



# Bank of Ireland Sectors Team Hotels 2024 Insights & 2024 Outlook

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**Bank of  
Ireland**

Classification: **Green**

# Insights

The past 12 months were mostly positive for the hospitality sector with many businesses reporting encouraging trends in both turnover and profits. However, this was not the case for all locations or sub-sectors; Revenue Per Available Room (RevPAR) took a slight tumble in Cork and Dublin due to changes in supply, and profit margins in the food and services sector were under increased pressure during 2024. Businesses in Ireland had to deal with the challenge of the higher rate of hospitality VAT as well as an escalating cost base. Increases to room rates and menu prices allowed many properties to protect the bottom line; the CSO's consumer price index (CPI) shows the "Restaurants and Hotels" sector had a 3.7% price increase in the 12 months to December 2024 which is well ahead of the 1.4% recorded on average for all divisions.<sup>1</sup> Another factor that could be affecting profits is the reduction in guest's average length of stay which has seen a sharp decrease in recent times.

Domestic trips by Irish residents<sup>2</sup> grew by 15% on the first 9 months of 2024 vs 2023, Fáilte Ireland reported that 32% of Irish residents went on a domestic trip during summer 2024<sup>3</sup>. CSO's stats on inbound visitor numbers to the end of December 2024 showed a 5.3% increase vs 2023; trips from the US & Canada increased by 135k/10% compared to just 69k/3% for the GB market.

## Sector trends

- **Integrating Technology**, including AI to improve on customer service and support personalisation<sup>4</sup>. Businesses are increasingly focusing their efforts on personalising the customer experience as they look to build lasting relationships; AI enabled CRM systems can allow hotels to process guest data as well as suggest actions based on insights to support this.
- **Sustainability influencing evolution of brands**<sup>5</sup>. Businesses are increasingly incorporating sustainability efforts and ambitions to their brands. Updated mission statements, holistic staff training and development or even investment in green technologies can overtime associated with brand through compelling storytelling.
- **Ways of working continue to affect travel demand**. The normalisation of remote working has supported a rise in Bleisure (business trips that are then extended for leisure purposes) and Workations (when people work while on a trip away). Inbound business travel trips to Ireland increased by 11% in the 11 months to November as per latest CSO figures<sup>6</sup>.

- **Increased focus on staff wellbeing**. Companies are ever more committed to improving staff engagement and work satisfaction. Flexibility on rosters, focus on wider training development, wellness and physical health supports and investment on the automation of some repetitive manual tasks are some of the initiatives gathering momentum. The positive ongoing changes are evident in Fáilte Ireland's latest Tourism Career Update, which states: "Recruitment and retention has become less difficult for the third year in a row"<sup>7</sup>.
- **Wider destination marketing**. Travellers are increasingly seeking unique local experiences that may allow them to connect with the local communities and provide them a better perspective on their culture and history. Hotels are partnering with local food producers, galleries, and/or local tour guides to provide more meaningful holiday experiences.
- **Unbundling of offers**. Although in place for some time, more hotels are presenting an increased number of options for guests to tailor their stay (rooms with better views, late checkouts, breakfast). Room types are also being expanded (broken into further categories) and priced accordingly.

## Consumer demand

Relatively stable unemployment trends across key markets and favourable exchange rates for US visitors supported favourable demand trends during the year.

- **Irish Residents:** Irish Household travel stats from the CSO to the end of Q3 2024 show growth across both domestic and outbound trips for Irish residents.
  - Domestic trips grew by 15% in the 9 months to September while expenditure grew by 17%. Average trip length reduced marginally from 2.4 nights for the period last year vs 2.3 this year.
  - Outbound trips increased by 8% (753k), however expenditure increased by only 2% as the average trip took a tumble from 6.5 nights last year to just 6.1 nights this year.
- **Inbound Visitors:** Inbound overnight trips to Ireland grew by 5.3% (334k trips) in the 12 months to December, while expenditure (excluding fare) grew by 11.9% (€591m) for the same period.
  - Continental Europe – Average trip down by 15% (9.4 to 8 nights)
  - USA & Canada – Marginal growth from 8.6 to 8.7 nights
  - Great Britain – Average trip down by 7% (5.2 to 4.8 nights)



<sup>1</sup> CSO, Consumer Price COICOP Division Indices, December 2024

<sup>2</sup> CSO, Household Travel Survey Quarter 3 2024, Jan 2025

<sup>3</sup> Fáilte Ireland, Summer Consumer Update, November 2024

<sup>4</sup> NetSuite.com, Lisa Schwarz, 7 Trends Driving the Hospitality Industry in 2024, Sep 6, 2024

<sup>5</sup> Journey.Travel.com - 2025 marketing trends: How luxury hotels can stay ahead, Nov 2024

<sup>6</sup> CSO, Inbound Travel Statistics, December 2024.

