

MarketLine City Profile

Barcelona

Reference Code: ER0012CP

Publication Date: April 2017

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CITY SNAPSHOT

- Barcelona is the second largest city in Spain after Madrid in terms of population. It is the capital city of the Catalonia region, which is one of the 20 regions of the country. The city comprises 10 districts, including Ciutat Vella, Eixample, Sants-Montjuic, Les Corts, Sarria-Sant Gervasi, Gracia, Horta-Guinardo, Nou Barris, Sant Andreu and Sant Marti. As per Eurostat, the Province of Barcelona, also referred to as the Barcelona metropolitan area, is composed of 311 surrounding municipalities with a total area of 7,700km²
- The Barcelona metropolitan area accommodated 11.7% of the country's total population in 2016. The area was home to 5.4 million people in 2016, with an annual increase of 0.1%. Over the period (2017-2025), the population in the area is forecast to shrink at an average annual rate of 0.01% to reach 5.43 million people by 2025. The population density of the area recorded 706 people per square kilometer in 2016
- The nominal GDP in the area stood at €145.6 billion (US\$161 billion) in 2016, up from €144.5 billion (US\$160.4 billion) in the previous year. The nominal GDP in the area is expected to reach €152.9 billion (US\$172.2 billion) by 2025
- The economy of the area is mainly driven by the tertiary sector, accounting for 76.3% of the total area's gross value added (GVA), followed by the secondary sector (23.2%) and primary sector (0.5%) in 2015
- Barcelona-El Prat International Airport is the major airport in the area, located 13km south-west of the city center. The airport handled 44.2 million passengers in 2016, with an annual increase of 11.2%, compared to 39.7 million passengers in the previous year

Table 1: Barcelona metropolitan area– key facts (estimates), 2016

Key Facts	
Population (million)	5.4
Land Area (km ²)	7,700
Population density (people/km ²)	706
Real GDP growth (%)	0.3
Nominal GDP per capita (US\$)	29,600
Nominal GDP (US\$ billion)	161.0

Source: MarketLine

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PEST ANALYSIS

Political

- The Barcelona Municipal Council consists of 10 districts, including 41 councilors. Council members are elected through local elections held every four years. The council includes four committees. The members of the council meet every month
- The mayor, who is elected by councilors, heads the council for a period of four years. Ada Colau Ballano is the current and first woman mayor of the city. She succeeded Xavier Trias in June 2015.
- The council has allocated an annual budget of €2.7 billion (US\$3 billion) for the year 2017. Of the total allocated budget, a total of €295.7 million (US\$330.1 million) will be allocated for security and citizen mobility, €420.5 million (US\$469.4 million) for housing and urban planning, €344.5 million (US\$385 million) for social and health services, €121.8 million (US\$135.9 million) for education, €100.9 million (US\$112.6 million) for economic promotion and employment, and remaining for other categories, including public transportation, sports and public debts
- The “Waste Prevention Plan 2012-2020” aims to reduce waste generation by reusing and recycling the resources in a more efficient way. Under the plan, the waste generation per capita in the area is expected to diminish by 10% by 2018. Apart from this, “Electric Vehicle Master Plan” and “Special Urban Development Plan for Tourist Accommodation” are some of the other key development plans of the city council to make Barcelona a tourist-friendly city, with better tourist accommodation facilities and a city with better air quality
- Barcelona New Housing Plan (2014-2020) is a comprehensive housing construction plan, which aims to add 1,000 new affordable rental housing flats to the existing 10,423 rental housing units. The new housing plan will explicitly focus on people and social housing policies to meet the housing requirement

Economic

- Barcelona is one of the key contributors to the overall growth of the nation and accounted for 13.2% of the total national GDP in 2016. The economic growth of the area is supported by growth in the tourism and hospitality industry. The city hosted 2,268 international meetings in 2015 and welcomed 589,818 delegates. The area emerged from the 2008 financial crisis, in 2014, and witnessed the higher growth rate of 0.3% in real term in 2016
- The European Commission considered Barcelona as the European Capital of Innovation for using new and innovative technologies. The latest report published by EY (a multinational professional services firm) for the European attractiveness survey in 2016 stated that the number of foreign direct investment (FDI) projects in the city grew by 5% in 2016 and accounted for 11% of the total FDI investment in Europe. In 2012, the tourism sector in the city had the most potential for foreign investment, accounting for 78.1% share
- The area is projected to moderate marginally by 0.2% growth in 2017 and achieve an average annual rate of 0.1% over the period (2017-2025). The economy of the area is expected to grow at par with Valencia (0.1%), however, at a slower rate compared to that of Madrid (0.4%) during 2017-2025
- The nominal GDP in the area stood at €145.6 billion (US\$161 billion) in 2016, compared to €144.5 billion (US\$160.4 billion) in the previous year. The nominal GDP in the area is expected to reach €152.9 billion (US\$172.2 billion) by 2025
- The services sector contributed the most to the total GVA of the area, with a share of 76.3%, followed by the secondary sector (23.2%) and primary sector (0.5%) in 2016. The service sector in the area grew at an average annual rate of 2% during 2005-2015. However, during the same period, the secondary sector declined by 0.3% and primary sector by 0.2%
- The GDP per capita of the area stood at €26,774 (US\$29,600) in 2016, compared to €26,582 (US\$29,511) in the previous year. The GDP per capita of the area was lower than Madrid (€31,280/US\$34,581) and higher than Valencia (€20,937/US\$23,147) in 2016. The GDP per capita is expected to reach €28,125 (US\$31,667) by 2025
- Within the services sector, the wholesale and retail trade, hotels and restaurants, transportation added the most, contributing 30% of total GVA, followed by the financial intermediation and real estate (26.5%), and the administrative and support services (19.8%) in 2016
- The unemployment rate in the area stood at 17.9% in 2016, compared to 17.7% in 2010. The increase in unemployment rate is attributed to 76,207 job deduction in the services and industry sectors of the area during (2010-2016). The unemployment rate in the area is expected to soften at 16.1% by 2025. The total labor force in the area stood at 2.1 million in 2016, of which 1.7 million were employed and accounted for 50% of the total working age population in 2016
- Of the total employed persons in the area, 82.7% were employed in the services sector. The industry sector employed 16.7% and the agriculture sector employed 0.6% of the total employed persons in 2016

