



Hotel Investment Market Snapshot

OCTOBER 2021

“INVESTMENT REACHES EUR 2,300 MILLION IN THREE QUARTERS, 250% HIGHER THAN TOTAL INVESTMENT IN 2020, APPROACHING PRE-PANDEMIC LEVELS”

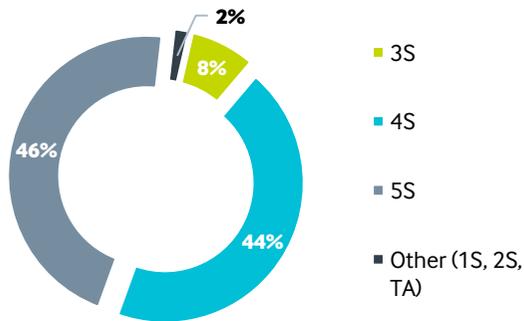
OCT 2021 INVESTMENT INDICATORS (vs. 2020 & 2019)

	2021	2020	2019
€	2.300 M EUR	900 M EUR	2.375 M EUR
🏠	77 Hotels	67 Hotels	114 Hotels
🔑	14.239 Rooms	8.300 Rooms	16.399 Rooms

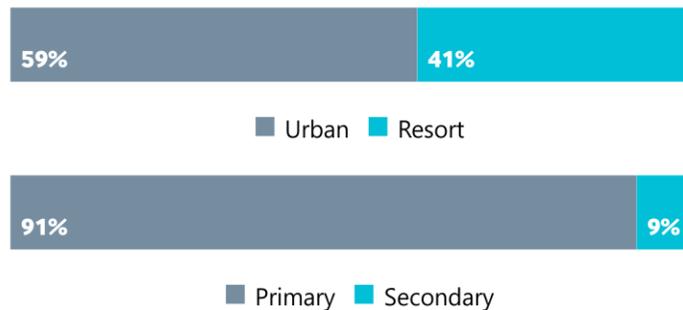
2021 has changed the course of hotel investment and has meant a record in average price per room transacted, having reached an average of EUR 160,000 so far this year.

Of particular note are the transactions of prime assets in prime locations, with sale & leaseback or sale & management back structures, acquired by core investors.

CATEGORIES OF ASSETS TRANSACTED



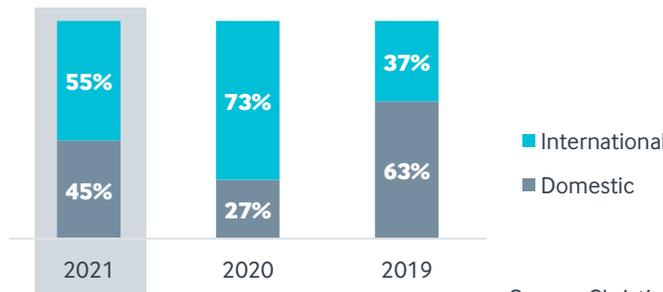
TYOLOGY OF INVESTMENT DESTINATION



INVERSTOR PROFILE



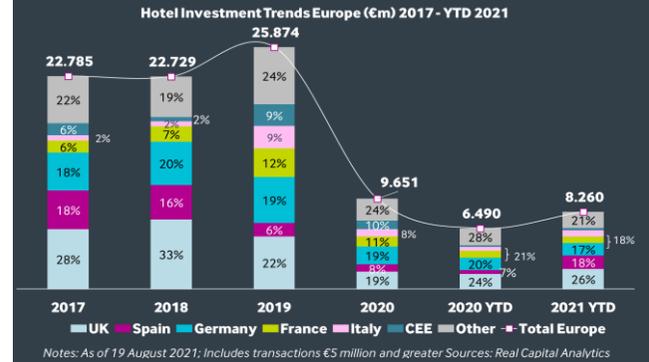
ORIGIN OF INVESTMENT (vs. 2020 & 2019)



Source: Christie & Co

Recovering investment volumes

After a difficult 2020, the year 2021 has broken all forecasts, with a registered volume of investment in three quarters practically equal to that recorded in 2019. With this volume, Spain regains its importance as a destination for hotel investment in Europe, with 18% of the total.



Activity focused on Prime Assets

The market has contradicted the expectations of the beginning of the year, when more value add activity was expected (lower category hotels, obsolete and in need of refurbishment and branding) and mainly in resort destinations (mostly second lines in good destinations and first lines in less strategic destinations).

The reality has been very different: mainly transactions in the urban market, concentrated in Barcelona and to a lesser extent in Madrid, with good quality assets, mostly 4 and 5 stars, and at pre-covid prices (without discount), which has increased the average investment volume per asset.

At the beginning of the year, the possible sale of a small or medium-sized hotel chain was anticipated. For the time being, only Selenta has sold all its assets. In addition, there have been other important portfolio transactions.

