

# Proposed Hotel Cherrywood, Dublin Hotel Market Study

November 2024

Prepared for: Dun Laoghaire County Council

**FINAL**

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Dear Ms Brown,

**PROPOSED HOTEL – CHERRYWOOD DUBLIN**

We have undertaken a Market Study for proposed hotel accommodation to be located within the Cherrywood Town Centre quadrants. This report presents our analysis of the local market and our recommendations of the proposed product, market positioning and indicative facilities mix for a hotel at Cherrywood, together with our recommendation regarding the optimal site location for hotel development from two potential available sites to inform TCE review.

This letter forms part of a comprehensive report and the report must be read in its entirety. This Feasibility Study has been prepared by Elle Newsum under the direction of Cherise Cochrane, a Director of Colliers in the Hotels and Resorts Consulting team, and overseen and reviewed by Marc Finney, Director and Head of Hotels and Resorts Consulting and Patrick Ryan, Head of Hotels & Leisure, Valuation & Advisory, based at Colliers Dublin office.

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Yours sincerely,



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**APPENDIX 1: GLOSSARY OF TERMS**

# 1 EXECUTIVE SUMMARY

## 1.1 BACKGROUND

Dun Laoghaire-Rathdown County Council (“DLRCC”) are undertaking a plan lead Review of Cherrywood TCE to deliver Ireland’s newest large town, Cherrywood, which is located to the southeast of Dublin city centre.

The current planning scheme is to accommodate 10,500 dwelling units with the potential of housing approximately 26,250 people. Under the TCE review, residential units in the area should increase further to potentially upwards of 12,000 units. This provision of high-quality housing and communities is critical to help address the requirements of the Dublin metro region.

Construction is well underway and much has already been achieved in under a decade. Major infrastructure and utility works are in place and around 1,000 houses and apartments of various types and tenures have been completed across two of four plots, despite a challenging period over recent years including the Covid-19 pandemic, war breaking out between Russia and Ukraine, global price shocks, labour market disruption and inflation. Construction work continues with more completions across the Cherrywood estate, including the town centre, scheduled for completion in 2024.

The Cherrywood Planning Scheme sets out guidance and objectives for development, including development of the Town Centre plots, for mixed-use development comprising of residential units (across houses and apartments), alongside proposed hotel, retail, office, parks, sports, leisure and community facilities.

Cherrywood is a growing and evolving success story and is delivering high-quality residential communities that the Greater Dublin Area urgently requires, with the space and ability to deliver more. Given the major challenges across much of the world, however, a review is being undertaken to establish the best course for the remainder of the development for Cherrywood Town Centre.

## 1.2 PURPOSE OF THIS STUDY

DLRCC has commissioned Colliers to prepare a detailed Hotel Market Study that assesses the viability of a proposed hotel/s within the Cherrywood Town Centre development.

The study evaluates the supply and demand for local hotel accommodation and provides a set of recommendations outlining the optimal product and market positioning, scaling and indicative facilities mix for a hotel, or hotels, at Cherrywood, including our opinion and recommendation regarding the

suitability and optimal location for hotel development from two potential available sites to inform TCE review.

### 1.3 THE HOTEL MARKET OF RELEVANCE

- We have identified the hotel market of relevance as including all hotels within Dun Laoghaire County with 20 or more rooms.
- Excluding properties with less than 20 rooms which are more akin to guest accommodation than hotel operations and excluding those outside the county border, there are currently 10 hotels providing a total of 1,197 bedrooms within the market area.
- Based on our knowledge of the local hotel market, alongside location and site-specific characteristics, we believe an upper tier economy hotel, broadly positioned as an upper midscale product in the limited-service sector, to be best suited to the Cherrywood Town Centre development. We have identified nine hotels of either primary or secondary competitive relevance to a proposed hotel at the project site, collectively providing a total of 1,310 bedrooms that are broadly positioned within the economy to upscale sectors, with one upper upscale branded property, the Radisson Blu, where the bedroom product is of a traditional style and more akin to an upscale level.
- Although potentially somewhat susceptible to the impact of new supply entering the market (albeit new activity has been limited), the competitive hotel set enjoyed a strong recovery post-pandemic, largely led by ADR which, for 2023, was 22.7% ahead of 2019 levels, whilst occupancy still slightly trailed pre-pandemic levels (-2.3 percentage points). Overall, however, 2023 RevPAR reached a 7-year high of €106.84, significantly ahead of that seen prior to the pandemic (€89.78 in 2019).
- Whilst data for July YTD 2024 shows some downward pressure on rate to maintain occupancy, we consider this to be a sign of rebalancing and re-stabilisation in the market following a period of phenomenal rate growth, to find a level which is sustainable moving forward. That said, RevPAR still remains almost 21% higher than for July YTD 2019 highlighting the significant strength of the local competitor market.
- Assuming no significant setbacks from any further adverse economic conditions, we consider the medium to long term outlook for the local hotel market to be very positive.
- In terms of pipeline supply, our research shows there are four proposals in the pipeline within the identified market area of relevance, representing a potential increase of 501 bedrooms within the economy to upper midscale sectors. We do not consider any of the schemes to be of significant competitive relevance to the proposed recommended hotel at Cherrywood



Town Centre, based on the product concept and/or their respective status/stage in the planning or development process.

- In the absence of any certainty surrounding these schemes and given that historically the market has shown some signs of susceptibility to the impact of new rooms coming on board, we have allowed for nominal future supply of 100 bedrooms at a 50% competitive weighting (i.e. as a partial/secondary competitor) to enter the market within the period of our market modelling to stabilisation of the project hotel at Cherrywood, to allow for the impact of new supply on our projections.

## 1.4 THE PROPOSED HOTEL

Based on local market and site-specific characteristics, including the proposed hotel's prime location, we consider there to be a very strong market opportunity for an internationally branded, upper midscale, limited-service hotel within the Cherrywood Town Centre quadrants.

### 1.4.1 SITE RECOMMENDATION

We have considered two potential sites available for hotel development, namely TC2 which has a plot identified to accommodate a proposed boutique hotel adjacent to the newly developed car park; and TC3, which has a larger mixed-use plot permissible for hotel use, currently on the south-eastern corner of the quadrant.

#### Exhibit 1: Cherrywood Town Centre - Proposed Hotel Development Sites



Source: *Dun Laoghaire-Rathdown County Council*

In view of market (supply and demand) and site-specific characteristics, we consider the current opportunity at Cherrywood Town centre to be for an upper midscale (broadly three-star) limited-service hotel in the order of 100 keys, with TC3 representing the optimal location for the recommended hotel scheme.

We would note, however, that as the wider plans for TC3 continue to evolve, it will be important to ensure that the hotel is allocated a prominent location within the quadrant to ensure maximum visibility on approach and ease of access to both the Luas stop and rail network. More often than not this is afforded by a corner position within a development and we would recommend the inner corners, located alongside the R118, to maximise visibility on approach from multiple directions, despite no direct access onto the R118 as a strategic route. Overall, however, as long as good, prominent signage is in place, all corner plots would be considered suitable and acceptable by hotel brands and operators.

### **TC2 BOUTIQUE HOTEL SITE**

Whilst we consider the identified site within TC2 to be a strong site for proposed hotel development, we do not consider there to be a requirement for two hotels within the Cherrywood Town Centre development at present or in the short to medium term.

At such a time when Cherrywood is fully developed and all residential and commercial units are occupied, the requirement for additional rooms may transpire. However, we consider this is likely to be in the medium to longer term, most likely once the recommended limited-service hotel is open and trading at a mature, stabilised level. It is important not to oversize the hotel whilst Cherrywood remains in its overall relative infancy and to ensure that any future accommodation development is responding to market opportunity and estimated future market demand requirements at that point in time.

Moreover, as TC3 will be developed as the cultural and leisure hub of Cherrywood Town Centre, it could be the case that TC3 continues to lend itself as a strong, optimal location for a second hotel in the future. Therefore, a suggestion for consideration could be to allocate an arguably 'oversized' plot at present that could be landscaped to provide public realm, pop-up food and beverage or event/entertainment space or perhaps short-term additional car parking (not necessarily specifically allocated to the hotel), affording DLRC the potential opportunity to consider either a further hotel development or an extension to the current recommended hotel in TC3 in the future, as the wider scheme evolves.

Dual hotel operations are a popular concept and it could be the case that the chosen brand and operator for the current recommended hotel opportunity may wish to brand and manage an additional hotel product at a later point in time subject to demand evolving as projected.

## **THE OPPORTUNITY FOR TC2**

Whilst we do not consider there to be a requirement for two hotels at Cherrywood within the short to medium term, we nevertheless consider the identified plot within TC2 to be a strong location for a hospitality development. It is our opinion that TC2 would be well suited to a restaurant with rooms concept, likely positioned as a gastropub with a small number of boutique/lifestyle, design-led rooms (likely in the order of up to 20 to 25 rooms).

Not only would this complete development within TC2, but it would also see the addition of an important, and currently absent, local daytime and evening food and beverage amenity, with this type of dining environment generally holding a broader appeal to a wider range of consumers than a typical hotel restaurant facility. Furthermore, such a development would also have the added benefit of bringing an initial small quantum of high-quality accommodation to Cherrywood in the short term, whilst the scheme (TC3 in particular) and associated hotel demand continues to gain momentum and evolve. A hospitality offering of this type and market positioning would also ensure a complementary (rather than competing) development to the proposed recommended 100 keys upper midscale hotel, which we consider to be the optimal hotel product for Cherrywood.

### **1.4.2 HOTEL PRODUCT & FACILITIES RECOMMENDATIONS**

We summarise our recommended market positioning and indicative facilities mix for the hotel below.

- Internationally branded, upper midscale hotel, positioned within the limited-service sector (which could include premium economy brands);
- We recommend in the order of 100 bedrooms as being optimal for the project. This scaling balances location and site specific characteristics with market conditions and the need to achieve operational efficiencies, whilst not oversizing the scheme whilst Cherrywood continues to develop and evolve;
- Atmospheric, relaxed and family friendly oversized lounge, lobby and bar/dining area, acting as a focal and social hub, serving breakfast and offering all-day, light bites, casual dining. The ground floor food and beverage facilities should offer a capacity for around 60 to 80 people;
- Although brands are likely to require some small-scale meeting facilities to meet brand standards, these amenities are typically very limited for this type of hotel. We recommend two to three boardrooms each for 15 to 20 delegates, at least two of which should be interconnecting for maximum flexibility and best use of space.
- A small fitness (gym) room for hotel residents' use in line with typical brand standards for this market positioning.

- Additionally, the hotel should provide some degree of onsite parking, although not necessarily extensive given the excellent Luas (tram) links to the surrounding area, city centre and beyond, and in view of the wider level of parking likely to be on offer across the development. Indicatively, we would recommend in the order of 30 to 40 spaces available on a first-come first-served basis (including disabled bays) with a drop-off zone at the front of the hotel. We have assumed the parking will be managed by, and payable to, DLRCC (as with the other parking facilities across Cherrywood) but zoned for use by visitors to the hotel.
- Parking provision requirements will vary amongst brands but can generally be negotiated to a mutually agreeable level within well-connected urban locations.

## 1.5 SUMMARY FEASIBILITY CONCLUSIONS

Whilst we are unable to offer any guarantees regarding the likelihood of the property achieving the trading performance estimated in this report (as events in the future are always subject to change), on the basis of all information currently available to us and the conclusions we have drawn, it is our opinion that a 100 keys internationally branded, upper midscale, limited-service hotel is the optimal number, format and market positioning for a hotel at Cherrywood.

Upon completion the hotel will be a market-leading addition to the local hotel market, providing high-quality yet affordable accommodation to support the continued development and evolution of Cherrywood Town Centre and its future growth aspirations, and which will appeal to key users of overnight accommodation in the area.

Additionally, we consider there to be an opportunity for a restaurant with rooms (likely positioned as a gastro pub offering with boutique/lifestyle, design-led bedrooms) at TC2 to offer a high-quality dining amenity which is not currently provided within Cherrywood, as well as providing some initial lifestyle accommodation in the short term, whilst Cherrywood (TC3 in particular) and the associated hotel demand continues to gain momentum and evolve.

## 2 PROJECT INTRODUCTION

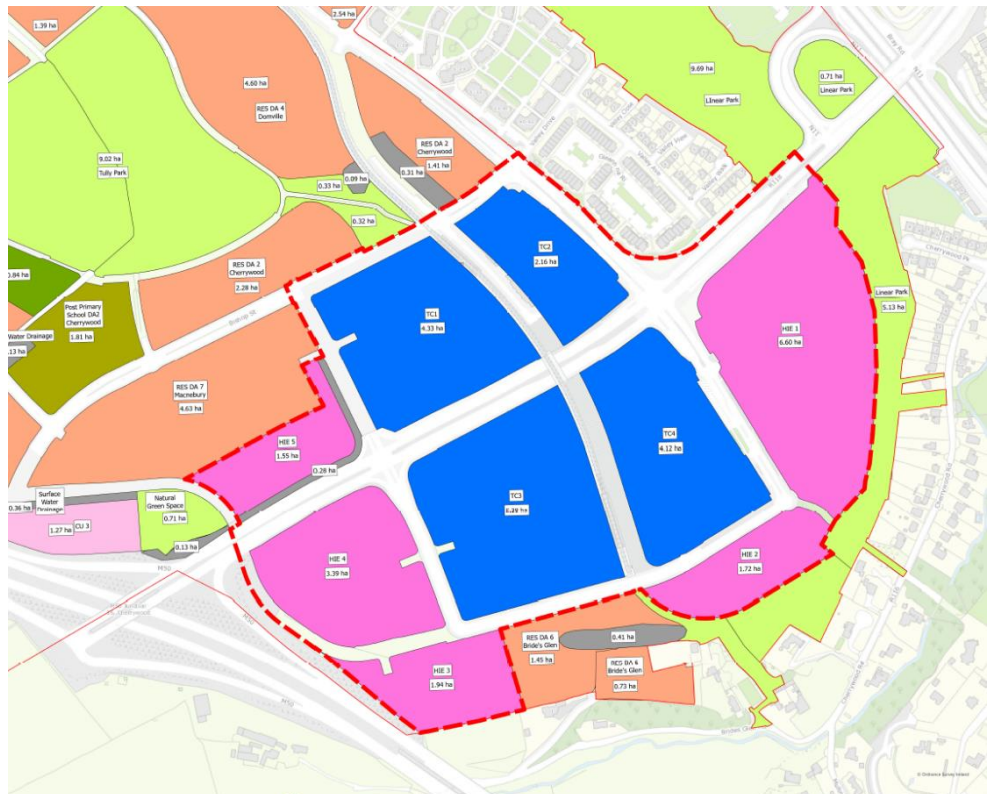
### 2.1 CHERRYWOOD DUBLIN

Cherrywood is a developing suburb in the county of Dún Laoghaire-Rathdown, located approximately 16km to the southeast of Dublin city centre and 8km south of Dun Laoghaire town.

The overall Cherrywood development area extends to approximately 360 hectares, bordering the towns of Cabinteely, Loughlinstown, Carrickmines and Rathmichael. It sits between the M50 and N11 which are key transport corridors in Dublin, creating easy access to the centre of Dublin and other surrounding suburbs. The area was branded a Strategic Development Zone (SDZ) in 2010, which is intended as a fast-track planning area due to strategic and national importance of the location.

On this basis, as a key strategic priority, DLRCC subsequently created the Cherrywood Planning Scheme, which was approved in 2014, to guide the development of approximately 16 Ha of land which lies at the centre of the wider development area, envisaged to create the heart and hub of a future, newly formed Cherrywood town centre.

**Exhibit 2: Cherrywood Town Centre Masterplan Map**



Source: Dun Laoghaire-Rathdown County Council



The Cherrywood Town Centre masterplan is a mixed-use development comprising of approximately 10,500 residential units (across houses and apartments), alongside proposed retail, office, parks, sports, leisure and community facilities. It is divided into four quadrants, namely TC1, TC2, TC3 and TC4. The town centre is being developed alongside excellent public transport links which include newly developed Luas stations and well-connected bus services.

Ireland is amidst a housing crisis and the significant residential development envisaged for, and underway at Cherrywood, will be a key contributor in helping to resolve the situation. A significant number of residential units have already been constructed within two of four quadrants, with several other projects either underway and/or in advanced stages of conceptual planning. That said, the scheme is currently undergoing a review to ensure the plan continues to reflect the current economic, socio-economic and planning needs/requirements of the area.

#### 2.1.1 **MASTERPLAN QUADRANTS**

##### **TC1**

The A blocks at TC1 are undergoing construction, which includes a 30,000 sqm development of 317 residential units alongside ground floor retail, communal areas and a roof terrace. The units will be split between three blocks of five storey buildings, fronting onto a plaza.

##### **TC2**

TC2 is largely complete following the construction of two residential buildings totalling 431 units, built over a basement car park. Ground floor retail and food and beverage (F&B) space includes current occupiers such as Tesco, Trib3 workout studio, The Grafton Barber shop, Zambrero Cherrywood (Mexican food retail unit), Croi Coffee shop and a day nursery, fronting onto Grand Parade, Cherrywood's premier street. Some vacant units remain available to let. A potential boutique hotel development site is located at TC2, shown as the red outlined area in the map overleaf.

**Exhibit 3: Proposed Boutique Hotel Site, TC2**



Source: Google Maps

**TC3**

TC3 extends to approximately 13.689 acres of land and has undergone little construction work so far. Plans are for the quadrant to become the cultural quarter of the town centre, where uses will include residential, civic and community services, leisure, recreation and tourism services, as well as public areas. The Luas stop, Brides Glen, which is the terminus from the city centre, is located adjacent to this quadrant. Ronan Group received a planning grant for the first phase of development to build 418 residential units, retail, community public open space. Building is planned to commence in the second half of 2024. A potential larger scale hotel development site is located at TC3 as shown in the map overleaf.

**Exhibit 4: Proposed Hotel Site, TC3**



*Source: Client*

**TC4**

TC4 comprises of residential developments, TCC4 Blocks E, F1, F2 and F3 – U/C for 520 DUs, consisting of 212 units and ground floor retail available to let. Upper floors of the buildings provide flexible entertainment spaces that can be booked for private events, as well as a fully equipped penthouse gym and studio which spans between two buildings with glass walls.

Cherrywood Business Park, now known as The Campus Cherrywood, is located in H1E1, adjacent to TC4 and comprises of 652,000 sq. ft. of office space. Occupants include Dell, Bank of Ireland, Aviva, WorldNetTPS Limited, MSC Ireland, Accenture and Genuity Science.

**2.2 PURPOSE OF THIS STUDY**

The objective of this study is to prepare an assessment of the market opportunity of developing proposed hotel accommodation within the Cherrywood Town Centre project, to help inform the ongoing evolution of the masterplan.

The study evaluates the supply and demand for hotel accommodation in and around the local area. The report appraises the two potential sites available for hotel development, namely TC2 and TC3, considering the suitability of each for proposed hotel use.



We will recommend, as and where applicable, the optimal preferred site for hotel use and/or whether there is an opportunity for the development of both sites for this purpose, and provide a set of recommendations outlining the optimal product and market positioning, scaling and indicative facilities mix for a hotel(s) in this location.

## 3 IRELAND PROPERTY MARKET & ECONOMIC OVERVIEW

### 3.1 INTRODUCTION

In this Section, we provide a brief overview of Ireland in terms of its economic and tourism profile. This analysis will provide a brief context to help underpin our wider future growth assumptions for the market.

### 3.2 ECONOMIC OVERVIEW

#### 3.2.1 ECONOMY

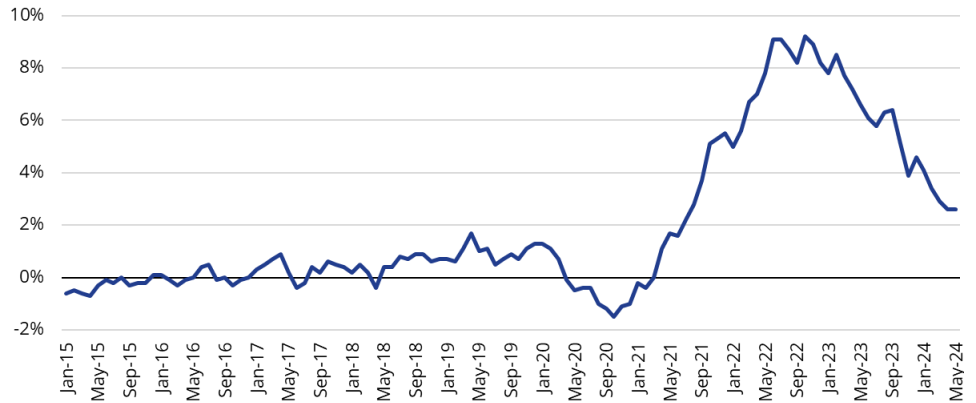
Recent years have seen a global economic slowdown caused by various factors including the COVID-19 pandemic, an intensifying climate crisis, challenges in the US tech and pharma sectors and wars in Ukraine and the Middle East. Ireland's small open economy makes it particularly susceptible to external market shocks and so the pace of growth has slowed. Revised figures from the Central Statistics Office (CSO) indicate that Irish Gross Domestic Product (GDP) contracted by 5.5% year-on-year (y/y) in 2023. This followed strong growth of 9.4% in 2022 and 13.6% in 2021.

GDP is a problematic measure of economic growth in an Irish context as multinational activity can have a significant impact on the numbers. The 2023 decline is linked with weaker activity in multinational-dominated sectors (down by 16.2%), as well as a 13.6% fall in goods exports linked with reduced activity in the pharma sector. By contrast, Gross National Product (GNP), which strips out the impact of multinationals, expanded by 5.5% in 2023, while Modified Domestic Demand (MDD) rose by 2.6%. Despite inflationary pressures, consumer spending rose by 4.8% in the year, and employment remains at record levels with the unemployment rate stable in the region of 4%. Estimates for the first quarter of 2024 indicate that GDP expanded by 0.7% relative to Q4 2023, personal spending rose by 0.3% in the quarter, while MDD rose by 1%. Preliminary estimates for Q2 suggest GDP expanded further by 1.2% relative to Q1, quarter-on-quarter (q/q) but remains 1.4% below the level seen in Q2 2023.

