

UK Hotel Trading Performance Review



2026

A year of two halves in 2025, but one of steadfast resilience. The biggest challenge for the year ahead will be protecting the Net Operating Income, as the strong rise in business rates is expected to erode margins across all segments of the UK hotel market.

<https://www.knightfrank.co.uk/research/sectors/hotels>



Foreword

Amid low revenue growth and sustained significant cost pressures, we evaluate how the UK hotel market fared in 2025 and consider the broader implications for market conditions in the year ahead.

Confronting the headwinds and building resilience have been key themes which the UK hotel sector has battled in recent years, whilst simultaneously driving its recovery in a post-pandemic era.

Despite the unsettled and challenging trading environment encountered in 2025, the sector has shown steadfast resilience, with a much more robust performance achieved during the second half of the year. As a result, the steep declines in

GOPPAR endured during the first half of the year, driven by reductions in the ADR, combined with increasing costs, were reversed, with full year RevPAR for 2025 on par or ahead of the previous year and GOPPAR almost stable, across most segments in London and regional UK.

As we move into 2026, the operating landscape in the UK has become increasingly challenging, shaped by the cumulative effect of recent policy shifts – including higher business

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The July London Victoria, opened July 2025

rates, rising employment costs, and new regulatory obligations. Together, these pressures are likely to temper the pace of growth in the UK hotel market over the near term, and increase the likelihood of declining profitability and margin erosion across the sector.

Many hoteliers will, however, be looking to sustain the positive trading momentum that underpinned the strong finish to 2025. While budgeting remains cautious across much of the sector, there is measured optimism that 2026 will bring continued revenue growth (building on last year’s comparatively resilient performance) – supported by increased room rates and continued growth in wellness and leisure demand. The biggest challenge, however, will be protecting the Net Operating Profit, as the strong rise in business rates is expected to erode margins across all segments of the UK hotel market.

Once the three-year transitional relief for business rates comes to an end, as it stands, allowing for inflationary growth, many hotel owners are set to face liabilities returning to – or in many cases even surpassing – the levels of taxation seen in 2019. The key difference, however, is that the trading landscape has fundamentally shifted. Our analysis shows that operating conditions are now far more challenging, with cost burdens significantly higher than in 2019. As a result, the impending rise in business-rates obligations represents a substantial headwind for the sector, and profitability is likely to come under further pressure unless appeals are successful or additional government relief is provided beyond what is currently available.

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Key Performance Indicators

Calendar Year 2025 v 2024

LONDON				REGIONAL UK			
							
OCCUPANCY				OCCUPANCY			
H1	H2	FY 2025		H1	H2	FY 2025	
78.4%	86.5%	82.5%		72.4%	78.9%	75.7%	
▲ 0.5%	▲ 1.9%	▲ 1.2%		▲ 0.3%	▲ 1.2%	▲ 0.8%	
							
ADR				ADR			
H1	H2	FY 2025		H1	H2	FY 2025	
£232	£273	£253		£100	£110	£105	
▼ -2.5%	▲ 2.0%	▲ 0.1%		▼ -0.8%	▲ 2.2%	▲ 0.9%	
							
REVPAR				REVPAR			
H1	H2	FY 2025		H1	H2	FY 2025	
£182	£236	£209		£72	£87	£79	
▼ -1.8%	▲ 4.4%	▲ 1.5%		▼ -0.4%	▲ 3.8%	▲ 1.9%	
							
TREVPAR				TREVPAR			
H1	H2	FY 2025		H1	H2	FY 2025	
£239	£304	£272		£112	£132	£122	
▼ -1.0%	▲ 4.7%	▲ 2.7%		▲ 0.3%	▲ 3.3%	▲ 2.0%	
							
GOPPAR				GOPPAR			
H1	H2	FY 2025		H1	H2	FY 2025	
£86	£137	£112		£30	£44	£37	
▼ -8.5%	▲ 5.3%	▼ -0.5%		▼ -5.0%	▲ 3.9%	▲ 0.2%	
							
GOP %				GOP %			
H1	H2	FY 2025		H1	H2	FY 2025	
36%	41%	41%		27%	30%	30%	
▼ -1.1%	▼ -1.1%	▼ -1.1%		▼ -0.5%	▼ -0.5%	▼ -0.5%	

Source: [HOTSTATS](https://www.hotstats.com)

Forecasts

Whilst the forecasting environment remains unpredictable, there is cautious optimism that revenue growth will modestly exceed 2025 levels. Strengthening top-line performance remains fundamental to hotel trading – and is now even more critical given the increasingly challenging outlook for sustaining current profit levels.

In partnership with HotStats, we have produced our latest comprehensive review of the UK’s hotel trading performance, providing a unique insight into hotel revenues, operational and undistributed expenses, and profitability.

We present data by the various industry recognised segments, as well as portraying overall performance for London and Regional UK. Our total London data set focuses on hotels within the Inner London boroughs and is more heavily weighted towards full-service,

branded hotels in the upscale, upper-upscale and luxury segments.

Leading indicators suggest a gradual improvement in the underlying economic conditions, with market expectations for at least two UK base rate cuts in 2026 and with inflation to ease to around 2.1% by the year-end – close to the BoE long-term target of 2.0%. Services and food price inflation are also forecast by the BoE to moderate to levels slightly above this. Taken together, these influences are expected to ease the upward pressure on operating costs.

REVENUE KPI FORECASTS

In London, we consider that the market will maintain occupancy broadly on par with 2025. VisitBritain has forecast growth in inbound arrivals of 4% for 2026 and, as is typical, a high proportion of this demand will be captured by the London hotel market. This growth in demand should therefore enable the absorption of the new supply planned to open, without negatively impacting occupancy. Based on current market conditions, we consider our forecast occupancy of 82.6% to represent a broadly stabilised trading position.

For regional UK, despite new supply being more constrained and mostly confined to specific cities, we consider there is only limited opportunity for further occupancy growth, having reached 75.7% in 2025. Growth will be limited to certain key markets, whilst most hotels across regional UK are likely to have reached a stabilised level of performance.

For London and regional UK, we consider the growth in revenues will come from an increase to the ADR, due to the ongoing cost pressures forcing operators to raise prices. We have forecast ADR growth of 1.8% in London and 1.5% across regional UK for the year ahead.

the threat of terrorism, with enhanced protection required by improving security systems, processes, and staff training. All of which will have cost implications for those hospitality premises which fall within the set criteria. Whilst changes to the

regulatory environment are not due to take effect until 2027, many businesses are expected to begin making the necessary preparations over the coming year to ensure they can adapt to the new legislation once it comes into force.

FORECAST

	LONDON			REGIONAL UK		
	Occupancy	ADR (£)	RevPAR (£)	Occupancy	ADR (£)	RevPAR (£)
2019	82.3%	212	174.1	77.3%	80	62
2022	67.3%	254	170.8	70.0%	69	68
2023	77.5%	255	197.6	74.1%	102	75
2024	81.3%	253	205.9	75.0%	104	78
2025	82.5%	253	209.1	75.7%	105	79
2026 Forecast	82.6%	258	213.1	75.9%	107	81

	% ANNUAL CHANGE			% ANNUAL CHANGE		
	Occupancy (points)	ADR (£)	RevPAR (£)	Occupancy (points)	ADR (£)	RevPAR (£)
2022	40.7%	27.2%	221.1%	23.7%	9.6%	65.7%
2023	10.2%	0.5%	15.7%	4.1%	5.1%	11.3%
2024	3.8%	-0.7%	4.2%	0.9%	2.4%	3.6%
2025	1.2%	0.1%	1.5%	0.8%	0.9%	1.9%
2026 Forecast	0.1%	1.8%	1.9%	0.2%	1.5%	1.8%

Source: HotStats / Knight Frank forecasts



FUTURE DRIVERS – TAILWINDS

Growing confidence and improving momentum – details of most key challenges presented.

Growth in inbound tourist visits to the UK – VisitBritain forecast 4% in 2026.

Regional UK airports’ drive to enhance both European and transatlantic connectivity.

Modest reduction in interest rates expected in 2026.

AI adoption accelerating – operational improvements and enhancements.

Availability of debt and competitive terms, supporting financing for investment and capex.

Increased demand for leisure and wellness, experience-led stays and city-wide events.



CHALLENGES – HEADWINDS

Significant increase in business rates payable for many operators from April 2026.

Increased regulatory costs – phased introduction of Employment Rights Bill and Martyn’s Law.

Above inflationary rise of to the National Minimum Wage.

Rapid expansion of short-term rental inventory, with the rise in channel managers.

KPIs – nominal v real growth 2025 v 2019

LONDON

In 2025, London's ADR and RevPAR averaged 20% above 2019 levels. However, in real terms, the absence of ADR growth over the past three years has eroded much of the post-pandemic uplift. The slow recovery of F&B revenues has further constrained TRevPAR growth. Alongside this, a challenging trading environment, characterised by above-inflation wage increases and substantial growth in new supply, has placed additional pressure on both topline revenues and profitability.

Persistently high inflation throughout this period has meant that London's hotel market has struggled to keep pace with rising cost pressures. In 2025, full-year TRevPAR was 15% higher than in 2019 in nominal terms; however, once adjusted for inflation, it was approximately 15% lower.

Profitability shows a similar dynamic; although GOPPAR has recovered to sit 3.5% above 2019 levels on average, in real terms profits remain significantly compressed, down by 24%.

Over the six-year period, London's upper-upscale hotels have led market performance, delivering revenue growth of 22%, whilst profits have increased by 15% in nominal terms. In comparison, London's luxury hotels achieved TRevPAR growth of 18% but faced substantially higher cost pressures and fewer opportunities for operational efficiencies, leaving GOPPAR still 2.5% below 2019 levels in nominal terms. Despite their lean operating model, select-service hotels experienced the sharpest profit erosion, with GOPPAR falling 14% against 2019 – and 36% in real terms. Overall, whilst Upper Upscale hotels have achieved the strongest growth in

20%

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both TRevPAR and GOPPAR, like all the other London market subsectors, real growth has proven not only elusive but substantially lower than 2019.

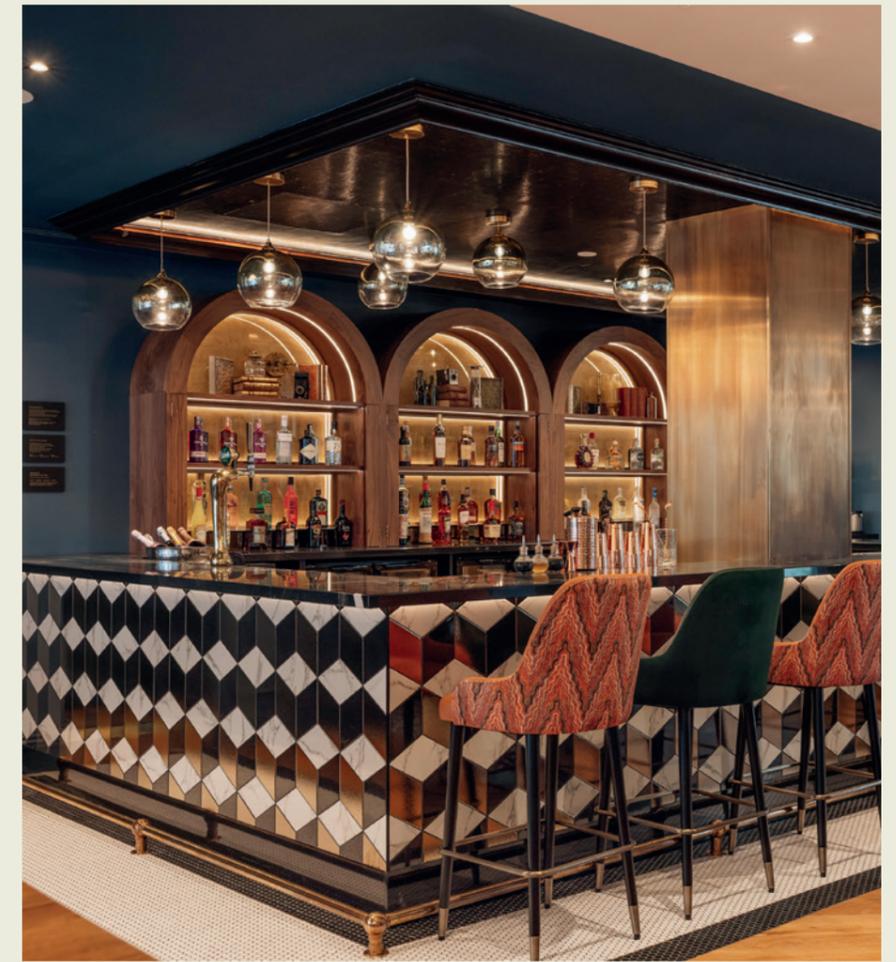
REGIONAL UK

The recovery of the regional UK hotel market in nominal terms since the pandemic has been remarkably strong, with most categories recording ADR growth of more than 30% compared with

2019. Growth of ancillary revenues have further bolstered performance, particularly in the upper-midscale and select-service segments, where TRevPAR has expanded at a pace consistent with RevPAR. Nevertheless, despite impressive nominal growth, both TRevPAR and GOPPAR remain significantly lower than 2019 levels in real terms – averaging 9% and 16% below respectively – predominantly due to significant cost pressures, with operators having to absorb much of these elevated costs. Whilst in real terms still some 5% below pre-pandemic levels, the Upper Midscale segment has achieved the strongest performance.

