



UK HOTEL MARKET



SNAPSHOT H1 2023

 **CHRISTIE & CO**

UK HOTEL MARKET OVERVIEW

In this brief analysis we review key trading and development indicators for the UK's top 10 cities and hotel markets, combining shared directional trends but pointing out the specific dynamics of each market over the first half of 2023. The top 10 cities reviewed include London, Bristol, Birmingham, Manchester, Liverpool, Newcastle, Glasgow, Edinburgh, Cardiff and Belfast.

Whilst 2022 saw an upswing in trading and a well-engaged recovery, London, Manchester and Glasgow were still below the RevPAR performance recorded in 2019 (index 2022 YTD June vs YTD June 2019) as outlined in our UK Hotel Market Snapshot 2022. Amongst the main reasons affecting the performance of these large hubs was the slower return of business and events-related demand in an uncertain economic environment and to an extent the lower visitation levels from international tourists affecting both spend and volume of overnights.

When comparing the first half of 2023 to the same period last year, the recovery is evidenced by a clear elevation of RevPAR although of varying magnitude across the 10 cities, with an index over the same period in 2019 ranging from 112% to 151%. We note, however, based on our review of both hotel KPIs and airport traffic statistics, that whilst 2023 is on the up, the recovery will have to be confirmed by the summer figures and that the "staycation" effect that supported UK hoteliers throughout the last two years has reoccurred. As an illustration, it is worth noting that the Edinburgh Festival Fringe has recorded an 11% hike in ticket sales to record the fifth highest attendance in the history of the event, yet the final figure was still lower than the record level of 2019.

As a consequence of the pandemic, the current uncertain economic environment and rising interest rates, the pre-pandemic pipeline of new hotels was noticeably delayed with some projects most likely cancelled altogether which will have facilitated the recovery of hotel KPIs. The development pipeline, nevertheless remains active with c. 35,800 rooms planned to enter the top 10 cities reviewed, with levels ranging from 5.7% of the current supply in Newcastle up to 22.9% for Glasgow topping the chart and London still contributing over 20,000 rooms or 56% of the total rooms in the top 10 cities' pipeline.

These additions for some of these cities confirm their appeal to domestic and international investors whilst for others it underpins the increased confidence of investors to focus on key markets outside of London, the UK's historical hub for cross-border hotel investment. These new hotels will also positively contribute to the renewal of an ageing stock and enhance the competitiveness of the offering. Whilst markets like Bristol and Belfast benefited from more recent openings (mostly pre-pandemic) and consequently a rejuvenating of their inventory, five out of the ten markets under review counted 50% or more of their inventory as being 10 years or older (since opening or last renovation). In contrast, this figure exceeds 70% for Newcastle.

With a number of these cities' tourism profiles continuing their transition, such as Glasgow with its growing popularity as a leisure and shopping destination, the pace of pipeline delivery and consequent market absorption remain to be seen as the markets continue on their trading recovery.

Transactional volumes across the top 10 cities reached £567m in the first half of the year, less than half the volume recorded over the same period in 2022.

Sales were dominated by single-asset transactions and somehow constrained by a price gap between sellers and buyers driven by a disconnect between trading performance, financing costs, interest rates hikes and pre-pandemic debt.



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GLOSSARY



ADR: Average Daily Rate

c.: circa

CAGR: Compound Annual Growth Rate

e.g.: For example

FY: Full Year

GWP: Gross Weekly Pay

H: Half

i.e.: For example

K: Thousand

KPI: Key Performance Indicator

m: Million

Occ: Occupancy

ppts: Percentage Points

RevPAR: Revenue Per Available Room
(=ADR x Occupancy)

YoY: Year on Year

YTD: Year to Date



Population



Unemployment
Rate



GWP

HOTEL MARKET KPI TRENDS 2019 H1 – 2023 H1

● RevPAR Index

MANCHESTER



LIVERPOOL



EDINBURGH



NEWCASTLE



GLASGOW



BELFAST



Sources: STR, Christie & Co Research & Analysis



RevPAR experienced a significant decrease in 2020 across several markets due to the pandemic. However, by the second half of 2021, all markets showed signs of recovery. As of 2022 H1, RevPAR surpassed 2019 H1 levels in four of the six most important markets across Northern England, Scotland, and Northern Ireland, confirming the positive trend. The staycation trend was a critical element of this recovery.

During 2022 H1, RevPAR index fluctuated between -8% and +28% compared to 2019 H1 across the six cities. Belfast and Newcastle saw a more pronounced recovery with RevPAR increases of 28% and 10% respectively. Although RevPAR improved and exceeded the 2019 levels in 2022, this recovery was driven by a rise in ADR, while occupancy still lagged behind. Out of the six markets, Belfast and Edinburgh witnessed the most significant increases in ADR between 2019 H1 and 2022 H1 rising by 31.0% and 16.4%, respectively.

Not only RevPAR growth continued in 2023 H1 and surpassed 2022 levels for all six markets (2022 H1 was still affected by travel restrictions in place during the first quarter), it also exceeded 2019 H1 levels consistently, with premiums ranging from 17% to 51%, led by Belfast and Edinburgh at 51% and 39% respectively.

HOTEL MARKET KPI TRENDS 2019 H1 – 2023 H1

● RevPAR Index

LONDON



CARDIFF



BIRMINGHAM



BRISTOL



Sources: STR, Christie & Co Research & Analysis



In line with the top six markets in England's North, RevPAR for the top four markets in the South and Wales, decreased sharply in 2020 due to the pandemic. However, the trend was relatively more favourable for Cardiff and Bristol, which relied extensively on higher domestic demand in 2020 and 2021.

While the RevPAR of the four markets increased during 2022 H1, compared to the levels of 2020 and 2021, their recovery was slower than that of the more dominant northern markets. The reason behind the slower recovery of these four markets can be attributed to their higher reliance on corporate demand.

In 2022 H1, RevPAR positions across the four cities fluctuated between an 8% discount to a 3% premium when compared to 2019 H1. Bristol showed a more pronounced recovery with a 3.0% gain in RevPAR thanks to a 13.2% rise in ADR offsetting the subdued occupancy remaining 7.0 ppts below that of 2019. Of the four markets, Cardiff and Bristol experienced the most substantial rises in ADR between 2019 H1 and 2022 H1, at 19.3% and 13.2% respectively. Despite the rise in ADR, Cardiff's occupancy remained 11.4 ppts below 2019 H1 in 2022 H1.

In 2023 H1, RevPAR exceeded the levels achieved in 2019 H1 across all four markets with RevPAR premiums stretching from 12% in Bristol up to 22% in London, as the capital played catch-up from a softer index in 2022. Birmingham and Cardiff followed each other closely to land at a 19% premium over 2019 H1.

SUPPLY EVOLUTION ACROSS THE TOP 10 MARKETS

ROOM SUPPLY EVOLUTION AND PIPELINE

Both domestic and international investors have always shown a strong interest in the top 10 cities in the UK and Northern Ireland. However, in the twelve months leading to the end of 2023 H1, various challenges have influenced the growth of hotel stock. Most notably, a surge in interest rates together with inflationary pressures and rising construction costs have led to a sharp decline in construction projects and a slowdown in hotel openings.

There were 47 hotel openings across the top 10 markets in 2022, with most of this expansion occurring in the first and second quarters of the year, while 39 hotels were closed.

It is reasonable to believe that some properties were taken over by asylum seeker contracts which influenced the 2022 reported inventory.

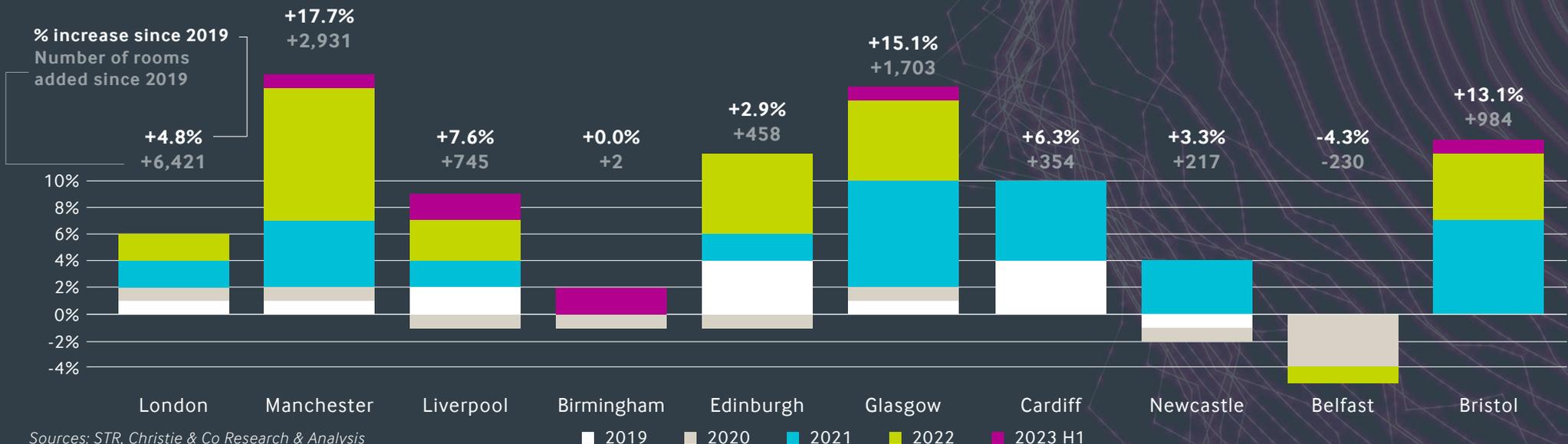
25 of the 39 reported hotel closures were in London. Nevertheless, the capital continued to lead the way of hotel expansion, with 25 hotels opening in 2022, adding 3,394 rooms to the market.

Generally, the rate of hotel openings decreased in the first half of 2023. To be precise, the top 10 UK markets experienced a total of 17 hotel openings and 10 hotel closures. At the end of 2023 H1 Manchester, Glasgow and Bristol took the top spots for the largest growth in room stock (in percentage terms) over 2019 levels.

Whilst Bristol's new supply did not affect trading performance negatively, the supply injections in Manchester and Glasgow seem to have impacted their performance more noticeably.

With an additional 2,931 rooms since 2019, Manchester's occupancy remained 3.1ppts lower in 2023 H1 compared to 2019 H1. Whilst Glasgow's extra 1,703 rooms led to a 4.9 ppts softening of occupancy compared to 2019 H1, Belfast recorded a 4.3% net decrease of its stock over the same period. Nonetheless, the market is anticipated to encounter growth of 17.3% in its room supply over the coming years, with 15 projects (including extensions) in the active pipeline (either at the final stages of planning or already under construction).

ROOM SUPPLY EVOLUTION - (2019 – 2023 H1)



IMPACT OF SUPPLY ON PERFORMANCE LEVELS

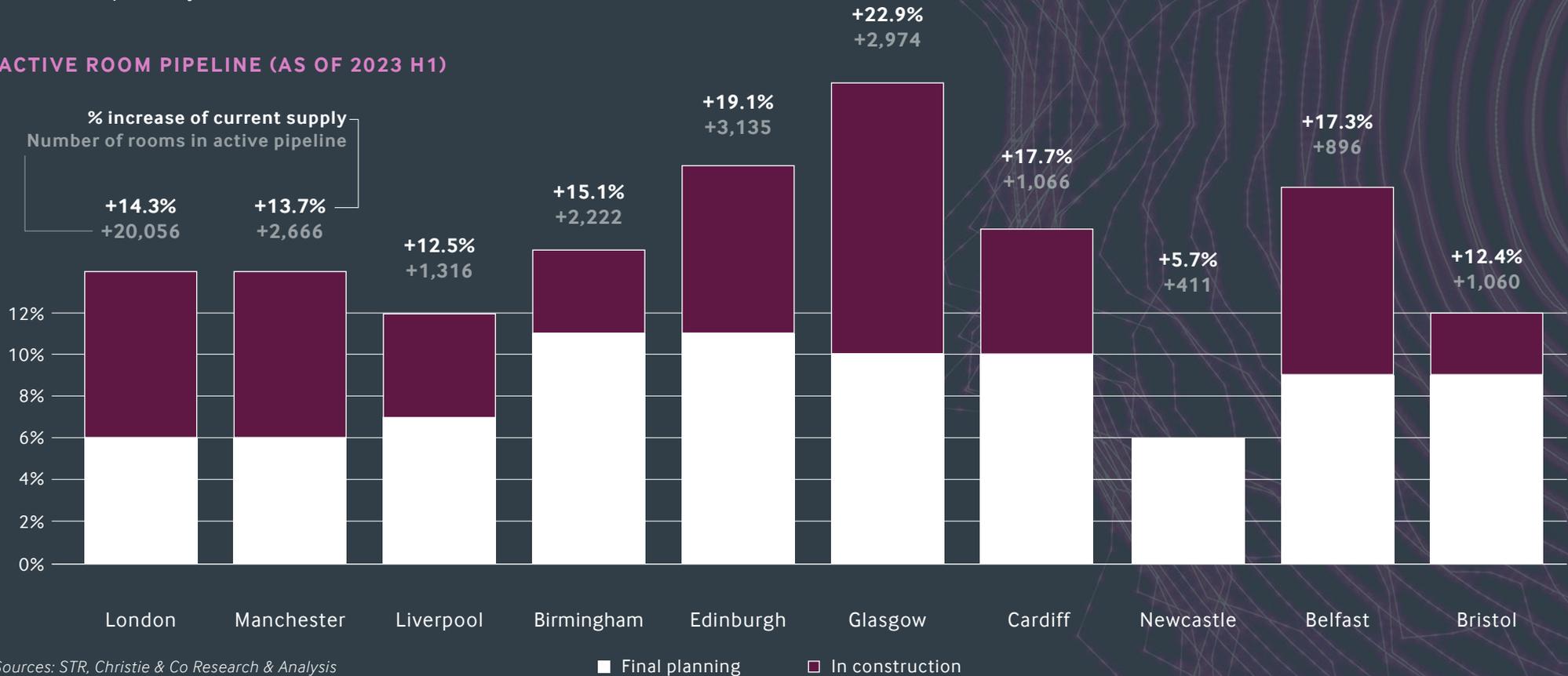
9 OUT OF THE 10 TOP UK MARKETS COULD SEE THEIR HOTEL ROOM SUPPLY GROW BY MORE THAN 12%

