

FAREHAM
GOSPORT
HOTEL MARKET
FACT FILE

May 2015

INTRODUCTION

The Fareham/Gosport Hotel Market Fact File provides the latest available information on:

- The current hotel supply in Fareham and Gosport;
- Recent hotel development;
- Current hotel development proposals;
- Recent hotel performance (2012-2014)
- The key markets for hotel accommodation in Fareham and Gosport;
- The prospects for growth in demand for hotel accommodation and what will drive this;
- The potential for hotel development in Fareham and Gosport in the next 5 years.

All of the hotel performance data and market intelligence included in the Fact File is drawn from research undertaken by consultants Hotel Solutions between January and May 2015.

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FAREHAM/GOSPORT HOTEL SUPPLY

Current Hotel Supply

- Fareham is currently served by a total of 8 hotels, with 417 letting bedrooms. This includes a Shire Hotels 4 star hotel, a Holiday Inn 3 star hotel, a Premier Inn budget hotel and 5 smaller, primarily independent 3 star and lower grade hotels.

CURRENT HOTEL SUPPLY – FAREHAM MAY 2015

Standard	Hotels	Rooms	% of Rooms
4 star	1	115	27.6
3 star	4	207	49.6
2 star	0	0	0
Budget	1	61	14.6
Non-inspected/ GA graded	2	34	8.2
Total Hotels	8	417	100.0

- Gosport has a very limited supply of hotel accommodation, with just one budget hotel and four small ungraded hotels/ large guest houses.

CURRENT HOTEL SUPPLY – GOSPORT MAY 2015

Standard	Hotels	Rooms	% of Rooms
4 star	0	0	0
3 star	0	0	0
2 star	0	0	0
Budget	1	63	51.6
Non-inspected/ GA graded	4	59	48.4
Total Hotels	5	122	100.0

FAREHAM/GOSPORT HOTEL SUPPLY

FAREHAM/GOSPORT HOTEL SUPPLY –MAY 2015

Hotel	Standard/Type	Bedrooms
Fareham		
Solent	4 star	115
Holiday Inn Fareham	3 star Branded	124
Red Lion (Old English Inns)	3 star	46
Lysses	3 star	21
The Old House, Wickham	3 star	16
Premier Inn Fareham	Budget	61
TravelRest Solent Gateway	4 star GA	18
Roundabout	n/a	16
Gosport		
Premier Inn Gosport	Budget	63
The Manor	n/a	12
The Anglesey	n/a	26
The Old Lodge	n/a	11
Alverbank Country Hotel	n/a	10

Changes in Supply 2010-2015

New Hotels

- The Premier Inn Gosport opened at the end of 2013.
- No new hotels have opened in Fareham in the last 5 years.

Investment in Existing Hotels 2010-2015

- The Anglesey Hotel in Gosport added 8 bedrooms in 2010.
- There has otherwise been no significant investment in existing hotels in Fareham and Gosport, other than ongoing upkeep and minor improvements.

Proposed Hotel Development

Hotels under Construction

- No hotels are currently under construction in Fareham or Gosport.

Proposed Hotels

- There is one firm hotel proposal currently in Fareham, for the development of the Mansion House at Coldeast, where an aparthotel is proposed. Work has started to convert part of the building to a wedding and corporate events venue, with the aparthotel development to follow at a later date.

Potential Hotel Sites

- There are a number of sites and potential locations for hotel development in Gosport. The Royal Haslar Hospital site has an outline planning permission which includes a hotel. A hotel has also been mooted as part of the Gosport Waterfront development area and the Gosport bus station site that is due to be marketed shortly has the potential to include a hotel as part of a mixed-use scheme. There could also be a site for a hotel as part of the Daedalus Solent Enterprise Zone.
- In Fareham hotels have been suggested as a potential use in the Market Quay and Civic Area mixed use site in Fareham town centre and there could potentially be a site for a hotel as part of the new Welborne community to the north of Fareham.
- Some of these sites and locations have been identified in planning documents, for example as aspirations where a hotel use might form part of a mixed use development, but have not as yet been worked up into more detailed schemes with hotel developers/operators on board.

Planned Development of Existing Hotels

- The Fareham Premier Inn has applied for planning permission for an additional 16 bedrooms and a new reception and breakfast area. The application is currently being assessed.

