The Future of Demand for Dublin Hotels

REPORT

CBRE RESEARCH

MAY 2025

Executive Summary

Most research on the Dublin hotel market is centred on short-term factors like recent trading activity, big deals, and near-term supply. In this report however, we consider several long-term trends that show the demand for hotel rooms will continue to rise over the next ten years, along with some signs that demonstrate Dublin is still one of the more undersupplied cities in Europe, despite the prevailing narrative.

Market-specific trends supporting demand:

- The ratio of 'total visitor nights' in Dublin versus the 'total number of bedrooms available' shows that on a comparative basis Dublin has less hotel bed stock than the vast majority of European gateway cities.
- Dublin hotel occupancy averaged over 80% in 2023 and 2024 and the growing city events calendar will continue to mean multiple 'compression nights' per year.
- The sector faces barriers to entry including planning restraints and construction cost increases, meaning over the long-term, demand is likely to continue to outweigh new supply.

Economic & secular trends supporting demand:

- Ireland's anticipated population and employment growth will further boost demand.
- We believe that tourism will grow in its importance to the Dublin economy over the next decade as government policy focuses more on growing indigenous business.
- The long-term growth in affordable international air travel will support demand, and we believe a resolution to the Dublin Airport passenger cap will be found soon.
- This growth in occupational demand has translated into more investment, with investor focus on the 'living' sector growing throughout Europe.

Visitor Nights and Hotel Stock

Occupancy & Compression Nights

Barriers to Entry

Population & Employment Growth

Tourism & Air Travel

Living Sector Investment

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Market-specific trends supporting demand

Visitor Nights vs. Hotel Stock

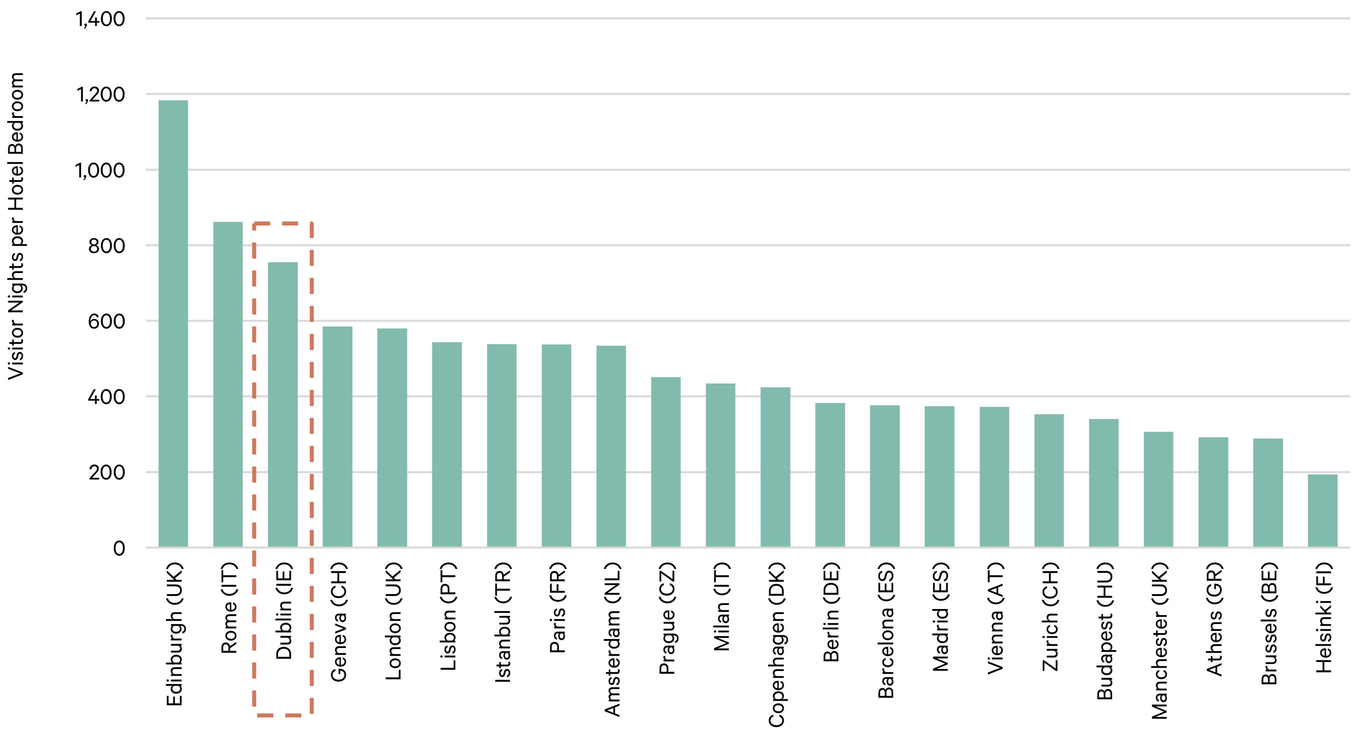
Despite the perceived 'overconcentration' of hotel beds in Dublin, when analysing the total number of visitors who stay in paid accommodation in the city, compared to the total stock of hotel rooms currently in Dublin, we find that on a relative basis vs. the rest of Europe, Dublin has some of the lowest bed supply of any major city.

