

UK Hotel Dashboard



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Key Hotel trading metrics, quarterly

11th November 2024

LONDON

Key Performance Indicators (% Change versus 2023)

Q3-2024		Jan-Sept YTD 2024	
Occupancy			
87.2%	3.8%	81.1%	3.8%
ADR			
£244	-0.1%	£226	-0.9%
RevPAR			
£212	4.5%	£183	4.0%
TRevPAR			
£261	3.6%	£234	3.8%
GOPPAR			
£122	7.3%	£99	6.6%
GOP %			
47%	1.6%	42%	2.6%

Glossary

Occupancy and GOP = % Point Change

POR – per occupied room

PAR – per available room

RevPAR – Rooms revenue per available room

TRevPAR – Total revenue per available room

F&B – Food and Beverage

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.

LONDON ON TRACK TO RETURN TO PRE-PANDEMIC OCCUPANCY LEVELS

At 87%, the London hotel market recorded its highest quarterly occupancy performance since Q3-2018 and is on track to equal and potentially exceed 2019 full-year occupancy of just under 82%.

This strong performance has been driven by the luxury and upper-upscale segments, each recording more than five percentage points of occupancy growth, versus Q3-2023. This impressive performance saw the upper-upscale segment achieve 89% occupancy, its highest quarterly performance since the start of 2018.

For the nine-month period to September YTD, London recorded 81% occupancy, rising year-on-year by 3.8 percentage points. Yet, the midscale and luxury hotel segments continue to lag their historical occupancy levels, down by 6 and 5 percentage points respectively. Hybrid working practices and the cost of living continue to impacting on occupancy levels, high levels of luxury new hotel supply and inbound travel yet to recover to pre-pandemic levels, being the most likely causes for lower occupancy levels.

Whilst ADR across the whole of the London market remained flat in Q3, certain segments have seen room rates come under greater pressure. Luxury hotels have seen the ADR decline by 4% as at September YTD, whilst select-service and midscale hotels have seen their ADR decline by approximately 3% over the same period.

As at September YTD, the strong occupancy performance has allowed London's RevPAR growth to remain positive, except for London's select-service hotels where RevPAR remained on par with 2023.

TRevPAR shows Rooms revenue as being the key driver of growth, and whilst F&B revenues have been improving in 2024, in Q3 F&B revenues have declined y-on-y by almost 1% PAR across all hotels, and with significantly greater declines realised across certain segments (select-service hotels down by 6.6% PAR y-o-y). This suggests that budgets allow for an overnight stay, but where possible guests are seeking alternative cost-effective F&B options.

DEPARTMENTAL OPERATING COSTS DECLINE IN Q3

The fall in inflation has seen total departmental costs decline by 1% PAR for the first time in Q3 versus the previous year. On a POR basis, improving efficiencies due to increasing occupancy levels has seen costs decline by more than 5% y-o-y. As at September YTD, total departmental costs have declined by 3.3% POR y-o-y but remain 1.4% higher on a PAR basis.

On average, London hotels have seen total departmental operating income increase by 5.9% PAR, to 67% of total revenue for Q3, and by 5.2% PAR to 65% of total revenue as at September YTD.