The recent increase in hotel rooms supply in the UK and Northern Ireland has put additional pressure on hoteliers who are trying to maintain their top-line in the current macroeconomic environment. Nonetheless, the top 10 cities experienced RevPAR gains ranging from +12% to +51% in 2023 H1, when compared to 2019 H1. Over the period, Belfast and Edinburgh were prime examples of robust RevPAR increases underpinned by a surge in ADRs (+41% and 39% respectively).

As of 2023 H1, an aggregated 35,800 rooms are now in the active pipeline (either at the final planning stages or already under construction) across the ten cities. Nine of the ten markets could experience double-digit growth over their current supply, whilst Newcastle's pipeline sits at a more moderate 5.7% planned increase.

The new rooms will equate to a 14.8% increase on the current aggregated room supply of these markets. Glasgow, Edinburgh and Cardiff are expected to see the largest injections to their room stock with supply growth rates reaching 22.9%, 19.1%, and 17.7%, respectively.

ACTIVE ROOM PIPELINE (AS OF 2023 H1)



Sources: STR, Christie & Co Research & Analysis



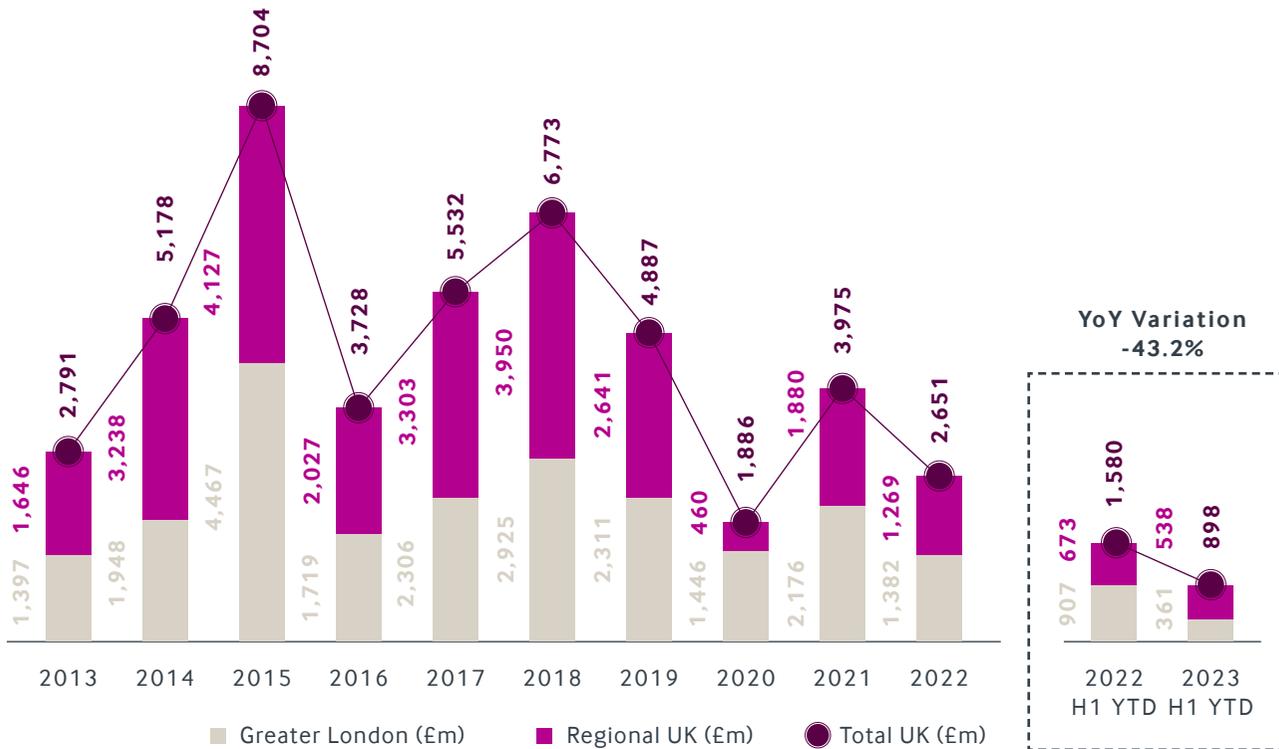
UK HOTEL INVESTMENTS

IMPACT OF PRICE GAP ON UK HOTEL INVESTMENTS

The ongoing disconnect between buyers and sellers and their respective approaches to asset pricing remains; however there is evidence that the gap is narrowing which will allow deals to accelerate.

Pressure within the P&L, most dramatically from energy costs, continues to distort the conversion of healthy top line sales to historically low EBITDA conversions. Additionally, cost and availability of debt remain a challenge. We will start to see more prolific activity as these pressures soften.

UK HOTEL TRANSACTIONAL VOLUME (£M)



Sources: As of 22nd August, MSCI Real Assets via their Real Capital Analytics solution, Christie & Co Research & Analysis



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The first question that buyers consider is: are they a real seller? Buyers want to know if the seller is motivated or if they are looking for pricing advice for refinancing purposes.

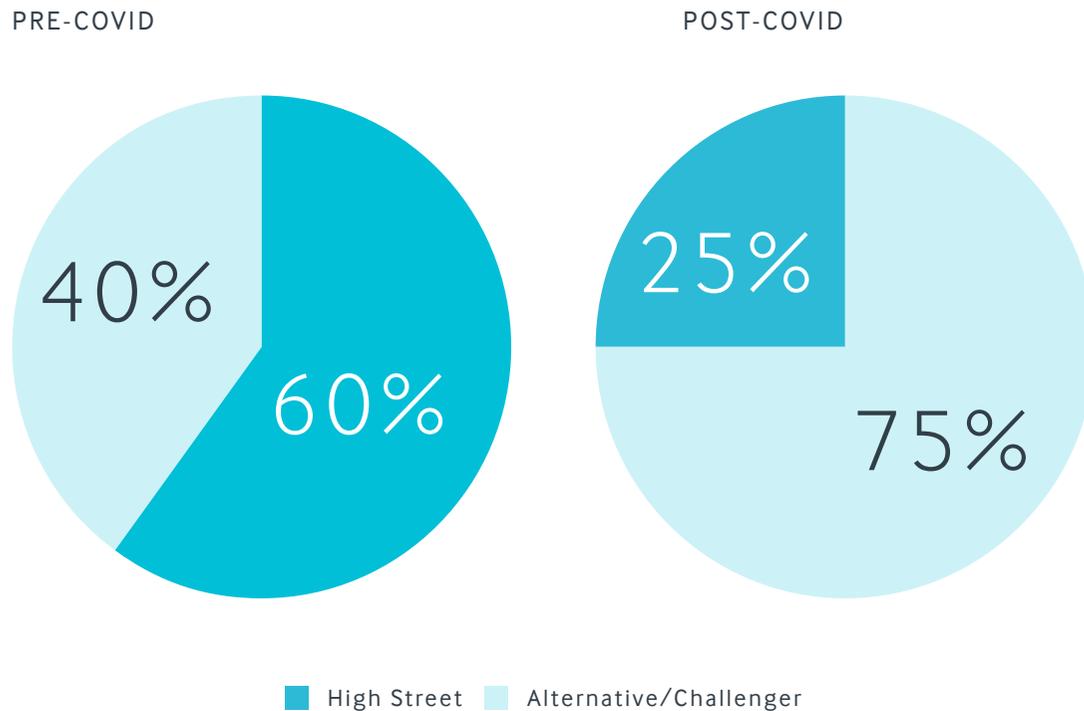
c. £900m of UK hotel deals closed in 2023 H1, representing a decline of 43.2% compared to 2022 H1. This drop in transaction volume was likely due to the various headwinds which have emerged since 2022 H2, including rising interest rates and utility prices. Despite strong investor appetite, there is a continued shortage of opportunities in the market, which, combined with increased interest rates has made investments more expensive, and led to a slowdown in transactions.

With no single portfolio transaction in 2023 H1, single-asset deals accounted for 100% of the transactional volume. Some of the larger transactions included Fattal Hotels' acquisition of The Grand Hotel Brighton from Wittington Investments for c. £60m, Firmdale Hotels' purchase of the Covent Garden Hotel freehold from CBRE Investment Mgmt for c. £55m as well as the reported £85m purchase of the 241-room Waldorf Astoria Edinburgh - The Caledonian by Henderson Park, thus securing their third hotel in Scotland's capital city.

Between 2022 H1 and 2023 H1, the market observed a shift in the investor profile. In 2022 H1, domestic investors represented over 70% of the invested capital; this number dropped to 42% in 2023 H1, whilst cross-border investment saw the return of Middle Eastern/Israeli capital.

UPDATE ON FUNDING: IS DEBT AVAILABLE?

BREAKDOWN OF FUNDING MIX BY LENDER TYPE



Sources: Christie & Co data

As a result of this shift, on average, rates will be 0.5-2% higher with challenger banks than traditional high street lenders, however challenger banks will often consider higher loan amounts, allowing owners to focus on their business and secure funds for value-add opportunities.



EMMA VANSON
Finance Consultant
Christie Finance

“ There is a real focus on evident experience and affordability of which is key when approaching lenders.

However, this brings new opportunities for alternative lenders to enter the sector.

IS DEBT AVAILABLE?

Securing funding for hotels has become increasingly complex, as many high street banks have adopted a more cautious approach to lending in the sector due to the economic and operational headwinds facing hotel operators. In recent months, interest rate hikes have also impacted many buyers borrowing ability.

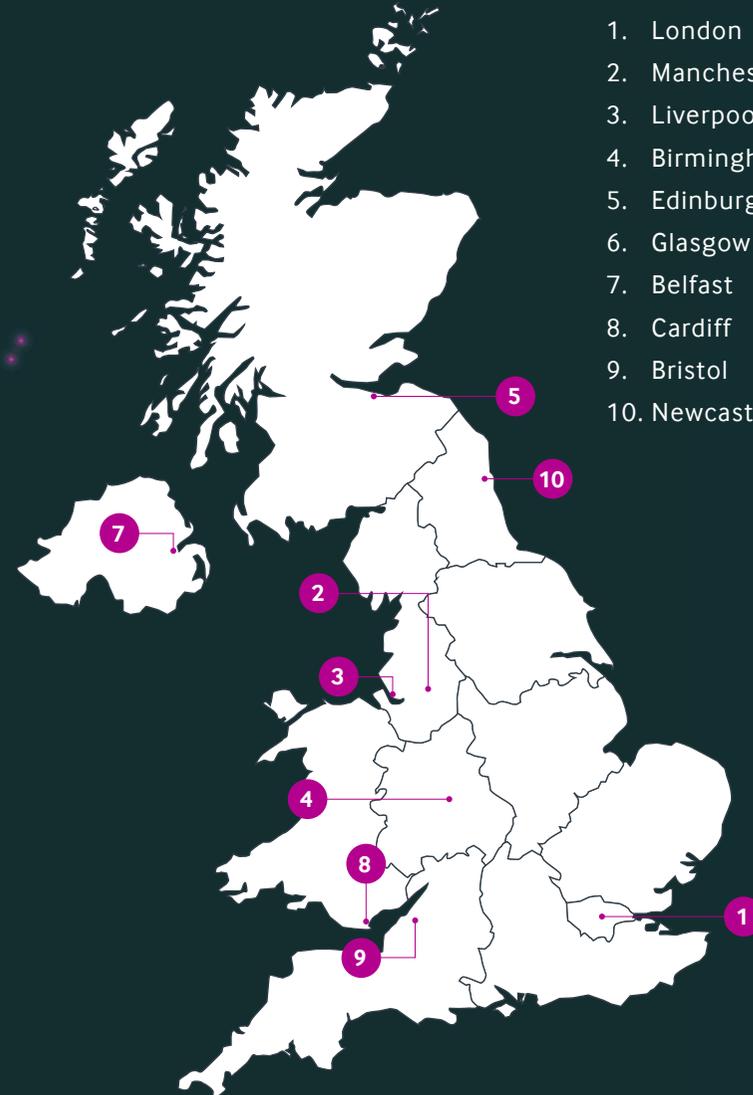
This has made way for more challenger banks to enter the market, who are offering competitive terms for both existing operators and new entrants, creating an increasingly diverse network of lenders.

