The Impact of Irish Self-Catering on Irish Tourism

Final Report for

The Irish Self Catering Federation

Report produced by:

Suzanne Hamilton, Director
T: 07788 871996
E: Suzanne.hamilton@frontlinemc.com

Gillian Spooner, Consultant
T: 07976 316809
E: gillian.spooner@frontlinemc.com

Frontline
11 Academy Street, Coatbridge, Lanarkshire, Scotland, ML5 3AW
T: 01236 433019 E: consult@frontlinemc.com
www.frontline-consultants.com
Also at: Central Court, 25 Southampton Buildings, London, WC2A 1AL

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Acknowledgements

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1 Introduction

This research presents findings from the **Economic Impact Assessment of the Self-Catering Sector to the Irish Economy.** This was commissioned by the Irish Self Catering Federation (ISCF).

1.1 About the ISCF

The ISCF was founded in 1998 and is the national organisation for self-catering properties in Ireland. It represents 3,500 properties.

The primary function of the ISCF is to promote and protect the interests of its members.

The ISCF's **vision** is to:

> *"Increase national and international consumer awareness of the range and value of Irish self-catering sector throughout Ireland while pushing for equal representation and exposure for self-catering within the tourism industry."*

The ISCF's **mission** is to promote and protect the interests of its members by:

- proactive lobbying on a national level to ensure equal representation for the sector in the tourism industry
- offering business networking opportunities
- providing an online support forum where any paid member can reach out to all other members with any industry related issue or problems
- giving members access to presentations and face to face meetings with industry trade suppliers
- providing technical support and training to members

1.2 Purpose and objectives of this research

The purpose of this research is to:

- obtain key data to accurately reflect the current situation in the Irish self-catering industry
- assess the impact of self-catering on the Irish tourism industry

The specific objectives of the research were to:

- provide an independent, evidence-based, understanding of the direct and indirect economic impact/contribution of the self-catering sector to the Irish economy
- understand the number of full-time equivalent jobs supported by the sector
- look at expenditure by the operators and by visitors to self-catering properties

1.3 Method

The report draws evidence from the following sources:

- information provided by Failte Ireland Register
- data from the four main UK holiday agencies operating in the Irish self-catering market
- knowledge held by the ISCF
- an online survey of 111 operators of self-catering properties in Ireland
- an online survey of 21 visitors to self-catering properties in Ireland

All evidence has been drawn together to develop an economic impact model, following the principles outlined in HM Treasury's *Green Book* appraisal and evaluation guidance.

2 Sector Overview

2.1 Irish tourism

In 2017 the total number of visitors to Ireland was up 3.2% from 8,742,000 in 2016[1]. Separately, Tourism Ireland estimated around 10.65 million visitors came to Ireland in 2017[2].

Britain, the US, France and Germany are the top four inbound markets. They account for 70% of visitors, 69% of holidaymakers, 63% of revenue and 60% of nights[3]. Figure 2.1 shows the breakdown of where visitors stayed. Well over half visited and stayed in Dublin.

Figure 2.1: Visitor locations[4]

	Dublin	Northern Ireland	South West	West	Mid West	South East	Border	Mid West	Midlands
Visitors (000's)	5,936	2,176	2,439	1,911	1,387	954	746	633	218
Share	56%	20%	23%	18%	13%	9%	7%	6%	2%
Holidays (000's)	3,469	709	1,768	1,388	954	625	398	282	93
Share	68%	14%	35%	27%	19%	12%	8%	6%	2%

A record 80.6 million overseas bednights were recorded in 2017, that is a +22% increase in the last 10 years. Those travelling further tend to stay longer and this is true across all visitor types. Expenditure by tourists visiting Ireland was estimated to be worth €5.3bn in 2017, this represents growth of 4.2% on 2016. Combining spending by international tourists with the money spent by Irish residents taking trips here and receipts paid to Irish carriers by foreign visitors, **total tourism expenditure in 2017 was estimated to be €8.8bn**[5].

