

# IBIZA: A CASE OF HOTEL REINVENTION



By Ivar Yuste

November 13, 2013 - Categories: Blogs,

Once the center of the hippie revolution in Europe during the 1970s, Ibiza and sister island Formentera have experienced for two consecutive years the highest RevPAR levels in Spain. Ibiza is considered as the example to follow in product repositioning and destination branding. This is the only destination in Spain where the official hotel star-rating system keeps no correlation with rack rates. A decade-long stable supply and strong product differentiation are pushing ADRs upwards for every property; 3-star hotels can sustain 4- and 5-star rates.

Ibiza managed to be declared in 1999 a UNESCO World Heritage protected site while consolidating its position as the global temple for electronic music together with destinations such as Tel Aviv or Miami.

Entertainment group Pacha this year opened its second hotel property on the island, **Destino Pacha**. **Nikki Beach** landed this summer its first beach club in Ibiza. Cipriani is already there with a **Cipriani** restaurant and nightclub **Booom Ibiza**, and **Hard Rock** is already present with its Hard Rock Café and will open a resort in 2014. Last but not least, Melia Hotels International has just announced that London & Regional Properties' Ian Livingstone will be co-investing in its next ME Ibiza property to be launched in 2014, the latest resort upgrade on the island.



Santos Ibiza Coast Suites



The key to this success has been driven by local investment. Major groups like Palladium have turned around aging 3-star resorts into luxury boutique properties such as the [Ushuaia Beach Hotel](#), where David Guetta is a regular DJ. Smaller groups such as [Santos Ibiza Coast Suites](#) or [Gecko Beach Club](#), in Formentera, are following this path as well.

To make the market even more competitive, these lifestyle hotels and music-themed resorts co-exist with former rural houses in the centers of Ibiza and Formentera that have been reconverted into luxury boutique hotels. Properties such as [Can Curreu](#), [Atzaró](#) or [Es Ram Resort](#) can exceed rack rates of €500 (US\$671) during peak months.

Non-regulated supply is also following this trend, and Formentera is leading the way. Airbnb features 24% of its inventory on this island at or above €400 (US\$537) per day.

Product repositioning definitely pays off.

COMMENT

You must be [logged in](#) to post a comment.