



Views from the rooftop

**Property development
and investment in the UK**

October 2023



*Some Thoughts from
Tony Davies
Managing Director*

Something lighter

You have to laugh sometimes

Thought of the month



The definition of what constitutes an aparthotel is vague and open to interpretation. To most people it means a self-contained apartment, which might be a studio or have up to three bedrooms. It offers short-let stays starting from one night, with a lower level of service than a hotel.

Whilst aparthotels do not have facilities such as bars/restaurants and reception areas, the units are larger than hotels, rooms with some offering cooking facilities, writing desks and flat screen TVs. Check-in procedures tend to be remotely handled and laundry service etc. less frequent than a hotel.

Aparthotels fall under the planning classification of C1 - Hotels.

As is to be expected, the units vary in quality, size and style. Some have modern operating systems, remote check-in etc. Others rely on door keys, antiquated booking systems and an owner-operator 'hands-on' approach.

The larger brand chains typically have a uniform design and standard which appeals to a particular segment of the market. Over the last few years as the sector has expanded, they have moved the product up-market in terms of quality of room fittings and appearance. This is particularly the case in London and other major cities where the brand chains are increasing their market share.

In other parts of the country, the standards and quality tend to be lower, reflecting the lack of investment and professional management that the brand chains can offer.

There are now around 27,000 aparthotel units, with annual growth in supply forecast at 5.7%, of which over 70% of the new supply is set to be delivered by independent operators.

In 2022 there were approx. 3,000 new units under construction, of which only 40% of this new supply will be operated under a brand.

There is no recognized market leader and the sector is highly fragmented, with independent operators accounting for over 40% of the available units

- Profitability of the serviced apartment sector outperforms the Regional UK hotel market;
- Serviced apartments achieve GOP margin of 43% for the 12-months to May 2022;
- Higher proportion of extended-stay business targeted as a means of maximising profit margins;
- Institutional appetite for serviced apartments at an all-time high.

Knight Frank

The aparthotel sector as a whole has gone from strength to strength over the last few years. From being a niche concept back in the early 2000s, it's now a sector of the hospitality industry where serious investments are being made.

Shaan Ahmed, COO of Roomzzz

