

UK Hotel Dashboard



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Key Hotel trading metrics, quarterly

12th May 2025

LONDON

Key Performance Indicators (% Change versus 2024)

Q1-2025		Rolling 12 Months April-March 2024/25	
Occupancy			
73.1%	0.7%	81.4%	2.7%
ADR			
£198	-2.3%	£243	-0.3%
RevPAR			
£145	-1.3%	£198	3.1%
TRevPAR			
£196	-1.1%	£256	2.9%
GOPPAR			
£57	-8.0%	£107	3.3%
GOP %			
29%	-2.2%	42%	0.2%

Glossary

ADR – Average Daily Rate
POR – per occupied room
PAR – per available room
RevPAR – Rooms revenue per available room
TRevPAR – Total revenue per available room
GOP – Gross Operating Profit
F&B – Food and Beverage
POM – Property, Operations & Maintenance
S&M – Sales & Marketing
Variance in Occupancy and GOP shown as a % Point Change



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.

Q1-2025 - A CHALLENGING START TO THE YEAR

At 74%, the London hotel market averaged less than one percentage point uplift in its occupancy versus Q1-2024. But whilst most hotels recorded only marginal movements in occupancy, only London’s Luxury hotels saw occupancy rising by 1.4 percentage points to reach almost 65%, yet at this level remains seven percentage points lower than compared to Q1-2019.

A further sign of softening demand was evident from the weakening ADR. Far greater price sensitivity was endured by select service and upper-midscale hotels impacting on their achieved ADR, whilst upper-upscale and luxury hotels cushioned the fall through a strong mix of corporate and leisure demand, and greater opportunity to deliver on experience-driven hospitality.

With a subdued Q1 performance, particularly in the ADR, RevPAR has declined. Whilst London’s luxury and upper-upscale hotels limited the decline to less than 2% year-on-year (y-o-y), a far more challenging trading market existed for the upper-midscale and select service hotels, with RevPAR having declined between 4.5% and 7.7%.

RIISING PAYROLL COSTS – THE GREATEST COST BURDEN IN Q1

For Q1-2025, total payroll costs increased y-o-y by 4.6% PAR across all London hotels. payroll costs derived from the Rooms and F&B departments increased by 3.3% PAR, by contrast the increase in non-departmental payroll costs (A&G, S&M and POM) was considerably greater, rising by 8.2% PAR. Q1-2025 payroll costs equated to 34.6% of total revenue, rising by 1.9 percentage points, a function of the increased cost and total revenues declining.

With the forthcoming increases to UK National Insurance and the National Living Wage taking effect from April, major hotel operators are forecasting that payroll costs are set to increase further, by around 5%.

OPERATIONAL EFFICIENCIES TEMPER THE INCREASE IN DEPARTMENTAL COSTS

With limited opportunity to drive revenue growth, Q1 performance suggests that despite rising payroll costs, operators have been proactively managing their cost base. Streamlining processes and having a technology-powered, data driven approach is supporting operational efficiencies. Key areas include reviewing commissions, booking channels and supply chains.

Improving operational efficiency is shown to have tempered the increase in departmental costs, with rooms departmental costs rising by 1.4% PAR, and by 1.3% PAR in F&B costs. Overall, total departmental costs across all London hotels increased by 1.4% PAR and combined with falling revenues, the Q1 departmental operating margin declined by one percentage point year-on-year, equating to 56% of total revenue.

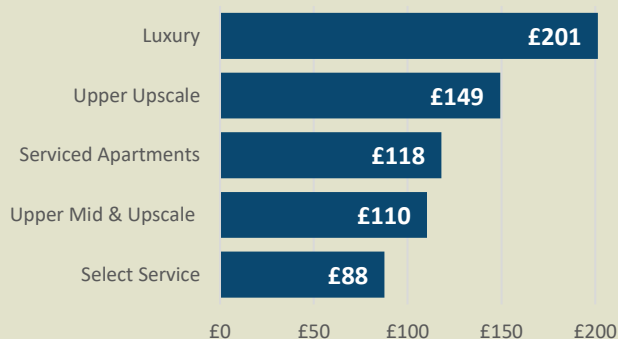
Undistributed operating expenses (excluding payroll costs and utilities) have increased by 3.2% PAR y-o-y. The greatest cost efficiencies were made within A&G, whilst IT and S&M continued to see increased levels of investment. Once the continued efficiencies made from lower utility costs were reflected, total undistributed expenses (excluding payroll costs) were held level y-o-y.