#### 3.2.2 INFLATION & INTEREST RATES

Inflation has had a significant impact with higher prices affecting all sectors. Inflation, measured by Consumer Price Index (CPI), peaked at 9.1% y/y in July 2022 and had fallen back to 2.2% y/y by June 2024. Higher prices, particularly for housing, electricity and fuel, continue to have a knock-on effect on consumer spending power and sentiment.

**Exhibit 5: Irish CPI Inflation Graph, Annual % Change, Jan 2015 – May 2024** *Source:*



*Central Statistics Office (CSO)*

In June 2024, the European Central Bank (ECB) cut interest rates by 25 basis points, bringing the main refinancing rate to 4.25%. This was the first reduction in nearly five years from the previous high of 4.50%. At the beginning of August, the Bank of England also reduced the base rate from 5.25% to 5%, while interest rates in the US remain at a target range of 5.25% to 5.50%. Higher financing rates have had a knock-on effect on pricing and investment activity in the commercial property sector. There is no definitive indication from the ECB regarding further interest rate cuts for the year, although at least one further reduction is expected.

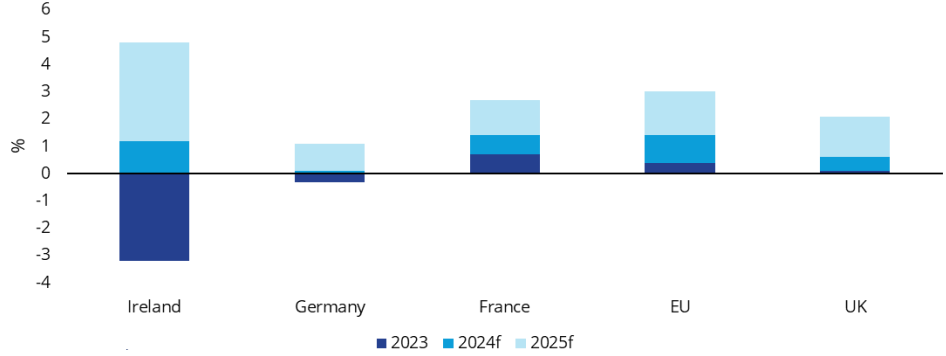
Housing remains a key political and social issue in Ireland, with current estimates indicating that up to 62,000 units will need to be built each year to 2050 to meet demand. Completions are running at about half this level, reaching around 30,000 units for both 2022 and 2023. Despite higher interest rates, residential property prices have continued to rise in recent months due to low supply. For the first time in several years, price growth has been strongest in Dublin (+8.3%), while prices outside Dublin have risen by 7.5% annually. Rents are also continuing to rise, although the national rate of inflation moderated to 4.9% y/y in the year to Q1 and the number of homes available to rent appears to finally be starting to increase as new supply is delivered (Source: Daft.ie).

**3.2.3 ECONOMIC OUTLOOK & BUDGET 2024**

The Irish Budget for 2024 was announced in October 2023 with an overall spending package of €12.3 billion. As part of this, the Irish government projected GDP growth of 4.5% in 2024. Most economic forecasters have pulled back growth projections in recent months, with the European Union now forecasting Irish GDP growth of 1.2% in 2024, rising to 3.6% in 2025. Corresponding GDP growth forecasts for the Eurozone are 1.0% in 2024 and 1.6% in 2025, while projected 2024 GDP growth rates for France, Germany and the UK are 0.7%, 0.1% and 0.5% respectively (Source: European Commission / IMF). The outlook

for the domestic economy remains positive with the Economic and Social Research Institute (ESRI) forecasting MDD growth of over 2% in 2024 and 2025.

**Exhibit 6: Selected European GDP Growth, Annual % Change, 2023 – 2025(f)**



Source: European Commission/IMF

Despite ongoing challenges, Ireland continues to benefit from being one of the world’s most globalised small countries, with world-class multinational investment and talent coming into the country every year. IDA Ireland has been very successful in attracting foreign direct investment across a broad range of sectors and this continued into the first half of 2024. IDA supported 131 investment projects, 74 of which are designated for regional locations, facilitating the creation of 8,900 future jobs. These investments continue to support Irish economic growth, although the presence of multinationals means that Ireland will continue to be exposed to headwinds in the global economy.

The past two years have seen announcements from major tech firms in relation to reductions in staff numbers globally and the offloading of office space. These factors are having a knock-on impact on sentiment and availability in the Dublin office market, although it is worth noting that this relates to a small number of large companies and the level of grey space (available for sublease/assignment) being released to the market is slowing.

While there have been some challenges in the tech sector, this has been offset somewhat by strong growth in pharma and life sciences. AstraZeneca and Gilead Sciences are building substantial new manufacturing facilities in Dublin and Cork respectively, while Pfizer is developing a new biomanufacturing facility at Grange Castle in Dublin. UPS Healthcare recently opened a substantial temperature-controlled logistics facility in Dublin and this is a trend that is likely to continue, supporting the industrial & logistics sector and the economy at large.

The wider economic climate and health of a region is an important factor in predicting future hotel demand. Typically, areas with strong economic performance indicators enjoy higher visitation rates than those performing badly. There is also evidence to support the concept that growth in demand for accommodation is directly correlated to national GDP growth.

With this in mind, we present in the following Exhibit historical and projected economic statistics for Ireland. Subsequently, we consider past influences and the future economic outlook.

**Exhibit 7: Historical Economic Data for Ireland UK, 2018 – 2023**

Key Indicators	Historical					
Year	2018	2019	2020	2021	2022	2023
Exchange rate, period average, (\$ per €)	1.18	1.12	1.14	1.18	1.05	1.08
Real GDP growth (%)	7.5%	5.3%	6.2%	15.9%	8.7%	-5.6%
Inflation, consumer price index - % y-o-y	0.5%	0.9%	-0.3%	2.4%	7.8%	6.3%
Population, total	4,787	4,942	4,991	5,040	5,192	5,324
Unemployment rate, ILO definition	5.8%	5.0%	5.8%	6.3%	4.5%	4.3%

Source: Oxford Economics, 2024  
 Note – different sources have reported marginally different figures for key indicators

**Exhibit 8: Projected Economic Data for Ireland, 2024 – 2029**

Key Indicators	Forecast					
Year	2024	2025	2026	2027	2028	2029
Exchange rate, period average, (\$ per €)	1.08	1.09	1.11	1.12	1.14	1.16
Real GDP growth (%)	0.2%	4.0%	3.6%	3.4%	3.0%	2.8%
Inflation, consumer price index - % y-o-y	2.3%	1.6%	1.9%	1.9%	1.9%	1.9%
Population, total	5,399	5,466	5,530	5,592	5,651	5,707
Unemployment rate, ILO definition	4.3%	4.6%	4.7%	4.8%	4.8%	4.8%

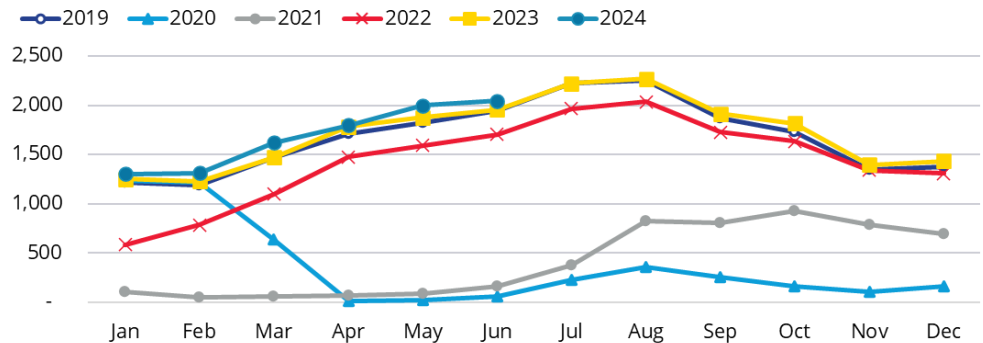
Source: Oxford Economics, 2024  
 Note – different sources report marginally different figures for key indicators

- Ireland experienced consistent economic growth (as measured by real GDP) between 2018 and 2022, before declining by 5.6% in 2023, according to Oxford Economics data.
- The global outbreak of Covid-19 during 2020 undoubtedly led to a significant decline in major economies worldwide as a result of country-specific lockdowns and stringent travel restrictions implemented across the world in an attempt to contain the virus. However, the Irish economy grew by 6.2% in this period. In contrast, the UK economy contracted by 11%.
- Inflation peaked in 2022 at 7.8% and although it declined in 2023, it remained high at 6.3%. Positively, Oxford Economics forecasts inflation to drop to 2.3% in 2024 and continue the decline to 1.6% in 2025, subsequently remaining below 2% between 2026 and 2029.

### 3.3 TOURISM

- Overseas tourism reached a record 11.3 million visitors in 2019 generating almost €6 billion in revenue and it is estimated that tourism-related employment stood at approximately 330,000 people. 2020 was expected to be another year of steady growth, but when Covid-19 began to spread worldwide, the sector was among the first and worst hit. Widespread uncertainty and the collapse of tourism and domestic travel led to business closures and staff layoffs, the economic and social consequences still being felt today.
- As can be seen from the graph below, overseas visitor numbers had indeed been increasing marginally in the opening months of 2020 as predicted, but this was followed by sharp declines from March onwards as the pandemic took hold. The success of the vaccination rollout meant that overseas tourism could recommence from the middle of 2021, and this has been borne out in tourism numbers. We discuss the impact of the Covid-19 pandemic further in section 3.5.
- Positively, and ahead of expectations, overseas visitor numbers surpassed 2019 levels throughout 2023. Dublin Airport reported a total of 31.9 million passengers passing through its terminals in 2023, with the airport recording its busiest-ever day in July. Cork Airport also experienced its highest volume of international traffic in its 62-year history, with approximately 2.8 million passengers passing through its gates. As of June 2024, overseas visitor numbers remain higher than those in 2019, also averaging an 8% increase compared to 2023 data.

**Exhibit 9: Inbound Visitors to Ireland, Arrivals by Air & Sea (000s) – 2019-2024**



Source: CSO

Source: Central Statistics Office (CSO)

- Domestic tourism made up for some of the losses resulting from a lack of overseas tourism as Irish people chose ‘staycations’ over vacations. This trend has continued, even with the return of overseas travel, as highlighted in the latest Fáilte Ireland Hotel Survey (May 2024). The Republic of Ireland continued to be the most important guest source market for hotels in the country with domestic visitors representing nearly two-thirds of guests at

60%. Visitors from Northern Ireland made up 6% and overseas visitors accounted for the remaining 34%, with Dublin and Galway the most popular destinations.

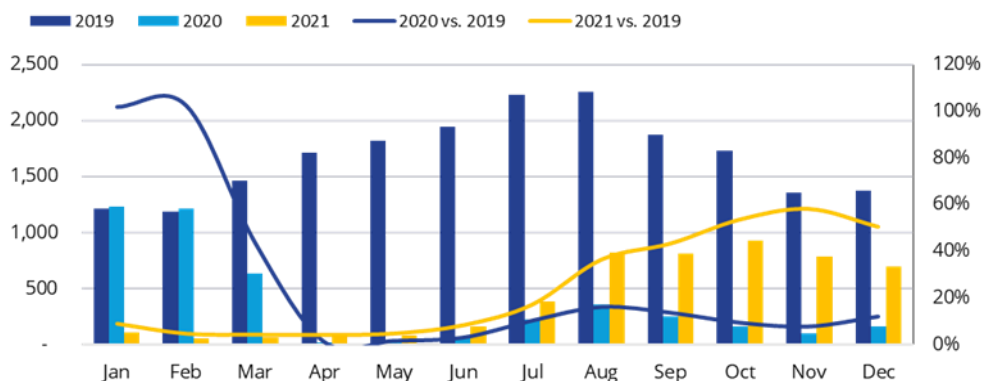
### 3.4 FUTURE ECONOMIC OUTLOOK

- Ireland has experienced various economic and political headwinds over recent years, such as the Covid-19 pandemic and high inflation.
- The Irish inflation outlook has been transformed by steep falls in oil and gas prices and the recent softening in core price pressures. Fast-falling inflation has prompted a return to growth in real wages and this trend is anticipated to continue in the near-term as the impact of lower oil and wholesale gas prices feeds through.
- Oxford Economics has forecasted that the Irish economy will grow by a marginal 0.2% in 2024 but a considerably greater 4.0% in 2025. It is important to note that Ireland's economic backdrop during 2024 will depend on various factors current geopolitical risks that have stemmed from the war between Israel and Gaza, together with the ongoing war in Ukraine and the labour market disruption due to high cost of living.
- According to the latest Fáilte Ireland Tourism Barometer (May 2024), visitor levels surged in various sectors throughout 2023, with 53% of businesses experiencing an increased volume of guests compared to the previous year. Dublin businesses, inbound tour operators, Destination Management Companies (DMCs), hotels, attractions and tour guides all reported growth. The North American market showed significant improvement, with 56% of operators witnessing an increase.
- Despite growing positivity around the tourism sector, the survey found that as of May 2024, 38% of operators have experienced a rise in profitability since 2023, while 39% have witnessed a decrease. Rising costs remain a prevalent concern in 2024, with escalating expenses in energy, payroll, VAT and overall operating costs. Concerns over increasing energy expenses are cited by 75% of respondents, with 72% expressing worry about rising operating costs beyond energy. 50% mentioned the issue of individuals having limited disposable income. Despite these challenges, optimism prevails, with 53% of businesses anticipating increased visitors in 2024.
- Current challenges including increased energy costs, high (yet softening) interest rates and a more uncertain global political environment will certainly have a knock-on effect on tourism and hotel performance although the full extent of this remains to be seen. Overall, operators face the dilemma of offsetting rising costs but remaining competitive and attractive, while many consumers lack spending power.

### 3.5 IMPACT OF COVID-19 ON TOURISM & HOTELS

- The global outbreak of Covid-19 led to country-specific lockdowns and stringent travel restrictions implemented worldwide in an attempt to contain the virus. Subsequently, the pandemic severely disrupted the travel and tourism industry, with international travel bans and border restrictions leading to holiday cancellations, major conferences and events being postponed, and the suspension of major travel routes.
- 2020 was forecast to be a year of steady growth for Irish tourism, the country's largest indigenous industry and biggest regional employer. In 2019, a record 10.808 billion overseas or out-of-state visitors came to Ireland. In addition to this, domestic trips surpassed 11.6 million, according to Fáilte Ireland, with combined revenues from both foreign and domestic tourists reaching more than €9.5 billion.
- Fáilte Ireland estimate that total employment in the tourism and hospitality industry stood at approximately 260,000 people or one in nine jobs nationwide in 2019. When Covid-19 began to spread across the world, the sector was one of the first and worst hit. Widespread uncertainty and the collapse of tourism and domestic travel led to business closures and staff layoffs, the economic and social consequences of which have been significant.
- As can be seen from the below graph, overseas visitor numbers had indeed been increasing marginally in the opening months of 2020 as predicted, but this was followed by sharp declines from March onwards as the lockdowns took hold. The success of the vaccine rollout from the beginning of 2021 meant that overseas tourism could recommence that summer, supported by the introduction of the EU Digital Covid Certificate for Travel and similar documents in the UK, America and further afield. By July 2021, overseas visitor numbers had increased to 36% of 2019 levels, rising to more than 50% by December.

**Exhibit 10: Overseas Visitors to Ireland, Arrivals by Air & Sea (000s), 2019-2021**



Source: Central Statistics Office (CSO) / Colliers



- The Irish Tourism Industry Confederation (ITIC) estimate that Covid-19 cost the Irish tourism industry €13.4 billion. However, the Irish Government were quick to introduce wide ranging support and subsidies when the pandemic hit. Measures such as the Covid Restrictions Support Scheme (CRSS), Employment Wage Subsidy Scheme (EWSS), commercial rates waiver and reduction in VAT for the hospitality sector to 9%, together with sector-specific schemes such as the Fáilte Ireland business supports were critical in helping tourism businesses and jobs to survive. 2022 saw the phasing out of most Government supports including the EWSS, which finished in May and the reduced VAT rate which returned to 13.5% in August.
- By the end of 2021 there were green shoots of hope for the tourism and hospitality sectors. Ireland's successful vaccine rollout programme, improved treatments for Covid-19, surges in household savings and pent-up demand for entertainment and tourism, all aided a strong start to 2022 and overall recovery of the tourism industry that year and beyond into 2023.

### 3.6 CONCLUSION

Overall, while the Covid-19 pandemic undoubtedly had a significant impact on Ireland's tourism industry, hotel and wider economic performance, Ireland was relatively quick to bounce back, particularly from a tourism perspective, when compared to neighbours such as the UK. That said, difficulties have remained over the past two to three years, exacerbated by the cost-of-living crisis; however, the economic outlook is positive for 2025, with forecast improvements in GDP, inflation and a further anticipated reduction in interest rates all expected to stimulate the country's economy moving forward.

# 4 LOCAL AREA OVERVIEW

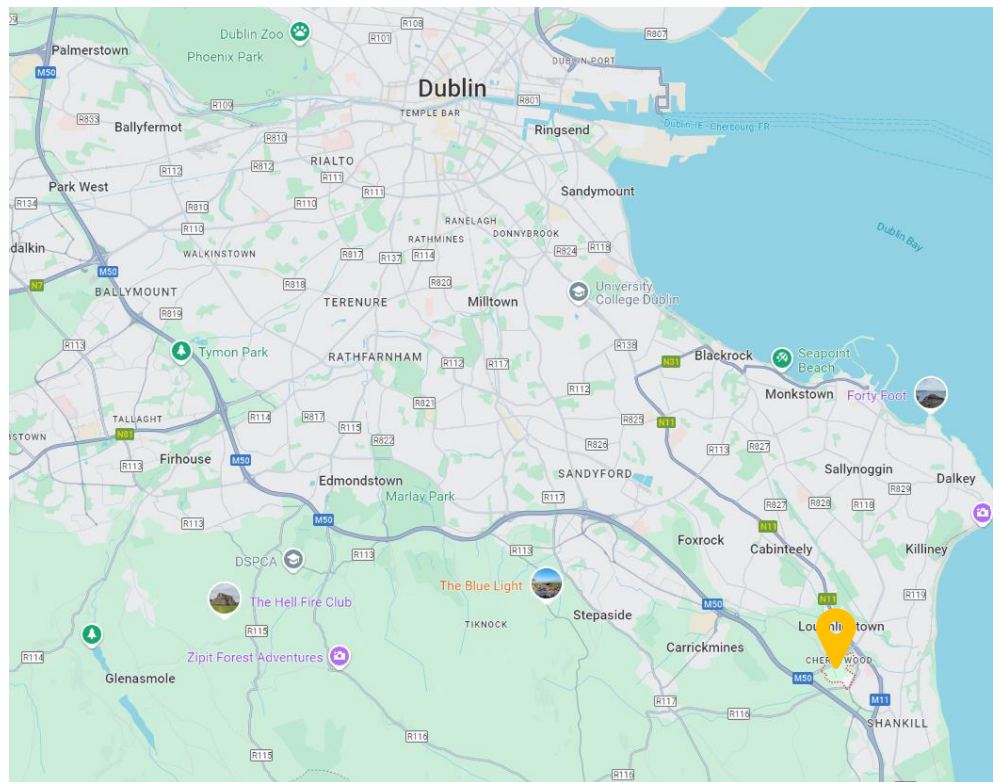
## 4.1 INTRODUCTION

In this Section, we provide a brief overview of the local area in terms of location, economic, commercial and tourism profile, as well as key regeneration initiatives. This analysis provides the relevant context to our analysis of the hotel market opportunity that exists for new hotel accommodation at Cherrywood Town Centre.

## 4.2 LOCATION

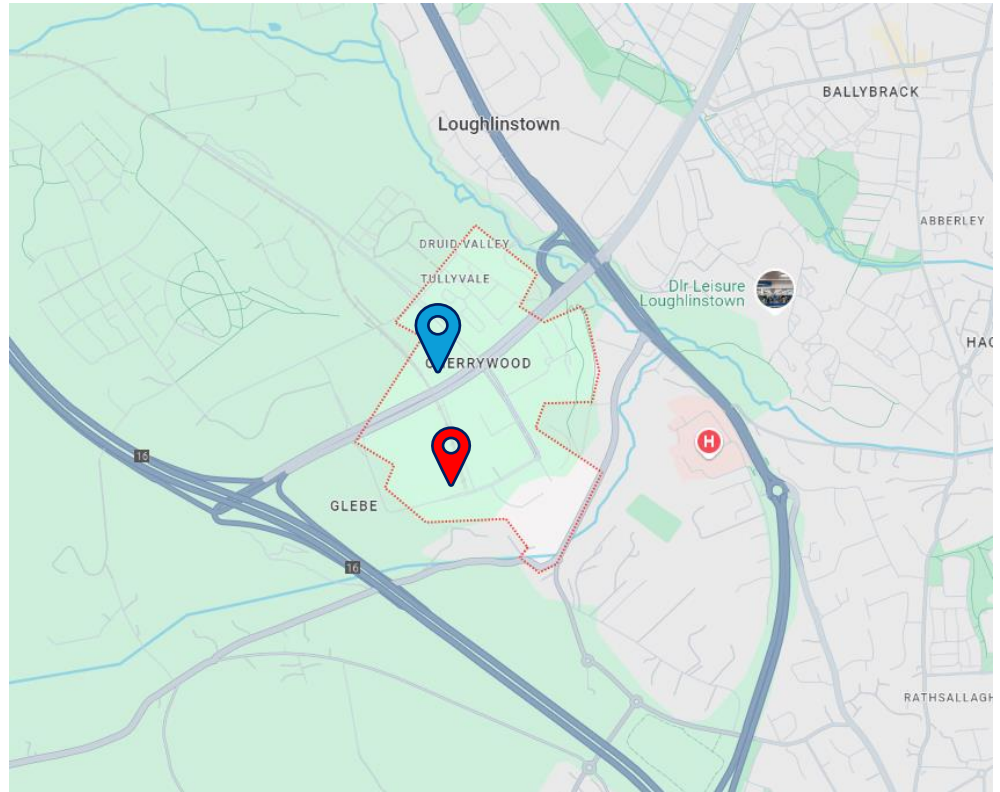
Cherrywood is located approximately 16 kilometres (“km”) to the southeast of Dublin, Ireland, within the province of Leinster and the county of Dún Laoghaire–Rathdown.

