
UK Hotels Dashboard - Trading Performance

September 2023

Slower hotel revenue growth amidst ongoing rising costs puts profit margins under pressure.

London - KPIs



OCCUPANCY



ADR



REVPAR



TREVPAR



GOPPAR

July -23	% Change versus July -22	
85.5%	↑	+ 4.1 percentage points
£270	↑	1.4%
£231	↑	6.5%
£281	↑	6.4%
£137	↑	0.8%

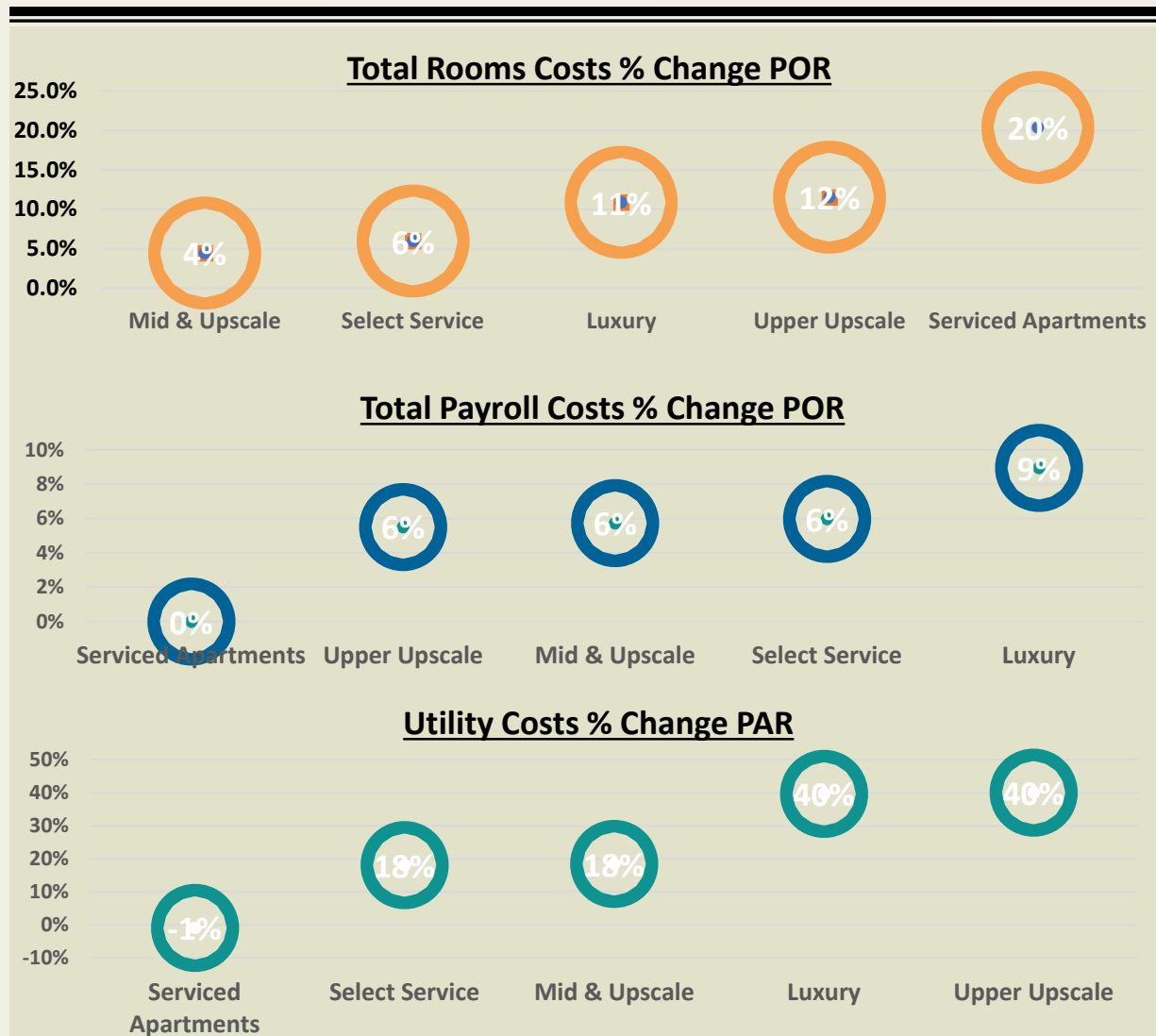
July -YTD	% Change versus YTD-22	
75.9%	↑	+ 15 percentage points
£227	↑	6.2%
£173	↑	32%
£221	↑	29%
£90	↑	30%

- Overseas visitor arrivals at London's Heathrow Airport surged by 9.2% in July versus the previous month, equalling July-19 overseas arrivals of 7.3 million.
- London achieved its highest occupancy performance since October 2019, but was four percentage points below July-19 occupancy. Historically London occupancy in July has been at its annual peak.
- At first glance, the 1.4% growth in ADR compared to July 22 might suggest that pace of ADR growth has fallen. However, July-22 was an exceptionally strong month, with London's hotels benefitting significantly from the return of the Farnborough Air Show.
- London's ADR continues to track ahead of inflation with July's ADR 26% ahead of July-19 and 23% ahead on a YTD basis. Full-rate and discounted transient rates account for over 65% of rooms revenue and have seen ADR growth of 30% since 2019.
- With weaker RevPAR growth recorded in July than compared to previous months, GOPPAR for the month has remained just slightly ahead of July-22, but with 12% growth versus July-19.

