



Glasgow Report

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MRP
GROUP

CATALYSERS.
INITIATORS.
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Contents

| | |
|---|-----------|
| Executive Summary | 3 |
| Glasgow Profile | 4 |
| Landmarks | 4 |
| Developments | 5 |
| Economic Overview | 5 |
| Transport | 6 |
| Leisure Overview | 7 |
| Current Hospitality Market | 8 |
| Annual Occupancy, ADR and Room Yield Figures | 8 |
| Supply of Rooms | 9 |
| The Team | 10 |

Executive Summary

The number of aparthotels has increased substantially in recent years as a consequence of increasing customer awareness and demand. Glasgow has seen significant investment, which has been a core factor in driving economic growth. For the hospitality sector this has meant a considerable increase in leisure and business visitors.

Having identified Glasgow as a key location for the development of an aparthotel, The MRP Group have reviewed the economic, transport and leisure markets. We advocate a need for an extended-stay product due to the prime location and array of opportunities it presents.

With many economic and social benefits recognised through implementing aparthotels, Glasgow would cater to a wide consumer market attracting corporate and leisure travellers. Additionally, serviced apartments differentiate from other competitors such as hotels and the private rental sector (PRS). However, we have found significant benefits in aparthotels as a result of changing consumer behaviour and the demand for serviced apartments.



Glasgow Profile

Glasgow is situated on the River Clyde establishing itself as the largest seaport in Scotland, with a settlement further along called Port Glasgow where larger ships can port if they cannot fit down the river. The city is a gateway to the West of Scotland, with links to Edinburgh and the highlands making it a popular respite for travellers going on further.



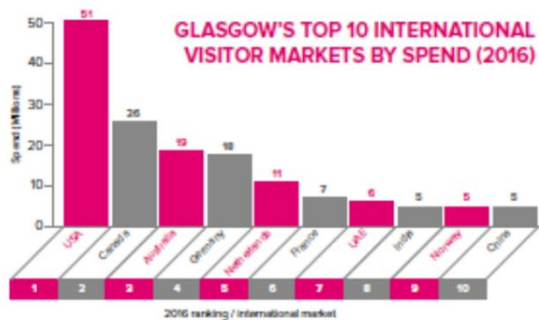
Over 620k people live in Glasgow, resulting in it being the most populated city in Scotland and the third most populated in the UK.

A considerable portion of the population is made up by students with over 53k residing in the city; making Glasgow the fifth-largest student city in the UK. Therefore, visitors will be brought the city to visit current students or as a prospective student, creating demand for accommodation

Landmarks

The city is known for its art nouveau buildings and Victorian architecture, establishing itself as the cultural hub of Scotland with the Scottish Opera, Ballet and National Theatre of Scotland. Additionally, it is home to over 20 museums and galleries.

In 2017, Glasgow welcomed 857k international visitors, who spent in excess of £398m. Almost 2m domestic visitors were welcomed in 2017, who spent over £450 million. The high volume of tourists has established Glasgow as a centre for enterprise and culture, subsequently increasing demand for accommodation.



Source: Invest Glasgow



Developments

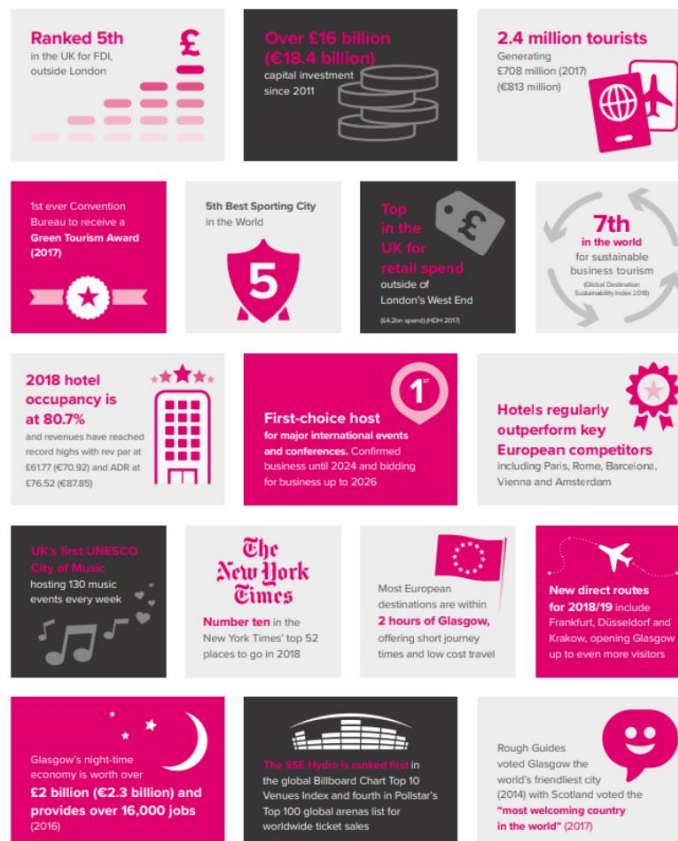
Glasgow City Council have announced a new development plan to replace the previous plan from 2009. The report outlines the Council's land use strategy and the new criteria for planning applications, it includes changes to transport, housing and environmental policies. The plan also identifies the need for an additional rail station, redeveloped road infrastructure and more affordable housing.

