Horwath HTL

Hotel, Tourism and Leisure

Portugal Hotels & Chains Report 2021

This report provides a snapshot of a fascinating moment in hospitality. Will we see the direction of the industry change forever?

A very warm welcome to this latest country edition of the Hotels and Chains report. The report was started to examine the relationship between branded hotels and hotel companies and their independent counterparts.

Over the last 20 years or so, branded hotel products have started to become more and more prevalent in Europe and the Middle East. We are still nowhere near North America when it comes to brand penetration, but the industry has definitely been moving in that direction.

Of course, when we wrote the last edition, we had no idea that global events would cause such chaos in a market which had seen unprecedented success in 2019. Needless to say the events of the last 20 months have thrown the ownership and performance of the hotel industry into sharp focus, exacerbating friction between owners and operators, putting pressure on lenders, making development debt something of a mirage and laying waste to the best laid plans of many giants in the industry.

There are signs of life however. Hotel products away from city centres have experienced two summers of unexpectedly high occupancy with the famous staycation surge if not running to the rescue, then certainly helping to keep businesses afloat.

As we recover, we turn our focus once again to branded hotels and products and look to see what affect COVID-19 has had on their inevitable rise. Will the lack of corporate travel and city centre tourists see a slowing of the large brands? Will owners think twice about rebranding with an inevitable rise in costs, or will the pandemic accelerate the move towards the perception of a safe harbour?

The other interesting question is what now happens to the various models that are prevalent in the industry. There are already signs that owners are unhappy with the current arrangements, so will that mean less management contracts and more franchises and will those markets that have traditionally relied on leases be able to create a product that shares the risk more effectively?

This report provides a snapshot of a fascinating moment in hospitality. Will we see the direction of the industry change forever, or will the pain be short term and the new normal looks like the old normal?

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Portugal

International hotel chains and brands have turned their attention to Portugal focusing primarily on Lisbon and Porto as the main urban destinations. The pipeline is almost exclusively centred on 4 and 5* hotels improving the overall positioning of the country's hotel supply.*

The Market

Portugal, defined as a European destination of excellence, won the seal of Best European Destination for the fourth consecutive year by the World Travel Awards 2020. Also, according to European Best Destinations, Portugal is considered the Best Country to visit in Europe in 2021. Despite a scenario of falling tourist activity, the expectations for recovery are strong as a result of Portugal's international image as a sustainable and safe tourist destination.

Portugal's hotel market is attracting international and domestic hotel brands as many of its destinations are becoming fashionable and popular within travellers particularly given its image as sustainable and safe tourist alternatives.

Hotel investors and operators have noticed the potential of the Portuguese hospitality market as demonstrated by the rapidly growing tourism demand. This has resulted in an increased volume of transactions and development plans all over the country.

Key Points

International presence on the rise
Even though the market is still dominated by domestic players such as Pestana Hotel Group and Vila Galé Group, international players are year on year gaining more presence. The number of international hotel brands has increased and more than doubled its number of 2018, but still represent 51% of the total chain hotels.

Increased quality of the hotel supply
Upscale, upper upscale and luxury hotels represent 78% of the total existing branded supply in Portugal (18% growth vs 2018) – 60% correspond to 4* and 4* superior hotels and 18% to 5* and 5* luxury properties. Budget and economy hotels continue to be scarce, having, nevertheless, slightly increased and midscale properties have reduced their presence from almost 38% in 2018 to 18% currently.

Focus of new markets
Lisbon and Porto are the top cities where new hotel developments are being built, this is no big surprise as these are also the principal destinations welcoming tourists. Algarve and Madeira still dominate the sun and beach destinations; however, investors are now focusing more on unexplored territories such as the area around Comporta in Alentejo which may bring new international hotel chains into the market.

Brand affiliation in the pipeline
Hotels affiliated to international brands (for example Room Mate Hotels, Radisson Red Hotels and Meliá Hotels & Resorts) account for 57% of new projects in the pipeline compared to 23% associated to national brands such as Vila Galé Hotéis and Turim Hotels. Upscale, upper upscale and luxury hotels represent 83% of new projects in the pipeline, reinforcing the quality of the hotel supply.