Lenders are focused on experience and a solid business plan, favouring candidates with relatable experience and a desire to refinance, grow and/or reposition their business by diversifying income streams.

Destination setting hotels are being received more positively by lenders.

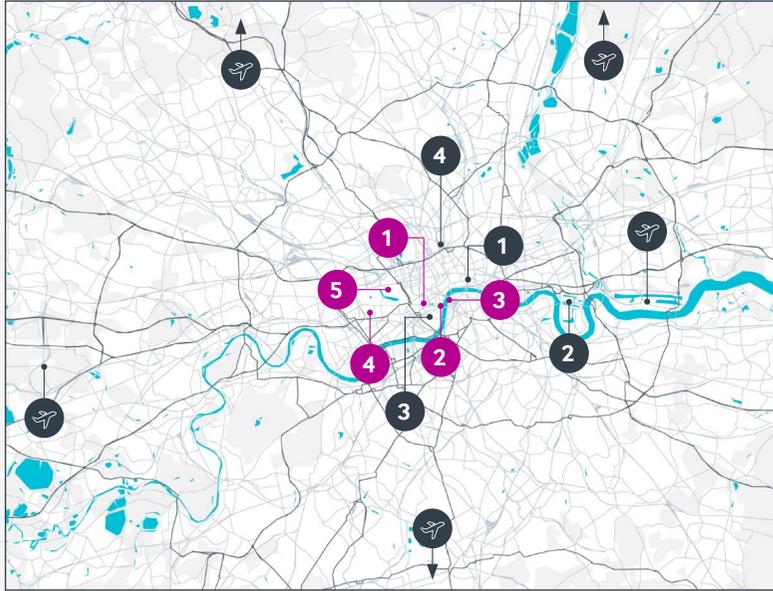
TOP 10 CITIES MARKET OVERVIEW

1. London
2. Manchester
3. Liverpool
4. Birmingham
5. Edinburgh
6. Glasgow
7. Belfast
8. Cardiff
9. Bristol
10. Newcastle-Upon-Tyne



HOTEL MARKET | LONDON

Global capital for international business and the world's leading financial centre



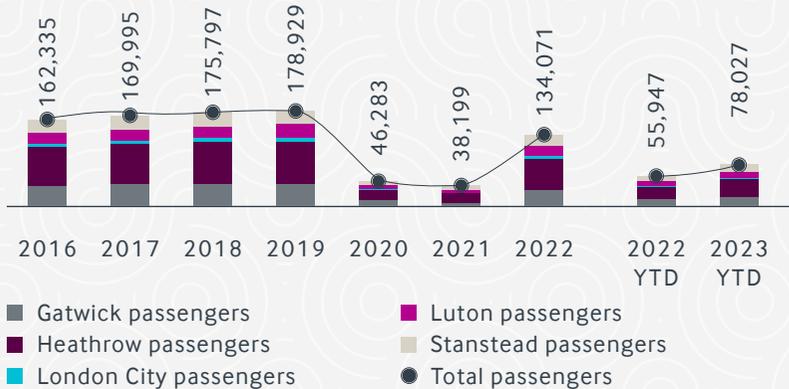
LEISURE DEMAND GENERATORS

- 1 Buckingham Palace
- 2 Big Ben
- 3 London Eye
- 4 Natural History Museum
- 5 Hyde Park

CORPORATE DEMAND GENERATORS

- 1 City of London
- 2 Canary Wharf
- 3 Westminster
- 4 St Pancras International
- Airports

AIRPORT ARRIVALS 2016-2023 JUNE YTD ('000)



Sources: STR, Christie & Co Research & Analysis

There are five airports serving the city, with Heathrow and Gatwick among the ten busiest in Europe. In 2022, the number of passengers at London airports made a robust recovery, yet remaining 25.1% below 2019 level. 2023 H1 figures showed a 39.5% increase compared to the same period in 2022, albeit the first quarter of 2022 was still subject to travel restrictions. Between 2022 H1 and 2023 H1, Heathrow and Gatwick airports showed the strongest growth in traffic among the five airports with 42.3% and 40.8%, respectively.

MACRO-INDICATORS



3.4M
(AS OF 2021)



4.3%
UNEMPLOYMENT



786
GWP

- London, with a population of 3.4m (inner London area in 2021), is the capital and largest city of the United Kingdom. It is the global capital for international business and the world's leading financial centre. The city's economy is dominated by the service sector, especially professional, financial, and support services. London has the largest stock exchange in Europe, and it is home to the significant global and European headquarters of multinational firms such as BP, British American Tobacco, Burberry, Coca-Cola, Google, HSBC, Unilever, Vodafone Group, and Visa Europe.
- A good rail network connects the capital to all the major cities in the UK. It also links to Paris, Brussels and Amsterdam via Eurostar.

PERFORMANCE 2023 H1 INDEX TO 2019 H1



HOTEL MARKET | LONDON

Despite a delayed comeback in trading, the capital still accounts for 56% of the top 10's pipeline

HOTELS



-5.2%
2019-2023
H1 Variation

1,571
2019

1,491
2022

1,490
2023 H1

1,578
2025 forecast

ROOMS



4.8%
2019-2023
H1 Variation

134,013
2019

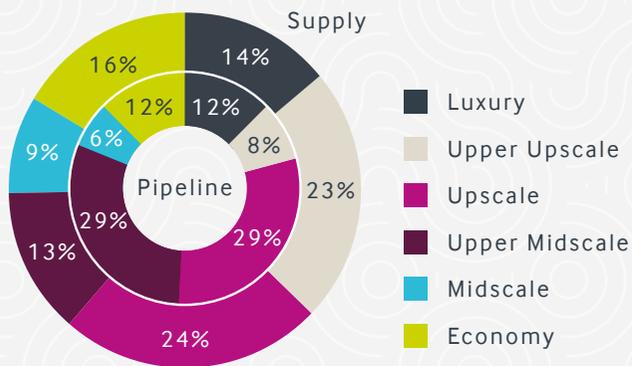
139,860
2022

140,434
2023 H1

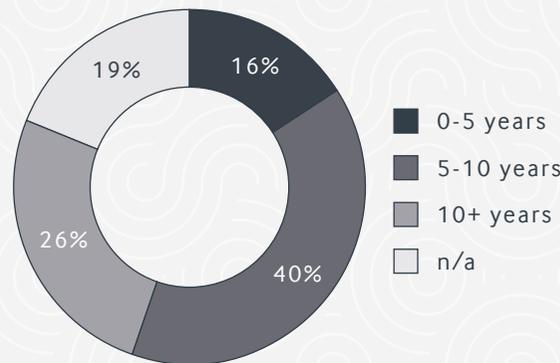
152,603
2025 forecast

In 2023, two of the new hotel openings in London belonged to the aparthotel segment, suggesting an increasing popularity of extended-stay accommodations. There are currently **191 hotel projects with approximately 20,000 rooms in the active pipeline**, with 56% of the additional rooms already under construction and the remaining 43% at final planning stage. Most rooms in the active pipeline belong to the Upper Midscale and Upscale categories, accounting for 58% of the total additional rooms.

SUPPLY & ACTIVE PIPELINE ROOMS BY CLASS 2023 H1



ROOM AGEING (%) SINCE OPENING/ LAST FULL REFURBISHMENT



Sources: STR, MSCI Real Assets via their Real Capital Analytics solution, Christie & Co Research & Analysis

AVERAGE REVPAR SEASONALITY (2019-2022)



- Thanks to robust corporate and leisure demand, London experiences performance peaks in both the summer months and the last quarter of the year. ADRs in London tend to remain fairly stable whilst peaks typically occur in June, July and September.
- London's sustained hotel development and investment interest have led to regular new additions thus maintaining the city's room stock relatively new. In fact, 56% of the city's accommodation has either opened or been renovated within the last 10 years.

RECENT AND UPCOMING OPENINGS

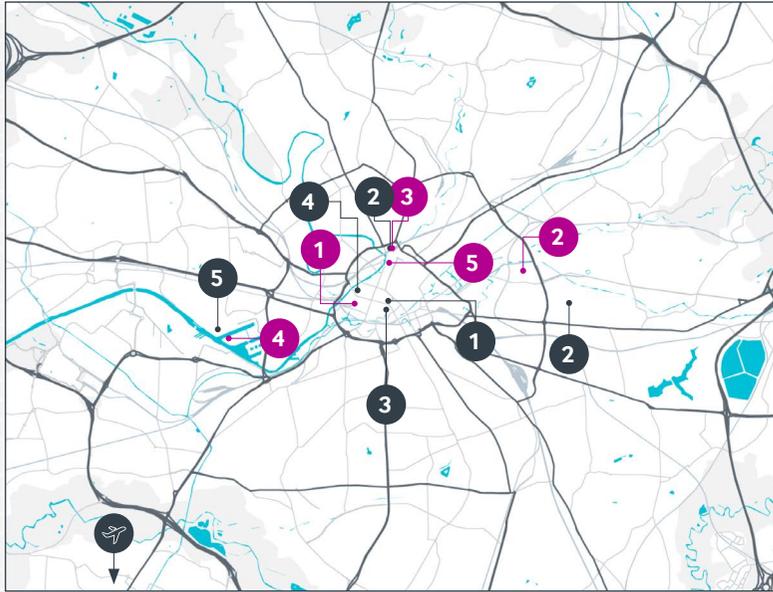
Hotel Name	Scale	Opening	Rooms
The Peninsula	Luxury	Sep 2023	190
art'otel London Hoxton	Upscale	Jan 2024	357
Adagio Access London Fleldgate Street	Midscale	Aug 2025	184

KEY TRANSACTIONS

Hotel Name	Price (£m)	Price/room (£)
Covent Garden	55	948,300
240 Seven Sisters Road	44	230,600
Native Bankside	41	550,000

HOTEL MARKET | MANCHESTER

Hotel occupancy supported by events and a dynamic airport traffic recovery



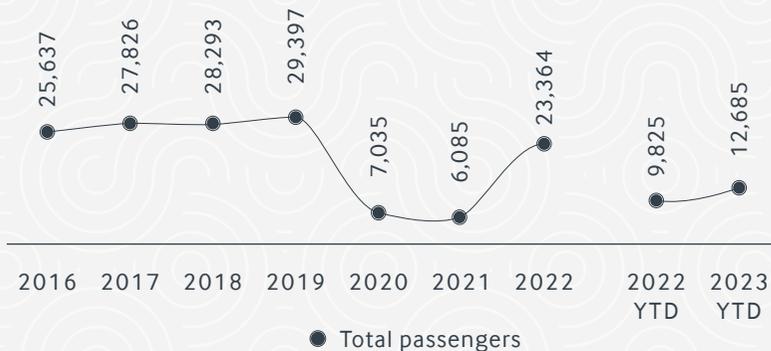
LEISURE DEMAND GENERATORS

- 1 Science and Industry Museum
- 2 Etihad Stadium
- 3 AO Arena
- 4 The Lowry Arts Centre
- 5 Manchester Cathedral

CORPORATE DEMAND GENERATORS

- 1 Manchester City Council
- 2 AO Arena
- 3 Manchester Central Convention Complex
- 4 Spinningfields Financial Centre
- 5 MediaCityUK

AIRPORT ARRIVALS 2016-2023 JUNE YTD ('000)



Manchester Airport is situated 13km from the city centre and is the 3rd busiest airport in the UK exceeding 29m passengers in 2019.

Following the pandemic, the number of passengers recorded marked signs of recovery in 2022, although it was still 20.5% below the level of 2019.

By June YTD of 2023, traffic figures surpassed 2022 by 29.1% over the same period.