London – Expenses



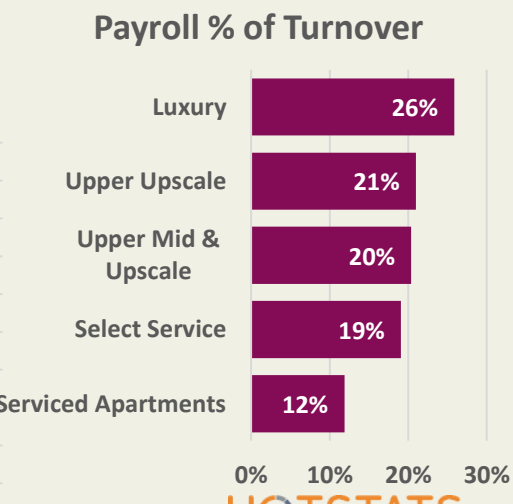
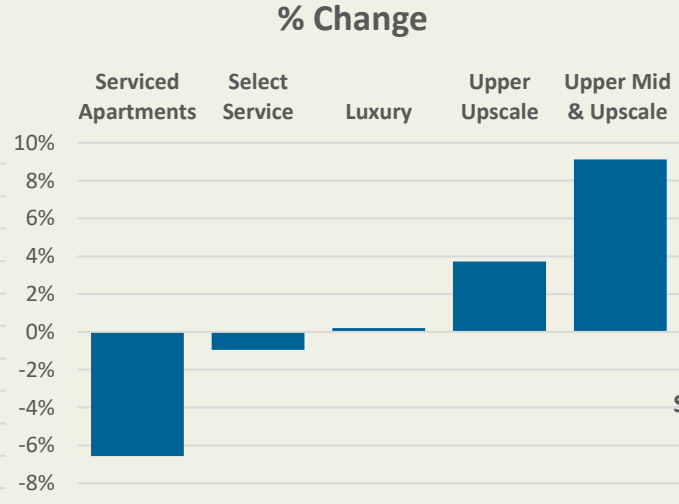
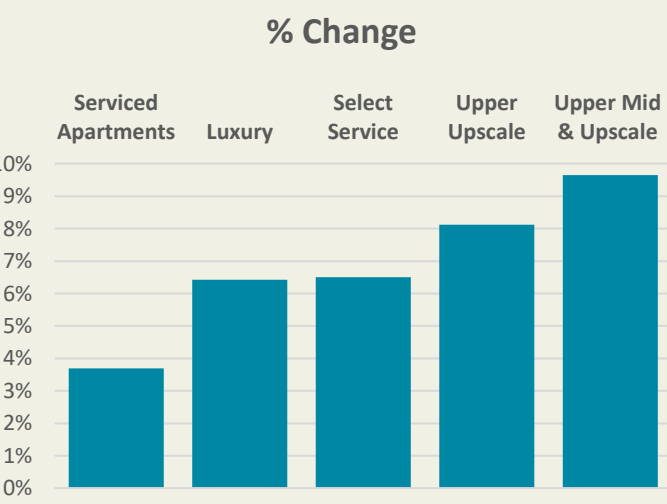
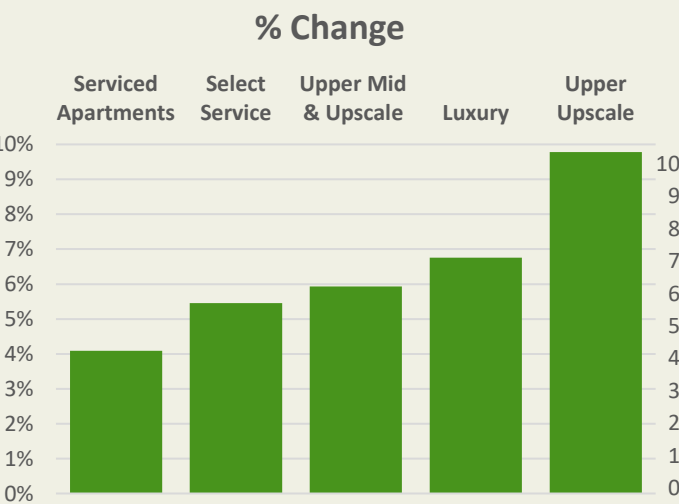
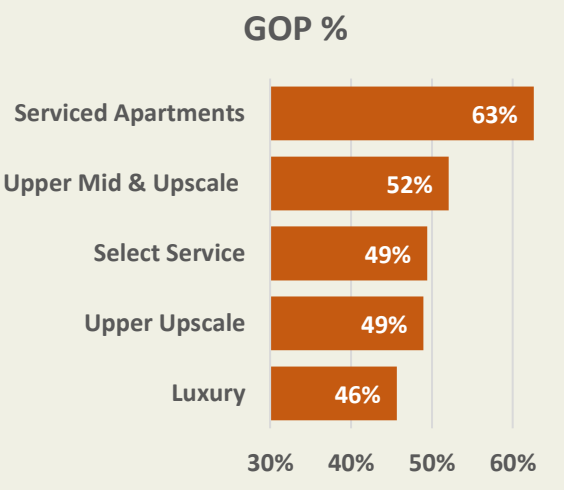
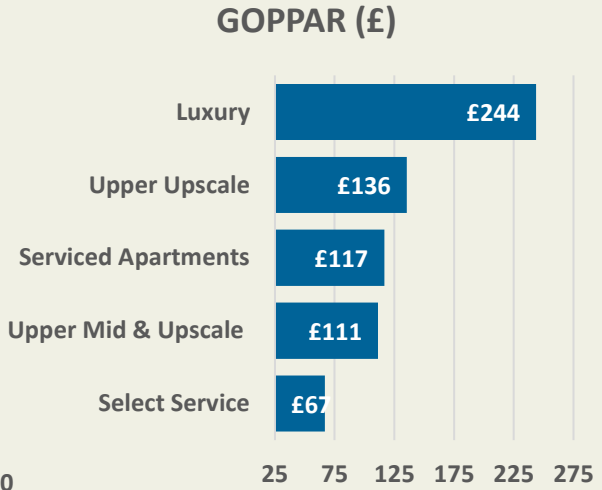
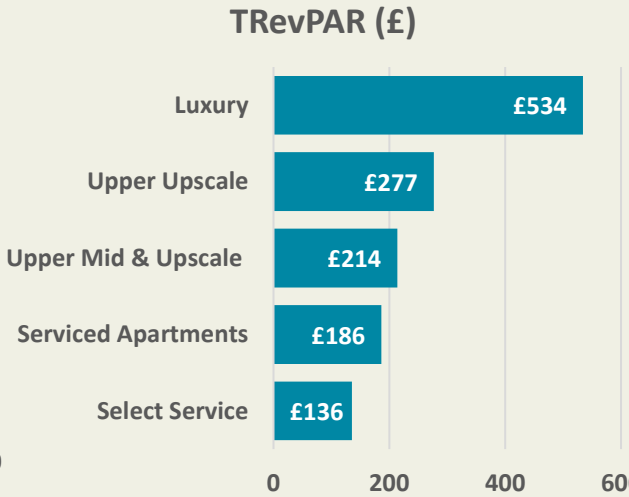
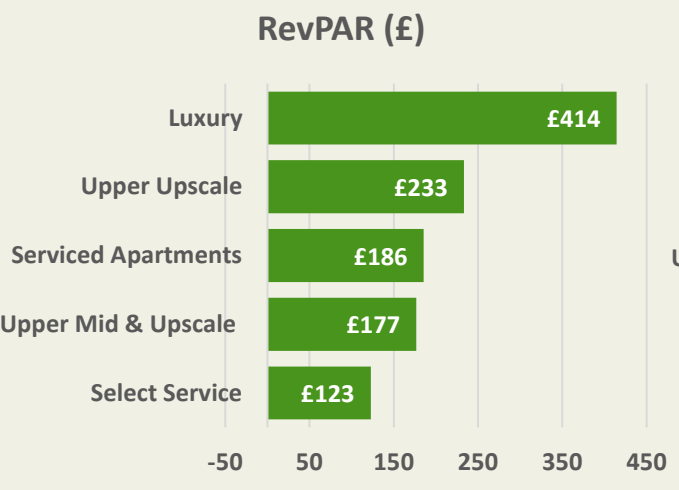
July, 2023 v 2022 (Annual % Change)



