
UK Hotels Dashboard - Trading Performance

May 2023

Positive first quarter for
the UK Hotel Market

London - KPIs

	March-23	% Change versus Mar-22	
 OCCUPANCY	74.4%	▲	+ 13 basis points
 ADR	£204	▲	4%
 REVPAR	£152	▲	27%
 TREVPAR	£206	▲	26%
 GOPPAR	£77	▲	17%

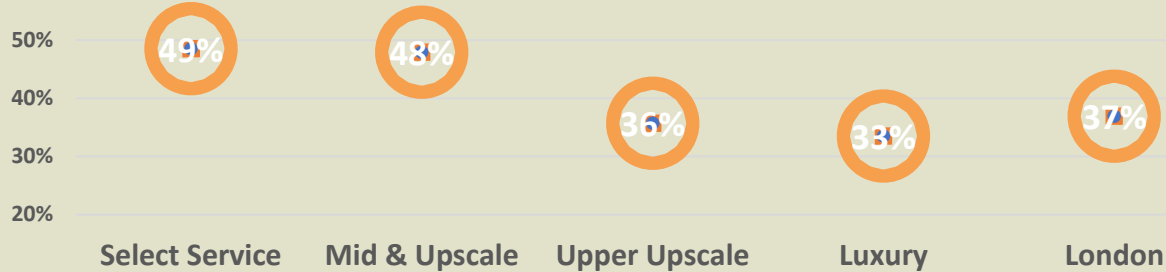
	March-YTD	% Change versus Mar YTD-22	
	68.3%	▲	+ 23 basis points
	£196	▲	9%
	£134	▲	66%
	£180	▲	59%
	£57	▲	95%

- London's occupancy has been positive in the first quarter, following a weak January caused in part by national rail strikes and US winter storms.
- Robust growth in occupancy achieved in March, alongside respectable growth in ADR. An uplift of 5 basis points of occupancy and 4% ADR growth achieved on the previous month.
- In real terms, ADR is on par with March 2019 and is 23% ahead in nominal terms.
- Improving occupancy levels are facilitating enhanced F&B revenues, with F&B revenue per occupied room stable at approximately £62 in Mar-23.
- GOPPAR up 17% versus March-22, the start of recovery post Omicron. With ongoing cost pressures, GOPPAR is currently 2.7% lower than March-19.
- Strong rebound in US visitors, with arrivals to London Heathrow up 44% in March. Chinese and Asian markets slower to recover, with their focus on domestic travel, but with air capacity increasing in terms of load factor and flight schedules.

