Fáilte Ireland Hotel Survey

January 2023 Summary Report

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Executive Summary

The new year brought mixed expectations for stakeholders within the Irish hotel industry. On one hand demand levels are rising compared to 2022 levels yet on the other, the start of the year also came with increasing economic pressures for the sector. 2023 marks a clear pathway away from the Covid-19 pandemic with traveller confidence significantly higher than in the last 2 years and restrictions at their lowest levels since 2020. Occupancy levels reflect this with demand sitting at 51.8% on a country level, up by 58.4% compared to January 2022 when restrictions were still in place.

The same remains true when it comes to achieved average daily rates. At a country level, rates achieved €133.88 for the first month of the new year with many individual counties also posting strong performance. This was however, unsurprisingly, a decline from the previous month with rates typically being higher in December due to increased demand over the festive season.

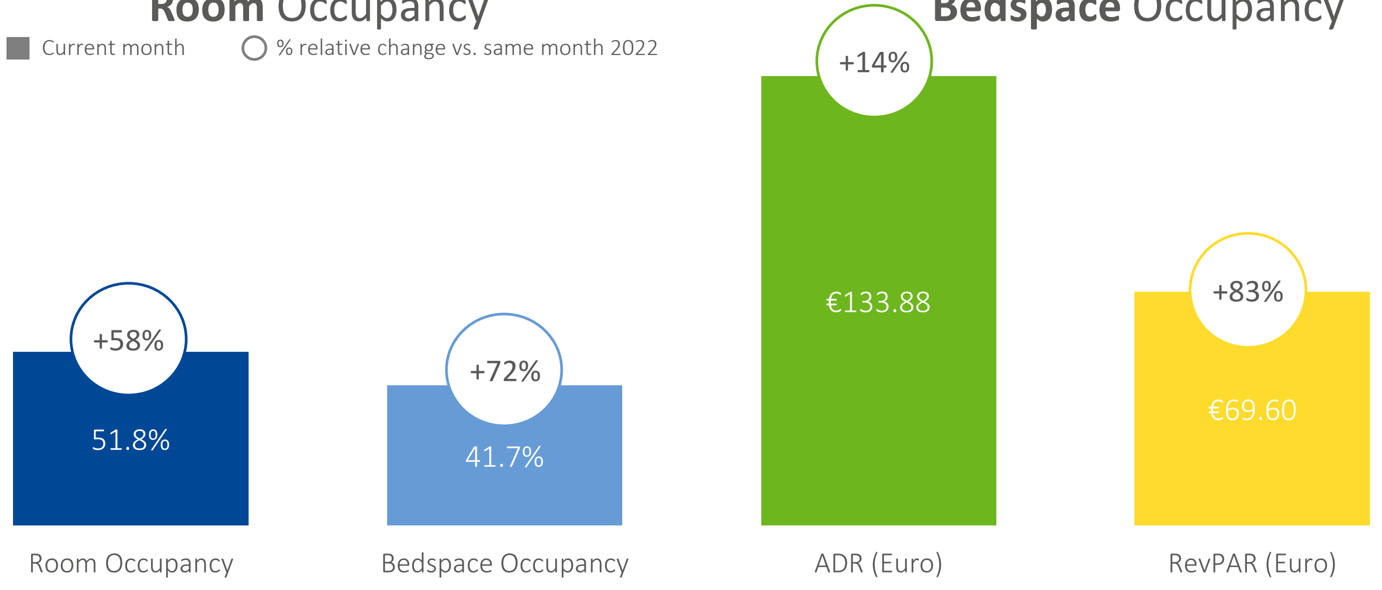
One noticeable shift in traveller behaviour can be observed in the origin of guests. January 2022 saw only 18.5% of visitors arriving from overseas markets. However, with increased mobility and ease of travel this trend has shifted with the share of travellers coming from afar increasing to 26.6% compared to the year before.

