UK Hotel Dashboard

Knight Frank

November 2026 | Key Hotel trading metrics, quarterly | knightframk.co.uk/research

London

RESILIENT Q3 TRADING AGAINST ELEVATED PRIOR-YEAR PERFORMANCE

RevPAR growth across the Central London hotel market slowed to 1.3% in Q3, compared with growth of 2.8% achieved during the first half of the year. Nevertheless, this represents a resilient performance given the strong prior-year comparison in Q3 2025, as trading performance rebounded following declines during H1 2025. As of September year-to-date, RevPAR remained 1.4% ahead of the corresponding period in 2025.

RevPAR growth in Q3 was constrained by softer occupancy across the London hotel market. The Upscale and Upper Upscale segments recorded the largest declines, with occupancy falling by 1.4 and 1.9 percentage points, respectively. In contrast, Select Service hotels achieved occupancy growth of 2.4 percentage points, while the Luxury segment also reported a modest increase. Despite these stronger performances, occupancy across the wider London market remained 0.7 percentage points below the corresponding September YTD period in 2025.

ADR increased across all hotel segments in Q3, with Luxury hotels recording the strongest growth at 4.3%, ahead of inflation. Growth was more modest in the Select Service and Upper Midscale segments, reflecting greater price sensitivity within lower-rated hotel categories. Despite a slowdown in Q3, September YTD ADR remained 2.3% above 2025 levels, compared with the 5.1% increase recorded during the first half of the year.

TRevPAR growth also moderated during the quarter. Nevertheless, F&B revenues on a POR basis remained resilient, increasing by 1.7% in Q3 and 3.5% year-to-date. Upper Upscale hotels delivered the strongest performance in Q3, with F&B revenue POR rising by 6.0%, whereas the Luxury segment recorded a 2.2% decline and remained broadly flat on a year-to-date basis.

International passenger arrivals through Heathrow declined by 0.6% year-on-year during the September YTD period in 2026. Strong growth from Asia Pacific and European markets partially offset a shortfall of around 1.5 million passengers from the Middle East, reducing the region's share of international arrivals from 10.1% in 2025 to 7.8%.

PAYROLL COSTS REMAIN CONTROLLED DESPITE ONGOING WAGE PRESSURES

Following the 4.1% increase in the National Living Wage in April 2026, payroll cost growth varied by segment in Q3. Select Service hotels recorded the strongest increase at 3.3% PAR, while Luxury hotels were better able to offset wage inflation through labour efficiencies. Upper Midscale, Upscale and Upper Upscale hotels reported more moderate growth of around 2.0% PAR.

For the September YTD period, operational payroll costs increased by 2.0% POR, while non-departmental payroll expenses rose by 2.5% PAR, driven primarily by Sales & Marketing and Property Operations & Maintenance payroll costs. Despite these increases, total payroll costs remained stable at 29% of turnover, unchanged year-on-year.

DEPARTMENTAL INCOME REMAINS POSITIVE DESPITE SOFTER REVENUE GROWTH

Despite Rooms departmental costs increasing by 2.2% PAR in Q3, total departmental expenses rose by just 1.0%, well below the 6.8% increase recorded in Q3 2025. As a result, departmental operating profit increased by 0.9% year-on-year, with departmental margins remaining stable at 66.1%. Luxury hotels outperformed the market, achieving growth in departmental operating income of 5.1% PAR and margins improving by 1.2 percentage points to 60.9%, supported by strong ADR growth and effective cost control.

UTILITY COSTS OUTPACE REVENUE GROWTH ACROSS CENTRAL LONDON

Utility costs continued to rise sharply in Q3, increasing by 12.7% POR year-on-year, while September YTD costs were 4.3% higher. The Luxury segment experienced the strongest increase, with costs rising by almost 18% POR in Q3 and by 5.8% POR on a September YTD basis. Against a backdrop of subdued revenue growth, utility costs increased to 3.2% of total revenue in Q3 across all Central London hotels, up from 2.9% in the corresponding period of 2025. For the September YTD period, utility costs increased marginally to 3.6% of total revenue.

Key Performance Indicators (% Change versus 2025)

Q3-2026		YTD Sept 2026	
Occupancy			
86.9%	-0.6%	80.2%	-0.7%
ADR			
£289.2	2.1%	£261.3	2.3%
RevPAR			
£251.3	1.3%	£209.5	1.4%
TRevPAR			
£311.3	0.9%	£269.5	1.4%
GOPPAR			
£140.0	-0.6%	£106.0	1.0%
GOP %			
45.0%	-0.7%	39.3%	-0.2%

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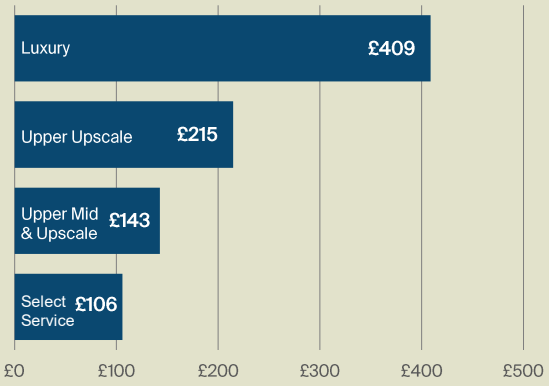
PROFIT GROWTH CONCENTRATED IN SELECT SERVICE AND LUXURY SEGMENTS

Despite GOPPAR declining by 0.7% across the Central London hotel market in Q3, stronger revenue growth enabled both the Select Service and Luxury segments to increase profitability. Select Service hotels converted TRevPAR growth of 3.3% into GOPPAR growth of 3.6%, despite costs rising by 3.0% PAR. Luxury hotels performed even more strongly, achieving GOPPAR growth of 5.2% as TRevPAR increased by 3.0% while costs rose by just 1.8% PAR.