- Total room costs increased by 13.5% PAR since July-22, but by 8% POR as higher occupancy levels facilitated cost efficiencies. But with weaker RevPAR growth than in previous months, rooms profit margin declined to 78.1%, compared to 79.5% in both July 2022 and 2019.
- Total rooms costs averaged £50 PAR in July, an annual increase of 13.5% and a rise of 28% PAR since 2019. Meanwhile, total rooms departmental profit increased by 5% year-on-year in July to £181 PAR, which represented an 18% increase versus July-19 and correlates to the 20% uplift in RevPAR over the same period.
- Total hotel payroll costs at over £62 PAR were 12.5% higher than compared to July-2022 and averaged 22.3% of total revenue, up from 21% 12-months prior. This metric stayed on par with the previous month, as the 6.2% uplift in RevPAR, helped alleviate the 2.8% month-on-month rise in total payroll costs (PAR).
- Utility Costs of £10 PAR remained flat versus the previous month, but this represented a 39% increase versus July-22. Utility costs averaged 3.5% of total revenue in July and 4.7% as at July YTD, up from 4.2% as at July YTD-22 and 2.8% compared to July-19.
- Increased costs and slower RevPAR growth saw July's GOPPAR growth of less than 1% versus July-22. Meanwhile, the GOP margin fell to below 49%, (2.7 basis points lower than July-22).