**Exhibit 11: Location of Cherrywood in relation to Dublin City Centre**



Source: Google Maps  
Yellow indicator denotes the approximate location of Cherrywood

**Exhibit 12: Location of the Cherrywood Town Centre Development & Hotel Sites**



Source: Google Maps \*Blue Pin – TC2 Site / Red Pin – TC3 Site / Red Line denotes the County Boundary

**4.3 TRANSPORT & COMMUNICATIONS**

**4.3.1 ROAD**

Cherrywood is situated a two-minute drive from Junction 16 of the M50, the busiest motorway in Ireland. The road runs in a C-shape from the north to the south of Dublin, beginning at Dublin Port and passing by Dublin Airport. It circles the northern, western and southern suburbs of Dublin and forms part of European route E01, part of the United Nations International E-road network, running between Larne, Northern Ireland and Seville, Spain. Furthermore, the motorway links to a multitude of other major Irish roads, including the M1, M2, M3, M4 and M11.

Cherrywood is also accessed from the Wyattville Link Road Junction of the N11, which runs along the east side of Dublin, between Dublin and Wexford.

There are extensive bus networks in Dublin, with buses 7, 84, 84a, 84x and 145 serving the local area. The plan is for further bus services to be in place as the Cherrywood area is developed.



The DART line train which operates services between Howth and Greystones is available by bus ride, with the nearest stops located at Killiney and Shankill, approximately 2.5km or a 7-minute drive from Cherrywood.

**4.3.3 AIR**

Cherrywood is located approximately 25km or within around 55-minutes’ drive from Dublin Airport (DUB), which is the busiest of five international airports in the Republic of Ireland.

Dublin Airport is in Collinstown, Santry, approximately 7km north of Dublin city centre. Short and medium haul flights are operated from the airport by a number of carriers, including Aer Lingus, Ryanair and TUI Airways. A long-haul service is also in place, with a network of destinations including North America and the Middle East.

United States border pre-clearance is in operation at Dublin Airport, meaning that passengers are subject to immigration and customs checks prior to boarding, and subsequently passengers arrive in the US as domestic travellers, removing the need for these processes on landing in the US. The only other airport in Europe with these facilities is Shannon Airport, also located in Ireland.

Having experienced strong and consistent growth between 2017 and 2019 when passenger numbers climbed to almost 33 million, the volume of passengers passing through Dublin Airport declined significantly as a result of the various travel restrictions and lockdowns imposed due to the Covid-19 pandemic, bottoming out at less than 7.5 million in 2020.

Dublin Airport opened a second runway in August 2022, increasing capacity of the airport to 60 million passengers, despite a 32 million passenger annual cap. The runway can accommodate large, long-haul passenger planes, although there are restrictions in place where the runway can currently only be used between the hours of 7am and 11pm.

**Exhibit 14: Dublin Airport Number of Passengers 2017 – 2023**

Year	2017	2018	2019	2020	2021	2022	2023
Total Passengers	29,582,308	31,495,604	32,911,227	7,385,658	8,455,325	28,085,562	31,908,471
Change (%)		6.5%	4.5%	-77.6%	14.5%	232.2%	13.6%

*Source: Dublin Airport Website*

While 2021 and early 2022 was still affected by ongoing restrictions, it nevertheless showed the start of a strong rebound, with passenger figures increasing by 14.5% between 2020 and 2021, before reaching over 28 million passengers in 2022 and representing a huge 232.2% increase on 2021 levels.

Significant further recovery was seen in 2023 as global travel resumed, with passenger figures improving by a further 13.6% over 2022 levels. The return of US inbound tourism to Ireland was a key contributing factor, with 24% of all



tourists in 2023 originating in North America according to research by the Irish Tourism Industry Confederation. Dublin Airport 2023 passenger figures were only a marginal 3.0% behind 2019 levels, highlighting the recovery of the travel market.

Furthermore, as previously mentioned, historical planning permission dictates a 32 million annual passenger cap at Dublin Airport, despite a 60 million passenger capacity, which was almost reached in 2023. Consequently, the Irish Aviation Authority has announced a 14.4 million airline seat capacity between late October 2024 and the end of March 2025 in order to not breach the cap. The airport operator, DAA, has submitted a planning application to increase the cap to 40 million passengers annually. Airline Ryanair usually increases seat capacity to Dublin Airport around the Christmas period, but are unable to do so this year due to the cap. Therefore, they have warned of an increased cost to fly to Dublin in winter 2024 which could harm visitor numbers.

#### 4.3.4 **SEA**

Dun Laoghaire harbour has the capacity to welcome cruise liners and is the second busiest Irish harbour behind Cork. In 2023, a total of 78 cruise liners docked at the harbour carrying 127,747 passengers. Over 80 ships are scheduled to dock in the town in 2024, bringing over 137,000 passengers and 56,000 crew members to the area, approximately a 7% increase over 2023. Cruises significantly increase footfall into the local area.

DLRCC report that 43% of passengers visit the town and surrounding area, boosting the local economy and creating job opportunities in the area. The cruising industry is having a positive effect on local tourism and is also contributing to the restoration of the historic Harbour.

Viking Cruises are the main cruising company running services calling at Dun Laoghaire harbour, with 21 visits scheduled in 2024. Destinations include a British Isles Explorer cruise, calling at Bergen, Norway and Greenwich. Other cruise companies using the harbour include Norwegian Cruise Lines, MSC Cruises and Princess Cruises.

## 4.4 **DEMOGRAPHIC PROFILE**

- According to the Central Statistics Office, Census 2022 research revealed that the population of the Republic of Ireland was 5,149,139. As of 2024, it is estimated that 28.5% of the total population reside in Dublin, totalling an estimated 1,534,900 people. This is an increase of 33,400 people since April 2023.
- The population of Dún Laoghaire-Rathdown County was 233,457 at the time of the Census (2022), representing an increase of around 7% (+15,439) on 2016 figures (218,018).

- The 2022 Census found an unemployment rate of 9% in Dublin compared to 6% within the County and just under 4.5% for the Republic of Ireland overall. Whilst figures for Dublin and the County are unavailable for 2023, positively, unemployment across Ireland has fallen to 4.34%.

#### 4.5 ECONOMIC & COMMERCIAL ENVIRONMENT

- Dublin's proximity to the UK, whilst being a member of the EU, places the city in a strategic location for companies operating in the region. Tech companies such as Google, Facebook, Vodafone, TikTok and Salesforce have a large presence in the local area, this sector is responsible for generating 38% of Dublin's GDP in 2022.
- Government support, including low corporate taxes, make Dublin an attractive city for startups and tech giants to establish their Headquarters.
- Google's European Headquarters are based in Dublin, employing more than 3,000 professionals based in the Dublin Docklands area. 'The Campus' is a 14-floor building with 5 restaurants, a gym, game rooms and 400 meeting spaces.
- Accenture is the largest employer in Dublin, an Irish American professional services firm, specialising in IT services and consultancy, with approximately 6,500 employees.
- Many large businesses have a presence in Dublin and the surrounding area, including many international banks and financial services companies. These include Citibank, Zurich Insurance, BNY Mellon, AXA Insurance, JP Morgan.
- The city of Dublin employs approximately 905,000 people. The workforce is young and well-educated and, according to Oxford Economics, is set to increase employment levels by 2% from 2024 to 2028.

#### 4.6 TOURISM TRENDS

- Whilst published tourism data is unavailable at a city and county level, as previously discussed in Section 3.3, the capital of Ireland attracts significant tourism from domestic and international sources and we would expect surrounding areas to mirror this trend.
- Ireland was significantly impacted by the Covid-19 pandemic, but the initial recovery was led by domestic guests, where approximately two thirds of all travellers originated from a domestic source, with Dublin a popular destination.
- Recovery has been further supported by the return of the North American tourism market alongside the sustained trend towards vacations and

staycations, and visitors have now surpassed pre-pandemic levels, which is key to the local economy nationally as well as in and around Dublin.

#### 4.7 VISITOR ATTRACTIONS

- Dun Laoghaire and Dublin centre are home to many visitor attractions, easily accessible from Cherrywood via the Luas, bus and private car.
- Dun Laoghaire is a popular Irish seaside resort, offering a multitude of opportunities to participate in water sports. The town is home to a harbour anchored by the West Pier and East Pier, and surrounded by activities such as the Irish National Sailing School where courses are offered for all levels of experience. Dublin Under Sail offer boat trips around Dublin Bay exploring the coastline, or there are cruise experiences sailing between Dun Laoghaire and Howth to take in key sights such as Dalkey Island, Ireland's Eye and Lambay Island. Stand-up paddle boarding can also be enjoyed by the West Harbour.
- Great walking spots can be found in the county, such as in Killiney Hill Park, which is formed by Killiney Hill and Dalkey Hill. It is a popular spot as the hill has spectacular views overlooking Dublin, the Irish Sea and the mountains of Wales.
- The Dublin Coastal Trail passes through the county, beginning in Skerries to the north of Dublin and winding through 11 villages to end in Killiney. The trail can be completed using the DART rail line or using a bike. There is a Bleeper Bike share scheme available in various places along the trail to complete the course.
- The National Maritime Museum of Ireland is located in Dun Laoghaire, within a 180-years old Mariners Church exhibiting artefacts related to Ireland's maritime heritage.
- Forty Foot is situated in Sandycove dates back to the 19<sup>th</sup> century where the spot was a men-only bathing area. However, it is now a year-round swimming spot for all to enjoy where it is tradition to take the plunge on Christmas Day.
- Dublin Castle is located off Dame Street in central Dublin and is usually open to the public as a tourist attraction, managed by the Office of Public Works. Historically, the Castle was the seat of British rule in Ireland but today is used for inaugurating Ireland's presidents. Concerts are occasionally held in the castle grounds and an arts centre is based in the crypt of the Chapel Royal.
- The Guinness Storehouse is a famous attraction in Dublin exhibiting the history of beer, which spans seven floors surrounding a glass atrium shaped as a pint of Guinness. Guinness is considered to be Ireland's national drink and a part of Irish Culture. There are various interactive exhibits telling the story, including ingredients, brewing and transport.



- Jeanie Johnston is a replica famine ship docked on Custom House Quay, offering tours following the stories of those who fled the famine and embarked on a voyage to North America. The attraction aims to educate tourists on the famine, the journey and life on board and how the tragic story cultivated.
- Temple Bar is a cobbled district of Dublin, situated on the south bank of the River Liffey. The area is famed for its nightlife and is the cultural quarter of Dublin. The area sees visitors in the order of 3.5 million people annually.
- Saint Patrick's Cathedral is the largest cathedral in Ireland, over 800 years old. The cathedral was used by Saint Patrick for baptism ceremonies, which still happen here today.
- Furthermore, Dublin City Centre is home to a wide variety of visitor attractions, festivals and events taking place throughout the year, offering something for everyone. From celebrating the St Patrick's Day festival to attending concerts held at 3arena, the area has an enormous range of celebrations and events within easy reach of Cherrywood via public transport.

## 4.8 REGENERATION

The Dun Laoghaire-County is undergoing several regeneration projects over the years, with ongoing and planned projects aimed at further enhancing the appeal of the area and catalysing further inward investment. Current key initiatives and redevelopment schemes in the county include:

- **Cherrywood Town Centre:** As previously mentioned in Section 2 and later discussed in Section 5, Cherrywood is a suburb to the southeast of Dublin undergoing development of an extensive mixed-use scheme, to include residential, retail, food & beverage, office, hotel, leisure, community and public spaces. The aim is to deliver Ireland's largest new town, where the initial target was to provide 10,500 new homes to potentially house 26,250 people, to help find a contributory solution to Ireland's housing crisis. The latest update emerged from the TCE review suggests there will be a likely uplift in residential development of circa 2,000 additional units and a potential population of 30-32,000. Houses and apartments of various types and tenures have been completed across Cherrywood, with approximately 1,000 finished in the new town centre. Construction work continues with more completions within the town centre development, as well as across the wider surrounding Cherrywood estate, scheduled for 2024.
- **Urban Regeneration and Development Fund (URDF):** The Urban Regeneration and Development Fund (URDF) aims to deliver more compact and sustainable development, as envisaged under Project Ireland 2040. It does this by part-funding regeneration and rejuvenation projects in Ireland's

five cities and other large towns. DLRCC secured URDF support for four projects in the wider Cherrywood Strategic Development Zone under call 1. In January 2020, a second call for proposals led to the Council securing approval for URDF support in respect of six projects in the Cherrywood Strategic Development Zone under Call 2. These include works to complete the bus priority route at Cherrywood to connect the area to the Park & Ride facility at Carrickmines Luas Stop.

- **Town and Village Renewal Scheme 2023:** The scheme is a €15 million fund designed to regenerate rural towns and villages. The money will be granted to projects that assist in revitalising towns and villages. For example, for acquisition of land in town centres for the development of community focused projects, for renovation and refurbishment to existing community centres, projects to bring vacant and derelict buildings back to multi-purpose use, and projects to develop public outdoor dining spaces, parks and green spaces. Since the launch of the Town and Village Renewal Scheme in 2016, over €154 million has been allocated to more than 1,700 projects.
- **Living Streets – Dun Laoghaire:** The scheme is a sustainable improvement project to enhance Dun Laoghaire Town (MTC), by improving attractiveness, liveability, connectivity and economic vibrancy. Works will include updating road safety and pedestrianisation to the area, as well as improving local parks.

## 4.9 OUTLOOK FOR THE FUTURE

Overall, we consider the prospects for hotel demand in the market area to be positive. The area has good accessibility, anchored by its proximity to Dublin City Centre via the Luas tram system, and lying within easy reach of several key arterial roads and the M50 network. The county is within easy reach of Dublin, making it an easily accessible overnight leisure visitor destination for the capital, as well as having a strong commercial and economic base for business tourism in the local and wider surrounding area. This, combined with the wider mixed-use masterplan underway for Cherrywood and related activities and amenities, will help to further enhance the appeal and attraction of the area to overnight visitors, day tourists and local residents alike.

# 5 HOTEL MARKET ANALYSIS

## 5.1 INTRODUCTION

In this Section, we provide a brief analysis of the local hotel market of relevance to the project. This includes an overview of existing supply, key competitors to a proposed hotel(s) and the future development pipeline, as well as the historic and current demand trends prevailing in the market area of relevance. This analysis will help us to later determine the market and operational potential for proposed hotel development within the Cherrywood Town Centre scheme.

## 5.2 IRELAND HOTEL SUB-MARKET

Ireland’s hotel sector has been extremely challenged and the recovery has varied greatly depending on location and property type. In 2022, with Covid restrictions removed and significant pent-up demand being unwound, the Irish hotel market rebounded from the pandemic at a much faster rate than expected. By the summer of that year, hotel performance and occupancy drastically increased, mirroring investors and operators’ focus on the sector’s performance due to an outstanding recovery in occupational demand.

Performance improved further in 2023, with occupancy, daily rates and RevPAR recovering to above pre-pandemic levels in most locations. The latest available data is shown overleaf, whereby full-year averages for 2019 and 2023 are compared with Q1 figures for 2024.

The first quarter of 2024 was somewhat more challenging for hotels in Dublin in particular, with the ADR falling by €14 relative to Q1 2023. Hotel owners in Dublin remained positive about the trading prospects for the summer, however, supported by several major music and sporting events taking place. By contrast, rates have increased in Galway, Cork and Limerick relative to Q1 2023 with occupancy remaining relatively stable year-on-year.

**Exhibit 15: Accommodation KPI Performance – Ireland**

Location	Accommodation KPIs								
	Occupancy (%)			Average Daily Rate (€)			RevPAR (€)		
	2019	2023	2024 Q1	2019	2023	2024 Q1	2019	2023	2024 Q1
Dublin	82	78	72	142	170	146	117	132	104
Galway	77	77	58	111	141	127	90	105	73
Cork	80	74	67	113	141	136	90	105	91
Limerick	74	79	75	84	111	120	62	87	90
Regional	77	76	68	98	126	124	76	96	85

Source: STR / Trending

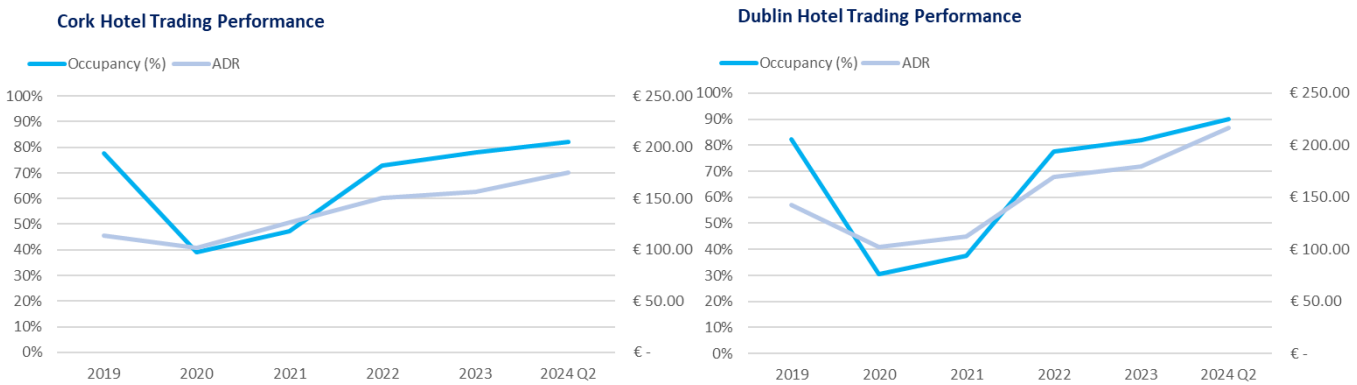
Separate figures from a Fáilte Ireland Hotel Survey indicate that national room occupancy increased to 85.8% in May 2024 (latest available), up 3% annually. Positively, this contradicts the anticipated deceleration that commenced in September last year, following the peak performance observed in August with one of the highest room occupancies recorded since the start of the pandemic.

The Fáilte Ireland data also showed that room occupancy varied across the 16 counties surveyed, seven of which showcased occupancy levels above the national average. The highest occupancy was seen jointly in Dublin and Limerick (90%), followed by Waterford (89%), Galway (87%) and Cork (86%). The lowest occupancy was reported in Wicklow (65%). It is worth noting, however, that improved occupancy is somewhat attributable to increases in the use of hotels by the State for refugees or those experiencing homelessness.

Nationally, average ADR and RevPAR rates also increased on a year-on-year basis. Despite the country's solid year-on-year ADR increase of 5.4%, nearly all counties (13 out of 16) surpassed this growth rate. Clare (€255.33) and Wicklow (€238.11) constituted the highest ADR in the country, whereas Dublin was the sole county to report a decline. A similar trend was observed for RevPAR, with Dublin being the only county to experience a decrease. Nearly all counties surpassed the national increase, with Donegal, Kilkenny, Laois and Waterford each reporting RevPAR growth exceeding 20%.

Dublin and Cork are two major tourism-driver cities in Ireland. Both financially and culturally, they provide a key source of income to the hospitality sector. The hotel trading performance outlined overleaf includes the occupancy rate and ADR from 2019 to 2024 Q2.

**Exhibit 16: Dublin & Cork Hotel Trading Performance**



Source: Colliers Research / STR

Occupancy in Dublin went from just over 80% to 30% at the peak of the pandemic, while the occupancy rate in Cork had a slightly more moderate contraction, going from 80% to around 40%. Following the removal of restrictions, occupancy increased more sharply in Dublin, but both cities are back at pre-pandemic levels. Regarding the ADR, it is worth noting that this has

increased significantly over time for both Dublin and Cork, which can be linked with inflation and rising costs as well as real rate growth.

Dublin's ADR has increased from €140 in 2019 to just over €215 at the end of the second quarter of 2024 (52% increase), while the rate in Cork increased from €115 in 2019 to just over €175 (55% increase). Occupancy rates in Dublin reached 90%, while in Cork stood at circa 82% year-on-year as of Q2 2024.

Remarkably, driven by three major events over the last weekend of June, namely Taylor Swift's concert, Dublin Pride and the All-Ireland GAA quarter finals, Dublin's ADR surpassed €300 for only the second time this year and the sixth time on record, according to preliminary data from CoStar. On Saturday, June 29, Dublin's hotel market saw peak performance with 95.5% occupancy, ADR of €305.30 and RevPAR of €291.59. While occupancy remained nearly unchanged from the previous year (-0.3%), ADR and RevPAR saw significant increases of 25.8% and 25.4% respectively. This clearly highlights the continued and growing strength of the Dublin hotel market.

#### 5.2.1 SUPPLY

Ireland is home to 835 hotels with a total of 64,701 bedrooms, according to the latest data from Fáilte Ireland (January 2024). Hotels make up 68% of the total tourism bedspaces in Ireland, followed by caravans/campsites (12%). In terms of rating, 4-star hotels account for the largest proportion of the total at 44%, followed by 3-star hotels which account for 33%. 2-star or Budget hotels account for just 9% of the total and are seen to be undersupplied in the Irish market. In comparison, 5-star hotels account for 4.7%. The breakdown for Dublin is similar, with budget hotels making up just 5% of the total.

According to Fáilte Ireland, Dublin had 163 hotels or circa 19% of the national total at the beginning of 2024, providing 23,975 rooms; this represents a minor increase of circa 0.5% year-on-year when compared to the previous year. Up to 2009, Dublin's growth in tourist demand was matched by increased accommodation capacity, with Dublin adding 50% of its stock of hotel rooms between 2003 and 2009 alone. This represents an annual growth rate of 7%, providing a sustainable balance between visitors and hospitality supply. Following this, effectively no new hotel capacity was added in Dublin between 2009 and 2019 and six hotels closed during this period.

Between 2019 and 2023, 29 new hotels were delivered in the Dublin market, involving the addition of over 4,500 rooms. This brings the total room count to over 27,500 rooms according to STR figures, although if we consider the lack of development between 2009 and 2019, the average growth rate over the past 15 years stands at just 1% per year.

