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# UK Hotels Dashboard - Trading Performance

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July 2023

Surging monthly GOPPAR  
performance for London -  
26% uplift on 2019 profits.

# London - KPIs

**OCCUPANCY**

**ADR**

**REVPAR**

**TREVPAR**

**GOPPAR**

May-23	% Change versus Apr-22	
79.3%	↑	+ 9 percentage points
£237	↑	14%
£188	↑	28%
£241	↑	23%
£103	↑	27%

May-YTD	% Change versus YTD-22	
72.3%	↑	+ 19 percentage points
£210	↑	11%
£152	↑	50%
£199	↑	44%
£71	↑	62%

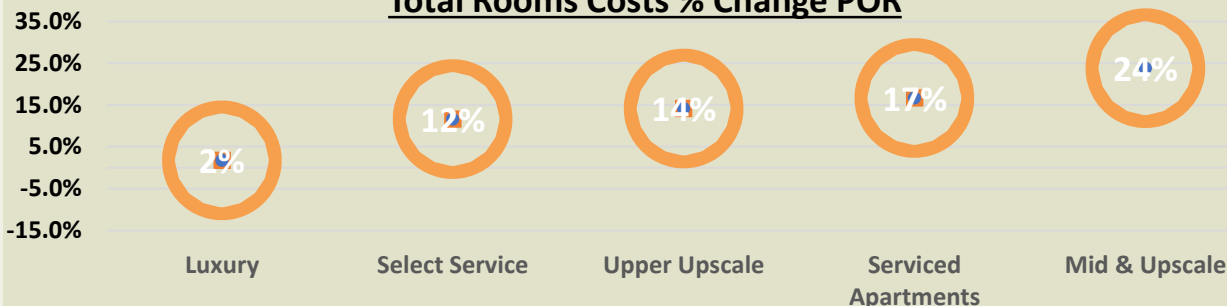
- An influx of overseas visitors, in part due to the King’s Coronation, saw Heathrow passenger arrivals from North America and the Middle East exceed 2019 levels in May, with a 12% month-on-month increase for US arrivals.
- London has seen 13 new hotels open during H1-2023, equating to 900 new rooms. Hotel demand remains strong with occupancy for May on par with May-2019 performance. On a YTD basis, occupancy lags 2019 by 4.1 percentage points.
- London’s net supply growth in 2023 remains largely unchanged following hotel closures. We estimate approximately 4.5% of London’s hotel supply to be providing temporary accommodation for asylum seekers (excluding the Heathrow market).
- Full-rate leisure business has increased in volume versus May-2019, as well as driving ADR growth, with a 40% uplift since May-2019. London’s ADR is 6.9% ahead in real terms versus May-19.
- Exceptionally strong GOPPAR growth in May, rising by 27% versus the previous month and versus May-2022, up 26% compared to May-2019.

# London – Expenses

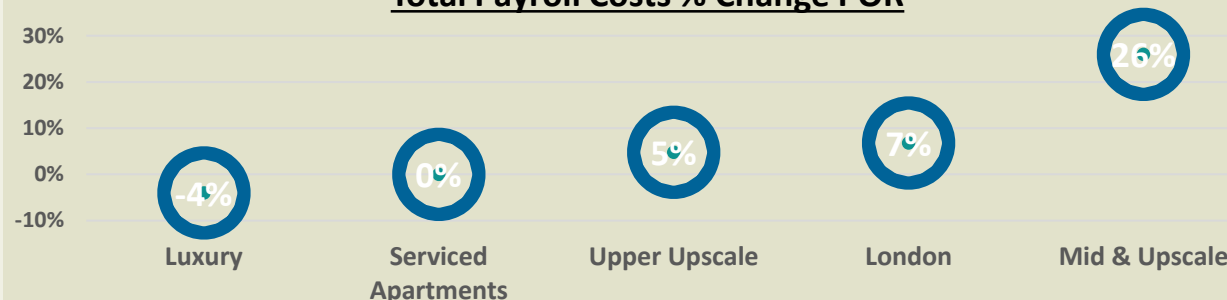


May, 2023 v 2022 (Annual % Change)