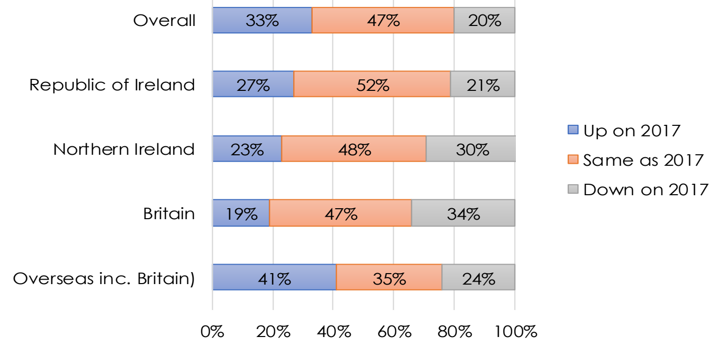
An estimate of all jobs in the tourism and hospitality industry indicates **total employment in the sector at approximately 240,000[6] in 2017.**

2.2 The Irish self-catering industry

The self-catering sector is an important sector within Irish tourism, **with 70% of holidaymakers staying an average of 1-8 nights** in self-catering/holiday homes in Ireland[7]. The self-catering sector relies heavily on returning visitors, high levels of satisfaction and attention to standards. This helps bring stability to the sector[8].

Research shows that the sector has experienced consistent visitor numbers over the past two years. 52% of self-catering operators reported seeing no change in visitor volume between 2017-2018[9].

Figure 2.2: Self-catering visitor volumes by market 2018[10]



[1] http://www.failteireland.ie/FailteIreland/media/WebsiteStructure/Documents/3_Research_Insights/5_International_Tourism_Trends/Tourism-Facts-2017_1.pdf?ext=.pdf
[2] https://www.independent.ie/life/travel/travel-news/irish-tourism-in-numbers-from-our-most-popular-attraction-to-our-least-visited-county-and-more-37256271.html
[3] https://www.tourismireland.com/TourismIreland/media/Tourism-Ireland/Press%20Releases/TI_2017_Facts-Figures.pdf?ext=.pdf
[4] https://www.tourismireland.com/TourismIreland/media/Tourism-Ireland/Press%20Releases/TI_2017_Facts-Figures.pdf?ext=.pdf
[5] http://www.failteireland.ie/FailteIreland/media/WebsiteStructure/Documents/3_Research_Insights/5_International_Tourism_Trends/Tourism-Facts-2017_1.pdf?ext=.pdf
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[7] http://www.failteireland.ie/Utility/News-Library/Your-Holiday,-Your-Way.aspx
[8] http://www.failteireland.ie/FailteIreland/media/WebsiteStructure/Documents/3_Research_Insights/3_General_SurveysReports/Failte-Ireland-Tourism-Barometer-September-18.pdf?ext=.pdf
[9] http://www.failteireland.ie/FailteIreland/media/WebsiteStructure/Documents/3_Research_Insights/3_General_SurveysReports/Failte-Ireland-Tourism-Barometer-September-18.pdf?ext=.pdf
[10] http://www.failteireland.ie/FailteIreland/media/WebsiteStructure/Documents/3_Research_Insights/3_General_SurveysReports/Failte-Ireland-Tourism-Barometer-September-18.pdf?ext=.pdf)

2.3 Sectoral challenges

The Irish self-catering industry faces external issues such as the **ongoing commercial planning changes in Dublin**. This issue relates to the requirements for rental properties to change the planning use from 'residential' to 'commercial'. New guidelines have now been introduced governing the right to short term lets of a non principal primary residence in Rent Pressure zones.

The impact of this may mean a reduction in tourist numbers due to 'choice restrictions' if the sector cannot offer them flexibility, availability and choice. This is viewed as a real threat to the sector.

There was also concern regarding **insurance policies with increasing rates** which are viewed as not fit for purpose. This is resulting in claimants being exposed in their time of need.

