

# Monthly Hotel Market Monitor

## West Midlands Combined Authority Report

June 2018



Regional Observatory  
West Midlands Growth Company



# Key Headlines\*

**Occupancy, average room rate (ARR) and Revenue per available room (RevPAR) were all up on the same period of 2017:**

At 74.9%, the average occupancy rate in the WMCA area during May 2018 was 1% higher compared with occupancy recorded in May 2017

The average room rate recorded for the month was £1.5 higher compared with the figure recorded in the previous year.

Revenue per available room (RevPAR) was £52.8 in May 2018. £1.9 up on the figure recorded in May 2017.

**However all three indicators were still below the national average:**

- Occupancy was 4% below the UK regional average (i.e. the UK excluding London) of 79%.
- At £70.4 the average room rate was below the UK regional average of £74.55.
- RevPAR was £6.13 below the UK regional average of £58.93.

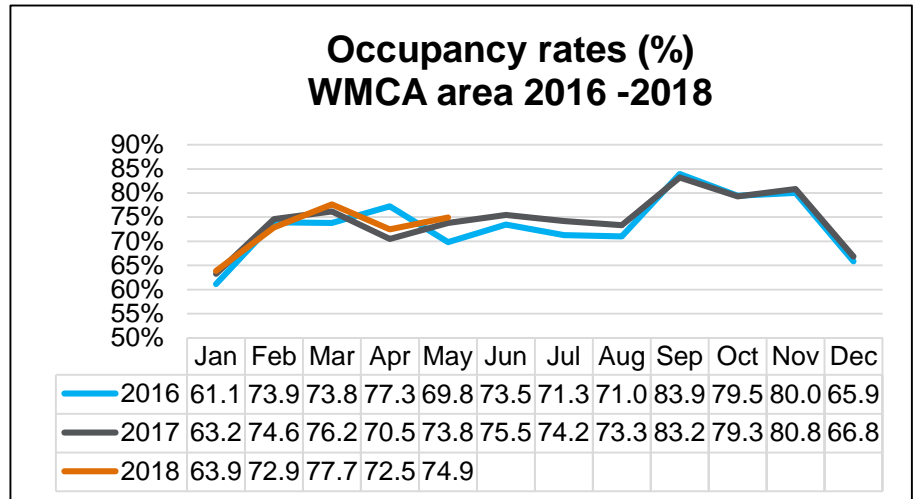
\*Note: Data provided by STR Global Ltd.

The sample size has been improved in April compared with previous months – providing more robust and reliable analysis

