activity from core investors as financing costs decrease. This dynamic landscape, driven by the sale of upscale and luxury assets in prime locations, positions Spain as a leading destination for hotel investment, promising another stellar year for the hospitality sector.



As we navigate through 2025, the Spanish hotel market continues to shine brightly despite the backdrop of political turbulence and global economic uncertainty. The European Governing Council projects moderate Eurozone GDP growth, with Spain outperforming its counterparts, boasting a real GDP growth of 3.1% in 2024. This robust performance is driven by sustained consumer spending and increased investment across various sectors, solidifying Spain's position as one of the fastest-growing economies in the EU.

The hospitality sector has seen remarkable growth, with Spain recording a total of 363.7 million overnight stays in 2024, a 5.0% increase compared to the previous year. This surge is largely attributed to the substantial rise in international overnight stays, which increased by 7.5%. The average length of stay also saw a slight uptick, and the market experienced moderate seasonality, with 56% of overnight stays occurring between May and September.

Urban destinations such as Madrid, Barcelona, and Seville have demonstrated a strong recovery from the pandemic, supported by significant growth in MICE activity and the restoration of long-haul overseas markets. Resort destinations have also shown remarkable performance, achieving a full recovery and surpassing 2023 RevPAR levels. Looking ahead, 2025 is expected to be another record-breaking year with further moderate RevPAR growth.

The pipeline for future supply is robust, with a focus on upper-category hotels and a shift towards property-operated hotels. Notable hotel openings include luxury properties in Madrid, Barcelona, and resort destinations such as Ibiza and Mallorca. The outlook for 2025 is optimistic, with a substantial pipeline of operations in development and the hotel sector gaining prominence over other traditional asset classes.

The investment landscape remains dynamic, with hotel investment in Spain reaching €3,300 million in 2024, setting a record for the average price per room. This positive performance was driven by the sale of upscale and luxury assets in prime locations. Urban destinations gained traction, with Barcelona and Madrid leading in investment volume. The resort segment also demonstrated dynamism, with significant investment in the Balearic and Canary Islands. We expect 2025 to also be a record year in investment with significant M&A activity (HIP) and some portfolio activity.

In this context, we anticipate increased activity from core investors as financing costs decrease, with many looking to diversify their real estate portfolios across different asset classes. All in all, the Spanish hotel market continues to demonstrate resilience and strength, promising another stellar year for the hospitality sector.

MACROECONOMIC ENVIRONMENT

Despite ongoing political turbulence and global economic uncertainty, the European Governing Council projects **moderate Eurozone GDP growth** of 1.1% in 2025, 1.4% in 2026, and 1.3% in 2027, alongside **headline disinflation in the Euro area**. Consequently, the Council has decided to lower the three key ECB interest rates by 25 basis points, effective December 18th 2024. In 2025 this trend has continued to accelerate, with a further decrease of 25 basis points effective from February 5th 2025 and another decrease of 25 basis points effective from March 12th, 2025.

According to S&P Global, inflation is expected to gradually ease to 2.2% in 2025, 2.0% in 2026, and 1.8% in 2027, primarily due to a **moderation in energy prices and underlying price pressures**. The fixed interest rate, which peaked at 4.5% in 2023 and currently stands at 2.7%, is forecast to continue its decline.

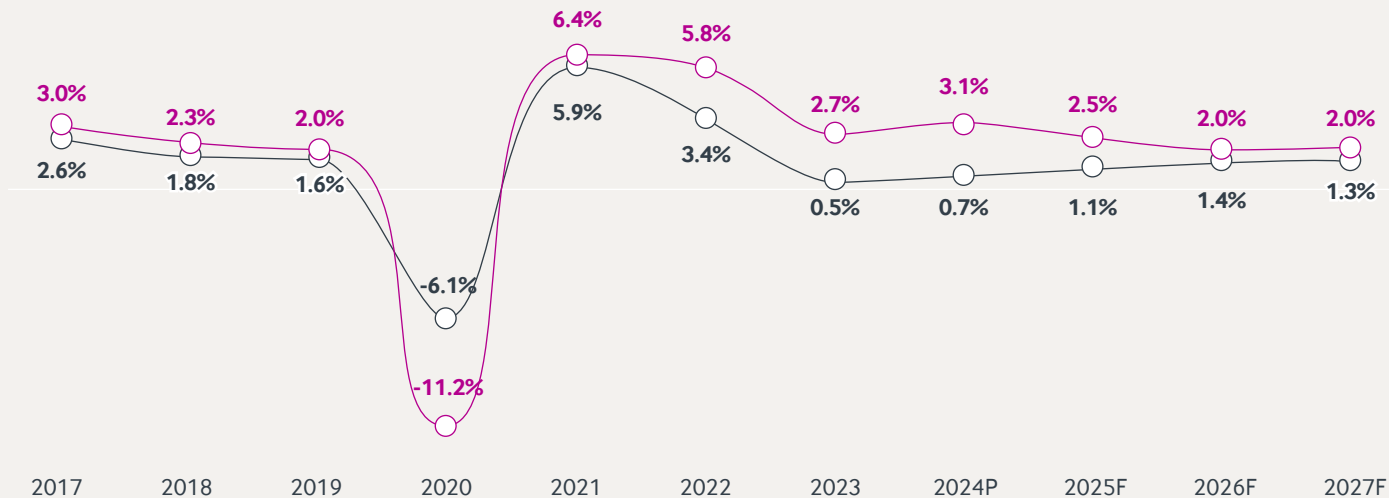
Spain continues to **outperform its European counterparts**, with real GDP growth of 3.1% in 2024, solidifying its position as **one of the fastest-growing economies in the EU**.

