



2024 Irish Hotel Market Briefing

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Key Factors that will determine future Profit and Loss levels



Sectoral Overview – Dublin Market (37% of Registered Rooms)

	2019	2020	2021	2022	2023	2024
Room Occupancy	82.7%	26.1%	35.5%	78.5%	~ 82%	?
Average Room Rate	€142.42	€103.51	€119.63	€169.36	~ €178	?
						?
Total Revenue	€72,470	€18,346	€25,151	€72,989	▲	
Total Operating Costs	€50,492	€20,335	€24,829	€50,726	▲	?
EBITDAR Profit before Supports	€21,978	(€1,989)	€322	€22,263	▲	?
Government Supports	-	€3,932	€6,750	€2,345		?
EBITDAR Profit after Supports	€21,978	€1,943	€7,072	€24,608	▲	?

Figures shown per available room

	<u>2019</u>	<u>2023</u>	
Average Room Rate	€142	€178	▲ €36 over 4 years (€9 average per year)
VAT Impact	9%	13.5%	▲ €8 vs increase of €9 in the last 12 months
EURIBOR	0%	3.9%	▲ Increased repayment burden

Challenging environment in 2024 to grow profit levels

Sectoral Overview – Dublin Market Revenue Mix

	2019	2020	2021	2022
Rooms	€43,045	€9,567	€14,929	€47,921
Food	€15,676	€4,014	€4,991	€13,398
Beverage	€9,269	€2,569	€3,071	€7,695
Other	€4,480	€2,196	€2,160	€3,975
<i>Revenue Mix:</i>				
Rooms	59.4%	52.1%	59.4%	65.7%
Food	21.6%	21.8%	19.8%	18.4%
Beverage	12.8%	14.0%	12.2%	10.5%
Other	6.2%	12.0%	8.6%	5.4%
<i>Figures shown per available room</i>				
EBITDAR Profit before Supports %	30.3%	(10.8%)	1.3%	30.5%

- ▶ EBITDAR Margin had exceeded 2019 as greater share of revenues from accommodation
- ▶ If F&B is a key driver of revenue growth in 2024, this could impact overall EBITDAR Margin

Ireland led European rate and occupancy recovery by year end 2022

Sectoral Overview – Regional Ireland

	2019	2020	2021	2022	2023	2024
Room Occupancy	70.0%	30.8%	40.9%	69.7%	~ 72%	?
Average Room Rate	€102.44	€94.90	€121.18	€132.87	~ €141	?
Total Revenue	€69,999	€26,514	€39,629	€77,711	▲	?
Total Operating Costs	€58,354	€29,607	€41,381	€66,079	▲	?
EBITDAR Profit before Supports	€11,645	(€3,093)	(€1,752)	€11,632	▲	?
Government Supports	-	€6,059	€10,790	€2,908		?
EBITDAR Profit after Supports	€11,645	€2,966	€9,038	€14,540	▲	?

Figures shown per available room

	<u>2019</u>	<u>2023</u>		
Average Room Rate	€102	€141	▲	€39 over 4 years (€10 average per year)
VAT Impact	9%	13.5%	▲	€6 vs increase of €8 in the last 12 months

Further ahead in recovery, additional revenue growth in 2024 to drive profit?

Sectoral Overview – Regional Ireland Revenue Mix

	2019	2020	2021	2022
Rooms	€26,185	€10,546	€17,348	€33,781
Food	€25,100	€8,547	€11,431	€25,486
Beverage	€12,753	€4,175	€5,836	€12,581
Other	€5,961	€3,246	€5,014	€5,863
<i>Revenue Mix:</i>				
Rooms	37.4%	39.8%	43.8%	43.5%
Food	35.9%	32.2%	28.8%	32.8%
Beverage	18.2%	15.7%	14.7%	16.2%
Other	8.5%	12.2%	12.7%	7.5%
EBITDAR Profit before Government Supports %	16.6%	(11.7%)	(4.4%)	15.0%

Figures shown per available room

- ▶ EBITDAR Profitability is down on 2019 levels
- ▶ F&B accounts for 49% of revenue and is attracting higher costs
- ▶ Utility Cost up 58% from 2019

