



**BARCELONA, SPAIN**  
**Hotel Market Snapshot**

**The City of Counts which counts**

January 2015









## HIGHLIGHTS

Barcelona, the capital of the Spanish region of Catalonia, is home to 1 612 000 inhabitants. With its 4.6 km of beaches and its singular architecture vastly influenced by famous Catalan architect Gaudí, the city is a renowned international leisure destination. A historical rival of Madrid, Barcelona outnumbered Spain's capital regarding the number of tourists welcomed in 2013, ranking **5<sup>th</sup> in Europe** after London, Paris, Berlin and Rome.

Our Barcelona Hotel Market Snapshot will give you an insight of what the Catalan capital has to offer.

### BARCELONA - Key facts & Figures (2013)

Population (Metropolitan area)	5 440 000
GDP (Metropolitan area)	€ 138 310 million
GDP per capita (Metropolitan area)	€ 25 400
GDP growth (Metropolitan area)	-0.9%
Unemployment (Metropolitan area)	23.1%
Tourism Arrivals	7 571 766
Overnight Stays	16 485 074
% Leisure Tourists	59.1%
% International Tourists	80.0%
Number of Hotels	365
Number of Hotel Rooms	34 453

Sources: *Instituto Nacional de Estadística, World Travel and Tourism and BNP Paribas Research*

## WHAT'S NEW? WHAT'S COMING UP IN BARCELONA?

- In February 2014, Barcelona-El Prat was the first Spanish airport to welcome a daily Airbus A380 operated by Emirates on its routes to Dubai International Airport.
- The Agbar Tower, Barcelona's famous skyscraper designed by Jean Nouvel, is undergoing a conversion project. A 417-room Grand Hyatt hotel should open in 2016.
- The Deutsche Bank building is also following the same pattern and should be transformed into a 5-star Four Seasons hotel comprising 150 rooms. The project should be completed by 2021.
- The Praktik Bakery Hotel, the fourth property of Praktik Hotels, a collection of 2 and 3-star design boutique hotels located in the heart of Barcelona and Madrid, opened its doors in April 2014. It comprises an in-house bakery selling home-made breads and cakes in its lobby.



Park Güell (Source: © Mapics - Fotolia.com)



Source: © JiSign-Fotolia.com

## ACCESSIBILITY

**Barcelona-El Prat Airport**, located 15 km from the city centre, is the 2<sup>nd</sup> largest airport in Spain and the 9<sup>th</sup> in Europe in terms of passenger numbers. A major European hub for air traffic, the airport welcomes 84 airlines and functions as the operational base for Vueling, the Catalan low cost airline. Barcelona-El Prat largely contributes to the city's business and tourism sector.

After declines in passenger numbers in 2008 and 2009, the airport has been recording strong growth for 5 consecutive years, thanks to international travellers whose number increased at a compound annual growth rate (CAGR) of +11.2% over the 2009-2014 period. In 2014, a record of more than 37.5 million passengers was reached.

Several investments to modernise and develop the airport have been made in the past few years. The new Terminal (T1) inaugurated in 2009 allowed the airport to double its capacity.

In addition, SNCF, the French rail operator and RENFE, the Spanish rail company, have started to offer **direct high-speed train services to Toulouse, Lyon and Paris** in December 2013. The total number of train passengers was expected to reach 1 million in 2014. Moreover, the second major railway station in Barcelona, "La Sagrera", located in the North of the city, is currently under construction and should provide a wider access to national and international destinations. It will become a major hub serving the North of the country and will be the second home of the AVE high-speed train in Barcelona.

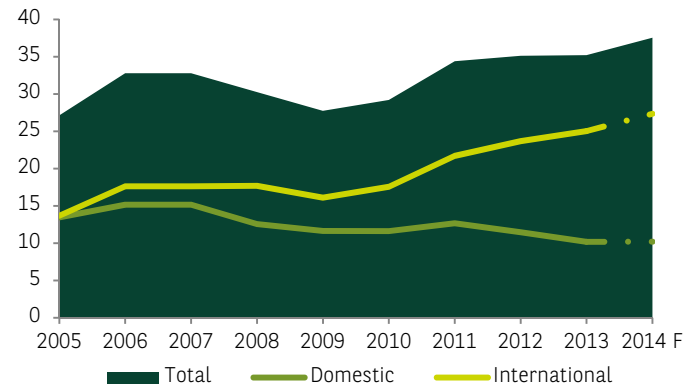
The **Port of Barcelona**, in addition to its freight and commercial activities, can be considered as the **leading cruise port in Europe**, ranking 4<sup>th</sup> on a worldwide scale. The Catalanian cruise port has seen its passenger numbers increase at a CAGR of +12.3% from 2000 to 2013, reaching a total of 2.6 million in 2013.

