



# Aberdeen Report

October 2019



**MRP**  
GROUP

CATALYSERS.  
INITIATORS.  
MARKET CREATORS.

Max Thorne, Narup Chana, Thomas Domballe,  
Kat Stenson, Laura Harris, Bryony Hutchinson,  
and Vikkie Ware

MRP GROUP 11-15 High Street, Marlow, SL7 1AU

## **Contents**

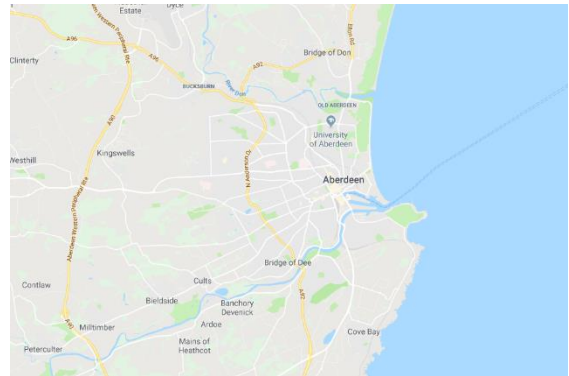
<b>Executive Summary</b>	<b>3</b>
<b>Aberdeen Profile</b>	<b>3</b>
<b>Economic Overview</b>	<b>4</b>
<b>Developments</b>	<b>6</b>
<b>Transport</b>	<b>8</b>
<b>Leisure Overview</b>	<b>9</b>
<b>Tourism</b>	<b>10</b>
<b>Annual Occupancy Room Yield Figures</b>	<b>11</b>
<b>Current Hospitality Market</b>	<b>11</b>
<b>The Team</b>	<b>12</b>

## Executive Summary

Aberdeen has long been associated with the oil and gas industry; however, the city wants to develop new, more sustainable industries. More investment is being put into the life sciences and tech sectors, creating industries that will attract attention and bolster Aberdeen's economy. Established sectors will also receive investment from schemes promoted by Aberdeen City Council, to grow Aberdeen into an area in the North East for business. Together this will ensure that Aberdeen's economy becomes more productive and utilises the industries it currently has.

## Aberdeen Profile

Aberdeen is a port city in the North East of Scotland and has long been known for its flourishing oil and gas industry. This has resulted in the city becoming the third most populated in Scotland with 196k people living in the city and 228k living in the council area. Known for its grey granite architecture, the city is home to two universities with the University of Aberdeen being the fifth oldest in the world. In 2018 it was found to be the best UK city to start a business, given the array of sectors and investment going into supporting new and existing companies.



## Economic Overview

Aberdeen's economy has been dominated by the oil industry but has seen new sectors emerge due to the success from oil and gas. The estimated GDP of Aberdeen is £11.4bn, around 17% of Scotland's GDP. Consequently, it is the second highest UK city for employment and the GVA per head is the highest in Scotland. Moreover, five of Scotland's top ten businesses are in Aberdeen, with a collective turnover of £14bn.

First Group	Aberdeen Asset Management	First ScotRail
Abbot Group	Farmfoods	Grampian Television (STV)
BrewDog	Mackies	

80% of UK employment in the oil and gas industry is in Aberdeen, making it Europe and the UK's largest cluster of subsea businesses. Since the discovery of North Sea oil in the 1970s, Aberdeen has been a hub for the industry, with 54% of UK subsea companies providing goods and services in the city. It is estimated that close to 500k jobs have been created as a result of the petroleum found offshore, with a significant economic impact as a result. Oil and gas contribute approximately £4bn a year to Aberdeen's economy, this is expected to rise as exportation has increased by 31% in the last two years.

The boost in the economy from the oil and gas industry has allowed the city to focus on more sustainable sectors to invest into. Life sciences has received a considerable amount of investment, bolstered further by the universities and research companies in Aberdeen. This has led to the city being home to the largest concentration of life scientists in the UK at around 2.5k, with 75% of Scotland's drug development companies located there. Therefore, the concentration of life science employees and companies has driven more investment into the sector, with £175m invested and £250m put into research funding in the last five years. The life sciences industry contributes £160m to Aberdeen's GVA.

