

Ireland Annual Hotel Industry Survey **2022**

— The Pandemic Era Edition



REPORT SUMMARY AND HIGHLIGHTS

Across 2020 and 2021 the hotel sector in Ireland recorded a massive loss in revenues due to the Government restrictions imposed to curb the spread of COVID-19, including periods of business closure, travel restrictions and social distancing as well as the reduction in worldwide travel.

Revenues fell by 65% in 2020 and 49% in 2021 against 2019 levels.

The extremely low occupancy levels of 29.6% in 2020 and 39.5% in 2021 compared to 73.8% in 2019 further confirm the unprecedented impact that the pandemic had on business levels in comparison to a 'normal' year of trading.

All Hotels

Results per Available Room	2019	2020	2021
Room Occupancy	73.8%	29.6%	39.5%
Average Room Rate	€114.31	€97.07	€120.79
RevPAR	€84.40	€28.73	€47.73
	€	€	€
Total Revenue	70,749	24,453	35,976
Total Operating Costs	55,969	27,268	37,205
EBITDAR Profit (Loss) before Supports	14,780	(2,815)	(1,229)
Total Government Supports	-	5,522	9,770
EBITDAR Profit after Supports	14,780	2,707	8,541



Government supports provided a lifeline

Without government supports, the industry would have recorded overall EBITDAR losses and experienced widespread solvency problems.

