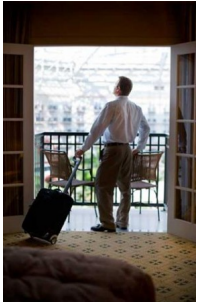


# SPANISH HOTELIERS EXPECT 8% MORE GUESTS IN WINTER



The Spanish hotel industry is cautiously optimistic about the outlook for the 2014-2015 winter seasons anticipating an increase of 8% over the same period last season, according to the Hotel Industry Observatory (OHE) prepared by the Spanish Confederation of Hotels and Tourist Accommodation (CEHAT) and PwC.

However, the hotel organization explains that despite this good outlook, the data "does not imply recovery and global growth" of the sector for next season, which stands at 52.5 points, an increase of 11.1% compared to the same period last year.

CEHAT President, Juan Molas, acknowledged "falling oil prices and confidence in the economic recovery that can provide positive surprises in the coming months". These are positive factors that combine with the "great effort to be made by businesspeople and the administration to intensify the promotion of Spanish destinations," as noted by the secretary general of the organization, Ramón Estalella.

"After a third quarter working calendar that did not favor holidays and breaks, **we expect to see the results compensated by the rest of the winter season, by maintaining the influx of foreign tourists, and through a recovery in local tourism due to the improved outlook for the Spanish economy,**" said David Samu, partner in charge of PwC's Tourism, Transport and Services.

This improved confidence in the Spanish hotel industry is reflected in almost all the factors analyzed, with the most stable indices being for overnight stays, supply of rooms, average length of stay, average price, promotional effort by Public Administration, private sector advertising effort and profitability, although a significant increase was observed in the last three variables.

In the area of overnight stays, the index stands at 50.3 points, which translates into a decrease of 4.9% over the same season last year. In addition, 71.5% of respondents expect that the number of local tourists will not fall, compared with the 20.2% who say it will.

At the same time, 35.1% expect foreign tourist arrivals to increase, and 43.9% believe that the number will at least remain the same. Finally, expectations are very positive for overnight stays by tourists from the UK, Germany, France and the Nordic countries.

**The only reason for a negative outlook is the decline in the number of Russian tourists due to the depreciation of the ruble.** Within the country, Catalonia, which receives about 54% of the Russian market, has been the community most affected by this decline, although in this report 35% believe the number of foreign tourists will grow, compared to 20% of the respondents who say the number will decrease.

Expectations about the movement of the average price improved compared to previous years, so that this season it stands at 56.8% higher than the same season last year. In fact, 60.9% of respondents expect the average price to remain the same.

The outlook for the sector with regard to the movement in the supply of hotel rooms puts the index at 48.3 points, with 83.3% of respondents thinking that it will remain the same, and 6.6% thinking it will be even higher.

With regard to profitability, for the first time it is showing significant variations, with a rate of 57.2 points. There has been growing pessimism about this factor and although the scale of fees is still profitable, it is showing near growth rates.

As far as the promotional effort of public administrations is concerned, the OHE also shows a significant variation with an index of 51.5 points. Similarly, advertising effort also increased by 11.2 points compared to the same season last year, reaching 44.3 points, although 71.1% of respondents think it will remain the same.

Finally, with respect to the channels of intermediation, while the indirect channel is the one most often used by travelers, an increase in direct contracting has been observed in both the domestic market (20%) and overseas (26 %).

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