
UK Hotels Dashboard - Trading Performance

June 2023

Improving revenue growth
for Regional UK's top-12
city centre hotel markets

London - KPIs

	April-23	% Change versus Apr-22	
 OCCUPANCY	77.5%	↑	+ 16 percentage points
 ADR	£220	↑	19%
 REVPAR	£171	↑	50%
 TREVPAR	£219	↑	43%
 GOPPAR	£83	↑	68%

	April-YTD	% Change versus YTD-22	
	70.5%	↑	+ 21 percentage points
	£203	↑	11%
	£143	↑	60%
	£189	↑	54%
	£63	↑	85%

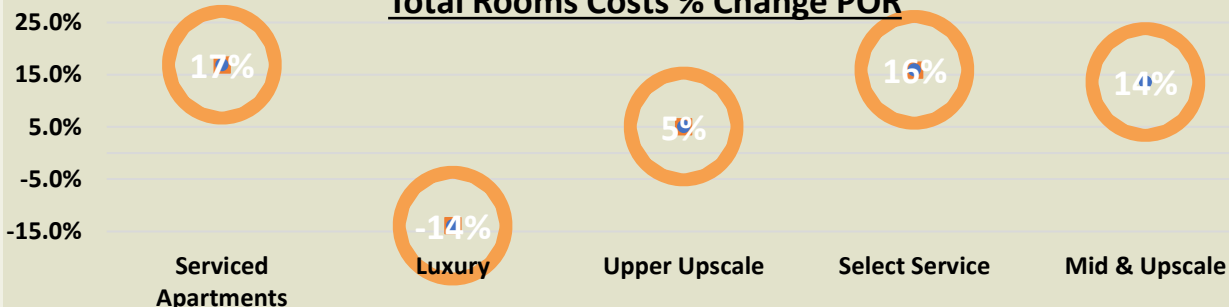
- Fuelled by a strong pickup in discounted leisure business and overseas arrivals at Heathrow rising month-on-month by 3.5%, April witnessed a robust uplift in occupancy versus the previous year. Albeit the recovery post Omicron had just begun in 2022.
- London's occupancy in April still lags its pre-pandemic performance, at 1.8 percentage points below April-19 and five percentage points below on a year-to-date basis, but with the outlook positive for the months ahead.
- With the exception of London's Luxury hotels, strong ADR growth was recorded in April, with an average uplift of 8% achieved versus March-23. In real terms, ADR is 1.9% ahead of April-19 and is 27% ahead in nominal terms.
- Weaker month-on-month TRevPAR growth at 7% in April compared to 12% RevPAR growth. Conference F&B revenue PAR down by 20% versus April-19.
- GOPPAR growth up 7.5% versus March-23 and strong 13% uplift over a weak April-19 performance due to a late Easter. As at April-YTD, GOPPAR up by 85% versus 2022, but lags by 7% versus 2019.

London – Expenses

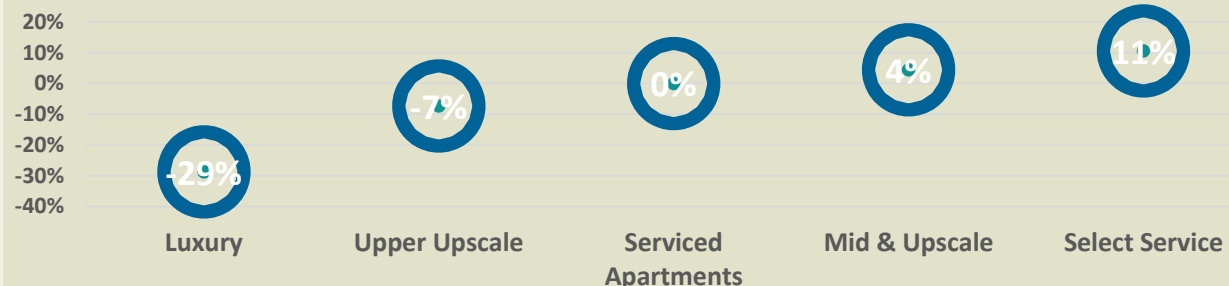
April, 2023 v 2022 (Annual % Change)



