

IRISH HOTEL INDUSTRY IN DIRE STRAITS



The hotel business in the Republic of Ireland has been undergoing serious problems in the past few years. These problems have led to a massive cut in hotel room rates, excess rooms and cuts in profits for both luxury and budget hotels.

Hotels in Europe and North America have not had it all their own way in the past few years but few have come out of the recession worse than those in the Republic of Ireland. **Hotel rates have sunk to the level reminiscent of the hotel industry in 1999 and fierce competition is likely to make the situation even worse in the coming years.** Travelers' tendencies to cut the amount of nights in hotels to a minimum could be a further nail in the coffin of Irish hotels. The property boom of a few years ago also means that there are over 10,000 excess rooms in Ireland right now and the industry is in danger of collapsing.

Take Dublin as an example: room rates have dropped from 116 euros in 2007 to less than 75 euros this year. **The current trend is that of a steep drop in prices all over the Republic.** Some hotels in the capital have had to cut their prices by as much as 50% to make tourists even a little bit interested in staying overnight. The situation does not look like it is going to improve anytime soon. The less expensive the hotel is, the better off it is. This ultimately means that some luxury hotels have been suffering on a serious scale.

It has been estimated that some luxury hotels have as little as 3 euros profit on a room once expenses for spas and golf courses are taken into account. Naturally, this is an amount to make the owners consider whether it is worth closing or not. One third of Irish hotels are struggling to repay the interest on bank loans as a result of their financial woes.

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