

Analysis of Visitor
Accommodation
in Dublin
2015-20

Update 1 –
December 2016

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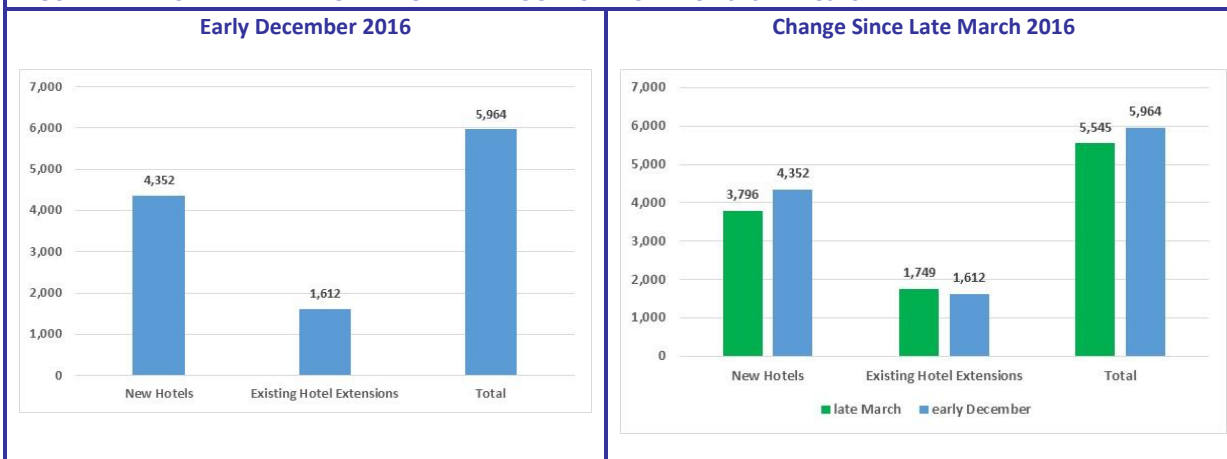
ANNEXES

Executive Summary

In late 2015 Fáilte Ireland commissioned Fitzpatrick Associates Economic Consultants to examine the future supply of visitor accommodation in Dublin, and to assess any potential shortfall in supply in the context of growing tourist and visitor numbers and anticipated further growth up to 2020. The subsequent report was published in June 2016. On foot of this report, the consultants were again commissioned in late 2016 to update their analysis of future accommodation supply and report before end-2016. This report presents the updated analysis.

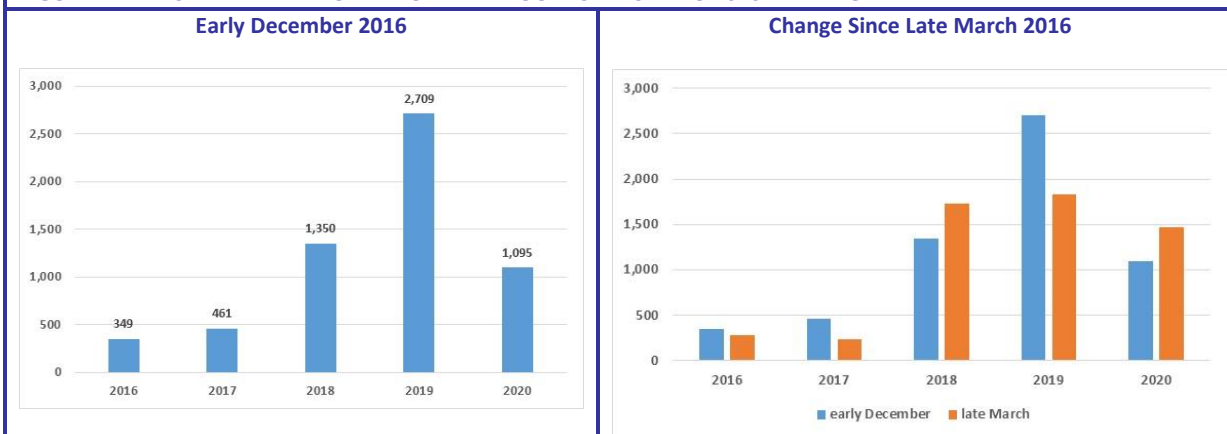
The Initial report identified, as of late March 2016, a total of 65 hotel development projects Fitzpatrick Associates considered likely to bring new hotel capacity on stream between 2016 and 2020. As of early December 2016, the number of anticipated projects stands at 69 projects. The room capacity of the anticipated pipeline now stands at 5,964 bedrooms, up from 5,545 in late March. The following figures illustrate the form, timing, and anticipated location of the additional hotel capacity pipeline.

