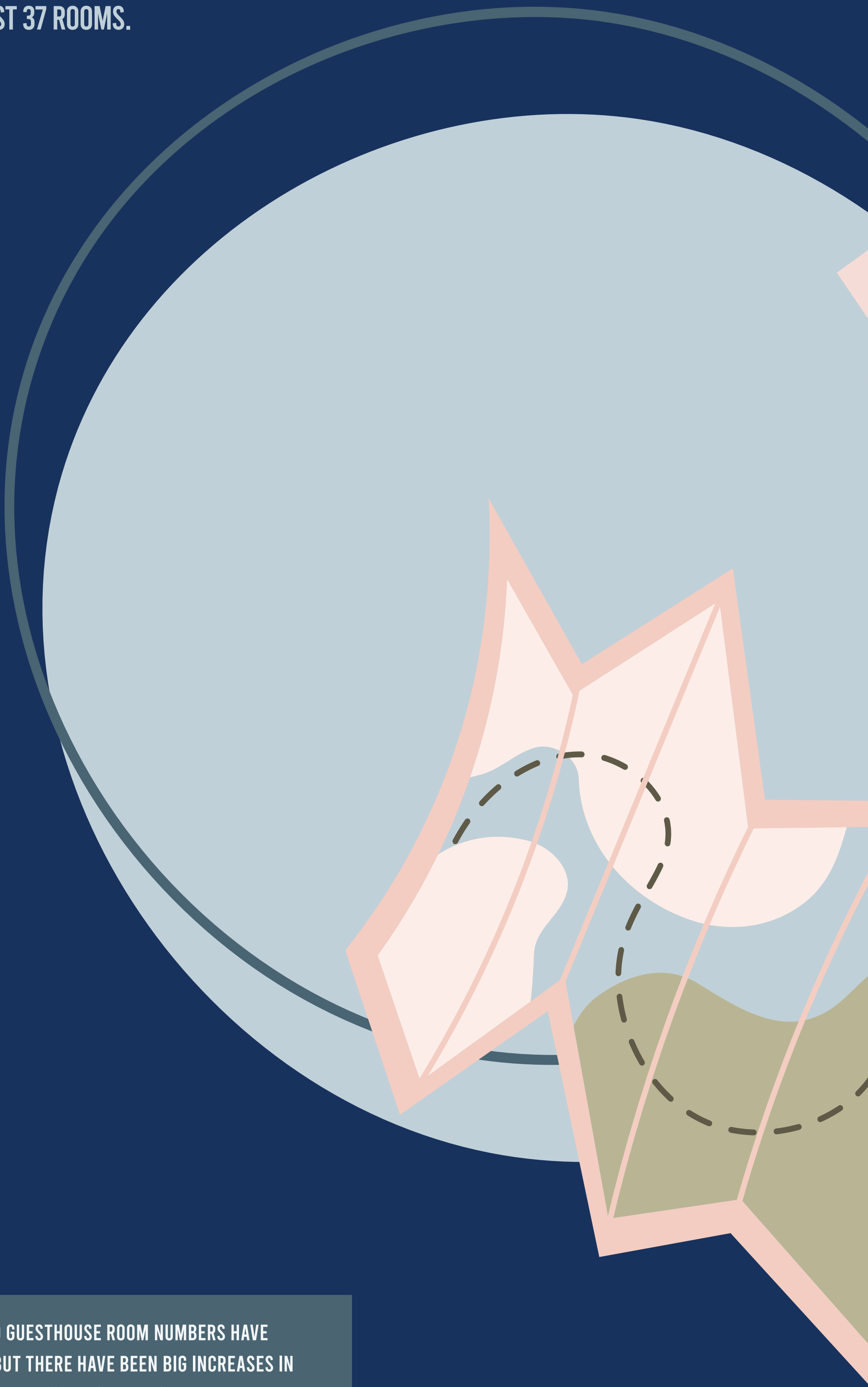
NORTHERN IRELAND HOTELS FEDERATION

# HOTELS 2025

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

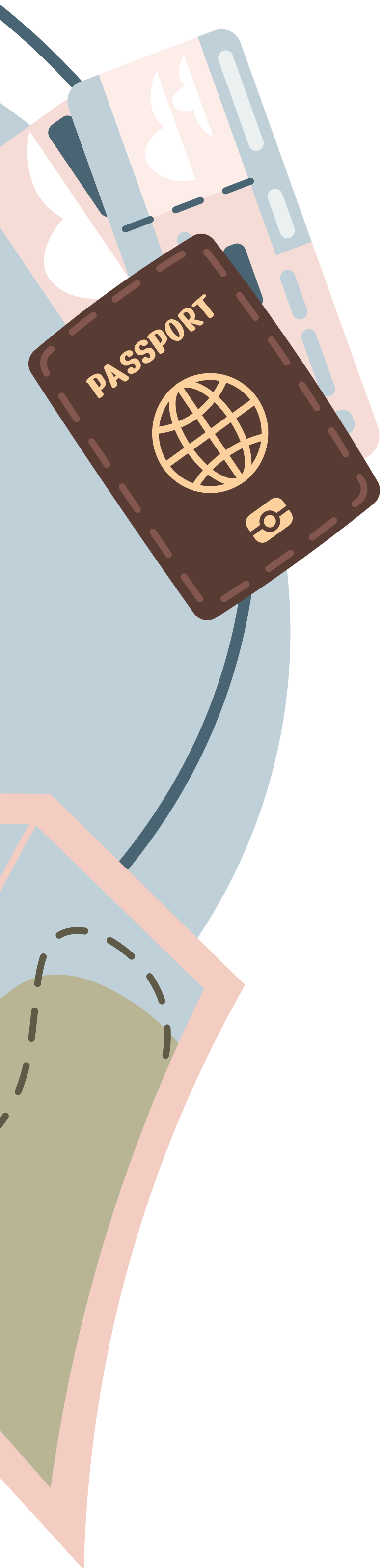
THE AVERAGE HOTEL NOW HAS 68 ROOMS. IN 1999, IT HAD JUST 37 ROOMS.



## 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 2025 REPORT




The hotel sector in Northern Ireland continues to attract significant investment in 2025 building on the strong growth of recent years. Hotel numbers have steadily increased with new bedstock entering the market. Acquisitions have been plentiful as purchasing an existing hotel is often faster and more cost-effective than opting for the construction path. The sector is expected to expand further in 2025 with four new hotel openings, several notable expansions, and the return of most properties previously under Government contracts to the marketplace. Investment levels are expected to reach approximately £100 million considering acquisitions, new developments, ongoing construction and expansion projects that will increase room stock.

**A Strong Market for Acquisitions**

While the exact number of hotel sales underway in spring 2025 remains unclear, several sales are due to complete. The momentum from 2024, when the region saw a record-breaking level of c£100m of transactions, has carried into the current year.

Currently, investors are inclined towards acquisitions rather than undertaking new builds, largely due to challenges such as inflation, time and increasing construction costs. Local operators such as Andras House, Galgorm Collection, and The McKeever Hotel Group have been particularly active purchasing properties. Meanwhile, international investment funds are also showing strong interest, attracted by the combination of good value and promising growth potential. Construction is likely to be stronger in 2026.

Northern Ireland's hosting of The Open Championship 2025 has been a catalyst for increased hotel development and refurbishment, particularly along the north coast, further stimulating investment activity.

**Hotel Market Growth and Polarisation**

Northern Ireland currently has 141 hotels comprising 9,548 bedrooms, and the question of when the sector will surpass the 10,000-bedroom mark remains uncertain. Some argue this milestone has already been reached, if you consider the addition of non-hotel certified product at several hotel sites across Northern Ireland. Premises have added lodges, studios, and suites that add accommodation which is not included in the overall hotel bedroom count.