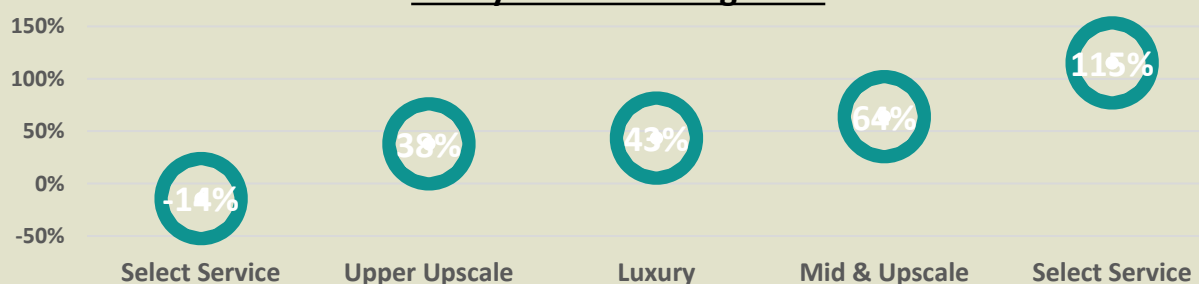
**Total Rooms Costs % Change POR**



**Total Payroll Costs % Change POR**



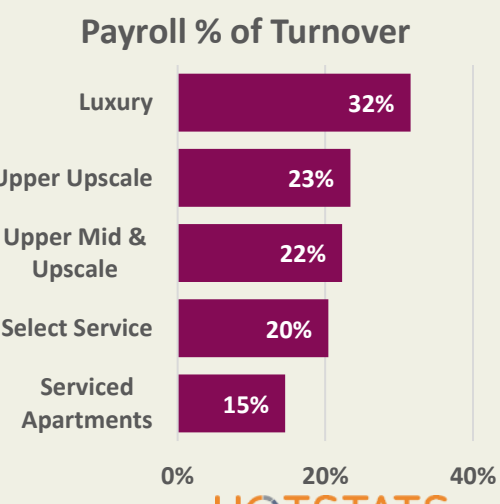
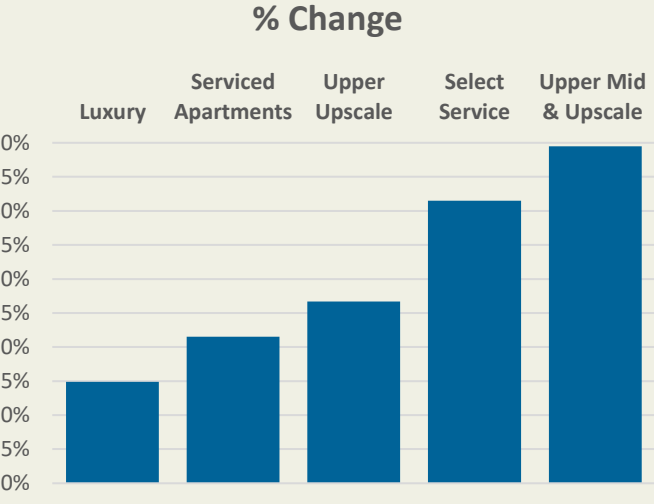
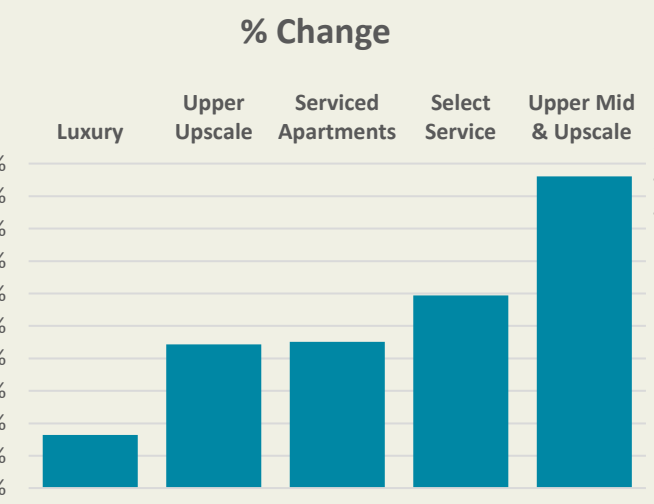
