Liverpool Report

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Executive Summary

The number of aparthotels has increased substantially in recent years as a consequence of increasing customer awareness and demand. Liverpool 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 Liverpool 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, Liverpool 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.

Liverpool Profile

Liverpool is situated on the Mersey Estuary, and was a major port as far back as the 1700s. The city is well known as a cultural hub, famed for its museums, galleries and music scene.

Over 491k people live in Liverpool, resulting in it being the fifth-largest metropolitan area in the UK.

Tourism

The city is famed for its collection of galleries and museums, many housed in Grade 1 listed buildings which make up the largest collection of this type outside of London. With over 2,750 attractions of historic importance, Liverpool is a destination for tourists interested in an array of exhibitions and artefacts, such as its World Heritage waterfront. For those looking for more culture, Liverpool is renowned for its music, food and sport.

In 2017, Liverpool welcomed over 35.4m visitors with 2.6m staying in accommodation. The use of serviced accommodation increased subsequently, with visitors choosing to stay longer to explore the region and city. As a result, there has been a positive impact on the economy; the tourism industry is now valued at approx. £3bn. This increase in the volume of tourists has established Liverpool as a centre for enterprise and culture, subsequently increasing the demand for accommodation.

In 2017 Liverpool was the 5th most visited city in the UK for international visitors and 7th in England for domestic visitors (2016)*.

Top Towns by Overseas Visitors

Town/City	Visits (000s)
London	19,828
Edinburgh	2,015
Manchester	1,319
Birmingham	1,117
Liverpool	**839**
Glasgow	787
Bristol	602

Source: IPS 2017
Visit Britain

Top Towns by GB Visitors

Town/City	Visits (000s)
London	12,206
Manchester	2,551
Birmingham	2,306
Scarborough	1,671
Bristol	1,551
Leeds	1,547
Liverpool	**1,406**

Source: GBTS 2016
Visit England

Business Trips by overseas and GB Visitors.

Top Towns by Overseas Visitors

Town/City	Visits (000s)
London	3,518
Birmingham	573
Manchester	390
Edinburgh	198
Liverpool	**171**
Bristol	150
Cambridge	131

Source: IPS 2017
Visit Britain

Top Towns by GB Visitors

Town/City	Visits (000s)
London	3,223
Manchester	664
Birmingham	639
Bristol	450
Leeds	345
Newcastle	237
Liverpool	**198**