The accommodation market is becoming increasingly polarised. There are more high-end hotels, while B&Bs and guesthouses are in decline. Simultaneously, the self-catering and guest accommodation sectors have seen substantial growth.

Looking back to 2019, we saw a major increase in self-catering product in response to The Open and this trend has continued with a further increase since then of 54% in the number of premises and 43% in the number of rooms.

## 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, BUT AROUND 40% OF THE MARKET IS NOW UNGRADED.

There are growing concerns about the level of uncertified businesses operating in this space. Currently there is no need for those offering rooms, apartments or houses for rent on online platforms to show that they are certified for tourist purposes. Other destinations - Italy, France and Spain - have made it mandatory for premises to display a licence number on all selling platforms and in some cases also control the length and amount of times accommodation can be used for tourism purposes.

In the Republic of Ireland, short-term letting regulations, particularly in Rent Pressure Zones (RPZs), require planning permission for letting a primary residence for more than 90 days annually or for any short-term let of a second property. All proprietors offering short-term tourist lettings for up to 21 nights, regardless of the type of property (e.g., entire property, bedroom in a home, or multiple units at a site/complex), must register their properties annually with Fáilte Ireland. Once registered, each property will receive a registration number that must be displayed on booking platforms and advertisements. Booking platforms can only list properties that display this number.

| | 2019 | | 2025 | |
|---|---|---|---|---|
| TYPE | PREMISES | ROOMS | PREMISES | ROOMS |
| Hotels | 142 | 9,302 | 141 | 9,548 |
| Guesthouses | 82 | 718 | 66 | 644 |
| Guest Accommodation | 162 | 985 | 555 | 2,443 |
| Bed & Breakfast | 614 | 2,008 | 435 | 1,480 |
| Self-Catering | 3,060 | 4,103 | 4,715 | 5,856 |
| Bunk Houses | 7 | 24 | 11 | 30 |
| Hostels | 38 | 586 | 40 | 486 |
| Campus Accommodation | 9 | 4,026 | 9 | 3,580 |
| TOTAL | 4,114 | 21,752 | 5,968 | 23,993 |

TABLE 1: NORTHERN IRELAND CERTIFIED ACCOMMODATION STOCK BY SECTOR, 2019 & 2025, TOURISM NI

## TRENDS

### 1 APARTHOTELS & SUITES

The demand from customers for more space and something beyond just the bed.

### 2 SMALL LUXURY

Limited number of rooms in the higher end of the market with premium services, fine dining and an exclusive feel.

# A CHANGING LANDSCAPE

With investment in the sector approaching £2 billion, Northern Ireland now offers a diverse and well-positioned hotel product. However, significant shifts in the market's composition have occurred. For years, the sector has been dominated by hotels graded three stars and above. This remains the case but there has been a significant increase in the number of ungraded hotel properties. If you add those awaiting grading, ungraded and budget brands together, there are 56 hotels (40%) operating without a classification providing 3,554 bedrooms or 37% of the total bedstock in the market.

As of 2025, there are no longer any two-star hotels. Businesses are either upgrading their classification level, leveraging branding to differentiate themselves and attract loyal customers or opting to remain ungraded to avoid the potential drawbacks of a lower rating.

### The Rise of Branding

Branded hotels now make up 47% of the market, with 33 properties operating under established international brands. For many customers, branding has replaced traditional star ratings, as major hotel groups differentiate their offerings to attract specific market segments. For example, Marriott has over 36 brands in its portfolio, IHG has 19 distinct brands and Hilton currently has 24. They offer a full gamut of hotel options from flagship and luxury to discreet with white label options also on offer. Branding now offers operators the ability to access an international loyal customer base, utilise well developed systems and choose between going with a recognised brand or using the discreet option creating an authentic experience with brand support.