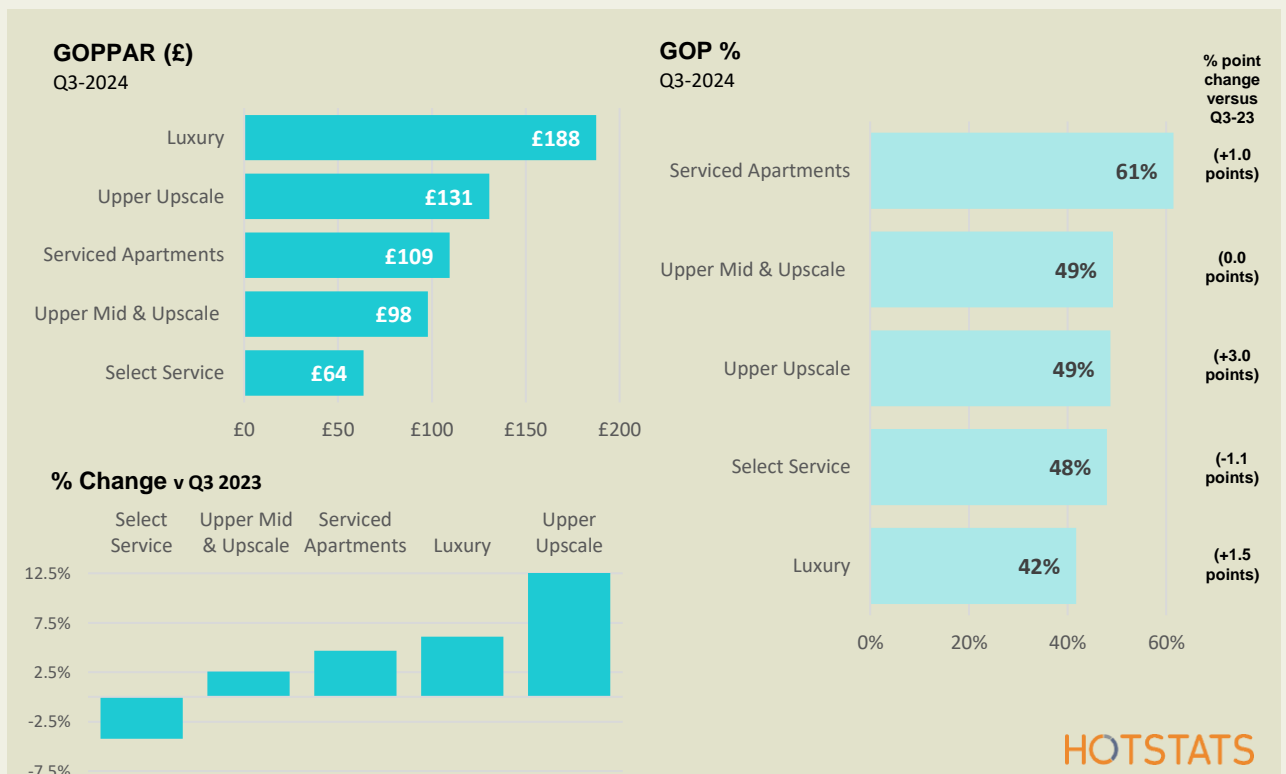
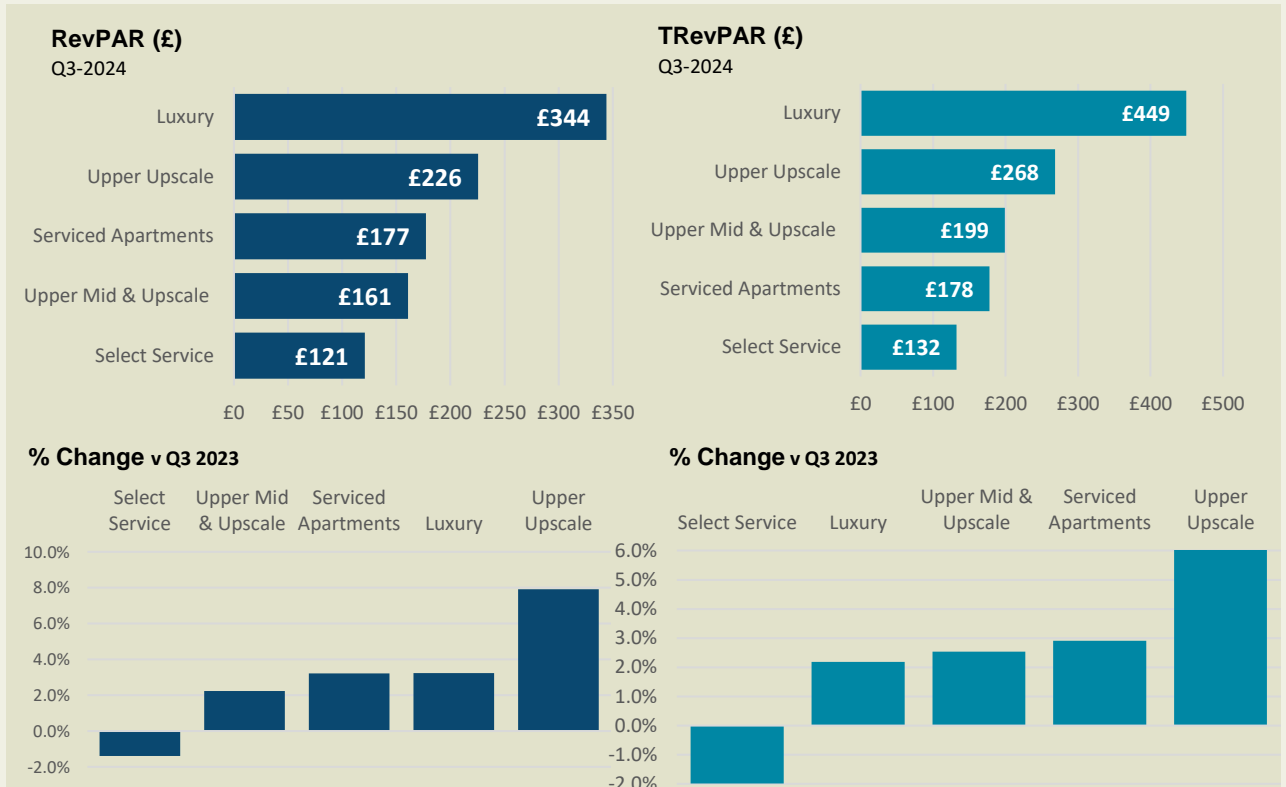
LOWER UTILITY COSTS COUNTER OTHER RISING UNDISTRIBUTED COSTS