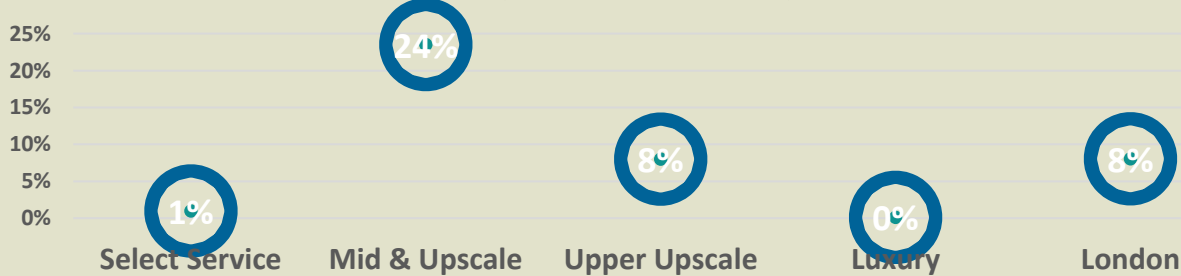
London – Expenses

March, 2023 v 2022

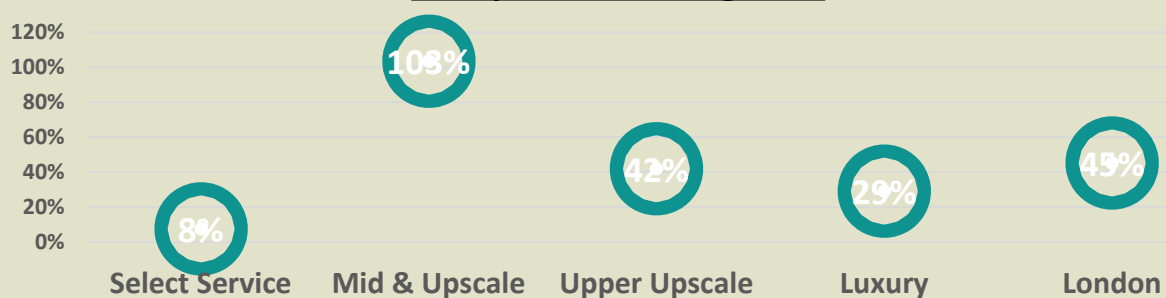
Total Rooms Costs - % Change PAR



Total Payroll Costs % Change PAR



Utility Costs % Change PAR



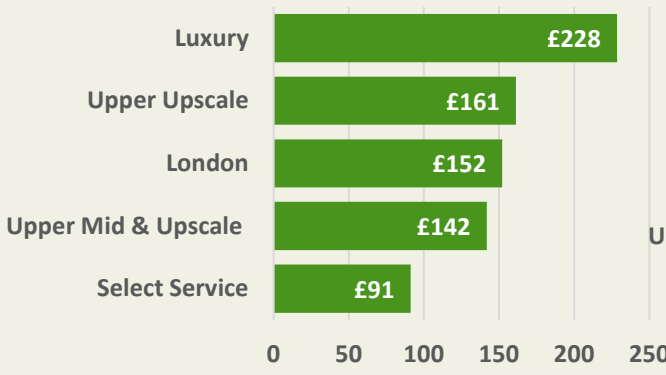
- In line with continued high inflation and the general rise in payroll costs across all industries, total payroll costs increased by 8% in Mar-23 (v Mar-22) to £77 PAR.
- Total payroll costs averaged 28% of total revenue in March, compared to 26% as at March-19. Rooms payroll costs increased by 41% versus March-22, and by 34% since Mar-19.
- Total Rooms costs averaged £41 PAR in March, an increase of 37% PAR versus March-22, and 28% increase versus March-19.
- Utility Costs rose to £10.50 PAR across London, a rise of 45% versus March-22, but were 5.1% lower than in February. Utility costs accounted for 5% of total revenue in March.
- Total undistributed expenses PAR increased by 32% in March-23 versus March-22, but with certain efficiencies made since the pandemic, this reflected a less severe rise of 18% versus March-19.
- GOP as a percentage of Total Revenue decreased by 2.8 basis points versus March-22, and by 4.7 basis points since March-19.

London, KPIs

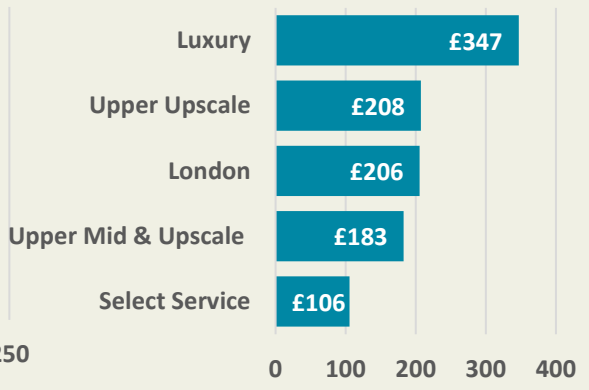
March 2023, (% Change v Mar-22)



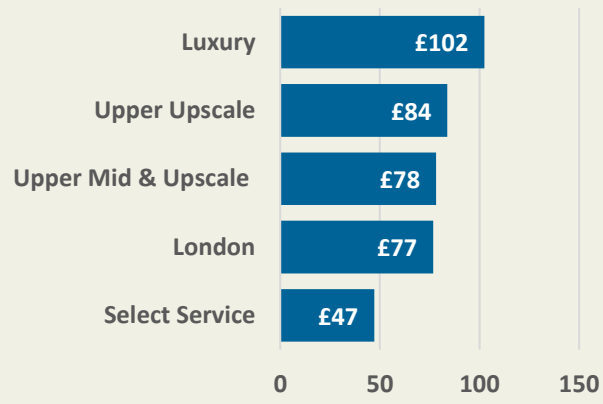
RevPAR (£)



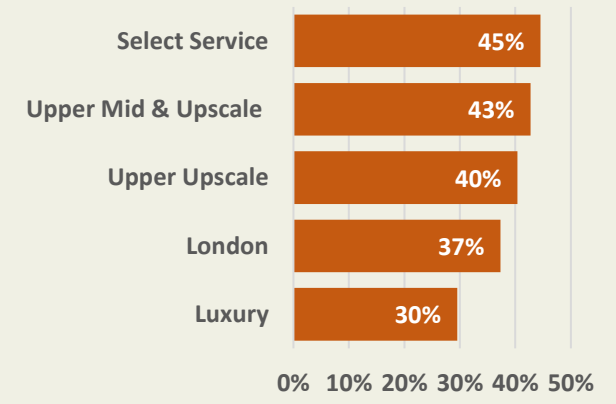
TRevPAR (£)