Oxford Economics data show that in 2023, the total number of nights visitors stayed in paid accommodation in Dublin was nearly 21.5 million. Assuming this will be the number of visitor nights again this year and comparing it against the number of bedrooms now available, it shows there is just 1 bedroom for every 755 visitor nights to the city. Of the 30 cities included in our study, this puts Dublin among the cities with the lowest amount of stock in Europe.

The most comparable city in the dataset to Dublin is Amsterdam, with a population of approx. 1.5 million and total visitor nights in paid accommodation in 2023 of 26.5 million. However, Amsterdam has a hotel bedroom stock of nearly twice that of Dublin, at close to 50,000.

As outlined in the adjacent chart, a total of 22 cities were included in the analysis and just Edinburgh and Rome have less hotel bedrooms than Dublin given the number of visitor nights in the city. This structural undersupply in Dublin is incredibly important to consider and will require much more new construction to balance out.

European Gateway Cities: Total Visitor Nights* per Hotel Bedroom



Source: Oxford Economics, CBRE

**Total number of visitor nights = Oxford Economics data showing the amount of nights visitors stayed in paid accommodation in the city; 2023 is the latest actual data available*

Occupancy & Compression Nights

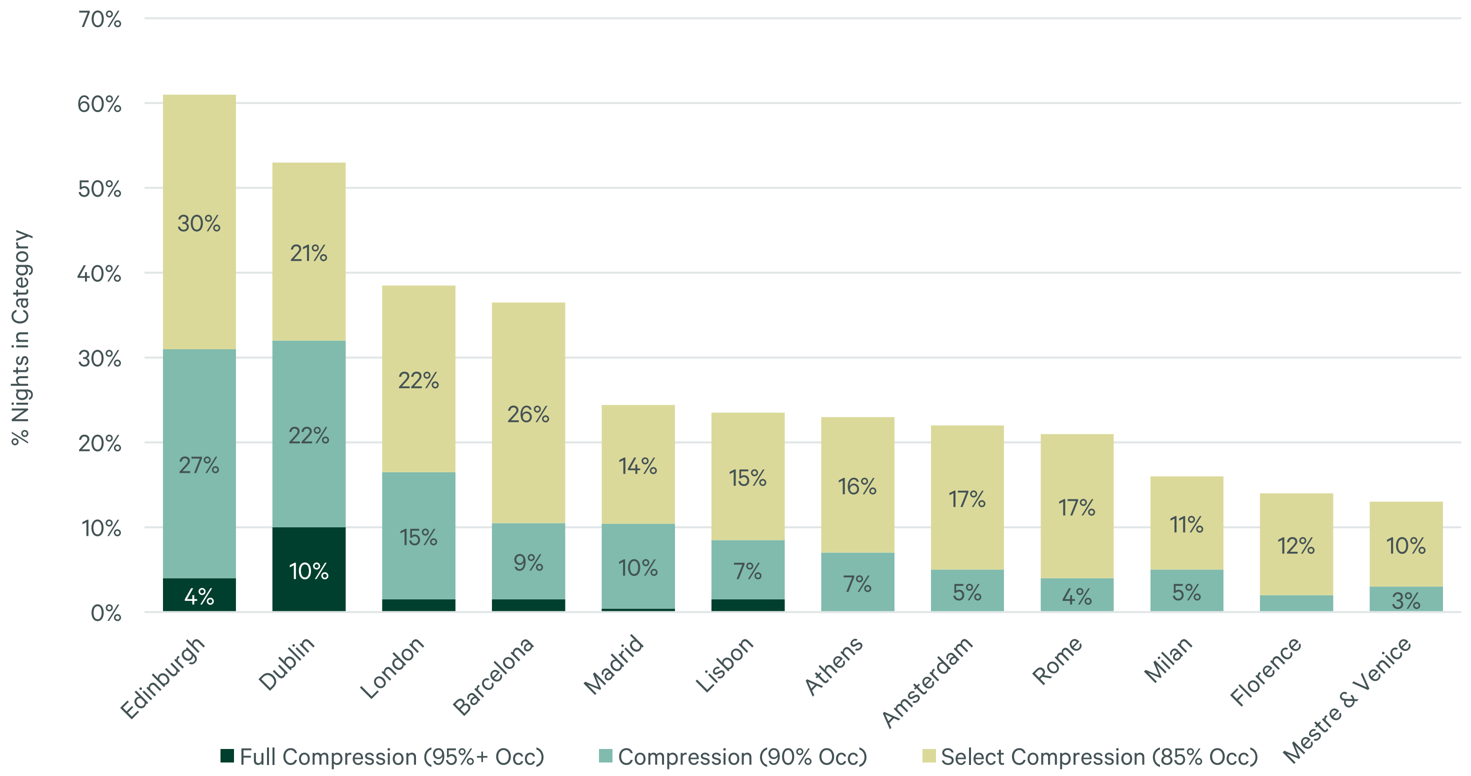
Much of the media narrative on the market focuses on fears of too much oncoming supply, however STR data shows that the city actually has had one of the highest hotel occupancy rates in Europe over the last number of years.

