# **MARKET BEAT**

# **UNITED KINGDOM**

MARKET SUMMARY & OUTLOOK

Hospitality Q3 2024

# HMAN

Published: 2024-10-15



#### INVESTMENT TRENDS 1

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£ 732 million transacted 30 properties comprising 3,918 rooms sold

driven by portfolio deals

71% of capital was deployed by international buvers

33% of total investment volume was

Transaction markets remained active throughout the Q3 albeit at a relatively slower pace to H1 - particularly fuelled by deals in London, Edinburgh, and smaller singleasset transactions across the regions. Looking forward, the outlook for the rest of the year remains strong, with 2024 deal volumes projected to exceed £5 billion. This momentum is expected to continue into 2025, supported by more quality stock on the market, declining interest rates and improving clarity in pricing.

Yields have remained generally stable in 2024, with slight compression observed in top-tier deals within high-barrier markets. With greater political certainty, increasing liquidity in debt markets, and anticipated interest rate cuts in Q4, we expect a gradual tightening of prime yields heading into 2025.

Hotel operators and investors maintain confidence in top-line growth with forecasts for the next 12 months projecting RevPAR growth of 4.5% in London and 5.1% UK-wide. Regional UK hotels have outperformed London, showing a higher RevPAR growth in YTD 2024. Flow through of top-line growth to the bottom-line remains under pressure, with many looking to the upcoming budget for support with business rates and guidance on wage growth.

Despite challenges relating to increased construction and financing costs, hotel development has continued over the past year with nearly 7,400 rooms in the pipeline across the UK. Limited funding for new developments has slowed new-build construction outside of the capital, however conversion activity is expected to drive further hotel pipeline. Overall, UK-wide room supply is expected to grow by 3.1% over the next 12 months.

While luxury hotels continue to experience strong demand, value-conscious consumers are exerting pressure on rates outside of peak periods. Group and corporate segments have demonstrated the most significant YoY improvements, driving mid-week demand and benefiting regional markets. By the end of 2024, international and domestic nights in hotels are projected to grow by nearly 9.5% and 4.0% YoY, respectively, reflecting an annual growth rate of 2.2% over the next five years.

Sources: Cushman & Wakefield / CoStar / Oxford Economics

Note: A contingency of 5% is assumed for transactions in the last 12 months, as some deals are revealed with notable delay



		Last Qu	arter (Q3 2	024)	YTD (2024)				
	Properties	Rooms	Volume	% Change*	Properties	Rooms	Volume	% Change*	
United Kingdom	30	3,918	732	93%	230	25,553	4,725	181%	
Regional	23	2,827	356		183	17,708	2,121	175%	
London	7	1,091	376	114% ///////////////////////////////////	47	7,845	2,605	187%	
Edinburgh	3	655	141		7	1,066	214	80%	

Volume transacted in GBP millions. No information displayed when < 2 deals \*Refers to the % change in transaction volume against the previous period.

Source: Cushman & Wakefield

#### AVERAGE TRANSACTION PRICE BREAKDOWN BY NO. OF ROOMS SOLD & DEAL SIZE ANNUAL TRANSACTION VOLUMES (Q3 2024, GBP) (Q3 2024, % SHARE OF DEALS) (2012 - Q3 2024, GBP BILLIONS) Avg Price per Property Millions Avg Price per Key Thousands Individual Property Volume Portfolio Volume • Total Volume 8.6 5.6 <50 Keys</p>≥50 and <100 Keys</p> 5.2 6.2 <25m</li> ≥25m and <50m</li> ≥50m and <100m</li> 4.3 3.4 47 51 15 3.8 24 00 and <250 Ke 50 Keys 18 0.4 0.7 >100m 2023 <sup>-</sup>D Q3 2024 2013 3/15 2014 2015 2016 2017 2018 2021 8 Source: Cushman & Wakefield / RCA London Regional Source: Cushman & Wakefield

# NATURE OF INVESTMENTS

TRANSACTION VOLUME\* BY SOURCE OF CAPITAL (% CHANGE, Q3 2024 vs Q3 2023)