## DEMAND

Barcelona is today the **most visited city in Spain, welcoming 7 571 766 tourists in 2013**.

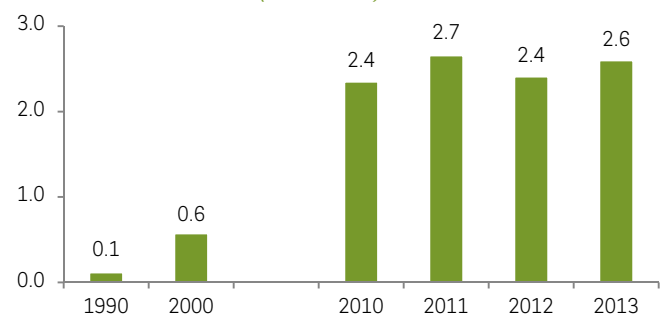
With its diverse offer of both tourist attractions and business infrastructures, the city is fully equipped to provide a variety of services and facilities and attract leisure travellers as well as individual corporate travellers and MICE business.

Barcelona Airport - Passenger numbers and origins  
2005-2014 forecast (in millions)



Source: Barcelona Turisme

Barcelona Port - Cruise passengers  
1990, 2000, 2010-2013 (in millions)

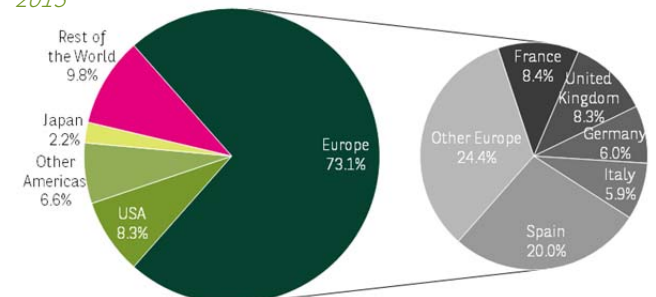


Source: Barcelona Turisme



Aerial view of the Port of Barcelona (Source: © JackF-Fotolia.com)

Main feeder markets - Arrivals  
2013

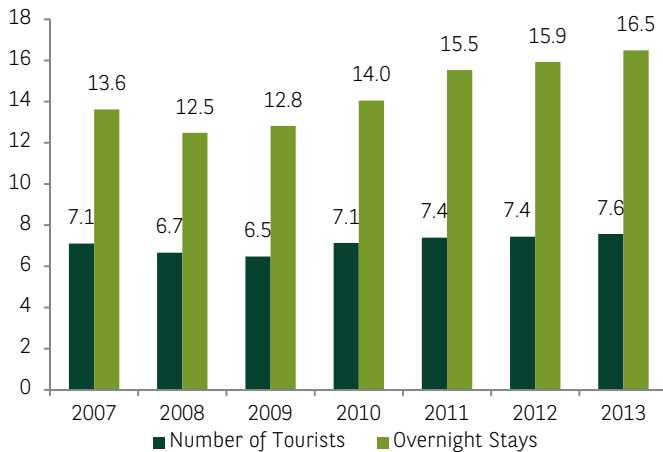


Source: Barcelona Turisme

National tourism represents today one fifth of the total market, whereas it accounted for 31.1% of the demand in 2009. As for foreign source markets, **Europe undoubtedly represents the main feeder market** with 73.3% of total foreign tourists in 2013. Looking at individual countries, France overtook the pole position with an increase in arrivals of +11.3% compared to 2012, counting a 8.4% share, followed by the United Kingdom (+6.3% increase) and the USA (-1.3% decrease compared to 2012).