Figure 1: Barcelona metropolitan area– real GDP and real GDP growth, 2000-25

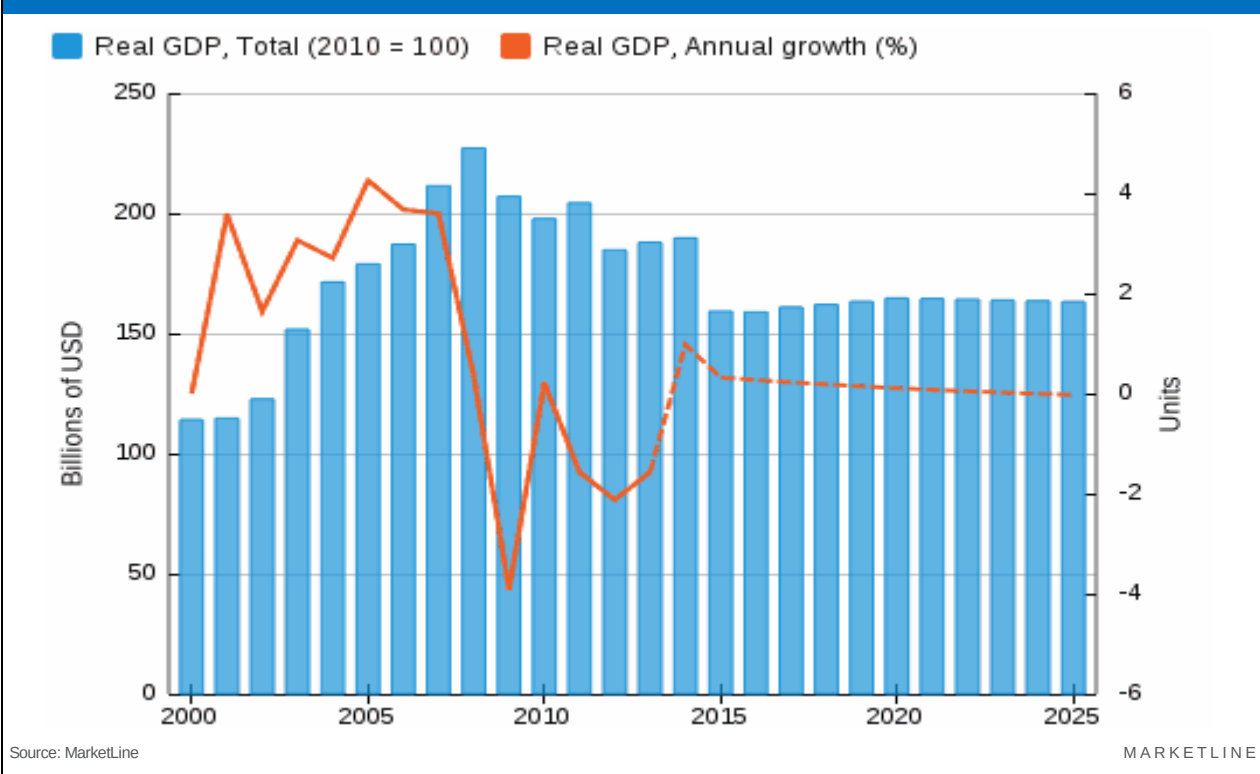


Table 2: Barcelona metropolitan area– real GDP and real GDP growth, 2000-25

Year	Total (US\$, 2010)	Annual Change
2000	114.09	
2001	114.78	3.58%
2002	122.69	1.64%
2003	151.64	3.06%
2004	171.34	2.71%
2005	178.91	4.26%
2006	187.11	3.67%
2007	211.48	3.59%
2008	227.14	0.35%
2009	206.97	-3.92%
2010	197.73	0.21%
2011	204.28	-1.57%
2012	184.80	-2.12%
2013	187.97	-1.57%
2014	189.67	0.98%
2015	159.22	0.32%
2016	158.98	0.27%
2017	160.91	0.22%
2018	161.99	0.18%
2019	163.24	0.14%
2020	164.69	0.11%
2021	164.47	0.08%
2022	164.20	0.05%
2023	163.89	0.02%
2024	163.54	0.00%
2025	163.16	-0.03%

Source: MarketLine

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Figure 2: Barcelona metropolitan area– economic growth (Index 2010=100), 2000-25

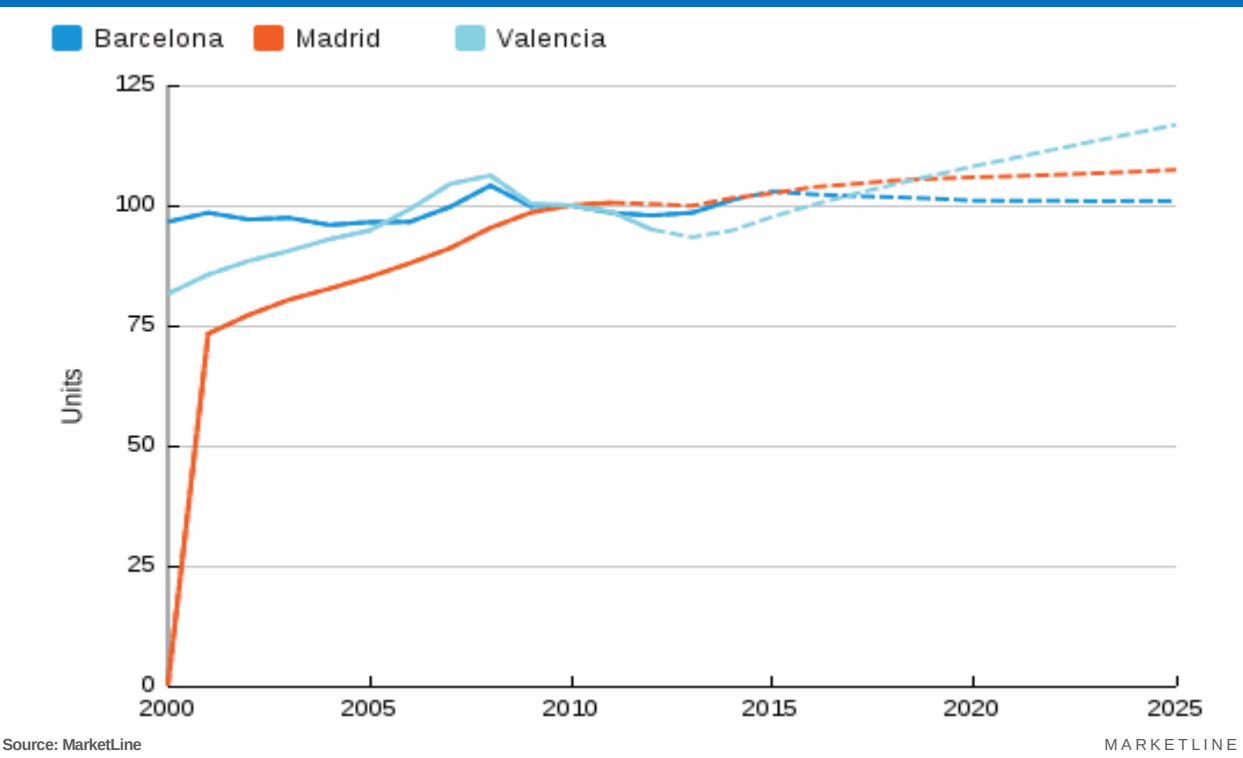


Table 3: Barcelona metropolitan area– economic growth (Index 2010=100), 2000-25

Year	Barcelona	Madrid	Valencia
2000	96.56	0.00	81.58
2001	98.44	73.28	85.58
2002	97.04	77.16	88.41
2003	97.38	80.33	90.51
2004	95.90	82.63	92.91
2005	96.48	85.10	94.74
2006	96.53	87.94	99.17
2007	99.66	91.07	104.44
2008	104.08	95.30	106.21
2009	99.79	98.48	100.30
2010	100.00	100.00	100.00
2011	98.43	100.55	98.63
2012	97.88	100.28	94.94
2013	98.43	99.87	93.36
2014	101.13	101.52	94.79
2015	102.86	102.48	97.61
2016	102.25	103.79	100.11
2017	101.91	104.42	102.28
2018	101.68	105.15	104.32
2019	101.38	105.52	106.26
2020	100.95	105.83	108.13
2021	100.92	106.05	109.88
2022	100.96	106.35	111.64
2023	100.84	106.65	113.37
2024	100.89	106.98	115.07
2025	100.87	107.38	116.73

