Dutch hotel industry forecast looks bright

For both this year and 2025, the number of hotel stays is expected to increase by around 4%. Demand for hotel accommodation in the Netherlands is expected to remain high in subsequent years. With an annual growth rate of 3% in the period 2026 to 2030, the Netherlands will pass the 40 million hotel guest mark around 2030

4% growth in 2024 and 2025

The prospects for the Dutch hotel sector are positive. In both 2024 and 2025, the number of hotel stays is expected to increase by around 4% compared to the previous year. A combination of higher wages and lower inflation will give consumers more money at their disposal. Moreover, despite the higher prices, there is still a willingness to pay. This applies not only to Dutch but also to European hotel guests. In addition, the business market is expected to show further recovery.

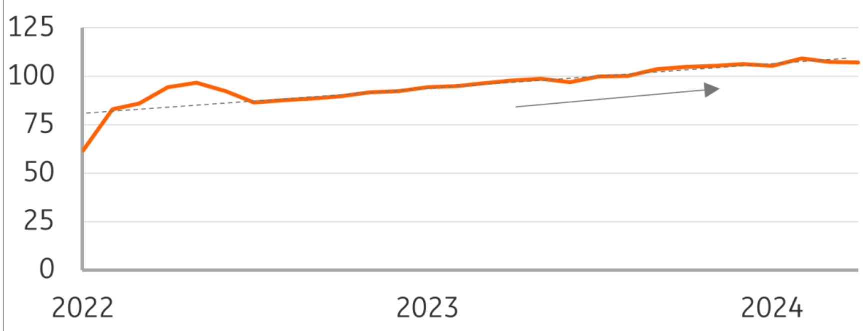
12% more expenses on travel and stay

Initially, 2024 was anticipated to be a less favourable year for travel compared to the peak year of 2023 but growth is still ongoing. Expenditures on travel and stay, at home and abroad, were on average 12% higher in the first four months of 2024 than in the same period a year earlier, ING transaction data shows. A good part of the increase in holiday expenditures is due to higher prices. In the first four months of 2024, package tours were, on average, 8% more expensive, hotels in the

Netherlands increased by 6% and rates at bungalow parks and campsites in the Netherlands rose by 9% in price on average.

Travel and accommodation expenses continue to rise

Total expenditures on package travel, airline tickets and accommodation by customers of ING Netherlands, index (2023=100), seasonally adjusted



Source: ING transaction data, ING Research

Automation increases efficiency and lowers costs

Now that the hotel sector has largely recovered from the pandemic, there are several challenges that need to be addressed to remain future-proof in the years ahead. For example, 43% of hotels still suffer from staff shortages. The sector therefore has no choice but to innovate, something that hotels certainly do not lead the way in. However, given the structural staff shortages, it is important that part of the work is automated, such as a digital check-in and the use of cleaning and clearing robots. Ultimately, automation will lead to more efficiency, lower costs and fewer errors in business operations.

Sustainability versus guest comfort

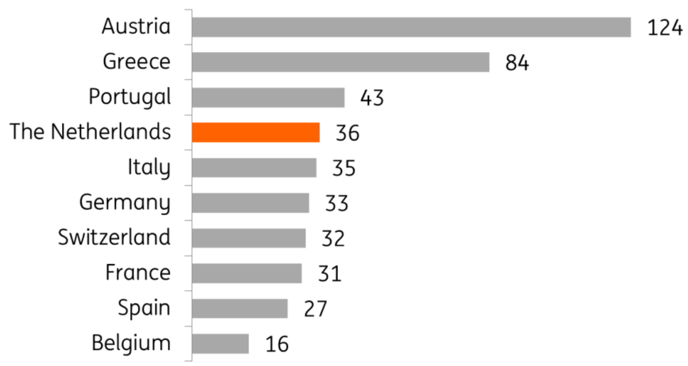
The hospitality sector is also not a frontrunner in the field of sustainability. Hotels in particular can have a major impact on the environment: guests want clean towels every day, open windows when the heating or air conditioning is turned on, and are in the shower for a long time. The hotel industry still has a lot of work to do in terms of sustainability. Most hotels do want to take steps, provided that the comfort of the guest does not suffer. Therefore, mainly low-threshold measures are taken, such as switching to green energy, installing economical shower heads and electric charging stations and no longer using mono-packaging for breakfast. In addition, due to necessary cost savings and staff shortages, daily cleaning is being cut back and more attention is being paid to food waste.

New hotel ban to combat mass tourism

The Netherlands has a relatively high hotel density compared to other European countries. In 2022, the Netherlands had almost 6,300 hotels, which amounts to 36 hotels per 100,000 inhabitants. Only Austria, Greece and Portugal have even higher hotel densities. As a consequence, a number of Dutch cities are now pursuing a policy to discourage tourism. For example, there is a (temporary) ban on building new hotels in Amsterdam, Haarlem and Maastricht, among others. In addition, Amsterdam has one of the highest tourist taxes in the world to combat overtourism.

The Netherlands has a relatively large number of hotels compared to many other European countries

Number of hotels per 100,000 inhabitants, 2022



Source: CBS, Eurostat, ING Research

Demand remains high in the coming years

As a travel destination, the Netherlands is becoming increasingly attractive, partly because of the climate, with moderate temperatures, a stable geopolitical environment and a relatively high level of service. Safety and pleasant weather conditions are particularly important criteria for European travellers when choosing a holiday destination. In the future, more travellers are expected to come to the Netherlands, which means that the demand for rooms is set to remain high and increase further. With an annual growth rate of 3% in the period 2026 to 2030, the Netherlands is on track to pass the milestone of 40 million hotel guests around 2030, which is a quarter more than in 2023.

Safety and pleasant weather conditions are important criteria when choosing a holiday destination

Top five criteria when choosing a holiday destination

Source: Monitoring Sentiment for Intra-European Travel, European Travel Commission, April 2024

Real boost from Chinese tourists to Europe will not take place until 2025

In 2019, 308,000 Chinese tourists visited the Netherlands. In 2023, that number fell to just 150,000. This is partly due to the fact that China's border reopened only in early 2023. Initially, Chinese people travelled within China to visit family and then to nearby destinations such as Thailand, Japan and Malaysia. They then started to travel to Europe. However, as the economy at home is dwindling, many Chinese people are struggling financially. This particularly affects the large Chinese middle class that is used to travelling a lot. Whereas previously Chinese tourists were expected to return to Europe in 2024, this is not expected to happen until 2025.

The Dutch hotel industry might be reaching its limit...

The hotel industry in the Netherlands is likely to reach its limit in certain regions in the long term, in terms of room occupancy, room rate and staffing, given the continuing high demand. In the years ahead, it now looks likely that there will be hotel bans in certain popular regions, as cities and provinces, such as Amsterdam, Maastricht and Zeeland, become more reluctant to grant licences for new hotels.

... innovation and sustainability are therefore desperately needed

At the same time, structural staff shortages may put the service industry under increasing pressure. Hotels therefore have no choice but to invest in innovation. The hotel industry will also have to do more to make things more sustainable, not only because of regulation but also to stay future-proof as a hotel and to meet the future requirements of hotel guests.

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