Domestic demand is anticipated to be the primary driver of economic growth, fuelled by sustained consumer spending and a projected increase in investment across various sectors.

A **significant reduction in energy costs has been observed in the first half of 2024**, largely driven by **government-implemented price controls to address inflationary pressures**, particularly at the household level. The labour market has shown notable strength, with sustained job creation throughout 2024. The unemployment rate is projected to steadily decline, reaching 10.7% in 2026, down from 11.5% in 2024.



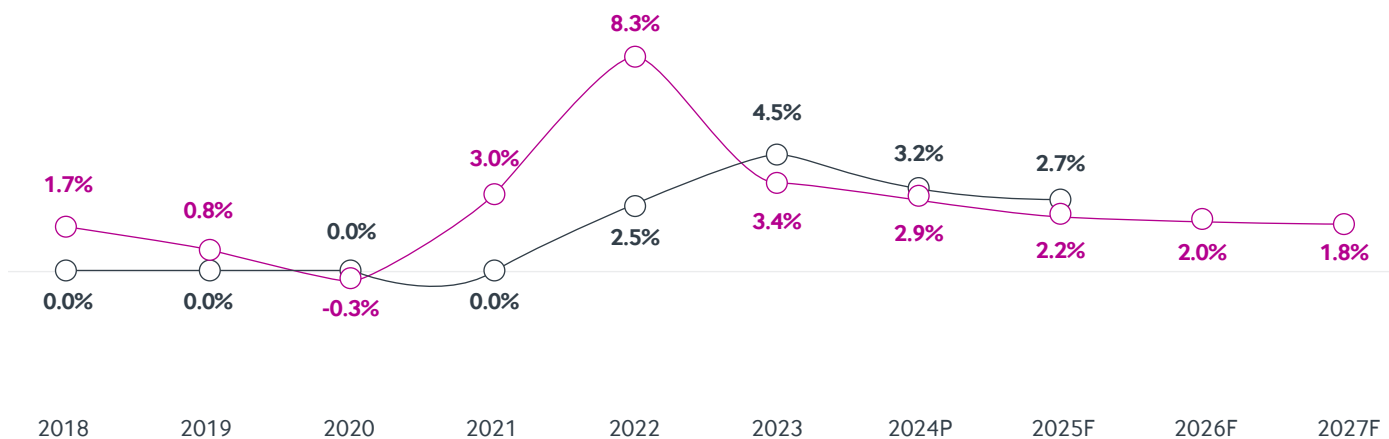
SPAIN VS EUROZONE GDP GROWTH



Note: P = Provisional, F = Forecast

—○— Eurozone GDP Growth —○— Spain GDP Growth

SPAIN INFLATION AND INTEREST RATE EVOLUTION



Note: P = Provisional, F = Forecast

—○— Fixed Rate Interest Rates —○— Inflation Rate Spain

DEMAND & PERFORMANCE

In 2024, Spain recorded a total of **363.7 million overnight stays**, indicating a 5.0% increase compared to the previous year. This growth was driven by the **substantial rise in international overnight stays**, which increased by 7.5%. The data reaffirms the strength of the Spanish tourism sector and signals further potential for growth, with international overnight stays share increasing compared to the previous year.

The average length of stay in 2024 was 3.13 days, slightly above the 2023 figures. As previously mentioned in our newsletter, Spain experiences **moderate seasonality**, with 56% of overnight stays occurring between May and September 2024.

The hotel market in Spain performed exceptionally well in 2024, with the widespread investment in **product enhancement offering more value-added experiences** which continued to lead to higher turnover and sales volume. The strength of tourism demand intensified in the second half of the year, driven by both foreign demand in terms of turnover and domestic demand in a context of significant increases in final destination expenditure and average length of stay.

Urban destinations demonstrated the consolidation of their recovery from the pandemic, surpassing 2023's performance due to a solid increase of ADR levels (+10.1% vs. 2023) and the complete recovery of occupancy in most destinations (+1.0 ppts vs. 2023).

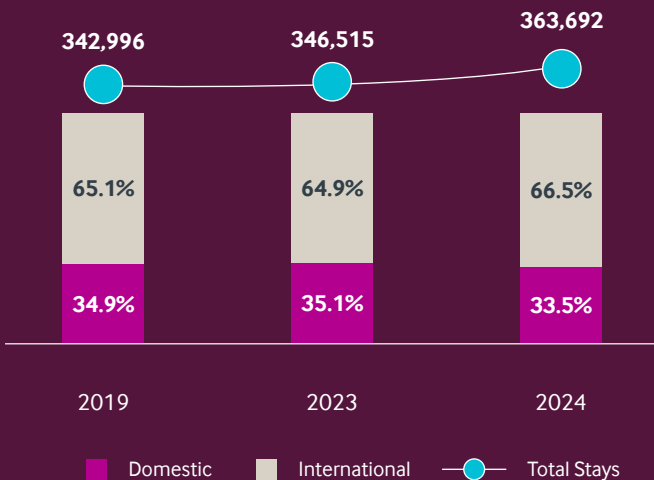
The recovery was supported by several factors, including **significant growth in MICE activity**, the **full restoration of long-haul overseas markets** such as the US, the further consolidation of leisure activities, and outstanding performance in both secondary and tertiary cities. The best-performing destinations were those with a blend of business and leisure demand generators, such as Madrid, Barcelona, and Seville.