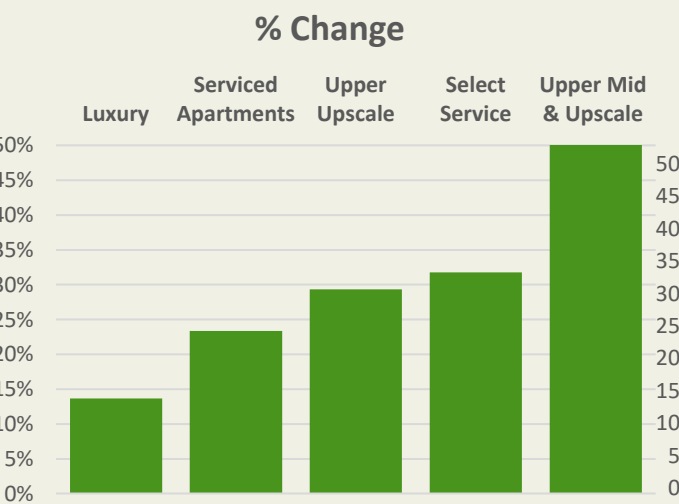
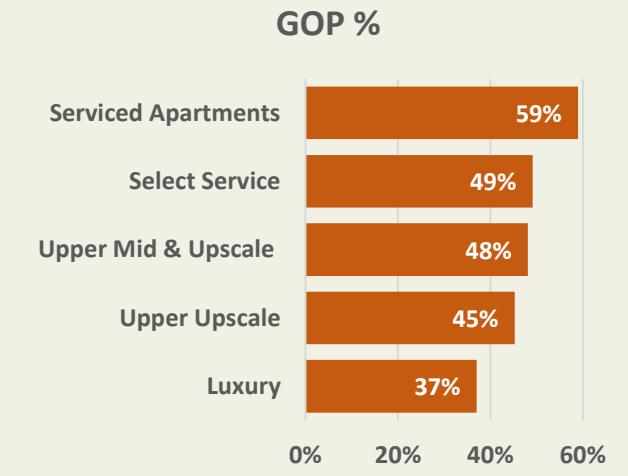
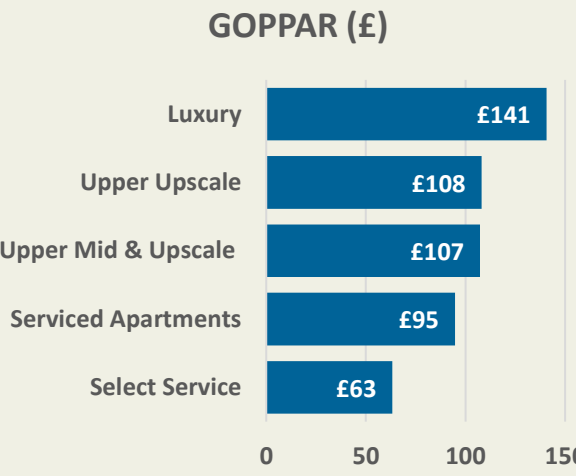
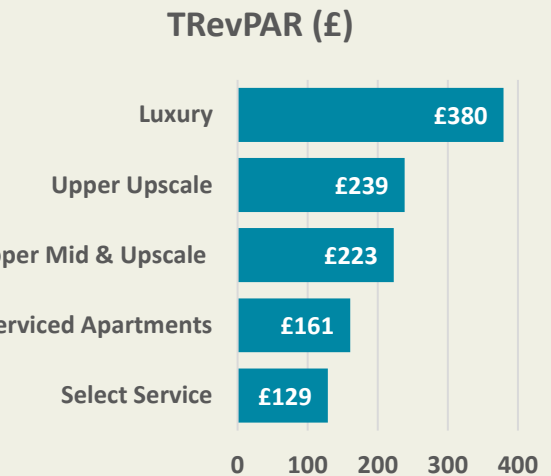
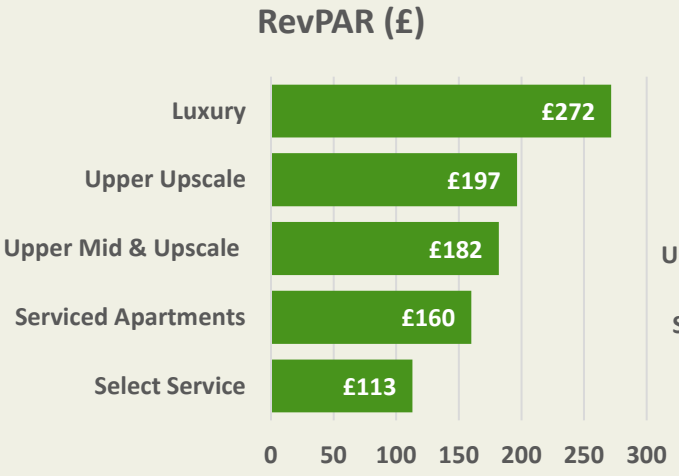
**Utility Costs % Change PAR**



