



NORTHERN
IRELAND
HOTELS
FEDERATION

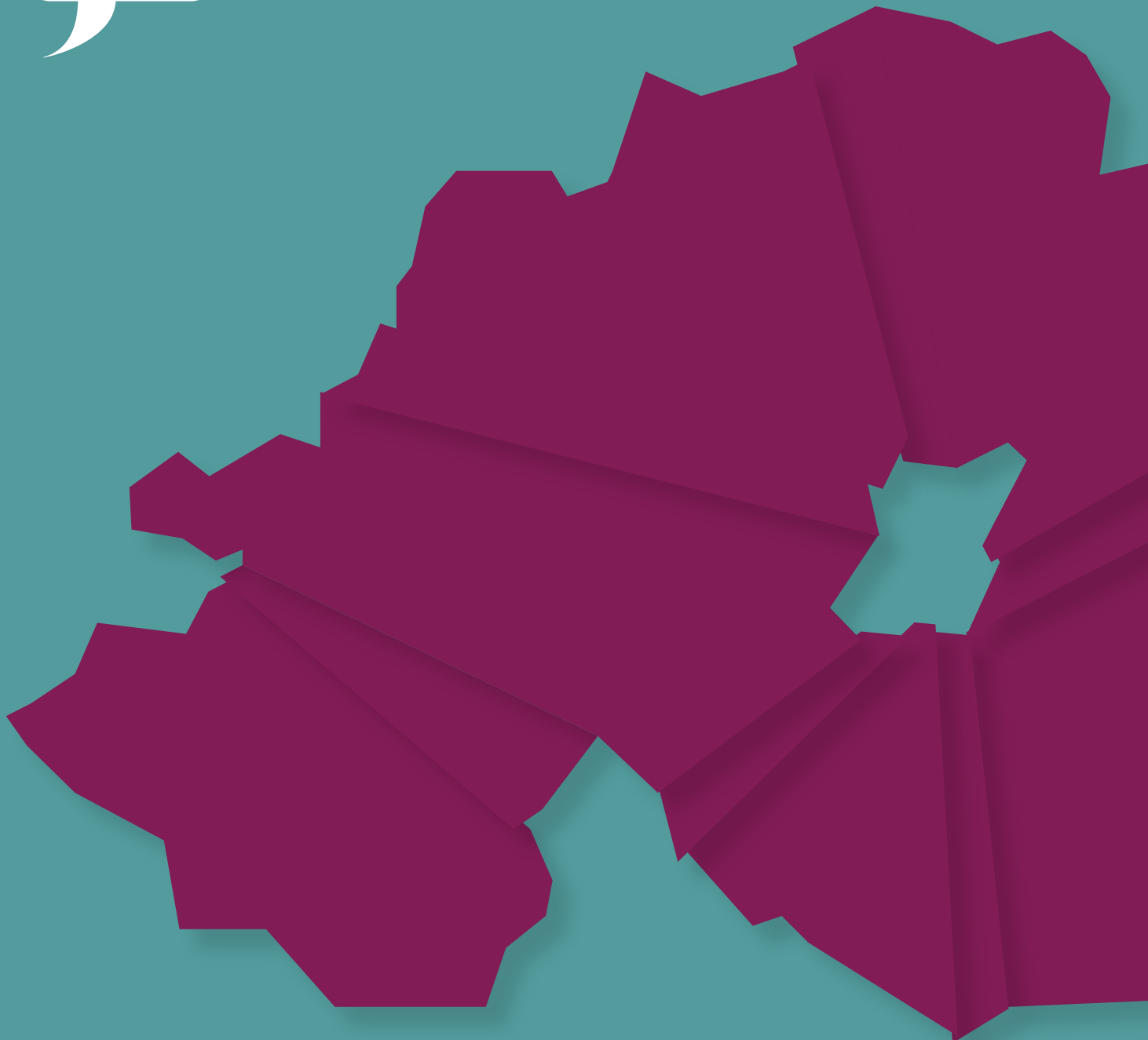
HOTELS 2024

A report from the Northern Ireland Hotels Federation
on hotel investment, growth and trends.





THE AVERAGE HOTEL NOW HAS 65 ROOMS. IN 1999, IT HAD JUST 37 ROOMS.



