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Hospitality & Tourism Spend Report

2024

AIB's detailed look at the hospitality & tourism sector, highlighting trends and insights for 2024.

Hospitality & Tourism spend increases in 2024

AIB customer card data for 2024 shows positive momentum for hospitality spending with strong demand for international travel

Following insights from the H1 2024 Hospitality & Tourism Spend Report, we now examine spending patterns for the full year, comparing 2024 performance against 2023 and outlining key expectations for 2025.

Despite economic pressures and rising operational costs, consumer spending across hospitality venues - including accommodation, dining, and drinking establishments, grew by 4.1% in 2024 compared to 2023. The accommodation sector experienced a marginal 1.2% year-on-year increase in spend. While growth was positive, it remained subdued and impacted by the higher hospitality VAT rate, which shifted from 9% to 13.5% in September 2023. Restaurant and fast-food spending increased by 4.4%, reflecting sustained demand for dining experiences, particularly in urban and high-tourism areas. The bar and pub sector recorded a robust 7.0% increase in consumer spending, though sales softened in the second half of the year. International travel spend remained strong throughout 2024, continuing momentum seen in the first half of the year. Travel agent spending rose by 11.0%, while airline spending increased by 6.2%, signalling strong consumer demand for outbound travel.

While headline inflation trends moderated in 2024, the cost of doing business in the hospitality sector continued to rise. Food and utility costs increased, though at a slower pace than in the previous year. One of the most significant pinch points came from labour costs, where a minimum wage increase led to upward pressure across all pay grades. However, operational efficiencies introduced by businesses helped mitigate these cost challenges. Many hospitality operators adjusted staffing models, leading to a reduction in average paid hours per employee, which contributed to limiting average wage cost increases to 3% year-on-year (CSO data).

As the sector looks ahead to 2025, a mix of geopolitical and economic factors will likely shape hospitality and tourism performance.

Global economic conditions remain uncertain, with geopolitical risks potentially impacting exchange rates and economic growth. This could have repercussions for inbound tourism, particularly from the increasingly important US market. Notwithstanding, Ireland's air access remains strong for 2025, with capacity to North America up 11% this summer.

Despite macroeconomic uncertainties, Irish households continue to maintain high levels of savings. A growing labour market, rising earnings and greater disposable income should support ongoing consumer spending in the hospitality sector. The broader outlook suggests that while challenges persist, there is strong reason for optimism into 2025 and beyond.

Jonathan Clarke
Head of Hospitality & Tourism Sector AIB Business Banking

Source: AIB card spend data

Key Trends

↑4.4%
Dining Places

↑1.3%
Accommodation

↑6.2%
Airlines

↑11.0%
Travel Agents & Tour Operators

↑7.0%
Drinking Places

Source: AIB card spend data

Accommodation

Accommodation +1.3%

The sector experienced modest growth of 1.3% overall in 2024, with a 4% increase in transaction sizes offsetting a 0.9% decline in transaction volumes.

Hotels: spending rose by 1.2%, driven by a 2.1% increase in average transaction size, despite a 0.9% decline in transaction numbers.

Other Accommodation (campsites, holiday parks, etc): spending grew by 4.5%, with a 12.5% rise in average transaction size offset by a 1.5% drop in transaction numbers.

Category	Overall Spend	No. of Transactions	Avg. Transaction Size
Hotels	1.2%	-0.9%	2.1%
Other Accommodation	4.5%	-1.5%	12.5%

Source: AIB card spend data

Dining & Drinking

Spending across drinking and dining venues increased by 5.2% overall in 2024, supported by a 1.6% increase in average transaction size and a 3.3% in transaction numbers. The sector is broken down in the tables below.

Dining Places +3.6%

Restaurants: spending rose by 4%, supported by a 2.5% increase in transaction numbers and a 0.9% increase in average transaction size.

Fast-Food Restaurants: experienced a 5.1% increase in spending, driven by an 4.1% increase in average transaction size. The number of transactions also increased by 1.1%.

Drinking Places +11.4%

Pubs & Bars: the strongest performing hospitality sub-sector in 2024, with spending up 7.0%, driven by a 6.9% increase in transaction volumes. Average transaction size was marginally down by 0.3%.

Category	Overall Spend	No. of Transactions	Avg. Transaction Size
Restaurants	4.0%	2.5%	0.9%
Fast-Food Restaurants	5.1%	1.1%	4.1%

Category	Overall Spend	No. of Transactions	Avg. Transaction Size
Pubs & Bars	7.0%	6.9%	-0.3%

Source: AIB card spend data

Travel & Tourism

Travel & Tourism spending patterns indicated rising demand for foreign travel in 2024 compared to 2023. Below is a selection of some of the sub-sectors that make up the Travel & Tourism sector.

Airlines: spending increased by 6.2%, driven by a 5.2% rise in average transaction size and a 0.5% increase in transaction numbers.

Car rental: spending rose by 1.8%, with transaction numbers up 14%, though average transaction size declined by 9.9% as supply chain issues lingering from the COVID-19 pandemic in 2023 had been largely resolved in 2024, lowering rental prices.

Tourist Attractions: spending increased by 6.9%, driven by a 4.3% rise in transaction numbers and a 3.9% increase in average transaction size.

Travel Agent & Tour Operators: spending rose by 11.0%, with transactions numbers up 9.1% and average transaction size increasing by 3.1%.

Category	Overall Spend	No. of Transactions	Avg. Transaction Size
Airlines	6.2%	0.5%	5.2%
Car rental	1.8%	14.0%	-9.9%
Tourist Attractions	6.9%	4.3%	3.9%
Travel Agents & Tour Operators	11.0%	9.1%	3.1%

Source: AIB card spend data

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