STR **CoStar™**

INDEPENDENT
HOTEL SHOW

L O N D O N

15–16 Oct 2024
Olympia London

Independent Insights

Trends and projections for the UK luxury
& boutique hotel segments

Table of Contents

A note on the data in this report:

Please note that the data used in this report is submitted directly from participating hotels. Comparisons between branded and independent hotels include all hotel classes from economy to luxury to provide a broader representation of the market. Roughly 49% of UK branded properties are classified as economy hotels, whereas UK independent hotels are mostly spread (65%) between luxury, upper upscale and upscale..

Introduction

Thank you for joining us at the 2024 Independent Hotel Show London.

As the sole event dedicated exclusively to the region's luxury and boutique hoteliers, this show serves as a premier thought leadership platform. It offers a unique opportunity to address specific challenges and explore new avenues for innovation and growth. STR's partnership with the Show enhances these discussions, and this complimentary report for attendees offers a glimpse into the role of benchmarking in optimising strategies and achieving operational excellence.

Given recent trends in market performance, opportunities to grow profit have become less apparent. Unlike previous years, the balance of short-term performance growth is shifting more toward occupancy, as room rates rise more modestly amid growing price sensitivity among travelers. Therefore, hotel owners and operators must explore every possible revenue stream for their properties while also carefully managing expenses.

Excitingly, the recent announcement of an expanded industry solution from CoStar and STR is unlocking a new level of opportunity across the commercial real estate market. This new standard of success, CoStar + Benchmark, equips you with the tools to measure and improve your performance, generate new corporate leads and expand your portfolio.

STR works with nearly 4,500 hotels in the UK and 85,000 hotels around the world—more than any other data provider. Every owner, operator or brand partnering with us is positioned to gain a competitive advantage.

We are available at your convenience to provide more information and demonstrate how you can benefit from the industry's most comprehensive market share product.

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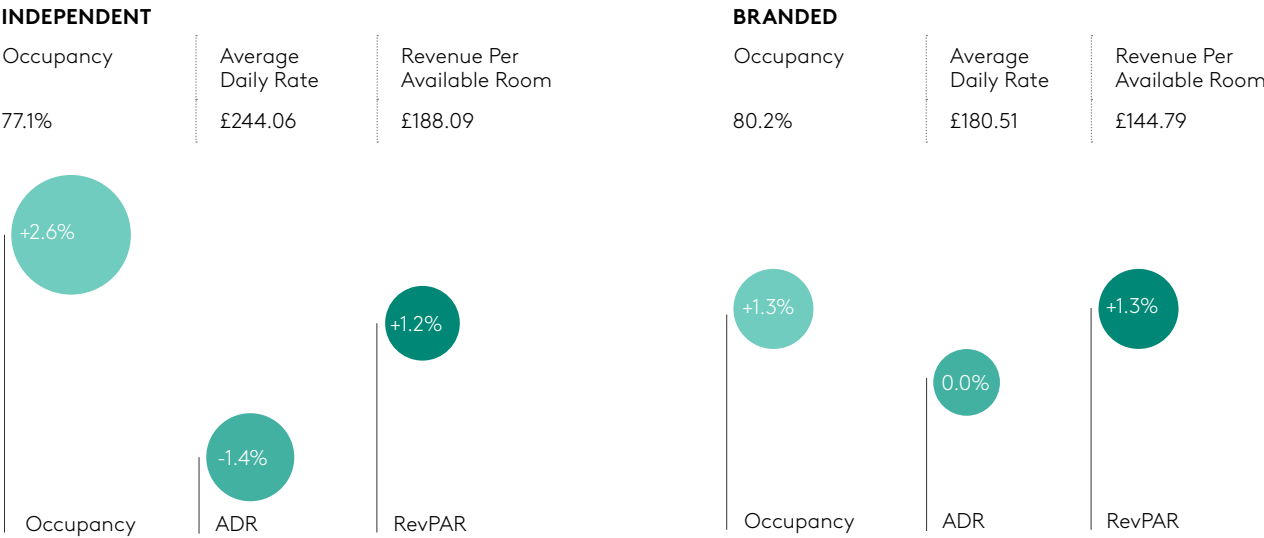Account Manager
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Independents vs. Brands in London & Regional UK

LONDON

After a few slow and down months earlier this year, performance growth picked up in the capital city during the summer months, especially August. Independents and branded properties have taken a different path to growing revenue per available room (RevPAR), which is widely considered the gold standard metric for measuring top-line performance. Independents have operated at a lower occupancy and significantly higher rates. Even with higher year-over-year growth in occupancy, however, average daily rate (ADR) has come down in independent properties while branded hotels have remained flat in the metric.
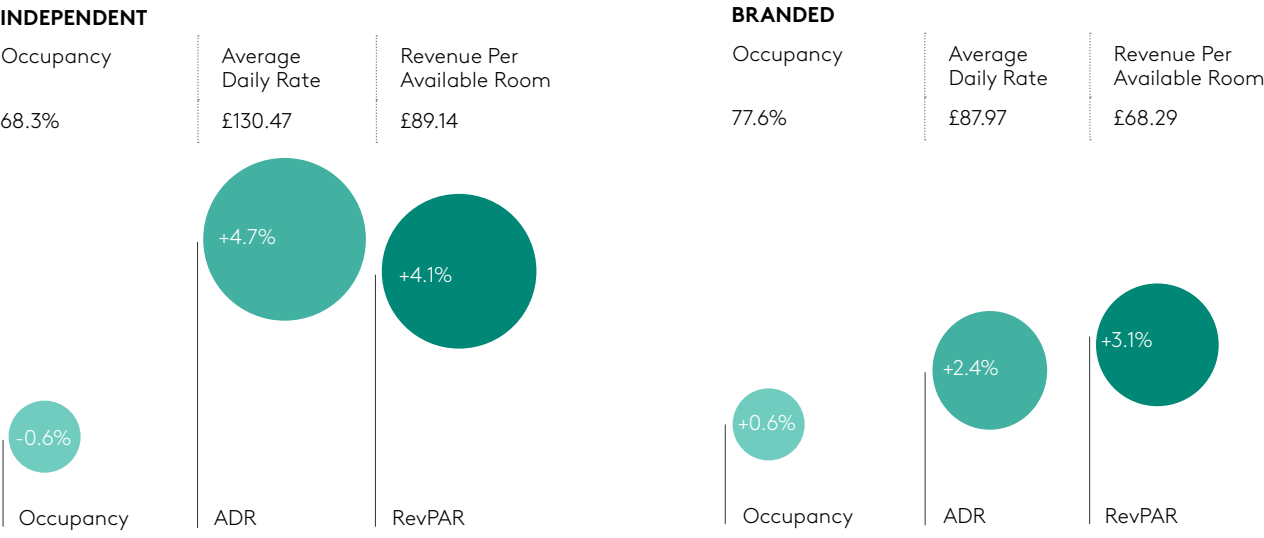
August 2024 YTD vs. August 2023 YTD

