LP/E4/14

HAMPSHIRE HOTEL TRENDS SURVEY 2006-2007

Final Report

Prepared for:
Hampshire County Council
Tourism South East
Hampshire City, District and Borough Councils

April 2008

hotel solutions
the hotel development consultancy

TABLE OF CONTENTS

APPENDICES

1. Sample of Hotels

2. Analysis by Location

    - Southampton City Centre
    - Southampton/Eastleigh M27 Corridor
    - Portsmouth
    - Basingstoke
    - Hook & Surrounding Area
    - Winchester
    - New Forest
    - Farnborough/Aldershot/Fleet
    - Havant
    - East Hampshire
    - Fareham
    - Andover

3. Questionnaire

EXECUTIVE SUMMARY

Introduction

- The Hampshire Hotel Trends Survey 2006-2007 was conducted by Hotel Solutions between January and April 2008 for Hampshire County Council, Tourism South East and the Hampshire city, district, borough and unitary authorities. The Survey provides an in depth assessment of hotel performance in Hampshire in 2006 and 2007, and the prospects for the county's hotel sector in 2008. The findings of the survey are intended to assist in identifying opportunities for new hotel development in the county to help inform planning policy for hotel development and support hotel investment marketing. The survey seeks to complement the monthly regional serviced accommodation occupancy survey undertaken by Tourism South East, and updates the Hampshire Hotel Trends Survey 2003-2004 undertaken by ACK Tourism and Tourism Solutions in 2005.

Hotel Development

- Hampshire's hotel supply has continued to expand and develop in the last three years with the opening of the Four Seasons luxury country house hotel at Dogmersfield near Hook, the Jurys Inn in Southampton and budget hotels in Southampton, Andover, Petersfield and Horndean. The trend for residential conference centres to convert to country house hotels has continued (following the conversion of Norton Park and Chilworth Manor to hotels), with three more conference centres in the county now trading as hotels and a fourth currently in the process of applying for a hotel license. Another trend has been the growing number of serviced apartments that are now being marketed by letting agencies in locations such as Southampton, Portsmouth, Basingstoke and Farnborough. As yet no purpose-built serviced apartment complexes or suite hotels have been built in the county however. Existing hotels have also continued to expand, refurbish, upgrade and develop leisure, spa and conference facilities. The most significant development of an existing hotel has been the £11 million expansion of Norton Park by QHotels.

- The development of Hampshire's hotel sector is set to continue in 2008 and 2009 as further new hotels are developed and existing hotels continue to expand, refurbish and upgrade. The Farnborough/Aldershot area is set to see a significant increase in hotel supply (an additional 450 bedrooms in the next 2 years), with two major hotels opening in Farnborough in 2008, budget hotels planned in Aldershot and Farnborough and Potters International in Aldershot planning to extend. Southampton is also a major focus for new hotel development, with 7 hotels currently being mooted in and around the city, with a total of 1,172 bedrooms. New hotels are also proposed in Basingstoke (3 budget hotels), Portsmouth (a 150-bedroom 4 star), Andover (potentially 2 budget hotels) and Petersfield. Hotels in Portsmouth, Winchester, Basingstoke, Andover, the New Forest and along the M27 corridor are also planning to add bedrooms, while a number of hotels across the county are planning refurbishment programmes.

Current Hotel Market Conditions in Hampshire

- Average annual room occupancies and achieved room rates are estimated as follows for Hampshire 3, 4 and 5 star hotels for 2006 and 2007:

Hampshire 3/4/5 Star Hotels[1]
Average Annual Room Occupancy and Achieved Room Rates 2006-2007

Location/ Standard of Hotel	Average Annual Room Occupancy %		Average Annual Achieved Room Rate[2] £	
	2006	2007	2006	2007
Hampshire 4 Star	**70.6**	**71.1**	**71.91**	**75.23**
Hampshire 3 Star	**66.3**	**67.3**	**59.07**	**61.37**
Hampshire Luxury Country House Hotels	**n/a**	**66**	**n/a**	**132**
UK Provincial 3/4 Star Chain Hotels[3]	**71.5**	**71.3**	**70.02**	**72.28**
Southampton City Centre 3/4/5 Star	73.4	74.9	74.74	77.35
Southampton/Eastleigh M27 Corridor 4 Star	67.5	69	71.40	75.60
Southampton/Eastleigh M27 Corridor 3 Star	73	72	58.10	59.60
Portsmouth 4 star	74	72.5	66.25	69.00
Portsmouth 3 star	68	70	45.88	47.94
Basingstoke 3/4 star	67.8	68.8	72.34	74.44
Winchester 3/4 star	n/a	72	n/a	70.33
New Forest 3 star	60.3	60.1	56.12	59.23
Farnborough/Aldershot/Fleet 3 star	69.7	69.7	81.17	81.59
Havant 3/4 star	68	68	n/a	n/a
Fareham 3/4 star	61	66	71.30	73.20
Andover 2/3 star	67	70	43.53	47.34

Notes:

1. For sample of participating hotels see Appendix 1
2. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per occupied room net of VAT, breakfast (if included) and discounts and commission charges.
3. Source: TRI Hospitality Consulting Hotstats UK Chain Hotels Market Review

- Average annual room occupancies are estimated as follows for the county's budget hotels in 2006 and 2007.

Hampshire Budget Hotels[1]
Average Annual Room Occupancy 2006-2007

Location	Average Annual Room Occupancy %	
	2006	2007
Hampshire	82.1	81.7
Southampton City Centre	79	82
Southampton/Eastleigh M27 Corridor	78	78
Portsmouth	88	83
Basingstoke	84	86
Farnborough/Aldershot/Fleet	86	83
Havant	81	82
East Hampshire	n/a	81
Andover	76	76

Notes:

1. For sample of participating hotels see Appendix 1

- Hampshire hotel occupancies are broadly in line with national averages.

- Occupancies are very high (80%+) for budget hotels in most parts of the county. Adult only hotel resorts and boutique hotels also achieve very high levels of occupancy.

- Occupancies are high (75% +) for:

  - 3/4/5 star hotels in Southampton;
  - one 4 star hotel in Portsmouth;
  - some of the large branded 3 star hotels in the county.

- Occupancies are lower for:

  - some 3 and 4 star hotels in Basingstoke and Farnborough/Aldershot/Fleet - due to lower weekend occupancies in these parts of the county;
  - New Forest hotels;
  - Alton 3 star hotels.

- Luxury country house hotels achieve comparatively low occupancies but very high average room rates.

- Hotel occupancies have remained steady or grown slightly since 2004. 3/4 star occupancies dropped in Southampton in 2005 and 2006 following the opening of the Jurys Inn but recovered strongly in 2007. Hotel occupancies grew strongly in Portsmouth in 2005 and 2006 as a result of major projects in the city, but dropped back in 2007 as these projects came to an end. 3 star hotel occupancies have reduced in Alton as a result of a downturn in weddings business here. Budget hotel occupancies have grown strongly in East Hampshire.

- Achieved room rates are generally strong for Hampshire hotels.

- Achieved room rates are high (£75+) for:

    - 3/4/5 star hotels in Southampton city centre;
    - 3/4 star hotels in Basingstoke;
    - 4 star hotels in the M27 Corridor;
    - One Portsmouth 4 star hotel;
    - 3 star hotels in Farnborough/Aldershot/Fleet;
    - Some New Forest 3 and 4 star hotels.

- Achieved room rates are lower (under £55) for:

    - Portsmouth and Southsea 3 star hotels;
    - 3 star hotels in Havant, Alton, Fareham, Hook and Andover. The quality of some of the 3 star hotels in these locations is likely to be a key factor behind their comparatively low achieved room rate performance;
    - Most New Forest 3 star hotels;
    - Most 3 star hotels in rural locations and small towns.

- Weekday occupancies are high for Hampshire hotels, other than for most hotels in the New Forest, and some hotels in Southsea, Havant, Alton and rural locations. Tuesday and Wednesday nights are strong throughout the county, with hotels in most locations consistently filling on these nights and regularly turning business away. Monday, and especially Thursday nights are not as strong, other than for budget hotels, which consistently fill on all four midweek nights in most parts of the county.

- In terms of weekend occupancies, Saturdays are generally strong throughout the county. Friday occupancies are weaker and more variable and seasonal. Sunday night occupancies are generally very low throughout the county. Weekend occupancies tend to be stronger in the summer and can be low in the winter.

- Friday and Saturday occupancies are strong for:

    - budget hotels;
    - New Forest hotels;
    - luxury country house hotels.

- Saturday occupancies are strong in:

    - Southampton city centre;
    - Portsmouth;
    - Winchester;
    - Hook (due to business from weddings at the Four Seasons hotel).

- Friday and Saturday occupancies are lower in:

    - Basingstoke;
    - Fareham;
    - Farnborough/Aldershot/Fleet;
    - Andover;
    - Havant;
    - Alton.

- Hampshire hotels generally most want additional business at weekends, particularly for Friday and Sunday nights and during the winter, and for weekdays in December and January and during school holiday periods.

- The market mix for Hampshire hotels is biased towards business demand in most parts of the county. It is more strongly biased towards business demand for hotels in Basingstoke and Farnborough/Aldershot/Fleet due to the lack of weekend leisure business here. The market mix is less biased towards business demand for hotels in Winchester and rural locations and is biased towards leisure demand for New Forest hotels and most luxury country house hotels.

- The local corporate market is the primary source of weekday demand for most 3 and 4 star hotels in the county, other than hotels in the New Forest and most luxury country house hotels. Corporate demand has steadily increased in most parts of the county. It has grown strongly in the Farnborough/Aldershot/Fleet area with the development of the business parks here. Corporate demand has reduced in Southampton, following the closure/ downsizing of a number of major companies in the city, and reduced in 2007 (following growth in 2005 and 2006) in Portsmouth as a number of major projects in the city came to an end.

- Residential conferences are a secondary weekday market for most 3/4 star hotels. They are a key weekday market for New Forest hotels, luxury country house hotels and country club/golf hotels. Residential conference business has remained largely static or reduced for 3 and 4 star hotels in the county as companies have developed their own in-house conference and meeting facilities and/or cut back on training and meeting budgets. Residential conference business has grown for most luxury country house hotels however.

- Budget hotels attract a broadly even mix of business from the corporate and contractors markets during the week. Contractor demand has increased in Andover, but dropped back in Basingstoke following the completion of Festival Place and Portsmouth following the completion of Gunwharf Quays and the railway signalling project in the city.

- Leisure breaks are the main source of weekend business for 4 star hotels, luxury country house hotels, boutique hotels, branded 3 star hotels, hotels in the New Forest and Winchester and some 3 star hotels in Southampton. 3 and 4 star hotels in many parts of the county drive leisure break business primarily on rate, through special offer leisure break rates that they promote through the Internet. Many hotels have been able to grow their weekend business by this means. Luxury country house hotels and New Forest hotels also attract midweek break business and are able to achieve high weekend break rates, other than in the winter. Some hotels reported a trend towards one-night breaks, B&B rates and last minute bookings. A number of hotels reported a downturn in leisure break business so far in 2008 as a result of the Credit Crunch and the poor spring weather.

- Weddings and functions are the main leisure market for 3 star hotels in Fareham, Havant, Alton, Farnborough/Aldershot/Fleet, Hook, Andover and Eastleigh and for some Basingstoke 3/4 star hotels. In many cases weddings and functions are the only significant source of weekend business for hotels in these locations. Weddings are also an important weekend market for luxury country house hotels and country club/golf hotels. The weddings market appears to have been largely static overall across the county. It has reduced significantly in Alton, but grown strongly for hotels in the Hook area as a result of demand generated by weddings at the Four Seasons hotel.

- People attending weddings and family parties and people visiting friends and relatives are the key leisure markets for most budget hotels in the county. Some also attract leisure break business and demand from transient leisure travellers.

- Cruise passengers are a strong market for hotels in Southampton and the Southampton/Eastleigh M27 Corridor. This market has grown strongly in the last 3 years.

- Some 3 and 4 star hotels take group tours. This is very low-rated business that hotels use to boost off-peak periods. Many hotels have reduced the levels of business they take from this market as demand from other higher-paying leisure markets has increased.

- Overseas tourists are a sizeable market only for hotels in Winchester. They are seen as an important market also for some luxury country house hotels.

- Most hotels in the county derive business from local events that are held in their area. Events that generate business for hotels across large parts of the county are the Southampton Boat Show, Farnborough Air Show and Goodwood motor and horse racing.

- Other leisure markets for Hampshire hotels are:

    - Masonic Lodge weekends – for Southsea 3 star hotels – this market has reduced in the last 3 years;
    - Golf breaks and golf societies - for country club/golf hotels.
    - Ferry passengers – for Portsmouth budget hotels – this market has reduced since P&O Ferries ceased operating services from Portsmouth in 2004.
    - Clubbers and stag & hen parties – for budget hotels in Southampton and Portsmouth city centres.
    - Park & Fly – for budget hotels and some 3 star hotels in the Southampton/Eastleigh M27 Corridor.
    - Christmas shopping trips from the Channel Islands – for Southampton city centre hotels.
    - Football matches – for budget hotels in Portsmouth and Southampton city centres – demand has reduced in Southampton following the relegation of the city's football club to the Championship in 2005.

- Hotels in most parts of the county, other than the New Forest and Alton, deny business on Tuesday and Wednesday nights. Tuesday/ Wednesday denials are significant for:

    - Budget hotels in most parts of the county, other than Southampton Airport/Southampton East and for some roadside budget hotels;
    - One Portsmouth 4 star hotel;
    - Basingstoke 3/4 star hotels;
    - 3 star hotels in Farnborough/Aldershot/Fleet.

  Budget hotels in most parts of the county also regularly deny business on Monday and Thursday nights, as do 3 star hotels in Farnborough/Aldershot/Fleet.

- Many Hampshire hotels deny business on Saturday nights, particularly in the summer. Saturday denials are high for:

    - Budget hotels in most parts of the county, other than Basingstoke;
    - Two Portsmouth 3/4 star hotels.

- Many budget hotels also regularly deny business on Friday nights.

- 3/4 star hotels in Basingstoke, Farnborough/Aldershot/Fleet, Havant, East Hampshire and Andover rarely deny business at weekends.

- Hotels across the county are generally optimistic about their prospects for 2008. Some hotels reported a slow start to 2008 however as a result of a downturn in leisure break business due to the Credit Crunch and poor spring weather, and reduced corporate and conference demand as a result of the extended Easter holiday period. Looking further ahead hotels in Southampton, Portsmouth, Andover, Basingstoke and the Southampton/Eastleigh M27 Corridor expressed concerns about the impact of the number of new hotels that are planned in these locations.

Hotel Development Opportunities

- The survey findings suggest the following opportunities for hotel development in Hampshire, subject to continued economic growth:

Hampshire Hotel Development Opportunities

Location	Standard/ Type of hotel that could be developed	Commentary
Southampton City Centre	4 star	▪ Potential for new 4 star hotel development ▪ High 4 star occupancies and achieved room rates but not significant denials ▪ Planned city centre office development ▪ Cruise market continuing to grow ▪ Millennium and Radisson SAS hotels planned ▪ 175-bedroom 4 star hotel also planned at the Rose Bowl ▪ Will need to be significant growth in corporate demand to support these hotels
	Boutique	▪ Possible potential
	Serviced apartments/ Suite hotel	▪ Possible scope for serviced apartments (purpose-built, or residential apartments let as serviced apartments) or a suite hotel/ aparthotel ▪ Aparthotel proposed as part of the East Park Terrace development
	Budget Upper-tier Budget[1]	▪ Potential for further budget and/or upper-tier budget hotels ▪ High budget hotel occupancies + significant denials ▪ Growth likely in the corporate, contractors and cruise passenger markets. ▪ No upper-tier budget hotel currently in the city centre

[1] Brands such as Express by Holiday Inn, Ramada Encore, Hampton by Hilton

Location	Standard/ Type of hotel that could be developed	Commentary
Eastleigh/ Southampton North/Southampton West	Budget Upper-tier Budget	▪ Potential for new budget/upper-tier budget hotels ▪ High budget/upper-tier budget hotel occupancies + significant denials ▪ Development of Adanac Business Park, Southampton Science Park and Eastleigh business parks will fuel growth in corporate demand ▪ Planning permission for 40-bedroom Premier Inn at Rownhams MSA M27 Northbound
	3 star	▪ Possible potential at Adanac Business Park, depending on the level and nature of corporate demand that the business park generates
	3/4 star – expansion of existing hotels	▪ Possible potential for expansion of existing hotels as the corporate market grows in the area ▪ Chilworth Manor has planning permission for an additional 48 bedrooms
Portsmouth	3/4 star	▪ Potential for new 3/4 star hotel development ▪ Significant office development planned in the city centre + along the M27 ▪ Two hotels regularly denying business on Tuesdays, Wednesdays and Saturdays ▪ Achieved room rates are relatively low – suggesting greater potential possibly for 3 star than 4 star hotels – although one 4 star hotel in the city is achieving high average room rates and occupancies ▪ 150-bedroom 4 star hotel planned as part of the Northern Quarter development scheme
	Serviced apartments/ Suite hotel	▪ Possible scope for serviced apartments (purpose-built, or residential apartments let as serviced apartments) or a suite hotel
	Boutique	▪ Possible potential
	Budget Upper-tier Budget	▪ Potential for new budget/upper-tier budget hotels ▪ High budget and upper-tier budget hotel occupancies + significant denials ▪ Etap hotel opens at the Pompey Centre in 2008

Location	Standard/ Type of hotel that could be developed	Commentary
Basingstoke	3/4 star	▪ Possible scope for a new 3 or 4 star hotel at Basing View depending on the level and nature of corporate demand that the regeneration of the business park delivers. The lack of weekend business for hotels in Basingstoke may limit the potential to secure a new 3/4 star hotel in the town however.
	3/4 star – expansion of existing hotels	▪ Scope for existing hotels to expand to meet peak demand on Tuesday and Wednesday nights. ▪ Hampshire Court adding 56 bedrooms in 2008.
	Budget Upper-tier Budget	▪ Potential for new budget/upper-tier budget hotels ▪ High budget hotel occupancies + significant midweek denials ▪ 3 budget hotels currently proposed in Basingstoke
	Serviced apartments	▪ Possible scope for further serviced apartments (purpose built or residential apartments let as serviced apartments)
Winchester	3/4 star – expansion of existing hotels	▪ Scope for existing 3/4 star hotels to expand ▪ The Winchester is adding 28 bedrooms in 2008 ▪ The Winchester market does not appear to be strong enough to support a new 3/4 star hotel
	Boutique	▪ Based on the success of the Hotel du Vin
	Budget Upper-tier Budget	▪ Possible scope for a budget/upper-tier budget hotel ▪ Based on the fact that the city has no budget hotel currently

Location	Standard/ Type of hotel that could be developed	Commentary
Farnborough/ Aldershot/ Fleet	3/4 star	▪ Potential for new 3/4 star hotels ▪ Significant midweek denials + high achieved room rates ▪ Further growth in corporate demand as the Farnborough Business park develops ▪ Village and Dakota hotels open in 2008 ▪ The potential for further 3/4 star hotels beyond these two new hotels will depend on the scale of further growth in corporate demand in the area
	3/4 star – expansion of existing hotels	▪ Possible scope for the expansion of existing 3 star hotels ▪ Potters International is looking to extend
	Budget Upper-tier Budget	▪ Potential for new budget/upper-tier budget hotels ▪ Very high budget hotel occupancies and significant weekday and weekend denials ▪ Travelodges planned for Farnborough and Aldershot
	Serviced apartments	▪ Possible scope for serviced apartments (purpose built or residential apartments let as serviced apartments)
Fareham	3/4 star – expansion of existing hotels	▪ Scope for existing hotels to expand and/or upgrade ▪ Corporate demand set to increase as the Solent Business Park continues to develop
	Budget Upper-tier Budget	▪ Potential for a new budget/upper-tier budget hotel ▪ High budget hotel occupancies + significant weekday denials
Havant	3 star	▪ Possible scope for a 3 star hotel at the Dunsbury Hill Farm business park depending on the level and nature of corporate demand that the business park delivers.
	3 star – upgrading of existing hotels	▪ Scope for upgrading existing 3 star hotels
	Budget Upper-tier Budget	▪ Potential for a further budget or upper-tier budget hotel ▪ High budget hotel occupancies + significant midweek and Saturday denials

Location	Standard/ Type of hotel that could be developed	Commentary
Hayling Island	Boutique	▪ Possible scope for a small food-led boutique hotel as part of the regeneration of the seafront
East Hampshire	3 star – upgrading of existing hotels Budget	▪ Scope for upgrading existing 3 star hotels ▪ Potential for further budget hotels ▪ High budget hotel occupancies + significant weekday and Saturday denials ▪ Red Lion, Petersfield has planning permission for a 31-bedroom budget hotel extension
Andover	3 star 2/3 star – upgrading of existing hotels Budget Upper-tier Budget	▪ Possible scope for a new 3 star hotel at the Andover Airfield Business Park, depending on the level and nature of corporate demand that the business park delivers ▪ Scope for upgrading existing 3 star hotels ▪ Potential for a further budget hotel – or possibly upper-tier budget hotel ▪ High budget hotel occupancies + significant denials ▪ Budget hotels planned as part of the Ford Cottage development and possibly as part of the Andover Airfield business park scheme
Romsey	Boutique Pub accommodation	▪ Possible scope for a small boutique hotel ▪ Potential for pubs in the town to add quality bedrooms
Stockbridge	Upgrading of existing hotels and pub accommodation	▪ Scope for existing hotels and pub accommodation to upgrade
Hook	Budget	▪ Possible scope for a budget hotel here
Gosport	Budget	▪ Possible scope for a budget hotel here – given the current lack of hotel accommodation

Location	Standard/ Type of hotel that could be developed	Commentary
New Forest	3/4 star – expansion and upgrading of existing hotels	▪ Scope for existing 3 and 4 star hotels to expand, develop spa and conference facilities and/or upgrade
Rural Locations	Luxury country house hotels	▪ Scope for further luxury country house hotels given suitable properties for conversion. ▪ Based on the strong achieved room rate performance of such hotels in Hampshire and the South East.
	Conversion of residential conference centres to hotels	▪ Scope for further residential conference centres to operate as hotels. ▪ Warbrook House, Eversley currently applying for a hotel licence.
	Adult only hotel resorts	▪ Based on the strong occupancy performance of these types of hotel
	Pub accommodation	

Recommendations

- The consultants make the following recommendations to the county's local authorities based on the survey findings:

  - Circulation of the survey report to all those with an interest in hotel development in Hampshire including local authority tourism, economic development, planning policy and development control officers, as well as relevant officers of regional agencies.

  - Use of the survey report to help inform planning policy development and site allocations for hotels as part of the preparation of Local Development Frameworks across the county. Additional research may be needed in some areas to:

    - Assess hotel sites and locations;
    - Identify hotel developer interest;
    - Determine likely future growth in hotel demand and the resulting requirements in terms of new hotels.

  - Improved handling of hotel investment enquiries in terms of:

    - Updating the Hampshire section of TSE's regional hotel investment website;
    - Establishing central points of contact for hotel developers at the county level and within each local authority.

  - Ongoing monitoring of:

    - Hotel performance;
    - Hotel development activity.

  - Work to attract new companies to the county that will generate new corporate business for hotels.

- Effective destination marketing in terms of:

    - Improving the image and raising awareness of the county's destinations;
    - Targeting the UK leisure breaks market to attract off-peak business;
    - Targeting overseas tourists for Winchester and luxury country house hotels;
    - A possible golf breaks marketing campaign to support the county's golf hotels.

- The development of leisure attractions, concert and/or sports venues and events to help develop weekend leisure business for hotels in Basingstoke, Farnborough/Aldershot/Fleet, Andover, Hook and the Southampton/Eastleigh M27 Corridor.

- Support to assist the county's hotels in addressing staff recruitment difficulties in terms of:

    - Helping to promote careers in the hospitality industry to local schools;
    - The provision of English language training for overseas hotel workers;
    - Improving public transport to hotels, possibly through the development of community bus services in conjunction with local hotels;
    - Encouraging the development of low-cost housing for key hotel workers;
    - Lobbying the Government about the need for hotels to continue to be able to easily recruit staff from overseas.

HAMPSHIRE HOTEL TRENDS SURVEY 2006-2007

1. INTRODUCTION

The following report summarises the findings of the Hampshire Hotel Trends Survey 2006-2007 conducted by Hotel Solutions between January and April 2008 for Hampshire County Council, Tourism South East and the Hampshire city, district, borough and unitary authorities. The survey seeks to complement the monthly regional serviced accommodation occupancy survey undertaken by Tourism South East and updates the Hampshire Hotel Trends Survey 2003-2004.

The survey was conducted through a combination of face-to-face interviews with hotel managers in Southampton, Winchester, Basingstoke, Andover, Farnborough, Aldershot and Fleet, together with a postal survey and follow-up programme of structured telephone interviews with hotel managers in other parts of the county. The survey has covered 3, 4 and 5 star hotels and branded budget hotels. Participation in the survey was entirely voluntary. Hotel Solutions undertook a detailed Hotel Futures Study for Portsmouth in May 2007. The findings of this study have been incorporated into the county survey and updated with year-end performance data for 2007 for Portsmouth hotels. The data collected through the survey has also been supplemented by data from Tourism South East's serviced accommodation occupancy survey and Hotel Solutions' other sources. The total sample for the survey was 99 hotels (listed at Appendix 1). Our grateful thanks are extended to these hotels for having given freely of their time and information.

Hotel interviews were conducted on a strictly confidential basis. In some cases it has not been possible to report all of the findings as this could give an insight into the performance of individual hotels e.g. where only one 4 star hotel was interviewed in a particular location. Every attempt has been made to ensure that this has not happened in the report.

