CHRISTIE & CO

PORTUGAL HOTEL MARKET SNAPSHOT

2026

CONTENTS

GLOSSARY

ADR: Average Daily Rate

c.: circa

GDP: Gross Domestic Product

i.e.: For example

K: Thousand

KPI: Key Performance Indicator

m: Million

NUTS: Nomenclatura de las Unidades Territoriales Estadísticas

Occ: Occupancy

p.p./ppts: Percentatge 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

Spain

United Kingdom

United States

PORTUGAL AT A GLANCE

The Portuguese tourism landscape is undergoing a reshaping process through 2025 and 2026. The newly implemented NUTS 2024 framework enhances visibility over regional performance, while **ongoing transport, energy and digital infrastructure projects are redefining the country's long-term tourism capacity.** These structural transformations are altering the geography of demand and creating new opportunities for hotel development beyond traditional hotspots.

Over the coming years, Portugal is set to **benefit from a series of strategic infrastructure investments** aligned with two major national frameworks: the development program "Portugal 2030 strategy" and the preparation for the **FIFA World Cup 2030,** co-hosted with Spain and Morocco. These initiatives prioritise improvements in international connectivity, energy efficiency and mobility. While renewable energy infrastructure upgrades are expected to lower operating costs for hospitality assets, increased airport capacity and improved inter-regional transport links are likely to enhance connectivity, support tourism growth and broaden access to new source markets. Collectively, these efforts reinforce Portugal's positioning as a stable, future-ready destination with long-term attractiveness for tourism-driven investment.

Beyond infrastructure investment, Portugal maintains a competitive position relative to other Southern European tourism destinations in terms of **safety, political stability and environmental performance.** While climate-related challenges such as wildfires and water stress are increasingly affecting Mediterranean markets, Portugal benefits from a high share of renewable energy generation, comparatively strong governance indicators and a reputation as one of Europe's safest destinations. These factors support the country's long-term attractiveness for both tourism demand and hospitality investment.

International air connectivity remains a cornerstone of Portugal's inbound tourism model. Regions such as **Greater Lisbon, Algarve and Madeira depend heavily on international markets,** where foreign visitors account for over **70% of overnight stays.** Norte and Azores regions also exhibit strong international exposure, with international demand representing **between 60% and 70%** of total overnight stays. The UK, Germany and the US continue to dominate as Portugal's primary source markets, with notable momentum from the US, which surpassed Spain during 2025. Demand composition, however, varies by region: Greater Lisbon shows strong affinity with US, UK and Brazilian travellers, whereas the Algarve maintains a pronounced dependence on the UK, representing almost 27% of its overnight stays last year. Spain, Germany, France and Ireland remain high-potential feeder markets that can further enhance Portugal's regional diversification and tourism resilience.

Portugal's performance recovery post-COVID has outpaced most European benchmarks. By 2025, **demand levels exceeded 2019 by 17%,** despite room supply increasing by 14.6%. Occupancy remained resilient at 66.2%, marginally above 2019 levels, demonstrating the market's capacity to absorb additional inventory. Supported by ADR growth, RevPAR reached a record €82.4, **up 41.7% versus 2019.** This performance reflects both structural strengths (international demand depth, diversified geography, strong brand presence) and tactical drivers (improved air connectivity, favourable currency dynamics, and increased long-haul travel from North America).

Performance across Portugal's regions remained mixed in 2025. **Madeira, Oeste e Vale de Tejo, Centro, Algarve, the Azores and Algarve outperformed** the national RevPAR growth rate of **4.8%,** with Madeira standing out as the strongest-performing market (+14.5%). In contrast, Greater Lisbon experienced the most **moderate growth at 0.6%,** reflecting its status as the country's most established and mature market while other regions continue to benefit from stronger catch-up growth. Performance was further tempered by capacity constraints at Lisbon Airport, which is operating near capacity and limits the pace of further tourism expansion. Supply and demand dynamics also varied across the country: **Madeira, the Azores, Oeste e Vale de Tejo and Setúbal** saw demand growth exceed new supply, while Norte, Algarve and Centro experienced a faster pace of supply expansion. Lisbon remained broadly balanced, with demand and supply both increasing by 0.8% year-on-year.

Conversely, RevPAR growth in Greater Lisbon, Norte, Setúbal and Alentejo lagged the national average, reflecting **comparatively slower revenue growth** than in the main resort destinations regions such as Madeira, Azores and the Algarve. Centro, Oeste Vale do Tejo and parts of Alentejo continue to face structural constraints, including lower historical tourism penetration, limited resort capabilities, smaller urban hubs, and more limited international exposure. Meanwhile, **the Azores and Algarve encounter short-term headwinds** related to high supply concentration and moderate-to-strong future pipeline growth, which may pressure performance if demand does not maintain current trajectories.

Despite these regional nuances, Portugal's tourism ecosystem continues to strengthen. The market benefits from **stable macroeconomic conditions,** competitive operating and development costs relative to Western European peers, and an increasingly sophisticated hospitality offer driven by global and lifestyle brands. The combination of sustained demand, infrastructure improvements and regional diversification further reinforces **Portugal's position as a key European destination for hotel investment, development and long-term asset performance.**

NICOLAS COUSIN
Managing Director Christie & Co
Spain and Portugal

"Portugal stands out as a stable, reliable and cost-competitive investment destination. Yet, the rapid pace of development in some markets requires careful monitoring, particularly where supply expansion may temporarily restrain occupancy."

MACROECONOMIC OUTLOOK

Despite the broader geopolitical uncertainty, Portugal's macroeconomic environment has remained resilient. The robust recovery in 2025 underpins a positive outlook, with **Portugal expected to be among the Eurozone's fastest-growing economies.** GDP growth is forecast at 1.8% in 2026, ahead of the Eurozone average (1.0%), Spain (1.7%) and Greece (1.7%), while medium-term growth is expected to remain broadly above most European peers. **Inflation is projected to remain lower than the Euro Area average in the near term,** before converging towards 2%. The labour market remains broadly resilient, with wage growth of 3.2% in 2025 continuing to outpace inflation of 2.2%. However, the unemployment rate is projected to increase by 0.4 percentage points to 6.4% by the end of 2026, suggesting that employment growth is expected to ease as labour demand gradually aligns with a slower pace of economic expansion.

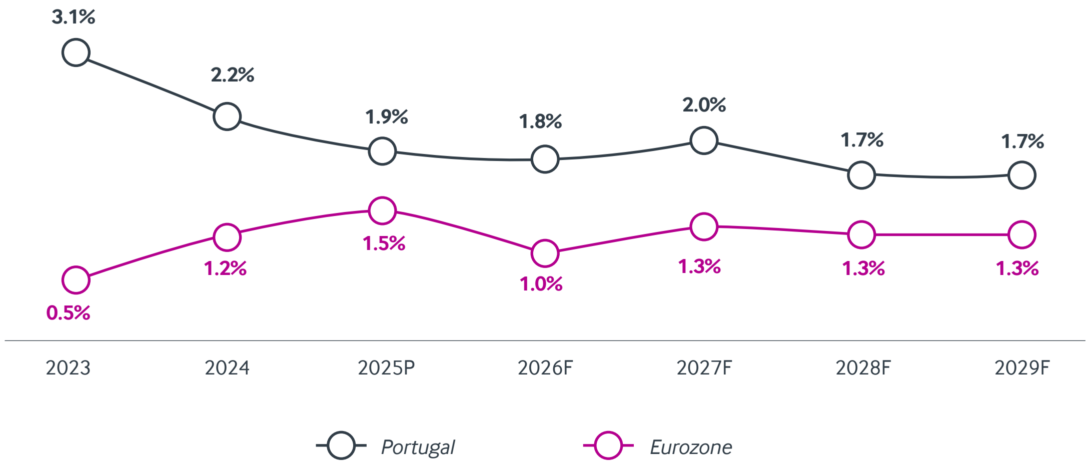
From a cost perspective, Portugal retains a competitive advantage. **Operational expenses,** particularly labour and electricity, **remain below those of comparable Southern European markets.** Furthermore, according to Whitebridge, development costs are on average approximately 30% below those of other Southern European countries. This cost competitiveness supports strong project viability despite a challenging hotel licensing environment in highly congested areas (Lisbon, Porto and Algarve).