INDEPENDENT

Occupancy	Average Daily Rate	Revenue Per Available Room
77.1%	£244.06	£188.09

Occupancy +2.6%
ADR -1.4%
RevPAR +1.2%

BRANDED

Occupancy	Average Daily Rate	Revenue Per Available Room
80.2%	£180.51	£144.79

Occupancy +1.3%
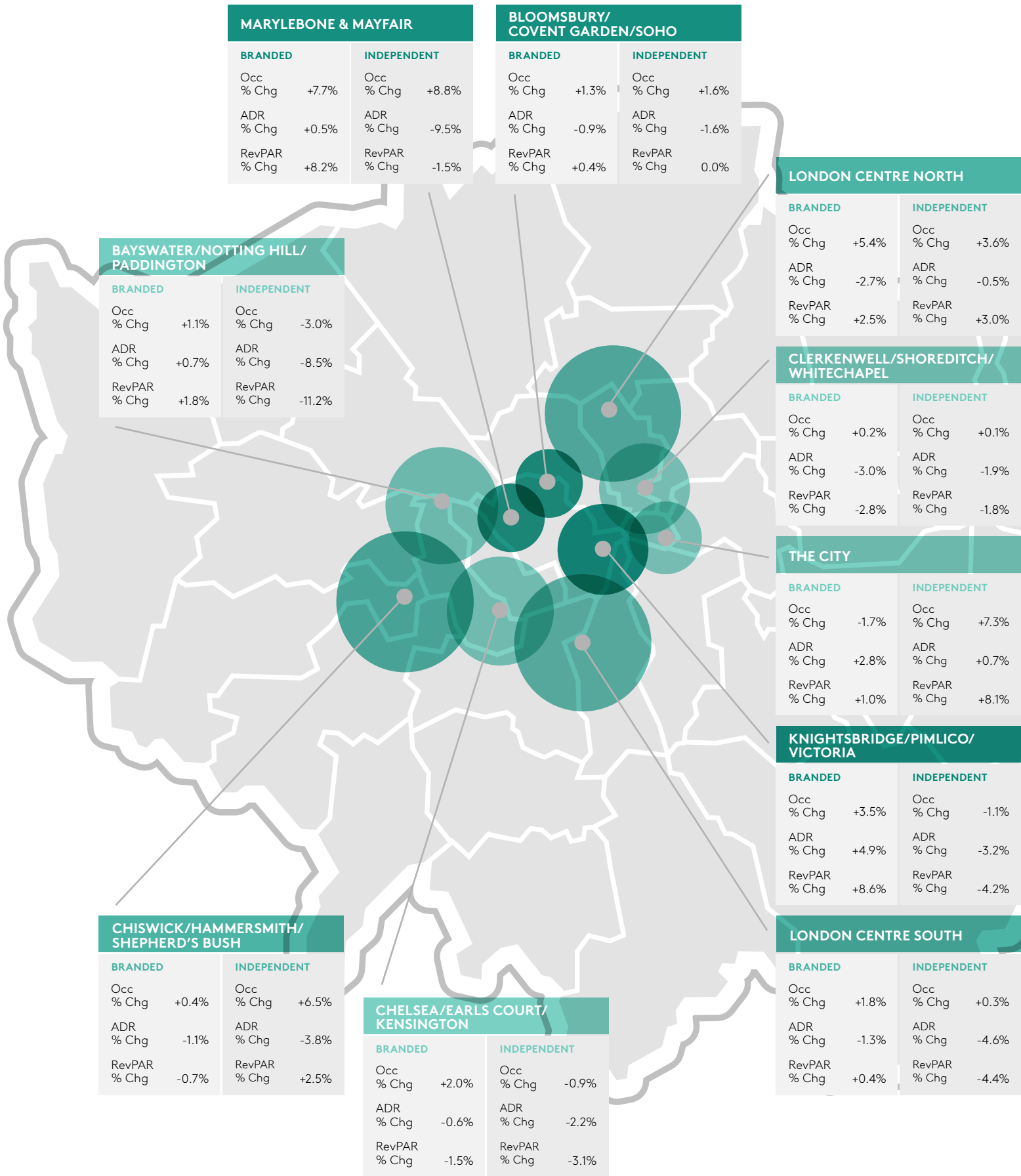ADR 0.0%
RevPAR +1.3%

REGIONAL UK

Outside of the capital, RevPAR growth was at its highest in the late-spring and early-summer. Compared with London, growth has been higher for both brands and independents, but levels were expectedly lower on an absolute basis. What has stood out is independents gaining far more top-line growth via ADR as occupancy dipped slightly for the first eight months of the year.

August 2024 YTD vs. August 2023 YTD

INDEPENDENT

Occupancy	Average Daily Rate	Revenue Per Available Room
68.3%	£130.47	£89.14

Occupancy -0.6%
ADR +4.7%
RevPAR +4.1%

BRANDED

Occupancy	Average Daily Rate	Revenue Per Available Room
77.6%	£87.97	£68.29

Occupancy +0.6%
ADR +2.4%
RevPAR +3.1%

Year-to-date performance by London areas

August 2024 YTD vs. August 2023 YTD

MARYLEBONE & MAYFAIR

	BRANDED	INDEPENDENT
Occ % Chg	+7.7%	+8.8%
ADR % Chg	+0.5%	-9.5%
RevPAR % Chg	+8.2%	-1.5%

BLOOMSBURY/ COVENT GARDEN/SOHO

	BRANDED	INDEPENDENT
Occ % Chg	+1.3%	+1.6%
ADR % Chg	-0.9%	-1.6%
RevPAR % Chg	+0.4%	0.0%

LONDON CENTRE NORTH

	BRANDED	INDEPENDENT
Occ % Chg	+5.4%	+3.6%
ADR % Chg	-2.7%	-0.5%
RevPAR % Chg	+2.5%	+3.0%

BAYSWATER/NOTTING HILL/ PADDINGTON

	BRANDED	INDEPENDENT
Occ % Chg	+1.1%	-3.0%
ADR % Chg	+0.7%	-8.5%
RevPAR % Chg	+1.8%	-11.2%

CLERKENWELL/SHOREDITCH/ WHITECHAPEL

	BRANDED	INDEPENDENT
Occ % Chg	+0.2%	+0.1%
ADR % Chg	-3.0%	-1.9%
RevPAR % Chg	-2.8%	-1.8%

THE CITY

	BRANDED	INDEPENDENT
Occ % Chg	-1.7%	+7.3%
ADR % Chg	+2.8%	+0.7%
RevPAR % Chg	+1.0%	+8.1%

KNIGHTSBRIDGE/PIMLICO/ VICTORIA

	BRANDED	INDEPENDENT
Occ % Chg	+3.5%	-1.1%
ADR % Chg	+4.9%	-3.2%
RevPAR % Chg	+8.6%	-4.2%

