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HOTEL INVESTMENT OVERVIEW

Spain 2024



2023 REPORT OVERVIEW

We concluded our 2023 investment report by highlighting the asynchrony between the sector’s strong performance and the geopolitical and macroeconomic situation, which would continue to set the trend for the tourism sector in 2024.

In terms of segments, we understood that the interest from investors in resorts destinations was not purely a movement motivated by their resilience after the pandemic, but rather a clear commitment and recognition of the strength and profitability of the hotel market in these destinations. However, the urban market would consolidate its market position as a result of interest from investors together with international hotel brands.

One of the most relevant conclusions was to highlight the secondary markets, in which the number of transactions would increase significantly over the following years. This would be due to investors’ confidence in the sector’s performance and the interest in finding profitable deals beyond the main destinations.

LATEST PUBLICATIONS



INTRODUCTION



The national investor as a key player

Following several years of dominance by institutional investors and investment firms, 2024 has seen a shift in the profile and origin of investors. **During the past year, the total investment volume in hotel assets reached €3,300 million, with Spanish investors making up 59% of the total investment.** National investors have played a key role in some of the most significant transactions in the market, including the acquisition of the Miguel Angel Hotel by Lopesan, in collaboration with Stoneweg and the purchase of the Vincci Hotel Málaga and the Hotel La Boqueria by Catalonia Hotels.

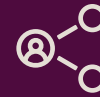
As anticipated by Christie & Co in 2023, corporate transactions have had a significant impact in 2024. The acquisition of various Spanish hotel management companies demonstrated the strength of not only the hotel real estate market, but also the interest that Spanish hotel operators are generating among both domestic and foreign investors.



Record price per room transacted

In 2024, a new record for the average price per room transacted was established, continuing the trend that began in 2021. This year a remarkable milestone has been achieved, **with the average price per room almost reaching €200,000 for first time.** This has been driven mainly by the acquisitions made by buyers in the luxury and upscale categories in the primary investment destinations.

A significant transaction was the acquisition of the Six Senses Ibiza Hotel, which set a new record for the average price per room in a single asset at €1.7 million.



Greater presence of hotel companies

The exceptional performance achieved by the hotel sector in recent years has resulted in a significant **increase in investment made by hotel companies, which represented the 38% of total investment in 2024.**

In a global market where hotel groups are focusing on consolidating their growth primarily through lease, HMA, or even franchise contracts, several Spanish hotel chains are choosing to strengthen their portfolio of owned hotels by acquiring strategic assets in a market that is showing signs of maturity.

Two corporate deals stand out among the hotel chains: Room Mate's acquisition of StayingValencia, a local management company, and the purchase of TOC Hostels by Spanish Hostels chain Room00.



Urban destinations as key investment targets

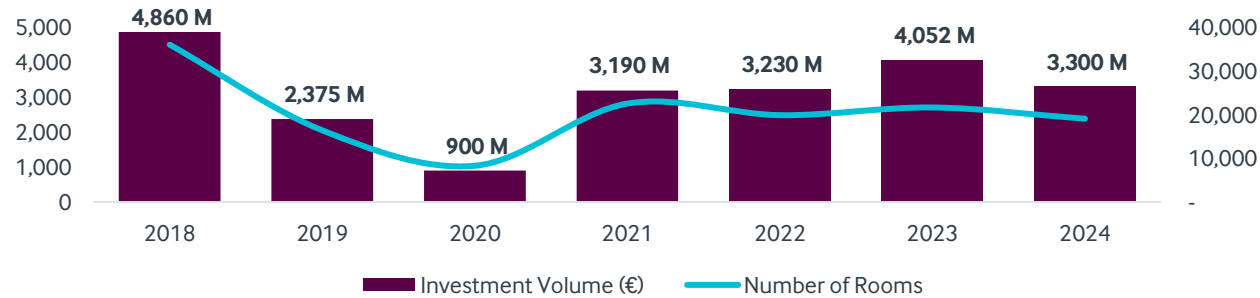
In a year marked by significant changes, hotels in **urban destinations have proved to be the most attractive assets for investors.** Barcelona has experienced a substantial increase in the number of hotel transactions compared to 2023, with the 3-star and 4-star categories being the most relevant. Madrid, on the other hand, led the way in terms of investment volume, attracting investment predominantly in prime assets and once again exceeding €500 million.