FACT CHECK



BED & BREAKFAST AND GUESTHOUSE ROOM NUMBERS HAVE DROPPED SINCE 2019 BUT THERE HAVE BEEN BIG INCREASES IN GUEST ACCOMMODATION AND SELF-CATERING.

THE 2024 LANDSCAPE

The 2024 hotel landscape is a local success story evidenced by considerable growth and significant investment. A sector that has doubled in size over the last twenty-five years, investing over £1.5bn in construction, expansion, and refurbishment. The product we see today differs from the stock of 1999. A stagnated pipeline, partly due to the pandemic but further impacted by inflated construction costs and significant interest rate rises, has led to delays in projects coming to market. However, current market intelligence would suggest that a further £300m will be invested in construction, refurbishment, and acquisition over the next five years.

There are currently 143 hotels comprising 9,646 bedrooms. Hotels have become larger over the last twenty-five years; the average hotel now being 65 rooms as opposed to 37 in 1999. Hotels remain the largest provider of serviced rooms representing 41% of the entire bed stock in the market. The hotel sector has expanded with traditional hotel bedrooms adding alternative accommodation products including independent lodges, larger suites, apartments, and shepherds' huts. This gives the option of availing of hotel services with the advantage of more

social space and the option to self-cater.

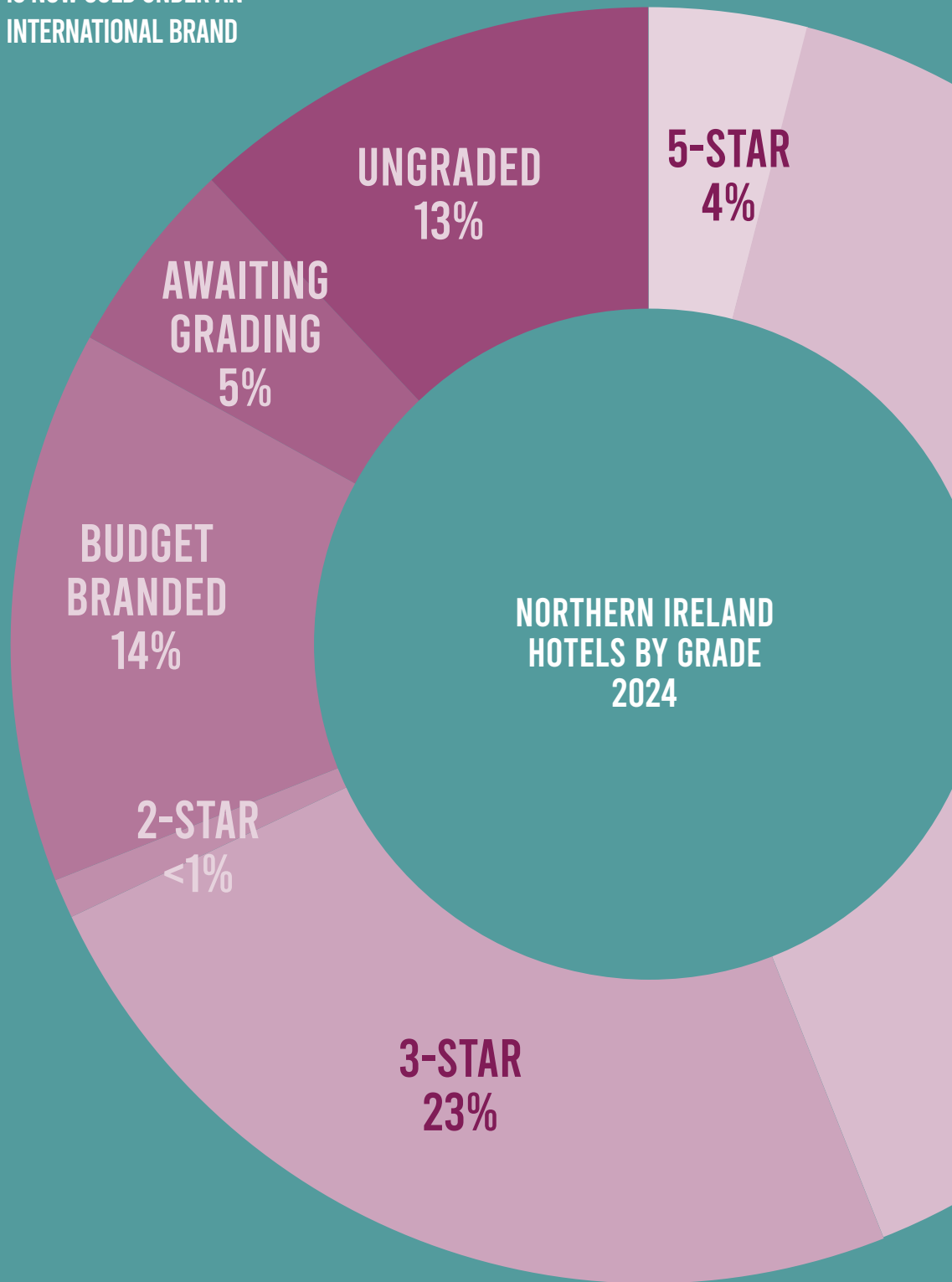
Transformation in the other accommodation sectors, since pre-pandemic times has been significant; B&Bs and guesthouses reducing considerably, some closing altogether while others have shifted to providing a guest accommodation option. The number of bedrooms in the Guest Accommodation sector has doubled since 2019 with Self-Catering bedrooms growing by 25% in the same time frame.

