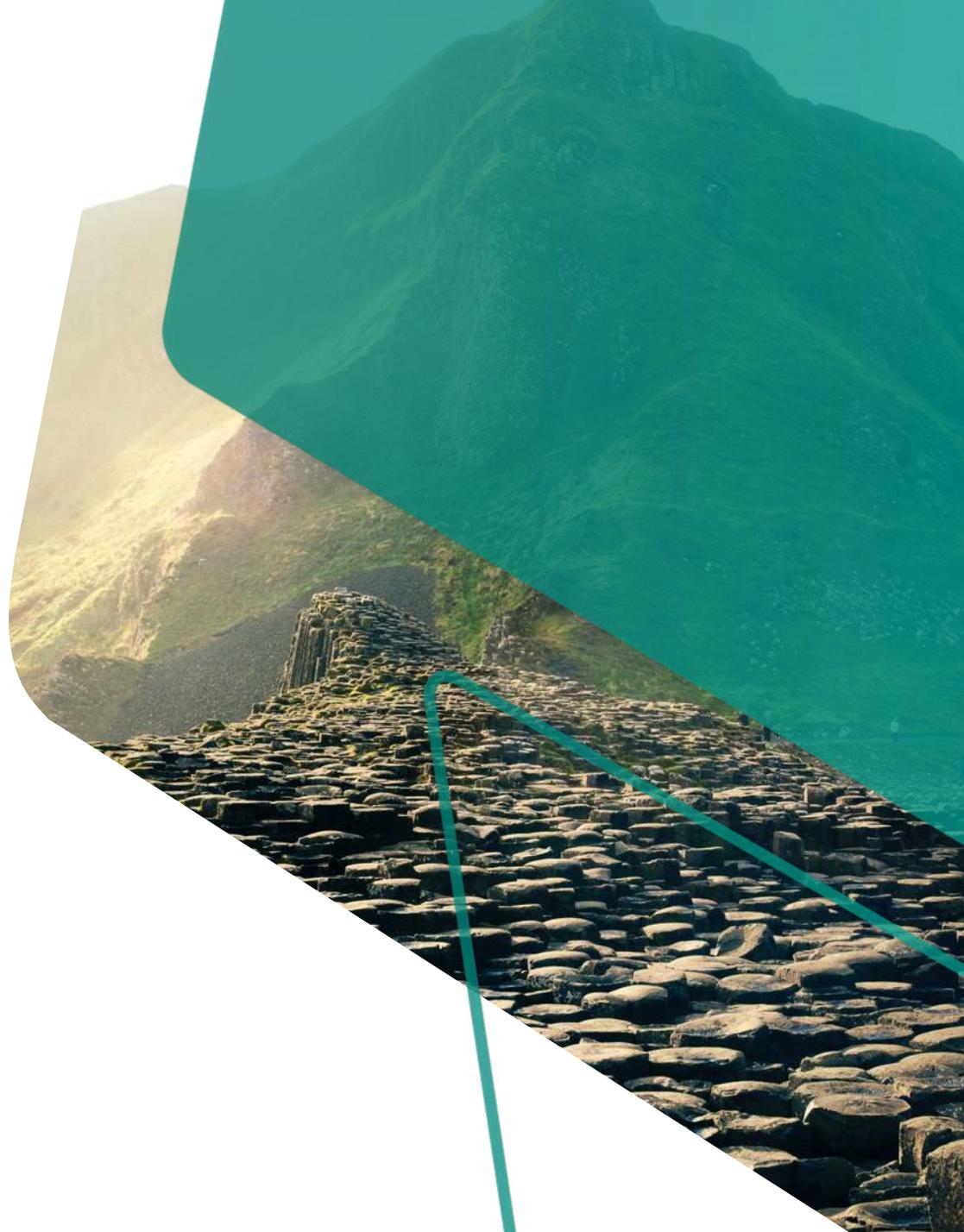


CoStar™

# NIHF Business Outlook Seminar 2023

Hilton Hotel Belfast, 22nd March 2023

**Sarah Duignan** | Director, Client Relationships



# Agenda



**1.**

**Consumers attitude  
to travel**

**2.**

**Demand & Rates  
worldwide &  
across Europe**

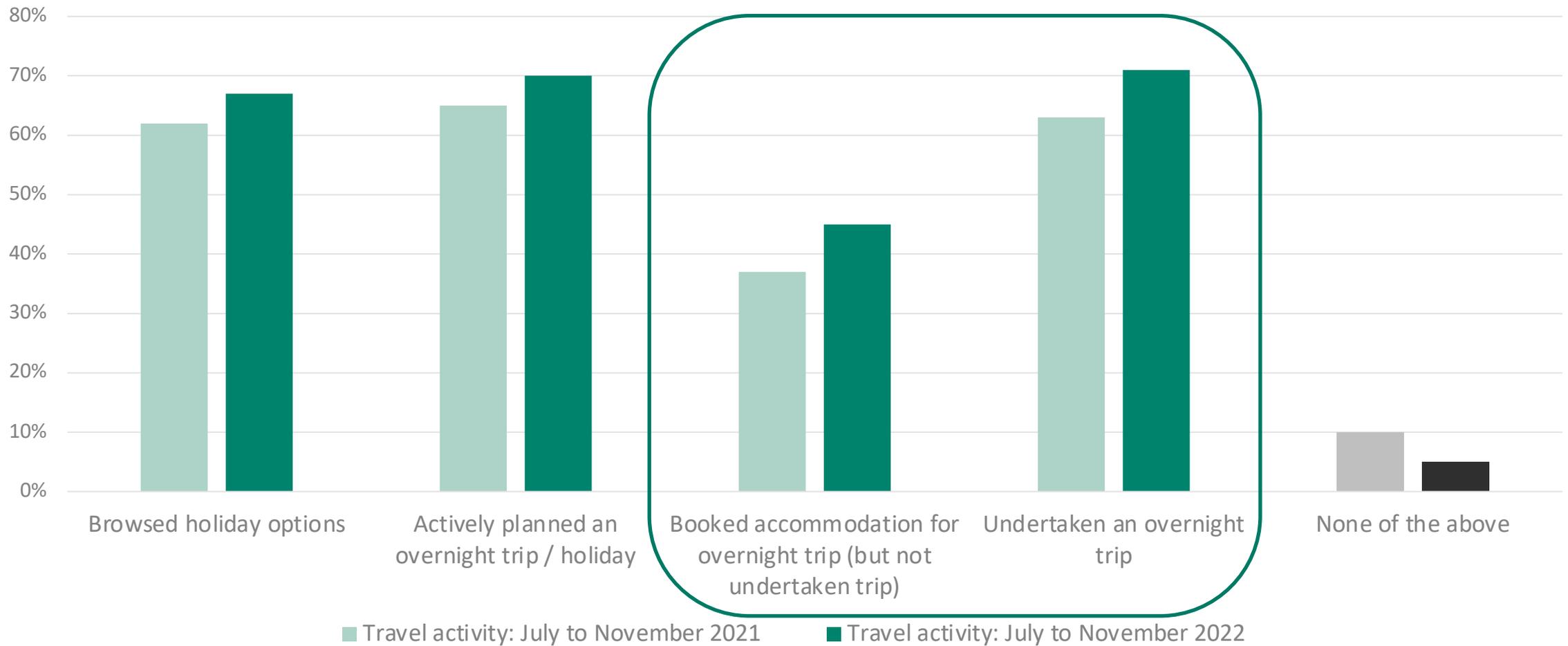
**3.**

**Deep dive into  
Northern Ireland**

**4.**

**Outlook for 2023**

# Leisure travel bookings in 2022 continue to surpass 2021 levels



# For the fifth consecutive time, international leisure travel increased while domestic travel declined



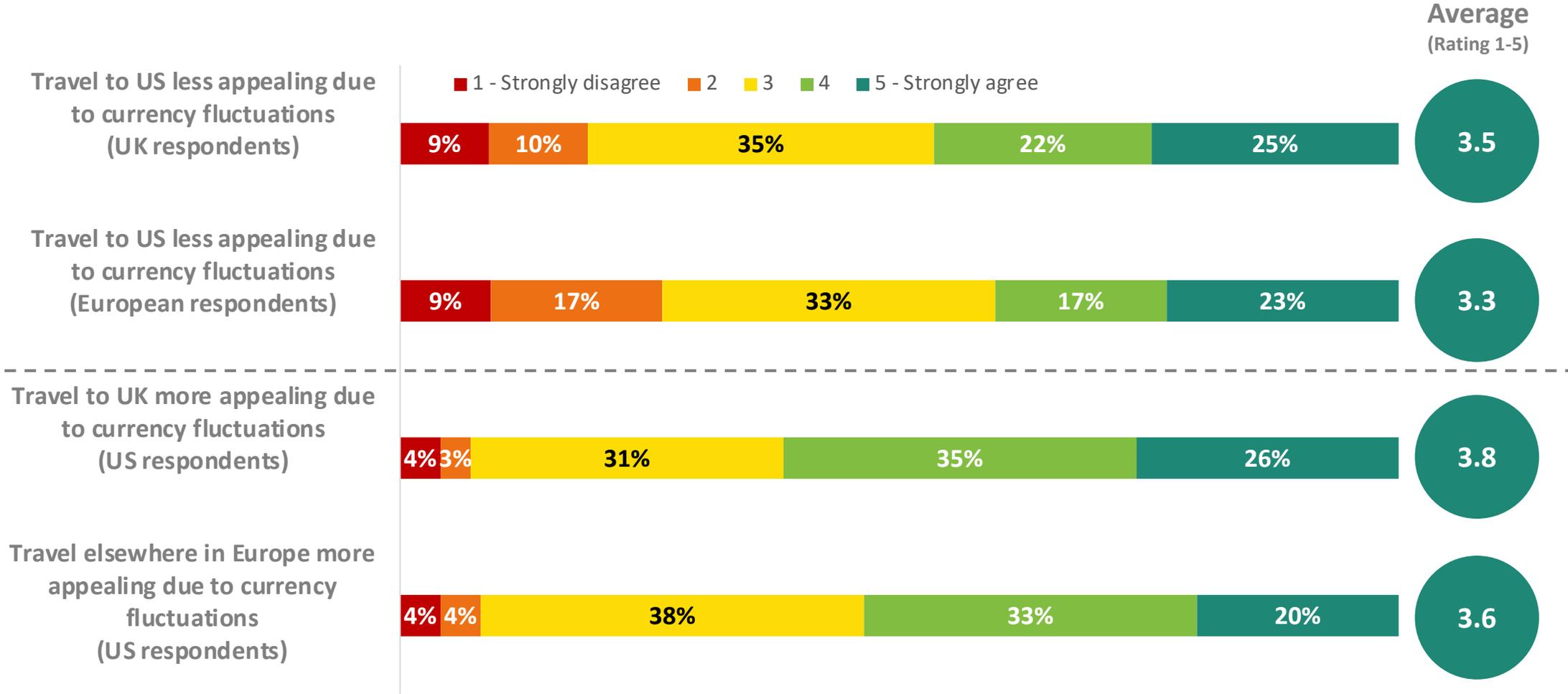
Q: How would you describe the trip that you've undertaken/booked?

Base: Those who have booked / undertaken a trip: Aug 20 (n=573), Feb 21 (n=422), Jul 21 (n=1182), Nov 21 (n=1065), Feb 22 (n=794), May 22 (n=1028), Jul 22 (n=987), Nov 22 (n=847) | Excludes: 'Other'

Source: STR. 2022 © CoStar Group.



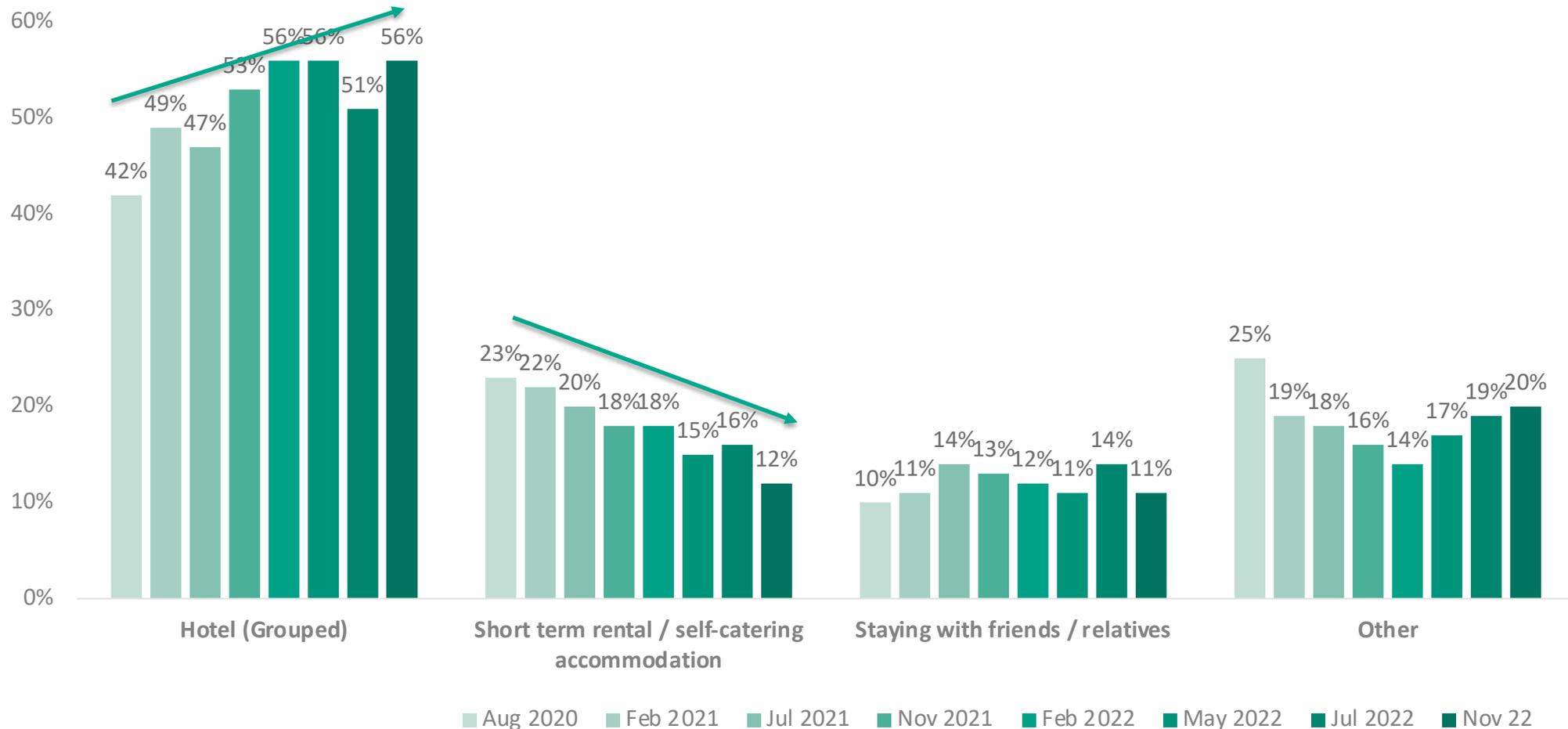
# Mild agreement among Brits/Europeans that currency shifts made US less appealing. Slightly stronger agreement among Americans that shifts made Europe and, more so, the UK more appealing.



Q: To what extent do you agree or disagree with the following? | Base: All: Nov 22 UK respondents (n=390), European respondents (n=108), US respondents (n=267)

Source: STR. 2022 © CoStar Group.

# Hotel usage increased compared with July 2022. A trend of decreasing short-term rental usage was again apparent.



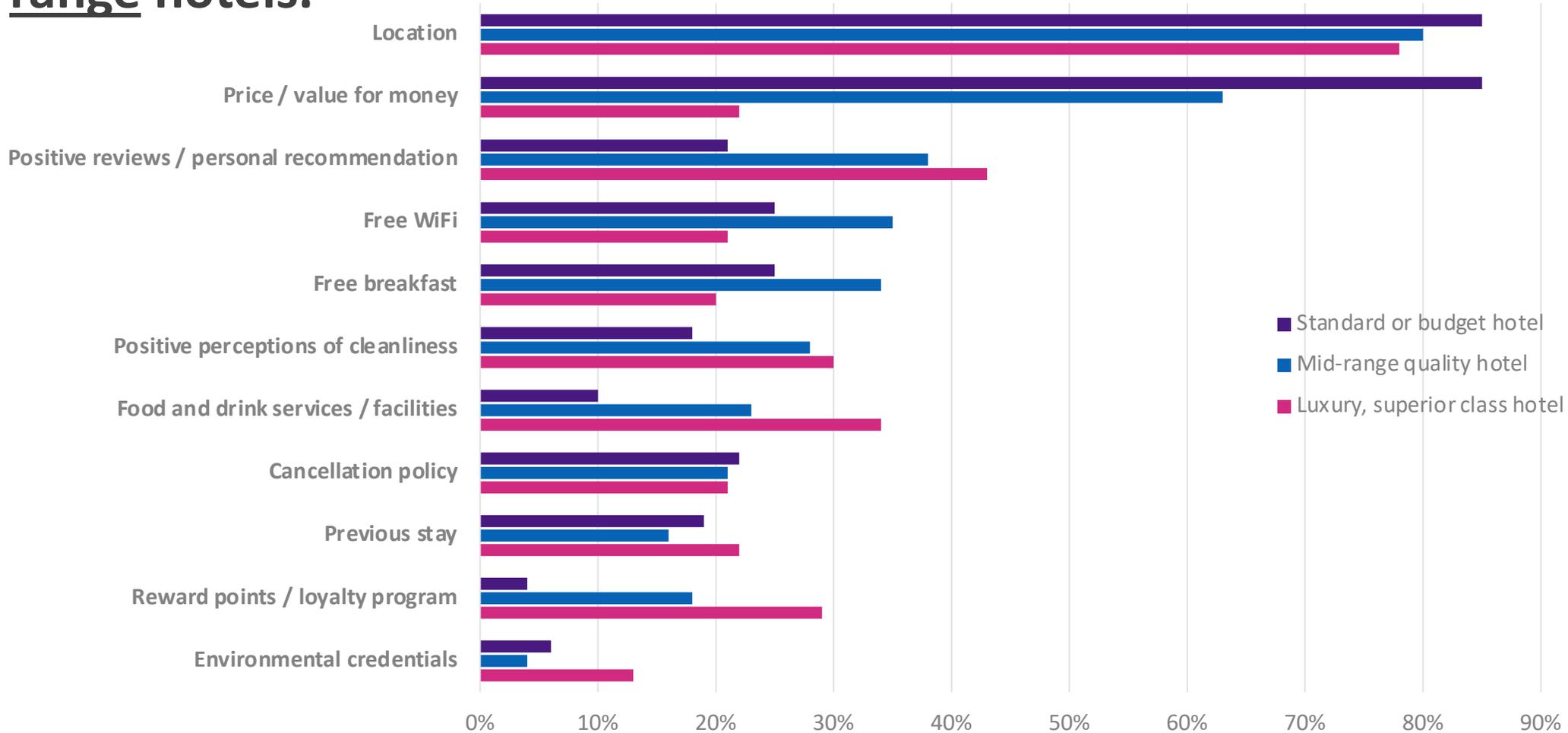
Q: On your most recent / upcoming overnight trip, what type of accommodation did / will you use?

Base (Booked or undertaken a trip): Aug 20 (n=567), Feb 21 (n=492), Jul 21 (n=667), Nov 21 (n=521), Feb 22 (n=794), May 22 (n=1028), Jul 22 (n=987), Nov 22 (n=847)

Source: STR. 2022 © CoStar Group.



# Unsurprisingly, value for money is a bigger factor for budget hotels. Luxury hotels stand out for F&B, loyalty programs, reviews and eco-credentials. Free breakfast and WiFi drive more business for mid-range hotels.

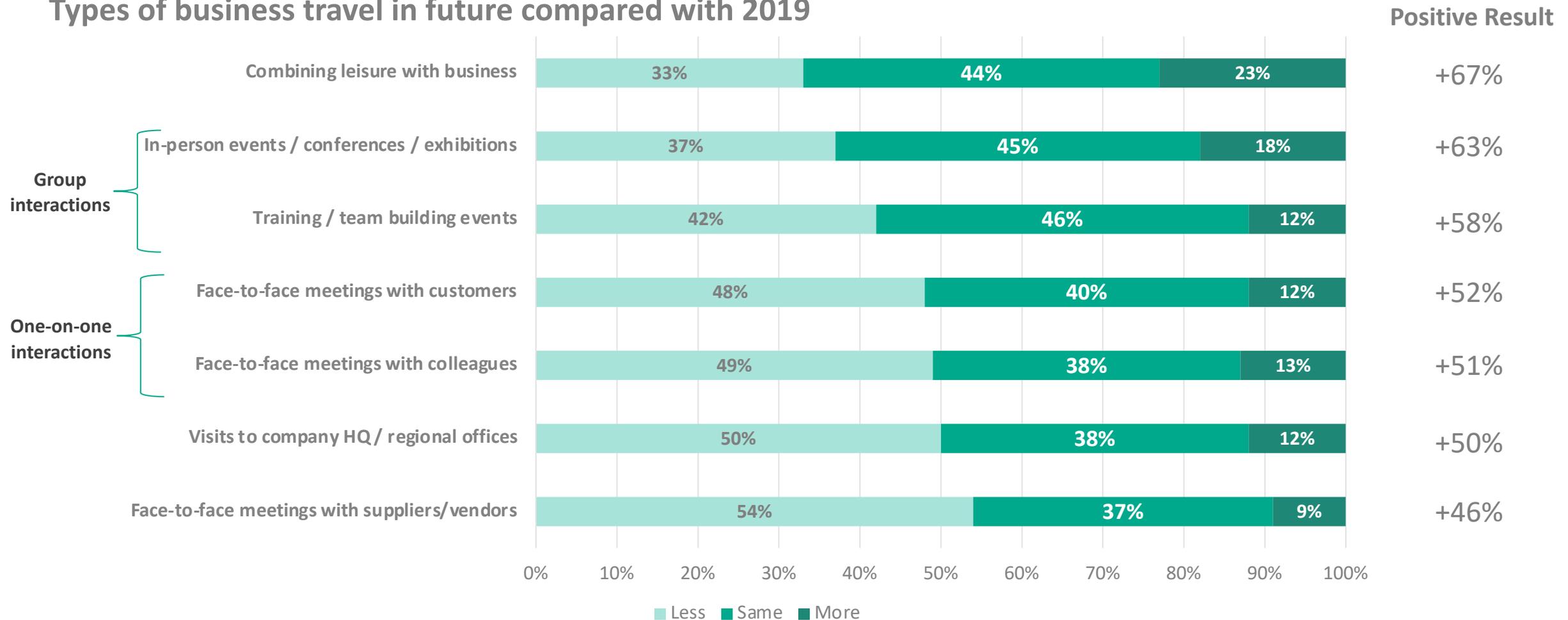


# What type of future business travel?

A positive view: combo trips top the list with two-thirds expecting to take the same or more compared to 2019. Group interactions follow and rank higher than one-on-one interactions compared to 2019.