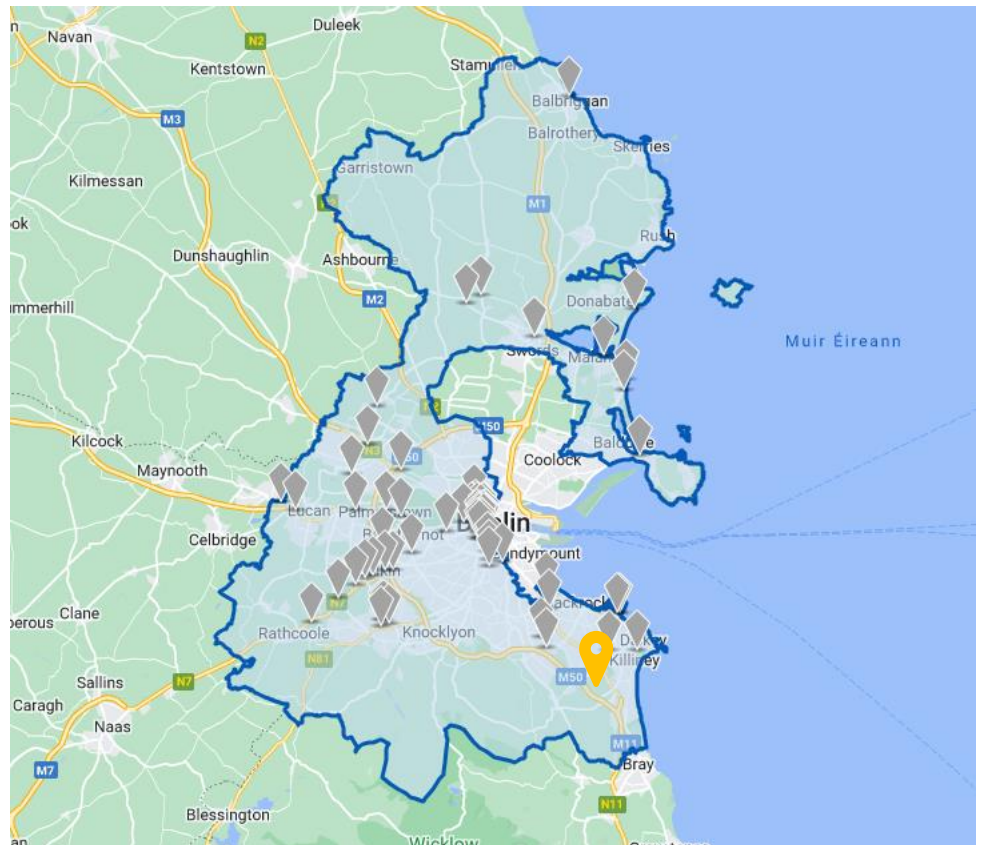
The development of new hotels has become somewhat politically controversial given the housing crisis and planning authorities (Dublin City Council in

particular) continue to refuse permission for new hotel developments, including eight recently proposed projects which could have contributed close to 1,000 rooms. This strongly highlights the persistent shortfall of new supply. An exception is the recent approval of a new 105-bed hotel on Capel Street. Without a substantial increase in hotel accommodation, tourists will continue competing with permanent residents for housing, worsening the housing shortage.

### 5.3 DUBLIN SURROUNDING SUB-MARKET

According to the CoStar Hotels Database, the 'Dublin Surrounding' submarket covers the geographic area shown below. Cherrywood falls within this submarket.

**Exhibit 17: Map of the Dublin Surrounding Submarket**



Source: CoStar Hotels Database Note: Yellow indicator denotes the approximate location of Cherrywood

The Dublin Surrounding submarket comprises of 66 open and trading hotels with a minimum of 25 bedrooms, totalling around 9,104 bedrooms. Supply is largely clustered towards Dublin city centre and to the west of Dublin, mainly situated along the N7. This submarket does not include the area around Dublin Airport.

**Exhibit 18: Dublin Surrounding CoStar Submarket Structure**

Class	Hotels	% of Hotels	Rooms	% of Rooms
Economy	14	21.2%	1,423	15.6%
Midscale	7	10.6%	896	9.8%
Upper Midscale	9	13.6%	1,238	13.6%
Upscale	26	39.4%	3,852	42.3%
Upper Upscale	10	15.2%	1,695	18.6%
Luxury	0	0.0%	0	0.0%
<b>Total</b>	<b>66</b>	<b>100.0%</b>	<b>9104</b>	<b>100.0%</b>

*Source: CoStar Hotels Database*

The submarket is predominantly made up of upscale hotels, representing 39.4% of all hotels and 42.3% of all bedroom stock. This is followed by upper upscale hotels which account for 18.6% of all bedrooms and economy and upper midscale properties, accounting for 15.6% and 13.6% of bedrooms respectively.

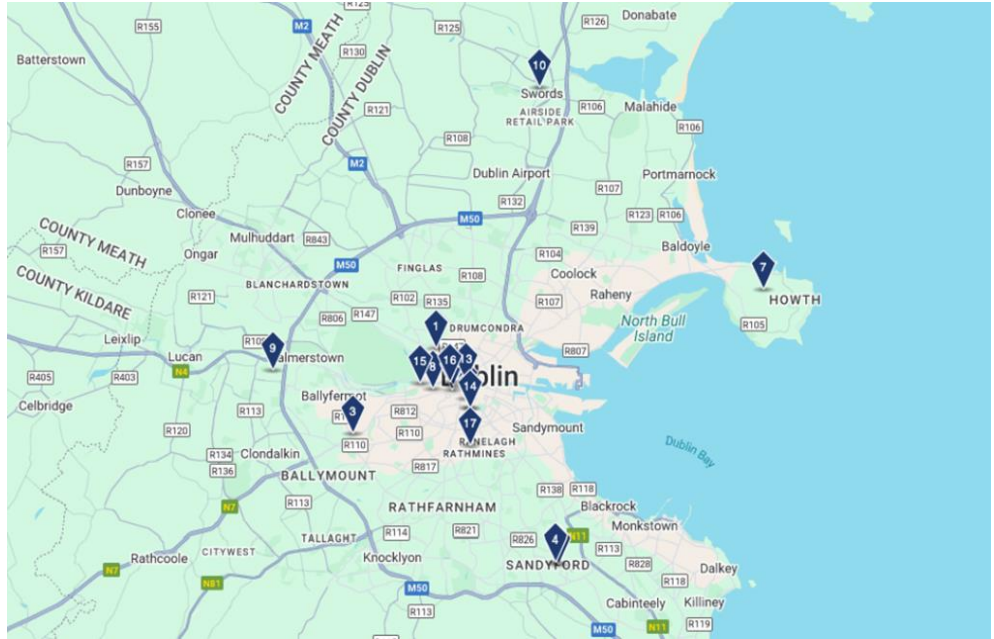
The submarket enjoyed a quick recovery from the pandemic during 2022 and into 2023. Following the wider national trend, recovery and growth was fuelled by the corporate sector as business travel improved, with companies favouring a return to in-person meetings, especially for those extending beyond a small number of attendees.

According to CoStar, there are three hotel projects either currently under or due to start construction in 2024 comprising of 293 bedrooms, with a further two projects due to begin construction in 2025, comprising of 392 bedrooms.

Other proposals are in their infancy with a total of five projects either at pre-planning or the early planning stages, where it is hard to say the likelihood of the project coming to fruition. There are a further seven proposals in the final planning stages where construction is expected to start within the next 24 months.



**Exhibit 19: Map of Dublin Surrounding Submarket Pipeline Projects**



Source: CoStar Hotels Database

**Exhibit 20: List of Dublin Surrounding Submarket Pipeline**

Map Ref	Building Name	Rooms	Class	Operation Type	Constr Status	Year Built	Secondary Type
1	Annamoe Rd Boutique Hotel	38	Economy	Independent	Proposed	2025	Hotel
2	Premier Inn Sandyford Business Park	150	Economy	Franchise	Proposed	2025	Hotel
3	Walkinstown Avenue & Naas Road	148	Upper Midscale	Independent	Final Planning	2025	Hotel
4	Grafton House Aparthotel	124	Upper Midscale	Independent	Final Planning	2025	Serviced Apartment
5	citizenM Dublin	247	Upscale	Chain Management	Under Construction	2025	Hotel
6	Camden Row St Kevin's Hotel	195	Economy	Independent	Final Planning	2026	Hotel
7	Tetrarch Deer Park Hotel	142	Economy	Independent	Final Planning	2026	Hotel
8	prizeotel Dublin	145	Midscale	Franchise	Under Construction	2025	Hotel
9	Liffey Valley Hotel	254	Economy	Independent	Final Planning	2026	Hotel
10	Swords Hotel	66	Economy	Independent	Proposed	2026	Hotel
11	Vicar Street	182	Economy	Independent	Proposed	2026	Hotel
12	Point A The Liberties	95	Midscale	Franchise	Under Construction	2024	Hotel
13	Ormond Hotel	120	Economy	Independent	Under Construction	2024	Hotel
14	Pleasants Street Hostel	85	Economy	Independent	Proposed	2026	Hostel
15	Heuston South Quarter Hotel	238	Economy	Independent	Final Planning	2026	Hotel
16	Premier Inn Dublin Ushers Quay	106	Economy	Chain Management	Final Planning	2025	Hotel
17	REZz D6, Dublin	78	Upper Midscale	Independent	Under Construction	2024	Hotel

Source: CoStar Hotels Database

This is a relatively limited pipeline for a market which covers a wide geographic area. However, projects 2 and 4 are located close-by to the project site and we discuss this in further detail in Section 5.7.

### 5.4 DUN LAOGHAIRE-RATHDOWN COUNTY SUPPLY

According to the CoStar Hotels Database, there are currently 10 hotels providing a total of 1,197 bedrooms within the county of Dun Laoghaire-Rathdown. We illustrate the structure of county hotel supply below and illustrate the locations of the hotels in the map overleaf.



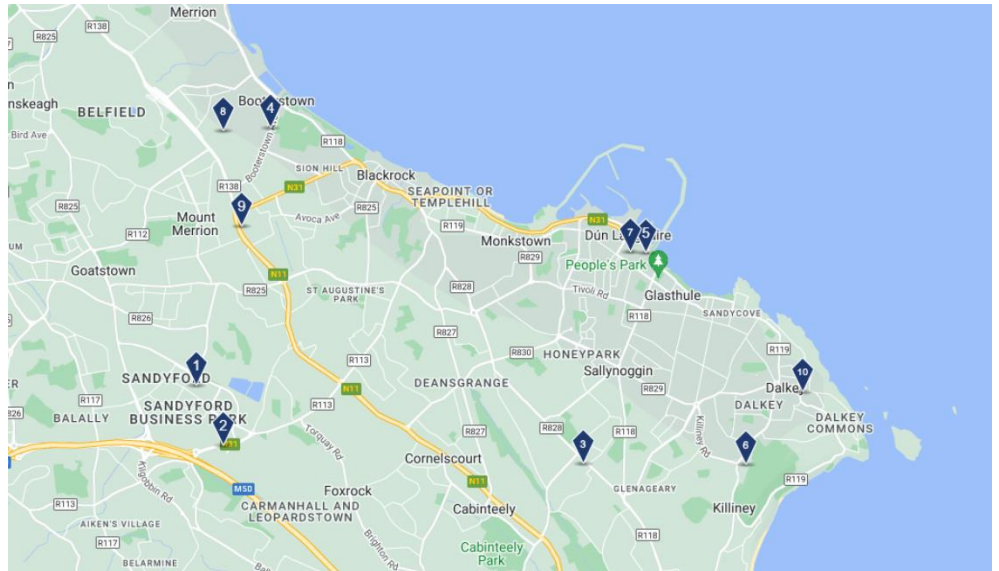
**Exhibit 21: Local Hotel Market Structure**

Class	No. of Hotels	% of Hotels	No. of Rooms	% of Rooms
Economy	2	20.0%	94	7.9%
Midscale	2	20.0%	263	22.0%
Upper Midscale	1	10.0%	50	4.2%
Upscale	4	40.0%	639	53.4%
Upper Upscale	1	10.0%	151	12.6%
Luxury	0	0.0%	0	0.0%
<b>Total</b>	<b>10</b>	<b>100.0%</b>	<b>1,197</b>	<b>100.0%</b>

Hotel Type	No. of Hotels	% of Hotels	No. of Rooms	Avg. Size
Branded	4	40.0%	696	174
Independent	6	60.0%	501	84
<b>Total</b>	<b>10</b>	<b>100.0%</b>	<b>1,197</b>	<b>120</b>

Source: CoStar Hotels Database

**Exhibit 22: Map of Existing Local Hotel Supply**



Source: CoStar Hotels Database

**Exhibit 23: Local Hotel Market Supply**

Map Ref	Building Name	Market	Rooms	Class
1	PREMIER SUITES Dublin Sandyford	Dublin	38	Upscale
2	Clayton Hotel Leopardstown	Dublin	357	Upscale
3	Rochestown Lodge Hotel	Dublin	90	Economy
4	Gleesons of Booterstown	Dublin	16	Upscale
5	Haddington House	Dublin	50	Upper Midscale
6	Fitzpatrick Castle Hotel	Dublin	113	Midscale
7	Royal Marine Hotel	Dublin	228	Upscale
8	Radisson Blu St Helen's Hotel Dublin	Dublin	151	Upper Upscale
9	Talbot Hotel Stillorgan	Dublin	150	Midscale
10	Coliemore Accommodation Dalkey	Dublin	4	Economy

Source: CoStar Hotels Database

Upscale hotels account for the single largest proportion of total bedroom supply (over 53%), followed by the midscale and upper upscale sectors, which account for a further 22.0% and 12.6% of all rooms respectively. Economy (7.9%) and upper midscale (4.2%) hotels provide the balance of the overall room supply, with no luxury hotels present in the local market.

Supply is predominantly characterised by medium-sized hotels, with an overall average size of 120 bedrooms per property. The economy sector has the smallest average size by class at 47 rooms per property, followed by the upper midscale sector (50 rooms). The largest average size by class is within the upscale sector (160 rooms), followed by the upper upscale sector which has an average size of 151 rooms. Overall, 60% of hotels in the local market are operated independently, although 58% of all bedroom stock is branded.

Geographically, supply is spread across the county with small clusters around Dun Laoghaire, Sandyford/Sandyford Business Park and Bootlestown.

The closest hotel to the project site is Rochestown Lodge Hotel, an independently operated hotel located approximately a 10-minute drive to the north of Cherrywood. It is currently positioned as an economy hotel according to the CoStar Hotel Database, however following our field work and a subsequent rate-checking exercise, we believe that the property is better positioned within the midscale sector based on the condition of the hotel, associated facilities and average published quoted rates. Although the hotel had a dated reception area and public areas, the hotel appeared well maintained and the bedroom product is of a good quality mid-market standard. The hotel offers a small wet leisure area and hotel guests have use of a gym and studio facility. There is a good amount of parking available, and the hotel occupies a busy roadside location with good signage on approach. The hotel holds a strong appeal with the leisure market rather than corporate guests, although the hotel does offer conference facilities which we would assume are popular for smaller daytime meetings and larger weekend leisure-led events.

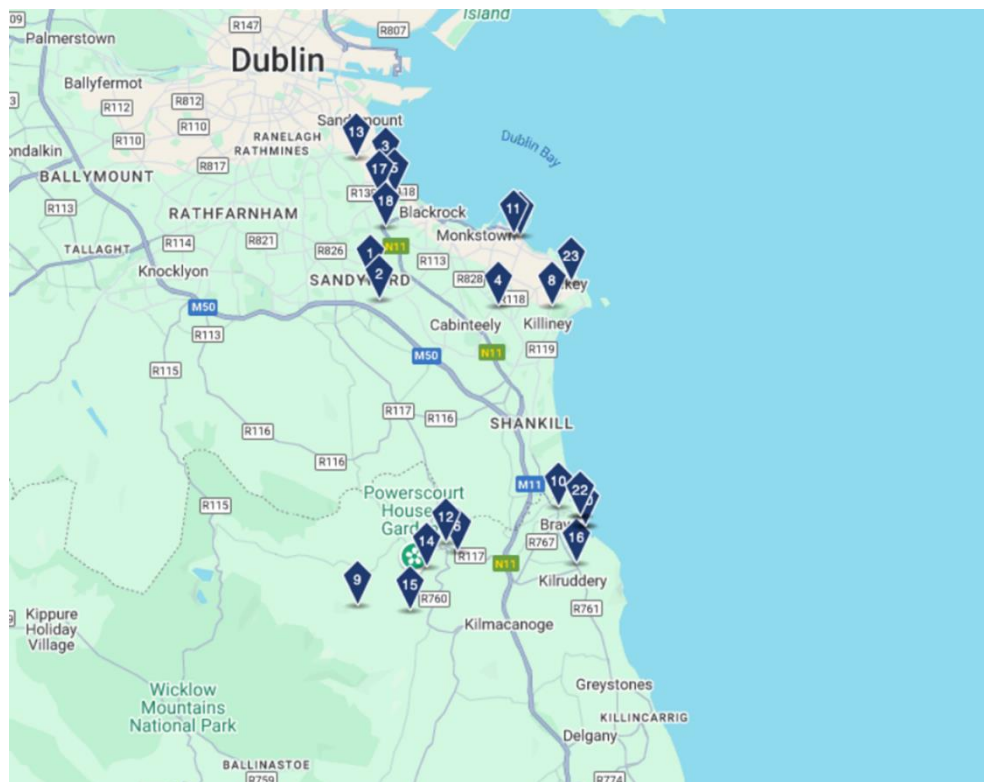
Other nearby hotels are independently owned, such as the Fitzpatrick Castle Hotel. The closest branded hotel is the 357-bedroom Clayton Hotel Leopardstown, which is located at Central Park, one of the main business parks in the area with several large-scale occupiers on-site and served by a Luas tram stop. Several meetings were taking place during our visit, alongside evidence of a large number of corporate guests, sports groups and coach tours using the accommodation. The hotel was well maintained and in good condition with modern public areas, albeit with slightly dated bedroom stock.

### 5.5 LOCAL MARKET AREA OF RELEVANCE SUPPLY

Hotel guests typically choose their accommodation location based on an approximate drivetime (typically 15-20 minutes) of their chosen final destination/point of interest, rather than by administrative borders.

We have therefore identified the local area market of relevance to include all hotels within an approximate 9.5km radius, or approximate 15-minute drive, of Cherrywood Town Centre. Whilst the radius picks up all of the local county supply detailed in Section 5.4, it also incorporates a further 18 properties, bringing the total to 23 properties as shown in the following map.

**Exhibit 24: Local Supply within 9.5km radius of Cherrywood Town Centre**



Source: CoStar Hotels Database

According to the CoStar Hotels Database, these 23 properties provide a total of 1,959 bedrooms, including two serviced apartment offerings and a bed and breakfast style set-up.

### Exhibit 25: Local Supply within 9.5km radius of Cherrywood Town Centre

Map Ref	Building Name	Rooms	Class	Operation Type	Secondary Type
1	PREMIER SUITES Dublin Sandyford	38	Upscale	Chain Management	Serviced Apartment
2	Clayton Hotel Leopardstown	357	Upscale	Chain Management	Hotel
3	Maldron Hotel Merrion Road	140	Upscale	Chain Management	Hotel
4	Rochestown Lodge Hotel	90	Economy	Independent	Hotel
5	Gleesons of Booterstown	16	Upscale	Independent	Hotel
6	Summerhill House Hotel	84	Midscale	Independent	Hotel
7	Haddington House	50	Upper Midscale	Independent	Hotel
8	Fitzpatrick Castle Hotel	113	Midscale	Independent	Hotel
9	Knockree Youth Hostel	20	Economy	Independent	Hostel
10	Firefly	18	Midscale	Independent	Hotel
11	Royal Marine Hotel	228	Upscale	Independent	Hotel
12	Powerscourt Arms Country House	11	Upper Midscale	Independent	Hotel
13	Broc House Suites	24	Upscale	Independent	Serviced Apartment
14	Powerscourt Hotel, Autograph Collection	201	Upper Upscale	Franchise	Hotel
15	Powerscourt Spings	32	Midscale	Independent	Hotel
16	Wilton Hotel Bray	87	Economy	Independent	Hotel
17	Radisson Blu St Helen's Hotel Dublin	151	Upper Upscale	Chain Management	Hotel
18	Talbot Hotel Stillorgan	150	Midscale	Chain Management	Hotel
19	Esplanade Hotel	94	Economy	Independent	Hotel
20	The Strand Hotel Bray	10	Midscale	Independent	Hotel
21	Martello Hotel	25	Economy	Independent	Hotel
22	Porterhouse Inn	16	Economy	Independent	Hotel
23	Coliemore Accommodation Dalkey	4	Economy	Independent	Bed and Breakfast

Source: CoStar Hotels Database

### Exhibit 26: Local Hotel Market Structure (9.5km radius)

Class	Hotels	% of Hotels	Rooms	% of Rooms
Economy	7	30.4%	336	17.2%
Midscale	6	26.1%	407	20.8%
Upper Midscale	2	8.7%	61	3.1%
Upscale	6	26.1%	803	41.0%
Upper Upscale	2	8.7%	352	18.0%
Luxury	0	0.0%	0	0.0%
<b>Total</b>	<b>23</b>	<b>100.0%</b>	<b>1,959</b>	<b>100.0%</b>

Hotel Type	No. of Hotels	% of Hotels	No. of Rooms	Avg. Size
Branded	6	26.1%	1,037	52.9%
Independent	17	73.9%	922	47.1%
<b>Total</b>	<b>23</b>	<b>100.0%</b>	<b>1,959</b>	<b>85</b>

Source: CoStar Hotels Database

Similarly to the structure of the county hotel supply, upscale hotels account for the single largest proportion of the total bedroom stock (41.0%), followed by the midscale and upper upscale sectors, which account for a further 20.8% and 18.0% of all rooms respectively. Economy (17.2%) and upper midscale (3.1%) hotels provide the balance of the overall room supply, with no luxury hotels present in the local market.

The 9.5km radius includes a number of smaller independently owned and operated hotels, with almost 74% of hotels being operated independently of a brand, although over half (52.9%) of all bedroom stock is branded due the presence of a small number of large, branded properties, e.g. Clayton Leopardstown, Powerscourt Hotel (Autograph Collection), Maldron Hotel Merrion Road and the Radisson Blu St Helen's hotel.