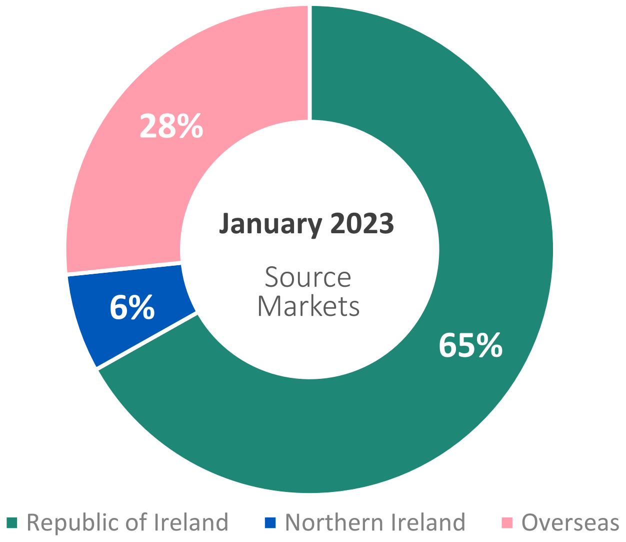
Year on year comparisons showed an uplift for demand across both rural and urban destinations, with the same being true for the rates achieved. An example of a rural area posting strong demand performance would be Mayo which almost doubled demand from 33.7% in 2022 up to 57.5% in 2023. In Dublin rates increased by €31.64. It is however important to note that these increases are influenced by the easing of travel restrictions since 2022 as well as growing economic pressures on hotels resulting in higher rates.

Key Performance Indicators

Room Occupancy

Bedspace Occupancy





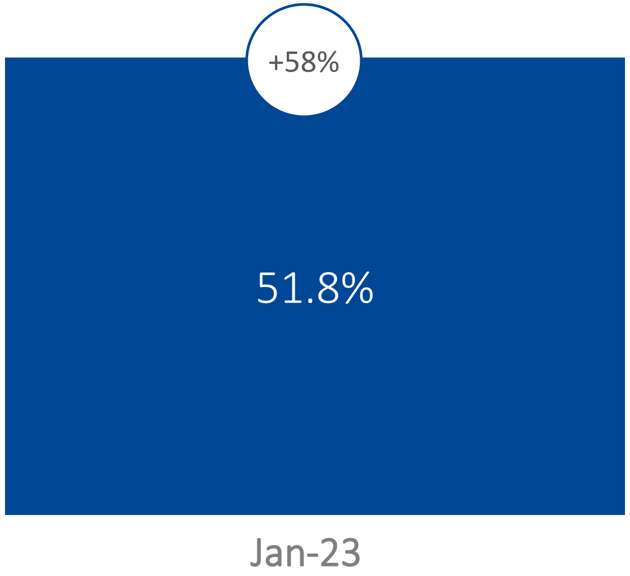
Ireland Room & Bedspace Occupancy: January 2023

January occupancy levels across both rooms and beds showcased growing levels of demand versus 2022, despite it declining from the previous month. Occupancy levels for the start of the year were 51.8%, up from 32.7% the previous year. As is a common trend across many Northern Hemisphere destinations, this is likely to be one of the lowest postings for the year of 2023. The story was similar when it came to bed occupancy, the proportion of available bedspaces sold during the month. Despite observing a slight decline from December (-6.8%) the year-on-year growth was positive growing from 24.3% to 41.7%.

