CUSHMAN & WAKEFIELD

MARKETBEAT

UNITED KINGDOM

HOSPITALITY H1 2026

Better never settles

MARKETBEAT
UK
HOSPITALITY H1 2026

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MARKET FUNDAMENTALS*

H1 2026	YoY Chg	Outlook
£2.7Bn Investment Volume	▲	—
5.0-6.0% London Prime Yields (HMA)	—	—
2.4% YoY RevPAR Growth	▲	▲
+0.5% YoY Supply Growth	▲	▲

INVESTMENT HIGHLIGHTS

71 / 9,626
Hotels / Rooms Transacted

£279,235
Average Price per Room

47%
Of volume was invested in Upscale Hotels

ECONOMIC INDICATORS

	YoY Chg	Outlook
0.9% YoY Real GDP Growth	▼	▲
3.0% YoY Inflation Growth	▼	▲

*Growth indicators are based on nominal amounts

INVESTMENT ACTIVITY

The UK hotel investment market recorded a robust first half of the year, with transaction volumes reaching £2.7 billion in H1 2026, 20% above the five-year average. London was the primary driver of this growth, with investment volumes rising by £1.4 billion year-on-year to nearly £2.0 billion. In contrast, the regional market experienced a slowdown, with transaction volumes declining by 25% year-on-year. Overall, activity was supported by several sizeable single-asset transactions, including ten deals exceeding £100 million, compared with just one during the same period last year. Notable transactions included the Curio Westminster and St Giles in London in Q1, followed by The Other House Portfolio (three London hotels) in Q2.

Despite a more challenging trading environment and continued pressure on bottom-line performance due to increases in operating expenses, investors continue to target London and selected regional UK hotel markets, supported by resilient trading fundamentals and long-term confidence in the sector.

PRIME YIELDS

Prime yields have remained stable, particularly in high-barrier-to-entry markets and prime locations. Whilst the appetite from lenders remains strong, there is an expectation that interest rates could increase by the end of the year which may result in higher debt costs.

SUPPLY & DEMAND

Supply growth remained constrained in H1 2026 (+0.5% YoY), while demand grew faster (+0.9%), supporting a modest occupancy increase. This trend is expected to continue in H2 in both London and regional markets, as demand outpaces the moderate rise in supply.

PERFORMANCE

RevPAR in the UK grew by 2.4% YoY in H1 2026, driven primarily by rate growth (+2.1%) and supported by a 0.2 percentage-point increase in occupancy. Growth is expected to moderate in H2, with RevPAR forecast to rise by 0.8%. Despite continued top-line growth, profitability is likely to remain under pressure in 2026, as RevPAR growth lags inflation and operating costs continue to rise, particularly labour and business rates.

RECENT TRANSACTION TRENDS

(GBP, MILLIONS)

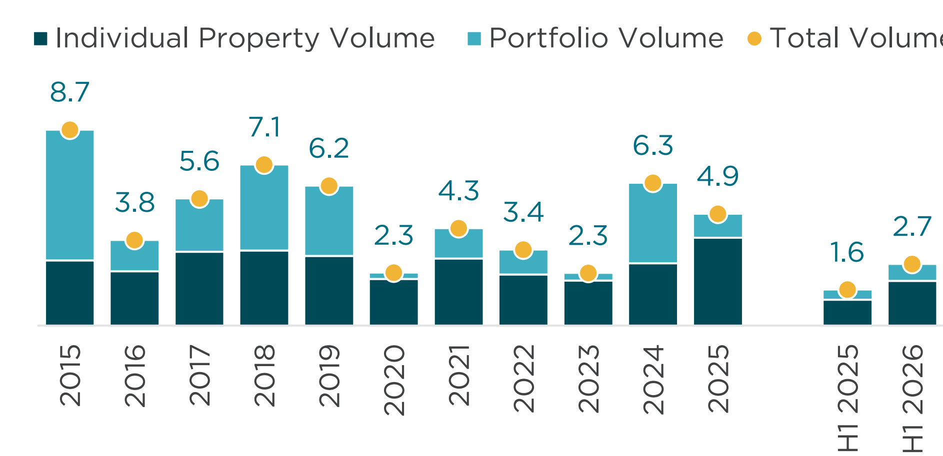
	H1 2026			
	Hotels	Rooms	Volume	% Change
United Kingdom	71	9,626	2,727	71%
Regional	47	5,467	733	-25%
London	24	4,159	1,994	229%
Leeds	2	406	78	474%
Edinburgh	3	285	64	-59%
Manchester	3	551	58	129%