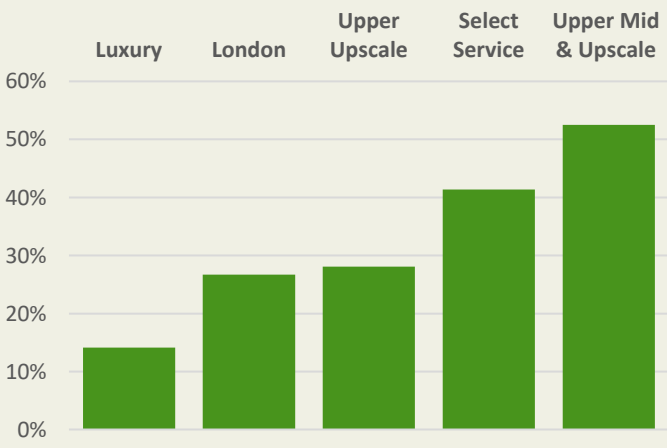
GOPPAR (£)



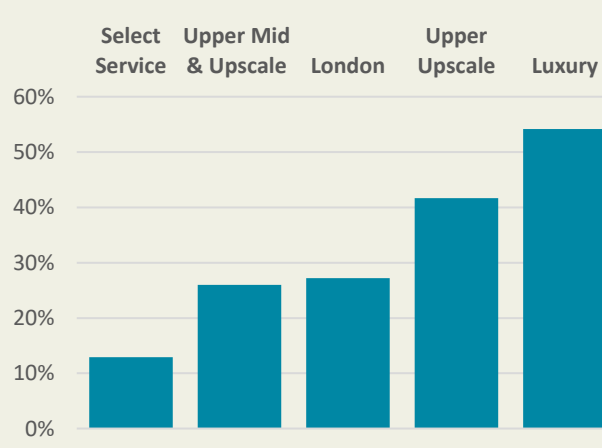
GOP Margin



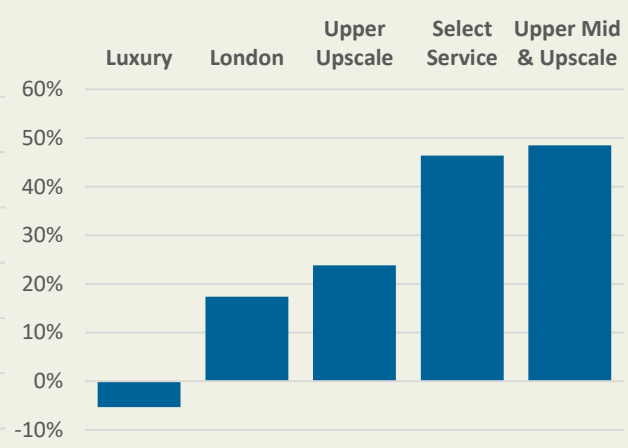
% Change



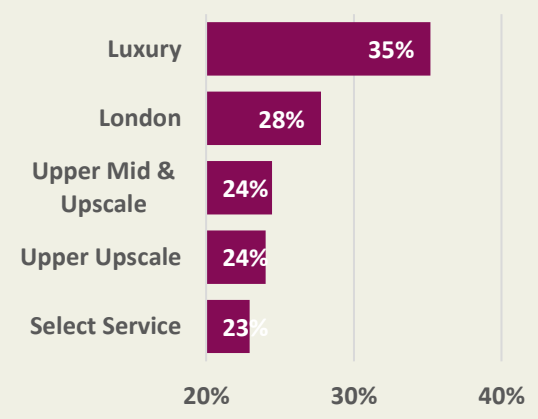
% Change



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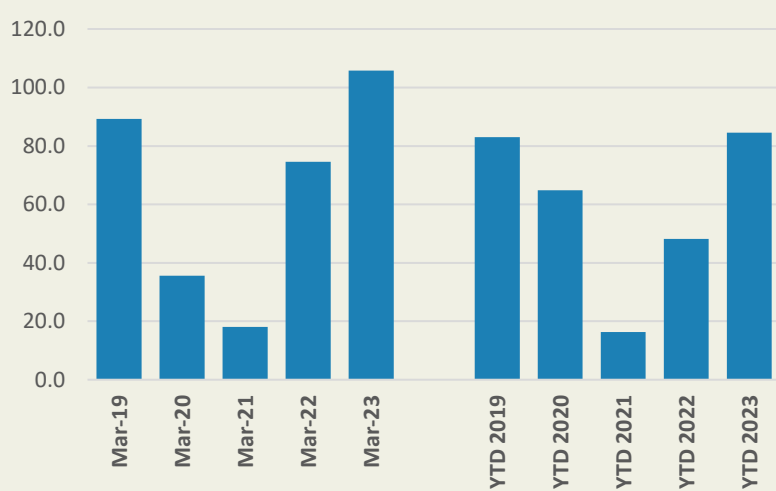
Payroll % of Turnover