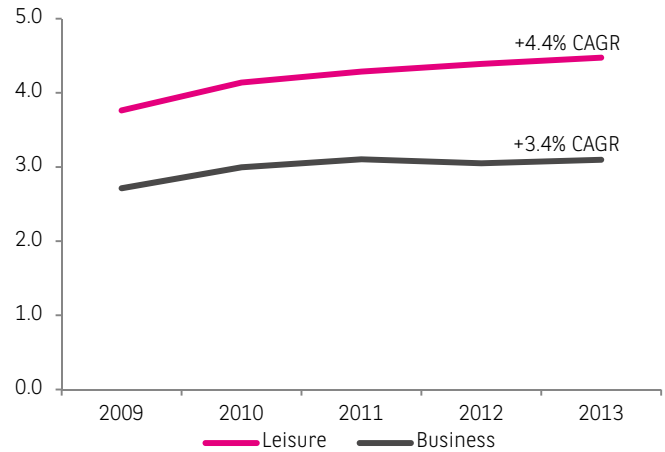
An important increase in market share was recorded by Other American countries, with Central and South American markets representing 6.6% of tourist demand in Barcelona in 2013, against 4.9% only in 2009.

Evolution of number of tourists and overnight stays  
2007-2013 (in millions)



Source: Barcelona Turisme

Tourist arrivals according to purpose of visit  
2009-2013 (in millions)



Source: Barcelona Turisme

## Leisure Tourism

Thanks to its geographical location offering favourable weather conditions and beaches on the Mediterranean Sea, Barcelona is **renowned worldwide as an urban leisure destination**. It stands 1<sup>st</sup> in the Top 10 beach cities in the world ranking, according to the National Geographic and Discovery Channel. The city is fully equipped to provide a wide variety of services and boasts several facilities focused on water sports and sailing activities. Its main leisure harbour installation is Marina Port Vell, located in the heart of the cosmopolitan district of Ciutat Vella.

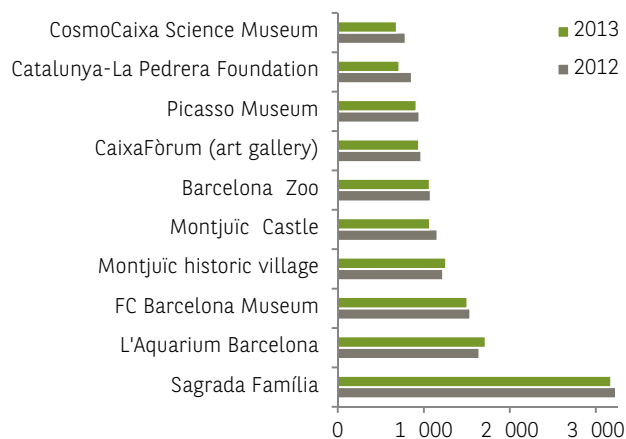
The Catalan capital contains a wealth of cultural attractions: over 66 museums, 39 theatres, 3 concert halls and 9 World Heritage Sites (UNESCO) such as the Sagrada Família Basilica, Park Güell, la Pedrera, the famous boulevard Las Ramblas and the Picasso Museum.



Barcelona's seaside (Source: © Santi Rodriguez-Fotolia.com)

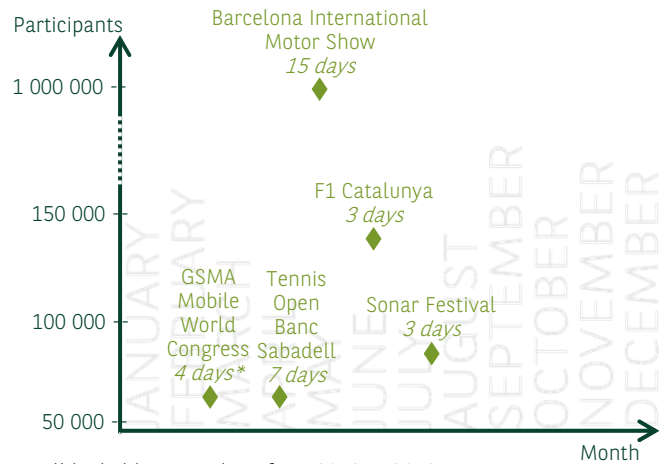
Barcelona also welcomes major recurrent events which have a significant impact on its tourism industry, boosting hotel occupancy rates and revenues. In addition, in 2014, the city hosted some of the games of the Basketball World Cup in September and gave the starting signal for the Barcelona World Race, a round-the-world sailing race, on December 31<sup>st</sup>.

