

Hotel, Tourism & Leisure Monthly Round-Up

December 2023

The UK Government takes one step forward for UK hospitality (rates)..

The government announced extension of businesses rates relief into 2024, welcome news for an industry which had been petitioning for this, however long-term solutions are required.

[As 60% of UK travellers prioritise eco greener holidays](#), and ESG legislation becomes more prevalent, there are calls for the government to provide more incentives, rebates or grants to help the transition to net zero and encourage environmentally friendly solutions.

The government also announced time extensions to freeports and investment zones, which could prove attractive to some investors.

[Read Crowe UK's Real Estate team's analysis of the autumn statement here.](#)

.. and one step back (staffing)..

In the latest move to curb net migration, the UK government has announced a close to 50% rise of the salary threshold for skilled visas from £26,000 to £38,700. [According to UK hospitality, approx. 95% of the visas issued to skilled chefs and managers would not meet new requirements.](#)

.. as investors also have other upcoming areas of concern (ESG)...

[Stranded asset risk is an increasing concern for hotel investors](#) as ESG requirements could deem properties unusable and decrease value. Many hotel owners are clearly unprepared for the challenges ahead. In an effort to stamp out greenwashing and make a material impact, regulators are moving steadily to make non-financial compliance and audits as important as financial reporting. Due diligence and feasibility analysis must incorporate long-term sustainability planning to meet tightening regulations.

Financial institutions will likely begin to look at borrowing organisations' ESG plans for their Real Estate assets as a way to minimise the risk of stranded assets ending up on their books.

.. and are creating strategies to make projects work in the UK...

The sale of Branded Residences can help hotel developers underwrite their hotel projects, commanding an average 30% price premium over comparable unbranded residences. While in the UK such projects have, so far, been limited to London's Luxury segment, in Asia and the Middle East, residences have also been successfully marketed under Upper Upscale hotel brands.

The upcoming [W Manchester with 167 hotel rooms and 217 apartments](#) - suggests confidence that the model can also work in the UK's secondary markets.

As hotel finance remains tight, more investors and hotel brands are recognising the potential of branded residential – integrated with a hotel or stand-alone - fund their projects and optimize returns.

.. whilst in some overseas areas, demand is so good it's bad!

Tourism hotspots across Europe are under pressure to legislate to control tourism at the risk of much needed revenues and jobs in the sector.

[San Sebastian, for example, is gearing up to block new hotel developments](#), while others look to limit visitor numbers, outlaw heavy drinking party tours and tighten accommodation licensing.



The Horwath HTL UK team rounded off the year with James Chappell, Global Business Director and Stephanie Henley, Global Brand and Marketing Manager at the Royal Automobile Club, Pall Mall.

We wish you a very merry festive season and a happy and successful New Year and look forward to reconnecting in 2024.

About the Horwath HTL UK Team

Malcolm Kerr, Elliot Cornish-Sheasby, and Vedika Jhunjhnuwala are a team of hospitality professionals with over 40 years of combined experience.

They provide strategic support to hotel, tourism, and leisure stakeholders in the UK and worldwide. With expertise in strategic planning, operations, development, risk and assurance and ESG for hotels, F&B, spas and private members clubs and events.

Together, Malcolm, Elliot, and Vedika can help clients achieve their hospitality goals. They are committed to providing clients with the highest quality of service and support.

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