

# SOUTH OXFORDSHIRE & VALE OF WHITE HORSE HOTEL NEEDS ASSESSMENT

## FINAL REPORT

Prepared for:  
South Oxfordshire District Council  
Vale of White Horse District Council

**July 2014**



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## EXECUTIVE SUMMARY

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### The Story

- South Oxfordshire and Vale of White Horse have a total of 41 hotels with 1674 letting bedrooms. There are concentrations of hotels around Thame/Milton Common, Wallingford, Henley-on-Thames, Abingdon and Milton Park/Harwell. The hotels are generally small in size, with only four hotels exceeding 100 bedrooms. In Le Manoir aux Quat' Saisons the area has one of the few 5 star hotels outside London; three star hotels dominate the supply, and quality is variable. The area has a good stock of pubs with rooms. There is a significant supply of hotel rooms bordering the two districts, particularly in and around Oxford. Only one new hotel has opened in the study area in the last 5 years, the Oxfordshire Hotel & Spa at Milton Common. We identified 7 hotel proposals, though no active schemes.
- In terms of performance, 4 star hotels are performing strongly, above national 3/4 star averages. Performance amongst 3 star hotels is generally weaker, reflecting the variable quality of the offer. Budget hotel performance is very strong, with very high occupancies. Destination and boutique hotels are achieving very high occupancies and rates. In terms of location, performance is strongest in the Science Vale/Milton Park area and in Abingdon, as well as in the areas closest to Oxford. In terms of patterns of demand, midweek and Saturday occupancies are very strong, but Friday and Sunday nights are weaker. The table overleaf summarises occupancy, achieved room rates and Revpar for hotels in the study area by standard of hotel, and provides comparisons with national benchmarks.

**Table i**  
**SOUTH OXFORDSHIRE & VALE OF WHITE HORSE HOTEL PERFORMANCE 2011-2013**

Standard of Hotel	Average Annual Room Occupancy %			Average Annual Achieved Room Rate <sup>3</sup> £			Average Annual Revpar <sup>4</sup> £		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
<b>UK Provincial Hotels (All Standards)<sup>1</sup></b>	<b>70.9</b>	<b>69.8</b>	<b>72.6</b>	<b>58.64</b>	<b>59.22</b>	<b>59.94</b>	<b>41.56</b>	<b>41.32</b>	<b>43.53</b>
<b>UK Provincial 3/4 Star Chain Hotels<sup>2</sup></b>	<b>69.6</b>	<b>69.6</b>	<b>72.0</b>	<b>68.40</b>	<b>69.97</b>	<b>71.46</b>	<b>47.61</b>	<b>48.72</b>	<b>51.48</b>
South Oxfordshire 4 Star Hotels	72.9	71.9	74.6	72.62	75.23	77.46	52.96	54.11	57.93
South Oxfordshire & Vale of White Horse 3 Star Hotels	n/a	65.9	68.6	n/a	60.08	62.10	n/a	39.62	42.60
South Oxfordshire & Vale of White Horse Budget Hotels	n/a	n/a	88.1	n/a	n/a	60.08	n/a	n/a	52.91

Notes

1. Source: STR Global
2. Source: TRI Hotstats UK Chain Hotels Market Review
3. 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.
4. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per available room net of VAT, breakfast (if included) and discounts and commission charges

- South Oxfordshire and Vale of White Horse has one of the largest clusters of science based research and knowledge industries in Western Europe, based around Milton Park, Harwell Oxford, Culham Science Park, Grove Technology Park, and Didcot. There are committed development plans in place and underway, supported by City Deal, ESIF and Local Growth Funds together with Enterprise Zone status, to deliver 20,000 new jobs in the next 15 years, expected to be in the high tech sectors as well as involving specialist international companies with global reach, all likely to be highly productive in terms of the generation of hotel roomnights from business tourism markets. The delivery of over 35,000 new homes across the two Districts to 2031, alongside the continued development of the visitor economy around groups, leisure breaks and events, should help to grow domestic and overseas leisure markets.
  
- The South Oxfordshire and Vale of White Horse area is not well known nor readily understood by the hotel development sector, whose focus tends to be on larger towns and cities. The strong hotel markets of Oxford and Reading are the preferred location for many. However, much hotel development is opportunistic, and subject to a business case being made, there were national and international hotel developers and operators willing to examine the potential for new hotel development here. However, most would only be interested in franchise and management contract delivery mechanisms, requiring a developer/investor partner, usually locally based. Hotel companies were prepared to look at a range of offers from budget through to 4 star and boutique brands. None of the consultees were aware of Science Vale and its significant growth potential.
  
- The planning policy framework is generally permissive of hotel development in the built up areas, in support of economic development, business growth and the expansion of the visitor economy. Policies for development in the countryside are more restrictive however. In terms of the workability of planning policies, some issues were identified around staff accommodation, car parking standards, hotel retention policy, sequential test and site availability.

## The Opportunity

### By Location

- Our demand forecasts for the Science Vale Market Area and our wider assessment of hotel needs identifies the following requirements and opportunities for hotel development for key locations across the study area over the next 10-15 years:
  - Milton Park/Harwell Oxford/Didcot
    - A need for a significant increase in hotel supply in the Science Vale area through new hotel openings and the expansion of existing hotels. Proposals at Milton Park, Harwell Oxford and Didcot Gateway would only meet part of this need over the long term. Further research is required to establish the viability of 4 star development and achievable rates. Budget, upper tier budget and 3 star offers appear most likely to be deliverable, plus serviced apartments.
  - Abingdon
    - Abingdon is in a good position to serve Culham, Harwell and Milton Park, but site availability is a key issue here. Retaining the Upper Reaches and securing investment in the property and offer is a priority.
  - Wantage
    - Potential for some additional provision to serve Science Vale, most likely a small budget hotel and/or boutique hotel provision.
  - Faringdon
    - The opportunity here should focus on up-grading and re-positioning of existing inns as small boutique hotels and the expansion of Sudbury House.
  - Oxford Fringes
    - Opportunities to serve (and reap the benefits of) the strong Oxford market that can't be accommodated in the city centre, subject to site availability and sequential test; new hotels and expansion of sites such as Oxford Thames Four Pillars.
  - Thame/Milton Common/Chinnor
    - Potential for a further budget hotel in Thame
  - Wallingford/Shillingford/Dorchester-on-Thames
    - The priority here is the upgrading of existing hotels. There could also be potential for some existing hotels to expand.

- Henley-on-Thames
  - Henley-on-Thames has potential to support additional boutique hotel development, via the up-grading of existing hotels or conversion of suitable buildings. There could also be potential for a budget hotel here.
- Rural Areas
  - Potential for:
    - New destination country house hotels given suitable properties for conversion
    - The expansion and development of existing rural destination hotels – adding spas, lodges etc
    - Development of hotels on golf courses
    - A minor golf resort (site dependent)
    - Hotel bedrooms added to wedding venues
    - Conversion of residential conference centres to hotels

### **Other Visitor Accommodation Development Opportunities**

- A review of trends in the development of other forms of visitor accommodation in the UK suggests there could be opportunities in the study area for the following types of accommodation that would require an appropriate planning policy response:
  - Good quality pub accommodation and boutique inns, through extension and conversion of outbuildings;
  - New guest houses and boutique B&Bs;
  - Conversion of redundant farm buildings to holiday cottages/complexes;
  - Development of holiday lodges, holiday lodge parks, eco lodges, fishing/shooting/golf lodges;
  - Expansion of touring caravan and camping sites;
  - Camping site and glamping site development;
  - Children's' residential activity centres.

## The Planning Policy Response

- The two district councils need to respond to the study findings by:
  - Planning for hotel growth
    - To accommodate new hotel development, expansion and development of existing hotels, up-grading poor quality hotels, and having the flexibility to permit destination hotels in rural areas;
    - Reflecting these opportunities in the new Local Plans and other planning documents through positive planning policies.
  - A flexible approach to hotel development in the towns
    - A lack of suitable and available sites could require development in edge of town locations;
  - A flexible approach to hotel development in the countryside
    - A more positively worded policy, given the potential economic benefits to the rural economy, subject to meeting other objectives relating to protection of the countryside;
  - Allocating sites for hotel development
    - There could be a case for allocation, given the scale of the requirement identified in relation to the growth of Science Vale. However, a flexible policy framework could meet this need, unless competition for land from higher value uses is in danger of squeezing hotel uses out of prime sites.
  - Hotel retention
    - There is a need for a clearly articulated hotel retention policy and associated guidance and tests to protect some key sites/hotels from the pressures of residential development values, particularly given the lack of alternative hotel development sites.
  - Contributing to the hotel development strategy for Oxford
    - The study area has a role to play in meeting demand that can't be satisfied in Oxford city centre, and much to gain in terms of economic benefit in so doing.

- Other hotel planning considerations
  - The need to review of onerous car parking standards
  - A more permissive approach to the need for on site staff accommodation
  - The need to ensure that CIL charges are proportionate and affordable in order not to introduce competitive disadvantage and impact on schemes beyond their viability thresholds
  - Also ensuring that planning conditions don't push hotel schemes beyond viability.
- Planning for other types of visitor accommodation
  - An approach that gives due consideration to the economic benefits of rural tourist accommodation development, including schemes of scale, if they can satisfy other material planning considerations;
  - Avoiding planning conditions that restrict the ability to let for holiday purposes year round;
  - A need to permit on-site accommodation for managers of holiday parks and caravan and camping sites.

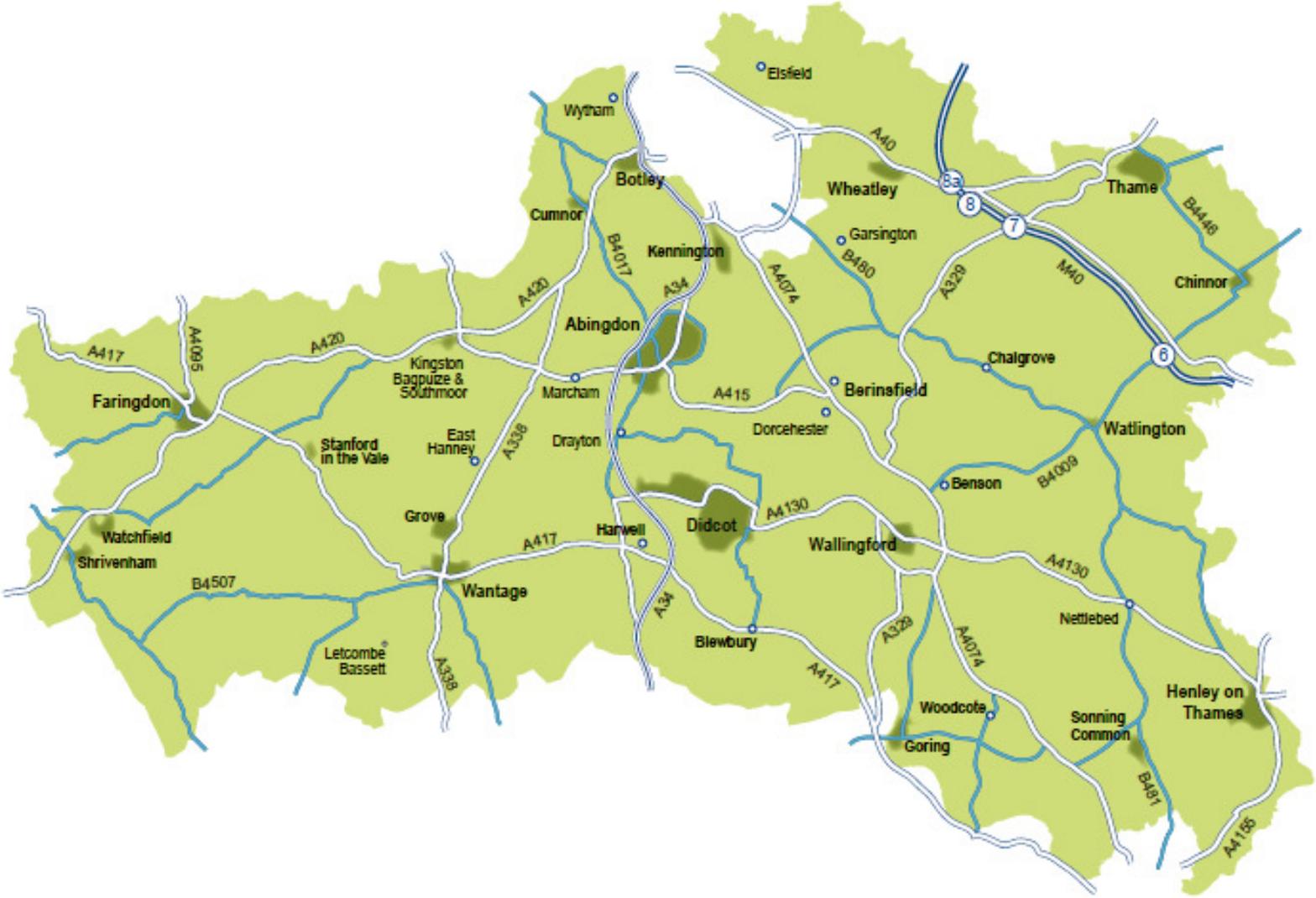
## **Other Requirements for District Council Intervention**

- Actions to support hotel development and hotel market growth:
  - Proactive marketing of hotel investment opportunities in the Science Vale area;
    - To address the low awareness amongst hotel companies of the current demand emanating from Science Vale sites and the significant growth taking place here;
    - A co-ordinated approach to engage with landowners, developers and hotel operators to bring forward hotel schemes;
    - A hotel investment prospectus for the Science Vale area;
    - Establishing a dialogue with potentially interested hotel companies;
  - Public sector investment in hotel schemes
    - Particularly in unproven markets and where there is evidence of a funding gap, to help secure aspirational hotel development;
  - Destination marketing
    - To boost weekend demand;
  - Destination development
    - Events, attractions, places to eat and drink, public realm.

## **Moving Forwards**

- Next steps actions to act on and disseminate the study findings include:
  - Circulation of the report for comment and amendment;
  - Informing the plan-making process and planning policy and development control teams;
  - Plan a proactive hotel investment strategy for Science Vale;
  - A company survey for Milton Park and Harwell Oxford to inform the hotel investment strategy and particularly the potential demand for a 4 star hotel and associated required rates;
  - Feedback to participating hotels.

**THE SOUTH OXFORDSHIRE & VALE OF WHITE HORSE AREA**



## **1. INTRODUCTION**

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### **1.1. Background**

1.1.1. The following report sets out the findings of the South Oxfordshire & Vale of White Horse Hotel Needs Assessment study undertaken by Hotel Solutions between March and July 2014 for the South Oxfordshire & Vale of White Horse District Councils.

### **1.2. Research Objective, Purpose and Requirements**

1.2.1. The objective of the study was to undertake an assessment of hotel needs within South Oxfordshire and Vale of White Horse in order to understand whether there will be a need for additional stock over the next 15 years.

1.2.2. The primary purpose of this assessment is to inform hotel planning policies as part of the Local Plans that each Council is currently producing in 2014 and the other planning policy documents that they will produce in 2015 and 2016 covering both district areas including Science Vale, development management policies and site allocations. The study will also inform the other interventions that the two councils can make to proactively attract hotel investment to those parts of their areas that have potential for additional hotel supply.

1.2.3. The brief for the study sets out requirements for the following as part of the study:

- An overview of national trends in hotel demand;
- An assessment of the supply of hotel accommodation currently available in the two districts;
- An audit of the projected changes in hotel stock for each district;
- An assessment of current demand for hotel accommodation in the two districts and whether this is arising from leisure tourism and/or business trips;
- Projections of possible future growth in hotel demand through to 2031 (to tie in with Local Plan timeframes) and the resulting requirements for new hotels in each district by standard and type of hotel;
- Guidance on how best to attract hotel operators to the districts and work with them to identify appropriate sites to meet their requirements;
- An initial assessment of the potential for the development of other forms of visitor accommodation in the two districts and how best to plan for them.

## 1.3. Methodology

1.3.1. The Hotel Needs Assessment has involved the following modules of research and consultation:

- A review of national hotel performance and development trends;
- An audit of the current supply of hotel accommodation in South Oxfordshire and the Vale of White Horse and the immediate surrounds that form part of the wider market area, including Oxford.
- A review of Tripadvisor reviews for the existing hotels in the two districts to identify whether there are any quality issues with any of them.
- An audit of changes in hotel supply in the two districts over the last 5 years in terms of new hotel openings, the expansion, development and refurbishment of existing hotels and the closure of hotels.
- A review of current proposals for new hotels and investment in existing hotels as identified through our consultations with the Development Control teams of the two councils and hotel managers and owners in the two districts. As far as possible we have contacted the developers, agents, site owners and hotel companies associated with schemes to establish the likelihood of them being progressed.
- Interviews with the managers and owners of existing hotels to gather information on performance and market trends between 2011 and 2013, future investment plans and views on business prospects for 2014. A total of 38 hotels (listed at Appendix 1) were covered by the interviews through a programme of face-to-face meetings and telephone interviews where face-to-face appointments could not be made.
- A review of relevant plans and strategies, including planning policy documents and economic development and tourism growth strategies and action plans in order to understand the planning policy context and growth agenda for South Oxfordshire and the Vale of White Horse.
- Consultations with the planning and economic development officers of the two councils.
- Consultations with other stakeholders including Experience Oxfordshire, TEAM Tourism Consulting, Oxfordshire County Council, the Oxfordshire LEP, Invest in Oxfordshire, Science Vale, Culham Science Centre, Harwell Oxford and MEPC (Milton Park).

- Projections for potential future growth in hotel demand in the Science Vale Market Area<sup>1</sup> and the resulting requirements for additional hotel supply that market growth might support through to 2031, to fit in with the timescales of the new Local Plans for the two districts.
- An email and telephone survey of hotel operators to establish their potential interest in South Oxfordshire and the Vale of White Horse as a hotel development location.
- A review of national trends in the development of other forms of visitor accommodation.

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<sup>1</sup> Defined as the Science Vale Area (Culham Science Centre, Didcot, Wantage and Grove, Harwell Oxford and Milton Park) and the surrounding areas where hotels serve demand from companies and organisations in the Science Vale Area, including Abingdon, Wallingford, Dorchester-on-Thames and Shillingford.

## 2. NATIONAL HOTEL PERFORMANCE & DEVELOPMENT TRENDS

### 2.1. National Hotel Performance Trends

2.1.1 UK provincial hotel occupancies, achieved room rates<sup>1</sup> and revpar<sup>2</sup> figures all dropped sharply in 2009 following the Credit Crunch at the end of 2008 and ensuing economic recession. All three performance indicators remained flat in 2010 and 2011. There was a slight improvement in achieved room rates in 2012 followed by an improvement in occupancy, achieved room rate and revpar in 2013, with occupancy ahead of the 2008 figure for the first time but achieved room rate and revpar still a little below the 2008 results. The improvement in provincial hotel performance has continued so far in 2014, with the rolling annual averages for all performance indicators up so far as at June 2014.

**Table 1**  
**UK PROVINCIAL HOTEL PERFORMANCE 2008-2014**

Year	Average Annual Room Occupancy %		Average Annual Achieved Room Rate £		Average Annual Revpar £	
	3/4 Star Chain Hotels <sup>1</sup>	All Hotels <sup>2</sup>	3/4 Star Chain Hotels <sup>1</sup>	All Hotels <sup>2</sup>	3/4 Star Chain Hotels <sup>1</sup>	All Hotels <sup>2</sup>
2008	70.5	68.6	74.45	64.16	52.52	44.02
2009	68.2	65.8	68.65	59.73	46.83	39.32
2010	69.5	69.5	68.20	58.88	47.40	40.90
2011	69.6	70.9	68.40	58.64	47.61	41.56
2012	69.6	69.8	69.97	59.22	48.72	41.32
2013	72.0	72.6	71.46	59.94	51.48	43.53
2014 <sup>3</sup>	72.8	n/a	72.99	n/a	53.12	n/a

Notes:

1. Source: Hotstats UK Chain Hotels Market Review
2. Source: STR Global
3. Rolling annual average as at June 2014

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, calculated as total rooms revenue divided by number of rooms let
2. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per available room net of VAT, breakfast (if included) and discounts and commission charges, calculated as total rooms revenue divided by number of rooms available
3. Estimate

2.1.2. The drop in provincial hotel occupancies, achieved room rates and revpar during a period of rising wage, energy and other operating costs has resulted in a steady decline in provincial hotel profitability since 2008. Gross operating profit per available room (Gopar) has dropped slightly every year from 2009 to 2012. There was a slight improvement in 2013 but hotel profitability still remains some way below the 2008 level.

**Table 2**  
**UK PROVINCIAL CHAIN HOTEL PROFITABILITY**

Year	Average Annual Gopar <sup>1</sup> £
2008	32.49
2009	28.51
2010	27.73
2011	27.09
2012	26.56
2013	27.00

Source: Hotstats UK Chain Hotel Market Review

Notes:

1. Gross operating profit per available room

## 2.2. National Hotel Development Trends

2.2.1. National hotel development trends of relevance to South Oxfordshire and Vale of White Horse are as follows:

- The development of **Premier Inn and Travelodge budget hotels** in market towns such as Trowbridge and Devizes in Wiltshire, Wadebridge in Cornwall, and Bicester and Witney in Oxfordshire. As the market leaders in the UK budget hotel sector Premier Inn and Travelodge have continued to open hotels apace across the UK, although Travelodge has cut back on its development programme as a result of its financial restructuring, prioritisation of investment in existing hotels and focus on London for new hotel development. It opened 14 new hotels across the UK in 2013, with a total of almost 1,600 bedrooms. Premier Inn opened 4,000 new hotel bedrooms in the UK in 2013 and is aiming to open a further 4,500 in 2014. The company's target is to open 170 new hotels over the next 4 years, taking it to a total of 830 hotels and 75,000 bedrooms by 2018.

- Premier Inn and Travelodge are the only national hotel chains that have the brand strength and breadth of coverage across the UK to look at developing hotels in smaller market towns. They are also prepared to look at smaller hotels. Other budget brands, Ibis, Hampton by Hilton, Holiday Inn Express, Ramada Encore, tend to build larger hotels and will only consider larger towns and cities.
- Often having difficulty in securing affordable sites in historic city centres, Premier Inn and Travelodge have also opened hotels on the edge of major historic cities, sometimes in neighbouring local authority areas. In Cambridge, for example, both companies have opened sizeable new hotels on the northern fringe of the city (in 2009 and 2011), in both cases in the adjoining South Cambridgeshire District. Premier Inn is currently developing a hotel on the edge of Winchester.
- The development of **boutique hotels and inns** in market towns and rural locations e.g. The White Horse in Romsey in Hampshire, The Feversham Arms in Helmsley in North Yorkshire and The William Cecil in Stamford in Lincolnshire. Some regional boutique hotel chains that are focusing on market town and rural locations have also emerged e.g. The Pig boutique hotel company with two hotels in the New Forest and Southampton and two hotels under development at Studland Bay in Dorset and near Bath (formerly Hunstrete House); East Anglia-based boutique hotel group The House Collection which launched in 2013 with the opening of its first two hotels in Ely and Newmarket in Cambridgeshire; and Milsom Hotels, which has 4 boutique hotels in Suffolk and Essex.
- There has been very little recent activity in terms of the development of **3 and 4 star hotels on business parks**, as was common in the 1990s and early 2000s. 4 star hotel operators have tended to focus primarily on major city centre hotel development opportunities. At the 3 star level De Vere Hotels opened a new Village Urban Resort hotel at the Capital Park Business Park to the south of Leeds in 2008 and is currently progressing plans for a new Village Urban Resort hotel on the Lakeside North Harbour Business Park to the north of Portsmouth. Hilton opened a 3 star Hilton Garden Inn at the Butterfield Business Park to the north of Luton in 2008 but has not since progressed any further Hilton Garden Inn hotels in the UK.

- In rural locations, at the top end of the market there has been activity in terms of the development of **luxury country house hotels**, including the opening of Lime Wood in the New Forest and the soon to open Heckfield Place near Hook in Hampshire; the £30 million development of the Raithwaite Estate in North Yorkshire as a luxury hotel and spa; the opening of the Ellenborough Park Hotel & Spa near Cheltenham in 2011; and the redevelopment in 2012 of Wood Norton Hall near Evesham as a country house hotel. Plans have also been unveiled for the development of new luxury country house hotels in Hampshire ( the conversion by the Nicolas James Group of the former Treloar School near Alton), Surrey (the conversion of Cherkley Court near Leatherhead), West Yorkshire ( involving the conversion of Bretton Hall near Wakefield)and Kent (on the Salomons Estate in Tunbridge Wells). A number of country house hotel companies have also expanded in the last 3 years. Brownsword Hotels has established the Gidleigh Collection of luxury country house hotels following its acquisition of 4 hotels previously owned by the now defunct Von Essen Hotels company. Hand Picked Hotels has acquired three new country house hotel properties in the last 16 months near Bath and in Guernsey and Northamptonshire.
- **Hotel spas** have been developed at many country house hotels, enabling them to tap into the rapidly expanding UK spa breaks market.
- There has been some activity in terms of the development of **alternative accommodation options at luxury country house and golf hotels** e.g. tree houses at Chewton Glen in Hampshire, eco pods at the Old Thorns Manor golf hotel at Liphook in Hampshire, luxury self-catering apartments at the Four Pillars Cotswold Water Park hotel in Gloucestershire, luxury woodland holiday homes at The Cornwall Hotel & Spa at St Austell in Cornwall.
- A number of luxury country house hotels with a strong reputation for their cuisine have opened **cookery schools** e.g. Lucknam Park, near Bath, Northcote in Lancashire, Le Manoir aux Quat'Saisons in Oxfordshire and Swinton Park in North Yorkshire.
- Recent years have also seen the opening of **on-site specialist sport and leisure facilities at luxury country house hotels** e.g. equestrian centres at the Four Seasons Hampshire, Lucknam Park and Coworth Park in Berkshire and falconry centres at Stapleford Park in Leicestershire, Lainston House near Winchester, and Peckforton Castle in Cheshire.