RISE IN PAYROLL COSTS AND FALLING REVENUES EQUATE TO LOWER PROFITS

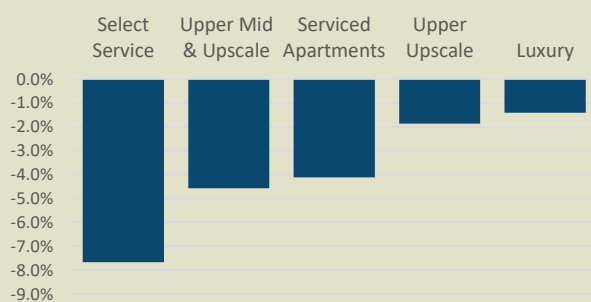
For the first time since the start of the pandemic recovery, the sector has experienced a y-o-y decline in profitability, with strong variation in GOPPAR declines between the segments and GOP margins also negatively impacted.

London – Hotel KPIs

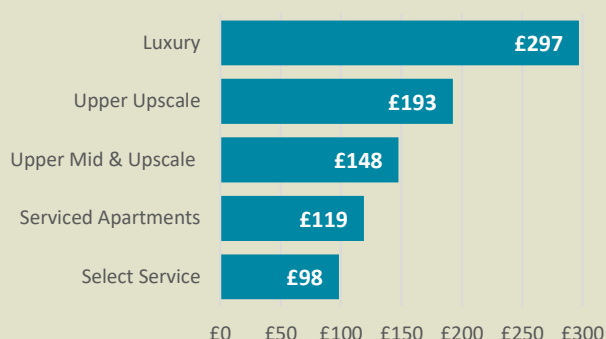
RevPAR (£)
Q1-2025



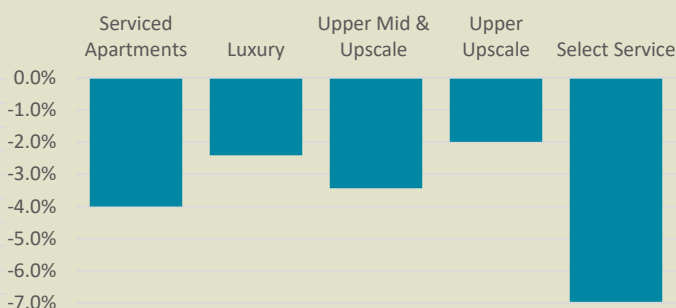
% Change v Q1 2024



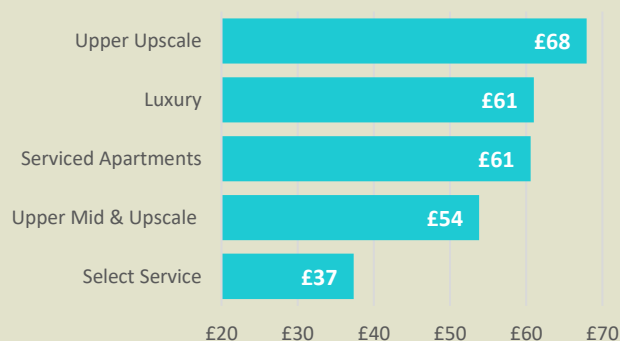
TRevPAR (£)
Q1-2025



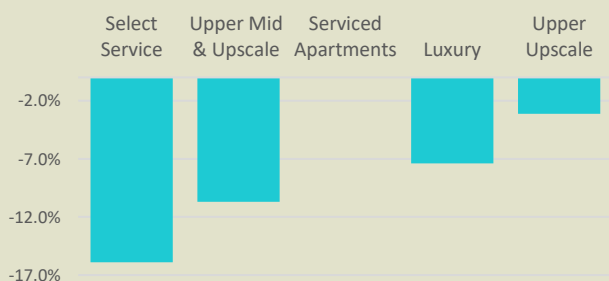
% Change v Q1 2024



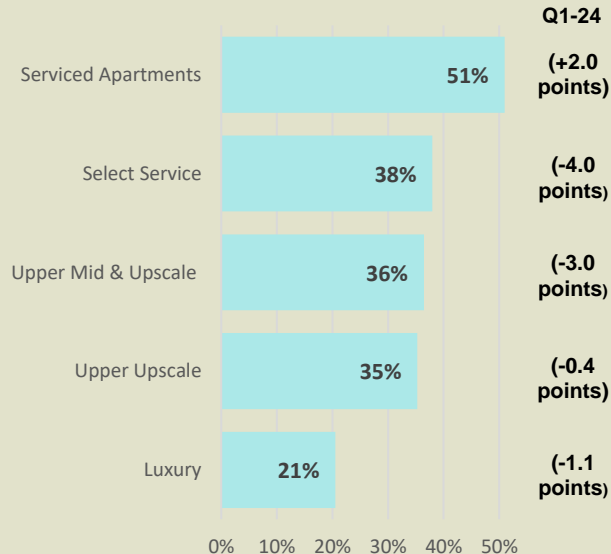
GOPPAR (£)
Q1-2025



% Change v Q1 2024



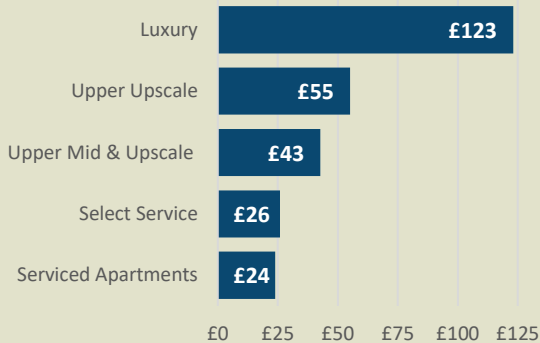
GOP %
Q1-2025



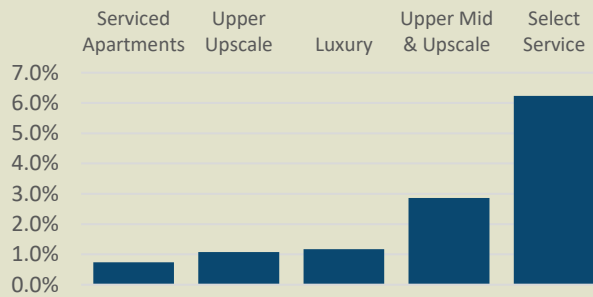
Departmental Metrics

LONDON

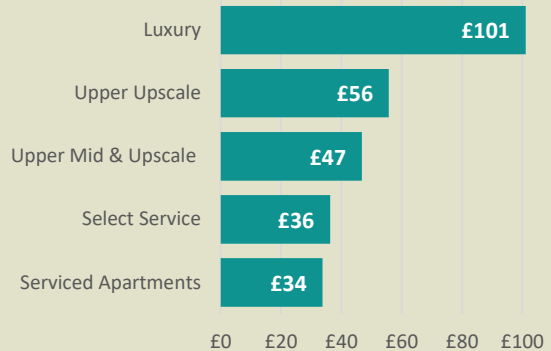
Total Hotel Payroll PAR (£)
Q1-2025



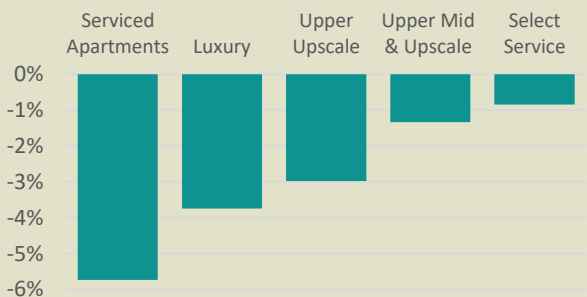
% Change v Q1 2024



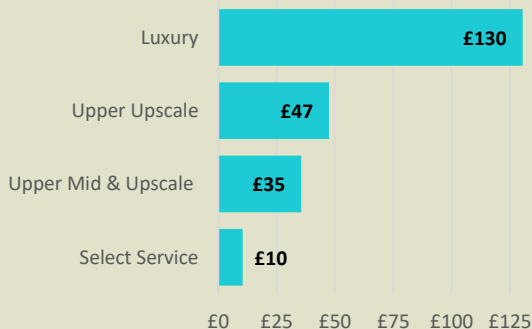
Rooms Cost POR (£)
Q1-2025



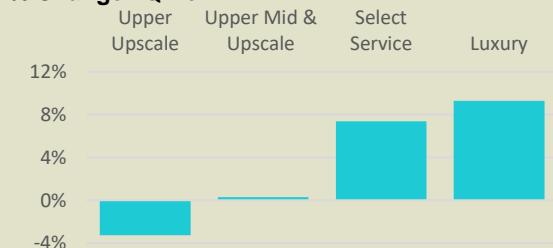
% Change v Q1 2024



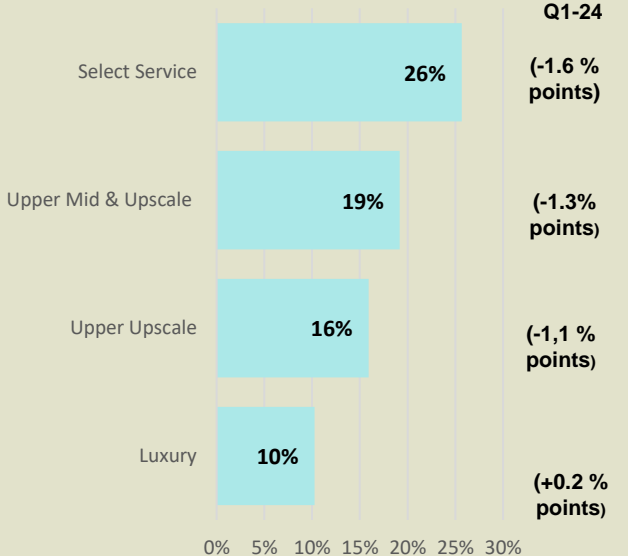
Food & Beverage Revenue POR (£)
Q1-2025



% Change v Q1 2024



Food & Beverage Profit Margin %
Q1-2025



Regional UK



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property-sector/hotels