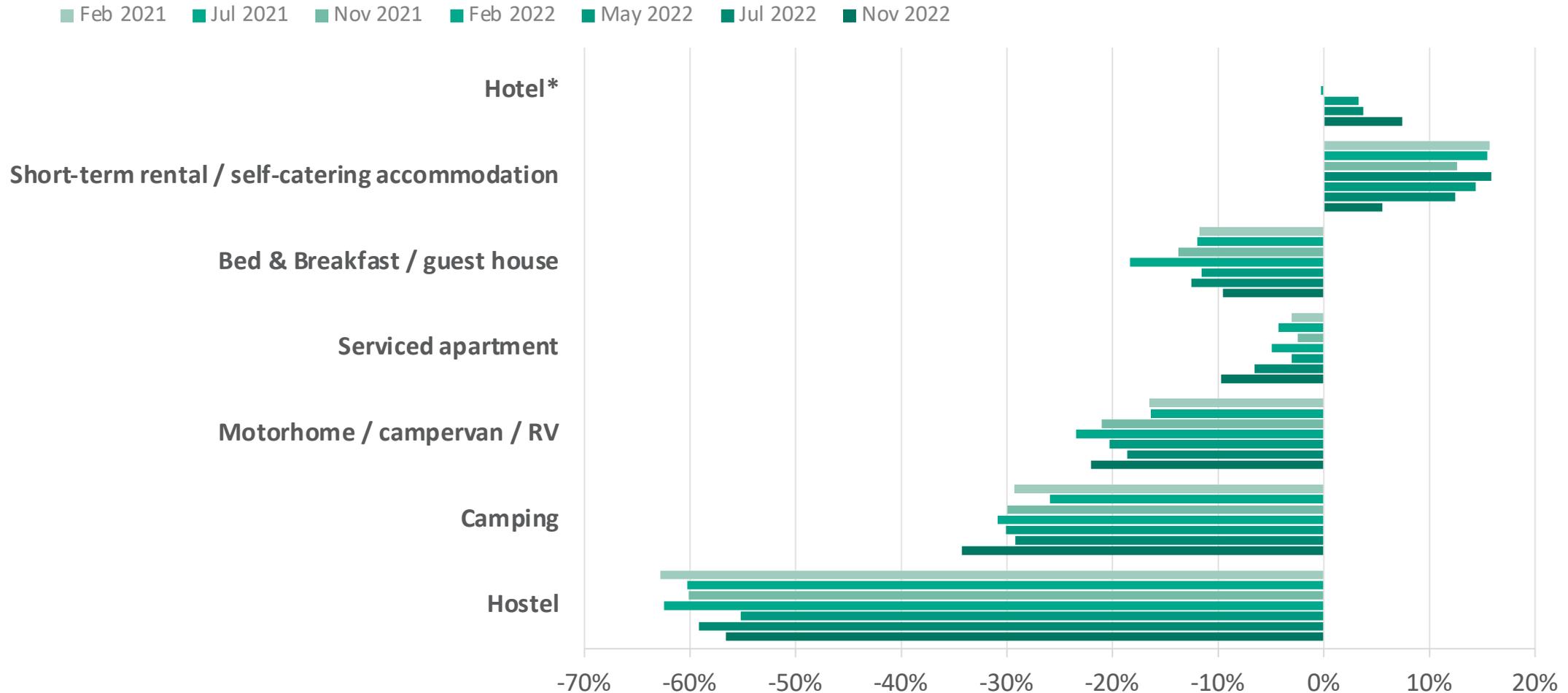


Types of business travel in future compared with 2019



Q: Are you likely to undertake more, the same or less of the following types of business travel in the future compared with 2019?  
 Base (Business Travelers excludes N/A and Not Sure responses): Nov 22 (n=max 301) | Positive Result is sum of 'Same' and 'More' responses

# First for the first time, hotels were more appealing than short-term rentals. Short-term rental appeal fell for the third consecutive time to lowest level.



Q: Thinking about your attitudes before COVID-19 to how you feel now, how interested are you in the following types of accommodation when going on a leisure trip?

Base: All: Feb 21 (n=1333), Jul 21 (n=1750), Nov 21 (n=1440), Feb 22 (n=1386), May 22 (n=1298), Jul 22 (n=1168), Nov 22 (n=1035) | Net result (i.e. difference between 'More interested' and 'Less interested')

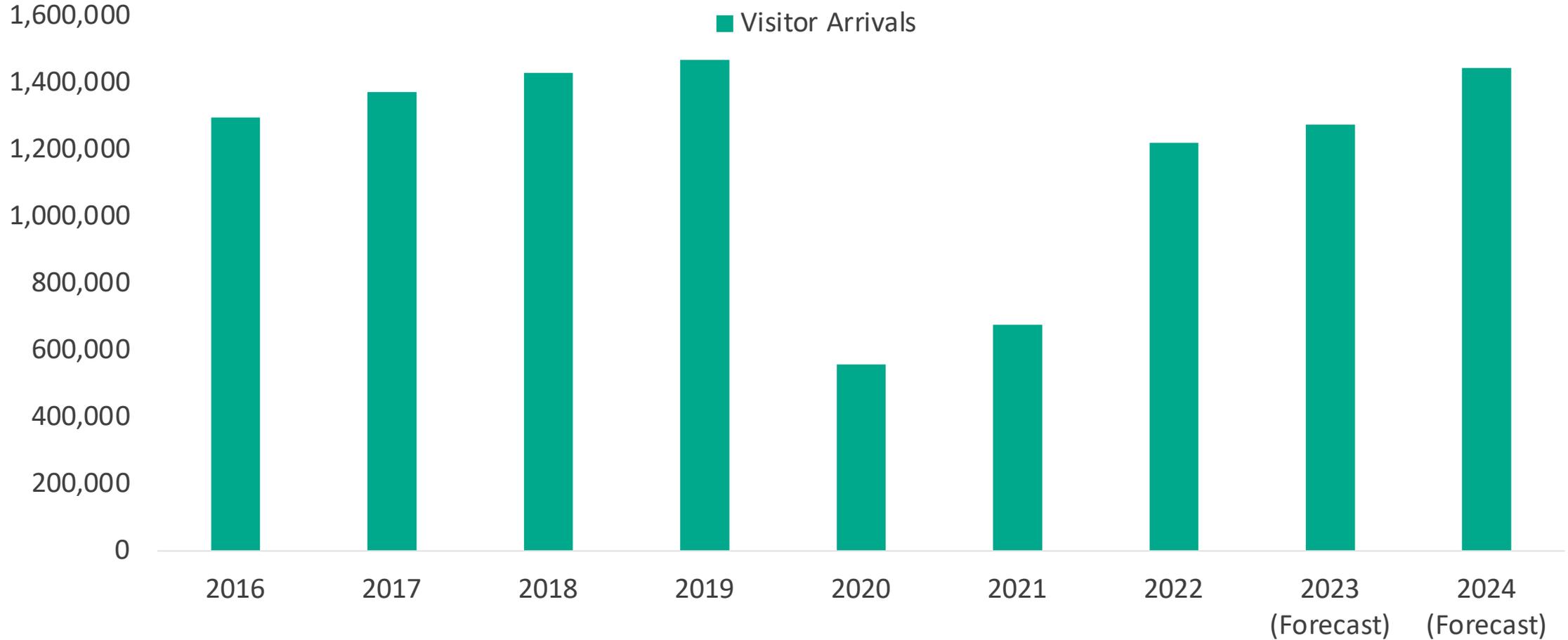
\*Prior to 2022, Hotel was evaluated differently so there are no time period comparisons.



# Global & European hotel performance

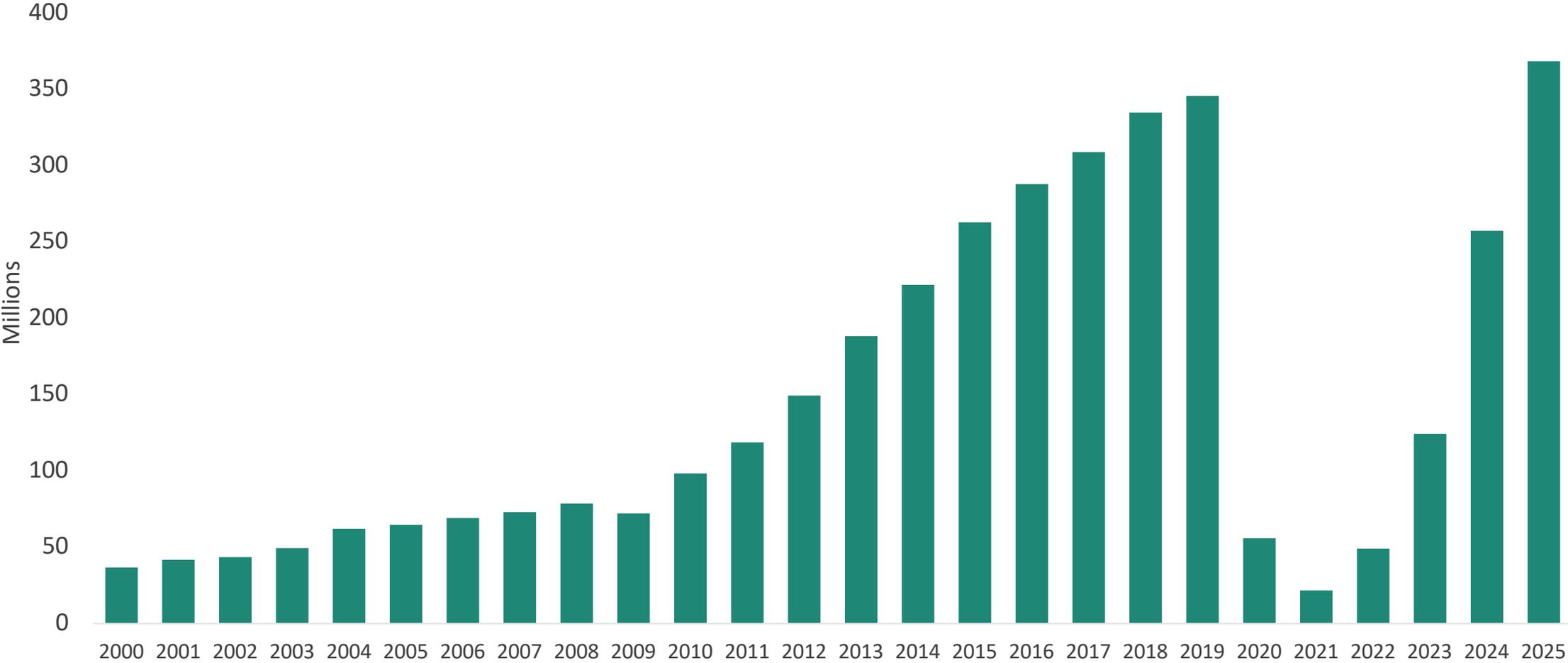
# 2023 arrivals are expected to improve on 2022

Europe International Visitor Arrivals (000s)



# The elephant in the room... China!

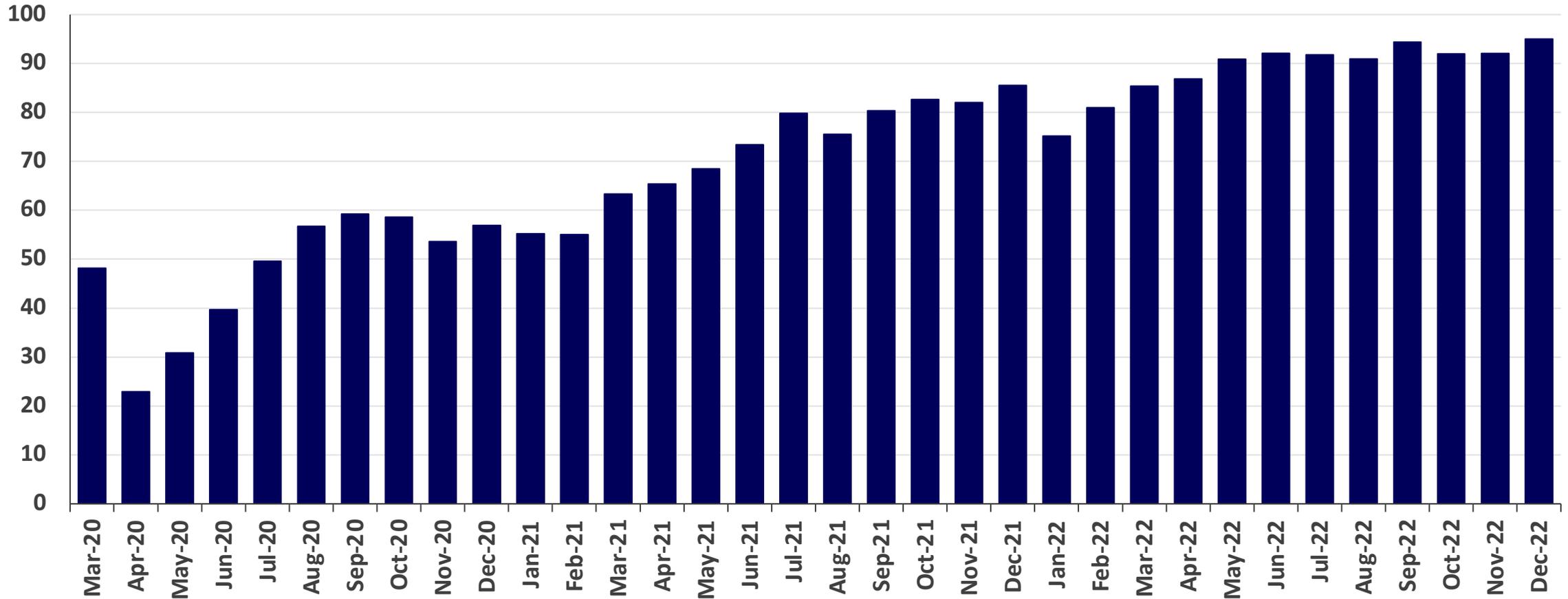
China outbound overnights, 2000 – 2025F



# Global demand ended 2022 only 5% below 2019 – almost there!

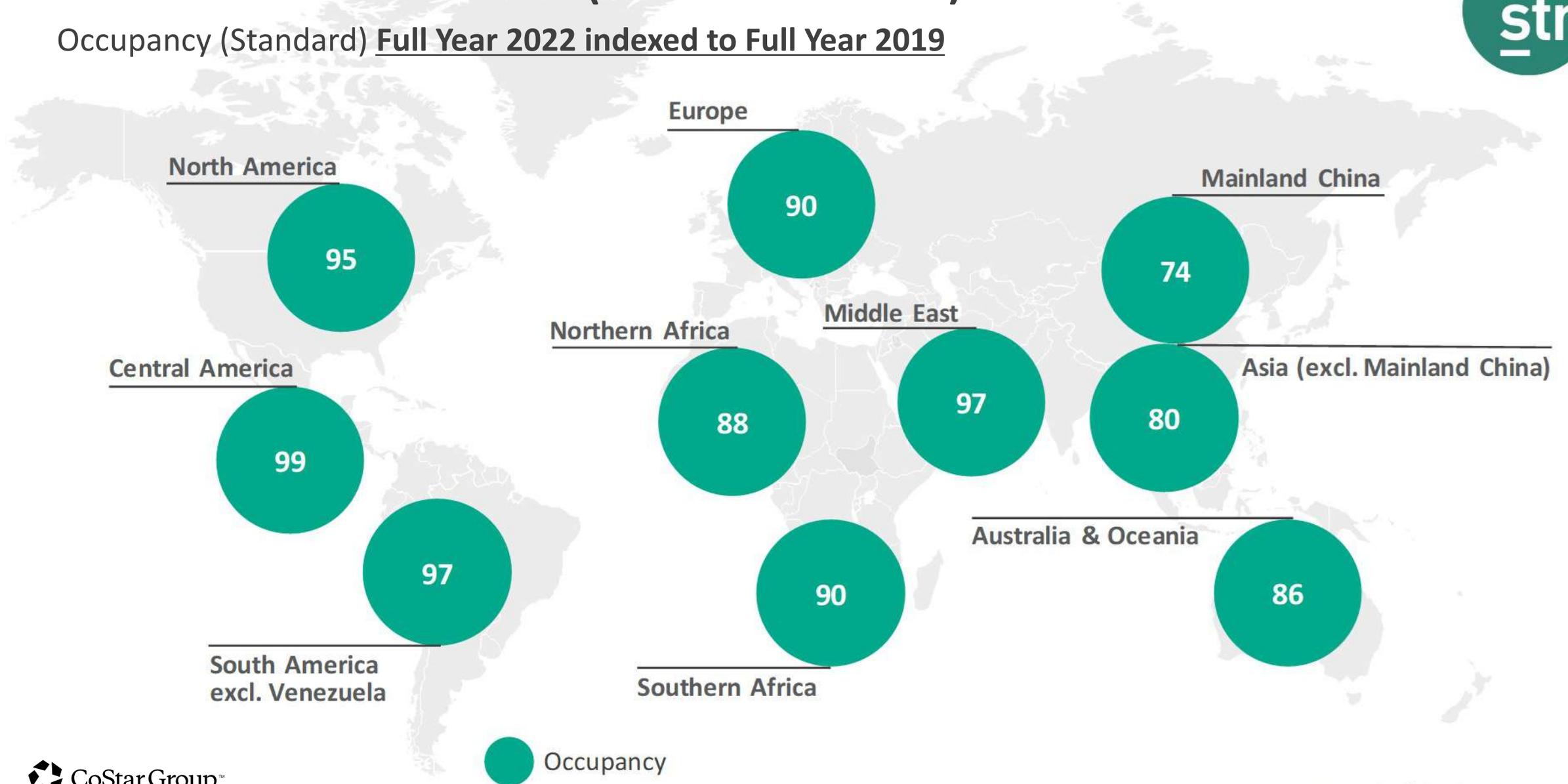


Global demand indexed to 2019, comparable reporting hotels



# China and the rest of Asia (to a lesser extent) are the last to recover

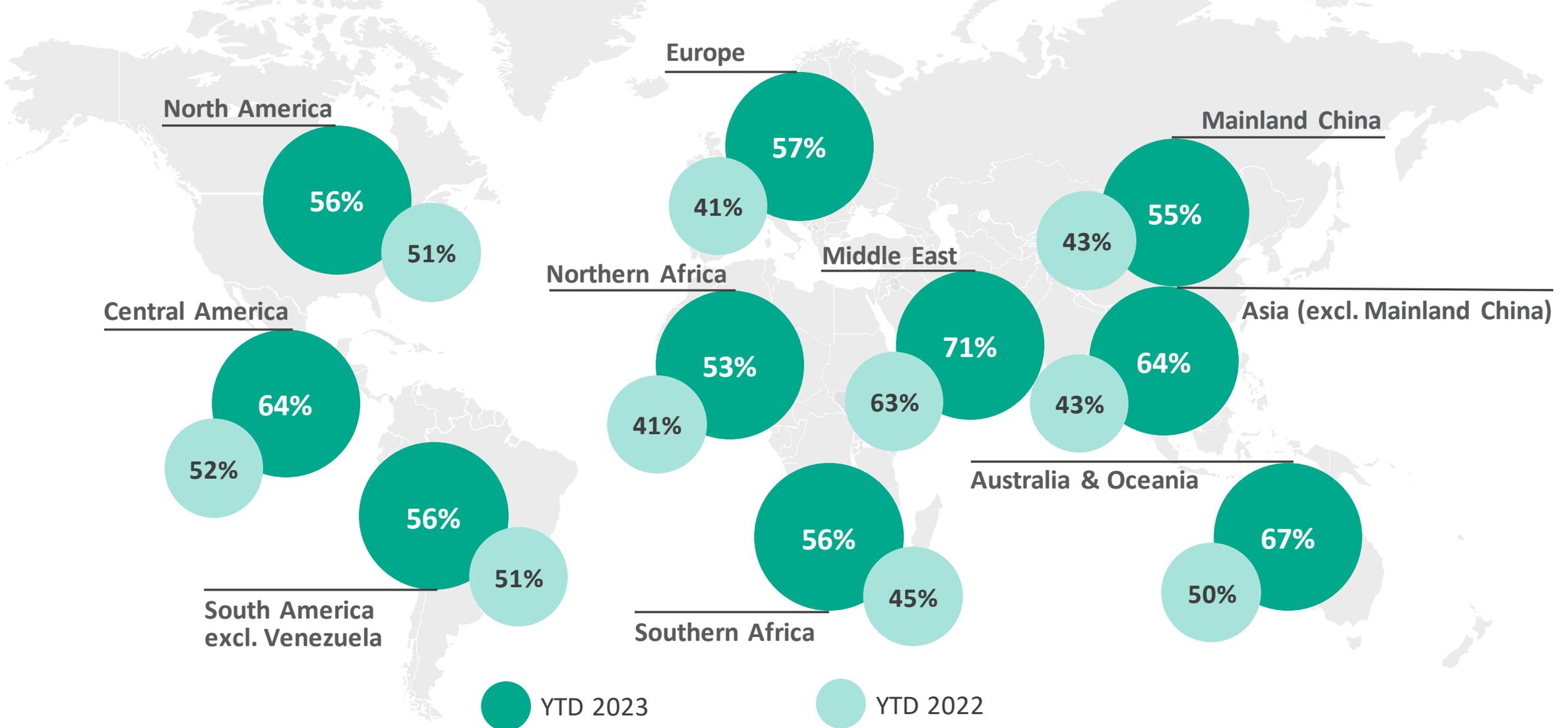
Occupancy (Standard) Full Year 2022 indexed to Full Year 2019