Secondary urban destinations have also demonstrated considerable strength, with a significant number of relevant transactions, emerging as an attractive alternative for investors beyond the principal destinations.

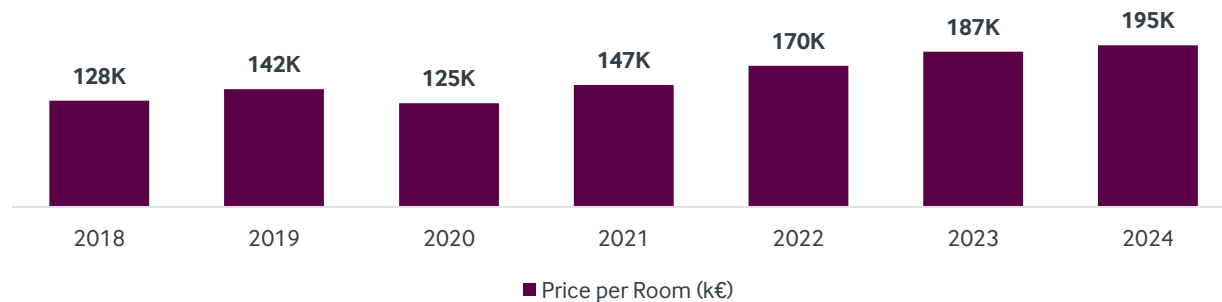
HOTEL INVESTMENT 2024

Spain exceeded €3,000 million of hotel investment in 2024, including existing hotels, lands, buildings to be reconverted and projects under development. This indicates a shift in both the cycle and the investor's profile, thereby positioning Spain as one of Europe's leading hotel markets.

Hotel investment evolution (EUR), 2018 - 2024



Average price per room evolution (EUR), 2018 - 2024



2024 Overview

- 3,300** Million euros
- 195K** Euros per room
- 180** Hotel assets transacted
- 19,055** Rooms
- 49%** Resort destinations
- 51%** Urban destinations
- 41%** International investment
- 59%** Domestic investment

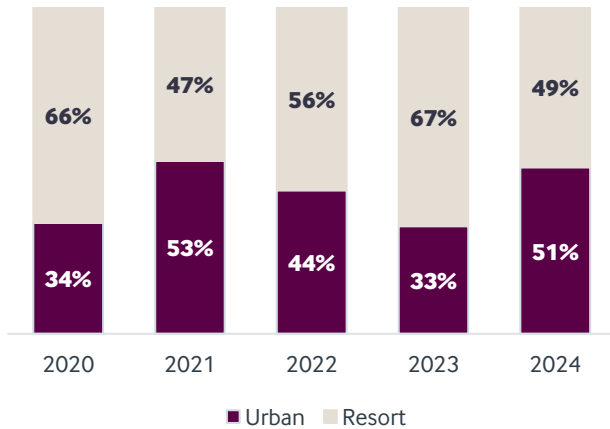
"With a total investment in the hotel sector exceeding €3,300 million in 2024, Spain has established itself as a leading market across Europe, attracting both domestic and international investors. It is noteworthy that the investment volume is almost perfectly balanced between urban and resort destinations."