Due to the presence of several smaller hotels, the overall average size of hotel within the market area of relevance is 85 bedrooms per property, compared to an average of 120 rooms per hotel within the county alone. Within the 9.5km radius, the upper midscale sector has the smallest average size by class at 31 rooms per property, followed by the economy sector (48 rooms). The largest average size by class is within the upper upscale sector (176 rooms), followed by the upscale sector which has an average size of 134 rooms.

#### **5.5.1 THE CHERRYWOOD OPPORTUNITY**

Overall, based on the current market structure within both the county and wider 9.5km market area of relevance, we consider there to be a strong market opportunity for proposed hotel accommodation at the project site, which occupies a prime location in terms of its accessibility and its proximity to key demand generators.

From a market supply perspective, we consider the opportunity to be for a good quality, internationally branded premium economy to upper midscale hotel, positioned within the limited-service sector, which will balance location and site-specific factors with core market demand characteristics (discussed later in Section 5.7) and provide a high-quality product offering which is not currently available within the local vicinity.

A hotel of this market positioning will offer commensurate on-site food and beverage amenities, alongside limited meeting and event facilities (typically comprising of two or three small boardrooms to meet brand standards), to serve hotel residents and non-resident guests, as well as providing amenity for other visitors to, and residents of, Cherrywood Town Centre.

#### **5.6 LOCAL COMPETITIVE HOTEL MARKET SUPPLY**

In selecting the competitive environment of relevance to the project at Cherrywood, we have had mind to both the county supply and that within the identified 9.5km radius of relevance.

We have identified nine properties which we consider to be the local competitive supply of relevance to a potential hotel(s), providing 1,310 rooms as outlined in Exhibit 32. We illustrate their locations in the map overleaf and briefly profile the competitors of relevance thereafter.

These have been identified as competitors based on criteria such as location, market orientation/positioning, branding, facilities, pricing, reputation and performance. The level of competitiveness to proposed hotel accommodation at Cherrywood Town Centre will vary based on the above criteria, broadly considered to be of either more direct primary or partial secondary competitive relevance as outlined below.

**Exhibit 27: Local Competitive Supply of Relevance – 9.5km Radius**

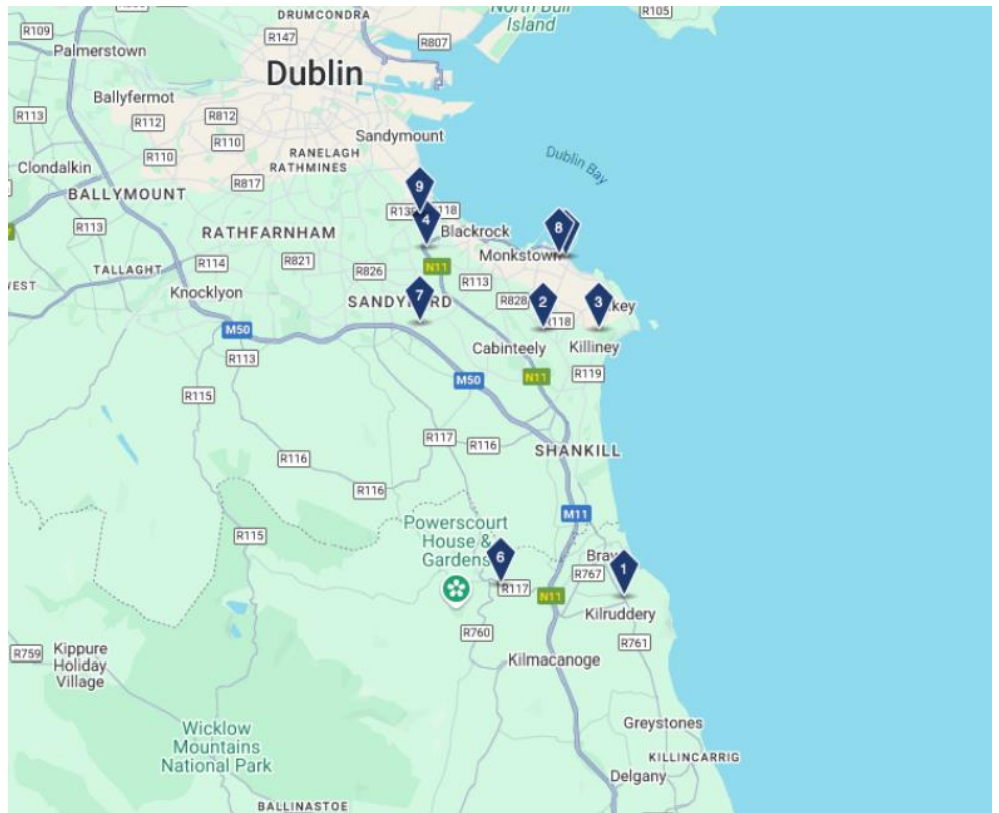
Map Ref	Building Name	Rooms	Class
<b>Primary Competitors</b>			
1	Wilton Hotel Bray	87	Economy
2	Rochestown Lodge Hotel	90	*Midscale
3	Fitzpatrick Castle Hotel	113	Midscale
4	Talbot Hotel Stillorgan	150	Midscale
5	Haddington House	50	Upper Midscale
6	Summerhill House Hotel	84	Midscale
<b>Secondary Competitors</b>			
7	Clayton Hotel Leopardstown	357	Upscale
8	Royal Marine Hotel	228	Upscale
9	Radisson Blu St Helen's Hotel Dublin	151	Upper Upscale

Source: CoStar Hotels Database

\*Rochestown Lodge Hotel Class amended to Midscale as previously discussed.

Whilst the degree of competitive relevance of each hotel will vary dependent on the factors outlined above, we broadly consider primary competitors to be positioned within the economy to midscale sectors, with selected upscale hotels forming the secondary competitive environment.

**Exhibit 28: Map of Local Competitive Supply of Relevance**



Source: CoStar Hotels Database



**Exhibit 29: Primary Competitor Hotel Profiles – Competitive Environment**

<p><b>Wilton Hotel Bray</b></p>	 <ul style="list-style-type: none"> <li>• 87-bedroom economy hotel, independently operated</li> <li>• Located to the east of Enniskerry and west of Bray</li> <li>• Approximately 3km from the seafront. Close by to the N11 which connects to the M50 offering easy access to Dublin City Centre and Airport</li> <li>• More traditional accommodation ranging between single to triple rooms</li> <li>• F&amp;B outlets include a bar and lounge area offering a light menu and buffet breakfast</li> <li>• 3,300 sqft of meeting space available</li> <li>• 300 complimentary parking spaces onsite</li> </ul>
<p><b>Rochestown Lodge Hotel</b></p>	 <ul style="list-style-type: none"> <li>• 90-bedroom midscale hotel, independently operated</li> <li>• Guest bedrooms are spacious and modern and range from standard rooms to suites and family rooms</li> <li>• Originally built in 1800 but renovated in 2004</li> <li>• Located in Dun Laoghaire with a bus stop operating a direct service into Dublin City Centre located outside the hotel</li> <li>• Glenageary DART station is a 10-minute drive from the hotel, and Brides Glen Luas stop is a 5-minute drive. Dublin Airport is a 40-minute drive away</li> <li>• On-site amenities include a restaurant, bar and wet leisure centre</li> <li>• 161 sqft of meeting space accommodates 15 delegates</li> <li>• Ample parking space available onsite (complimentary)</li> </ul>
<p><b>Fitzpatrick Castle Hotel</b></p>	 <ul style="list-style-type: none"> <li>• 113-bedroom midscale hotel, independently operated</li> <li>• Opened in 1970, castle style hotel</li> <li>• Located near to Dalkey village and Killiney Beach, close to Killiney Hill Park and Wyvern Estate bus stops</li> <li>• Public areas are traditional in design and style, albeit with some signs of wear and tear</li> <li>• Leisure facilities include 'The Club at Fitzpatricks' - changing rooms, swimming pool, gym, studio and 3 padel courts which opened in 2023</li> <li>• Large annex meeting space to the side of the hotel with cloakroom area and two large ballrooms with bars</li> <li>• On-site restaurant, bar, afternoon tea area</li> <li>• 170 parking spaces available (complimentary)</li> </ul>
<p><b>Talbot Hotel Stillorgan</b></p>	 <ul style="list-style-type: none"> <li>• 150-bedroom midscale branded hotel</li> <li>• Prominent road front location on N11 which leads into Dublin City Centre</li> <li>• Surrounded by bus stops, an 8-minute drive to Blackrock train station</li> <li>• Well maintained public areas, lounge/bar appears to have been recently refurbished</li> <li>• More traditional restaurant and conference area</li> <li>• On-site amenities include gym, restaurant, meeting and event space</li> <li>• Rooms available range between double, twin and family rooms</li> <li>• 300 complimentary parking spaces available on-site</li> </ul>
<p><b>Haddington House</b></p>	 <ul style="list-style-type: none"> <li>• 50-bedroom upper midscale hotel, independently operated</li> <li>• Originally built in 1950 and renovated in 2017, a collection of restored Victorian townhouses</li> <li>• Located on the harbour of Dun Laoghaire, a 6-minute walk from Dun Laoghaire train station and an 8-minute walk from Sandycove &amp; Glasthule train station</li> <li>• Guest bedrooms currently comprise a mix of refurbished (modern) and non-refurbished (more traditional) rooms. Ranging between a cosy room to a deluxe double</li> <li>• On-site restaurant, bar, business centre and fitness centre</li> <li>• Two meetings rooms hosting between 12-65 delegates</li> <li>• 40 parking spaces available (complimentary)</li> </ul>

**Summerhill House Hotel**



- 84-bedroom midscale hotel, independently operated
- A more remote location, approximately 15-minutes' drive to the south of Brides Glen Luas station
- 2,500 sqft of meeting space
- Well presented country house hotel with well maintained accommodation offering
- On-site amenities include a spa, restaurant & bar and large event space
- 60 complimentary parking spaces on site

Source: CoStar Hotels Database / Colliers research

**Exhibit 30: Secondary Competitor Hotel Profiles – Competitive Environment**

**Clayton Hotel Leopardstown**



- 357-bedroom upscale branded hotel
- Located 1-minute from Junction 13 of the M50, adjacent to Sandyford Business Park, within 6-minutes' drive of Leopardstown Valley Luas station and 5-minutes' drive from Leopardstown Racecourse
- Opened in 2003 and owned by Dalata Hotel Group
- Modern public areas with a large restaurant area
- 10 meeting rooms with space to host between 2 and 150 delegates
- Guest bedrooms are spacious and well maintained, although slightly more traditional in style. Rooms range from twin rooms to family rooms and suites
- 220 parking spaces available onsite - €10 for overnight parking

**Royal Marine Hotel**



- 228-bedroom upscale hotel, independently operated
- Located within a short 6-minute walk from Dun Laoghaire train station
- Easily accessible from the N31
- On-site amenities include a swimming pool, restaurant, meeting and event facilities
- Rooms are more traditional in style and range between double, twin, family and suites
- Parking spaces available, accessible underground through the hotel (complimentary)

**Radisson Blu St Helen's Hotel Dublin**



- 151-bedroom upper upscale hotel
- Beautifully maintained grounds and garden area
- Very traditional in style and well maintained public areas
- Located just off the R138, a main road into Dublin City Centre (9km away)
- 7-minutes' drive to Booterstown train station
- On-site restaurant, private dining and orangerie bar & lounge
- 11 meeting rooms available, the largest accommodation 350 delegates
- Rooms available range between standard rooms and suites, more traditional decor but well maintained
- Ample car parking space outside the front of the hotel, as well as 150 space overflow parking underground

Source: CoStar Hotels Database / Colliers research

**5.7 LOCAL COMPETITIVE HOTEL MARKET PERFORMANCE**

To analyse the demand trends and characteristics prevailing locally, we have commissioned a hotel data performance report from STR, a leading global provider of hotel benchmarking data owned by CoStar.

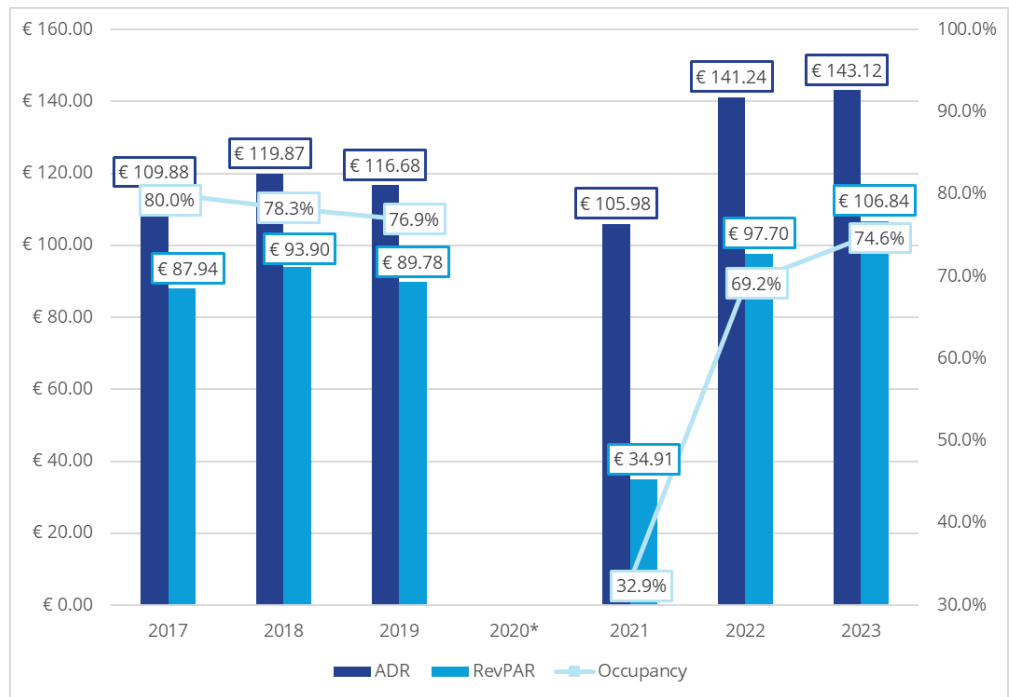
Due to data protection, STR guidelines require a minimum of four hotels to be included within a data set. We have included all the identified competitor hotels



outlined in Exhibits 29 and 30, except for Wilton Hotel Bray, Summerhill House Hotel, Haddington House and the Royal Marine Hotel as they do not submit performance data to STR.

The set therefore comprises of five properties providing a total of 861 rooms, with an average size of 172 rooms per property. We present the historical and current performance of the competitive set below and comment thereafter.

**Exhibit 31: Occupancy, ADR and RevPAR Trends, 2017 – 2023**



Source: STR © 2024

Note: 2020 & 2021\* - data is affected due to closures associated with the Covid-19 pandemic and STR reporting criteria/restrictions regarding open and trading hotels during this period

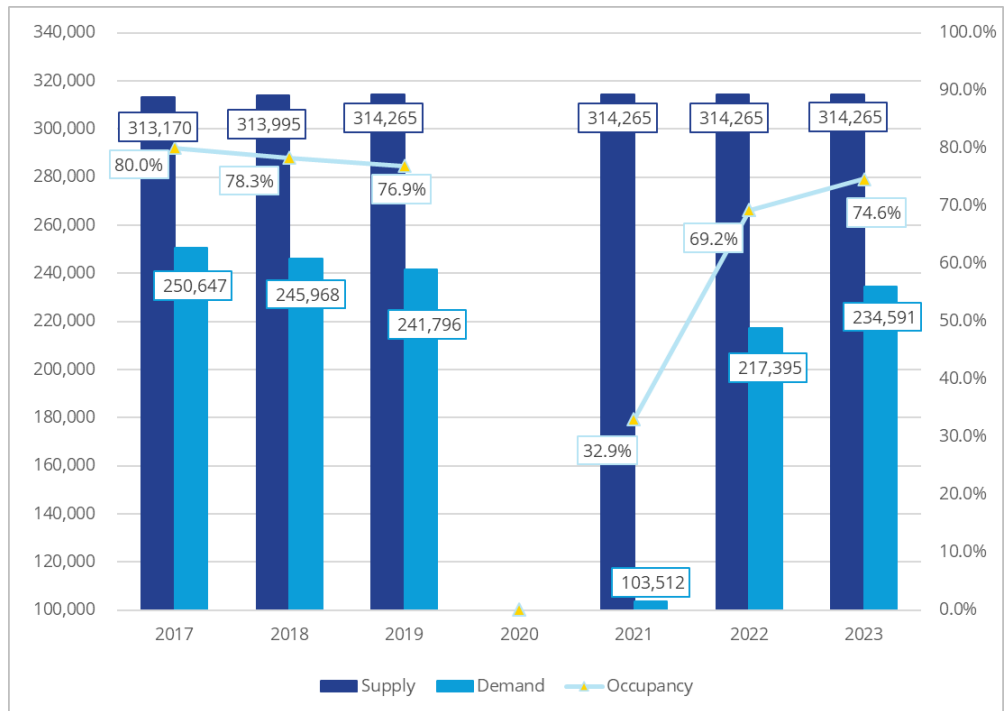
**Occupancy:**

- Whilst occupancy levels achieved by the local set were high between 2017 and 2019, the local market saw a slight downward trend in occupancy over the period, falling from a peak of 80.0% in 2017 to 76.9% in 2019 prior to the onset of the Covid-19 pandemic. As shown in Exhibit 32 overleaf, whilst there was a marginal increase in supply (available roomnights), the market saw a contraction in real demand (the volume of roomnights sold) over the period, thus resulting in a decrease in overall market occupancy.
- Full-year performance data is unavailable for 2020 due to a combination of hotel closures during Government imposed lockdowns and STR minimum reporting criteria/restrictions during this period. Whilst available, data for 2021 is severely impacted by the pandemic.
- Post-pandemic, 2022 showed a strong rebound recovery with average annual market occupancy climbing to almost 70%, only remaining 7.7

percentage points (-10.0%) behind 2019 levels. This quick recovery highlights the strength of the market following uncertainty around travel during that year. Further recovery was made in 2023, where occupancy increased 5.4 percentage points (+7.8%), not far from pre-pandemic performance.

- As shown in Exhibit 32, with the exception of supply side changes due to closures during the pandemic, the competitive supply base has remained unchanged since 2021, with the market returning to real demand growth and recording a subsequent upward trend in occupancy.

**Exhibit 32: Rooms Supply & Demand Trends, 2017 - 2023**

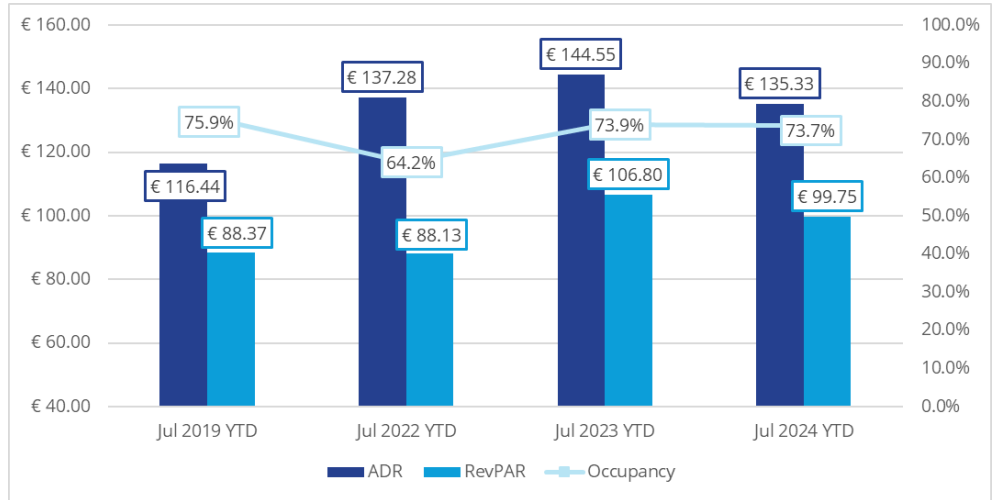


Source: STR © 2024

Note: 2020 & 2021\* - data is affected/unavailable due to closures associated with the Covid-19 pandemic and STR reporting criteria/restrictions regarding open and trading hotels during this period

- Overall, the local hotel market performance reflects strong levels of localised demand, achieving annual occupancy levels in the mid 70's.
- As illustrated in the graph overleaf, data for the first seven months of 2024 (also known as July Year-to-Date, Jul YTD) also shows that demand has remained consistent so far this year, with occupancy recorded at a very similar level to July YTD 2023. We would expect this to continue for the remainder of 2024.

**Exhibit 33: Occupancy, ADR and RevPAR Trends, July YTD 2019, 2022, 2023, 2024**



Source: STR © 2024

Note: 2020 & 2021 - data is affected/unavailable due to closures associated with the Covid-19 pandemic and STR reporting criteria/restrictions regarding open and trading hotels during this period

**ADR:**

- Prior to the onset of the pandemic, the Average Daily Rate (ADR) for the local set grew by 6.2% between 2017 and 2019, up from €109.88 in 2017 to €116.68 in 2019. Whilst ADR peaked in 2018 at €119.87, it fell back slightly in 2019 (-2.7%) which can partly be attributed to an increase in supply (available roomnights), as well as a general slight softening of real demand (roomnights sold) during the period, placing some downward pressure on rates.
- After being affected by the pandemic in 2020 and 2021, 2022 saw a strong recovery in ADR to €141.24, significantly exceeding 2019 levels (€116.68) by approximately 21%, with a further increase to €143.12 in 2023.
- Having experienced significant increase in annual and YTD ADR levels over recent years, the data shows signs that the market is now starting to rebalance with some softening of rates in order to maintain occupancy at a consistent level. Although ADR has softened by approximately €9 between July 2023 YTD and July 2024 YTD, this remains substantially higher than pre-pandemic performance, some 16.2% ahead of July 2019 YTD data. This highlights significant growth in the market over the past five years despite the pandemic, and is an indication of the market re-stabilising.
- Overall, the ADR profile further demonstrates the strength of the local market for hotel accommodation within the area.

