

UK Hotel Dashboard



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Key Hotel trading metrics, quarterly

15th August 2024

LONDON

Key Performance Indicators (% Change versus 2023)

Q2-2024		Jan-June YTD 2024	
Occupancy			
83.0%	3.2%	78.1%	3.8%
ADR			
£237	-1.2%	£216	-1.4%
RevPAR			
£197	2.8%	£169	3.6%
TRevPAR			
£252	3.4%	£220	4.0%
GOPPAR			
£114	6.5%	£87	6.1%
GOP %			
45%	1.3%	40%	2.0%

Occupancy and GOP = % Point Change
 POR – per occupied room
 PAR – per available room



Note: HotStats benchmarking data comprises a greater number of upscale midscale, upscale, upper-upscale and luxury hotels, with the majority operating under a brand. Far fewer economy hotels are included within the datasets, as such the HotStats data is skewed towards the higher echelons.

UPPER-UPSCALE HOTELS STELLAR PERFORMANCE REINFORCES LONDON'S Q2 RESILIENCE

London recorded a 10-percentage point uplift in its Q2 occupancy performance, versus the previous quarter, to reach 83%, surpassing Q2-2019 levels. This strong performance has been driven largely by the Luxury and Upper-Upscale segments, which recorded occupancy percentage point growth of 4.3 and 5.2 respectively, versus Q2-2023.

London's hotel market recorded occupancy of 78% for the first half of 2024, which is now on par with 2019 levels, but with upper-midscale and upscale hotels falling short of their historical performance. Whilst y-o-y H1 ADR has fallen by 1.4%, overall London's RevPAR was positive, up by 3.6%. The biggest declines in ADR came from the Select Service and Upper-Midscale segments, which saw Q2 ADR decline by almost 5% versus the previous year. London's Luxury hotels recorded a y-o-y ADR decline of 3% in Q2, whilst the ADR for the Upper-Upscale segment was held level over the same period.

London's Upper-Upscale hotels outperformed the market in Q2, with RevPAR growth of 6.5% versus the previous year and is the only segment to have recorded real growth since 2019, of 3.2%. This has been achieved through an uplift in its occupancy, rising to 85% in Q2, more than four percentage points higher than in Q2-2019. As at June-YTD, Upper-Upscale hotels are ahead of its 2019 occupancy by 2.8%. Select-Service hotels is the only other segment to equal its H1-2019 occupancy performance at 82.5%.

With Q2 TRevPAR recording higher y-o-y growth than RevPAR, facilitating this growth has been the uplift in F&B revenues. Overall, London hotels recorded 5.5% F&B RevPAR growth in Q2, with Upscale and Upper-Upscale segments driving the increase in F&B revenues. Meanwhile, London's Select Service hotels recorded a 10% fall in F&B RevPAR, suggesting those on lower budgets are opting for economy hotels and cutting back on F&B spend.

RESPECTABLE UPLIFT IN DEPARTMENTAL INCOME

The pace which costs have increased has slowed significantly in Q2 versus the previous year. Total Rooms costs increased y-o-y by 1.9% PAR in Q2, but with occupancy levels continuing to rise, further efficiencies have been achieved, with the total rooms cost POR declining y-o-y by 2.1%. London's Luxury hotels have achieved higher levels of efficiency in the Rooms department despite the continued rise in payroll costs, with respectable cost control and reduced commissions, as the ADR has softened.