Nicolas Cousin

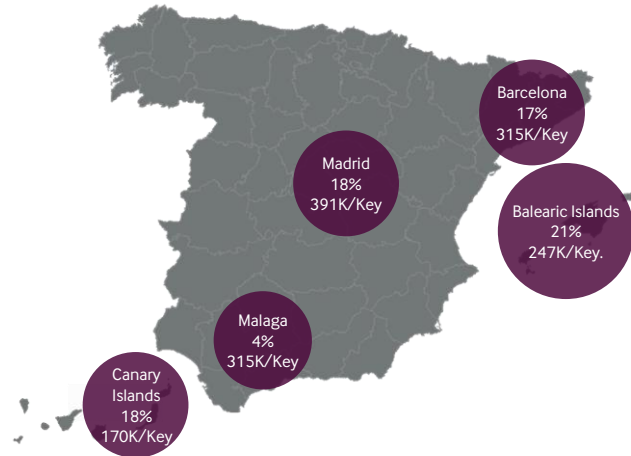
Managing Director Christie & Co Spain & Portugal

DESTINATION TYPOLOGY

Investment evolution per destination type



Destinations with largest investment volume



URBAN DESTINATIONS

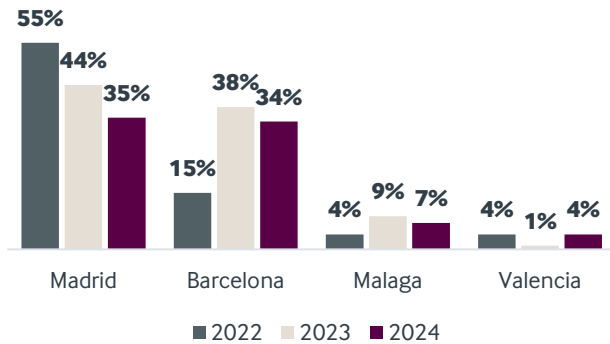
In 2024, the total investment in urban destinations reached **€1,683 million**, placing it only behind the volumes registered in 2021 (€1,690 million) and 2018 (€2,064 million).

Barcelona emerged as the most dynamic destination in 2024 with a total investment volume of €572 million distributed across 20 hotel operations. This represents three times more compared to the previous year, with 3-star and 4-star hotels ranking as the most attractive.

On the other hand, **Madrid has led the market in terms of investment volume, reaching a total of €589 million** and achieving an average price per room of €390,000, with trophy assets accounting for the majority of this investment.

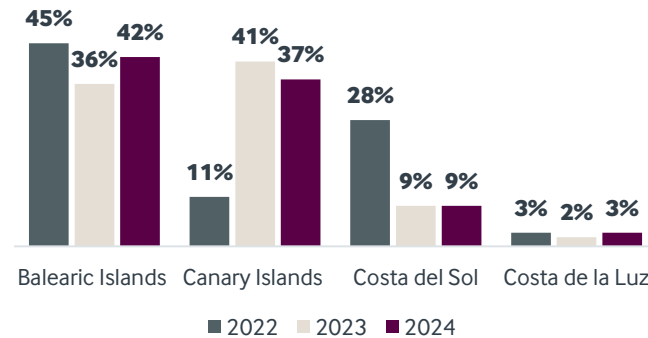
The growing relevance of “secondary” urban destinations has been reflected in the investment volume, which has surpassed the €200 million mark.

