



Welcome

Welcome to the Quarter 3 2017 issue of our Hotel, Tourism and Leisure Sector Review.

The new General Data Protection Regulation (GDPR) which is due to come into effect next year will have a significant impact for the hotel, tourism and leisure industry. In this issue we examine some of the key areas to consider in relation to this new regulation.

Given the uncertainty created by Brexit, we outline our Brexit Readiness Check, designed to assist hospitality businesses in the development and implementation of their Brexit response plan.

We look at the general tourism trends in the industry and provide an update on the supply and transactional market.

For further information on any of the topics covered in this review, please contact any member of our team.

Naoise Cosgrove
Managing Partner

Hotel, Tourism & Leisure Sector Review Quarter 3, 2017

GDPR Regulations

The new GDPR will take effect from 25 May 2018. As the legislation brings in a large number of changes, businesses will face a significant level of effort in preparing for GDPR compliance. Hospitality businesses need to start preparing for GDPR compliance to avoid severe fines for non-compliance – the Data Protection Commissioner will be in a position to levy fines of 4% of annual group revenue or up to €20m for businesses that are non-compliant.

The hotel industry by its nature processes and retains vast amounts of data relating to employees and guests, with this information being held in several places. Guest information is frequently used for sales and marketing purposes and under the new regulations it will be critical that appropriate consents are obtained for this use.

As a first step, we encourage businesses to make an inventory of all personal data the organisation holds. You should document why you hold the data, if the data is still required, whether the data is safe and who you share the data with. You should assess your current GDPR readiness by identifying the GDPR risks and compliance gaps within the organisation. Having identified the areas of most material non-compliance, mitigating steps should be prioritised, especially in relation to high-risk processing activities. All organisations should develop appropriate GDPR policies and procedures, which should be communicated to those involved and be supported by appropriate training.

Crowe can assist you in identifying, planning for and meeting your data protection obligations.

[Download our factsheet](#) on the impact of GDPR on the hotel sector and please do not hesitate to contact us for further information.

Brexit Readiness Check

Brexit creates uncertainty for many Irish businesses, and the tourism industry is no exception. Already the industry is seeing the impact of weaker Sterling exchange rates, with recent statistics released from the CSO showing that overall visitors from Britain are down 7.1% YTD August 2017 compared with the same period in 2016. While the impact will be most pronounced in the border region, all parts of the country are exposed to weakness in UK demand.

To help tourism businesses prepare for Brexit, Crowe Horwath in conjunction with Fáilte Ireland have developed an online tool called Brexit Readiness Check. The purpose of the tool is to help businesses to assess how ready they are for the significant and unavoidable impact Brexit will have. The output includes suggested next steps as well as an overview of available supports. The tool is designed as a starting point in the development and implementation of your Brexit response plan.

In a broader sense, the tool is aimed to get tourism businesses thinking about Brexit in a detailed way – it's vital that Irish businesses start to put Brexit at the forefront of their minds and start having the necessary conversations, both internally and within their networks.

The Brexit Readiness Check is available at www.getbrexitready.com. For assistance in relation to your Brexit planning do not hesitate to contact our consulting partner Clodagh O'Brien.