Report Summary and Highlights

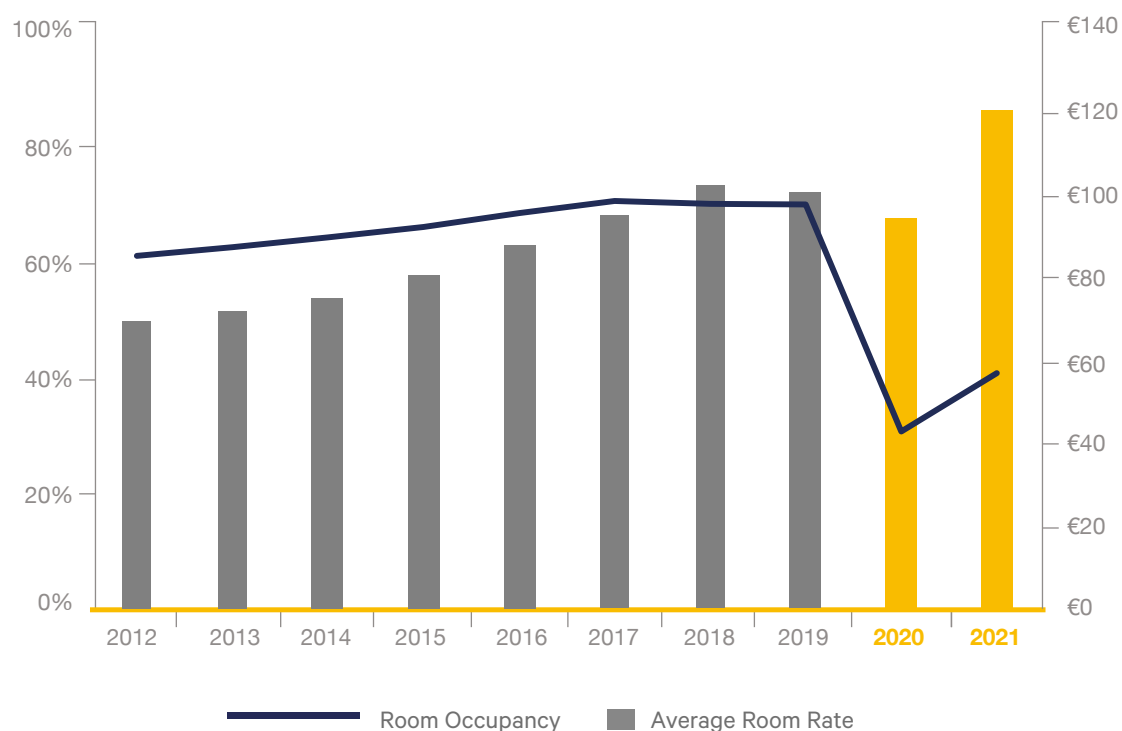
Regional Ireland

Results per Available Room	2019	2020	2021
Room Occupancy	70.0%	30.8%	40.9%
Average Room Rate	€102.44	€94.90	€121.18
RevPAR	€71.71	€29.19	€49.54
	€	€	€
Total Revenue	69,999	26,514	39,629
Total Operating Costs	58,354	29,607	41,381
EBITDAR Profit (Loss) before Supports	11,645	(3,093)	(1,752)
Total Government Supports	-	6,059	10,790
EBITDAR Profit after Supports	11,645	2,966	9,038

The industry opened (albeit under capacity and other restrictions) during some periods of 2020 and 2021. Regional Ireland performed strongly during some of these periods from the domestic market.

Pent-up demand and a pattern of late bookings combined to result in a higher Average Room Rate in 2021 than was achieved in 2019. For Regional Ireland, the Average Room Rate for 2021 was €18.74 above 2019 levels. Despite the higher Average Room Rate, it was the level of Government supports increasing due to greater periods of opening in 2021 that lifted the EBITDAR profit levels.

Occupancy and ARR Trends - Regional Ireland



Report Summary and Highlights

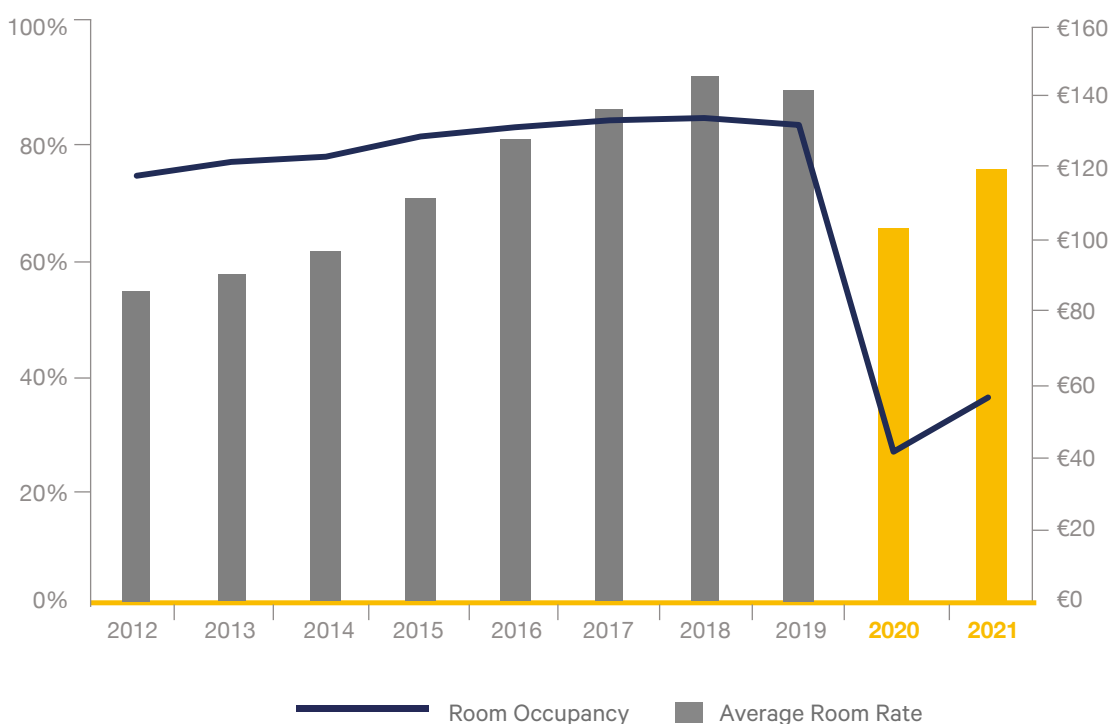
Dublin

Results per Available Room	2019	2020	2021
Room Occupancy	82.7%	26.1%	35.5%
Average Room Rate	€142.42	€103.51	€119.63
RevPAR	€117.77	€27.06	€42.43
	€	€	€
Total Revenue	72,470	18,346	25,151
Total Operating Costs	50,492	20,335	24,829
EBITDAR Profit (Loss) before Supports	21,978	(1,989)	322
Total Government Supports	-	3,932	6,750
EBITDAR Profit after Supports	21,978	1,943	7,072

