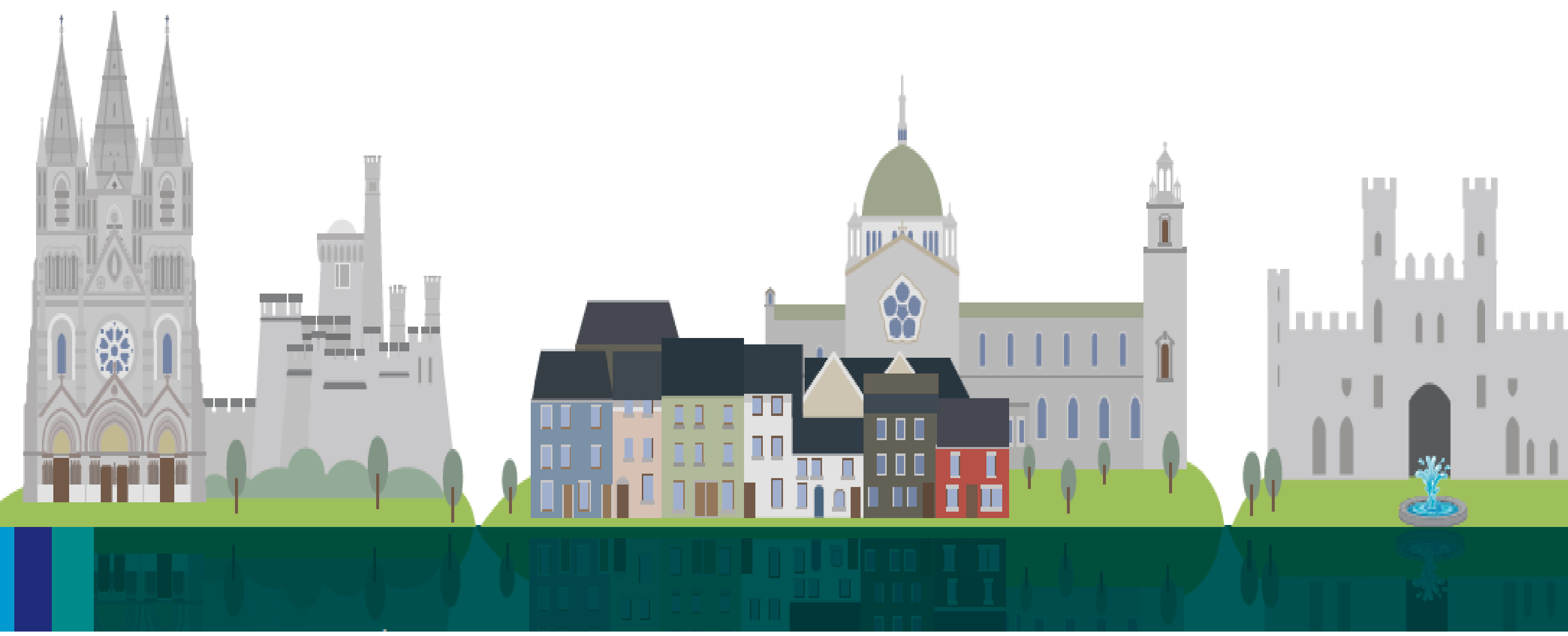
FUTURE SUPPLY OF:

# Tourist Accommodation in Cork, Galway & Kilkenny

Fāilte Ireland
Research

Analysis of Visitor Accommodation in Cork, Galway and Kilkenny
2018-22

Fāilte Ireland
National Tourism Development Authority



## TABLE OF CONTENTS

# FUTURE SUPPLY OF: Tourist Accommodation in Cork, Galway & Kilkenny

Fāilte Ireland Research

## Executive Summary

This report looks at the future supply of accommodation in three Irish cities – Cork, Galway and Kilkenny. Cork and Galway are quite similar in terms of tourism revenue and visitor numbers. There are no Fáilte Ireland estimates for tourism visitors or revenue for the cities, but the counties of Cork and Galway each earned just over €830 mn in tourist revenue in 2017, while revenues earned in Co. Kilkenny were much lower (albeit in a smaller county), at €94 mn.

**TABLE E.1: TOURISM IN CORK, GALWAY AND KILKENNY 2017**

| | Cork | Galway | Kilkenny |
|---|---|---|---|
| Visitor Numbers (000s) | 2,718 | 2,637 | 613 |
| Revenue (€mn) | 833 | 836 | 94 |
| Overseas Revenue Share | 76% | 71% | 59% |

SOURCE: FÁILTE IRELAND

The number of Fáilte Ireland registered bedspaces gives a better idea of the size of the tourism accommodation sector across the three cities, however. Again, Cork and Galway are similar, with 8,800 and close to 9,000 bedspaces respectively, while Kilkenny has over 3,100 bedspaces. In all three cities, hotels dominate tourist accommodation, accounting for about four out of every five bedspaces. Within the hotel sector, 4-star and 5-star properties are generally more common, although this is less the case in Galway than in Cork and Kilkenny.

**TABLE E.2: FÁILTE IRELAND REGISTERED BEDSPACES – JUNE 2018**

| | Cork | Galway | Kilkenny |
|---|---|---|---|
| Hotels | 6,933 | 7,333 | 2,598 |
| Guesthouses and B&Bs | 594 | 434 | 337 |
| Self-catering | 642 | 103 | 25 |
| Hostels | 431 | 725 | 29 |
| Other | 201 | 371 | 138 |
| TOTAL | 8,801 | 8,966 | 3,127 |
| Share of Hotels | 79% | 82% | 83% |
| Share of 4-star and 5-star Hotels | 79% | 57% | 73% |

SOURCE: FÁILTE IRELAND

Tourism in all three cities has grown steadily and strongly over the last five years. Average annual occupancy rates in Cork and Galway were at 82% and 80%

respectively in the 12 months to September 2018, and average room rates (ARRs) averaged €103 in Cork and €108 in Galway. The growth in revenue per available room (RevPAR) over the five years, meanwhile, was more or less the same for both cities, at 63%-64%.
However, the seasonal nature of demand in these two cities differs significantly. In the year to September 2018, for example, average RevPAR across the four peak months (June-September) in Galway hotels was 2.4 times the average RevPAR in the November-February period. In contrast, the seasonality multiplier was just 1.6 for hotels in Cork.