Source: MarketLine

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Figure 3: Barcelona metropolitan area– GDP per capita comparison, 2000-25

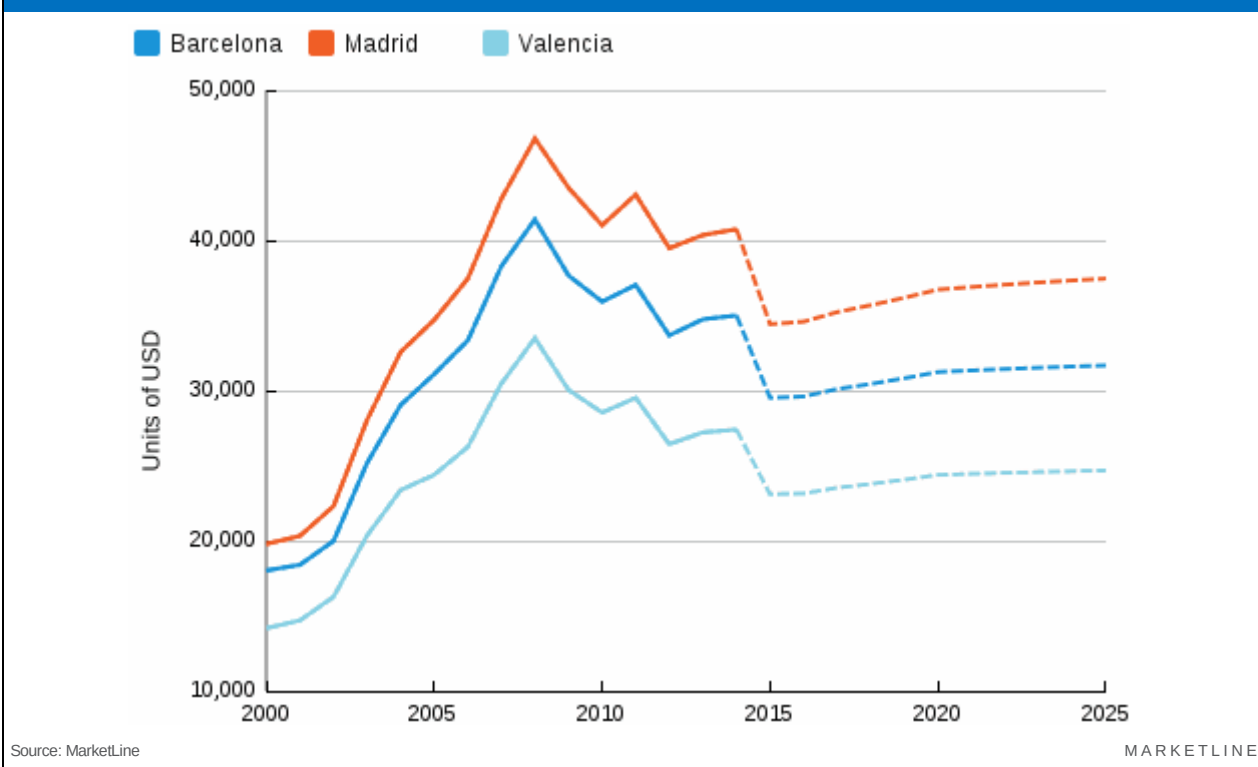


Table 4: Barcelona metropolitan area— GDP per capita comparison, 2000-25 (US\$)

Year	Barcelona	Madrid	Valencia
2000	18,016	19,784	14,173
2001	18,395	20,319	14,692
2002	19,974	22,290	16,257
2003	25,164	28,027	20,339
2004	29,027	32,557	23,367
2005	31,094	34,704	24,389
2006	33,331	37,442	26,242
2007	38,273	42,763	30,464
2008	41,385	46,771	33,490
2009	37,648	43,490	30,034
2010	35,914	41,000	28,532
2011	37,030	43,040	29,509
2012	33,669	39,472	26,425
2013	34,742	40,350	27,214
2014	34,998	40,733	27,398
2015	29,511	34,414	23,089
2016	29,600	34,582	23,147
2017	30,095	35,221	23,522
2018	30,437	35,679	23,778
2019	30,814	36,175	24,062
2020	31,232	36,717	24,379
2021	31,336	36,888	24,451
2022	31,431	37,046	24,516
2023	31,517	37,192	24,575
2024	31,596	37,326	24,628
2025	31,667	37,449	24,676

Source: MarketLine

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Figure 4: Barcelona metropolitan area– employment structure, 2000–25 (% of total)

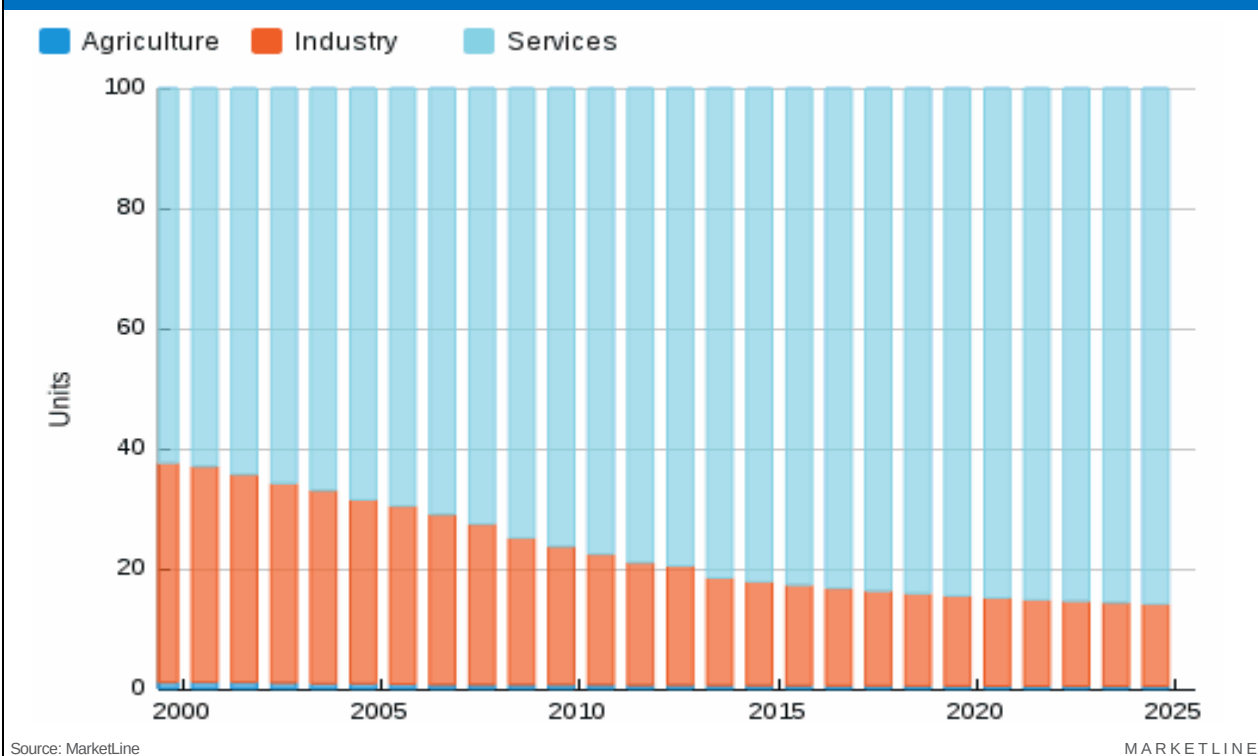


Table 5: Barcelona metropolitan area– employment structure, 2000–25 (% of total)