Key Performance Indicators (% Change versus 2024)

Q1-2025		Rolling 12 Months April-March 2024/25	
Occupancy			
67.4%	0.3%	75.1%	1.1%
ADR			
£91	0.1%	£105	2.1%
RevPAR			
£61	0.5%	£79	3.5%
TRevPAR			
£97	1.0%	£121	3.8%
GOPPAR			
£19	-5.4%	£37	4.7%
GOP %			
19%	-1.3%	30%	0.3%

Glossary

ADR – Average Daily Rate
POR – per occupied room
PAR – per available room
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GOP – Gross Operating Profit
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Variance in Occupancy and GOP shown as a % Point Change



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.

MARGINAL Q1 REVENUE GROWTH FOR REGIONAL UK HOTEL MARKET

Growth rates of the regional UK hotel market took a profound downward turn to almost flatline in Q1-2025, indicative of the trajectory of the wider UK economy, with lower GDP growth now forecast. Increases in supply in mature hotel markets, such as Manchester and Glasgow, along with subdued levels of demand all contributed to the static performance.

Across all datasets, Q1 occupancy levels remained just ahead of Q1-2024 year, to reach 67.4%, whilst there was some downward movement in the ADR for certain segments, but with a few exceptions. Golf & Spa hotels continued to outperform the regional market, with