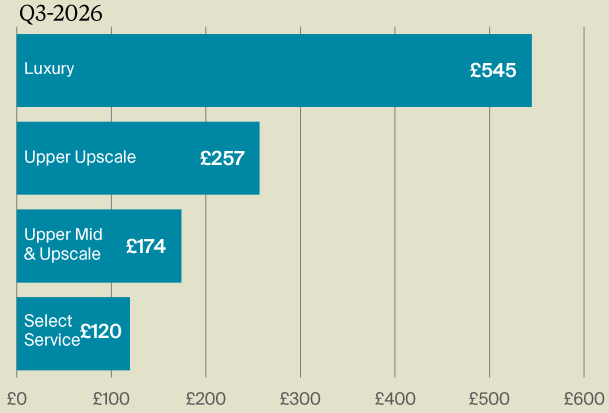
As a result, year-on-year, the Q3 GOP margin improved marginally in the Select Service segment to 48.9% and by 0.8 percentage points to 37.8% in the Luxury segment. Across the wider Central London market, however, the Q3 GOP margin declined by 0.7 percentage points to 45.0%, although it remained broadly stable at 39.3% on a September YTD basis. Over the first nine months of the year, GOPPAR across the market increased by 1.0%, with the Luxury segment delivering the strongest growth at 5.5%.