	Q2 2026			
	Hotels	Rooms	Volume	% Change
United Kingdom	24	3,044	1,128	27%
Regional	12	1,568	330	-44%
London	13	1,476	798	172%

*Refers to the % change in transaction volume from the previous period
Note: No information is displayed for periods with fewer than two deals.

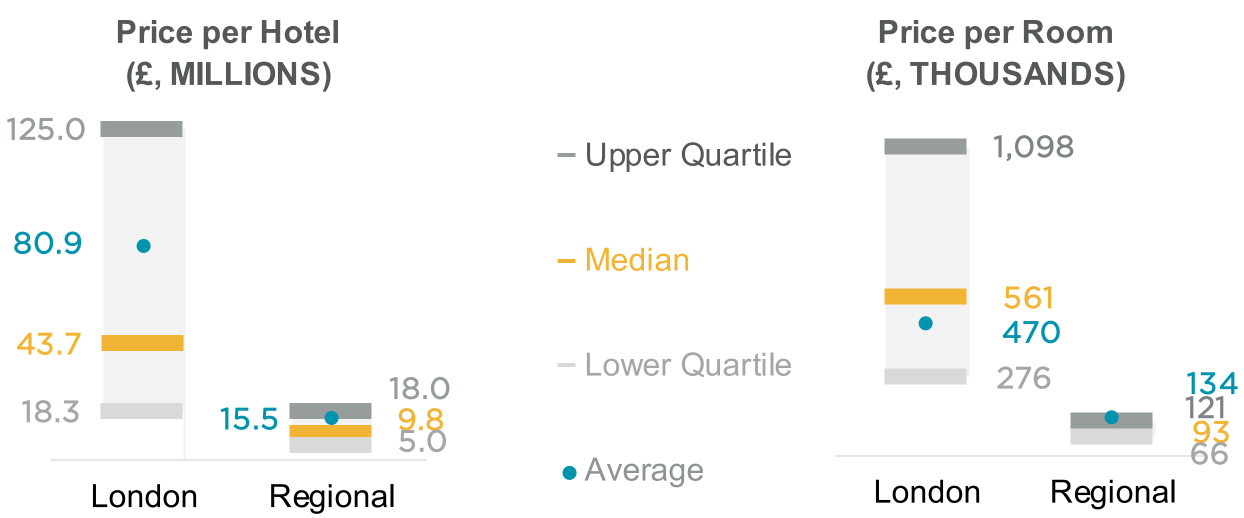
ANNUAL TRANSACTION VOLUME

(GBP, BILLIONS)