Sources: ONS, UK Civil Aviation Authority, Christie & Co Research & Analysis

MACRO-INDICATORS



550K
(AS OF 2021)



6.3%
UNEMPLOYMENT



548
GVA

- Manchester is a significant hub for the arts, finance, media, sport and higher education. The city is home to the country's 5th largest population and lies within the United Kingdom's 2nd most populous urban area.
- The demand for tourism is stimulated by football matches and other various events held throughout the year. The Manchester Arena is the largest indoor arena in the UK and the 2nd largest in Europe. In 2019, the venue hosted 140 events and welcomed over 1.2m visitors.

PERFORMANCE 2023 H1 INDEX TO 2019 H1



HOTEL MARKET | MANCHESTER

An active transaction market despite an ageing hotel stock

HOTELS



5.6%	143	151	151	162
2019-2023 H1 Variation	2019	2022	2023 H1	2025

ROOMS



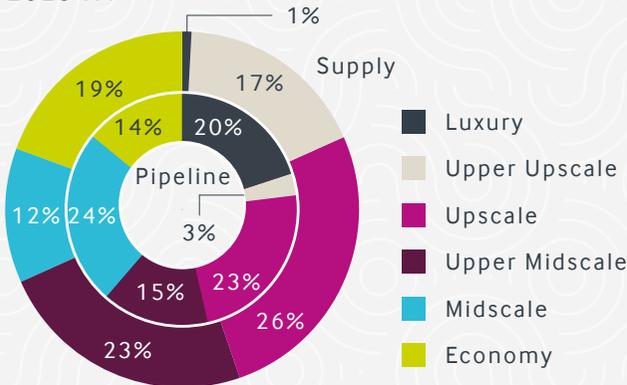
17.7%	16,574	19,285	19,505	21,579
2019-2023 H1 Variation	2019	2022	2023 H1	2025

There are currently **24 hotel projects with 2,666 rooms in the active pipeline**, with 44% of those at final planning stage and 56% already under construction. Rooms in the active pipeline are concentrated in the Midscale and Upscale classes, approaching half of the pipeline (47%).

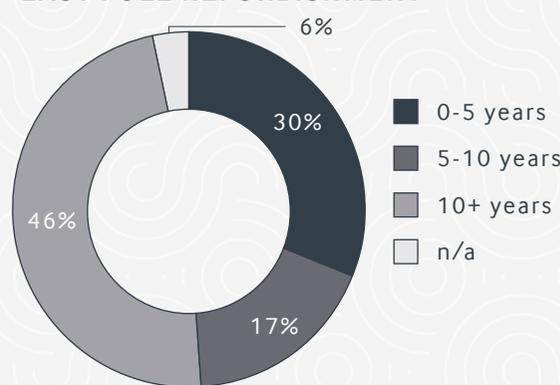
Whilst the **Luxury** supply in Manchester currently represents a **small proportion** of rooms (1% or 188 rooms), **20% of the rooms** (538 rooms) in the **active pipeline** belong to this category.

Manchester was ranked as the UK's 4th largest region in terms of hotel transactions with a total investment volume of £54m in 2023 H1.

SUPPLY & ACTIVE PIPELINE ROOMS BY CLASS 2023 H1



ROOM AGEING (%) SINCE OPENING/ LAST FULL REFURBISHMENT



Sources: STR, MSCI Real Assets via their Real Capital Analytics solution, Christie & Co Research & Analysis

AVERAGE REVPAR SEASONALITY

(2019-2022)



- Manchester's RevPAR seasonality highlights the market's reliance on corporate demand, with RevPAR peaking in June, September and October.
- Despite numerous openings over the last few years, almost 50% of Manchester's hotel stock is relatively dated, i.e. 10 years or older (nearly double the share recorded by London). In this context, the 24 planned new hotels should rapidly gain market share by offering a more up to date product.

RECENT AND UPCOMING OPENINGS

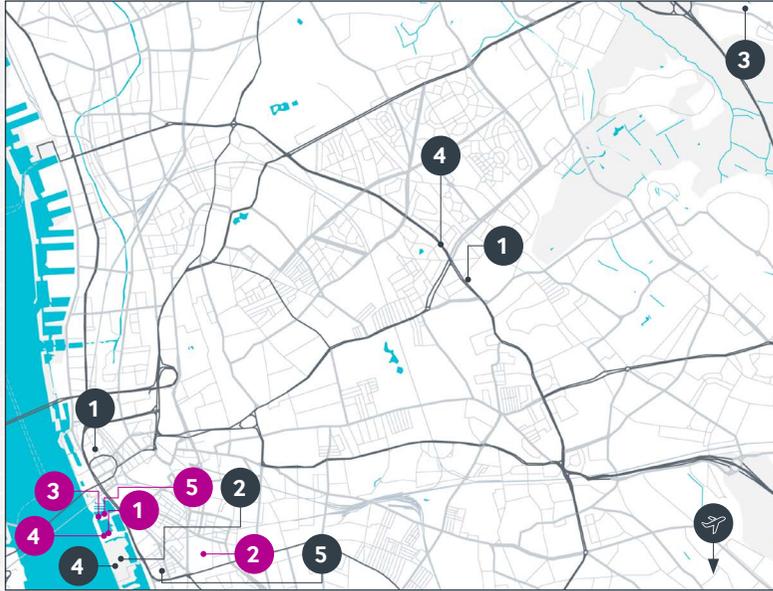
Hotel Name	Scale	Opening	Rooms
Malmaison Manchester Deansgate	Upper Upscale	Oct 2023	70
Treehouse Hotel Manchester	Independent	Jan 2024	224
room2 Manchester	Upscale	Jan 2024	180

KEY TRANSACTIONS

Hotel Name	Price (£m)	Price/room (£)
Manchester Corn Exchange	39	337,700

HOTEL MARKET | LIVERPOOL

Balancing growth between business demand and leisure attractivity



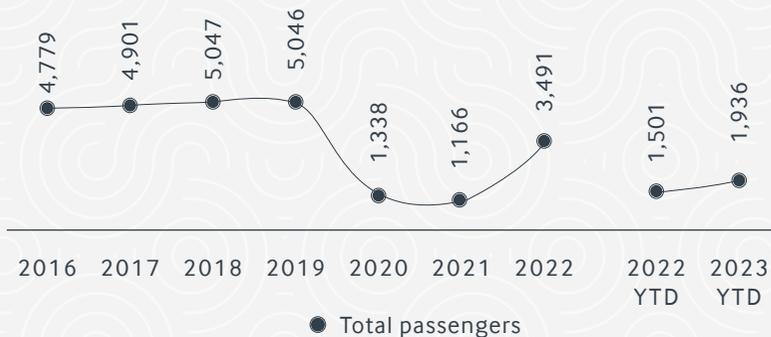
LEISURE DEMAND GENERATORS

- 1 Royal Albert Dock
- 2 Liverpool Cathedral
- 3 Tate Liverpool
- 4 The Beatles Story Museum
- 5 Merseyside Maritime Museum

CORPORATE DEMAND GENERATORS

- 1 Old Hall Street
- 2 ACC Liverpool
- 3 Knowsley Business Park
- 4 Exhibition Centre Liverpool
- 5 Baltic Triangle

AIRPORT ARRIVALS 2016-2023 JUNE YTD ('000)



Based on the total number of passengers, Liverpool's John Lennon Airport is the 12th busiest airport in the UK. In 2022, the number of passengers recorded a healthy upswing after two years of pandemic impact, yet remained 30.8% below its 2019 level.

As of June 2023, YTD passenger arrivals surpassed 2022 by 29.0%, as the first quarter of 2023 was still affected by travel restrictions.

Sources: ONS, UK Civil Aviation Authority, Christie & Co Research & Analysis

MACRO-INDICATORS



485K
(AS OF 2021)



3.6%
UNEMPLOYMENT



614
GWP

- A UNESCO World Heritage City and home to two Premier League football teams, Liverpool attracts high levels of leisure demand and flows of both domestic and international visitors. Besides, the city is a preferred destination for music fans in connection with Liverpool's heritage from the world-famous Beatles.
- In recent years, there has been an increase in business visits due to the opening of the ACC (2015), an exhibition and conference centre which hosts regular economic and annual political summits, as well as various fairs and events.

PERFORMANCE 2023 H1 INDEX TO 2019 H1



HOTEL MARKET | LIVERPOOL

Luxury green shoots contrasting with an ageing hotel stock

HOTELS



6.1%

2019-2023
H1 Variation

132

2019

138

2022

140

2023 H1

151

2025 forecast

ROOMS



7.6%

2019-2023
H1 Variation

9,804

2019

10,315

2022

10,549

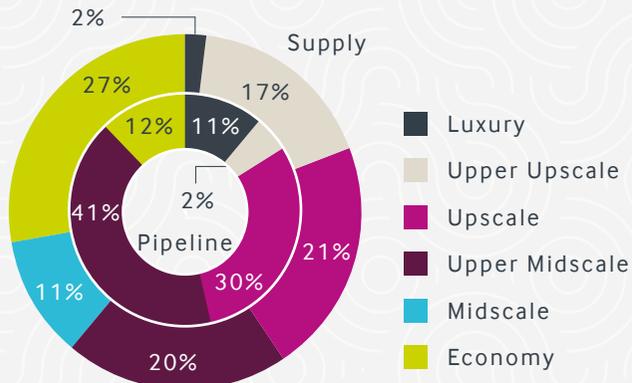
2023 H1

11,441

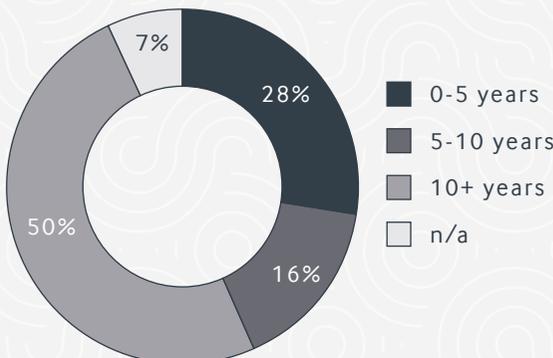
2025 forecast

Worth noting that the historically low share of Luxury rooms (2%) in a market largely driven by the Economy and Upper Midscale segments, is now expected to grow more noticeably with this minority class representing an 11% share of the Liverpool hotel pipeline. There are **currently 25 hotel projects, with around 1,316 rooms in the active pipeline**. Of this, 57% are at final planning stage, and the remaining 43% are already under construction. Most of the active pipeline's rooms are concentrated in the Upper Midscale and Upscale categories, totalling a combined 71% of the additional rooms.

SUPPLY & ACTIVE PIPELINE ROOMS BY CLASS 2023 H1



ROOM AGEING (%) SINCE OPENING/ LAST FULL REFURBISHMENT



Sources: STR, MSCI Real Assets via their Real Capital Analytics solution, Christie & Co Research & Analysis

AVERAGE REVPAR SEASONALITY

(2019-2022)



- Liverpool shows signs of a corporate-driven market with peaks in RevPAR in April and during the autumn months (ex: Labour Party Conference in October) whilst the city experiences a decline in performance during the summer.
- Similarly to the other large northern hubs like Manchester, half of Liverpool's properties are over 10 years old. Therefore the 25 new hotels should help renew the stock and would be expected to rapidly penetrate the market thanks to the novelty of their offering.

RECENT AND UPCOMING OPENINGS

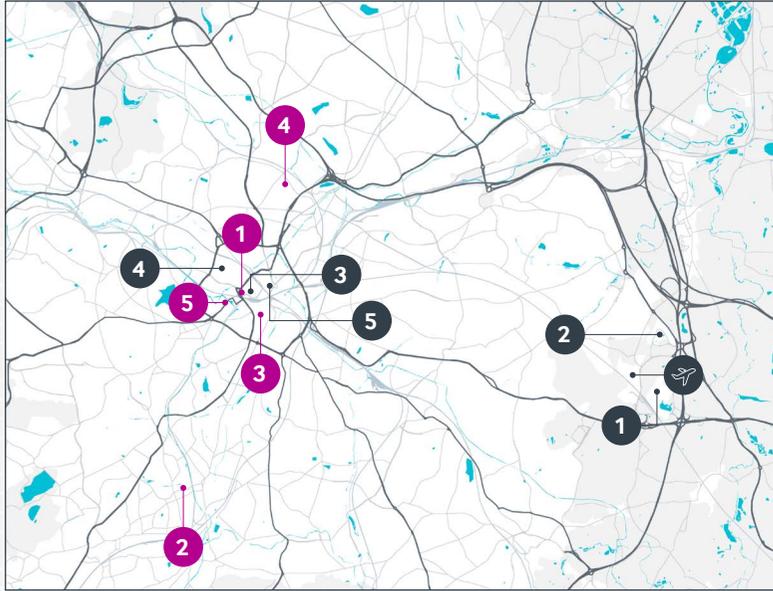
Hotel Name	Scale	Opening	Rooms
MOXY Liverpool City Centre	Upper Midscale	Dec 2023	153
Vignette Collection The Halyard Liverpool	Luxury	Oct 2023	133
JO&JOE Liverpool	Economy	Apr 2024	117

KEY TRANSACTIONS

Hotel Name	Price (£m)	Price/room (£)
Titanic Hotel Liverpool	6	87,300

HOTEL MARKET | BIRMINGHAM

One of the youngest cities in Europe and an attractive hub for large events



LEISURE DEMAND GENERATORS

- 1 Birmingham Museum & Art Gallery
- 2 Cadbury World
- 3 Birmingham Hippodrome
- 4 Villa Park Stadium
- 5 National SEA LIFE Centre

CORPORATE DEMAND GENERATORS

- 1 National Exhibition Centre (NEC)
- 2 Birmingham Business Park
- 3 Colmore Business District
- 4 The Jewellery Quarter
- 5 Royal Bank of Scotland

AIRPORT ARRIVALS 2016-2023 JUNE YTD ('000)



Sources: ONS, UK Civil Aviation Authority, Christie & Co Research & Analysis

Birmingham currently benefits from great accessibility, yet this is set to improve further with the HS2 project, which will link Birmingham to London in 52 minutes, whilst Birmingham airport is located only 30 minutes away via public transportation. In 2022, the number of passengers showed clear signs of recovery despite remaining 24.1% below the levels recorded in 2019. As of June 2023, passenger figures had surpassed 2022 levels by 29.1%, very much in line with the year-on-year growth recorded at other key hubs such as Manchester and Liverpool airports.

