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AEM/MDB  
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To whom it may concern,

**Re: 90-93 Francis Street – 1/1A Marks Alley West and 2-3 Marks Alley West, Dublin 8**

## **1 Background**

Studio dsq are in the process of submitting a planning application on behalf of Plunkett Homes Limited for an aparthotel at the above location. The site currently has permission for 19 units with the proposal being to extend this to 40 units.

This planning application supporting letter provides an overview of the Dublin hotel market and comments on the requirement of additional supply of short-term letting accommodation within the relevant marketplace for the proposed aparthotel.

## **2 Supply of Hotel and Aparthotel rooms**

The Dublin market has capacity to absorb a significant increase in hotel rooms over the coming years as the city grows and expands and capital is invested across, workspace, healthcare, tourism and educational projects. The placement and configuration of the new stock needs to be aligned to areas of existing and emerging demand. The regeneration of Dublin 8 from St Stephens Green to the St James Gate Quarter is the equivalent of creating a city within a city and so is set to become the location of a cohort of new short-term letting accommodation offerings recognising the opportunity to become established in and join the emerging vibrancy of the area. The Dublin market like most markets allows and sometimes requires visitors to substitute a more desirable location for their stay with a less attractive option based on what is available and the price point that the room is being sold at. What happens in terms of decisions on investing in new supply is that areas of high demand attract capital, and this is a key factor in why Dublin 8 is seen as a location ripe for hotel development.

Dublin currently has 174 registered hotels comprising 23,962 rooms, 52% (12,504) of which are in the central city areas of Dublin 1, 2, and 4. The two largest hotel classification segments by rooms in these areas are Four-Star (48%) and Three-Star (20%).

Dublin 3, 6, 7 and 8 account for just 11% (2,612) of Dublin room stock across 21 properties. In Dublin 8, there are 1,888 rooms across 14 properties. Of these, 14 properties 4 are aparthotels which comprise 435 rooms and range in size from 35 to 240 rooms.



There are an additional 1,240 pipeline rooms across 8 projects which are in various stages of development from plans submitted to being under construction. Of these properties there is a clear diversification away from standard hotel operating models toward more customer-centric options such as short-term lets, aparthotels and boutique options which all will contribute to the reinvigoration of the area as a vibrant hub.

As shown in the table below, the level of supply in Dublin from 2008 to 2018 had been maintained at around 19,000 rooms despite significant increases in demand. While Dublin hotel supply had up to 2019 remained relatively static, the growing number of visitors has led to high levels of pent-up demand and is pushing visitors outward to hotels in the Dublin suburbs or adjoining counties which are often locations of secondary preference but the only option in terms of availability. The market has more recently reacted to this displacement effect and there has been a sharp increase in supply in the city centre. What is noticeable is that despite the significant delivery of new room supply in recent years occupancies in 2019 pre-pandemic and 2022 since reopening post pandemic are consistently strong.

### **3 Demand**

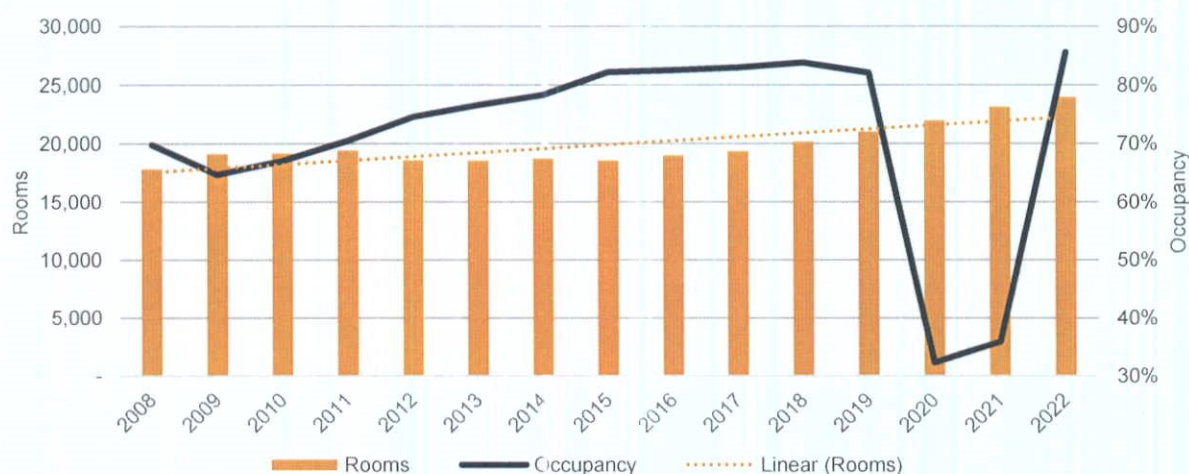
Dublin is one of Europe's most vibrant cities. It is among the strongest performing hotel markets in Europe and has shown exceptional Occupancy and ADR growth up to 2019 and more recently following the hotel markets rebound from COVID-19. In 2022, the city was named in Lonely Planet's Top Ten Cities to Visit, whilst EPIC, The Irish Emigration Museum, was named Europe's leading tourist attraction for the third consecutive year by the World Travel Awards.