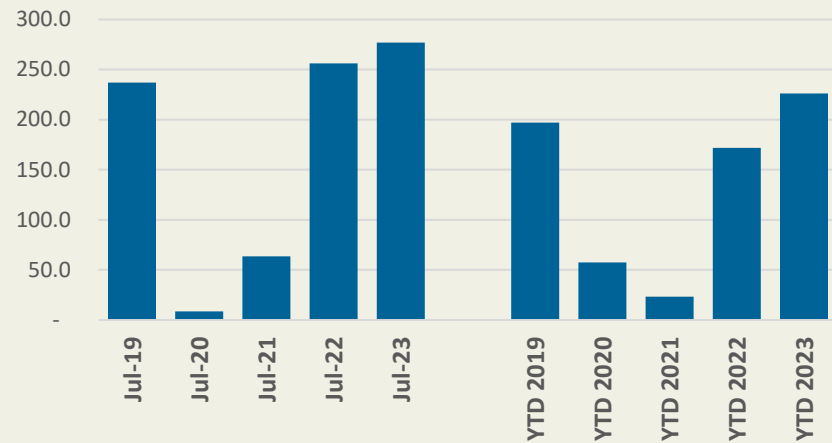
London, KPIs

July 2023, (% Change v July 2022)

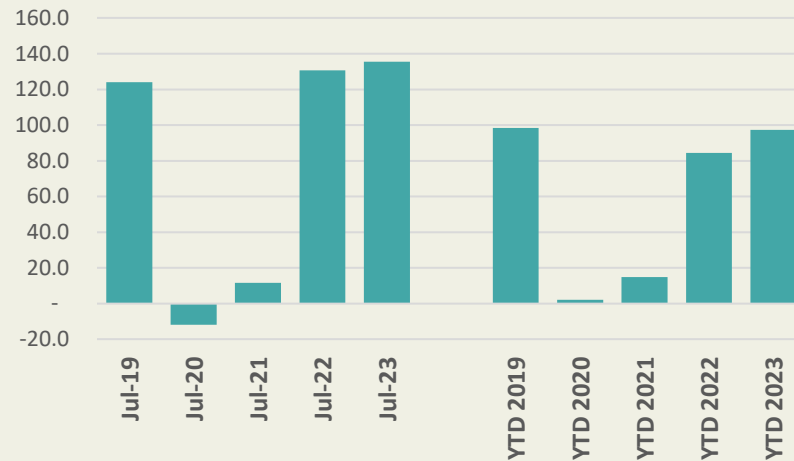


London – Upper Upscale Hotels

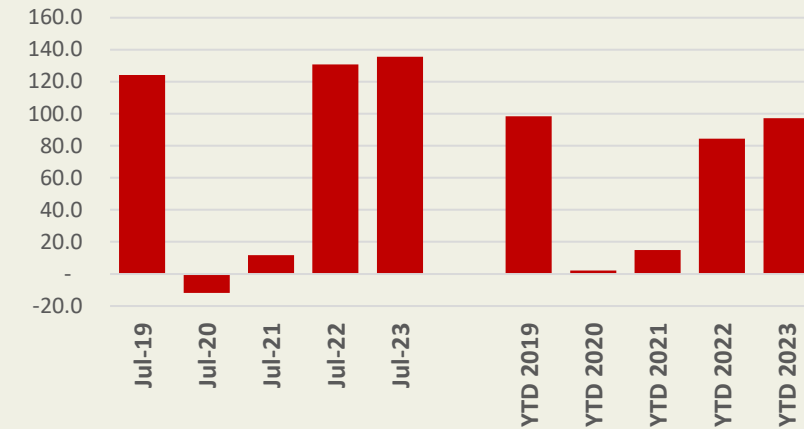
TRevPAR



GOPPAR



Utility Costs PAR



- London's Upper Upscale hotel class has outperformed the London market in terms of occupancy. At almost 77% as at July YTD, occupancy was just two percentage points below its 2019 performance over the same period.
- YTD, ADR is 23% of YTD-19. Transient full-rate and discounted rates made up 61% of room nights YTD-23, with their ADR rising by 28% since 2019.
- YTD RevPAR is up 17% versus 2019, and with the share of Rooms revenue rising to 80% (77% in 2019). Lower TRevPAR growth of 13% was recorded, as a shortage of staffing impacted on ability to drive F&B revenues, as such F&B revenues were 3% below 2019 levels at £38 PAR.
- Corporate group room nights increased YTD versus 2019, despite a lower share of total room nights occupied, and with this segment's ADR up by 32% to average £243.

- Total rooms departmental costs have increased by 8% POR as at July-YTD versus 2022, whilst total F&B costs have increased 17% PAR over the same period and now account for 85% of F&B revenue.
- As at July YTD, total departmental costs increased by 27% PAR, whilst total departmental income increased by 34% versus YTD-22. Total departmental income equated to 66% of total revenue (68% in 2019).
- Undistributed costs (excluding utilities) increased sharply YTD-23, by 25% PAR, yet by only 8% versus YTD-19.
- July-YTD GOPPAR is up 3.6% versus 2019 and by 30% versus 2022, but July recorded a 3.6% decline versus the previous month. Over the same period a 43% profit margin was recorded, compared to 46% YTD-19.

