

ARMSTRONG WATSON

Hotel Occupancy Report

ANNUAL DATA TO MARCH 2016

SCOTLAND
CARLISLE
THE LAKE DISTRICT
THE NORTH EAST
LEEDS & BRADFORD
HARROGATE & YORK

ArmstrongWatson[®]
Accountants, Business & Financial Advisers



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REPORT KEY

ADR = AVERAGE DAILY RATE

Room Revenue divided by rooms sold, displayed as the average rental rate per room

REVPAR = REVENUE PER AVAILABLE ROOM

Room Revenue divided by number of rooms available

Data supplied by STR Global

Photography supplied by Lumley Castle, County Durham and Grassington House, North Yorkshire



Hello and welcome ...

To our first, new look, occupancy benchmarking report for hotels based in the North of England and Scotland.

You will notice that we have split our report into six different regions allowing us to be able to report on regional trends alongside those affecting the industry as a whole. We believe that in doing this we have made the information contained within this report more applicable to you the reader and more specific to your business, allowing you to benchmark your business against local data, whilst also keeping an eye on developing trends further afield.

The data used within this report is based on hotels, however it should still prove to be a useful tool if you are a guest house owner as it gives you an insight into trends developing within the hospitality sector both in your local area as well as the wider market.

It is our intention to publish this report twice a year reporting on data to March and then six months later, data to September. We hope you like the new report, and indeed find it useful, should you wish to discuss its contents in further detail please contact either me or one of my fellow professionals.

Looking at the Hospitality Market within the United Kingdom we are currently in uncharted waters following the Brexit decision on 27 June. Uncertainty dominates and the UK Government certainly face challenging times, but can the hospitality industry benefit from this situation?

Hospitality is an export led industry and the weaker pound should certainly create immediate opportunities across the board with inbound and domestic tourism becoming more attractive. Over the coming years the UK Government will have the opportunity to redefine the rules governing this sector. A reduction in VAT on tourism, something I have championed for many years, surely will be back on the table, Corporation Tax is rumoured to be falling and red tape should be cut. This will all benefit the industry.

According to Travelzoo the leave result immediately led to an increased number of searches on UK Hotels and Holidays, as our attractiveness increases in correlation with the weakened pound.

So in summary the UK hospitality market faces many opportunities going forward, opportunities that must be seized. We will see the impact of Brexit start to come through in our next report to September 2016, but for now let's see what has actually happened in your region to March 2016.

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Scotland

		MARCH 16	MARCH 15	
OCCUPANCY	MONTH	75%	74%	Occupancy Levels were 75% for March 2016 compared to 74% in March 2015. The year to March 2016 shows reported average occupancy of 68%, which is in-line with that reported for the year to March 2015.
	YEAR TO	68%	68%	
AVERAGE DAILY RATE	MONTH	£69.92	£65.82	The month of March 2016 reported an average room rate of just under £70, up £4 on March 2015; this is growth of 6%. In respect of the year to March 2016 reported ADR was £65.62 compared to £63.03 in 2015.
	YEAR TO	£65.62	£63.03	
REVENUE PER AVAILABLE ROOM	MONTH	£52.28	£48.89	Revenue per available room has increased slightly in the 12 months to March 2016 compared to the same period last year; this is due to the slightly increased average daily room rates being secured.
	YEAR TO	£44.67	£42.74	

COMMENTARY FROM DOUGLAS RUSSELL



The data set used in this report covers up to the central belt, Stirling and all areas south. It comprises over two hundred separate establishments, including national chains.

It can be seen from the results that minimal growth has occurred within our region over the 12 months to March 2016. Whilst room rates secured have increased slightly this is no more than you would expect over a period of 12 months.

It will be interesting to see what impact Brexit has on our country, especially in light of the current talk surrounding a second referendum. The hospitality industry is key to Scotland, we as a country have had considerable new investment over the past two decades, both building new hotels and refurbishing existing properties. But this investment needs to be publicised and Scotland needs pushing to the forefront so that visitors to the UK don't simply visit London or the Lakes but they venture into Scotland and enjoy the stunning countryside and vibrant cities we also have to offer.