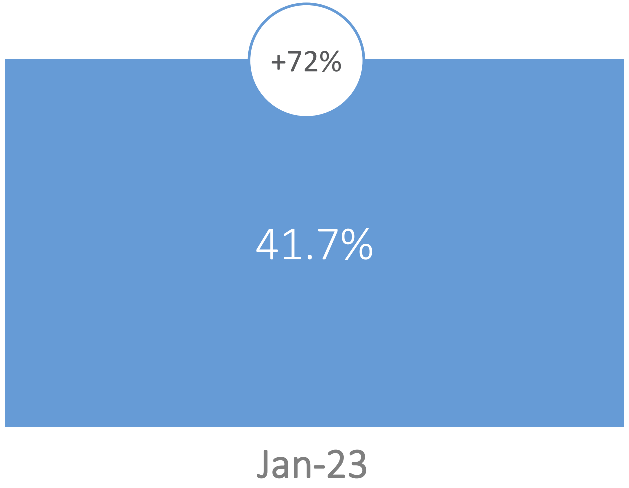
Much of this increased demand can be associated with leisure travel, with eased restrictions meaning that people can explore without limitations. However, it is worth noting that the steady re-engagement of business travel, in particular for conferences and events, is also likely to be contributing to growing demand.

Current month   % relative change vs. same month 2022

Room Occupancy



Bedspace Occupancy



Highest room occupancy in January

80.3%

Saturday 4th January 2023

Highest / lowest
performing days of the month

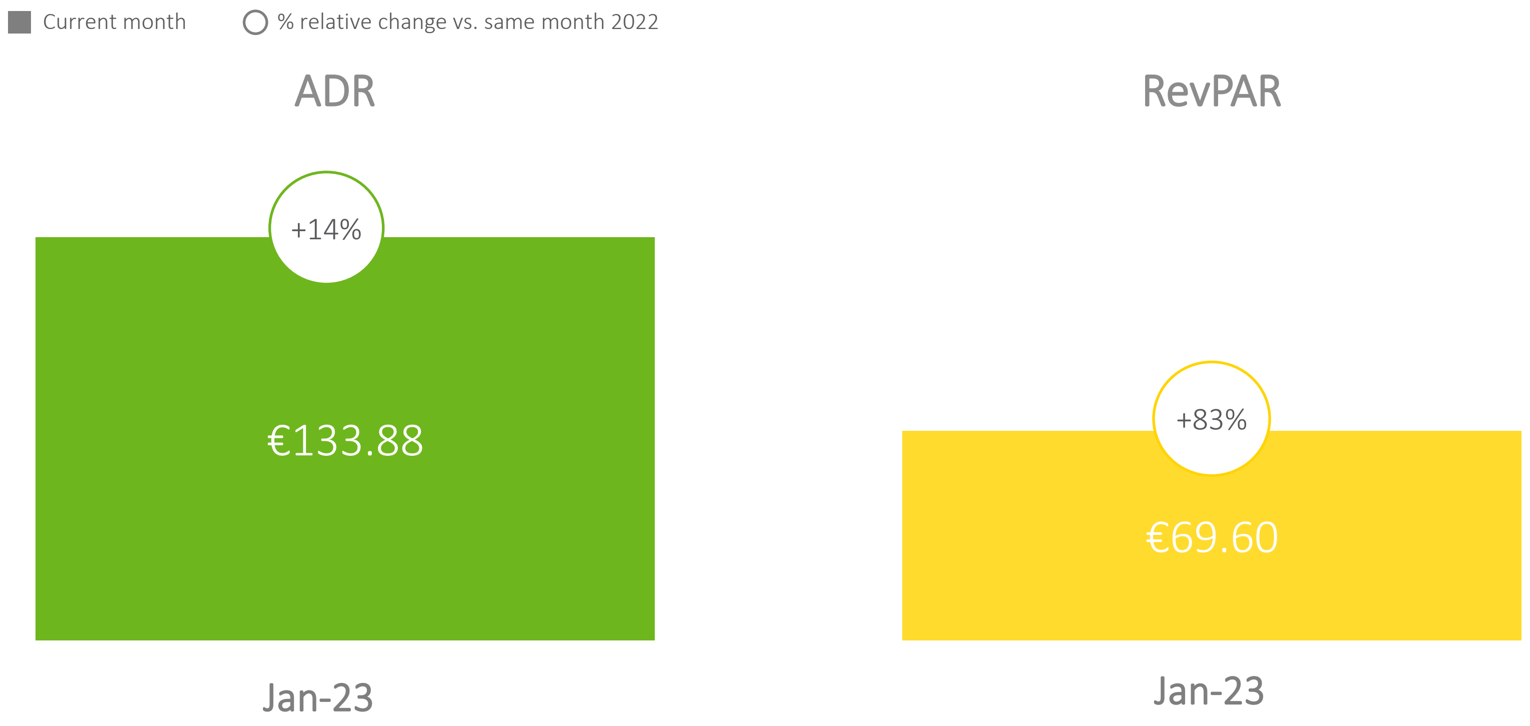
Saturdays (72.6%) / Sundays (50.3%)