Similarly, **resort destinations demonstrated remarkable performance**, achieving a full recovery and surpassing 2023 RevPAR levels. While ADR and occupancy exhibited consistent growth, **some destinations, including Lanzarote, Menorca, Ibiza, and Formentera, did not reach the same occupancy levels** as in 2023.

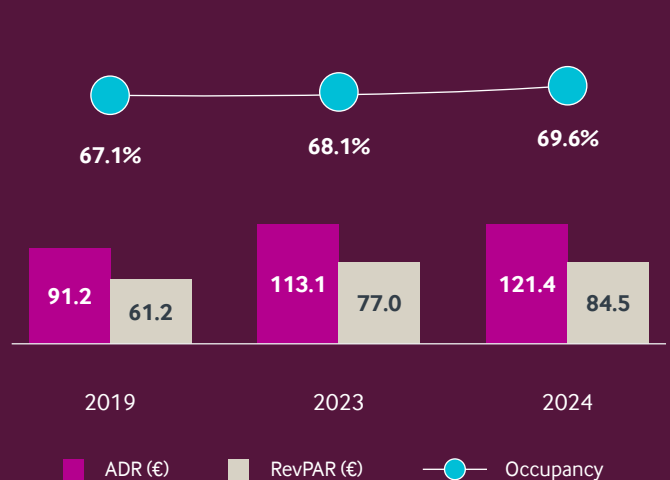
However, this does not mean that these destinations are not successful as they still have room for improvement. There has been an increase in total overnights and overall RevPAR levels, but it has not yet fully absorbed the new rooms opened during this period. Nonetheless, price and supply increases should be implemented with caution to ensure they are effectively absorbed by demand.

Airport activity in Spain has surpassed 2023 levels, with 309.3 million passengers, marking a 9.2% increase compared to the previous year.

OVERNIGHT STAYS ('000) IN SPAIN
2019, 2023 & 2024



KEY PERFORMANCE INDICATORS SPAIN
2019, 2023 & 2024



KPI'S YEARLY VARIATIONS URBAN VS RESORT 2024 VS 2023 & 2024 VS 2019



SUPPLY AND OCCUPANCY EVOLUTION

Spain has seen a significant increase in the number of hotel openings in 2024, leading to a **0.7% expansion in room supply compared to the end of 2023**. While there is a possibility that demand may not be able to absorb new supply in the future, **the Spanish tourism market has outpaced the growth in new hotel projects**, with overall occupancy increasing by 1.5 basis points and overnight stays by 5%.

This indicates a **healthy relationship between demand and supply growth**, and an optimistic outlook, with most future projects being branded (+70%) and in the upper categories (+80% in 4- & 5-star categories).

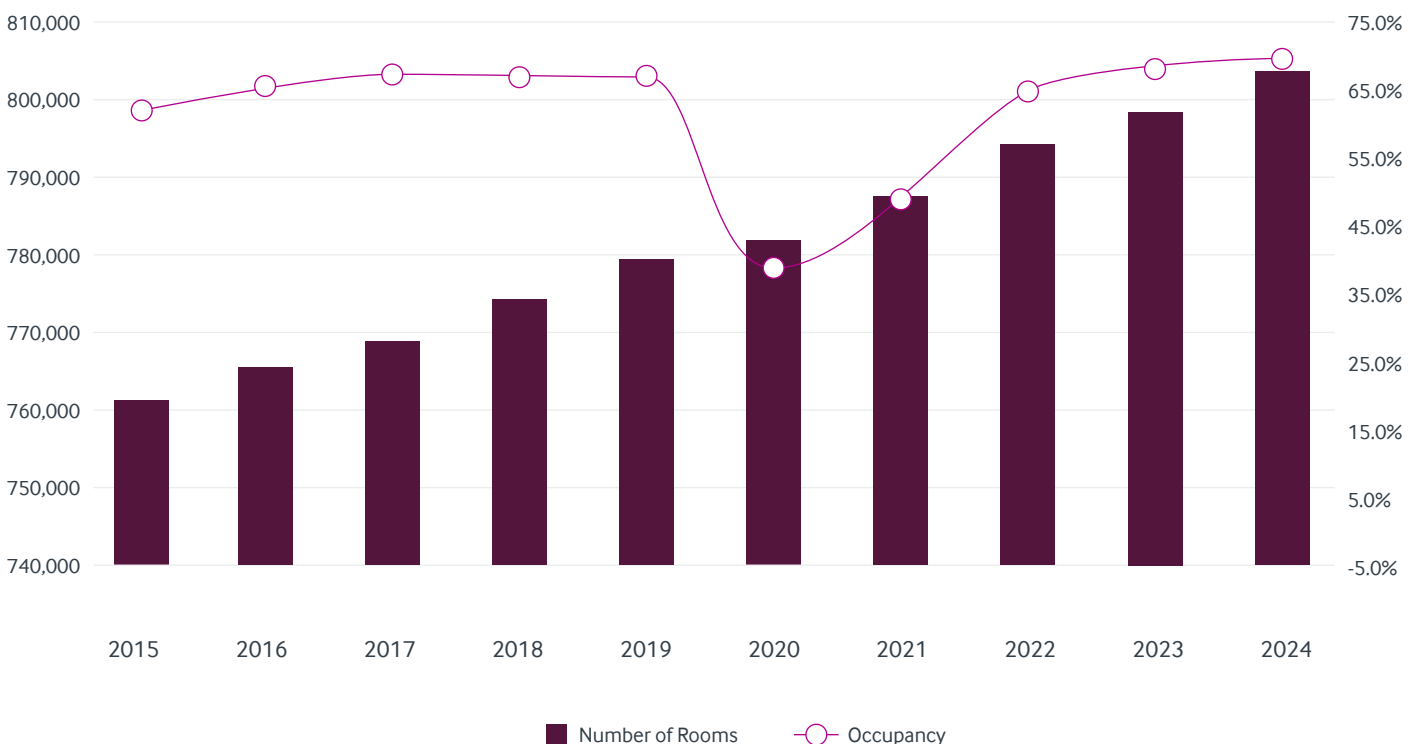
In terms of hotel openings in 2024, urban markets have seen **notable ones in the luxury segment**. **Madrid** has been one of the most active hotel markets in Spain, with the openings of **El Autor Hotel Madrid Autograph Collection, Brach Madrid Evok Collection, The Westin Madrid Cuzco** and **Crowne Plaza Madrid Centre Retiro**.

