

# Hospitality Investments in Spain 2024

CO-HOST

numa

Exclusive insights on investment trends,  
market performance, and future prospects  
in Spanish Hospitality from industry leaders

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**GRI** *Club*

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# WELCOME TO GRI CLUB EUROPE

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## INTRODUCTION

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For more than 25 years, GRI Club's exclusive networking events have been providing unique opportunities for the industry's decision makers to exchange valuable insights and experiences, igniting deal flow and potentialising the real estate market.

GRI Club reports provide the key takeaways from these events, including the most valuable insights, the most ardent discussions, and the most intriguing strategies.

This report was compiled from the conversations that took place between top industry decision-makers during GRI's **Hospitality Investments in Spain** Club Meeting at Numa Sol, the state-of-the-art alternative accommodation property of our co-host **Numa**, in Madrid.

Topics included post-pandemic recovery and growth, the strong performance of high-end hotels, the rise of alternative accommodations, investment patterns, market dynamics, and evolving traveller preferences, offering insights into the opportunities and challenges for the industry in 2024 and beyond.



# SPANISH REAL ESTATE OUTLOOK

The yields for various real estate product types in Spain have generally shown a downward trend over the past decade, reflecting increasing asset values and strong investor confidence.

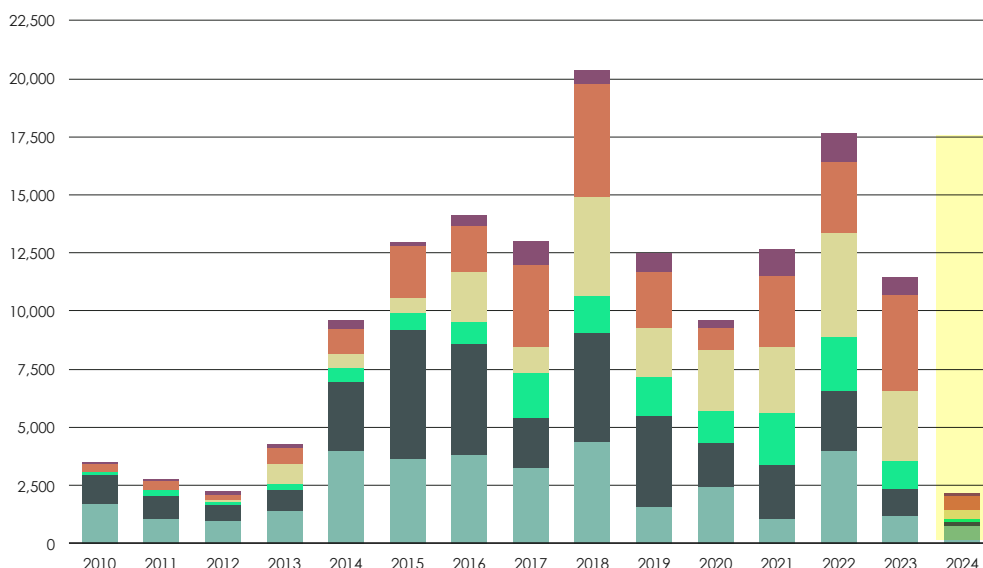
The level of macroeconomic stability seen so far in 2024 has led to stabilised yields across almost all sectors, including offices, high street, industrial & logistics, shopping centres, multifamily, student housing, and hotels.

While all sectors experienced a decline in 2020 due to the pandemic, each sector has shown varying degrees of recovery and growth:

- Retail and Office sectors experienced significant declines but saw robust recoveries by 2022 and 2023.
- Logistics maintained stronger investment levels throughout the period and saw continued growth.
- Living sector investments rebounded strongly, with significant increases by 2022 and sustained levels in 2023.
- Hotel investments were severely impacted in 2020 but showed steady recovery towards 2023.
- Alternative investments saw a gradual increase, peaking in 2022, and maintaining high levels in 2023.

## Different investment trends between sectors

Investment volume in Spain by sector (EUR Million)



Source: CBRE Research

■ Retail ■ Office ■ Logistics ■ Living ■ Hotel ■ Alternative

# HOSPITALITY OUTLOOK

The results of CBRE's [European Hotel Investor Intentions Survey 2024](#) reveal a positive outlook for the European hotel market, including a strong inclination among investors to increase their hotel investments, with over 40% planning significant expansions.

