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IN FOCUS:

SPAIN-

THE TOURISM SECTOR IS HEADING THE RECOVERY

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Annex – interviews with:

- Secretary of State for Tourism
- Mayor of Barcelona
- Mayor of Madrid
- UNWTO
- CEHAT
- Exceltur

This market snapshot provides an overview of the recent performance of the lodging industry in Spain in terms of demand and supply and analyzes past and future tourism trends. In writing these articles we utilise the expertise of HVS for each market combining our in-house data and research together with published information and interviews with opinion leaders regarding each of the examined destinations.

Tourism key highlights 2014*

- 2014 has been a second consecutive record year for Spain, with 65 million international arrivals, +7,1% over 2013, the highest result in 14 years. Tourism contributes roughly to 11% of the country GDP and created 25% of the new jobs registered in Spain last year.
- Spain, 2nd country in the world for UNESCO Heritage, in 2014 is again the 3rd most visited country in the world and the 2nd in term of international tourism spending.
- Tourism is considered a strategic sector by the Government that recently adopted new rules to boost growth through the Integral Plan for Tourism and the Law regulating Coastal areas.
- Madrid, the capital, registered in 2014 almost 8,5 million visitors (+11% over 2013) and hotel occupancy increased by 11,2%.
- Barcelona registered in 2014 7 million visitors, hotel occupancy at 71.9% and an estimated ADR at €118.2
- The IMF (International Monetary Fund), forecasts for Spain a growth in GDP of 2% and 1.8%, respectively in 2015 and 2016, making Spain the country with highest GDP growth in Europe.
- The forecasts for the tourism sector for the next years are very positive, with expected consistent recovery of the internal demand (thanks to improving economic conditions) and continuing increase in international visitors, due to consolidated image of Spain brand, focused political actions and arrival of international operators.

Country Overview

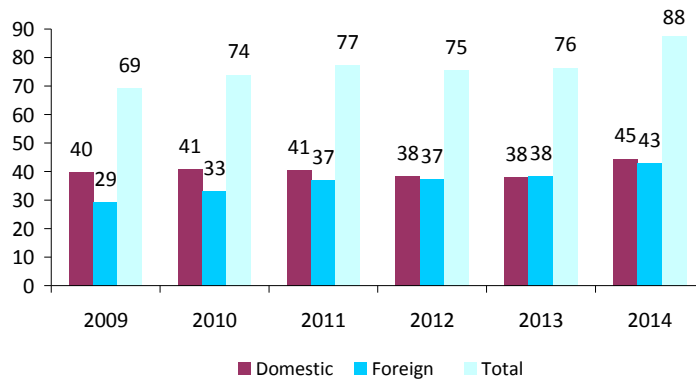
Spain is a sovereign state located in the Iberian Peninsula in southwestern Europe. Its mainland is bordered to the south and east by the Mediterranean Sea except for a small land boundary with Gibraltar; to the north and northeast by France, Andorra, and the Bay of Biscay; and to the west and northwest by Portugal and the Atlantic Ocean. Along with France and Morocco, it is one of only three countries to have both Atlantic and Mediterranean coastlines. Its 1,214 km border with Portugal is the longest uninterrupted border within the European Union. Spanish territory also includes the Balearic Islands in the Mediterranean, the Canary Islands in the Atlantic Ocean off the African coast, three exclaves in North Africa, Ceuta, Melilla and Penon de Velez de la Gomera that border Morocco, the islands and penones (rocks) of Alboran, Chafarinas, Alhucemas, and Perejil. With an area of 505,992 km², Spain is the second largest country in Western Europe and the European Union, and the fifth largest country in Europe with a population of 47.27 million people (estimate of 2013). The climate of Spain, its geographic location, popular coastlines, diverse landscapes, historical legacy, vibrant culture and excellent infrastructure, has made its tourism industry among the largest in the world.



*Data for 2014 are in a provisional basis as presented by INE the National Institute of Statistics.

Hotel Arrivals

CHART 1: DOMESTIC AND FOREIGN ARRIVALS AT ALL LICENSED ESTABLISHMENTS 2009-2014 (IN MILLIONS)