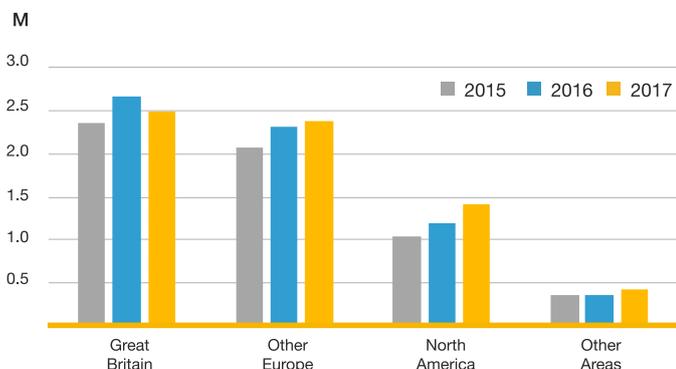
Tourism Trends

Overseas

CSO data shows the number of overseas visits to Ireland in the eight months to the end of August 2017 was 6.7m, an increase of 2.5% when compared with the same period in 2016. Visitor numbers from North America continue to show growth, with an increase of 17.9%, followed by Australia and Developing Markets and increasing 16.9% and with Other Europe up 3.2%. The increase in visitor numbers from these markets can be attributed to a range of factors, including increased direct air access and a market diversification strategy rolled out by Tourism Ireland. Tourism Ireland have focused on capturing the 'culturally curious' segment, who are seen to be less impacted by currency fluctuations. Cathay Pacific have announced that it will operate a new direct Dublin-Hong Kong service four times a week from June 2018, which is very welcome as it is the first direct route to the Asia Pacific region from Ireland.

As already mentioned, visitors from Great Britain are down 7.1% to the end of August. This decline is primarily attributable to the fall in value of Sterling making holiday and short breaks more expensive.

Overseas trips to Ireland (Jan to Aug 2015–2017)



Source: CSO

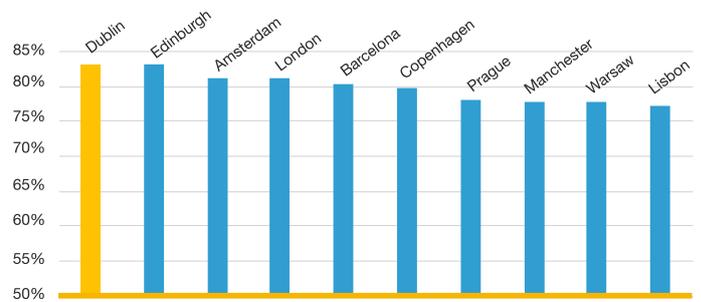
Hotel Performance

Dublin hotels continue to show growth in RevPAR in the eight months to the end of August 2017. RevPAR YTD August 2017 was €113.65 compared with €105.94 YTD August 2016, growth of 7.3%.

Occupancy remains strong in Dublin, with STR data showing that in 2016 Dublin had the highest occupancy of the European cities for the second year running at 83.3%. This is a marginal increase on the previous year, with the capital city reaching a natural ceiling in terms of occupancy. The continued strength of demand and lack of supply additions has allowed Dublin hoteliers to increase average daily rate (ADR). This can be seen in the graph rate ADR, which reached €136.40 in 2016, an increase of 6.8% on the same period from the previous year.

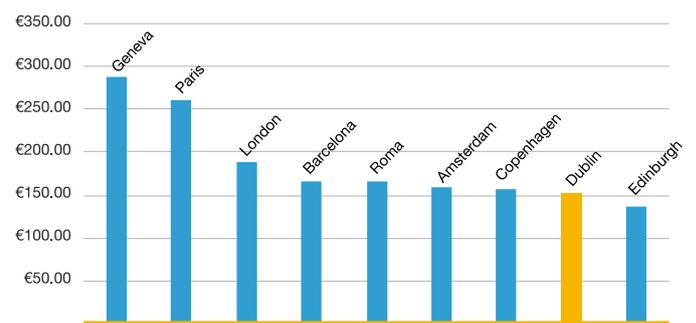
Dublin is now commanding rates close to other European cities such as Amsterdam and Copenhagen. Continued uplift in RevPAR will, most likely, be dominated by ADR, however growth in 2017 is not expected at the same level as the previous two years.

Dublin Occupancy Aug 2017 YTD v Other European Cities



Source: STR

Dublin ADR YTD Aug 2017 v Other European Cities

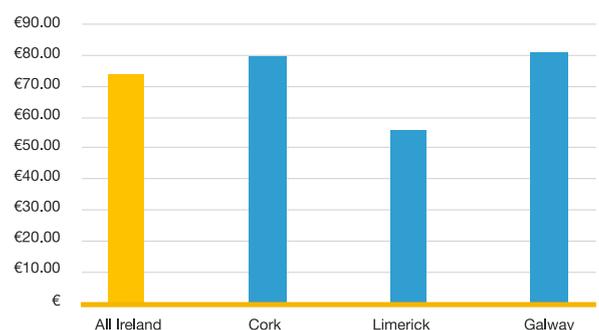


Source: STR

According to Trending.ie, regional hotels have performed well in the nine months to September 2017. All Ireland, which includes Cork, Limerick, Galway, Dublin, Waterford and Kilkenny, saw growth in occupancy of 1.4% to 79.0% and growth in ADR of 8.6% to €93.82.

