

MARKETBEAT UK **HOSPITALITY H1 2025**





MARKET FUNDAMENTALS

H1 2025

YoY Chg Outlook

£1.6B



Investment Volume

5.0-6.0%



London Prime Yields (HMA)

-1.4%





YoY RevPAR Growth

0.7%





YoY Supply Growth

INVESTMENT HIGHLIGHTS

110 / 10,945 Hotels / Rooms Transacted

£142,019

Average Price per Room

25%

Of volume was invested in Economy (Budget) Hotels

ECONOMIC INDICATORS

1.1%



YoY Real GDP Growth

YoY Inflation Growth

3.1%





INVESTMENT ACTIVITY

The UK hotel investment market witnessed a marked decline in transaction volumes during H1 2025, largely attributable to a subdued level of portfolio transactions compared to 2024. Although most UK markets saw a contraction in transaction activity, standouts such as Edinburgh and Glasgow demonstrated resilience, with Edinburgh recording a 136% increase in volume—primarily driven by high-value, single-asset transactions, including the sale of the W Edinburgh to Schroders. London, while representing 36% of the overall transaction volume, experienced a sharper year-on-year decline compared to regional markets. The overall reduction in volumes for H1 may reflect extended deal timelines, with many transactions being deferred to the second half of the year. Looking ahead, transaction activity is expected to gain pace as pricing expectations between buyers and sellers converge and financing conditions continue to improve.

PRIME YIELDS

Throughout 2025, prime yields have stabilised. Factors such as interest rate cuts and more accessible financing can be expected to expedite a sharpening of yields towards the end of the year especially in high barrier to entry markets and prime locations.

SUPPLY & DEMAND

Supply growth remained modest during H1 2025 (0.7% YoY), with the last 6 months growing by only 0.4%, indicating a slowdown of rooms being delivered to market, despite this, supply can still be expected to continue rising in the second half of the year. To date, year-on-year demand has broadly aligned with supply, reflecting a relatively balanced market. However, this equilibrium is anticipated to shift as supply growth begins to outpace demand for the remainder of the year.

PERFORMANCE

There was a marginal decline in RevPAR during H1 2025 (-1.4% YoY), due to a compressing occupancy and ADR. The pressure on occupancy is expected to continue over the next 12 months. However, this is anticipated to be more than offset by the growing ADR, leading to a 2.7% RevPAR growth. Investor confidence remains cautious due to cost impacting the bottom line, such as the increase in payroll and business rates, which may put pressure on profitability.

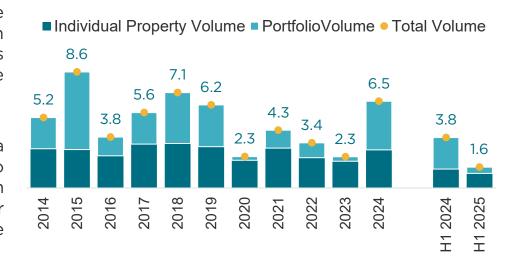
RECENT TRANSACTION TRENDS

(GBP, MILLIONS)

	Current Period (H1 2025)								
	Hotels	Rooms	Volume %	Change					
UK	110	10,945	1554	-59%					
Regional	92	8,541	990	-39%					
London	18	2,405	564	-73%					
Edinburgh	5	638	165	136%					
Glasgow	4	366	71	33%					
Birmingham	3	286	35	-60%					
	Last Year (2024)								
	Hotels	Rooms	Volume %	Change					
UK	327	39,177	6,461	177%					
Regional	261	28,201	3,181	213%					
London	65	10,976	3,280	150%					
Edinburgh	12	1,602	303	85%					
Glasgow	6	1,187	129	716%					
Birmingham	9	1,108	117	682%					
*Refers to the % change in t	ransaction vol	ume from the	previous perio	od					

ANNUAL TRANSACTION VOLUMES

(GBP, BILLIONS)



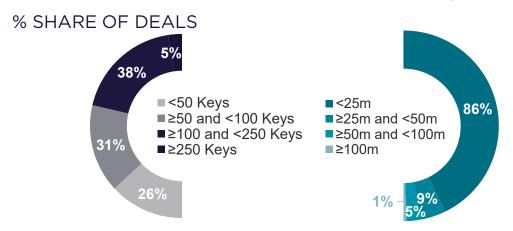
Sources: Cushman & Wakefield / Oxford Economics / RCA / STR

UKHOSPITALITY H1 2025

TRANSACTION PRICE PER HOTEL & ROOM (H1 2025)



