CHRISTIE & CO

SPAIN NEWSLETTER

2025 FULL YEAR

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With €4.2 billion invested in 2025, record-level RevPAR, and international demand continuing to accelerate, Spain's hotel sector closed the year with exceptionally strong fundamentals. Strengthening financing conditions and a high-quality development pipeline, combined with a substantial volume of transactions already in progress, position 2026 for another year of robust investment activity and solid operating performance.

The European Governing Council forecasts **moderate but stable GDP growth across** the Eurozone, with Spain once again out-performing its peers and expected to reach real GDP growth of **2.8% in 2025** - a sign of a market transitioning from post-pandemic recovery into a more mature, strategically driven phase of expansion. This momentum is **supported by resilient domestic demand**, a more accommodative monetary environment and strong investment across multiple sectors, reaffirming Spain's position as one of the **most dynamic and structurally sound economies in the EU**.

The hospitality sector mirrors this resilience. Spain recorded **366.7 million overnight stays in 2025 (+0.8% YoY)**, with international demand remaining the main growth driver as foreign overnights increased by **1.3%**. While the average length of stay edged down slightly and seasonality remained pronounced - with 56% of overnights between May and September - **the quality of demand continued to improve**, supported by higher-spending segments and a more diversified traveller mix.

Urban destinations showed a more nuanced performance. **Madrid, Barcelona and San Sebastián consolidated their leadership in RevPAR**, supported by expanding MICE activity, strengthened long-haul connectivity and increasingly sophisticated tourism demand. Barcelona saw occupancy reach its ceiling, consolidating at mature-market levels, and remained one of tourists' favourite destinations, ranking among the most visited cities in 2025, **reflecting its international positioning** rather than a supply-driven trend. Meanwhile, several secondary markets faced temporary adjustments: Valencia as demand normalised after the 2024 Dana floods, and Málaga as it absorbed a surge in newly opened supply.

Resort destinations also delivered strong results, **surpassing 2024 RevPAR levels and improving occupancy**, supported by a longer operating season and continued interest from international and domestic travellers. Looking ahead **2026 is expected to mark another record year**, with continued, albeit more moderate, RevPAR growth and demand increasingly shaped by experiential, wellness-oriented and premium leisure segments.

The development pipeline remains healthy, with a strong concentration of **upper-upscale and luxury projects**. Independent hotels are regaining prominence, particularly in urban settings, reflecting guests' interest in authenticity, local integration and differentiated experiences. Major openings took place in Madrid, Barcelona and Valencia, while resort markets such as Costa del Sol, Ibiza and Mallorca registered a new wave of high-end additions. Overall, the 2026 outlook remains positive, supported by a sizeable pipeline under construction and **continued out performance relative to other Real Estate asset classes**.

Investment activity remained buoyant throughout 2025, with hotel investment volumes reaching **€4.2 billion** - setting a record for the average price per key. The resort segment leads the way in terms of investment, demonstrating a strong momentum, with substantial deals across the Canary Islands and Costa del Sol, including the **€430 million Mare Nostrum Resort sale and the €175 million acquisition of Fairmont La Hacienda**. On the other hand, Barcelona and Madrid stood out as the prime urban markets, registering the highest volumes, boosted by high-profile transactions such as the **€250 million+ Silken portfolio acquisition, the sale of The Hoxton in Barcelona, and the disposal of the Gallery Hotels in Málaga and Barcelona**.

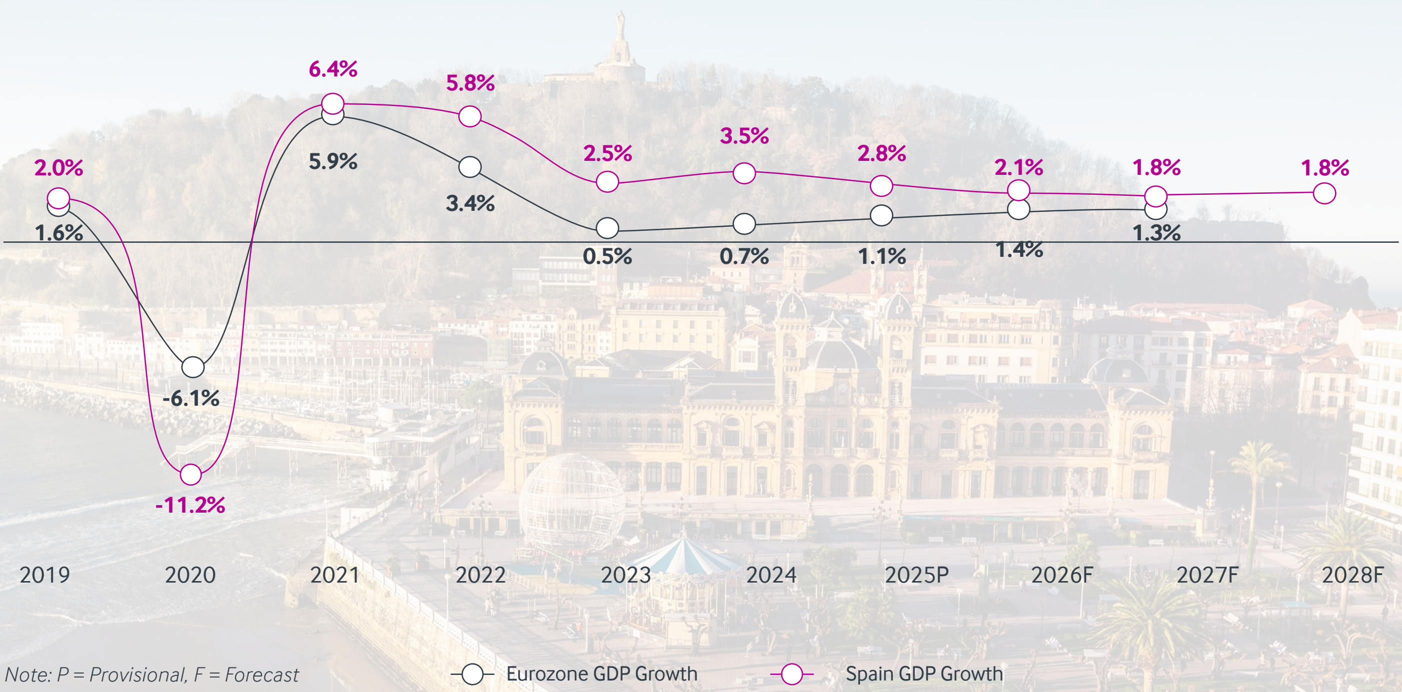
Looking forward, 2026 is expected to remain a highly active year, with increased **M&A activity** and additional portfolio transactions underway. As financing costs ease, appetite from core investors is set to expand, with many **seeking diversified hospitality exposure**. The combination of a more stable macro backdrop, sustained tourism demand and a maturing investment landscape positions Spain for another standout year, consolidating its role as one of Europe's most attractive hotel investment markets.