● Occupancy

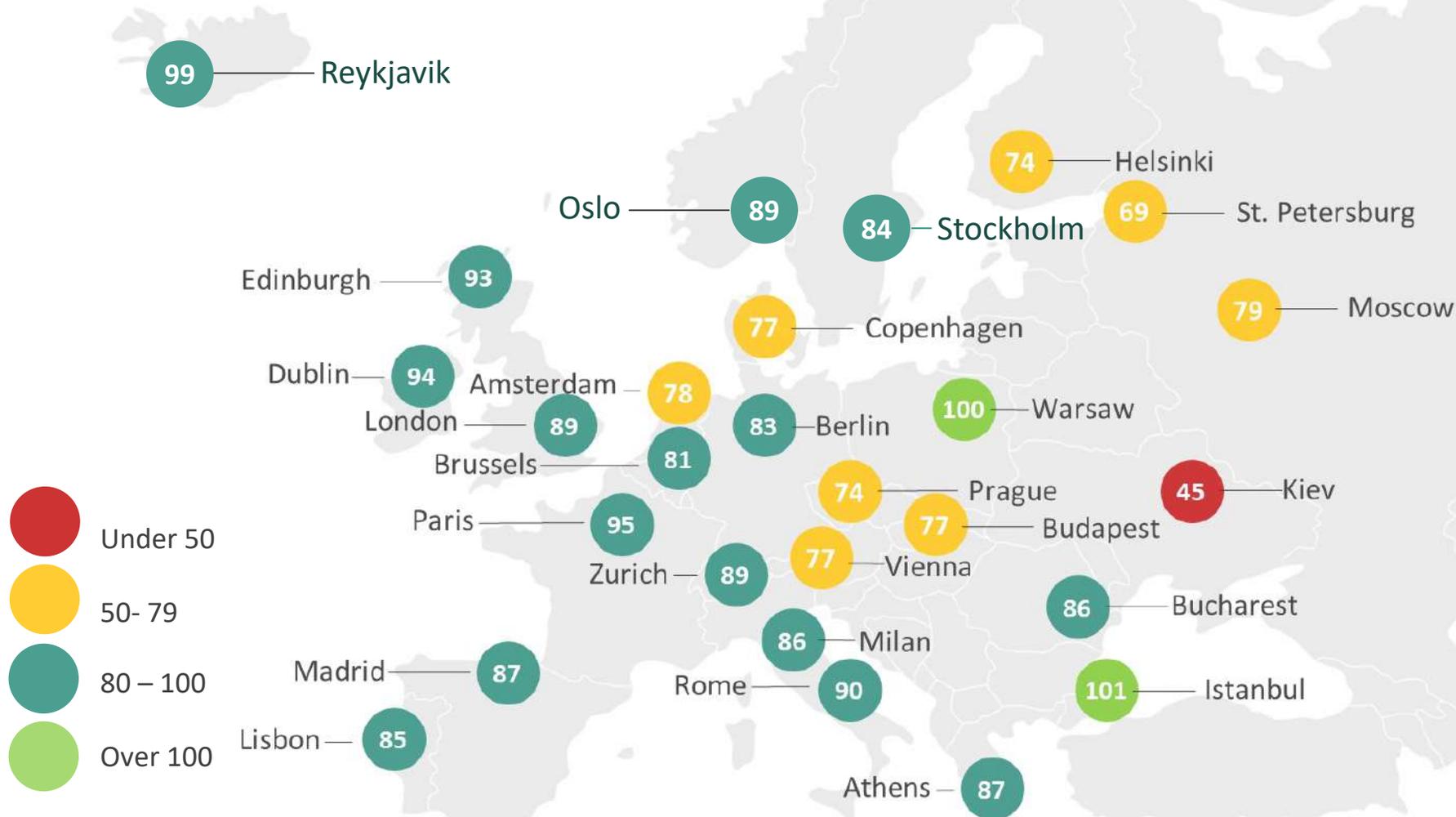
# YTD Feb 2023 all regions have improved v same time 2022

Occupancy (Standard), Year to date February 2022 & 2023



# Key European gateway cities edged closer to 2019 occupancies

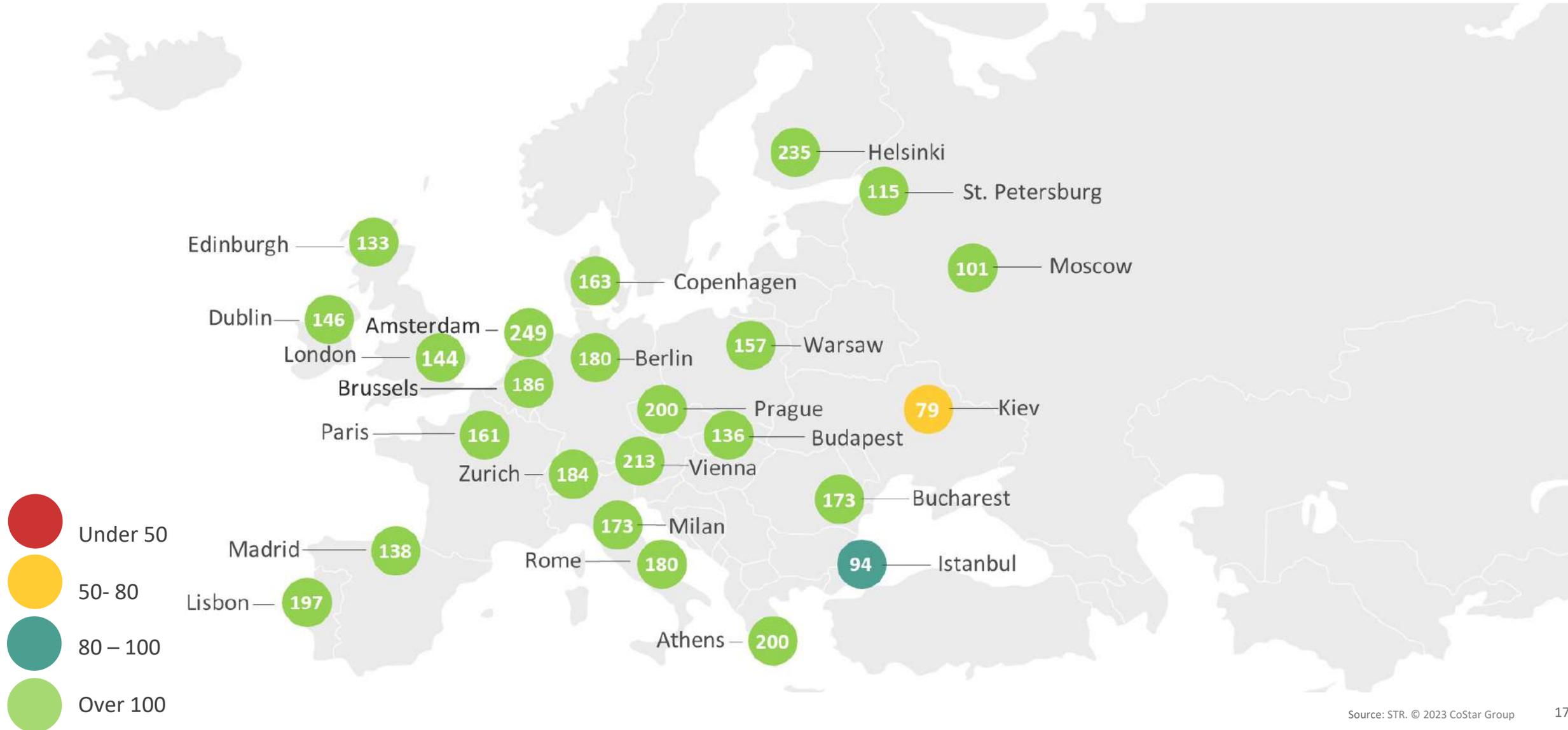
European markets, Occupancy (Standard), Full Year 2022 indexed to Full Year 2019



# No surprise 2023 is stronger v 2022 with Omicron hangover



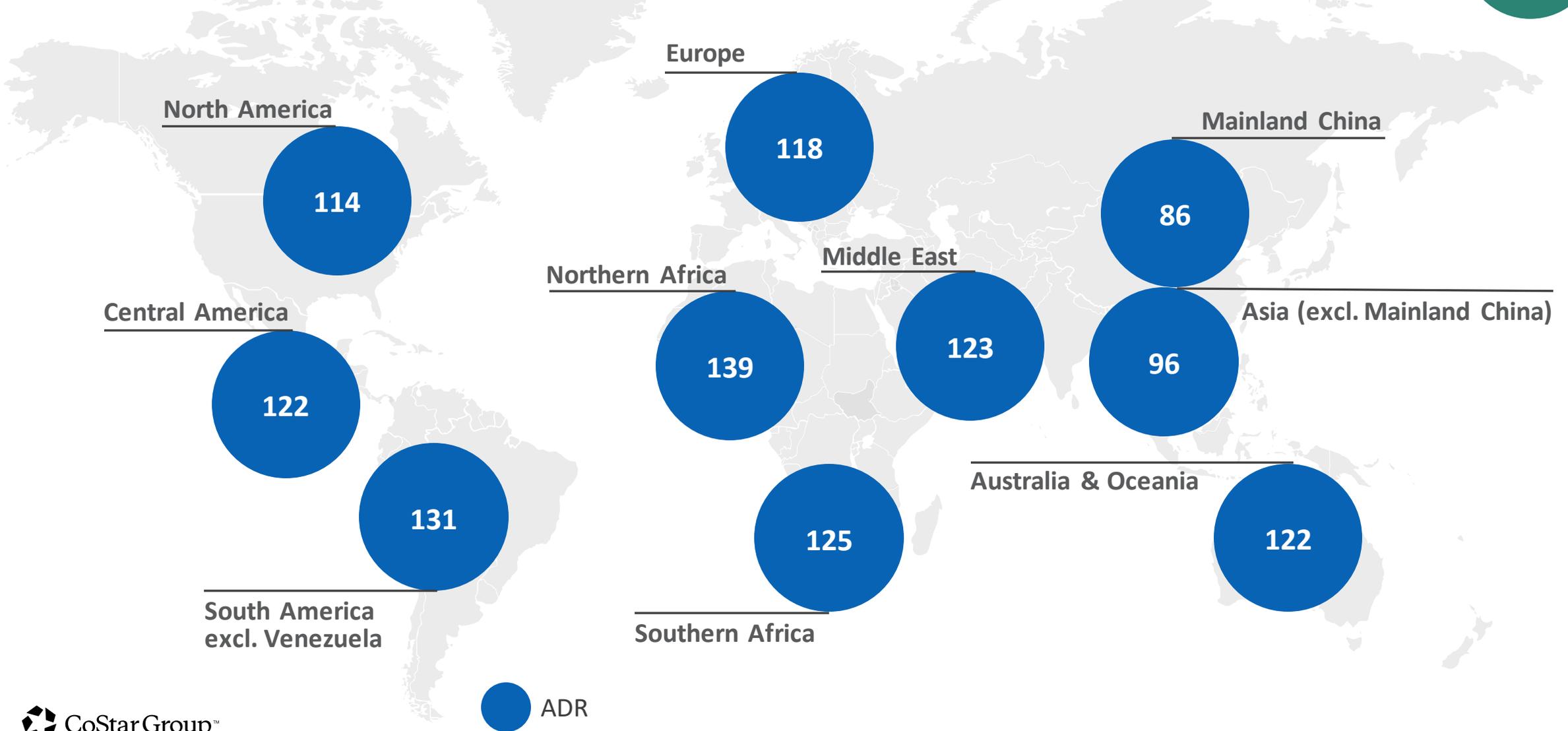
European markets, Occupancy (Standard), YTD February 2023 indexed to YTD February 2022



# Everywhere except China & Asia, ADRs are up by mid-teens & beyond

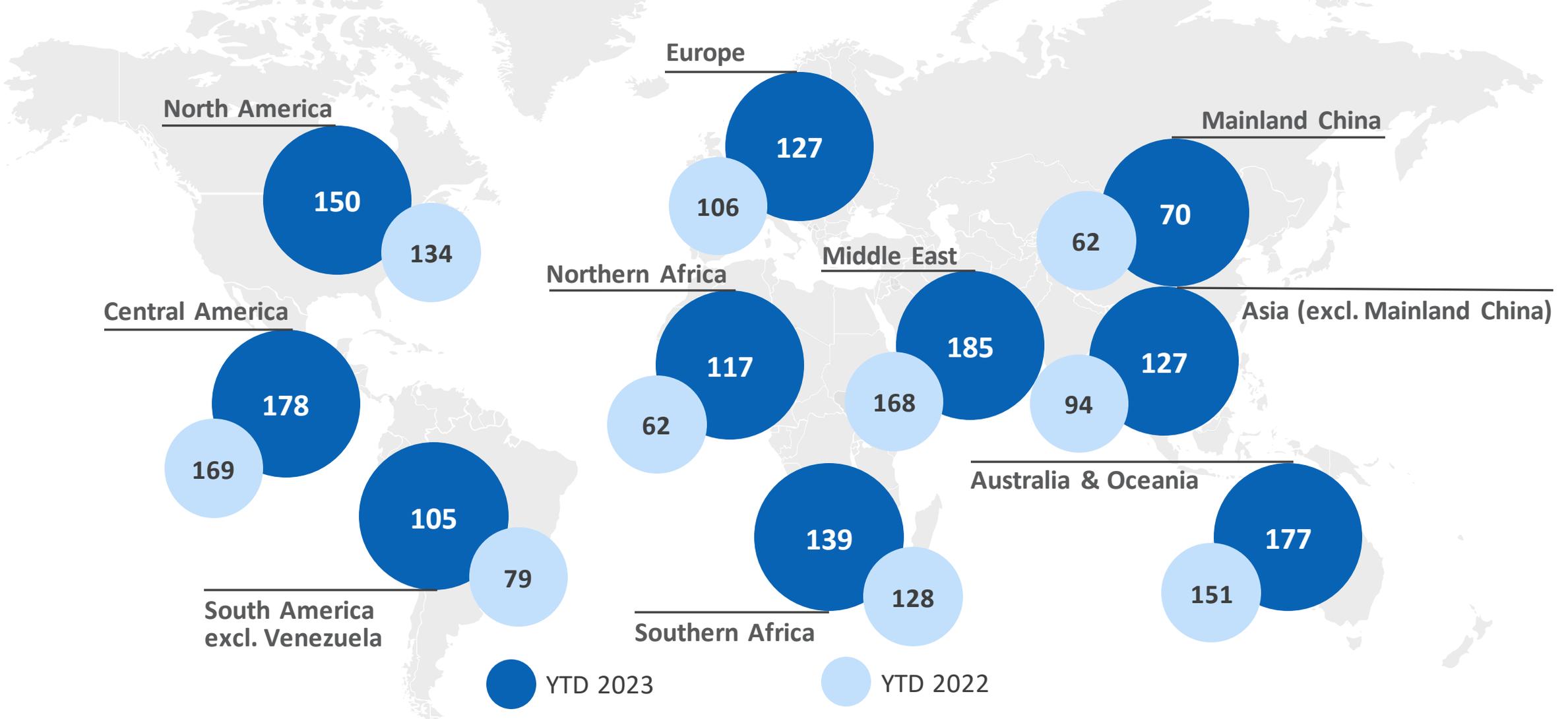


ADR - Full Year 2022 indexed to Full Year 2019, CC, USD



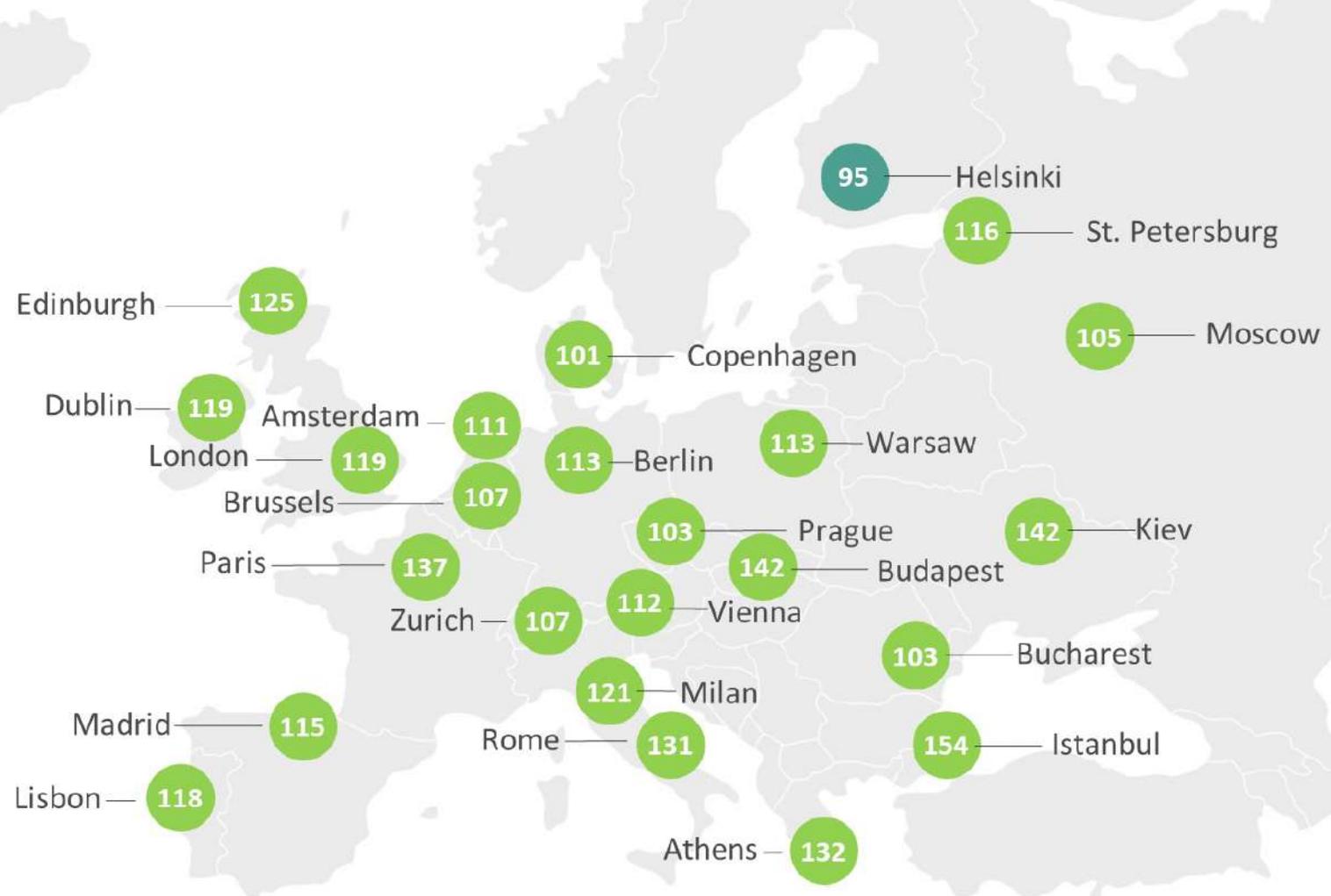
# Across the board ADR is increasing but so too is inflation

USD (CC), ADR - Year to date February 2022 & 2023



# Key European gateway cities saw growth on 2019 performance

European markets, (Local Currency), ADR - Full Year 2022 indexed to Full Year 2019



# Year over year growth has continued into YTD February 2023

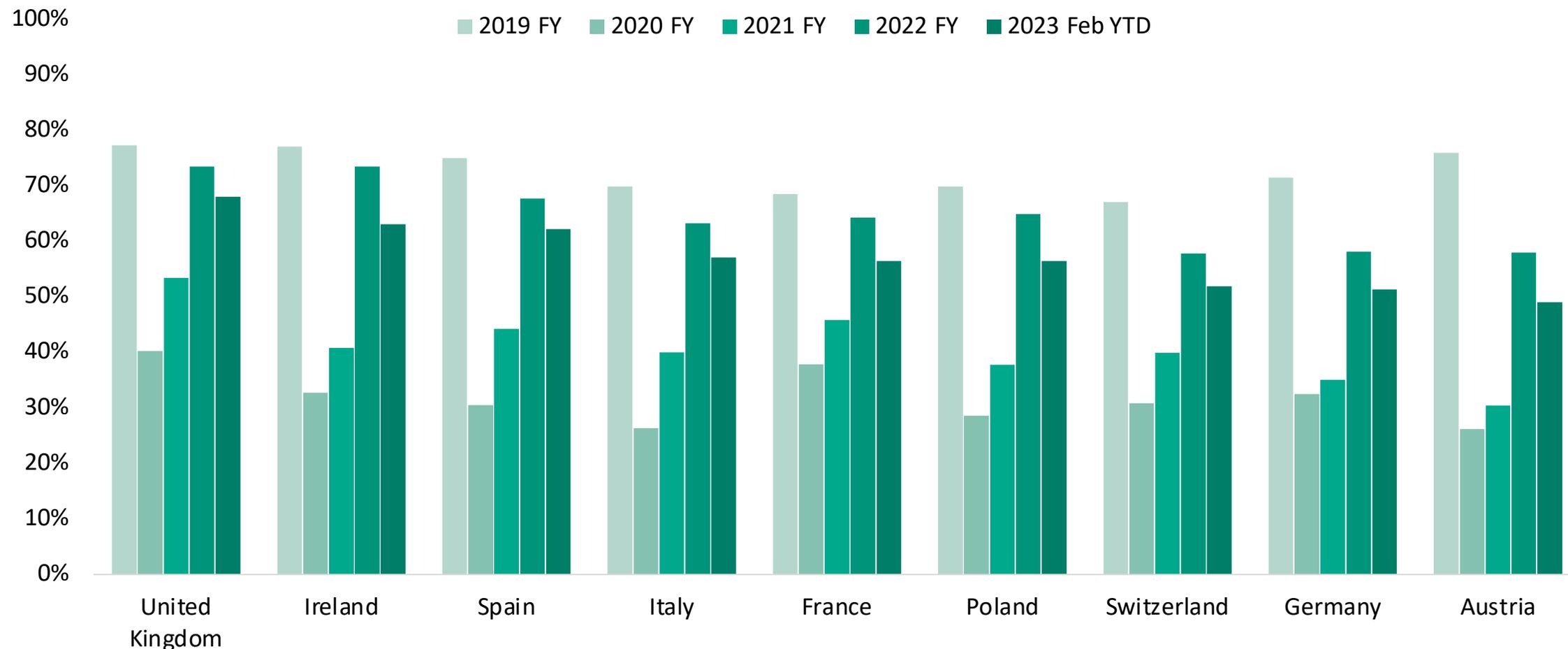


European markets (Local Currency), ADR - YTD February 2023 indexed to YTD February 2022



