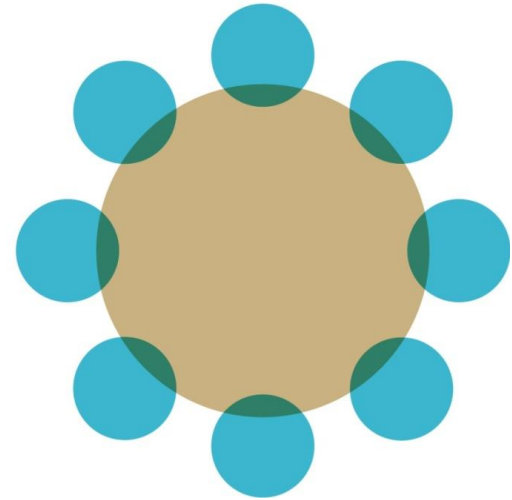
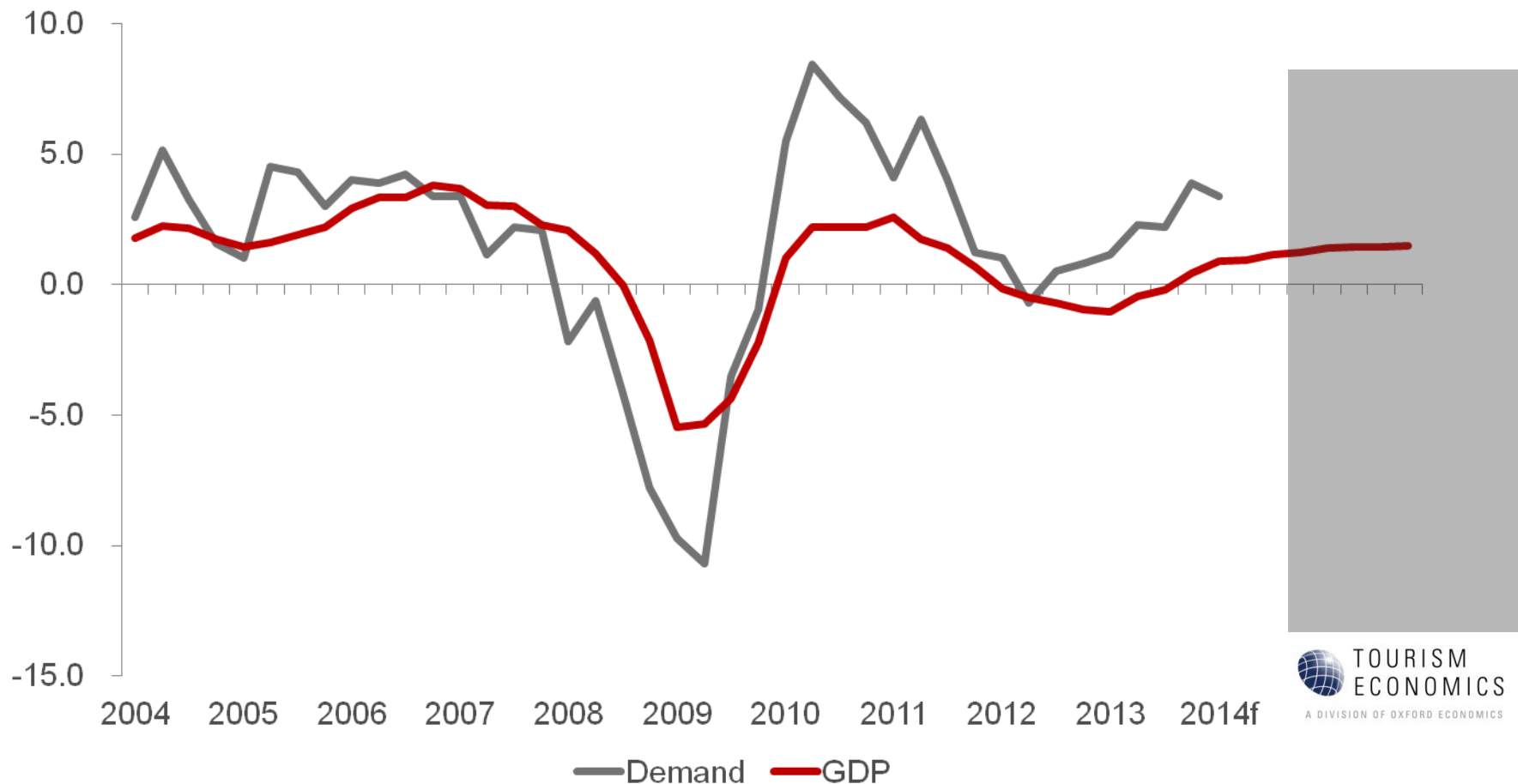