Year	Agriculture	Industry	Services
2000	1.1	36.5	62.4
2001	1.1	35.9	63.0
2002	1.1	34.5	64.4
2003	1.0	33.2	65.8
2004	0.9	32.1	67.0
2005	0.9	30.6	68.5
2006	0.8	29.6	69.6
2007	0.7	28.3	71.0
2008	0.7	26.8	72.6
2009	0.7	24.4	74.9
2010	0.7	23.0	76.3
2011	0.7	21.7	77.6
2012	0.6	20.4	79.0
2013	0.6	19.9	79.5
2014	0.6	17.9	81.5
2015	0.6	17.3	82.1
2016	0.6	16.7	82.7
2017	0.5	16.2	83.2
2018	0.5	15.8	83.7
2019	0.5	15.4	84.1
2020	0.5	15.0	84.5
2021	0.5	14.7	84.8
2022	0.5	14.4	85.1
2023	0.5	14.1	85.4
2024	0.5	13.9	85.7
2025	0.5	13.6	85.9

Source: MarketLine

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Social

- Subdued economic activities took a toll on the area's population growth, while the lower birth rate compared to the mortality rate impacted the population growth further. Recession hit the economy in 2008, while it led to a rise in emigration and fall in immigration due to limited job opportunities since 2010. The population in the area declined continuously since 2009 with an average annual rate of 0.2% during 2010-2014. In 2016, the total population of the area was recorded as 5.4 million, up by 0.1% over the previous year. During 2017-2025, the population in the area is projected to decline from 5.44 million to 5.43 million, at an average annual rate of 0.01%
- The area is the second most populous in the country, after Madrid. The area has a higher population compared to Valencia with 2.5 million but lower than Madrid with 6.4 million population in 2016
- The working-age population (15-64 years) in the area accounted for 65% of the total population in 2016, followed by the young-age population (0-14 years) with 16% and old-age population (above 64 years) with 19.1%. The proportion of male and female ratio in the area recorded 48.3% and 51.7% respectively in 2016
- The total dependency ratio in the area stood at 53.9% in 2016, compared to 48.2% in 2010, due to higher growth of the dependent population, over the working age population. Over the period (2010-2016) the young-age population and the old-age population grew at an average of 0.4% and 1.9% respectively, compared to 0.8% decline in the working-age population during the same period. Meanwhile, the young-age dependency ratio stood at 24.6%, while the old-age dependency ratio recorded 29.3% in 2016. The total dependency ratio in the area is expected to reach 59.3% in 2025
- The majority of the population is affiliated to Christianity, with Roman Catholics accounting for 68.4%, followed by people with no religious affiliation (15.9%). Atheists make up 9.5% of the population, while 6.2% are affiliated to Islam, Buddhism and Hinduism
- Barcelona Municipal Council Statistics reports that, the foreign population in the area dropped at an average annual rate of 1.3% during (2010-2016). The highest number of foreign people visiting the area were from Europe (36.1%), followed by America (31.2%), Asia (25.2%), Africa (7.3%) and Oceania (0.2%) in 2016
- The area is home to some of the well-known universities across the world, and the Autonomous University of Barcelona and the University of Barcelona are ranked in the Academic Ranking of World Universities in 2016
- In 2016-2017, the Autonomous University of Barcelona enrolled 26,467 undergraduate students, 2,865 post graduate students, and 5,130 PhD students. Of the total students enrolled, 33.8% were international students. Meanwhile, the University of Barcelona enrolled total of 62,984 students in 2016

Table 6: Barcelona metropolitan area– main universities, 2016

Name	Country Rank	Global Rank
University of Barcelona	1	151-200
Autonomous University of Barcelona	4-9	301-400

SOURCE: MarketLine

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Figure 5: Barcelona metropolitan area– population comparison, 2000-25

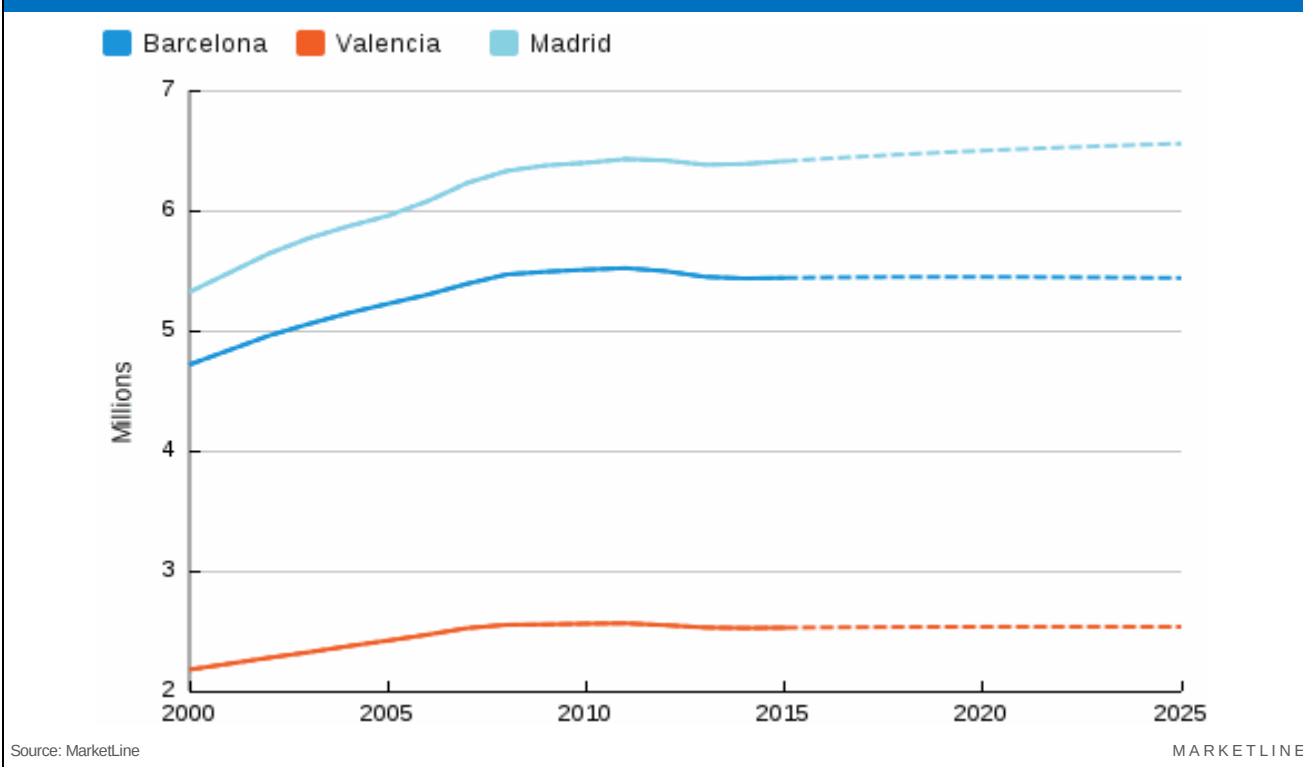


Table 7: Barcelona metropolitan area– population comparison, 2000-25 (million)

