

UK Hotel Dashboard



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Key Hotel trading metrics, quarterly

14th February 2024

LONDON

London - Key Performance Indicators, % Change versus 2022

	Q4-23		Jan-Dec 2023	
Occupancy	82.1%	4.7%	78.5%	10.7%
ADR	£235	0.0%	£230	3.1%
RevPAR	£193	6.2%	£180	19.4%
TRevPAR	£257	6.2%	£233	18.1%
GOPPAR	£113	5.3%	£98	17.5%
GOP %	44%	-0.3%	42%	-0.2%

Occupancy and GOP = % Point Change

HOTSTATS

LONDON: OCCUPANCY DRIVES GROWTH IN H2-2023

Another defiant year of trading for the London hotel market, with Q3-23 proving to be the strongest quarter in terms of RevPAR and profitability. Occupancy was the sole driver of growth in Q4, reaching 82%, whilst ADR was held level with Q4-2022.

The ongoing recovery of overseas visitors has been a key driver behind the robust growth in occupancy, up almost 11 points in 2023 (v FY2022). Overseas passenger arrivals to London's three largest international airports show a 27% uplift as at November YTD versus 2022, just 5% below 2019 levels over the same period.

Each quarter of 2023 saw occupancy in London edge closer to its pre-pandemic performance, such that by Q4 2023 the gap had narrowed to just under one percentage point compared to six percentage points at the start of the year versus 2019.

For the full-year, despite some 3,100 new rooms opening in London, occupancy has narrowed to just three percentage points below 2019 levels.

Upper-Upscale hotels outperformed the London market in terms of RevPAR growth, up by 9% in Q4 and by 23% over the full year, driven by a strong recovery in occupancy. Meanwhile, London's Luxury hotels have still further to climb, with occupancy in 2023 adrift of their 2019 performance by 7.5 percentage points.

OPERATING MARGINS UNDER PRESSURE

Challenging operating conditions have continued to put earnings under pressure, particularly in the F&B department, where profit margins across all London hotel classes have fallen on average by 10 percentage points since 2019, to 19% of departmental turnover.

Total payroll costs increased by 18% PAR, but on a POR basis, the growth in wage costs has been obscured by the strong upward swing in rooms occupied. Across all London hotels, payroll costs averaged 25.8% of total revenue in 2023, compared to 24.3% in 2019.

STRONG REVENUE GROWTH CATALYST FOR ENHANCED PROFITS

The strength of London's RevPAR has had a significant positive impact on GOPPAR, with profits up by 17.5% PAR in 2023 versus 2022. Strong RevPAR growth has also ensured that GOP margins have held mostly steady over the same period.

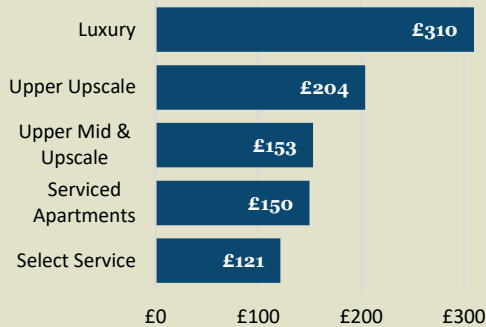
Yet profit margins remain significantly lower when compared to 2019, falling by 3.6 percentage points across all London hotel classes. Serviced apartments and Select Service hotels have seen the largest declines over this period, of eight percentage points and six percentage points respectively.

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.

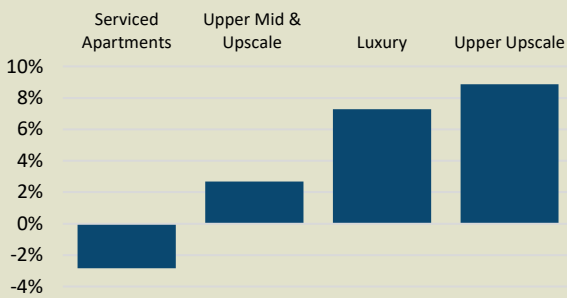
London – Hotel KPIs

RevPAR (£)

