PORTUGAL HOTEL MARKET SNAPSHOT

2023

CHRISTIE & CO

christie.com

WHAT THE EXPERTS SAY

Boasting a rich cultural heritage, breathtaking natural landscapes, and renowned tourist destinations, Portugal has emerged as a highly sought-after and competitive tourism market in Europe. This report will analyse the main tourism indicators across the country's seven regions: Norte, Lisbon, Centro, Alentejo, Algarve, Madeira and Azores.

In the past year alone, over 28.4 million tourists flew to Portugal, significantly bolstering both the economy and the tourism sector's overall contribution to GDP, which represents nearly 16%.

The vigour of the tourism sector has notably propelled the Portuguese hotel market, with overnight stays in 2022 having recovered to pre-pandemic levels (99% of 2019). The Revenue per Available Room (RevPAR) comfortably surpassed 2019 figures, reaching €56.2, reflecting a robust growth of approximately 14%. This impressive rebound continued in 2023, with year-to-July RevPAR surging by a further 22.3%, reaching €60.6.

Portugal's well-connected airports are key to its international allure, particularly in regions such as Madeira, Lisbon, and the Algarve, where over 70% of total overnight stays originate from international tourists. In Lisbon, the primary international gateway, there has been a notable shift in recent years, with the USA surpassing Spain as the leading source of overnight stays. Similarly, in the Algarve and Madeira, demand from the UK market alone, surpasses domestic demand thanks to the number of direct flights to the UK.

Whilst there has been an overall elevation of hotel performance nationwide, regional nuances shape the sector, emphasizing the critical importance of understanding each region's profile and distinct growth drivers.

For example, the surge in Average Daily Rate (ADR), reflects the impact of inflation, yet this has been absorbed by demand to varying degrees. Hotels in Madeira have experienced their highest-ever RevPAR, skyrocketing by 58.8% in year-to-date 2023 compared to the same period in 2019, making it the fastest-growing region.

The Norte Region, which includes Porto, is the rising star of Portugal and has seen an increase of all its indicators relative to tourism naturally leading to the strongest relative increase in pipeline, equating to 15.5% of its supply. It will be leading to a strong increase in pipeline (+15.5% - the highest percentual increase nationwide) and it will be interesting to monitor the evolution of this market in the coming years.

Regarding room stock, Portugal currently offers over 113,000 rooms, predominantly in the 4-star category. The evolving landscape witnesses a shift towards a greater share of 4 and 5-star rooms combined with a decline in lower-rated accommodations. This transformation is propelled by the repositioning of existing establishments and the introduction of upscale hotels such as the W Algarve and W Residences Algarve, showcasing the commitment of international investors and brands to the Portuguese market.

Looking ahead, the country's hospitality pipeline is promising, with over 11,000 rooms at various stages of construction or planning. This large figure is the result of a more nuanced and evolving landscape with the Lisbon region boasting a 14.8% increase in its supply with over 4,600 rooms either under construction or in the planning phase, whilst for the Alentejo region its more modest pipeline of just over 500 rooms equates to a noteworthy 12.8% expansion of its hotel supply.

In conclusion, Portugal's tourism and hotel industry exhibits resilience, adaptability, and a commitment to elevating the visitor experience, thus consolidating its competitive position in the tourism and hotel investment landscape.

NICOLAS COUSIN
Managing Director – Spain & Portugal

PIERRE RICORD
Head of Consultancy – Europe

JOAN BAGÓ
Hotels - Senior Consultant

MARINA CASASNOVAS
Hotels - Consultant

RICARD ABELLAN
Hotels - Analyst

CONTENTS

GLOSSARY

ADR: Average Daily Rate

c.: circa

Cat.: Category

GDP: Gross Domestic Product

i.e.: For example

K: Thousand

KPI: Key Performance Indicator

m: Million

Occ: Occupancy

ppt: Percentatge Points

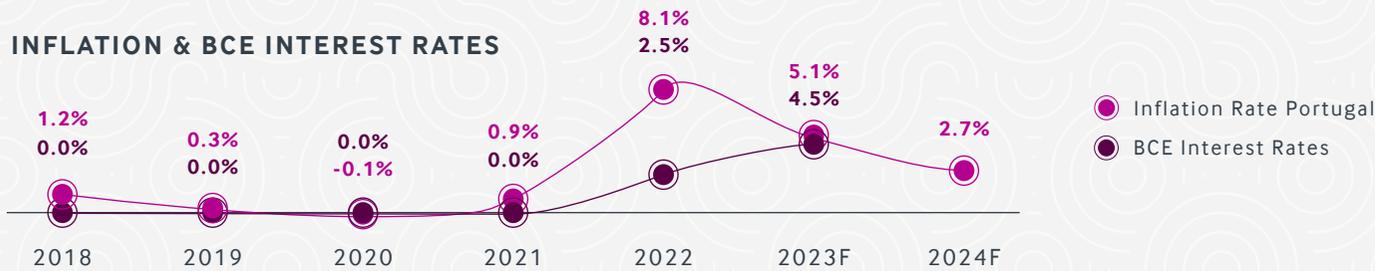**RevPAR:** Revenue Per Available Room (=ADR x Occupancy)

YTD: Year to Date
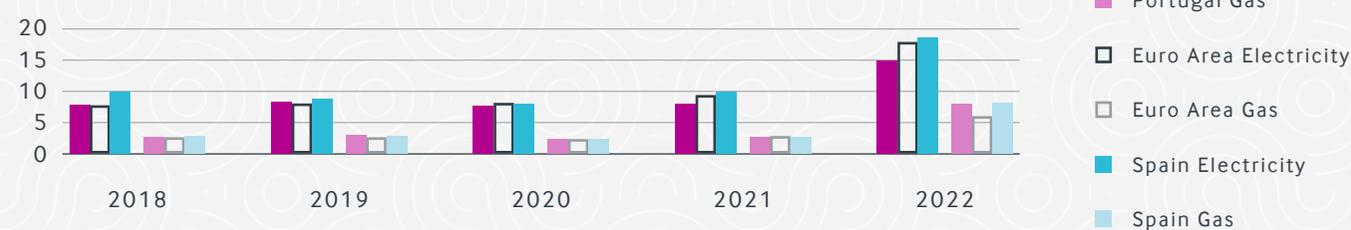
MACROECONOMIC ENVIRONMENT

GDP GROWTH

Portugal
Spain

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Portugal	1.8%	2.0%	3.5%	2.8%	2.7%	-8.3%	5.7%	6.7%	2.4%	1.8%
Spain	3.8%	3.0%	3.0%	2.3%	2.0%	-11.3%	5.5%	5.5%	1.9%	2.0%
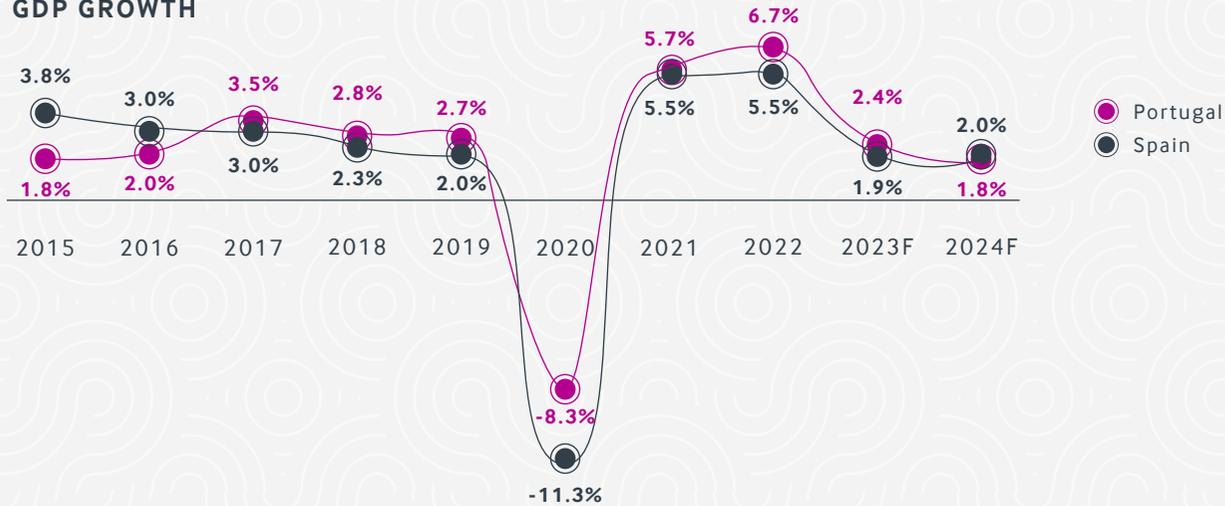
INFLATION & BCE INTEREST RATES

Inflation Rate Portugal
BCE Interest Rates

	2018	2019	2020	2021	2022	2023F	2024F
Inflation Rate Portugal	1.2%	0.3%	0.0%	0.9%	8.1%	5.1%	2.7%
BCE Interest Rates	0.0%	0.0%	-0.1%	0.0%	2.5%	4.5%	

UTILITY PRICES
(¢/KWH)

■ Portugal Electricity

■ Portugal Gas

□ Euro Area Electricity

□ Euro Area Gas

■ Spain Electricity

■ Spain Gas

At 15.8% Portugal was the EU country where tourism contributed the third highest share of European GDP in 2022

Between 2015-2019, Portugal experienced an average GDP growth rate of 2.6%. This contracted by 8.3% in 2020 as a result of the Covid-19 pandemic, however during 2021, the growth rate bounced back by 5.7%, and a further 6.7% in 2022. The latest forecast indicates a return to historical levels of growth with GDP estimated to grow by 2.4% in 2023 and 1.8% in 2024.

In contrast to its historically low inflation rates, Portugal's annual inflation rate averaged 8.1% in 2022. This is forecast to gradually decline to 5.1% by the end of 2023 and again by almost half in 2024 (2.7%), yet this will still remain more than double 2018 levels. Interest rates in the Eurozone have reached an historical high in during H1 2023 and the base rate is expected to rise significantly throughout the rest of 2023, impacting the cost of debt and financing.

Electricity for non-households remains noticeably cheaper in Portugal than in Spain and other Euro countries. Gas prices for non-household consumers show slightly more homogeneity across the comparison yet other Euro countries remain cheaper in this increasingly expensive market, combined with uncertainty around when the situation will normalize.
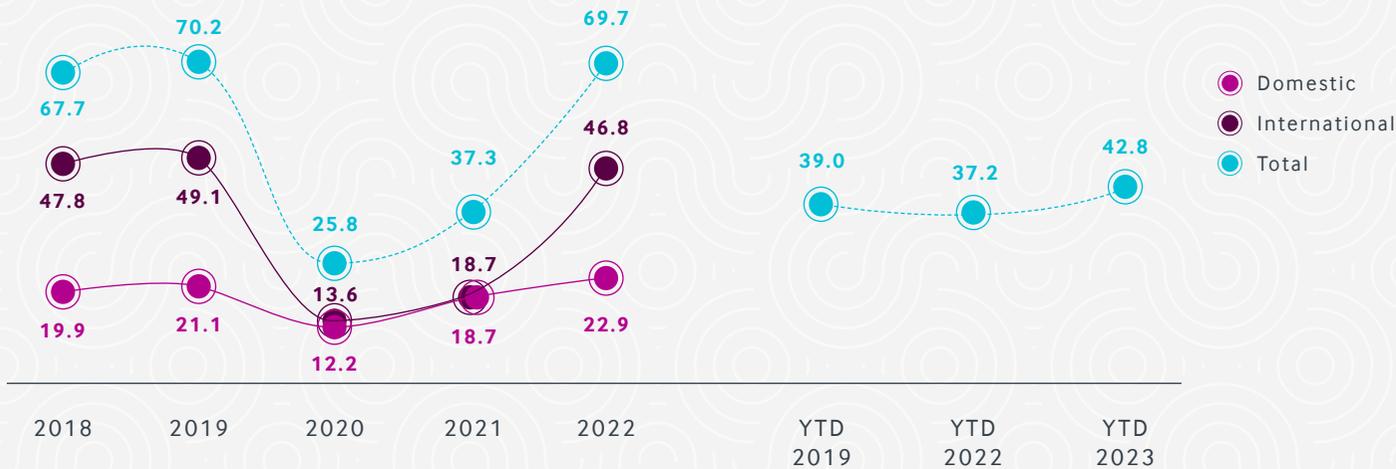
Sources: Eurostat, INE, TravelBI

KEY TOURISM INDICATORS

Despite a slight lag in 2022, this year's arrivals confirmed a solid recovery

AIRPORTS PASSENGER ARRIVALS
(Millions)

Legend:
- Humberto Delgado
- Porto
- Faro
- Madeira
- Porto Santo
- Ponte Delgada
- Lajes

X-axis: 2018, 2019, 2020, 2021, 2022, YTD 2019, YTD 2022, YTD 2023

PORTUGAL OVERNIGHT STAYS
(Millions)

Legend:
- Domestic
- International
- Total

Data points:
- 2018: Total 67.7, International 47.8, Domestic 19.9
- 2019: Total 70.2, International 49.1, Domestic 21.1
- 2020: Total 25.8, International 13.6, Domestic 12.2
- 2021: Total 37.3, International 18.7, Domestic 18.7
- 2022: Total 69.7, International 46.8, Domestic 22.9
- YTD 2019: Total 39.0
- YTD 2022: Total 37.2
- YTD 2023: Total 42.8

X-axis: 2018, 2019, 2020, 2021, 2022, YTD 2019, YTD 2022, YTD 2023

> Airport arrivals to Portugal at 12.2% above pre-pandemic levels

A total of 28.4m passengers travelled through the seven main Portuguese airports in 2022. This was 5.1% less than the total visitors in 2019, due to a decrease in arrivals at the country's three primary air hubs (Lisbon, Porto and Faro).

This lag in airport passenger traffic recovery, to pre-covid levels, subsequently affected the total number of overnight stays in 2022, which were 0.7% lower than 2019.
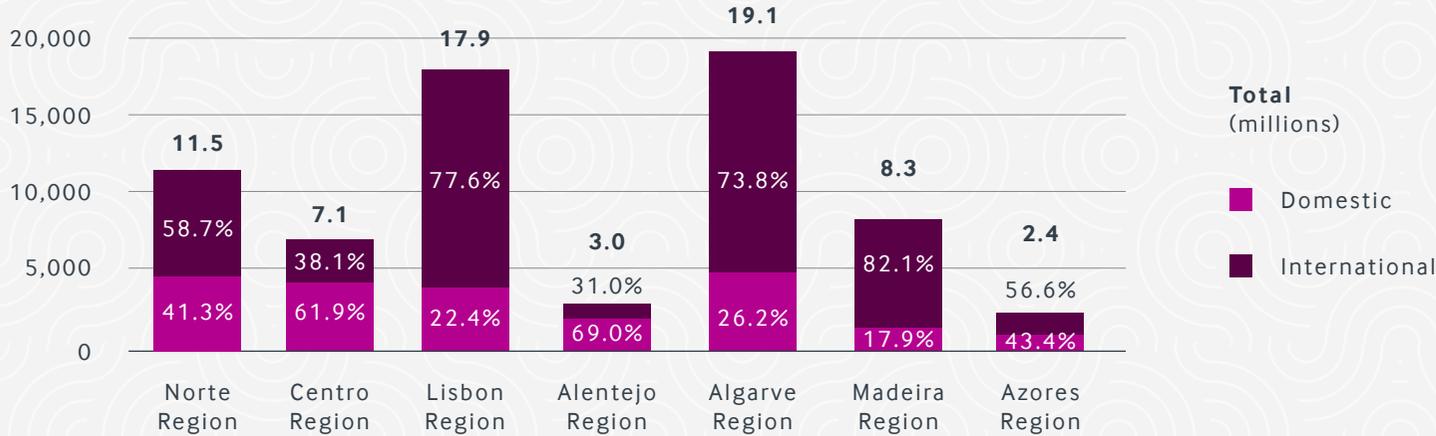
Yet there are now signs of recovery despite residual travel restrictions still applying to Q1 2022, which is a true testament to the sector's resilience when compared to other markets across Europe. YTD July 2023 figures reaffirmed this positive trend, with noticeable growth apparent across all Portuguese airports (24.9% increase in arrivals) compared to YTD 2022, leading to a 14.9% increase in overnight stays.