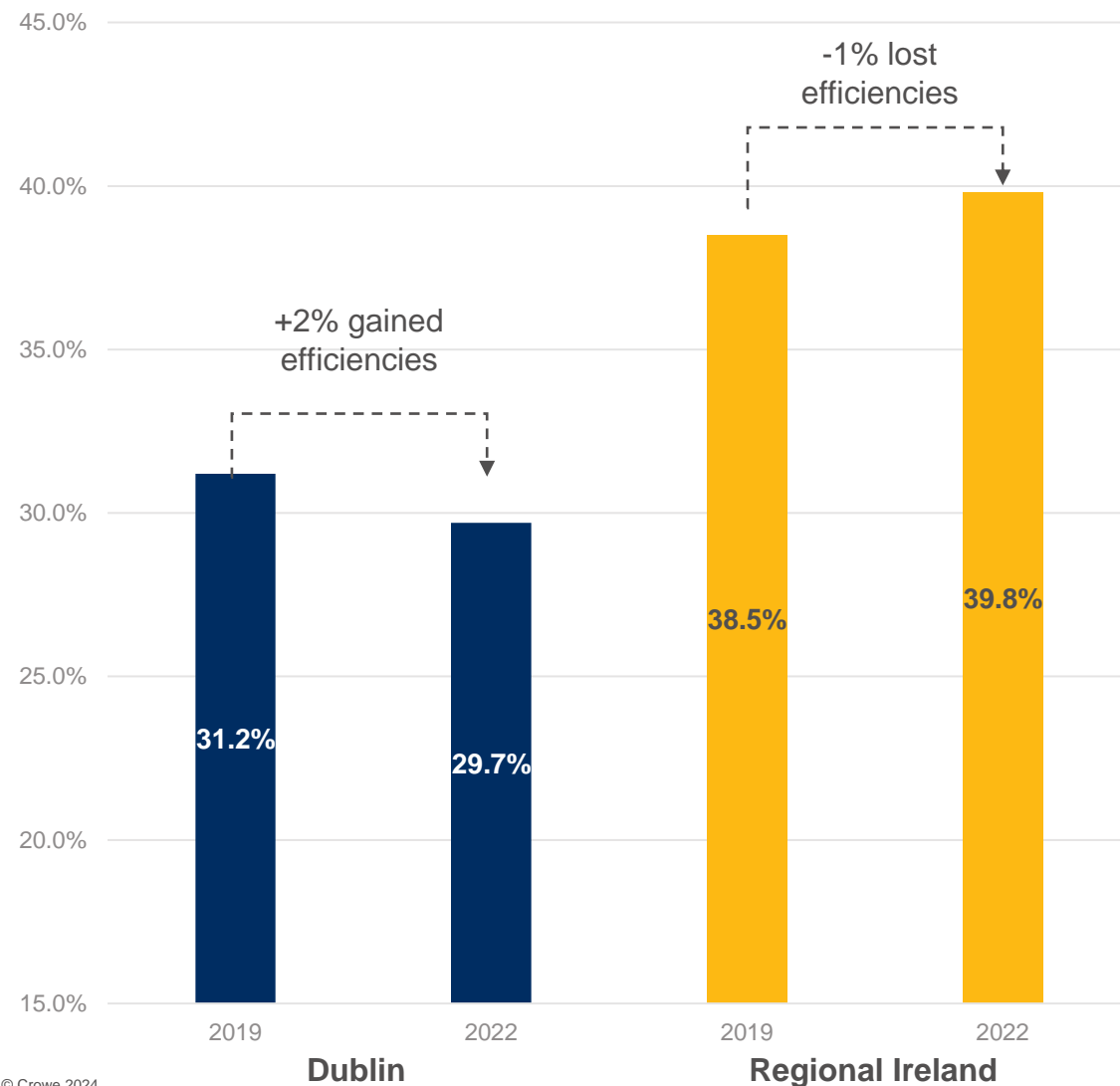
Faster Activation of Your ESG Improvement Journey



Larger hotels obliged to provide specified level of financial and auxiliary reporting

