



## Hotel, Tourism & Leisure Monthly Round-Up

August 2023

### **As arrivals and spending return to pre-pandemic levels, local governments look to raise taxes.**

Excessive summer heat over much of Southern Europe looks set to increase future demand for cooler northerly destinations including the UK, while pressure on household budgets and rising costs make staycations the default option for many. We are seeing increased investor interest in glamping and other outdoor based offerings which tap into the growing demand.

Tourist arrivals to many destinations are already at or above 2019 level bringing much needed income but creating considerable friction between local-residents and visitors at many popular tourist destinations. Local and national authorities must tread carefully to establish policies and regulations which sustainably harness the value of tourism. Tourist taxes, which have been a feature across Europe for several years, are now controversially proposed in Edinburgh and in Wales. Consultations continue but we expect to see taxes payable in several cities around 2026/2027 increasing the cost to consumers and pressure on hotel owners and operators.

Meanwhile, as Beijing announced lifting covid-era group travel restrictions to major markets including the UK retailers renewed their lobbying for the UK government to reinstate VAT refunds for foreign shoppers to be consistent with the EU. Pre-pandemic, Chinese group tours accounted for £120B spending per year.

### **Events are boosting leisure demand, while business travel bounces back**

Major sport events and concert tours are boosting visitor arrivals and hotel occupancies at host destinations around the world. Despite pre-event concerns over ticket sales, The FIFA Women's World Cup broke records for attendance and global viewers while filling commercial accommodation around the match venues in New Zealand and Australia with ADR in New Zealand was up 35% over 2019.

Elsewhere in August, the World Athletics Championship in Budapest and the UCI World Cycling Championships in Glasgow, provided a significant lift to hotel performance for the months.

### ***Swifties are taking over the UK!***

Beyond the sports world, 2023 has seen the return of major global concert tours. Reflecting the benefits to the hotel sector, Travelodge Hotels reported that Taylor Swift Era's Tour has helped them sell-out hotels at concert venues in the UK, while Beyonce's Renaissance World Tour and Harry Styles' Love On Tour contributed their record-breaking half year revenues.

### ***Business is bouncing back faster than expected***

Despite changes in global business travel booking habits, with the rise of video conferencing and zero carbon commitments, The Global Business Travel Association forecasts that spending in 2024 will exceed their pre-pandemic predictions for the year. The advent of 'bleisure' and strong forecasts suggest face to face interaction remains vital to businesses worldwide.

## UK pipeline remains the strongest in Europe but owners focus on PIPs

According to Lodging Econometrics Construction Pipeline Trend Report at the end of Q2, 2023 the UK leads Europe with some 322 hotel projects and 45,181 rooms in the pipeline. London alone accounts for 82 projects with nearly 15,000 rooms. Questions remain as to the impact of increased development and the viability of projects which are still in planning stages. In the meantime, hotel owners and brands are taking advantage of the strong trading environment to revisit property improvement plans (PIPs), many of which were deferred to preserve cash through the pandemic. As new hotels enter the market (many delayed through the pandemic), existing unrenovated hotels risk losing market share.

### Tax Focus

#### **Recovering VAT on the disposal of shares in a company**

There may be opportunities for businesses to reclaim VAT incurred on professional costs in relation to the disposal of share in companies, both prospectively and in respect of prior transactions.

For more details and a case study [see this article](#) written by our colleague Ajay Raval, Senior Manager, VAR and Customs Duty Services.

#### **Webinar on Stamp Duty Land Tax (SDLT)**

SDLT is payable land or property transactions in the UK and a full understanding of the related regulations basis of calculation and is material in the assessment of any real estate deal.

Join Partners, Caroline Fleet and Nick Latimer on 14 September, 11am BST for an hour on Stamp Duty and Land Tax in the UK. [Register here](#)



Hotel, Tourism and Leisure

### Meet with Crowe & Horwath HTL at AHC

Crowe UK & Horwath HTL UK are delighted to sponsor AHC and look forward to connecting in Manchester on Sept 11-12th



Elliot Sheasby



Vedika Jhunjhnuwala



Malcolm Kerr



Tatiana Gullen

### Annual Hotel Conference: Adapt to Thrive

We are looking forward to AHC in Manchester on 11-12th September where Malcolm, Vedika and Elliot will be joined by Corporate Audit Director, Tatiana Gullen and Malcolm will moderate a panel on [Exclusive Use Hotels: The Next Chapter](#) on **12 September 11.30 to 12.15**. Meet us at Stand 47.

### 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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