Ireland witnessed ten years of consecutive growth in overseas visitor numbers to 2019. In 2019, Ireland welcomed c10.8m overseas visitors, generating revenue of about €5.1bn. Expenditure by international tourists to Ireland grew by 71% during the period 2010 to 2019. The primary reason for visiting Ireland was for Holiday, Leisure and Recreational activities.

In addition to the growth in international visitors, domestic tourism has also grown over the last number of years to 1.7m trips to Dublin in 2019. Employment growth and growing disposable incomes have led to increases in domestic trips within Ireland.

There are a number of key markets to Dublin including the short-break, corporate and conference markets. The short-break market is an important one for Dublin City and one where visitors compare cities, with value being an important selection criterion. The conference market to Dublin has grown over the past eight years with the opening of The Convention Centre Dublin (CCD).

Between the years 2015 and 2019 Dublin had occupancy in excess of 80%, ranking in the top three out of 35 European cities during this period from an occupancy perspective. In 2018, Dublin City had 144 nights when occupancy was in excess of 90%. Occupancies of this level have the potential to make Dublin an expensive city and has the potential to displace business.

**Hotel Supply and Demand 2008 - 2022**


In order for Dublin to remain competitive, particularly in relation to the corporate, conference and short-break markets, it is important that the supply of rooms across various service offerings fully caters to evolving customer bases increasing within the City Centre. This includes full and limited-service hotels, aparthotels, micro hotels and guesthouses, amongst others.

#### 4 Evolution of Dublin City Centre

Dublin City Centre has expanded due to the growth in office occupiers and increased tourist numbers with emerging locations such as Dublin 8 and 7 becoming important neighbourhoods to cater for the increased capacity and are now seen to be part of the City Centre zone. Dublin 8 has become a vibrant neighbourhood in its own right within this zone. Evolving commercial activity across clusters of start-ups and relocated business' has contributed to the increase in the need for appropriate accommodation for corporate guests.

There are a number of key attractions within 1km of the proposed aparthotel including, the Guinness Storehouse, Pearse Lyons Whiskey Distillery, Teeling Whiskey Distillery, Christchurch Cathedral, St. Patricks Cathedral and Dublin Castle. Additionally, the following attractions are within 2.5km of the proposed property, Phoenix Park, Dublin Zoo and Kilmainham Gaol. While these attractions are important for the overall leisure market, the family market is an important segment for many of these attractions. The more established Dublin hotels can be limited in their offerings for families, with the emergence of the aparthotel offering now providing a more flexible space for families.

Aparthotels and serviced apartments are desirable in close proximity to hospitals as they provide a long-stay option for patients, families and hospital staff. There are a number of hospitals within 2km of the proposed location, St. James Hospital, Ireland's new Children's Hospital and the Coombe Women's Hospital. The location also provides ease of access to key court services including, The Four Courts and Dublin Circuit Criminal Court.

Francis Street and the surrounding areas offer a host of different music venues, bars, coffee shops, eateries, galleries and shared office space, all of which have contributed to the regeneration of area which are of appeal to leisure and business travellers. All of the prior have the ability to attract a very wide and diversified traveller. The alignment of new hotel room supply in the area will support these food and beverage operations and ensure greater dwell time in the area which previously saw more pass-through traffic as the visitors accommodation was likely to be Dublin 1, 2 and 4.

The medium-term outlook is for continuation of strong growth in demand for hotel rooms in Dublin City Centre and so supports the need for a significant increase in capacity as existing City Centre hotels are operating at near full capacity and very often turning business away.

