Horwath HTL

Hotel, Tourism and Leisure

Spain
Hotels & Chains
Report 2021

Introduction

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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Spain

Spain remains attractive for both domestic and international hotel chains. This appeal is being reinforced as a consequence of the pandemic as well-established investors and chains continue to absorb independent hotel owners and chains looking for a way to extend the useful economic lives of their properties and improve the strength of their balance sheets.

The Market

The wide variety of demand generators, its excellent hospitality infrastructure and the highly professionalised tourism sector in general has made Spain one of the most important tourist destinations in the world, welcoming more than 80 million international tourists annually in recent years.

Hotel establishments in Spain are the key component of the country's lodging industry and evidence of this is the recent investment that has been made in this sector; more than €2.5 billion was invested in 2019.

Both domestic and international hotel chains have identified the appeal of expansion in the Spanish market, and this has led to a greater presence of chains in recent years.

This trend was maintained throughout 2020 and into 2021, although this year has seen slower growth as a direct consequence of the pandemic, which has forced many investors to put development projects on hold and therefore delay planned openings, and, in some cases, opt for strategic divestment.

Many hotel investors, owners and operators have taken advantage of the current, challenging market conditions to update and renovate properties and to reposition in anticipation of the renaissance in tourism activity for which all players in the market have been waiting for so long. This will inevitably lead to an increase in the supply of higher category hotels.

Key Points

Hotel Chain Statistics Drop

For the first time in recent years, overall data related to the level of hotel chain presence in the country have seen a decline, but not dramatically so, remaining between 2018 and 2019 levels. Chain penetration has been maintained stable in-line with previous years at around 35% by number of hotels and 58% by number of total keys.

Hotel Chain Brands Accelerate

The number of total brands has increased by approx. 17% compared to 2019 levels mainly driven by the arrival of international brands such as Four Seasons, Hard Rock, Ikos and Anantara, leading to a better-positioned and more diversified hotel offer in both urban and resort locations.

Market Leaders Consolidate Positions

In terms of room count, there are no big surprises, with Meliá Hotels Int., Eurostars Hotel Company and Barceló Hotel Group leading the ranking of domestic chains, and Marriott Int. and Accor Hotels leading the international segment. The appearance of Apple Leisure Group is a notable change, now holding fourth position with almost 10,000 rooms, after including in their management portfolio the hotels that were operated previously under the Gema Hoteles brand and four Hesperia branded hotels following their exit from management by NH. Hyatt's agreement to acquire Apple Leisure Group (ALG) with the transaction anticipated to close by the end of this year will certainly redraw the overall picture of those chains with greater presence in Spain.

Hotel Investment on Standby

Hotel investment plummeted 61% in 2020 compared to the previous year. The value of assets transacted reached €960M (with 4* and 5* hotels being the most favoured, accounting for 67% of total transactions). In the first semester of 2021, hotel investment was approx. €1,094M, exceeding the total figure for 2020. Industry experts expect transactional activity to increase in Q4, particularly in urban destinations which have been hit hardest by the pandemic.

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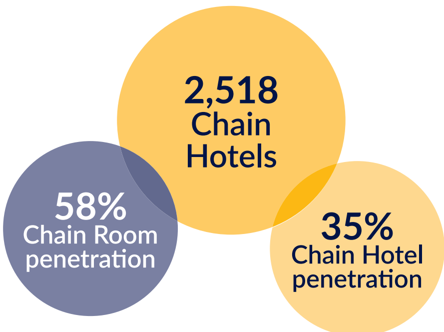

Key Statistics	2018	MAY 2021	%
Total chain hotels	2,488	**2,518**	1%
Total chain rooms	392,301	**394,698**	1%
Average size per chain hotel in rooms	158	**157**	-1%
Country hotels stock *(overall supply)*	7,401	**7.290**	-1%
Country rooms Stock *(overall supply)*	695,949	**681,599**	-2%
Average size per hotel in rooms	94	**93**	-1%
Chain penetration % by hotels	34%	**35%**	3%
Chain penetration % by rooms	56%	**58%**	3%
Total number of brands	253	**297**	17%
Domestic brands	188	**205**	9%
International brands	65	**92**	42%
Second-tier operated hotels	70	**80**	14%
International chain hotels*	372	**531**	43%
Domestic chain hotels*	2,116	**1,987**	-6%
International chain rooms*	54,494	**77,042**	41%
Domestic chain rooms*	337,807	**317,656**	-6%