KEY TOURISM INDICATORS

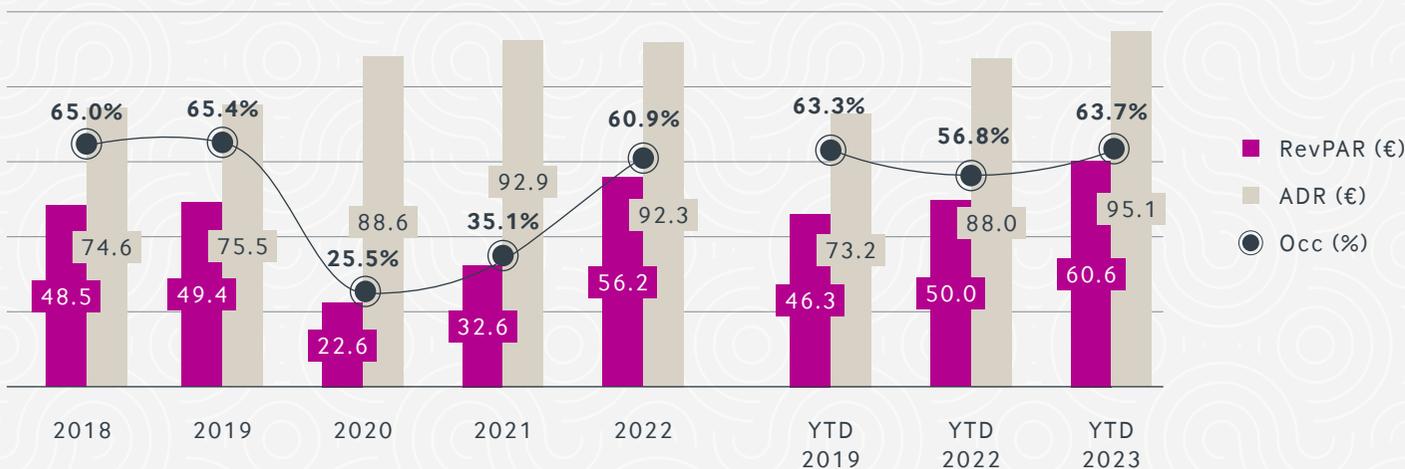A robust rate-led recovery whilst occupancy stabilises across an expanded supply

DOMESTIC VS INTERNATIONAL DEMAND
(Overnight stays in millions, 2022)

Total (millions)

- ◼ Domestic
- ◼ International

Chart values by region:

Region	Total	Domestic	International
Norte Region	11.5	41.3%	58.7%
Centro Region	7.1	61.9%	38.1%
Lisbon Region	17.9	22.4%	77.6%
Alentejo Region	3.0	69.0%	31.0%
Algarve Region	19.1	26.2%	73.8%
Madeira Region	8.3	17.9%	82.1%
Azores Region	2.4	43.4%	56.6%

PORTUGAL KPIs
(All Hotel Categories)

- ◼ RevPAR (€)
- ◼ ADR (€)
- ◉ Occ (%)

Year	RevPAR (€)	ADR (€)	Occ (%)
2018	48.5	74.6	65.0%
2019	49.4	75.5	65.4%
2020	22.6	88.6	25.5%
2021	32.6	92.9	35.1%
2022	56.2	92.3	60.9%
YTD 2019	46.3	73.2	63.3%
YTD 2022	50.0	88.0	56.8%
YTD 2023	60.6	95.1	63.7%

RevPAR gain of over 20% on 2019

International tourism in Portugal accounted for 70.1% of the country's total overnight stays in 2022, in line with previous years, with the exception of 2020, when this market was reduced by 48.3% due to the pandemic.

There are regions characterised by strong international demand, in particular from the United States (Lisbon), the United Kingdom (Algarve and Madeira) or Germany (Madeira), this last region being the one with the largest share of international overnights nationwide. These markets benefit from well-connected airports with predominantly international flows.
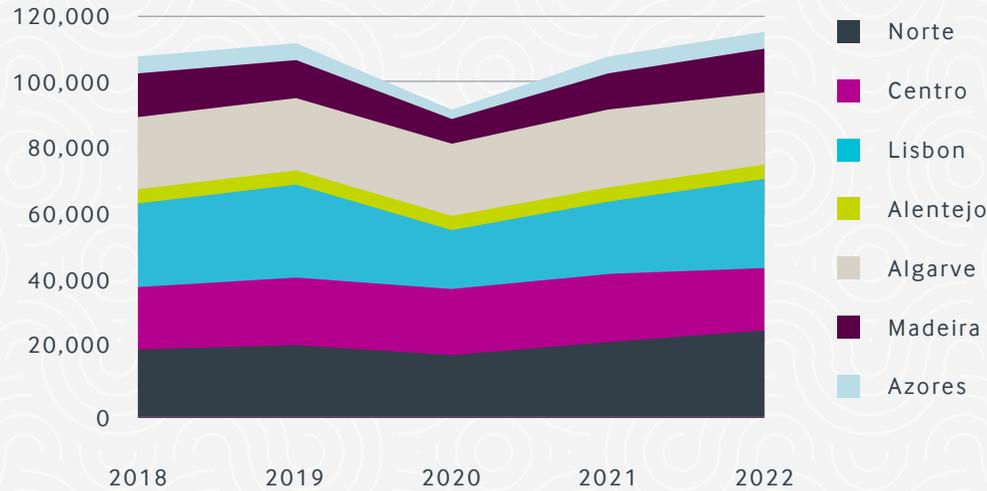
YTD July 2023 RevPAR results surpassed the record levels seen in 2022 by 21.2%, and saw RevPAR reach €60.6.

This elevation of just over 30% against 2019 RevPAR (YTD) is predominantly driven by ADR, yet it is also due to a marginal increase in occupancy (0.4 ppts) in the context of a market that features highly seasonal destinations placing some cap on achievable volumes. This is further tempered by significant additions to supply since 2019 with more hotel stock planned to enter most regions.
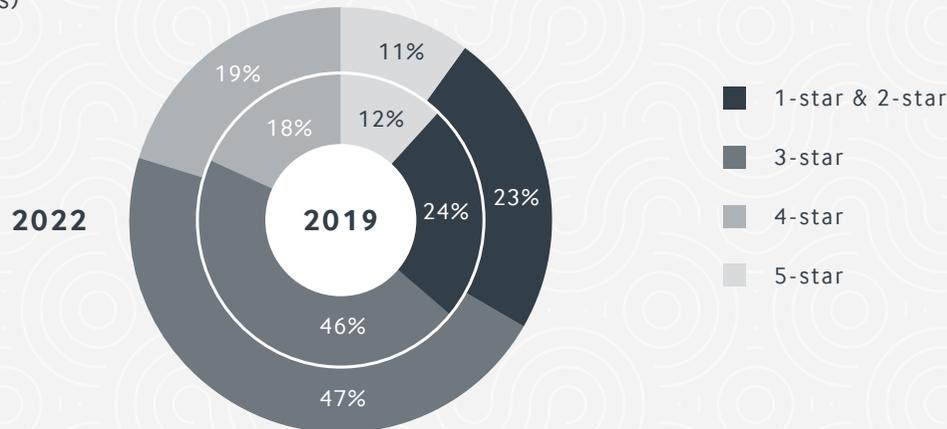
SUPPLY AND DEMAND DYNAMICS

A land of contracts led by the Lisbon and Norte regions

HOTEL SUPPLY EVOLUTION BY REGION
(Rooms)

Legend:
- Norte
- Centro
- Lisbon
- Alentejo
- Algarve
- Madeira
- Azores

PORTUGAL HOTEL SUPPLY
(% Rooms)

2022 / 2019

Outer ring (2022): 11%, 12%, 23%, 47%, 18% (and 19%)
Inner ring (2019): 24%, 46%, 19%
(24%, 23%, 46%, 47%, 18%, 19%, 11%, 12%)

Legend:
- 1-star & 2-star
- 3-star
- 4-star
- 5-star

Portugal's tourism industry was severely affected by the Covid-19 pandemic, resulting in a decrease in the supply of rooms across the country. The regions most affected were Lisbon and the two archipelagos (Madeira and Azores), likely due to their reliance on international visitation. This is evidenced by overnight stays figures, and their limited accessibility for the archipelagos.

Despite these headwinds, all regions recorded an increase in the supply of rooms, particularly the Norte Region, which grew by 21.1% in 2022 vs 2019. Whilst all markets grew their hotel supply in relative terms, the quantum of rooms varies greatly across the 7 regions, from under 27 rooms in Alentejo to more than 3,000 in the Lisbon Region, which holds 27.5% of the country's stock (more than 31,000 rooms).

Portugal features a well-balanced mix of hotel rooms supply, dominated by a core 4-star segment (47% of total stock) and circa 1 in 5 rooms belonging to the 5-star segment. In contrast, the share of the entry level 1- and 2-star has contracted since 2019 and now sits at 11% (c.-700 rooms in 2022).
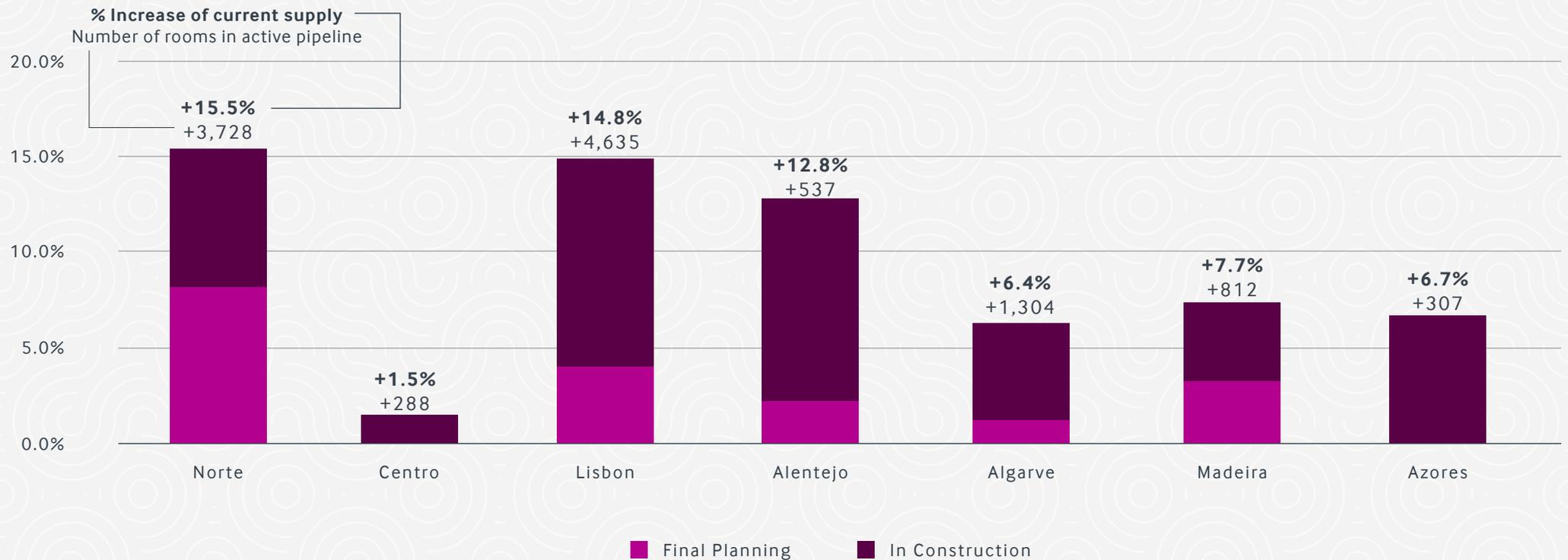
ACTIVE HOTEL PIPELINE

Further consolidation across the 3 main regions holding 86% of the pipeline

Portugal's room supply is expected to grow by 11,245 rooms due to a robust active pipeline (at final planning stage or under construction) across the seven regions. Yet, this distribution is markedly geared towards three of the seven regions: Lisbon, Norte and Algarve.

We note that Lisbon, Alentejo and Algarve show a stronger share of rooms under construction (73.2% to 82.9%) when compared to Porto (46.7% of active pipeline).
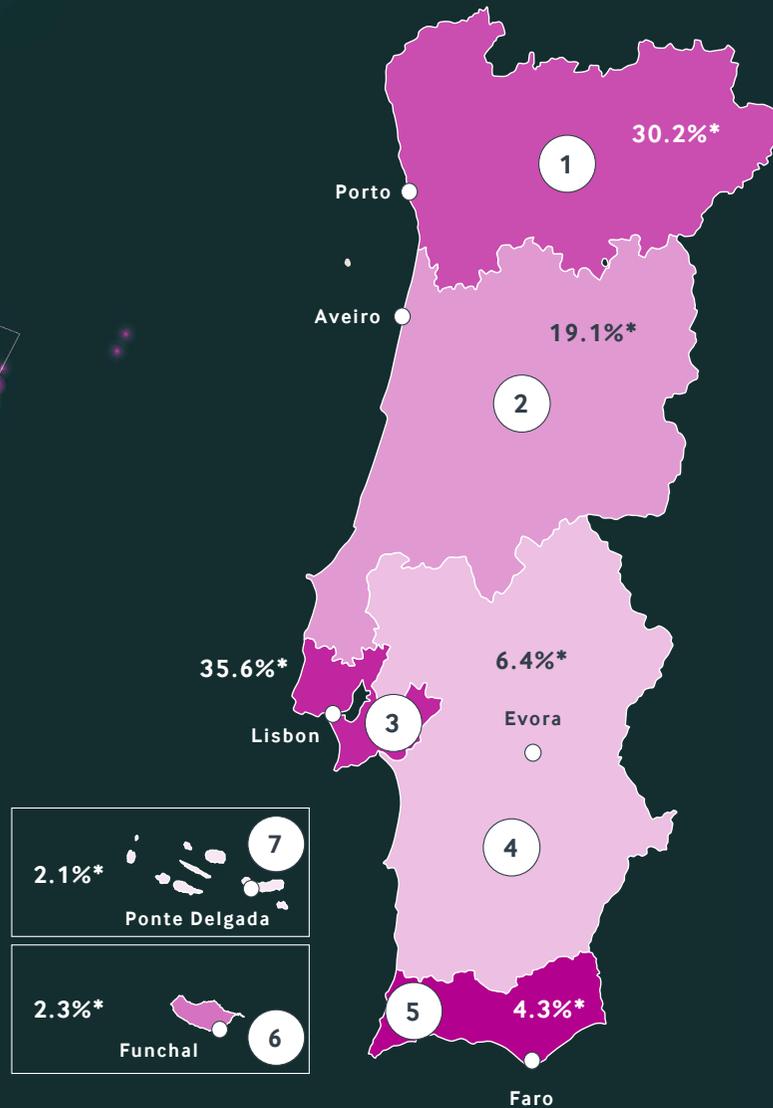
The Lisbon Region is expected to welcome the most rooms to its current supply, a total of 4,635 units equating to a sharp increase of 14.8% in comparison to its 2023 stock.

Of the active pipeline, 73.0% of the projected rooms will be branded, with Accor and Meliá making up the lion share (9.2% and 8.0% respectively). More than a third of the new supply will be in the Upscale class and will be located mainly in the Lisbon Region. It is worth noting that only 5.0% of the new supply is destined to the luxury segment.