London – Hotel KPIs

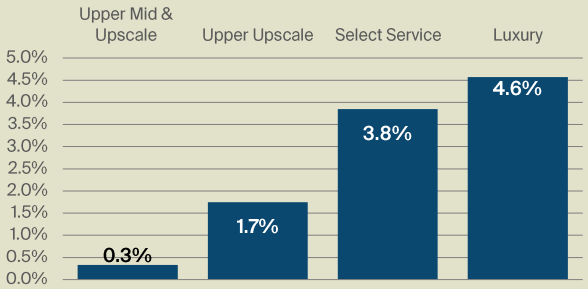
RevPAR (£)
Q3-2026



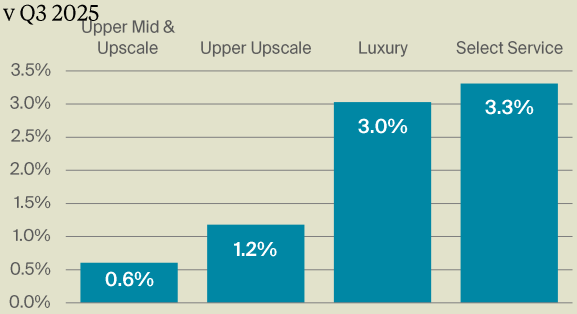
TRevPAR (£)
Q3-2026



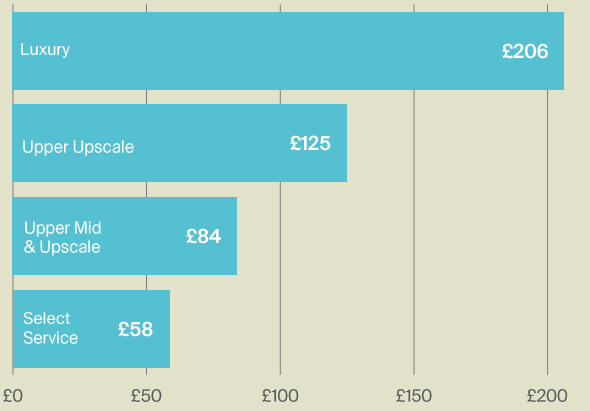
% Change
v Q3 2025



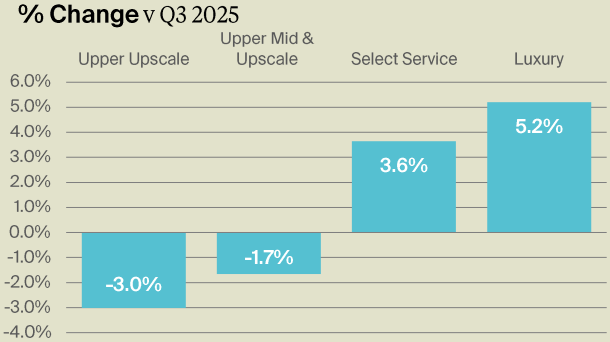
% Change
v Q3 2025



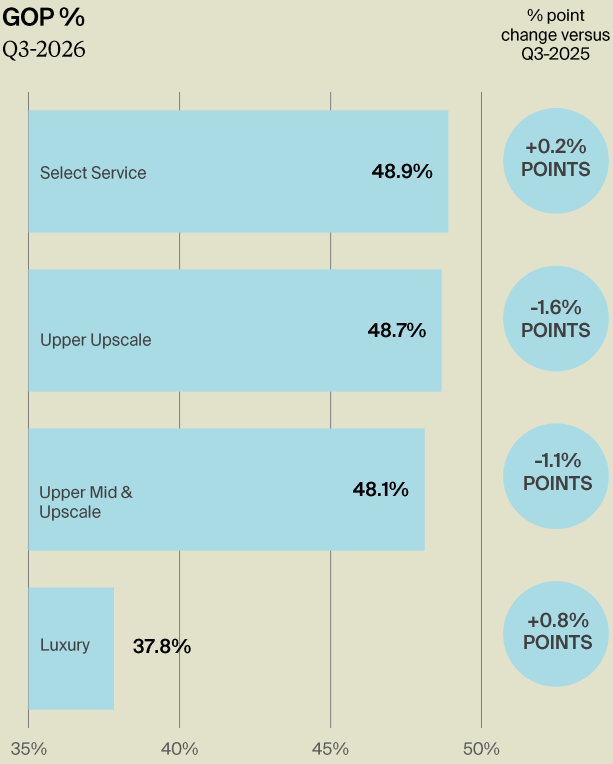
GOPPAR (£)
Q3-2026



% Change v Q3 2025



GOP %
Q3-2026

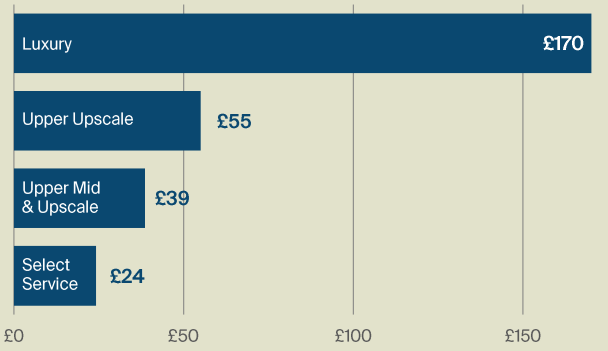


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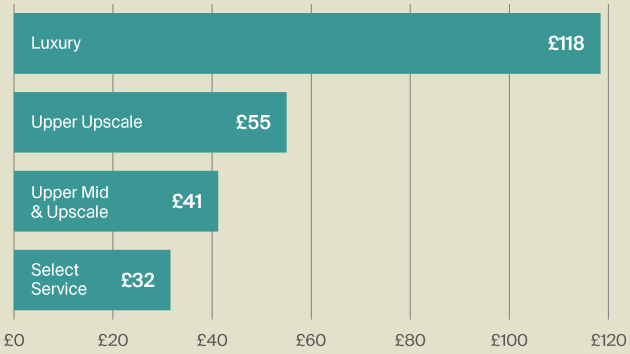
Departmental Metrics