GOP MARGIN COMPARISON – 2025 V 2019

Despite the cost efficiencies that have been achieved, a comparison of where GOP margins now sit, compared to where there were in 2019, provides clear evidence that hotels in 2025 are now operating under very different conditions, with GOP margins having come under significant pressure in recent years. The average GOP margin achieved in London has fallen to 41%, some five percentage points lower than compared to 2019. Throughout regional UK, the dynamics are similar, where



Hotel Indigo London Clerkenwell by IHG, opened June 2025

TRevPAR and GOPPAR

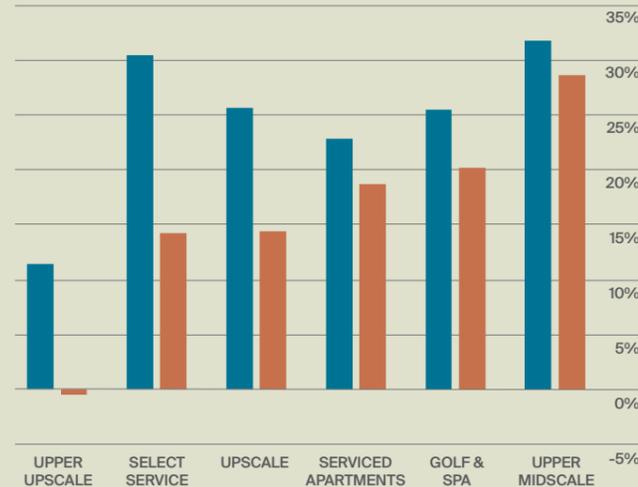
% change 2025 v 2019

■ TRevPAR ■ GOPPAR

LONDON



REGIONAL UK



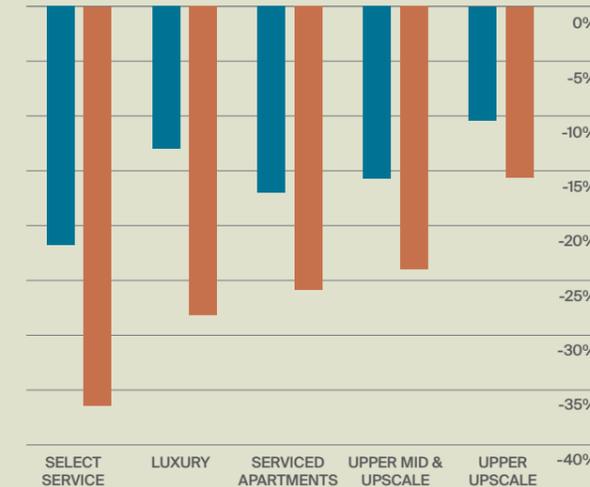
Source: HOTSTATS

Real growth TRevPAR and GOPPAR (stripping out the impact of inflation)

% change 2025 v 2019

■ TRevPAR ■ GOPPAR

LONDON



REGIONAL UK

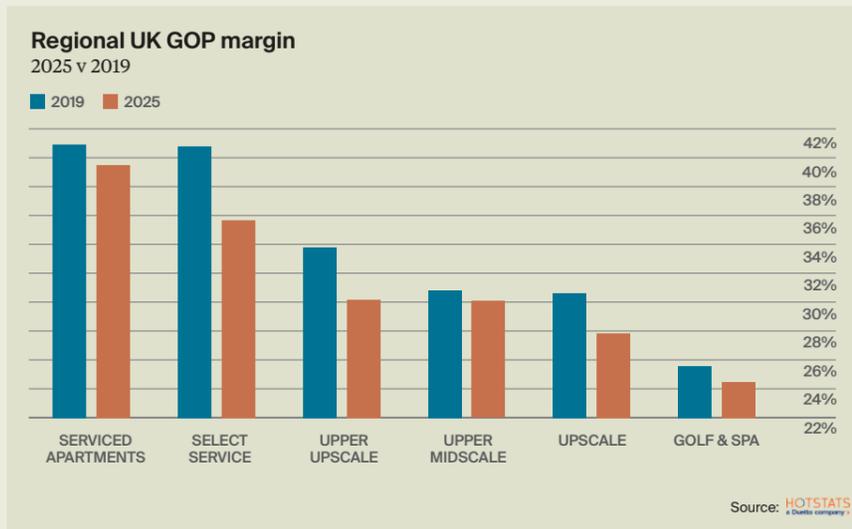
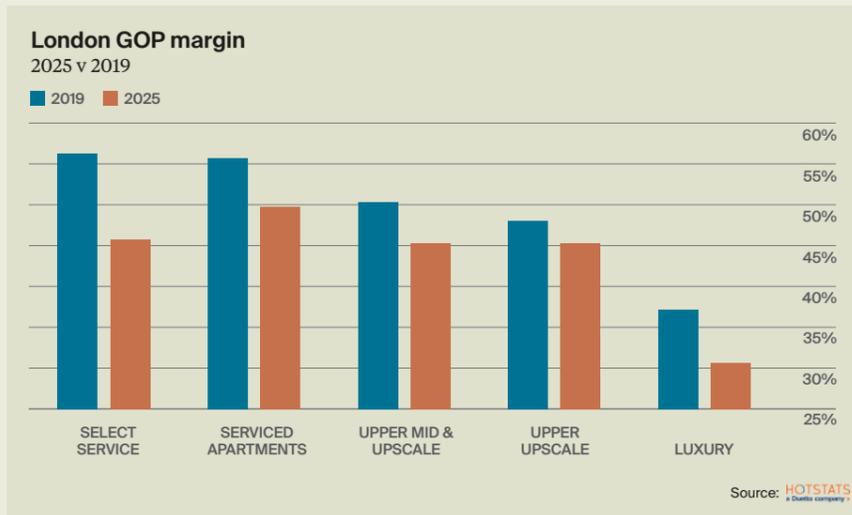


Source: HOTSTATS

the GOP margin has declined by 2.4 percentage points to just over 30%. Certain submarkets, however, have seen much more severe declines.

The reduction in GOP margins is most pronounced within the select-service and economy segments, where a sharp escalation in operating costs continues to place significant pressure on profitability – despite regional assets achieving respectable, near-inflationary revenue growth. Across regional UK, margins are now five percentage points below 2019 levels, while in London, hotels in the same class, have experienced an even sharper contraction, with profit margins declining by ten percentage points.

At the same time, GOP margins highlight the overall resilience of the regional UK hotel market, with several segments achieving profitability levels close to those seen in 2019. Hotels that have benefitted from the rising demand for wellness and leisure-led experiences have demonstrated notable margin stability. In addition, regional serviced apartments have shown a clear operational advantage – despite weaker revenue growth and their high dependence on one revenue stream, their lean cost base continues to support robust and resilient margin performance.



The Newman Hotel, London. Opened February 2026.

UK hotel supply

UK hotel supply grew by 1.0% in 2025, the lowest level of growth in more than a decade, with the addition of more than 7,300 new rooms to reach over 709,000 rooms.

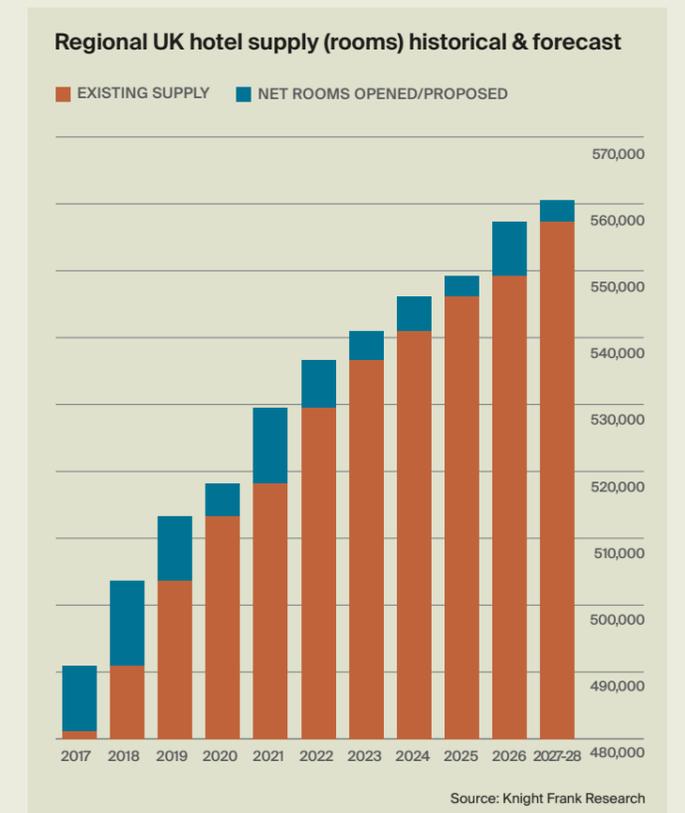
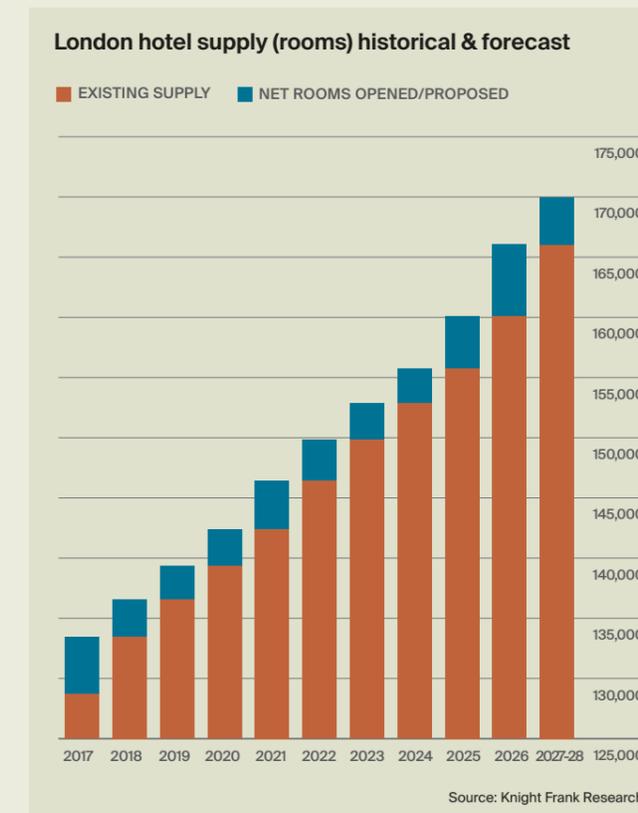
Whilst London accounted for 52% of the new supply, the results were somewhat skewed by the opening of the Zedwell Capsule Hotel, which accounted for almost one third of London's new bedroom stock. Stripping out these 965 pods, London's share of new supply was aligned with previous years, accounting for 38% of the total new supply.

Whilst total hotel supply increased by 2.8% in London, new supply in regional UK was constrained to just 0.6%. However, this estimate conceals the return of hotels that had previously been contracted out to the Home Office, as such the impact of supply growth in the regions is somewhat understated. Government statistics

indicate, as of January 2026, fewer than 200 UK hotels are housing asylum seekers, with the highest concentration of hotels being in London, Birmingham, Manchester, Bristol, Stockport, Bournemouth, Liverpool and Leeds. Knight Frank estimates that some 15,000 rooms remain under contract to the Home Office, of which one third are in London.

In 2026, London is set to receive just under 6,000 new rooms, equivalent of 3.7% supply growth, of which hotels reopening following refurbishment are expected to account for almost one third of this growth. Close to 60% of the new bedroom stock is to be positioned as luxury, upper-upscale or upscale hotels.

At the same time, supply growth (based on hotels currently under construction) across regional UK is set to remain extremely limited, with forecasts of 0.7% growth, year-on-year, between 2025 and 2028. Nevertheless, in 2026 growth of 1.5% is forecast, with the addition of some 8,000 new rooms, based upon current development schedules, with the cities of Edinburgh, Manchester and Belfast accounting for almost 60% of the new supply. Hotel developments outside of London are increasingly targeted towards high-performing regional cities, where strong demand fundamentals exist and where RevPAR performance is strong enough to justify the rising costs associated with these new developments.



Hotel revenues

Ancillary revenue streams have played a pivotal role in driving total revenue growth, supported by robust year-round leisure demand and improving F&B spending – against a backdrop of much softer Rooms revenue performance.

Rooms Revenue

LONDON

Off the back of a strong trading performance in 2024, when the London market returned to a more normalised trading pattern, London's resilience continued to hold in 2025, despite a challenging operating environment, with growth moderated in line with expectations.

For the full year 2025, London achieved an average occupancy of 82.5%, an uplift of 1.2 percentage points versus the previous year, with sustained occupancy growth achieved from March through to November. However, ADR proved more challenging from the outset, declining by 2.5% year-on-year over the first six months. Stronger seasonal demand in the second half of the year supported a recovery in ADR, with 2% growth over this period offsetting first-half declines and resulting in full-year ADR ending broadly in line with 2024.

