

---

# UK Hotels Dashboard - Trading Performance

---

October 2023

Seasonality patterns return, but with continued strong recovery for the UK hotel market.

# London - KPIs



OCCUPANCY



ADR



REVPAR



TREVPAR



GOPPAR

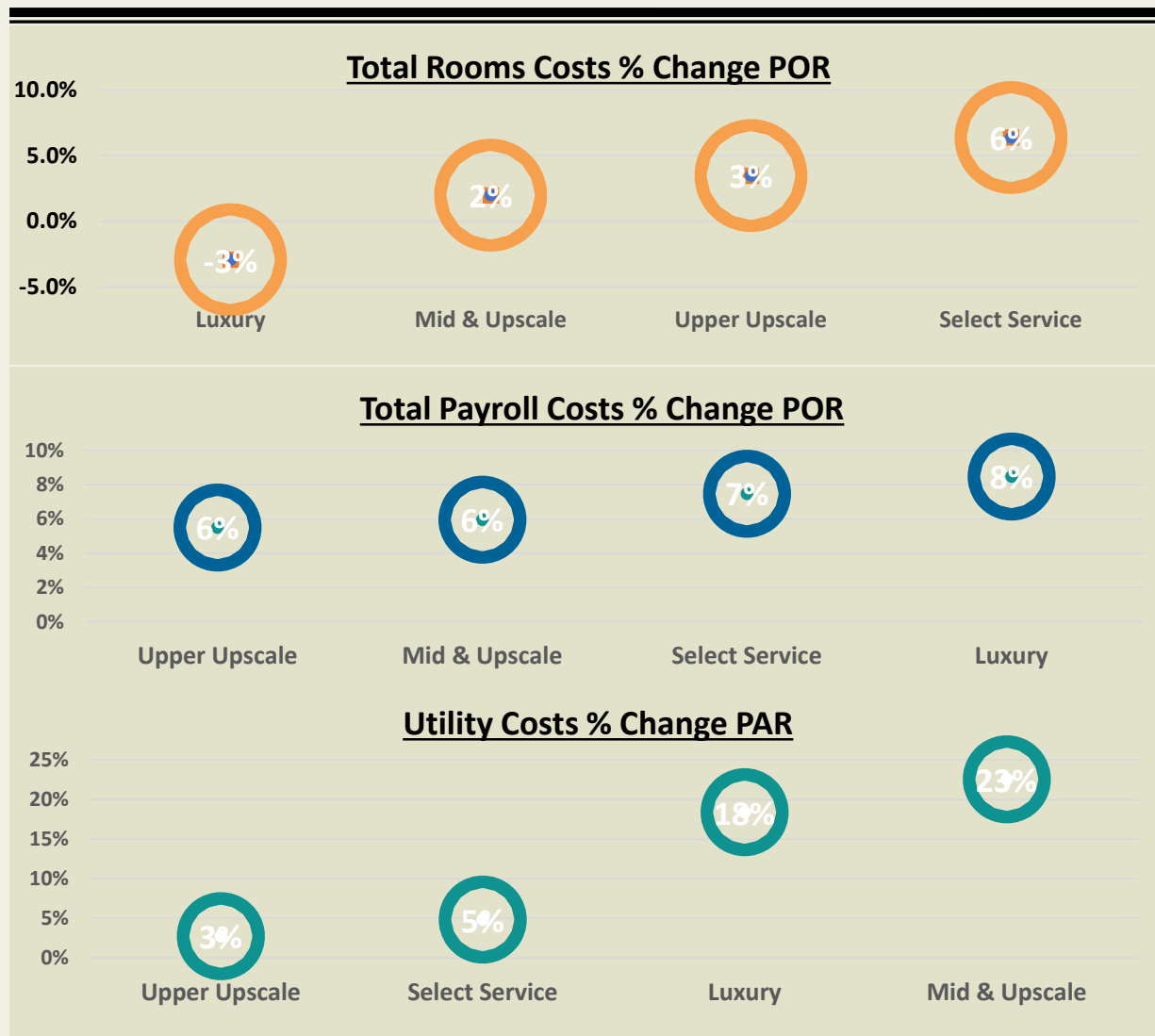
	August -23	% Change versus Aug-22	
OCCUPANCY	81.6%	↑	+ 7.9 percentage points
ADR	£219	↑	2.6%
REVPAR	£179	↑	14%
TREVPAR	£218	↑	14%
GOPPAR	£87	↑	17%

	August -YTD	% Change versus YTD-22	
OCCUPANCY	76.6%	↑	+ 13.8 percentage points
ADR	£227	↑	5.8%
REVPAR	£174	↑	29%
TREVPAR	£222	↑	27%
GOPPAR	£90	↑	28%

- In line with historical seasonal performance, overseas visitor arrivals to Heathrow Airport declined in August by 1.5% versus July but surged by 24% ahead of August 2022. When compared to August-19, the number of overseas arrivals was marginally down, by just 0.7%.
- London achieved strong growth in occupancy compared to August-22 but continues to trend some 4.5 percentage points below August-19. Meanwhile, y-o-y ADR growth has been achieved through a 5% uplift in the transient segments and 12% growth from the group segments.
- Seasonal trends result in weaker demand in August compared to July, with transient room rates falling by 20%, in keeping with 2022 performance. Pre-pandemic the monthly variance in ADR recorded a less severe decline of around 12%.
- Some 16 hotels have opened in central London since the start of the year, totalling over 1,800 new rooms. Almost half of these rooms were classed as upscale, with London's luxury stock increasing by over 400 new rooms, representing 23% of the new supply.
- Month-on-month, GOPPAR suffered a seasonal decline of 37% in August, more severe than in August 2019. YTD GOPPAR is ahead of YTD-19 by 2.8%.