- **Luxury Family Hotels** was re-established in 2011 with the purchase of the Polurrian Hotel in Cornwall and the re-acquisition out of administration of 7 hotels that had previously been sold by the company to Von Essen Hotels in 2006. The company focuses on the upper end of the family break market with a luxury country house hotel product that is geared towards children.
- **Golf resorts** have opened in some counties e.g. Mere Golf Resort in Knutsford in Cheshire, Rockcliffe Hall near Darlington. A number of proposals have come forward for new golf resorts in various locations across the UK, including Kent (at the London Golf Club), Hertfordshire (at the Hertfordshire Golf & Country Club), Surrey (a proposal for a 100-bedroom Hilton hotel as part of the new regional headquarters of the PGA at Wildwood Golf & Country Club in Cranleigh), North Yorkshire (the Flaxby Country Resort on the existing Flaxby Golf Course near Knaresborough) and the Wirral (at Hoylake), together with a number of proposals in Scotland.
- There has been some activity in terms of the development of **spa hotels**, with The Lifehouse Spa & Hotel at Thorpe Le Soken in Essex and The Spa Hotel at Ribby Hall Village in Lancashire opening in 2011.

### 3. SOUTH OXFORDSHIRE & VALE OF WHITE HORSE HOTEL SUPPLY

#### 3.1 Current Hotel Supply

3.1.1. South Oxfordshire currently has 23 hotels with a total of 893 letting bedrooms. This supply is spread across the district, with concentrations in the Thames/ Milton Common area, in and around Wallingford (including Shillingford and Dorchester-on-Thames) and Henley-on-Thames. There are no hotels currently in Didcot. The district has two very distinctive and successful destination hotels: Raymond Blanc's Le Manoir aux Quat' Saisons, one of the leading luxury country house hotels in the UK, and the opulent Crazy Bear boutique hotel at Stadhampton. It has another two boutique hotels in Henley-on-Thames, including a Hotel du Vin, and a golf hotel and spa at Milton Common (The Oxfordshire). There are three 4 star hotels on the southern and western fringes of Oxford (at Sandford-on-Thames and Milton Common) and three budget hotels in the Milton Common/ Thame area. The district's hotel supply otherwise comprises a number of 3 star hotels/ former coaching inns of varying quality. The district's largest hotels are the Oxford Belfry at Milton Common (154 bedrooms) and Oxford Thames Four Pillars at Sandford-on-Thames (84 bedrooms). South Oxfordshire's hotels are otherwise relatively small, most typically with around 30-35 bedrooms.

**Table 3**  
**CURRENT HOTEL SUPPLY- SOUTH OXFORDSHIRE**  
**BY STANDARD/TYPE OF HOTEL - JULY 2014**

<b>Standard<sup>1</sup></b>	<b>Hotels</b>	<b>Rooms</b>	<b>% of Rooms</b>
5 star	2	45	5.0
4 star	5	351	39.3
Boutique	3	67	7.5
3 star	9	271	30.4
2 star	1	24	2.7
Budget/ Limited Service	3	135	15.1
Ungraded	0	0	0
Serviced Apartments	0	0	0
<b>Total Hotels</b>	<b>23</b>	<b>893</b>	<b>100.0</b>

3.1.2. The Vale of White Horse has 18 hotels with a total of 781 letting bedrooms. There are concentrations of hotels in Abingdon and around Milton Park/ Harwell Oxford. The hotel supply is limited in Wantage, Faringdon and on the western fringes of Oxford/ Botley. The district's hotel supply comprises predominantly small to medium-sized 3 star hotels. De Vere Venues' Milton Hill House is the only large 3 star hotel in the district with extensive conference facilities. The district has a large Premier Inn budget hotel at Milton Park (135 bedrooms) and a small Premier Inn at Abingdon (27 bedrooms). The district's hotel supply also includes two serviced apartment operations at Milton and Blewbury, which cater for long stay corporate guests working at Milton Park and Harwell Oxford. It also includes two accommodation facilities operated by the Science & Technology Facilities Council - the Ridgeway House guest house (123 bedrooms) at the Rutherford Appleton Laboratory, which provides accommodation for scientists conducting experiments here, and Cosener's House at Abingdon (50 bedrooms), which primarily acts as a conference centre for the Council's scientific conferences during the week and a wedding and function venue at weekends. While these two facilities do not operate as commercial hotels they are significant in terms of satisfying a substantial proportion of the accommodation demand generated by the Rutherford Appleton Laboratory and Culham Science Centre.

**Table 4**  
**CURRENT HOTEL SUPPLY- VALE OF WHITE HORSE**  
**BY STANDARD/TYPE OF HOTEL - JULY 2014**

<b>Standard<sup>1</sup></b>	<b>Hotels</b>	<b>Rooms</b>	<b>% of Rooms</b>
5 star	0	0	0
4 star	1	15	1.9
Boutique	1	18	2.3
3 star	10	396	50.7
2 star	0	0	0
Budget/ Limited Service	2	162	20.7
Ungraded	2	173	22.2
Serviced Apartments	2	17	2.2
<b>Total Hotels</b>	<b>18</b>	<b>781</b>	<b>100.0</b>

Notes:

1. AA, VisitBritain, booking.com or LateRooms gradings

**Table 5: SOUTH OXFORDSHIRE & VALE OF WHITE HORSE HOTEL SUPPLY – JULY 2014**

Hotel	Location	Standard/Type <sup>1</sup>	Bedrooms
<b>South Oxfordshire</b>			
<b>Thame/ Milton Common/Great Milton/ Wheatley</b>			
Belmond Le Manoir aux Quat' Saisons	Great Milton	5 Red Stars	32
The Oxford Belfry	Milton Common	4 star	154
The Oxfordshire Golf, Hotel & Spa	Milton Common	4 star Golf & Spa	50
The Spread Eagle	Thame	3 star	35
Travelodge Thame	Thames	Budget	41
Days Inn Oxford M40	Oxford MSA, Wheatley	Budget	58
Travelodge Oxford Wheatley	Wheatley	Budget	36
<b>Chinnor</b>			
The Lambert Arms	Aston Rowant	4 star Inn	44
The Peacock Country Inn	Chinnor	3 star Inn	25
<b>Sandford-on-Thames (Oxford Southern Fringe)</b>			
Oxford Thames Four Pillars	Sandford-on-Thames	4 star	84
<b>Dorchester-on-Thames/Shillingford/ Stadhampton</b>			
Crazy Bear Hotel	Stadhampton	Boutique	17
The White Hart	Dorchester-on-Thames	3 star Inn	28
George Hotel	Dorchester-on-Thames	2 star Inn	24
Shillingford Bridge	Shillingford	3 star	40
<b>Wallingford</b>			
The George Hotel	Wallingford	3 star Inn	39
The Springs Hotel & Golf Club	North Stoke	3 star	31
<b>Goring</b>			
Miller at Mansfield	Goring	5 star RWR <sup>2</sup>	13
<b>Henley-on-Thames</b>			
Hotel du Vin Henley-on-Thames	Henley-on-Thames	Boutique	43
Milsoms Hotel	Henley-on-Thames	Boutique	7
Red Lion Hotel	Henley-on-Thames	3 star	26
Phyllis Court Club	Henley-on-Thames	3 star	17
The Catherine Wheel	Henley-on-Thames	3 star Inn	30
The White Hart	Nettlebed	4 star Inn	19
<b>Vale of White Horse</b>			
<b>Abingdon</b>			
Crown & Thistle	Abingdon	Boutique Inn	18
Oxford Abingdon Four Pillars	Abingdon	3 star	66
Upper Reaches	Abingdon	3 star	31
Premier Inn Abingdon	Abingdon	Budget	27
Cosener's House <sup>3</sup>	Abingdon	N/A	50
Fallowfields Country House	Southmoor	3 star	10
Dog House Hotel	Frilford Heath	3 star Inn	20
<b>Milton Park/Steventon/Harwell</b>			
De Vere Venues Milton Hill House	Milton Hill	3 star	121
Steventon House Hotel	Milton Hill	3 star	23
Premier Inn Oxford South (Didcot)	Milton Park	Budget	135
The Kingswell Hotel	Harwell	3 star	20
Ridgeway House <sup>3</sup>	Rutherford Appleton Lab	N/A	123
Millbrook House Citadine Apartments	Milton	Serviced Apartments	7
Ashbrook Serviced Apartments	Blewbury	Serviced Apartments	10
<b>Wantage/Grove</b>			
The Bear Hotel	Wantage	3 star Inn	36
La Fontana	East Hanney	4 star RWR	15
<b>Faringdon</b>			
Sudbury House Hotel	Faringdon	3 star	49
<b>Hinksey Hill (Oxford Western Fringe)</b>			
The Westwood Hotel	Hinksey Hill	3 star	20

Notes:

1. AA, VisitBritain, booking.com or LateRooms gradings
2. RWR = Restaurant with Rooms
3. Cosener's House and Ridgeway House are accommodation facilities operated by the Science & Technology Facilities Council to cater for scientific conferences and scientists conducting experiments at Culham Science Centre and Harwell Oxford. They do not operate as commercial hotels.

- 3.1.3. Our analysis of Tripadvisor reviews for hotels in South Oxfordshire and Vale of White Horse suggests that the quality of their existing 3 star hotels is highly variable. While 4 star, boutique and budget hotels and some 3 star hotels are achieving high customer satisfaction ratings of at least 60%, and up to 80-90%+ in some cases, five 3 star hotels are currently receiving satisfaction ratings of under 50% (and as low as 40% for two hotels), with 10-18% of reviewers giving them a 'Terrible' rating. From the comments that customers are making about these hotels it is evident that the problems lie in their lack of investment. Reviewers' adverse comments are mainly to do with the poor quality of guest bedrooms and hotel facilities, although there are sometimes also comments about the quality of food and customer service.
- 3.1.4. In addition to hotels, the two districts have a good stock of pubs with rooms that compete with hotels for business (listed in the table overleaf). South Oxfordshire has 21 pub accommodation establishments with 105 letting bedrooms. The Vale of White Horse has 15 pubs that offer accommodation, with a total of 97 letting bedrooms. These establishments range in quality from boutique inns to much lower quality pub accommodation businesses.
- 3.1.5. In Henley-on-Thames the Leander Club has 11 4 star luxury en-suite bedrooms that are available to non-members. The Henley Business School has 100 high quality en-suite bedrooms at its Greenlands conference centre, which are periodically made available on the open market when not needed by the business school or for conferences.

**Table 6**  
**SOUTH OXFORDSHIRE & VALE OF WHITE HORSE**  
**SUPPLY OF INNS/ PUBS WITH ROOMS - JULY 2014**

Inn	Location	Standard/Type <sup>1</sup>	Bedrooms
<b>South Oxfordshire</b>			
The Bat & Ball Inn	Cuddesdon	N/A	7
The Talkhouse	Stanton St John	N/A	4
The Swan Hotel	Thame	N/A	5
The Black Horse Hotel	Thame	N/A	6
The Inn at Emmington	Emmington, Chinnor	N/A	7
Cherry Tree	Kingston Blount, Chinnor	N/A	4
The Coach & Horses	Chiselhampton	N/A	9
Fat Fox Inn	Watlington	N/A	9
Coachmakers Arms	Wallingford	N/A	3
The Kingfisher Inn	Shillingford	N/A	6
Cherry Tree Inn	Stoke Row, Henley-on-Thames	N/A	4
Flower Pot	Aston, Henley-on-Thames	N/A	3
Rose & Crown	Henley-on-Thames	N/A	3
Row Barge	Henley-on-Thames	N/A	4
The Baskerville	Henley-on-Thames	4 star Inn	4
Black Boys Inn	Henley-on-Thames	N/A	8
The Crown Inn	Pishill, Henley-on-Thames	N/A	1
The Perch and Pike	Stoke Row, Goring-on-Thames	N/A	4
John Barleycorn	Goring-on-Thames	N/A	3
The Railway Inn	Culham, Abingdon	N/A	9
Plough Inn	Clifton Hampden	N/A	5
<b>Vale of White Horse</b>			
The Cherry Tree	Steventon	4 star Inn	7
The Bell Hotel	Faringdon	N/A	7
The Old Crown Coaching Inn	Faringdon	N/A	12
The Trout at Tadpole Bridge	Buckland Marsh	Boutique	6
The Lamb at Buckland	Buckland, Faringdon	N/A	3
White Horse at Woolstone	Woolstone	N/A	6
The Eagle Tavern	Little Coxwell, Faringdon	4 star GA	6
Star Inn	Sparsholt, Wantage	Boutique	8
Chequers	Charney Bassett, Wantage	N/A	3
The King and Queen Longcat	Shrivenham	N/A	6
The Barrington Arms	Shrivenham	N/A	9
The Fox & Hounds	Uffington	N/A	2
The Rose & Crown	Ashbury	N/A	8
Bear & Ragged Staff	Cumnor	N/A	9
Red Lion	Blewbury, Didcot	N/A	2

3.1.6. In terms of the hotel supply in surrounding areas, to the north of the two districts Oxford has a significant hotel stock, with 25 hotels of different standards and types with almost 1,750 letting bedrooms.

**Table 7**  
**CURRENT HOTEL SUPPLY- OXFORD**  
**BY STANDARD/TYPE OF HOTEL - JULY 2014**

Standard <sup>1</sup>	Hotels	Rooms	% of Rooms
5 star	1	151	8.6
4 star	4	421	24.1
Boutique	5	186	10.6
3 star	6	393	22.5
2 star	5	84	4.8
Budget/ Limited Service	3	502	28.7
Serviced Apartments	1	12	0.7
<b>Total Hotels</b>	<b>25</b>	<b>1749</b>	<b>100.0</b>

**Table 8**  
**OXFORD HOTELS – JULY 2014**

Hotel	Standard	No Rooms	Brand
<b>City Centre</b>			
Macdonald Randolph	5 star	151	Macdonald
Oxford Spires Four Pillars	4 star	174	Four Pillars
Old Parsonage	4 star	30	
Cotswold Lodge	4 star (AA 1 Rosette)	49	Classic British
Old Bank	Boutique (AA 1 Rosette)	42	
Ethos	Boutique	16	
Malmaison	Boutique	95	Malmaison
The Bocardo	Boutique	11	
Vanbrugh House Hotel	Boutique	22	
Mercure Eastgate	3 star	63	Mercure
Royal Oxford	3 star	26	
Best Western Linton Lodge	3 star	70	Best Western
Victoria House Hotel	3 star	14	
Balkan Lodge	2 star	13	
Bath Place	2 star	20	
River	2 star	20	
Tree	2 star	9	
Victoria	2 star	22	
Noa Residence	Serviced Apartments	12	
<b>City Outskirts</b>			
The Oxford	4 star	168	The Hotel Collection
Hawkwell House	3 star	66	Bespoke
Holiday Inn Oxford	3 star	154	Holiday Inn
Holiday Inn Express Kassam Stadium	Upper-Tier Budget	162	Holiday Inn Express
Premier Inn Oxford	Budget	143	Premier Inn
Travelodge Oxford Peartree	Budget	197	Travelodge

- 3.1.7. To the east of South Oxfordshire there are no hotels in Princes Risborough or Haddenham and only one hotel in Stokenchurch - the 3 star Kings Hotel with 43 bedrooms. The Rose & Crown at Saunderton (14 bedrooms/ 3 star) and Dinton Hermit at Ford (11 bedrooms/ 4 star) have both closed in this area in 2014.
- 3.1.8. There are three hotels on the southern border of South Oxfordshire - the Swan at Streatley (4 star/39 bedrooms) and the George Hotel (3 star/23 bedrooms) and Elephant Hotel (3 star boutique/22 bedrooms) at Pangbourne. To the south of the district Reading has a stock of around 40 hotels.
- 3.1.9. To the west of the Vale of White Horse there are hotels at Lechlade (the New Inn - 3 star/29 bedrooms) and Highworth (The Highworth Hotel - 3 star/10 bedrooms). Swindon also has a significant hotel stock - 22 hotels with 2068 letting bedrooms.

## 3.2 Changes in Supply 2009-2014

### New Hotels

- 3.2.1. The only new hotel to have opened in the two districts in the past 5 years is The Oxfordshire Hotel & Spa at Milton Common, which opened in 2010.
- 3.2.2. In the Vale of White Horse Ashbrook Serviced Apartments opened in 2010 with two apartments and has gradually expanded to its current 10 apartments in 2014

### Investment in Existing Hotels

- 3.2.3. Our research has identified the following recent investment in the expansion and/or refurbishment/ upgrading / repositioning of existing hotels in South Oxfordshire and the Vale of White Horse.

**Table 9**  
**SOUTH OXFORDSHIRE & VALE OF WHITE HORSE**  
**INVESTMENT IN EXISTING HOTELS 2009-2014**

Hotel	Investment	Month/ Year Completed
<b>South Oxfordshire</b>		
Oxford Thames Four Pillars, Sandford-on-Thames	Development of 22 new garden bedrooms and a new conservatory restaurant	June 2013
Oxford Belfry, Milton Common	£2.3m refurbishment programme	2010
Spread Eagle, Thame	Bedroom refurbishment	2014
Peacock Country Inn, Chinnor	Refurbishment	2011
Days Inn Oxford M40	Currently building 24 additional bedrooms and rebranding as a Ramada 3 star hotel	August 2014
<b>Vale of White Horse</b>		
The Crown & Thistle, Abingdon	Complete refurbishment and repositioning as a boutique hotel following acquisition by Oakman Inns in September 2012	November 2013
Premier Inn Oxford South, Didcot	50 bedroom extension	July 2013
Millbrook House, Milton	Currently developing 3 new apartments	2014

## Hotel Rebrandings & Changes of Ownership

3.2.4. There have been a number of recent changes of hotel ownership in South Oxfordshire and Vale of White Horse as part of major hotel transactions. Starwood Capital has acquired three hotels in the two districts through its acquisitions of Four Pillars Hotels and De Vere Venues in January and March 2014. St James's Hotels has taken over the Shillingford Bridge Hotel through its acquisition of Forestdale Hotels. Oakman Inns acquired the Crown & Thistle Hotel in Abingdon in September 2012. Orient Express Hotels has changed its name to Belmond, rebranding Le Manoir aux Quat'Saisons under this brand. The Days Inn Oxford M40 is currently in the process of expanding and converting to the Ramada brand. Two privately owned hotels at Faringdon and Goring-on-Thames have changed hands.

**Table 10**  
**SOUTH OXFORDSHIRE & VALE OF WHITE HORSE**  
**REBRANDINGS & CHANGES OF OWNERSHIP 2012-2014**

Hotel	New Brand/ Owner	Previous Brand/ Owner	Month/Year Changed
<b>South Oxfordshire</b>			
Le Manoir aux Quat' Saisons	Belmond	Orient Express Hotels	February 2014
Oxford Thames Four Pillars	Starwood Capital	Four Pillars	January 2014
Shillingford Bridge Hotel	St James's Hotels	Forestdale Hotels	March 2014
Miller at Mansfield, Goring-on-Thames	Private	Private	April 2014
Days Inn Oxford M40	Ramada	Days Inn	August 2014
<b>Vale of White Horse</b>			
Abingdon Oxford Four Pillars	Starwood Capital	Four Pillars	January 2014
Crown & Thistle, Abingdon	Oakman Inns	Private	September 2012
De Vere Venues Milton Hill House	Starwood Capital	De Vere	March 2014
Sudbury House Hotel, Faringdon	Private	Private	December 2013

## **Hotel Closures**

- 3.2.5. The Springs Hotel at North Stoke near Wallingford will close in October 2014, resulting in the loss of 31 bedrooms.

## **3.3. Proposed/Potential Future Changes in Hotel Supply**

### **Hotels under Construction**

- 3.3.1. There are no new hotels currently under construction in South Oxfordshire or the Vale of White Horse.

### **Proposed Hotels**

- 3.3.2. There are currently two proposed hotels in South Oxfordshire and 5 in the Vale of White Horse, as detailed in the table overleaf. They include proposals for three major hotels at Milton Park and Didcot and a budget hotel in Botley. In addition, an application by Travelodge has recently been approved adjacent to the Redbridge Park & Ride site, Abingdon Road, Oxford, just outside the district.
- 3.3.3. Planning permission for a 142 bedroom hotel on Curie Avenue at Harwell Oxford granted in 2008 and was given an extension of time in 2012, but has not been progressed. However, a hotel does feature in the Harwell Oxford Masterplan, on an alternative site on Thompson Avenue, and in the proposed phasing is intended to be delivered in the next 2 years.
- 3.3.4. The two District Councils suggested the following locations and sites where they felt hotel development could be appropriate:
- Abingdon Science Park;
  - Old Abbey House in Abingdon town centre - as a building that might lend itself to conversion to a small boutique hotel;
  - Culham Science Centre – a small hotel or serviced apartments could be appropriate given expansion here and respecting the constraints of Green Belt.
- 3.3.5. As far as we have been able to establish no hotel proposals are currently being worked up for any of these locations and sites.

**Table 11**  
**SOUTH OXFORDSHIRE & VALE OF WHITE HORSE**  
**HOTEL PROPOSALS & PERMISSIONS**

Site/Scheme	Location	Standard	Rooms	Details/Status
<b>South Oxfordshire</b>				
Didcot Gateway	Didcot	3/4 star	180	The proposed Didcot Gateway mixed-use scheme opposite Didcot Parkway Station is intended to be anchored by a quality hotel with conferencing facilities and possibly serviced apartments in a landmark building. Hotel consultants Whitebridge Hospitality are currently testing what interest there is in the hotel element of the scheme from quality hotel operators.
Imperial Hotel	Henley-on-Thames	Boutique	20	There are plans to reopen the hotel as a boutique hotel. It has been closed since 2006
Oxford Brookes Wheatley Campus	Wheatley	Unspecified		Masterplan to redevelop existing campus to include new conference centre with rooms
<b>Vale of White Horse</b>				
Botley District Centre	Botley	Budget	100	Doric Properties' proposed £100m regeneration of Botley District Centre includes a hotel, currently shown on the scheme website as a Premier Inn budget hotel.
Milton Gate	Milton Park	4 star	140	MEPC has been marketing Milton Gate as a hotel site. Replaces previous proposal with planning within Milton Park
Thompson Avenue	Harwell Oxford	4 star	c.140	Proposal for a hotel in the Harwell Oxford Masterplan and intent to develop as part of Phase 1 in next 24 months
Former H&L site	Wantage	Unspecified	46	Planning permission was granted in 2012 for a 46-bedroom hotel alongside a parallel application for residential apartments. We have been unable to establish whether the hotel will go ahead.
Volunteer Inn	Grove	Unspecified	11	Application approved and due to open shortly.
General Elliott	South Hinksey	Unspecified	8	Approval for refurbishment of currently closed public house and creation of 8 guest rooms for short lets.

## Proposed Development of Existing Hotels

3.3.6. Our research has identified the following proposals for the development of existing hotels in South Oxfordshire and the Vale of White Horse.

**Table 12**  
**SOUTH OXFORDSHIRE & VALE OF WHITE HORSE**  
**PROPOSED DEVELOPMENT OF EXISTING HOTELS**

<b>Hotel</b>	<b>Location</b>	<b>Proposed Development</b>
<b>South Oxfordshire</b>		
Oxford Thames Four Pillars	Sandford-on-Thames	Planning permission for a further 20 bedrooms
Oxford Belfry	Milton Common	Planning permission for another 105 bedrooms and an extension to the restaurant bar and lounge areas
Peacock Country Inn	Chinnor	Planning permission for an extra 15 bedrooms
<b>Vale of White Horse</b>		
Fallowfields Country House	Southmoor	Planning permission for an additional 6-8 guest bedrooms and a meeting room
La Fontana	East Hanney	Permission for 5 new guest bedrooms
Millbrook House	Milton	Has planning permission for another 14 serviced apartments
Sudbury House Hotel	Faringdon	Current application to extend the restaurant and improve the front entrance of the hotel

3.3.7. In addition a further 9 of the hotels that we spoke to in the two districts indicated that they are looking at, or interested in adding bedrooms and three are planning significant refurbishment programmes, including a major repositioning of one currently poor quality 3 star hotel to a 4 star boutique hotel with leisure and function facilities. Two hotels may also consider adding self-catering lodges as an alternative accommodation option.

## 4. CURRENT HOTEL PERFORMANCE & MARKETS

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### 4.1. Occupancy, Achieved Room Rates<sup>3</sup> and Revpar<sup>4</sup>

- 4.1.1. Our estimates of average annual room occupancies, achieved room rates and revpar figures for South Oxfordshire and Vale of White Horse hotels for 2011, 2012, 2013, based on the information provided by hotel managers and owners are summarised in the table overleaf.
- 4.1.2. 4 star hotels in South Oxfordshire are performing strongly, well ahead of the national 3/4 star chain hotel averages. 4 star hotel performance varies significantly by location, size and type of hotel. Two of South Oxfordshire's 4 star hotels achieved very high occupancies and average room rates in 2014, while the other 4 star hotels traded at occupancies and average room rates more in line with, or slightly below the national 3/4 star chain hotel average.
- 4.1.3. 3 star hotel performance across the two districts is not as strong in overall terms, being slightly below the national averages for hotels of all standards in terms of occupancy and revpar, although slightly ahead in terms of achieved room rates. 3 star hotel occupancies vary significantly by location and quality of hotel. Locations where some hotels achieve very high occupancies of 75-85%+ are Abingdon and Milton Park. Hotels that have seen little recent investment and that are receiving low customer satisfaction ratings as a result typically traded at occupancies of around 50-55% in 2014. Average room rates achieved by 3 star hotels are more consistent across the two districts. Some 3 star hotels in Abingdon and Thame are achieving slightly higher room rates and rates are stronger for 3 star hotels in Henley-on-Thames.

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<sup>3</sup> 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.

<sup>4</sup> The amount of rooms revenue (excluding food and beverage income) that hotels achieve **per available room** net of VAT, breakfast (if included) and discounts and commission charges.

