

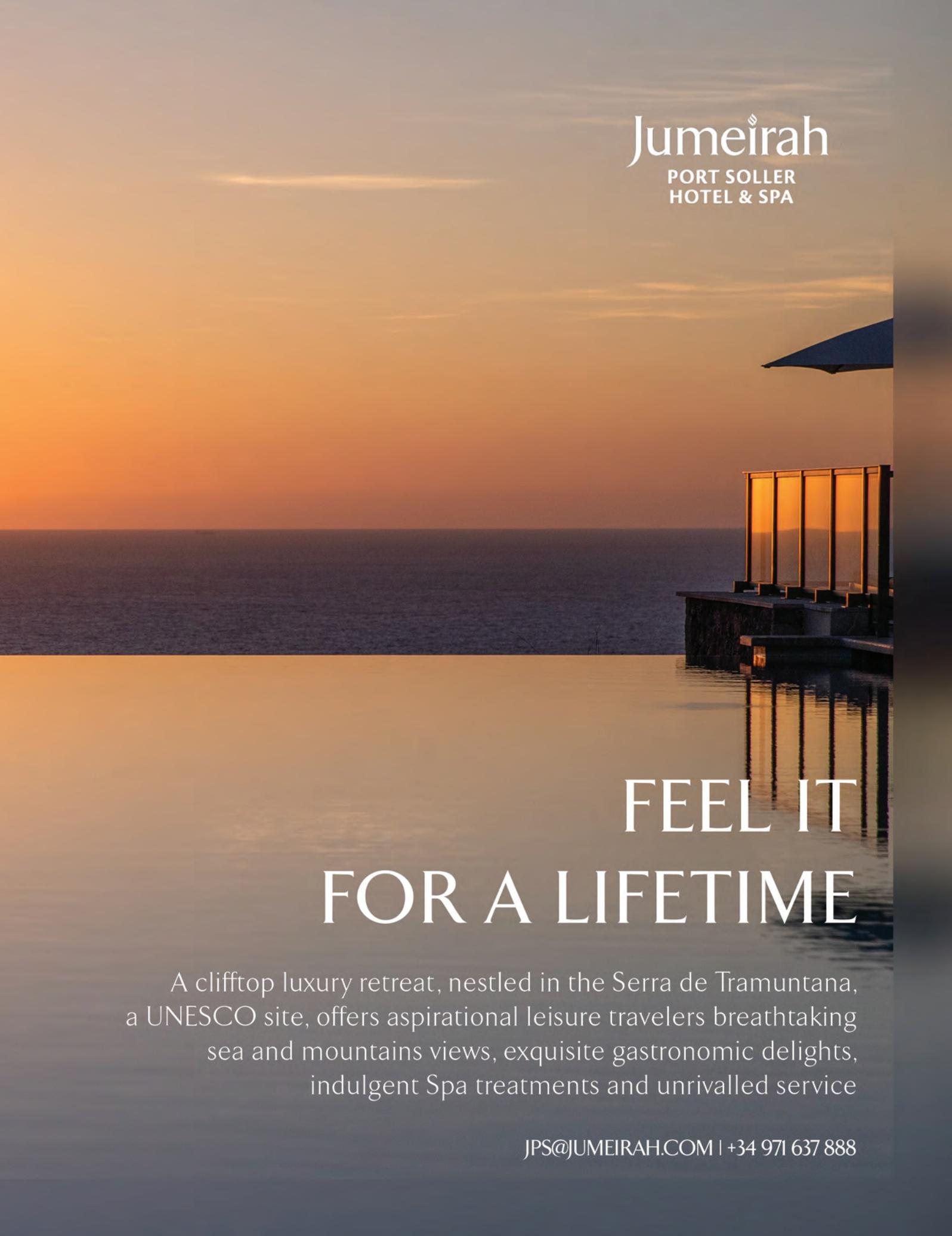
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MALLORCA SPECIAL REPORT



ECONOMY | SUSTAINABILITY & DIGITALIZATION | TOURISM & HOSPITALITY | SPORTS | PORTS & MARINAS
CONSTRUCTION & ARCHITECTURE | REAL ESTATE & DESIGN | MOBILITY | MADE IN MALLORCA



A sunset over the ocean with a modern building and infinity pool in the foreground. The sky is a mix of orange and blue, and the water is calm, reflecting the light. A modern building with large glass windows is visible on the right side, and an infinity pool is in the foreground.

