



Coolcations: The New Travel Investment Frontier

It just might present a compelling opportunity to forward-thinking investors

As climate change continues to wreak havoc across the globe, heat waves are pushing temperatures to unprecedented highs, making traditional summer vacation spots in the Mediterranean less appealing. Destinations such as Greece, the South of France, Italy, and southern Spain, which once attracted droves of tourists, are now facing scorching temperatures exceeding 90 degrees Fahrenheit as early as June, with triple-digit days becoming the norm by July and August. This shift in weather patterns has given rise to a new trend among luxury travelers: “coolcations.”

Coolcations are vacations that promise more temperate climates, offering a respite from the oppressive heat. As the trend gains traction, investors in the travel industry should take note of the changing preferences of affluent tourists, often referred to as “chill seekers.” These travelers are increasingly opting for destinations where they can enjoy cooler weather, such as Iceland, Finland, Sweden, Norway, Denmark, and other northern European countries.

Investment Implications

The luxury-travel network Virtuoso has reported significant changes in booking patterns, providing valuable insights for investors. According to Virtuoso’s recent summer travel report, bookings to traditional Mediterranean favorites have only seen a modest 3% increase from the previous year.

In contrast, bookings to Scandinavia have surged by 27%. Specifically, bookings to Iceland and Sweden have jumped by 49% and 47%, respectively. Meanwhile, trips to the Netherlands have increased by 33% year-over-year, and visits to Ireland are up by 13%.

This data suggests a clear shift in consumer preferences, driven by the desire for cooler climates. For investors, this presents a unique opportunity to capitalize on the growing demand for coolcations.

Strategic Investment Opportunities

1. Hospitality Sector

Investing in luxury hotels and resorts in cooler destinations could yield substantial returns. High-end accommodations in countries like Iceland, Norway, and Sweden are becoming increasingly popular among affluent travelers. Expanding or upgrading existing properties to cater to the specific needs of chill seekers—such as offering exclusive experiences, wellness retreats, and eco-friendly options—can attract a higher volume of tourists willing to pay premium prices.

2. Travel Agencies and Tour Operators

Travel agencies and tour operators specializing in northern European destinations are likely to see increased demand. Investing in or partnering with these businesses can provide a foothold in the burgeoning coolcation market.

Offering tailored travel packages that highlight the unique attractions and experiences of cooler destinations can further enhance their appeal to luxury travelers.

3. Transportation and Logistics

As more travelers head to cooler destinations, there will be a corresponding increase in demand for transportation and logistics services. Investments in airlines offering direct flights to northern Europe, as well as luxury transportation options within these countries, can cater to the needs of high-end tourists. Additionally, investing in sustainable and eco-friendly transportation options can appeal to the environmentally conscious segment of chill seekers.

4. Tourism Infrastructure

Governments and private investors should consider developing and improving tourism infrastructure in cooler destinations. This includes investing in cultural attractions, outdoor activities, and recreational facilities that can enhance the overall travel experience. Improving infrastructure not only attracts more tourists but also supports the local economy and creates long-term growth opportunities.

Not a Fad

The rise of coolcations represents a significant shift in the luxury travel market, driven by the increasing frequency and intensity of heat waves caused by climate change. Investors who recognize and act on this trend can capitalize on the growing demand for cooler destinations. By strategically investing in the hospitality sector, travel agencies, transportation services, and tourism infrastructure, investors can position themselves to benefit from the changing preferences of affluent travelers seeking respite from the heat.

The coolcation trend is not just a fleeting fad; it is a response to the evolving climate reality and presents a compelling opportunity for forward-thinking investors.