The improving macro-economic environment encouraged overnight demand to the capital, with resilient domestic and international leisure travel and the continued recovery of MICE and group travel. However, it was event-led demand, from major sports and music events, which

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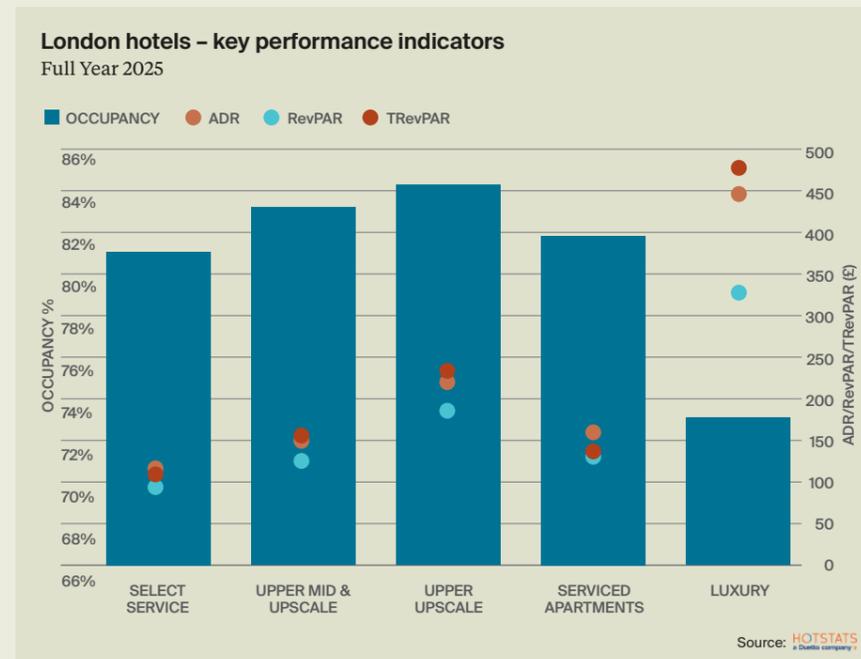
generated extended periods of city-wide compression nights, when occupancy typically exceeded 90% to 95% and demand squeezed supply, and with improved pricing strategies employed, these events generated strong premiums to the ADR.

Overseas passenger arrivals to London's four largest airports were marginally up, with year-on-year growth of just 0.7%. This growth was attributed to increased arrivals at Heathrow and Luton airport, with the latter benefitting from the Jet2's expansion at the airport. However, London Gatwick recorded a 1.2% decline in overseas arrivals, for the seven-month period since June.

Whilst all London hotels recovered strongly during the second half of the year, averaging year-on-year RevPAR growth of 4.4% for the six-month period, it was a story of two halves for most segments.

The performance of London's upper-mid & upscale hotels and London's upper-upscale hotels fared the worst in H1-2025, with occupancy marginally ahead of the previous year, whilst ADR declined by 5% and 3.2% respectively. Yet, both segments performed strongly during the last six months of the year, with upper-mid and upscale hotels recording year-on-year occupancy growth in H2 of 3.2%, whilst upper-upscale hotels recorded ADR growth of 2.9%. As such, both segments ended the year with RevPAR marginally ahead of 2024 – a resilient recovery.

London's select-service hotels achieved the strongest performance, closely followed by London's luxury hotels. In the first six months, both segments posted ADR declines of 3.5% and 2.8% respectively; however, occupancy growth across the period helped mitigate the impact, resulting in a less pronounced reduction in



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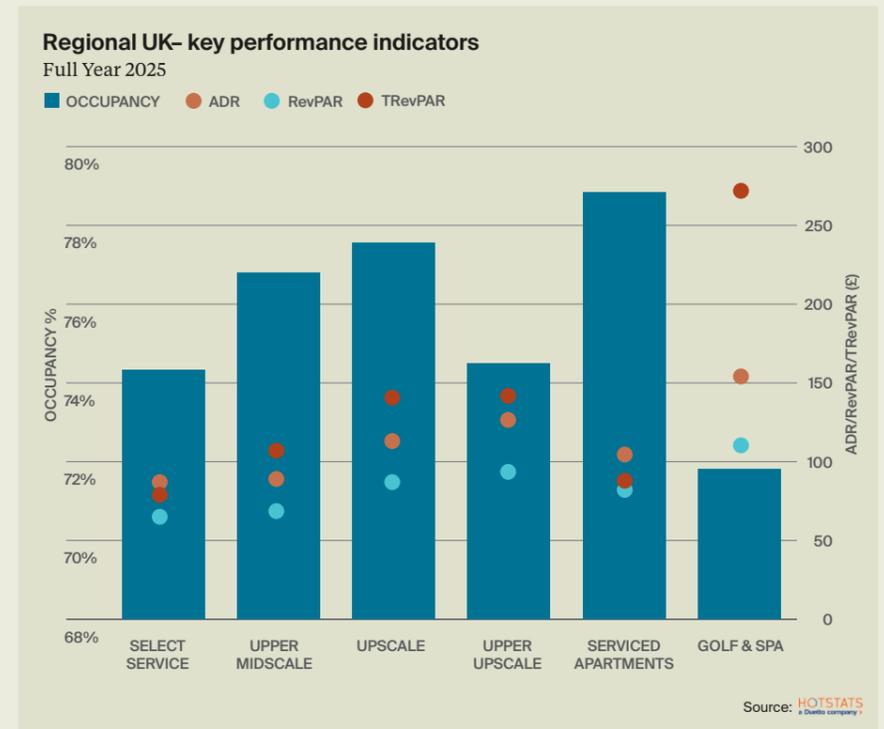
RevPAR. During H2-2025, London's luxury hotels maintained their ADR in line with the previous year, whilst continuing to grow its occupancy by 1.8 percentage points. Meanwhile, strong demand for budget accommodation, allowed London's select-service hotels to achieve 4.9% RevPAR growth over the last six months. As a result, both segments achieved full-year RevPAR growth of 1.6% and 1.5% respectively.

REGIONAL UK

The trading results for the first six months of 2025 are testament to the inherent resilience of the regional UK hotel market. The challenging operating environment was evident not from the results themselves, but by the lack of growth, in stark contrast to the first six months of 2024.

Given that the regional market is already operating at a broadly stabilised level, expanding occupancy during the first half of the year presents a notable challenge, thus achieving an occupancy of 72.4% was a good result – up marginally on the previous year. However, the pronounced softening in ADR growth during the latter half of 2024, as macroeconomic uncertainty intensified, carried through into the opening months of 2025, leading to a 0.8% fall in the ADR for the first six months of the year.

Whilst the Rooms department endured a lacklustre performance during the first half of the year, by contrast, ancillary revenue streams across all segments demonstrated resilience, and either boosted revenue growth or mitigated the declines in RevPAR. Strong leisure and golf demand at full-service hotels was a catalyst for growth – as consumers



The Wellington Glasgow by Adina, opened December 2025

prioritised health and well-being, opted for value-for-money stays or traded up for aspirational experiences. As a result, ancillary revenues provided a counterbalance to the RevPAR decline, to end H1 with a marginal but meaningful growth in TRevPAR. Across the UK, however, there will have been much variation in performance.

Despite a challenging operating environment, with the first half of the year recording a 0.4% decline in RevPAR, the regional market enjoyed a more robust trading performance over the second half of the year. In H2, occupancy increased by 1.2 percentage points to 79%, ADR increased by 2.2%, driving RevPAR growth of 3.8% – a positive end to the year. Regional UK thus closed the year with a 1.9% rise in RevPAR to £79, supported by balanced contributions from both rate and occupancy. Meanwhile the steadfast support of ancillary revenues continued, with marginally stronger growth coming from F&B revenues, TRevPAR grew across the year by 2.0%.

The UK's three leading regional airports recorded strong growth in international arrivals, bolstered by the launch of new direct transatlantic routes. Leading the way was Edinburgh airport, which has seen annual growth of 11%, surpassing its full-year 2024 performance in just 11 months.

Regional UK's upper-midscale and upscale segments both outperformed the regional market, with RevPAR growth of 2.4% and 2.2% respectively. For the upscale segment, growth was driven solely by rising occupancy, which increased by 1.8 percentage points to 77.6%, bringing the segment close to its pre-pandemic performance. In the upper-midscale segment, a solid 1.5 percentage point uplift in occupancy was further supported by a modest increase in ADR.

Although leading golf & spa hotels delivered full-year RevPAR growth of 3.0% and TRevPAR growth of 4.4%, outperforming the regional

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market, the rate of growth softened considerably relative to the previous year. Occupancy approached 72%, yet the modest half-percentage-point increase underscored a clear slowdown from 2024’s strong uplift.

Food & Beverage Revenue

TRENDS INFLUENCING F&B SPEND

Whilst Hotel F&B is often regarded as a challenging space, periods of adversity have created opportunities to reimagine public spaces and assess how F&B outlets contribute to the



The July London Victoria

bottom line. The expanding and increasingly dynamic F&B landscape is reshaping investment priorities, operational models, and brand strategies across the sector.

Select-service, budget and the midscale operators have increasingly sought to implement changes in the day-to-day management – the goal being to improve efficiency, reduce labour costs and simplify operations. At a time where services inflation continues to be high and significant cost pressures remain, operators have opted for leaner menus, reduced opening hours to align with demand patterns, produced tighter concepts and streamlined operations.

Technology has further enabled this shift, with QR code menus, app-based ordering, and self-service kiosks.

At the same time, a sustained shift towards experience-led travel is underpinning demand, particularly in higher-value segments, with venues becoming destinations in themselves. The focus is on providing a personalised, sophisticated service offering, in a unique setting and with a relentless focus on operational excellence and purpose. Crucially, the premium attached to experience-led stays is supporting higher average room rates and maximising ancillary spend, ensuring the long-term viability of the investment.

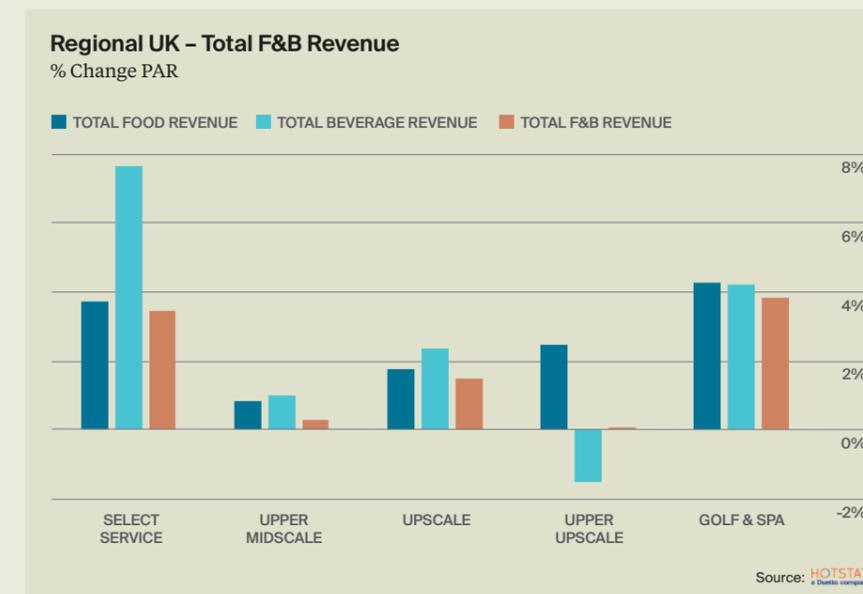
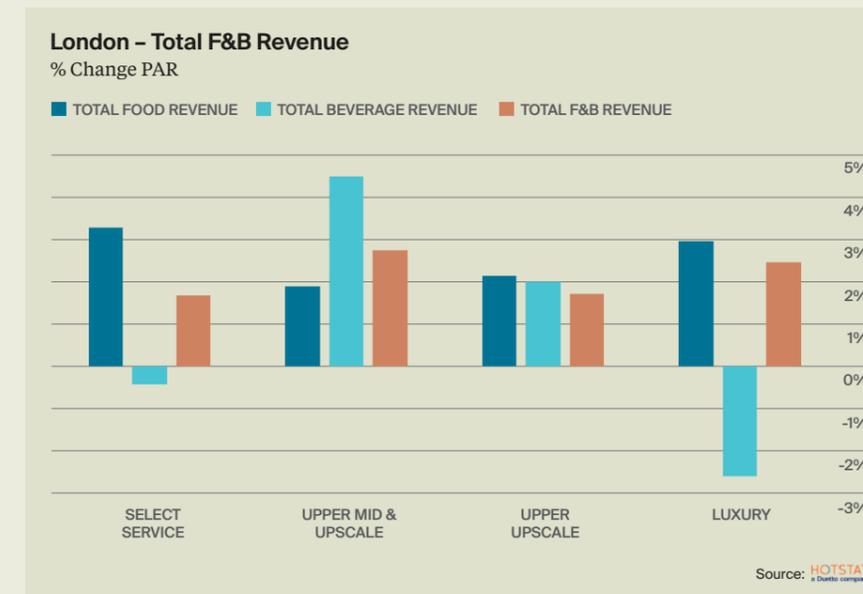
F&B TRADING SUMMARY

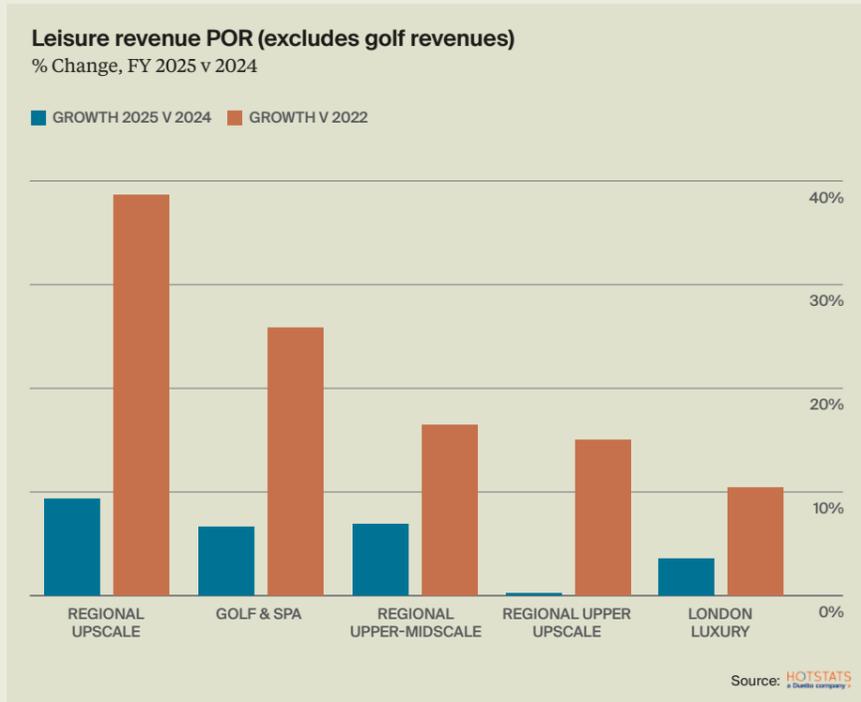
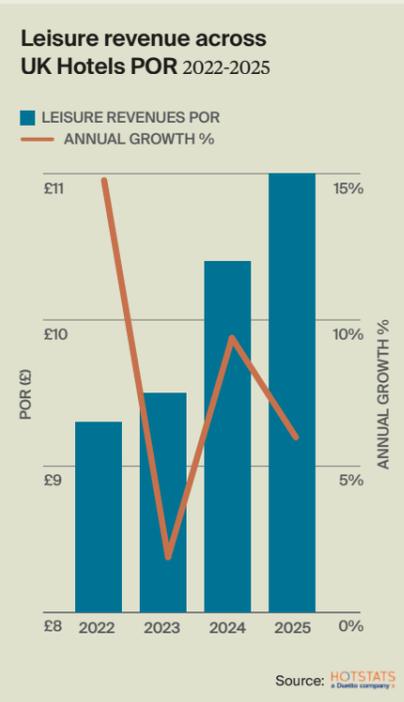
Across London, F&B revenues have recorded growth across all segments in 2025, with the uplift ranging between 1.7% and 2.8% across the different segments. Upper-mid and upscale hotels outperformed the market average with 2.8% growth, with strong gains coming from spend in the hotel bars and lounges. Meanwhile, London’s luxury hotels recorded respectable growth of 2.5%, with the uplift in occupancy supporting F&B revenues, with the growth attributed to an 8% uplift PAR in food in their restaurants, as well as strong growth in conference food sales. A decline in beverage sales, however, diluted the overall revenue growth.

