

**July 2020**

## **Business Plan**

**Conversion of outbuilding into a self-contained holiday let at Cae Rhos, Seion.**

## 1. Executive Summary

The proposal is for the conversion of an agricultural Stone stables, built circa mid-19th Century, into holiday accommodation. The conversion will offer a two bedroomed luxury holiday accommodation for those wishing to explore Snowdonia, Llŷn Peninsula and the wider area.

There's been a significant increase in "staycations" over recent years and it can be assumed this will continue to increase when the effects of Brexit are realised. It can therefore be expected that the requirement for suitable, high quality holiday lets will only increase. Converting the outbuilding will provide additional accommodation for holiday makers to stay in or near Seion. Whilst staying at the premises, visitors will contribute to the local economy.

With a single holiday let accommodation the projected net profit for year 1 will be £8,112 increasing to £16,224 in year 5. These projections show the proposal to be a viable venture.

## 2. Introduction and Overview of the Business

The proposed business is to convert an agricultural barn at Bryn Mawr into a holiday let, offering a 2 bedroomed unit for four persons and the possibility of additional space for children. The intention is to provide a luxurious interior while maintaining the character of the outbuilding

The outbuilding is set in a rural location but is centrally located with easy access to market towns such as Bangor, Llanberis, and Caernarfon.



Figure 1. Location map

Wales Government statistics show there were 5.1 million overnight domestic GB trips to Wales in the first six months of 2018, generating expenditure of £907 million, with North Wales being the most popular area to visit in Wales.

### 3. Market and Competition

The target market for the proposed holiday let will be couples and young families, particularly those with a keen interest in outdoor activities and local history.

- Families – Ideally located for families due to its rural setting providing a safe environment for children to play outside. Close to Mountains, beaches and attractions.
- Cyclist – Easy access onto the road network for cyclists.
- Walkers – The Wales Coastal Path is within close proximity, offering stunning coastlines to explore.
- Snowdonia national park range is within easy traveling distance and attracts 4.27 million visitors per year.

Based on the proposed holiday let being a two bedroom rental, the main competitors will be those offering similar and in rural locations, typically small luxury farm cottage stays in the area of Seion. Through searches online via holiday letting site such as Quality Cottages, Airbnb and Sykes it becomes apparent that there are very little holiday cottages available/advertised in the surrounding area.

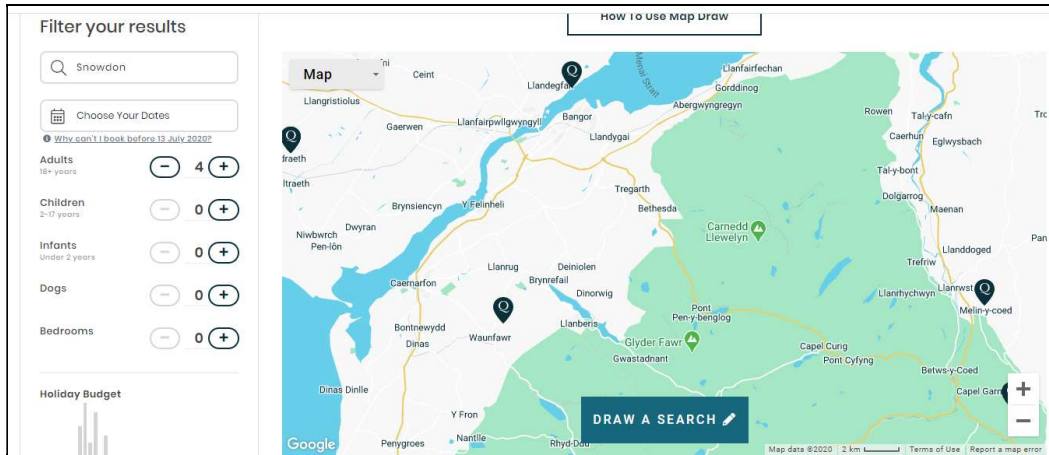


Figure 2. Quality Cottages search results for 4 guests.