# London – Expenses

## August 2023 v 2022 (Annual % Change)

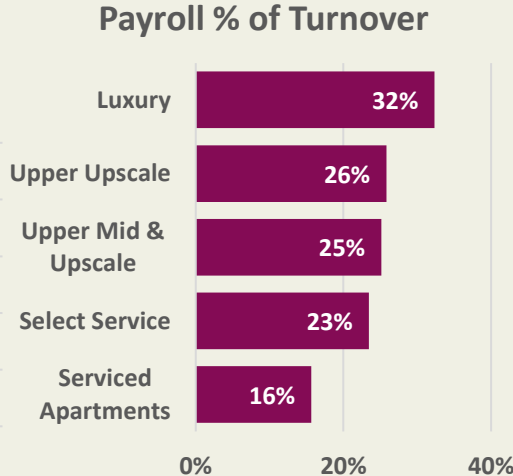
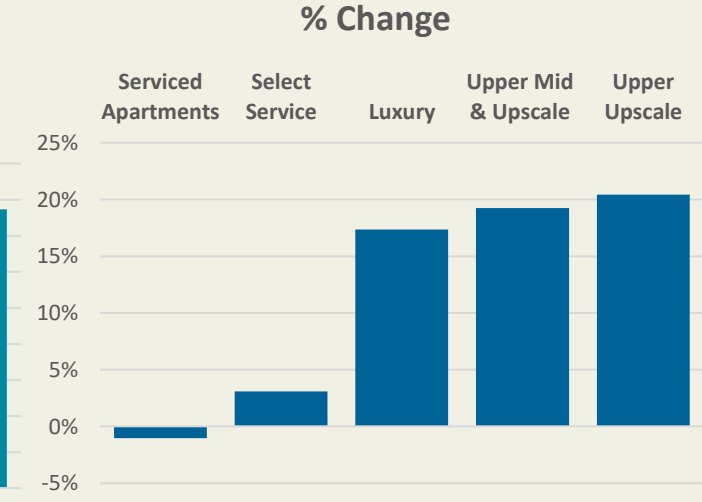
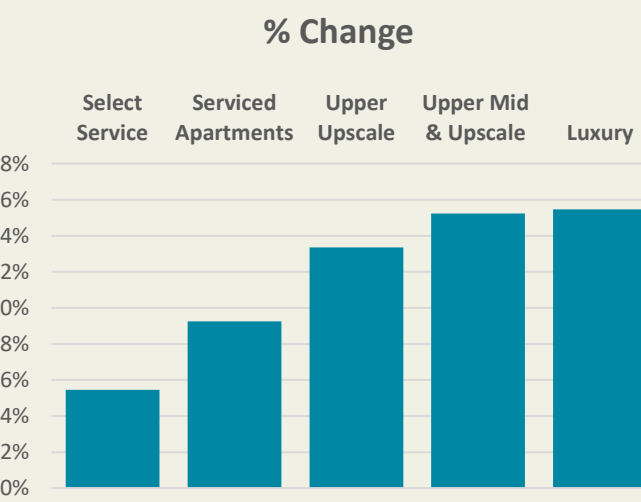
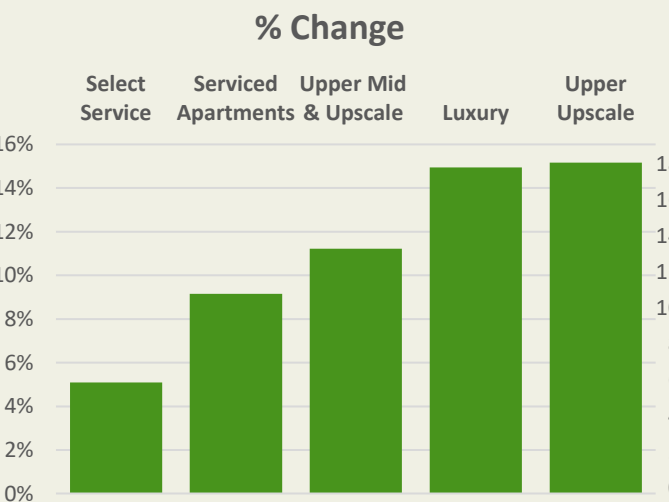
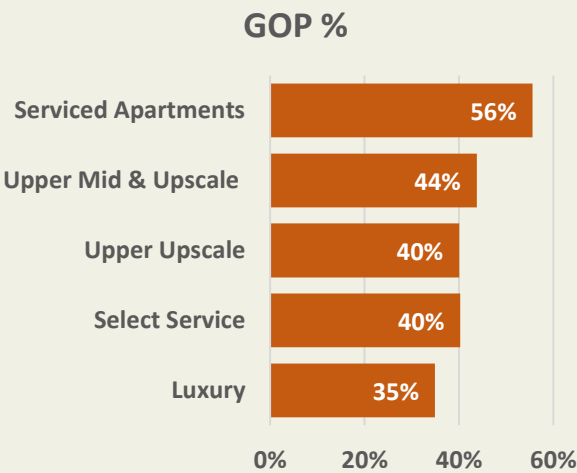
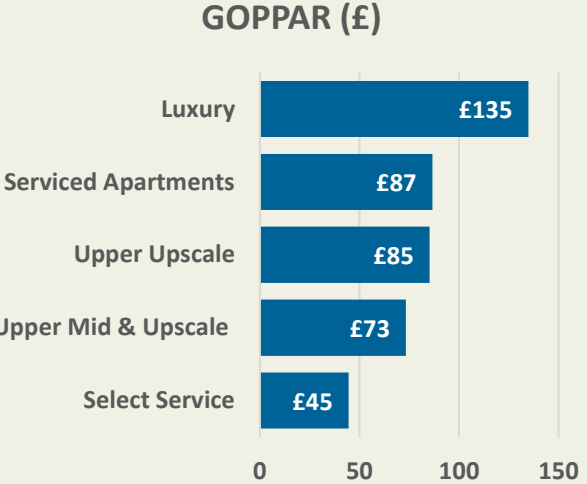
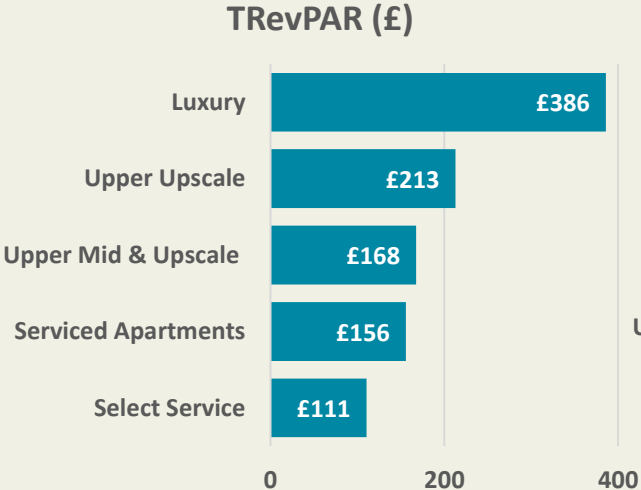
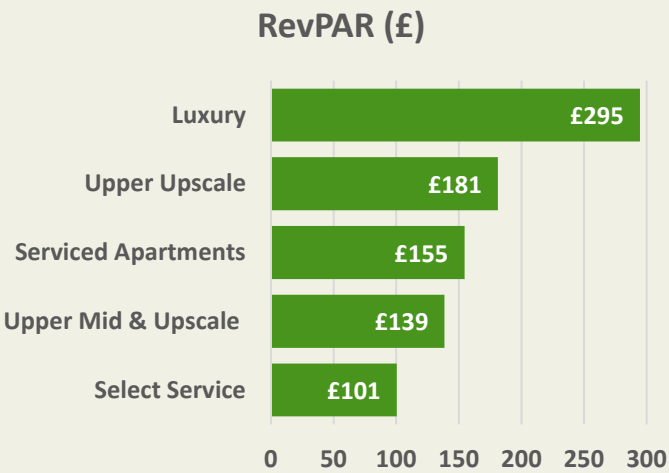