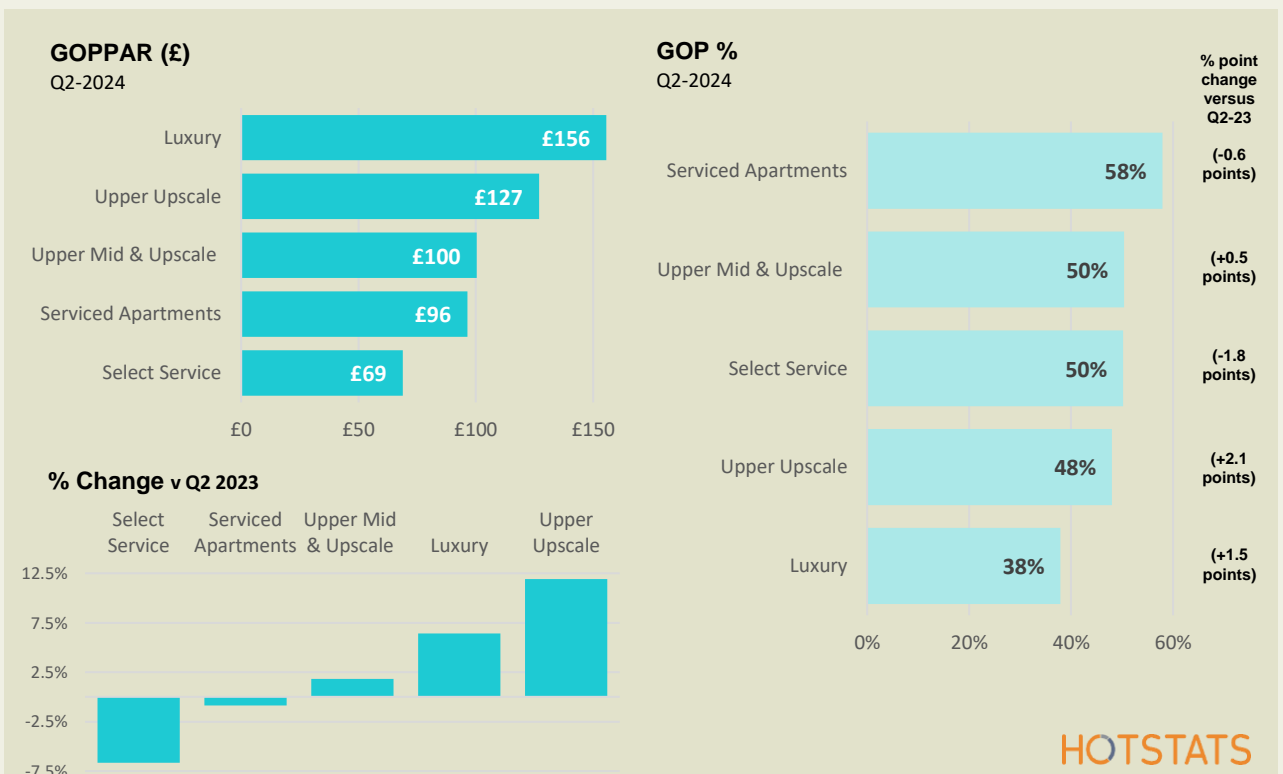
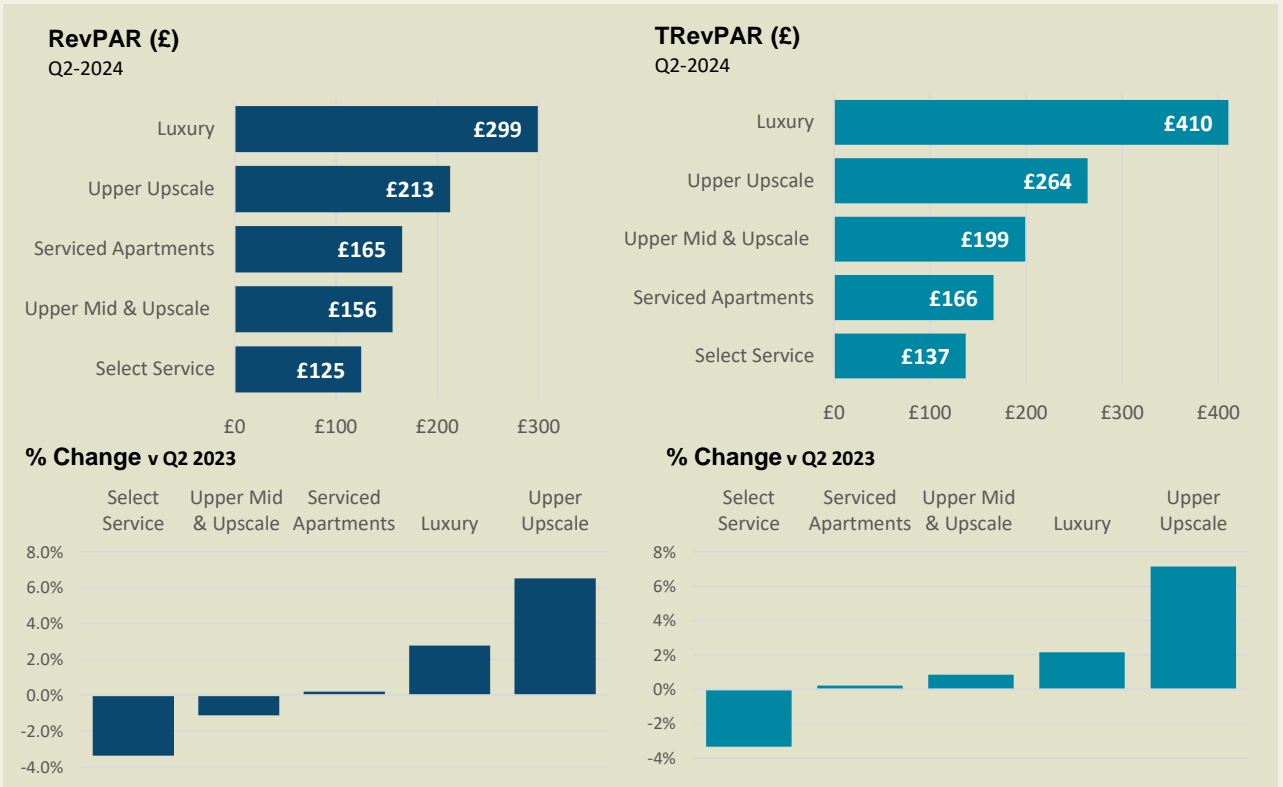
Meanwhile, improving F&B revenues combined with a fall in F&B expenses, have seen F&B departmental income in Q2 surge y-o-y by 30% across all London hotels, and rising by as much as 45% in the Upper-Upscale segment. F&B profit margins increased by more than four percentage points in Q2, versus 2023, rising to 22% of departmental turnover.