# Whilst occupancy is not fully recovered just yet, it is close

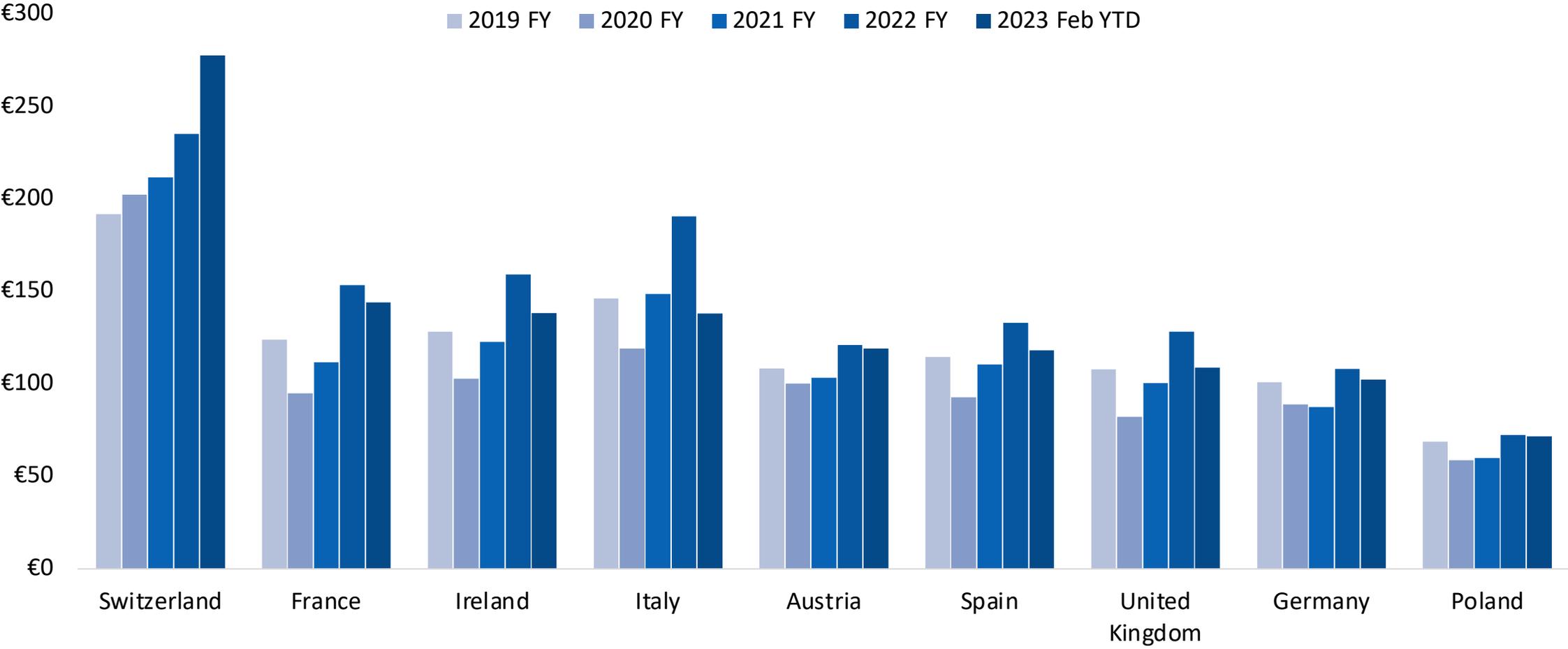
Occupancy (Std), Full Year 2019 - 2022 and Feb YTD 2023

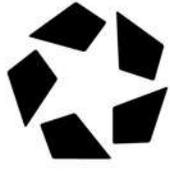


# ADR is back in positive territory for all key European countries



ADR Euros €, Full Year 2019 - 2022 and Feb YTD 2023





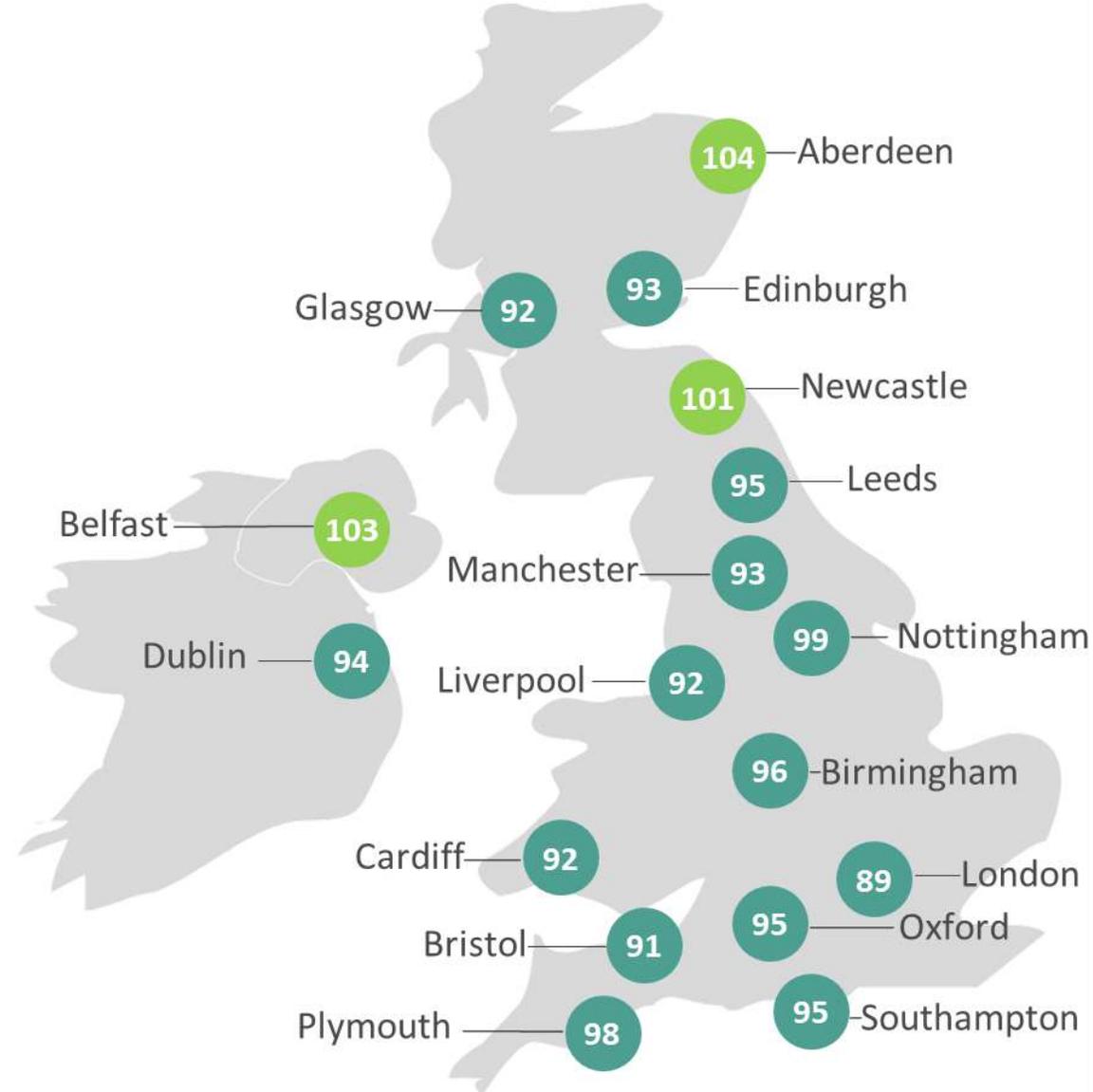
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# Deep dive into Northern Ireland



# Key UK cities occupancy did not quite fully recover in 2022

UK key cities - Occupancy - Full Year 2022 indexed to Full Year 2019



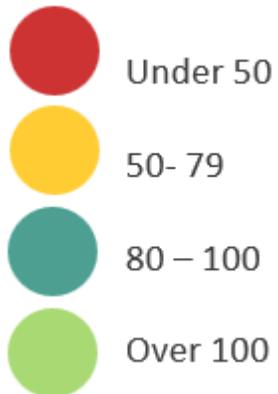
# 2022 ADR v 2019 recovered in full and grew but.. Inflation!

UK key cities - ADR - Full Year 2022 indexed to Full Year 2019 (Local currency)



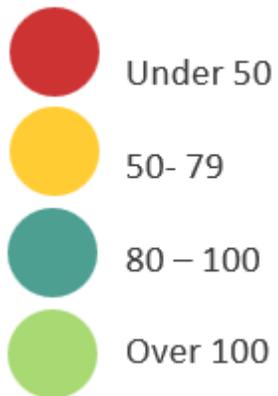
# A strong year over year start to the year for occupancy

Occupancy - YTD February 2023 indexed to YTD February 2022



# ADR is also ahead of same time 2022 but remember inflation!

ADR - YTD February 2023 indexed to YTD February 2022 (Local currency)



# Northern Ireland closed 2022 ahead of Southern Ireland

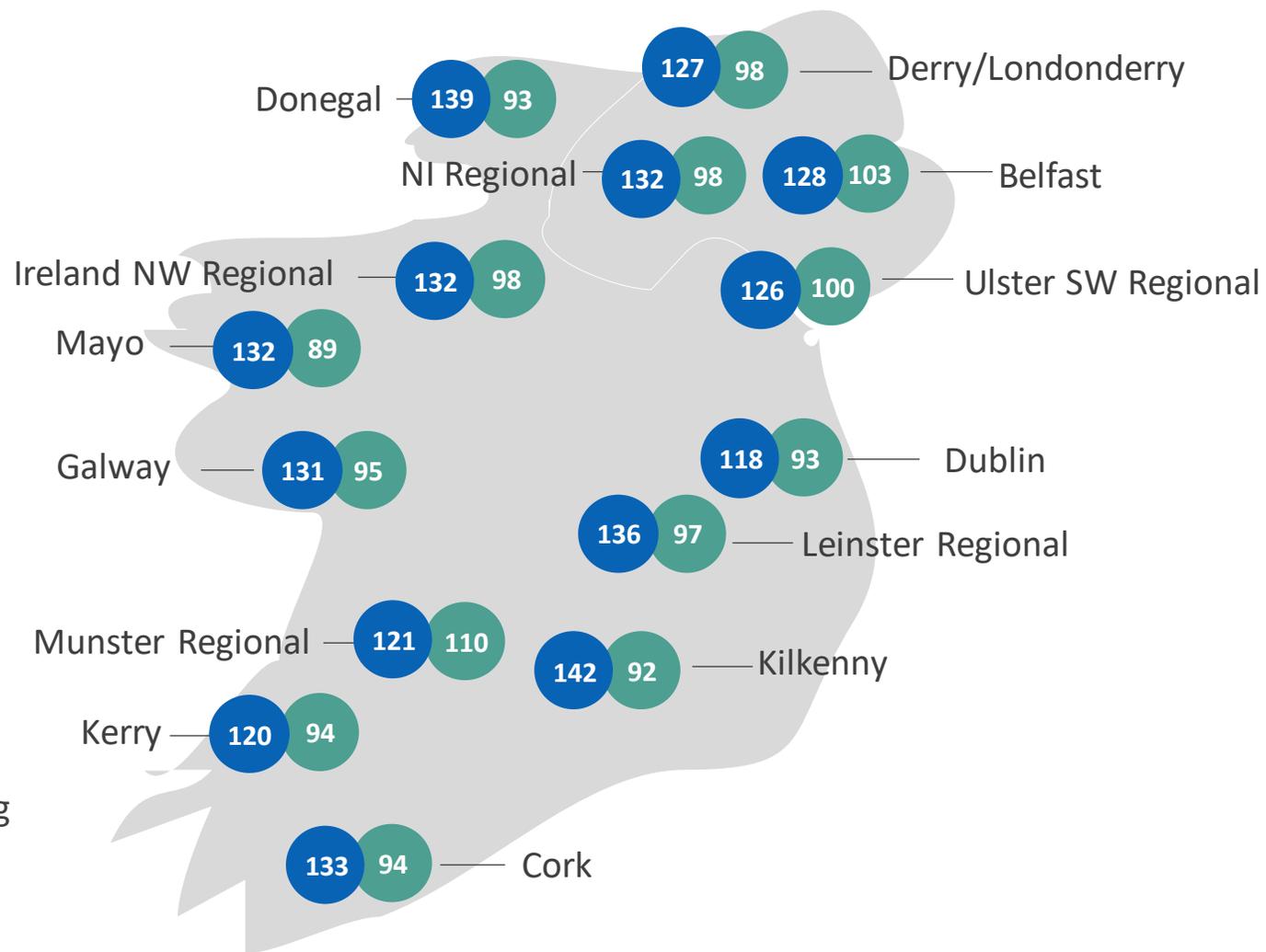
Occupancy and ADR (Local currency) Full Year 2022 indexed to Full Year 2019



Northern Ireland  
OCC:  
**100**

Northern Ireland  
ADR:  
**127**

Dublin Airport	Dublin Centre	Dublin Surrounding
99	90	99
110	117	132



# YTD February 2023 performance North & South is levelling out

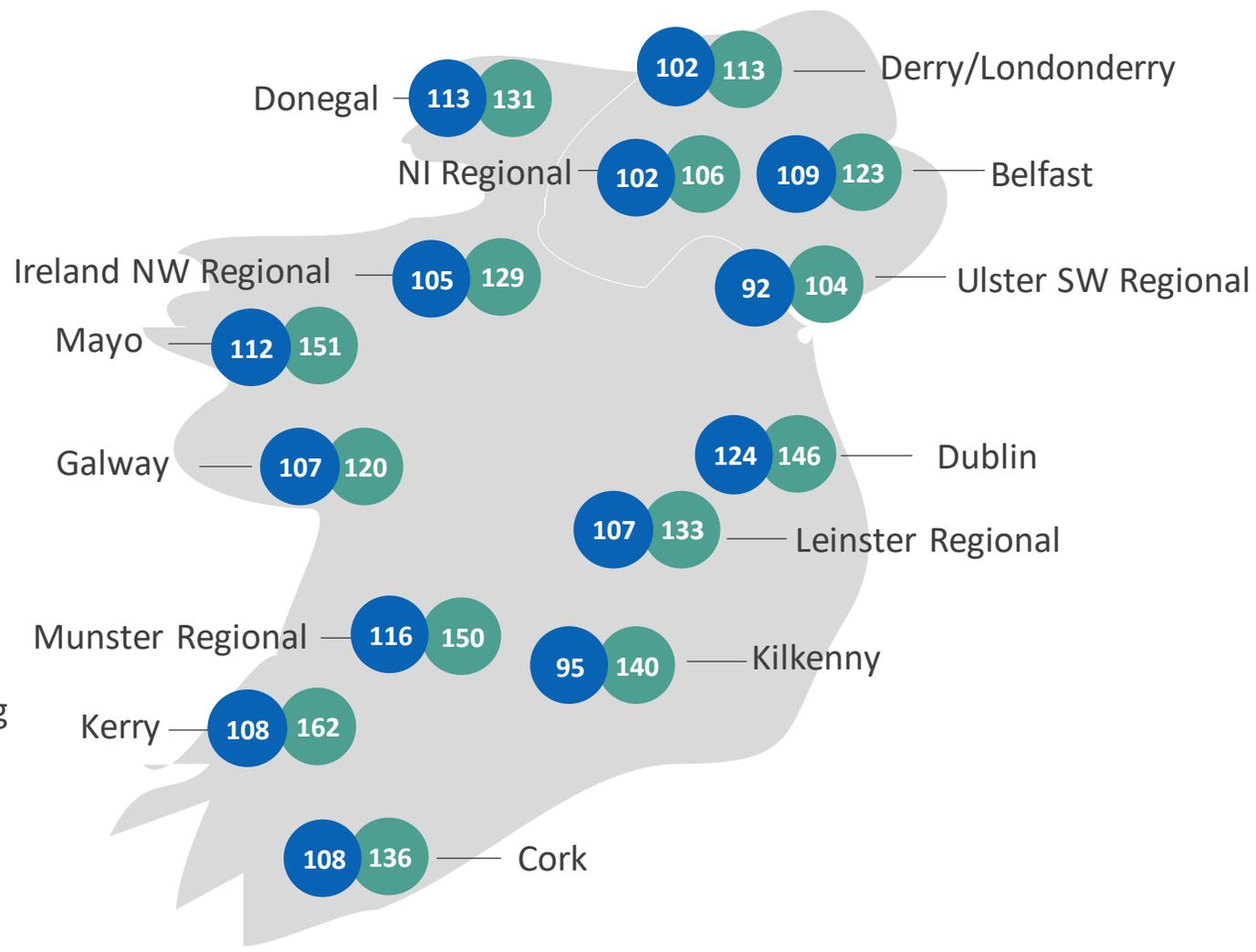


Occupancy (Std) & ADR (Local currency), YTD February 2023 indexed to YTD February 2022

Northern Ireland  
OCC:  
**118**

Northern Ireland  
ADR:  
**105**

Dublin Airport	Dublin Centre	Dublin Surrounding
125	163	137
119	122	123

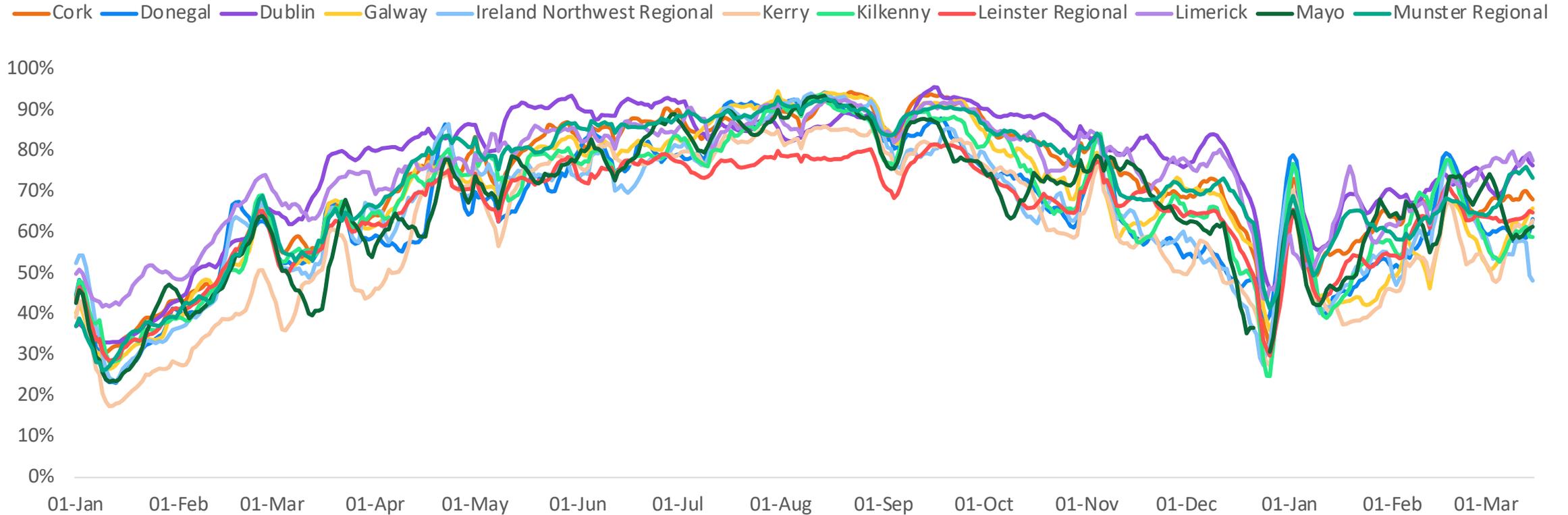


Republic of Ireland  
OCC:  
**142**

Republic of Ireland  
ADR:  
**117**

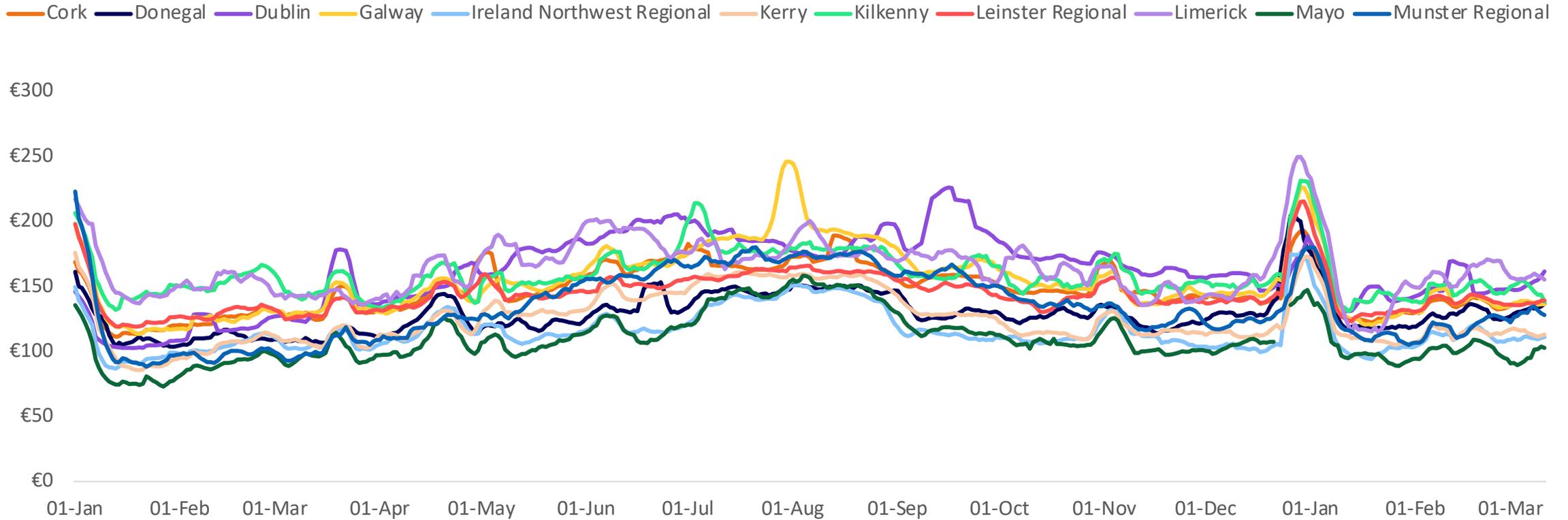
# The occupancy pattern across Southern Ireland is uncanny

## Occupancy - Jan 2022 - Mar 2023



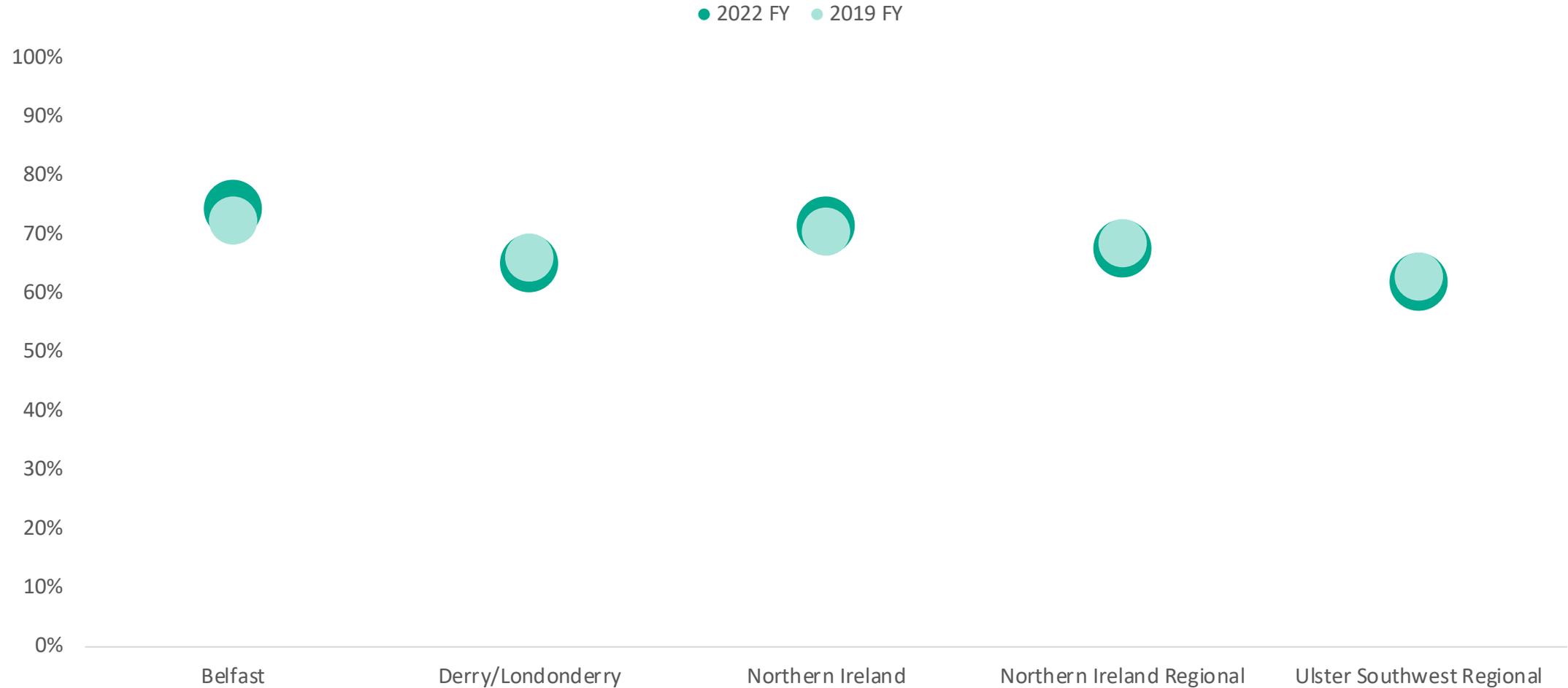
# New Year celebrations drove ADR to max of €245 in Limerick