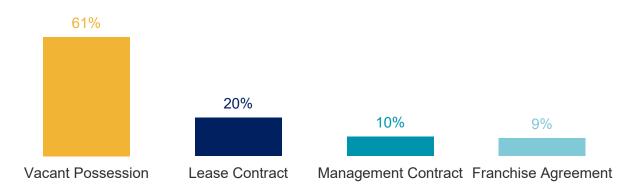
BREAKDOWN BY NO. OF ROOMS & DEAL SIZE (H1 2025)



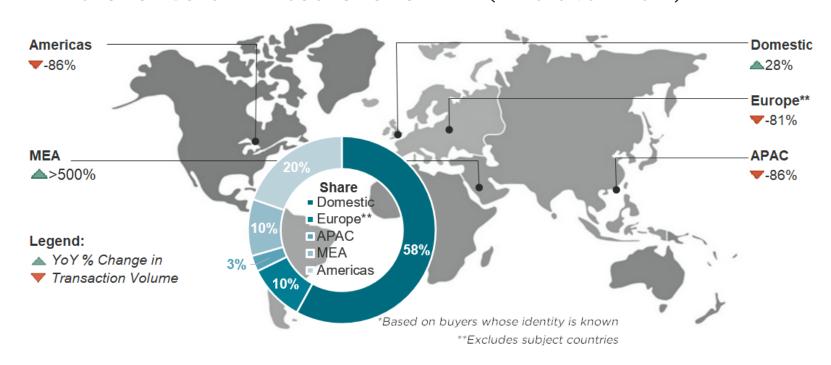
TRANSACTION VOLUME BY OPERATING STRUCTURE (H1 2025)

% SHARE OF DEALS (BY INVESTMENT VOLUME)

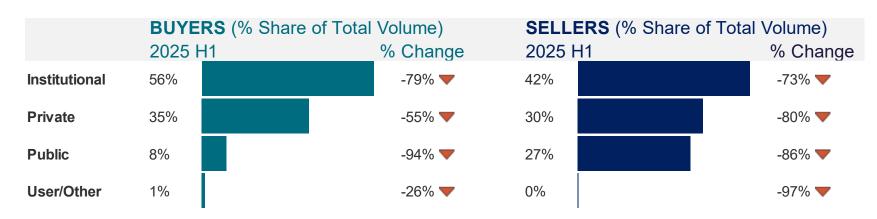
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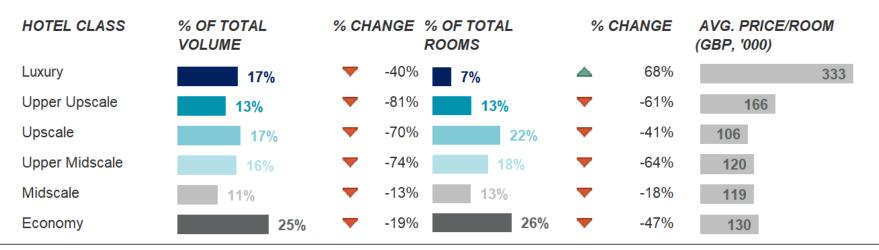
TRANSACTION VOLUME BY SOURCE OF CAPITAL (H1 2025 VS H1 2024)



TRANSACTED VOLUME BY TYPE OF INVESTOR (H1 2025 VS H1 2024)



TRANSACTION VOLUME PER HOTEL CLASS (H1 2025 VS H1 2024)



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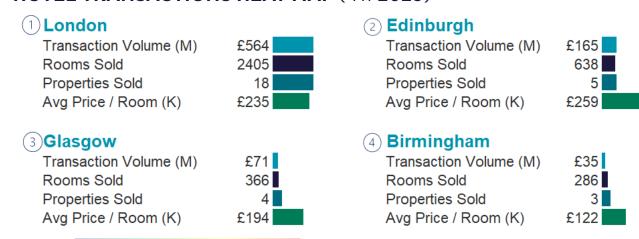


