



HotelBeat

Destination: DUBLIN, IRELAND

December 2012



DESTINATION OVERVIEW

Dublin is the capital and largest city (528,000 inhabitants) in Ireland, and home to Croke Park (the largest stadium in Ireland, 82,000 seats, and a popular sporting, events and concert venue). The Liffey splits the city, with the Northside traditionally seen as working class and the Southside as middle to upper-middle class. Its colourful heritage is reflected in the many landmarks and monuments that populate the city centre. More recently, Dublin was at the heart of Ireland's Celtic Tiger period and in 2009 was listed as the 4th richest city in the world. Although traditional industries (food processing, textiles) have declined, Guinness is still brewed here (since 1759) and new industries such as finance, IT and pharma have established themselves. Such rich diversity of attractions and corporate activity made Dublin a popular tourist destination and underpinned growth in the hotel sector. Although demand has been weak in recent years, the city's fundamental demand drivers remain and there is renewed investor interest in the city, with several hotels transacting in 2012 (including the Morrison, Burlington and Croke Park hotels).

ECONOMIC TRENDS

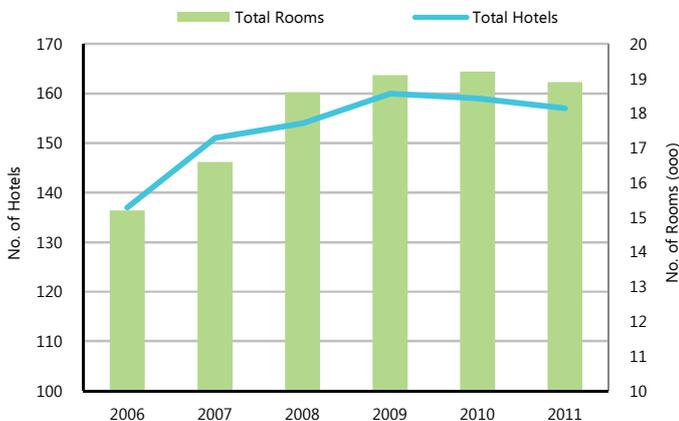
Up to 2007, Ireland basked in its Celtic Tiger economy, enjoying strong GDP growth and low unemployment. When the financial crisis kicked off in 2008, the economy turned dramatically. Three years of recession, austerity and cost cutting have resulted in very high levels of unemployment (close to 15% in 2012). The economy is expected to recover longer term, but very slowly. The decline in passenger numbers at Dublin Airport stabilised in 2011 and, because the city is home to 13 of Ireland's top 20 tourist attractions, its future prospects should be reasonable to good in the longer term.



Source: IMF and DAA

HOTEL SUPPLY

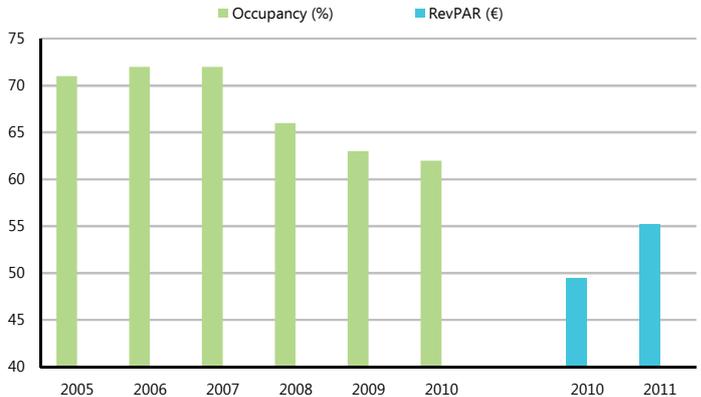
At its peak the hotel market in Dublin comprised some 160 hotels, offering more than 19,000 rooms (compared to over 120,000 rooms in London). The market grew dramatically in the mid-2000's, but in recent years, the heat has firmly come off the development cycle and the number of premises is actually in decline as excess supply is closed down in the face of economic uncertainty and falling visitor numbers. In 2011, there were nine five-star hotels (1,492 rooms) and 44 four-star (7,668 rooms). Few new developments at this level are in the pipeline (cheaper to buy existing than to build new).



Source: Failte Ireland

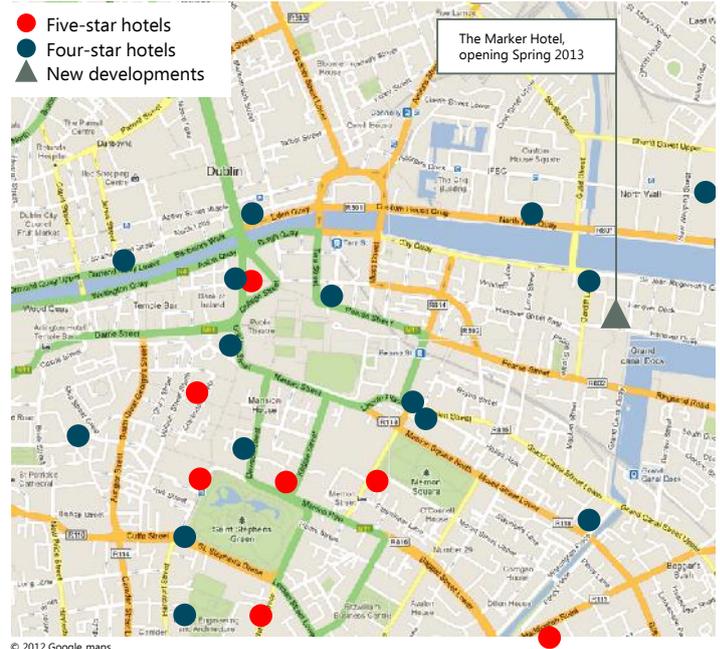
HOTEL PERFORMANCE TRENDS

Across all segments, city-wide occupancy peaked in 2007 and declined annually to 2010 according to Failte Ireland (green bars in graph below). In 2011, both occupancy and ADR increased materially (see RevPAR data for a sample of quality hotels represented by the blue bars below), a trend that appears to be continuing in 2012. This data would suggest that the market has reached bottom and is improving. Historically, hotels in Dublin have performed strongly in F&B, but in recent years F&B spend, particularly in MICE, fell away materially. This is also expected to recover in the near future.



Source: Failte Ireland and Whitebridge research

DESTINATION MAP



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For further information, please contact:
 Whitebridge Hospitality Limited
 9 Clifford Street, London, W1S 2FT, UK
 T: +44 20 7195 1480
 E: philip.camble@whitebridgegh.com
www.whitebridgehospitality.com

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