- Galway has the highest RevPAR at €80.86, driven by ADR of €102.77 and occupancy of 78.7%.
- RevPAR in Cork is €79.35, driven by occupancy of 81.4% and ADR of €97.46.
- Cork and Limerick have seen double digit RevPAR growth of 13.4% and 12.8% respectively in the nine months to September 2017.

Regional RevPAR YTD September 2017



Source: Trending.ie

Supply Activity

- Construction has commenced for the 181-bedroom Clayton Hotel, Charlemont Street, Dublin 2 and the 147-bedroom Maldron Hotel on Kevin Street, Dublin 8.
- Planning permission has been granted for an extension at the Radisson Blu Golden Lane for an additional 91 rooms. Construction is expected to be completed in Q3/Q4 2019
- Tetrarch Capital has been granted planning permission for an accommodation complex close to Trinity College that includes a 393-bedroom hotel, a 202-room aparthotel and 21 apartments. The proposed development will be eight storeys set on a one-acre site.
- Fitzwilliam Real Estate Properties has sought planning permission for a 365-bedroom hotel set over nine storeys at Abbey Street, Dublin 1. It is reported that German budget boutique chain Motel One are negotiating a deal to operate the hotel.
- The Iveagh Garden Hotel is expected to open in December 2017. This 150-bed hotel is a sister property to the Harcourt Hotel.

Transaction Activity

- The Gibson Hotel has been offered for sale as an investment through agents Savills, guide price €87m. The hotel is leased to hotel group Dalata under a 25- year lease.
- Carton House Golf and Spa Hotel is currently for sale through joint agents CBRE and Savills for a guide price of €60m.
- The House Hotel in Galway City has been acquired by hotel group Choice Hotels in an off-market transaction by receiver Aiden Murphy of Crowe Horwath. The Clybaun Hotel, also in Galway, sold off-market during Q2 2017.
- The 428-bed Jacobs Inn Hostel, located in Talbot Street, Dublin1, has been sold through agents CBRE for in excess of the guide price of €13.5m.
- Mount Wolseley Hotel, Spa and Golf Resort has been acquired by Austrian investor Thomas Roeggla, who purchased Farnham Estate last year for €26m.

About Us

Established in 1941, Crowe is a leading accountancy and business advisory firm in Ireland. Throughout our 75-year history, we have developed an unrivalled understanding of the Irish business environment and built a national reputation in auditing, tax and business consultancy.

We work with a variety of clients across commercial and public sectors. Our services include Audit & Assurance, Tax, Corporate Insolvency & Recovery, Corporate Finance, Consultancy, and Outsourcing.

We are also independent members of the eighth-largest accountancy network in the world, with colleagues in over 750 offices across 130 countries. Through this global reach we are able to offer clients a seamless service when trading internationally.

Our success is the result of our exceptional client service. Together with our clients, we work to optimise the present and maximise the future, tirelessly exploring all possibilities until we find the right solution. We help clients make smarter decisions today that create lasting value for tomorrow.

Smart decisions. Lasting value.

Contact

Crowe
Marine House
Clanwilliam Place
Dublin 2

Tel: +353 1 448 2200

www.crowe.ie



Naoise Cosgrove
Managing Partner
naoise.cosgrove@crowe.ie



Clodagh O'Brien,
Partner
clodagh.obrien@crowe.ie



Aiden Murphy
Partner
aiden.murphy@crowe.ie



Mairea Doyle-Balfe
Director
mairea.doylebalfe@crowe.ie