

LONDON HOTEL MARKET SPOTLIGHT

YE MAY 2025 vs YE MAY 2024

Better never settles

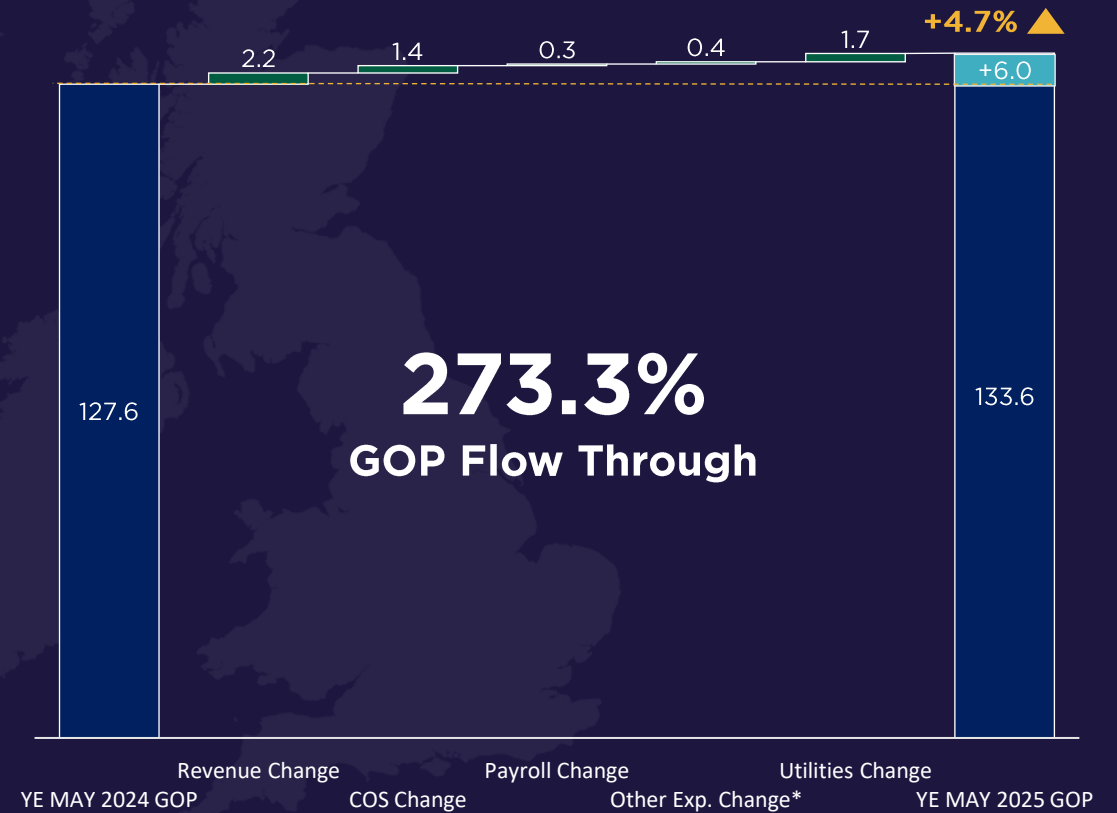


OVERVIEW

- The sample of branded full-service hotels in London recorded a healthy increase in profit during the 12-month period ending in May 2025, relative to the same time last year. GOP per available room (GOP PAR) rose by 4.7%, driven by a 2.4% decrease in expenses and a 0.8% revenue increase.
- The drivers of expense savings were the declining cost of Utilities (-£1.7 PAR), followed by reducing Cost of Sales (-£1.4 PAR), especially in the F&B department.
- The revenue growth was driven by the Rooms department (+1.9%), underpinned by a 1.8% rise in occupancy, while ADR grew only marginally, reaching £278. In contrast, F&B revenue declined by 2.9%, falling to £56 per occupied room (POR).
- Occupancy rates increased primarily in the summer months, with July, June, and August increasing by +4.8%, +4.7%, and +4.6% respectively (YoY).
- The performance growth was supported by the constrained supply. While there were 23 hotel openings during the last 12 months (+2,641 rooms), it represented only +0.8% supply growth (YoY), including a partial offset by the three hotel closures (- 469 rooms).
- Overall, due to declining expenses, GOP growth outpaced revenue increase, resulting in a 273% flow-through ratio. Consequently, the GOP margin improved from 44.6% to 46.3%.