- Utility costs as at July YTD equated to £10.50 PAR, representing a 35% increase since July YTD-22. Since July-YTD 2019 utility costs have almost doubled, having increased by 93%.
- As at July YTD, utility costs accounted for 4.7% of revenue, compared to 2.8% in 2019. In July, utility costs equated to 3.8% of total revenue (2.4% in 2019).

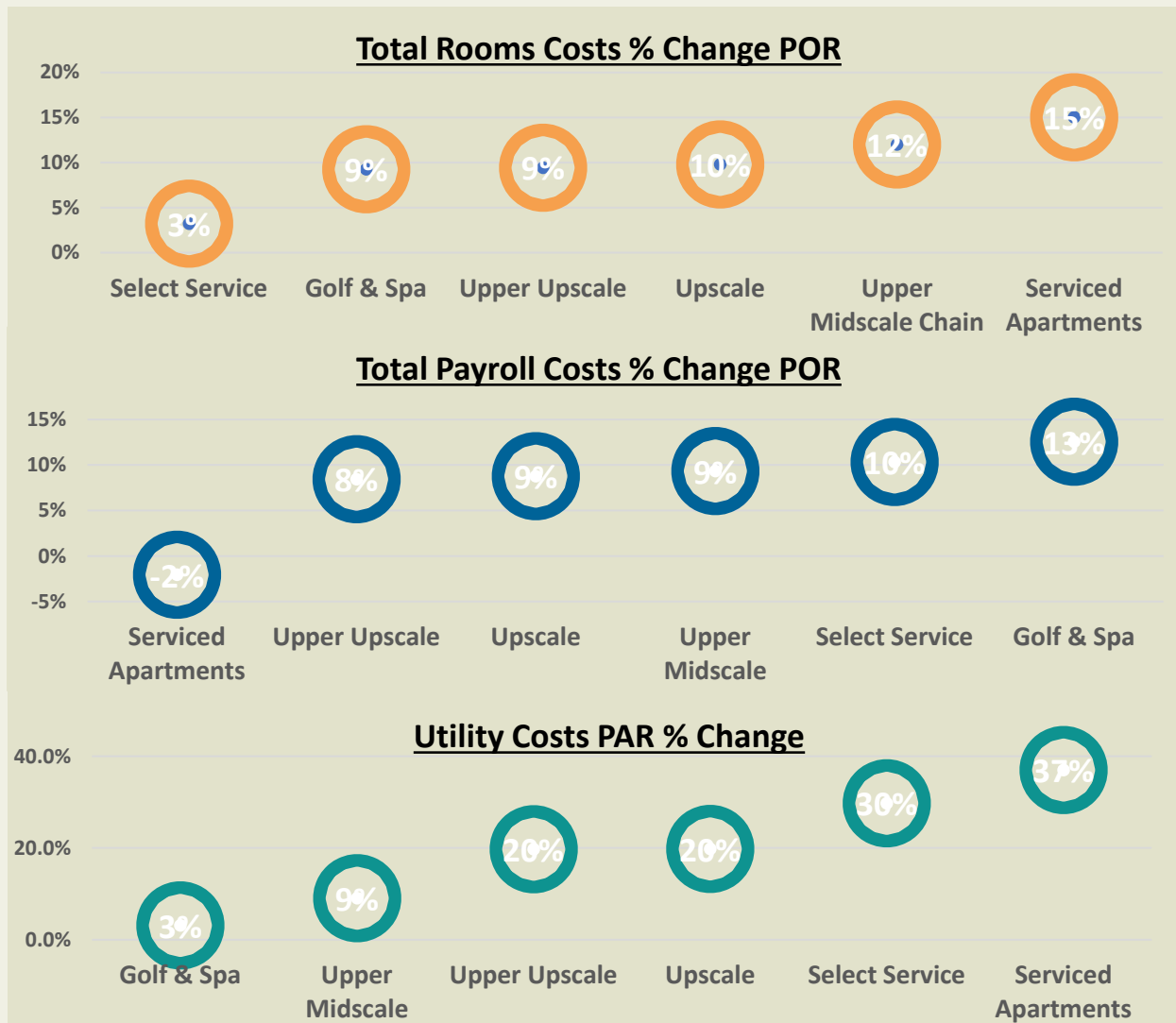
Regional UK - KPIs

	July-23	% Change versus July-22		July -YTD	% Change versus YTD-22	
OCCUPANCY	81.3%	↑	+0.9 Percentage points	73.1%	↑	+ 7.2 Percentage points
ADR	£113	↑	3.6%	£100	↑	4.9%
REVPAR	£92	↑	4.7%	£73	↑	16%
TREVPAR	£140	↑	4.5%	£116	↑	15%
GOPPAR	£51	↓	- 1.2%	£32	↑	12%