MACROECONOMIC ENVIRONMENT

Despite ongoing political turbulence and a still uncertain global environment, the European Governing Council continues to anticipate **a period of moderate but sustained economic growth across the Eurozone**, projecting GDP increases of **1.4% in 2026 and 1.3% in 2027**, supported by **continued disinflation and improved financing conditions**. In line with this trend, the Council implemented a series of **successive 25 basis point rate cuts throughout 2025**, beginning with the February decision and followed by reductions in March, April and June, bringing the key ECB rate down to **2%**, its lowest level in years since 2023. This monetary easing has begun to **redirect liquidity towards real assets**, including hospitality, as financing conditions gradually normalise.

Spain continues to **outpace its European counterparts**, with real GDP growth of **2.8% in 2025**, consolidating its position as one of the EU's fastest growing economies. Growth remains firmly anchored in **domestic demand**, driven by resilient household consumption, recovering purchasing power, and reinvigorated investment across multiple sectors. This expansion has been matched by **robust labour market dynamics**, with steady job creation extending the positive employment trend that began in 2020.

SPAIN VS EUROZONE GDP GROWTH



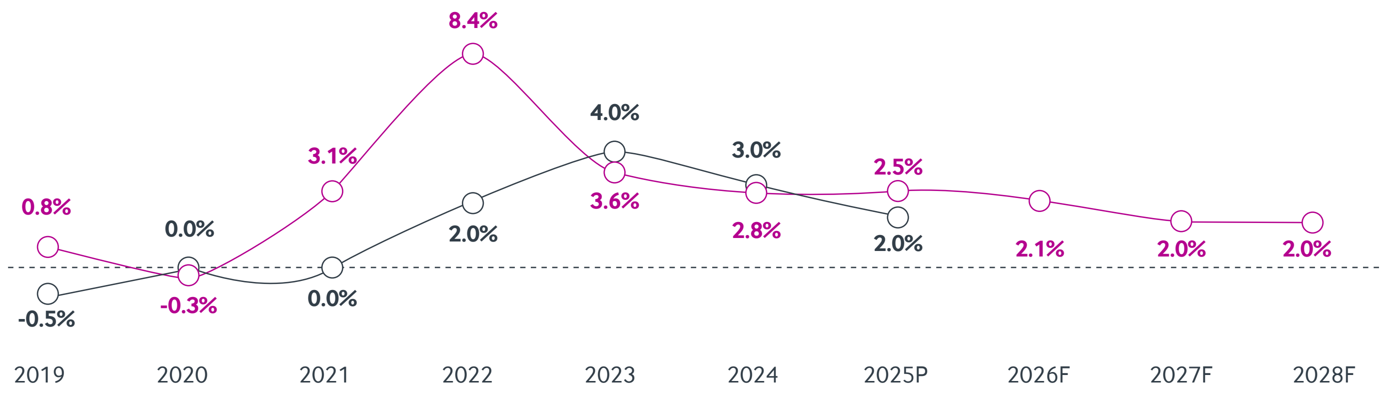
Note: P = Provisional, F = Forecast

Inflation is expected to continue moderating, reaching **2.1% in 2026** and stabilising near the ECB's medium term target from 2027 onwards, supported by **softer underlying price pressures and a cooling in energy related inflation**. However, the macro landscape remains two speed: **headline stability contrasts with sector specific cost pressures**, particularly across labour intensive industries such as hospitality.

Sources: S&P Global and INE

However, **energy costs resurfaced as a headwind in 2025**, reversing the temporary decline seen in early 2024 when government imposed caps helped contain price increases at the household level. Rising wages, while supportive of disposable income, have added pressure on operating costs, although **real wage growth still outpaces inflation**, reinforcing consumer capacity to spend on travel, experiences and leisure. This combination continues to strengthen Spain's tourism-driven segments, even as operators face higher GOP sensitivity.

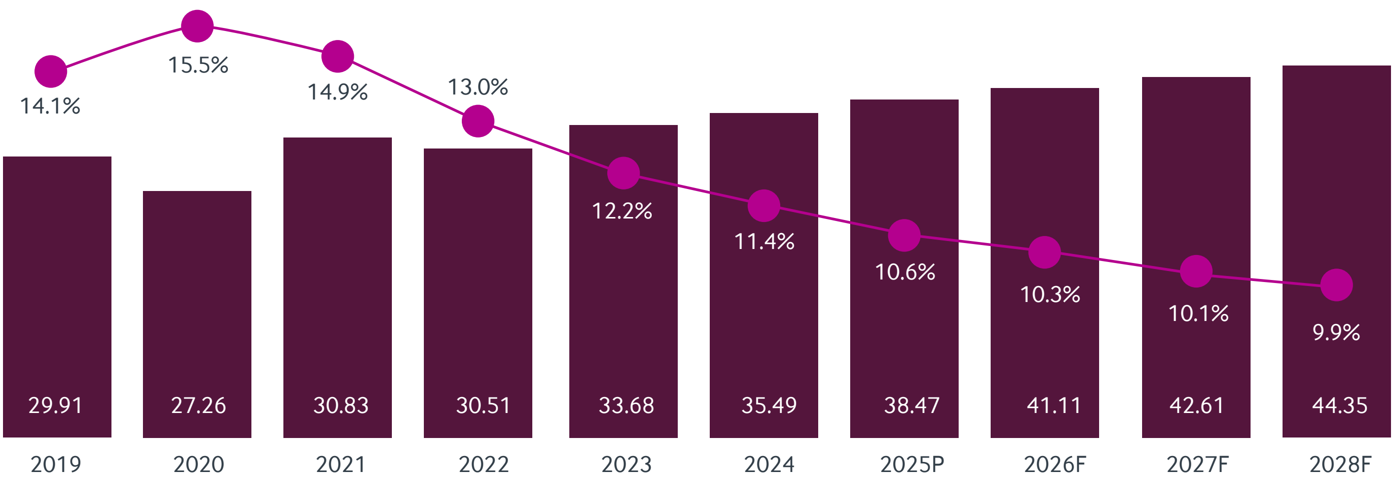
SPAIN INFLATION AND INTEREST RATE EVOLUTION



Note: P = Provisional, F = Forecast

Looking into 2026, Spain's unemployment rate is expected to **decline further from 10.6% in 2025 to 10.3%**, with projections pointing to sub-10% levels by 2028. This improving labour market underpins domestic demand and supports incremental gains in GDP per capita.