% Increase of current supply
Number of rooms in active pipeline

Region	% Increase	Rooms
Norte	+15.5%	+3,728
Centro	+1.5%	+288
Lisbon	+14.8%	+4,635
Alentejo	+12.8%	+537
Algarve	+6.4%	+1,304
Madeira	+7.7%	+812
Azores	+6.7%	+307

Legend: ■ Final Planning   ■ In Construction

REGIONAL FOCUS

1 — Norte

2 — Centro

3 — Lisbon

4 — Alentejo

5 — Algarve

6 — Madeira

7 — Azores

Porto

Aveiro

30.2%*

①

19.1%*

②

35.6%*

6.4%*

Lisbon

③

Evora

④

2.1%*

⑦

Ponte Delgada

2.3%*

⑥

Funchal

⑤ 4.3%*

Faro

PORTUGAL OVERNIGHT STAYS 2022
(Millions)

19.2

7.1

2.5

LET THE NUMBERS TALK

Powerful performance growth across the country despite structural differences

KEY

Population
#Ranking within regions

Overnight stays 2022
Distribution Dom./Int.

RevPAR 2022
RevPAR Index YTD 2023 vs YTD 2019

PORTUGAL

10,468,000

69,694,791
32.8% Dom. / 67.2% Int.

€ 56.2
1.31

1. NORTE REGION

3,632,000
(#1 of Portugal)

11.6 m
41.3% Dom. / 58.7% Int.

€ 46.1
1.24

2. CENTRO REGION

2,256,000
(#3 of Portugal)

7.1 m
41.3% Dom. / 58.7% Int.

€ 27.2
1.26

3. LISBON REGION

2,900,000
(#2 of Portugal)

18.0 m
22.4% Dom. / 77.6% Int.

€ 80.3
1.28

4. ALENTEJO REGION

715,000
(#4 of Portugal)

3.0 m
69.0% Dom. / 31.0% Int.

€ 40.6
1.35

5. ALGARVE REGION

472,000
(#5 of Portugal)

19.2 m
26.2% Dom. / 73.8% Int.

€ 64.1
1.32

6. MADEIRA REGION

253,000
(#6 of Portugal)

8.4 m
17.9% Dom. / 82.1% Int.

€ 59.8
1.59

7. AZORES REGION

240,000
(#7 of Portugal)

2.5 m
43.4% Dom. / 56.6% Int.

€ 46.6
1.41

NORTE REGION | DEMAND PROFILE
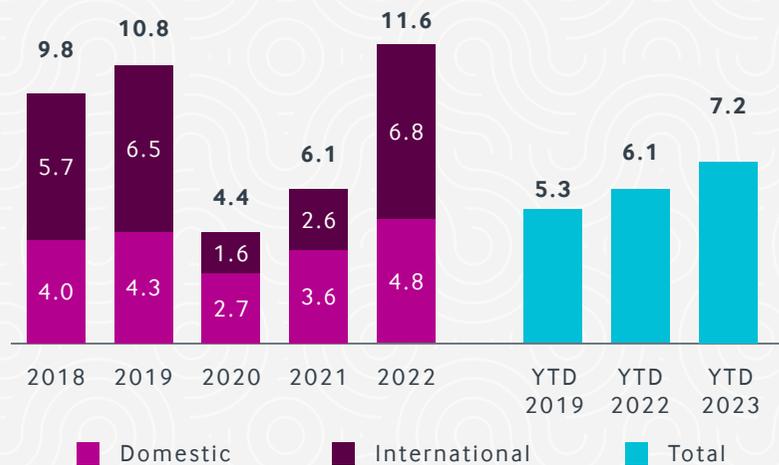
AIRPORT PASSENGERS ARRIVALS
('000)

5,461 — 2018
6,523 — 2019
2,203 — 2020
2,914 — 2021
6,316 — 2022
3,743 — YTD 2019
3,460 — YTD 2022
4,343 — YTD 2023

— Porto

Historically, the Norte region has been the main industrial hub in Portugal, with Porto, Braga and Vilanova de Gaia considered the leading urban centres and tourism destinations.
In recent years, the improvement of the Douro wine region together with the increasing consumer demand for experiential travel has attracted luxury hotel developments to the region and contributed to the elevation of its supply.

DOMESTIC VS INTERNATIONAL DEMAND
(Overnight stays in millions)

Year	Domestic	International	Total
2018	4.0	5.7	9.8
2019	4.3	6.5	10.8
2020	2.7	1.6	4.4
2021	3.6	2.6	6.1
2022	4.8	6.8	11.6
YTD 2019			5.3
YTD 2022			6.1
YTD 2023			7.2

■ Domestic   ■ International   ■ Total

In 2022, the number of overnight stays was already 7% higher than pre-pandemic, and by YTD 2023, this measure had surpassed by 37.3% the same trading period in 2019.

This robust figure represents the highest growth in the country and 15.8 ppts ahead of the second fastest growing region, Madeira. Spaniards are the region's main feeder market, accounting for 27.9% of the total number of Spanish tourists travelling to Portugal.

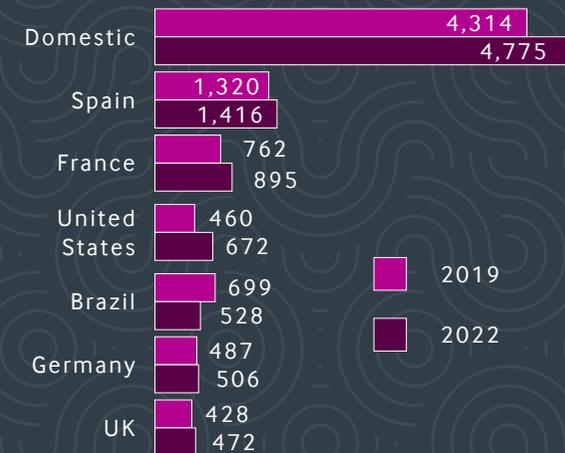## GDP CONTRIBUTION — 30.2%
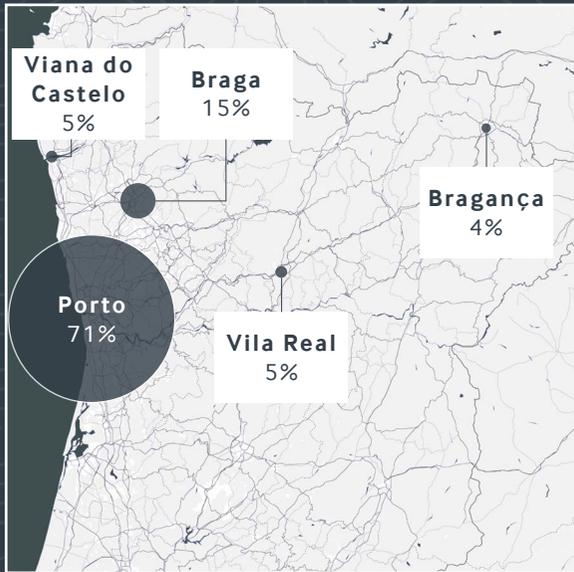## SHARE OVERNIGHT STAYS — 16.6%
REVPAR INDEX VS 2019 — 1.24

The Norte Region is home to over a third of Portugal's population, making it an important economic driver and the second largest contributor to GDP (30.5%) after the Lisbon Region (15.3%).

It is also considered the country's most densely populated area. Porto Airport is the region's only airport, which welcomed almost a quarter of the country's air arrivals in 2022 (22.2%).

TOP SOURCE MARKETS
(Overnight Stays '000)

Market	2019	2022
Domestic	4,314	4,775
Spain	1,320	1,416
France	762	895
United States	460	672
Brazil	699	528
Germany	487	506
UK	428	472

■ 2019   ■ 2022

HOTEL SUPPLY BY LOCATION
(% Rooms)

Viana do Castelo 5%
Braga 15%
Bragança 4%
Porto 71%
Vila Real 5%

Top 3 Groups	Rooms	Hotels
Accor	477	6
B&B Hotels	245	3
Flagworld Hotels	214	4

Major Openings	Rooms	Date	Cat.
One Shot Palacio Cedofeita	73	Aug 23	4 star
Pestana Douro Riverside	165	Apr 22	4 star
Four Points by Sheraton Matosinhos	108	Mar 22	4 star

Future Openings	Rooms	Date	Cat.
The Social Hub Porto Bonjardim	305	Jan 24	4 star
Radisson RED Porto	278		4 star
Skyline Hotel	260		4 star

NORTE REGION | SUPPLY PROFILE

HOTEL SUPPLY EVOLUTION
(All Hotel Categories)

HOTELS

363 2018
380 2019
437 2022
15.0% Var. vs 2019

ROOMS

19,916 2018
20,910 2019
24,113 2022
15.3% Var. vs 2019

The Norte Region experienced the greatest increase in room supply between 2019 and 2022 (15.3%). As a result, the region now features the second largest number of hotel rooms or over a fifth of the country's supply. These rooms are dominated by the 4-star category (44% of rooms) and predominantly located in Porto (71%).

The Norte Region has seen some interesting hotel openings in the last year, such as the One Shot Palacio Cedofeita, the company's second hotel outside Spain. The pipeline is very active, with more than 3,500 rooms under construction or at final stage of planning. Only the Lisbon Region has more rooms under construction.

HOTEL SUPPLY MIX
(% Rooms)

2022: 18%, 22%, 25%, 43%, 14%
2019: 11%, 24%, 44%

Legend:
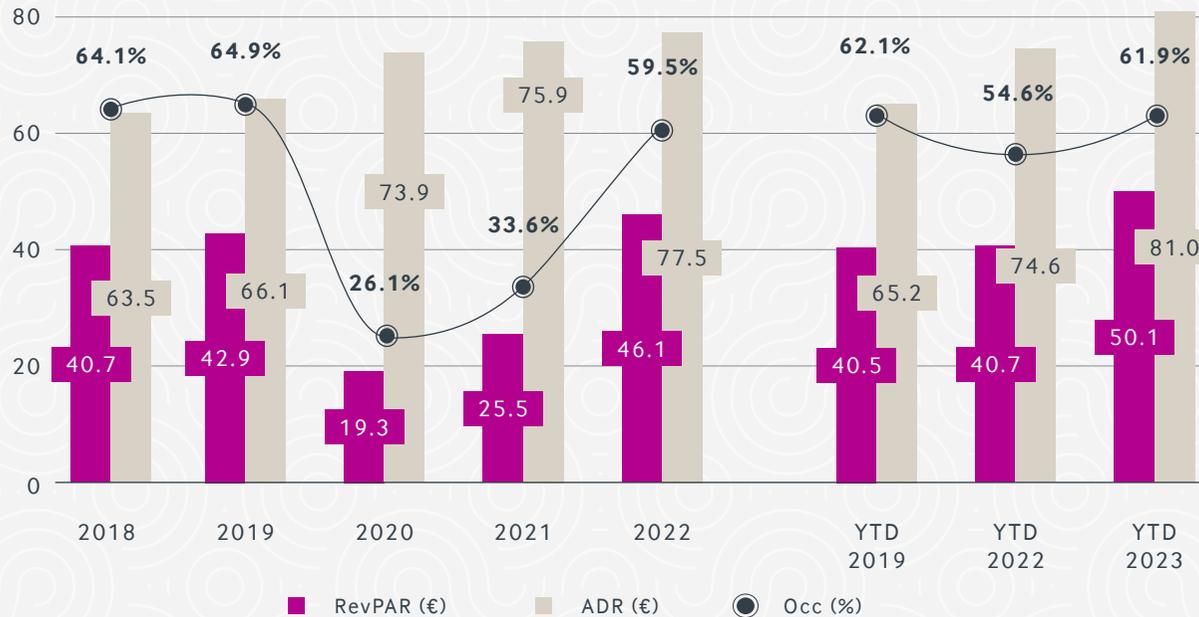- 1-star & 2-star
- 4-star
- 3-star
- 5-star
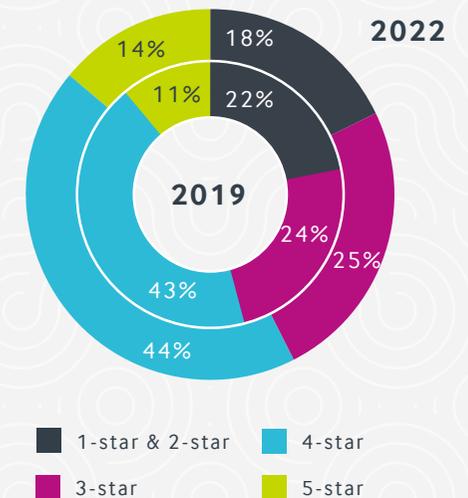
NORTE REGION | PERFORMANCE PROFILE

Despite exceeding 2019 levels, the Norte Region's RevPAR performance was subdued in 2022 (€46.1) when compared to other regions, likely impacted by the combined effect of the first quarter's travel restrictions and its marked increase in supply. Whilst still featuring a marginal shortfall in occupancy against YTD 2019, the region still achieved in YTD 2023 a 24% RevPAR premium over the same period in 2019 equating to a €10 gain.

HOTEL KPIs
(All Hotel Categories)

Legend: ■ RevPAR (€)   □ ADR (€)   ● Occ (%)

Data by year:

Year	RevPAR (€)	ADR (€)	Occ (%)
2018	40.7	63.5	64.1%
2019	42.9	66.1	64.9%
2020	19.3	73.9	26.1%
2021	25.5	75.9	33.6%
2022	46.1	77.5	59.5%
YTD 2019	40.5	65.2	62.1%
YTD 2022	40.7	74.6	54.6%
YTD 2023	50.1	81.0	61.9%

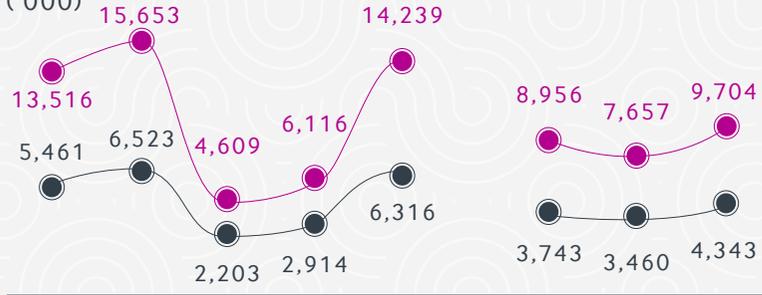## PERFORMANCE SEASONALITY*
(RevPAR in €)

*Monthly RevPAR for the 12-month period from May 2022 to April 2023

The region's monthly RevPAR seasonality remains quite moderate, positively impacted by Porto which appeals to travellers throughout most of the year and thanks to the accessibility offered by Porto airport. This moderate seasonality peaks with a RevPAR of €77.3 in August, 5.7 times higher than in January, which experiences the lowest performance.
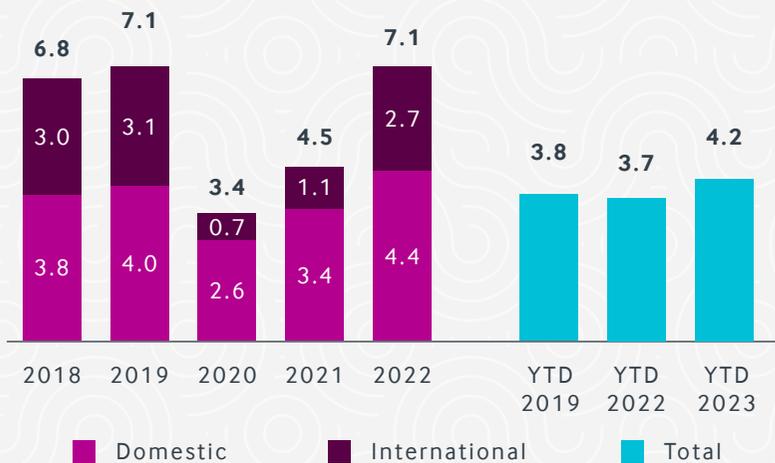
CENTRO REGION | DEMAND PROFILE

GDP CONTRIBUTION 19.1%

SHARE OVERNIGHT STAYS 10.4%

REVPAR INDEX VS 2019 1.26

AIRPORTS PASSENGERS ARRIVALS
('000)

13,516 — 15,653 — 4,609 — 6,116 — 14,239

8,956 — 7,657 — 9,704

5,461 — 6,523 — 2,203 — 2,914 — 6,316

3,743 — 3,460 — 4,343

2018 2019 2020 2021 2022 YTD 2019 YTD 2022 YTD 2023

● Humberto Delgado   ● Porto

The region has no international airports, but is rather fed by passengers from Porto and Lisbon airports located 85kms and 248kms away from Aveiro its main urban centre (c. 1h drive from Porto airport and 2.5h from Lisbon airport).

