



2019 Irish Hotel Market Briefing





Smart decisions. Lasting value.

Aiden Murphy Partner

3rd October 2019

Crowe Annual Hotel Industry Survey



“Benchmarking report
for revenue, profit and
operational metrics”

24th Year

Dublin Hotel Market Revenue & Profits



Dublin Hotel Market Revenue & Profits – 5 Year EBITDAR Profit

Year	EBITDAR Per Room	EBITDAR %	YOY Change € Per Room	YOY Change %
2014	€13,797	26.3%	€2,435	21.4%
2015	€16,913	28.6%	€3,116	22.6%
2016	€20,492	30.7%	€3,579	21.2%
2017	€22,952	31.4%	€2,460	12.0%
2018	€24,818	32.1%	€1,866	8.1%

Single digit profit growth in 2018

Dublin Hotel Market Revenue & Profits – 5 Year Profit Movement

	2018	2013	5 Year € Change	5 Year % Change
EBITDAR	€24,818	€11,362	+ €13,456	+ 118%
EBITDAR %	32.1%	24.8%		



Dublin Hotel Market Revenue & Profits - Departmental Profit

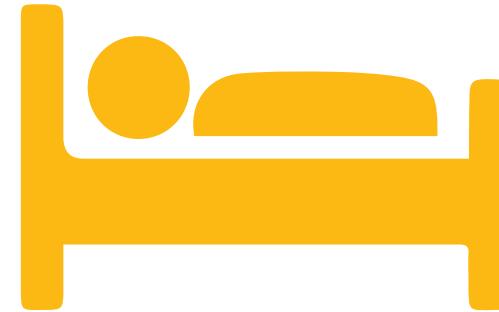
Year	Overall Departmental Profit	Room Departmental Profit	Non Room Departmental Profit	Overall Departmental Profit %
2014	€28,003	€19,045	€8,958	53.3%
2015	€32,106	€22,848	€9,258	54.3%
2016	€37,876	€27,860	€10,016	56.6%
2017	€ 42,032	€30,495	€11,537	57.6%
2018	€44,916	€33,053	€11,863	58.1%

Rooms department accounts for majority of profit growth

Dublin Hotel Market Revenue & Profits – 5 Year Department Profit Movement

Departmental	2018	2013	5 Year € Change	5 Year % Change
Profit	€44,916	€24,315	€20,601	84.7%
Rooms	€33,053	€17,044	€16,009	93.9%
Other	€11,863	€7,271	€4,592	63.2%

Hotel profits sensitive to any softening in room rate or occupancy

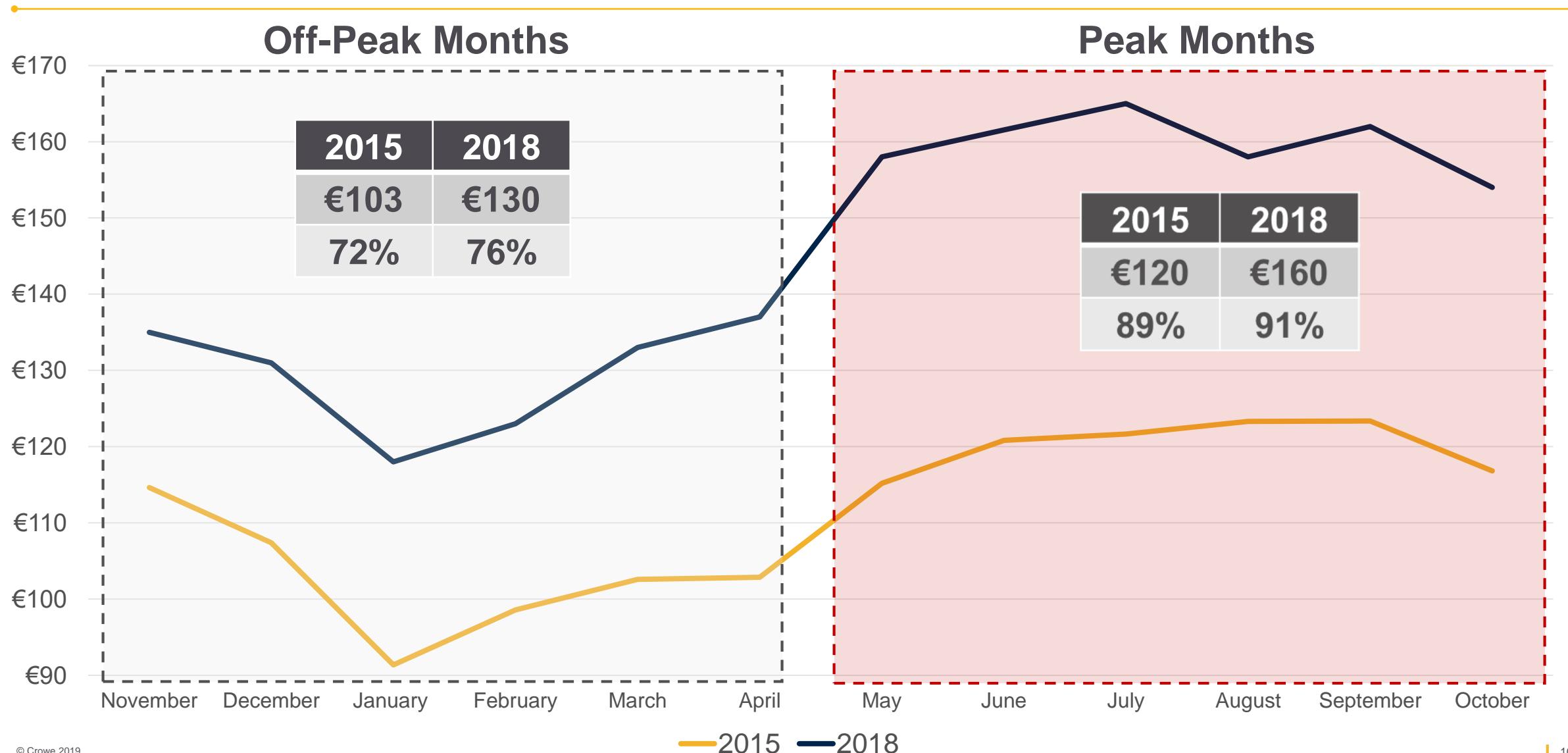


Dublin Hotel Market Revenue & Profits – Dublin Room Revenue

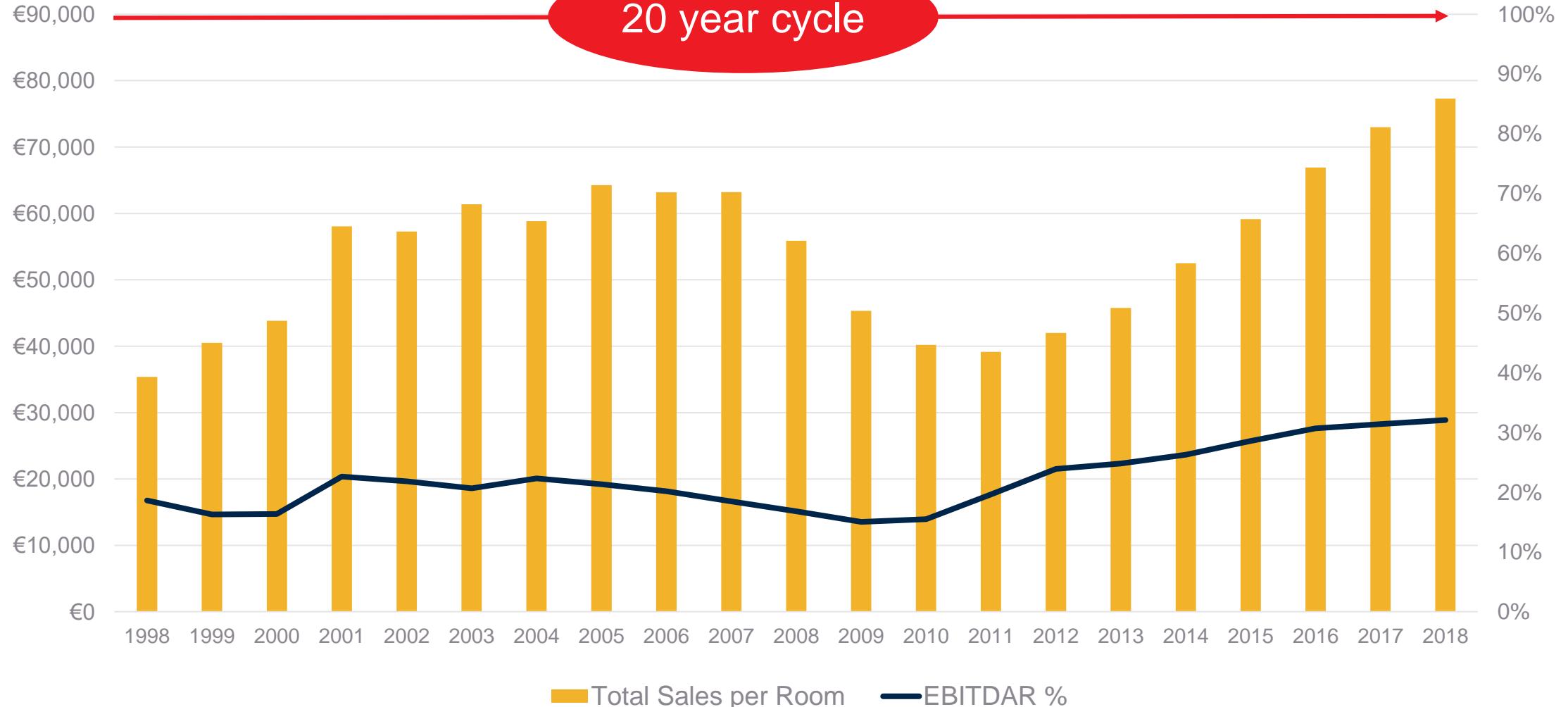
Year	Room Revenue PAR	Occupancy	ARR	RevPAR
2014	€27,964	77.2%	€97.25	€75.08
2015	€32,587	80.7%	€111.83	€90.25
2016	€38,109	82.3%	€128.27	€105.57
2017	€41,353	83.5%	€136.96	€114.36
2018	€44,439	83.9%	€145.82	€122.34

ARR ↑ 60% over 5 years

Dublin Average Room Rate



Dublin Hotel Market Revenue & Profits – PAR



A black and white photograph of a modern hotel room. The room features a large bed with a dark, tufted headboard and white linens. To the left of the bed is a nightstand with a small lamp and a vase of flowers. To the right is a large window with sheer curtains, a white armchair, and a flat-screen television mounted on the wall. The room has a minimalist design with light-colored walls and a dark wood floor.