CHISWICK/HAMMERSMITH/ SHEPHERD'S BUSH

	BRANDED	INDEPENDENT
Occ % Chg	+0.4%	+6.5%
ADR % Chg	-1.1%	-3.8%
RevPAR % Chg	-0.7%	+2.5%

CHELSEA/EARLS COURT/ KENSINGTON

	BRANDED	INDEPENDENT
Occ % Chg	+2.0%	-0.9%
ADR % Chg	-0.6%	-2.2%
RevPAR % Chg	-1.5%	-3.1%

LONDON CENTRE SOUTH

	BRANDED	INDEPENDENT
Occ % Chg	+1.8%	+0.3%
ADR % Chg	-1.3%	-4.6%
RevPAR % Chg	+0.4%	-4.4%

Source: STR. © 2024 CoStar Group

Year-to-date performance by Regional UK areas

August 2024 YTD vs. August 2023 YTD

ABERDEEN

	BRANDED		INDEPENDENT
Occ % Chg	+2.0%	Occ % Chg	-1.4%
ADR % Chg	+1.6%	ADR % Chg	+0.4%
RevPAR % Chg	+3.7%	RevPAR % Chg	-1.1%

EDINBURGH

	BRANDED		INDEPENDENT
Occ % Chg	+2.3%	Occ % Chg	+6.2%
ADR % Chg	+11.3%	ADR % Chg	+11.3%
RevPAR % Chg	+13.9%	RevPAR % Chg	+18.2%

LAKE DISTRICT

	BRANDED		INDEPENDENT
Occ % Chg	+0.4%	Occ % Chg	+2.5%
ADR % Chg	+2.0%	ADR % Chg	+6.4%
RevPAR % Chg	+2.5%	RevPAR % Chg	+9.0%

NEWCASTLE

	BRANDED		INDEPENDENT
Occ % Chg	+3.6%	Occ % Chg	-1.5%
ADR % Chg	+2.6%	ADR % Chg	+2.6%
RevPAR % Chg	+6.3%	RevPAR % Chg	+1.1%

BELFAST

	BRANDED		INDEPENDENT
Occ % Chg	-0.2%	Occ % Chg	-0.7%
ADR % Chg	+11.3%	ADR % Chg	+5.9%
RevPAR % Chg	+11.1%	RevPAR % Chg	+5.1%

YORK

	BRANDED		INDEPENDENT
Occ % Chg	+1.7%	Occ % Chg	-0.1%
ADR % Chg	+1.0%	ADR % Chg	+0.1%
RevPAR % Chg	+2.6%	RevPAR % Chg	0.0%

LIVERPOOL

	BRANDED		INDEPENDENT
Occ % Chg	+0.5%	Occ % Chg	-1.9%
ADR % Chg	-5.0%	ADR % Chg	-5.9%
RevPAR % Chg	-4.4%	RevPAR % Chg	-7.7%

BIRMINGHAM

	BRANDED		INDEPENDENT
Occ % Chg	+4.4%	Occ % Chg	-1.7%
ADR % Chg	+0.7%	ADR % Chg	-0.5%
RevPAR % Chg	+5.1%	RevPAR % Chg	-2.2%

LEEDS

	BRANDED		INDEPENDENT
Occ % Chg	-0.9%	Occ % Chg	-0.4%
ADR % Chg	-0.8%	ADR % Chg	+0.8%
RevPAR % Chg	-0.1%	RevPAR % Chg	+1.2%

OXFORD AREA

	BRANDED		INDEPENDENT
Occ % Chg	+2.0%	Occ % Chg	-2.0%
ADR % Chg	+0.4%	ADR % Chg	+74.4%
RevPAR % Chg	+2.4%	RevPAR % Chg	+71.0%

MANCHESTER

	BRANDED		INDEPENDENT
Occ % Chg	-0.4%	Occ % Chg	+1.5%
ADR % Chg	-1.3%	ADR % Chg	-1.5%
RevPAR % Chg	-1.6%	RevPAR % Chg	0.0%

CARDIFF

	BRANDED		INDEPENDENT
Occ % Chg	-0.5%	Occ % Chg	-10.9%
ADR % Chg	-1.7%	ADR % Chg	-1.5%
RevPAR % Chg	-2.2%	RevPAR % Chg	-12.2%

BRIGHTON AREA

	BRANDED		INDEPENDENT
Occ % Chg	+3.4%	Occ % Chg	-0.4%
ADR % Chg	-0.4%	ADR % Chg	-1.8%
RevPAR % Chg	+3.0%	RevPAR % Chg	-2.2%

BATH

	BRANDED		INDEPENDENT
Occ % Chg	+5.0%	Occ % Chg	+1.8%
ADR % Chg	+0.6%	ADR % Chg	-2.2%
RevPAR % Chg	+5.6%	RevPAR % Chg	-0.5%

Scotland

Northern Ireland

Northeast England

Northwest England

Yorkshire & Humberside

East Midlands

West Midlands

Wales

East England

Greater London

Southeast England

Southwest England

Source: STR. © 2024 CoStar Group

Year-to-date performance by European cities

August 2024 YTD vs. August 2023 YTD

DUBLIN

	BRANDED	INDEPENDENT
Occ % Chg	-0.9%	-0.2%
ADR % Chg	-3.9%	-2.6%
RevPAR % Chg	-4.8%	-2.8%

AMSTERDAM

	BRANDED	INDEPENDENT
Occ % Chg	-0.1%	+1.2%
ADR % Chg	-2.6%	-6.2%
RevPAR % Chg	-2.7%	-5.1%

BERLIN

	BRANDED	INDEPENDENT
Occ % Chg	+0.6%	+2.8%
ADR % Chg	+6.2%	+7.7%
RevPAR % Chg	+6.8%	+10.7%

PRAGUE

	BRANDED	INDEPENDENT
Occ % Chg	+9.0%	+4.9%
ADR % Chg	+10.3%	+10.3%
RevPAR % Chg	+20.2%	+15.7%

WARSAW

	BRANDED	INDEPENDENT
Occ % Chg	+1.8%	-0.6%
ADR % Chg	+1.1%	+0.9%
RevPAR % Chg	+2.9%	+0.2%

VIENNA

	BRANDED	INDEPENDENT
Occ % Chg	+1.4%	+8.2%
ADR % Chg	+4.3%	+18.4%
RevPAR % Chg	+5.8%	+28.0%

LONDON

	BRANDED	INDEPENDENT
Occ % Chg	+1.3%	+2.6%
ADR % Chg	0.0%	-1.4%
RevPAR % Chg	+1.3%	+1.2%

PARIS

	BRANDED	INDEPENDENT
Occ % Chg	-4.0%	-2.3%
ADR % Chg	+9.3%	+4.6%
RevPAR % Chg	+4.9%	+2.2%