Whilst utility costs continue to fall, down 13% y-o-y for the September YTD period, all other undistributed expenses have increased. As such total undistributed expenses have increased by 3% y-o-y over the same period.

IMPRESSIVE Q3 GOPPAR GROWTH AND IMPROVING PROFIT MARGINS

The uplift in Q3 revenues, combined with total costs remaining roughly on par with the previous year (departmental and undistributed costs), have led to respectable GOPPAR growth, rising on average by 7.3% y-o-y across all London hotels and the GOP margin rising to 47%. For the September YTD period, at £99, GOPPAR is ahead of 2019 levels by 9%, albeit profit margins at 42% are two percentage points lower.

London – Hotel KPIs

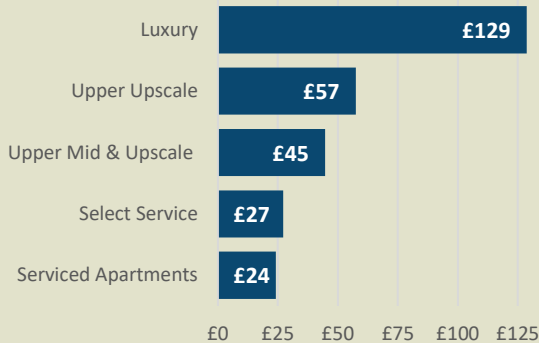


Departmental Metrics

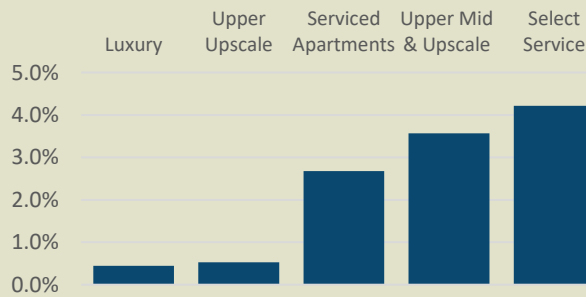
LONDON

Total Hotel Payroll PAR (£)

Q3-2024

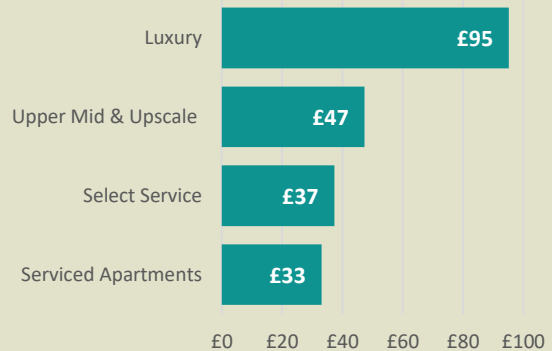


% Change v Q3 2023

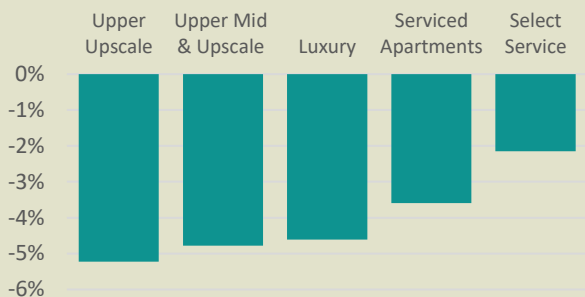


Rooms Cost POR (£)