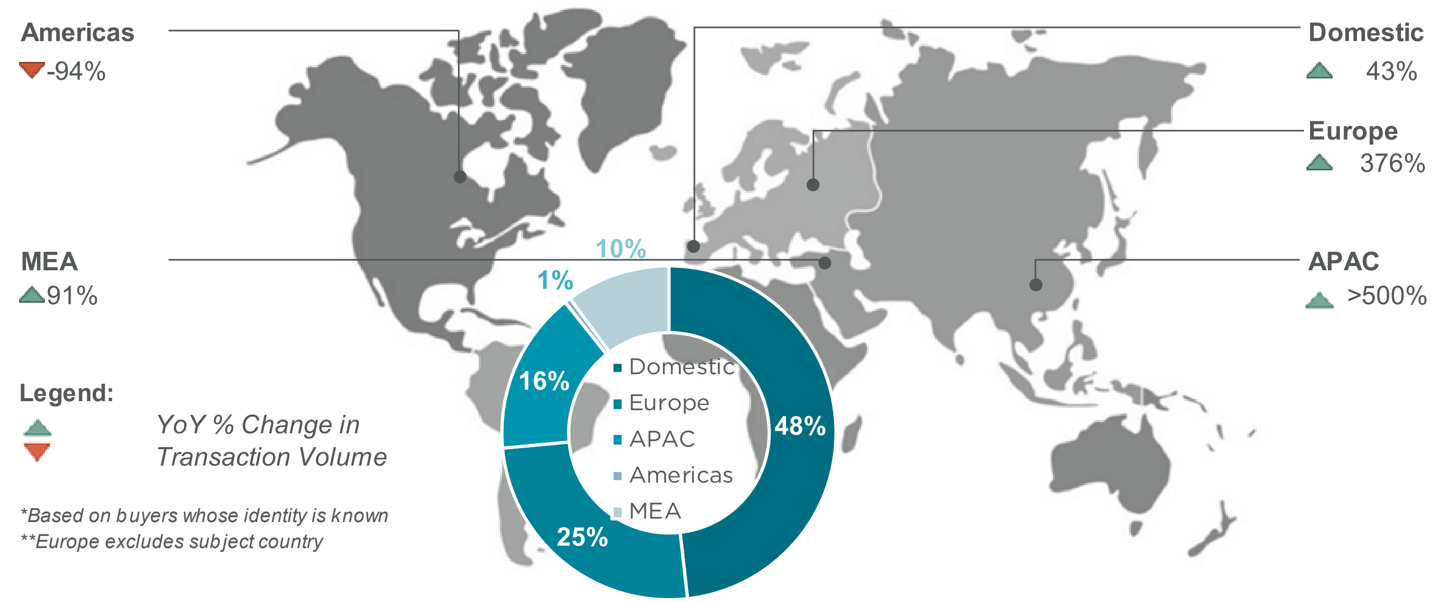


Sources: Cushman & Wakefield / Oxford Economics / Moodys / STR

TRANSACTION PRICE PER HOTEL & ROOM (H1 2026)

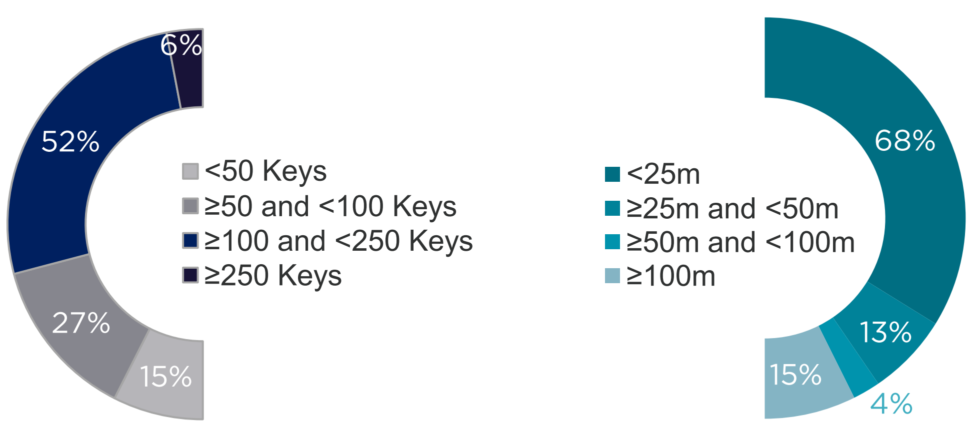


TRANSACTION VOLUME BY SOURCE OF CAPITAL (H1 2026 VS H1 2025)



BREAKDOWN BY NO. OF ROOMS & DEAL SIZE (H1 2026)

