



Hotel, Tourism & Leisure Market Update

February 2023

Crowe Annual Hotel Survey – The COVID years

Crowe recently released our 26th Annual Hotel Industry Survey – a survey of the Pandemic Era, 2020 and 2021.

Across 2020 and 2021, the hotel sector in Ireland recorded a massive loss in revenue due to the Government restrictions imposed to curb the spread of COVID-19, including periods of business closure, travel restrictions and social distancing as well as the reduction in worldwide travel.

Revenue fell by 65% in 2020 and 49% in 2021 against 2019 levels.

The extremely low occupancy levels of 29.6% in 2020 and 39.5% in 2021, compared to 73.8% in 2019, further confirm the unprecedented impact that the pandemic had on business levels in comparison to a normal year of trading.

The cumulative impact of supports from the Government was to convert the sector from loss-making to profitable at EBITDAR level. These supports included a reduction in VAT to 9%, payroll support schemes (TWSS and EWSS), the COVID Response Support Scheme (CRSS) and other grants and cost waivers. However, the levels of EBITDAR profits for 2020 and 2021 were still down 82% and 42% respectively on 2019 levels.

For the Executive Summary please [click here](#).

To order your copy of the 2022 Hotel Industry Survey please contact [Sinead O'Rourke](#).

Hotel transactions

It was a buoyant year for hotel sales in Ireland given the uncertainty for the hotel industry emerging from COVID-19. The rebound in hotel performance undoubtedly lifted confidence and key fundamentals for hotel investment; the right property in the right location held firm.

It is reported there was €400m worth of hotel transactions across 22 deals in Ireland. Looking to some transactions, one of the largest hotel sales was the €100m sale to Song Capital of StayCity, a 340-key aparthotel in Dublin 7, representing a price per key of €294k.

The sale of the 36-bedroom Temple Bar Hotel illustrated the value of a well-located property. The hotel sold for more than €11m, representing a price per key in excess of €300k.

The Clerys hotel site sold to Premier Inn hotels for a reported price of €20m, representing a site price per key of c.€94k.

Regionally, there were some interesting sales of well-established hotels, including the Ballymacscanlon Hotel in Co. Louth to TMR for a reported €15m, a price per room of €155k.

In late 2022, Dunboyne Castle Hotel & Spa was also acquired by TMR for an undisclosed amount.

The 5-star Killashee Hotel sold to FBD for €25m, a price per room of €175k.

Hotel supply

Supply continued to grow across Dublin with new openings such as Dublin One Hotel on Dorset Street delivering 163 rooms, and a further 204 rooms to the Dalata Hotel Group with the opening of the Samuel Hotel in the Docklands. A new brand to the city, Hampton by Hilton, opened in Dublin 7 delivering 249 rooms. StayCity opened two aparthotels in Dublin City, the 246-key Tivoli property in Dublin 8 and a 340-key property on Mary Street, Dublin 1.

Regional openings included the 100-key Dean Hotel in Galway and, at the luxury end of the market, the opening of the 42-key Cashel Palace in Tipperary.

2023 is set to be a busy year for new hotel openings in Dublin with brands such as Motel One (310 rooms), the Leinster by Press Up (52 rooms) and the proposed expansion of Premier Inn at three locations: the Clerys Hotel site (200 rooms), the Gloucester Street site (113 rooms) and Newmarket Yards (151 rooms).

Room demand for Dublin remains strong, solidified by occupancy trends for the city. Dublin recorded the highest occupancy across all European cities during 2022 at 77%, as per STR, followed by Edinburgh, Istanbul, London and Paris.

Hotel performance

The Irish hotel sector rebounded well in 2022 and performed better than most anticipated, owing to a combination of pent-up demand and a reduction in tourist rooms within the market.

Dublin performed particularly well, growing ADR 13% on 2019 levels from €142 to €164.

Occupancy was 5% lower than in 2019 at 77% for the overall year, but looking to the average for the ten months March to December, when there were no restrictions imposed on hotels, occupancy came in at 83%.



Regionally, Cork, Galway and Limerick cities performed particularly well when we compare 2022 to 2019.

Limerick City grew RevPAR 33%, primarily owing to an increase in ADR of 27% from €86 to €109. This will be a welcome increase for a city that has struggled to grow ADR for many years. Limerick was able to grow occupancy from 74% in 2019 to 78% in 2022.

Cork grew ADR from €113 to €144, an increase of 28%. Occupancy lagged 6% behind 2019 levels, but finished strong at 74% despite the COVID-19 restrictions in the first two months of 2022.

Galway followed a similar trend to Cork, growing ADR 24% from €111 to €138, while occupancy was down just 1% on 2019 levels to 76%. Both Cork and Galway have achieved RevPAR over the €100 mark.

Nationally, ADR grew 30% to €126 while RevPAR was just 1% below 2019 levels. Rooms performance in 2022 was very strong both in cities and provincially.

Hospitality news

New rules on tips and gratuities and service charges have been introduced through the Payment of Wages (Amendment) (Tips and Gratuities) Act 2022, which came into effect on 1 December 2022.

The policy is intended to ensure that tips and gratuities are additional to, and not subsumed into the wage.

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