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## Arrow's John Calvao on the lucrative hospitality opportunity

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Hospitality strategies present a resilient and diversified opportunity for private credit investors' portfolios, according to Arrow Global's John Calvao.

Calvao is partner and fund principal at the alternative asset manager, overseeing the firm's Southern European investments and hospitality assets.

Arrow's hospitality business is predominantly based in Portugal, where Calvao is based, but has since expanded into Spain and Italy.

It is now a sizeable operation, with Arrow managing 23 hotels, more than 2,700 hotel rooms, 12 golf courses, 400 professionals, and over 1,500 hospitality staff.

Notable projects include Vilamoura Marina and Palmares Ocean Living & Golf, both located in Portugal's Algarve – an area that Calvao calls “the Florida of Southern Europe”, thanks to its ocean views and temperate climate.

Arrow invests in the “entire ecosystem concept”, which sets it apart from its competitors in the hospitality space, Calvao argues, as the firm benefits from its strong network of local operators.

“It's about owning the golf, the marinas, the hotels and the residential real estate developments – it's the synergies of all these things that we're bringing together,” he told *Alternative Credit Investor*.

“Whereas when people think about hospitality in its purest form, they simply think about buying the hotel.

“For us, it's not just a hotel, it's an opportunity for the entire destination and owning the ecosystem. We've done around 30 deals of that type, but it's a mixture of traditional residential development.”

Calvao has decades of experience investing in Southern Europe and joined Arrow when it acquired debt purchaser and servicer businesses Whitestar in Portugal 10 years ago.

He highlights the stable income and cash-generating assets produced by hospitality developments, such as marina revenue, golf revenue and membership revenue.

Calvao says that many high-net-worth investors based in the region have expressed an interest in Arrow's developments, choosing to buy homes directly or invest their funds' capital into the projects.

“It's a safer credit type, an opportunistic investment that's not relying on just one asset,” he explained.

### **A long-term approach**

Arrow takes a long-term approach to its hospitality strategy, developing and improving its resorts.

“If you think about it from a value-add perspective, it's not like we're buying something and re-selling it three days later,” Calvao said.

“We really have to create value. Our approach is to create the synergies, create the better golf courses and invest in the development.

“If you were based in the UK, you would have to find all the assets we own to make it happen, you'd have to hire them and manage them from overseas.

“These are real assets that need maintenance.”

Calvao cites the example of a golf course that Arrow owns in the Algarve, where the firm's refurbishment work means that the course now costs €300 (£261) for golfers to play, up from €60.



“It’s tough to do what we’re doing because you need an ecosystem and an infrastructure and a presence,” he added. “There is an army of people down here and it’s not just dependent on us, it’s dependent on our relationships with contractors and the landscapers, as well as our relationships with the municipality giving us the licences and our relationship with the Portugal Tourism Board.”

Calvao says that the “jewel” in Arrow’s portfolio is The Els Club, which has recently secured an agreement with the PGA to host the Portugal Invitational at the Vilamoura-based course from 31 July to 2 August 2026. This will be the first-ever PGA Tour-sanctioned event in Portugal.

“That would have been unheard of in Portugal because many of the courses are not built for spec for a PGA Champions Tour event,” he said.

“To run an event like this, the ecosystem has to work correctly and you need a 5-star hotel attached to it.”

### **A lifestyle, not a holiday**

Looking ahead, Calvao said Arrow is aiming to change destinations from a one-week holiday location to a year-round living destination, by developing the wider ecosystem.

He is keen to roll out more projects in other geographies, but notes the particular advantages of Southern Europe.

The quality of the assets, high income of some residents and conflict-free nature of the region are attractive for Arrow’s strategy.

“We’re not just playing for yield compression, like with a city hotel,” Calvao said. “We’re really trying to develop a destination and a resort, which tend to be in areas in Southern Europe rather than Northern Europe.

“You get the vacationers, but you also get the people who live here full time.”



Calvao said that Arrow has assessed opportunities in Ireland, Germany and Northern France but they “haven’t fitted the bill of what we’re good at”.

Another area of interest to Calvao is senior living developments, which is says have not really taken off in Europe yet.

“Southern Europe has an ageing population but it really doesn’t have facilities or capabilities to manage that ageing population,” he explained.

“The market is underserved compared to the US or the UK.

“I’m not just talking about medical-assisted homes but older people who are still very active and want to play golf, but maybe want somebody to take care of the laundry and cleaning.

“I think you will see a big push in that and it’s something that is very close to what we already do.”