



**THE UK HOTEL MARKET**  
NEW CHALLENGES ON THE ROAD TO RECOVERY

# UK HOTEL MARKET OVERVIEW

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## A positive first half of 2022 with a bumpy road ahead

Following the lifting of all COVID-19-related restrictions for the travel and lodging industry in March 2022, the UK hotel market has showed positive signs of recovery with people willing and eager to travel again. Restrictions were slowly lifted across H2 2021 continuing into 2022, with short periods of increased restrictions due to the elevated number of cases.

The success of the COVID-19 vaccine in overcoming the Omicron variant has positively impacted the hotel market, despite the industry now facing an array of economic and operational challenges, including inflationary cost pressures, staff shortages and wage increases as well as supply chain disruptions. Amid this challenging trading environment, hoteliers have had to manoeuvre in a difficult market.

However, consumer sentiment has picked up which is reflected in the improvement of key performance indicators for most UK markets.

Occupancy levels have recovered at a much faster pace than anticipated since January and have neared 2019 levels in most markets since May 2022. Regional UK markets such as Edinburgh, Birmingham and Liverpool saw the highest increase in RevPAR in H1 2022, surpassing 2019 levels by 6.9%, 8.5% and 7.5% respectively.

London has been slower to recover as the City relies on international source markets as well as business travellers, though the latest data from STR shows London reached its highest monthly room rates on record, achieving ADR of £220 and an occupancy of 85%, in July 2022.

The latest figures confirm a new strategic operational trend observed since January 2022, in which operators have maintained high ADRs in order to balance some of the increasing cost pressures as well as partly protecting their profit conversions.

The success of this strategy has been made possible by a change in consumer behaviour in the face of rising costs, with holiday spending being prioritised. Barclaycard consumer spending index shows spending on Hospitality & Leisure was up by 18% in August compared to July with the biggest spending increase on travel, holiday booking agents and airlines.

The UK hotel market proved resilient throughout the pandemic and has seen its performance near or surpass 2019 levels in the first half of 2022. However, the second half of 2022 might prove more challenging with a weaker GDP growth forecast, inflation set to rise to 14% in Q4 2022 and corporate and a growing concern over the cost-of-living crisis amongst corporates and households. To address inflation, the Bank of England has already announced further interest rate increases.

As witnessed during previous periods of uncertainty or recession, this combination of factors has a negative impact on the UK hotel market. During the GFC in 2008, household spending was reduced to counteract falling asset values, unemployment and deteriorating credit conditions, while businesses looked to reduce costs and stay afloat. As a result, tourism spending was severely impacted at the time, with domestic tourism recovering faster thanks to increased staycations.

However, the appointment of a new Prime Minister might counterbalance some of the challenges the industry is facing. If the travel and hospitality industry finds the right answers, the generally positive H1 2022 sentiment can prevail. In parallel, the sector has recognised the importance of implementing ESG to manage its impact on the community.

Encouragingly, regardless of the operational headwinds and cost pressures facing the sector, investors continue to keep a long-term view towards opportunities but there is little doubt that the uncertain outlook and soaring debt costs will start to be reflected in asset pricing in the coming months. We might therefore see an uptick in distressed activity which remains still at an all-time low.

Let's roll up our sleeves, stay positive and accept the challenges ahead!



**Carine Bonnejean**  
Managing Director - Hotels



**Diane Loubeyre**  
Senior Consultant - Hotels

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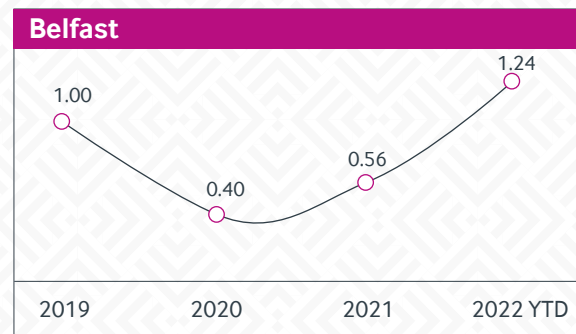
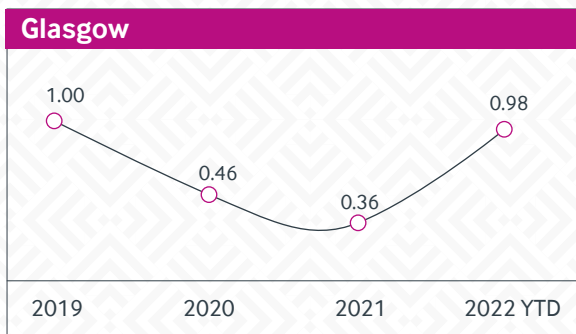
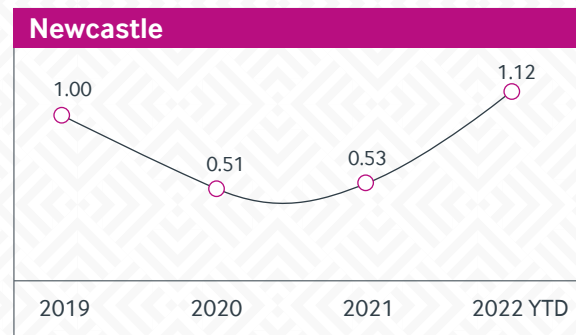
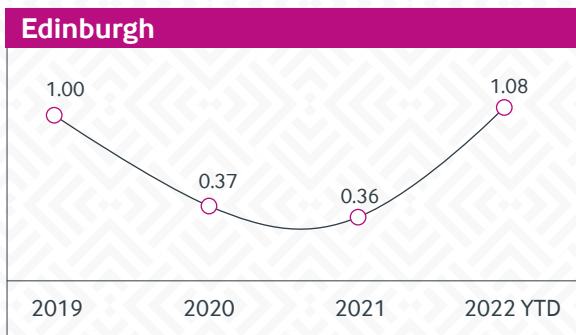
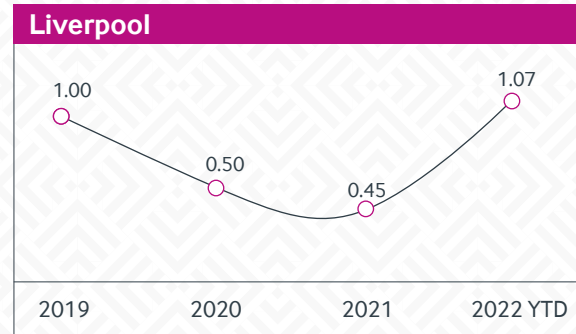
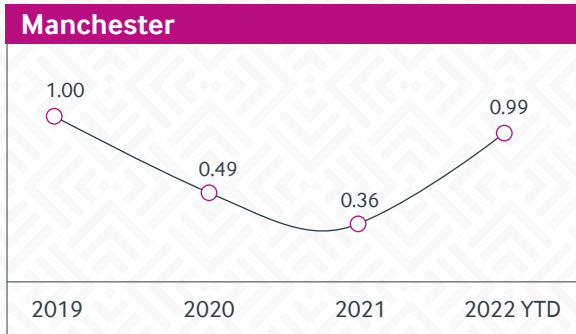
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# HOTEL MARKET KPI TRENDS 2019 - YTD JULY 2022

## RevPAR Index for North of England, Scotland and Northern Ireland (2019 = 1)



In March 2020, the world faced an unprecedented pandemic and travel restrictions deeply impacting the hospitality industry. The six major cities in the north of the UK and Northern Ireland observed a significant decline in RevPAR ranging from 50% to 63% between July 2019 YTD and July 2020 YTD. However, Belfast and Newcastle were more resilient than their counterpart in the northern regions, thanks to higher domestic demand.

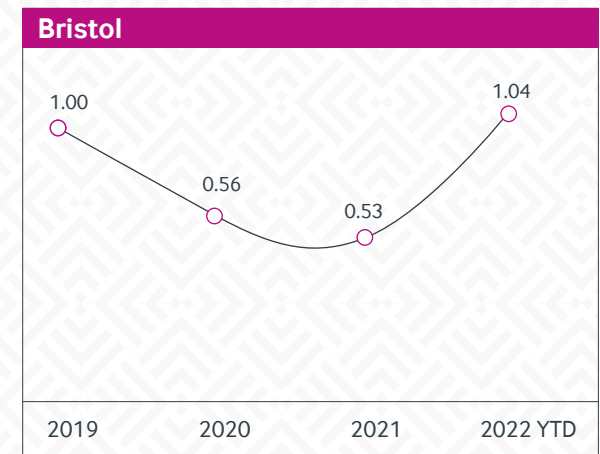
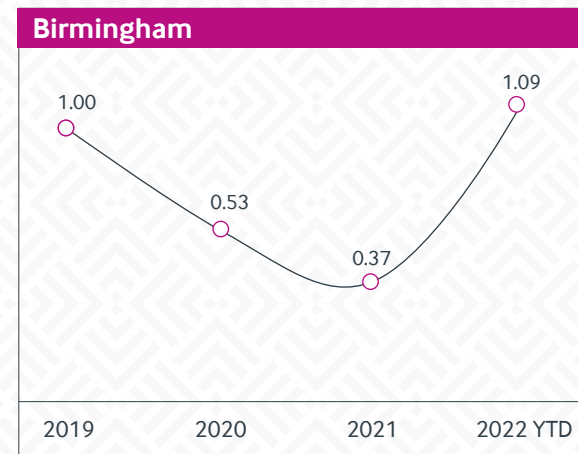
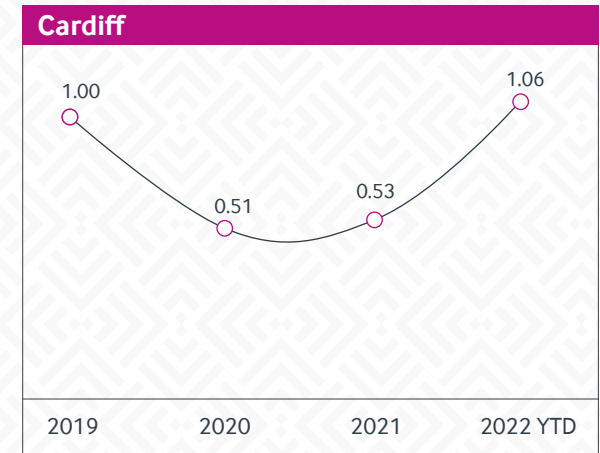
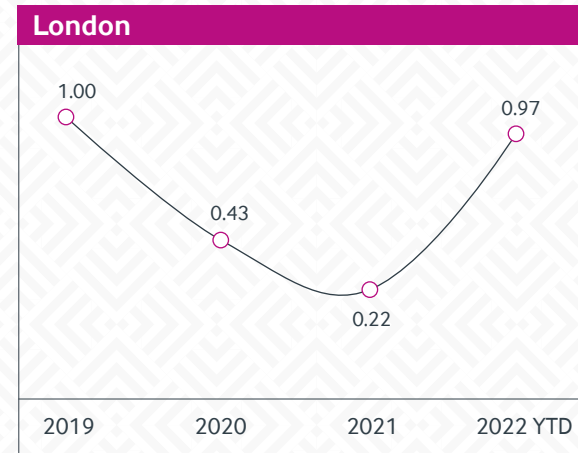
Hotels continued to feel the effects of the pandemic going into 2021 with various restrictions in place resulting in either stagnant or further declines in RevPAR compared to 2020. The six major cities continued to record declines in occupancy of up to 59% in July 2021 YTD compared to 2019 July YTD. Manchester, Liverpool, and Edinburgh recorded a significant decrease in ADR by 20%, 16% and 22% respectively between July 2019 YTD and July 2021 YTD.

