

News Release

City Review: Dublin City

Compiled by Christie + Co

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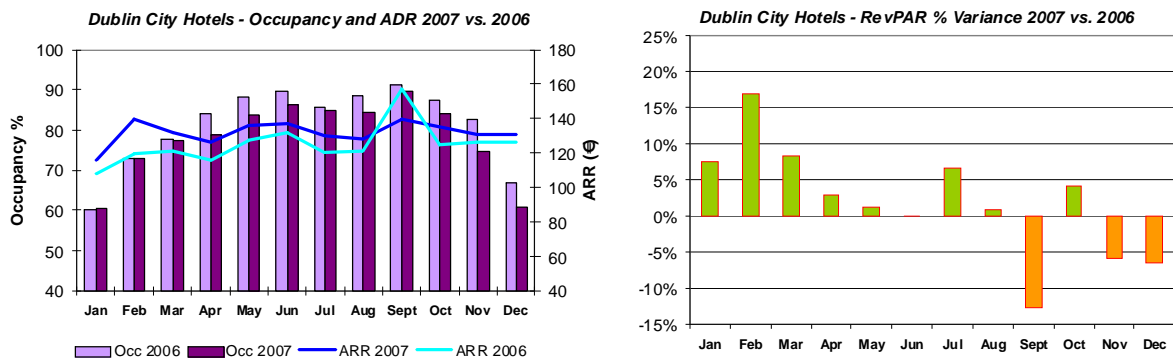
According to the latest city review by Christie + Co, using data provided by STR Global, the current economic climate is putting increased pressure on the Dublin City hotel market. Year-to-date figures for January to October 2008 show an 8.3% decline in RevPAR, compared to the same period last year.

The Dublin City hotel landscape is set to change considerably over the next few years as a number of developments come to fruition. 2009 will see the opening of the much anticipated Convention Centre Dublin and Point Village on the North Docklands, while across the River, Grand Canal Square will welcome Daniel Libeskind's Performing Arts Centre and Gallery. Also close to Grand Canal, the much awaited Landsdowne Road stadium will be unveiled in 2010. With a rapidly expanding population and a buoyant tourism industry, the city is set to embrace these changes.

Trends in Hotel Market Performance

According to data sourced from STR Global, Dublin City hotels achieved a moderate improvement in RevPAR in 2007 compared to the previous year. Despite a three percentage point decline in occupancy, ARR grew by 5.1%.

STR Global Trend Report - Dublin City Full Year 2007 vs. Full Year 2006 (€)



STR Global Trend Report – Dublin City 2007 vs. 2006

	2007			2006			Variance		
	Occ %	ARR	RevPAR	Occ %	ARR	RevPAR	Occ pts	ARR %	RevPAR %
Full Year	78.4	132.0	103.5	81.4	125.7	102.3	-3.0	5.1%	1.2%

Note: the above graphs and table are based on monthly and daily data received by STR Global for a customised sample of 30 hotels, totalling 4,460 rooms.

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September 2006 saw a peak in performance, both in occupancy and ARR as a result of the Ryder Cup. Sporting events continue to sell out the city's hotels on a number of key weekends each year, as do concerts, festivals and other major events. Dublin also experiences high levels of midweek demand due to the presence of many multi-nationals in and around the city.

Year-to-date results for the first ten months of 2008 show a significant decline in market wide performance, both in terms of occupancy and ARR. Due to the global economic slowdown, a decline in leisure demand has been witnessed in 2008. The weakening of the Pound against the Euro has further emphasised the perceived expense of Dublin as a destination, leading to a noticeable reduction in UK visitation - a market which historically represented over 50% of overseas visitors to the city.

STR Global Trend Report - Dublin City 2008 YTD vs. 2007 YTD (€)									
	2008			2007			Variance		
	Occ %	ARR	RevPAR	Occ %	ARR	RevPAR	Occ pts	ARR %	RevPAR %
Jan	55.8	123.3	68.7	60.7	115.8	70.3	-4.9	6.5%	-2.2%
Feb	67.2	133.8	90.0	73.1	139.1	101.6	-5.9	-3.8%	-11.4%
Mar	68.8	130.4	89.7	77.5	131.3	101.7	-8.7	-0.6%	-11.8%
Apr	76.6	127.4	97.6	79.0	126.8	100.2	-2.4	0.5%	-2.6%
May	82.3	140.1	115.4	83.9	135.8	114.0	-1.6	3.1%	1.2%
Jun	85.0	141.4	120.3	86.4	136.9	118.3	-1.4	3.4%	1.7%
Jul	80.7	124.5	100.5	84.7	129.6	109.8	-4.0	-3.9%	-8.5%
Aug	80.4	120.7	97.1	84.6	127.9	108.2	-4.2	-5.7%	-10.3%
Sep	80.2	130.4	104.7	89.7	139.6	125.2	-9.5	-6.6%	-16.4%
Oct	74.4	124.1	92.3	84.0	135.3	113.6	-9.6	-8.3%	-18.7%
YTD Oct	75.2	129.9	97.7	80.6	132.2	106.5	-5.4	-1.8%	-8.3%