ADR - Jan 2022 - Mar 2023 (Local currency)



# Full occupancy recovery was ever so close in 2022 v 2019

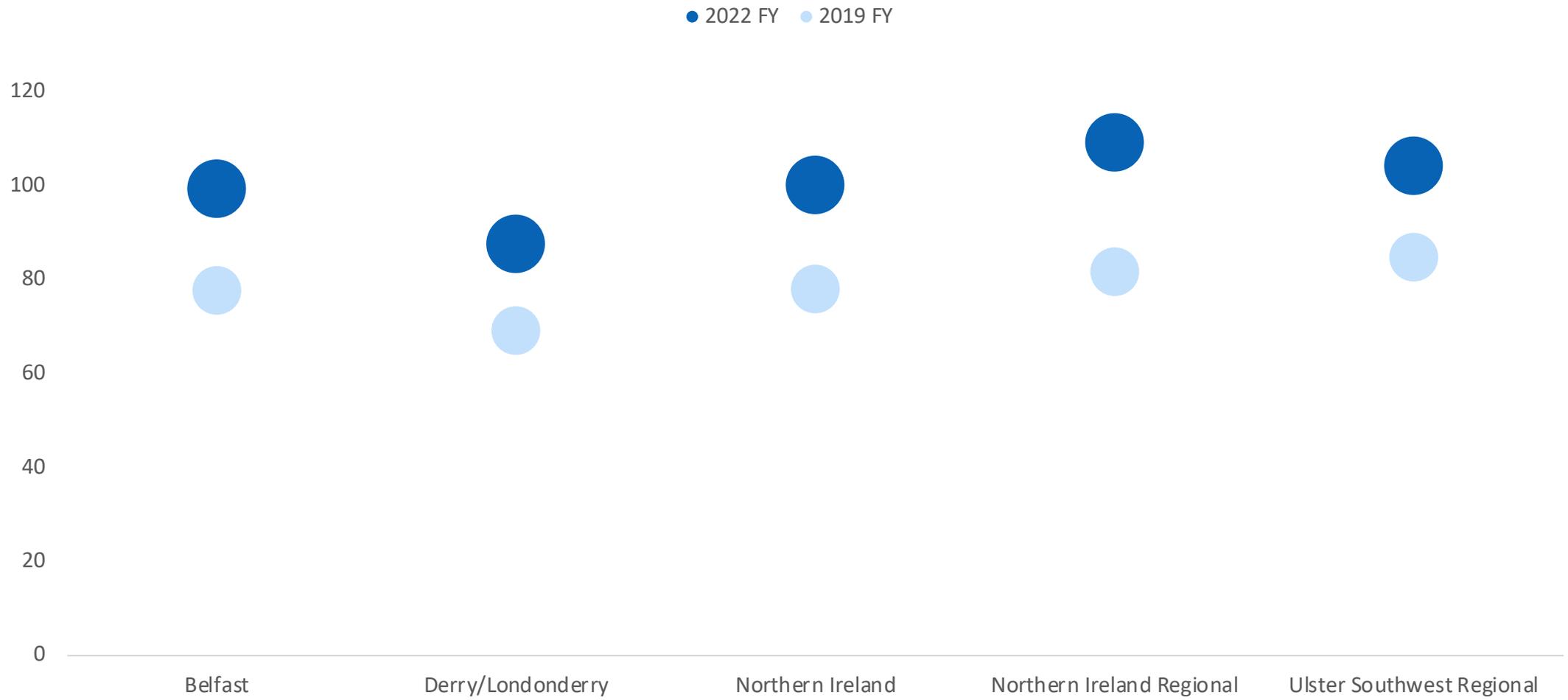
## Occupancy - Full Year 2019 vs Full Year 2022



# ADR 2022 v 2019 ranges from +£20 (SW Ulster ) to +£28 NI Reg



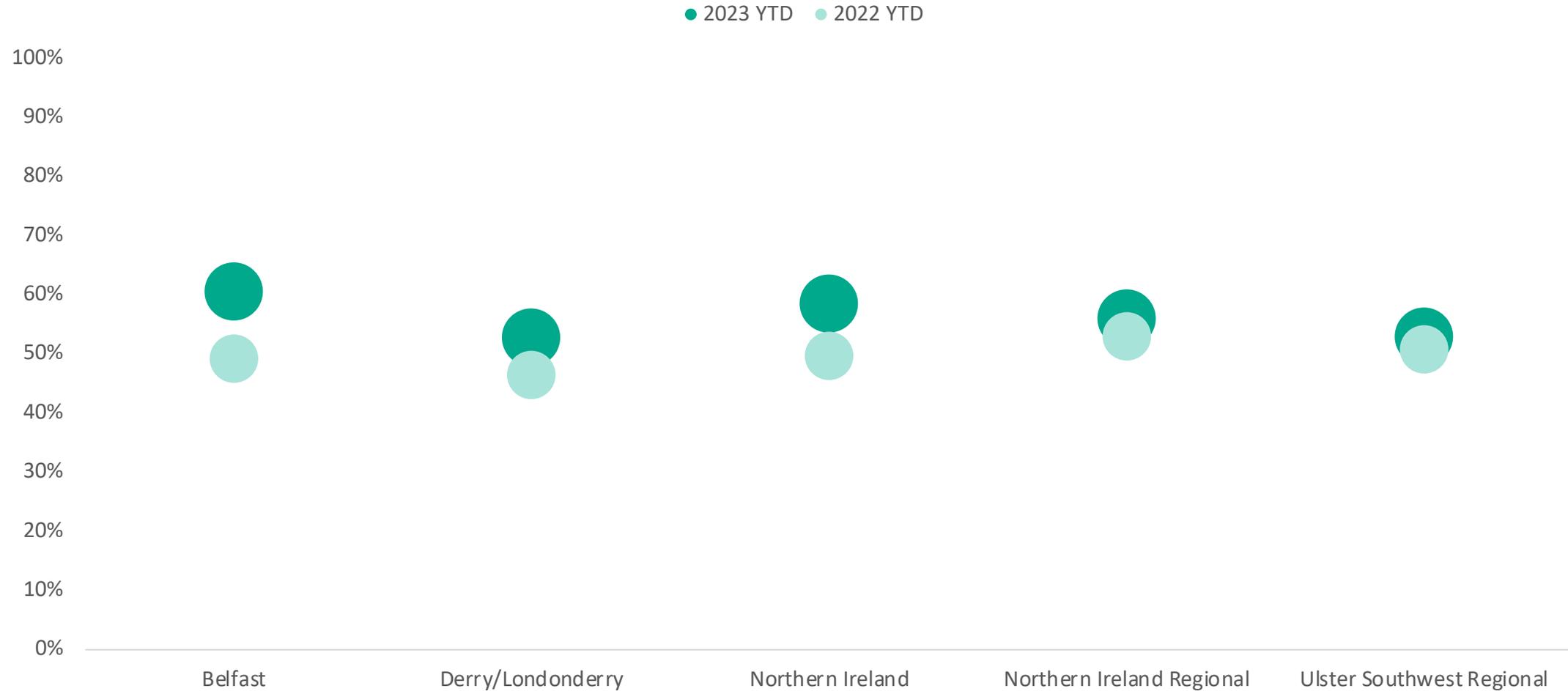
## ADR - Full Year 2019 vs Full Year 2022 (Local currency)



# Belfast occupancy YTD Feb 2023 is 11% points ahead of 2022



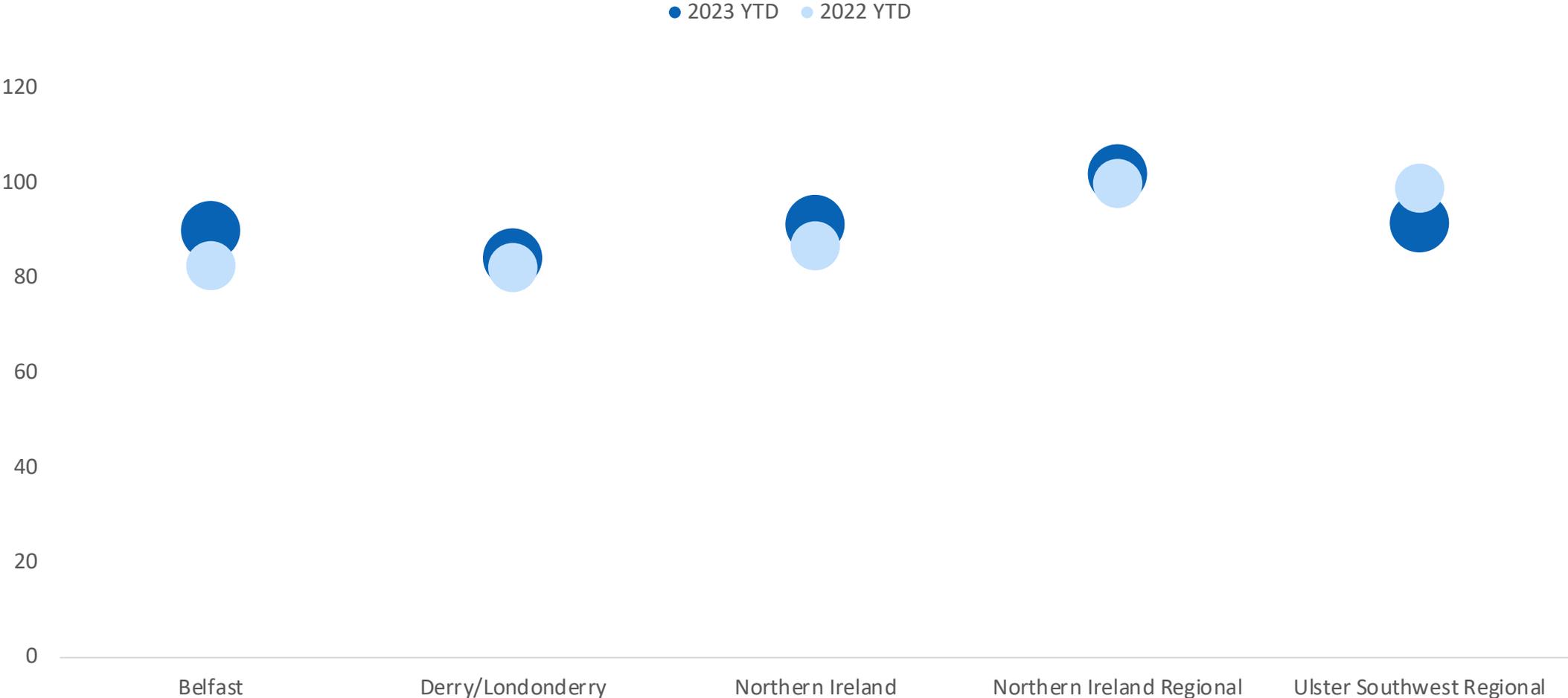
## Occupancy – YTD Feb 2022 v Feb YTD 2023



# ADR YTD Feb 2023 v YTD Feb 2022 is much closer in range



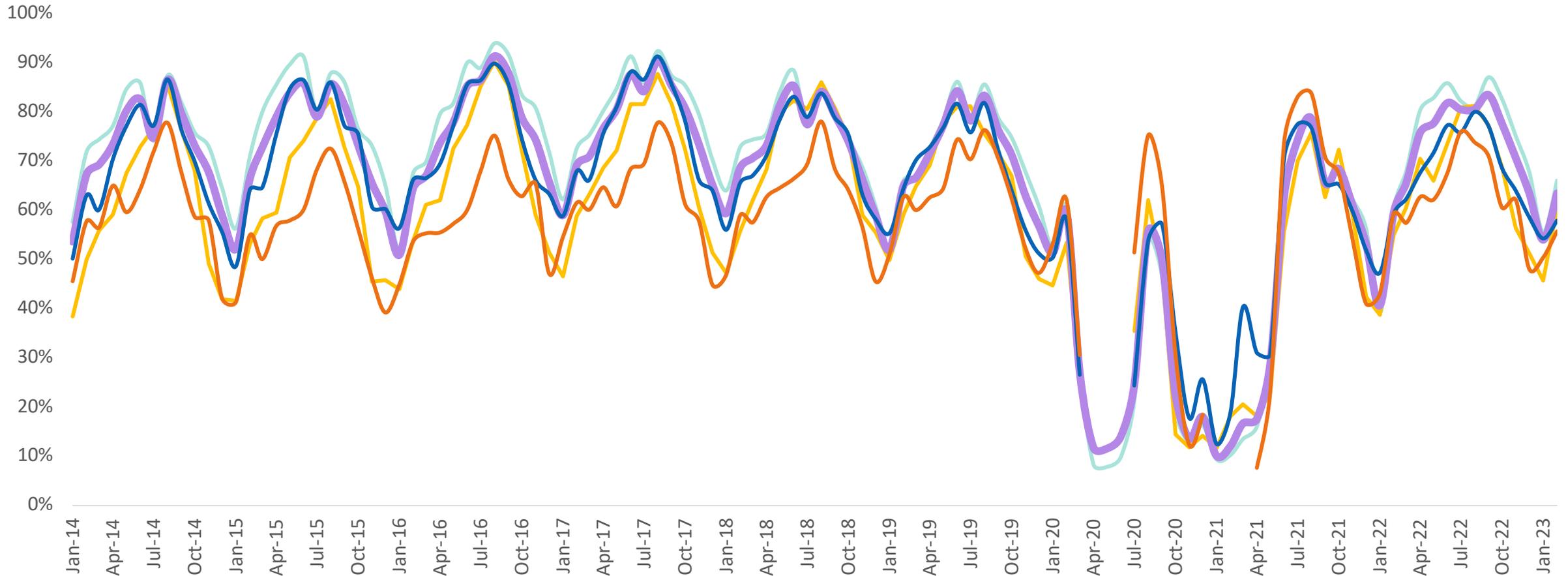
ADR – YTD Feb YTD 2022 v YTD Feb 2023 (Local currency)



# Belfast had record summer 2022 occupancies

## Occupancy – January 2014 to February 2023

— Belfast — Derry/Londonderry — Northern Ireland — Northern Ireland Regional — Ulster Southwest Regional

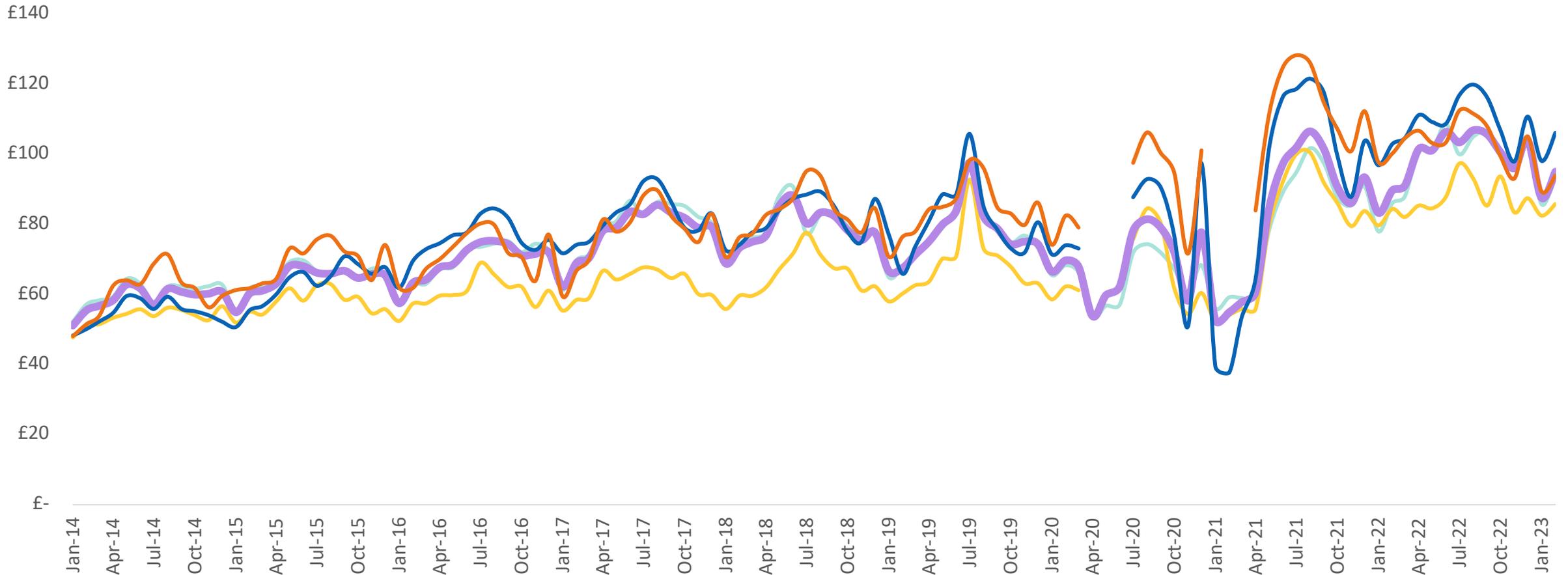


# ADR is still strong and well ahead of 2019 across the country



ADR – January 2014 to February 2023 (Local currency)

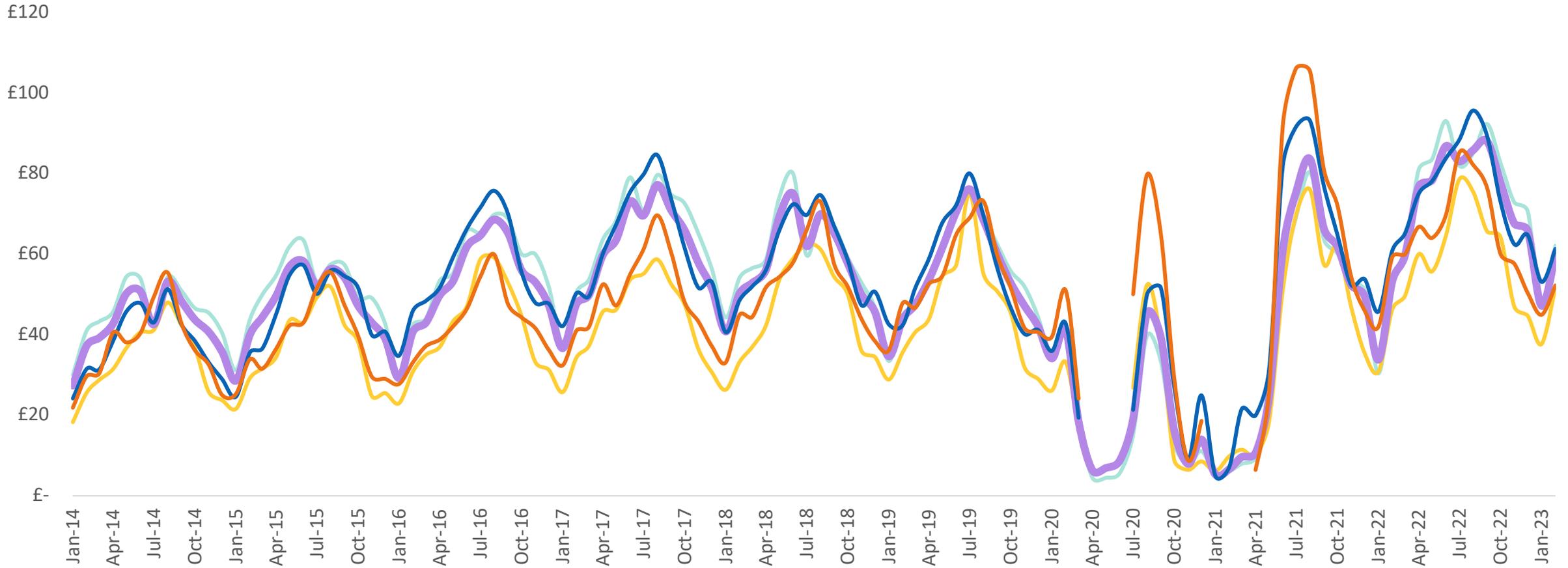
Belfast Derry/Londonderry Northern Ireland Northern Ireland Regional Ulster Southwest Regional