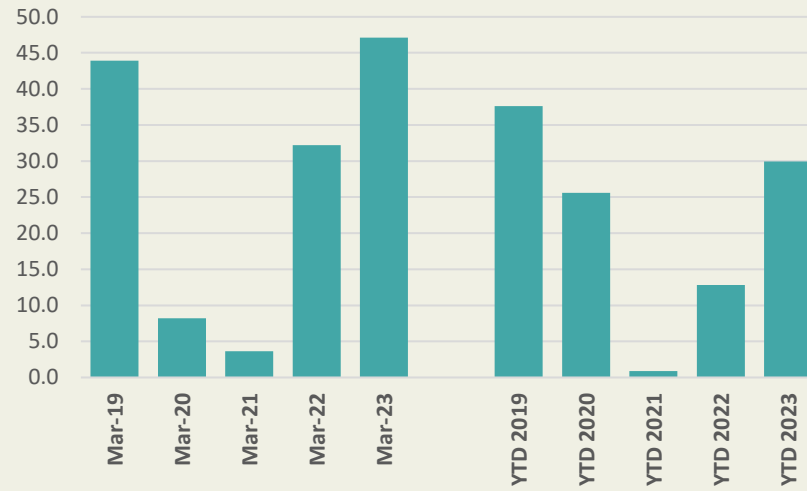
London – Select Service Hotels



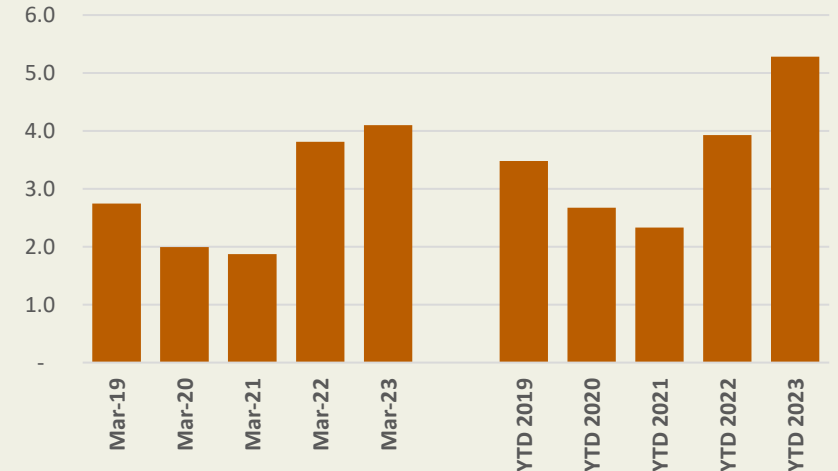
TRevPAR



GOPPAR



Utility Costs PAR



- At 78%, occupancy was ahead of March-19, outperforming all other London hotel classes, in terms of growth and percentage points.
- Transient rooms revenue accounted for 91% of the revenue mix compared to 85% in Mar-19. This robust demand is driving ADR growth – with transient ADR up 21% v March-19.
- Volume of occupied room nights within the ‘negotiated’ segment remains less than in 2019, but revenues offset by strong demand and stronger rate growth from the ‘discounted’ segment.

- London’s Select Service hotels have outperformed the London market, achieving 7.3% growth in GOPPAR in March, versus March-19.
- GOPPAR of £47 in March, 46% higher than in March-22.
- Select Service hotels – were the only hotel class in London to have achieved an improved GOP margin, versus March-22.
- GOP margin of 44.6% in March, remains 4.7 basis points below performance of March-19, reflecting the significant operational cost pressures encountered.

- Utility costs are rising at a considerably slower pace than the London average, rising by just 8% versus March-22 (London +45%).
- Utility costs were 52% higher as at March YTD versus YTD-19.
- Cooling global energy markets expected to lead to lower energy costs in future months, but to remain ahead of 2020 prices.