Q3-2024

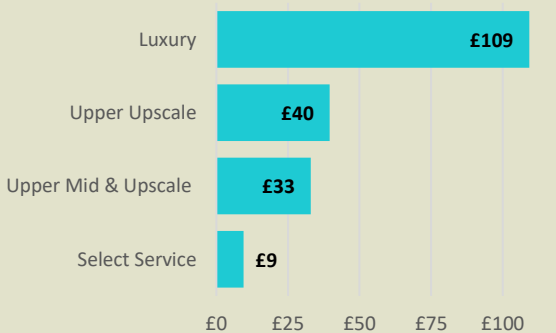


% Change v Q3 2023

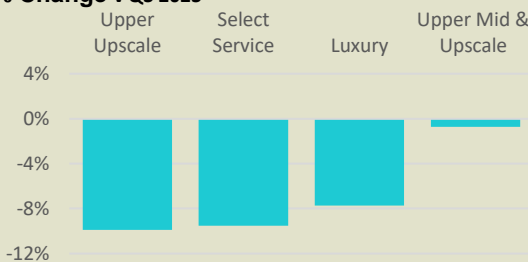


Food & Beverage Revenue POR (£)

Q3-2024

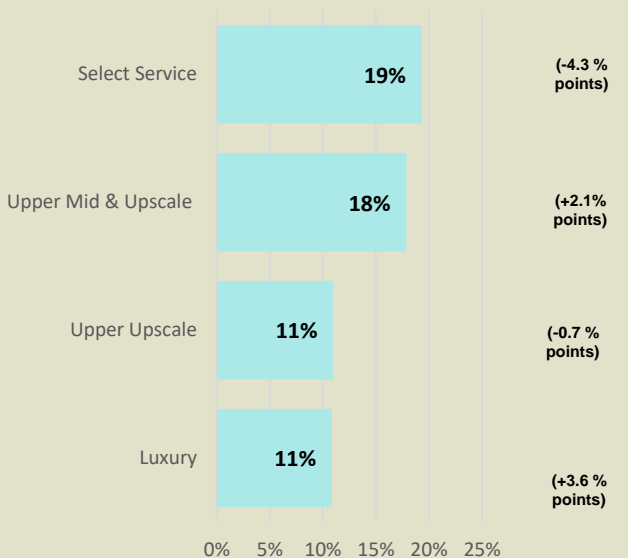


% Change v Q3 2023



Food & Beverage Profit Margin %

Q3-2024



Regional UK

Key Performance Indicators (% Change versus 2023)

Q3-2024		Jan-Sept YTD 2024	
Occupancy			
81.8%	1.1%	75.9%	0.9%
ADR			
£114	1.8%	£106	2.8%
RevPAR			
£93	3.2%	£81	4.0%
TRevPAR			
£141	3.8%	£125	4.6%
GOPPAR			
£50	5.0%	£39	7.9%
GOP %			
36%	0.4%	31%	3.2%

Glossary

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REGIONAL UK REVENUE GROWTH SOFTENS IN Q3

With Q3 trading predominantly leisure-focused, hotel demand across regional UK has remained robust, at a time when many hotel markets are also benefitting from sustainable levels of supply. This has allowed Q3 occupancy levels across regional UK to rise to 82%. Golf and Spa hotels have outperformed the market in terms of growth, benefitting from robust demand for experiential stays, with their Q3 occupancy rising y-o-y by more than seven percentage points to 79%.

Overall, hotel occupancy across Regional UK is two percentage points below Q3-2019. Yet, the recovery of upscale and upper-upscale hotels still have significantly further to climb, with their respective occupancy levels some four and 5.5 percentage points lower, than their pre-pandemic performance.

Whilst the uplift in occupancy was stronger than the previous quarter, ADR growth was considerably softer, at 1.8% growth compared to 4.5% in Q2. Nevertheless, certain segments achieved robust RevPAR growth overall, with Golf & Spa hotels seeing double-digit growth of 12.6% and RevPAR of upscale hotels rising by 5.5%. By contrast, serviced apartments have seen Q3 occupancy fall by 3.4 percentage points y-o-y, leading to a decline in its rooms revenues, of 1.7% PAR.

TREVPAR GROWTH STRENGTHENED BY ENHANCED ANCILLARY REVENUES

Whilst growth in F&B revenues (2.6% PAR in Q3) increased at a slower pace than Rooms revenue, other operating departments have recorded strong growth, up 11% PAR in Q3, driven by an impressive uplift in both leisure and golf revenues. As such, growth in ancillary revenues has fortified TRevPAR leading to enhanced growth over and above that of the Rooms department.