An emerging sector in Aberdeen is tech and digital media, in 2015 there were 4.25k employees and 875 businesses in the city. In fact, Aberdeen is one of the top five cities in the UK for the number of patents, it is also first in Scotland for business survival. ONE CodeBase is a partnership between Opportunity North East and CodeBase who want to support industry growth in Aberdeen. In 2018/19 they invested £1.5m into tech with the goal to create a tech hub to not only support entrepreneurs but also established businesses. It will bring together mentors and investors to create a community that will focus on developing and growing digital tech companies.

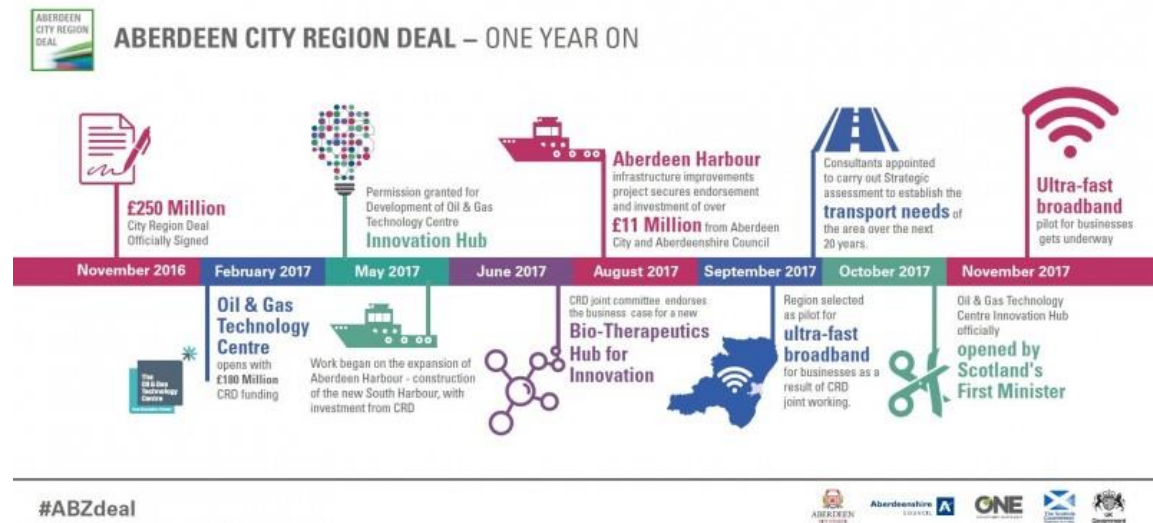
The food and drink industry in Aberdeen is a major component of the region's economy and has garnered national attention. It employs over 22k people, around 18% of Scotland's food and agriculture employment as well as 17% of the sector's GVA. Excluding whisky, Aberdeen contributed to 20% of industry input, 25% of agricultural output and 50% of fish landings in Scotland. Fishing is an important source of produce in Aberdeen and in 2016 £216m worth of fish landed in Aberdeen. Additionally, it is a popular destination for those looking to catch salmon and brown trout, with some of the best rivers in Europe to fish for them. The region has produced some well-known foods and businesses such as BrewDog, Mackie's of Scotland, Dean's and is home to the Aberdeen Angus breed of cattle.

Rank 2018	Rank 2017	Company	Turnover £m	Profit £m
6	9	FirstGroup	5,653.30	152.60
11	15	Technip UK	1,356.88	120.10
14	264	Subsea7	798.43	251.62
15	12	John Wood Group	3,339.45	53.49
18	New	Enquest	646.82	176.06
22	23	Chevron North Sea	662.90	64.80
32	44	Halliburton Manufacturing & Services	478.04	27.11
42	22	National Oilwell Varco UK	285.01	21.93
51	51	John Clark (Holdings)	702.78	8.24
54	300	Apache North Sea	530.27	9.16
57	60	M-I Drilling Fluids UK	144.41	32.19
62	55	Balmoral Group Holdings	134.45	41.00
73	New	Oceaneering International Services	247.42	7.73
75	50	Craig Group	163.88	10.63
83	New	Oil States Industries (UK)	83.58	46.91
92	63	Bilfinger Salamis UK	139.04	9.26
95	59	Archer (UK)	125.84	10.04
99	100	CAN (Holdings)	91.94	16.53

Source: Aberdeen City Council

## Developments

The Aberdeen City Region Deal was published in 2016 and details a scheme to invest up to £299m into the city over ten years. The deal encompasses a number of projects supporting the expansion and maintenance of industries through technology hubs and investment funds. After the economic downturn there were challenges facing the global oil and gas sector, prompting the Aberdeen City Region Deal to focus on sustainable industries.