RevPAR recorded stronger levels compared to 2019 for the period up to July 2022 YTD in the north of the UK. Belfast, Newcastle, Edinburgh and Manchester were 24%, 12%, 7.5% and 6.9% above July 2019 YTD RevPAR, respectively. This increase in RevPAR has been driven by a significant increase in ADR since 2019 (ranging from 9% to 21%). However, Manchester and Glasgow were still behind 2019 level in H1 2022 by 1.3% and 2.3% respectively.

# HOTEL MARKET KPI TRENDS 2019 - YTD JULY 2022



## RevPAR Index for South of England and Wales (2019 = 1)



While the south of the UK was also deeply impacted by the pandemic, the trend was slightly more positive compared to the North.

Cardiff and Bristol benefited from the staycation trend thanks to significant increases in domestic tourism demand and limited international demand due to ongoing travel restrictions. The four major cities in the South observed a decline in RevPAR ranging from 44% to 60% between July 2019 YTD and July 2020 YTD.

The initial signs of recovery were first witnessed in 2021 with slight increases in RevPAR compared to 2020. However, cities in the South were still impacted by travel restrictions until May 2021 and recorded Occupancy ranging from 40% to 60% below July 2019 YTD levels.

London showed the strongest decline amongst all the cities in the UK and Northern Ireland, with a 60%, 43% and 72% decrease in Occupancy, ADR and RevPAR respectively between July 2019 YTD and July 2021 YTD. London has historically been heavily reliant on International demand which was severely disrupted in 2020 and 2021.

In July 2022 YTD, three of the four cities in Southern UK showed an increase in RevPAR compared to July 2019 YTD. Birmingham, Cardiff and Bristol were 9%, 6% and 4% above 2019 levels, respectively. Despite a significant improvement, London's RevPAR YTD is still 3% below July 2019 YTD.

Source: STR, Christie & Co Research & Analysis

# PERFORMANCE VARIANCES ACROSS MARKETS

Following the first lockdown in March 2020, occupancy plummeted across all major destinations in the UK. This resulted in occupancy in some cities dropping significantly below 30% in July 2020.

Going into 2021, the sector was still impacted by nationwide lockdowns and travel restrictions, with most regulations being lifted in May. Despite the restrictions, the UK

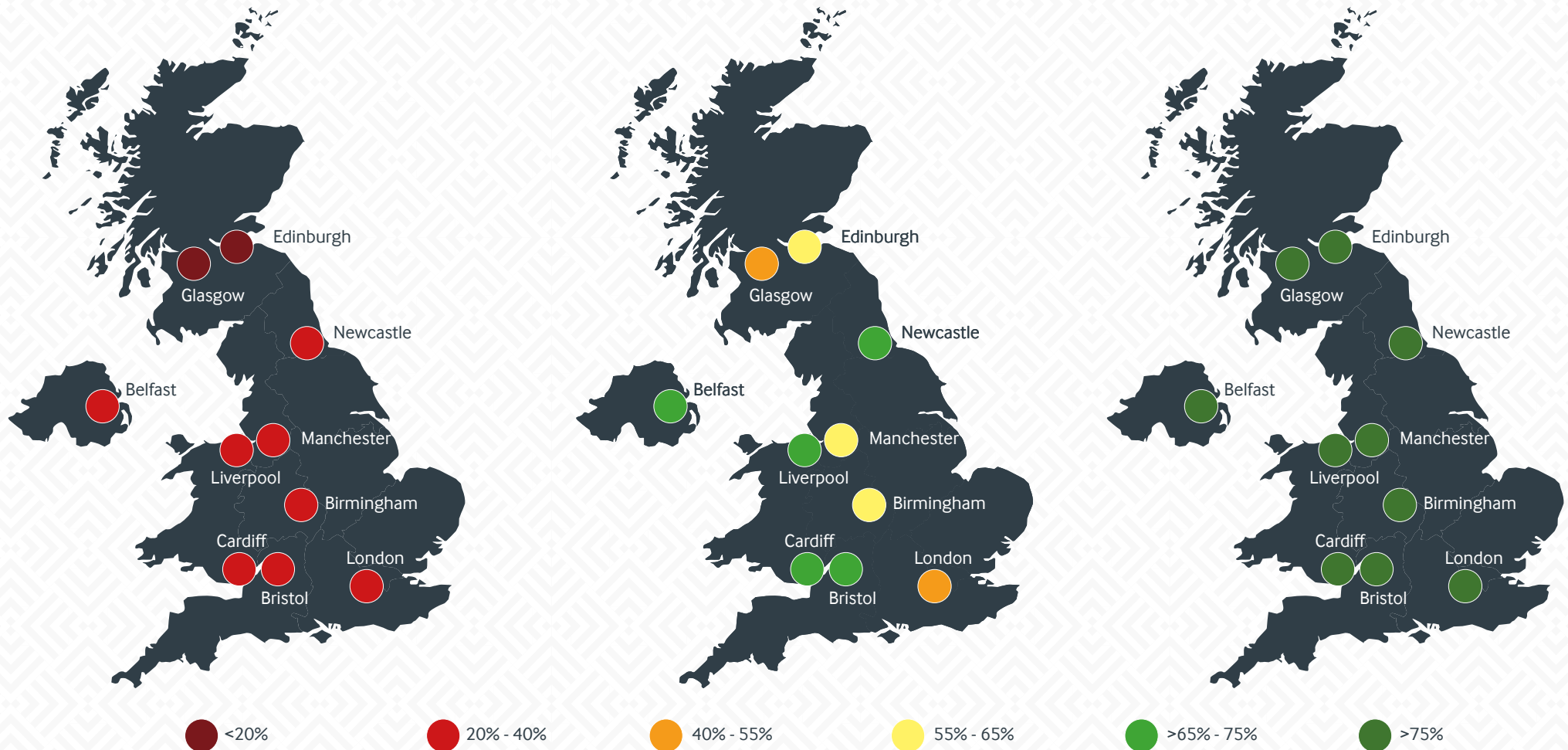
already observed strong occupancy recovery with all top 10 cities having occupancy ranging from 49% for London to 74% for Cardiff and Belfast.

In July 2022, the 10 cities recorded occupancies equal to or below 75% which was in line with 2019 levels with Birmingham, Belfast and Newcastle exceeding occupancy levels above 2019 by 7, 3 and 1 percentage points, respectively.

ACTUAL OCCUPANCY – JULY 2020

ACTUAL OCCUPANCY – JULY 2021

ACTUAL OCCUPANCY – JULY 2022



Source: STR, Christie & Co Research & Analysis

# SUPPLY ADDITIONS PRESSURE PERFORMANCE LEVELS

## Room Supply Evolution and Pipeline

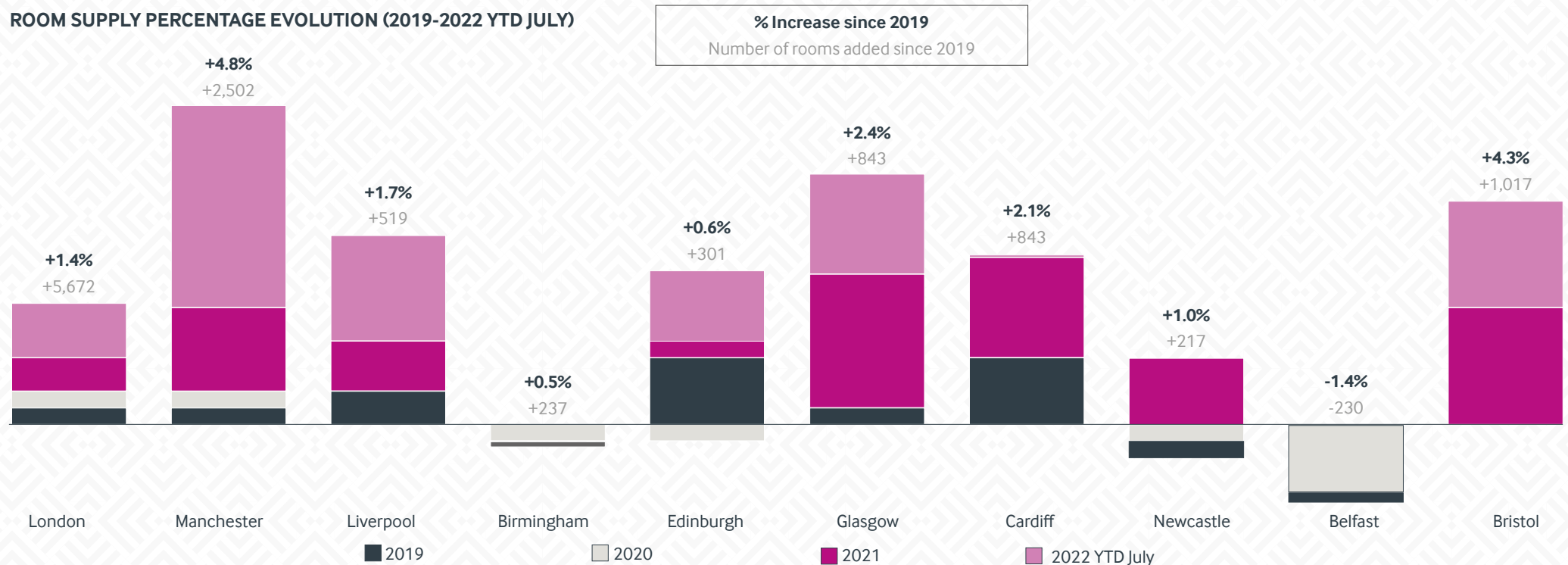
Historically, the UK and Northern Ireland's top 10 cities have sustained strong appetite from domestic and international investors. This led to a record number of hotel construction projects between 2016 and 2021, which was also partially fuelled by record-low interest rates, ranging from 0.1%-0.75%.

In 2019, 44 hotels totalling over 4,000 rooms opened across the top 10 cities in the UK and Northern Ireland. As a result of the pandemic, some openings were deferred or cancelled, causing a bulk of 53 hotels (6,442 rooms) to open across the 10 cities in 2021. London remained at the forefront of hotel openings with an additional 3,758 rooms in 2021. Belfast and Birmingham saw the number of openings decline between 2019 and 2021 by 1% and 4%, respectively, mainly due to the closure of hotels during the pandemic.

A number of hotel openings were delayed to 2022 and have now either opened or are set to open in the coming months. 30 hotels are planned this year across the 10 main cities adding 4,169 rooms to the UK market.

The top 10 cities will observe a significant increase in their supply in the next four to five years. With a planned increase in room supply between 10% to 37% of the current supply, overall c.43k rooms in final planning or construction will be added to the UK market by 2026. The pipeline will continue to be challenged by the financial uncertainty facing the UK and Northern Ireland, along with increased construction and utility costs, and shortages of raw materials.