Major tourist attractions – Visitors  
2012-2013 (in thousands)



Source: Ajuntament de Barcelona

Main recurrent events hosted in Barcelona each year  
Length and number of participants in 2013



\*Will be held in Barcelona from 2012 to 2018  
Source: BNP Paribas Real Estate Hotels

The number of leisure tourists has been on an upward trend for the past six years, benefiting from the increase in foreign arrivals and the dynamism of new emerging markets such as Latin America. In 2013, leisure demand reached the record level of almost **4.5 million travellers**, recording "only" a +1.9% increase, compared to a compound annual growth rate of +4.3% over the 2009-2013 period.

Business tourism



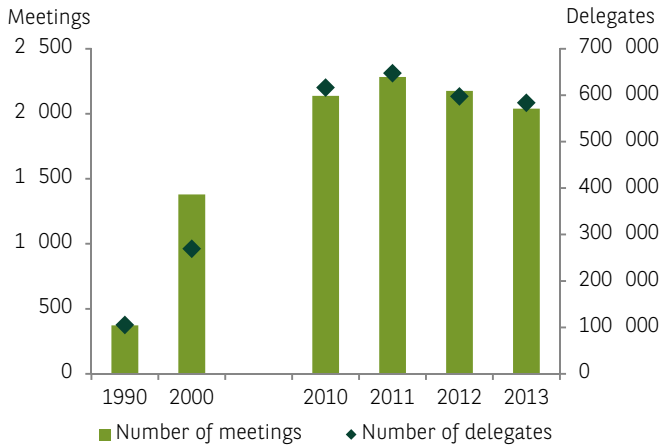
Palau Sant Jordi (Source: © Boggy-Fotolia.com)

Barcelona is also a **key player in the European MICE business** thanks to a wide variety of high-quality exhibition centres, congress and event facilities, centrally located and well serviced by different modes of transport. The main meeting and event venues include the Palau de Congressos de Catalunya, Barcelona Palau de Congressos, the Centre de Convencions Internacional de Barcelona (CCIB), the Fira Barcelona, the Gran Via Convention Centre or the Palau Sant Jordi.

Unlike Spain's overall tourism industry, corporate business in Barcelona represents a significant share of tourism demand with **40.9% of total visitors**. Between 2009 and 2011, business visits in Barcelona were on an upward trend, reaching 3.1 million in 2011. As a result of the global economic slowdown, business travel experienced a -1.7% decrease in the number of visitors in 2012. Business demand however rebounded in 2013, exceeding the 3.0 million threshold and showing a +1.3% increase.



Number of meetings and delegates  
1990, 2000, 2010-2013



Source: Barcelona Turisme

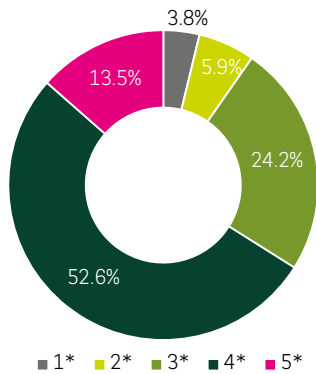
Barcelona has managed to attract an increasing number of MICE events over the past years. The city ranked 4<sup>th</sup> in Europe in the 2013 International Congress and Convention Association (ICCA) ranking, right after Paris, Madrid and Vienna\*.

Overall, Barcelona has registered an increase at a CAGR of +6.1% in the number of delegates participating in meetings since 2000, despite a decrease of -2.3% in 2013. With a favourable exhibition calendar in 2014, visitor numbers were expected to increase again.

\* It should be noted that the ICCA ranking should only be seen as a benchmark tool, as it only includes international meetings which rotate in a minimum of three different countries.

