

By Pedro Rosa
Manager - Tourism, Hospitality & Leisure
Deloitte

Beyond Lisbon's Seven Hills – 2008 edition

Lisbon is the capital and the largest city of Portugal, being the main financial and political centre of the country. The Lisbon Metropolitan Area concentrates around 2.8 million inhabitants, which represents almost 30% of the country's population. It is also ranked number one in the Portuguese most liveable cities survey and it is placed on the top 50 locations of the worldwide ranking of Mercer's 2008 Quality of Living survey.

The city of Lisbon has over 20 centuries of history and holds many ancient traditions. It is also very rich in architecture, where different styles such as Romanesque, Gothic, Manueline, Baroque, Traditional Portuguese, Modern and Post-Modern confluxes harmoniously, resulting in a true non-stop discovery experience. The timeless handicrafts, the characteristic tile covered building façades and the narrow medieval streets, where one can hear the *fado* being played at night, are some examples of the peerless experiences that can be lived in Lisbon. Furthermore, the annual popular and cultural festivities such as the City Festivities (June), Festival of the Oceans (August) and the Christmas Lights (November and December), among others, are an important mark of this cosmopolitan city. Also, the city has been for years the stage for international festivals of art, cinema, music and culture. During the concerned period, several relevant events took place in Lisbon, such as, the third edition of the Rock in Rio concert, The Lisbon Terror Cinema Festival, IndieLisboa - International Independent Film Festival, The International Taxi Festival, The Magic World Festival, among many others.

Lisbon, also known as "the city of 7 hills", is blessed with sandy beaches just about 20 minutes from the city centre and provides one of the mildest climates in Europe, with an annual average of 3,300 hours of sunshine. Is the perfect place for exquisite shopping, exciting nightlife, interesting museums and a very rich gastronomy considered worldwide as a prime example of a Mediterranean diet.

Lisbon is gaining more and more international recognition as a tourism destination per excellence. It held the second position of the prestigious The New York Times magazine ranking - The 53 Places to go in 2008.

The tourism industry in the city of Lisbon has been evolving in a very positive way, reaching more than 2.8 millions of guests in 2007, which spent about 6.1 million overnights, meaning a growth of 7.7% and 6.5%, respectively, when compared with the year before in the same period. It is to notice that more than 66% of the guests were foreigners, as so were the nights spent (73%).

Towards this increase in tourism demand, the Lisbon supply market has been responding greatly. Investment in innovation and differentiation has been a main concern, as well as the capture of new market segments and a creation of a sophisticated market supply. Lisbon is turning into "fashion" destination. Just in 2007, two new four-star, members of Design Hotels, were open: the Hotel Fontana Park and the Hotel Jerónimos 8.

The hotel supply in Lisbon is quite diverse. All categories of hotels can be found, mostly represented by renowned international brands. Lisbon's hotel market is able to satisfy a wide range of public, with different budgets, tastes and styles. We are standing toward a balanced, selected and sophisticated hotel market, where 62% of the units are in the 4 or 5 star categories, a number that has been growing in the latest years. In 2007, the number of rooms in Lisbon exceeded the 14 thousand and the number of bedrooms overcame the 26 thousand.

Hotels in the Lisbon City				
	Category * (stars)	2006	2007	Δ (06-07)
Number of Hotels	5*	12	13	8.3%
	4*	45	49	8.9%
	2 and 3 *	40	38	-5.0%
	Total	97	100	3.1%
Number of Rooms	5*	2,988	3,276	9.6%
	4*	6,746	7,388	9.5%
	2 and 3*	3,938	3,534	-10.3%
	Total	13,672	14,198	3.8%
Source: "Observatório" by Lisbon Convention Bureau				

