

# IRISH HOTEL MARKET

REVIEW 2017, OUTLOOK 2018



## OVERVIEW

**Transaction activity in the Irish hotel market in 2017 returned to more a normalised level. The market witnessed a very strong closing quarter, with a total of €171.2 million worth of hotels sold in the three months to December, exceeding the first three quarters combined. This brought the total hotel investment turnover for 2017 to almost €260 million.**

While 2017 finished on a strong note, both transaction volumes and values were notably down when compared to the bumper levels witnessed in recent years. This is largely owing to the slowdown in the significant deleveraging by various banks.

The most significant sale in 2017 was the 4 star Gibson Hotel in Dublin city centre. Closing in the final quarter, the hotel was acquired by German-based investment group, DekaBank, for €87 million.

2017 was characterised by smaller, single asset transactions and off-market deals. One-third of the deals completed during the year consisted of off-market transactions, while the vast majority of hotel sales were under €10 million in value.

The share of hotel sales outside of the capital grew significantly from a 26% share in 2016, to 58% in 2017. Activity in Dublin declined, with only five hotel transactions in the year.

2017 also proved to be another outstanding year for Irish tourism, with overseas visitors reaching a new record high over 9.93 million. Further improved are the underlying hotel fundamentals, such as trading trends and employment in the Accommodation and Food Services Activities sector.

The hotel market saw a 23% quarterly uplift in the number of hotel rooms under construction in Ireland at the end of December 2017, to over 2,450 rooms in 33 hotels. Although improving, this remains short of required demand. Looking ahead, however, the availability of funding for much-needed new development is likely to remain a challenge.

## €260 million

IRISH HOTEL TRANSACTION ACTIVITY AMOUNTED TO ALMOST €260 MILLION FOR 2017.

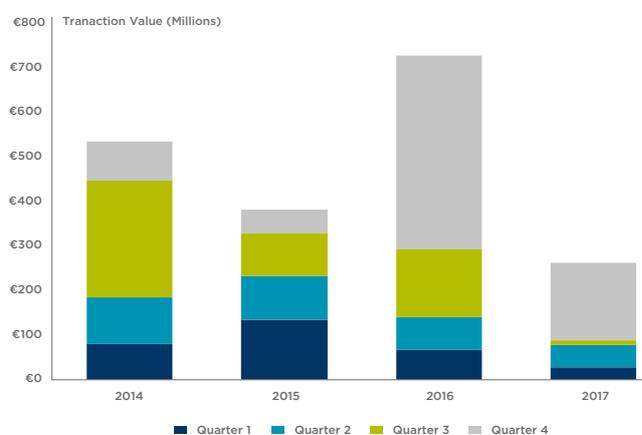


## 9.93 million

OVER 9.93 MILLION OVERSEAS VISITORS CAME TO IRELAND IN 2017, A NEW RECORD HIGH.



Irish Hotel Transaction Activity, 2014-2017



Source: Cushman & Wakefield Research



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