Across regional UK, growth in F&B revenues during 2025, was far more constrained, but with variation between the different segments. An uplift in F&B revenues came from both ends of the spectrum, with Golf & Spa hotels posting a rise of 3.0% to average £138 POR, whilst select-service hotels recorded even stronger growth of 3.6% averaging £16 POR. Whilst Golf & Spa hotels generated most of this growth through restaurant food sales, the growth for select-service hotels was generated through an uplift in food spend, but even higher growth in beverage sales.

It was, however, a more challenging time for full-service regional hotels, and whilst upper-upscale hotels recorded a marginal uplift in F&B revenues, to average £51 POR, both upper-midscale and upscale hotels recorded declines, with reductions of 1% and 1.6% POR respectively. Across all segments food sales recorded growth, whilst beverage sales (including conference beverage revenues) were in decline.

“Across London, F&B revenues have recorded respectable growth across all segments in 2025, with the uplift ranging between 1.7% and 2.8% across the different segments.”





Leisure Revenues

Despite ongoing pressure on household budgets, the strength of leisure revenues generated by UK hotels reinforces the continued trend of consumers prioritising their disposable income towards experiences, wellness and holistic wellbeing.

Hotel leisure clubs are benefitting from the wider growth of the UK Health and Fitness sector, with their facilities increasing being used to create vibrant social hubs for the local community. The sector is benefitting from strong multi-generational demand, with a growing membership base from younger and older generations, with a common thread – that of prioritising health and wellbeing.

Leisure revenues across UK hotels rose by an average of 6.0% POR in 2025, underlining the strong and growing importance of this revenue stream. This performance reflects a compound annual growth rate of 10% since 2019 and an overall increase of 79% relative to 2019 levels. This robust growth, generated through leisure memberships and spa-experiences, reflects the strong demand for wellness and fitness amenities.

Regional upscale hotels with a leisure offering have recorded the strongest uplift in leisure revenue, with an annual rise of 9% POR in 2025 and an overall increase of 39% POR post the pandemic, but account for just 3.5% of total revenue. Leisure revenues generated from the regional upper-midscale segment have seen robust annual growth and a sizeable contribution to total revenue, equalling more than £11 POR in 2025, equivalent of 8% of total revenue.

Meanwhile, the importance of leisure revenue at golf & spa hotels has continued to grow year-on-year. In 2025, Leisure revenues reached £40 POR and accounted for 10% of total revenue. Golf revenues contributed a further £35 POR, representing a year-on-year uplift of 10%, generating more than 9% of total hotel revenue.

Car Parking Revenues

The drive to monetise all available space increasingly extends to hotel car parking, with parking revenues rising by 10% POR year-on-year across Regional UK and up 32% compared with 2019. This is revenue associated with the provision of a paid car park as opposed to income generated through EV charging, with many hotels partnering with private car parking companies to manage, secure and monetise car parking facilities.

Yet, while car-parking fees provide a growing ancillary revenue stream that feeds directly to the bottom line, there are potentially hidden costs not visible within the P&L. In 2025, government data indicates that around 15.9 million parking fines were issued by private operators, accompanied by a rising volume of negative hotel travel-forum reviews citing unfair penalties, inadequate signage, fines for overstaying or leaving and re-entering the car park, and broader dissatisfaction with parking charges. Although parking revenues contribute positively to profitability, poor management of parking enforcement, risks eroding customer satisfaction and loyalty – ultimately impacting on profitability and the long-term financial benefit of this revenue stream.

“Regional upscale hotels with a leisure offering have recorded the strongest uplift in leisure revenue, with an annual rise of 9% POR in 2025 and an overall increase of 39% POR post the pandemic, but account for just 3.5% of total revenue.”

Departmental operating expenses

With UK Services inflation rising by 4.8% on average in 2025, fuelled by the increase to the National Living Wage and payroll-related taxes, rising payroll costs have put pressure on departmental margins, diminishing income contributions from Rooms and F&B, amid a weak revenue-growth environment.

ROOMS EXPENSES

With weak revenue growth and room rates increasingly constrained, hotels have had little choice but to absorb the rising payroll costs, driven by the 6.7% increase in the National Living Wage in April 2025, and further uplifts stemming from changes to employers’ National Insurance contributions.

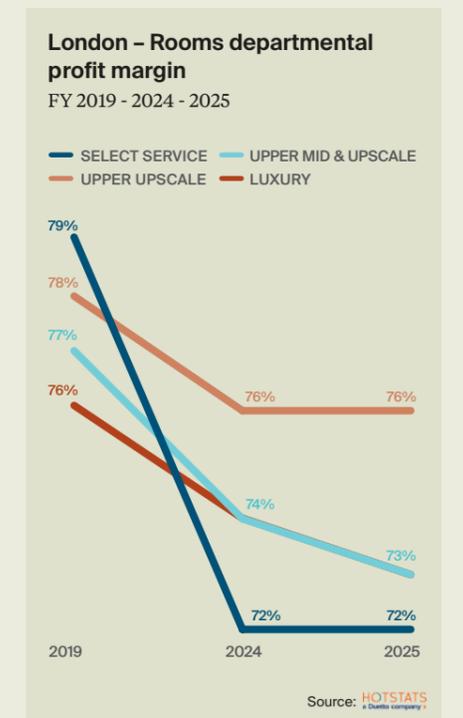
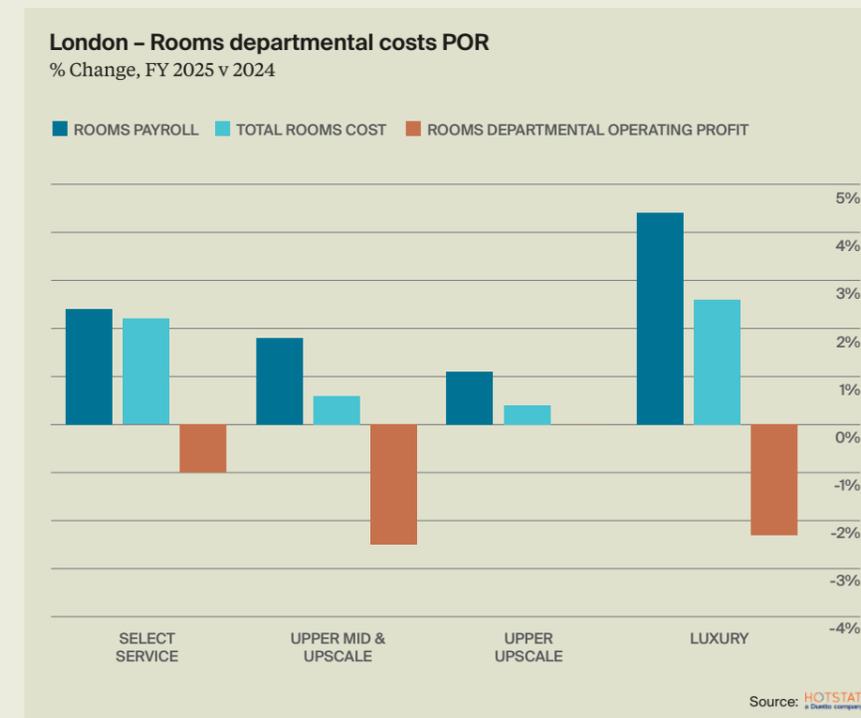
Rooms payroll costs now average 51.5% of total rooms revenue in London hotels and 53.5% in Regional UK, up from 48% and 50% in 2019. Despite strengthening occupancy levels in 2025, rising payroll costs were inevitable. Year-on-year,

Rooms payroll costs increased by 3.2% POR in London and 4.9% in Regional UK. On a per available room basis, rooms payroll costs increased by 4.8% and 6.0% respectively. Rooms payroll costs in 2025 average £32 POR in London and £19 POR in regional UK.

Hotels increasingly rely on lean operating structures to enhance efficiencies, as demonstrated by the broadly contained growth in other Rooms expenses, which have remained largely stable. Nevertheless, Rooms departmental costs have continued to rise – up 3.4% PAR in London and 4% PAR across regional UK – contributing to a broad decline in

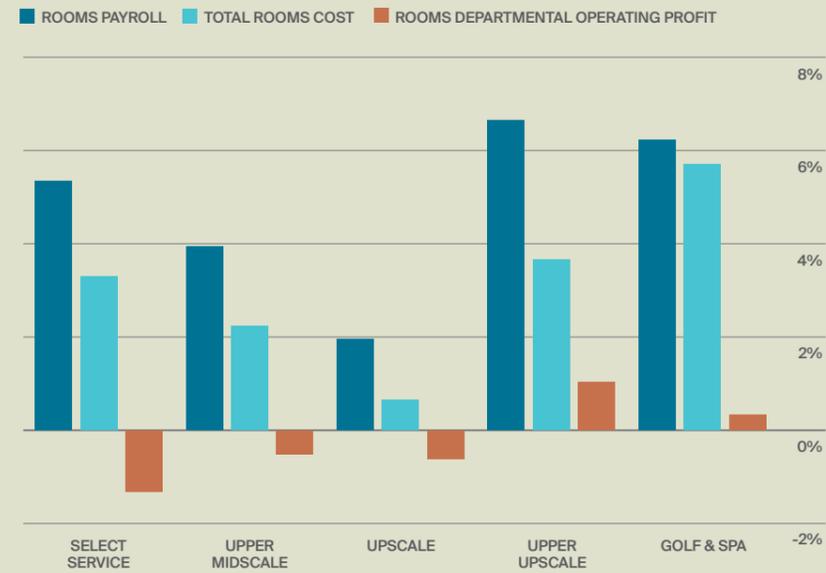
Rooms departmental profit margins. Profit margins fell on average by 0.5% in London and 0.7% in regional UK, placing them 2.7 percentage points below 2019 levels in London and 2.2 percentage points lower across regional UK.

The challenging cost environment is having the greatest impact on London’s luxury hotels and regional UK golf & spa resorts, given their highly labour-intensive operating models, with both segments experiencing an above inflationary year-on-year rise in Rooms payroll costs in 2025, of 6.7% and 4.4% POR respectively.



Regional UK – Rooms departmental costs POR

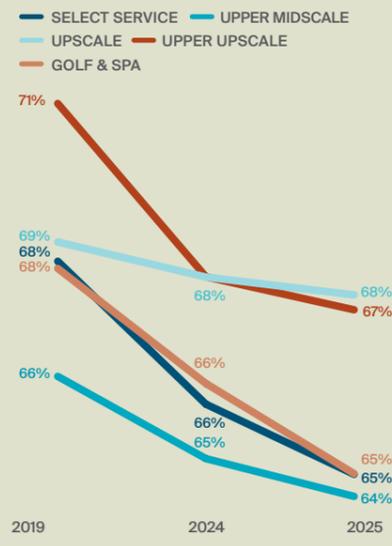
% Change, FY 2025 v 2024



Source: HOTSTATS

Regional UK – Rooms departmental profit margin

FY 2019 - 2024 - 2025



Source: HOTSTATS

F&B EXPENSES

Across London, except for the luxury segment, the modest growth in F&B revenues helped to protect the departmental profit margin from the increase in F&B payroll costs. Profit margins have either slightly improved or remained stable, ranging from 30% for select-service hotels to between 20% and 22.5% for full-service hotels. The payroll margin as a percentage of F&B revenues has marginally notched upwards, but this has been supported through a slight reduction in the costs of sales.

London's luxury hotels have fared more poorly, however, due to their high labour-intensive service offering, with payroll costs equating to 52% of F&B revenues and expense margin increasing by 2.6 percentage points to average 87%.

