

HOSPA

CONFERENCE & EVENT TRENDS IN THE UK

Q1 2024

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HOTSTATS

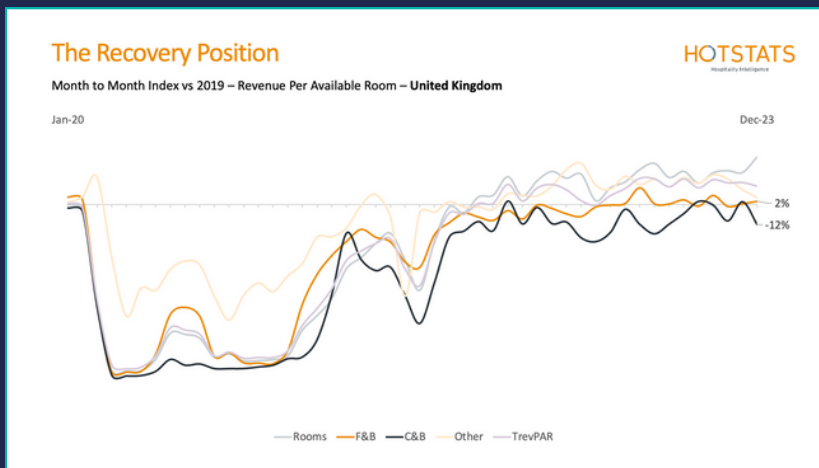
DE VERE

THE CURRENT LANDSCAPE

What is the state of the conference and event landscape in the UK?

Using data from key informational sources – including Hotstats, Venue Performance and De Vere Hotels – HOSPA has pulled together an overview to shine a light on its performance.

And what have we found? Well, within the UK hospitality industry, it's very much looking healthy – with the outlook for 2024 and beyond a positive one.



This is, of course, a welcome development. Conference and event revenues crashed during the pandemic.

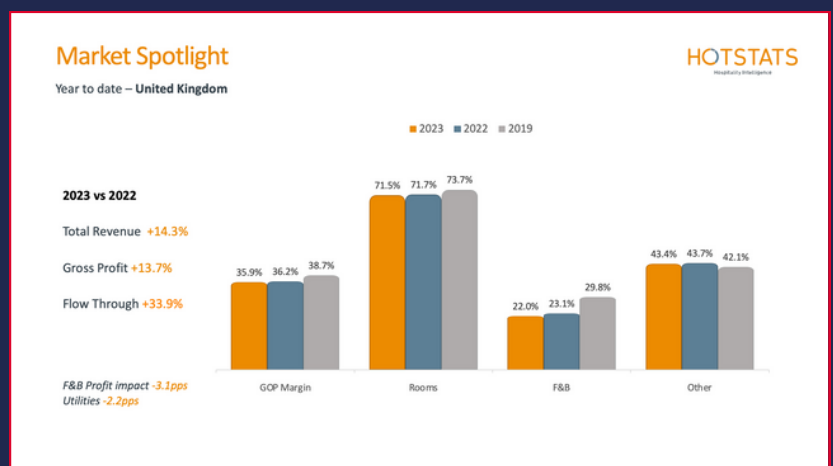
Lockdowns and other anti-Covid measures were so severe it was easy to assume the long-term effects on the sector were terminal.

Thankfully, though, that's turned out to be far from the case. The graphic to the left shows that, by the end of 2023, reported revenues have bounced back to be more or less in line with 2019 levels.

And more than this though, it seems like an upward trend. When comparing 2023 against 2022, hospitality businesses, typically, enjoyed a more than 14% increase in Total Revenue – and a 13.7% growth in Gross Profit.

Furthermore, flow through – the percentage of incremental revenue that results in incremental profit – is up 33.9%.

This success has been achieved despite costs increasing significantly across the last 20 to 24 months.