F&B COSTS RISE AT FASTER PACE THAN REVENUE GROWTH

Across all regional hotels, the total departmental operating income has increased by 3.7% PAR in Q3 and by 4.9% as at September YTD. Yet the income contribution by the various revenue generating departments has differed significantly. For example, the pace by which costs are increasing in F&B is exceeding revenue growth, meanwhile in the Rooms department costs are on par with RevPAR growth. By contrast, strong revenue growth in the Leisure department has seen income increase PAR, y-o-y, by 16% in Q3 and by 18% as at Sept-YTD.

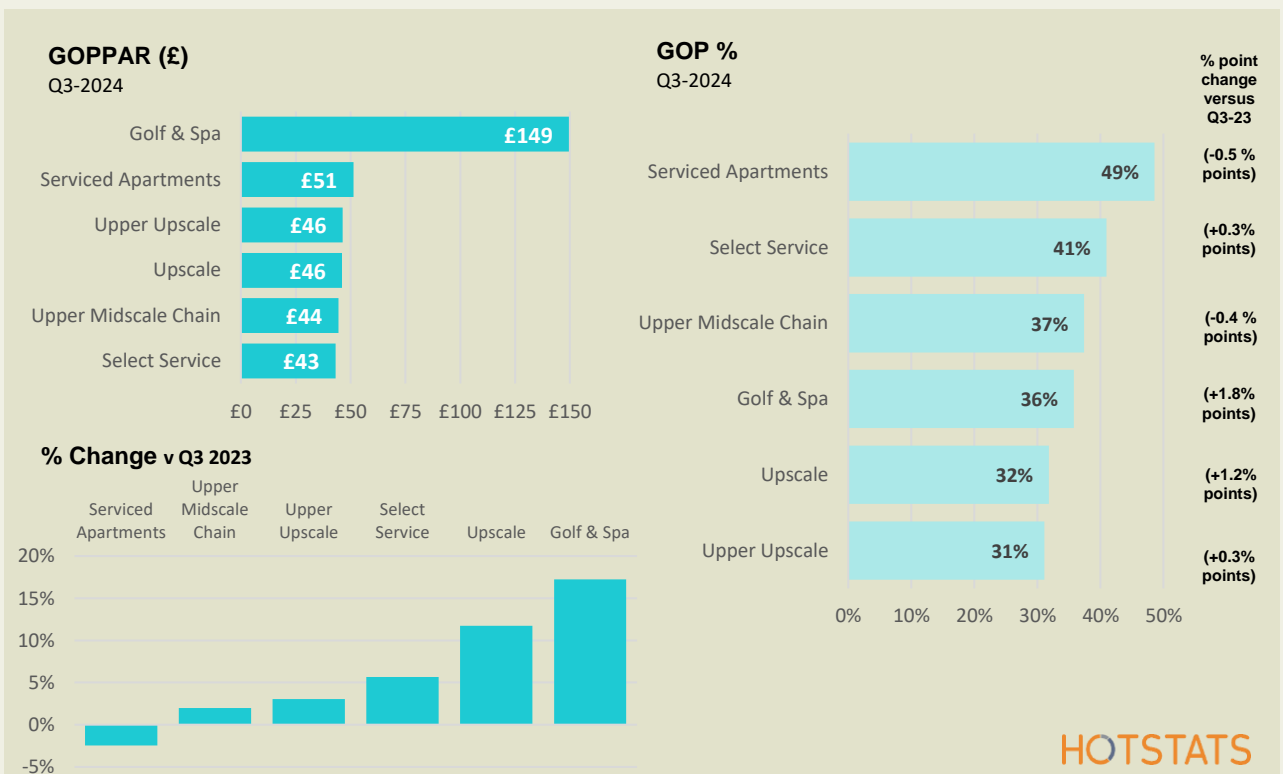
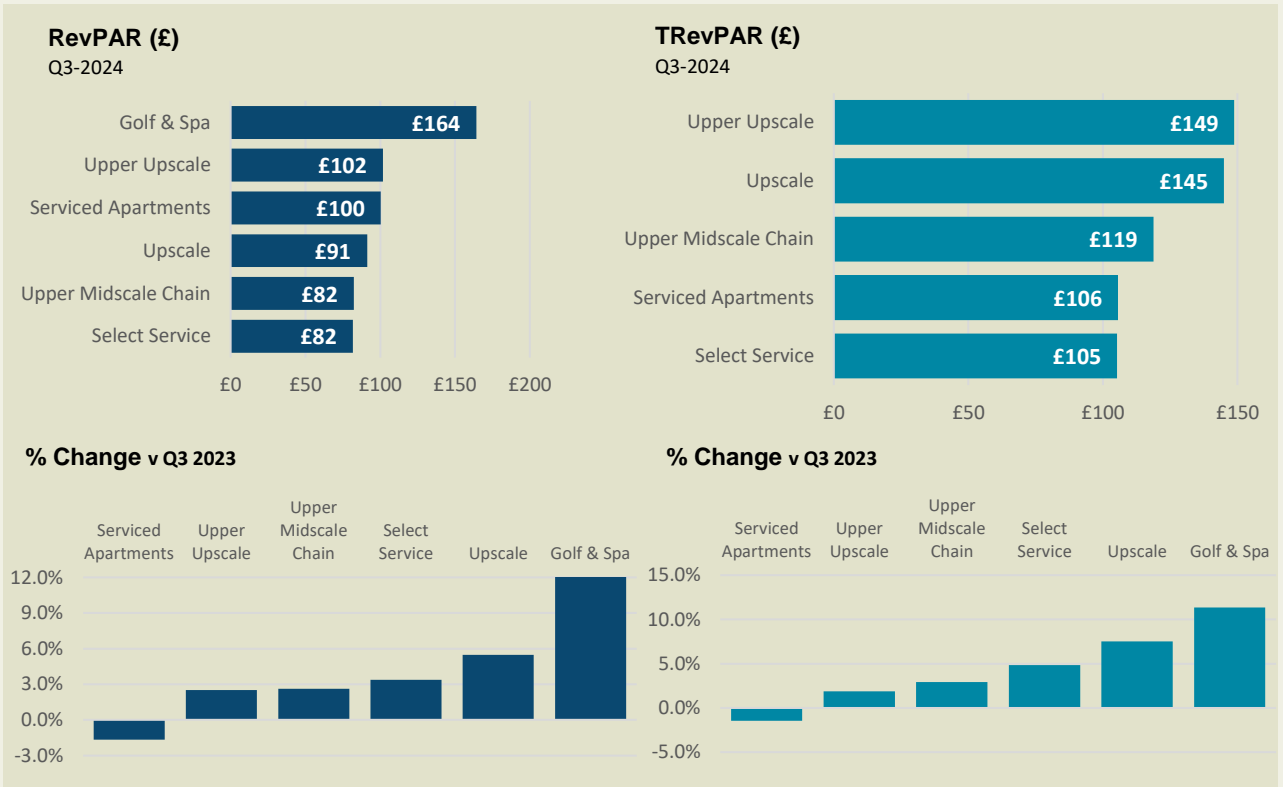
In Q3, ancillary departments (excluding F&B) for Golf & Spa hotels made up 27% of their total revenue. With ancillary revenues increasing in Q3 by 12% PAR and costs rising at a slower pace (9% PAR), the positive income contribution made by the ancillary departments is significant, a rise of 17% PAR.

