

HAVANT HOTEL MARKET FACT FILE

May 2015

INTRODUCTION

The Havant Hotel Market Fact File provides the latest available information on:

- The current hotel supply in Havant;
- Recent hotel development;
- Current hotel development proposals;
- Recent hotel performance (2010-2012)
- The key markets for hotel accommodation in Havant;
- The prospects for growth in demand for hotel accommodation and what will drive this;
- The potential for hotel development in Havant 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.

For further information and contacts or to discuss your requirements contact:

Dan Grindey
Economic Development Manager
Havant Borough Council
Tel: 023 9244 6177
Email: dan.grindey@havant.gov.uk

Andrew Bateman
Tourism Manager
Hampshire County Council
Tel: 01962 845478
Email: andrew.bateman@hants.gov.uk

HAVANT HOTEL SUPPLY

Current Hotel Supply

- There are currently 13 hotels in and around Havant (including Hayling Island, Emsworth, Rowland's Castle, Horndean and Waterlooville), with a total of 729 letting bedrooms. This includes the Warner Leisure Hotels Sinah Warren adults only hotel on Hayling Island as a destination hotel that trades primarily in the empty nester/ early retired leisure break market. The other key hotel in Havant is the 4 star Langstone Hotel at Northney. The area's hotel supply otherwise comprises a mix of independent 3 star hotels, mainly pub company operated inns, small Travelodge and Premier Inn budget hotels and one large 4 star guest house.

CURRENT HOTEL SUPPLY – HAVANT MAY 2015

Standard	Hotels	Rooms	% of Rooms
4 star	1	148	20.3
3 star	3	112	15.4
Adults Only Hotel	1	258	35.4
Budget	4	140	19.2
Inns	3	43	5.9
B&B Hotel	1	28	3.8
Total Hotels	13	729	100.0

HAVANT HOTEL SUPPLY –MAY 2015

Hotel	Standard/Type	Bedrooms
Havant/ Emsworth		
Langstone, Northney	4 star	148
Brookfield, Emsworth	3 star	42
Bear (Old English Inns), Havant	3 star	42
Premier Inn Portsmouth (Havant)	Budget	58
Horndean/ Rowland's Castle		
Premier Inn Portsmouth (Horndean)	Budget	25
Travelodge Havant Rowlands Castle	Budget	21
Travelodge Chichester Emsworth	Budget	36
Hampshire Hog (Fuller's Hotels & Inns), Clanfield	5 star Inn	20
Ship & Bell (Fuller's Hotels & Inns), Horndean	3 star Inn	14
The Crown, Emsworth	3 star Inn	9
Jingles, Emsworth	B&B Hotel (4 Star GA)	28
Hayling Island		
Sinah Warren	3 star Adults Only Hotel	258
Newtown House	3 star	28

Changes in Supply 2010-2015

New Hotels

- No new hotels have opened in Havant in the last 5 years.

Investment in Existing Hotels

- The Brookfield Hotel at Emsworth added two executive bedrooms in 2012 and a further three executive loft bedrooms in 2014. The hotel is currently undergoing a bedroom and bathroom refurbishment programme with the aim of taking the hotel up to a 4 star standard.
- The Havant Premier Inn added 22 bedrooms in February 2015.
- The Langstone is currently undergoing a bedroom refurbishment programme.

Proposed Hotel Development

Hotels Under Construction

- There are no hotels currently under construction in Havant.

Proposed Hotels

- There are two proposed hotel schemes in Havant. Premier Inn is currently progressing plans for an 82-bedroom hotel at Langstone Technology Park, which is likely to open in 2016. In the longer-term a hotel might be progressed as part of Portsmouth City Council's Dunsbury Hill Farm business park scheme. A hotel has previously been proposed as part of a mixed-use proposal for the Interbridges site off the A27 Emsworth Bypass, but is not currently being progressed.
- A hotel was proposed as part of a leisure park scheme for the redevelopment of the BAE Systems Technology Park at Waterlooville. The scheme is not currently being progressed however.