**Table 13**  
**SOUTH OXFORDSHIRE & VALE OF WHITE HORSE HOTEL PERFORMANCE 2011-2013**

Standard of Hotel	Average Annual Room Occupancy %			Average Annual Achieved Room Rate <sup>3</sup> £			Average Annual Revpar <sup>4</sup> £		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
<b>UK Provincial Hotels (All Standards)<sup>1</sup></b>	<b>70.9</b>	<b>69.8</b>	<b>72.6</b>	<b>58.64</b>	<b>59.22</b>	<b>59.94</b>	<b>41.56</b>	<b>41.32</b>	<b>43.53</b>
<b>UK Provincial 3/4 Star Chain Hotels<sup>2</sup></b>	<b>69.6</b>	<b>69.6</b>	<b>72.0</b>	<b>68.40</b>	<b>69.97</b>	<b>71.46</b>	<b>47.61</b>	<b>48.72</b>	<b>51.48</b>
South Oxfordshire 4 Star Hotels	72.9	71.9	74.6	72.62	75.23	77.46	52.96	54.11	57.93
South Oxfordshire & Vale of White Horse 3 Star Hotels	n/a	65.9	68.6	n/a	60.08	62.10	n/a	39.62	42.60
South Oxfordshire & Vale of White Horse Budget Hotels	n/a	n/a	88.1	n/a	n/a	60.08	n/a	n/a	52.91

Notes

1. Source: STR Global
2. Source: TRI Hotstats UK Chain Hotels Market Review
3. 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.
4. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per available room net of VAT, breakfast (if included) and discounts and commission charges

- 4.1.4. In line with the national trend 3 and 4 star hotel occupancies and achieved room rates in South Oxfordshire and the Vale of White Horse dropped sharply in 2009 following the Credit Crunch at the end of 2008 and remained largely unchanged during the ensuing recession in 2010 and 2011. Most 3 and 4 star hotels in the districts started to see an improvement in performance in 2012 and further growth in 2013 as the economy started to pick up. It looks like 3 and 4 star hotel performance will strengthen again in 2014 as the economy continues to recover. Some hotels also reported stronger performance as a result of improved marketing and following investment. Performance has remained sluggish however, and in some cases has continued to decline, for the poor quality 3 star hotels in the districts that have not seen any investment.
- 4.1.5. Budget hotel performance is very strong in the two districts, with budget hotels in both South Oxfordshire and the Vale of White Horse achieving very high occupancies (85-90%) in 2013 and average room rates that are well ahead of the typical achieved room rate performance that we have seen in other parts of the country. We understand that budget hotel performance has remained strong throughout the recession: budget hotels did not see the fall back in occupancies and achieved room rates that 3 and 4 star hotels experienced.
- 4.1.5. Destination and boutique hotels are trading very well in terms of achieving very high occupancies (85-90%+ for some boutique hotels) and/or very high average room rates, well in excess of £100 for boutique hotels and extremely high for Le Manoir au Quat' Saisons, which achieves one of the highest average room rates in the country.
- 4.1.6. The serviced apartment operations in the vicinity of Milton Park are also achieving very strong occupancies, in excess of 85-90%.

## 4.2 Patterns of Demand

4.2.1. Estimated average weekday and weekend occupancies for South Oxfordshire and Vale of White Horse hotels in 2013 are summarised in the table below.

**Table 14**  
**SOUTH OXFORDSHIRE & VALE OF WHITE HORSE HOTELS**  
**WEEKDAY/ WEEKEND OCCUPANCIES – 2013**

Standard of Hotel	Typical Room Occupancy %			
	Mon-Thurs	Friday	Saturday	Sunday
4 star (South Oxfordshire)	80	74	85	49
3 star	79	55	78	34
Budget	95	85	94	55

### Midweek Occupancies

4.2.2. Midweek occupancies are generally strong for hotels across South Oxfordshire and the Vale of White Horse, although vary by location and standard and quality of hotel. They are very high (85-90%+) for two of South Oxfordshire's 4 star hotels, some of the 3 star hotels at Abingdon, Milton Park and Thame and all of the budget hotels in the two districts. Midweek occupancies are much lower for the poorer quality 3 star hotels and are not as strong for 3 star hotels in Henley-on-Thames due to the lack of corporate business here. The boutique hotels in South Oxfordshire and serviced apartments in the Milton Park area all achieve very high midweek occupancies.

4.2.3. Tuesday and Wednesday nights are the strongest midweek nights for all of the district's hotels, with many hotels consistently filling and turning business away on these nights for most of the year. Monday occupancies are also generally strong but Thursday night occupancies are lower for a number of hotels.

4.2.4. Midweek occupancies are fairly consistent throughout the year but dip in August for some hotels, when corporate demand reduces.

### **Weekend Occupancies**

- 4.2.5. Saturday night occupancies are very strong (80-90%+) for most hotels across the two districts, other than the poorer quality 3 star hotels, which typically only achieve Saturday occupancies of 50-60%. Many hotels frequently fill and turn away significant business on Saturday nights for much of the year.
- 4.2.6. Friday night occupancies are not as strong for 3 and 4 star hotels and are more seasonal: they are strong between April and September but often very low during the winter. Friday occupancies are stronger for some 3 and 4 star hotels in Abingdon, the southern fringes of Oxford and Henley-on-Thames, which is a strong weekend break destination. Budget, boutique, destination and golf hotels and serviced apartments generally achieve high Friday night occupancies throughout the year.
- 4.2.7. Sunday night hotel occupancies are generally lower across the two districts for all standards and types of hotel. Budget hotels and some 3 and 4 star hotels still achieve Sunday night occupancies of around 50% and boutique, destination and golf hotels and serviced apartments generally achieve high Sunday night occupancies, in some cases through special offer promotions. Some of the poor quality 3 star hotels in the two districts achieve very low occupancies on Sunday nights.
- 4.2.8. Weekend occupancies are generally more seasonal than midweek occupancies. They can be low between December and February but are generally strong between April and September.

## **4.3 Midweek Markets**

- 4.3.1. Corporate demand from local companies is the main midweek market for most hotels in South Oxfordshire and the Vale of White Horse, typically accounting for 60-70% of midweek demand for 4 star hotels, 85-90% of weekday business for 3 star hotels, 50-70% of Monday to Thursday occupancy for budget hotels and 100% of midweek demand for serviced apartments.
- 4.3.2. Milton Park and Harwell Oxford generate significant corporate demand for hotel accommodation, which is serviced by hotels in the immediate vicinity and hotels in Abingdon, Wallingford, Dorchester-on-Thames and Wantage, due to the lack of sufficient hotel capacity more locally. Hotels on the southern fringes of Oxford and at Milton Common trade very much in the Oxford corporate market, attracting demand from companies based at Oxford Business and Science Parks and from BMW at Cowley. Corporate demand is more localised in Abingdon, Thame, Wallingford, Wantage, Grove, Faringdon and Henley-on-Thames, with hotels in these locations largely serving the accommodation needs of companies in their immediate vicinity. Hotels in Thame and Chinnor also pick up corporate business from companies in Princes Risborough and Haddenham, due to the lack of hotels in these locations. Hotels at Milton Common attract some corporate demand from companies in Bicester.
- 4.3.3. The serviced apartments in the Milton Park area cater primarily for long stay corporate guests, usually overseas visitors working with the international companies based at Milton Park and Harwell Oxford. These visitors may require accommodation for extended periods from a few weeks up to several months, or may return week after week for a 4 night midweek stay. Hotels in the Milton Park area also attract a proportion of long stay corporate business.
- 4.3.4. Residential conferences are an important secondary midweek market for two of South Oxfordshire's 4 star hotels, accounting for 20-40% of their midweek trade, and a minor midweek market for another 4 star hotel. They are a very minor source of midweek trade for most 3 star hotels in the two districts, other than one large 3 star hotel with extensive conference facilities and some hotels in Henley-on-Thames, which attract residential conference business from London and Thames Valley companies.

- 4.3.5. Contractors are the other key midweek market for budget hotels in the two districts and a minor midweek market for some of the poorer quality 3 star hotels. Budget hotels generally attract a broadly even mix of corporate and contractor demand during the week.
- 4.3.6. Midweek breaks are an important secondary source of weekday business for two of South Oxfordshire's 4 star hotels and a minor midweek market during the summer for most 3 star and budget hotels.
- 4.3.7. A few 3 star hotels and one 4 star hotel occasionally take midweek group tours during the summer months to boost their occupancies when corporate demand reduces. 4 star hotels are not generally interested in this market as it is too low rated and 3 star hotels do not usually have the capacity to take group tours alongside corporate business.
- 4.3.8. Other minor midweek markets for the districts' hotels are:
- Overseas tourists;
  - Walking groups on the Thames Path;
  - Midweek weddings;
  - Parents attending graduation ceremonies at the Oxford universities.

## **4.4 Weekend Markets**

- 4.4.1. Weekend breaks are the main weekend market for most of the hotels in South Oxfordshire and the Vale of White Horse. Oxford is a key draw for weekend breaks in the two districts, with hotels attracting business because of the lack of hotel availability in Oxford or as a better value option to staying in the city. Other key draws for weekend break stays are Blenheim Palace for hotels in the Vale of White Horse, and Bicester Village for hotels in the M40 corridor. Henley -on-Thames is a strong weekend break destination. Midsomer Murders appears to be driving some weekend break demand for hotels in South Oxfordshire. Walking on the Thames Path, The Ridgeway and in the Chilterns is another motivation for weekend break stays in the districts.

- 4.4.2. Hotels are generally achieving good weekend break rates during the summer months but tend to drive weekend break business in the winter through lower room rates and special offers and packages that they market through online travel agents and daily deals sites.
- 4.4.3. Destination and boutique hotels in the districts attract very strong and high-rated weekend break demand. They have strong appeal for special celebration weekends such as wedding anniversaries and milestone birthdays.
- 4.4.4. Golf hotels attract golf break business. Hotels with spas do well at weekends in the spa break market.
- 4.4.5. Weddings are the main market for a number of 3 star hotels in the two districts that focus on this market, often blocking them out for weekend break stays. Weddings and wedding guests attending weddings at other venues are a minor weekend market for other 3 star hotels and the 4 star hotels in South Oxfordshire. People attending weddings are a key weekend markets for the districts' budget hotels.
- 4.4.6. One 4 star hotel, a few 3 star hotels and one budget hotel sometimes take group tours at weekends to boost Friday and Sunday occupancies. Groups are a mix of UK and overseas tours. Oxford is a key draw. Some hotels in South Oxfordshire also attract overseas groups for Midsomer Murders tours. Some hotels in the M40 corridor have attracted Chinese groups coming for Bicester Village.
- 4.4.7. Other weekend markets are as follows:
- Overseas tourists - coming for Oxford. Midsomer Murders is a also a draw in South Oxfordshire;
  - People visiting friends and relatives - a key weekend market for budget hotels;
  - People attending events - we list the main events that generate business for hotels in the two districts overleaf;
  - Walking and cycling groups;
  - Shooting parties - for two hotels in the Chinnor area;
  - Holidaymakers stopping off en-route to the South Coast and West Country;
  - Corporate arrivals on Sunday nights;
  - Long stay corporate guests staying over at weekends - a key market for serviced apartments;
  - Weekend conferences - for some 4 star hotels.

4.4.8. Events in the two districts that generate some localised demand for hotel accommodation in their immediate vicinity are as follows:

- Thame Food Festival
- Towersey Festival, near Thame
- Kop Hill Climb, Princes Risborough
- Frilford Heath golf competitions
- Golf competitions at The Oxfordshire
- Didcot Beer & Music Festival
- Bunkfest, Wallingford
- Campsoul Festival, Milton Hill
- Goring and Streatley Arts Festival
- Henley Regatta
- Henley Festival
- Rewind Festival, Henley-on-Thames
- Henley Literary Festival
- Williams Grand Prix Race Days ,Grove - 19 per year

4.4.9. Events held just outside the two districts and further afield that generate some business for South Oxfordshire and Vale of White Horse hotels are as follows:

- Blenheim Game Fair;
- Blenheim Horse Trials;
- Blenheim Triathlon;
- Blenheim Flower Show;
- Oxford university graduations;
- The British Grand Prix at Silverstone
- Royal Ascot
- Newbury Races

## 4.6 Market Trends

- 4.6.1. In line with the national trend, **corporate demand** for hotel accommodation in South Oxfordshire and the Vale of White Horse dropped sharply in 2009 and remained largely flat in 2010 and 2011. Most hotels saw some recovery in corporate business in 2012 and a further strengthening of corporate demand in 2013 and so far in 2014, with corporate rates increasing this year for many hotels. Poorer quality hotels have lost corporate business to newly refurbished hotels in some locations.
- 4.6.2. Also in line with the national picture, **residential conference business** dropped sharply for hotels in the two districts in 2009 and remained flat between 2010 and 2012. There were some signs of recovery in 2013 but demand remains a long way below pre-recession levels.
- 4.6.3. A number of budget and 3 star hotels reported growth in **contractor demand** in 2013.
- 4.6.4. Many of the districts' hotels have been able to grow their **weekend break business** in the last 3 years through online travel agents and daily deals sites and as a result of the staycation trend. 4 star hotels with spas have seen an increase in spa break business. Hotels with golf have successfully attracted guests for golf breaks by working with the key golf break operators.
- 4.6.5. Some 3 and 4 star hotels in South Oxfordshire and the Vale of White Horse have started to take **group tours** to boost Friday and Sunday occupancies and midweek occupancies in August. A number of hotels are in discussions with TEAM Tourism Consulting to look at catering for Midsomer Murders tours. Hotels are generally reluctant to take group tour business due to its generally low-rated nature, unless it can help them to boost off peak nights and periods. They are more likely to be interested in higher-rated group tour business. Many hotels in the two districts are too small to actively develop group tour business alongside the other markets that they are catering for.
- 4.6.6. **Weddings business** has been static or reduced for many hotels in the two districts but increased for some.
- 4.6.7. Some hotels reported an increase in demand from **overseas tourists** coming to visit Oxford and to visit the Midsomer Murders filming locations.

## **4.7 Denied Business<sup>1</sup>**

- 4.7.1. South Oxfordshire's 4 star hotels and the better quality 3 star hotels in the two districts consistently deny business on Tuesday and Wednesday nights, frequently to a significant degree. Some 4 star hotels also turn business away on Monday nights. Lower quality 3 star hotels rarely fill and turn business away during the week. The budget hotels in the two districts regularly deny business on all four midweek nights. Midweek denials are very high for hotels in the Milton Park area. Midweek denials are generally increasing in both districts.
- 4.7.2. Many of the good quality 3 star hotels in the two districts and most of the 4 star hotels in South Oxfordshire deny significant business on Saturday nights between April and September. Some of South Oxfordshire's 4 star hotels and the hotels in Henley-on-Thames also turn business away on Friday nights during these months. Boutique and destination hotels deny weekend business throughout the year.
- 4.7.3. Hotels in Henley-on-Thames deny significant business for the Henley Regatta. Hotels in the vicinity of Oxford turn business away for the Blenheim Game Fair.
- 4.7.4. Hotels in the two districts do not refuse residential conference business for any reason: they are simply not getting residential conference enquiries.
- 4.7.5. The serviced apartment operations in the Milton Park area are constantly turning business away both for short lets and long corporate lets.

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<sup>1</sup> Business that hotels have to turn away because they are fully booked

## **4.8. Prospects for 2014**

- 4.8.1. Most South Oxfordshire and Vale of White Horse hotel managers expect to see a further improvement in occupancy and achieved room rate in 2014 as a result of strengthening corporate demand and rates and growth in leisure break business and demand from weddings and overseas tourists. Most hotels in the two districts have had a good first half of the year, other than some hotels in Henley-on-Thames that were affected by the floods in January and February. Hotels that are trading at high levels of occupancy are focusing on driving up room rates in 2014. Some hotels will increase their room rates following refurbishment. The only hotels that are less optimistic are the poorer quality 3 star hotels that are struggling to win new business because of the quality of their product.
- 4.8.2. Budget hotel occupancies will remain very high across the two districts in 2014. Most budget hotels are trading effectively at full capacity and are thus focusing on driving room rate this year.

## **4.9. The Oxford Hotel Market**

- 4.9.1. While the Hotel Needs Assessment has not involved any research to assess current hotel performance in Oxford, we know from national surveys and previous work that we have undertaken in the city<sup>1</sup> that Oxford has a very strong hotel market and that there are frequent shortages of hotel accommodation in the city. According to PKF's Hotel Britain 2014 report the average annual room occupancy for Oxford hotels was 81.5% in 2013, which the average achieved room rate figure for the city was £109.17.

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<sup>1</sup> Oxford Hotel and Short Stay Accommodation Study 2007

## **5. FUTURE MARKET PROSPECTS**

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### **5.1. The Big Picture**

5.1.1. Any analysis of future market prospects for the hotel sector needs to be based upon an assessment of the business and leisure drivers that have the ability to drive growth in demand. The fortunes of the hotel sector are closely allied to trends in the local and national economy, so employment trends and forecasts together with GDP and GVA trends and projections are good indicators of potential business demand, particularly if available by sector. Leisure demand is important for weekend and holiday periods and for locations that are less business-orientated. Forecasts for tourism growth, attendance at key attractions and events and growth in population and housing are all useful indicators of how this element of the market might grow.

#### **Oxfordshire Strategic Context**

5.1.2. Oxfordshire's focus as articulated in the Local Enterprise Partnership's Strategic Economic Plan (SEP) is on innovation-led growth. The vision is:

‘By 2030 Oxfordshire will be recognised as a vibrant, sustainable, inclusive, world leading economy, driven by innovation, enterprise and research excellence’

Major economic drivers in Oxfordshire include its concentration of high-tech and research activities and growth potential in areas such as space science and satellite technologies, bioscience, the health sector and advanced manufacturing. The ambition is to build on these strengths in science based knowledge industries and drive accelerated economic growth across the county to become a global leader in ‘Big Science’.

5.1.3 The immediate impetus will come from the recently agreed City Deal. Its innovation-led growth programme includes new infrastructure, investment and support for economic growth across the county, including new transport schemes (supporting the Enterprise Zone, the Northern Gateway and the Science Transit scheme), new innovation and incubation centres (Harwell Innovation Hub, Culham Advanced Manufacturing Hub, the Oxford Bio-Escalator, and the Begbrooke Innovation Escalator), as well as support to accelerate housing delivery and business growth. The City Deal is expected to lever £600m of private sector investment and create 18,600 new jobs plus a further 31,400 jobs during the construction phase. City Deal funding will be complemented by European Structural and Investment Funds of £20m to 202 plus Local Growth Funds to 2030.

5.1.4 Some of the key SEP targets to 2031 are:

- The creation of 85,000 new jobs
- £2.5 billion of private sector investment
- 93,560 to 106,560 new homes
- £500m of rail investment
- £815m of highways investment
- GVA uplift of £6.6 billion

5.1.5 The priority locations identified in the SEP focus on the 'Oxfordshire Knowledge Spine', (see map overleaf) extending from Science Vale in the south, through Oxford to Bicester in the north.

Tourism also features as a priority, given the significance of the county's world renowned resources – the World Heritage City of Oxford, the World Heritage Site at Blenheim, the Cotswolds and other AONBs and internationally renowned events such as Henley Regatta.

## OXFORDSHIRE KNOWLEDGE SPINE



Map provided by kind permission of Oxfordshire County Council

Source: Oxford and Oxfordshire City Deal<sup>1</sup>

### Growth in South Oxfordshire and Vale of White Horse

5.1.3 The following levels of growth are forecast for the study area, 2011-2031:

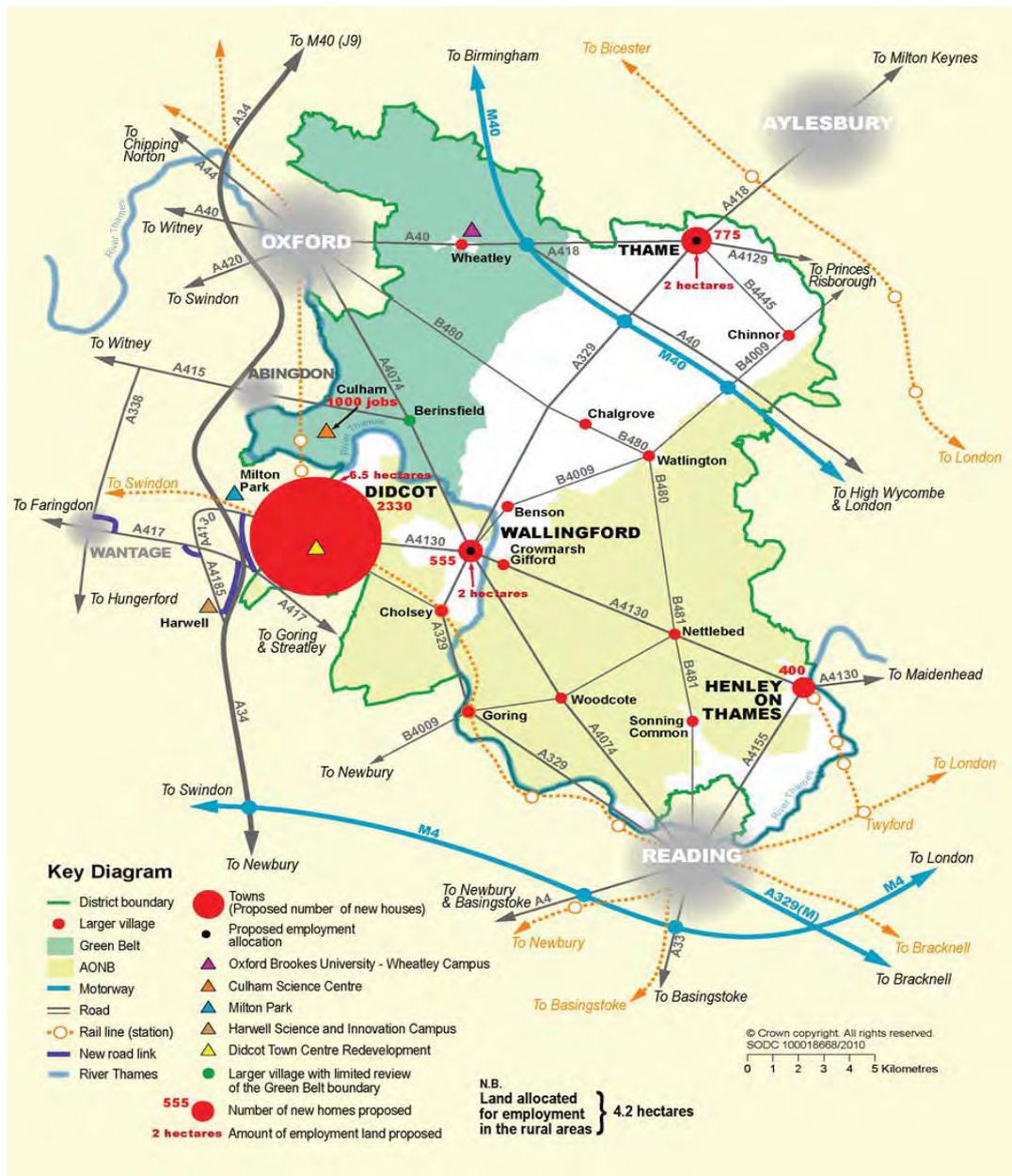
- South Oxfordshire
  - 11,500 new jobs
  - 14,500-16,500 new homes
- Vale of White Horse
  - 22,980 new jobs
  - 20,560 new homes

<sup>1</sup>

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/276205/Oxford-Oxfordshire-City-Deal.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/276205/Oxford-Oxfordshire-City-Deal.pdf)

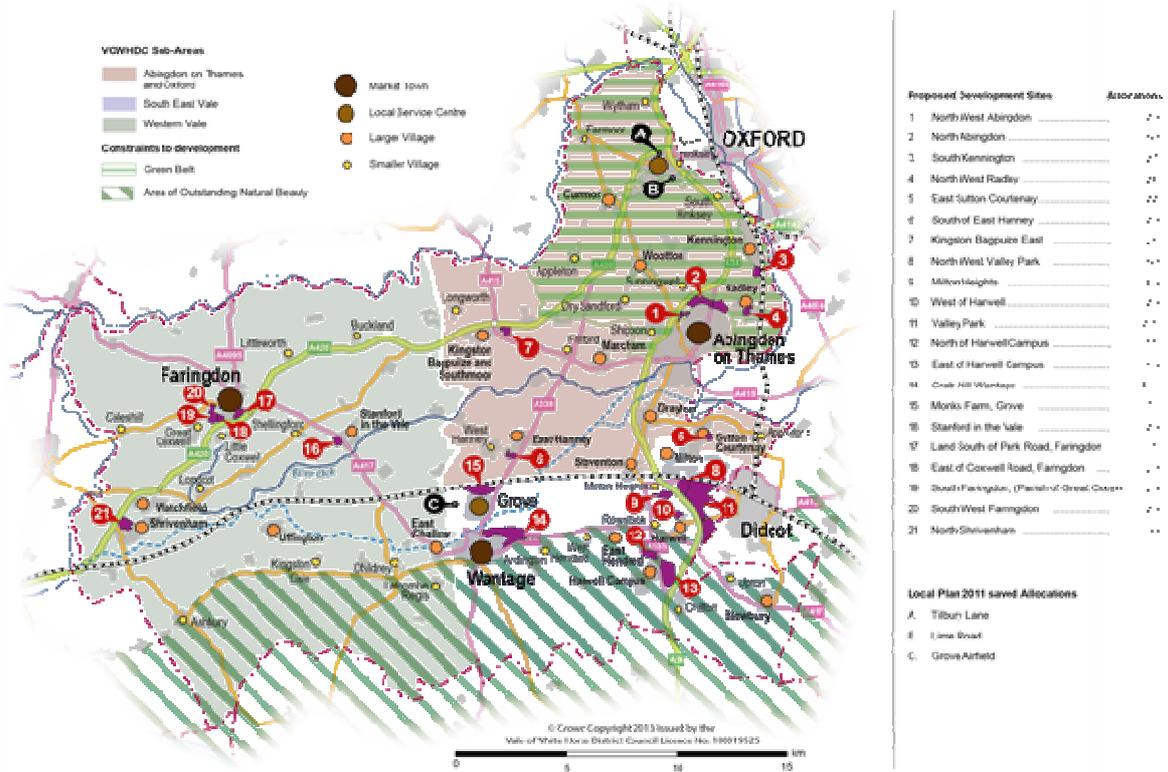
5.1.4 The two key diagrams that follow show how the growth will be distributed across the two Districts, including key sites and locations where employment and housing development will be focused.