## 5 Aparthotels

Serviced apartments have historically been targeted primarily at single business travellers on long stays, with the sector sometimes being referred to as the 'extended-stay' market. However, they have become popular for medium and short-term stays and are benefitting from growing demand for flexible accommodation, stemming from a broad range of travellers. Their appeal is also boosted by the greater privacy that they offer, and the potential cost savings from cooking one's own meals. While smaller apartments will suit the single traveller, larger suites can provide enough space to accommodate families on holidays.

The emergence of aparthotels has become an important element in the accommodation offering structure and is a fast-growing segment within many European city destinations. Since the introduction of AirBNB many travellers have become accustomed to additional space and facilities in a room that an aparthotel can offer, as well often being located in interesting neighbourhoods.

A hotel or aparthotel will compete with other hotels and aparthotels on both a primary and secondary basis. A cluster of properties within a defined area, particularly in relation to a city centre location, can be an attraction to visitors coming to that area.

The proposed aparthotel at 90-93 Francis Street and 3-4 Mark's Alley West in Dublin 8 will be a larger suite offering which is very appealing to the family and corporate markets. Unlike some other aparthotels which can be more studio-like in accommodation, the proposed aparthotel will offer larger spaces. This is an important distinction between properties and can provide a competitive advantage.

## 6 Dublin Market Performance

KPI	2015	2016	2017	2018	2019	YTD Sept 2022	% Change 2015 – 2019
<b>Average Daily Rate</b>	€111.94	€129.27	€136.31	€144.73	€142.17	€163.72	27%
<i>YOY % Change</i>		15%	5%	6%	-2%	*15%	
<b>Occupancy</b>	82.2%	82.5%	83.0%	83.8%	82.1%	76.9%	0.1%
<i>YOY % Change</i>		0.4%	0.6%	1.0%	-2.0%	*-6.9%	

Source: STR

There has been a strong appreciation in Average Daily Rates achieved for the Dublin market which reflects the hotels ability to yield rate on the back of strong demand levels. The level of rate appreciation suggests that the market has been undersupplied. As there is a long lead time from deciding that a particular site will be used for a hotel project to actually opening the hotel, we expect high occupancy levels and further appreciation in room rates to be evident in the Dublin market over the medium term.

# Compression Nights (≥90% Occ)	2008	2018	ADR Premium 2008	ADR Premium 2018
Dublin	15	144	23%	43%
Edinburgh	52	129	40%	87%
London	73	117	21%	36%
Amsterdam	28	85	45%	56%

Source: STR

The above chart identifies the strength of the Dublin market when compared to other leading cities where high occupancy levels are experienced. In Dublin there were 144 compression nights in 2018 which are nights where occupancy levels are over 90% for the city with the vast majority of city centre hotels at full occupancy.


## 7 Conclusion

As noted above the city centre zone as regards hotel supply is now seen to include Dublin 8 and the Liberties. This particular area in Dublin has become the focus point for regeneration and investment as the area is being transformed and the streets enlivened with a new vibrancy. The momentum achieved over the last decade which has already seen a number of hotels and aparthotels successfully open in the area has created a momentum that has the capacity to continue for at least another decade as significant capital is invested across an array of projects. Dublin 8 is adjacent to many of Dublin's highest visited attractions and so is a natural location for short-term accommodation supply.

There are currently 1,888 available rooms across 14 hotels and aparthotels in Dublin 8 there is significant demand, and our expectation is that there will be ongoing increasing demand for this area which would support this project and the other emerging projects proposed for the immediate area. We expect supply of room numbers for Dublin 8 to double over the next five years and believe that based on demand levels and trends that all of these projects can be absorbed and will improve and add to the vibrancy of the area. A notable feature of the area is the number and variety of food and beverage outlets many of which are owner operated ventures. The delivery of additional room stock and footfall from leisure and corporate guests being accommodated within the Dublin 8 area will be important in sustaining these business' and encouraging other similar business' to open. This mix of street scape delivers on the demand for experiences by travellers which is a driver of growth in international tourism.

In conclusion, we are supportive of the proposed extension on 2-3 Marks Alley West to the approved aparthotel being developed at the location of 90-93 Francis Street – 1-1A Marks Alley West, Dublin 8. This location appeals to a wide cohort of travellers, and it is important to provide varied types of accommodation in this Dublin district. The larger property will provide economies of scale which generally support ongoing reinvestment so the quality and standard of the aparthotel are maintained over the longer term.

Yours sincerely



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