TYPE	PREMISES	ROOMS
Hotels	143	9,646
Guesthouses	66	629
Guest Accommodation	474	2,208
Bed & Breakfast	438	1,484
Self-Catering	3,979	5,055
Bunk Houses	11	30
Hostels	40	505
Campus Accommodation	9	4,143
TOTAL	5,160	23,700

TABLE 1: NORTHERN IRELAND CERTIFIED ACCOMMODATION STOCK BY SECTOR, TOURISM NI



41% OF HOTEL BEDSTOCK IS NOW SOLD UNDER AN INTERNATIONAL BRAND



FACT CHECK



A BIG PUSH BY THE BUDGET BRANDS FROM 2003 HAS LED TO THE REST OF THE MARKET MOVING STEADILY UP THE GRADING SCALE, LEADING TO NEARLY HALF OF ROOMS NOW AT 4-STAR OR ABOVE.

MARKET MIX

A seismic shift in the sector has come about because of the £1.5bn investment made over the last twenty-five years. The market is now dominated by three-star and above, accounting for 67% of total bedrooms.

The market has become somewhat polarised with the addition of very large properties and an increasing number of smaller boutique hotels. One size certainly does not fit all, and choice is a selling tool for the destination. Larger properties have been developed in urban settings with clusters of hotels constructed in city centres. Current development plans will see this pattern repeated in the coming years. Resorts have also expanded not only by adding rooms and alternative accommodation offerings but by creating new experiences on-site which include eateries and spa facilities.

Brands have grown in number and diversity with operators seeing the advantages that a brand can bring in terms of structure, and a far-reaching marketing network giving access to a wider customer base. There are twenty-nine hotels in this subset

accounting for 41% of the local hotel bedroom stock. Some internationally branded hotels are owned and run by local operators with management companies and outside investors growing in number but not dominant. A further cohort of properties are run by local hotel groups all of which have expanded in the last five years, and they account for a further 19% of bedrooms across eighteen properties.

There are a further ninety-six hotels run on an independent basis. In the main, they are smaller with an average size of forty-one bedrooms, and they form an important part of the social and economic infrastructure of towns and villages throughout Northern Ireland. Visitors often seek an authentic experience which the independent hotel satisfies and in a strange twist, many brands are flexing to offer a white label operating platform without the branded badge.

**4-STAR
40%**

HOTELS BY GRADE	HOTELS	ROOMS	% BY GRADE
Five Star	4	365	4%
Four Star	42	3,852	40%
Three Star	50	2,274	23%
Two Star	2	72	<1%
Budget Brand	12	1,396	14%
Awaiting Grading	7	465	5%
Ungraded	26	1,222	13%
TOTAL	143	9,646	100%

TABLE 2: NORTHERN IRELAND HOTELS BY GRADE 2024, NIHF

HOTEL PERFORMANCE

Hotels have been on an interesting journey from closure to chaos and after a turbulent number of years, 2023 was predicted to be a year of growth and consolidation. Table 3 below shows a strong performance with growth across all metrics.

Global forces continue to affect the sector and costs have yet again led to difficulties. The balancing act to maintain profitability, improve performance and sell at an attractive price continues to be a difficult one. Turnover has held up well in most cases with an increase in ADR of 8%. Occupancy has come back to pre-pandemic levels reaching 74.4% with RevPAR significantly increased to £80.45.