Occupancy, Achieved Room Rates and Revpar

- Average annual room occupancies, achieved room rates and revpar figures for Fareham 3/4 star hotels and budget hotels in Fareham, Gosport and the Portsmouth M27 Corridor for 2012, 2013 and 2014 are summarised in the table overleaf.
- Fareham 3/4 star hotel occupancies are on a par with the national 3/4 star chain hotel average, while achieved room rates and revpar are ahead of provincial 3/4 star chain hotel norms. 3/4 star hotel occupancies have edged up since 2012, while achieved room rates and revpar have steadily improved, particularly in 2014.
- Budget hotel performance is very strong in Fareham, Gosport and the Portsmouth M27 Corridor, with all budget hotels trading at average annual room occupancies of over 85%. Occupancies have remained strong over the past 3 years, while achieved room rates and revpar have increased substantially. The opening of the Gosport Premier Inn at the end of 2013 has not diluted budget hotel performance in the area at all and this hotel has quickly achieved very high levels of occupancy.

FAREHAM/GOSPORT HOTEL PERFORMANCE & MARKETS

FAREHAM/ GOSPORT HOTEL PERFORMANCE 2012-2014

Location/ Standard of Hotel	Average Annual Room Occupancy %			Average Annual Achieved Room Rate ² £			Average Annual Revpar ³ £		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
UK Provincial 3/4 Star Chain Hotels¹	69.6	72.0	73.9	69.97	72.00	76.49	48.72	51.84	56.53
Fareham 3/4 Star Hotels	73	74	74	73	75	80	53	56	59
Fareham/Gosport/Portsmouth M27 Corridor Budget Hotels	86	n/a	87	56	n/a	65	48	n/a	56

Source: Hotel Solutions – May 2015

Notes

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

Patterns of Demand

- Midweek occupancies are very strong for hotels in Fareham and Gosport, with hotels here typically achieving weekday occupancies of at least 90-95% and frequently filling and turning business away on all four weekday nights. Tuesday and Wednesday nights are generally the strongest but Monday and Thursday occupancies are also consistently high.
- Weekend occupancies are much lower for 3 and 4 star hotels in Fareham, generally averaging around 60% for most hotels but much lower than this for one independent hotel .Weekend demand is stronger in the summer but very low in the winter.
- There is strong weekend demand for budget hotel accommodation in Fareham and Gosport from people attending weddings and visiting friends and relatives in the area, together with some weekend break and ferry passenger business, enabling budget hotels to achieve high weekend occupancy.

Market Mix

- The midweek market mix for hotels in Fareham and Gosport is heavily biased towards business demand for most hotels, although one hotel in Fareham trades quite well in the midweek leisure break market.
- The weekend market mix is strongly weighted towards leisure demand, although less so than in other parts of Hampshire due to the comparatively weak demand for weekend breaks in Fareham and Gosport and weekend business demand from long stay corporate guests working on projects and corporate arrivals on Sunday nights.

Business Markets

- Corporate demand associated with companies in Fareham is the key business market for Fareham's 3 and 4 star hotels. Some demand from Fareham companies is displaced to hotels in the Southampton and Portsmouth M27 corridors.
- Residential conferences are an important secondary business market for the Solent Hotel, which has extensive conference facilities, but otherwise a minor market for Fareham's 3 star hotels.
- Demand for budget hotel accommodation in Fareham and Gosport comes equally from the corporate and contractors markets. The MOD is a key source of business for hotels in Gosport.

Leisure Markets

- Leisure breaks are the primary leisure market for one hotel in Fareham, driven through its' parent company's marketing and customer loyalty promotions, generally at good rates. This is also an important leisure market for another hotel in Fareham, which promotes discounted rates and special offers through third party websites. Leisure breaks are a minor market for other Fareham and Gosport hotels. Peppa Pig World and Portsmouth are the key draws for leisure break customers staying in Fareham and Gosport hotels.
- People attending weddings and other family parties are the main leisure market for one hotel in Fareham, the key leisure market for Fareham and Gosport budget and lower grade hotels, and an important secondary source of leisure business for other hotels in Fareham.
- People visiting friends and relatives are the other key leisure market for Fareham and Gosport budget hotels and a market for Gosport's lower grade hotels.