- July's RevPAR growth has been more muted than in previous months, but put into context, the sector's resilience continues given the strong trading recovery in July-22.
- As at July-YTD, occupancy levels remain 3.1 percentage points below 2019, whilst ADR is 24% ahead. This has resulted in respectable YTD RevPAR growth of 19% versus the same period in 2019.
- The month of July witnessed Regional UK's highest occupancy performance since September-19, whilst in real terms, ADR was 4.6% ahead versus July-19. Going forward, demand factors will weigh more heavily upon ADR growth, than by inflationary pressures.
- At slightly below £51, GOPPAR in July was at its highest since July-22, but with costs continuing to rise, GOPPAR suffered a y-o-y decline. When compared to July-19, GOPPAR is up by 21%.
- As at July YTD GOPPAR is up by 11.8% versus the same period in 2022 and 6.7% ahead of 2019.

Regional UK - Expenses

July, 2023 v 2022 (Annual % Change)



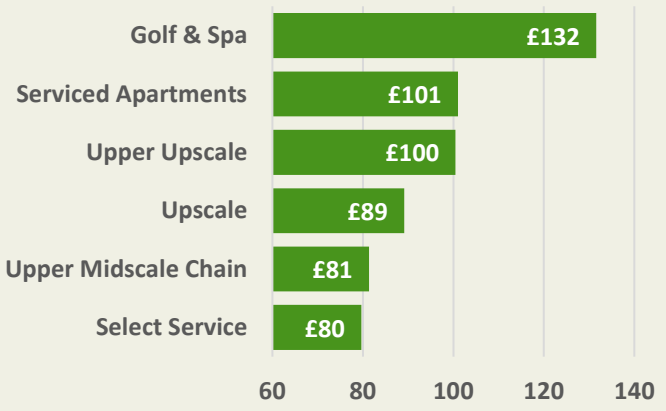
- Rooms costs increased by 10% PAR since July 2022, with rooms expenses rising at a faster pace than rooms payroll. Despite weaker RevPAR growth than in previous months, growth in the ADR has counterbalanced some but not all of the ongoing cost pressures.
- Whilst the profit contribution from the Rooms department increased by 3% versus July-22, Rooms profit margin declined to 70.5%, from 71.9% in July 2022.
- F&B costs increased at a faster pace than revenues, leading to a 3% decline in the F&B profit contribution in July and the profit margin declining by 1.7 basis points since July-22 to 27.8%.
- Total payroll costs were 9% higher than compared to July-22, but at £38.50 PAR, this was 1.5% lower than in June. As a percentage of turnover, payroll equalled 27.5% in July, one basis point higher than July-22, but with payroll efficiencies gained since 2019.
- Utility costs in July-23 equated to £7.40 PAR, this represented a 15% increase in utility costs versus July-22 and averaged 5.3% of total revenue.
- For the first time in 2023, GOPPAR was lower than the equivalent month in 2022, falling by 1.2% in July to £51 PAR. The profit margin fell to 36.3%, 2.1 basis points below July-22.

Regional UK, KPIs

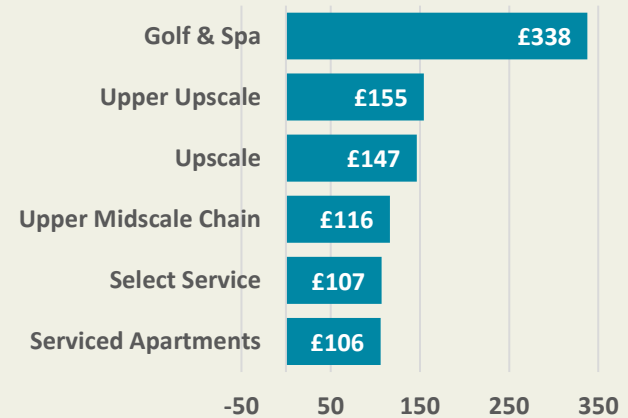
July 2023, (% Change v July 2022)



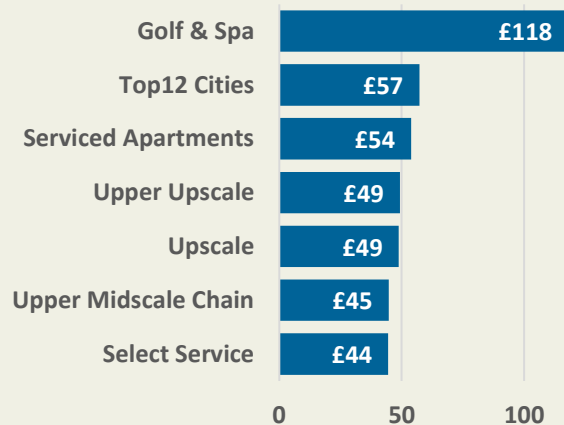
RevPAR (£)