SPAIN UNEMPLOYMENT RATE AND GDP PER CAPITA (2019 – 2028) FORECAST



Note: P = Provisional, F = Forecast

Overall, the outlook for 2026 suggests an increasingly balanced macroeconomic environment, shaped by **the growing integration of AI, an evolution that is set to influence labour** dynamics, alongside moderate-income growth and an **exchange-rate landscape** that will require ongoing monitoring. The expected depreciation of the U.S. dollar presents a mixed scenario: while it could ease the cost of certain imports, it may also curb the purchasing power of U.S. travellers and **soften investment appetite from dollar-denominated funds.**

For the hotel sector, this environment underpins a favourable domestic investment climate, resilient tourism demand, and a shift towards a more mature and strategically driven phase of expansion.

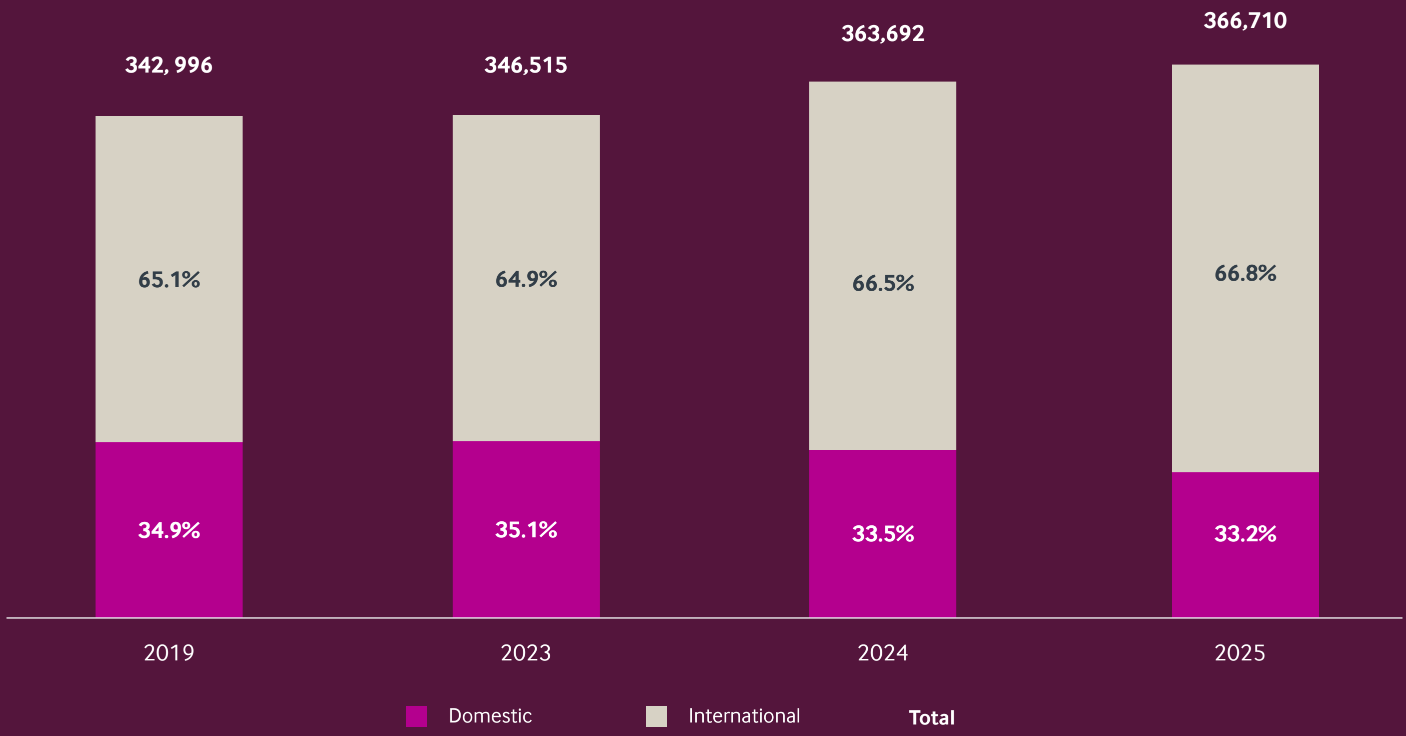
Sources: ECB, S&P Global, INE

DEMAND & PERFORMANCE

Spain's airports further supported the sector's momentum, with passenger activity surpassing 2024 levels and reaching **321.6 million passengers in 2025 (+4.0% YoY)**. Increased connectivity, particularly the expansion of long-haul routes, played a pivotal role in strengthening both urban and resort performance, reinforcing Spain's position as one of Europe's most accessible and internationally connected tourism markets.