ADR growth of 4.2%, and Select Service hotels achieved positive ADR growth of 1%. Meanwhile, for Serviced apartments the trade-off for a marginal increase in occupancy to 76%, resulted in its ADR to fall by 1%.

TREVPAR OUTPACES REVPAR GROWTH

Whilst RevPAR growth levels languished, the uplift in TRevPAR growth by comparison, was much higher, with the increased revenues coming from enhanced leisure spend. Golf & Leisure revenues increased y-o-y by 6% PAR, evidence that consumers continue to consistently prioritise travel and experiences above other consumption.

PAYROLL COSTS RISE 4.9% YEAR-ON-YEAR

For Q1-2025, payroll costs increased year-on-year by 4.9% PAR across all regional hotels, with departmental operating payroll, S&M and POM payroll recording the highest increases. Whilst revenues were only marginally up in Q1, the share of payroll costs to total revenue increased by more than one percentage point to 36.6%.

NON-PAYROLL EXPENSES RISE FURTHER IMPACTING ON MARGINS

In Q1-2025, departmental Rooms costs increased by 4.5% PAR, whilst F&B costs increased by 2.5% PAR. Overall, total departmental costs increased by 3.5% PAR, which in turn impacted on operating margins, as such the total departmental operating margin declined by more than one percentage point to 50.1% of total revenue.