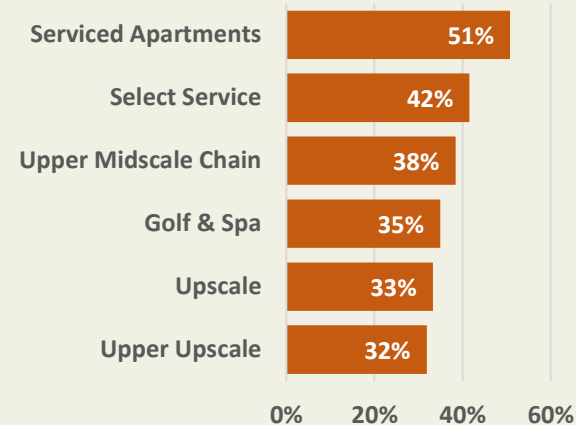
TRevPAR (£)



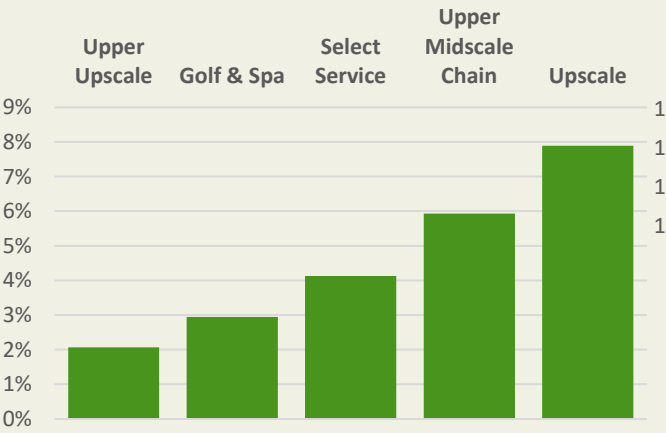
GOPPAR (£)