FIGURE 1: ANTICIPATED ADDITIONAL HOTEL BEDROOM CAPACITY TO 2020 – PROJECT TYPE



SOURCE: FITZPATRICK ASSOCIATES

FIGURE 2: ANTICIPATED ADDITIONAL HOTEL BEDROOM CAPACITY TO 2020 – TIMING



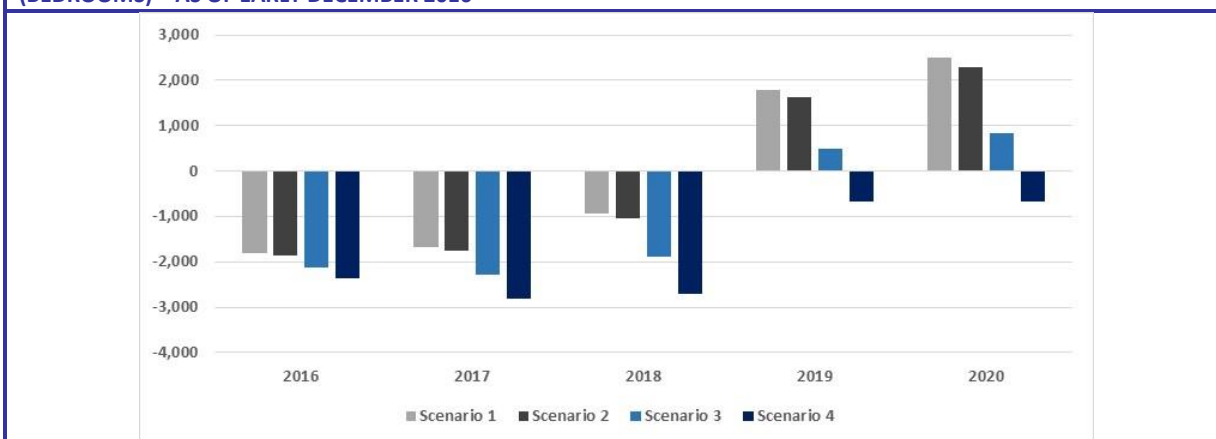
SOURCE: FITZPATRICK ASSOCIATES

FIGURE 3: ANTICIPATED ADDITIONAL HOTEL BEDROOM CAPACITY TO 2020 – LOCATION

SOURCE: FITZPATRICK ASSOCIATES

While our overall expectations regarding hotel capacity growth in Dublin up to 2020 have not changed materially between March and December 2016, the number of hotel development projects known to be “on-site”, has grown significantly in the interim, and several are listed in the main report.

Our updated analysis of all new accommodation in the supply pipeline changes the resulting calculation of the 2020 shortfall/surplus across the different demand scenarios only slightly as from the initial report. As of late March, the initial analysis identified an ongoing accommodation shortfall between 2016 and 2018, but one moving into surplus thereafter in most demand scenarios. That remains the prognosis as of early December 2016. Figure 4 presents the updated estimate of accommodation shortfall/surplus.

FIGURE 4: ESTIMATED ACCOMMODATION SHORTFALL/SURPLUS UNDER ALTERNATIVE DEMAND SCENARIOS (BEDROOMS) – AS OF EARLY DECEMBER 2016

SOURCE: FITZPATRICK ASSOCIATES

The report presents commentary and observations germane to the underlying projections we set out, including updated national trends, Dublin hotel performance indicators, and factors affecting new accommodation supply.

1. Introduction

1.1 Introduction

In late 2015 Fáilte Ireland commissioned Fitzpatrick Associates Economic Consultants to examine the future supply of visitor accommodation in Dublin, and to assess any potential shortfall in supply in the context of growing tourist and visitor numbers and anticipated further growth up to 2020. The subsequent report was published in June 2016¹. On foot of this report, the consultants were again commissioned in late 2016 to update their analysis of future accommodation supply and report before end-2016. This report presents the updated analysis.

1.2 Initial Report – June 2016

The initial report, in June 2016, explained the background context, including the macro-economy, recent tourism trends and performance, and the strategic and policy environment for tourism nationally and in Dublin. It described the existing market for visitor accommodation, set out a number of future accommodation demand scenarios and identified the key macro-economic determinants of future demand growth. The report outlined the existing visitor accommodation base, described factors likely to affect future supply and presented estimates of growth in accommodation supply. Finally, the report presented overall conclusions and a range of potential public policy responses.

On the demand side, several scenarios were examined, with the annual growth in overseas arrivals ranging from 2.2% to 6.8%.

On the supply side, the key findings were that

- after almost ten years of inactivity, a strong pipeline of new accommodation stock was expected to come on stream as the cost of providing new accommodation aligned with its earnings potential;
- as of late March 2016, 80 prospective projects to develop additional hotel capacity in the city were identified, of which 65 were considered likely to open for business by 2020;
- this was anticipated to generate an estimated 5,550 additional bedrooms, split between new hotels (3,800 or 68%) and existing hotel extensions (1,750 or 32%);
- most of this new accommodation stock would not however come on stream until 2018 or later.

When the pipeline of accommodation supply is compared with prospective demand, the resulting estimates of the scale of the supply shortfall pointed to an ongoing stock shortage between 2016 and 2018, but moving into surplus in most demand scenarios thereafter.

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http://www.failteireland.ie/Failteireland/media/WebsiteStructure/Documents/3_Research_Insights/2_Regional_SurveysReports/Analysis-of-Visitor-Accommodation-in-Dublin-2015-20.pdf?ext=.pdf

1.3 Terms of Reference

The overall aims of the initial research assignment were to:

- identify the scale (if any) of the additional tourist accommodation stock required to meet anticipated levels of demand in Dublin between now and 2020;
- in the event of identifying the need for additional tourist accommodation, develop policy and related solutions to address the challenge.

For this updated analysis, the Terms of Reference have been as follows:

1. Quantify, to the fullest possible extent, the paid accommodation stock (by location and type) likely to come on-stream in Dublin city and county by 2020;
2. Provide interpretative commentary as appropriate.

1.4 Method

1.4.1 Overall Method

The methodology has comprised:

- a review of relevant documents and literature;
- a desk-based review and analysis of secondary data sources;
- collation and examination of planning data on new visitor accommodation capacity from Dublin local authorities; and
- a programme of consultations with key stakeholders and informants.

1.4.2 Scope and Definitions

In relation to the scope and definitions used in the analysis, it should be noted that:

- the report and analysis deals with visitor accommodation approved by Fáilte Ireland, which includes hotels, guest houses, youth and holiday hostels, Irish Home B&Bs, self-catering, Fáilte Ireland's Welcome Standard, and caravan and camping. In Dublin and internationally there is growth in informal paid visitor accommodation, particularly through web-based tools enabling listing, sharing, renting and letting of lodging for short or longer-term durations. Some hosts that utilise such websites may be approved accommodation providers but many are not, however there are no reliable estimates. While the core analysis therefore deals only with approved accommodation, Chapter 4 includes information provided by Airbnb, the well-known accommodation booking web platform;
- "Dublin" is taken to mean the city and wider county, together comprising the areas of Dublin City Council as well as Fingal, South Dublin and Dun Laoghaire Rathdown County Councils;
- the report uses the terms tourist and visitor interchangeably;

- the analysis focuses on “paid” bednights and bed capacity, and non-paid capacity (e.g. home swapping or staying with friends/relatives) is not considered.