### SOUTH OXFORDSHIRE KEY DIAGRAM



Source: South Oxfordshire Core Strategy December 2012

### VALE OF WHITE HORSE KEY DIAGRAM



The Vale of White Horse Sub Areas and Development Proposals

Source: Vale of White Horse District Council

## 5.2. Major Projects

### Science Vale

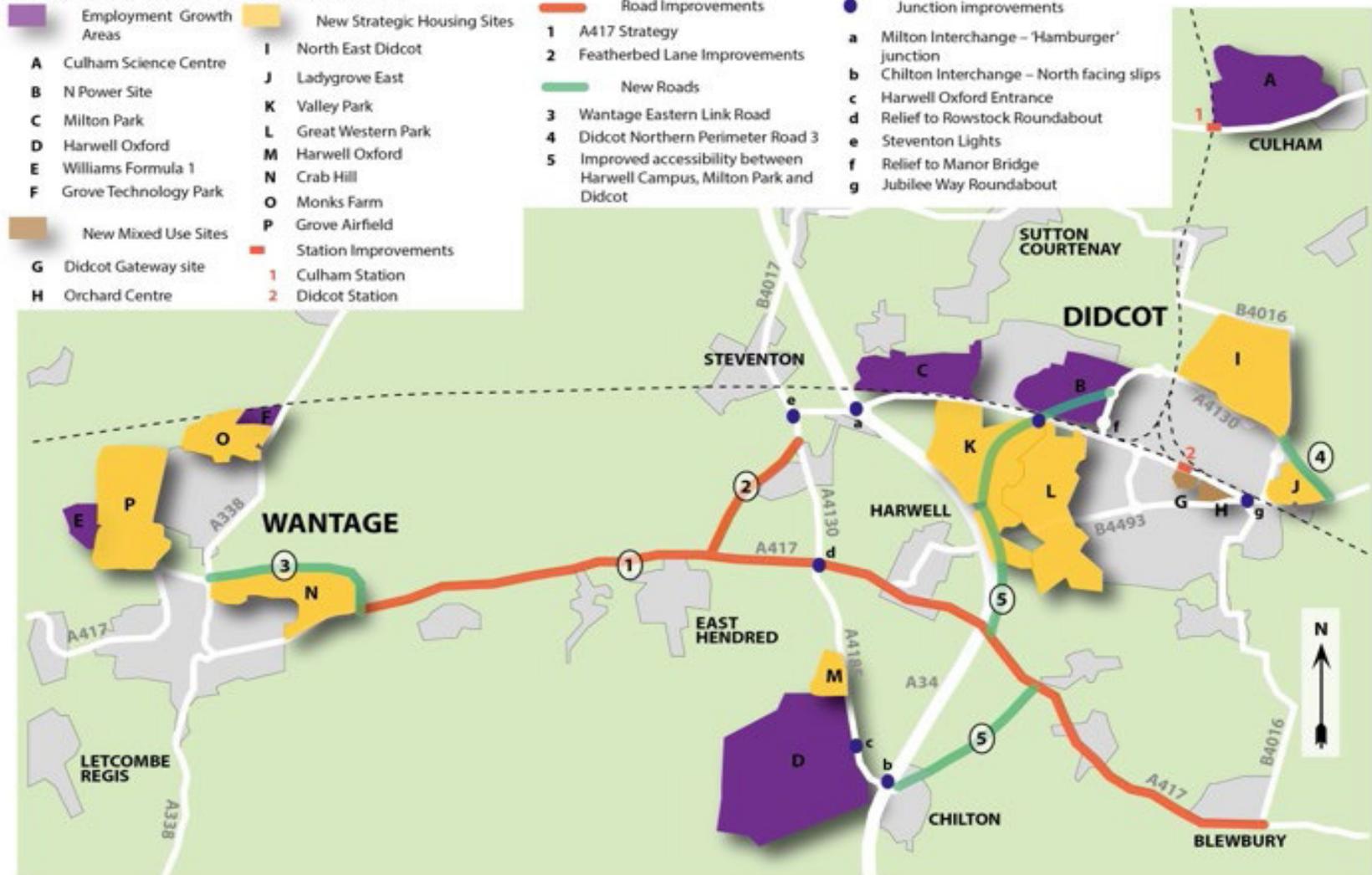
5.2.1 Science Vale is the key strategic project that will drive growth in South Oxfordshire and Vale of White Horse over the next 15 years. It is estimated that Science Vale will provide an additional 20,000 jobs over this period, and as these are expected to be largely in the high tech sectors as well as involving specialist international companies with global reach, this growth is likely to be highly productive in terms of hotel roomnight generation. Parts of Science Vale were awarded Enterprise Zone status in 2012; this applies to 92 hectares of the Harwell and Milton Park sites, for which there are plans for 200,000 sq m of development and providing 8,400 new jobs.

5.2.2 The cluster of sites that makes up Science Vale has the largest concentration of world class research and development activity in Western Europe and hosts 13% of all R&D activity in the South East. Key locations include:

- Milton Park
  - One of Europe's largest multi-use business parks, with over 160 companies and 6500 employees in 3.4m sq ft of business space, and a life sciences cluster of 50 companies. It is home to the Oxfordshire BioScience Network and is developing a new biotech innovation hub, the Milton Science Centre. Future plans to 2029 include the development of an additional 90,000+ sqm of employment space, delivering over 9000 new jobs and c. £150m of investment.
- Harwell Oxford
  - A science, innovation and business campus which is a joint venture between UKAEA, the Science and Technology Facilities Council, and private sector partner Goodman. There are currently 150 organisations on site with over 4500 staff, including the key UK Research Councils and multi-national organisations. It is the base for ISIS, a national facility for physical and life sciences research that supports an international community of over 2000 scientists. Diamond Light Source is also based here, the UK's national synchrotron facility.

SCIENCE VALE

SCIENCE VALE UK MAP - LTP3 UPDATE



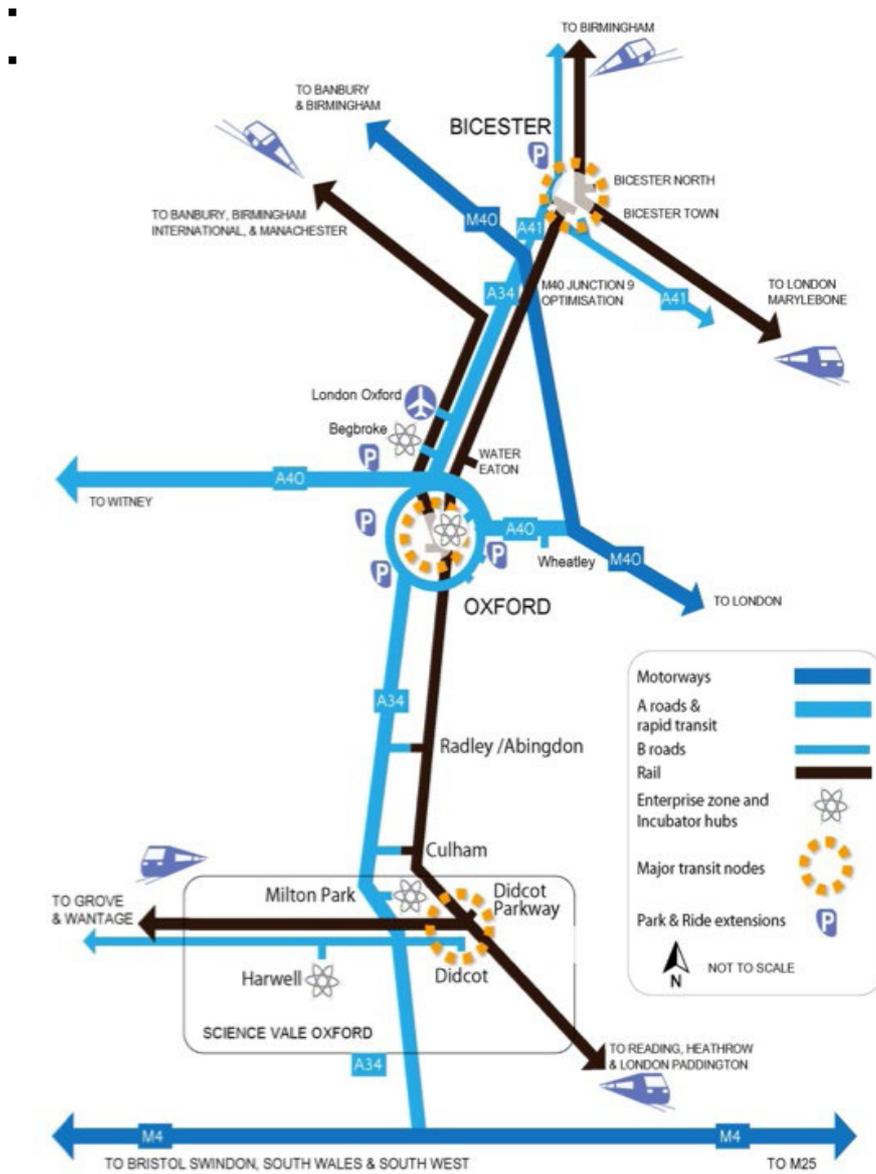
- A Masterplan has been produced for the 710 acre Harwell Oxford site that will see the development of around 1 million sq ft of research and development space in Phase 1 in the next 5 years, accommodating a further 5000 employees. Phase 1 will also include a 140 bedroom 4 star hotel. And an element of residential. Development.
  
- Culham Science Centre
  - Culham is owned and operated by UKAEA and is the home of the UK's fusion research programme, the Culham Centre for Fusion Energy, and the world's largest fusion experimental facility, JET, the Joint European Torus.
  - A draft Masterplan has recently been produced for the Culham site that will guide future development and support the creation of an estimated 1000 new jobs here. The Masterplans detail a mix of research, mid-tech and office space, together with a new gateway area with conference, accommodation and leisure facilities for employees and visitors. Whilst not specifically identified, this could include a hotel.
  
- Didcot
  - Didcot and its station play an important gateway role for Science Vale. Didcot is also the focus of major housing development and has Growth point status; around half the new housing planned for Science Vale will be located here, and Didcot's population is forecast to double to 50,000 by 2031. Didcot town centre is being redeveloped as a multi-functional social centre to support the growth of Science Vale. Key schemes include phase 2 of the Orchard Centre retail development and Didcot Gateway, a hotel-led regeneration scheme around the station.
  - Didcot A Power Station, which is being decommissioned, opens up a major employment opportunity of around 60 ha.

- Grove Technology Park
  - Grove is home to the world class Williams Formula 1 team, and is also the base for Oxford Instruments, a globally significant top 250 FTSE company employing 1500 people. The Technology Park has over 80 businesses and 800+ employees.
  
- Emerging Sites
  - In addition to the above key locations, going forward a number of new strategic sites are coming forward in the Science Vale area with the potential for employment development and the generation of demand for accommodation. This includes East of Harwell Campus, extended site north of Harwell Oxford campus, North West of Harwell Village, and North West Valley Park.

### 5.2.3 Connectivity

- Improvements in connectivity will be key to linking the Science Vale area to Oxford and other parts of the Knowledge Spine, linking development sites in the SV area, catering for the anticipated growth in people living and working in the area, and providing strategic connections to the wider UK and international gateways. The A34 is at or near capacity and there are plans to up-grade the junctions in the SV area to help alleviate congestion. Investment in the Oxford Science Transit programme will also help improve links between centres by road and rail.

### OXFORD SCIENCE TRANSIT



Source: Oxfordshire LEP Strategic Economic Plan, March 2014

## **Development Beyond Science Vale**

5.2.4 Whilst Science Vale will be the major driver of new hotel demand from business tourism, beyond Science Vale and on the fringes of the study area smaller scale schemes and activity in the construction sector also have the potential to generate some additional demand. These include:

- The further development of Oxford Science Park
- The £100m regeneration of Botley town centre
- The future development of the cattle market site in Thame, and additional land allocations to boost its economic and employment role
- The redevelopment of the Abbey Shopping Centre and Charter area at Abingdon
- Further development on land allocated at Abingdon Science Park and Abingdon Business Park
- The potential development of a new reservoir, the Upper Thames Reservoir, at East Hanney
- The development of employment allocations at Faringdon (7.38ha) at the 4 & 20 site and Park Road
- The development of new employment allocations at Wallingford (2ha) and the mixed use development of the former Waitrose site.

## 5.3 Leisure Tourism Growth Prospects

### National Tourism Market Trends and Forecasts

5.3.1. South Oxfordshire and Vale of White Horse should benefit from a number of trends that are currently driving growth in domestic and international tourism in the UK:

- **Domestic tourism growth - the continuing staycation trend** - a key trend during the recession has been the growth of the staycation market as UK residents opted to take holidays in this country rather than going abroad. There are two groups of staycationers - "Switchers" include a high proportion of families - they are primarily motivated to 'switch' a foreign holiday for one at home because of financial constraints - and "Extras" who tend to be younger and are more likely to be single. They are less affected by their economic situation and are more motivated by a desire to explore the UK and go somewhere new. Research undertaken for Visit England in November 2013 suggests that UK residents are beginning to more positively consider holidays abroad again as the country comes out of recession, disposable incomes start to rise, and job security returns. This suggests that the staycation trend may start to wane. Having said this, people that have had an enjoyable holiday experience in England in the last few years seem to be well disposed to do so again. It will also be some time before wages catch up with the cost of living increases that have been seen in the UK since 2008, so many people are likely to be cautious about their spending for some time to come. While growth in domestic leisure tourism may slow as consumer confidence returns there is unlikely to be a dramatic switch away from staycations or a return to pre-recession levels of domestic holiday taking. Research undertaken by Deloitte and Oxford Economics for VisitBritain in 2013<sup>8</sup> projects an average annual growth in domestic tourism in the UK of 3% and a real annual growth rate in domestic tourist spending on overnight stays of 8.7% from 2013 to 2025.

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<sup>8</sup> Tourism Jobs and Growth: The economic Contribution of the Tourism Economy to the UK, Deloitte/Oxford Economics, November 2013.

- **An ageing UK population** – the percentage of the UK population over 65 is increasing. This generation is a powerful and growing economic force, with sufficient time and disposable income to enjoy short breaks and regular holidays. It offers particular scope for midweek visiting. The increase in the number of elderly people in the UK population is also driving growth in the group tour market.
  
- **Stronger demand for short breaks** - society has become increasingly time poor with shifting patterns of holiday taking to higher frequency short breaks, with many people now taking multiple short breaks rather than one main holiday.
  
- **The growing Generation Y market** - people born in the 1980s and 1990s are now starting to travel independently from their parents. This new generation of hotel guest is looking for a different experience from a hotel stay, with a greater importance placed on distinctive design, a relaxed atmosphere and a high level of technology and connectivity.
  
- **Online booking and marketing** - consumers are increasingly booking hotel accommodation through the growing number of third party websites that offer discounted accommodation and holidays such as LateRooms, lastminute.com, booking.com, Expedia, Trivago, and hotels.com, and taking advantage of special offers promoted through daily deals sites such as Groupon, Wowcher, Living Social, Travelzoo and Secret Escapes. Hotels are also increasingly using e-marketing and social media channels to reach customers. This is resulting in an increasingly deal-driven and competitive market but enables hotels to affordably reach millions of potential customers both in the UK and overseas and allows hotels to proactively market their available inventory, albeit often at reduced rates. The growth of customer review sites, in particular TripAdvisor, is making it ever more important for hotels to deliver excellent standards of service and facilities to ensure that they achieve favourable reviews and high rankings.
  
- **Inbound tourism** is forecast to grow strongly in the UK, boosted by the massive worldwide exposure of the country during the London 2012

Olympic and Paralympic Games. The Deloitte/Oxford Economics report for VisitBritain projects a 6.1% per annum growth in inbound tourism to the UK and an average real annual growth rate of just over 14% in overseas tourist spending in the UK through to 2025. A recent report commissioned for Barclay's Retail and Hospitality & Leisure banking teams predicts that spending by overseas tourists in the UK will grow to over £27bn by 2017, representing an increase of 34% on the 2013 figure, equivalent to an average annual growth rate of 6.75%. Strong growth is expected to come from the emerging economies such as China, UAE, India, Brazil and Russia due to the increasing wealth of consumers in these countries. A new streamlined visa service that will be introduced in August 2014 will make it easier for Chinese people to visit the UK. By 2017, the UAE and Russia are set to break into the top ten nationalities to visit the UK, while spending by Chinese tourists visiting the UK is set to increase by 84% compared to the 2013 figure.

### **Oxfordshire Destination Management Plan and Marketing Strategy**

5.3.2. Oxfordshire's destination management organisation, Experience Oxfordshire, is at the early stages of producing a new Destination Management Plan (DMP) and Marketing Development Strategy for the county. At this stage the draft DMP sets an ambitious target to achieve twice the forecast UK tourism growth rate. The draft DMP is focused on three Priority Activity Areas:

**1. Exceptional Experiences**

Developing and investing in improving the Oxfordshire visitor experience.

**2. Well Communicated**

Taking the Oxfordshire brand to the world .... and selling it.

**3. Developing Experience Oxfordshire**

Ensuring Experience Oxfordshire develops as a successful organisation capable of achieving the vision for Oxfordshire's visitor economy.

- 5.3.3. Exceptional Experiences encompasses three overlapping activity areas; Infrastructure development, Workforce development, and enhancing the Cultural offer. Initial thoughts about product development priorities for the Infrastructure strand of activity are in terms of improving and developing the MICE (meetings, incentives, conferencing and exhibitions) product, visitor information provision, hotel development and public realm improvements. Research is first required to better understand these and other product development requirements and opportunities and to identify appropriate public sector interventions to support investment. Resources for such research and interventions have yet to be allocated.
- 5.3.4. Well Communicated encompasses; Marketing, Audience Development, and Information Provision.
- 5.3.5. The Marketing Development Strategy is underpinned by a set of core principles: the promotion of the Oxfordshire brand; an 'attract & disperse' approach; prioritising markets with the greatest growth potential; and increasing visitor spend. It identifies three target markets; Consumer (UK & overseas), Group and Travel Trade, and Business Tourism. The 'attract & disperse' approach, leads with the key brands of Oxford, Blenheim Palace, Bicester Village, The Cotswolds and The River Thames as the key hooks to attract leisure visitors to the county.
- 5.3.6. The strategy identifies a number of priorities and activity areas, recognising that due to funding constraints Experience Oxfordshire will only be able to deliver some of them through to 2017. At this stage the future development of Experience Oxfordshire's destination marketing activities will depend largely on buy in from tourism businesses that want to participate in specific campaigns. However, the strategy informs project proposals endorsed by the Local Enterprise Partnership, with the aim of securing funds to deliver priorities which cannot be actioned at present. At this stage the Marketing Development Strategy focuses on the following areas of activity:

- Thematic short break campaigns - delivered primarily through digital marketing;
- Some overseas marketing - focused on the US and Chinese markets, and potentially also France, delivered primarily through travel trade activity;
- Some proactive work to develop relationships with group travel organisers;
- Some proactive work to build contacts with conference buyers.

5.3.7. Audience Development priorities are to meet identified demand from visitors for arts and cultural engagement, and to research residents' attitudes to engaging in cultural activity.

5.3.8. The Information Provision ambition is to reach visitors in new ways; including through partner businesses and via new digital platforms – incorporating booking capabilities alongside information and inspiration so that visitor spend is maximised.

### **South Oxfordshire Destination Marketing - The Midsomer Murders Campaign**

5.3.9. Since 2010 South Oxfordshire District Council has contracted tourism marketing consultants TEAM Tourism Consulting to deliver a destination marketing and product development campaign for the district themed on the Midsomer Murders TV programme, which is filmed partly in South Oxfordshire, including Wallingford, Henley-on-Thames and Thame. Midsomer Murders airs in over 100 countries and each episode is watched by 6 million viewers worldwide, many of whom want to see the filming locations for real. TEAM's work has included the development of the [visitmidsomer.com](http://visitmidsomer.com) website; PR activity including press familiarisation visits; work with parish and town councils to develop a series of Midsomer trails; work with group travel operators and hotels to develop Midsomer Murders group tour business; and activity to encourage tourism businesses in South Oxfordshire to use the Midsomer Murders theme in their own marketing. The work that TEAM has done over the last 4 years has generated significant interest in visiting the Midsomer Murders filming locations from UK and overseas visitors and the group tour market:

- The visitmidsomer.com website is set to attract 150,000 unique users in 2014, 60% of whom are from overseas;
- Press coverage in 2013 reached a circulation figure of over 5m;
- Over 30 UK coach operators are now putting on Midsomer Murders tours in South Oxfordshire as a result of TEAM's work with the travel trade;
- The campaign has generated strong business growth for a number of tourism businesses across the district.

5.3.10. TEAM believes that the Midsomer Murders theme offers significant potential for growth in leisure break, overseas tourist and group tour business for hotels in South Oxfordshire. They also suggested that there could be opportunities to develop leisure tourism stays in South Oxfordshire through capitalising on other film and TV production filming locations in the district; connections with famous people such as Agatha Christie, who lived in Wallingford and wrote many of her novels here; food tourism, building on the Thames Food Festival; the appeal of Henley-on-Thames as a leisure break destination; the proximity to Oxford; the River Thames and Thames Path; and the Chilterns AONB.

## **5.4. UK Conference Market Trends**

5.4.1. The most recent national conference and meetings industry survey show signs of recovery and renewed growth in the UK conference market. The British Meetings & Events Industry Survey 2013/14 showed a significant increase in 2013 in the number of association conferences and events being organised in the UK and growth also in the corporate meetings market. While there was a slight reduction in the size of both association and corporate conferences and no change in the duration of conferences, budgeted 24hr delegate rates were up by 4.7%.

## 5.5 Prospects for Future Growth in Hotel Demand

- 5.5.1. The development of Science Vale over the next 15 years is set to generate a substantial increase in **corporate demand** for hotel accommodation in the Science Vale area. The corporate market for hotel accommodation here could increase by at least 50% by 2031 given the targeted growth in employment, business development and scientific research. There is already strong demand for hotel accommodation from companies and organisations at Milton Park, Harwell Oxford and Culham Science Centre and already a shortage of hotels to adequately meet this demand, of at times up to at least 100 bedrooms. Business is thus displaced to surrounding parts of South Oxfordshire and the Vale of White Horse, including Abingdon, Wallingford, Dorchester-on-Thames and Wantage. Depending on the level of new hotel provision that is developed within the Science Vale area this situation may well continue going forward.
- 5.5.2. As part of the Hotel Needs Assessment we have modelled the potential growth in midweek corporate demand in the Science Vale Market Area<sup>9</sup> in order to quantify the likely numbers of additional hotel bedrooms that will be needed to meet this growth in demand. The methodology used and results of the calculations are set out at Appendix 4.
- 5.5.3. The planned employment growth in Oxford, and in particular the proposed expansion of the Oxford Science Park, are likely to generate additional demand for hotel accommodation in those parts of South Oxfordshire and the Vale of White Horse that abut the city.
- 5.5.4. As far as we have been able to establish there is nothing to suggest significant growth in corporate demand for hotel accommodation going forward in Thame, Faringdon or Henley-on-Thames.

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<sup>9</sup> Defined as the Science Vale Area (Culham Science Centre, Didcot, Wantage and Grove, Harwell Oxford and Milton Park) and the surrounding areas where hotels serve demand from companies and organisations in the Science Vale Area, including Abingdon, Wallingford, Dorchester-on-Thames and Shillingford.

- 5.5.5. The recovery and renewed growth in the UK conference market may present opportunities for larger 3 and 4 star hotels with good conference facilities to attract increased levels of **residential conference business** in the future. Experience Oxfordshire advised us that the strongest interest in the county from conference organisers is in and around Oxford. Hotel availability in the city is however frequently limited and hotel prices in Oxford are high. There may be scope therefore for hotels in other parts of Oxfordshire to attract small to medium-sized residential conferences by offering a better value option to Oxford hotels, whilst still capitalising on the proximity to the city and their central location and ease of access. Opportunities are likely to be strongest for large full service hotels in the M40 and A34 corridors and for existing and new full service 3/4 star hotels in the Science Vale area. There could be scope for hotels in Henley-on-Thames to grow the residential conference business that they are already attracting from London and the Thames Valley. New country house and golf hotels (if developed in the two districts) may also be able to attract residential conference business from these markets. The smaller independent 3 star hotels in the other towns are unlikely to see much growth in this market.
- 5.5.6. Given the level of construction work and infrastructure development that will be taking place in the Science Vale area, there is likely to be strong growth in demand for budget hotel accommodation here from the **contractors** market and some growth in demand for 3/4 star hotel accommodation from project management teams.

5.5.7. Hotels in South Oxfordshire and the Vale of White Horse should benefit from the projected growth in domestic tourism, and in particular growth in the **domestic leisure break market**. Hotels in the two districts should be able to capitalise on the following strengths and opportunities to attract leisure break stays:

- The proximity to Oxford and The Cotswolds;
- Ease of access to the key draws of Blenheim Palace and Bicester Village;
- The potential of the Midsomer Murders theme for South Oxfordshire;
- Scope to make more of other film and TV locations and literary connections e.g. Agatha Christie's life in Wallingford;
- The strength of Henley-on-Thames as a leisure break destination;
- Attractive countryside, with parts of The Chilterns and North Wessex Downs lying with the districts;
- Potential to attract walkers on the Thames Path and The Ridgeway;
- Scope to develop food tourism;
- The number of major events and festivals that are held throughout the summer in and around the two districts.

5.5.8. Hotels will continue to be able to attract leisure break business through online travel agents, daily deals sites, e-marketing and social media, and can use these channels to drive leisure business at off peak times.

5.5.9. There is also potential for supply led growth in leisure break business as new hotels target this market to grow their weekend occupancies and fill midweek gaps at off peak times. New boutique, destination and golf hotels (if developed in the two districts) should also be able to generate new leisure break business. Existing and new hotels may also develop spas and leisure facilities to help boost weekend leisure break business.

5.5.10. There is no reason to think that existing and new hotels in South Oxfordshire and the Vale of White Horse should not benefit from the projected growth in inbound tourism to the UK, given the proximity to the major draws for **overseas tourists** of Oxford, Blenheim Palace, The Cotswolds and Bicester Village and the growing interest that the Midsomer Murders marketing campaign for South Oxfordshire is attracting from overseas markets.