ROOM SUPPLY PERCENTAGE EVOLUTION (2019-2022 YTD JULY)



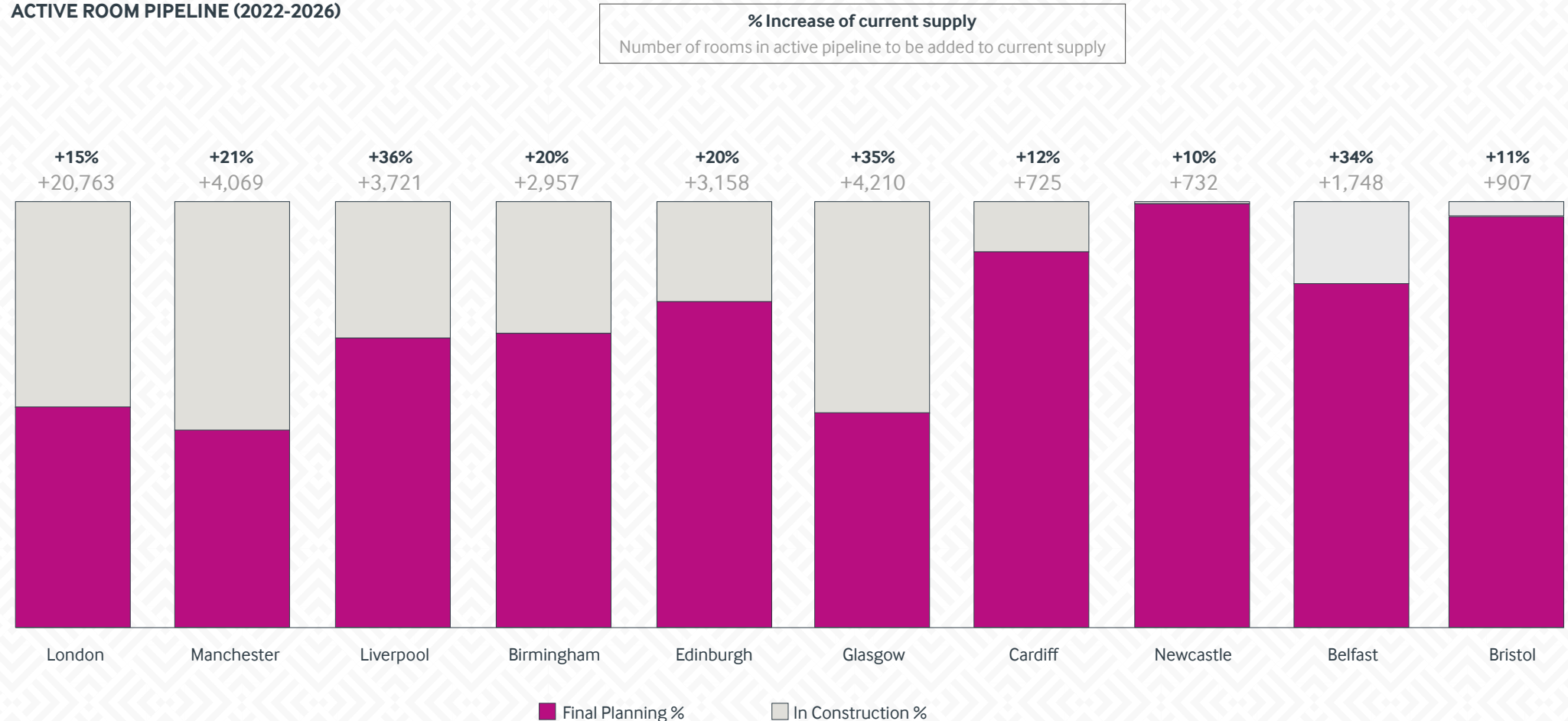
Source: AM:PM, STR, Christie & Co Research & Analysis

## Effect of supply additions on KPIs

The recent supply addition to the UK and Northern Ireland represents an additional pressure on hoteliers trying to maintain their top-line performance. However, in July 2022 YTD, the top 10 UK and Northern Ireland cities saw RevPAR ranging between -3% and +20% compared to 2019.

Liverpool recorded a CAGR increase of 1.7% to its room supply between 2019 and 2022 YTD July which did not impact the market's performance. Indeed, the city registered a RevPAR increase of c.14% between July 2019 and 2022 YTD July. London, on the other hand, was the most impacted with an CAGR increase in room supply of 1.4% between 2019 and 2022 recording RevPAR 3.4% below 2019 level.

### ACTIVE ROOM PIPELINE (2022-2026)



Source: AM:PM, STR, Christie & Co Research & Analysis



# UK HOTEL MARKET SENTIMENT

## Market Sentiment from Accor

### WHAT ARE THE CHALLENGES THAT YOU ARE FACING IN TERMS OF GROWTH?

Putting things into perspective, Accor now has over 270 hotels across the UK and has had an excellent 5-years with some of the largest growth across 2019, 2020 and 2021. 2022, however is not something to hide from. It has been a difficult year for growth for everyone with inflation, energy costs, staffing shortages and development costs rising. That said, we do have an impressive list of new openings this year including Gleneagles Townhouse in Edinburgh, Tribe London Canary Wharf and our flagship Novotel Liverpool Paddington Village. Post pandemic, our Owners are reaping the benefits of the staycation trend and the steady return of other income streams, however everyone is mindful of the wider challenges impacting business and consumers. Following a global pandemic the sector and global economy are now facing challenges at every turn, from inflation, energy costs, supply chain, staffing shortages and development costs rising. We are fortunate to see increases in RevPAR over 2019 now but with all the operating costs rising, it is proving a challenge to the bottom line. The return of travel has steadied the ship for many in crisis which is why the market hasn't seen the anticipated level of distress stock. With limited opportunities for quick investment returns and questions over inflation and interest rates many developers and investors are inclined to watch and wait. Having said that we are seeing a boom in luxury development in the UK and a continued surge in development across Europe, particularly in Eastern Europe, so where the UK may be falling short there are definitely opportunities across Europe to keep an eye on.

### HAS THERE BEEN A SHIFT IN YOUR GROWTH STRATEGY REGARDING TARGET LOCATION AND BRANDS?

There have been minor changes in Accor's growth strategy towards conversions, however the values and discipline of growing with the right people, product, places and ESG has not changed. There is currently a big push with conversion brands in which Accor have recently introduced the new addition of Emblems in the Luxury space and another collection being announced soon in the upper midscale space. Moreover, its important to mention there is also a focus on implementing positive enhancements within Accor's existing brands. Adagio introduced co-living units into their concept, whilst Novotel and Ibis have both seen new bedroom design concepts being introduced across the UK like in the new Novotel Liverpool Paddington Village or Ibis London Heathrow Terminal 5.

### WHAT CONCEPT HAS PROVEN THE MOST RESILIENT DURING AND COMING OUT OF THE PANDEMIC?

Conversion brands have done well and will continue to do so, the Mondrian in Shoreditch is a great example of this along with the more mainstream brands like Mercure and Ibis Styles which are well suited to conversions. The extended stay product also did very well throughout the pandemic, but it is now time to look past that and what is ahead of us. Accor is constantly looking to adapt and enhance our brands and guest experience along with supporting our owners to stand out, Our new lifestyle division has helped us a great deal. Ennismore is growth at record levels and we are excited to introduce the Hyde brand to London in 2023. We are keen to drive efficiencies whilst maintaining a high quality guests experience. Our platform of augmented hospitality through Live Work Play helps us to achieve this through our Live Limitless philosophy.

### WHAT OPPORTUNITIES DO YOU FORESEE IN THE SHORT TO MEDIUM TERM WHICH WOULD POSITIVELY IMPACT PERFORMANCE & GROWTH?

People want to get back to normal, the industry is going to finish the year in a great place from a trading point of view and investors are going to see that. Coming into 2023, the recovery is a year ahead of where it was predicted to be in 2020. We are a resilient industry. Hospitality is in a better place than the public expect, and investors still want to do deals. The UK is notoriously a nation that bounces back, and good time are coming soon.



I think we will finish the year in a great place; we are a resilient industry. Our recovery is a year ahead of what was predicted in 2020.



**PHILIP LASSMAN**

VP, Head of Development  
Northern Europe Accor



## **UK HOTEL INVESTMENT MARKET UPDATE**

# UK HOTEL INVESTMENT MARKET UPDATE

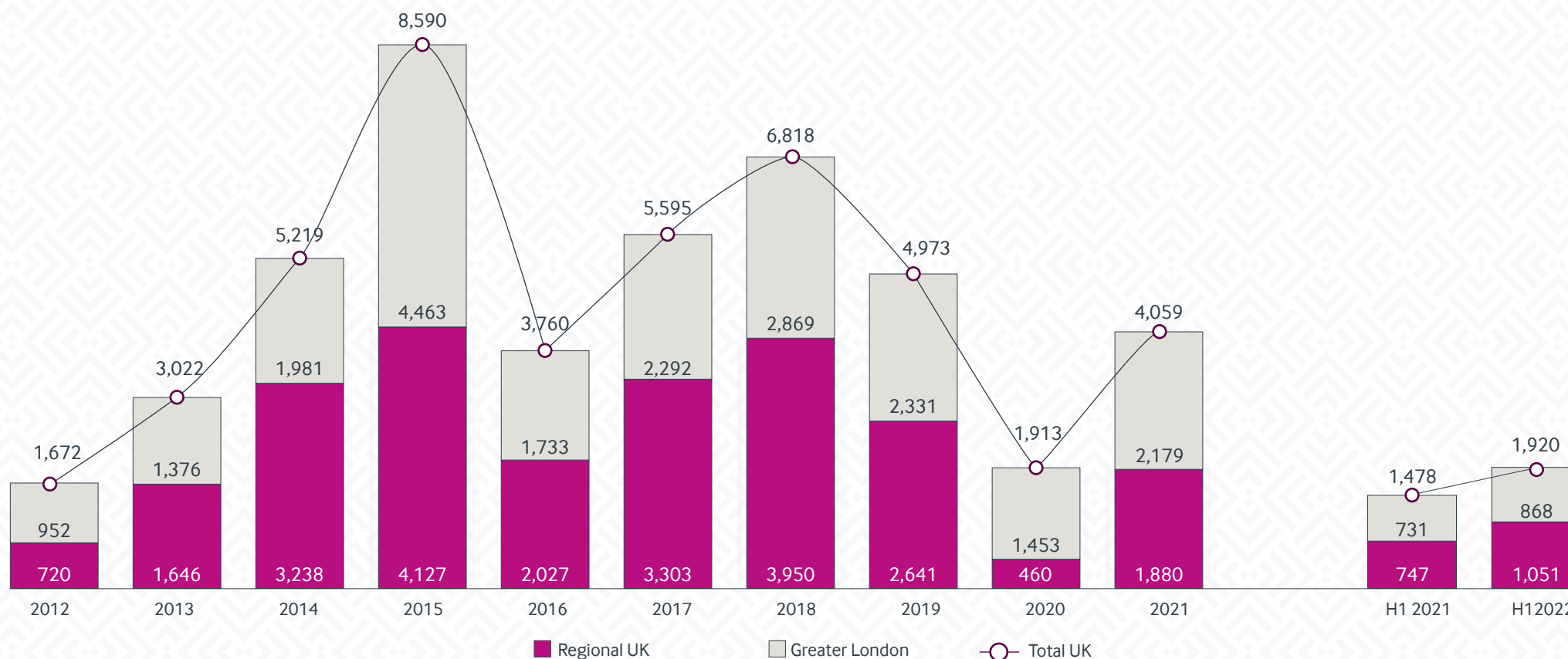
A total volume of £1.9 billion has been spent on hotel transactions in the UK in H1 2022, an increase of 32% compared to H1 2021 as the recovery intensifies. Making up just over £1 billion, individual transactions have accounted for approximately 53% of the total volume in 2022. Some of the larger transactions in H1 2022 included Frogmore and C1 Capital's acquisition of the Hilton London Olympia from Ong Beng Seng for c. £130m and the Inn Collection Portfolio acquired by Harris Family and Kings Park Capital for c. £300m according to RCA.

Between 2021 and 2022, the market observed a shift in the investor profile. In 2021, Cross Border investors represented 52% of the buyers; this number dropped to 23% in H1 2022.

Domestic buyers are far more prominent in the market partly due to travel restrictions coming off the back of the pandemic. However, it is unlikely that the dwindling share of foreign buyers will be a long-lasting trend.

Despite the new challenges that have evolved so far in 2022 around inflation, cost of living and rising interest rates, transactional volume has remained strong. Investors continue to have a strong appetite for quality products within the hospitality space. Looking ahead, a large wall of capital is still available and awaiting opportunities in the hotel sector; however, a cautious approach is being adopted due to the economic backdrop and additional cost of servicing debt.