Regional UK - KPIs

	March-23	% Change versus Mar-22	
 OCCUPANCY	71.1%		+6 basis points
 ADR	£93		1.8%
 REVPAR	£66		11%
 TREVPAR	£110		12%
 GOPPAR	£30		5%

	March-YTD	% Change versus March YTD-22	
	66.1%		+ 12 basis points
	£89		2.4%
	£59		25%
	£97		23%
	£19		28%

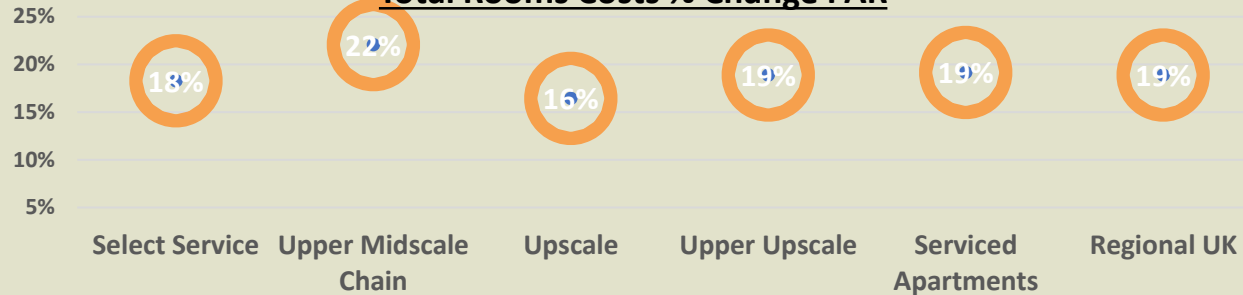
- Month-on-month occupancy increased by 2.3 basis points and ADR increased by 4%, to achieve a monthly uplift in RevPAR of 8% in March.
- In real terms, ADR declined by 2.4% versus March-19, but is 21% ahead in nominal terms.
- Compared to March-22, the top 12 regional UK cities achieved lower RevPAR growth than the total regional market (due to a decline in the ADR), but achieved stronger TRevPAR growth.
- Monthly GOPPAR was 5% higher than March-22. GOPPAR for 12-months to March-23, was 8.4% lower than the same 12-month period ending March-19.
- Significant drop in GOPPAR for the top 12 regional UK cities, declining by 6%, versus March-22. GOPPAR was 13% lower for the 12-month period ending Mar-23, versus 12-months ending Mar-19. Cost pressures and a challenging F&B environment, are ultimately impacting on profitability.