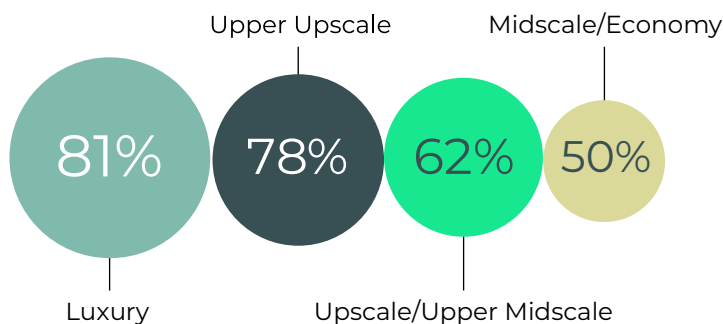
While other European cities such as London, Paris, and Rome continue to attract substantial investment interest, Spain stands out with two appearances on the list of top 10 markets expected to see increased investment interest, with Madrid ranked in second place and Barcelona at sixth.

The survey indicates a trend of stability across the continent, with luxury and upscale hotels being the most attractive to investors. Interest was also expressed towards value-add and opportunistic strategies, indicating a focus on properties with potential for enhancement and high returns.

The preference for luxury and upscale hotels underscores a broader trend towards high-end investments, showcasing confidence in the profitability and resilience of premium segments.

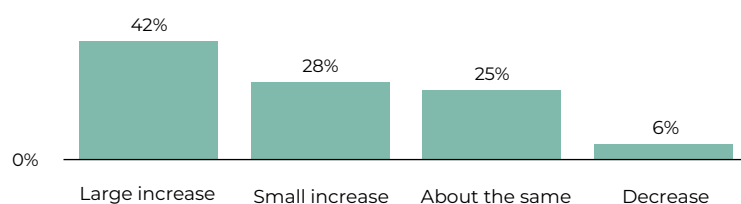
## Most preferred hotel chain scales

Respondents favour luxury upper upscale as the most attractive or somewhat attractive investments



## Investor buying intentions

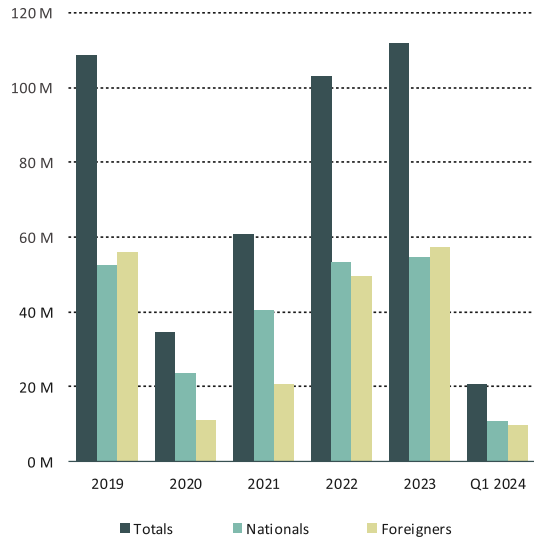
Over 40% of respondents intend to significantly increase in hotel investments in 2024



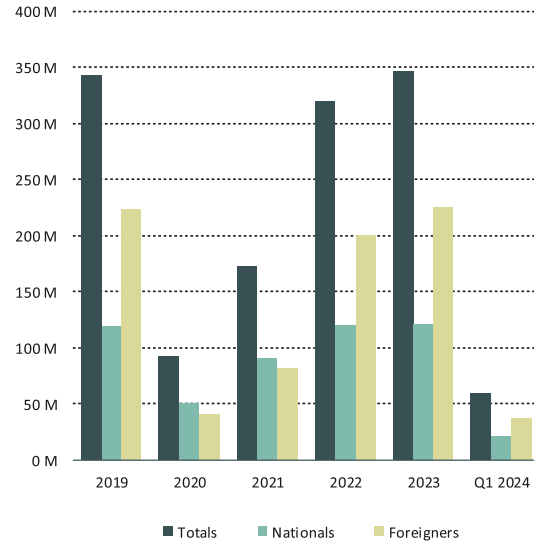
Source: CBRE Research via 2024 European Hotel Investor Intentions Survey

# SPANISH HOTEL MARKET

Travellers by year



Overnight stays by year



Source:  
CBRE  
Data  
Science  
House  
View  
(Jan' 24)

The hospitality market has shown robust recovery and growth following the pandemic-induced decline in 2020. Traveller numbers and overnight stays have been increasing steadily, with 2024 starting on a strong note.

Both domestic and international travellers are contributing to this growth, indicating a balanced recovery. The sector is nearing or surpassing pre-pandemic levels, suggesting a resilient and dynamic market environment.

Although global geopolitical instability and the Paris 2024 Olympics were noted as presenting both opportunities and risks for the tourism industry, the hospitality sector is expected to see moderate growth in 2024, influenced by a slowdown in advanced economies.

Investment trends are leaning towards high-end hotels and portfolio acquisitions, with industry leaders observing a notable focus on the average length of stay and the appeal of cooler regions as preferred travel destinations.

## » Hospitality Performance

The hospitality market in Spain has demonstrated a robust performance in the first quarter of 2024, with significant increases in key financial metrics. The Average Daily Rate (ADR) has risen by 9% to EUR 106.89, and Revenue per Available Room (RevPAR) has increased by 12% to EUR 65.31 compared to Q1 2023.