% SHARE OF DEALS

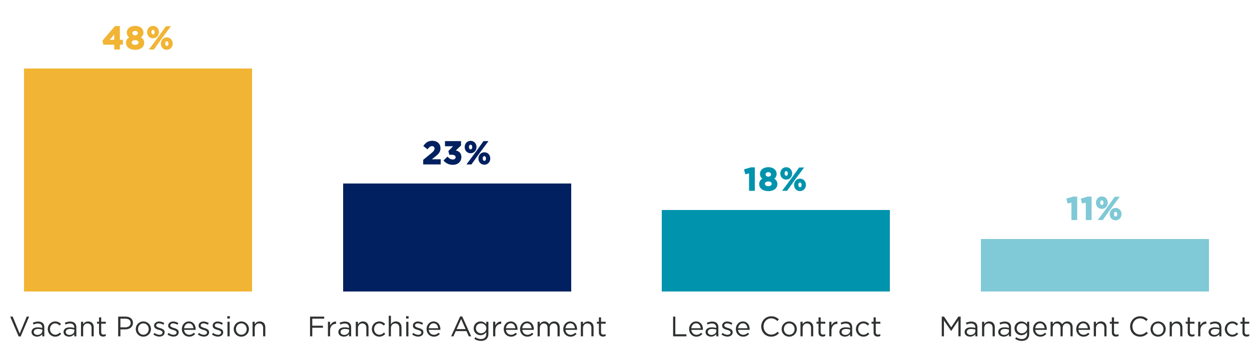


TRANSACTED VOLUME BY TYPE OF INVESTOR (H1 2026 VS H1 2025)

	BUYERS (% Share of Total Volume) H1 2026	% Change	SELLERS (% Share of Total Volume) H1 2026	% Change
Institutional	14%	-48%	33%	68%
Private	85%	308%	40%	120%
Public	1%	-88%	26%	74%
User/Other	1%	100%	1%	30%

TRANSACTION VOLUME BY OPERATING STRUCTURE (H1 2026)

% SHARE OF DEALS (BY INVESTMENT VOLUME)



TRANSACTION VOLUME PER HOTEL CLASS (H1 2026 VS H1 2025)

HOTEL CLASS	*% OF TOTAL VOLUME*	*% CHANGE*	*% OF TOTAL ROOMS*	*% CHANGE*	*AVG. PRICE/ROOM (GBP, '000)*
Luxury	17%	96%	6%	-20%	816
Upper Upscale	17%	152%	13%	16%	347
Upscale	42%	186%	38%	25%	304
Upper Midscale	4%	-47%	5%	-74%	223
Midscale	13%	132%	15%	11%	249
Economy	8%	-24%	23 %	-23%	99

SELECTED MAJOR HOTEL TRANSACTIONS (H1 2026)

Property	Market	Rooms	Buyer	Origin	Seller	Origin
The Other House Portfolio (x3)	London	c. 590	One Investment Management	ARE	APG Asset Management	USA
Curio Westminster	London	464	Riu Hotels	ESP	PPF / J&T Private Equity Group	CZE / SVK
St Giles Hotel	London	732	Criterion Capital	GBR	IGB Corporation Berhad	MYS
22-24 Barlow Place & 8-10 Grafton Street	London	94	Evolution Investment Fund	ARE	O&H Property Developments	GBR
Park Plaza London Waterloo	London	494	Park Plaza Hotels Europe	GBR	CBRE Global Investors	USA
Hotel Saint London	London	272	Leonardo Hotels	ISR	Cerberus European Capital Advisors	USA
Radisson Blu Hotel, London Leicester Square	London	127	Dartriver London	GBR	Starwood Capital Group	USA
Novotel London Tower Bridge	London	203	Generali Real Estate	ITA	EQ Group / Ares Management	GBR / USA
MCR Portfolio (x4)	London	c. 90	MCR Property Group	GBR	Private investor	N/A
Cameron House Loch Lomond	Alexandria	208	Victory Group	GBR	KSL Capital Partners	USA
London Metric Portfolio (x9)	UK, Various	c. 960	London Metric Property	GBR	Whitbread Group	GBR
Courtyard Oxford City Centre	Oxford	151	Millemont Capital Partners	GBR	Dominus Group	GBR
Crowne Plaza (x2)	UK, Various	c. 340	Millemont Capital Partners	GBR	Meridian Leisure Hotels	GBR
Snow Hill (Premier Inn)	London	212	Royal London Asset Management	GBR	Whitbread Group	GBR
Room2 Leeds (Proposed)	Leeds	191	Aberdeen Asset Management	GBR	Helios Real Estate / Marrico Asset Management	GBR
Marriott Golf Trio Portfolio (x3)	UK, Various	c. 380	Select Group	ARE	KKR / Baupost Group	USA
ibis Edinburgh Centre Royal Mile	Edinburgh	99	Legal & General Property Limited (L&G)	GBR	EQ Group / Ares Management	GBR / USA
Peninsular House (Development)	London	0	JMK Group	GBR	Royal London Asset Management	GBR
Fountain House	London	17	Confidential	N/A	Confidential	N/A
Premier Inn Manchester Trafford West	Manchester	234	Confidential	N/A	Confidential	N/A