Data for Kilkenny hotels is not as readily available. However, discussions with hoteliers in Kilkenny and some limited data from STR (Smith Travel Research) suggest a similar pattern to Cork and Galway, with occupancy rates averaging over 90% during the peak season, very high ARRs during the summer months, but with a substantial fall-off in rates (like Galway) in the November-February period.

**TABLE E.3: HOTEL KPIs FOR CORK, GALWAY AND KILKENNY – YEAR TO SEPTEMBER 2018**

| | Cork | Galway | Kilkenny^* |
|---|---|---|---|
| Occupancy (Year to Sept 2018) | 82% | 80% | 78%^ |
| Average Room Rate (Year to Sept 2018) | €103 | €108 | €105* |
| RevPAR (Year to Sept 2018) | €84 | €86 | €76* |
| RevPAR Growth 2013-18 | 64% | 63% | - |
| Seasonality Factor | 1.6 | 2.4 | - |

^ Kilkenny occupancy is estimated based on discussions with local hoteliers.
* Kilkenny room rate data is year-to-date up to August 2018, from STR, and is therefore not strictly comparable with the Cork and Galway data.

**SOURCE: TRENDING.IE, STR & FITZPATRICK ASSOCIATES**

Cork and Galway both receive a seasonal increase in tourist accommodation capacity during the summer months, with the addition of a significant volume of student accommodation between June and September. In addition, there is also a further substantial volume of new student accommodation coming on stream in these cities over the next 2-3 years, while both cities have a large stock of Airbnb listings.

There were 14 hotel projects in Cork (seven new projects and seven extensions), 15 projects in Galway (seven new projects and eight extensions), but just one project in Kilkenny (an extension), which have come through the planning process over the last four years. The average size of project is much bigger in Cork, with close to 1,400 additional rooms in prospect if all projects came to fruition.

Two hostels and a guesthouse have also been granted permission for additional bedspaces in the city. In addition, there are a further six projects in Cork, potentially adding another 700 rooms, that have not yet gone to planning, with four such projects in Galway (550 potential rooms) and 3 projects in Kilkenny (200 potential rooms).

**TABLE E.4: HOTEL ACCOMMODATION PROJECTS THROUGH PLANNING IN CORK, GALWAY AND KILKENNY**

| | Cork | Galway | Kilkenny |
|---|---|---|---|
| No. of Hotels Gone for Planning 2014-18 | 14 | 16 | 1 |
| No. of Hotel Rooms for Planning 2014-18 | 1,381 | 713 | 6 |
| Bedspaces in Planning – Other 2014-18 | 218 | 50 | - |
| No. of Speculative (Pre-planning) Hotels | 6 | 4 | 3 |

**SOURCE: FITZPATRICK ASSOCIATES**

Even under the most optimistic scenario, all the rooms in planning are unlikely to come on stream, while there is also an in-built disincentive to expand accommodation stock as additional rooms come on stream. This is less of a problem in a growing market, however, and the recent strength of the tourism sector underpins the recent surge in planning applications in Cork and Galway. Projects are already on-site, and some have been recently completed, with 285 new bedrooms to be added between both cities before the end of this year. However, at the same time, the prospects for ongoing growth in visitor numbers is no longer as clear, with uncertainty over Brexit a cloud on the horizon.

Nevertheless, the central projection is for over 930 new bedrooms to be added in Cork city by the end of 2022. Two projects already on-site in Cork account for about 170 of these additional rooms. Of the 1,200 other rooms that are through planning in Cork, it is expected that just under two-thirds will come to fruition (furthermore, none of the six speculative projects are expected to complete within the timeframe). All the additional rooms will be in and around Cork city centre.

**TABLE E.5: PROJECTED HOTEL ROOMS IN CORK, GALWAY AND KILKENNY BY END-2022**

| | Cork | Galway | Kilkenny |
|---|---|---|---|
| Central Projection – Room Increase | 934 | 490 | 41 |
| Total Hotel Room Stock in 2022 – Central Projection | 3,600 | 3,382 | 1,123 |
| Low Growth Projection – Room Increase | 576 | 251 | 26 |
| High Growth Projection – Room Increase | 1,170 | 828 | 56 |
| *% Increase in Hotel Rooms – Central Projection* | *35%* | *17%* | *4%* |

**SOURCE: FITZPATRICK ASSOCIATES**

Fitzpatrick Associate's central projection for Galway is for a net additional room increase of 490. Out of more than 700 rooms that have come through planning, about half of them (close to 350) are expected to be in place by end-2020, with a further 200 coming on stream from one of the four speculative projects that have not yet gone for planning. Galway has lost nearly 60 rooms, however, with the closure of the Westwood Hotel in September 2018. Most of the new rooms are also in or close to Galway city centre.

In Kilkenny, the prospects for additional stock are much weaker. Fitzpatrick Associates projects about 40 additional rooms by 2022, with 35 of these coming from a project that is still in the design phase.

Some additional stock, meanwhile, is also expected in other accommodation across the three cities, notably over 200 hostel bedspaces in Cork, five additional guesthouse rooms in Cork, about 50 hostel bedspaces in Galway and about 20 camping pod units in Kilkenny.

# FUTURE SUPPLY OF: Tourist Accommodation in Cork, Galway & Kilkenny

Fāilte Ireland Research

## 1. Introduction

### 1.1 Introduction

This report presents an analysis of anticipated developments in the supply of tourist accommodation in the cities of Cork, Galway and Kilkenny over a five-year period. It has been prepared by Fitzpatrick Associates Economic Consultants on behalf of Fáilte Ireland. The Terms of Reference for the study outline two key objectives, which are as follows:

- based on data provided by Fáilte Ireland and information from other sources, quantify the scale and nature of available tourist accommodation stock in the cities of Cork, Galway and Kilkenny, both by (a) location and (b) accommodation type;
- quantify, to the fullest extent possible, the paid accommodation stock (by location and type) that is likely to come on stream in each of the three cities over the next five years (2018-2022), e.g. planning permissions granted, existing builds, projects in planning, sites zoned etc.