BUDAPEST

	BRANDED	INDEPENDENT
Occ % Chg	+0.3%	+1.3%
ADR % Chg	+1.5%	+0.4%
RevPAR % Chg	+1.8%	+1.6%

ZURICH

	BRANDED	INDEPENDENT
Occ % Chg	+2.6%	+0.3%
ADR % Chg	+6.3%	+8.3%
RevPAR % Chg	+9.1%	+8.6%

ISTANBUL

	BRANDED	INDEPENDENT
Occ % Chg	+6.2%	+6.3%
ADR % Chg	+27.6%	+27.2%
RevPAR % Chg	+35.5%	+35.2%

LISBON

	BRANDED	INDEPENDENT
Occ % Chg	-0.4%	-0.1%
ADR % Chg	+4.8%	+12.2%
RevPAR % Chg	+4.4%	+12.0%

MADRID

	BRANDED	INDEPENDENT
Occ % Chg	+5.7%	+3.3%
ADR % Chg	+15.6%	+19.8%
RevPAR % Chg	+22.2%	+23.8%

ATHENS

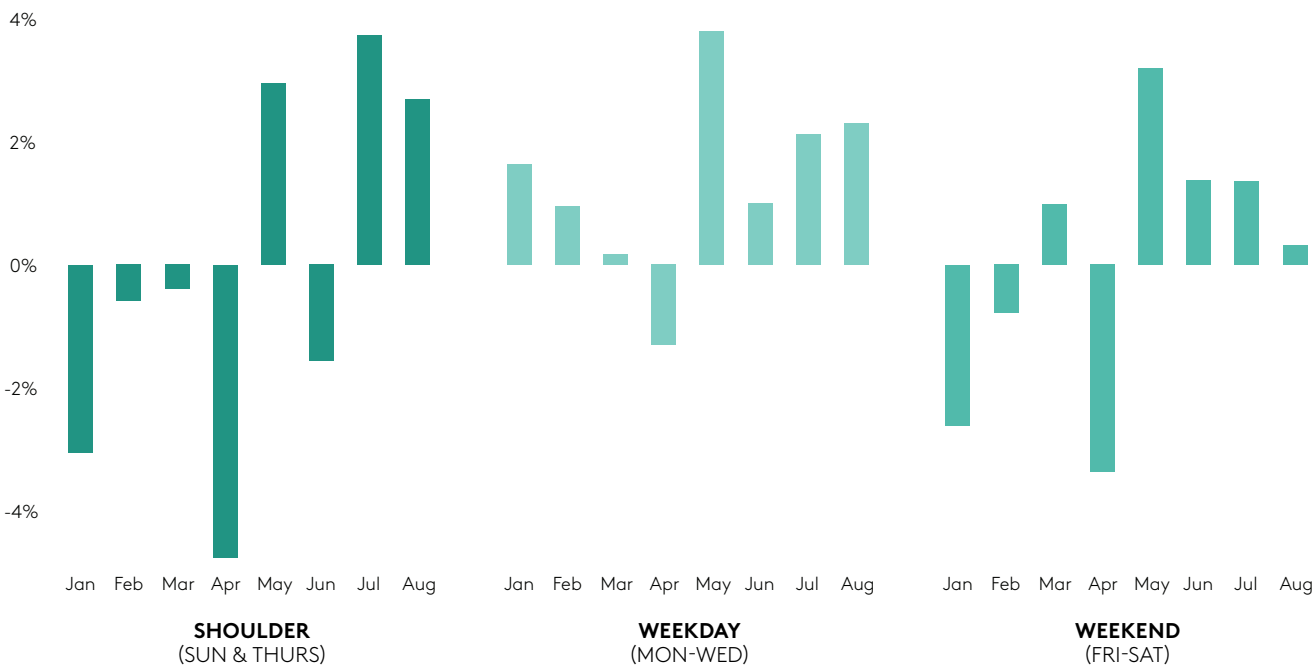|	BRANDED	INDEPENDENT
Occ % Chg	+4.3%	-2.3%
ADR % Chg	+20.4%	+8.1%
RevPAR % Chg	+25.7%	+5.6%

Day-of-Week Occupancy Patterns
(INDEPENDENTS VS. BRANDED)

Patterns in day types are similar between UK independents and brands. One noticeable difference is that independents have maintained consistent year-over-year growth on weekdays—those most linked with corporate travel and events.

UK Independents

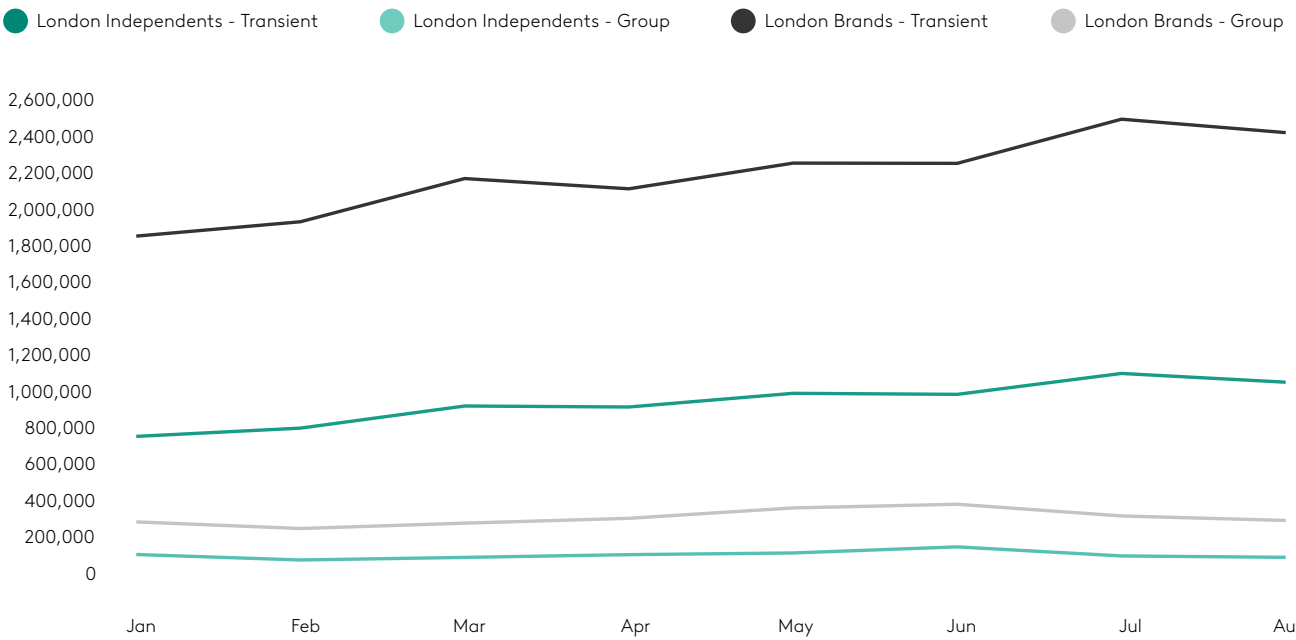Monthly occupancy by day type, YoY % change, January-August 2024

| SHOULDER (SUN & THURS) | WEEKDAY (MON-WED) | WEEKEND (FRI-SAT) |

UK Brands

Monthly occupancy by day type, YoY % change, January-August 2024

| SHOULDER (SUN & THURS) | WEEKDAY (MON-WED) | WEEKEND (FRI-SAT) |

Groups vs. Transient

Measuring demand sources through segmentation data, we have seen steady seasonal patterns develop over the course of 2024. Transient (bookings of less than 10 rooms) is no surprise the primary demand source for independent properties, but there does seem to be some opportunity to capture groups (bookings of 10 or more rooms) when looking at the regional market.