# UK Industry Trends



# UK Market Predictions - GDP Forecast



GDP forecasted to be 2.5% in 2014 and 2.4% in 2015

# UK Market – Predictions

## 2013

- **London** – Occupancy at 82% (+2.2% YOY), however, ADR reduction of 0.5% YOY
- **Provinces** – Occupancy at 75% (+1.9% YOY) and ADR's increased by +2.1% YOY

## 2014 UK market predictions

- Occupancy forecasted to be highest since mid 90's
- Average daily rates forecasted to be up **3.4%** in London and **2%** in the Provinces



UK Market Forecast		2014 FC	YOY Growth FC	2015 FC	YOY Growth FC
<b>London</b>	Occupancy	82.7%	+0.4%	82.9%	+0.2%
	<b>ADR</b>	<b>£141.60</b>	<b>+3.4%</b>	<b>£148.70</b>	<b>+5.0%</b>
<b>Provinces</b>	Occupancy	73.3%	+0.9%	73.5%	+0.2%
	<b>ADR</b>	<b>£60.80</b>	<b>+2.0%</b>	<b>£63.20</b>	<b>+4.0%</b>
<b>Total UK</b>	Occupancy	75.7%	+0.8%	76.0%	+0.3%
	<b>ADR</b>	<b>£85.10</b>	<b>+2.7%</b>	<b>£88.90</b>	<b>+4.5%</b>

# 2014 Market Results YTD

The month of July 2014

The Calendar year to July 2014

TOTAL UK

	Jul'14	Jul'13	Var b/w	
Occ %	83.0	82.8	0.2	▲
ARR	104.75	100.10	4.6%	▲
RevPAR	86.91	82.90	4.8%	▲
TRevPAR	132.71	127.21	4.3%	▲
Payroll %	26.5	26.7	0.3	▲
GOP PAR	52.42	49.79	5.3%	▲

	YTD'14	YTD'13	Var b/w	
Occ %	74.9	73.8	1.1	▲
ARR	100.23	97.01	3.3%	▲
RevPAR	75.12	71.59	4.9%	▲
TRevPAR	119.56	114.51	4.4%	▲
Payroll %	28.8	29.1	0.3	▲
GOP PAR	42.26	40.04	5.5%	▲

**Overall UK**  
ARR up 3.3% YOY

LONDON

	Jul'14	Jul'13	Var b/w	
Occ %	85.4	88.0	-2.5	▼
ARR	149.77	147.35	1.6%	▲
RevPAR	127.95	129.63	-1.3%	▼
TRevPAR	169.61	170.46	-0.5%	▼
Payroll %	23.3	22.9	-0.5	▼
GOP PAR	79.03	80.94	-2.4%	▼

	YTD'14	YTD'13	Var b/w	
Occ %	80.3	80.4	-0.1	▼
ARR	144.37	140.98	2.4%	▲
RevPAR	115.91	113.35	2.3%	▲
TRevPAR	160.49	156.13	2.8%	▲
Payroll %	24.6	24.8	0.2	▲
GOP PAR	71.44	69.71	2.5%	▲