In both 2023 and 2024, Dublin enjoyed an average occupancy rate of over 80% across the year, with early summer and autumn typically the peak periods of demand. Occupancy spikes to over 90% on 'compression nights', i.e. nights of large-scale concert events in Croke Park or the Aviva Stadium, sports events such as Six Nations rugby and American football, and conferences like Airline Economics Week.

Irish tourism representative bodies have been working hard to attract more of these large-scale events, and the announcement earlier this year that the Pittsburgh Steelers will play a regular-season NFL game in Croke Park in September is further evidence of the attractiveness of the city and its ability to facilitate top-tier sporting events.

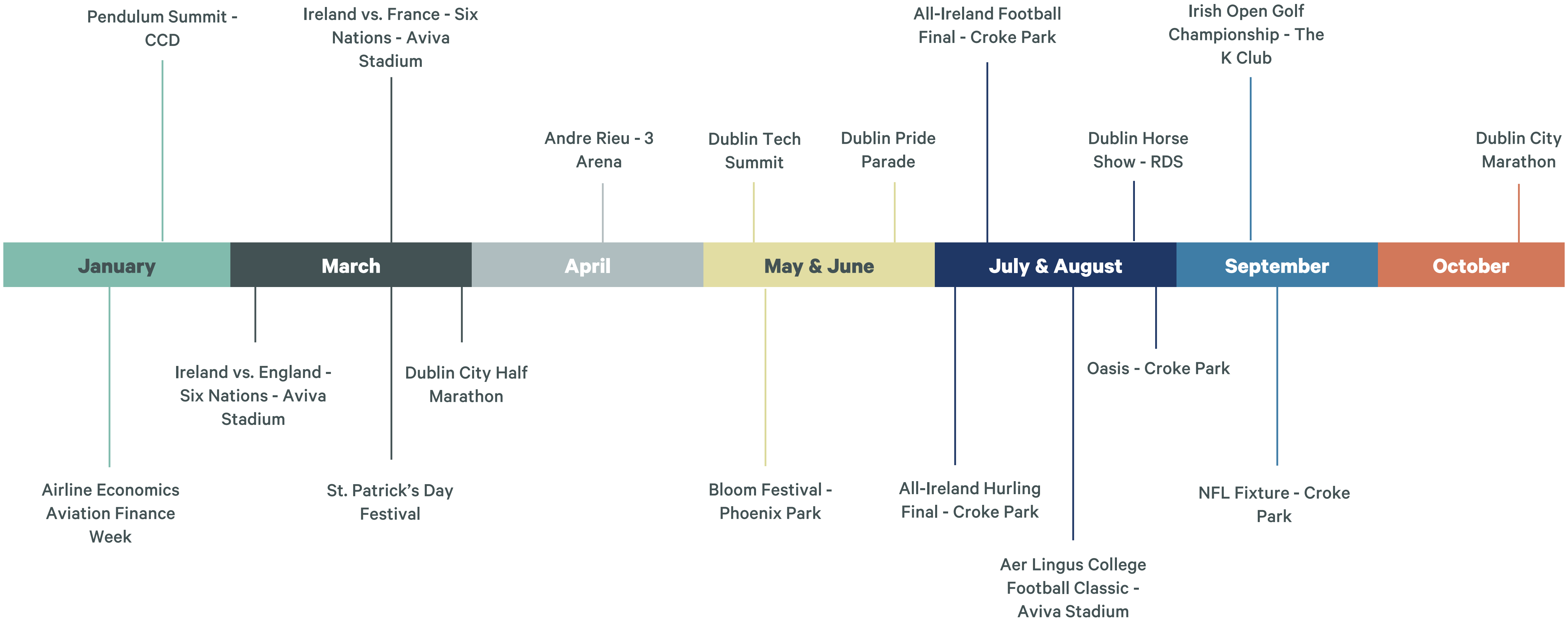
While occupancy in Dublin has been up year-on-year so far in 2025, much has been made of a fall in average daily rates (ADR) – ADR was down 2.9% yoy in February and flat in March. However, it is important to consider that rates are coming from a high base and that macro-related factors are often short-term in nature. Again, we think that when taking a long-term view, we will see demand continue to largely outweigh supply, and that occupancy and ADR will remain robust.