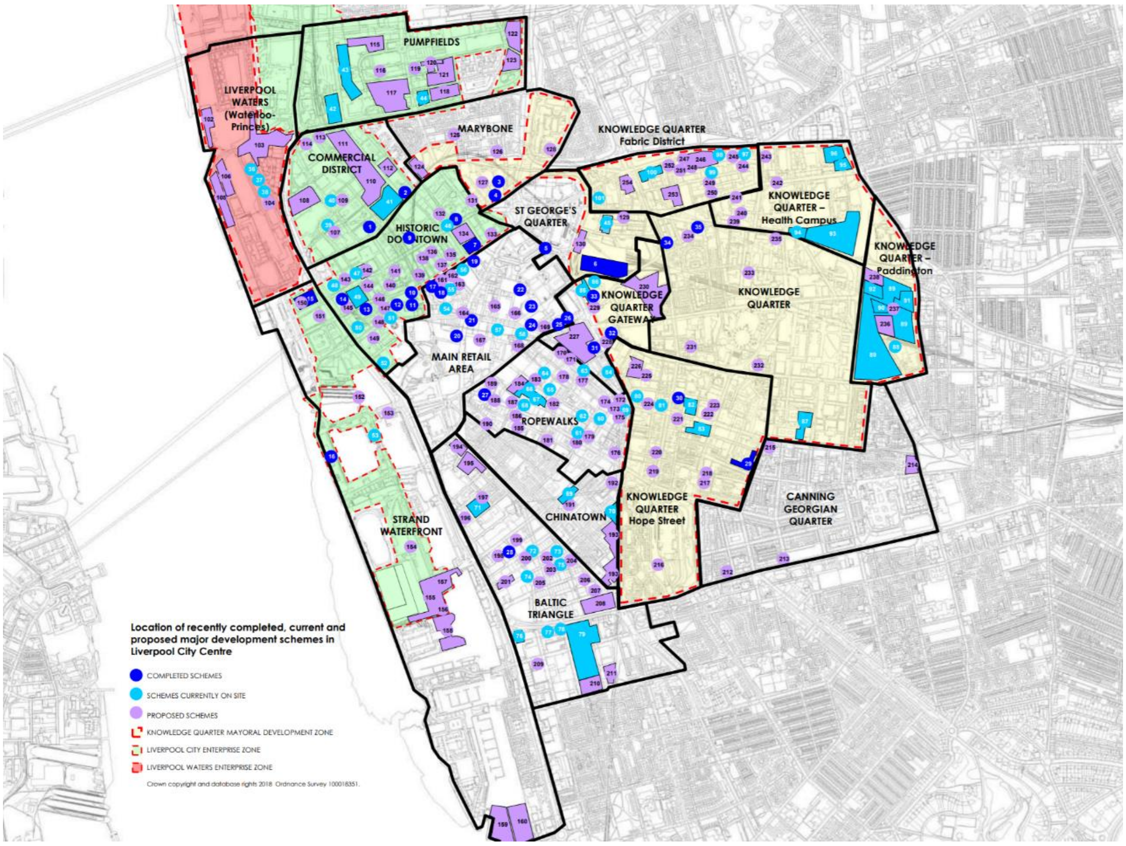
Source: GBTS 2016
Visit England

Source: Liverpool City Region Local Enterprise Partnership

Developments

The Liverpool Local Enterprise Partnership released in 2017 its Growth Strategy for the city. The report outlines the creation of over 100k jobs by 2040 and an increase of 20k businesses. This will generate an additional £50bn for the economy, allowing for more development of the city and to create a global, competitive region for businesses.

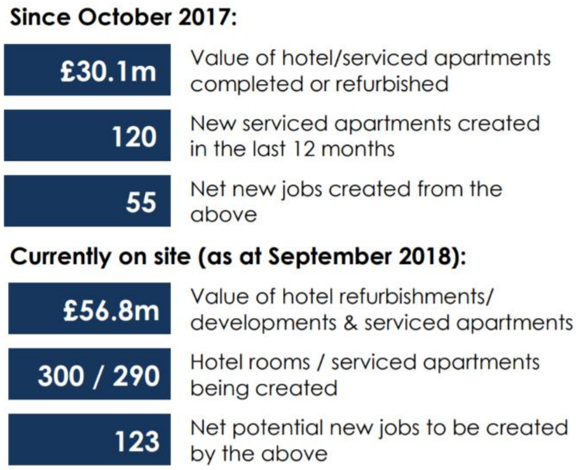
Regenerating Liverpool have announced a scheme to develop Liverpool as a hub for higher education and global innovation. Formally known as the Mayoral Development Zone of The Knowledge Quarter, the report outlines three investment opportunities that will include residential, leisure, education and commercial projects.



Economic Overview

Liverpool has established itself as a core micro economy in the North of England, with a GVA of over £32m and an annual growth of 5% in 2017. The GVA brought in by tourism in 2017 was over £358m, allowing developers the assurance to add to their portfolio in Liverpool.

Liverpool has seen an influx of blue-chip companies, specifically in the financial, public and retail sector. As a result, Liverpool has become the largest wealth management centre outside of London, and the second fastest growing area for the digital sector. Companies include Santander, Deloitte, KPMG and HSBC. Therefore, accommodation will be crucial for visiting executives, and a business relationship could 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 Liverpool Development Update

With more than 30k graduates a year from four universities in Liverpool, businesses benefit from a constant pipeline of young talent. A fifth of the of the workforce are young professionals, an advantage for companies looking to develop new talent.