- The sustained recovery in occupancy in 2023, has seen total room costs POR increase by just 2.4% in August, but with costs rising by 13% PAR versus Aug-2022. Strengthening year-on-year revenues, with 14% RevPAR growth in August, helped maintain the Rooms profit margin, which at 74% is three percentage points lower than in August-19.
- Total rooms departmental profit increased by 14% year-on-year in August to £132 PAR, and by 4.5% versus July-19. By contrast, at £5.80 PAR for the Aug-YTD, F&B departmental profit was some 47% lower than YTD-22. For the month of Aug-23, F&B was loss making.
- Whilst total hotel payroll costs were 13% higher in August than compared to August-22 averaging £60 PAR, improving revenues allowed the payroll costs as a percentage of turnover to be kept on par, at 27.5%.
- Year-on-year, utility costs increased by 15% in August PAR, averaging 4.4% of total revenue. On a YTD basis, utility costs have increased by over 40% PAR, but with costs rising by just 15% POR. Whilst higher occupancy is driving higher consumption, the data is also impacted by fixed price contracts ending, making meaningful analysis difficult.
- Strong year-on-year TRevPAR growth saw August's GOPPAR grow by more than 17% versus Aug-22 and with the GOP margin rising by one basis point to 40%. YTD the GOP margin was three percentage points below 2019.