SUPPLY

Hotel rooms per category  
2013



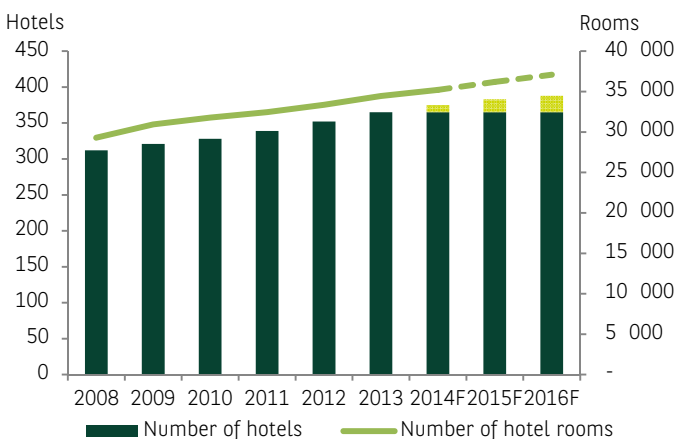
Source: Barcelona Turisme

In 2013, Barcelona counted a total of **34 453 hotel rooms, distributed over 365 hotels**. The market is dominated by the **3 and 4-star segments**, which together make up 76.8% of the total room stock.

Since 2008, Barcelona's hotel market has witnessed a rather strong growth, both in its number of hotels and its room supply. According to Barcelona Turisme, the total number of rooms increased at a CAGR of +3.3%, from 29 292 rooms in 2008 to 34 453 in 2013.

While the budget segments have only marginally increased their number of hotels, 4-star and 5-star hotels have recorded an important increase in supply with the introduction of new high-end hotels. **23 4-star hotels were added between 2010 and 2013**, representing an additional room capacity of 1 918 rooms or +11.8%.

Hotel supply evolution  
2008-2016 forecast



Source: Barcelona Turisme, BNP Paribas Real Estate Hotels

Hotel room capacity largely differs between categories. The 5-star segment, with the lowest number of hotels, counted in 2013 an average of 179 rooms, followed by the 4-star hotels with 118 rooms, whereas the 3 to 1-star segments recorded an average capacity per hotel of less than 100 rooms.

It should be noted that even though the number of international chains has increased over the last decade, the market is dominated by national hotel brands, a tendency confirmed by recent and future openings with only 18.4% of openings belonging to an international hotel chain.

Hotel supply – Recent openings  
2013-2014

Year	Category	Hotel	Rooms	District
2013	4*	SB Plaza Europa	243	Sants Montjuïc
2013	4*	Olivia Balms Hotel	128	Eixample
2013	4*	Royal Passeig de Gracia	124	Eixample
2013	4*	Sunotel Club Central	88	Eixample
2013	4*	H10 Urquinaona Plaza	80	Ciutat Vella
2013	4*	Hotel Indigo Barcelona Plaza Catalunya	77	Eixample
2013	4*	HC Passeig de Gracia	74	Eixample
2013	4*	Vueling BCN by HC	63	Eixample
2013	4*	H10 Port Vell	58	Ciutat Vella
2013	4*	Hotel Medinaceli (addit. rooms)	35	Ciutat Vella
2013	4*	Arai Aparhotel Barcelona	31	Ciutat Vella
2013	2*	Generator Hostel	154	Eixample
2013	1*	Travelodge Barcelona Rambla Poblenou	250	Sant Marti
2014	4*	Alexandra Barcelona, a DoubleTree by Hilton	116	Eixample
2014	4*	Antiga Seu De MC Mutual	105	Eixample
2014	4*	H10 Art Gallery Enric Granados	91	Eixample
2014	4*	H10 Metropolitan Rambla Catalunya	85	Eixample
2014	4*	Vincci Gala	78	Eixample
2014	4*	Catalonia Square	58	Eixample
2014	3*	Praktik Bakery Hotel	74	Eixample
2014	3*	Praktik Vinoteca	64	Eixample
2014	3*	Yurbban Trafalgar	56	Ciutat Vella
2014	1*	Bestprice Diagonal	32	Sant Marti
<b>Total Rooms Recently Opened</b>			<b>2 164</b>	