Another risk for the industry is **Brexit**. Britain is responsible for €1.45bn in revenue compared with around €1.2bn from mainland Europe. The reliance on visitors from Britain, together with the inevitable decline in the value of sterling, is viewed as a real and present danger[11].

As **changes in Government policy** continue to have an adverse impact on the sector, it is becoming increasingly important to have access to robust evidence of the sector's value, to help present a case in favour of the ISCF members and the wider self-catering sector interests.

2.4 The Irish self-catering industry size

Due to the lack of a robust dataset on the Irish self-catering sector, Frontline worked with members of the ISCF board, and undertook a review of sector databases and a range of data sources to estimate the number of self-catering properties. From this it is estimated that there is a minimum of **8,780 self-catering properties,** this is based on:

- 3,000 sourced from the Failte Ireland Register (allowing for a drop from 3,300 in 2016)
- 3,000 allocated from the four main UK holiday agencies operating in the Irish self-catering market (reduced from 3,800 to allow for a degree of overlap with Failte Ireland figures, although overlap is expected to be minimal as the UK agencies tend to have exclusive marketing rights on these properties)
- 2,000 additional properties sourced from collaborative platforms which are not included on Failte Ireland or UK agency registers
- 780 additional self-catering properties in Dublin, which is derived by operators working in the Dublin area

[11] https://www.irishtimes.com/life-and-style/travel/ireland/irish-tourism-in-2019-choppy-waters-ahead-1.3738219

3 Analysis of Survey Findings

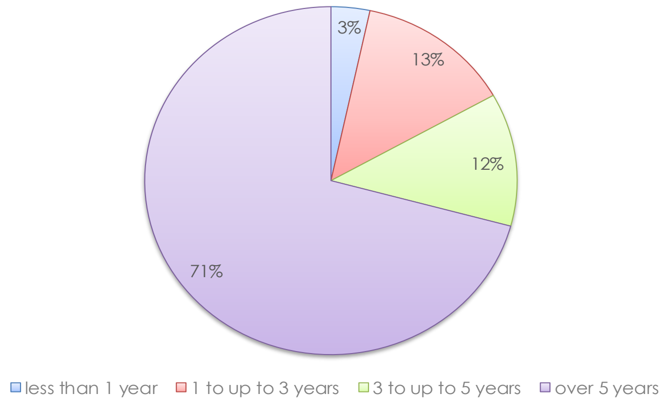
Self-catering properties across Ireland were invited to participate in the research. The findings below are based on a survey of 111 operators out of an estimated population of 8,780. This gives a 95% confidence +/- 10% margin of error. This means that there is a 95% probability that the sample accurately reflects the wider population and is therefore representative of the self-catering sector in Ireland.

Visitors to self-catering properties in Ireland were also invited to participate in an e-survey. Due to the low response rate as a result of access issues these have not been written up separately but included where appropriate as anecdotal evidence to support operator feedback.

3.1 Type of operator

Operators were those dedicated to toruism and therefore exclude home sharing and Principal Primary residences. 90% of operators were owners, 9% were acting on behalf of multiple owners and 1% was a licenced letting agent. The majority of operators (71%) classed themselves as professional full-time operators, 14% professional part-time and the rest (15%) informal part-time. The majority of operators owned their property for five plus years (71%). With the average being 20 years.