FAREHAM/GOSPORT HOTEL PERFORMANCE & MARKETS

- Events that generate demand for hotels in Fareham and/or Gosport are:
 - Goodwood Festival of Speed
 - Goodwood Revival
 - Glorious Goodwood
 - Passing out parades from the Gosport naval training bases
 - Ice skating events and competitions at the Planet Ice rink in Gosport
 - Great South Run
 - Southampton Boat Show
 - Cowes Week
 - Wickham Festival
- The America's Cup World Series catamaran racing in Portsmouth in July 2015 and 2016 is expected to generate demand for hotels in Fareham and Gosport. In the longer term (post 2020) there is the prospect of the America's Cup final being held in Portsmouth if Ben Ainslie Racing is able to win the race in 2017.
- Other minor leisure markets for Fareham hotels are overseas tourists visiting Portsmouth and ferry passengers travelling through Portsmouth International Port.

Major Projects

- Major development projects planned or underway in Fareham and Gosport include:
 - The **Solent Enterprise Zone**, on the site of the former Daedalus Airfield which straddles Fareham and Gosport Boroughs, a 200ha site of which 82ha is Enterprise Zone. This designation brings with it funding and streamlined processes to accelerate development. Its focus is as an advanced manufacturing and engineering business cluster specialising in the marine, defence and aviation sectors. There is outline consent for over 1 million sq ft of commercial development as well as homes and community facilities. £30m of investment is planned for the site which it is estimated will create 3500 jobs by 2026. Initial phases have focused on over £15m of infrastructure and access improvements, including a link to the M27 and investment in the airfield runway to open it up to more planes and business opportunities; a £5.3m Innovation Centre for new business start ups; and Fareham College's £12m world class advanced skills training centre CEMAST. The Enterprise Zone is divided into Daedalus East and West for commercial development with and without airside access, plus The Waterfront, which includes Daedalus Park light industrial and manufacturing park being developed from 2016, with the remaining 57 acres being marketed for comprehensive mixed use development to include residential, business, leisure, recreation and marine facilities, and potentially a hotel. Detailed proposals for the development of The Waterfront are currently being worked up with potential development partners.
 - The development of **Gosport Waterfront**, which is being masterplanned to deliver a high quality waterfront to strengthen the retail, leisure and commercial offer of Gosport, together with improved linkages to the town centre. The sites identified here have the potential to deliver more than 3,000 jobs in the marine, retail and leisure sectors, and includes high quality office space. The Waterfront area includes Royal Clarence Yard, the Coldharbour area, the Bus Station and the ferry terminal (with a 4 minute link to Portsmouth Harbour).

PROSPECTS FOR GROWTH

- Plans for the development of 44 ha of land on the **Haslar Peninsular** for a health and care-led mixed use site, with around 100,000 sq m of employment-related floorspace. Proposed uses include a 60 bed care home, 244 retirement units, 286 residential units, office and business units, a health centre and a hotel. The area includes the Royal Haslar Hospital site, Fort Blockhouse, and the Haslar Marine Technology Park.
- The **Rowner Renewal Project**, a £145m regeneration scheme that involves the demolition of run down housing, retail and community facilities in this part of Gosport and their replacement with a modern sustainable community.
- The **Welborne** new community north of Fareham will see the development of up to 6,000 new homes, workplaces, schools, green space, shops and local community services. The Welborne Plan has now been found to be sound by the Planning Inspectorate allowing firm proposals to come forward from developers. The first houses to be delivered are forecast for 2016/17, with development accelerating to 340 houses pa from 2020/21. A hotel has been identified as an acceptable use for the District Centre.
- Fareham Borough Council is currently working on a long term strategy and development plan for **Fareham Town Centre**, which includes developments at key destinations and a greater emphasis on the quality of public streets, spaces and buildings.
- The development of **Coldeast**, Fareham, a 59ha site, originally a country estate with a house, garden, park and woodland that became a hospital, specialist school and residential care centre. A new community hospital has been developed on part of the site with a second phase to follow. Miller Homes is developing a housing scheme on part of the former hospital site, with over 400 homes planned, plus sports and community facilities. The original Mansion House is being restored as a wedding and corporate events venue plus aparthotel.
- There are proposals by Hallam Land Management for the development of 1550 new homes at **Newlands** in South Fareham, together with a pub/restaurant, healthcare facilities, a school and green infrastructure.

