

MARKET SUMMARY OUTLOOK

	YoY Chg	12-Mo. Forecast	
Investment Trends	▼	▲	The second half of 2022 saw transaction activity hampered as a result of rising costs of debt and economic instability in the UK and Global Markets. Looking forward, we expect transaction volumes to see a slow start in 2023 with an uptick in activity within the second half of the year. Hotels remain an effective hedge against inflation which, combined with the return of international capital and pricing consensus, should support activity within the sector.
Prime Yields	▼	—	Limited transactional evidence within recent months has restricted transparency on the outward yield shift. There is evidence that certain deals have seen outward movement of c. 100 bps in secondary markets, while prime assets are expected to hold their yield profile. Yields are expected to stabilise as inflation falls in the second half of 2023.
Market Performance	▲	—	Trading performance for the full year was a positive story as the UK market surpassed 2019 benchmarks, especially within secondary leisure destinations. London experienced a slower recovery, but made a strong comeback in the second half of 2022. Looking ahead, cost pressures are expected with rising utilities and increased wages, offset to a degree by the sector-wide rebase in business rates.
Supply	▲	▲	A number of notable hotels opened in 2022, among which were the art'otel Battersea Power Station and Fairmont Windsor Park. UK-wide, a total of 10,860 rooms were delivered (30% in London). The Mandarin Oriental Mayfair, The Peninsula and the Old War Office Raffles are set to open in 2023 as London is anticipated to deliver an additional 7,500 keys (+5%). Certain UK markets are experiencing suppressed supply at present with stock allocated to government contracts.
Demand	▲	▲	Demand is on a strong path to recovery, with total nights in accommodation for the UK up 102% on 2021 (Oxford Economics). UK-wide occupancy figures are well on their way to reach pre-COVID levels as full year occupancy figures for 2022 sat at 94% of 2019 (STR). Looking forward, we expect domestic demand to remain robust, however, purchasing power may take a hit in line with the cost of living. This might be offset by the growth of international demand, underpinned by the favorable exchange rate.

INVESTMENT TRENDS

HIGHLIGHTS - 2022

- £3.0 billion** transacted
- 16.6 thousand rooms** sold
- 31%** of capital was from international buyers
- 42%** of volume was invested in Luxury and Upper Upscale hotels

RECENT TRANSACTION TRENDS

	Last 6 months (H2 2022)				CALENDAR YEAR 2022			
	Properties Sold	Rooms Sold	Volume Transacted	% Change*	Properties Sold	Rooms Sold	Volume Transacted	% Change*
United Kingdom	79	6,964	1,142	-59.8%	214	16,585	3,023	-28.5%
Regional	71	5,372	491	-61.1%	190	12,352	1,542	-21.0%
London	8	1,592	651	-58.7%	24	4,233	1,482	-34.9%
Manchester	2	542	44	-78.2%	6	994	105	-64.2%
Edinburgh	3	115	14	-93.3%	6	440	69	-74.2%
Glasgow	2	369	14	-82.0%	5	819	87	14.6%

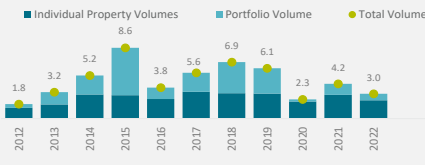
Volume transacted in GBP. millions.

*Refers to the % change in transaction volume from the previous period

A contingency of 5% is assumed for 2022, based on the past experience with additional deals being revealed in several months after the period.

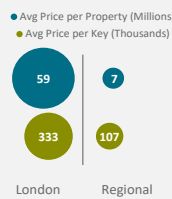
Source: Cushman & Wakefield

ANNUAL TRANSACTION VOLUMES (2012-2022, GBP BILLIONS)



Source: Cushman & Wakefield / RCA

AVERAGE TRANSACTION PRICE (2022, GBP)