LONDON'S HOTELS DRIVE IMPRESSIVE GOPPAR GROWTH

Utility costs have continued on a downward trajectory, declining y-o-y in Q2 by an impressive 17% across all London hotels. As at June YTD, utility costs accounted for 4.1% of total revenues, compared to 5.0% in H1-2023 and 2.9% in H1-2019.

The uplift in London's departmental operating income has been the key driver behind Q2's GOPPAR growth. Upper-Upscale hotels were the top performers, with a 9.3% uplift in departmental income and y-o-y GOPPAR growth of 12%. As a result, its gross operating profit margin increased by two percentage points to 48%.

London – Hotel KPIs

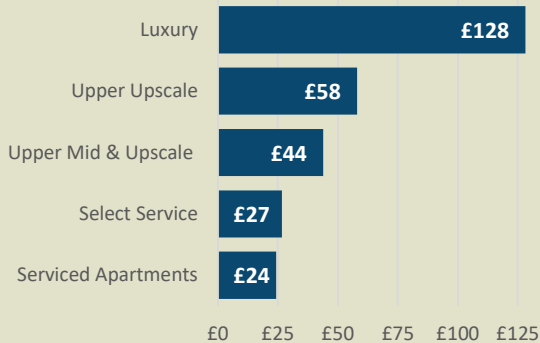


Departmental Metrics

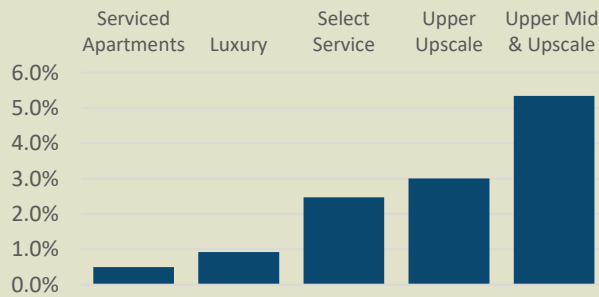
LONDON

Total Hotel Payroll PAR (£)

Q2-2024

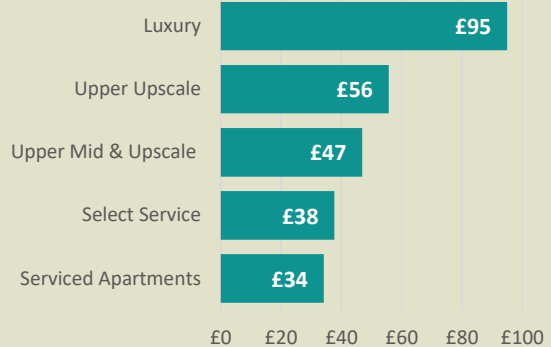


% Change v Q2 2023

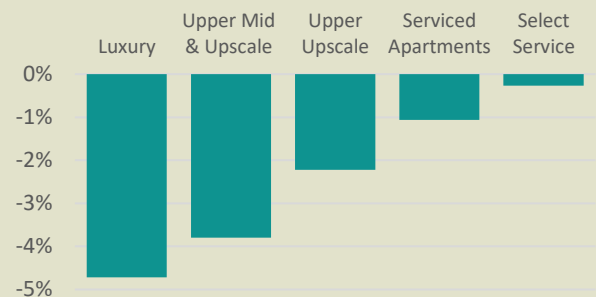


Rooms Cost POR (£)