Q4-2023

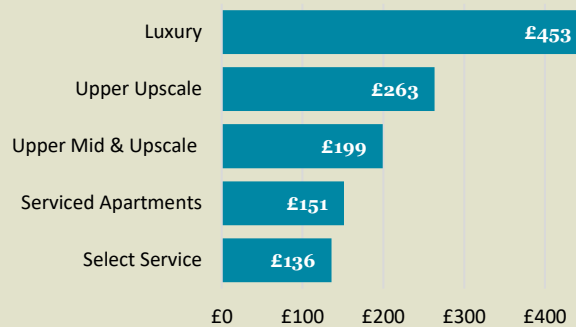


% Change

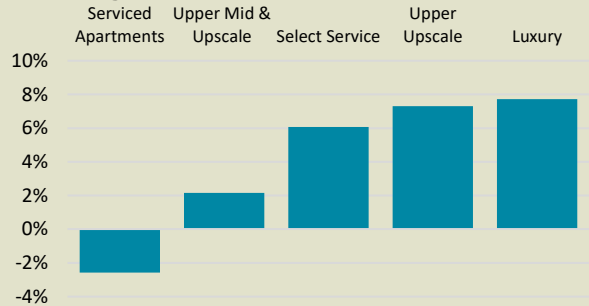


TRevPAR (£)

Q4-2023

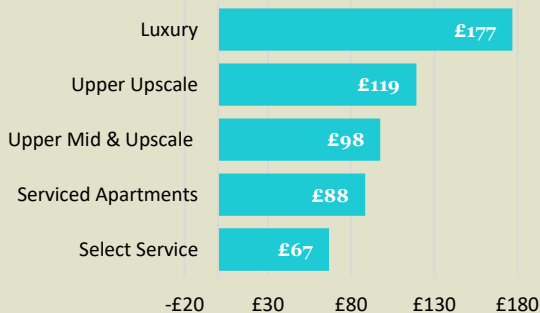


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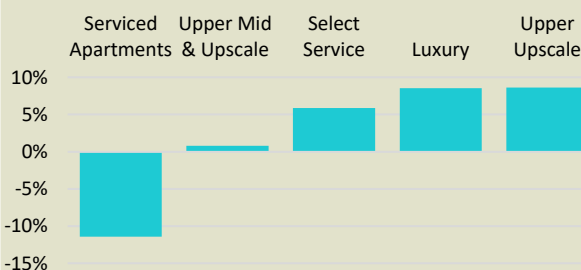


GOPPAR (£)

Q4-2023

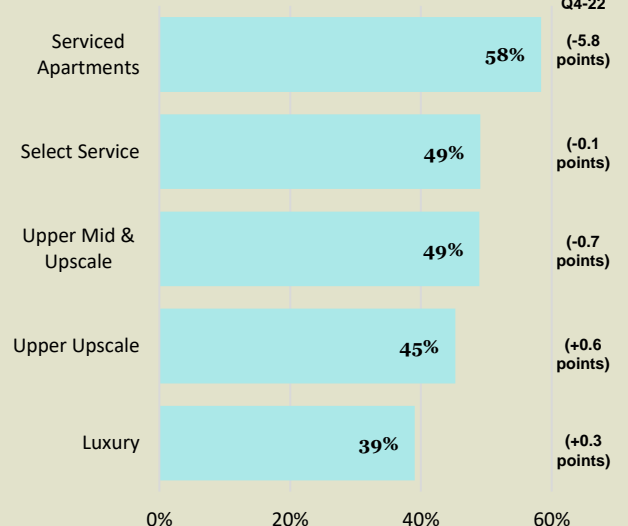


% Change



GOP %

Q4-2023

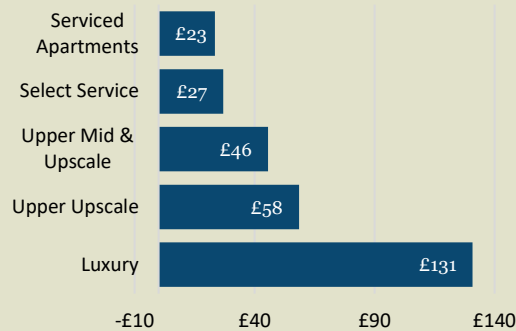


Departmental Metrics

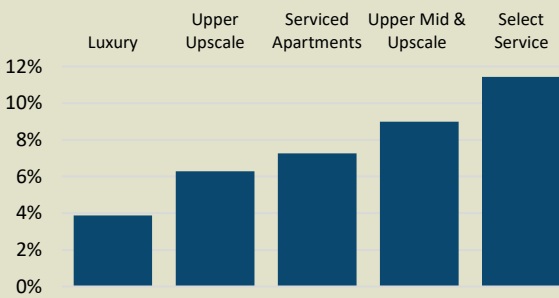
LONDON

Total Hotel Payroll POR (£)