Ireland ADR & RevPAR: January 2023

Financial performance throughout January indicated a positive start to the year with many counties able to achieve higher rates than the 12 months prior. When examining ADR's it can be seen that January 2023 outperformed the same month the year before but also managed to bring in higher rates than both February and March 2022. Breaking down performance by grade shows that the strongest performance in comparison to last year was amongst 3-star properties that averaged an increase of €25.98, followed closely by 5-star hotels that witnessed a €25.41 year on year increase.

Uncertainty continues with ADR performance. Global factors such as rising costs due to inflationary pressures and the energy crisis appear to be driving up ADR. Meanwhile increased competition with international markets, a return to pre-pandemic business mix (as hotels secure more group and corporate contracts), among other factors, may curtail this trend over time.

Revenue per available room, the gold standard hotel performance metric, also had a strong start to 2023 with RevPAR finishing at €69.60 for the month. Again, through examination of properties by grade it is clear that one grade led the way in revenue generation. In this instance it was 5-star properties that came out on top with a €53.06 increase on 2022 levels.



Highest RevPAR in January

€128.57

Saturday 28th January 2023

Highest / lowest (RevPAR)

performing days of the month

Saturdays (€113.09) / Thursday (€65.85)

Note: Average Daily Rate (ADR) is the average room rate (excluding taxes) charged by hotels.
Note: Revenue Per Available Room (RevPAR) is the total room revenue divided by the total number of available rooms.

Ireland Source Markets: January 2023

Understanding the source market, where guests are travelling from, remains an essential part of a hotel sales and marketing strategy. As has been previously mentioned in this report, 2023 started with a strong indication that demand from overseas markets was making a return. When compared against December 2022 we can see that the share of guests from the Republic of Ireland contracted as the share from Northern Irish and overseas guests grew.

Some interesting conclusions can be drawn from the grade of hotel preferred by guests from different markets. For those visiting from ROI and Northern Ireland 5 star properties were most popular in January, with those arriving from overseas most commonly opting for 4 star hotels.