No. Compression Nights per Year - Dublin vs. Europe



Source: STR, CoStar

Dublin Events Calendar 2025



Barriers to Entry

Despite the fact that our analysis shows that Dublin is relatively undersupplied of hotel beds, Dublin city planning authorities have become more restrictive in granting permission for new hotel development in the city centre. 'Concentration' reports are now required as part of planning applications, and there have been a number of notable examples of hotel developments being refused across the city centre.

While we don't agree with the sentiment, this is restricting new rooms into the city and, if left unchanged, will continue to do so over the coming years. It is worth considering that this acts as a barrier to entry for new supply, controlling the equilibrium of supply versus demand, and will support higher occupancy levels and daily rates.

Similarly, construction costs in Ireland and Dublin specifically are typically higher than elsewhere in Europe. While hotels are certainly more viable to construct than other sectors, such as private rental apartments, the cost of construction is often a barrier for new entrants, particularly those with less of a development track record and carrying more expensive capital costs.

Recent Hotel Developments Refused Permission in Dublin

Location	Postcode	Proposed Use	Proposed No. of Rooms
Talbot Street	Dublin 1	Extension of Hotel	162
The Swan Centre, Rathmines	Dublin 6	Hotel	111
Pembroke Street Lower	Dublin 2	Hotel	111
Custom House Dock	Dublin 1	Hotel	96
Francis Street	Dublin 8	Aparthotel	37
Lower Baggot Street	Dublin 4	Hotel	30
Grand Canal Place, The Liberties	Dublin 8	Aparthotel	24
Frederick Street	Dublin 2	Extension of Hotel	25
Duke Street	Dublin 2	Hotel	17
Reuben Street	Dublin 8	Aparthotel	16

Source: CBRE

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Economic & secular trends supporting demand

Population & Employment

The national population is important to consider when analysing the domestic tourism market. Approximately 62% of all Dublin hotel stays come from domestic visitors. Since 2016, the population of Ireland has grown by 15%. By 2030, the population will grow by another 6%.

The employment market nationally and in Dublin is another key growth metric for the demand for hotels. According to Fáilte Ireland, approx. 30% of the visitor nights in Dublin are estimated to be from corporate travel, and often the result is a huge proportion of midweek stays. Employment levels have also grown strongly over the last ten years in the city and are forecast to grow to 1.1 million by 2030.

Much has been made of the recent pickup in new construction in Dublin, with 1,913 new rooms delivered in the past two years and a further 3,772 under construction, which may seem a lot in the context of the existing stock.

However, when contextualised versus the growth in national population and the increase in the number of people in employment both in Dublin and nationally, the level of new supply is arguably behind the level required to support the growth of the country. Looking ahead, over the long term, we believe these fundamental factors will continue to drive demand for hotel rooms in Dublin.

