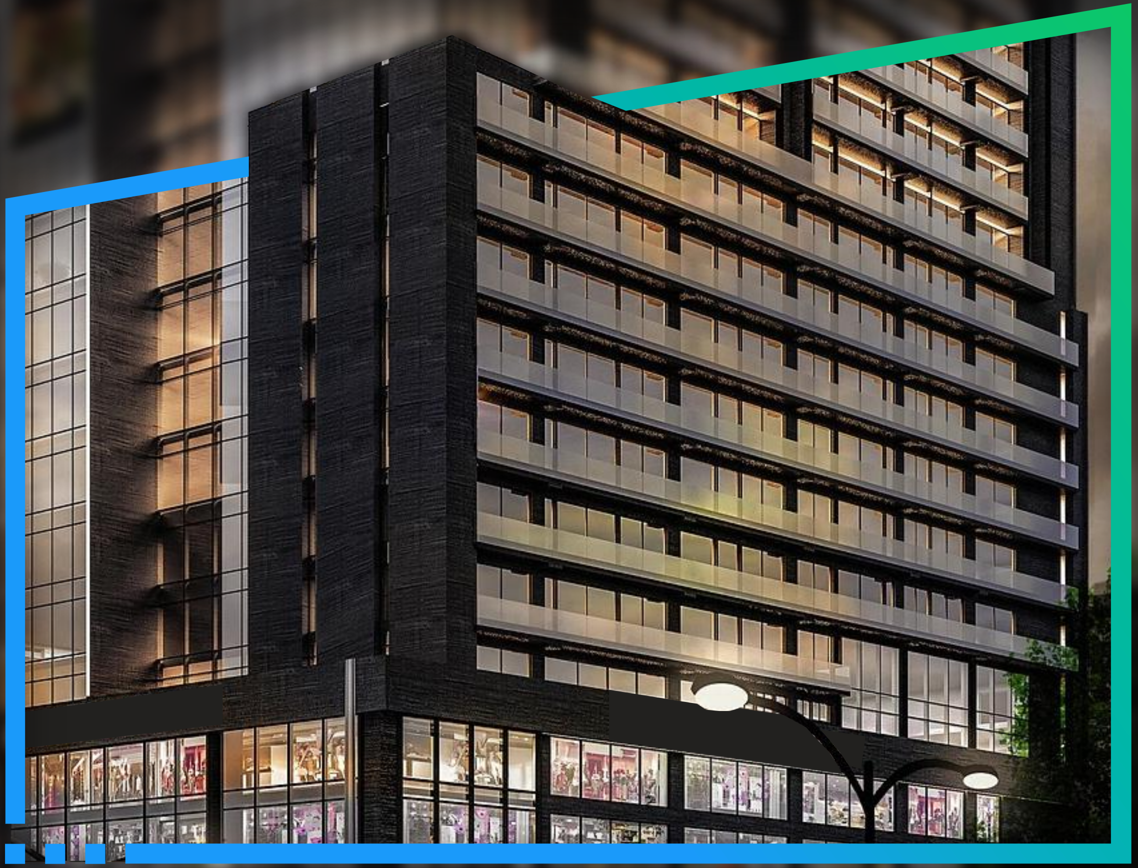
EY Parthenon

Shape the future with confidence

The Hotel Property Telescope

Investment & Financing Keys

EXECUTIVE SUMMARY



July 8th, 2025
EY Torre Azca, Madrid

The better the question. The better the answer.
The better the world works.

EY Parthenon

The Hotel Property Telescope
Spain 2025

EXECUTIVE SUMMARY

1 Macro Outlook

Geopolitical uncertainties still not affecting Spanish stabilizing tourism demand and healthy hotel investment

- **Spain's GDP indicators suggest economic growth in Spain will moderate in Q3-Q4** impacted by trade war and other geopolitical uncertainties. 2025 GDP forecast stands at 2.3%.
- **International arrivals registered record high visitors with 35m** (+6% vs record 2024 Jan-May), while domestic demand starts to struggle to follow 2024 record performance.
- Inflation progress has slowed down but **services' inflation proving much stickier**. Travel and leisure still a need, reinforcing demand resilience in affordable hospitality thanks to trade downs.
- **Spanish household savings rate stabilizing** after two consecutive years of growth, which could slow future demand momentum. Still, current levels at 14% of gross disposable income are healthier than the pre-COVID range of 6-8%.