These impressive investment volumes have been achieved despite the almost complete lack of traditional bank debt.

International interest in the Spanish market remains strong. General and specialised funds have been by far the most active investors in these three quarters.

“THE 10 LARGEST TRANSACTIONS ACCOUNT FOR ABOUT 65% OF THE TOTAL INVESTMENT VOLUME DURING THE FIRST 3 QUARTERS OF THE YEAR”

MAIN HOTEL TRANSACTIONS JANUARY - OCTOBER 2021					
PORTFOLIO / ASSET	ROOMS	LOCATION	AMOUNT	BUYER	SELLER
Portfolio Selenta	2.200	Barcelona, Marbella y Tenerife	440M EUR	Brookfield AM	Selenta Group
Portfolio Meliá	1.801	Baleares, Canarias, Granada, Cádiz y Zaragoza	188,7M EUR	Bankinter	Meliá Hotels International
Portfolio Riu – TUI (49%)	2.938	Canarias y Andalucía	NA	RIU Hotels & Resorts	TUI Group
The Edition Madrid	200	Madrid	205M EUR	Archer Hotel Capital	KKH Property Investors
NH Collection Barcelona Gran Hotel Calderón	255	Barcelona	125,5M EUR	LaSalle Investment Management	NH Hotel Group
Hotel Hesperia Presidente	156	Barcelona	125M EUR	Familia Grifols	NA
BLESS Hotel Madrid	111	Madrid	114M EUR	RLH Properties	Grupo Didra / Aina Hospitality
TRYP Apolo	314	Barcelona	96M EUR	Schroders Capital	Värde Partners
Grand Hotel Central	147	Barcelona	93M EUR	Schroders Capital	Único Hotels
H10 Andalucía Plaza	400	Marbella	65M EUR	Bain Capital Credit / Stoneweg Hospitality	H10 Hotels

Return of Portfolio Operations

Apart from the pandemic 2020, year 2019 did not record as significant a volume of portfolio sales as 2021 did during the first 9 months. Three major portfolio transactions have been recorded so far. In two of them, the operators maintain management: Selenta maintains management as a white label in the sale of the assets to the international fund Brookfield and the creation of the fund for private investors by Meliá with Bankinter's Atom, in which Meliá also ensures the refurbishment of its assets and a stake in the new vehicle. In the third, the hotelier is the buyer Riu, which acquires Tui's 49% stake in the ownership of 19 hotels in various countries (only 8 assets are in Spain).

Long List of Prime Assets

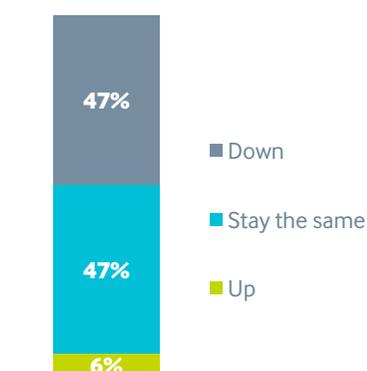
With the exception of one asset in Marbella, the list consists of hotels in Madrid and Barcelona. International interest in this type of high quality and liquid assets in the market is very high, as evidenced by the prices achieved in some of these transactions (over one million per room).

“INDUSTRY POINTS THE LACK OF INTERNATIONAL TOURISTS AS THE BIGGEST CHALLENGE AT PRESENT AND REMAINS DOUBTFUL ABOUT THE SPEED OF RECOVERY”

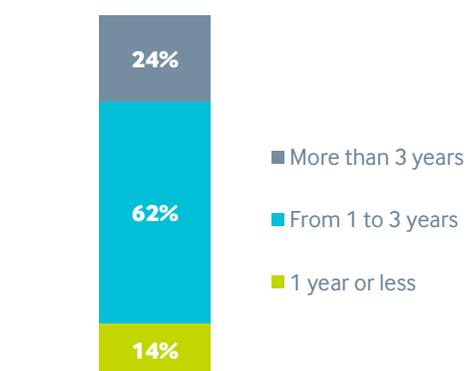
What are the biggest challenges for the sector today?



Where do you see the value of your assets moving in the short term?



¿How long do you think it will take to return to pre-Covid levels?



Christie & Co Mid-Year Sentiment Survey

This time, our Mid-Year Sentiment Survey focused primarily on investors' and hoteliers' views on the challenges the pandemic was creating and on the expected recovery. Responses were received between June and July and the positive summer performance was still unknown.

On 7 October, Exceltur published its 3rd quarter Tourism Outlook. This report coincides with our survey in identifying the lack of international tourism as the sector's biggest current concern.

There was a wide divergence of opinion in mid-summer on the impact on values and on the speed of post-pandemic recovery, with some indicating more than three years for full recovery. We believe that a repeat of the October survey would be somewhat more optimistic.



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