Population & Employment Growth

	2016	2025	2030 (F)
Ireland Population	4.7 million	5.4 million	5.7 million
Dublin Population	1.3 million	1.5 million	1.6 million
Ireland Employment	2.0 million	2.8 million	3.0 million
Dublin Employment	676,000	988,000	1.1 million

Source: CSO, Oxford Economics

Economic Importance of Tourism

Tourism contributed an estimated €19.3bn to the national economy in 2023, accounting for nearly 5% of the country's total GDP*. The tourism and hospitality sector supported nearly 258,000 jobs across the country (10% of national employment) in 2024, according to the Irish Tourism Industry Confederation.

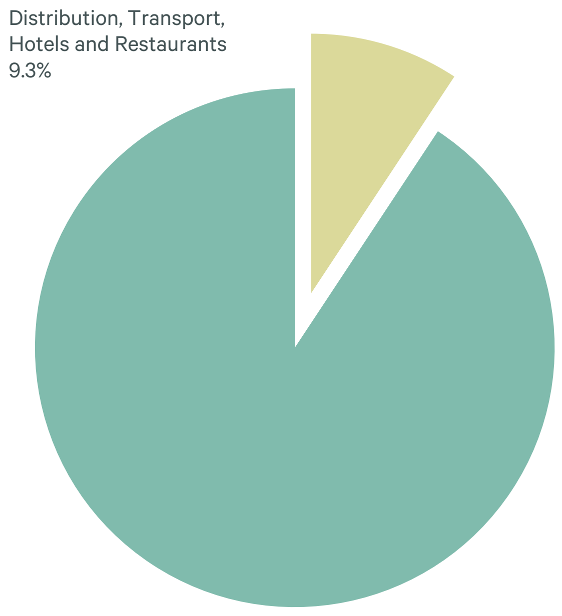
In order to avoid an overreliance on foreign direct investment, we believe that the Irish government and policymakers will need to focus more on the growth and promotion of indigenous businesses to support economic growth over the next ten years. Clearly, over the last ten years, the domestic economy has been driven by the activities of multinational corporations.

The current trend that we are seeing in the U.S. with a push towards deglobalisation and increasing trade tariffs should act as a further impediment to protect and promote the tourism sector in Ireland.

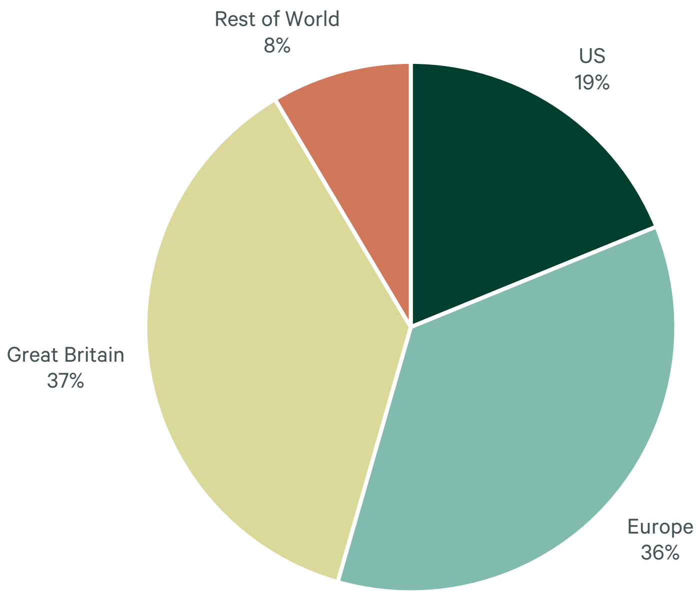
Again, supporting our long-term view of the hotel sector, we expect that tourism will be considered a cornerstone of the economy going forward and that government policy will be more supportive, particularly of smaller hospitality providers who have struggled with VAT costs, insurance premiums and minimum wage increases in recent years.