The following report provides a summary of the key findings of the survey in relation to the following categories of hotel:

- 4 Star Hotels (excluding luxury country house hotels)
- 3 Star Hotels
- Budget Hotels
- Luxury Country House/Townhouse Hotels
- Adult Only Hotel Resorts
- Boutique Hotels

Appendix 3 provides a detailed analysis of the findings for the following areas:

- Southampton City Centre
- Southampton/Eastleigh M27 Corridor
- Portsmouth
- Basingstoke
- Hook & Surrounding Area
- Winchester
- New Forest
- Farnborough/Aldershot/Fleet
- Havant
- East Hampshire
- Fareham
- Andover

2. RECENT HOTEL DEVELOPMENT

New Hotels

Our research has identified the following new hotel openings in Hampshire since 2005:

New Hotels in Hampshire 2005-2008[1]

Hotel	Location	No. Rooms	Year Opened
5 Star Country House Hotels			
Four Seasons Hampshire	Dogmersfield, Hook	133	2005
3 Star Hotels			
Jurys Inn Southampton	Southampton	270	2005
Budget Hotels			
Etap	Southampton	124	2008
Premier Inn Portsmouth (Horndean)	Horndean	24	2008
Premier Inn Petersfield	Petersfield	50	2006
Premier Inn Andover	Andover	50	2006

Notes:

1. As at February 2008

In addition to the above hotels the following three residential conference and training centres have started trading as country house hotels:

Hampshire – Conferences Centres Now Trading as Hotels 2005-2007

Hotel	Location	No. Rooms	Year Started Trading as a Hotel
Heckfield Place	Heckfield, Hook	67	2007
Highfield Park	Heckfield, Hook	54	2007
New Place	Shirrell Heath	108	2007

The last 3 years have also seen an increase in the supply of serviced apartments in Southampton, Portsmouth, Basingstoke and Farnborough (primarily through the letting of residential apartments on this basis), with national serviced apartment agencies such as SACO Apartments, Silver Door, Select Apartments and Deep Blue Apartments now operating in these locations in the county alongside local agents such as Town or Country.

Hotel Extensions and Upgrades

Our research has identified the following changes to the Hampshire hotel supply since 2005 in terms of extensions to, or upgrading of existing hotels:

Hampshire Hotels – Extensions and Upgrades 2005-2007

Hotel	Location	New Bedrooms	Total Bedrooms Now	Upgrading/New Facilities
4 Star				
Langstone	Hayling Island	45	148	The hotel has also developed its conference facilities
Norton Park	Sutton Scotney, Winchester	88	185	Upgraded to 4 star. New conference centre and leisure club. Hotel fully opened summer 2007. £11 million investment
The Winchester	Winchester		71	£4.5 million refurbishment completed May 2007. Hotel upgraded to 4 star
Rhinefield House	Brockenhurst, New Forest	16	50	New conference and banqueting facilities. Total investment £4million
3 Star				
Highfield House	Southampton		71	Formerly operating as a hostel - purchased by Folio Hotels – re-opened as a hotel June 2007
Blue Keys	Southampton		10	Formerly The Golden Lion pub
Chilworth Manor	Chilworth, Southampton		95	New leisure club opened October 2007
Red Lion	Basingstoke	3	62	The hotel has also been refurbished.
Casa Dei Cesari	Yately	19	63	Also additional conference facilities
Beaulieu	Beaulieu	5	23	
Budget				
Premier Inn Southampton North	Nursling	18	50	
Travelodge	Eastleigh	12	44	
Premier Inn	Fareham	20	61	
Premier Inn	Southsea	8	48	
Premier Inn	Basingstoke Central	2	73	
Travelodge	Four Marks, Alton	20	50	

The following hotels have also undergone major refurbishment programmes:

- Novotel, Southampton
- Holiday Inn, Southampton
- Travelodge, Southampton
- Solent, Fareham
- Holiday Inn, Fareham
- Botley Park, Botley, Southampton
- Hampshire Court, Basingstoke
- Hilton, Basingstoke

Hotel Closures

The 3 star Fifehead Manor country house hotel at Middle Wallop in Test Valley has been redeveloped into residential apartments.

Independent hotels in Southsea have continued to close for conversion to residential apartments over the past 3 years. This process looks set to continue, with a number of the remaining hotels here looking to convert to residential.

Our research has not otherwise identified any hotel closures in other parts of the county. There is however evidence of continued pressure for conversion of hotels to residential use as a result of the strength of the residential property market in Hampshire.

Changes in Hotel Ownership

Our research has identified the following changes to the ownership of Hampshire hotels since 2005:

Hampshire Hotels – Changes in Ownership 2005-2007

Hotel	Location	Previous Owner/ Operator	New Owner/ Operator
Highfield House	Southampton	Independent	Folio
Tulip Inn	Portsmouth	Golden Tulip	Premier Inn
Wessex	Winchester	Macdonald	Mercure
Norton Park	Sutton Scotney	Dolce International	Q Hotels
Basingstoke Country	Basingstoke	Paramount	Barcelo
Hampshire Court	Basingstoke	Marstons	Q Hotels
Audleys Wood	Basingstoke	Bridge House	Hand Picked
Red Lion	Basingstoke	Independent	Hollybourne Hotels
White Horse	Romsey	Independent	Silks Hotels
Potters Heron	Romsey	Corus	Pebble Hotels

In addition to these changes in ownership, the Botleigh Grange at Hedge End, Southampton is now being managed by Legacy Hotels under a management contract with the hotel's owners. A number of 3 star hotels in the New Forest also have new independent owners.

3. PLANNED HOTEL DEVELOPMENT

New Hotels Under Construction

The following hotels are currently under construction in the county:

Hampshire - New Hotels Under Construction – 2008

Hotel	Location	Standard	No. Rooms	Opening Date
Dakota	Farnborough	4 star	169	Summer 2008
Village	Farnborough	3 star	120	October 2008
Etap	Portsmouth	Budget	120	Summer 2008

Proposed New Hotels

Our research has identified the following proposed new hotels in Hampshire. We have not, however, undertaken comprehensive research into proposed hotel development in the county, nor fully investigated the proposals that we have identified. There may well be other proposed hotels that we are not aware of.

Hampshire – Proposed Hotels

Proposed Hotel/Site	Standard	No. Rooms	Details
Southampton			
Millennium	4 star	225	Planning permission was granted to Marina Developments Ltd (MDL) in August 2006 for a luxury hotel at Ocean Village Marina. The hotel is to be operated by Millennium & Copthorne Hotels under a management contract.
Radisson SAS	4 star	200	Hotel included as part of Imperial Property's East Park Terrace mixed-use development. Planning permission has been granted for the development.
East Park Terrace	Aparthotel	122	An aparthotel is also included as part of the East Park Terrace development.
Rose Bowl	4 star	175	Hotel with spa and conference facilities included as part of the £45 million development of the Rose Bowl that was granted planning permission by Eastleigh Borough Council in March 2008.
West Quay 3	n/a	200	A hotel has been identified as a possible use to be included in Hammerson's West Quay 3 development.
Mayflower Plaza	n/a	150	Hotel included in the plans for Terrace Hill's mixed-use development submitted for planning in February 2008.
Centenary Quay	n/a	100	Crest Nicholson's proposals for the Centenary Quay mixed-use development scheme include plans for a hotel.

Portsmouth			
Northern Quarter	4 star	150	Hotel included in Centros' proposals for the Northern Quarter mixed-use development scheme in the city centre
Wymering Manor	Boutique	9	Opens in 2008
Basingstoke			
Ibis	Budget	132	Hotel proposed at Basing View. A planning application submitted in January 2008 has been refused but looks likely to go to appeal.
Apollo Hotel	Budget	99	The owners of the Apollo Hotel have plans to develop a budget hotel adjacent to the existing hotel. Planning to be determined
Premier Inn	Budget	50	A planning application has recently been submitted for a budget hotel as part of a mixed-use scheme at the Aldermaston Triangle.
Rownhams Motorway Service Area M27			
Premier Inn	Budget	40	Planning permission renewed January 2007
Farnborough			
Travelodge	Budget	77	Hotel included as part of St Modwen's redevelopment scheme for Farnborough town centre. Due to open Summer 2009.
Aldershot			
Travelodge	Budget	87	A planning application is currently being considered for this hotel at Westgate.
Andover			
Travelodge	Budget	50	Hotel included as part of Fenchurch Investments' mixed-use residential and leisure development on the old Ford Cottage site. Work to begin Spring 2008.
Andover Airfield	n/a	n/a	A hotel is included as part of Goodman's proposals for the development of the former Andover Airfield site. Outline planning has been granted for the development scheme.
Petersfield			
Red Lion	Budget	31	Planning permission granted for a budget hotel extension to the Red Lion pub.

Havant			
A27 Emsworth Bypass	Budget	78	Planning permission has been granted for a budget hotel
Dunsbury Hill Farm	n/a	n/a	Local Plan allocation for a hotel with conference facilities as part of proposals for a high quality business and technology park on this regional strategic employment site
Eversley, Hook			
Warbrook House	Country House	74	Residential conference and training centre currently in the process of applying for a hotel license

In addition to the above proposed hotels, Gosport Borough Council has aspirations for new hotels on the Daedalus and Explosion sites in Gosport.

3.3. Planned Development of Existing Hotels

Our discussions with hotels in the county have identified the following proposals for the development and/or refurbishment of existing hotels in Hampshire. Other hotels are also at the early stages of considering expansion and development projects. Some of the hotels that did not take part in the survey may also have plans for development and/or refurbishment.

Hampshire Hotels – Planned Development of Existing Hotels 2008/09

Hotel	Standard	No. Rooms	Proposed Development
Southampton City Centre			
Southampton Park	3 star	72	Undergoing a complete refurbishment in 2008
Southampton – M27 Corridor[2]			
Express by Holiday Inn Southampton M27 Jct7	Upper-tier Budget	131	Adding 45 bedrooms in 2008
Express by Holiday Inn Southampton West	Upper-tier Budget	105	Refurbishment planned for 2008
Marriott Meon Valley	4 star	113	Currently undergoing a £4.5 million refurbishment programme
Premier Inn Southampton (Rownhams)	Budget	16	Has planning permission
Chilworth Manor	3 star	48	Has planning permission for a bedroom extension. No plans to implement currently.

[2] Chilworth Manor also has planning permission for an additional 48 bedrooms, although no plans to implement this currently

Portsmouth			
Holiday Inn	3/4 star	165	Plans to add 4 new bedrooms through the conversion of unused offices
Innlodge	3 star	74	Plans for a 42-bedroom extension
Premier Inn Portsmouth (Port Solent)	Budget	108	Hotel has planning permission for a 43-bedroom extension
Winchester			
The Winchester	4 star	71	28-bedroom extension currently under construction – due to open September 2008
Mercure Wessex	4 star	94	Bedroom refurbishment planned for 2008
Lainston House	4 star (Red)	50	Aiming to upgrade to 5 star
Basingstoke			
Hampshire Court	4 star	90	56-bedroom extension + refurbishment of public areas planned for 2008
Hilton	4 star	141	Currently being refurbished
Audley's Wood	4 star		Refurbishment planned for June/July 2008. Hotel has planning permission for +23 bedrooms.
Red Lion	3 star	62	Proposed 50-bedroom extension as part of the redevelopment of the area around the hotel. On hold currently
Copper Beeches	n/a	12	Redevelopment of part of the hotel to provide 12 suites.
Aldershot			
Potter's International	3 star	103	Planning permission being sought for an additional 52 bedrooms. Bedroom refurbishment also planned.
Romsey			
Potters Heron	3 star	54	Currently undergoing a major refurbishment under new owners, Pebble Hotels
White Horse	3 star	40	Currently undergoing a complete refurbishment under new owners, Silks Hotels. Re-opens June 2008
Andover			
Premier Inn	Budget	50	Considering plans for an additional 20 bedrooms
Danebury	2 star	21	Currently developing an additional 3 bedrooms

Hook			
Raven	2 star	38	Developing an additional 3 bedrooms in 2008 + refurbishing bathrooms. Aiming to upgrade to 3 star.
Liphook			
Old Thorns	3 star	33	Planning permission granted January 2008 for a 66-bedroom extension, new conference centre and alterations to health club and golf centre
New Forest			
Parkhill	5 star	42	Complete redevelopment and expansion programme to provide a luxury hotel and spa resort with 30 new suites and bedrooms.
Chewton Glen	5 star	58	Planning to develop an additional 12 bedrooms
Forest Lodge	3 star	28	Planning to add 8 bedrooms – January 2009
Balmer Lawn	3 star	56	Currently undergoing bedroom refurbishment. Aiming to upgrade to 4 star

A number of other hotels in the county have unsuccessfully sought planning permission for the development of leisure, spa and/or conference and banqueting facilities in order to upgrade their offer and develop new markets.

4. HOTEL PERFORMANCE TRENDS

4.1. 4 Star Hotels[3]

Occupancy and Achieved Room Rates

- Average annual room occupancies and achieved room rates are estimated as follows for Hampshire 4 star hotels for 2006 and 2007:

Hampshire 4 Star Hotels
Average Annual Room Occupancy and Achieved Room Rates 2006-2007

	Average Annual Room Occupancy %		Average Annual Achieved Room Rate[1] £	
	2006	2007	2006	2007
Hampshire [2]	**70.6**	**71.1**	**71.91**	**75.23**
Southampton[3]	77	77.5	73.70	76.35
Portsmouth[4]	74	72.5	66.25	69.00
Basingstoke[5]	69	69.5	72.50	75.00
Southampton/Eastleigh M27 Corridor/ Fareham[6]	66	68	75.15	78.50
UK Provincial 3/4 Star Chain Hotels[7]	71.5	71.3	70.02	72.28

Notes:

1. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per occupied room net of VAT, breakfast (if included) and discounts and commission charges.
2. Sample: Marriott Portsmouth; Hilton Portsmouth; Holiday Inn Portsmouth[4]; Hilton Southampton; Novotel Southampton[6] ; Holiday Inn Southampton[6]; Hilton Basingstoke; Audley's Wood, Basingstoke; Basingstoke Country Hotel; Apollo, Basingstoke; Hampshire Court, Basingstoke; Holiday Inn Basingstoke[6]; Mercure Wessex, Winchester; The Winchester; Solent, Fareham; Macdonald Botley Park; Marriott Meon Valley; Botleigh Grange.
3. Sample: Hilton(Hotel Solutions estimated figures based on TSE data); Novotel; Holiday Inn
4. Sample: Marriott; Holiday Inn; Hilton
5. Sample: Hilton, Basingstoke Country; Hampshire Court; Apollo; Audleys Wood; Holiday Inn
6. Sample: Hilton Southampton; Macdonald Botley Park; Botleigh Grange; Marriott Meon Valley; Solent
7. Source: TRI Hospitality Consulting Hotstats UK Chain Hotels Market Review

[3] Excluding luxury country house (AA 4 Red Star) hotels – reported separately
[4] Although the Holiday Inn Portsmouth, Novotel Southampton, Holiday Inn Southampton and Holiday Inn Basingstoke are 3 star hotels, from our survey of hotels in these locations they are evidently trading at 4 star rates and have been included in the branded 4 star hotels sample therefore.

- Hampshire 4 star occupancies were slightly below the national averages for provincial UK 3/4 star hotels in 2006 and 2007. Occupancies varied significantly by location, however:

  - Occupancies were very high for Southampton 4 star/ upper end 3 star hotels, particularly in the city centre.

  - 4 star hotel occupancies were strong overall in Portsmouth, although vary significantly between hotels.

  - 4 star occupancies in Winchester were broadly in line with the county average in 2007.

  - Occupancies were much lower for 4 star hotels in Basingstoke, Fareham and the M27 corridor, primarily due to lower weekend occupancies in these parts of the county.

- Achieved room rates for Hampshire 4 star hotels were well above the national average for provincial UK 3/4 star chain hotels, although vary significantly by location:

  - They were particularly strong in Southampton city centre, with 4 star/ upper end 3 star hotels here thought to be achieving average annual room rates of £75-80 in 2007.

  - Achieved room rates were also strong for 4 star hotels in Basingstoke and Fareham due to the bias towards corporate demand in these locations.

  - Achieved room rates were below the county 4 star average for 4 star hotels in Winchester in 2007.

  - Achieved room rates were generally lower in 2006 for 4 star hotels in countryside locations in the Southampton M27 corridor but increased significantly in 2007.

  - Achieved room rates were much lower overall for 4 star hotels in Portsmouth however, although varied significantly between hotels. A lot of corporate demand in Portsmouth is government business (which tends to be relatively low rated) or comes from a small number of very large corporate users of hotel accommodation that have the buying power to command low rates from the hotels in the city. Leisure demand is strong in Portsmouth, but tends to be rate driven through special offer leisure break rates. These two factors combine to depress achieved room rate performance for the city's 4 star hotel sector. One 4 star hotel here is however achieving high average room rates.

- 4 star hotel occupancies increased slightly in 2007. Stronger occupancy growth was seen in Southampton and the Southampton/Eastleigh M27 corridor. 4 star occupancies dropped back a little in Portsmouth however.

- Achieved room rates have grown strongly for 4 star hotels across the county in 2007, by £3-4 in most locations. Not all 4 star hotels have achieved such rate growth. Some have achieved even stronger rate growth however.

- Comparisons with the 4 star occupancy and achieved room rate results from the 2003-2004 Hampshire Hotel Trends Survey are not possible as the 4 star sample for the 2006-2007 varies substantially from the previous survey (with a greater number of 4 star hotels now included). In broad terms 4 star occupancies appear to have changed very little since 2004. 4 star achieved room rates have grown strongly in Southampton, Portsmouth and Fareham, but have remained largely static in Basingstoke.

Weekday/ Weekend Occupancies and Seasonality

- The pattern of demand for 4 star hotels in the county remains the same as in 2003/2004. Midweek occupancies remain strong across the county, with most hotels still achieving average weekday occupancies of 80-90% for most of the year. Tuesday and Wednesday nights are the strongest, with many hotels regularly filling and turning away business on these nights. Monday and particularly Thursday nights tend to be more shoulder nights. Many 4 star hotels in the county still achieve strong occupancies on Mondays, but do not consistently fill on this night. Thursday occupancies are generally lower, with hotels rarely filling on this night.

- Weekday occupancies are lower for many 4 star hotels between December and January and during school holiday periods and Bank Holiday weeks, when corporate and residential conference demand tends to dip.

- Friday and Saturday night occupancies vary by location:

    - Saturday occupancies are strong (90%+) for most of the year for 4 star hotels in Southampton, Portsmouth and Winchester. Friday occupancies are weaker in these locations but can be strong during the summer months.

    - Friday and Saturday occupancies are generally low for 4 star hotels in Basingstoke and Fareham, although some Basingstoke hotels achieve good Saturday occupancies in the summer as a result of weddings business, group tour business and/or the promotion of leisure break offers. Much of this business is heavily discounted giving Basingstoke hotels very low weekend achieved room rates.

    - Hotels in the Southampton/Eastleigh M27 Corridor achieve good occupancies on Saturday nights, particularly during the summer, but generally low Friday occupancies.

- Sunday night occupancies remain very low across the county (typically 30-40%), although are a little stronger for Southampton city centre hotels at around 40-50%.

- 4 star hotels most need additional business at weekends, particularly during the winter, and especially for Friday and Sunday nights. Many hotels are also looking for additional business for Thursday nights throughout the year and would like more midweek business during school holiday periods and in December and January.

Market Mix

- The market mix for Hampshire 4 star hotels is biased towards business demand, although the strength of this bias varies by location:

Hampshire 4 Star Hotels
Market Mix 2007

Location/ Type of Hotel	Business %	Leisure %
Southampton	67.5	32.5
Portsmouth	65	35
Basingstoke	74	26
Winchester	62	38
Southampton/Fareham M27 Corridor	61	39

- The bias towards business demand is particularly strong in Basingstoke due to the relatively weak weekend leisure market here. The market mix for Basingstoke 4 star hotels has however changed compared to the 2003-2004 survey, with stronger leisure demand in the mix as hotels here have successfully increased leisure break business through special offers marketed through the Internet.

- The market mix for 4 star hotels in Portsmouth, Winchester, Fareham and the M27 Corridor is less strongly biased towards business demand as hotels in these locations attract good leisure business and corporate demand is not as strong for some hotels in these locations.

Business Markets

- The corporate market is the primary source of business demand for Hampshire 4 star hotels, accounting for 80-95% of business demand in most locations, other than countryside locations. The corporate market is highly localised in some locations: there are distinct city centre and out-of-city-centre corporate markets in Portsmouth, while in Basingstoke hotels generally serve companies located on business parks in their immediate vicinity. Hotels in the M27 corridor serve corporate demand in Southampton, Fareham and Eastleigh.

- Residential conferences are a secondary source of business demand for Hampshire 4 star hotels, typically accounting for 5-20% of business demand. They are a more significant market for country club hotels in the M27 corridor.

- Association conferences held at Portsmouth Guildhall are a very minor market for one 4 star hotel in Portsmouth.

Leisure Markets

- Leisure breaks are the main leisure market for most Hampshire 4 star hotels. This business is generally rate-driven through special offer leisure break rates that hotels and hotel companies promote through the Internet and national newspapers.

- Cruise passengers are a key leisure market for 4 star hotels in Southampton and to a lesser extent some hotels in the Southampton M27 Corridor that offer Park & Sail packages. This market is generally high-rated. A significant proportion of demand comes from cruise passengers arriving from overseas.

- Weddings and functions are a secondary leisure market for most 4 star hotels in the county and the main source of leisure demand for some hotels, particularly those with grounds and attractive settings.

- Some 4 star hotels in Portsmouth, Basingstoke, Fareham, Winchester and the M27 Corridor take group tour business. This is generally low-rated business, particularly for hotels in Basingstoke.

- Overseas tourists are a significant leisure market for 4 star hotels in Winchester and a minor leisure market for hotels in Portsmouth.

- Golf breaks and golf societies are the key source of leisure business for country club hotels in the M27 Corridor.

Hampshire 4 Star Hotels
Leisure Markets

Location/ Type of Hotel	Primary Leisure Markets	Secondary Leisure Markets
Southampton	Leisure breaks Cruise passengers	Weddings/functions
Portsmouth	Leisure breaks	Weddings/functions Group tours Overseas tourists (minor market)
Basingstoke/ Fareham	Leisure breaks Weddings (for some hotels)	Group tours (very low-rated in Basingstoke) Weddings/functions (for some hotels)
Winchester	Leisure breaks	Overseas tourists Group tours Weddings/functions
M27 Corridor	Leisure breaks Weddings	Cruise passengers Group tours
Country club	Golf Breaks	Weddings Cruise passengers Group tours

Market Trends

- The corporate market has grown in Fareham in 2006 and 2007 and increased slightly in Basingstoke. Corporate demand has reduced in Southampton however, as companies have closed or downsized here, and dropped back in Portsmouth in 2007 (following strong growth in 2005 and 2006) as a result of the completion of a number of major projects in the city.

- The residential conference market appears to be largely static or declining for 4 star hotels in the county. Only one hotel reported strong growth in this market in 2007 as a result of concerted marketing activity to target residential conference business.

- The cruise passenger market has grown strongly in Southampton in 2006 and 2007.

- Many 4 star hotels in the county have attracted increased levels of leisure break business through the marketing of leisure break offers through the Internet.

- Weddings business grew for some hotels in 2007 but has dropped back in 2008. Other hotels reported largely static demand from the weddings market.

- Group tour business has reduced for a number of hotels in 2007 and 2008.

Denied Business[5]

- Most 4 star hotels across Hampshire generally regularly deny business on Tuesday and Wednesday nights, but not usually on Monday and Thursday nights.

- Tuesday and Wednesday night denials are most significant in Basingstoke, with hotels here typically reporting denials of 10-20 rooms on these nights throughout the year. Some hotels here also reported Monday night denials.

- Only one 4 star hotel in Portsmouth reported regular and significant denials on Tuesday and Wednesday nights and sometimes Mondays and Thursday. The other 4 star hotels here only occasionally deny business on Tuesday and Wednesday nights but not to any significant extent. Portsmouth 4 star hotels reported denying large residential conferences (100 delegates +) on a reasonably frequent basis.

- Only one hotel in Southampton city centre reported regularly denying business on Tuesday and Wednesday nights, but not to any significant degree. Levels of denied business have reduced in Southampton city centre since the opening of the Jurys Inn in 2005. City centre hotels were previously denying significant business Monday to Thursday.

- 4 star hotels in Winchester and one Portsmouth 4 star hotel regularly deny business on Saturday nights, to a significant extent during the summer. The other Portsmouth hotels only occasionally deny business on Saturday nights and not to any significant extent. Southampton 4 star hotels occasionally deny business at weekends in the summer when demand from cruise passengers is high and during major events. 4 star hotels in the M27 Corridor regularly deny business on Saturday nights during the summer. Hotels in Basingstoke and Fareham rarely deny business on Saturday nights. 4 star hotels in the county do not generally deny business on Friday and Sunday nights.

[5] Business that hotels turn away because they are fully booked

Hampshire 4 Star Hotels
Denied Business

Location	Weekday Denials	Weekend Denials
Southampton	Only one hotel regularly denies business on Tuesday and Wednesday nights – not significant	Occasionally Friday and Saturday nights in the summer
Portsmouth	Only one hotel regularly denies business on Tuesday and Wednesday nights + Mondays and Thursdays – can be significant	One hotel regularly denies significant business on Saturday nights in the summer
Basingstoke	Regularly Tuesday and Wednesday nights – can be significant Occasionally Monday nights (some hotels) Rarely Thursday nights	Rare
Winchester	Regularly Tuesday and Wednesday nights – not significant	Regularly Saturday nights
M27 Corridor – Southampton/Fareham	Regularly Tuesday and Wednesday nights – not significant	Regularly Saturday nights in the summer for some hotels – rarely for other hotels

Prospects for 2008

- 4 star hotels across the county are generally very positive about their prospects for 2008. Most expect to maintain or increase their occupancy levels and grow their achieved room rates. Some hotels expressed concerns about the economic climate and the 'Credit Crunch', which they felt could affect their leisure business. Looking further ahead, hotels in Southampton, Portsmouth and Basingstoke expressed concerns about planned new hotels in these locations, which they felt could dilute shoulder night and weekend demand. Southampton hotels were particularly concerned about the number of new hotels that are proposed in and around the city.

4.2. 3 Star Hotels

Occupancy and Achieved Room Rates

- Average annual room occupancies and achieved room rates for Hampshire 3 star hotels are estimated as follows between 2003 and 2007:

Hampshire 3 Star Hotels[1]
Average Annual Room Occupancy and Achieved Room Rates[2] 2003-2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate[2] £
2003[3]	66	56.56
2004[3]	67	58.77
2005	n/a	n/a
2006	66.3	59.07
2007	67.3	61.37

Notes:

1. For sample see Appendix 1
2. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per occupied room net of VAT, breakfast (if included) and discounts and commission charges.
3. Source: Hampshire Hotel Trends Survey 2003-2004, ACK Tourism/Tourism Solutions, April 2005

- Hampshire 3 star hotel occupancies have remained broadly static since 2003. Achieved room rates have steadily increased however.