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"as a country have had considerable new investment over the past two decades"

Carlisle

OCCUPANCY DATA

		MARCH 16	MARCH 15	
OCCUPANCY	MONTH	76%	73%	Occupancy Levels were 76% for March 2016 compared to 73% in March 2015. The year to March 2016 shows reported average occupancy of 74% compared with 67% in the year to March 2015. An uplift of 7%.
	YEAR TO DATE	74%	67%	
AVERAGE DAILY RATE	MONTH	£52.54	£47.21	The month of March 2016 reported an average room rate of just under £53, up £6 on March 2015; this is growth of 11%. In respect of the year to March 2016 reported ADR was £50.90 compared to £45.67 in 2015.
	YEAR TO DATE	£50.90	£45.67	
REVENUE PER AVAILABLE ROOM	MONTH	£40.05	£34.25	Revenue per available room has increased in the 12 months to March 2016 compared to the same period last year; this is due to increased occupancy and higher average daily room rates being secured.
	YEAR TO DATE	£37.61	£30.38	

COMMENTARY FROM RICHARD RANKIN



This is a great set of results for the City of Carlisle. It should be noted that the hotels contributing to this data set are primarily national chains of large hotels with an average of 70 rooms per establishment.

Our city was hit extremely hard by the flooding that occurred in December 2015, and like other affected areas many of our affected residents were initially rehoused in our large hotels. This increase in demand naturally pushed prices up hence allowing our regions hotels to secure higher average room rates.

With life slowly returning to normal for those residents affected and the promise of a good summer following the Brexit decision, I hope our city's hotels continue to report such positive results over the coming months.

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" a great set
 of results for the
 City of Carlisle "

The Lake District

OCCUPANCY DATA

		MARCH 16	MARCH 15	
OCCUPANCY	MONTH	62%	58%	Occupancy Levels were 62% for March 2016 compared to 58% in March 2015. Easter this year fell in March, whereas last year it was in April this will account for part of the uplift, as will the temporary rehousing following the regional floods 4 months earlier. The year to March 2016 shows slightly depressed figures in comparison to the same period in 2015. Thus after a slow start 2016 appears to be improving and indicators are that April and May 2016 continued to perform well.
	YEAR TO DATE	52%	54%	
AVERAGE DAILY RATE	MONTH	£89.75	£80.11	The Average Daily Room Rate was up 8.6% on the same time last year; this is great news for hoteliers. In respect of the year to March 2016 reported ADR was £85.31 compared to £78.58 in 2015. This increase is in excess of the routine inflation expectation of 3%. The month of March in 2016 reported almost £90 as an average rate, up £10 on March 2015.
	YEAR TO DATE	£85.31	£78.58	
REVENUE PER AVAILABLE ROOM	MONTH	£55.12	£46.77	Revenue per available room has increased in the 12 months to March 2016 compared to the same period last year; this is due to higher average daily room rates being secured.
	YEAR TO DATE	£43.99	£42.20	

COMMENTARY FROM RICHARD ANDREW



The results above are positive news for the hospitality industry within the Lake District, however to many they will also come as somewhat of a surprise. Following the devastating floods that hit our region in early December 2015 many of us would have thought that occupancy levels would have plummeted, and indeed for many smaller businesses in the more remote parts of the Lake District this was certainly the case.

Hoteliers within the region however, have benefited. It was these establishments that provided temporary accommodation to many of the victims made homeless by the floods. This surge in demand naturally pushed prices up, resulting in higher average room rates being secured. In fact in March 2016 this region reported the highest average room rate of all the regions covered by this report. Once the flood victims were rehoused into more suitable long term homes, the hotels continued to benefit from high demand as relief workers staying in the area to assist with the rebuilding moved in. As we sit now, on the brink of summer, many residents have returned to their rebuilt homes and the Lake District is certainly fully open once more. Hopefully the sun will shine throughout the summer months and together with the weaker pound our area can have a strong summer.