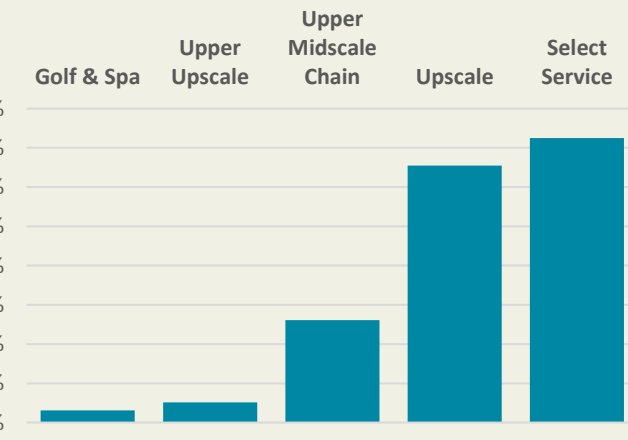
GOP %



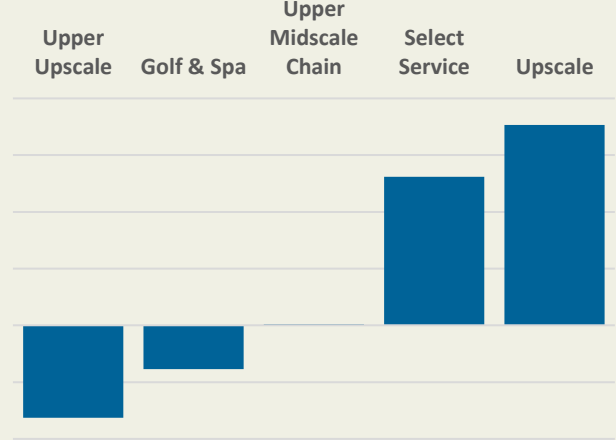
% Change



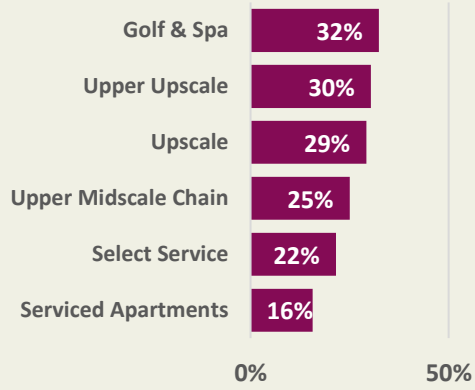
% Change



% Change



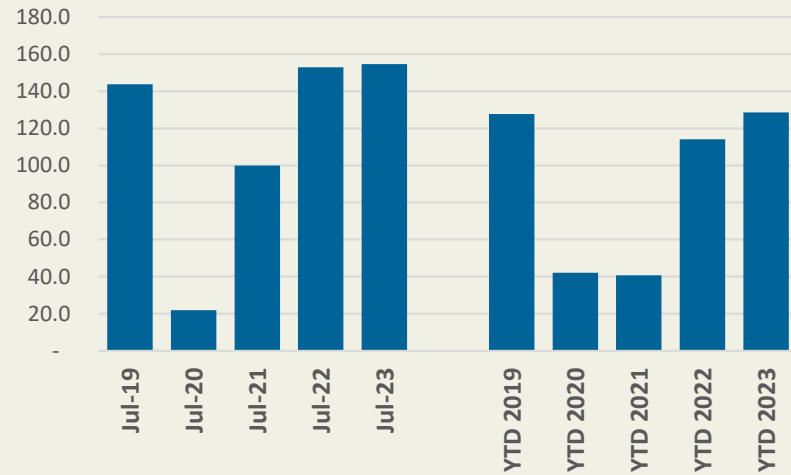
Payroll % of Turnover



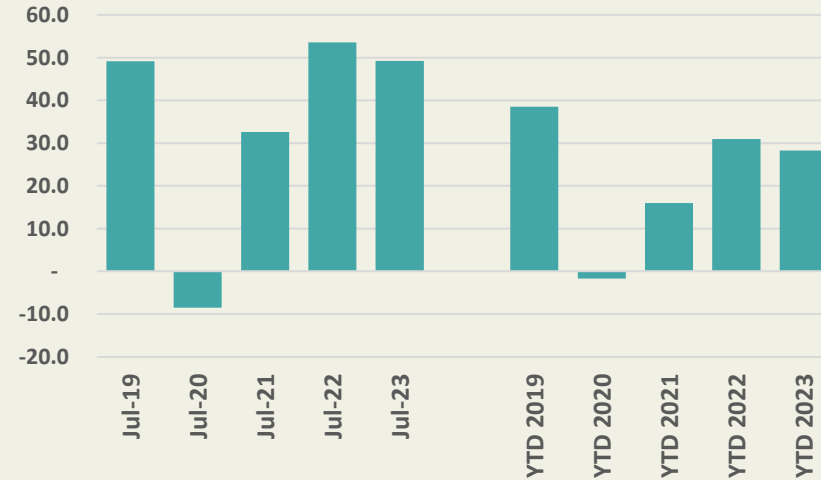
Regional UK – Upper Upscale Hotels



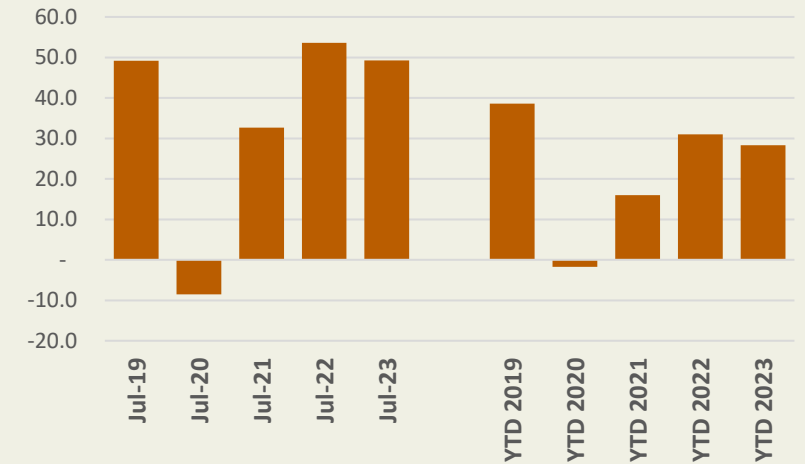
TRevPAR



GOPPAR



Utility Costs PAR



- Occupancy plateaued at 77.6% in July-23, with the KPI more than eight percentage points below that achieved in July-19 and unable to reduce the YTD occupancy deficit – more than nine percentage points lower.
- Month-on-month, ADR growth slowed to just 1%. YTD ADR is 3% ahead of YTD-22 and 21% ahead of YTD-19.
- July YTD RevPAR is up 14% versus 2022, but the differential versus YTD-2019 is just 7% due to significantly lower occupancy levels.
- YTD F&B revenues are 11% lower PAR than in 2019, with the share of F&B revenue falling to 29% of total revenue (33% in 2019). Consequently, no growth was recorded in YTD TRevPAR, which is now on par with 2019 levels.

- With the large differential in occupancy between 2023 and 2019, cost comparisons are best made looking at PAR not POR.
- As at July YTD, total rooms costs have increased by 16% PAR since 2019, with rooms expenses, such as linen costs, rising by 30% and along with higher ADR's, the cost of sales rising by 15%. Payroll costs have increased by 10% over the same period.
- Cost pressures have been less severe across other operating departments, with total departmental costs increasing by just 5% PAR as at July YTD versus 2019.
- Undistributed costs (excluding utilities) have increased by 3% PAR since July YTD-19, but with costs rising by 14% versus YTD-22.

- Utility costs as at July YTD equated to over £10 PAR, representing a 36% increase since YTD-22 and 76% since YTD-19.
- As at July YTD, utility costs accounted for 7.9% of total revenue, compared to 4.5% in 2019. Utility costs equated to 5.9% of total revenue for the month of July (3.7% in 2019).
- Slowing revenue growth and continued cost pressures, has seen GOPPAR for July 8% below July-22. YTD-23, GOPPAR is up by 1.7% versus 2022, but a staggering 21% below 2019 levels. Profit margins are almost 6 percentage points lower than YTD-19, at 22%.

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