



# REDEFINE|BDL HOTELS (RBH) TRADING SUMMARY

JANUARY 2018



## QUARTER 4 PERFORMANCE 2017

The annual performance review of our hotels under management has shown an extremely positive end to the year 2017. Throughout the year we have provided quarterly updates on our performance as we have traded in challenging times, our final instalment showcases our performance through this period of uncertainty.

Quarter 4 (Q4) has delivered positive results as have the previous quarters in the year. RBH hotels have delivered a strong RevPAR growth of 3.3% across the portfolio in this period. Our London hotels experienced the smallest growth in RevPAR of 0.8%, however, this was extremely encouraging as the London market in Q4 2017 went back in RevPAR by -1% Year on Year (YOY.) Our provincial hotels in Q4 also performed extremely well with a 4.5% RevPAR uplift, driven through both an occupancy and ADR strategy.

Despite a relatively strong performance in Q4 previously, the portfolio has managed to drive additional RevPAR performance off the back of almost record-breaking results in 2016. The hotels across the portfolio have continued to see strong transient business, but this pace has slowed in comparison to the first half of 2017.

## OCTOBER – DECEMBER 2017 Q4 PERFORMANCE SUMMARY

### RBH ALL HOTELS

	This Year	YOY Change	Index change
Occupancy	78.5%	+1.8%	+2.3%
ADR	£81.2	+1.5%	(1.1%)
RevPAR	£63.70	+3.3%	+1.1%

### RBH LONDON HOTELS

	This Year	YOY Change	Index change
Occupancy	83.6%	+0.8%	+4.5%
ADR	£109.40	0.0%	(1.7%)
RevPAR	£91.50	+0.8%	+2.7%

### RBH REGIONAL UK HOTELS

	This Year	YOY Change	Index change
Occupancy	76.7%	+1.9%	+0.9%
ADR	£71.7	+2.5%	(1.3%)
RevPAR	£55.0	+4.5%	(0.4%)

## FULL YEAR TRADING PERFORMANCE 2017

Following a relatively turbulent 2017, with Brexit, political uncertainty around the globe, the Grenfell tower fire and terror attacks in both London and Manchester, the industry has consequently experienced some very big highs and lows in performance.

The initial impact of Brexit had a positive influence on leisure travel and inbound demand to the UK (with the drop in the value of the pound.) On the contrary, this also impacted the corporate market, where we experienced tighter travel policies and restrictions on business travel and stays.

As we continued to progress through the year, the balance of both leisure and corporate travel was re-asserted. Midweek corporate business started to perform better in the latter part of Quarter 3 (Q3) and into Q4, whilst leisure travel plateaued moving into Q4. At the beginning of the year segmentation shifted towards transient and leisure travelers and were more evenly balanced at the end of the year.

Our full year January to December numbers have been particularly reassuring over these turbulent times and have shown this shift in mix.

Our Regional UK hotels grew 6.4% in RevPAR for the year, 3.6% ahead of the STR recently reported 2017 data. London hotels in RBH continued to perform well growing RevPAR 8%, which was ahead of the total London market RevPAR growth by 4.3%.

## JANUARY – DECEMBER 2017 FULL YEAR PERFORMANCE SUMMARY

### RBH ALL HOTELS

	This Year	YOY Change	Index change
Occupancy	80.2%	+2.4%	+2.0%
ADR	£82.7	+4.4%	(0.6%)
RevPAR	£66.33	+6.9%	1.3%

### RBH LONDON HOTELS

	This Year	YOY Change	Index change
Occupancy	83.9%	+4.4%	+5.1%
ADR	£110.0	+3.4%	(1.3%)
RevPAR	£92.40	+8.0%	+3.8%

## RBH REGIONAL HOTELS

	This Year	YOY Change	Index change
Occupancy	78.7%	+1.5%	+0.6%
ADR	£73.6	+4.8%	(0.7%)
RevPAR	£57.9	+6.4%	0.0%

This positive picture continues as we dive deeper into the performance of our hotels in some of the key cities. For 2017, we have delivered exceptional RevPAR growths in Edinburgh, Gatwick, Liverpool and Manchester.

## KEY CITIES PERFORMANCE

### EDINBURGH

	YOY Change	Index change
Occupancy	(0.2%)	(1.6%)
ADR	+16.4%	+4.8%
RevPAR	+16.2%	+3.2%

### GATWICK

	YOY Change	Index change
Occupancy	+2.7%	+0.9%
ADR	+8.4%	+2.2%
RevPAR	+11.3%	+3.2%

### LIVERPOOL

	YOY Change	Index change
Occupancy	(1.8%)	(7.6%)
ADR	+10.0	+5.1%
RevPAR	+8.0%	(2.9%)

### MANCHESTER

	YOY Change	Index change
Occupancy	(0.4%)	(0.5%)
ADR	+7.6%	+3.8%
RevPAR	+7.1%	+3.2%

In these cities we continued to out deliver performance against the market and not just against competitor sets. Edinburgh's RevPAR growth of 16.2% was 4.2% ahead of the city's RevPAR growth of 12%. Gatwick exceeded expectations and performance with a 4.3% premium on the market.

	RBH RevPAR Growth	STR Market RevPAR Growth
Aberdeen	6.2%	(6.7%)
Edinburgh	16.2%	12.0%
Gatwick	11.3%	7.0%
Glasgow	6.8%	5.0%
Liverpool	8.0%	6.3%
Manchester	7.1%	0.9%

## SUMMARY

Consideration of 2018 indicates a growing sentiment that the level of growth in RevPAR is likely to be lower than that in 2017. The continued development of hotels and growing supply across the UK is putting pressure on certain markets, whilst the balance between supply and demand shifts and adjusts.

Forecasts for 2018 continue to express continued growth within the provincial hotel market across the UK with certain cities driving stronger performance than others. London is anticipated to grow only 0.8% in RevPAR, whilst the provinces are expected to grow 1.1%.

For 2018 we are also expecting a slowdown in performance following the buoyancy of 2017. However, as we have seen in the year gone by, the changes that we are experiencing in the political and economic environment have a huge impact on our trading. It is also yet to be seen what impact the final Brexit negotiations will have, further impacting performance, not just on the top line but at the bottom too. Revenue performance in 2018 will be interesting for many reasons.

Sources: STR & PWC September 2018 UK Hotels Forecast, STR 2017

## CONTACT

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## ABOUT RBH

Redefine|BDL Hotels (RBH), the UK's leading independent hotel management company, manages a diverse collection of more than 75 branded and private-label hotel properties.

Working in partnership with five of the most prestigious international hotel brands, including IHG, Hilton, Accor, Marriott and Wyndham, RBH is a driving force in the hospitality industry.

The company offers a wealth of hotel management expertise and currently has an annual turnover under management in excess of £350m.

The RBH expert team of more than 140 hotel specialists operates from offices in London, Leeds and Glasgow. The portfolio unites more than 11,000 rooms across the managed and leased hotels.

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