London

Transient vs. Group, demand

● London Independents - Transient ● London Independents - Group ● London Brands - Transient ● London Brands - Group

Regional UK

Transient vs. Group, demand

● UK Independents - Transient ● UK Independents - Group ● UK Brands - Transient ● UK Brands - Group
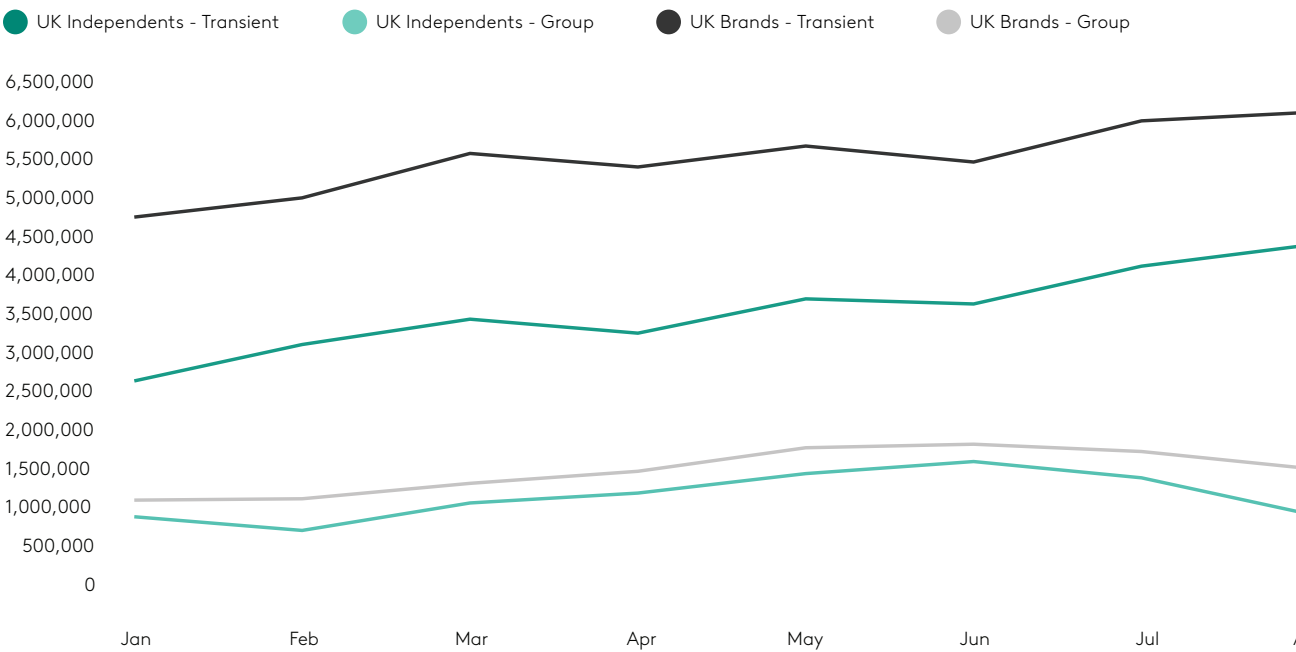
Forward-Looking Data

Consistent with the prior year, occupancy on the books and pickup (the difference in booking levels from one reporting period to the next) show similar trend lines in London and the Regional UK market without many obvious differences. Levels are a bit further ahead for branded properties in London, while independents show higher occupancy on the books in the regional market. The delta between the two hotel types is also larger in the regional market. The consistency with this year's bookings pace versus last year further supports the normalised growth patterns being seen around the industry and the need for exploring all avenues for growth.

London Occupancy on the Books
INDEPENDENT VS. BRANDED

Next 90 days, as of 16 September 2024

Regional UK Occupancy on the Books
INDEPENDENT VS. BRANDED

Next 90 days, as of 16 September 2024
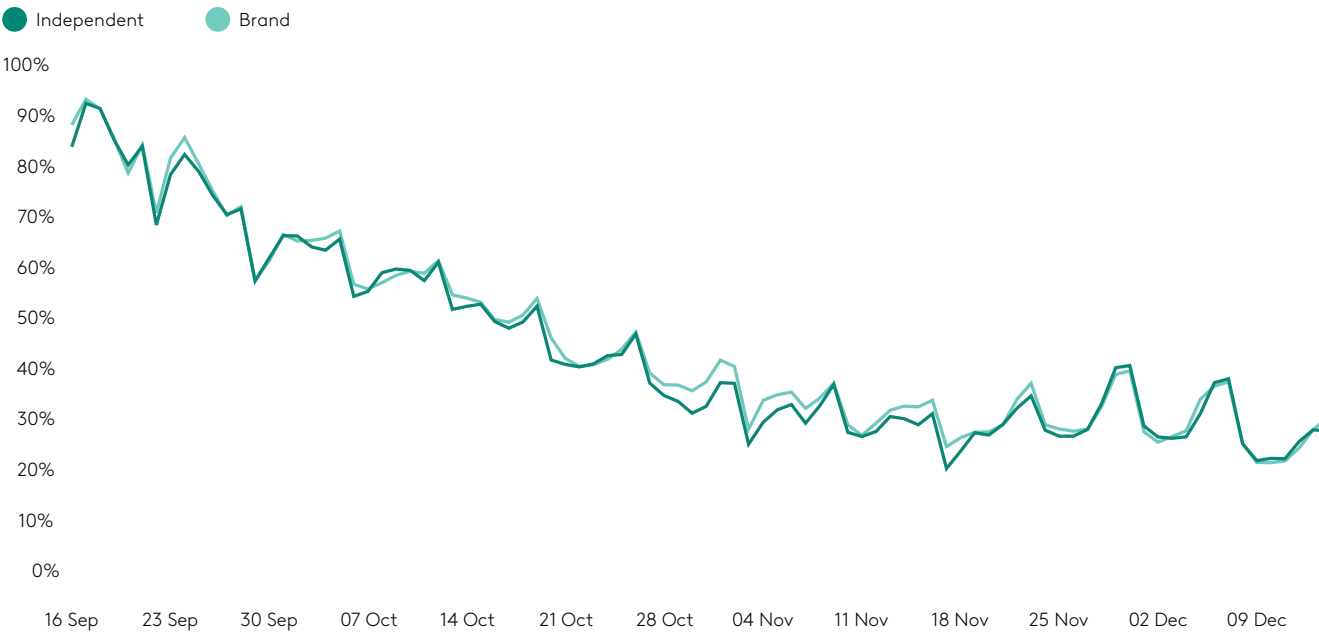
London Pickup
INDEPENDENT VS. BRANDED

