

## MARKET SUMMARY & OUTLOOK

	YoY Chg.	12-Mo. Forecast.	
<b>Investment Trends</b>	▲	▲	Transaction volumes have seen a significant upswing, reaching figures unseen since H1 2015, supported by several large private equity portfolio deals. Conversely, we have seen fairly subdued single asset transactions in the first half. Looking ahead, we expect further deal flow driven in part by refinancing pressures and inward movement in interest rates and greater pricing clarity bringing buyers and sellers closer, especially as we come into 2025.
<b>Prime Yields</b>	▬	▾	Yields have remained generally stable in the first half of 2024 with minor compression for the 'best of the best' deals in markets with high barriers to entry. With interest rate cuts expected in H2 and growing liquidity in the debt markets, we expect to see a gradual sharpening of prime yields as we progress 2024 and into 2025.
<b>Market Performance</b>	▲	▲	Hotel operators and investors maintain strong confidence in top-line growth with forecasts for the next 12 months projecting RevPAR growth of 3.8% in London. Cost pressures remain with further living wage increases in April 2024; however, utilities costs are continuing to ease providing some offset to this. Edinburgh has been a stand-out market with GOPPAR up c. 30% in the trailing 12 months ending June 2024 vs 2019.
<b>Supply Outlook</b>	▲	▲	Heightened construction costs and financing remain barriers to ground up development resulting in pipeline projects focused on conversions in key cities with strong rate potential. Exclusive use contracts continue to limit room supply and buoy performance in certain micro-markets. Overall, UK-wide room supply is expected to grow by 3.2% in the next 12 months.
<b>Demand Outlook</b>	▲	▲	International arrival numbers to the UK have strong prospects with total figures projected to grow by almost 50% over a 10-year horizon, with nights in hotels forecasted to grow nearly 7% year-on-year by the end of 2024. Notably, arrivals from China are expected to grow by 380% over this period. UK-wide occupancy nudged up to 77.4% in the 12-months trailing June 2024 supported by easing cost of living, increased leisure travel and rebounding cross-continental travel.

## INVESTMENT TRENDS

Sources: Cushman & Wakefield / CoStar / Oxford Economics

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

**HIGHLIGHTS - 2024 H1**

- £ 3.9 billion** transacted
- 197 properties** comprising **21,380 rooms** sold
- 74%** of capital was deployed by international buyers
- 63%** of total investment volume was driven by portfolio deals

## RECENT TRANSACTION TRENDS

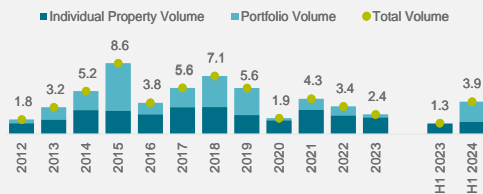
	Last 6 Months (H1 2024)				Last Year (2023)			
	Properties	Rooms	Volume	% Change*	Properties	Rooms	Volume	% Change*
<b>United Kingdom</b>	197	21,380	3,941	203%	154	14,644	2,373	-29%
<b>Regional</b>	160	14,704	1,756	209%	114	9,751	1,032	-46%
London	38	6,676	2,185	198%	40	4,893	1,341	-7%
Manchester	3	369	47	93%	4	468	56	-51%
Edinburgh	4	411	74	-38%	6	921	166	126%

Volume transacted in GBP millions

\*Refers to the % change in transaction volume against the previous period

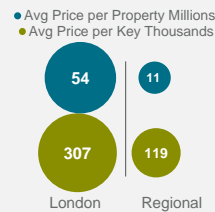
Source: Cushman & Wakefield

## ANNUAL TRANSACTION VOLUMES (2014 - H1 2024, GBP BILLIONS)

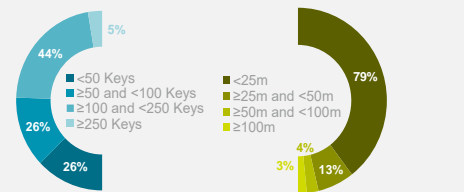


Source: Cushman & Wakefield / RCA

## AVERAGE TRANSACTION PRICE (H1 2024, GBP)



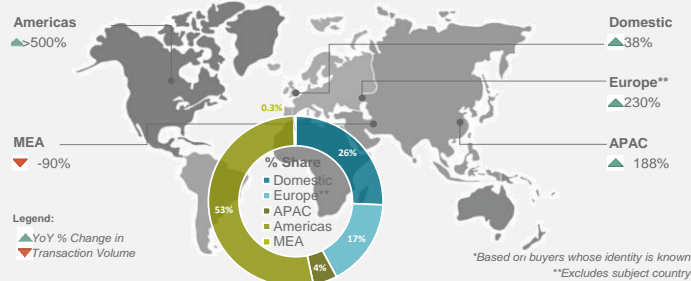
## BREAKDOWN BY NO. OF ROOMS SOLD & DEAL SIZE (H1 2024, % SHARE OF DEALS)