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" Positive news for the hospitality industry within the Lake District. "

The North East

OCCUPANCY DATA

		MARCH 16	MARCH 15	
OCCUPANCY	MONTH	66%	72%	Occupancy Levels were 66% for March 2016 compared to 72% in March 2015. The year to March 2016 shows reported average occupancy of 64% down from 70% in the year to March 2015.
	YEAR TO DATE	64%	69%	
AVERAGE DAILY RATE	MONTH	£59.52	£61.46	Average room rates have remained stagnant over the 24 months to March 2016 at £60.
	YEAR TO DATE	£59.18	£59.85	
REVENUE PER AVAILABLE ROOM	MONTH	£39.43	£44.26	Revenue per available room has decreased in the 12 months to March 2016 compared to the same period last year, from £41 to £38 which is due to the falling occupancy levels.
	YEAR TO DATE	£38.02	£41.49	

COMMENTARY FROM TONY BULLOCK



The data set used for this report comprises of over 100 hotels, including national chains and locally owned boutique hotels. The data set incorporates Newcastle, Durham, Gateshead, Sunderland and Middlesbrough.

Our regions results unfortunately do not make great reading, our occupancy rates are some of the lowest throughout this entire report and our average daily rate is £30 below that reported by hotels within The Lake District and £10 below that secured within Scotland. Room income secured has not grown over the past 12 months, which when you take into account inflation means in real terms our income has fallen.

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"Our regions results unfortunately do not make great reading."

Leeds & Bradford

OCCUPANCY DATA

		MARCH 16	MARCH 15	
OCCUPANCY	MONTH	70%	70%	Occupancy Levels were 70% for March 2016, the same as that reported in March 2015.
	YEAR TO DATE	70%	67%	
AVERAGE DAILY RATE	MONTH	£67.79	£66.38	The month of March 2016 reported an average room rate of just under £68, up £2 on March 2015. In respect of the year to March 2016 reported ADR was £67.41 compared to £65.76 in the year to March 2015.
	YEAR TO DATE	£67.41	£65.76	
REVENUE PER AVAILABLE ROOM	MONTH	£47.55	£46.49	Revenue per available room has increased slightly in the 12 months to March 2016 compared to the same period last year, £46.59 in the 12 months to 2016 compared to £43.80 in the 12 months to March 2015. This is due to increased occupancy and a slightly higher average daily room rate being secured.
	YEAR TO DATE	£46.59	£43.80	

COMMENTARY FROM PHIL BAILEY



This is a strong set of results for the region, it should be noted that the hotels contributing to this data set whilst all are of a significant size do not include the budget national chains.

When comparing this region, which is dominated by large cities, to the results reported earlier by the City of Carlisle we can see that in respect of March 2016 our occupancy rates are lower yes, but our average daily room rate is over £15 higher.

It is worth noting that the growth secured in our average room rate throughout this region has been fairly stagnant between March 2015 and March 2016, this is an area we need to improve on going forward.

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" a strong set of results for the region "

Harrogate & York

OCCUPANCY DATA

		MARCH 16	MARCH 15	
OCCUPANCY	MONTH	71%	64%	Occupancy Levels were 71% for March 2016 compared to 64% in March 2015.
	YEAR TO DATE	66%	62%	
AVERAGE DAILY RATE	MONTH	£84.89	£84.47	The month of March 2016 reported an average room rate of £85, in line with that secured in the 12 months previous.
	YEAR TO DATE	£82.07	£82.96	
REVENUE PER AVAILABLE ROOM	MONTH	£60.05	£53.82	Revenue per available room has increased in the 12 months to March 2016 by £3 compared to the same period last year; this is due to increased occupancy levels.
	YEAR TO DATE	£53.83	£51.31	

COMMENTARY FROM PHIL BAILEY



This region is doing exceptionally well, it has secured the second highest average room rate of all the regions, lagging only to The Lake District, however in March 2016 our average occupancy was 10% higher than that reported by The Lake District. Thus our average revenue per room in March 2016 at over £60 was the highest reported throughout the entire area covered by this report.

The hotels contributing to the data for this region do not include any national budget hotels, rather they are independently run.

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"This region has secured the second highest average room rate of all the regions."

Let us help you to...

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We run regular surveys of the Lake District hotel and guest accommodation market to help you compare your business with others in the area. We can analyse the results for you in more detail and help you to understand how you can improve your business and make more money.

We also offer a management accounts service which helps you to monitor your business, make changes to your business and make more money.

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We have a number of bespoke tax products for the hospitality sector which can help save you tax. We have a track record of obtaining significant tax refunds and savings for our hospitality clients.

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Our dedicated hospitality team is trusted by local businesses for their specialist knowledge of the industry.

General Contact

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