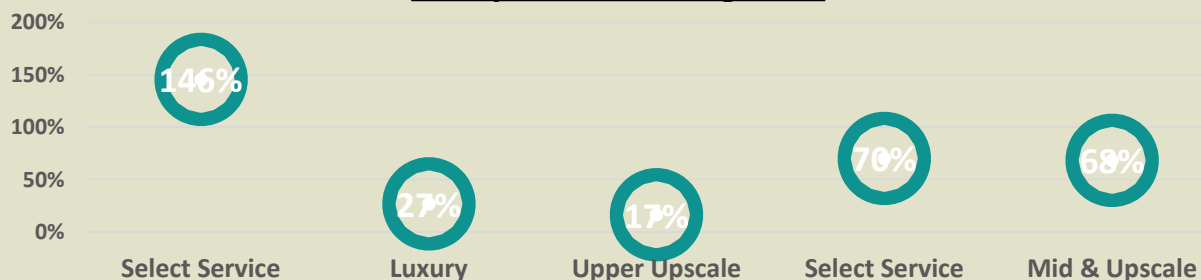
Total Rooms Costs % Change POR



Total Payroll Costs % Change POR



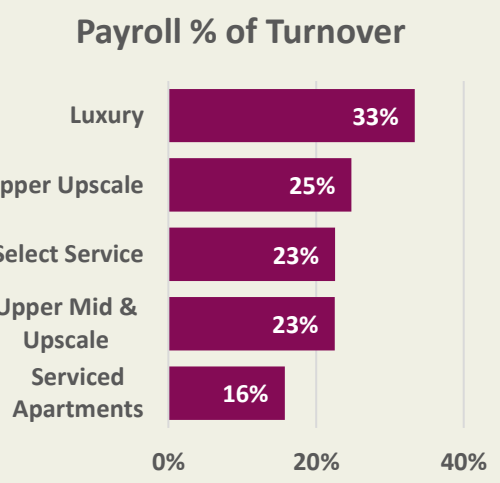
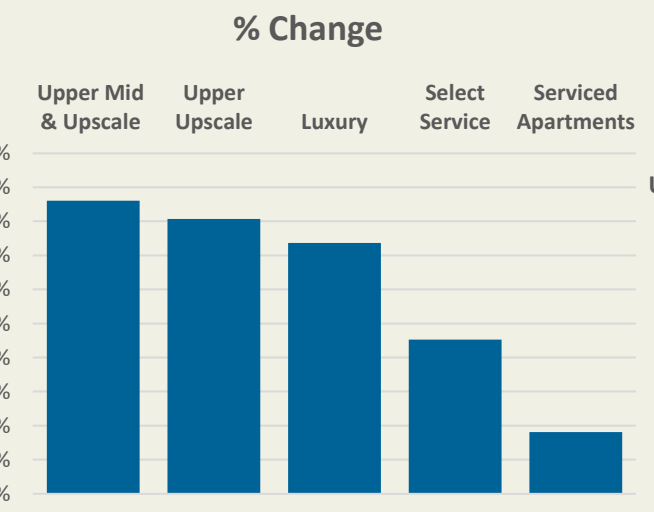
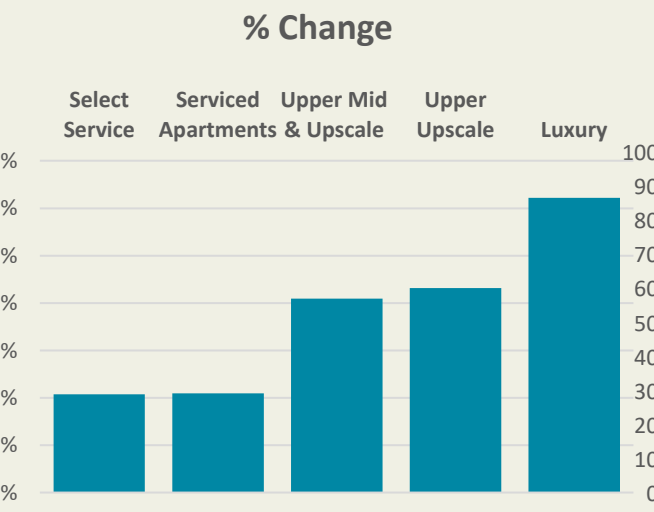