Dublin Hotel Sector – Impact of VAT

Dublin Hotel Market Revenue & Profits - VAT Impact

	2018	2018 VAT Adjusted	Change
Rooms Sales	€44,439	€42,677	€1,762
Food Sales	€17,131	€16,821	€310
Beverage + Other Sales	€15,728	€15,728	
Total	€77,298	€75,226	
Total Departmental Expenses	€32,382	€32,382	
Undistributed Cost	€16,083	€16,083	
Fixed Charges	€4,015	€4,015	
EBITDAR Profit Per Room	€24,818	€22,337	€2,072

VAT increase has potential cost of €40 million to Dublin hotels in 2019

Dublin Hotel Market Revenue & Profits – Dublin Room Revenue VAT Adjusted

Year	Room Revenue PAR	Occupancy	ARR	Adjusted ARR for 13.5%
2014	€27,964	77.2%	€97.25	€93.39
2015	€32,587	80.7%	€111.83	€107.40
2016	€38,109	82.3%	€128.27	€123.18
2017	€41,353	83.5%	€136.96	€131.53
2018	€44,439	83.9%	€145.82	€140.04

VAT Cost of €5.78 per room
at 13.5%



Impact of Cost Increase



Dublin Hotel Market Revenue & Profits – Cost Base Analysis

	2018	2013	5 Year € Change	5 Year % Change
Total Revenue PAR	€77,298	€45,763	€31,535	69%
Payroll PAR	€23,653	€11,715	€11,938	102%
Admin & General	€3,401	€1,876	€1,525	81%
Sales & Marketing	€3,398	€2,070	€1,328	64%
Property Operations	€2,794	€1,782	€1,012	57%
Utility	€2,349	€2,275	€74	3%

Cost inflation risk to profit vs cost reduction benefits

A black and white photograph of a modern hotel room. The room features a large bed with a dark, tufted headboard and white linens. To the left of the bed is a nightstand with a small lamp and a vase of flowers. To the right is a large window with sheer curtains, a white armchair, and a flat-screen television mounted on the wall. The room has a minimalist design with light-colored walls and a dark wood floor.

Impact of Brexit on Dublin Hotel Sector

Dublin Hotel Market Revenue & Profits - Source Markets

Market	2018	2013	5 Year Change	5 Year % Change
Great Britain	3,759	2,929	830	28.3%
ROW	6,858	4,057	2,801	69.0%
Total	10,616	6,986	3,630	52.0%

**Tourism sector targeting
an additional 2.5 million
overseas visitors between
2018 and 2025**

Dublin Hotel Market Source of Business *(Rooms sold)*

Market	2018	2013	5 Year % Change
ROI	41.7%	45.3%	
NI	5.2%	4.6%	
GB	9.3%	15.8%	

Dependency on Great Britain now at low point

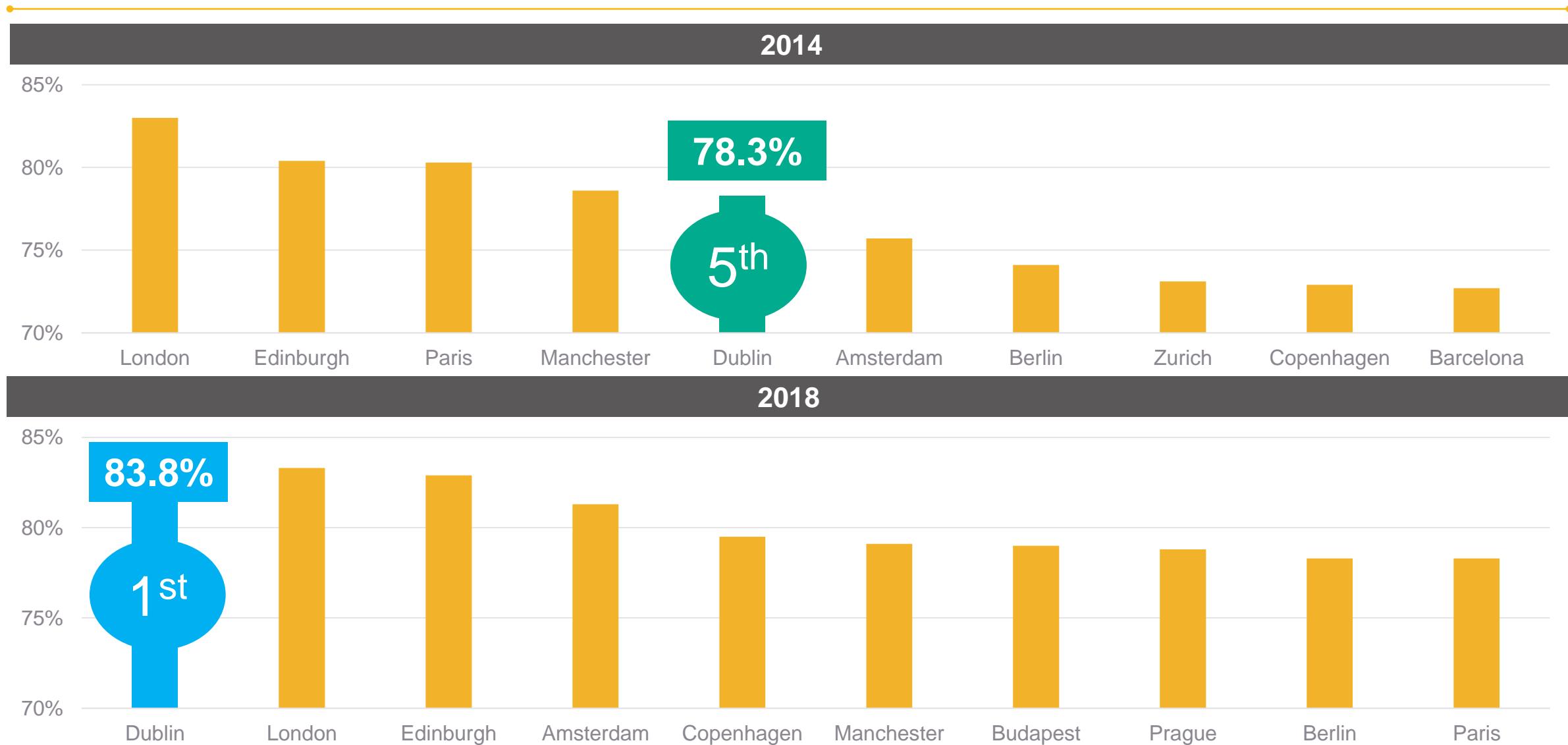
Market	2018	2013	5 Year Change
ROI	2.54m	2.38m	165k
NI	317k	242k	76k
GB	567k	829k	-262k

Real concern is Brexit impact on Irish economy

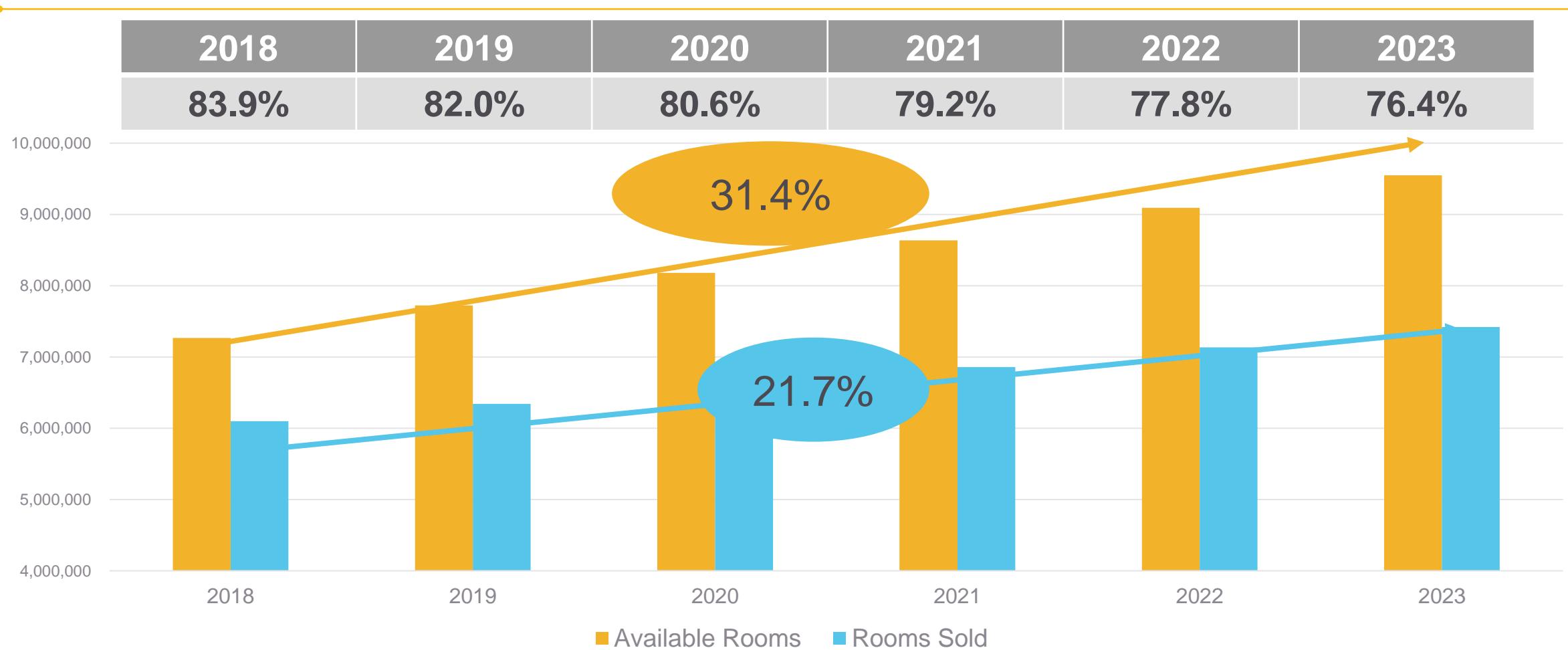
A black and white photograph of a modern hotel room. The room features a large bed with a dark, tufted headboard and white linens. To the left of the bed is a nightstand with a small lamp and a vase of flowers. To the right is a large window with sheer curtains, a white armchair, and a flat-screen television mounted on the wall. The room has a minimalist design with light-colored walls and a herringbone-patterned floor.