PROFIT BOOSTED BY DECLINING EXPENSES & RISING REVENUE

(PAR per day - GBP)



KPI SUMMARY

	YE MAY 2025	% Change
ADR (£)	277.9	0.1%
Occupancy %	84.0%	1.8%
Rooms Revenue (PAR)	233.5	1.9%
F&B Revenue (PAR)	47.2	-2.9%
Total Op. Revenue (PAR)	288.4	0.8%
Total Op. Expenses (PAR)	154.8	-2.4%
GOP (PAR)	133.6	4.7%
GOP %	46.3%	1.8pp

SUPPLY

- Over the last 12 months (YE May 2025), the London hotel market recorded 23 new hotel openings and re-openings (2,614 rooms).
- The new openings were partially offset by three hotel closures (-469 rooms), all of which were for renovation purposes.
- Overall, the hotel supply in London increased by 0.8%, compared to the same period last year (weighted by opening and closing dates).
- Most of the new supply was branded hotels (76.5%), including several extended stay brands, such as Adagio, YOTELPAD or Viridian Apartments. Overall, 26.8% of the new supply consisted of extended-stay rooms.
- The majority of the new room supply was within the limited-service sector, with Economy class hotels accounting for 45%, followed by Upper Midscale (18%) and Upscale (16%).
- Most of the new hotel supply (61.2%) opened in the three boroughs of Westminster, (31.7%) Hammersmith and Fulham (21.4%) and Camden (8.2%) of the new room supply).
- Some hotels also underwent brand conversions, such as the Crest Collection London (former Cavendish hotel).

NOTABLE HOTEL OPENINGS AND CLOSINGS IN THE LAST 12 MONTHS

HOTEL OPENINGS	Rooms	Date	Class	Location
Vertus Edit (Ext. Stay)	378	02/25	Economy	Westminster
Mercure Earls Court	282	07/24	Upper Midscale	Hammersmith
Ibis London Earls Court	226	07/24	Midscale	Hammersmith
Premier Inn Paddington	275	08/24	Economy	Westminster
Park Hyatt River Thames	203	10/24	Luxury	Wandsworth
Maldron Shoreditch	157	10/24	Upscale	Hackney
Ruby Stella London	153	11/24	Upscale	Camden
Premier Inn Waterloo	137	01/25	Economy	Lambeth
Adagio City East	132	04/25	Upper Midscale	Tower Hamlets
Travelodge Chiswick	113	04/25	Economy	Hounslow
Southgate Hotel London	98	06/24	Economy	Barnet
hub London Paddington	94	08/24	Economy	Westminster
Travelodge Bermondsey	73	08/24	Economy	Southwark
YOTELPAD Stratford	62	07/24	Upscale	Newham
Mason & Fifth Primrose Hill	61	06/24	Upper Midscale	Camden
Mandarin Oriental Mayfair	50	06/24	Luxury	Westminster
OTHER (6 properties)	120	N/A	N/A	N/A
HOTEL CLOSINGS	Rooms	Date	Class	Location
Imperial Hotel	357	02/25	Midscale	Camden
Dukes Hotel	86	01/25	Luxury	Westminster
Chiltern Firehouse	26	02/25	Luxury	Westminster

COST OF SALES

- Total Cost of Sales decreased by £1.4 PAR (-6.6%), primarily within the F&B (-£0.7 PAR) and Rooms (-£0.6 PAR) departments.

PAYROLL COSTS

- The labor expenses in the selected London hotels remained relatively stable during the last 12-months (YE May), with a minor 0.5% decrease (-£0.3 PAR), reaching £68 PAR. The F&B department led the decline, where payroll dropped by 3.7% (-£0.9 PAR). This was partially eroded by the payroll cost increases across A&G, S&M and POM departments (+£0.2 PAR). The minimum wage increase (+ 6.7%) introduced in April 2025 had only a moderate impact so far, with the payroll cost rising by 2.2 POR (+2.7%) in the last two months (4-5/2025 vs 4-5/2024).