Figure 3.1: Length of ownership



3.2 Operator membership

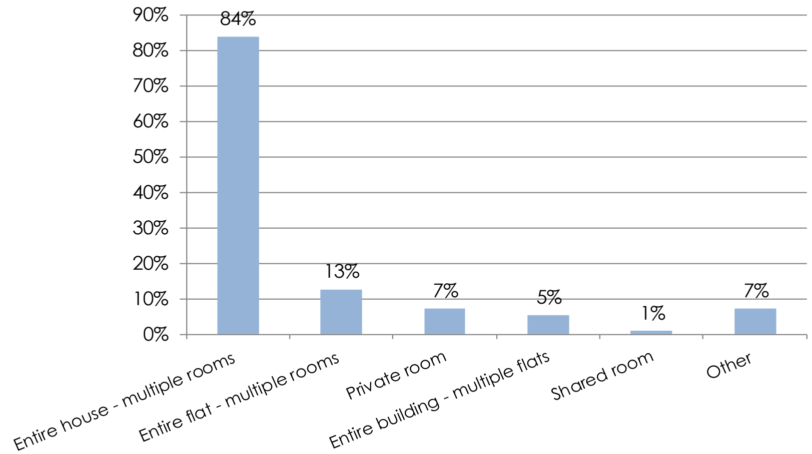
Just under half (47%) of respondent operators were members of the ISCF, with average membership being 5 years. 17% were a member of another trade body or industry group. These included:

- Fáilte Ireland
- Chamber of Commerce
- Local tourism group
- IBEC, IHF

3.3 About the properties

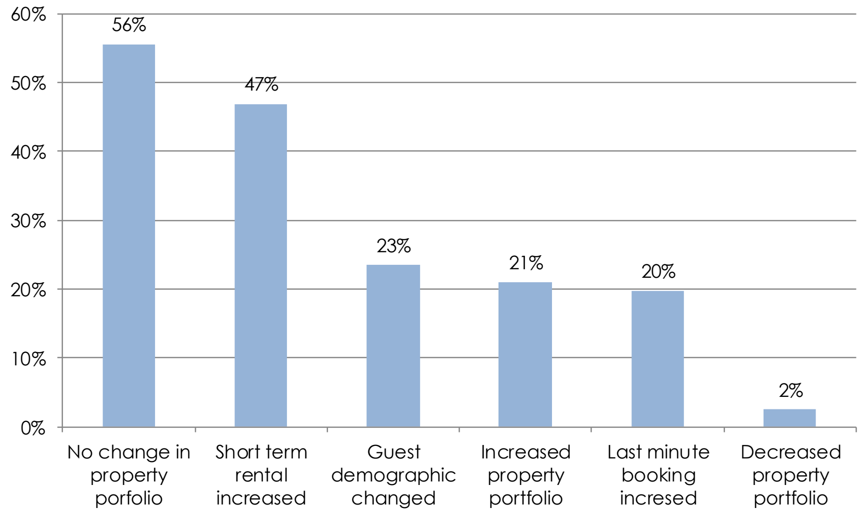
Slightly under half (45%) of respondent operators owned multiple properties ranging from 20 to 400 with 22 being the average. **The average number of visitor nights per property was 338, or 2.96 million per annum.** For those that operated multiple properties. 91% were in the one county. Figure 3.2 presents the range of property types, with the vast majority (84%) providing an entire houses and 13% entire flat. Other included: glamping.

Figure 3.2: Type of property



Operators were asked how their property portfolio had changed over the last three years. Figure 3.3 shows that over half (56%) said there had been no change, while over one fifth (21%) increased their portfolio. Almost half (47%) said short term rentals had increased, and one fifth (20%) reported increased last minute bookings. Almost one quarter (23%) said guest demographics had changed.