In contrast to Regional Ireland, the Average Room Rate in 2021 in Dublin was down €22.79 on 2019 due to weaker demand.

The EBITDAR profit levels after Government supports were just 32% of 2019 levels, compared to the position achieved for Regional Ireland hotels where the equivalent figure was 78% of 2019 levels.

Occupancy and ARR Trends - Dublin



Report Summary and Highlights

Throughout the pandemic, businesses were forced into periods of closure which required subsequent periods of ramp-up to re-open, and were generally trading at loss-making levels. This was only sustainable through the provisions of Government supports including:

- a reduction in the VAT rate to 9% for room and food sales,
- the payroll support schemes (namely TWSS and EWSS) whereby a high proportion of the hotel's payroll was covered by the Government,
- the COVID Response Support Scheme (CRSS), and
- other grants and cost waivers which set out to underwrite non-payroll costs for periods when hotels were impacted by closures, such as the reduction in rates.

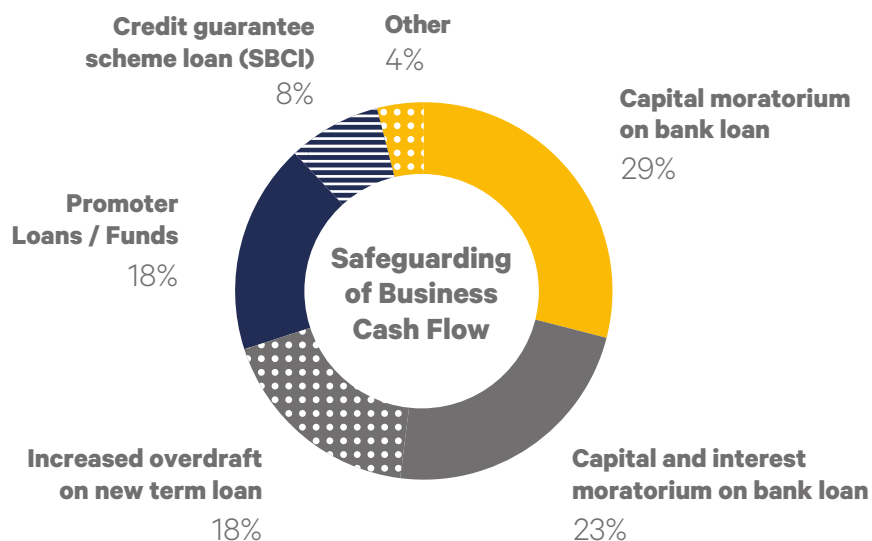
All Hotels

Results per Available Room	2019	2020	2021
EBITDAR Profit (Loss) before Supports	14,780	(2,815)	(1,229)
EBITDAR Profit after Supports		2,707	8,541
Year-on-year vs. 2019 (incl. Supports)		-82%	-42%

The cumulative impact of these supports was to convert the sector from being loss-making to being profitable at EBITDAR level. However, the level of EBITDAR profits for 2020 and 2021 were still down 82% and 42% respectively on 2019 levels.

EBITDAR profit, even when factoring in the benefit of the Government supports, created cash flow challenges for hotels in meeting their normal business commitments.

The results show that 52% of hotels sought a capital moratorium on their bank loans, and a further 26% had to increase their bank overdraft or take on new bank debt, including those supported by SBCI. For 18% of hotels, the owners were forced to inject personal funds to shore up the business cash flows.



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