Undistributed operating expenses (excluding payroll costs and utilities) increased by 2.7% PAR y-o-y, with increased costs coming predominantly from Sales & Marketing. However, once efficiencies made from lower utility costs were taken into consideration, total undistributed expenses (excluding payroll costs) increased marginally by less than 0.5% PAR.

For the 12-month period ending March-25, utility costs have declined by 3.8% PAR y-o-y, equating to 7.7% of turnover (5.9% in 2019).

COSTS RISING AT FASTER PACE THAN REVENUE GROWTH LEADS TO GOPPAR DECLINES

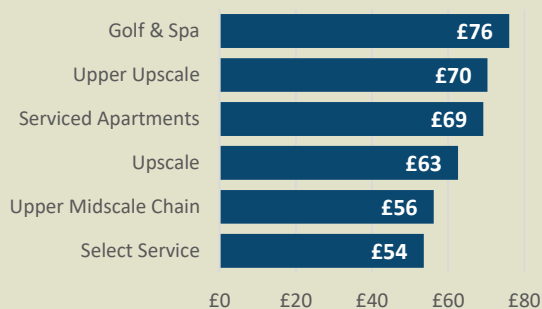
With limited revenue growth and rising costs, Q1 GOPPAR has declined as an average across the total regional market by 5.4% PAR, along with the profit margin reducing.

Significant variation in GOPPAR performance exists across the regional market. Select Service and Upper-Midscale hotels have endured the toughest trading environment, with y-o-y Q1 GOPPAR declining between 4% and 6%. By contrast Golf & Spa hotels have continued to see robust growth in profits, up 9% PAR, and its GOP margin increasing to above 12%, returning to 2019 profit levels.

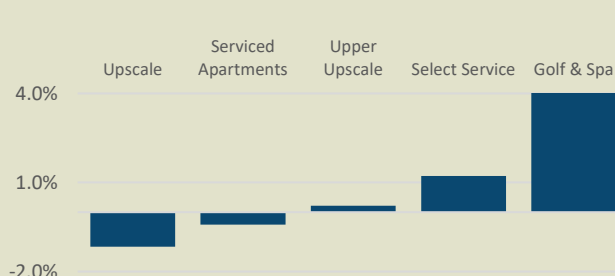
Regional UK - KPIs

RevPAR (£)

Q1-2025

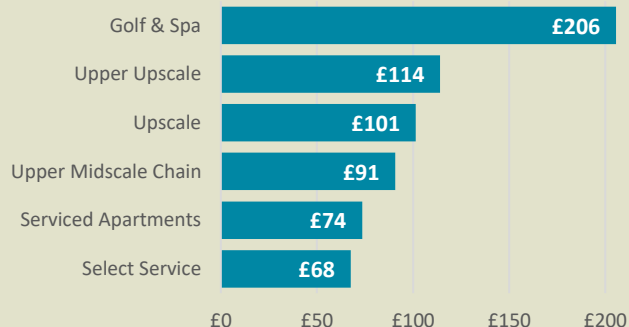


% Change v Q1 2024

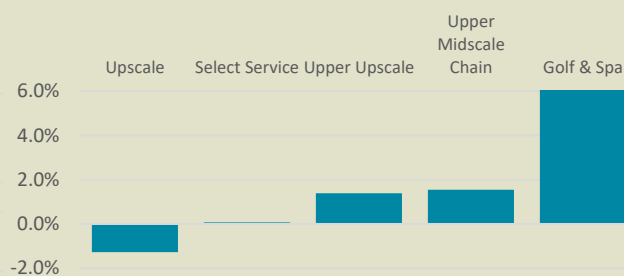


TRevPAR (£)

