

18% DROP IN INVESTMENT IN THE SPANISH HOTEL SECTOR IN 2024



In 2024, the Spanish hotel sector emerged as the country's second most attractive real estate product, attracting nearly 30% of the total invested capital, amounting to approximately €3.35 billion. However, this represents an 18% decrease compared to the hotel investment record seen in 2023.

Despite this decline, there remains a strong interest in both luxury and budget hotels. **Madrid and Barcelona remain the main focal points, and urban buildings are increasingly transforming into hotels.**

In 2023, hotel investment reached €4.1 billion, marking the second-highest investment year in the historical series, only behind 2018, which saw investments of €5 billion.

From 2017 to 2024, the Spanish hotel sector emerged as a significant investment focus, accumulating over 25 billion euros in investments. National buyers are the leading contributors, accounting for 52% of the total investment volume, which is more than double their representation in 2023, according to data from the real estate services consultancy CBRE.

The primary investor profile comprises hotel chains and managers, representing 38% of the total hotel investment volume. Meanwhile, institutional investors made up less than 25% of the total investments, a significant drop compared to over 70% the previous year, mainly due to rising interest rates.

In 2024, over 180 hotel assets comprising more than 17,000 rooms were transacted in Spain. Investors strongly preferred 4- and 5-star hotels, with 45% of total investment directed toward 4-star properties and 20% toward 5-star and 5-star Grand Luxe assets.

This growing interest in luxury hotels has narrowed the three- and four-star hotel sector. These two categories comprise approximately one-third of the total transaction volume in hotels recorded in 2024.

In 2024, investor interest shifted significantly towards urban assets, which accounted for 53% of capital, compared to 47% for the holiday segment—contrasting with trends from 2023. This change is primarily driven by the transformation of office spaces into hotels, particularly in city centers, with a strong focus on luxury properties.

The demand for hotels has led to the revitalization of older, less-used buildings. Barcelona and Madrid represented 18% of total transactions, while Malaga accounted for 5%.

The Spanish hotel industry's operating results for 2024 indicate strong performance in hotel and tourism activities across the country. **Specifically, the average daily rate (ADR) for occupied rooms was €118.80 in November, reflecting an 8% increase compared to 2023.** Meanwhile, the revenue per available room (RevPAR) reached €83.16, a 10% rise from the previous year.

In Madrid and Barcelona, the yield stood at 5%, while the islands enjoyed a higher yield of 6%. A

promising trend is anticipated for 2025.

In contrast to 2023, which saw a predominance of large portfolio transactions, 2024 has been characterized by individual asset transactions. One hundred twenty-three individual transactions accounted for 74% of the investment, approximately €2.5 billion.

Notable properties involved in these transactions included the purchase and sale of Six Senses Ibiza, Hotel Miguel Ángel, and Rafael Atocha in Madrid; Labranda Suites Costa Adeje and Iberostar Las Dalias in Tenerife; and AC Hotel Barcelona Forum in Barcelona.

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