Regional UK - Expenses

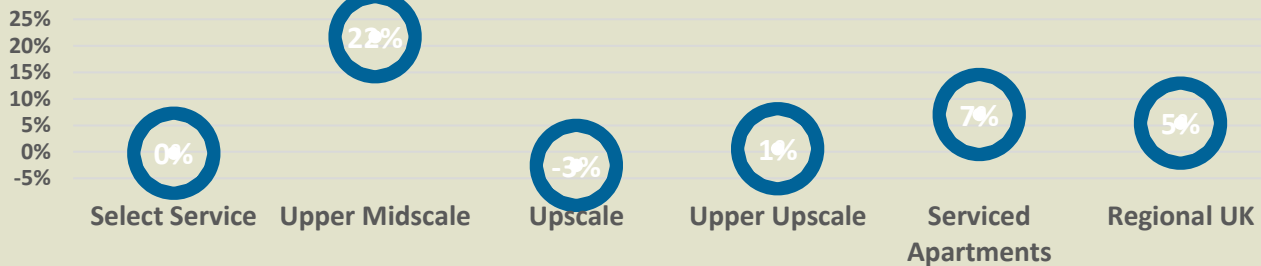


March, 2023 v 2022

Total Rooms Costs % Change PAR



Total Payroll Costs % Change PAR



Utility Costs PAR % Change



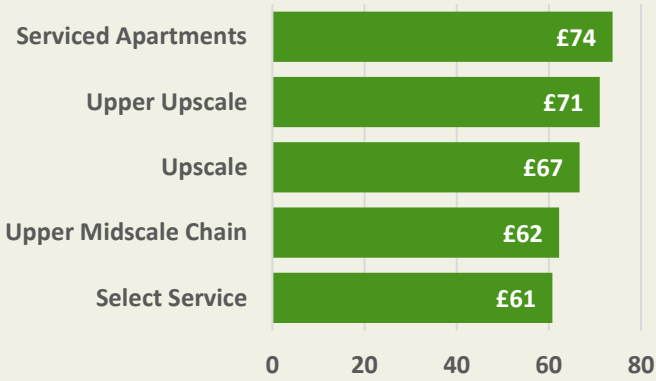
- Total rooms departmental costs increased by 19% versus Mar-23, averaging £23 PAR. Hotels in the top 12 regional UK cities recorded a 23% increase to £26 PAR over the same period.
- Despite rising payroll costs, strong RevPAR growth has enabled the metric of total payroll costs as a percentage of turnover to remain broadly in line with 2019 – at 31% (versus 32% in 2019).
- Total payroll costs increased by 15% versus March-22 to £34 PAR, but with considerable fluctuation across the different datasets of hotels. YTD payroll increased by 4% PAR versus Mar-19.
- Utility Costs reduced month-on-month by 13% in March, to under £9 PAR, but equated to a 20% rise versus March-22 and 79% increase versus Feb-19. Utility costs accounted for over 8% of total revenue across all regional UK hotels.
- At 27%, GOP as a percentage of Total Revenue decreased by 1.8 basis points versus Mar-22 and by a similar margin versus Mar-19. The Top 12 cities fared worse, with a 5.1 basis point annual decline versus Mar-22, equating to a GOP margin of 26%.

Regional UK, KPIs

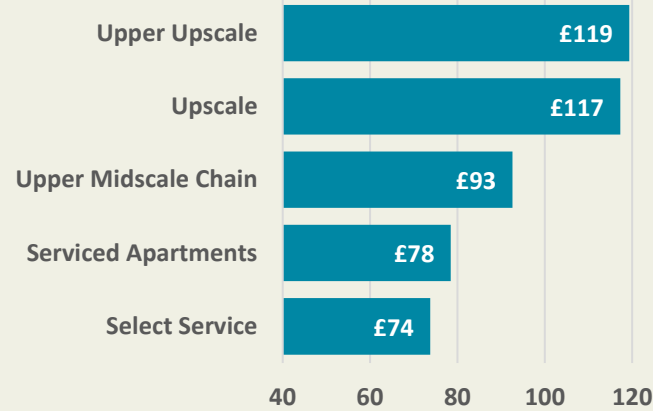
March 2023, (% Change v Mar-22)



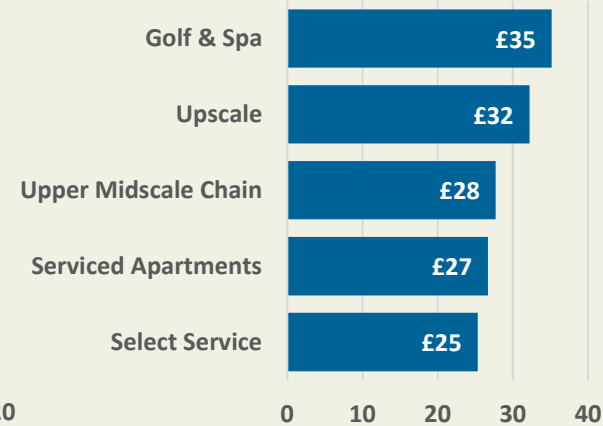
RevPAR (£)



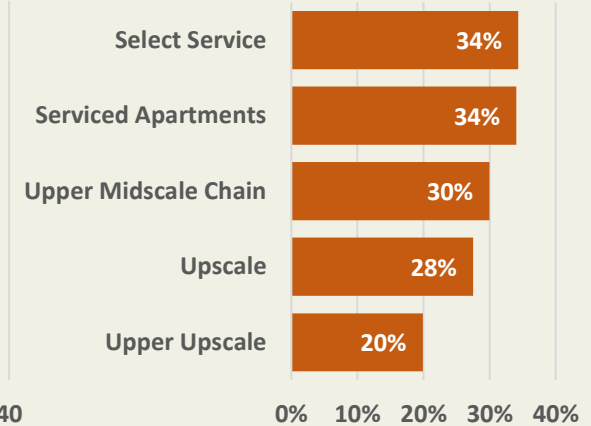
TRevPAR (£)



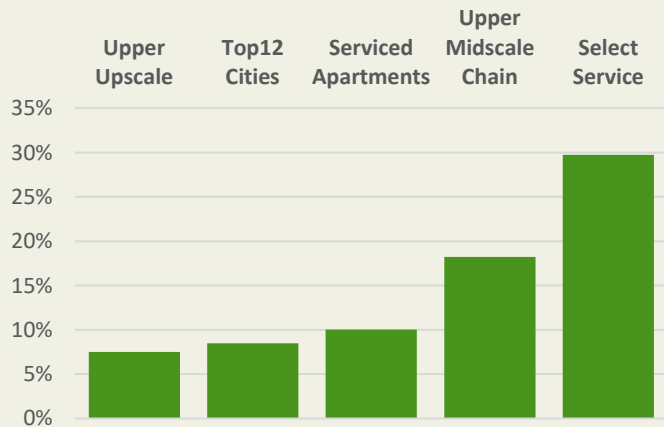
GOPPAR (£)