Visitation volumes in 2022, nonetheless, had already returned to 2019 levels, reaching 7.1m overnight stays.

Due to its strategic location between the two main cities of the country (Lisbon and Porto), the Centro Region ranks a "fair third" both in terms of population (2.3m) and contribution to the country's economy (nearly a fifth of the country's GDP), yet only fifth when it comes to of overnight stays with a marked share of domestic visitors linked to the lack of an international airport within its limits.

DOMESTIC VS INTERNATIONAL DEMAND
(Overnight stays in millions)

6.8 (3.0 / 3.8)
7.1 (3.1 / 4.0)
3.4 (0.7 / 2.6)
4.5 (1.1 / 3.4)
7.1 (2.7 / 4.4)

3.8 3.7 4.2

2018 2019 2020 2021 2022 YTD 2019 YTD 2022 YTD 2023

■ Domestic   ■ International   ■ Total

Despite international overnights falling by 13.1% in 2022, the domestic market made it possible to recover to pre-pandemic values by accounting to 61.9% of overnights.

Continuing on the encouraging recovery experienced in 2022, YTD July 2023 data shows a further yet modest improvement in overnight stays, now sitting at 11.8% above the same period in 2019.

TOP SOURCE MARKETS
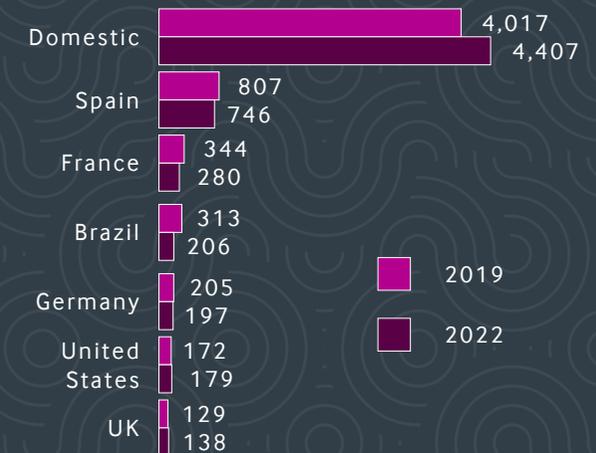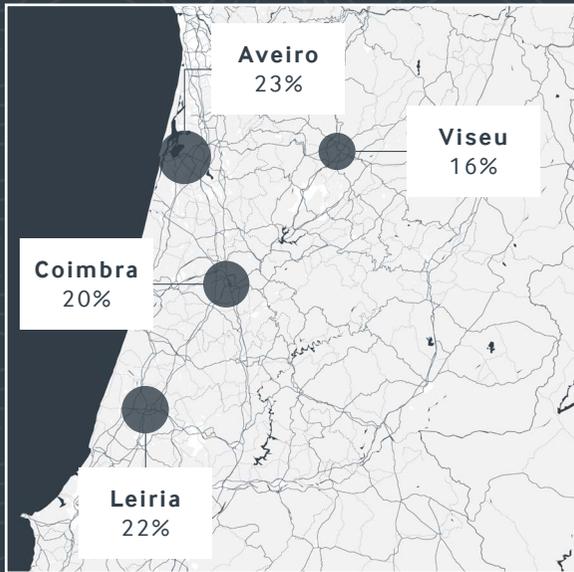(Overnight Stays '000)

Market	2019	2022
Domestic	4,017	4,407
Spain	807	746
France	344	280
Brazil	313	206
Germany	205	197
United States	172	179
UK	129	138

■ 2019   ■ 2022

Sources: INE, TravelBI   *YTD: July*

PORTUGAL HOTEL MARKET SNAPSHOT 2023

HOTEL SUPPLY BY LOCATION
(% Rooms)

Aveiro 23%
Viseu 16%
Coimbra 20%
Leiria 22%

Top 3 Groups	Rooms	Hotels
Fundação Inate	457	8
Accor	378	5
Vila Galé	366	3

Major Openings	Rooms	Date	Cat.
Montebelo Mosteiro de Alcobaca	91	Nov 22	5 star

Future Openings	Rooms	Date	Cat.
Hotel Quinta do Paço da Serrana	190	Jan 24	4 star
MS Collection Mosteiro de Arouca	56		5 star
MS Collection Aveiro - Palacete de Valdemouro	42		5 star

CENTRO REGION | SUPPLY PROFILE

HOTEL SUPPLY EVOLUTION
(All Hotel Categories)

HOTELS

	2018	2019	2022	Var. vs 2019
	344	**349**	**350**	**0.3%**

ROOMS

|	2018	2019	2022	Var. vs 2019
	18,280	**18,391**	**18,625**	**1.3%**

The Centro Region provides 16.4% of the country's room supply, largely geared towards 3 and 4-star hotels. In recent years, however, the 4 and 5-star room inventory has experienced healthy growth (+29.8% and 44.8% respectively), while the share of room supply in lower categories has contracted.

Only one hotel has opened in the region in recent years, Montebelo Mosteiro de Alcobaca, strengthening the region's luxury offering. The region's active hotel pipeline, although modest with 288 rooms, is fully under construction.

HOTEL SUPPLY MIX
(% Rooms)

2022: 15%, 38%, 42%, 5%
2019: 17%, 47%, 33%, 3%

- ■ 1-star & 2-star
- ■ 3-star
- ■ 4-star
- ■ 5-star
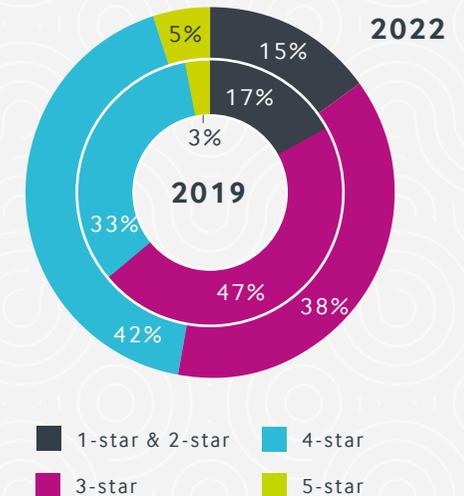
CENTRO REGION | PERFORMANCE PROFILE

In 2022, the Centro Region recorded the weakest RevPAR across the seven regions under review (€27.5), underlining the stark contrast in performance across the country. Whilst annual occupancy is clearly weak against other regions, this very much results from the combination of multiple factors all leading to reduced ADR yield opportunities: large domestic share of overnight stays, low brand penetration (24.5%), moderate seasonality, notwithstanding a hotel stock dominated by the lower categories (57% of rooms within the 1 to 3-star categories). Nonetheless, the Centro Region experienced a healthy bounce back post-covid with a YTD 2023 RevPAR index at 1.26 against 2019.

HOTEL KPIs
(All Hotel Categories)
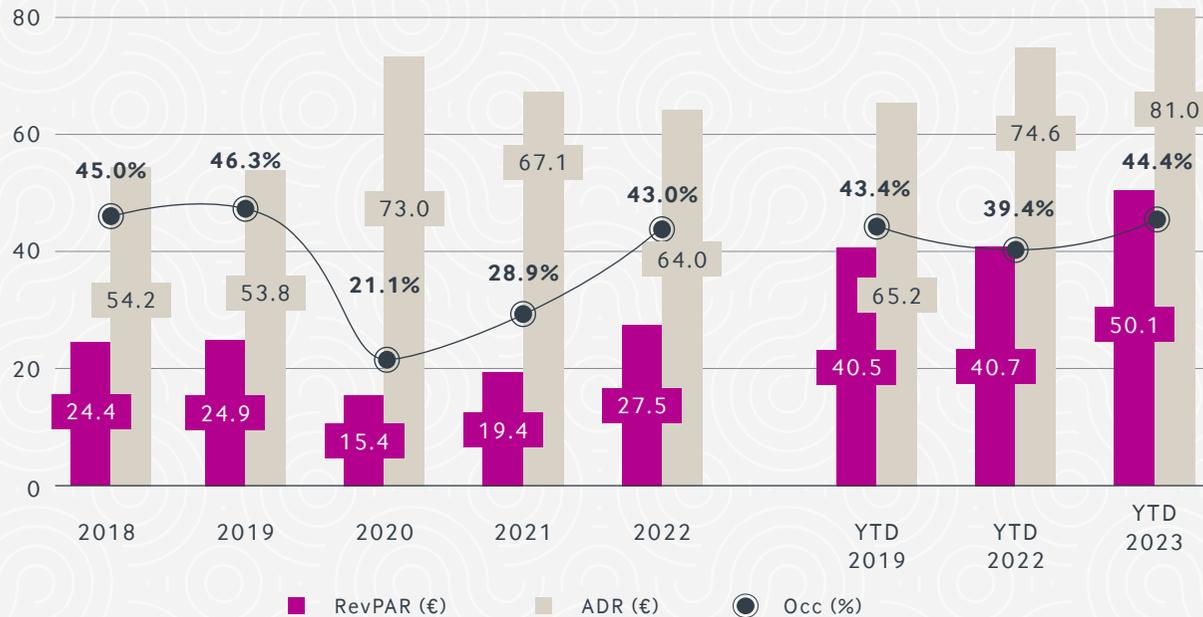
Legend: RevPAR (€) · ADR (€) · Occ (%)

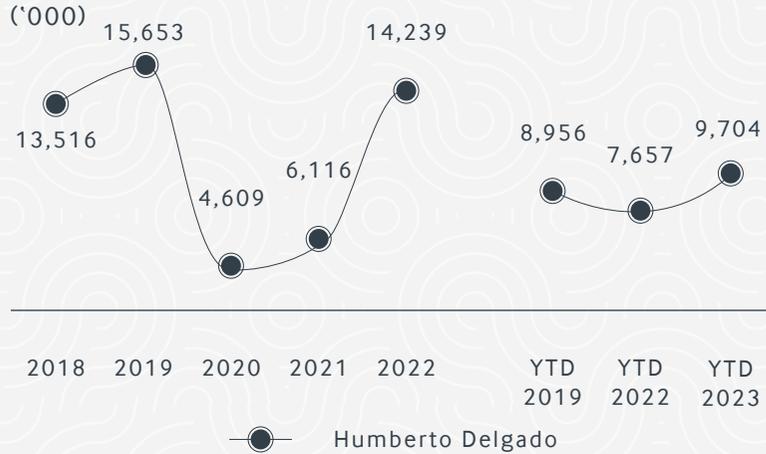## PERFORMANCE SEASONALITY*
(RevPAR in €)
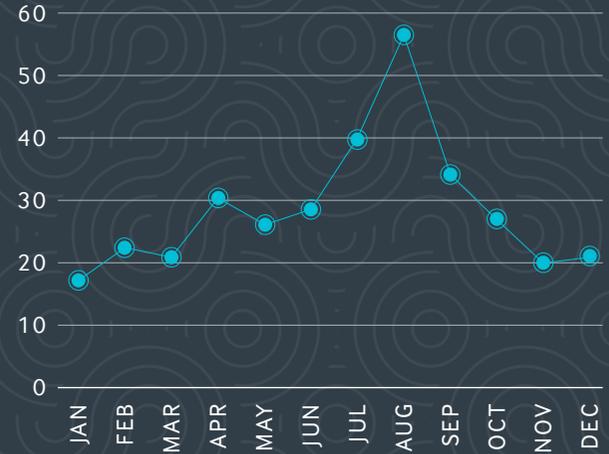
*Monthly RevPAR for the 12-month period from May 2022 to April 2023

The region's performance shows some seasonality, yet the difference in rates and yield peaks between its lowest month (January) and best month (August) is minimal. This is likely due to the destination's reliance on the domestic market and lack of an air hub to drive further international demand.

LISBON REGION | DEMAND PROFILE

GDP CONTRIBUTION
35.6%

SHARE OVERNIGHT STAYS
25.8%

REVPAR INDEX VS 2019
1.28

AIRPORT PASSENGERS ARRIVALS
('000)

13,516 — 2018
15,653 — 2019
4,609 — 2020
6,116 — 2021
14,239 — 2022
8,956 — YTD 2019
7,657 — YTD 2022
9,704 — YTD 2023

● Humberto Delgado

DOMESTIC VS INTERNATIONAL DEMAND
(Overnight stays in millions)

	2018	2019	2020	2021	2022	YTD 2019	YTD 2022	YTD 2023
Total	17.5	18.6	5.3	7.7	18.0	10.5	9.6	11.5
International	13.8	14.7	3.3	5.1	13.9			
Domestic	3.7	3.9	1.9	2.7	4.0			

■ Domestic ■ International ■ Total

Lisbon international airport, which is located a short drive from the city centre, welcomed half of all passengers to Portugal in 2022.

A large proportion of visitors were American tourists who generate c. 10% of all overnights as they spend just over half of their overnights in Portugal within the Lisbon region. The region's success as an international hub, both for leisure and business demand, in Lisbon city as well as the resort areas of Cascais and Sintra, has contributed to its solid combination of year-round demand and healthy average room rate, placing the Lisbon region's RevPAR well-ahead of all other regions, and even 25% over the popular Algarve region.

Whilst the region's overnight stays had nearly recovered to pre-pandemic levels by then end of 2022 (c. 96% of 2019), YTD July 2023 volumes of overnights confirmed this positive trajectory with a gain of c. 1 million overnight stays supported by Lisbon international airport's fast growth of over 26% in arrivals.
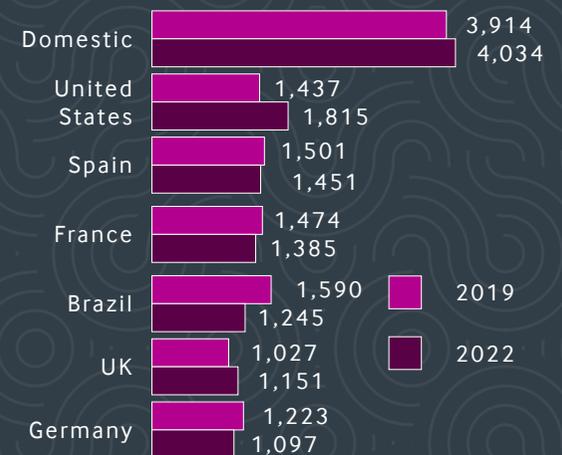

The Lisbon Region is home to the country's capital, yet it is not the most populated region. In fact, it is 25% less densely populated than the Norte region.
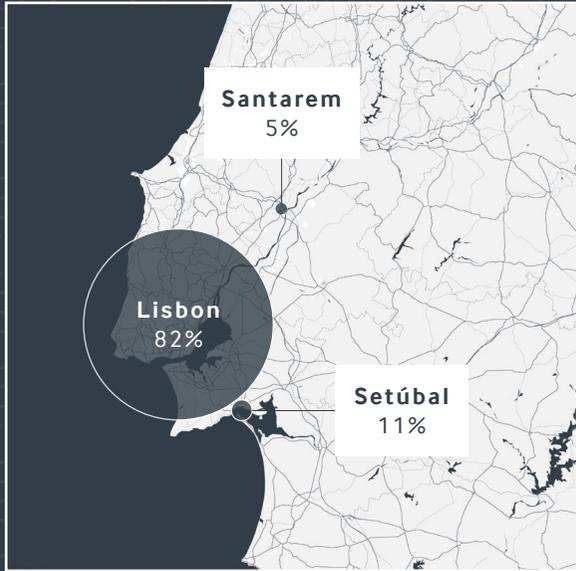
Nonetheless, the region's tourism and hotel sector has undergone a positive transformation over the last decade, particularly in Lisbon city, reinforcing its contribution to the country's economy and role as a hub to other regional destinations and international tourism. In fact, the region captured just over 1 in every 5 overnight stays in Portugal in 2022.