Transport

Liverpool benefits from good transport links via road, rail and air. With an international airport, an underground network, shipping port, a rail station and four motorways, making the city easily accessible for business and leisure visitors.

The M62 connects Liverpool to Hull but also provides links to Manchester and Leeds with an interchange to links to Birmingham and the Lake District.

Liverpool has an urban rail network and a mainline network connecting visitors to the rest of England. The urban rail network is known as Merseyrail, opening in 1836 and now has three lines connecting the city. Liverpool's Lime Street Station is owned by Network Rail and served by five train operators, providing trains to London Euston, Blackpool, Manchester, Leeds and Birmingham.

The Liverpool John Lennon Airport has links to over 64 European cities, and handled over 5m passengers as of 2018. For travel further afield to North America and Asia, Lime Street Station provides a rail network to Manchester airport.

Leisure Overview

The city is not short of entertainment venues, with a multi-purpose indoor arena hosting live music, tours and sporting events in the centre of Liverpool. The M&S Bank Arena contributes £193m to Liverpool's economy, and in 2018 held 248 events and attracted 750k visitors. As well an arena, there is an O2 Academy hosting a wide range of artists and genres. The growing student population means there is no shortage of nightlife, with live music venues such as the iconic Cavern Club and over 50 bars and nightclubs.

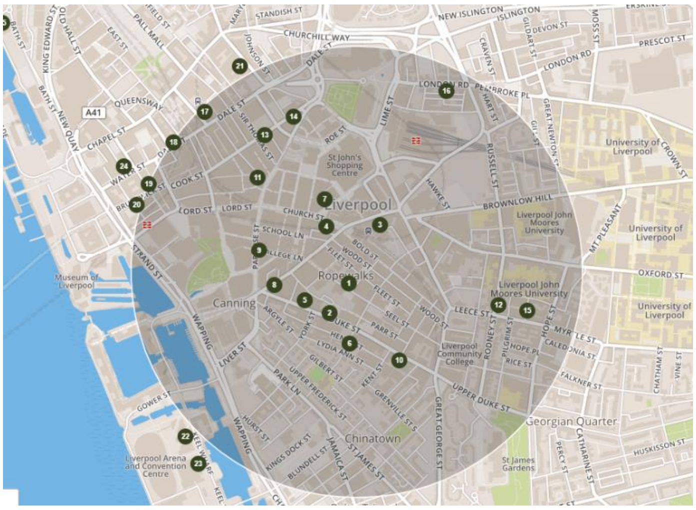
Liverpool is also known for hosting The Grand National, visited by over 70k people and watched globally by 600m. Additionally, Liverpool is the most successful footballing city in England, with two football teams, two stadiums and over 92k attending fans. Sporting events such as these draw in more visitors to Liverpool, which has contributed to a 9% increase in room occupancy.

The Office for National Statistics released that the number of overseas visitors had risen by a quarter in 2017, totalling over 839k foreign visitors to Liverpool. VisitBritain compared this data to other cities, with Liverpool becoming the 5th most visited city for inbound visitors. With such historical significance as an emigration port, many visitors come as ancestors of those emigrants to the USA. Additionally, Liverpool has established itself as the Capital of Pop, with the most number one records originating from Liverpudlian artists. Consequently, this will attract music fans from across the globe who are interested in the history of the music scene in the city.

In a report, VisitBritain found that over 80% of visitors came to Liverpool for shopping, cultural activities, attractions and heritage experiences. This is above the average for other UK cities and the UK itself. Additionally, it was outlined that because of these factors the city attracted a younger demographic than other destinations in the UK, however, did not specify competitors.