HAVANT HOTEL SUPPLY

HAVANT – PROPOSED HOTELS (AS AT MAY 2015)

Proposed Hotel/Site	Standard	No. Rooms	Details
Havant			
Premier Inn Langstone Technology Park	Budget	82	Premier Inn is currently progressing plans for an 82-bedroom hotel adjacent to the Langbrook Farm Farmhouse Inn pub restaurant at Langstone Technology Park, on a site that was granted permission for a hotel in 2012.
Dunsbury Hill Farm	n/a	n/a	A hotel is included in Portsmouth City Council's proposals for the Dunsbury Hill Farm business park that were granted permission in 2012

Planned Development of Existing Hotels

- There are no current plans for the development of any hotels in Havant, other than the current bedroom refurbishment programmes at The Langstone and The Brookfield.

HAVANT HOTEL PERFORMANCE & MARKETS

Occupancy, Achieved Room Rates and Revpar

- Average annual room occupancies, achieved room rates and revpar figures for Havant hotels for 2012, 2013 and 2014 are summarised in the table overleaf.
- Room occupancies have improved for Havant 3/4 star hotels since 2012 to be slightly ahead of the national averages over the last three years. Achieved room rates and revpar results remain significantly below the provincial 3/4 star hotel norms however, although one hotel has traded well ahead of the national achieved room rate averages and on a par with provincial 3/4 star hotel revpar performance for the last two years.
- Budget hotel performance in Havant remains very strong and strengthened further in 2014. Revpar performance for Havant budget hotels was on a par with the overall revpar results for the area's 3/4 star hotels. Two budget hotels traded at achieved room rates that were on a par with one 3/4 star hotel and substantially ahead of the rates reported by another.

HAVANT HOTEL PERFORMANCE & MARKETS

HAVANT 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
Havant 3/4 Star Hotels	71	73	75	58	59	63	41	43	47
Havant Budget Hotels	78	n/a	82	49	n/a	57	38	n/a	47

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.

HAVANT HOTEL PERFORMANCE & MARKETS

Patterns of Demand

- Estimated average weekday and weekend occupancies for Havant hotels in 2014 are summarised in the table below.

HAVANT HOTELS - WEEKDAY/ WEEKEND OCCUPANCIES – 2014

Standard	Typical Room Occupancy %			
	Mon-Thurs	Fri	Sat	Sun
3/4 Star Hotels	79	65	85	44
Budget Hotels	90	83	91	61

Source: Hotel Solutions – May 2015

- Tuesday and Wednesday night occupancies are strong for Havant 3/4 star hotels: all hotels usually fill on these nights for most of the year and some consistently deny business on Tuesday and Wednesday nights, although not usually to any significant degree. Monday, and especially Thursday nights are not generally as strong for 3/4 star hotels, although one hotel achieves high occupancies on all four midweek nights from contractor business.
- Midweek occupancies are very strong for Havant budget hotels: they consistently fill and turn away significant business on all four midweek nights between April and November. Midweek occupancies are not quite as strong or consistent, and midweek denials are less frequent and significant between December and March, although the area's budget hotels still often fill and turn business away on at least two to three midweek nights during these months.
- 3/4 star hotels achieve high occupancies on Saturday nights for most of the year, other than in January and February. Friday and especially Sunday night occupancies are not as strong and are more variable and seasonal.
- Havant budget hotels consistently fill and decline significant business on Friday and Saturday nights between March and November. They also generally fill and turn business away on Saturday nights in December and February. Sunday occupancies are generally lower, but still around 60%, and the area's budget hotels sometimes fill and turn business away on Sunday nights in the peak summer months.

HAVANT HOTEL PERFORMANCE & MARKETS

Market Mix

- The midweek market mix for Havant 3/4 star hotels is biased towards business demand, although less so than in some other parts of Hampshire as corporate demand is not as strong here. The midweek market mix for budget hotels in the Havant area is more strongly biased towards business-related demand.
- The weekend market mix for both 3/4 star and budget hotels is strongly weighted towards leisure demand.

HAVANT HOTELS – MIDWEEK & WEEKEND MARKET MIX 2014

Standard of Hotel	Midweek Market Mix		Weekend Market Mix	
	Business %	Leisure %	Business %	Leisure %
Havant 3/4 star Hotels	80	20	10	90
Havant Budget Hotels	90	10		100

Business Markets

- Corporate demand associated with companies in Havant and at the Langstone Technology Park is the key business market for most of Havant's 3/4 star and budget hotels, accounting for around 80-95% of business demand for most hotels. Some corporate customers that are doing business in Portsmouth use Havant hotels by choice. Havant hotels no longer attract much overflow corporate demand from Portsmouth however. A lot of corporate business from Havant companies is project-related and can be sporadic therefore. The Havant corporate market is also highly price competitive, with hotels competing keenly for the business that is available from local companies.
- Residential conferences are a very small market for two of Havant's 3/4 star hotels.
- Contractors working on construction and development projects are a key business market for one of Havant's 3/4 star hotels and some budget hotels, a secondary source of business demand for one budget hotel, and a minor source of midweek business for the area's other 3/4 star hotels.