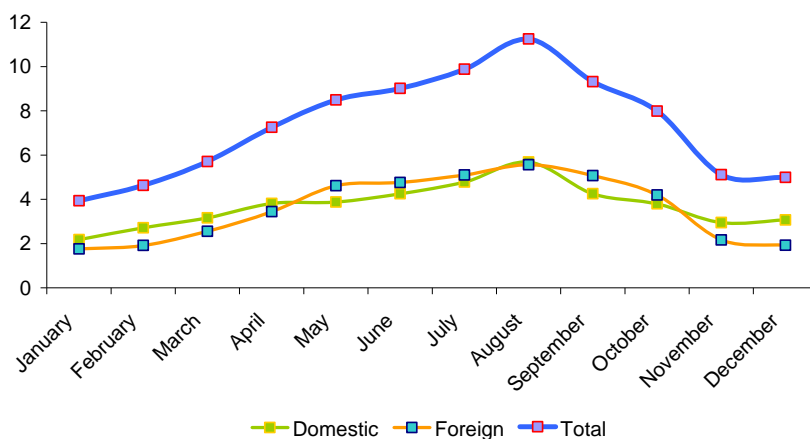
Source: National Institute of Statistics

Total arrivals at hotels recorded a healthy compound annual growth rate of nearly 5% over the 6-year period from 2009 to 2014. Annual domestic tourist arrivals at hotels recorded a compound annual growth rate of more than 2%, while foreign arrivals recorded a compound annual growth rate of about 8% for the same period.

Seasonality

Chart 2 highlights the rather seasonal pattern of visitation at Spain's hotels illustrating the monthly hotel arrivals for 2014. Peak of demand occurs from May-June to September.

CHART 2: DOMESTIC AND FOREIGN ARRIVALS BY MONTH IN 2014, AT ALL LICENSED ESTABLISHMENTS (IN MILLIONS)



Source: National Institute of Statistics

Hotel Supply

The primary accommodation stock relates to four-star hotels with more than 621,000 beds in 2,064 hotels and three-star with more than 404,000 beds in 2,487 hotels. Lower categories represent just 13% (9% and 4%) of the available beds and 5-star hotels the 6% of the total beds supply.

TABLE 3: HOTEL SUPPLY BY CLASSIFICATION, 2011-14

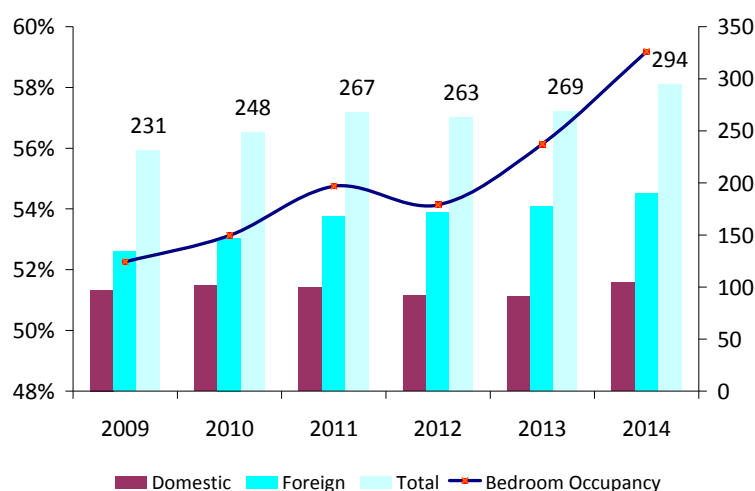
Hotels					Share (2014)	Compound Annual Growth Rate 2011-14
Units	2011	2012	2013	2014		
5-star	251	256	251	251	3 %	0.0 %
4-star	1,929	1,986	2,030	2,064	26	2.3
3-star	2,515	2,506	2,504	2,487	32	-0.4
2-star	1,890	1,890	1,865	1,875	24	-0.3
1-star	1,189	1,188	1,160	1,163	15	-0.7
Total	7,774	7,826	7,810	7,840	100 %	0.3 %

Beds					Share (2014)	Compound Annual Growth Rate 2011-14
Units	2011	2012	2013	2014		
5-star	81,375	81,681	78,586	78,106	6 %	-1.2 %
4-star	571,746	589,135	607,335	621,098	49	2.0
3-star	426,629	417,412	411,101	404,028	32	-1.2
2-star	117,721	116,708	113,143	110,354	9	-1.3
1-star	51,049	49,185	47,592	47,675	4	-2.3
Total	1,248,520	1,254,121	1,257,757	1,261,261	100 %	0.2 %

Source: National Institute of Statistics

Demand for Hotel Accommodation

CHART 4: DOMESTIC AND FOREIGN ACCOMMODATED BEDNIGHTS AT ALL LICENSED ACCOMMODATED ESTABLISHMENTS 2009-2014 (IN MILLIONS)



Source: National Institute of Statistics

Hotel demand hit a record high in 2014, with 294.4 million **overnight stays** from 268.6 million people that stayed at hotels in 2013. There was an increase in the total overnights stays compared to 2013 by 9.6%. Domestic accommodated bednights recorded a positive compound annual growth rate of 1.4% from 2009 to 2014. Foreign accommodated bednights registered a healthy compound annual growth rate of 7.2% for the same period. The average length of stay for domestic travellers was 2.4 days while for foreign travellers was 4.5 days. Total overnights for Spain posted a positive compound annual growth rate of about 5% with an overall average bedroom occupancy of 54.9% for the last six years.