Across regional UK, the elevated payroll costs have put greater pressure on F&B margins across all segments. Departmental F&B margins have declined on average by 1.2 percentage points to average 26%, albeit select-service hotels and upper-midscale hotels have seen their margins decline

more steeply, to 31.0% and 28.5% respectively. The payroll margin as a percentage of F&B revenues has increased on average by 1.2 percentage points, with payroll costs averaging 41.5% of F&B revenues, due to the increase in payroll costs, but also due to efficiencies being made to F&B expenses.

For golf and spa hotels, with F&B revenues equating to 36% of total revenue, the hike in payroll costs added an average of £3.00 to the cost of every occupied room, with F&B profits margins declining by one percentage point to average 29%.

F&B Profit margin

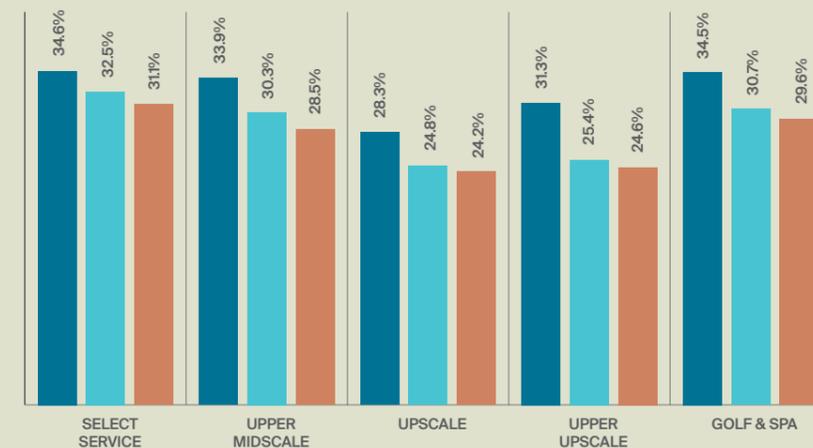
2019 - 2024 - 2025

Legend: 2019 (Dark Blue), 2024 (Light Blue), 2025 (Orange)

LONDON



REGIONAL UK



Source: HOTSTATS



The Chancery Rosewood, London. Opened September 2025

LEISURE AND GOLF EXPENSES

As leisure revenues grew in 2025, operational expenses also increased, rising by 5.1% PAR on average across Regional UK. Importantly, however, the stronger pace of revenue growth supported an improvement in income generated from Leisure, with departmental profit margins averaging 50% of leisure revenues.

In contrast, London's luxury hotels experienced a more pronounced cost acceleration. Total departmental expenses increased by more than 12% in 2025, with both operating expenses and payroll rising at similar rates. With leisure-related costs growing faster than revenues, London's luxury hotels saw the income contribution from the Leisure department decline year-on-year by more than four percentage points, falling to 19% of total departmental revenues.

Meanwhile, robust growth in Golf revenues helped offset the increased payroll costs and the higher expenses associated with maintenance and materials. As a result, the income generated from golf improved, albeit marginally, rising by half a percentage point to 45% of revenues.

“Across London, except for the luxury segment, the modest growth in F&B revenues served to protect the departmental profit margin from the increase in F&B payroll costs.”

Revenue mix segmentation

Despite sustained and resilient ancillary revenues over the past 12 months, the overall mix of departmental revenues has remained broadly unchanged, with Rooms revenue strengthening progressively as the year unfolded.

LONDON

For London's upper midscale, upscale and upper upscale segments, only marginal RevPAR growth was recorded in 2025, resulting in a decline of up to half a percentage point in the share of rooms revenue. The redistribution of revenue varied by segment: in upper upscale hotels the shift was directed almost entirely towards F&B, while in upper midscale and upscale hotels a greater proportion of revenue moved into both parking and F&B.

Despite London's luxury hotels achieving RevPAR growth, the share of rooms revenue declined by almost half a percentage point, with stronger growth coming from Leisure, F&B and Other Miscellaneous revenues. Although F&B revenue increased

marginally in 2025, its contribution to total revenue remained at 27.3%, representing a deficit of 3.2 percentage points compared with 2019.

REGIONAL UK

The share of Rooms revenue across all Regional UK hotels remained stable at 65% in 2025. The only submarket to record a shift in its rooms revenue mix was the golf & spa segment, which saw a one percentage point decline, with Golf, and to a lesser extent, Leisure – capturing a greater share of total revenue.

In leading regional city centre hotels, Rooms revenue accounted for 72.9% of total revenue in 2025, an increase of 3.9 percentage points compared with 2019. Over the same

period, the share of F&B revenue declined by 4.2 percentage points. These city centre hotels also generated a slightly higher share of Leisure revenue than in 2019, rising by more than half a percentage point.

“The only submarket to record a shift in its rooms revenue mix was the golf & spa segment, which saw a one percentage point decline, with Golf, and to a lesser extent, Leisure – capturing a greater share of total revenue.”

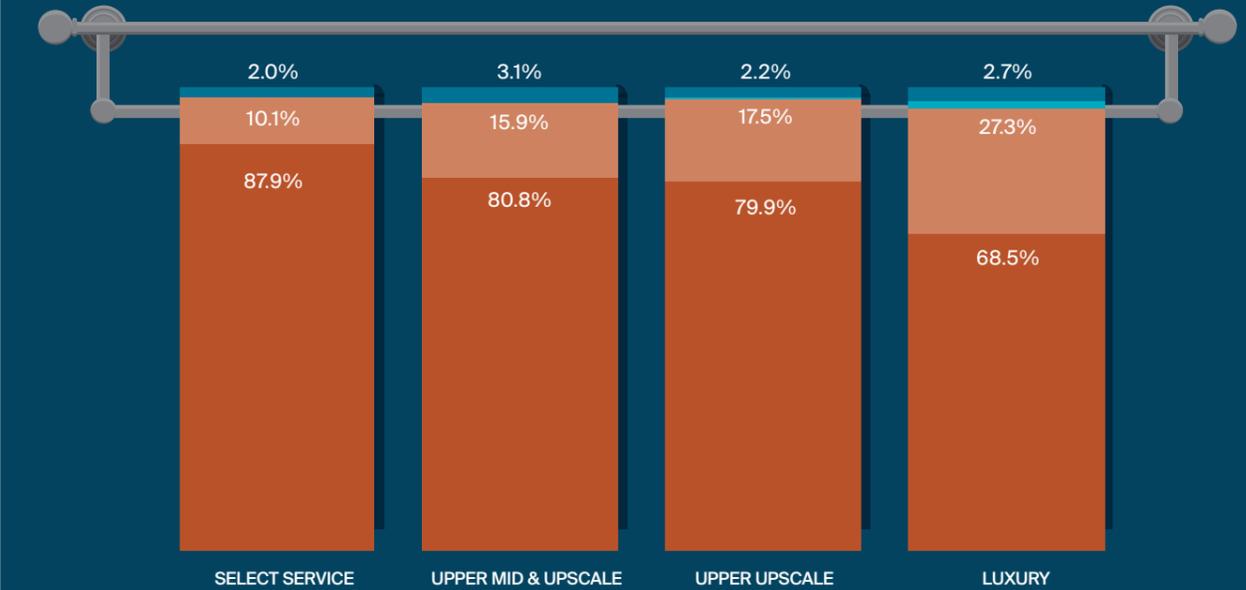


Wilde Aparthotels Cambridge City Centre, opened August 2025

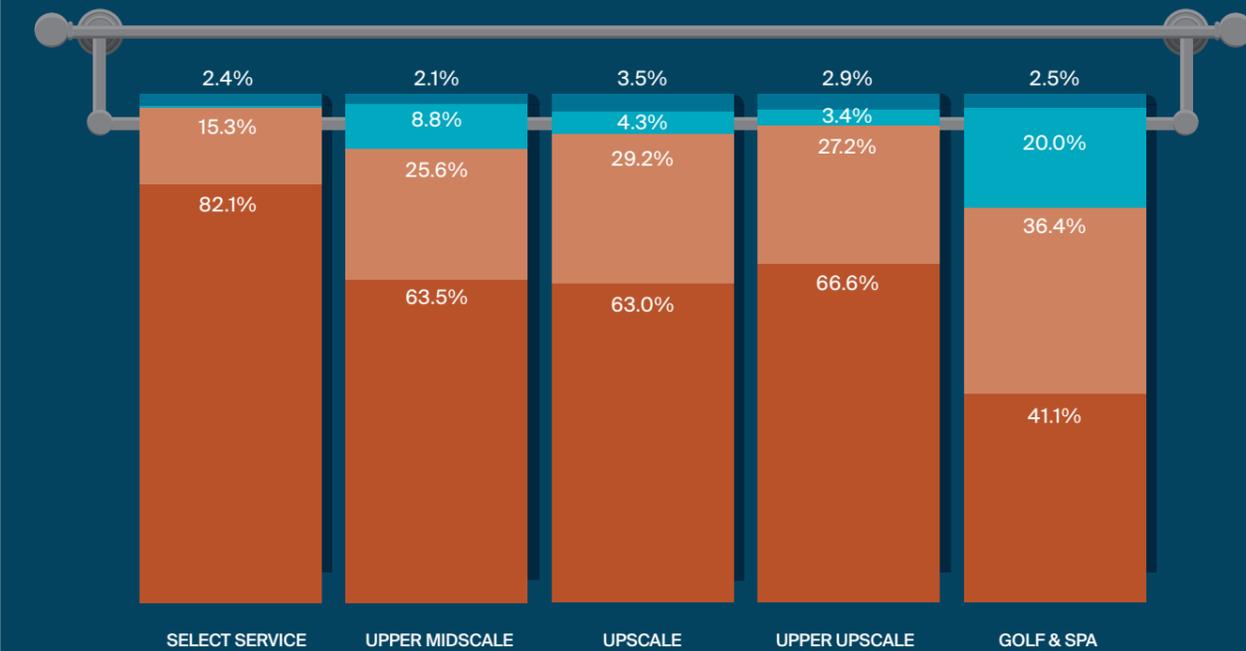
Revenue mix FY 2025

ROOMS REVENUE FOOD & BEVERAGE REVENUE GOLF & LEISURE REVENUE OTHER REVENUE

London



Regional UK



Source: HOTSTATS
a Dunelm company

Departmental operating income

A year characterised by low revenue growth and rising cost pressures created a challenging operating environment, with profitability in the Rooms department holding broadly flat in London, whilst experiencing limited but more expansive growth across Regional UK. The F&B contribution to total departmental income, meanwhile, suffered a decline across regional UK and notably in London’s luxury hotels.

LONDON

With only marginal growth in RevPAR across all London hotels, there was only limited scope to achieve income growth during a period of elevated payroll costs. The Rooms department continued to generate the majority of operating income, contributing between 90% and 92% of total departmental income, with a marginal variation year-on-year, due to higher conversion levels within ancillary departments.

Whilst the income contribution from the F&B department recorded gains in certain segments, there were notable

declines in the F&B contribution from London’s Luxury hotels, falling by one percentage point to equate to 6.4% of total departmental income.

Overall, growth in ancillary revenue streams supported stronger TRevPAR performance and was instrumental in delivering an uplift in overall departmental operating income DOI-PAR. London collectively achieved a DOI-PAR of £171.50 in 2025, equating to growth of just 0.7% – a marked slowdown relative to the 4.2% increase recorded in the previous year, but reflected a

“With only marginal growth in RevPAR across all London hotels, there was only limited scope to achieve income growth during a period of elevated payroll costs.”

strong recovery in the second half of the year.

London’s select service hotels outperformed the market, with their lean operating model and strong

demand for an affordable product enabling TRevPAR growth of 1.9% to be converted into a 1.3% increase in DOI-PAR. In contrast, although London’s luxury hotels outperformed the market in terms of revenue growth, this uplift was insufficient to offset the significant rise in payroll costs. Consequently, London’s luxury hotels were the only segment to record a decline in DOI, dropping to £265 PAR – almost one percent lower than the previous year – while the profit margin narrowed by a further 1.5 percentage points.

REGIONAL UK

Across regional UK, RevPAR growth generally outpaced that of London, except for the Regional select-service segment. However, growth of F&B and other ancillary revenues was more limited overall, except within the golf and spa segment, which has continued to drive strong leisure and golf demand.

The income contribution from F&B, across all segments, declined on average by 3.5% PAR, with its share of total departmental income, reducing by more than half a percentage point to 12.5%. Ultimately, the level of revenue growth achieved across most segments was sufficient to absorb the increased cost base, but with a high level of variation amongst the different segments.

The strongest gains were achieved by golf and spa hotels, with departmental income growing by 2.4% to reach £130 PAR, and regional upscale hotels with growth of 1.9%. Both segments benefited from

increased contributions from leisure income and improved departmental profit margins.

Meanwhile, select-service hotels have endured a more difficult operating environment, having the lowest TRevPAR of all regional datasets, making it much more difficult to support the extensive increase in costs.

Finally, regional-located serviced apartments, which continued to report the highest DOI margin of all Regional UK hotel segments, saw their operating margin decline by 1.4 percentage points to below 67% in 2025. Despite having a lower cost-base than traditional hotels, the segment has been significantly affected by substantial new supply and room rates coming under pressure. This has materially weakened top-line performance, resulting in

more than a 5% reduction in the income contribution from serviced apartments. Given that the apartment-lets account for 96% of total revenue, the scale of this shortfall is significant.