Dublin Hotel Sector – Impact of New Supply

Dublin Hotel Market Revenue & Profits - European City Occ Ranking



Dublin Hotel Market Revenue & Profits – New Supply



Potential for created demand to boost Dublin occupancy levels by 350k rooms over 5 years

Dublin Hotel Market Revenue & Profits – Average Length of Stay

	2018	2013	5 Year % Change
Average Length of Stay	1.7	1.9	-11%

If average stay is increased - and returns to 2013 levels



potential for additional room night sales

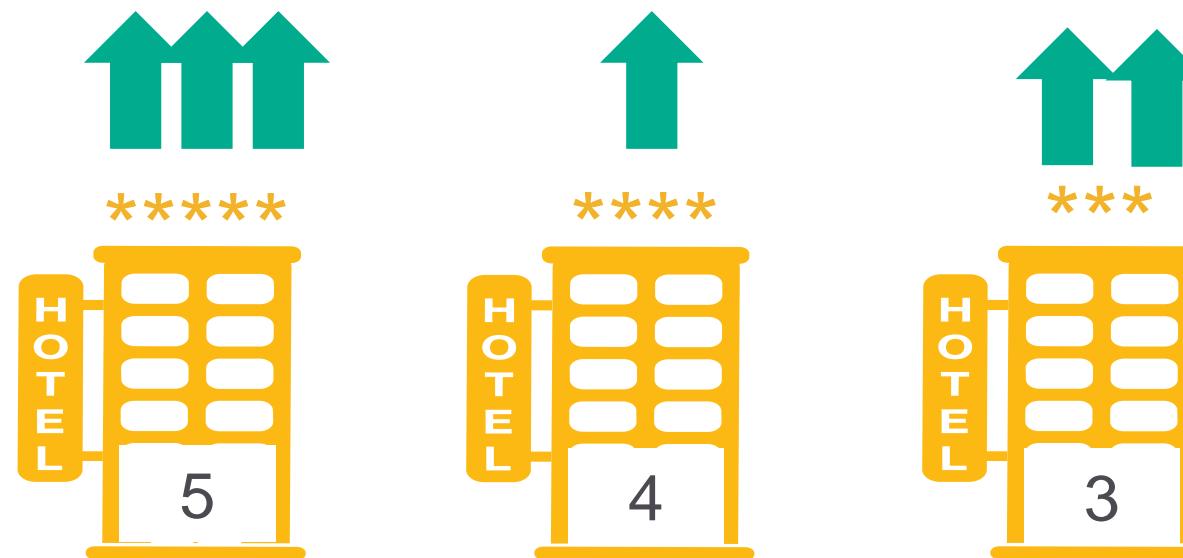


Conclusion

Potential for room rate growth to **2022**

Room sales in 2022 of **€1.1 billion** vs 2018 at €890 million.