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THE BUSINESS YEAR: MALLORCA SPECIAL REPORT

While The Business Year has published research on the Spanish economy at large and carried out a more focused analysis on the local Barcelona economy, this is the first time we have shone such an intense spotlight on Mallorca, one of Spain's popular Balearic Islands. Indeed, this publication features interviews with over 90 of the island's top business figures from a diverse range of sectors.

Mallorca's economy, to no surprise, is centered mainly on tourism, and the island has become a symbol of the success of the Spanish tourism boom that began in the 1970s and allowed the Iberian nation to begin a process of modernization.

The popularity of the island has made it the birthplace of Spain's biggest international hotel chains, including Meliá, Iberostar, Riu, and Barceló. This allowed Mallorca to develop a unique island tourism model that has been exported around the world to places such as the Caribbean. Today, those same hotel chains are tasked with making the sector more sustainable.

COVID-19 brought the tourism sector to a full stop, though paradoxically it also increased interest in the island, mostly reflected in a boom in the luxury real estate sector and investment funds eying hotel investments. Balearic GDP fell by more than 17% in 2020 before recovering by around 10% in 2021.

The eagerness to invest coupled with the change in lifestyles brought about by COVID-19 have meant that older hotel facilities in Mallorca, mostly from the 1970s and 1980s, are being

transformed, with sustainability and digitalization being top priorities.

EU funds are also around the corner and offer a great opportunity to upgrade the local tourism sector. "The biggest investment and transformation cycle in the history of the Balearic Islands has begun," said the President of the Balearic government Francina Armengol, who reported that the islands will invest EUR4.64 billion of European recovery funds in 91 projects until 2030, an "unprecedented" volume of investment that will lead to the creation of 71,000 new jobs in the community, many of them in emerging sectors that will boost the diversification of the economy.

Plans are also afoot to modernize and conserve mature tourist areas, create an international hub for tourism innovation, and improve waste conversion, among other circular initiatives. EUR460 million from the funds will be earmarked for these projects. And while beach tourism is king on the island, there are ongoing efforts to diversify the offering for visitors and develop a more premium experience through culinary, cultural, and sporting developments, including golf and sailing, MICE tourism, and health and wellness tourism.

According to CAEB, the Balearic economy closed 2021 with a growth rate of 8.9%, 5 points above the national average. Looking ahead, 2022 looks bright, especially for the tourism summer season, with some interviewees expecting about 70-80% of the business seen in 2019. ✖

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Economy

GROSS VALUE ADDED BY SECTOR (2019)

SOURCE: FUNDACIÓ IMPULSA
BALEARS



- 85.6% Services
- 7.9% Construction
- 6% Industry
- 0.5% Agriculture

UNEMPLOYMENT RATE (%)

SOURCE: FUNDACIÓ IMPULSA
BALEARS FROM IBESTAT

2017	9.7%
2018	8.9%
2019	8.8%
2020	13.4%
2021	12.2%

for the COMMON GOOD

As the representative business association on the Balearic Islands, CAEB represents and defends the interests of its members while acting as the official interlocutor with the public authorities and social agents.



Carmen Planas
PRESIDENT,
CONFEDERATION OF BUSINESS
ASSOCIATIONS OF THE BALEARIC
ISLANDS (CAEB)

What role does CAEB play in promoting the economy of the Balearic Islands, and how does it act to ensure that the investments come to fruition? How representative is CAEB of the islands' economy?