Republic of Ireland

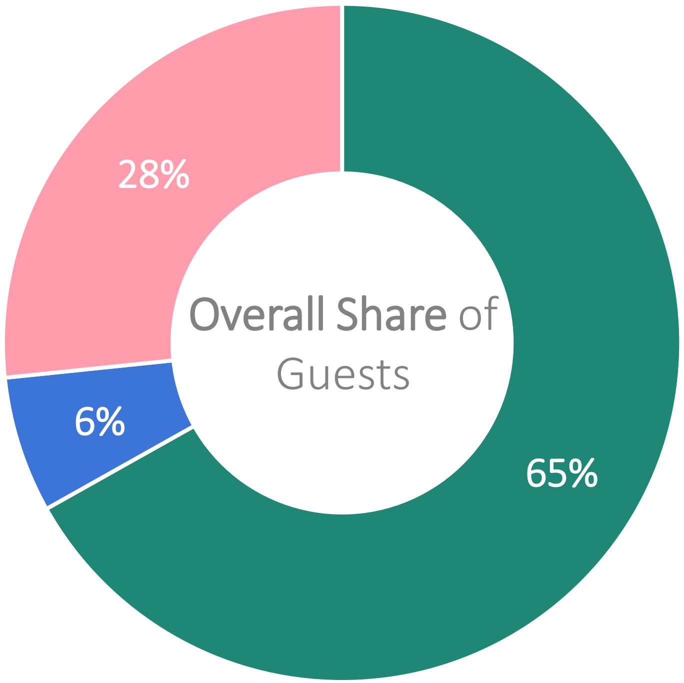
Range: 6% to 96%
Median: 39%

Northern Ireland

Range: 0% to 100%
Median: 74%

Overseas

Range: 0% to 62%
Median: 1%



Note: Range is the lowest and highest share of guests stated by hotels.
Note: Median is the value separating the higher half from the lower half of the data, sometimes referred to as the “middle” value. A median value can also be the lowest or highest value and so may also be represented in the range.