The Oil & Gas Technology Centre will support innovation in the industry whilst maximising the current supply in the North East. The overall aim is to ensure that high value jobs are retained, and to attract new talent. The centre will utilise the facilities of the city's universities as well as drawing on the knowledge of industry professionals, to create a place for businesses to collaborate. It will research methods of sustainable oil drilling and renewable energy.

The Agri-Food & Nutrition Hub for Innovation will maximise the opportunity for research and global exportation of products. Research will be undertaken to look at sustainable agriculture and how to best develop the industry for more commercial purposes. Additionally, there will be a focus on packaging and manufacturing to create more jobs and bring more attention to the sector in the North East.

The Bio-Therapeutic Hub for Innovation will build on the existing industry in Aberdeen to help support businesses and attract more investment to projects with market potential. The hub will attract investment that will subsequently go to create the appropriate infrastructure to support industry growth. By creating this hub there will be the opportunity to foster greater domestic and international alliances in the sector.

Opportunity North East is an investment commitment to the region that was established and funded by the private sector. ONE will match the funding from public investors in projects and programmes that will generate the best economic returns for the region, to make it the most productive region in Scotland. The three elements are to create a broad economy, continue investment and maximise the oil and gas industry.



The Event Complex Aberdeen will open this year after three years of construction and at a cost of £333m. The complex will create a new arena, conference hall, a subterranean multipurpose space and a Hilton hotel. The prediction is that this will attract an additional 4.5m visitors and generate £63m to the city's GVA. The Event Complex will have a 15k arena capacity, 350 hotel bedrooms and 7 conference spaces, all to compete with national and international arenas.



Source: AECC Evolves

The flagship development in Aberdeen is Marischal Square which opened in 2017, it was a core focus of Invest Aberdeen and was the first project to be completed. The project has a mix of office space, a café, restaurant space, a four-star Marriott hotel and public space. The vision for Marischal Square is to create “a central nucleus for business”. The £107m development strived to combine the classic architecture of the city with modern architectural styles.



Source: Muse Developments

## Transport

Aberdeen Airport is an international airport located outside of the city centre, with flights to 27 cities. In 2018 the airport welcomed 3m passengers and 91k aircrafts, it is uncertain whether this includes the heliport which is the busiest in the world. The airport offers domestic and European flights, the busiest route is to London Heathrow, but other popular routes are to Dublin, Amsterdam and Paris.

The Aberdeen Railway Station is the busiest railway station outside of Glasgow and Edinburgh with 2.9m passengers as of 2017/18. The station is managed by ScotRail, who operate direct trains to Edinburgh, Glasgow and Inverness. Other direct services include the Caledonian Sleeper and London North Eastern trains to London. Additionally, Cross-country runs inter city services to South-West England. Many of these services require passengers to change at other stations. Despite this Aberdeen is well served by rail transport links.

Aberdeen can be accessed by six major roads that provide links across Scotland and further afield. The A92 joins the A90 at Stonehaven which goes onto Dundee and Edinburgh. From here visitors can take major roads down to the Scottish borders and into the North of England.

The city is served by National Express and Megabus services to other cities in Scotland and direct routes to England. There are twice daily buses to London, stopping in Glasgow and Milton Keynes.



## Leisure Overview

A great deal of investment has gone into the leisure sector in Aberdeen, to provide a well-rounded experience for both locals and visitors. For many in the region this is a commercial centre for retail, dining and entertainment, so there is a wide array on offer to accommodate for this.

The Union Square Shopping Centre was opened in 2009 and joined onto Aberdeen Railway Station to create an accessible retail opportunity. The centre was built at a cost of £250m and is the second largest shopping development in Scotland with a retail space of 70k sq ft. The shopping centre encompasses both the mall and retail park allowing for over 60 shops, over fifteen restaurants, a Cineworld and a Jurys Inn hotel. Union Square experiences a footfall of 15m people a year with an average visitor frequency of 3.5 times a month, emphasising the popularity of the centre. Another popular shopping area is the Bon Accord Centre which features 86 stores and restaurants, with three department stores. As the shopping centre of the North East, Aberdeen attracts visitors who want to use their leisure time to purchase from a variety of brands and stores.