Despite rising global oil prices and **heightened geopolitical uncertainty** stemming from the 2026 US–Iran conflict, Portugal remains **relatively insulated compared with more energy-dependent European economies such as Germany and Italy.** Its geographical and political distance from the conflict, together with its limited direct reliance on the affected trade corridors, should result primarily in higher fuel, transport and import costs rather than material supply disruptions.

As a result, **the overall macroeconomic impact is expected to remain moderate.** Portugal continues to emerge as an attractive destination for hotel investment, supported by sustained tourism growth over the past five years.

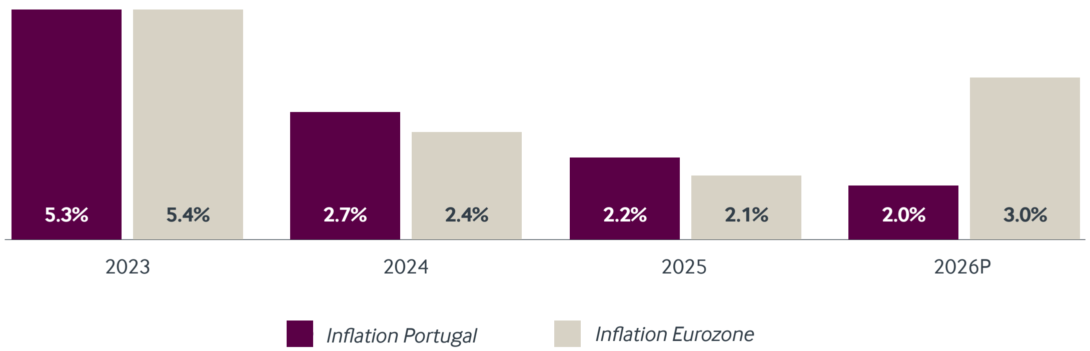
The country benefits from a **diversified tourism offering and improving transport links with Spain, one of its key feeder markets.** In addition, Portugal offers a favourable business environment, ranking ahead of Southern European peers such as Italy and Greece in ease-of-doing-business benchmarks.

REAL GDP GROWTH PORTUGAL VS. EUROZONE



Note: P = Provisional, F = Forecast
Sources: S&P Global, Eurostat, BCE

INFLATION & INTEREST RATES PORTUGAL VS. EUROZONE



Sources: S&P Global, European Commission

INFRASTRUCTURE, REGULATIONS & MAJOR EVENTS

Alongside its strong tourism growth, Portugal is increasingly adopting measures aimed at balancing visitor demand with housing affordability, environmental sustainability and destination management. While the regulatory framework remains relatively supportive of hospitality investment, several municipalities have introduced tighter controls on short-term rentals and accommodation licensing in areas experiencing higher tourism pressure, particularly in **Greater Lisbon, Algarve** and parts of **Porto Metropolitan Area.** At the same time, public policy continues to encourage tourism development in lower-density regions such as **Alentejo, Centro** and the **Azores,** while supporting the repositioning of mature destinations including **Madeira, Norte** and the **Algarve** through infrastructure investment, sustainability initiatives and demand diversification strategies.

PORTUGAL KEEPS UPPING ITS GAME FOR 2030

Portugal is entering a decisive phase in its infrastructure agenda, with major investments in **high-speed rail, airport capacity and renewable energy networks** aimed at strengthening national and international connectivity. Key projects, including the **Lisbon-Porto, Lisbon-Madrid and Porto-Vigo rail corridors,** are expected to reduce travel times, improve access to secondary destinations and support greater integration across the Iberian Peninsula. Beyond enhancing the visitor experience and creating opportunities for multi-destination tourism, these initiatives will improve the operating environment for the hospitality sector and reinforce Portugal's position as a competitive, well-connected and future-ready tourism market.

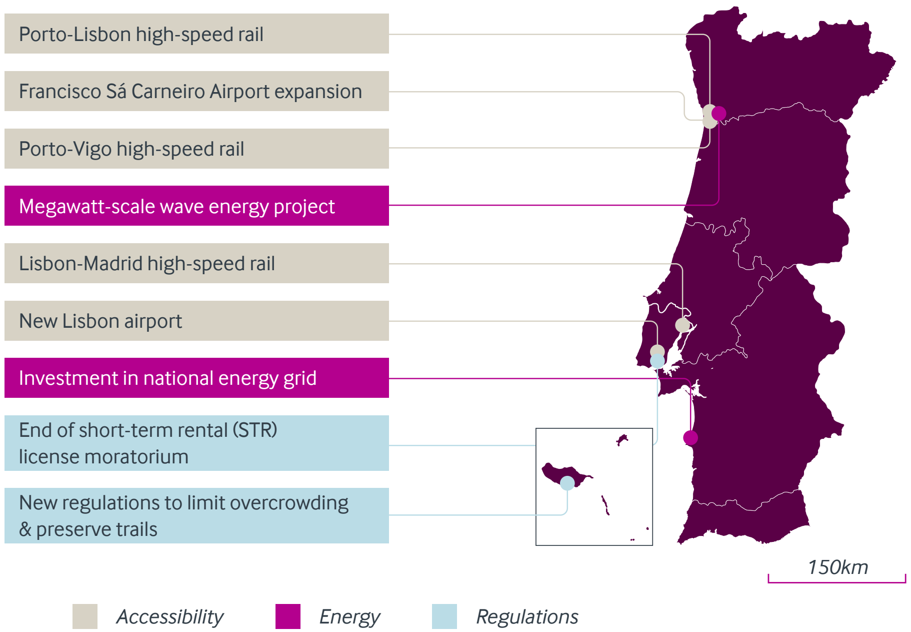
A central component of this effort is the **€23 billion National Investment Plan 2030 (PNI 2030),** developed in partnership with the European Commission. The plan accelerates improvements across transport networks, renewable energy infrastructure and digital capabilities. Key projects include airport and rail upgrades, maritime hydrogen corridors and additional renewable energy installations, fully aligned with EU energy transition objectives.

At the same time, **heightened geopolitical uncertainty in major oil producing regions is increasing volatility in European energy markets,** underscoring the importance of Portugal's shift toward domestically produced, renewable energy sources. Beyond its domestic infrastructure agenda, Portugal is increasingly **benefiting from closer integration with Spain** through a series of strategic cross-border investments and bilateral initiatives. The development of **high-speed rail** links between **Lisbon and Madrid,** the Porto-Vigo corridor, the broader Atlantic Corridor, and the H2Med green hydrogen corridor reflects a broader Iberian agenda aimed at strengthening connectivity, energy security and economic integration across the Peninsula. Together, these initiatives are expected to support a more integrated tourism, business and logistics market, while reinforcing Iberia's position as a strategic gateway between Europe, the Americas and Africa.