Year	Barcelona	Madrid	Valencia
2000	4.715	2.177	5.318
2001	4.836	2.226	5.479
2002	4.956	2.276	5.639
2003	5.053	2.322	5.767
2004	5.143	2.372	5.866
2005	5.222	2.419	5.954
2006	5.297	2.468	6.075
2007	5.388	2.523	6.226
2008	5.466	2.550	6.328
2009	5.489	2.554	6.374
2010	5.506	2.559	6.394
2011	5.518	2.563	6.426
2012	5.493	2.547	6.415
2013	5.446	2.528	6.378
2014	5.433	2.523	6.385
2015	5.437	2.526	6.408
2016	5.441	2.528	6.429
2017	5.443	2.530	6.448
2018	5.444	2.532	6.465
2019	5.445	2.533	6.481
2020	5.445	2.534	6.496
2021	5.444	2.534	6.510
2022	5.443	2.534	6.522
2023	5.441	2.534	6.534
2024	5.439	2.534	6.545
2025	5.436	2.534	6.555

Source: MarketLine

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Figure 6: Barcelona metropolitan area– population by age, 2000-25 (% of total)

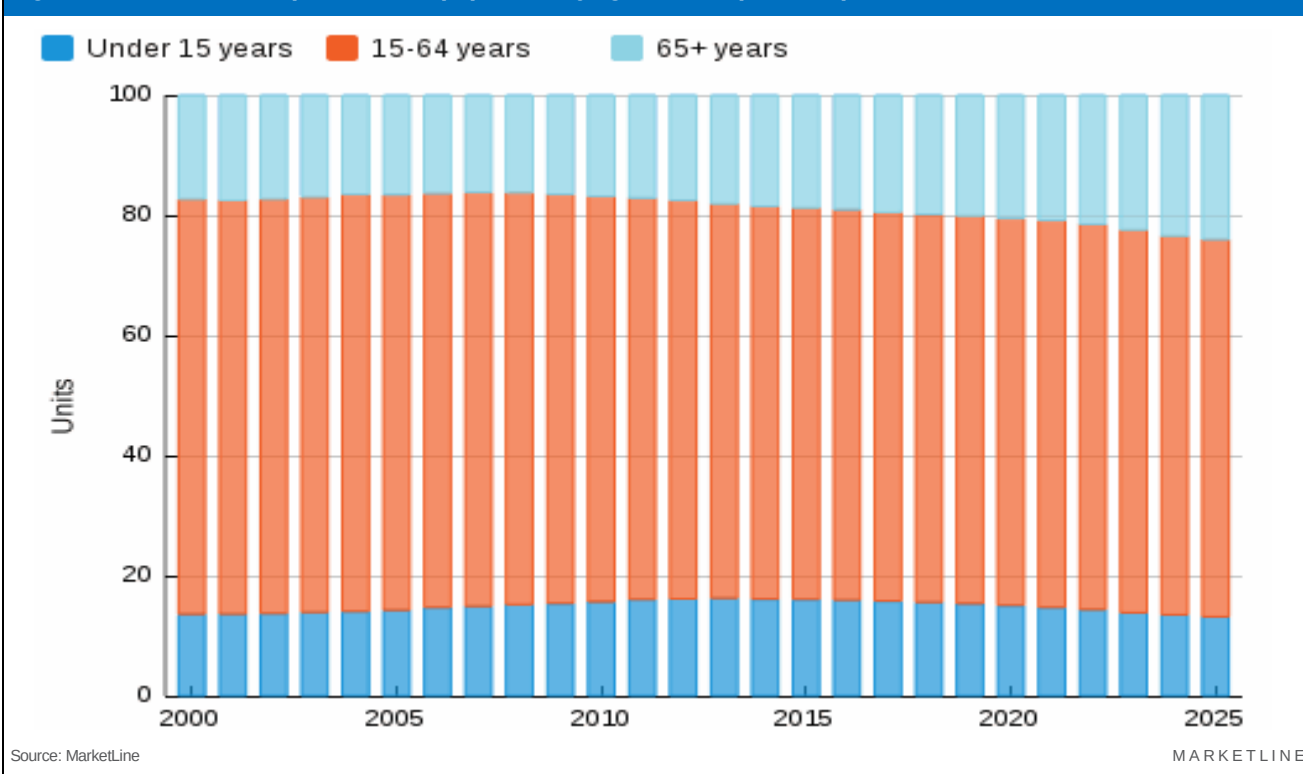


Table 8: Barcelona metropolitan area– population by age, 2000-25 (% of total)

Year	Under 15	15-64	Over 65
2000	1.1	36.5	62.4
2001	1.1	35.9	63.0
2002	1.1	34.5	64.4
2003	1.0	33.2	65.8
2004	0.9	32.1	67.0
2005	0.9	30.6	68.5
2006	0.8	29.6	69.6
2007	0.7	28.3	71.0
2008	0.7	26.8	72.6
2009	0.7	24.4	74.9
2010	0.7	23.0	76.3
2011	0.7	21.7	77.6
2012	0.6	20.4	79.0
2013	0.6	19.9	79.5
2014	0.6	17.9	81.5
2015	0.6	17.3	82.1
2016	0.6	16.7	82.7
2017	0.5	16.2	83.2
2018	0.5	15.8	83.7
2019	0.5	15.4	84.1
2020	0.5	15.0	84.5
2021	0.5	14.7	84.8
2022	0.5	14.4	85.1
2023	0.5	14.1	85.4
2024	0.5	13.9	85.7
2025	0.5	13.6	85.9

Source: MarketLine

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Technology and Infrastructure

Communications

- The area has an extensive wireless network under the Barcelona Wi-Fi program — around 590 free Wi-Fi hotspots across the area, including public places. Some of the free Wi-Fi hot spots in the area include Parc de la Ciutadella, Platja De La Barceloneta, Mercat de Santa Caterina and Port Vell
- Information Communication and Technology (ICT) is one of the key strategic sectors for the city and actively promoted by the government. According to the Data Sheet 2017 published by the Barcelona City Council, a total of 2,500 ICT companies are based in the city with 51,000 employees, accounting for 48% and 57% share of the total ICT companies and number of employees recorded in Catalonia respectively
- A total 49.5% medium-high technology level, followed by low technology level (22.9%), medium-low technology level (14.8%) are the main technology based export companies in Barcelona metropolitan area. Some of the popular international IT companies, such as IBM Innovation Center, Yahoo Research, Barcelona and King (game developer company), are also concentrated in the city
- Some of the key internet service providers (ISPs) in the city are Wifivox, Tab2let, MAD Systems, S.C.C.L., Jazztel Telecomunicaciones, Sanabre Vives Carles and TecnoBé Tecnologia S.L.U
- Around 90.6% of the total households in Barcelona had internet access in 2015, as compared to 80.7% in Catalonia and 78.7% in Spain during the same period. Around 88.3% households have computer in homes. According to the latest 2015 Household Survey on ICT, broadband was the most popular method of internet connection with 77.9% users, followed by ADSL (57.2% users), cable fiber (42.4% users) and the remaining, people with more than one type of connection