Source: Union Square

With two Universities in the city there is a lively and vibrant nightlife and entertainment scene. There are countless bars and pubs serving local whisky, craft beer and cocktails, providing venues for comedy, live music and clubbing. In fact, Aberdeen is home to the flagship BrewDog bar with three in total in the city and a brewery in Ellon.

Aberdeen is well known for its fresh and local ingredients sourced by restaurants, in fact 47% of ingredients are from farmers in Aberdeenshire. The surrounding region is well stocked agriculturally, with Aberdeen having Europe's largest white fish seaport. The city has over 80 restaurants featured in VisitScotland's 'Taste Our Best', a quality assurance scheme featuring restaurants that represent the best of what Scotland has to offer.

Aberdeen Beach is a centre for leisure and entertainment in the city, with not only stretches of beach area but an amusement complex along the beachfront. The area features a retail park, amusement park and promenade with restaurants and cafes. It has long been a popular recreational area for visitors and locals of Aberdeen. On the water there is also the opportunity to surf, dive and sail along the city beach front or further along the coastline at other beaches.

## Tourism

It is predicted that by 2023, tourism will generate £1bn to Aberdeen's economy. Currently the industry is worth £630m, but there is room to promote the region as a holiday destination with a focus on 'staycations'. In 2019 Opportunity North East contributed £795k to support Aberdeen's tourism profile.

The city and Aberdeenshire region is well supplied with tourism opportunities, with 263 castles, 8 distilleries, 55 golf courses and a national park. Famous sites in Aberdeenshire include Balmoral Castle and Dunnottar Castle, in 2018 more than 5m people visited historic attractions such as these across Scotland. Visiting sites such as these are popular pastimes when visiting Aberdeen, and so is exploring the Cairngorms National Park. It is the largest National Park in the UK, and one of the few areas where visitors can ski in the Winter with visitors coming to hike, bike and canoe in the Summer. In 2016 the Cairngorm National Park welcomed 1.75m visitors who contributed £250m to the economy through accommodation, activities and food.

Within Aberdeen many tourist attractions are easily reachable on foot, with visitors taking in the mix of modern buildings and preserved historical sites such as Marischal College. Old Aberdeen is a hidden gem featuring medieval architecture and many museums chronicling the city's heritage. More museums can be found in New Aberdeen which include the Aberdeen Maritime Museum and Aberdeen Science Centre, both popular locations for anyone wanting to look at the significance of the oil and gas industry to Aberdeen. Along the harbour from these centres' visitors can explore Footdee, an old fishing village known for its decorated miniature cottages and sheds.

Domestic day visitors make up the majority of tourists to Aberdeen, in 2017 there were 10m domestic day visitors who spent £385m during their time. The second largest group was overnight domestic visitors, in 2017 across 2.2m nights there were 749k visitors to Aberdeen. Subsequently the average stay was three days and the total spend was £156m. Visit Scotland found that 38% came on holiday and 28% came on business, of those asked 56% were from Scotland and 42% were from England. International tourists were the smallest group but still contributed greatly to Aberdeen's economy. In 2017 there were 361k visitors who spent £147m in the city, they stayed for approximately 1.7m nights with an average stay of five days. Of those asked, 42% were on holiday and 295 were on business, with 64% coming from Europe and 20% from North America.

	Aberdeen and Grampian		
	Great Britain Tourist Trips	Overseas Tourist Trips	Total
Trips (000's)	1,027	305	1,332
Nights (000's)	3,391	1,675	5,066
Expenditure (£m)	£268m	£129m	£397m
Average duration (nights)	3.3 nights	5.5 nights	

Source: Visit Scotland, *Tourism in Scotland's Regions 2016*

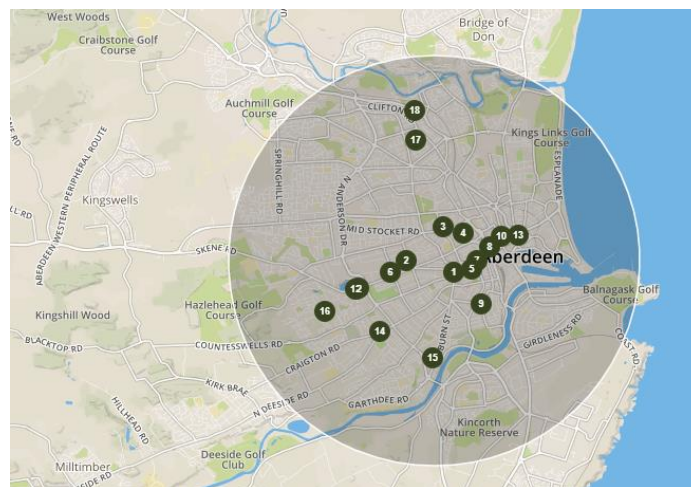
## Annual Occupancy Room Yield Figures

Year	Average Occupancy (%)	RevPAR (£)
2019 (Up to August)	64.7	35.88
Average	64.7	35.88