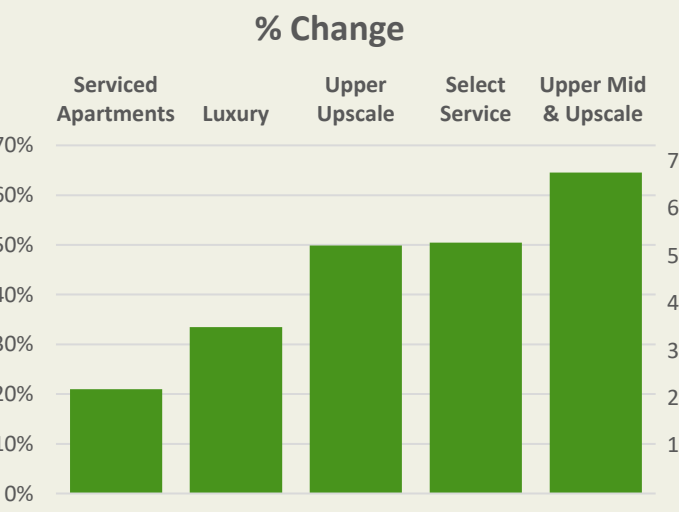
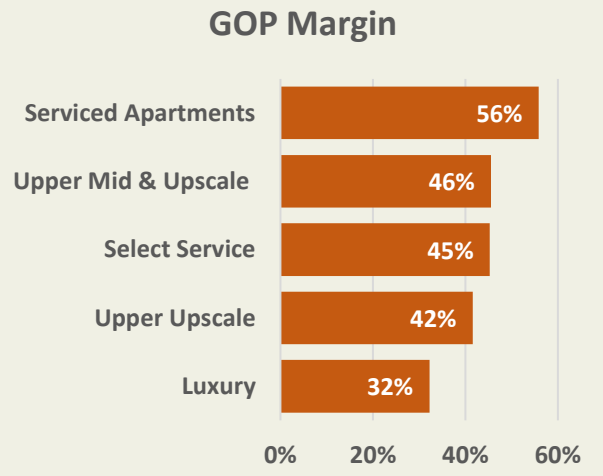
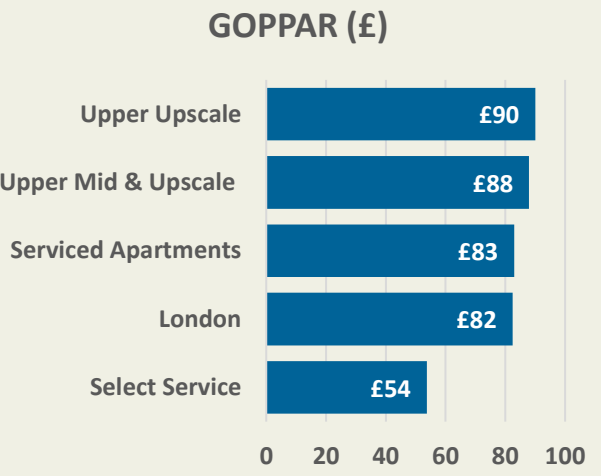
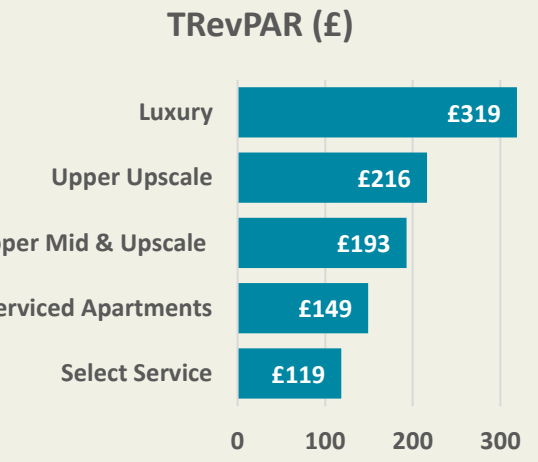
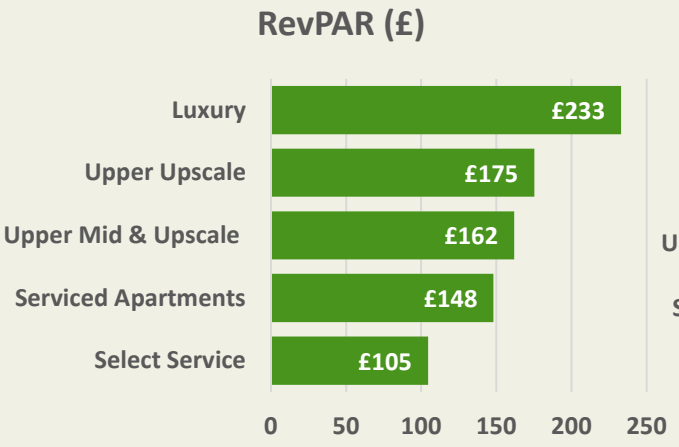
Utility Costs % Change PAR



