



Market Report

A Snapshot of your Marketing Sector

Hotel and Bed & Breakfast

This pack has been designed to provide information on setting up a business in the **Hotel and Bed & Breakfast** industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **May 2025**.

What do I need to know about the Hotel and Bed & Breakfast market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ Hotel industry revenue in the UK is expected to contract at a compound annual rate of 1.4% over the five years through 2024-25 to **£24.1 billion**, including an estimated **0.2% drop** in 2024-25. Revenue is forecast to **expand at a compound annual rate of 2.4%** over the five years through 2029-30 to **£27.2 billion**. Upscale hotels and luxury hotels account for 10.8% (£2.6 billion) and 10.5% (£2.5 billion) of revenue respectively (IBISWorld, *Hotels in the UK*, March 2025).
- ◆ Budget hotel industry revenue is expected to contract at a compound annual rate of 2.6% to £11.5 billion over the five years through 2024-25, despite an estimated growth of 0.9% in 2024-25. Revenue is forecast to **climb at a compound annual rate of 3% to £13.3 billion** over the five years through 2029-30. Domestic and international tourist numbers will continue to climb, pushing up demand for budget hotels, particularly as consumers become more price-sensitive (IBISWorld, *Budget Hotels in the UK*, March 2025).
- ◆ The share of UK adults who stayed in hotels in the year to September 2024 is similar to the previous year (50%), but lower than before the pandemic (i.e. 2019), when 56% stayed in a hotel. The increased cost of living and competition from holiday rental properties play a role in this. **38% of UK adults stayed in a hotel chain in the past year**, making this the leading form of accommodation, while **22% opted for an independent hotel**. The distinctive style of independent hotels sets them apart, something that chains are increasingly striving for (Mintel, *Hotels – UK – 2024*, December 2024).
- ◆ Spending on domestic holidays is estimated to have increased by 5% to £12.9 billion in 2024. The value of the market remains 9% higher than pre-pandemic levels in 2019. The value of the domestic market has been boosted due to its popularity in the short break sector. Over three quarters of Brits say they are more likely to take a short break in the UK than overseas in the next 12 months. For travellers with higher budgets, luxury getaways hold greater appeal, creating valuable opportunities for travel brands (Mintel – *Domestic Tourism – UK – 2024*, December 2024).
- ◆ The national organisation for this industry is the UKHospitality. Other industry bodies include the Hospitality Industry Trust Scotland, Bed and Breakfast Association, The Corporate site for Visit Scotland, Visit Britain and the Scottish Tourism Alliance.



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Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **IBISWorld – Hotels in the UK (March 2025).** Scotland's share of hotels is nearly double its share of the UK population, thanks largely to its world-renowned golf courses and game shooting resorts. Overseas residents made 4 million overnight visits to Scotland in 2023, with the region having the highest proportion of overseas holiday visits (63%) compared with other regions of the UK. The occupancy rate in Scotland stood at 69%, higher than the average in England (65%) and Wales (62%). It also recorded a higher RevPAR, at £88.73, compared with £60.40 in England and £50.97 in Wales. Hotel transaction volumes in Scotland reached £431 million in 2024, a 38% hike from 2023. Scotland accounted for the largest share of UK hotel deals outside of London, at around 7.5%. This transaction activity highlights the potential that investors see in Scotland's hotel market and could signal future expansion of establishments in the region.
- ◆ **Mintel – Domestic Tourism – UK – 2024 (December 2024).** 56% of Brits took a domestic holiday in the year ending September 2024, similar to the levels recorded the previous year and prior to the pandemic. The total number of domestic breaks dipped in 2023, but is expected to rise modestly in 2024. With staycations attracting a higher price point than in the past, brands should consider ways to cater to consumers looking for luxury domestic getaways.

There are also a number of online resources you may find helpful:

- ◆ **2024 Scottish Accommodation Occupancy Survey** - www.visitscotland.org/research-insights/about-our-industry/accommodation - has occupancy rates and average peak tariffs for hotels and guesthouses/B&Bs in Scotland and by area for 2024.
- ◆ **VisitScotland** publishes research on Scotland's visitors - www.visitscotland.org/research-insights/about-our-visitors - including information and statistics on domestic and international visitors, and visitor interests and activities.
- ◆ **VisitScotland Business Support Hub** - support.visitscotland.org - has advice on setting up, improving, promoting and growing a tourism business. There is also advice and case studies tailored for the [accommodation sector](http://support.visitscotland.org/accommodation-sector).
- ◆ **Colliers' UK Hotels Market Index 2025** - www.colliers.com/en-gb/research/uk-hotels-market-index-2025 - is a downloadable market tracking index that analyses ten key performance indicators of 35 cities in the UK and consolidates these into a single ranking.

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as [Yell](#), [Thomson Local](#) or [Google Maps](#)
- ◆ Trade specialists like [EuroPages](#) (European directory), [The Wholesaler](#) or [Free Index](#)
- ◆ Business to business (B2B) specialists such as [Kompass](#)

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the [Companies House](#) website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these websites, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the [National Records of Scotland \(NRS\)](#). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the [Census Area Profiles](#). Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ [Understanding Scottish Places](#) has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ [Scottish Government Statistics](#) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ [The Scottish Household Survey](#) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ [Office for National Statistics \(ONS\)](#) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.



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How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Accountant](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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