

## UK HOTEL INVESTMENT TOPS £13bn

- with 24,000 more rooms planned to end-2015

**15 May 2014:** Despite the recession, the UK hotel industry is continuing to expand with total investment topping £13bn in the past decade, says a new publication by the Institute of Hospitality, *Hospitality Digest 2014*.

Further investment is in the pipeline, with 9,300 more rooms planned for 2014 and 2015 in London and over 14,700 rooms elsewhere in the UK.

Over the ten-year period to the end of 2013, in the largest expansion in the industry's history, 106,380 new rooms were added to the nation's hotel stock but, with over 40,000 rooms closing, the net addition is in the region of 66,000.

*Hospitality Digest 2014*, a new 190-page annual publication by the Institute of Hospitality, aims to provide a compendium of key facts and figures in one volume for anyone interested in the development of the UK hospitality industry and the trends that are underlying its growth.

"In a single publication it contains all the key factual information on the growth of the industry's key sectors – tourism, hotels and foodservice, as well as articles and information on employment and education in the industry," says Peter Ducker, chief executive of the Institute of Hospitality.

“We believe it complements the information that is available in our library and builds the Institute’s reputation as an up-to-date source of knowledge on the hospitality industry.”

Using figures provided by Gleeds, one of the UK’s leading construction consultants, Digest calculates that over £13.6bn has been invested in the UK hotel industry in new hotel construction, rebranding and refurbishment, with the largest amount (£4.9bn) being spent in London. But this figure excludes professional fees, land costs, start-up costs and finance during construction and is undoubtedly a conservative estimate since it is impossible to estimate the cost of refurbishing many independently owned hotels.

In one of eight articles on trends in the industry in the publication, one of the editors, hotel consultant Melvin Gold, forecasts that 60 per cent of the UK hotel industry will be corporate branded by 2030 – “the independent hotel and bed and breakfast sector will live on but it will face more challenging competition from the marketing and sales muscle of the branded properties,” he writes.

“Hotel ownership will be even more fragmented than it is today and the smaller owner-operators of reasonable sized properties will prefer to be franchisees (or in a consortium) than unbranded independents.”

In a section on some of the key issues relating to education and employment, consultant Bob Cotton, warns that rising payroll costs – particularly in relation to the statutory workplace pension scheme - will force employers to look at their levels of productivity.

“With rising payroll costs and prices held back by customer resistance, the industry has to raise productivity if it is to survive profitably,” he says.

An article by consultant David Battersby suggests that about one third of working time is wasted, with productivity varying enormously. In hotels, every £1 spent on

labour generates between £2.14 and £18.44 of sales revenue; for restaurants the return is narrower and lower - from £1.66 to £6.12 of sales revenue for every £1 spent on labour.

“Three-quarters of that wasted time within hospitality businesses is down to poor planning, a lack of work organizations and inadequate supervision.

“Yet for many employers, productivity growth, how to measure it and how to achieve it, remains something of a mystery.”

In another article, John Hyde, chairman of Hospitality Industry Training, forecasts that the number of apprentices in the industry will drop because of government funding proposals.

“We are in danger of losing a powerful source of trained staff from what is already a small minority of employers who employ apprentices; at the same time, cut-backs to FE college funding will mean they will be unable to meet the shortfall.”

*Hospitality Digest 2014, edited by consultants Miles Quest ([mq@wordsmithandco.co](mailto:mq@wordsmithandco.co)), Melvin Gold ([melvin.gold@melvingoldconsulting.com](mailto:melvin.gold@melvingoldconsulting.com)) and Peter Backman ([peter.backman@hrzns.com](mailto:peter.backman@hrzns.com)) and produced for the Institute of Hospitality by Wordsmith and Company, is the most comprehensive compendium of data available on the UK hospitality and foodservice industry, much of it original, containing 190 pages of facts, figures, information and opinion about the UK hospitality industry, including:*

- \* 123 tables
- \* Details of 150 largest hotel companies in the UK
- \* Outlet and meal numbers in main foodservice sectors
- \* Leading restaurant, quick service restaurant, coffee shop and pub operators
- \* Hotel openings in 2013, with openings for 2014, 2015 and beyond
- \* Key hotel property transactions and hotel operation and occupancy statistics
- \* Insolvencies in main sectors

- \* *Numbers of sector workers*
- \* *Wages and salaries in all sectors of the industry*
- \* *Articles and data on number of workers in all main sectors, apprenticeships, qualifications and course content*

*Hospitality Digest 2014, in PDF format only, is priced at £245 (£145 to Institute members) and is available for download from the Institute of Hospitality, 34 West Street, Sutton, Surrey SM1 1SH ([www.instituteofhospitality.org](http://www.instituteofhospitality.org)) (020 8661 4900).*

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