Figure 3.3: Changes to property portfolio



3.4 Length of season and occupancy rates

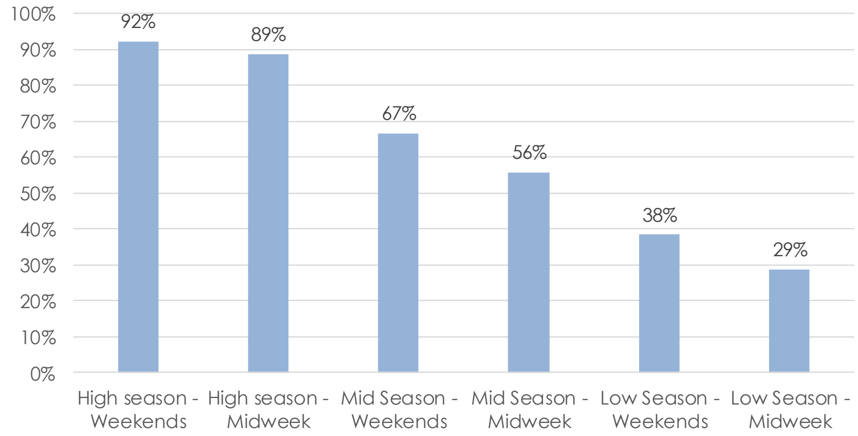
The majority of operators (73%) stated that their property was opened all year round. 13% were opened 9 months up until 12months, and the remainder for less than 9 months. For properties opened seasonally, this was typically March/April – Sept/October.

83% of operators had a minimum length of stay which ranged from 2-7 nights, averaging 3 nights.

Figure 3.4 summarises average occupancy rates. Occupancy rates varied substantially by day of the week and by time of year.

In high peak during the weekend average occupancy was 92% reducing to 88% during the week. In mid seasons it peaked at 67% during the weekends and 56% mid-week. In low season 38% was the average weekend occupancy rate and 29% mid-week. The average occupancy rate for the year as a whole was 62%.

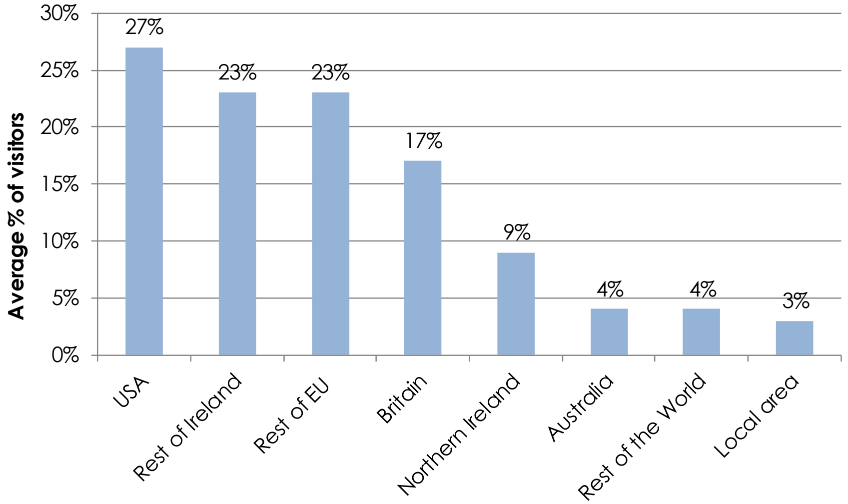
Figure 3.4: Average occupancy rates



3.5 Visitor origin and average length of stay

Operators were asked where their visitors came from. Figure 3.5 shows that on average, over one quarter (27%) came from the US and a similar proportion (26%) came for republic of Ireland and the same proportion from the EU excluding Britain.

Figure 3.5: Visitor origin



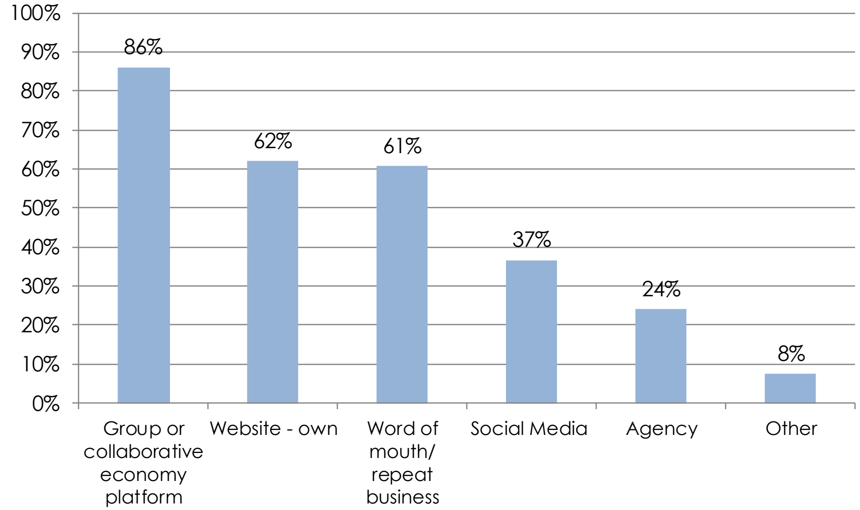
The average length of visitor stay was 5 nights. These findings were corroborated by visitors who said they spent on average 4.5 nights.

