



Horwath HTL

Hotel, Tourism and Leisure

MARKET REPORT

Portugal: *Market Overview*

OCTOBER 2019



History & Market Analysis

Introduction

For the last 20 years, Portugal has been making improvements to its tourism sector and, after considerable effort, is finally getting the desired result.

The Portuguese tourism sector has grown since 2011 by more than 10%, growing not only in overnight stays, but also in the number of source markets, at the same time as losing its historical dependence on the British market.

The country's tourism strategy has been based on government stability, implementing this strategy discreetly and taking advantage of the media coverage generated by the tourism industry of its Spanish neighbours.

The increase in the number of hotels, the campaigns to improve existing properties and the enrichment of the tourist offer (nature, cultural & religious heritage, sports, luxury to name a few) have been three key objectives.

In 2017, the Portuguese Tourism Minister announced the construction of 40 new hotels and the restoration of 30 historic buildings, such as palaces and convents, to convert them into hotels.

Between 2010 and 2016 the number of international tourists increased by 67%, and the level of tourism in general by 40%. Currently, Portugal receives more than 21 million tourists annually, generating employment for more than 1,15 million people.

GDP in 2018 exceeded the 20% contribution barrier, more than doubling the results obtained in 2015 and representing a weighted 25% increase over the GDP performance in Spain.

In this report, we will analyse the Portuguese market, highlighting some of the most relevant aspects that have featured in recent years.

The information is presented after dividing the country into its main tourist areas. The following aspects of the market have been analysed:

- Indicators
- Tourism Demand
- Tourism Offer
- Pipeline



Portugal: World's Leading Destination 2017 & 2018

Ranking

17th most visited country in 2017.

Million Visitors

21,05 Million Visitors in 2018 - 12,7 are international.

Overnight Stays

57,6 Million - 69,4% of them made by foreign tourists.

RevPar

52,50€ Portugal.

56,90€ Hotels

50,2€ Apartments

Income

Total: 171 Million Euros.

Accommodation: 114,6 Million Euros.

Employment

Generated more than 1,15 million direct employments per year.

Lisbon: More tourists per citizen than other cities

Ranking

62nd position in the Top 100 city destinations 2018, rising 11 places from 2017 ranking,

Million Visitors

3,79 million arrivals in 2108, a 7,6% increase compared to 2017 results.

Overnight Stays

14,49 million, 77,9% of them made by foreign tourists.

RevPar

The global Lisbon RevPar in 2018 is situated in 89,22€. 5* hotels RevPar 2018 result was 124,60€.

% OCC

Global Occupancy rate in 2018 was 79,8%, leading this results 4* and 3* with more than 84% and 83% .

ADR

2018 AR was 111,76€ being the differential between 5* and 3* of 83.50€.



Porto: Top 100 City Destinations 2018

Ranking

96th position. Porto rose 42 places in the ranking between 2012 and 2017

Million Visitors

1,6 million tourists last year, situating Porto in the 3rd position of the portuguese touristic areas.

Overnight Stays

Porto registered 5,2 million overnight stays in 2018 increasing by 5,2% on the 2017 results.

RevPar

More than a 10% increase from 2017 to reach 77,5€ of revenue per available room.

% OR

76,4% was the figure achieved in 2017 and 76,7% in 2018.

ADR

Porto's ADR has grown reaching 100€ after achieving 92€ in 2017.

Algarve: Holidays, Golf and Family Spot

Ranking

Algarve tourism income was over a billion € last year up by 4,7% compared to 2017.

Million Visitors

4,2 million visitors that represents a 1,5% increase from 2017.

Overnight Stays

18,8 million overnight stays, decreasing 1% from the 19 million reached last year.

RevPar

Increasing from 53,4€ in 2017 to 54,2€ in 2018.

% OR

Decreasing 0,9% down to 65% in 2018.

ADR

Increased 10,5% in 2017 compared to 2016 and, in 2018, increased 2,9% extra.