In **Barcelona**, although there has been an hotel moratorium since 2015, two luxury rebrandings have taken place: the Torre Melina Gran Meliá (formerly the Fairmont Barcelona Rey Juan Carlos I) and the Grand Hyatt Barcelona (formerly the Sofia Barcelona in the Unbound Collection by Hyatt).

Seville is also gaining momentum, with the opening of its third Vincci Hotel in the city and the Ocean Drive Sevilla.

The resort hotel market continues to expand with the openings of the Cala San Miguel Hotel, Curio Collection by Hilton in Ibiza and the Hotel Palace de Muro, Destination by Hyatt in Mallorca, the Four Seasons Resort Mallorca Formentor, the Zel Costa Brava by Rafa Nadal and the reopening of the former hotel Tres Playas Mallorca with a new name; Bikini Island & Mountain Hotel Es Trenc.

SPAIN ROOM SUPPLY AND OCCUPANCY EVOLUTION



PIPELINE

In 2024, the **5-star hotel category emerged as the most popular segment in the Spanish hotel pipeline**, accounting for over 45% of total future supply. This marks a significant shift from previous years, where the 4-star category was the most dominant. The 4-star hotels now represent nearly 35% of the pipeline, highlighting a **strong focus on the upper categories**.

Additionally, there has been a marked change in the type of hotel properties. Historically, independent hotel properties dominated the Spanish hotel pipeline. However, in 2024, **property operated hotels have taken the lead**, accounting for 30% of total future supply and registering a 3 basis points growth over 2023. In contrast, independently operated properties now represent 28% of the pipeline, a decrease of 16 basis points compared to 2023.

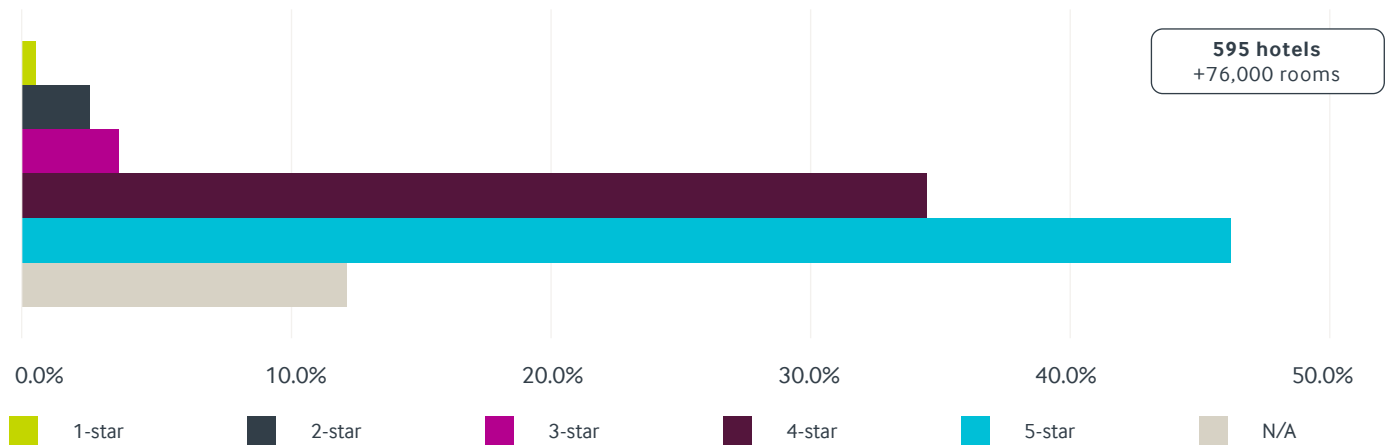
Properties under lease and franchise also saw declines of 3 basis points and 1 basis point, respectively.