**RevPAR:**

- Pre-pandemic, the local competitor set saw Revenue per Available Room (RevPAR) increase by 2.1% between 2017 and 2019 to reach €89.78. Following the pandemic, strong occupancy and ADR recovery saw RevPAR reach a record 7-year high of €97.70 in 2022, outpacing 2019 levels by 8.8%. The positive trend continued into 2023, where RevPAR increased by a further 9.4% to €106.84 as a result of the recovery of occupancy and continued rate growth.
- While July YTD 2024 data shows a 6.6% decrease in RevPAR due the decrease in ADR compared to the same period the previous year, overall, 2024 YTD RevPAR remains substantially (+12.9%) ahead of July YTD 2019 levels. We would expect the market to perform consistently for the remainder of 2024 and into 2025, showing signs of re-stabilisation following the initial sharp growth post pandemic.

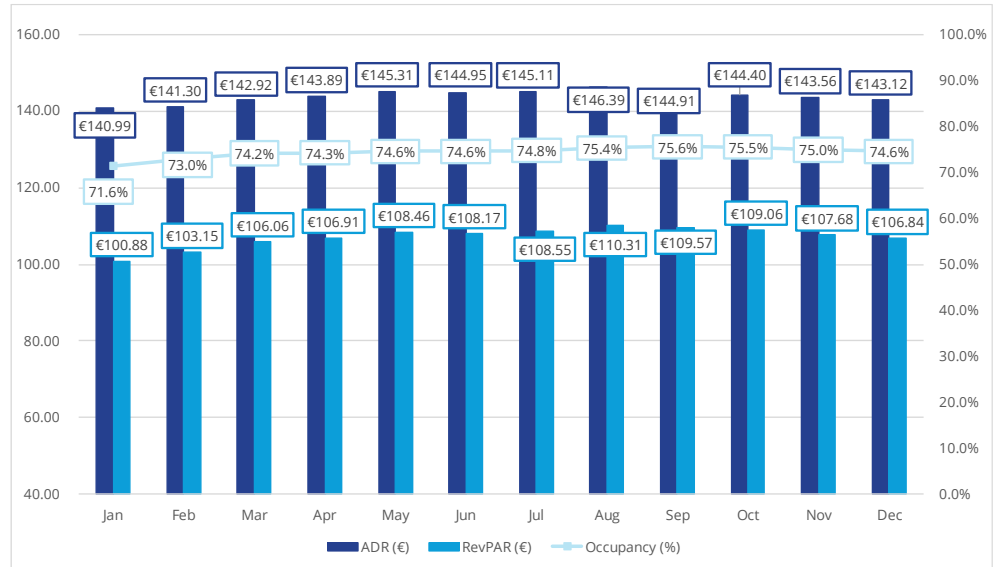
**5.7.1 MONTHLY SEASONALITY TRENDS**

The graphs overleaf illustrate the seasonality of demand (occupancy) for the local hotel set for 2023 alongside that for 2019, prior to the impact of the Covid-19 pandemic. This analysis helps to show periods of peak demand within the local competitor set, however it is important to note that this is the monthly average performance and that specific patterns will vary amongst different hotels.

- The local competitor hotel set experienced strong monthly occupancy levels in 2023, with occupancy recorded at more than 70% for all months of the year. Moreover, four months of the year exceeded 75% occupancy.
- Occupancy peaked at 75.6% in September. The other months achieving levels in excess of 75% were August, October and November. This incorporates core summer leisure months alongside traditionally strong autumn corporate travel months, which are popular for conferences and events.
- Overall, the seasonality trend is reflective of a strong, robust and healthy market demand profile and shows an overall very stable year-round monthly occupancy pattern with very limited fluctuations in demand.
- While comparing 2019 to 2023, data shows very marginally higher occupancies prior to the pandemic, though the pattern of demand remains largely the same for both periods. 2019 did see slightly less fluctuation than 2023, where occupancy moved between 76-78% for all months of the year. This highlights a healthy demand profile, strong for both leisure and corporate business. Contrastingly to 2023, occupancy levels gradually declined during the second half of 2019, highlighting an uplift in corporate demand post pandemic.

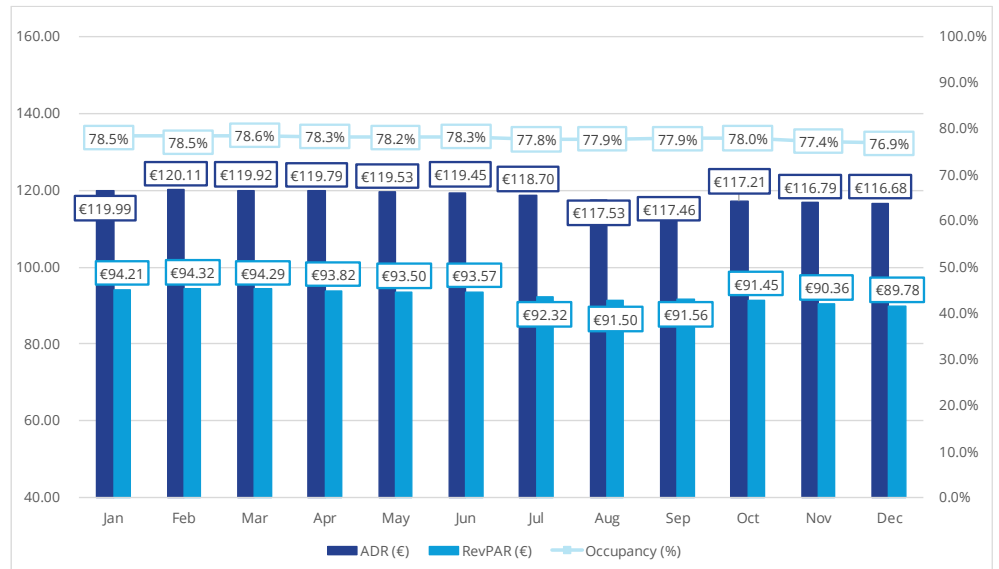
- We also illustrate the monthly ADR pattern for the same period in the graphs below. These show that the ADR for the local market set broadly follows the same overall profile as occupancy, with the highest rates generally achieved during the core summer period, as well as towards the end of the year.

**Exhibit 34: Local Competitor Hotel Set – Average Seasonality, 2023**



Source: STR © 2024

**Exhibit 35: Local Competitor Hotel Set – Average Seasonality, 2019**



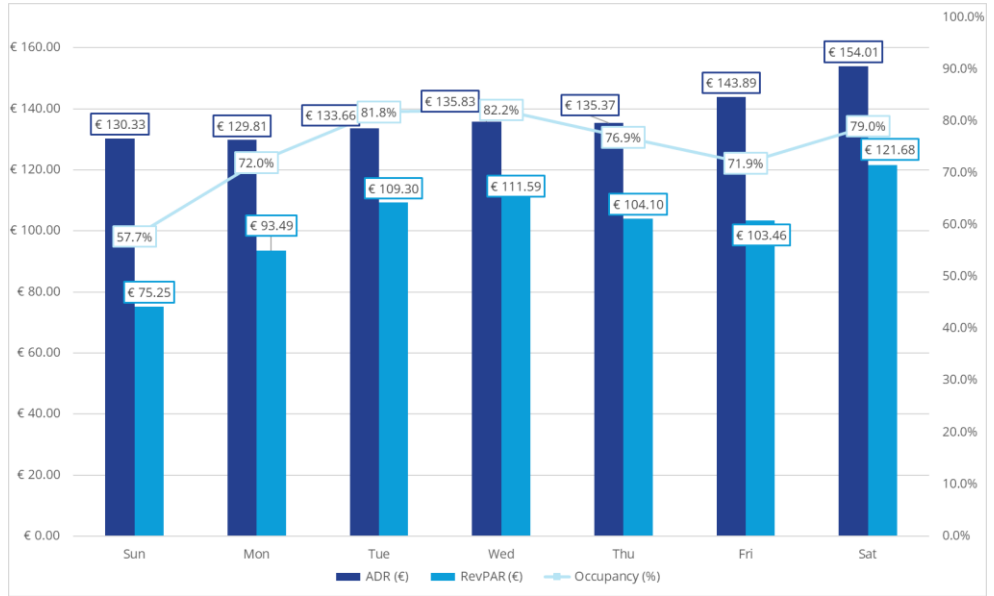
Source: STR © 2024

- Overall, both the monthly occupancy and ADR profile for 2023 suggests a well-rounded and balanced demand mix for both the leisure and corporate market prevailing in the area.

**5.7.2 DAY OF WEEK ANALYSIS**

The Exhibit below presents the average annual daily occupancy, ADR and RevPAR for the local competitor hotel set over a 12-month period from August 2023 to July 2024.

**Exhibit 36: Average Daily Occupancy, ADR and RevPAR, Aug 23 – Jul 24**



Source: STR © 2024

The data shows a very stable and robust weekly market, with high occupancy and consistent ADR throughout the week, with the exception of a Sunday night.

Average daily occupancy peaks at 82.2% on Wednesday, very closely followed by Tuesday and Saturday at 81.8% and 79.0% respectively. Saturday has the highest ADR over the week, recorded at €154.01, significantly ahead of all other days, followed by Friday (€143.89) and Wednesday (€135.83).

Overall, the exceptionally strong midweek occupancy achieved on Tuesdays and Wednesdays coupled with the high ADR rates, €133.66 and €135.83 respectively, leads to these weekdays achieving amongst the highest average daily RevPAR levels at €109.30 and €111.59 respectively. This showcases the importance of the corporate travel market in the local competitor set.

That said, it is Saturday which enjoys the highest average daily RevPAR of the week, with Friday also recording a RevPAR of over the €100 mark (€103.46), testament to the strength of the leisure market in the area, particularly when considering the ease of access for many of the hotels to Dublin city centre.

Sunday experiences both the lowest average daily occupancy and ADR, albeit with a RevPAR of €75.25, which is still a relatively strong performance and higher than that seen in many other city fringe markets.

Overall, the data shows that the local competitor market benefits from both a strong weekend (leisure) and midweek (corporate) market, which is positive for proposed hotel accommodation within the Cherrywood Town Centre project site in terms of tapping into a very strong and established local demand base.

### 5.7.3 THE CHERRYWOOD OPPORTUNITY

Based on local demand characteristics, we consider there to be a very good market opportunity for a proposed hotel at Cherrywood. In view of the levels of demand, rates achieved, and overall trends post pandemic, we believe the opportunity to be for one hotel at the present time, positioned with the upper tier of the limited-service sector providing high-quality accommodation at an affordable price for both corporate and leisure visitors.

Given that the local market appeared to be slightly susceptible to the impact of new supply in terms of pressure on ADR potential pre-pandemic, we consider it prudent to ensure that the hotel is of a suitable size to achieve both development and operational economies of scale, yet without oversizing the scheme to place any potential unnecessary pressure on the local market. Whilst we acknowledge that ADR has moved significantly post pandemic, the current period of rebalancing should ensure a new healthy and sustainable level is achieved. It is therefore prudent to ensure that any new scheme is able to provide new supply at a level which can help to maintain, and potentially further grow local ADR again in due course by offering a new product to the local area, rather than place downward pressure on rates.

We provide more detailed recommendations on the recommended hotel and its indicative facilities mix in Section 6, including further commentary on the future potential for a second hotel at Cherrywood Town Centre at a later point in time.

## 5.8 LOCAL FUTURE HOTEL SUPPLY OF RELEVANCE

Due to the similarity in the geographical coverage between the county boundary and the 9.5km radius from the project site, we have shown pipeline supply for both areas in the table and map below, identifying which fall in each area.

According to the CoStar Hotels Database, there are currently five proposals in the pipeline within the identified market area of relevance to the project site, representing a potential increase of 497 bedrooms. This excludes the proposed accommodation at Cherrywood Town Centre. These proposals are listed between the economy and upper midscale sectors.



**Exhibit 37: Local Hotel Planning Development Pipeline – 9.5km radius**

Map Ref	Location	Building Name	Rooms	Class	Constr Status	Year Built
1	County	Premier Inn Sandyford Business Park	150	Economy	Proposed	2025
2	County	Grafton House Aparthotel	124	Upper Midscale	Final Planning	2025
3	County	Fitzgeralds of Sandycove	4	Midscale	Final Planning	2025
4	9.5km Radius	Cairn Homes Montrose Hotel	192	Economy	Proposed	2025

Source: CoStar Hotels Database

**Exhibit 38: Map of Hotel Development Pipeline within Dun Laoghaire County**



Source: CoStar Hotels Database/Colliers research

It is important to note, however, that when proposals are at varying (and early) stages of the development lifecycle, it is generally difficult to quantify the volume, likelihood and timeframe of these schemes coming to fruition, especially due to the current economic uncertainties and ongoing effects which have emerged out of the Covid-19 pandemic. However, it is typically unlikely that all pipeline schemes will move forward.

We would generally consider those proposals which are either under construction or in the final planning stages (where planning permission has been approved and work is estimated to commence within the next 12 months) as being most relevant and having a higher chance of progressing forward. Currently, there are two such schemes within the competitive sector of relevance with a total of 128 bedrooms, which we outline as follows.

**(2) Grafton House Aparthotel**

Final planning permission was granted in September 2023 for the demolition of an existing two-storey warehouse/office building near Sandyford Business Park to make way for the construction of a nine-storey aparthotel. The proposed 124 rooms will comprise of 75 one- bedroom and 49 two-bedroom units, alongside other facilities including a ground floor café, multi-purpose room, 37 car parking spaces and 36 cycling spaces.

As proposed serviced apartments, we do not consider the scheme to be of competitive relevance to a proposed, recommended, upper tier limited-service hotel within the Cherrywood Town Centre development. Serviced apartments offer a bedroom product more akin to upscale plus/broadly 4-star hotel accommodation, with both published rates and ADRs at a much higher level than where we believe the opportunity to be for Cherrywood. Positioned within the extended stay sector, serviced apartments typically hold a stronger appeal amongst corporate (rather than leisure) users, and are generally for long-stay periods of time (often several weeks or even months) which we would not consider to be of relevance to, nor the opportunity for, Cherrywood (given the relatively limited corporate account base near Cherrywood to sustain an extended stay concept).

### **(3) Fitzgerald of Sandycove**

In June 2023, planning permission was granted for the construction and use of four guest bedrooms as guest accommodation at Fitzgerald of Sandycove public house. Whilst the scheme will add some additional rooms into the local market area supply, in view of the scale and product type we do not consider this to be of competitive relevance to a proposed hotel at Cherrywood.

### **Other Proposed Schemes**

We note that whilst the Premier Inn and Cairn Homes proposals have been rumoured and in the pipeline for some years, neither have progressed forward to date, nor appear likely to proceed in the short to medium term at least. The Cairn Homes proposal, in particular, has been called back in before the board for decision several times due to third-party appeals, with the hotel component itself having yet to receive full planning permission and the wider scheme now also looking unlikely to proceed.

### **Future Supply as Modelled**

Given that we do not consider any of the proposed pipeline hotels to be of significant, if any, potential competitive relevance to a proposed upper tier limited-service hotel at Cherrywood, these have been excluded from our market modelling in our financial projections. That said, we have allowed for nominal future supply of 100 bedrooms at a 50% competitive relevance weighting to enter the market within the period of our market modelling to stabilisation of the project hotel at Cherrywood, to allow for the impact of any potential future supply side changes on both the market and project performance.

## **5.9 SEGMENTATION OF DEMAND**

It is important to analyse demand by the use of individual market segments as each market segment exhibits unique characteristics as regards to growth potential, seasonality of demand, price sensitivity, double occupancy factor

(which correlates to the number of people potentially staying at a hotel per bedroom), facility requirement and so on. We estimate the overall roomnight demand of each segment for 2023/24 (the base year of this Study) in order to help further consider the structure of demand and requirements within the local market.

Demand for overnight hotel accommodation in the defined market area is primarily by the following market segments. We believe the proposed hotel within Cherrywood Town Centre will be a popular choice for both the corporate and leisure markets, given its highly accessible location, ease of access to Dublin city centre via the Luas system and proximity to Cherrywood business park, all helping to drive demand for the hotel.

We briefly discuss each of the market segments below.

#### 5.9.1 CORPORATE / COMMERCIAL DEMAND

The commercial market typically consists of **fully independent (corporate/business) travellers** (sometimes otherwise known as transient commercial demand), **corporate accounts, contractors** and other **small business-related groups** (approx. two to four people), who travel to a market primarily for business purposes.

Generally, commercial demand is higher from Monday through Thursday (midweek) when businesses are more active, with demand reducing significantly at weekends. Demand from this segment is relatively constant throughout the year but tends to decline during the holiday periods such as December and August. Commercial demand growth is broadly correlated to GDP growth and economic market conditions, not just domestically in Ireland but also market conditions within the major inbound tourism source markets. Typically, this segment has a length of stay from one to three days and a double occupancy factor (DOF) ranging from 1.0 to 1.3 (people), since business-related travellers do not tend to share rooms. Typically, branded hotels that are conveniently located/easily accessible from key business locations are the preferred choice for the commercial market.

##### Corporate Accounts

National and international firms with large volumes of business travel activity typically seek to establish a corporate account with individual hotels or operators. A discounted rate is agreed for a set period with the firm making a non-binding agreement for a set quantum of roomnights.

We understand from our fieldwork that the proposed hotel sites are located nearby to Cherrywood business park, and others close by, such as Central Park and Sandyford business parks. Therefore, corporate accounts/contracts are an

important source of demand for hotels in the area, with demand generated from travelling employees visiting other offices.

### **Corporate FIT (Fully Independent Travel)**

Fully Independent (corporate/business) Travellers tend to book their trip via a third-party online booking channel provided by their company, or independently book their stay via an online travel agency (OTA) at either best available rates (BAR) or available discounted rates. These are typically commercial/business travellers visiting a location and/or company based in the area on an ad-hoc or project specific basis, but where the frequency of travel to that particular location or organisation is insufficient to require a corporate account in terms of the overall quantum of roomnights booked/required. These characteristics see the sector sometimes referred to as transient commercial demand.

FIT Corporate travellers will pay a higher rate than those on negotiated corporate accounts, often securing the same or similar prices as the FIT Leisure segment due to the nature of booking via online platforms or directly with the hotel, who may or may not distinguish between the two types of FIT guest in the rate offered. That said, overall, FIT Corporate guests will often pay a higher rate than FIT Leisure due to the shorter booking lead times typically associated with business travel, which coincides with yield management strategies seeing hotel rates increase as both demand rises and the date of travel moves closer.

General facilities required for business-related demand stem from close proximity to major demand generators, such as airports and business parks, accessibility to key arterial routes and rail links, and ample meeting space.

We understand a relatively high proportion of corporate/commercial related demand locally is generated from the Corporate FIT segment, many of whom are visiting larger companies based in and around the South Dublin area and the city itself, and from those using the area for a stopover given the inherent transient nature of business travel.

### **Contractors**

Contractors, if not large-scale corporates under a national account, would also fall within the Corporate FIT segment. That said, in markets with significant contractor demand arising from major regeneration or housing schemes, this could form its own smaller sub-segment of the corporate/commercial market, with rates discounted due to the longer-stay nature of contractor demand.

### **2023/24 Base Demand**

Overall, we understand there is a good level of commercial related demand within the local market, evidenced by strong midweek occupancy and rates. For 2023/24, we have estimated that total corporate/commercial demand (across transient and account business) represents approximately 52% of total

accommodated demand, indicating that the local market has a very good volume of business clientele and reflecting the status of south Dublin as a local economic hub. Demand from the segment is primarily derived from local business and tech parks, as well as companies headquartered in and around South Dublin/Dublin, whilst further supported by its strategic location and excellent road and public transport links into the city centre.

We believe that a proposed upper midscale hotel positioned within the limited-service sector will be well received by the current corporate related market, as a new and branded product in a highly accessible location, situated within the evolving Cherrywood Town Centre development and wider emerging Cherrywood estate, and which is easily accessible via road and rail/tram.

### 5.9.2 LEISURE DEMAND

The leisure market is comprised of the **fully independent (leisure) traveller** and **group leisure** sub-segments. Generally, leisure demand is year-round and tends to peak during weekends and weekdays during the holiday periods, when commercial demand is usually reduced. Typically, this segment has a length of stay from one to five days and a DOF ranging from 1.5 to 2.5 (people). Local attractions, special occasions, events and festivals (e.g. annual festivals, graduations, etc) all encourage leisure demand.

#### Leisure FIT (Fully Independent Travel)

Typically, Fully Independent (leisure) Travellers have independently planned and booked their trip, either via direct online booking channels or a third-party OTA at the best available rate (BAR). Overall, the FIT Leisure segment yields one of the highest sector rates for hotels, but, during lower occupancy periods, hotel published tariffs are discounted in order to attract this segment. Generally, this segment prefers to choose their accommodation in close proximity to local attractions and their purpose of visit, i.e. visiting friends or relatives, attending an event or festival.

The majority of leisure demand in the local market is generated either from tourism-related visitation, the Visiting Friends and Relatives (VFR) segment, functions and those using the area as a base to explore Dublin and its suburbs (as well as potential visiting other nearby towns and cities) given the strong road and rail connections.

#### Group Leisure

The group leisure sub-segment generally comprises travellers who have either purchased organised package holidays or privately organised tours (e.g. walking, cycling, study, other niche interests etc), as well as other select groups. Large scale tour operator rates are usually contracted annually, while smaller private groups of say, 10 to 20, will be contracted individually. Coach groups, also part

of the group leisure segment, generally comprise of visitors who have purchased package holidays that include the cost of travel, hotel accommodation and some provision for meals, or what is termed an 'inclusive tour'. Group leisure is considered a low-yielding segment, rates must be significantly discounted and typically packaged to include room, breakfast and dinner. Group business is typically used for infill periods and replaced (when demand timing permits) by higher-yielding segments.

While the hotel will need to manage the rates carefully, we consider group leisure will be an important supplementary source of demand given the location of the hotel. We saw evidence of coach trips utilising accommodation in the local area during our fieldtrip. Given the typical prices that the local market can sustain, group leisure will not be quite so low-rated in this location as may often be the case, particularly given the popularity of, and ease of access to, Dublin city centre with the presence and popularity of smaller more niche (higher rated) group tours to help balance larger-scale coach operators, as well as sports-related and other interest groups.