CAEB is the most representative business association on the Balearic Islands and is in charge of managing the lobby efforts of its members. In other words, it represents and defends business interests, while also acting as the official interlocutor before the public authorities and social agents. As part of that process, CAEB negotiates laws and agreements that affect the companies' operations. Additionally, CAEB has signed a collaboration protocol with the Official Credit Institute (ICO) to support investment. It is also a collaborating agent of ICO in providing custom-made assistance to SMEs and the self-employed on the Balearic Islands to help them select the financing facilities that best suit their needs.

Mallorca is seeking to diversify its economy and is looking for sectors with growth potential connected to already consolidated industries such as tourism and construction. Which sectors are best positioned to promote the diversification of the economy?

In order to diversify the Balearic Islands' economy, it is essential to improve business competitiveness, which means working to strengthen value-added services and transforming the economic base. Our economy requires companies that facili-

tate tractor effects and improve positioning in global markets. In order for companies on our islands to be more competitive, we need a framework that is favorable to change and cross-cutting and wide-ranging work to respond to our needs.

Spain is making progress in receiving European funds that will serve to deepen the sustainable and digital transformation of local economies. How will CAEB support these funds to be allocated to projects with great capacity to transform the economy of the Balearic Islands?

Balearic companies cannot afford to be left out of European funds or have limited access to them. To this end, it will be essential to overcome important barriers of various kinds by means of a specialized Technical Projects Office. In relation to this, CAEB set up a European projects office in July to offer member companies the task of providing information and dissemination, as well as identifying the specific challenges of the Balearic productive fabric aimed at suitable calls for proposals with the capacity to compete competitively. The office, therefore, will be an essential interface to connect the different agents involved.

What are CAEB's priorities for 2022, taking into account the context of recovery and the probable economic upturn in the Balearic Islands and Spain?

In short, CAEB's priorities for the coming year include the creation of a development

framework that guarantees the competitiveness and sustainability of the business sector and, by extension, of Balearic society as a whole. Companies are committed to society and the ecosystem that surrounds us to promote responsible and sustainable management models, emphasizing the contribution of the private sector to the fulfillment of the Sustainable Development Goals. In turn, in this context of recovery, it is necessary to go beyond the traditional view of competitiveness based on actions aimed at a specific sector or branch of activity and increase business competitiveness to sustain an open, entrepreneurial, innovative, inclusive, sustainable, and technologically advanced economy. In short, improving business competitiveness means working to diversify economic activity. ✖

BIO

Carmen Planas holds a degree in pharmacy from the University of Navarra, a degree as a specialist pharmacist in clinical analysis from the Ministry of Education, a master's degree in hospital management and administration from ESADE, and an executive master's degree in hospital and healthcare company management from EADA, among other qualifications.

FOCUS

Private sector aligned with Agenda 2030

COMMON GOALS

The CAEB business association recognizes the work of local companies to meet the goals of the 2030 Agenda, a strategy that increases the competitiveness and sustainability of the autonomous community's economy.

THE 2030 AGENDA is the axis around which most of the proposals of the Balearic private sector revolve. At the end of 2021, CAEB, the main business association of the archipelago, held its annual meeting on the Sustainable Development Goals (SDGs) that are framed in the UN Agenda 2030. At this event, awards were presented to local entrepreneurs who have contributed to the progress of the autonomous community in the fulfillment of the 17 SDGs.

In the current context in which the Balearic Islands are trying to reduce their economic dependence on tourism, local entrepreneurs are committed to improving their competitiveness through sustainable and environmentally friendly proposals.