1.5 Report Structure

The report is structured as follows:

- Section 2 recaps on a number of scenarios for accommodation demand up to 2020;
- Section 3 presents an update of the anticipated supply pipelines to 2020;
- Section 4 updates the analysis of the supply/demand balance, and the resulting expected accommodation shortfall or surplus; and
- Section 5 provides a review and commentary of key contextual factors and developments, including national tourism trends during 2016, the 2016 Dublin hotel market, and a range of factors affecting accommodation supply.

2. Demand Scenarios

2.1 Overview of Scenarios

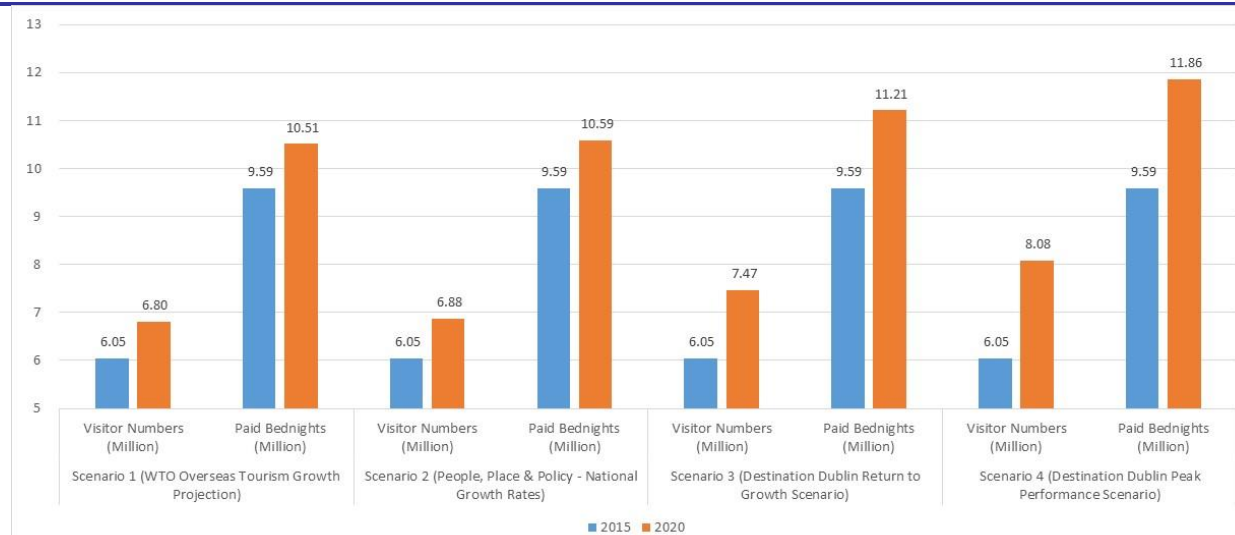
To recap, the initial report outlined four demand scenarios for growth in overseas, domestic and total visitors and bednights in Dublin by the year 2020, using the Fáilte Ireland official estimates for 2015 as a baseline. The scenarios relate to demand for approved visitor accommodation in Dublin by 2020, as the demand for unapproved accommodation is not possible to estimate or measure, and the observable trends in approved accommodation occupancy and ADR suggests that any shortfall in approved accommodation in Dublin was not being substituted by unapproved supply.

In each scenario, the same growth rate for domestic visitors and bednights is assumed between 2016 and 2020 – 3% per annum – in line with Fáilte Ireland projections for domestic visitor growth over the 2016-20 period. Growth rates for overseas visitors and bednights for the same period vary across the four scenarios, as follows:

- under Scenario 1, the lowest of the four scenarios presented, growth over the 2016-20 period is projected at 2.2% per annum. This projection, while low in comparison to recent years, is in line with World Tourism Organisation (UNWTO) forecasts for visitor growth in Northern Europe and Western Europe over the 2010-20 period, and it is consistent with the “do nothing” scenario (re-based to 2015) outlined in *Destination Dublin: A Collective Strategy for Growth to 2020*, the report of the GDTF;
- under Scenario 2, growth over the 2016-20 period is projected at 2.5% per annum. This scenario is effectively the annual average growth rate implicit in *People, Policy & Place: Growing Tourism to 2025*;
- under Scenario 3, growth over the 2016-20 period is projected at 4.7% per annum. This scenario is based on the “mid” growth scenario (re-based to 2015) outlined in *Destination Dublin: A Collective Strategy for Growth to 2020*;
- finally, under Scenario 4, growth over the 2016-20 period is projected at 6.8% per annum. This scenario is based on the “high” growth scenario (re-based to 2015) outlined in *Destination Dublin: A Collective Strategy for Growth to 2020*.

2.2 Demand Scenarios in 2020

Figure 2.1 presents the 2015 baseline and 2020 growth scenario for all four projections, in terms of both visitor numbers and visitor bednights. For the purposes of this update, Fitzpatrick Associates are again adopting these demand scenarios for comparison with our supply projections. With growth estimates for 2016 being well above those projected in even the highest of the four above scenarios there is an implicit assumption that this will level out with lower than projected growth over the 2017-2020 period.