**London**  
ARR up 2.4% YOY

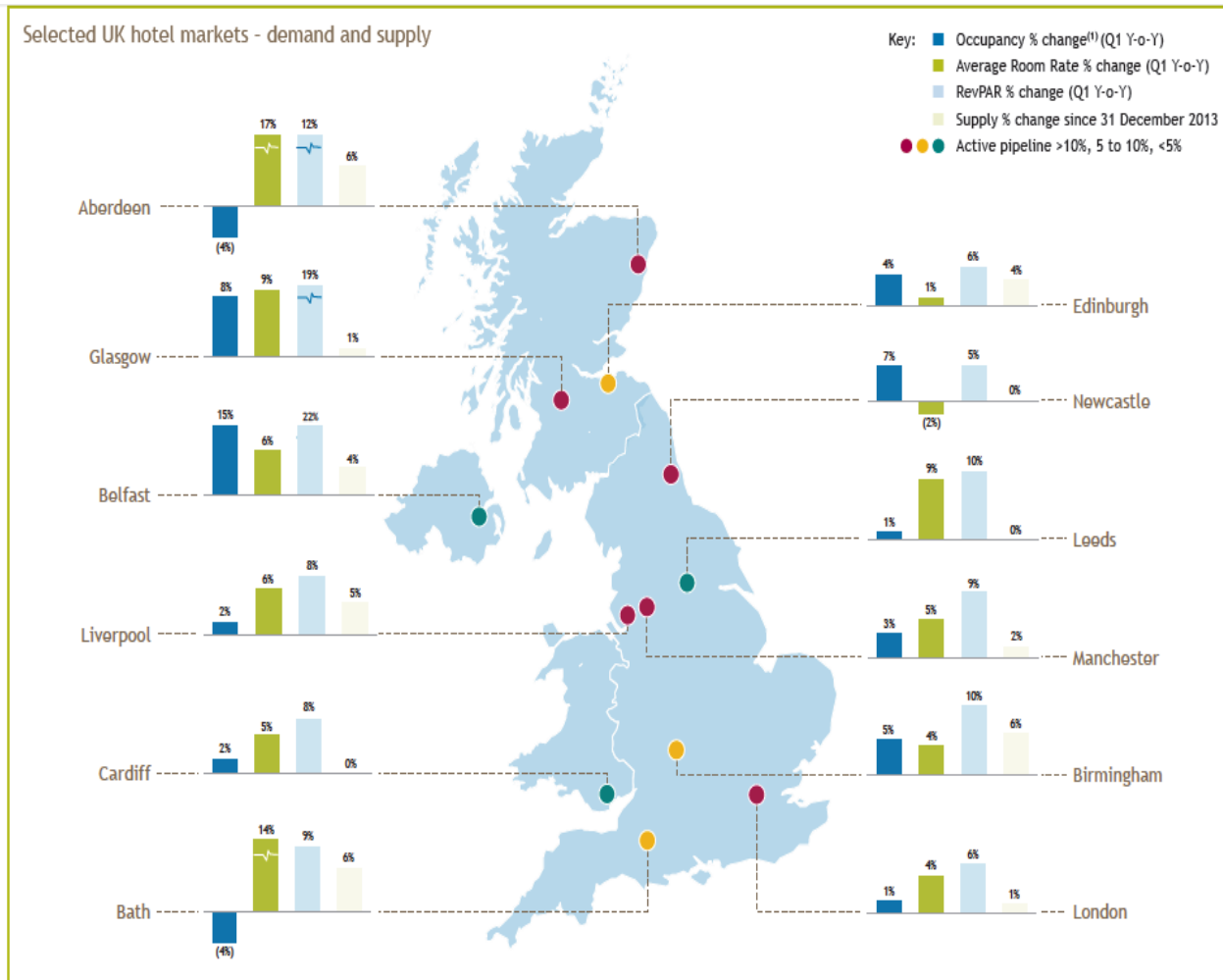
PROVINCES

	Jul'14	Jul'13	Var b/w	
Occ %	81.7	80.1	1.6	▲
ARR	80.19	72.97	9.9%	▲
RevPAR	65.50	58.46	12.1%	▲
TRevPAR	113.47	104.60	8.5%	▲
Payroll %	28.9	30.0	1.1	▲
GOP PAR	38.55	33.49	15.1%	▲

	YTD'14	YTD'13	Var b/w	
Occ %	72.1	70.3	1.8	▲
ARR	74.46	70.60	5.5%	▲
RevPAR	53.71	49.65	8.2%	▲
TRevPAR	98.09	92.64	5.9%	▲
Payroll %	32.3	32.8	0.5	▲
GOP PAR	26.94	24.46	10.2%	▲

