

UK hotels see boost in performance as profits rise 3%

HVS London, in association with Zolfo Cooper and AM:PM, has today published its quarterly Hotel Bulletin, outlining the performance of the UK's hotel sector.

Findings show that regional performance in Q3 has been particularly strong, with all but two cities reviewed showing RevPAR (rooms revenue per available room) gains, with an average of 8% increases. This converts to a profit rise of 3% year-on-year.

"We are now confident enough to say that the recession in the UK's hotel sector is effectively now over based on year on year growth to both revenue and profitability. Performance has been strong in the regions, with hotels in Aberdeen, Bath, Belfast and Edinburgh recording double digit RevPAR increases in Q3," commented HVS London director Tim Smith.

"The most encouraging fact about regional performance is that improvements have been quite broad based, in contrast with pockets of good performance recorded in recent years.

"Performance in London is also positive, as while hotels have recorded a 3% decline in RevPAR, demand has grown at a greater rate than supply and it is only average rates that have failed to match the one-off levels seen during the Olympics.

"The key issue is that confidence has returned to the market, because trading and profits have risen. That confidence is shown by more bank debt available, more transactions and an improved trading situation at the hotels. Therefore, we are definitely out of the worst and in a period of recovery," added Smith.

Rather than seeing tourist volume slump post Olympics, as other host cities have done, early signs are that the UK has benefitted from the worldwide exposure created by the Games with the number of overseas visitors stabilising, and then accelerating this summer.

In terms of new hotel openings in the UK, it is still budget hotels and limited service operations that are being favoured by developers, accounting for 67% of total new openings in Q3.

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For further details or to arrange an interview with Tim Smith, director of HVS London please email me at linda@tilburstowmedia.co.uk or call me on 01342 832866.