- 5.5.11. The proximity to Oxford, Blenheim Palace, The Cotswolds and Bicester Village also give scope for growth in UK and overseas **group tour business** for hotels in South Oxfordshire and the Vale of White Horse. TEAM Tourism Consulting is also having success in attracting overseas group tours to South Oxfordshire for Midsomer Murders tours. This is however low-rated business that hotels will only be interested in if it can help them to boost occupancies for off peak nights (Thursdays, Fridays and Sundays) and periods of weaker corporate demand (primarily weekdays in August). It is not business that will in itself support new hotel development therefore. The small size of many of the 3 star hotels in the two districts also limits their ability to cater effectively for group tours alongside their other markets.
- 5.5.12. The **weddings** market and associated demand for hotel accommodation should grow substantially given the projected growth in the South Oxfordshire and Vale of White Horse populations.
- 5.5.13. Demand for hotel accommodation from **people visiting friends and relatives** should similarly increase significantly in line with population growth.

## 6. HOTEL DEVELOPER INTEREST

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### 6.1 Context – The Climate for Hotel Investment

#### The Economic Backdrop - A Challenging Time

- 6.1.1. The fortunes of the hotel industry are closely aligned to the national and local economy and so the recent recessionary climate has hit the sector in a number of ways. Clearly performance has fallen back and end values have dropped – in some cases to the point where it is costing more to build a hotel than its value, resulting in hotel investors holding back on schemes until yields improve. Funding is more difficult to come by, especially for small hotel companies and franchisees, and when available is often on less favourable terms, with less debt funding and more equity required.
- 6.1.2. These trends have implications for the type of new development being delivered and its impact on existing stock.

*'The shortage of debt funding has meant many new projects are conversions, involving rebranding and considerable refurbishment and improvement. Cities around the UK have seen new branded products like Doubletree by Hilton, Indigo, Hampton by Hilton, Park Plaza and Radisson Blu and this has increased pressure on existing under-invested operators' (PcW UK Hotels Forecast 2013)*

*'We are experiencing a benign new-build market for the roll-out of new developments in the UK, with limited finance about and the ability to buy existing hotel stock at less than replacement value' (Marriott)*

- 6.1.3 In such a risk-averse climate, a number of hotel companies are now focusing their development strategies on routes that don't involve them in capital outlay – or an 'asset-light' strategy. A number of 4 star and luxury international brands like Hyatt and Millennium & Copthorne have for some time only done management contract deals, but certainly their prevalence has spread as funding has become more difficult to secure. These schemes involve significant levels of investment and what the operator brings to the table is their sector expertise and brand strength. This reinforces an earlier trend in the sector pre-recession, for hotel companies to divest themselves of their property assets whilst retaining the contract to operate – Hilton and Accor are good examples.
- 6.1.4 Whilst funding 3 and 4 star hotels remains difficult, there are some up sides to the current market conditions. Budget hotel development is still happening; Travelodge and Premier Inn remain active, offering the advantage of their ability to take lease deals in developer-led schemes. One advantage of the downturn in the property market has been that residential and some commercial sites have been coming forward for hotel development that would not previously have been available or affordable. A weaker market has also seen some distressed hotels coming onto the market being bought up by chain hotel companies and re-branded. London is also an increasing focus of hotel development interest, driven by strong performance and the 2012 bounce.
- 6.1.5 In terms of prospects, as one consultee put it:

*'It remains a difficult market, and we are still bumping along the bottom....'*  
*(Interstate)*

- 6.1.6 PwC's UK Hotel Forecast 2013 summarises the climate as '*cloudy but improving*', with the sunshine coming out sooner in London and the South East, which will lead the recovery, compared to the rest of Provincial UK. In their report 'After the Party', PwC identify mixed demand driver messages: business travel spending to pick up slightly; leisure travel to suffer from continued tightening of belts; a bottoming out of the meetings and events markets; some gains from overseas markets induced by the 'Olympic effect', but tough market conditions in Europe, an important demand generator. At the same time, there is more supply to come on stream, in London and other major cities, a supply spike that will need to be absorbed requiring adjustment and impacting on occupancies and rates.
- 6.1.7 In overview, the Credit Crunch and recession have inevitably had an impact on constraining the development plans of hotel companies, and seen new routes to delivery emerging. The climate remains challenging, both in terms of market performance and access to funding, and whilst there is some glimmer of recovery, hotel development activity is unlikely to come back quickly. However, there remains some activity out there in the market, albeit that the approach is more cautious and investor-led; development has slowed but not stopped.

### **Hotel Business Models & Funding Routes**

- 6.1.8 Hotels can be developed and operated under a number of different business models (summarised in the table overleaf) with hotel brand owners, franchisees and property developers playing different roles in each case, and development and operating risks shifting under the different models.
- 6.1.9 The levels of capital outlay as well as development risk required by a hotel company therefore vary considerably between these options. Many more operators, particularly at the 4 star level, which is much more capital intensive, are likely to be interested in options put to them that involve management contracts than in building and funding hotels themselves, as access to capital will naturally restrict the latter and require hotel companies to prioritise their investment locations.

6.1.10 Many of the chain hotel companies will have a mix of structures in place, though some do prefer a single route. Often franchisees are looking to build the asset value of the company with a view to exit within a 5-10 year period, and in such situations are less likely to be interested in lease options.

**Table 15**

<b>Hotel Development &amp; Operating Models</b>		
	<b>Developer Risk</b>	<b>Operator Risk</b>
Hotel company (hotel brand owner) develops the hotel & subsequently operates and markets under one of its brands		√
Property company develops the hotel & seeks a hotel company to lease the hotel	√	√ (depending on type of lease)
Hotel company develops the hotel then operates and markets it under a franchised hotel brand name as a franchisee	√	√
Property company develops the hotel & seeks a hotel company to purchase the freehold of the hotel	√	x
Property company develops the hotel & employs a hotel company to manage the hotel under a management contract	√	√ (some)

6.1.11 Lease models require a little more explanation, as there are some key issues surrounding lease structures that are impacting upon the ability to deliver hotel developments currently. Developers require hotel operators to take a fixed lease, a standard institutional lease that will give a guaranteed fixed payment per room over a period of 20-30 years. Once secured, this guaranteed income stream makes the development fundable, and the developer can secure finance on the back of this. On completion the developer may retain or sell the investment. Currently, only Travelodge and Premier Inn are able to take such leases, as only they have the strength of covenant required. One or two of the multiple brand chains have done leases, but generally these will only be for large hotels in premium locations such as London or Edinburgh, where occupancy and high rates are guaranteed. There are accounting implications of FRI (full repairing and insuring) leases also, as they represent a financial commitment going forward, and this has also put hotel companies off this model.

- 6.1.12 More favoured by hotel companies are variable leases, made up of a combination of base rental and a share of turnover. Some guarantees can be built into these arrangements, but should the market fall back, the risk and impact is shared by the developer/funder and the operator. Their responsiveness and flexibility accounts for their appeal to hoteliers. Certainly in previous recessionary climates, fixed leases have contributed to the downfall of hotel companies, as they became unable to meet their rental commitments when trading performance fell back. However, there is evidence that these turnover leases make it difficult to fund development, exactly because they don't give the same fixed income stream.
- 6.1.13 The differing objectives and requirements of developers/investors and operators has resulted in something of an impasse and made it difficult to get hotel schemes off the ground. In our work across the UK, we have come across numerous schemes and sites that have stalled for this reason, and few operators able or willing to do the sort of deal the funding institutions require.
- 6.1.14 The difficulty in securing funding for hotel schemes is increasingly leading to public sector funding interventions being used to secure hotel schemes. The new Hilton hotel at the Ageas Bowl cricket ground on the outskirts of Southampton is one example. Eastleigh Borough Council has largely funded the development of the hotel to allow the expansion and development of the cricket ground to proceed for the wider benefit of the area. A similar intervention has taken place in Newcastle-upon-Tyne, where City Council funding has bridged a gap to secure a Crowne Plaza hotel for the Stephenson Quarter, which will anchor a much larger regeneration scheme. Travelodge has also worked with a number of local authorities whereby they have secured loans through the Public Works Loans Board to fund the development of hotels that have then been leased to Travelodge, with the rental income used to repay the loan. This approach was used to fund the Eastleigh and Aylesbury Travelodges.

### **Impact on Hotel Development Strategies**

*'The lack of development funding is the main barrier to securing hotel development currently' (DCB Business Consultants)*

*'It's all about what's fundable' (Sanguine Hospitality)*

6.1.15 Two key themes stand out from the feedback with our consultees:

- From a performance viewpoint, there is a focus on targeting and delivering AAA sites i.e. sites in premium locations, in the top performing cities. For most this would be London, followed by Edinburgh and Aberdeen. Some other cities are also known to perform well in terms of both occupancy and ARR, such as Oxford, Bath and Cambridge. The banks, agents and hotel company acquisitions managers are informed about these markets through research and presentations.
- Beyond these locations, which takes in most of the provinces, anyone trying to get a hotel scheme off the ground knows it is going to be extremely difficult, and difficult means potentially abortive time and effort.

6.1.16 For these reasons many hotel developers and operators have stopped having target lists of locations where they would like to be, however, they are prepared to consider schemes on an individual basis, if they are live. There has always been an element of opportunism in the hotel development market, but recent rounds of consultation and testing have found this to be even more so in the current climate. Many were willing to respond to specific sites and schemes, and to work with a franchisee or other partner on sites and locations to determine the strength of the market and the most appropriate brand to consider. From a destination – or landowner - point of view, the response should be about making the case and evidencing the potential – especially as many acquisitions managers, a number of whom cover all the UK or even Europe and the Middle East as well, have limited knowledge of provincial locations.

## 6.2 An Overview of Hotel Developer Interest

### Sampling

- 6.2.1. Hotel Solutions regularly undertakes consultation work with a wide range of hotel developers, operators and investors in association with Hotel Needs Assessment studies for clients across the UK. Several studies for clients in early 2014 involved a far-reaching survey of over 60 hotel companies, which has provided a valuable backcloth to our South Oxfordshire and the Vale of White Horse-specific testing work, having enabled a detailed and up-to-date picture to be built up of sector-wide issues, brand-specific requirements, key performance indicators, and barriers to investment.
- 6.2.2. The hotel developer sample selected for testing specifically in relation to South Oxfordshire and the Vale of White Horse was focused around:
- Developers, operators and investors known to be active in provincial towns and cities in the current market;
  - Brands that have fit with the identified market potential;
  - Brands that have fit with South Oxfordshire and the Vale of White Horse's destination aspirations;
  - Major national and international brands that are missing from the South Oxfordshire and the Vale of White Horse offer;
- 6.2.3 14 companies were canvassed for their views on and interest in acquiring, developing or operating hotels in South Oxfordshire and the Vale of White Horse. A number of consultees represented multiple brands and offers at different levels in the market e.g. Accor develops brands from upscale luxury and boutique hotels through to 4 star business class hotels and aparthotel, and budget, budget boutique and economy hotels. The testing therefore covered significantly more brands than companies - over 30 brands in total.

## **Response**

- 6.2.4 Responses were received from 10 developer, operator and investor consultees, Whilst we did establish some potential interest, the challenging climate for investment has, as we have seen in our overview, put a real focus on delivering triple A sites in top performing destinations, which the banks will be more likely to fund. Unfortunately this puts South Oxfordshire and the Vale of White Horse well down the list of target hotel investment locations, with major cities such as London, Edinburgh, Aberdeen, Oxford, Cambridge, Bath and Reading being amongst the few to feature in pro-active hotel development strategies. The budget hotel companies are however entering more secondary and tertiary locations because they have more widespread distribution, plus the levels of investment are significantly smaller than for larger, more up-scale and full service hotels. Abingdon, Didcot and Henley-on-Thames are all target locations for Travelodge. Premier Inn is known to be involved in the Botley District Centre scheme.
- 6.2.5 Clearly, South Oxfordshire and the Vale of White Horse are predominantly rural areas, and the main settlements are market towns of up to 25,000 population. Most hotel companies, particularly those with business models that require a minimum of 80-100 bedrooms, will be targeting towns with at least 50,000 population, and ideally 100,000+, particularly for more upscale brands. As such, the focus of much of the sample was on the surrounding towns and cities, particularly Oxford and Reading, which to some extent overshadow the study area as a hotel investment location.
- 6.2.6 Having said this, there are opportunities for areas such as South Oxfordshire and Vale of White Horse to play a role in serving the demand for the strong cities and towns around them such as Oxford and Reading, as can be seen by the hotel development that has taken place in their hinterlands. Hotel companies will also often badge a hotel in a lesser known or lesser appealing town with the name of a strong destination: the Didcot Premier Inn is an example, which is badged Oxford South. There was limited awareness of locations within South Oxfordshire & Vale of White Horse amongst some of the responding sample. A number had or were still operating hotels in or on the edge of the area and so had some understanding of the market. A handful have also looked at site opportunities, mostly at an early stage.

- 6.2.7 There was some potential interest in South Oxfordshire and the Vale of White Horse. The fact that the key towns don't hit the target town criteria of the main brands makes hotel developers and operators nervous about the area as an investment location; in such situations, they look to be led by a local development partner with more local knowledge and interest, and would usually ask them to undertake a demand assessment/feasibility study which the hotel brand would then consider in more detail as the basis of any deal. Also in these situations, they would look predominantly for a franchise arrangement or management contract rather than capital investment.
- 6.2.8 Having said this, seven hotel companies were prepared to consider placing brands across the range from budget to full service upscale here dependent upon the business case that could be made. In most cases this interest was largely uninformed by a clear understanding of the market opportunities for additional hotel provision across the two districts.

## **Barriers to Investment**

- 6.2.9 The resounding cry from the hotel developer and operator consultees when asked during our recent survey work about what was holding back the delivery of hotel development was funding. The difficulty of securing finance puts even more pressure on the need for strong sites that will perform well, as well as the need to keep development costs down, as the margins on many hotel schemes are exceedingly thin. For developers, the current asset strategy of many hotel companies compounds this problem, as many are seeking only management contracts, which can make securing funding more difficult. We have covered much of the debate and surrounding issues relating to securing funding and the volatility of the financial markets in the 'Climate for Investment' section of the report, and so won't repeat it here, but clearly, as part of the forward action plan, the client group need to be mindful of any steps that can be taken to ameliorate this situation.
- 6.2.10 In the case of South Oxfordshire and the Vale of White Horse, the situation is clearly compounded by two factors:
- A unproven market for a 4 star hotel in the Science Vale area, with no hotels currently at this level that serve the area;
  - As an essentially business and scientific research location, the Science Vale area lacks appeal for weekend stays: weekend demand is thus likely to be more difficult to attract and will be largely rate driven.
- 6.2.11 Significantly, there was no awareness of Science Vale and the plans for growth here, including the substantial levels of new demand that this could bring.
- 6.2.12 All of the above suggests that South Oxfordshire and the Vale of White Horse is at a competitive disadvantage on several levels, placing it behind a number of other locations and particularly regional cities and towns in terms of the hierarchy of target locations for hotel acquisition and development. Whilst there is some limited potential interest here, South Oxfordshire and the Vale of White Horse District Councils must be able to make a clear and strong business case – and arguably some incentive – to turn the heads of hotel companies, particularly at the mid and up-scale levels of the spectrum.

## 7. THE FRAMEWORK FOR HOTEL DEVELOPMENT

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### 7.1. National Planning Guidance

7.1.1 With the publication of the **National Planning Policy Framework** in March 2012, planning policy has been streamlined. National planning practice guidance has subsequently been completely refreshed and updated to support the NPPF and in March 2014 was launched via a new website.

7.1.2 The NPPF says relatively little about tourism. There are two principal references:

- Tourism development (including hotels) is identified as a main town centre use (para. 23);
  - The NPPF focuses on a town centre first approach, with sequential testing to be applied should these uses wish to locate elsewhere and not be in accordance with an up-to-date Local Plan. This means proving that no alternative suitable sites in or closer to the town centre are available or viable;
  - However, it also indicates that the sequential approach need not apply to applications for small scale rural development (para 25);
  
- Tourism development is also dealt with in the NPPF's rural policy (para.28) which supports tourism in the countryside as part of a prosperous rural economy. Sustainable rural tourism development that can benefit rural businesses, visitors and communities and which respects the character of the countryside should be supported. This includes the provision and expansion of tourist and visitor facilities in appropriate locations.

7.1.3 In terms of other policies in the NPPF, key threads of relevance to developing the hotel and visitor accommodation sector and some of the issues identified in this study include:

- Retention of the presumption in favour of sustainable development;
- A continued significant focus on supporting economic growth, also reflecting local circumstances;
- Encouragement to plan positively, meeting objectively assessed needs with flexibility to adapt to change;
- A streamlined and speedy approach to decision-making on schemes that accord with the development plan;
- Retention of requirements relating to the setting of local car parking standards, reflecting local levels of ownership, and encouragement of sustainable modes of transport;
- Re-affirmation of the commitment to the Green Belt, with review only in exceptional circumstances;
- Policies should seek to address potential barriers to investment;
- Pro-active engagement with applicants is a key strand, with positive planning and pre-application discussions encouraged;
- Joint working is expected between local authorities on cross-boundary issues, in relation to which there is a duty to co-operate;
- Weight will also be given to relevant policies within emerging Local Plans dependent on stage of preparation and conformity with the NPPF.

7.1.4 More recently, the government has introduced relaxations in the change of use rules that could impact on the development of visitor accommodation in the countryside. From May 2013 agricultural buildings up to 5400 sq ft are now covered by permitted development rights allowing them to be converted into a variety of alternative commercial uses without the need for planning consent. This also applies in National Parks, AONBs and Green Belt locations. From April 2014, permitted development rights were extended to the conversion of farm buildings to residential dwellings of up to 450 sq m for a three year period, though this does not apply in designated areas such as AONBs, National Parks and Conservation Areas or to Listed buildings. These changes may lessen interest from farmers in the conversion of redundant agricultural buildings into holiday cottages, which previously was one of the few uses that they could consider for such buildings.

7.1.5 Additional proposals were made that could permit hotels to convert to other uses under permitted development rights. The proposal to allow hotels to convert to state funded schools and childcare nurseries was granted, but the proposal to allow hotels to convert from C1 to C3 residential was not.

7.1.6 Prior to March 2014, national planning guidance on the development of hotels and other forms of visitor accommodation came in the form of the 'Good Practice Guide on Planning for Tourism' (2006), which contained a specific appendix on tourist accommodation, dealing principally with the location of accommodation. There was also previously a specific section on hotel development in the 'Practice Guidance on Need, Impact and the Sequential Approach' (2009). With the advent of the NPPG, both of these have been cancelled. There is a lack of clarity around how much of this is now reflected in current policy and guidance. Initial advice indicates that:

- The NPPG does make reference to tourism under the section entitled 'Ensuring Vitality of Town Centres' Paragraph 007 – 'What should local authorities consider when planning for tourism?'
- Specific tourism planning guidance appears to have been reduced to a six point framework that can be found on the VisitEngland website<sup>1</sup> (see Appendix 3). This addresses the following issues:
  - How should tourism developers maximise the economic benefits of tourism for their areas;
  - How should tourism uses be accommodated in urban areas?
  - How should tourism be accommodated in rural areas?
  - What are the key locational considerations in choosing the best site for tourism development?
  - How can tourist accommodation be maintained as a tourism use?
  - What about applications for permanent staff accommodation?

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<sup>1</sup> [http://www.visitengland.org/england-tourism-industry/gov\\_tourism\\_policy/tourism-planning.aspx](http://www.visitengland.org/england-tourism-industry/gov_tourism_policy/tourism-planning.aspx)

## 7.2 South Oxfordshire & Vale of White Horse Hotel Planning Policy

7.2.1 South Oxfordshire & Vale of White Horse District Councils both have a strategic objective to build the local economy, and South Oxfordshire also has a corporate policy to increase the value of the visitor economy. In terms of planning policies:

### South Oxfordshire

7.2.2 South Oxfordshire's Core Strategy was adopted in December 2012.

- The key core policy covering tourism is CSEM1, which supports a successful economy including supporting the prosperity of the tourism industry and recreation based rural diversification of an appropriate scale and type.
- In addition CSR2 supports the economy of rural areas including schemes that support tourism based on the character of the area.
- Hotels feature in the area policies for Didcot, CSDID2, in relation to the Orchard Centre.
- The strategy for Henley-on-Thames recognises the importance that visitors make to the town's vitality, and supports measure that will attract visitors including providing visitor accommodation.

7.2.3 In terms of other documents that make up the Local Plan:

- Saved development management policies from the 2006-2011 Local Plan guide visitor accommodation development. This included a whole section on tourism covering the development of serviced accommodation and pubs (TSM3 and TSM4), self-catering accommodation (TSM5), and camping and caravan sites (TSM6).
  - TSM3 allows the conversion of existing buildings to hotel/serviced accommodation/pub subject to setting, highways and other impacts;
  - TSM4 permits new build hotels/serviced accommodation, subject to scale, impact, access, and permits extensions outside the Green Belt; The supporting text is restrictive of new tourist accommodation in the countryside even when associated with existing facilities such as golf courses;
  - TSM5 and supporting text refer to using conditions and legal agreements attached to self-catering permissions to ensure holiday use and prevent permanent residential use;

- TSM6 permits caravan and camping sites outside the Green Belt subject to adverse impacts and scale, and is restrictive of new buildings for associated facilities. Permissions are restricted to holiday/seasonal occupancy conditions, and static caravans are not permitted.
- There is no specific retention policy for hotels/visitor accommodation, though there is a general policy covering the retention of services, and a new policy E6 aimed at retaining employment sites/businesses. The latter is subject to viability and marketing tests, and there is a guidance note to this effect, though clearly not aimed at the hotel/visitor accommodation sector.
- Work is starting on a new Local Plan to 2031, to accommodate additional housing needs as identified in the Oxfordshire SHMA.
- A Community Infrastructure Levy charging schedule is being developed, with a draft to be issued in summer 2014 and examination in 2015.
- There is an SPD covering Didcot Town Centre which was adopted in 2009.
- Masterplans are also being developed for key sites; of particular relevance to this study are the Masterplan for Culham and the proposed Masterplan for Didcot Power station.
- South Oxfordshire District Council is also working with Vale of White Horse District Council to prepare an Area Action Plan for Science Vale.

### **Vale of White Horse**

7.2.4 Vale of White Horse District Council is developing a Local Plan to 2031:

- The initial document to 2029 was based on the original Core Strategy; this has been up-dated to reflect additional housing delivery requirements and will run to 2031.
- The Local Plan will be in two parts; Part 1 (strategic policies and sites) and Part 2 that will identify and allocate smaller sites.

- In Local Plan 1, tourism is considered as part of economic prosperity; an anecdotal shortage of hotel accommodation across Southern Oxfordshire is identified as a key issue and challenge. It includes a specific policy on tourism related development, Core Policy 27, which:
  - Directs development to towns and larger scale tourism developments first;
  - Encourages proportionate and characterful hotel development in the built up areas of smaller settlements;
  - Encourages ancillary hotel development with conference facilities at Milton Park and Harwell Oxford;
  - Supports hotel accommodation for the transient market at service areas and on main transport corridors;
  - Supports small scale tourism development outside main settlements that are in keeping and scale and may support larger developments where they can re-use an historic building, support an existing facility or not reasonably be achieved in a town/village location.
- Area policies in Local Plan 1 to 2029 make reference to hotel development in relation to Botley central area,
- There is no hotel/visitor accommodation retention policy, though a district wide policy safeguards key employment sites.
- The adopted Local Plan (2006) covers the period to 2011, and has been tested for consistency with NPPF; saved policies form the basis of day to day planning decisions until the new Local Plan 2029/2031 is adopted. They include several tourism policies:
  - T1 relating to new tourism related development focuses on the main built up areas and villages and beyond these when using existing buildings
  - T2 covering tourist facilities on existing sites, and
  - T4 relating to caravan and camping sites of small scale and limited impact.
  - Large scale facilities/major attractions and facilities are deemed unacceptable in view of the nature and sensitivity of the landscape.

7.2.5 An AAP to be developed jointly with South Oxfordshire District Council for the Science Vale Area, spanning parts of South Oxfordshire and Vale of White Horse, is currently at the early stages of development.

## **Planning Issues & Workability of Policies**

7.2.6 In terms of the workability of these policies, the following issues have been raised in consultation with hotel operators and developers:

- The difficulty of securing permission for staff accommodation has been a challenge for some hotel operators. This is a big issue in the south of England, Home Counties and London, where the housing market can command prices that are not affordable to many hotel staff. Many also rely on staff from overseas to fill positions, and many are working anti-social hours that would benefit from being located on site. National guidance recognises the need for this.
- The application of strict parking standards was also raised by some hotel operators. The demand from car borne guests varies dramatically by location, with the high proportion of overseas corporate guests arriving by taxi or company transport playing an important part in the mix. Some hotels can have 40% or more of guests that are not car-borne and requiring parking. The proximity of other public car parking should also be taken into account. Where land is at a premium, high levels of car parking requirements can prevent a scheme from being implemented.

7.2.7 Additional comments from our review of policies include:

- There is no dedicated retention policy for hotels or other forms of visitor accommodation, but a clear and likely increasing pressure for conversion to higher value uses. To be effective and enforceable, this requires its own sector specific guidance.
- The Vale of White Horse policies relating to hotels/visitor accommodation are much more explanatory and detailed than those of South Oxfordshire; the supporting text also provides an opportunity to clearly steer the development sector.
- Whilst town centre first policies and sequential test follow NPPF guidelines, in reality there is a limited availability of sites and properties available for hotel development in the town centres in the two districts, and strong competition from higher value competing uses that might make hotel development difficult to deliver in central locations.

## 8. CONCLUSIONS AND RECOMMENDATIONS

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### 8.1 The Market Potential for Hotel Development by Location

8.1.1. The Hotel Needs Assessment shows the following requirements and opportunities for hotel development for key locations across South Oxfordshire and the Vale of White Horse over the next 10-15 years:

#### a) Milton Park/ Harwell Oxford/Didcot

8.1.2. Our growth projections for the Science Vale Market Area (Appendix 3)<sup>1</sup> show a need for a significant increase in hotel supply in the Science Vale area to meet current midweek shortages and future growth in corporate demand, as existing companies and organisations expand their operations in the area and new ones are attracted to locate here. The projections show potential for up to 761 new hotel rooms in the Science Vale Market Area by 2031 under the Medium Growth scenario and just over 1,000 new hotel rooms under the High Growth projection. These requirements are likely to be met through a combination of new hotel openings and the expansion of existing hotels at Milton Park, Harwell Oxford and Didcot and in surrounding locations including Abingdon.