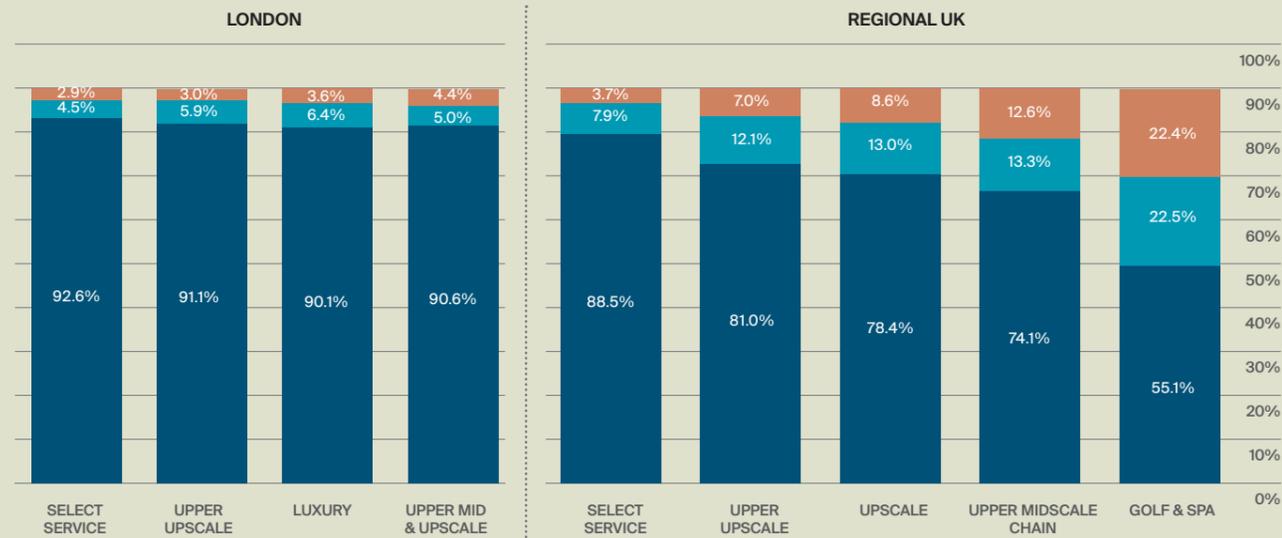
Across all regional UK hotels, a DOI of £67.30 PAR was achieved in 2025, equating to just under 1% growth – a resilient performance given the 2% deficit recorded during the first six months of the year.

“The income contribution from F&B, across all segments, declined on average by 3.5% PAR, with its share of total departmental income, reducing by more than half a percentage point to 12.5%.”

Departmental operating income contribution

FY 2025

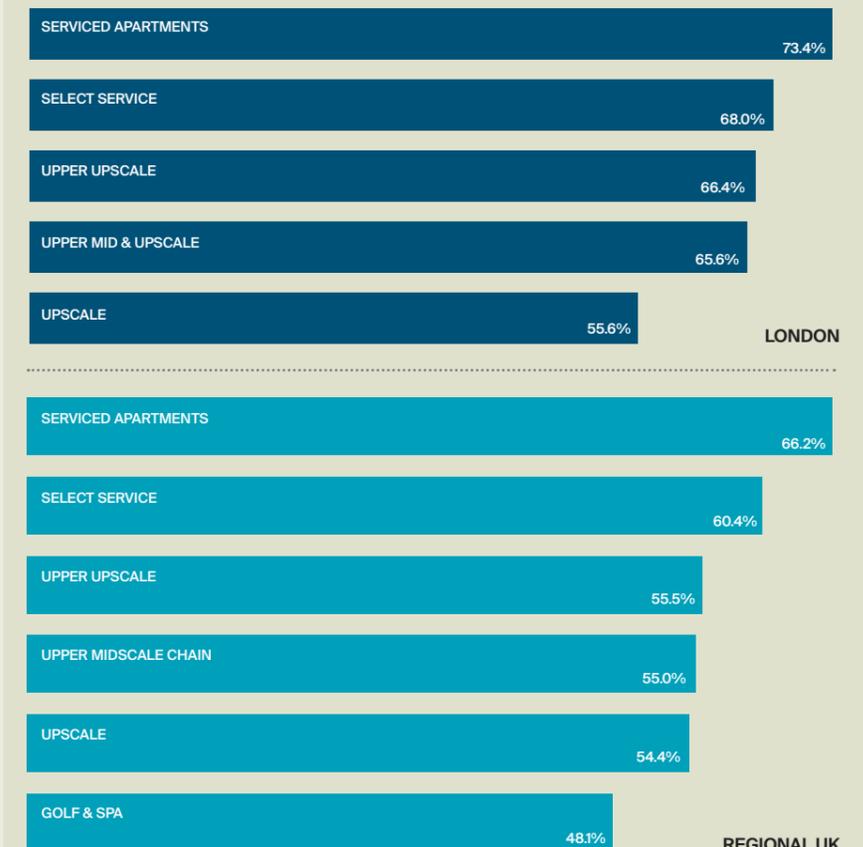
ROOMS F&B OTHER



Source: HOTSTATS

Total departmental operating income margin

FY 2025



REGIONAL UK

Source: HOTSTATS

Undistributed operating expenses

All cost centres remain under significant pressure from above inflationary payroll costs, though the overall pace of cost increases eased in 2025 - supported by a notable reduction in utility costs and only modest rises to other expense categories.

ADMINISTRATION & GENERAL

A&G payroll represents a substantial share of costs in London hotels, accounting for 45% of total A&G expenditure in select-service properties and rising to 57% in the luxury segment. Although the pace of payroll inflation eased in 2025 compared with the previous year, London hotels still saw above-inflation growth of 7.8% PAR. Notably, luxury hotels did not experience any meaningful slowdown, with payroll costs increasing by 9.5% PAR year-on-year, marking the steepest rise across all London hotel segments.

Across regional UK, a similar pattern emerged, with most segments experiencing slower payroll cost

growth – except the golf & spa segment, where payroll costs continued to rise at the same pace as in 2024, increasing by 6.1%.

Meanwhile, credit card commissions continue to rise steeply, with upper-upscale and luxury segments recording the greatest increases of around 6%. However, with more control over ‘other A&G expenses’, several segments have reported a reduction in these costs, or at worst an inflationary increase. Some of the biggest reductions in this cost centre were made by London’s luxury hotels and London’s serviced apartments.

With the growth of A&G costs kept in check, the metric of A&G costs as

a percentage of total revenue, was stable in 2025, ranging between 6.5% of revenue for select-service hotels, 7% and 7.3% of revenue for full-service hotels, rising to 9% of revenue for London’s luxury hotels.

“Above-inflationary rise in A&G payroll costs was recorded across all London hotels in 2025 of 7.8% PAR, with the steepest rise endured by the luxury segment - an increase of 9.5% PAR year-on-year.”



The Chancery Rosewood, London

INFORMATION & TECHNOLOGY

IT costs have varied considerably across the segments, with a propensity for London’s select-service and midscale hotels to either reduce or keep costs at a similar level to 2024. By contrast, London’s luxury hotels, which potentially have more complex system requirements, have continued to invest in technological improvements, with this expense rising by more than 10% year-on-year, to reach £7.30 PAR.

Across regional UK, IT expenses have increased on average by 3.2% PAR to reach £1.90 PAR, which is a marked slowdown in investment compared to 2024, when total IT costs increased by almost 9% PAR.

Current IT investment remains a relatively small cost centre for hotels, accounting for 1.1% of total revenue in London and 1.5% across regional UK. However, in 2025 it recorded the fastest growth of any undistributed operating department, signalling increasing emphasis on technology and prioritising digital investment to support and improve operational performance, together with an increasing need for IT security.

SALES & MARKETING

With respect to Sales and Marketing (S&M), the strategic allocation of the marketing budget can have a real impact in turning the cost centre into a profit driver, helping to deliver sustainable revenue growth.

Franchise fees represent the largest share of departmental expenditure, varying according to the hotel’s revenue mix. For select-service and economy hotels, franchise fees average around 75% to 80%, due to their heavy reliance on rooms revenue and the focus on how these fees are typically calculated. For full-service hotels franchise fees typically range between

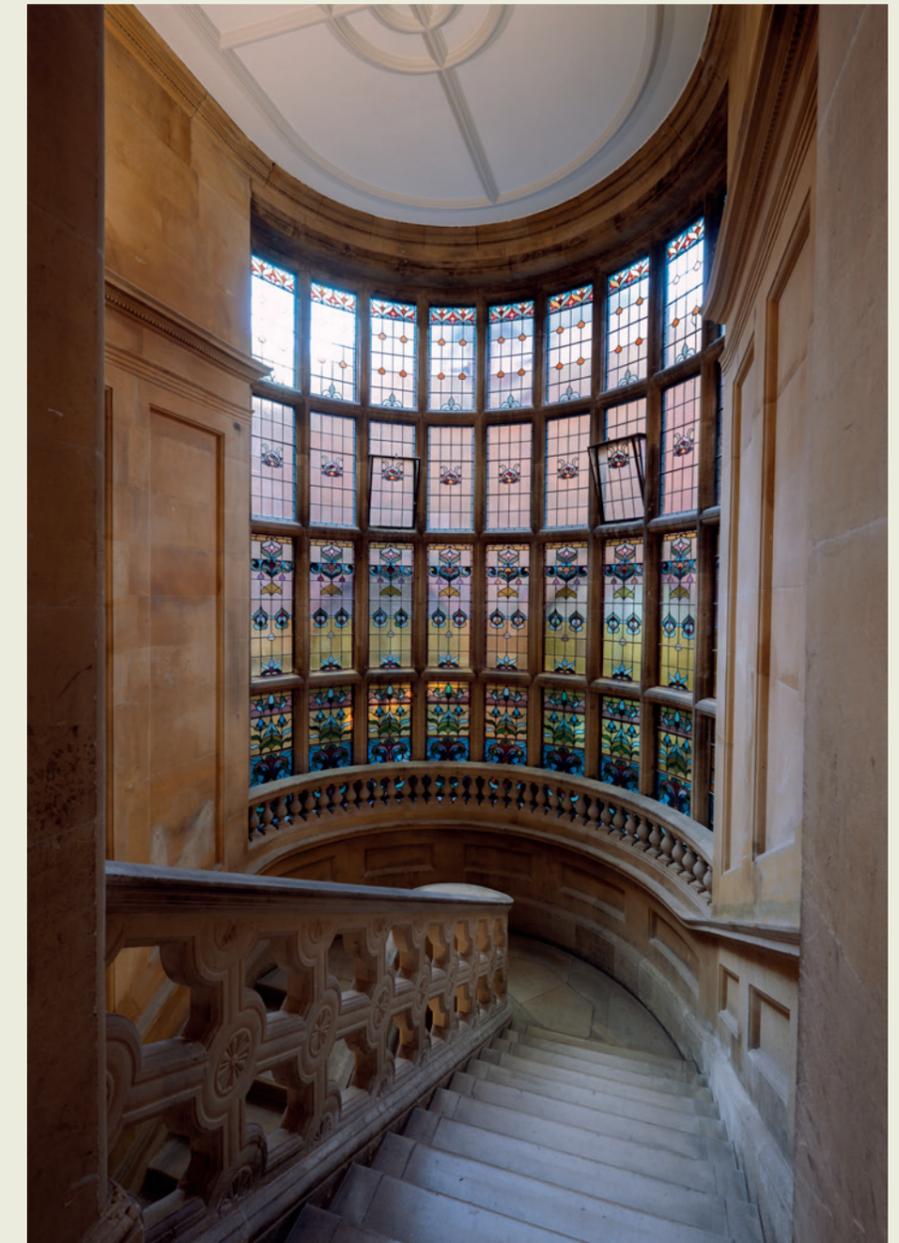
“In 2025, IT expenses recorded the fastest growth of any undistributed operating department – signalling the increasing priority for IT investment to improve performance and IT security.”

50% to 60% and for London luxury and regional golf & spa hotels, the range falls to between 35% and 45%, due to much stronger diversification of revenue streams.

With most franchise fees typically charged as a percentage of rooms revenue, where most hotel segments have achieved continuing RevPAR growth, an increase in S&M expenses is normally associated with an increase in franchise fees. Yet, in 2025, across many segments there has been a reduction in franchise and affiliation fees paid and where increases have occurred, these have been relatively

contained. Meanwhile, fees attributed to a brand’s loyalty program have been increasing in 2025, rising on average by 6% in London and 7% across regional UK. Loyalty fees increased more steeply at London’s luxury hotels, rising by 11% PAR.

This suggests that greater strategic focus has been placed on sourcing business from the most profitable channels, whereby reducing the reliance on the high commissionable rates payable to OTAs, and instead channelling more direct bookings through Brand.com. These direct bookings generate



The Hobson Cambridge by Adina, opened November 2025

6-7%

Strategy to increase occupancy from brand-driven bookings sees loyalty program fees rise throughout the UK – rising more steeply at London's Luxury hotels by 11% PAR.

the lowest fees, both in terms of reservation fees payable and royalty fees, which are payable gross of all commissions' payable.

S&M payroll costs, which constitute the largest share of the remaining cost base, increased in 2025 by 8.4% PAR in London and by 3.3% PAR across regional UK. Although payroll growth continued to outpace S&M expense increases, the rate of growth has slowed markedly compared with the previous year.

At £17.80 PAR in London and £7.70 PAR in regional UK, total S&M costs equated to 6.5% and 6.3% of total revenues respectively, with the margin being held level with the previous year. S&M payroll costs equated to 28% of the total S&M expense in London, falling to 25% in regional UK. Investment in S&M personnel is currently between 8% and 9% lower in real terms, compared to 2019 levels.

PROPERTY, OPERATIONS & MAINTENANCE

Property, Operations and Maintenance (POM) expenses have increased over the 12-month period on average by 5.7% in London and by 3.4% in regional UK, to average £9.75 PAR and £5.10 PAR respectively.

At a time of low revenue growth, the data suggests that POM expense costs have been limited to mainly essential repairs or routine maintenance, with below inflationary increase in these costs. By contrast, POM payroll costs have increased by 9.4% PAR on average in London and by 6.4% in regional UK, increasing their share of departmental costs, which now account for approximately 42% of the total expense in London and 33.5% in regional UK.