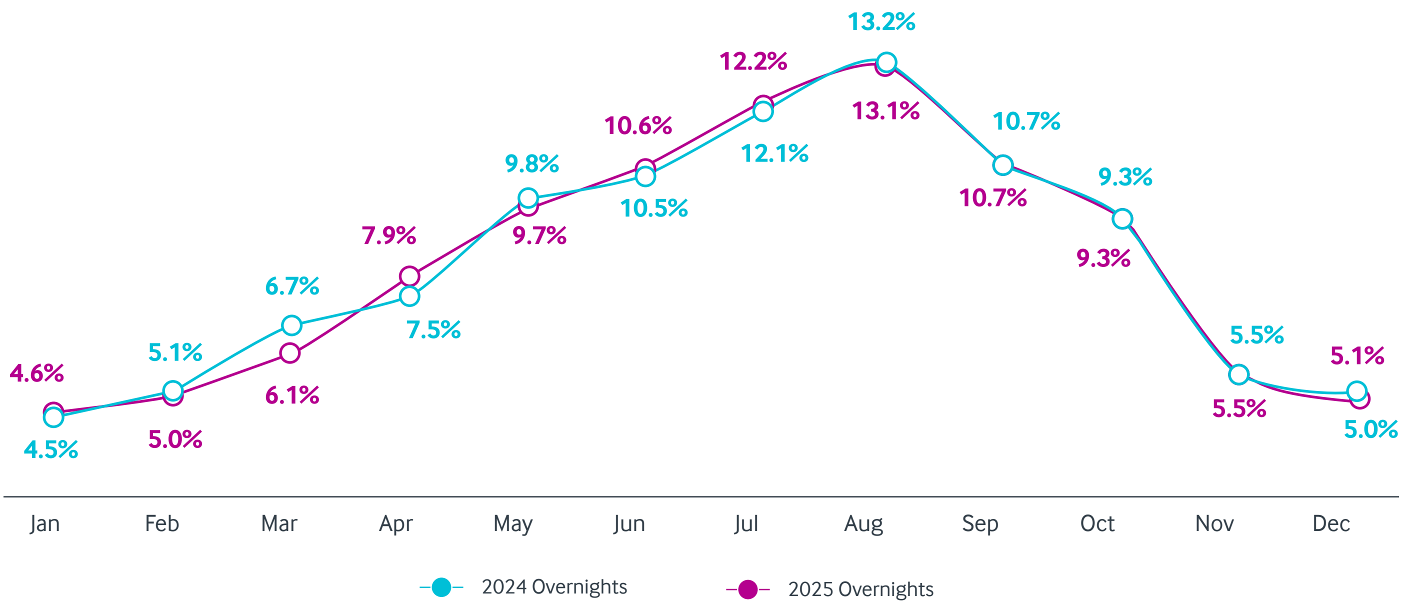
In 2025, **Spain recorded 366.7 million overnight stays (+0.8% YoY)**, driven primarily by the continued expansion of international demand, **with foreign overnights increasing by 1.3%**. This performance underscores the strength and resilience of the Spanish tourism sector, which continues to broaden its global reach as the share of international visitors rises each year. Conversely, the **domestic segment declined by 0.2%**, reflecting greater price sensitivity among national tourists, who have been more affected by the current economic environment. Beyond volume, **the composition of demand is shifting toward higher-spending segments**, supporting further potential for value-driven growth.

OVERNIGHT STAYS ('000) IN SPAIN – 2019, 2023, 2024 & 2025



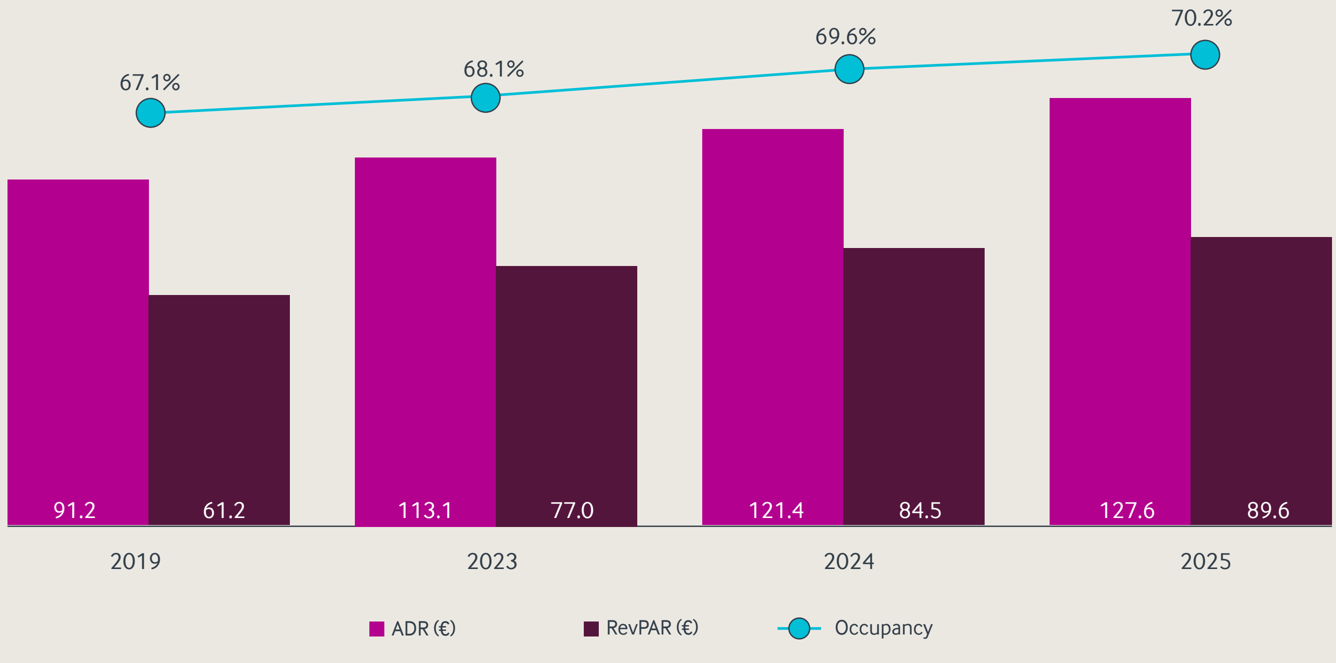
Sources: INE

SEASONALITY - WEIGHT OF OVERNIGHTS OVER TOTAL (%) - 2024 & 2025



The average length of stay stood at 3.10 days, a marginal decline from 2024, reflecting the sustained rise of short break travel patterns among both domestic and international visitors. Seasonality remains a defining feature of the market, with **56% of all overnight stays concentrated between May and September**, consistent with broader Mediterranean travel trends. However, the quality and profitability of demand during peak months continued to strengthen.