FIGURE 2.1: 2020 ACCOMMODATION DEMAND SCENARIOS**SOURCE: FITZPATRICK ASSOCIATES**

3. Supply Pipeline – Update

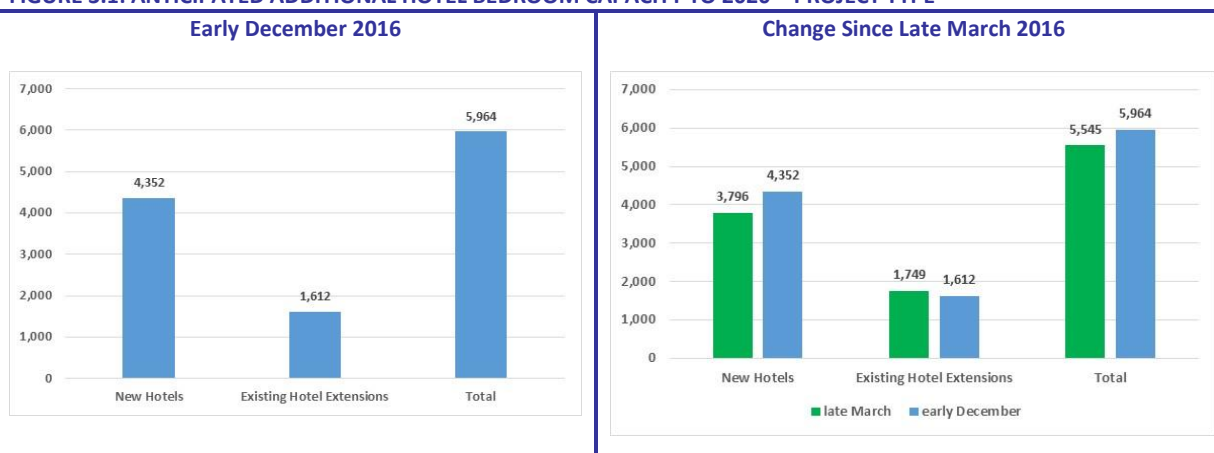
3.1 Hotels

3.1.1 Overall Hotels Pipeline

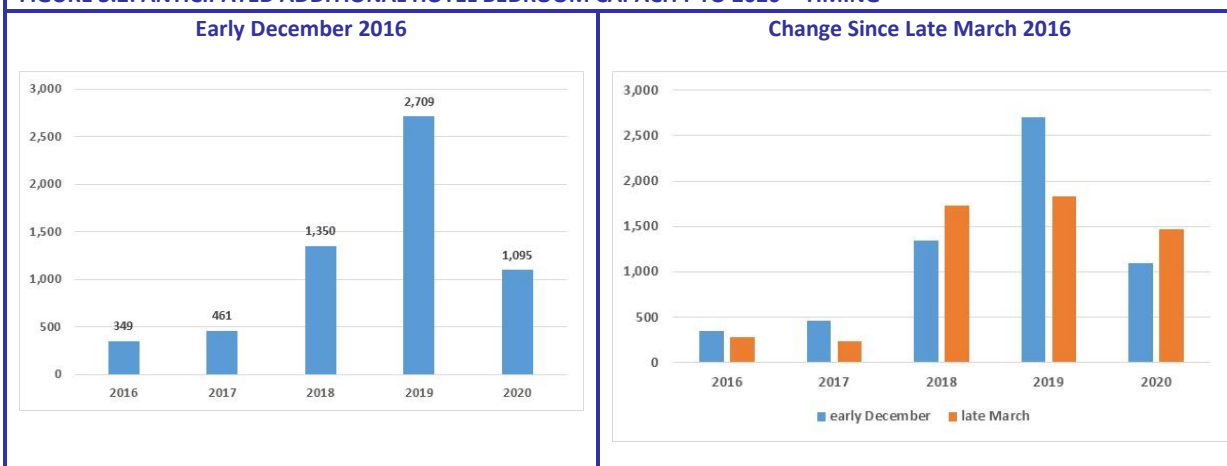
The Initial report identified, as of late March 2016, a total of 65 hotel development projects Fitzpatrick Associates considered likely to bring new hotel capacity on stream between 2016 and 2020. As of early December 2016, the number of anticipated projects stands at 69 projects. The room capacity of the anticipated pipeline now stands at 5,964 bedrooms, up from 5,545 in late March. These changes arise from a combination of changes in the anticipated capacity scale of individual projects, as well as from new projects emerging and a small number no longer anticipated to develop either as hotel capacity or within the timeframe. These changes are not surprising as the market is very fluid - in terms of changes in anticipated capacity, some hotels returned to the drawing board to take advantage of new regulations about room sizes and maximum permitted heights while planning approval conditions obliged other hotels to scale back.

The following figures illustrate the form, timing, and anticipated location of the additional hotel capacity pipeline as of early December 2016, as well as how this expectation has changed since the position at late March.

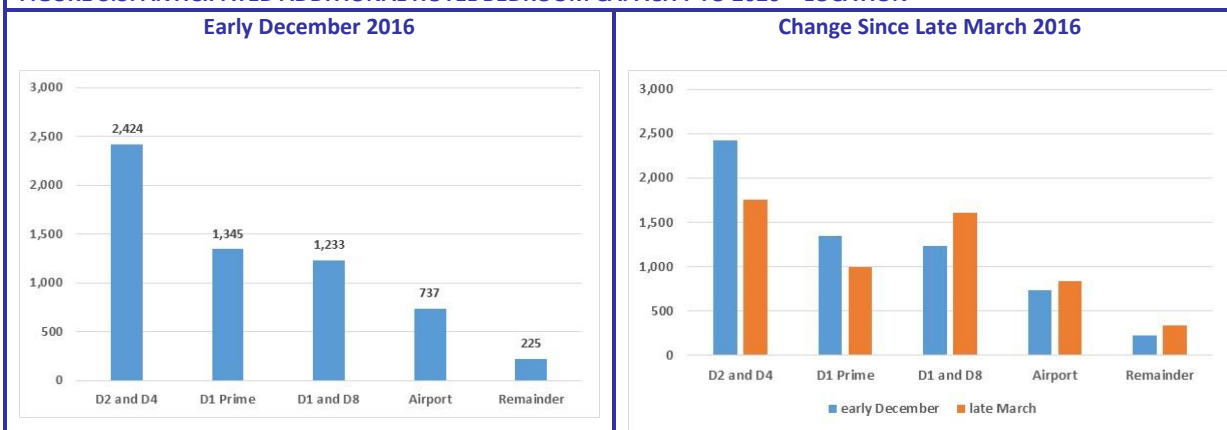
FIGURE 3.1: ANTICIPATED ADDITIONAL HOTEL BEDROOM CAPACITY TO 2020 – PROJECT TYPE