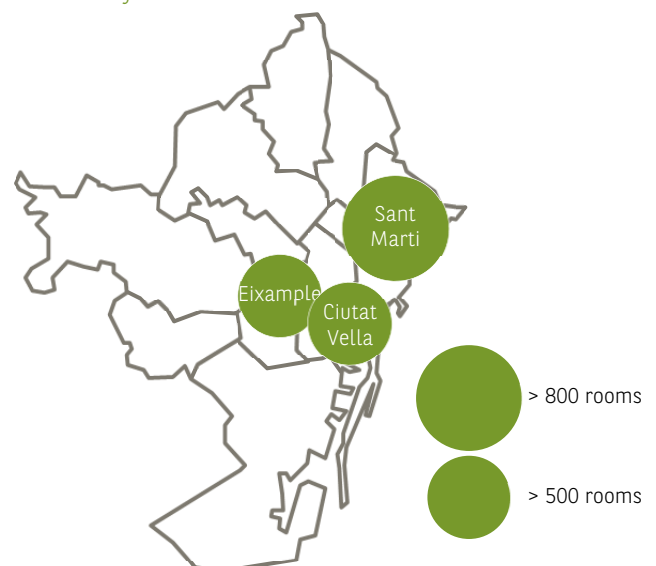
Source: BNP Paribas Real Estate Hotels

Barcelona's hotel market, as highlighted above, has seen important growth these last years. The trend is likely to continue since according to the Barcelona tourism office, about 15 new hotels are expected to be added to the city's hotel supply in the coming years.

The majority of them will be located in the city centre, in the districts of Ciutat Vella, Eixample and Sant Marti.

Recent openings have also triggered major renovations programmes at a number of upscale properties in an effort to remain competitive. For instance, a 2-year renovation programme was recently completed at the Majestic Hotel, Hotel Condes de Barcelona closed in April 2014 for 18 months to reposition the property as a 5-star GL hotel, and the **Rey Juan Carlos I, whose management was undertaken by Fairmont** late 2014, will undergo an extensive renovation throughout 2015.

Rooms supply – Location of future openings  
2015-2016 forecast



Source: Barcelona Turisme, BNP Paribas Real Estate Hotels





Vincci Gala Barcelona, 4\* (Source: Hotel)

Hotel supply - Future openings  
2015-2016 forecast

Year	Category	Hotel	Rooms	District
2015	5* GL	Hotel Fullfeel Barcelona	74	Eixample
2015	5*	Autograph by Marriott (Cotton House)	83	Eixample
2015	5*	El Soho House	60	Ciutat Vella
2015	5*	The Serras	30	Ciutat Vella
2015	4*/5*	Room Mate	70	Ciutat Vella
2015	4*	Barcelona Princess	120	Eixample
2015	4*	Aqua Hotel	100	Eixample
2015	4*	Two by Axel	87	Eixample
2015	4*	Room Mate	81	Eixample
2015	Hostel	Meininger Barcelona	400	Sant Marti
2016	5* GL	Grand Hyatt	417	Sant Marti
2016	5*	TBC	100	Ciutat Vella
2016	3*	Motel One Barcelona	301	Ciutat Vella
2016	3*	TBC	72	Eixample
2016	TBC	25 Hours Hotel	TBC	Eixample
<b>Total Rooms in the Pipeline 2015-2016</b>			<b>1 995</b>	

Source: Barcelona Turisme, BNP Paribas Real Estate Hotels

Hotel supply - Long term projects (to be confirmed)  
2017-TBD

Year	Category	Hotel	Rooms	District
2021	5*	Four Seasons Barcelona	150	Eixample
TBC	5*	Hotel Six Senses	TBC	Eixample
TBC	5*	Hotel development	45	Ciutat Vella
TBC	4*	Petit Palace Seteciento	56	Eixample
TBC	4*	Hotusa Arc de Triomf	167	Eixample
TBC	3*	Fork and Pillow	32	Ciutat Vella
TBC	TBC	Edifici Borsa de Barcelona	TBC	Eixample
TBC	TBC	Hotel development	105	Diagonal / Bruc
TBC	TBC	A sobre de Tous	TBC	Gracia
TBC	TBC	Antiga Seu de Banesto	TBC	Eixample
TBC	TBC	Hotel Casateva	60	Sarrià-Sant Gervasi
<b>Total Rooms in the Pipeline to be confirmed</b>			<b>615</b>	