- Occupancies and achieved room rate performance varied significantly by type of hotel and location, however:

  - Large branded 3 star hotels achieved higher occupancies and average room rates than non-branded and independent hotels.

  - Occupancies for non-branded 3 star hotels are higher in the cities and some of the larger towns in the county. They are lower for hotels in rural locations and in the more commercial towns of Basingstoke, Farnborough and Aldershot, due to the lack of weekend demand in these locations.

- Achieved room rates are however high in Basingstoke and very high in the Farnborough/ Aldershot/ Fleet area. They are also high in Winchester.

- Achieved room rates are low for non-branded 3 star hotels in rural locations, smaller towns, Portsmouth and Southsea. In some cases this is to do with the quality of the 3 star hotels in these locations.

Hampshire Non-Branded 3 Star Hotels
Occupancy and Achieved Room Rate Performance by Location 2007

Average Annual Room Occupancy		Average Annual Achieved Room Rates	
Level of Occupancy	**Locations Where Hotels Achieve These Levels of Occupancy**	**Level of Achieved Room Rates**	**Locations Where Hotels Achieve These Levels of Room Rates**
High (70-75% +)	Southampton Portsmouth Winchester Fareham[1] Romsey[2] Stockbridge Hook	High (£65 +)	Winchester Aldershot Farnborough Fleet Basingstoke Emsworth
Medium(65-70%)	Eastleigh Southsea Fareham[1] Havant Emsworth Andover Fleet New Forest[3]	Medium (£55-65)	Southampton Eastleigh New Forest[3] Alton[1]
Low (under 65%)	New Forest[4] Alton Rural Winchester Basingstoke Aldershot Farnborough	Low (under £55)[5]	Portsmouth Southsea New Forest[3] Havant Fareham Hook Andover Stockbridge Alton[1] Rural Winchester

Notes:

1. Not all hotels
2. Based on 2006 data from TSE
3. Most hotels
4. Some hotels
5. The quality of the 3 star hotels in some of these locations is likely to be a key factor in their comparatively low achieved room rate performance.

- 3 star occupancies increased in most parts of the county in 2007. There was strong occupancy growth in Southampton, Portsmouth, Winchester and Andover. 3 star occupancies were largely static however in Fareham, Havant, Alton, Eastleigh, Stockbridge, Farnborough/Aldershot/Fleet and the New Forest. Some New Forest hotels reported a drop in occupancy in 2007 as a result of the poor summer weather.

- Achieved room rates for Hampshire 3 star hotels increased in most parts of the county in 2007, typically by £2-3 in most locations. Achieved room rate growth was only slight however in Winchester, Fareham, Havant, Alton, Hook and Andover.

Weekday/ Weekend Occupancies and Seasonality

- 3 star hotels in most parts of Hampshire achieve high weekday occupancies - typically 80-100%. Weekday occupancies are lower and more variable (typically running at around 50-60%) for 3 star hotels in most parts of the New Forest, other than Lyndhurst, where hotels pick up corporate business from Southampton. Midweek occupancies are not quite as strong (generally running at around 70%) in Portsmouth/Southsea, Havant, Alton and rural Winchester.

- Tuesday and Wednesday nights are the strongest, with hotels in most locations usually filling on these nights for much of the year. Monday night occupancies are slightly weaker. The Farnborough/Aldershot/Fleet area is the only part of the county where hotels also consistently fill on Monday nights. Thursday night occupancies are generally weaker.

- Weekday occupancies are not especially seasonal for Hampshire 3 star hotels, other than in the New Forest, Portsmouth and Southsea. In other parts of the county occupancies dip to some extent in December and January and during school holiday periods and Bank Holiday weeks, when corporate and conference demand tends to be lower.

- Friday and Saturday occupancies are strong for New Forest 3 star hotels, most of which consistently fill on Friday and Saturday nights from March to October.

- Friday and Saturday occupancies are reasonably strong for 3 star hotels in Southampton, Portsmouth and Southsea, particularly in the summer. 3 star hotels in the Southampton/Eastleigh M27 corridor also achieve good Friday and especially Saturday occupancies during the summer, albeit not quite as high as Southampton city centre hotels.

- Saturday occupancies are strong for hotels in Winchester and Hook (due to business from weddings held at the Fours Seasons, Tylney Hall and other wedding venues in this area). Friday occupancies are relatively low in these locations however.

- Friday and Saturday occupancies are low in Basingstoke, Farnborough/Aldershot/Fleet, Fareham, Andover, Alton and Havant.

- Saturday occupancies are generally stronger than Friday occupancies in most parts of the county.

- Sunday occupancies are low for 3 star hotels in all parts of the county.

- Weekend occupancies are generally stronger in the summer months.

- 3 star hotels in most parts of the county most want additional business at weekends, especially during the winter and particularly for Friday and Sunday nights. Hotels in most locations would also like more weekday business during school holidays, Bank Holiday weeks and in December and January. New Forest hotels need additional weekday business all year round.

Market Mix

- The market mix for Hampshire 3 star hotels is strongly biased towards business demand in most parts of the county, which typically accounts for 70-80% of total roomnight demand for hotels. Demand is especially strongly biased towards the business market in Basingstoke and the Farnborough/Aldershot/ Fleet area, where it accounts for 80-95% of rooms business for 3 star hotels.

- The market mix is more evenly balanced for 3 star hotels in rural areas (for which the market mix is more typically 50-60% business/40-50% leisure) and not quite so strongly biased towards business demand in Winchester.

- The market mix for New Forest 3 star hotels is more biased towards leisure demand, which typically accounts for 50-75% of rooms business for hotels.

- Corporate demand from local companies and organisations is the primary source of business demand for Hampshire 3 star hotels.

- Residential conferences are a minor source of business demand for 3 star hotels in the county, usually accounting for no more than 5-10% of total business roomnights. Residential conferences are however a key source of weekday business for many New Forest 3 star hotels, typically accounting for 50-60% of weekday demand. The corporate market for hotel accommodation in the New Forest is generally relatively limited, other than in Lyndhurst, where hotels pick up corporate business from Southampton.

- Some 3 star hotels in Southampton, Basingstoke and Andover attract some demand from the contractors market.

- Cruise ship crews are a further source of business-related demand for hotels in Southampton.

- Weddings and functions are the main leisure market for 3 star hotels in Fareham, Havant, Alton, Farnborough/Aldershot/Fleet, Hook, Andover and Eastleigh, and in some cases the only significant source of weekend demand for hotels in these locations. They are also an important leisure market for hotels in Southampton, Portsmouth, Southsea, Winchester and the New Forest.

- The branded 3 star hotels in the county attract good weekend break business through their company leisure break campaigns. Non-branded 3 star hotels in the New Forest, Winchester, Southampton, Andover, Havant and rural locations also attract good weekend break business. New Forest hotels also attract good midweek break business. Leisure break demand is primarily rate-driven through special offer rates that hotels and hotel companies promote through the Internet and national newspapers. New Forest 3 star hotels achieve good weekend break rates during the summer months however.

- Group tours are a key leisure market for one Southampton 3 star hotel and a secondary leisure market for 3 star hotels in Portsmouth, Southsea. Winchester, Andover, Havant, Eastleigh and Basingstoke. This is generally very low-rated business for hotels.

- Events are a further source of leisure business for 3 star hotels in the county. Key events that generate business for hotels across much of the county are the Southampton Boat Show, Farnborough Air Show and the major Goodwood motor and horse racing events.

- Overseas tourists are a significant market only for hotels in Winchester.

- Other leisure markets for 3 star hotels are:
    - Cruise passengers (Southampton, Southampton/Eastleigh M27 Corridor and Lyndhurst hotels)
    - Christmas shopping trips from the Channel Islands (Southampton hotels)
    - Masonic Lodge weekends (Southsea hotels)
    - Park & Fly (Eastleigh hotels)

Market Trends

- Corporate demand for 3 star hotel accommodation has grown strongly in the Farnborough/Aldershot/Fleet area and increased slightly in Southampton, the Southampton/Eastleigh M27 Corridor, Havant and rural Winchester. Elsewhere in the county corporate demand appears to have been largely stable. Corporate demand grew strongly in Portsmouth in 2005 and 2006 but dropped back in 2007 as various project-work came to an end.

- The residential conference market generally appears to have reduced for 3 star hotels across the county as companies have developed their own in-house conference and training facilities and cut back on meeting and training budgets.

- Contractor demand has increased in Basingstoke and Andover as a result of major construction projects in these locations.

- 3 star hotels across the county have generally grown their leisure break business through the promotion of special offer rates through the Internet. There has been a trend more towards one-night leisure break stays at the weekend, greater demand for B&B rates and a growth in last minute booking. Leisure break business has reduced for many 3 star hotels across the county so far in 2008.

- The weddings market has reduced in Alton, Farnborough/Aldershot/Fleet, Havant and Southampton but increased significantly in the Hook area as a result of weddings now being held at the Four Seasons hotel at Dogmersfield.

- A number of hotels have reduced the number of group tours that they take as demand from other higher-paying markets has increased.

- Masonic Lodge weekend business has reduced for Southsea hotels.

- Demand from cruise passengers has increased significantly in Southampton and the surrounding area.

- Park & Fly business has started to increase for one 3 star hotel in Eastleigh.

- Ferry-related demand has reduced in Portsmouth since P&O Ferries pulled out of the port in 2004.

- Hotels in the Farnborough/Aldershot/Fleet area did not have the benefit of the Farnborough Air Show in 2007. This generates significant high-rated business for hotels in the area for around 2 months and has a significant impact on their occupancy and achieved room rate performance every other year when it is staged.

Denied Business[6]

- 3 star hotels in the Farnborough/Aldershot/ Fleet area regularly deny significant levels of business on Tuesday and Wednesday nights. Tuesday and Wednesday night denials are also significant in Portsmouth during the summer.

- 3 star hotels in Southampton, the Southampton/Eastleigh M27 Corridor, Fareham, Andover, Basingstoke, Hook and Lyndhurst regularly deny some business on Tuesday and Wednesday nights, but not generally to a significant extent.

- Hotels in Winchester, Alton and the New Forest (other than Lyndhurst) rarely deny business during the week.

- Many 3 star hotels in the New Forest regularly turn business away on Friday and Saturday nights, particularly during the summer. Portsmouth hotels regularly deny significant business on Saturday nights in the summer.

- 3 star country house hotels and 3 star hotels in Fareham, Hook and rural Winchester occasionally deny business on Saturday nights. Hotels in Andover and Havant only really deny business at weekends during major events.

[6] Business that hotels turn away because they are fully booked

- 3 star hotels in Southampton, Winchester, Farnborough/Aldershot/Fleet, Basingstoke, Alton and the Southampton/Eastleigh M27 Corridor rarely deny business at weekends.

- Most hotels deny business during major events. Denials at such times can be significant.

Prospects for 2008

- The county's 3 star hotels have mixed views about their prospects for 2008.

- Hotels in Portsmouth, Farnborough/Aldershot/Fleet, Andover and Winchester generally expect to maintain or increase their occupancy levels and see some growth in achieved room rates. Hotels in the Farnborough/Aldershot/Fleet area expect to see strong growth in achieved room rates as a result of the Farnborough Air Show but a possible drop in occupancy as a result of the new hotels that will open in Farnborough this year.

- 3 star hotels in the rural parts of the county and in some of the smaller towns, such as Alton, Fareham and Emsworth are much more cautious about their prospects for 2008, with concerns particularly about a possible recession and a continuing decline in weddings business. One 3 star hotel in Basingstoke felt that the corporate market has started to weaken in 2008.

- A number of New Forest hotels reported a slow start to 2008, with significantly reduced levels of leisure break business as a result of the Credit Crunch and poor Spring weather.

- Looking further ahead, hotels in Southampton, Portsmouth, the Southampton/Eastleigh M27 Corridor, Andover and Basingstoke expressed concerns about the number of new hotels proposed for these parts of the county.

4.3. Budget Hotels

Occupancy

- Average annual room occupancies for Hampshire budget hotels are estimated as follows between 2003 and 2007:

Hampshire Budget Hotels[1]
Average Annual Room Occupancy 2003-2007

	Average Annual Room Occupancy %
2003[2]	78.4
2004[2]	81.0
2005	n/a
2006	82.1
2007	81.7

Notes:

2. For sample see Appendix 1
3. Source: Hampshire Hotel Trends Survey 2003-2004, ACK Tourism/Tourism Solutions, April 2005

- Budget hotel occupancies are strong (over 80%) in most parts of Hampshire and generally well above the occupancy levels achieved by 3 and 4 star hotels.

- Most (although not necessarily all) budget hotels in the following locations achieve very high occupancies (85% +):

  - Portsmouth
  - Basingstoke
  - Havant
  - Fareham
  - Eastleigh
  - Farnborough/Aldershot/Fleet
  - M27 Corridor (Southampton North and West)

- The only location in the county where budget hotels achieve lower occupancies (70-75%) is the M27 Corridor (Southampton Airport/ Southampton East). Some older roadside budget hotels also achieve comparatively low occupancies.

- Budget hotel occupancies have steadily increased since 2003 in Southampton city centre, the Southampton/Eastleigh M27 Corridor and Fleet and grown significantly in East Hampshire. They have remained high in Basingstoke, Farnborough, Aldershot, Havant and Fareham: budget hotels in these locations continue to trade at capacity with little scope for further occupancy growth therefore. Budget hotel occupancies reduced in Portsmouth in 2007 as a result of the conversion of the Tulip Inn to a Premier Inn midway through the year, giving it only 6 months trading as a budget hotel. Occupancies have increased significantly for Travelodge and Innkeeper's Lodge budget hotels as a result of the special offer rates that these two companies have been promoting in the last 2 years.

Weekday/ Weekend Occupancies and Seasonality

- Hampshire budget hotels generally achieve very high weekday occupancies -typically 90-100%. They generally fill from Monday to Thursday and are consistently turning business away during the week in most locations. The M27 Corridor (Southampton Airport/ Southampton East) is the only part of the county where midweek budget hotel occupancies are not quite so strong. Thursday occupancies are also slightly lower for one budget hotel in Southampton city centre. Some roadside budget hotels also achieve comparatively low midweek occupancies for budget hotels.

- Budget hotels across the county generally fill on Saturday nights throughout the year. Saturday occupancies are more seasonal for some budget hotels in East Hampshire and budget/upper-tier budget hotels in the M27 Corridor (Southampton Airport/Southampton East). Hotels in these locations fill on Saturday nights during the summer but achieve much lower Saturday occupancies in the winter.

- Friday occupancies are generally lower (typically around 60%) although can be higher in the summer in many locations. Budget hotels in Portsmouth, Eastleigh, Havant, Fareham, Liphook and Southampton (one hotel) achieve high occupancies on Fridays all year.

- Sunday nights are the only consistently quiet night for budget hotels, with Sunday occupancies typically running at around 25-40%. Budget hotels in Portsmouth, Farnborough/Aldershot/Fleet and Southampton (2 hotels) achieve higher Sunday occupancies (50-60%) from business visitors and contractors arriving for the week ahead.

- Budget hotels in the county most want additional business at weekends, particularly on Friday and Sunday nights, especially during the winter.

Market Mix

- The market mix for Hampshire budget hotels is typically 60-70% business/ 30-40% leisure. There is a stronger bias towards business-related demand for some budget hotels in Farnborough/Aldershot/Fleet, Basingstoke and Andover.

- Business-related demand comprises a mix of business from the local corporate market and contractors and workmen working on construction or fitting out projects in the area. Contractor demand typically accounts for around 50% of weekday roomnights for budget hotels in many parts of the county. Roadside budget hotels also attract demand from transient business travellers. Budget hotels in Southampton city centre also attract business from cruise ship crews.

- People attending weddings and other family functions, or visiting friends and relatives are the two key leisure markets for budget hotels in most parts of the county.

- Budget hotels in Portsmouth, East Hampshire and along the Southampton/Eastleigh M27 Corridor reported attracting some leisure break business during the summer.

- Roadside budget hotels attract some demand from transient leisure tourists.

- Budget hotels across the county derive business from events and sports fixtures that are held in their local area.

- Other leisure markets for budget hotels are:
    - Cruise passengers – Southampton city centre/ Southampton/ Eastleigh M27 Corridor
    - Ferry passengers – Portsmouth, Havant, Fareham
    - People flying off on holiday from Southampton Airport – Southampton Airport, Eastleigh
    - Clubbers and stag & hen parties – Portsmouth and Southampton city centres
    - Christmas shoppers from the Channel Island – Southampton city centre
    - Group tours – some larger budget hotels

- Overseas tourists are a minor market for Hampshire budget hotels.

Market Trends

- Corporate demand for budget hotel accommodation has increased in the last two years in Basingstoke, Southampton city centre, Eastleigh, Southampton North and West, Fareham and Havant. Corporate demand increased for Portsmouth budget hotels in 2005 and 2006 as a result of a number of MOD projects and the railway signalling project in the city. Corporate demand reduced in 2007 however as these projects came to an end.

- Contractor demand has increased for budget hotels in the Southampton/Eastleigh M27 Corridor, East Hampshire (due to the construction of the Hindhead Tunnel), Havant and Andover. Contractor demand increased in Portsmouth in 2005 and 2006 but has reduced in 2007 with the completion of the major projects in the city. Contractor demand has reduced in Basingstoke since the completion of Festival Place.

- The cruise passenger market has grown for budget hotels in Southampton city centre and along the Southampton/Eastleigh M27 Corridor.

- Ferry passenger demand has reduced in Portsmouth since P&O Ferries ceased its services from here in 2004.

- Demand from football supporters has reduced in Southampton following the relegation of Southampton FC to the Championship.

- Leisure break demand has reduced so far in 2008 as a result of the Credit Crunch and poor Spring weather.

Denied Business

- Most Hampshire budget hotels regularly turn away business during the week, particularly in the summer.

- Weekday denials are very high (50-100 rooms + per night) in Southampton city centre, Portsmouth, Basingstoke, Farnborough/Aldershot/Fleet, Fareham, Andover, Havant, Eastleigh and Southampton North and West. Weekday denials are also reasonably significant for some budget hotels in East Hampshire.

- Budget hotels in Southampton city centre, Portsmouth, Eastleigh, Southampton North and West, Havant and Farnborough regularly deny significant business on Saturday nights, particularly during the summer. Portsmouth budget hotels also deny significant business on Friday nights and also on Sunday nights during the summer. Some East Hampshire budget hotels consistently deny reasonably significant levels of business on Saturday nights in the summer. Weekend denials are much less common for budget hotels in other parts of the county, especially on Friday and Sunday nights.

Hampshire Budget Hotels – Locations of High Weekday Denials

Very High Weekday Denials (50-100 rooms per night +)	High Weekday Denials (15-20 rooms per night +)
Southampton city centre Southampton North/West Portsmouth Farnborough Aldershot Basingstoke Eastleigh Fareham Havant Andover	East Hampshire
Very High Summer Saturday Denials (50-100 rooms per night +)	**High Summer Saturday Denials (15-20 rooms per night +)**
Southampton city centre Southampton North/West Portsmouth Havant Farnborough	East Hampshire

Prospects for 2008

- Most Hampshire budget hotels expect to maintain or increase their occupancy levels in 2008.
- Budget hotel occupancies may drop in Southampton city centre as a result of the opening of the Etap hotel.
- Portsmouth budget hotels are generally optimistic about their prospects for 2008, although some expressed concerns about the potential impact of the Etap when it opens.
- Farnborough Air Show will provide a significant boost to budget hotel occupancies in Farnborough, Aldershot and Fleet.
- Budget hotels in Basingstoke, Eastleigh and Havant expect to maintain their high occupancies.
- Budget hotels along the Southampton/Eastleigh M27 Corridor and in Fareham expect their occupancies to drop in 2008 as a result of the downturn in weekend leisure business that they have experienced so far in 2008.

4.4. Luxury Country House Hotels

Occupancy and Achieved Room Rates

- Average annual room occupancies and achieved room rates for 3/4 star luxury country house hotels in Hampshire are estimated as follows for 2007:

Hampshire 3/4 Star Luxury Country House Hotels[1]
Average Annual Room Occupancy and Achieved Room Rates 2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £
2007	66	132

Note:

1. Sample: Lainston House, Tylney Hall, New Park Manor (TSE data), Rhinefield House (Hotel Solutions estimates)

- Luxury country house hotels in Hampshire achieve relatively low occupancies compared to branded 4 star hotels, but significantly higher average room rates. Their occupancy and achieved room rate performance is typical of luxury country house hotels elsewhere in the South East.

- 5 star country house hotels achieve similar levels of occupancy but significantly higher average room rates.

- Occupancies dropped in 2007 for some country house hotels but increased for others. One hotel changed its strategy to concentrate more on rate than occupancy growth.

- Achieved room rates grew strongly for Hampshire country house hotels in 2007 and have generally increased since 2003-2004, although only slightly for one hotel.

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies for luxury country house hotels in the county are typically around 65-70% and fluctuate depending on residential conference business. One hotel achieves high weekday occupancies due to its proximity to a number of larger towns from which it attracts good corporate business. Midweek occupancies can be lower during school holiday periods, when corporate and conference demand generally dips.

- Weekend occupancies are generally high for luxury country house hotels in the county, particularly during the summer when hotels will usually fill on Saturday nights and achieve high occupancies (90-95%) on Friday nights. Weekend occupancies are lower for one hotel however. Some country house hotels also achieve lower weekend occupancies in the winter.

- Sunday occupancies are generally very low for country house hotels, although one achieves reasonably strong Sunday occupancies.

- Luxury country house hotels in the county most want additional business on weekdays between January and March and during school holiday periods and weekends between October and March particularly on Friday and Sunday nights.

Market Mix

- The market mix for luxury country house hotels in the county is most typically 60-75% leisure/ 25-40% business. One hotel has a much stronger business bias to its market mix.

- Residential conferences are the primary source of business/ weekday demand for the county's country house hotels, accounting for 65-100% of their total business roomnights. Two hotels also attract local corporate demand. New Forest country house hotels attract very little corporate business.

- Weekend and midweek leisure breaks are the primary source of leisure business for Hampshire country house hotels (typically accounting for 60-90% of total leisure roomnights) and their main source of weekend demand. Leisure break business is generally high-rated. Lower leisure break rates are offered by most country house hotels during the winter, for midweek breaks and for late availability.

- Weddings are the other main source of leisure and weekend business for Hampshire country house hotels. Weddings held at country house hotels often generate additional business for other nearby hotels, guest houses and B&Bs.

- Overseas tourists are a minor market for the county's country house hotels, but a market that is seen as important for the future.

- The county's country house hotels attract some business from major events such as the Southampton Boat Show and Farnborough Air Show.

Market Trends

- Residential conference business has increased in the last two years for most of the county's luxury country house hotels. One hotel reported a trend towards shorter duration conferences.

- Leisure break demand has reduced for the county's country house hotels, with a trend towards one night breaks.

Denied Business

- One country house hotel in the county regularly denies business during the week, but not to any significant extent. Other hotels occasionally deny weekday business if they are full with a residential conference.

- One country house hotel regularly denies business at the weekend, but not to a significant extent. Other country house hotels occasionally deny weekend business if they are full with a large wedding. Weekend denials appear to have reduced for country house hotels in the county compared to the levels reported in the 2003-2004 Hampshire Hotel Trends Survey.

Prospects for 2008

- The county's luxury country house hotels are generally positive about their prospects for 2008 and expect to see growth in both their occupancy levels and achieved room rate performance.

4.5. Boutique Hotels

- With only one boutique hotel taking part in the 2006-2007 survey it is not possible to report any data for this type of hotel. Boutique hotels generally achieve very high occupancies and average room rates. They typically attract strong corporate business during the week and high levels of leisure break business at the weekend due to the appeal of their offer for leisure guests.

4.6. Adult Only Hotel Resorts

- With only two adult only hotel resorts in Hampshire (Warner Leisure Hotels' Sinah Warren Hotel and Lakeside Classic Resort at Hayling Island) it is not possible to report any data on the performance of this category of hotel in the county. Such hotels generally achieve extremely high occupancy levels trading purely in the leisure break market. They offer 3 or 4 night half board leisure break packages including evening entertainment and use of a wide range of sports and leisure facilities. Demand is very strong at weekends. Midweek business is more rate driven. Levels of repeat business are usually very high. Midweek guests tend to be retired or semi-retired. Weekend guests are primarily in the 40-50 age group. Many of these types of hotel also take coach groups to help boost occupancies in periods of lower demand.