SOURCE: FITZPATRICK ASSOCIATES

FIGURE 3.2: ANTICIPATED ADDITIONAL HOTEL BEDROOM CAPACITY TO 2020 – TIMING

SOURCE: FITZPATRICK ASSOCIATES

FIGURE 3.3: ANTICIPATED ADDITIONAL HOTEL BEDROOM CAPACITY TO 2020 – LOCATION

SOURCE: FITZPATRICK ASSOCIATES

3.1.2 Hotel Projects “On Site”

A very evident change from March 2016 is the number of new hotel projects that are on site as we approach the end of 2016 with the prospect of even more going “on site” over the next year. When the Initial 2016 report was published there was only one new hotel under construction – the 198 bed-room Holiday Inn Express on O’Connell Street, supplemented by relatively small extensions at a number of existing hotels. Overall, we estimate around 350 rooms will have been added to the 2015 stock by the end of 2016.

In contrast, currently we estimate there are 5 new hotels already “on site” that will add 1,000+ rooms to the existing stock when completed. In addition, a further 7 hotels are extending with three of these accounting for a total of 242 net new rooms. The level of activity will increase even further during 2017. We anticipate over 2,800 hotel bedrooms and serviced apartment suites under construction during 2017, with this figure potentially increasing to 4,000.

Among the major new hotel and serviced apartment projects that are likely to be on site are the following:

- A Clayton hotel at the site of the former St Ultan's hospital near Charlemont Street – after some “back and forth” with Dublin City Council (DCC) about permitted room numbers, construction on this hotel started in November 2016;
- A hotel at the site of the former British Rail Hotel which will be part of a new development on the North Quays that is likely to be called “Spencer Place”;
- A new hotel at 72 – 74 Harcourt Street that involves the conversion of existing office accommodation and is already “on site”;
- A hotel at the junction of Blackpitts and Mill Street that is part of a mixed development that includes student accommodation, offices and the renovated “Tenters Pub”. The construction of the student accommodation has begun and site works for the proposed hotel have commenced;
- A 7-storey hotel off Aungier Street – having initially lodged in mid-2015, after a number of iterations and a final planning grant of 311 rooms in November 2016, hoarding went up around this site in early December 2016;
- Tetrach Properties 3 star boutique hotel at Sackville Place on Marlborough Street – An Bord Pleanála upheld DCC's decision to grant in August 2016 and a contract with a new to Ireland “Millennial” brand hotel, this project is expected to commence in 2017;
- A Maldron Hotel at the old Myra Glass site opposite St Patrick's Cathedral – first lodged in February 2015, and having survived an appeals process, this site was sold to Dalata in mid-2016 and construction of a 137-bed Maldron hotel is projected to commence during the first half of 2017;
- A new serviced apartment complex, to be operated by Staycity at the site of the former “Napper Tandy's” public house in Bride Street is expected to commence in early 2017 as tenders were sought from contractors in November 2016;
- Tinnelly Demolition were awarded the contract to knock down the former Cablelink building at 10 Pembroke Place in November and construction of a 4-storey block of serviced apartments is expected to begin in early 2017;
- A PIN (Prior Information Notice) has been issued for the 402 bed-room hotel at Terminal 2 with construction targeted to start in October 2017.

Hotels already adding major extensions in 2016 include: the Red Cow Hotel (104 rooms); the North Star (72 rooms); and the Trinity City Hotel. Others likely to commence construction of large blocks of additional rooms in 2017 include: the Hilton at Charlemont Place; the Hilton Garden Inn; the Clayton at Dublin Airport; and the Radisson Blu at Golden Lane.

3.2 Other Approved Accommodation

As of early December 2016, we do not anticipate any new hostel capacity over the period to 2020. Our estimate of additional short-stay apartment capacity has increased to 559, having stood at 438 as of late March, with the suites spread across 10 developments. Over half of the new apartment suites will be in Dublin 2 or 4 including 53 already completed and the majority of the suites are expected to open for business in 2019. Among the factors accounting for the sharp rise in our estimate of serviced accommodation projects

in the pipeline are re-classification of the “Rathmines Hotel” as serviced accommodation and an expected change in planning for Zanzibar based on new ownership. A change in ownership of the former Cablelink site – which currently has planning for serviced accommodation – and the delay in granting planning to the proposed 159 suite unit on Mark Street are factors on the horizon that may see our projections fall somewhat during the first half of 2017.

There are also several other serviced apartment projects which have been granted permission or are in the planning process but about which we are not yet sufficiently confident to include in projections. If any of these do come on stream they are likely to be completed in 2019 or 2020, and we will continue to monitor them.

Similarly, while there was only one major application for guesthouse rooms (in 2014) from 2010 to 2015, over the second half of 2016, there were three such applications. These will similarly be monitored until they are considered sufficiently likely to be included in our projections.

