

TOURISM: MADRID AFFECTED BY THE RECESSION MORE THAN BARCELONA



The recovery of Madrid's hotel industry would be possible by investments in public-private initiatives regarding international promotion, reactivating leisure offer of the city to attract national and international visitors, as well as launching low cost air connection with major European cities to regain Madrid's lost role as a 'city break'.

These are the findings of the tourism year analysis released by Magma Hospitality Consulting. **The whole country received in just 11 months of 2013 almost the same number of foreign visitors like in the previous year (57.6 million visitors)**, representing an increase of 5% over the first eleven months of 2012. Catalonia attracted 25.8% of the total amount of tourists, which is an increase of 7.4% over 2012. Balears follows with 19.2% of total arrivals and Canary Islands with 16.7%. However, there are destinations like Madrid where the numbers are still negative with a decrease of 6.9% in the number of international tourists that visited the city between January and November 2013.

According to Hotstats, the hotel 'benchmarking' tool that provides monthly data on changes in the market variables and management in the hotel sector, in Madrid the eleven months of the year have been worse in terms of occupancy than the year 2012, except in August when occupancy slightly increased but still remained below 50%.

Barcelona's hotels on the other hand reported increase occupancy between May and November compared to the data from the previous year. Specifically, according to Hotstats, four and five star hotels in **Barcelona recorded an average occupancy from November 2012 to November 2013 of 72% while in Madrid the figure was 61%**. Furthermore, the average price per occupied room in hotels in Barcelona in the analyzed categories was EUR 166.95 (4.5% more than in 2012) and in Madrid only EUR 125.52 (-2.9 %).

The occupancy levels and average prices explain the different evolution of the RevPAR (revenue per available room) in the two cities which in Barcelona grew by 5.6% to EUR 120.15 and in Madrid it fell by 6.3% to EUR 76.63. As a result of this, the GopPar (gross profit per available room) in four and five star hotels in Madrid was EUR 27.28 while in Barcelona it was EUR 73.30.

"The reasons for this disparity between the two main Spanish cities are found in the type and origin of the tourists who visit it," said Bruno Hallé, managing partner of the consulting firm.

Barcelona has consolidated in recent years its position as a holiday and 'short break' destination. In fact, 60% of the nearly 7.4 million tourists that visited the city in 2012 came for leisure. Among them, nearly 6 million (80%) were international tourists. **In Madrid 50% of the visitors are national and 50% come from foreign countries.** Also, since Madrid is one of the world's major cities in organizing conferences and seminars business tourism plays an important role here. In this sense, the decrease of business tourism and domestic tourism affects Madrid more than Barcelona. In the time of economic recession, hotels in Barcelona made an excellent retreat in the international leisure tourism to improve their occupancy rates and revenues per room.

Another reason for the decline of tourism in Madrid is the negative development of the Barajas

airport, which lost 20% of users in the last two years. The decrease was affected by costly airport charges in Barajas which caused some low cost airlines such as Easyjet and Ryanair to reduce their activity there.

The negative trends may be halted by arrangements such as the one signed in November regarding Norwegian Air that will open a base in Madrid during 2014 to connect the city with Oslo, Stockholm, Helsinki, Hamburg, Warsaw and London, according to the report of the consultancy firm.

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