- The strong uplift in RevPAR, facilitated an improved Rooms profit margin, increasing to 76% in May, despite a marginal 1% increase in total room costs. Room costs have increased by 33% POR since May-2019, but the improved top-line performance has allowed profit margins to remain static.
- Total payroll costs averaged 25.7% of turnover in May across all London hotels, with greater efficiencies achieved as occupancy levels improve, allowing a marginal decline in total payroll costs POR in May versus the previous month. Payroll costs were 7% higher POR than compared to May-2022.
- The three percentage-point monthly uplift in occupancy to above 84% for Select service hotels, facilitated a 9% reduction in total payroll costs POR versus April-2023, whilst London's luxury hotels benefitted from a 12% month-on-month reduction in payroll costs POR.
- Utility Costs of £10.10 PAR across London equated to a 4% reduction for the month, but this represented a 48% increase on utility costs versus May 2022. Utility costs averaged 4.2% of total revenue in May.
- GOP as a percentage of Total Revenue increased by 5.1 basis points in May versus the previous month, to 42.9%, with the GOP margin 1.0 basis points above May-2019.

# London, KPIs

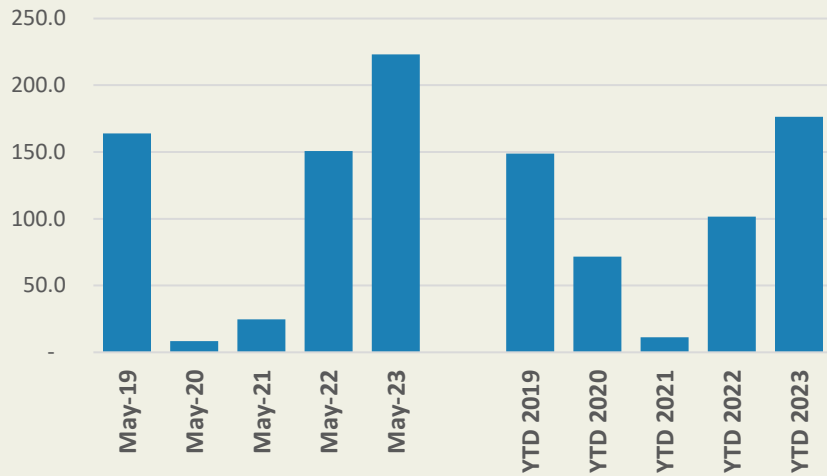
May 2023, (% Change v May-22)



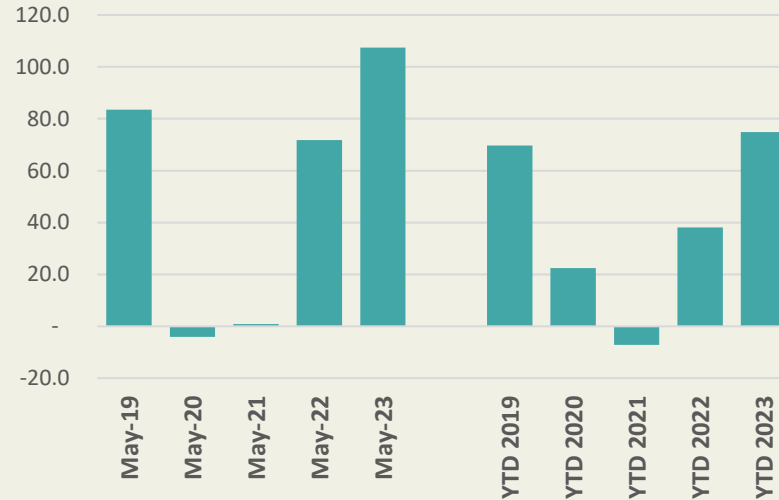
# London – Upper-Midscale and Upscale Hotels



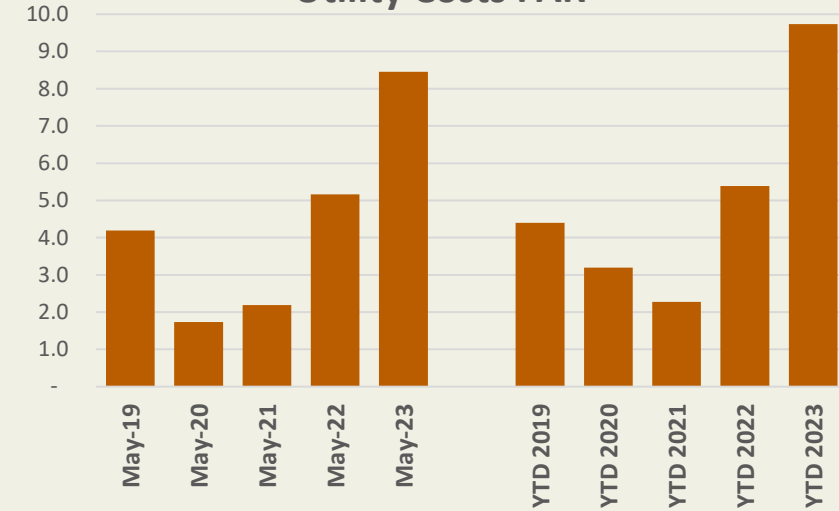
### TRevPAR



### GOPPAR



### Utility Costs PAR



- London’s Upper Mid & Upscale hotels recorded the strongest growth in occupancy in May, versus the previous year, rising by 12 percentage points to 81.8%, but still this is 1.9 percentage points below May-2019.
- Exceptionally strong year-on-year ADR growth of 29% was achieved in May, to reach £222. Strong ADR growth across all segments and a 6% uplift in the share of revenue derived from full-rate transient leisure segment, were the catalysts behind such ADR growth. May’s ADR was just 6% below the total wider London average.
- With Rooms department generating a 75% profit margin and accounting for 92% of the total operating income, driving strong RevPAR growth efficiently remains key.

- As at May YTD, total departmental costs increased by 11% POR year-on-year, whilst undistributed costs (excluding utilities) have increased 17% PAR since 2019 (a more meaningful comparison than 2022).
- Strong revenue performance has kept cost margins in check, with 5.0 basis points improvement year-on-year as at May YTD.
- GOP margin of 48% achieved in May and GOPPAR uplift of 22% to £107 versus April. On a YTD basis GOPPAR 8% ahead of 2019 and 96% uplift versus 2022.
- May YTD, GOP% ahead of 2022 by almost 5.0 basis points, but down 4.4 basis points versus 2019.

