



Hotel, Tourism & Leisure Market Update

August 2022

UK Hotel Performance

Performance continues to accelerate with a continued growth of average room rates, somewhat influenced by growing inflation but also supported by robust pent-up demand giving hoteliers pricing power to drive rates further.

High-end leisure has been key in driving 12-month ADR. The return of large-scale events has also been key to recovery, namely in urban locations. Earlier this year, the Six Nations Rugby Championship supported demand growth in Edinburgh, London and Cardiff, while major concerts such as the Ed Sheeran tour drove significant demand to places such as Manchester.

The leisure market is expected to remain strong through this year. Domestic leisure business has been crucial in the sector's recovery. Recently corporate travel has picked up, fuelled by the return to office.

While all seems positive, the industry is still in recovery mode and adjusting to various challenges, such as clear shifts in demand, brought about by some significant changes in the operating landscape.

While the fundamental, longer-term outlook for the sector is strong, there are clearly some near-term challenges such as inflation, rising costs, supply chain issues, and staffing.

Many businesses are experiencing a significant step change in their cost base, and with the Bank of England forecasting recession, consumer discretionary spending will likely come under further pressure.

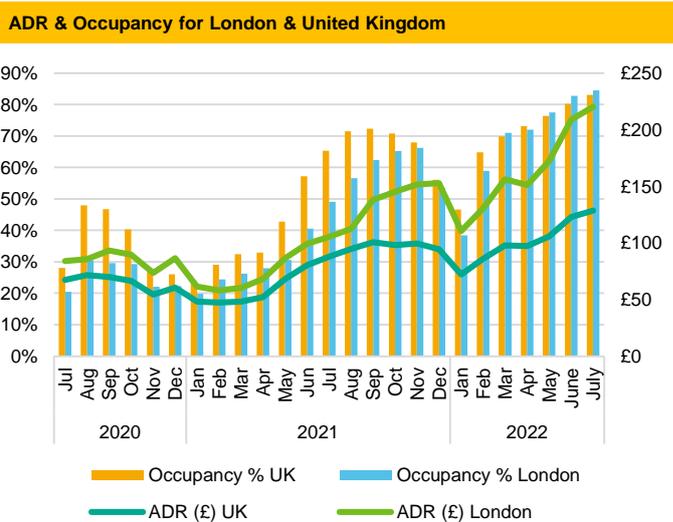
For the sector as a whole, this is likely to lead to more closures and more churn, but significant market share opportunities for the best businesses and brands.

London Hotel Performance

The capital has seen some of its highest occupancy levels in recent months since the onset of the pandemic, with occupancies in July exceeding the 80% mark, as the holiday season started and with international visitation rebounding.

International route data shows that flights to and from New York and Dubai to London Heathrow are the two busiest, further highlighting the return of those major long-haul source markets. This is good news for the capital's hotels as it further points towards a recovery from key feeder markets that keep the city afloat.

Across the submarkets, growth has not been uniform. London surrounding areas have rebounded quicker than central London. The reliance on the international market and the corporate segment has been the downfall of hotels in central London that are having a more prolonged journey towards recovery.



Source: Costar

UK Hotel Investment

Transactional volumes remained strong at the start of 2022 with European Q1 reaching €3.54 billion of which 47% took place in the UK market. Within the UK, 75% of all transactions were in regional UK, reflecting perceived value outside London and confidence in the domestic market.

The following transactions took place in July 2022:

- Cascade Group acquired Birmingham Hotel Indigo for £12.5m with Bespoke Hotels taking on the management.
- The Ascott bought Oakwood Worldwide, a premier global services apartment provider, from Mapletree.
- Fairtree and Blantyre bought the four-star Daffodil Hotel & Spa in Lake District.
- The Mere Golf Resort & Spa was sold to UEA-base Select Group who plan a luxury refurbishment.
- Splendid Hospitality Group acquired the Holiday Inn London Brentford Lock.
- Canadian Investor, Northland Properties, purchased the former Hilton Hotel in Sheffield for £10m, which will be upgraded and relaunched under Sandman Signature Brand.

Source: AHV August 2022

Top Buyers in the UK (last 12 months)

Company Name	Sales Volume £
Fragrance Group Ltd	367,000,000
BC Partners	108,000,000
Vertiq Capital Partners	104,000,000
Zetland Capital Partners LLP	100,000,000
LaSalle Investment Management	93,300,000
Frogmore	76,100,000
C1 Capital	76,100,000

Source: CoStar

ESG in Hospitality

ESG has been a focus in the industry for several years, however the pandemic has now massively changed the travel behavior, accelerating the need to adapt businesses.

Whitbread started construction on the first 'all-electric' Premier Inn Hotel In Swindon Town Centre in July. The five-storey 195-bedroom hotel is the first Premier Inn to be designed without a connection to a natural gas supply. Instead, the hotel will be fully heated and powered by grid energy generated from renewable sources and by on-site photovoltaic (PV) cells.

Source: AHV August 2022

World Tourism Day

With the theme of 'Rethinking Tourism', the International Day of Observance will this year focus on re-imagining the sector's growth, both in terms of size and relevance. The Republic of Indonesia will host the official day (27 September), though all UNWTO Member States, as well as non-members and stakeholders from across the private sector, are being invited to host their own celebrations as well as to promote the day and its central theme.

UNWTO Secretary-General, Zurab Pololikashvili says: "The potential of tourism is enormous, and we have a shared responsibility to make sure it is fully realized. On World Tourism Day 2022, UNWTO calls on everyone, from tourism workers to tourists themselves, as well as small businesses, large corporations and governments to reflect and rethink what we do and how we do it."

World Tourism Day has been held on 27 Sept each year since 1980. The date marks the anniversary of the adoption of the Statutes of the Organization in 1970, paving the way for the establishment of UNWTO five years later.

Source: [Hospitalitynet.org](https://hospitalitynet.org)



Contact

55 Ludgate Hill
London
EC4M 7JW
United Kingdom

T: +44 (0)20 7842 7253
www.horwathhtl.co.uk
[Subscribe for latest news](#)



Malcolm Kerr
Managing Director
T: +44 (0)20 7842 7253
T: +44 (0)7500 009635
mkerr@horwathhtl.co.uk



Andrew Reitmaier
Director
T: +44 (0)20 7842 5396
T: +44(0)7808 071 009
areitmaier@horwathhtl.co.uk



Marjolein Delhaye
Associate
T: +44 (0)20 7842 7104
mdelhaye@horwathhtl.co.uk



Crowe U.K. LLP is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe U.K. LLP and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Crowe U.K. LLP. This material is for informational purposes only and should not be construed as financial or legal advice. You are encouraged to seek guidance specific to your circumstances from qualified advisors in your jurisdiction. © 2022 Crowe U.K. LLP