

The coast of the Region of Murcia

as a tourist investment destination

According to the 2016 Hotel Investment Market X-Ray report in Spain, published by the real estate consultancy firm IREA, Spain and Germany were in 2016 the two countries receiving more real estate investment.

The report also anticipates that in 2017, Spain will surpass France as third hotel investment destination in Europe after having a total investment volume of €2.184 billion, slightly less than the previous year, when it received more investment than ever before.

Around 24% of all commercial asset investment targeted hotel assets, according to the report.

Last year, two thirds of investment came from international sources, a trend starting in 2015. In other words, 64% of total investment came from international investors (e.g. Hotel chains or REITS) and the remaining 36% from Spanish investors.

As for the origin of international investors, France was first (€628 million), followed by Germany (€149 million) and Luxembourg (€93 million). It is also relevant that last year there were no investments from sovereign wealth funds coming from oil-producing countries.

The sectoral profitability indicator (known as RevPAR) increased 10.4% in 2016 for a 43-month growing trend, obtaining a value 27% higher than in 2008.

TERRITORIAL REFERENCES

1,470,273 inhabitants

3,2% Spain's total (46,572,132)
January 2017

11,314 km²

2,2% of Spain's total (505,968)

130 persons/km²

Spain: 92 persons/km²

443,243 inhab. city of Murcia

7th most populated city in Spain

274 km of coastline

5th province after the Islands, Cadiz and Tarragona

60,133 beds

1,8% of Spain's total
December 2017

19° C average temperature 66° F

300 days of sunshine yearly



National chains invested €276 million in the purchase of 32 hotels, with HOTUSA's purchase of 5 establishments standing out. National investors spent 304 million.

Within Spain, 97 hotels were sold, 17% more than the previous year (83), although the average number of rooms decreased more than 33% (down to 142). So far this year, individual asset operations were more common in the Spanish market, different from the trend of the last few years when investment tended to focus on traditional destinations.

The information provided by Exceltur's last Barometer for profitability and employment in Spain's tourist destinations for 2016, reveals that both for vacation destinations (Costa Calida) and urban destinations (large cities) the main sectoral ratios - ADR (average room rate), Re-

vPAR (revenue from available room) and occupancy rate - exceeded the national average. More specifically, for Costa Calida destinations the year-on-year growth rate for tourist occupancy nearly doubled the average rate of all Spanish vacation destination included in this report.

The Economist Association of the Region of Murcia, based on the 2017 January Barometer results, sees tourism and hospitality as the sector with the best growth prospects for the first semester of 2017. According to economists, international investment and tourism are solid options against other possible unfavorable international political-economic scenarios.

The IMPACTUR study on the economic impact of tourism on the Murcia Region economy and employment, prepared by Exceltur in line with the regional Tourism Satellite

Account, shows that most predictions on the future of the Region of Murcia refer to the key role played by the tourist sector. The wish to enjoy unique experiences is one of the main pillars of the forecasted tourism demand growth over the next few years. Within this context, the challenge for tourist destinations such as the Region of Murcia is to be capable to meet and exceed tourist expectations, thus further turning tourism into a driver for job creation and economic prosperity. This requires forward thinking and designing, in collaboration with local entrepreneurs and social agents, a proposal that includes unique experiences based on the peculiarities of each Murcia Region area.

COMMUNICATIONS



2 international airports

in a 80-km radius:

INTERNATIONAL AIRPORT OF THE REGION OF MURCIA

ALICANTE – EL ALTET

Brussels 2:30h + 15 flights/week

London 2:15h + 30 flights/week

Paris 2:00h + 30 flights/week

Berlin 2:20h + 30 flights/week



Highways

Murcia-Madrid 3:30 h.

Murcia-Valencia 2:00 h.

Murcia – Mediterranean Rim: AP7



2 international ports

in a 200-km radius

The **Port of Cartagena** offers regular service to the largest ports in the world, connecting the Region of Murcia to destinations in Europe, America, Africa and Asia.

The study shows the important role of tourist activities in the economic system of the Region of Murcia, which according to initial Tourism Satellite Account estimates generated over €3.1 billion in 2016. This resulted in increased relevance of tourism in the regional economy, from 9.2% in 2010 to 11% in 2016.