**Sectoral GDP data for 2024 is not available yet*

Tourism Proportion of GDP 2023



Breakdown of International Visitors 2023



Source: CSO, ITIC

Air Travel & Airport Passenger Cap

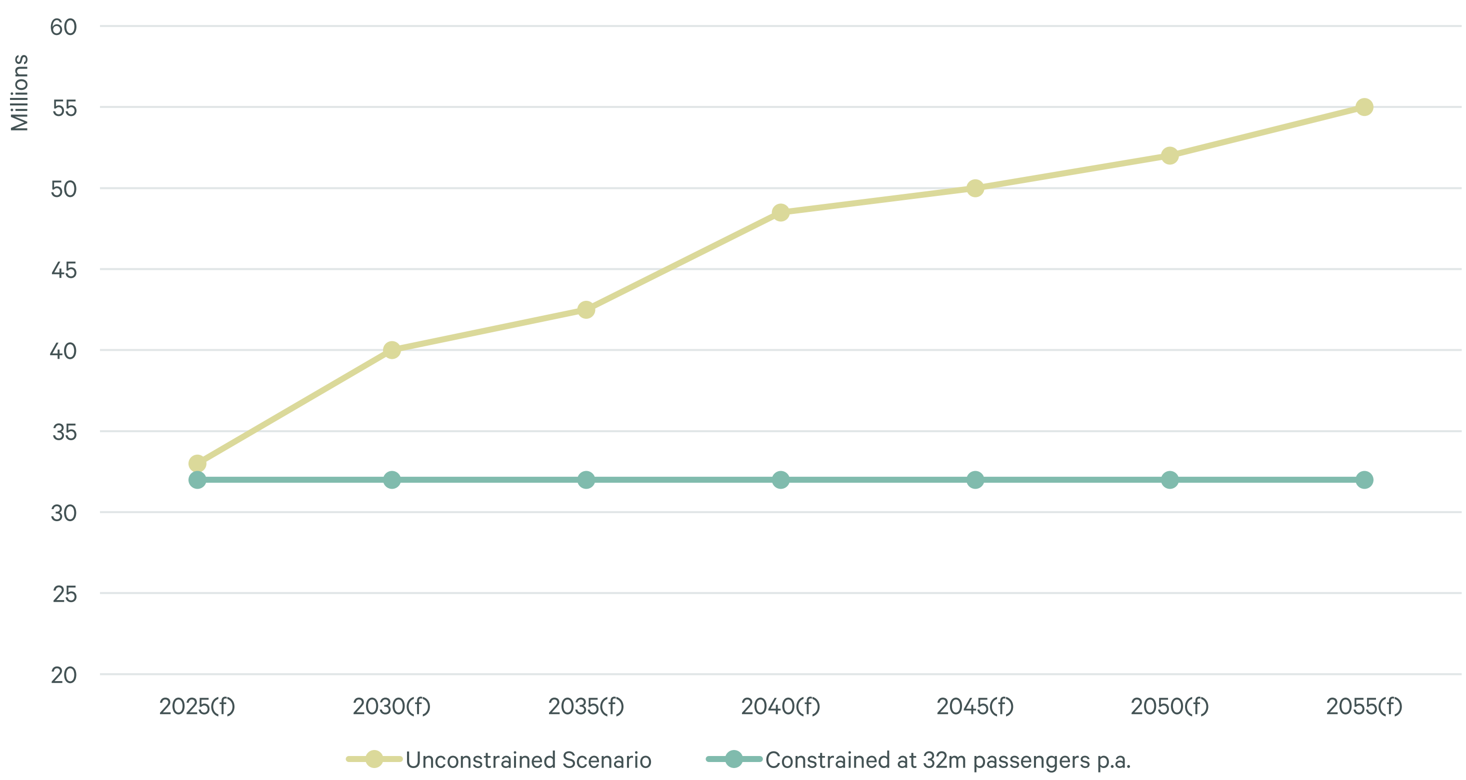
The structural growth in affordable air travel over the last 25 years has benefited Ireland's tourism industry exponentially. As an island nation, Ireland is particularly dependent on aviation connectivity. According to the Irish Tourism Industry Confederation, over 90% of international tourists arrive in Ireland by air service, with Dublin Airport acting as the gateway.

The ACI World Airport Traffic Forecasts predict that global air passenger traffic will double between 2024 and 2042. If the current cap on passenger numbers is left in place at Dublin Airport, Ireland would be excluded from this growth, and this in turn would have an adverse effect on Dublin's hotel industry.

Dublin Airport has the capacity to increase passenger numbers by 3 to 4 million from the level seen in 2024 given a new runway and surrounding infrastructure have been developed since the initial cap was introduced in 2007.