Source: STR. Republication or other re-use of this data without the express written permission of STR is strictly prohibited.

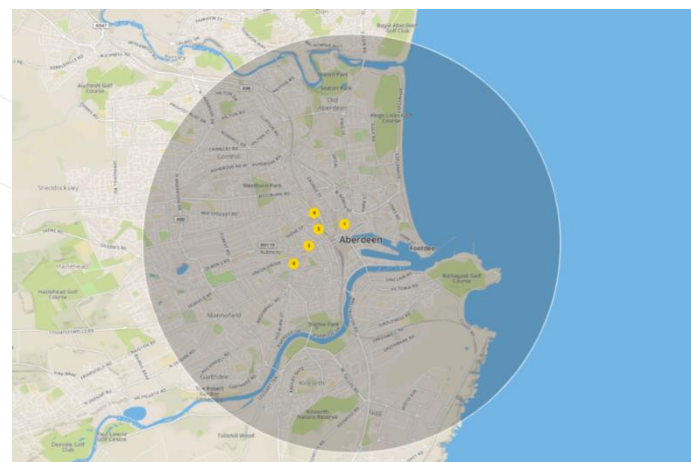
## Current Local Hospitality Market

Within a 2.5-mile radius of Aberdeen city centre there are 18 aparthotels, with a total of 491 rooms.



Source: STR. Republication or other re-use of this data without the express written permission of STR is strictly prohibited.

Within a 2.5-mile radius of Aberdeen city centre, there are five pipeline serviced apartment developments with a total of 278 rooms.



Source: STR. Republication or other re-use of this data without the express written permission of STR is strictly prohibited.

## The Team

### CONTACTS

MRP ADVISORY GROUP  
LTD  
11-15 High Street, Marlow  
Buckinghamshire, SL7 1AU  
United Kingdom  
  
www.mrpadvisor.com



**Max Thorne**  
Chief Executive  
  
+44 7768 617995  
max.thorne@mrpadvisor.com



**Narup Chana**  
Associate Director  
  
+44 7407 385694  
narup.chana@mrpadvisor.com



**Tom Domballe**  
Analyst  
  
+44 7392 743 982  
thomas.domballe@mrpadvisor.com



**Kat Stenson**  
Admin Assistant  
  
+44 20 8075 1335  
kat.stenson@mrpadvisor.com



**Vikkie Ware**  
Business Manager  
  
+44 20 8075 1335  
vikkie.ware@mrpadvisor.com



**Laura Harris**  
Client Relationship Manager  
  
+44 7379 205 499  
laura.harris@mrpadvisor.com



**Sandra Lens**  
Finance  
  
+44 20 8075 1335



**Bryony Hutchinson**  
Social Media and Marketing  
Apprentice  
  
+44 20 8075 1335  
bryony.hutchinson@mrpadvisor.com

Disclaimer: The MRP Group for themselves and for the vendors or lessors of this property whose agents they are, give notice that the particulars are set out as a general outline only for guidance and do not constitute, nor constitute part of, an offer or contract. b. all descriptions, dimensions, references to condition and necessary permissions for use and occupation, and other details are believed to be correct, but any intending purchasers, tenants or third parties should not rely on them as statements or representations of fact but satisfy themselves that they are correct by inspection or otherwise; c. no person in the employment of The MRP Group has any authority to make or give any representation or warranty whatever the relation to the property; d. any images may be computer generated. Any photographs show only certain parts of the property as they appeared at the time they were taken. MISREPRESENTATION ACT 1967: These particulars are prepared as a general guide only, and should not be relied upon as a basis to enter into a legal contract or to commit expenditure. You should consult your own surveyor, solicitor or other professionals to verify the contents of these particulars before committing yourself to any expenditure or other legal commitments.