

Hotel construction costs

Q3 2018

Hotel construction costs and metrics

As a range of economic pressures continue to influence the construction activity across the UK, competition for skills and resources remains fierce.

We have used a range of metrics and costs captured from real projects over the past four years to look at benchmarks and cost impacts for a range of hotel property types and geographical areas.

Luxury

	Construction Cost				FF&E	
	£k/key		£k/m ²		£k/key	
	Lower	Upper	Lower	Upper	Lower	Upper
Luxury	500	750	4.6	6.6	73	294
Upper 5 star	350	400	3.9	4.6	56	98
5 star	200	330	2.5	3.7	36	73
Boutique, London	170	210	2.0	2.7	35	42
Deluxe, London Conversion	140	200	2.5	3.5	28	49

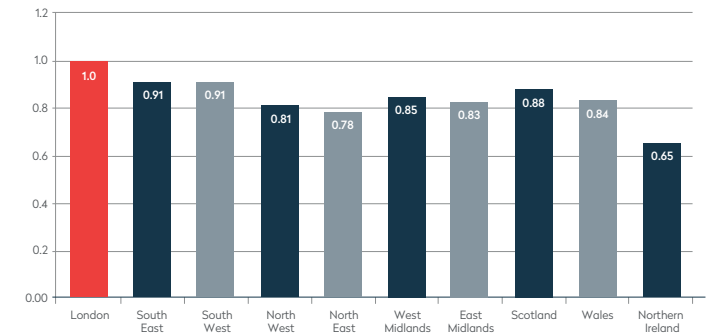
Mid – upper scale market

	Construction Cost				FF&E	
	£k/key		£k/m ²		£k/key	
	Lower	Upper	Lower	Upper	Lower	Upper
Apart hotels	115	130	2.3	2.7	11	21
City centre	109	143	2.0	2.4	22	36
Out of town	98	126	1.9	2.3	17	29
Limited offer/branded	77	109	1.8	2.4	14	29
Limited offer/mid-range	71	94	1.9	2.3	14	24

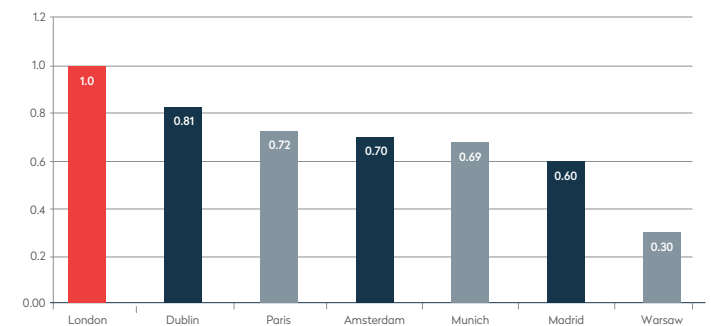
Economy

	Construction Cost				FF&E	
	£k/key		£k/m ²		£k/key	
	Lower	Upper	Lower	Upper	Lower	Upper
City centre	60	70	1.8	2.6	9	11
Out of town	50	60	1.6	2.0	9	11
Budget	45	55	1.6	2.0	9	11

UK regional variation on construction costs



European regional variation on construction costs





Benchmarking data

Typical room sizes and space allocation (m²)

Detail	Budget	Mid-Market	Luxury
Net room size*	19 – 21	28 – 30	30 – 40
Gross floor area/guest room	28 – 32	50 – 53	56 – 75
Areas per guestroom			
• Public area	0.7 – 0.9	1 – 1.25	1.25 – 1.75
• Restaurants/bar	–	3 – 4	5 – 6
• Conference/banquet	–	3.5 – 4.5	3 – 4
• Leisure facilities/spa	0.5 – 1	1 – 1.25	1 – 1.5

**Rates are inclusive of allowances for FF&E and preliminaries but exclude costs of external works, professional fees and VAT.

Indicative functional fit-out unit rates for leisure and ancillary accommodation

Functional area	Unit rate range £/m ² **		
Restaurants	1,435	to	2150
Bars	1,275	to	1840
Function/conference	960	to	1830
Dry leisure	960	to	1360
Wet leisure	1,990	to	2710

**Rates are inclusive of allowances for FF&E and preliminaries but exclude costs of external works, professional fees and VAT.

Exclusions

1. Professional and Local Authority fees
2. VAT
3. Acquisition costs
4. OSE costs

Please note: These metrics should be used as a high level indication of cost only with a margin of +/- 15%. Cost data extracted from a large sample of hotels across the value range

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