Occupancy rates have also improved, reaching 61%, up by 2 percentage points from the previous year. Historical data from 2017 to 2024 indicates a consistent recovery and growth trend, particularly following the challenges posed by the pandemic in 2020.

## » Investment Volumes

Hotel investment in Spain has shown a robust recovery and growth trajectory following the pandemic-induced decline in 2020. The first quarter of 2024 recorded EUR 577 million in investments, a 12% increase from the same period in 2023.

Historical data from 2013 to 2024 illustrates a pattern of increasing investment volumes, with peaks in 2018 and sustained high levels through 2022 and 2023. The data indicates that Q4 often sees the highest investment volumes, suggesting a strong end-of-year push in the sector.

The continued growth in Q1 2024 underscores investor confidence and a positive outlook for the Spanish hotel market.

## » Large Portfolio Transactions

The hotel investment market in Spain has seen a consistent and significant impact from large portfolio transactions, which have accounted for around 40-42% of total investments over the past decade. The years 2017 and 2018 marked significant peaks in investment volumes, driven largely by portfolio transactions.

Despite the sharp decline in 2020 due to the pandemic, the market has shown resilience and recovery, with substantial investments continuing into 2023. The first quarter of 2024 got off to a strong start with 47% of investments from portfolio transactions, indicating a continued strong performance and sustained investor confidence in the Spanish hotel market.

## » High-End Hotels

Investment in the high-end hotel segment in Spain has reached maximum levels in recent years, consistently increasing from 68% in 2019 to a peak of 85% in 2023. Despite a slight decrease to 82% in Q1 2024, the high-end segment remains dominant.

Conversely, the low-end segment's share of investments has steadily declined from 32% in 2019 to a low of 15% in 2023, with a small rebound to 18% in Q1 2024. This trend indicates a strong investor preference for high-end properties, reflecting confidence in the premium market's potential for higher returns and stability.

## » Prime Locations

The hotel investment landscape in Spain over the past year has been highly concentrated in a few key areas. The Balearic Islands, Las Palmas, Madrid, Malaga, Santa Cruz de Tenerife, and Barcelona have attracted the majority of investments, collectively accounting for 88% of the total.

The Balearic Islands lead with EUR 852 million, followed by Las Palmas with EUR 766 million. Madrid and Malaga also saw significant investments, each contributing over EUR 500 million.

This distribution highlights a strong preference for investment in these prime locations, reflecting their attractiveness and potential for high returns in the Spanish hotel market.

## » Six Key Trends to Watch in the Hotel Industry

### 1) Bleisure Travel

The blending of business and leisure travel is becoming increasingly popular. Travellers are extending business trips to enjoy leisure activities, indicating a shift in how people balance work and personal time.

### 2) Wellbeing

There is a growing emphasis on health and wellbeing. Hotels are focusing on providing wellness amenities and services, such as spas, fitness centres, and healthy dining options, to cater to the holistic needs of their guests.

### 3) Changing Traveller Demographics

The demographics of travellers are evolving. Younger generations, including Millennials and Gen Z, are becoming more prominent, bringing different preferences and expectations, such as a desire for unique experiences and digital connectivity.

### 4) Sustainability

Environmental sustainability is a key focus. Hotels are adopting green practices like energy efficiency, waste reduction, and the use of sustainable materials to meet the increasing demand for eco-friendly accommodations.

### 5) Personalised Experiences

Customisation and personalisation are critical to enhancing guest experiences. Hotels are leveraging data and technology to offer tailored services and experiences, ensuring that guests' individual preferences and needs are met.

### 6) Technology & Data

The integration of advanced technology and the utilisation of data are transforming the hotel industry. This includes the use of smart room features, AI-driven customer service, and data analytics to improve operational efficiency and personalise guest interactions.



# ALTERNATIVE ACCOMMODATION ASCENDING

The hospitality sector is experiencing rapid growth in the alternative accommodation asset class driven by tighter regulations, which have significantly reduced the supply of Airbnb accommodations in major cities. Notable supply reductions include Barcelona (46%), Amsterdam (65%), Berlin (54%), Paris (51%), Hamburg (69%), and Prague (46%).

