

**Joint Committee on Tourism, Culture, Arts, Sport, and Media in discussion  
regarding rising cost of tourist accommodation.**

Wednesday, 15th June 2022  
Fáilte Ireland CEO Paul Kelly Opening Statement

Cathaoirleach, Members thank you for your invitation.

As the National Tourism Development Authority, Fáilte Ireland's role is to support the long-term sustainable growth of this vitally important industry.

Specifically on accommodation we are responsible for ensuring that accommodation quality standards meet visitor needs. Commercial decisions such as pricing are the sole responsibility of the business owners. We have no role in the setting of prices in accommodation or in any other tourism business.

In this context, I want to provide Members with our analysis of the current situation.

Four years ago, Fáilte Ireland advised that Dublin required at least 1,100 more hotel rooms, in addition to the 5,000 extra bedrooms that were in development at that time.

The distorting effect of the pandemic makes it too difficult to robustly analyse the long-term supply vs. demand needs currently but it is abundantly clear that we still require more hotel rooms to meet the city's diverse needs for short-term accommodation.

Hotel occupancy in Dublin is now one of the highest in Europe, driven by a range of factors, some of them short-term. These include deferred business conferences, group tours, concerts, weddings, accommodating asylum seekers and displaced Ukrainian citizens, emergency homeless accommodation and an exceptionally strong recovery in domestic and overseas tourism. Hotels are just one accommodation type in a situation where all accommodation is in short supply.

This excess of demand over supply combined with rapidly rising input and wage costs and a staffing and skills shortage after two years of massive revenue loss creates significant upward pressure on market pricing.

There are just over 22,300 hotel rooms in Dublin.

Another 3,500 are coming on stream over the next two years. We need these new rooms and more. We must have a capital city that can cater for all types of visitors with quality and value choices to suit different budgets. Fáilte Ireland has been for some years now trying to encourage both the development of, and positive conditions for, the development of hotels in Dublin through sharing our evidenced based analysis and through our role as a prescribed body in the planning process.

Ireland is not a low-cost destination, but it is seen as a good value destination, because consumers have found the quality received was worth the price they paid. In recent years our value for money score has been positive and consistent with about 8% saying they got poor value for money while 80% reporting they received good value for money. However, early indications suggest these scores are likely to worsen over the summer.

Ireland's reputation as a good value destination is something that the industry needs to be very conscious of. If reputation is damaged it will take time to recover. We continue to share our research with the tourism industry and continue to encourage it to be mindful of not just the revenue for today but our reputation for tomorrow.

In conclusion Cathaoirleach, as with most challenges, there is also opportunity and the opportunity in this challenge is to grow the tourism economy in developing regions. This summer we plan to put unprecedented levels of marketing support into developing tourism destinations such as Cavan, Monaghan, Louth, Offaly and many others.

We are also diverting our support into promoting autumn and winter holidays where more capacity and better value will be available

Go raibh maith agat.