# London, KPIs



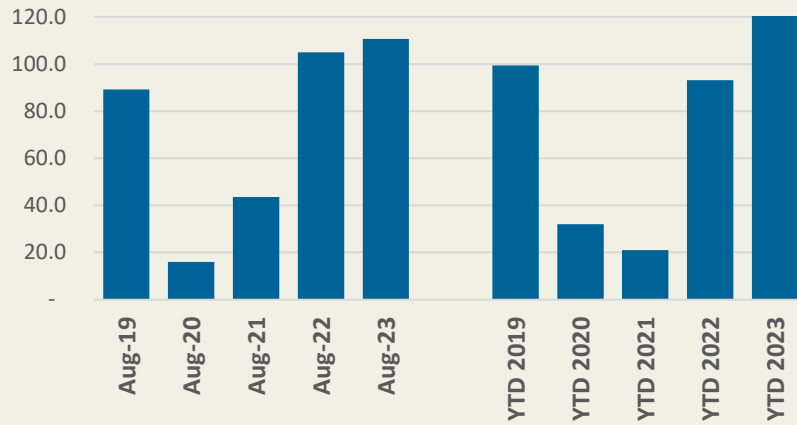
August 2023, (% Change v August 2022)



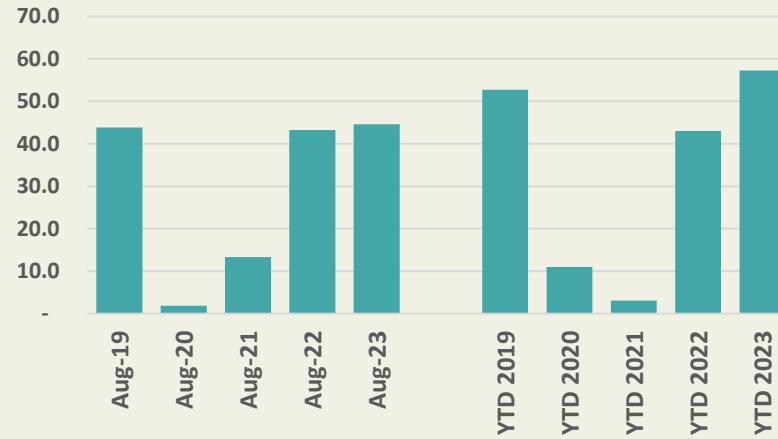
# London – Select Service Hotels



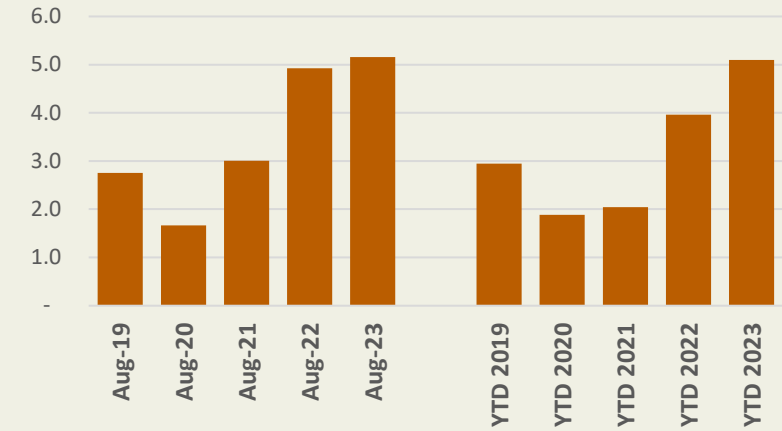
### TRevPAR



### GOPPAR



### Utility Costs PAR








- Select Service Hotels outperformed the wider London market in terms of occupancy, reaching 84% in August, a four-percentage point uplift versus 2022. Occupancy still lags its historical performance, down by 4.4 percentage points as at Aug-YTD versus YTD-19.
- Transient rooms revenue accounted for 93% of the revenue mix as at Aug-YTD, compared to 87% YTD-19. Year-on-year, transient room rates have increased by 9.6% YTD-2023 and are 28% ahead of YTD-19. The strongest rate growth coming from the retail and wholesale segments.
- YTD RevPAR is up 31% versus 2022 and by 24% versus YTD-19. Despite this strong growth, the share of Rooms revenue has remained static at 91% of total revenue.

- Total rooms departmental costs have increased by 10% POR as at August-YTD versus 2022, with payroll costs accounting for some 42% of these increased costs.
- Total F&B costs increased by 23% PAR year-on-year, as at August-YTD, and equate to 75% of F&B revenues (74% YTD-2019).
- Total operational costs increased by 30% PAR as at YTD-23 versus YTD-22, whilst total income equated to 69.5% of total revenue (73% YTD-2019).
- GOPPAR has recovered strongly, up by 33% as at August YTD versus 2022 and 9% ahead of YTD-19. Profit margins, remain challenged, and significantly lower at 47% YTD-23, compared to 53% YTD-19.

- Utility costs as at Aug-YTD equated to £5.10 PAR, representing a 29% increase since YTD-22. Yet, with the strong recovery in occupancy (+ 14 percentage points YTD-23 versus YTD-22), utility costs have increased by just 7.5% POR.
- Compared to Aug-YTD-19 utility costs have increased by 73% PAR, compared to 89% as a London average.
- As at August YTD, utility costs accounted for 4.2% of total revenue, compared to 3.0% YTD-19.