5. ANALYSIS BY LOCATION

- Appendix 2 provides a full analysis of the survey findings by location. This analysis is summarised in the table overleaf:

HAMPSHIRE HOTEL TRENDS SURVEY – ANALYSIS BY LOCATION – 2007

Location	Av. Annual Room Occupancy %	Weekday Occupancy %	Friday/ Saturday Occupancy %	Sunday Occupancy %	Av. Annual Achieved Room Rate £	Market Mix		Denied Business	
						Business %	Leisure %	Weekdays	Weekends
Southampton City Centre									
3/4/5 Star	74%	80-90%	Friday 60-70% Saturday 80-90%	40-50%	£78.30	65-75%	25-35%	Regularly Tues/Weds for two hotels - not significant	Occasionally during the summer
Budget	82%	90-100% Thurs not quite so strong	Saturday 80-100% Friday Varies between hotels	25-50%	n/a	60%	40%	Significant	Significant – particularly in the summer
Southampton/Eastleigh M27 Corridor									
3/4 Star	4 star 69% 3 star 72%	80% Tues/Weds fill	50-70% Saturdays stronger than Fridays	30%	4 star £75.60 3 star £59.60	70-80%	20-30%	Some (not all) hotels regularly deny business on Tues/Weds - not significant	Some(not all) hotels regularly deny business Sats in the summer – at times significant
Budget/Upper-Tier Budget	78%	85-100%	Strong Eastleigh + Soton North/ West Weaker Soton Airport + Soton East	Low	n/a	60-75%	25-40%	Regularly Tues/Weds – significant in Eastleigh + Soton North/West	Regularly Sats - Eastleigh + Soton North/West - particularly in the summer

Location	Av. Annual Room Occupancy %	Weekday Occupancy %	Friday/ Saturday Occupancy %	Sunday Occupancy %	Av. Annual Achieved Room Rate £	Market Mix		Denied Business	
						Business %	Leisure %	Weekdays	Weekends
Portsmouth									
4 star	72.5%	83%[1]	Friday 60%[1] Saturday 90%[1]	39%[1]	£69.00	60-80%	20-40%	One hotel regularly denies business Mon-Thurs – significant on Tues/Weds. Other hotels occasionally deny midweek business	One hotel regularly Sats – significant in summer. Other hotels occasionally Sats – not significant
3 Star	70%	71%[1]	Friday 76%[1] Saturday 87%[1]	28%[1]	£47.94	57%	43%	One hotel regularly Tues/Weds – not significant. Other hotels occasionally Tues/Weds	One hotel regularly Fri/Sat. Other hotels occasionally in the summer
Budget	83%	93%[1]	Friday 84%[1] Saturday 95%[1]	58%[1]	n/a	45-50%	50-55%	Regularly, especially during the summer – extremely significant for one budget brand	Regularly, especially during the summer- extremely significant for one budget brand

Note:
1. 2006 data: Source – Portsmouth Hotel Futures, Hotel Solutions, October 2007

Location	Av. Annual Room Occupancy %	Weekday Occupancy %	Friday/ Saturday Occupancy %	Sunday Occupancy %	Av. Annual Achieved Room Rate £	Market Mix		Denied Business	
						Business %	Leisure %	Weekdays	Weekends
Basingstoke									
3/4 Star	69%	80-90% All hotels fill Tues/Weds	Friday 30-55% Saturday 65-70%	30-45%	£74.61	70-80%	20-30%	Regularly Tues/Weds 10-20 rooms + some hotels regularly Mon	Rare
Budget	86%	95-100%	Friday 50-60% Saturday 85-90%	45%	n/a	75%	25%	Regularly – very significant	Rare
Winchester									
3/4 star	72%	70-85%	Friday Low – higher in summer Saturday 90-100% in summer Low in winter	20-40%	£70.33	60-65%	35-40%	2 hotels regularly Tues/Weds – not significant	I hotel regularly on Sats in summer. Other hotels rarely deny weekend business
Budget	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Location	Av. Annual Room Occupancy %	Weekday Occupancy %	Friday/ Saturday Occupancy %	Sunday Occupancy %	Av. Annual Achieved Room Rate £	Market Mix		Denied Business	
						Business %	Leisure %	Weekdays	Weekends
Farnborough/ Aldershot/ Fleet									
3 Star	69.5%	90-100%	30-50%	20-25%	£81.40	77%	23%	Regularly – 20-40 + rooms per night	Rare
Budget	83%	90 -100%	Saturday 90-100% Friday Summer 90-100% Winter 50%	50%	n/a	70-75%	25-30%	Regularly – very significant	Regularly summer Saturdays – can be significant
Havant									
3 Star	68%	70-75%	45-55%	Low	£52	70-80%	20-30%	One hotel regularly denies business Tues/Weds –not significant	Rare
Budget	82%	90-100% Lower for one hotel	Strong, particularly in summer	Very low	n/a	60-70%	30-40%	2 hotels regularly deny significant weekday business	Regularly summer Saturdays - significant

<table>
<tr><th rowspan="2">Location</th><th rowspan="2">Av. Annual Room Occupancy %</th><th rowspan="2">Weekday Occupancy %</th><th rowspan="2">Friday/ Saturday Occupancy %</th><th rowspan="2">Sunday Occ %</th><th rowspan="2">Av. Annual Achieved Room Rate £</th><th colspan="2">Market Mix</th><th colspan="2">Denied Business</th></tr>
<tr><th>Business %</th><th>Leisure %</th><th>Weekdays</th><th>Weekends</th></tr>
<tr><td colspan="10">East Hampshire</td></tr>
<tr><td>3 Star</td><td>Well below the county 3 star average</td><td>Strong Tues/Weds Weaker Mon/Thurs</td><td>Low</td><td>Very low</td><td>Well below the county 3 star average</td><td>n/a</td><td>n/a</td><td>Rare</td><td>Rare</td></tr>
<tr><td>Budget</td><td>81%</td><td>90-100%</td><td>Friday 60% Saturday 90-100%</td><td>Very low</td><td>n/a</td><td>70%</td><td>30%</td><td>Regularly, especially in the summer - can be significant</td><td>Regularly Saturdays – can be significant in the summer</td></tr>
<tr><td colspan="10">Fareham</td></tr>
<tr><td>3/4 Star</td><td>4 star -
Below the county 4 star average
3 star -
On a par with the county 3 star average</td><td>Strong</td><td>Low</td><td>Very low</td><td>4 star -
Well above the county 4 star average
3 star -
Well below the county 3 star average</td><td>Strong</td><td>Weak</td><td>Regularly Tues/Weds</td><td>Occasionally</td></tr>
<tr><td>Budget</td><td>Very high</td><td>Very high</td><td>Very high</td><td>Very low</td><td>n/a</td><td>65%</td><td>35%</td><td>Regularly Mon-Thurs - significant</td><td>Occasionally Saturdays</td></tr>
</table>

Location	Av. Annual Room Occupancy %	Weekday Occupancy %	Friday/ Saturday Occupancy %	Sunday Occ %	Av. Annual Achieved Room Rate £	Market Mix		Denied Business	
						Business %	Leisure %	Weekdays	Weekends
Andover									
2/3 Star	70%	90-100%	40-50% - can be higher in the summer	20%	£47.34	70-77%	23-30%	Regularly Mon-Thurs – not significant	Rare other than for Thruxton events
Budget	76%	Very high for one hotel, not so high for the other	75-95% lower in winter	40-50%	n/a	60-80%	20-40%	Regularly – significant for one hotel	Occasionally summer Saturdays
New Forest									
3 Star	60%	50-60%	90-100% Most New Forest hotels fill on Fri/Sat nights other than in the winter	20-30%	£59.23	40%	60%	Rare	Regularly in the summer, particularly on Saturday nights – not significant

6. EVENTS

- Events that generate significant business for Hampshire hotels are as follows:

Events that Generate Significant Business for Hampshire Hotels – 2006/2007

Event	Locations Generating Business for Hotels
Southampton Boat Show	Southampton City Centre Southampton/Eastleigh M27 Corridor Portsmouth Winchester Fareham New Forest Romsey Havant East Hampshire
Cowes Week	Southampton City Centre Southampton/Eastleigh M27 Corridor Fareham New Forest
Seaworks	Southampton City Centre Southampton/Eastleigh M27 Corridor
Pop concerts – St Mary's Stadium, Southampton	Southampton City Centre
Southampton City FC home matches	Southampton City Centre (Budget hotels)
Rose Bowl – cricket+ concerts	Southampton/Eastleigh M27 Corridor
Goodwood Festival of Speed Goodwood Revival	Portsmouth Havant Fareham East Hampshire Southampton/Eastleigh M27 Corridor
Great South Run	Portsmouth Havant Fareham East Hampshire
Portsmouth FC home matches	Portsmouth (Budget hotels)
Volvo Ocean Race	Portsmouth
Global Challenge	Portsmouth
Farnborough Air Show	Farnborough Aldershot Fleet Basingstoke East Hampshire Winchester Southampton/Eastleigh M27 Corridor

Event	Locations Generating Business for Hotels
Ice hockey matches	Basingstoke (Budget hotels)
Gymnastics, Aldershot Garrison	Aldershot
Tennis tournaments, Aldershot Tennis Centre	Aldershot
World Darts, Lakeside Hotel, Frimley	Farnborough Aldershot Fleet
Shadowmania, Lakeside Hotel	Aldershot
Grange Park Opera	Winchester
Matterley Bowl Moto X	Winchester
Jalsa Salana Muslim Festival	East Hampshire
Guilfest, Guildford	East Hampshire
Broadlands Show	Southampton/Eastleigh M27 Corridor
Beaulieu Auto Jumble	New Forest Southampton/Eastleigh M27 Corridor
New Forest Show	New Forest Southampton/Eastleigh M27 Corridor
Thruxton	Andover Stockbridge
Middle Wallop Air Show	Andover

7. REQUIREMENTS FOR BOOSTING THE HOTEL MARKET

- Hotels across the county identified the following requirements for boosting demand for hotel accommodation in their area:

    - The attraction of more companies and office development – to boost corporate demand;

    - Improved marketing to leisure tourist markets. The UK leisure break was generally seen as the priority market to target by hotels in most locations. Hotels in Winchester and the county's luxury country house hotels also identified the overseas tourist market as a priority. Hotels in other parts of the county did not generally see targeting overseas tourists as a priority. Country club/ golf hotels saw the UK and overseas golf break market as a priority. Improving image and raising awareness of the county and its constituent destinations (either as leisure break destinations in their own right and/or as bases for exploring a wider area) were seen as the priorities for the local authorities to address.

    - Something to attract people to stay at weekends (e.g. a major attraction, events, or some sort of concert and/or sports venue) was seen as a priority by hotels in Basingstoke, Hook, Andover, Farnborough/Aldershot/Fleet and the Southampton/Eastleigh M27 Corridor.

- Hotels in Lyndhurst and Fareham also commented about the need to address traffic congestion problems.

8. TRENDS 2004-2007

- Trends in Hampshire hotel performance between 2004 and 2007 are summarised as follows:

Hampshire Hotel Performance Trends 2004-2007

Location/ Standard of Hotel	Occupancy	Achieved Room Rates	Denied Midweek Business
Southampton City Centre - 3/4/5 Star	Reduced 2005 and 2006 as a result of the opening of the Jurys Inn. Recovered strongly in 2007.	Steady growth	No change – not significant
Southampton City Centre - Budget	Increased	n/a	Increased – now consistently significant midweek denials
Southampton/Eastleigh M27 Corridor – 3/4 star	Strong growth – Eastleigh + Southampton North/West	Steady growth	Increased
Southampton/Eastleigh M27 Corridor – Budget/Upper-tier Budget	Strong growth – Eastleigh + Southampton North/ West Steady growth Southampton Airport + Southampton East		Strong growth – Eastleigh + Southampton North/ West – now significant Tues/Weds denials
Portsmouth 4 Star	Growth 2005 and 2006 as a result of major projects in the city. Dropped back 2007 once the projects were completed	n/a	n/a
Portsmouth 3 star	Strong growth	Steady increase – but still low	No change – not significant
Portsmouth Budget	No change – still very high	n/a	No change – still significant
Basingstoke 3/4 Star	Increased slightly – due to increased weekend leisure break business through the Internet	Steady growth	Reduced slightly
Basingstoke Budget	No change – still very high	n/a	No change- still very high
Winchester 3/4 Star	Reduced slightly	Reduced	No change – not significant
Farnborough/ Aldershot/Fleet 3 Star	Increased slightly	Strong growth	Increased – consistently significant
Farnborough/ Aldershot/Fleet Budget	No change – still very high	n/a	No change – still very high

Location/ Standard of Hotel	Occupancy	Achieved Room Rates	Denied Midweek Business
Havant 3 star	No change	Steady growth – but still well below the county 3 star average	No change – not significant
Havant Budget	Reduced	n/a	Increased – now significant for 2 hotels
East Hampshire 3 star	Reduced	Static	Reduced – hotels now rarely deny midweek business
East Hampshire Budget	Increased significantly	n/a	Increased – East Hampshire budget hotels now regularly deny business midweek – can be significant
Fareham 3/4 star	Static	Steady growth	No change – hotels regularly deny business Tues/Weds
Fareham Budget	No change – still very high	n/a	No change – still very high
Andover 2/3 star	Reduced	Static	Reduced
Andover Budget	n/a	n/a	n/a
New Forest 3 Star	Increased slightly	Steady growth	No change – not significant

9. RECRUITMENT ISSUES

- Staff recruitment is still a major problem for Hampshire hotels. Hotels in the county generally find it very difficult to recruit staff from the local population. Hotels reported that local people simply do not want to work in the hotel industry and that local applicants for jobs in hotels are not usually of the calibre that hotels are seeking. The low levels of unemployment in the county further exacerbate the problems of recruiting locally. The high cost of living in Hampshire makes it difficult for hotels to recruit staff from other parts of the UK.

- The majority of hotels in the county employ overseas staff, particularly from Eastern Europe. Hotels reported that such workers are usually of a high calibre and keen to work in the hotel industry. The wages that they can earn working in hotels are significantly higher than the salaries they can command in their home countries. Many also come to learn English. Employing overseas staff brings its own problems. It means that hotels often need to provide staff accommodation. There can be language barriers for some staff. Overseas staff usually stay for only 6 months to 2 years, resulting in hotels having a continuous turnover of staff and a constant requirement to keep training new staff. Hotels also reported difficulties in getting work permits for staff from some countries since the Government tightened up work permit regulations. Obtaining work permits for overseas staff also often involves hotels in significant paperwork. All of these factors add significantly to the operating costs of hotels.

- Rurally located hotels reported difficulties in recruiting staff due to their lack of access by public transport.

- Staff recruitment is generally less of an issue for budget hotels, due to their lower staffing levels. It was also less of an issue for some hotels in Southampton that use student labour, some hotels in the New Forest and hotels in Aldershot (which have a pool of labour that they can draw on in Army wives).

- Many hotels felt that their recruitment problems had worsened in the last 2 years. Others felt that they had eased with the ability to employ staff from Eastern Europe. Some hotels expressed concern about signs that the pool of labour from some Eastern European countries (Poland in particular) may be starting to dry up as the economies of these countries start to improve and employment prospects and wages start to increase.

- Suggestions as to possible support that TSE and local authorities can provide to assist hotels in addressing recruitment difficulties were as follows:

    - Support in promoting careers in the hospitality industry to local schools.
    - The provision of English language training for overseas hotel workers.
    - Improving public transport to hotels, possibly through the development of community bus services in conjunction with local hotels.
    - Encouraging the development of low-cost accommodation for key hotel workers.
    - Lobbying the Government about the need for hotels to continue to be able to easily recruit staff from overseas.

10. CONCLUSIONS AND RECOMMENDATIONS

10.1. Current Market Conditions and Trends

- Hampshire hotel occupancies are broadly in line with national averages.

- Occupancies are very high (80%+) for budget hotels in most parts of the county. Adult only hotel resorts and boutique hotels also achieve very high levels of occupancy.

- Occupancies are high (75% +) for:

  - 3/4/5 star hotels in Southampton;
  - one 4 star hotel in Portsmouth;
  - some of the large branded 3 star hotels in the county.

- Occupancies are lower for:

  - some 3 and 4 star hotels in Basingstoke and Farnborough/Aldershot/Fleet - due to lower weekend occupancies in these parts of the county;
  - New Forest hotels;
  - Alton 3 star hotels.

- Luxury country house hotels achieve comparatively low occupancies but very high average room rates.

- Hotel occupancies have remained steady or grown slightly since 2004. 3/4 star occupancies dropped in Southampton in 2005 and 2006 following the opening of the Jurys Inn but recovered strongly in 2007. Hotel occupancies grew strongly in Portsmouth in 2005 and 2006 as a result of major projects in the city, but dropped back in 2007 as these projects came to an end. 3 star hotel occupancies have reduced in Alton as a result of a downturn in weddings business here. Budget hotel occupancies have grown strongly in East Hampshire.

- Achieved room rates are generally strong for Hampshire hotels.

- Achieved room rates are high (£75+) for:

  - 3/4/5 star hotels in Southampton city centre;
  - 3/4 star hotels in Basingstoke;
  - 4 star hotels in the M27 Corridor;
  - One Portsmouth 4 star hotel;
  - 3 star hotels in Farnborough/Aldershot/Fleet;
  - Some New Forest 3 and 4 star hotels.

- Achieved room rates are lower (under £55) for:

  - Portsmouth and Southsea 3 star hotels;
  - 3 star hotels in Havant, Alton, Fareham, Hook and Andover. The quality of some of the 3 star hotels in these locations is likely to be a key factor behind their comparatively low achieved room rate performance;
  - Most New Forest 3 star hotels;
  - Most 3 star hotels in rural locations and small towns.

- Weekday occupancies are high for Hampshire hotels, other than for most hotels in the New Forest, and some hotels in Southsea, Havant, Alton and rural locations. Tuesday and Wednesday nights are strong throughout the county, with hotels in most locations consistently filling on these nights and regularly turning business away. Monday, and especially Thursday nights are not as strong, other than for budget hotels, which consistently fill on all four midweek nights in most parts of the county.

- In terms of weekend occupancies, Saturdays are generally strong throughout the county. Friday occupancies are weaker and more variable and seasonal. Sunday night occupancies are generally very low throughout the county. Weekend occupancies tend to be stronger in the summer and can be low in the winter.

- Friday and Saturday occupancies are strong for:

  - budget hotels;
  - New Forest hotels;
  - luxury country house hotels.

- Saturday occupancies are strong in:
    - Southampton city centre;
    - Portsmouth;
    - Winchester;
    - Hook (due to business from weddings at the Four Seasons hotel).
- Friday and Saturday occupancies are lower in:
    - Basingstoke;
    - Fareham;
    - Farnborough/Aldershot/Fleet;
    - Andover;
    - Havant;
    - Alton.
- Hampshire hotels generally most want additional business at weekends, particularly for Friday and Sunday nights and during the winter, and for weekdays in December and January and during school holiday periods.
- The market mix for Hampshire hotels is biased towards business demand in most parts of the county. It is more strongly biased towards business demand for hotels in Basingstoke and Farnborough/Aldershot/Fleet due to the lack of weekend leisure business here. The market mix is less biased towards business demand for hotels in Winchester and rural locations and is biased towards leisure demand for New Forest hotels and most luxury country house hotels.
- The local corporate market is the primary source of weekday demand for most 3 and 4 star hotels in the county, other than hotels in the New Forest and most luxury country house hotels. Corporate demand has steadily increased in most parts of the county. It has grown strongly in the Farnborough/Aldershot/Fleet area with the development of the business parks here. Corporate demand has reduced in Southampton, following the closure/ downsizing of a number of major companies in the city, and reduced in 2007 (following growth in 2005 and 2006) in Portsmouth as a number of major projects in the city came to an end.

- Residential conferences are a secondary weekday market for most 3/4 star hotels. They are a key weekday market for New Forest hotels, luxury country house hotels and country club/golf hotels. Residential conference business has remained largely static or reduced for 3 and 4 star hotels in the county as companies have developed their own in-house conference and meeting facilities and/or cut back on training and meeting budgets. Residential conference business has grown for most luxury country house hotels however.

- Budget hotels attract a broadly even mix of business from the corporate and contractors markets during the week. Contractor demand has increased in Andover, but dropped back in Basingstoke following the completion of Festival Place and Portsmouth following the completion of Gunwharf Quays and the railway signalling project in the city.

- Leisure breaks are the main source of weekend business for 4 star hotels, luxury country house hotels, boutique hotels, branded 3 star hotels, hotels in the New Forest and Winchester and some 3 star hotels in Southampton. 3 and 4 star hotels in many parts of the county drive leisure break business primarily on rate, through special offer leisure break rates that they promote through the Internet. Many hotels have been able to grow their weekend business by this means. Luxury country house hotels and New Forest hotels also attract midweek break business and are able to achieve high weekend break rates, other than in the winter. Some hotels reported a trend towards one-night breaks, B&B rates and last minute bookings. A number of hotels reported a downturn in leisure break business so far in 2008 as a result of the Credit Crunch and the poor Spring weather.

- Weddings and functions are the main leisure market for 3 star hotels in Fareham, Havant, Alton, Farnborough/Aldershot/Fleet, Hook, Andover and Eastleigh and for some Basingstoke 3/4 star hotels. In many cases weddings and functions are the only significant source of weekend business for hotels in these locations. Weddings are also an important weekend market for luxury country house hotels and country club/golf hotels. The weddings market appears to have been largely static overall across the county. It has reduced significantly in Alton, but grown strongly for hotels in the Hook area as a result of demand generated by weddings at the Four Seasons hotel.

- People attending weddings and family parties and people visiting friends and relatives are the key leisure markets for most budget hotels in the county. Some also attract leisure break business and demand from transient leisure travellers.

- Cruise passengers are a strong market for hotels in Southampton and the Southampton/Eastleigh M27 Corridor. This market has grown strongly in the last 3 years.

- Some 3 and 4 star hotels take group tours. This is very low-rated business that hotels use to boost off-peak periods. Many hotels have reduced the levels of business they take from this market as demand from other higher-paying leisure markets has increased.

- Overseas tourists are a sizeable market only for hotels in Winchester. They are seen as an important market also for some luxury country house hotels.

- Most hotels in the county derive business from local events that are held in their area. Events that generate business for hotels across large parts of the county are the Southampton Boat Show, Farnborough Air Show and Goodwood motor and horse racing.

- Other leisure markets for Hampshire hotels are:

  - Masonic Lodge weekends – for Southsea 3 star hotels – this market has reduced in the last 3 years;
  - Golf breaks and golf societies - for country club/golf hotels.
  - Ferry passengers – for Portsmouth budget hotels – this market has reduced since P&O Ferries ceased operating services from Portsmouth in 2004.
  - Clubbers and stag & hen parties – for budget hotels in Southampton and Portsmouth city centres.
  - Park & Fly – for budget hotels and some 3 star hotels in the Southampton/Eastleigh M27 Corridor.
  - Christmas shopping trips from the Channel Islands – for Southampton city centre hotels.
  - Football matches – for budget hotels in Portsmouth and Southampton city centres – demand has reduced in Southampton following the relegation of the city's football club to the Championship in 2005.

- Hotels in most parts of the county, other than the New Forest and Alton, deny business on Tuesday and Wednesday nights. Tuesday/ Wednesday denials are significant for:

    - Budget hotels in most parts of the county, other than Southampton Airport/Southampton East and for some roadside budget hotels;
    - One Portsmouth 4 star hotel;
    - Basingstoke 3/4 star hotels;
    - 3 star hotels in Farnborough/Aldershot/Fleet.

  Budget hotels in most parts of the county also regularly deny business on Monday and Thursday nights, as do 3 star hotels in Farnborough/Aldershot/Fleet.

- Many Hampshire hotels deny business on Saturday nights, particularly in the summer. Saturday denials are high for:

    - Budget hotels in most parts of the county, other than Basingstoke;
    - Two Portsmouth 3/4 star hotels.

- Many budget hotels also regularly deny business on Friday nights.

- 3/4 star hotels in Basingstoke, Farnborough/Aldershot/Fleet, Havant, East Hampshire and Andover rarely deny business at weekends.

- Hotels across the county are generally optimistic about their prospects for 2008. Some hotels reported a slow start to 2008 however as a result of a downturn in leisure break business due to the Credit Crunch and poor Spring weather, and reduced corporate and conference demand as a result of the extended Easter holiday period. Looking further ahead hotels in Southampton, Portsmouth, Andover, Basingstoke and the Southampton/Eastleigh M27 Corridor expressed concerns about the impact of the number of new hotels that are planned in these locations.