- Utility costs as at May YTD are 10% lower than the average London hotel, at £9.70 PAR.
- Utility costs have fallen by 18% since its peak of £10.35 PAR in Mar-2023, but with costs having increased at a faster pace than the London average, rising by 64% versus May-22 (London +48%) and costs are up 100% when compared to May-2019.
- Utility costs accounted for 3.8% of revenue in May, compared to 2.6% in 2019. As at May YTD, utility costs equated to 5.5% of total revenue (3.0% in 2019).



# Regional UK - KPIs

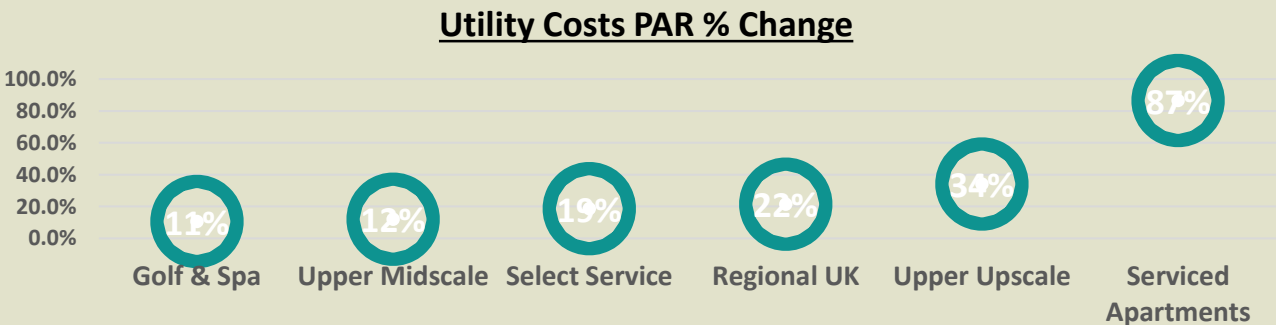
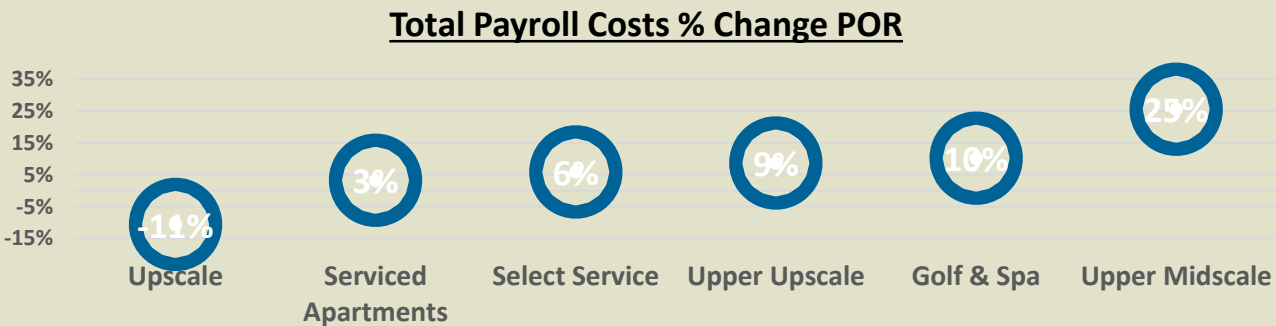
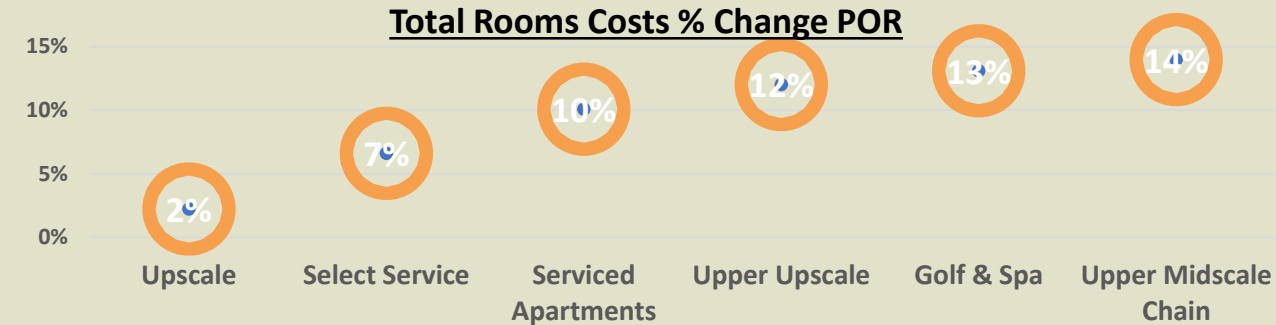
	May-23	% Change versus May-22		May-YTD	% Change versus YTD-22	
OCCUPANCY	74.5%	↑	+2 Percentage points	69.2%	↑	+ 8 Percentage points
ADR	£105	↑	12%	£94	↑	5%
REVPAR	£78	↑	15%	£65	↑	20%
TREVPAR	£123	↑	11%	£105	↑	18%
GOPPAR	£38	↑	12%	£25	↑	17%