# Occupancy Rates

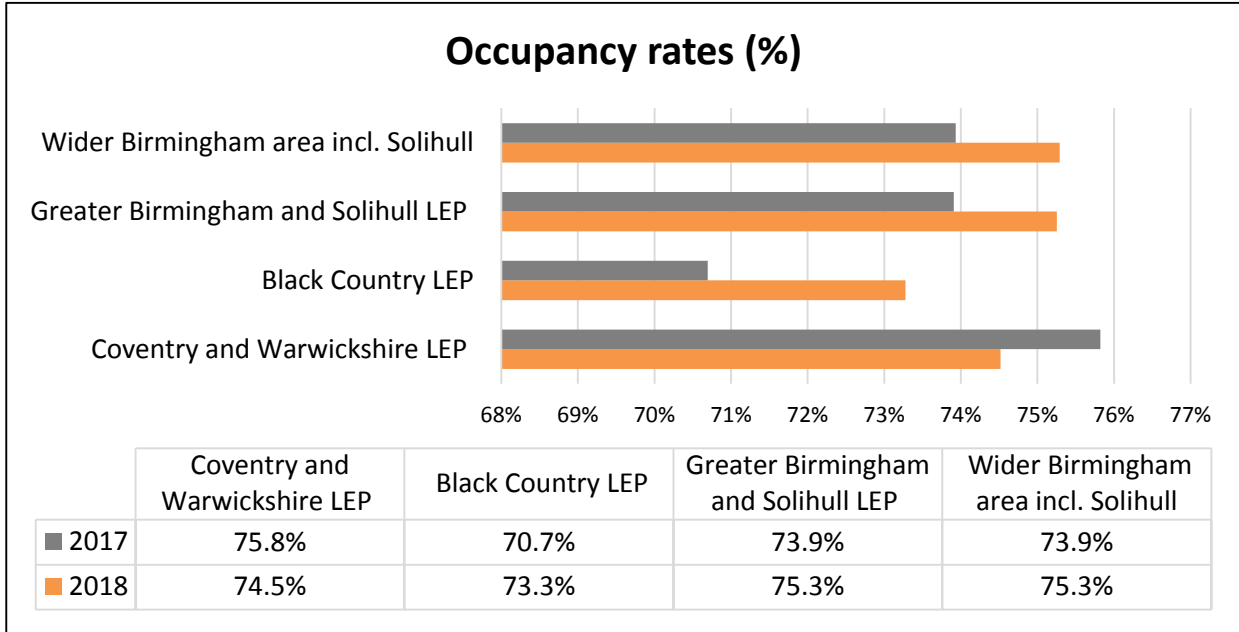
## WMCA Area Analysis

At 74.9%, the average occupancy rate in the WMCA area during May 2018 was 1% higher compared with occupancy recorded in May 2017, but was 4% below UK regional average (i.e. the UK excluding London) of 79%.



## Detailed Area Analysis

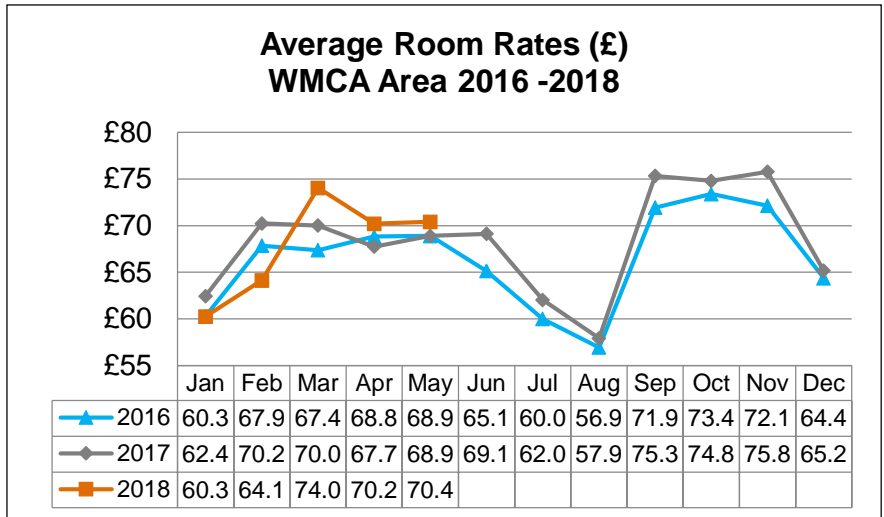
Year-on-year comparison shows that occupancy rates in May were up in all areas except in the Coventry and Warwickshire LEP area. Hotels located in the Black Country enjoyed the biggest rise of occupancy compared with the same period last year.