#### 2023/24 Base Demand

We consider leisure related business will be an important source of demand (roomnights sold) for the project hotel. We have quantified 2023/24 Leisure FIT base demand at approximately 32.0% of total accommodated demand. Additionally, we have quantified the Group Leisure segment at 10.0% of base demand in 2023/24.

The proposed hotel's location will be well placed to capture leisure-related demand linked to the local area, as well as those using the location as a base to explore Dublin city centre, given the ease of access via public transport.

#### 5.9.3 MICE (MEETINGS, INCENTIVE, CONFERENCE AND EVENTS)

The MICE market is comprised of **commercial** and **leisure** sub-segments. Demand in this segment is generated from commercial users holding meetings, interviews, conferences, training sessions, seminars, away days, exhibitions and leisure users hosting social functions, private events and weddings. Room rates in this segment are often discounted for both commercial and leisure large groups.

##### Commercial

Typically, demand is highest for meetings and conferences around spring and autumn. Summer represents the slowest period and winter demand is variable. Most commercial groups require accommodation Monday to Thursday, with a typical group length of stay in the region of two to four nights and a DOF ranging from 1.0 to 1.5, since business-related travellers do not tend to share rooms.

Commercial demand typically generates a higher volume of business than leisure users and as a result, future demand in the MICE segment is closely related to trends in growth expected in the corporate segment.

We understand from our field work that there is relatively good corporate related MICE demand in the local market, both for day and residential events, with some of the competitor hotels offering large-scale facilities suitable for residential training events and helping to support other revenue functions of the hotels (i.e. food and beverage).

### **Leisure**

Typically, demand is highest for weddings, social and leisure events at weekends throughout the year, with demand peaks experienced during the summer period (June – August) and during the holiday periods (February, April, October) when commercial demand is usually reduced. On average, the typical length of stay for leisure events is in the region of one to three nights, with a DOF ranging from 1.0 to 2.0 since leisure-related travellers will often share rooms.

Leisure related MICE is a popular sub-segment with many of the competitor hotels offering good facilities for weddings, parties and other social gatherings and celebrations.

### **2023/24 Base Demand**

For 2023/24, we have quantified MICE base demand as equating to approximately 6.0% of total roomnights accommodated within the competitive market.

It is important to note that all of the hotels included within the competitive set offer MICE amenities, albeit with varying degrees of size and scale between properties, e.g. Rochestown Lodge offers less amenity whilst the Radisson Blu has a very large provision. The recommended hotel concept/product for Cherrywood will offer a much more limited MICE provision (confined to a few small interconnecting rooms), meaning it will operate less within this space of the market. Therefore, although relatively limited in total volume, we would still expect the project hotel to hold a reasonably good appeal to the MICE segment, albeit largely for smaller scale corporate and leisure related day events, rather than those generating significant overnight bedroom requirements.

## **5.10 FUTURE MARKET GROWTH PROSPECTS**

Overall, we believe future prospects for hotel demand in the market area to be very positive. Although potentially somewhat susceptible to the impact of new supply entering the market (albeit new activity has been limited), the competitive hotel set enjoyed a strong recovery post-pandemic, largely led by ADR which, for 2023, was 22.7% ahead of 2019 levels, whilst occupancy still slightly trailed pre-



pandemic levels (-2.3 percentage points). Overall, however, 2023 RevPAR reached a 7-year high of €106.84, significantly ahead of that seen prior to the pandemic (€89.78 in 2019).

Whilst data for July YTD 2024 shows some downward pressure on rate to maintain occupancy, we consider this to be a sign of rebalancing and re-stabilisation in the market following a period of phenomenal rate growth, to find a level which is sustainable moving forward. That said, RevPAR still remains almost 21% higher than for July YTD 2019 highlighting the significant strength of the local competitor market.

Assuming no significant setbacks from any further adverse economic conditions, we consider the medium to long term outlook for the local hotel market to be very positive.

# 6 SITE APPRAISAL & PROJECT RECOMMENDATIONS

## 6.1 INTRODUCTION

In this Section, we provide a brief evaluation of the potential sites under consideration for a proposed hotel at Cherrywood Town Centre and identify the preferred site in terms of its overall suitability for hotel development. We outline our recommendations for a proposed hotel at the identified site in terms of scaling, market positioning and indicative facilities mix.

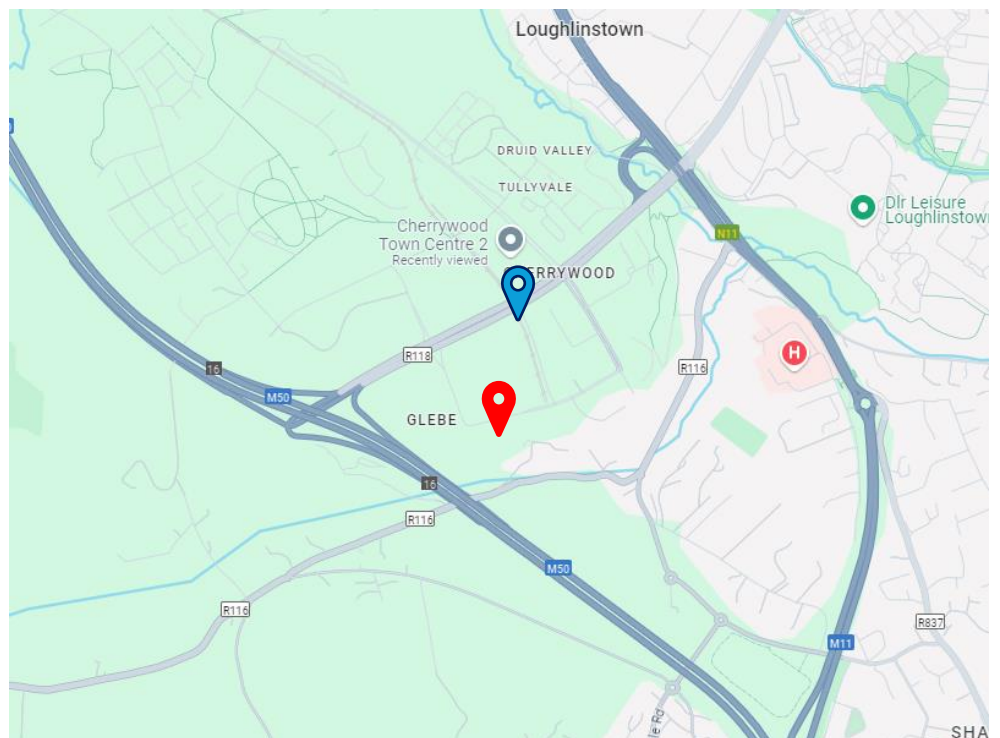
## 6.2 LOCATION

### 6.2.1 MACRO LOCATION

Cherrywood Town Centre is located approximately 16km to the southeast of Dublin city centre and 8km to the west of Dun Laoghaire town, next to The Campus, previously known as Cherrywood Business Park.

The proposed hotel sites are located within the town centre quadrants of Cherrywood, TC2 and TC3.

**Exhibit 39: Location of Cherrywood Town Centre**



Source: Google Maps \*Blue Indicator denotes the location of Cherrywood TC2/Red Indication denotes the location of TC3

**Exhibit 40: Cherrywood Masterplan**



Source: via DLRCC

**6.2.2 MICRO LOCATION**

There are two potential sites under consideration for proposed hotel development as illustrated in the Exhibit below, one which lies in TC2 and the other in TC3.

**Exhibit 41: Proposed Hotel, Cherrywood Town Centre – Potential Site Locations**



Source: via DLRCC



## 6.3 POTENTIAL HOTEL SITES

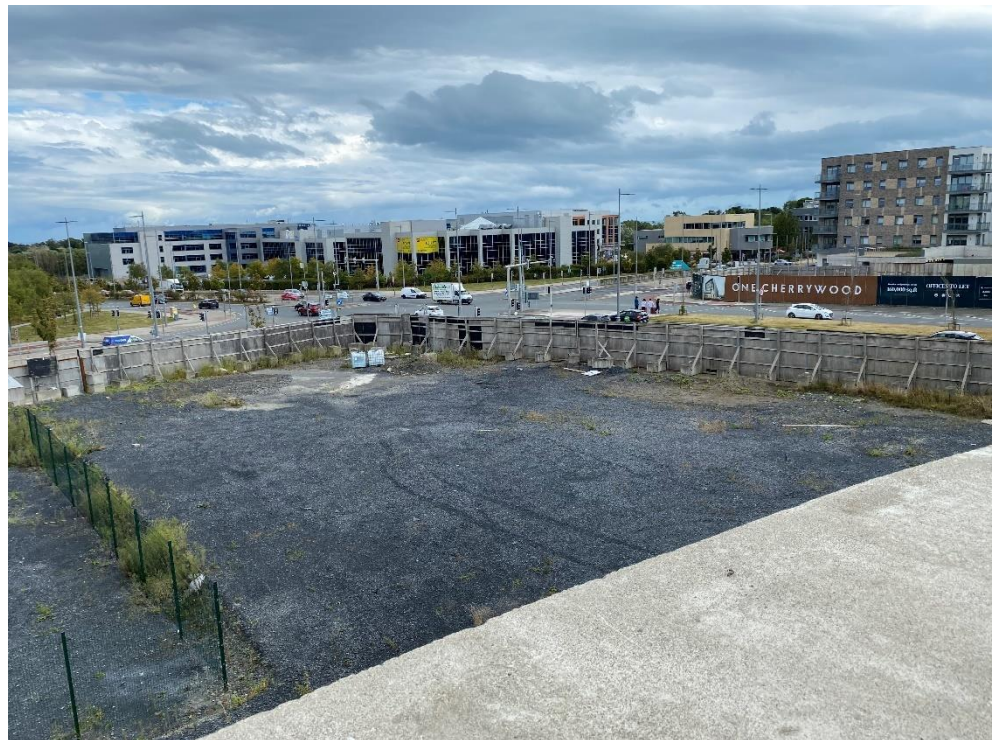
### 6.3.1 TC2

Aside from the proposed hotel site, construction of TC2 is now complete and includes two residential buildings totalling 431 units, which are built over a basement car park, with ground floor retail space. Current occupiers include Tesco Express, Trib3 workout studio, The Grafton Barber shop, Croi Coffee shop and a nursery, with further units available to let.

TC2 lies next to Cherrywood Luas tram station, providing direct access to Dublin city centre in approximately 45 minutes. The quadrant is accessed from Bishop Street and there is payable on-street parking available parallel to the tram line.

The proposed hotel site lies on the south-east corner of the TC2 quadrant. It is bound by a residential block and car park to the north, the R118 to the south, Valley Drive to the east and Grand Parade to the west. The plot occupies a prime roadside position, next to a prominent four-way junction which would afford very strong visibility for a hotel at the site both on approach and from the nearby business park opposite the site. We understand it is envisaged to suit a smaller scale boutique hotel with commensurate facilities.

#### **Exhibit 42: Proposed Boutique Hotel Site, TC2**



Source: Colliers

**6.3.2 TC3**

Overall, TC3 extends to approximately 13.689 ha of land and is set to become the cultural quarter of the town centre. Proposed uses include residential, civic and community services, leisure, recreation and tourism services alongside public realm space. Ronan Group were due to commence work on the first phase of development during the second half of 2024, comprising of 418 residential units, public realm, retail and community space; however, construction has yet to start.

TC3 lies adjacent to the Luas terminus, Brides Glen, providing easy direct access into Dublin city centre. It is located off the R118, a key arterial route passing between the quadrants of Cherrywood Town Centre, and which connects with the M50 and N11 (which in turns becomes the M11).

The potential hotel site at TC3 lies on the south-eastern corner plot of the quadrant, shown as the blue area in the map overleaf. It is bound by the R118 to the north, Grand Parade to the east and Pairc Choill Na Silini to the south and west. We understand the site within TC3 is envisaged to suit a larger hotel concept with commensurate food, beverage and other amenities.

**Exhibit 43: Proposed Hotel Site, TC3**



Source: Colliers

#### Exhibit 44: Proposed Hotel Site, TC3



Source: Colliers \*Blue area denotes current proposed hotel site \*Yellow area denotes our alternative recommended plot

## 6.4 SITE RECOMMENDATION

In view of market (supply and demand) and site-specific characteristics, we consider the current opportunity at Cherrywood Town centre to be for an upper midscale (broadly three-star) limited-service hotel in the order of 100 keys (discussed further in Section 6.5).

While both sites offer characteristics favourable to hotel development, overall, in view of factors such as micro location, position relative to existing and/or proposed surrounding uses, accessibility and visibility, we believe the **TC3 site** represents the **optimal location** for the **recommended hotel scheme**.

Whilst the south-east corner plot is currently identified for hotel use, we understand there is flexibility in terms of the hotel site location within TC3 as the masterplan for the quadrant continues to evolve. That said, it will therefore be important to ensure that the hotel is allocated a prominent location within the quadrant to ensure maximum visibility on approach and ease of access to both the Luas stop and road network. More often than not this is afforded by a corner position within a development and we consider that the yellow area shown in Exhibit 44 above could represent a prime alternative position, situated alongside the R118, to maximise visibility on approach from multiple directions. Overall, however, as long as good, prominent signage is in place, all corner plots would be considered suitable and acceptable by hotel brands and operators.

Additionally, the phasing of construction works for both the hotel and other proposed uses will be a key consideration. It will be important to ensure that



other proposed developments within the quadrant are progressing ahead of, or alongside the hotel, so that completion and opening of the hotel coincides with a period of reduced noise and aesthetic disruption from neighbouring developments to avoid impacting on the hotel guest experience.

### **TC2 BOUTIQUE HOTEL SITE**

Whilst we consider the identified site within TC2 to be a strong site for proposed hotel development, we do not consider there to be a requirement for two hotels within the Cherrywood Town Centre development at present, or in the short to medium term.

At such a time when Cherrywood is fully developed and all residential and commercial units are occupied, the requirement for additional rooms may transpire. However, we consider this is likely to be in the medium to longer term, most likely once the recommended limited-service hotel is open and trading at a mature, stabilised level. It is important not to oversize the hotel whilst Cherrywood remains in its overall relative infancy and to ensure that any future accommodation development is responding to market opportunity and estimated future market demand requirements at that point in time.

Moreover, as TC3 will be developed as the cultural and leisure hub of Cherrywood Town Centre, it could be the case that TC3 continues to lend itself as a strong, optimal location for a second hotel in the future. Therefore, a suggestion for consideration could be to allocate an arguably 'oversized' plot at present that could be landscaped to provide public realm, pop-up food and beverage or event/entertainment space or perhaps short-term additional car parking (not necessarily specifically allocated to the hotel), affording DLRCC the potential opportunity to consider either a further hotel development or an extension to the current recommended hotel in TC3 in the future, as the wider scheme evolves.

Dual hotel operations are a popular concept and it could be the case that the chosen brand and operator for the current recommended hotel opportunity may wish to brand and manage an additional hotel product at a later point in time subject to demand evolving as projected.

### **THE OPPORTUNITY FOR TC2**

Whilst we do not consider there to be a requirement for two hotels at Cherrywood within the short to medium term, we nevertheless consider the identified plot within TC2 to be a strong location for a hospitality development. It is our opinion that TC2 would be well suited to a restaurant with rooms concept, likely positioned as a gastropub with a small number of boutique/lifestyle, design-led rooms (likely in the order of up to 20 to 25 rooms).



Not only would this complete development within TC2, but it would also see the addition of an important, and currently absent, local daytime and evening food and beverage amenity, with this type of dining environment generally holding a broader appeal to a wider range of consumers than a typical hotel restaurant facility. Furthermore, such a development would also have the added benefit of bringing an initial small quantum of high-quality accommodation to Cherrywood in the short term, whilst the scheme (TC3 in particular) and associated hotel demand continues to gain momentum and evolve. A hospitality offering of this type and market positioning would also ensure a complementary (rather than competing) development to the proposed recommended 100 keys upper midscale hotel, which we consider to be the optimal hotel product for Cherrywood.

## 6.5 HOTEL PRODUCT & FACILITY RECOMMENDATIONS

Based on our analysis and review of current and estimated future supply and demand conditions, we consider there to be a strong market opportunity for an upper midscale limited-service hotel at the project site.

We outline below our recommendations for the proposed hotel in terms of scaling, market positioning and indicative facilities mix.

### 6.5.1 MARKET POSITIONING

Based on hotel market characteristics, location and site-specific factors for our preferred recommended site, quadrant TC3, we consider there to be an opportunity for an internationally branded, upper midscale hotel at the project site, operating within the limited-service sector.

This means that the hotel the sense of being a full-service hotel in appearance and room standard, but features much more streamlined food and beverage and meeting facilities than its full-service counterparts.

Limited-service hotels are well suited to locations where there is a strong demand profile but comparatively more pressure (or an apparent cap) on rates, and/or locations where there is a smaller local non-hotel resident base, e.g. secondary/peripheral town or city centre locations.

A hotel of this standard and market positioning will provide new high-quality accommodation within the new Cherrywood Town Centre development, on the southern outskirts of Dublin, in an area un-represented in terms of branded, limited-service hotel supply with the majority of supply predominantly being independently owned and operated and/or positioned within the full-service sector.

Limited-service hotels hold a strong appeal to both corporate and leisure guests. As a predominantly rooms driven operation, they offer a lean, efficient operating

model and a lower build cost than their full-service counterparts, whilst still commanding the ability to drive high occupancy and strong ADRs due the inherent quality of the bedroom product. The development economics are therefore often more favourable for this type of hotel, particularly in strong city peripheral or regional sub-markets, in view of the current development climate which is characterised by inflated build costs and more expensive debt finance.

Furthermore, it will help provide an attractive and contemporary hotel amenity to support Cherrywood's commercial, residential and other leisure-related components.

#### 6.5.2 SCALING

Overall, we consider in the order of **100 bedrooms** to be an appropriate scaling for the project hotel given its future, developing town centre location and its location within an established sub-market on the southern outskirts of Dublin. This scaling balances market conditions with site specific characteristics and the need to achieve some operational efficiencies and economies of scale.

As previously discussed, we consider it is important not to oversize the hotel whilst Cherrywood remains in its overall relative infancy and to ensure that any potential future accommodation development is responding to market opportunity and estimated future market demand requirements at that time, once Cherrywood is fully developed and occupied.

#### 6.5.3 BEDROOM PRODUCT

The guest rooms will be a strong element of the hotel's product and market positioning. The size of the standard rooms will vary amongst brands, but typically range from approximately 18 sq. m. to 21 sq. m. for this type of hotel. They should have a contemporary style and design and offer high-quality guest amenities. Accessible rooms will be larger in size.

We recommend standard double/twin rooms should comprise approximately 80% of the total key count, of which around 5% should be accessible. Additionally, we recommend 20% of the total key count are family rooms with sofa beds which will be nearer the upper end of the room size range.

On average, for a hotel of this type and standard, we would typically expect an overall Gross Internal Area (GIA) per key ranging from around 28 sq. m. to 32 sq. m. The GIA per key is the total floor area including all hotel guest amenities, circulation and back-of-house facilities, but excludes any external (e.g. terraced) areas which may be offered.

We have broadly assumed these sizes and accommodation mix within our financial projections in Section 7, which should meet most brand requirements for this market positioning.

#### 6.5.4 **FOOD AND BEVERAGE FACILITIES**

Currently, and aside from any future outlets in the Cherrywood Town Centre development, the local area has a very limited external food and beverage offering in the immediate area surrounding the proposed site, particularly during the evening.

The hotel will therefore require a slightly more enhanced food and beverage offering than may typically be offered within a limited-service hotel. This is likely to enjoy a strong pick-up amongst hotel residents, particularly corporate guests in the evenings.

Overall, we therefore recommend the ground floor public space is anchored by an atmospheric oversized lounge, lobby and bar/dining area, which is open for breakfast and offers a relatively casual, light bites menu for all-day dining and space for flexible working. This should be a relaxed, welcoming and family friendly environment for hotel residents and external guests alike.

The ground floor food and beverage facilities should offer a capacity for around 60 to 80 people, to balance normal day-to-day requirements of the hotel from a food and beverage capacity perspective, as well as peak periods/pinch points in use.

Overall, we would expect the hotel food and beverage facilities to enjoy a good take-up amongst hotel residents due to the limited local provision, as well as some non-resident/walk-in demand by both local residents and other users/visitors to Cherrywood who are not staying at the hotel but who may drop-in for light refreshments.

#### 6.5.5 **MEETING & FUNCTION SPACE**

Although brands are likely to require some small-scale meeting facilities to meet international brand standards, these are typically very limited for this type of hotel at this market positioning.

We therefore recommend two to three boardrooms each for 15 to 20 delegates, at least two of which should be interconnecting for maximum flexibility and best use of space. The majority of brands will also require the hotel to have a small business centre offering complimentary use of a computer, printer and copier.

#### 6.5.6 **HEALTH & LEISURE FACILITIES**

We would expect the hotel to offer a small gym or fitness room for use by hotel residents' only, in line with typical brand standards for this market positioning.

#### 6.5.7 **CAR PARKING**

We recommend the hotel should provide some degree of onsite parking, although not necessarily extensive given the excellent Luas (tram) links to the

surrounding area, city centre and beyond, and in view of the wider level of parking likely to be provided within the development of TC3.

Indicatively, we would recommend in the order of 30 to 40 spaces available on a first-come first-served basis (including disabled bays) with a drop-off zone at the front of the hotel. We have assumed the parking will be managed by, and payable to, DLRCC (as with the other parking facilities across Cherrywood) but zoned for use by visitors to the hotel.

If parking facilities within TC4 are to be promoted as additional parking for hotel guests, then we would recommend creating a cut-through for pedestrian access to ease the guest experience in terms of carrying luggage once parked. This would be further aided by the recommended dedicated drop-off zone at the front of the hotel.

Parking provision requirements will vary amongst brands but can generally be negotiated to a mutually agreeable level within well-connected urban locations.

