



**MRP**  
GROUP

SERVICED APARTMENT  
AND APARTHOTEL SPECIALISTS

# MRP Market Update

September 2018

Max Thorne, Narup Chana, Vikkie Ware,  
Jess Rollett and Mason Thorne

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



## A Note from the CEO

Well, it's now been six months since we opened the new MRP Group office, had a full re-brand as *the serviced apartment and aparthotel specialist*. It's been an extraordinarily busy period and before I say anything about and around the market, I would like to personally thank all our customers, clients and my incredible team, for all the support and commitment, it's been overwhelming and something I'm extremely grateful for.

As a group, we are continuing to see noteworthy interest for leases from domestic and European brands looking to scale and expand into the UK. Conversely, we have been successful during 2018, in placing management agreements into heads of terms on four large (100+ apartment's) transactions, which is demonstrating the growing confidence in the sector from both the investor and banking communities.

**[CLICK HERE TO SUBSCRIBE TO OUR MONTHLY MARKET UPDATE!](#)**

## Industry Report

So, where are we in terms of activity and growth. 2018 has been probably the busiest year in my memory for activity within the sector, starting off with the Brookfield Asset Management Acquisition of the SACO property and operating company, which was the biggest deployment of investment and equity into the European markets to date. This has certainly raised the profile of the sector and brought many more investors to consider the sector as an opportunity area. The MRP Group, as a direct consequence of that transaction has been advising several large independent companies on their likely position and value should they consider marketing their business. These conversations have led to the MRP Group being mandated to bring three significant UK businesses to market. These will be made public in the last quarter of this year. Outside of platform and company propositions, the MRP Group have also been asked to advise on a multitude of assets across the country. These advisory roles in the most part have yielded significant opportunities for the sector, many of which we anticipate coming to market in the next few months. The underlying message here is that I can say without question, I have reviewed more opportunities for serviced apartments and aparthotels in 2018, than I have done in any other year, this all supports this market forecasts, which are predicting significant continued growth within the sector.



Pricing remains fragmented, and very much dependent on Geographic's, covenants and a growing understanding of the operators need to demonstrate effective distribution channels. However, we are seeing a more stable mindset to known locations and established brands. To this point, we are also pleased to see so many brands and operators adapt their models to include a distribution element. For me, this is the next evolution of the sector, the digital disruption of availability and booking ease for the consumer.

The last point I would like to finish on is over-complication; within hospitality we see a multitude of offerings, titling, labelling and positioning when the industry is simply offering a room with a bed for a guest. The consumer is looking for an experience often lead by the type of trip they are encountering on, by price and/or longevity. At my last count I found over 20 potential labels for serviced apartments, let alone when you start to look at hotel suites, hostels etc. Perhaps, we would be better to consider selling the brand's experience within the broader hospitality sector, rather than categorizing the experience as being within serviced apartments or aparthotels?

Click [HERE](#) to go to the MRP Web Page.

## **Coming Soon**

The MRP Group will be bringing two platforms to market at the end of this year along with three new exciting projects, totalling 600 new serviced apartment rooms in, London, Glasgow and Manchester!

Click [HERE](#) to see all our Coming Soon Projects!

## Year to Date Update

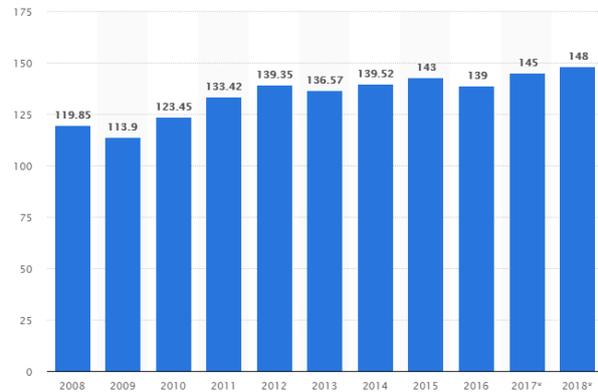
Here are some of 2018's industry facts, statistics and other Serviced Apartments / Aparthotel information.

### **BROOKFIELD'S ACQUISITION OF SACO** goes through at a reported £430 million!

This transaction was fiercely fought for by several of the globe's largest investment and equity funds

**ADR GROWS by 23.5%;** Shown to the right are the current statistics for the ADR in the UK between the years 2008 and 2018. In 2008 the average ADR was £119.85, but now in 2018 the average ADR has risen to £148. This is a £28.15 increase within the space of only 10 years.

**UK OCCUPANCY ON THE RISE;** The UK rate has risen from 81% in 2017 to 83% in 2018. In less than a year the occupancy rates have already risen 2%.



### **NOTABLE OTHER UK TRANSACTION** within the Serviced Apartment and Aparthotel market;

- **Supercity Aparthotels acquires Manchester property!**
  - Supercity Apartments have acquired the Light Aparthotel Manchester on Church Street. The mixed-use development has 172 apartments, of which 62 trade as an aparthotel.
- **Staycity London Heathrow sold to Schrodgers for £32M**
  - Ballymore properties has sold the Staycity Serviced Apartments London Heathrow to Schrodgers UK Real Estates for £32.4M.

Source: <https://www.ampmhotels.com/dashboard/home#page1>

Click [Here](#) to MRP News Page.

## Monthly Update

Within the UK there are currently 16,304 hotels, this adds up to a total of 736,138 rooms across the UK. Furthermore, there are 3,534 projects that are in the pipeline and this will bring an additional 212,260 rooms into the UK. However there have been 8,409 hotels that have closed, therefore, resulting in a loss of 233,08 rooms across the UK.

Source: <https://www.ampmhotels.com/dashboard/hotel-search>

**Live Projects;** Click [HERE](#) to see all The MRP Group's live projects!

### Project Turing



Having been released to the market last month, we have already received more bids than initially anticipated and with more bids expected. We are currently approaching the deadline for first bids.

Project Turing consists of C1 permitted use to be a serviced apartment and has a total number of 46 units available on a lease or management contract. [Click HERE to view more information!](#)

### Project Alcove



With Project Alcove only being released earlier this month following the high number of interested parties, the MRP Group have received several bids with more expected to follow.

We are looking for a Lease offer or a Land Sale, the building has 32 units all of which are Studios. The building is in central London which is the prime location for the use of a Serviced apartment or an Aparthotel. [Click HERE to view more information!](#)