<sup>7</sup> Fáilte Ireland, Tourism Careers Research 2024 Update: Summary Report, November 2024

## Hotel supply & registrations for year-end Dec 2024<sup>8</sup>

Star Rating / Classification	Hotel Numbers				Bedroom Numbers			
	ROI		NI		ROI		NI	
Five Star	39	5%	4	3%	4,769	7%	365	4%
Four Star	373	44%	38	26%	39,347	60%	3,506	36%
Three Star	279	33%	47	33%	16,037	24%	2,139	22%
Two Star	72	9%	3	2%	1,572	2%	95	1%
Approved	79	9%	0	0%	3,852	6%	0	0%
Upgraded / Other	0	0%	52	36%	0	0%	3,573	37%
<b>Total</b>	<b>842</b>		<b>144</b>		<b>65,577</b>		<b>9,678</b>	

- Registered hotel bedrooms surged by 1,169 in ROI and a lower 32 in NI on the 12 months to December 2024. ROI Welcome standard registrations showed a marginal regression during the year after material growth over the last few years.
- Government contracted bedrooms:
  - **ROI:** Fáilte Ireland (FI) reported 17,632 beds are under government contract in registered tourism accommodation premises on FI registers / listings<sup>9</sup>. Nationally, 7% of all FI registered bed stock is under contract.
  - **NI:** Contracted numbers have been decreasing; industry sources indicate about 600 rooms are currently used for humanitarian purposes.
- 4 Star segment accounts for 60% of hotel bedrooms in ROI, the number of 4-star registrations is up by 35% (97 hotels) on where it was 10 years ago.



## Hotel room sales Key Performance Indicators<sup>10</sup>

Room / Accommodation Sales KPIs	December YTD											
	Occupancy %				Average Room Rate €				RevPAR €			
Location	2019	2022	2023	2024	2019	2022	2023	2024	2019	2022	2023	2024
Dublin All	82	78	82	82	142	170	180	175	117	132	147	144
Dublin city centre	83	75	80	81	167	196	204	196	140	147	163	159
Galway	74	70	75	74	120	156	174	181	89	110	131	134
Cork	78	72	77	75	113	151	157	156	88	109	121	117
Limerick	78	76	80	81	139	158	180	185	96	120	145	149
Kilkenny	72	68	72	73	115	165	172	174	82	113	123	128
Ireland Provincial	71	68	74	73	109	143	156	162	77	97	115	119
Belfast	72	75	78	77	88	115	124	136	63	85	97	105
Derry / Londonderry	66	65	69	69	78	102	106	115	51	66	73	79

Overall accommodation KPIs are positive considering new hotel developments, a decrease in the number of rooms used for humanitarian purposes (back to tourism accommodation), and the increase in hospitality VAT.

- Dublin:** Increased supply in the economy sector had a detrimental impact on average rates for the city despite a very marginal increase in average occupancy for both Dublin Region and Dublin city. Average RevPAR was down by 2% on 2023 for Dublin region and 3% down for the city centre.
- Galway.** Slightly softer occupancy was compensated by a €7 increase in average rate which supported a 3% increase in RevPAR during 2024.

- Cork city.** The Cork capital reported a €40 average rate increase for the month of June 2022 compared to 2019. Jan to June 2022 (H1) RevPAR of over €90 is well ahead of 2019 figure for the same period.
- Limerick.** Average occupancy and rate were just second to Dublin city centre delivering a RevPAR of €148.
- Belfast.** Strong trend in average room rate for the year (only location delivering double digit growth); the 10% (€12) increase in rate supported the delivery of a 9% increase in RevPAR for the year.

<sup>8</sup> Fáilte Ireland, Statutory Registrations Q4 2024; NIHF, Hotel Landscape, December 2024

<sup>9</sup> Fáilte Ireland, An Updated Overview of Beneficiaries of Temporary Protection (BOTP) and International Protection (IP) Contracted Bed Stock, December 2024

<sup>10</sup> STR CoStar, December 2024 Stats

## Outlook

Demand drivers including prevailing low unemployment (4.2% for Dec 2024)<sup>11</sup> and robust air and sea access capacity<sup>12</sup>, could support further growth in domestic and overseas visitor trips in the coming year. However, the issue of Dublin Airport passenger cap still remains as Fingal County Council has recently rejected the latest bid to increase the passenger cap at the transport hub<sup>13</sup>.

Further hotel bedroom development is expected for Dublin city, STR<sup>14</sup> is currently forecasting a 5.2% increase to supply during 2025; the additional hotel bedroom stock is likely to slow down average room rate growth for the capital as it did last year. Cost pressures originating from the increase to minimum wage, up from €12.70 to €13.50 per hour (6% increase) could be mitigated by a number of measures being considered by the government to support the sector<sup>15</sup> in the 2025 programme.

## Legislation

Whilst the anticipated reduction in the VAT rate will be welcomed by all, other changes like autoenrollment and CSRD will add to the administration burden for business owners / managers.

