



Horwath HTL

Hotel, Tourism and Leisure

Portugal Hotel & Chains Report 2023

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Hotel / Tourism / Leisure

The Global Leader in Hospitality Consulting

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1. Welcome

Welcome to the 2023 Portugal Hotels and Chains Report, a comprehensive exploration of the dynamic hospitality industry in Portugal. This report delves into the unique opportunities and challenges facing this flourishing market, offering valuable insights.

Portugal is a vibrant hospitality market, contributing over 40 billion Euros to the economy, almost 16% of GDP. Portugal is also unusual in that the top hotel chains are locals, for those of you following our Chains Reports across Europe, beating Accor into third place is highly unusual. Over the last year, a remarkable post pandemic resurgence is evident. Robust demand has propelled most markets to exceed pre-pandemic levels, allowing for unprecedented rate increases that have pleasantly surprised property owners.

However, global issues have introduced formidable challenges in Portugal as well. Inflation, exacerbated by the Ukraine conflict, has soared into double-digit figures. Coupled with energy supply shocks and staffing woes, this inflationary surge has exerted unprecedented strain on hotel operating finances. Central banks' efforts to combat inflation through interest rate hikes have disrupted development projects and banking institutions, leading to a decade-low in transaction volumes as buyer-seller expectations diverge.

Despite these trials, confidence in the Portuguese hospitality industry remains unwavering. Development pipelines are robust, paralleled by sustained travel demand. As long as these factors persist, the industry will continue to evolve and thrive.

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2. Introduction

Portugal's tourism industry keeps expanding as the country is increasingly becoming competitive as a global tourist destination. Before the end of 2023, tourism global numbers in Portugal are expected to surpass those of 2019, which had been the best ever. Interest from international investors and from international branded hotels are expected to increase significantly now that Americans tourists are travelling to Portugal as they never did before. Aiming to better support its customers in the Portuguese market, this year Horwath HTL is pleased to announce the opening of Lisbon's Horwath HTL Portugal office.



3. The Market

The tourism sector continues to be one of the main drivers of the Portuguese economy, accounting for up to 16% of its GDP, and the sustained growth enregistered until 2019 was resumed in 2022, with national and international statistics agencies predicting that the record figures of 2019 will be surpassed in 2023.

Until July 2023, overnight stays reached 42.8 million and increased 14,8% compared with 2022. This year, Portuguese tourism industry is expected to contribute with 40.4 billion euros to the national economy. By contrast, at its height in 2019, Portugal's tourism economy generated about 40.1 billion euros.

In November 2022, Turismo de Portugal, IP – the national tourism authority – launched the campaign “Close to US. Close to Portugal.” to promote Portugal in the USA. Breath taking images of Portugal were shown in New York on Times Square digital billboards. As symbolic as it seems to be, the campaign has prompted a rise of recognition of Portugal as a tourist destination in the American market.

American tourists are already the third non-resident nationality with the highest number of overnight stays in Portugal (around 11% by July 2023, only behind the United Kingdom and Spain, with 13.3% and 12.6% respectively).



4. Key Points

4.1. National players are still in the lead

The ranking of chains and brands by number of rooms remains very similar to that of previous years with Pestana Hotel Group and Vila Galé Hotéis ranking as leaders. The top ten in both areas is mainly represented by national companies and brands, while the international presence continues to be led by Accor Hotels, Marriott Hotels & Resorts, Minor Hotels, Eurostars Hotel Company, and their respective brands.

4.2. Stagnation in the number of brands

The total number of international brands is still on a par with local brands (53% vs. 47%), and the increase of brands in the market when compared to 2022 was almost residual (1% and 2% increase for international or national brands, respectively). This may suggest that the Portuguese market may have become more mature, while the chains that are not investing in the development of new brands, either due to scarcity of resources, or simply because they are not willing to take the risk considering the high competition, are on the rise.

4.3. Hotel Pipeline

The number of projects currently in the pipeline (90) show significant increase compared to previous years, which illustrates the growing interest of international chains and brands in the Portuguese market.

The current pipeline should increase the total stock of hotels by about 4% and the total number of rooms by about 8% (additional 11.900 rooms). The trend continues to show that Lisbon and Porto areas continue to represent the most sought for destinations by investors (about 75% of the projects). Algarve also continues to attract interest (about 13% of the projects).

4.4. Hotel Investment

The investment in hotel acquisitions in the past 24 months reached around 1.5 billion euros, which is a substantial increase compared with the previous analogue period (about 600 million euros). This substantial increase was mainly due to the acquisition of the ECS portfolio by Davidson Kempner Capital Management (DK Partners), Highgate-Hospitality Investment and Management Company and Kronos Investment Group, valued at up to 850 million euros. This deal made DK Partners/Highgate/Kronos one of the biggest players in the Portuguese hospitality market.

