



Liverpool Hotel Market Update

September 2022

A transformed city and a major economic hub

With a population of around 580,000 Liverpool is a major historic port city that has risen from post-industrial decline in the 1970s to become one of the core economic hubs of the United Kingdom.

Given its proud musical and sporting heritage, demand for the city's hotel is primarily leisure focused although several high quality venues – such as the M&S Arena and the Exhibition Centre support a balanced business mix including large scale corporate events and conventions.

A popular destination for both domestic and international visitors, Liverpool attracted some 38 million visitors in 2019 bringing an estimated £3bn to the local economy.

Liverpool City Council has ambitious plans to continue to support broad based growth through the collaborative regeneration of former industrial and docklands sites including “Ten Streets” and the “Knowledge Quarter”, and Pall Mall which will generate further accommodation demand.

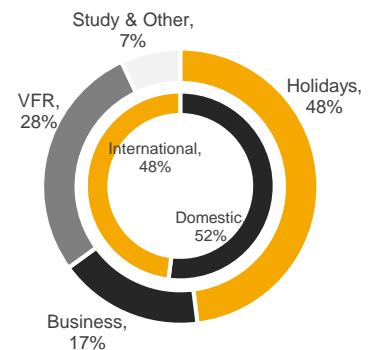
Strong supply growth anticipated

Although more than half Liverpool's hotel rooms are in the lower price segments (Economy to Upper Midscale) the city has a good and growing supply of Upscale and Upper Upscale stock including some new boutique “lifestyle” offerings.

Some 530 new rooms opened over the past year and, with a further 1,128 set to commence operation over the coming 24 months, there is likely to be some pressure on occupancy levels in the medium term as the new stock is absorbed.

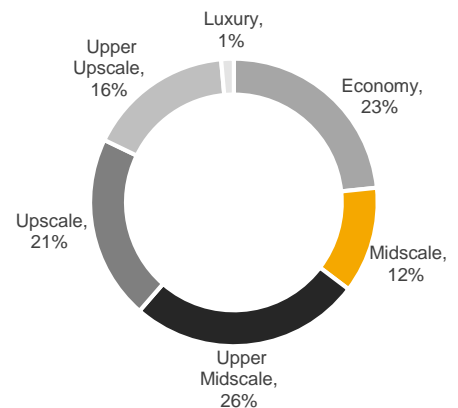
Older, outdated hotels may struggle to operate profitably as overhead costs increase and competition heats up.

Visitor Profile (2019)



Source: VisitBritain

Current Hotel Supply (2022)



Source: STR, Horwath HTL research

Estimated Quality Room Supply in Liverpool

Rooms	Managed	Franchised	Independent	Total
Economy	1,708	217	515	2,440
Midscale	472	24	414	910
Upper Midscale	310	891	600	1,801
Upscale	209	954	527	1,690
Upper Upscale	603	561	153	1,317
Luxury	-	-	149	149
Total	3,302	2,647	2,358	8,307

Source: CoStar, Horwath HTL research

Transient leisure demand has driven recovery

Liverpool's hotel market reported consistent RevPAR growth from 2013 to 2018 in parallel with a steady increase in number and quality of hotel rooms, but saw a slight drop in occupancy in 2019 just before the pandemic struck.

Strong transient leisure demand from early 2022 – boosted by the return of top-flight football - has offset weak group business and despite early signs of softening occupancy should help lift full year RevPAR close to the 2019 marker of £59.

A positive outlook despite headwinds

Although forward bookings suggest a continuing recovery of mid-week corporate trade, Liverpool's hotel remain heavily dependant on leisure travellers who may tighten budgets and reduce spending as higher living costs take hold.