2 Supply & Demand

- **International tourism still driving profitability in Spain** with +8% expenditure vs 2024 Jan-May. RevPAR still showing resilience, before the summer season kick-off.
- Market "winners": **Affordable hospitality as the top European GOP margin performer** with 40%.
- Bottom line focus: **Profitability squeeze with margins pressure due to F&B profit warnings**. Labour costs now the key challenge with new CLAs negotiations).
- **USA tourism** influx to Europe **not impacted in 2025YTD by geopolitical uncertainty**, growing +7% YoY in Europe, +6% YoY in Spain.
- **Demand stabilization** with **no overnight YoY growth** in '25 Jan-May due to slowing national demand (-0.5% YoY incr.).
- Supply impacted by enforcement of **new local regulations for touristic housing** in Spain.
- **New supply and refurbishment record despite high constructions costs** with c.750 projects (53k keys) vs record-high c.700 projects (50k keys) in 2024.

4 Financing Activity

- **Debt financing increasing activity,** with alternative debt providers currently becoming more and more competitive.
- **Increasing refinancing situations** as a solution to successfully trigger exit strategies from long term holders unlikely to divest yet.
- **Alternative capital** providers open to secure up to 70% LTC/LTV senior loan facilities and Mezz/Preferred Equity tranches (12-17% all-in).
- **Hotel accumulates the largest share of debt granted** in 2024 in Spain with **37%** and is set to grow further in 2025.

3 Hotel Properties Investment Market

- **Global Hotel Investment in line with vs Q1-24 to €12.4bn**, but USA capital re-allocation from Europe to Americas: less large portfolios available in the old continent reduced USA investment.
- **Spanish hotel investment market as Europe's Top-1 with €1.8bn** in H1 2025, followed by Italy's €1.3m record-semester. Despite less large portfolios and less luxury hotel deals, **investment in Spain grew 7% YoY**.
- **Private equities and institutional funds comeback** to investment (41% in Spain). Core and core+ capital still difficult to attract, so continuation funds appearing as the "white knight".
- **Operators still with relevant share** in Spain (42%). Large national operators boosting asset-light expansion appetite through JV partnerships with institutional investors.

5 Key Performance Indicators

Main Hotspots	Occ. 2024	Var. (23-24)	ADR 2024	Var. (23-24)	RevPAR 2024	Var. (23-24)
Urban						
Barcelona	81%	0p.p.	176	9%	130	9%
Málaga	84%	3p.p.	140	7%	117	10%
Madrid	75%	1p.p.	156	16%	116	18%
Sevilla	77%	3p.p.	131	10%	101	14%
Vacation						
Ibiza Island	78%	(2p.p.)	196	9%	153	6%
Tenerife Island	84%	0p.p.	144	11%	121	11%
Gran Canaria Island	85%	3p.p.	142	10%	121	13%
Mallorca Island	81%	1p.p.	135	8%	111	9%
Costa del Sol	78%	1p.p.	134	4%	104	5%
Costa Cádiz	66%	1p.p.	128	4%	84	5%
Costa Blanca	74%	3p.p.	105	8%	78	12%
Costa Brava	67%	2p.p.	104	4%	69	7%

EY Parthenon

Shape the future with confidence

The Hotel Property Telescope

Investment & Financing Keys

Spain 2025

#TheHotelPropertyTelescope

For further information…

Request the Expanded Edition

Contents (+200 pages):

1. Macro economic hotel market
2. Spanish hotel supply & demand, with hotspot by hotspot analysis
3. Hotel investment market
4. Key financing drivers
5. Market incoming trends
6. Key investment drivers

For further information, **please contact Javier García-Mateo**, email: Javier.Garcia-Mateo.Morales@parthenon.ey.com, telephone number: +34 659 900 215