London

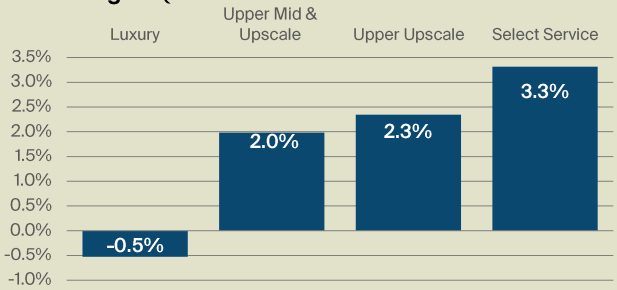
Total Hotel Payroll PAR (£)
Q3-2026



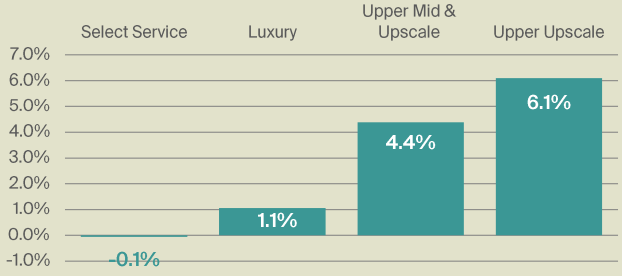
Rooms Cost POR (£)
Q3-2026



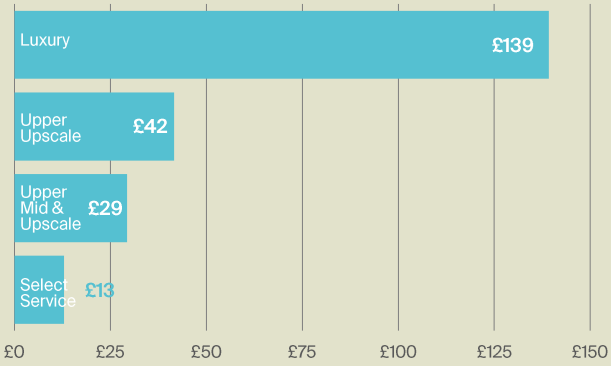
% Change v Q3 2025



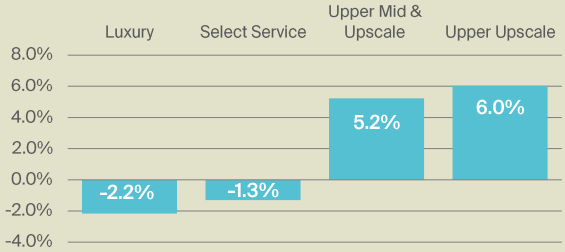
% Change v Q3 2025



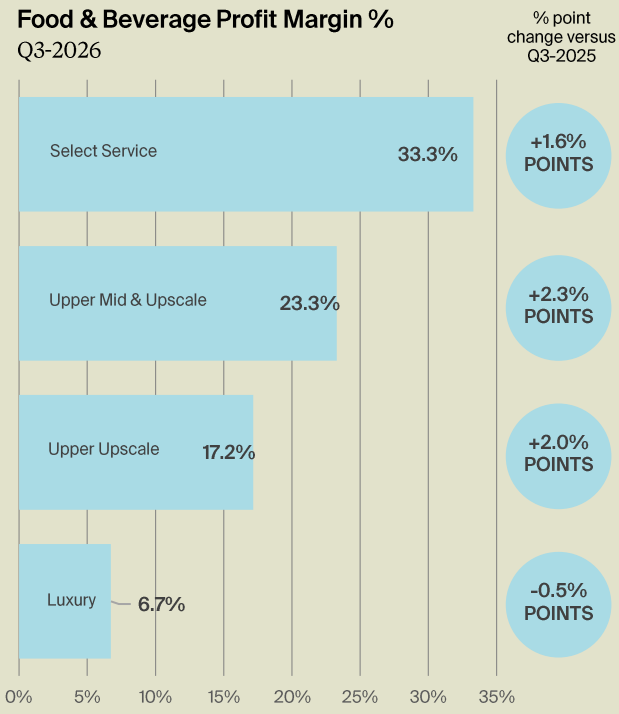
Food & Beverage Revenue POR (£)
Q3-2026



% Change v Q3 2025



Food & Beverage Profit Margin %
Q3-2026



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Regional UK

ADR GROWTH UNDERPINS CONTINUED REVENUE PERFORMANCE

Regional UK hotels delivered a solid Q3 performance, reflecting consistent and sustainable demand. Occupancy was maintained at Q3-2025 levels, while ADR growth outpaced inflation, supporting continued revenue growth. As a result, RevPAR increased by 3.9% in Q3 and by 4.4% during the September YTD period, compared with the corresponding periods in 2025.

With Q3 occupancy across most segments at or above 2019 levels, scope for further growth appears limited, except within the Select-Service and Upper-Upscale segments, where occupancy remains below historic levels. Meanwhile, Golf & Spa hotels have increased occupancy by almost three percentage points since Q3-2029, reaching 83.7%.

ADR growth in Q3 was robust across all market segments on a year-on-year basis, with the strongest performance coming from the Upper Upscale and Golf & Spa segments, where ADR rose by 5.7% and 4.1% respectively. Strong market fundamentals and positive trading momentum have supported real ADR growth, with regional UK ADR now 4.0% above 2019 levels on a rolling 12-month basis. However, despite leading ADR growth in Q3, the Upper Upscale and Golf & Spa segments remain behind the wider market in real terms.

Ancillary revenues provided an additional boost to Q3 performance, particularly within the Leisure and Golf departments, where revenues increased by 6.3% and 5.8% respectively. Non-F&B ancillary revenues grew by 4.0% year-on-year, ahead of the 2.9% growth recorded in F&B. This strength helped drive outperformance within the Upscale and Golf & Spa segments.

PAYROLL INFLATION MODERATES DESPITE CONTINUED WAGE PRESSURES

Payroll costs increased by 3.3% PAR across the regional hotel market in Q3, with Select Service and Golf & Spa hotels recording the largest rises at 5.3% and 4.7%, respectively. Despite the annual increase in the National Living Wage in April, payroll inflation appears to have moderated during the year, with September YTD payroll costs increasing by 4.3% PAR, down from 5.1% in the first half of 2026, relative to the corresponding periods in 2025.

For the September YTD period, operational payroll costs increased by 3.7% POR year-on-year, while non-departmental payroll expenses rose by 3.8% PAR, driven primarily by increases in S&M and POM payroll costs, which grew by 7.1% and 6.4% respectively. S&M payroll expenditure increased most significantly within the Select Service and Upper Upscale segments, rising by 8.7% and 10.4% PAR respectively. Similarly, POM payroll costs rose by 9.3% PAR in Select Service hotels and 7.3% PAR in Upper Upscale hotels.

Despite these cost pressures, revenue growth helped preserve margins, with total payroll costs as a proportion of turnover remaining stable at 31.2%.