4. Accommodation Supply/Demand Outlook

4.1 Introduction and Approach

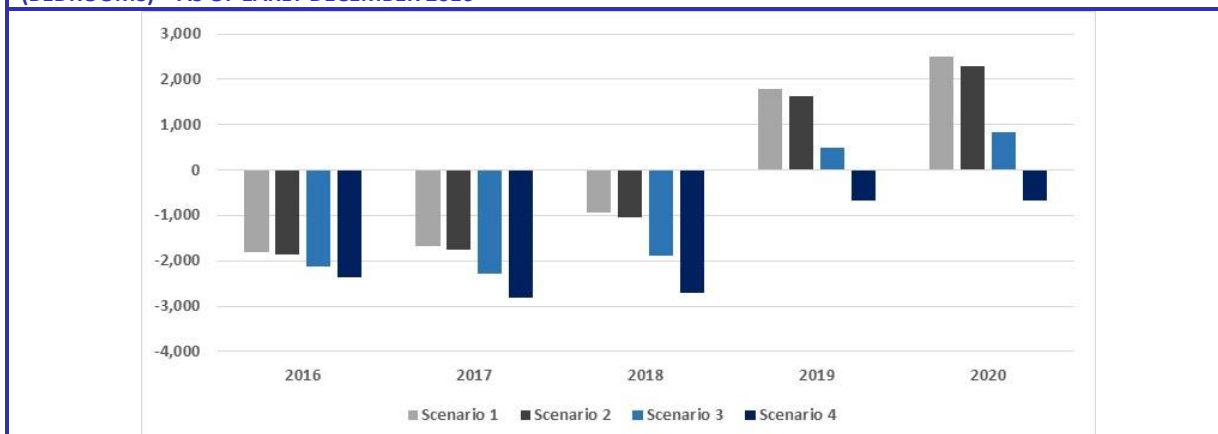
This section updates the calculation of the anticipated accommodation shortfall or surplus up to 2020, that results from the comparison of our updated accommodation supply projection to the four different demand scenarios presented in Section 2.

In updating this analysis at end-2016, we have not updated the baseline supply of Fáilte Ireland-approved accommodation from that of 2015 to 2016, nor have we sought to add any new accommodation that has been constructed or opened in 2016 to a revised 2016 baseline. This we feel would overly-complicate the baseline analysis as it would involve making assumptions about how individual providers that opened (or hoped to open) new accommodation in 2016 declared the timing of that new accommodation in their registration/approval process, and how that may have differed from the actual timing of opening. As this update still relates to 2016, for simplicity we adopt the same 2015 baseline used in the June Report, and present 2016 new accommodation as part of our future “pipeline” (even though a modest quantity is known to have already opened for business). A full updating on the annual baseline from 2015 to 2016 is proposed for further analyses in 2017.

4.2 Updated Accommodation Shortfall/Surplus

Our updated analysis of the likely new accommodation in the supply pipeline changes the resulting calculation of the 2020 shortfall/surplus across the different demand scenarios only slightly. As of late March, the analysis identified an ongoing accommodation shortfall between 2016 and 2018, but one moving into surplus thereafter in most demand scenarios. That remains the prognosis as of early December 2016. Figure 4.1 presents the updated estimate of accommodation shortfall/surplus.

FIGURE 4.1: ESTIMATED ACCOMMODATION SHORTFALL/SURPLUS UNDER ALTERNATIVE DEMAND SCENARIOS (BEDROOMS) – AS OF EARLY DECEMBER 2016



SOURCE: FITZPATRICK ASSOCIATES

5. Review and Commentary

5.1 National Tourism Trends - 2016

Growth in overseas visitors to Ireland continues to be very strong. The latest figures CSO data, which track both overnight and same-day visitors, show that overseas visitors to Ireland for the January-October 2016 period grew by nearly 12% compared to the same period in 2015, reaching a total of nearly 8.3 mn visitors. Within key source markets, meanwhile, Great Britain visitors grew by 12%, mainland European visitors grew by 10% and North American visitors grew by 18%. Visitor numbers for the January-October 2016 period, therefore, are less than 400,000 visitors short of the full year 2015 out-turn of more than 8.6 mn, based on the CSO estimates, while the full-year 2016 out-turn is also now expected to exceed 9.0 mn visitors.

TABLE 5.1: OVERSEAS VISITORS TO IRELAND – JAN-OCT 2015 v JAN-OCT 2016			
	2015	2016	Growth (%)
Great Britain	2,981,600	3,335,000	11.9%
North America	1,343,400	1,584,600	18.0%
Mainland Europe	2,633,100	2,890,200	9.8%
Other Areas	461,300	467,700	1.4%
TOTAL	7,419,400	8,277,500	11.6%
SOURCE: CENTRAL STATISTICS OFFICE			