# Average Room Rates

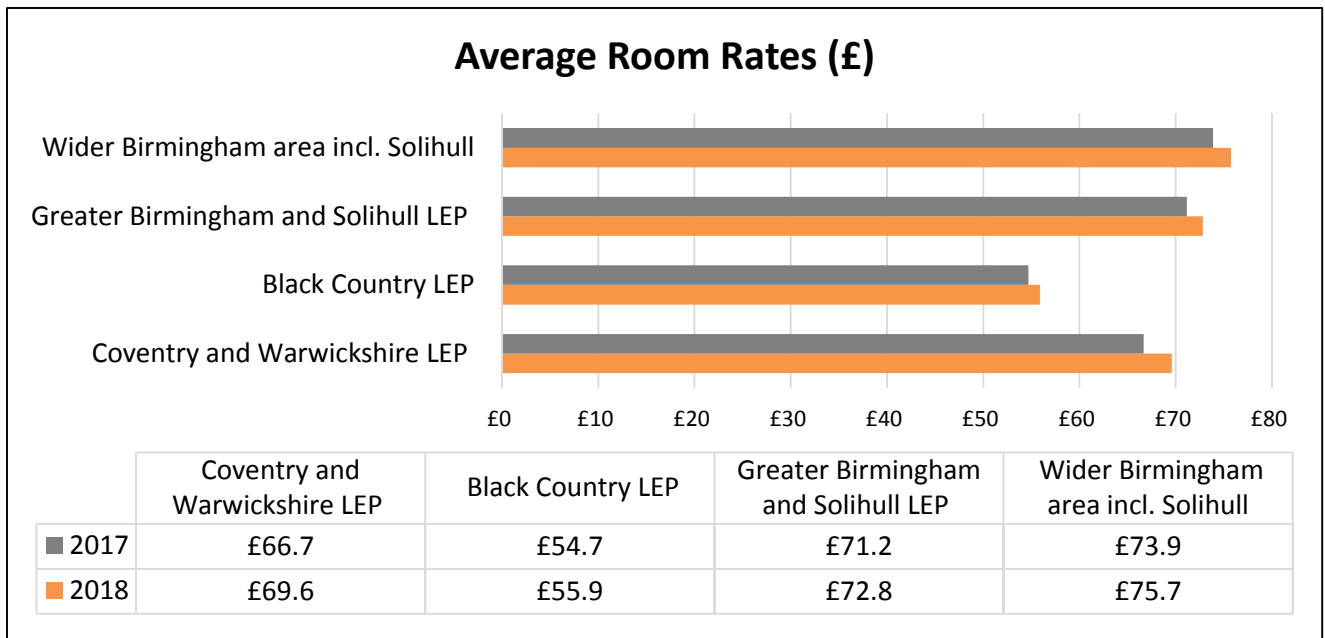
## WMCA Area Analysis

The average room rate recorded for the month was £1.5 higher compared with the figure recorded in the previous year. At £70.4, this was below the UK regional average of £74.55.



## Detailed Area Analysis

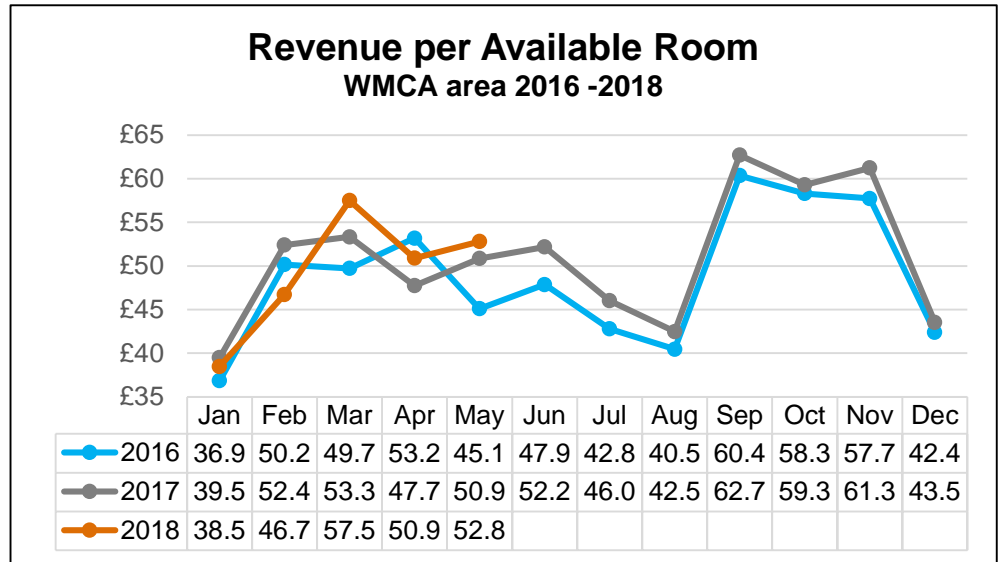
At £72.8, Greater Birmingham and Solihull LEP area has had the highest average room rate in May compared with the other two LEP areas in the Combined Authority Area.