Internal Transport Networks

- The public transportation system in the area offers various modes, including railways, metro, trams, taxis and buses. The network is operated by the Autoritat del Transport Metropolità (ATM). The transport network in the area covers 169,987km network length during H1 2016. The public transport system in the area handled 483.4 million trips during H1 2016, up by 1.72% compared to same period of the previous year. The total revenue generated by the transport system stood at €38.8 billion (US\$42.9 billion) in H1 2016
- Government, private and other buses are the three types, which run across the area. The bus network covers 80 routes on 639 lines with more than a fleet of 1,000 buses. The total network length of the buses stood at 14,462km. The total revenue generated by buses in the area stood at €7.5 billion (US\$8.3 billion) during H1 2016, accounting for 19.5% of the total revenue generated from the public transport system
- Barcelona Sants is the major railway station in the area; it connects key domestic and international destinations. The railway station is situated 2.9km west from the city center and easily accessible to the public transport network. The railway covers long distance routes across the city, connecting to other major neighboring cities
- Metro is one of the fastest ways to travel within the area. Metro offers total eight lines and covers 119km of network length and 156 stations. Line1 is the longest metro line covering 20.2km of network length. The total revenue generated by the metro in the area stood at €126 million (US\$139.3 million) during H1 2016. Some of the key stoppages of metro in the area includes airport, Mas Blau, new park, city center and Logistic Park
- Trams in the area cover a network length of 29.1km on six lines with 56 stations. Trams in the area reported an annual growth of 5.5% in terms of passenger handling with 13.5 million passengers during H1 2016. Tram serves over three lines (T1, T2, T3), connecting Baix Llobregat to Barcelona city and other three lines (T4, T5 and T6) connect parts of Sant Martí and Sant Adrià de Besòs with the city

- Plaza De Las Glories Road Tunnel Development: Badajoz-Rambla del Poblenou Section is an road infrastructure project undertaken by Barcelona d'Infraestructures Municipals, SA (BIMSA). The project worth US\$32 million includes construction of three-lane unidirectional road tunnel, 449 meter road tunnel, footpaths, emergency exits, installation of signaling systems, surveillance system and other related facilities. The project is slated to be completed by Q4 2017

Table 9: Barcelona metropolitan area– mass transit network indicators, H1 2016

Network	Length	Stations
Metro	119.0km	156
Buses	14,462km	Na
Trams	29.1km	

SOURCE: MarketLine

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Connectivity

- The highway network connects the area with other cities in the country. E90 connects the city with Zaragoza, Madrid and Lisbon. AP7 and E15 connect the city with Valencia, Alicante, Murcia, Almeria and Malaga. A9 connects the city with Montpellier, Lyon, Marseille and Geneva
- The buses connect all the cities and districts of the metropolitan area. Long distance buses connect the city with Madrid, Toulouse and Valencia in Spain
- The city is well connected with other Spanish and French cities by rail. The time taken by high-speed train to travel from Barcelona to Madrid is around two hours and thirty minutes, and from Barcelona to Toulouse is around three hours. The train journey from Barcelona to Valencia takes around three hours. Apart from this, the city also has a direct connectivity with Paris, Zurich and Milan with high-speed trains
- Balearia offers frequent ferry services from Barcelona to Valencia, and Denia, and islands such as Menorca and Majorca

Airports

- Barcelona-El Prat International Airport is the second biggest airport in the country, after Madrid airport, in terms of passenger handling. The airport is operated by the Aeropuertos Espanoles y Navegacion Aerea (AENA) (also known as ENAIRE). The airport is located 13km south-west of the city center, three kilometers from the Port of Barcelona and seven kilometers from the Zona Franca industrial estate, a well-known industrial and logistic hub in Spain
- Several bus lines and local trains connect the airport to central Barcelona and towns such as El Prat de Llobregat, Granollers. The estimated travel time from the airport to Plaza Catalunya is 35 minutes by bus, and to Passeig de Gracia is 27 minutes by train. The airport is also connected by aero buses and taxis from various locations within the city
- Some of the key airport destinations are Amsterdam, Paris, London, Frankfurt, Stuttgart, Algiers, Lisbon, New York, Prague, Hamburg, Madrid, Milan, Ibiza, Vienna, Zurich, Doha, Munich, Brussels, Menorca, Liverpool, Milan and Moscow
- The airport garnered a total share of 19.2% of passengers to the country in 2016. The airport handled 44.2 million passengers in 2016, with an increase of 11.2% compared to 39.7 million passengers in the previous year
- The total aircraft movements at the airport reached 307,864 in 2016, compared to 288,803 in the previous year. Some of the major airlines of the airport include Air Europa, British Airways, Delta Air Lines, Aegean Airlines, Air France, Aeromexico, SATA International, China Southern Airlines, Germanwings, LAN Airlines, American Airlines, Air Berlin, Ryanair, Qatar Airways and Air Mauritius.
- In terms of cargo, Barcelona-El Prat Airport handled 16.7% of the overall cargo handled by other airports in the country in 2016. A total of 132.7 million tons of cargo was handled by the airport in 2016, up by 13.3%, compared to 117.2 million tons of cargo in the previous year

Table 10: Barcelona metropolitan area– key airport indicators, 2016

Airport	Passengers	Flights
Barcelona–El Prat Airport	44.2 million	307,864

SOURCE: Marketline

MARKETLINE

Table 11: Barcelona metropolitan area– passengers and flights movements at airport, 2014-2016

Year	Passengers	Aircraft movements	Cargo (tons)
2014	39.6 million	288,826	117.0 million
2015	39.7 million	288,803	117.2 million
2016	44.2 million	307,864	132.7 million

Source: MarketLine

MARKETLINE

Ports

- The Port of Barcelona is one of the major ports in the country in terms of foreign trade, covering a total land area of 1,081 hectares. The port is operated by the Port Authority of Barcelona. The covered warehouse space in the port is 203.3 square meters space and open warehouse is 4,881.8 square meters. Dry docks in the port comprise a capacity to handle 50,000 tons of deadweight. There are 27 ro-ro ramps in the port. The port handled 2.2 million of twenty-foot equivalent units (TEUs) in 2016 and recorded 14.5% growth on an annual basis
- The port is of importance for handling both domestic and foreign trade. The total cargo volume handled by the port totaled to 47.5 million tons in 2016, against 45.9 million tons in the previous year. Of the total volume, 84.9% were foreign trade and remaining 15.1% were domestic trade in 2016
- A total of 3.9 million passengers traveled, including cruise and regular line passengers in 2016, and recorded an annual growth of 6.7%. The port is a leading European cruise port. It transported 2.7 million cruise passengers in 2016, with an annual growth of 5.6%

BUSINESS ENVIRONMENT ANALYSIS

- The area is home to well-known national and international companies. Gas Natural Fenosa is listed in the Fortune Global 500 companies and its headquarters is located in Barcelona. The recent data published by Instituto Nacional de Estadística (INE) (Spanish Statistical Office) states that, the area was home to 503,570 companies in 2016, against 493,022 in 2015. Other cities in the country such as Madrid and Valencia housed 563,255 and 192,598 companies respectively in 2016
- The highest proportion of companies were in the category of retail trade (except for motor vehicles and motorcycles, 13.4%), followed by wholesale trade (except for motor vehicles and motorcycles, 7.9%), real estate (6.6%), construction of buildings (6.2%), food and beverage service activities (5.9%), legal and accounting firms (4.1%), human health activities (4.9%), specialized construction firms (4.7%) and others (46.3%) in 2016
- The monthly prime rent of office space in CBD location in Barcelona stood at €21 (US\$23.2) per square foot during Q3 2016, up by 7.7% on annual basis. The office rent in CBD location in the city is comparatively lower than the CBD location in Madrid €29.5 (\$US\$32.6) per square foot. However, apart from CBD locations, the office prime rent was higher in Barcelona city at €17.5 (US\$19.3), compared to €16 (US\$17.7) in Madrid during Q3 2016, according to the Spain Office Market Snapshot report, published by Cushman & Wakefield
- The corporate tax rate in the city for the year 2016 was 25%, against 28% recorded in the previous year. Businesses face a range of state as well as municipal taxes in Barcelona. The financial institutions and entities engaged in the exploration, research and exploitation are taxed at 30%. Qualified non-profit organizations are taxed at a rate of 10%
- According to the report “European Cities and Regions of the Future 2016/17”, Barcelona ranked fifth among the most business-friendly cities in Europe for foreign investments