- An uplift in ADR was the main driver behind RevPAR growth of 10% in May versus the previous month and by 15% growth versus May-2022.
- Occupancy continued to lag 2019 performance, by 5.9 basis points in May. Occupancy plateaued for the top-12 regional cities, at 75%, versus April-2023 and was some 9 percentage points lower than May-2019.
- As at May YTD-2023 versus YTD-2022, retail (seasonal/best available) and discounted segments yielded fewer room nights. This was countered by an increase in mid-week corporate groups and association /convention business, supported by strong ADR growth. Demand for tour groups increased, but with significantly lower ADRs.
- Versus May 2019, ADR was 26% ahead, and on a YTD basis up 22%. In real terms, ADR was on par with May-2019, but recorded a 3.0% deficit on a YTD basis.
- With the month of May historically showing strong monthly GOPPAR uplift, this trend resumed, with GOPPAR rising by 35% for regional UK in May, 2.1% ahead of the achieved profits in May-19. With the top-line performance having further to recover for the top-12 cities, GOPPAR remained 2.8% below May-2019.

# Regional UK - Expenses



May, 2023 v 2022 (Annual % Change)



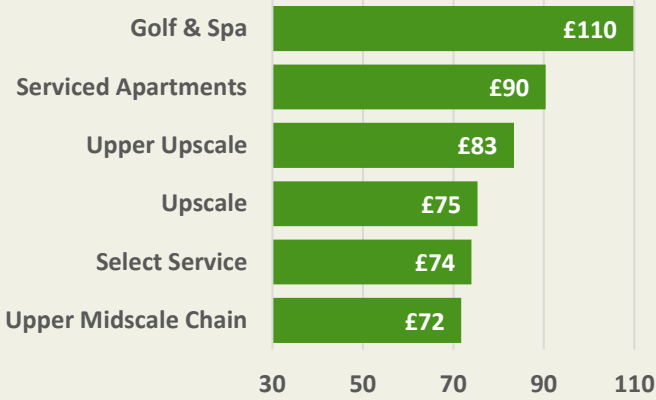
- Mirroring London, strong RevPAR performance in May, resulted in the month-on-month Rooms profit margin increasing by 2 percentage points, to 68%.
- Total rooms costs POR increased only marginally over April, further supporting a 13% monthly rise in Rooms departmental income, and an uplift of 15% versus May-22.
- Total payroll costs averaged 30% of turnover in May, falling from almost 33% the previous month as revenues continue to strengthen. On a PAR basis, total payroll costs reduced by 1.2% versus April, but were 10% higher PAR than compared to May-2022.
- With less demand for energy in late spring, a 16% monthly reduction in utility costs PAR was achieved. At £7.90 PAR, this still represented a 22% increase on utility costs versus May 2022. Utility costs averaged 5.8% of total revenue in May, down from 7.4% the previous month.
- GOP as a percentage of Total Revenue increased by 6.3 basis points in May versus the previous month, to 31.1%, but with the GOP margin at 2.5 basis points below May-2019. The top 12 cities recorded a GOP margin of 35%, the highest level of profit conversion since September-22.

# Regional UK, KPIs

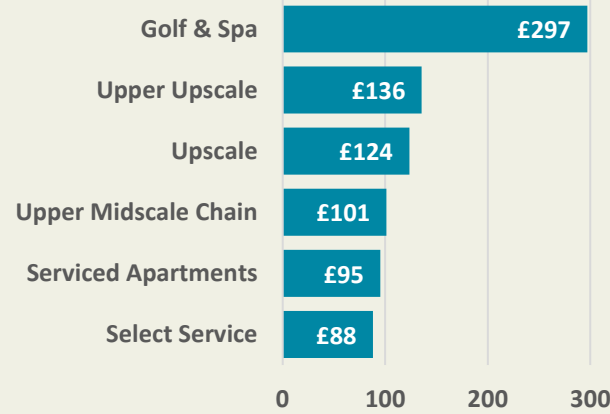
May 2023, (% Change v May-22)



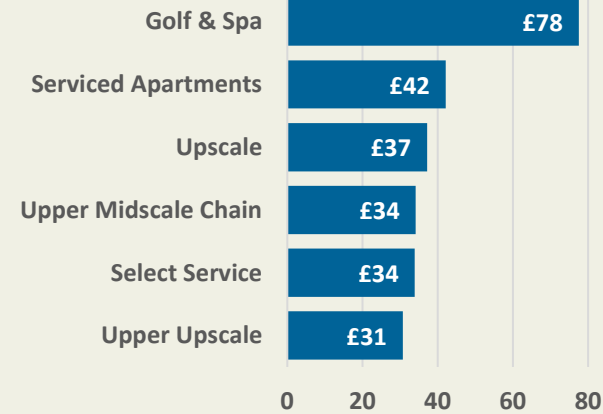
RevPAR (£)