- Total Rooms costs averaged £58 POR in April, an increase of 9% versus April-22, and 35% increase versus April-19, with payroll costs accounting for 50% of the total rooms costs.
- With the National Living Wage (NLW) now 27% higher than in April-19 and the real London Living Wage 46% higher, rooms payroll costs in London have increased by 38% POR during this period.
- As London’s occupancy has been rising, payroll costs on a POR have been largely stable in April, with London averaging less than a 1% rise, versus April-22. Select service hotels, have seen an 11% increase POR due to their lean operating structure, by contrast London’s luxury hotels are seeing much improved payroll efficiencies, now that occupancy levels rise beyond 70%.
- Utility Costs rose to £10.60 PAR across London, a rise of 39% versus April-22. Month-on-month, despite declining costs across several hotel classes, a marginal increase of 1% was recorded. Utility costs averaged 4.9% of total revenue in April.
- GOP as a percentage of Total Revenue increased over the year by 5.6 basis points, to 37.7% - but is 1.9 basis points lower than in April-19.

London, KPIs

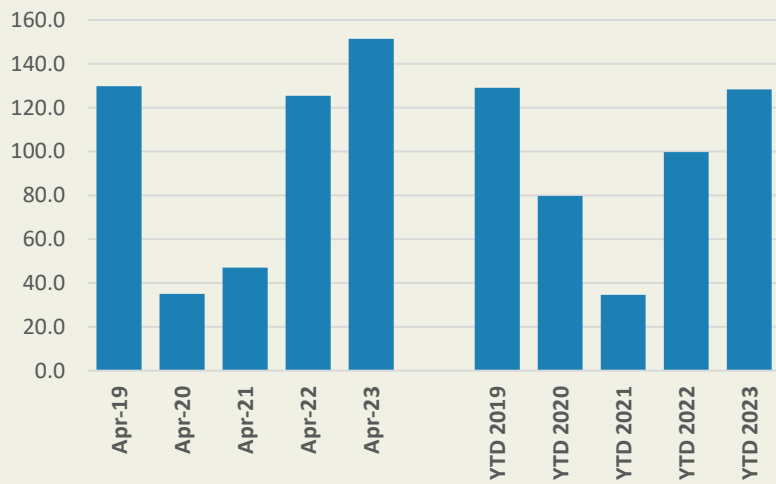
April 2023, (% Change v Apr-22)



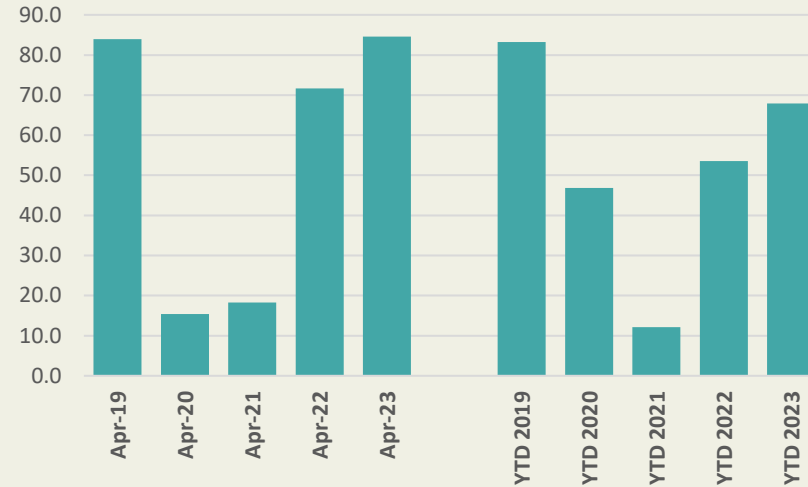
London – Serviced Apartments



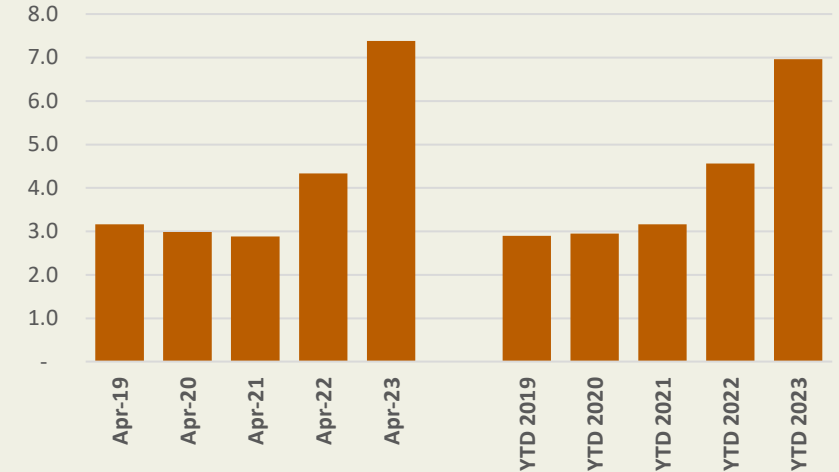
TRevPAR



GOPPAR



Utility Costs PAR



- London's Serviced Apartments outperformed all other hotel classes in April in terms of occupancy, at 85.6%. This mirrored April-22 performance, and represented a four percentage points uplift versus April-19.
- Whilst strong year-on-year ADR growth of 21% was achieved in April, to reach £175, this remains 20% below the wider London average, with the sector more focused on driving extended stays and margin protection. ADR was 8% higher than in April-19, compared to an average 27% uplift for all London hotels.
- With 99% of revenues derived from the Rooms product, driving strong RevPAR growth efficiently remains key.

- London's Serviced Apartments are converting at a far higher margin than the average London hotel, achieving a GOP margin of 53% as at April YTD, versus the London average of 33%.
- Despite strong RevPAR growth of 29% as at April YTD versus the same period last year, increased cost pressures have seen the GOP margin decline by 2.2% over the same period.
- GOPPAR of £85 was achieved in April, an uplift of 18% compared to April-19, but YTD profits remain 18% lower than the first four months of 2019, suggesting ADR needs to rise further to counter the mounting cost pressures.