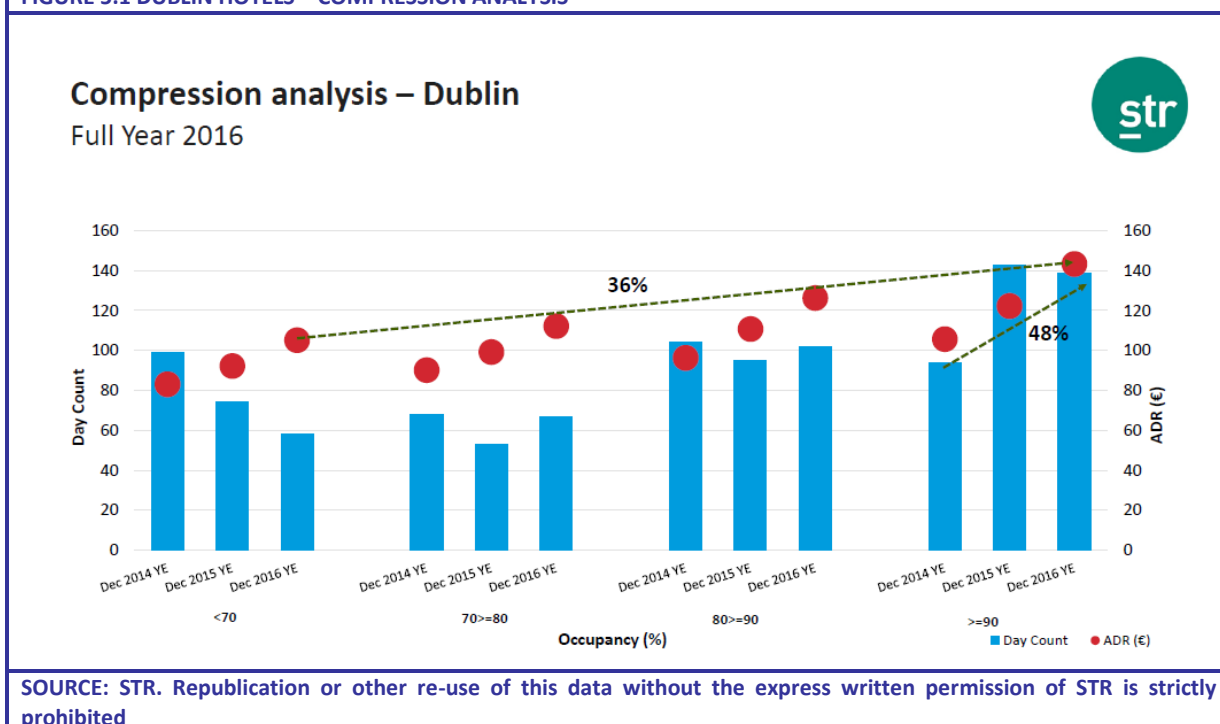
Meanwhile, Fáilte Ireland's estimates for overseas visitors in Ireland in 2016, which include only overnight visitors from overseas markets, anticipate overseas visitors reaching nearly 8.8 mn for the full year, well above the 8.4 mn projected at the time of the initial Report. Similarly, Fáilte Ireland's updated estimate for overseas visitors to Dublin in 2016 anticipates close to 5.2 mn visitors over the full year, again well above the 4.9 mn projected at the time of the previous Dublin accommodation study.

5.2 The Dublin Hotel Market in 2016

The KPI's (Key Performance Indicators) for the Dublin hotel sector continued to significantly out-perform other European cities in 2016, building on the very strong growth performance of 2015. Smith Travel Research (STR) collect statistics on occupancy in Dublin Hotels, mostly city centre, which based on a 12 month running average to end-October indicate room occupancy rates by 1% compared to 2015 when Dublin recorded a record high room occupancy level for the city centre of 82%. For all hotels in county Dublin, Fáilte Ireland data indicated a room occupancy rate of 77% in 2015 - this is likely to have risen by over 1% during 2016 as visitors (and tour operators) unable to find accommodation on peak nights in the city centre migrate to hotels on the periphery.

The June report from Fitzpatrick Associates predicted a shortage of accommodation supply in 2016 (Chapter 5, Table 5.3) as there would be relatively sharp growth in visitor numbers with a very moderate increase in accommodation supply. Room occupancy of 83% - an increase of just 1% - might suggest such fears were misplaced and there is room for further growth in visitor numbers at current or slightly higher levels of hotel

room supply. This is not the case. The average disguises what is happening on peak nights. STR also analyse “compression” i.e. the amount of nights when city centre hotels experience occupancy in excess of 90%. Figure 5.1 takes the 267 nights from January 1 to Sept 30 2016 and analyses the average occupancy rate. It shows how many of each of these nights’ average occupancy in Dublin was: less than 70%; between 70% and 80%; in the 80% to 90% range; and greater than 90% in each of 2014, 2015 and 2016 (Jan-Sep in all cases). As can be seen of the 267 nights to end-September 2016, Dublin hotels, on average, experienced 137 nights (i.e. on over half of the nights’ occupancy averaged over 90%), while in contrast occupancy was below 70%, on average, on only 40 nights (15%). The grey dots show the average room rate on these nights – peaking at €140.

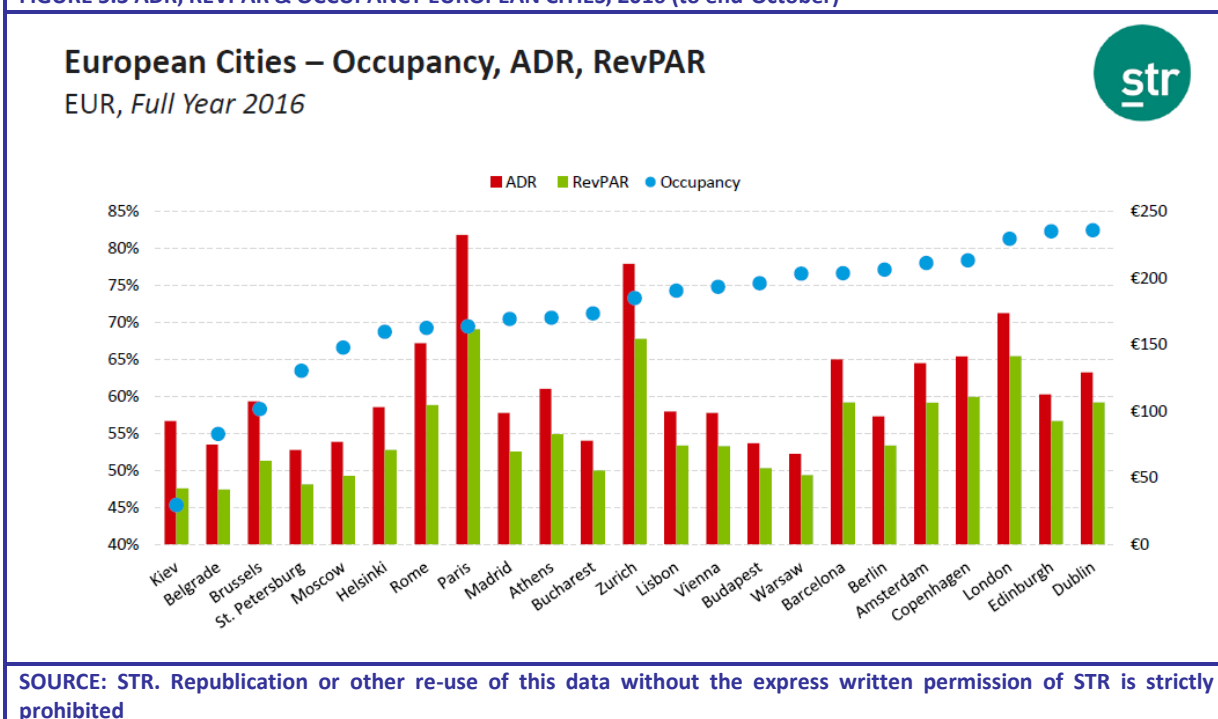
FIGURE 5.1 DUBLIN HOTELS – COMPRESSION ANALYSIS