# Regional UK - KPIs



	August-23	% Change versus Aug-22	
 OCCUPANCY	79.0%	↑	+1.0 Percentage points
 ADR	£110	↑	5.4%
 REVPAR	£87	↑	6.7%
 TREVPAR	£127	↑	6.0%
 GOPPAR	£42	↑	4.6%

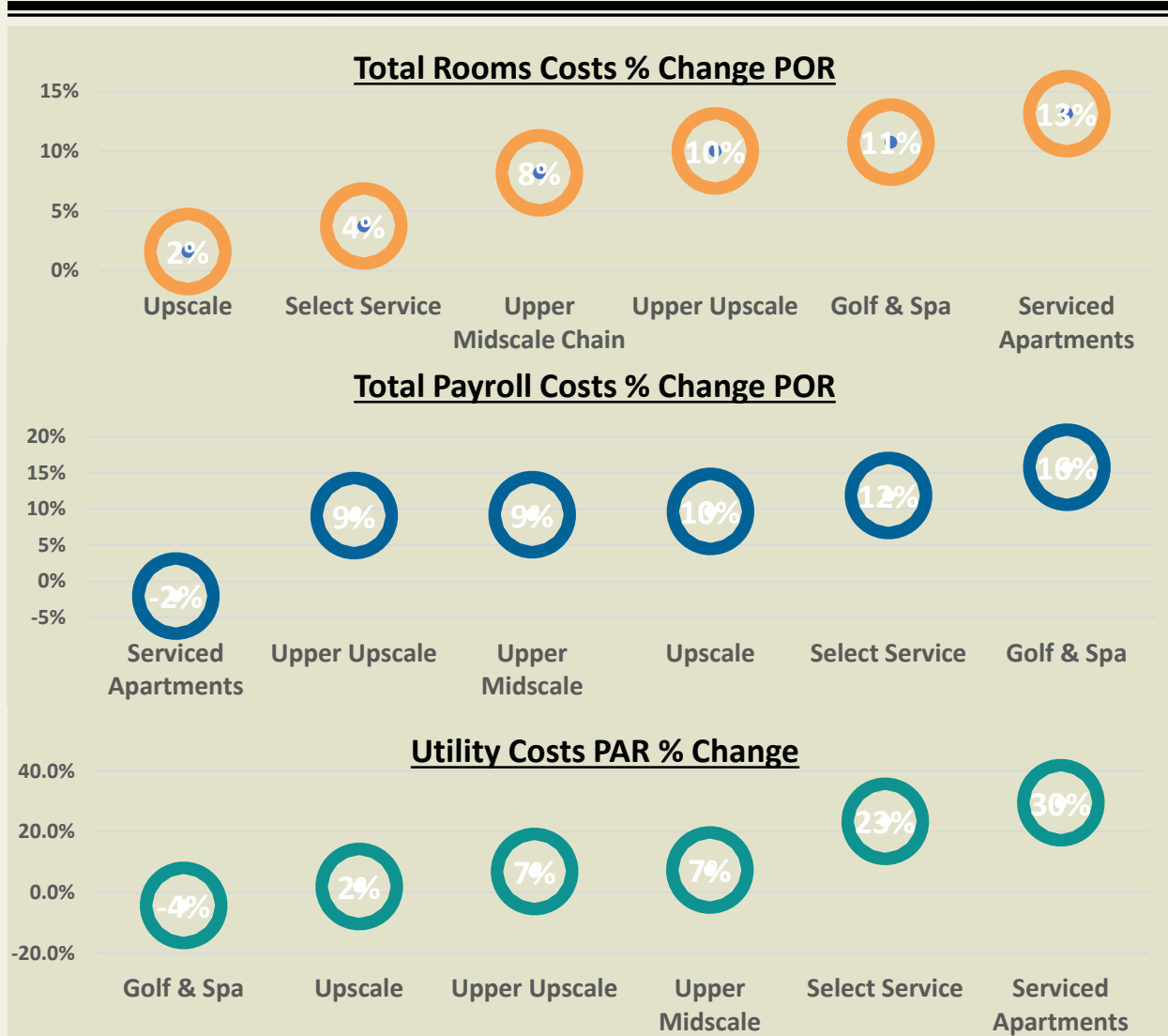
	August -YTD	% Change versus YTD-22	
	74.0%	↑	+ 6.5 Percentage points
	£102	↑	4.9%
	£75	↑	15%
	£117	↑	14%
	£34	↑	10%

- An impressive month of trading results were delivered across regional UK, with an uplift in ADR the main driver behind year-on-year RevPAR growth of 6.7% and with stronger month-on-month RevPAR growth than compared to July-2023.
- Occupancy continues to lag 2019 performance, with regional UK's Top 12 markets (by RevPAR) faring worse, down by 4.9 percentage points as at August-YTD, compared to 3.3 percentage points below for the wider regional UK average.
- As at August YTD, the share of revenue derived from group business has increased to 23%, (from 21% YTD-2022), achieving stronger ADR growth (7%) than compared to the transient segments (4.1%).
- August YTD ADR is now 25% ahead of YTD-2019, and YTD RevPAR 20% ahead. In real terms for the month of August, ADR was ahead of 2019 by 4.1%, whilst RevPAR was level, albeit with certain categories of hotels performing far stronger than others.
- GOPPAR in August increased by 4.6% year-on-year and is a full 20% ahead of August-2019. As at August YTD GOPPAR is up by 10.4% versus YTD-2022 and 9.8% ahead of YTD-2019.