The growing influx of branded hotels presents challenges within Northern Ireland's current certification/legal licensing framework. Certain brands do not align with existing certification requirements, prompting discussions about necessary reform. Regardless, evolving customer preferences are a strong indication that elements of the current certification and classification system may no longer be relevant and are no longer playing as large a role in the consumer's decision-making process.

### 3 BRANDS

Growing and gaining ground against the independents. Innumerable options with flagship and discreet on offer.

### 4 GRADING

The appeal of the traditional star rating appears to be falling with the consumer choosing on brand, by review or by cost.

### 5 MIXED USE SITES

Traditional hotel rooms and services with the addition of new product types offering more space, a different experience and the option to dip in and out of traditional hotel services on offer.

### Expanding Hotel Size

As the sector evolves, hotels are growing in size. The average hotel in Northern Ireland now has 68 bedrooms, reflecting the increasing scale and ambition of new and existing properties. In addition to large, branded hotels, small luxury products have started to open offering a new experience for the discerning customer.

### Growing Pains

The actual number of hotels has reduced over the last twelve months; a short-term development due to one closure and other businesses currently engaged in providing accommodation for Government contracts no longer being certified as hotels. This has resulted in a small decrease in the number of bedrooms in market. It is likely that the majority of these will return to the marketplace, perhaps not trading as hotels but possibly opting for guest accommodation as a product, by the end of 2025 bringing circa 300 rooms back to trading.

Despite over 70 projects in various stages of planning, concept and construction, there will be limited new openings in 2025 with four new hotels: The Walled City Hotel (Derry-Londonderry), Dunluce Lodge, (Portrush), The Marcus (Portrush) and The Bedford, Belfast which will add 200 new rooms. Several premises are extending in 2025, adding not only hotel bedrooms but alternative accommodation options. These include The Salthouse and Holiday Inn Express Derry-Londonderry. In total the hotel bedstock will increase by 240 rooms, some 2.5%.

As referenced, building a hotel has proved an arduous task and not one for the faint hearted. Projects have been delayed for long periods of time due to several factors:

- Challenges in getting finance and support for new projects leading to delays or changes to the scheme.
- Adjustments in the initial schemes/concepts either due to changing consumer demands or revisions due to increased costs.
- Planning continues to be a protracted process with challenges getting to final approval.
- The construction process continues to be a hampered one with material shortages and skilled labour adding to build time.
- Final fit-out and furnishing are taking longer than predicted due to longer lead times and costs.

Looking to the future, 2026 will be a very different year with a lot of new openings including Aloft and Residence Inn, Belfast, (228 rooms), Adagio aparthotel, Belfast (136 rooms), Premier Inn, Belfast international Airport (80 Rooms), Yotel, Belfast (165 rooms) and Tempo by Hilton (144 rooms). A number of other projects may open next year but more likely it will be 2027 before they start trading.

Extensions also feature in hoteliers plans with The Ebrington, Andras House Group and several others planning to

| | 2024 | | | 2025 | | |
|---|---|---|---|---|---|---|
| HOTELS BY GRADE | HOTELS | ROOMS | BY GRADE | HOTELS | ROOMS | BY GRADE |
| Five Star | 4 | 365 | 4% | 3 | 267 | 3% |
| Four Star | 42 | 3,852 | 40% | 39 | 3,606 | 38% |
| Three Star | 50 | 2,274 | 24% | 43 | 1,718 | 18% |
| Two Star | 2 | 72 | <1% | 0 | 0 | 0% |
| Budget Brand | 12 | 1,396 | 14% | 12 | 1,301 | 14% |
| Awaiting Grading | 7 | 465 | 5% | 6 | 535 | 6% |
| Ungraded | 26 | 1,222 | 13% | 38 | 2,121 | 21% |
| TOTAL | 143 | 9,646 | 100% | 141 | 9,548 | 100% |