Total costs relating to POM accounted for 3.6% of total revenue



Native by Numa, King's Wardrobe, St Paul's, London

in London (rising year-on-year from 3.2% in 2022) and 4.2% in regional UK (similarly rising each year from 3.9% in 2022).

UTILITIES

As wholesale gas prices have declined since February 2025 and electricity prices have stayed largely stable, those hotels entering new energy agreements have secured more favourable contract terms.

Across all London hotels, the data reflects a more pronounced differentiation, with London's upper-upscale and luxury hotels seeing more significant reductions to their energy bills. As such, their utility cost PAR declined by approximately 7.5% PAR and 11% respectively, and with luxury hotels benefitting from increased occupancy, the saving was even more pronounced on a per occupied room basis, with a 13.5% reduction POR. For London's select-service and upper-midscale and upscale hotels, utility costs have been broadly stable, but with reductions made on a POR basis.

Across regional UK, similar patterns have emerged, with upper-upscale and golf & spa hotels realising greater

economies. However, these gains have not been driven by higher occupancy, but more likely by lower wholesale gas prices, improved contract terms, or targeted investments that have enhanced operational efficiency. As a result, utility costs fell by an average of 2.4% POR year-on-year, bringing the regional average to approximately £9 POR.

In 2025, lower utility costs continued to support cost pressures elsewhere, with the metric of utility costs to total revenue improving across all segments throughout the UK. In London, utility costs averaged 3.4% of total revenue (3.6% in 2024), whilst across regional UK, utility costs represented 5.5% of total revenue (5.7% in 2024).

“In 2025, lower utility costs continued to support cost pressures elsewhere, with the metric of utility costs to total revenue improving across all segments throughout the UK.”

Undistributed Operating Expenses PAR (£)

FY 2025 and % Change 2025 v 2024

A&G S&M POM UTILITIES IT

LONDON

UOE PAR

% CHANGE 2025 V 2024



REGIONAL UK

UOE PAR

% CHANGE 2025 V 2024



Source: HOTSTATS a Dunelm company

Hotel payroll costs

Above-inflation wage growth has resulted in payroll expenses accounting for more than 75% of the total rise in operating costs in 2025. Notably, operators in the serviced apartment sector implemented substantial cost-reduction measures to offset rising payroll costs.

Since 2019, the National Living Wage has increased by 49% (rising to 55% in April 2026), equivalent of a compound annual rise of 6.8% over the same period. Payroll costs across London and regional UK are now approximately 30% higher on a PAR basis than in 2019, with annual growth persisting at 2024 levels. In 2025, London hotels posted an average payroll rise of 6.2%, and regional UK hotels, though moderating slightly, still grew by 5%. At these levels, payroll growth in regional UK was aligned to the 5.1% increase in regular earnings reported by the ONS over the nine-month period ending November 2025.

Occupancy levels improved by an average of 1.2 percentage points in London and by less than one percentage point across regional UK. This supported some staffing efficiencies,

helping limit payroll growth on a POR basis. However, payroll inflation still outpaced general price increases, rising by 4.7% POR in London and 3.9% POR in regional UK. Operational payroll costs increased at a faster pace than undistributed payroll costs across regional UK, whereas in London undistributed payroll costs came under greater pressure.

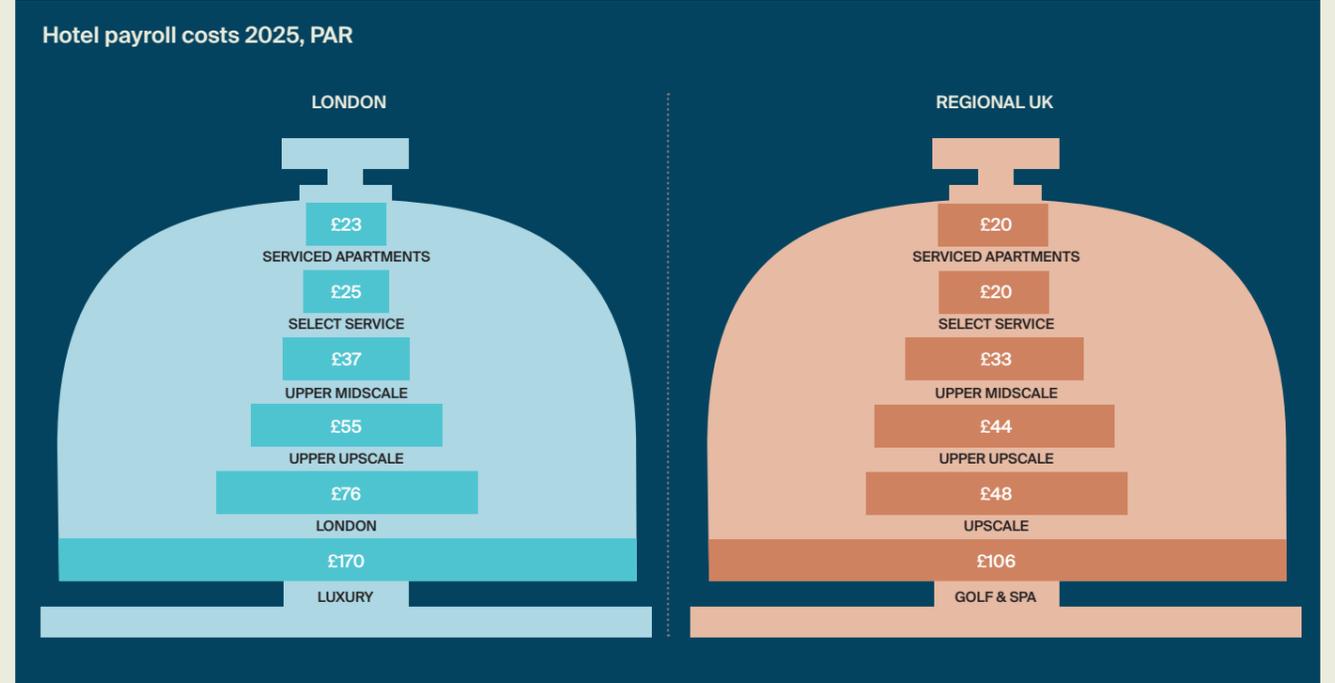
The recent rise in payroll costs has been driven primarily by wage inflation, following the 6.7% increase in the National Living Wage in April and the 1.2-percentage-point uplift in employer National Insurance contributions. Equally significant has been the lowering of the NI earnings threshold. To protect margins, many employers are likely reassessing their staffing models – rebalancing permanent and casual roles, consolidating or reducing

30%

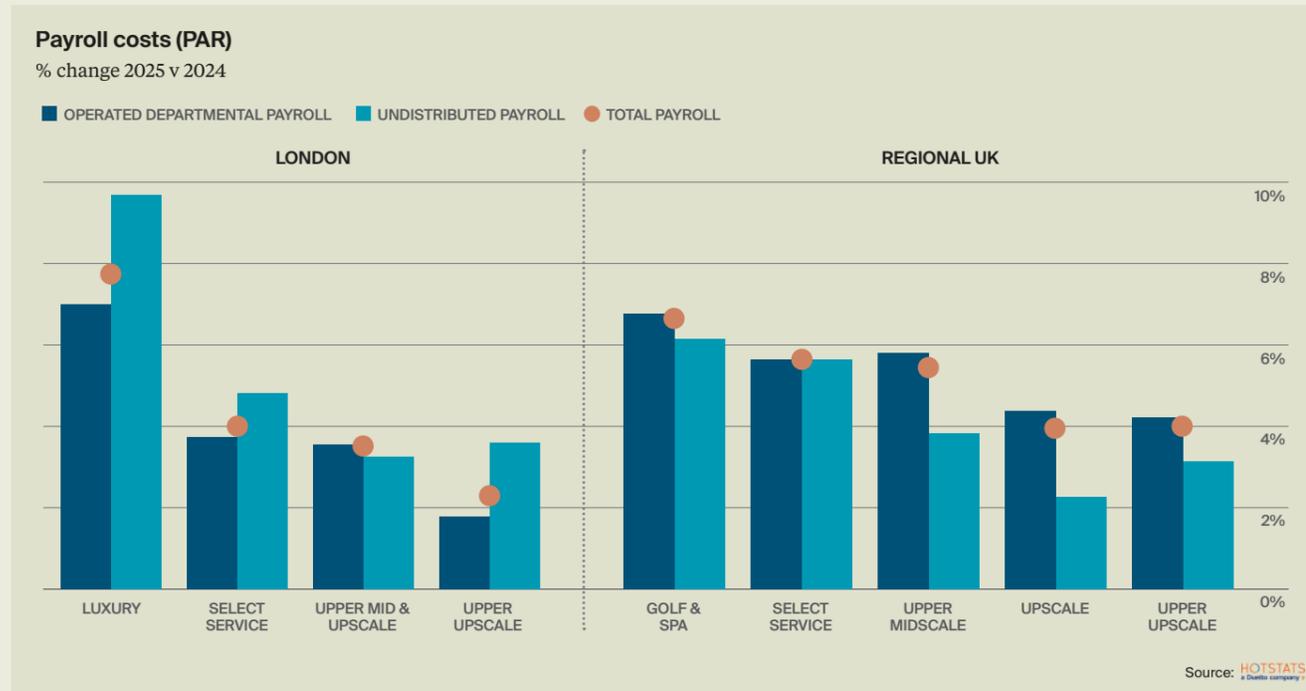
Payroll costs across London and regional UK are now approximately 30% higher on a PAR basis than in 2019, with annual growth persisting at 2024 levels.

positions, and adjusting shift patterns in line with demand – to manage the increased cost burden.

Real growth in total payroll costs shows clear variation across hotel classes in terms of the efficiencies achieved. Select-service hotels have experienced the highest wage inflation, with real payroll costs in 2025 – after adjusting for inflation – rising 9% in London and 6% across regional UK, compared with 2019.



Source: HOTSTATS



Source: HOTSTATS



The Hobson Cambridge by Adina

Given the budget-level price point and lean operating model of select-service and economy properties, there is limited scope to reduce staffing, meaning increases in payroll are more likely to reflect pure wage inflation rather than operational efficiencies.

In contrast, the upper-upscale segment has recorded real-terms reductions in payroll expenditure, with London hotels operating at 4% below 2019 levels and regional UK hotels 12% below. While rising payroll pressures affect the entire sector, these figures suggest that full-service hotels – traditionally operating with far higher staffing ratios per room – have been able to implement more material efficiencies and cost-saving measures, helping to offset wage inflation.

With ADR growth highly constrained, hotels have had limited ability to pass rising payroll costs on to guests. This heightens the need for operators to strike a careful balance between service levels and profitability. Looking ahead, from April the sector will need to absorb a further 4.1% increase in the National Living Wage and prepare for the phased introduction of the Employment Rights Act.



The Chancery Rosewood, London

Gross operating profit

During a year of low revenue growth, UK hotels have demonstrated remarkable resilience, albeit with varying degrees of success. Most segments ended 2025 at or close to the profitability levels achieved in 2024, but the strongest performance came from markets with a high volume of leisure demand.

London's hotel market saw GOPPAR fall 0.5% in 2025 to £111.60, though performance varied notably by segment. Select-service hotels and serviced apartments outperformed, each achieving close to a 1.0% increase in GOPPAR. Overall, profit margins declined by one percentage point to 41.1%, but London's serviced apartments have defied this trend, with margins rising by 1.0 percentage point to 49.7%, supported by a 3.0% reduction in total operating costs.

Across regional UK, GOPPAR held steady at £37, though the GOP margin fell by 0.5 percentage points to 30.3%. Performance, however,

varied by segment, with select-service hotels facing the greatest pressure: a 1.1-percentage-point rise in payroll costs (as a share of turnover) reduced profitability, pushing their profit margin down by 1.3 percentage points to 35.7%.

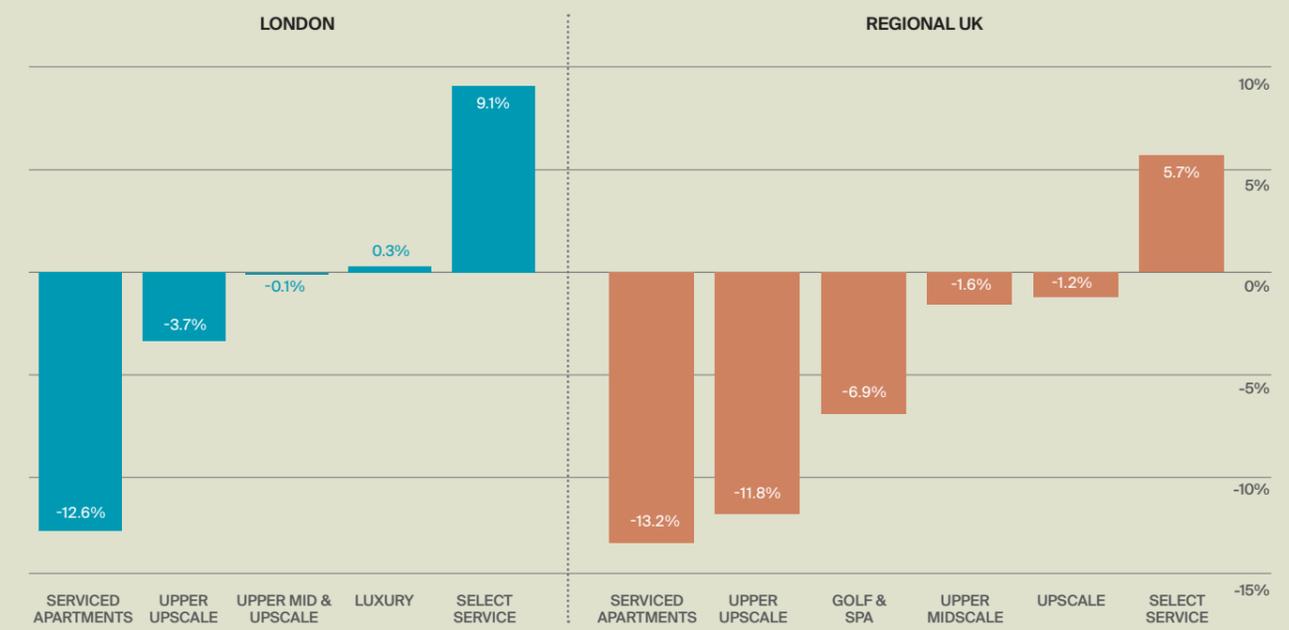
GOPPAR WINNERS AND LOSERS

In 2025, the regional upscale segment outperformed all UK hotel classes, recording the highest gains in GOPPAR at 3.4% annual growth, reversing its first half deficit of 4.8%. This performance was achieved through strong TRevPAR growth of 2.4% - yet this growth rate was ranked only third

amongst the other regional segments. Where regional upscale hotels truly excelled, was in converting this revenue growth into profitability, through a reduction in overheads, despite facing the same elevated payroll pressures as the wider UK hotel sector.