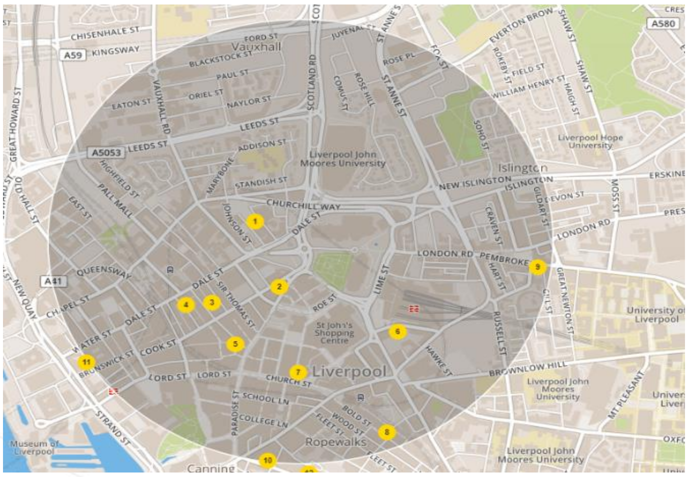
Local Hospitality Market

Within a 0.5-mile radius of the Glasgow City Centre, there are currently 1345 rooms from 28 aparthotels.



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

There are 19 pipeline apartment developments in the same radius, with a proposed 1261 rooms.



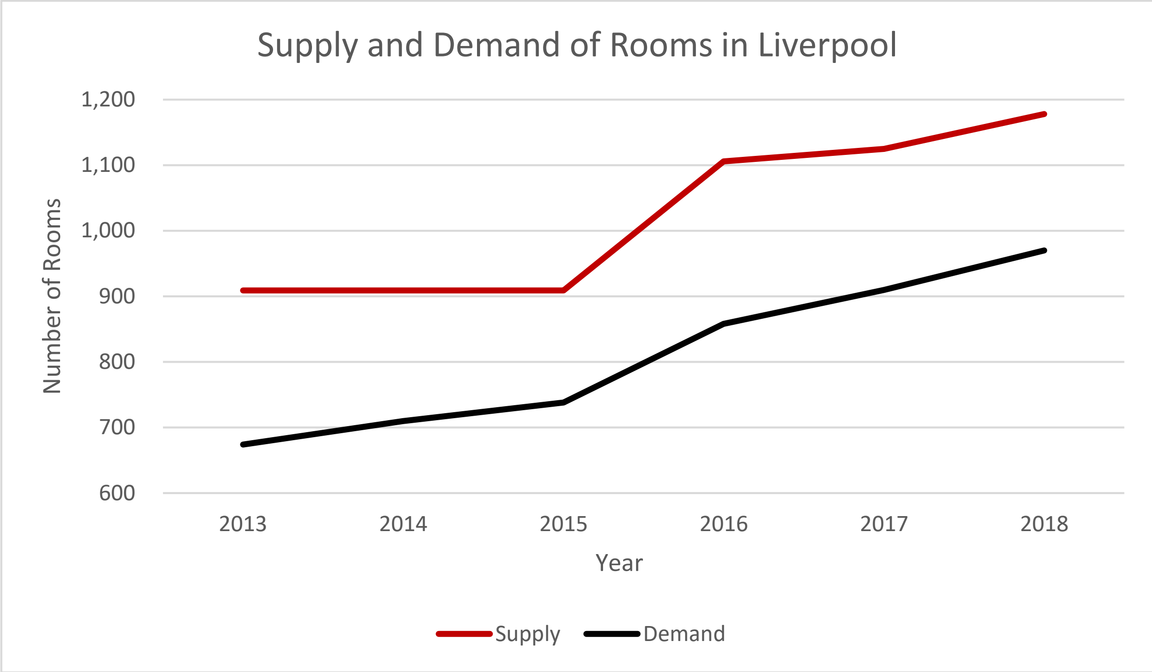
Source: STR. Republication or other re-use of this data without the express written permission of STR is strictly prohibited.

Annual Occupancy, ADR and RevPAR Figures

Year	Average Occupancy (%)	Average ADR (£)	RevPAR (£)
2019 (Up to August)	79.2	78.41	62.09
Average	**79.2**	**78.41**	**62.09**

Source: STR. Republication 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.

The graph shows that between 2013 and 2018, both supply and demand increased over this period. Supply has a larger increase between 2015 and 2016 compared to demand. Overall, demand had a higher increase than supply throughout the 5 years.

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