Urban destinations with the highest investment volume¹



¹Percentage share of the total volume in urban destinations

Resort destinations with the highest investment volume²



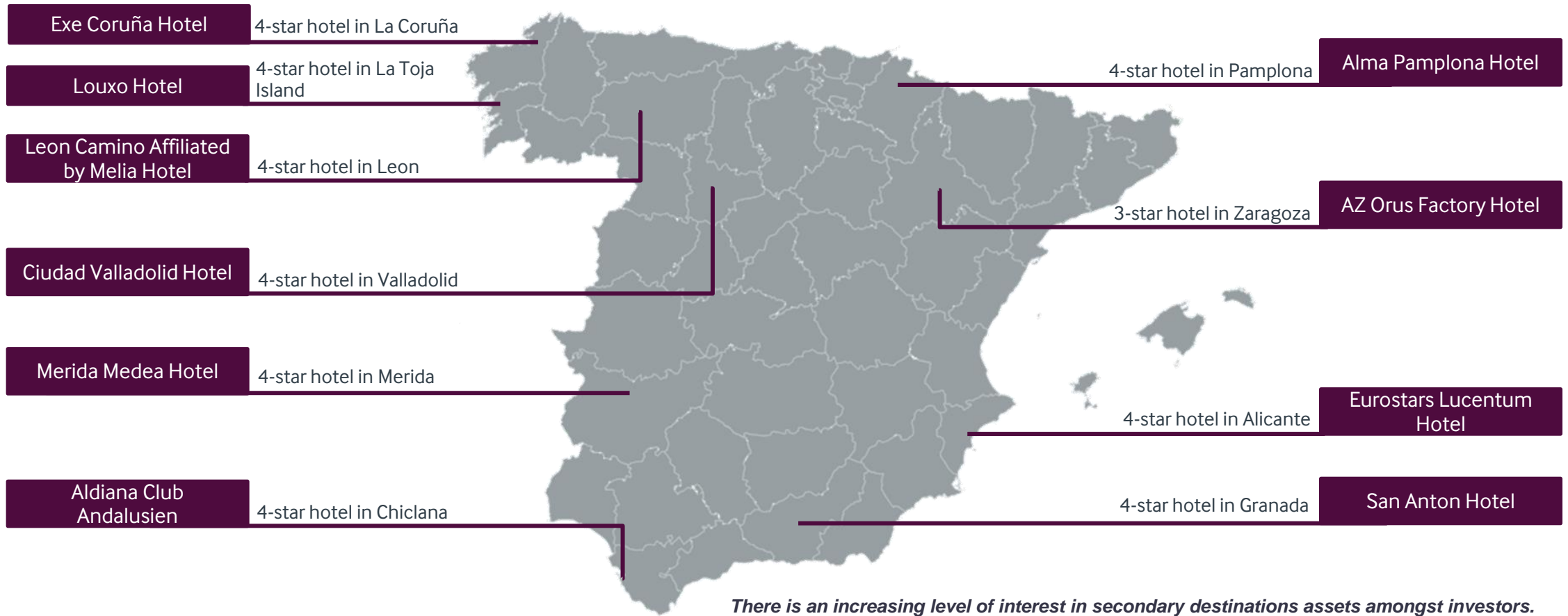
²Percentage share of the total volume in resort destinations

RESORT DESTINATIONS

The **Balearic Islands attracted €679 million, accounting for 42% of the total investment in resort destinations.** The sale of the Six Senses Hotel in Ibiza stood out as the most significant individual transaction of the year, setting a new record for the average price per room in Spain at €1.7 million. This confirms the growing interest of major international investors in the Spanish resort destinations.

The **Canary Islands recorded an investment volume of €598 million**, representing a 47% decrease compared to €1,120 million recorded in 2023. This decline is primarily attributed to the absence of large portfolios and corporate transactions in the destination.

RELEVANCE OF THE SECONDARY MARKET



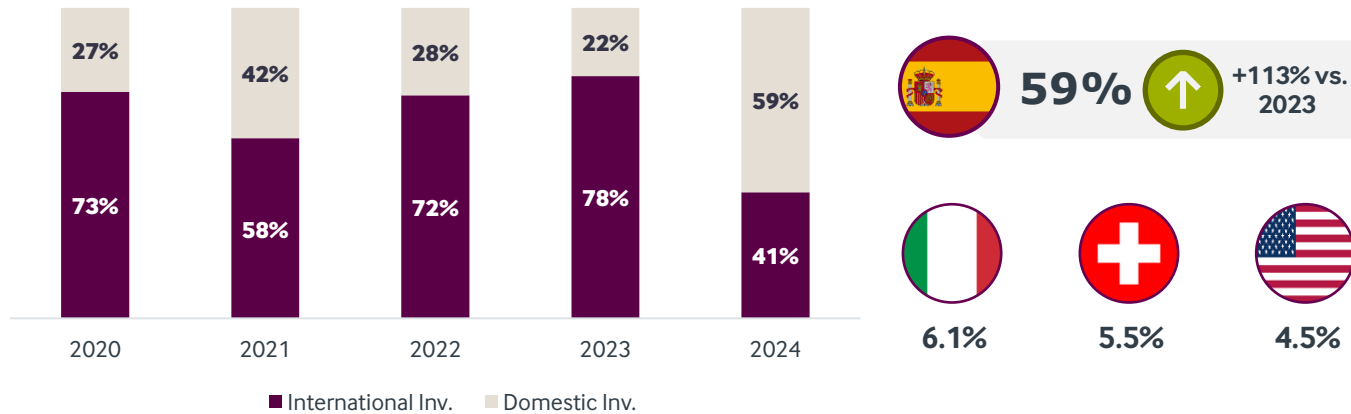
There is an increasing level of interest in secondary destinations assets amongst investors. These transactions demonstrate the strength of the Spanish tourism market, which has proven to be both resilient and a highly attractive alternative for investors seeking to diversify their portfolios by investing in locations beyond the primary markets.