8.1.3. There are potentially 3 major hotel schemes that could come forward in the next year or so at Milton Park, Harwell Oxford and Didcot, which together could deliver a combined total of up to 440 new hotel bedrooms and serviced apartments. These schemes would meet the projected requirement for additional hotel provision through until around 2020 (depending on how quickly corporate demand from Science Vale grows), after which additional new hotels will be needed.

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<sup>1</sup> The Science Vale Market Area has a sufficient supply of hotels for us to be able to run our Hotel Futures hotel demand forecasting model in order to quantify the scale of new hotel provision that may be required to meet expected growth in hotel demand from the development of the Science Vale Area. The supply of hotels in other parts of South Oxfordshire and Vale of White Horse is not sufficient for the model to be run in these locations, so we have been unable to quantify the requirement for additional hotel supply in these parts of the two districts in the way that we have for the Science Vale Market Area.

- 8.1.4. Our research suggests that proposals for budget, upper-tier budget<sup>1</sup> and midmarket/3 star hotels with some conference facilities and possibly leisure are most likely to come forward in the Milton Park/Harwell Oxford/Didcot area, possibly combining an element of serviced apartment provision to cater for the long stay corporate market in the area. The area may be able to support a large 4 star hotel with full conference facilities and leisure. Our research has not however been able to establish whether sufficiently high room rates can be achieved to support a hotel at this level as there is currently no 4 star hotel provision in the area. Further research is needed to assess whether local companies and organisations would be prepared to pay for this quality of hotel.
- 8.1.5. We understand that the proposed hotel at Harwell could be a hybrid hotel, residential conference centre and residential research facility along the lines of hotels and conference centres that have been developed on some university campuses in the UK. It could thus have a proportion of hotel rooms, serviced apartments and study bedrooms.
- 8.1.6. There is also scope for further serviced apartments in the Milton Park/ Harwell Oxford/Didcot area and potential for existing serviced apartment operations to expand.

## **b) Abingdon**

- 8.1.7. The growth in demand for hotel accommodation from the development of Culham Science Centre, Milton Park and Harwell Oxford, together with future growth in the town's economy, could support the development of new hotels in Abingdon, if suitable sites come forward here. The opportunities for new hotels are most likely to be in terms of budget hotels and possibly small boutique hotels or boutique inns in the town centre, given suitable properties for conversion. The challenge in Abingdon will be in terms of finding sites for new hotels. Town centre hotel development would be preferable to maximise the benefits that new hotels can deliver in terms of contributing to town centre vitality and the development of the evening economy.
- 8.1.8. There could also be potential for the expansion of existing hotels in Abingdon, where they have, or can secure land for extensions.

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<sup>1</sup> Higher specification limited service hotels - brands include Holiday Inn Express, Hampton by Hilton and Ramada Encore

8.1.9. A key priority in Abingdon we feel is to secure the upgrading of the Upper Reaches Hotel. It has seen very little recent investment and is receiving low customer satisfaction ratings as a result, yet it has an exceptional location on the Thames and potential we feel to be a much higher quality hotel. The investment that has gone into the neighbouring Crown & Thistle shows what can be achieved.

**c) Wantage**

8.1.10. The development of the Science Vale area may also support new hotel development in Wantage, most likely in terms of a small budget hotel (of around 40-50 bedrooms) and possibly a small boutique hotel, given a suitable property for conversion. Town centre budget hotel development would also be preferable here, if there is a suitable site, in order to maximise the benefits for town centre vitality and evening economy development.

8.1.11. There is also a need for further investment in the upgrading of The Bear Hotel to improved its customer satisfaction ratings.

**d) Faringdon**

8.1.12. There is no clear evidence of market potential for a new hotel in Faringdon. The opportunity here is more in terms of the upgrading and possible expansion and development of the Sudbury House Hotel and possible upgrading and repositioning of existing inns as small boutique hotels/boutique inns.

**e) Oxford Fringes**

8.1.13. Given the strength of the Oxford hotel market, the frequent shortages of hotel accommodation in the city and the lack of available hotel development sites in Oxford, there could be market potential for new hotel development in those parts of South Oxfordshire and the Vale of White Horse that surround Oxford, given suitable hotel sites in these locations. This could be in terms of budget hotel development, e.g. the budget hotel that is proposed as part of the Botley District Centre redevelopment scheme, or possibly new 3 and 4 star hotels, depending on the sites that come forward. There should also be scope for the further expansion of the Oxford Thames Four Pillars hotel at Sandford-on-Thames.

**f) Thame/ Milton Common/ Chinnor**

8.1.14. Our survey of hotel managers in this part of South Oxfordshire shows potential for a further budget hotel in Thame. This should ideally be located in the town centre to fully capitalise on the opportunities that a hotel of this standard could provide in terms of supporting the development of the town's evening economy.

8.1.15. We think it unlikely that a proposal for a new hotel will come forward in the Milton Common area. The opportunity here will be more in terms of the expansion of existing hotels.

**g) Wallingford/Shillingford/Dorchester-on-Thames**

8.1.16. We think it unlikely that proposals for new hotels will come forward in these parts of South Oxfordshire, other than possibly a small boutique hotel or boutique inn in Wallingford, given a suitable property for conversion. While hotels here attract some business from companies and organisations at Culham Science Centre and Milton Park, and there are some local drivers of hotel demand in terms of companies that require hotel accommodation, events that drive demand for hotel stays, and potential for the Midsomer Murders theme to attract leisure break and group tour business for hotels here, the potential demand does not appear to be strong enough to support new hotel development in these locations. The requirements and opportunities are more in terms of the upgrading and possible expansion of existing hotels.

## **h) Henley-on-Thames**

8.1.17. The current performance of hotels in Henley-on-Thames, the appeal of the town as a leisure break destination, and the potential for hotels in the town to attract residential conference business from London and the Thames Valley, suggest that Henley-on-Thames can support the development of further boutique hotels, either through the upgrading and repositioning of existing hotels e.g. The Imperial Hotel, and/or the conversion of suitable buildings .

8.1.18. There is also interest in budget hotel development in Henley-on-Thames, which we think the market here can support.

8.1.19. The other opportunity in Henley-on-Thames is the upgrading and possible expansion of existing hotels.

## **i) Rural Areas**

8.1.20. In the rural areas of both districts there could be market potential for the following:

- New destination country house hotels, given suitable properties for conversion;
- The expansion and development of existing destination country house, boutique and golf hotels e.g. in terms of additional bedrooms; alternative forms of accommodation e.g. serviced apartments, self-catering lodges; hotel spas; leisure facilities; and function rooms;
- The development of hotels on golf courses;
- Possibly a major golf resort, should a suitable site come forward;
- Hotel bedrooms at wedding venues;
- Conversion of residential conference centres to hotels.

## **8.2. Other Visitor Accommodation Development Opportunities**

8.2.1. Appendix 4 summarises the latest trends in the development of other forms of visitor accommodation in the UK. While we have not undertaken any detailed research to assess current provision of, and demand for these types of accommodation in South Oxfordshire and the Vale of White Horse, this assessment of national trends suggests that there could be opportunities for the development of the following types of visitor accommodation in the two districts:

- Good quality pub accommodation and boutique inns, through the opening up of guest bedrooms within pub premises, the conversion of suitable outbuildings to bedrooms and possibly new-build bedroom extensions;
- The opening of new guest houses and B&Bs, including boutique B&Bs, to replace those that close as owners exit the market;
- The conversion of redundant farm and rural buildings to holiday cottages and holiday cottage complexes;
- The development of holiday lodges, holiday lodge parks, fishing lodges, golf lodges, eco lodges and eco lodge parks;
- The expansion of existing touring caravan and camping sites and the development of new ones;
- Camping pod and glamping sites;
- Children's activity holiday centres, given suitable properties for conversion.

### **8.3. The Planning Policy Response to the Findings**

8.3.1. The following paragraphs set out our recommendations in terms of how we think the two district councils need to respond to the research findings in terms of planning policy development and application.

#### **Planning for Hotel Growth**

8.3.2. The Hotel Needs Assessment identifies significant requirements and opportunities for hotel development in South Oxfordshire and the Vale of White Horse in terms of:

- A need for substantial new hotel provision in the Science Vale area - potentially up to 1,000 new hotel rooms by 2031;
- Potential for new hotels to be developed in Abingdon, the Oxford fringes, Thame, Henley-on-Thames and Wantage;
- Scope for the expansion and development of existing hotels in terms of additional bedrooms and the development of spa, leisure, function and conference facilities;
- A need for the upgrading of poor quality 3 star hotels that have not seen recent investment;
- Potential for destination hotels in the rural parts of the two districts in terms of country house hotels; hotels on golf courses; a major golf resort, given a suitable site; the development of bedrooms linked to wedding venues; and the conversion of residential conference centres to hotels.

8.3.3. These hotel development requirements and opportunities need to be reflected in the new Local Plans for the two districts through positive planning policies<sup>1</sup> that will allow them to be realised, subject to meeting other planning policy objectives. They also need to be reflected in other planning policy documents including the Science Vale AAP, Culham Science Centre Masterplan and the masterplan for the Didcot Power Station site, which could be a suitable location for a new hotel. Culham Science Centre is not as strong as a location for commercial hotel development, however there could be scope for some form of conference and accommodation facility as part of the new gateway to the Science Centre that is proposed in the draft Masterplan.

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<sup>1</sup> As an example see the Rother Core Strategy pages 131-132 at:  
[http://www.rother.gov.uk/media/pdf/2/o/Proposed\\_Submission\\_Core\\_Strategy.pdf](http://www.rother.gov.uk/media/pdf/2/o/Proposed_Submission_Core_Strategy.pdf)

### **A Flexible Approach to Hotel Development in the Towns**

8.3.4. National planning guidance and the current planning policies of the two district councils seek to focus hotel development on town centres. While this would certainly be a desirable objective in South Oxfordshire and the Vale of White Horse, in order to maximise the benefits that town centre hotel development can deliver for improving town centre vitality and evening economy development, it may not always be achievable due to a lack of suitable hotel sites in town centres. Hotel development on the edges of towns might also be desirable where sites come forward that are well located to serve business parks and/or well connected for road and rail access. The Didcot Gateway is a good example of such a site. Thus, while it is fine to adopt a town centre first approach to hotel development in the districts' towns, there is a need for sufficient flexibility to allow suitable hotel schemes in edge of town centre locations to be considered. With such a policy in place it should be possible to avoid costly sequential test assessments for edge of town hotel schemes.

### **A Flexible Approach to Hotel Development in the Countryside**

8.3.5. Whilst we fully recognise the importance of protecting the rural landscapes of the two districts, and in particular the AONBs and Green Belt areas, the Hotel Needs Assessment shows potential for hotel development in the rural areas of the two districts in terms of country house hotels (given suitable properties for conversion), hotels on golf courses, a major golf resort (should a suitable site come forward), bedrooms added to wedding venues, and the conversion of residential conference centres to hotels. The development of such hotels would make a significant contribution to rural economic development. New hotel schemes have been granted planning permission in rural locations in other parts of the country, including AONBs and Green Belt locations, and such hotel proposals can be successfully accommodated in rural settings. We would suggest therefore that there is a case for more positively worded policies that would allow the consideration of hotel development in the countryside, subject to meeting other planning policy objectives for the protection of the rural parts of the two districts.

### **Allocating Sites for Hotel Development**

8.3.6. Given the scale of new hotel provision that will be required to support the development of Science Vale there could be a case for allocating sites for hotel development here. There are however already at least 4 possible hotel sites that could come forward at Milton Park, Harwell Oxford and Didcot, and the Didcot Power Station site might also be a suitable location for a new hotel. The need for new hotel provision also appears to be understood by the Science Vale team, MEPC and Harwell Oxford. Under these circumstances we do not feel that there is a clear case to allocate sites for hotel development in the area. There is always a danger that allocating hotel sites can sterilise them for other uses if a hotel scheme does not come forward. It can also deter other potentially suitable sites from coming forward. A positive planning policy framework together with proactive work to bring forward hotel schemes in the Science Vale Area (as recommended below in terms of other requirements for public sector intervention) should be sufficient to achieve the required growth in hotel supply we feel.

### **Hotel Retention Policies**

8.3.7. Neither of the district councils have hotel retention policies in place, although they may be able to apply more general employment retention policies to resist the loss of hotels. The Hotel Needs Assessment shows a strong market for good quality, well run and effectively marketed hotels in the two districts, significant future growth in hotel demand driven particularly by the development of Science Vale, a lack of suitable sites for new hotels in the towns, and some loss of hotel stock, with the impending closure of the Springs Hotel at North Stoke. There is therefore a case, we feel, for seeking to retain existing hotels in the two districts and resisting changes of use to other, higher value uses, in particular residential, through clearly articulated hotel retention policies.

8.3.8. Such policies should be based primarily on a marketing for sale test, requiring hotel owners seeking change of use to have marketed their hotel for a certain period of time, at a realistic price and through reputable commercial property agents. Evidence that investment in the hotel would not be viable in terms of the costs involved, the improvement in performance that would result, and the return on investment that would be achieved could also be requested. The requirement is for clearly articulated criteria for the consideration of hotel change of use applications and clear guidance on the evidence that applicants need to submit to make the case for change of use. The district councils may need specialist advice to assist in the formulation and application of such policies. This approach is not intended to be a straightjacket that forces the continued operation of failing hotels and some flexibility could be included to allow the partial conversion of hotels to an alternative use to allow reinvestment in the remaining hotel. It is appropriate however, we feel, to have in place some safeguards to resist the loss of hotel stock. Without a clear policy in place it is very difficult for the two councils to resist hotel change of use applications that might come forward.

### **Contributing to the Hotel Development Strategy for Oxford**

8.3.9. From our knowledge of the Oxford hotel market we understand that there are frequent shortages of hotel accommodation in the city and an identified need for additional hotel supply here. The Oxford Strategic Partnership has identified increasing the number of quality hotel rooms in and around the city as a key priority. South Oxfordshire and the Vale of White Horse can clearly have a role to play in terms of meeting the need for additional hotel provision in Oxford through hotel development in those parts of the two districts that border the city. It makes sense therefore that the two district councils should be working closely with Oxford City Council to achieve a co-ordinated approach to meeting the requirements for hotel development for Oxford.

### Other Hotel Planning Considerations

8.3.10. There are a number of other aspects of planning and development management policy that need to be considered in relation to hotels:

- Vale of White Horse District Council currently requires hotels and guest houses to have one **car parking** space per bedroom. This could potentially restrict future hotel development in the district's towns where land availability for hotel expansion and development is limited, and may not be entirely appropriate when the majority of midweek hotel guests in some locations, e.g. Abingdon, are overseas corporate guests that do not arrive by car, and guests staying in town centre hotels can potentially use public car parks. We would suggest therefore that this is a case for reviewing and relaxing this policy.
- Our discussions with hotel managers in the two districts showed that owing to the high house prices in the area some hotels need to be able to provide on-site **staff accommodation** for middle managers and foreign workers. In line with national guidance it will be important therefore for the two district councils to give positive consideration to proposals for staff accommodation to support existing and new hotels, subject to meeting other planning policy objectives.
- It will be important to ensure that **CIL (Community Infrastructure Levy) charges** to be applied to hotel development schemes are proportionate and affordable. Many local authorities in other parts of the country have decided to apply a nil charge following research to assess the level of charge that hotel and schemes can realistically afford. CIL charges can add significant cost to hotel projects, potentially impacting on their viability and deliverability.

- It will also be important to ensure that other **planning conditions** attached to hotel approvals, such as design requirements, the production of green travel plans, and requirements to meet BREEAM standards, do not add significant cost to hotel schemes to the point where they cannot be delivered. This is not to suggest that hotel schemes should be exempt from the type of planning conditions that may be applied to other types of development, but that a reasonable approach is needed, recognising that the viability of hotel projects is often marginal and that it does not take much additional costs before a scheme is pushed to a point where it can no longer be commercially progressed.

### **Planning for Other Types of Visitor Accommodation**

8.3.11. Section 8.2. above identifies a range of other types of visitor accommodation for which planning applications could come forward in South Oxfordshire and the Vale of White Horse. Many are small scale and likely to involve the conversion of existing buildings. Others, such as proposals for holiday lodge parks, golf lodges, fishing lodges, touring caravan and camping sites and children's activity holiday centres could be more significant and involve proposals for new build development in the countryside. Such schemes could provide a significant benefit in terms of rural economic development and job creation. Whilst we fully recognise the need to protect the landscapes of the two districts, there is a case, we feel, for positively worded planning policies that would allow consideration of such proposals in countryside locations, provided that they can satisfy other planning policy objectives. The current saved development management policies for South Oxfordshire largely constrain proposals for these types of visitor accommodation that could come forward in the rural parts of the district. The saved Local Plan policies for the Vale of White Horse are more positively worded but would still restrict the development of larger scale visitor accommodation development proposals in the countryside, which might potentially be acceptable in impact terms. We would suggest therefore that there is a case for more positively worded policies going forward.

8.3.12. In approving planning applications for these other types of visitor accommodation it will be important going forward to avoid planning conditions that restrict the ability of such accommodation businesses to operate on a year round basis, other than where seasonal restrictions are required to avoid visual impact in the winter. Conditions that restrict operation to holiday use are more helpful than conditions that allow only seasonal operation or require a forced period of closure.

8.3.13. There may be a need for permanent on-site accommodation for managers of holiday lodge parks and touring caravan and camping sites to allow year round operation and for security reasons. South Oxfordshire District Council's saved policy TSM6 may not allow the development of such accommodation.

## **8.4. Other Requirements for District Council Intervention**

8.4.1. We discuss below a number of other requirements and opportunities for District Council intervention to encourage and support hotel development and hotel market growth.

### **Proactive Marketing of Hotel Investment Opportunities in the Science Vale Area**

8.4.2. Our discussions with hotel companies showed low awareness of the current market demand for hotel accommodation in the Science Vale Area and little understanding of the agenda for growth here. While MEPC and Harwell Oxford have aspirations for hotels they appear to need guidance on engaging effectively with hotel companies that might look at working with them to bring forward hotel schemes at Milton Park and Harwell Oxford. There is clearly a case therefore for the two district councils, the Science Vale team, MEPC and Harwell Oxford to work together on a co-ordinated hotel investment strategy to engage with hotel operators and developers to secure hotel development at Milton Park, Harwell Oxford and Didcot. This would be much more sensible than each organisation separately contacting hotel companies.

8.4.3. There is also a case the two district councils to work constructively with Oxford City Council and local land owners and property developers to engage with hotel operators and developers in a co-ordinated way to bring forward hotel schemes in and around Oxford.

8.4.4. In the north of the county we understand that there are opportunities for hotel development in Banbury and Bicester, which Cherwell District Council may be looking to actively market. There may therefore be a case for a countywide approach to hotel investment marketing that South Oxfordshire and Vale of White Horse District Councils can partner in.

- 8.4.5. We would suggest that some form of hotel investment prospectus for the Science Vale UK Area will be required to support any hotel investment marketing for the area. This should provide information on current hotel supply and demand and future growth potential (which can be drawn from the information in the Hotel Needs Assessment), together with information on available hotel sites. Similar materials might also be needed for Oxford.
- 8.4.6. The other key requirement will be to build a dialogue with potentially interested hotel operators and developers. The companies that we have already contacted provide an initial list, especially as our contact has already raised their awareness of the opportunities in the Science Vale Area.
- 8.4.7. We do not see a need for proactive hotel investment marketing for other parts of South Oxfordshire and the Vale of White Horse, but opportunities in other locations could potentially be highlighted on the back of anything that is done to promote hotel investment in the Science Vale Area.

#### **District Council Investment in Hotel Schemes**

- 8.4.8. Our discussions with hotel companies clearly showed that funding remains a barrier to progressing hotel schemes, even where the market case is clearly proven. We also found some nervousness about progressing 4 star hotel projects in the Science Vale UK Area due to the unproven 4 star market here and the challenge of attracting weekend business in such a location. In other parts of the country local authorities are increasingly stepping in to bridge the funding gap for hotel projects, particularly where they are important in terms of unlocking wider schemes and meeting broader economic development and regeneration objectives. Investment in hotels can deliver a good return on investment for local authorities. In some cases local authorities have taken out loans through the Public Works Loans Board to be repaid from rents received from hotels that are leased to hotel companies or future business rate income from the funded hotel. There could therefore be merit in South Oxfordshire and the Vale of White Horse District Council looking at these options for supporting and accelerating the hotel development that is needed in the Science Vale UK Area. In doing so however care should be taken to ensure that there is a robust justification for local authority funding of hotel schemes and that district council funding does not distort the market by allowing funded hotels to trade at below market room rates.

## **Destination Marketing**

8.4.9. While decisions to progress new hotel schemes will rest largely on the strength and growth potential of the corporate market, new and existing hotels will also want to develop strong weekend leisure business and midweek leisure demand during the summer months when corporate demand reduces. While we recognise that district council tourism budgets are very limited we think that investment in destination marketing to raise awareness of what the districts have to offer for leisure stays would be beneficial in supporting hotel development and market growth. We would hope that as a minimum this can include the continuation and possible future expansion of the Midsomer Murders marketing campaign for South Oxfordshire (which appears to be generating business for the district's hotels) together with possible collaboration with Experience Oxfordshire to take advantage of its destination marketing campaigns for the county and the strength of Oxford as an attack brand that hotels in South Oxfordshire and the Vale of White Horse can capitalise on.

8.4.10. There could also be scope for hotels in South Oxfordshire and the Vale of White Horse to work with Experience Oxfordshire to target the conference market.

## **Destination Development**

8.4.11. The development of the visitor offer of the two districts will also be important to help build leisure demand for the district's hotels. Our discussions with hotel managers highlighted the following as key requirements in this respect:

- The improvement and development of the visitor offer of the town centres in terms of retail, places to eat and drink, the public realm infrastructure and street scene, museums and cultural facilities and the interpretation of buildings and sites of interest. Sunday opening of shops and cafes was identified as a key priority by some hotel managers.
- The development of visitor attractions;
- The development of events and festivals.

## 8.5. Moving Forward - Next Steps

8.5.1. In moving forward the following next steps actions are required to disseminate and act on the study findings:

- The report needs to be circulated to relevant district council officers for comments and amendments so that it can be finalised.
- The report (once finalised) needs to be shared with the planning policy and development control teams of the two district councils and fed into the process to develop the new Local Plans and other planning policy documents including the Science Vale AAP, Didcot Power Station site Masterplan, Culham Science Centre Masterplan and development management policy documents. A workshop to ensure a full understanding of the findings and planning recommendations could be helpful in this respect.
- The economic development team for the two councils, Science Vale team, MEPC and Harwell Oxford need to come together to chart a way forward for a proactive hotel investment market strategy for the Science Vale Area.
- There would be merit in undertaking a survey of companies in Milton Park and Harwell Oxford to establish the potential demand for 4 star hotel provision in the area to help underpin and inform the hotel investment marketing strategy for the Science Vale Area.
- The report needs to be shared with the hotel managers and owners that took part in the study, either in its entirety or in an edited form.