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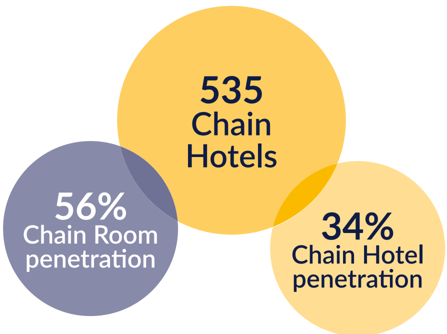

Key Statistics	2021
Total chain hotels	535
Total chain rooms	65,249
Average size per chain hotel in rooms	122
Country hotels stock (overall supply)	1,569
Country rooms Stock (overall supply)	116,719
Average size per hotel in rooms	74
Chain penetration % by hotels	34%
Chain penetration % by keys	56%
Total number of brands	104
Domestic brands	51
International brands	53
International chain hotels*	141
Domestic chain hotels*	394
International chain rooms*	20,150
Domestic chain rooms*	45,099

** Includes double counting*

Portugal: Ranking by Size

	CHAINS		
Rank	Chain Groups	Hotels	Rooms
1	Pestana Hotel Group	77	7,529
2	Vila Galé Hotéis	28	4,747
3	Accor Hotels	37	3,810
4	Marriott Hotels & Resorts	17	3,159
5	Minor Hotels	16	2,847
6	Hoti Hotéis	18	2,630
7	Sana Hotels	14	2,218
8	VIP Hotels	12	2,107
9	Real Hotels Group	14	1,983
10	IHG Hotels & Resorts	10	1,871
Rank	Domestic Chain Groups	Hotels	Rooms
1	Pestana Hotel Group	77	7,529
2	Vila Gale Group	28	4,747
3	Hoti Hotéis	18	2,847
4	Sana Hotels	14	2,218
5	VIP Hotels	12	2,107
6	Real Hotels Group	14	1,983
7	Discovery Hotel Management	18	1,758
8	Turim Hotels	16	1,525
9	Porto Bay Hotels & Resorts	12	1,454
10	Luna Hotels & Resorts	15	1,409
Rank	International Chain Groups	Hotels	Rooms
1	Accor Hotels	37	3,810
2	Marriott Hotels & Resorts	17	3,159
3	Minor Hotels	16	2,847
4	IHG Hotels & Resorts	10	1,871
5	Eurostars Hotel Co. HOTUSA	12	1,206
6	MGM Muthu Hotels	6	1,184
7	RIU Hotels & Resorts	2	827
8	B&B Hotels	7	657
9	Hilton Hotels & Resorts	4	593
10	Louvre Hotels	7	545

	BRANDS		
Rank	Chain Brands	Hotels	Rooms
1	Pestana Hotels & Resorts	35	5,473
2	Hotéis Vila Gale	22	4,314
3	Tivoli	10	2,091
4	Ibis	20	1,892
5	Turim	16	1,525
6	VIP Executive	9	1,479
7	Porto Bay	12	1,454
8	Luna	15	1,409
9	Dom Pedro	7	1,379
10	HF Hotéis Fénix	8	1,320
Rank	Domestic Chain Brands	Hotels	Rooms
1	Pestana Hotels & Resorts	35	5,473
2	Vila Gale	22	4,314
3	Tivoli	10	2,091
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5	VIP Executive	9	1,479
6	Porto Bay	12	1,454
7	Luna	15	1,409
8	Dom Pedro	7	1,379
9	HF Hotéis Fénix	8	1,320
10	Hotéis Real	8	1,280
Rank	International Chain Brands	Hotels	Rooms
1	Ibis	20	1,892
2	Tryp By Wyndham	9	1,281
3	Eurostars	12	1,206
4	Muthu	6	1,184
5	Mercure	8	848
6	Sheraton Hotels	4	840
7	Holiday Inn Express	7	829
8	RIU Hotels & Resorts	2	827
9	Holiday Inn	4	764
10	Marriott Hotels & Resorts	2	754