Source: Barcelona Turisme, BNP Paribas Real Estate Hotels

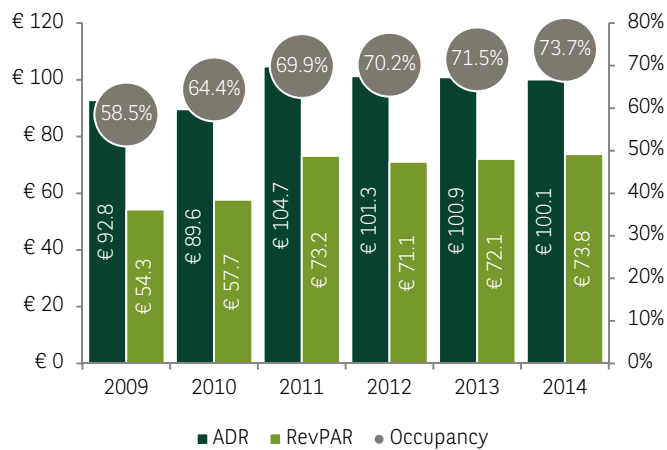
This strong supply growth is expected to result in a **certain level of oversupply** and the market will take some time to absorb the additional capacity. It is likely that hotels operated by international hotel chains will be more reactive in terms of performances thanks to their strong marketing and distribution tools. The time span required for full absorption of the new stock will be conditioned by the expected slowdown of the supply growth, but also by the recovery of the national and international economic situation.



## HOTEL PERFORMANCES

Barcelona draws a significant volume of international tourists partly thanks to its excellent international connections. As such, the city is less tied to the health of the national economy than other Spanish cities such as Madrid and Valencia.

### Hotel trading performances 2009-2014



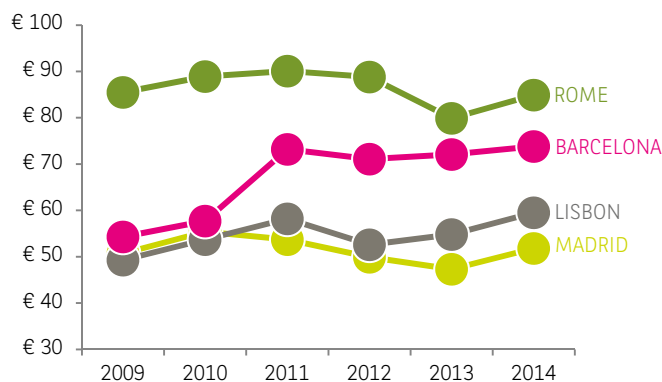
Source: MKG Hospitality Database

In terms of seasonality, given that Barcelona is primarily a leisure destination, **demand is generally strong from April to October**. During these months, the high demand levels drive up average room rates. A drop in demand is generally recorded over December and January.

Over the 2009-2013 period, Barcelona's performances in terms of RevPAR reached a record level in 2011 (€ 73.2), an increase of +26.9% compared to the previous year and in line with its pre-crisis level. Since then, RevPAR slightly decreased to reach € 72.1 in 2013, driven down by a diminution of ADR that was not entirely compensated by the increase in occupancy.

In 2014, performances in Barcelona reached an unprecedented high, with occupancy rates at their highest level ever recorded (73.7%) and a RevPAR increasing by +2.4% compared to 2013 to reach € 73.8.

### Key cities - RevPAR evolution 2009-2014



Source: MKG Hospitality Database

The opposite graph shows a comparison of the hotel performances of four Southern-European cities, including Barcelona.

Whereas performances of the three Iberian peninsula cities were similar in 2009 and 2010, **Barcelona's performances have disconnected from those of Madrid and Lisbon in 2011**, recording a buoyant +26.9% growth.

From 2011 onwards, Barcelona managed to keep its **RevPAR above the € 70 threshold**, between € 15 and € 25 higher than the RevPAR of the Spanish and Portuguese capitals. Although its RevPAR is still lower than Rome's, Barcelona clearly forms a leading tandem with the Italian city since 2013.

## INVESTMENT MARKET

Barcelona's attractiveness is often summarised by one of its characteristics: its **location**. However, other factors make many institutional investors consider the current situation to be favourable for taking positions in the hotel market in Barcelona. The city is definitely **one of the European hot spots of the moment** for both hotel investors and operators, after London and Paris, and in line with Madrid.

In 2013, in the two Spanish cities, 60% of hotel investment concerned 5-star hotels, compared to 8% in 2012. However, this significant progression in the investment volume in high-end properties was primarily related to the sale of the W hotel to a Qatari fund for an estimated € 200 million.