Q4-2023

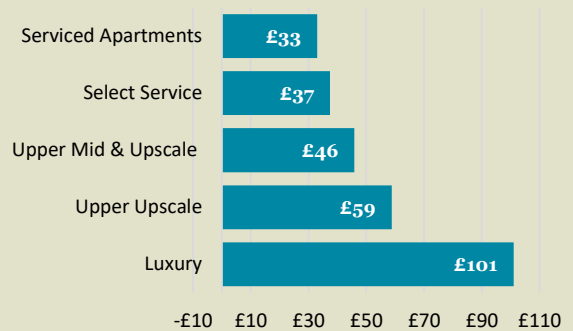


% Change

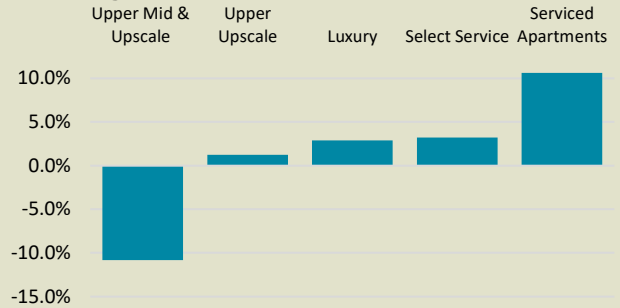


Rooms Cost POR (£)

Q4-2023

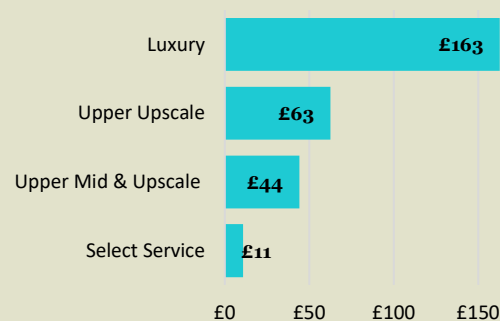


% Change

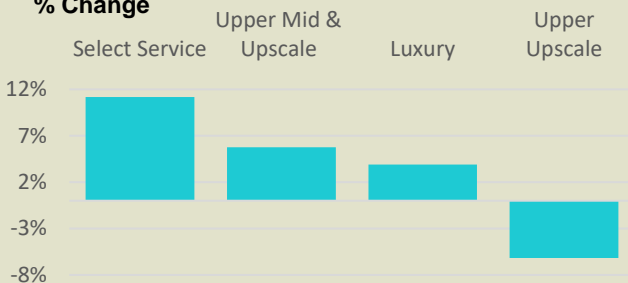


Food & Beverage Revenue POR (£)