10.2. Hotel Development Opportunities

- The survey findings suggest the following opportunities for hotel development in Hampshire, subject to continued economic growth:

Hampshire Hotel Development Opportunities

Location	Standard/ Type of hotel that could be developed	Commentary
Southampton City Centre	4 star	▪ Potential for new 4 star hotel development ▪ High 4 star occupancies and achieved room rates but not significant denials ▪ Planned city centre office development ▪ Cruise market continuing to grow ▪ Millennium and Radisson SAS hotels planned ▪ 175-bedroom 4 star hotel also planned at the Rose Bowl ▪ Will need to be significant growth in corporate demand to support these hotels
	Boutique	▪ Possible potential
	Serviced apartments/ Suite hotel	▪ Possible scope for serviced apartments (purpose-built, or residential apartments let as serviced apartments) or a suite hotel/ aparthotel ▪ Aparthotel proposed as part of the East Park Terrace development
	Budget Upper-tier Budget[7]	▪ Potential for further budget and/or upper-tier budget hotels ▪ High budget hotel occupancies + significant denials ▪ Growth likely in the corporate, contractors and cruise passenger markets. ▪ No upper-tier budget hotel currently in the city centre

[7] Brands such as Express by Holiday Inn, Ramada Encore, Hampton by Hilton

Location	Standard/ Type of hotel that could be developed	Commentary
Eastleigh/ Southampton North/Southampton West	Budget Upper-tier Budget	▪ Potential for new budget/upper-tier budget hotels ▪ High budget/upper-tier budget hotel occupancies + significant denials ▪ Development of Adanac Business Park, Southampton Science Park and Eastleigh business parks will fuel growth in corporate demand ▪ Planning permission for 40-bedroom Premier Inn at Rownhams MSA M27 Northbound
	3 star	▪ Possible potential at Adanac Business Park, depending on the level and nature of corporate demand that the business park generates
	3/4 star – expansion of existing hotels	▪ Possible potential for expansion of existing hotels as the corporate market grows in the area ▪ Chilworth Manor has planning permission for an additional 48 bedrooms
Portsmouth	3/4 star	▪ Potential for new 3/4 star hotel development ▪ Significant office development planned in the city centre + along the M27 ▪ Two hotels regularly denying business on Tuesdays, Wednesdays and Saturdays ▪ Achieved room rates are relatively low – suggesting greater potential possibly for 3 star than 4 star hotels – although one 4 star hotel in the city is achieving high average room rates and occupancies ▪ 150-bedroom 4 star hotel planned as part of the Northern Quarter development scheme
	Serviced apartments/ Suite hotel	▪ Possible scope for serviced apartments (purpose-built, or residential apartments let as serviced apartments) or a suite hotel
	Boutique	▪ Possible potential
	Budget Upper-tier Budget	▪ Potential for new budget/upper-tier budget hotels ▪ High budget and upper-tier budget hotel occupancies + significant denials ▪ Etap hotel opens at the Pompey Centre in 2008

Location	Standard/ Type of hotel that could be developed	Commentary
Basingstoke	3/4 star	▪ Possible scope for a new 3 or 4 star hotel at Basing View depending on the level and nature of corporate demand that the regeneration of the business park delivers. The lack of weekend business for hotels in Basingstoke may limit the potential to secure a new 3/4 star hotel in the town however.
	3/4 star – expansion of existing hotels	▪ Scope for existing hotels to expand to meet peak demand on Tuesday and Wednesday nights. ▪ Hampshire Court adding 56 bedrooms in 2008.
	Budget Upper-tier Budget	▪ Potential for new budget/upper-tier budget hotels ▪ High budget hotel occupancies + significant midweek denials ▪ 3 budget hotels currently proposed in Basingstoke
	Serviced apartments	▪ Possible scope for further serviced apartments (purpose built or residential apartments let as serviced apartments)
Winchester	3/4 star – expansion of existing hotels	▪ Scope for existing 3/4 star hotels to expand ▪ The Winchester is adding 28 bedrooms in 2008 ▪ The Winchester market does not appear to be strong enough to support a new 3/4 star hotel
	Boutique	▪ Based on the success of the Hotel du Vin
	Budget Upper-tier Budget	▪ Possible scope for a budget/upper-tier budget hotel ▪ Based on the fact that the city has no budget hotel currently

Location	Standard/ Type of hotel that could be developed	Commentary
Farnborough/ Aldershot/ Fleet	3/4 star	▪ Potential for new 3/4 star hotels ▪ Significant midweek denials + high achieved room rates ▪ Further growth in corporate demand as the Farnborough Business park develops ▪ Village and Dakota hotels open in 2008 ▪ The potential for further 3/4 star hotels beyond these two new hotels will depend on the scale of further growth in corporate demand in the area
	3/4 star – expansion of existing hotels	▪ Possible scope for the expansion of existing 3 star hotels ▪ Potters International is looking to extend
	Budget Upper-tier Budget	▪ Potential for new budget/upper-tier budget hotels ▪ Very high budget hotel occupancies and significant weekday and weekend denials ▪ Travelodges planned for Farnborough and Aldershot
	Serviced apartments	▪ Possible scope for serviced apartments (purpose built or residential apartments let as serviced apartments)
Fareham	3/4 star – expansion of existing hotels	▪ Scope for existing hotels to expand and/or upgrade ▪ Corporate demand set to increase as the Solent Business Park continues to develop
	Budget Upper-tier Budget	▪ Potential for a new budget/upper-tier budget hotel ▪ High budget hotel occupancies + significant weekday denials
Havant	3 star	▪ Possible scope for a 3 star hotel at the Dunsbury Hill Farm business park depending on the level and nature of corporate demand that the business park delivers.
	3 star – upgrading of existing hotels	▪ Scope for upgrading existing 3 star hotels
	Budget Upper-tier Budget	▪ Potential for a further budget or upper-tier budget hotel ▪ High budget hotel occupancies + significant midweek and Saturday denials

Location	Standard/ Type of hotel that could be developed	Commentary
Hayling Island	Boutique	▪ Possible scope for a small food-led boutique hotel as part of the regeneration of the seafront
East Hampshire	3 star – upgrading of existing hotels Budget	▪ Scope for upgrading existing 3 star hotels ▪ Potential for further budget hotels ▪ High budget hotel occupancies + significant weekday and Saturday denials ▪ Red Lion, Petersfield has planning permission for a 31-bedroom budget hotel extension
Andover	3 star 2/3 star – upgrading of existing hotels Budget Upper-tier Budget	▪ Possible scope for a new 3 star hotel at the Andover Airfield Business Park, depending on the level and nature of corporate demand that the business park delivers ▪ Scope for upgrading existing 3 star hotels ▪ Potential for a further budget hotel – or possibly upper-tier budget hotel ▪ High budget hotel occupancies + significant denials ▪ Budget hotels planned as part of the Ford Cottage development and possibly as part of the Andover Airfield business park scheme
Romsey	Boutique Pub accommodation	▪ Possible scope for a small boutique hotel ▪ Potential for pubs in the town to add quality bedrooms
Stockbridge	Upgrading of existing hotels and pub accommodation	▪ Scope for existing hotels and pub accommodation to upgrade
Hook	Budget	▪ Possible scope for a budget hotel here
Gosport	Budget	▪ Possible scope for a budget hotel here – given the current lack of hotel accommodation

Location	Standard/ Type of hotel that could be developed	Commentary
New Forest	3/4 star – expansion and upgrading of existing hotels	▪ Scope for existing 3 and 4 star hotels to expand, develop spa and conference facilities and/or upgrade
Rural Locations	Luxury country house hotels	▪ Scope for further luxury country house hotels given suitable properties for conversion. ▪ Based on the strong achieved room rate performance of such hotels in Hampshire and the South East.
	Conversion of residential conference centres to hotels	▪ Scope for further residential conference centres to operate as hotels. ▪ Warbrook House, Eversley currently applying for a hotel licence.
	Adult only hotel resorts	▪ Based on the strong occupancy performance of these types of hotel
	Pub accommodation	

10.3 Recommendations

Circulation of the Report

- The Hampshire Hotel Trends Survey Report provides a valuable insight into the Hampshire hotel market and the opportunities for new hotel development in the county. It should thus be widely circulated to all those with an interest in these issues, including tourism, economic development, planning and development control officers within the County Council, city, district, borough and unitary authorities and relevant officers within regional agencies, including TSE, SEEDA and SEERA.

- A summary version of the report should also be circulated to all of the participating hotels to encourage them to take part in future surveys.

Feeding into LDF Preparation

- The findings of the survey provide valuable information on hotel development opportunities to help inform planning policy development and site allocations for hotels as part of the preparation of Local Development Frameworks in the county.

- Additional work may be required to further support LDF preparation in terms of:

  - Assessing potential hotel sites and locations – to inform site allocations and locational strategies for hotels;
  - Assessing hotel developer interest in destinations;
  - Projecting future growth in hotel demand and resulting requirements for new hotels.

  A number of local authorities in the county have commissioned such additional work from Hotel Solutions/TSE.

  Given the number of new hotels currently proposed for the Southampton city centre, there is a particular need for the preparation of growth projections for Southampton to determine the level of new hotel development that can be supported here. Such information would enable the City Council and Invest in Southampton to better manage hotel development in the city centre and hopefully therefore avoid the danger of oversupply that the city's existing hotels are concerned about.

Improving the Handling of Hotel Investment Enquiries

- There is no need currently for proactive hotel investment marketing in the county. Hotel development is already starting to happen in those parts of the county with hotel development potential. Hotel companies are known to be actively seeking sites and development opportunities in the county.

- There is however a need to make the hotel performance information in the Hotel Trends Survey report available to hotel developers to help inform their decisions about hotel projects in the county. The easiest way of achieving this is to **update the Hampshire section of TSE's regional hotel investment website** with the findings from the 2006-2007 survey. This should also include updating the hotel sites information for Hampshire.

- There is also a need to ensure that hotel investment enquiries are effectively handled in the county. A key requirement in this respect is to have a **central point of contact for hotel developers** at the county level and within each city, district, borough and unitary authority, that can put hotel developers in touch with the other key people that they need to speak to, and provide them with all of the information that they need to assess hotel development opportunities. One of the main difficulties that hotel developers have in identifying and assessing hotel investment opportunities is finding out exactly whom they need to speak to within authorities. Efforts should be made, therefore, to facilitate such contact and to ensure a well co-ordinated approach to dealing with hotel investment enquiries at the county and local level. This should also include follow up activity and aftercare to ensure that hotel developers have all of the information and support they need from local authorities.

Ongoing Monitoring

- The 2006-2007 Hotel Trends Survey provides a snapshot of hotel performance and development activity in the county. This information will need to be updated on an ongoing basis to monitor how the hotel market develops in the county as new supply comes on stream. This will require:

  - Ongoing **monitoring of hotel performance**. This could be undertaken by repeating the Hampshire Hotel Trends Survey every second or third year. An alternative approach could be to conduct a more streamlined annual or biannual survey concentrating on collecting occupancy and average room rate data and information on market trends and levels of denied business.

  - Ongoing **monitoring of hotel development activity**. This could be co-ordinated centrally at a county level, with district, borough, city and unitary councils continually feeding in information about hotel development proposals in their area.

Attracting Companies

- Attracting new companies to the county as offices and business parks develop will be important for developing the corporate market for hotel accommodation. The priority will be to attract the sort of companies that will generate good demand for hotel accommodation. UK, European and international headquarters offices will be important in this respect. Key sectors that generate good demand for hotel accommodation include:

  - Financial, insurance and business services
  - Telecoms
  - ICT
  - R&D
  - Pharmaceutical

Effective Destination Marketing

- Hotels in all parts of the county consistently identified a need for more effective destination marketing for their area. **Improving the image and raising awareness** of the county's destinations were generally seen as the priorities that local authorities should be concentrating on. Hotels and hotel companies are able to undertake more tactical marketing themselves.

- The survey findings suggest the following priorities for destination marketing in the county:

    - A focus on boosting **off-peak business** for winter weekends, particularly Friday and Sunday nights, and weekdays during school holiday periods.

    - A focus on the **UK leisure breaks** market.

- Targeting overseas tourist markets was only seen as important by hotels in Winchester and luxury country house hotels.

- Country club/ golf hotels felt that there could be merit in a golf breaks marketing campaign for the county, targeting UK and European golfers, particularly from Scandinavia.

- The survey did not identify a requirement for destination level conference marketing. None of the hotels that took part in the survey mentioned a need for local authorities to target conference business more.

Developing the Weekend Leisure Product

- Hotels in Basingstoke, Farnborough/Aldershot/Fleet, Andover, Hook and the Southampton/Eastleigh M27 Corridor identified a need to develop leisure attractions, major concert and/or sports venues and events to boost weekend leisure business.

Supporting Staff Recruitment

- Suggestions as to possible support that TSE and local authorities can provide to assist hotels in addressing recruitment difficulties were as follows:

  - Support in promoting careers in the hospitality industry to local schools.
  - The provision of English language training for overseas hotel workers.
  - Improving public transport to hotels, possibly through the development of community bus services in conjunction with local hotels.
  - Encouraging the development of low-cost accommodation for key hotel workers.
  - Lobbying the Government about the need for hotels to continue to be able to easily recruit staff from overseas.

APPENDICES

APPENDIX 1

SAMPLE OF HOTELS

APPENDIX 1

SAMPLE OF HOTELS

4/5 STAR

De Vere Grand Harbour, Southampton
Hilton Southampton[1]
Holiday Inn Southampton[2]
Hilton Portsmouth
Marriott Portsmouth
Holiday Inn Portsmouth[2]
Hilton Basingstoke
Audley's Wood, Basingstoke
Basingstoke Country
Apollo, Basingstoke
Hampshire Court, Basingstoke
Holiday Inn Basingstoke[2]
Wessex, Winchester
The Winchester
Solent, Fareham
Botleigh Grange
Macdonald Botley Park
Marriott Meon Valley

4/5 STAR COUNTRY HOUSE/ TOWN HOUSE

Lainston House
Tylney Hall
Chewton Glen
Rhinefield House[3]
Hotel du Vin, Winchester

ADULT ONLY HOTEL RESORTS

Sinah Warren, Hayling Island
Lakeside Classic Resort, Hayling Island

1. Data drawn from Tourism South East's monthly occupancy survey
2. The Holiday Inns in Southampton, Portsmouth and Basingstoke are not officially graded as 4 star but are essentially trading in the same market as the 4 star hotels in these locations. These hotels have thus been included in the 4/5 star sample.
3. Hotel Solutions estimates based on intelligence gathered through the survey.

3 STAR

Novotel Southampton
Jurys Inn Southampton
Southampton Park
Highfield House, Southampton
Innlodge, Portsmouth
Royal Beach, Southsea
Red Lion, Basingstoke
Raven, Hook
George, Odiham
Highfield Park, Heckfield
Winchester Royal
Holiday Inn Fareham
Red Lion, Fareham[4]
Lysses House, Fareham
Potters International, Aldershot
Holiday Inn Farnborough
Falcon, Farnborough
Lismoyne, Fleet
Brookfield, Emsworth
Bear, Havant
Quality, Andover
White Hart, Andover
Danebury, Andover
Essebourne Manor
Grosvenor, Stockbridge[4]
Chilworth Manor
Holiday Inn Eastleigh
Ellington Lodge, Concorde Club, Eastleigh
Marwell
The Grange, Alton
Swan, Alton[4]
Balmer Lawn, Brockenhurst
Master Builders House, Bucklers Hard
South Lawn, Milford-on-Sea
Stanwell House, Lymington
Bartley Lodge, New Forest
Moorhill House, Burley
Forest Lodge, Lyndhurst
Beaulieu
Burley Manor
Forest Park, Brockenhurst
Lyndhurst Park
Crown, Lyndhurst

4. Data drawn from Hotel Solutions' sources

BUDGET

Premier Inn Southampton City Centre
Travelodge Southampton
Premier Inn Southampton West
Premier Inn Southampton North
Express by Holiday Inn Southampton West
Express by Holiday Inn Southampton M27 Jct 8
Premier Inn Southampton Airport
Travelodge Eastleigh
Premier Inn Eastleigh
Express by Holiday Inn Portsmouth Gunwharf Quays
Ibis Portsmouth
Travelodge Portsmouth
Premier Inn Portsmouth (Port Solent)
Premier Inn Portsmouth (Southampton Road)
Innkeeper's Lodge Portsmouth
Premier Inn Southsea
Travelodge Basingstoke
Premier Inn Basingstoke Central
Premier Inn Winchester MSA
Premier Inn Fareham
Premier Inn Aldershot
Premier Inn Farnborough
Innkeeper's Lodge Fleet
Days Inn Fleet MSA
Travelodge Alton Four Marks
Travelodge Liphook
Innkeeper's Lodge Portsmouth North, Rowland's Castle
Premier Inn Portsmouth (Havant)
Travelodge Barton Stacey
Premier Inn Andover
Premier inn Petersfield

APPENDIX 2

ANALYSIS BY LOCATION

APPENDIX 2

HAMPSHIRE HOTEL TRENDS SURVEY 2006-2007
ANALYSIS BY LOCATION

SOUTHAMPTON CITY CENTRE

3/4/5 Star Hotels

Occupancy and Achieved Room Rates

- Average annual room occupancies and achieved room rates for Southampton city centre 3/4/5 star hotels are estimated[8] as follows for 2006 and 2007:

Southampton City Centre 3/4/5 Star Hotels[1]
Average Annual Room Occupancy and Achieved Room Rates 2006-2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £
2006[2]	73.4	74.74
2007[2]	74.9	77.35

Note:
1. Sample: De Vere Grand Harbour, Holiday Inn, Novotel, Jurys Inn, Southampton Park
2. The 2006/2007 figures are Hotel Solutions' estimates, based on information provided by hotel managers. A number of hotels did not provide exact figures. Assumptions have thus been made regarding the performance of these hotels.

- Occupancies dropped significantly for existing 3/4 star hotels in the city centre in 2005 and 2006 as a result of the opening of the Jurys Inn. Occupancies have recovered strongly in 2007 however. One hotel reported a fairly significant drop in occupancy in 2007 however, due to a downturn in corporate business.
- The above estimated average achieved room rate figures mask significant differences in achieved room rate performance between 5 star, upper-end 3 star and mid-range 3 star hotels. Achieved room rates for 5 star and one upper-end 3 star hotel are very strong, well above national and county averages, but not as strong for mid-range 3 star hotels.

[8] The 2006/2007 figures are Hotel Solutions' estimates, based on information provided by hotel managers. A number of hotels did not provide exact figures. Assumptions have thus been made regarding the performance of these hotels.

- Achieved room rates increased significantly for Southampton city centre hotels in 2007 and have grown substantially since 2004 for established hotels in the city centre[9].

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies are generally very high – 80-90%.
- Southampton city centre 3/4/5 star hotels generally fill on Tuesday and Wednesday nights. Monday occupancies are still strong and some hotels often fill on this night also. Thursday occupancies are weaker, with hotels rarely filling on this night.
- Saturday occupancies are generally strong (80-90%) particularly in the summer months.
- Friday occupancies are not as strong (60-70%), although tend to be higher in the summer.
- Sunday nights are generally weaker, with occupancies typically running at 40-50%.
- Southampton city centre 3/4/5 star hotels most want additional business on Thursday nights, weekdays during January, February and school holiday periods, and on Friday and Sunday nights, particularly in the winter.

Market Mix

- The market mix for Southampton city centre 3/4/5 star hotels is biased towards business demand – accounting for 65-75% of total roomnights for hotels.
- The corporate market is the primary source of business demand for most hotels – accounting for 70-95% of business demand for most hotels.
- Residential conferences are the primary source of business demand for one hotel that has actively targeted large conferences (100 delegates+) as its corporate market has weakened. Residential conferences are otherwise a minor secondary business market for city centre hotels – accounting for 5-15% of business demand.
- Contractors are a key source of business demand for one 3 star hotel and a secondary source of business for another.
- One 3 star hotel attracts business demand from cruise liner crews.
- Leisure breaks are a key leisure market for most Southampton hotels – accounting for 40-50% of leisure business for most hotels. This business is primarily rate-driven through special offer leisure break rates that hotels promote through the Internet.
- Cruise passengers are the other key leisure market in Southampton – accounting for 40% of leisure business for most hotels. This is generally high-rated business for hotels in the city centre.

[9] It is not possible to make direct comparisons with the results of the 2003-2004 Hampshire Hotel Trends Survey for Southampton city centre as the sample of hotels differs substantially, with the Jurys Inn and Holiday Inn now included in the 2006-2007 survey sample but the Hilton not included (now included in the Southampton M27 Corridor sample)

- The Southampton Boat Show generates significant high-rated business for Southampton hotels for a period of 10 days. Other major events that generate good business for hotels in the city centre are Cowes Week and Seaworks.
- Group tours are the main leisure market for one 3 star hotel.
- Weddings and functions are a minor source of leisure business for most hotels in the city.
- Other minor leisure markets for some Southampton hotels are:
    - Overseas tourists;
    - Clubbers and stag & hen parties;
    - Football;
    - Channel Island Christmas shoppers;
    - Concerts at St Mary's Stadium;
    - Major shows at the Mayflower Theatre;
    - Parents visiting students.

Market Trends

- The key growth market in Southampton has been the cruise passenger market.
- Leisure break demand has also increased significantly as hotels have driven leisure break business through the Internet.
- The corporate market in Southampton has declined as companies in the city (e.g. BAT)have closed or downsized.
- Residential conference business has increased significantly for one hotel that has actively targeted this market as corporate demand has reduced.
- The group tour market has grown in Southampton, with one 3 star hotel in the city now actively targeting it. Other hotels have reduced their group tour business however as cruise and leisure break business has increased.

Denied Business

- Only two hotels in the city centre regularly deny business on Tuesday and Wednesday nights, although not to any significant degree. The other city centre hotels reported only occasional midweek denials, primarily during major events, peak corporate weeks or when hotels have major conferences in. Midweek denials have decreased since 2004 as a result of the opening of the Jurys Inn and the recent downturn in the corporate market.
- Some city centre hotels occasionally deny business at weekends during the summer when a lot of cruise ships are departing and during major events. Other hotels rarely deny business at weekends.

- All Southampton hotels deny significant business during the Southampton Boat Show and Cowes Week.

Planned Hotel Development

- There are currently proposals for at least 6 new hotels in Southampton city centre, which would add almost 1,000 new rooms to the city centre hotel supply. Those where operators are already identified are the proposed 4 star Millennium hotel at Ocean Village Marina (225 bedrooms) and the proposed 4 star Radisson SAS (200 bedrooms) at East Park Terrace. An aparthotel (122 bedrooms) is also proposed at East Park Terrace. Hotels are also identified as part of the West Quay 3, Mayflower Plaza and Centenary Quay mixed-use development schemes. Outside the city a 175-bedroom 4 star hotel is proposed as part of the Rose Bowl development project.

Prospects for 2008

- Most hotels in the city centre expect to maintain or slightly increase their occupancy levels in 2008 and grow their achieved room rates. One hotel saw less scope to grow its rates however. Further growth is expected in the cruise market. Some hotels are aiming to increase their leisure break business through Internet marketing. One hotel is aiming to grow its residential conference business. City centre hotels see little prospect of growth in the corporate market however.

Longer Term Prospects

- There is likely to be good growth in the corporate market for hotel accommodation in Southampton city centre, given the level of office development planned as part of the West Quay 3, East Park Terrace, Mayflower Plaza, Central Station and Centenary Square development schemes. Ordnance Survey is however moving its headquarters from the city centre to Adanac Business Park.
- The cruise market is set to continue to grow in the city, with the planned development of a fourth cruise terminal and increasing numbers of cruise ships departing from Southampton.
- The key issue is whether these markets will grow fast enough to support the number of new hotels proposed in the city centre. Southampton hotels are all concerned that the number of new hotels proposed for the city centre will significantly dilute the Southampton hotel market resulting in lower occupancies and achieved room rates.
- No major investment is planned in the development of the city's leisure tourism offer that would enhance the city's appeal as a leisure break destination. New hotels may bring supply-led growth in leisure break business however.

Budget Hotels

Occupancy

- Average annual room occupancies for Southampton city centre budget hotels are estimated as follows for 2006 and 2007:

Southampton City Centre Budget Hotels[1]
Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %
2006	79
2007	82

Note:

1. Sample: Premier Inn Southampton City Centre, Travelodge Southampton, Ibis Southampton (Hotel Solutions estimates based on the 2003-2004 survey – this hotel declined to take part in the 2006-2007 survey)

- Budget hotel occupancies are high in Southampton City Centre, although not as high as in Portsmouth and Basingstoke (although the budget hotel supply is much more limited in these locations).
- Budget hotel occupancies increased slightly in 2007.
- Compared to the 2003-2004 survey findings, occupancy levels have increased for Southampton city centre budget hotels.

Weekday/ Weekend Occupancies and Seasonality

- Southampton city centre budget hotels achieve very high occupancies during the week. They generally fill on Monday to Wednesday nights. Thursday occupancies are not quite as strong .
- Saturday occupancies are strong for city centre budget hotels for most of the year – typically running at around 80-100%.
- Friday occupancies are very high (90-100%) for one budget hotel in the city centre, but lower (40-60%) for the other two.
- Sunday occupancies are generally low (25-50%).

Market Mix

- The market mix for Southampton city centre budget hotels is typically 60% business, 40% leisure;
- Corporate demand accounts for around 60% of business-related demand and contractors/ workmen for around 40%. Cruise ship crews are also an important market for at least one budget hotel in the city centre.
- Leisure markets are a mix of cruise passengers, people attending weddings or visiting friends and relatives in the city, clubbers and stag and hen parties, people from the Channel Islands on Christmas shopping breaks; football supporters and people attending events in the city.
- Key events that generate business for city centre budget hotels are the Southampton Boat Show, Cowes Week, concerts at St Mary's Stadium and major productions at the Mayflower Theatre.
- Southampton city centre budget hotels attract very little business from overseas tourists.

Market Trends

- Growth markets for city centre budget hotels in the last two years have been cruise ship crews and passengers and the corporate market.
- Demand has reduced from football supporters now that Southampton City is no longer in the Premiership.

Denied Business

- Southampton city centre budget hotels regularly deny business during the week to a significant extent, particularly on Monday to Wednesday nights.
- Budget hotels in the city centre are also regularly denying significant business on Friday and Saturday nights, especially during the summer months.

Planned Hotel Development

- A new Etap budget hotel (124 rooms) opened in Southampton city centre in January 2008.

Prospects for 2008

- Southampton budget hotels are generally positive about their prospects for 2008. The Etap does not appear to have had much impact on most of the budget hotels in the city centre, although may have affected the Ibis.

SOUTHAMPTON/ EASTLEIGH M27 CORRIDOR

3/4 Star Hotels

Occupancy

- Average annual room occupancies for 3/4 star hotels in the Southampton/Eastleigh M27 Corridor are estimated as follows for 2006 and 2007:

Southampton/ Eastleigh M27 Corridor 3/4 Star Hotels
Average Annual Room Occupancy and Achieved Room Rates 2006-2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £
4 Star Hotels[1]		
2006	67.5	71.40
2007	69	75.60
3 Star Hotels[2]		
2006	73	58.10
2007	72	59.60

Note:

1. Sample: Hilton Southampton, Botleigh Grange, Macdonald Botley Park, Marriott Meon Valley
2. Sample: Holiday Inn Eastleigh, Ellington Lodge, Chilworth Manor, Highfield House (2007)

- Occupancies for 4 star hotels in the Southampton/ Eastleigh M27 Corridor were below the county 4 star average in 2006 and 2007 and significantly below the occupancy levels achieved by Southampton city centre 4 star hotels. Achieved room rates were broadly on a par with the county 4 star average but well below the levels achieved by Southampton city centre hotels.
- 3 star hotel occupancies were stronger than for 4 star hotels overall. They were above the county 3 star average and broadly on a par with the occupancy levels achieved by 3 star hotels in Southampton city centre. Achieved room rates were below the county 3 star average and slightly below the levels achieved by Southampton city centre hotels. There was a significant difference in occupancy and achieved room rate performance between branded and independent 3 star hotels in the area.
- 4 star occupancies increased slightly in 2007. Achieved room rates rose significantly however.

- 3 star occupancies reduced slightly as a result of the re-opening of the Highfield House hotel, which has not yet reached its full trading potential. The achieved room rate performance of this hotel in 2007 also masked otherwise strong growth in 3 star achieved room rates in the area, with two hotels achieving growth of £4-6 in 2007.
- In comparison with the findings of the 2003-2004 survey, 3 and 4 star occupancies and achieved room rates appear to have grown significantly in this part of the county in the last 3 years.

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies are strong for 3 and 4 star hotels in the Southampton/ Eastleigh M27 Corridor - typically running at around 80%. Tuesday and Wednesday nights are the strongest, with some (although not all) hotels regularly filling on these nights. Monday, and especially Thursday nights are more shoulder nights. Weekday occupancies dip during school holiday periods and Bank Holiday weeks.
- Weekend occupancies are not as strong for hotels in the area. Saturday occupancies are the strongest, particularly during the summer, with some 3/4 star hotels regularly filling on summer Saturdays. Friday occupancies are weaker, typically running at around 45-60%. Sunday occupancies are low, generally around 30%.
- Hotels in the area most need additional business during weekdays in the winter and school holiday periods and at weekends, particularly on Friday and Sunday nights and during the winter.

