

SPANISH TOURISM EXPECTS A NEW RECORD YEAR IN 2023



According to the President of CEHAT (Spanish Confederation of Hotels and Tourist Accommodation), Jorge Marichal, while hoteliers in Spain are cautious about calling 2023 a record year, all the indicators seem to point in that direction. Early bookings, which disappeared after the pandemic, have risen by 20% due to improved macro economy, increased confidence, security, and fewer cancellations. Despite the challenges posed by COVID-19, the hotel industry is expected to achieve outstanding sales in 2023. However, it is essential to note that business success is not solely about sales, given the impact of COVID-19. Nevertheless, hoteliers are optimistic and believe that they can thrive by continuing to improve their operations. They are already 18 points above their 2019 sales figures, which was a good year for the hotel industry.

Optimistic Forecasts

Air transportation is a widely used mode of travel for international tourists visiting Spain, accounting for 60% of the total, with an even higher percentage for the islands. Since flights are scheduled well in advance, we can anticipate tourism levels from the demand forecasts that airlines are projecting for this winter. These forecasts indicate a significant growth in domestic flights and those originating from France and Italy compared to 2019. Although Germany and the United Kingdom have not yet reached the same levels, all companies are increasing their supply, indicating that the regular line has recovered, not just charter operations due to the lower programming of tour operators.

It has been confirmed that people in many countries search for travel information online, including during winter. This includes countries like Germany, the United Kingdom, Italy, and the Nordic countries. These countries desire to travel to Spain, especially tourists from the United States, France, and Italy.

Margin recovery?

The Spanish tourism sector has picked up its pace, but it was still unable to recover the losses incurred during the past two years when the industry was almost completely shut down. The high interest rates on leveraged hotel infrastructures have made it challenging to start new businesses. Although things are improving, we must continue trying to return to the pre-Covid situation.

To deal with high inflation, the burden of increased prices is being shared between the margins and consumers. According to Exceltur, Spanish tourism growth has intensified in the last quarter. Despite the 25% rise in energy costs, tourism businesses have been able to apply moderate price increases thanks to measures such as the Iberian exception. As a result, the market continues to endure these increases because it is the one that sets the prices.

In the fight for deseasonalization

Spain has high seasonality, meaning certain times of the year are more popular for tourism than others. Although work is being done to alleviate this issue, it persists. Nevertheless, Spain remains a

highly sought-after and complete destination, which makes it competitive and resilient.

In this sense, several initiatives are being implemented to promote deseasonalisation, focusing on extending the tourism season. For example, cycle tourism is promoted in destinations with mild weather, both on the islands and the peninsula. Madrid has successfully transformed from a business city to a tourist city, with better weekend occupancy rates than weekdays. Benidorm attracts different demand segments in different seasons and maintains a high occupancy rate all year round. The Balearic Islands also offer reasonable prices and high occupancy rates in winter.

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