Next 83 days, as of 16 September 2024
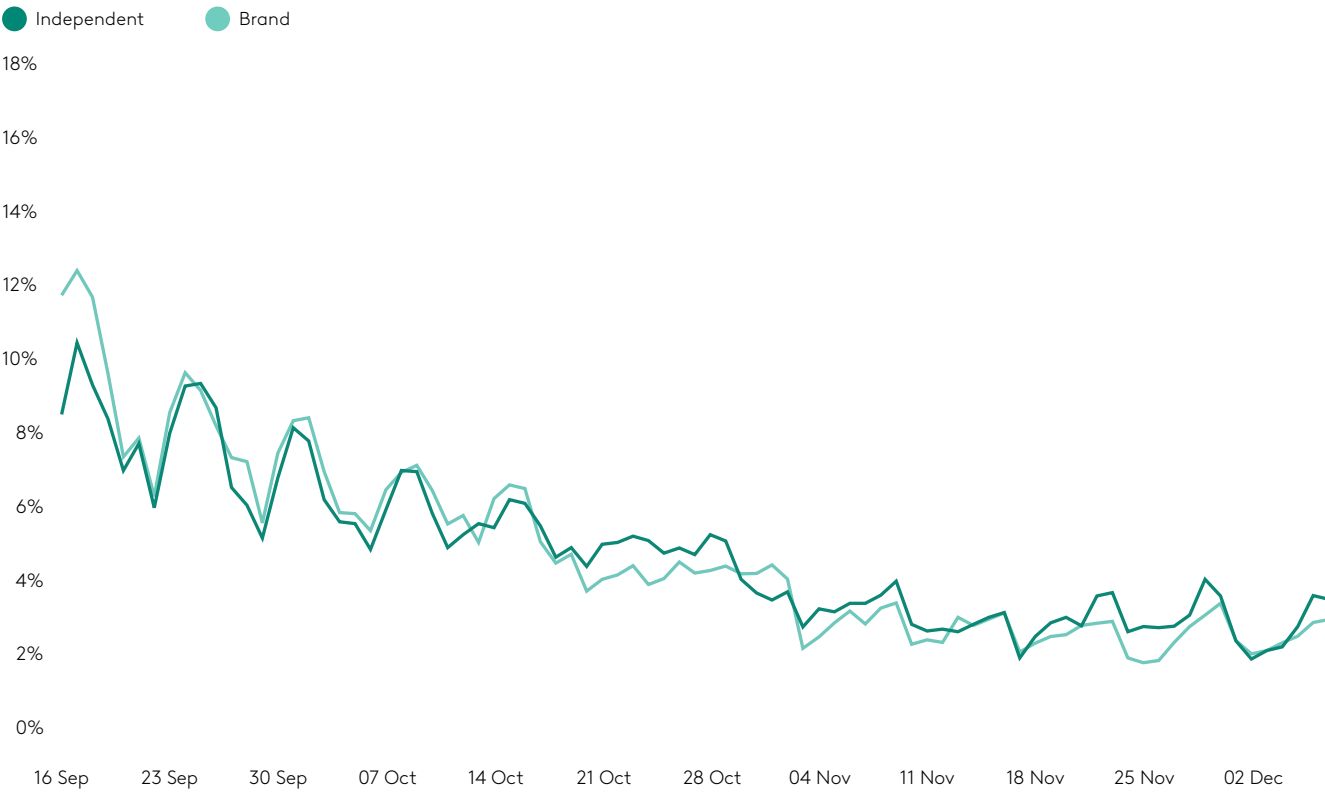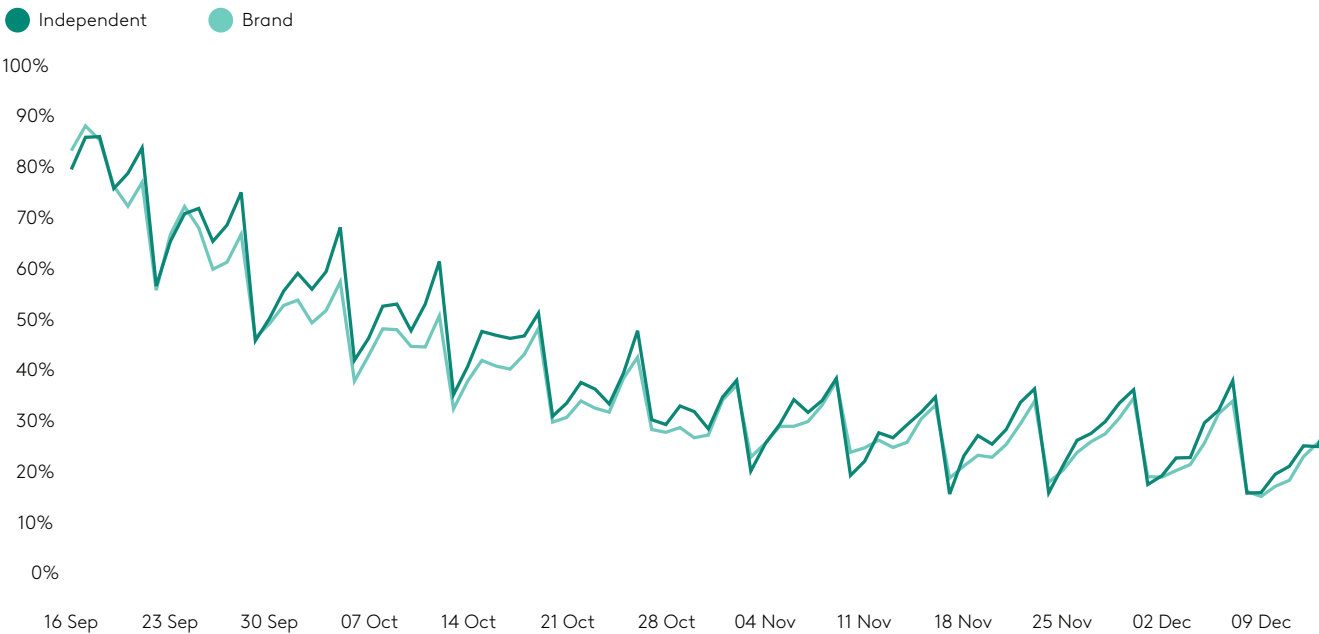

Regional UK Pickup
INDEPENDENT VS. BRANDED

Next 83 days, as of 16 September 2024

Top-Line Performance Forecast

TOURISM ECONOMICS
AN OXFORD ECONOMICS COMPANY

STR produces forecasts for 60 markets between the EMEA and APAC regions with updates made on a quarterly basis. As of the August 2024 revision, STR and forecast partner, Tourism Economics, modeled projections on increasing travel price sensitivity for the UK and Europe as a whole. For London especially, RevPAR growth in 2025 will be demand-driven, with occupancy growth outpacing ADR as new supply increases competition in the UK's capital market. RevPAR growth across the rest of the UK will be slightly more balanced, as domestic corporate and group demand in regional markets continues to improve. However, with occupancy levels both regionally and in London reaching or exceeding historic highs next year, and averaging near or over 80% annually, occupancy gains will become increasingly difficult to come by in the longer-term. Coupled with a gradual decline in interest rates, ADR will once again fuel RevPAR growth in the longer-term.

