

2024 Mid-Year Review

Overall, the UK staycation market has continued to experience sustained market demand despite consumers facing pressure from inflation, high interest rates and cost-of-living challenges. Booking volumes and pricing have returned to normalised levels following the pandemic, although customers are generally booking closer to departure and with a greater mix of short breaks.

Our proprietary technology engine, ability to seamlessly adjust pricing to match market demand and strong relationships with our consumers, alongside the use of consumer-friendly low deposit and flexible cancellation options means we continue to deliver competitive prices for our consumers whilst maximising the returns for property owners and our divisions.

Developments in the period

During the period the Specialist Operator division continued development of its 13th site at Glentress (56 cabins) which is expected to open before the end of 2024, commenced development in Ben Nevis (50 cabins) and expanded its existing Strathyre location with 12 additional cabins which are expected to open in July 2024. The pipeline continues to build with active planning conversations and two further sites in the final stages of pre-development planning. The upcoming UK General Election does risk potential delays to planning processes, but these are believed to have a short-term impact only.

In September 2023 the Board made the decision to restructure the Group, formalising the provision of central services for Legal, Finance, HR, Technology and Marketing, alongside a redundancy program. A formal consultation process took place from late September and was completed in December 2023.

The Group is leveraging cross-divisional capabilities, as the Product team deployed successful website developments tested in the UK Agency division onto the Specialist Operator website, and Specialist Operator stock was made available on the UK Agency website.

Internationally, a key development is system development to allow us to administer the tax changes regarding GST on platforms (App Tax) in New Zealand. Despite the restrictive timeline our Group Technology and Finance departments worked closely together with the local New Zealand team to ensure the division had a solution implemented before the App tax went live on 1st April 2024.

Divisional Performance

The UK Agency division has performed well in the first half of the year, despite the normalisation of demand. Occupancy remains in line with prior year, while rate has remained competitive. Given the economic uncertainty the division continues to closely monitor and control costs.

The Specialist Operator Division has followed a similar trend to UK Agency with occupancy remaining in line with prior year at competitive rates. Due to the continued inflationary pressures on utility costs, the division has had to absorb the increased energy costs. However, during the first half of the year Forest Holidays entered a fixed price contract allowing utility costs to be managed for the rest of the financial year. Similarly to the Agency division the Specialist Operator division continues to closely monitor and control costs.

The Caravan division is growing in line with expectations. The division continues to roll out its commission model, enabling the division to offer a wider variety of options to the consumer, whilst also increasing booking volumes for owners via an expanded marketing program.

The International division has traded positively in the first half of the year. New Zealand has experienced similar uncertain conditions to the UK, alongside a general election. Given the uncertain economic conditions the international division is closely monitoring and controlling spend.

Outlook

We expect occupancy in the UK Agency and Specialist Operator Division to continue in line with prior year levels whilst we continue to develop choice and quality of stock across UK and Ireland.

The Specialist Operator Division has a healthy and expanded pipeline of development sites to facilitate our future growth at an accelerated rate.

The group will continue to invest in UK Caravans4hire to facilitate further growth and diversify our portfolio to provide increased choice to consumers.

As New Zealand implemented an App Tax on 1st April 2024, the International division expects to see some temporary softening of the market as prices adjust to the new regime. Once the market has normalised, the International division expects occupancy to continue at prior year levels with competitive market prices for consumers.