



Horwath HTL

Hotel, Tourism and Leisure

Portugal Hotels & Chains Report 2022



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 been moving in that direction.

As we move past the pandemic, hotels have been experiencing a sharp upturn in performance, almost reaching 2019 levels. Interestingly, this is a leisure business focussed recovery, which means that resorts are seen as the most exciting sector in the industry, a status not enjoyed for many years, and much of the activity in the M&A market has been focussed on this segment, think Hyatt buying Apple Leisure group.

Business hotels and hotels that focus on group and MICE business are still struggling however, and performance levels are lagging. Does this mean this business won't recover in the same way, or is it just going to take longer? One thing is for sure, hotel owners are concentrating on brands that allow for flexibility and low staffing levels (preferably with a design component).

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? The march and rise of the brands and branded hotels seem inevitable however. The question remains; however, how many brands is too many and how good are we as an industry at explaining to the clients what each stands for?

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Portugal

Portugal's potential as a global tourist destination is now clear to all, and proof of this is found in an improvement in tourism statistics, which in turn translates into greater interest from international investors. International branded hotel supply is increasingly significant, far outstripping the national offer and showing a need for greater diversification by local chains.

The Market

Over the last decade, Portugal has seen steady growth in the tourism sector, making it one of the country's main economic engines. The efforts made by both public and private institutions to increase the country's visibility as a tourist destination abroad have had favourable results.

Portugal's gastronomy, culture, variety of landscapes, as well as the popularity of its urban and beach destinations are some of the country's main attractions. These are factors that have led Portugal to increase its global recognition as a tourist destination. Portugal has won twelve awards at this year's World Travel Awards, including Algarve as the best beach destination and Madeira as the best island destination.

Tourism statistics have been improving since the severe impact of the pandemic on the sector. In 2021, a slight recovery in demand was observed, reaching 34.7 million overnight stays. However, it was not until April this year that Portugal managed to surpass pre-crisis tourism data for the first time since the arrival of Covid-19 on the scene.

2021 saw approximately €330 million in hotel transactions, representing 15% of the total investment made in the real estate sector. The presence of new players in the market shows that Portugal continues to attract investor interest and it is expected that in the current year this trend will develop further as the tourism sector establishes the new normal.

Key Points

Top ranking continues to be led by national players

The ranking of chains and brands by number of rooms remains very similar to that of previous years with Pestana Hotel Group and Vila Galé Hotéis as leaders. The top ten in both areas is mainly represented by national companies and brands, while the international presence is led by Accor Hotels, Marriott Hotels & Resorts, Minor Hotels, Eurostars Hotel Company, and their respective brands. Special mention should be made of The Editory Hotels, which climbs up the ranking, and Tryp by Wyndham, which follows the opposite trend, mainly due to its disassociation from Meliá.

Non-stop for international brands

Although the ratio of the total number of international brands is still more or less on a par with local brands (53% vs. 47%), it is true that the gap is increasing over the years in favour of the international supply.

This is also reflected when compared to 2021 where the number of international brands has increased by 26% versus 18% for national brands. This may suggest a possible stagnation in the diversification of Portuguese chains that are not investing in the development of new brands, either due to scarcity of resources or experience, or simply because they are not willing to take the risk considering the high competition on the rise.

Hotel pipeline

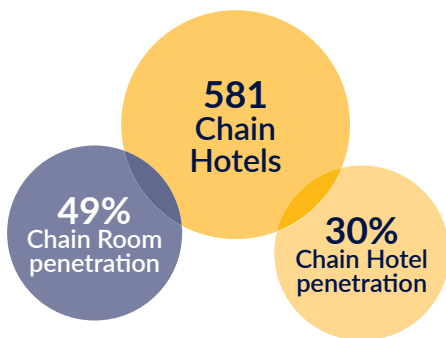
It is worth highlighting the high number of projects currently underway (more than 70), which will represent an increase in the hotel supply of more than 3,600 accommodation units. This development is being conducted by both local (Turim, Dom Pedro, Sana) and international chains (Meliá, Hyatt, Radisson, IHG, Hilton).

Although Porto and Lisbon represent 52% of the total projects in the pipeline, regions such as the Algarve continue to be a major attraction for international investors. In both the Algarve and Alentejo, the development of mixed-use projects has become increasingly popular, especially in the areas of Lagos, Faro, Melides and Troia.

Investment

Experts predict that 2022 is likely to be a record year for hotel investment. While 2019 saw record investment of €552 million, it is predicted that this figure could reach €1,500 million by the end of the year. International companies are becoming increasingly important, such as Azora, which in the last 24 months has invested €276 million in Portuguese hotel assets.