Q2-2024

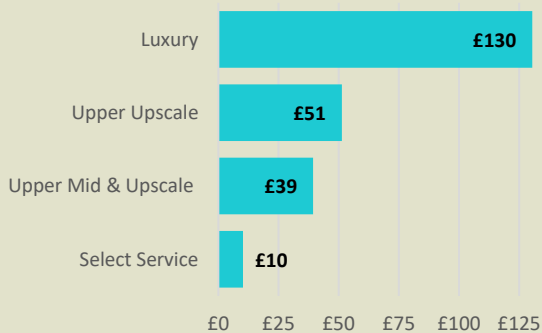


% Change v Q2 2023

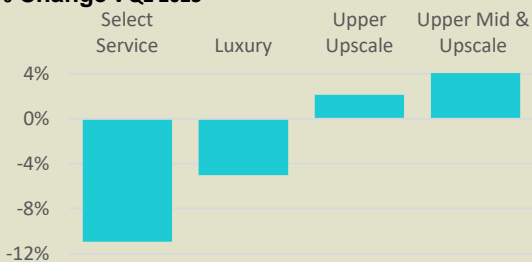


Food & Beverage Revenue POR (£)

Q2-2024

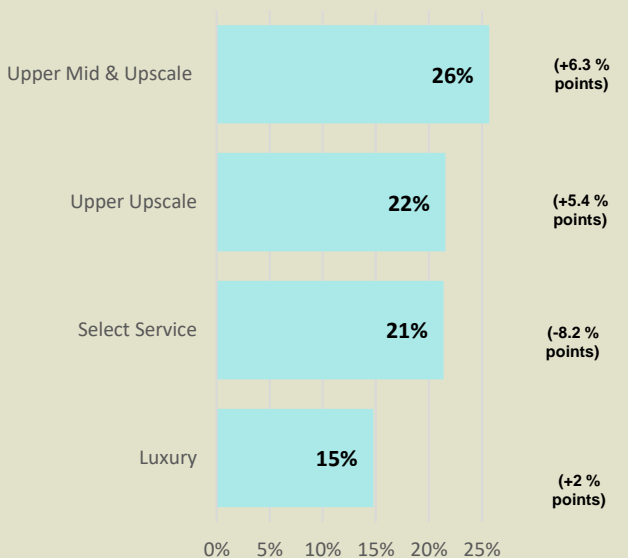


% Change v Q2 2023



Food & Beverage Profit Margin %

Q2-2024



Regional UK



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Key Performance Indicators (% Change versus 2023)

Q2-2024		Jan-June YTD 2024	
Occupancy			
77.2%	0.2%	72.4%	0.4%
ADR			
£112	4.3%	£103	3.0%
RevPAR			
£87	4.6%	£75	3.6%
TRevPAR			
£134	5.6%	£118	4.7%
GOPPAR			
£45	11.3%	£33	8.1%
GOP %			
34%	1.7%	28%	3.3%

Occupancy and GOP = % Point Change
 POR – per occupied room
 PAR – per available room

HOTSTATS

Note: HotStats benchmarking data comprises a greater number of upscale midscale, upscale, upper-upscale and luxury hotels, with the majority operating under a brand. Far fewer economy hotels are included within the datasets, as such the HotStats data is skewed towards the higher echelons.

IMPRESSIVE Q2-2024 TRADING PERFORMANCE

Occupancy across the Regional UK remained stable y-o-y in Q2 at 77%, albeit with the Upscale and Upper-Upscale segments continuing to see growth as their occupancy levels continue to recover. Overall, hotel occupancy across Regional UK is three percentage points below Q2-2019, with upscale and upper-upscale remaining further adrift at five percentage points lower.

It was, however, a robust second quarter with respectable ADR growth and whilst the total market averaged a Q2 uplift y-o-y of 4.3%, certain segments yielded significantly stronger growth. For example, Select Service and Upper-Upscale hotels recorded 5.4% and 4.6% ADR growth respectively. Increased demand for meetings and events have contributed to healthy ADR growth.

Outperforming the market in Q2 was the Golf and Spa hotel segment, with Q2 RevPAR surging by 20% versus Q2-23, achieved through a six-percentage point uplift in its occupancy and a 10% increase in the ADR rising to £202. As at June YTD, this segment is 16% ahead of its RevPAR for H1-23, which at £118 equates to 18% real growth versus 2019.

ANCILLARY REVENUES DRIVE TREVPAR GROWTH

Q2 TRevPAR recorded higher y-o-y growth than RevPAR across Regional UK. Leisure revenues increased by an average of 17% PAR y-o-y, whilst F&B revenues recorded 6% growth. Golf & Spa hotels outperformed the market, with an impressive 17% growth y-o-y in F&B Revenues, driving Q2 TRevPAR growth of 18% versus 2023.