In 2015, the Council outlined a £400m regeneration project for Glasgow. The project's vision focused on developing growth spaces for SMEs and upgrading the city centre's public areas. The result has been the creation of more jobs, which in turn has boosted the economy and provided a catalyst for future developments. In doing so, this will attract more visitors to Glasgow, as it will promote newly formed businesses, and the advantages of working in Glasgow. Therefore, accommodation for site visits, executives on temporary projects, and relocating employees will be needed.

Economic Overview

Glasgow has one of the fastest growing economies in the UK, outperforming the primary cities. The city generated £41.4bn in GVA in 2017. A key target for the local council is the provision for an additional 50,000 jobs by 2023.

With such a diverse economy, the city is attracting blue chip companies, global organisations and international SMEs. As a result, Glasgow has become the third largest financial centre in the UK; the number of enterprises increased by 25.9% over 5 years. Therefore, accommodation will be crucial for visiting executives, and business relationship should be established to promote aparthotels. The current corporate market in the city and its potential growth will be strong drivers of demand for extended stay hospitality products.



Source: Invest Glasgow

Transport

| | | Time | |
|------------|----------|--------------|----------|
| Location | Rail | Air (Direct) | Car |
| London | 4h 33min | 1h 10min | 7h 30min |
| Manchester | 3h 18min | 1h 5min | 3h 37min |
| Nottingham | 5h 18min | | 5h 11min |
| Cambridge | 5h 50min | | 6h 41min |
| Paris | | 1h 55min | |
| Amsterdam | | 1h 35min | |
| Madrid | | | |
| New York | | | |

Glasgow benefits from good transport links via road, rail and air. With an international airport, shipping port and four motorway systems, the city is easily accessible for businesses and leisure visitors.

PLANE

- 150+ destinations worldwide
- Direct flights to North America, Europe, Asia and the Middle East
- 200+ flights daily
- 9.7 million passengers in 2018
- New routes include Brussels, Düsseldorf, Frankfurt and Krakow
- Most European destinations within 2 hour flight
- London 1 hour flight time
- 324 weekly flights to/from London

TRAIN

- Central Station – 29 million passengers per year and the main commuter hub
- Queen Street - £750 million (€861 million) improvement programme
- 23 trains per day direct to London
- 8 trains per hour to Edinburgh
- Edinburgh – 50 mins
- Manchester – 3 hrs 30 mins
- London – 4 hrs 30 mins

SUBWAY

- £300 million (€344 million) refurbishment
- 15 stations
- Runs every 4 mins at peak times
- 13 million passengers per year

BUS

- Buchanan Bus Station undergoing a £500,000+ (€574,000+) refurbishment
- 16 million passengers per year
- 170 bus services in and out of Glasgow

CAR

- Edinburgh 1hr 5 mins
- Manchester 3hrs 30 mins
- Birmingham 4 hrs 30 mins
- London 7hrs 20 mins

Source: Invest Glasgow

Leisure Overview

Glasgow has an extraordinary range of shopping opportunities from high and bespoke brands to high street to vintage wares. A large concentration of these shops can be found in the city centre in Princes Square, Buchanan Galleries and Ingram Street. Additionally, there are larger malls outside of the city centre, such as intu Braehead which is home to an indoor snow resort, a trampoline park, a climbing wall and a shopping centre. The wide range of activities and leisure facilities here have made it a popular destination for families and thrill seekers.