The Canary Islands and the Balearics are the most popular tourism destinations in Spain

with 21% (63 million) and 18% (52.2 million), respectively, of the total overnights in Spain for 2014. Catalonia, Andalucia, and Valencia follow with respectively, 17%, 15%, 9% of 2014 total overnights. The Canary Islands, Andalucia, and Madrid have been the regions to most benefit from the influx of foreign visitors last year, while Catalonia and the Balearic Islands, even with positive global results, have been hit by the drop in numbers of Russian arrivals and the drop in hotel bookings by German tourists, respectively.

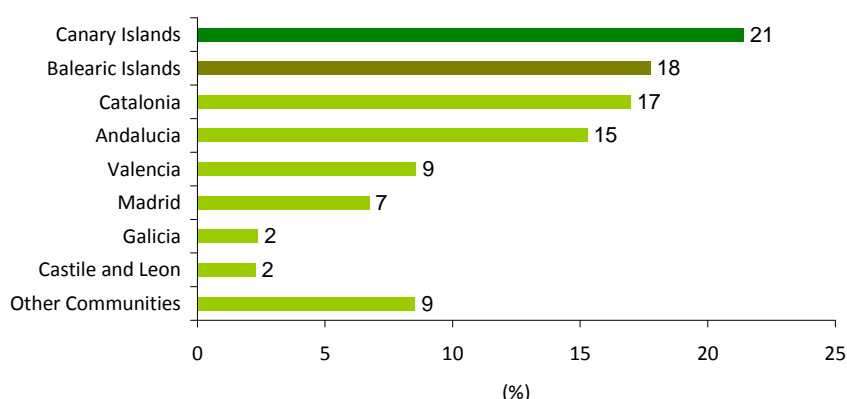
CHART 5: ACCOMMODATED BEDNIGHTS BY REGION, 2014 (000S)

Community	Accommodated Bednights
Canary Islands	63,070
Balearic Islands	52,276
Catalonia	50,019
Andalucia	45,013
Valencia	25,252
Madrid	19,846
Galicia	7,045
Castile and Leon	6,750
Other Communities	25,146
Total	294,416

Source: National Institute of Statistics

Chart 5 and 6 indicates the accommodated bednights by region for 2014, expressed by thousands and by percent share respectively.

CHART 6: PERCENT SHARE OF TOTAL ACCOMMODATED BEDNIGHTS BY REGION, 2014



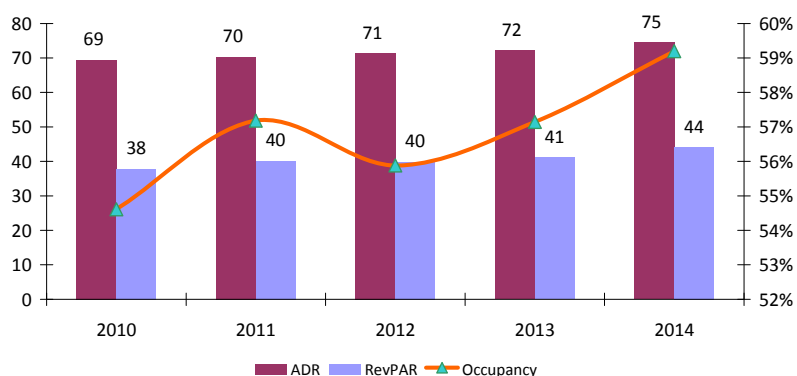
Source: National Institute of Statistics

National Lodging Performance

The increase in demand registered in 2014 across the country was directly reflected in the average occupancy rate which was 59.2%, 3.6% higher than in 2013. The average daily rate (ADR) rose by 3.3% to €74.5 in 2014, the highest figure for the last five years.

Both indicators caused the revenue per available room (RevPAR) to have a compound annual growth of nearly 4% over the last five years.