MACRO-INDICATORS



1.1M
(AS OF 2021)



7.3%
UNEMPLOYMENT



592
GWP

- Birmingham is the 2nd most populous city in the UK, with a population of 1.1m as of 2021. With its five universities, Birmingham is one of the youngest cities in Europe. In fact, over half (53%) of the city's population is under the age of 35.
- Cultural and sporting events such as the Commonwealth Games, which attracted 1.3m attendees in 2022, drive demand for tourism in the city. The National Exhibition Centre (NEC) is situated a 25-minute journey from the city centre by public transport and hosts over 500 events annually, accommodating more than 2.1m visitors pre-pandemic.

PERFORMANCE 2023 H1 INDEX TO 2019 H1



HOTEL MARKET | BIRMINGHAM

Midscale and Upscale-centric hotel offering with a healthy pipeline

HOTELS



-2.8%

2019-2023
H1 Variation

145

2019

140

2022

141

2023 H1

146

2025 forecast

ROOMS



2.9%

2019-2023
H1 Variation

14,745

2019

14,508

2022

14,743

2023 H1

15,416

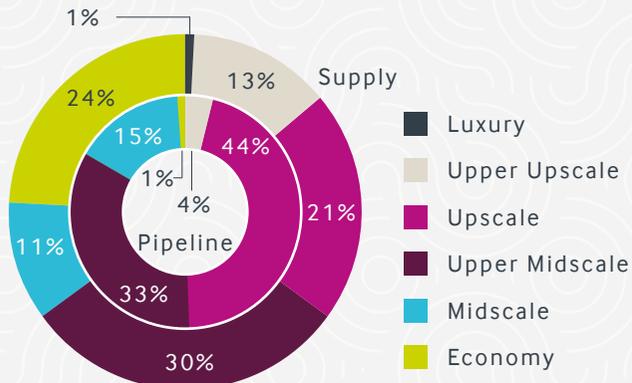
2025 forecast

At present, the **city's active pipeline comprises of 16 hotel projects, totalling 2,222 rooms**, of which 74% are at final planning stage, and the remaining 26% are already under construction. Rooms in the active pipeline mostly belong to the Upper Midscale and Upscale categories, which add up to 77% of the additional room supply.

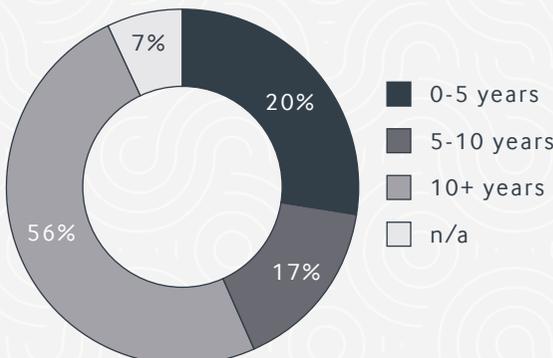
We note that the historically low share of Luxury rooms is not expected to receive any additions, thus confirming a sustained focus of the market on value and the core Economy, Midscale and Upscale categories. Whilst the number of hotels declined marginally over the period 2019 to 2023 H1, total rooms remained stable, confirming the consolidation of larger hotels on average in line with the city's continuous focus on business, groups and events.

SUPPLY & ACTIVE PIPELINE ROOMS BY CLASS

2023 H1



ROOM AGEING (%) SINCE OPENING/ LAST FULL REFURBISHMENT



Sources: STR, MSCI Real Assets via their Real Capital Analytics solution, Christie & Co Research & Analysis

AVERAGE REVPAR SEASONALITY

(2019-2022)



- Birmingham features a rather consistent, corporate-led RevPAR seasonality profile, with the highest RevPAR typically being achieved in February, June and during autumn months. The city's hotel performance softens during the summer, with August being the month with the second lowest performance after January.
- Birmingham has a high percentage of properties that are older than a decade, resulting in a 'dated stock.' The planned 16 new hotels should therefore somehow contribute to the market's rejuvenation whilst leveraging their novelty to rapidly gain market share from Birmingham's older properties.

RECENT AND UPCOMING OPENINGS

Hotel Name	Scale	Opening	Rooms
voco Birmingham (Dormant Finance)	Upscale	Mar 2029	123
TRIBE Hotel Broad Street	Midscale	Jan 2030	220
OYO Rowton Hotel (ext.)	Economy	n/a	16

KEY TRANSACTIONS

Hotel Name	Price (£m)	Price/room (£)
No transaction of note		

HOTEL MARKET | EDINBURGH

Edinburgh's combined national and international attractiveness supported growth in visitation



LEISURE DEMAND GENERATORS

- 1 Edinburgh Castle
- 2 National Museum of Scotland
- 3 Scottish National Gallery
- 4 St Giles Cathedral
- 5 National War Museum

CORPORATE DEMAND GENERATORS

- 1 Edinburgh International Conference Centre
- 2 Edinburgh Park
- 3 West End
- 4 University of Edinburgh
- 5 Bank of Scotland

AIRPORT ARRIVALS 2016-2023 JUNE YTD ('000)



Edinburgh Airport is the busiest airport in Scotland. In 2022, passenger numbers showed signs of recovery, despite remaining 23.7% lower than in 2019.

As of June 2023, the YTD passenger numbers were 39.6% higher than the same period in 2022, noticeably higher than the YTD statistics at other airports in this review and almost double the traffic at Glasgow Airport.

Sources: ONS, UK Civil Aviation Authority, Christie & Co Research & Analysis

MACRO-INDICATORS



526.5K
(AS OF 2021)



2.3%
UNEMPLOYMENT



656
GWP

- Edinburgh is the administrative centre of Scotland, housing the Scottish Parliament, the Scottish Office, and the Supreme Court. The city of Edinburgh is also a UNESCO World Heritage Site and is the second most popular tourist destination in the UK for international travellers, after London.
- The city is renowned for its numerous festivals, including the Fringe and the Royal Military Tattoo, which attract both national and international visitors, helping maintain the city's high occupancy rate throughout the year. The Edinburgh Festival Fringe has recorded an 11% increase in ticket sales to record the 5th highest attendance in the history of the event, yet worth noting that the final figure was 19% lower than the record level reached in 2019.

PERFORMANCE 2023 H1 INDEX TO 2019 H1



HOTEL MARKET | EDINBURGH

2nd largest pipeline against current supply after Glasgow with focus on upper segments

HOTELS



-5.1%

2019-2023
H1 Variation

253

2019

239

2022

240

2023 H1

246

2025 forecast

ROOMS



2.9%

2019-2023
H1 Variation

15,928

2019

15,745

2022

16,386

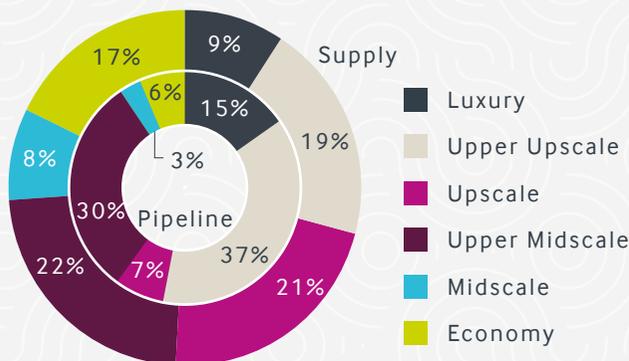
2023 H1

17,016

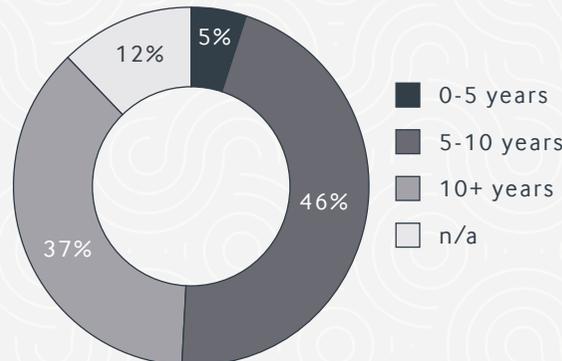
2025 forecast

Edinburgh features a low average inventory of 67 rooms per hotel compared to the other top 10 cities, reflecting the city's focus on the upper-end of the market. Between 2019 and 2023, the number of hotels in Edinburgh decreased by 5.1%, while the room stock increased at a robust 2.9%, evidencing the **emergence of newer and larger hotels**. Despite nearly **7 out of 10 rooms being branded**, the branded supply is well diversified with no single brand dominating the market. At present, **41 hotel projects amounting to approximately 3,135 rooms make up the active pipeline** with 43% already under construction and the remaining 57% reported at final planning stage.

SUPPLY & ACTIVE PIPELINE ROOMS BY CLASS 2023 H1



ROOM AGEING (%) SINCE OPENING/ LAST FULL REFURBISHMENT



Sources: STR, MSCI Real Assets via their Real Capital Analytics solution, Christie & Co Research & Analysis

AVERAGE REVPAR SEASONALITY

(2019-2022)



- The seasonality of performance in the Edinburgh hotel market is clearly marked by the occurrence of large events which can drive both occupancy and ADR, such as the Fringe, leading to August yielding a RevPAR x3.5 times that of January (weakest month).
- The majority of hotel rooms in Edinburgh are dated, with over a third of the supply over 10 years old and only 5% less than 5 years old.

RECENT AND UPCOMING OPENINGS

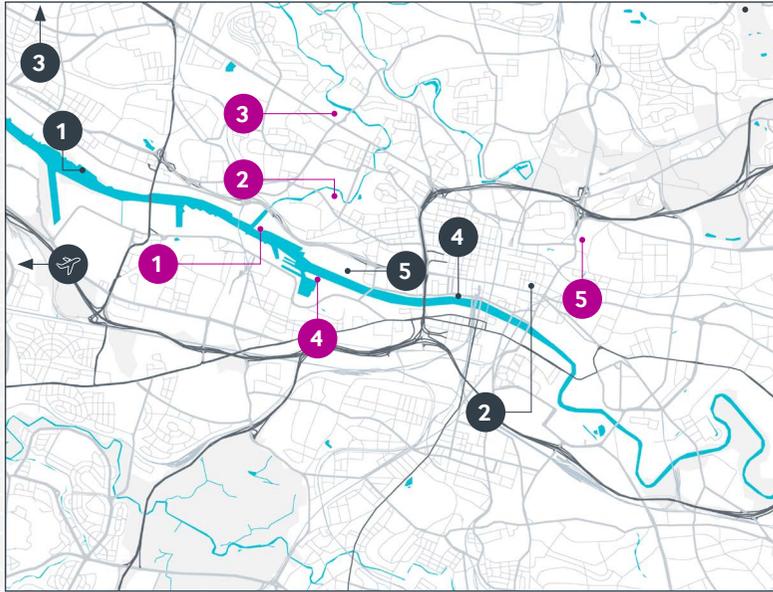
Hotel Name	Scale	Opening	Rooms
The Hoxton Edinburgh	Upper Upscale	Jan 2024	211
Hyatt Centric Haymarket Edinburgh	Upper Upscale	Dec 2026	349

KEY TRANSACTIONS

Hotel Name	Price (£m)	Price/room (£)
Waldorf Asotria Edinburgh	85	352,700
The Caledonian		

HOTEL MARKET | GLASGOW

Glasgow's continuously improving fundamentals rivalling Edinburgh



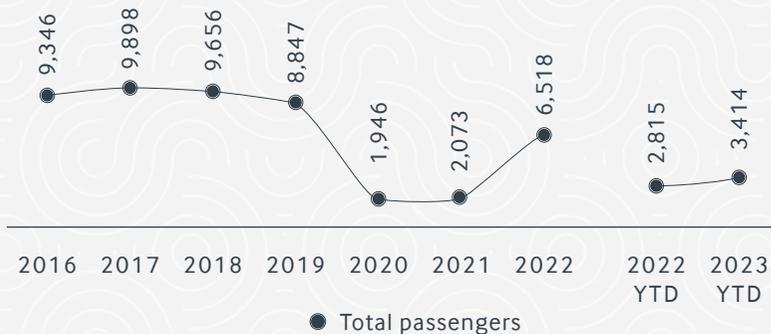
LEISURE DEMAND GENERATORS

- 1 Riverside Museum
- 2 Kelvingrove Art Gallery and Museum
- 3 Glasgow Botanic Gardens
- 4 Glasgow Science Centre
- 5 Glasgow Cathedral

CORPORATE DEMAND GENERATORS

- 1 The Clyde Waterfront
- 2 The Merchant City
- 3 Glasgow Science Park
- 4 The International Financial Services District
- 5 The Scottish Exhibition and Conference Centre

AIRPORT ARRIVALS 2016-2023 JUNE YTD ('000)



Glasgow can be reached by public transportation from the airport in only 25 minutes. Despite remaining 26.3% below 2019 levels, the number of passengers recorded at Glasgow airport in 2022 showed marked signs of recovery. As of June 2023, YTD figures sat at 21.2% above those over the same period in 2022, while the first quarter of 2022 was still affected by travel restrictions.