Q1-2025

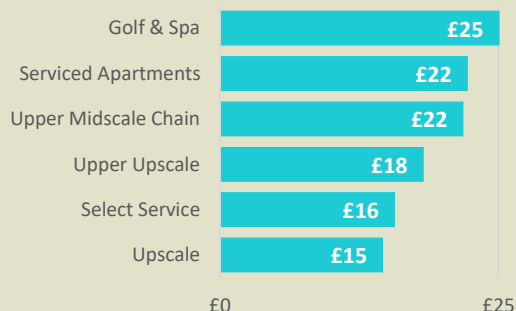


% Change v Q1 2024

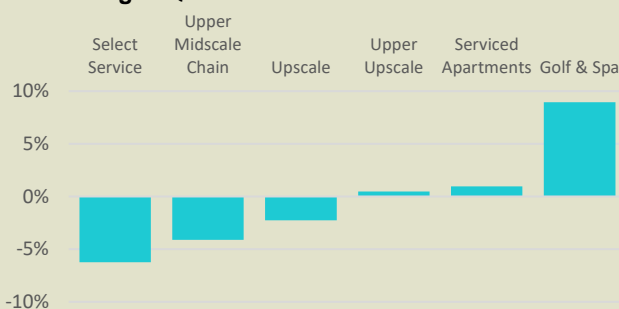


GOPPAR (£)

Q1-2025

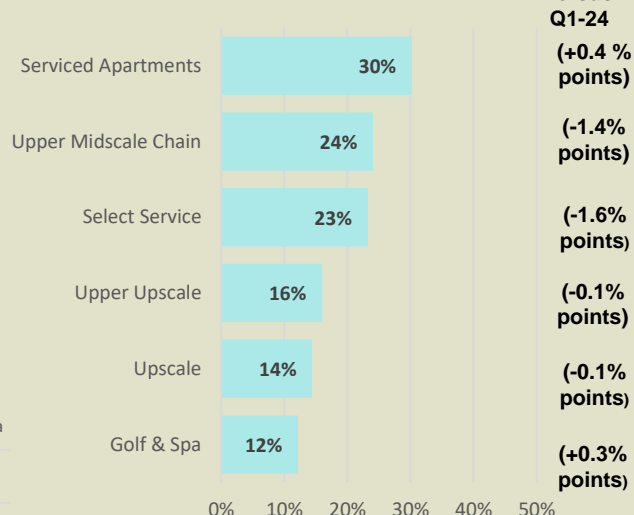


% Change v Q1 2024



GOP %

Q1-2025



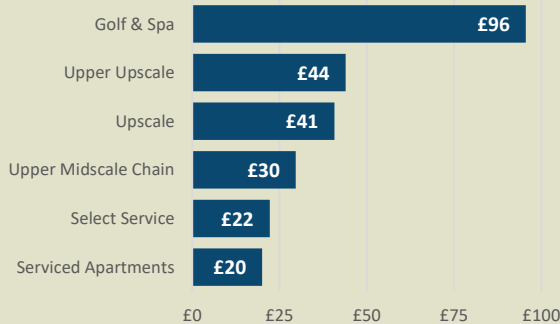
% point change versus Q1-24

- (+0.4 % points)
- (-1.4% points)
- (-1.6% points)
- (-0.1% points)
- (-0.1% points)
- (+0.3% points)