**APPENDIX 1**

**SOUTH OXFORDSHIRE & VALE OF WHITE HORSE HOTELS INTERVIEWED**

Hotel	Location	Standard/Type	Bedrooms	Face-to-Face/ Telephone
<b>South Oxfordshire</b>				
<b>Thame/ Milton Common/Great Milton/ Wheatley</b>				
Belmond Le Manoir aux Quat' Saisons	Great Milton	5 Red Stars	32	F
The Oxford Belfry	Milton Common	4 star	154	F
The Oxfordshire Golf, Hotel & Spa	Milton Common	4 star Golf & Spa	50	F
The Spread Eagle	Thame	3 star	35	T
Travelodge Thame	Thame	Budget	41	T
Days Inn Oxford M40	Oxford MSA, Wheatley	Budget	58	T
Travelodge Oxford Wheatley	Wheatley	Budget	36	T
<b>Chinnor</b>				
The Lambert Arms	Aston Rowant	4 star Inn	44	F
The Peacock Country Inn	Chinnor	3 star Inn	25	F
<b>Sandford-on-Thames (Oxford Southern Fringe)</b>				
Oxford Thames Four Pillars	Sandford-on-Thames	4 star	84	F
<b>Dorchester-on-Thames/Shillingford/ Stadhampton</b>				
Crazy Bear Hotel	Stadhampton	Boutique	17	F
The White Hart	Dorchester-on-Thames	3 star Inn	28	F
George Hotel	Dorchester-on-Thames	2 star Inn	24	F
Shillingford Bridge	Shillingford	3 star	40	F
<b>Wallingford</b>				
The George Hotel	Wallingford	3 star Inn	39	F
The Springs Hotel & Golf Club	North Stoke	3 star	31	F
<b>Goring</b>				
Miller at Mansfield	Goring	5 star RWR <sup>2</sup>	13	T
<b>Henley-on-Thames</b>				
Hotel du Vin Henley-on-Thames	Henley-on-Thames	Boutique	43	T
Milsoms Hotel	Henley-on-Thames	Boutique	7	T
Red Lion Hotel	Henley-on-Thames	3 star	26	F
Phyllis Court Club	Henley-on-Thames	3 star	17	F
<b>Vale of White Horse</b>				
<b>Abingdon</b>				
Crown & Thistle	Abingdon	Boutique Inn	18	F
Oxford Abingdon Four Pillars	Abingdon	3 star	66	F
Upper Reaches	Abingdon	3 star	31	F
Premier Inn Abingdon	Abingdon	Budget	27	F
Cosener's House	Abingdon	N/A	50	T
Fallowfields Country House	Southmoor	3 star	10	F
Dog House Hotel	Frilford Heath	3 star Inn	20	T
<b>Milton Park/Steventon/Harwell</b>				
De Vere Venues Milton Hill House	Milton Hill	3 star	121	F
Premier Inn Oxford South (Didcot)	Milton Park	Budget	135	F
The Kingswell Hotel	Harwell	3 star	20	F
Ridgeway House	Rutherford Appleton Lab	N/A	123	T
Millbrook House Citadine Apartments	Milton	Serviced Apts	7	T
Ashbrook Serviced Apartments	Blewbury	Serviced Apts	10	T
<b>Wantage/Grove</b>				
The Bear Hotel	Wantage	3 star Inn	36	F
La Fontana	East Hanney	4 star RWR	15	F
<b>Faringdon</b>				
Sudbury House Hotel	Faringdon	3 star	49	T
The Trout Inn at Tadpole Bridge	Tadpole Bridge, Buckland	Boutique	6	T

**APPENDIX 2**

**STAKEHOLDERS CONSULTED**

<b>ORGANISATION</b>	<b>CONTACT</b>	<b>RESPONSE</b>
<b>SOUTH OXFORDSHIRE/VALE OF WHITE HORSE</b>		
Economic Development	Suzanne Malcolm	√
	Trudy Godfrey	√
Science Vale	Vicky Treitline	√
Planning	Beryl Guiver	√
	Ronan Leydon	√
	Paula Fox	√
Property	Peter Beer	√
<b>EXTERNAL CONSULTESS</b>		
Abingdon Town Council	Nigel Warner	
	Heather Brown	
Didcot Town Council	Dominic Stapleton	
Experience Oxfordshire	Giles Ingram	√
Faringdon Town Council	June Rennie	
Faringdon Market Town Co-ordinator	Mirabelle Mack	
Harwell Oxford	Duncan Rogers	
	Angus Horner	√
Henley Town Council	Peter McConnell	√
	Mike Kennedy	
Invest in Oxfordshire	Helen Ryan-Wallis	√
	Simone McCarthy	√
MEPC	Andrew Barlow	√
	James Dipple	
Oxfordshire County Council	Richard Byard	√
Oxfordshire LEP	Nigel Tipple	√
TEAM Consulting	Sarah Osborne	√
Thame Town Council	Helen Stewart	
UKAEA (Culham)	Steve Moss	√
Wallingford Market Town Co-ordinator	Rachel Rae	√
Wallingford Town Council	Jamie Baskeyfield	√
	ClIr Stu Darby	√
	ClIr Bernard Stone	√
Wantage Town Team Co-ordinator	Iain Nicholson	
Wantage Town Council	Bill Falkenau	√
Whitebridge Hospitality	Jasmijn Muller	√
Williams F1 Conference Centre	Brendan Caffrey	

**APPENDIX 3**

**HOTEL DEVELOPER & OPERATOR TESTING  
SAMPLE & RESPONSE**

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<b>COMPANY</b>	<b>CONTACT</b>	<b>RESPONSE</b>
Accor	√	√
Bespoke	√	√
Choice	√	√
Hilton	√	√
IHG	√	√
Louvre	√	√
Marriott	√	√
Peach	√	
Oakman Inns	√	
Premier Inn	√	
Somerston	√	√
Travelodge	√	√
Village	√	√
Wyndham	√	

## APPENDIX 4

### HOTEL DEMAND PROJECTIONS FOR THE SCIENCE VALE MARKET AREA

There are clear requirements for additional hotel provision in the Science Vale Market Area<sup>14</sup> to meet current midweek shortages and future growth in corporate demand as the area grows in terms of business development and scientific research. The existing hotels in the Milton Park and Harwell Oxford area consistently fill and turn away significant business during the week, which is displaced to hotels in Abingdon, Wallingford, Dorchester-on-Thames, Shillingford, Wantage and Oxford. Our research suggests that there is already a need for at least another 100 hotel bedrooms in the Science Vale Market Area to satisfy midweek demand from Milton Park and Harwell Oxford. Companies and organisations at Culham Science Centre also generate midweek demand for hotel accommodation in the Abingdon area. In order to provide an indication of the number of new hotel bedrooms that might be supported in the Science Vale Market Area over the next 17 years we have prepared projections of possible future growth in midweek hotel demand in the Area to 2018, 2023, 2028 and 2031 (to coincide with the timeframes for the new Local Plans for the two districts). We have based our projections on growth in midweek demand as additional supply is clearly needed to meet current and future midweek demand and support the development of Science Vale as an area for employment growth, business development and scientific research. The strength of midweek corporate demand will be the key determinant of hotel development in the Science Vale area. Hotel companies are unlikely to consider this area for hotel development based on the leisure demand that they might be able to attract here, which will be more rate driven. New hotel provision will however provide increased capacity for growth in weekend leisure demand.

We have not attempted to run separate projections for Abingdon as it is clear that hotels here are catering as much for corporate demand from Milton Park, Harwell Oxford and Culham Science Centre as they are from Abingdon itself. The current supply of hotels in Wantage, Faringdon, Wallingford, Thame and Henley-on-Thames is not sufficient for us to be able to run meaningful growth projections for these locations.

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<sup>14</sup> Defined as the Science Vale Area (Culham Science Centre, Didcot, Wantage and Grove, Harwell Oxford and Milton Park) and the surrounding areas where hotels serve demand from companies and organisations in the Science Vale Area, including Abingdon, Wallingford, Dorchester-on-Thames and Shillingford.

The projections have been prepared using our tried and tested hotel demand projection model. It is based solely on volume (occupancy). It is not possible to model future changes in value (achieved room rates) although this will clearly also be a factor in determining the future potential for hotel development.

We have based our projections on a baseline supply of current hotel provision in the Science Vale Market Area (the Milton Park and Harwell Oxford area, Abingdon, Wallingford, Dorchester-on-Thames, Shillingford, and Wantage). We have included the Science & Technology Facilities Council's Ridgeway House guest house at Harwell Oxford and Cosener's House conference centre at Abingdon in this baseline supply. The projections use our estimates of 2013 satisfied midweek roomnight demand for these hotels as their starting point. We have then adjusted this figure to take account of the levels of midweek business that these hotels advised us that they currently decline to provide an adjusted unconstrained 2013 baseline roomnight demand for the projections. We have then applied assumed Low, Medium and High growth rates to our baseline midweek roomnight figures – as set out in the table below.

**SCIENCE VALE MARKET AREA HOTEL DEMAND PROJECTIONS 2013-2031  
ASSUMED GROWTH RATES FOR MIDWEEK DEMAND**

<b>Average Annual Growth Rate</b>		
<b>%</b>		
<b>Low Growth Scenario</b>	<b>Medium Growth Scenario</b>	<b>High Growth Scenario</b>
2	3	4

Our assumed growth rates take as their starting point the projected growth in employment in the Science Vale Area as a measure of potential growth in corporate demand for hotel accommodation. The plans for Science Vale envisage the creation of 20,155 new jobs in the area by 2031. Compared to the current level of 44,000 people employed in the area, this will result in a 46% increase in employment over the next 17 years, equivalent to an average annual growth rate of 2.71%. The 20,155 new jobs is however only a target, so a lower growth scenario also needs to be considered. There could also be growth in midweek demand for budget hotel accommodation from the contractors market and existing and new full service 3 and 4 star hotels may be able to develop residential conference business, as well as midweek leisure break and group tour business. There is also a case therefore to consider a higher growth scenario.

Applying the assumed growth rates to our adjusted 2013 baseline figure we have calculated the number of hotel bedrooms that the projected 2018, 2023, 2027 and 2029 midweek roomnights will support assuming that all hotels achieve a midweek occupancy of 80%. This is the level of midweek occupancy that we believe will be needed to support viable hotel development in the Science Vale Market Area.

The results of our calculations in terms of the future numbers of new hotel bedrooms that would be supported by our projected growth in midweek demand in the Science Vale Market Area are summarised in the table below.

**SCIENCE VALE MARKET AREA  
PROJECTED MARKET REQUIREMENT FOR NEW HOTEL BEDROOMS  
2018-2031**

Year	Projected New Rooms		
	Low Growth	Medium Growth	High Growth
2018	236	289	344
2023	346	465	596
2028	467	670	902
2031	519	761	1043

The projections are based on average annual growth rates. In reality growth rates will fluctuate from one year to the next and demand may well fall in some years to be compensated by stronger growth in others. We do not have sufficient data to be able to model variable annual growth rates however.

Making any sort of market forecasts is an uncertain process: all forecasts are based on judgement and assumptions, and are susceptible to unforeseen changes. The projections we have prepared should thus be taken as indicative only and should be reviewed at regular intervals. They have been prepared to provide an illustration of the numbers of new hotel bedrooms that might be needed under different growth scenarios. They are not intended to be accurate projections of how the market will grow. Clearly the further ahead that one looks, the more difficult it is to project growth accurately. Projecting as far ahead as 10-15 years is very difficult. The projections to 2023, 2027 and 2029 should thus be treated with caution and should be periodically revisited, particularly as new supply comes on stream.

## APPENDIX 5

### **NPPG - TOURISM PLANNING GUIDANCE (From March 2014)<sup>15</sup>**

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The Department for Communities and Local Government is responsible for national planning policy and guidance. Further information on planning for tourism can be found below:

#### **1. How should tourism developers maximise the economic benefits of tourism for their areas?**

Where appropriate key players in the tourism industry should seek a constructive dialogue with local planning authorities and involve those who have a role in delivery of tourism schemes and programmes. This will help to ensure that applications are developed with the benefit of a realistic and sustainable commercial perspective, and accord with planning policy.

The Local Plan's approach to tourism will need to be based upon a robust understanding of business needs within the tourism industry including a quantitative and qualitative assessment of future tourist accommodation, including hotels and holiday parks, visitor attractions, and supporting facilities, including concert, conference and exhibition space, theatres, museums, cafes, restaurants, pubs, nightclubs and sporting facilities as may be appropriate to the area and any strategy for tourism growth.

There may be circumstances where a traditional market has changed and the local tourism provision needs to restructure; in some areas long standing changes in visitor numbers may have left a considerable surplus of hotel, guest house, pub and bed & breakfast accommodation. This can leave many businesses struggling on very low turnover, unable to reinvest in improving their facilities. In such circumstances, owners and developers will need to work collaboratively with local planning authorities and others to provide where appropriate a productive alternative use for premises.

With declining income from beer sales, many pubs are increasingly dependent upon their food offer. This may lead to proposals to expand the kitchen, install flues, increase the number of covers through extensions, provide additional parking and enhanced garden areas. Some pubs may also look to provide bed & breakfast accommodation to support the continued pub use. Applications to adapt

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<sup>15</sup> source: visit england corporate site - [http://www.visitengland.org/england-tourism-industry/gov\\_tourism\\_policy/tourism-planning.aspx](http://www.visitengland.org/england-tourism-industry/gov_tourism_policy/tourism-planning.aspx)

premises need to be mindful of adverse impacts on the appearance of what are often important historic and cultural buildings to the local community.

Even with the proper stakeholder involvement and thorough research, it will not be possible to predict and forecast all potential tourism growth opportunities.

## **2. How should tourism uses be accommodated in urban areas?**

There are many types of tourist and leisure activities that particularly lend themselves to cities and major urban locations. The NPPF sets out the sequential test for main town centre uses that are not in an existing centre and are not in accordance with the Local Plan.

## **3. How should tourism be accommodated in rural areas?**

Paragraph 28 of the NPPF supports sustainable rural tourism and leisure development as part of a prosperous rural economy.

In rural areas it may not always be possible to provide for all types and size of tourist facility within the tightly drawn boundaries of market towns and villages. Neither will it always be appropriate for a tourism facility to be located within a settlement. In rural areas the market for a rural tourism facility may often be in attractive countryside locations designated to protect their landscape beauty which may be distant from main service settlements.

## **4. What are the key locational considerations in choosing the best site for tourism development?**

In order to be commercially successful, tourism sites must be accessible to their target market for visitors. New tourism developments should, where reasonable, facilitate the use of sustainable modes of transport.

Many small scale rural tourism developments are car dependent and the use of the car does not by default make the proposal unsustainable. Encouraging greater domestic tourism has the potential to support jobs and facilities in rural areas reducing out-commuting from those areas.

Many accommodation businesses of all types want to be located where customers can easily reach them by car, and the NPPF recognises that different policies and measures will be required in different communities and opportunities to maximise sustainable transport solutions will vary from urban and rural areas.

## **5. How can tourist accommodation be maintained as a tourism use?**

As tourism is an all-year business, conditions restricting tourist accommodation to seasonal use should only be used where it is clear that the condition can be justified as being necessary, and meeting the other tests for lawful conditions laid out in paragraph 206 of the NPPF.

In locations where residential development would not be appropriate, local planning authorities may attach conditions to planning permissions for tourist accommodation to ensure that they are used for holiday purposes only. Where circumstances change, developers may wish to negotiate with their local planning authority the removal of already imposed conditions.

## **6. What about applications for permanent staff accommodation?**

For many types of tourist accommodation, an on-site residential managerial presence is often essential, to deliver quality service to the customer, security for the property, and to meet the obligations of health and safety regulations. Accommodation may also be needed for key members of staff. In such cases there may be applications for conversion of suitable existing buildings at the site. Where this is not a feasible option, developers may apply to provide new, on-site accommodation, which should normally be in a form similar to that of the holiday accommodation of the site. Local planning authorities may wish to impose conditions to ensure that such accommodation is occupied for this purpose only. Applicants will need to note the restrictions on such development in certain sensitive areas, especially the Green Belt.

## APPENDIX 6

### UK TOURIST ACCOMMODATION DEVELOPMENT TRENDS

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#### Inns/ Pub Accommodation

Recent and emerging development trends in the UK pub accommodation sector are as follows:

- There has been a growth in the supply of **boutique inns** in terms of the conversion of pub premises to gastropubs with boutique guest bedrooms. This type of pub accommodation has developed most rapidly in the South East.
  
- A number of **national pub companies have developed branded portfolios of inns:**
  - Greene King has continued to expand its Old English Inns brand and has upgraded many of the inns in this portfolio;
  - Daniel Thwaites has embarked on the development of its Thwaites Inns of Character chain of quality country inns;
  - Marston's operates a portfolio of 41 inns across the country under its Marston's Inns brand. It has opened lodges alongside the new-build pubs that that it opened in Chepstow and Aberystwyth in 2013 and has secured sites for the development of similar lodges alongside other new-build pubs that it will be opening in 2014 and 2015. The company launched the Revere Pub Company in 2013 as a premium pub brand, so far including 4 inns with boutique accommodation in Hampshire, West Sussex and Wiltshire (the White Hart at Ford, near Chippenham).
  - Dorset-based brewer Hall & Woodhouse operates 33 hotels and inns in Dorset, Devon, Hampshire, Somerset, Surrey, Hertfordshire, West Sussex and Wiltshire. It has recently opened a new inn in the New Forest.
  - Shepherd Neame operates 14 hotels and inns in Kent.
  - Fuller's operates 26 hotels and inns in London, Hampshire, West Sussex and the Home Counties. It has upgraded the accommodation at a number of its pubs over the last few years, including the development of luxury boutique bedrooms at a number of them.

- Swindon-based brewer Arkell's operates 41 hotels and inns in Swindon, Wiltshire, Oxfordshire, Berkshire and Gloucestershire. It is investing in the refurbishment of these properties, as well as adding bedrooms to some of its pub estate.
  - The Spirit Pub Company operates the budget Good Night Inns brand alongside 29 of its pubs across the country.
  - Brakespear has a portfolio of 28 inns across Oxfordshire, Berkshire, Buckinghamshire, Northamptonshire, Wiltshire and Kent, a number of which have seen recent investment to upgrade their bedrooms.
- A number of **regional pub accommodation companies** have developed in some parts of the country, acquiring and upgrading inns with rooms e.g. Sussex Pub Group, Cotswolds Inns & Hotels, Cozy Pubs in Essex and the Peach Pub Company across the Midlands.

## Guest Houses and B&Bs

The guest house and B&B sector is characterised by **a continual churn** of establishments as people enter and exit the sector, often pre-retirement. The last 20 years have seen a continuous improvement in the quality of guest houses and B&Bs in the UK, particularly in terms of the provision of en-suite bathrooms. Existing operators and new entrants have responded to rising customer expectations. It is now rare to find guest houses and B&Bs that are not fully or mostly en-suite.

An emerging trend in the South of England, Wales and some major historic cities (e.g. Bath, Chester, and Edinburgh) is the development of **boutique B&Bs**, offering luxury bedrooms and bathrooms that feature contemporary interior design; high quality, locally sourced breakfasts; and in some cases spa treatments. Examples in neighbouring areas include:

- Flowerdews, Winchester [www.flowerdews.com](http://www.flowerdews.com)
- Grays, Bath [www.graysbath.co.uk](http://www.graysbath.co.uk)
- The Malt House, Chipping Campden, Gloucestershire  
[www.thecotswoldmalthouse.co.uk](http://www.thecotswoldmalthouse.co.uk)
- 62 Middlebridge Street, Romsey, Hampshire [www.62middlebridgestreet.co.uk](http://www.62middlebridgestreet.co.uk)

## Holiday Cottages

In terms of holiday cottage sector development trends, the housing market has a significant impact on **residential properties let as holiday accommodation**, which form the largest proportion of the stock of self catering holiday accommodation in the UK. The downturn in the residential property market over the past 5 years has resulted in a significant increase in the numbers of residential properties that have become available to rent as holiday accommodation. With lower house prices owners have become more interested in making their properties available as holiday lets than selling at a reduced price. With the residential property market now starting to recover this trend could reverse in the next few years.

The overall **quality** of the UK self-catering offer has improved significantly over the last 10-20 years. Customers are demanding ever higher quality and are prepared to pay for it. Many are now looking for standards of décor, furnishings, appliances and equipment that are at least as good as, if not better than what they have at home. Customers are increasingly looking for self-catering accommodation that can deliver a 'wow' factor. Self-catering property owners are recognising that they can achieve increased lettings and higher prices if they offer high quality accommodation. The supply of 4 and 5 star self-catering accommodation has thus been increasing. Specific quality improvements in self-catering accommodation have included:

- High quality fitted kitchens, kitchen appliances and equipment, dishwashers and washer/dryers;
- En-suite bathrooms, luxury bathrooms and wet rooms, power showers and whirlpool baths;
- Flat screen TVs and DVD and Blu Ray players, Sky Plus TV, broadband Wi-Fi, gaming stations, iPod docks and sound systems;
- Hot tubs and saunas.

At the top end of the market self-catering operators have started to offer **extra services** such as the provision of meals, food hampers, private chefs and butlers for hire, daily cleaning services, beauty treatments and accepting online shopping deliveries for guests.

The **conversion of redundant farm buildings** to self-catering accommodation has been a key trend over the past 30 years, fuelled by farm diversification grants and a planning policy framework that has generally supported the re-use of redundant agricultural buildings. The supply of this form of self-catering accommodation continues to grow and looks set to increase further. Farmers have converted barns as single self-catering units and in some cases as self-catering complexes of 2-5 units. There are also examples of more extensive self-catering barn conversion complexes that often include leisure facilities such as games rooms, swimming pools, gyms and tennis courts. More recent self-catering barn conversions have tended to be of a high quality, usually achieving a 4 or 5 star grading and sometimes other quality awards.

**Boutique self-catering** is an emerging product development trend, mirroring the development of boutique hotels, guest houses and B&Bs. Such accommodation trades at the top end of the UK holiday market and typically commands premium prices. Examples include:

- The Folly, Didmarton, Gloucestershire ([www.thefollyluxurycottage.com](http://www.thefollyluxurycottage.com))
- Agra Cottage, Healey, near Ripon ([www.selfcateringcottages.net](http://www.selfcateringcottages.net))
- The Reading Room, Long Compton, Warwickshire ([www.compton-house.co.uk/#/reading-room/4573650024](http://www.compton-house.co.uk/#/reading-room/4573650024))
- The Peren, near Hay-on-Wye, Herefordshire ([www.theperen.com](http://www.theperen.com))
- Windfall Cottage, Beckford, Gloucestershire ([www.windfallcottage.com](http://www.windfallcottage.com))
- Culls Cottage, Southdrop, the Cotswolds (<http://www.cullscottage.net/>)

Examples of letting agencies specialising in boutique self catering include:

- Unique Home Stays ([www.uniquehomestays.com](http://www.uniquehomestays.com))
- Boutique Getaways ([www.boutiquegetaways.com](http://www.boutiquegetaways.com))
- Boutique Retreats ([www.boutique-retreats.co.uk](http://www.boutique-retreats.co.uk)) – specialising in boutique self-catering in Cornwall.

Another emerging product development trend in the UK has been the growth in the supply of large **'super' cottages** that can accommodate parties of up to 20-30 guests. These can be large residential properties, e.g. manor houses that are let out as self-catering accommodation or large purpose-designed self-catering barn conversions. Such properties have developed to cater for the growing demand for family and friendship get togethers, celebrations and house parties. They generally trade at the top end of the market, offering high quality, luxury accommodation. They will include large living spaces and dining areas and usually feature the latest in home entertainment systems. Some also have leisure facilities in terms of swimming pools, games rooms and snooker rooms. Examples include:

- Marris Barn, Thorganby Hall, Lincolnshire ([www.thorganbyhall.co.uk/marris-barn](http://www.thorganbyhall.co.uk/marris-barn))
- Tregulland in Cornwall ([www.tregulland.co.uk](http://www.tregulland.co.uk))
- Treasury Barn at Ickham in Kent ([www.mulberrycottages.com/cottage/holiday-cottages-in-kent/52477-the-treasury](http://www.mulberrycottages.com/cottage/holiday-cottages-in-kent/52477-the-treasury))
- Pedington Manor in Gloucestershire (<http://bigcottage.com/houses/pedington-manor>)
- Cliff Barns in Norfolk ([www.cliffbarns.com](http://www.cliffbarns.com))

A number of agencies and web-based directories have been established in the UK specialising in the letting and marketing of large self-catering properties. The key ones currently are as follows:

- Unique Home Stays ([www.uniquehomestays.com](http://www.uniquehomestays.com))
- The Wow House Company ([www.thewowhousecompany.com](http://www.thewowhousecompany.com))
- House Party Solutions ([www.housepartysolutions.co.uk](http://www.housepartysolutions.co.uk))
- Acacia Cottages ([www.acaciacottages.co.uk](http://www.acaciacottages.co.uk))
- The Country Castle Company ([www.thecountrycastlecompany.co.uk](http://www.thecountrycastlecompany.co.uk))
- The Big Domain ([www.thebigdomain.com](http://www.thebigdomain.com))
- Group Accommodation ([www.groupaccommodation.com](http://www.groupaccommodation.com))
- The Big Cottage Company ([www.bigcottage.com](http://www.bigcottage.com))

The development of **Access Exceptional self-catering cottages** that are fully adapted for use by independent and assisted wheelchair users is a trend that has been very slow to develop in the UK, particularly given the growing numbers of wheelchair users that are looking to take holidays. Access Exceptional holiday cottages should include most of the following features:

- Wide doorways and corridors;
- Extra space for wheelchair users;
- Wheel-in showers, possibly with hoist rails;
- Bathrooms and toilets adapted for wheelchair users;
- Low-level kitchen counters;
- Ramps, lifts or stair lifts if needed.

Examples include:

- The Calf Shed, Bardown Farm, Stonegate, East Sussex ([www.bardownfarm.co.uk](http://www.bardownfarm.co.uk) )
- Mellwaters Barn, Bowes, County Durham ([www.mellwatersbarn.co.uk](http://www.mellwatersbarn.co.uk) )
- Treworgans Farm Holidays, Cornwall ([www.treworgans.co.uk](http://www.treworgans.co.uk))
- The Hytte, Northumberland ([www.thehytte.com](http://www.thehytte.com))
- Windrush Barn, Manor Farm Holidays, Cumbria ([www.manorfarmholidays.co.uk](http://www.manorfarmholidays.co.uk))
- Mitchelland Farm, Lake District ([www.lakedistrictdisabledholidays.co.uk](http://www.lakedistrictdisabledholidays.co.uk))

## **Holiday Lodges/ Holiday Lodge Parks**

**Holiday lodge parks** offering timber holiday lodges for outright or timeshare purchase and/or rental are a new offer to emerge over the past 20 years. They have developed primarily in inland locations, often woodland or waterside settings and/or associated with other developments and activities such as marinas, golf courses (golf lodges), fishing lakes (fishing lodges), watersports or alongside hotels. Most holiday lodge parks are small – the average holiday lodge park covers 32.2 acres and has 35 lodges. Timber holiday lodges are generally seen as a more up-market and exclusive alternative to the traditional caravan holiday home: they are particularly popular with older and more affluent customers. Most holiday lodges have two or three bedrooms. Holiday lodge parks increasingly have a number of on-site leisure facilities, including restaurants, bars, swimming pools, gyms and children's play areas. Holiday lodges are generally purchased as second homes for holiday purposes. Most park operators offer a holiday rental service to owners and many make participation in such a service a

condition of purchasing a lodge. Lodge owners typically live within 3 hours of their holiday lodge and are aged over 50. The lodge rentals market attracts a younger clientele, with rental holidaymakers most typically aged 31-50. The recession has resulted in a significant slowdown in UK holiday lodge sales, with the reduced consumer confidence and falling house prices resulting in far fewer buyers for such holiday properties. Some operators have changed their strategy to holiday letting as a result. With the economy now starting to recover there is likely to be renewed interest in holiday lodge ownership.

There are a growing number of holiday lodge letting agencies and websites. The leading one is Hoseasons ([www.hoseasons.co.uk/lodges](http://www.hoseasons.co.uk/lodges)), which has also developed the sub-brands of Autograph Lodge Holidays ([www.autographlodgeholidays.co.uk](http://www.autographlodgeholidays.co.uk)) and Evermore Lodge Holidays ([www.evermorelodgeholidays.co.uk](http://www.evermorelodgeholidays.co.uk)). Others include Book Holiday Cottages ([www.bookholidaylodge.co.uk](http://www.bookholidaylodge.co.uk)) and its sister brand Lodges With Hot Tubs ([www.lodgeswithhottubs.org.uk](http://www.lodgeswithhottubs.org.uk)) and Just lodges ([www.justlodges.com](http://www.justlodges.com)).