**Provinces**  
ARR up 5.5% YOY

# Provinces performing well, with mixed results...

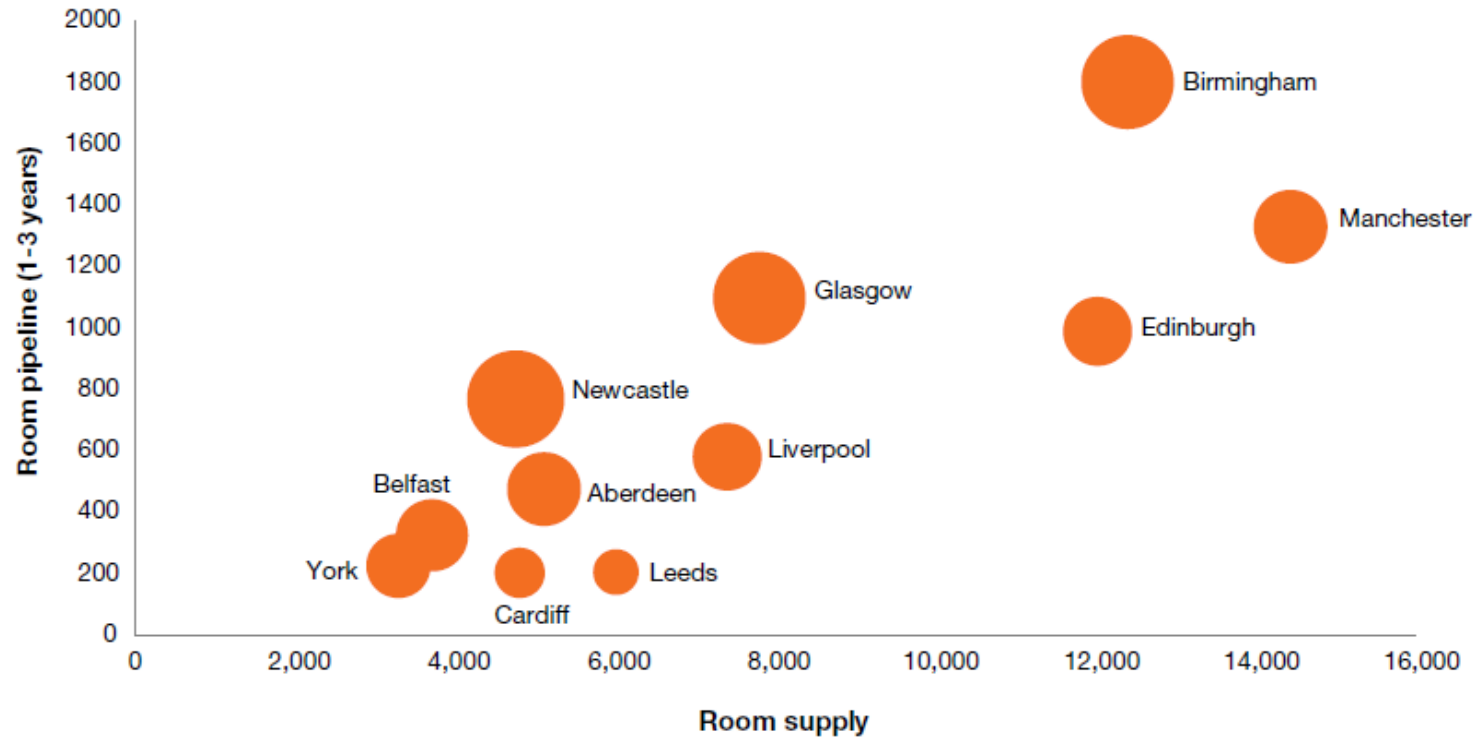


## ARR Growth YOY

Aberdeen +17%  
 Glasgow +9%  
 Belfast +6%  
 Liverpool +6%  
 Cardiff + 5%  
 Bath +14%  
 Edinburgh +1%  
 Newcastle -2%  
 Leeds +9%  
 Manchester +5%  
 Birmingham +4%  
 London +4%

# Supplier Pipeline - Provinces

The size of the bubble represents the pipeline as a percentage of existing supply



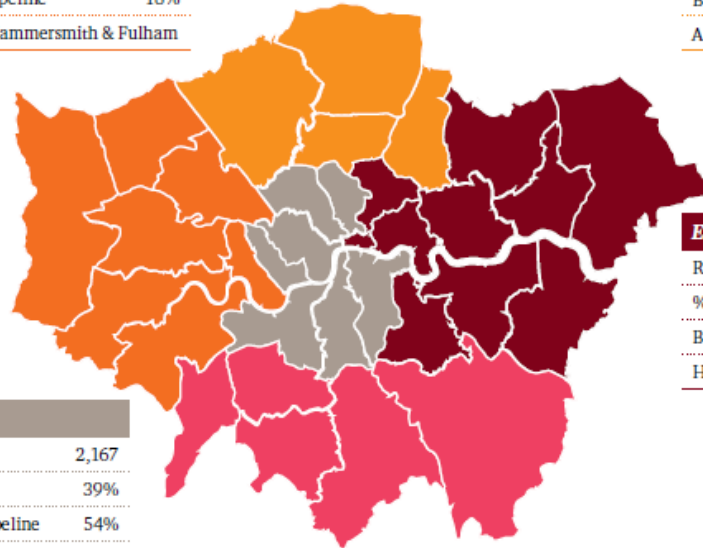
Source: AM:PM Hotels Database August 2013, PwC analysis

