Serviced Apartment Summit Europe

Market Update and Airbnb analysis

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Agenda

• Introduction to STR
• Serviced Apartment performance - Global
• Serviced Apartment performance – UK
• UK Market – Supply and Pipeline
• Airbnb Analysis
• Questions
Working with

+57 000 Accommodation Providers

In +110 countries

Reporting on 1600+ Markets

Including

3,500+ Accommodation Providers in UK
Key Performance Indicators (KPIs)

- Supply: rooms available
- Demand: rooms sold
- Revenue: rooms revenue
- OCC: occupancy
- ADR: average daily rate
- RevPAR: revenue per available room
STR and Serviced Apartments

- Committed to working with Industry
  - Liaising with stakeholders to improve current offering

- Aim to provide Serviced Apartments Industry with reliable, robust data
  - Benefit Individual operators and entire industry

- Ongoing relationship with ASAP
  - Currently working on new initiatives

- Significant sample of properties in UK and other key global destinations

- All serviced apartments welcome and encouraged to participate
Benchmarking 101 – Which provider is performing better?

Manager A

<table>
<thead>
<tr>
<th>% Change</th>
<th>Serviced Apartment A</th>
<th>A’s Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15%</td>
<td></td>
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</tbody>
</table>

Manager B

<table>
<thead>
<tr>
<th>% Change</th>
<th>Serviced Apartment B</th>
<th>B’s Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>-3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-10%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Global View
Global RevPAR % Change
USD, Europe in EUR, Constant Currency, May 2017 YTD

North America: +3.3%
Central America: +4.4%
South America: -5.8%
Europe: +6.5%
Southern Africa: +4.5%
Southern Africa: +4.5%
Middle East: -4.8%
Asia: +2.4%
Australia & Oceania: +3.5%
Serviced Apartments – Key global countries
Serviced Apartment – Key Global countries
Occupancy, ADR, RevPAR, May 2017 YTD, USD
Key Countries - Serviced Apartments vs Hotels
RevPAR % Change, May 2017 YTD
Key Countries - Serviced Apartments
Occ, ADR, RevPAR % Chg, May 2017, YTD, Local currency

Australia: 1.5%
Germany: 2.1%
UAE: -3.5%
China: -5.0%
US: 2.4%
UK: 6.5%

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Serviced Apartments - UK Performance
UK – Serviced Apartments - Main KPIs, May YTD 2017
A strong start to the Year

Occupancy: 78% (+1.9%)
ADR: £137 (+4.5%)
RevPAR: £107 (+6.5%)

GBP

74% (+2.2%)
£87 (+4.7%)
£64 (+6.9%)
London Serviced Apartments – Main KPIs, May YTD, 2017

A great start to the year – Devaluation of GBP
Impact of Terror remains to be seen

<table>
<thead>
<tr>
<th>Occupancy</th>
<th>ADR</th>
<th>RevPAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>80%</td>
<td>£181</td>
<td>£145</td>
</tr>
<tr>
<td>+4.7%</td>
<td>+10.9%</td>
<td>+16.1%</td>
</tr>
<tr>
<td>79%</td>
<td>£140</td>
<td>£110</td>
</tr>
<tr>
<td>+3.9%</td>
<td>+6.4%</td>
<td>+10.5%</td>
</tr>
</tbody>
</table>
Regional UK Serviced Apartments – Main KPI’s, May YTD 2017

A relatively flat start to the year

Encouraging, given supply increases

76%  
Occupancy  
-1.0%  

£89  
ADR  
+1.6%  

£68  
RevPAR  
+0.6%  

72%  
+1.5%  

£68  
+3.0%  

£49  
+4.5%
UK – Key Cities RevPAR % Change, May YTD, GBP

A mixed picture as supply growth takes hold

- London: 16%
- SE England: -1%
- SW England: 6%
- NW England: -2%
- Manchester: -6%
- Liverpool: 4%
- Birmingham: -2%
- Aberdeen: -4%
- Scotland: 8%

Total UK: 6.5%
Forecast
2017 forecasts looks good

Recovery Markets
Rebounding Occupancy
Brussels, Moscow, Paris, Milan

Hot Markets
High Occupancy, Balanced Supply/Demand
Amsterdam, Barcelona, Dublin, Madrid

