



Madrid

Madrid, as the capital of Spain, is home to the economic, financial and administrative hub of the nation as well as a vast cultural and artistic heritage. First and foremost Madrid remains a business destination, however, due to its seemingly limitless cultural attractions, is establishing a reputation as a major international leisure hotspot. Hotel performance suffered greatly during the Spanish recession but the industry experienced robust growth in recent years. In 2015 average rate increased 10.7% to reach €94, while occupancy grew 6.5%, achieving a RevPAR of €65. The positive growth of these market fundamentals has restored confidence in Madrid's hotel market and fuelled growth in investment volumes.



Tourism

In 2015, arrivals grew 6% from 8.4 million to 8.9 million, while bed nights increased to 17.8 million, a 8% rise compared to the previous year.



Demand

Total arrivals at Adolfo Suárez Madrid-Barajas Airport reached 46.8 million during 2015, a 12% uplift from 2014.



Supply

Madrid's hotel market has c. 440 hotels offering a total of c. 47,000 rooms. More than 1,900 rooms are currently in the immediate pipeline and are expected to enter the market by the end of 2016.



Performance

€9 were added to average rates in 2015 to €94. In addition, occupancy rose 6.5% to 69%, resulting in a RevPAR of €65, up 17.9% compared to the previous year. This strong growth was fuelled by economic recovery and off the back of weaker performance in 2013 and 2014.

Quick facts

46.8 million

Passengers at MAD

▲12%

c. 440

Current Hotel Supply

69%

Occupancy ▲6.5%

EUR **94**

Average Rate ▲10.7%

EUR **65**

RevPAR ▲17.9%

▲▼ % change compared to prior year
Hotel performance sourced from STR Global



Investment

During 2015 Madrid continued to experience an increase in hotel transactions similar to 2014 growth levels. Among national and foreign investors, Madrid is perceived as a domestic business hub and international leisure destination with good investment opportunities. One of the top deals during 2015 was the acquisition of the most iconic hotel property in the city, the Ritz Madrid. The property was sold for a total of €130 million to a joint venture between the Saudi Arabian Olayan Family and Mandarin Oriental, who will operate the hotel.



Outlook

Hotel supply in Madrid is constantly growing and interest by international hotel brands, such as Mandarin Oriental and Four Seasons, confirms Madrid's reputation as a strong tourism destination. Nonetheless, the market will remain dominated by domestic hotel management companies for the foreseeable future. The macro-economic environment in Spain will continue to push domestic demand, while the weakening of the Euro, coupled with favourable economies in feeder markets will attract an increasing number of international visitors.

Recent Openings

The Principal Hotel Madrid
76 rooms, Opened 2015

Dear Hotel Madrid
162 rooms, Opened 2015

Exe Central
135 rooms, Opened 2015

Barceló Emperatriz
146 rooms, Opened 2016

Pipeline

Double Tree Madrid Prado
61 rooms, Due 2016

AC Hotels Aeropuerto Barajas
330 rooms, Due 2017

Four Seasons Canalejas
210 rooms, Due 2018

W Madrid
141 rooms, Due 2019

Notable Deals

Sheraton Madrid Mirasierra
December 2015, €45m

Tryp Atocha
July 2015, €27.8m

Jacometrezo 4 & 6
May 2015, €21.5m

Hotel Ritz Madrid
May 2015, €130m

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