PROSPECTS FOR GROWTH

- Proposals for the development of a major housing and community extension at **North Whiteley** are now at an advanced stage. The site, to the north of Junction 9 of the M27, straddles Fareham and Winchester Council areas, and will see the delivery of 3,500 homes alongside schools, extra care units, sports and community facilities, together with associated transport improvements and services. All masterplanning and funding is completed and in place, and a planning application was submitted to Winchester City Council in March 2015. A decision is expected in July 2015. The development is phased to commence in 2016 with completion in 2027.
- A new leisure complex is currently being built adjacent to the **Whiteley Shopping Centre**, providing a nine-screen cinema and a further five restaurants, due to open in September 2015.
- Further development is taking place at the **Solent Business Park**. HSBC is to take 70,000 sq ft of office space here to relocate 1100 staff to the site. There is planning permission for 250,000 sq ft of additional business space to be developed as part of S2.
- The population of Fareham is forecast to increase by around 5,000 between 2014 and 2021 from 113,064 to 118,200, while Gosport's population is projected to grow by around 3,000 from 83,011 in 2014 to 85,987 by 2021.
- Employment in Fareham is projected to grow by 6,700 between 2011 and 2026, while 10,000 new jobs are expected to be created in Gosport over this period.

PROSPECTS FOR GROWTH

Future Market Prospects

- Corporate demand for hotel accommodation in Fareham and Gosport is set to increase as the local economy develops, existing companies expand and new companies are attracted. The development of the Solent Enterprise Zone is set to drive significant growth in the corporate hotel market in Gosport, while the further expansion of the Solent Business Park will deliver increased levels of corporate demand for hotel accommodation.
- The national recovery and renewed growth in the residential conference market presents opportunities for the Solent Hotel and Holiday Inn Fareham to attract more residential conferences and meetings if they wish to, although they will face increased competition in this market from the new Hilton at the Ageas Bowl and possibly also the Village Urban Resort planned at Portsmouth's Lakeside North Harbour business park further along the M27.
- Contractor demand for budget hotel accommodation is set to increase significantly given all of the planned construction activity, particularly in Gosport. Construction projects could also generate some demand for 3 and 4 star hotel accommodation from architects, civil engineers and other professionals that are working on them.
- The America's Cup World Series races in Portsmouth in July 2015 and 2016 should generate significant demand for hotel accommodation in Fareham and Gosport, potentially for up to 10 days in the run up to and during the event.
- The continuing development of Portsmouth as a visitor destination presents opportunities for Fareham and Gosport hotels to attract increased leisure break business, albeit primarily on price through the online travel agents. There may also be scope for Fareham hotels to attract more Peppa Pig World family break business through Holiday Extras.
- Demand for hotel accommodation related to weddings and other family occasions and celebrations is likely to grow as the populations of Fareham and Gosport increase.

PROSPECTS FOR GROWTH

- The visiting friends and relatives market is also likely to grow in line with growth in population. This is a particularly strong market for budget hotels.
- There could be scope for the larger 3 and 4 star hotels in Fareham to take more group tour business. This is however very low-rated business that hotels will seek to limit if they are able to attract demand from other higher paying markets, although it can be useful in helping hotels to boost occupancies for off-peak nights and periods.

HOTEL DEVELOPMENT OPPORTUNITIES

Location	Standard/ Type of hotel that could be developed	Commentary
Fareham	Budget 3/4 star	<ul style="list-style-type: none"> <li data-bbox="635 416 1513 640">▪ There is clear evidence of market potential for additional budget hotels in Fareham. Both Premier Inn and Travelodge have requirements here. There may be scope for an upper-tier budget hotel here, possibly on one of the business parks. A significant increase in budget hotel provision in Fareham is likely to have an impact on the performance of the existing 3 star hotels here. <li data-bbox="635 674 1513 864">▪ There may be scope for a new 3 or 4 star hotel in Fareham given further business park development and the attraction of new companies. Existing hotels at these levels in the market are trading strongly during the week, frequently at capacity on Tuesday and Wednesday nights. Weekend business is more of a challenge here however.
Gosport	Budget	<ul style="list-style-type: none"> <li data-bbox="635 909 1513 1066">▪ There is clear evidence of market potential for additional budget hotel provision in Gosport, both in terms of the expansion of the Premier Inn and scope for at least one, and possibly two further budget hotels, including potentially at an upper-tier budget level.

SOURCES OF FURTHER INFORMATION

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