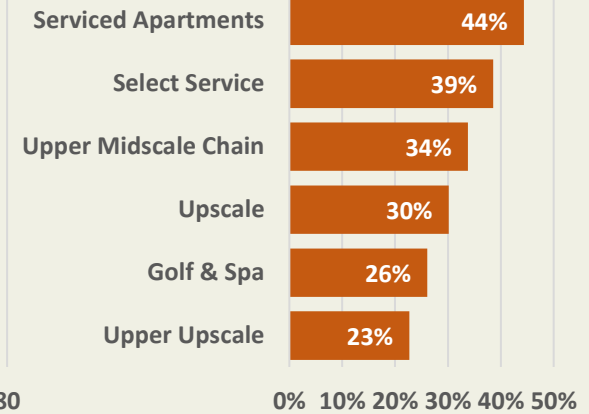
TRevPAR (£)



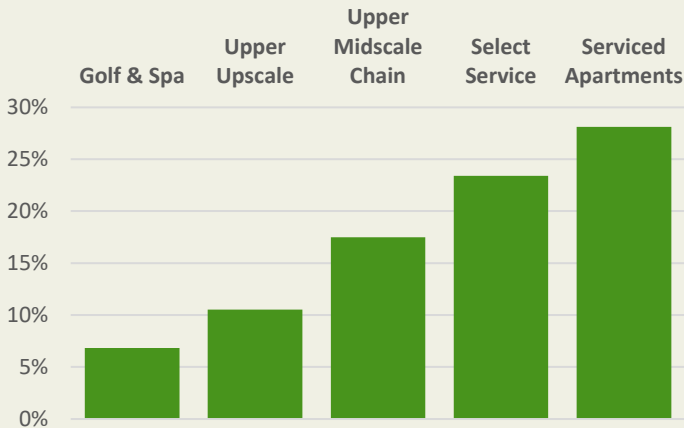
GOPPAR (£)