### 1.2 Methodology

#### *1.2.1 Method*

The methodology for the study comprised of several different elements or stages. The key methodological stages used are as follows:

- a review of relevant documents and literature;
- collation and examination of planning data on new visitor accommodation capacity from Cork, Galway and Kilkenny local authorities;
- a desk-based review and analysis of other secondary data sources (e.g. existing Fáilte Ireland data on the approved accommodation stock in the three cities, other reports and studies);
- a programme of consultations with key stakeholders and informants, including planners and other local authority officials in the three cities, accommodation providers, and other tourism representative bodies;
- development of a database of new and anticipated hotel and other approved accommodation in each of the three cities.

### *1.2.2 Scope*

It should be noted that the scope of the study is subject to several different parameters and definitions. In this regard, the main issues to be noted are as follows:

- the report and analysis deals with visitor accommodation approved by Fáilte Ireland, which includes hotels, guesthouses, youth and holiday hostels, "Irish Home" B&Bs, self-catering, Fáilte Ireland's "Welcome Standard", and caravan and camping. It does not include accommodation informally provided through web-based tools that enable listing, sharing, renting and letting of lodging for short or longer-term durations (i.e. the sector of activity in which Airbnb is perhaps the best-known name);
- the report uses the terms "tourist" and "visitor" interchangeably. That said, it should be noted that there are differences between visitor and tourist statistics. Tourist statistics relate solely to those who stay overnight, while visitor statistics include both tourists and those travelling on non-overnight day trips;
- the analysis also focuses on "paid" bed capacity. Non-paid capacity (e.g. home swapping, or stays with friends/relatives) is therefore not considered;
- the analysis is based on information available up to end-September/early October 2018.

## 1.3 Report Structure

This is the first of four sections in the report. The remaining sections of the report are structured as follows:

- Section 2 looks at Cork city, including local and regional visitor trends, existing levels of registered visitor accommodation in Cork, and analysis of potential additions to the accommodation stock;
- Section 3 looks at Galway city, including local and regional visitor trends, existing levels of registered visitor accommodation in Galway, and analysis of potential additions to the accommodation stock;
- Section 4 looks at Kilkenny city, including local and regional visitor trends, existing levels of registered visitor accommodation in Kilkenny, and analysis of potential additions to the accommodation stock.

# 2. Cork

## 2.1 Tourism in Cork City

"Growing Tourism in Cork", the 2016 strategy prepared by the Cork Strategic Tourism Task Force, sets targets to expand tourism visits into the county by over 20% between 2015 and 2020 and increase revenue by over 25% in the same period. Strong growth in visitor numbers and revenue, however, has already seen these targets surpassed, with Fáilte Ireland data indicating that over 2.7 mn tourists visited the county in 2017, betweeen overseas visitors and domestic visitors, generating tourism revenues of more than €830 mn (see Table 2.1).

**TABLE 2.1: TOURISM IN CO. CORK 2017**

| | **2017** |
|---|---|
| ***Visitor Numbers (000s)*** | |
| Overseas | 1,605 |
| Domestic | 1,113 |
| TOTAL | 2,718 |
| ***Revenue (€mn)*** | |
| Overseas | 631 |
| Domestic | 202 |
| TOTAL | 833 |

Note: Fáilte Ireland data on overseas tourist visits at the county level is based on three-year rolling averages

**SOURCE: FÁILTE IRELAND**

In Cork City's catchment, Fota Wildlife Park and Blarney Castle and Gardens are major attractions and were the 11th and 12th most visited fee-paying tourist attractions in Ireland in 2017, with over 450,000 visitors each. Cork also has a vibrant student population – at around 30,000 students, or 10% of the City Council area population. There is a strong foreign direct investment (FDI) sector, with 33,000 jobs in overseas multinational companies, around one-third of which are found in Apple and Dell. In addition, the city is developing a strong presence in the growth sector of cyber security and is increasing commercial links with China – in the tourism sector, for example, both Fota Island Resort and the Kingsley Hotel are in Chinese ownership. Continued growth of the city's strong business base also seems likely, with substantial new office development either "on-site" or "in planning".

Passenger numbers at Cork air and ferry ports, meanwhile, have grown. Passengers through the airport grew to 2.3 mn in 2017, an increase of over 3%, while the number of passenger cars through Cork ferry port in 2017 was nearly 26,000, up more than 8%. While the opening of the M7 motorway at the beginning of the 2010s has adversely affected airport traffic in recent times, new international links to Europe and the US since then have more than compensated for the loss of domestic flights.

In a specific city context, evidence also suggests that tourism numbers into Cork city grew continuously over the last five years. This is apparent from the increase in average occupancy in Cork hotels and in the average room rates (ARRs) being achieved. Data from *Trending.ie*, for example, which collects data from most Cork hotels, indicates that occupancy rates, though increasing gradually, have been strong – at between 75% and 80% – over the five years to 2017 (see Table 2.2). ARR also climbed considerably, particularly in the last three years, as did revenue per available room (RevPAR). Early indications for 2018, moreover, are that the strong growth evident in 2017 has continued apace.

**TABLE 2.2: HOTEL KEY PERFORMANCE INDICATORS – CORK CITY 2013-18**

| | 2013 | 2014 | 2015 | 2016 | 2017 | Year to Sept 2018 |
|---|---|---|---|---|---|---|
| Occupancy | 75.2% | 76.5% | 76.4% | 78.0% | 79.7% | 81.6% |
| Average Room Rate | €68.18 | €72.37 | €76.55 | €87.30 | €96.96 | €102.99 |
| RevPAR | €51.25 | €55.33 | €58.45 | €68.10 | €77.28 | €84.00 |

**SOURCE: TRENDING.IE**

While Fáilte Ireland visitor data indicates that 40% of visitors to Co. Cork in 2017 were domestic, the Irish market, in contrast, accounts for 65%-70% of business to the city's hotels (based on consultations with local hoteliers). Strong demand from the domestic corporate sector, and indeed from overseas corporates via Cork Airport, therefore spreads out visitor numbers across the season. Further data from *Trending.ie*, moreover, indicates that demand is seasonal, but that occupancy in the off-peak months is nonetheless relatively good. January is shown to be the month with lowest occupancy, averaging 59% in both 2017 and 2018, while August is the month with highest occupancy, averaging 93% in 2017 and 92% in 2018 (see Table 2.3). ARR in the peak months is about 20% higher, and RevPAR of nearly €62 in November-December 2017/January-February 2018 was about 60% of the €103 in RevPAR recorded for June-September 2018.