It was recently announced that planning has been granted to develop a 300,000 sqft new industrial/warehouse space at the Westway industrial park nearby the airport for an estimated £25m.

Sources: ONS, UK Civil Aviation Authority, Christie & Co Research & Analysis

MACRO-INDICATORS



635.1K
(AS OF 2021)



4.5%
UNEMPLOYMENT



634
GWP

- Glasgow is Scotland's largest city and a significant economic powerhouse, contributing to over 15% of Scottish GVA. During the last 15 years, Glasgow has undergone significant investment and regeneration, transforming from its reputation as the industrial capital of Scotland. It has now emerged as a financial hub and a thriving area for retail, restaurants, leisure, and hotel facilities that match those found in Edinburgh.
- The music scene, sports facilities, and retail offerings are the major drivers of leisure demand in Glasgow. Domestic tourism is Glasgow's main source of visitors, which supported Glasgow hotel market during the pandemic.

PERFORMANCE 2023 H1 INDEX TO 2019 H1



HOTEL MARKET | GLASGOW

An aggressive hotel pipeline focused on elevating the city's positioning

HOTELS



2.7%	146	149	150	158
2019-2023 H1 Variation	2019	2022	2023 H1	2025 forecast

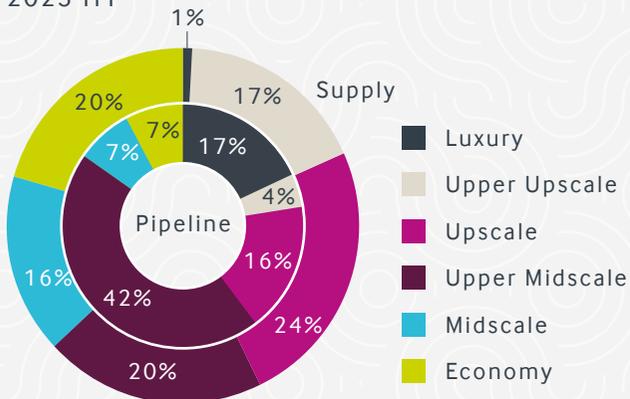
ROOMS



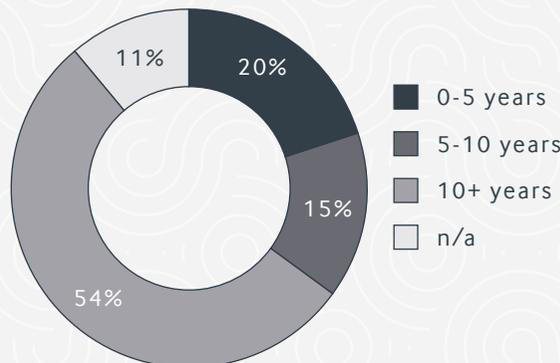
2.9%	11,279	12,803	12,982	14,925
2019-2023 H1 Variation	2019	2022	2023 H1	2025 forecast

There are **presently 20 hotel projects underway amounting to c. 3,000 rooms**. Of these, 56% are at final planning stage and 44% are already under construction. The rooms pipeline is predominantly focused on the Upper Midscale category for which its share of pipeline (42%) is more than double its share of current supply (20%). Worth noting that the historically near inexistent share of Luxury rooms (1%) in a market largely driven by the Economy and Midscale segments, is now expected to grow more noticeably with a 17% share of the rooms pipeline. The recent opening of the Virgin Hotels Glasgow follows the brand's first opening in Europe last summer in Edinburgh. The supply injection, if all 3,000 rooms materialise, would equate to an increase of 22.9% of the city's current room stock, placing Glasgow ahead of all other nine markets when comparing pipeline against current supply.

SUPPLY & ACTIVE PIPELINE ROOMS BY CLASS 2023 H1



ROOM AGEING (%) SINCE OPENING/ LAST FULL REFURBISHMENT



Sources: STR, MSCI Real Assets via their Real Capital Analytics solution, Christie & Co Research & Analysis

AVERAGE REVPAR SEASONALITY (2019-2022)



- Glasgow shows a balanced profile between demand segments with RevPAR steadily growing throughout the year before falling in December. Note that the November peak is skewed by Glasgow's strong performance in November 2021 linked to the hosting of COP 26, which generated significant demand and aggressive ADR yielding.
- Glasgow's hotel supply is largely outdated, with c. 54% of its stock being more than a decade old. With an increase of more than a fifth of its current room supply and a surge in luxury supply Glasgow's market landscape is expected to accelerate its transformation.

RECENT AND UPCOMING OPENINGS

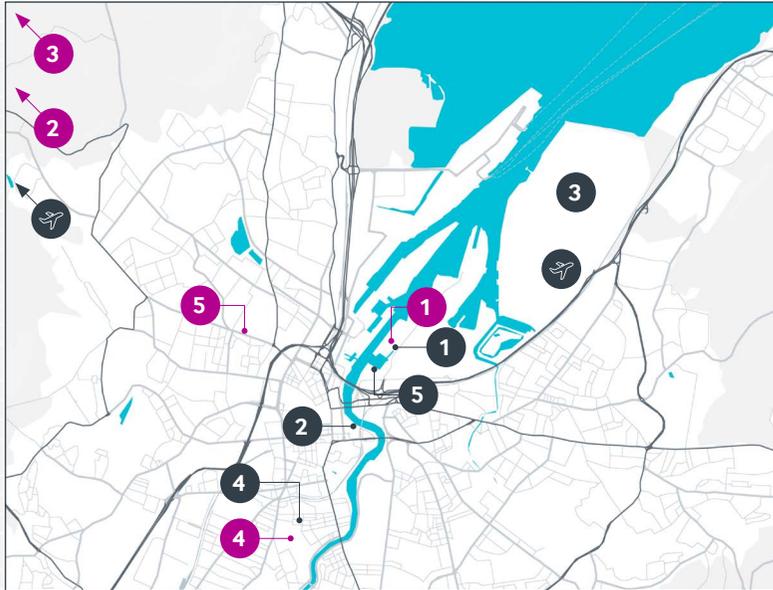
Hotel Name	Scale	Opening	Rooms
Virgin Hotels Glasgow	Luxury	Aug 2023	242
AC by Marriott Glasgow	Upscale	Oct 2023	245
City Centre room2 Glasgow	Upscale	Mar 2025	123

KEY TRANSACTIONS

Hotel Name	Price (£m)	Price/room (£)
No transaction of note		

HOTEL MARKET | BELFAST

#1 destination in the world by Lonely Planet in 2018, Belfast posts the strongest RevPAR growth on 2019



LEISURE DEMAND GENERATORS

- 1 Titanic Belfast
- 2 Derry Walls
- 3 Giant's Causeway
- 4 Ulster Museum
- 5 Crumlin Road Gaol

CORPORATE DEMAND GENERATORS

- 1 The Titanic Quarter
- 2 ICC Belfast
- 3 Sydenham Business Park
- 4 Queen's University Belfast
- 5 The Belfast Harbour

AIRPORT ARRIVALS 2016-2023 JUNE YTD ('000)



Belfast features two airports: Belfast International Airport, which handles both international and domestic flights, and Belfast City Centre Airport for domestic traffic only. Passenger numbers showed signs of recovery in 2022, although still 25.9% below 2019 levels.

June 2023 YTD traffic statistics exceeded 2022 levels by 26.3%. This growth in traffic was primarily driven by a 51.4% increase in passengers at Belfast International Airport.

Sources: ONS, UK Civil Aviation Authority, Christie & Co Research & Analysis

MACRO-INDICATORS



634.6K
(AS OF 2021)



2.3%
UNEMPLOYMENT



656
GWP

- Belfast is the 12th largest city in the United Kingdom and the capital of Northern Ireland. Belfast's main economic sectors include advanced engineering and manufacturing, financial services, hospitality, science and technology. It is also one of Europe's top cities for Foreign Direct Investment in software development and is home to major TV and film production headquarters such as Belfast Harbour Studios.
- Tourism demand has grown significantly since the city was named the world's number one destination by Lonely Planet in 2018, with the number of visits increasing by 10% between 2017 and 2019.

PERFORMANCE 2023 H1 INDEX TO 2019 H1



HOTEL MARKET | BELFAST

A steady pipeline to meet the city's growing popularity amongst leisure visitors

HOTELS



-4.6%

2019-2023
H1 Variation

65

2019

62

2022

62

2023 H1

67

2025 forecast

ROOMS



-4.3%

2019-2023
H1 Variation

5,402

2019

5,172

2022

5,172

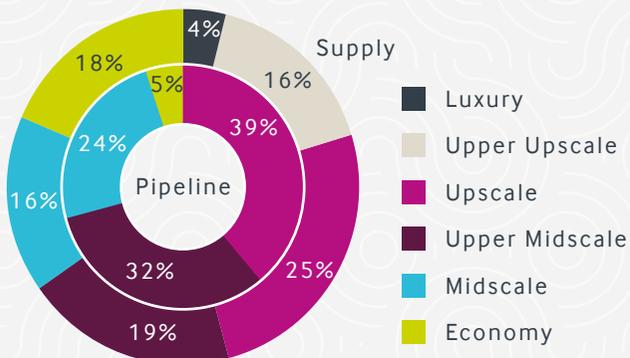
2023 H1

5,569

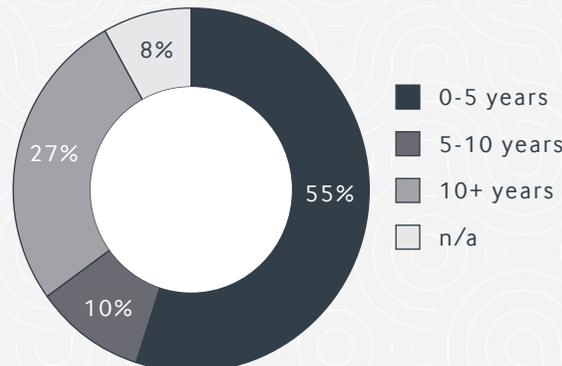
2025 forecast

At present, there are **15 hotel projects in the active pipeline, comprising of approximately 900 rooms**. Among these, 51% are at final planning stage and the remaining 49% are already under construction. Most of the rooms in the active pipeline belong to the Upper Midscale and Upscale categories, making up 71% of the planned additional rooms. A number of city-level developments planned in the short to medium-term may contribute to re-activate what is now a fairly modest hotel pipeline compared to the 30% expansion of the stock experienced between 2015 and 2018. These city developments range from Belfast Grand Central Station (2024) to the redevelopment of Casement Park Stadium or the creation of over 225,000 sqft of "grade A" offices at One Grosvenor Gate.

SUPPLY & ACTIVE PIPELINE ROOMS BY CLASS 2023 H1



ROOM AGEING (%) SINCE OPENING/ LAST FULL REFURBISHMENT



Sources: STR, MSCI Real Assets via their Real Capital Analytics solution, Christie & Co Research & Analysis

AVERAGE REVPAR SEASONALITY

(2019-2022)



- Belfast features a clear leisure-driven market with peaks in RevPAR during the spring and summer months. The city's performance figures seem to be lower in the first quarter of the year.
- Belfast has one of the 'youngest' hotel rooms' stocks across the top 10 UK hotel markets with 55% of it opened or renovated in the last 5 years. This should be maintained in the coming years with the addition of new properties to the market.