Market Mix

- The market mix for 3/4 star hotels in the Southampton/ Eastleigh M27 Corridor is strongly biased towards business demand – typically accounting for 70-80% of total roomnights for most 3/4 star hotels in the area. Two 4 star hotels had a more balanced mix of business and leisure demand, with business demand accounting for 57-60% of their total roomnights.
- The corporate market is the primary source of business demand for most 3/4 star hotels in the area – generally accounting for 75-95% of total business roomnights. The exceptions are the 4 star country club/golf hotels in the area, for which residential conferences are a much more significant source of business demand (although still secondary to the corporate market). Residential conferences are also an important secondary business market for two other hotels.
- Hotels in the area draw corporate business from the M27 Corridor, Eastleigh, Chandler's Ford, Chilworth (Southampton Science Park), Southampton, Romsey and Fareham. Some hotels also attract some corporate business from Winchester, Portsmouth and Basingstoke.

- Weddings and functions are the main source of leisure business for some hotels and a secondary leisure market for others.
- Golf breaks and societies are the main leisure market for country club/golf hotels in the area.
- Leisure breaks are a secondary market for most other hotels and the main leisure market for at least one branded hotel. Leisure break business is primarily rate-driven through special offer rates promoted through the Internet. Country club/golf hotels achieve good leisure break rates in the summer however.
- Cruise passengers (on Park & Sail packages) are an important source of leisure business for the area's hotels – accounting for 10-20% of leisure roomnights.
- Most hotels take some coach tour business. This generally accounts for around 5-10% of leisure business for hotels in the area.
- Overseas tourists are a minor market for the area's hotels. Some hotels see this as an important market to be targeted at a destination level to help boost weekend trade. Individual hotels do not have the marketing budgets to target overseas tourists themselves. The area's country club/golf hotels would like to see a golf breaks marketing campaign targeted at overseas markets (particularly the Scandinavian and Dutch markets) for the area, county or region.
- Key events that generate business for hotels in the area are the Southampton Boat Show, Cowes Week, concerts and cricket matches at the Rose Bowl, the New Forest Show, Beaulieu Auto Jumble, Broadlands Show, Goodwood motor racing and Farnborough Air Show.
- Only one of the area's hotels reported attracting Park & Fly business from holidaymakers departing from Southampton Airport.

Market Trends

- The corporate market for hotel accommodation in the Southampton/ Eastleigh M27 Corridor appears to be broadly static across the area as a whole. Corporate demand has increased for Eastleigh hotels. Other hotels in the area have increased their share of the local corporate market. Others have seen a reduction in corporate demand with the closure or downsizing of a number of major companies. Rate negotiations with corporate clients have been much tougher for some hotels in 2008.
- Residential conference business has been static overall. One hotel has increased its residential conference trade through more proactive marketing and improved standards of service for conferences. Other hotels reported a downturn in residential conference business, with fewer, shorter and smaller conferences in 2006 and 2007 and a growing trend for companies to hold conferences in-house.

- The key growth market for the area's hotels has been cruise passengers on Park & Sail packages.
- Leisure break business has reduced for some hotels. Others have grown their leisure break trade through Internet marketing.
- Golf business was down for the area's country club/golf hotels in 2007 due to the poor summer weather.
- The weddings market appears to be broadly static. It grew for some hotels in 2007 but reduced for others.
- The Park & Fly market appears to be growing.
- Group tour business reduced for a number of hotels in 2007. One hotel is targeting this market in 2008 to boost its Thursday and Friday night occupancies.
- Demand from overseas tourists appears to have reduced. This is a very small market for hotels in the area.

Denied Business

- Some, but not all 3/4 star hotels in the Southampton/ Eastleigh M27 Corridor regularly deny business on Tuesday and Wednesday nights, typically around 10 rooms each per night. Other hotels only occasionally deny business on Tuesday and Wednesday nights. Monday and Thursday night denials are rare.
- Some, but again not all hotels regularly deny business on Saturday nights in the summer, at times to a significant extent. Other hotels rarely deny business on Saturday nights. Hotels do not generally deny business on Friday and Sunday nights.

Planned Hotel Development

- A 175-bedroom 4 star with spa and conference facilities is planned as part of the development of the Rose Bowl.
- The Express by Holiday Inn Southampton M27 Jct 7 is adding 45 bedrooms in 2008.

Prospects for 2008

- 3/4 star hotels in the Southampton/ Eastleigh M27 Corridor are generally positive about their prospects for 2008. Most expect to see growth in both their occupancy and achieved room rate levels. Achieved room rates may reduce for one hotel as it drives weekend leisure business in 2008. There were some concerns however about the corporate market becoming more competitive following the closure and downsizing of some major companies in the area.

Longer Term Prospects:

- The following factors suggest good potential for growth in the demand for hotel accommodation in the Southampton/ Eastleigh M27 Corridor:
    - The development of the Adanac Park office park alongside the M271 – Ordnance Survey will move its headquarters to this site from Southampton city centre;
    - The expansion of the Southampton Science Park;
    - The development of Eastleigh Northern Business Park, the Fulcrum site at Solent Business Park at Junction 9 of the M27 and the North Hedge End and North Fareham Strategic Development Areas.
    - The continued growth of the cruise market, with plans for a fourth cruise terminal in Southampton;
    - The expansion of Southampton Airport – with passenger numbers set to quadruple over the next 25 years and plans being considered for a possible second terminal building;
    - The development of the Rose Bowl;
- Set against these growth factors, leisure break business could decline for the area's hotels as competition increases from European destinations served by low-cost airlines.
- The key issue will be whether the area's hotel market will grow sufficiently to support the new hotels that are planned in the area and the potential impact on existing hotels of these hotels and the planned hotels in Southampton city centre. All of the area's hotels expressed concerns about the level of hotel development that is currently planned in the Southampton area and the impact that this could have on their trading performance.

Budget/ Upper-Tier Budget Hotels

Occupancy

- Average annual room occupancies for budget/upper-tier budget[10] hotels in the Southampton/ Eastleigh M27 Corridor are estimated as follows for 2006 and 2007:

Southampton/Eastleigh M27 Corridor Budget/ Upper-Tier Budget Hotels[1]
Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %
2006	78
2007	78

Note:

1. Sample: Premier Inn Eastleigh, Travelodge Eastleigh, Premier Inn Southampton North, Premier Inn Southampton Airport, Premier Inn Southampton West, Express by Holiday Inn Southampton M27 Jct7, Express by Holiday Inn Southampton West

- Budget hotel occupancies in the Southampton/ Eastleigh M27 Corridor are lower overall compared to other parts of the county. Occupancies vary significantly by location however. They are very high in Eastleigh and to the north and west of Southampton but relatively low for budget/ upper-tier budget hotels at Southampton Airport and to the east of Southampton.
- Occupancies increased in 2007 for most budget/ upper-tier budget hotels in Eastleigh and to the north and west of Southampton but remained static or slightly down for budget/ upper-tier budget hotels at the airport and to the east of Southampton.
- Compared to the 2003-2004 survey occupancies have steadily increased for budget/ upper-tier budget hotels along the M27 corridor, following the opening of the Express by Holiday Inn Southampton M27 Jct 7 in 2003 and the Premier Inn Southampton Airport in 2004.

[10] Brands such as Express by Holiday Inn, Ramada Encore and Hampton by Hilton

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies are high (85-100%) for budget and upper-tier budget hotels in the Southampton/ Eastleigh M27 Corridor. Weekday occupancies are strongest in Eastleigh and to the north and west of Southampton.
- Saturday occupancies are strong throughout the year for budget/ upper-tier budget hotels in Eastleigh and to the north and west of Southampton, particularly during the summer months when hotels usually fill on Saturday nights. Saturday occupancies are not as strong for budget/ upper-tier budget hotels at Southampton airport and to the east of Southampton, other than in the summer.
- Friday occupancies are generally weaker, although are higher in the summer and higher overall in Eastleigh and to the north and west of Southampton.
- Budget/ upper-tier budget hotels in the Southampton/ Eastleigh M27 Corridor most need additional business at weekends, particularly in the winter and on Friday and Sunday nights.

Market Mix

- Business related demand accounts for 60-75% of business for budget and upper-tier budget hotels in the Southampton/ Eastleigh M27 Corridor .
- Business-related demand is a broadly even mix of business from the local corporate market in the area and contractors and workmen working on construction and fitting out projects.
- Leisure demand is a mix of business from people attending weddings and family parties, transient leisure travellers, people visiting family and friends in the area, leisure break guests, cruise passengers, people flying off on holiday from Southampton Airport (for hotels in the immediate vicinity of the airport) and people attending events in the area. Overseas tourists are a very minor market for budget and upper-tier budget hotels in the area. The airport does not currently appear to generate a significant amount of demand for hotel accommodation.
- Key events that generate business for budget and upper-tier budget hotels in the area are concerts and cricket matches at the Rose Bowl, the Southampton Boat Show, Seaworks, Cowes Week, Goodwood motor and horse racing, the New Forest Show , Beaulieu Boat and Auto Jumbles and concerts at Broadlands.

Market Trends

- The corporate market for budget/ upper budget hotels in the area generally increased in 2006 and 2007, other than to the east of Southampton where it has reduced as corporate project work has come to an end.
- The contractors market appears to have been largely static in the area in 2006 and 2007, Only one hotel reported a growth in this market.
- Demand from air passengers departing from Southampton Airport is increasing as the airport expands its operations.
- Leisure demand appears to have reduced for budget/ upper-tier budget hotels in the area so far in 2008.

Denied Business

- All budget and upper-tier budget hotels in the Southampton/ Eastleigh M27 Corridor regularly deny business on Tuesday and Wednesday nights. Budget hotels in Eastleigh and to the north and west of Southampton deny significant levels of business on all 4 weekday nights throughout the year and Saturday nights, especially during the summer. Budget/ upper-tier budget hotels in other parts of the area rarely deny business at weekends.

Planned Hotel Development

- The Express by Holiday Inn Southampton M27 Jct 7 is adding 45 bedrooms in 2008.

Prospects for 2008

- Most budget hotels in the Southampton/ Eastleigh M27 Corridor expect to maintain or increase their occupancy levels in 2008. Two budget hotels expect to see a drop in occupancy however as a result of reduced weekend trade. One hotel felt that it had lost some business following the opening of the Etap in Southampton city centre in January.

Longer term Prospects

- In the longer term demand for budget and upper-tier budget hotel accommodation is likely to increase in the Southampton/ Eastleigh M27 Corridor due to a number of factors:
    - Corporate demand should increase as the planned business parks develop along the M27/ M271.
    - Contractor demand should increase as a result of the development of the Rose Bowl, the widening of the M27, the development of the Swan Shopping Centre in Eastleigh, the expansion of the airport, and other construction projects in the area.
    - Demand is set to increase significantly from the airport as it expands.
    - Hotels in the area should benefit from the continued expansion of the cruise market in Southampton.
    - The development of the Rose Bowl is likely to generate increased demand related to concerts, cricket matches, weddings, conference and events held here.
- There are plans currently for a significant number of new hotels in Southampton city centre, as well as the hotel planned at the Rose Bowl and the expansion of the Express by Holiday Inn here. The key issue is whether hotel demand will grow sufficiently to support these new hotels, existing hotels and further new hotel projects that might come forward in the area.

PORTSMOUTH

4 Star Hotels

Occupancy and Achieved Room Rates

- Average annual room occupancies for Portsmouth 4 star hotels are estimated as follows for 2006 and 2007:

Portsmouth 4 Star Hotels[1]
Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £
2006[2]	74	66.25
2007	72.5	69.00

Notes:
1. Sample: Portsmouth Marriott, Hilton Portsmouth, Holiday Inn Portsmouth
2. Source: Portsmouth Hotel Futures - October 2007, Hotel Solutions

- 4 star hotel occupancies are strong overall in Portsmouth although vary significantly between the city's 4 star hotels. Two hotels are achieving very high occupancies. The third trades at much lower levels of occupancy.
- Achieved room rates for Portsmouth 4 star hotels are below the national average for provincial 3/4 star chain hotels overall, although vary significantly between hotels. Only one 4 star hotel is achieving average room rates above the national and county averages.
- It is not possible to say how Portsmouth 4 star hotel performance has changed since 2004 as no 4 star hotels in the city took part in the 2003-2004 Hampshire Hotel Trends Survey.

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies are very strong for Portsmouth 4 star hotels (averaging 83% in 2006. 4 star hotels generally fill on Tuesday and Wednesday nights. Monday, and especially Thursday nights are a little weaker for two hotels, but still strong for the third.
- Saturday occupancies are strong throughout the year (averaging 90% in 2006). Friday occupancies are generally weaker (averaging around 60% in 2006) and more seasonal. Sunday occupancies are low (averaging 39% in 2006).
- Portsmouth 4 star hotels most need additional business on Thursday nights and winter weekends, particularly on Friday and Sunday nights.

Market Mix

- The corporate market is the primary source of weekday demand for Portsmouth 4 star hotels, typically accounting for 60-80% of their midweek roomnights.
- The corporate market for hotel accommodation in Portsmouth is dominated by demand related to the naval dockyard and from companies in the defence industry and marine technology sector. A lot of corporate demand is government-related business, which tends to be lower rated. A lot is project related, making it difficult to predict. The Portsmouth corporate market is also dominated by a few very large producers of business for hotels that are able to command lower corporate rates from the hotels because of the volumes of business they are placing. This factor, combined with the high levels of government-related business reduces the corporate rates that Portsmouth hotels can achieve.
- There are distinct city centre and out-of-city-centre (M27/A27 corridor) corporate markets in Portsmouth, but movement between the two. Companies located along the M27/A27 corridor will tend to use hotels in this area, but will also use city centre hotels. Companies and organisations located in the city centre and naval dockyards will tend to use city centre hotels, but may also use hotels in the M27/A27 corridor.
- Residential conferences are a secondary weekday market, accounting for 10-20% of business demand.
- Association conferences held at the Guildhall are a very minor market for one 4 star hotel in the city.
- Leisure breaks are the main weekend market for Portsmouth 4 star hotels. Midweek leisure breaks are also an important market for one hotel. Leisure break business is primarily driven through hotel company leisure break marketing programmes. Much of this business if rate-driven, through tactical special offers and late availability deals.
- Weddings and functions are a relatively minor market for the city's 4 star hotels.

- The city's 4 star hotels take some group tours at weekends. One hotel also takes group tours during the week. This is a minor market for the city's 4 star hotels and very low-rated business. Hotels use it primarily to fill off-peak periods.
- Overseas tourists are a minor leisure market for Portsmouth hotels.
- Key events that generate good business for Portsmouth 4 star hotels are the Global Challenge, the Volvo Ocean Race, Goodwood motor and horse racing, the Great South Run, Southampton Boat Show and Cowes Week.

Market Trends

- The corporate market for hotel accommodation grew strongly in Portsmouth in 2005 and 2006 as a result of MOD projects and the railway signalling project in the city. Demand has dropped back in 2007 however, following the completion of these projects.
- The residential conference market appears to be largely static and possibly declining. One hotel reported a drop in residential conference business, which it attributed to companies developing their own in-house meeting and training facilities and no longer needing to use hotels. Another hotel reported no change in residential conference demand. No hotel reported a growth in this market.
- Business from city conferences tends to be cyclical, with conferences such as the Prison Officers Association on a two-year cycle. City conference business increased in 2006, dropped back in 2007, but should recover in 2008. The underlying trend is that this is a largely static market for the city's hotels however.
- Portsmouth 4 star hotels have increased their leisure break business through Internet marketing. The development of the city's tourism offer in terms of Gunwharf Quays and the Spinnaker Tower also appears to have contributed to the growth in leisure break business for the city's hotels.
- Demand from the weddings market appears to be largely static.
- Some 4 star hotels have reduced the number of group tours that they take as demand from other higher paying markets has increased.

Denied Business

- One Portsmouth 4 star hotel regularly denies business on Tuesday and Wednesday nights, and to a lesser extent Monday and Thursday nights. Tuesday and Wednesday night denials can be significant for this hotel, depending on the time of year. The city's other 4 star hotels only occasionally deny business on Tuesday and Wednesday nights, but not usually to a significant degree.

- One 4 star hotel regularly denies business on Saturday nights, particularly in the summer. The city's other 4 star hotels only occasionally deny business on Saturday nights, but not to any great extent.
- Two 4 star hotels reported denying large residential conferences of 100+ delegates on a reasonably frequent basis.

Planned Hotel Development

- A 150-bedroom 4 star hotel is included in Centros' proposals for the Northern Quarter mixed-use development scheme in the city centre. The overall development is due for completion in 2011.
- The Wymering Manor boutique hotel (9 bedrooms) opens in the city in 2008.

Prospects for 2008

- Portsmouth 4 star hotels are generally positive about their prospects for 2008: most expect to maintain or further increase their occupancies and to grow their achieved room rates.

Longer Term Prospects

- With the future of the Naval Base now secure, the corporate market for hotel accommodation in Portsmouth is likely to grow over the next 20 years as the city's economy develops, and new companies are attracted to the city. The growth sectors for the city identified in the City Growth Portsmouth and PUSH strategies (marine industries and related advanced engineering, ICT and business services) are all sectors that are productive in terms of demand for hotel accommodation. New office development in the city centre will create additional demand for hotel accommodation as new companies come in to occupy the offices as they are developed e.g. the redevelopment of the Zurich HQ. Corporate demand is also likely to increase from shipbuilding companies based in the dockyard following their recent successes in winning new contracts.
- Demand for residential conferences could grow as the city's economy expands and its image improves as a potential conference destination. This is generally a static or declining market for 4 star hotels however. Significant growth seems unlikely therefore. There could be potential for a significant new 4 star hotel in the city, with good conference facilities, to attract large residential conferences.
- Demand from the leisure break market should grow in Portsmouth, given further development of the city's attractions, cultural, retail and events offer and continued proactive marketing of the city as a leisure break destination. Portsmouth is becoming a

strong leisure break destination, with the attractions of the Historic Dockyard now complemented by Gunwharf Quays and the Spinnaker Tower. The development of the new Mary Rose museum and the city centre retail offer will further enhance Portsmouth's appeal as a leisure break destination. New hotels are likely to create their own leisure break business through corporate marketing activity. There is also potential for hotels to drive additional leisure break business through Internet marketing, albeit possibly at reduced rates.

3 Star Hotels

Occupancy and Achieved Room Rates

- Average annual room occupancies for Portsmouth 3 star hotels are estimated as follows for 2006 and 2007:

Portsmouth 3 Star Hotels[1]
Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £
2006[2]	68	45.88
2007	70	47.94

Notes:
1. Sample: Innlodge, Royal Beach, Queen's (Hotel Solutions estimated figures)
2. Source: Portsmouth Hotel Futures - October 2007, Hotel Solutions

- Portsmouth 3 star hotel occupancies are lower than for the city's 4 star hotels but slightly above the Hampshire 3 star average. The city's 3 star hotels achieved average room rates significantly below the county average in 2006 and 2007 however, and well below the rates achieved by the city's 4 star hotels. While they vary between hotels, no 3 star hotel in the city is achieving particularly high room rates. Key factors are the low corporate rates in Portsmouth and the strength of leisure demand in the market mix for 3 star hotels. All of the city's 3 star hotels also take group tour business during the week to at least some extent in order to boost midweek occupancies. This is very low-rated business, which tends to further drive down their achieved room rates. The quality and location of the city's 3 star hotels could also be a factor.
- In comparison with the findings of the 2003-2004 Hampshire Hotel Trends Survey, Portsmouth 3 star occupancies and achieved room rates have increased substantially since 2004.

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies for Portsmouth 3 star hotels (averaging 71% in 2006) are not as strong as for 4 star hotels. 3 star hotels in the city are more reliant on leisure break and group tour business during the week. These markets are seasonal. This results in strong midweek occupancies for 3 star hotels during the summer months, but low midweek occupancies in the winter.
- Saturday occupancies are strong throughout the year (averaging 87% in 2006). Friday occupancies are reasonably good (averaging 76% in 2006) and stronger than for 4 star hotels. Sunday occupancies are very low (averaging 28% in 2006).
- Portsmouth 3 star hotels most need additional business during the winter, particularly during the week and on Sunday nights all year..

Market Mix

- The corporate market is the primary source of weekday demand for Portsmouth 3 star hotels, accounting for 70% of their midweek roomnights.
- Residential conferences are a secondary weekday market, accounting for 10-15% of business demand.
- Coach groups are the primary leisure market for one 3 star hotel and a secondary leisure market for the others.
- Weddings and functions are an important source of leisure business for Portsmouth 3 star hotels.
- The city's 3 star hotels attract some leisure break business but not to the same extent as 4 star hotels.
- Masonic Lodge weekends are a secondary leisure market for two of Portsmouth's 3 star hotels.
- Events in the city also generate business for Portsmouth's 3 star hotels.

Market Trends

- The corporate market grew for 3 star hotels in 2006 and 2007.
- There appears to have been no change in the residential conference market for the city's 3 star hotels.
- One 3 star hotel reported reduced numbers on coach tours in 2007.
- Demand for Masonic Lodge weekends has reduced.

Denied Business

- One 3 star hotel regularly denies business on Tuesday and Wednesday nights, and to a lesser extent Monday and Thursday nights. Tuesday and Wednesday night denials are not particularly significant for this hotel however. One of the city's other 3 star hotels only occasionally denies business during the week.
- One 3 star hotel regularly denies business on Friday and Saturday nights, particularly in the summer. Another of the city's 3 star hotels occasionally denies business at weekends, primarily in the summer.

Planned Hotel Development

- There are no firm plans currently for new 3 star hotels in Portsmouth.

Prospects for 2008

- Portsmouth 3 star hotels are generally positive about their prospects for 2008: most expect to maintain or further increase their occupancies and to grow their achieved room rates.

Budget Hotels

Occupancy and Achieved Room Rates

- Average annual room occupancies and achieved room rates for Portsmouth budget hotels are estimated as follows for 2006 and 2007:

Portsmouth Budget Hotels[1]
Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £
2006[2]	88	43.09
2007	83	44.26

Notes:
1. Sample[11]: Premier Inn Portsmouth (Port Solent), Premier Inn Portsmouth(Southampton Road), Premier Inn Southsea, Travelodge, Ibis, Innkeeper's Lodge
2. Source: Portsmouth Hotel Futures - October 2007, Hotel Solutions

- Budget hotel occupancies remain very high in Portsmouth. They increased in 2006 (compared to 2005) but have reduced in 2007 as a result of the conversion of the Tulip Inn to a Premier Inn part way through the year. This hotel has not yet had a full trading year as a budget hotel therefore.

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies are very strong for Portsmouth budget hotels – averaging 93% in 2006. Budget hotels generally fill on all four weekday nights. Monday and Thursday occupancies are slightly weaker for two hotels.
- Friday and Saturday occupancies are also very high – with Friday occupancies averaging 84% and Saturday occupancies averaging 95% in 2006.
- Sunday occupancies are lower (averaging 58% in 2006) although Sunday occupancies can be strong during the summer.
- Portsmouth budget hotels most need additional business for winter weekends, particularly Friday and Sunday nights, and Mondays and Thursdays in the winter.

[11] The Express by Holiday Inn upper-tier budget hotel at Gunwharf Quays has not been included in the Portsmouth budget hotels sample as it trades at much higher rates than the other budget hotels in the city. It achieves similar occupancies to the city's other budget hotels.

Market Mix

- The corporate market and contractors are the two key weekday markets for Portsmouth budget hotels. Corporate demand typically accounts 45-50% of weekday trade for budget hotels in the city. Contractors generally account for 25-45% of midweek business, although are the main weekday market for two budget hotels.
- Key leisure markets are leisure breaks, people coming to the city for weddings and family parties, ferry passengers, events and people visiting friends and relatives.
- Ferry passengers account for 20-40% of leisure business for budget hotels in the city.
- Clubbers and stag and hen parties are the main weekend market for one city centre budget hotel and an important weekend market for the other city centre budget hotels.
- Football supporters are a key weekend market for one budget hotel. It is usually fully booked by supporters for home matches. Other budget hotels attract some business from football supporters, but not to a significant extent.
- Other leisure markets are parents visiting naval students, hospital visitors and visiting sports teams.

Market Trends

- The contractors market grew strongly for Portsmouth budget hotels in 2005 and 2006 as a result of developments such as the Gunwharf Quays apartments, Spinnaker Tower and the railway signalling project. Contractor demand reduced in 2007 however with the completion of these projects.
- Leisure break business has grown for budget hotels as Portsmouth's tourism offer has increased and through budget hotel company leisure break marketing.
- Ferry-related demand has reduced since P&O Ferries pulled out of Portsmouth in 2004.

Denied Business

- All budget hotels regularly deny business during the week, especially during the summer months. One budget brand reported extremely high levels of denied midweek business for the Portsmouth area. The other budget hotels did not report such high levels of midweek denials, although did not know how much business is being denied for Portsmouth through their central reservations service and company website.
- Budget hotels regularly deny significant levels of business on Friday and Saturday nights. One budget brand reported extremely high Friday and Saturday denials for Portsmouth.
- One budget brand reported significant Sunday night denials during the summer.
- All budget hotels deny significant levels of business during major events.

Planned Hotel Development

- A new Etap budget hotel (120 bedrooms) is currently under construction at the Pompey Centre, due to open in summer 2008.

Prospects for 2005

- Budget hotels were generally very positive about their prospects for 2008, although one expects to see a drop in occupancy when the Etap opens.

BASINGSTOKE

3/4 Star Hotels

Occupancy and Achieved Room Rates

- Average annual room occupancies and achieved room rates for Basingstoke 3/4 star hotels are estimated as follows for 2006 and 2007:

Basingstoke 3/4 Star Hotels[1]
Average Annual Room Occupancy and Achieved Room Rates 2006-2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £
2006	67.8	72.34
2007	68.8	74.44

Note:

1. Sample: Hilton, Hampshire Court, Apollo, Basingstoke Country, Audleys Wood, Holiday Inn, Red Lion

- Basingstoke 3/4 star hotel occupancies are below the national average for provincial 3/4 star chain hotels due to relatively low weekend occupancies.
- Achieved room rates in Basingstoke are however above the national average. This is due primarily to the strength of corporate demand in their market mix.
- Occupancies have remained largely static for Basingstoke 3/4 star hotels since 2003. Achieved room rates have grown steadily however and grew strongly in 2007, with a number of hotels focusing their business strategies on driving up corporate rates on Tuesday and Wednesday nights when corporate demand is very strong in Basingstoke.