INTERNATIONAL SCALE EVENT HOSTING

The **2030 FIFA World Cup,** jointly hosted by Portugal, Spain and Morocco, is expected to act as a significant catalyst for tourism and infrastructure investment across the region. As part of the tournament's centenary celebrations, Argentina, Paraguay and Uruguay will each host an opening match commemorating the 100th anniversary of the first FIFA World Cup, further enhancing the event's global visibility and **strengthening visitor flows** between Europe and Latin America.

In Portugal, matches will be held at Estádio do Dragão (Porto), Estádio da Luz (Lisbon) and Estádio José Alvalade (Lisbon). The tournament is expected to generate substantial visitor flows, supporting further improvements in transport **and public infrastructure** while enhancing the visibility, competitiveness and long-term appeal of Portugal's tourism and hospitality sector.



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

CONNECTIVITY

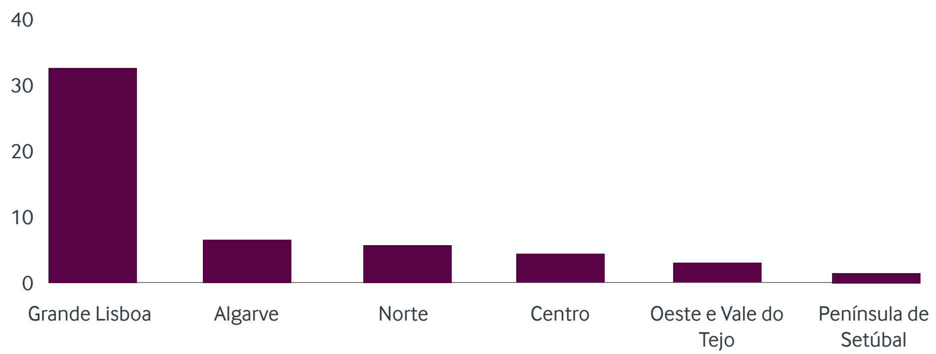
Portugal continues to strengthen its connectivity infrastructure, reinforcing one of the key drivers underpinning the country's tourism competitiveness. Recent developments have focused on expanding both international and domestic accessibility, supporting continued growth in visitor arrivals and improving connectivity with key source markets. In aviation; **Lisbon, Porto and Faro remain Portugal's busiest airports,** each recording solid year on year gains. Total passenger traffic grew 4.8%, with **Madeira** (+11.9%) and **Porto** (+6.3%) showing the strongest increases. **TAP Air Portugal has further strengthened transatlantic connectivity** through new services linking Lisbon with **Orlando, Curitiba and São Luís,** while its Porto-Boston route has transitioned from a seasonal to a year-round operation.

At the same time, European connectivity has expanded through **new EasyJet routes** to Liverpool, Newcastle, Glasgow and Athens, alongside additional **Ryanair frequencies connecting Porto and Faro with the UK market.** These additions further enhance Portugal's accessibility from both mature and emerging feeder markets.

Domestic air connectivity has also improved, with TAP increasing capacity between Porto and the Azores. However, this positive trend has been partially offset by Ryanair's withdrawal from the Azores, resulting in the discontinuation of six routes and the loss of approximately **400,000 annual seats,** including connections to London, Brussels, Lisbon and Porto.

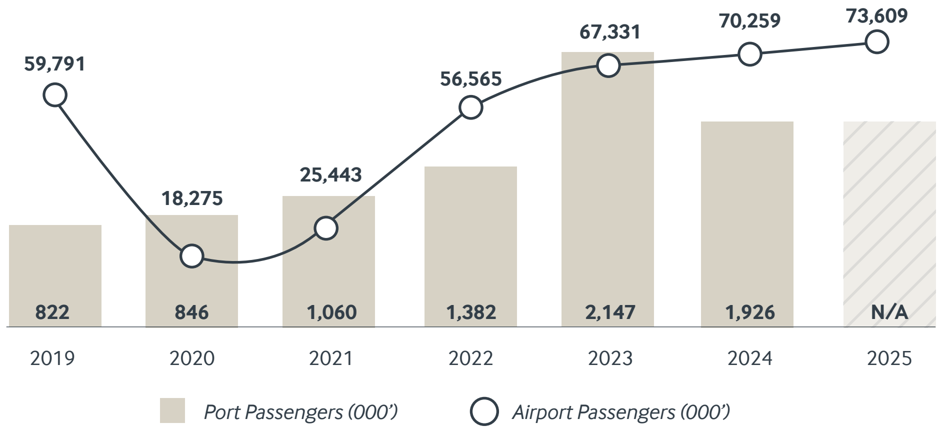
The airline attributed the decision to rising operating and airport costs in the region. While this represents a short-term setback for the region, the overall national connectivity outlook remains positive. Beyond aviation, **rail activity remains highly concentrated in the Lisbon Metropolitan Area,** which records by far the highest number of annual rail journeys per inhabitant in the country. Although Norte, Centro and the Algarve exhibit comparatively higher usage levels than other regions, significant disparities remain across Portugal, highlighting the continued importance of investment in regional transport infrastructure and intercity connectivity. **Portugal's rail network density remains below that of key Southern European tourism markets such as Spain and Italy,** although it compares favourably with Greece. As a result, the country continues to rely heavily on **air transport** for both domestic and international accessibility, reinforcing the strategic role of aviation in supporting tourism demand and regional connectivity. Portugal's maritime sector also continues to gain relevance as a tourism growth driver. **Cruise tourism generated an estimated €940 million in direct economic impact during 2024,** reflecting its increasing contribution to the national visitor economy. Momentum has carried into 2026, with several ports reporting record activity levels. Notably, **the Port of Lisbon registered its busiest June on record, supported by a 53% increase in turnaround operations,** a high-value segment that typically generates greater local spending and economic benefits. These trends further reinforce Portugal's position as one of Southern Europe's leading cruise destinations.

ANNUAL NUMBER OF TRAIN TRIPS PER INHABITANT, 2025



Source: INE Portugal

EVOLUTION OF PASSENGERS IN PORTUGUESE PORTS AND AIRPORTS, 2019 - 2025



Source: Eurostat and INE Portugal

TOURISM DYNAMICS

DEMAND PROFILE

Tourism demand in Portugal continues to show **strong diversification in both geographical origin and travel purpose.** While the domestic market remains a crucial pillar, **long-haul visitors,** particularly from the US and Brazil, **are increasingly shaping ADR performance** and off-season resilience. European short-haul markets continue to provide stable base demand, with Spain, France and Germany maintaining a strong presence.