TOP SOURCE MARKETS
(Overnight Stays '000)

	2019	2022
Domestic	3,914	4,034
United States	1,437	1,815
Spain	1,501	1,451
France	1,474	1,385
Brazil	1,590	1,245
UK	1,027	1,151
Germany	1,223	1,097

Sources: INE, TravelBI   YTD: July

HOTEL SUPPLY BY LOCATION
(% Rooms)

Santarem 5%

Lisbon 82%

Setúbal 11%

Top 3 Groups	Rooms	Hotels
Accor Hotels	2,038	16
Marriot International	1,958	8
VIP Hotels	1,785	10

Major Openings	Rooms	Date	Cat.
JAM Lisbon	109	Jul 23	3 star
Hyatt Regency Lisbon	204	Aug 22	5 star
Mama Shelter Lisboa	130	Jan 22	3 star

Future Openings	Rooms	Date	Cat.
The Social Hub Lisbon Carcavelos	435	Jul 25	3 star
Andaz Lisbon	232	Feb 25	5 star
Hampton by Hilton Lisbon Baixa	150	2025	3 star

LISBON REGION | SUPPLY PROFILE

HOTEL SUPPLY EVOLUTION
(All Hotel Categories)

HOTELS

	276	291	336	15.5%
	2018	2019	2022	Var. vs 2019

ROOMS

|	27,314	28,239	31,281	10.8%
	2018	2019	2022	Var. vs 2019

The Lisbon Region accounts for 27.5% of the country's total room supply, making it the largest supplier of hotel rooms nationwide. Despite a 10.8% expansion of its hotel rooms stock, the region's supply mix has barely evolved with a consolidation of the share of the 3-star segment (23%) whilst the 4-star category still concentrated 46% share of rooms. The region's supply remains largely led by Lisbon city which is home to over 8 in every 10 rooms.

The region is set to welcome the largest increase in room supply over the coming years, with around 4,600 rooms in the active pipeline, of which 73.2% are already under construction. Future openings worth of note, and of very different positioning, include the entry of the 435-room Social Hub Lisbon Carcavelos and 232-room Andaz Lisbon confirming further the strong interest of the capital for hotel development.

HOTEL SUPPLY MIX
(% Rooms)

2022: 9%, 23%, 46%, 22%
2019: 9%, 21%, 48%, 22%

- 1-star & 2-star
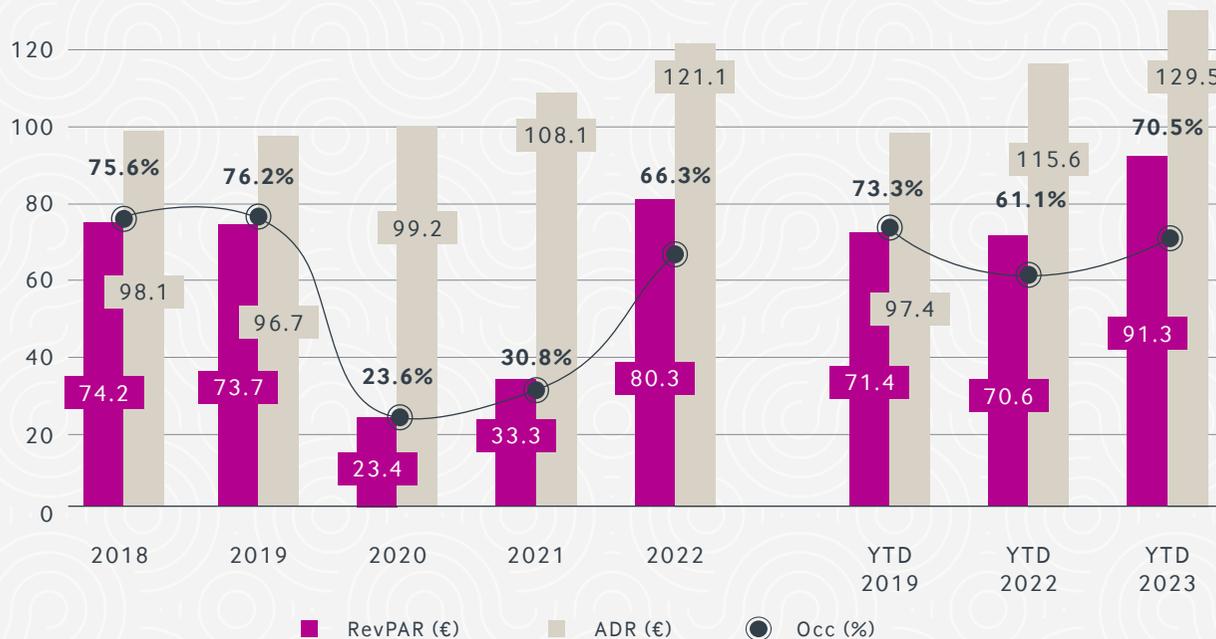- 3-star
- 4-star
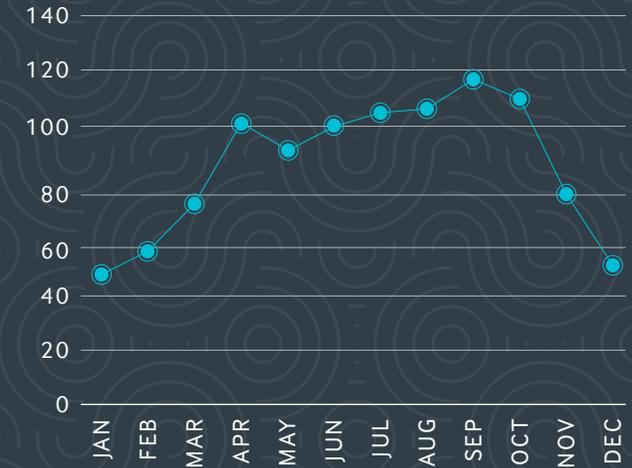- 5-star
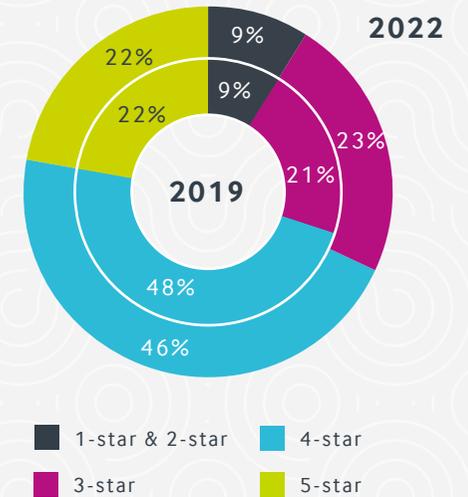
LISBON REGION | PERFORMANCE PROFILE

Despite a lag in occupancy, in 2022 RevPAR reached €80.3, its highest level since 2018, and the highest in Portugal by a significant margin (42.8% above the national average €56.2).

YTD July 2023 RevPAR performance confirms that Lisbon remains the country's top performing region, with a RevPAR of €91.3. We note, however, that this 27.9% jump in RevPAR against YTD 2019 was the result of an ADR surge of 33.0%, whilst occupancy still sat at 5.7 ppts below the pre-covid peak of 2019. The return to 2019 occupancy levels is likely to have been temporarily hindered by the cumulative growth in supply of c. 3,000 rooms since 2019 equating to 10.8% expansion.

HOTEL KPIs
(All Hotel Categories)

Year	RevPAR (€)	ADR (€)	Occ (%)
2018	74.2	98.1	75.6%
2019	73.7	96.7	76.2%
2020	23.4	99.2	23.6%
2021	33.3	108.1	30.8%
2022	80.3	121.1	66.3%
YTD 2019	71.4	97.4	73.3%
YTD 2022	70.6	115.6	61.1%
YTD 2023	91.3	129.5	70.5%

- RevPAR (€)
- ADR (€)
- Occ (%)

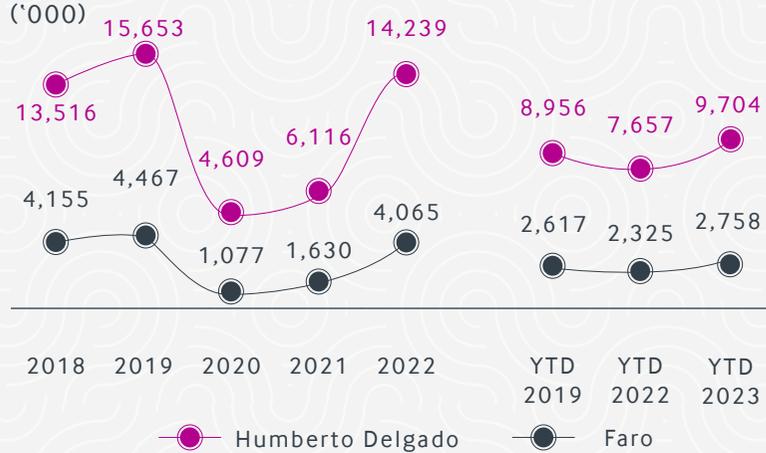## PERFORMANCE SEASONALITY*
(RevPAR in €)

*Monthly RevPAR for the 12-month period from May 2022 to April 2023

The region's performance is fairly constant throughout the year, with the seven months between April and October where RevPAR runs high. Performance also further peaks in September thanks to favourable weather and the confluence of leisure, business and events demand coinciding to create demand compression and ADR yield opportunities both in the cities and resort areas.

ALENTEJO REGION | DEMAND PROFILE

AIRPORTS PASSENGERS ARRIVALS
('000)

15,653
13,516
14,239
8,956
9,704
7,657
4,467
4,609
6,116
4,155
4,065
1,077
1,630
2,617
2,325
2,758

2018 2019 2020 2021 2022   YTD 2019 YTD 2022 YTD 2023

● Humberto Delgado   ● Faro

DOMESTIC VS INTERNATIONAL DEMAND
(Overnight stays in millions)

	2018	2019	2020	2021	2022	YTD 2019	YTD 2022	YTD 2023
Total	2.7	2.9	1.8	2.3	3.0	1.6	1.6	1.8
International	1.0	1.0	0.3	0.5	0.9			
Domestic	1.7	1.9	1.5	1.8	2.1			

■ Domestic   ■ International   ■ Total

Alentejo receives the lowest share of overnight stays in Portugal, (4.4% in 2022), as the majority of demand is derived from domestic travellers with nearly 7 of every 10 overnight stays. This is a direct consequence of the lack of an international airport, the nearest being Lisbon located 197kms away from Coimbra. Some of Lisbon's airport strong growth in traffic in YTD 2023 would have, however, likely underpinned the positive elevation of the Alentejo region's overnight stays this year.
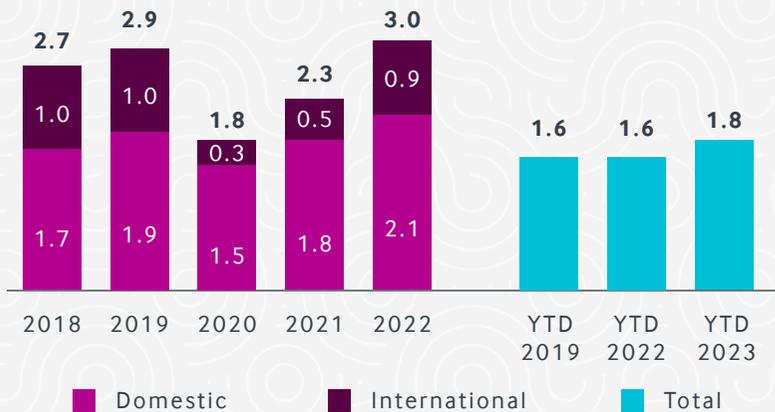
The modest year-on-year growth in overnights across 2019, 2022 and 2023 (YTD) is the result of its prevalent share of domestic demand with only 31% of overnight stays generated by non-Portuguese travellers. YTD 2023 overnight stays, nonetheless featured a gain of over 12% on 2019 over the same period. The largest international source market remains neighbouring Spain which contributed c. 200,000 overnights in 2022 followed by Germany and the United States which combined equated roughly Spain's demand.

6.4%
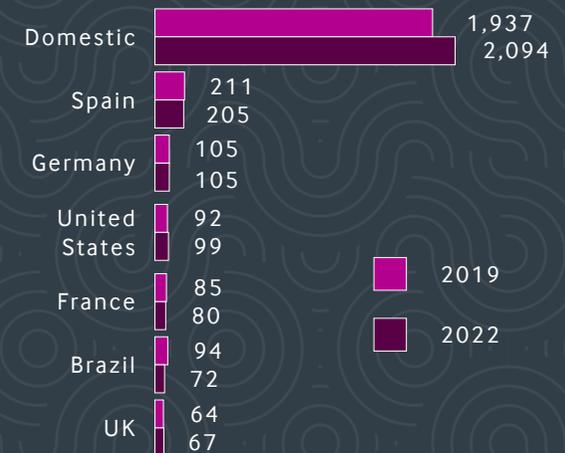GDP CONTRIBUTION

4.4%
SHARE OVERNIGHT STAYS

1.35
REVPAR INDEX VS 2019

Home to 715,000 inhabitants, Alentejo is the second largest region in Portugal, covering approximately one-third of the country. Whilst it is considered a cultural and wine-centric destination including the two World Heritage Sites of Évora and Elvas, it is the second smallest hotel market in terms of demand (3.0 million overnight stays) and largely led by domestic visitation.

TOP SOURCE MARKETS
(Overnight Stays '000)

	2019	2022
Domestic	1,937	2,094
Spain	211	205
Germany	105	105
United States	92	99
France	85	80
Brazil	94	72
UK	64	67

■ 2019   ■ 2022

HOTEL SUPPLY BY LOCATION
(% Rooms)

Portalegre 25%

Évora 58%

Beja 17%

Top 3 Groups	Rooms	Hotels
Vila Galé	425	4
Pestana Hotel Group	250	8
Hilton Worldwide	130	1

Major Openings	Rooms	Date	Cat.
Hilton Garden Inn Evora	130	May 23	4 star
Vermelho Melides	13	Mar 23	5 star

Future Openings	Rooms	Date	Cat.
Turim Evora Hotel	107	Nov 23	4 star
Holiday Inn Beja	92	Apr 25	4 star
Anantara Royal Vila Vicosa	60		5 star

ALENTEJO REGION | SUPPLY PROFILE

HOTEL SUPPLY EVOLUTION
(All Hotel Categories)

HOTELS

101	**102**	**100**	**-2.0%**
2018	2019	2022	Var. vs 2019

ROOMS

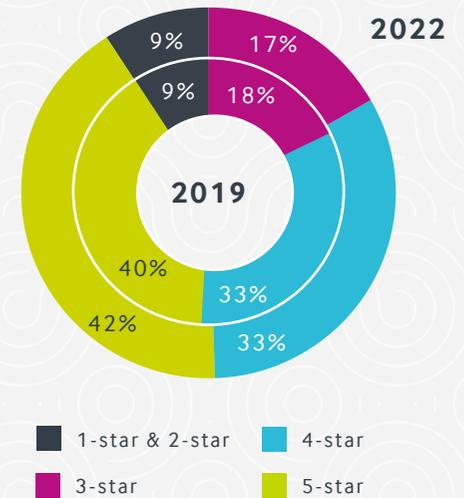| **3,952**	**4,167**	**4,194**	**0.6%**
2018	2019	2022	Var. vs 2019

Despite its vast territory, the Alentejo Region is Portugal's smallest hotel market in supply terms (3.7% of the country's room stock in 2022) and the one having experienced the most limited room supply expansion between 2019 and 2022 (0.6% whereas the number of hotels actually contracted).

We note, however, that the region's active pipeline of just over 500 rooms would equate to a 12.8% increase in supply with the majority already under construction. Whilst this relatively strong increase in supply may support growth in visitation it may also temporarily temper further gains in RevPAR.

