

PARIS
LONDON
BARCELONA
DUBLIN
BELFAST

BELFAST HOTEL
MARKET SNAPSHOT

2018

BOOMING BELFAST

Belfast has firmly established itself as a cool and cultural short break destination. Visitors are flocking to the city, new hotels are opening and the capital of Northern Ireland is rubbing shoulders with Europe's elite tourist destinations.

A TOURIST HOTSPOT

Belfast's tourist industry is booming. Over the last decade, overnight trips to Belfast has doubled to almost 1.5 million and expenditure has increased by 120%. 2017 was a record year for hotel demand in Belfast with average occupancy standing at 81.5%.

In 2018 Belfast and the Causeway Coast was named the best region to visit by Lonely Planet. Belfast is known for the Titanic, the Troubles and, more recently, production of Game of Thrones. All of these are important tourism drivers for the city.

In 2009 Northern Ireland's tourism industry established an ambitious aim of doubling tourism's contribution to the local economy by 2020. Since then, there has been significant capital investment and high quality events, such as the MTV Music Awards, Giro D'Italia and Tall Ships, giving people more reasons to visit, stay longer and spend more.

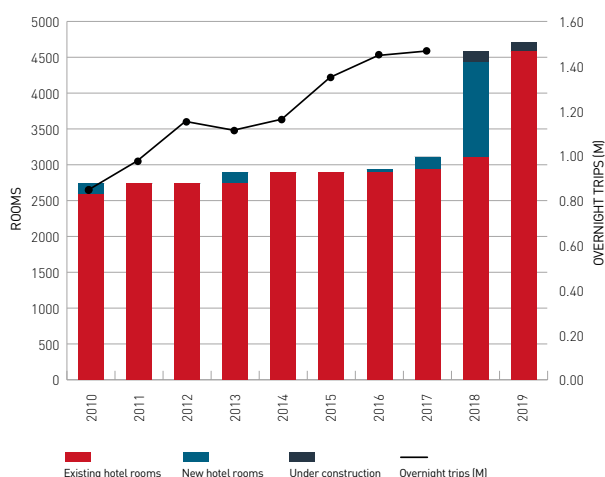
DEVELOPMENT SPIKES IN 2018

Despite the rapid growth in tourism, hotel development in Belfast has taken some time to respond. Limited new stock and rising demand left the hotel market acutely undersupplied. Belfast has, however, witnessed an unprecedented rise in development over the last two years, with 1,353 additional rooms due for delivery during 2018.

In 2018 to date, 1,170 new rooms have been delivered and a number of hotelier brands have opened their first Belfast location. Key developments completed this year include the Grand Central Hotel, Maldron Hotel, AC Hotel by Marriott and Hampton by Hilton.

Across four hotels, an additional 183 rooms are under construction and due for delivery before Easter 2019, including the George Best Hotel and Bank Square Boutique Hotel. While there is live planning for a further 890 rooms, actual delivery of new rooms will return to a more typical level during 2019.

HOTEL SUPPLY AND OVERNIGHT TOURIST VISITS



REVENUE ON THE RISE

After the record in 2017, average hotel room occupancy has dipped to 81% in H1 2018. This downward trend is expected to continue while the market adjusts to the additional supply brought to market this year. Normalisation of development activity in 2019 will give the market the necessary pause for breath, allowing it to adjust to the new supply levels.

There has been strong revenue growth in Belfast due to increased demand. Between 2015 and H1 2018, the average daily rate (ADR) in Belfast increased by 25% to £81.65 and the average revenue per available room (RevPAR) increased by 29% to £66.11.

Compared with key cities, Belfast has the third highest average room rate and RevPAR after Dublin and Edinburgh. Notably, Belfast's average room rate and RevPAR is above the well-known mini break locations of Manchester and Glasgow.

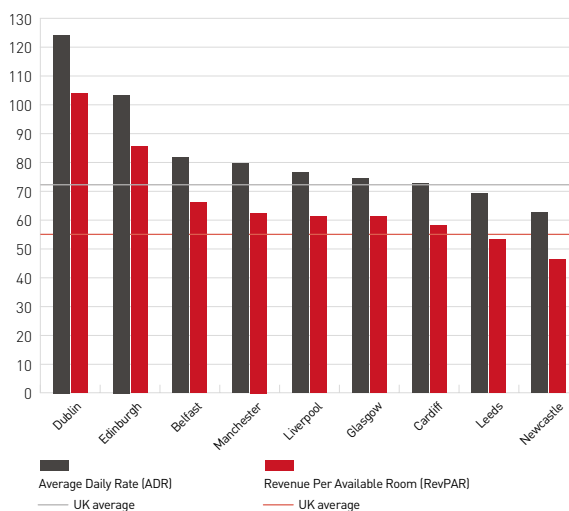
JOINING THE ELITE

After a decade of regeneration, investment and promotion, Belfast has reinvented itself. At the end of 2018, total bedrooms in the city will have increased by 47% year-on-year.