While we recognise the current pause on the cap, it is urgent that a solution and decision is found that enables Dublin Airport passenger numbers to continue to grow. We expect that a solution will be found by policymakers imminently, and this will act to further bolster demand for Dublin hotels in the coming years.

Impact of Dublin Airport Passenger Cap



Source: daa

Growth of Living Sector Investment

Hotel real estate transactional activity in Ireland in 2024 reached nearly €900m, the busiest year of deals since 2006. CBRE expect that Irish hotel sales will reach between €500-600m this year.

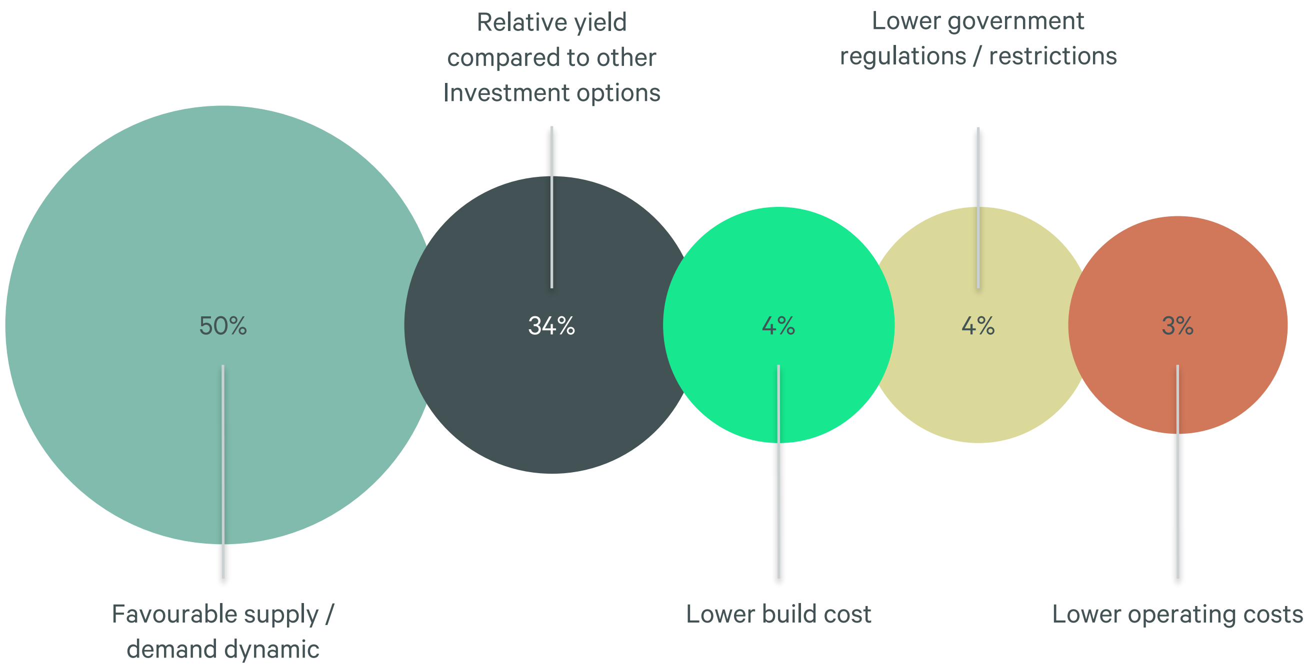
This is a trend being experienced across Europe, with 'Living' sectors, including hotels, some of the most sought-after real estate by investors. The structural undersupply of beds across major European cities is one of the reasons for this, leading to strong operational performance and occupancy, Dublin being at the forefront of this.

Another reason for this uptick in investment into hotels is the fact that investment into office property has taken a sharp downturn in recent years, with many investment houses reluctant to assess office opportunities in the aftermath of the Covid-19 Pandemic.

Even within the living sector (where residential investment is often the focus), investors have found regulatory restrictions in the private rental sector a particular challenge and this has led more investors to allocate capital to the hotel sector, and we think this will be a continued long-term trend.

In the CBRE 2025 European Hotels Investor Intentions Survey, CBRE found that these points, alongside relative yields and lower operating costs, were cited as key reasons for increased investment in hotels. This is important to consider if assessing hotel investments in Dublin.

Key Reasons Cited for Hotel Investment



Source: CBRE Investor Intentions Survey 2025

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