

# FRANCHISING OPPORTUNITIES IN SPAIN

By HOTELS Editors

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With 82 million tourists in 2017, Spain is now attracting the highest number of foreign tourists ever. The two largest feeder markets, the United Kingdom and Germany, grew 9% and 8%, respectively. Scandinavian arrivals grew 15.4%.

But the scarcity of assets in Madrid and Barcelona, at the right price, is diverting investors' attention towards tier 2 urban locations such as Bilbao, Valencia, Seville and Malaga.

Like in most hotel markets, tier 2 and tier 3 destinations cannot justify the cost structure of international brands. As such, Spain is now undergoing the same filtering process with hotel contracts formats.

Down the food chain, franchising contracts are increasingly becoming the tool to enter locations below 300,000 inhabitants. And with certain international brands, there is even margin to go down to cities with populations of just 100,000. At this level of the market, domestic white-label operators and investors know that the investment-future exit can also be international. If they sign a contract with the right franchise, they open the door to more exit options.

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