Data indicates that tourism will continue to grow, with forecasts of 5m visitor trips to Northern Ireland per annum and spend of £1bn. The British Open at Royal Portrush and the World Superbike Championship at Lake Torrent will firmly place Northern Ireland in the global shop window in 2019. While these events generate short term benefits, more importantly they showcase Northern Ireland on the global stage and leave a lasting legacy.

Following the significant development boom, we expect the market to reposition itself before an injection of further investment. Recent developments have been principally 3 and 4 star, creating a gap in the market for luxury hotels and brands, synonymous with great cities, but not currently represented in Belfast. If that were to happen, Belfast could justifiably claim to be among the elite of European hotel destinations.

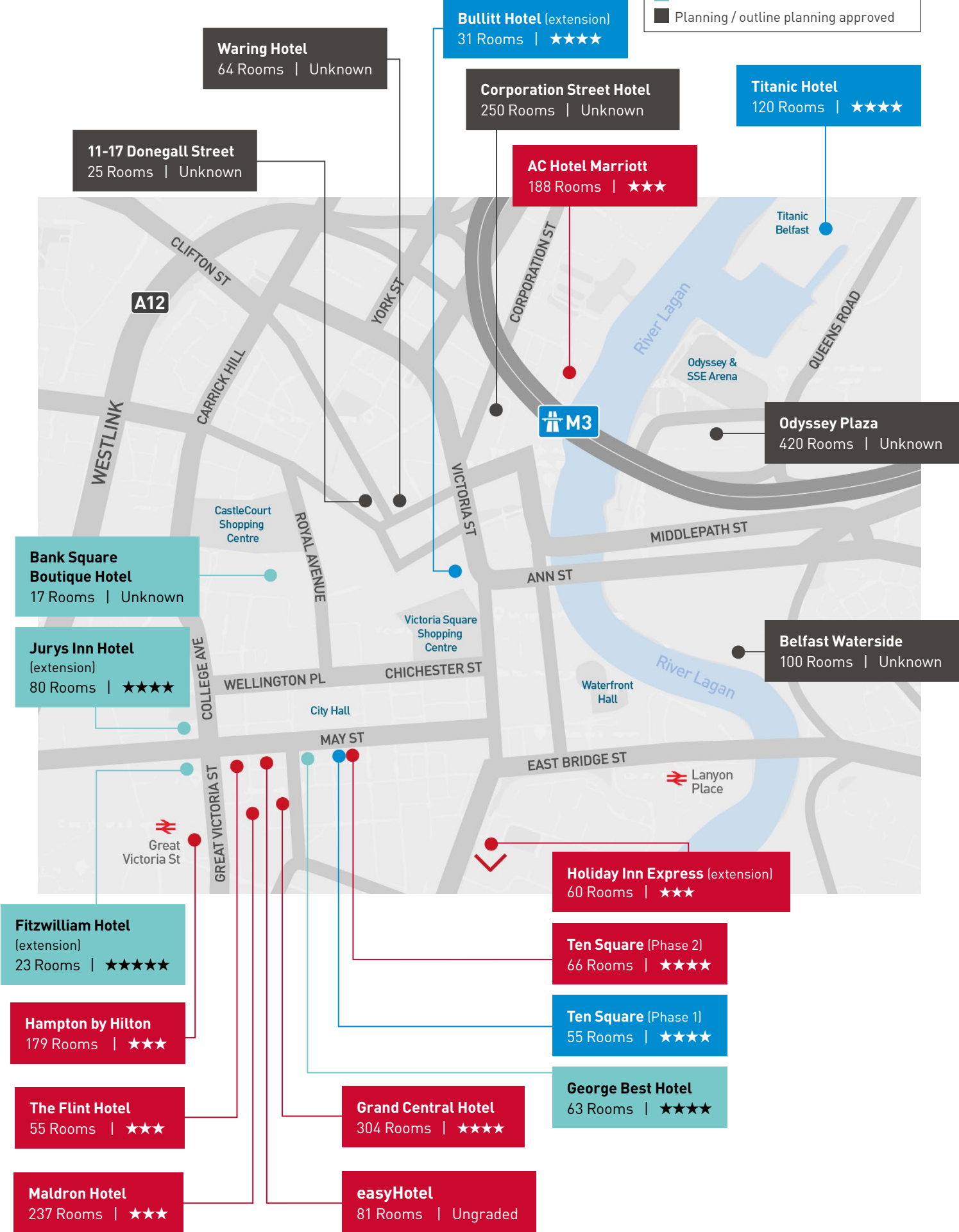
ADR AND REVPAR H1 2018 (£)



*Note comparison excludes London

KEY

- Opened 2017
- Opened 2018
- Under construction
- Planning / outline planning approved



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