Occupancy settling at c. **80%**





IRISH HOTEL MARKET

ISOBEL HORAN



AGENDA



01



YTD
Transactional
Activity

02



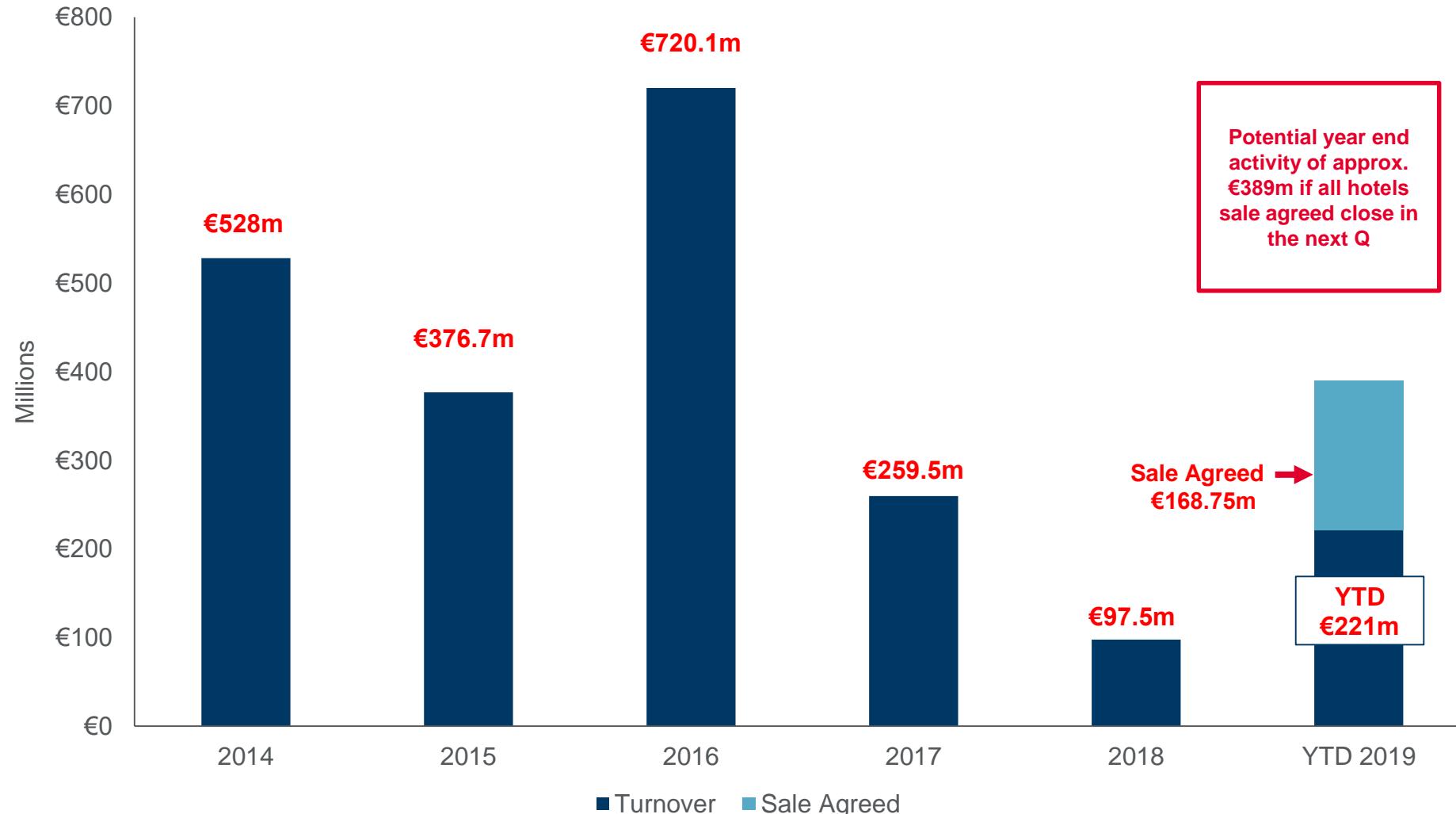
Hotel Supply
Pipeline

03



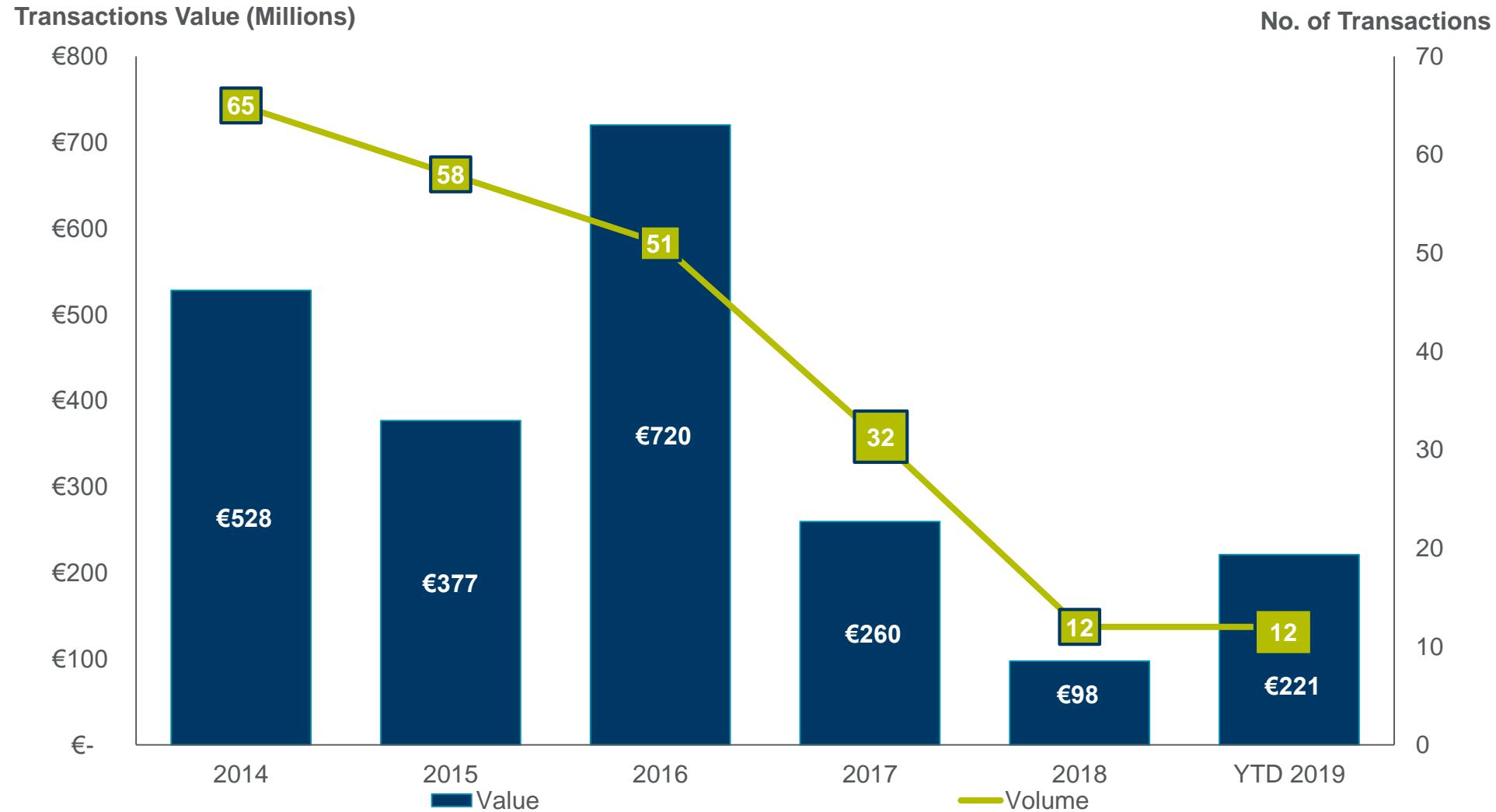
Conclusion

HOTEL TRANSACTION ACTIVITY



HOTEL TRANSACTION ACTIVITY

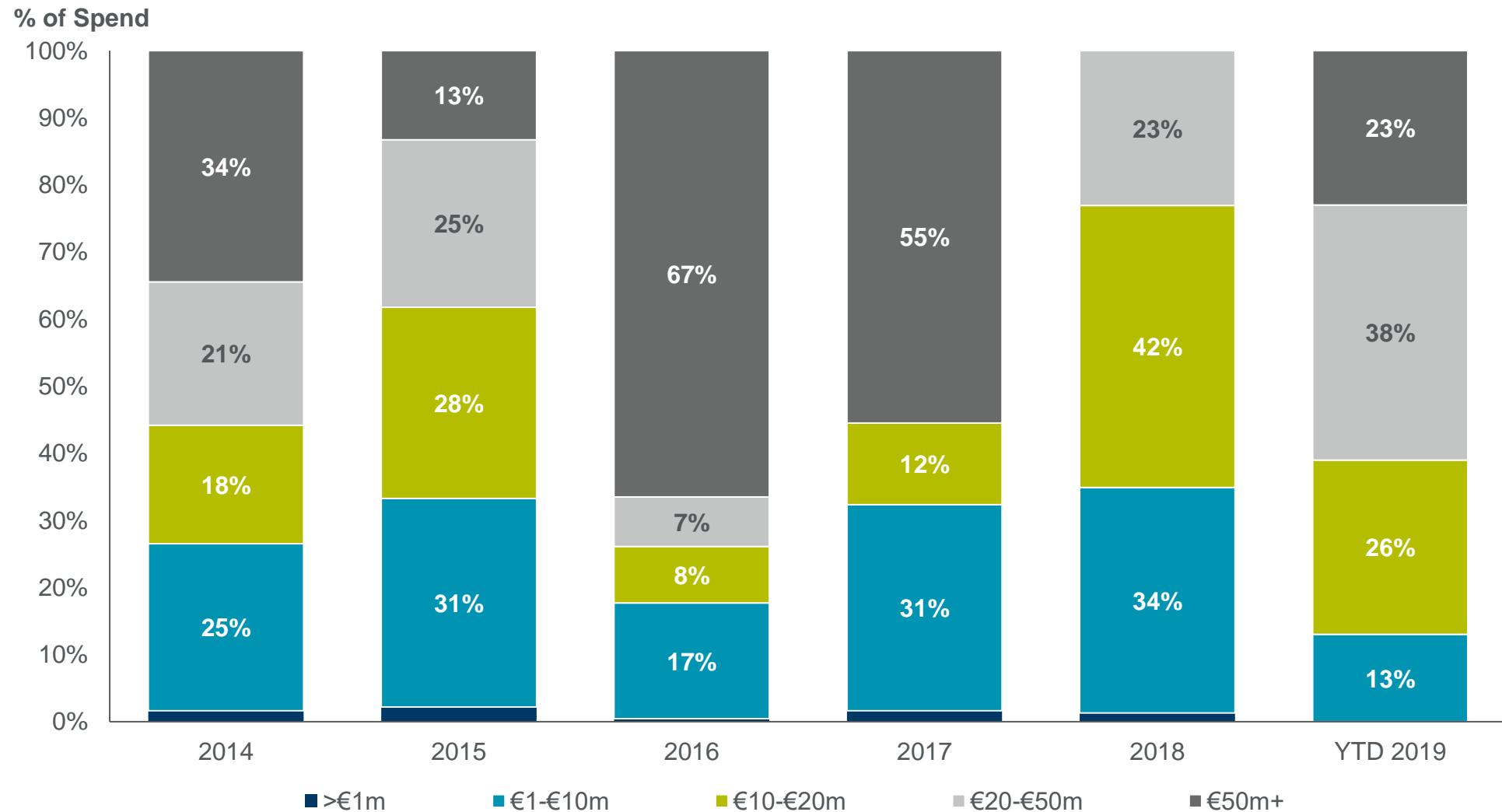
Value & Volume



HOTEL TRANSACTION ACTIVITY



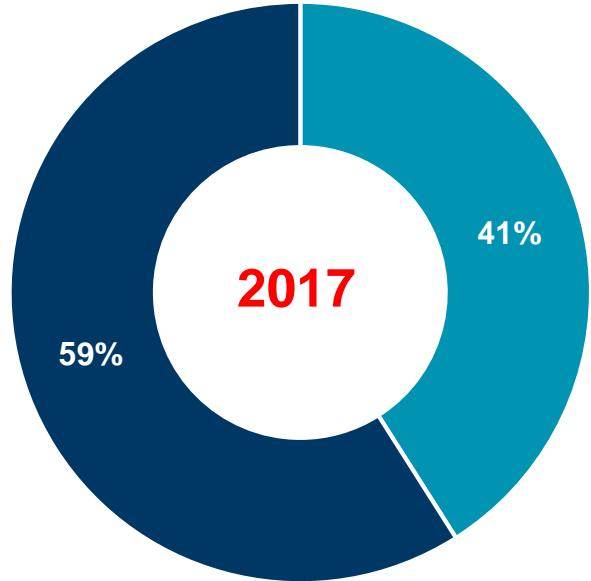
Lot Size (%)



