



# HotelBeat

Destination: BARCELONA, SPAIN

June 2015

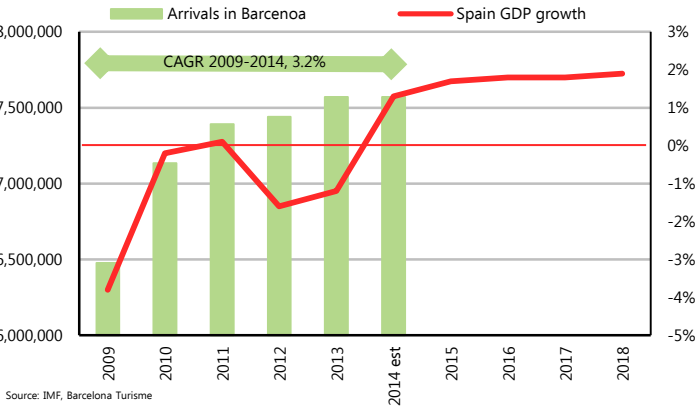


## DESTINATION OVERVIEW

Barcelona is the capital city of Catalonia in northern Spain, the nation's second largest city (1.6m inhabitants) and is renowned as Spain's principal commercial city. It is also the most popular city destination in Spain (placed 11<sup>th</sup> in the world by Mastercard in their *Top 20 Global Destination Cities in 2014* and 5<sup>th</sup> in the ICCA City Rankings 2015) and is the largest metropolis on the Mediterranean Sea. Prior to hosting the 1992 Olympic Games, Barcelona was known simply as an industrial city and port. Since 1992, however, the city has successfully reinvented itself as a creative centre and major tourist destination. So much so, Barcelona El Prat Airport was extended in 2009 to accommodate the increases in visitor demand and recorded its highest passenger numbers (37.5m) in 2014. The Port of Barcelona's position as Europe's leading cruise ship facility and 9<sup>th</sup> largest container port in Europe are to be enhanced as plans to double its scale are implemented in the next few years. Visitors are attracted to the city because of its rich heritage, iconic architecture, seaside location and appealing weather conditions.

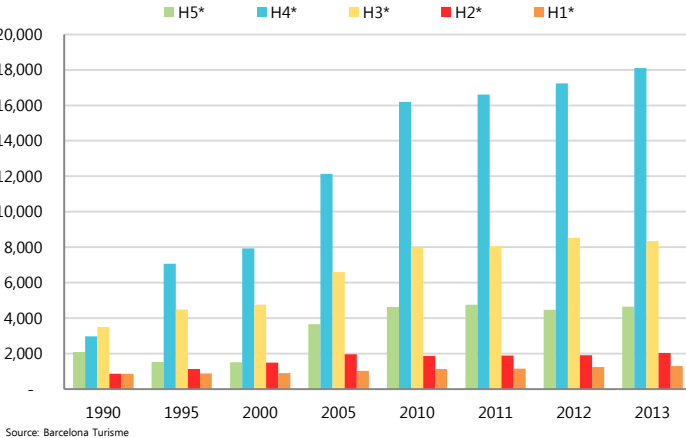
## ECONOMIC TRENDS

Spain has suffered severely in recent years owing to the financial crisis and a crash in the real estate sector. Consequently, the economy has in effect been in decline since 2009. An up tick in economic performance was expected in 2014, with sustained growth envisaged to 2019. Tourism arrival data to Barcelona shows that until 2009 domestic tourism was the key source of demand (accounting for 31% of all arrivals in 2009). By 2013, this ratio had fallen to 20% as the domestic market shrank (-25%) and demand from overseas grew rapidly (+36%), with France, the UK and the USA leading.



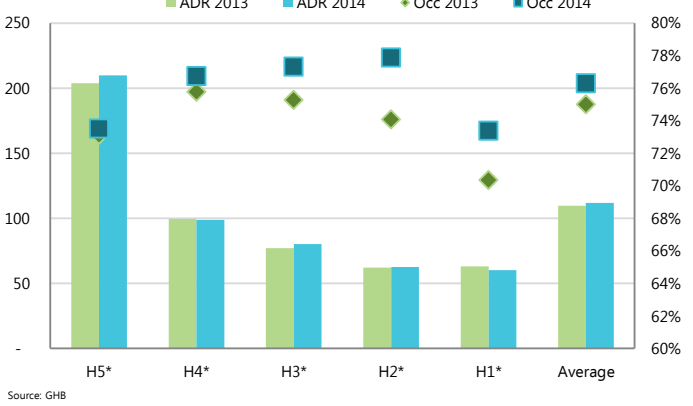
## HOTEL SUPPLY

Number of hotels grew from 118 (10,265 keys) in 1990 to 365 (34,453 keys) by the end of 2013, representing a CAGR of 5.0% (5.4% in keys). The vast majority of hotels are graded 4\* and 3\*, with 26 5\* hotels and very few rooms in 1\* and 2\*. Barcelona has a highly mature hostel market, with some 200 registered establishments (and a similar number of poorer quality 'hostels'). There are very few aparthotels, with only two internationally branded dedicated buildings in the city. Further additions to supply are expected across all categories and in the key zones shown in map right.



## HOTEL PERFORMANCE TRENDS

Generally speaking, the growth in supply has been matched by growth in demand since 1990 and occupancy has been relatively stable over the period. Indeed since 2010, room occupancy has barely fluctuated from an average of circa 77% per annum. Although increased supply is being absorbed successfully and occupancies are stable, the effects of such dramatic increases in supply are being felt in terms of ADR, which has only increased in small increments. Graph below shows the variance between different hotel grades in terms of occupancy and ADR in 2013 and 2014.



## DESTINATION MAP



For further information, please contact:  
 Whitebridge Hospitality Limited  
 9 Clifford Street, London, W1S 2FT, UK  
 T: +44 20 7195 1480  
 E: [philip.camble@whitebridgeh.com](mailto:philip.camble@whitebridgeh.com)  
[www.whitebridgehospitality.com](http://www.whitebridgehospitality.com)

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