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

Spain: Ranking by Size

	CHAINS				BRANDS		
Rank	Chain Groups	Hotels	Rooms	Rank	Chain Brands	Hotels	Rooms
1	Meliá Hotels International	98	28,272	1	Meliá	39	11,657
2	Barceló Hotel Group	74	18,335	2	H10	52	11,367
3	Eurostars Hotel Co. Hotusa	140	14,481	3	Barceló	41	10,484
4	Marriott International	93	13,429	4	Sol	27	9,992
5	H10 Hotels	53	11,456	5	Eurostars	92	9,828
6	Accor Hotels	93	11,291	6	Best Hotels	29	9,368
7	NH Hotel Group	93	11,276	7	Iberostar	26	7,597
8	Riu Hotels & Resorts	26	10,140	8	NH	65	7,527
9	Best Hotels	29	9,368	9	Globales	32	7,525
10	Apple Leisure Group	35	9,250	10	Riu	18	7,001
Rank	Domestic Chain Groups	Hotels	Rooms	Rank	Domestic Chain Brands	Hotels	Rooms
1	Meliá Hotels International	98	28,272	1	Meliá	39	11,657
2	Barceló Hotel Group	74	18,335	2	H10	52	11,367
3	Eurostars Hotel Company	140	14,481	3	Barceló	41	10,484
4	H10 Hotels	53	11,456	4	Sol	27	9,992
5	Riu Hotels & Resorts	26	10,140	5	Eurostars	92	9,828
6	Best Hotels	29	9,368	6	Best	29	9,368
7	Iberostar Hotel & Resorts	30	8,076	7	Iberostar	26	7,597
8	Hoteles Globales	32	7,525	8	Globales	32	7,525
9	Catalonia Hotels & Resorts	55	6,461	9	Riu	18	7,001
10	Paradores de Turismo	95	6,048	10	Catalonia	55	6,461
Rank	International Chain Groups	Hotels	Rooms	Rank	International Chain Brands	Hotels	Rooms
1	Marriott International	93	13,429	1	NH	65	7,527
2	Accor Hotels	93	11,291	2	AC by Marriott	57	6,437
3	NH Hotel Group	93	11,276	3	Alua	16	4,609
4	Apple Leisure Group	35	9,250	4	Ibis	39	4,285
5	Allsun Hotels	22	4,142	5	Allsun Hotels	22	4,142
6	B&B Hotels	38	3,537	6	NH Collection	28	3,749
7	Wyndham Hotels & Resorts	25	3,329	7	B&B Hotels	38	3,537
8	IHG	26	3,229	8	Tryp by Wyndham	21	2,776
9	Hilton	16	2,768	9	Ibis Budget	24	2,311
10	TUI Hotels & Resorts	5	1,702	10	Novotel	7	2,026

Spain: Ranking by Scale

	DOMESTIC BRANDS		
Rank	Economy & Midscale	Hotels	Rooms
1	Globales	17	3,537
2	Sol	5	2,803
3	Playa Sol Ibiza Hotels	15	2,275
4	Med Playa	7	1,866
5	Azuline	9	1,866
6	Servigroup	6	1,833
7	Catalonia	17	1,820
8	H Top	8	1,607
9	Blue Sea	8	1,443
10	Best	5	1,327
Rank	Upscale & Upper Upscale	Hotels	Rooms
1	H10 Hotels	46	9,959
2	Meliá	30	9,656
3	Barceló	30	8,139
4	Best	23	7,741
5	Sol	22	7,189
6	Eurostars	65	6,741
7	Riu	16	6,530
8	Occidental	22	5,848
9	Princess	13	5,275
10	Iberostar	17	5,078
Rank	Luxury	Hotels	Rooms
1	Meliá	9	2,001
2	Iberostar	6	1,938
3	Eurostars	12	1,937
4	Barceló	10	1,915
5	Gran Meliá	8	1,855
6	Riu Palace	4	1,613
7	H10 Hotels	3	1,249
8	Lopesán	2	1,238
9	Dreamplace Hotels & Resorts	3	891
10	Grand Palladium	2	840