HOTEL SUPPLY MIX
(% Rooms)

2022 (outer ring): 9%, 17%, 33%, 42%
2019 (inner ring): 9%, 18%, 33%, 40%

- 1-star & 2-star
- 3-star
- 4-star
- 5-star

ALENTEJO REGION | PERFORMANCE PROFILE

Whilst the Alentejo's region features extremes when comparing the size of its territory geographical spread to the depth of its hotel supply, starting from a low RevPAR position nationwide (second lowest in 2022 at €40.6), the region experienced the strongest growth amongst Portugal's continental regions when comparing RevPAR YTD 2019 to YTD 2023 with an index of 1.35 (only surpassed by the Madeira and Azores regions). This robust elevation was mainly driven by the improvement of ADR by over €15. This trend should continue as YTD 2023 occupancy has exceeded 2019 by 2.9 ppts, and allowed further ADR yielding.

HOTEL KPIs
(All Hotel Categories)

Legend: RevPAR (€)   ADR (€)   Occ (%)

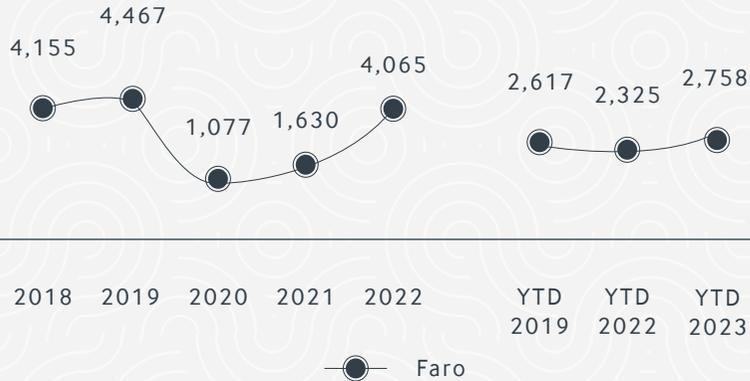## PERFORMANCE SEASONALITY*
(RevPAR in €)

*Monthly RevPAR for the 12-month period from May 2022 to April 2023

Marked by quite a severe seasonality RevPAR in the Alentejo region peaks in August achieving a premium over the other summer months of c. €30 due to international demand. This peak performance highlights the power of driving international demand and equates to August sitting at a RevPAR around 6.9 times higher than the region's lowest month, January.

ALGARVE REGION | DEMAND PROFILE

AIRPORT PASSENGERS ARRIVALS
('000)

4,155 — 2018
4,467 — 2019
1,077 — 2020
1,630 — 2021
4,065 — 2022
2,617 — YTD 2019
2,325 — YTD 2022
2,758 — YTD 2023

—●— Faro

DOMESTIC VS INTERNATIONAL DEMAND
(Overnight stays in millions)

| Year	Domestic	International	Total
2018	4.8	15.6	20.4
2019	5.0	15.9	20.9
2020	3.8	4.1	7.9
2021	5.2	5.6	10.9
2022	5.0	14.2	19.2
YTD 2019			11.6
YTD 2022			10.4
YTD 2023			11.3

■ Domestic   ■ International   ■ Total

Whilst some tourists may choose to access Portugal via Lisbon airport due to certain international connections or the wish to include a city break as part of their discovery of the country, the Algarve region is serviced by Faro airport the country's 3rd largest air hub. Historically, a favourite destination of international holiday makers, 90% of the region's air traffic relates to international flights to and from the United Kingdom and Europe. By operating the most direct routes to the Algarve, it is by a margin the greatest source of demand for the market, even ahead of Portuguese travellers, followed by Germany (2nd international but less than a third of the UK volume), the Netherlands and the Republic of Ireland.

During 2022, the region recorded 19.2m overnight stays, equating to Portugal's largest share of overnights (27.5%), yet this was still behind pre-pandemic levels, at a deficit of 8.3% compared to 2019. This was partly explained by the region's international exposure and Q1 2022 still subject to some travel restrictions. In this environment the UK market alone accounted for c. 650,000 of the "missing" 1.7m overnights.

A residual shortfall of c. 300,000 overnight stays against 2019 (2.3%) was recorded in YTD July 2023, despite a year-on-year increase of over 18%, making the Algarve the only region not exceeding YTD 2019 in 2023. This situation is mirrored by arrivals at Faro airport, which also experienced the least growth of all Portuguese airports over the same period.
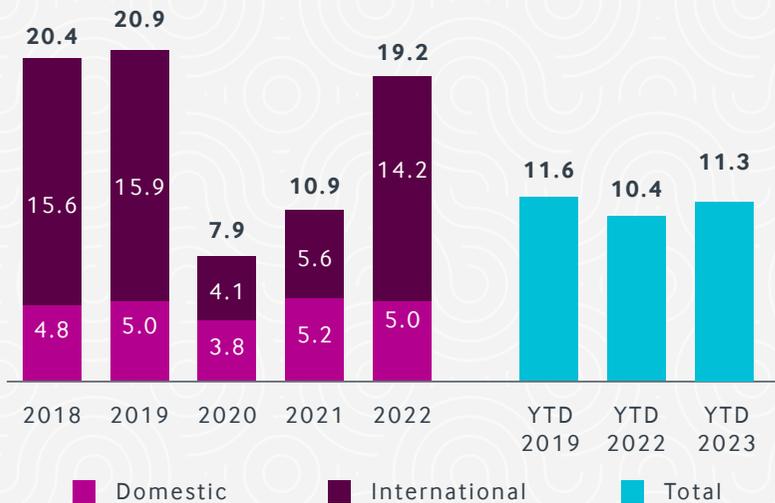
GDP CONTRIBUTION
4.3%
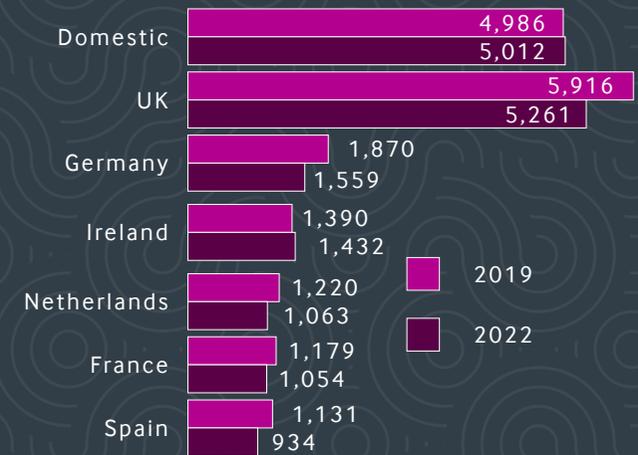
SHARE OVERNIGHT STAYS
27.5%

REVPAR INDEX VS 2019
1.32

The Algarve is Portugal's southernmost and least populated mainland region, with just over 470,000 inhabitants, of which c. 15% are foreigners.

The Algarve is one of the Mediterranean's leading resort destinations and is geared towards upscale and family demand, with the exception of Albufeira and Vilamoura, which target the luxury segment. The Algarve's seasonality is supported by the provision of over 40 golf courses and fast access from Faro airport.

TOP SOURCE MARKETS
(Overnight Stays '000)

Market	2019	2022
Domestic	4,986	5,012
UK	5,916	5,261
Germany	1,870	1,559
Ireland	1,390	1,432
Netherlands	1,220	1,063
France	1,179	1,054
Spain	1,131	934

■ 2019   ■ 2022

HOTEL SUPPLY BY LOCATION
(% Rooms)

Portimão 1%

Faro 96%

Top 3 Groups	Rooms	Hotels
Vila Galé	2,145	9
Minor Hotels	2,065	7
Pestana Management	1,917	17

Major Openings	Rooms	Date	Cat.
W Algarve	134	Jun 22	5 star
W Residences Algarve	83	Jun 22	5 star

Future Openings	Rooms	Date	Cat.
Pestana Quinta da Amoreira	450	Jun 23	5 star
Four Points Lagos Algarve	279	Jan 25	4 star
Meliá Algarve	168		4 star

ALGARVE REGION | SUPPLY PROFILE

HOTEL SUPPLY EVOLUTION
(All Hotel Categories)

HOTELS

158 2018	**164** 2019	**176** 2022	**7.3%** Var. vs 2019

ROOMS

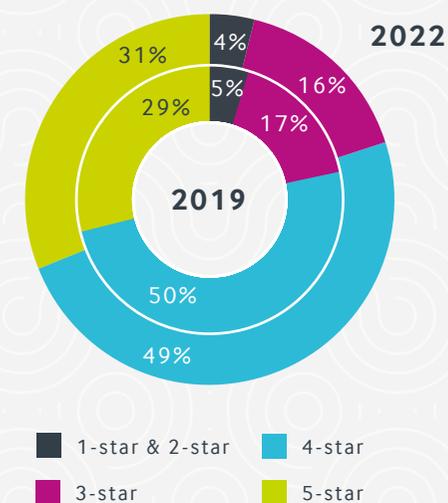| **19,410** 2018	**20,345** 2019	**20,491** 2022	**0.7%** Var. vs 2019

Room supply in the Algarve amounts to 18.0% of the country's total supply and concentrates 96.0% of the supply in the Faro district. The region's appeal to international visitors and consequently its ability to yield on room rates over the summer is supported by its share of 4 to 5-star rooms supply (80%), the highest in continental Portugal only to be surpassed by the much smaller and luxury-focused islands of Madeira and Azores.

Despite being the most touristic region of Portugal in 2022, the supply of hotel rooms has hardly increased over the last four years, expanding by only 0.7%, yet more substantially increasing when considering the number of hotels (+7.2%).

The Algarve hotel market has seen some noteworthy openings, such as the W Algarve in 2022 and including 83 W Residences, consolidating its international range of brands and visibility. The active pipeline, somehow more modest than in the past with just over 1,300 rooms, is healthy as it equates to 6.4% of the existing stock whilst just over 8 in every 10 rooms are already under construction.

HOTEL SUPPLY MIX
(% Rooms)

2022 (outer ring): 4% / 16% / 49% / 31%
2019 (inner ring): 5% / 17% / 50% / 29%

- 1-star & 2-star
- 3-star
- 4-star
- 5-star

ALGARVE REGION | PERFORMANCE PROFILE

The Algarve is the best performing region in terms of RevPAR behind the Lisbon Region, reaching €64.1 in 2022, €7.9 over the national average. Its second position behind the Lisbon region is partly led by its marked seasonality, historically operating at a marked discount in occupancy compared to Lisbon. Despite the support to occupancy provided by Golf tourism in shoulder months, the seasonality of ADR has limited greater gains on annual basis as evidenced by the incredible gap experienced between the acute summer peaks and the winter months.

As of YTD 2023, ADR showed steady improvement on 2022 but a marked elevation on 2019. Provided this trend is validated by the end of the year, 2023 is well underway to be a record year for the region.

HOTEL KPIs
(All Hotel Categories)
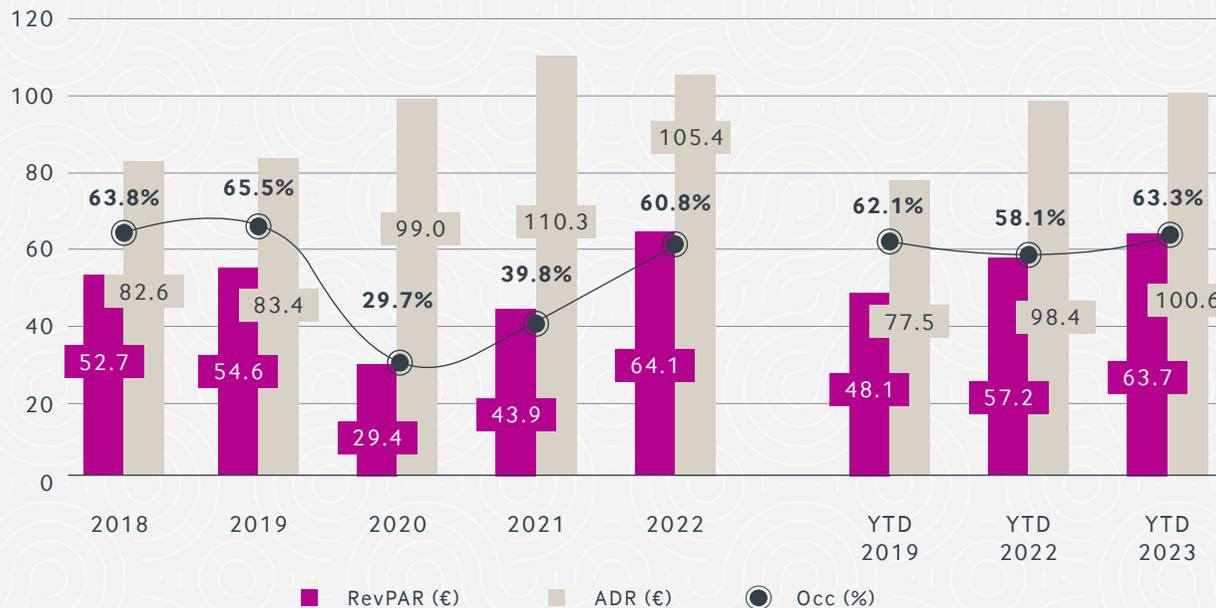
| | RevPAR (€) | ADR (€) | Occ (%) |

PERFORMANCE SEASONALITY*
(RevPAR in €)

*Monthly RevPAR for the 12-month period from May 2022 to April 2023

Due to the strong orientation of demand towards "sun and beach" holidays from all over Europe, the region's performance remains highly seasonal, reaching a RevPAR of €150.5 in August, the highest in the country and 14.3 times higher than its weakest month, in January.
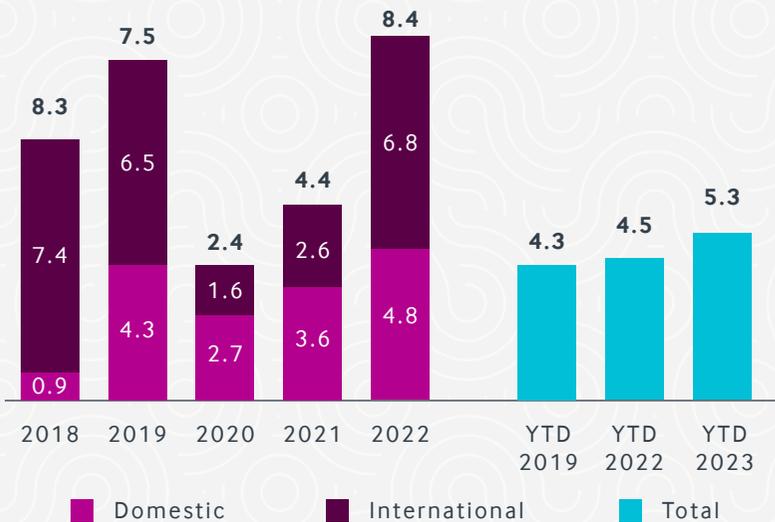
MADEIRA REGION | DEMAND PROFILE

2.3%
GDP CONTRIBUTION

12.0%
SHARE OVERNIGHT STAYS

1.59
REVPAR INDEX VS 2019

AIRPORTS PASSENGERS ARRIVALS
('000)

Madeira: 2018: 1,462 · 2019: 1,600 · 2020: 550 · 2021: 957 · 2022: 1,942 · YTD 2019: 931 · YTD 2022: 1,044 · YTD 2023: 1,318

Porto Santo: 2018: 77 · 2019: 79 · 2020: 26 · 2021: 62 · 2022: 104 · YTD 2019: 45 · YTD 2022: 56 · YTD 2023: 67

— Madeira   — Porto Santo

Connections to Madeira and the Azores are very limited due to weather conditions including strong winds, making aircraft landing more challenging. In 2022, Madeira airport its highest level of arrivals since 2018 with a gain just shy of 500,000 passenger arrivals surpassing 1.9 million. YTD 2023 statistics feature a further surge of more than 41% over the same period in 2019 suggesting 2023 to become a new record and underpinning a long-term expansion of the destination.