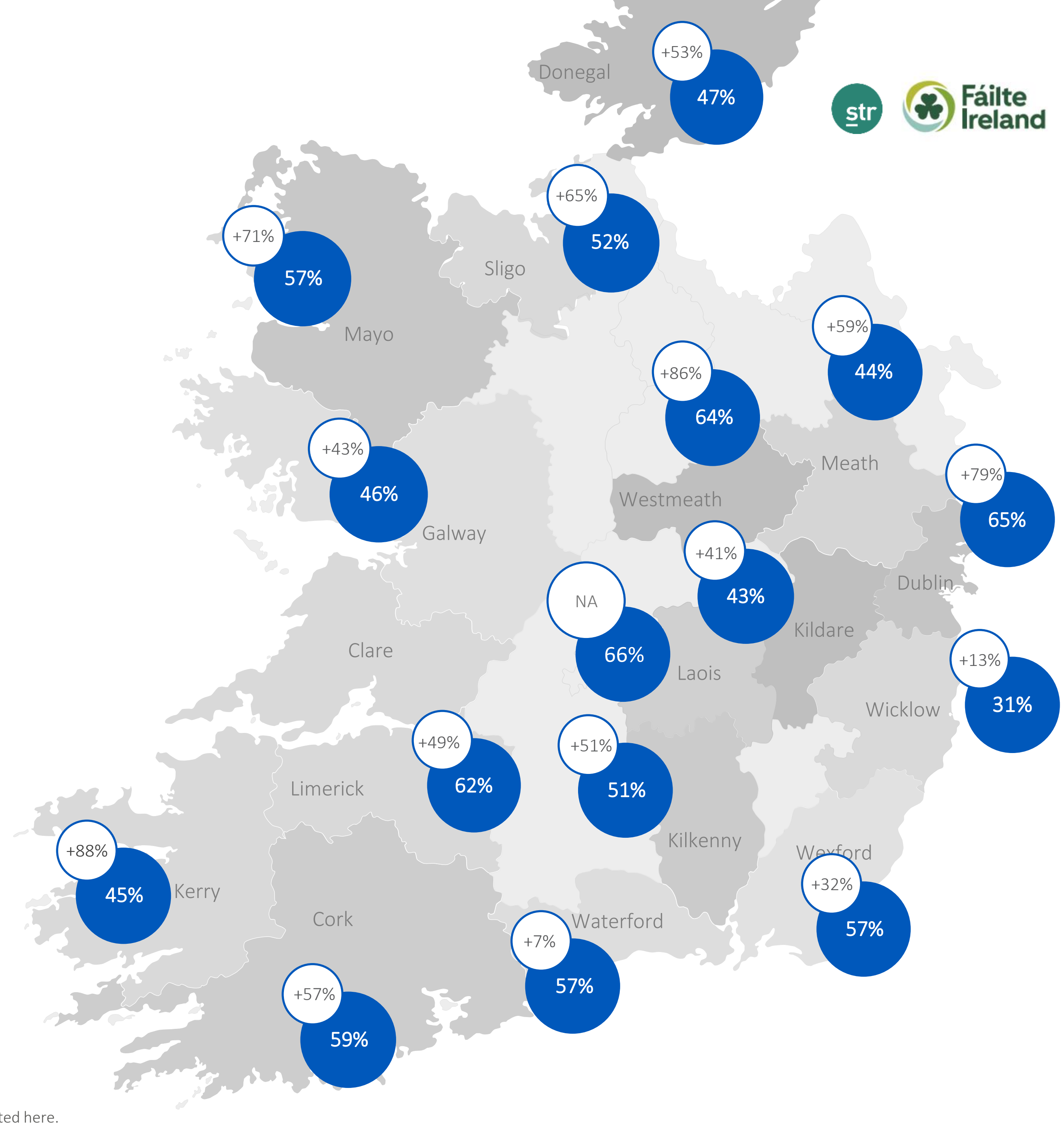
County Occupancy

● Current month room occupancy ○ % relative change vs. same month 2022

The year on year occupancy variance was positive across all counties tracked in this analysis, with just under half exceeding a 50 percent increase. Some of the most notable performers were Kerry (88.1%) and Mayo (70.6%).

Dublin typically has the strongest occupancy levels however, in January it came a close second to Laois with 66.4% of rooms filled. Wicklow sat at the opposite end of the spectrum with a much lower occupancy rate of 31.3%.

When compared against December 2022, demand has taken a slight dip in January. However, as was the case at a national level the decline is marginal and given the time of year is to be expected.



Note: There are ~~15~~ 16 counties with sufficient room occupancy data in January 2023. These are displayed and reported here.

County ADR & RevPAR

ADR RevPAR % relative change vs. same month 2022

Average Daily Rate (ADR)

Hotels based in Wicklow have experienced the highest average daily rates at €212.90. Mayo also showed a strong financial performance in January with rates climbing to €148.77, an increase of €8.59 from 2022.