One example is Gabriel Barceló, who during the CAEB ceremony received the Entrepreneur of the Year award for helping to develop SDG Number 8. This goal focuses on expanding decent work and economic growth, a task that he has achieved as Co-founder of Grupo Barceló, one of the leading Spanish multinationals in the tourism sector with more than 100 hotels in 18 countries. To provide an example of the company's commitment to SDG 8, in 2020, when the spread of COVID-19 put the global tourism sector on the ropes, Grupo Barceló maintained many jobs and paid EUR319

million in wages and salaries. That year, the company carried out more than 1,600 training actions for 80,000 participants and kept 154 people with disabilities on staff, in addition to giving 200 jobs to people in situations of social exclusion.

Another award winner was Dr. Francisco Vilás, president of Policlínica Ibiza Group, for having contributed to the advancement of SDG 3 on good health and well-being. Sebastià Triay, manager of the family-owned Sagitario Hotels, was awarded for collaborating on SDG 12, which deals with responsible consumption and production. For its contribution to SDG 13 on climate action, CAEB awarded construction company Amer e Hijos for reducing and offsetting the greenhouse gas emissions generated by its activity. Vidal & Vidal was also recognized by CAEB for complying with SDG 6 on clean water and sanitation for all.

Meanwhile, SDG 5 on gender equality is paramount for Advanced Programming Solutions, an IT solutions provider. The Palma-based company operates in the software sector, where there is a large presence of male workers. Finally, another of the award winners was Juan Pocoví, founder of the meat products distributor Juan Pocoví. In his case, the award is for complying with SDG number 15, which deals with life on land. ✖

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forward LOOKING

To help with economic diversification, the Chamber of Commerce of Mallorca supports all forms of business, regardless of their size.



Antoni Mercant Morató
PRESIDENT,
CHAMBER OF COMMERCE OF
MALLORCA

What is the role of the Chamber of Commerce of Mallorca, and what are some of its distinctive features?

The Chamber of Commerce of Mallorca is an organization of economic diplomacy. The chamber was established 135 years ago and has acquired an international approach that has intensified over the years. We are part of a lobby group of chambers of commerce called the Network of the Insular Chambers of Commerce and Industry of the European Union (Insuleur), and we hold the position of secretary general of this organization. We seek to promote the economy of these islands. Mallorca is the most populated one of the Balearic Islands. Most of the public officials of the regional government and private businesses are located on this island. The headquarters of the most important businesses in the Balearic Islands are also in Mallorca, as are most politicians and lobby groups. There are 1.1 million residents on the Balearic Islands. Of that, 12,000 are in Formentera, 100,000 in Ibiza, 80,000 in Menorca, and 900,000 in Mallorca. We have a strong collaboration with the chambers of Ibiza and Menorca because we are part of the same insular status. Our mission is to always offer a way to develop common projects.

As Mallorca seeks to diversify its economy, what are some of the most attractive sectors for foreign investment?

There are more than 120,000 companies in Mallorca, and we are committed to supporting every company incorporated on the island. We support businesses because this will help the economy of the Balearic islands and its society. Now, we are closely monitoring non-traditional sectors on the island such as agriculture and industrial production, as we were mostly focused completely on the services sector. Tourism is an important sector of the economy of Mallorca, though we see foreign investment in other sectors such as wine production and ecologic agriculture. These areas were not a priority for us before the pandemic, because it was cheaper to import these products instead of

developing these products here. Right now, it is an important challenge to have a new vision; an international vision for Mallorca that includes paying attention to the sustainability of our products and the digitalization of processes.

How is the Chamber of Commerce of Mallorca supporting the island's transition into a more ecological and sustainable environment?

We are focusing on improving sustainability, digitalization, and catering to EU funds to finance long-term projects. Among other projects, there are currently discussions on the island around using sewage water for irrigation, for example. All this requires future investments. This is the moment to invest and support the development of more sustainable islands. The Balearic Islands are an important geostrategic location in the Mediterranean. The return of mobility will allow us to regain our importance. Many start-ups and digital nomads are coming to Mallorca because of its strategic location. It takes two hours to fly from Palma to Berlin, Paris, Munich, Rome, and Lisbon.

