

Parkdean Resorts hails strong resilience in the face of strong headwinds

The boss of North East holiday company Parkdean Resorts has hailed a strong year across its UK network of parks despite seeing profits fall in the wake of new challenges.

The holiday park owner and operator, which owns and operates 66 holiday parks set over 3,500 acres of land, has published accounts for 2022, in which CEO Steve Richards discusses the firm's caution over passing on price rises to customers in the grip of the cost-of-living crisis. The firm, which has its head office in Gosforth, Newcastle, posted revenues of £534.4m, a 0.4% dip on the 2021 figure of £536.4m, which had benefited from the temporary post-Covid VAT relief.

The sales figure represented an 18% jump on pre-Covid turnover of 2019, which it said reflected a stable UK staycation market. In the accounts Mr Richards said that the firm emerged from the pandemic to a new set of challenges, including double digit inflation, rising interest rates, low consumer confidence levels and geopolitical uncertainty.

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Operating profit dropped by 86% from £135.7m to £18.9m, with the previous year's figure also buoyed by VAT relief, which came to an end in March 2022. The previous year's pre-tax profit of £79.7m was also converted to a loss of £36.4m as the firm tackled inflationary pressures, a drop in holiday home sales volumes and the normalisation of VAT.

Mr Richards says in his report: "In the face of these strong headwinds, yet again, our teams across the business have shown

outstanding resilience in the face of some very difficult operational challenges whilst continuing to focus on our primary purpose which is to ensure we create amazing memories for our holiday guests and owners.

“Whilst we were able to mitigate direct cost of goods increases through pricing we were unable to pass through significant cost inflation in our labour and utility costs. As regards utility costs, despite a successful hedging strategy we still saw utility costs increase by £9.8m.”

Looking ahead, Mr Richards said the firm expects to see holiday home sales to return to ‘modest volumes’ and highlighted how its extended seasons could also serve it well.

His accounts report said: “The business is well placed, following years of investment in the estate, the brand, and our people, to face up to these challenging trading conditions, and actions taken towards the end of 2022 to reduce our cost base and lock in pricing for key expenditure will mitigate the impact of further inflationary pressures.

“We expect strong staycation demand as seen during previous recessions. British consumers continue to demand multiple holidays and short breaks in a year, providing the ideal opportunity for Parkdean Resorts to extend the holiday season and improve occupancy in off-peak periods.”

Following the publication of the accounts, Mr Richards told The Journal: “As a company we were not immune from the challenge of rapidly increasing gas, electricity and food inflation which affected profitability in 2022. As a business we took a long term view with regard to dealing with inflation in 2022, and whilst we continue to focus on delivering further cost efficiency, we were very cautious with regard to increasing our pricing in order to maintain our value for money position and we remain 100% focused on offering affordable breaks for hard working UK families.

“In terms of our more recent trading in 2023, we are pleased to note that occupancy was at 98% throughout our peak trading months, and that our satisfaction and loyalty scores show 82% of holidaymakers would recommend us, with over half of our guests being repeat bookers in 2023.

“Looking ahead into 2024 we remain cautious but note that the worst of the cost inflation is behind us, consumer confidence is gradually improving, and at time of writing, our forward 2024 holiday bookings are very strong. The business successfully refinanced its senior debt in 2023 and we look forward to making further progress as we continue to strengthen our brand, invest in our parks and accelerate the further digitalisation of the business.”