| TABLE 2.3: SEASONALITY OF HOTEL OCCUPANCY – CORK CITY 2016-18 | | |
|---|---|---|
| | Year to September 2017 (%) | Year to September 2018 (%) |
| Jan-Feb, Nov-Dec | 67% | 68% |
| Mar-May, Oct | 80% | 83% |
| June-Sept | 91% | 90% |

SOURCE: TRENDING.IE

## 2.2 Accommodation Stock

Hotels dominate registered accommodation in Cork city, accounting for four out of every five bedspaces – nearly 2,700 rooms and over 6,900 bedspaces – in 2018 (see Table 2.4). Fáilte Ireland registered self-catering accommodation accounts for a further 7% of bedspaces, hostels account for 5% of bedspaces, and the remaining stock comprised of small amounts of guesthouse, B&B, caravan and camping and Fáilte Ireland "Welcome Standard" approved properties.

| TABLE 2.4: REGISTERED ACCOMMODATION STOCK IN THE CORK CITY AREA | | | | |
|---|---|---|---|---|
| | Premises | Units | Rooms | Beds |
| Hotels | 31 | - | 2,666 | 6,933 |
| Guesthouses | 9 | - | 140 | 311 |
| B&Bs | 28 | - | 118 | 283 |
| SUB-TOTAL | 68 | - | 2,924 | 7,527 |
| Self-catering | 5 | 173 | - | 642 |
| Hostels | 4 | - | - | 431 |
| Caravan and Camping | 1 | 40 | - | 200 |
| Fáilte Ireland Welcome Standard | 1 | - | - | 1 |
| SUB-TOTAL | 11 | - | - | 1,274 |
| OVERALL TOTAL | 79 | - | - | 8,801 |

Note: Data based on registered accommodation stock as at end-June 2018. Includes stock in Blarney and Cobh.

SOURCE: FÁILTE IRELAND

Most of the hotel stock in Cork, meanwhile, consists of 4-star properties, which account for more than 70% of both the room stock and bed stock (see Table 2.5). Over 18% of stock is attributable to 3-star hotels, with another 8% attributable to 5-star hotels.

**TABLE 2.5: REGISTERED HOTEL STOCK IN THE CORK CITY AREA – BY GRADE**

| | Premises | Rooms | % | Beds | % |
|---|---|---|---|---|---|
| 5-star | 2 | 219 | *8%* | 525 | *8%* |
| 4-star | 17 | 1,896 | *71%* | 4,975 | *72%* |
| 3-star | 10 | 484 | *18%* | 1,289 | *19%* |
| 2-star | 2 | 67 | *3%* | 144 | *2%* |
| TOTAL | 31 | 2,666 | *100%* | 6,933 | *100%* |

Note: Data based on registered hotel stock as at end-June 2018. Includes stock in Blarney and Cobh.

**SOURCE: FÁILTE IRELAND**

There was also very little increase in Fáilte Ireland registered stock in the city over the last five years, based on the evidence available from previous years' registrations. There were over 2,550 Fáilte Ireland registered rooms across 32 hotels in 2014, for example, compared to nearly 2,700 rooms across 31 hotels in mid-2018. The last major addition to the city's registered accommodation stock was the re-opening of the Kingsley Hotel in 2014, adding about 130 rooms to the stock.

Other registered accommodation is available in some nearby towns that have strong visitor activity, however. Kinsale, for example, has about 1,200 bedspaces, plus a large caravan and camping park that accounts for another 1,400 bedspaces. Moreover, there is also a substantial volume of accommodation available to visitors to Cork city, particularly during the summer months, that is not registered with Fáilte Ireland. This includes:

- unregistered serviced accommodation/apartment complexes, of which there are at least four, offering 17 apartments/suites between them;
- Airbnb, numbers for which are difficult to estimate and vary seasonally, but which had over 100 premises available at end-September 2018. There is also some overlap between Airbnb listings, serviced apartments and Fáilte Ireland registered premises, some of whom advertise using Airbnb;
- student accommodation, which becomes available in the peak season for much of June and for July and August. Some of the student accommodation is booked for summer schools and other academic groups, but much is also available to other visitors. Also of relevance to future accommodation capacity in the city, and discussed further below, is the future volume of student accommodation, which is set to rise substantially in the medium-term.

### 2.3 Additions to Accommodation Stock

Some 14 hotel-based projects in and around Cork city centre have been in planning over the last four years, most of them in the last 18 months (see Table 2.6). Should all these projects come to fruition, almost 1,400 rooms would be added, which is equivalent to over 50% of the current stock.

**TABLE 2.6: HOTELS THROUGH PLANNING – CORK CITY, OCTOBER 2018**

| Project | Status |
|---|---|
| Maldron Hotel, South Mall | On-site |
| Montenotte Hotel, Cork | On-site |
| Travelodge, Kinsale Road | Granted 2016 |
| Kingsley Hotel | Granted 2017 |
| Sullivan's Quay | Granted 2018 |
| Boatel, Penrose Quay | Granted 2018 |
| Horgan's Quay, Lower Glanmire Road | Granted 2018 |
| The Windsor Inn, MacCurtain St | Granted 2018 |
| Imperial Hotel | Granted 2018 |
| Metropole Hotel | Granted 2018 |
| M Hotel | Granted 2018 |
| Clancy's Bar, Princes St | Granted 2018 |
| Wilton Shopping Centre | In Planning System |
| Parnell Place | In Planning System |

Note: Sullivan's Quay could also arguably be classified as "on-site" as site clearance has commenced.

**SOURCE: CORK CITY COUNCIL**

The two hotels currently on-site are expected to be completed before the end of 2018, adding about 170 rooms to the stock, and the first major addition in five years. The Sullivan's Quay site is being cleared, but the main works on the proposed hotel, which is part of a major mixed-use development that includes offices, has not yet commenced. Three further developments are expected to go on-site in the near future, but only one (a small eight-room extension to an existing hotel) is expected to be completed next year, with a major increase in hotel stock again in 2020 (240 rooms) when some of the other major developments open for business (see Table 2.7).