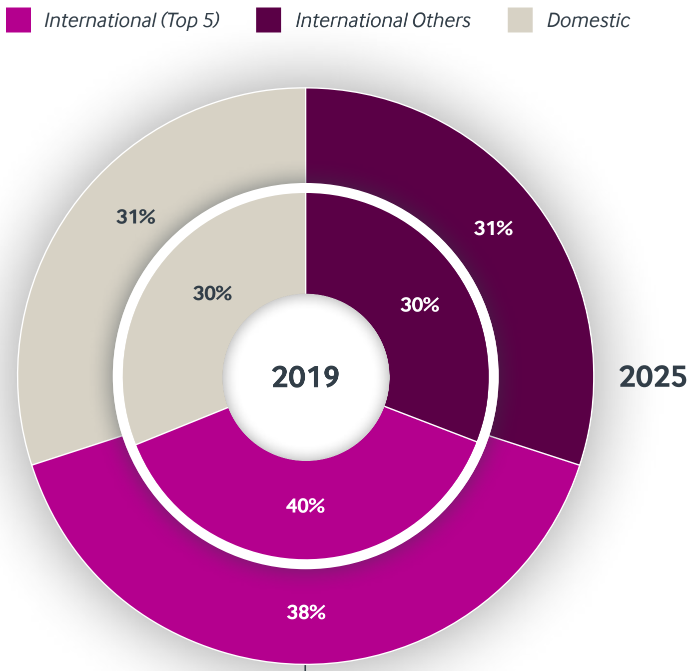
Portugal maintains strong international appeal, with foreign visitors accounting for nearly 70% of overnight stays in 2025. The UK (12.3%), Germany (7.9%), USA (6.7%), Spain (6.3%) and France (5.2%) remain the country's main source markets. **High-spending travellers from the US, UK and Western Europe continue to elevate overall tourism expenditure.** Business-related travel, particularly in Lisbon and Porto, is gaining traction and contributing to more **balanced seasonality.** Meanwhile, the islands and resort-driven destinations are also benefiting from a broadening visitor mix, as improved air connectivity attracts an increasing share of long-haul travellers. This trend is particularly supportive of tourism performance, given that long-haul guests typically demonstrate **higher spending patterns** and **longer average stays** than domestic and intra-European travellers, further underpinning revenue growth and destination demand.

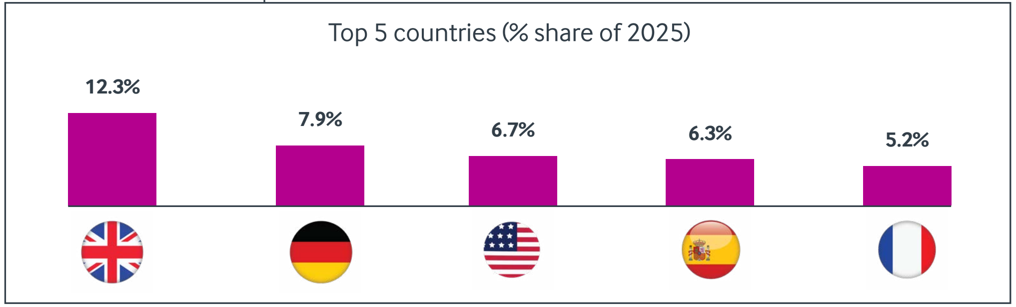
AIRPORT ACTIVITY

Airport activity continues to underpin tourism growth across Portugal, with all major regions recording **positive passenger growth** at YTD July 2026. While Lisbon remains the dominant gateway, strong growth in the Algarve, Madeira and the Azores highlights the **increasing diversification of demand** across the country. Improved connectivity and rising passenger volumes continue to support hotel performance and reinforce Portugal's attractiveness as a hospitality investment destination.

Sources: INE Portugal, TravelBI, Christie & Co Research

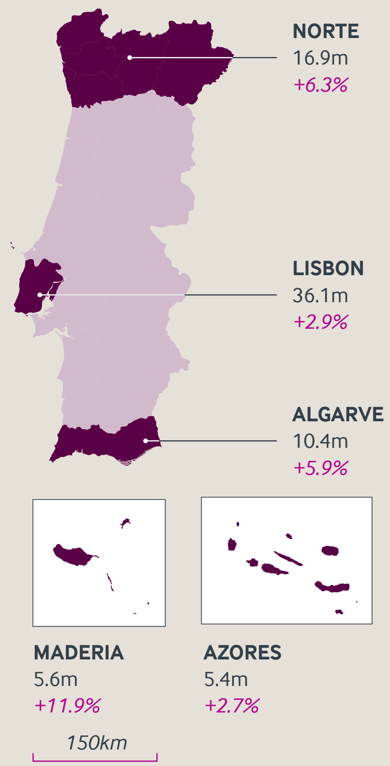
PORTUGAL OVERNIGHT STAYS BY SOURCE MARKETS





AIRPORT PASSENGERS BY NUTS REGIONS

(YTD July 2026 - YoY Variation)



TOURISM DYNAMICS

EVOLUTION OF DEMAND

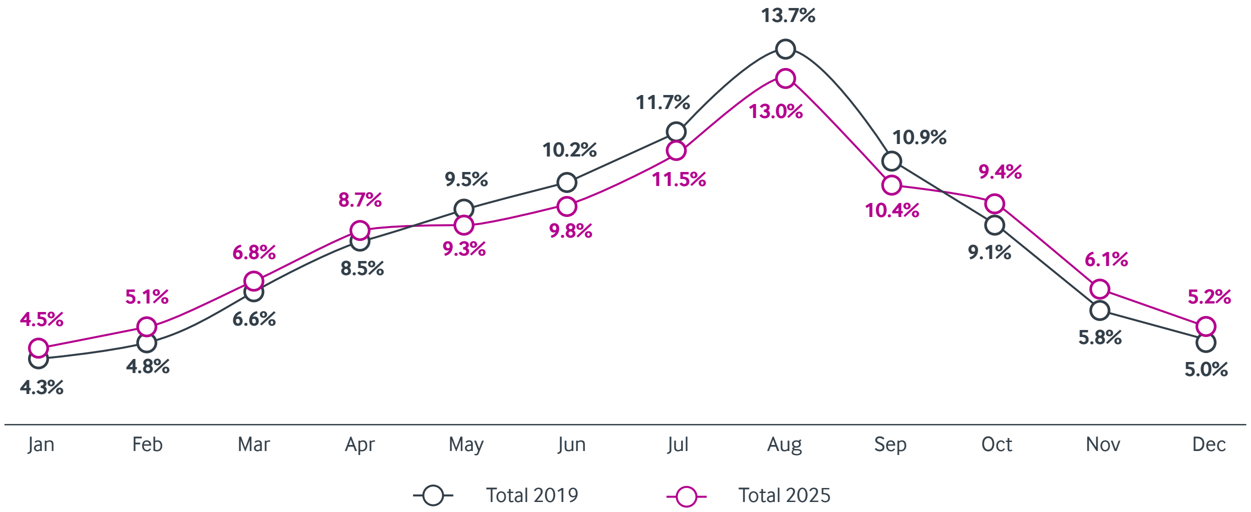
Growth in airport activity continues to be mirrored by robust expansion in tourism demand, with overnight stays reaching a record **82.0 million in 2025,** up c.17% compared to 2019 and representing a **2.7% CAGR** over the period. International visitors remained the key driver of performance, accounting for **69.5% of total overnight stays,** broadly in line with pre-pandemic levels, highlighting Portugal's sustained appeal across global source markets.

Despite the significant increase in visitor volumes since 2019, Portugal's tourism demand has become **slightly less seasonal.** While **peak demand remains concentrated between June and September,** these months account for a lower share of total overnight stays than in 2019, indicating that demand growth has increasingly been absorbed during shoulder and off-peak periods. This trend reflects the continued importance of summer leisure travel alongside the growing contribution of city-break tourism, long-haul markets and year-round destinations such as Lisbon, Porto and Madeira, which have supported a **more balanced distribution** of demand throughout the year.