- The lean product offering of the serviced apartment, resulted in utility costs being 36% lower than the average London hotel, at £7.0 PAR YTD.
- Utility costs, however, are rising at a faster pace than the London average, rising by 53% versus April-22 (London +47%) and costs are up 140% when compared to April YTD-2019.
- Utility costs accounted for 4.9% of revenue in April, compared to 3.5% in 2019. As at April YTD, utility costs equated to 5.4% of total revenue (4.6% in 2019).

Regional UK - KPIs

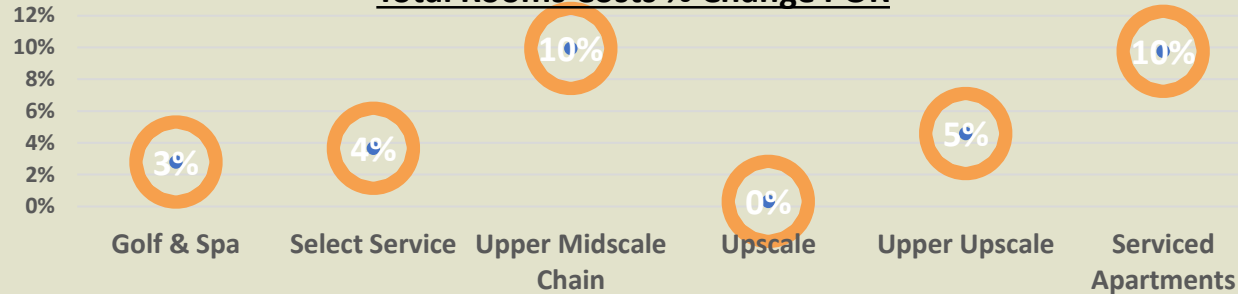
	April-23	% Change versus Apr-22		April-YTD	% Change versus April YTD-22	
 OCCUPANCY	73.0%	↑	+5 Percentage points	67.8%	↑	+ 10 Percentage points
 ADR	£98	↑	6.8%	£91	↑	3.4%
 REVPAR	£71	↑	14%	£62	↑	21%
 TREVPAR	£114	↑	13%	£101	↑	20%
 GOPPAR	£29	↑	10%	£21	↑	21%

- Occupancy increased by 1.9 percentage points in April versus March-23 and ADR increased by 5%, to achieve a monthly uplift in RevPAR of 8%.
- Versus April-19, ADR is 26% ahead in nominal terms and increased by 1.2% in real terms, compared to a YTD deficit of 3.2%. In the coming months, if inflation falls as forecast and, as demand strengthens the YTD deficit in real terms will contract.
- RevPAR in April was 20% ahead of its 2019 performance in nominal terms, but with occupancy continuing to lag pre-pandemic performance, in real terms versus April-19, a 4% deficit occurred.
- Fuelled by three percentage-point monthly growth in occupancy and ADR growth exceeding 10%, the top-12-cities, achieved RevPAR some 15% higher than in March and 20% above the regional UK average.
- Monthly GOPPAR across regional UK was 2.4% lower than in March. By contrast, the strong top-line performance of the top 12 regional cities recorded a monthly uplift of 12%, and for the first time in 2023 GOPPAR was higher than the regional UK average.

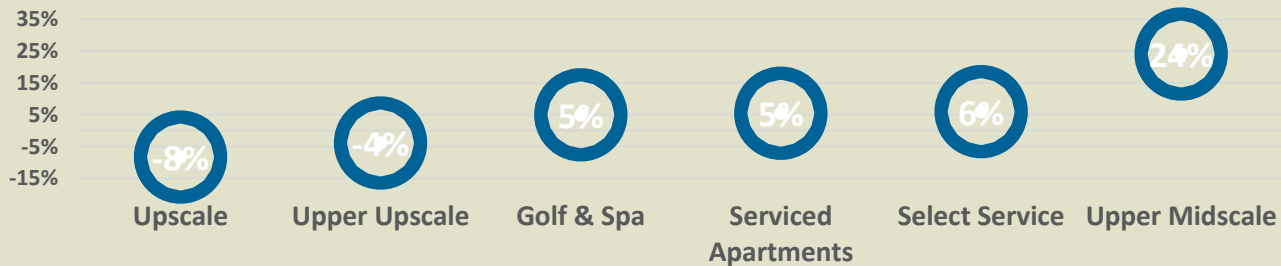
Regional UK - Expenses

April, 2023 v 2022 (Annual % Change)