**TABLE 2.7: CENTRAL PROJECTION, HOTEL BEDROOMS – CORK CITY – 2018-22**

| | 2018 | 2019 | 2020 | 2021 | 2022 | TOTAL |
|---|---|---|---|---|---|---|
| On-site | 171 | - | - | - | - | 171 |
| Granted/In Planning | - | 8 | 240 | 350 | 165 | 763 |
| Speculative | - | - | - | - | - | - |
| TOTAL | 171 | 8 | 240 | 350 | 165 | 934 |

**SOURCE: FITZPATRICK ASSOCIATES**

This gives a likely increase in stock of about 420 hotel rooms by 2020. Regarding the remaining 1,000 potential rooms that are in/through planning, however, it is unclear how many will come on stream, and how soon it will happen. Investors, for example, will focus on the impact of additional hotel stock (and other accommodation) on occupancy, room rates and profit margins. In this regard, apart from the projected new room stock in hotels up to 2020, there are also almost 1,800 additional bedspaces in student accommodation that are on-site in and around Cork city, and a further 500 are going through the planning process. At the same time, if hotel revenues grow at a 3.5% per annum over 10 years, then the impact on RevPAR in 2021 would be a fall from the estimated €84 in the year to September 2018 (see Table 2.2) down to €80, which is still higher than in 2017. Furthermore, if we also assume that Cork hotels' high peak season occupancies and room rates from May-September are deterring visitors, then this rate is likely to be even higher, which would maintain the confidence of prospective investors.

Admittedly, there are gathering clouds over any assumption that growth in Irish tourism revenues will continue over the medium-term. For example, alongside the effect of additional stock, the uncertainties around Brexit, and how these developments influence financiers, will affect which developments go ahead (and when). Notwithstanding these factors, given the recent growth and ongoing strength of the market for visitor accommodation in Cork city, given its spread across all months of the year and the profile of investors, Fitzpatrick Associates expects just over half of the developments to go on-site in 2019 or 2020, and over 510 more rooms to open in 2021 and 2022. Extending the assumptions discussed above, an additional 500+ rooms in 2021 and 2022 would reduce RevPAR to €75 in 2022, with a 10% boost to peak season revenues (or €71 without the boost).

All the additional room stock will be located within the city centre. Also, in line with the existing profile of Cork's hotel base, new rooms will be predominantly in anticipated 4-

star hotels (72%). Of the remainder, some 11% of rooms are anticipated to be in 3-star hotels, with 18% in budget hotels.

In addition to the hotel developments, meanwhile, two hostel projects with over 200 bedspaces received approval during 2018, and both seem likely to go ahead. There is also speculation regarding a development of around 90 holiday lodges near the city. The only other tourist accommodation granted was the demolition and re-building of an existing guesthouse, however, adding nothing to total accommodation stock.

There are also a further six speculative hotel projects, accounting for around 700 rooms, that were mentioned by key informants to this report – giving a total potential additional room stock of around 2,100. However, Fitzpatrick Associates believes that none of these speculative developments will materialise by 2022. Finally, there are a few developments planned or underway that are close to Cork city, though the only developments of note are all in Kinsale – a 12-room hotel extension, a 34-pitch caravan site and a 24-unit serviced accommodation development.

**In summary, the central projection is for 934 new rooms to open in Cork within the next five years. This represents growth of one-third on the existing room stock. If robust growth continues, and one or more of the other developments that currently have planning or are in planning come to fruition, then this figure could grow to about 1,200 rooms. At the same time, there is also considerable room for downside to the central projection.**

**Even if there is a perceptible downturn in tourism growth (and the general economy) over the next 18 months, projected additional room numbers should still at worst be close to 600.**

## 3. Galway

### 3.1 Tourism in Galway City

In terms of pure tourism visitors and revenue, Galway city is the foremost tourism destination among the three cities examined in this report, driven by its strong brand and its events-driven tourism calendar.

Galway also has a student population of 22,000, close to a quarter of the total population. There is a strong and growing FDI sector, currently employing 17,000 in overseas multinational companies, and Galway had more IDA site visits (62) than any other city outside Dublin in 2017. The City Development Plan targets substantial new development opportunities in the technology sector, noting that both overseas and indigenous technology companies favour high quality city locations. In addition, Galway City Council is regenerating sites at City Harbour, Headford Road and the Ceannt Station Quarter (which is projected to include a major hotel development).

Galway tourism has grown steadily over recent years. Fáilte Ireland statistics for Co. Galway, for example, estimate that there were 2.7 mn visitors to the county in 2017 (see Table 3.1), generating nearly €840 mn in revenue. Overseas tourists account for the majority of demand, though domestic demand also accounts for a substantial proportion of Galway's tourism activity.

**TABLE 3.1: TOURISM IN CO. GALWAY 2017**

| | **2017** |
|---|---|
| ***Visitor Numbers (000s)*** | |
| Overseas | 1,673 |
| Domestic | 1,024 |
| TOTAL | 2,697 |
| ***Revenue (€mn)*** | |
| Overseas | 589 |
| Domestic | 247 |
| TOTAL | 836 |

Note: Fáilte Ireland data on overseas tourist visits at the county level is based on three-year rolling averages.

**SOURCE: FÁILTE IRELAND**

Tourism numbers into Galway city have also increased substantially since 2013, as shown by the continuous and sharp growth in hotel occupancy and ARR (see Table 3.2). ARR rose by 38% between 2013 and 2017, with occupancy rising from 68% to 80%, while RevPAR growth over the period totalled 56%, with a further substantial increase expected in 2018.

**TABLE 3.2: HOTEL KEY PERFORMANCE INDICATORS – GALWAY CITY 2013-18**

| | 2013 | 2014 | 2015 | 2016 | 2017 | Year to Sept 2018 |
|---|---|---|---|---|---|---|
| Occupancy | 67.6% | 70.8% | 75.0% | 75.2% | 76.7% | 79.6% |
| Average Room Rate | €78.06 | €86.66 | €92.87 | €101.45 | €107.36 | €108.19 |
| RevPAR | €52.77 | €61.32 | €69.66 | €76.26 | €82.39 | €86.12 |

SOURCE: TRENDING.IE

The growth in domestic demand has contributed to more off-peak visitors, but Galway nonetheless still retains a highly seasonal visitor market. Unlike the domestic/overseas mix shown for the county in Table 3.1, for example, the market segmentation for city hotels is predominantly oriented towards domestic business, accounting for around 60% of revenue (based on consultations with hoteliers). This reflects the importance of corporate business during weekdays, particularly out of season, and strong weekend domestic business throughout the year. However, the business base is still not as strong as in Cork, and when combined with stronger tourism demand during the peak period, this contributes to much more seasonal variation.