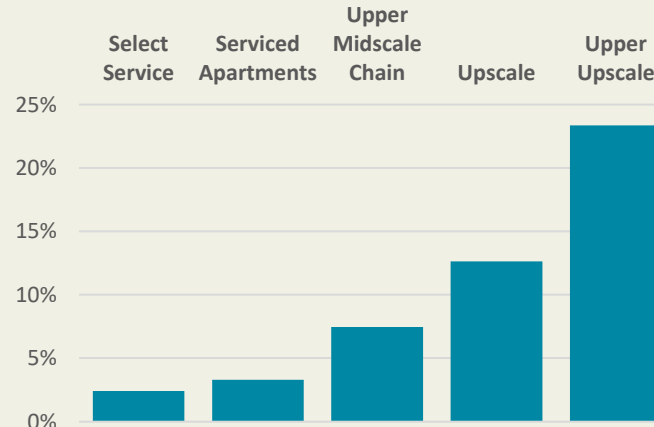
GOP %



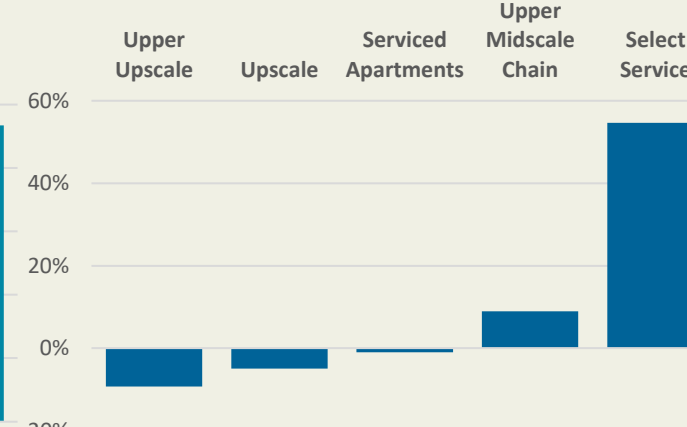
% Change



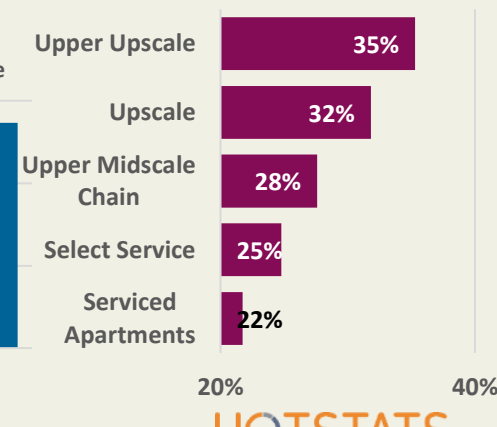
% Change



% Change



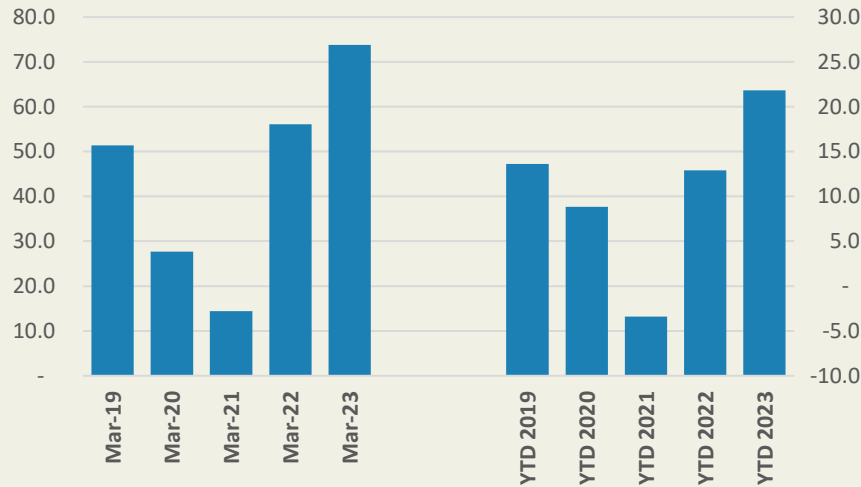
Payroll % of Turnover



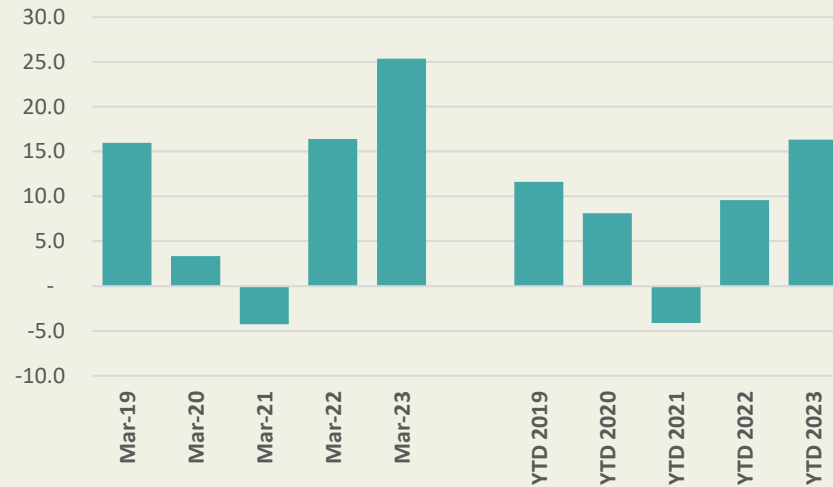
Regional UK – Select Service Hotels



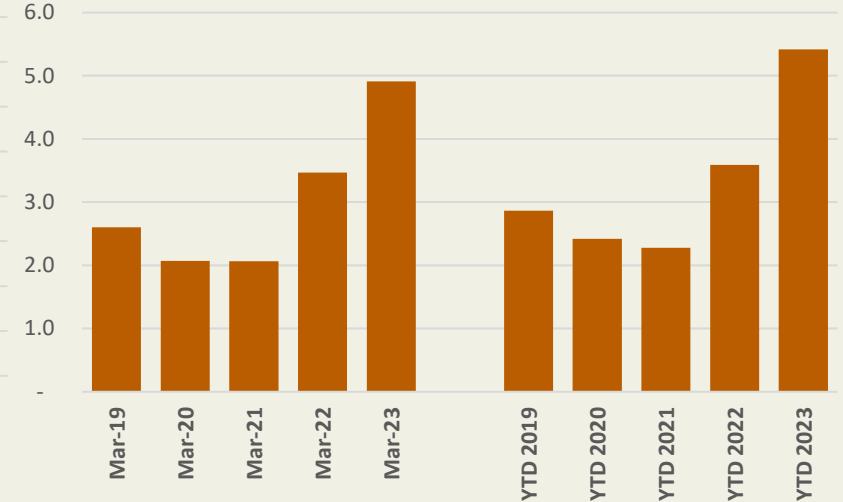
TRevPAR



GOPPAR



Utility Costs PAR



- With 82% of total revenue derived from the Rooms department, RevPAR growth at 38% above March-YTD 2019 is an important financial indicator.
- ADR growth delivered through meaningful change in the composition of segmentation mix. In Mar-23, full-price retail rates accounted for 35% of room nights and yielded a 36% uplift in the ADR versus 2019. Some 90% of total room nights sold at or within 5% of the average retail rate.
- Hotel demand remains robust, with further potential to grow revenues through enhanced business and leisure travel.

- Rising costs, has seen total payroll costs increase by 15% PAR, versus March-22 and by 28% PAR since March-19.
- Yet robust top-line performance has led to enhanced profits. GOPPAR for the 12-month rolling period to March-23 soared by 56% versus the same period ending March-20.
- GOP margin increased by 3.7 basis points to 35% over the same 12-month period.
- With such stellar performance regional UK Select Service Hotels are outperforming the market.

- A function of the lower price point of the product offering, regional Select Service hotels have seen utility costs rise at a faster pace than the regional UK average, rising by 42% PAR versus March-22.
- Since Jan-23, where utility costs equated to £5.80 PAR, costs have slowly started to decrease, suggesting the ceiling on energy prices has reached its peak during this current cycle of high energy prices.

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Knight Frank Contacts

Philippa Goldstein

Senior Analyst – Hotels

+44 7970 230 801

Philippa.Goldstein@knightfrank.com

Shaun Roy MRICS

Partner, Head of Hotels

+44 7957 342 285

Shaun.Roy@knightfrank.com

Karen Callahan MRICS

Partner, Head of Hotel Valuations

+7825 276 334

Karen.Callahan@knightfrank.com

Henry Jackson MRICS

Partner, Head of Hotel Agency

+44 7767 754 386

Henry.Jackson@knightfrank.com

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