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Trends in Hotel Supply

The Hotel Capital Allowance scheme, which was introduced in 2003, resulted in a frenzy of hotel development around the country. In 2007 alone, Dublin City saw the opening of three new branded hotels, including the 150-room Radisson Hotel on Golden Lane, the 120-room Hilton Hotel in Kilmainham and the 126-room Comfort Inn Hotel on Parnell Square. In the same year, Dublin welcomed the re-opening of the highly anticipated Shelbourne Hotel, now operated under Marriott's Renaissance brand, and Ireland's first Ritz Carlton Hotel, which opened in Wicklow, just 25km from the city centre.

Although the city has witnessed a significant increase in hotel supply in recent years, development plans continue, with many exciting hotels in the pipeline for the next two years. In autumn 2009, Edward Holdings will open its first Dublin hotel - a 167-room property in Grand Canal Square. 2010 will witness the opening of a 260-room hotel, to be operated by Choice Hotels Ireland, at Point



Village. This will be followed in September by the opening of a 238-room hotel at JJ Rhatigan's 'Heuston South Quarter', to be operated by Marriott.

Other projects which are in the pipeline include:

Project/Location	Rooms	Developer/Brand	Planning Status
Spencer Dock	250+	Treasury Holdings	Alterations submitted
Jury's/Berkeley Court side, Ballsbridge	232	Sean Dunne	Planning granted
Leeson Lane/Quinn Lane	290	Bennett	Planning granted
Gasworks	520	Liam Carroll	Planning granted
Upper Exchange Street	44	n/a	Planning granted
Vicar Street Budget Hotel	194	Harry Crosbie	Planning granted
Chancery Lane/Ship Street (extension to Radisson)	55	JJ Rhatigan	Planning submitted
Northern Quarter 4* Hotel	152	Arnotts	Alterations submitted
Abbey Street Bus Terminal redevelopment	344	n/a	Additional info requested
Summerhill/Gardiner Lane	374	Travelodge	Planning submitted

Source: Christie + Co Research

A hotel has been mooted for some time for Clancy Barracks however it is unknown at this stage, if it will proceed. Similarly, Geranger, a consortium including U2 band members, have put plans for the U2 tower hotel development on hold.

Dublin airport is also set to see an increase in supply, with TIFCO planning to open a second Crowne Plaza hotel of 400 rooms, linked to Terminal 2. However, Rezidor's plans to open a Park Plaza hotel at the airport are currently on hold.

Frank Magee, Chief Executive of Dublin Tourism said:
 'Whilst a recent increase in hotel supply has impacted occupancy, the opening of the O2, Lansdowne Road stadium, Convention Centre Dublin and Terminal 2; and the designation of such events as European City of Science and the Eucharistic Conference, means Dublin will be well placed to boost hotel performance in the long term.'

Trends in Hotel Transactions

Hotel transactional activity in Dublin has been buoyant over recent years, however 2008 has witnessed a slowdown compared to activity levels in 2007 in line with most markets across Europe. In February last year, the former Jurys Doyle Hotel, the Montrose, was sold for €40 million, while in the same month the 192-room Conrad Hotel was acquired by Bernard McNamara for €100 million. Later that year, in April, the 500-room Jurys Burlington was acquired by a group backed by property developer Bernard McNamara for €288 million.



Outlook

A return to the heightened levels of economic growth seen during the days of the Celtic Tiger may be optimistic in the short-term; however, the strength of the tourism industry and presence of significant inward investment will continue to benefit Dublin’s hotel market. The opening of Convention Centre Dublin, coupled with increased capacity at Dublin Airport will open up new opportunities for the city to attract worldwide events and conferences.

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Notes to Editors

Christie + Co uses desk-based research and experienced local industry specialists to produce bi-monthly city reviews. Hotel trading data is provided by STR Global.

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