# With strong occupancy & ADR, RevPAR follows suit

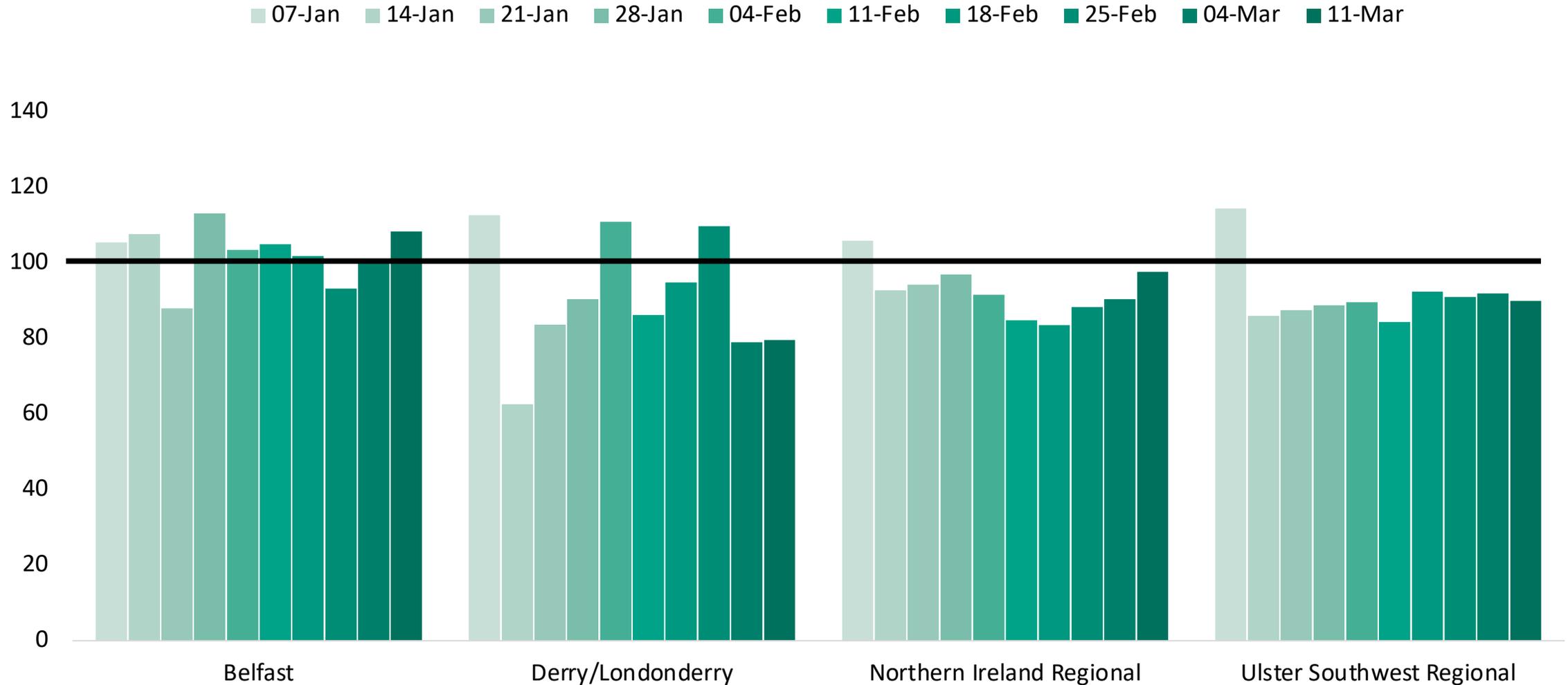
## RevPAR – January 2014 to February 2023 (Local currency)

Belfast Derry/Londonderry Northern Ireland Northern Ireland Regional Ulster Southwest Regional



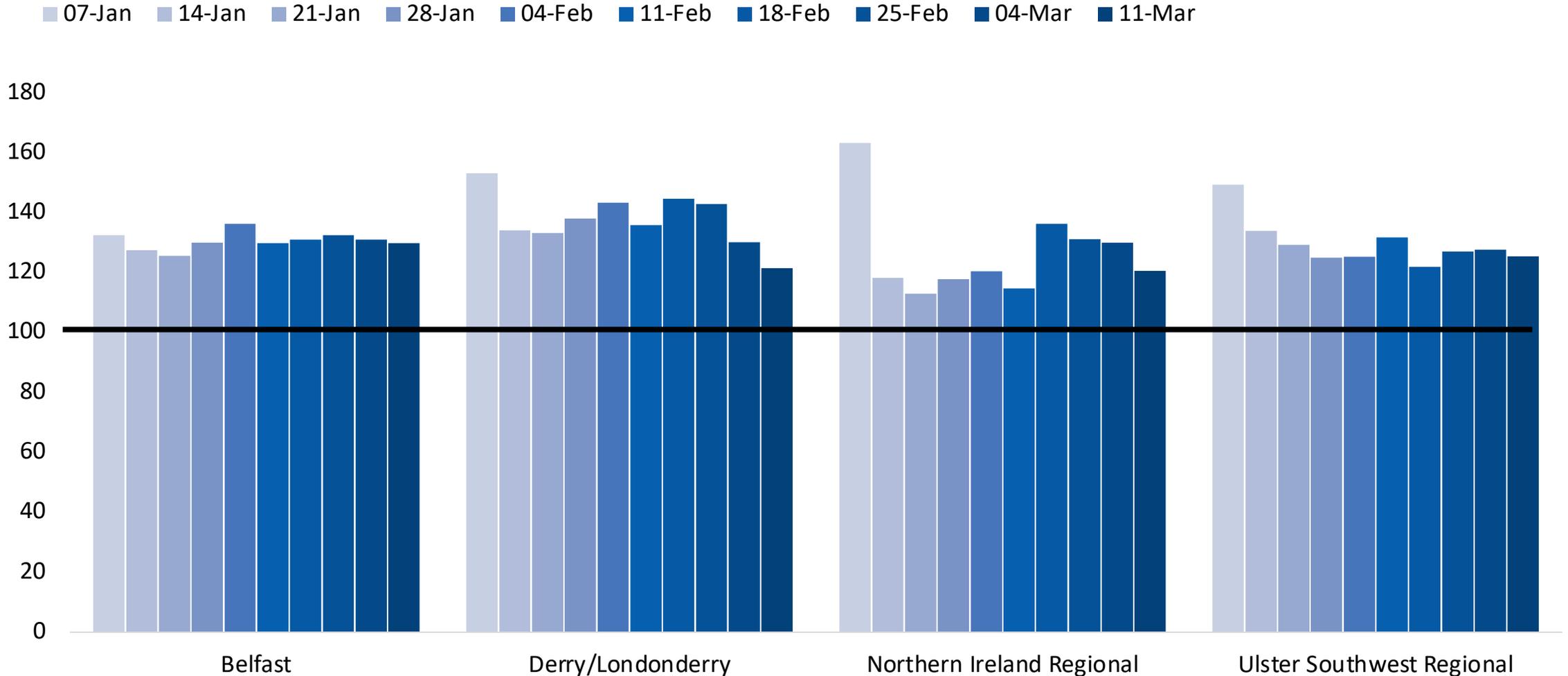
# Belfast & Derry/Londonderry closing the occupancy gap

## Weekly occupancy indexed to 2019, 07 Jan 2023 – 11 Mar 2023



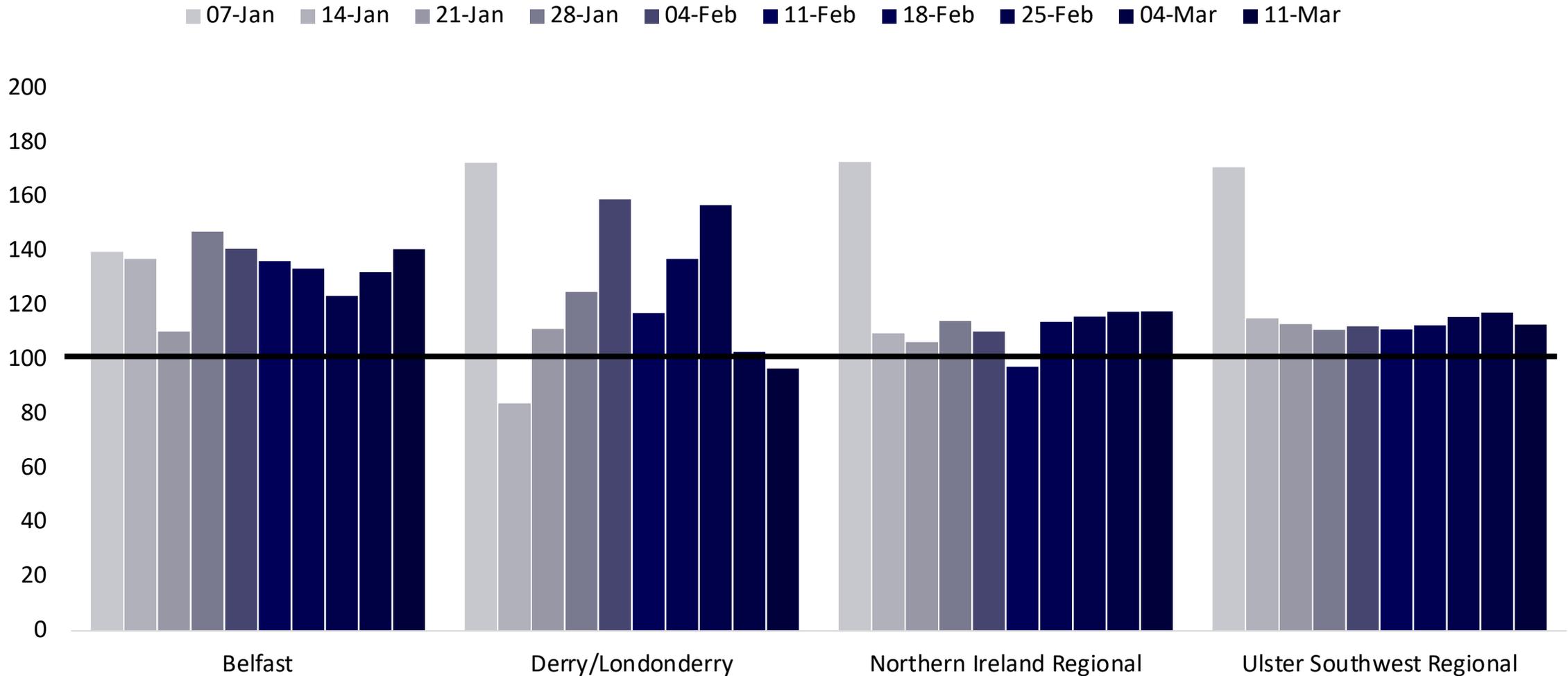
# ADR continues to thrive... don't forget inflation though!

Weekly ADR indexed to 2019, 07 Jan 2023 – 11 Mar 2023 (Local currency)



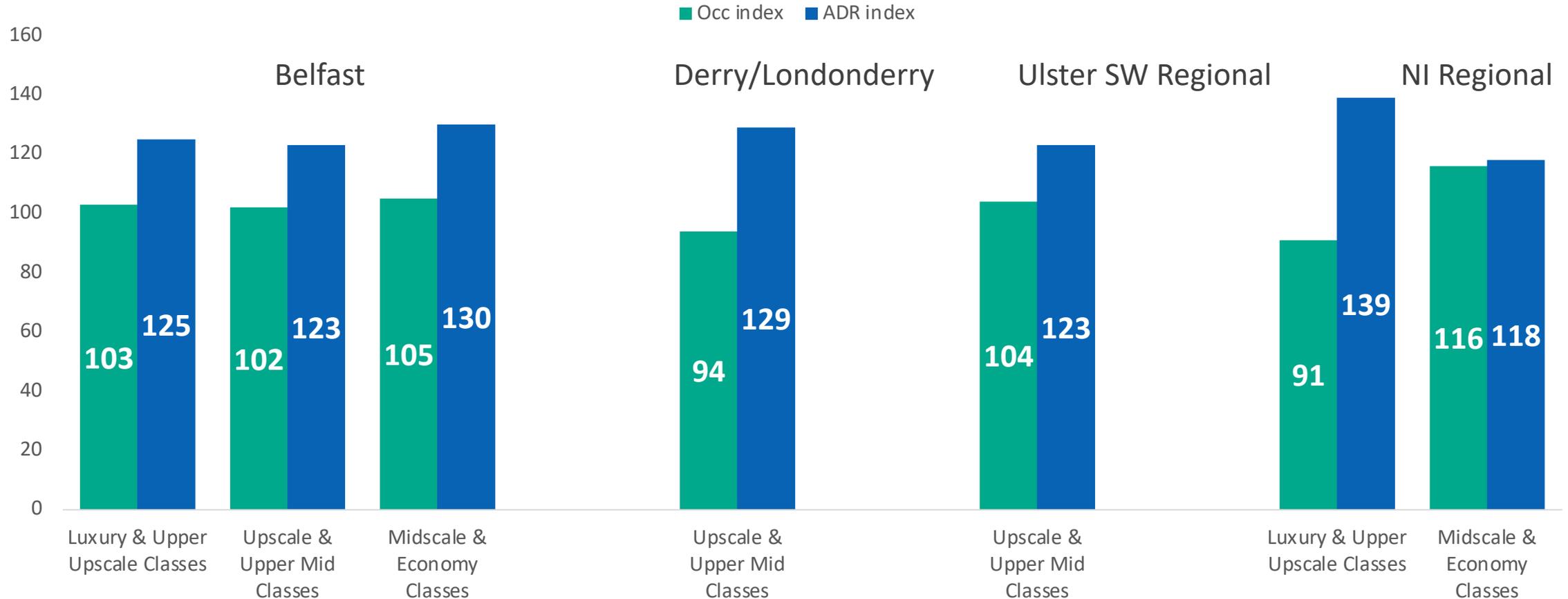
# RevPAR is still mostly being driven by ADR

Weekly RevPAR indexed to 2019, 07 Jan 2023 – 11 Mar 2023 (Local currency)



# Luxury led with ADR, Budget/Economy with occupancy

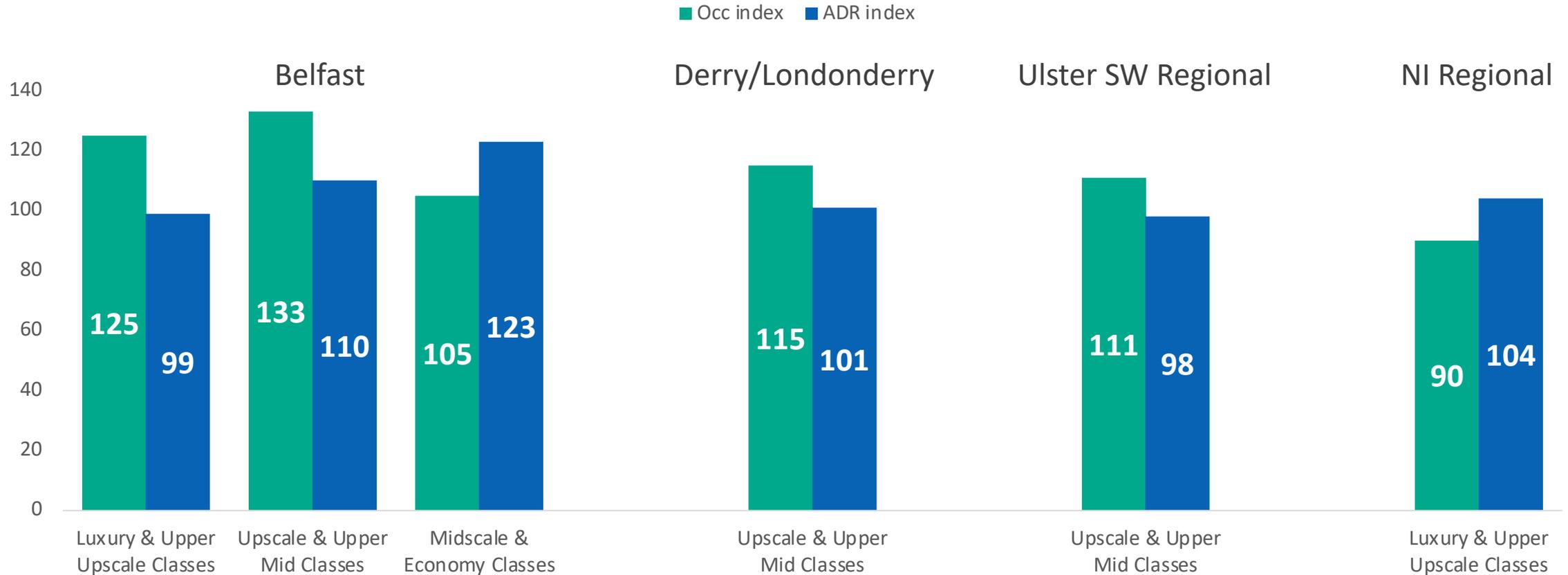
Occ and ADR by class (Local Currency) Full year 2022 indexed to Full year 2019



# Tables turned slightly coming into 2023 with softer luxury occ



Occ and ADR by class (Local Currency) YTD Feb 2023 indexed to YTD Feb 2022

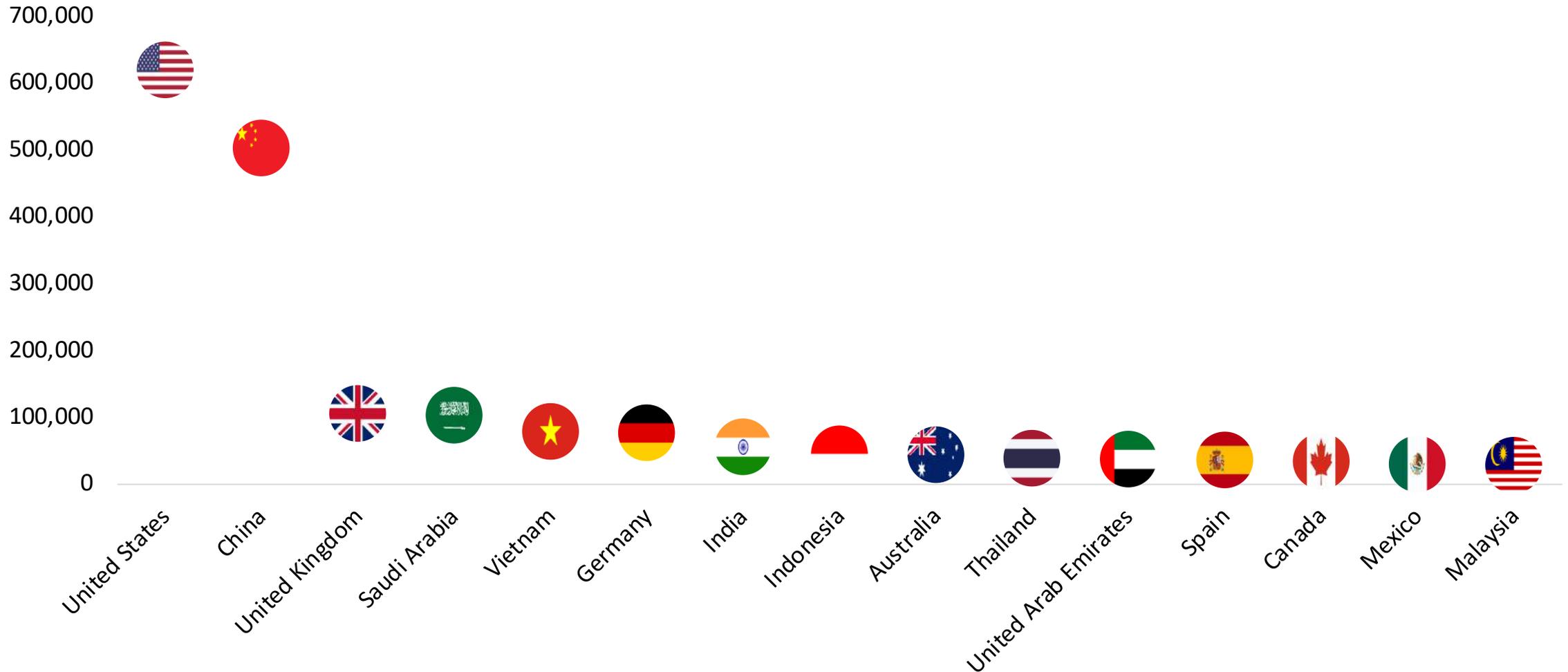




# What does the future hold?

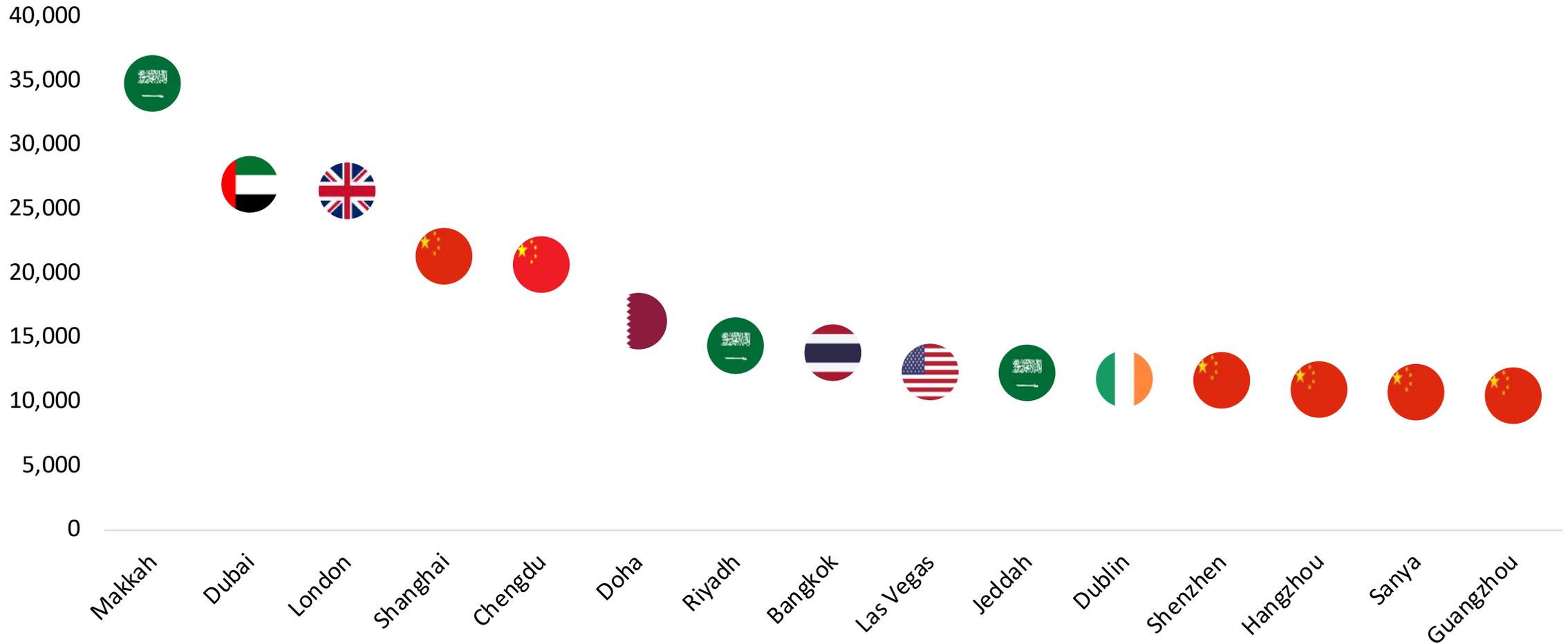
# KSA 4<sup>th</sup> on world leader board