## UK HOTEL TRANSACTIONAL VOLUME (£M)



# HOTEL INVESTMENT TRENDS IN THE UK

## Market Sentiment from Christie & Co

### WHAT HAS IMPACTED TRANSACTIONAL VOLUME IN 2022?

Thus far in 2022, there has been almost £2 billion of hotel transactions in the UK market, which is 32% above 2021. However, despite the increase in YoY transactional volume the numbers are still 32% below 2019 and 27.5% below 2018. This is due to a lack of quality supply in the market and lack of willingness to lend from traditional debt providers.

Moreover, investors and entrepreneurs continue to have a strong appetite for real estate, particularly for branded, franchised regional UK hotels. Since 2020, the transactional market has seen a significant increase in domestic buyers, largely due to the fact they can easily visit the assets. This trend has continued into 2022, with 77% of the UK volume credited to domestic investors.

### WHAT KEY DRIVERS AND TRENDS HAVE DOMINATED THE MARKET IN 2022?

Hotel owners and operators have been analysing their operating models looking at new and innovative methods to reduce rising expenses especially regarding labour, utility and supply costs.

To achieve costs reductions, hotels are implementing new technology such as self check-in. They are also increasingly turning to renewable sources of energy which benefit their bottom line as well as their property value. This is positively affecting the transactional landscape because investors like the idea of lean hotels with efficient and healthy profit margins. The same buyers are also very cautious of the age and environmental efficiencies of properties which have a significant effect on pricing.

Additionally, it is prudent to keep an eye on how consumers will react to the rise of their own costs pressures, might some consumers cut back on one or two leisure trips as a result?

### WHAT OPPORTUNITIES AND POTENTIAL CHALLENGES WILL INVESTORS FACE GOING FORWARD?

Looking into the short-term outlook of hotel investments, the areas to invest in will continue to expand, which in turn will further extend buying opportunities. Pricing expectations between buyers and sellers will get closer due to pressure and distress in the market, presenting various opportunities for investors. There is capital to be spent, however investors may have been waiting for further clarity on various ongoing situations to make sure that pricing reflects the market.

The situation could be similar to that of 2013 & 2014, where some of the best deals were completed which makes this a great time to buy the right opportunity. Opportunities will continue to grow and there are properties coming back into the market at lower prices. It is also worth noting that it may be better value to buy a hotel rather than develop due to inflation in construction costs. Hotel investors are encouraged that UK trading performance has been above 2019 levels with economic forecasters suggesting that there will be respite from inflation and other cost factors in 2023/24.

**Christie & Co has completed  
on 67 UK hotels as at YTD  
September 2022**



This is a great time to buy and there will be opportunities going forward. As we saw in 2013 & 2014, these are some of the best deals ever done.



**JEREMY JONES**

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# UK HOTEL MARKET SENTIMENT

## Market Sentiment from Pygmalion (page 1 of 2)

### HOW ACTIVE HAS PYGMALION CAPITAL BEEN SO FAR IN 2022?

The level of opportunities coming to market in the UK has been subdued and very often evident of the gap between buyer and seller expectations. The UK is a well-established market which also concentrates a high volume of capital on a small number of deals, which results in significant competitiveness and price inflation. Pygmalion Capital is focused on value-add, opportunistic investments. As the market becomes more and more established, such deals are harder to find. We believe the market fundamentals are strong and we continue to work on several opportunities and sourcing the right deals for our capital profile.

### DO YOU THINK ANY LONG-TERM OPPORTUNITIES/TRENDS THAT HAVE ARISEN FROM THE PANDEMIC ARE HERE TO STAY?

On the operational side, we are likely to see a continued focus on improving working conditions for employees at hotel properties, such as working from home and more flexible hours, to compete with trends in other industries. This trend is likely a result of operators struggling to retain employees when unemployment levels are at historically low levels and skilled labour is hard to find. Nonetheless, a restructuring in the working conditions for employees in hotels is well overdue and hopefully the momentum will prevail.

We are also seeing a rise in digitalisation with guests being more receptive to automation of certain processes that were trialled during the pandemic, such as food ordering, check-in and in-room dining. These trends took a while to reach the hotel industry and they were accelerated during the pandemic. We believe they are here to stay as guests are accepting them and operators are open to more efficient processes.

### WHAT KEY DRIVERS WILL BOOST HOTEL LIQUIDITY IN 2022 AND BEYOND?

Given the current economic situation, we expect to see more off-market distressed transactions taking place as some hotels have not had enough time to recover performance and create a strong base line for the winter season. Operations are going to be further challenged and likely some owners will have to place assets on the market.

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**ANDREEA BODEA**

Investment Associate  
Pygmalion Capital Advisers LLP

# UK HOTEL MARKET SENTIMENT

## Market Sentiment from Pygmalion (page 2 of 2)

**WITH COST OF LIVING RISING AND INFLATION HITTING AN ALL-TIME HIGH, THE CONSUMER PRICE INDEX IS AT ITS HIGHEST LEVEL SINCE THE 1990 RECESSION. HOW WILL THIS SHAPE THE UK HOTEL MARKET GOING FORWARD?**

It is difficult to fully predict what the effects on the market will be. However, if the past is any proof we are likely to experience a reduction in hotel demand as discretionary income is reduced and household spending is concentrated on the necessities, with first items to be cut being leisure travel. We are also likely going to see hotel projects being cancelled or postponed. Often, we might see a change of use from the initial planning permissions from hotel to maybe residential. Moreover some of the older hotel stock might be converted to other uses. Well-invested assets are likely to fare better in a recession as they will secure a competitive position in the market whilst lower quality hotels could be removed from the market. Additionally, in the last 10 years we saw substantial development taking place, often on limited demand fundamentals or in more challenging markets. Some of these assets were never meant to be hotels and we are likely to see conversions where possible. Furthermore, it is possible more distressed opportunities will be brought forward from over-leveraged businesses and there might be a consolidation of owner-operators as profit margins come under pressure.

### WHAT IS YOUR OUTLOOK FOR THE UK HOTEL MARKET?

#### I. What trends do you envisage will evolve in 2022 and 2023?

In the short to medium term, we will need to battle with inflation, especially in the energy and food sectors. At Pygmalion Capital we are focusing on future-proofing our assets by investing in energy efficiency measures, some of the initiatives were carried out in 2019 and we are fortunate to see the benefits now. We are working closely with our partners to ensure that our properties and teams are well-prepared for the winter season. We are likely to see at industry level a higher focus on energy efficiency and that will be brought forward both by consumers and from an investment perspective as top of the agenda.

#### II. Should we expect any challenges going forward?

Main challenges are going to be maintaining profitability levels in the hotels whilst managing increases in labour costs, lack of staff and increases in utilities and food costs. Partnering with an efficient operator will be paramount. On the investment side will be ensuring that lending is still available for new purchases and that we can find ways to bridge the gap between sellers and buyers.

#### III. What opportunities exist?

At Pygmalion Capital, we see an opportunity for historically under-invested hotel assets to reintegrate in the hotel market. Updating some of the legacy stock in the market will provide a better product for customers, more aligned with the demands of the current travellers. We are likely to come out of this with better assets and more sustainable hotels, both in terms of ESG and in terms of operations and financing.



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**ANDREEA BODEA**

Investment Associate  
Pygmalion Capital Advisers LLP

# FACTORS IMPACTING THE HOTEL MARKET

During the pandemic, hotel performances were heavily supported by an increase in staycations, especially in Belfast, Cardiff, Newcastle and in more rural areas.

**The hybrid concept and flexible** spaces which gained popularity during the pandemic, are still highly desirable today. Travellers expectations of hybrid hotel spaces have increased over the past year as guests look for places where they can work, sleep and socialise.

Despite seeing a positive trend for hotel trading performance, the UK is facing a period of economic uncertainty due to inflation and utility price hikes which will impact trading in the coming months. Utility costs have doubled within the 2018-2022 period, which has translated into higher gas and electricity prices per unit, and this has been further impacted by the war in Ukraine. In addition, interest rates are expected to increase significantly by the end of 2023, which will have a direct impact on hotel financing facilities and the cost of debt. Hotels are also facing operational challenges such as staff shortages and wage increases, which directly impact their bottom line.

Hoteliers have mitigated the effects of cost increases and **lower occupancy so far by maintaining higher ADR compared to 2019 levels**.

On the 6th September, 2022, Liz Truss was appointed Prime Minister and has since announced a two-year **cap on gas and electricity prices for households**. Following this, on the 23rd September, the new Chancellor, Kwasi Kwarteng delivered his mini budget which included various changes to tax and national insurance, an extended waiver on stamp duty for first-time buyers and support on energy bills for UK businesses over the next six months. These measures, particularly a cap on utility costs, are extremely positive in the short term and offer some respite to the hotel industry, which is already stretched.



Despite seeing a positive trend for hotel trading performance, the UK is facing a period of **economic uncertainty** due to inflation and utility price hikes which will impact trading in the coming months.



Strong staycation numbers supporting occupancy levels in most rural locations as well as high ADRs feeding hotels bottom-lines

Growing consumer interest in hybrid concepts and more flexible accommodation

Appointment of new prime minister and new support package for the UK hospitality sector will help mitigate the current economic environment

Ukrainian War leading to an increase in gas and electricity costs

BOE base rate expected to **rise to 3%** at the end of 2023

Annual inflation expected to **go up to 10.1% for 2022** compared to **2.5% in 2021**

Staffing and Payroll increases are putting pressure on operating margins

Pound hits all-time low against dollar after the mini-budget is announced





**EMERGING TRENDS 2022**



# EMERGING TRENDS IN HOSPITALITY

Every journey begins with the first step!



Environmental



Social



Governance

**Environmental, Social and Governance (ESG)** has been a growing consideration in recent years. In 2021, it was estimated that 72% of travellers considered sustainability while booking their holidays. This percentage represents a 16% increase compared to 2016. Hotel owners must keep in mind that ESG should be considered and implemented across the whole asset lifecycle, beginning with the development of the hotel to its disposal. Moreover, not only is it important for travellers when choosing a hotel, but also for employee attraction and retention. ESG has become a competitive advantage for employers especially when recruiting millennials.

The importance of ESG from a financial standpoint cannot be underestimated with investors and lenders slowly aligning their strategies to ESG requirements. Although, this is a slow process with a number of firms still waiting for evidence that environmentally-friendly hotels can produce better returns, this is expected to accelerate with the rise in utility costs across the UK. In turn, this may force hospitality industry owners and developers to align their product with ESG standards quicker than new mandatory government legislation may require. In addition, being environmentally compliant will also enhance a business's ability to finance potential developments with ESG now considered an important factor for lender due diligence and credit approval processes.

## CASE STUDY

room2 Chiswick has set a new industry standard by becoming the first 100% net zero carbon hotel, from the construction, operation and eventual deconstructions of the building.

# 72%

of travellers considered sustainability while booking their holidays

## Christie & Co Corporate Responsibility

### OUR FUNDRAISERS

Our colleagues get involved with social projects, fundraisers, and organisations through various internal and external events

### BEING ECO CONSCIOUS

We use environmentally friendly, recyclable cleaning supplies and also place particular emphasis on recycled office materials

### LIMITING OUR TRAVEL

We try to keep our business travel to a minimum and use public transport as much as possible

### OUR INTERNAL "THINK TANK"

In 2017 we implemented an internal "think tank" to actively shape and advance Christie & Co as employees



# EMERGING TRENDS IN HOSPITALITY

## HOTEL OF THE FUTURE AND RETHINKING THE GUEST EXPERIENCE

Hybridization of the hospitality industry has been growing and is set to continue its expansion into the market, reshaping the guest experience and expectations. Waves of innovation have been part of hotel market history, first in the 1990s with the expansion of services offered within a hotel, to the emergence of lifestyle hotels and then the blurred lines between hostels and hotels. The pandemic has shaken the industry to produce a new set of expectations which combines the environmental focus of the new generation, the demand for more flexible and hybrid spaces and a personalised guest experience through digitalisation.

