

HOTEL INVESTMENT IN SPAIN REACHES EUR 1.83 BILLION IN 6 MONTHS



Hotel investment in Spain reached EUR 1.83 billion at the end of June, and even though this represents a 13% fall compared to the record registered in 2017, it is the second highest record at a semester-long level in its history, encouraged by the large number of portfolio purchases, which represent a 60% of the total investment.

According to the report prepared by the Hotel Division of Colliers International, the first semester of 2018 shows again an enormous dynamism marked by the great activity in trades of hotel portfolios. **The investment was almost equally distributed between the urban and holiday segment in the first half of 2018, with 71% of the investment assigned to the acquisition of holiday inns.**

In recent months, Blackstone has established itself as the most active investor in the Spanish hotel market and its operations highlight the limited investment activity in Barcelona and Madrid compared to previous years.

From the point of view of investors, SOCIMI (real estate investment trust) and international investment funds, the Blackstone group leads the first half of the year, whose operations account for 65% of the registered investment total.

The second half of the year begins with a strong inactivity, especially in regard to completion of ongoing operations, such as Blackstone's takeover bid of the non-controlling share of the capital of Hispania, or the takeover bid submitted by Minor on NH.

In the last 12 months (June 2017–June 2018), the accrued hotel investment in Spain reached a total of 3.633 billion euros.

During the first half of the year, hotel portfolio purchase transactions registered an investment volume of 1.048 billion euros, accounting for 60% of the total investment registered. In fact, the level of investment in hotel portfolios exceeded last year's figure by 71.4%, so far, a record number, with a total of 612 million euros in the first semester.

According to this report, the Spanish market is going through its fourth consecutive year with record investment volumes. The combined volume of the last three and a half years now amounts to 10.535 billion euros, which represents an annual average of 3.010 billion euros. However, this figure is missing almost 1 billion euros on average, invested on an annual basis in repositioning capital expenditure and construction of new hotels.

Even so, the consultant warns that the holiday market begins to show the first signs of a slowdown, although the strength of the second half of the year could allow in 2018 to reach, or even surpass, the investment volumes of 2017, if the ongoing operations are finalized.

In this regard, analysts believe there is a possibility that “investment volumes will gradually slow down in the coming years, although the market position achieved by Spain within the investment community will allow it to remain, in the medium and long term, as one of the preferred investment alternatives in Europe”.

The Canary and the Balearic Islands have accounted for 53% of the total hotel investment, an amount far superior than the rest of the local destinations. **The strong decline in investment in Madrid, and especially in Barcelona, is heavily emphasized.**

In the first semester of 2017, Madrid and Barcelona registered investments for 549 and 310 million euros, while in the same period of 2018, the numbers plummeted down to 154 and 71 million, respectively.

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