UTILITY COSTS

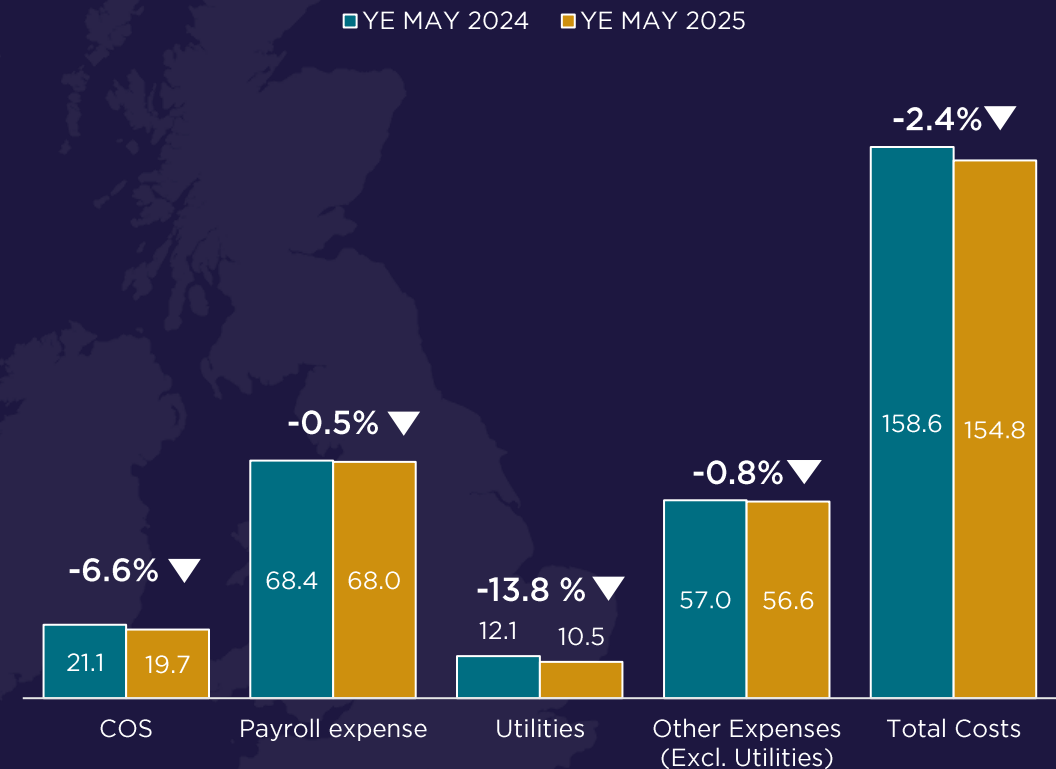
- Utility costs decreased by £1.7 PAR (-13.8%), driven by a reduction of electricity expenses (-£1.6 PAR).

OTHER EXPENSES (excl. Utilities)

- Other expenses remained relatively stable, recording a minor £0.4 decline (-0.8%) to £56.6 PAR. This was driven by lower costs in the F&B department (-£0.9 PAR), which was partially diminished by a £0.4 PAR increase in the Rooms department.

EXPENSE DECLINE MAINLY IN COS & UTILITIES

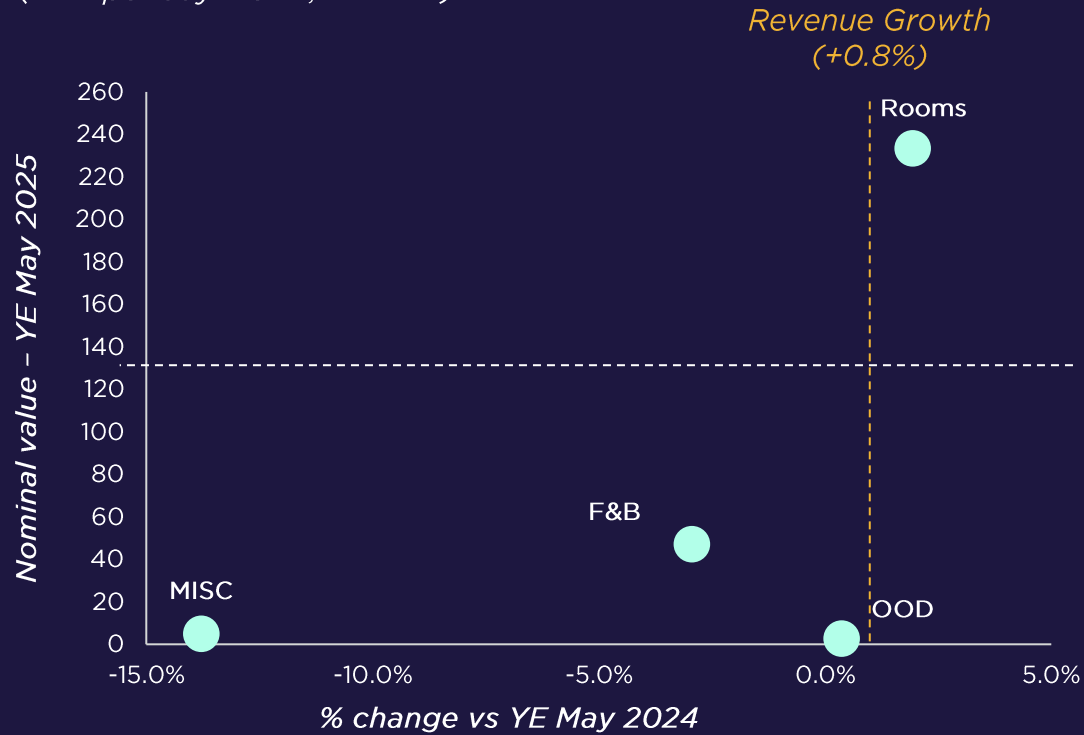
(PAR per day - GBP)