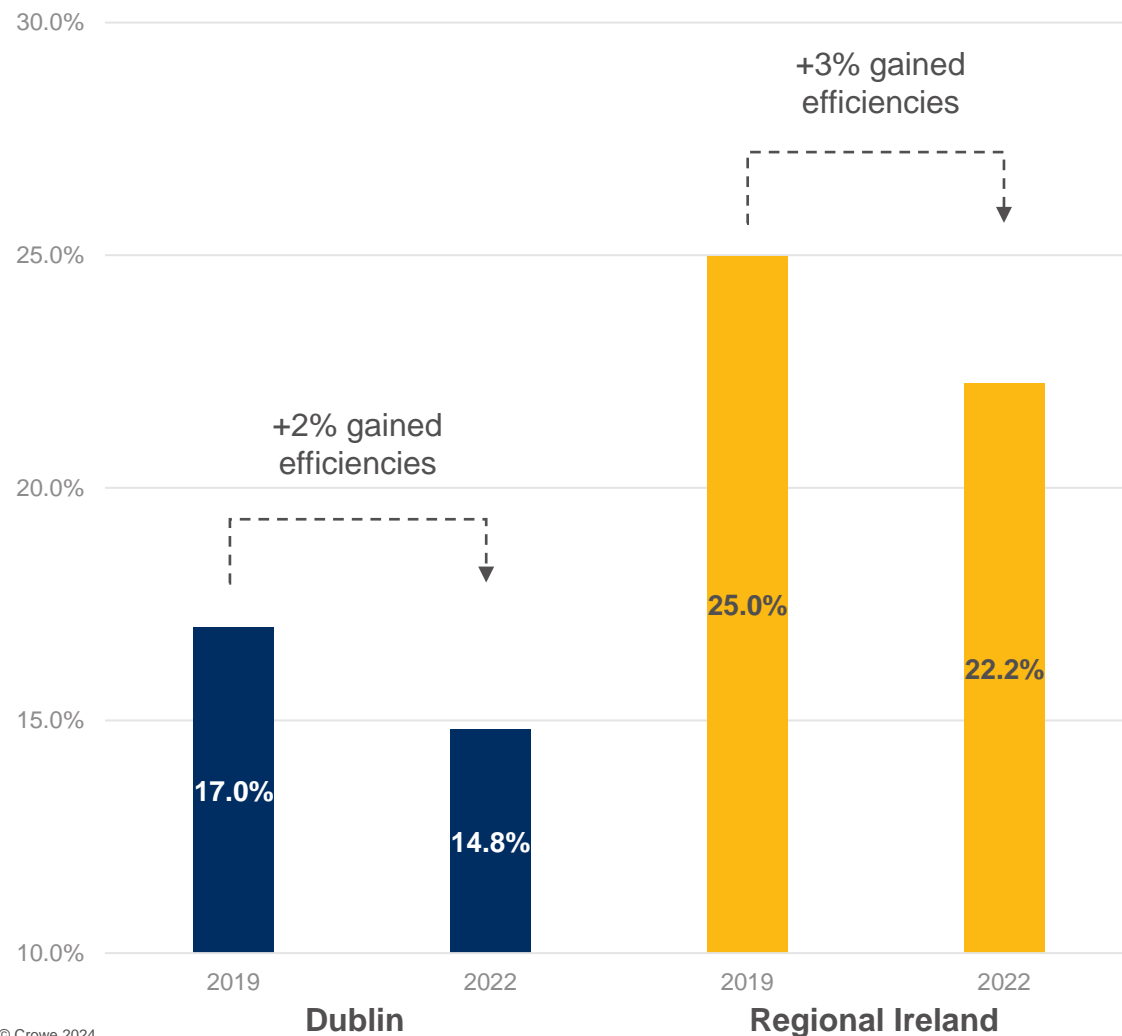
Investment in people and product and return on investment metrics will be required

Overall Payroll (as % of Total Revenue)



► Hotels in Dublin gained payroll efficiencies (+2%), whereas hotels in Regional Ireland lost efficiencies (-1%)