Source: Cushman & Wakefield

## NATURE OF INVESTMENTS

### TRANSACTION VOLUME\* BY SOURCE OF CAPITAL (% CHANGE, H1 2024 vs H1 2023)



Source: Cushman & Wakefield

### TRANSACTION VOLUME PER HOTEL CLASS (% CHANGE, H1 2024 vs H1 2023)

HOTEL CLASS	% OF TOTAL VOLUME	% CHANGE	HOTEL CLASS	% OF ROOMS SOLD	% CHANGE
Luxury	10%	▲ 120%	Luxury	2%	▾ -31%
Upper Upscale	25%	▲ >500%	Upper Upscale	17%	▲ 492%
Upscale	22%	▲ 61%	Upscale	20%	▲ 106%
Upper Midscale	25%	▲ >500%	Upper Midscale	27%	▲ >500%
Midscale	5%	▲ 250%	Midscale	8%	▲ 225%
Economy	12%	▲ 51%	Economy	26%	▲ 116%

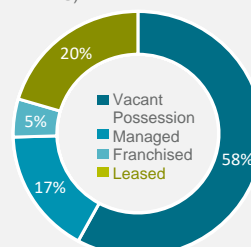
Source: Cushman & Wakefield

### TRANSACTIONED VOLUME BY TYPE OF INVESTOR (H1 2024, % SHARE OF TOTAL VOLUME)

BUYERS (% Share) H1 2024			SELLERS (% Share) H1 2024		
Buyer Type	% Share	% Change	Seller Type	% Share	% Change
Institutional	5%	▲ 14%	Private	6%	▾ -21%
Private	83%	▲ 450%	Public	63%	▲ 354%
Public	12%	▲ 122%	Other	31%	▲ >500%

Source: Cushman & Wakefield / RCA

### TRANSACTIONED VOLUME BY OPERATING STRUCTURE (H1 2024, % SHARE OF DEALS)



Source: Cushman & Wakefield

## MAJOR DEALS OF H1 2024

Property	Market	Keys	Buyer	Buyer Origin	Seller	Seller Origin
Radisson Edwardian Portfolio (10 hotels)	London	c. 2,050	Starwood Capital	USA	Edwardian Hotels	GBR
Six Senses London	London	109	Gruppo Statuto	ITA	MARK; CC Land	GBR
The Dixon Autograph Collection	London	193	USS	GBR	Abrdn	GBR
Hyatt Place London City East	London	280	Sun Venture	SGP	Resolution Property	GBR
Ruby Hotel Zoe	London	173	Deka Immobilien	DEU	Frogmore	GBR
Great Northern Hotel London	London	88	Kaya Holding	TUR	Confidential Private Equity	GBR
Travelodge London Liverpool Street	London	142	Paul Suen Cho Hung	HKG	YT Realty Group	HKG
Park Grand London Kensington	London	133	KKR	USA	Precis Holdings	GBR
hub by Premier Inn Shoreditch	London	260	M&G Real Estate	GBR	PGIM	GBR
Atlas House	London	150	Intergrity International Group	GBR	HINES	USA
Village Hotels Portfolio (33 hotels)	Various	c. 4,400	Blackstone	USA	KSL Capital Partners	USA
Project Leopard (Landsec Accor Portfolio - 21 hotels)	Various	c. 4,000	Ares Management	USA	Landsec	GBR
Project Cobalt (Travelodge Portfolio - 66 hotels)	Various	c. 3,300	Travelodge	GBR	LXi REIT	GBR
Radisson 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
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
Hotel Gotham Manchester	Manchester	60	Fattal Hotels	ISR	Marshall CDP	GBR

Note: Selection based on deal relevance and ordered by deal size

## UNITED KINGDOM TRANSACTIONS - MAP VIEW H1 2024

Volumes in millions

<£1 millions <£2190 millions

### Edinburgh

Transaction Volume £ 74 |  
 Properties Sold 4 |  
 Rooms Sold 411 |

### Manchester

Transaction Volume £ 47 |  
 Properties Sold 3 |  
 Rooms Sold 369 |

### Birmingham

Transaction Volume £ 87 |  
 Properties Sold 6 |  
 Rooms Sold 827 |

### Leeds

Transaction Volume £ 77 |  
 Properties Sold 4 |  
 Rooms Sold 572 |

### London

Transaction Volume £ 2,185 |  
 Properties Sold 38 |  
 Rooms Sold 6,676 |

## CONTACTS

**Ed Fitch**  
Head of Hospitality  
UK&I

M: +44 7760 405 978  
ed.fitch@cushwake.com

**Jack Wallsworth**  
Associate Director  
Hospitality Capital Markets

M: +44 7787 221 171  
jack.wallsworth@cushwake.com

**Richard Candey**  
Head of Hospitality Investor  
& Developer Services

M: +44 7702 759 173  
richard.candey@cushwake.com

**Arsh Gupta**  
Consultant  
Hospitality Capital Markets

M: +44 7899 990 259  
arsh.gupta@cushwake.com

**Carl Ridgley**  
Head of Hospitality Valuations & Advisory  
EMEA

M: +44 7710 153 982  
carl.ridgley@cushwake.com

**Borivoj Vokrinek**  
Strategic Advisory & Head of Hospitality  
Research EMEA

M: +42 07 2790 6030  
borivoj.vokrinek@cushwake.com

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