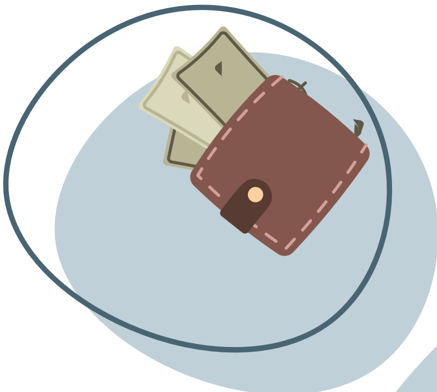
TABLE 2: HOTEL ACCOMMODATION STOCK BY GRADE, 2024 & 2025, TOURISM NI

increase their room numbers in the future. The likelihood is that around 800 new rooms will come to market in 2026. This is roughly an 8% increase in rooms, the majority of which will be in the greater Belfast area. The trend of adding new product types to complement and augment existing traditional bedstock will continue.

The return to market of products that have been out of commission with Government contracts, extensions in 2025 plus a large dollop of new premises in 2026, may lead to over 1,000 new rooms in market by the end of 2026. However, factors outlined above could result in a more protracted growth trajectory with projects being delayed into 2027 and possibly beyond.

| HOTELS BY BRAND | HOTELS | % | ROOMS | % |
|---|---|---|---|---|
| International Brands | 33 | 23 | 4,496 | 47% |
| Local Groups/Brands | 17 | 13 | 1,744 | 18% |
| Independent | 91 | 64 | 3,308 | 35% |
| **TOTAL** | **141** | **100%** | **9,548** | **100%** |

TABLE 3: HOTEL ACCOMMODATION STOCK BY BRAND, 2025, NIHF



**2026 COULD SEE AN ADDITIONAL 1,000 ROOMS TRADING IN THE MARKET**

# HOTEL PERFORMANCE

Hotels had a solid year in 2024 growing rate and maintaining occupancy despite some pressures in the market. Occupancy came in at 74%, falling slightly in all regions apart from Regional Northern Ireland with ADR growing by 6.5%.

When you look at performance since 2018, occupancy has returned to pre-pandemic levels. There were 141 hotels in 2018 with 9,251 rooms, today there are 9,548 rooms. Rooms are selling for £115.19, an increase of 45%, which on the face of it is a significant rise. However, when you factor in rises in labour costs, inflation and more expensive services, there are now pressures on the bottom line with profitability coming under pressure.

2025 will see increased financial stress as increased National Insurance, Minimum Wages and predictions of rising inflation once again come into play. Forecasts suggest that occupancy will fall slightly with room rate remaining similar to 2024 or possibly falling in the shoulder seasons. A lot is resting on summer 2025 with great hopes for increased activity around The Open, a strong performance from the GB and North American markets and continued interest on the island of Ireland. New and developing markets also provide opportunities for Northern Ireland. The cap at Dublin Airport along with the introduction of the Electronic Travel Authorisation are seen as barriers to growth and are raising concerns in the market.

| | OCCUPANCY % | | ADR £ | | REVPAR £ | | % DIFFERENCE | | |
|---|---|---|---|---|---|---|---|---|---|
| REGION | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | OCC | ADR | REV |
| Northern Ireland | 74 | 74.5 | 115.19 | 108.15 | 85.21 | 80.59 | -0.7 | 6.5 | 5.7 |
| Belfast | 77.4 | 78.2 | 115.04 | 108.03 | 89.03 | 84.49 | -1.0 | 6.5 | 5.4 |
| Derry-Londonderry | 68.7 | 69.1 | 96.78 | 91.68 | 66.46 | 63.34 | -0.6 | 5.6 | 4.9 |
| SW Ulster | 58.3 | 60.6 | 111.64 | 105.68 | 65.13 | 64.00 | -3.7 | 5.6 | 1.8 |
| Regional NI | 69.4 | 67.7 | 127.51 | 120.49 | 88.54 | 81.54 | 2.6 | 5.8 | 8.6 |