It is likely that the demand for carbon zero hotels which embrace the fight to combat climate change through innovative construction and design will grow and become the new norm, impacting hotel attractiveness for guests and investors alike.

In parallel, hotels are now expected to offer more than a room with ancillary services. Hotels are to be part of a community with flexible spaces catering to new hybrid forms of living and working as well as unique experiences. New technology and digitalisation can help bridge the gap between traditional hotels and the hotel of the future.

## HOTEL FINANCE TRENDS, A CHRISTIE FINANCE SENTIMENT

Coming out of the pandemic, we are seeing traditional high-street banks looking at the hospitality industry more favourably than in the height of COVID-19. However, they are still very risk averse and conservative in their approach to lending which has led to challenger banks coming back into the market. These challenger banks established a name for themselves during the last crisis in 2012 and were supported by the UK Government to “challenge” the larger banks and lenders.

Moreover, the hotel sector has been performing in an upwards trend for a near 12-month rolling basis which has steered some lenders to look at the industry in a more optimistic way. However, they are keeping a careful eye on how operators are trying to mitigate the current pressures in the market such as the rise in staff and energy costs as well as inflation. There is a lot to manage in the coming months and this will be key for banks to decide how much they can support the industry. In some cases, clients have seen their request for financing rejected due to banks taking a step back from the industry allowing Christie Finance to step in and broker potential alternative deals.

Source: Christie & Co Research & Analysis



Challenger Banks have continued to establish themselves in the past 24 months with full support from the UK Government.



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**TOP 10 CITIES - PERFORMANCE AND OUTLOOK**


# HOTEL MARKET LONDON

With over 9 million inhabitants, London is the largest city in the UK, with close to 14% of Great Britain's population living in the capital. The city is one of the world's leading financial centres and a major hub for international business. Furthermore, the capital has consistently ranked among the most visited destinations worldwide, both for leisure and business travel.

The London hotel market currently comprises c. 1,485 hotels and around 138,600 hotel rooms with 2020 & 2021 recording a slight decrease in hotel properties (from c.1,550 in 2019 to c.1,485 currently) as the pressure of COVID-19 forced some unviable businesses to permanently close. Currently, there are 219 hotel projects with 20,763 rooms in the active pipeline.

## KEY HIGHLIGHTS

 **9.04m**  
Population

 **5.4%**  
Unemployment rate:  
(April 2021-March 2022)

 **38m**  
Airport passengers (2021)

Notes: <sup>1</sup> Latest available data.; Source: Statistical Office of each Region; MSCI Real Capital Analytics ([www.msci.com](http://www.msci.com)); STR; NOMIS; ONS; Christie & Co

## OVERVIEW

### Key Companies



### Key Leisure Demand Generators

- The National Gallery
- Buckingham Palace
- Hyde Park

### Key Corporate Demand Generators

- Canary Wharf
- City of London
- St Pancras International

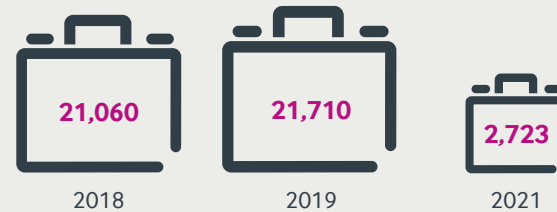
### Key Transactions

**The Exhibitionist**  
37 keys, £10.6m,  
Mar 2022

**Hilton London Olympia**  
405 keys, £130m,  
Apr 2022

## DEMAND

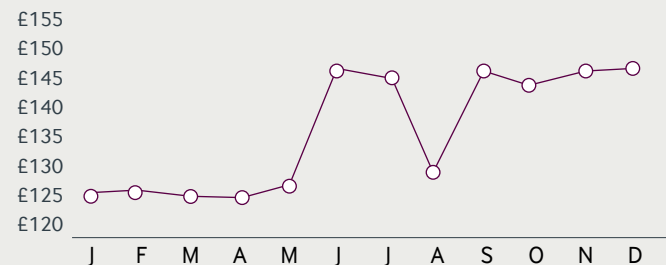
### Visits to the City (000')



### Performance: 2022 YTD (Indexed to 2019)

**114** ADR      **85** Occ      **97** RevPAR

### RevPAR Seasonality (2019-2021)

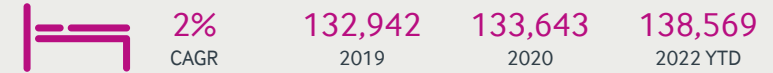


## SUPPLY EVOLUTION

### Hotels and B&Bs



### Rooms



### Selected Recent Hotel Openings

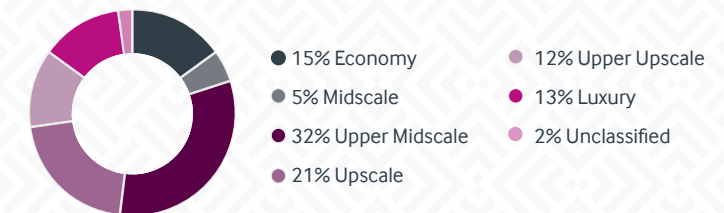
TRIBE London Canary Wharf, 315 keys	Dao by Dorsett West London, 74 keys
citizenM London Victoria Station, 226 keys	Travelodge London Docklands Central, 350 keys
Lost Property St Paul's London, Curio Collection, 145 keys	Hotel AMANO Covent Garden, 141 keys

## MARKET OVERVIEW & PERFORMANCE

Despite a shift in travellers' behaviors, London remains the most popular and established destination for both leisure, business and events. Thanks to its various demand generators, London records stable performances across the year, with June, July and September being the peak months.

The city's occupancy has yet to fully recover, 12% below July 2019 YTD levels in July 2022 YTD. However, a 14% increase in ADR compensated for a slower occupancy producing a RevPAR only 3% below July 2019 YTD in July 2022 YTD.

### Room Pipeline (Final Planning & In Construction)



### Major Future Openings (100+ Rooms)


Travelodge Wimbledon, 177 Keys, Opening Oct 2022  
Zedwell Greenwich, 122 Keys, Opening Oct 2022  
Art'otel, 160 Keys, Opening Nov 2022  
Premier Inn Canary Wharf, 400 Keys, Opening Nov 2022

# HOTEL MARKET MANCHESTER

Manchester is a major centre for the arts, finance, media, sport, and higher education. The city has the country's 5th largest population at 547,627 (as of 2018) and lies within the United Kingdom's second-most populous urban area, with a population of 2.9 million. The city is well connected to the rest of the country with Liverpool, Birmingham and London accessible within 1-2.5 hours. Manchester is the UK's third most popular destination for international visitors after London and Edinburgh with 13.9m international overnight stays in 2019, representing 62% of total overnights. During the period 2019-2022 July YTD, 8 hotels closed (-434 rooms) and 17 hotels opened (+3,041 rooms) with a further 31 hotels (+4,069 rooms) in the active pipeline.

## KEY HIGHLIGHTS

 **2.9m**  
Population (2021)

 **5.4%**  
Unemployment rate:  
(April 2021-March 2022)

 **6.1m**  
Airport passengers (2021)

## OVERVIEW

### Key Companies



### Key Leisure Demand Generators

- Manchester Piccadilly Station
- Manchester Art Gallery
- Chinatown

### Key Corporate Demand Generators

- Manchester City Centre
- Manchester Town Hall
- AO Arena

### Key Transactions

**Maldron Hotel**  
188 keys, £30m,  
Jan 2022

**Brooklyn Manchester**  
189 keys, £24m,  
Feb 2022

## DEMAND

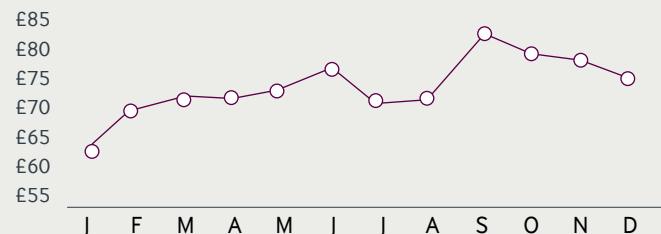
### Visits to the City (000')



### Performance: 2022 YTD (Indexed to 2019)

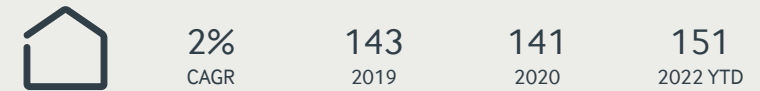
**109** **90** **99**  
**ADR** **Occ** **RevPAR**

### RevPAR Seasonality (2019-2021)



## SUPPLY EVOLUTION

### Hotels and B&Bs



### Rooms



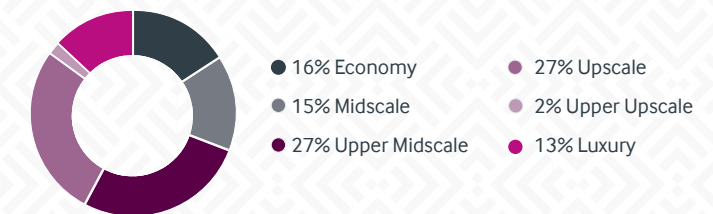
### Selected Recent Hotel Openings

Crompton's at The Waterside, 4 keys  
Leonardo Hotel Manchester Piccadilly, 275 keys  
Wilde Manchester St Peters Square, 256 keys  
Motel One St Peters Square, 330 keys  
Maldron Hotel Manchester City Centre, 278 keys  
Clayton Hotel Manchester City Centre, 329 keys

## MARKET OVERVIEW & PERFORMANCE

In 2021, Manchester became the 2nd most visited city out of the selected 10 cities in the UK, even though the number of trips decreased by 84% between 2019 and 2021. The 9% increase in ADR between July 2019 YTD and July 2022 YTD has not been enough to compensate for the 10% decrease in occupancy and resulted in a RevPAR 1% below 2019 levels.

### Room Pipeline (Final Planning & In Construction)



### Major Future Openings (100+ Rooms)


Premier Inn Exchange Square, 235 keys, Opening May 2023  
TRIBE Hotel Broad Street, 322 keys, Opening Jun 2025  
NYX Hotel By Leonardo Hotels, 261keys

# HOTEL MARKET LIVERPOOL

Before the pandemic, Liverpool was the 7th most visited city in the UK above Bristol, Cardiff and Newcastle. As a UNESCO World Heritage City, Liverpool benefits from strong leisure demand. The city is also home to two Premier League Football teams and football events generate high national and international demand. Additionally, the city also attracts leisure demand from music fans, as Liverpool is the birthplace of The Beatles. In recent years, business visitation increased due to the opening of the ACC (2015), an exhibition and conference centre hosting economical and political summits as well as various fairs and events. During the period 2019-2022YTD, 4 hotels closed (-208 rooms) and 14 hotels opened (+943 rooms) with a further 44 hotels (+3,721 rooms) in the active pipeline.