The SSE Hydro is an indoor arena with events such as concerts, premieres, sporting events and tours. In 2016, the chairman for the centre announced that the SSE Hydro had welcomed 1.8m visitors and was ranked 3rd in an annual listing of the top 100 arenas. Glasgow is also home to three football stadiums, a national stadium and two club premises all of which offer tours of the grounds.

VisitScotland reported that in a survey 53% of those asked said that their reason for visiting Glasgow was the history and culture, with 37% saying it was a place they had always wanted to visit. Prominent attractions such as the Hunterian Museum, the Science Centre and Glasgow Cathedral featured as visited locations. This shows that the city's distinct architecture, array of museums and rich history is an appealing quality to visitors. With a variety of attractions in Glasgow and further afield, longer stays are increasingly popular. Consequently, serviced apartments can meet the demand for affordable accommodation that offer flexibility and freedom to explore the city.



Current Local Hospitality Market

Within a 0.5-mile radius of the Glasgow City Centre, there are currently 266 rooms from 7 aparthotels.



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

There are 6 pipeline apartment developments in the same radius.



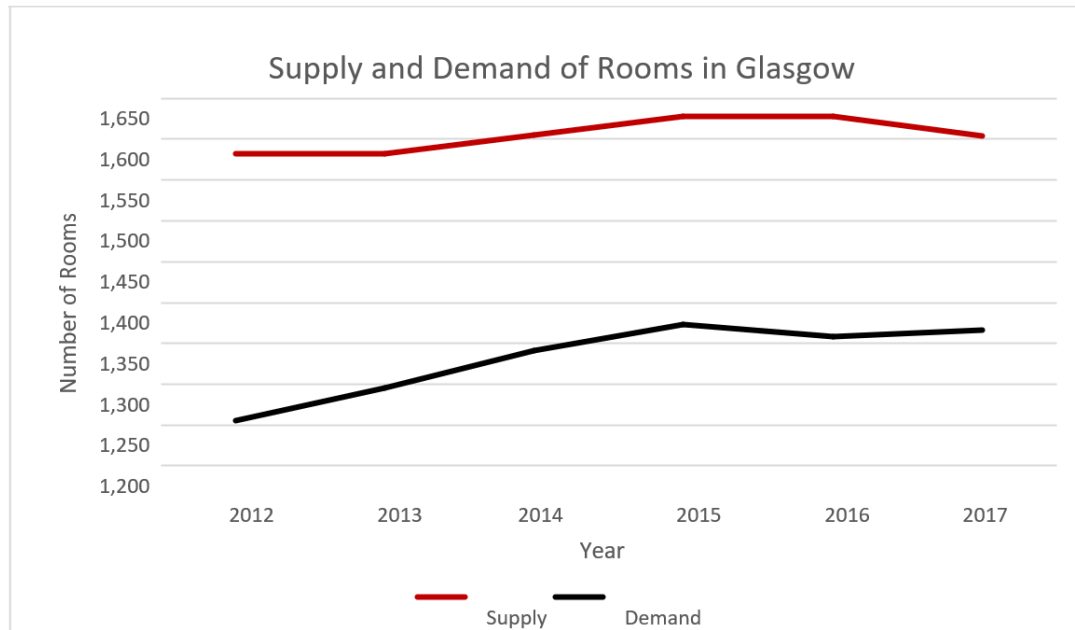
Source: STR. Reproduction or other re-use of this data without the express written permission of STR is strictly prohibited.

Annual Occupancy, ADR and Room Yield Figures

| Year | Occupancy(%) | Average ADR (£) | RevPar (£) |
|---------------------|--------------|-----------------|--------------|
| 2019 (Up to August) | 78.6 | 72.56 | 57.01 |
| Average | 78.6 | 72.56 | 57.01 |

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

Supply and Demand of Rooms



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

In Glasgow, the demand for rooms between 2012 and 2015, but slightly declined after 2015. However, supply decreased between 2012 and 2013, but increased between 2013 and 2015 continuously. Overall, demand increased by about 100 rooms, whereas supply increased by 50 rooms.

The Team

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