Q4-2023

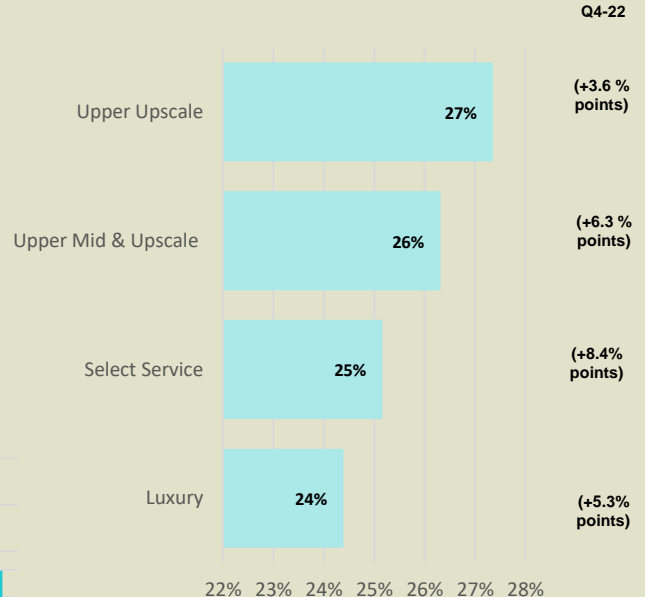


% Change



Food & Beverage Profit Margin %

Q4-2023



Regional UK

Regional UK - Key Performance Indicators, % Change versus 2022

Q4-23		Jan-Dec 2023	
Occupancy			
72.5%	0.8%	74.2%	4.6%
ADR			
£101	5.0%	£103	5.2%
RevPAR			
£74	6.2%	£76	12.2%
TRevPAR			
£120	6.5%	£120	11.3%
GOPPAR			
£34	11.3%	£35	10.7%
GOP %			
28%	1.2%	29%	-0.2%

Occupancy and GOP = % Point Change

HOTSTATS

REGIONAL UK: STRONG MOMENTUM IN ADR CEMENTS GROWTH

A story of two halves for the Regional UK hotel market, led by strong occupancy growth in H1, followed by consistent, robust ADR growth in H2-2023.

Y-o-Y occupancy growth was achieved in each quarter of 2023, but with the pace of growth slowing considerably by Q4 to reach full-year occupancy of 74%, three percentage points below 2019 levels.

In contrast to the London market where ADR remained flat in H2-2023, strong demand for corporate, meetings and events business supported ADR growth during the second half of the year. Annual ADR growth averaged more than 5%, to reach £103.

Whilst performance of the Regional UK market is often determined by domestic events, the return of overseas visitors to regional cities has certainly helped underpin the double-digit full-year RevPAR growth. Y-o-Y, the uplift in overseas arrivals increased by 22% across four of the UK's busiest regional airports, just 3% below 2019 levels.

Golf & Spa hotels recorded much weaker RevPAR growth than the Regional average, at 6%, but with its growth led predominantly by the ADR, driven by their ability to raise prices at peak times. FY-2023 occupancy remains seven percentage points below 2019 levels.

RECOVERY IN F&B INCOME FOR LEADING REGIONAL CITY CENTRES MARKETS

Across all hotel classes, F&B revenues have increased Y-o-Y, but with the leading regional UK cities driving far stronger growth of 14% PAR than compared to the regional UK average of 9%.

Whilst these regional city-centre markets have endured F&B costs rising by approximately 10% PAR Y-o-Y, the recovery in revenue is such that F&B income increased by 24% and is 11% ahead of 2019 levels. It's a different story for the wider Regional UK market, where F&B profits remain 18% lower PAR than in 2019, suggesting that the recovery in conference and events still has some way to go.

Whilst F&B profit margins were held at 27% across the whole of Regional UK, leading city centre hotel markets recorded a higher profit margin of 30%, a 2.5 percentage point rise Y-o-Y, but two percentage points below 2019 levels. For the wider Regional UK market F&B profit margins are now five percentage points lower than in 2019.

STRONG REVENUE GROWTH CATALYST FOR ENHANCED PROFITS

Averaging 68% profit conversion for the Rooms department across Regional UK in 2023, reinforces the importance of driving RevPAR growth to deliver a healthy bottom line.

Robust growth in GOPPAR was consistently achieved throughout 2023, with profits up by 11% PAR Y-o-Y. GOP margins held steady over the same period but remain 1.5 percentage points lower than in 2019.

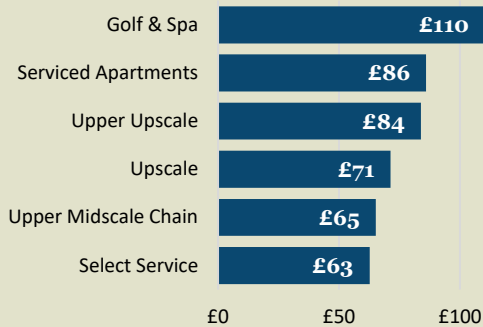
Yet not all markets have fared as well, with full-service upscale and upper-upscale hotels continuing to deliver a GOP margin of between 23% to 24%. Regional city centre markets averaged 30% but remain more than four percentage points lower than in 2019.