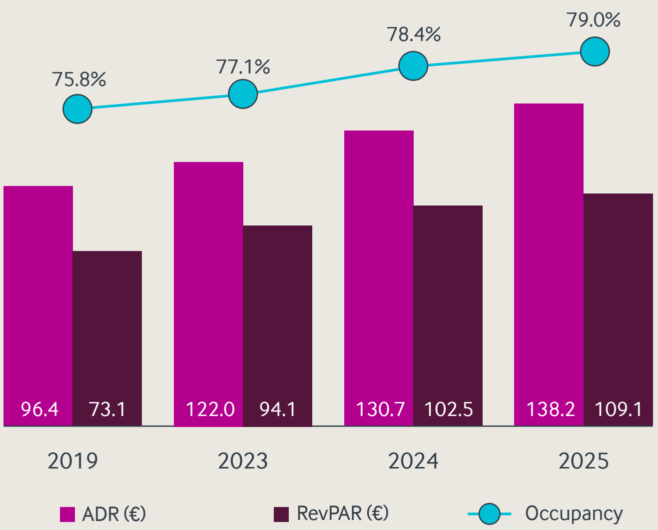
KEY PERFORMANCE INDICATORS SPAIN – 2019, 2023, 2024 & 2025



The Spanish hotel market delivered **exceptional performance throughout 2025,** supported by significant investment in product enhancement that elevated the guest experience and, consequently, boosted turnover and overall revenue generation. Demand accelerated notably in the second half of the year, driven not only by robust international inflows but also by a renewed uplift in domestic travel expenditure, reflecting increased consumer confidence and greater willingness to spend on leisure and experiential tourism.

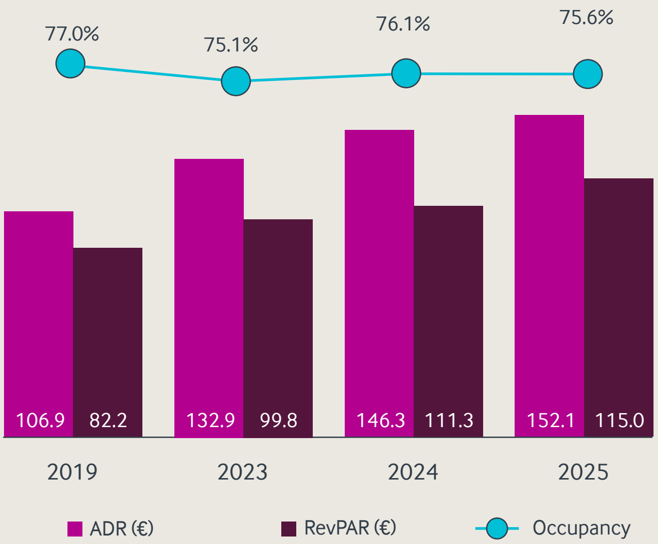
Source: INE, CoStar

KEY PERFORMANCE INDICATORS RESORTS – 2019, 2023, 2024 & 2025



Resort destinations delivered outstanding results, achieving full recovery and surpassing 2024 benchmarks across most indicators. While a handful of destinations, including Costa del Sol, Lanzarote, Fuerteventura, Costa de Valencia and Costa Blanca, registered occupancy levels slightly below those of 2024, this does not suggest underperformance. Instead, these markets show c**onsiderable room for further improvement**, having already posted increases in both total overnights and RevPAR. With several destinations operating close to capacity during peak months, **future pricing strategies and new supply additions should be approached with caution** to ensure alignment with demand absorption capacity.

KEY PERFORMANCE INDICATORS URBAN – 2019, 2023, 2024 & 2025



Urban destinations strengthened their position as top performers, surpassing 2024 results driven by solid ADR growth (+3.3% YoY) and RevPAR gains (+3.7% YoY), despite a slight reduction in occupancy (0.6 ppts). This performance was underpinned by the ongoing expansion of MICE activity, the strengthening of long-haul source markets - particularly the U.S., and the continued consolidation of leisure-driven stays in major cities. Madrid, Barcelona and San Sebastián remained the strongest performers, benefiting from a balanced mix of business and leisure demand. **Barcelona's performance reached a natural plateau**, signalling the dynamics of an increasingly mature market operating at structurally high occupancy and ADR levels.

Source: CoStar

SUPPLY AND OCCUPANCY EVOLUTION

Spain experienced **a steady expansion of hotel supply in 2025**, with new openings contributing to **a 0.4% increase in room inventory compared with year end 2024**. Demand continued to outpace new supply, reinforcing the perception of a **healthy and well-balanced market**. Occupancy rose by **0.6 basis points**, overnight stays increased by **0.8%**, and absorption levels remained strong: clear evidence that the incremental supply is being comfortably integrated into the market. This positive dynamic is further reinforced by the profile of upcoming projects, **36% of which are already branded and more than half positioned within the 4- and 5-star categories**, reflecting a continued shift toward higher-quality, experience-driven hotel products. This proportion is expected to rise further as many pipeline projects are still in the process of selecting an operator and will likely secure branding at a later stage.

Urban markets registered **notable additions within the luxury and upper-upscale segments**, consolidating their role as strategic hubs for international brands and investors.

Madrid remained one of Spain's most active development hotspots, with openings including Atípico Madrid, Soho Boutique Hotel and Pacífico Suites, reinforcing the city's positioning as a leading gateway market.

In **Barcelona**, new supply continues to emerge despite the longstanding 2015 hotel moratorium, primarily through **peripheral and border-district openings**, such as Sercotel Barcelona El Prat and SLS Barcelona on the Sant Adrià de Besòs boundary. These additions reflect the growing importance of **adjacent municipalities** as development alternatives to the restricted city centre.

Málaga is also gaining momentum, with the launch of the province's second ME by Meliá opening in Málaga city centre - the original one being located in Marbella - and the opening of Catalonia Puerta del Mar, further strengthening its position as one of Spain's most dynamic secondary-city markets.