CHART 7: NATIONAL OCCUPANCY (%), ADR (€), AND REVPAR (€) 2010-2014



Source: National Institute of Statistics

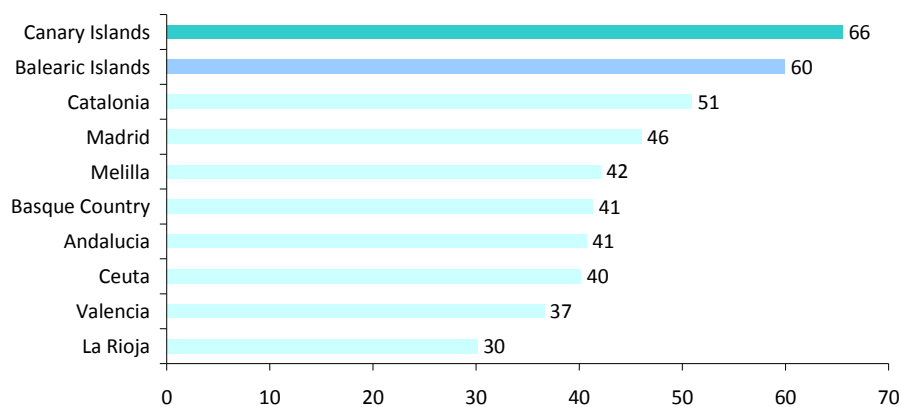
As per data illustrated in table 7, Catalonia and the Canary Islands show the highest ADR by €83.3 and €81.7, respectively, followed by Balearic Islands with €78.8. The Canary Islands show the highest RevPAR by €65.6 followed by Balearic Islands with €60.

TABLE 8: ADR (€) AND REVPAR (€) BY AUTONOMOUS COMMUNITIES, 2014

Community	ADR	Change over 2013 (%)	RevPAR	Change over 2013 (%)
Andalucia	74.3	4.5	40.7	8.8
Aragon	53.7	1.7	18.1	7.7
Asturias	55.8	-2.3	20.9	2.5
Balearic Islands	78.8	5.6	60.0	4.2
Canary Islands	81.7	4.2	65.6	8.6
Cantabria	63.3	1.3	26.0	4.8
Castile and León	52.7	0.9	18.3	6.7
Castilla-La Mancha	53.8	0.1	15.8	8.1
Catalonia	83.3	3.2	50.9	4.6
Valencia	62.3	3.5	36.6	7.2
Extremadura	52.8	-0.8	16.5	1.4
Galicia	53.0	1.2	18.0	4.8
Madrid	74.3	-0.7	46.0	10.8
Murcia	57.0	-1.4	26.9	6.1
Navarra	60.0	-1.4	25.0	8.0
Basque Country	75.2	2.1	41.3	3.8
La Rioja	60.0	0.8	30.1	9.0
Ceuta	71.9	5.3	40.2	14.1
Melilla	64.1	0.1	42.1	25.4
TOTAL	74.5	3.4	44.1	7.0

Source: National Institute of Statistics

CHART 9: REVPAR BY AUTONOMOUS COMMUNITY IN 2014 (€)



Source: National Institute of Statistics

The top 10 communities in terms of their 2014 achieved RevPAR are illustrated in the following chart.

Table 10 illustrates that, among pure hotels, five-star hotels achieved ADR and RevPAR at €163 and €106 respectively, recording also the highest increase in 2014 over 2013 in ADR and RevPAR by 4.8% and by 10.7%.

TABLE 10: NATIONAL ADR (€) AND REVPAR (€) BY HOTEL CLASSIFICATION, 2014

Hotel Classification	ADR	Change over 2013 (%)	RevPAR	Change over 2013 (%)
5-star	163	4.8	106	10.7
4-star	81	3.3	56	6.7
3-star	60	2.5	39	4.1
2-star	52	-0.9	23	2.1
1-star	49	2.5	18	6.7
Guesthouses: Silver stars				
3 and 2	48	6.1	16	15.0
1	38	-7.3	11	-2.7
TOTAL	75	3.4	44	7.0

Source: National Institute of Statistics

Table 11 showcases the best 3 performing regions for each hotel category in 2014. Barcelona make the highest figures in terms of ADR and RevPAR for 5 star and 4 star hotels, respectively €213, €151 and €108, €82.

TABLE 11: PERFORMANCE RESULTS (€), BARCELONA, MADRID, VALENCIA, 2013-2014

Five-star	Barcelona		Madrid		Valencia	
	2013	2014	2013	2014	2013	2014
ADR	205	213	155	161	135	N/A
RevPAR	149	151	91	107	85	N/A

Four-star	Barcelona		Malaga		Madrid	
	2013	2014	2013	2014	2013	2014
ADR	107	108	83	86	78	80
RevPAR	79	81	56	63	48	53