HAVANT HOTEL PERFORMANCE & MARKETS

Leisure Markets

- Havant 3/4 star hotels attract a mix of leisure break, weddings/functions and group tour business.
- Leisure breaks account for around 50% of leisure demand for Havant 3/4 star hotels. Leisure break business is largely rate-driven through online travel agents and daily deals/voucher sites, which hotels use to drive leisure business at off peak times. Portsmouth and Chichester are the key draws for leisure break stays at Havant hotels. Emsworth also has some niche appeal for walkers and food lovers.
- The Sinah Warren adults only hotel on Hayling Island achieves very high occupancies trading primarily in the emptynester/ early retired leisure break market. It does not compete in the local Havant hotel market however.
- Group tour business is a mix of UK and overseas groups typically staying for 2-4 night breaks. Key draws for group tours are Portsmouth and the South Coast. Group tour business tends to be low-rated. Hotels in Havant take it because of the lack of other leisure business and to help boost Thursday to Sunday occupancies.
- Guests attending weddings and functions account for around 15-25% of bedroom business for Havant 3/4star hotels.
- Other minor leisure markets for Hampshire 3/4 star hotels are ferry passengers travelling through Portsmouth and overseas tourists touring the South Coast.
- Families visiting Portsmouth for a short break, people attending weddings and other family occasions and those visiting friends and relatives are the key leisure markets for the budget hotels in the Havant area. They also attract some demand from ferry passengers.
- Events that generate demand for hotels in the Havant area are:
 - Goodwood Festival of Speed
 - Goodwood Revival
 - Glorious Goodwood
 - National Watersports Festival, Hayling Island
 - Seniors Tennis Tournament, The Avenue Lawn Tennis Club
 - Great South Run (some business)

HAVANT HOTEL PERFORMANCE & MARKETS

- The America's Cup World Series catamaran racing in Portsmouth in July 2015 and 2016 is expected to generate demand for hotels in Havant. 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.

Market Trends

- Project-related **corporate demand** from Havant companies has increased over the last two years. Overflow corporate business from Portsmouth has however reduced following the winding down and closure of BAE Systems' shipbuilding operations in the city, which had been generating substantial demand for hotel accommodation in Portsmouth. One hotel reported a downturn in business from some of its larger corporate customers that have switched to using hotel booking agents that tend to use chain-operated hotels to procure their clients' hotel requirements.
- 3/4 star hotels in Havant have seen little change in **residential conference business** over the last 3 years, and have not so far benefitted from the national recovery and renewed growth in this market. This remains a very minor market for Havant hotels.
- **Contractor business** has increased for one 3 star hotel.
- One 3/4 star hotel has grown its **weddings and functions business**, generating additional bedroom business as a result.
- 3/4 star hotels have continued to attract **leisure break demand** at reasonably good rates during the summer months, and have been able to grow their off-peak leisure break trade through the promotion of special offers via third party comparison websites, online travel agents and daily deals/voucher sites.
- **Group tour business** has remained largely static over the last 3 years for those 3/4 star hotels in Havant that cater for it. Hotels have not needed to grow this market to boost their occupancy levels, but have not been able to reduce it due to increased demand from other higher-paying leisure markets.