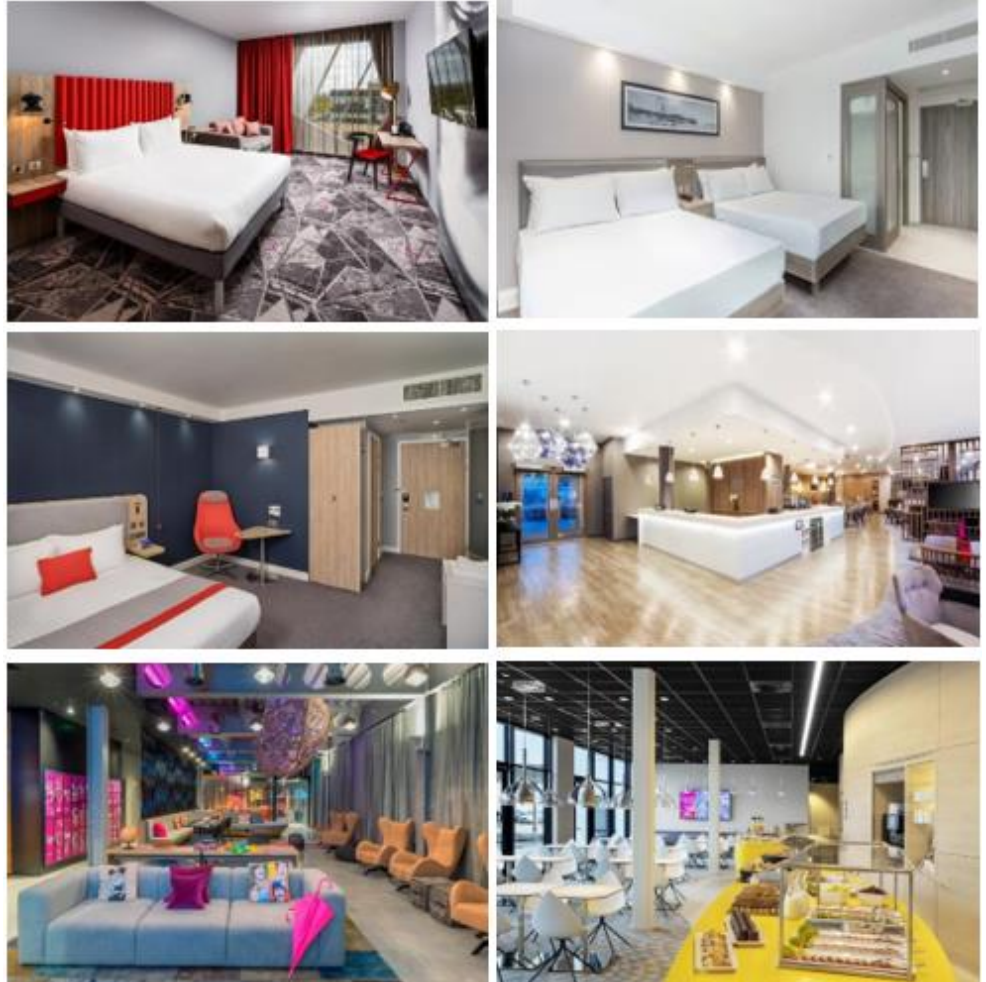
## 6.6 INDICATIVE BRANDING

Based on our recommended market positioning and indicative facilities mix, we outline below some international branding solutions (with the associated hotel parent company) that could be considered for the proposed hotel within the TC3 quadrant at Cherrywood Town Centre.

- Hampton by Hilton (Hilton Worldwide)
- Holiday Inn Express (InterContinental Hotels Group)
- Ibis, Ibis Styles or Tribe (Accor Hotels)
- Moxy or Fairfield Inn (Marriott International)
- Prizeotel (Radisson Hotel Group)

Whilst designed to be a representative rather than exhaustive list of brands within this space, all of these branding solutions would provide a strong fit with the local market and site opportunity, providing a high-quality international upper midscale, limited-service hotel. We illustrate the type of product provided under these brands below.

**Exhibit 45: Representative Images of an Upper Midscale Limited-Service Branded Hotel Product – ibis Styles, Hampton by Hilton, Holiday Inn Express, Moxy & Prizotel**



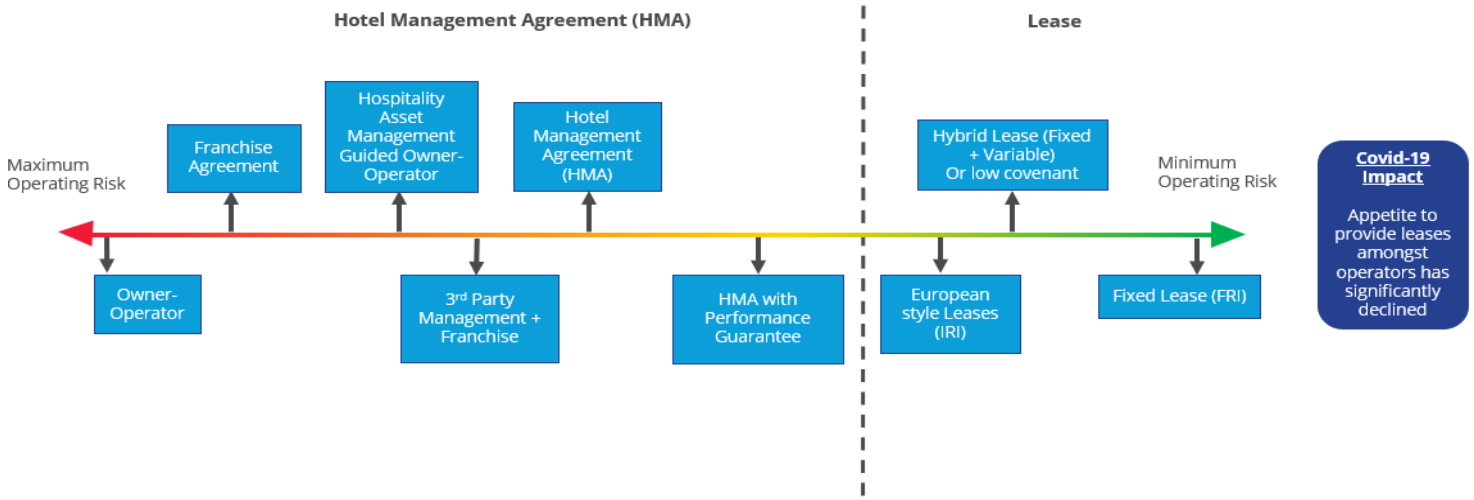
Source: Google

### 6.7 HOTEL OPERATING MODELS

The method of delivering the hotel will depend on your preference as to whether you wish to retain an interest in the hotel or secure an exit. If an exit is required, institutional investors currently require an FRI lease with a strong covenant, whereas private investors and bank funders will perhaps accept management and franchise agreements.

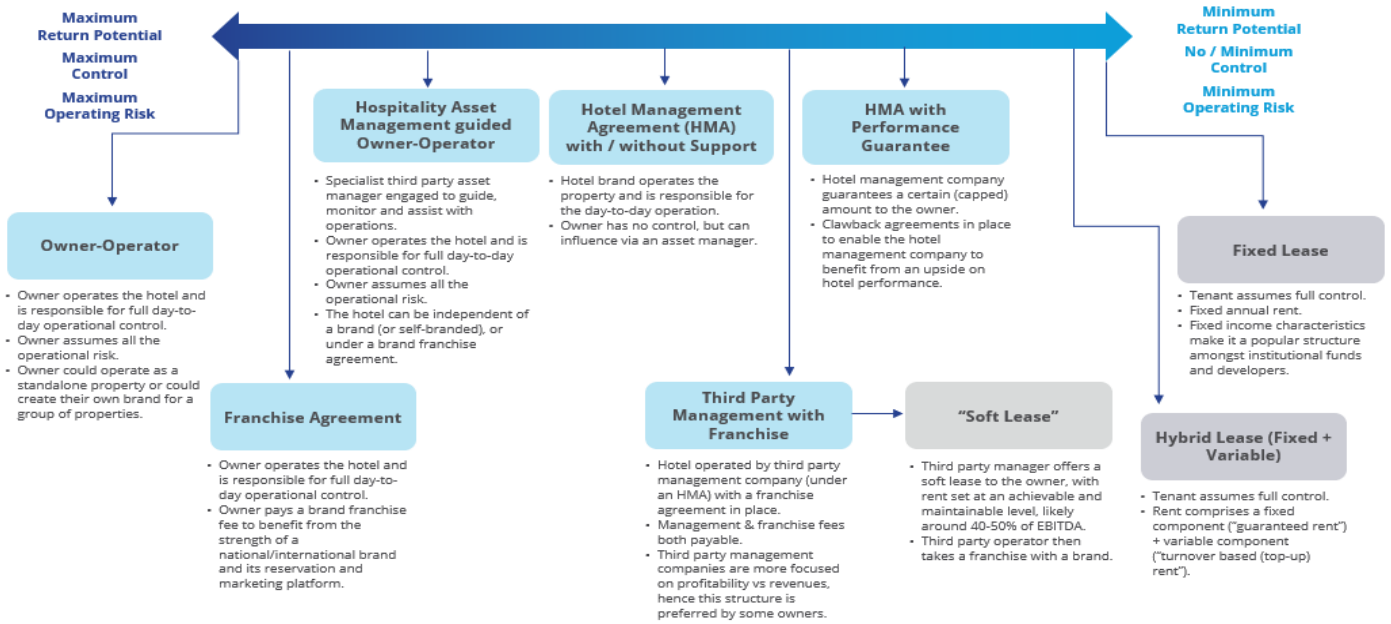
We highlight the various models available in the graphic below and discuss the most commonplace models thereafter.

Exhibit 46: Spectrum of Hotel Operating Models



Source: Colliers

Exhibit 47: Hotel Operating Models – Further Explanation



Source: Colliers

6.7.1 LEASE AGREEMENT

Although a hotel lease mitigates much of the owners' risk, the returns are lower than under a hotel management contract (assuming equal trading performance of the hotel under both scenarios).

A relatively limited number of international hotel groups are currently offering Full Repairing and Insuring (FRI) leases. The majority are positioned within the budget/limited-service sector including Premier Inn and Travelodge, although

we do not consider these to be the optimum market positioning for the current hotel opportunity at LLA.

Fattal Leonardo Hotels (UK) Ltd and Dalata hotels are currently the only full-service hotel operators actively offering FRI leases in the regional UK market and both of these were impacted significantly by the Covid-19 pandemic, with the covenants yet to return to sufficiently attractive and fundable levels.

Although it varies with hotel group and brand, lease terms are typically 25 years and involve a fixed rent with indexed growth, or a percentage of EBITDA. Premier Inn (owned by Whitbread) carries an “institutional grade” covenant. Fattal Hotels Ltd acts as parent company guarantor for Leonardo Hotels (UK) and, prior to the Covid-19 pandemic, would have also offered a strong covenant but at least 100 basis points further out than Premier Inn.

#### 6.7.2 **MANAGEMENT AGREEMENT**

Under a hotel management agreement (HMA), you retain ownership of the asset but the hotel is either operated directly by the hotel brand owner (e.g. Hilton, IHG, Marriott) or by an independent third-party operator (e.g. Interstate Hotels & Resorts, Cycas Hospitality) who will franchise the chosen brand.

Whilst this involves a higher level of risk than a lease agreement which offers a fixed rental income, the upside is generally higher owner returns.

Banks are generally favourable towards management agreements providing the chosen operator has an established track record. We would expect the hotel at the proposed site to attract strong brand and operator interest given its overall strong accessibility profile and ease of access into Dublin city centre and beyond.

Management contracts vary in length but are typically in the order of 10 to 25 years with options to extend the term at points throughout the contract. The terms include a base management fee typically in the order of 2% to 3.5% of total revenues, with an incentive fee in the range of 7% to 10% of Gross Operating Profit, after charging the base fee, if a direct HMA with a brand.

If the operator is also the brand owner, additional charges will include a brand marketing fee of between 1% and 3% of room revenues, as well as reservations and loyalty club fees which vary significantly between brands.

For a white label (also known as third-party) operator, the management fees are slightly lower than under a direct HMA, but often accompanied by the addition of a franchise fee (see section 6.7.3). In this instance, base fees typically range from around 1.5% to 2% with an incentive fee likely in the order of 2% to 5%, dependent on what base fee has been offered.



### 6.7.3 **FRANCHISE AGREEMENT**

In the scenario where the hotel is nationally or internationally branded but managed by a third-party operator or independently by yourselves as the owner, then a franchise agreement with the chosen brand owner would apply. This would typically cover a 15 to 25-year term and in addition to the management and brand fees detailed above, would also incur a brand royalty fee generally in the order of 4% to 5% of room revenues.

Although a third-party management agreement with a separate brand franchise will result in higher fees to the owner, it can often be more flexible and offers greater accountability with the operator (who is incentivized on profit) to ensure the brand delivers business on behalf of the owner.

### 6.7.4 **PROPOSED OPERATING MODEL**

Within our financial projections, we have assumed the proposed hotel will be subject to a management agreement provided directly by an international hotel group who will also brand the hotel under one of their upper tier, limited-service brands.

## 6.8 **CONCLUSION**

Overall, in light of market and site characteristics, we believe the project hotel opportunity is for an internationally branded, upper midscale, 100 bedrooms' hotel operating within the limited-service sector, with the TC3 quadrant representing the optimal site location. We believe this will provide a high-quality addition to the local hotel market, providing an attractive and contemporary hotel amenity that appeals to a broad range of users in the locality, whilst supporting and anchoring the continued evolution of TC3 and the wider Cherrywood Town Centre development, and beyond.

Looking to the future, whilst it is important note to oversize the recommended hotel in the early years whilst Cherrywood continues to evolve, we consider there is likely to be a potential opportunity for either an extension to the recommended 100 keys upper midscale hotel, or for a second hotel to create a dual hotel operation within TC3, in the longer term as and when further phases/quadrants are developed out. We note, however, that this should be subject to further market testing to ensure that any development responds to market supply and demand requirements at that time.

Additionally, whilst we understand TC2 had been identified for a potential proposed boutique hotel development in the short term, we believe the TC3 quadrant represents the optimal locational opportunity for the first hotel at Cherrywood given its designation as the cultural hub.

That said, we consider TC2 to be well suited to a restaurant with rooms concept, likely positioned as a gastropub with a small number of boutique/lifestyle, design-led rooms (likely in the order of up to 20 to 25 rooms). This would complete TC2 with the addition of an important, and currently absent, local daytime and evening food and beverage amenity, with this type of dining environment generally holding a broader appeal to a wider range of consumers than a typical hotel restaurant facility. Furthermore, such a development would also have the added benefit of bringing an initial small quantum of high-quality accommodation to Cherrywood for the coming years, whilst the scheme (TC3 in particular) and the associated hotel demand continues to gain momentum and evolve.

# 7 WIDER ECONOMIC BENEFITS OF HOTEL PROJECTS

## 7.1 OVERVIEW

Hotels offer a range of employed positions with training opportunities and chances for career progression, particularly for local low-skilled labour through direct, indirect, induced and tourism impacts.

It is in the interest of hotel businesses to have motivated employees to ensure good customer experiences, and where customer-facing, those with local insights are additionally important. There is therefore good opportunity for employing those from local communities.

The hotel industry is renowned as a great environment for career advancement as one can initially find employment with very limited experience or specific skills and then progress with time through the ranks, which provides opportunity to increase income potential, social status and skills. Large national and international hotel chains regularly offer a wide range of positions within the larger organisation and primarily rely on insider staff to fill these. Various skills are additionally transferable outside of the industry once acquired.

Other employment benefits from hotels also include increased opportunities through the local supply chain. Additionally, hotel developments attract new visitors to an area, which in turn support local businesses via guest expenditure in shops (including local convenience stores), restaurants, pubs, pharmacies, food markets and event venues. Major hotel brands in particular can generate high levels of visitors to a local area since they draw visitors based on their recognisable brand even if the immediate area is less familiar to guests. Guests are then able to explore and spend locally.

A very high-level estimation of employment benefit can be assumed based on typical multiples. We consider this below for direct employment. Additionally, there are wider employment benefits regarding indirect, induced and tourism related employment.

## 7.2 EMPLOYMENT BENEFITS OF THE PROPOSED HOTEL

The potential employment impact of the subject hotel can be considered at an indicative level using an employee-to-bed ratio. This can be considered for different market segments in order to show a range.

In accordance with the Employment Density Guide (November 2015, latest available) by Homes & Communities Agency, the limited-service and budget sector has an employee-to-bed ratio of 1:5 (i.e.: 1 full-time employee per 5 beds),

whereas for the mid-market sector it is in the order of 1:3 and 1:2 for upscale properties.

Using these ratios, the estimated FTE jobs that could be created from a 100-bedroom limited-service hotel (assuming a beds to room ratio of 1.5) would be in the order to 20 newly opened jobs.

There are also further employment benefits from a hotel since there is an important multiplier effect. This includes employment in relation to the supply chain and employees' spending power but also, and a particular advantage of tourism businesses such as hotels, is the benefit through guests staying in the hotel and spending in the area. This additional employment beyond that directly by the hotel is referred to as indirect, induced and tourism related employment. According to a World Travel and Tourism Council report of 2021, the creation of one new job in hospitality has a multiplier effect with nearly two new jobs created on an indirect, induced or tourism basis.

The local linkages of tourism spend are very important, particularly when the socio-economic status of those employed is considered. Hotels and tourism related spend typically provides good opportunities for both full and part time work, employment for people with low and medium skill levels particularly as well as high skilled managers. There is also the opportunity of training, and for enhanced guest experiences there is often a preference amongst employers for local employees.

Hotel employees tend to come from diverse socio-economic backgrounds and neighbourhoods and hotels provide opportunities across the socio-economic groups.

### 7.3 VISITATION AND LOCAL GDP CONTRIBUTION

Whilst not all visitors will necessarily be new to the area, a new hotel development at Cherrywood has the potential to bring a significant number of overnight visitors to the locality, which will in turn benefit local businesses, as well as those in neighbouring/nearby areas.

Furthermore, research suggests that a multiplier of approximately 1.4x can be applicable to a hotel's total revenues when estimating a hotel's total contribution to local GDP. Bespoke analysis would determine the multiplier for this specific hotel, but at an indicative level such a multiplier means that for every £1 spent at a hotel, an additional 40p is spent across the local economy (restaurants, bars, entertainment venues, taxis, etc).

In conclusion, there is a positive story with regard to hotel development in this location in terms of local employment, job creation and improving the income potential for the local neighbourhood and its businesses.

**FINAL**



# APPENDIX 1: GLOSSARY OF TERMS



## GLOSSARY OF TERMS

### **ADR/ARR – Average Daily Rate/Average Room Rate**

Calculated by dividing revenues by rooms sold.

### **AGOP – Adjusted Gross Operating Profit**

Adjusted Gross Operating Profit is defined as total revenue less all departmental expenses and undistributed expenses and additional fees including management fees. Typically used as the basis for an incentive management fee.

### **Bednights**

Quantifies the number of guests' resident in the hotel.

### **Cost of Sales**

Expenses directly related to the sale of goods or services such as raw materials but excluding indirect expenses.

### **Capitalisation Rate**

The overall capitalisation rate is used in the direct capitalisation method to convert a single year income into a value. In the DCF method the cap rate equals the discount rate plus or minus a factor for anticipated growth and is used to calculate the value of the future stable income stream after year 10.

### **Demand Build-Up**

Demand build-up is a methodology used to project roomnight demand, and includes an assessment of seasonality, source of demand, and future trading potential of any given hotel.

### **Departmental Expenses**

Departmental Expenses relates to costs incurred in each revenue generating department.

### **Discount Rate**

The percentage rate required to calculate the present value of a future cashflow.

### **Discounted Cashflow (DCF)**

A DCF is a projection of expected future earnings over a period of time (usually 10 years) to reflect what the expected cashflow would be and is in inflated values. A DCF valuation involves the capitalisation of the 10-year income stream discounted back to the valuation date using capitalisation and discount rates relevant to the market at the date of the valuation and thus reflects the time value of money and the realistic return expectations of the purchaser.

### **DOP – Departmental Operating Profit**

Total departmental revenue less cost of sales, payroll costs and direct operating expenses.

### **Double Occupancy**

Double occupancy describes a double or twin room that is occupied by two people as opposed to single occupancy in which case one person occupies a double or twin room.

### **Double Occupancy Factor**

A measurement to denote the incidence of two people occupying double or twin room. A double occupancy factor of 1.2 denotes that 20 per cent of the time two people share the room.

### **EBITDA(R) – Earnings Before Interest Tax Depreciation Amortisation (and Rent)**

Total revenue less all departmental expenses, undistributed expenses (and management fees if they apply) and fixed costs but before deductions for interest, tax, depreciation, amortisation (and rent if it is applicable). Also known as Net Operating Income (NOI).

### **Fair Share**

Based on a quantification of current accommodation demand and supply in any given hotel market and includes an assessment of demand growth in the market, the impacts of future competitive supply and displaced and created demand in the market. The term 'fair share' relates to each hotel achieving an equal proportion of demand in the quantified market.

### **FF&E - Fixtures, Fittings and Equipment**

FF&E are movable fixtures, fittings or other equipment that have no permanent connection to the structure of a building or utilities including chairs, tables, beds, wardrobes etc.

### **GOP – Gross Operating Profit**

Gross Operating Profit is defined as total revenue less all departmental expenses and undistributed expenses (and management fees if they apply). Also referred to as IBFC (Income before Fixed Costs).

### **Management Fees**

Management Fees are fees charged by an organisation managing a property for management services and supervision of the property. Typically made up of a base fee and an incentive fee.

### **PAR – Per Available Room**

Revenue and expenses are often expressed as amounts per number of rooms available to let.

### **POR – Per Occupied Room**

Revenue and expenses are often expressed as amounts per room occupied.

### **Rack Rate**

The standard price of a hotel room before any discounting has taken place and is often a statement of position in the market.

### **RFF&E - Replacement Reserve FF&E**

A fund; typically, a percentage of total revenue, put aside to replace FF&E.

### **RevPAR - Revenue Per Available Room (or Room Yield)**

Calculated by dividing rooms revenue by rooms available for sale in the same period.

### **Room Occupancy/Occupancy**

Calculated by dividing the number of roomnights sold during a period by the total number of rooms available in the same period.

### **Roomnights**

Describes the number of rooms that are occupied in a hotel, regardless of the number of people staying in the room.

### **UOE – Undistributed (Operating) Expenses**

This classification is used for administrative and general expenses, marketing expenses, energy costs, and property operation and maintenance expenses.



**FINAL**





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