Conversely, **Hotel Management Agreement (HMA)** contracts have significantly increased their presence, showing an 18 basis points growth, the largest increase in the sample.

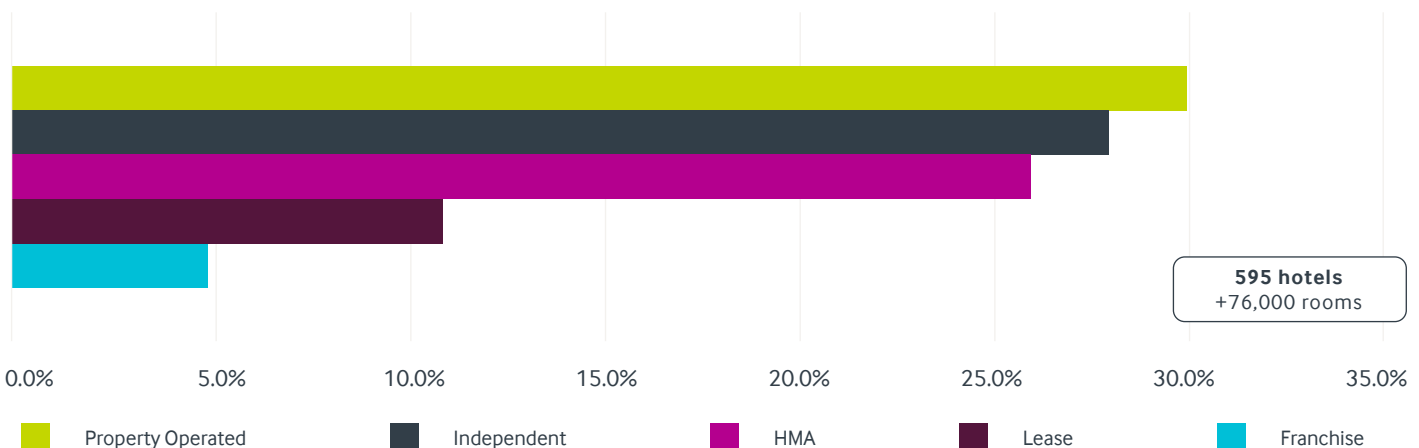
This trend is driven by the **sustained interest of international brands in the country**, who have historically demonstrated a preference for HMAs.

A number of prestigious hotels are scheduled to open in the coming years, including renowned international hotel brands such as the **Mandarin Oriental Mallorca Punta Negra, the Four Seasons Marbella, the Nobu Hotel Madrid** and the **Six Senses Palacio El Quexigal**.

PIPELINE ROOMS DISTRIBUTION BY CATEGORY AT YTD MARCH 2025



PIPELINE ROOMS DISTRIBUTION BY BUSINESS MODELS AT YTD MARCH 2025



HOTEL OPENINGS 2025 - 2027

No	Hotels	Rooms	Opening Date
1	Mandarin Oriental Punta Negra	137	2025
2	OKU Andalusia	325	2025
3	ME by Meliá Malaga	128	2025
4	Four Seasons Marbella	150	2026
5	Nobu Hotel Madrid	50	2026
6	NÔMADE Madrid	93	2026
7	Thompson Sevilla	101	2026
8	Umusic Teatro Reina Victoria Madrid	68	2027
9	Six Senses Palacio El Quexigal	60	2027
10	Radisson Collection Generali Madrid	150	2027

TRANSACTIONAL TRENDS

Hotel investment in Spain reached €3,300 million in 2024 and a new record for the average price per room was set, reaching nearly €200,000 for the first time.

This positive performance was driven by the **sale of upscale and luxury assets in prime locations**, such as Six Senses Ibiza (€1.7 million per room), the Hotel Miguel Angel by Lopesan and Stoneweg, and two premium assets in Malaga and Barcelona by Catalonia. The growing importance of **secondary destinations** was also reflected, with **investment volumes surpassing €200 million.**

Despite the focus on resort destinations by hotel companies and investment funds over the past two years, **urban destinations gained traction and accounted for 51% of total investment** in 2024, indicating that appetite is quite even between Spanish urban and resort deals.