DEPARTMENTAL PROFITABILITY IMPROVES DESPITE COST PRESSURES

Despite ongoing payroll and inflationary pressures, revenue growth and disciplined cost management have supported profitability across regional UK hotels. In Q3, Rooms departmental income increased by 4.6% PAR year-on-year, while F&B profits rose by 4.8% PAR and Leisure income grew by 4.5% PAR. Operating margins improved across all segments, with the Rooms department increasing its share of total departmental profit. The most notable improvement was recorded within the Golf & Spa segment, where the Rooms profit margin rose by 1.8 percentage points to 70.5%, increasing its contribution to total departmental operating income to 55.8%, up 1.2 percentage points on Q3-2025. For the September YTD period, total departmental operating income across all regional UK hotels increased by 4.5% PAR compared with the same period in 2025. Performance was even stronger across the 12 leading regional UK cities, where departmental operating income grew by 7.7% PAR.

In Q3, the departmental profit margin across all regional UK hotels improved by 0.4 percentage points to average 58.9% of revenue. Rooms profitability increased by 0.5 percentage points to 70.3%, while the F&B profit margin rose by a similar amount to 26.0%. For the September YTD period, the total departmental profit margin edged up to 55.8% of revenue, reflecting the sector's continued ability to convert revenue growth into profit despite ongoing cost pressures.

UTILITY AND OPERATING COSTS RISE, WITH LIMITED IMPACT ON MARGINS

Across all regional hotel markets, for the September YTD period, UOE (excluding utilities and payroll) increased by 4.6% PAR year-on-year, compared with a 2.7% rise over the corresponding period in 2025. Growth was driven primarily by higher franchise fees, increased IT system costs, particularly information security expenditure, and rising credit card commissions. Including payroll costs, undistributed operating expenses increased by 4.9% PAR in Q3 and by 4.3% PAR for the September YTD period.

Utility costs increased by 5.9% POR year-on-year in Q3, representing a marked acceleration from the 1.2% growth recorded on a September YTD basis. Despite the uptick in costs during the quarter, margins remained broadly stable across the market, supported by continued revenue growth.

Key Performance Indicators (% Change versus 2025)

Q3-2026		YTD Sept 2026	
Occupancy			
82.9%	0.1%	76.5%	0.6%
ADR			
£120.7	3.8%	£109.8	3.6%
RevPAR			
£100.1	3.9%	£84.0	4.4%
TRevPAR			
£147.1	3.7%	£127.9	4.1%
GOPPAR			
£53.9	3.8%	£40.0	5.1%
GOP %			
£0.4	0.0%	31.2%	0.3%

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GOPPAR GROWTH SLOWS AS MARGINS COME UNDER PRESSURE

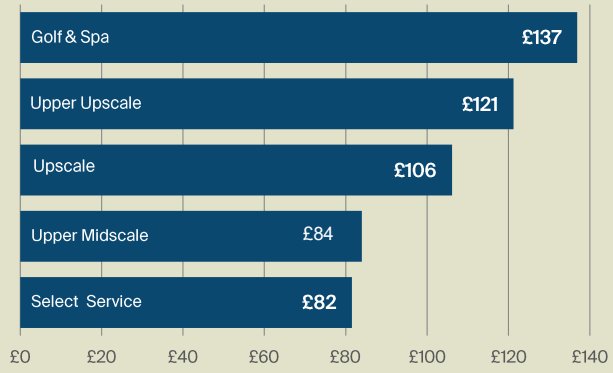
Despite GOPPAR growth moderating in Q3 compared with previous quarters, regional UK hotels continued to deliver respectable profit growth, with GOPPAR increasing by 3.8% year-on-year.

Performance, however, varied significantly by segment. Upper Upscale hotels led the market, achieving GOPPAR growth of 9.9%, followed by the Golf & Spa segment at 7.9%. In contrast, GOPPAR at Select Service hotels declined by 0.6% despite TRevPAR growth of 3.3%, illustrating the continued impact of cost pressures on profitability. Upper Midscale and Upscale hotels fared better, although GOPPAR growth remained modest and only marginally ahead of the equivalent period in 2025.

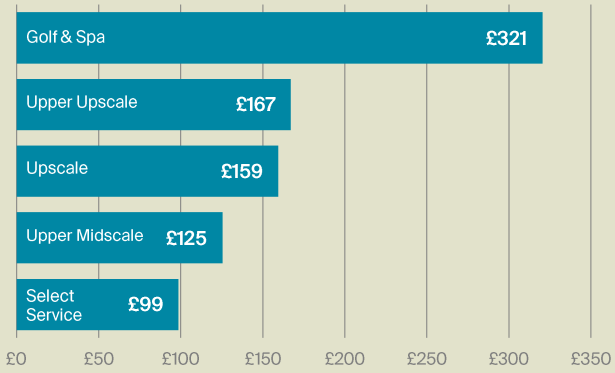
Overall, GOP margins across regional UK hotels remained stable in Q3. However, profitability pressures were evident within the Select Service and Upscale segments, where GOP margins declined by 1.0 percentage point to 42.4% and 32.4% respectively, reflecting the inability of modest revenue growth to keep pace with rising operating costs.