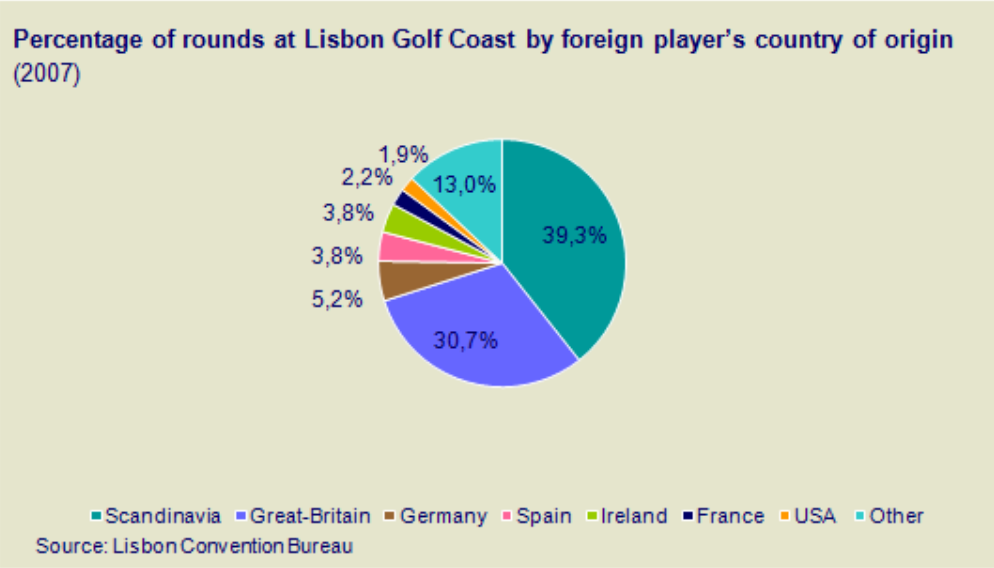
According to the Lisbon Convention Bureau, Lisbon hotels had a better performance in 2007, in terms of occupancy rate and average room rate, comparatively to 2006. The average occupancy rate in 2007 was of 71% and the average room rate (ARR) and the revenue per available rate (RevPAR) increased about 7€ from 2006 to 2007. Comparing the 1st semester of 2007 with the same period of the current year, the ARR and the RevPAR still have a better performance than the year before.

Hotels in the Lisbon City – key indicators evolution						
	2006	2007	Δ (06-07)	June 2007	June 2008	Δ (June07- June08)
Occupancy (%)	67.80	71.00	4.8%	68.10	67.64	-0.7%
ARR (€)	72.52	79.70	9.9%	78.57	83.59	6.4%
RevPar (€)	49.14	56.58	15.2%	53.49	56.54	5.7%
Source: "Observatório" by Lisbon Convention Bureau						

One of the main touristic products that Lisbon has to offer is the golf practice, greatly due to its mild climate. National wide, the golf market is growing above the European average: from 1997 to 2007, the Compound Annual Growth Rate of the number of players in Portugal was of 9.7% against the European 4.5%. The Lisbon Golf Coast is internationally acknowledged for the courses playing quality and their surrounding countryside. Golf tournaments, such as the Lisbon Golf Coast Festival, contribute to distinguish Lisbon as a golf destination.

The majority of the rounds played in Lisbon Golf Coast were from Scandinavian players, followed by the British players – both adding up to 70% of the total of rounds played by foreign players. In 2007, the USA was the non-European country whose players engaged in more rounds in the Lisbon Golf Coast.

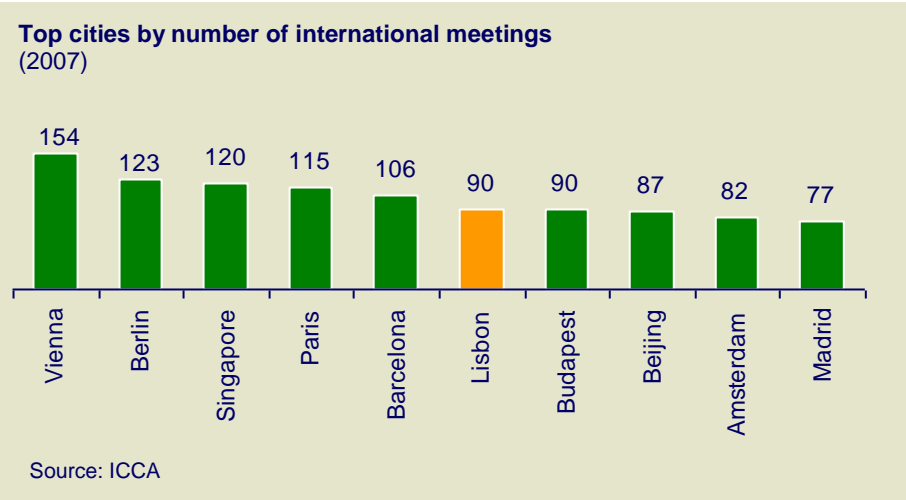
Percentage of rounds at Lisbon Golf Coast by foreign player's country of origin (2007)



The city of Lisbon is growing in supply diversification in a wide range of services related to the wellness segment. From wellness hotels, to sophisticated SPAs and wellbeing centres, all can be found in Lisbon. The city is the biggest supplier in SPAs, whether located in hotels or day SPAs, conglomerating about 34% of the national supply.