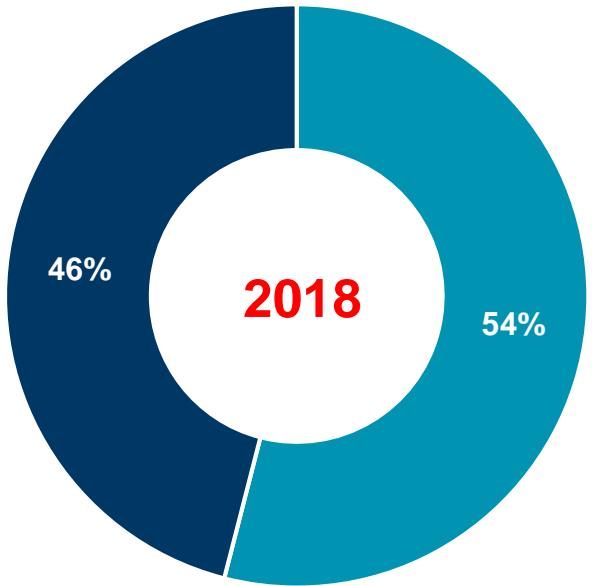
Source: Cushman & Wakefield Research

HOTEL SALES VALUE BY LOCATION

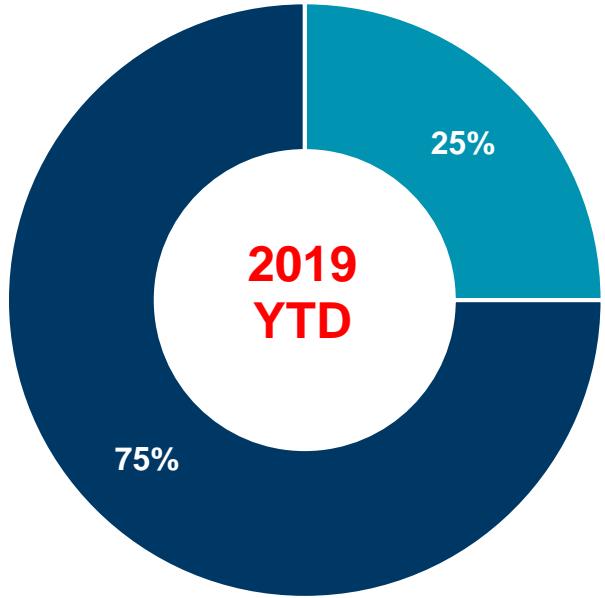
2017, 2018, YTD 2019



■ Dublin ■ Outside Dublin



■ Dublin ■ Outside Dublin

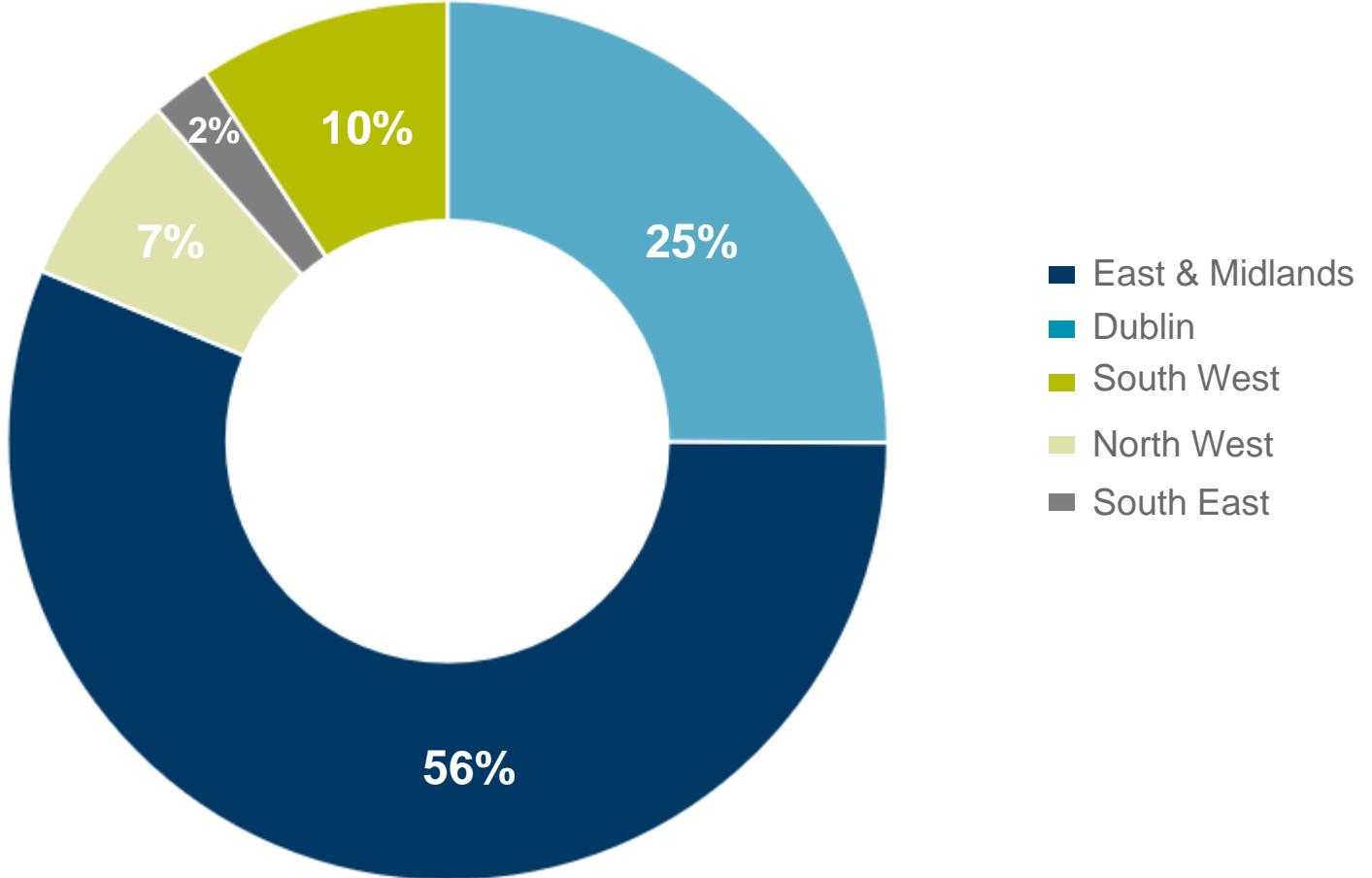


■ Dublin ■ Outside Dublin

Source: Cushman & Wakefield Research

HOTEL SALES VALUE BY REGION

YTD 2019

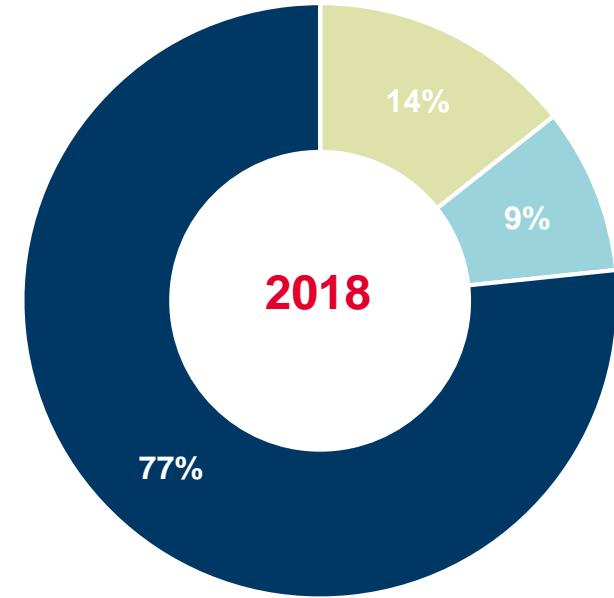
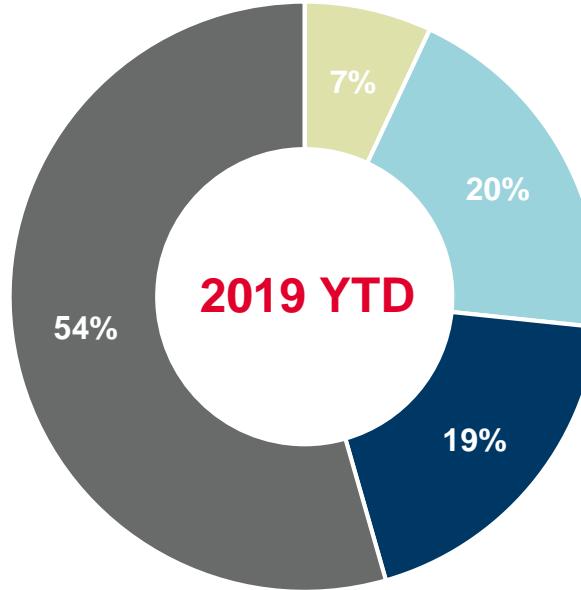
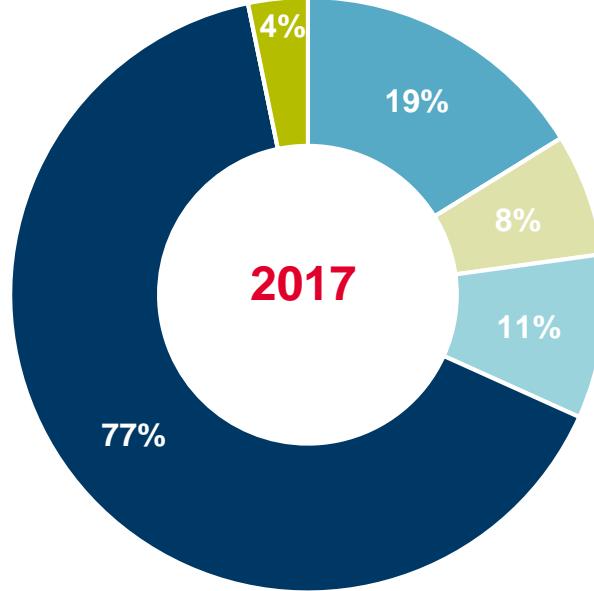


- East & Midlands
- Dublin
- South West
- North West
- South East

Source: Cushman & Wakefield Research

HOTEL SALES VALUE BY STAR RATING

2017, 2018 & 2019 YTD

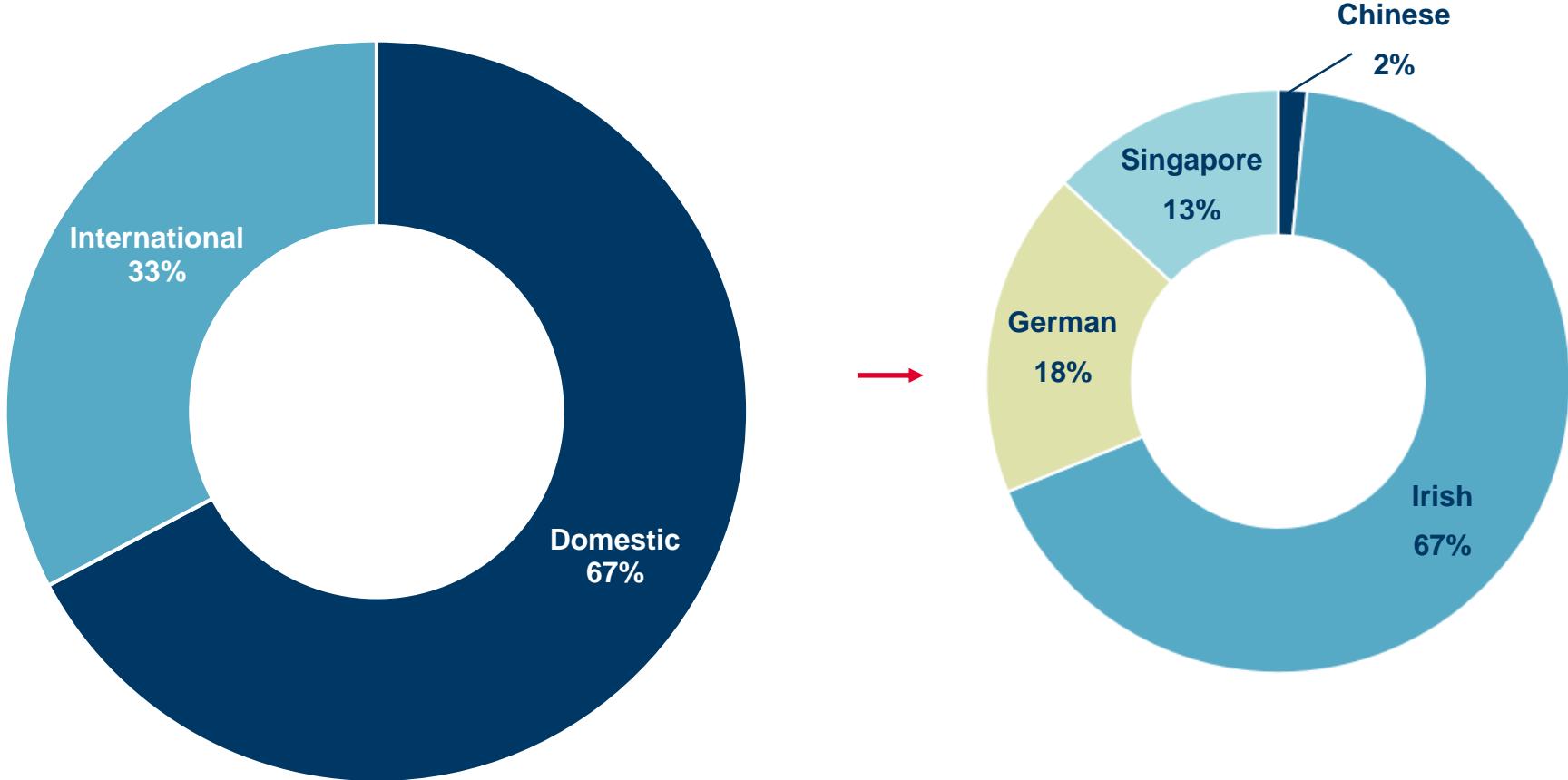


■ 1 Star ■ 2 Star ■ 3 Star ■ 4 Star ■ 5 Star ■ Unknown

Source: Cushman & Wakefield Research

DOMESTIC VS. INTERNATIONAL BY VALUE

2019 YTD



Source: Cushman & Wakefield Research

ACTIVE PURCHASERS



TOP 5 HOTEL ASSET TRANSACTIONS

YTD 2019



HOTEL	COUNTY	STAR RATING	PRICE (APPROX.)	BUYER ORIGIN
Powerscourt Estate	Wicklow	5	€50m	Irish
Druids Glen Hotel & Golf Resort	Wicklow	5	€45m	Irish
Central Hotel	Dublin	3	€40m	German
Sheen Falls	Kerry	5	€17m	Singapore
Harvey's Point	Donegal	4	€16m	Austrian