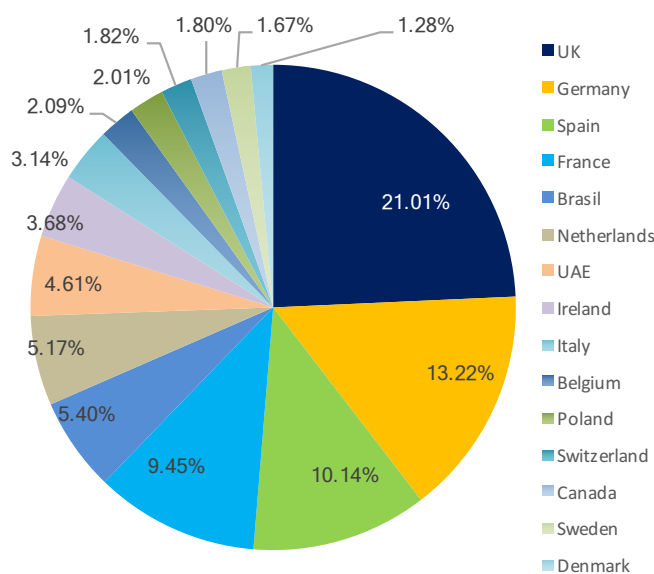


Tourism Demand

Overview

Portugal has historically been a British tourism destination. Due to the instability surrounding Brexit, the country has focused its tourism promotion on diversification. As a result, tourism to Portugal from countries such as Spain, France and Germany has increased notably since 2012.

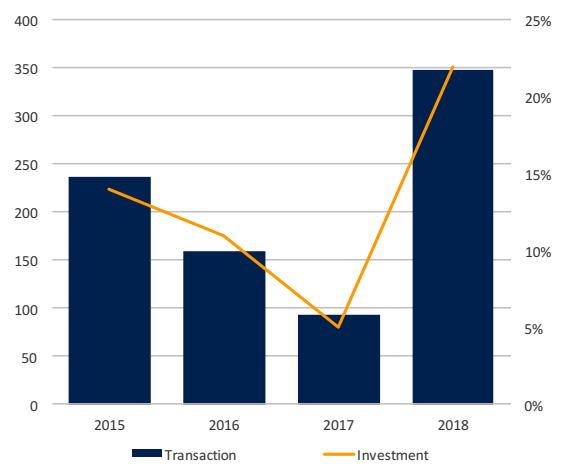
Weight by Country 2018



Source: Horwath HTL

This strategy also achieved results elsewhere, and markets such as Canada, Poland, EUA and Brazil grew noticeably. On the other hand, some of the most important countries for the Portuguese tourist market: UK, Germany, Spain and the Netherlands have shown a decreasing trend during the period 2013-18.

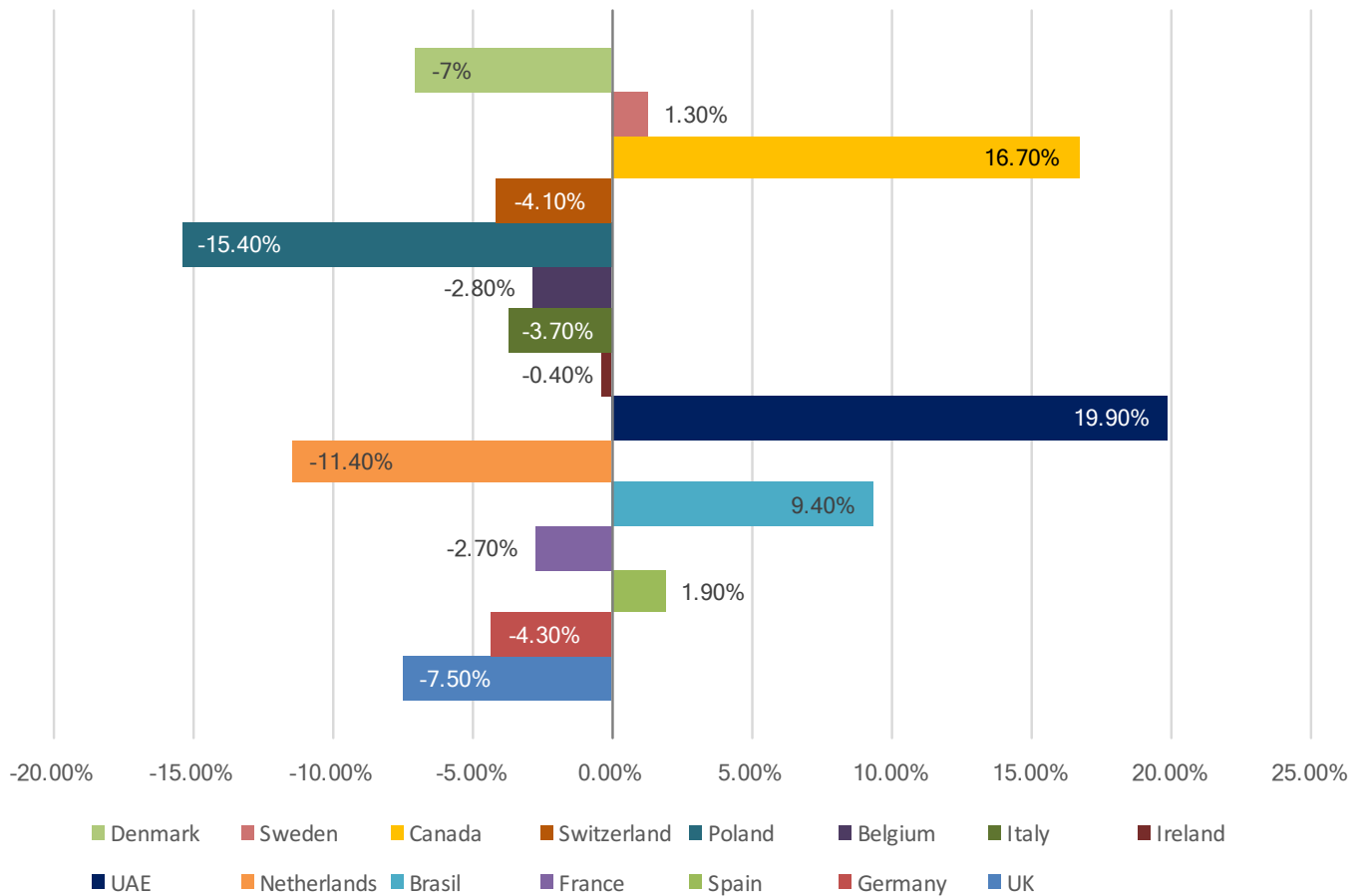
Transactions (M€) & Investment Increase (%)



