



MARKET  
SNAPSHOT  
NORTHERN  
IRELAND

Q1 2021



**CBRE**

**SPOTLIGHT VISITOR NUMBERS**

**Highlights**



**Overseas visitors to Northern Ireland increased by 7% in 2019**



**According to Oxford Economics, visitor numbers to Belfast will half in 2020 but will rebound to 2019 levels by 2024**

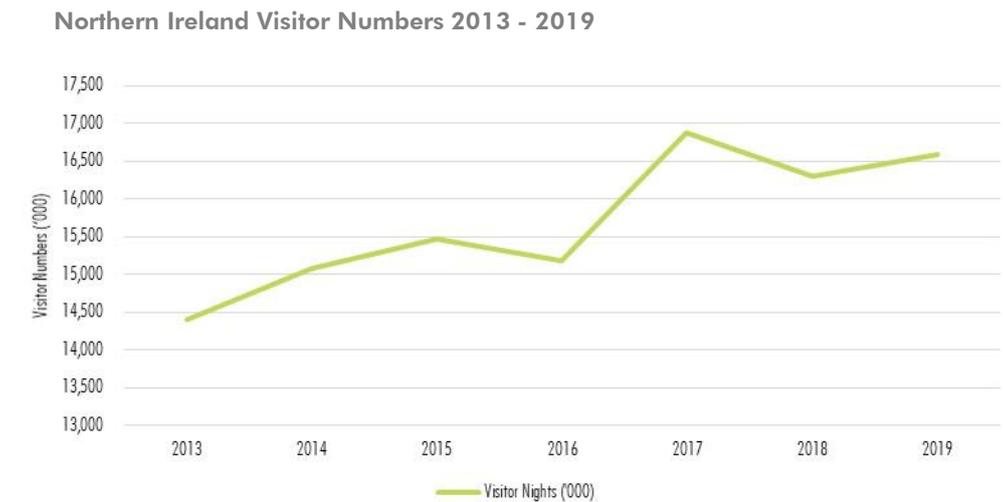


**Overseas and domestic spend in Northern Ireland increased by 9% & 5% respectively in 2019**

**Key Trends**

Total visitor numbers to Northern Ireland have followed a strong growth trajectory over the six year period from 2013 to 2019, with over 5.3 million trips taken to Northern Ireland in 2019. This was driven by visitors from Northern Ireland which made up 44%, followed by 27% from Great Britain, 15% from Outside the UK & Ireland and 14% from the Republic of Ireland. 1.8 million arrivals checked into hotels in 2019, again, a large proportion of these from Northern Ireland, Great Britain and Republic of Ireland.

This bodes well for recovery as the NI market is not overly reliant on the long haul international market and meeting & event business. This international traveller will be slower to return, with long haul taking longer than short haul.



Source: Northern Ireland Statistics and Research Agency

**Demand**

The demand fundamentals in the market were positive pre-Covid and hoteliers were very optimistic at the beginning of 2020, forecasting growth in both Occupancy and Average Daily Rate (ADR).

The top four tourism attractions in the country included the Giant's Causeway World Heritage Site, Dundonald International Ice Bowl, Ulster Museum and Carrick-a-Rede Rope Bridge.

The favourable sterling exchange rate has made Northern Ireland an attractive and affordable destination for visitors outside of Great Britain. This is in addition to the well known and regarded tourist attractions, destinations and facilities, especially golf courses.

**Visitors & Spend**

Overseas visitors to Northern Ireland increased by 7% in 2019 to a record level of 3 million.

NISRA reported overseas expenditure to have reached £730,731,111 in 2019. This represents a year-on-year increase of 9% vs 2018.

**Domestic Visitors & Spend**

Domestic visitors increased by 7% in 2019 to 2.33 million and domestic expenditure increased by 5% versus 2018.

It should be noted that the spend in 2018 was a record high at the time for domestic visitors and visitor numbers in 2019 reached the historical peak levels achieved in 2014 of 2.33 million.

## IRELAND HOTEL MARKET

### Highlights



**Between 2017 & 2019, Northern Ireland's RevPAR significantly**



**New supply in Northern Ireland, predominantly in Belfast since 2018**



**Covid significantly impacted all KPI's in Northern Ireland and Belfast in 2020.**

### Key Trends

Up to 2017, Northern Ireland as a whole experienced strong hotel performance growth on the back of economic growth, favourable exchange rate and a surge in tourism.