	INTERNATIONAL BRANDS		
Rank	Economy & Midscale	Hotels	Rooms
1	Ibis	39	4,285
2	B&B Hotel	30	2,740
3	NH	27	2,379
4	Ibis Budget	24	2,311
5	Holiday Inn Express	17	1,881
6	Campanile	7	852
7	Allsun Hotels	4	783
8	Ibis Styles	9	712
9	Travelodge	5	621
10	Alua	2	554
Rank	Upscale & Upper Upscale	Hotels	Rooms
1	AC By Marriott	52	5,859
2	NH	37	5,090
3	Alua	14	4,055
4	Allsun Hotels	18	3,359
5	NH Collection	20	2,761
6	Tryp by Wyndham	17	2,387
7	Novotel	7	2,026
8	Aluasun	6	1,703
9	Aluasoul	6	1,324
10	Pierre & Vacances	5	993
Rank	Luxury	Hotels	Rooms
1	NH Collection	9	1,046
2	Hard Rock Hotels	2	944
3	The Ritz Carlton	2	942
4	Autograph Collection	10	887
5	Westin	3	775
6	Sheraton	3	643
7	W	2	635
8	Radisson Blu	2	611
9	Secrets	2	493
10	Dreams	1	465

Spain: Ranking per Scale & Size

CHAINS	OVERALL				DOMESTIC		INTERNATIONAL	
	Hotels	Rooms	%	Avg Size	Hotels	Rooms	Hotels	Rooms
Budget & Economy	207	14,964	4%	72,290	130	6725	77	8,239
Midscale	598	75,221	19%	125,788	478	62,626	120	12,595
Upscale & U.Upscale	1,477	259,542	66%	175,722	1,218	217,062	259	42,480
Luxury	236	44,971	11%	190,555	159	30,299	77	14,672
TOTAL	**2,518**	**394,698**	**100.0%**	**157**	**1,985**	**316,712**	**533**	**77,986**

Spain: Business Model

BY HOTELS										
	Franchise	%	Lease	%	Mgt Contr	%	Owned	%	Total	%
Economy	48	25%	62	9%	44	13%	53	4%	207	8%
Midscale	57	29%	199	28%	30	9%	312	24%	598	24%
Upscale & U.Upscale	75	39%	411	58%	191	58%	800	62%	1.477	59%
Luxury	14	7%	40	6%	66	20%	116	9%	236	9%
TOTAL	**194**	**100%**	**712**	**100%**	**331**	**100%**	**1.281**	**100%**	**2.518**	**100%**

BY ROOMS										
	Franchise	%	Lease	%	Mgt Contr	%	Owned	%	Total	%
Economy	3,658	21%	3,431	4%	4,376	8%	3,499	2%	14,964	4%
Midscale	5,614	31%	19,013	20%	3,926	7%	46,668	21%	75,221	19%
Upscale & U.Upscale	12,215	68%	63,961	69%	35,412	65%	147,954	67%	259,542	66%
Luxury	3,176	0%	6,954	7%	10,622	20%	24,219	11%	44,971	11%
TOTAL	**17,836**	**120%**	**93,359**	**100%**	**54,336**	**100%**	**222,340**	**100%**	**394,698**	**100%**

Spain: Ranking by Destination

Rank	Destination	Hotel	Rooms
1	Balearic Islands	423	79,790
2	Cataluña	512	77,301
3	Andalucía	402	69,818
4	Canary Islands	250	61,560
5	Comm. of Madrid	260	34,553
6	Comm. of Valencia	168	26,142
7	Castilla y León	100	8,542
8	Basque Country	60	7,911
9	Galicia	96	6,835
10	Aragón	55	5,813

Spain: Destination Pipeline

Rank	Destination	Hotel	Rooms
1	Barcelona	8	2,414
2	Madrid	17	2,195
3	Benidorm	4	1,260
4	Magaluf	1	1000
5	Marbella	4	783
6	Mallorca	2	695
7	Ibiza	5	667
8	Málaga	3	649
9	Tarragona	1	600
10	Sevilla	5	590

Spain: Demand Driver

DRIVER	DOMESTIC		INTERNATIONAL	
	Hotels	Rooms	Hotels	Rooms
Art & Business	687	81,454	216	29,253
Business Focus	28	3,425	103	11,770
Sun & Beach	847	190,067	107	23,077
Other Leisure	367	36,826	62	7,486
Golf	19	2,893	5	814
Mountain/Ski	20	1,630	4	351
Wine	4	169	3	236
Thermal	13	1,137	0	0

Spain: Hotel Investors

Rank	Name	Volume in €m
1	APG Group	205,000,000
2	GIC	205,000,000
3	Bankinter	203,449,714
4	Emin Capital	165,000,000
5	LaSalle	125,500,000

Source: Real Capital Analytics, past 24 months

Spain: Institutional Owners

Rank	Name	No. of Hotels
1	Blackstone	59
2	Atom Hoteles SOCIMI	21
3	Covivio	20
4	Apollo Global RE	22
5	APG Group	3

Source: Real Capital Analytics, past 24 months

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