TABLE 4: NORTHERN IRELAND HOTEL PERFORMANCE BY REGION, 2024 VS 2023, STR

| YEAR | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| Occupancy (%) | 74% | 74.4% | 71.5% | 49.7% | 33.2% | 70.9% | 73.3% |
| Average Daily Rate | £115.19 | £108.08 | £100.15 | £93.66 | £72.22 | £78.26 | £79.32 |
| RevPAR | £85.21 | £80.45 | £71.63 | £46.59 | £24.00 | £55.54 | £58.16 |

TABLE 5: NORTHERN IRELAND HOTEL PERFORMANCE BY YEAR, STR

# REGIONAL ROUND-UP

Northern Ireland has undergone a tourist transformation. Tourism is evident throughout the region and the new target of £2bn spend by 2035 has galvanised the industry. The desire to have regional balance and provide good jobs while reducing carbon emissions is something the industry has embraced. Tourism's inclusion in the Plan for Government and the recognition of the sector as an economic powerhouse has been welcomed. It is hoped that this will encourage Government at all levels to create a more favourable climate, so the sector can reach its full potential.

**Belfast**
The city has 37 hotels comprising 4,780 bedrooms and has been transformed over the last decade with an influx of brands and major acquisitions as well as refurbishments and extensions. Limited opening since 2023 and delays stalling the entry of new product into the city has seen the city trade well with occupancy holding and room rates rising. There will only be one new opening late in 2025 and this, along with the return of stock tied up in Government contracts, will add about five hundred rooms to the market in 2025.

Forecasts suggest pressures on rate, a difficult start to the year and a bumper influx of product in 2026. Aparthotels have also started to feature in plans with the first of these, Adagio, due to open in 2026.

**Derry-Londonderry**
A lot of investment in recent years with record hotel stock in the market. Extension of the Holiday Inn Express is due in 2025 with more investment in The Ebrington in planning, a rebrand of The City Hotel to DoubleTree by Hilton and the acquisition of the Roe Valley Resort all in play. The Walled City Hotel will open in summer 2025 with forty bedrooms and plans are in place to increase this by thirty-two additional rooms. Established operators in the city also have expansion plans and acquisitions are still in the offing.

**The North Coast**
All eyes are on this region as The Open returns in July 2025. Since it was last staged in 2019, there has been significant investment and if Royal Portrush becomes a regular fixture on The Open circuit, further investment may follow.

In Portrush, the Dunluce Lodge with thirty-five rooms has already opened, The Marcus is due to open in May 2025 and The Adelphi has undergone a significant refurbishment after being acquired by AG partners who have also bought The Portrush Atlantic.
In Ballycastle, The Salthouse will have new eco-cottages with thirty-two bedrooms in market by Easter 2025. The Marine Hotel, Ballycastle also has plans to expand. The Harbourview further along the coast in Carnlough was acquired last year by a local consortium, has rebranded, is undergoing extensive refurbishment and will reopen in 2025. Galgorm, on the cusp of the coast, can now house five hundred guests in the hotel and a variety of alternative accommodation offerings. Investment in the spa, multiple eateries and experiences has seen the resort flourish.

## SKILLED LABOUR STILL REMAINS A CONCERN IN 2025

A lot of acquisitions took place in 2024 with more possibly to come in 2025. On the construction front, The Merrow which has been in planning since 2018 has now been given the green light and there are a couple of other projects that could proceed in the future.

**Fermanagh & Southwest Ulster**
There are no new openings in this region in 2025 but 2026 could see a new hotel underway. There are a couple of options for new hotels with the old Technical College in Enniskillen and the development of the Unipork site. Hotels in the area have invested heavily in suites and lodges to increase their size and offer an alternative guest experience. The sale of Belle Isle could result in new product coming to market and the plans for Carrybridge have been altered with the hotel option being shelved. There are plans for a small hotel in Omagh but no date of when this might come to market. A lot of products in the self-catering and guest accommodation segments may have made standard hotel investment less attractive.