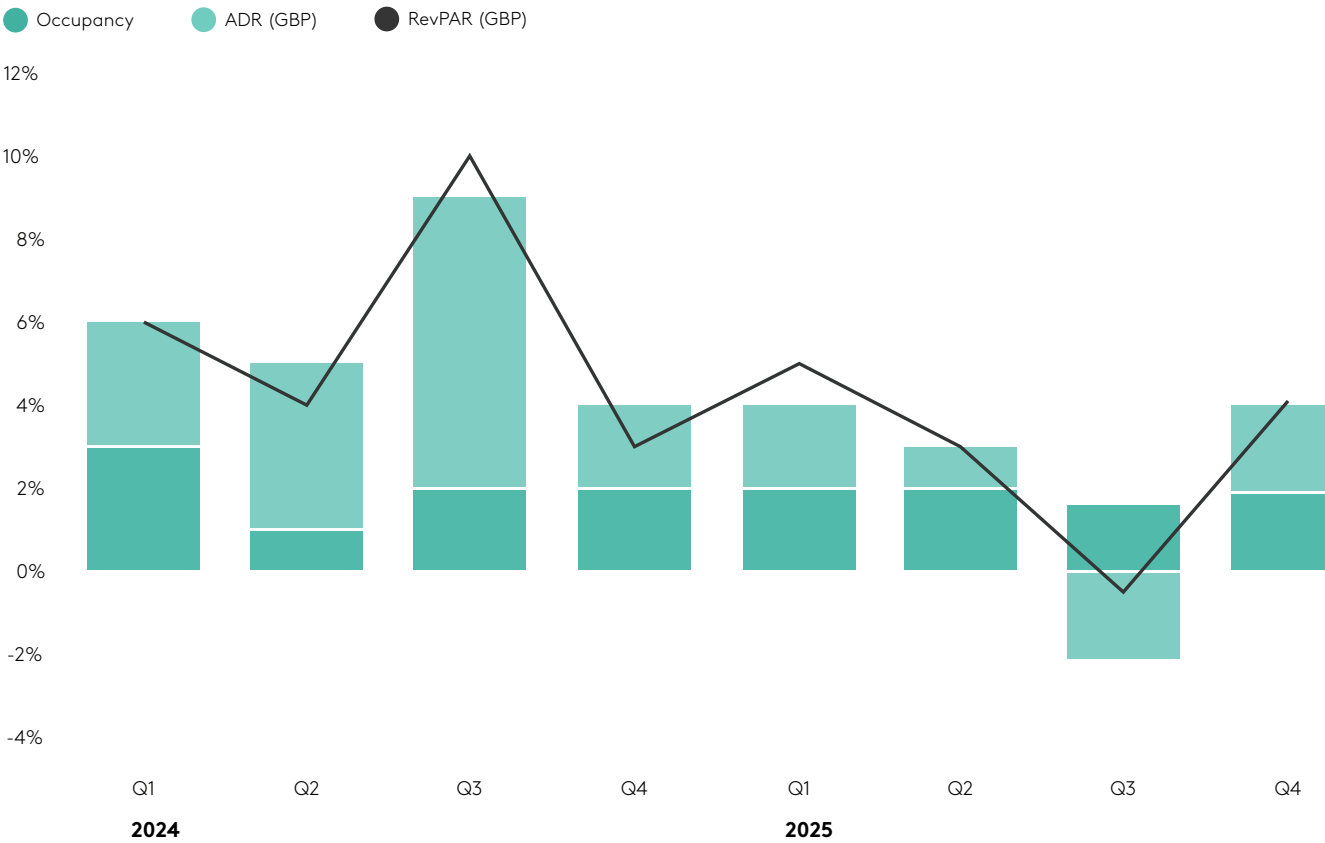## Europe recovery remains stable

% change to 2019

- 2020
- 2021
- 2022
- 2023
- 2024
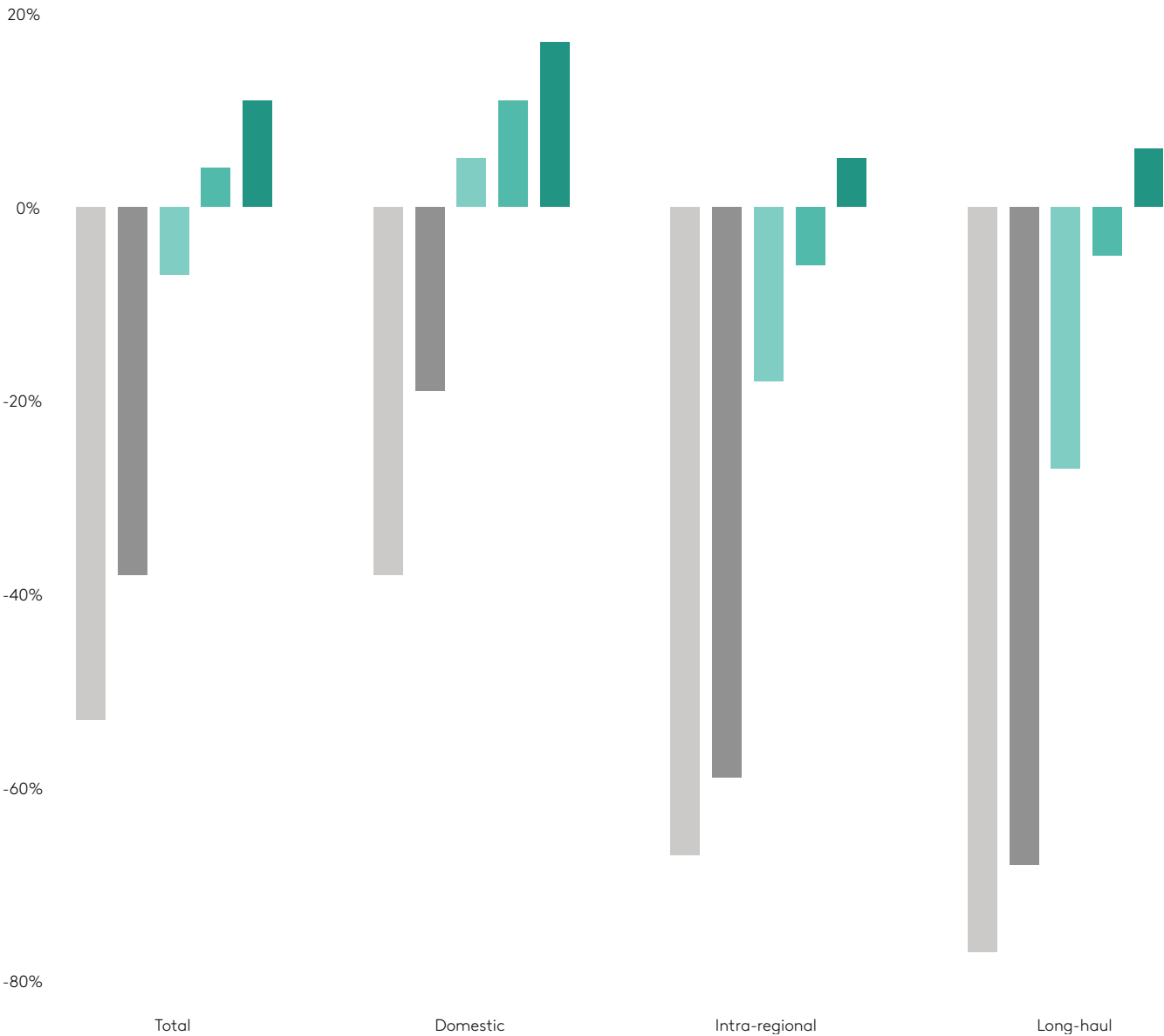
Note: Forecasts updated in December 2023