INVESTOR PROFILE

Investment evolution per investor's profile
2023 vs. 2024



Investment evolution per investor's origin



In 2024, hotel companies were the key drivers of investment volume, playing leading roles in some of the most significant transactions.

Due to the sector's strong performance in recent years, hotel companies are well-positioned to acquire strategic assets to enhance their operations.

Despite a busy 2023, characterised by portfolio transactions led by asset managers and investment firms in this field, these investors have so far this year focused their strategy on acquiring assets with plans for conversion to hotel use.

There has been a marked increase in the interest shown by Family Offices and private investors in hotel assets when compared to the year 2023. The maturity of the hotel real estate market, when considered in conjunction with the industry's robust performance, has resulted in hotels being considered a safe and attractive asset class.

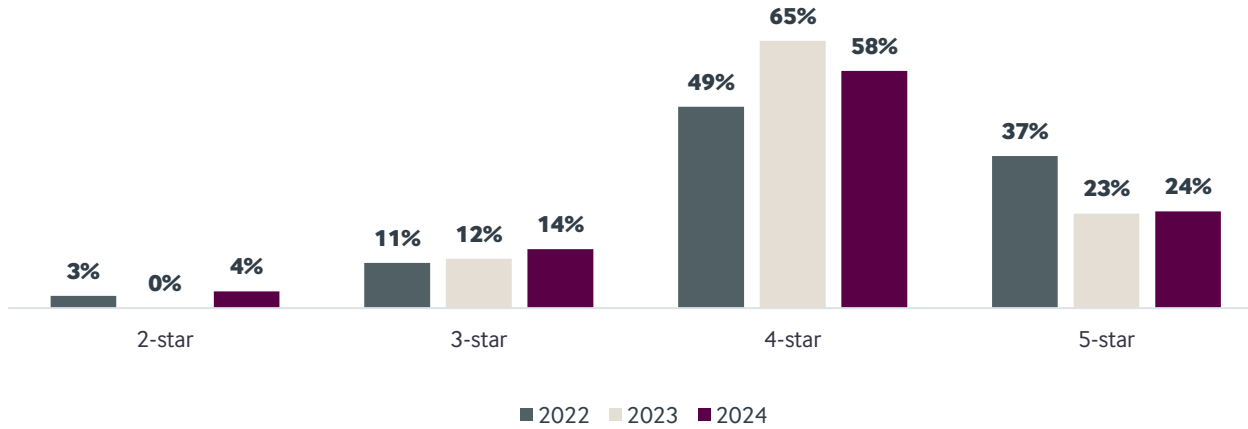
Regarding the source of investment, there has been a marked increase in investment from Spanish investors, principally from hotel chains and Family Offices, in comparison to international investors, with an 113% growth in domestic investment. This growth places domestic investment just below the levels achieved in 2018.

In terms of international investment, following two years of significant activity by capital from the Middle East and Asia, European firms have once again become a major player.