# Regional UK - Expenses



## August 2023 v 2022 (Annual % Change)



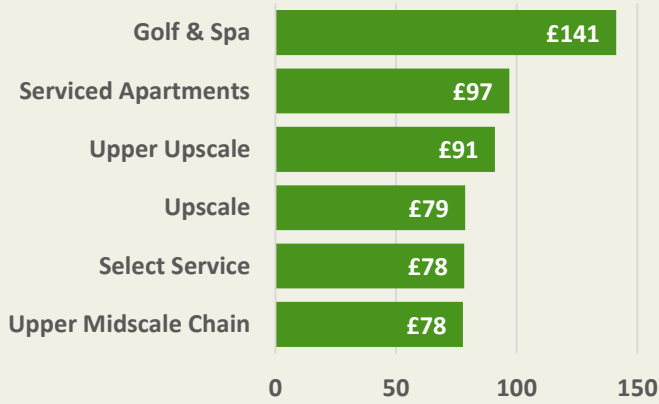
- Total rooms costs have increased by 7.6% POR since August-2022, with rooms expenses rising by 11% POR and payroll costs, which account for 49% of the total departmental costs, rising by 7.6%.
- Impacted by rising costs, Rooms profit margin fell below the 70% achieved in August-2022, but at 69.4% is on par with August-2019.
- Yet, strong year-on-year RevPAR growth in August helped boost income generated from the rooms department by 5.8% versus August-2022 and by 25% versus August-2019, to £60 PAR.
- Total F&B costs increased by 3.3% PAR in August year-on-year, whilst revenues increased by just 1.7%. This led to a fall in F&B income by 4.6% and the profit margin down by 1.3 basis points to 19%.
- Total payroll costs were 8% higher PAR than compared to August-22, rising to £37 PAR, but 2.8% lower than in July-23. As a percentage of turnover, payroll equalled 29% in August, with this metric almost one basis point lower than in August-2019.
- Utility costs in August-23 equated to over £7 PAR, this represented a 15% increase in utility costs versus August-22 and averaged 5.1% of total revenue. As at August YTD, utility costs have increased by 27% PAR year-on-year, but with the cost rising by just 16% on a POR basis.

# Regional UK, KPIs

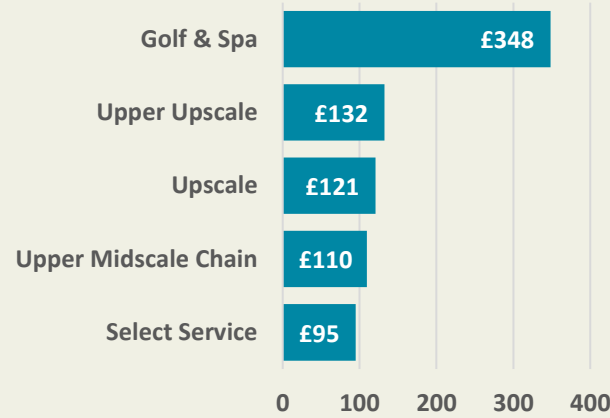
August 2023, (% Change v August 2022)



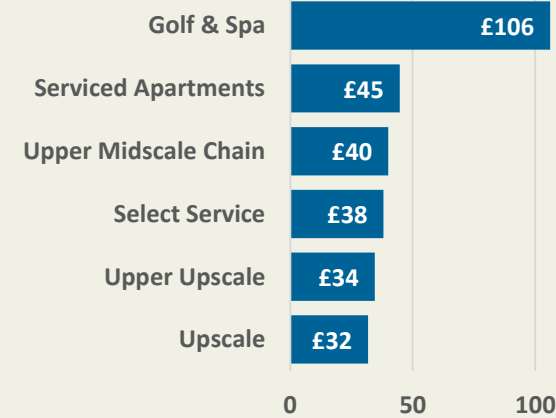
RevPAR (£)



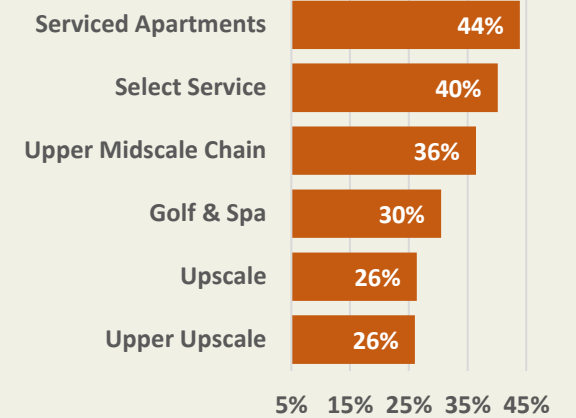
TRevPAR (£)