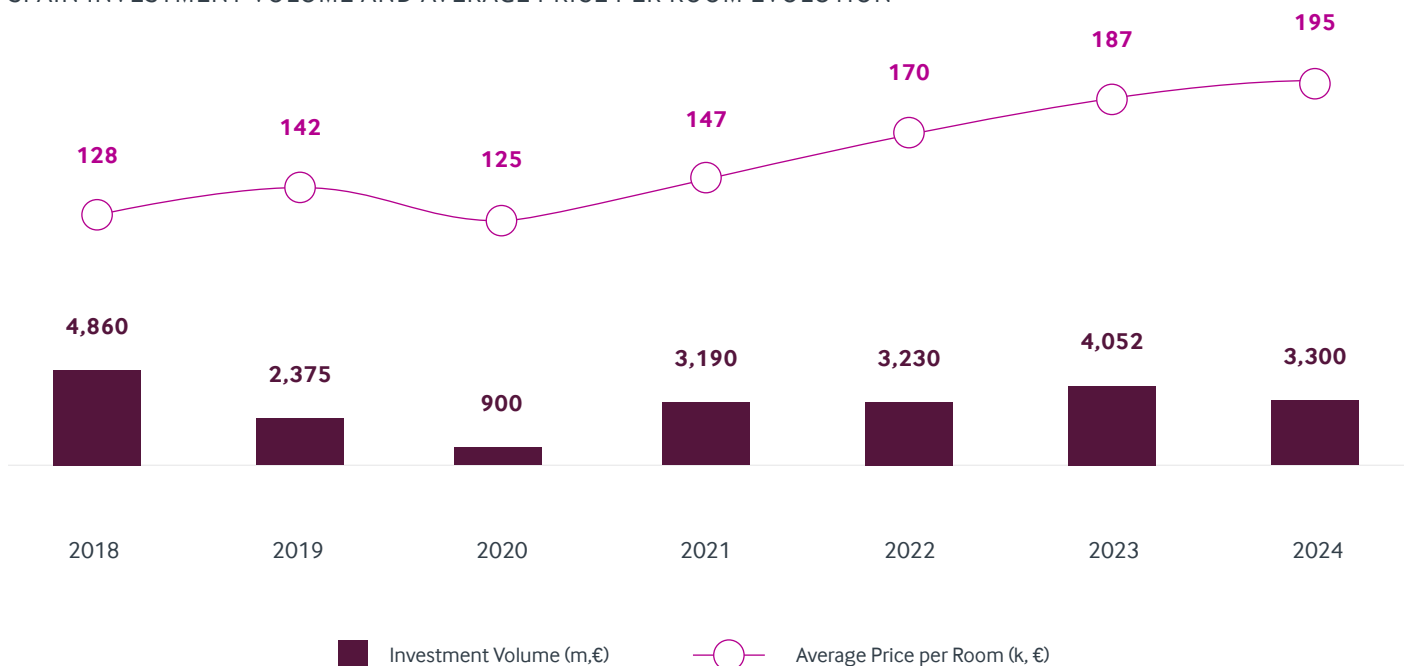
Barcelona has emerged as the most dynamic urban destination, with a tripling of hotel transactions and an investment volume of €572 million. This growth is partly driven by the city's hotel moratorium since 2015, which has restricted the construction of new hotels. However, **Madrid consolidated as the leader in terms of investment volume**, reaching a total of €589 million.

The resort segment demonstrated robustness, with the Balearic and Canary Islands attracting €679 million and €598 million, respectively. This represented a notable decrease compared to their 2023 figures, when investment volumes in both islands approached €1 billion. However, this high transactional volume in 2023 was significantly influenced by the acquisition of HIP by the Singaporean investment fund GIC, which primarily comprised properties in the Spanish islands.

In 2024, **national investors and hotel companies were the primary market participants**, propelled by the accelerated performance of hotel assets in both primary and secondary destinations. Regarding international investment, **European players dominated**, motivated by the **stabilisation and perceived security of the Spanish hotel investment sector.**

We forecast that 2025 will be a strong year, with a substantial pipeline of operations in development, and the hotel sector gaining prominence over other traditional asset classes such as offices and retail. Furthermore, **the economic outlook is positive**, with inflation and interest rates set to continue decreasing, which may lead to **increased activity from international investment funds**, who are already familiar with the Spanish hotel market.

SPAIN INVESTMENT VOLUME AND AVERAGE PRICE PER ROOM EVOLUTION



TOP URBAN TRANSACTIONS IN SPAIN IN 2024

Hotel	City	Destination	Category	Rooms	Quarter
Hotel Miguel Ángel Madrid	Madrid	Madrid	5-star	267	Q4
Hotel Rafael Atocha	Madrid	Madrid	4-star	245	Q3
AC Hotel Barcelona Forum	Barcelona	Barcelona	4-star	368	Q1
Hotel Mayorazgo	Madrid	Madrid	4-star	200	Q2
Hotel Vincci Bit	Barcelona	Barcelona	4-star	177	Q4
OD Barcelona Hotel	Barcelona	Barcelona	5-star	98	Q2
Hampton by Hilton Barcelona Fira Gran Vía	Barcelona	Barcelona	4-star	241	Q1
Palacio Solecio Hotel	Malaga	Malaga	4-star	118	Q2
Hotel Vincci Malaga	Malaga	Malaga	4-star	105	Q3
Room Mate Alba	Madrid	Madrid	4-star	80	Q3
All Iron Capri	Barcelona	Barcelona	N/A	97	Q4
Hotel Casa Lit by Ona	Barcelona	Barcelona	3-star	90	Q3
Hotel Ilunion Almirante	Barcelona	Barcelona	4-star	86	Q4
Hotel La Boqueria	Barcelona	Barcelona	3-star	70	Q3
Hotel Acevi Villarroel	Barcelona	Barcelona	4-star	84	Q1
Hotel Ciutat de Barcelona	Barcelona	Barcelona	3-star	78	Q1
AC Aravaca	Madrid	Madrid	4-star	110	Q1
Hotel Eurostars Lucentum	Alicante	Alicante	4-star	169	Q1
Silken Rona Dalba	Salamanca	Salamanca	3-star	98	Q2
Exe Coruña	A Coruña	A Coruña	4-star	181	Q3
AZ Orus factory hotel	Zaragoza	Zaragoza	3-star	55	Q3