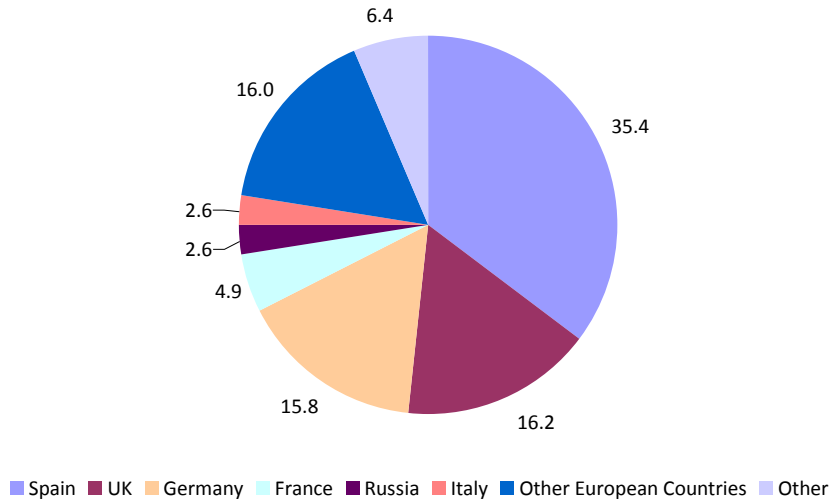
Three-star	Barcelona		Sevilla		Bilbao	
	2013	2014	2013	2014	2013	2014
ADR	84	81	66	67	65	65
RevPAR	62	60	37	41	41	42

Source: CEHAT Hotel Monitor

Source Markets

Table 12 illustrates the top 3 source market countries in terms of accommodated overnights. Spain (internal demand) was the dominant source market in accommodated overnights accounting for more than 35%, followed by the UK at 16%, and Germany with nearly 16%. Two thirds of the total overnights are represented by 3 countries.

CHART 12: SHARE OF TOTAL ACCOMMODATED BEDNIGHTS BY SOURCE COUNTRY (%), 2014

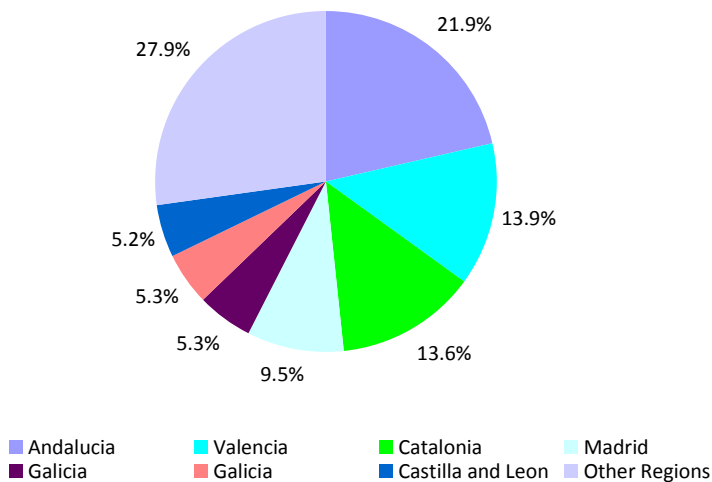


Source: National Institute of Statistics

Breakdown of Internal Demand

The top 4 destinations for domestic travellers are Andalucia with nearly 22% of the total domestic market demand, expressed in hotel overnights, followed by Valencia with nearly 14%, Catalonia with 13.6%, and Madrid at 9.5%.

CHART 13: SHARE OF DOMESTIC TRAVELLERS BY REGION (%), 2014

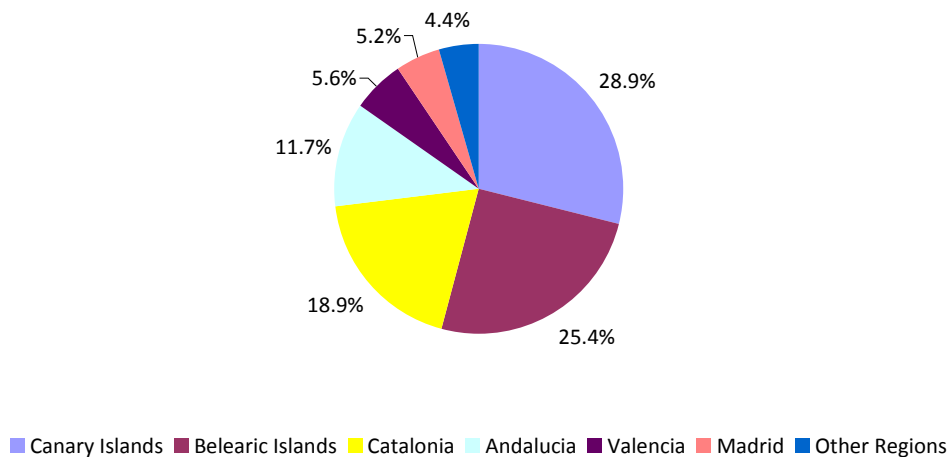


Source: National Institute of Statistics

Breakdown of International Demand

The top 4 destinations for foreign travellers are Canary Islands with nearly 29% of the total foreign market demand, expressed in hotel overnights, followed by Balearic Islands with 25.4%, Catalonia with about 19%, and Andalucia at 11.7%.

