

BREXIT

Impact of Brexit on the Irish Hotel Sector - Results from Crowe Horwath Sentiment Survey

27 September 2016

Summary of Results

- Hoteliers expect the impact of Brexit on accommodation sales for 2017 will be minimal.
- The Border counties, who have a higher dependence on demand from Northern Ireland, expect a decline in accommodation sales.

Impact of Brexit in the 3 months since the Referendum result

- Brexit had little impact on the Irish hotel Sector in the 3 months since the Referendum.
- 8 out of 10 respondents from border counties noted the Brexit result had impacted their business but at a low level.

Anticipated Impact over the next 12 Months

- Dublin hotels see lower occupancy levels from GB and NI market but anticipate higher demand from domestic and other overseas markets.
- 75% of Border County hotels expect a decline in occupancy levels in 2017 but 67% are projecting an increase in average room rate thus offsetting some of the potential impact of lower occupancy.
- Hotels in other regions see the impact from Brexit to be minimal, with any softening in demand being offset by an increase in average room rates.

RESEARCH OBJECTIVES

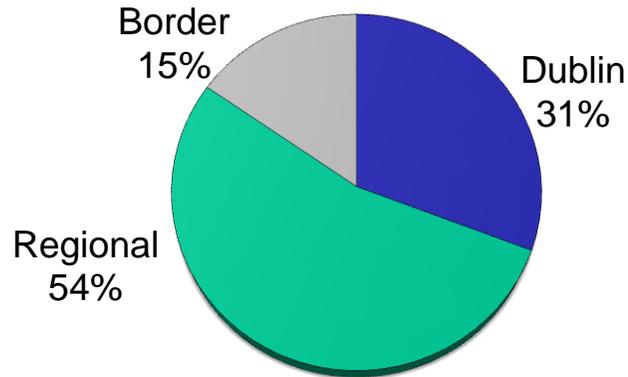
INTRODUCTION

- Three months on from the Brexit result, Crowe Horwath has completed a short sentiment survey on the impact of Brexit on the Irish Hotel Sector.
- The aim of this research was to identify any effects of the Brexit result to date and to understand what impact hoteliers feel that Brexit will have on their trading performance in the next 12-15 months.
- The research was conducted in September 2016. The survey findings are based on the responses from 80 hotels located throughout the Republic of Ireland.
- The results are broken down into the following regions – Dublin, Border (being any county which touches on Northern Ireland) and all other regions “Regional”.
- The survey was based on four short sentiment questions, being:
 - Do you feel that the Brexit vote has had a direct impact on your business in the last 3 months?
 - In the next 12-15 months, how do you anticipate demand levels from the following markets will perform – Northern Ireland, Mainland UK, the domestic market and other overseas markets (excluding GB)?
 - Overall do you anticipate a decline in demand levels for your business in the next 12-15 months?
 - Following the Brexit result how do you feel your Hotel’s Average Room Rate will perform in 2017?
- The findings from this survey are presented in the graphs overleaf.

KEY FINDINGS

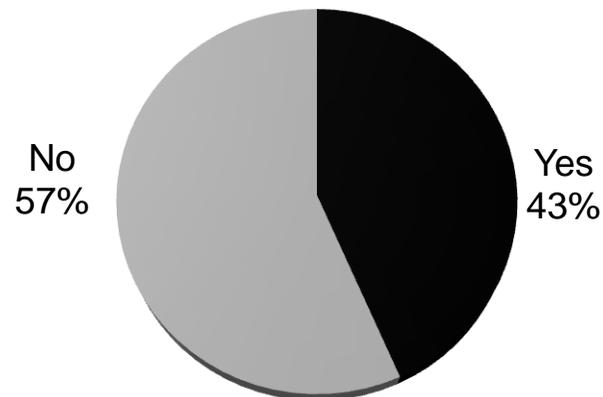
- Overall the hotelier sentiment is positive with 57% responding that Brexit has not impacted on their business to date. Looking ahead 64% of respondents anticipate demand levels will remain steady or increase over the next 12-15 months while 87% of respondents anticipate that they can maintain or grow their average room rate in the next 12-15 months.
- It is not surprising that responses from hotels located in the Border regions were most negative. 82% of respondents from the Border region answered “Yes” to their business already feeling the impact of Brexit over the last 3 months, while 75% of respondents expect a decline in demand levels over the next 12-15 months.
- The survey results show that the majority of respondents across all regions anticipate a decline in demand from the Northern Ireland and UK market, however it is expected that demand from the domestic and other overseas visitors (excluding GB) will be maintained or increase in the next 12-15 months.

Profile of Respondents



- An online sentiment survey was issued to 310 hoteliers nationwide in the week commencing 19th September 2016 (3 months after the Brexit result).
- A total of 80 hoteliers responded giving a 25% response rate.