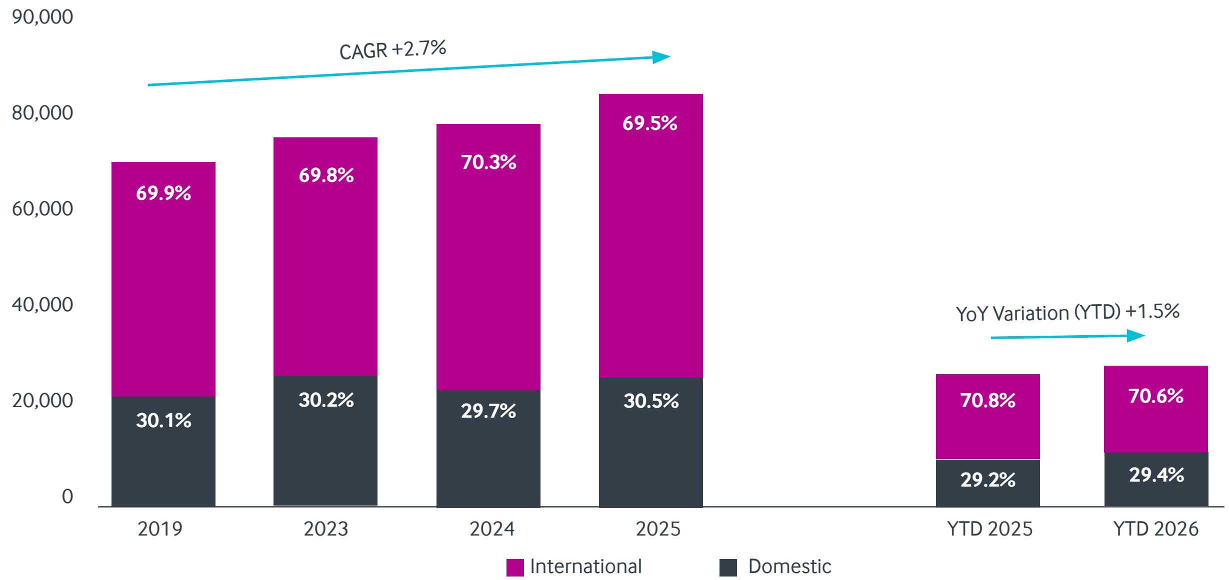
The continued growth of long-haul markets, particularly the US, alongside the strength of Portugal's traditional European demand base, reflects the country's increasing international diversification and improved connectivity. At a regional level, **Algarve, Greater Lisbon and Norte remained Portugal's leading tourism destinations,** continuing to attract the largest share of overnight stays. Meanwhile, the strongest year-on-year growth was recorded in **Alentejo (+6.4%), Norte (+4.4%), Setúbal (+4.1%) and Madeira (+3.9%),** highlighting that, while demand remains anchored in the country's established tourism hubs (like Porto in Norte or Madeira Island), growth is becoming increasingly **distributed across a wider range of destinations,** further strengthening the resilience and depth of Portugal's tourism sector.

Source: INE Portugal, Christie & Co Research

SEASONALITY (% OF OVERNIGHTS), 2019 VS 2025



OVERNIGHTS EVOLUTION, 2019 – YTD MAY 2026



HOTEL SUPPLY

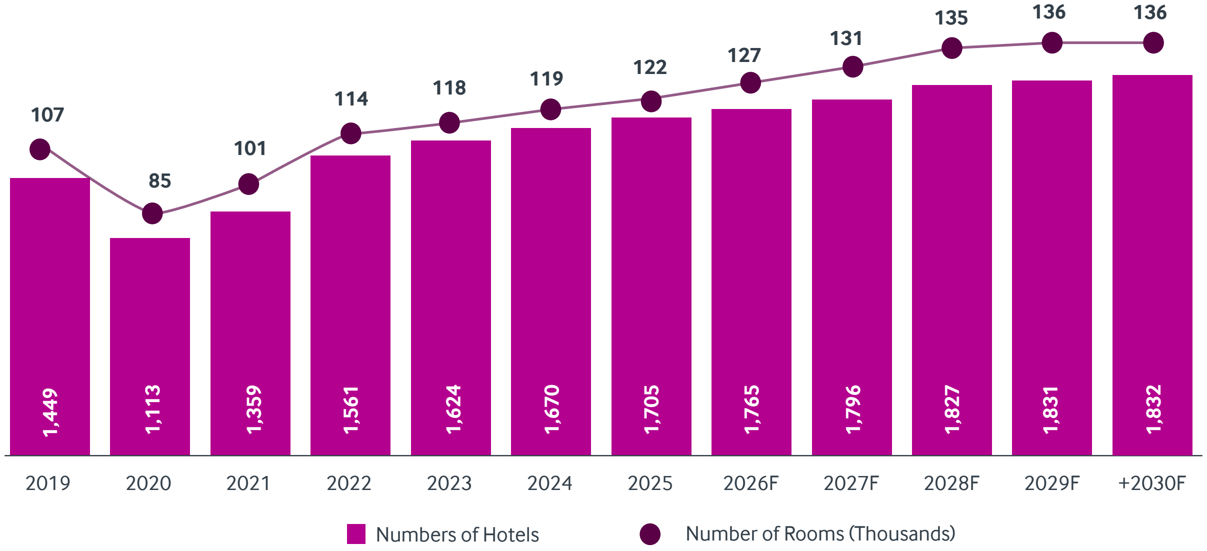
SUPPLY

As of 2025, Portugal's hotel inventory totals approximately **122,300 rooms across 1,705 hotels,** with the 4-star category representing the largest number of establishments **(640 hotels),** followed by the 3-star segment **(496 hotels).** This distribution reflects a mature and diversified hospitality market, balancing a substantial upscale offering with a well-established midscale segment. The supply growth trajectory reinforces this trend, with the number of hotels increasing from **1,449 in 2019 to 1,705 in 2025,** while room inventory expanded from approximately **107,000 to 122,000 rooms** over the same period. Looking ahead, supply is expected to reach around **1,765 hotels and 127,000 rooms in 2026,** reflecting continued growth in the sector. Despite this expansion, Portugal's overall scale remains modest compared with larger Southern European markets, providing further headroom for development across different accommodation segments. Growth has been supported by the country's main tourism destinations, including **Lisbon, Porto, the Algarve and Madeira,** where strong demand fundamentals continue to attract hotel investment and new supply. While structural demand remains healthy, the **current pace of openings may exert temporary pressure on occupancy in certain high density submarkets.** Nonetheless, the medium term outlook points to a broader **upgrading of product quality and deeper brand penetration,** particularly in regions that have historically been underrepresented in the upper upscale and luxury space.

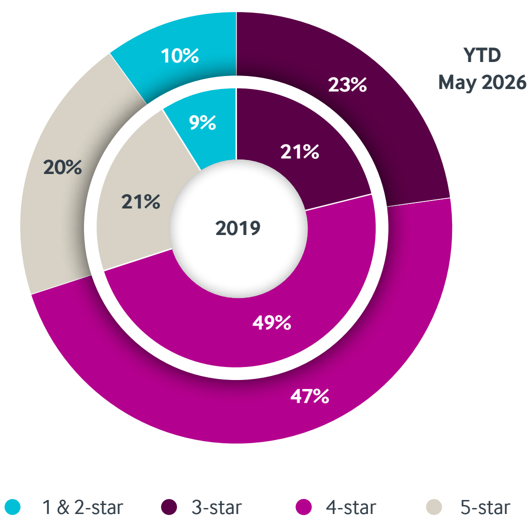
Brand presence continues to intensify, especially at the upscale and luxury level. The market features a wide range of global operators, including **Marriott, Vila Galé, B&B, IHG, Hyatt, Minor, Accor, Pestana and Melia,** predominantly clustered in Lisbon, Porto and the Algarve, with growing interest in secondary coastal and resort driven destinations. At the same time, the economy and midscale segments are gradually strengthening in **Lisbon, Norte and Madeira,** aligning with evolving demand patterns and supporting a more balanced, multi tiered supply structure that enhances overall market resilience.