Regional UK – Hotel KPIs

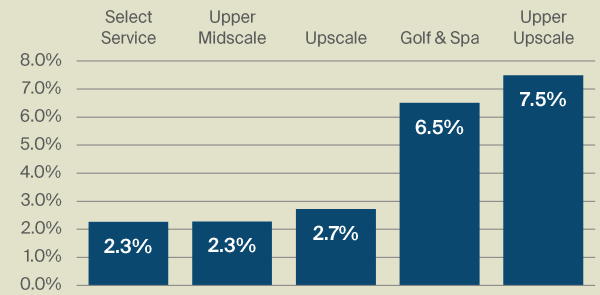
RevPAR (£)
Q3-2026



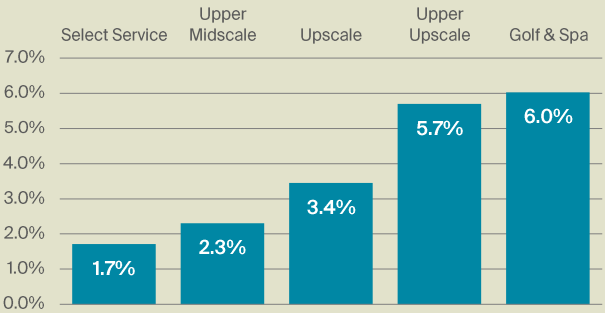
TRevPAR (£)
Q3-2026



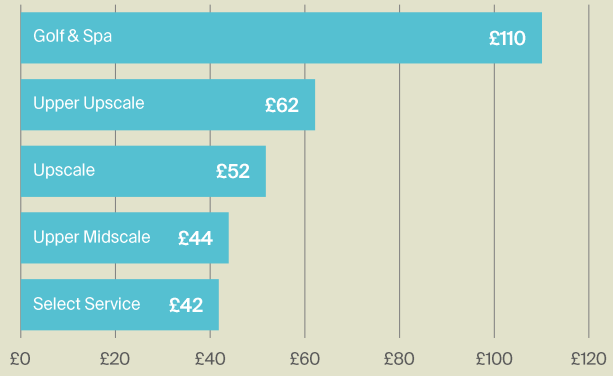
% Change v Q3 2025



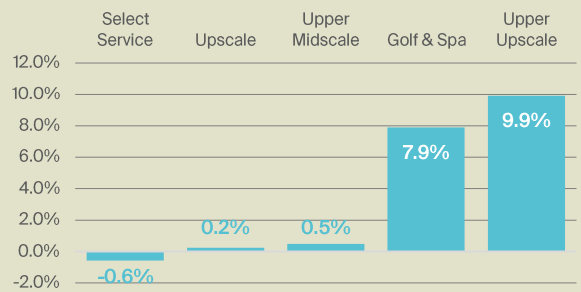
% Change v Q3 2025



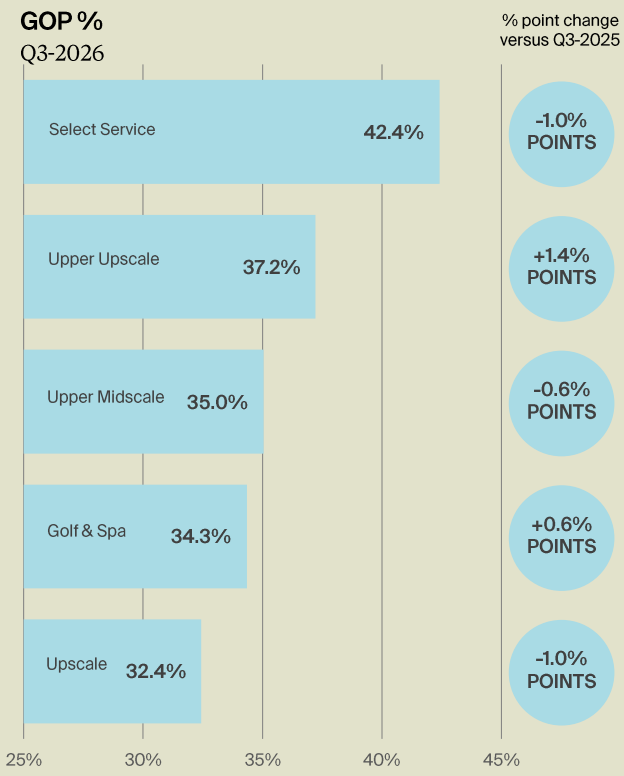
GOPPAR (£)
Q3-2026



% Change v Q3 2025



GOP %
Q3-2026

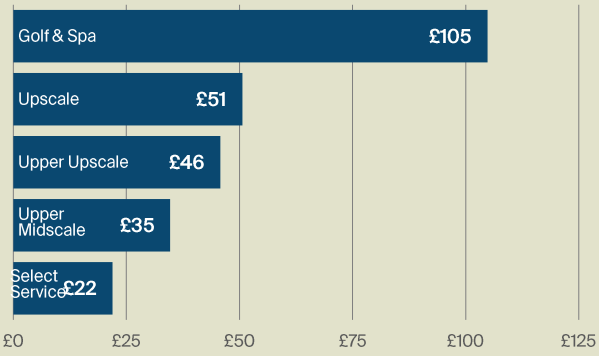


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Departmental Metrics

Regional UK

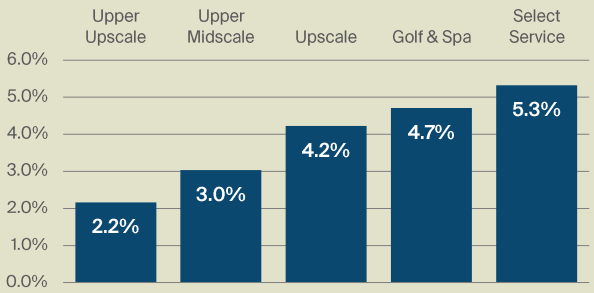
Total Hotel Payroll PAR (£)
Q3-2026



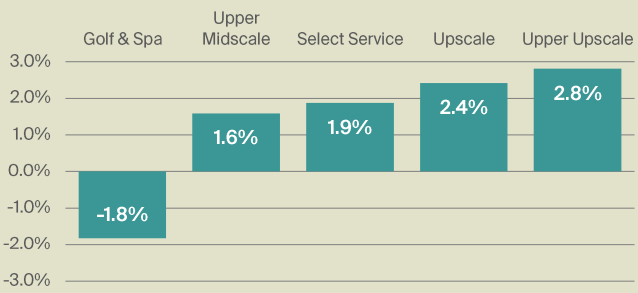
Rooms Cost POR (£)
Q3-2026



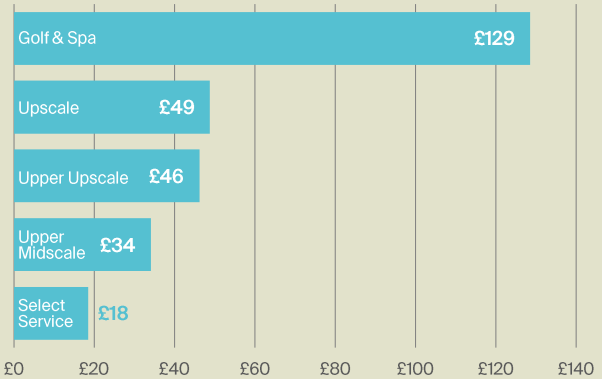
% Change v Q3 2025



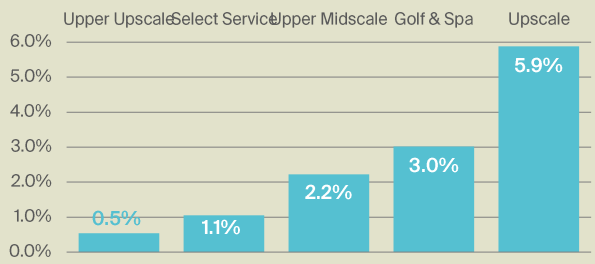
% Change v Q3 2025



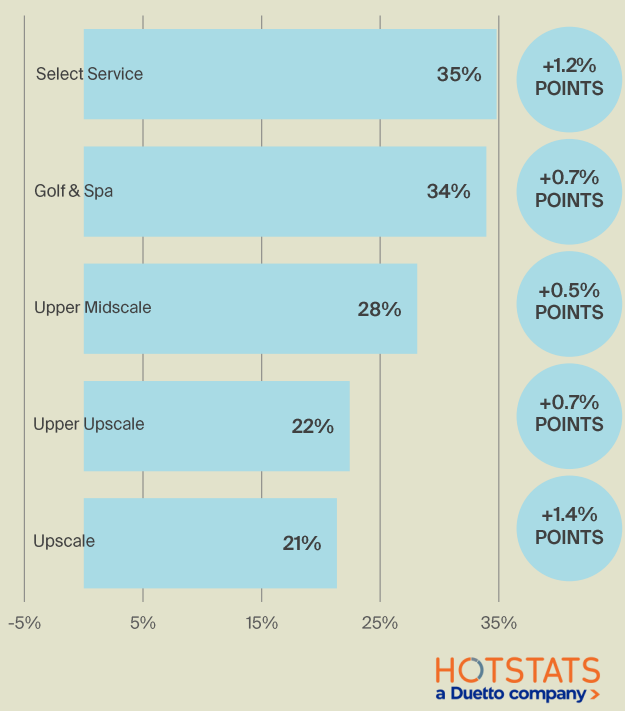
Food & Beverage Revenue POR (£)
Q3-2026



% Change v Q3 2025



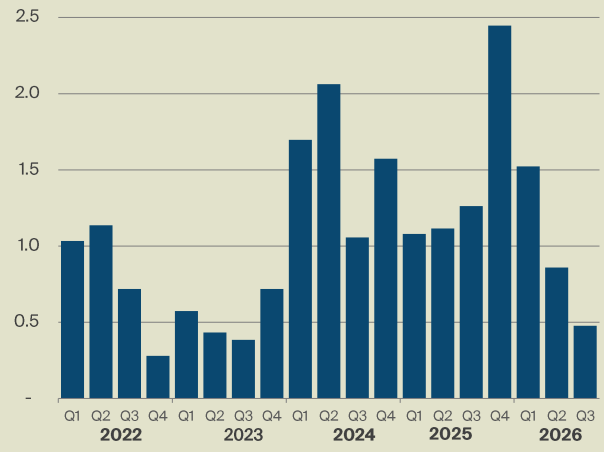
Food & Beverage Profit Margin %
Q3-2026



