

THE CONCENTRATION OF LUXURY HOTELS IN MADRID DISTORTS PRICES



The Four Seasons chain's significant presence in Madrid is evident in its third year of operation, with an average nightly rate of almost €1,000, double the average rate of five-star hotels in the capital. As a result, the luxury market and high-end tourism in certain parts of Spain are in good health at the moment. Despite occurring during the pandemic, the Canadian chain's arrival in the capital has been followed by other hotel market movements, such as the Thomson brand's (owned by Hyatt) landing in Madrid, the €200 million renovation of the Ritz hotel, and the rebranding of Villamagna under the Rosewood umbrella, followed by its sale to the Sancus investment fund. This increased activity has resulted in higher average prices for top-level Madrid hotels, which have now surpassed those in Barcelona, which were historically more expensive until the pandemic.

The emergence of luxury hotel brands and the opening of new establishments in capital cities, such as Madrid, is a phenomenon that reinforces itself and contributes to enhancing the overall tourist experience, especially for international visitors. It also helps establish popular leisure destinations as top luxury destinations. Four Seasons' arrival in Madrid is an example of this trend. This strategic move has piqued other luxury brands' interest and triggered new developments.

The increasing rates of five-star accommodations and competition among luxury hotels in Madrid have resulted in a rise in tourist prices in general, which can strain the market and distort hotel rates and tourist accommodation as a whole. While the market should ideally govern supply management, the unwanted secondary effects of tourism, such as soaring prices that make it hard to find affordable housing or rentals or saturation due to high visitor numbers, must be managed by town halls, particularly in highly trafficked areas, with a focus on optimization and flexibility.

However, a more significant presence of top-tier hotels drives luxury tourism and demand for top-quality service, yielding high profits for the Spanish hospitality industry.

Date: 2023-10-19

Article link: <https://www.tourism-review.com/more-luxury-hotels-in-madrid-news13829>