- Provinces will see supply growth of **1.8%** in 2014 and **1.6%** in 2015

# Supplier Pipeline - London

West	
Rooms in pipeline	881
% of total London pipeline	16%
Budget rooms as a % of this new pipeline	18%
Highest growth in Hounslow and Hammersmith & Fulham	

North	
Rooms in pipeline	99
% of total London pipeline	2%
Budget rooms as a % of this new pipeline	100%
All growth derived from Barnet	



Central	
Rooms in pipeline	2,167
% of total London pipeline	39%
Budget rooms as a % of this new pipeline	54%
Highest growth in the City of Westminster and Southwark	

East	
Rooms in pipeline	2,315
% of total London pipeline	42%
Budget rooms as a % of this new pipeline	75%
Highest growth in City of London and Tower Hamlets	

South	
Rooms in pipeline	86
% of total London pipeline	2%
Budget rooms as a % of this new pipeline	100%
All growth from Merton	

Source: AM:PM Hotels Database August 2013/PwC analysis

- Supply set to increase by **5%** in London during 2014, and again in 2015
- **12,000** new rooms forecasted to open

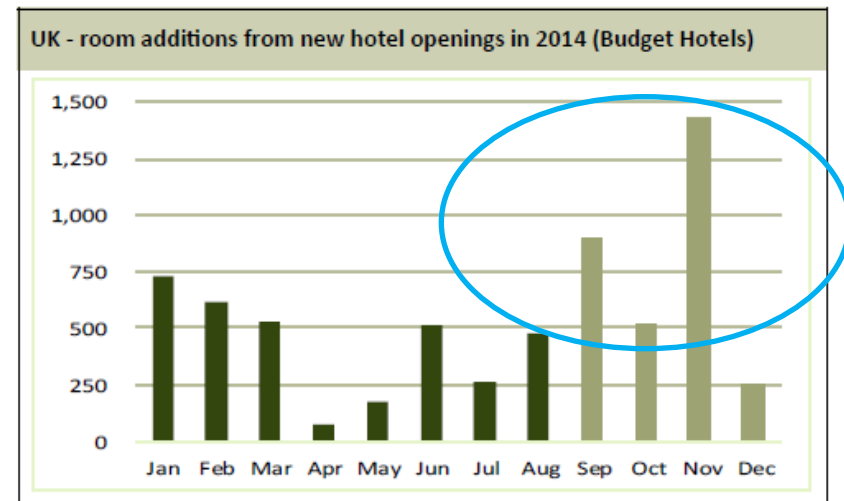
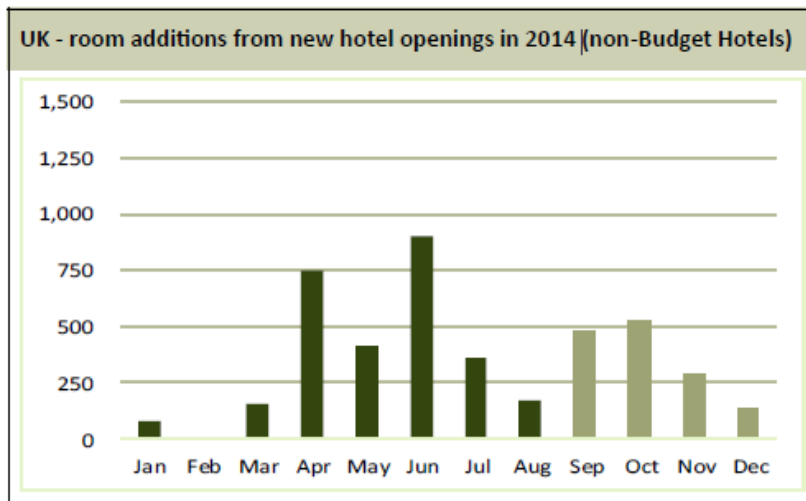
# Supplier Pipeline – Economy sector growth