Such “compression” has a double downside in terms of growth in Dublin tourism – resulting in difficulties for visitors in finding accommodation when (and where) they want it most and is reflected in higher room rates that deter visitors not only on the nights in question but also impacts on the overall perception of Dublin as an expensive destination. Traditional tourism analysis utilises familiar concepts such as peak, shoulder and off-peak seasons but for destinations like Dublin, and particularly in the current climate when the city is experience tightness in capacity, weekdays are important in terms of “compression”. STR data indicates that for Dublin City Centre and Dublin Airport hotels on each of Tuesday, Wednesday, Thursday and Saturday nights average room occupancy Jan –Sept was around 90%.

The relatively low growth rates of occupancy are reflective of a hotel product that is running into capacity problems that restrict the opportunity for further growth in room sales. Taken in conjunction with Fáilte Ireland’s estimate that inbound tourism numbers are projected to have increased by 11.6% in Jan-Oct 2016 (passenger numbers at Dublin Airport increased by 12%, to 24 mn, during the first ten months of 2016) this has seen average room rates soar in 2016 (as can be seen from Figure 2.1) with the sharpest increase in the lower grade hotels.

In comparison to other European city destinations Dublin's average daily rate (ADR) is still in the middle to upper end of the pack – despite the third fastest growth in ADR in 2016 to date (behind Kiev and St Petersburg). The limits to increasing room occupancy is again evident – Dublin's is the highest among all the cities surveyed (Figure 5.3).

FIGURE 5.3 ADR, REVPAR & OCCUPANCY EUROPEAN CITIES, 2016 (to end-October)



5.3 Factors Affecting Supply

This section reviews some of underlying features of the market identified in the June report and the extent to which their influence was evident during the latter half of 2016

Regulations

Fáilte Ireland reduced the minimum size for hotel rooms by around 25% in April 2016. The new regulations came into force in August and included reducing the minimum size for a double room to 14 m². While it is still too early to assess the ultimate impact of these changes they are already having an effect on investment decisions, we are aware of one operator whose decision to build an hotel rather than student accommodation was heavily influenced by contracting with a major brand that specialises in rooms that are smaller than the old minimum size. Similarly, the proposed hotel at Sackville Place will be a “Moxy” a Marriot brand where many rooms are 17 m², while the design brief for a hotel in pre-planning (in Dublin 1) “will be modelled on ... Citizen M, The Hub by Premier Inn and the Z Hotel” all emerging brands that specialise in “compact luxury” in terms of room size. Finally, the “compact luxury” hotel proposed at the St Andrews Lane

Theatre site was originally publicised as having 10-12 m² rooms but is now expected to meet the minimum regulation size of 14 m².

Planning

Most hoteliers report good relations with the planning authorities. The checks and balances within the process, however, continue to act as a drag on elapsed time from conception of a project to commencing construction. Pre-planning meetings are a useful innovation for ensuring hotels are not delayed once applications are lodged – the theory being promoters and planners are “on the same page”. However, organising a meeting to liaise with planners, returning designs to incorporate suggested changes, arranging subsequent meetings and again going back to tweak designs before submissions is a matter of months rather than weeks. Even then, a hotel’s application may still get delayed in the assessment process and even when notified that permission has been granted many hotels face an appeal to An Bord Pleanála – in only one case have (ABP) failed to uphold the local authority’s decision to grant – the proposed Sheraton hotel in The Coombe.

Site Competition

Currently, while there are still some new hotel developments being formulated the “race” for sites is effectively already run over the last two years. The upsurge in RevPar drove EBITDA² to levels that increased the relative attractiveness of hotel investments. This is now evident in the surge in planning applications, and subsequent developments, coming on stream as reflected in the strong pipeline highlighted in our initial report, an assessment this update supports.

Finance

Undoubtedly from 2010 to 2014 many potential hotel promoters, particularly Irish investors, faced difficulty raising finance to fund developments. This is much less of a problem at present. There are a variety of reasons why this is the case from deep-pocketed financial backers (e.g. MHL), stockmarket finance (e.g. Dalata) to the innovations from financial intermediaries (e.g. forward funding) combined with new funding solutions developed by the main banks - traditional financiers of Irish hotels – that allow investors to avail of senior bank debt alongside “higher coupon” financial instruments.

Demand Expectations

A “perfect storm” in terms of demand conditions in 2015 began to wilt somewhat in mid-2016 with the Brexit vote in the UK. However, as evidenced by continued flow of hotel projects into the planning process and then into the construction phase, investor sentiment about hotels in Dublin does not seem to have been too strongly dented by the general pessimism about the economic impact of Brexit on the Irish economy. Part of the reason for this is the continued very strong performance of the Irish hotel sector in 2016 and moderately optimistic prospects for 2017.

² Earnings before interest, taxation, depreciation and amortisation