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies are high for Basingstoke 3/4 star hotels – typically running at 80-90% in 2007. All hotels in the town fill on Tuesday and Wednesday nights throughout the year. Monday occupancies are not quite as strong (at around 80-95%) although some hotels reported regularly filling on Monday nights. Thursday occupancies are lower – at around 65-75%. Weekday occupancies dip to some extent during school holiday periods and Bank Holiday weeks.

- Weekend occupancies are generally very low for Basingstoke 3/4 star hotels. Saturday nights are the strongest, with occupancies typically running at around 65-70%. Two hotels reported stronger Saturday occupancies (80-100%) in the summer. Friday occupancies are low (typically 30-55%) although can be a little stronger in the summer. Sunday occupancies are very low, averaging around 30-45%.
- Basingstoke 3/4 star hotels most want additional business on Thursday nights throughout the year, weekdays during school holiday periods, and at weekends throughout the year, particularly Friday and Sunday nights and during the winter.

Market Mix

- The market mix for Basingstoke 3/4 star hotels is heavily biased towards business demand, typically accounting for 70-80% of total roomnights;
- The corporate market is the primary source of business demand for Basingstoke hotels, typically accounting for 80-95% of business-related roomnights. Corporate demand in Basingstoke is highly localised with most hotels primarily serving companies on business parks in their immediate vicinity.
- Residential conferences typically account for 5-20% of business demand. They are a strong market for only two hotels. One hotel does not actively target this market as it can achieve higher room rates from the corporate market.
- One 3 star hotel takes some contractor business.
- Key leisure markets are leisure breaks, weddings and functions and coach groups.
- Leisure breaks are the main source of leisure business for most hotels, typically accounting for 35-40% of leisure roomnights. One hotel attracts a much higher level of leisure break business. Another attracts virtually no leisure break business. Leisure break demand is primarily rate-driven through special offer leisure break rates that hotels and hotel companies promote through the Internet and national newspapers.
- Weddings and functions are an important secondary leisure market for most hotels and the main source of leisure business for two hotels.
- Coach groups are a significant source of leisure business for most hotels, accounting for 15-30% of leisure roomnights. This is very low-rated business that hotels take to boost their weekend occupancies.
- Farnborough Air Show is the only event that generates significant business for Basingstoke 3/4 star hotels.
- Basingstoke 3/4 star hotels attract very little overseas leisure business and do not see it as important to target for the future.

Market Trends

- The corporate market grew slightly in Basingstoke in 2006 and 2007. One hotel reported that local companies have become much more aggressive on rate.
- Residential conference business has declined.
- Most Basingstoke 3/4 star hotels have successfully developed leisure break business in the last 3 years through the promotion of special offer leisure break rates through the Internet. This has been a key change since the 2003-2004 Hampshire Hotel Trends Survey.
- The weddings market appears to be largely static. One hotel reported an increase in weddings business in 2007 but a reduction in 2008. Another hotel reported growth in weddings in 2007 and 2008.
- Coach group business has reduced in the last two years.

Denied Business

- All Basingstoke 3/4 star hotels regularly deny business on Tuesday and Wednesday nights, typically 10-20 rooms per night. Some hotels also regularly deny business on Monday nights, typically 10-15 rooms. Thursday night denials are rare.
- Basingstoke 3/4 star hotels rarely deny business at weekends.

Planned Hotel Development

- There are proposals currently for 3 new budget hotels in Basingstoke – an Ibis (132 bedrooms) at Basing View, a 99-bedroom budget hotel adjacent to the Apollo and a 50-bedroom Premier Inn at the Aldermaston Road Triangle.

Prospects for 2008

- Basingstoke 3/4 star hotels are generally positive about their prospects for 2008. Most hotels expect to maintain their 2007 occupancy levels and grow their achieved room rates. There were some concerns about the economy however.

Longer Term Prospects

- Basingstoke is identified as a Diamond for Investment and Growth in the Regional Economic Strategy. Corporate demand for hotel accommodation in the town is thus likely to grow as its economy develops and new companies are attracted. Basing View is identified as the main location for new office development in the town. The town's other business parks may also be further expanded.
- There is unlikely to be significant growth in the residential conference market in Basingstoke. This market is generally declining as companies cut back on training and meeting budgets and/or develop their own in-house training and meeting facilities. The anticipated development of the town's economy could fuel some growth in residential conference business as new companies are attracted to the town. A new 3 or 4 star hotel might also be able to develop residential conference business depending on the strength of its conference facilities and its brand strength in the conference market.
- There could be some growth in the weddings and functions market as Basingstoke's population expands.
- There is unlikely to be significant growth in weekend leisure break business for Basingstoke hotels. The town has limited appeal as a leisure break destination. A new 3 or 4 star hotel with leisure facilities may be able to develop some weekend break business through corporate leisure break marketing activity, depending on its brand strength in this market.
- Basingstoke hotels may be able to attract increased levels of group tour business. This is very low-rated business however.
- Weekend occupancies and achieved room rates are likely to remain low for Basingstoke 3/4 star hotels.
- While there would appear to be good prospects for growth in the weekday market for hotel accommodation in Basingstoke, most of the town's 3 and 4 star hotels expressed concerns about the prospects of new budget hotels diluting the Basingstoke hotel market and reducing their occupancy levels and achieved room rates.

Budget Hotels

Occupancy

- Average annual room occupancies for Basingstoke budget hotels are estimated as follows for 2006 and 2007:

Basingstoke Budget Hotels[1]
Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %
2006	84
2007	86

Note:

1. Sample: Premier Inn Basingstoke Central, Travelodge

- Budget hotel occupancies are high in Basingstoke and increased in 2007.
- Compared to 2003-2004 budget hotel occupancies in Basingstoke have remained fairly steady.

Weekday/ Weekend Occupancies and Seasonality

- Basingstoke budget hotels achieve very high weekday occupancies – typically 95-100%. They are usually full for most nights of the week throughout the year.
- Saturday occupancies are generally strong (typically 85-90%), with Basingstoke budget hotels often filling on Saturday nights in the summer.
- Friday occupancies are lower - averaging around 50-60% in 2007.
- Sunday occupancies are low – averaging around 45% in 2007.
- Basingstoke budget hotels most need additional business at weekends, particularly on Friday and Sunday nights and especially during the winter.

Market Mix

- The market mix for Basingstoke budget hotels is heavily biased towards business demand, which accounts for around 75% of total roomnight demand for the town's budget hotels. One hotel has a more balanced business/leisure mix.
- The corporate market is the primary source of business demand for Basingstoke budget hotels. Contractors are a significant market for one hotel and a minor secondary market for the other.
- Key leisure markets are wedding guests and people visiting friends and relatives in the area.
- Other sources of leisure business are coach groups, visiting ice hockey teams, bowls tournaments, motor racing events at Thruxton and the Farnborough Air Show.
- Basingstoke budget hotels attract very little overseas leisure business.

Market Trends

- The corporate market for budget hotels in Basingstoke has grown.
- Contractor demand has reduced since the completion of Festival Place.
- One hotel reported growth in weekend leisure business.

Denied Business

- Basingstoke budget hotels regularly deny significant amounts of business during the week. One hotel reported that it could easily fill again on Tuesday and Wednesday nights.
- Weekend denials are rare.

Planned Hotel Development

- There are proposals currently for 3 new budget hotels in Basingstoke – an Ibis (132 bedrooms) at Basing View, a 99-bedroom budget hotel adjacent to the Apollo and a 50-bedroom Premier Inn at the Aldermaston Road Triangle.

Prospects for 2008

- Basingstoke budget hotels are positive about their prospects for 2008 and expect to maintain their high occupancy levels.

Longer Term Prospects

- Anticipated growth in the corporate and contractors markets is likely to generate increased demand for budget hotel accommodation in Basingstoke. Demand from the visiting friends and relatives market and from people attending weddings and other family gatherings is also likely to increase as the town's population grows.
- The town's budget hotels expressed concerns about the new budget hotels that are proposed in Basingstoke in terms of the impact that they could have on their business levels.

HOOK & SURROUNDING AREA

- The sample of participating hotels for Hook and the surrounding area is not sufficient to allow the publication of occupancy and achieved room rate data for this area. The following points provide an insight into the hotel market in this part of the county based on the hotel manager interviews conducted here[12].
- Hotel occupancies in Hook and the surrounding area were broadly in line with the county 3 star average in 2007 and grew strongly compared to 2006, primarily as a result on new business from weddings being held at the Four Seasons hotel at Dogmersfield.
- Occupancies varied significantly between hotels however. The conference centres in the area that are now operating as hotels were only just starting to establish themselves in the hotel market in 2007.
- Achieved room rates for hotels in the area were generally below the county 3 star average in 2007. The conference centres that are now trading as hotels started to achieve high average room rates however.
- Midweek occupancies are generally strong, typically running at around 85-90%. Hotels generally fill on Tuesday and Wednesday nights and regularly deny business on these nights, typically up to 5-15 rooms. Thursday occupancies are weaker.
- There is strong corporate demand for hotel accommodation from companies based in Hook.
- Residential conferences remain a key midweek market for the conference centres that are now operating as hotels. They are a minor weekday market for some other hotels in the area.
- Weekend occupancies are lower, especially on Friday and Sunday nights. Saturday occupancies are stronger, particularly in the summer months.
- Weddings are the main source of weekend business for the area's hotels and the only significant source of weekend demand for one hotel. Weddings held at venues such as Four Seasons and Tylney Hall generate good business for 2/3 star hotels in the area. The conference centres now trading as hotels attract good weddings business.
- Two hotels attract some leisure break business and overseas tourists. A significant proportion of the leisure break business that these hotels attract is rate-driven through special offer rates promoted through the Internet.
- Farnborough Air Show generates good business for hotels in the area.

[12] Sample of participating hotels in the Hook area: Raven, Hook; George, Odiham; Highfield Park. Tylney Hall also participated in the survey. It is included in the sample for luxury country house hotels, rather than the Hook & Surrounding Area sample.

- Hotels in the area are generally positive about their prospects for 2008 although one was more cautious and concerned about economic recession.
- The conference centres that are now trading as hotels are likely to see strong growth in occupancy and achieved room rates as they become more established in the hotel market.

WINCHESTER

3/4 Star Hotels

Occupancy and Achieved Room Rates

- Average annual room occupancies and achieved room rates for Winchester 3/4 star hotels are estimated as follows for 2007. Figures were not obtained for 2006 for all hotels.

Winchester 3/4 Star Hotels[1]
Average Annual Room Occupancy and Achieved Room Rates 2006-2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £
2007	72	70.33

Note:

1. Sample: Mercure Wessex, The Winchester, Winchester Royal

- Winchester 3/4 star occupancies were above the national average for provincial 3/4 star chain hotels in 2007. Achieved room rates were slightly below the national average.
- Winchester 4 star occupancies were on a par with the county 4 star average in 2007. Achieved room rates were below the county 4 star average.
- In comparison with the findings of the 2003-2005 Hampshire Hotel Trends Survey Winchester 3/4 star hotel occupancies have increased slightly for two hotels and significantly for the other. Achieved room rates have increased overall, but reduced slightly for two hotels as they have driven occupancy through the promotion of leisure break offers through the Internet.

Weekday/ Weekend Occupancies and Seasonality

- Winchester 3/4 star hotels achieve high weekday occupancies (typically 70-85%) although not as high as 3/4 star hotels in other Hampshire cities and major towns.
- Tuesday and Wednesday nights are the strongest with hotels generally full on these nights. Monday, and especially Thursday night occupancies are slightly lower.
- Midweek occupancies dip a little during school holiday periods.
- Saturday occupancies are strong (typically 90-100%), particularly during the summer when hotels generally fill on Saturday nights. Friday occupancies are lower and more variable. Sunday occupancies are very low – typically 20-40%
- Winchester 3/4 star hotels most need additional weekday business during the winter and in school holiday periods and weekend business during the winter and on Friday and Sunday nights throughout the year.

Market Mix

- Winchester 3/4 star hotels have a more balanced mix of business and leisure demand than hotels in Southampton, Portsmouth and especially Basingstoke. The market mix for Winchester 3/4 star hotels is most typically 60-65% business, 35-40% leisure;
- The local corporate market is the primary source of business demand for Winchester hotels – typically accounting for 85-90% of business roomnights. The corporate market does not appear to be as strong in Winchester as in Hampshire's other cities and major towns.
- Residential conferences are a secondary business market, accounting for 5-15% of business roomnights.
- Leisure breaks are the main leisure market for Winchester 3/4 star hotels – accounting for 30-50% of leisure roomnights. Leisure break business is primarily rate driven through special offer rates promoted through the Internet.
- Other leisure markets are weddings and functions, group tours, events and overseas tourists.
- Overseas tourists are a stronger market in Winchester than in other parts of Hampshire and seen as an important market for the city to target in the future. They typically account for 10-25% of leisure roomnights for the city's 3/4 star hotels. Key nationalities are US, Japanese, Chinese and French.
- Events that generate business for Winchester hotels are the Southampton Boat Show, Cowes Week and Matterley Bowl Moto X events.

Market Trends

- One hotel reported an increase in leisure break business as a result of increased Internet marketing.
- The Winchester corporate market appears to have been largely static in the last two years.
- Residential conference business has also been static.

Denied Business

- Two 3/4 star hotels in the city regularly deny business on Tuesday and Wednesday nights, but not to a significant extent. The city's other 3/4 star hotel rarely denies midweek business.
- One hotel reported regularly denying business on Saturday nights during the summer. The other two hotels rarely deny business at weekends.

Planned Hotel Developments

- The Winchester is currently building a 28-bedroom extension – due for completion in September 2008.

Prospects for 2008

- Winchester 3/4 star hotels are generally positive about their prospects for 2008 and expect to see steady growth in both occupancy and achieved room rate. One hotel was less optimistic about rate growth however.

Budget Hotels

- With only one budget hotel in the Winchester area taking part in the 2006-2007 survey it is not possible to report detailed findings for the Winchester budget hotel market. The evidence from the hotel that did take part in the survey suggests a strong market for budget hotels in the Winchester area, although we understand that performance varies significantly between budget hotels here. There is evidence that budget hotels can achieve high occupancies here, both during the week and at weekends, particularly during the summer. There is also evidence of budget hotels in the Winchester area regularly denying business during the week and at weekends in the summer. With their strategic locations on the M3 and A34, budget hotels in the Winchester area are able to serve a wide catchment area for corporate and contractor business, including Winchester, Southampton, Basingstoke and even Reading. A number of budget hotel operators are understood to be looking for hotel development opportunities in Winchester.

NEW FOREST

3 Star Hotels

Occupancy and Achieved Room Rates

- Average annual room occupancies and achieved room rates for New Forest 3 star hotels are estimated as follows between 2003 and 2007:

New Forest 3 Star Hotels[1]
Average Annual Room Occupancy and Achieved Room Rates 2003-2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £
2003[2]	58.6	52.19
2004[2]	57.0	52.71
2005	n/a	n/a
2006	60.3	56.12
2007	60.1	59.23

Note:

1. Sample 2006/2007: Balmer Lawn, Master Builder's House, South Lawn, Forest Lodge, Stanwell House, New Forest Hotels, Passford House, Lyndhurst Park, Crown, Burley Manor, Forest Park
2. Source: Hampshire Hotel Trends Survey 2003-2004, ACK Tourism/ Tourism Solutions, April 2005

- Occupancies for New Forest 3 star are generally lower than for 3 star hotels in other parts of the county and well below the county 3 star average overall. This is primarily due to the lack of midweek corporate business for hotels in the New Forest.
- Occupancies vary significantly by location however, with hotels in Lyndhurst generally achieving higher occupancies than hotels in other parts of the New Forest due to corporate demand from Southampton.
- New Forest 3 star occupancies were large static in 2007. Some hotels reported a drop in occupancy in 2007 due to the poor summer weather or a change in business strategy to drive rate rather than occupancy. Others reported a slight increase in occupancy.
- Compared to 2003-2004 occupancies have increased for New Forest hotels, primarily as a result of increased leisure break business that hotels have been able to drive through Internet marketing.

- Achieved room rates are comparatively low for New Forest 3 star hotels and below the county 3 star average. Some hotels achieve higher average room rates (£75-79) however.
- Compared to 2003-2004 achieved room rates have steadily increased for New Forest 3 star hotels.

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies are relatively low for New Forest 3 star hotels (typically averaging around 50-60%) and fluctuate from week to week depending on residential conference business. Weekday occupancies are stronger for hotels in Lyndhurst.
- Weekday occupancies are stronger in the summer and can be very low in the winter.
- Friday and Saturday occupancies are much stronger. New Forest 3 star hotels generally fill on Friday and Saturday nights high during the summer and achieve good Friday and Saturday nights throughout the rest of the year.
- Sunday occupancies are usually very low – typically 20-30%.
- New Forest 3 star hotels most want additional business on weekdays and Sundays throughout the year, and on Friday and Saturday nights during the winter.

Market Mix

- New Forest 3 star hotels attract a fairly even mix of business and leisure demand overall.
- Leisure demand is the main source of business for most New Forest hotels, other than for some hotels in Lyndhurst that attract good corporate demand from Southampton.
- Residential conferences are a key source of business demand - typically accounting for 40-60% of business roomnights for many New Forest 3 star hotels.
- Weekend and midweek leisure breaks and weddings are the main sources of leisure business for New Forest 3 star hotels. Hotels generally achieve good weekend break rates during the summer. Leisure break business is more rate driven during the winter and midweek periods.
- One hotel reported attracting week-long leisure stays in the peak summer months.
- The Southampton Boat Show, Cowes Week, New Forest Show and Beaulieu Boat and Auto Jumbles generate business for New Forest hotels.
- One hotel in Lyndhurst reported attracting cruise passengers, although not to any great extent.
- Overseas tourists are a minor market for New Forest hotels. There were mixed views about how important it is for the New Forest to target overseas tourist business.

Market Trends

- Many New Forest 3 star hotels have successfully grown their leisure break business in the last 2-3 years through Internet marketing, particularly in terms of the promotion of leisure break offers. There appears to have been a general trend towards more one-night stays at the weekend instead of two-night breaks, a growth in last minute booking of leisure breaks and a move more towards B&B terms rather than half board terms for breaks.
- Some hotels reported a downturn in leisure break business in 2007 as a result of the poor summer weather.
- Leisure break business has reduced significantly so far in 2008 due to the Credit Crunch and poor Spring weather.
- Corporate demand for hotel accommodation in the New Forest appears to have been largely static or slightly down.
- Residential conference demand appears to have been largely static. Some hotels reported a drop is residential conference business.
- One hotel in Lyndhurst has started to attract cruise passengers as this market has grown in Southampton.
- The weddings market appears to have remained steady for New Forest hotels but has become more price sensitive.

Denied Business

- Most New Forest hotels rarely deny business during the week, other than when they have a large residential conference in or possibly in the peak summer months. One Lyndhurst hotel regularly denies business on Tuesday and Wednesday nights, but not to any significant extent.
- Many New Forest 3 star hotels regularly deny business at weekends during the summer, particularly on Saturday nights, but not generally to a significant extent. Others only occasionally deny business at weekends during the summer.

Development Plans

- The Balmer Lawn is refurbishing a number of its bedrooms with the aim of upgrading to 4 stars.
- Forest Lodge is planning to add 8 bedrooms in January 2009.
- Many other New Forest hotels continue to invest in ongoing refurbishment work.

Prospects for 2008

- New Forest 3 star hotels are generally expecting their occupancy levels to remain static or possibly down in 2008. Leisure break business has reduced significantly for New Forest hotels so far in 2008. Two hotels expect to see occupancy and rate growth in 2008 however.

FARNBOROUGH/ ALDERSHOT/ FLEET

3 Star Hotels

Occupancy and Achieved Room Rates

- Average annual room occupancies for Farnborough/Aldershot/Fleet 3 star hotels are estimated as follows for 2006 and 2007:

Farnborough/Aldershot/ Fleet 3 Star Hotels[1]
Average Annual Room Occupancy and Achieved Room Rates 2006-2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £
2006	69.5	81.17
2007	69.5	81.59

Note:

1. Sample: Holiday Inn, Potters International, Lismoyne, Falcon

- Farnborough/Aldershot/ Fleet 3 star hotels achieved occupancies slightly above the county 3 star average in 2006 and 2007. Occupancies varied significantly between hotels however, with one hotel achieving high occupancies and two achieving comparatively low occupancies, well below the county 3 star average.
- Achieved room rates for Farnborough/Aldershot/Fleet 3 star hotels were very high in 2006 and 2007 – well above the county 4 star average and national provincial 3/4 star chain hotel average. Farnborough/ Aldershot/ Fleet 3 star hotels achieve some of the highest average room rates in the county. This is due to the strength of corporate demand in this area and the high corporate rates that hotels can achieve here.
- Compared to the 2003-2004 survey, occupancies have increased slightly for Farnborough/Aldershot/Fleet 3 star hotels, while achieved room rates have increased substantially.

Weekday/ Weekend Occupancies and Seasonality

- Farnborough/Aldershot/Fleet 3 star hotels achieve very high weekday occupancies – typically running at 90-100% throughout the year. All hotels consistently fill on Tuesday and Wednesday nights. Some hotels also regularly fill on Monday nights. Thursday nights are a little quieter although hotels in the area still achieve high occupancies on this night. Weekday occupancies dip during the school holiday periods.
- Weekend occupancies are very low – typically around 30%, although one hotel appears to be achieving higher weekend occupancies of around 50%. One hotel is virtually always empty at weekends. Saturday occupancies are stronger for two hotels as a result of weddings business and leisure break business driven through special offer rates. Friday and Sunday occupancies are very low – typically 20-25%.
- Farnborough/ Aldershot/ Fleet 3 star hotels most need additional business at weekends throughout the year and in some cases weekdays during school holiday periods.

Market Mix

- The market mix for Farnborough/ Aldershot/ Fleet 3 star hotels is heavily biased towards business demand – accounting for 77% of roomnight demand overall. For two hotels business demand accounts for 90-95% of their bedroom business.
- The corporate market is the primary source of business demand – accounting for 90-95% of business roomnights.
- Residential conferences are a minor business market for the area's 3 star hotels, accounting for no more than 5-10% of business roomnights for hotels.
- Weddings and functions are the main leisure market for Farnborough/ Aldershot/ Fleet 3 star hotels
- Two hotels attract some leisure break business through Internet offers.
- One hotel attracts some business from coach groups. This is very low-rated business.
- Farnborough/ Aldershot/ Fleet 3 star hotels do not attract overseas leisure tourists.
- The Farnborough Air Show provides a significant boost to Farnborough/ Aldershot/ Fleet hotels every other year.
- The World Darts and Shadowmania at the Lakeside complex in Frimley Green generate business for some of the area's hotels.

Market Trends

- The corporate market has clearly grown strongly as the Farnborough Business Park has developed. This growth in corporate demand has enabled hotels in the area to significantly increase their corporate rates. This has been the key factor behind the strong growth in achieved room rates for the area's 3 star hotels.
- Two hotels appear to have successfully developed leisure break business through the promotion of special offer leisure break rates through the Internet. This has been a key change since the 2003-2004 survey.
- Two hotels reported a decline in weddings business.

Denied Business

- All Farnborough/ Aldershot/ Fleet 3 star hotels regularly deny business on Monday, Tuesday and Wednesday nights – typically up to 20-40 rooms per night. One hotel reported that it could easily fill again most Tuesday and Wednesday nights. Some hotels also regularly deny business on Thursday nights, although to a lesser extent than on other weekday nights. Weekday denials appear to have increased significantly since the 2003-2004 survey.
- Farnborough/ Aldershot/ Fleet 3 star hotels rarely deny business at weekends.

Planned Hotel Development

- Two major new hotels will open in Farnborough in 2008 – the 4 star Dakota (169 rooms) and the 3 star Village (120 rooms).
- A Travelodge budget hotel (87 rooms) is planned at Westgate in Aldershot.
- A 77-bedroom Travelodge budget hotel is planned as part of the Farnborough town centre redevelopment scheme.
- Potters International is seeking planning permission for a 52-bedroom extension.

Prospects for 2008

- Farnborough/ Aldershot/ Fleet 3 star hotels generally expect to increase their occupancies and achieved room rates in 2008 primarily as a result of Farnborough Air Show. They are however concerned about the impact that the new hotels in Farnborough will have on their performance in the second half of the year and into 2009.

Longer Term Prospects

- There are good prospects for further significant growth in the corporate market for hotel accommodation in the Farnborough/Aldershot/Fleet area given the planned development of offices and business parks in the area including:
    - The development of the IQ Farnborough business park;
    - Office development in Farnborough town centre;
    - The expansion of Farnborough Airport;
    - Office development in Aldershot as part of the Westgate development;
    - The intensification of other employment sites.

  With a focus on attracting knowledge-based and high tech industries, demand should increase significantly from the corporate market.
- New 3 and 4 star hotels could attract additional residential conference business, depending on their brand strength in this market and the extent of their conference and meeting facilities.
- The weekend market for hotel accommodation in the area is likely to remain difficult. There should be growth in the weddings and functions market as the area's population increases. New 3 and 4 star hotels with leisure facilities may be able to drive leisure break business through corporate leisure break marketing campaigns depending on their brand strength in this market. The area is unlikely to develop as a leisure break destination however, although the proposed National Air Museum may generate some new leisure break business.
- The GB Olympic team's training base in Aldershot could generate increased demand for hotel accommodation in the area in the run up to 2012.

Budget Hotels

Occupancy

- Average annual room occupancies for Farnborough/ Aldershot/ Fleet budget hotels are estimated as follows for 2006 and 2007:

Farnborough/ Aldershot/ Fleet Budget Hotels[1]
Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %
2006	86
2007	83

Note:

1. Sample: Premier Inn Farnborough, Premier Inn Aldershot, Innkeeper's Lodge Fleet, Days Inn Fleet

- Budget hotel occupancies are very high in the Farnborough/ Aldershot/Fleet area. They are not quite as strong for one budget hotel in Fleet due to lower weekend occupancies.
- Budget hotel occupancies fluctuate biannually as a result of the Farnborough Air Show.
- In comparison with the 2003-2004 survey budget hotel occupancies have remained very high in Farnborough and Aldershot and have increased in Fleet.