## KEY HIGHLIGHTS

 **906k**  
Population

 **4.5%**  
Unemployment rate:  
(April 2021-March 2022)

 **1.2m**  
Airport passengers (2021)

Notes: <sup>1</sup>Latest available data.; Source: Statistical Office of each Region; MSCI Real Capital Analytics (www.msci.com); STR; NOMIS; ONS; Christie & Co

## OVERVIEW

### Key Companies



### Key Leisure Demand Generators

- Royal Albert Dock
- Maritime Museum
- Tate Liverpool

### Key Corporate Demand Generators

- Old Hall Street
- ACC Liverpool
- Knowsley Business Park

### Key Transactions

**Hilton Liverpool**  
263 keys, undisclosed £,  
Jun 2021

**Aloft**  
116 keys, £12 m,  
Dec 2021

## DEMAND

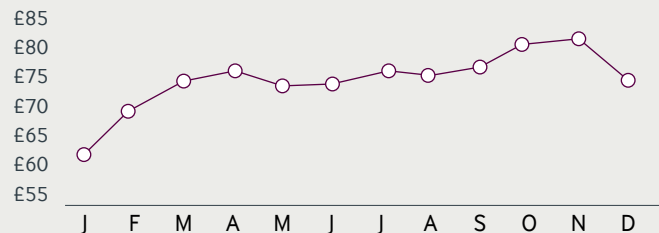
### Visits to the City (000')



### Performance: 2022 YTD (Indexed to 2019)

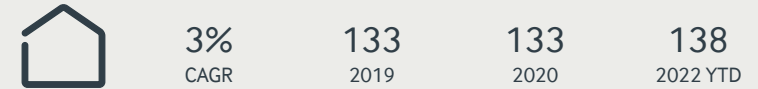
**114** **94** **107**  
**ADR** **Occ** **RevPAR**

### RevPAR Seasonality (2019-2021)

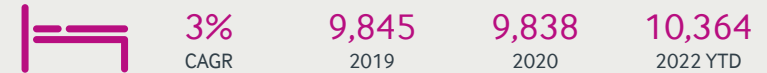


## SUPPLY EVOLUTION

### Hotels and B&Bs



### Rooms



### Selected Recent Hotel Openings

Novotel Liverpool Paddington Village, 221 keys

Pembroke Studios, 33 keys

Royal Crest Hotel, 21 keys

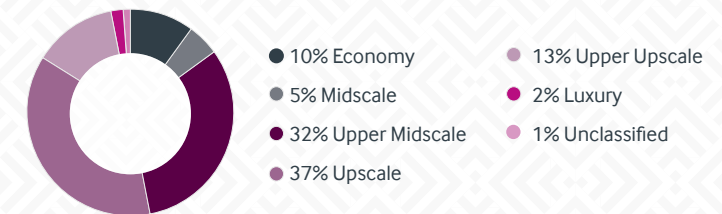
## MARKET OVERVIEW & PERFORMANCE

Liverpool tourism demand evolved from a leisure to a business-driven market following diverse investments. Benefitting from a stable RevPAR throughout the year with a peak in November historically, Liverpool has seen growing interest from investors and guests alike, with c.3,700 rooms confirmed in the pipeline.

A great majority of the pipeline sits in the Upper Midscale and Upscale segment, with the Upper Upscale being the third largest segment.

The city experienced an 84% decrease in trips between 2019 and 2021. Overall, its RevPAR is well ahead of 2019 levels thanks to the strong leisure appeals of the city which has helped boost recovery.

### Room Pipeline (Final Planning & In Construction)



### Major Future Openings (100+ Rooms)

Holiday Inn Express Liverpool Ropewalks, 125 keys, Opening Nov 2022

Hotel Indigo Liverpool Ropewalks 132 keys, Opening Nov 2022


Moxy Liverpool City Centre, 153 keys, Opening Jan 2023


# HOTEL MARKET BIRMINGHAM

Birmingham is the most populous city after London (1.14m residents in 2021) and is an important transport, retail, education, events and conference centre. Known as a University hub with 53% of its population under 35, tourism demand is driven by cultural and sports events such as the Birmingham 2022 Commonwealth Games this summer. Attracting predominately domestic demand thanks to its excellent connectivity with c. 90% of the UK population situated within a four-hour drive radius. Connectivity is set to improve with the HS2 project linking Birmingham to London in 52 minutes.

During the period 2019-2022 July YTD, 10 hotels closed (-744 rooms) and 4 hotels opened (+462 rooms) with a further 22 hotels (+2,957 rooms) in the active pipeline.

## KEY HIGHLIGHTS

 **1.1m**  
Population (2021)

 **7.3%**  
Unemployment rate:  
(April 2021-March 2022)

 **2.5m**  
Airport passengers (2021)

## OVERVIEW

### Key Companies



### Key Leisure Demand Generators

- Birmingham Museum and Art Gallery
- Royal Shakespeare Company
- The Bullring

### Key Corporate Demand Generators

- Colmore Business District
- National Exhibition Centre
- Birmingham Business Park

### Key Transactions

**The Belfry**  
324 keys, undisclosed £,  
Nov 2021

**Indigo Birmingham**  
52 keys, £12.5m,  
Jul 2022

## DEMAND

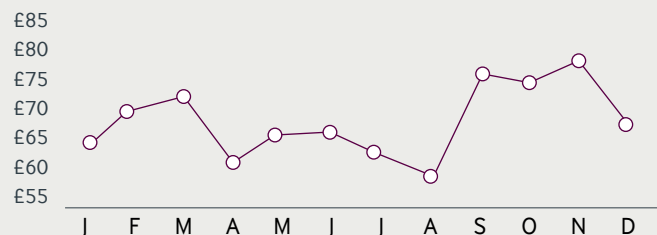
### Visits to the City (000')



### Performance: 2022 YTD (Indexed to 2019)

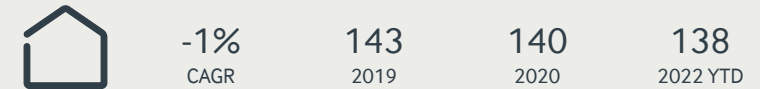
**115** **94** **109**  
ADR Occ RevPAR

### RevPAR Seasonality (2019-2021)



## SUPPLY EVOLUTION

### Hotels and B&Bs



### Rooms



### Selected Recent Hotel Openings

aloft Birmingham Eastside, 195 keys

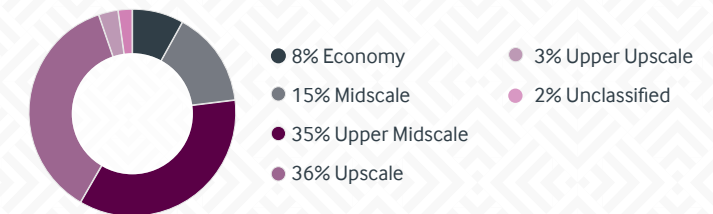
The Greenland's Inn, 27 keys

## MARKET OVERVIEW & PERFORMANCE

The increased connectivity over the past years in Birmingham benefitted the city, which climbed into the top 3 destinations out of the 10 biggest markets in the UK in 2021.

In July 2022 YTD, Birmingham recorded an occupancy 6% above July 2019 YTD, an increase supported by inbound tourism over the past 2 years. A 15% increase in ADR between July 2019 YTD and July 2022 YTD allowed the city to reach a 9% increase in RevPAR during the same period.

### Room Pipeline (Final Planning & In Construction)



### Major Future Openings (100+ Rooms)

Premier Inn Exchange Square, 235 keys, Opening May 2023


TRIBE Hotel Broad Street, 322 keys, Opening Jun 2025


NYX Hotel By Leonardo Hotels, 261keys

# HOTEL MARKET EDINBURGH

Edinburgh is Scotland's administrative centre gathering the Scottish Parliament, Scottish Office and the Supreme Courts. The city is also a UNESCO World Heritage Site and is the second most visited tourist destination in the UK by international travellers, after London. This popularity also comes from the various events Edinburgh hosts such as the Edinburgh Fringe Festival or the International Festival. The city is the second largest in Scotland in terms of population after Glasgow and attracts lots of talents thanks to the presence of renowned fintech, aerospace and financial services employers. During the period 2019-2022YTD, 33 hotels closed (-781 rooms) and 14 hotels opened (+1,648 rooms) with a further 42 hotels (+3,158 rooms) in the active pipeline.

## KEY HIGHLIGHTS

 **543k**  
Population (2021)

 **3.1%**  
Unemployment rate:  
(April 2021-March 2022)

 **3.0m**  
Airport passengers (2021)

## OVERVIEW

### Key Companies

**BURTON'S BISCUIT CO**

**Computershare**



**Deloitte.**

**LEONARDO**

### Key Leisure Demand Generators

- National Museum of Scotland
- Edinburgh Castle
- Scottish National Gallery

### Key Corporate Demand Generators

- West End
- EICC
- Edinburgh Park

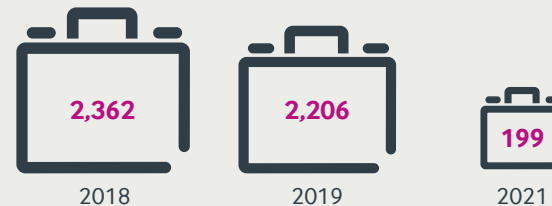
### Key Transactions

**Adagio Aparthotel**  
146 keys, £40.5m,  
Dec 2021

**Holiday Inn Express**  
78 keys, undisclosed £,  
Feb 2022

## DEMAND

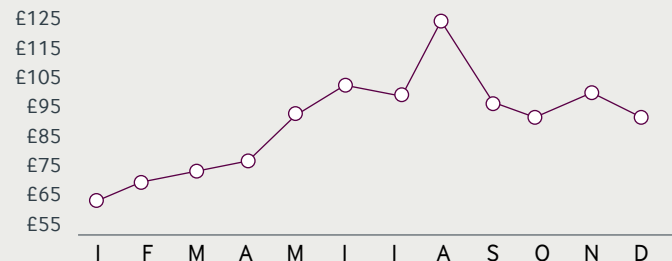
### Visits to the City (000')



### Performance: 2022 YTD (Indexed to 2019)

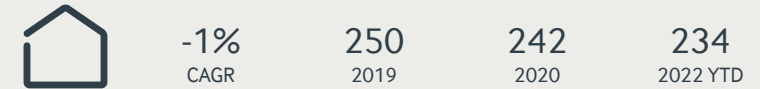
**121** **89** **108**  
**ADR** **Occ** **RevPAR**

### RevPAR Seasonality (2019-2021)



## SUPPLY EVOLUTION

### Hotels and B&Bs



### Rooms



### Selected Recent Hotel Openings

Gleneagles Townhouse, 33 keys

Virgin Hotels Edinburgh, 222 keys

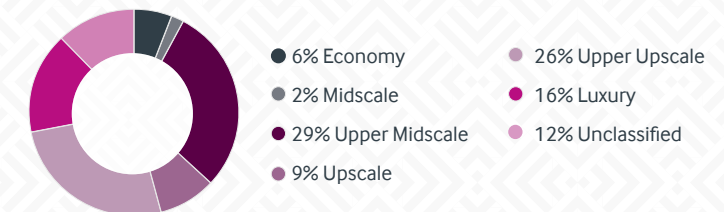
## MARKET OVERVIEW & PERFORMANCE

Edinburgh has the busiest airport in Scotland with c. 3m passengers in 2021. The city showed a strong recovery by recording a RevPAR 8% above July 2019 YTD in July 2022 YTD. The RevPAR increase was supported by a 21% increase in ADR which compensated for the lesser

occupancy (9% lower in July 2022 YTD compared to July 2019 YTD).

Edinburgh is a popular destination for international travellers, with 58% of overnight stays from North America and the Rest of the World in 2019.