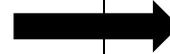
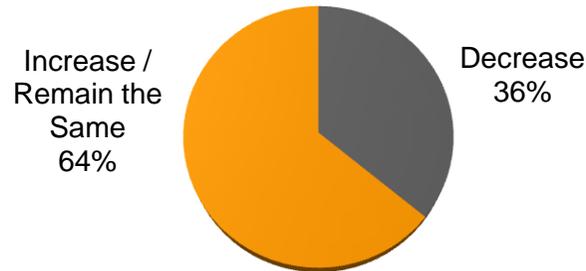
Has the Brexit vote had a direct impact on your business in the last 3 months?



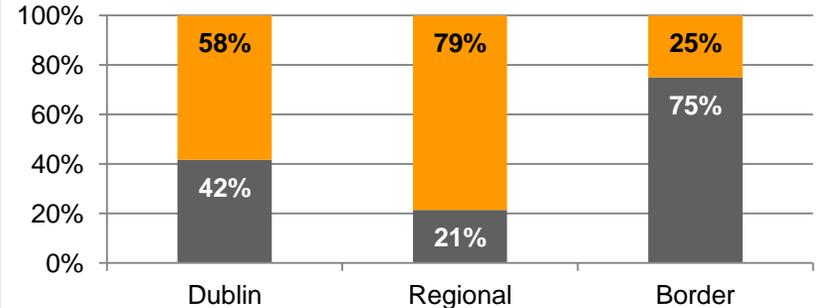
- 82% of respondents located in the Border counties felt that Brexit had directly impacted their business in the last 3 months.
- Less than half of the respondents in the Dublin and Regional areas answered “Yes” to this question which suggests the majority of hotels in these areas have been unaffected to date.
- Respondents who answered “Yes” felt that any impact to date was minimal.

- Hoteliers were asked - how do you anticipate demand levels and average room rate will perform in the next 12-15 months?
- The graphs below show the overall response and also the response per region.
- As you can see from the graphs on the right 75% of respondents from hotels in the Border region feel that demand for their hotel will decrease in the coming year. While 33% of respondents in Border region anticipate a decrease in average room rate.