Madeira is Portugal's most internationally visited region and logically welcomes the highest share of overnight stays from international markets (82.1%), including the UK and Germany, which both exceeded domestic overnights and held a combined share of 42% in 2022. In other words, the region welcomed just over 1 in 5 UK arrivals in the whole of Portugal last year.

In 2022, overnight stays culminated at 8.4 million, well over pre-pandemic levels (12.4% premium on 2019) whilst YTD July 2023 figures are just as positive with a year-on-year growth in overnight stays of 15.7% against the same period in 2022 or c. one million over 2019.
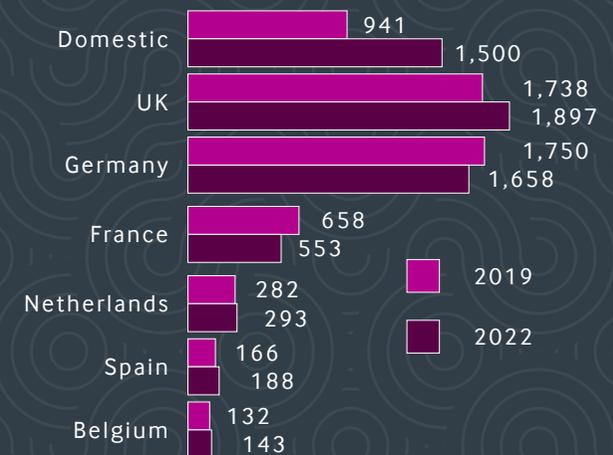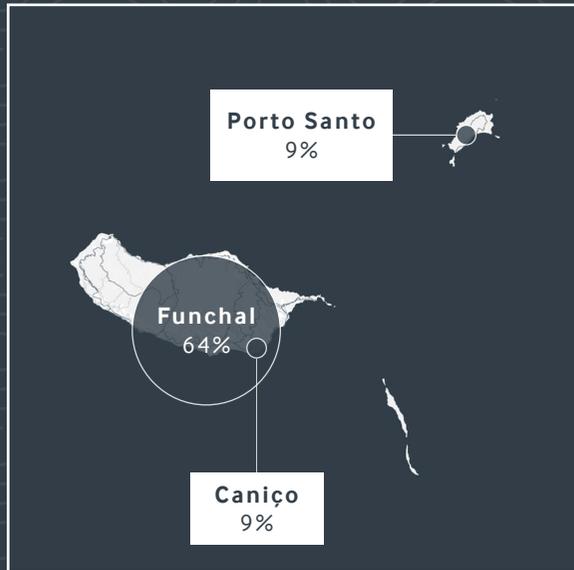
The Madeira Region is slightly more populated than the Azores with 253,000 inhabitants. The region makes a marginal contribution of 2.3% to the country's GDP yet it accounted for 28.8% of the country's tourism in 2019 or 2.2 ppts ahead of the same statistic in 2015 according to Regional Directorate of Statistics of Madeira (DREM).

DOMESTIC VS INTERNATIONAL DEMAND
(Overnight stays in millions)

2018: Total 8.3 (Domestic 0.9, International 7.4)
2019: Total 7.5 (Domestic 4.3, International 6.5)...

2018: 8.3 (0.9 / 7.4)
2019: 7.5 (4.3 / 6.5)
2020: 2.4 (2.7 / 1.6)
2021: 4.4 (3.6 / 2.6)
2022: 8.4 (4.8 / 6.8)
YTD 2019: 4.3
YTD 2022: 4.5
YTD 2023: 5.3

■ Domestic   ■ International   ■ Total

TOP SOURCE MARKETS
(Overnight Stays '000)

Domestic: 941 (2019), 1,500 (2022)
UK: 1,738 (2019), 1,897 (2022)
Germany: 1,750 (2019), 1,658 (2022)
France: 658 (2019), 553 (2022)
Netherlands: 282 (2019), 293 (2022)
Spain: 166 (2019), 188 (2022)
Belgium: 132 (2019), 143 (2022)

■ 2019   ■ 2022

HOTEL SUPPLY BY LOCATION
(% Rooms)

Porto Santo
9%

Funchal
64%

Caniço
9%

Top 3 Groups	Rooms	Hotels
Pestana Hotel Group	2,684	17
Riu Hotels & Resorts	327	1
Vila Galé	262	1

Major Openings	Rooms	Date	Cat.
Barceló Funchal Oldtown	111	Mar 23	4 star
Pestana Fisherman Village	42	Aug 21	5 star

Future Openings	Rooms	Date	Cat.
Dreams Madeira Resort Spa & Marina	366	May 24	5 star
ibis Budget Funchal	160		2 star
ibis Madeira Aeroporto	120		3 star

MADEIRA REGION | SUPPLY PROFILE

HOTEL SUPPLY EVOLUTION
(All Hotel Categories)

HOTELS

85	88	90	2.3%
2018	2019	2022	Var. vs 2019

ROOMS

| 9,567	10,021	10,521	5.0%
2018	2019	2022	Var. vs 2019

Despite being a small archipelago, Madeira offered more rooms than the Alentejo Region in 2022 and more importantly featured the highest share of 5-star rooms (36.7% in 2022), or 4 and 5-star combined (89%) nationwide, whilst the economy/budget segment is near inexistent (2% share in 2022).

Due to the inherent limitations to large new developments for both the Madeira and Azores regions, the active pipeline remains limited at 7.7% and 6.7% of supply respectively, totalling just over 1,100 rooms combined.

As a result of the restricted development environment and dominant share of international demand (with related spending power), over the last few years, development has been geared towards high-end and luxury projects, as evidenced by the planned arrival of a Dreams resort (ALG luxury brand) in 2024.

We note, however, that the active pipeline features the introduction of two Ibis properties, which will add 280 rooms within the limited-service segment. Meanwhile Barcelo made its first foray into the market whilst Pestana consolidated its leadership reaching 17 hotels in the region.

HOTEL SUPPLY MIX
(% Rooms)

2022: 2%, 9%, 53%, 37%
2019: 3%, 10%, 52%, 34%

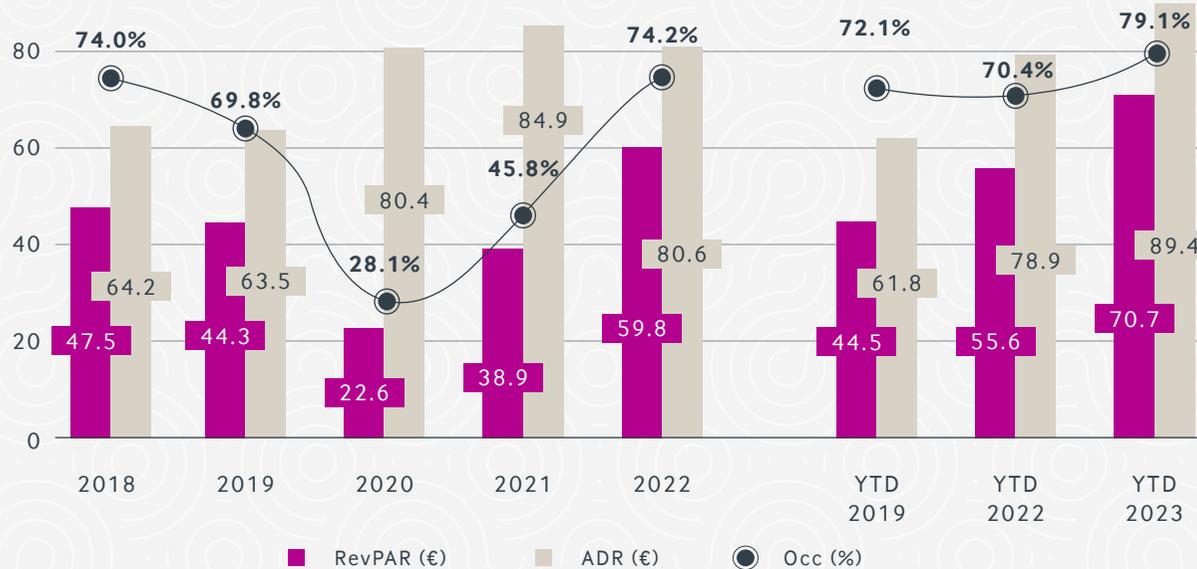- 1-star & 2-star
- 3-star
- 4-star
- 5-star
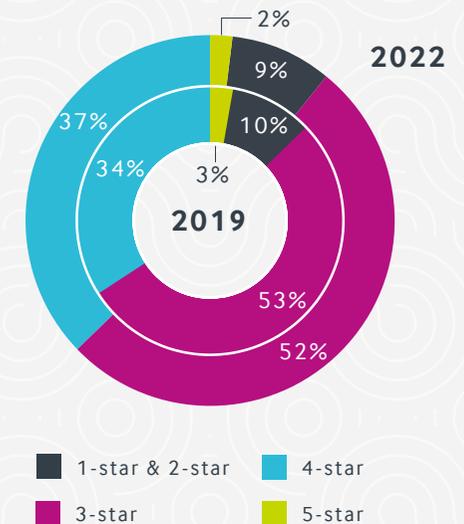
MADEIRA REGION | PERFORMANCE PROFILE

With a supply largely led by the upper segments and an occupancy well above 2019, Madeira's 2022 RevPAR performance was amongst the country's strongest, reaching €59.8. This equated to a staggering 35.0% increase on 2019. In 2023, with occupancy performing YTD some 7 ppts above 2019 and ADR continuing its ascension (+€27.6 over the same period in 2019), Madeira is well placed to establish a new RevPAR record (+28.8% on YTD 2019). With limited supply planned to enter the market and its growing popularity as a destination, the Madeira region is well underway to achieve further performance gains in the short to medium-term.

HOTEL KPIs
(All Hotel Categories)

Year	RevPAR (€)	ADR (€)	Occ (%)
2018	47.5	64.2	74.0%
2019	44.3	63.5	69.8%
2020	22.6	80.4	28.1%
2021	38.9	84.9	45.8%
2022	59.8	80.6	74.2%
YTD 2019	44.5	61.8	72.1%
YTD 2022	55.6	78.9	70.4%
YTD 2023	70.7	89.4	79.1%

■ RevPAR (€)   ■ ADR (€)   ⬤ Occ (%)

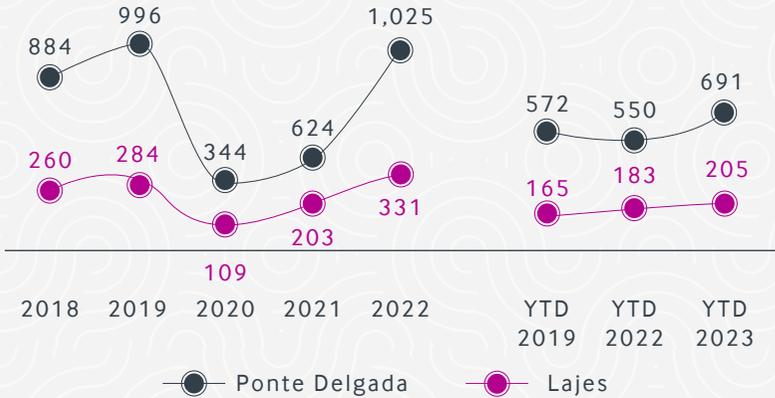## PERFORMANCE SEASONALITY*
(RevPAR in €)

*Monthly RevPAR for the 12-month period from May 2022 to April 2023

Despite a peak in August with most of its source markets travelling for holidays, the region's tight supply and focus on high-end hotels result in its performance featuring least seasonality of all seven regions. As an illustration its August peak in RevPAR is only 3.4 times higher than that of January, its lowest performing month.

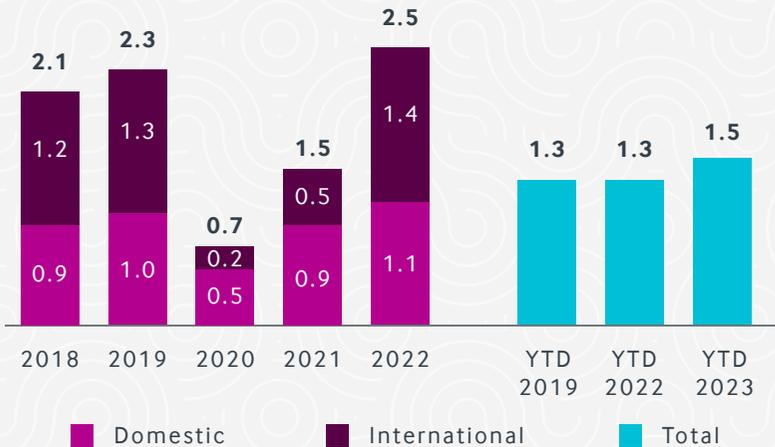# AZORES REGION | DEMAND PROFILE

AIRPORTS PASSENGERS ARRIVALS
('000)

Ponte Delgada:
- 2018: 884
- 2019: 996
- 2020: 344
- 2021: 624
- 2022: 1,025
- YTD 2019: 572
- YTD 2022: 550
- YTD 2023: 691

Lajes:
- 2018: 260
- 2019: 284
- 2020: 109
- 2021: 203
- 2022: 331
- YTD 2019: 165
- YTD 2022: 183
- YTD 2023: 205

— ● — Ponte Delgada   — ● — Lajes

The importance of the tourism sector has been increasing over the years as demonstrated in 2022 by both passenger arrivals and overnight stays, which exceeded 2019 by 2.9% and 19%. YTD July 2023 figures suggest that this has grown by a further 21% and 15% respectively.

Despite its limited accessibility, Azores' emergence began in 2015 with the full air liberalisation, which led in subsequent years to increased tourist numbers, intensified air traffic (inter-island, national, and international) via new routes opening to Europe and the USA, ultimately resulting in higher accommodation occupancy, and market diversification.

The region experienced the lowest number of overnight stays in 2022 (only 3.5% of Portugal's total volume). Of these overnights, 43.3% were generated by the international market, led by Germany, which combined with the USA (ranking second), surpassed domestic overnight stays.

DOMESTIC VS INTERNATIONAL DEMAND
(Overnight stays in millions)

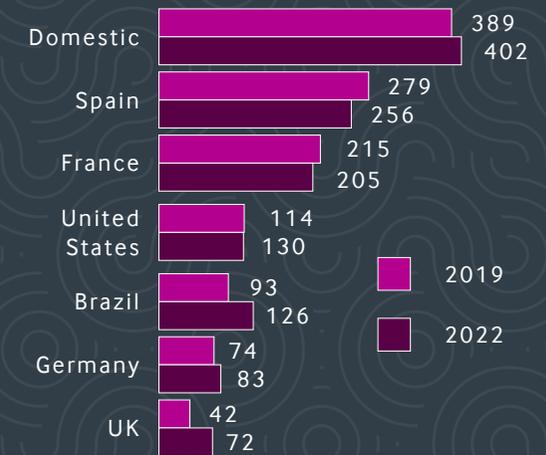| Year	Domestic	International	Total
2018	0.9	1.2	2.1
2019	1.0	1.3	2.3
2020	0.5	0.2	0.7
2021	0.9	0.5	1.5
2022	1.1	1.4	2.5
YTD 2019			1.3
YTD 2022			1.3
YTD 2023			1.5

■ Domestic   ■ International   ■ Total

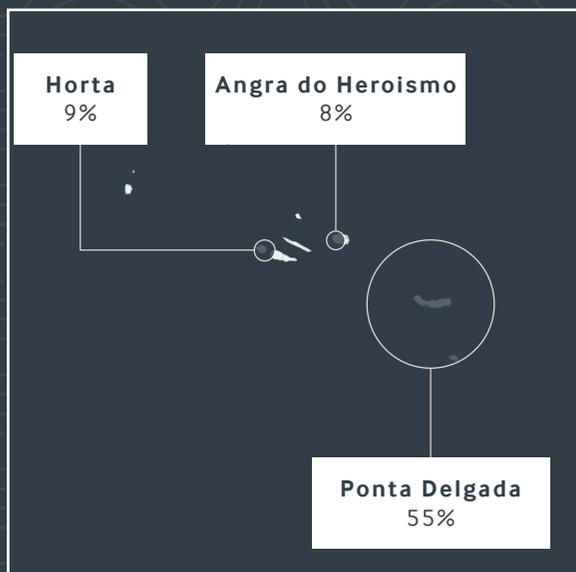### GDP CONTRIBUTION
2.1%

SHARE OVERNIGHT STAYS
3.5%

REVPAR INDEX VS 2019
1.41

The Autonomous Region of the Azores is a Portuguese archipelago that comprises of nine volcanic islands. It is located in the North Atlantic Ocean in Macaronesia, 870 miles from Lisbon in Continental Portugal and about 1,200 miles from Canada. Similarly to Madeira, the Azores Region is small in population terms at c. 240,000 inhabitants and its contribution to the national economy is only marginally less than that of Madeira at 2.1% of GDP.