Sources: INE Portugal & TravelBI, CoStar, Christie & Co Research

SUPPLY EVOLUTION, 2019 - 2030



SUPPLY BY STAR CATEGORY (% OF TOTAL ROOMS)



TOP 5 BRANDS IN THE HOTEL MARKET BY NUMBER OF ROOMS

PESTANA HOTEL GROUP	68 hotels	7,219 rooms
Vila Galé HOTÉIS	34 hotels	5,322 rooms
Marriott INTERNATIONAL	26 hotels	4,838 rooms
IHG HOTELS & RESORTS	29 hotels	4,195 rooms
ACCOR	38 hotels	4,006 rooms

PIPELINE AND UPCOMING HOTEL OPENINGS

Further brand consolidation is driven by strong appetite from brands, holding nearly 8 in every 10 pipeline rooms

Over the next four years, Portugal's hotel sector is set for considerable expansion, with **more than 12,000 new rooms** expected to enter the market, equivalent to roughly a **10% increase in total inventory.** This growth is underpinned by Portugal's strong fundamentals: its strategic position as a gateway for American travellers, competitive access to major European hubs, a sustained rise in international demand and its privileged resort and cultural positioning in the Mediterranean.

The **geographic distribution of the pipeline** continues to consolidate around the country's primary markets. In 2025, **Greater Lisbon, Norte and the Algarve** accounted for around **80% of all rooms under development.**

Their dominance has intensified in the current year, now representing **close to 84%** of the national pipeline. This shift highlights developers' confidence in reinforcing the competitive advantage of these established and mature regions.

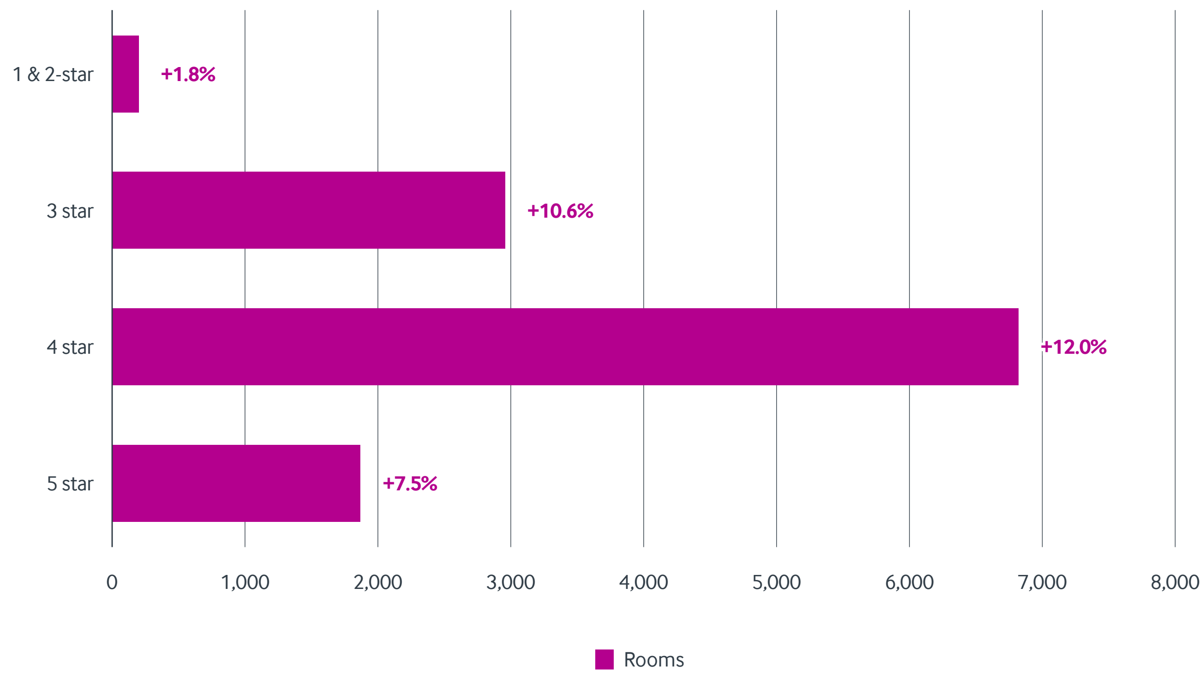
Pipeline composition also varies significantly across regions. Greater Lisbon and the Algarve **show the strongest concentration of upscale and upper-upscale developments,** reinforcing their positioning as Portugal's leading international hospitality markets. **Norte presents a more balanced mix,** with a significant share of upper-midscale projects alongside higher-end developments. By contrast, secondary markets are increasingly adopting differentiated growth strategies, with **Alentejo attracting predominantly luxury-led investment and Centro showing a stronger focus on economy and midscale** products, reflecting distinct demand drivers and market positioning.

Sources: Christie & Co Research

MAIN INTERNATIONAL BRANDS IN THE PIPELINE

INDEPENDENT	34 hotels	2,500 rooms
Hilton	16 hotels	2,283 rooms
Marriott International	12 hotels	1,676 rooms
Accor	7 hotels	837 rooms
IHG Hotels & Resorts	8 hotels	668 rooms
Meliã	4 hotels	500 rooms
OTHERS	30 hotels	3,629 rooms
TOTAL	**111 hotels**	**12,093 rooms**