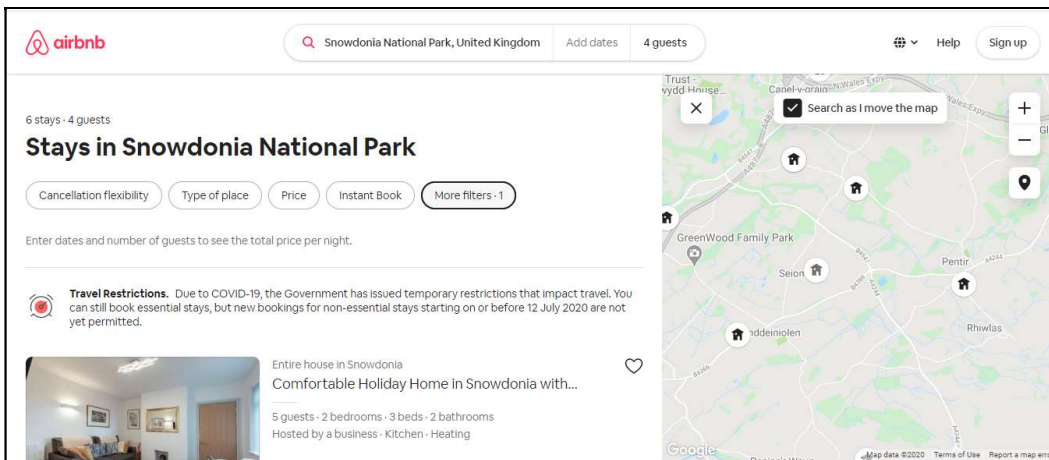


Figure 3. Airbnb search results for 4 guests

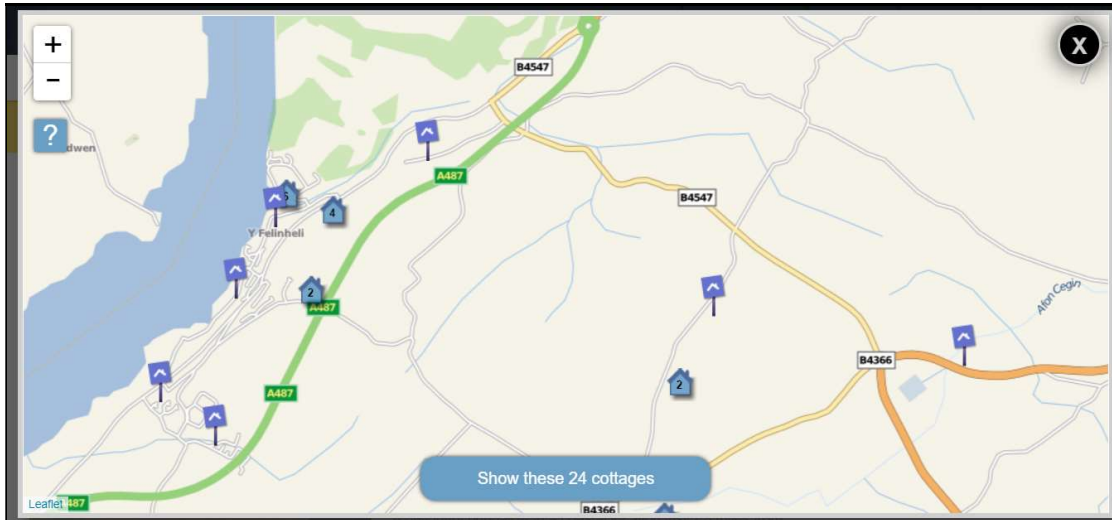


Figure 4. Sykes search result for 4 guests.

The outbuilding at Cae Rhos is located in a rural area surrounded by fields, boasting excellent privacy and tranquillity which sets the place apart from its competitors. Once developed, the proposed holiday let will be able to charge a premium to customers for their stay given its rural location and unique character.

#### 4. Sales and Marketing Strategy

It is anticipated that the services of a letting agent will be used for general marketing and to manage the bookings. The property can be advertised on more than one website and on various social media platforms. Advertising on social media is an increasingly popular method given its simplicity and its vast audience. As customers could visit from anywhere (UK or abroad) the internet will be more effective than advertising in magazines.

The business will contribute to the local economy as research shows that visitors staying in self-catered holiday accommodation spend more time in the local community than those staying in hotels. Being self-catered encourages visitors to purchase food and other necessary items from local shops, pubs and restaurants such as those available in Bangor, Llanberis and Caernarfon.

It is anticipated that the conversion, if granted, would create employment opportunities for local people, such as:

- Local builders for the initial conversion and general maintenance during operation.
- Landscape gardeners to maintain the grounds.
- Cleaners and housekeeping.
- Visitors will spend money in local shops, restaurants, cafes, pubs and local attractions which will retain and create jobs for local people.

#### 5. Financial Information

The estimate cost of the conversion will be approximately £1250 per m<sup>2</sup> with a combined plan area of 105m<sup>2</sup>, requiring a budget of £131,250 set aside by Ms. Evans. It is anticipated this value will be reduced through competitive tender for the renovation work.

The following table shows the expected sales forecast for a period of 5 years. Predicted occupancy levels are based upon historical levels of high-quality accommodation in the area.

Table 1. Income forecast over a 5 year period.

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Average rate per week (£)</b>	£650	£650	£650	£650	£650
<b>Occupancy per year (%)</b>	40%	50%	60%	70%	80%
<b>Letting weeks per year</b>	20.8	26	31.2	36.4	41.6
<b>Income per year (£)</b>	£13,520	£16,900	£20,280	£23,660	£27,040
<b>Costs per year @ 40%</b>	£5,408	£6,760	£8,112	£9,464	£10,816
<b>Profit for property per year</b>	£8,112	£10,140	£12,168	£14,196	£16,224

The average rate per week is calculated at £650/week over the first 5 years. As the number of letting weeks increase, the average rate would fall due to limited peak season, but this will be counterbalanced by the impact of inflation and increases in weekly rate.

The forecast indicates a gross income for the property of £13,520 in year 1 increasing to £27,040 in year 5 with a net profit of £8,112 in year 1 increasing to £16,224 in year 5. Once the property becomes established it is anticipated that these figures would increase.

The projections show the proposal to be a viable venture. Predicted occupancy levels and average income rates are considered conservative and are expected to increase at a higher rate than shown.

#### Appendices

1. <https://gov.wales/statistics-and-research/wales-tourism-performance/?lang=en>
2. <https://www.sykescottages.co.uk/>
3. <https://www.qualitycottages.co.uk/>
4. <https://www.airbnb.co.uk/>