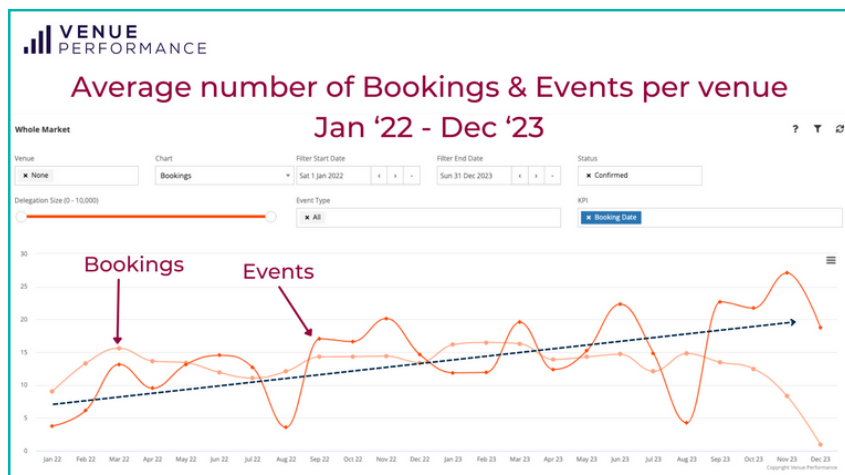
These signs of growth have been felt by De Vere Hotels, with Executive Chairman, James Burrell, remarking during an interview with Christie & CO: "2023 ended well, we saw a growing momentum in 2023 across the majority of our markets and we have had a positive start to 2024."



A GLOBAL VIEW

De Vere Hotels reports that 2023 versus 2022 data saw RevPAR grow by circa 20%, with average room rates up approximately 25% compared against 2019 – driven predominantly by meetings & events. Forward demand into 2024 vs same time in 2023 is trending well ahead YoY, supporting a revenue growth forecast in the high single digits for 2024. Average delegate density is also tracking towards high single digit growth YoY, with average meeting & event booking values up by more than 10% in 2024 vs 2023.

This strong reporting is welcome news for the sector, and it discredits predictions that the growing use of online tools such as Teams and Zoom would detract from live events.



Observing the graphic to the left, we can see that – for the broader sector – event bookings and fully realised events have, despite seasonal peaks and troughs, continued on a steady trajectory of improvement.

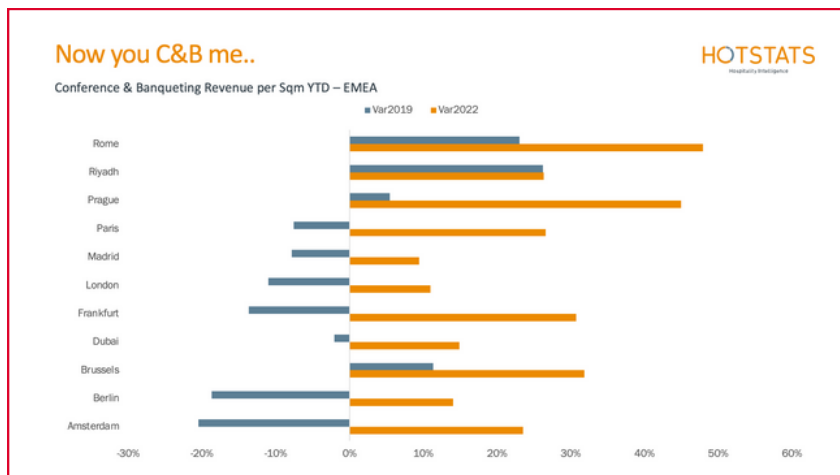
It's a trend that can also be applied to pricing. Benchmarking statistics from Venue Performance show that between 2019 and 2023, revenue per available delegate has increased by 26% – a significant figure, and an important increase, as overall delegate numbers are down by 14% compared against 2019.

This suggests then, that whilst delegate numbers are smaller, businesses are spending more per delegate.

And this increased spend is likely driven by the corporate markets, which are seeing the benefits of bringing teams together to meet, socialise and to share company messages face-to-face. In his conversation with Christie & Co, Burrell referenced a Q4 Morgan Stanley report which pointed to a predicted 8% growth in corporate meeting and event spend (globally) in the coming year.

Speaking of the global view, if we hone in on Conference & Banqueting Revenue we can see that across key cities in the EMEA market, all have seen significant improvements in revenue when comparing pre-Covid 2019 against post-Covid 2022.