STRONG GROWTH IN DEPARTMENTAL INCOME

Robust revenue growth, combined with a significant slowdown in the pace of rising costs, has led to a healthy rise in departmental income and improving profit margins. Q2 F&B income recorded an annual uplift of 9% PAR across all regional UK hotels, whilst the growth in leisure income increased by 23% PAR. Growth in ancillary revenues for Golf & Spa hotels surpassed the wider regional UK market, with a 24% uplift in F&B income and Leisure income rising by 31%. With Golf & Spa Hotels driving some 48% of its total departmental income from non-rooms revenue, this uplift in profits from ancillary departments is significant.

DOWNWARD TRAJECTORY OF UTILITY COSTS CONTINUES

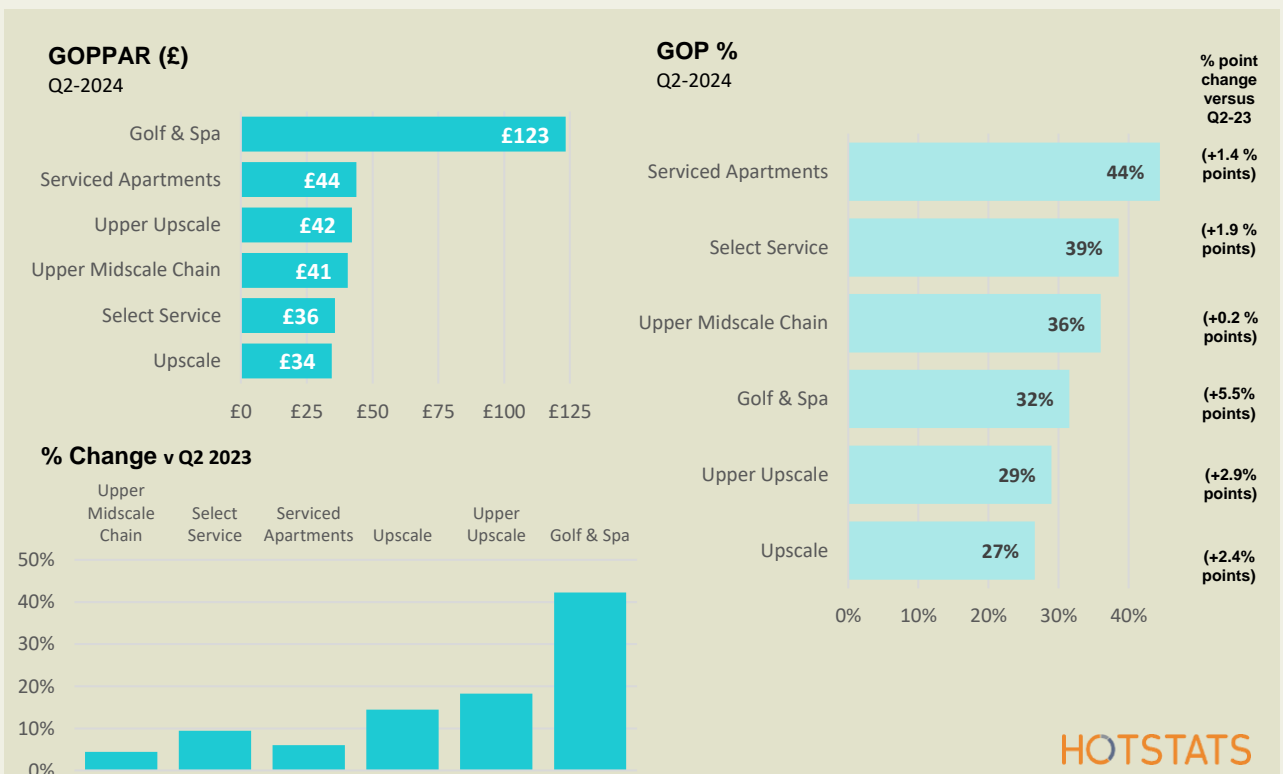
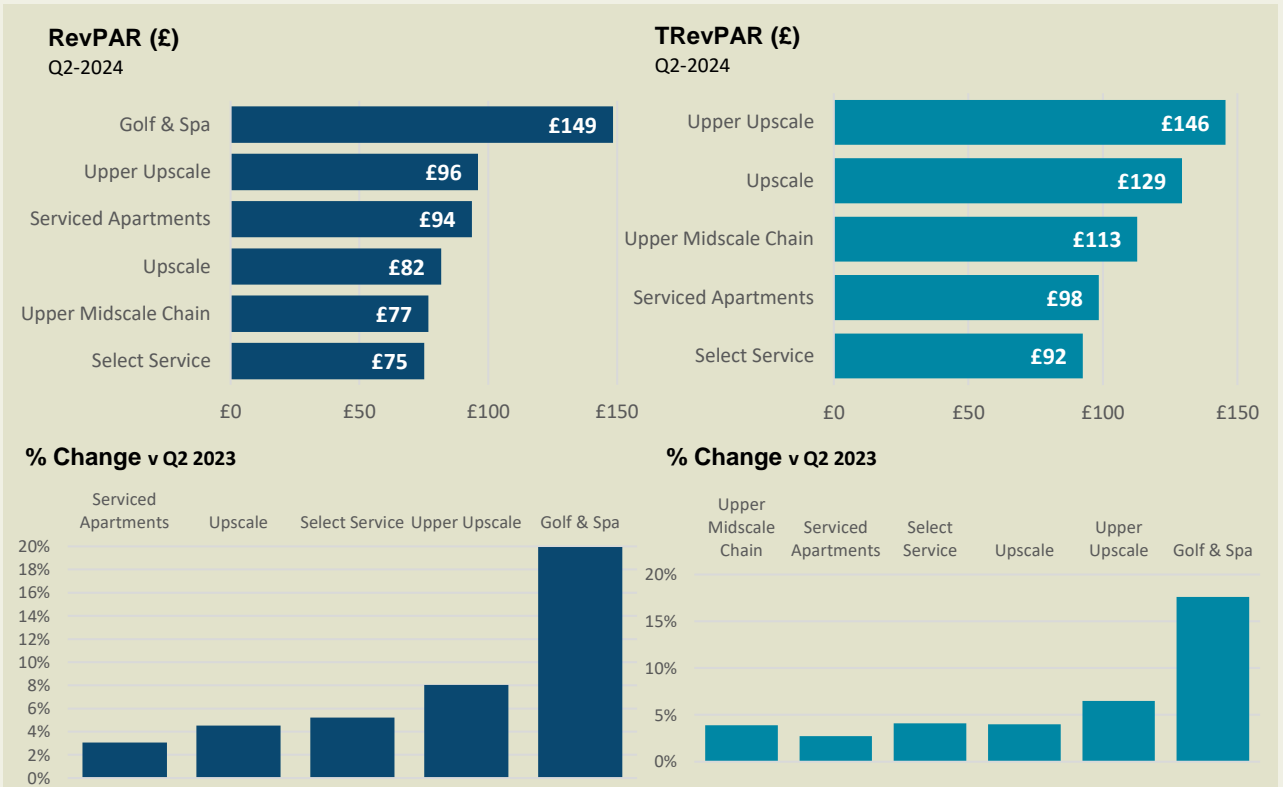
Hotels across Regional UK have seen lower utility costs y-o-y, declining by 17% PAR. As at June YTD, utility costs accounted for 6.5% of total revenues, compared to 7.9% in H1-23. Meanwhile, undistributed operating expenses excluding utility costs have increased on average by 7% PAR, with the rise in costs significantly lower than in Q2-23.