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.

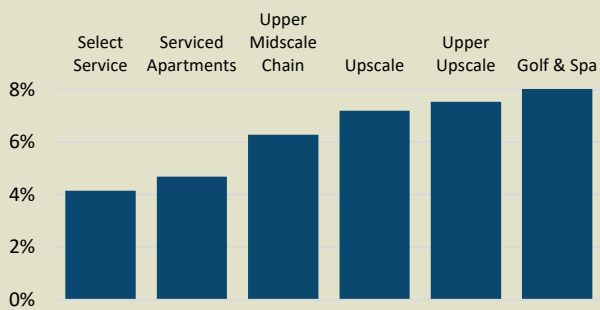
Regional UK - KPIs

RevPAR (£)

Q4-2023

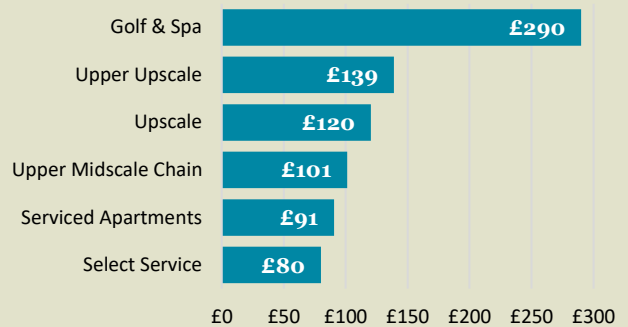


% Change

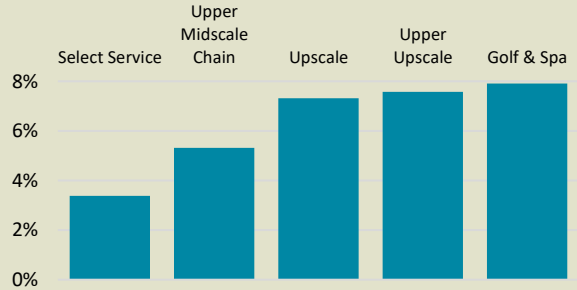


TRevPAR (£)

Q4-2023

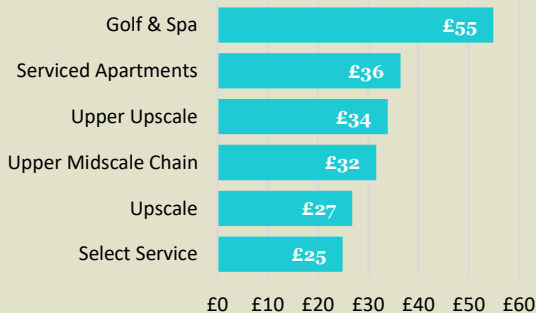


% Change

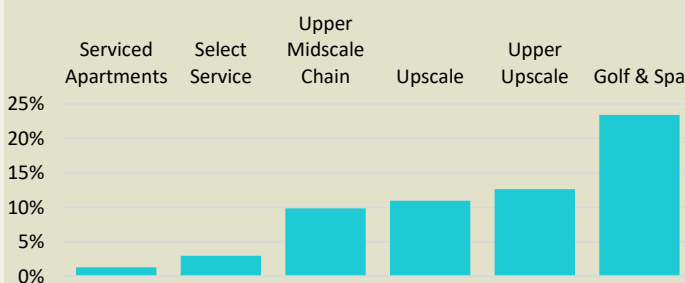


GOPPAR (£)