What will the priorities for the Chamber of Commerce of Mallorca in the near future?

As a business organization, we want to support all businesses, regardless of their size, which is why our plan is to pay extra attention to freelancers and SMEs. We are supporting them in their digitalization and internationalization process. There are some areas in which more skilled workers are required, so we need to provide training. We want to expedite the growth of small businesses, which have been heavily affected by the pandemic. In that regard, the chamber is hosting virtual conferences as part of our digitalization strategies. Training, the development of start-ups, and greater support for businesswomen are some of the key areas that we should further develop. We must support the weaker areas of the business sector. That is where we are focusing and where we are putting in place most of our actions. ✖

General Secretariat of the Network of the Insular Chambers of Commerce and Industry of the EU

BIO

Antoni Mercant Morató was elected president of the Chamber of Commerce of Mallorca in 2018. He is a captain in the Merchant Navy and holds a degree in nautical and maritime transport. Since 2012, he has been the representative of the shipping company Trasmediterránea on the Balearic Islands. He is also the president of SPort Stevedores Management Company (SAGEP) of Palma and Ibiza. He is a member of the board of directors of the Association of Employers of Maritime Activities of the Balearic Islands (APEAM) and the Navigation and Port Council. He works closely with the Directorate General of Ports of the Balearic government and the Port Authority, mainly in matters related to safety in the transport of dangerous goods.

INTERVIEW

THRIVING *city*



Working to turn Palma into a more diversified city, the mayor plans for Palma to develop its own areas of opportunities for the future of its residents.

José Hila
MAYOR,
PALMA

Nou Llevant Innovation District on the horizon

BIO

José Hila has a degree in economics and a master's degree in public finance and is currently pursuing a degree in law. An economist by profession, he has worked as a freelance consultant and trainer of entrepreneurs. He has been a member of the Spanish Socialist Workers' Party (PSOE) since 2000. He was secretary general of Palma Llevant for two terms and deputy secretary general of the Socialist Group of Palma. He was part of the Socialist government of Palma with Aina Calvo as mayor, first as councilor for public function, and later as first deputy mayor for mobility. He was deputy spokesman of the PSIB-PSOE municipal group in the opposition during the 2011-2015 legislature. He was mayor of Palma between 2015 and 2017. He has also participated in neighborhood movements and has directed a Club d'Espai.

What investment opportunities are available in Palma, and how can the city enhance its role as a business hub for the Balearic Islands?

We have two "traditional" sectors, tourism and real estate, as well as several emerging industries. Palma is no stranger to significant foreign investment. However, we are now looking to break into other sectors and diversify the local economy. This is where other business activities such as the nautical sector and the emerging concept of the blue economy model come in. As a strategically located Mediterranean city, the nautical sector is already gaining in strength and has a promising outlook. At the end of the day, everything is linked to the blue economy, including how climate change affects the sea, research, and the melting of the poles. That is why we presented a wide-ranging project on the development of Palma's blue economy to the regional government of the Balearic Islands and the port authorities. Nou Llevant Innovation District is yet another project that is a priority for us is the redevelopment of the area adjacent to our city's convention center. We hope to transform this waterfront district into a working space that connects innovation to sectors such as agriculture. This would sit alongside the home of the Balearic Islands Symphony Orchestra. We also want a technological university campus to be established there, a space that is open to everyone and combines innovation and culture. The implementation of renewable energies across the capital have also brought about significant investment opportunities; however, there is still a great deal to do, and significant funding is required in order for us to reach our goals. We have applied for several European subsidies in order for the city council to become self-sufficient and run solely on renewable energy by 2030.

How is Palma promoting the transition to a circular economy and engaging private companies to this end?

