

For immediate release

ASAP/Savills Sentiment Survey – June 2018:

Serviced apartment operators' optimism for the next 12 months softens but future expansion plans remain robust

London, 2 July 2018

The results of the **June 2018 Operator Sentiment Tracker Survey** released today by the **Association of Serviced Apartment Providers (ASAP)** and **Savills** confirm that the sector continues to be optimistic about future business prospects but to a lesser extent when compared to the previous survey in November 2017.

The key findings for the UK serviced apartment sector are:

- **Overall optimism in the sector remains positive** with **38.5% of respondents** slightly to significantly more optimistic about business prospects compared to 6 months ago, but this is down on the 47.7% reported in November 2017.
- However looking forward, in terms of **business prospects for the next 12 months**, the level of optimism has softened to **13.5%**, down from **34.1%** in November 2017 (ie the net balance of respondents who are optimistic vs less optimistic).
- **Expansion plans remain robust** with **37.7%** of respondents stating they are accelerating expansion plans, slightly below the 40.9% in the November 2017 survey but comparable to 36.7% of respondents in the June 2017 survey.
- In terms of the operational outlook, the majority of respondents believe year-end performance will be broadly in line with 2017. This is the case for both occupancy (**50%** of operators expect year-end performance to be similar to 2017) and ADR (**average daily rate**) for **37.7% of operators**, which is encouraging off the back of the very strong year-end performance of the sector in 2017.
- The large increase in demand from the **leisure segment** reported in the November survey has not been sustained with 32% of operators reporting demand down on last year vs 22% reporting demand up, and the remainder (46%) broadly in line with last year.
- However in terms of **corporate demand** the net balance (difference between those who stated demand was up vs down) remains positive at 3.8%, although this is also lower than in November 2017.
- Future demand over the next 6 months is expected to continue to be dominated by **demand from the UK market (54.9%)**, with demand from both **Europe (21.6%)** and the Middle East also expected to increase (**9.8%** of respondents).

- **Business rates** have overtaken wider economic conditions to become the biggest perceived challenge facing the sector over the next 3 years with **60.4% of respondents** noting it as posing a challenge to their business.
Increased competition continues to pose as a significant challenge, ranking 2nd (58.5%) which reflects the increase in stock experienced over the past 12 months. Wider economic conditions and property acquisition costs both remain in the top 5 challenges to operators.

Marie Hickey, Commercial Director of Research at Savills, comments:

'Following a significantly strong year of growth for the serviced apartment sector in 2017, it is particularly encouraging to see from our Sentiment Survey that the vast majority of operators expect year-end performance to be in line with last year, despite increasing competition and wider economic conditions with the potential to create headwinds.'

James Foice, Chief Executive of the ASAP adds:

'Whilst the current economic environment is presenting our sector with some challenges, it is encouraging to see the majority of our members remaining optimistic about their business prospects for the next 12 months. And it's very positive to see over one third of operators (37.7%) state that they are accelerating their expansion plans which confirms the confidence in the future prospects for our vibrant industry.'

Ends

Further media information:

- Joyce Cawthorpe, Marketing/Media Manager, ASAP
T: 07590 123299 E: jcawthorpe@theasap.org.uk
- Rebecca Allen, Savills Press Office
T: 020 7409 8937 E: rebecca.allen@savills.com

Background

ASAP/Savills Sentiment Survey: This is a bi-annual operator sentiment tracker survey which tracks the changes in operator sentiment in the serviced apartment sector. The bi-annual Sentiment Survey has been running since summer 2016 – this is the fifth survey conducted.

ASAP: Association of Serviced Apartment Providers – www.theasap.org.uk - is the not-for-profit trade body dedicated exclusively to the serviced apartment industry. ASAP's 190 members own and operate over 100,000 properties globally. The membership also includes 12 serviced apartment agencies committed to supporting and growing the sector. The **ASAP Quality Accreditation** is the leading global quality assessment programme for the serviced apartment sector. <http://theasap.org.uk/memberships/quality-accreditation-programme/stay-with-confidence-quality-accreditation/>

ASAP News Hub: 'The Voice of the sector'- <http://hub.theasap.org.uk> - The news hub features all the latest news stories for the serviced apartment sector as well as interesting trends/insights in the wider travel industry.