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5. Key Stats

Key Statistics	2022	2023	%
Total chain hotels	581	623	7%
Total chain rooms	68,990	73,405	6%
Average size per chain hotel in rooms	119	118	-1%
Country hotels stock (overall supply)	1,957	2,049	5%
Country rooms Stock (overall supply)	140,634	144,898	3%
Average size per hotel in rooms	72	71	-2%
Chain penetration % by hotels	30%	30%	2%
Chain penetration % by keys	49%	51%	3%
Total number of brands	127	129	2%
International brands	67	68	1%
Domestic brands	60	61	2%
International chain hotels	161	177	10%
Domestic chain hotels	420	446	6%
International chain rooms	21,988	24,401	11%
Domestic chain rooms	47,002	49,004	4%



5.1. Ranking by Size

CHAINS

Rank	Chain Groups	Hotels	Rooms
1	Pestana Hotel Group	80	7,688
2	Vila Gale Hotéis	31	5,006
3	Accor	38	3,940
4	Marriott Hotels & Resorts	20	3,844
5	MINOR	18	3,499
6	Eurostars Hotel Company – Hotusa	24	2,781
7	Hoti Hotéis	17	2,545
8	SANA	14	2,267
9	Real Hotels Group	14	1,826
10	VIP Hotels	9	1,796

BRANDS

Rank	Chain Brands	Hotels	Rooms
1	Pestana Hotels & Resorts	35	5,410
2	Hotéis Vila Gale	22	4,369
3	Tivoli	9	2,264
4	Ibis	20	1,892
5	Turim	17	1,598
6	Eurostars	14	1,508
7	Porto Bay	11	1,506
8	Pestana Pousadas de Portugal	36	1,490
9	Dom Pedro	7	1,379
10	HF Hotéis Fénix	8	1,320

Rank	Domestic Chain Groups	Hotels	Rooms
1	Pestana Hotel Group	80	7,688
2	Vila Gale Hotéis	31	5,006
3	Hoti Hotéis	17	2,545
4	SANA	14	2,267
5	Real Hotels Group	14	1,826
6	VIP Hotels	9	1,796
7	Turim Hotels	17	1,598
8	Porto Bay Hotels & Resorts	11	1,506
9	Dom Pedro Hotels & Golf Collection	7	1,379
10	HF Hotéis Fénix	8	1,320

Rank	Domestic Chain Brands	Hotels	Rooms
1	Pestana Hotels & Resorts	35	5,410
2	Vila Gale	22	4,369
3	Tivoli	9	2,264
4	Turim	17	1,598
5	Porto Bay	11	1,506
6	Pestana Pousadas de Portugal	36	1,490
7	Dom Pedro	7	1,379
8	HF Hotéis Fénix	8	1,320
9	Savoy Signature	6	1,269
10	VIP Executive	7	1,261

Rank	International Chain Groups	Hotels	Rooms
1	Accor	38	3,940
2	Marriott Hotels & Resorts	20	3,844
3	MINOR	18	3,499
4	Eurostars Hotel Company – Hotusa	24	2,781
5	IHG	9	1,734
6	MGM Muthu Hotels	7	1,245
7	Hilton	8	1,204
8	B&B Hotels	12	1,116
9	Wyndham Hotels & Resorts	3	583
10	Louvre Hotels	7	545

Rank	International Chain Brands	Hotels	Rooms
1	Ibis	20	1,892
2	Eurostars	14	1,508
3	Muthu	7	1,245
4	Meliá	7	1,119
5	B&B Hotels	12	1,116
6	Holiday Inn Express	8	1,015
7	Sheraton Hotels	4	877
8	The Luxury Collection	5	856
9	Mercure	8	848
10	Exe Hotels	7	828

5.2. Ranking by Scale

DOMESTIC BRANDS

Rank	Economy & Midscale	Hotels	Rooms
1	Inatel	12	931
2	Hoteis Moov	5	629
3	Barata Hotels	4	562
4	Star Inn	3	481
5	Flag Hotels	7	427
6	Stay Hotels	6	406
7	HF Hotéis Fénix	3	400
8	Turim	4	360
9	Eurosol Hotéis	5	356
10	Dom Pedro	2	340

INTERNATIONAL BRANDS

Rank	Economy & Midscale	Hotels	Rooms
1	Ibis	20	1,892
2	B&B Hotels	10	1,004
3	Holiday Inn Express	7	829
4	Moxy Hotels	2	358
5	Exe Hotels	2	293
6	Ikonik	1	231
7	Ibis Styles	2	225
8	Ibis Budget	2	177
9	Yotel	1	150
10	Mama Shelter	1	130