The headline figures paint a positive picture but concerns about inflation, increases in service costs and the perennial issue of staffing are a continuing worry. Added to this there is the introduction of new travel visa requirements (Electronic Travel Authorisation for the UK) which is confusing and a possible barrier for those wishing to tour the island of Ireland.

The cost-of-living crisis has had an impact on disposable income which affects the domestic market. Northern Ireland is still seen as a good value option and hotels have benefitted from

an increase in visitors from the south of Ireland, GB, and North America in 2023. A limited number of dining options particularly in the early part of the week has created demand for in-house dining which has helped grow turnover.

Forecasting for the coming year is as always, a fluid process. Early indicators show a maintaining of occupancy levels with very little growth in rate. Turnover in total terms (TRevPAR) has exceeded pre-pandemic levels but the primary focus will be the need to keep costs under control. This is going to be a challenge given the rise in the National Minimum Wage to £11.44 per hour, a rise of 9.8%.

The level of hotels being used for government and humanitarian purposes continues to fall currently accounting for 7% of hotel stock. This stock re-entering the market could impact on performance but, to date, the return of this product has been staggered with little to no effect on trading.

YEAR	2023	2022	2021	2020	2019	2018
Occupancy (%)	74.4%	71.5%	49.7%	33.2%	70.9%	73.3%
Average Daily Rate	£108.08	£100.15	£93.66	£72.22	£78.26	£79.32
RevPAR	£80.45	£71.63	£46.59	£24.00	£55.54	£58.16

TABLE 3: NORTHERN IRELAND HOTEL PERFORMANCE BY YEAR, STR

25 YEARS OF HOTELS



1999

NIHF founded. Jurys, Hilton and Stakis have already started the brand push. Under 5,000 hotel rooms. Two cruise ships visit Belfast.



2009

NIHF starts producing Short Break Brochure with NITB. Hotel occupancy was 65%. Expansion stalled in the wake of the global financial crash.



2012

Our Time, Our Place. Titanic Belfast opens. Around 7,500 hotel rooms.



2016

Northern Ireland Year of Food & Drink. NIHF begins co-operative marketing campaigns with TNI. NIHF rebrands with new key logo.



2019

The Open comes to Royal Portrush. Over 145 cruise ships visit Belfast. 9,500 hotel rooms. Embrace a Giant Spirit launched.



2024

NIHF celebrates 25 years. Hotel rooms tantalisingly close to 10,000. Occupancy around 74%.



GROWTH AND EXPANSION

Investment comes in many forms. There is great interest in new builds and construction with a lot of announcements of planning approvals and projects. In reality, very few of the recent planning headlines are about new projects. In the main, they are changes to previous approvals schemes with most of them not coming to market before 2025.

There are over seventy projects between construction, planning, conception, and creation. A number are not in the public domain. Of those that are, the current estimate is that two hundred rooms will be added to the current hotel stock. There could be two or three new openings, all boutique-style products, as well as an expansion of a couple of other existing hotels. Investment by way of refurbishment and expanding existing properties is very lively with significant work currently being carried out or imminent. A conservative estimate is that there will be £100m of investment in 2024 with a possible additional £200m by 2027.

Despite the hype and the headlines, only nine hotel projects are at the construction phase. The media has focused on planning approvals many of which are modifications of existing projects or extensions to existing hotels. Some of those at the construction stage will come to market before 2025.

The process from concept to construction is a convoluted one, protracted, often subject to legal objections with considerable cost. A number of the projects reported as "new" have in fact been through the planning process before and have reapplied to get approval for alterations to previous schemes. Developers are faced with a number of difficult decisions: alter plans to meet new consumer needs, revise schemes taking into account the changes in the high street and reduced office working requirements and revisit budgets taking into account increased costs of finance and building materials.

There have been several high-profile sales of hotels in Northern Ireland: The Hilton Belfast, The Gasworks (formerly The Radisson), Belfast and The Slieve Donard. Interest remains high with more sales likely in 2024. Hotels in the region are seen as a good investment with funds, developers and prospectors looking at the business as an investment and not necessarily something they will operate. A plethora of management companies, boutique and global, are available to step in to provide staffing and operational solutions. For hotel groups wishing to expand, buying is proving to be a more cost effective and timely solution than building.