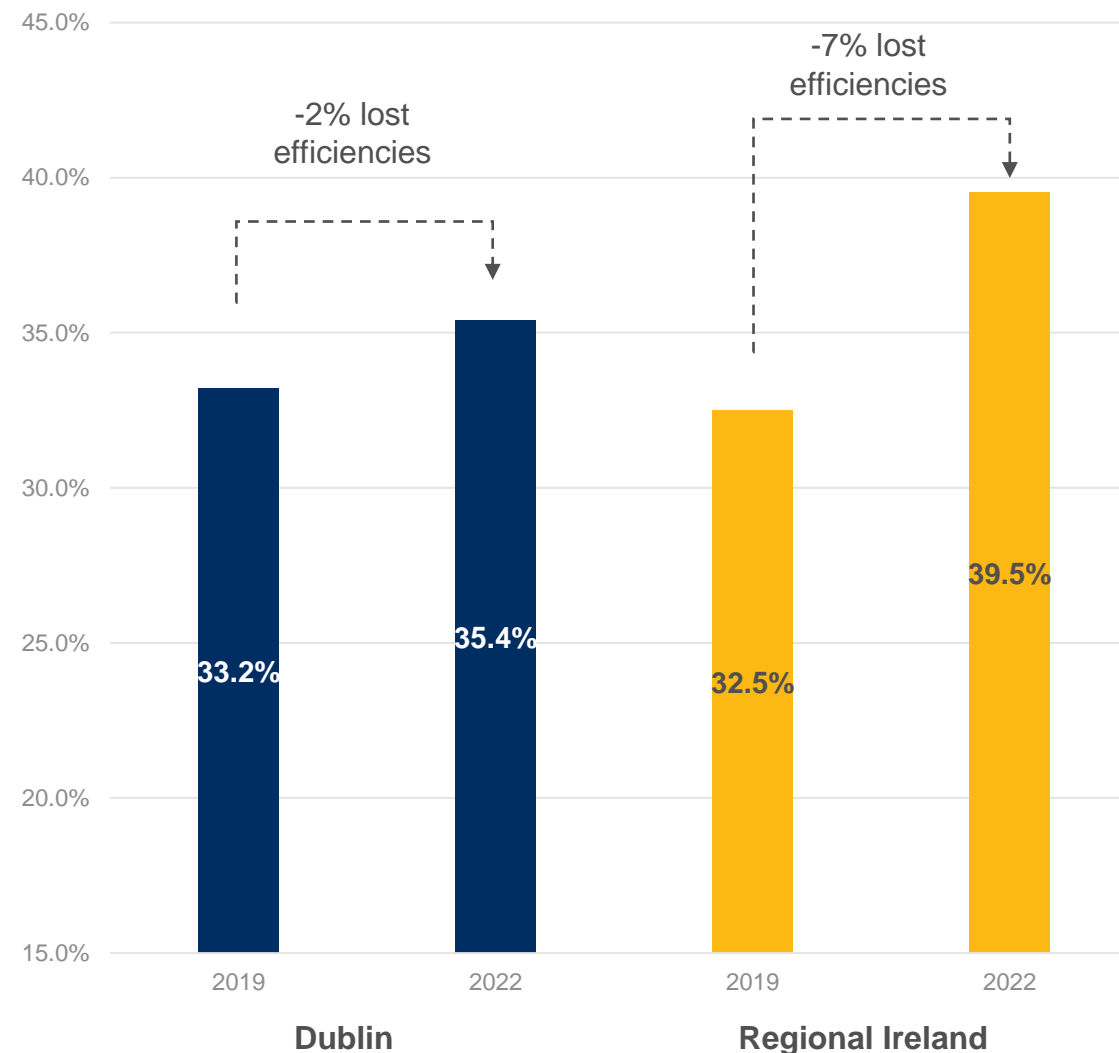
Rooms Departmental Payroll (as % of Room Revenue)



- ▶ Hotels in Regional Ireland experienced greater efficiency (+3%) than hotels in Dublin (+2%)
- ▶ Risk that payroll costs increase faster than room revenue growth and efficiency is eroded

F&B Departmental Payroll (as % of F&B Revenue)

- ▶ Hotels in Regional Ireland in ramping up F&B Revenues incurred very significantly higher labour costs
- ▶ Expect this has already corrected in 2023