This is achieved through specific projects and by supporting a change in business culture. If a project does not combine public and private investment, it simply will not work. For example, if you take the university out of the equation, you lose the innovation side of things. In terms of tourism, it is important to support the shift toward the sustainability of the city. If big name companies such as Iberostar or Riu forge ahead with these changes, the rest will soon follow, as they are the leaders in the sector. Then, there is the foundation of the project, which is the issue of circularity and the generation of knowledge, which will be later applied to the business sector. Aside from sustainability, we must also consider the fact that the city is a major tourist destination, which affects issues such as public transport. In this particular instance, the Spanish government has already pre-selected the city as a candidate to receive EU funding. This would be invested in the creation of a low-emission zone, a 100-km-long bike lane, public bikes stations, and so on. The commitment shown by the tourist sector, combined with the example set by the administration and the demands of the population, will bring about positive change in Palma over the coming years.

How do you envision the future of the city of Palma?

I see a bright future ahead. Palma is a powerful city, particularly given its size. It is extremely attractive both in terms of tourism and the generation of economic activity. It has always been and is gaining in strength as it positions itself as a destination for investment and employment. We are working to become a more diversified city so that the future of our young people is not merely limited to the tourist sector. The time has come for medium-sized cities such as Palma to create their own opportunities and innovation districts, which, in turn, provide a higher quality of life for their residents. ✖

NEW NOU

THE NOU LLEVANT DISTRICT PROJECT SEEKS THE REVITALIZATION OF AN URBAN SPACE IN WHICH ECONOMIC, CULTURAL, AND SOCIAL DEVELOPMENT TAKE SHAPE TO TRANSFORM AN AREA OF THE CITY OF PALMA DE MALLORCA.

THE NOU LLEVANT INNOVATION DISTRICT is one of the most groundbreaking urban revitalization projects in Palma de Mallorca. The aim is to transform the urban area of Nou Llevant in the Balearic capital into an economic center for the city that complements and generates synergies with ParcBit, the business park located on the outskirts of Palma where the offices of several high-tech companies are located.

“A notable project that the government is promoting together with other institutions is the Llevant Innovation District, which seeks to generate an innovation ecosystem in the heart of the Palma’s seafront,” said Joan Carrió, Director General, Office of Planning and Coordination of Strategic Investments, during a conversation with TBY.

To achieve this, the island’s authorities signed a collaboration agreement in 2021 that serves as a roadmap for implementing this transformative urban development project. The signatories are the government of the Balearic Islands, the Palma City Council, Consell de Mallorca, Autoritat Portuària de Balears, and the University of the Balearic Islands.

“Nou Llevant Innovation District is yet another project that is a priority for us. It is the redevelopment of the area adjacent to our city’s convention center,” said Palma Mayor José Hila during an interview with TBY. It is a revolutionary project that will seek to boost employment generation in technology industries, with the intention of diversifying the economy of the autonomous community of tourism. Tourism currently accounts for 40% of the archipelago’s GDP, an industry that has been hard hit by the COVID-19 pandemic.

“We hope to transform this waterfront district into a working space that connects innovation to sectors such as agriculture,” said Hila, who added that a technological university campus is expected to be established in Nou Llevant. The mission of the city’s leaders is to turn this neighborhood into a place that combines innovation and culture to make it an economic and social success. The goal is to elevate Palma as a powerhouse in value-added industries, while moving toward becoming a walkable and sustainable city for its citizens, so that they do not have to take the car every day to

get to work.

NEXT GENERATION EU

There is still no timetable as to when Nou Llevant will become a reality. As for its financing, the development of the public-private partnership project will depend largely on the European funds requested by the institutions under the umbrella of the Next Generation EU program. “We have already received a significant part of the public funds, which have enabled us to get to work on two public housing developments,” Mayor Hila said about the financing needed for the development of the urban revitalization project.

Nou Llevant is one of the 91 projects that form part of the government’s strategic investment plan for Balearic Islands 2030, a program that expects to receive EUR4.64 billion from the Next Generation program. This plan, agreed upon by various stakeholders, is expected to generate 71,000 new jobs in the archipelago. Nou Llevant is included in a section on smart growth and innovation ecosystems, which also includes the Menorlac project and the objective of creating an audiovisual hub for the Balearic Islands.