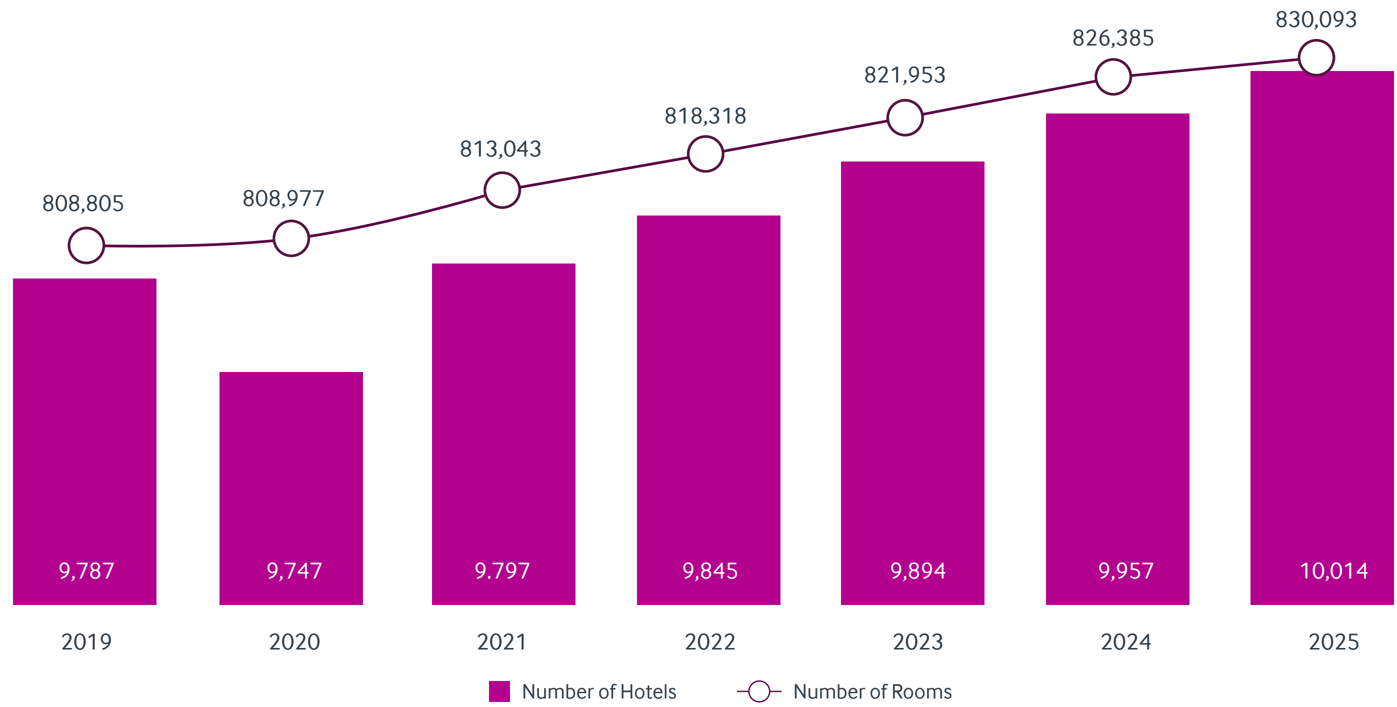
In the resort segment, **development activity remained highly robust throughout 2025**, driven by continued investor appetite for leisure-oriented assets and strong destination fundamentals.

New openings such as Fairmont La Hacienda Costa del Sol and OKU Andalucía (both in Cádiz) reinforce the push towards **high-end, wellness-centred and experiential luxury**.

Additional projects, including Aethos Palmira, Iberostar Selection Es Trenc, Purobeach Resort Mallorca and the rebranding of the former Sir Joan Hotel as NH Collection Ibiza, highlight the **continued diversification and premiumisation** of Spain's key resort markets.

Together, these trends underscore a **development landscape increasingly oriented toward differentiation, elevated guest experience and high-value product positioning**. The combination of moderate supply growth, strong demand fundamentals and rising brand penetration sets the stage for a **sustained, healthy expansion of Spain's hotel offering into 2026 and beyond**.