Key holiday lodge park operators/developers in the UK are as follows:

- The Dream Lodge Group ([www.thedreamlodggroup.co.uk](http://www.thedreamlodggroup.co.uk)) – 9 sites in East Sussex, Essex, Norfolk, Cambridgeshire, Devon and Cornwall;
- Lodge Retreats ([www.lodge-retreats.co.uk](http://www.lodge-retreats.co.uk)) – part of Bourne Leisure – 7 sites in Yorkshire, Northumberland, Dorset, Somerset and Wales;
- Forest Holidays – part of the Forestry Commission ([www.forestholidays.co.uk/choose-a-cabin](http://www.forestholidays.co.uk/choose-a-cabin)) – offers Golden Oak Cabins at 9 sites in Scotland, Wales, Gloucestershire, Hampshire and Nottinghamshire. Its most recent development has been a complex of 60 cabins in Blackwood Forest. Planning permission was secured in October 2013 for a development of 78 forest cabins in Delamere Forest in Cheshire;
- Natural Retreats ([www.naturalretreats.co.uk](http://www.naturalretreats.co.uk)) has developed eco lodge parks in the Yorkshire Dales and North Scotland and luxury holiday home developments in Cornwall and North Wales.
- Darinian Leisure Resorts ([www.darinian.co.uk](http://www.darinian.co.uk)) has two holiday lodge parks in Essex and the Yorkshire Dales offering luxury, contemporary lodges for rental and ownership.

- Tom Hartley Park Homes ([www.tomhartleyparkhomes.co.uk](http://www.tomhartleyparkhomes.co.uk) ), a holiday park operator with sites in the East Midlands and Home Counties is currently developing Ashby Woulds Lodges ([www.ashbywouldslodges.co.uk](http://www.ashbywouldslodges.co.uk) ) as a boutique leisure park with a first phase of 17 luxury holiday lodges for holiday home ownership.
- Lancashire-based holiday park operator Pure Leisure Group ([www.pureleisuregroup.com](http://www.pureleisuregroup.com) ) operates the South Lakeland Leisure Village holiday lodge park and two golf lodge developments in Cambridgeshire and East Yorkshire alongside 6 caravan holiday home parks in the Southern Lake District, Northamptonshire and East Anglia, some of which also offer holiday lodges for ownership or rental.

Examples of recent and current holiday lodge park developments include:

- Scampston Park Lodges, Malton, North Yorkshire ([www.scampston.co.uk/park-lodges.html](http://www.scampston.co.uk/park-lodges.html)) – a development of 75 luxury holiday lodges for sale
- Westholme Estate ([www.westholme-estate.co.uk](http://www.westholme-estate.co.uk)) – Darinian Leisure Resorts' £10 million development of a former caravan holiday home park;
- The Lakes by yoo, Cotswolds ([www.thelakesbyyoo.com](http://www.thelakesbyyoo.com)) – a development of luxury second homes around a series of lakes
- The Cornwall, St Austell ([www.thecornwall.com/stay/self-catering-woodland-homes.aspx](http://www.thecornwall.com/stay/self-catering-woodland-homes.aspx) ) – 22 architect-designed 5 star woodland self-catering homes developed alongside a boutique hotel and spa
- The Sherwood Hideaway, Nottinghamshire ( [www.sherwoodhideaway.com](http://www.sherwoodhideaway.com) )

**Fishing lodges and lodge parks** are a particular type of holiday lodge accommodation that has developed across the UK. These are clusters of timber lodges that are developed around fishing lakes for sale or rental. They can range in size from 2-3 lodges up to more extensive developments of 40-50 lodges. They vary in standard but are frequently high quality, luxury 4 and 5 star lodges. Examples include:

- Heron Lakes, East Yorkshire ([www.heron-lakes.co.uk](http://www.heron-lakes.co.uk)) – 50 lodges
- Thornham Lake, Thetford, Norfolk ([www.thornhamlake.co.uk](http://www.thornhamlake.co.uk))
- Celtic Lakes Resort, Lampeter, Wales ([www.celticlakesresort.com](http://www.celticlakesresort.com)) – sixteen 5 star lodges developed around 6 fishing lakes

Similarly, **golf lodges**, built on golf courses, for sale, timeshare purchase or rental, have been another emerging sector trend. Similar to fishing lodge developments they can range from a small number of lodges up to major golf lodge complexes. Golf lodges generally offer a high standard of accommodation. They are often developed alongside golf hotels. Examples include:

- Rutland Lodges, Greetham Valley Golf Course, Rutland ([www.greethamvalley.co.uk/self-catering/rutland-lodges](http://www.greethamvalley.co.uk/self-catering/rutland-lodges))
- South Winchester Lodges, South Winchester Golf Course, Hampshire ([www.southwinchesterlodges.co.uk](http://www.southwinchesterlodges.co.uk))
- Overstone Park, Northamptonshire ([www.overstonepark.com/lodges](http://www.overstonepark.com/lodges)) - 114 golf lodges alongside a clubhouse, leisure club and 31 bedroom hotel
- Lakeside Lodge, Huntingdon, Cambridgeshire ([www.lakeside-lodge.co.uk](http://www.lakeside-lodge.co.uk)) – seven 2-storey timber lodges alongside a 64 bedroom hotel, health club and conference and banqueting suite
- De Vere Luxury Lodges ([www.devereluxurylodges.co.uk](http://www.devereluxurylodges.co.uk)) – luxury golf lodges for sale or rent have been developed as part of De Vere's Belton Woods and Slaley Hall golf resorts in Lincolnshire and Northumberland.
- KP Lodges at The KP at Pocklington in East Yorkshire ([www.kpclub.co.uk/accommodation/lodges](http://www.kpclub.co.uk/accommodation/lodges))

**Eco lodges and eco lodge parks** are a more recent product development. These are individual timber lodges or complexes of lodges that are built to the highest possible environmental sustainability standards and designed and operated to minimise their carbon footprint. Eco lodges will typically include features such as the use of sustainable materials in their construction, grass or sedum roofs, renewable energy sources, waste recycling, energy conservation measures and water conservation systems. Their green credentials are a key part of their marketing and many customers are increasingly choosing these types of accommodation because they want to go an eco-friendly holiday and reduce their carbon footprint. Eco lodge operators will usually also encourage their guests to take part in green activities in terms of car-free days out, walking and cycling, nature study, foraging, bird and wildlife watching, and buying local produce. Examples include:

- Natural Retreats' Yorkshire Dales eco lodge park development near Richmond ([www.naturalretreats.co.uk/yorkshire-dales/self-catering-holidays.php](http://www.naturalretreats.co.uk/yorkshire-dales/self-catering-holidays.php))
- Brompton Lakes, Yorkshire ([www.bromptonlakes.co.uk/log-cabins-yorkshire.asp](http://www.bromptonlakes.co.uk/log-cabins-yorkshire.asp))
- Mill Meadow Eco Homes, Somerset ([www.millfieldecoprojects.co.uk](http://www.millfieldecoprojects.co.uk))
- Rosehill Lodges, Cornwall ([www.rosehilllodges.com](http://www.rosehilllodges.com))
- Wheatland Farm Eco Lodges, Devon ([www.wheatlandfarm.co.uk](http://www.wheatlandfarm.co.uk))
- Ludlow Ecolog Cabins, Shropshire ([www.ludlowecologcabins.co.uk](http://www.ludlowecologcabins.co.uk))

## Treehouses

An interesting although very niche self-catering accommodation product that has emerged in the UK in recent years is self-catering **treehouses**. A number of these have been developed across the UK, primarily as individual units. They are generally very high quality. They clearly have appeal to the family market. Center Parcs has opened a small number of luxury two-storey treehouses at its holiday villages in Sherwood Forest and Longleat Forest. Aimed primarily at the family market the treehouses include 4 en-suite bedrooms; an open plan kitchen, dining and living area; a games den (accessed along a timber walkway) with plasma TV, pool table, games console, Blu Ray player and a bar area with fridge; and a private hot tub. ([www.centerparcs.co.uk/accommodation/By\\_Type/treehouse.jsp](http://www.centerparcs.co.uk/accommodation/By_Type/treehouse.jsp)). Forest Holidays (the Forestry Commission) has introduced luxury Golden Oak Treehouse Cabins at its forest cabin holiday sites in Cornwall, Forest of Dean, Sherwood Forest and North Yorkshire ([www.forestholidays.co.uk/cabins/cabins/treehouse.aspx](http://www.forestholidays.co.uk/cabins/cabins/treehouse.aspx)). Other examples in the UK include:

- The Treehouse at Lavender Hill Holidays, Somerset ([www.lavenderhillholidays.co.uk/properties.asp?id=101](http://www.lavenderhillholidays.co.uk/properties.asp?id=101))
- Bryn Meurig Bach, Powys, Wales ([www.canopyandstars.co.uk/find-a-place/living-room/bryn-meurig-bach](http://www.canopyandstars.co.uk/find-a-place/living-room/bryn-meurig-bach))

## Caravan Holiday Home Parks

The market for caravan holiday home parks has remained relatively robust during the economic downturn, with relatively few holiday parks going into administration compared to other elements of the visitor accommodation sector such as hotels. However, the Credit Crunch has affected the sales of holiday parks, as despite market interest prospective buyers have had difficulty in securing finance.

National holiday park operators will develop new holiday parks if they can find suitable sites that might be acceptable in planning terms. The difficulty of obtaining planning permission for a new holiday park has generally constrained the development of new sites however. The majority of local authorities across the country have planning policies that resist the development of new holiday parks because of their visual impact on the landscape. Flood risk issues are also a major barrier to new holiday park development. These constraints on the development of new holiday parks have however been a key factor in the robustness of the sector as it has meant that market demand has generally exceeded supply in most parts of the country.

## Touring Caravan and Camping Sites

The focus of product development in the UK touring caravan and camping sector has been primarily on the **upgrading** and development of existing sites and the **extension of opening periods**, rather than on new site development. Where new sites have been developed they have generally been relatively small sites. Planning constraints impose a significant barrier on the development of large new touring caravan and camping sites in many parts of the UK, particularly for schemes that involve new buildings and/or winter caravan storage. Achieving commercially viable large touring caravan and camping site development projects is also very difficult. The Caravan Club and Camping and Caravanning Club are the main operators that have opened large new sites. They are motivated more by providing additional choice for their members than entirely commercial considerations. The Camping and Caravanning Club is continually looking for opportunities for new club sites. Sites associated with visitor attractions and leisure and sports facilities are of particular interest, for example the Club's site at the Gulliver's Kingdom theme park in Milton Keynes. The Caravan Club has acquired established touring parks in a number of locations and upgraded and developed them into new club sites. These have included sites in West Sussex, Cheshire, Lincolnshire and Scotland.

The Caravan Club also opened entirely new club sites in Barnard Castle in County Durham in 2010 and Bridlington, East Yorkshire in 2011.

Both the Caravan Club and the Camping and Caravanning Club are investing substantially in improving their sites. The Caravan Club typically invests in excess of £10million annually in site improvement and development, while the Camping and Caravanning Club embarked on a 5-year, £29 million investment programme in 2009 to position its site network amongst the best in the UK by 2015.

Many independent touring caravan and camping parks are also investing in improving and developing their sites and facilities. The sorts of investments that are being made include the following:

- The installation of electric hook-up points;
- The development of hard standing pitches, which allow winter use by tourers and motor homes;
- The development of fully serviced pitches with water and drainage connection;
- Investment in site infrastructure e.g. drainage, roads, lighting, signage, entrances;
- Improvements to landscaping and site layouts;
- Better quality, heated toilet and shower blocks;
- New laundry facilities;
- Leisure facilities e.g. games rooms, saunas, gyms, internet rooms;
- The development of children's play areas and improvements to existing play areas;
- Catering operations;
- On-site shops;
- Installation of Wi-Fi;
- Improved access and facilities for disabled guests;
- The introduction of camping pods and glamping units.

The **'greening' of touring caravan and camping parks** in terms of promoting biodiversity, reducing environmental impact and encouraging guests to engage in environmentally sustainable activities has also been a key trend in the sector that looks set to continue. Examples include investing in environmentally sustainable technologies for electricity generation, water heating and waste recycling; promoting bio-diversity through creating wildlife areas and planting to encourage butterflies and bees; and providing nature and orienteering trails, cycle hire and wildlife watching activities. The Caravan Club now has 43 sites that have signed up to its Boosting Biodiversity programme.

The other key development trend in the sector has been the **lengthening of the season** with many site operators now wanting to operate over a longer period and increasing numbers of sites looking to stay open throughout the year. The higher specifications of today's touring caravans and motor homes is resulting in growing numbers of owners wanting to use their caravans and motor homes throughout the year. Sites are increasingly investing in hard standing pitches to enable them to cater for this demand. Planning restrictions have not necessarily kept pace with this market demand, underpinned by concerns about permanent residential use.

The recession, together with innovations in easy-to-erect tents and camping equipment, have stimulated strong growth in demand for camping in the UK, despite the poor summer weather in 2011 and 2012. In a survey undertaken by Campsites UK in 2013, 23% of campers indicated that the current economic climate had made them more likely to choose a camping holiday in the UK and nearly two thirds said that wet weather would not force them to pack up and go home.

Another emerging trend is the development of **eco camping** sites. These are small, low impact, environmentally friendly, off-grid camp sites with solar or wind powered showers and eco/compost toilets. They often have a central campfire area and/or allow campers to have their own campfires. Some sites offer secluded and isolated pitches for individual camping. Sites may have wildlife areas and some offer nature study and environmental activities and courses. Examples are Cerenety Camp Site in Cornwall ([www.cerenetycampsite.co.uk](http://www.cerenetycampsite.co.uk)), Northlodge in Pembrokeshire ([www.eco-camping.co.uk](http://www.eco-camping.co.uk)) and Comrie Croft in Perthshire ([www.comriecroft.com/sleep/eco-camping.html](http://www.comriecroft.com/sleep/eco-camping.html)). In some cases eco camping sites also offer glamping units or glamping sites have opened eco camping sites. Eco Camp UK ([www.ecocampuk.co.uk](http://www.ecocampuk.co.uk)), for example, offers fully equipped bell tents alongside forest tent pitches at its Beech Estate ecological woodland camp site in East Sussex.

## Camping Pods

Camping pods were first introduced in the UK at the Eskdale Camping & Caravanning Club site in the Lake District in 2008. The site has 10 camping pods priced at £43.75 per night. They are made from locally sourced timber and insulated with sheep's wool. They have hard foam floors, French windows, wooden decking areas, heaters and electric lighting. Each pod sleeps 4 people. They have proved extremely popular and have even attracted demand during the winter. The Camping and Caravanning Club has now introduced camping pods and dens at its club sites in Bellingham, Northumberland; Hayfield in the Peak District; Ravenglas in Cumbria; Skye; Gulliver's Kingdom at Milton Keynes; and Thefford Forest [www.campingandcaravanningclub.co.uk/ukcampsites/club-glamping/camping-pods](http://www.campingandcaravanningclub.co.uk/ukcampsites/club-glamping/camping-pods).

Newfoundland Leisure Lodges, the company that manufactured the pods for these sites reports huge interest in the concept, which is rapidly developing throughout the UK. The company has now supplied camping pods to over 70 sites across the country. The YHA has introduced camping pods alongside its hostels at Reeth in the Yorkshire Dales, Hawkshead and Borrowdale in the Lake District and its new South Downs hostel at Lewes in East Sussex ([www.yha.org.uk/places-to-stay/alternative-accommodation/camping-pods](http://www.yha.org.uk/places-to-stay/alternative-accommodation/camping-pods)). The National Trust is another organisation that has started to offer camping pods at three sites in the Lake District, Clumber Park in Nottinghamshire and a site in Northern Ireland [www.nationaltrust.org.uk/holidays/camping/camping-pods](http://www.nationaltrust.org.uk/holidays/camping/camping-pods). Holiday parks, holiday lodge parks, touring caravan and camping sites and hotels are increasingly introducing camping pods as an alternative accommodation option. Examples are:

- The Pure Leisure Group has introduced camping pods at three of its holiday parks (<http://www.pureleisuregroup.com/holidays/camping-pods>).
- The Hillcrest Park touring caravan park at Caldwell in County Durham ([www.hillcrestpark.co.uk/pods](http://www.hillcrestpark.co.uk/pods)) introduced 3 camping pods in August 2011, increasing this to 5 pods in March 2012 and 10 in October 2012 due to the strength of demand.
- The Old Thorns Manor Hotel and Golf Club at Liphook has developed a number of luxury eco pods adjacent to the hotel as an alternative accommodation option ([www.oldthorns.com/home/accommodation-old-thorns-hotel-hampshire/luxury-eco-pods](http://www.oldthorns.com/home/accommodation-old-thorns-hotel-hampshire/luxury-eco-pods)).
- Woodland Park Lodges at Ellesmere in Shropshire ([www.woodlandparklodges.co.uk/camping-huts.html](http://www.woodlandparklodges.co.uk/camping-huts.html)) has 5 camping huts alongside 11 holiday lodges.

## Glamping

A key trend in recent years has been the rapid growth of glamping (glamorous camping) offers, in terms of ready-erected, fully-equipped tents, yurts, tipis and other unusual forms of camping and caravanning accommodation such as geodesic domes, gypsy caravans, retro caravans, safari tents, glamping pods and tree camping. These types of accommodation have proved to be highly popular with more affluent families that want to experience camping holidays but without the hassle of having to bring their own tents and camping equipment. As a new form of accommodation they have attracted significant media coverage and wherever they have opened such accommodation operations have quickly attracted strong demand. Go Glamping ([www.goglamping.net](http://www.goglamping.net)), the leading online directory of luxury camping sites, now lists 128 locations in the UK.

Key luxury camping products that have so far emerged in the UK are as follows:

- **Feather Down Farms** ([www.featherdown.co.uk](http://www.featherdown.co.uk)) is a concept that has been operated in the UK since 2005 by the Feather Down Farm Days company as a seasonal luxury camping holiday option. Originally developed in Holland, the concept involves Feather Down Farm Days providing working farms with 5-10 fully equipped Feather Down tents for erection between Easter and October. The tents provide spacious, ready-to-use camping accommodation including beds, bedding, a toilet, wood-burning cooking stove, cool chest and cooking equipment. The farmer is responsible for providing a cold water supply to each tent and connection to a mains sewer or septic tank, together with the provision of a communal hot shower facility. Feather Down Farm Days runs a national marketing, advertising and PR campaign and provides a central booking system. The company now has 36 sites across the UK. Their development strategy has focused initially on locations that are within a 2 hour drive time of London, as this is their core market. These holidays require some affluence, at circa £1000 for the week, and they recognise that they are aiming at the educated city dweller wanting rural family 'experience' for themselves and their children.

- **Ready-pitched luxury camps:** Jolly Days Luxury Camping ([www.jollydaysluxurycamping.co.uk](http://www.jollydaysluxurycamping.co.uk)) in North Yorkshire is a boutique campsite that offers the ultimate in luxury camping, with 8 large lodge tents with four poster beds, sofas and chandeliers, 7 vintage style tents and 7 bell tents. Shieling Holidays ([www.shielingholidays.co.uk](http://www.shielingholidays.co.uk)) on the Isle of Mull provides 16 fully equipped Shieling cottage tents, which take their name from the summer cottages that Highland shepherds traditionally use. The tents are equipped with proper beds and fully equipped kitchens and have electricity and gas heaters. Some also have shower and toilet facilities. Dandelion Hideaway ([www.thedandelionhideaway.co.uk](http://www.thedandelionhideaway.co.uk)) in Leicestershire offers a number of canvas cottages.
- **Yurts**, based on the Mongolian yurt, are wooden frame, insulated circular tents that are usually furnished with beds, wood burning stoves and kitchen equipment. The Bivouac ([www.thebivouac.co.uk](http://www.thebivouac.co.uk)) on the Swinton Estate in the Yorkshire Dales has 8 yurts and six timber frame shacks. Each yurt sleeps 5 and comes with beds, bed linen, a terracotta cold store, wood burning stove and gas burner for outdoor cooking on a wooden veranda. Lincoln Yurts at Welton in Lincolnshire ([www.lincolnyurts.com](http://www.lincolnyurts.com)) offers 5 themed yurts that are fully equipped with beds, bedding, a gas stove, BBQ and decked seating area and supported by a bathroom cabin with a Jacuzzi bath. Another example is Hidden Valley Yurts in Monmouthshire ([www.hiddenvalleyyurts.co.uk](http://www.hiddenvalleyyurts.co.uk)).
- **Tipi** sites offer a similar set up. Examples include Wild Northumbrian Tipis & Yurts ([www.wildnorthumbrian.co.uk](http://www.wildnorthumbrian.co.uk)); Lincolnshire Lanes Camp Site in the Lincolnshire Wolds ([www.lincolnshire-lanes.com](http://www.lincolnshire-lanes.com)); Eco Retreats in Powys, Wales ([www.ecoretreats.co.uk](http://www.ecoretreats.co.uk)); and 4 Winds Lakeland Tipis ([www.4windslakelandtipis.co.uk](http://www.4windslakelandtipis.co.uk)) in the Lake District.
- Wooden **wigwams** rented out at around 20 sites in Scotland and the North East of England are another alternative. Northumbria's Pot-a-Doodle-Do ([www.northumbrianwigwams.com](http://www.northumbrianwigwams.com)) has 12 wooden wigwams sleeping 4/5 people. Each wigwam is fully insulated and has electric lighting and heating. Foam mattresses are provided. The site has a central shower and toilet block, kitchen for guests' use and licensed restaurant on site. Springhill Farm in Northumberland ([www.springhill-farm.co.uk/wigwams](http://www.springhill-farm.co.uk/wigwams)) offers a number of wooden wigwams alongside self-catering cottages and a touring caravan and camping site.

- Other examples of luxury camping offers include:
  - **Geodesic domes** e.g. The Dome Garden ([www.domegarden.co.uk](http://www.domegarden.co.uk)) at Coleford in Gloucestershire has 10 geodesic ecodomes equipped with wood burning stoves, beds, private flushing toilets, a fully-equipped outside kitchen area with fridge and timber en-suite hot shower. Another example is Ekopod ([www.ekopod.co.uk](http://www.ekopod.co.uk)) in Cornwall.
  - **Persian alachigh tents**, similar to yurts e.g. Penhein Glamping near Chepstow in Monmouthshire ([www.penhein.co.uk](http://www.penhein.co.uk))
  - **Gypsy caravans** e.g. Gypsy Caravan Breaks in Somerset ([www.gypsyncaravanbreaks.co.uk](http://www.gypsyncaravanbreaks.co.uk)) and Roulotte Retreat in the Scottish Borders ([www.roulotte retreat.com](http://www.roulotte retreat.com)), which has 4 French roulette gypsy caravans for hire.
  - **Retro caravans** e.g. Vintage Vacations on the Isle of Wight ([www.vintagevacations.co.uk](http://www.vintagevacations.co.uk)), which has a collection of 13 vintage American Airstream and Spartan caravans for hire. Happy Days Retro in East Dorset ([www.happydaysrv.co.uk](http://www.happydaysrv.co.uk)) has 4 airstream caravans available for hire for holidays.
  - **Shepherds Huts** e.g. Herdy Huts in the Lake District ([www.herdyhuts.co.uk](http://www.herdyhuts.co.uk)) and Shepherds Huts South East ([www.shepherdshuts-southeast.com](http://www.shepherdshuts-southeast.com)) in Kent.
  - **Safari Tents** e.g. Port Lympne Wild Animal Park in Kent ([www.aspinallfoundation.org/short-breaks](http://www.aspinallfoundation.org/short-breaks)) has development two safari tent encampments - Livingstone Lodge and Elephant Lodge overlooking the elephant paddocks.
  - **Tree camping** in tents and structures suspended in trees e.g. Red Kite Tree Tent in Mid Wales ([www.sheepskinlife.com/relax-at/red-kite-tree-tent](http://www.sheepskinlife.com/relax-at/red-kite-tree-tent)) and Treehotel in Sweden ([www.treehotel.se](http://www.treehotel.se)), which features 5 quirky, individually designed 'treerooms' and a tree sauna.
  - **Bubble camping** in transparent inflatable tents was introduced in France in 2010 but has yet to come to the UK.
  - **Cargo pods**, converted from shipping containers have been introduced at the Lee Wick Farm glamping and touring site at St Osyth, near Clacton-on-Sea in Essex ([www.leewickfarm.co.uk](http://www.leewickfarm.co.uk)).

## **Children's Activity Holiday Centres**

The children's activity holiday centre sector is rapidly expanding in the UK and is identified as having good potential for further expansion<sup>16</sup>. The sector is made up of many different operators, from those with multiple centres across several countries to smaller, family-run independents. Centres range in size from 50 to 900 beds and are operated largely by the private sector but also by local authorities and charitable organisations.

The two main players in the sector are PGL and Kingswood. Both companies have been the subject of high profile acquisitions. PGL was acquired by Holidaybreak plc in May 2007 for £100m. Kingswood was acquired by DJL Merchant Banking (a division of Credit Suisse Bank) in July 2008, also for £100m. Both companies have since nearly doubled in size and now handle around 500,000 children each year. PGL opened the former Windmill Hill Place Tennis Centre near Herstmonceux in East Sussex as a children's activity holiday centre in May 2009 following a £7m revamp. The centre now offers activity courses for school and youth groups, together with summer camps and family activity holidays during the summer. The centre can accommodate up to 450 guests in bunk –bedded accommodation and new 4-6 person en-suite lodges. Facilities include a sports hall, swimming pool, climbing tower and zip wires and a multi-sports area. Existing lakes are used for canoeing and raft building. The centre has created 130 jobs.

The other key player in the children's activity holiday centre market is JCA Adventure, which became part of TUI Travel plc in 2007. It works with 13 UK centres and two centres in France to provide multi-activity courses of 2-4 nights, netball tournaments and summer camps for young people. The company launched its first JCA-owned activity holiday centre at Condoval Hall in Shropshire in 2011.

For new centres these operators would require properties of a substantial size within their own formal grounds ideally with access to lakes, rivers and woodland. They will consider leaseholds and freeholds in rural and semi-rural locations. A residential institution use class (C2) on properties such as former boarding schools or residential colleges can be an advantage but is not essential

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<sup>16</sup> The information provided on the UK children's activity holiday centre sector is taken from an article published in Strutt & Parker's Leisure Comment journal in 2009 – 'Room to Grow. Duncan Willard