Rooms department contributed 201% of the overall revenue growth

DEPARTMENTAL REVENUES

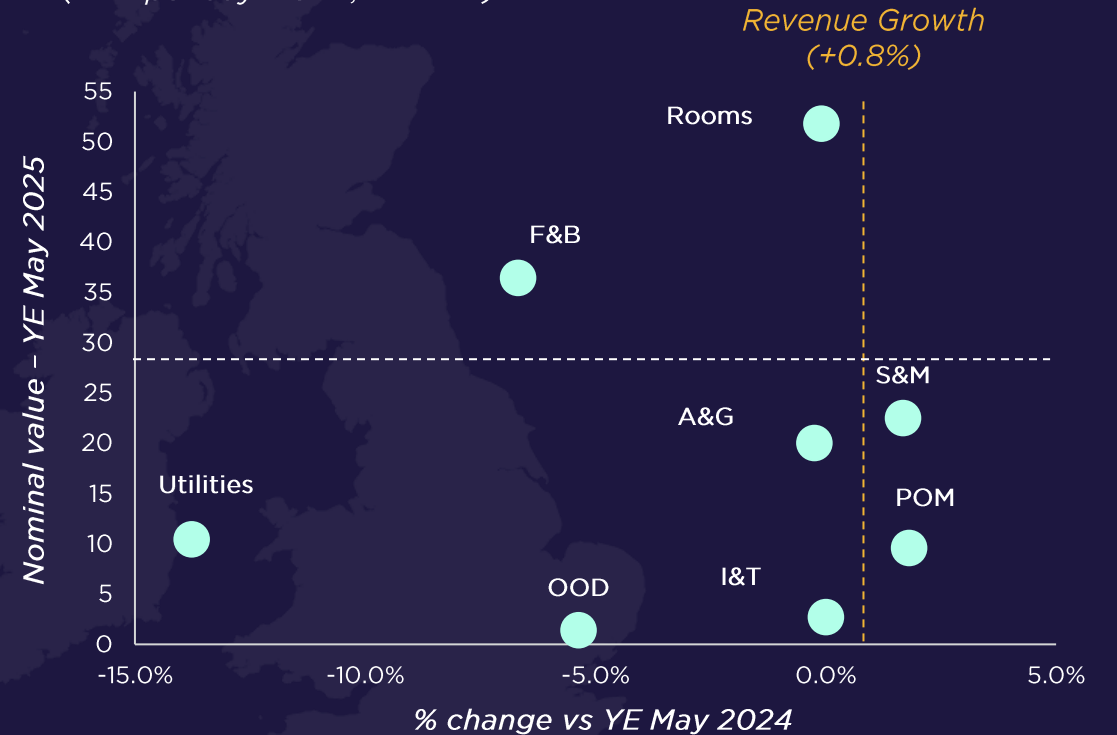
(PAR per day - GBP, YE MAY)



Expense declines primarily within F&B and Utilities, while S&M and POM were the only departments where costs increased.

DEPARTMENTAL & UNDISTRIBUTED EXPENSES

(PAR per day - GBP, YE MAY)





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