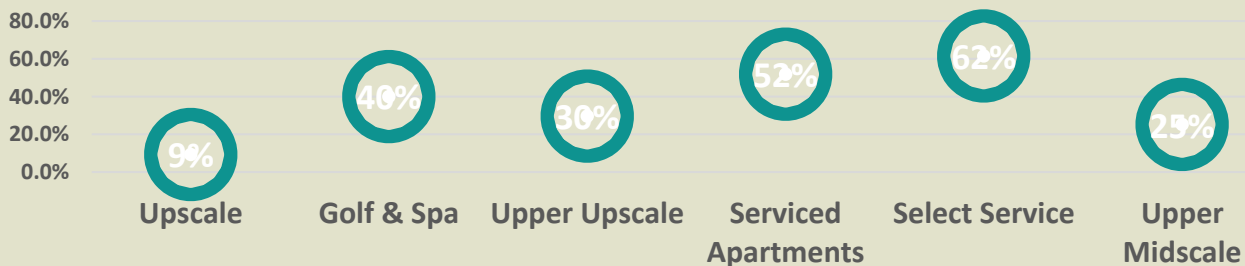
Total Rooms Costs % Change POR



Total Payroll Costs % Change POR



Utility Costs PAR % Change



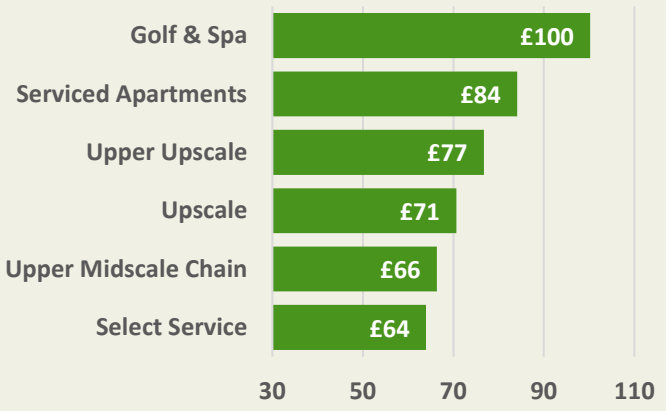
- Total Rooms costs across regional UK averaged £33.50 POR in April, an increase of 8% versus April-22. Despite rising costs, departmental income increased by 6% over the same period.
- In April, the top-12 regional cities recorded a 6% monthly rise in Rooms costs POR, but the strong top-line performance led to a 13% rise in Rooms income, far higher than the regional average (5%).
- Total payroll costs increased in April by 12% versus April-22 to £37 PAR, and by 18% PAR as at April-YTD. The monthly rise in payroll costs was far more severe for the Top 12 regional cities, rising by 8%, compared to a 3% increase across regional UK.
- Against the recent trend of decreasing utility costs, a 5% month-on-month rise was recorded across regional UK to above £9 PAR, with the biggest increase coming from Golf & Spa hotels. Utility costs accounted for over 8.2% of total revenue in April across all regional UK hotels, but this metric reduced to 7.4% for the Top 12 cities.
- Whilst GOPPAR across regional UK increased by 10% versus April-22, the GOP margin suffered a marginal decline. The top 12 cities fared worse, however, with the GOP margin 2.2 basis points lower than in April-22, to 26.7%.

Regional UK, KPIs

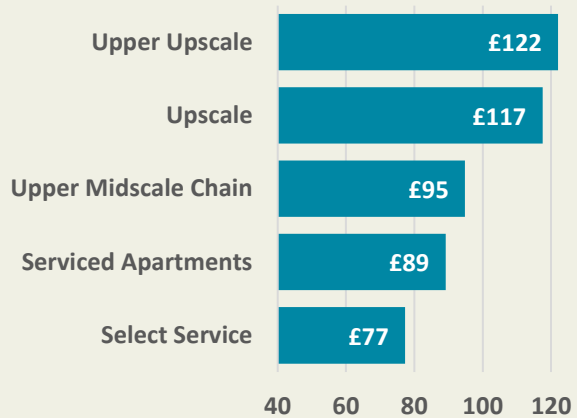


April 2023, (% Change v Apr-22)

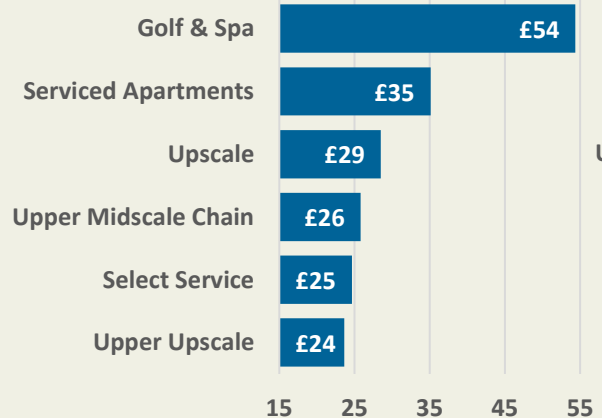
RevPAR (£)