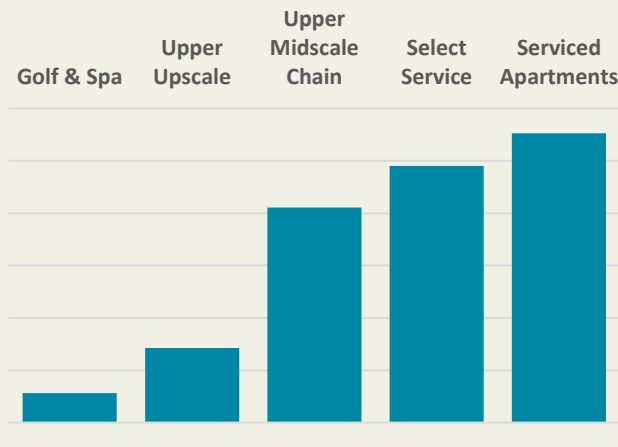
GOP %



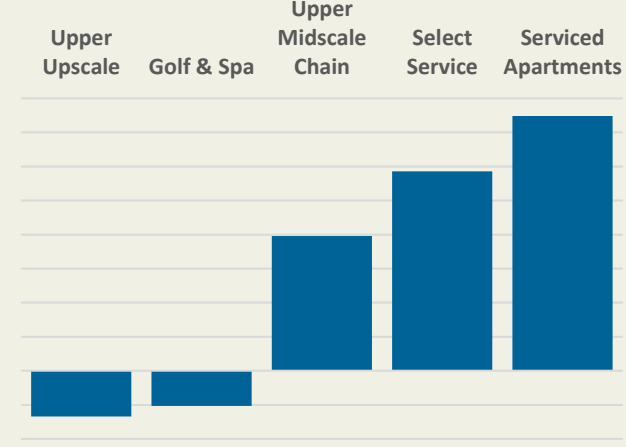
% Change



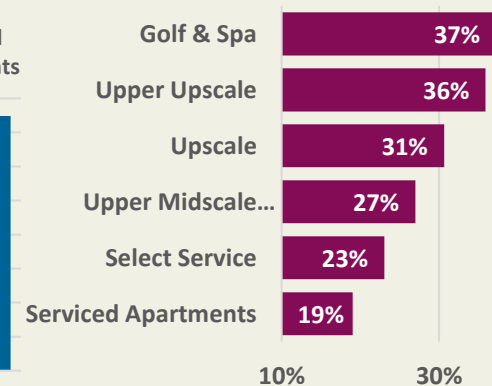
% Change



% Change



Payroll % of Turnover

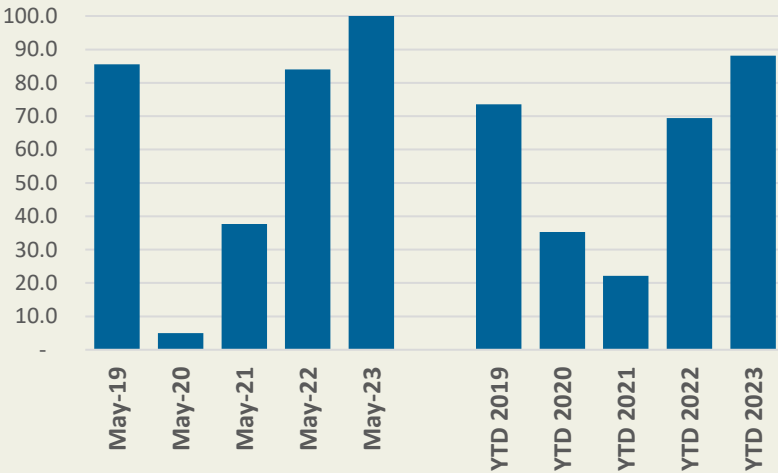




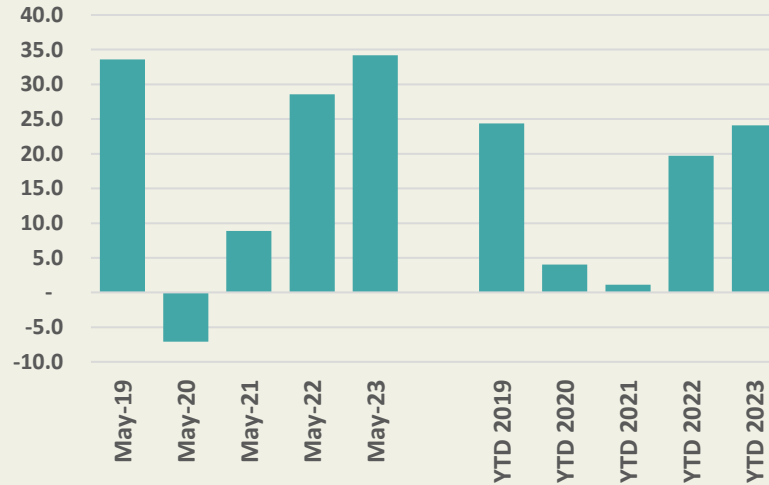
# Regional UK – Upper Midscale Branded Hotels



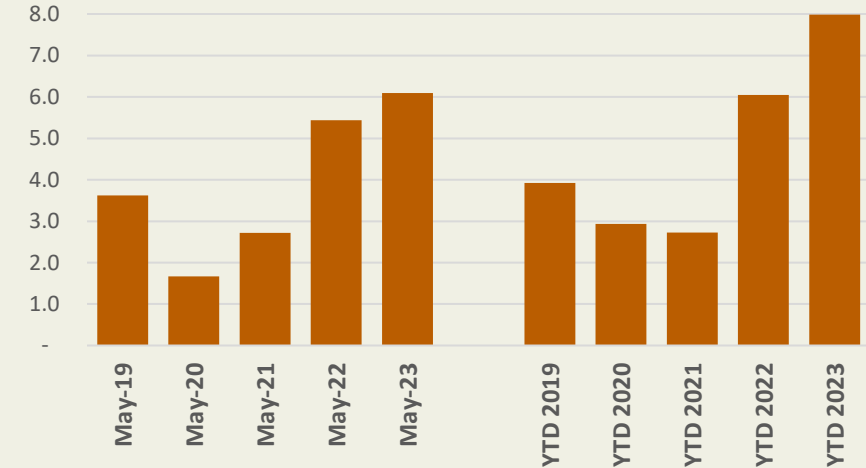
### TRevPAR



### GOPPAR



### Utility Costs PAR



- An occupancy of 75% in May mirrored the previous month, but fell short of May-19 occupancy by over 7 basis points. This was countered by ADR growth of 18% to reach £96, derived largely from the transient segments. A greater share of revenue was, however, generated from corporate groups and events.
- May YTD RevPAR has grown by 25% versus 2022, and TRevPAR by 27%. Compared to YTD 2019, TRevPAR is up 20%, but in real terms is trailing by 4.8%.
- May YTD, 70% of total revenue generated from Rooms, and contributed 80% of the operational income. F&B has seen reduced share of revenues and lower contribution to total operating profits.

- As at May YTD, total departmental costs increased by 16% POR year-on-year and by 32% compared to 2019, (Rooms cost +40% since 2019).
- Undistributed costs (excluding utilities) have increased 16% PAR since 2019.
- GOP margin of 34% achieved in May, on par with the previous year, despite GOPPAR uplift of 20% to £34. Keeping Rooms margin in check is imperative to support GOPPAR growth.
- May YTD, GOPPAR is 1% down on 2019, but 22% ahead of May-2022.

- Utility costs as at May YTD are 15% lower than the Regional UK average, at £8 PAR.
- Utility costs have fallen by 37% since their peak of £9.60 PAR in Jan-2023, but with utility costs having increased by 12% versus May-22 and up 68% when compared to May-2019.
- Utility costs accounted for 6.0% of revenue in May, compared to 4.2% in 2019. As at May YTD, utility costs equated to 9.1% of total revenue (versus 5.3% in 2019).

## HOTSTATS

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