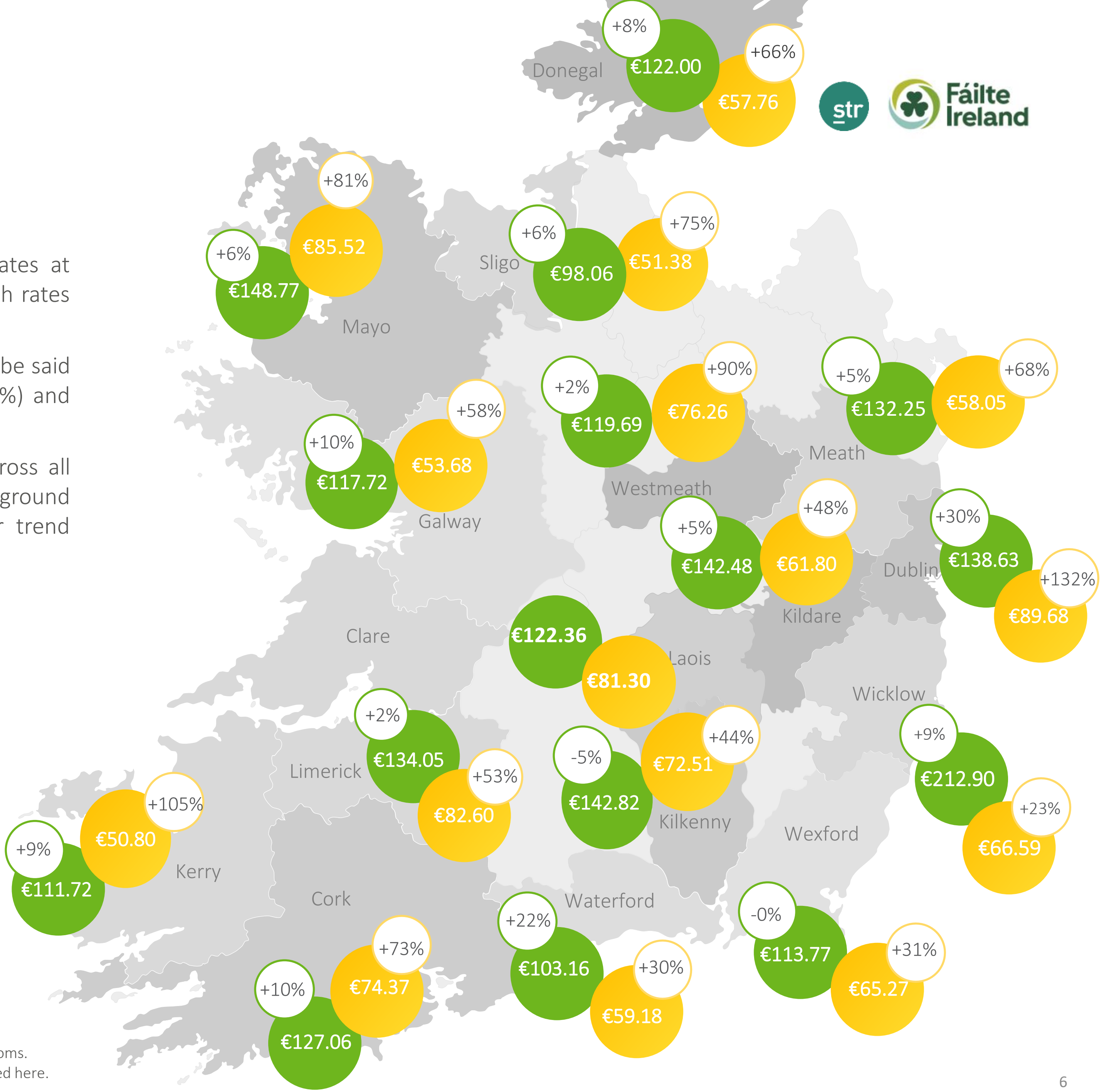
Although rates grew year on year for most counties in January, this cannot be said for all regions. A few counties experienced a drop in ADR, Kilkenny (-4.9%) and Wexford (-0.4%).

The rates achieved vary by hotel grade. In Dublin the rates achieved across all grades increased from 2022 however, the grades that gained the most ground were approved & 3 star properties. Again this could highlight a wider trend surrounding the global macroeconomic environment.

Revenue Per Available Room (RevPAR)

In the first month of 2023 Dublin achieved the highest RevPAR at €89.68, an increase of 132% from 2022 levels. Limerick posted the second highest RevPAR of the month achieving €82.60, following on from a strong performance in December when the region was also 2nd only to Dublin.

Comparing increases in ADR vs RevPAR, it is evident that revenue growth is driven largely by higher occupancy rates in January 2023 relative to 2022.



Note: Average Daily Rate (ADR) is the average room rate (excluding taxes) charged by hotels.
Note: Revenue Per Available Room (RevPAR) is the total room revenue divided by the total number of available rooms.
Note: There are 15 counties with sufficient ADR and RevPAR data in January 2023. These are displayed and reported here.
Note: -/+0% indicates decline/growth of less than 1%.

County Source Markets

In January Cork drew in the largest share of domestic stays with 88.2% of hotel guests originating from the Republic of Ireland. Galway and Limerick were a joint 2nd for domestic travellers at 78%.

As usual Northern Irish visitors were a key market for Donegal hotels, primarily due to its proximity to the border. Kildare saw a very slight increase in share from December with 12.8% of arrivals originating from across the border.

The key talking point this month in relation to source markets is the increased share of overseas guests when compared against January 2022.

	Republic of Ireland	Northern Ireland	Overseas
Cork	88%	4%	7%
Donegal	49%	42%	9%
Dublin	56%	7%	37%
Galway	78%	1%	21%
Kerry	46%	0%	54%
Kildare	69%	13%	18%
Limerick	78%	2%	20%

Note: There are 7 counties with sufficient source market data in January 2023. These are displayed and reported here.

