

FUTURE SUPPLY OF: Tourist Accommodation in Dublin

MARKET OVERVIEW

Nationally tourism has been growing year on year. 2017 saw a more modest 3% growth rate in total overseas tourists, compared to annual growth rates that averaged 7% per annum between 2012-2016.

While more trips originate in Great Britain than in any other major market, its share fell in 2017. North America accounted for nearly half the increase in trips and its market share grew.



DUBLIN'S GROWTH TRAJECTORY

As you would expect Dublin reflects the national situation and continues to experience growth in overseas tourist numbers. Domestically the number of trips to Dublin are not growing at the same pace as overseas tourists (many trips being event led). That withstanding the capital has experienced solid combined growth of 5% in 2017.

IRELAND

OVERSEAS TOURISTS TO IRELAND, 2012-2017 (000)



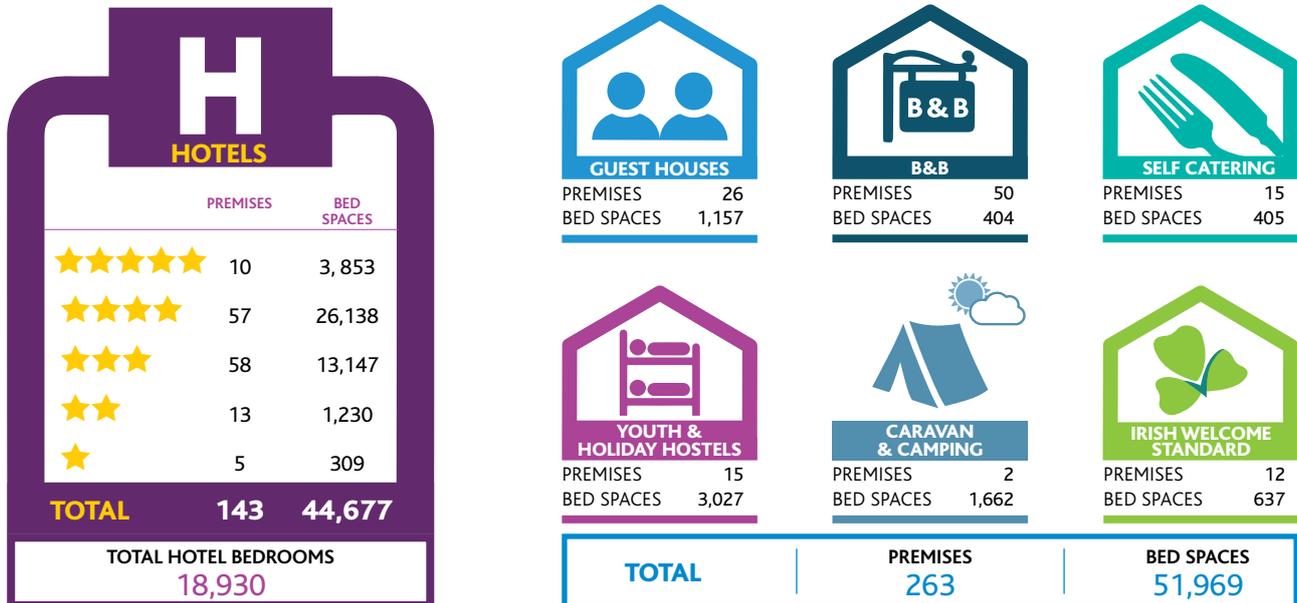
DUBLIN

OVERSEAS AND DOMESTIC TOURISTS TO DUBLIN, 2012-2017 (000)



DUBLIN BED STOCK

FÁILTE IRELAND REGISTERED DUBLIN ACCOMMODATION STOCK (QTR 1 2018)



DUBLIN HOTEL MARKET

Operating conditions in the Dublin hotel market remained very strong in 2017.

- ADR (Average Daily Rate) and RevPAR (Revenue Per Available Room) **grew by 7% and almost 8%** respectively over the year, both to record levels.
- Hotel occupancy (STR) **grew by 0.8% to a level of 83%** in 2017, high compared to global standards.
- Such high levels of occupancy are likely to be associated with suppressed demand* in Dublin, owing to the sheer non-availability of accommodation at peak periods.

* In this case suppressed demand refers to instances where potential tourists are unable to make a trip to Dublin owing to the non-availability of accommodation. This issue is not the cost of securing accommodation, more that there is no stock available.

INTERNATIONAL CONTEXT

Dublin's high occupancy rate place it at the top of the occupancy scale compared to competitor cities, and effectively mean full capacity and unmet demand.

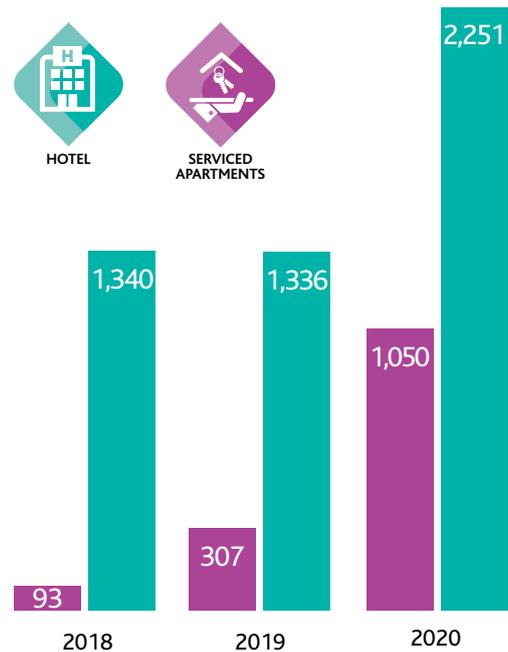
Despite such high occupancy, Dublin remains a medium-priced city destination by European standards with lower ADR than cities such as Amsterdam, Barcelona, Copenhagen, London, Paris and Rome.