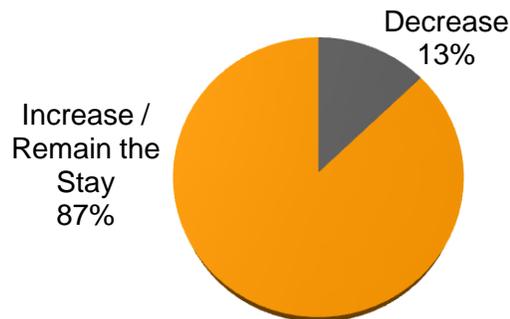
Sentiment for Demand Levels



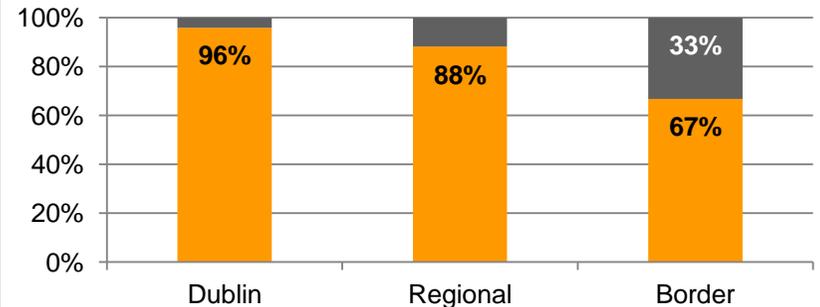
Demand Levels by Region



Sentiment for Average Room Rate



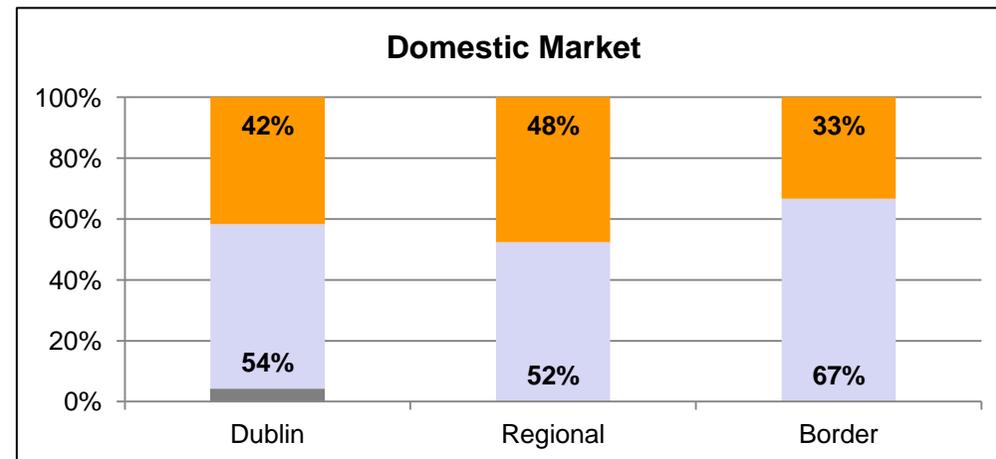
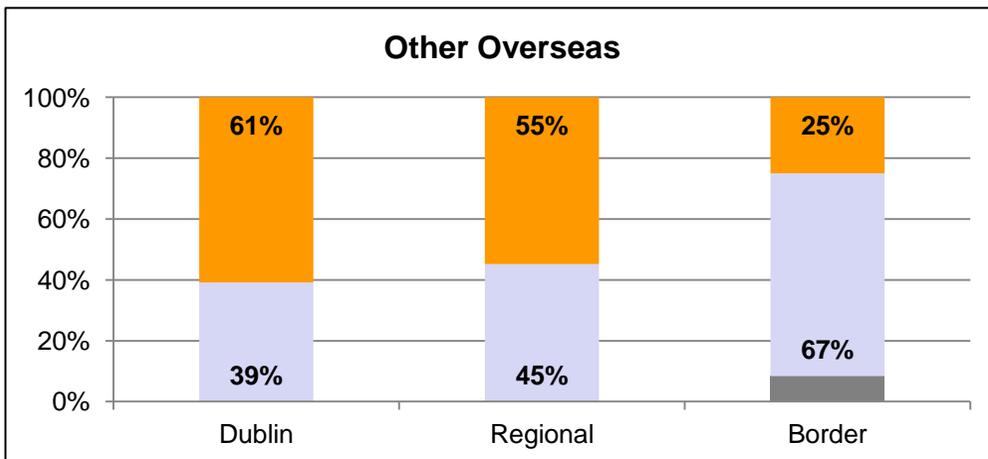
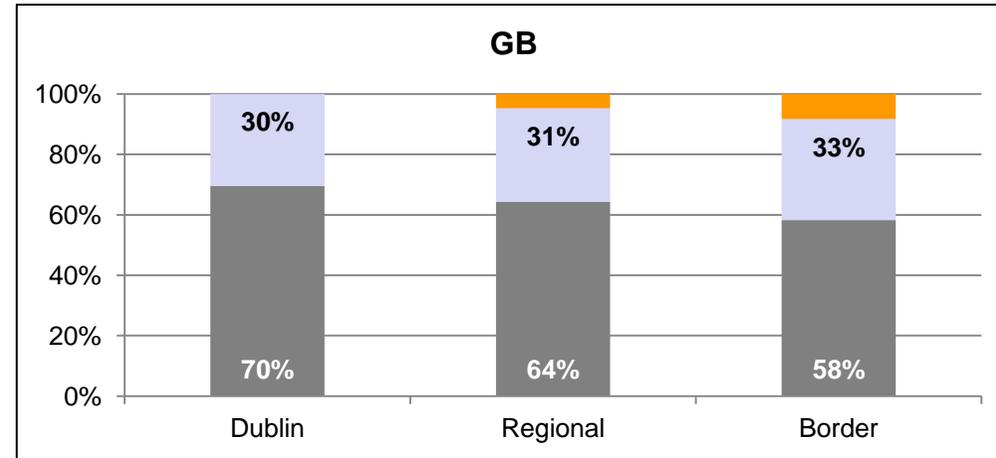
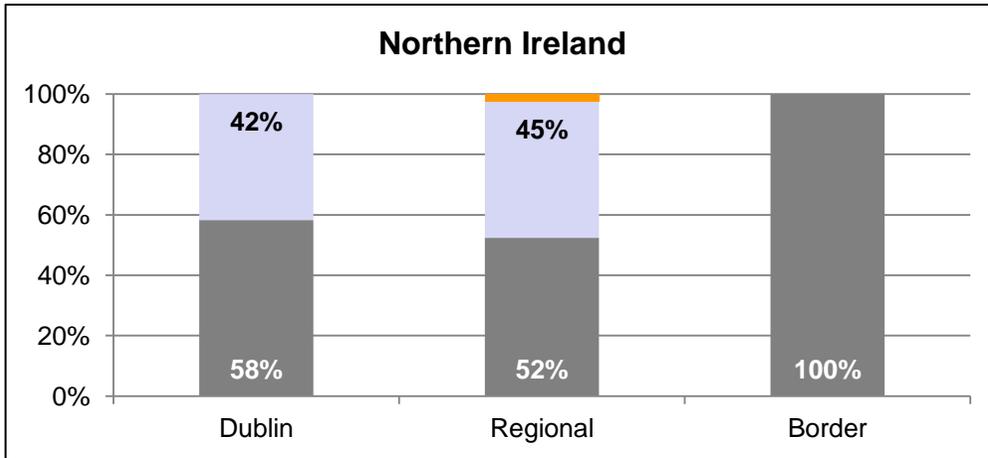
Average Room Rate by Region



Decrease
 Increase / Remain the Same

Hotelier Sentiment for next 12-15 Months

- Hoteliers were asked - how do you anticipate demand levels will perform in the next 12-15 months?
- The graphs below show the response per region.
- While the majority of respondents across all region anticipate a decline in visitors from Northern Ireland and GB, the results show that hoteliers do anticipate that demand from the domestic market and other overseas markets (excluding the UK) will be stable or increase.



Decrease
 Remain the Same
 Increase

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