Source: Cushman & Wakefield

TRANSACTED VOLUME BY TYPE OF INVESTOR (Q3 2024, % SHARE OF TOTAL VOLUME)



Source: RCA

#### TRANSACTION VOLUME PER HOTEL CLASS (% CHANGE, Q3 2024 vs Q3 2023)



Source: Cushman & Wakefield

TRANSACTED VOLUME BY OPERATING STRUCTURE (Q3 2024, % SHARE OF DEALS)

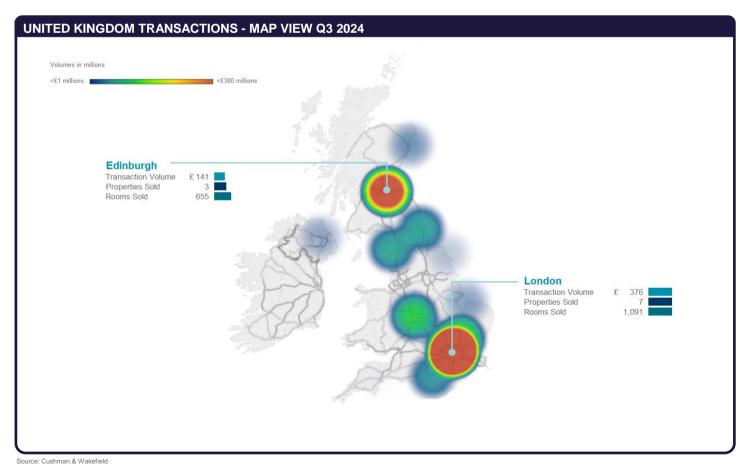


# MARKET BEAT UNITED KINGDOM Hospitality Q3 2024

## MAJOR TRANSACTIONS OF Q2 & Q3 2024

MAJOR TRANSACTIONS											
Property	Market	Keys	Buyer	Buyer Origin	Seller	Seller Origin					
Residence Inn Portfolio (3 Aparthotels)	London	503	Pandox	SWE	Starwood Capital	USA					
Six Senses London	London	109	Gruppo Statuto	ITA	MARK; CC Land	GBR					
The Dixon Autograph Collection	London	193	USS	GBR	Abrdn	GBR					
Motel One Tower Hill	London	291	LaSalle IM	USA	Scottish Widows Investment Partnership	GBR					
Travelodge London Liverpool Street	London	142	Paul Suen Cho Hung	HKG	YT Realty Group	HKG					
Mayfair House Apartments	London	25	Private HNW Buyer	UAE	Maykenbel Properties	GBR					
Great Northern Hotel London	London	88	Kaya Holding	TUR	Confidential Private Equity	GBR					
Park Grand London Kensignton	London	133	KKR	USA	Precis Holdings	GBR					
hub by Premier Inn Shoreditch	London	260	M&G Real Estate	GBR	PGIM	GBR					
Premier Inn London Stansted Airport	London	303	Private HNW Buyer	LUX	LGIM	GBR					
Yotel Edinburgh	Edinburgh	276	Millemont Capital Partners	GBR	Starwood Capital	USA					
DoubleTree by Hilton Edinburgh	Edinburgh	138	Pandox	SWE	Brightbay Real Estate Partners (BBREP)	GBR					
Radission Blu Edwardian Heathrow	Hayes	464	Arora Group	GBR	Starwood Capital	USA					
Malmaison York	York	150	Firethorn Trust	GBR	Lothbury IM	GBR					
Legoland Windsor Resort	Windsor	148	London & Regional	GBR	Abrdn	GBR					
Malmaison Edinburgh City Centre	Edinburgh	72	Patrizia	DEU	S Harrison Developments	GBR					
Sutton Point (Ibis & Adagio)	Sutton	158	GHIG; Activum	USA; GBR	CNM Estates	GBR					
Mercure London Heathrow	Hayes	184	Uno Hotels; Private Buyer	GBR; IND	Crimson Hotels	GBR					
Park Inn by Radisson Belfast Hotel	Belfast	145	MHL Hotels	IRL	May Street Capital	GBR					

Note: Selection based on deal relevance and ordered by deal size, excluding major portfolio deals from H1 2024.



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