CHART 14: SHARE OF FOREIGN TRAVELLERS BY REGION (%), 2014



Source: National Institute of Statistics

Conclusion

Tourism is a State policy in Spain stressing that the sector accounts for 10.9% of Spain's GDP and generates one in 9 jobs, and as such is a strategic sector for both the present and the future of the economy. Spain is the third most visited country in the world, and the second destination in terms of foreign earnings from tourism. With tourism representing 25% of all new jobs created in Spain in 2014, the sector remains firmly positioned as one of the country's most important economic sectors. Spain's remarkable tourism success would not have been possible without support from the highest political level. Further proof of this is the hosting of WTTC's 15th annual Global Summit on 15-16 April 2014 in Madrid. With the investment and enthusiasm Spain is showing in the sector, it is one which will continue to underpin the country's economy for the long term. Important regulations regarding new hotel accommodation and the apartments offered for rent to tourists are going to be implemented in the main regions in order to protect the operators and to guarantee a healthy and balanced development of the offer. In 2014, Spain received 65 million international tourist arrivals – a new historic record and the highest growth (+7%) in the last 14 years.

ANNEX

HVS Interviews with Spanish opinion leaders and tourism institutions

HVS discussed with the representatives of main hotel and tourism institutions in Spain, as well with the majors of Madrid and Barcelona, their views on the trends of the tourism sector in 2014-2015, the opportunities and the issues arising and possible actions that will affect the sector in the near future.

SECRETARY OF STATE FOR TOURISM - Mrs. Isabel María Borrego Cortés - PRESIDENT OF TURESPAÑA



TURESPAÑA's remit, as an organisation, is to promote Spain as a destination abroad. TURESPAÑA carries out its activity abroad through the network of Spanish Tourism Offices (Oficinas Españolas de Turismo), which depend on Spain's embassies and consulates.

“2014 has been the year in which the exceptional tourism situation Spain is going through has been confirmed. For the second year in a row, we have achieved an unprecedented number of international tourists arrivals (65 million) thus having the biggest variation from year to year in the last fourteen (years). The total amount expended by international tourists in Spain in 2014 has reached 63.094 million €, which means a year on year average growth of 6.5%, again reaching record numbers with no comparison in the historical series. Furthermore, 2014 ended with a rise of a 3.4% in jobs related to tourist activities (65.000 more affiliates), surpassing the 2.000.000 million workers, a new maximum in all the statistical series. In relation to accommodations, namely hotels, during the last year they have received 87.6 million travelers who made 294.4 million overnight stays which mean a year on year growth of 4.5% and 2.9% respectively. The year-to-year evolution in hotel overnights shows a growth of 3.5% in national travel and 2.6% in international travel. All this information comes to confirm the strategic and essential role tourism plays as a driving force for economic growth, dynamism and innovation. Tourism represents a sector oriented towards the creation of new opportunities, the internationalization of our companies and the export of our know-how.

Although is truly complicated to make any predictions for the next two or three years, given the multiple economic, geopolitical, technological and social variables that affect tourism, we are confident that the positive trend of the last years consolidates both in number of arrivals and expenditure level but, above all, in profit. We specially hope that, in the short term and regarding the incipient improvement of the consuming levels, internal tourism reaches full recovery and helps to reinforce the sector, sector that should also be favored by the benefic effects derived from legal modifications such as the Market Unit Law or the search for a legal homogenization. These two achievements will give more legal security, an increase in investment and more effectiveness in international promotion activities.

The assessment of 2014 in relation to hotels is very positive. We cannot forget that Spain has the privilege of having an outstanding hotel sector with a wide international presence and an experience and know how more and more demanded and exported. The economic recovery has reactivated the market, favoring an increase of the income per room and a generalized improvement of the results. Regarding the present year, the perspectives are very favourable with increases in trusting levels both from the consumers and the sector, in accordance to the different macroeconomic variables”.

MAYOR OF MADRID (MAD) - Mrs. Ana María Botella Serrano

“Spain is undoubtedly a world leader in tourism (number of visitors, overnight stays, money spent), but its tourism development model faces a number of challenges. **The national government has been working to develop the tourism industry through plans based on the need to overcome its polar nature**, i.e. the way that tourist attractions associated with sun and the beach sit in opposition to all of Spain's other attractions. The aim is to overcome the way that demand hinges on weather and on specific regions, with the bulk of tourism-related income generated during the main holiday periods and in coastal areas, as well as our heavy dependence on the specific markets that send us most of our tourists.