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Key Statistics	2021	2022	%
Total chain hotels	535	581	9%
Total chain rooms	65,249	68,990	6%
Average size per chain hotel in rooms	122	119	-3%
Country hotels stock (overall supply)	1,862	1,957	5%
Country rooms stock (overall supply)	134,204	140,634	5%
Average size per hotel in rooms	72	72	0%
Chain penetration % by hotels	29%	30%	3%
Chain penetration % by keys	49%	49%	1%
Total number of brands	104	127	22%
Domestic brands	51	60	18%
International brands	53	67	26%
International chain hotels*	141	161	14%
Domestic chain hotels*	394	420	7%
International chain rooms*	20,150	21,988	9%
Domestic chain rooms*	45,099	47,002	4%

* Includes double counting
Only 1* to 5* hotels have been considered for this report and not other types of accommodation units.

Portugal: Ranking by Size

CHAINS			
Rank	Chain Groups	Hotels	Rooms
1	Pestana Hotel Group	76	7,472
2	Vila Galé Hotéis	28	4,747
3	Accor Hotels	38	3,956
4	Marriott Hotels & Resorts	15	3,149
5	Minor Hotels	16	2,847
6	Sana Hotels	15	2,559
7	Hoti Hotéis	17	2,543
8	Eurostars Hotel Co. HOTUSA	20	2,256
9	Real Hotels Group	14	1,983
10	VIP Hotels	10	1,889

Rank	Domestic Chain Groups	Hotels	Rooms
1	Pestana Hotel Group	76	7,472
2	Vila Gale Group	28	4,747
3	Sana Hotels	15	2,559
4	Hoti Hotéis	17	2,543
5	Real Hotels Group	14	1,983
6	VIP Hotels	10	1,889
7	Turim Hotels	15	1,411
8	Porto Bay Hotels & Resorts	11	1,380
9	Dom Pedro Hotels & Golf	7	1,379
10	The Editory Hotels	9	1,325

Rank	International Chain Groups	Hotels	Rooms
1	Accor Hotels	38	3,956
2	Marriott Hotels & Resorts	15	3,149
3	Minor Hotels	16	2,847
4	Eurostars Hotel Co. HOTUSA	20	2,256
5	IHG Hotels & Resorts	10	1,871
6	MGM Muthu Hotels	6	1,184
7	Hilton Hotels & Resorts	6	885
8	B&B Hotels	9	829
9	Louvre Hotels	7	545
10	Corinthia Hotels	1	518

BRANDS			
Rank	Chain Brands	Hotels	Rooms
1	Pestana Hotels & Resorts	34	5,416
2	Hotéis Vila Gale	22	4,314
3	Tivoli	10	2,091
4	Ibis	20	1,892
5	Eurostars	14	1,492
6	Turim	15	1,411
7	Porto Bay	11	1,380
8	Dom Pedro	7	1,379
9	The Editory Collection Hotels	9	1,325
10	HF Hotéis Fénix	8	1,320

Rank	Domestic Chain Brands	Hotels	Rooms
1	Pestana Hotels & Resorts	34	5,416
2	Hotéis Vila Gale	22	4,314
3	Tivoli	10	2,091
4	Turim	15	1,411
5	Porto Bay	11	1,380
6	Dom Pedro	7	1,379
7	The Editory Collection Hotels	9	1,325
8	HF Hotéis Fénix	8	1,320
9	Savoy Signature	7	1,296
10	Hotéis Real	8	1,280

Rank	International Chain Brands	Hotels	Rooms
1	Ibis	20	1,892
2	Eurostars	14	1,492
3	Muthu	6	1,184
4	Meliá	7	1,117
5	Mercure	8	846
6	B&B Hotels	9	829
7	Holiday Inn Express	7	829
8	Sheraton Hotels	3	790
9	Holiday Inn	4	764
10	Marriott Hotels & Resorts	2	754

Portugal: Ranking by Scale

DOMESTIC BRANDS			
Rank	Economy & Midscale	Hotels	Rooms
1	Inatel	13	962
2	Flag Hotels	10	641
3	Barata Hotels	5	604
4	Star Inn	3	481
5	Stay Hotels	7	452
6	Hoteis Moov	4	449
7	Sana Excellence	2	412
8	HF Hotéis Fénix	3	400
9	Dom Pedro	2	340
10	VIP Inn	2	333

Rank	Upscale & Upper Upscale	Hotels	Rooms
1	Hotéis Vila Galé	21	4,156
2	Pestana Hotels & Resorts	24	2,774
3	Pestana Pousadas de Portugal	33	1,279
4	Turim	11	1,056
5	VIP Executive	6	1,009
6	Porto Bay	7	993
7	Luna	11	984
8	Tivoli	5	976
9	AP Hotels & Resorts	6	855
10	Bensaude Hotels Collection	6	798

