Dutch hospitality industry set for a better year ahead in 2025

We think the outlook for the Dutch hospitality industry this year looks moderately positive. Consumers will spend more on the hospitality in 2025 thanks to improved purchasing power, though prices are expected to rise by an average of 5% throughout the course of the year

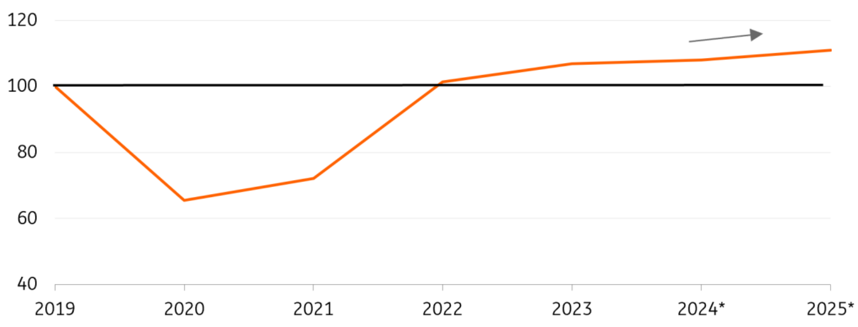
The Netherlands is becoming increasingly attractive as a travel destination, and we're looking forward to a brighter year ahead for the hospitality industry

3% volume growth expected

The outlook for the Dutch hospitality industry for 2025 is moderately positive, with an expected volume growth of 3%. Thanks to a continued improvement in purchasing power due to higher wages and lower inflation, consumers are expected to spend more in the hospitality industry this year. In 2024, most consumers took a step back in terms of hospitality visits. This was partly due to low economic growth, persistently low consumer confidence and rising prices within the industry.

Better growth prospects for the Dutch hospitality industry in 2025

Volume development in the Dutch hospitality industry, index 2019 = 100



Source: CBS, *forecasts ING Research

Slight volume growth in restaurants and cafes in 2024

The fact that consumers took it a bit easier in 2024 is evident from the most recent ING payment transaction data. While the value of debit card payments in restaurants and cafes was on average 7% higher last year than in the same period a year earlier, this was largely due to higher prices. The volume showed a significantly lower growth of 1.8% than in 2023 (+4.4%).

4% more hotel overnight stays in 2024

The accommodation sector – consisting of hotels, campsites and holiday parks – showed a mixed picture in 2024. While the number of hotel overnight stays increased by 4% in 2024, the number of overnight stays at campsites and holiday parks was only 1.5% higher than last year. This was mainly due to a sharp decline in the number of overnight stays at campsites. In addition to high prices, this may also have been due to the bad weather in the second quarter, which made holidaymakers opt for alternative accommodation and/or destinations.

Outlook remains positive for the hotel sector

The outlook for the Dutch hotel industry looks bright. For 2025, another year of 4% growth in the number of hotel nights is expected. Consumers are increasingly opting for short holidays in their own countries. And despite the higher prices, hotel guests are still willing to pay. This applies not only to domestic hotel guests, but also to foreign hotel guests – and we think the number of hotel stays will continue to grow in the coming years.

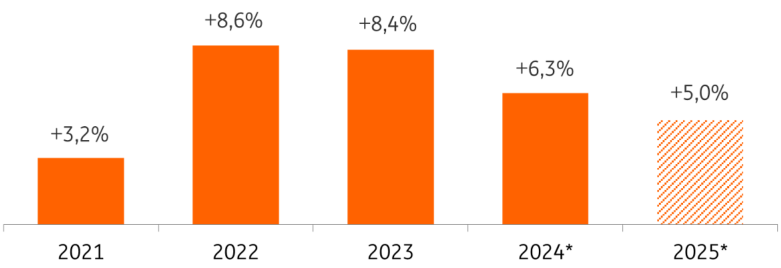
The Netherlands is becoming increasingly attractive as a travel destination, partly because of our climate with moderate temperatures, a stable geopolitical environment and a relatively high level of service. More travellers are expected to come to the Netherlands in the future, which will further increase the demand for rooms.

On average, 6% higher prices in 2024

In 2024, prices in the hospitality industry rose by an average of 6%. This was necessary to (partially) compensate for the higher rent, purchasing and personnel costs. For example, collective labour agreement wages in the hospitality industry rose by an average of 10.7% last year. The largest price increases in 2024 took place at bungalow parks (+9.5%) and hotels (+7.6%). Prices at restaurants and cafes rose by an average of 5.3% in 2024, while fast food and takeaway meals became 6% more expensive on average.

Further price increases for restaurants and hotels expected in 2025

Consumer price index for restaurants and hotels



Source: CBS, *forecasts ING Research

Further price increases due to higher personnel costs

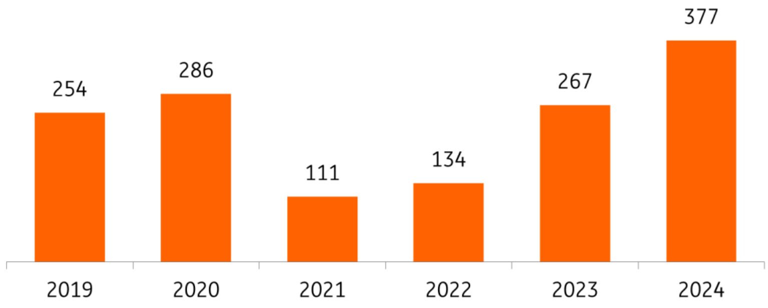
In 2025, relatively high inflation will continue to affect the hospitality industry and prices are expected to rise by an average of 5%. This is mainly due to rising personnel costs. According to the collective labour agreement reached recentlly, all hospitality employees will receive a 2.5% wage increase at the beginning of 2025 and another 1% in July 2025. These wage increases are necessary for remaining competitive compared to other sectors when it comes to attracting staff. While the labour market is now slightly less tense, about 4 in 10 hospitality companies were still suffering from the staff shortage at the end of 2024.

Higher costs not fully borne by the guest

Incidentally, it is not always possible for the hospitality industry to pass on higher costs in full to the customer. Restaurants and cafes in particular are reluctant to pass on higher costs entirely to their guests – after all, if the price of a beer or a meal becomes too high, guests will simply stay away. For hospitality entrepreneurs who only partially charge the higher costs to the customer, this means that part of the higher costs is charged to the profit margin. This can lead to financial problems for a number of hospitality companies.

In 2024 there were significantly more bankruptcies in the Dutch hospitality sector

Number of bankruptcies in the Dutch hospitality industry, per year



Source: CBS, ING Research

More bankruptcies in the hospitality industry in 2024

Due to limited growth, higher personnel and purchasing costs and unpaid Covid-19 debts, 377 hospitality companies went bankrupt last year. This was 110 more than in 2023. The bankruptcies mainly concerned restaurants, snack bars and cafes. In the first nine months of the year, more hospitality businesses were also voluntarily terminated than a year ago. The number of bankruptcies is expected to remain high in 2025, partly due to relatively high inflation and, again, Covid-era debts that are yet to be paid off.

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