In addition to economic figures, which are obviously important, it is also necessary to know that the late development of tourism in the Region of Murcia has resulted in various advantages: Some of the main problems resulting from tourist activities in highly consolidated destinations do not significantly affect the Region of Murcia. This is clearly described by an organization known for strong environmental statements and which in its last public report on the status of Spanish coastal regions described Murcia as a region with areas well preserved

and others fully developed. In fact, there is a combination of areas with key natural value, most likely some of the best preserved in the Mediterranean Region and others highly built-up. The report also shows that the Region of Murcia has one municipality in a list of 155 that are less filled and none in the TOP 10 of more-filled municipalities in our country. Having said that, there is one in the TOP 25. The main risk is the sea level rise resulting from climate change.



In the last few years, **structural tourism assets have increased significantly in the Region of Murcia.**

This refers mainly to **capabilities in terms of accommodation, tourist resources, communication and connection services and infrastructures**, ensuring the region's readiness to receive tourists and make their stay pleasant.

IMPORTANCE OF TOURISM



Flow of tourists

in official & private accommodation



Economic impact of tourism



53,894

directs jobs

63,000

directs & indirects jobs

5.6 MM
million tourists

41.6 MM
million overnight
stays

7.4 days
One of the longest
average stays in
the country

3,390 MM
Tourist GDP
in 2017
/ initial estimate

11.2%
if GDP

6.3%
Increase rate
/ 2017-2016

11%
of regional
employment

1st
Employment
record in 2017

3%
Average
year-on-year
increase rate
/ last 5 years

TRANSPORT INFRASTRUCTURES



Intern. Airport of the Region of Murcia

22

operations/hour
capacity

24H

flight schedule

3.5 MM

passenger/year
extendable to **5 MM**
passenger/year
maximum capacity



Railroad: High speed train *Upcoming inauguration: 2020*

Line connecting

Madrid -

Castile La Mancha -

Valencian Region -

Murcia Región

955 km

length

300 km/h

maximum speed

2:30 H

Madrid-Murcia

1:20 H

Valencia-Murcia

1,6 MM

million seats



Alicante-El Altet Airport

37

airlines

23

countries

87,113

operations > +17.6%

117

destinations

12.3 MM

passengers > +16.7%

20 MM

passengers/year
maximum capacity

212

routes



Port of Cartagena:

Cruises

147

cruises

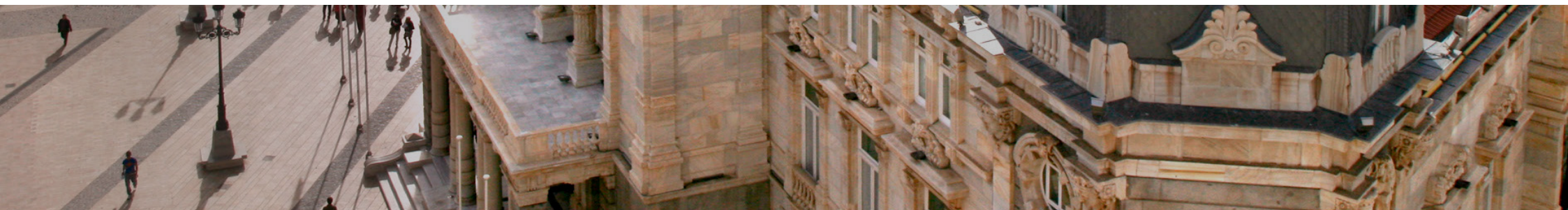
231,548

passengers / +23.3%

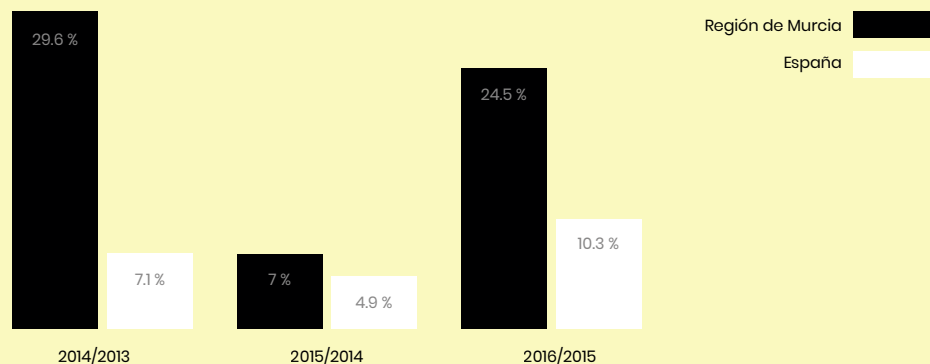
The Port of
Cartagena
ranks eighth

in cruise
passenger flow
in Spain

**year 2017*

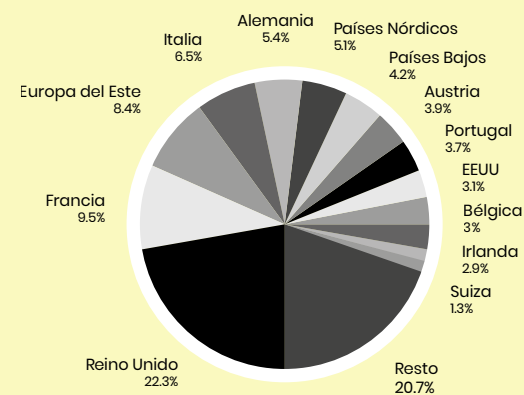


GROWTH OF INTERNATIONAL TOURISM IN THE REGION OF MURCIA AND SPAIN / 2014-2016 PERIOD



Source: FRONTUR. Spain's Institute for Tourism and INE

MAIN INTERNATIONAL SOURCE MARKETS. HOTEL ESTABLISHMENTS IN THE REGION OF MURCIA .



Source: Hotel occupancy survey - INE

MURCIA



1MM

foreign tourists



365,643

foreign tourists in
official accommodation
/ + 5.8%



4.6 MM

spanish tourists



1,243,320

spanish tourists in
official accommodation
/ + 7.2%



GOLF TOURISM



18

The Region of Murcia has 18 top quality golf courses offering various service facilities all within a 50-km radius.



Designed by

some of the best players in the golf world:

Jack Nicklaus

Dave Thomas

Robert D. Puttman

Seve Ballesteros



Accommodations

4- and 5-star hotels, apartments and villas

Why invest in tourism

Strengths of the Region of Murcia as a destination

Investment in the regional tourist sector

in Costa Cálida?

Quality of life, pleasant weather
all year round.

Non-saturated coastline,
unspoiled beaches.

A sea within a sea.

Hospitality. Unique destination.
Living traditions.

Large offer in culture, leisure
and activities.

Good connections, short distances.

Variety of consolidated products: nautical-scuba, culture, golf, health, rural.

Emergent products with great potential: sports, wine-making, gastronomy, get-aways, culture, festivals, "slow" tourism,

Highly ranked in hospitality, safety and value for money

Diverse environments, natural areas and cultural heritage.

High coastal demand guaranteed in the summertime.

High campsite demand in the winter months by clients from Central and Northern Europe.

Caravaca de la Cruz is one of the five "Holy Cities Worldwide".

Only Spanish region with **3 wine appellations:** Jumilla, Yecla and Bullas.

274 km of coastline, with two seas, Mediterranean and Mar Menor, the largest seawater lagoon in Europe.

Port of Cartagena, with an increasing development of cruise ship tourism.

Excellent potential for **senior tourism development**.

Magnificent Mediterranean seabed for scuba and snorkeling tourism.

Excellent infrastructures for development of golf tourism and sportive stages.

An analysis of investment evolution in the tourist sector reveals a **significant increase in capital attraction** over the last few months. A contributor to this situation was undoubtedly the industry upturn, the availability of fiscal incentives and services for consultancy and administrative proceedings, the fact that Murcia is increasingly less conditioned by seasonability, as well as the excellent potential of our main regional tourist products, such as the Holy Year of Caravaca.

Thus, it can be concluded that the Region is undergoing an **upgrade of hotel infrastructures**, not only building new facilities, but also refurbishing some which were underused and offering packaged investment

products of interest for investors.

The arrival of investors and the modernization of hotel infrastructures translates into an increase of service and installation quality, leading therefore to **an enhanced perception of Murcia as a tourist destination amongst tourists**.