TOP SOURCE MARKETS
(Overnight Stays '000)

Market	2019	2022
Domestic	389	402
Spain	279	256
France	215	205
United States	114	130
Brazil	93	126
Germany	74	83
UK	42	72

■ 2019   ■ 2022

HOTEL SUPPLY BY LOCATION
(% Rooms)

Horta 9%	Angra do Heroismo 8%

Ponta Delgada
55%

Top 3 Groups	Rooms	Hotels
VIP Hotels	229	1
Octant Hotels	178	2
Pestana Hotel Group	159	3

Major Openings	Rooms	Date	Cat.
Vila Galé Collection Sao Miguel	92.0	Jun 23	4 star

Future Openings	Rooms	Date	Cat.
Mercure Azores Ponta Delgada	118		4 star
DoubleTree by Hilton Lagoa Azores	101	2024	5 star
Turim Infante	70	Jun 24	4 star

AZORES REGION | SUPPLY PROFILE

HOTEL SUPPLY EVOLUTION
(All Hotel Categories)

HOTELS

	73 2018	75 2019	72 2022	-4.0% Var. vs 2019

ROOMS

|	4,448 2018	4,612 2019	4,595 2022	-0.4% Var. vs 2019

The distribution of supply in the Azores region is logically and largely focused on the 4-star category (60.2%), reaching nearly 3 in 4 rooms available when adding the 5-star segment. The Azores is the only region to have suffered a decline in supply over the last 4 years (in rooms terms), with a 0.4% fall in the number of rooms and has been historically dominated by independent hotels and national brands, including Pestana and Octant.

The latter brand is part of Discovery Hotel Management, created by Explorer Investments, one of the largest private equity companies in Portugal and features a collection of 8 experiential luxury hotels (converted from the Discovery's portfolio of 18 properties) across the Algarve, Alentejo, Azores, Lousa and Castelo de Paiva regions of Portugal.

It is worth noting the arrival of Hilton to the region in the near future with its upscale brand DoubleTree by Hilton, whilst 70% of the expected 307 rooms in the pipeline will be delivered by the Octant brand (Barcelo Group).

HOTEL SUPPLY MIX
(% Rooms)

2022
8%
18%
14%
59%

2019
9%
17%
15%
60%

- 1-star & 2-star
- 4-star
- 3-star
- 5-star
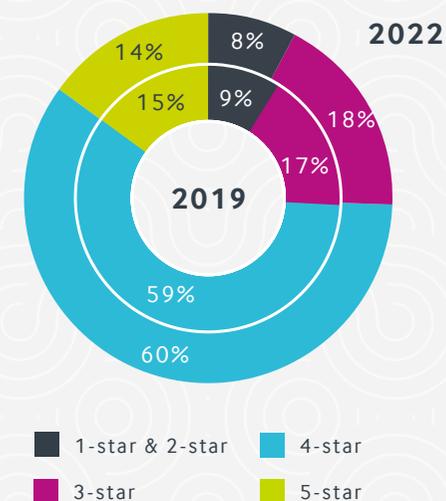
AZORES REGION | PERFORMANCE PROFILE

Marked by an annual occupancy well below that of Madeira and despite a healthy growth in ADR performance against 2019, the Azores region achieved an annual RevPAR of €46.6 in 2022, markedly below the national average (c. €10 discount) and 22% lower than the Madeira region.

It is, nevertheless, a positively evolving market with strong historical trajectory and recording the second fastest growth of RevPAR when comparing YTD July 2023 to the same period in 2019 (41%) and despite a minor drop in occupancy. ADR, nevertheless, sat over the same period at more than €25 above the level achieved in 2019.

HOTEL KPIs
(All Hotel Categories)
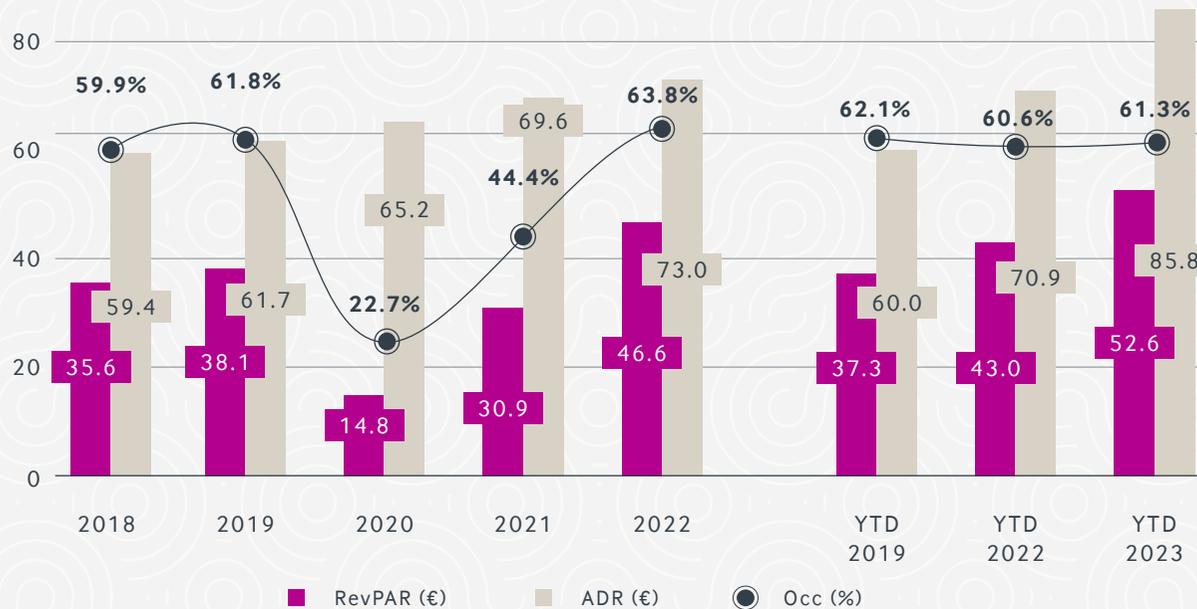
Legend: RevPAR (€) ADR (€) Occ (%)

PERFORMANCE SEASONALITY*
(RevPAR in €)

*Monthly RevPAR for the 12-month period from May 2022 to April 2023

The remote location of the archipelago and its reputation as a "hidden treasure" for wildlife, makes it a suitable candidate for an extended operating season with only mild changes in weather all year round, where temperatures range from 14 degrees in the winter to mid 20s in the summer months.

The region's RevPAR performance, nevertheless, shows a remarkable seasonality with RevPAR peaking in August some 7.4 times higher than that of January. This seasonality results from its remote location in conjunction with the restricted availability of international flights in shoulder months affecting occupancy, whilst RevPAR escalates abruptly from May to September with demand compression and the positive effect of international tourism.

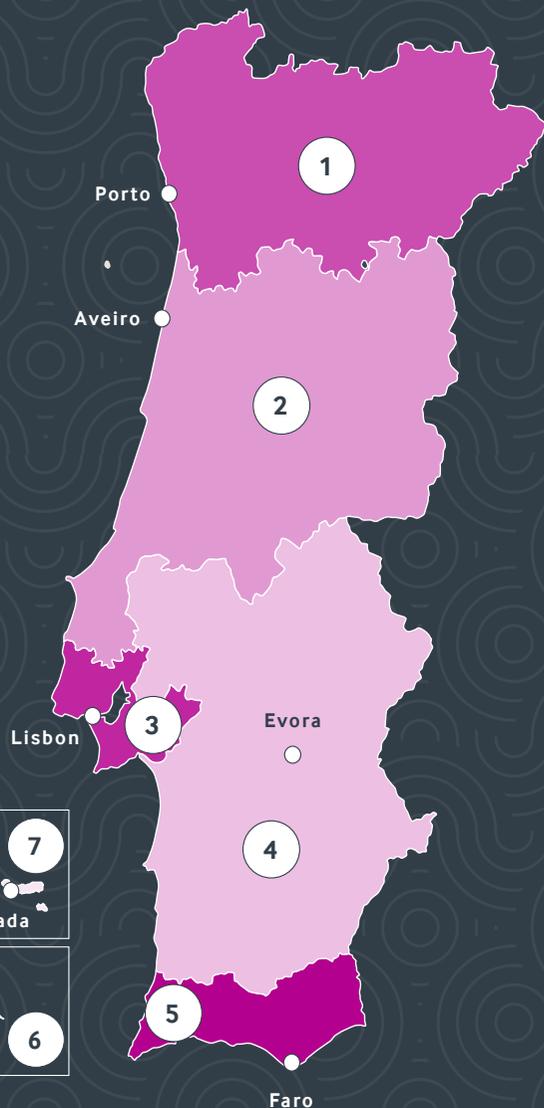# RECENT OPENINGS

1. Norte
2. Centro
3. Lisbon
4. Alentejo
5. Algarve
6. Madeira
7. Azores

Porto
Aveiro
Lisbon
Evora
Faro

Ponte Delgada
Funchal

1. ONE SHOT PALACIO CEDOFEITA
- 4 star
- 73 rooms
- Open: Aug 23

2. MONTEBELO MOSTEIRO DE ALCOBACA
- 4 star
- 73 rooms
- Open: Aug 23

3. HYATT REGENCY LISBON
- 5 star
- 204 rooms
- Open: Aug 22

4. HILTON GARDEN INN EVORA
- 4 star
- 130 rooms
- Open: May 23

5. W ALGARVE
- 5 star
- 134 rooms
- Open: Jun 22

6. VILA GALÉ COLLECTION SAO MIGUEL
- 4 star
- 73 rooms
- Open: Aug 23

7. BARCELÓ FUNCHAL OLDTOWN
- 4 star
- 111 rooms
- Open: Mar 23

MEET OUR TEAM

EXECUTIVE & CORPORATE TEAM

CARINE BONNEJEAN
MANAGING DIRECTOR
HOTELS - EUROPE

PIERRE RICORD
HEAD OF CONSULTANCY
HOTELS – EUROPE
+ 12 EUROPEAN EXPERTS

NICOLAS COUSIN
MANAGING DIRECTOR
SPAIN & PORTUGAL

CONSULTANCY

JOAN BAGÓ
SENIOR HOTEL
CONSULTANT

MARINA CASASNOVAS
HOTEL CONSULTANT

RICARD ABELLAN
HOTEL ANALYST

INVESTMENT

ALBERTO MARTIN
ASSOCIATE DIRECTOR
INVESTMENT

CAMILA ORTIZ
SENIOR INVESTMENT
CONSULTANT

PETER GALLARDO
INVESTMENT ANALYST

MARINA COLLS
INVESTMENT ANALYST

PR & MARKETING

PILAR CONTRERAS
PR & MARKETING
COORDINATOR

HR & ADMINISTRATION

ALEXIA RIPOLL
ADMINISTRATION
& TEAM RELATIONS
COORDINATOR

ROCÍO MONTOYA
OFFICE MANAGER
& TEAM SUPPORT
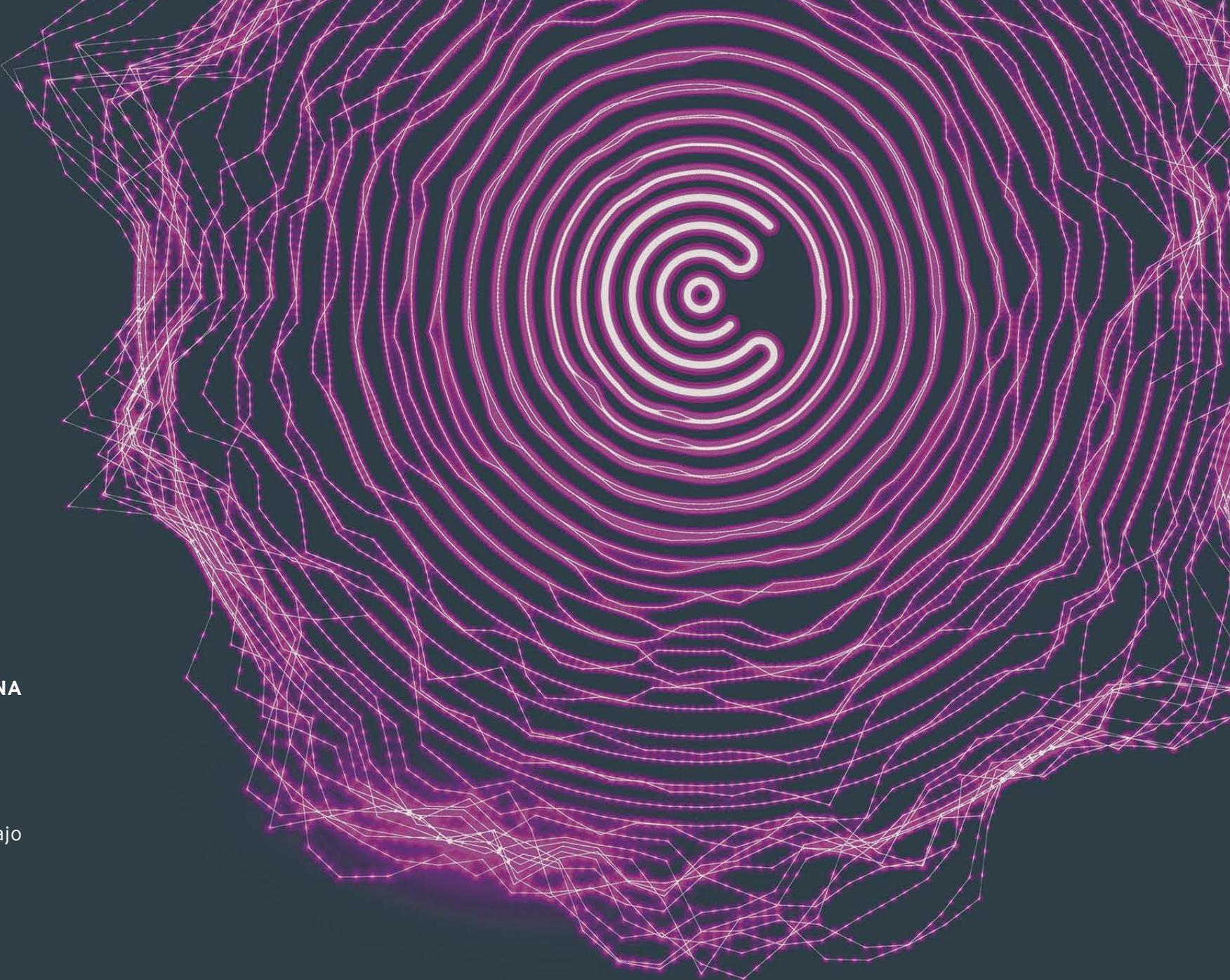
CHRISTIE & CO - BARCELONA
Avda. Diagonal, 409, 5º B
08008 Barcelona
T: +34 93 343 61 61

CHRISTIE & CO - MADRID
Paseo de la Castellana, 45, Bajo
28046 Madrid
T: +34 91 045 98 76

CHRISTIE & CO

es.christie.com
Spain-Portugal@christie.com