3.6 Marketing and promotion

Two thirds (66%) of operators had a website which had been operational for, on average 11 years.

Figure 3.6 summarises how operators promoted/marketed their properties. The majority (86%) used group or collaborative economy platforms such as Discover Ireland, HomeAway, Cottages.com, Airbnb, Booking.com etc. Almost two thirds (62%) used their own website or relied on word of mouth (61%) and over one third (37%) used social media platforms such as Facebook, LinkedIn, Google, Twitter, Instagram. One quarter (24%) used an agency. Other included: Gumtree, Trip Advisor and local tourism websites.

Figure 3.6: Promotion/marketing of properties



When visitors were asked how they secured their stay in a self-catering property a similar response was given. The most common means were: word of mouth/recommendation (40%), accommodation website (40%) or collaborative platform 13%.

3.7 Staff employment

Results show that on average, across responding operators, there were 3.8 full time paid staff, 2.6 part time staff (>15 hours) and 2.7 part time staff (<15 hours) in high season.

In low season this dropped to 3.1 full time paid staff, 2.3 part time staff (>15 hours) and 2.1 part time staff (<15 hours).

It is interesting to note that the average number of unpaid staff is higher than paid staff suggesting that there may be high instances of family members working together.

Table 3.1: Average staff employed per operator

Staff type	High season employment		Low season employment	
	Paid	*Unpaid*	*Paid*	*Unpaid*
Full time (30 hours per week +)	3.8	6.1	3.1	4.3
Part time (15 - 30 hours per week)	2.6	4.4	2.3	4.5
Part time (< 15 hours per week)	2.7	4.8	2.1	3.3

3.8 Community engagement and visitor wellbeing

Operators integrated with their local communities and other businesses in a number of ways, the most frequent were:

- advertising and promotion of local amenities e.g. pubs, restaurants etc to guests
- sponsoring of local clubs
- employing local staff

Some specific comments included:

"We sponsor local GAA functions, soccer teams and some political sponsorships/fundraisers."

"We always recommend local tourist attractions like local pubs/eating options, museums, and sites of interests."

"We use local tradesman, we shop locally, our guests eat out locally and do activities in the local surroundings."

Visitors were very complimentary about the benefit of using a self-catering accommodation in Ireland. Some feedback included:

"Helps me relax and get away from humdrum of life."

"I had a wonderful and comfortable vacation in a quiet and beautiful country setting at a very reasonable cost."

"I was able to explore the area with the comfort and flexibility of a home."

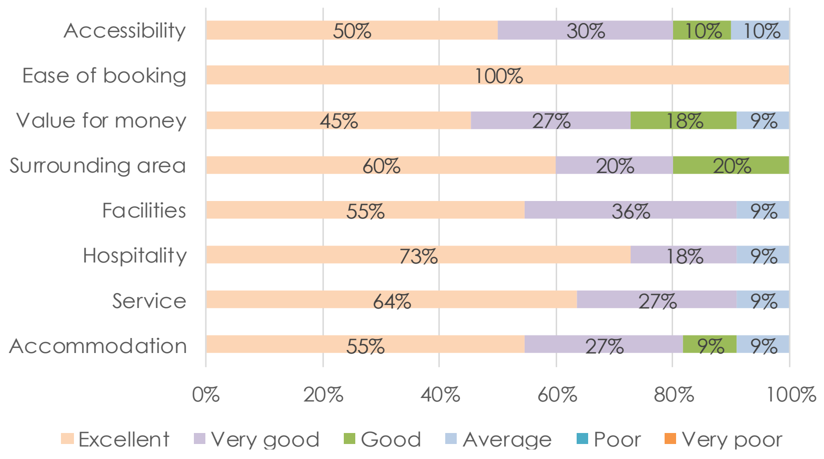
"We have freedom to roam at our leisure."