Source: Horwath HTL

Analysing 2017 compared to 2018, it is clear that the Swedish and Spanish markets have returned to positive growth, while the Polish, Swiss, French and Italians have declined in number. The rest of the countries have maintained their position, but growth rates have slowed.

2018 Vs. 2017



Source: Horwath HTL

Tourism Offer

Overview

Between 2015 and 2018, 256 new hotels were granted licenses, which constitutes a significant number of new properties. During this period, hotel inventory increased by just over 24%.

In 2018 Portugal saw the opening of 81 new hotels. These were mainly in the metropolitan areas of Lisbon and Porto, where investors and operators currently want to focus their attentions. The boom in Portuguese tourism has turned the sector into one of the main drivers behind the economic recovery of the country.

Key Statistics	2018
Total chain hotels	336
Total chain rooms	43,069
Average size per chain hotel in rooms	128
Country hotels stock (overall supply)	1,309
Country rooms Stock (overall supply)	98,960
Average size per hotel in rooms	76
Chain penetration % by hotels	26%
Chain penetration % by keys	44%
Total number of brands	45
Domestic brands	19
International brands	26
International chain hotels*	86
Domestic chain hotels*	250
International chain rooms*	10,779
Domestic chain rooms*	32,290

Source: Horwath HTL

Main Hotel Chains



Pipeline

87 new hotels will soon be opening their doors in the country; a total of 9.012 new rooms. Lisbon will receive 32.3% of these rooms, resulting in the city having 35% of total hotel assets in Portugal and remaining the main target for development.

Hotel rooms in Portugal will increase by 9.9% and hotels by 6.7%. Since 2015, the Portuguese tourism sector has grown remarkably year after year and has consolidated the country's position in the world ranking of this sector.

Highlights

- Segmentation of the Portuguese Market (MICE, Golf, Beach, Cruise)
- Market diversification to avoid the impact of Brexit
- New Investment (capex and development)
- Political stability as a strength
- Efficient governmental tourism policies
- RevPAR positive trend

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With more than 15 years of experience in all areas of management in the tourism sector, Jesús is an expert in Retail and Asset Management. Jesús has a broad area of expertise, having carried out numerous projects in the field of conceptualization, repositioning, corrective and improvement plans, as well as optimization and outsourcing for both national and international companies.

Sources

- *Ine Portugal*
- *Observatório*
- *Turismo de Portugal*
- *Horwath HTL*

Horwath HTL

At Horwath HTL, our focus is one hundred percent on hotel, tourism and leisure consulting. Our services cover every aspect of hotel real estate, tourism and leisure development. We are a global Brand with 45 offices, who have successfully carried out over 20,000 assignments for private and public clients. We are part of Crowe Global, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry. We are Horwath HTL, the global leader in hotel, tourism and leisure consulting

Our Expertise:

- Hotel Planning & Development
- Tourism & Leisure
- Hotel Asset Management
- Hotel Valuation
- Health & Wellness
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Hotel, Tourism and Leisure

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ASIA PACIFIC

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New Zealand
Singapore
Thailand

EUROPE

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Austria
Croatia
Cyprus
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Germany
Greece
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Italy
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Norway
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LATIN AMERICA

Argentina
Brazil
Dominican Republic
Mexico

MIDDLE EAST

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