TOP RESORT TRANSACTIONS IN SPAIN IN 2024

Hotel	City	Destination	Category	Rooms	Quarter
Hotel Florida Park	Santa Susanna	Barcelona	4-star	354	Q1
Beach Club Hotel Portinatx	Sant Joan de Labritja	Ibiza	4-star	243	Q1
Coral Star Hotel & Apartments	Sant Josep de Sa Talaia	Ibiza	2-star	260	Q2
Hotel Labranda Costa Mogán	Mogán	Gran Canaria	4-star	125	Q2
Hotel Six Senses Ibiza	San Juan Bautista	Ibiza	5-star	116	Q2
Hotel Capri Sitges	Sitges	Barcelona	3-star	28	Q4
Iberostar Las Dalias	Santa Cruz de Tenerife	Tenerife	4-star	429	Q4



INTERVIEW: JULIO PÉREZ, CEO - BAHÍA PRÍNCIPE HOTELS & RESORTS



Q Julio, Grupo Piñero is renowned for its family character and its diversification in the tourism and hotel sector. How have these family values influenced the management and growth of the group, and how they are integrated into the different business divisions?

A We are proud to be a family-owned company, and this year marks the 50th anniversary of Grupo Piñero's establishment in the tourism sector. Founded by Pablo Piñero, the company initially operated in the package travel sector before evolving to become a leading entity within the international hotel and tourism industry. Its strategic framework is anchored in operational excellence, an unwavering commitment to sustainability, and a dedication to innovation.

The group's business model is based on vertical integration and adapting to new market demands, articulated through four major business divisions:

- The Hotel division operates 23 hotels in Mexico, Spain, the Dominican Republic and Jamaica, and owns and manages the Bahia Principe Hotels & Resorts brand in collaboration with Hyatt.
- The Residences & Golf division is focused on the development of residential complexes in the Dominican Republic and Mexico, with almost 3,000 homes, and a golf offering that includes four PGA of America-certified courses.
- The Tour Operator division, led by Soltour, is a top independent holiday operator in Spain and Portugal.
- The Mobility Incoming & Leisure division, which complements Grupo Piñero's offer through transport services at the destination, with a clear commitment to sustainable mobility.

The offering of Grupo Piñero's hotel division ranges from family resorts (Bahia Principe Grand), adult-only (Bahia Principe Luxury) and themed resorts for families (Bahia Principe Fantasia). The chain has more than 12,000 rooms and we have established ourselves as one of the most important in the holiday segment, thanks to our experience and in-depth know-how in the all-inclusive sector.

Q Following the recent formalisation of the strategic alliance between Grupo Piñero and Hyatt, how will this affect management and the distribution chain?

A The Piñero Group has taken a key step by signing a long-term alliance with Hyatt, through a 50% owned management company, led by Encarna Piñero as President and myself as CEO. The management company's main objective is to grow the Bahia Principe Hotels & Resorts brand.

The addition of Bahia Principe Hotels & Resorts to Hyatt's Inclusive Collection portfolio, one of the largest in the world, represents a significant leap in terms of visibility, access to key markets and operational synergies for the brand.

This strategic agreement not only strengthens Grupo Piñero's reputation in the hospitality industry, but also amplifies its ability to attract a new segment of customers through the World of Hyatt loyalty base, which has 54 million members worldwide.

Q Given that, until now, Grupo Piñero controlled a large part of the links in the value chain, what are the advantages of this union with Hyatt, where are these future plans heading, and is further integration planned in the next steps of the agreement?

A There are many advantages of this agreement, but without hesitation I would highlight four:

- Greater visibility and access to key markets, especially the US, thanks to Hyatt's global network.
- Generation of resources to drive the growth of the Bahia Principe brand through an asset-light model and for the renovation of our existing assets.
- Opportunity for new clients in the Hyatt environment (World of Hyatt).
- Promotion of tourism that contributes wealth while respecting the destinations, thanks to the values aligned between Grupo Piñero and Hyatt.

INTERVIEW: JULIO PÉREZ, CEO - BAHÍA PRÍNCIPE HOTELS & RESORTS



Q Let's discuss potential plans for the future. Grupo Piñero's primary business focus is on the Spanish islands and the Caribbean. Are there opportunities for expansion into other major resort destinations on the Iberian Peninsula and in the Mediterranean? Could you outline the Piñero Group's future development plans and whether we can expect an urban expansion with a mix of leisure and business?

A This is undoubtedly a very important step where we are committed to a solid and sustainable growth strategy. We are focusing the expansion of Bahía Principe Hotels & Resorts on the Mediterranean and the Iberian Peninsula as one of our priorities, with potential destinations continuing to grow in the Balearic and Canary Islands, reaching the Andalusian Coast, and countries such as Portugal, Cape Verde and/or Morocco.

The alliance with Hyatt also opens up opportunities for us to evaluate new markets where the group can strengthen its positioning, significantly increasing the weight of the US tourist and incorporating assets from the upper four-star market segment into the Hyatt portfolio.

To be more concise, we base our development on four strategic pillars which include:

- Innovation in the hotel supply: Adapting to new market trends, including sustainable growth models and immersive experiences, a strategy that has been very successful in the Caribbean and that we want to export to new markets.
- Strengthen positioning in key markets: Expansion in high-potential destinations in the Mediterranean and mainland Spain, complementing our presence in new markets in the Caribbean.
- Digitalisation and personalisation: Investment in technology to improve the customer experience and our operational efficiency, aligning ourselves with our partner and all its know-how.
- Responsible tourism: Strengthening sustainability programmes to minimise environmental impact and contribute to social development in the communities where it operates.