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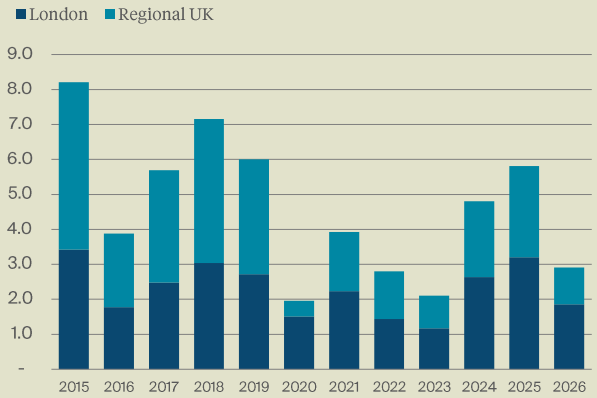
UK Hotel Investments

UK hotel Investment Volumes
By Quarter, £bn, 2022-2026



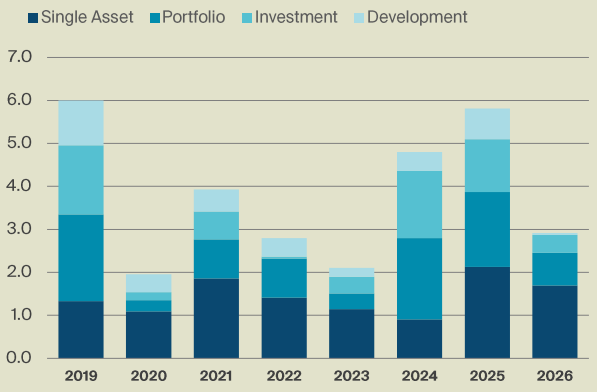
Source: CoStar Group, MSCI, Knight Frank Research

Investment Volumes, London v Regional UK
£bn



Source: CoStar Group; MSCI, Knight Frank Research

Investment Volume Breakdown
£bn



Source: CoStar Group; MSCI, Knight Frank Research

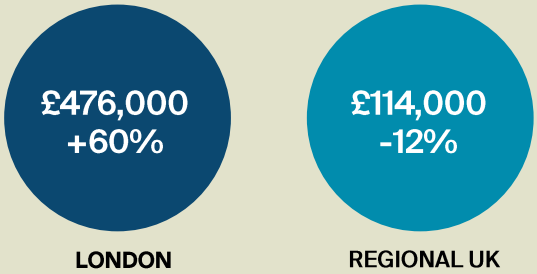
September YTD 2026

- Volume: £2.9 billion
- Hotels transacted: 130+
- Rooms: 16,000
- London Market Share: 64%

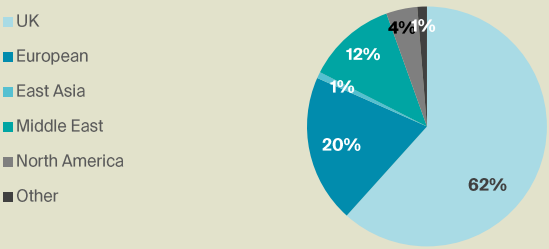
Hotel Class

- Luxury: 26%
- Upscale & Upper Upscale: 41%
- Upscale Midscale & Economy: 33%

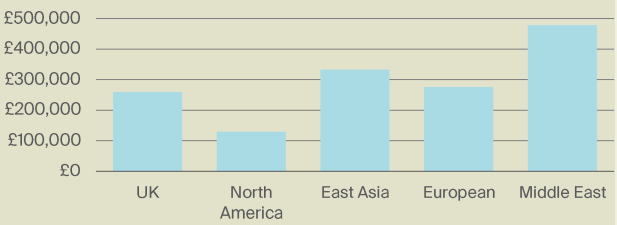
Going Concern Hotel Transactions
Average Price per Key (£) September YTD 2026 v 2025



Geographical capital flows September YTD 2026



YTD-2026 – Av. transaction price per room by capital flow (£)



Glossary

ADR:	Average Daily Rate
POR / PAR:	Per Occupied / Per Available Room
RevPAR:	Rooms Revenue Per Available Room
TRevPAR:	Total Revenue Per Available Room
GOP / GOPPAR:	Gross Operating Profit / Per Available Room
F&B:	Food and Beverage
A&G:	Administration & General
S&M:	Sales & Marketing
POM:	Property Operations and Maintenance
NLW:	National Living Wage
Y-o-Y:	Year-on-Year
UOE:	Undistributed Operating Expenses

Note: HotStats benchmarking data comprises a greater number of upscale midscale, upscale, upper-upscale and luxury hotels, with the majority operating under a brand. Far fewer economy hotels are included within the datasets, as such the HotStats data is skewed towards the higher echelons.

HOTSTATS
a Duetto company >

Is a global data benchmarking company that provides specialized performance analysis and a benchmarking platform that services hotels around the world. HotStats, now part of Duetto, collects 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 for more information.

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