London Regional

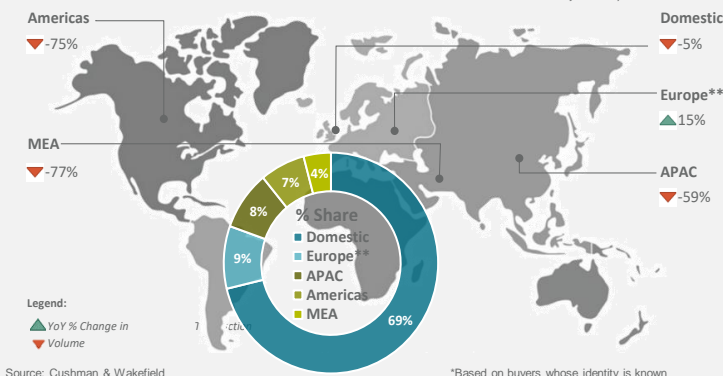
BREAKDOWN BY NO. OF ROOMS SOLD & DEAL SIZE (2022, % SHARE OF DEALS)



Source: Cushman & Wakefield

NATURE OF INVESTMENTS

TRANSACTION VOLUME* BY SOURCE OF CAPITAL (% CHANGE, 2022 vs. 2021)

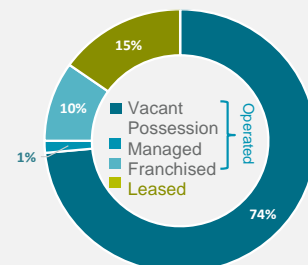


TRANSACTION VOLUME PER HOTEL CLASS (% CHANGE, 2022 vs. 2021)

HOTEL CLASS	% OF TOTAL VOLUME	% CHANGE	% OF ROOMS SOLD	% CHANGE
Luxury	13%	▲ 8%	6%	▲ 35%
Upper Upscale	29%	▼ -24%	21%	▼ -39%
Upscale	16%	▼ -63%	19%	▼ -53%
Upper Midscale	11%	▼ -63%	20%	▼ -37%
Midscale	4%	▲ 18%	6%	▼ -36%
Economy	27%	▲ 43%	28%	▲ 64%

Source: Cushman & Wakefield

TRANSACTION VOLUME BY OPERATING STRUCTURE (2022, % SHARE)



Source: Cushman & Wakefield

TRANSACTION VOLUME BY TYPE OF INVESTOR (2022, % SHARE OF TOTAL VOLUME)

	BUYERS (% Share)		SELLERS (% Share)	
	Last 12 Months	% Change	Last 12 Months	% Change
Institutional	46%	▼ -31%	46%	▼ -9%
Private	48%	▼ -13%	44%	▼ -40%
Public	5%	▼ -72%	9%	▼ -2%

Source: Cushman & Wakefield / RCA



MAJOR DEALS

SELECTED MAJOR HOTEL TRANSACTIONS (UK, 2022)

	Property	Market	Keys	Buyer	Buyer Origin	Seller	Seller Origin
LONDON	The Dilly	London	283	Fattal Hotels	ISR	Archer Hotel Capital	NLD
	Draycott Hotel	London	35	Cadogan Estates	GBR	Draycott Holdings	GBR
	NH London Kensington	London	121	Edyn Group	GBR	Azora / NH Hotels	ESP
	The Trafalgar St. James, Curio Collection	London	131	Crimson Hotels	GBR	London & Regional	GBR
	The Bankside Hotel Autograph Collection	London	161	Vertiq Capital Advisors B.V. / Hua Kee Group	THA	Realstar Group / Amerimar Enterprises	CAN / USA
	Premier Inn Shepherd's Bush*	London	189	LaSalle Investment Management	USA	Legal & General	GBR
	Hilton London Olympia	London	405	Frogmore Real Estate Partners / C1 Capital	GBR	Hotel Properties Limited (HPL)	SGP
	L'Oscar Hotel	London	39	Michel Reybier Hospitality	CHE	Triangle Investment Services	GBR
	Point A portfolio (9 of 10 hotels)	Various	1,347	Tristan Capital Partners	GBR	Raag Hotels	GBR
	Doubletree by Hilton Bath	Bath	176	Pandox AB	SWE	Starwood Capital Group	USA
REGIONAL	Hotel Indigo Birmingham	Birmingham	52	Caskade Group	GBR	Private Investor	GBR
	Hyatt Sovereign Square*	Leeds	302	UK Commercial Property REIT / Abdn Standard Investments	GBR	Helios Properties GmbH	AUT
	Pig Hotels portfolio	UK	208	KSL Capital Partners	USA	Home Grown Hotels	GBR
	Abbey Hotel	Bath	65	Castleforge Partners	GBR	KE Hotels	GBR
	The Inn Collection portfolio	UK	986	Kings Park Capital LLP	GBR	The Inn Collection Group	GBR
	Runnymede Hotel on Thames	Egham	180	Bourne Leisure	GBR	Ralph Trustees Limited	GBR