Supply affected Markets
Supply Headwinds
London, Edinburgh, Manchester, Frankfurt, Dusseldorf

Solid Year
Stable performance
Prague, Athens, Rome, Budapest, Cologne, Munich, Regional UK, Warsaw, Vienna, Zurich, Berlin
Current supply & Pipeline
UK Serviced Apartment – Sector growth

Total number of Rooms, and YoY growth
Serviced apartment supply growth outpacing hotel growth

- Serviced Apartment supply
- Serviced Apartment Growth
- Total Accommodation Growth

2014: 17740
2015: 19173
2016: 19761
2017: 20372

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UK – Serviced Apartments by City
Top cities - Serviced Apartment room count
Situated in bases with strong corporate demand
UK – Serviced Apartments by City
Serviced Apartment vs Total accommodation (rooms)

<table>
<thead>
<tr>
<th>City</th>
<th>Total Accommodation</th>
<th>Serviced Apartments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total UK</td>
<td>978</td>
<td>249</td>
</tr>
<tr>
<td>Newcastle</td>
<td>1,213</td>
<td>256</td>
</tr>
<tr>
<td>York</td>
<td>1,294</td>
<td>280</td>
</tr>
<tr>
<td>Bristol</td>
<td>285</td>
<td>285</td>
</tr>
<tr>
<td>Reading</td>
<td>360</td>
<td>360</td>
</tr>
<tr>
<td>Glasgow</td>
<td>521</td>
<td>521</td>
</tr>
<tr>
<td>Leeds</td>
<td>364</td>
<td>364</td>
</tr>
<tr>
<td>Aberdeen</td>
<td>915</td>
<td>915</td>
</tr>
<tr>
<td>Birmingham</td>
<td>978</td>
<td>978</td>
</tr>
<tr>
<td>Liverpool</td>
<td>1,213</td>
<td>1,213</td>
</tr>
<tr>
<td>Manchester</td>
<td>1,294</td>
<td>1,294</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>10,717</td>
<td>10,717</td>
</tr>
<tr>
<td>London</td>
<td>80%</td>
<td>80%</td>
</tr>
</tbody>
</table>
UK – Serviced Apartments by City
Serviced Apartment Active Pipeline vs Existing Supply
Big 4 continuing to grow supply with largest active pipeline
UK Serviced Apartments - Projected supply growth

Active Pipeline - Projects with Opening dates
Serviced Apartment supply growth continues to outpace Hotels

- Serviced Apartment supply
- Serviced Apartment Growth
- Total Accommodation Growth

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STR Analysis – Airbnb and Hotel performance
STR Analysis – Airbnb & Hotel Performance

- Source data provided by Airbnb (not scraped data)
- 13 major global markets analysed
- Covering period December ’13 – July ‘16
- Effort made to compare ‘apples with apples’
  - Challenging due to nature of Airbnb
Head to head: Occupancy levels

Hotel occupancy was significantly higher than Airbnb occupancy.
Head to head: Occupancy levels – Key European destinations

Hotel occupancy was significantly higher than Airbnb occupancy.
Head to head: ADR
Rate achieved by Hotels also remains higher than AirBnB.

Barcelona (€)
- Airbnb: 94.87
- Hotel: 134.17

London (£)
- Airbnb: 115.55
- Hotel: 143.85

Paris (€)
- Airbnb: 237.96
- Hotel: 92.66

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Head to Head: Share of Supply, Demand, Revenue

Supply share more significant, and growing

Revenue and Demand shares below 4% and 3% respectively
STR Analysis – Compression nights
Does Airbnb impact ‘compression’ nights?
Number of ‘compression’ nights holds steady around long term average – International (non US) Sample
Does Airbnb impact ‘compression’ nights?

Number of compression nights holds steady around long term average

US sample
Does Airbnb impact ‘compression’ nights?
Rate premium achieved on compression nights – No obvious impact
Some bedtime reading....
STR Research
Collaborations to explore hot industry topics

AirBnB and Impact on Hotel performance

Markets included:
- Boston
- Los Angeles
- Miami
- New Orleans
- San Francisco
- Seattle
- Washington, D.C.
- Barcelona
- London
- Mexico City
- Paris
- Sydney
- Tokyo

Download here:
http://www.str.com/research

STR & Google
Can Google search results predict Hotel Occupancy levels?

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Thank You!

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