

## Hotel Bulletin reveals Q4 2017 was tough for UK hotels but long-term outlook looks strong

07 January 2018, London: Hotels in over half the 12 cities surveyed in the latest **Hotel Bulletin**, published this week by HVS, AlixPartners, STR and AM:PM, recorded declining occupancy in Q4 2017, with the other half reporting limited growth.

The results demonstrate the tough trading conditions hotels faced at the end of 2017, with four cities showing a decline in RevPAR (rooms revenue per available room) and only hotels in Belfast recording double digit growth.

‘Belfast has been in the top three cities for growth every quarter in 2017, boosted by the weak pound which has improved visitor numbers and the fact the hotel market is relatively small with just 4,000 rooms,’ commented HVS chairman Russell Kett.

‘Overall Q4 was a tough one for UK hotels, not helped by the high comparables of the year before.’

Edinburgh was the second best performing city in Q4 2017 with 7% RevPAR growth, while hotels in Cardiff showed a 2% increase, despite a small decline in occupancy.

Following five consecutive quarters of RevPAR growth, London's hotels recorded a 1% decline in Q4 2017 as the pound started to strengthen against the euro and the US dollar resulting in tourists getting less value for money.

Bath recorded the worst RevPAR in the survey, with a 4% fall, the city's second quarter of decline. However, this was against strong 2016 comparables, when RevPAR grew by 13%. Aberdeen showed its 12th consecutive quarter of falling RevPAR at 3%, although the decline has slowed somewhat. As oil prices begin to recover the city's hoteliers can expect corporate demand to pick up.

Over the longer term, performance across UK hotels has steadily improved. Annual occupancy in London's hotels has remained at around 82% over the past five years, with average room rates rising from £136 to £146 and RevPAR growing 9%, from £113 to £122.

In regional hotels performance has also been strong over the past five years. Occupancy has grown from 75% to 77% and average room rates have climbed from £67 to £78. RevPAR growth has outstripped inflation (9%) since 2013, showing a 21% growth from £50 to £61, 31% growth excluding Aberdeen.

‘Taking a look at performance in the longer term demonstrates why hotels in the UK provinces have become increasingly attractive to hotel investors,’ said Russell Kett.

‘While Q4 2017 may have been a tough trading quarter, looking at the five year trend shows how strong the sector's performance has been. We expect growth in both occupancy and room rates as we move through 2018.’

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You can download **Hotel Bulletin: Q4 2017** by clicking <https://www.hvs.com/article/8202/hotel-bulletin-q4-2017/?campaign=email>

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## About HVS

HVS, the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership,

gaming, and leisure industries, was established in 1980. The company performs 6,000+ assignments each year for hotel and real estate owners, operators, investors, banks and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of some 40 offices and more than 350 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. [HVS.com](https://www.hvs.com)

About the HVS, AlixPartners, STR and AM:PM Quarterly Hotel Bulletin

The Hotel Bulletin analyses demand, supply, pipeline and transactions in the hotel market in 12 cities across the UK. The information contained in this Press Release sets out a summary of the information contained in the Hotel Bulletin and should be read with and is subject to the terms, limitations and assumptions contained in the Hotel Bulletin.

## About AlixPartners

In today's fast paced global market timing is everything. You want to protect, grow or transform your business. To meet these challenges we offer clients small teams of highly qualified experts with profound sector and operational insight. Our clients include corporate boards and management, law firms, investment banks, investors and others who appreciate the candor, dedication, and transformative expertise of our teams. We will ensure insight drives action at that exact moment that is critical for success.

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## About AM:PM

AM:PM is a leading source of market intelligence on the UK & Ireland hotel industry. We maintain extensive data relating to hotel supply to help clients gain a comprehensive and unrivalled understanding of the size and structure of the hotel industry. We offer a suite of subscription-based online products that allow clients to search, analyse and benchmark the hotel sector. This includes access to a unique hotel database with details of over one million hotel rooms covering the past, present and future hotel supply throughout the UK & Ireland.

## About STR

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