



Hotel, Tourism & Leisure Market Update

November 2022

Hotel transactions

The Butler Arms Hotel in Waterville, Co. Kerry was recently acquired by Press Up Hospitality Group, expanding their reach to provincial Ireland. The hotel sold for an undisclosed amount.

Whitbread plc, the owner of the Premier Inn chain of hotels, has acquired the hotel site at the back of Clerys on O'Connell Street in Dublin 1 for €20m. The site has planning permission for a 213-bedroom, seven-storey hotel, representing a site price per key of €94k.

Maldron Hotel Oranmore in Galway has been brought to the market for €13m. The property is leased to Dalata for an annual rent of €900k, with six years remaining on the lease and an upward-only rent review due in January 2023.

Buswells Hotel was launched to market in September, guiding €22m. The hotel is located on Molesworth Street in Dublin 2 and has 67 rooms, representing a guide price of €328k per room. It is being offered to market unbranded with vacant possession.

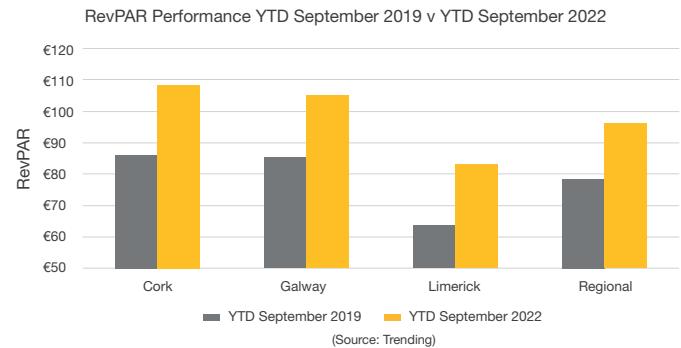
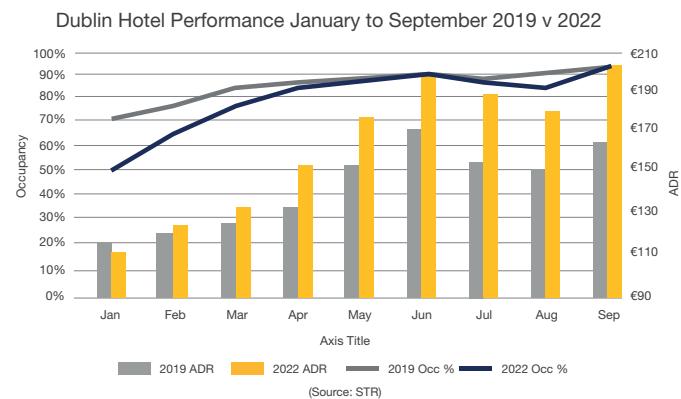
Hotel supply

- The Hoxton (part of the Accor group) have announced their first Dublin hotel, to be located on the site of the Central Hotel on Exchequer Street in Dublin City Centre. The hotel will comprise 129 rooms and will open for business in 2024.
- British hotel group Kula will open its first location in Ireland on the corner of Little Britain Street and Little Green Street, Dublin 7 in 2024. The site has planning permission for a 195-bedroom hotel.

Hotel performance

Regional hotels had a strong finish to the summer season. RevPAR for the month of September was €119, compared to €93 in 2019. This was driven solely by increased rates.

September year-to-date RevPAR was 23% or €18 ahead of the same period in 2019. Occupancy for the month of September was at the same level as 2019 at 90%. This is of interest given international visitors to Ireland are still below 2019 levels and suggests the reduced capacity of hotel rooms for travellers has helped to insulate the hotel market to some extent. Cork, Galway and Limerick all benefitted from similar growth trends where rate was the dominant growth factor.



Dublin hotels have continued to perform well. Average daily rates continue to exceed pre-pandemic levels. This rate has been predominantly driven up by transient leisure demand, particularly around major events such as music or sporting events.

Occupancy rebounded to 2019 levels in September at 92%, but YTD occupancy lags behind 2019 due to the COVID-19 restrictions at the beginning of the year.

Budget 2023 briefing video

Leading economist Jim Power joined a panel of Crowe partners after the government's Budget announcement to present their Budget 2023 reactions and analysis in a live webcast to over 200 guests. Jim provided an overview of the impact that Budget 2023 will have on the wider economy and how it will address the post-pandemic economic challenges. Our Crowe panel addressed the impact the budget will have on Irish SME business owners and international investors across various sectors. A recording of the broadcast is available on our [YouTube channel](#).

Irish Hotel Market Briefing



Aiden Murphy (Crowe), Dan O'Connor (JLL) & John Brennan (Klarent)

Crowe, together with JLL, recently hosted our 2022 Annual Irish Hotel Market Briefing. The briefing, titled *Post-pandemic: Hotel sector recovery in a changed world*, saw Aiden Murphy of Crowe, Dan O'Connor of JLL and guest speaker John Brennan, Chairman of Klarent Hospitality contributing. [Read more](#)

Cliste Hospitality Perspectives Conference 2022

Hotel, Tourism and Leisure Director, Mairea Doyle Balfe participated in a panel discussion at the recent Hospitality Perspectives Conference held by Cliste Hospitality. The panel addressed the theme *Hospitality in the Family – Strategies, Succession and Tax Planning*.

[Read more](#)

Rising payroll costs

CSO data shows that the average hourly labour cost for the accommodation and food service sector has increased by 7.2% for the year to June 2022. The minimum wage is set to increase to €11.30 from 1 January 2023. The Government has indicated its commitment to move towards a "living wage" by 2026, which would equate to €12.70 at 2022 wage levels.

Statutory sick pay will become effective from 1 January 2023. Employees will be entitled to up to three days' pay from 2023, increasing to five days in 2024, seven days in 2025 and ten days in 2026. The rate of payment will be 70% of normal wages, up to €110 per day. To claim under the scheme, staff must be employed for at least 13 weeks and be GP-certified as unfit to work.

The Government has approved the general scheme of a bill to introduce an auto-enrolment system for an occupational pension scheme for employees from late 2023. Under the scheme, employers will match contribution rates of employees, commencing at 1.5% and increasing to 6% within 10 years. Current proposals state that the employee must be aged between 23 and 60 and earning €20k or over. The Government will also contribute to this scheme.

Debt warehousing

Revenue have extended the Debt Warehousing Scheme in light of the current challenging economic situation. Businesses with warehoused debt were due to make an arrangement with Revenue to deal with that debt by the end of the year (or by 1 May 2023 for those subject to the extended deadline). Revenue have now extended the timeline to 1 May 2024, so businesses will not need to clear their debt or enter into a phased payment arrangement until that date. Importantly also, businesses will still be able to avail of the reduced 3% interest rate from 1 January 2023, as opposed to the general interest rate of 10%, when they come to pay the debt.

Contact

Crowe
40 Mesnil Road,
Dublin 4
D04 C2N4
Tel: +353 1 448 2200
www.crowe.ie



Naoise Cosgrove
T: +353 1 448 2263
naoise.cosgrove@crowe.ie



Aiden Murphy
T: +353 1 448 2214
aiden.murphy@crowe.ie



Mairea Doyle Balfe
T: +353 1 448 2281
mairea.doylebalfe@crowe.ie