

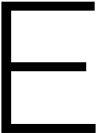


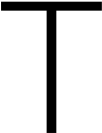




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BREXIT has introduced new challenges to the hospitality sector with uncertainty being the new status quo, but while sterling remains low, inbound travellers are expected to reach record highs and we believe the industry will also benefit from 'staycationers' choosing to holiday in the UK.

TOWN HOUSE FORECAST

			UK HOTELS				
			2012	2013	2014	2015	2016
Occupancy	78.60%		74.40%	76.50%	77.60%	78.40%	77.80%
Year on Year Growth (%)				2.80%	1.40%	1.00%	-0.80%
AARR	£104.04		£89.22	£88.80	£91.55	£95.80	£97.28
Year on year growth (%)				0.50%	3.10%	4.60%	1.50%
Room yield	£81.82		£66.40	£67.96	£71.03	£75.08	£75.64
Year on Year Growth (%)				2.30%	4.50%	5.70%	0.70%

These positives are starkly set against the challenges created by leaving Europe. The European Union remains the principal source of visitors for the United Kingdom and hotels are particularly dependent on an EU labour force. The sliding pound could also prompt an increase in food and beverage prices and as customs charges are renegotiated, the cost of imports is likely to rise.

TOWNHOUSE is however well insulated from these risks with it's low cost base, lack of reliance on an in-house F&B product and by targeting properties in areas which continue to see occupancy and ARR growth.

4%
Growth in
visits to the
UK forecast
for 2018 to
38.1 million

source VisitBritain

MARKET TRENDS