Ireland Hotel Market Outlook 2024

Impact of
Increased
VAT Rate

Pace of
Room Rate
Growth

Growth in
Auxiliary
Revenues
(potential
impact on
margin)

Rising
Labour,
Pension &
Sick Pay
Costs

Renewal of
Government
Contracts

Short Term
Lets
Legislation

Capacity &
Slowing
Supply of
New Rooms

Investing to
enhance
profit and
value

Hotel Transactions Overview 2023 & Outlook 2024



Dan O'Connor

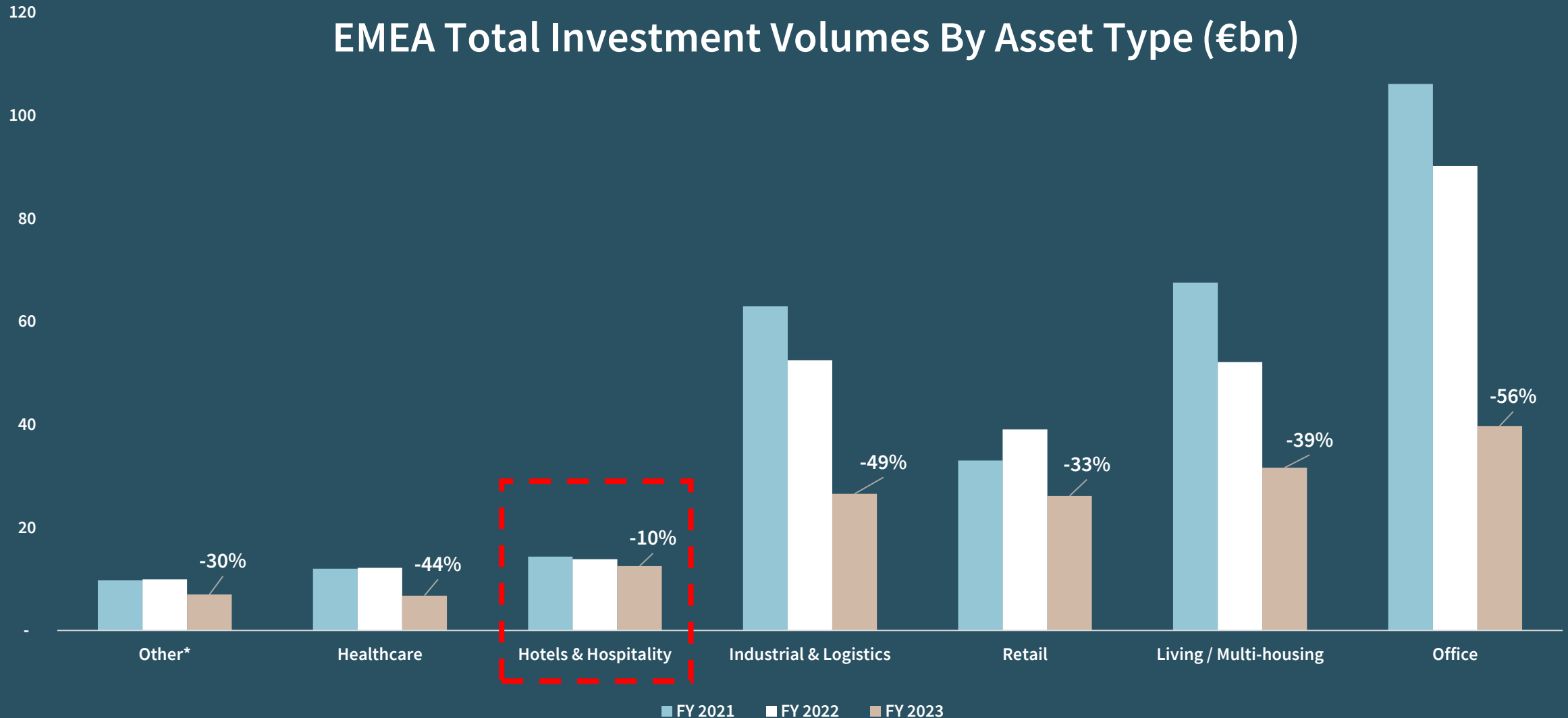
Head of Hotels & Living

JLL Ireland

In The World Of CRE....Hotels Outperformed In 2023!