Rank	Luxury	Hotels	Rooms
1	Pestana Hotels & Resorts	9	2,577
2	Tivoli	5	1,115
3	Epic Sana	3	881
4	NAU	6	798
5	Hotéis Real	4	759
6	Savoy Signature	2	722
7	The Editory Collection	4	696
8	Pestana Collection Hotels	5	595
9	Altis Hotels	3	469
10	Montebelo Hotels & Resorts	4	441

INTERNATIONAL BRANDS			
Rank	Economy & Midscale	Hotels	Rooms
1	Ibis	20	1,892
2	Holiday Inn Express	7	829
3	B&B Hotels	7	717
4	Moxy Hotels	2	358
5	Ibis Styles	3	301
6	Exe Hotels	2	293
7	Ikonic	1	231
8	Ibis Budget	2	177
9	Yotel	1	150
10	Mama Shelter	1	130

Rank	Upscale & Upper Upscale	Hotels	Rooms
1	Eurostars	10	958
2	Meliá	6	897
3	Mercure	8	846
4	Muthu	3	827
5	Holiday Inn	4	764
6	Tryp By Wyndham	4	626
7	Marriott Hotels & Resorts	1	577
8	Novotel	3	447
9	Vincci	4	338
10	RIU Hotels & Resorts	1	327

Rank	Luxury	Hotels	Rooms
1	Sheraton Hotels	3	790
2	Crowne Plaza	2	555
3	Eurostars	4	534
4	The Luxury Collection	3	519
5	Corinthia Hotels	1	518
6	InterContinental	3	495
7	Iberostar	2	386
8	Hilton	2	370
9	Muthu	3	357
10	Tui Blue	1	350

Portugal: Ranking per Scale & Size

CHAINS	OVERALL				DOMESTIC		INTERNATIONAL	
	Hotels	Rooms	%	Avg Size	Hotels	Rooms	Hotels	Rooms
Budget & Economy	31	2,443	5%	79	14	822	17	1,621
Midscale	113	11,223	19%	99,319	80	7,466	33	3,757
Upscale & U.Upscale	331	36,215	57%	109,411	248	25,824	83	10,391
Luxury	106	19,109	18%	180,274	67	11,960	39	7,149
TOTAL	581	68,990	100%	118,744	409	46,072	172	22,918

Portugal: Ranking by Destination

Rank	Destination	By Hotels
1	Lisbon City	139
2	Norte	118
3	Algarve	109
4	Centro	73
5	Madeira	49
6	Lisbon Area	46
7	Alentejo	29
8	Azores	18

Rank	Destination	By Rooms
1	Lisbon City	18,789
2	Algarve	16,935
3	Norte	11,392
4	Madeira	7,553
5	Centro	5,659
6	Lisbon Area	5,004
7	Alentejo	1,904
8	Azores	1,754

Portugal: Destination Pipeline

Rank	Destination	Hotel	Rooms
1	Norte	22	1,063
2	Lisbon City	23	832
3	Algarve	10	663
4	Alentejo	6	364
5	Lisbon Area	7	342
6	Madeira	3	294
7	Centro	1	90

Portugal: Demand Driver

DRIVER	DOMESTIC		INTERNATIONAL	
	Hotels	Rooms	Hotels	Rooms
Art & Business	142	16,182	123	15,713
Sun & Beach	141	20,453	34	5,773
Other Leisure	89	6,045	9	725
Wellness	15	1,569	2	235
Golf	6	450	2	328
Casino	2	456	0	0
Wine	5	416	1	57

Portugal: Hotel Investors

Rank	Name	Volume in €m
1	Azora	276,390,394
2	Henderson Park	91,668,472
3	Pestana Group	45,000,000
4	Square Asset	37,000,000
5	Sofinac	36,050,000

Source: Real Capital Analytics, past 24 months

Portugal: Institutional Owners

Rank	Name	No. of Hotels
1	Minor Int'l	6
2	Azora	4
3	Square Asset	4
4	Invesco Real Estate	3
5	Turismo Fundos SGFII SA	2

Source: Real Capital Analytics, past 24 months



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Hotel, Tourism and Leisure

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South Africa

ASIA PACIFIC

Australia
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Hong Kong
India
Indonesia
Japan
Malaysia
New Zealand
Singapore
Thailand

EUROPE

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Horwath HTL has made every effort to ensure that all data in this report is as accurate as possible at the time of publication, we cannot however guarantee that this is the case. All country figures from UNWTO.

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