Belfast

There are thirty-six projects in various stages in the city. It is fair to say that a number of these may never come to market or decide not to include a hotel in the proposed scheme. It looks as if the 2025-26 period

will be a busy one with current intelligence suggesting up to ten new hotels with one thousand bedrooms in total. The city should get one new hotel in 2024 with an extension to another adding about ninety rooms. Belfast had one new opening in 2023, Room2, a homotel with 175 rooms. This new style product offering in-room kitchen facilities is the first product of its kind to open in the city. It will possibly not be the last as there are four other aparthotel projects either approved or under consideration.

Notable sales have included The Radisson, The Hilton and Etap. Interest in investing and acquiring hotels remains very high. There is a strong pipeline of alternative lodgings sitting in the guest accommodation and self-catering sectors.

Derry-Londonderry

The opening of The Ebrington Hotel in 2023 increased the city's hotel stock by 11% and

2024 will see additional rooms coming on stream at the Holiday Inn Express. There are up to five other projects in the city and a major revamp of The City Hotel is planned. Outside the city, there have been additions in self-catering and guest accommodation stock with further development likely in 2025.

The North Coast

Activity abounds in this region with seven projects being considered, two underway (The Dunluce Lodge and The Marcus), the acquisition of The Magherabuoy and The Premier Inn (now the IBIS Riverside Coleraine) and five others in planning or at the concept stage. Nearly every hotel in the region has either undergone significant refurbishment or is in the process of adding more rooms, building alternative accommodation, and extending their dining options. The Salthouse and the Marine, Ballycastle have transformative projects adding fifty rooms between them as well as spa and dining facilities. There should be an additional two hundred

rooms open by summer 2025 in time for the return of The Open which has acted as a real catalyst for development in the region. In addition to the hotel sector, there is a flurry of activity within other accommodation sectors, spurred on by the opportunities brought by The Open. Expect to see a lot more self-catering and guest accommodation come on stream.

Fermanagh & Southwest Ulster

No new stock in this area coming to market in the coming year but continued investment in Lough Erne Resort and The Killyhevlin Lakeside Hotel & Lodges has garnered interest. The Carrybridge Hotel's redevelopment and the recent purchase of Belle Isle Estate could see new stock coming on stream post-2025.

Armagh, Newry, Mourne & Down

This area has seen major investment including growth at Killeavy, the refurbishment of the Slieve Donard and upgrading at the Burrendale Hotel. The coming year will see no new openings but there is a lot of

activity that is not in the public domain. Some of this may result in new hotels or alternative accommodation.

Greater Belfast & Antrim

The Belfast hinterland has become a destination of growing interest due to the level of resort properties. Its proximity to Belfast and good access makes it a popular choice. Continued investment by the McKeever Hotel Group and Loughview Leisure at the Kingfisher Estate as well as planned expansion at The Rabbit and Galgorm has put tourism firmly on the map. There are plans for additional hotels in the region which are at the concept stage and are unlikely to be in market before 2026.

Mid-Ulster

Little new hotel activity in this region but current businesses continue to invest in upgrades and refurbishments. More rural destinations within the region are seeing alternative accommodation coming to market including glamping sites, luxury dwellings and upgraded self-catering product.

PROJECTS UNDERWAY

This is a snapshot of the nine projects that are on site with estimated costs. Approved projects may break ground in 2024 but are unlikely to start trading before 2025. Additional investment will be made in refurbishment and acquisition.

ALOFT, BELFAST

228 ROOMS. 135 BEDROOMS PLUS 93 APARTMENTS. ESTIMATED IN 2026. £36M.

THE BEDFORD, BELFAST

120 ROOMS. FORMER GEORGE BEST, FINAL PLANNING NEEDED TO COMPLETE. ESTIMATED IN 2025. £15M.

10-16 HILL ST, BELFAST

20 ROOMS. NAME TBC, BOUTIQUE PROPERTY DUE IN SUMMER 2024. £5M.

THE FLINT, BELFAST

ADDING ROOMS, ROOFTOP BAR, RECEPTION AND RESTAURANT. MOVING FROM GA TO HOTEL. £9.5M.