RECENT AND UPCOMING OPENINGS

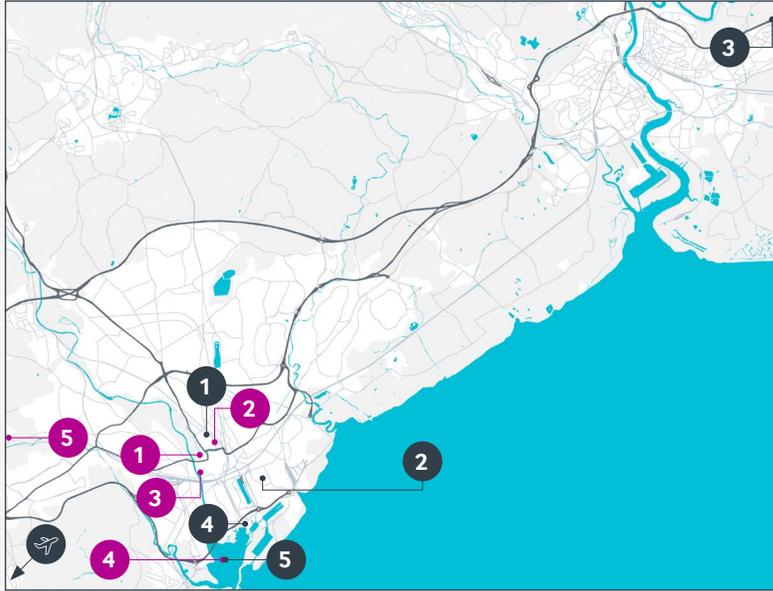
Hotel Name	Scale	Opening	Rooms
room2 Belfast	Upscale	Sep 2023	175
Dublin Road Serviced Apartment	Independent	Jul 2024	85

KEY TRANSACTIONS

Hotel Name	Price (£m)	Price/room (£)
No transaction of note		

HOTEL MARKET | CARDIFF

The city's elevated infrastructure and attractiveness for events yet to boost hotel demand growth



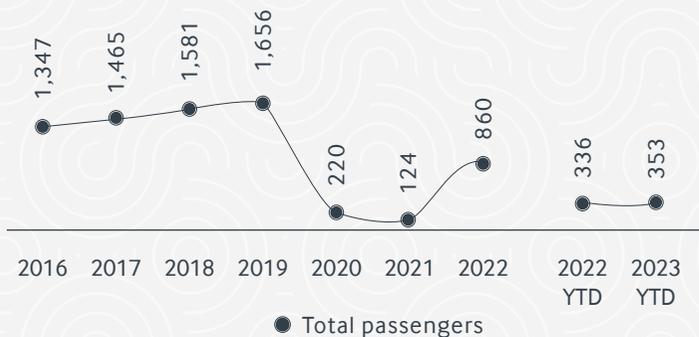
LEISURE DEMAND GENERATORS

- 1 Cardiff Castle
- 2 National Museum Cardiff
- 3 Principality Stadium
- 4 Cardiff Bay
- 5 St Fagans National Museum of History

CORPORATE DEMAND GENERATORS

- 1 Cardiff University
- 2 Cardiff Bay Business Centre
- 3 Cardiff International Convention Centre (CICC)
- 4 The Senedd (Welsh Parliament)
- 5 Cardiff Bay

AIRPORT ARRIVALS 2016-2023 JUNE YTD ('000)



Cardiff Airport is situated 45 minutes away from the city centre, accessible by public transport and is the only airport in Wales to offer commercial flights. Cardiff also enjoys proximity to Bristol airport (1 hour and 15-minute drive) which has experienced significant traffic growth between 2016 and 2019. In 2022, there were some timid signs of recovery in passenger numbers as it reached 860k, but still well below the figures recorded in 2019 (-48.1%). As of June 2023, YTD passenger numbers have exceeded those recorded in 2022 by only a marginal 5.0%. Cardiff's recovery rate in air passenger traffic is therefore slower than other significant hubs in the UK, yet somehow partly masking a robust hotel trading recovery, with some volume shortfall owing to a slower return of corporate and leisure events.

Sources: ONS, UK Civil Aviation Authority, Christie & Co Research & Analysis

MACRO-INDICATORS



359.5K
(AS OF 2021)



3.1%
UNEMPLOYMENT



627
GWP

- Over the past decade, Cardiff has benefitted from significant regeneration investment, which has enhanced its attractiveness for tourism and hospitality, while also enabling the city to become a prominent location for companies, especially those focused on financial and Fintech services.
- Although the hospitality industry makes a substantial contribution to the Welsh economy, a large share of tourists still prioritise day trips somewhat limiting the growth achieved by the city's hotel market. The redevelopment of the city, notably its seafront Atlantic Wharf area including a new event arena could well support further growth beyond the robust trading recovery recorded by the Welsh capital through 2022 and the first half of 2023.

PERFORMANCE 2023 H1 INDEX TO 2019 H1



HOTEL MARKET | CARDIFF

A clear focus of the hotel pipeline on affordable new hotel rooms

HOTELS



3.8%	79	82	82	88
2019-2023 H1 Variation	2019	2022	2023 H1	2025 forecast

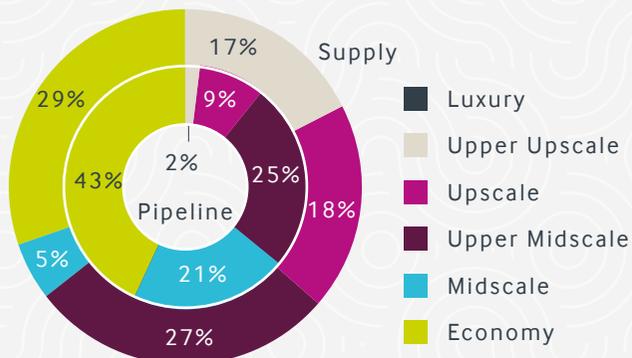
ROOMS



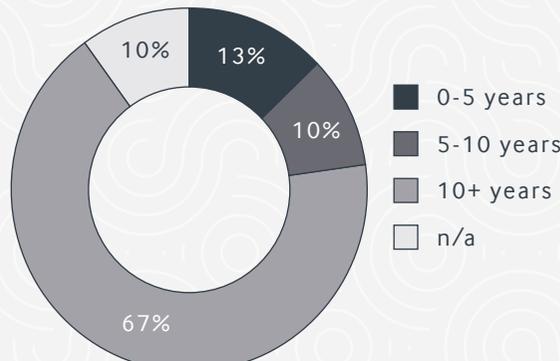
6.3%	5,659	6,013	6,013	6,717
2019-2023 H1 Variation	2019	2022	2023 H1	2025 forecast

At present, there are **13 hotel projects in the active pipeline, totalling 1,066 rooms**, of which 69% are at final planning stage and 31% already under construction. The dominant categories of rooms in the active pipeline are Economy and Upper Midscale, with nearly 7 out of 10 rooms added to those categories. Whilst this pipeline just over 1,000 rooms may seem modest, it nonetheless represents 17.7% of the city's current room stock. However, the city is also showing signs of active citywide development which may support further growth in economic activity and tourism, with sizeable projects including the transformation of the Atlantic Wharf area. This major development features the opening of a 17,000-capacity indoor arena as well as the 2.5m sq ft of mixed-use development of waterfront Central Quay.

SUPPLY & ACTIVE PIPELINE ROOMS BY CLASS 2023 H1



ROOM AGEING (%) SINCE OPENING/ LAST FULL REFURBISHMENT



Sources: STR, MSCI Real Assets via their Real Capital Analytics solution, Christie & Co Research & Analysis

AVERAGE REVPAR SEASONALITY (2019-2022)



- Cardiff has a balanced profile with a healthy mix of both corporate and leisure demand, with RevPAR peaking during the summer months and also in February and September. The city witnesses lower performance during December and January.
- Cardiff has one of the oldest stocks among the top 10 UK hotel markets, with 67% of it being 10 years or older. The 17.7% planned increase in supply should positively contribute to revitalising the offering. As a result, these new entrants are likely to rapidly gain a market advantage and capture a larger market share.

RECENT AND UPCOMING OPENINGS

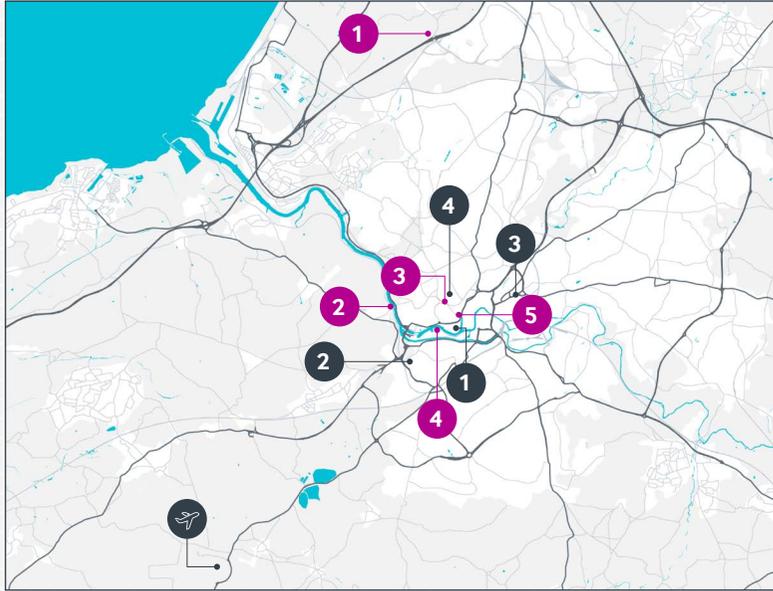
Hotel Name	Scale	Opening	Rooms
Premier Inn Cardiff Custom House	Economy	Dec 2023	242
Travelodge Atlantic Wharf	Economy	Oct 2026	245
Sleeperz Hotel Cardiff	Upper Midscale	n/a	123

KEY TRANSACTIONS

Hotel Name	Price (£m)	Price/room (£)
No transaction of note		

HOTEL MARKET | BRISTOL

A dynamic university and business hub as well as a domestic leisure destination



LEISURE DEMAND GENERATORS

- 1 Bristol Zoo Project
- 2 Clifton Suspension Bridge
- 3 Bristol Museum & Art Gallery
- 4 SS Great Britain
- 5 Bristol Hippodrome

CORPORATE DEMAND GENERATORS

- 1 The Bristol Harbourside
- 2 Ashton Gate
- 3 City Business Park
- 4 The University of Bristol
-  Bristol Airport

AIRPORT ARRIVALS 2016-2023 JUNE YTD ('000)



The city boasts both excellent domestic connectivity with direct train services to Bath, Oxford, and London (1h45) and international accessibility via its airport located 40 minutes away from the city centre by bus. There were positive signs of a dynamic recovery in passenger numbers in 2022, with levels reaching 7.9m or only 11.3% below the figures recorded in 2019. However, as of June 2023 YTD passenger numbers are 5.1% lower than those recorded in 2022, a decline likely due to a slowdown in staycations in 2023.

Sources: ONS, UK Civil Aviation Authority, Christie & Co Research & Analysis

MACRO-INDICATORS



471.1K
(AS OF 2021)



3.1%
UNEMPLOYMENT



647
GWP

- Bristol is situated in the South West of the UK and offers a rich maritime history to its inhabitants and visitors. Indeed, Bristol's port area, referred to as Harbourside, is currently a cultural centre consisting of 19th-century warehouses, restaurants, shops, museums and art galleries. Bristol also has a renowned aerospace manufacturing industry with the region having fostered the establishment of nine major companies of the sector, such as Airbus and Boeing. Bristol is also home to active university campuses regularly ranked in the world's top 100 and the UK's top ten universities regarding both research and teaching excellence.
- Despite its healthy growth in passenger traffic between 2016 and 2019, Bristol airport's application for planning permission to expand its capacity from 10m to 12m, was rejected in 2020 and dismissed by the court on appeal in 2023.