RESPECTABLE BUT SLOWING GOPPAR GROWTH

Growth in departmental income, combined with declining utility costs (a fall of 13% PAR y-o-y as at Sept-YTD) have supported GOPPAR growth, but with the pace of growth in Q3 slower than the previous quarter. On average GOPPAR increased y-o-y by 5% in Q3, compared with 7.9% over the Sept-YTD period.

Significant variation, however, exists in terms of GOPPAR performance, with regional UK serviced apartments seeing a decline in Q3, whilst midscale and upper-upscale hotels recorded quarterly growth of between 2% and 3%. By contrast Golf & Spa hotels have continued to see robust growth in profits, up 17% PAR, and its GOP margin increase to 36%, on par with the regional UK average.

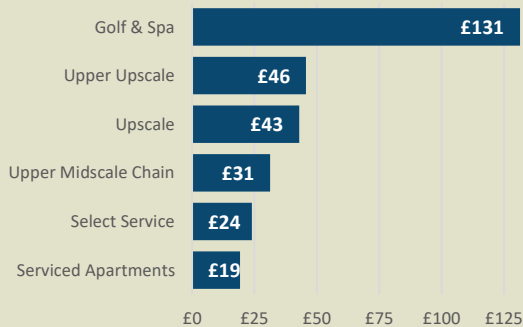
Regional UK - KPIs



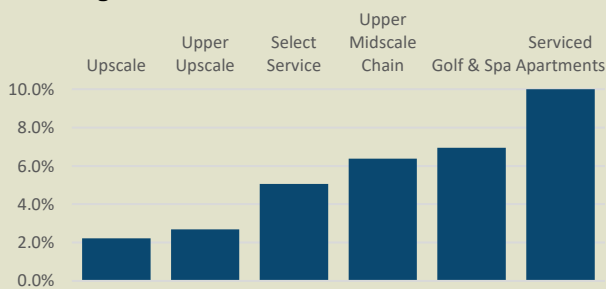
Departmental Metrics

Regional UK

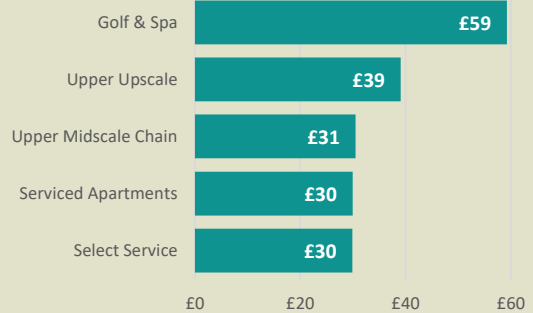
Total Hotel Payroll POR (£)
Q3-2024



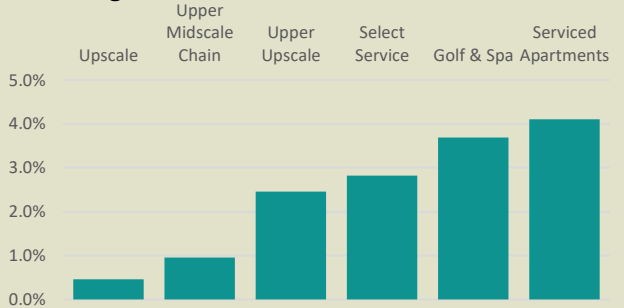
% Change v Q3 2023



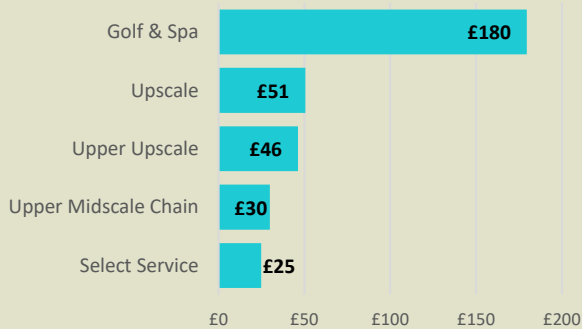
Rooms Cost POR (£)
Q3-2024