For the business oriented client, Lisbon has infrastructures for conferences and seminars, being nowadays positioned as an important MICE destination. The International Congress & Convention Association (ICCA) ranked Lisbon as the 6th city where more international meetings occurred in 2007. The number of international meetings organized in Lisbon, exceeded cities like Beijing, Amsterdam and Madrid.

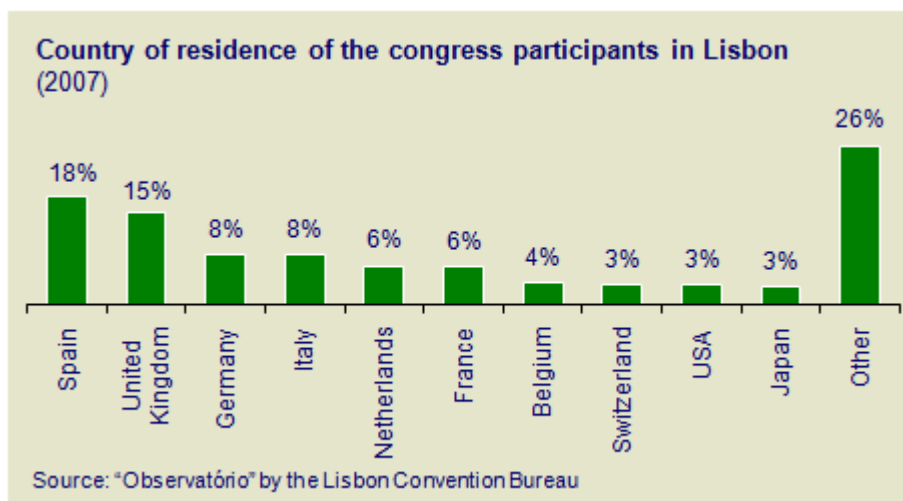
Top cities by number of international meetings (2007)



In order to make out the business tourism sector in Lisbon, the Lisbon Convention Bureau accomplished a study, concerning the opinion of the participants of some international congresses that took place in Lisbon.

The congress participants in Lisbon are mainly from Spain (18%), United Kingdom (15%), Germany and Italy (8%). About the non-European countries, the main participants are from the USA and Japan. Lisbon is globally evaluated with 8.2 out of 10 points as a MICE destination – this number has been increasing in the latest years. The study also revealed that:

- Lisbon is the 3rd city where the best MICE events take place, following Paris (1st) and Barcelona (2nd);
- It is recommended as a MICE destination in 97.3% of the cases and as a touristic destination in 98.1% of the cases;
- 34.5% of the participants want to spend more time in Lisbon beyond the event's duration.



With the tourism industry development, the transportation is one of the sectors of the tourism value chain that goes through more significant movements. It is forecasted the construction of a new International Airport in Lisbon (to be concluded in 2017), due to the gradual increase in movement and the consequent limitation and congestion of the current airport.

The Lisbon International Airport received in 2007 more than 13 million passengers and almost 140 thousand flights, which means an increase of 8.8% and 5.3% respectively, when compared to 2006.

Evolution of Lisbon International Airport movement			
	2006	2007	Δ (06-07)
Number of Passengers	12,314,314	13,392,069	8.8%
Number of Flights	132,456	139,519	5.3%
Source: "Observatório" by Lisbon Convention Bureau			

In addition to the increase in the airport's flow of transportation, the movement in the Lisbon Port also grew from 2006 to 2007. Once Lisbon is the westernmost capital in mainland Europe, located at the point where the river Tagus flows in the Atlantic Ocean, it has been a must stop location of the main international cruise ship routes. The number of passengers exceeded 305 thousand, while the number of cruises had a little decrease in 13 cruise ships. The latest numbers from 2008 confirm the good results of 2007, with the British and North American markets leading the number of passengers. The investment in a new cruise ship terminal, by the Port of Lisbon Authority, is planned to be completed in 2010.

Evolution of Lisbon Port movement			
	2006	2007	Δ (2006-2007)
Number of Passengers	270,893	305,185	12.7%
Number of Cruises	269	256	-4.8%
Source: "Observatório" by Lisbon Convention Bureau			

The development of transportation infrastructures in Lisbon is the key to sustain the increase in the tourism industry. While the road connections are continuously adjusted with the market needs, as are the train connections, as for example the adoption of the high speed train, planned for the following years.

Lisbon remains a city with strong arguments to keep being visited and to captivate who visits it. Lisbon continues renewing itself, always with a sophisticated charm, combining the past, the present and the future, capable of enchanting even the most exigent tourist. The latest Tourist Satisfaction Survey, held on June 2008, by the Lisbon Convention Bureau, confirms and reveals that 92% of foreign tourists leave the city with the intention of coming back, and 75% of those interviewed had already been here at least once.