Of the EUR4.64 billion in the strategic investment plan for the Balearic Islands 2030, the Nou Llevant innovation district will receive EUR94 million.

MORE THAN A SILICON VALLEY

There is talk that the goal is to create a new Silicon Valley on the island, a term that has already been given to ParcBit. However, the goal is extremely ambitious. Unlike the pole of technology companies in the San Francisco Bay, Nou Llevant seeks a coexistence between the existing residential area and the companies that will be installed there. The intention is for the employees of these companies to live in the neighborhood to turn it into a walkable city, as Mayor Hila explained. The government wants to revitalize the neighborhood, which is one of the vulnerable areas, without any gentrification effect that would drive out its inhabitants. Some of the works include the establishment of businesses focused on the green economy and the redevelopment of a municipal cultural building in a former factory called Can Rivas. “This marks the beginning of a project in which we are already shoring up agreements with private land-owning companies, including Spanish multinationals such as Endesa and Mapfre,” said Hila.

It is also intended to develop an area with subsidized housing that is accessible to many citizens. “We hope the city’s vulnerable neighborhoods can also benefit from a new, powerful job-generating space,” said Mayor Hila. “As the leader of the city, I am very much looking forward to seeing the results of this one-of-a-kind venture,” he concluded. ✖

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a better FUTURE

Working with the public sector, 275 members, and 32 collaborating entities, Cercle d'Economia de Mallorca has a holistic overview of the requirements for the sustainable growth of the islands.

What role does Cercle d'Economia de Mallorca play in the long-term planning of the island's public policies, especially in the economic field?

Cercle d'Economia de Mallorca is a not-for-profit organization that works in the Spanish region of the Balearic Islands, and its actions are based on four strategic goals. The first of its goals is to maintain its independence and impartiality in matters that affect the region. We bring together companies. Its 275 members and 32 collaborating entities make the Cercle a plural and independent organization of all types of private, sectoral, or political interest. The diverse professional profiles and political sensitivities of its members makes the Cercle a socially transverse institution. These qualities give the Cercle a unique personality and a pluralistic view consistent with the complex society of today. Second, we are an active collaborator with public institutions. In order to improve our governance, we meet with public officials and leading politicians from all parties. A third area is the revitalization and progress of society in general. Cercle d'Economia de Mallorca seeks to attain sustainable growth, and with this in mind, we are working to push for a roadmap for transformation of the Balearic Islands. This is a small region in Spain, but it receives about 16 million tourists per year. In all, we have a strategic location, an extraordinary international airport, and outstanding power and telecoms connectivity.

What would be the main goals in terms of economic diversification, and which sectors are better positioned to serve this purpose?

Every economic plan has to be led by the regional government. Health tourism can be an important area, as there can be long- and short-term health tourists that not only dynamize tourism facilities, but also health facilities such as clinics or hospitals. The excellent weather conditions are a perfect fit for such tourism. The sun is our oil, as we have 2,800 sun hours per year. That is also one of the

reasons why many foreigners buy homes on the islands. They want to spend the winter enjoying the island's pleasant weather. Additionally, there are some sectors that are growing significantly. The Balearian economy is to some extent already diversified, although it might not be widely known. We need to develop sectors that are already performing well on the island, such as biomedicine. There are many companies in the Balearics that are working with universities to conduct research in areas such as cancer. Energy transition has great potential as well. A great deal of investments are being made in solar power facilities and even green hydrogen. Besides, there are many investments in elderly care, which will become a strategic area given the aging population.

How has the pandemic affected the economic direction of Mallorca?