EMEA Total Investment Volumes By Asset Type (€bn)



Source: JLL Research

*Other sector includes Mixed-Use, Special Purpose Facility, Infrastructure & Energy and Unknown.

Notes: Excludes M&A, developments and deals below \$5m.



2023 Deal Flow

Q1 2023 Deals Statistics

Selected Q1 2023 Deal

Tulfarris Hotel & Golf Resort, Co. Wicklow

Buyer: Mayrange Hospitality

Seller: Prem Group

JLL Role: Advisor to Seller

Approx.
€100M
Of Deal Volume

Approx.
1,000
Keys Transacted

Approx.
€100K
Per Key
Average Value



- Q1 2023 hotel transaction activity started strongly;
- However, activity was primarily comprised of smaller deals spread across provincial Ireland ---> mostly Irish buyers & sellers;
- Largest hotel deal in Q1 was Tulfarris Resort in Co. Wicklow, whilst the most valuable development deal was Telephone House in Dublin 1 (SPP deal for 300 keys);
- Heavy focus on hotel development sites in Q1, with 4 development assets changing hands.

Q2 2023 Deals Statistics

Selected Q2 2023 Deal

Brooks Hotel Sale, Dublin 2

Buyer: MHL Hotel Collection

Seller: Private Irish Seller

JLL Role: Advisor to Seller

Approx.
€95M
Of Deal Volume

Approx.
350
Keys Transacted

Approx.
€270K
Per Key
Average Value



- Q2 2023 transaction activity fell, with just 5 deals closing in the quarter;
- However, activity was concentrated in 'bigger urban deals', like the Imperial Hotel in Cork for example;
- Largest hotel deal in Q2 was Brooks Hotel in Dublin 2, which demonstrated a strong vote of confidence in the higher end Dublin City market;
- Most buyers and sellers in Q2 2023, were Irish.

Q3 2023 Deals Statistics

Selected Q3 2023 Deal

Hilton Belfast, Northern Ireland

Buyer: Pandox

Seller: Starwood Capital

JLL Role: Advisor to Seller

Approx.
€105M
Of Deal Volume

Approx.
700
Keys Transacted

Approx.
€150K
Per Key
Average Value



- Q3 2023 deal volume picked up again, with 7 assets trading at an average deal volume of approx. €15M;
- The highest per key in the quarter was achieved at the Park Hotel in Kenmare, which was acquired by a HNWI;
- Largest hotel deal in Q3 was the Hilton Belfast, which set a new ‘prime per key value’ in Belfast for an upscale hotel, of approx. €200K per key;
- PLC’s remerged as buyers in Q3 with both Pandox and Whitbread transacting.

Q4 2023 Deals Statistics

Selected Q4 2023 Deal

Radisson Belfast, Northern Ireland

Buyer: Cliste + Warren Private

Seller: Local Investor

JLL Role: Advisor to Buyer

Approx.
€12M
Of Deal Volume

Approx.
270
Keys Transacted

Approx.
€50K
Per Key
Average Value



- Q4 2023 transaction volume were very low, with only 2 major deals closing;
- Largest hotel deal in Q4 was the Radisson in Belfast, which is now rebranded the Gasworks Hotel;
- Whitbread plc acquired their first suburban Dublin hotel site in Q4 2023, being a hotel development site in Sandyford;
- Most significantly, major big-ticket deals such as The Dean Hotel Group, Tifco Hotel Group and The Shelbourne all entered varying stages, including DHG exchanging.

2024 Outlook

2024.... Will Be A Record Year For Closing Hotel Deals!



“2024 will present huge opportunities including heightened **deal flow**, exciting **new openings** and major Dublin **events**. There will also be big challenges around **holding margins**, planning restrictions **hampering new builds** and elevated **financing costs**.”

Based on live transactions and the pipeline, we forecast Irish **hotel deal volumes to reach €750M** in 2024. This is more than double 2023 deal volumes and will represent a record high year”



Thank you

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