



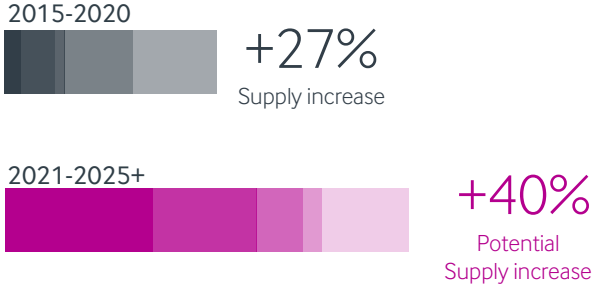
Porto Hotel Market Snapshot 2020

PORTO HOTEL 2020 SNAPSHOT

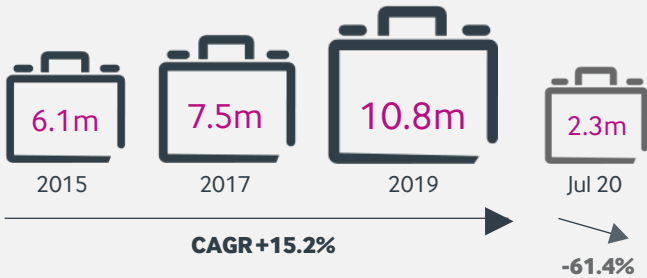
2020 HOTEL SUPPLY



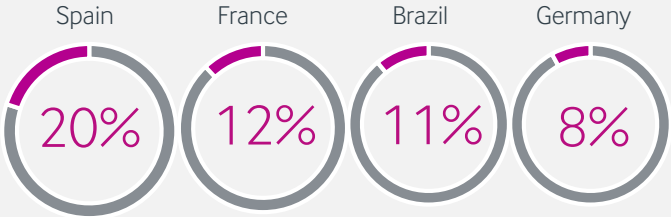
ROOM SUPPLY EVOLUTION



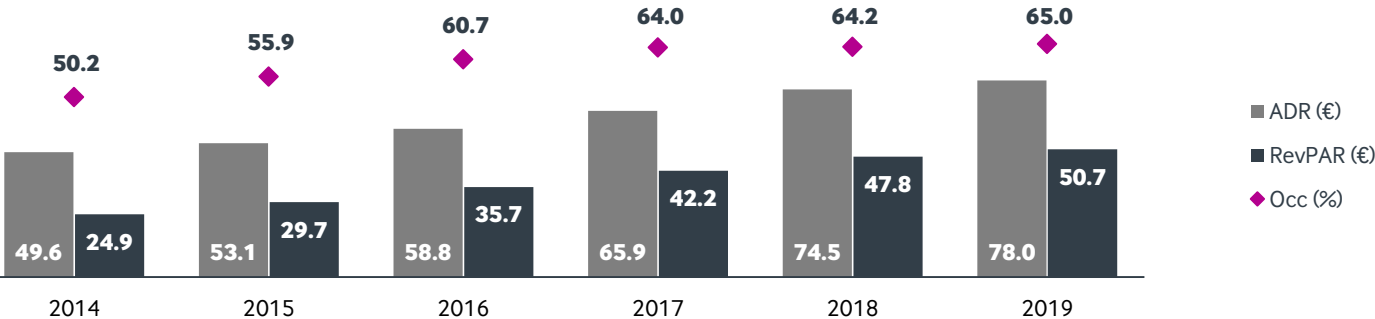
NORTE REGION OVERNIGHTS



NORTE REGION OVERSEA VISITOR PROFILE (2019)



NORTE REGION HOTEL PERFORMANCE



Market Background

Over the last five years, Porto has been reporting important shifts in its tourism scenery. Despite recording a 27% supply increase, the city experienced a significant uplift in overseas demand which pushed overnights volume to reach its ever highest level in 2019 (10.8m in Norte Region of which 65% is estimated to be generated by the city of Porto).

With one of the few airport in Europe with space to grow, Porto currently shows signs of even further growth for the years to come with a hotel bedroom pipeline of more than 4k bedrooms (representing a potential 40% supply increase). Bringing a large amount of upscale branded products, it is estimated the new supply will have a positive impact on the market ADR. However, we expect the occupancy which has already started to plateau in 2018 and 2019, to struggle.

COVID-19 Impact

As for the wider European market, tourism demand drastically stopped as of mid-March. Over the summer, Porto managed to obtain decent occupancy with significantly lower ADR's as a limited numbers of hotels opened. A demand shift was observed from overseas to domestic and Spanish visitors, able to visit the city by land. On the back of good results, hotels in the city started reopening in September but rapidly saw a lack of demand to remain open. Due its dependence on air travel as well as its international demand profile, Porto is expected to suffer important declines and take longer to recover than other key European urban markets.

Investment Landscape

Driven by a high interest from the European hotel investment community, the Porto hotel market has registered record-high prices in 2018 for top-of-the-market assets at very sharp yields (in the 5-6% range). In line with the overall European hotel investment market, we expect the impact of the COVID-19 outbreak to have a strong impact on the vendors expectations.

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