Q4-2023

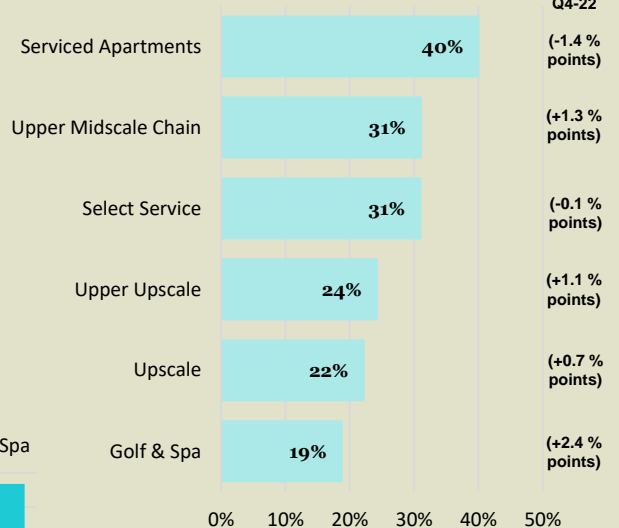


% Change



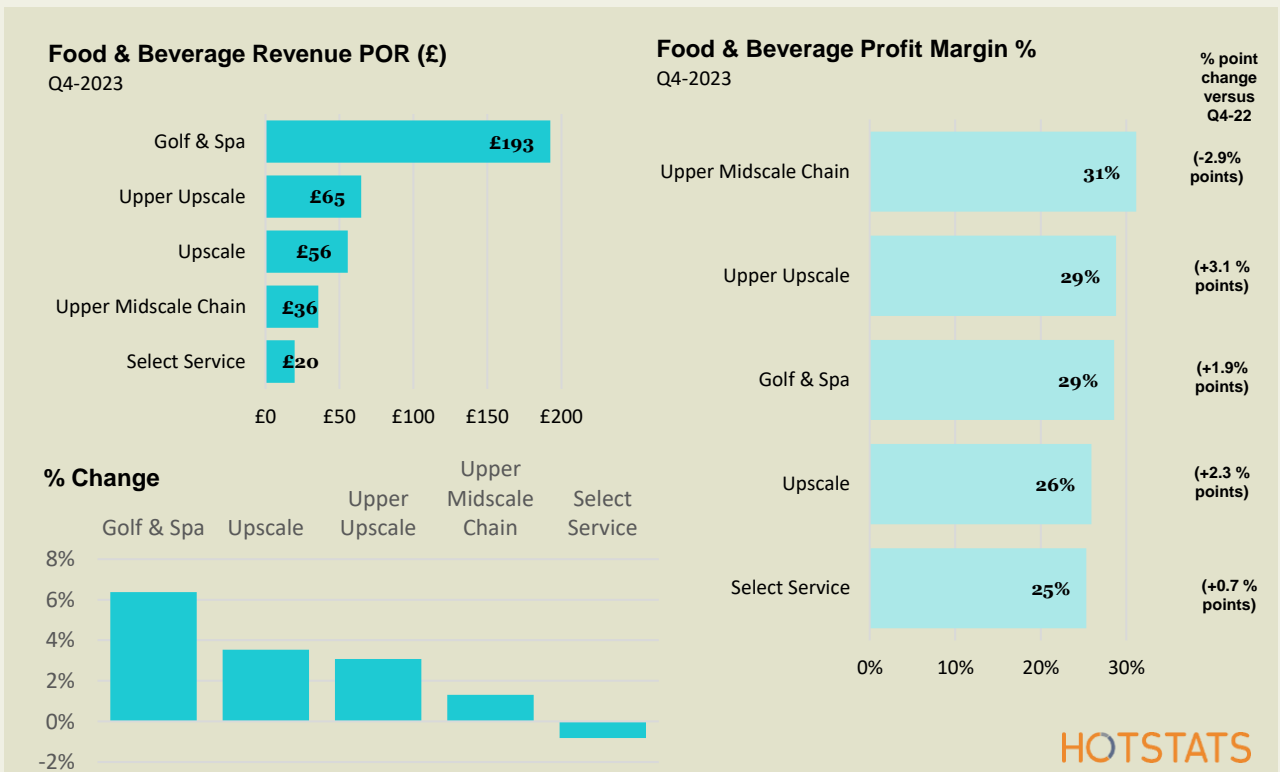
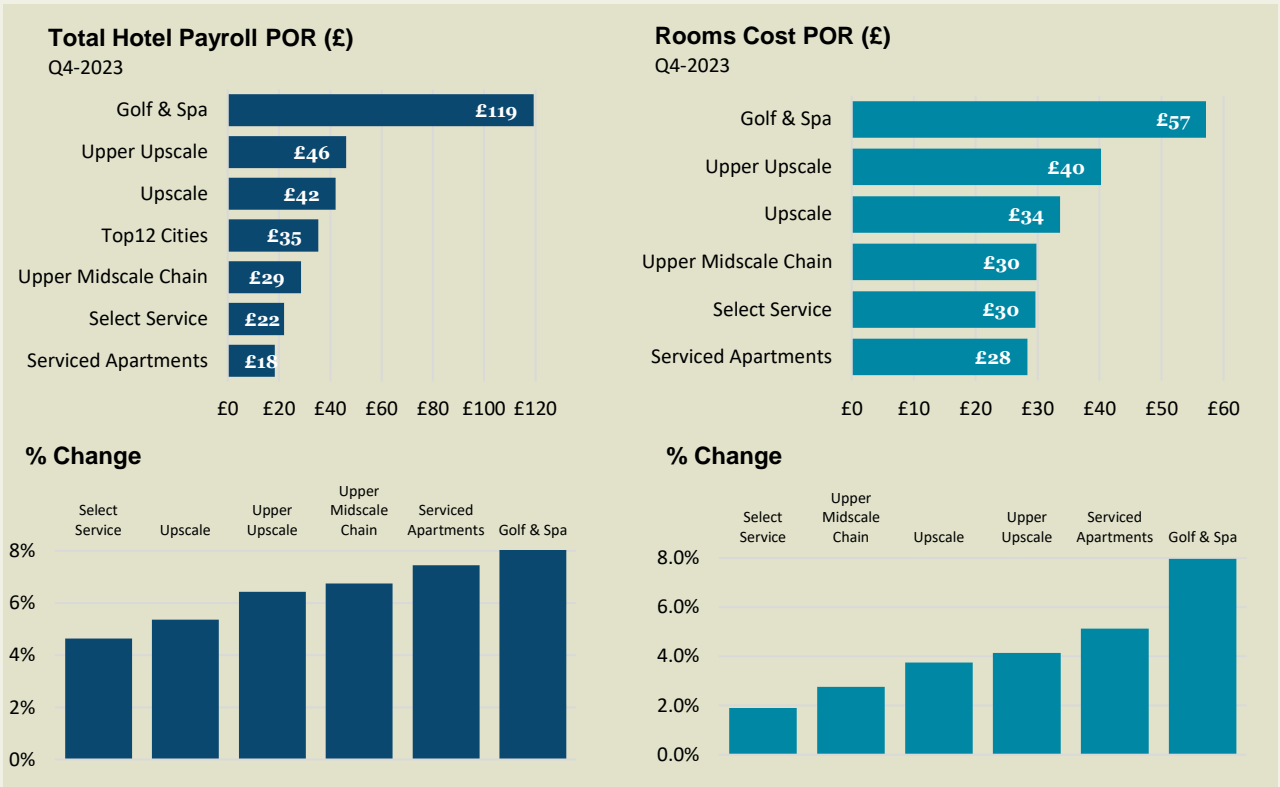
GOP %