Rank	Upscale & Upper Upscale	Hotels	Rooms
1	Hotéis Vila Galé	21	4,185
2	Pestana Hotels & Resorts	25	3,009
3	Pestana Pousadas de Portugal	36	1,490
4	Turim	12	1,137
5	Porto Bay	7	1,091
6	VIP Executive	6	1,009
7	AP Hotels & Resorts	7	1,004
8	Luna	11	986
9	Bensaude Hotels Collection	7	828
10	Dom Pedro	4	776

Rank	Upscale & Upper Upscale	Hotels	Rooms
1	Eurostars	11	1,065
2	Meliá	6	899
3	Mercure	8	848
4	Muthu	4	832
5	NH Hotels	5	646
6	Tryp By Wyndham	4	626
7	Marriott Hotels & Resorts	1	577
8	Holiday Inn	3	568
9	Exe Hotels	5	535
10	Novotel	3	447

Rank	Luxury	Hotels	Rooms
1	Pestana Hotels & Resorts	9	2,324
2	Tivoli	6	1,561
3	Epic Sana	3	876
4	NAU	6	752
5	Savoy Signature	2	722
6	Pestana Collection Hotels	5	605
7	Hotéis Real	4	602
8	Montebelo Hotels & Resorts	6	590
9	Altis Hotels	3	469
10	The Editory Collection Hotels	3	445

Rank	Luxury	Hotels	Rooms
1	Sheraton Hotels	4	877
2	The Luxury Collection	5	856
3	Crowne Plaza	2	560
4	InterContinental	3	520
5	Corinthia Hotels	1	518
6	Eurostars	3	443
7	Hilton	2	420
8	Muthu	3	413
9	Iberostar	2	386
10	Tui Blue	1	350

5.3. Ranking Per Scale & Size

Category	OVERALL				DOMESTIC				INTERNATIONAL			
	Hotels	Rooms	%	Ave. Size	Hotels	Rooms	%	Ave. Size	Hotels	Rooms	%	Ave. Size
Budget & Economy	35	2,771	4%	79	17	1,048	2%	62	18	1,723	7%	96
Midscale	123	11,813	16%	96	88	7,889	16%	90	35	3,924	15%	112
Upscale & Upper Upscale	351	38,816	53%	111	256	26,840	56%	105	95	11,976	47%	126
Luxury	114	20,005	27%	175	71	12,149	25%	171	43	7,856	31%	183
TOTAL	623	73,405	100%	461	432	47,926	100%	427	191	25,479	100%	517

5.4. Ranking by Destination

Rank	Destination	Hotels	Rooms
1	Lisbon City	143	18,814
2	Norte	147	17,752
3	Algarve	114	13,891
4	Centro	81	7,597
5	Lisbon Area	47	6,472
6	Madeira	45	5,311
7	Alentejo	29	1,804
8	Azores	17	1,764

5.5. Destination Pipeline

Rank	Destination Pipeline	Hotels	Rooms
1	Lisbon	31	4,412
2	Norte	27	2,858
3	Lisbon Area	8	1,695
4	Algarve	13	1,581
5	Madeira	3	614
6	Alentejo	6	572
7	Azores	1	101
8	Centro	1	50

5.6. Demand Driver

Driver	OVERALL		DOMESTIC		INTERNATIONAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Art & Business	288	34,183	133	20,209	138	17,328
Sun & Beach	169	26,607	150	16,855	36	6,398
Other Leisure	125	8,706	113	7,576	12	1,130
Wellness	17	1,835	15	1,600	2	328
Golf	9	778	2	456	2	235
Wine	6	465	7	450	1	60
Casino	2	456	5	405	0	0
Mountain/Ski	7	375	7	375	0	0

5.7. Hotel Investors

Rank	Name	Volume in €M
1	Davidson Kempner	773,409,069
2	Arrow Global	261,999,947
3	Azora	115,000,000
4	Redevco	55,732,488
5	MNK Partners	35,000,000

Source: Real Capital Analytics, past 24 months

5.8. Institutional Owners

Rank	Destination Pipeline	No. of Hotels
1	Davidson Kempner	21
2	Arrow Global	7
3	Azora	5
4	Gaw Capital	2
5	MNK Partners	2

Source: Real Capital Analytics, past 24 months





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About 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.

Our clients choose us because we have earned a reputation for impartial advice that will often mean the difference between failure and success. Each project we help is different, so we need all of the experience we have gained over our 100-year history.

We are a global brand with 52 offices in 38 countries, who have successfully carried out over 40,000 assignments for private and public clients. We are part of the Crowe Global network, 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.

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