Table 12: Barcelona city– Global 500 companies with main HQ in the city, 2016

Company	2016 Rank
Gas Natural Fenosa	365

Source: MarketLine

MARKETLINE

Table 13: Barcelona city– office rents, Q3 2016

Location	Rent (US\$/ft ² /annum)
Madrid (other locations)	17.7
Barcelona (other locations)	19.3
Barcelona (CBD)	23.2
Madrid (CBD)	32.6

Source: MarketLine

MARKETLINE

TRAVEL AND TOURISM

Tourism Flows

- The MasterCard Index of Global Destination Cities 2016 ranked Barcelona 12th among the top 20 global destinations in terms of the highest overnight visitors' arrival. In 2016, 90.3% of visitors visited the city for leisure purpose and remaining 9.7% visited for business purpose. The total international overnight visitor expenditure in the city stood at US\$9.3 billion in 2016. In Europe, Barcelona is the third largest city after London and Paris in terms of international overnight visitor expenditure in 2016.
- Barcelona city welcomed 11.9% of the total guests recorded at the national level. In 2016, the city had 11.7 million guests, up by 9.7% against 10.7 million guests in the previous year. Of the total guests, 29% were domestic guests and remaining 71% were international guests in 2016
- The number of international guests to the city surged by 8.8% from 7.7 million guests in 2015 to 8.4 million in 2016. Meanwhile, domestic guests surged with greater pace by 11.9% from 3.0 million to 3.4 million during the same period
- The total overnight guests to the city spent 31.1 million nights in 2016, with an increase of 6.7% from 29.1 million nights in the previous year. Domestic guest accounted for 21% of the total nights spent and international guest accounted for 79%
- A total of 24.5 million nights were spent by international guests to the city in 2016, up by 6.3% against 23 million nights in 2015. Domestic guests to the city spent 6.6 million nights in 2016, up by 8.2% from 6.1 million nights in the previous year
- The share of first time tourists to the city was 47% in 2015 along with the second time tourists (13.5%) and third time tourists (39.5%). The major mode of transport used by visitors to the city was air transport, accounting for 75.9% of the total tourist arrivals in 2015, followed by rail (11.2%), road (6.2%) and other modes of transport (6.7%). Of the total tourists arrived in the city in 2015, 64.8% accounted for leisure purpose, 22.2% for business purpose and 13% for other purposes
- In 2015, majority of the guests to the city came from the UK and US, each accounted for (8.7%) share, followed by France (8.2%), Italy (6.5%), Germany (6%), The Netherlands (2.8%), Switzerland (2%), Japan (2%), Sweden (1.7%) and remaining from other countries

Table 14: Barcelona city – proportion of total overnight guests arrivals by country, 2014-15

Country	2015	2014
France	8.2%	8.6%
The US	8.7%	8.3%
Germany	6.0%	6.2%
Italy	6.5%	6.2%
The Netherlands	2.8%	2.8%
Russia	1.7%	2.5%
African countries	1.5%	1.3%
Japan	2.0%	2.2%
Switzerland	2.0%	1.9%
Total (including others)	100%	100%

Source: MarketLine

MARKETLINE

Hotels

- The growth of the hotel industry has been stimulated by a significant increase in visitors to the city. The area has the most profitable hotel industry among other major cities in Spain, including Madrid and Valencia, as the area receives a higher number of overnight tourists. The number of hotels in the area grew by 2.5% from 1,003 units in 2015 to 1,028 units in 2016
- The growth of the hotel industry is also driven by higher occupancy levels. The occupancy rate of hotels in the city stood at 66.8% in 2016, compared to 63.6% in the previous year. The occupancy level in the city is higher than that of Valencia (64.7%), however, lower than Madrid (68.5%) in 2016
- The revenue per available room (RevPAR) of hotels in the city grew at a CAGR of 3.3% during 2010-2016. The hotel RevPAR in the city stood at US\$67.4 in 2016, against US\$62.5 in 2015. The city topped in terms of RevPAR compared to other cities in Spain such as Madrid (US\$58.1) and Valencia (US\$44.9) in 2016
- The average daily rate (ADR) of hotels in the city stood at US\$100.9 in 2016, with an increase of 2.7% compared to US\$98.3 in the previous year. However, ADR in the city declined at an average annual rate of 0.2% during 2010-2016, attributing 10% fall in 2015, due to economic slowdown and reduced average length of stay. ADR in the city is higher than other cities in the country such as Madrid (US\$89.1) and Valencia (US\$77.6) in 2016
- The total number of rooms in hotel establishments in the area surged to 56,606 with 127,505 bed spaces as on December 2016, against 55,879 rooms and 125,652 bed spaces during the same period of previous year. The hotel industry in the city generated 17,108 employment during the same period
- The number of rooms in percentage, in hotel accommodation establishments were 54.1% in four-star category, followed by three-star category (22.3%), luxury-hotel category (7.3%), five-star category (6.6%) and remaining (9.7%) in other categories in 2015

Attractions

- Barcelona has a rich cultural heritage, well preserved in a variety of museums. The city is home to Palau de la Musica Catalana and Hospital de Sant Pau, both the sites are listed in the UNESCO World Heritage List
- Popular museums in the city include the L'Aquarium de Barcelona, Museu F.C. Barcelona, Parc Zoologic de Barcelona and Museu Picasso, each of which recorded around one million annual visitors
- Major entertainment venues in Barcelona include Camp Nou, Montjuic, Magic Fountain of Montjuic, Casa Batllo, Barcelona Aquarium, Tibidabo Amusement Park and Barcelona Zoo. The city has ten accessible beaches, which are an attraction to tourists throughout the year

Table 15: Barcelona city– UNESCO world heritage sites, 2016

Place
Palau de la Musica Catalana
Hospital de Sant Pau

Source: MarketLine

MARKETLINE

Events

- The city hosted various national and international events. The International Congress and Convention Association (ICCA) in 2015, ranked the city as third among 433 cities in the world, in terms of the number of international meetings, incentives, conferences, exhibitions (MICE) held. The city hosted 180 MICE events; Paris (ranked second with 186 meetings) and Berlin (ranked first with 195 meetings) in 2015
- The Centre de Convencions Internacional de Barcelona (CCIB) is the major convention center in the area. The center is spread over 100,000 square meters space equipped with all modern technologies and facilities

Table 16: Barcelona metropolitan area– MICE and other events 2017

Event	Date	Description
E-SHOW BARCELONA 2017	September 2017	The event registered 13,218 visitors in March 2017; it happens twice in a year. The event will happen in September 2017 and discuss about Digital Marketing, Hosting & Cloud, Mobile, Social Media, Digital Signage, e-commerce and e-marketing techniques. The eWorld Team S.L. will organize the event in Fira de Barcelona - Recinto Montjuïc.
BARCELONA MEETING POINT 2017	October 2017	The event aims to exhibit innovative equipments and materials related to renting and construction of the floor area. The event will be organized in March 2018 by El Consorci (El Consorci de la Zona Franca de Barcelona) in Fira de Barcelona - Recinto Montjuïc.
AUTO RETRO 2017	November 2017	The event will be organized to exhibit the latest products and technology related to antique cars and motorbikes. The event will be organized by ERM Events in Fira de Barcelona — Recinto Montjuïc from November 16 to 19, 2016.