Source: Cushman & Wakefield Research



SUPPLY

HOTEL COMPLETIONS

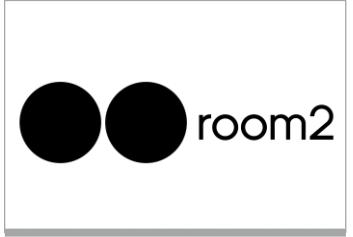
YTD 2019



HOTEL	COUNTY	CONSTRUCTION TYPE	NEW ROOMS	QUARTER COMPLETED
Marlin Hotel	Dublin	New Build	300	Q3 2019
Aloft Dublin City	Dublin	New Build	202	Q1 2019
The Hendrick	Dublin	New Build	175	Q2 2019
Holiday Inn Express Dublin Airport	Dublin	Extension	100	Q2 2019
Travelodge Galway Central	Galway	Extension	44	Q2 2019
Dingle Skellig Hotel & Peninsula Spa	Kerry	Extension	32	Q3 2019
Avalon House Hotel	Kilkenny	New Build	30	Q1 2019
Red Cow Moran	Dublin	Extension	17	Q2 2019
The Mont Clare Hotel	Dublin	Extension	15	Q3 2019
Vaughan Lodge	Clare	Extension	10	Q2 2019
Corraleea Court Hotel	Galway	Extension	10	Q3 2019
Riverside Suites Hotel Sligo	Sligo	Extension	9	Q3 2019

Source: Cushman & Wakefield Research

BRANDS LOOKING AT IRISH MARKET



NEW HOTEL DEVELOPMENT

Full Planning List

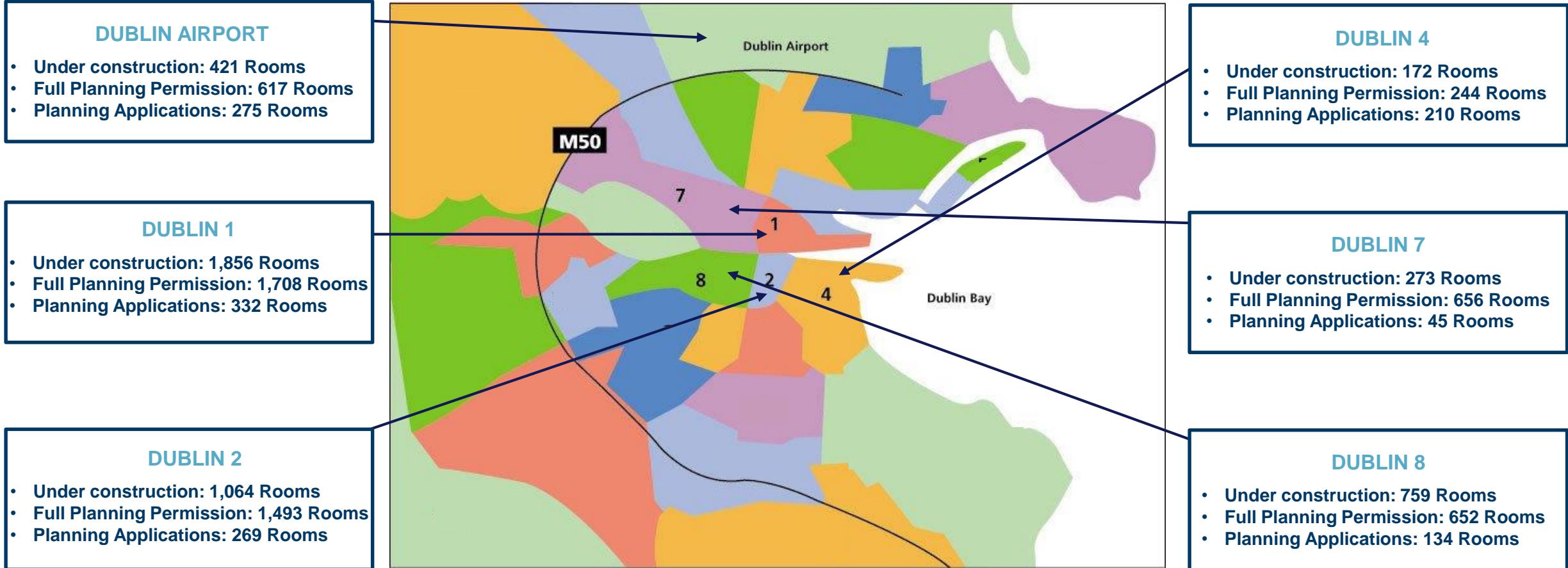


14,000 New Rooms in the Planning System In Total



Source: Cushman & Wakefield Research

DUBLIN PIPELINE – Q3 2019



Source: Cushman & Wakefield Research

TOP 10 HOTELS UNDER CONSTRUCTION

Q3 2019

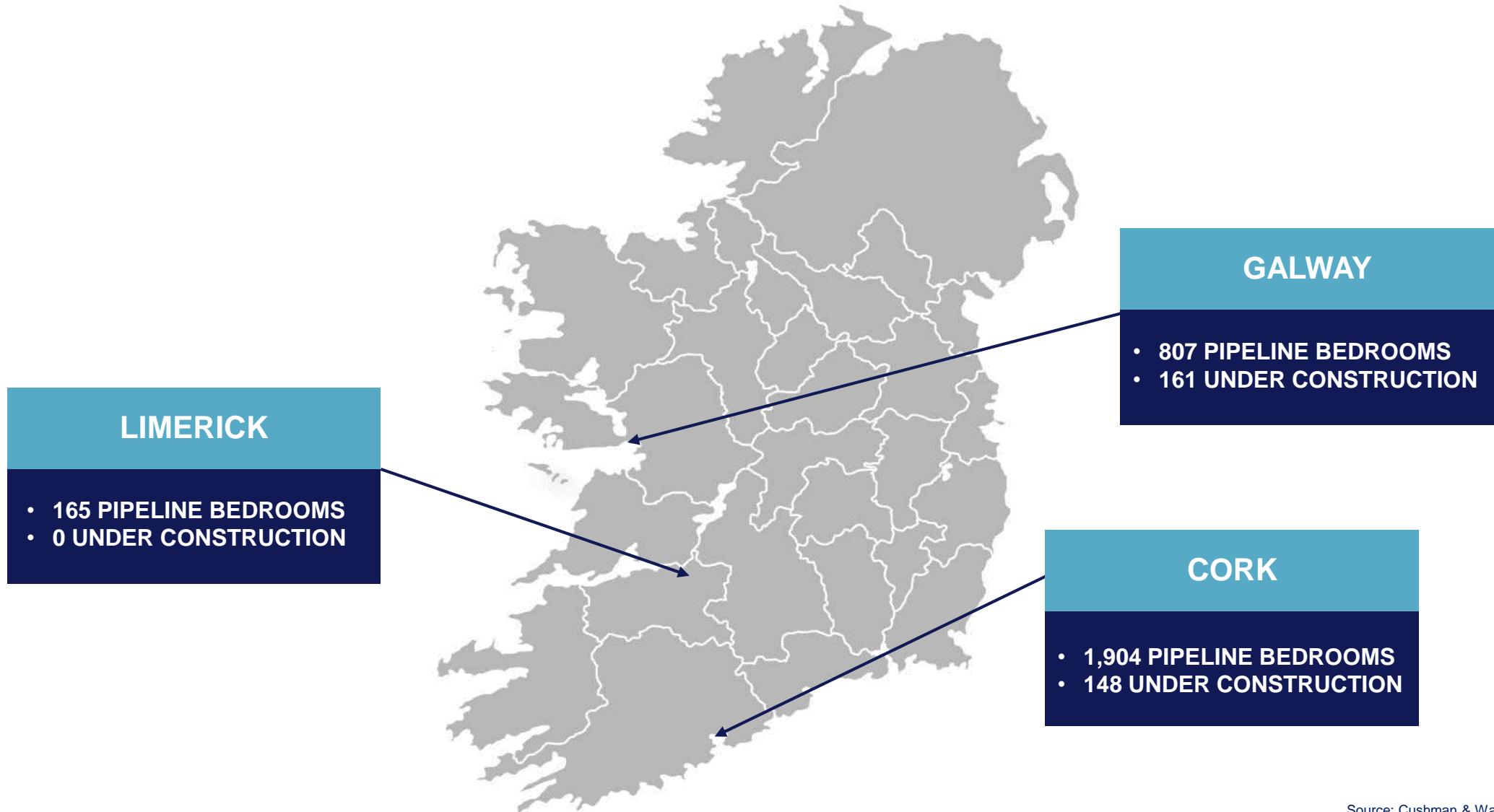


HOTEL	COUNTY	No. of Rooms	Development Type
Holiday Inn Dublin Airport	Dublin	421	New Build
Travelodge Townsend Street, D2	Dublin	393	New Build
Motel One, D1	Dublin	310	Redevelopment
Hampton by Hilton Dublin Four Courts, D7	Dublin	249	New Build
Hyatt Centric, The Liberties, D8	Dublin	234	New Build
Spencer Place Hotel, NWQ, D1	Dublin	212	New Build
Abbey St Upper, D1	Dublin	207	New Build
Clery's Department Store, D1	Dublin	176	New Build
The Big Tree, D1	Dublin	163	New Build
Moxy Dublin, D1	Dublin	158	New Build

The Moxy Dublin is due for imminent completion

Source: Cushman & Wakefield Research

REGIONAL DEVELOPMENT PIPELINE



Source: Cushman & Wakefield Research



DEMAND

- Good transactional volume occurring year to date
- Trend of 5 star / luxury products being transacted
- Good confidence in the market from both national and international investors

SUPPLY

- 14,000 bedrooms within the current planning system
 - ❖ 10% of which comprises of apart hotel bedrooms
 - ❖ Further confidence in the market with well known branded hotel currently under construction



THANK YOU





ARCHER | HOTEL CAPITAL

CROWE | CUSHMAN & WAKEFIELD BREAKFAST BRIEFING
DUBLIN, 3 OCTOBER 2019



Archer Hotel Capital - Background

- Specialist European hotel investment vehicle
- Established in December 2018 as a follow-on vehicle from a JV managed by Host Hotels & Resorts
- Now owned by affiliates of APG and GIC
- Owns one of the best quality hotel portfolios in Europe comprising 10 hotels with a gross asset value of circa €2bn

Archer Hotel Capital - Shareholders



APG manages approx. €500bn of pension assets for the various pension funds.