Global countries, Rooms in the pipeline, February 2023



# Dubai and Makkah lead the way in global pipeline

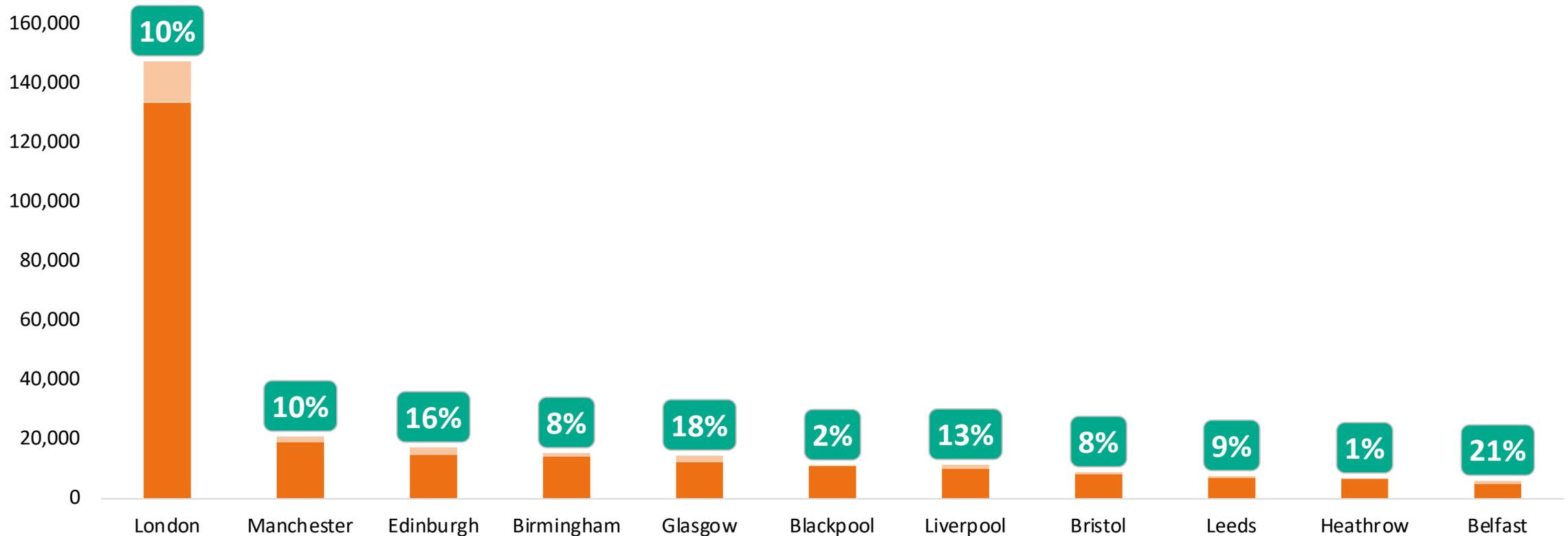
Global cities, Rooms in the pipeline, February 2023



# UK continuing to see high % room growth

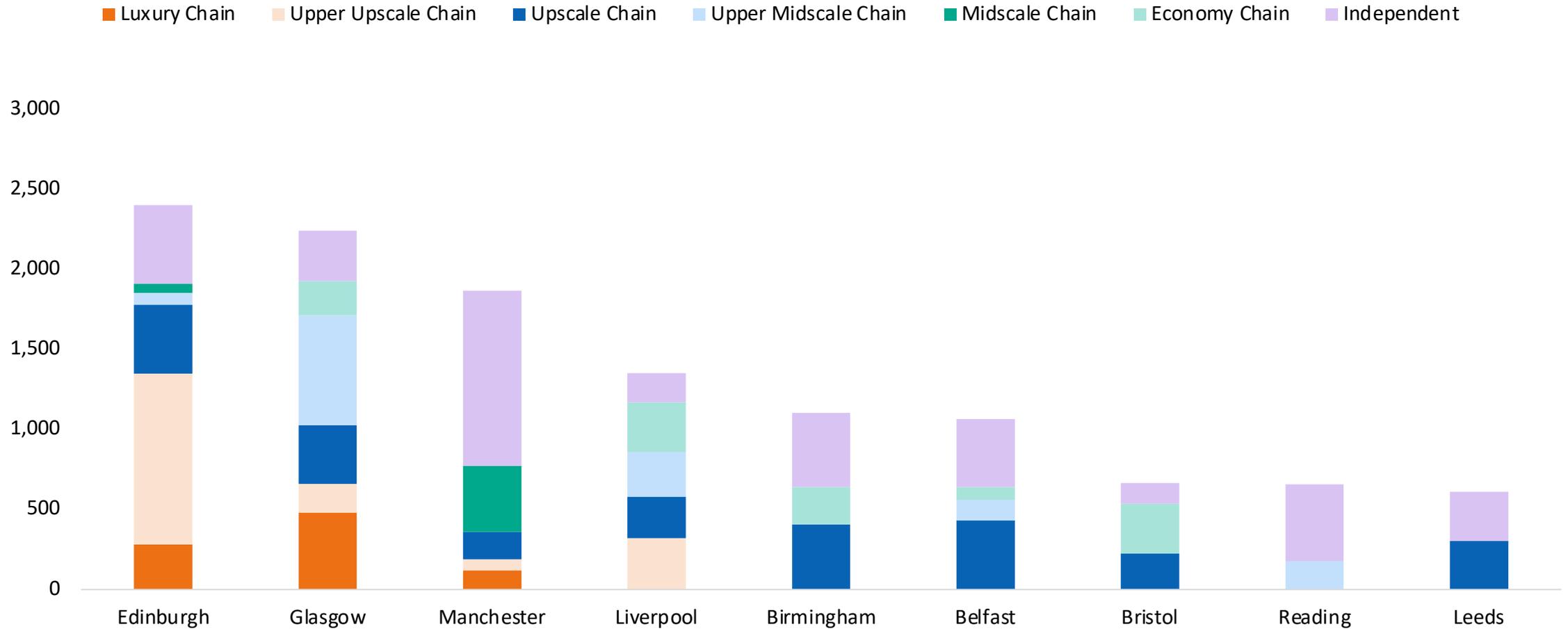
UK Cities existing supply and pipeline (2023 - 2028) – Number of Rooms

Supply Pipeline % increase



# 4K+ rooms in the pipeline for Scottish Cities

UK Cities, rooms in active Pipeline (2023- 2028), by Chain Scale



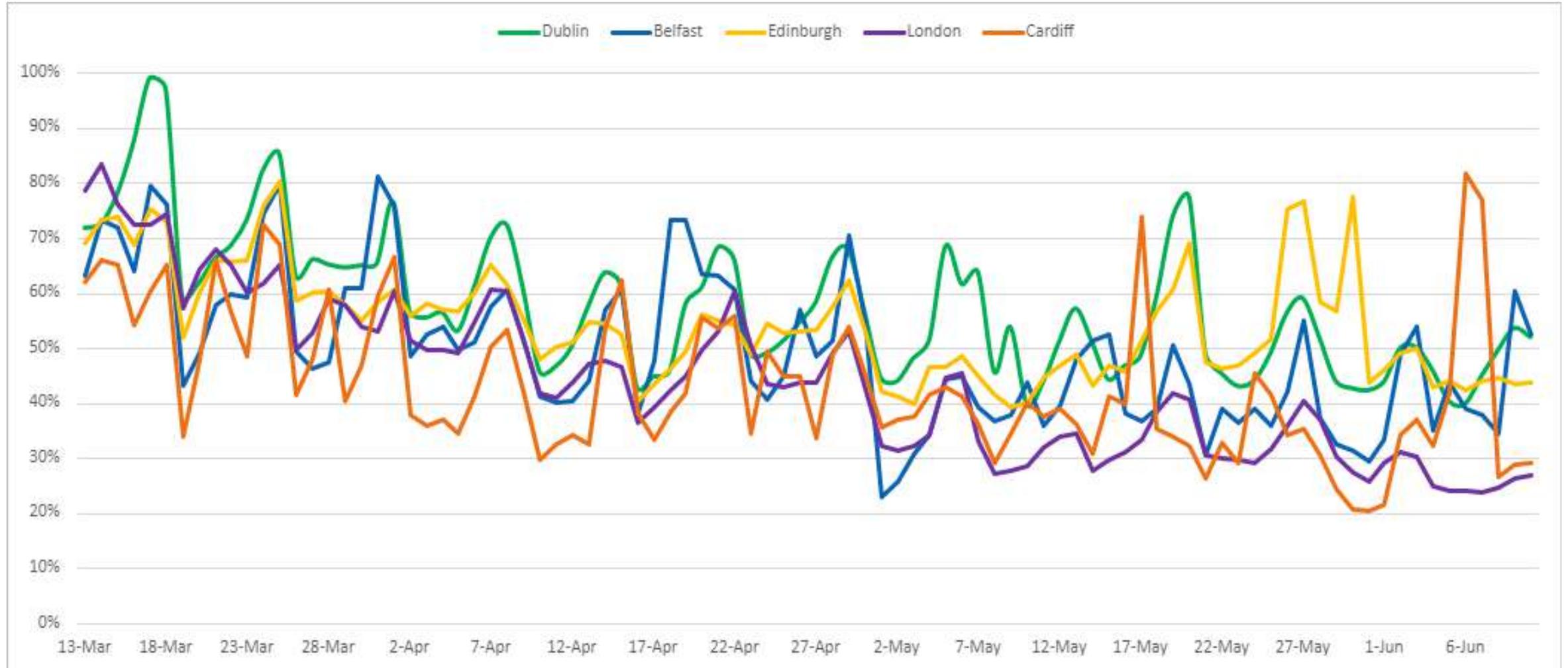
# 2/3 of new rooms in Edinburgh are in planning phase

UK Cities, rooms in active Pipeline (2023- 2028), by Project Phase



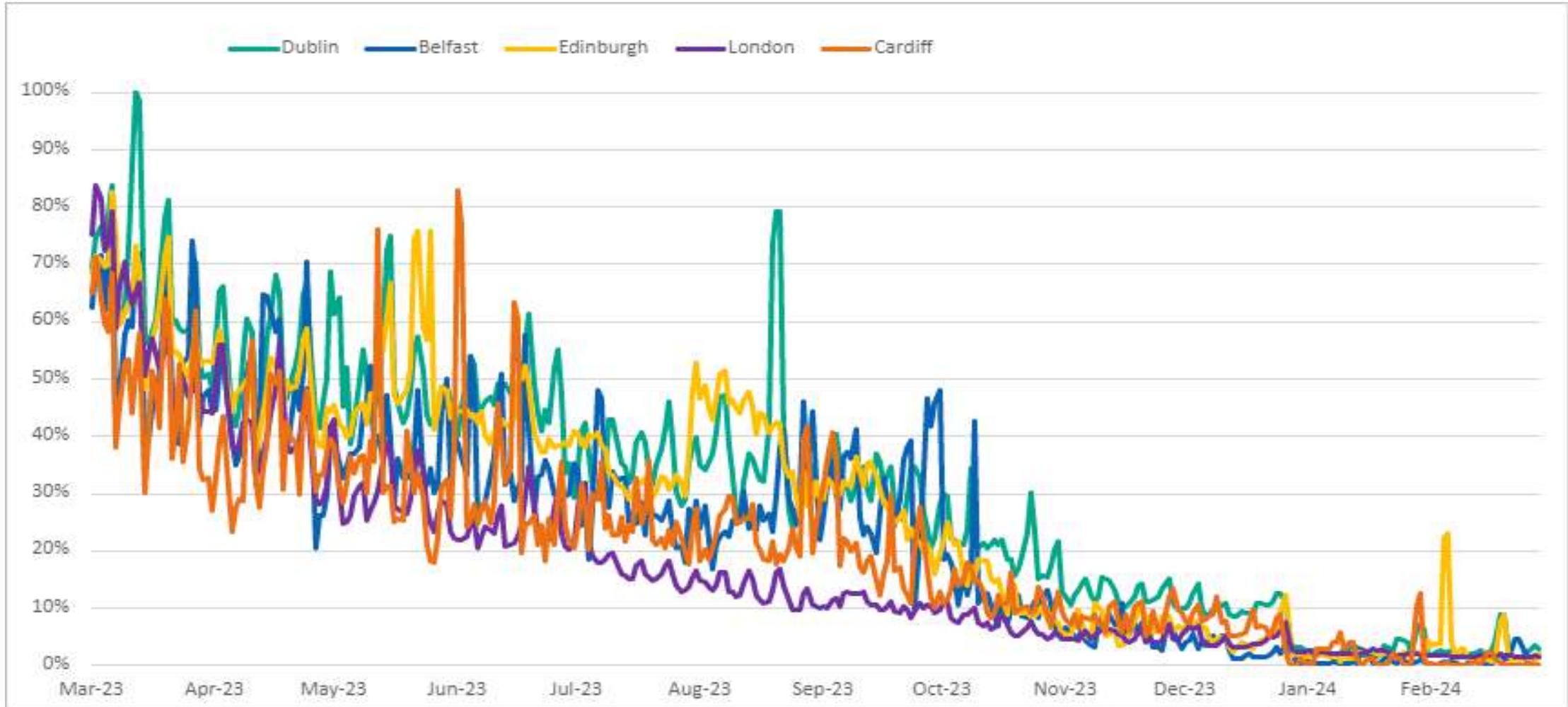
# “Capitals” event demand is pretty strong in the short term

Occupancy on the books for the next 90 days as at the 13<sup>th</sup> March 2023



# Notre Dame v Navy weekend BOB at 79.1% in Dublin

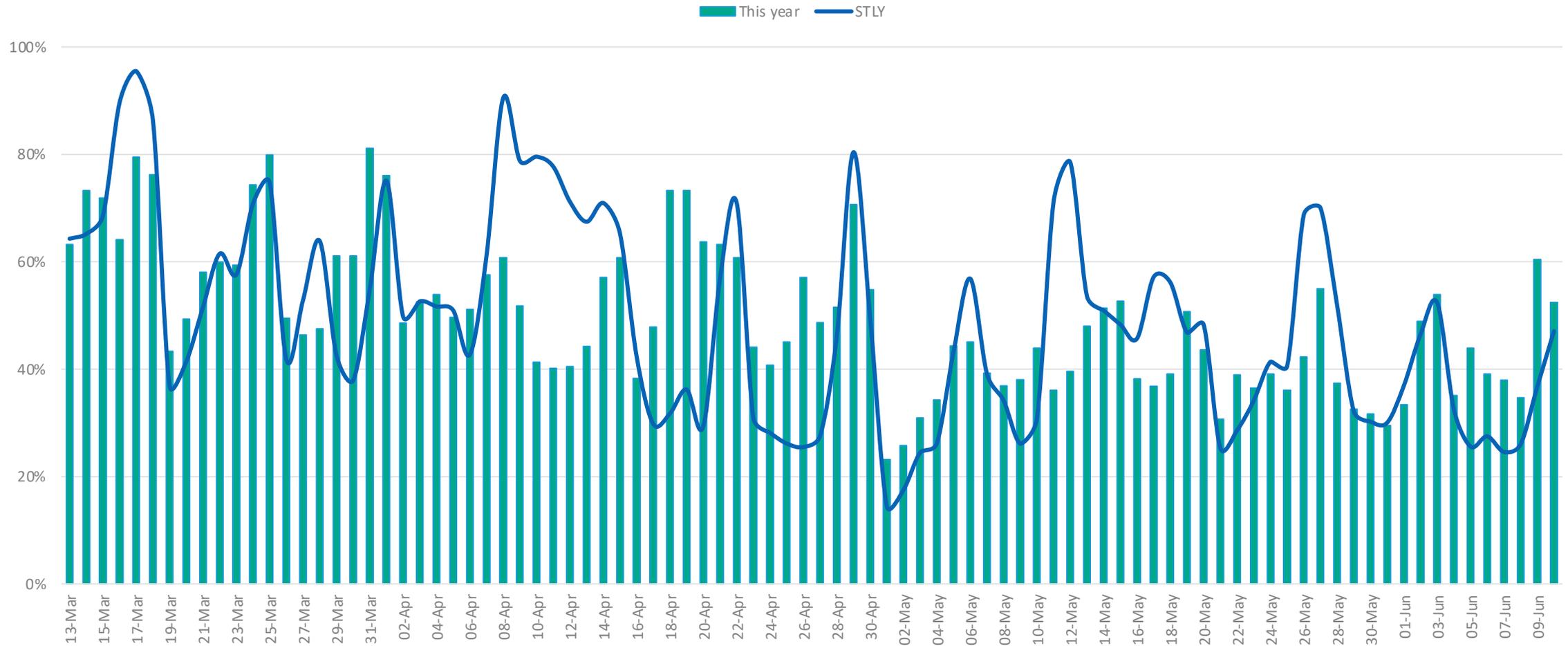
Occupancy on the books for the next 365 days as at the 06<sup>th</sup> March 2023



# Belfast is mostly on par with STLY and ahead for Easter week



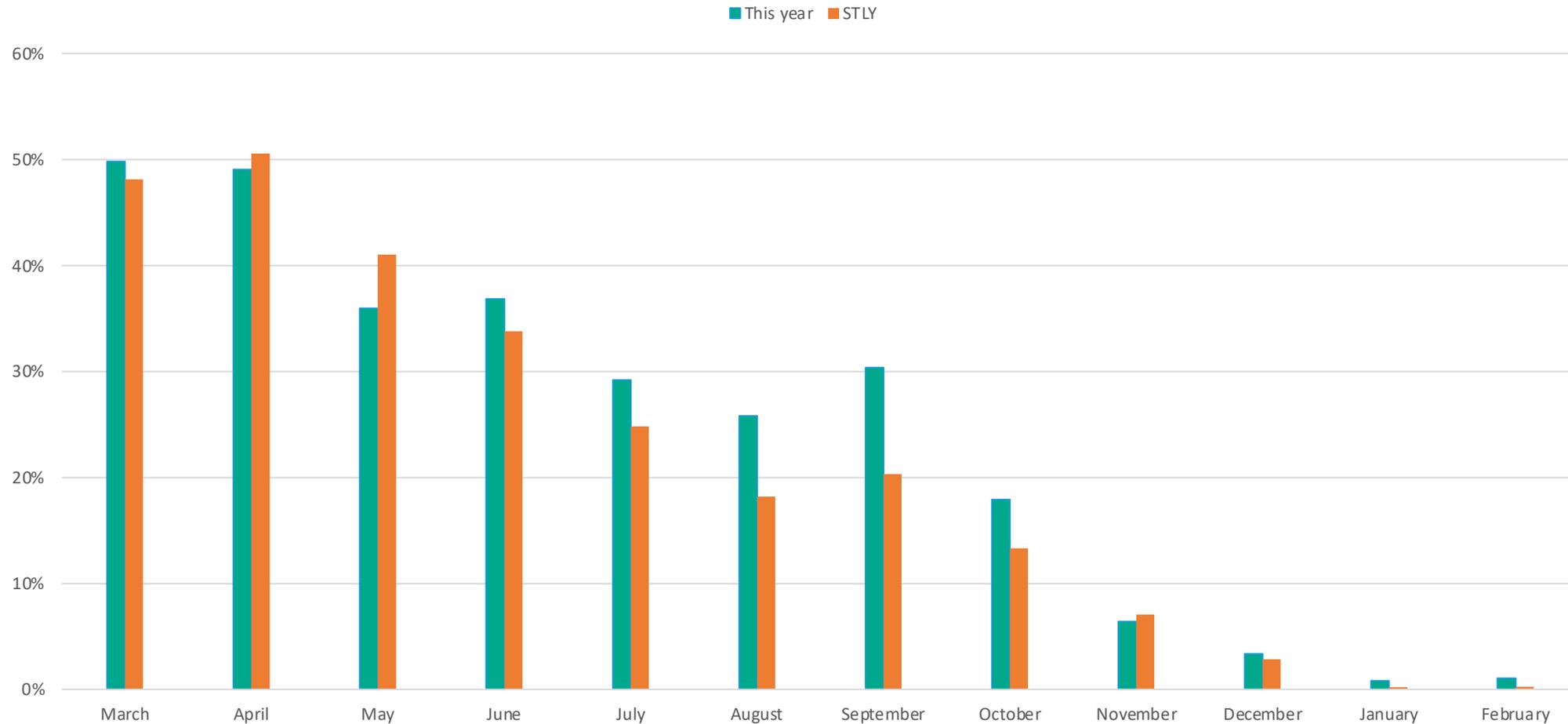
Occupancy on the books for the next 90 days as at the 13<sup>th</sup> March 2023



# Belfast BOB for summer months is 5-10% points ahead of STLY



Occupancy on the books for the next 365 days as at the 06<sup>th</sup> February 2023





# Is the future bright?

# Assumptions: UK

Q1 2023

## H1 2023

## H2 2023

### Economic Risk

- H1 2023 CPI expected to remain extremely elevated, with Q1 only marginally softened from peak in Q4 2022. Unexpected GDP strength through Q4 has improved recession prospects, although GDP expected to decline YOY and q-q through H1, with Q2 expected to bear brunt of economic headwinds.

- GDP will face headwinds through Q3 2022, with YOY performance expected to continue declining through Q4. The economy will start to pickup, however, with q-q GDP rising in Q4 2023. Inflation moderates, reaching 3.6% by Q4, but interest rates remain extremely elevated around 4%.

### International

- Moderate improvement in international inbound led by Americans through Q1 and Middle Easterners in Q2 (post-Ramadan), although short-haul international from Europe continues to rebuild with support from depreciated GBP.

- Weakened GBP continues to promote international inbound from dollarized countries. International demand to reach 78% of pre-pandemic level by year-end. Summer presents major opportunity for Middle East travel to rebuild.

### Business travel

- Business travel remains slower to rebuild due to increased reliance on WFH and as corporate budgets tighten to weather the recession. Recovery to remain flat over Q1, with further rebuilding in Q2. Strong construction sector supports blue collar demand, while white collar continues to improve at a more sedate pace.

- Domestic business demand broadly returns to pre-pandemic level over H2 as macroeconomic concerns ease. International business demand remains below pre-pandemic level as Brexit favors shift of business demand into continental Europe.

### Leisure travel

- While domestic demand is expected to decline modestly year-over-year as travel patterns normalize post-COVID, leisure demand continues to hold at or very near pre-pandemic levels in the short-term. The 'calm before the storm' and uncertainty over UK's economic future promotes short-term bookings, while rising prices and the cost-of-living crunch favors domestic holidays. There's also a sense that pre-booked travel will take place, thus filling rooms in H1 even if economy worsens.

- Leisure demand thrives as weather warms, but looming recession continues to present downside risks. Middle-tier hotels likely to feel the biggest squeeze, as budget-conscious leisure travelers trade down to budget hotels and high-end travelers less affected by recessionary impacts.