SPAIN ROOM SUPPLY AND OCCUPANCY EVOLUTION

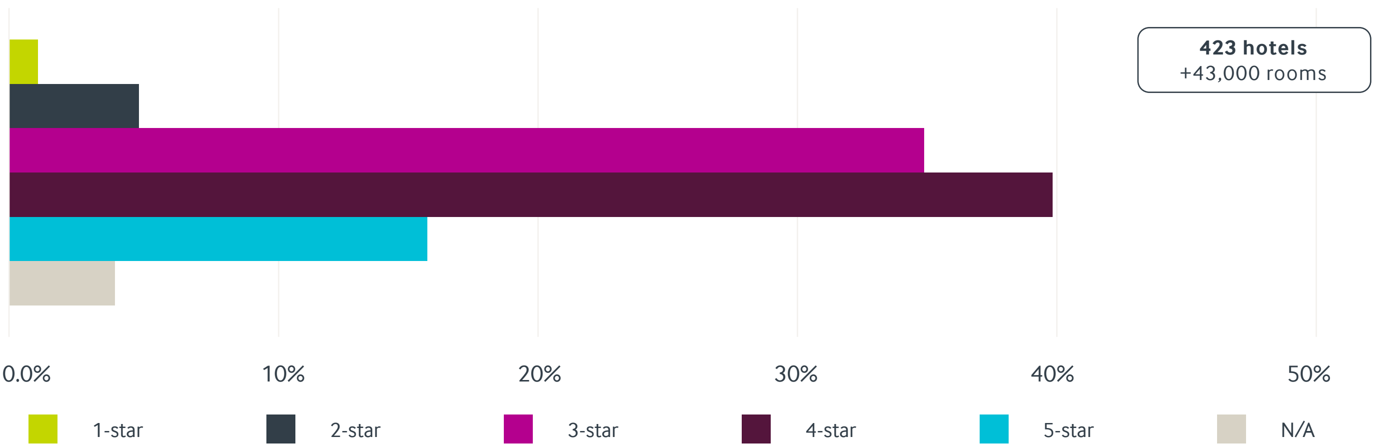


Source: CoStar

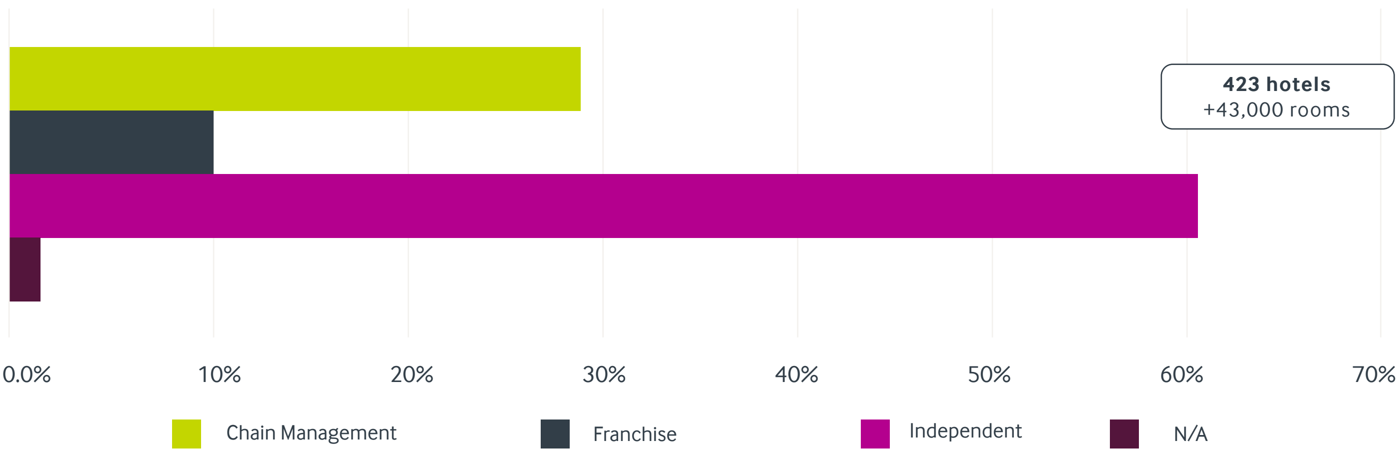
PIPELINE

In 2025, the **4-star category emerged as the dominant segment in Spain's development pipeline**, accounting for **39.8% of total planned supply**. This is a marked shift from past years, when 5-star developments held a leading role. This transition reflects a **rebalancing of investor appetite**, with stronger focus on **scalable, operationally efficient upper-midscale and upscale products**, while the luxury segment - now representing nearly **15% of the pipeline** - continues to evolve through highly curated, location-driven projects rather than broad-based expansion. The result is a pipeline that leans increasingly toward **quality over volume**, with emphasis on well-positioned, differentiated assets that respond to evolving traveller expectations.

PIPELINE ROOMS DISTRIBUTION BY CATEGORY - YTD FEBRUARY 2026



PIPELINE ROOMS DISTRIBUTION BY BUSINESS MODELS - YTD FEBRUARY 2026



Spain's future supply is further reinforced by **a wave of high-profile projects** set to elevate its global hospitality positioning. Upcoming openings include flagship properties from internationally renowned brands such as **Mandarin Oriental Punta Negra in Mallorca, Nobu Hotel Madrid, NÔMADE Madrid, Six Senses Palacio El Quexigal**, and **W Hotel Marbella**. Together, these developments underscore a continued push toward **premiumisation**, **designed concepts**, and **high-touch guest experiences**, solidifying Spain's role as one of Europe's most influential luxury and upper upscale hospitality markets.

HOTEL OPENINGS 2026 - 2028

No	Hotels	Rooms	Opening Date
1	Four Seasons Marbella	150	TBD
2	Nobu Hotel Madrid	50	2026
3	NÔMADE Madrid	93	2026
4	Thompson Sevilla	101	2026
5	Mandarin Oriental Punta Negra	137	2026
6	Umusic Teatro Reina Victoria Madrid	68	2027
7	Six Senses Palacio El Quexigal	60	2027
8	Radisson Collection Generali Madrid	150	2027
9	AR Calpe	606	2027
10	Kora Lumen	325	2027
11	Four Seasons Seville	115	2027
12	Ikos Marbella	341	2028
13	W Hotel Marbella	200	2028
14	Destination by Hyatt Macenas Resort	150	2028
15	Aqua Hotel Calafell	400	2028

CLICK ON THE MAP TO VIEW IN FULL

Source: Christie & Co Analytics

TRANSACTIONAL TRENDS

Hotel investment in Spain demonstrated **remarkable strength in 2025**, reaffirming the country's position as one of **Europe's most dynamic and resilient hotel investment markets**. For the fifth consecutive year, transaction volume exceeded **€3.2 billion**, supported by sustained capital inflows and strong conviction in **long-term sector fundamentals**. The market also **surpassed the €200,000 per room** threshold for the second year in a row, closing with an average price of €204,000 per key, **underscoring rising asset values and investor willingness to pay for high-quality, well-positioned product**.

This performance was driven by the sale of **upscale and luxury** assets in prime locations, with transactions including the **€260 million+ Silken portfolio** and the €175 million acquisition of **Fairmont La Hacienda**. These deals elevated volumes and reinforced the **strategic importance of Spain's leisure segment**, which continues to attract institutional capital seeking stable cash flows, robust demand fundamentals and protection against macroeconomic volatility.

Although appetite for resorts has intensified, urban destinations maintained a central role in 2025, capturing **40% of total investment**.

Barcelona emerged once again as the most active urban market, reaching **€508 million** in transaction volume.

Madrid, with **€384 million**, continued to consolidate its position as the country's most liquid institutional market.

Seville stood out as a rising star with **€210 million**, an extraordinary increase compared with the €24 million recorded in 2024, signalling **growing investor confidence in high-potential secondary cities**.

The resort sector also remained highly dynamic, benefiting from global shifts **toward leisure travel and expanding long-haul connectivity**. The **Canary Islands (€999 million) and Balearic Islands (€510 million) exceeded 2024 levels, with activity boosted by the €430 million sale of the Mare Nostrum Resort in Tenerife**—the largest single-asset hotel transaction in Spain's history.

Domestic capital dominated with 64% of total investment, led by Spanish hotel groups, family offices and SOCIMIs. Among international investors, European buyers were most active, while Middle Eastern investment dropped to zero and Asian participation increased slightly. Overall, these trends highlight the consolidation of Spain's hotel sector as a mature institutional asset class. With stable macro conditions, strong tourism fundamentals and an increasingly sophisticated investor base, 2026 is set to be another active year, supported by a strong transaction pipeline and improving financing conditions.