PIPELINE BY CATEGORY & INCREASE ON CURRENT CATEGORIES, 2026 – 2030F



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

PIPELINE AND UPCOMING HOTEL OPENINGS

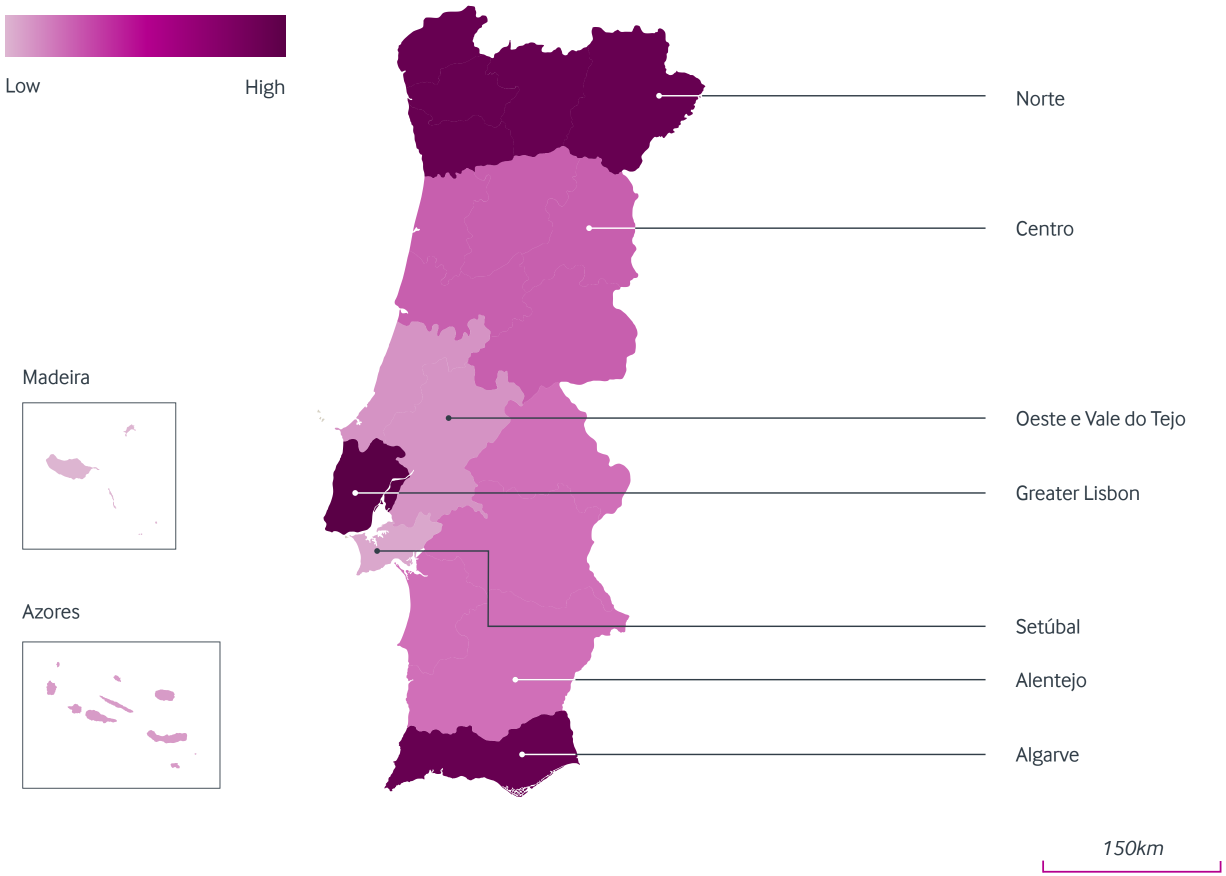
At the same time, **secondary destinations are evolving into meaningful growth corridors.** Regions such as **Alentejo and Centro** are attracting an increasing share of development activity, supported by differentiated demand drivers and growing investor interest beyond Portugal's established gateway markets. As a result, room supply is projected to increase by **nearly 6.8%** and **more than 18%,** respectively, by 2029.

Unlike the more consolidated brand-driven clusters of Lisbon, Porto, Algarve and the Azores, these emerging regions are characterised by a **more balanced mix of independent and branded projects,** contributing to a broader diversification of Portugal's hospitality landscape.

While new supply will ultimately elevate Portugal's hotel product, the transition is not without short term implications. Cities like **Lisbon and Porto may face temporary occupancy pressures,** as evidenced in Lisbon last 2025, where supply additions have outpaced demand (with a 2.4% increase of supply over a 2.1% increase in demand). Over the medium term, however, the **entry of major international brands** bringing higher quality, stricter design standards and greater visibility, is expected to raise competitive benchmarks and continue to accelerate demand. This trend will likely encourage both **independent operators and established domestic brands to renovate and reposition** older assets, contributing to a broader upgrade of the country's hospitality landscape.

Sources: Christie & Co Research

MARKET PIPELINE BY REGION AND INCREASE ON SUPPLY



REGION	TOTAL PIPELINE	(%) INCREASE ON CURRENT SUPPLY
Algarve	3,248	+15.6%
Greater Lisbon	3,505	+11.4%
Norte	3,064	+11.0%
Madeira	28	+0.3%
Centro	727	+5.9%
Oeste e Vale de Tejo	357	+4.5%
Alentejo	724	+16.7%
Azores	280	+5.5%
Setúbal	160	+6.5%

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

MARKET PERFORMANCE

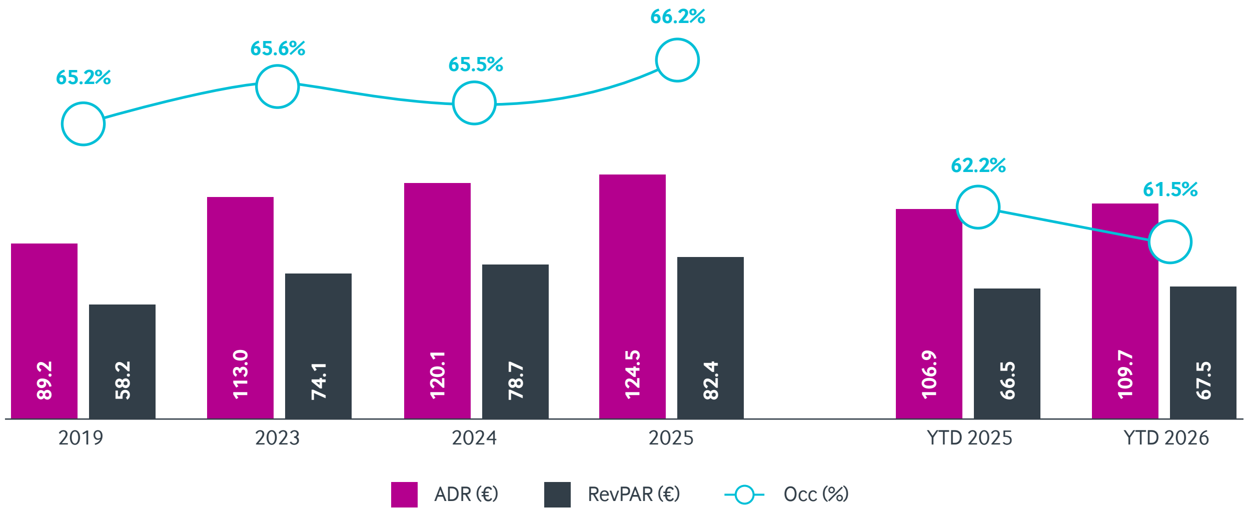
Portugal finished 2025 with a solid set of hotel performance indicators, outperforming both 2023 and 2024 in **ADR and Occupancy,** which reached **66.2%,** reflecting healthy market fundamentals. The rise in **ADR to €124.5** reflects the ongoing resilience of international demand and the enduring strength of the country's main tourism hubs. Overall, 2025 performance suggests that pricing momentum has been maintained, **with ADR rising by 3.7% and occupancy increasing by 0.7 percentage points,** resulting in a **4.8% increase in RevPAR.** While **YTD May 2026 Occupancy declined by 0.7%** compared to the same period last year, as supply growth (+2.6%) outpaced demand growth (+1.5%), the market continued to deliver positive results, with **ADR increasing by 2.6% and RevPAR rising by 1.5%.** This points to a more competitive trading environment as new capacity is gradually absorbed, although the upscale and luxury pipeline has expanded materially and any short-term oversupply risk appears confined to specific submarkets rather than affecting the national picture.

Market conditions continued to strengthen throughout the year, with total visitor spending rising by **4.4%.** However, average spend per traveller fell by **4.2% to €265.1 per trip,** suggesting that the increase in tourism revenues was largely volume-driven. The continued diversification of Portugal's source markets helped sustain this growth by broadening the visitor base. Since 2019, **ADR has increased by 39.6%,** while **Occupancy now stands 1.5% above pre-pandemic levels,** resulting in a **41.7% increase in RevPAR** despite a **15.9% expansion in room supply** to 123,655 rooms. This highlights Portugal's ability to sustain pricing power while accommodating significant market growth.