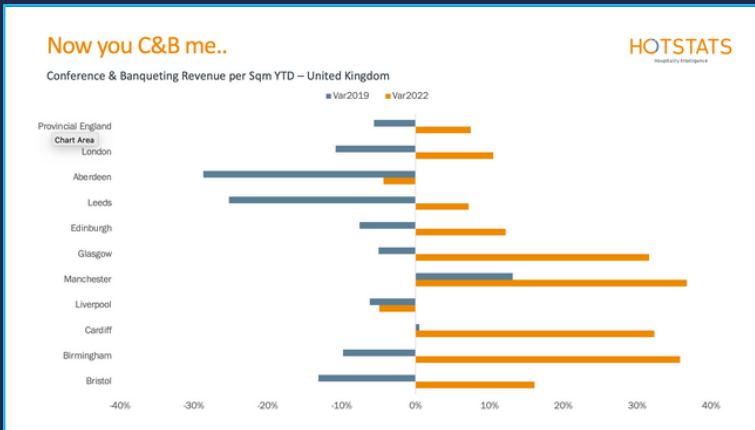
Cities – including London – that were previously encountering falls in C&B revenue are now enjoying a sea change in fortunes, that has seen them bounce back completely.



And those cities previously experiencing strong C&B performance have seen this continue, exponentially in some instances – with Prague a particular standout.



A STEADY TRAJECTORY

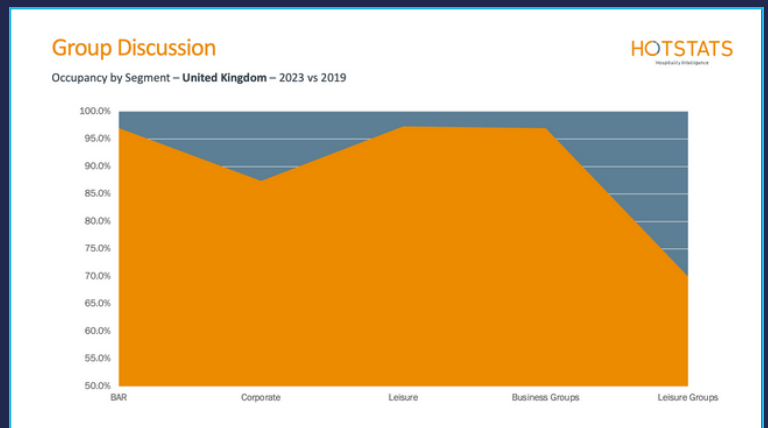


Observing UK specific data, this is largely replicated, bar the odd exception. But even then, the landscape is improving. Aberdeen, a city reliant on a troubled oil industry to support its hospitality scene, whilst still seeing falls in revenue, isn't doing so as severely.

And other cities, such as Leeds, Birmingham and Bristol, have seen their C&B woes transform to positive growth. Only Liverpool has seen a comparable situation in 2019 versus 2022. All in all then, the C&B side of things is looking bouyant.

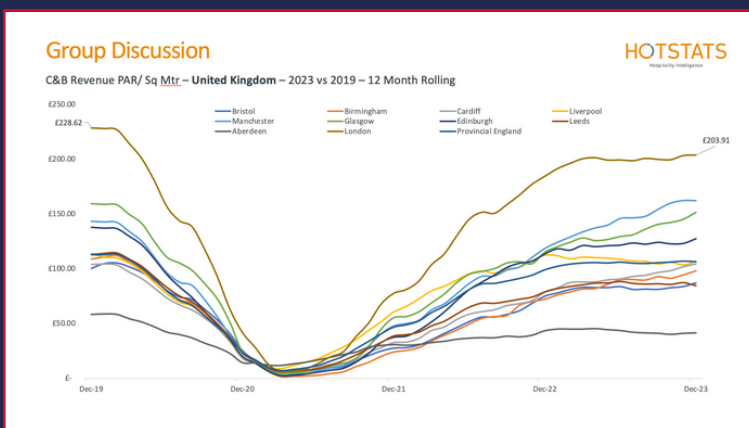
The return to pre-pandemic levels showed a slow but steady progress. Different businesses had differing outlooks on risk. The appetite to return to groupwide company meetings was different across varying markets, but by the end of 2023, the trend was back on track in all sectors.