THE GASWORKS, BELFAST

ACQUIRED BY INUA/CLISTE HOSPITALITY AND UNDERGOING A REBRAND TO VOCO WITH EXTENSIVE REFURBISHMENT. £16M

THE MARCUS, PORTRUSH

83 ROOMS. A NEW HILTON BRAND OPERATED BY ANDRAS HOUSE. DUE 2025. £10M.

DUNLUCE LODGE, PORTRUSH

35 ROOMS. LUXURY BOUTIQUE HOTEL DUE LATE 2024 OR EARLY 2025. £20M.

THE SALTHOUSE, BALLYCASTLE

32 NEW ROOMS. BUILDING 24 ECO-COTTAGES WITH 32 ROOMS, EXTENDED SPA. DUE LATE 2024 OR EARLY 2025. £3.5M.

HOLIDAY INN EXPRESS, DERRY

44 NEW ROOMS. EXPANSION OF EXISTING PROPERTY DUE IN 2024 WITH FURTHER PLANS LATER. £5M.

7 NOTABLE TRENDS

1

MIXED ACCOMMODATION

Hotels have embraced new accommodation products responding to the demand for more social space and have added independent dwellings, apartments, and lodges to their room stock. This offers the flexibility of a hotel service coupled with independent living. This trend is one of the outworkings of the COVID-19 pandemic where people have been looking for more space and the opportunity to connect with nature. Family and multi-generational visitor groups are also keen to holiday together but are looking for space which offers a capacity for social mixing.

2

SIZE

Small is definitely in vogue but big is beautiful. The market is polarising with large, generally branded hotels being planned along with small boutique style properties.

3

BRANDS

International brands account for 40% of the overall hotel stock with a further 19% being operated as part of local groups. The turn of the century saw an influx of budget brands who have traded well. The brand profile is set to grow as operators see the benefits of recognition and customer loyalty along with good systems and marketing support.

4

HISTORIC CONVERSIONS

Repurposing old buildings and regeneration can provide a unique setting for a hotel giving it an authentic appeal. Recent conversions include The Ebrington Hotel, Derry-Londonderry and Titanic Hotel, Belfast. The Scottish Mutual Building, Belfast is currently in final planning and is likely to come to market as a 102-bedroom hotel in 2025. There are several other buildings under consideration for redevelopment into hotels.

5

IN-HOUSE DINING

A reduction in available outside dining options has seen a resurgence of the hotel restaurant. While this is an opportunity, there are concerns that it may take away from the destination's appeal in the longer term.

6

URBAN CONCENTRATION

Development of multiple hotels in city settings within a small footprint. These are creating tourism neighbourhoods offering easy access to nightlife, retail, and city experiences.

7

RESORTS

Becoming more popular and growing in number and size. They are also offering multi-dining options and expanding experiences available on site.

CONCLUSION

Political stability has been welcomed by the hotel, hospitality, and wider tourism industry. The return of the Executive has led to an increase in confidence. Growth in 2024 will be limited, with projects drifting into 2025. This is a relief for those in market but a challenge at peak times and often a frustration for visitors.

There are likely to be around two hundred rooms coming into the market in 2024, a rise of 2% and the same level as 2023.

Financing expansion is still a challenge with little appetite to lend to those not already in market and the cost of finance significantly higher than originally proposed. Northern Ireland has heated up as an investment opportunity but buying a hotel is still proving a more secure and cost-effective route to market.

Turnover has held up well with good growth. However, there is pressure on the bottom line due to increased and difficult to control costs. Inflation has cooled, energy prices have stabilised but staffing costs have risen sharply.

Further increases to prices could prove a real challenge, particularly in the domestic and nearer-to-home markets with a cost-of-living crisis eroding disposable income.

Skilled staff shortages are still curtailing some businesses and there are no simple resolutions to this issue.

Immigration policy and the rise in entry-level salaries along with an increase in the cost of the visa process present a considerable challenge.

There are concerns about the introduction of the new Electronic Travel Authorisation (ETA) for the UK and additional visa requirements may make travel to Northern Ireland less attractive to visitors from international destinations. The hope is that local political representatives can help resolve some of the unique island of Ireland issues.

Forecasting the future beyond 2024 and giving any meaningful figure on hotel numbers is a tricky business. The sector will grow and not all projects will come to fruition but there are opportunities and keen interest in investing. Growth will bring more jobs, help transform local communities and produce economic wealth. The last twenty-five years have been unpredictable, interesting and at times, exciting. Who knows what the next twenty-five will bring?



**STAFFING AND SKILLS REMAIN
MAJOR CONSTRAINTS TO
INDUSTRY GROWTH**



NIHF25



25 YEARS OF NIHF

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