### Room Pipeline (Final Planning & In Construction)



### Major Future Openings (100+ Rooms)

W Hotel Edinburgh, 253 keys, Opening Nov 2023

The Resident Edinburgh, 166 keys, Opening Jan 2024

HR Edinburgh Marina, 285 keys, Opening Dec 2024

Notes: <sup>1</sup>Latest available data.; Source: Statistical Office of each Region; MSCI Real Capital Analytics (www.msci.com); STR; NOMIS; ONS; Christie & Co



# HOTEL MARKET GLASGOW

Glasgow is the largest city in Scotland and one of its main economic drivers contributing to over 15% of the Scottish GVA. Through substantial investment over the past 10 years, the economy shifted from industrial to professional services. The city is home to companies operating in various sectors including pharmaceutical, financial services and tech. Glasgow's leisure demand is driven by the extensive music scene, sporting facilities and retail offering. Glasgow predominantly attracts domestic tourism which represented 72% of all of overnight trips in the region in 2019. During the period 2019-2022 July YTD, 8 hotels closed (-480 rooms) and 8 hotels opened (+1,452 rooms) with a further 26 hotels (+4,210 rooms) in the active pipeline.

## KEY HIGHLIGHTS



1.7m  
Population (2021)



4.4%  
Unemployment rate:  
(April 2021-March 2022)



2.0m  
Airport passengers (2021)

## OVERVIEW

### Key Companies



### Key Leisure Demand Generators

- Kelvingrove Art Gallery and Museum
- Glasgow Cathedral
- Glasgow Science centre

### Key Corporate Demand Generators

- Glasgow City Centre
- The SEC Centre
- Hillington Park

### Key Transactions

**Holiday Inn Express Theatreland**  
118 keys, undisclosed £, Feb 2022

**Premier Inn Charing Cross**  
278 keys, £8.3m, Aug 2022

## DEMAND

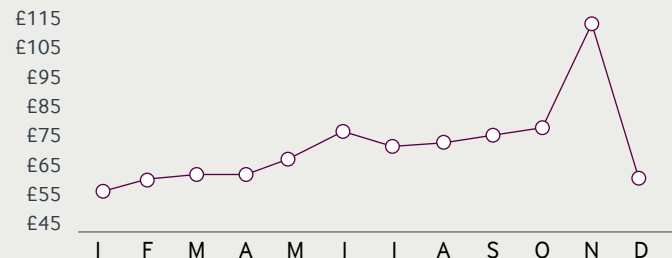
### Visits to the City (000')



### Performance: 2022 YTD (Indexed to 2019)

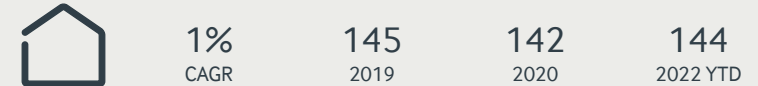
112 ADR      87 Occ      98 RevPAR

### RevPAR Seasonality (2019-2021)



## SUPPLY EVOLUTION

### Hotels and B&Bs



### Rooms



### Selected Recent Hotel Openings

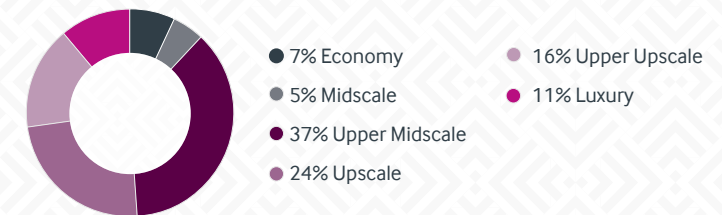
Aparthotel Adagio Glasgow Custom house, 162 keys  
Clayton Glasgow, 303 keys  
George Street Complex Apartments, 43 keys  
The Wellington, 98 keys  
Virgin Hotels Glasgow, 242 keys

## MARKET OVERVIEW & PERFORMANCE

Among the top 10 cities in the UK, Glasgow is set to see the 2nd biggest growth in room supply (35%) in the next five years, as the active pipeline totals over c. 4.2k rooms. This addition in room supply will be mainly within the Upper Midscale segment

which represents 37% of the total pipeline. Despite an ADR increase of 12% between July 2019 YTD and July 2022 YTD, RevPAR remains 2% below pre-pandemic levels due to a slower occupancy which was 13% below July 2019 YTD in July 2022 YTD.

### Room Pipeline (Final Planning & In Construction)



### Major Future Openings (100+ Rooms)

ibis budget Glasgow Sauchiehall Street, 214 keys, Opening Jan 2023  
Inside by Melia Glasgow St Vincent, 127 keys, Opening Jun 2023  
My Locanda Glasgow, 168 keys, Opening Mar 2024


Notes: \*Latest available data.; Source: Statistical Office of each Region; MSCI Real Capital Analytics (www.msci.com); STR; NOMIS; ONS; Christie & Co

# HOTEL MARKET CARDIFF

Cardiff has benefited from large regeneration investment which has increased its attractiveness for tourism and hospitality. This has also enabled the city to become a key location for business, with a focus on finance and fintech services. The hospitality industry has been a major contributor to the Welsh economy, employing c.174k people pre-COVID and adding around £3.6bn per year to the economy. The Welsh region is becoming increasingly popular for domestic and international visitors alike. In 2019 the number of international trips to Wales increased by 3.6%. Cardiff airport is one of the fastest growing in the UK, with a CAGR of 10% between 2014-19. Due to COVID-19, the airport saw a sharp decline in passenger numbers in 2020 and 2021. During the period 2019-2022 July YTD, 2 hotels closed (-23 rooms) and 5 hotels opened (+577 rooms) with a further 11 hotels (+725 rooms) in the active pipeline.

## KEY HIGHLIGHTS

 **1.7m**  
Population (2021)

 **4.4%**  
Unemployment rate:  
(April 2021-March 2022)

 **2.0m**  
Airport passengers (2021)

Notes: <sup>1</sup>Latest available data.; Source: Statistical Office of each Region; MSCI Real Capital Analytics ([www.msci.com](http://www.msci.com)); STR; NOMIS; ONS; Christie & Co

## OVERVIEW

### Key Companies



### Key Leisure Demand Generators

- Principality Stadium
- National Museum Cardiff
- Cardiff Castle

### Key Corporate Demand Generators

- Cardiff City Centre
- Principality Stadium
- Cardiff Bay Business Centre

### Key Transactions

**Hilton Cardiff Hotel**  
197 keys, undisclosed £,  
Jun 2021

## DEMAND

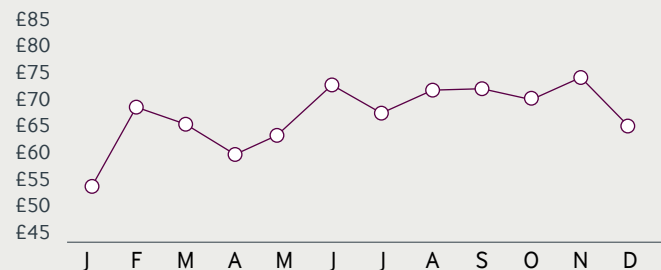
### Visits to the City (000')



### Performance: 2022 YTD (Indexed to 2019)

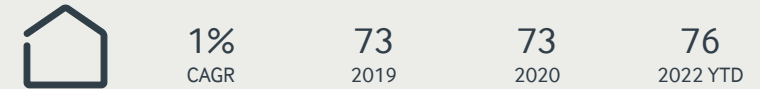
<b>122</b> ADR	<b>87</b> Occ	<b>106</b> RevPAR
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### RevPAR Seasonality (2019-2021)



## SUPPLY EVOLUTION

### Hotels and B&Bs



### Rooms



### Selected Recent Hotel Openings

Parador 44, 9 keys

Staybridge Suites Cardiff, 73 keys

The Parkgate Hotel, 169 keys

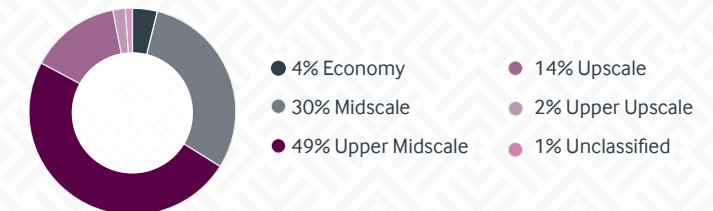
## MARKET OVERVIEW & PERFORMANCE

Cardiff recorded a 6% increase in RevPAR between July 2019 YTD and July 2022 YTD. The RevPAR growth has been heavily supported by a 22% ADR increase while occupancy remains 13% below July 2019 YTD in July 2022 YTD. Putting pressure on the current hotel stock, Cardiff's active pipeline will fasten the cycle of obsolescence for some of the assets

which have not undergone CAPEX plans in the past ten years.

A great majority of the pipeline sits in the Upper Midscale segment (49%), with the Midscale being the second largest segment (30%).

### Room Pipeline (Final Planning & In Construction)



### Major Future Openings (100+ Rooms)

The hotels below do not have a confirmed opening date:

Howells, 214 keys

Queens Hotel, 166 keys


Windsor Court Aparthotel, 141 keys

# HOTEL MARKET NEWCASTLE

Newcastle created a name for itself as a major manufacturing hub in the industrial revolution and is now a prominent area for business, arts, and sciences for the North East of the UK. Newcastle was nominated the number one place in the world to visit in 2018 by Rough Guides and is a growing business and tourism destination due to its popular sites such as the Millennium Bridge, Newcastle University and St James Park. The park is home to Newcastle United Football Club which was recently acquired by one of Saudi Arabia's Public Investment Funds. The city is very well connected to the country with over 30 trains daily to London (taking 2:45). During the period 2019-2022, 5 hotels closed (-124 rooms) and 3 hotels opened (+305 rooms) with a further 12 hotels (+732 rooms) in the active pipeline.

## KEY HIGHLIGHTS

 **300k**  
Population (2021)

 **7.0%**  
Unemployment rate:  
(April 2021-March 2022)

 **1.0m**  
Airport passengers (2021)

## OVERVIEW

### Key Companies



### Key Leisure Demand Generators

- Victoria Tunnel
- St James Park
- Newcastle Castle

### Key Corporate Demand Generators

- Newcastle Business District
- The Civic Centre
- Cobalt Park

### Key Transactions

**easyHotel Newcastle**  
104 keys, £7.7m,  
Mar 2022

## DEMAND

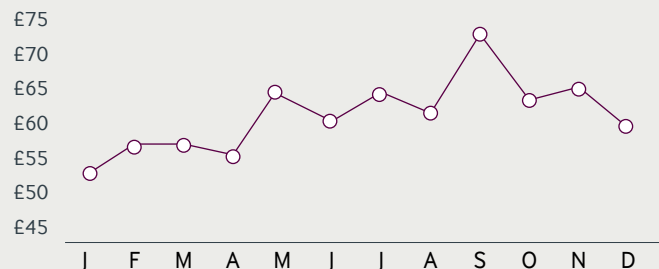
### Visits to the City (000')



### Performance: 2022 YTD (Indexed to 2019)

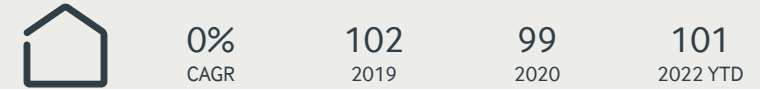
<b>112</b>	<b>100</b>	<b>112</b>
ADR	Occ	RevPAR

### RevPAR Seasonality (2019-2021)



## SUPPLY EVOLUTION

### Hotels and B&Bs



### Rooms



### Selected Recent Hotel Openings

Great North Hotel, 64 keys

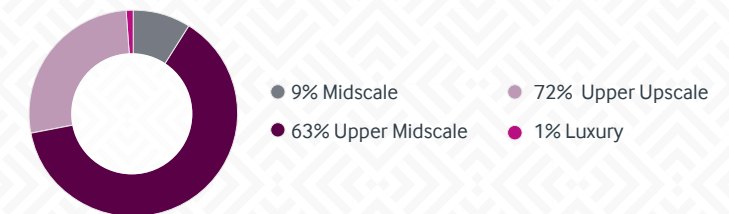
Inside by Melia Newcastle, 161 keys

## MARKET OVERVIEW & PERFORMANCE

Newcastle's ADR and RevPAR increased by 12% in July 2022 YTD vs July 2019 YTD making the city one of the top performers in Northern UK. Despite a number of hotel closures during the

pandemic, room supply is projected to grow by 10% with a majority of the pipeline within the upper midscale segment (63%).