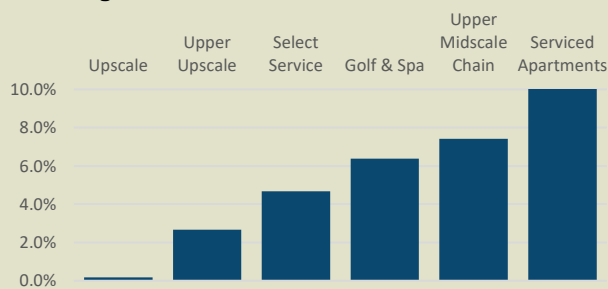
Departmental Metrics

Regional UK

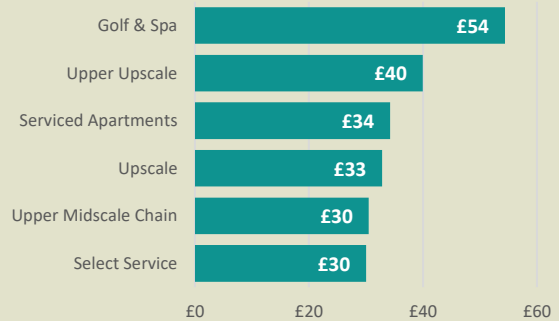
Total Hotel Payroll POR (£)
Q1-2025



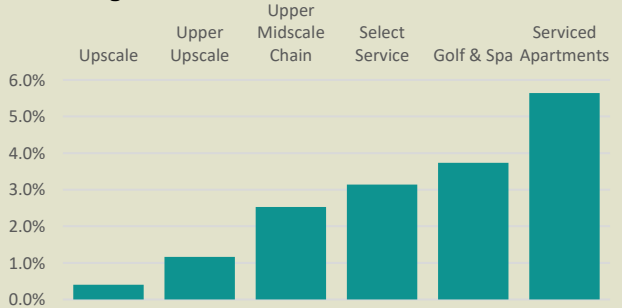
% Change v Q1 2024



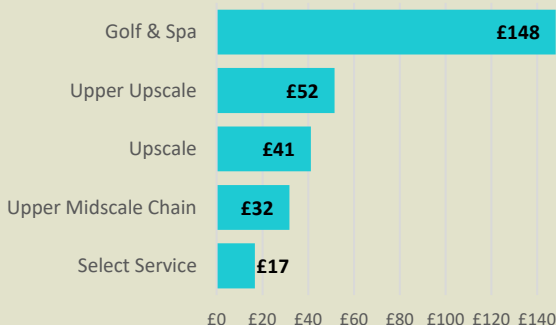
Rooms Cost POR (£)
Q1-2025



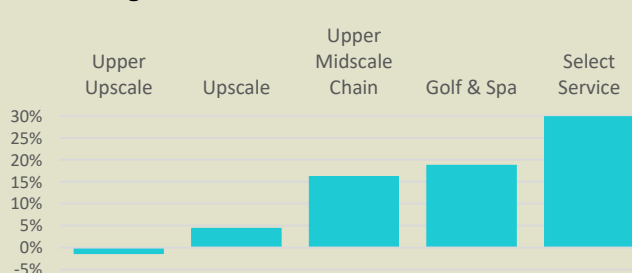
% Change v Q1 2024



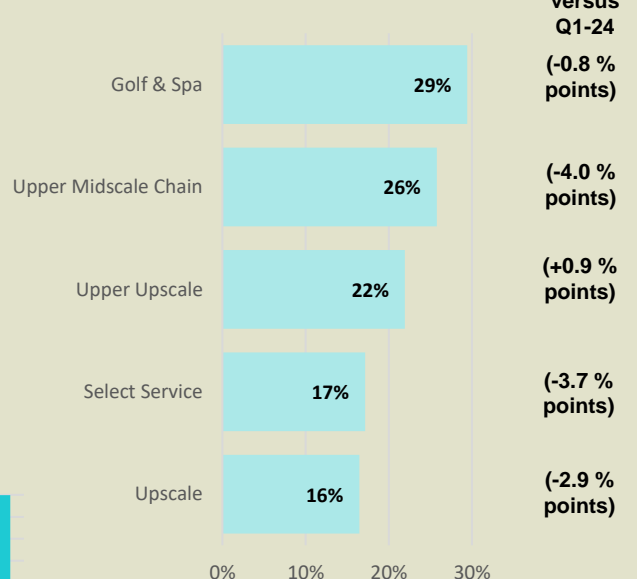
Food & Beverage Revenue POR (£)
Q1-2025



% Change v Q1 2024



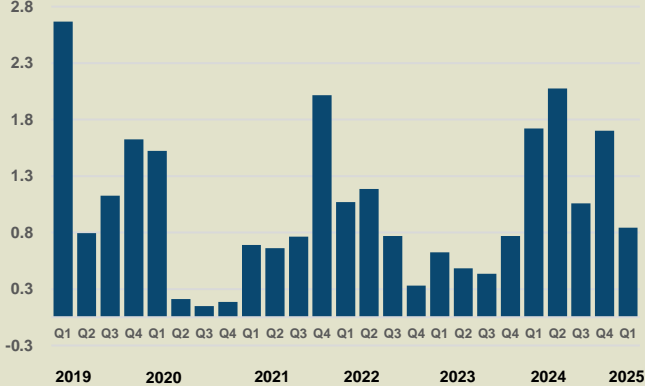
Food & Beverage Profit Margin %
Q1-2025



UK Hotel Investment

UK hotel Investment Volumes

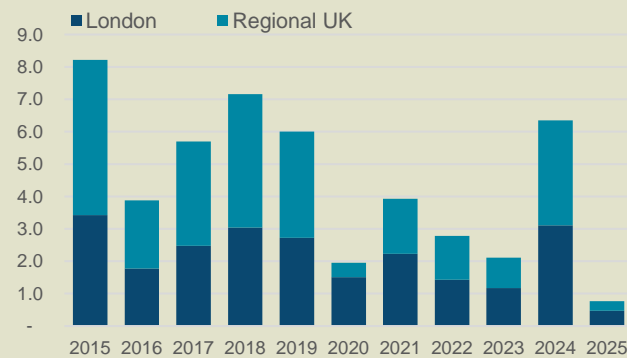
By Quarter, £bn, 2019-2025



Source: CoStar Group, MSCI, Knight Frank Research