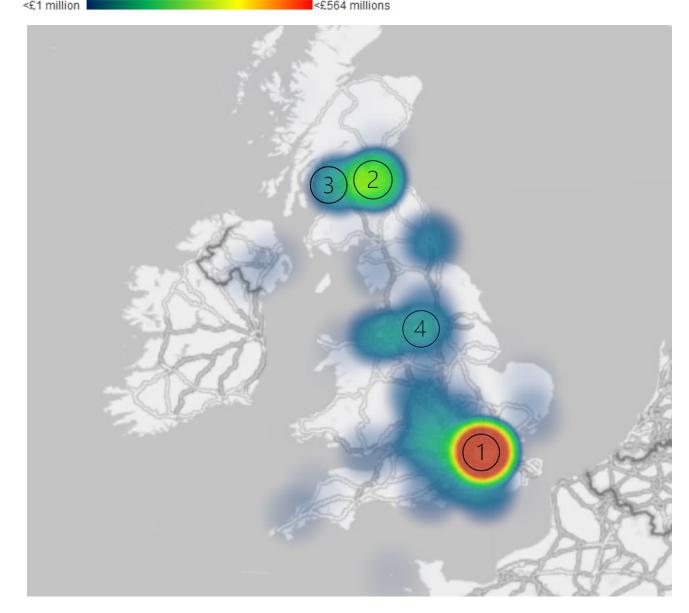
SELECTED MAJOR HOTEL TRANSACTIONS (H1 2025)

Note: Selection of largest transactions in H1 2025, ordered by deal size

Property	Market	Rooms	Buyer	Origin	Seller	Origin
W Hotel Edinburgh	UK, Edinburgh	214	Schroders	GBR	Nuveen Real Estate	GBR
Campanile Hotels Portfolio (9 hotels)	UK, Various	951	Travelodge	GBR	Louvre Hotels Group; Jin Jiang International	FRA, CHN
Scala Portfolio (2 hotels)	UK, Various	623	Confidential	N/A	Confidential	N/A
Nobu Shoreditch	UK, London	164	Limestone Capital	CHE	LaSalle Investment Management	USA
Morley House	UK, London	274	Altius Real Estate	GBR	HIG Capital	GBR
208 Piccadilly, London, St James	UK, London	50	Royal Group	ARE	Trophaeum Asset Management LTD	GBR
Ruby Stella Hotel	UK, London	153	LaSalle Investment Management	USA	RE Capital	CHE
The Corner Aldgate (fmr. Qbic)	UK, London	180	Euragone Investment Management; MATA CAPITAL IM	FRA	Great Portland Estates	GBR
Leonardo Liverpool	UK, Liverpool	310	Fattal Hotel Group	ISR	Axa Investment Managers	FRA
Maldron Hotel Brighton	UK, Brighton	221	La Salle Investment Management	USA	Topland Group Plc	GBR
Village Hotel Edinburgh	UK, Edinburgh	120	Village Hotels	GBR	BP Investment Management Ltd	GBR
Leonardo Hotel London Heathrow Airport	UK, Hayes	230	Fattal Hotel Group	ISR	Aprirose	GBR
Old Thorns Hotel Liphook	UK, Liphook	201	Select Group	ARE	Old Thorns Group	GBR
Hilton Syon Park	UK, London	137	Tulip Hotels & Real Estate	GBR	Lone Star Europe	GBR
35 Red Lion Square	UK, London	150	Whitbread Group PLC	GBR	Royal College of Anaesthetists	GBR
Virgin Hotel Glasgow	UK, Glasgow	165	Martin Property Group	GBR	Lloyds Development LLP	GBR
Dao by Dorsett North London	UK, London	68	AMTD Asset Management Limited	HKG	Far East Consortium International Ltd	HKG
Karma Sanctum Soho Hotel	UK, London	30	Tenigla Real Estate	ESP	Z Hotels; Aprirose	GBR
Careys Manor Hotel	UK, Brockenhurst	77	Myst Hotels & Resorts	ARE	Greenclose Limited	GBR
Proposed Travelodge (Broad St and Eldon St)	UK, London	300	Travelodge Hotels Ltd	GBR	City of London	GBR

HOTEL TRANSACTIONS HEAT MAP (H1 2025)





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Source: Cushman & Wakefield



METHODOLOGY

Cushman & Wakefield's quarterly estimates are derived from a variety of data sources, including its own proprietary database, and historical data from third party data sources. The figures provided for the current quarter are preliminary, and all information contained in the report is subject to correction of errors and revisions based on additional data received.

A contingency of 5% is assumed for total transaction volumes, rooms and properties sold in the last 12 months, as some deals are revealed with notable delay.

EXPLANATION OF TERMS

Prime Yields (HMA): The prevailing initial yields (current income divided by sales price) for quality stabilized assets in prime locations, managed under Hotel Management Agreement by professional operator (the HMA is not terminable on sale or in near-term after the sale). The yields are based on actual transactions where available as well as the sentiment indicated by investors.