As for 2014, the main transaction recorded in Barcelona - excluding the sale of the Deutsche Bank Tower for a conversion project - was the sale of the Renaissance for € 78 million to an affiliate of the Qatar Armed Forces Investment Portfolio (QAFIP).



W Hotel (Source: © Potapova-Fotolia.com)



The following table illustrates the most significant hotel transactions recorded over the past four years in Barcelona:

Year	Cat.	Hotel	Rooms	Price (€)	Price per room (€)	Seller	Purchaser
2011	5*	Hilton Barcelona	289	40 000 000	138 408	Morgan Stanley	Westmont Hospitality
2011	4*	Rafael Casanova Hotel	126	25 000 000	201 613	Reyak Urbis	H10 Hoteles
2012	5*	Palace Hotel	125	68 000 000	544 000	Husa Group	Aginyo Investment Fund
2013	5*	W Barcelona	473	200 000 000	422 833	Construction groups OHL, FCC, Comsa-Emte & Godia family	Qatari Diar
2013	5*	Agbar Tower <sup>1</sup> (conversion)	TBC	185 000 000*	TBC	Agbar Group	Emin Capital
2013	4*	Barcelo Raval	186	37 000 000	198 925	Barcelo Hotels & Resorts	Union Investment
2013	4*	Rafael Diagonal Port	115	Not disclosed	Not disclosed	Reyal Urbis	Groupe Euro Hotel
2013	4*	Vincci Arena Barcelona	84	15 000 000	178 571	Not disclosed	Pestana Group
2014	5*	Renaissance Barcelona	211	78 000 000	369 668	Marriott International	QAFIP
2014	4*	Apsis Porta Marina	95	Not disclosed	Not disclosed	Teycotel BCN	Fraser's Centerpoint
2014	N/A	Deutsche Bank Tower <sup>2</sup> (conversion)	150	150 000 000**	600 000	Deutsche Bank	Emin Capital

<sup>1</sup> Potential Grand Hyatt, not confirmed by Hyatt hotel group

<sup>2</sup> Potential Four Seasons Hotel, not confirmed by Four Seasons hotel group

\* Total investment for the conversion of the Agbar Tower (currently used as offices) is estimated at € 150 000 000 for the acquisition of the building + € 35 000 000 for redevelopment costs.

\*\*Total investment for the conversion of the Deutsche Bank Tower (currently used as offices) is estimated at € 90 000 000 for the acquisition of the building + € 60 000 000 for redevelopment costs.

Source: BNP Paribas Real Estate Hotels

## OUTLOOK

With its central and well connected location on the Mediterranean seaside, Barcelona seems to be rather a **safe bet** regarding the hotel market **in a short to medium term horizon**.

Even though we have seen that the city is not completely tied to the health of the national economy thanks to its significant share of international visitors, **Spain's expected economic recovery** in the coming months and years, with an estimated GDP growth of +1.3% in 2014 and forecasts of +1.9% in 2015 and +1.8% in 2016\*, should help Barcelona's hotel market to continue growing.

**Between 2008 and 2013, the demand in terms of overnight stays has increased at a CAGR of +5.7%**, while the total room stock only grew by +3.3% over the same period.

Thus, if the observed trends remain the same, Barcelona's hotel market, overtime, should manage to absorb the **future additional hotel supply** while maintaining its level of performances, continuing to outpace Madrid's.

Given this particularly positive outlook for tourism demand in the Catalan region and Spain's continuous attractiveness as a tourism destination, combined with the perspective of economic recovery and the move of national and international companies to the Catalan capital, hotel investment in Barcelona is also likely to accelerate over the next few years. The possible creation of added value through the revaluation of capital values for available assets whose prices are perceived to be below market levels may result in a **compression of expected rates of return**.

\*Source: BNP Paribas Research



Hong Kong



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- Our alliances



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We cover every stage of the hospitality property cycle and have a thorough understanding of the different challenges faced by private owners, institutional investors, financing institutions or developers. We provide targeted expertise in response and our service offer is fully adaptable to meet your specific needs and requirements.

For more information, please do not hesitate to contact us.

*\* 18 under direct ownership and 22 alliances*

Cover picture: Aerial View on Plaza de España (Source: © anshar73 - istockphoto.com)

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