## Hotel News

August 2014

**AM:PM** hotels  
Hotel data and intelligence

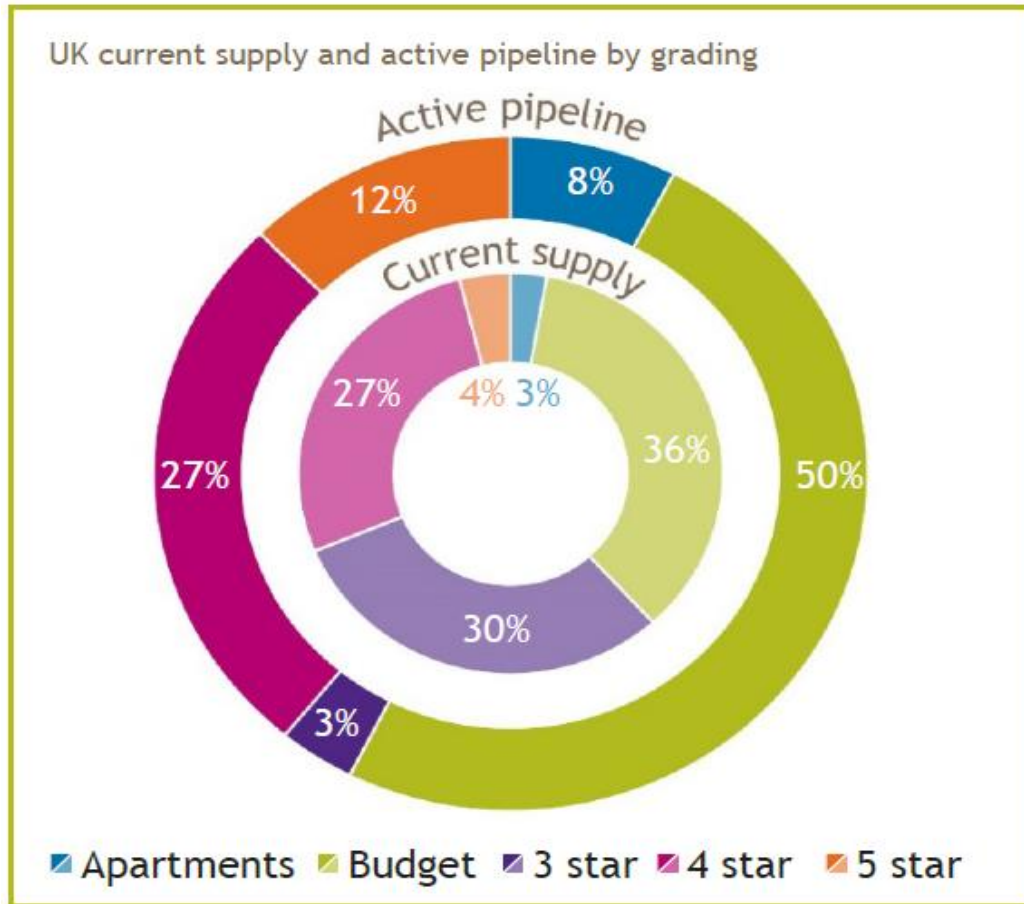
### Featured statistics and trends



- Premier Inn is the largest hotel brand in London with 54 hotels and more than 7,900 bedrooms



# Market Tier Growth Trends



Source: AM:PM

## Expected growth trends

Budget from 36% to 50%

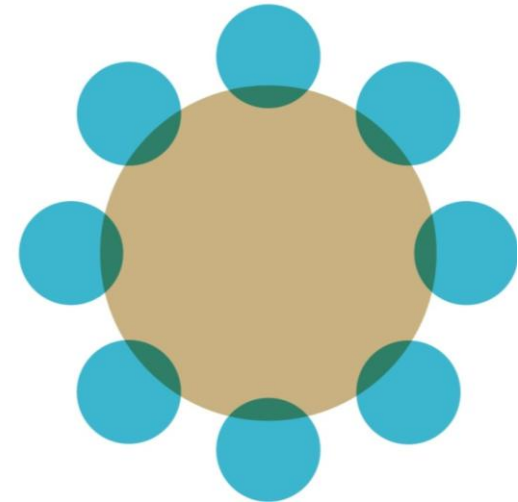
Apartments from 3% to 8%

3 star from 30% to 3%

4 star remaining static at 27%

5 star from 4% to 12%

# Procurement Focus



# Hotel industry – market challenges

## Suppliers

### Progressive rate strategies

- Increased costs
- Reduced revenue
- Gross operating profit
- Occupancy
- Room rates
- Channel management
- Cost of distribution
- Booking pace
- Yield management



