

SPAIN: PROJECTS UNDERWAY TO OPEN 198 NEW HOTELS IN 2024



Before the end of 2024, 198 new hotels with 27,187 rooms are expected to open in Spain, according to the latest report by consulting firm CBRE for the EMEA (Europe, the Middle East and Africa) market. All this despite the fact that in 2020 hotel investment in Spain plummeted 60%, going from 2.5 billion euros in 2019 to 1,005 million euros last year.

Most of the new hotel offer expected for 2020 was postponed to this year. Experts believe that the hotel industry could see a recovery in 2021, but this will be at different speeds and initially driven by domestic demand.

The report states that European countries with strong domestic demand and less dependence on international tourism, especially long-haul travel, will recover first from the situation caused by the ongoing pandemic, as experienced in the second half of 2020.

It also details that the income of hotel companies in Europe as a whole show no signs of recovery to pre-pandemic levels until 2024.

Last year the industry reported an investment volume in new hotels in Europe of 9.4 billion euros, which represents a 66% decrease compared to 2019.

CBRE says that the investment has fallen across the continent due to the impact of the pandemic and the travel restrictions that followed. The United Kingdom led the investment with 2.6 billion euros (60% less than a year earlier), followed by Germany (1,950 million) and Italy (1,040 million), which registered decreases of 60% and 69%, respectively.

Jorge Ruiz, Head of Iberia Hotels pointed out that 2020 started positively for Spain, adding 14% more investment compared to the first quarter of 2019.

However, after the pandemic, “factors such as the great uncertainty of the markets, the shortage of bank financing, the slowdown in activity and the difference in price expectations between buyers and sellers caused a decrease in the investment volumes,” says Ruiz.

Looking ahead to this year, Ruiz believes that “as the vaccination plan is completed, there will be greater activity in the industry, where domestic demand will play an important role.”

He believes that **the recovery of the hotel industry will be at a different speed and will start with the rural and nature-related segments** as well as peninsular destinations. Later, it will reach island beaches, which are more dependent on international demand, followed by traveling for professional reasons (business meetings, congresses, conventions, conferences, etc.), which have been reduced largely over the pandemic.

According to the CBRE report, hotel demand in Spain has performed well over the last five years (2015-2019, achieving a record 342.9 million overnight stays in 2019 (0.9% increase compared to 2018). However, the number of overnight stays until November 2020 fell by 72.9% compared to the same period in 2019.

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