Major Projects

- Major development projects that are planned in the Havant area are as follows:
 - Portsmouth City Council is progressing the transformation of **Dunsbury Hill Farm**, on the A3(M) north of Havant into a business and technology park for companies specialising in electronic engineering, with the construction of a new access road to the site. Havant Borough Council granted planning permission in 2012 for 61,000 sq m of B1 and B2 employment floorspace, including an Enterprise Centre, storage and distribution warehouses, and a hotel with conference facilities. It is anticipated that the development will create 3,500 new jobs. It is anticipated that the first companies will be able to start moving onto the business park from 2016.
 - Plans are being progressed for the **West of Waterlooville Major Development Area**. The scheme will include 3000 new homes, employment uses, live/work units, community and recreation facilities and new access roads. Work has commenced on the initial phases of housing.
 - Havant Borough Council's former depot site in **Harts Farm Way** on the south side of the A27 at Broadmarsh is currently being developed for new manufacturing and engineering employment uses. Site infrastructure is under construction, with plots to be available for occupation from early 2016. It is envisaged that the development of the site could create up to 800-1,000 new jobs.
 - Barwood Capital and Taurus Developments acquired the former Pfizer distribution centre at New Lane Industrial Estate in Havant in March 2015 for redevelopment. Their proposed scheme, branded as '**Velocity**', involves demolishing the existing building to make way for up to 120,000 sq ft of office, industrial and warehouse space.
 - **Portsmouth Water** is at the early stages of considering plans to develop a new headquarters building in Bedhampton.

PROSPECTS FOR GROWTH

- Plans have been drawn up for the regeneration of the Market Parade area in the heart of **Havant Town Centre** with new shops, restaurants and cafes below residential apartments. Multiple ownerships in the town centre are however hampering the implementation of the scheme. Longer-term plans have also been unveiled for the other side of Market Parade alongside Havant Park that include a new forecourt to the railway station, restaurants overlooking the park, a gym, revamped tennis courts, and a new public square and performance area.
- Plans to redevelop the former **BAE Systems Technology Park** at Waterlooville into a leisure park with a cinema, bowling alley, restaurants, supermarket and hotel are not currently being progressed.

PROSPECTS FOR GROWTH

Future Market Prospects

- Corporate demand for hotel accommodation in Havant looks set to increase given the development and occupation of the planned Dunsbury Hill Farm business park and the development of the other sites where new employment uses are planned. Corporate demand is likely to remain highly price competitive, particularly given the opening of the planned Premier Inn at Langstone Technology Park.
- The national recovery and renewed growth in the residential conference market could present opportunities for Havant's 3/4 star hotels to attract more residential conferences and meetings if they wish to. This is likely to remain a minor market for Havant hotels however, and they will face increased competition in this market from the new Village Urban Resort planned at Portsmouth's Lakeside North Harbour business park further along the M27.
- Contractor demand for budget hotel accommodation in Havant looks set to increase in the next few years given the levels of construction activity that are planned in the area. Construction projects should also generate some demand for 3 and 4 star hotel accommodation from architects, civil engineers and other professionals that are working on them.
- Havant 3/4 star hotels should continue to attract leisure break stays during the summer months and will be able to keep driving off peak leisure business through the promotion of special offers via third party websites, online travel agents and daily deals/voucher sites. Leisure business is likely to remain largely price-driven. There may be scope for hotels to attract higher-paying leisure guests given investment in improving the quality of their offer.
- Demand for hotel accommodation related to weddings and functions is likely to grow as the area's population increases.
- 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 Havant 3/4 star hotels to take more group tour business if they wish to. This is however generally lower-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
Havant	Budget	<ul style="list-style-type: none"> ▪ The strong performance of existing budget hotels in the Havant area, the levels of business that they are consistently denying, and the potential for future growth in corporate, contractor and leisure business and demand from people attending weddings and family occasions and visiting friends and relatives, all suggest that there is a good market opportunity for the Premier Inn planned at Langstone Technology Park. This hotel is however likely to challenge Havant's existing 3 and 4 star hotels.
Dunsbury Hill Farm		<ul style="list-style-type: none"> ▪ There may be scope for a 3/4 star hotel as part of the Dunsbury Hill Farm business park development, depending on the number and type of business occupiers that are attracted here. An upper-tier budget or budget hotel may be a better fit with the opportunity here.
Hayling Island	Adults only hotels	<ul style="list-style-type: none"> ▪ There is clear market potential for the expansion and further development of the Sinah Warren adults only hotel on Hayling Island
Waterlooville	Budget	<ul style="list-style-type: none"> ▪ The development of employment uses as part of the West of Waterlooville Major Development Area together with the planned development of the Dunsbury Hill Farm business park may support the development of a budget hotel at Waterlooville.

SOURCES OF FURTHER INFORMATION

For further information and contacts or to discuss your requirements contact:

Dan Grindey
Economic Development Manager
Havant Borough Council
Tel: 023 9244 6177
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