### Room Pipeline (Final Planning & In Construction)



### Major Future Openings (100+ Rooms)

MOXY Newcastle Helix, 195 keys, Opening Jul 2025

Radisson RED St James' Park, 200 keys

Quayside West, 135 keys

# HOTEL MARKET BELFAST

Belfast is the 12th largest city in the UK and the capital of Northern Ireland. Belfast's main economic sectors include advanced engineering and manufacturing, financial services, hospitality, sciences and technology. It's also one of the top European cities for FDI software development and home to major TV and film productions headquarters such as the Belfast Harbour Studios. Tourism demand has grown significantly since the city was voted the world's number one destination by Lonely Planet in 2018 with a 10% increase in the number of visits between 2017 and 2019. During the period 2019-2022YTD, 5 hotels closed (-266 rooms) and 2 hotels opened (+36 rooms) with a further 19 hotels (+1,748 rooms) in the active pipeline.

## KEY HIGHLIGHTS



**635k**  
Population (2021)



**6.6%**  
Unemployment rate:  
(April 2021-March 2022)



**3.1m**  
Airport passengers (2021)

Notes: <sup>1</sup>Latest available data.; Source: Statistical Office of each Region; MSCl Real Capital Analytics ([www.mscl.com](http://www.mscl.com)); STR; NOMIS; ONS; Christie & Co

## OVERVIEW

### Key Companies



### Key Leisure Demand Generators

- Titanic Belfast
- Ulster Museum
- Belfast City Hall

### Key Corporate Demand Generators

- Belfast City Centre
- ICC Belfast
- Sydenham Business Park

### Key Transactions

There has been no hotel sale since 2018. The last recorded transaction concerned the refinancing of the Belfast Hotel in 2021.

## DEMAND

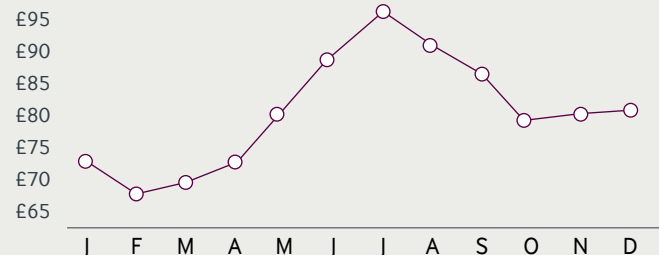
### Visits to the City (000')



### Performance: 2022 YTD (Indexed to 2019)

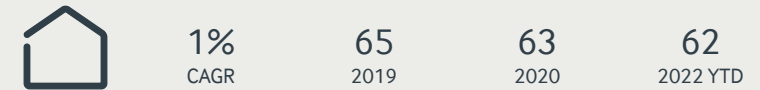
**126** ADR      **98** Occ      **124** RevPAR

### RevPAR Seasonality (2019-2021)



## SUPPLY EVOLUTION

### Hotels and B&Bs



### Rooms



### Selected Recent Hotel Openings

There has been no hotel opening in 2022 or 2021. The last hotel that opened was The Harrison Chamber of Distinction, a midscale 17-bedroom hotel. Opened in September 2020.

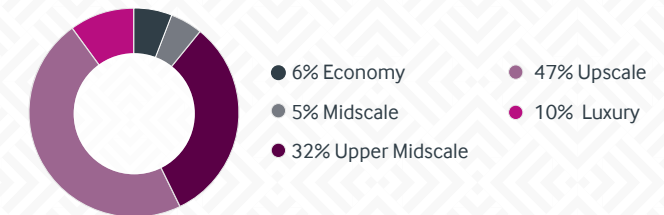
## MARKET OVERVIEW & PERFORMANCE

Out of the top 10 cities selected, Belfast was the top performer in the first half of 2022. The city recorded a 24% increase in RevPAR between July 2019 YTD and July 2022 YTD. The RevPAR growth has been heavily supported by a 26% ADR increase while occupancy remains 2% below July 2019 YTD in July 2022 YTD.

Belfast has seen growing interest with c.1,748 rooms confirmed in the active pipeline.

A great majority of the pipeline sits in the Upscale segment (47%), with the Upper Midscale being the second largest segment (32%).

### Room Pipeline (Final Planning & In Construction)



### Major Future Openings (100+ Rooms)

Bank of Ireland Site, 100 keys, Opening Jul 2023

Room2 Hometels Belfast, 175 keys, Opening Aug 2023


aloft Hotel Hamilton Dock, 162 keys

# HOTEL MARKET BRISTOL

Bristol is located in the South West region of the UK and provides prosperous maritime history to its residents and visitors. Bristol's port, known as the Harbourside, is now a cultural hub containing 19th-century warehouses with restaurants, shops, museums, and galleries. Bristol is also well known for its aerospace manufacturing sector with nine of the major companies being founded in the region such as Airbus or Boeing. The city has a great connectivity to the rest of the UK with direct trains to Bath, Oxford and London. During the period 2019-2022, Bristol was the only city out of the top 10 cities in the UK that didn't experience any hotel closures. Meanwhile, 8 hotels opened (+1,017 rooms) and a further 10 hotels (+907 rooms) are in the active pipeline.

## KEY HIGHLIGHTS

 **466k**  
Population (2021)

 **3.4%**  
Unemployment rate:  
(April 2021-March 2022)

 **2.1m**  
Airport passengers (2021)

## OVERVIEW

### Key Companies



### Key Leisure Demand Generators

- Clifton Suspension Bridge
- Bristol Museum and Art Gallery
- SS Great Britain

### Key Corporate Demand Generators

- Bristol City Centre
- Ashton Gate
- City Business Park


### Key Transactions

**Doubletree by Hilton**  
164 keys, £28.8m,  
Oct 2021

**Travelodge Bristol Filton**  
90 keys, £10.3m,  
May 2022

## SUPPLY EVOLUTION

### Hotels and B&Bs

	<b>2%</b> CAGR	<b>107</b> 2019	<b>107</b> 2020	<b>115</b> 2022 YTD
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### Rooms

	<b>3%</b> CAGR	<b>7,502</b> 2019	<b>7,502</b> 2020	<b>8,519</b> 2022 YTD
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### Selected Recent Hotel Openings

MOXY Bristol, 214 keys

Clayton Hotel Bristol City, 255 keys

Artist Residence Bristol, 23 keys

## DEMAND

### Visits to the City (000')



### Performance: 2022 YTD (Indexed to 2019)

<b>114</b> ADR	<b>91</b> Occ	<b>104</b> RevPAR
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### RevPAR Seasonality (2019-2021)

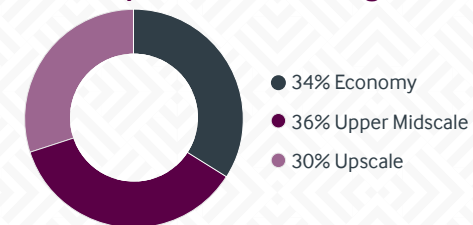


## MARKET OVERVIEW & PERFORMANCE

Bristol is a popular destination for domestic and international visitors and has enjoyed stable hotel performance trends over the past 10 years. Bristol's RevPAR increased by 4% from 2019 July YTD vs 2022 July YTD. Bristol is set to welcome the Bristol Arena in 2024 which is likely to drive additional demand to the city. Bristol Arena is part of the council's effort to

increase the city's tourism profile with domestic and international travellers alike. Room supply in the city will continue to grow with a projected additional 907 rooms across 10 hotels. A great majority of the pipeline sits in the Upper Midscale segment (36%), with the Economy being the second largest segment (34%).

### Room Pipeline (Final Planning & In Construction)



### Major Future Openings (100+ Rooms)

Hilton Garden Inn, 224 keys, Opening Feb 2025

Soapworks, 159 keys

Premier Inn Bristol Avonmouth, 125 keys



**THE CHRISTIE & CO HOTELS TEAM**

# HOTEL CONSULTANCY SERVICES



Market, Viability & Feasibility Analysis



Operational & Performance Reviews



Operator Search and Selection



Commercial Due Diligence



PropCo/OpCo/JV Structures Advice



Lease, Franchise, Management Contracts Advice



Re-/Development & Strategic Advice

# CHRISTIE & CO UK HOTEL CONSULTANCY TEAM

## Senior sector specialists with extensive advisory experience



**DIANE LOUBEYRE**  
Senior Consultant

Diane joined Christie & Co in 2021 with over seven years' experience in the hotel industry in hotel development, investment and operations in Europe. Diane is a key member of the UK team working on a variety of projects including commercial due diligence, feasibility studies, performance monitoring, viability assessments and market studies.

Prior to joining Christie & Co, Diane worked for Ascott Hospitality Management as a Business Development & Investment Analyst Europe based in London for 3.5 years. Before Ascott, Diane was part of Belmond UK Ltd.'s Development team working on various projects across the world.

A French and Swiss national, Diane holds a B.Sc. in International Hospitality Management from the Ecole Hôtelière de Lausanne, and is fluent in English and French.



**SEBASTIAN WRIGHT**  
Consultant

Sebastian joined Christie & Co in March 2021 as part of the UK hotel consultancy team. Prior to joining Christie & Co, Sebastian gained both hotel operational and corporate experience on internships at the InterContinental Malta and Red Carnation Hotels.

Since joining Christie & Co, Sebastian has worked on a number of feasibility studies, market studies, performance monitoring, due diligence and strategic options analysis projects across the UK and Europe.

Sebastian holds a Bachelors of Hospitality and Business Management from Hotelschool The Hague in the Netherlands. He is a British and New Zealand national and has lived in several countries including Australia, Hong Kong, Holland, Malta and the UK.



**HORTENSE CRISTOFARI**  
Analyst

Hortense joined Christie & Co in 2022 as part of the UK hotel consultancy team. As an analyst, she uses her data analytics skills to work on feasibility studies, market studies, commercial due diligence and other advisory projects for hotel portfolios and single assets across the UK.

Prior to joining Christie & Co, she gained hotel operational experience as an intern with the Peninsula Hong Kong holding several positions in the F&B department. She has also gained corporate experience as an Asset Management intern for Katara Hospitality at their office in Paris working with the Finance and Technical teams as well as hotel operators.

Hortense holds a B.Sc. in International Hospitality Management from EHL Hospitality Business School, and is fluent in French, English and German.



# CHRISTIE & CO UK HOTEL TEAM

The right person at the right level. The go to adviser and broker in hotels for the UK

## Corporate



**CARINE BONNEJEAN**  
Managing Director - Hotels



**JEREMY JONES**  
Head of Brokerage



**ALASTAIR HOCKLEY**  
Director Valuations

+ 5 Hotel Experts

+ 12 Valuation Experts

## Regional Hotels Team



**BRIAN SHELDON**  
Regional Director  
Scotland, North West & West Midlands

+ 5 Hotel Experts



**DAVID LEE**  
Regional Director  
North East & East Midlands

+ 7 Hotel Experts



**ED BELLFIELD**  
Regional Director  
South, South West, & Anglia

+ 12 Hotel Experts



**STEPHEN JACOBS**  
Director  
Bank Support & Business Recovery

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