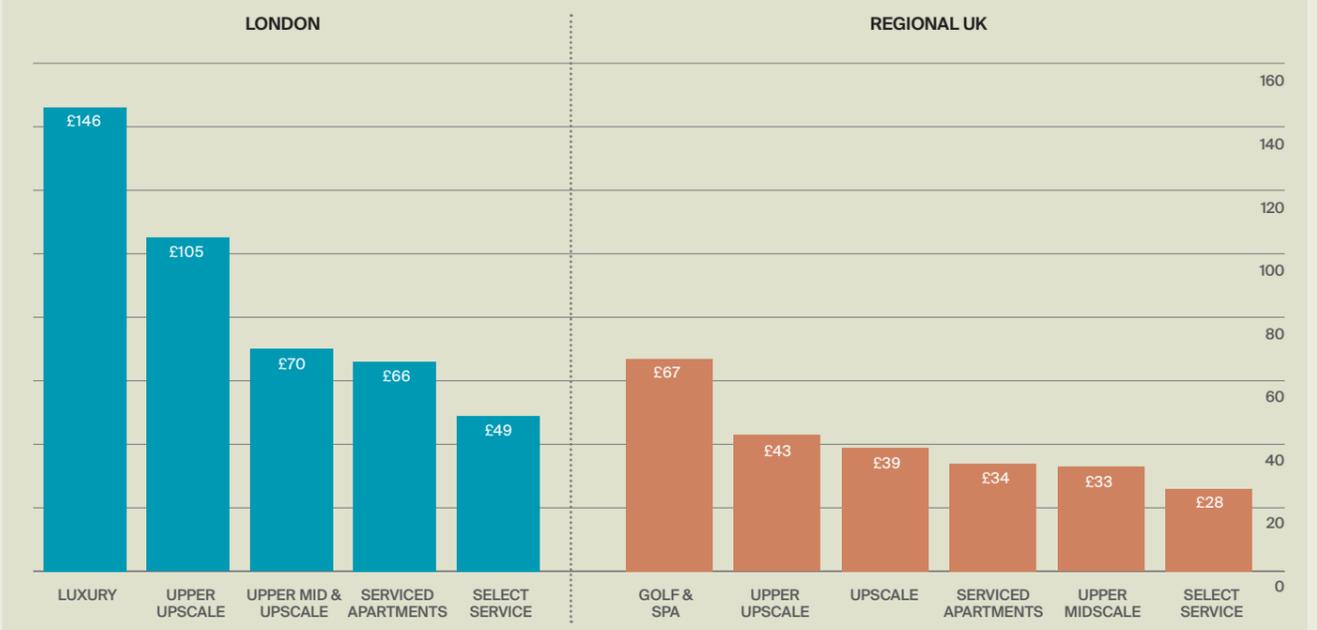
“In 2025, the regional upscale segment outperformed all UK hotel classes, recording the highest gains in GOPPAR at 3.4% annual growth, reversing its first half deficit of 4.8%.”

Real Growth in Payroll Costs (PAR)
2025 v 2019 (net of inflation)



Source: HOTSTATS

GOPPAR (£)
FY 2025

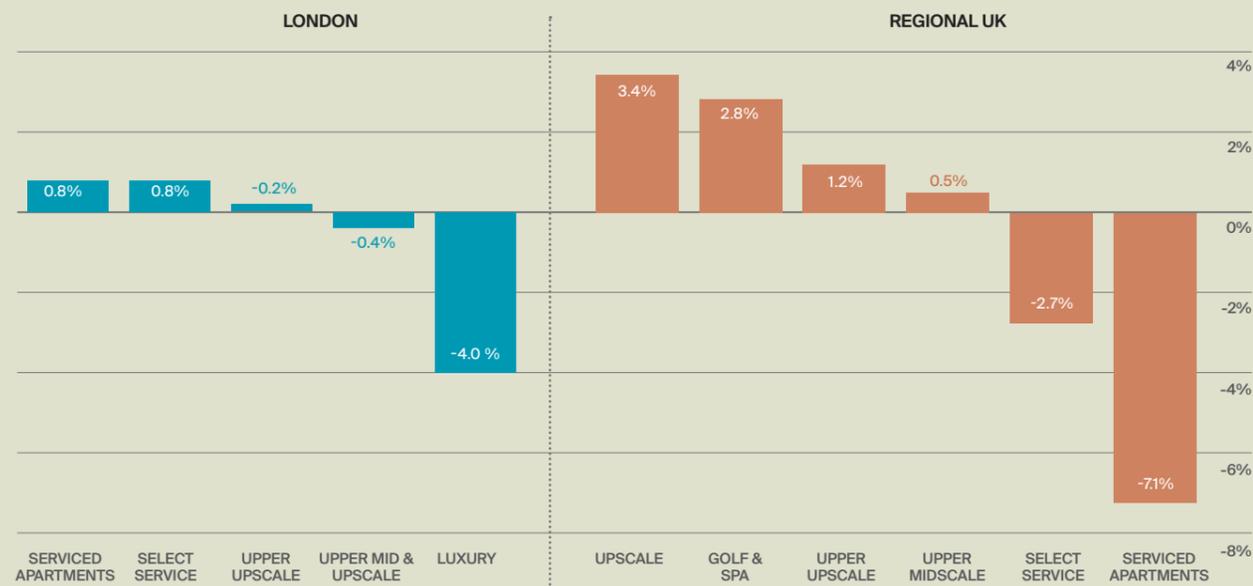


Source: HOTSTATS



The Newman Hotel, London

GOPPAR % change 2025 v 2024



Source: HOTSTATS
a Dunelm company

5.3%

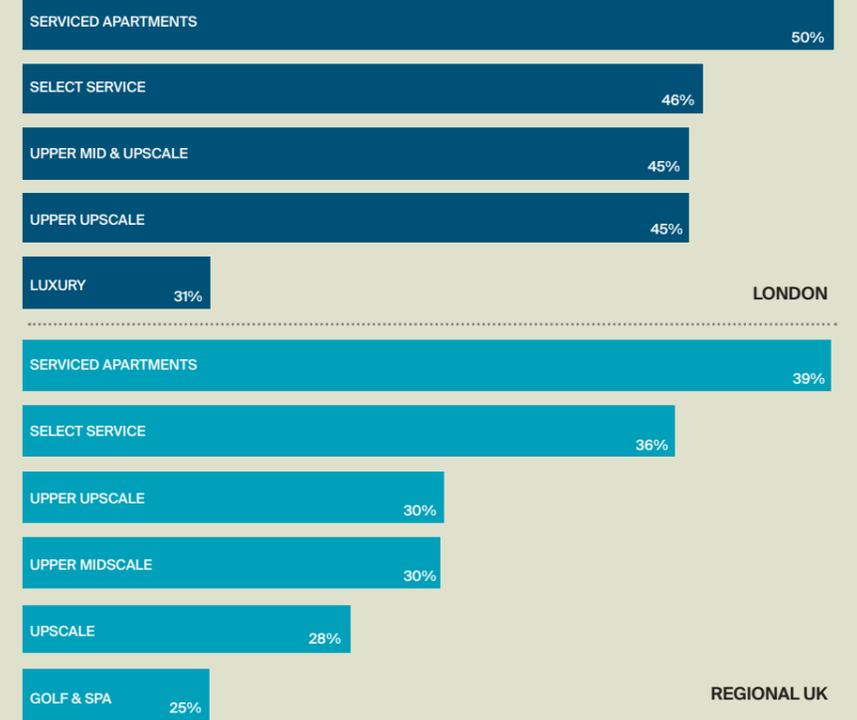
London hotels achieve 5.3% GOPPAR growth in H2-2025, almost offsetting the first decline, to end the year relatively stable, with GOPPAR 0.5% behind 2024 levels.

Golf & spa hotels recorded the strongest TrevPAR growth of all UK hotel segments in 2025, achieving a 4.2% increase year-on-year. However, despite this solid uplift in revenues, the segment faced pronounced payroll cost pressures, with payroll expenses rising by 6.6% PAR over the same period. Despite these headwinds, operators achieved notable efficiency gains within the undistributed departments, enabling the segment to record the second-highest GOPPAR growth across all UK hotels at 2.8%. Importantly, all profit gains were generated in the second half of the year.

The biggest declines in GOPPAR were suffered by London's luxury hotels and regional Serviced Apartments. London's luxury hotels achieved respectable TRevPAR growth of 2% year-on-year, but this did not provide enough cushion to withstand the rising costs, leading to a 4.0% decline in GOPPAR. For regional serviced apartments, the 4.1% decline in RevPAR was too severe from which to recover, despite achieving a 2.1% reduction in total costs. Ultimately the segment suffered a 7.1% decline in GOPPAR, with its profit margin falling for the first time to below 40%.

“London’s luxury hotels achieved respectable TRevPAR growth of 2% year-on-year, but this did not provide enough cushion to withstand the rising costs, leading to a 4.0% decline in GOPPAR.”

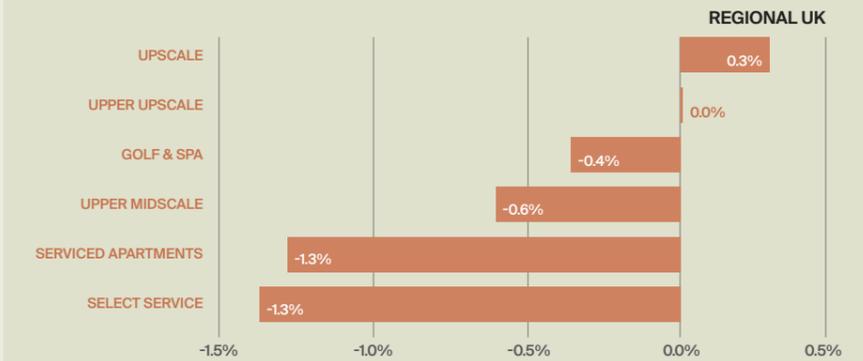
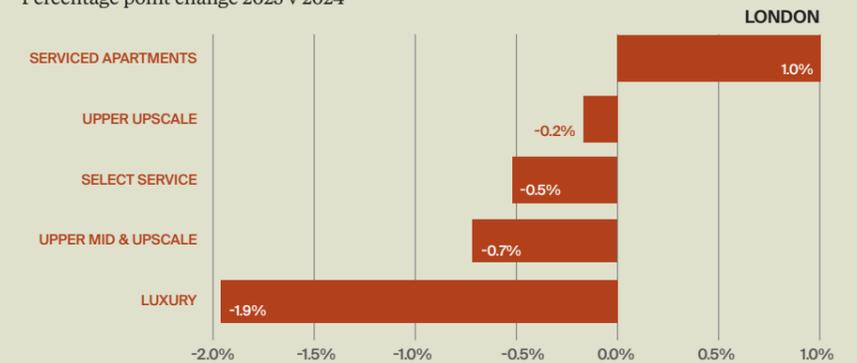
GOP Margin FY 2025



Source: HOTSTATS
a Dunelm company

GOP Margin

Percentage point change 2025 v 2024



Source: HOTSTATS
a Dunelm company

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We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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Front cover picture: The Chancery Rosewood London, opened September 2025.

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Glossary of terms

POR/PAR	POR/PAR Per Occupied Room / Per Available Room
Occupancy %	The number of rooms sold as a proportion of available rooms for a specified time period.
ADR (Average Daily Rate)	Calculated by dividing a hotel's total room revenue by the number of rooms sold for a specified time period.
RevPAR	The total Rooms Revenue divided by the total number of available rooms during the period.
TRevPAR	Total Revenue from all operating departments plus rental income divided by the total available rooms during the period.
DOI	Departmental Operating Income – Total Revenue less total Departmental Operating Expenses; expressed as a percentage of Total Revenue or divided by the total available rooms during the period.
Undistributed Operating Expenses	Expenses attributable to the whole hotel, but not allocated to a specific department. These expenses are typically split between Administration & General; Sales & Marketing; Property, Operations & Maintenance; and Utilities.
GOP	Total Revenue less Operating Expenses (Departmental Expenses and Undistributed Operating Expenses).
GOPPAR	Total Gross Operating Profit across all revenue streams divided by total available rooms during the period.
Payroll %	Departmental Payroll (or Total Departmental Payroll) as a percentage of departmental revenue (or total revenue).