Portugal: Ranking by Scale

	DOMESTIC BRANDS				INTERNATIONAL BRANDS		
Rank	Economy & Midscale	Hotels	Rooms	Rank	Economy & Midscale	Hotels	Rooms
1	Inatel	11	836	1	Ibis	20	1,892
2	Barata Hotels	6	624	2	Holiday Inn Express	7	829
3	Star Inn	3	481	3	B&B Hotels	5	545
4	Stay Hotels	7	452	4	Moxy Hotels	2	358
5	Hoteis Moov	4	449	5	Ibis Styles	3	283
6	Sana Excellence	2	412	6	Ibis Budget	2	177
7	HF Hotéis Fénix	3	400	7	Tryp By Wyndham	1	62
8	Dom Pedro	2	340	8	Confort Inn	1	46
9	VIP Inn	2	333	9	Best Western	1	43
10	My Story Hotels	6	315				
Rank	Upscale & Upper Upscale	Hotels	Rooms	Rank	Upscale & Upper Upscale	Hotels	Rooms
1	Hotéis Vila Galé	21	4,156	1	Tryp By Wyndham	8	1,219
2	Pestana Hotels & Resorts	25	2,831	2	Eurostars	9	859
3	VIP Executive	9	1,479	3	Mercure	8	848
4	Pestana Pousadas de Portugal	33	1,279	4	RIU Hotels & Resorts	2	827
5	Luna	13	1,183	5	Muthu	3	827
6	Turim	12	1,170	6	Holiday Inn	4	764
7	Porto Bay	8	1,067	7	Marriott Hotels & Resorts	1	577
8	Tivoli	5	976	8	Meliá	4	523
9	AP Hotels & Resorts	6	855	9	Novotel	3	447
10	Bensaude Hotels Collection	6	798	10	Vincci	4	338
Rank	Luxury	Hotels	Rooms	Rank	Luxury	Hotels	Rooms
1	Pestana Hotels & Resorts	9	2,577	1	Sheraton Hotels	4	840
2	Tivoli	5	1,115	2	The Luxury Collection	5	606
3	NAU	6	798	3	Crowne Plaza	2	555
4	Hotéis Real	4	759	4	Corinthia Hotels	1	518
5	Savoy Signature	2	722	5	InterContinental	3	495
6	Pestana Collection Hotels	5	595	6	Iberostar	2	386
7	Epic Sana	2	540	7	Muthu	3	357
8	Altis Hotels	3	469	8	Tui Blue	1	350
9	Montebelo Hotels & Resorts	4	441	9	Eurostars	3	347
10	Porto Bay	4	387	10	Four Seasons	1	282

Portugal: Ranking per Scale & Size

CHAINS	OVERALL				DOMESTIC		INTERNATIONAL	
	Hotels	Rooms	%	Avg Size	Hotels	Rooms	Hotels	Rooms
Budget & Economy	25	2,347	5%	94	8	725	17	1,622
Midscale	94	8,963	18%	95,351	77	7,241	17	1,722
Upscale & U.Upscale	319	36,634	60%	114,840	252	27,050	66	9,319
Luxury	97	17,305	18%	178,402	57	10,083	41	7,487
TOTAL	535	65,249	100%	121,961	394	45,099	141	20,150

Portugal: Ranking by Destination

Rank	Destination	By Hotels
1	Lisbon City	123
2	Algarve	114
3	Norte	102
4	Centro	64
5	Lisbon Area	47
6	Madeira	42
7	Alentejo	26
8	Azores	17

Rank	Destination	By Rooms
1	Algarve	17,397
2	Lisbon City	16,821
3	Norte	9,964
4	Madeira	7,168
5	Lisbon Area	5,191
6	Centro	5,016
7	Alentejo	1,882
8	Azores	1,810

Portugal: Destination Pipeline

Rank	Destination	Hotel	Rooms
1	Norte	20	3,327
2	Lisbon City	18	3,010
3	Algarve	10	2,233
4	Lisbon Area	7	797
5	Alentejo	7	568
6	Madeira	4	454
7	Centro	3	427
8	Azores	1	101

Portugal: Demand Driver

DRIVER	DOMESTIC		INTERNATIONAL	
	Hotels	Rooms	Hotels	Rooms
Art & Business	131	15,102	105	13,832
Sun & Beach	139	20,669	30	5,039
Other Leisure	83	6,184	6	405
Wellness	16	1,670	2	235
Golf	6	450	2	328
Casino	2	456	0	0
Wine	4	397	1	57

Portugal: Hotel Investors

Rank	Name	Volume in €m
1	Azora	179,999,969
2	Palm Invest	121,481,824
3	Square Asset	102,271,499
4	Henderson Park	91,668,472
5	DER Turistik	69,999,939

Source: Real Capital Analytics, past 24 months

Portugal: Institutional Owners

Rank	Name	No. of Hotels
1	Azora	3
2	Square Asset	5
3	Acacia Point	1
4	Henderson Park	1
5	Minor Int'l	6

Source: Real Capital Analytics, past 24 months

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