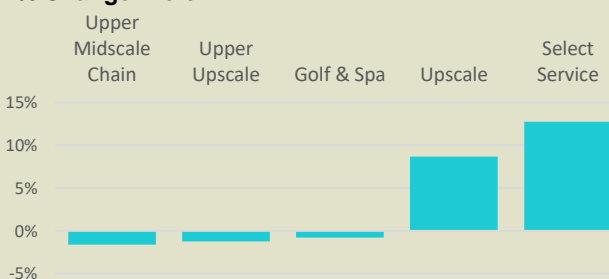
% Change v Q3 2023



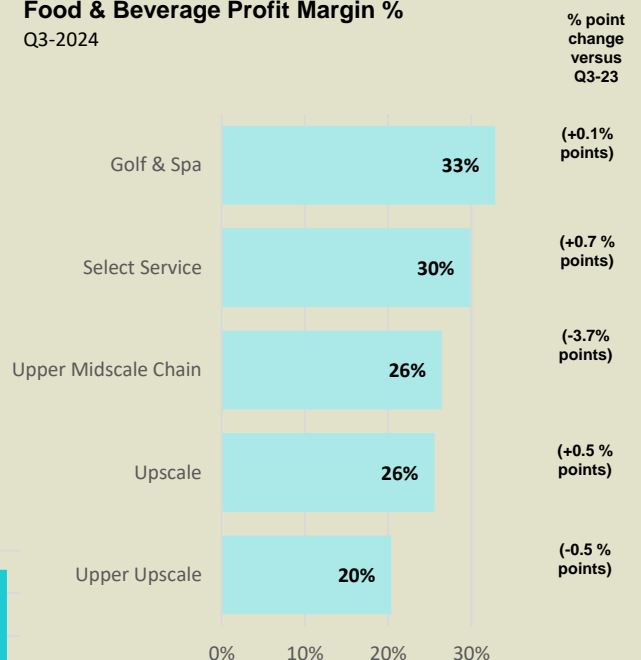
Food & Beverage Revenue POR (£)
Q3-2024



% Change v 2023



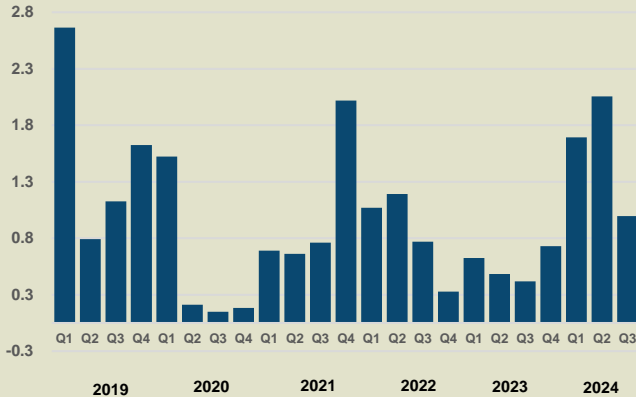
Food & Beverage Profit Margin %
Q3-2024



UK Hotel Investment

UK hotel Investment Volumes

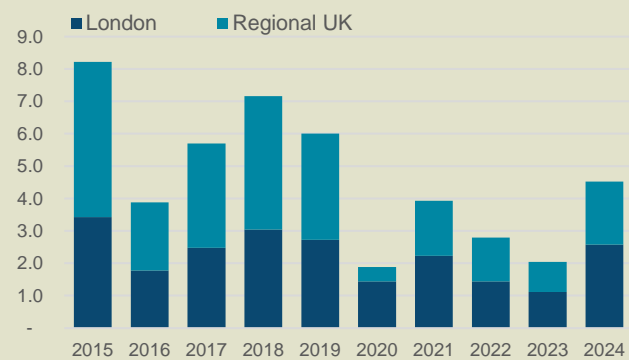
By Quarter, £bn, 2019-2024



Source: CoStar Group, MSCI, Knight Frank Research

Investment Volumes, London v Regional UK

£bn



Source: CoStar Group; MSCI, Knight Frank Research

Investment Volume Breakdown

£bn



Source: CoStar Group; MSCI, Knight Frank Research

Sept YTD-2024

£4.5 billion transacted

265 Hotels

28,300 Rooms

57%

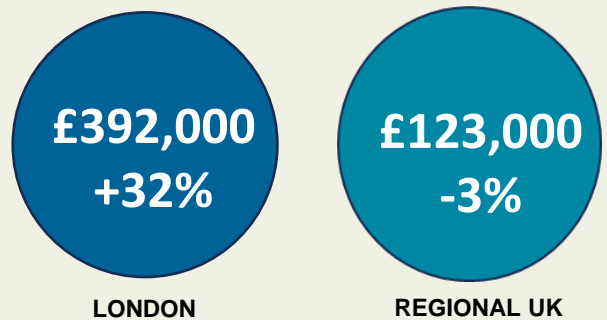
London Market Share

56%

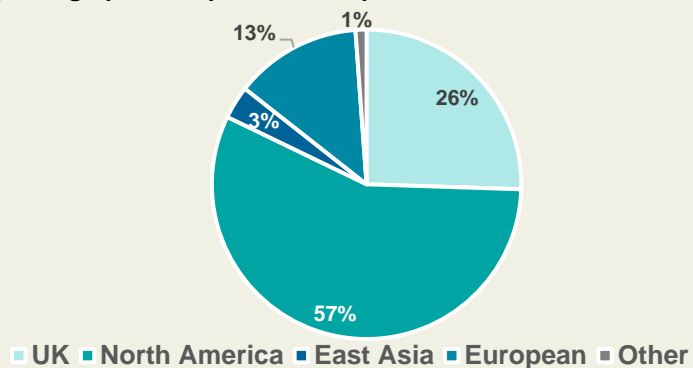
Upscale, Upper-Upscale & Luxury

Going Concern Hotel Transactions, Sept YTD 2024 v 2023

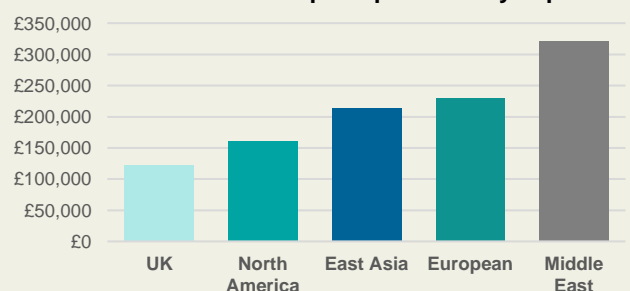
Average Price per Key (£)



Geographical capital flows September YTD 2024



YTD-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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