However, since 2018 when significant new supply opened in Belfast city centre followed by new provincial hotels in 2019, after which all KPI's were impacted.

Royal Portrush hosted the 148<sup>th</sup> Open Golf Championship in July 2019, greatly benefiting the hotel market across the county. In July 2019, unsurprisingly there was a huge RevPAR increase over the same month in 2018. It was hoped the legacy of the event will last for many years to come.

2020 hotel trading was directly impacted by Covid, with the majority of hotels closed for around 4 months for normal trading and open for essential stays only. With international travel curtailed staycations were positive for the market and although the vaccine roll out is well underway, it is believed 2021 will also be a year for staycations.

### Belfast

As mentioned, during 2018 significant new supply entered the Belfast hotel market which impacted on trading and continued into 2019.

The new supply resulted in month on month decline in RevPAR with both Occupancy and ADR being adversely impacted. The exceptions to this were July and August 2019, during and after the Open Golf in Portrush.

Like the KPI's across the country, Belfast was heavily impacted by Covid. The summer months traded well with staycations and a number of hotels operated remained open for essential workers during the year.

Large international conferences at the ICC (former Waterfront Hall) have been limited in recent years. Business decisions will continue to be stalled following Brexit uncertainty as well as travel post covid.

## OUTLOOK 2021

### Key Trends



**COVID-19 will continue to be the main challenge in 2021**



**Tourism Demand Drivers in 2021 will be impacted by COVID-19, with many events postponed**



**The origin of visitors, to Northern Ireland bodes well for recovery post-COVID**

### CHALLENGES

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets and will be the key challenge in 2020 and will continue to be in 2021. Travel restrictions have been implemented by many countries and therefore the hospitality market has been significantly impacted globally.

On 23 March 2020, the UK Government closed all non-essential businesses which included hotels. There is a criteria for hotels to remain open which include accommodating key workers, permanent residents, and non UK residents who are unable to travel to their country of residence during this period, homeless and other vulnerable people, people living in these as interim abodes or those unable to move into their new home. Initially, many hospitality outlets laid staff off, however the Coronavirus Job Retention Scheme has been in place since March 2021 to support for all employees, covering 80% of wages up to £2,500 per month. It has been extended multiple times, the latest until April 2021. Most hotels closed for at least four months in 2020 for leisure guests and it remains to be seen in 2021 when they will welcome these guests back. After three years of political uncertainty due to the lack of devolved government, on 11 January 2020, the Northern Ireland Executive returned to Stormont and local decisions can now be made locally.

### HOTEL TRADING

We believe developers, investors and banks will be cautious in terms of new supply after the COVID-19 pandemic and we expect a general slowdown on hotel developments in the short to medium term.

The latest data from STR, based on year end December 2020, shows material declines in Occupancy across all European markets.

Transient demand typically recovers much quicker than Group business. Operators should be cautious when sacrificing ADR because it has a profoundly negative impact on GOP margin and is hard to recover, particularly in the Luxury tier.

Tourism Economics, part of Oxford Economics, has released forecast data for international tourist arrivals and departures. 2020 shows a steep decline but visitor numbers rebound quickly with a forecasted return to 2019 levels by 2024. This is in line with our own thoughts on recovery timelines when we are projecting trading in valuations.

### HOSPITALITY TRENDS

While the Northern Ireland and Belfast hotel landscape has long been characterised by independently branded, owner-operated, traditional hotels, recent years have seen a steady influx of international brands and new hotel concepts.

While some of these are long-established across other GB / European markets, brands such as AC by Marriott, Hampton by Hilton and easyHotel, they are new to the Belfast market. We believe over the next few years more brands such as Aloft and Moxy may enter the Belfast hotel market.

Many of these brands cater to consumer demands that have emerged in the last years such as;

- premium budget hotels (smaller bedrooms, limited F&B, but high quality product);
- aparthotels (self-catering units, designed for short to medium stay);
- interactive ground floors (blurring lines between F&B, living-room type lounges and co-working spaces).

A lot of these new concepts are also favourable from an investor’s perspective as many have significantly more profitable business models.