Europe RevPAR growth forecast

European markets*, YoY % change

- Occupancy
- ADR (GBP)
- RevPAR (GBP)

* Aggregated performance of Amsterdam, Barcelona, Belfast, Berlin, Birmingham, Brussels, Budapest, Cologne, Dublin, Dusseldorf, Edinburgh, Frankfurt, Glasgow, Hamburg, Leeds, Lisbon, London, Madrid, Manchester, Milan, Munich, Paris, Prague, Rome, Stuttgart, Vienna, Warsaw, Zurich

Pressure on 2024 rate growth

London Luxury class, YoY % change

- Occupancy
- ADR (GBP)
- RevPAR (GBP)
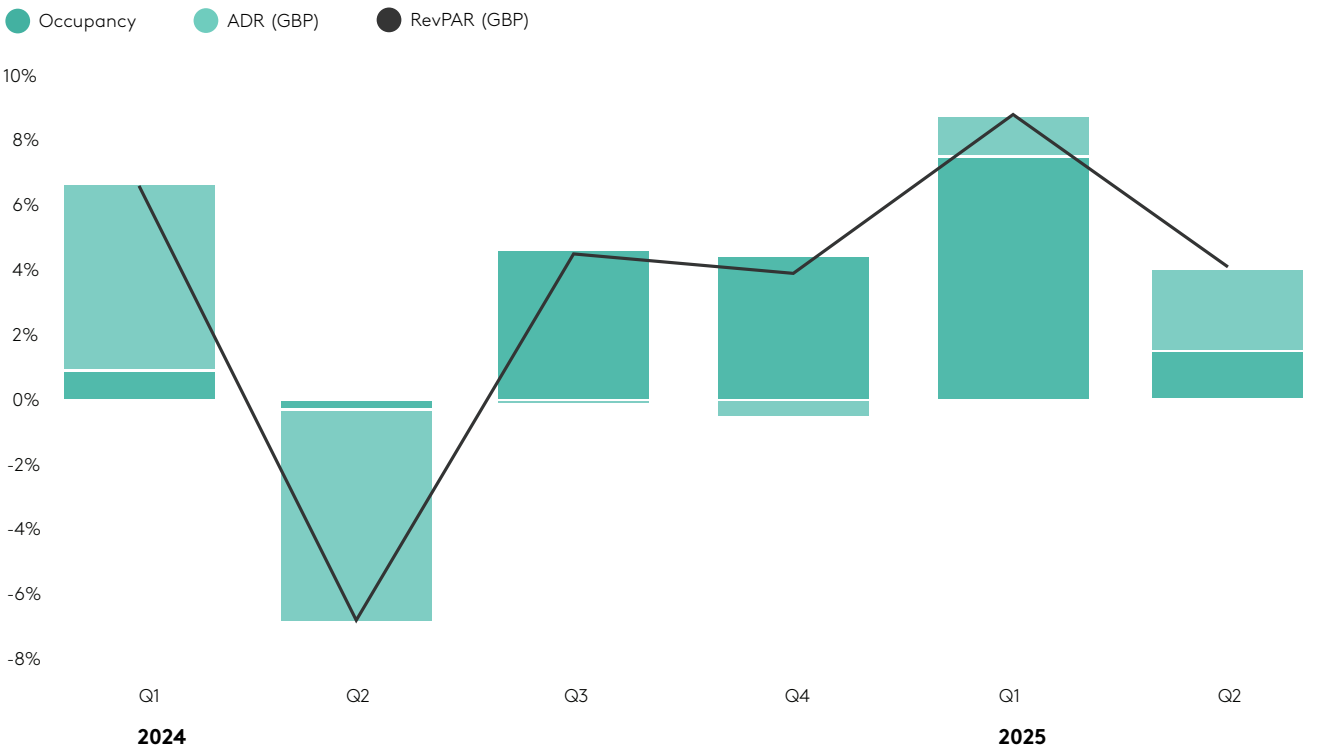
How Do You Measure Success and Improve Your Performance?

For luxury or boutique hotels, successful strategies often start with answers to specific questions, such as:

– Which days of week, months or seasons provide opportunity for further growth?

– Was focusing on occupancy or rate the right strategy?

– How are F&B revenues trending across the market and among my competition?

– What may be influencing other revenue sources relative to room revenue?

– Are my future bookings ahead or behind the market?

The answers to questions like these are found in benchmarking, the process of comparing your property's or portfolio's performance against the competition. Benchmarking adds a necessary layer of context for success and failure based on your circumstances, and the timing couldn't be better for gaining these powerful insights.

CoStar Group and STR continue to release new and powerful features into our transformative CoStar + Benchmark offering. This extensive solution combines hotel industry-focused metrics and functionality with unmatched insight into all commercial real estate property values, market conditions and availabilities.

You can harness the power of competitive share insights, available for both individual properties and entire portfolios, while refining your commercial strategy and bolstering your lead generation efforts.

To learn how you can turn data into your most valuable asset, click the link below or contact sales@str.com / +44 (0) 207 922 1930.

The transformative hotel industry solution ⊙