"It's a holiday with ease...no long airport queues and delays, no baggage restrictions."

3.9 Visitor satisfaction

Visitors were asked to rate their overall holiday from very poor to excellent. Figure 3.7 shows that visitors rated ease of booking highest followed by hospitality, service and accommodation. Note that no visitors noted any of the options as poor or very poor suggesting overall high satisfaction levels.

Figure 3.7: Visitor satisfaction



4 Economic Impact Assessment

This section sets out the estimated economic value of the self-catering sector in Ireland. In the absence of a visitor survey led approach this section sets out the potential scale of the sector based on an industry led assessment. The approach draws on the results of the operator survey and draws on assumptions from other relevant visitor studies[12].

4.1 The value of the sector – an industry led approach

Utilising company turnover figures drawn from the operator survey, this approach assumes average turnover per property responses. This is based on the responses to the 'multiple properties' question to ensure the reported turnover figures are apportioned according to the number of properties under control.

A number of 'agency' responses were deleted as these were completed on behalf of numerous owners and often accounted for a large number of properties. Where respondents noted they owned multiple properties but did not state how many, the number of bednights was utilised to estimate the likely number of properties under ownership.

Overall:

- of the 111 responses, 57 owners reported a turnover figure for 2017/18 (51%)
- the range of annual turnover (per property) was €1,000 (min) to €62,000 (max)
- the average (mean) turnover was €17,000, with a median (middle figure) of €11,000

Based on discussion with ISCF and a review of sector databases and data sources it is **assumed that there are 8,780 self-catering properties in Ireland** (Section 2.3).

Assuming, an average turnover by property (€17,000) and the total number of properties in Ireland (8,780), this equates to a **gross turnover of €149.3m.**

A review of the latest Central Statistics Office (CSO) figures for Output and Value Added (2017), outlines that the 'Accommodation and Food Service' subsector has a turnover to Euro Value Added (EVA) ratio of 59.7%. In other words the value added component of accommodation output (or turnover) is 59.7%, suggesting **the EVA value of the self-catering sector in Ireland is estimated to be €89.1m.**

The wider knock-on impact of the self-catering industry sector on other industry sectors in Ireland can be calculated through utilising Type II multipliers sourced from CSO's Supply and Use Tables and Input-Output Tables for Ireland (2014). This outlines that the accommodation sector has a multiplier of 1.70. Applying this multiplier to the €89.1m, suggests **the true industry value of the self-catering in Ireland is expected to have an EVA of €151.5m.**

4.2 The value of the sector – a visitor led approach

In terms of testing and verifying the industry approach, this assessment has estimated the economic value of the sector drawing on findings from the operator survey and applying visitor expenditure assumptions from a related study completed by Frontline in Scotland for the Association of Scottish Self Caterers (ASSC).