PERFORMANCE 2023 H1 INDEX TO 2019 H1



HOTEL MARKET | BRISTOL

A dynamic university and business hub as well as a domestic leisure destination

HOTELS



8.3%

2019-2023
H1 Variation

109

2019

116

2022

118

2023 H1

125

2025 forecast

ROOMS



13.1%

2019-2023
H1 Variation

7,532

2019

8,468

2022

8,516

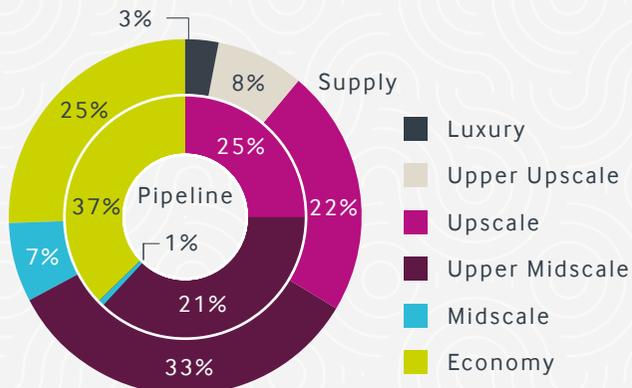
2023 H1

8,837

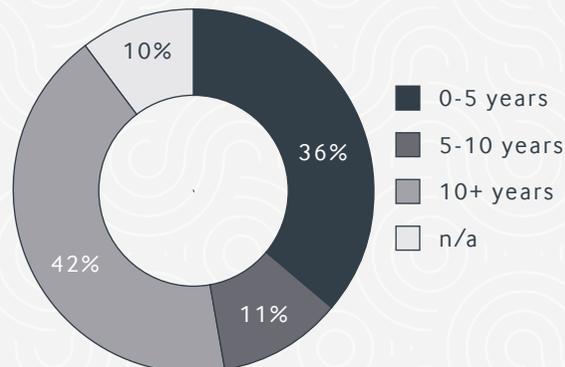
2025 forecast

There are presently **14 hotel projects with 1,060 rooms in the active pipeline**, of which 73% are at final planning stage, and 27% are already under construction. Most rooms in the pipeline belong to either the Economy or Upper Midscale class, accounting together for 58% of the additional rooms. Following a number of new openings pre-pandemic, one of the city's major upcoming developments which includes a hotel component is the Ashton Gate stadium project which received planning in late 2022 and is hoped to begin its first phase of development, featuring a 4,000-seat Sports and Convention Centre, before the end of 2023.

SUPPLY & ACTIVE PIPELINE ROOMS BY CLASS 2023 H1



ROOM AGEING (%) SINCE OPENING/ LAST FULL REFURBISHMENT



Sources: STR, MSCI Real Assets via their Real Capital Analytics solution, Christie & Co Research & Analysis

AVERAGE REVPAR SEASONALITY

(2019-2022)



- Thanks to its leisure-led profile, the Bristol market experiences some marked seasonality with RevPAR peaking during the summer months and September, whilst through winter months the city experiences much lower performance.
- Due to the additions to supply recorded over the last 5 years and pre-pandemic, Bristol's room inventory is fairly balanced in terms of ageing. 42% of the rooms have been in operation for at least 10 years, while 36% are less than 5 years old. The upcoming openings should support this healthy profile whilst challenging the position of the older stock.

RECENT AND UPCOMING OPENINGS

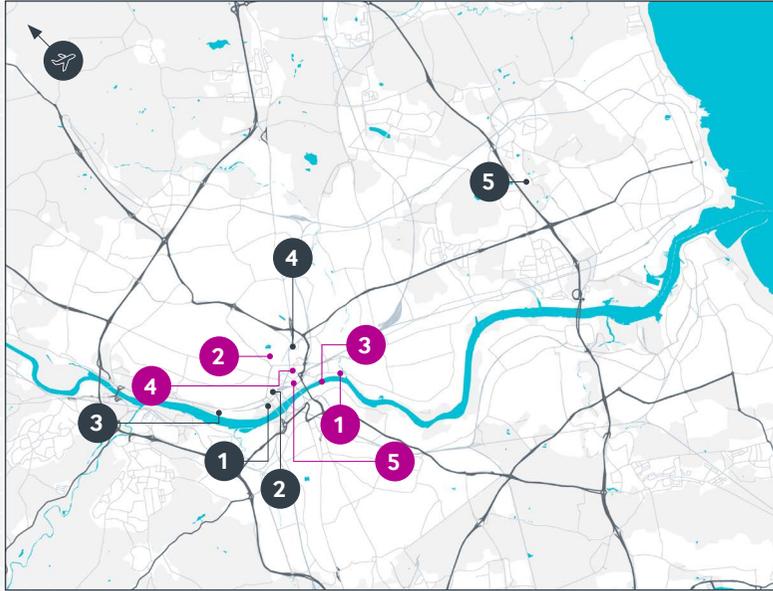
Hotel Name	Scale	Opening	Rooms
Hilton Garden Inn Bristol, Ashton Gate Stadium	Upscale	Jun 2025	224
Premier Inn Bristol	Economy	Apr 2026	125
Avonmouth Soapworks	Independent	n/a	159

KEY TRANSACTIONS

Hotel Name	Price (£m)	Price/room (£)
Travelodge Abbey Wood	n/a	n/a

HOTEL MARKET | NEWCASTLE-UPON-TYNE

Smallest population of the Top 10 yet going through a dynamic transformation



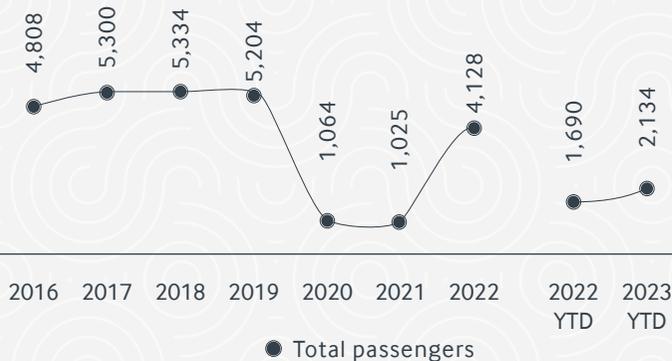
LEISURE DEMAND GENERATORS

- 1 Victoria Tunnel
- 2 St. James' Park Stadium
- 3 Gateshead Millenium Bridge
- 4 Theatre Royal
- 5 Newcastle Castle

CORPORATE DEMAND GENERATORS

- 1 Utilita Arena Newcastle
- 2 Newcastle Life Science Centre
- 3 Newcastle Business Park
- 4 The Civic Centre
- 5 Cobalt Business Park

AIRPORT ARRIVALS 2016-2023 JUNE YTD ('000)



The city is well connected to the rest of the country with, for instance, over 30 daily trains to London (2h45) and regular services to Edinburgh (1h30). Newcastle airport is accessible in only 30 minutes via direct train from Newcastle city centre.

Although in 2022 passenger numbers drastically increased, reaching 4.1m, it was still 20.7% lower than the passenger figures recorded in 2019. YTD passenger numbers have surpassed those recorded in 2022 by 26.3%, as of June 2023.

Sources: ONS, UK Civil Aviation Authority, Christie & Co Research & Analysis

MACRO-INDICATORS



298.3K
(AS OF 2021)



4.9%
UNEMPLOYMENT



609
GWP

- Newcastle made a name for itself as a significant manufacturing hub in the North East of the UK during the industrial revolution and is now a noteworthy area for business, the arts, and the sciences. Newcastle received the top spot on Rough Guides's list of the world's best places to visit in 2018 and is a thriving business and tourist destination. This is due to its popular attractions like the Millennium Bridge, Newcastle University (UK's 20th largest student population), and St James' Park, home ground of the Newcastle United Football Club. The club's international reputation was evidenced in late 2021 through its acquisition by one of Saudi Arabia's Public Investment Funds.
- The Newcastle Gateshead Quays development is set to complete by 2024 and is anticipated to create additional demand for the city. The scheme comprises an already open 12,500-capacity arena, as well as an international conference and exhibition centre, along with hotels, pubs, and restaurants.

PERFORMANCE 2023 H1 INDEX TO 2019 H1



HOTEL MARKET | NEWCASTLE-UPON-TYNE

The trading recovery not yet backing more hotel investment is low and renewal of its hotel stock lagging behind other cities

HOTELS



-1.1%

2019-2023
H1 Variation

94

2019

93

2022

93

2023 H1

97

2025 forecast

ROOMS



2.9%

2019-2023
H1 Variation

6,630

2019

6,847

2022

6,847

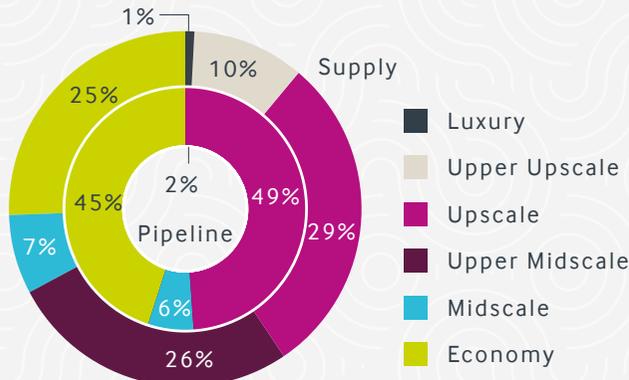
2023 H1

6,951

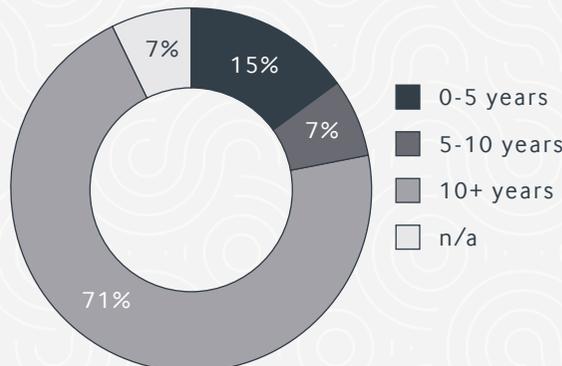
2025 forecast

At present, there are **7 hotel projects in the active pipeline comprising of 411 rooms** (some of the projects being extensions), of which 97% are at final planning stage with only 3% already under construction. In the active pipeline, the rooms are expected to enter almost exclusively the Upper Midscale or Upper Upscale classes. Given that nearly the entirety of the planned supply sits at planning stage, it is probable that the delivery of the pipeline may materialise in the longer rather than short-term. The low RevPAR reported for the market, against that of the other nine UK cities reviewed, does not come as a strong support for more development in the context of severely-increased development and financing costs.

SUPPLY & ACTIVE PIPELINE ROOMS BY CLASS 2023 H1



ROOM AGEING (%) SINCE OPENING/ LAST FULL REFURBISHMENT



Sources: STR, MSCI Real Assets via their Real Capital Analytics solution, Christie & Co Research & Analysis

AVERAGE REVPAR SEASONALITY

(2019-2022)



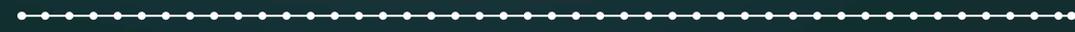
- Newcastle features a seasonality driven by corporate activities with RevPAR on the rise during September and October. The extension of the Gateshead Quays exhibition and conference centre may further alter this seasonality with peaks led by large events in the future.
- Out of the top 10 cities, Newcastle has the highest proportion of properties that are 10 years or older, so the hotel inventory could be generally regarded as outdated. The planned new hotels are likely to gain rapid market share due to their novelty compared to the older properties.

RECENT AND UPCOMING OPENINGS

Hotel Name	Scale	Opening	Rooms
Radisson RED St James' Park	Upper Upscale	n/a	200
Dakota Hotel Quayside	Independent	n/a	118

KEY TRANSACTIONS

Hotel Name	Price (£m)	Price/room (£)
Hotel Indigo Newcastle	12	82,400



CHRISTIE & CO HOTEL TEAM

HOTEL CONSULTANCY SERVICES



MARKET, VIABILITY & FEASIBILITY ANALYSIS



OPERATIONAL REVIEW AND PERFORMANCE MONITORING



DEVELOPMENT ADVICE AND OPTIONS ANALYSIS



COMMERCIAL DUE DILIGENCE



PROPCO/OPCO/JV STRUCTURES ADVICE



LEASE, FRANCHISE, MANAGEMENT CONTRACTS ADVICE



OPERATOR SEARCH AND SELECTION



BESPOKE STRATEGIC CONSULTING

CHRISTIE & CO UK HOTEL CONSULTANCY TEAM



PIERRE RICORD
HEAD OF CONSULTANCY

Pierre is an experienced hotel development and investment professional with over 20 years of hospitality experience across Europe and Africa, having spent the last decade leading an international team of analysts focused on supporting the strategic European expansion of a major international hotel group.

Based in our London office, Pierre heads our experienced team of consultants in the UK and across Europe, together responding to the diverse needs of our clients from feasibility studies, commercial due diligence, operational performance reviews to bespoke strategic advisory services.

Pierre's extensive experience spans from hotel operations, to hotel development, market feasibility, master planning, strategic planning as well as hotel agreements and deal structuring. A passionate hotelier and advisor at heart, he is a strategic thinker and a creative problem solver dedicated to leveraging his international experience to the benefit of our clients.



DIANE LOUBEYRE
ASSOCIATE DIRECTOR

Diane joined Christie & Co in 2021 with over 8 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.



HORTENSE CRISTOFARI
CONSULTANT

Hortense joined Christie & Co in 2022 as part of the UK hotel consultancy team. As a consultant, 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 English, French and German.

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MANAGING DIRECTOR
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+ 22 BROKERAGE
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