## Customers

### Cost reduction

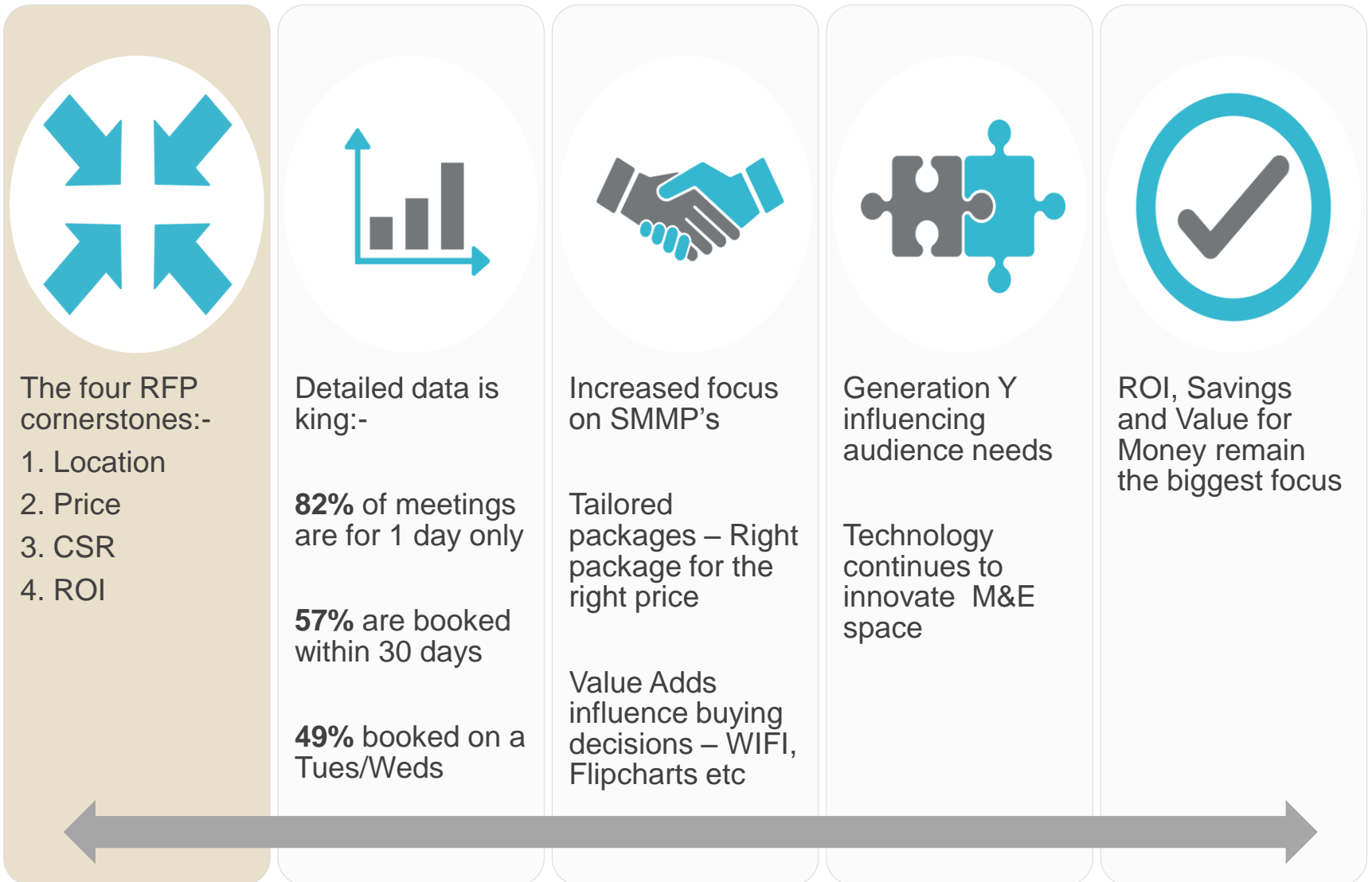
- Savings
- Policy compliance
- Tighter rate caps
- Approval processes
- Expense management



# Procurement Trends - Accommodation



# Buying Trends – Meetings & Events





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