



GHN MARKET REPORT **Lisbon**



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There is always a new Lisbon to discover – Lisbon Overview 2011 edition

Lisbon is an amazing city about which you will never be able to say you know it completely. There is always something new to visit, there is always something to discover. That is the reason why tourists keep coming back, more than once, looking for a new experience and new sensations. That is why Lisbon is one of the most renowned Capital cities of Europe, to prove it is the recognition as the “Best destination 2010” by the European Consumers Choice Organization.

Lisbon’s location, the most western Capital in mainland Europe, where the Tagus River flows into the Atlantic Ocean, provides it a special luminosity difficult to find elsewhere. Lisbon is the centre of the occidental world, between Europe and Americas, which resulted on a fusion of cultures and flavors, and where more than 500 years ago the Discoveries great adventure began. Today Lisbon reencounters itself again with the Tagus River, starting a new era and creating a new centrality for the city. The Terreiro do Paço square is now a renovated symbol of its glorious history and at the same time an open perspective of vanguard for the future.

Moreover Lisbon is a Destination where the diversity of scenic landscapes and the authenticity of its traditions live together in perfect harmony with a trendy and open-minded sense of life capable of providing unique and personal experiences.

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* music being played at night, are some examples of the peerless experiences that can be lived in Lisbon. Furthermore, the annual popular and cultural



events' calendar is quite rich and includes, among others, the Lisbon Fish & Flavours (April), the City Festivities (June), the Oceans Festival (August) and the Christmas Lights (November and December), which 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.

Lisbon 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. Lisbon 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.

2010 revealed to be a very positive year to the tourism industry in the Lisbon region, reaching more than 3.9 millions of guests in 2010, which spent about 8.6 million overnights, meaning a growth of 8.9% and 9.3%, respectively, when compared with the year before in the same period.

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 now a “fashion and trendy” destination.

The hotel supply in Lisbon is quite diverse (from the best Hostels in the world to most luxurious Hotels). 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 segments, with different budgets, tastes and styles. We are standing toward a balanced, selected and sophisticated hotel market, where 60% of the units are in the 4 or 5 star categories. In 2010, the number of rooms in Lisbon exceeded the 15 thousands (Table 1).



Table 1 – Hotels in the Lisbon City: number of Hotels and rooms

	Category (stars)	2009	2010	Δ (09-10)
Number of Hotels	5*	15	18	20.0%
	4*	53	55	3.8%
	2 and 3*	41	47	14.6%
	Total	109	120	10.1%
Number of Rooms	5*	3,431	3,705	8.0%
	4*	7,626	7,690	0.8%
	2 and 3*	3,795	3,901	2.8%
	Total	14,852	15,296	3.0%

Source: “Observatório” by Associação Turismo de Lisboa (Lisbon Tourism Association)

According to the Turismo de Lisboa, Lisbon hotels had a better performance in 2010, in terms of occupancy rate and average room rate (ARR), comparatively to 2009. The average occupancy rate improved 9% and the revenue per available room (RevPAR) increased about 7% from 2009 to 2010.

Table 2 – Hotels in the Lisbon City: Key Performance Indicators

KPI	2009	2010	Δ (09-10)
Occupancy (%)	60.10	65.55	9.0%
ARR (€)	74.19	72.71	-2.0%
RevPAR (€)	44.60	47.66	6.9%

Source: “Observatório” by Associação Turismo de Lisboa (Lisbon Tourism Association)

Accordingly with the new Strategic Marketing Plan for Turismo de Lisboa, for the period between 2011 and 2014 – for which the Lisbon Tourism Association worked together with Deloitte Portugal –, given the richness of resources in the Lisbon region, the strategy for products should be defined according to the following table and summary:



Table 3 – Turismo de Lisboa product’s strategy

	Strategic Products			Priority Products	
	City Breaks	Meetings Industry	Touring	Golf	Cruises
Products/ Supplemental motivations	Gastronomy and Wine				
	Touring			Touring	
				City Breaks	
	Nautical Tourism		Nautical Tourism		
				Sun and Sea	
	Health and Wellbeing		Health and Wellbeing		
	Religious Tourism				
	Golf		Golf		Residential Tourism

Source: “Strategic Marketing Plan for Turismo de Lisboa 2011-2014” by Associação Turismo de Lisboa (Lisbon Tourism Association)