This seasonality is apparent from monthly hotel occupancy rates. In Table 3.3, for example, three distinct parts of the year are identified, with different average occupancy rates. In the year to September 2018 alone, occupancy rates were in excess of 90% on average for each month from May to September, but they reached a low of less than 50% in January. ARR, meanwhile, has also varied considerably across the three different periods, contributing to a very substantial variance between low and peak season RevPAR. In this regard, RevPAR in November-December 2017 and January-February 2018 was about €51, or just over 40% of the nearly €123 in RevPAR recorded for June-September 2018.

**TABLE 3.3: SEASONALITY OF HOTEL OCCUPANCY – GALWAY CITY 2016-18**

| | Year to September 2017 (%) | Year to September 2018 (%) |
|---|---|---|
| Jan-Feb, Nov-Dec | 57% | 58% |
| Mar-May, Oct | 78% | 79% |
| June-Sept | 94% | 93% |

SOURCE: TRENDING.IE

Furthermore, a substantial proportion of the city's student accommodation becomes available to visitors during the summer months, and the volume of Airbnb availability also increases. Therefore, the seasonality of tourist numbers visiting Galway is even more peaked than what is shown by hotel occupancies.

## 3.2 Accommodation Stock

Table 3.4 shows the registered accommodation stock in the Galway city area in mid-2018. As in the case of Cork, Fáilte Ireland registered accommodation in Galway is dominated by hotels, i.e. almost 2,900 rooms and over 7,300 bedspaces, or nearly 82% of all Fáilte Ireland registered bedspaces in Galway. There have also been some re-openings, some closures and some extensions of hotels in the city over the last five years, with an overall growth in stock of about 150 rooms (5%). Hostel accommodation, meanwhile, accounts for a further 8% of bedspaces, guesthouses and B&Bs account for another 5%, with the remaining bed stock comprised of small amounts of self-catering, caravan and camping and Fáilte Ireland "Welcome Standard" approved properties.

| TABLE 3.4: REGISTERED ACCOMMODATION STOCK IN THE GALWAY CITY AREA | Premises | Units | Rooms | Beds |
|---|---|---|---|---|
| Hotels | 33 | - | 2,892 | 7,333 |
| Guesthouses | 3 | - | 30 | 77 |
| B&Bs | 35 | - | 157 | 357 |
| SUB-TOTAL | 71 | - | 3,079 | 7,767 |
| Self-catering | 8 | 28 | - | 103 |
| Hostels | 5 | - | - | 725 |
| Caravan and Camping | 1 | 140 | - | 280 |
| Fáilte Ireland Welcome Standard | 4 | - | - | 91 |
| SUB-TOTAL | 18 | - | - | 1,199 |
| OVERALL TOTAL | 89 | - | - | 8,966 |

Note: Data based on registered accommodation stock as at end-June 2018.
**SOURCE: FÁILTE IRELAND**

When looked at by grade, 4-star properties account for the largest share of hotel stock in Galway, at about 53% of both room stock and bed stock (Table 3.5). The 4-star share of hotel stock is noticeably lower than in Cork, however, which probably reflects the relatively larger corporate market in Cork. About 40% of stock in Galway is in 3-star hotels, with about 5% in two 5-star hotels.

| TABLE 3.5: REGISTERED HOTEL STOCK IN THE GALWAY CITY AREA – BY GRADE | Premises | Rooms | % | Beds | % |
|---|---|---|---|---|---|
| 5-star | 2 | 151 | *5.2%* | 304 | *4.1%* |
| 4-star | 13 | 1,545 | *53.4%* | 3,867 | *52.7%* |
| 3-star | 12 | 1,105 | *38.2%* | 2,973 | *40.5%* |
| 2-star | 4 | 71 | *2.5%* | 144 | *2.0%* |
| Approved | 2 | 20 | *0.7%* | 45 | *0.6%* |
| TOTAL | 33 | 2,892 | *100.0%* | 7,333 | *100.0%* |

Note: Data based on registered hotel stock as at end-June 2018.
**SOURCE: FÁILTE IRELAND**

In addition to the Fáilte Ireland approved stock, at end-September 2018 there were over 300 homes listed as available in Galway city on Airbnb. There may be some overlap within this, and with properties registered by Fáilte Ireland, and all 300+ listings are not different premises (as some, but not all, list more than once if there is more than one room or apartment on offer). Nevertheless, this represents a substantial block of additional available accommodation stock.

The total volume of student accommodation available during the summer months is unclear, but it is substantial. The biggest concentration of stock is found in NUI Galway's Corrib Village, which had over 760 beds available in three- and four-bed apartments in the summer of 2018. Student accommodation availability will also be added to in 2019, as a further 500 beds in the newly-added Goldcrest Village opened for students in the 2018-19 academic year, with a second phase of about 470 beds currently at tender stage. Another major complex offering summer accommodation is Cúirt na Coiribe, which has nearly 90 apartments, each with 4-7 rooms.

### 3.3 Additions to Accommodation Stock

There have been seven planning applications for new hotels in Galway city in the last four years, while eight existing hotels have applied for planning permission to add bedrooms to their stock. If all these developments were built, around 700 rooms would be added to the hotel stock, just under a quarter of the current total.

Four of the hotel extensions will be completed by the end of 2018, three have been recently granted planning permission but have not yet gone on-site, and one other extension project is already under construction. Fitzpatrick Associates expects all these developments to add to Galway's hotel bedroom stock by the end of 2020. Among the new projects that have sought planning, one was recently refused (in June 2018), five have been granted permission to proceed, and one is still in the planning system, as of October 2018.