Note: Selection of largest transactions in H1 2026, ordered by deal size

HOTEL TRANSACTIONS HEAT MAP (H1 2026)

1 London

Transaction Volume (M)	£ 1,994
Rooms Sold	4,159
Properties Sold	24
Avg Price / Room (K)	€ 470

2 Leeds

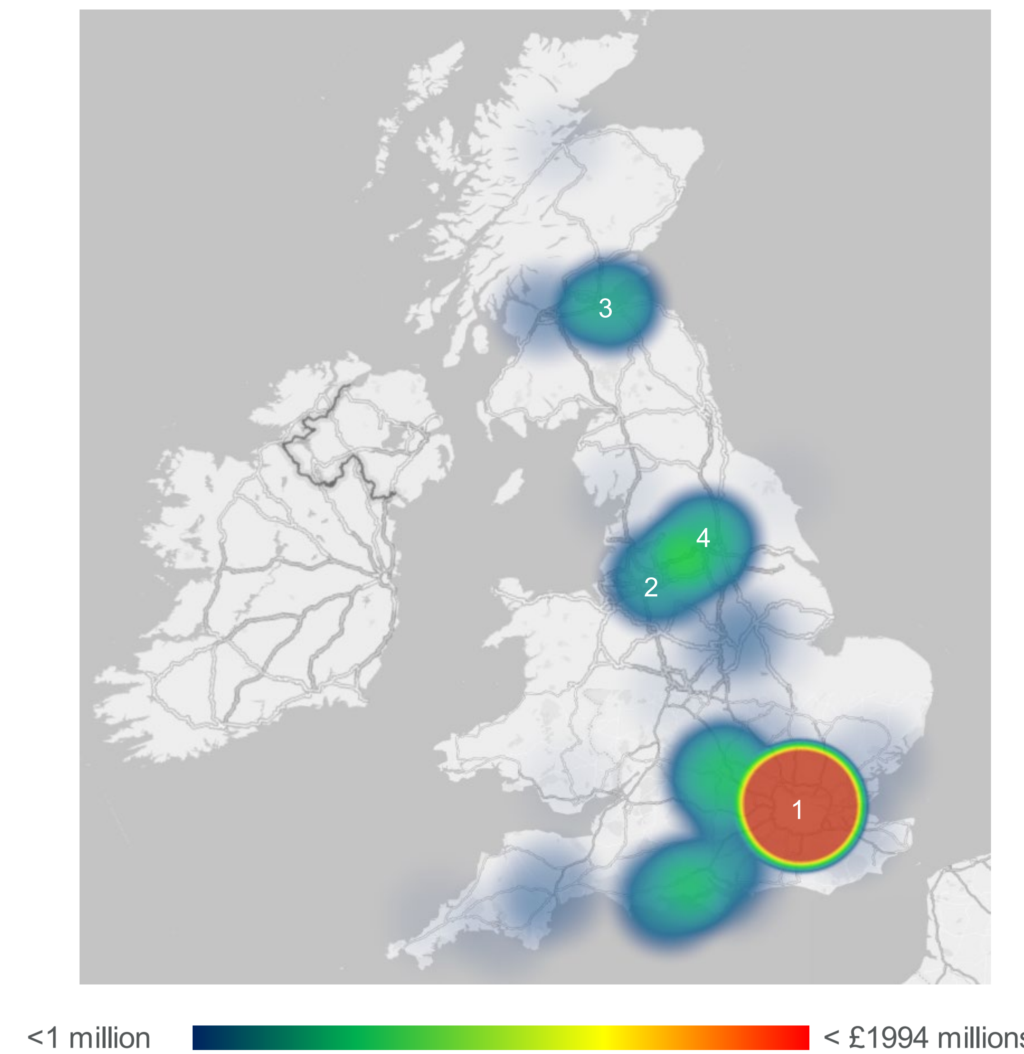
Transaction Volume (M)	£ 78
Rooms Sold	406
Properties Sold	2
Avg Price / Room (K)	£ 192