APG provides pensions for one in five families in the Netherlands (approximately 4.5 million participants).



Established in 1981, GIC is the first non-commodity sovereign wealth fund in the world.

Its primary purpose is managing the reserves of Singapore for the long term; investments are as a rule outside of Singapore.

The board of GIC is directly accountable to the Government of Singapore.



Archer Portfolio

3,578 Rooms

10 Hotels

8 Gateway Cities

In excess of €2 billion gross asset value



Hotel Arts Barcelona



Westin Palace Madrid



Marriott Brussels



Le Meridien Piccadilly



Sheraton Stockholm



Renaissance Vendome



Renaissance la Defense



Renaissance Amsterdam



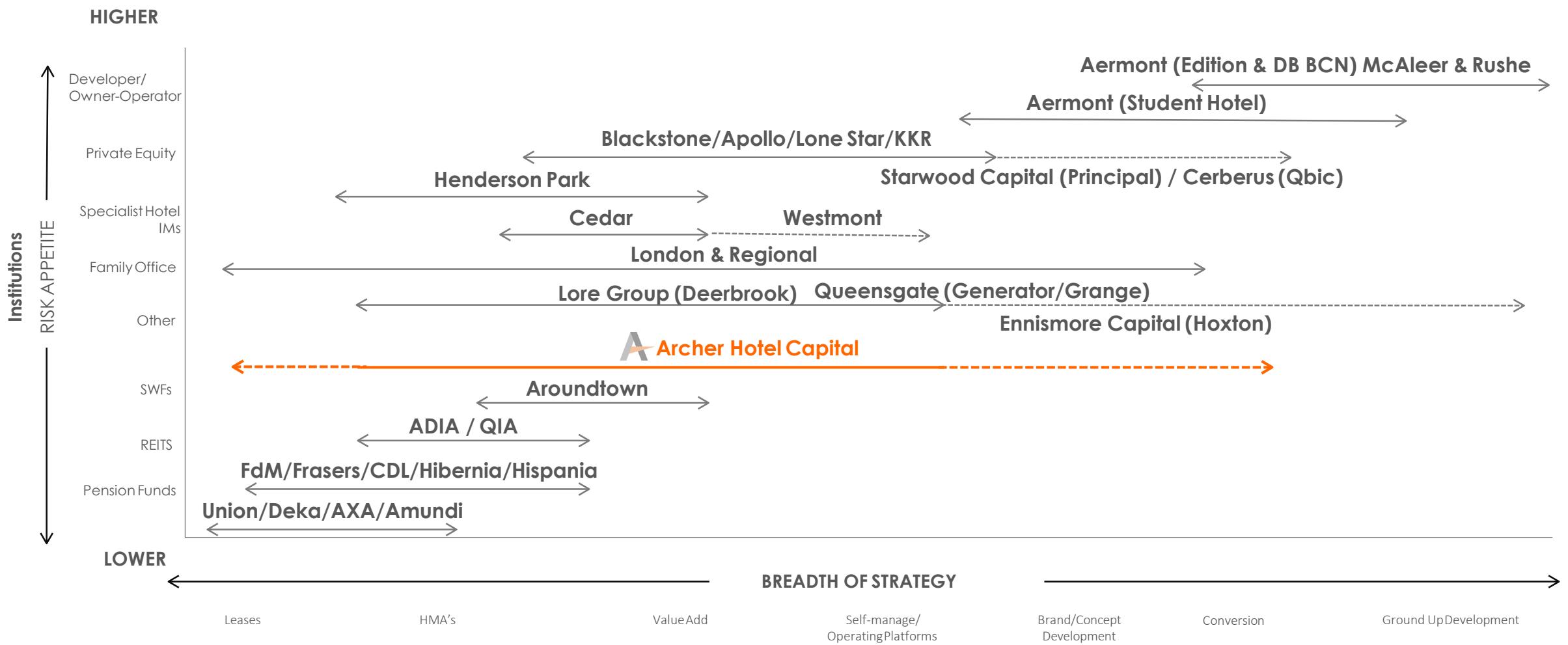
Sheraton Berlin Esplanade Hotel



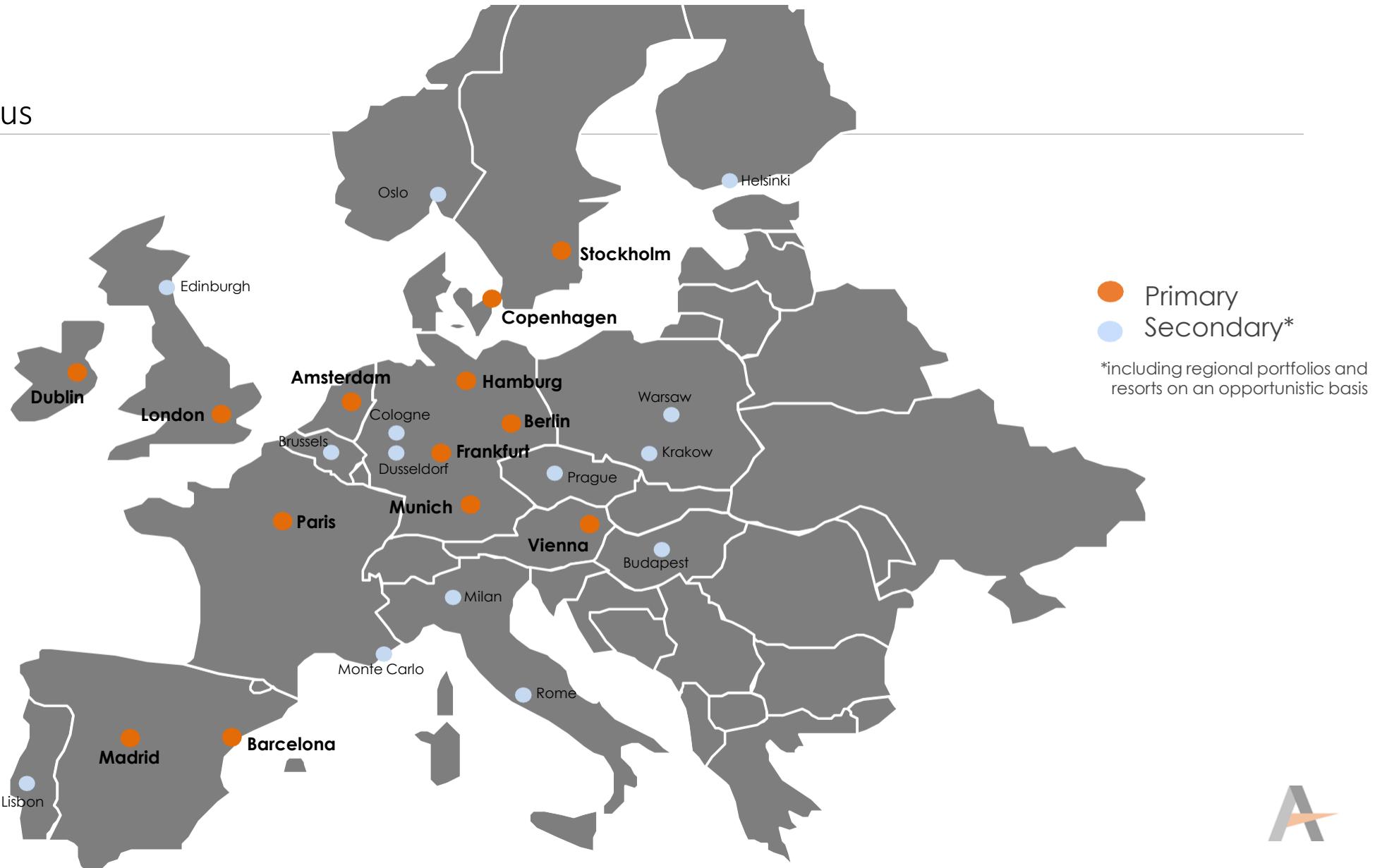
Hilton Schiphol



European Hotel Investment Landscape

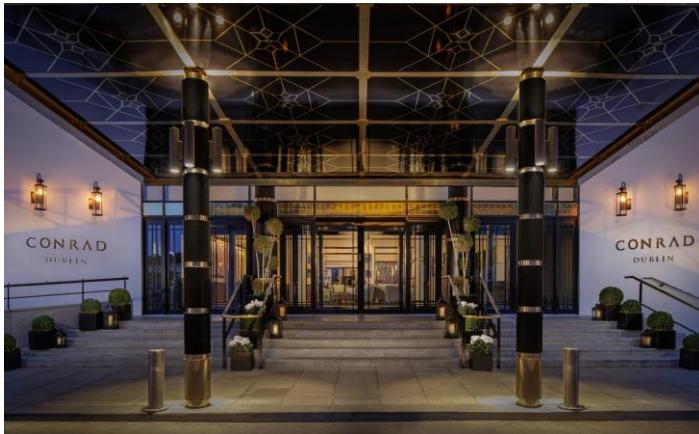


Geographic Focus

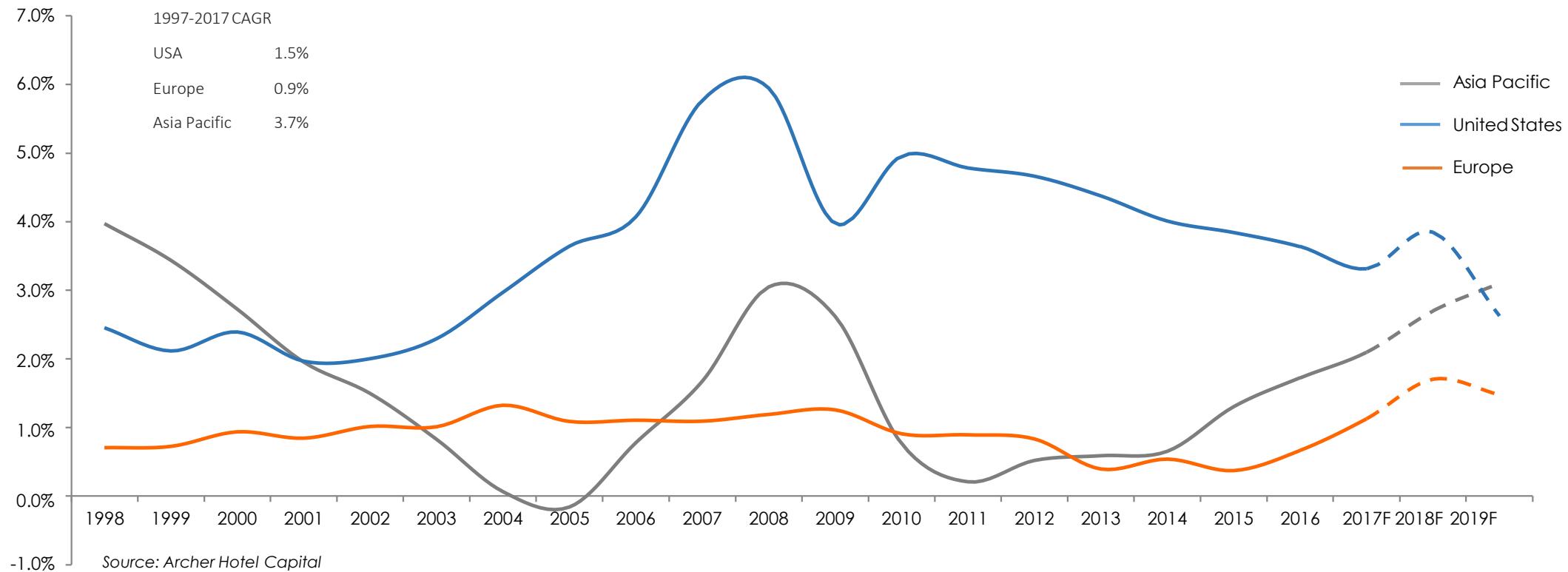


Investment Criteria

- Prime Locations in top European Cities, market-driven approach
- Institutional quality assets
- Large lot sizes
- Class: Budget to Luxury
- Mostly single assets (selected portfolios)
- Operating Model: Vacant Possession, Management Contract, Short-term operating leases (<10 years)
- Focused on long-term value creation



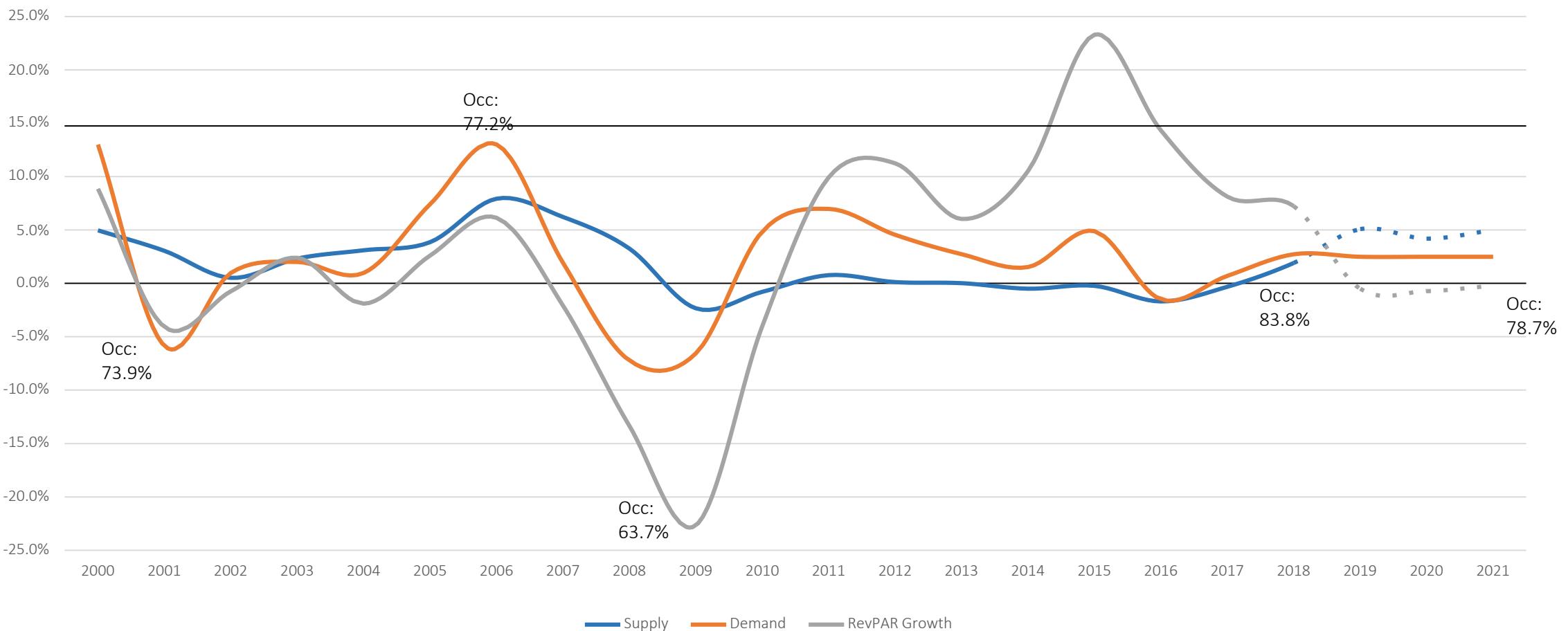