**Newry Mourne & Down**
A lot of investment in existing properties including the Slieve Donard, Killeavy Castle Estate and The Burrendale. Limited hotel activity but there are projects bubbling along which could capitalise on interest in the region, although they may not follow the traditional hotel model. There is a lot of alternative accommodation product available in this area which trades well and may continue to grow.

**Regional Northern Ireland**
A lot of investment in Antrim with The Rabbit, The Kingfisher Estate and the acquisition of the Holiday Inn Express, Antrim by Andras House. There are several projects under consideration. These have been slow to progress with many struggling to attract finance.

# CONCERNS

**Inbound Tourism**
Slower inbound travel and tourism being predicted with the cap on Dublin airport and the ETA possibly impacting on Northern Ireland.

**Customers**
Demand for experiences versus value for money proving difficult to balance with an ever more demanding customer.

**Costs**
Significant cost challenges - labour, NMW, National Insurance plus concerns about costs related to the proposed Good Jobs bill.

**Growth of AI**
Digital solutions could help address staff shortages and reduce costs but may be difficult to fund.

**Government**
End of Government contracts bringing in the region of three hundred hotel bedrooms back into the market. Accommodation stock from other categories will also return to the tourist market. Some of this stock will be fully refurbished, rebranded and have had significant investment.

# CONCLUSION

2025 is set to be another dynamic year for the sector. Global uncertainty, fluctuating interest rates, and a lack of confidence could, however, pose challenges for the local hotel market as it seeks to grow and attract more visitors.

While The Open presents significant opportunities, concerns remain about trading conditions in the early months. Limited new stock has entered the market since 2023, which has allowed businesses to capitalise on growing demand. It has also enabled them to increase prices to offset rising wage costs. The end of Government contracts is expected to impact trading, while the dual challenges of unregulated accommodation and Purpose Built Student Accommodation continue to cause concern.

Whether for new developments or expansions, construction remains a lengthy and complex process. Projects are taking significantly longer than anticipated due to planning revisions to reflect shifting consumer trends, supply chain disruptions, and prolonged approval processes. As an island destination, ease of access is crucial. The cap on Dublin Airport, rising air travel costs, and the introduction of Electronic Travel Authorisation (ETA) requirements could all act as barriers to growth.

Additionally, the sector's reliance on the North American market remains a risk, with potential impacts from administrative changes, new taxes or tariffs, and exchange rate fluctuations.

Finally, rising costs continue to challenge the sector. Businesses must find a way to balance offering a competitive, value-for-money product while ensuring long-term profitability in the face of increasing operational expenses.

**People**
Labour availability improved but not resolved in key areas such as culinary and supervisory.

**Student Accommodation**
Purpose Built Student Accommodation (PBSA) has grown exponentially with over 10,000 rooms in Belfast alone. There are concerns about this product being certified for tourism use. To date one new build has been certified (156 rooms) with another getting a temporary change of use (93 rooms). In addition to accommodation already built there are a further 2,500 rooms under construction or proposed for planning. Aside from the effect on trading, there are concerns about how concentrations of this type of product affects urban infra-structure and socio-economic fabric of a destination.

**Regulation**
Unregulated accommodation stock in the market with apartments, houses and rooms available through various platforms and competing without the same cost base. Until legislation is put in place to control this, platforms will continue to offer this stock, undercutting those trading within the legal framework with the added concern of affecting availability of housing for the long and short-term residential rental market.

NORTHERN
IRELAND
HOTELS
FEDERATION

**Published in April 2025 by**
Northern Ireland Hotels Federation
The McCune Building, 1 Shore Road, Belfast BT15 3PG
Tel: 028 9077 6635 Web: nihf.co.uk



Supported by research, data and analysis from STR