[12] Self-Catering in Scotland: The Economic Impact of Short-term Letting on the Scottish Economy, Association of Scotland's Self Caterers, 2017

The average number of available visitor nights per property was calculated from the operator survey, which found an average of 338 visitor nights per property, or **2.96 million available visitor nights per annum when grossing up to reflect the population (8,780 properties).**

The average occupancy rate across the sector from the operator survey was 62%, suggesting around **1.84 million visitor nights per annum in self-catering properties in Ireland.**

Assuming each visitor spent a similar value to that reported in the Scottish assessment (£212 or €239 which includes multiplier effects) this equates to a **total visitor expenditure figure of €439.7m.** On the basis that every €60,868 of tourism expenditure supports a tourist related job, **the sector supports 7,225 jobs in the tourist sector.**

Converting the turnover figure (€439.7m) to EVA (utilising the turnover:EVA ratio outlined above, 57.9%) suggest the **economic value of the sector in Ireland is €254.6m.**

4.3 Summary

The results presented suggest the sector is **valued at least at €151.5m when focusing on the industry facing approach, but may actually be significantly more valuable, ie €254.6m when adopting a visitor led approach.**

The industry level route outlines the estimated value of the self-catering industry when deemed an economic sector. However, the visitor approach considers a wider impact based on the additional expenditure of visitors (as outlined in the Scottish assessment) and therefore **the figure of €254.6m is a more accurate estimate of the economic value of self-catering in Ireland.**

It is worth noting this is below the €330.4m reporting in Scotland, but this is based on a lower level of self-catering stock.

The sector in Ireland supports around **7,225 tourism related jobs.**

5 Conclusions

5.1 Conclusions

The self-catering sector estimated at **8,780 properties** is an important sector for the Irish economy. The sector is **valued at least at €151.5m** when focusing on the industry facing approach, but may actually be significantly more valuable, i.e. **€254.6m** when adopting a visitor led approach. The sector also supports **7,225 tourism related jobs (3% of total tourism jobs).**

Self-catering is a mature sector within Ireland: operators typically owned their property for 5 plus years (71%), with the average being 20 years. 45% owned multiple properties ranging from 20 to 400 with 22 being the average.

The sector is providing flexible accommodation and supports the local communities: Self-catering operators offer a flexible choice of accommodation from entire houses and buildings, to individual rooms or glamping. Operators also integrated with their local communities in a number of ways, including advertising and promotion of local amenities, sponsoring local clubs and employment of local staff. Operators employed, on average, 3.8 full time paid staff, 2.6 part time staff (>15 hours) and 2.7 part time staff (<15 hours) in high season.

Short term rental of self-catering properties is on the rise: almost half (47%) of respondent operators said short term rentals had increased, with the average length of visitor stay reported at 5 nights. A fifth (20%) also reported increased last minute bookings.

Self-catering operators have a strong online presence: Two thirds (66%) of operators had a website which had been operational for, on average 11 years. The majority (86%) also used group platforms such as Discover Ireland, HomeAway, Cottages.com, Airbnb, Booking.com to promote their property. Over a third used social media platforms such as Facebook, LinkedIn, Google, Twitter, Instagram.

The sector is attracting local as well as international visitors: respondent operators noted that on average over a quarter of their visitors (27%) came from the US, a similar proportion (26%) came for republic of Ireland and the same proportion from the EU. There is also a strong reliance on returning visitors which helps bring stability to the sector.

Visitor satisfaction is high: visitors were very complimentary about the wellbeing benefits of using a self-catering accommodation in Ireland noting things like; *"I had a wonderful and comfortable vacation in a quiet and beautiful country setting at a very reasonable cost." "It's a holiday with ease...no long airport queues and delays."*

Over 50% of visitors rated the following aspects of their self-catering holiday excellent:

- ease of booking
- surrounding area
- facilities
- hospitality
- service
- accommodation

5.2 Recommendations

Recommendations include:

- **undertaking a formal visitors survey** to provide a more comprehensive picture of visitor spend and experience. Due to poor response rates to the visitor survey this report has had to rely on a number of assumptions. It would be beneficial to test these assumptions through additional primary research with visitors
- **establish a more robust database** of self-catering properties' in Ireland. This would support a more accurate representation of the sector in terms of its size and in calculating its economic contribution. This could be led by Failte Ireland and supported by ISCF
- **conduct this assessment periodically** to maintain an up-to-date perspective of the sector and keep the data current