3 Edinburgh

Transaction Volume (M)	£ 64
Rooms Sold	285
Properties Sold	3
Avg Price / Room (K)	£ 224

4 Manchester

Transaction Volume (M)	£ 58
Rooms Sold	551
Properties Sold	3
Avg Price / Room (K)	£ 106



Source: Cushman & Wakefield

METHODOLOGY

Cushman & Wakefield's quarterly estimates are derived from a variety of data sources, including its own proprietary database, and historical data from third party data sources. The figures provided for the current quarter are preliminary, and all information contained in the report is subject to correction of errors and revisions based on additional data received.
A contingency of 5% is assumed for total transaction volumes, rooms and properties sold in the last 12 months, as some deals are revealed with notable delay.

EXPLANATION OF TERMS

Prime Yields (HMA): The prevailing initial yields (current income divided by sales price) for quality stabilized assets in prime locations, managed under Hotel Management Agreement by professional operator (the HMA is not terminable on sale or in near-term after the sale). The yields are based on actual transactions where available as well as the sentiment indicated by investors.

Average Price per Room: Transaction KPI calculated by dividing the total transaction volume by the number of rooms transacted. In case of majority deals, the number of rooms is adjusted to reflect the proportion of the volume sold. Minority deals are excluded from the calculation. Median, Upper-quartile (75%) and Lower-quartile (25%) are based on the price-per-room data over the period (not weighted by total deal size). The average price per room by hotel class is influenced by the location of hotels transacted within that class. As a result, there may be instances where a lower hotel class shows a higher average price per room if those hotels were sold in more premium locations during the period.

Operating Performance Indicators

Occupancy: Percentage of available rooms sold during the period (Rooms Sold / Rooms Available).

ADR: Average Daily Rate paid for rooms sold (Rooms Revenue / Rooms Sold).

RevPAR: Revenue Per Available Room during the period (Rooms Revenue / Rooms Available).

GOPPAR: Gross Operating Profit Per Available Room (Hotel gross operating profit / Rooms Available).

Operating/Deal Structures

Franchise Agreement Structure: A hotel operating model where the owner directly operates the property but uses a specific brand, paying fees for the brand name, standards, and marketing support, while keeping full control of day-to-day operations.

Management Contract Structure: A hotel operating model where the property is managed by a third-party hotel operator on behalf of the owner. If a hotel is managed by non-branded operator and uses brand name via franchise agreement, it is recorded as "Management Contract" structure.

Leased Contract Structure: A hotel operating model where the property is leased to a third party with fixed, variable, or hybrid (fixe and variable) rent.

Vacant Possession: A hotel that is free from any contractual encumbrances, allowing the new owner immediate and unrestricted control upon transfer. Even if a hotel has franchise agreement or management contract or lease contact in place, but it expires on sale or it is terminable on sale, the deal is considered as "Vacant Possession" sale.

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Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2025, the firm reported revenue of $10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

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