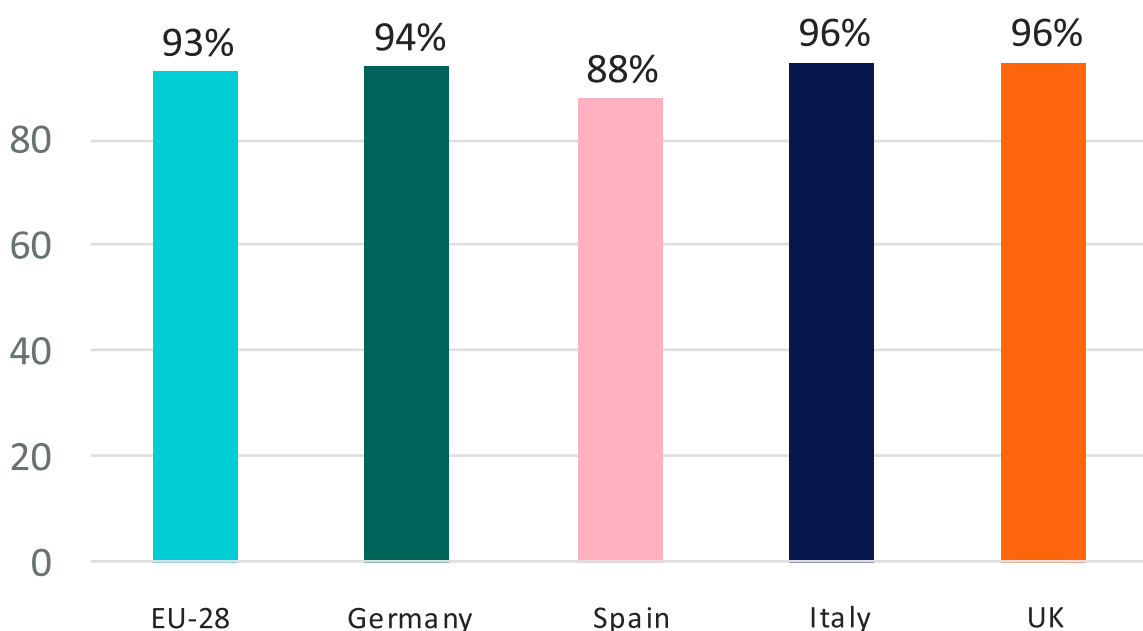
Overall, more than 40% of Airbnb supply in major cities has been wiped out since 2018 due to these regulations. The market remains highly fragmented, with 90% of it comprising individual hosts, highlighting a low level of professionalisation.

This situation has been further exacerbated in Spain following an announcement by the Mayor of Barcelona to ban all short-term apartment rentals for tourists by 2028 in order to deal with the Europe-wide housing crisis.

Small hotels, especially those with fewer than 100 rooms, are prevalent across Europe and dominate the market in countries like Germany (94%), Spain (88%), Italy (96%), and the UK (96%). The ubiquity of these assets presents interesting opportunities for investors to fill in the gap left by the Airbnb drop-off.

## Repositioning Small Hotels

Share of hotels with less than 100 rooms



## » **Alternative Advantages**

Alternative accommodations are effectively addressing the evolving needs of the 21st-century travel market. This sector has seen substantial growth, with its market share tripling from approximately 10% in 2010 to over 30% in 2019, driven by a significant shift in guest preferences.

The global short-term accommodation market is projected to grow from USD 1,248 billion in 2019 to USD 1,826 billion by 2030, an increase of USD 578 billion, highlighting the expanding opportunities within this sector.

Alternative accommodations offer a compelling proposition with their guest journey automation, catering to short, mid, long, and extended stays. These accommodations were noted to offer lower operating staff costs compared to traditional hotels, enhancing their cost-efficiency and profitability. The emphasis on automation and flexibility makes them an attractive option for both guests and investors.

## » **Competitive Advantages**

Finding a competitive advantage in this market lies in the efficient use of space and minimalistic requirements for both front and back of house areas. Built-in operational flexibility allows for adaptability across various stay durations, and the scalable operating structure is seen to be profitable with as few as 15 units.

With digitisation having the potential to reduce operating costs by more than 60%, these accommodations also offer downside protection by adapting to temporary and long-term stay needs. The versatility in property types, including serviced apartments, tourist apartments, hostels, and conversions, further underscores their robust market potential.

## » **Travel Trends**

Traveller behaviour and preferences have also shifted notably. During the pandemic, 19% of travellers stayed in a vacation rental for the first time, and 86% plan to continue booking vacation rentals post-pandemic.

Furthermore, 52% of travellers now prefer vacation rentals over traditional hotels, reflecting a lasting change in preferences. This shift underscores the increasing importance of alternative accommodations in the travel industry, offering significant growth potential and opportunities for investors.

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Founded in 1998 in London, GRI Club currently brings together more than 17,000 senior executives spread across 100 countries, operating in both real estate and infrastructure markets.

GRI Club's innovative discussion model allows free participation of all executives, encouraging the exchange of experiences and knowledge, networking and business generation.

GRI Club Members also have access to our exclusive online platform to learn more about other members and their companies, correspond and schedule meetings, and receive unrestricted access to all GRI Club content.

[Find out more about GRI Club Europe.](#)

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# GRI Club



GRI Club Europe



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