**TABLE 3.6: HOTELS THROUGH PLANNING – GALWAY CITY, OCTOBER 2018**

| Project | Status |
|---|---|
| Travelodge, Tuam Road | Completing in 2018 |
| Maldron Hotel, Headford Road | Completing in 2018 |
| Menlo Park Hotel | Completing in 2018 |
| Park House Hotel, Forster St | Completing in 2018 |
| Glen Oaks Hotel | On-site |
| Nuns Island – Canavan House | Granted 2014 |
| Connacht Laundry | Granted 2014 |
| Glenlo Abbey Hotel | Granted 2017 |
| 80 Prospect Hill | Granted 2017 |
| Carroll's Inns, Dominick St | Granted 2018 |
| Western Hotel, Prospect Hill | Granted 2018 |
| O'Reilly's Bar and Kitchen, Upper Salthill | Granted 2018 |
| Hotel Meyrick, 14-15 Eyre Square | Granted 2018 |
| Victoria Place | Refused |
| Doughiska Road | In Planning System |

**SOURCE: GALWAY CITY COUNCIL**

The 58-room Westwood Hotel closed at end-September 2018, and demolition work has already begun. It will be replaced by a student accommodation development with over 390 beds. Overall, Fitzpatrick Associates expects nearly 350 additional rooms across ten different hotel projects to be added to Galway's stock by end-2020. Allowing for the loss of the Westwood Hotel in 2018, this represents a total addition of 290 rooms by 2020.

**TABLE 3.7: PROJECTED HOTEL BEDROOMS – GALWAY CITY – 2018-22**

| | 2018 | 2019 | 2020 | 2021 | 2022 | TOTAL |
|---|---|---|---|---|---|---|
| Completed/Completing | 114 | - | - | - | - | 114 |
| Closing | -58 | - | - | - | - | -58 |
| On-site | - | 27 | - | - | - | 27 |
| Granted/In Planning | - | 7 | 200 | - | - | 207 |
| Speculative | - | - | - | - | 200 | 200 |
| TOTAL | 56 | 34 | 200 | - | 200 | 490 |

**SOURCE: FITZPATRICK ASSOCIATES**

Also, there are four speculative projects that may go to planning within the next year. Fitzpatrick Associates expects one of these to come to fruition within five years, providing some 200 rooms and giving a cumulative 2018-22 increase of 490 rooms, or a total stock of over 3,380 rooms by end-2022 (assuming no further losses to existing stock). The bulk of additional rooms (77%) are expected to be in 4-star hotels, with 4% in 5-star hotels, 4% in 3-star hotels and 15% in 2-star or budget hotels. Almost all anticipated new stock (96%) will be in or around Galway city centre.

As discussed in Chapter 2, and as a caveat, prospective economic developments make the outlook for tourism somewhat uncertain. Low season occupancy rates and ARRs, meanwhile, may also have discouraged investment plans for Galway hotels – with planning being sought in Galway for only half as many rooms as in Cork in the last four years. However, if Ireland experienced growth in tourist trips of 3.5% over 10 years, and given the recent sharp rise in ARRs, Fitzpatrick Associates is confident that the medium-term outlook for Galway hotels is good. While the central projection is for just under 500 extra rooms, therefore, a more pessimistic view would only see the prospective increase drop to around 300 rooms. Moreover, there is also room for greater optimism within projections, with the possibility that around 800 extra rooms could come on stream by 2022.

Looking at other tourist accommodation, work is already underway at Kiltartan House Hostel to add 50 bedspaces, but no guesthouses or B&Bs have recently sought permission for additional rooms. The new student accommodation complex at the site of the former Westwood Hotel is also one of six such projects in development in Galway. Of the other similar projects, three are on-site, while two have been granted planning permission but construction has not yet commenced. This expansion in available student accommodation is again relevant because it is likely to become available for visitor lettings over summer months. In all, there are currently 950 beds under construction across the three on-site student accommodation schemes, with another 500 planned in the two schemes that have yet to commence.

**In summary, Fitzpatrick Associates' central projection for Galway is for an additional 490 rooms, or 17% growth in hotel room stock, by end-2022. This is made up of:**

- **a net addition of 56 rooms in 2018;**
- **a further addition of 234 rooms during 2019 and 2020.**
- **an additional 200 rooms, at least, post-2020.**

**The bulk of additional rooms are expected to be in 4-star hotels.**

# 4. Kilkenny

## 4.1 Tourism in Kilkenny City

Kilkenny city is a flagship destination under the "Ireland's Ancient East" brand. However, it is the smallest of the three cities being discussed in this report, both in its overall size and in terms of its tourism infrastructure. Kilkenny Castle (with 420,000 visitors in 2017) and the Medieval Mile are key attractors for international tourists, while its reputation as a lively compact city makes it very appealing to domestic visitors, particularly at weekends. Overseas tour buses tend to be mainly day-trippers, often out of Dublin, which is partly because of difficulties in getting sufficient accommodation in Kilkenny during peak periods, but partly also because the city is within relatively easy reach of Dublin.

There is no hard data on visitor numbers to Kilkenny City. Fáilte Ireland data for visitors and revenue to Co. Kilkenny indicate that the county attracted more than 600,000 visitors in 2017, generating close to €100 mn in revenue (see Table 4.1). Based on Fáilte Ireland data, spend per head of overseas visitors to the county is also about half that of counties Cork and Galway. This difference reflects the higher number of overseas tourists on day-trips or shorter visits. In this regard, discussions with the Irish Tour Operators Association (ITOA) confirm that the combination of difficulties in finding accommodation for coach tours in Kilkenny in the peak season, and its relative proximity to Dublin, underlie this pattern.

| TABLE 4.1: TOURISM IN CO. KILKENNY 2017 | |
|---|---|
| | **2017** |
| ***Visitor Numbers (000s)*** | |
| Overseas | 315 |
| Domestic | 298 |
| TOTAL | 613 |
| ***Revenue (€mn)*** | |
| Overseas | 55 |
| Domestic | 39 |
| TOTAL | 94 |
| Note: Fáilte Ireland data on overseas tourist visits at the county level is based on three-year rolling averages | |
| **SOURCE: FÁILTE IRELAND** | |

Currently, there is no consistent series of hotel occupancy data available for Kilkenny. However, discussions with hoteliers in Kilkenny confirm that occupancy rates in the peak season are very high, and the city has a strong domestic leisure market that raises off-season occupancy. Annual occupancy rates in Kilkenny city centre (around 400 rooms) are typically about 78% based on discussions with local hoteliers, with seasonal variations as follows:

- 55%-60% in the January-February and November-December periods (and probably as low as 50% in January);
- 70% in the March-April period;
- 80% in May, September and October;
- 85% in June;
- 90%-95% in July and August.