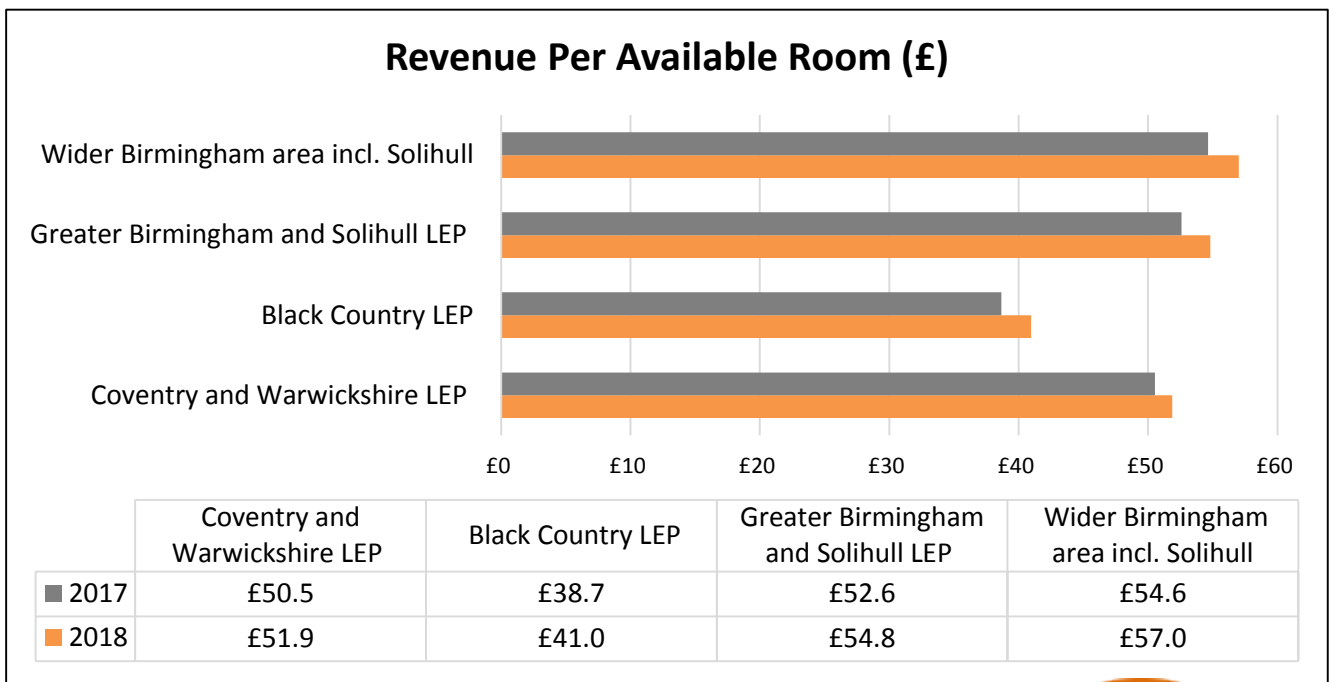
# Revenue Per Available Room

## WMCA Area Analysis

Revenue per available room (RevPAR) was £52.8 in May 2018 - £6.13 below the UK regional average of £58.93. £1.9 up on the figure recorded in May 2017.



Encouragingly, RevPAR was up in all three LEP areas compared with the same period last year. In the Coventry and Warwickshire LEP area, driven by a modest rise in ARR, RevPAR was up by 2.8% despite a slight drop in number of rooms sold.





# Detailed Market Analysis

## The business and leisure markets

Leisure tourism market enjoyed a strong May but business tourism market suffered a slight decline:

- The weekday occupancy rate in May 2018 (largely driven by business visitors) was down by 3% on May 2017 – from 79.6% to 76.9%. RevPAR was also down by 2% to £55.76.
- The weekend occupancy rate, (largely driven by leisure visitors) was 79.5% - up by 1% on the previous year. At £55.89, the weekend RevPAR rate was also up by 6% compared with May 2017.

### Weekday and weekend occupancy rates and RevPAR May 2018 vs May 2017

	Weekday (Mon-Thurs)	Weekend (Fri-Sat)
Occupancy rate in 2018	76.9%	79.5%
Occupancy rate in 2017	79.6%	78.2%
% Change	-3%	1%

	Weekday (Mon-Thurs)	Weekend (Fri-Sat)
RevPAR in 2018	55.76	55.89
RevPAR in 2017	56.64	52.75
% Change	-2%	6%

# Star-rating Analysis

Year on year comparison shows that both high and low end hotels saw a small rise in their ARR and RevPAR. However high end hotels saw a small drop in their occupancy rates from 76.4% in 2017 to 75.2% in 2018.

Areas	Occupancy %		ARR (£)		RevPAR (£)	
	2018	2017	2018	2017	2018	2017
WMCA 1- 3*	74.7	72.9	61.16	59.18	45.68	43.14
WMCA 4*	75.2	76.4	88.51	86.29	66.56	65.93



# Hotel developments



	No. of developments	No. of Rooms	No. of Bedspaces
Birmingham	28	3,254	7,159
Greater Birmingham and Solihull LEP	41	4,303	9,467
Coventry and Warwickshire LEP	29	1,446	3,181
Black Country LEP	12	516	1,135
<b>West Midlands Combined Authority Area</b>	<b>82</b>	<b>6,265</b>	<b>13,783</b>



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