The meetings and events business has, though, altered since COVID. Hospitality businesses are benefiting from the ongoing work-from-home culture, which sees companies create events to allow all their personnel to gather in a single space – both for social and business reasons.



De Vere has seen demand for the 'great outdoors' increase as businesses were keen for employees to socialise and celebrate their newfound, post-pandemic freedom and embrace the ability to get together again. This is a trend that's continued.

The recovery timing of group business in London couldn't be better. According to Starwood Capital Group, the De Vere Group's shareholder, international leisure demand that drove much of London's success last year is starting to normalise.



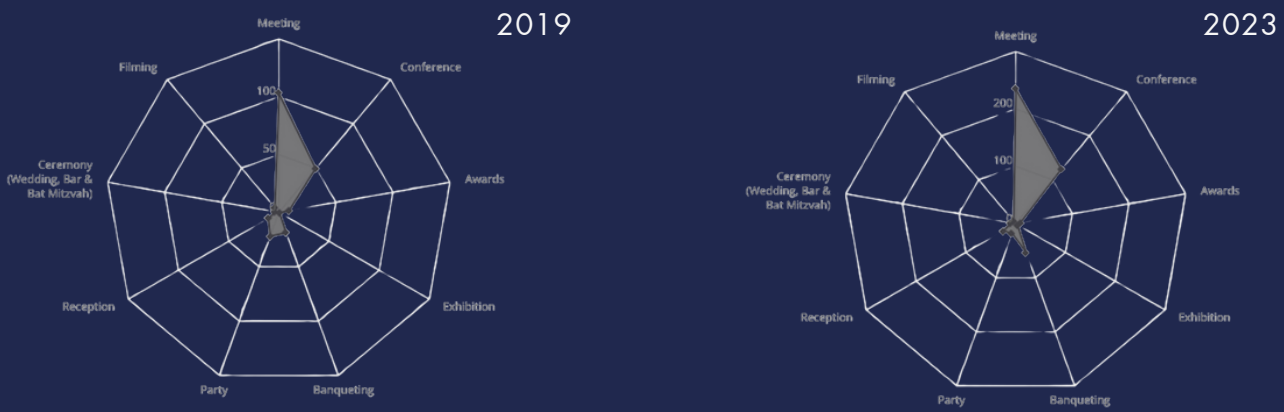
And this is particularly impacting the rate on leisure channels like OTAs on weekends. However, the group demand remains consistently strong across all classes of hotels, driven by both room nights and rates, and this is what's contributing to continued RevPAR growth. The outlook for the corporate event market is positive for 2024 across the large chains.



MARKET SHARE

During his interview with Christie & Co, Burrell mentioned that the business mix has changed, with fewer business travellers flying in from overseas, but, to fill that gap, domestic demand has increased. This could be influenced by greater attention on Environmental, Social and Governance reasons – specifically sustainability. Business travellers are now more likely to be encouraged to catch more sustainable forms of public transport such as trains rather than flying or arriving individually by car.

Leisure, conference and banqueting volumes peaked significantly as the UK came out of COVID, and many hospitality businesses reaped the rewards of pent-up demand – for example – in the wedding market. And whilst the wedding market may have slowed down since, the leisure event market continues to grow. Although the one notable exception is parties, which we discuss more below.



Looking at the spread of event types, we can see that meetings dominate, while conferences are also strong – with their share of the events market having grown since 2019. Banqueting is another area that's seen promising, ongoing growth.

It's a development that's come at the expense of parties. Traditionally, hospitality venues enjoyed high revenues across the Christmas and summer party seasons. But this share of the market has dropped significantly post-Covid. With businesses more aware of the optics of people partying in close proximity – particularly professionals services such as law firms – their number has fallen. It's not just Covid of course. This is also no doubt influenced by the broader economic challenges, with businesses increasingly reluctant to spend significant sums on parties when other costs are rising.

Parties aside though, the overall state of the conference and event market across UK hospitality is looking very positive. When you consider the initial fears amidst the height of the pandemic, the sector has, as ever, shown remarkable resilience. Within that De Vere Hotels is an excellent example of a hospitality brand that has continued to thrive despite the challenges. And whilst the market has evolved, it's continued to flourish – and this is something we all welcome.



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