- **VAT Rate.** The newly formed government in ROI included a mention of a potential changes to VAT, PRSI and “other measures” will be considered as it looks to support SMEs in the hospitality sector, acknowledging the increased cost pressures faced by the sector.
- **Auto-enrollment.** The Auto-Enrolment Retirement Savings System, which is to be called “My Future Fund”<sup>16</sup>, will start from 30 September 2025; on that day, the National Automatic Enrolment Retirement Savings Authority (NAERSA) will begin collecting contributions from employees, their employers, and the State, and investing that money on the employees’ behalf.

- **Corporate Sustainability Reporting Directive (CSRD).** As we embark in the first half the second part of this decade which will take us into 2030, many businesses are looking into the first meaningful decarbonisation deadline. Ireland’s 2030 target under the European Union’s Effort Sharing Results (ESR) is to reduce greenhouse emissions by a minimum of 42% by 2030<sup>17</sup>. A number of Irish Hotel groups (more than 500 employees) are already under the CSRD scope and will have to complete sustainability reports for last year.<sup>18</sup>

## Travel Authorisations

Travellers to the US have long been familiar with the Electronic System for Travel Authorisation (ESTA)<sup>19</sup> required for travel into the US at a cost of \$21. Starting this year, similar systems are being introduced for travel into the UK and the EU.

- The UK’s **Electronic Travel Authorisation (ETA)**<sup>20</sup> has come into effect from Jan 8th for some countries. An ETA costs £10 and allows multiple journeys to the UK for stays of up to six months at a time over two years. Irish citizens will be exempt from this requirement; however, all other European citizens will need an ETA from April this year.
- In the EU, the **European Travel Information and Authorization System (ETIAS)**<sup>21</sup> will start six months after the biometric Entry / Exit System (EES) launches in 2025 (no exact date has been confirmed at this stage). ETIAS will cost €7<sup>22</sup> for those applying via the official website.



<sup>11</sup> CSO, Monthly Unemployment, December 2024

<sup>12</sup> Fáilte Ireland, Air & Sea Access (Source OAG), Dec 2nd, 2024

<sup>13</sup> Breakingnews.ie, Dublin Airport “baffled” by council’s rejection of passenger cap increase, Jan 15th, 2025

<sup>14</sup> STR CoStar, Global Forecast Dublin, November 2024

<sup>15</sup> Draft Programme for Government 2025, Jan 2025

<sup>16</sup> Gov.ie, Minister Humphreys signs commencement order for launch of Auto Enrolment Retirement Savings System on 30th September 2025, Oct 10th, 2024

<sup>17</sup> Environmental Protection Agency (epa.ie)

<sup>18</sup> Department of Enterprise, Trade and Employment, Corporate Sustainability Reporting Regulations, Nov 12th, 2024

<sup>19</sup> <https://esta.cbp.dhs.gov/>

<sup>20</sup> <https://homeofficemedia.blog.gov.uk/electronic-travel-authorisation-eta-factsheet-january-2025/>

<sup>21</sup> <https://etias.com/articles/etias-will-launch-6-months-after-ees-rollout-official-website-updates>

<sup>22</sup> <https://www.eeas.europa.eu/eeas/coming-visa-free-country-and-travelling-europe>

## Tourism Policy

The newly released draft programme for government displays the government's commitment to growing our Tourism Industry<sup>23</sup>. The programme includes plans for an updated version of the "The Gathering" initiative from 2013. The "Year of the Invitation", which was originally suggested in 2021 could booster inbound demand in the short term when it's rolled out<sup>24</sup>.

Also on the cards are a new initiative to further promote / encourage offshore island tourism called "Island of Ireland", the further expansion plans for the popular "greenways" and water based "blue ways", and a number of initiatives focused on regional destination development.

## Total Revenue Management

Irish hotel's sales mix has been changing over time, Crowe's 2024 Hotel Industry Survey shows average contribution from accommodation sales has increased from 38.2% in 2013 to 49.2% in 2023<sup>25</sup>. The change can be linked to improved room revenue management practices as well as a reduced appetite for investment/development in foodservices particularly clear in some of the recent hotel openings. Food and beverage services, as well as leisure facilities can be / become key differentiators as well as strong profit contributors.

Capturing the changes in complete value of a guest stay can offer valuable insights into customer behaviour; total revenue per available room (TRevPAR) has been around for a while, but innovative technology could make this comprehensive approach to revenue a viable strategy. CRM to PMS integrations can allow business owners to analyse data, predict behaviour and implement more dynamic strategies.<sup>26</sup>



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<sup>23</sup> Draft Programme for Government 2025, Jan 2025

<sup>24</sup> The Irish Times, Programme for Government Updates, Sarah Burns, Jan 15th, 2025

<sup>25</sup> Crowe, Ireland Annual Hotel Industry Survey 2024 & Crowe Horwath, Ireland Hotel Industry Survey 2014

<sup>26</sup> Lighthouse.com - The top 10 travel and hospitality trends that will shape 2025, Dec 16th, 2024

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