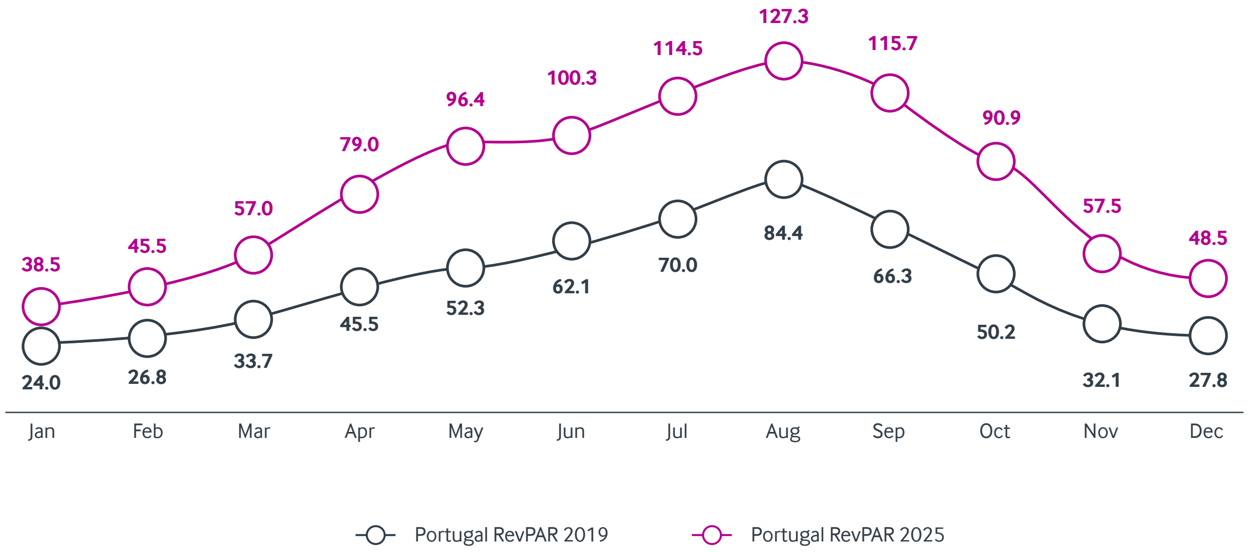
Seasonality patterns remained well defined through 2025. Monthly RevPAR climbed from **€38.5 in January** to a **peak of €127.3 in August,** before easing in the final quarter. **Algarve, Lisbon and the Azores** stood out as the strongest performers, while **Oeste e Vale do Tejo and Centro** delivered the highest year on year growth rates, signalling growing traction across Portugal's emerging destinations.

Source: INE Portugal, Christie & Co Research

HOTEL KPIS EVOLUTION, 2019 – YTD MAY 2026



REVPAR SEASONALITY, 2019 VS 2025



REGIONAL COMPARISON

Portugal's regional performance in 2025 reflects a **market that is broadening beyond its traditional centres** while maintaining strong fundamentals across destination types. The metropolitan hubs of **Lisbon and Porto continue to anchor national activity,** supported by diversified demand and resilient overnight volumes. However, hotel performance growth remained relatively modest. Greater Lisbon recorded RevPAR growth of just 0.6%, driven by a 1.0% increase in occupancy despite a slight ADR decline of 0.7%, while Norte achieved slightly stronger RevPAR growth of 2.3%, supported by ADR growth of 2.3% and stable occupancy. Both regions continue to absorb a **significant share of new supply,** particularly Norte, where room stock increased by 6.0%. The **resort-oriented regions** (Algarve, Madeira and Azores) continued to benefit from strong leisure demand and expanding air connectivity. Algarve remains structurally robust despite pronounced seasonality and high exposure to the UK market, combining ADR growth of **5.5%** with moderate uplift in occupancy and RevPAR growth of 6.2%. **Madeira was the standout performer nationally,** recording double-digit **growth in both ADR (+13.4%) and RevPAR (+14.5%),** reinforcing its position as one of Portugal's strongest year-round destinations.

The Azores also outperformed the national average, with **ADR and RevPAR increasing by 6.9%,** supported by resilient international demand (+4.6%) and limited supply growth (+1.8%). **Meanwhile, emerging secondary regions** (Setúbal, Oeste e Vale de Tejo, Centro and Alentejo) **are evolving into increasingly relevant growth corridors** through increased visibility, improved accessibility and rising investor interest.

Oeste e Vale de Tejo recorded the strongest hotel performance improvement among these markets, with RevPAR rising by 10.5%, supported by occupancy growth of 2.4% and ADR growth of 5.3%. Centro also delivered robust results, with **RevPAR and ADR increasing by 6.9% and 5.9%, respectively.** Although international overnights declined by 2.1%, strong domestic demand growth (+3.6%) helped sustain overall performance. Alentejo continues to position itself as a luxury and upscale resort destination with more than 64% of room supply within the 4- and 5-star segment, leveraging its natural environment and low-density tourism offering. **Both domestic and international overnights increased by 6.9% and 5.3%,** respectively, while the region successfully absorbed a **6.4% increase in supply,** resulting in **RevPAR growth of 3.7%.**

Performance trends were not uniform across all secondary regions. While Setúbal recorded positive hotel performance, with **RevPAR increasing by 3.2% and ADR by 2.9%,** growth was comparatively **more moderate than in other emerging regions** despite increases in both domestic (+2.4%) and international (+5.6%) overnights.

Across all NUTS regions, supply expansion remains **uneven but strategically aligned.** Norte and Alentejo recorded the largest increases in room stock (both over +6.0%), while most resort markets experienced more moderate growth. Looking ahead, **Portugal's tourism landscape continues to diversify,** with metropolitan markets providing stability, resort destinations reinforcing their premium positioning, and selected secondary regions emerging as increasingly attractive growth markets for both operators and investors.

COMPARISON 2024 VS. 2025	PERFORMING UNDER THE PORTUGAL MARKET					PERFORMING ABOVE THE PORTUGAL MARKET				
	Grande Lisboa	Norte	Setúbal	Alentejo	PORTUGAL	Algarve	Azores	Centro	Oeste e Vale de Tejo	Madeira
RevPAR	0.6%	2.3%	3.2%	3.7%	4.8%	6.2%	6.9%	6.9%	10.5%	14.5%
ADR	-0.7%	2.3%	2.9%	3.0%	**3.7%**	5.5%	6.9%	5.9%	5.3%	13.4%
Occupancy	1.0 p.p.	0.0 p.p.	0.2 p.p.	0.4 p.p.	**0.7 p.p.**	0.4 p.p.	0.0 p.p.	0.5 p.p.	2.4 p.p.	0.8 p.p.
Overnights	0.8%	4.4%	4.1%	6.4%	**2.1%**	0.2%	2.7%	1.7%	0.7%	3.9%
Domestic Overnights	4.4%	4.5%	2.4%	6.9%	**5.0%**	2.5%	-0.7%	3.6%	5.6%	21.8%
International Overnights	0.0%	4.3%	5.6%	5.3%	**0.8%**	-0.5%	4.6%	-2.1%	-3.8%	0.9%
Supply Growth	0.8%	6.0%	0.0%	6.4%	**2.4%**	1.5%	1.8%	2.0%	-0.6%	1.8%

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