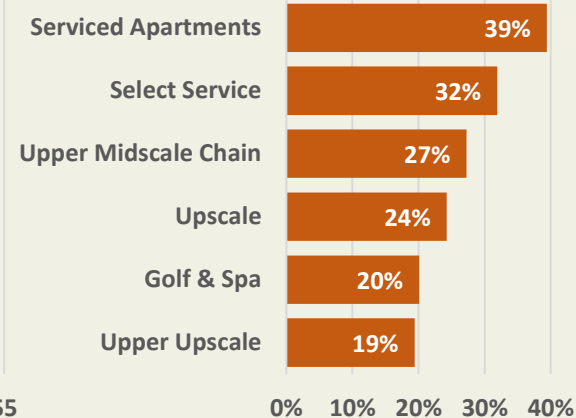
TRevPAR (£)



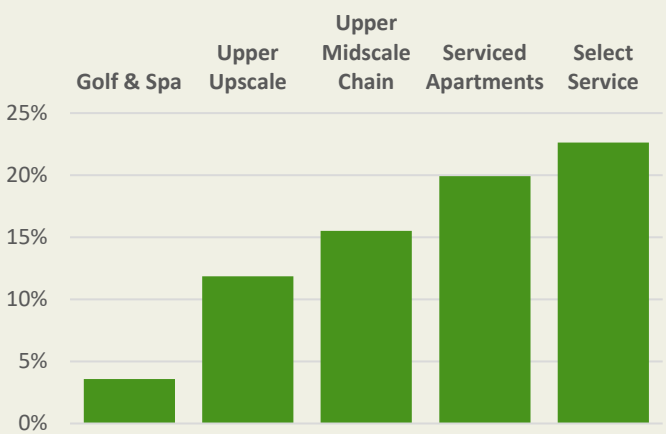
GOPPAR (£)