Average Price per Room: Transaction KPI calculated by dividing the total transaction volume by the number of rooms transacted. In case of majority deals, the number of rooms is adjusted to reflect the proportion of the volume sold. Minority deals are excluded from the calculation. Median, Upper-quartile (75%) and Lower-quartile (25%) are based on the price-per-room data over the period (not weighted by total deal size). The average price per room by hotel class is influenced by the location of hotels transacted within that class. As a result, there may be instances where a lower hotel class shows a higher average price per room if those hotels were sold in more premium locations during the period.

Operating Performance Indicators

Occupancy: Percentage of available rooms sold during the period (Rooms Sold / Rooms Available).

ADR: Average Daily Rate paid for rooms sold (Rooms Revenue / Rooms Sold).

RevPAR: Revenue Per Available Room during the period (Rooms Revenue / Rooms Available).

GOPPAR: Gross Operating Profit Per Available Room (Hotel gross operating profit / Rooms Available).

Operating/Deal Structures

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Franchise Agreement Structure: A hotel operating model where the owner directly operates the property but uses a specific brand, paying fees for the brand name, standards, and marketing support, while keeping full control of day-to-day operations.

Management Contract Structure: A hotel operating model where the property is managed by a third-party hotel operator on behalf of the owner. If a hotel is managed by non-branded operator and uses brand name via franchise agreement, it is recorded as "Management Contract" structure.

Leased Contract Structure: A hotel operating model where the property is leased to a third party with fixed, variable, or hybrid (fixe and variable) rent.

Vacant Possession: A hotel that is free from any contractual encumbrances, allowing the new owner immediate and unrestricted control upon transfer. Even if a hotel has franchise agreement or management contract or lease contact in place, but it expires on sale or it is terminable on sale, the deal is considered as "Vacant Possession" sale.

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AUTHORS

ANASTASIA COOPER

Consultant Hospitality
Capital Markets
M: +44 (0) 7827 197 974

anastasia.cooper@cushwake.com

FRANCESCA MADDEN

Senior Consultant Hospitality
Capital Markets
M: +44 (0) 7741 153 708
francesca.madden@cushwake.com

LISE KELLER

Senior Consultant Strategic Advisory & Hospitality Research, EMEA
M: +44 7799 159 306
lise.keller@cushwake.com

REGIONAL MARKET RESEARCH LEAD

DARYL PERRY

Partner, Research and Insight
Head of UK&I Business Development
Services
+44 (0) 7341 109 340
daryl.perry@cushwake.com

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UK HOSPITALITY H1 2025

KEY CONTACTS

UK&I

ED FITCH

Head of Hospitality UK&I

M: +44 (0) 7760 405 978 ed.fitch@cushwake.com

ANDREW HORDER

Partner, Hospitality Capital Markets UK&I

M: +44 (0) 7990 814 861 andrew.horder@cushwake.com

FRANCESCA MADDEN

Senior Consultant,
Hospitality Capital Markets
M: +44 (0) 7741 153 708
francesca.madden@cushwake.com

ANASTASIA COOPER

Consultant,
Hospitality Capital Markets
M: +44 (0) 7827 197 974
anastasia.cooper@cushwake.com

CARL RIDGLEY

Head of Hospitality Valuation & Advisory EMEA M: +44 (0) 7710 153 982

YANA LYTVYNCHUK

carl.ridgely@cushwake.com

Associate, Hospitality Valuation & Advisory
M: +44 (0) 7765 446 938
yana.lytvynchuk@cushwake.com

IOANA STUPU

Consultant, Hospitality
Valuations & Advisory
M: +44 (0) 7502 632 176
ioana.stupu@cushwake.com

JAN-OSCAR HUGES

Senior Consultant,
Hospitality Capital Markets
M: +44 (0) 7741 153 708
janoscar.huges@cushwake.com

MARK WOOLFITT

Partner, Hospitality Valuation & Advisory
M: +44 (0) 2073 986 279
mark.woolfitt@cushwake.com

VICTORIA GASSMANN

Senior Consultant, Valuations &
Advisory
M: +44 (0) 7769 961 275
victoria.gassmann@cushwake.com

SIMON HALL

Senior Surveyor, Valuations & Advisory
M: +44 (0) 7769 246 577
simon.hall@cushwake.com

EMEA

JON HUBBARD

Head of Hospitality, EMEA M: +44 (0) 7921 492 681

Jonathan.hubbard@cushwake.com

FRED LE FICHOUX

Head of Hotel Transactions, EMEA

M: +420 724 319 802

frederic.lefichoux@cushwake.com

BORIVOJ VOKRINEK

Strategic Advisory & Head of Hospitality Research, EMEA M: +420 727 906 030

borivoj.vokrinek@cushwake.com

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