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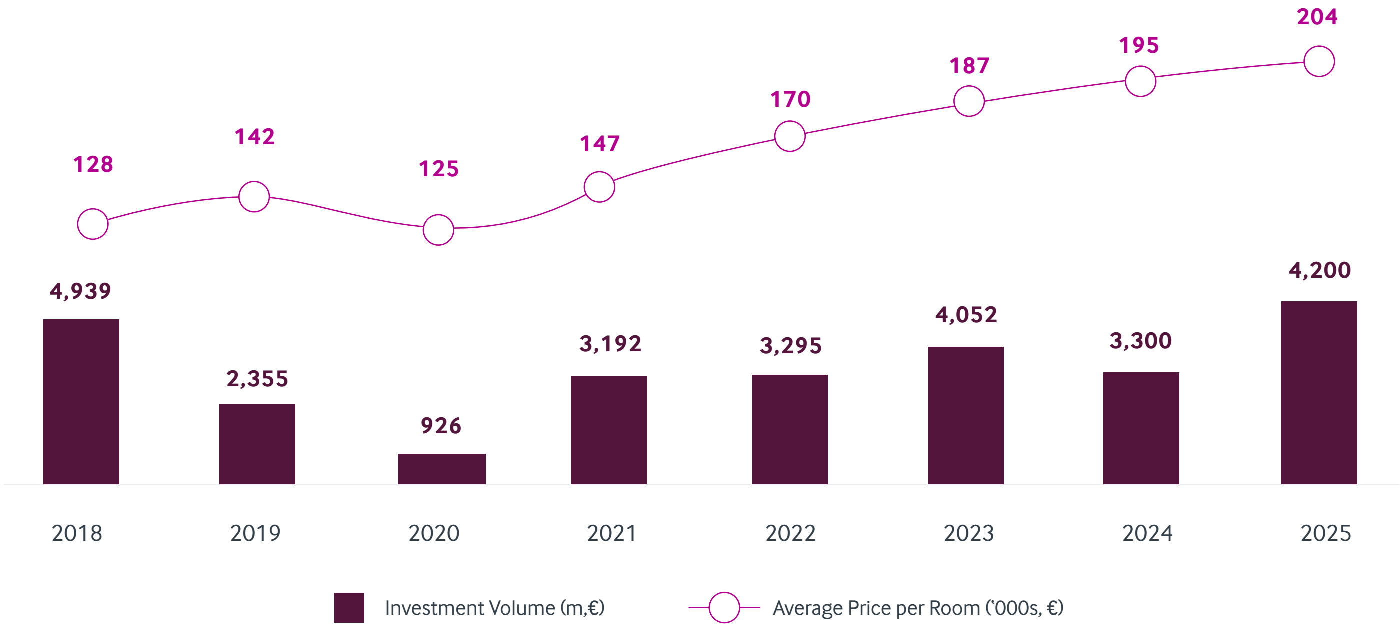
SPAIN INVESTMENT VOLUME AND AVERAGE PRICE PER ROOM EVOLUTION



Source: Christie & Co Analytics

TOP URBAN TRANSACTIONS IN SPAIN IN 2025

Year	Hotel	Location	Type	Category	Rooms	Quarter
2025	The Hoxton Poblenou	Barcelona	Individual	4-star	240	Q4
2025	Novotel Valencia	Valencia	Individual	4-star	370	Q4
2025	Silken Al Andalus Palace	Sevilla	Portfolio Silken	4-star	623	Q3
2025	Motel One Barcelona-Ciutadella	Barcelona	Corporate	2-star	301	Q1
2025	Hotel Gallery	Barcelona	Portfolio Meridia	4-star	110	Q4
2025	Barceló Raval	Barcelona	Individual	4-star	186	Q2
2025	Generator Hostel Barcelona	Barcelona	Portfolio Generator	1-star	154	Q2
2025	easyHotel Barcelona Fira	Barcelona	Corporate	2-star	204	Q2
2025	Exe Rey Don Jaime	Valencia	Individual	4-star	319	Q2
2025	Easyhotel Atocha	Madrid	Individual	2-star	230	Q3
2025	Hotel Molina Lario	Málaga	Portfolio Meridia	4-star	103	Q4
2025	Silken Amara Plaza San Sabastian	San Sebastian	Portfolio Silken	4-star	162	Q3
2025	Silken Puerta Madrid	Madrid	Portfolio Silken	4-star	194	Q3
2025	Silken Indautxu	Bilbao	Portfolio Silken	4-star	184	Q3
2025	Generator Madrid	Madrid	Portfolio Generator	1-star	129	Q2
2025	Apartahotel Capri By Fraser	Barcelona	Individual	4-star	97	Q1
2025	Hotel Abades Nevada Palace	Granada	Individual	4-star	258	Q4
2025	Hotel en Nervión	Sevilla	Individual	4-star	184	Q3
2025	Hotel Hesperia del Mar	Barcelona	Individual	4-star	84	Q1
2025	Letoh Gran Vía	Madrid	Portfolio	3-star	90	Q3
2025	Hotel Leonardo Granada	Granada	Individual	4-star	176	Q1

Source: Christie & Co Analytics

TOP RESORT TRANSACTIONS IN SPAIN IN 2025

Year	Hotel	Location	Type	Category	Rooms	Quarter
2025	Alua Portfolio	Tenerife	Portfolio Hyatt	4-star	1,050	Q4
2025	Mare Nostrum Resort Tenerife	Tenerife	Individual	5-star	1,036	Q2
2025	Hotel Sol Tenerife	Tenerife	Joint Venture	4-star	522	Q2
2025	Green House Costa del Sol	Málaga	Individual	4-star	349	Q4
2025	Fairmont La Hacienda	Cádiz	Individual	5-star	306	Q2
2025	Grand Teguise Playa de Lanzarote	Lanzarote	Individual	4-star	300	Q1
2025	Ilunion Palmanova	Mallorca	Individual	4-star	256	Q2
2025	Hotel Sunwing Arguineguín	Gran Canaria	Individual	3-star	252	Q4
2025	Hotel Las Águilas	Tenerife	Individual	4-star	215	Q4
2025	Jumeirah Port Sóller	Mallorca	Individual	5-star	121	Q4
2025	ME Ibiza	Ibiza	Joint Venture	5-star	149	Q4

Source: Christie & Co Analytics

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