*Forward funding deals

UK TRANSACTION DENSITY MAP - (2022, volume)

<£1M <£1410M

Glasgow

Transaction Volume*
Properties Sold
Rooms Sold

£87
5
819

Edinburgh

Transaction Volume*
Properties Sold
Rooms Sold

£69
6
440

Manchester

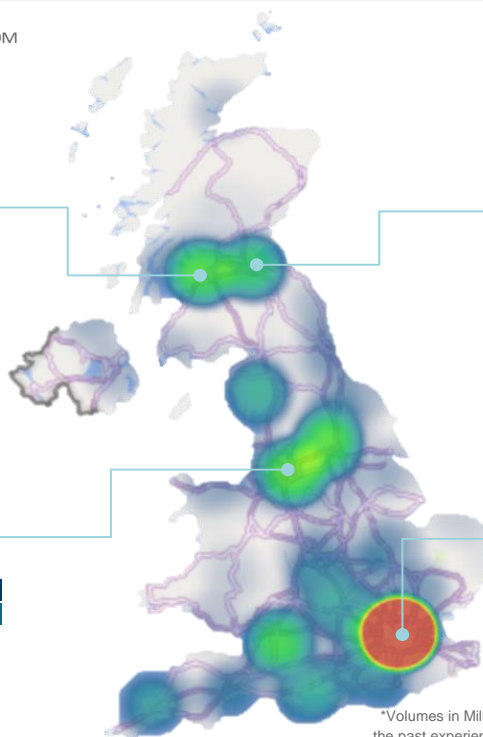
Transaction Volume*
Properties Sold
Rooms Sold

£105
6
994

London

Transaction Volume*
Properties Sold
Rooms Sold

£1,482
24
4,233



*Volumes in Millions, a contingency of 5% is assumed for 2022, based on the past experience with additional deals being revealed in several months after the period.

CONTACT US FOR FURTHER DETAILS

Jonathan Hubbard
Head of Hospitality
EMEA

M: +44 79 2149 2681
jonathan.hubbard@cushwake.com

Rob Seabrook
Head of Hotel Transactions
EMEA

M: +44 77 6879 6167
rob.seabrook@cushwake.com

Ed Fitch
Partner Capital Markets
Hospitality EMEA

M: +44 77 6040 5978
ed.fitch@cushwake.com

Carl Ridgley
International Partner Valuation &
Advisory Hospitality EMEA

M: +44 77 1015 3982
carl.ridgley@cushwake.com

Richard Candey
Head of Investor & Developer
Services Hospitality EMEA

M: +44 77 0275 9173
richard.candey@cushwake.com

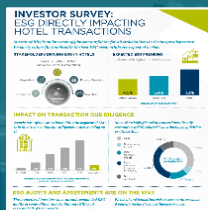
Borivoj Vokrinek
Strategic Advisory & Head of
Hospitality Research EMEA

M: +420 727 906 030
borivoj.vokrinek@cushwake.com

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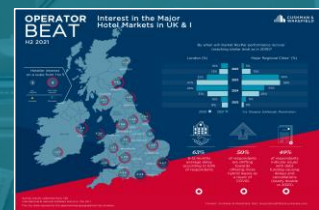
HOSPITALITY REAL ESTATE OUTLOOK
2023



INVESTOR ESG SURVEY
Europe - 2022



HOTEL INVESTOR BEAT
Europe - H1 2022



HOTEL OPERATOR BEAT
UK & IE - H2 2021

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