Performance By Grade

Through the examination of hotel performance by grade we are able to observe trends at a more granular level. When observing demand, 3 star properties led the way in January with an average of 65.4% occupancy for the month. However, 4 star hotels saw the strongest growth (+72%) from the same month in the previous year.

As is to be expected 5 star properties achieved the highest daily rate averaging €282.07. However, 3-star hotels achieved the highest year on year growth at 31.2%. It is important to note that although some of this may be attributed to strong revenue strategy, other influencing factors include growing inflationary pressures and scarcity of supply in some geographic areas.

The standout performers in terms of RevPAR were 3-star hotels. Not only did they achieve the highest percentage increase compared to January 2022 (+107.4%) but they came very close to matching RevPAR levels of 4 star hotels. The difference between the two class brackets was just €1.84 in the first month of the year.

	5 Star	4 Star	3 Star
Occupancy	43.3%	58.5%	65.4%
ADR	€282.07	€125.18	€109.21
RevPAR	€122.15	€73.27	€71.44

Note: There are 3 property class types with sufficient source market data in January 2023. These are displayed and reported here.

Methodology Statement

In June 2021, Fáilte Ireland re-launched its Hotel Survey in partnership with STR, a leading global hospitality data benchmarking, analytics and insights provider.

The new survey collects the following information per month based on two data collection systems:

Rooms Data (collected on an ongoing basis using STR's proprietary systems)

- Total number of available rooms
- Number of sold occupied rooms
- Net rooms revenue

This data is used to calculate the three most relevant metrics within the accommodation industry namely: Room Occupancy, Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR).

Bedspaces Data (collected by monthly online survey administered by STR)

- Bedspaces sold to key markets (Republic of Ireland, Northern Ireland and Overseas)
- Total number of available bedspaces

This data is used to calculate bedspace occupancy, which is the proportion of available bedspaces sold each month, and share of guests by the key markets.

Additional Notes

- Where applicable in this report, data is compared with the same data of 2022.
- Ireland room occupancy, bedspace occupancy, ADR and RevPAR for the current month and for the same month in 2022 are calculated using a weighted average methodology to reflect the supply of hotel accommodation in the regions of Ireland. No other data points in this report are based on weighted averages.
- The classification system referred to in this report is Fáilte Ireland's hotel classification as prescribed under Section 39 of the Tourist Traffic Act.
- The samples of participants in the two data collection systems are different. Therefore, some data points may not appear consistently throughout the report.
- All units given throughout this report represent a positive number, unless stated otherwise.
- Percentage change figures are expressed in relative terms (not in absolute terms), unless stated otherwise.
- "n/a" or blank spaces in this report indicate insufficient data to enable reporting of a data point. This is done to protect the anonymity of responses and ensure full data confidentiality.
- Data in these reports is not consistent with previous reports published by Fáilte Ireland prior to the July 2021 report.
- Throughout the pandemic, STR has continued to collect performance data from hotels that remained open. The data in this month's report is therefore only based on those hotels that were open and reported data to STR

(Rooms Data n=250, Bedspace / Source Market Data n=170, Overall Universe of Hotels n=832).

- STR methodology provides for humanitarian use of hotel rooms in the following ways:
  - Data from hotels that are exclusively accommodating beneficiaries of temporary protection are excluded from STR reporting. The hotel is marked as temporarily closed in our system.
  - Data from hotels that continue to operate their business while accommodating beneficiaries of temporary protection is included in our reporting. For these hotels, our reporting includes data relating to the rooms 'sold' for both purposes unless accommodation for beneficiaries of temporary protection has been donated by the hotel, in which case the room is treated as 'complimentary' and, thus, excluded.
- Further details about STR's hotel data methodology can be found here.

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