SOURCE: Marketline

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CONSTRUCTION AND REAL ESTATE

Investment

- The slow recovery, post-European financial crisis, has held back the construction industry since 2009. The construction sector in the area declined at an average annual rate of 9.9% during the last five years (2012-2016). Over the period (2017-2025), the construction sector in the area is expected to decline at an average annual rate of 2%
- According to the latest data published by Barcelona Statistic, a total of 1,185 licenses were requested in the city for major works in 2015, up by 16.2% compared to 1,020 licenses in the previous year. Of the total requests, 1,036 were resolved — 894 licenses (includes licenses from previous years that were unresolved) were granted, 74 licenses were denied and remaining 68 licenses were related to changes of ownership, returns and others
- A total of 2,046 housing permits were issued in the city in 2015, compared to 1,057 permits in the previous year. However, housing permits issued in the city declined sharply from 2,150 in 2011
- The total number of housing units in the city stood at 1,287 units in 2016, up by 53.9%, compared to 836 units in the previous year. The number of construction projects for new housing units in the area grew by 55.6% to 3,167 units in 2016 from 2,035 units in 2015
- Grupo Castellvi (GC) has undertaken the construction of GC – Office Complex Development project in the city. The project worth US\$50 million includes the construction of two eight-story buildings, parking space for 260 vehicles, cafeteria, installation of elevators and power related facilities. The project is expected to be completed by Q4 2017
- Amazon.com, Inc (AMZN) has invested an estimated cost of US\$211 million for El Prat de Llobregat Logistics Center Development plan. The project includes the construction of a logistic center, warehouses, storage rooms, parking lots, installation of safety systems and other related facilities. The project is expected to be completed by Q4 2017

Real Estate Market

- Post Brexit, the property market across the city is expected to have sustainable influence on rental profiles as well as investment projects. The city lacks the availability of quality space across prime locations. The office market will reassert itself as the preferred sector in 2016, and the rebound of investment in the residential sector as well. The city center or the CBD location despite having limited supply remained the most preferable location among the occupiers
- The monthly prime rent of office space in the CBD location of Barcelona stood at €21 (US\$23.2) per square meter during Q3 2016, up by 7.7% over the same period of previous year. The office rent in Barcelona CBD is comparatively lower than that of the CBD location in Madrid €29.5 (US\$32.6) during Q3 2016. However, the prime office rent is higher in other locations of Barcelona city at €17.5 (US\$19.3 per square meter, compared to Madrid €16 (US\$17.7) during Q3 2016
- The average selling price for housing properties in the city stood at €5,233 (US\$5,809) per square meter in 2015, up by 4.7% against €5,000(US\$6,633) per square meter in the previous year
- The average housing monthly rent in the city reached €11.1 (US\$12.3) per square meter in 2015, up from €10.2 (US\$13.5) in the previous year. Within the city, the highest rent was recorded in district Sarria-Sant Gervasi €12.9 (US\$14.3), followed by Old Town €12.4 (US\$13.8), Courts €12 (US\$13.3) and Grace €11.8 (US\$13.1) in 2015

RETAIL

Retail Market

- The city is one of the major retail hubs in the country. After the European sovereign debt crisis, the retail market in the area witnessed recovery, with the opening of stores of various popular international brands since 2013. Some of the major international brands in the city include Brooks & Brothers, Michael Kors, Coach, Stella McCartney and Nike. The improved supply, in line with the number of reopened projects earlier on-hold, has revived growth of the industry. Barcelona ranked as 14th most expensive city for retail location after Dublin, Shanghai, Munich, Vienna and Zurich according to the “Main Streets Across the World” report published by Cushman & Wakefield 2016-17
- According to the latest Barcelona Datasheet report 2017, the number of retail trade firms in the city totaled to 16,367 with 35,834 retail premises and eateries in 2016. The industry employed 149,468 employees during the same year
- The city recorded tourists’ spending of €1.4 billion (US\$1.5 billion) on retail in 2016, higher than other European cities such as Madrid €1.2 billion (US\$1.3 billion), Munich €800 million(US\$884.4 million) and Amsterdam €400 million (US\$442.2 million)
- La Roca Village, Passeig de Gracia, Portal de l'Àngel, Maremagnum, Las Arenas and Las Ramblas shopping centers are some of the major retail zones. Portal de l'Àngel is the most expensive retail location in the city
- The monthly prime rent for Portal de l'Àngel retail location in the city stood at €275 (US\$304.2) per square meter during H1 2016, against €270 (US\$300) during the same period of the previous year. The rents recorded for other prime retail locations in the city were: Passeig de Gracia €245 (US\$270.8), Pelai €175(US\$193.5), Rambla Catalunya €100(US\$110.5) and Diagonal €60 (US\$66.3) during H1 2016
- Barcelona is home to luxury brands having their stores located in the city such as Giorgio Armani, Versace, Burberry, Bally, Cartier, Chanel, Calvin Klein, Luis Vuitton, Diesel and Dolce & Gabbana
- The monthly prime retail rent for the high street shops in Barcelona remained unchanged at €275 (US\$304) per square meter during Q3 2016. The retail rent in the city grew at a CAGR of 1.1% during 2012-2016. The city recorded the highest retail rent compared to other cities in the country such as Madrid €260 (US\$287.4), Malaga €160 (US\$177) and Valencia €130 (US\$143.7) during Q3 2016. However, the prime rent for retail parks stood higher in Madrid at €22 (US\$24.3) compared to the city at €18(US\$20) during Q3 2016
- Citygrove Developments España SA has undertaken the construction of Terrassa Plaza shopping center in the city with an estimated cost of US\$56 million. The project will be constructed over 56,000 square meters of land with commercial facilities, along with 30,535 square meters space for restaurants, shops, gym, parking facilities for 1,015 vehicles and other related facilities. The construction of the project is projected to be completed by Q3 2017

Consumption, Income and Prices

- The inflation, based on the consumer price index (CPI) in the area, stood at 0.8% in 2016, after a consecutive two years of deflationary period during 2013 and 2014. The inflation in the area is expected to hover around 11% by 2018
- The mean household income in the area stood at €18,005 (US\$19,905) in 2016, against €18,154 (US\$20,154) in the previous year. The mean household income is expected to decline at an average annual rate of 0.6% over the period (2017-2025) to reach €17,080 (US\$19,231) per annum by 2025
- The total household consumption expenditure in the area was recorded as €91.7 billion (US\$101.4 billion) in 2016, up by 0.8% compared to €90.9 billion (US\$100.9 billion) in the previous year. The consumption expenditure in the area is expected to grow at an average annual rate of 0.6% to reach €96.4 billion (US\$108.5 billion) by 2025

APPENDIX

Sources

Further Reading

Ask the analyst

We hope that the data and analysis in this brief will help you make informed and imaginative business decisions. If you have any questions or further requirements, MarketLine's research team may be able to help you. The MarketLine Research team can be contacted at ReachUs@MarketLine.com.

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