Q Finally, Julio, could you summarize the impact of the alliance between Grupo Piñero and Hyatt on the trajectory of Bahía Principe Hotels & Resorts, and how this collaboration contributes to its growth and positioning in the global resort tourism market?

A The alliance between Grupo Piñero and Hyatt marks a milestone in the history of our group. It seeks to consolidate the growth of the Bahía Principe Hotels & Resorts brand as a key player in the global resort tourism market. Thanks to its strong corporate culture and its commitment to quality and sustainability, it seeks to remain at the forefront of the hotel sector, guaranteeing continuous growth and a differentiated value proposition for its customers.

The company continues to strengthen its positioning without losing its independence or its family essence. The future of the group is shaping up to be a combination of tradition, innovation and a strategic vision that will allow it to continue offering exceptional experiences in the world's most attractive destinations.

To this end, Bahía Principe Hotels & Resorts has an expansion and feasibility department whose objective is to reinforce the growth of the brand.



We have established ourselves as one of the most important hotel companies in the holiday segment, thanks to our experience and in-depth know-how in the all-inclusive sector.



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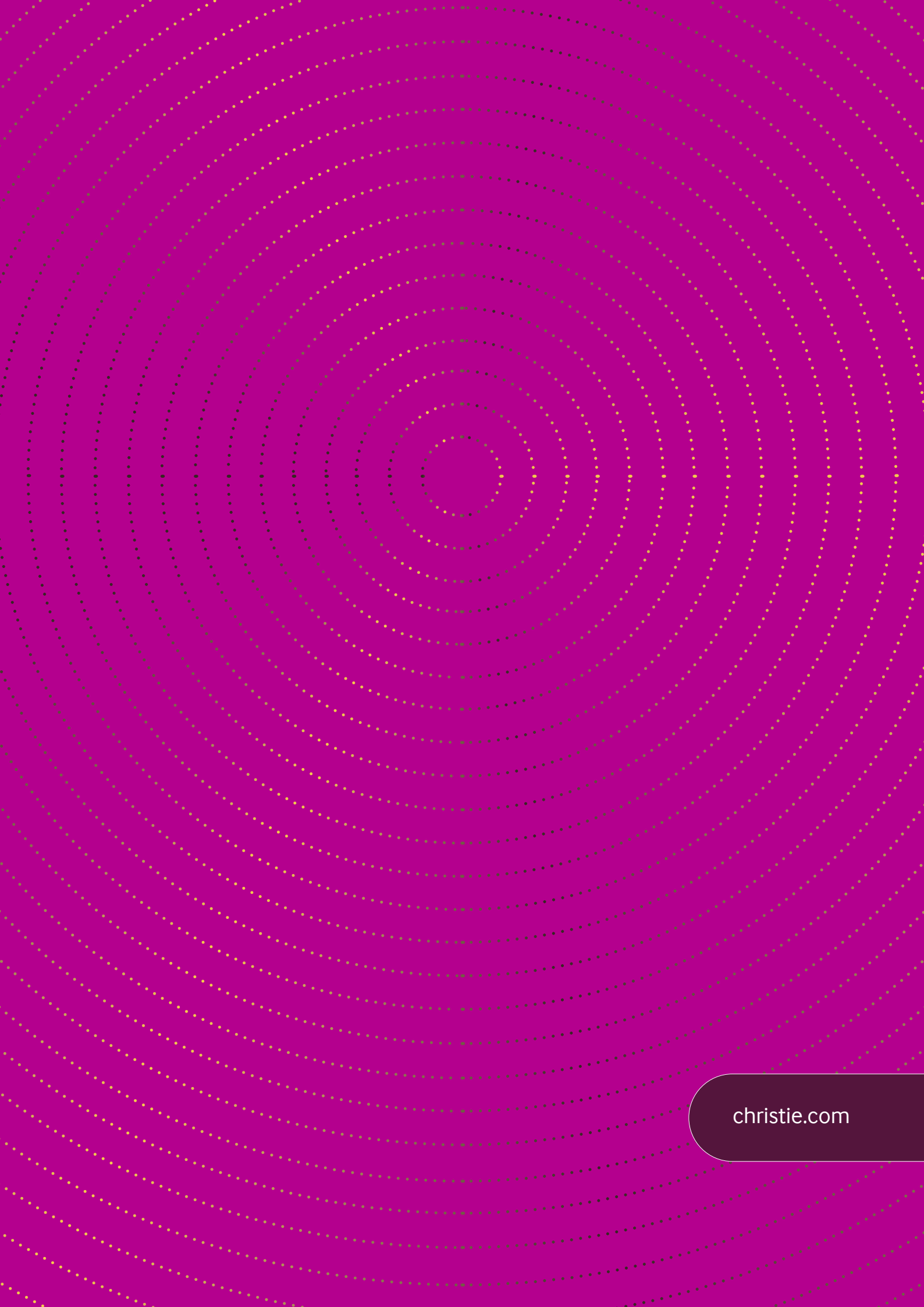


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