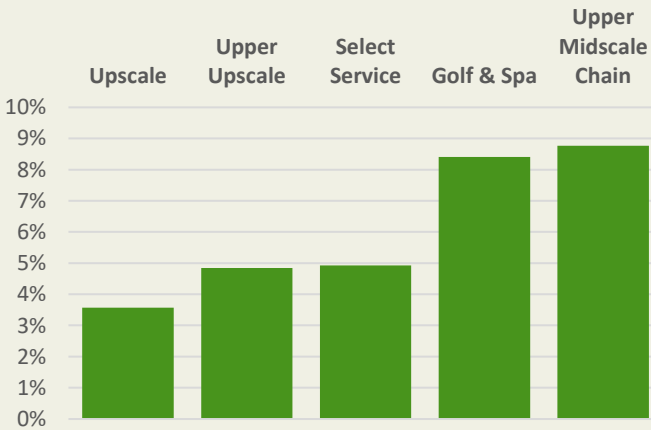
GOPPAR (£)



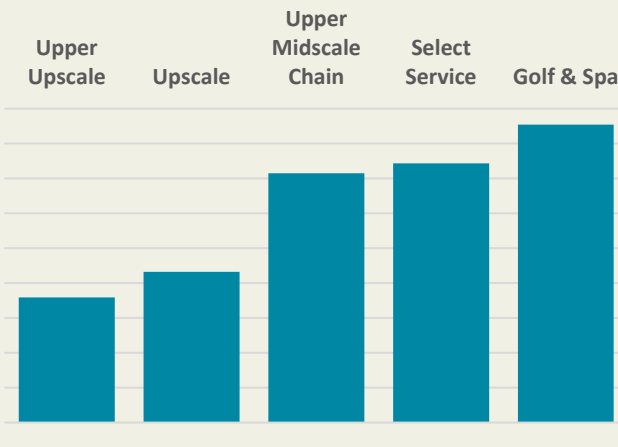
GOP %



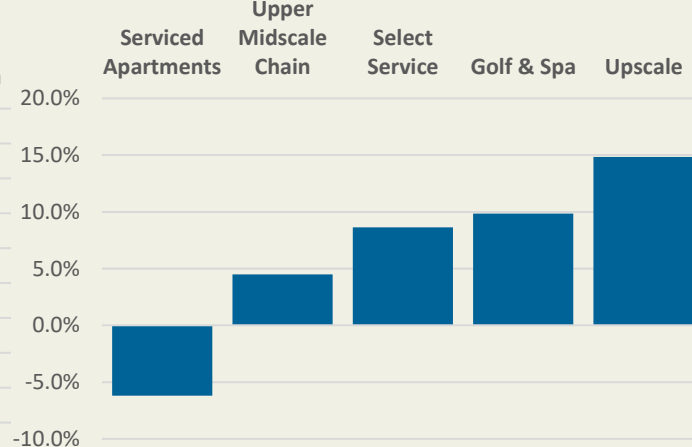
% Change



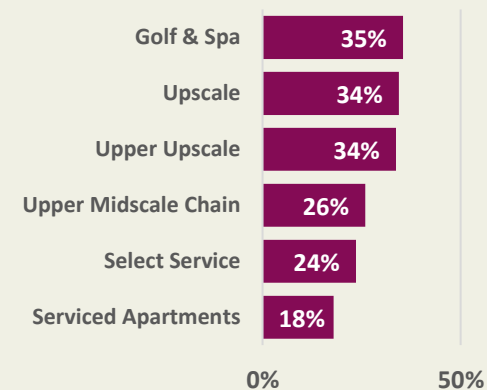
% Change



% Change



Payroll % of Turnover

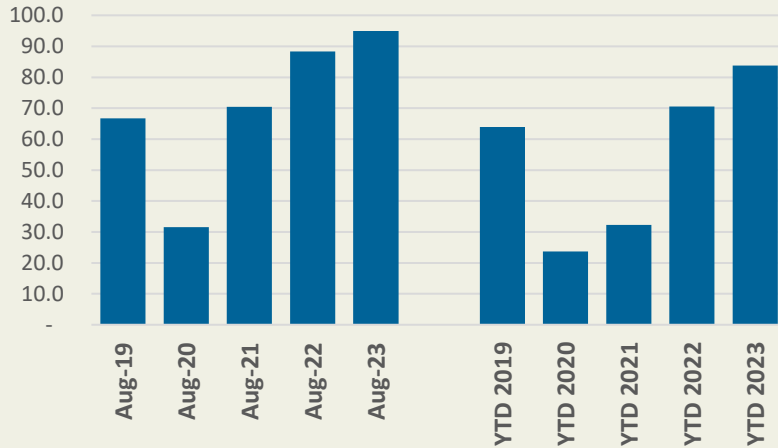




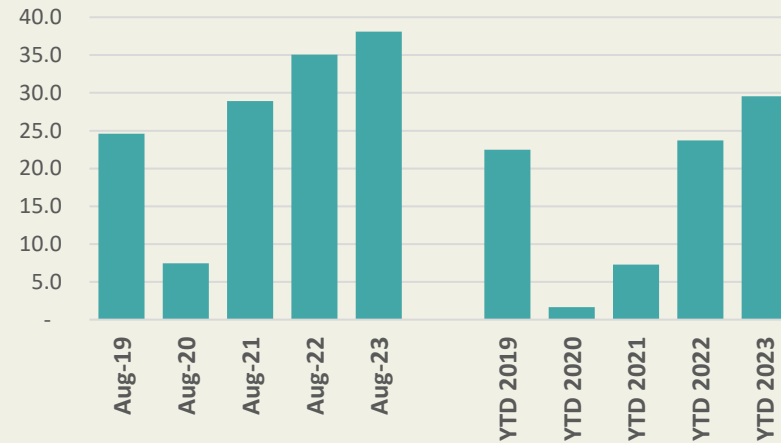
# Regional UK – Select Service Hotels



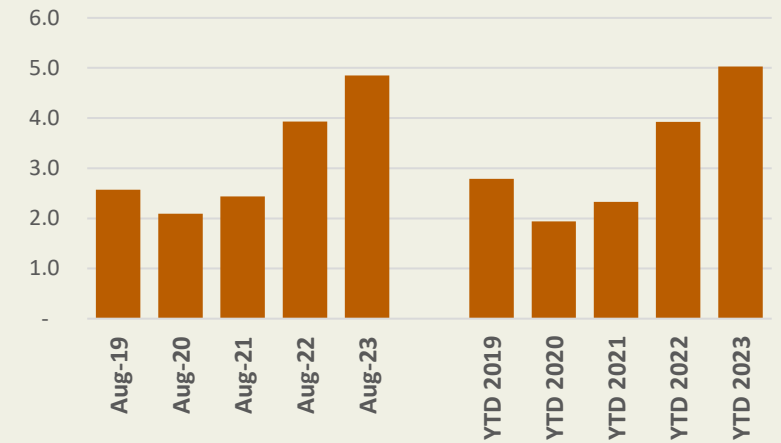
TRevPAR



GOPPAR



Utility Costs PAR



- As at August-YTD, RevPAR grew by 15% versus YTD-22, with occupancy up by six percentage points to 76.4% and is just 1.9% percentage points below YTD-19.
- ADR increased by over 5% versus YTD-2022, with stronger rate growth coming from contracts and group segments, albeit transient revenues accounted for 85% of the revenue mix.
- ADR is ahead by 31% versus YTD-19 and in real terms has increased by 4.4%. YTD RevPAR is up 15% versus 2022 and by 27% versus YTD-19.
- At £15 PAR, YTD F&B revenues are 50% higher than YTD-19, with the share of F&B revenue increasing to 18% of total revenue (16% in 2019).

- As at August YTD, total rooms costs have increased by 25% PAR since 2019, with rooms expenses and cost of sales rising at a faster pace than payroll costs.
- YTD-23, cost pressures have been less severe in the Rooms department than in the F&B department. Rooms costs increased by just 3% POR versus YTD-22, whilst F&B costs increased by 17% POR.
- Select Service hotels are outperforming all regional UK hotel segments, with GOPPAR surging ahead of its YTD-22 performance by 25% and is 31% ahead of YTD-19.
- Despite the challenging cost environment, the YTD profit margin of 35% is on par with 2019 and is the only sub-market in regional UK to have outperformed versus 2022, by 1.6 percentage points.