Q4-2023



Departmental Metrics

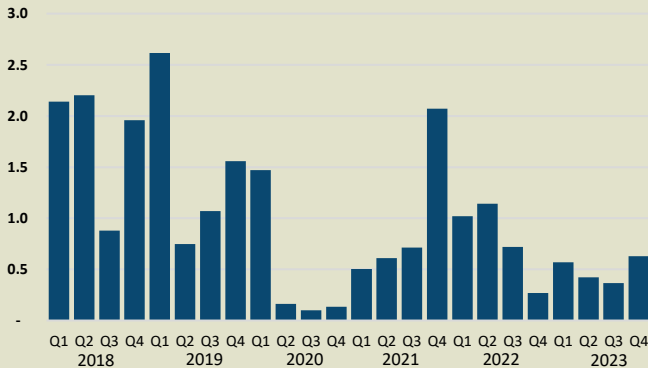
Regional UK



UK Hotel Investment

UK hotel Investment Volumes

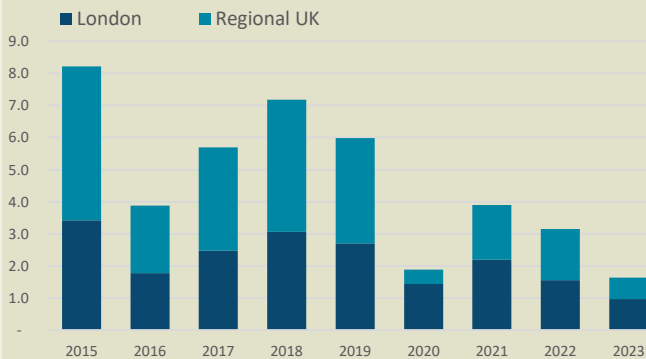
By Quarter, £bn, 2018-2023



Source: CoStar Group, MSCI, Knight Frank Research

Investment Volumes, London v Regional UK

£bn



Source: CoStar Group; Real Capital Analytics, MSCI, Knight Frank Research

Investment Volume Breakdown

£bn



Source: CoStar Group; Real Capital Analytics, MSCI, Knight Frank Research

2023

£2 billion transacted

141 Hotels

12,290 Rooms

63%

Domestic Buyers

56%

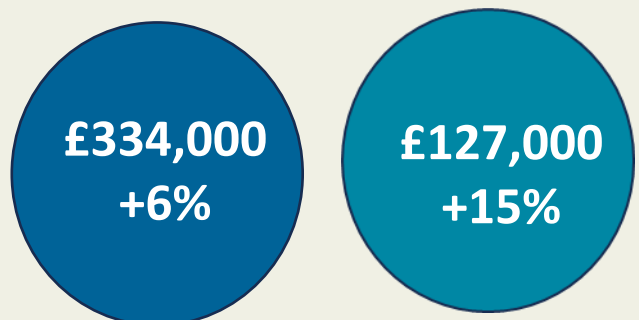
London Market Share

53%

Upper-Upscale & Luxury

Single Asset Hotel Transactions, 2023 v 2022

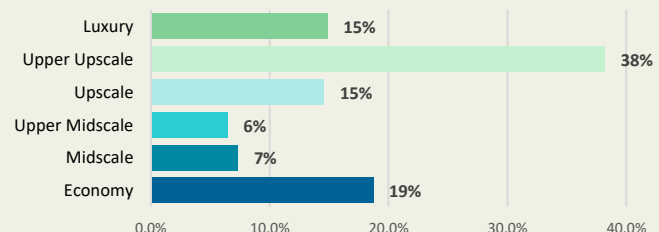
Average Price per Key (£)



LONDON

REGIONAL UK

Transaction Volume per hotel class, FY 2023



UK Hotel Trading Performance Review

2023

A deep dive into how the sector has performed, defying expectations with strong revenue growth and profits exceeding pre-pandemic performance across most markets.

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VIEW REPORT

RECENT HOTEL TRANSACTIONS

- ACQUIRED**: Colston House, London. Guide Price: £125,000,000
- SOLD**: Burns House, Luton. Guide Price: £20,000,000
- SOLD**: Radcliffe House, Wiltshire. Offers in Excess of: £12,000,000
- SOLD**: Ashford Park, West Sussex. Guide Price: £8,000,000
- SOLD**: Larch Lea Hotel, Golf and Spa, Bedfordshire. Guide Price: Confidential
- SOLD**: Arley Hall Hotel, Coventry. Guide Price: £9,750,000
- SOLD**: Aubrey Park Hotel, Hertfordshire. Guide Price: £7,000,000
- Recent Transactions**
- SOLD**: Barbican & Colman's Gardens, London. Guide Price: £20,000,000
- SOLD**: 11th Street, Denver. Guide Price: £3,500,000
- SOLD**: The Old Rectory, Wiltshire. Offers in Excess of: £8,000,000
- SOLD**: Lakeview Hotel, Luton. Guide Price: £10,500,000
- ACQUIRED**: Burnham Palace Hotel, Newcastle-upon-Tyne. Guide Price: £5,500,000
- SOLD**: The Wyndham Hotel, Wiltshire. Guide Price: £7,500,000
- SOLD**: The Park Central, Macclesfield. Offers in Excess of: £3,750,000

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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Get in touch with us

HOTELS



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