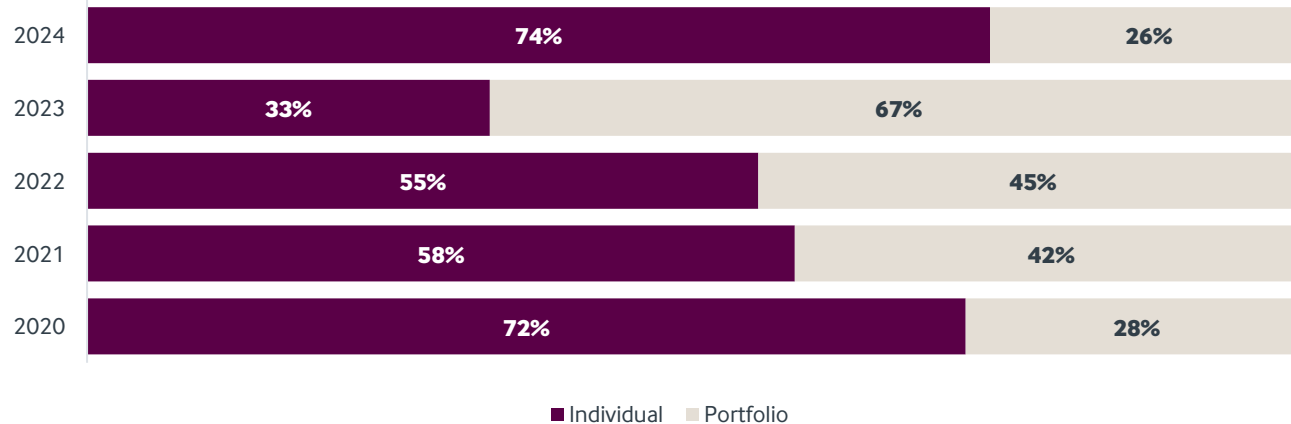
Due to the sector's stability and the safety provided by Spanish hotel assets, investors with a long-term vision have been attracted to the market, which has resulted in changes to the investor origins this year.

ASSET TYPE

Asset's category investment evolution



Investment evolution per transaction type



In 2024, **4-star hotels have proven to be the most attractive for investors**, followed by 5-star hotels, which have gained significant attention in recent years as highly desirable assets.

In contrast, **2-star and 3-star hotels accounted for 28% of the total number of hotel rooms transacted in the market**. The investment potential of this segment can be attributed to the dynamism and growth of the economy segment operators, which offer highly profitable products due to strong operating margins.

The acquisition of six Louvre Hotel Group assets in Spain by Travelodge demonstrates the attractiveness of the economy segment to operators and investors.

In terms of transaction type, **individual transactions accounted for 74% of the total investment volume**, representing a growth of 85% compared to 2023. This increase was driven by the active participation of hotel companies, family offices and private investors.

Although portfolio transactions had less weight compared to 2023, **it is important to highlight the relevance of corporate transactions** during the year. Among other significant operations, the purchase of a majority stake in Blue Sea by Partners Group, the agreement reached between Hyatt and Grupo Piñero, the operations executed by Kartesia, both in the shareholding of Hotelatelier and in the acquisition of Sunotel, and the operations closed by Room Mate and Room00 are worthy of particular mention.

These transactions demonstrate the **significant interest of Spanish hotel management companies in investors of different profiles**, seeking to diversify their portfolios by acquiring solid and profitable companies.

MAJOR TRANSACTIONS

Investment in the main destinations remains a priority



Hotel Miguel Ángel

Category: 5-star
Rooms: 267
Location: Madrid



Hotel Six Senses Ibiza

Category: 5-star
Rooms: 116
Location: Ibiza



Portfolio Campanille

Hotels: 6
Rooms: 775
Locations: Cataluña,
Comunidad Valenciana,
Andalucía and Murcia



Hotel Rafael Atocha

Category: 4-star
Rooms: 245
Location: Madrid



Hotel Iberostar las Dalias

Category: 4-star
Rooms: 429
Location: Santa Cruz de Tenerife



Portfolio HIP

Hotels: 2
Rooms: 175
Locations: Barcelona and
Malaga



Hampton by Hilton Barcelona Fira Gran Via

Category: 4-star
Rooms: 241
Location: Barcelona



Hotel Alcudia Bay

Category: 4-star
Rooms: 171
Location: Mallorca



Portfolio Atom

Hotels: 2
Rooms: 145
Location: Barcelona

MAJOR CORPORATE TRANSACTIONS

Corporate deals had a major influence on the market in 2024, with Spanish hotel management companies proving particularly active