It is important to note the **outstanding efforts** of all of those involved, which were **responsible for drawing a record number of 8,358,498 tourists to Madrid last year, the highest annual figure achieved to date**. This increase of 11.1% over the previous year establishes Madrid as a leading national and international city destination.



The friendliness and care shown to tourists by professionals in Madrid's tourism sector also drove overnight stays in the city to a record high in 2014: 16,511,232 nights, an increase of 11.2%. Along with the rest of the country, the city of Madrid is thus clearly on the right track, one that will lead to growth and job creation.”

MAYOR OF BARCELONA (BCN) - Mr. Xavier Trias i Vidal de Llobatera



“The provisional figures for tourism in 2014 all point in the same direction: it was a year of historic maximums in many fields, both in the number of foreign visitors or overnight hotel stays, as well as airport travellers. These figures show that tourism is a key sector for the Spanish and Catalan economy and for our city. While in Spain it is estimated that the GDP for tourism grew 2.9% in 2014, more than double for all the sectors overall, **in Barcelona tourism contributes 12% of the GDP and more than 120,000 jobs**. In this sense, it is one of the sectors that has contributed most to the general improvement of the labour market, reducing the unemployment figures and boosting new contracts.

From the City Council of Barcelona we want to continue working to consolidate a model of sustainable and responsible tourism, which guarantees the matching between tourism and the everyday lives of the citizens. For this reason we have boosted **initiatives that foster the territorial decentralisation of tourism** and that help to spread the wealth generated by the touristic activity, as well as preserving the coexistence and social cohesion in all the neighbourhoods of the city. Good examples of this include the **district plans of tourism**, the actions in the Park Güell and the surroundings of the Sagrada Familia, and the **special plan for the regulation of the Housing for Tourist Use**, amongst others.

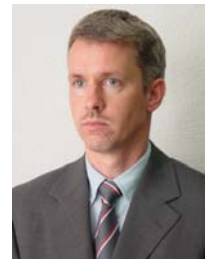
The panorama for 2015 is quite optimistic. We hope that the internal demand continues to grow thanks to the improvement of the economy and we will continue working on consolidating Barcelona as one of the main tourist destinations in the world. Boosting a **new model of management and the promotion of a responsible tourism of quality**, which reverts in the wellbeing and quality of the life of people”.

UNWTO (WORLD TOURISM ORGANIZATION) AND SPAIN'S PRIME MINISTER DECLARATIONS AT GLOBAL TOURISM FORUM – MADRID (27 JANUARY 2015)

The World Tourism Organization (UNWTO) is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism.

Mr. John Kester - DIRECTOR TOURISM MARKET TRENDS PROGRAMME

“In recent years international tourism to Spanish destinations has shown sustained growth, **reaching 65 million international arrivals in 2014 a new historic record and the highest growth (+7%) in the last 14 years**. Spain owes its attractiveness to its pleasant climate and appealing geography, its rich cultural heritage, diversified product offer and over two million professionals working hard every day to make this a success.”



This success had not been possible without a strong commitment from the Spanish Institutions to support the entire sector and in recognition of tourism's ability to create jobs and socio-economic growth, **UNWTO Secretary-General, Taleb Rifai**, and the **President and CEO of WTTC, David Scowsill**, on the occasion of the Spain Global Tourism Forum held in Madrid (Madrid, Spain, 27 January 2015), delivered to the **Prime Minister of Spain, Mariano Rajoy** the UNWTO/World Travel and Tourism Council (WTTC) Open Letter on Travel and Tourism.

“Tourism is a State policy in Spain”, said **Prime Minister Rajoy** stressing that the sector accounts for 10.9% of Spain's GDP and generates one in 9 jobs, and as such “is a strategic sector for both the present and the future of our economy”. Spain is the third most visited country in the world, and the second destination in terms of foreign earnings from tourism. With tourism representing 25% of all new jobs created in Spain in 2014, the sector remains firmly positioned as one of the country's most important economic sectors.

“Spain's remarkable tourism success would not have been possible without support from the highest political level. By accepting the Open Letter, Mr. Rajoy re-affirms the Spanish Government's incredible backing of the tourism sector, which I trust will continue making the sector a key driver in the country's economic and social development”, said **Mr. Rifai** on the occasion.

David Scowsill said: “Spain will host WTTC's 15th annual Global Summit on 15-16 April in Madrid, where WTTC members – the Chairmen and CEOs of the world's leading travel and tourism companies - will convene with government ministers and

other industry leaders to debate and recommend policies which drive travel and tourism growth. The hosting of this Global Summit underlines Spain's prioritization of tourism. With the investment and enthusiasm Spain is showing the sector, it is one which will continue to underpin the country's economy for the long term".