SOLID GOPPAR GROWTH AND IMPROVING PROFIT MARGINS

Given the strong improvement in departmental income, this has been converted into robust GOPPAR growth. Both Regional UK Upscale and Upper-Upscale hotels have seen impressive Q2 GOPPAR growth of 14% and 18% respectively, versus Q2-2023. Yet the standout trading performance in Q2 by Golf & Spa hotels yielded even stronger growth, with y-o-y GOPPAR growth soaring by 42%, and by 46% for H1-24.

With such robust growth in GOPPAR, profit margins have increased, with Upscale and Upper-Upscale hotels seeing Q2 margins rise by almost three percentage points, and for Golf & Spa hotels a rise of 5.5 percentage points to 32%, ahead of its pre-pandemic performance.

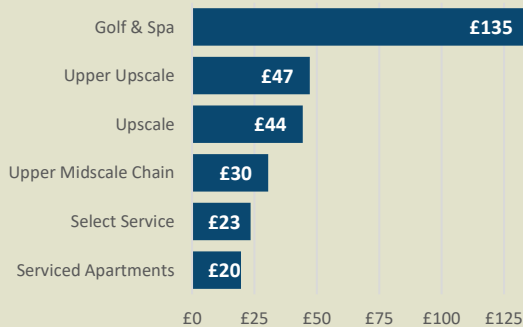
Regional UK - KPIs



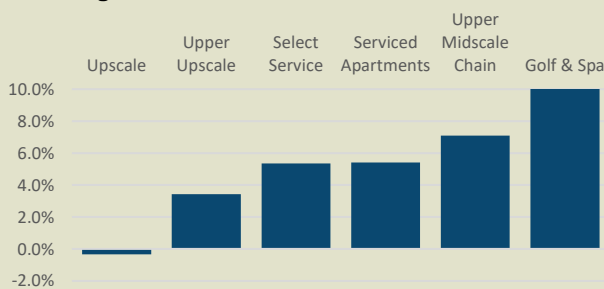
Departmental Metrics

Regional UK

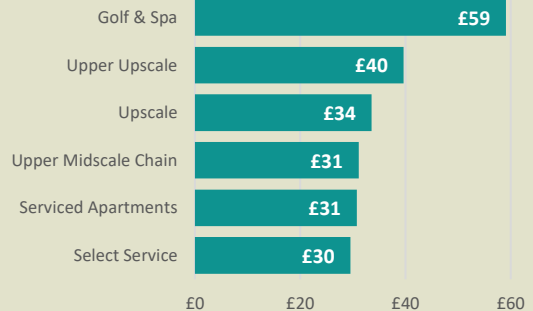
Total Hotel Payroll POR (£)
Q2-2024



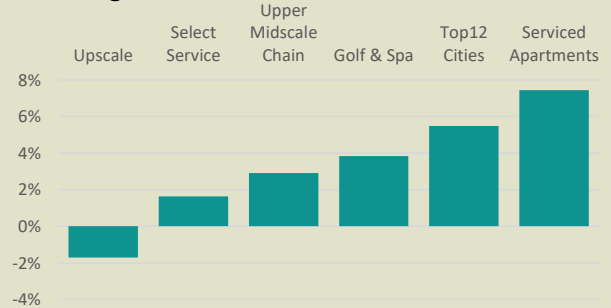
% Change v Q2 2023



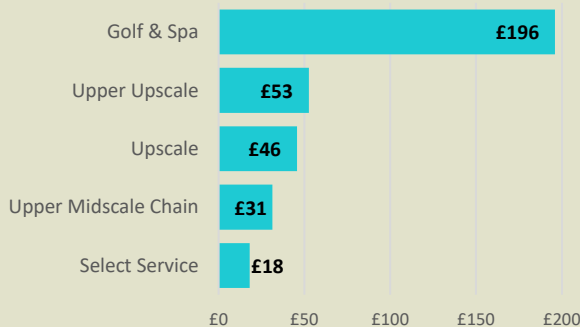
Rooms Cost POR (£)
Q2-2024



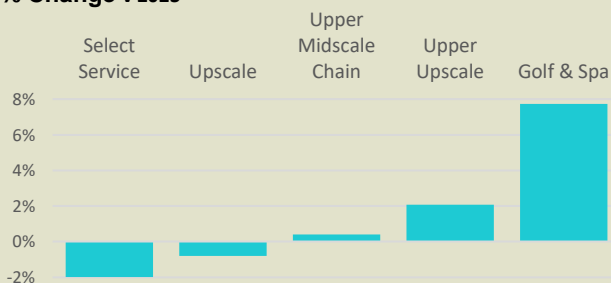
% Change v Q2 2023



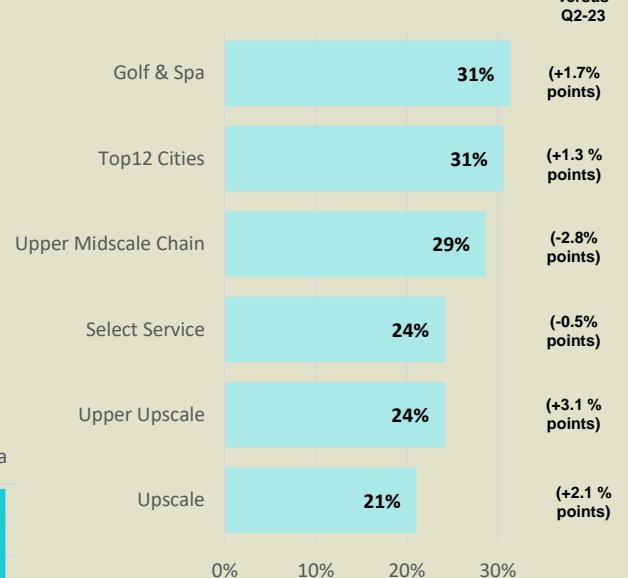
Food & Beverage Revenue POR (£)
Q2-2024



% Change v 2023



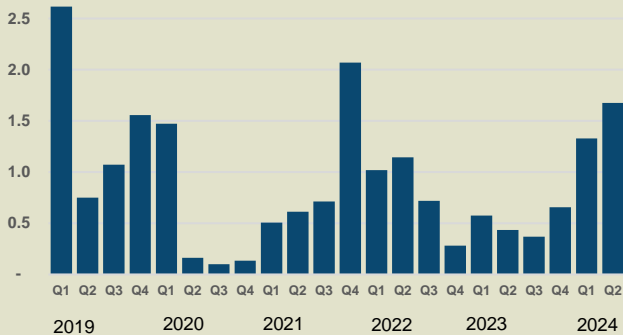
Food & Beverage Profit Margin %
Q2-2024



UK Hotel Investment

UK hotel Investment Volumes

By Quarter, £bn, 2019-2024

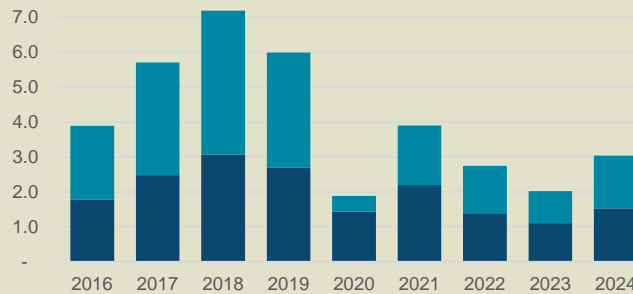