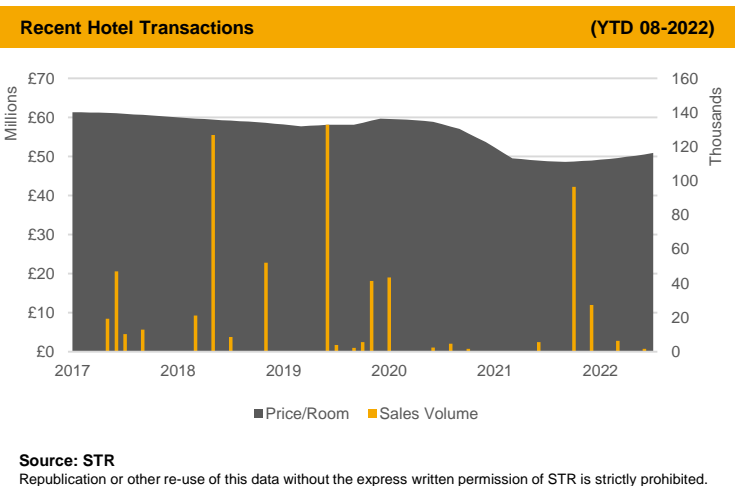
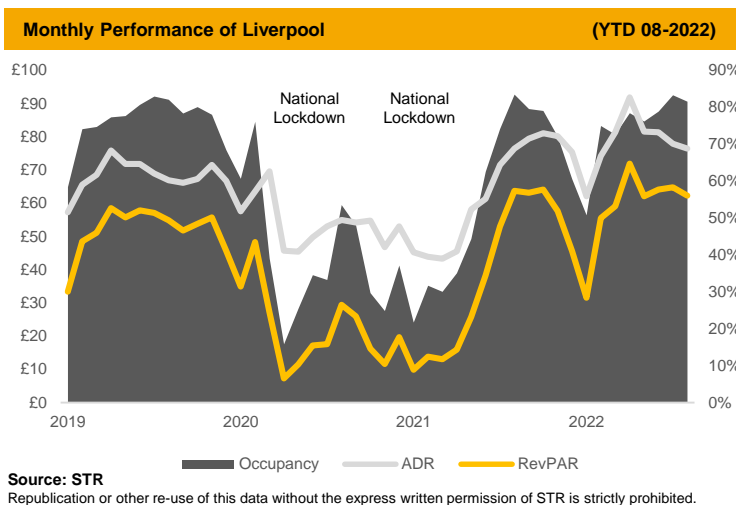
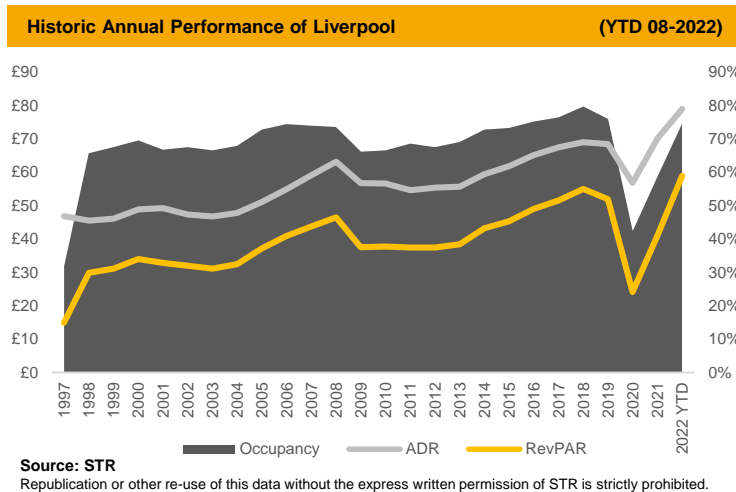
Longer term, while we anticipate demand keeping pace with new supply, increasing overheads costs are likely to erode profitability across the sector, forcing hotel owners and operators to carefully refine business models and improve operating efficiency.

A city with international investment appeal

Liverpool's hotel sector has attracted both domestic and international investors who clearly recognise the value and long-term potential of the city as a destination for business and leisure travellers.

Although the transaction market was relatively quiet through the pandemic, Aviva Investors' forward funding of the 260-room Maldron Park Lane (opening mid-2024) and the sale of Aloft Liverpool to a Singaporean investor, both in Q4 2021, helped demonstrate investor appetite for high quality opportunities.

We anticipate activity picking up over the coming months as hotels are brought to market and operations stabilize.



Contact

55 Ludgate Hill
 London
 EC4M 7JW
 United Kingdom

T: +44 (0)20 7842 7253
www.horwathhtl.co.uk
[Subscribe for latest news](#)



Malcolm Kerr
 Managing Director
 T: +44 (0)20 7842 7253
 T: +44 (0)7500 009635
mkerr@horwathhtl.co.uk



Andrew Reitmaier
 Director
 T: +44 (0)20 7842 5396
 T: +44 (0)7808 071 009
areitmaier@horwathhtl.co.uk



Marjolein Delhaye
 Consultant
 T: +44 (0)20 7842 7104
mdelhaye@horwathhtl.co.uk



Crowe U.K. LLP is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe U.K. LLP and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Crowe U.K. LLP. This material is for informational purposes only and should not be construed as financial or legal advice. You are encouraged to seek guidance specific to your circumstances from qualified advisors in your jurisdiction. © 2022 Crowe U.K. LLP