The UNWTO/WTTC Open Letter calls on Heads of State and Government around the world to acknowledge tourism's key role in delivering more sustained and balanced socio-economic growth and to prioritize the sector higher in national policies in order to maximize its potential.

CEHAT - Mr. Ramón Estalella Halffter - GENERAL SECRETARY, *Spanish Confederation of Hotels and Tourist Accommodation*



"Spain is showing a great strength attracting foreign tourists, probably due to a combination of moderate prices, climate, security, connectivity and infrastructures. The good news this year 2014 is the recovery of the domestic market and we can assure and anticipates a positive data if the economic recovery continues, which will increase the profitability of investments and consolidation of employment in hospitality.

Notwithstanding the recovery in some Northern African countries (i.e. Egypt), in 2014 foreign tourists have chosen Spain as one of their preferred destinations in Europe and Mediterranean area. Spanish domestic tourism has increased too and this is very positive, as 50% of Spanish territory has practically no foreign tourism yet. Image of Spain as a tourist destination is improving year after year and also business and MICE segments have grown in the last 2 years, but there is a possible issue related to oversupply because a lot of hotels and tourism accommodation complexes have been built

in the last years. Spain all year average occupancy in the last years have been around 52%, while many countries reach more than 60%; almost 40% of the hotels in Spain close six months. Guest Houses and tourist apartments are growing in the cities, while the big players are focused on upscale and luxury sectors.

If Spain will be able to adjust and improve its products to better fit the profile of visitors and works to promote and develop the sector not only in Madrid and Barcelona, then, there will healthy and sustainable growth.

Increase of offering of private apartments, rented for tourism use, without complying with the rules will create problems (50% annual growth - underground economy). The opportunities are mainly in intermediate hotel categories, as everyone wants to open 5 stars but it should be considered the price and potential customers. In Sun and Beach destinations there are not yet many foreign brands (i.e. Canary Islands is very interesting, but after four years of record results could be difficult to find cheap deals)."

EXCELTUR - Mr. Oscar Perelli - DIRECTOR STUDIES & RESEARCH

EXCELTUR, Alianza para la Excelencia Turística (Alliance for Excellency in Tourism), is a non-profit group formed by the Chairmen of the 22 leading Spanish tourist groups



"Spanish tourism industry faces the challenge to boost its economic impact and business profitability in the positive scenario expected for 2015. It is the time to reinforce public policies and private strategies to invest in more differentiated products and better public spaces (especially in sun and beach destinations) to attract higher spending tourists and reduce the competition by price. This will be the main guaranty to grow in terms of incomes, multiplying effects and employment instead of just the number of arrivals. 2014 has been a very positive year. There has been a growth in foreign demand in the Spanish sun and beach destinations in the last years, benefiting Spain of persistent instability in some Mediterranean countries. RevPAR growth in holiday destinations was over 7% in 2014. In the holiday segment we positively see in the Balearic Islands a tendency to reconvert old hotels built in the '60. The Balearic government incorporated flexibility for the hotel conversion and has invested 200 million Euro in 2013 for that purpose. Ushuaia beach hotel in Ibiza and Melia Resort (4 hotels reform has changed the configuration of the beachfront) and Hardrock are examples. Canary Islands have the same objective but most backward. In the Canary Islands there was a moratorium to build but in January was reopened to new investments in 4-star units (moratorium has been in force since 2002 and could be built only 5-star hotels). Seasonality is difficult to change in holiday destinations in Spain (only 4 months summer). The urban areas and cities that have seen a sharp fall in prices in the last years of crisis have finally begun to recover in 2014 (+6%). New products are appearing together with international brands and the highest penetration is in Barcelona, while Madrid only now begins to be streamlined (i.e. The Four Seasons Canalejas project). In medium-sized cities there has been an oversupply of 4 star hotels in the past and there is a lot of supply at present. On the other end, we are seeing a recovery in internal demand for short breaks in urban and holiday destinations (both in leisure and business travel). A recovery in the social-economic climate and political stability in the Northern African countries could challenge again the growth in Spanish holiday destinations".



About HVS

HVS is the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming, and leisure industries. Established in 1980, the company performs 4,500+ assignments each year for hotel and real estate owners, operators, and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 30 offices and 450 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. www.hvs.com

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HVS ATHENS AND HVS MILAN, established in 2006 and 2012, respectively, offers a wide range of expert consulting services for hotels, resorts, serviced apartments and mixed-use developments for leading hotel companies, banks, and hotel development and investment groups. Our consultants have advanced degrees in hotel management, possess hotel operating experience, and provide deep knowledge of the industry in order to assist hotel owners, operators, architects, investors, and developers with feasibility studies, valuations, strategic and branding advisory, transaction advisory, operator search, asset management services, and market research and demand analysis.

ABOUT THE AUTHORS



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