Source: CoStar Group, MSCI, Knight Frank Research

Investment Volumes, London v Regional UK

£bn

■ London ■ Regional UK

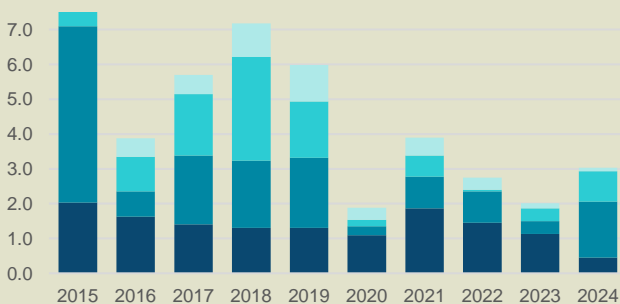


Source: CoStar Group, MSCI, Knight Frank Research

Investment Volume Breakdown

£bn

■ Single Asset ■ Portfolio ■ Investment ■ Development



Source: CoStar Group, MSCI, Knight Frank Research

H1-2024

£3 billion transacted

200 Hotels

20,200 Rooms

50%

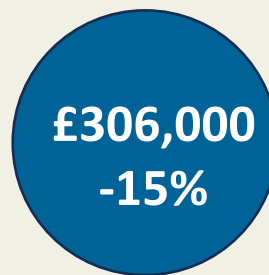
London Market Share

52%

Upscale, Upper-Upscale & Luxury

Going Concern Hotel Transactions, H1-2024 v H1-2023

Average Price per Key (£)

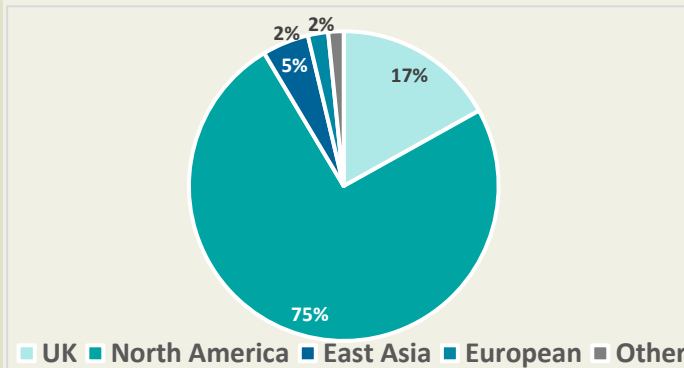


LONDON

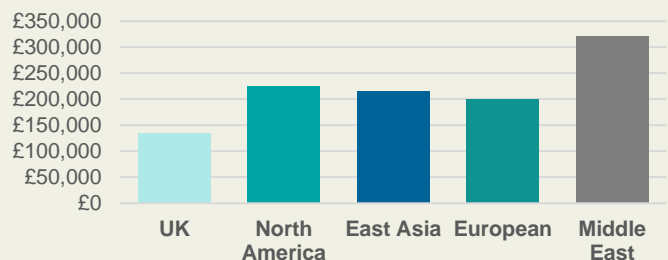


REGIONAL UK

Geographical capital flows H1-2024



H1-2024 – Av. transaction price per room by capital flow (£)



HOTSTATS

Is a global data benchmarking company that provides specialized performance analysis and a benchmarking platform that services hotels around the world. HotStats collect financial and operational data from a diverse range of hotels globally to provide hotel owners, operators, and investors with valuable insights into the financial performance of their properties against their competition – an invaluable resource for evaluating investment opportunities and weighing options for prospective investors. email enquiries@hotstats.com for more information.

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