Global Hotel Room Supply Growth



High Barriers to entry, combined with strong demand growth, makes European hotel investment a highly attractive proposition



Dublin Market Evolution 1999-2021F (YOY % change)

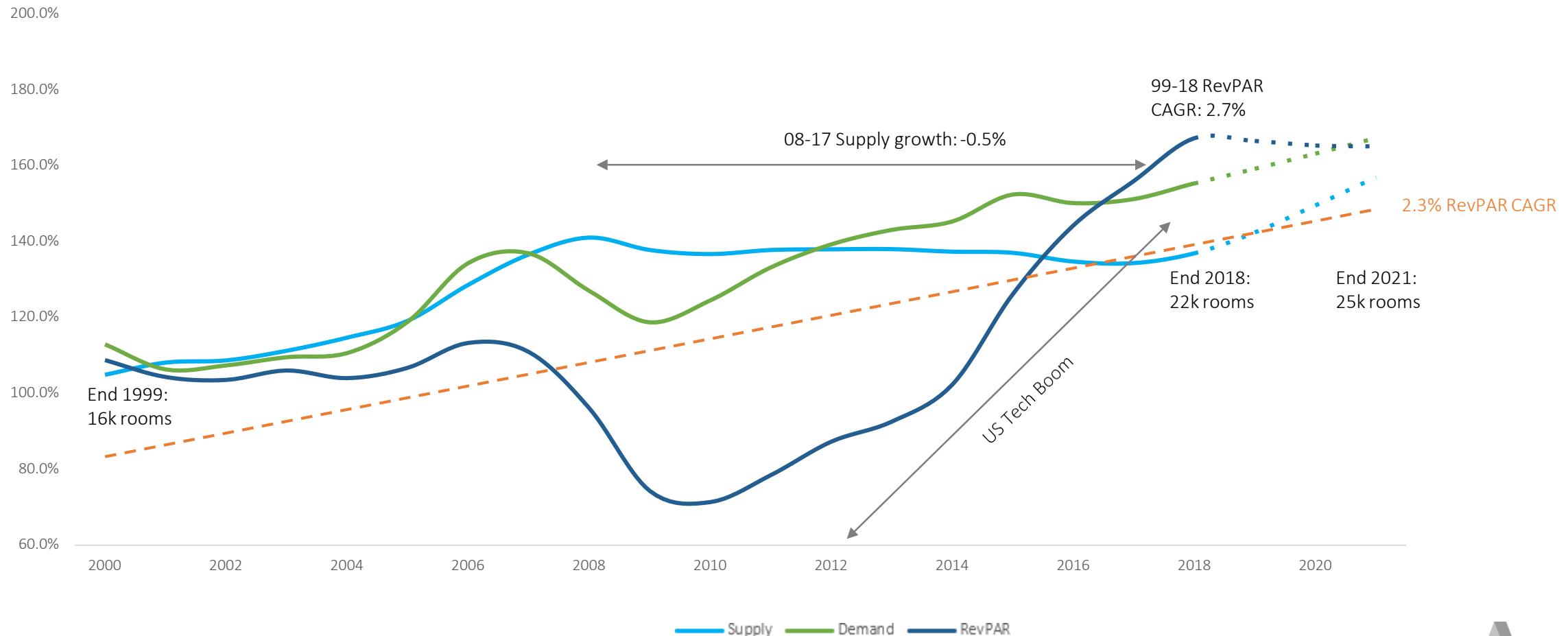


Dublin's hotel market has historically experienced fluctuating fortunes but in 2018 it was the highest occupancy market in Europe



99-18 RevPAR CAGR	
USA	2.9%
Dublin	2.7%
London	2.1%
Paris	1.3%
Amsterdam	1.2%
Barcelona	0.7%

Dublin Market Evolution 1999-2021F (YOY % change)
Dublin Hotel Market Performance (Indexed to 1999)



Unique set of circumstances has driven extraordinary post-GFC recovery



The Case for Investing in Dublin

- Macro economic outlook
- Business environment, transparent legal system
- Diversity of demand
- High proportion of international visitation
- Strength of Tech / Financial Services sectors



Perceived Risks

- Late cycle, big supply pipeline
- Size of market, historic volatility
- Exposure to US recession / tech downturn
- Corporation tax rate
- Brexit



Conclusions

- Outlook for Dublin is strong
- AHC believes in long-term potential of the economy and the hotel market....
- ...notwithstanding any short-term disruption
- Would offer positive portfolio diversification



THANK YOU





2019 Irish Hotel Market Briefing