NEW ACCOMMODATION SUPPLY

After almost ten years of inactivity and as the cost of providing new accommodation now is more aligned with its earnings potential, a strong pipeline of new accommodation stock is expected. The following new supply is forecast:

- **5,435 new hotel rooms on-stream by the end of 2020** (34 hotel projects “under construction” account for over 3,000 rooms), although the net addition to the Dublin stock will be just over 4,900 because of hotel closures (Ballsbridge and Tara Towers) over the next two years (both will be replaced within two years by new hotels on nearby sites)
- **1,680 rooms/suites are expected to be added in serviced accommodation category over the next three years to 2020.** [1,450 serviced apartments (300 currently under construction) and 230 guest houses]
- Sharing economy accommodation e.g. Airbnb type properties are outside the scope of this review



BEDROOMS IN LARGE HOTELS AND SERVICED APARTMENTS UNDER CONSTRUCTION & LIKELY TO PROCEED

UNDER CONSTRUCTION (JUNE 2018)	NEW	EXTENSION
Hotels (over 50 rooms)	2,042	617
Other Hotels (less than 50 rooms)	120	306
TOTAL BEDROOMS	2,162	923
LIKELY TO PROCEED (JUNE 2018)		
Serviced Accommodation (over 50 rooms)	1,218	
Serviced Accommodation (less than 50 rooms)	232	
TOTAL BEDROOMS	1,450	

ACCOMMODATION SUPPLY BEYOND 2020

- As well as the hotels already “under construction” there are a further 60 projects (new hotels and extensions) already granted planning permission that could potentially go “under construction” over the next three years.
 - Not all of these projects will come to fruition (*estimates suggest that one in three may not progress*). Some will be completed after 2020, others may not progress for differing reasons
 - There are also fewer hotels at the design/pre-planning stage in mid-2018 than two years ago

LARGE HOTELS (OVER 50 ROOMS) "ON SITE" - JUNE 2018 (ROOMS)



OTHERS	less than 50 rooms
NEW	120
EXTENSION	306

DUBLIN HOTEL NET SUPPLY GROWTH BY LOCATION, 2018-2020 (ROOMS)



- Dublin 2 and 4 postal districts (*which already has the highest density of hotels*) is also the area benefitting from the most additional rooms by 2020 (1,949 net – 40% of total)
- The Dublin 1 Prime area (*the North Docks and along the route of the Luas extension in O'Connell Street and Parnell Square*) is projected to account for 14% (699 rooms) of room growth.
- The rest of Dublin 1 and Dublin 8 are expected to account for 1,521 new rooms with 459 projected close to the airport – *during 2017 the area around Dublin airport had the highest occupancy of all the city's sub-regions.*
- *The planned 400-bedroom hotel at Terminal 2, Dublin Airport is not included in this projection – given the history of delays with this project a conservative approach has been taken that any further delays may push completion into 2021.*

ACCOMMODATION SUPPLY/ DEMAND OUTLOOK

The adequacy of the accommodation supply for future growth is considered against future demand, i.e. annual visitors to Dublin and the bednights they require.

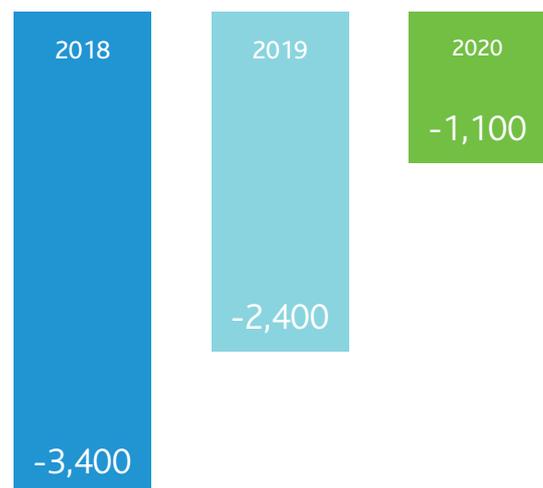
In the context of demand growth expectations

- For 2018, 5.0% growth in overseas tourist trips and 2.0% growth in domestic demand;
- For 2019 and 2020, 3.3% growth in overseas tourist trips and 2.0% growth domestically.

Even without any estimates of suppressed demand this analysis projects a shortfall in visitor accommodation in Dublin up to 2020. A more balanced supply and demand scenario is expected beyond 2020.

- Fáilte Ireland will continue to monitor the market development within the tourist accommodation sector.

ESTIMATED ACCOMMODATION SHORTFALL/SURPLUS (BEDROOMS)



Source: Fitzpatrick Associates (July 2018)

Note: This estimate does not factor in suppressed demands

For more go to:
www.failteireland.ie/Research