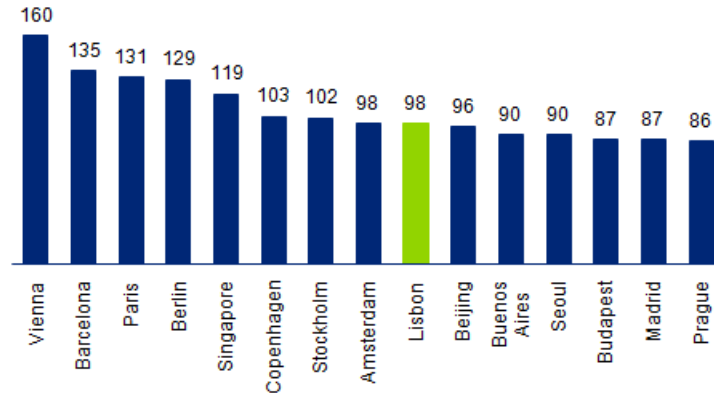
From the analysis of Table 3, there are three main strategic products: City Breaks, Meetings Industry and Touring and two other priority products: Golf and Cruises, categorization which depends on each product maturity. These products could easily be complemented by other products, resources or motivations.

For the Meetings Industry, Lisbon has a large number of infrastructures able to welcome conferences and seminars, being nowadays positioned as one of the most important destinations.

The International Congress & Convention Association (ICCA) ranked Lisbon as the 8th city in which more international meetings occurred in 2009 (Graphic 1). The number of international meetings organized in Lisbon, exceeded cities like Beijing and Madrid.



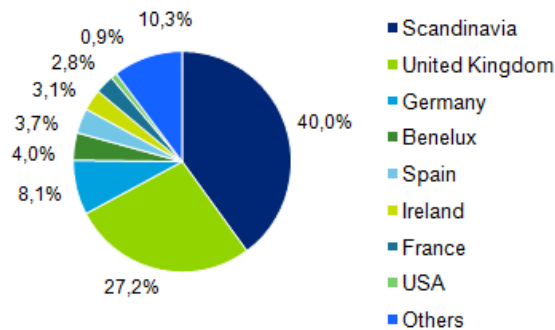
Graphic 1 – Top 10 cities for international association meetings 2009



Source: ICCA

More than 25 golf courses around Lisbon city (Lisbon Golf Coast) provide a very stimulating offer for golf lovers. The Lisbon Golf Coast is internationally acknowledged for the courses playing quality and their surrounding countryside. The majority of the rounds played in Lisbon Golf Coast were from Scandinavian players, followed by the British players – both adding up to 67% of the total of rounds played by foreign players. In 2010, the USA was the non-European country whose players engaged in more rounds in the Lisbon Golf Coast (Graphic 2).

Graphic 2 – Percentage of rounds at Lisbon Golf Coast by foreign player’s country of origin 2010



Source: “Observatório” by Associação Turismo de Lisboa (Lisbon Tourism Association)



Lisbon's privileged location – bordered by the Tagus River and the Atlantic Ocean – contributes significantly for the city consolidation as a must stop location of the main international cruise ship routes. The number of passengers exceeded 415 thousand, while the number of cruises had an increase of 5 cruise ships (Table 4). The development of a new cruise ship terminal, by the Port of Lisbon Authority, is planned to be completed in 2012.

Table 4 – Evolution of Lisbon Port movement

Number	2009	2010	Δ (09-10)
Passengers	415,758	448,497	7.9%
Cruises	294	299	1.7%

Source: “Observatório” by Associação Turismo de Lisboa (Lisbon Tourism Association)

With the tourism industry development, the transportation is one of the sectors of the tourism value chain that goes through more significant movements. The Lisbon International Airport received in 2010 more than 14 million passengers and almost 140 thousand flights, which means an increase of 14.9% and 4.4% respectively, when compared to 2009 (Table 5). Another important aspect which will contribute to the increase of the passenger's number at the Lisbon International Airport is the recently inaugurated easyJet permanent base.

Table 5 – Evolution of Lisbon International Airport movement

Number	2009	2010	Δ (09-10)
Passengers	12,261	14,087	14.9%
Flights	132,380	138,147	4.4%

Source: “Observatório” by Associação Turismo de Lisboa (Lisbon Tourism Association)

Lisbon is 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 in 2009, by the Lisbon Tourism Association, revealed that about 91% of first time foreign tourists confirmed or exceeded their expectations.

A final quote to mention that Lisbon has been nominated for the 2011 World Travel Awards edition on the following categories: Best City Break Destination, Best Cruises Destination, Best Cruises Port, Best Destination and Best Airport, besides that TAP



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Portugal, our airline flag company, is also nominated to Best Airline Company and Best Airline Company for the Business Class.

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