### Group travel

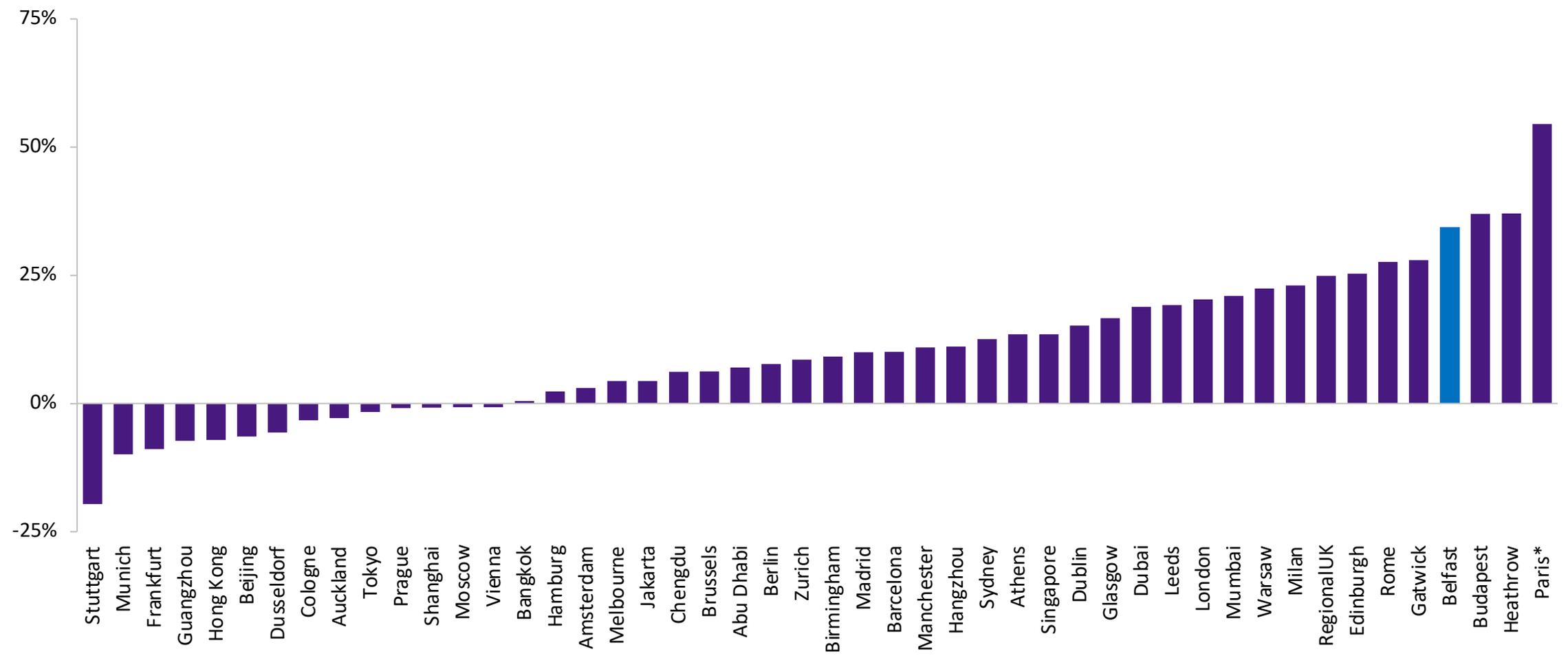
- Groups moderately weak but slowly improving. Tour series and corporate groups are both on the books, but well below pre-pandemic levels. Fewer major events are on the books this year as well, which will limit group recovery.

- Group demand continues to strengthen but remains modestly below pre-pandemic level by year-end. Booking time is the primary consideration on groups' return. Upside risk for a US-style roaring comeback in Q3.

# Most forecast markets will be fully recovered by year end 2023



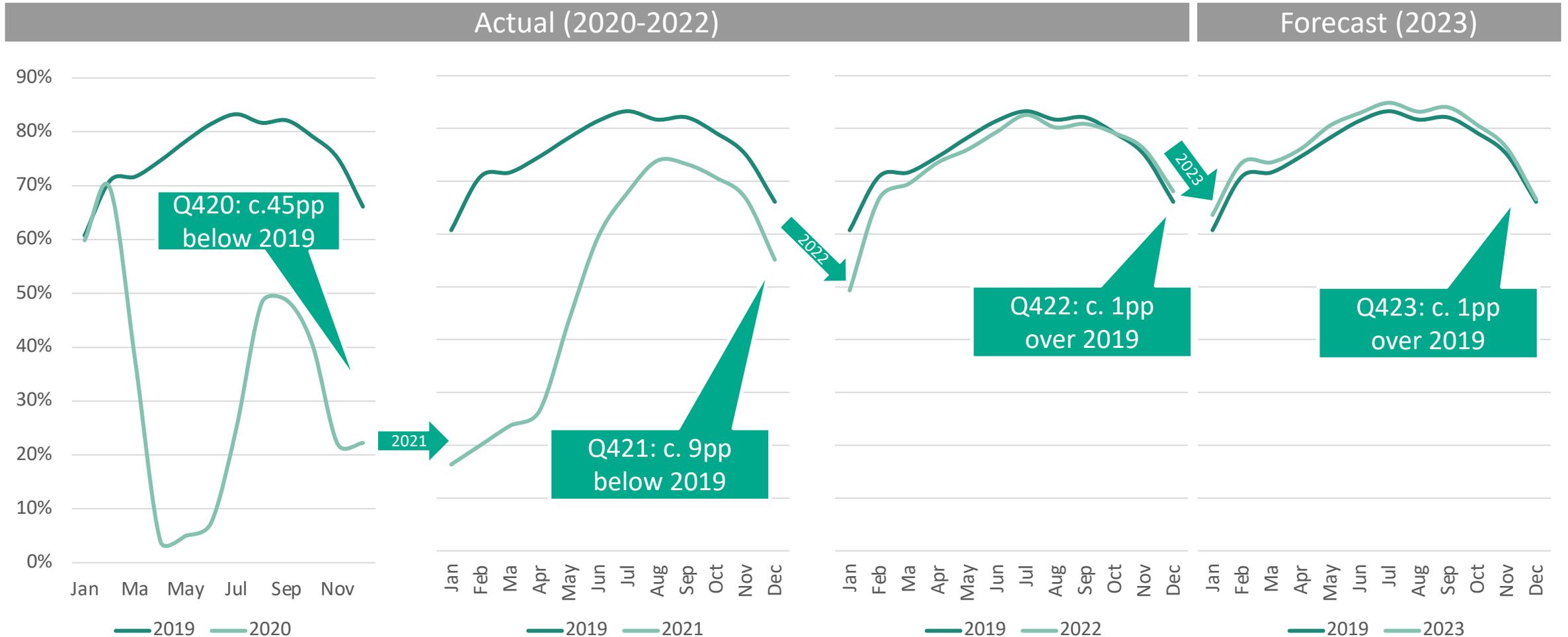
## 2023 Forecast RevPAR (local currency), % change to 2019 – February 2023 forecast



\*Paris market is Luxury and Upper Upscale only

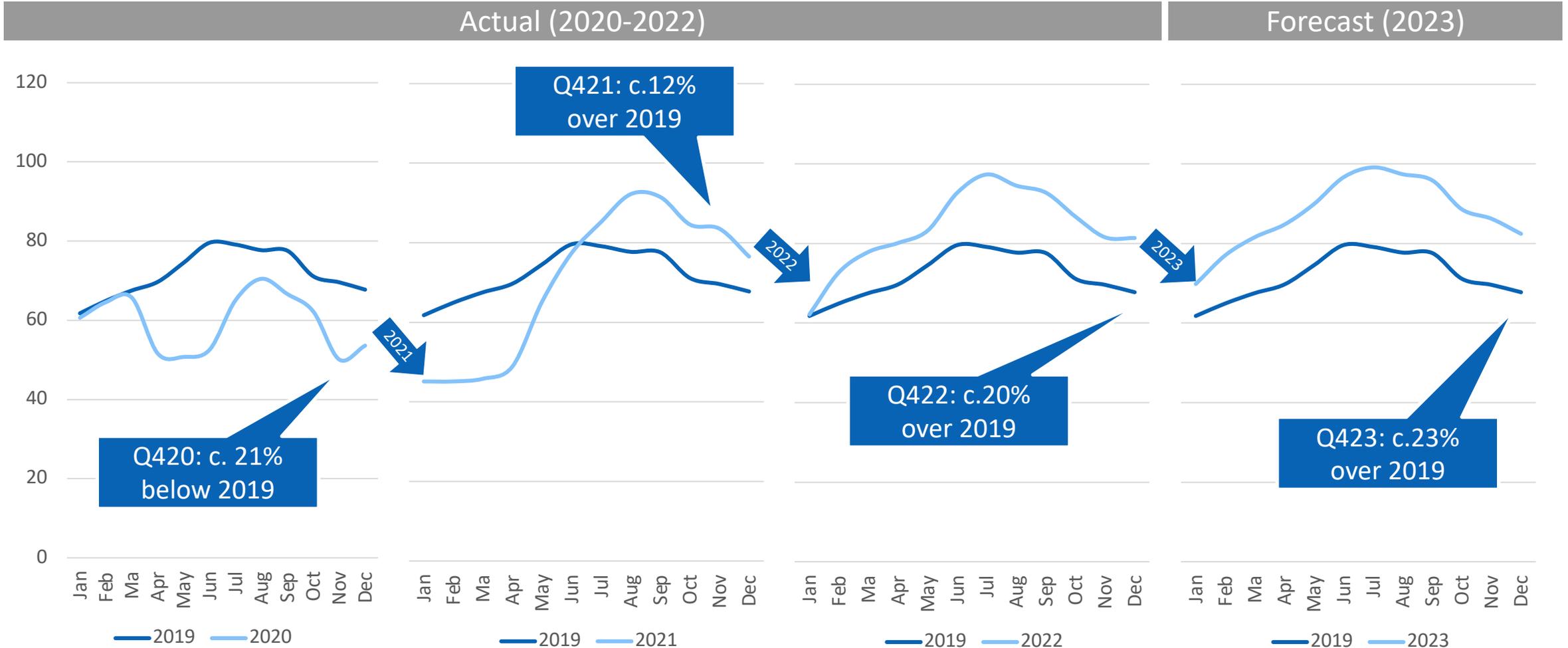
# Regional UK capitalizes on staycations

## Regional UK, Occupancy - February 2023 Forecast



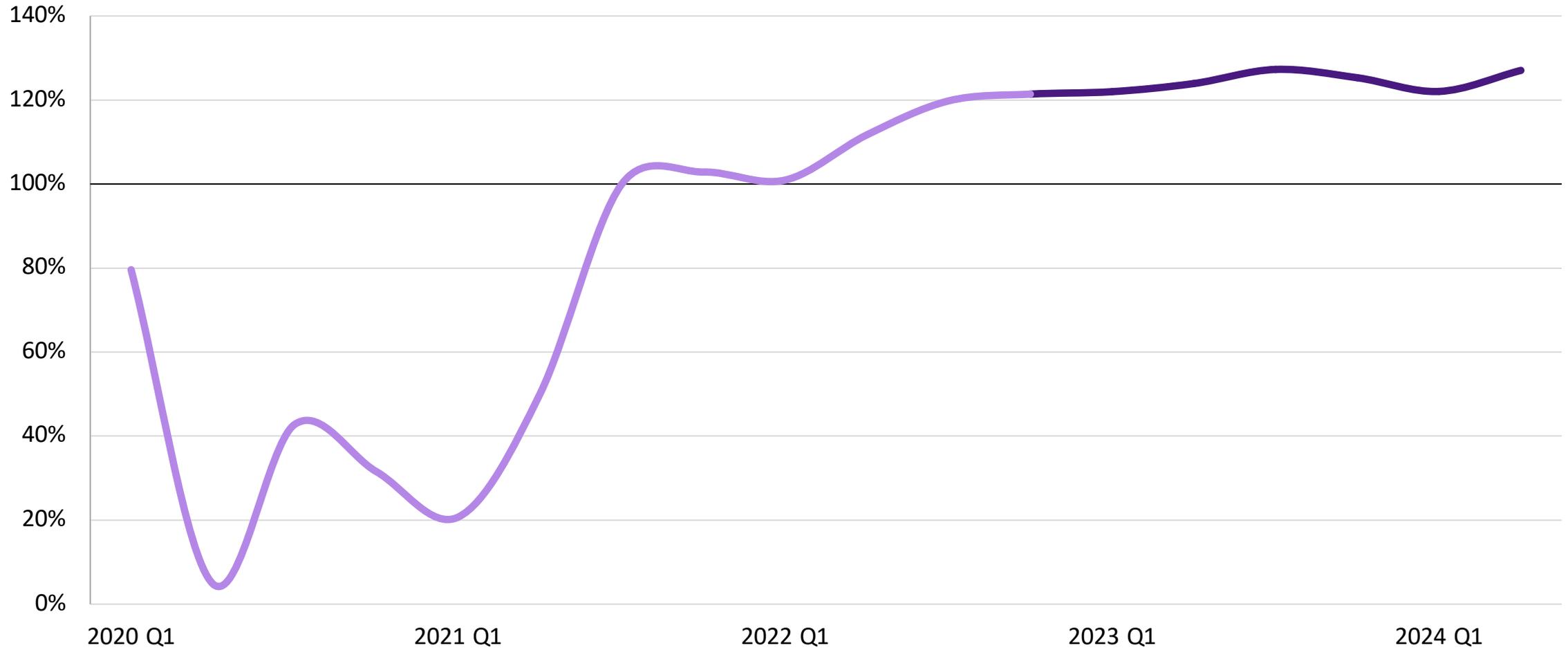
# Rate rises as inflation continues to creep up

Regional UK, ADR - February 2023 Forecast (Local currency)



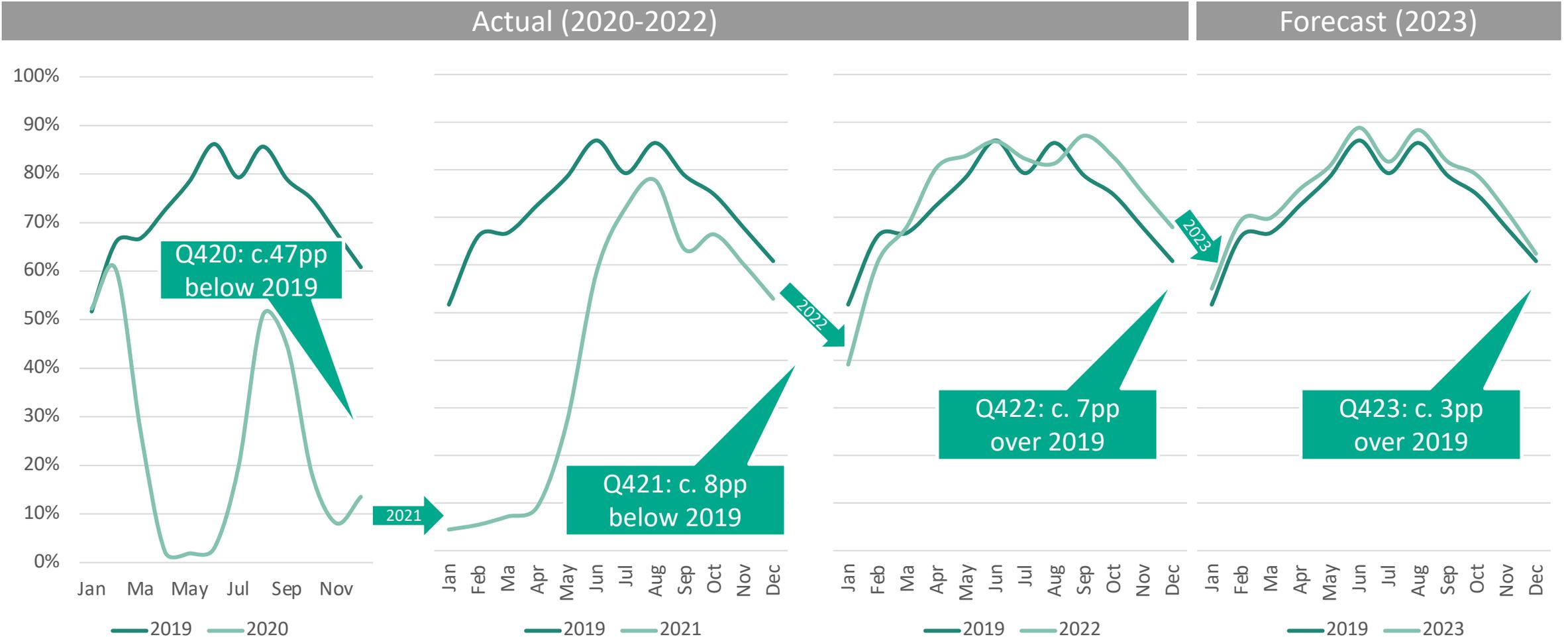
# RevPAR growth slow and steady from this point

Regional UK performance indexed to 2019, RevPAR - February 2023 forecast



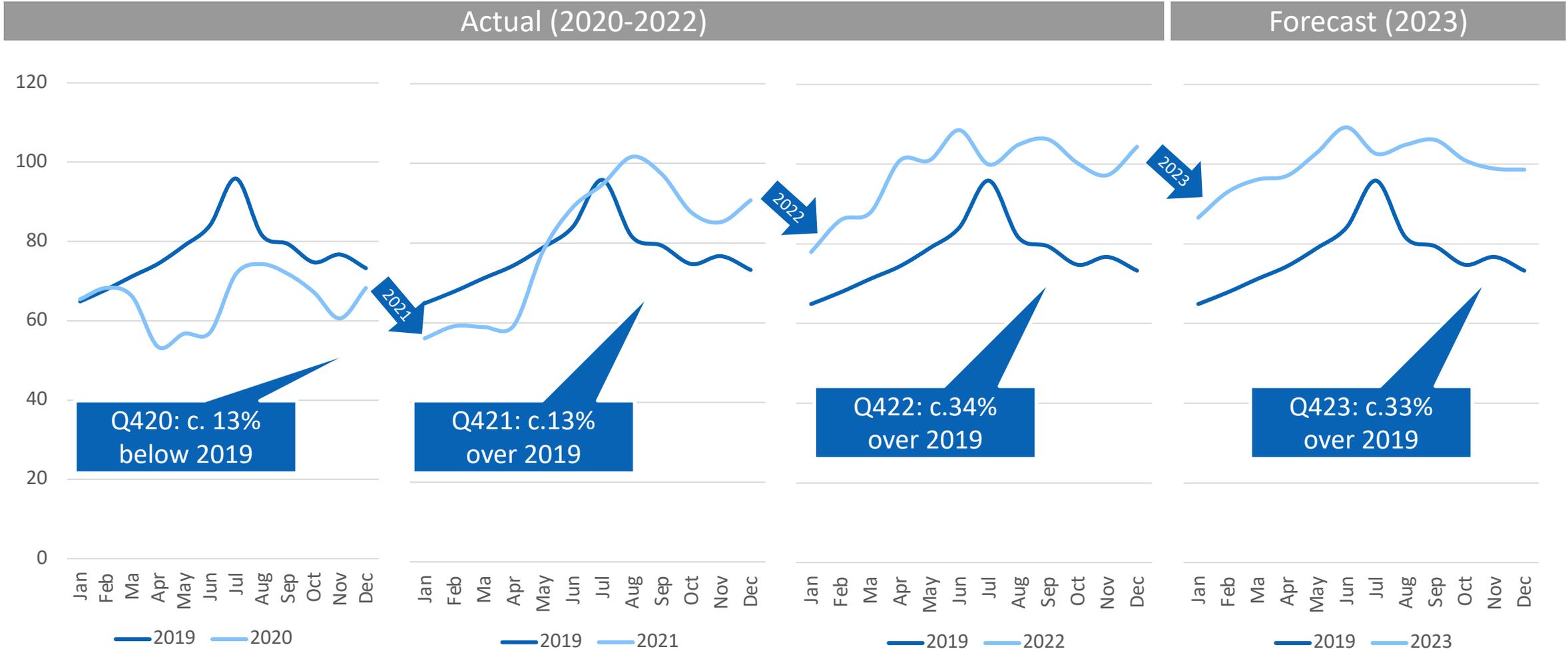
# Belfast occupancy is recovered and staying that way

## Belfast, Occupancy - February 2023 Forecast



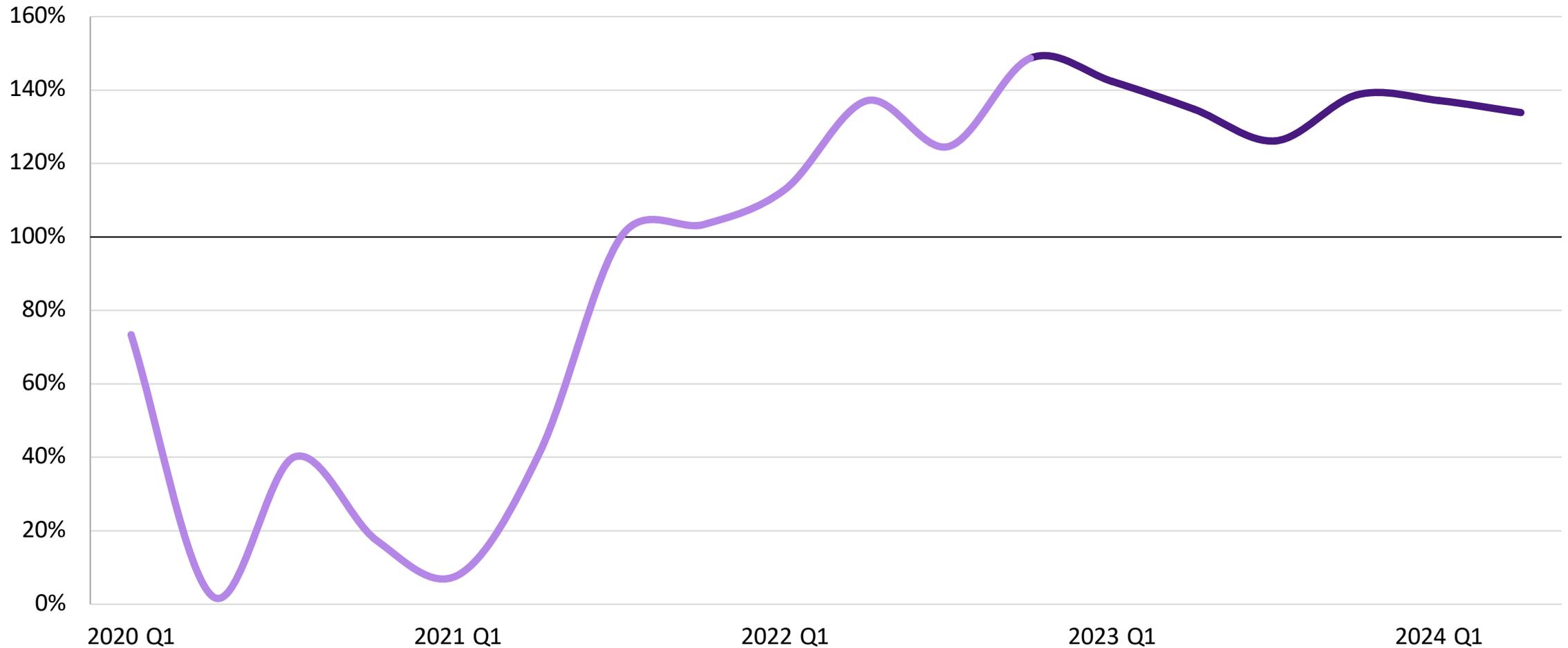
# Rates growth will moderate over the next 12 months

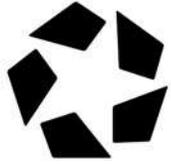
Belfast, ADR - February 2023 Forecast (Local currency)



# RevPAR is recovered, ahead and gaining

Belfast RevPAR performance indexed to 2019, February 2023 forecast





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# Thank you!

Sarah Duignan

[sduignan@str.com](mailto:sduignan@str.com)

[str.com](https://str.com)