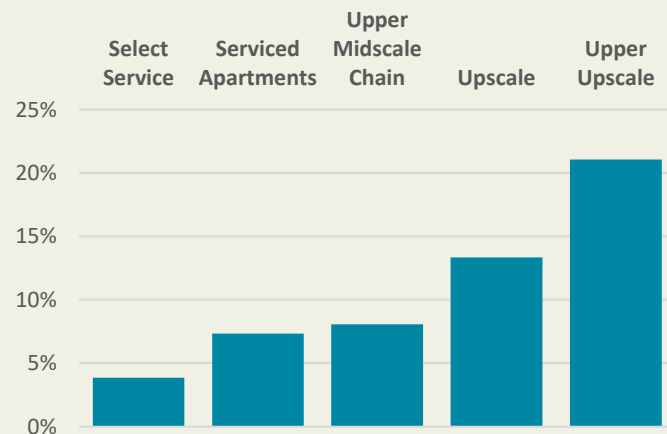
GOP %



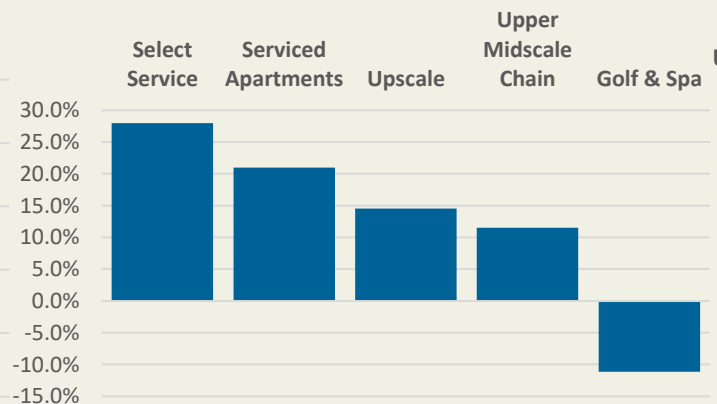
% Change



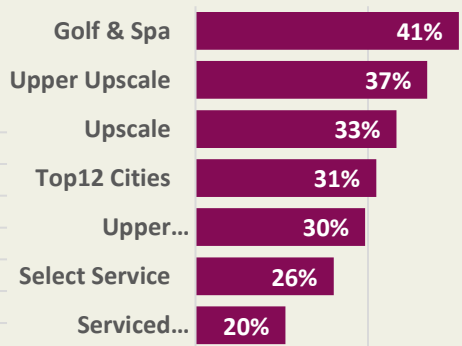
% Change



% Change



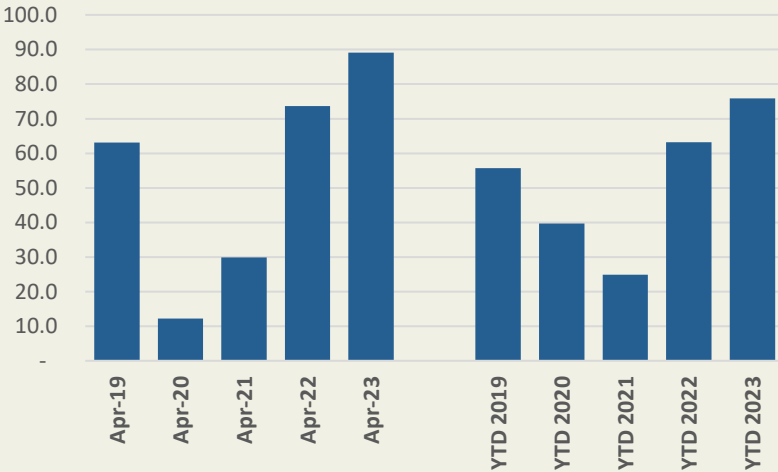
Payroll % of Turnover



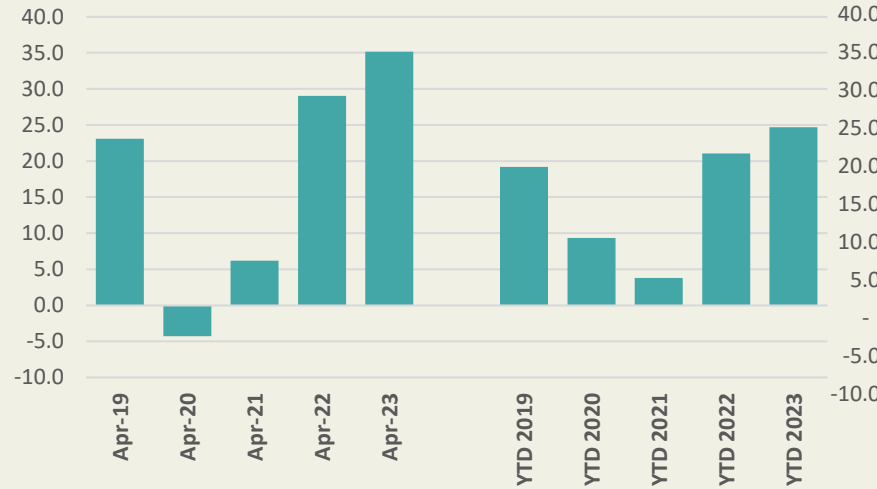
Regional UK – Serviced Apartments



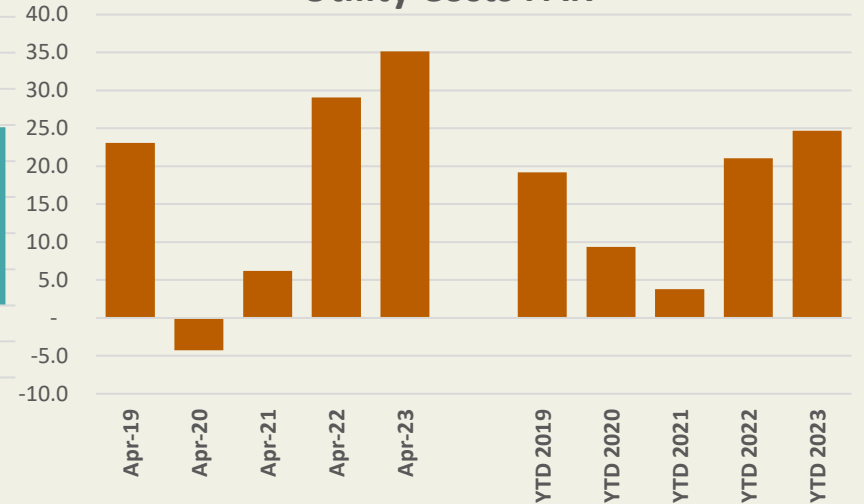
TRevPAR



GOPPAR



Utility Costs PAR



- Serviced apartments outperformed the regional UK average in terms of occupancy, to reach 85% occupancy in April, an uplift of seven percentage points on the previous year and 12 percentage points higher than the regional UK average.
- Continued high inflation and cost pressures are driving ADR growth, with an uplift of 10% in April on the previous 12 months. ADR in April increased to £99. YTD ADR growth of 8% is significantly above the regional average of 3.5%.
- With 94% of total revenue derived from the Rooms department, RevPAR growth is an important financial indicator, up 37% versus April-19.

- As at April YTD, GOPPAR is currently 29% ahead of performance over the same period in 2019, fuelled by 14% ADR growth and 11 percentage point occupancy growth.
- Despite the strong revenue performance, the 33% YTD GOP margin is 1.9% lower than YTD-2019. Also relevant, whilst April recorded a GOP margin of 39%, equalling April-19, this was achieved off a far stronger top-line performance.
- The challenge going forward will be to leverage the brand value, elevating the concept even further to drive ADR growth, to deliver the high margins that this sector promises.

- Across regional UK, serviced apartments have seen utility costs rise by 52% versus April-2019 and by 64% over the 12-month period ending April-23.
- Utility costs are some 14% lower than the regional UK average as at April YTD-2023, but over a 12-month period, this metric widens to 23%, with the leaner product offering facilitating lower usage.
- Since peaking in Feb-23 at £9.50 PAR, utility costs have started to decrease, falling to £8 PAR in April.
- As at April YTD, utility costs equated to 11% of total revenue compared to just 7% in 2019.

HOTSTATS

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