Investment Volumes, London v Regional UK

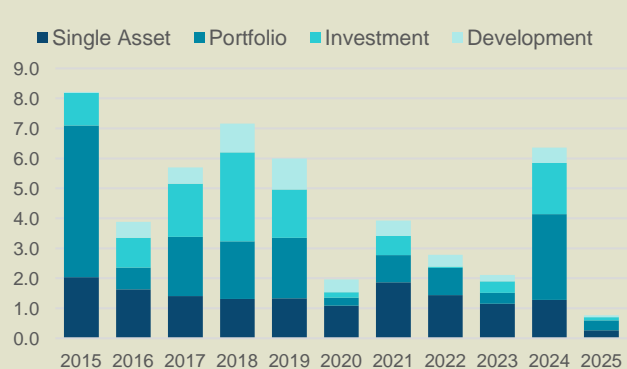
£bn



Source: CoStar Group, MSCI, Knight Frank Research

Investment Volume Breakdown

£bn



Source: CoStar Group, MSCI, Knight Frank Research

Q1-2025

Volume: £800 Million

Hotels transacted: 50+

Rooms: 4,600

Market Share:

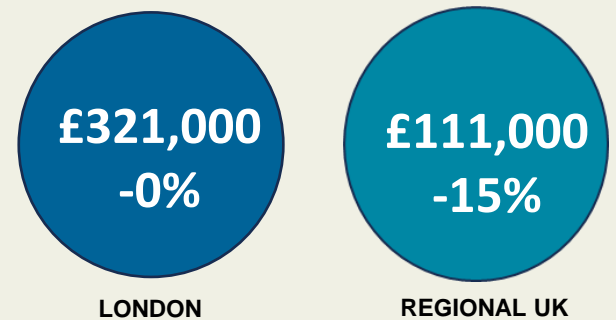
> London 60%

Hotel Class:

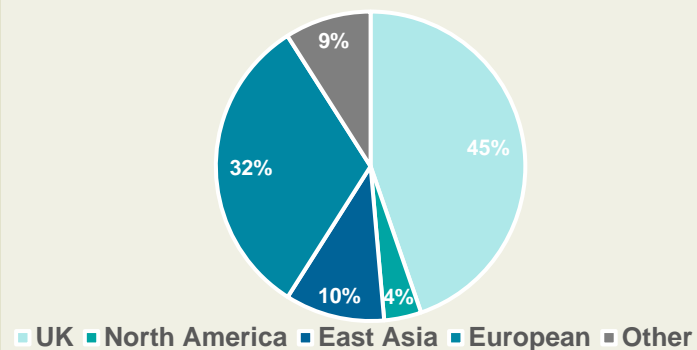
> Luxury & Upper-Upscale - 62%

Going Concern Hotel Transactions, March YTD 2025 v 2024

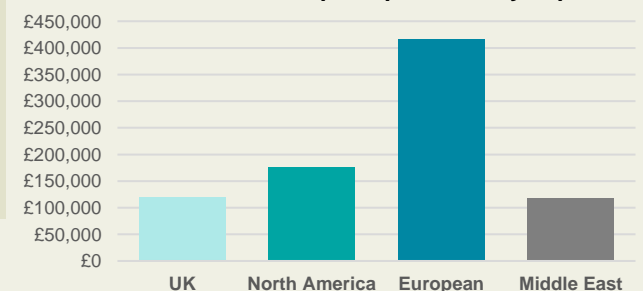
Average Price per Key (£)



Geographical capital flows March YTD 2025



YTD-2025 – Av. transaction price per room by capital flow (£)



HOTSTATS

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