This is roughly on a par with the seasonal spread of activity in Galway, although a bit lower in the peak months. Outside the city centre, there are about another 400 rooms (excluding Lyrath Estate) and annual occupancy rates are probably about five percentage points lower (70%+). Smith Travel Research (STR) has also published year-to-date data for Kilkenny up to August 2018, which shows hotel occupancy in the city to be around 73% over eight months, more or less on a par with discussions with hoteliers.

The market mix in Kilkenny is around 70% domestic leisure, with very strong trade on weekends. Around 40% of revenue is obtained on Friday and Saturday nights, for example. The rest of the market is divided between tourists and the corporate market, with around 10% being organised tours, but the mix will differ across the hotels, with some having a relatively good corporate business. Overall though, corporate business is not that strong in Kilkenny, again because of its proximity to Dublin. There are four big corporate employers in the city – Glanbia, VHI, Taxback and State Street – and ongoing plans to develop the old Smithwick's Brewery site (Abbey Quarter) are targeted to attract more office-based corporate development into the city.

## 4.2 Accommodation Stock

Table 4.2 shows the registered accommodation stock in the Kilkenny city area in mid-2018. Hotels in Kilkenny account for nearly 1,100 rooms and 2,600 bedspaces, or 83% of all registered bedspaces in the city. Guesthouses and B&Bs account for another 11% of bedspaces, with the remaining bed stock comprised of small amounts of self-catering, hostel, caravan and camping and Fáilte Ireland "Welcome Standard" approved properties.

**TABLE 4.2: REGISTERED ACCOMMODATION STOCK IN THE KILKENNY CITY AREA**

| | Premises | Units | Rooms | Beds |
|---|---|---|---|---|
| Hotels | 14 | - | 1,082 | 2,598 |
| Guesthouses | 9 | - | 84 | 214 |
| B&Bs | 11 | - | 49 | 123 |
| SUB-TOTAL | 34 | - | 1,215 | 2,935 |
| Self-catering | 3 | 4 | - | 25 |
| Hostels | 1 | - | - | 29 |
| Caravan and Camping | 1 | 30 | - | 60 |
| Fáilte Ireland Welcome Standard | 3 | - | - | 78 |
| SUB-TOTAL | 8 | - | - | 192 |
| OVERALL TOTAL | 42 | - | - | 3,127 |

Note: Data based on registered accommodation stock as at end-June 2018.

**SOURCE: FÁILTE IRELAND**

When looked at by grade, 4-star properties account for 59% of room stock and 57% of bed stock in hotels in Kilkenny (see Table 4.3). About 25% of stock is in 3-star hotels, on the other hand, with 5-star hotels accounting for 13% of room stock and 17% of bed stock. Also, based on the evidence from prior year Fáilte Ireland registrations, less than 20 rooms have been added to Kilkenny's hotel room stock in the last five years, all through extensions to existing hotels.

| TABLE 4.3: REGISTERED HOTEL STOCK IN THE KILKENNY CITY AREA – BY GRADE | Premises | Rooms | % | Beds | % |
|---|---|---|---|---|---|
| 5-star | 1 | 139 | *13%* | 432 | *17%* |
| 4-star | 7 | 641 | *59%* | 1,471 | *57%* |
| 3-star | 5 | 274 | *25%* | 634 | *24%* |
| 2-star | 1 | 28 | *3%* | 61 | *3%* |
| TOTAL | 14 | 1,082 | *100%* | 2,598 | *100%* |

Note: Data based on registered hotel stock as at end-June 2018.
**SOURCE: FÁILTE IRELAND**

With no third-level college and around 20 Airbnb properties, there is also substantially less accommodation in Kilkenny that is not registered with Fáilte Ireland than is the case in either Cork or Galway.

### 4.3 Additions to Accommodation Stock

Evidence from planning permissions, press releases and other media reports suggest that there has been considerable investment in Kilkenny hotels in the last year, but almost all of this has been in food and beverage facilities or in refurbishing existing bedroom stock. Only one hotel, the Pembroke Hotel, currently has planning for additional rooms after An Bord Pleanala, in September 2018, upheld Kilkenny Co. Council's decision to grant permission for six new hotel suites.

**TABLE 4.3: HOTELS THROUGH PLANNING – KILKENNY CITY, OCTOBER 2018**

| Project | Status |
|---|---|
| Pembroke Hotel | Granted 2018 |

**SOURCE: KILKENNY COUNTY COUNCIL**

Pre-planning discussions have taken place with Kilkenny Co. Council on two hotel projects in recent years, and there are several other sites around the city that have potential for hotel development. Phase 3 of the Abbey Quarter project, a mixed development, may include a hotel, but with Block 1 (the re-development of the Brewery building) unlikely to start until early 2019, the completion of any associated hotel would probably only occur after 2022. Of the potential hotel developments, Fitzpatrick Associates expects at least one to start, regardless of economic developments or tourism trends, over the next

18 months and complete within five years. This project will add a further 35 rooms to Kilkenny's hotel stock in 2021.

**TABLE 4.5: PROJECTED HOTEL BEDROOMS – KILKENNY CITY – 2018-22**

| | 2018 | 2019 | 2020 | 2021 | 2022 | TOTAL |
|---|---|---|---|---|---|---|
| Granted/In Planning | - | 6 | - | - | - | 6 |
| Speculative | - | - | - | 35 | - | 35 |
| TOTAL | - | 6 | - | 35 | - | 41 |

**SOURCE: FITZPATRICK ASSOCIATES**

There have also been pre-planning discussions with Kilkenny Co. Council regarding a new camping site, with 20-30 units in the city. There is a reasonably good chance that this development will go ahead, with the most likely opening date being 2021.

**In summary, over the coming years a modest stock growth of about 40 rooms, or 4%, is anticipated for Kilkenny city and its immediate hinterland.**