Weekday/ Weekend Occupancies and Seasonality

- Farnborough/ Aldershot/ Fleet budget hotels consistently achieve very high weekday occupancies. Three hotels consistently fill from Monday to Thursday throughout the year. One hotel fills on Monday to Wednesday nights and achieves occupancies of 75-80% on Thursday nights.
- Saturday occupancies are generally strong, with three budget hotels consistently filling on Saturday nights for most of the year.
- Friday occupancies are more seasonal. Budget hotels in the area generally fill on Friday nights during the summer. Friday occupancies drop to around 50-60% in the winter.
- Sunday occupancies are typically running at around 50%.
- One budget hotel in Fleet achieves relatively low weekend occupancies.
- Farnborough/ Aldershot/ Fleet budget hotels most want additional business for winter weekends, particularly on Friday and Sunday nights.

Market Mix

- The market mix for Farnborough/ Aldershot/ Fleet budget hotels is strongly biased towards business demand – accounting for 66-75% of business for budget hotels in the area.
- Business demand is a mix of corporate and contractor business. One budget hotel also caters for aircrew from Farnborough Airport.
- People attending weddings and other family gatherings, or visiting friends and relatives in the area are the key leisure markets. People visiting soldiers at the army barracks are a key market in Aldershot.
- Only one budget hotel reported attracting a small amount of leisure break business.
- Farnborough/ Aldershot/ Fleet budget hotels do not attract overseas leisure tourists.
- Farnborough Air Show generates significant business for budget hotels in the area every other year, before, during and after the event.
- A number of sporting events generate business for Farnborough/ Aldershot/ Fleet budget hotels. These include the World Professional Darts at the Lakeside complex in Frimley Green, gymnastics and swimming competitions at Aldershot Garrison and Guildford Spectrum and tennis championships at the Aldershot Tennis Centre.

Market Trends

- The corporate market for budget hotels in the Farnborough/ Aldershot/ Fleet area has increased in the last 3 years.
- Compared to the 2003-2004 survey, leisure demand appears to have increased for most of the area's budget hotels.

Denied Business

- Farnborough/ Aldershot/Fleet budget hotels regularly deny significant levels of business during the week.
- Most budget hotels in the area also consistently deny significant business on Saturday nights, particularly during the summer.

Planned Hotel Development

- A Travelodge (87 rooms) is planned in Aldershot.
- A 77-bedroom Travelodge is planned as part of the Farnborough town centre redevelopment scheme.

Prospects for 2008

- Farnborough/ Aldershot/ Fleet budget hotels expect to see an increase in their occupancy levels in 2008, due to Farnborough Air Show.
- One budget hotel expressed concerns about the planned opening of further budget hotels in the area.

Longer Term Prospects

- The anticipated growth in the corporate market in Farnborough and Aldershot should result in increased midweek demand for budget hotel accommodation. There is also likely to be strong growth in demand from the contractors market, given the level of construction work that will be happening in the area.
- At weekends there is likely to be growth in demand for budget hotel accommodation from the visiting friends and relatives and weddings and functions markets as the area's population grows.

HAVANT

3/4 Star Hotels

Occupancy

- Average annual room occupancies for Havant 3/4 star hotels[13] are estimated as follows for 2006 and 2007:

Havant 3/4 Star Hotels[1]
Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %
2006	68
2007	68

Note:

1. Sample: Bear, Havant; Brookfield, Emsworth; Langstone, Hayling Island (data from TSE occupancy survey – this hotel did not take part in the Hampshire Hotel Trends Survey)

- Havant 3 star hotel occupancies were below the county average in 2006 and 2007 – at around 64-65%.
- 4 star occupancies were on a par with the county 4 star average, but below the Portsmouth 4 star average.
- Occupancies increased slightly in 2007.
- Compared to the findings of the 2003-2004 Hampshire Hotel Trends Survey 3 star occupancies have reduced in the area since 2004. This is likely to be due to the expansion of the Langstone and the opening of the Tulip Inn (now the Premier Inn Portsmouth Southampton Road) in 2004.

[13] The 3/4 star hotel sample for Havant/Hayling Island excludes the Warners' Sinah Warren and Lakeside adult only hotel resorts. Information is provided separately about the performance and markets for these hotels.

Achieved Room Rates

- Achieved room rates were very low for Havant 3 star hotels in 2006 and 2007 – averaging £48 in 2006 and £52 in 2007 (compared to the county 3 star averages of £59.07 in 2006 and £61.27 in 2007). There was a significant variation in achieved room rate performance between hotels however: one hotel trades at very low achieved room rates, the other achieves room rates well above the county 3 star average and saw significant rate growth in 2007. Differences in the quality of the two hotels appear to be the key reason for their varying achieved room rate performance.
- It is likely that the Langstone achieves room rates below those of Portsmouth 4 star hotels. No achieved room rate data was available for this hotel to confirm this view however.

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies were typically running at around 70-75% for Havant 3 star hotels in 2006 and 2007. Tuesday and Wednesday occupancies were the strongest with 3 star hotels frequently filling on these nights. Monday, and especially Thursday nights were quieter. Midweek occupancies dip during school holiday periods.
- Weekend occupancies were much lower and more variable and seasonal – averaging around 45-55% for the year. Saturday nights were stronger. Sunday nights were very quiet.
- These occupancy patterns were very similar to the patterns recorded in the 2003-2004 Hampshire Hotel Trends Survey
- Havant 3 star hotels most need additional business on Thursday nights, weekdays during school holiday periods and weekends throughout the year, particularly in the winter.

Market Mix

- The market mix for Havant 3 star hotels is 70-80% business, 20-30% leisure.
- The local corporate market in Havant is the primary source of business demand for hotels.
- Residential conferences are a very minor weekday market for one hotel.
- Weddings and functions are the primary source of leisure business for Havant 3 star hotels.
- One hotel attracts some leisure break business through the marketing of special offer leisure break rates through the Internet.
- One hotel takes some coach groups. This is very low-rated business.
- One hotel attracts some special interest groups for bird watching and bowls.
- One hotel attracts some business from overseas ferry passengers on their way from or to Portsmouth and saw this as an important market to be targeted for the area.
- Goodwood motor and horse racing events generate good business for the area's hotels. One hotel also reported attracting business from the Southampton Boat Show.

- The market mix and key markets for Havant 3 star hotels has not changed since the 2003-2004 survey.

Market Trends

- The corporate market in Havant appears to have grown in 2007.
- Residential conference demand has reduced as companies have developed their own in-house conference and training facilities and cut back on meeting and training budgets.
- One hotel has seen growth in its leisure break business through the marketing of special offer rates through the Internet. This remains a small market for it however.
- Weddings business has reduced for one hotel.
- Demand from overseas tourists has reduced.

Denied Business

- One Havant 3 star hotel regularly denies some business on Tuesday and Wednesday nights, but not to a significant extent. The other rarely denies business during the week.
- Weekend denials are rare, other than during major event weekends.

Planned Hotel Development

- Planning permission has been granted for a 78-bedroom budget hotel on the A27 Emsworth bypass.
- An allocation for a hotel with conference facilities is included in the proposals for the Dunsbury Hill Farm business and technology park.

Prospects for 2008

- One hotel expects to see occupancy and rate growth in 2008 following refurbishment. The other is much more pessimistic about its prospects for 2008.

Longer Term Prospects

- Corporate demand for hotel accommodation is likely to increase significantly in the future in the Havant area, with the planned development of business parks in the area including:
    - the Dunsbury Hill Farm business park
    - the Waterlooville Business Area (as part of the West of Waterlooville Major Development Area);
    - the further development of the Broadmarsh area, including the expansion of the Langstone Technology Park and Penner Road Business Park.
- The development of the area's economy could result in increased demand for residential conferences as new companies are attracted to the area. A new 3 or 4 star hotel with good conference facilities may also be able to attract additional residential conference business depending on the strength of its brand in this market.
- It is difficult to see scope for growth in weekend leisure demand in Havant. The area's population is not set to increase significantly. There is unlikely to be much growth in the weddings and functions market therefore. Havant is unlikely to develop as a leisure break destination. A new 3 or 4 star hotel might be able to drive leisure break business through corporate leisure break marketing activity, depending on the strength of its brand in this market.

Adult Only Hotel Resorts

- Warner Leisure Hotels has two adult only hotel resorts on Hayling Island – the Sinah Warren Hotel (250 bedrooms) and the Lakeside Classic Resort (226 bedrooms). Both hotels achieve extremely high occupancy levels trading purely in the leisure break market. They are full for most of the year. They offer 3 or 4 night half board leisure break packages including evening entertainment and use of a wide range of sports and leisure facilities. Demand is very strong at weekends. Midweek business is more rate driven. Both hotels also take coach groups during the week to boost quieter midweek periods. This market accounts for around 20% of their total roomnights. The hotels enjoy high levels of repeat business. Midweek guests tend to be retired or semi-retired. Weekend guests are primarily in the 40-50 age group.

Budget Hotels

Occupancy

- Average annual room occupancies for Havant budget hotels are estimated as follows for 2006 and 2007:

Havant Budget Hotels[1]
Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %
2006	81
2007	82

Note:

1. Sample: Premier Inn Havant, Travelodge Chichester Emsworth, Innkeeper's Lodge Portsmouth North, Rowlands Castle (in East Hampshire District)

- Budget hotel occupancies were high in the Havant area in 2006 and 2007, in line with Havant budget hotel performance in 2003-2004 survey. Occupancies vary significantly between hotels however: two hotels achieve vary high occupancies, while the third achieves much lower occupancies.
- Occupancies increased for one hotel in 2007.

Weekday/ Weekend Occupancies and Seasonality

- Two of the budget hotels in the Havant area are usually full from Monday to Thursday. Weekday occupancies are lower and more variable for the area's other budget hotel however.
- Friday and Saturday occupancies are strong, particularly in the summer, when the area's budget hotels frequently fill.
- Sunday nights are much quieter for the area's budget hotels.

Market Mix

- The market mix for Havant budget hotels is 60-70% business, 30-40% leisure.
- Business-related demand is a fairly even mix of business from contractors and the local corporate market.
- People attending weddings and other family gatherings, or visiting friends and relatives in the area are the main leisure markets for Havant budget hotels.

- One hotel attracts business from ferry passengers travelling en-route to Portsmouth.
- One hotel attracts leisure break business through leisure break offers that its company promotes.
- Overseas tourists are a minor leisure market for one hotel.
- Havant budget hotels attract business from Goodwood motor and horse racing events and the Great South Run in Portsmouth.

Market Trends

- Corporate and contractor demand increased for Havant budget hotels in 2006 and 2007. One hotel reported a downturn in these market so far in 2008 however.
- One hotel reported a downturn in leisure business in 2007 and into 2008.

Denied Business

- Two Havant budget hotels regularly deny significant business during the week.
- All three budget hotels in the area regularly deny significant business on Saturday nights, especially during the summer.

Planned Hotel Developments

- A new Premier Inn (24 rooms) opened at Horndean in February 2008.
- Planning permission has been granted for a 78-bedroom budget hotel on the A27 Emsworth bypass.

Prospects for 2008

- Havant budget hotels expect to maintain their high occupancies in 2008. They do not appear to have been affected by the opening of the Premier Inn at Horndean. One of the area's budget hotels reported a slow start so far to 2008 however.

Longer Term Prospects

- The anticipated growth in the local corporate market in the Havant area is likely to generate increased demand for budget hotel accommodation.
- Demand from the contractors market should also increase significantly given the level of new development planned in the area.
- There is likely to be much slower growth in weekend demand for budget hotel accommodation however, given the low levels of population growth that are projected for the area.

EAST HAMPSHIRE

Alton 3 Star Hotels

- The sample of participating 3 star hotels in Alton is not sufficient to allow the publication of occupancy and achieved room rate data for the town. The following points provide an insight into the hotel market in this part of the county based on the hotel manager interviews conducted here[14].
- Occupancies and achieved room rates appear to have dropped significantly for Alton 3 star hotels in 2006 and 2007, and were well below the county 3 star averages. This appears to have been primarily as a result of a downturn in the weddings market.
- Midweek occupancies remain strong, although appear to have reduced. Tuesday and Wednesday nights are the strongest. Alton hotels do not appear to be consistently filling on these nights. Monday and Thursday occupancies are much lower.
- Weekend occupancies are very low and have reduced with the downturn in the weddings market.
- The local corporate market remains the primary source of midweek business for Alton hotels. They also pick up some overspill corporate business from Basingstoke on Tuesday and Wednesday nights. The local corporate market appears to have remained largely static in the last two years, but has become more competitive on rate.
- Alton hotels attract very little residential conference business.
- Weddings are still the main source of weekend business for Alton hotels. They have however started to target leisure break business through Internet marketing and offers.
- Alton 3 star hotels rarely deny business.
- Hotels in the town do not expect to see any improvement in their trading performance in 2008.

[14] Sample of participating hotels in Alton: Grange, Swan(some data)

East Hampshire Budget Hotels

Occupancy

- Average annual room occupancies for East Hampshire budget hotels are estimated as follows for 2006 and 2007:

East Hampshire Budget Hotels[1]
Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %
2006	n/a
2007	81

Note:

1. Sample: Premier Inn Petersfield, Travelodge Liphook, Travelodge Alton Four Marks

- Budget hotel occupancies were high in East Hampshire in 2007, although not quite as high overall as for budget hotels in other parts of the county. One of the area's budget hotels achieved very high occupancies in 2007 however.
- Compared to 2003-2004 budget hotel occupancies have increased significantly in East Hampshire, even with the increased budget hotel supply in the area.

Weekday/ Weekend Occupancies and Seasonality

- East Hampshire budget hotels achieved very high weekday occupancies in 2007, generally filling on weekdays in most cases.
- Saturday occupancies were also very high, with two of the area's budget hotels consistently filling on this night throughout the year and the other filling on Saturday nights between March and October.
- Friday occupancies were lower (at around 60%), although one hotel reported consistently filling on Friday nights in 2007.
- Sunday occupancies were very low.

Market Mix

- The market mix for East Hampshire budget hotels is estimated at 70% business demand, 30% leisure demand for 2007.
- Contractors are the main source of business-related demand – accounting for 50-70% of business roomnights for the area's budget hotels.
- The local corporate market is the other key source of business demand.
- One hotel reported attracting overspill corporate and contractor demand from Basingstoke. East Hampshire budget hotels are no longer getting displaced business from Portsmouth and Guildford however, since the development of new budget hotels in these locations.
- People attending weddings and family functions in the area are the main source of leisure business for East Hampshire budget hotels.
- Other leisure markets are people visiting friends and relatives in the area and people attending events.
- Key events that generate business for East Hampshire budget hotels are Goodwood motor and horse racing events, the Jalsa Salana Muslim event at Oakland Farm near Alton, Farnborough Air Show, Southampton Boat Show, Guilfest and the Great South Run.
- One hotel reported attracting some business from leisure break guests and overseas tourists.

Market Trends

- Demand for budget hotel accommodation in East Hampshire has grown from the contractors market, particularly from contractors working on the construction of the Hindhead Tunnel.

Denied Business

- East Hampshire budget hotels regularly deny business on Monday to Thursday nights, especially during the summer. Midweek denials can be significant.
- The area's budget hotels also regularly deny business on Saturday nights. Saturday denials can be significant during the summer.

Planned Hotel Developments

- A new Premier Inn (24 rooms) opened at Horndean in February 2008.
- Planning permission has been granted for a budget hotel extension to the Red Lion pub in Petersfield.

Prospects for 2008

- East Hampshire budget hotels expect to maintain or increase their occupancy levels in 2008, primarily as a result of the growth in contractor demand.

FAREHAM

- Average annual room occupancies and achieved room rates for Fareham 3/4 star hotels are estimated as follows for 2006 and 2007:

Fareham 3/4 Star Hotels[1]
Average Annual Room Occupancy and Achieved Room Rates 2006-2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £
2006	61	71.30
2007	66	73.20

Note:

1. Sample: Solent, Holiday Inn, Red Lion, Lysses House

- Fareham 3/4 star occupancies are well below the national average for provincial 3/4 star chain hotels. Achieved room rates are slightly above the national average. Occupancies and achieved room rates vary significantly between hotels however:
    - 4 star hotel occupancies are relatively low, due primarily to low weekend occupancies. Achieved room rates are high however, well above the county 4 star average and national average for provincial 3/4 star chain hotels.
    - 3 star occupancies are stronger, either on a par of above the county 3 star average. Achieved room rates are low for two 3 star hotels, but relatively strong for the third.
- Compared to the findings of the 2003-2004 Hampshire Hotel Trends Survey 3/4 star occupancies have remained largely static in Fareham, while achieved room rates have steadily increased. Occupancies dropped significantly for one 3 star hotel in 2006 as a result of major refurbishment work.
- Budget hotel occupancies remain very high in Fareham
- Midweek occupancies are strong, particularly for budget and 3 star hotels.
- Weekend occupancies are much lower other than for budget hotels. Sunday occupancies are very low.
- Corporate demand is strong and growing.
- Residential conferences are a secondary weekday market for budget hotels.

- Key leisure markets are leisure breaks, weddings and functions and events. People visiting friends and relatives in the area and ferry passengers are also important markets for budget hotels.
- Key events that generate business for Fareham hotels are Goodwood motor and horse racing events, the Southampton Boat Show, Cowes Week and the Great South Run.
- Fareham hotels regularly deny business on Tuesday and Wednesday nights. Budget hotel denials are very high for all four weekday nights.
- Hotels reported occasional weekend denials in 2007, but not so far in 2008.
- Leisure demand has reduced so far in 2008 due to the Credit Crunch. Two hotels expect to see occupancies reduce as a result. One hotel expects to see some occupancy and rate growth however, due to the continued expansion of the corporate market with the ongoing development of the Solent Business Park.

ANDOVER

2/3 Star Hotels

Occupancy and Achieved Room Rates

- Average annual room occupancies for Andover 2/3 star hotels are estimated as follows for 2006 and 2007:

Andover 2/3 Star Hotels[1]
Average Annual Room Occupancy and Achieved Room Rates 2006-2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £
2006	67	43.53
2007	70	47.34

Note:

1. Sample: Quality, Danebury, White Hart

- Andover 2/3 star hotel occupancies were broadly in line with the county 3 star average in 2006 and slightly above the county average in 2007.
- Achieved room rates are very low for Andover 2/3 star hotels.
- Occupancies and achieved room rates grew in 2007.
- Compared to the 2003-2004 survey 2/3 star hotel occupancies have reduced. This is likely to be due to the opening of the Premier Inn in Andover.

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies are high for Andover 2/3 star hotels – typically 90-100%. Thursday occupancies are slightly weaker for one hotel.
- Weekend occupancies are low however. Friday and Saturday occupancies are typically around 40-50%, although can be higher in the summer. Sunday occupancies are generally around 20%.
- Andover 2/3 star hotels most want additional weekday business between December and January and additional weekend business throughout the year, particularly on Friday and Sunday nights.

Market Mix

- The market mix for Andover 2/3 star hotels is 70-77% business, 23-30% leisure.
- Business demand is a broadly even mix of local corporate and contractor demand.
- Residential conferences are a very small market for one hotel.
- Weddings and other family functions are the key leisure market.
- Andover hotels attract good business from the Thruxton motor racing circuit 5-6 times a year.
- Two hotels attract leisure break business primarily through special offer rates promoted through the Internet.
- One hotel takes some coach tours. This is very low-rated business however.
- One hotel attracts business from fishing and golf parties.
- Two hotels attract some business from overseas tourists.

Market Trends

- Demand has increased from the contractors market for one hotel.
- Weddings business has grown for one hotel.
- Corporate demand appears to be largely static.
- Leisure break business has reduced for one hotel.

Denied Business

- Andover 2/3 star hotels regularly deny business on Monday to Wednesday nights, but not to a significant extent – typically up to 2-5 rooms.
- Weekend denials are much less common other than for Thruxton weekends.

Planned Hotel Developments

- A 50-bedroom budget hotel is planned as part of the Ford Cottage mixed-use development project.
- A hotel is included as part of the proposals for the development of the former Andover Airfield.

Prospects for 2008

- Andover 2/3 star hotels are generally positive about their prospects for 2008 and expect to see growth in occupancy and achieved room rates. There are some concerns about the economic climate and the prospect of further hotels opening in the town.

Longer Term Prospects

- There could be potential for growth in corporate demand for hotel accommodation in Andover given the proposed development of the Andover Airfield Business Park and the expansion and regeneration of the Walworth Industrial Estate as a state-of-the-art site for business development. Much will depend on the extent to which office users and high-tech companies are attracted to these sites, as opposed to logistics and distribution uses (which are also mooted).
- There is likely to be growth in demand from the weddings and functions market are Andover's population increases.
- Andover is unlikely to develop as a strong leisure break destination, although its improved arts and entertainment offer and developing events programme may start to generate weekend demand for hotels in the town.

Budget Hotels

Occupancy

- Average annual room occupancies for Andover budget hotels are estimated as follows for 2006 and 2007:

Andover Budget Hotels[1]
Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %
2006	76
2007	76

Note:

1. Sample: Premier Inn Andover, Travelodge Barton Stacey

- Andover budget hotels achieved high occupancies in 2006 and 2007, although not as high as in other parts of Hampshire.

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies are very high for one Andover budget hotel but not so high for the other.
- Friday and Saturday occupancies are strong (typically 75-95%), particularly in the summer.
- Sunday occupancies are lower – typically running at 40-50%.

Market Mix

- The market mix for Andover budget hotels is biased towards business demand, although much more so for one hotel than the other.
- Business demand is a mix of corporate and contractor demand. Corporate demand comes from Andover and to some extent also Basingstoke and Salisbury.
- People attending weddings and other family functions and visiting friends and relatives in the area are the main leisure markets for Andover budget hotels.
- They also attract good business from the Thruxton motor racing circuit.
- One hotel reported attracting good business from the Middle Wallop Air Show.
- Andover budget hotels also attract some business from transient UK and overseas tourists stopping off en-route to the West Country. These are minor markets however.

Market Trends

- Contractor business has increased from contractors working on the pipeline project near Barton Stacey.

Denied Business

- Andover budget hotels regularly deny business on Monday to Thursday nights, to a significant extent for one hotel.
- They also occasionally deny business on Saturdays in the summer.

Planned Hotel Developments

- A 50-bedroom budget hotel is planned as part of the Ford Cottage mixed-use development project.
- A hotel is included as part of the proposals for the development of the former Andover Airfield.

Prospects for 2008

- Budget hotels in the Andover area expect to see growth in their occupancy levels in 2008.

Longer Term Prospects

- Corporate demand for budget hotel accommodation in Andover is likely to increase as the town's economy develops and new companies are attracted to town's business parks and industrial estates as they develop.
- Demand is also likely to increase from the contractors market given the level of construction and development work that will be taking place in the town.
- Weekend demand from the visiting friends and relatives and weddings and functions markets should grow as the town's population increases.

▪

APPENDIX 3

QUESTIONNAIRE

APPENDIX 3

STRICTLY CONFIDENTIAL

HAMPSHIRE HOTEL TRENDS STUDY 2007

SURVEY OF HOTELS

Hotel: ______________________________

Location: ______________________________

Contact: ______________________________

Tel. No. _____________________

Number of bedrooms: _____ Star rating: ______stars

Rates: Single: £_________ Double: £________ Room only/ B&B

1. Has there been any significant investment in your hotel in the last 2 years in terms of additional bedrooms, new facilities or major refurbishment?

2. What was your average annual room occupancy for 2007? ______%

3. How did this compare with 2006?

   Average annual room occupancy 2006:_______%

4. What factors would you say have contributed to any change in your occupancy levels over the past 2 years?
   e.g. investment in the hotel, improved marketing, expansion of the local corporate market, new hotel openings

5. What was your typical pattern of weekday and weekend occupancies in 2007?

   Typical Weekday (Mon-Thurs) Occupancy ______%
   Typical Fri Occupancy ______%
   Typical Sat Occupancy ______%
   Typical Sun Occupancy ______%

6. When during the year do you most need additional business:

   For weekdays?

   At weekends?

7. What was your average achieved room rate for 2007? £_________

8. How did this compare with 2006?

   Average achieved room rate 2006 £ _______

9. What factors have contributed to any change in your average room rate over the past 2 years?

10. What would you say was your overall market mix (in terms of roomnights sold) for 2007 by the following markets:

	%
Business	_____
Leisure	_____
	100

11. Can you break your business roomnights down **approximately** by the following market segments:

	%
Corporate	_____
Residential conferences	_____
	100

12. Can you break your leisure roomnights down **approximately** by the following market segments:

	%
Weddings/functions	____
Leisure breaks	____
Coach groups	____
Events	____
Overseas Tourists	____
Other	____
	100

13. How much of your leisure break business is rate driven through special offers? *(Please tick the most appropriate box)*

Most of it	☐
A lot of it	☐
About half of it	☐
Some of it	☐
Not much of it	☐
None of it	☐

14. Which events generate significant business for your hotel?

15. What, if any, changes have there been in your market mix in the last 2 years?

    Which markets have grown?

    Which markets have declined?

16. What are the main nationalities of your overseas visitors?

17. What trends have there been in your overseas leisure business over the past 2 years?

18. How important is attracting overseas leisure business to the future of your hotel?

19. How often are you fully booked and having to turn business?

Please tick the relevant boxes

Regularly during the week	☐	**Go to Q20**
Regularly at weekends	☐	**Go to Q20**
Occasionally during the week	☐	
Occasionally at weekends	☐	
Rarely during the week	☐	
Rarely at weekends	☐	
Only in the peak summer holiday season	☐	

20. If you are regularly full on weekdays or at weekends, approximately how many roomnights are you typically turning away on each day of the week?

Day of the Week	Typical Number of Roomnights Declined
Monday	
Tuesday	
Wednesday	
Thursday	
Friday	
Saturday	

21. Do you have any plans to extend or develop your hotel over the next 2 years? Please provide details of number of bedrooms to be developed, additional facilities planned, and timescales for development.

22. What, if any assistance do you need to progress these plans? Are there any obstacles to developing these plans?

23. How do you view the prospects for your hotel in 2008 in terms of:

Occupancy?

Achieved Room Rate?

24. What factors do you think may affect your business either positively, or negatively, over the next 2-3 years? e.g. major development projects, new hotel openings

25. What do you think your area needs to help boost the hotel market?

26. What difficulties do you face in terms of recruiting and retaining staff?

27. Are such difficulties getting better or worse?

28. Is there anything that you feel your local authority or Tourism South East could do to help you in addressing these staffing difficulties?

THANK YOU FOR YOUR ASSISTANCE