- Utility costs as at August YTD equated to £5 PAR, representing a 28% increase since YTD-22 and rising by 81% since YTD-19.
- As at August YTD, utility costs accounted for 6.0% of total revenue, compared to 4.4% in 2019.

## 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](mailto:enquiries@hotstats.com) for more information.

### **Knight Frank Contacts**

Philippa Goldstein

Senior Analyst – Hotels

+44 7970 230 801

[Philippa.Goldstein@knightfrank.com](mailto:Philippa.Goldstein@knightfrank.com)

Shaun Roy MRICS

Partner, Head of Hotels

+44 7957 342 285

[Shaun.Roy@knightfrank.com](mailto:Shaun.Roy@knightfrank.com)

Karen Callahan MRICS

Partner, Head of Hotel Valuations

+7825 276 334

[Karen.Callahan@knightfrank.com](mailto:Karen.Callahan@knightfrank.com)

Henry Jackson MRICS

Partner, Head of Hotel Agency

+44 7767 754 386

[Henry.Jackson@knightfrank.com](mailto:Henry.Jackson@knightfrank.com)

### **Important Notice**

© Knight Frank LLP 2023. This document has been provided for general information only and must not be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this document, Knight Frank LLP does not owe a duty of care to any person in respect of the contents of this document, and does not accept any responsibility or liability whatsoever for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. The content of this document does not necessarily represent the views of Knight Frank LLP in relation to any particular properties or projects. This document must not be amended in any way, whether to change its content, to remove this notice or any Knight Frank LLP insignia, or otherwise. Reproduction of this document in whole or in part is not permitted without the prior written approval of Knight Frank LLP to the form and content within which it appears.