BLUESEA Hotels

Hotels: 28
Rooms: 4,771
Typology: Corporate
Locations: Canary Islands, Balearic Islands, Madrid, Catalonia, Andalucia



StayingValencia

Hotels: 10
Rooms: 494
Typology: Corporate
Location: Valencia



Grupo Piñero

Hotels: 5
Rooms: 1,963
Typology: Corporate
Locations: Balearic Islands, Canary Islands



Sunotel

Hotels: 4
Rooms: 282
Typology: Corporate
Location: Barcelona



TOC Hostels

Hotels: 5
Rooms: 212
Typology: Corporate
Locations: Madrid, Catalonia and Andalucia

“This year has been marked by a number of significant transactions, with the average price per room reaching unprecedented levels.

In addition, there has been considerable activity from operators who are leveraging their robust financial positions to strategically reinvest in assets.

In contrast to last year, portfolio transactions have been more limited, although a recovery is anticipated in the coming months.”

Nicolas Cousin

Managing Director Christie & Co Spain & Portugal

OUTLOOK FOR 2025

For yet another year, the Spanish tourism sector has been unaffected by the global economic and political situation. This trend is expected to continue in 2025 and should see the pressure on the European territory reduced, taking into account interest rates (2%) and inflation (2.1%).

From an operative perspective, the sector anticipates achieving record results across all indicators, building on the trend established in 2024. This is expected to result in an average RevPAR increase of 10% in key urban destinations, including Madrid, Barcelona, Malaga, and major resort locations such as the Balearic Islands, the Canary Islands, and the Costa del Sol.

The upward trend in ADR is expected to be driven by several factors, including an anticipated increase in the number of tourists arriving in the country, expected to exceed 94 million.

In terms of hotel investment, the positive performance of hotels in both resort and urban destinations will help to maintain Spain's position above the €3,000 million mark.

The average hotel transaction volume in Spain is estimated to be around the 2024 figures, supported by asset valuations, which will continue to rise as a result of the stability of the sector. This will allow yields to be compressed by increasing the average price per room transacted.

“The positive trend in the sector and the decrease in interest rates will reinforce investment interest in hotel assets. Consequently, it is expected that the volume of €3,000 million will be repeated.”

Spain has proven to be a reliable country for both urban and resort destinations. Therefore, the balance of investment volume would only be affected if a portfolio transaction were to shift the balance in favour of one of the two types.

Investment in resort destinations will continue to be driven by asset turnover within investors' portfolios, as well as by independent assets.

The focus on urban destinations will be characterised by a limited number of opportunities in primary destinations such as Barcelona, Madrid and Malaga, in terms of both existing assets and opportunities for hotel reconversion. Consequently, the focus of urban investment will be consolidated as well in secondary destinations, which will primarily offer assets for repositioning with highly attractive returns on investment.

Prime assets will continue to be the main target for investors. These include 4-star and 5-star beachfront hotels in the main resort destinations.

The economy segment has proven to be an established trend, finding a way to maximise results and returns on investment in the peripheral areas of prime cities as well as in secondary urban destinations.

Alberto Martin

Investment Director Christie & Co Spain & Portugal

To conclude this outlook, private investors will maintain their position as key stakeholders, alongside hotel companies that are expected to continue reinvesting due to the sector's robust performance. The relevance of asset managers will be largely influenced by the number of large portfolios and assets anticipated to reach the market during 2025.

Spain is a well-established destination for hotel investment. While domestic players will continue to focus on reinvesting on their own assets, the challenge will be to invest in large portfolios as international players do. This year, we have already seen this strategy in action with the acquisition of the Hotel Miguel Angel by Lopesan.

The commitment of international brands is a testament to Spain's growing reputation as a tourist and investment destination.

Finally, it is anticipated that hotel management companies will continue to be acquisition targets, serving not only as a form of market entry but also as an inorganic growth strategy.

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