

# HOTEL INVESTMENT IN SPAIN FOCUSES ON THE LUXURY SECTOR, WITH 52% OF TRANSACTIONS



During the first six months of the year, the 5-star and 5-star GL categories made up more than 50% of hotel investment volume. This totaled 717 million euros out of the 1,383 million euros invested in hotel assets up to June.

According to the Hotel Investment in Spain report by Colliers, most hotel investment during the first half of the year came from international investors, making up 63% of the total investment. Barcelona has become a more popular destination for investors than Madrid due to two significant transactions involving "prime" assets.

Investors favor the luxury hotel segment, which saw 8,316 rooms transacted in 62 operations, amounting to a volume of 1,383 million euros. More than half of this amount, 52%, was allocated to transactions in this most selected segment. Specifically, 5-star Grand Luxury hotels represented 21% of total investments, and 5-star hotels represented 31%, accounting for 717 million euros. Overall, the luxury hotel segment is the preferred choice for investors, based on the amount of funds invested in this sector during the year's first half.

## Luxury hotels are featured in investments

If we were to highlight two hotels based on their high operations volume, we would choose the Hotel Sofía and the Hotel Mandarin in Barcelona. It is worth noting that eight other deals were made in the luxury segment. The purchase of the W Ibiza by the Italian group Statuto is a notable one. In addition, Perial acquired the Dolce Sitges for 63 million euros, which Hotusa will manage. The Oriol family also sold the Autograph Collection Palacio del Retiro, bought by Jon's family office Riberas (Gestamp), for about 60 million euros.

## International investor's Interest in Spain

It has been confirmed that international investors remain the dominant force in real estate investment, contributing 63% of the total investments in the first half of this year. These investors are typically focused on preserving their wealth, have less exposure to the debt market, and seek moderate returns on their capital.

Meanwhile, international investors have also played a significant role in selling properties, accounting for 71% of the total sales recorded in the year's first half.

Despite economic uncertainty and the potential impact on the tourism sector, the luxury segment's dynamism and major transactions' inertia maintain normal volumes in a challenging year for investors. Investor confidence and a strong market appetite, bolstered by the tourism sector's excellent fundamentals, leave us optimistic about hotel investment prospects for 2023.

## The most outstanding Spanish hotel investment regions

Barcelona has taken the lead in hotel investment with five operations worth 459 million euros, surpassing Madrid. Madrid, which had a successful year in 2022 in terms of investment, has now ceded its position to Barcelona. In the first half of 2023, Madrid recorded six transactions worth 123 million euros. Two significant transactions in the luxury sector, the Hotel Sofía and the Hotel Mandarin closed in Barcelona for approximately 200 million euros and contributed to the city's investment volume.

This report focuses on the urban market segment. However, when it comes to vacation destinations, the most popular Spanish spots for sun and sand are the Balearic and Canary Islands and the Costa del Sol. A significant 49% of investments were directed towards this segment, totaling 684 million euros.

During the first semester, the Balearic Islands emerged as the top location for hotel investments in the holiday segment, with 15 projects, over 2,000 rooms, and a total investment of 400 million euros. In comparison, the Canary Islands recorded seven transactions worth 174 million euros, while the Costa del Sol only saw four hotel transactions in the first quarter, with a total investment of 110 million euros.

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