The COVID-19 crisis has been a shock for the residents of Balears. Our GDP declined by 25%. Because of that, we are focusing on improving the quality of the tourism sector and developing alternative economic sectors. As a result, there are sectors that are experiencing rapid growth. Some of these investments come from large hotel chains that have revamped their facilities. We see many funds acquiring hotels. For example, Apple Leisure Group is investing in Mallorca. We are seeing a reconversion of the economy. Before COVID-19, we did not feel the need to find alternative businesses. However, it is also necessary to develop other complementary sectors such as academia. We have a university among the best 500 in the world according to the ShanghaiRanking. Despite being a small university, it is highly specialized in certain scientific areas, such as physics. The university is also assessing the type of professionals that the islands will require in the coming years thanks to the presence of technology companies such as OmniAccess and Robot Corporativo on the islands. ✖

COMMUNIQUE

KPMG Mallorca investment roundtable



KPMG ROUNDTABLE

KPMG and TBY joined forces to discuss investment opportunities in Mallorca. Six executives share what they think makes Mallorca such a great place to invest.

Francisco Albertí
PARTNER,
KPMG BALEARES

BECAUSE OF COVID-19, we have seen across the world a series of forced transformations or changes in habits that are in one way or another opening up economic opportunities. In the Balearic Islands, the pandemic has exacerbated the need for transformation in sustainability. This has implied a before and after in the tourism industry, and also it has been a turning point for people's desire to spend semi-residential seasons in Mallorca. Many digital nomads have realized that with teleworking, they can dedicate part of their time to an environment such as Mallorca, with all the benefits of weather, services, and com-

munication. And this opens up a range of opportunities that are not so traditional for Mallorca: economic investment not only for tourism and hotel investors, but for a whole range of real estate, residential, and co-living products, which can complement the tourism industry and promote seasonal adjustment and create great synergies for other sectors such as digitalization, the audiovisual and content industry, health research industry, online education, and so on. At KPMG, our mission is to support and help companies with all the global services we offer, and at the moment we are helping such new investment land in Mallorca.

Juan Antonio Gutiérrez
CEO,
MAZABI

MAZABI IS A MULTI-FAMILY OFFICE real estate advisor, manager, and investor, founded in 2009. Despite the strong position of international investors in the real estate markets of Germany, France, and the UK, Spain is becoming increasingly important because of synergies between real estate and the luxury hospitality industry. When talking about tourism, for example, Spain is a top player and Mazabi has invested EUR420 million in hotel real estate over the last few years with an objective to invest an additional EUR200 million in the short term to meet hoteliers' need for liquidity to transform their business. We focus on resort hotels (with a preference for beachfront) and city center hotels (that attract both business and holiday guests) in premium locations such as the Balearic and Canary Islands, Costa del Sol, Cádiz, Madrid, Barcelona, Seville, Málaga, San Sebastián, Bilbao, and Valencia. Mallorca, in particular, given its status as a world-class destination, is attracting attention not only in terms of hospitality but also luxury residential. Mazabi considers the luxury real estate sector in Mallorca to be promising in terms of investment and is extremely interested in expanding its portfolio on the island.

Antoni Ballester
CEO,
ESTEL INGENIERÍA Y OBRAS

HOTEL TRANSFORMATION is increasing gaining importance as a business in Mallorca, taking into account that most of the hotels in Mallorca were built in the 1970s and 1980s. Many have undergone refurbishment to make them more attractive to tourists, but the challenge now is to update Mallorca's hotel base in terms of eco-friendly factors such as

energy efficiency or water consumption. Much remains to be done in the Mallorcan hotel industry, in this regard, and it opens the door for investment opportunities. Outside the hotel sector, the islands are privileged for everything that involves new developments such as hydrogen. We must begin thinking about the fact that we have limited ter-

ritory and have to make the most of what we have and turn it around to be greener. In this regard, European funds can help significantly. In addition, people from northern Europe love to come here and purchase their second homes or permanent residence, which generates a luxury residential market that constitutes another investment opportunity in the islands.



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